

# 2024

## Annual Report

member of CSC Group



CHUNG HUNG STEEL CORPORATION



Stock Code : 2014



The Company's website :  
<http://www.chsteel.com.tw>

TWSE Market Observation Post System website :  
<http://mops.twse.com.tw/mops/web/index>

Printed on March 31, 2025

**I. Name, job title and contact phone number and email of the Company's spokesperson and acting spokesperson**

Spokesperson : Wen-Ping Huang  
Title : Assistant Vice President, Administration Division  
Tel : (07)611-4749  
Email : chscontact@chsteel.com.tw  
Acting Spokesperson : Chun-Ting Lin  
Title : Vice President, Commercial Division  
Tel : (07)611-7171 Ext. 2005  
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**II. Addresses and telephone numbers of the head office, branch offices, and factories.**

Head office : No. 317, Yuliao Road, Ciaotou Dist., Kaohsiung City  
Tel: (07)611-7171  
Cold Rolling Department : No. 317, Yuliao Road, Ciaotou Dist., Kaohsiung City  
Tel: (07)611-7171  
Hot Rolling Department : No. 576, Xinglong St., Gangshan Dist., Kaohsiung City  
Tel: (07)623-4141  
Pickling & Galvanizing Department : No. 24, Yanhai 3rd Rd., Xiaogang Dist., Kaohsiung City  
Tel: (07)871-6886  
Dafa Steel Pipe Plant : No. 18, Huazhong Rd., Daliao Dist., Kaohsiung City  
Tel: (07)787-2551  
Lukang Steel Pipe Plant : No. 42, Lugong Rd., Lukang Township, Changhua County  
Tel: (04)781-3555

**III. Name, address, website, and telephone number of stock transfer agent**

Name : KGI Securities Co., Ltd.  
Address : 5F, No. 2, Sec. 1, Chongqing S. Rd., Taipei City  
Website : <http://www.kgieworld.com.tw>  
Tel : (02)2389-2999

**IV. Names of certified accountants, address, website, and telephone number of the accounting firm auditing the Company's latest financial report**

Name : Li-Yuan Kuo, CPA and Chao-Chin Yang, CPA  
Name of CPA Firm : Deloitte, Taiwan  
Address : 3F, No. 88, Chenggong 2nd Rd., Qianzhen Dist., Kaohsiung City  
Website : <http://www.deloitte.com.tw>  
Tel : (07)530-1888

**V. Name of exchange house where overseas eligible securities are traded and method of inquiry on mentioned securities**

N/A

**VI. Company website**

<http://www.chsteel.com.tw>

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Note: This Annual Report is formulated in accordance with the “Regulations Governing Information to be Published in Annual Reports of Public Companies” of the Securities and Futures Bureau of the Financial Supervisory Commission, Executive Yuan.

### **Notice to readers**

**This English-version annual report is a summary translation of the Chinese version and is not an official document of the shareholders’ meeting. If there is any discrepancy between the English and Chinese versions, the Chinese version shall prevail.**

## **A. Letter to Shareholders**

Dear Shareholders,

In 2024, the steel market was affected by factors such as the slow recovery of the global economy, geopolitical turmoil, and rising protectionism. Companies across the world continue to face challenges in their operations. In the second half of the year however, annual maintenance and reduced production at steel mills helped rein in the supply side. Many countries also embarked on a cycle of interest rate cuts that led to a gradual improvement the capital environment and steady release of industrial demand. Against the backdrop of improved supply and demand and rising business operating costs, steel mills around the world became firm in their support of prices. The underlying fundamentals of steel prices were significantly strengthened as well.

At the start of 2025, the market has adopted a wait-and-see attitude due to the influence of the New Year holidays and uncertainty over the impact of the new US administration. Downstream purchasing demand was therefore slowed slightly. Nevertheless, the adoption of a “proactive fiscal policy and loose monetary policy” by the Chinese government, reconstruction demand generated by the California wildfires, and the traditional start of work season in Asia after the Lunar New Year holidays are all expected to revitalize the steel market revive and usher in new development opportunities.

In terms of the overall economy, the World Economic Outlook report released by the International Monetary Fund (IMF) on January 17 revised global economic growth in 2025 slightly upwards to 3.3% (+0.1%). Global inflation is also expected to continue declining at a steady rate. Central banks will continue with monetary easing to support economic development. Add to this the expansion of fiscal stimulus measures in China and the global economy is expected to maintain moderate growth.

In terms of the domestic market, the Chung-Hua Institution for Economic Research's (CIER) January forecast showed that the economy will grow by 3.22% in Taiwan in 2025. Moderate growth in both the domestic and overseas markets suggests that there is room for cautious optimism in the economic outlook. In addition, the Executive Yuan's public construction projects will grow to NT\$648.3 billion in 2025, an increase of 11.7% year-on-year and a new historical high that is expected to boost domestic steel demand. Domestic steel demand should therefore maintain moderate growth in 2025.

Looking ahead, the easing of inflationary pressures and the rate-cut cycle in many countries, China's continued support for its economy, and the gradual de-escalation of the geopolitical tensions will all be conducive to the subsequent recovery of consumption and investment demand. Recovery of downstream industries will be accelerated as well. Moderate growth in the global economy and steel demand should keep the steel market on an even keel in 2025.

Chung Hung has three main priorities in the new year. First of these is raw material costs. Chung Hung will strive to secure reasonable prices and appropriate delivery times by maintaining a good relationship with slab suppliers. The second item is to fully integrate upstream and downstream resources to maximize their synergies in order to consolidate and further expand national orders, and help improve downstream competitiveness; The last step is to strengthen the service relationship with customers and adapt to the market in order to optimize the ratio of domestic sales to export sales. Chung Hung will continue to focus on the maximizing of profits, strengthening of customer relationships, building of mutual trust, and work together with customers to meet and triumph over market challenges.

## **I. 2024 Business and Financial Report**

### **(I) Business Plan Implementation Results**

#### 1. Production plan implementation status:

Steel production (excluding miscellaneous grade products) in 2024 amounted to 1.733 million tons, a decrease of 256,000 tons (13%) compared to 1.989 million tons in 2023.

#### 2. Sales plan implementation status:

The sales volume of steel products in 2024 amounted to 1.515 million tonnes, a decrease of 338,000 tons (18%) compared to 1.853 million tons in 2023.

### **(II) Analysis of operating income/expenses and profitability**

The net loss was NT\$890 million in 2024. The operating revenue/expenses and profitability are as follows:

#### 1. Revenue:

Consolidated operating revenue amounted to NT\$30.46 billion in 2024, a decline of NT\$7.3 billion (19.3%) compared to NT\$37.76 billion in 2023.

#### 2. Expenditures:

Consolidated operating costs and consolidated operating expenses totaled NT\$31.7 billion in 2024, a decrease of NT\$6.09 billion (16.1%) compared to NT\$37.79 billion in 2023.

#### 3. Profitability:

Since the decrease in steel product revenue was greater than the decrease in steel product costs, net loss before tax amounted to NT\$1.18 billion, a decrease of NT\$1.34 billion compared to 2023.

### **(III) Research and Development**

The Company is committed to the development of new products and technologies and the development of artificial intelligence (AI). We are continuing to focus on product quality improvements, process research, and equipment technology establishment to create applications for smart equipment, smart production, and smart operations. We also established the Smart Production and Sales Promotion Committee to promote the development of a smart system for production, equipment maintenance, production scheduling, quality management, product sales, occupational safety, and environmental protection. To cultivate the talent required for AI development and facilitate the smooth introduction of AI, the Company not only actively participates in external training courses but is also constantly seeking help from professional talent, the industry, and academia.

Major R&D achievements in 2024 included the development of hot-rolled 1.0 mm thick SPHC products, hot-rolled EN 10111 DD11 1.20 mm thick pickled and oiled steel coils, and HPKH\_S cold-rolled marine steel strapping. In terms of quality improvement, the flatness of POL five-foot steel sheet has been improved, and the quality of UV coating of steel pipes has been enhanced; In terms of process research, we have improved the thickness control technology of the ends of hot-rolled steel straps and established the full-length automatic tilting roller control technology for hot-rolled finished steel straps. In terms of artificial intelligence (AI), we have established an intelligent image recognition system for steel billet collection in the hot rolling mill and an AI image recognition system for the side edges of steel coils in the hot rolling mill.

## **II. Summary of 2025 Business Plan**

Starting from the second half of 2024, interest rate cuts in European and American countries led to a gradual recovery in investment and terminal consumption demand. In addition, the US presidential election was held without incident. Once the transition to a new administration takes place, the wait-and-see atmosphere in the market will dissipate and economic momentum should increase. At the beginning of 2025, the Chinese government indicated that this year's fiscal policy will be "very proactive" with increases to the fiscal deficit ratio and the issuing of government bonds on an even larger scale etc. All of these measures are expected to drive the stable recovery of downstream industries and contribute to the stable development of the global steel market.

At the same time, China will increase the funding and scope of its "Two New" policy (large-scale equipment upgrades, old-for-new replacement of consumer goods) in 2025, which is expected to continue driving the recovery of the manufacturing industry. In addition, strong infrastructure investment has led the continued growth of steel demand in India and

the ASEAN region in recent years. The global green transformation is also driving the expansion of power grid and renewable energy infrastructure. Steel demand is expected to be buoyed by these developments so global steel demand is expected to maintain steady growth.

Chung Hung will respond to changes in the global steel industry by maintaining a high degree of flexibility in our production and sales, streamlining our production, and storage logistics, strengthening our commitment to customer service, and maintaining robust sales in steel products. The Company's consolidated sales target for all products in 2025 is 1.75 million tons.

### **III. Future Corporate Development Strategy, External Competition, Legal Regulation, and Overall Business Environment**

According to the *World Economic Outlook* report released by the IMF in January 2025, the global economy is forecast to grow by 3.3% in 2025, an increase of 0.1% from the previous forecast. Although the global growth outlook remains roughly unchanged, the situation in various countries continues to diverge mainly due to policy uncertainty. According to the World Steel Association's October 2024 forecast, relaxation of the financing environment means previously suppressed private consumption and corporate investment will gradually recover, with global steel demand expected to grow by 1.2% in 2025. As of January 2025, global crude steel production will also decrease by 4.4% year-on-year. The global steel supply and demand situation is expected to improve.

The global macro-environment remains greatly affected by the new US administration. The return of Trump and the implementation of new policies are expected to affect and impact on the economic, trade, monetary and industrial policies of other countries, especially now that global trade protectionism is on the rise. China's response to the US-China confrontation and changes in geopolitical conflicts will also affect global economic development.

As for global net-zero carbon emissions and energy policies, even though the new US administration may have different ideas, the EU began trialling the Carbon Border Adjustment Mechanism (CBAM) in October 2023 with formal implementation to commence in 2026; In Taiwan, the government passed the Climate Change Response Act in 2023. Related carbon fees and carbon tariffs are expected to gradually increase costs for steel plants. The effective reduction of carbon emissions amidst the global push towards carbon neutrality will become a major challenge for the sustainable development of the steel industry in the future.

Faced with a rapidly-changing business environment, the Company's vision is to maintain ethical business operations and strive to become a sustainable, reliable, and approachable steel company. We monitor trends in domestic and international steel markets, steel technology development, as well as international environmental protection and carbon reduction trends in order to formulate business development strategies in 2025 and attain our sustainable development goals. Our main action plans are directed towards the following areas:

(I) Promote smart projects and make use of digital tools:

1. Implement smart manufacturing projects to stabilize quality, reduce costs, as well as improve the efficiency of production, inspection, storage, and transportation.
2. Make effective use of digital management, promote paperless operations, and simplify operational processes.

(II) Expand green steel products and introduce carbon reduction equipment:

1. Purchase green steel raw materials and continue to trial production/mass production, in order to establish a channel for green steel products.
2. Plan and complete equipment (including carbon reduction equipment) replacement and modification projects on time.

(III) Strengthen customer relationship; streamline production, sales, transportation and storage:

1. Enhance customer service, improve material quality issues, meet customer needs and promote own products.
2. Employ flexible raw material dispatching, flexible production scheduling, and coordination of time production and sales in real-time to streamline production. storage and logistics for on-time delivery.

(IV) Improve quality and yield, and ensure technical inheritance:

1. Maximize equipment performance, improve process control, and satisfy order quality requirements.
2. Continue to promote knowledge management and organize succession training courses.

(V) Ensure workplace safety and health, and implement environmental protection and energy conservation:

1. Strive to improve environmental protection, occupational safety, and health promotion.

2. Propose and implement a voluntary carbon fee reduction plan.

(VI) Fully implement corporate culture and fulfilling social responsibilities:

1. Take good care of employees, continue to participate in public welfare, and enforce compliance.
2. Disclose sustainability-related information in accordance with the regulations of the competent authorities.

Following a marketing strategy of “Steady domestic sales, flexible foreign sales,” Chung Hung will actively maximize our competitive advantages of timeliness, speed and flexibility in production and sales. Dynamic and effective logistics management ensure optimal production and continued optimization of product structured. In addition to the pursuit of steady growth in Company operations, we also strive to balance our development in the environment and social aspects fin order to realize the sustainability road map of Chung Hung.

Lastly, We would like to wish all our shareholders

health and prosperity.

**Chairperson of the Board Kuei-Sung Tseng**

**President**

**Min Chu**

## B. Corporate Governance Report

### I. Profile of Directors and Managerial Officers

#### (I) Director Information

| Title                    | Nationality or place of registration | Name                                       | Gender<br>Age | Date elected (appointed) | Term    | Date first elected | Shareholding when elected |                        | Current shareholding |                        | Shareholding by spouse and underage children |                        |
|--------------------------|--------------------------------------|--|---------------|--------------------------|---------|--------------------|---------------------------|------------------------|----------------------|------------------------|--|------------------------|
|                          |                                      |  |               |                          |         |                    | Number of shares          | Shareholding ratio (%) | Number of shares     | Shareholding ratio (%) | Number of shares                             | Shareholding ratio (%) |
| Chairperson of the Board | Republic of China                    | China Steel Corporation                    | -             | 2024.6.26                | 3 years | 2006.6.29          | 582,673,153               | 40.59 (Note 2)         | 582,673,153          | 40.59                  | N/A  | N/A                    |
|                          | Republic of China                    | Representative: Kuei-Sung Tseng            | Male<br>64    | 2024.6.26                | 3 years | 2021.1.31          | 0                         | 0                      | 27,171               | 0                      | 0  | 0                      |
| Director                 | Republic of China                    | China Steel Corporation                    | -             | 2024.6.26                | 3 years | 2006.6.29          | 582,673,153               | 40.59 (Note 2)         | 582,673,153          | 40.59                  | N/A  | N/A                    |
|                          | Republic of China                    | Representative: Shou-Tao Chen (Note 3)     | Male<br>63    | 2024.9.10                | 3 years | 2024.9.10          | 35,000                    | 0                      | 35,000               | 0                      | 0  | 0                      |
| Director                 | Republic of China                    | China Steel Corporation                    | -             | 2024.6.26                | 3 years | 2006.6.29          | 582,673,153               | 40.59 (Note 2)         | 582,673,153          | 40.59                  | N/A  | N/A                    |
|                          | Republic of China                    | Representative: Tung-Chieh Chuang (Note 4) | Male<br>49    | 2025.2.1                 | 3 years | 2025.2.1           | 0                         | 0                      | 0                    | 0                      | 0  | 0                      |
| Director                 | Republic of China                    | China Steel Corporation                    | -             | 2024.6.26                | 3 years | 2006.6.29          | 582,673,153               | 40.59 (Note 2)         | 582,673,153          | 40.59                  | N/A  | N/A                    |
|                          | Republic of China                    | Representative: Kun-Pin Huang              | Male<br>52    | 2024.6.26                | 3 years | 2024.1.31          | 0                         | 0                      | 0                    | 0                      | 0  | 0                      |
| Independent Director     | Republic of China                    | Lin-Lin Lee                                | Female<br>57  | 2024.6.26                | 3 years | 2015.6.26          | 0                         | 0                      | 0                    | 0                      | 0  | 0                      |
| Independent Director     | Republic of China                    | Ming-te Sun                                | Male<br>58    | 2024.6.26                | 3 years | 2024.6.26          | 0                         | 0                      | 0                    | 0                      | 0  | 0                      |
| Independent Director     | Republic of China                    | Wei-che Tsai                               | Male<br>43    | 2024.6.26                | 3 years | 2024.6.26          | 0                         | 0                      | 0                    | 0                      | 0  | 0                      |

Note 1: Where the Chairperson, President, or individual with equivalent roles (highest-ranking managerial officer) are the same individual, spouses, or relatives within the first degree of kinship, the Company shall specify related information regarding the reason, reasonableness, necessity, and response measures (e.g., appointment of additional Independent Directors and requiring the appointment of more than half of the Directors from individuals who are not employees or managerial officers).

Note 2: This shareholding ratio refers to the ratio of shares of the Company held by China Steel Corporation and is rounded to the second decimal place.

| Shareholding by nominee arrangement |                        | Education and work experience   | Concurrent duties in the Company and in other companies   | Spouse or relatives of second degree or closer acting as Directors, Supervisors, or other department heads |      |              | Remarks (Note 1) |
|-------------------------------------|------------------------|---|---|--|------|--------------|------------------|
| Number of shares                    | Shareholding ratio (%) |   |   | Title  | Name | Relationship |                  |
| N/A                                 | N/A                    | N/A   | N/A   | N/A  |      |              | N/A              |
| 0                                   | 0                      | Systems and Naval Mechatronic Engineering, National Cheng Kung University<br>President of Chung Hung Steel Corporation                        | Vice President of Engineering Division, China Steel Corporation<br>Director of Kaohsiung Rapid Transit Corporation<br>Supervisor of Pacific Harbor Stevedoring Corporation  | None   | None | None         |                  |
| N/A                                 | N/A                    | N/A   | N/A   | N/A  |      |              |                  |
| 0                                   | 0                      | Department of Power Mechanical Engineering of National Tsing Hua University<br>Vice President of Production Division, China Steel Corporation | Does not hold positions in the Company<br>President of China Steel Corporation<br>Director of China Ecotek Corporation<br>Director of Dragon Steel Corporation<br>Director of Gains Investment Corporation<br>Chairperson of China Steel Machinery Corporation  | None   | None | None         |                  |
| N/A                                 | N/A                    | N/A   | N/A   | N/A  |      |              |                  |
| 0                                   | 0                      | Master of Business Administration, National Cheng Kung University<br>Director of Marketing Department, China Steel Corporation                | Does not hold positions in the Company<br>Assistant Vice President of Commercial Division, China Steel Corporation<br>Director of Honley Auto. Parts Co., Ltd.  | None   | None | None         |                  |
| N/A                                 | N/A                    | N/A   | N/A   | N/A  |      |              |                  |
| 0                                   | 0                      | Master of Industrial Engineering and Management, Yuan Ze University<br>Director of Production Planning Department, China Steel Corporation    | Does not hold positions in the Company<br>Assistant Vice President, Production Division<br>Chairperson of CSCI Steel Corporation India Pvt. Ltd.<br>Director of China Steel Global Trading Corporation  | None   | None | None         |                  |
| 0                                   | 0                      | Master of Law, National Taiwan University<br>President of Taiwan Bar Association  | Does not hold positions in the Company<br>Managing Partner, Ling Yun Attorneys-at-Law<br>Independent Director, Audit Committee Member, and Remuneration Committee Member, Sentien Printing Factory Co., Ltd.<br>Independent Director, Audit Committee Member, and Remuneration Committee Member, Sunhawk Vision Biotech, Inc. | None   | None | None         |                  |
| 0                                   | 0                      | PhD in Business Administration, National Taipei University<br>Researcher at Taiwan Economic Research Institute                                | Does not hold positions in the Company<br>Director of Macroeconomic Forecasting Center, Taiwan Economic Research Institute<br>Director of Business Development and Research Center, Taiwan Economic Research Institute  | None   | None | None         |                  |
| 0                                   | 0                      | PhD in Finance, National Taiwan University<br>Visiting Professor, College of Business, Oregon State University                                | Does not hold positions in the Company<br>Distinguished Professor and Head of Department of Finance, National Sun Yat-sen University<br>Supervisor of Taiwan Rolling Stock Co., Ltd.<br>Independent Director and Audit Committee Member, Eastern Union Interactive Corp.  | None   | None | None         |                  |

Note 3: Corporate shareholder China Steel Corporation assigned Mr. Shou-Tao Chen to replace Mr. Shyi-Chin Wang as its representative on September 10, 2024.

Note 4: The corporate shareholder China Steel Corporation assigned Mr. Tung-Chieh Chuang to replace Mr. Chia-Cheng Lee as its representative on February 01, 2025.

**Table 1: Major shareholders of corporate shareholders**

December 31, 2024

| Name of corporate shareholder | Major shareholders of corporate shareholders   |
|-------------------------------|--|
| China Steel Corporation       | Ministry of Economic Affairs (MOEA) (20.00%), Employee's Stock Trust of China Steel Corporation under the custody of Mega International Commercial Bank Co., Ltd. (2.54%), Transglory Investment Corporation (1.63%), Chunghwa Post Co., Ltd. (1.20%), Old Labor Pension Fund (1.13%), Vanguard Total International Stock Index Fund (1.02%), Winning Investment Corporation (1.02%), Vanguard Emerging Markets Stock Index Fund under the custody of JP Morgan Chase Bank N.A. Taipei Branch (0.99%), New Labor Pension Fund (0.98%), Taiwan Life Insurance Co., Ltd. (0.81%) |

**Table 2: Major shareholders of major corporate shareholders listed in Table 1**

December 31, 2024

| Name of Legal Entity              | Major Shareholders of Corporate Shareholders   |
|-----------------------------------|--|
| Transglory Investment Corporation | China Steel Express Corporation (48.28%) Chung Hung Steel Corporation (39.59%), China Steel Chemical Corporation (8.90%), and United Steel Engineering & Construction Corporation (3.23%). |
| Chunghwa Post Co., Ltd.           | Ministry of Transportation (100%)  |
| Winning Investment Corporation    | Gains Investment Corporation (49.00%), Maruichi Steel Tube Ltd. (28.00%), and Transglory Investment Corporation (23.00%)   |
| Taiwan Life Insurance Co., Ltd.   | CTBC Financial Holding Co., Ltd. (100%)  |

## (II) Directors and Independent Directors

1. Disclosure of information on the professional qualifications of directors and independence of independent directors:

| Criteria<br>Name                                   | Professional qualifications and experience (Note 1)   | Compliance with independence criteria  | Number of companies the person serves as an independent director |
|--|---|--|--|
| Corporate Director Representative: Kuei-Sung Tseng | <p><b>Highest level of education:</b> Bachelor of Systems and Naval Mechatronic Engineering, National Cheng Kung University</p> <p><b>Job Title:</b> Chairperson of the Company; Vice President of Engineering Division, China Steel Corporation; Supervisor of Pacific Harbor Stevedoring Corporation</p> <p><b>Past experience:</b> Assistant Vice President of Production Division, China Steel Corporation; Chairperson of CSCI Steel Corporation India Pvt. Ltd.; President of the Company.</p> <p><b>Professional qualifications and experience:</b> Relevant industry experience (steel), leadership and decision-making, engineering.</p> | <p>1. Not a spouse or a relative within two degrees of kinship with any other director.</p> <p>2. Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of 1% or more of the total number of issued shares of the company or ranks in the top 10 in holdings.</p> | 0  |
| Corporate Director Representative: Shou-Tao Chen   | <p><b>Highest level of education:</b> Department of Power Mechanical Engineering of National Tsing Hua University</p> <p><b>Job Title:</b> President of China Steel Corporation, Director of China Ecotek Corporation, Director of Dragon Steel Corporation, Director of Gains Investment Corporation, Chairperson of China Steel Machinery Corporation.</p> <p><b>Past experience:</b> Vice President of Production Division, China Steel Corporation</p> <p><b>Professional qualifications and experience:</b> Relevant industry experience (steel), leadership and decision-making, engineering.</p>   | <p>1. Not a spouse or a relative within two degrees of kinship with any other director.</p> <p>2. Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of 1% or more of the total number of issued shares of the company or ranks in the top 10 in holdings.</p> | 0  |

| Criteria<br>Name   | Professional qualifications and experience (Note 1)  | Compliance with independence criteria  | Number of companies the person serves as an independent director |
|--|--|--|--|
| Corporate Director<br>Representative:<br>Tung-Chieh Chuang | <p><b>Highest level of education:</b> Master of Business Administration, National Cheng Kung University</p> <p><b>Job Title:</b> Assistant Vice President of Commercial Division, China Steel Corporation, Director of Honley Auto. Parts Co., Ltd., etc.</p> <p><b>Past experience:</b> Director of Marketing Department, China Steel Corporation.</p> <p><b>Professional qualifications and experience:</b> Relevant industry experience (steel), leadership and decision-making, business management.</p> | <p>1. Not a spouse or a relative within two degrees of kinship with any other director.</p> <p>2. Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of 1% or more of the total number of issued shares of the company or ranks in the top 10 in holdings.</p> | 0  |
| Corporate Director<br>Representative:<br>Kun-Pin Huang     | <p><b>Highest level of education:</b> Master of Industrial Engineering and Management, Yuan Ze University</p> <p><b>Job Title:</b> Assistant Vice President of Production Division, China Steel Corporation; Director of CSCI Steel Corporation India Pvt. Ltd.</p> <p><b>Past experience:</b> Director of Production Planning Department, China Steel Corporation</p> <p><b>Professional qualifications and experience:</b> Relevant industrial experience (steel), engineering.</p>                        | <p>1. Not a spouse or a relative within two degrees of kinship with any other director.</p> <p>2. Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of 1% or more of the total number of issued shares of the company or ranks in the top 10 in holdings.</p> | 0  |

| Criteria<br>Name                    | Professional qualifications and experience (Note 1)   | Compliance with independence criteria   | Number of companies the person serves as an independent director |
|-------------------------------------|---|---|--|
| Independent Director<br>Lin-Lin Lee | <p><b>Highest level of education:</b> Master of Law, National Taiwan University.</p> <p><b>Job Title:</b> Managing Attorney of Ling Yun Attorneys-at-Law; Director of the Legal Aid Foundation; Chairman of the All-China Lawyers Federation; Independent Director, Audit Committee Member, and Remuneration Committee Member of Sentien Printing Factory Co., Ltd.; Independent Director, Audit Committee Member, and Remuneration Committee Member of Sunhawk Vision Biotech, Inc.</p> <p><b>Past experience:</b> Vice Chairman of Taiwan Bar Association, Chairman of Bar Association of Kaohsiung, Chairman of Warm Life Association for Women (Kaohsiung), Member of the Attorney Disciplinary Re-Examination Committee, Member of the Prosecutors' Selection Committee of the Ministry of Justice, Member of the Prosecutor Evaluation Committee, and Member of the Professional Judges' Selection Committee of the Ministry of Justice.</p> <p><b>Professional qualifications and experience:</b> Passed the R.O.C. Bar Examination, expertise in legal affairs.</p> | <p>The three Independent Directors meet the following conditions during the two years before being elected or during the term of office:</p> <ol style="list-style-type: none"> <li>1. The individual is not an elected person in the name of a government, institution, or its representative as defined in Article 27 of the Company Act.</li> <li>2. The individual, spouse, or relative within the second degree of kinship is not a director, supervisor, or employee of the Company or any of its affiliates.</li> <li>3. The individual is not a director, supervisor, or employee of a company that has special relations with the Company.</li> <li>4. The individual is not a director, supervisor, manager, or a shareholder that holds more than 5% of shares at a company or institution that has financial or business exchanges with the Company.</li> </ol> | 2  |

| Criteria<br>Name                     | Professional qualifications and experience (Note 1)   | Compliance with independence criteria   | Number of companies the person serves as an independent director |
|--------------------------------------|---|---|--|
| Independent Director<br>Ming-te Sun  | <p><b>Highest level of education:</b> PhD of Business Administration, National Taipei University.</p> <p><b>Job Title:</b> Director of the Macroeconomic Forecasting Center of the Taiwan Institute of Economic Research, Director of the Business Development and Research Center of the Taiwan Institute of Economics, and adjunct assistant professor of the Department of Business Administration at the National Taipei University of Business.</p> <p><b>Past experience:</b> Supervisor of the iPass Corporation, independent director, audit committee member and remuneration committee member of Richmond International Travel &amp; Tours Co., Ltd.</p> <p><b>Professional qualifications and experience:</b> Commerce, business administration, economics.</p>  | <p>5. Has not provided business, legal, financial, or accounting services to the Company or its affiliates in the last two years.</p> <p>6. The individual's shareholding in the Company along with those held by their spouse, minor children, or under the name of other parties does not exceed 1% of all issued shares, or rank in the top 10 of natural-person shareholders.</p> | 0  |
| Independent Director<br>Wei-che Tsai | <p><b>Highest level of education:</b> PhD in Finance, National Taiwan University.</p> <p><b>Job Title:</b> Professor and Head of Department of Finance, National Sun Yat-sen University, Supervisor of Taiwan Rolling Stock Co., Ltd. , Independent Director and Audit Committee Member, Eastern Union Interactive Corp.</p> <p><b>Past experience:</b> Visiting professor at the College of Business at Oregon State University, consultant to First Financial Investments Private Equity Company, editor-in-chief for financial accounting at <i>Sun Yat-Sen Management Review</i>, and advisory committee member of the National Yang Ming Chiao Tung University Research Center for Financial Regulation and Corporate Governance</p> <p><b>Professional qualifications and experience:</b> Expertise in finance and accounting, ESG.</p> |   | 1  |

Note 1: All Directors of the Company meet professional qualifications, have more than five years of work experience, and do not meet the criteria listed in any Subparagraph of Article 30 of the Company Act.

## 2. Diversity and independence of the Board of Directors:

- (1) Diversity of the Board of Directors: Article 3.4.1 of the Company's "Corporate Governance Best Practice Principles" requires diversity in board composition and the establishment of diversity policies for the Company's operations, business model, and development requirements. The Board of Directors includes 7 members including 3 Independent Directors with different professional backgrounds, genders, or field of work. They have the knowledge, skills, and quality necessary for the performance of their duties and they implement effective supervision and oversight of the Company's compliance, prompt disclosure of material information, and ethical management. They maintain sound communication channels and good interactions with the management team and they provide guidance for the Company's business operations and resolutions for material decisions to ensure the Company's development and safeguard shareholder rights. The Company also attaches great importance to gender equality in the composition of the Board of Directors. The Company's board of directors includes directors of different genders (6 males and 1 female), with male directors accounting for 85.71% and female directors accounting for 14.29%. In future director re-elections, priority will be given to female director candidates to increase the number of female director seats to at least one-third of all director seats.

The Company considers the overall structure of the Board of Directors and aims to set up a Board of Directors of diverse gender, age, professional knowledge, and background. The Company specified in the Company's Corporate Governance Best-Practice Principles that Directors who serve concurrently as the Company's managerial officers should not exceed one third of the Directors, and at least one member of the Board of Directors should have professional legal background or management experience in the steel industry to support the Company's future business development.

The Company's development is focused on legal compliance, material acquisition, and integration and transformation. Therefore, the Directors were selected based on academic records and experience, age, areas of expertise, and gender balance, and were selected from the industry and academia while taking into account the Company's business development strategy and goals. Independent Director Lin-Lin Lee has a lawyer' license and provides guidance for legal compliance; Independent Director Ming-te Sun is the director of the Taiwan Institute of Economic Research and provides advice on international economic and industrial developments as well as risk control; Independent Director Wei-Che Tsai is a professor at a national university with expertise in financial management. He is responsible for ensuring the quality of financial reports and provides advice on sustainable development. The Company is currently in the process of making upgrades to aging production equipment and promoting digital transformation. Directors

Kuei-Sung Tseng, Shou-Tao Chen, and Kun-Pin Huang have engineering and steel production backgrounds so are familiar with the overall pulse of the steel industry, while Director Tung-Chieh Chuang who is adept at with business sales strategies provides advice on production, energy management and business sales.

The Company's current Board of Directors includes 7 members (including 3 Independent Directors, 1 of which is female). Its composition is diverse and its professional knowledge and expertise encompass steel (knowledge of the industry), engineering, law, and accounting and finance, which fully supports the diversity targets for members of the Board of Directors. Independent Directors account for 42.86%; the female Director accounts for 14.29%; the proportion of Directors who do not serve concurrent role as company managers is 100%. Only one of the three independent directors has served more than three consecutive terms. There were 2 directors aged 60 ~ 69, 3 directors aged 50 ~ 59, and 2 directors aged 40 ~ 49. The implementation status is listed in the table below:

| Diversity Core Item<br>Name of Director | Basic composition |                   |                                     |                  |          |          |                              |              | Business management | Leadership and decision | Industry knowledge | Financial accounting | Business | Legal affairs | Business administration | Engineering |              |
|---|-------------------|-------------------|-------------------------------------|------------------|----------|----------|------------------------------|--------------|---------------------|-------------------------|--------------------|----------------------|----------|---------------|-------------------------|-------------|--------------|
|   | Gender            | Nationality       | Concurrent role as company employee | Age distribution |          |          | Term of Independent Director |              |                     |                         |                    |                      |          |               |                         |             |              |
|   |                   |                   |                                     | 40 to 49         | 50 to 59 | 60 to 69 | Less than 3 years            | 4 to 8 years |                     |                         |                    |                      |          |               |                         |             | Over 9 years |
| Chairperson Kuei-Sung Tseng             | Male              | Republic of China |                                     |                  | ✓        |          |                              |              | ✓                   | ✓                       | ✓                  |                      |          |               |                         | ✓           |              |
| Director Shou-Tao Chen                  | Male              | Republic of China |                                     |                  | ✓        |          |                              |              | ✓                   | ✓                       | ✓                  |                      |          |               |                         | ✓           |              |
| Director Kun-Pin Huang                  | Male              | Republic of China |                                     | ✓                |          |          |                              |              | ✓                   | ✓                       | ✓                  |                      |          |               |                         | ✓           |              |
| Director Tung-Chieh Chuang              | Male              | Republic of China | ✓                                   |                  |          |          |                              |              | ✓                   | ✓                       | ✓                  |                      |          |               | ✓                       |             |              |
| Independent Director Lin-Lin Lee        | Female            | Republic of China |                                     | ✓                |          |          |                              | ✓            | ✓                   | ✓                       |                    |                      |          | ✓             |                         |             |              |
| Independent Director Ming-te Sun        | Male              | Republic of China |                                     | ✓                |          |          | ✓                            |              | ✓                   | ✓                       | ✓                  |                      | ✓        |               | ✓                       |             |              |
| Independent Director Wei-che Tsai       | Male              | Republic of China | ✓                                   |                  |          |          | ✓                            |              | ✓                   | ✓                       |                    | ✓                    |          |               | ✓                       |             |              |

(2) Independence of the Board of Directors: The Company has three Independent Directors who account for 42.86% of all Directors. There are no spousal relationships or kinship within the second degree between the Directors of the Company and no violations of the Subparagraphs under Article 30 of the Company Act. All Independent Directors meet the requirements in Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies.

### (III) Main Managerial Officers

| Title   | Nationality       | Name           | Gender | Date of appointment               | Current shareholding (Note 1) |                        | Shareholding by spouse and underage children |                        | Shareholding by nominee arrangement |                        |
|---|-------------------|----------------|--------|-----------------------------------|-------------------------------|------------------------|--|------------------------|-------------------------------------|------------------------|
|   |                   |                |        |                                   | Number of shares              | Shareholding ratio (%) | Number of shares                             | Shareholding ratio (%) | Number of shares                    | Shareholding ratio (%) |
| President and Chief Information Security Officer  | Republic of China | Min Chu        | Male   | 2022.11.01                        | 0                             | 0                      | 0  | 0                      | 0                                   | 0                      |
| Vice President, Administration Division   | Republic of China | Shu-Cheng Yen  | Male   | 2024.12.31 (Note 3)               | 0                             | 0                      | 0  | 0                      | 0                                   | 0                      |
| Vice President, Commercial Division   | Republic of China | Chun-Ting Lin  | Male   | 2023.11.05                        | 0                             | 0                      | 0  | 0                      | 0                                   | 0                      |
| Vice President, Production Division   | Republic of China | Hsi-I Chen     | Male   | 2024.08.31 (Note 4)               | 0                             | 0                      | 0  | 0                      | 0                                   | 0                      |
| Assistant Vice President of Administration Division (Chief Accounting Officer) and Chief Corporate Governance Officer | Republic of China | Wen-Ping Huang | Female | 2021.03.01<br>2024.12.31 (Note 3) | 2,000                         | 0                      | 0  | 0                      | 0                                   | 0                      |

Note 1: All shares specified in the table are ordinary shares.

Note 2: Where the Chairperson, President, or individual with equivalent roles are the same individual, spouses, or relatives within the first degree of kinship, the Company shall specify related information regarding the reason, reasonableness, necessity, and response measures (e.g., appointment of additional Independent Directors and requiring the appointment of more than half of the Directors from individuals who are not employees or managerial officers).

Note 3: On December 26, 2024, the Board of Directors approved the appointment of Mr. Shu-Chen Yang as Vice President, Administration Division, and Ms. Wen-Ping Huang as Corporate Governance Officer starting from December 31, 2024.

Note 4: On August 2, 2024, the Board of Directors approved that Mr. Hsi-I Chen will serve as as Vice President, Production Division from August 31, 2024.

March 31, 2025

| Education and work experience  | Other positions in other companies held currently   | Has a spouse or a relative within the second degree of kinship who are the Company's managers |      |              | Remarks (Note 2) |
|--|---|---|------|--------------|------------------|
|  |   | Title   | Name | Relationship |                  |
| Ph.D. in Environmental Engineering, University of Southern California, US<br>Vice President of Commercial Division, China Steel and Nippon Steel Vietnam Joint Stock Company | None  | None  | None | None         | N/A              |
| MBA, I-Shou University<br>Assistant Vice President of Administration Department, Chung Hung Steel Corporation  | Chairperson of Hung Kao Investment Corporation<br>Director of Pro-Ascentek Investment Corporation | None  | None | None         |                  |
| Master of Electronic Engineering, University of California, Irvine, USA<br>Manager of No.5 Sales Section, China Steel Corporation  | Supervisor of Pacific Harbor Stevedoring Corporation  | None  | None | None         |                  |
| Department of System Engineering and Naval Architecture, National Taiwan Ocean University<br>Assistant Vice President of Production Division, Chung Hung Steel Corporation   | None  | None  | None | None         |                  |
| Master, Department of Finance, National Sun Yat-sen University<br>Project Deputy Director, Finance Division, China Steel Corporation   | None  | None  | None | None         |                  |

## II. Remuneration of Directors, Independent Directors, President and Vice Presidents

### (I) Remuneration Paid to Directors and Independent Directors:

| Title                    | Name   | Directors' remuneration |                                       |                               |                                       |                                      |                                       |                                 |                                       | Total remuneration (A+B+C+D) as a percentage of net income after tax |                                       |
|--------------------------|--|-------------------------|---------------------------------------|-------------------------------|---------------------------------------|--------------------------------------|---------------------------------------|---------------------------------|---------------------------------------|--|---------------------------------------|
|                          |  | Remuneration (A)        |                                       | Severance pay and pension (B) |                                       | Directors' remuneration (C) (Note 1) |                                       | Business execution expenses (D) |                                       |  |                                       |
|                          |  | This Company            | All companies in the financial report | This Company                  | All companies in the financial report | This Company                         | All companies in the financial report | This Company                    | All companies in the financial report | This Company   | All companies in the financial report |
| Chairperson of the Board | Kuei-Sung Tseng<br>Representative of China Steel Corporation         | 2,543                   | 2,543                                 | 139                           | 139                                   | 0                                    | 0                                     | 35                              | 35                                    | 2,717<br>(0.30)%   | 2,717<br>(0.30)%                      |
| Director                 | China Steel Corporation  | 1,135                   | 1,135                                 | 0                             | 0                                     | 0                                    | 0                                     | 476                             | 476                                   | 1,611<br>(0.18)%   | 1,611<br>(0.18)%                      |
|                          | Chao-Tung Wong (Note 1)<br>Representative of China Steel Corporation | 0                       | 0                                     | 0                             | 0                                     | 0                                    | 0                                     | 10                              | 10                                    | 10<br>(0.00)%  | 10<br>(0.00)%                         |
|                          | Shyi-Chin Wang (Note 1)<br>Representative of China Steel Corporation | 0                       | 0                                     | 0                             | 0                                     | 0                                    | 0                                     | 20                              | 20                                    | 20<br>(0.00)%  | 20<br>(0.00)%                         |
|                          | Shou-Tao Chen (Note 1)<br>Representative of China Steel Corporation  | 0                       | 0                                     | 0                             | 0                                     | 0                                    | 0                                     | 15                              | 15                                    | 15<br>(0.00)%  | 15<br>(0.00)%                         |
|                          | Min-Hsiung Liu (Note 2)<br>Representative of China Steel Corporation | 0                       | 0                                     | 0                             | 0                                     | 0                                    | 0                                     | 10                              | 10                                    | 10<br>(0.00)%  | 10<br>(0.00)%                         |
|                          | Kun-Pin Huang (Note 2)<br>Representative of China Steel Corporation  | 0                       | 0                                     | 0                             | 0                                     | 0                                    | 0                                     | 35                              | 35                                    | 35<br>(0.00)%  | 35<br>(0.00)%                         |
|                          | Wen-Chou Li (Note 3)<br>Representative of China Steel Corporation    | 0                       | 0                                     | 0                             | 0                                     | 0                                    | 0                                     | 10                              | 10                                    | 10<br>(0.00)%  | 10<br>(0.00)%                         |
|                          | Chia-Cheng Lee (Note 3)<br>Representative of China Steel Corporation | 0                       | 0                                     | 0                             | 0                                     | 0                                    | 0                                     | 25                              | 25                                    | 25<br>(0.00)%  | 25<br>(0.00)%                         |
| Independent Director     | Juh-Shan Chiou (Note 4)  | 300                     | 300                                   | 0                             | 0                                     | 0                                    | 0                                     | 112                             | 112                                   | 412<br>(0.05)%   | 412<br>(0.05)%                        |
|                          | Hsien-Tang Tsai (Note 5)   | 165                     | 165                                   | 0                             | 0                                     | 0                                    | 0                                     | 86                              | 86                                    | 251<br>(0.03)%   | 251<br>(0.03)%                        |
|                          | Lin-Lin Lee  | 600                     | 600                                   | 0                             | 0                                     | 0                                    | 0                                     | 239                             | 239                                   | 839<br>(0.09)%   | 839<br>(0.09)%                        |
|                          | Ming-te Sun (Note 6)   | 300                     | 300                                   | 0                             | 0                                     | 0                                    | 0                                     | 117                             | 117                                   | 417<br>(0.05)%   | 417<br>(0.05)%                        |
|                          | Wei-che Tsai (Note 6)  | 300                     | 300                                   | 0                             | 0                                     | 0                                    | 0                                     | 117                             | 117                                   | 417<br>(0.05)%   | 417<br>(0.05)%                        |

Note 1: On May 18, 2024, the corporate shareholder China Steel Corporation changed its representative from Mr. Chao-Tung Wong to Mr. Shyi-Chin Wang. On September 10, 2024, it changed its representative from Mr. Hsi-Chin Wang to Mr. Shou-Tao Chen.

Note 2: Corporate shareholder China Steel Corporation assigned Mr. Kai-Ming Huang to replace Mr. Min-Hsiung Liu as its representative on January 31, 2024.

Note 3: On April 26, 2024, the corporate shareholder China Steel Corporation changed its representative from Mr. Wen-Chou Li to Mr. Chia-Cheng Lee.

Note 4: Independent Director Juh-Shan Chiou Dismissed on Jun. 25, 2024.

Note 5: Independent Director Hsien-Tang Tsai Dismissed on Jun. 14, 2024.

Note 6: Independent directors Ming-Te Sun- and Wei-Che Tsai took office on June 26, 2024.

| Remuneration received as the Company's employee |                                       |                               |                                       |                             |              |                                       |              | Total remuneration (A+B+C+D+E+F+G) as a percentage of net income after tax | Remuneration received from investees other than subsidiaries or the parent company |       |
|---|---------------------------------------|-------------------------------|---------------------------------------|-----------------------------|--------------|---------------------------------------|--------------|--|--|-------|
| Salary, Bonuses and Allowances, etc. (E)        |                                       | Severance pay and pension (F) |                                       | Employees' remuneration (G) |              |                                       |              |  |  |       |
| This Company                                    | All companies in the financial report | This Company                  | All companies in the financial report | This Company                |              | All companies in the financial report |              | This Company   | All companies in the financial report  |       |
|   |                                       |                               |                                       | Cash amount                 | Stock amount | Cash amount                           | Stock amount |  |  |       |
| 0   | 0                                     | 0                             | 0                                     | 0                           | 0            | 0                                     | 0            | 2,717 (0.30)%  | 2,717 (0.30)%  | 1,356 |
| 0   | 0                                     | 0                             | 0                                     | 0                           | 0            | 0                                     | 0            | 1,611 (0.18)%  | 1,611 (0.18)%  | 0     |
| 0   | 0                                     | 0                             | 0                                     | 0                           | 0            | 0                                     | 0            | 10 (0.00)%   | 10 (0.00)%   | 2,848 |
| 0   | 0                                     | 0                             | 0                                     | 0                           | 0            | 0                                     | 0            | 20 (0.00)%   | 20 (0.00)%   | 1,585 |
| 0   | 0                                     | 0                             | 0                                     | 0                           | 0            | 0                                     | 0            | 15 (0.00)%   | 15 (0.00)%   | 1,919 |
| 0   | 0                                     | 0                             | 0                                     | 0                           | 0            | 0                                     | 0            | 10 (0.00)%   | 10 (0.00)%   | 715   |
| 0   | 0                                     | 0                             | 0                                     | 0                           | 0            | 0                                     | 0            | 35 (0.00)%   | 35 (0.00)%   | 2,919 |
| 0   | 0                                     | 0                             | 0                                     | 0                           | 0            | 0                                     | 0            | 10 (0.00)%   | 10 (0.00)%   | 1,231 |
| 0   | 0                                     | 0                             | 0                                     | 0                           | 0            | 0                                     | 0            | 25 (0.00)%   | 25 (0.00)%   | 2,261 |
| 0   | 0                                     | 0                             | 0                                     | 0                           | 0            | 0                                     | 0            | 412 (0.05)%  | 412 (0.05)%  | 0     |
| 0   | 0                                     | 0                             | 0                                     | 0                           | 0            | 0                                     | 0            | 251 (0.03)%  | 251 (0.03)%  | 0     |
| 0   | 0                                     | 0                             | 0                                     | 0                           | 0            | 0                                     | 0            | 839 (0.09)%  | 839 (0.09)%  | 0     |
| 0   | 0                                     | 0                             | 0                                     | 0                           | 0            | 0                                     | 0            | 417 (0.05)%  | 417 (0.05)%  | 0     |
| 0   | 0                                     | 0                             | 0                                     | 0                           | 0            | 0                                     | 0            | 417 (0.05)%  | 417 (0.05)%  | 0     |

1. Please describe the policy, system, standards and structure of the remuneration packages of the Independent Directors and explain the relevance of the amount of remuneration paid to them based on factors such as responsibility, risk and time commitment:

- (1) Remuneration for independent directors is fixed. Directors Juh-Shan Chiou, Lin-Lin Lee, Ming-te Sun, and Wei-che Tsai receive NT\$50,000 per month based on their terms. Director Hsien-Tang Tsai receive NT\$27,460 per month, and does not separately draw Director remuneration defined in Article 28 of the Articles of Incorporation. The Company's profitability does not affect the fixed remuneration of independent directors.
  - (2) Independent Directors are required to attend meetings of the Board of Directors with transportation allowances paid by the Company.
  - (3) Where Independent Directors serve as members of the functional committees of the Board of Directors, they shall attend the meetings of the functional committees and the Company shall pay attendance fees based on their actual attendance.
2. Except as disclosed above, remuneration received by directors in the latest year for services (e.g., acting as a non-employee consultant of the parent company/any company in the financial statements/investee) provided by the directors: None.

## Remuneration Range Table

December 31, 2024

| Remuneration range for each Director in this Company        | Name of Director   |   |   |   |
|---|--|---|---|---|
|   | Total amount of the 4 preceding remunerations (A+B+ C+D)   |   | Total amount of the 7 preceding remunerations (A+B+ C+D+E+F+G)  |   |
|   | This Company   | All companies in the financial report (H)   | This Company  | The parent company and all investees (I)  |
| Less than NT\$ 1,000,000                                    | Chao-Tung Wong, Shyi-Chin Wang, Shou-Tao Chen, Kun-Pin Huang, Min-Hsiung Liu, Wen-Chou Li, Chia-Cheng Lee, Juh-Shan Chiou, Lin-Lin Lee, Hsien-Tang Tsai, Ming-te Sun, Wei-che Tsai | Chao-Tung Wong, Shyi -Chin Wang, Shou-Tao Chen, Kun-Pin Huang, Min-Hsiung Liu, Wen-Chou Li, Chia-Cheng Lee, Juh-Shan Chiou, Lin-Lin Lee, Hsien-Tang Tsai, Ming-te Sun, Wei-che Tsai | Chao-Tung Wong, Shyi -Chin Wang, Shou-Tao Chen, Kun-Pin Huang, Min-Hsiung Liu, Wen-Chou Li, Chia-Cheng Lee, Juh-Shan Chiou, Lin-Lin Lee, Hsien-Tang Tsai, Ming-te Sun, Wei-che Tsai | Min-Hsiung Liu, Juh-Shan Chiou, Lin-Lin Lee, Hsien-Tang Tsai, Ming-te Sun, Wei-che Tsai |
| NT\$ 1,000,000 (inclusive) to NT\$ 2,000,000 (exclusive)    | China Steel Corporation  | China Steel Corporation   | China Steel Corporation   | China Steel Corporation, Shyi -Chin Wang, Shou-Tao Chen, Wen-Chou Li                    |
| NT\$ 2,000,000 (inclusive) to NT\$ 3,500,000 (exclusive)    | Kuei-Sung Tseng  | Kuei-Sung Tseng   | Kuei-Sung Tseng   | Chao-Tung Wong, Kun-Pin Huang, Chia-Cheng Lee   |
| NT\$ 3,500,000 (inclusive) to NT\$ 5,000,000 (exclusive)    | None   | None  | None  | Kuei-Sung Tseng   |
| NT\$ 5,000,000 (inclusive) to NT\$ 10,000,000 (exclusive)   | None   | None  | None  | None  |
| NT\$ 10,000,000 (inclusive) to NT\$ 15,000,000 (exclusive)  | None   | None  | None  | None  |
| NT\$ 15,000,000 (inclusive) to NT\$ 30,000,000 (exclusive)  | None   | None  | None  | None  |
| NT\$ 30,000,000 (inclusive) to NT\$ 50,000,000 (exclusive)  | None   | None  | None  | None  |
| NT\$ 50,000,000 (inclusive) to NT\$ 100,000,000 (exclusive) | None   | None  | None  | None  |
| Higher than NT\$100,000,000                                 | None   | None  | None  | None  |
| Total   | 14   | 14  | 14  | 14  |

Note 1: The parent company and all investees including the Company.

## (II) Remunerations to President and Vice President

Unit: NT\$ thousand, Dec. 31, 2024

| Title                                   | Name  | Salary (A)   |                                       | Severance pay and pension (B) |                                       | Bonuses and allowances, etc. (C) |                                       | Employee remuneration (D) |              |                                       |              | Total remuneration (A+B+C+D) as a percentage of net income after tax (%) |                                       | Remuneration received from investees other than subsidiaries or the parent company |
|---|---|--------------|---------------------------------------|-------------------------------|---------------------------------------|----------------------------------|---------------------------------------|---------------------------|--------------|---------------------------------------|--------------|--|---------------------------------------|--|
|   |   | This Company | All companies in the financial report | This Company                  | All companies in the financial report | This Company                     | All companies in the financial report | This Company              |              | All companies in the financial report |              | This Company   | All companies in the financial report |  |
|   |   |              |                                       |                               |                                       |                                  |                                       | Cash amount               | Stock amount | Cash amount                           | Stock amount |  |                                       |  |
| President                               | Min Chu                                     | 2,636        | 2,636                                 | 108                           | 108                                   | 451                              | 451                                   | 0                         | 0            | 0                                     | 0            | 3,195<br>(0.36)%   | 3,195<br>(0.36)%                      | 173  |
| Vice President, Administration Division | Chien-Hui Lee (Dismissed on Dec. 30, 2024)  | 2,173        | 2,173                                 | 146                           | 146                                   | 339                              | 339                                   | 0                         | 0            | 0                                     | 0            | 2,658<br>(0.30)%   | 2,658<br>(0.30)%                      | 0  |
|   | Shu-Cheng Yen (Appointed on Dec. 31, 2024)  | 5            | 5                                     | 0                             | 0                                     | 1                                | 1                                     | 0                         | 0            | 0                                     | 0            | 6<br>(0.00)%   | 6<br>(0.00)%                          | 0  |
| Vice President, Commercial Division     | Chun-Ting Lin                               | 1,771        | 1,711                                 | 106                           | 106                                   | 416                              | 416                                   | 0                         | 0            | 0                                     | 0            | 2,293<br>(0.26)%   | 2,293<br>(0.26)%                      | 88   |
| Vice President, Production Division     | Jui-Tsai Huang (Dismissed on Aug. 30, 2024) | 1,521        | 1,521                                 | 72                            | 72                                    | 442                              | 442                                   | 0                         | 0            | 0                                     | 0            | 2,035<br>(0.23)%   | 2,035<br>(0.23)%                      | 60   |
|   | Hsi-I Chen (Appointed on Aug. 31, 2024)     | 718          | 718                                   | 140                           | 140                                   | 196                              | 196                                   | 0                         | 0            | 0                                     | 0            | 1,054<br>(0.12)%   | 1,054<br>(0.12)%                      | 21   |

Note 1: All companies mentioned in the financial report including the Company.

Note 2: The remuneration of the President and Vice President will only be calculated for the period they held that position for during 2024.

## Remuneration Range Table

December 31, 2024

| Range of Remuneration Paid to the President and Vice Presidents of the Company | Name of President and Vice Presidents                 |   |
|--|---|---|
|  | This Company  | The parent company and all investees                  |
| Less than NT\$ 1,000,000   | Shu-Cheng Yen   | Shu-Cheng Yen   |
| NT\$ 1,000,000 (inclusive) to NT\$ 2,000,000 (exclusive)                       | Hsi-I Chen  | Hsi-I Chen  |
| NT\$ 2,000,000 (inclusive) to NT\$ 3,500,000 (exclusive)                       | Min Chu, Chien-Hui Lee, Chun-Ting Lin, Jui-Tsai Huang | Min Chu, Chien-Hui Lee, Chun-Ting Lin, Jui-Tsai Huang |
| NT\$ 3,500,000 (inclusive) to NT\$ 5,000,000 (exclusive)                       | None  | None  |
| NT\$ 5,000,000 (inclusive) to NT\$ 10,000,000 (exclusive)                      | None  | None  |
| NT\$ 10,000,000 (inclusive) to NT\$ 15,000,000 (exclusive)                     | None  | None  |
| NT\$ 15,000,000 (inclusive) to NT\$ 30,000,000 (exclusive)                     | None  | None  |
| NT\$ 30,000,000 (inclusive) to NT\$ 50,000,000 (exclusive)                     | None  | None  |
| NT\$ 50,000,000 (inclusive) to NT\$ 100,000,000 (exclusive)                    | None  | None  |
| Higher than NT\$100,000,000  | None  | None  |
| Total  | 6   | 6   |

Note 1: The range of remuneration of the aforementioned managerial officers in all companies mentioned in the consolidated financial report.

Note 2: The parent company and all investees including the Company.

## Names of managerial officers who received employee remuneration and the details

Unit: NT\$ thousand, Dec. 31, 2024

| Title                    |   | Name   | Stock amount | Cash amount | Total | Ratio accounted compared to the total net income (%) |
|--------------------------|---|--|--------------|-------------|-------|--|
| Managerial Officer       | President                               | Min Chu  | 0            | 0           | 0     | 0  |
|                          | Vice President, Administration Division | Chien-Hui Lee<br>(Dismissed on Dec. 30, 2024)  |              |             |       |  |
|                          |   | Shu-Cheng Yen<br>(Appointed on Dec. 31, 2024)  |              |             |       |  |
|                          | Vice President, Commercial Division     | Chun-Ting Lin                                  |              |             |       |  |
|                          | Vice President, Production Division     | Jui-Tsai Huang<br>(Dismissed on Aug. 30, 2024) |              |             |       |  |
|                          |   | Hsi-I Chen<br>(Appointed on Aug. 31, 2024)     |              |             |       |  |
| Chief Accounting Officer | Wen-Ping Huang                          |  |              |             |       |  |

### (III) Compensation of the Five Highest-Paid Managerial Officers of the Company

| Title                                   | Name           | Salary (A)   |                                       | Severance pay and pension (B) |                                       | Bonuses and allowances, etc. (C) |                                       | Employee remuneration (D) |                                       | Total remuneration (A+B+C+D) as a percentage of net income after tax (%) |                                       | Remuneration received from investees other than subsidiaries or the parent company |
|---|----------------|--------------|---------------------------------------|-------------------------------|---------------------------------------|----------------------------------|---------------------------------------|---------------------------|---------------------------------------|--|---------------------------------------|--|
|   |                | This Company | All companies in the financial report | This Company                  | All companies in the financial report | This Company                     | All companies in the financial report | This Company              | All companies in the financial report | This Company   | All companies in the financial report |  |
| President                               | Min Chu        | 2,636        | 2,636                                 | 108                           | 108                                   | 451                              | 451                                   | 0                         | 0                                     | 3,195<br>(0.36)%   | 3,195<br>(0.36)%                      | 173  |
| Vice President, Administration Division | Chien-Hui Lee  | 2,173        | 2,173                                 | 146                           | 146                                   | 339                              | 339                                   | 0                         | 0                                     | 2,658<br>(0.30)%   | 2,658<br>(0.30)%                      | 0  |
| Vice President, Commercial Division     | Chun-Ting Lin  | 1,771        | 1,771                                 | 106                           | 106                                   | 416                              | 416                                   | 0                         | 0                                     | 2,293<br>(0.26)%   | 2,293<br>(0.26)%                      | 88   |
| Vice President, Production Division     | Jui-Tsai Huang | 1,521        | 1,521                                 | 72                            | 72                                    | 442                              | 442                                   | 0                         | 0                                     | 2,035<br>(0.23)%   | 2,035<br>(0.23)%                      | 60   |
| Vice President, Production Division     | Hsi-I Chen     | 718          | 718                                   | 140                           | 140                                   | 196                              | 196                                   | 0                         | 0                                     | 1,054<br>(0.12)%   | 1,054<br>(0.12)%                      | 21   |

Note: 1. Mr. Chien-Hui Lee, Vice President, Administration Division, was dismissed on December 30, 2024.

2. Mr. Jui-Tsai Huang, Vice President, Production Division, was dismissed on August 30, 2024, and replaced by Mr. Hsi-I Chen

**(IV) Comparison of compensation paid by the Company and all the consolidated entities in the last two years to the Company's Directors (including Independent Directors), President and Vice Presidents as a percentage to the net income after tax. Explanation on remuneration policies, standards and combination of the procedures in determining remuneration, and association with business performance and future risks.**

1. The Company's remuneration for Directors (including Independent Directors), President, and Vice Presidents in 2024 accounted for -2.02% of the after-tax net profit. The remuneration for Directors (including Independent Directors), President, and Vice Presidents in 2023 accounted for 11.13% of the after-tax net profit.

2.(1) Director:

Pursuant to Article 22 of the Company's Articles of Incorporation, transportation expenses of directors, remuneration of independent directors, and salary of the chairperson shall be determined by the board of directors according to the relevant standards adopted in the industry and TWSE/TPEX listed companies. Once the compensation package is approved by the Remuneration Committee it is submitted to the Board of Directors for review. The Chairperson shall be applicable to related regulations regarding employee salary payment and provided with other allowances.

Under Article 28 of the Articles of Incorporation, up to 1% of the Company's profits in a given year can be allocated as director remuneration but only if the Company's cumulative losses have been covered. Directors' remuneration shall be determined by the Board of Directors and reported to the Shareholders' Meeting. In addition, the Company's independent directors only receive a fixed salary and do not participate in the distribution of directors' remuneration.

The remuneration for Directors is based on evaluations conducted in accordance with the "Regulations Governing the Evaluation of the Performance of the Board of Directors", and is also linked to the Company's overall business performance targets so that reasonable remuneration can be provided.

Other than the above remuneration, the directors are not eligible for retirement benefits, severance pay, or reclaim mechanisms.

(2) The compensation of the president and vice president shall be based on the standards of industry peers as well as their job title, grade, academic (past) experience, professional ability, and responsibilities. Under Article 28 of the Articles of Incorporation, at least 0.1% of the Company's profits in a given year can be allocated as employee remuneration but

only the Company's cumulative losses have been covered. Employee remuneration shall be determined by the Board of Directors and reported to the Shareholders' Meeting.

- (3) To continuously improve the sustainable operation and management of the company, as of 2024 the company's performance on sustainable goals (including carbon reduction, power saving, waste recycling, improvement of labor-management relations, information security, etc.) are linked to the remuneration of the president and vice president. The work performance items in the annual performance evaluation form explicitly stipulate that the implementation results of the environment (E), society (S), and corporate governance (G) should be included. This annual performance evaluation form has been reviewed and approved by the Remuneration Committee and the Board of Directors, and the performance evaluation results will be used as the basis for salary payment.

### III. Implementation of Corporate Governance

#### (I) Board of Directors operating status and evaluation status

1. A total of 6 (A) meetings of the Board of Directors were held in 2024. The attendance of Directors was as follows:

2024.01.01~2024.12.31

| Title                    | Name   | Attendance in person (B) | Attendance by proxy | Attendance in person rate (%) (B/A) (Note) | Remarks   |
|--------------------------|--|--------------------------|---------------------|--|---|
| Chairperson of the Board | Representative of China Steel Corporation<br>Kuei-Sung Tseng | 6                        | 0                   | 100  | Re-elected after term of office expired on 2024.06.26. Total required attendance was 6.     |
| Director                 | Representative of China Steel Corporation<br>Shou-Tao Chen   | 1                        | 1                   | 50   | Newly appointed on 2024.09.10. Total required attendance was 2.                             |
|                          | Representative of China Steel Corporation<br>Shyi-Chin Wang  | 2                        | 0                   | 100  | Newly appointed on 2024.05.18 and dismissed on 2024.09.10. Total required attendance was 2. |
|                          | Representative of China Steel Corporation<br>Chao-Tung Wong  | 2                        | 0                   | 100  | Dismissed on 2024.05.18. Total required attendance was 2.                                   |
| Director                 | Representative of China Steel Corporation<br>Kun-Pin Huang   | 6                        | 0                   | 100  | Newly appointed on 2024. 01.31. Total required attendance was 6.                            |
| Director                 | Representative of China Steel Corporation<br>Chia-Cheng Lee  | 4                        | 1                   | 80   | Newly appointed on 2024.04.26. Total required attendance was 5.                             |
|                          | Representative of China Steel Corporation<br>Wen-Chou Li     | 1                        | 0                   | 100  | Dismissed on 2024.04.26. Total required attendance was 1.                                   |
| Independent Director     | Juh-Shan Chiou   | 1                        | 1                   | 50   | The term of office expired on 2024.06.26. Total required attendance was 2.                  |
| Independent Director     | Hsien-Tang Tsai  | 2                        | 0                   | 100  | Resigned on 2024.06.14. Total required attendance was 2.                                    |
| Independent Director     | Lin-Lin Lee  | 6                        | 0                   | 100  | Re-elected after term of office expired on 2024.06.26. Total required attendance was 6.     |
| Independent Director     | Ming-te Sun  | 4                        | 0                   | 100  | Newly appointed on 2024.06.26. Total required attendance was 4.                             |
| Independent Director     | Wei-che Tsai   | 4                        | 0                   | 100  | Newly appointed on 2024.06.26. Total required attendance was 4.                             |

Note: (1) If a Director has resigned before the end of the year, the resignation date must be specified in the remarks section. The actual attendance rate (%) shall be calculated by dividing the number of the Board of Directors meetings held during the period by the number of the meetings that the Director has actually attended.

(2) If a Director has been reelected before the end of the year, the names of the new and old Directors must be filled in and the resignation, new appointment, second term appointment, or reelection dates shall be specified in the remarks section. The actual attendance rate (%) shall be calculated by dividing the number of the Board of Directors meetings held during the period by the number of the meetings that the Director has actually attended.

Other matters that should be recorded:

I. The items included in Article 14-3 of the Securities and Exchange Act and other comments objected or retained by other Independent Directors in record or the resolutions of the Board of directors in a written statement should indicate the date, period, content of the motion, opinions of all Independent Directors and how the company handles the opinion of the Independent Directors: Independent Directors issued no objections or qualified opinions on material issues.

- II. The directors' avoidance of interest motion should indicate the names of the directors, content of the motion and reasons of avoidance of interest as well as the involvement in voting:
1. 20th meeting of the 15th Board of Directors on May. 2, 2024: The Company plans to donate NT\$53,000 to the CSC Group Education Foundation's 2024 operating funds. Director Chao-Tung Wong recused himself in accordance with laws.
  2. 1st meeting of the 16th Board of Directors on Jul. 8, 2024: Plans to sign a "cooperation agreement" with National Sun Yat-sen University. Independent director Wei-che Tsai recused himself in accordance with the law.
  3. 3rd meeting of the 16th Board of Directors on Oct. 31, 2024: Proposed adjustment to the basic salary of the Company Chairperson, President, and Vice President of Administrative Division, and former Vice President of Production Division for the 2024 financial year. The Chairperson Kuei-Sung Tseng recused himself in accordance with laws.
- III. The evaluation cycle and duration, scope of evaluation, methodology, and evaluation contents of the evaluation of the Board of Directors are detailed in the evaluation status of the Board of Directors for 2024 set forth below.
- IV. Programs this year and in the most recent year in strengthening the functionality of the Board (for example, set up an auditing committee, improve transparency, etc.) and execution evaluation:
1. The Company established the Audit Committee starting from the 13th Board of Directors in June 2015. Five meetings of the Audit Committee were convened on Feb. 27, May. 02, Aug. 01, Oct. 31, and Dec. 26 in 2024. The resolutions of the Audit Committee were reported to the Board of Directors.
  2. The Remuneration Committee was established under the Board of Directors in Sept. 2011. Operations of the Remuneration Committee in 2024: The Company convened five meetings of the Remuneration Committee on Feb. 27, May. 02, Aug. 01, Oct. 31, and Dec. 26 in 2024 in accordance with Article 14-6 of the Securities and Exchange Act and the "Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Stock Exchange or the Taipei Exchange" announced by the Financial Supervisory Commission on Mar. 18, 2011. The resolutions of the Committee were compiled into meeting minutes and reported to the Board of Directors.
  3. The Company announces material resolutions of the Board of Directors and the operations of functional committees on its website.
  4. The attendance, continuing education of Directors, current posts, experience, and concurrent posts of Independent Directors are disclosed on the Market Observation Post System.
  5. The Company's purchase of director and supervisor liability insurance for all directors (including independent directors) and managerial officers was reported at the Board of Directors meeting on Aug. 1, 2024, and posted to the Market Observation Post System in accordance with regulations.
  6. The Company established the "Information Security Committee" in 2021. The Chief Information Security Officer, Information Security Manager and Information Security Specialists were also appointed. Meetings are held quarterly to review the implementation status. Implementation status and reviews are reported to the Board of Directors regularly every year. An information security risk management framework has been established on the Chung Hung website to disclose the Company's specific information security strategies, response policies and implementation results. The 2024 information security implementation results were presented at the Board meeting on Dec. 26, 2024.
  7. On Nov. 3, 2022, the Company's Board of Directors approved the formulation of Chung Hung's "Risk Management Policy and Procedures" to improve the risk management mechanism, and enhance the effectiveness of risk management. The risk management results are reported annually to the Audit Committee and the Board of Directors. The status of risk management operations during 2024 was reported to a meeting of the Audit Committee and Board of Directors on Oct. 31. Guidance was provided by the Audit Committee during the meeting on risk management operations and announced on the company website.
  8. To protect intellectual assets as well as effectively manage and safeguard intellectual property rights, intellectual property management strategies, intellectual property management plans, and intellectual property management measures were formulated by the Company. Proper management of the Company patents, trademarks, and trade secrets serves to enhance industry competitiveness, and sustain the Company's business development. Implementation status and the results of IP management are reported annually to the Board of Directors. The operating status of IP management in 2024 was reported at the Board of Directors meeting on Oct. 31 and also announced on the Company's website.

2. The Board of Directors evaluation status in 2024 was as follows:

| Evaluation Cycle   | Evaluation Period                    | Evaluation Scope  | Evaluation Method   | Evaluation Contents  |
|--|--------------------------------------|---|---|----------------------|
| Board internal performance self-evaluation: Once every year  | January 1, 2024 to December 31, 2024 | Performance evaluation of the Board of Directors, individual Directors, Audit Committee, and Remuneration Committee | Self-evaluation of the Board of Directors and self-evaluation of Directors.   | Described as follows |
| External performance evaluation of the Board of Directors: The Company shall appoint an external professional independent agency or a team of external experts and scholars to conduct an external performance evaluation at least once every three years. | January 1, 2023 to December 31, 2024 | Performance evaluation of the Board of Directors, Audit Committee, and Remuneration Committee                       | In 2024, the Company appointed Taipei Foundation of Finance for the performance evaluation, which started with a review of documents provided by the Company for the evaluation. The Association then assigned experts to conduct onsite evaluations at the Company and interviewed the Company's Chairman, President, Convener of the Audit Committee, Chief Corporate Governance Officer, and Chief Internal Auditor. | Described as follows |

- (1) The Company “Regulations Governing the Evaluation of the Performance of the Board of Directors” (hereafter referred to as “The Regulations”) were passed at the 13th meeting of the 14th Board of Directors on December 30, 2019. Amendments were subsequently passed by the 17th meeting of the 15th Board of Directors on November 2, 2023, and internal performance evaluations in the form of self-assessment questionnaires were conducted for the Board of Directors, members of the Board, and functional committees under the Board. The results of the evaluations were recovered and reported at the Board of Directors meeting on February 25, 2025, to provide a reference for the performance of individual directors and the setting of remuneration.
- (2) The Regulations stipulate that internal evaluations shall be implemented each year and an external evaluation shall be implemented at least once every three years.

A. The criteria for evaluating the performance of the Board of Directors of the Company shall cover at least the following five aspects:

- (A) Participation in the operation of the Company.
  - (B) Improvement of the quality of the Board of Directors' decision making.
  - (C) Composition and structure of the Board of Directors.
  - (D) Election and continuing education of the Directors;
  - (E) Internal control.
- B. The criteria for evaluating the performance of the Directors shall cover at least the following six aspects:
- (A) Familiarity with the goals and missions of the company.
  - (B) Awareness of the duties of a Director.
  - (C) Participation in the operation of the Company.
  - (D) Management of internal relationship and communication.
  - (E) The director's professionalism and continuing education.
  - (F) Internal control.
- C. The criteria for evaluating the performance of the functional committees of the Company (Audit Committee and Remuneration Committee) shall cover at least the following five aspects:
- (A) Participation in the operation of the Company.
  - (B) Knowledge of the duties of the functional committee.
  - (C) Improvement of the quality of functional committee's decisions.
  - (D) Functional committee composition and election of members.
  - (E) Internal control.
- (3) The performance evaluation of the Board of Directors (including functional committees) in 2024 consisted of 4 categories with 20 self-evaluation indicators in each category. The maximum score for each self-evaluation indicator was 5 points. The evaluation results are summarized as follows:
- A. Results of the performance self-evaluation of the Board of Directors:
    - (A) Total average score of the questionnaire: 96.86 points
    - (B) Total average indicator score: 4.84 points
  - B. Results of the performance self-evaluation of the Directors:
    - (A) Total average score of the questionnaire: 97.71 points
    - (B) Total average indicator score: 4.89 points
  - C. Results of the performance self-evaluation of the Audit Committee:
    - (A) Total average score of the questionnaire: 99.67 points
    - (B) Total average indicator score: 4.98 points
  - D. Results of the performance self-evaluation of the Remuneration Committee:

- (A) Total average score of the questionnaire: 99.67 points
- (B) Total average indicator score: 4.98 points
- (4) The performance evaluations for Board of Directors, Board members, Audit Committee and Remuneration Committee rated the performance of the Board as between 5 points “Strong Agree” and 4 points “Agree” in 2024. The score indicated that the directors strongly agreed with the various performance metrics. The overall performance of the Board of Directors and functional committees were sound as well indicating compliance with the requirements of corporate governance while also effectively strengthening the competency of the directors and protecting shareholders’ equity. The outcomes of the Company’s performance evaluations for the Board of Directors and functional committees in previous years are available from the Company website.
- (5) The Company appointed Taipei Foundation of Finance to conduct the 2024 external performance evaluation of the Board of Directors. The recommendations of the Foundation and the Company's improvement plans are as follows:
- Recommendation 1: Appropriate adjustments should be made to independent directors who have already served four terms when the Board elections are next held in accordance with the regulations of the competent authority to improve the overall effectiveness of corporate governance.
- Improvement plan: Adjustments will be made to independent directors who have already served four terms when the Board is next up for election in 2027.
- Recommendation 2: The parent company, China Steel Corporation, is a benchmark enterprise for sustainable development. Evaluated companies should seek to align their sustainable management practices with that of their parent company when appropriate, and upgrade the Sustainable Development Committee to a functional committee at the Board level.
- Improvement plan: The Company has adopted a phased approach by establishing a corporate-level sustainable development committee. The committee will be upgraded to a functional committee at the board level in due course.
- Recommendation 3: To ensure full disclosure on sustainable finance in the future, the Company should actively learn about key IFRS S1/S2 systems, as well as critical systems and talents for cultivating IFRS S1/S2 and mastering sustainability risks and opportunities.

Improvement plan: We plan to hire consultants to assist with the introduction of IFRS S1/S2 to understand sustainability risks and opportunities, actively participate in education and training organized by competent authorities and consulting firms, then establish key systems and cultivate professional talent.

**(II) State of operations of the Audit Committee:**

1. Audit Committee member profiles:

March 31, 2025

| Role   | Name        | Criteria  | Professional qualifications and experience  | Compliance with independence criteria | Number of other public companies in which the member also serves as a member of their audit committee |
|--|-------------|---|---|---------------------------------------|---|
|  |             |   |   |                                       |   |
| Independent Director Convener of the Audit Committee | Ming-te Sun | <p><b>Highest level of education:</b> PhD of Business Administration, National Taipei University.</p> <p><b>Job Title:</b> Director of the Macroeconomic Forecasting Center of the Taiwan Institute of Economic Research, Director of the Business Development and Research Center of the Taiwan Institute of Economics, and adjunct assistant professor of the Department of Business Administration at the National Taipei University of Business.</p> <p><b>Past experience:</b> Supervisor of the iPass Corporation, independent director, audit committee member and remuneration committee member of Richmond International Travel &amp; Tours Co., Ltd. etc.</p> <p><b>Professional qualifications and experience:</b> Commerce, business administration, economics.</p> | <p>The three Independent Directors meet the following conditions during the two years before being elected or during the term of office:</p> <ol style="list-style-type: none"> <li>1. The individual is not an elected person in the name of a government, institution, or its representative as defined in Article 27 of the Company Act.</li> <li>2. The individual, spouse, or relative within the second degree of kinship is not a director, supervisor, or employee of the Company or any of its affiliates.</li> <li>3. The individual is not a director, supervisor, or employee of a company</li> </ol> | 0                                     |   |

| Role                 | Name        | Criteria  | Professional qualifications and experience   | Compliance with independence criteria | Number of other public companies in which the member also serves as a member of their audit committee |
|----------------------|-------------|---|--|---------------------------------------|---|
| Independent Director | Lin-Lin Lee | <p><b>Highest level of education:</b> Master of Law, National Taiwan University.</p> <p><b>Job Title:</b> Managing Attorney of Ling Yun Attorneys-at-Law; Director of the Legal Aid Foundation; Chairman of the All-China Lawyers Federation; Independent Director, Audit Committee Member, and Remuneration Committee Member of Sentien Printing Factory Co., Ltd.; Independent Director, Audit Committee Member, and Remuneration Committee Member of Sunhawk Vision Biotech, Inc.</p> <p><b>Past experience:</b> Vice Chairman of Taiwan Bar Association, Chairman of Bar Association of Kaohsiung, Chairman of Warm Life Association for Women (Kaohsiung), Member of the Attorney Disciplinary Re-Examination Committee, Member of the Prosecutors' Selection Committee of the Ministry of Justice, Member of the Prosecutor Evaluation Committee, and Member of the Professional Judges' Selection Committee of the Ministry of Justice.</p> <p><b>Professional qualifications and experience:</b> Passed the R.O.C. Bar Examination, expertise in legal affairs.</p> | <p>that has special relations with the Company.</p> <p>4. The individual is not a director, supervisor, manager, or a shareholder that holds more than 5% of shares at a company or institution that has financial or business exchanges with the Company.</p> <p>5. Has not provided business, legal, financial, or accounting services to the Company or its affiliates in the last two years.</p> <p>6. The individual's shareholding in the Company along with those held by their spouse, minor children, or under the name of other parties does not exceed 1% of all issued shares, or rank in the top 10 of natural-person shareholders.</p> | 2                                     |   |

| Role                 | Name         | Criteria  | Professional qualifications and experience | Compliance with independence criteria | Number of other public companies in which the member also serves as a member of their audit committee |
|----------------------|--------------|---|--|---------------------------------------|---|
| Independent Director | Wei-che Tsai | <p><b>Highest level of education:</b> PhD in Finance, National Taiwan University.</p> <p><b>Job Title:</b> Professor and Head of Department of Finance, National Sun Yat-sen University, Supervisor of Taiwan Rolling Stock Co., Ltd. , Independent Director and Audit Committee Member, Eastern Union Interactive Corp.</p> <p><b>Past experience:</b> Visiting professor at the College of Business at Oregon State University, consultant to First Financial Investments Private Equity Company, editor-in-chief for financial accounting at <i>Sun Yat-Sen Management Review</i>, and advisory committee member of the National Yang Ming Chiao Tung University Research Center for Financial Regulation and Corporate Governance</p> <p><b>Professional qualifications and experience:</b> Expertise in finance and accounting, ESG.</p> |  |                                       | 1   |

2.A total of 5 (A) meetings of the audit committee in 2024. The attendance of Independent Directors was as follows:

2024.01.01~2024.12.31

| Title                           | Name            | Attendance in person (B) | Attendance by proxy | Actual attendance rate (%) (B/A) (Note) | Remarks   |
|---------------------------------|-----------------|--------------------------|---------------------|---|---|
| Independent Director (Convener) | Juh-Shan Chiou  | 1                        | 1                   | 50                                      | The term of office expired on June 26, 2024. Total required attendance was 2.                                 |
| Independent Director (Convener) | Ming-te Sun     | 3                        | 0                   | 100                                     | Newly appointed on June 26, 2024, and served as convener from August 1, 2024. Total required attendance is 3. |
| Independent Director            | Hsien-Tang Tsai | 2                        | 0                   | 100                                     | Resigned on June 14, 2024. Total required attendance was 2.   |
| Independent Director            | Lin-Lin Lee     | 5                        | 0                   | 100                                     | Re-elected after term of office expired on June 26, 2024. Total required attendance was 5.                    |
| Independent Director            | Wei-che Tsai    | 3                        | 0                   | 100                                     | Newly appointed on June 26, 2024. Total required attendance was 3.  |

Note: (1) If an Independent Director has resigned before the end of the year, the resignation date must be specified in the remarks section. The actual attendance rate (%) shall be calculated by dividing the number of the Audit Committee meetings held during the period by the number of the meetings that the Independent Director has actually attended.

(2) If an Independent Director has been reelected before the end of the year, the names of the new and old Independent Directors must be filled in and the resignation, new appointment, second term appointment, or reelection dates shall be specified in the remarks section. The actual attendance rate (%) shall be calculated using the number of meetings of the Audit Committee and the actual attendance during the term of service.

**Annual Key Work Items of Audit Committee :**

1. Review of financial statements and communication regarding key audit matters.
2. Audit and accounting policies and procedures.
3. Internal control system and relevant policies and procedures.
4. Company risk management.
5. Material asset transactions or derivatives.
6. Material loaning of funds, making of endorsements or provision of guarantees.
7. Appointment, dismissal, compensation, evaluation of the independence and performance of the certifying CPAs.
8. Derivative financial instruments and cash investments.
9. Appointment and removal of the financial, accounting, or internal auditing officers.
10. Legal and regulatory compliance.

**Operations of the Audit Committee and Agenda in 2024**

1. 12th meeting of 15th Board of Directors on Feb. 27, 2024:
  - (1) Proposed provision of non-assurance services by the CPA in 2024 and assessment report of their independence.
  - (2) The Company's 2023 Business Report and Financial Report.
  - (3) The 2023 distribution of remuneration to employees and Directors.

- (4) The Company's 2023 earnings distribution proposal.
  - (5) Appointment of the Company's certifying CPA.
  - (6) The 2023 Internal Control Self-Assessment Report and Internal Control System Statement.
2. 13th meeting of 15th Board of Directors on May 2, 2024:
    - (1) The Company's 2024 Q1 consolidated financial statements.
    - (2) Assessment report on the independence and competence of the CPAs.
    - (3) Release the prohibition on competitive activities of the Directors of the 16th Board of Directors.
  3. 1st meeting of 16th Board of Directors on Aug. 01, 2024:
    - (1) The Company's 2024 Q2 consolidated financial statements.
    - (2) Amendment of the Company "Internal Control System Regulations."
  4. 2nd meeting of 16th Board of Directors on Oct. 31, 2024:
    - (1) The Company's 2024 Q3 consolidated financial statements.
    - (2) Amendment of the Company "Instruction for Self-Evaluation of Internal Control Systems."
  5. 3rd meeting of 16th Board of Directors on December 26, 2024:
    - (1) Motion for change of the Company's Chief Finance Officer.

Other matters that should be recorded:

- I. The date of the meeting of the Audit Committee, the term, contents of the proposals, objections, qualified opinions, and important recommendations of Independent Directors, resolutions of the Audit Committee, and the Company's handling of the resolutions of the Audit Committee shall be specified under any of the following circumstances in the operations of the Audit Committee:
  - (I) Items specified in Article 14-5 of the Securities and Exchange Act: None.
  - (II) In addition to matters above, other resolutions that have not been approved by the Audit Committee but have been passed by a vote of two-thirds or more of the entire Board of Directors: None.
- II. The Independent Directors' avoidance of interest motion should indicate the names of the Independent Directors, content of the motion and reasons of avoidance of interest as well as the involvement in voting: None.
- III. Communication between Independent Directors and internal auditors and CPAs:
  - (I) The Company convened the 2023 financial report conclusion meeting on Feb. 15, 2024. Attendees included Independent Directors, and CPAs. The contents of the meeting mainly included reports on the Company's financial and business status in 2023 and discussions of plans for 2024. The independent directors did not express other opinions in the meeting. Material items discussed in the meeting are as follows:
    1. Financial Report audit results.
    2. Business performance analysis and changes in important assets and liabilities.
    3. Financial ratio and cash flow ratio.
    4. Communication with the governance unit.
    5. Updates of laws and regulations.
  - (II) The Company convened the exclusive communication meeting between the Independent Directors and Chief Internal Auditor on Oct. 31, 2024. Attendees included Independent Directors, the Chief Internal Auditor, and the internal auditors. The key items in the meeting are 2024 annual audit and business reports.
  - (III) The 2024 communication meeting (audit planning phase) with the governance unit was convened by the Company on December 12, 2024. Participants included the independent directors and CPAs. Meeting agenda was a report of audit items, materiality, and explanation of audit quality indicators for the Company's 2024 Financial Report. Material items discussed in the meeting are as follows:
    1. Check scope, method and time.
    2. Identification of significant risks and assessment of key audit items.
    3. The introduction of IFRS sustainability disclosure standards is being promoted by the competent authority.
    4. The legislative progress of carbon fee-related regulations.
    5. Non-audit services performed by Deloitte Taiwan.
    6. Audit quality indicators (AQI).

7. Transparency Report of Deloitte Taiwan.

8. Responsibilities of the governance unit.

IV. Resolutions of the Audit Committee for important agenda and the Company's handling of such opinions:

(I) 12th meeting of 15th Board of Directors on Feb. 27, 2024: Proposed provision of non-assurance services by the CPA in 2024 and assessment report of their independence.

Opinions of the Audit Committee: What non-assurance services were provided in the past? What might be provided in the future?

The Company's explanation and measures taken: Routine non-assurance services in the past three years included: Tax certification, preparation of transfer pricing reports and introduction of TCFD climate-related financial disclosure services in 2022 (to be handled by the company itself after 2023). Services that may be provided in the future are listed using the broadest known scope in the service list: Consultation on the applicability of new accounting bulletins, consultation on internal control recommendations, education and training, seminars, TCFD (climate-related financial disclosure) consulting services, etc. Further additions will be submitted to the Audit Committee.

Results of resolution: Passed and noted by all members of the Committee in attendance.

(II) 1st meeting of 16th Board of Directors on Aug. 01, 2024: The Company's 2024 Q2 consolidated financial statements.

Opinions of the Audit Committee: Has the financial report been reviewed by an accountant?

The Company's explanation and measures taken: The semi-annual report has been reviewed by the accountant and will be released/ uploaded once it is approval by the board of directors.

Results of resolution: Passed by all members of the Committee in attendance.

**(III) Corporate governance implementation status and deviations from Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons**

| Assessed item   | Operating status |    | Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons  |   |
|---|------------------|----|---|---|
|   | Yes              | No |   | Summary   |
| I. Does the company establish and disclose its corporate governance principles in accordance with the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies? | ✓                |    | The Company has established the "Corporate Governance Best-Practice Principles" and disclosed them on the Market Observation Post System and the Company's website.   | No deviation from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies. |
| II. Company stock equity structure and shareholder equity   |                  |    |   |   |
| (I) Does the company establish internal procedures for addressing shareholder suggestions, doubts, disputes, and litigation matters and implement the procedures accordingly?       | ✓                |    | (I) The Company has appointed a spokesperson, acting spokesperson, and other dedicated personnel and emails to process shareholder suggestions and other issues.  | No deviation from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies. |
| (II) Does the company have in possession the list of major shareholders that have actual control over the company as well as the list of major shareholders with final control?     | ✓                |    | (II) The Company retained KGI Securities to assist with the organizing of share service<br>A list of the Company's main shareholders and their ultimate owners are also compiled periodically.  |   |
| (III) Does the company establish and execute risk control mechanism for affiliates, and firewall methods?   | ✓                |    | (III) The Company and affiliate companies operate independent of each other and related financial and business transaction conditions are processed in accordance with procedures for regular customers. With regard to information management, the companies have established independent firewalls.   |   |
| (IV) Does the company establish internal regulations stipulating that employees shall not use undisclosed information to engage in the transaction of marketable securities?        | ✓                |    | (IV) The Company has established the "Management Procedures for Handling Internal Major Information and Prevention of Inside Trading", "Code of Ethical Conduct for Supervisors and Senior Managerial Officers", and "Code of Ethical Conduct for Directors" as basis for compliance for insiders to prevent insiders from using undisclosed information for securities transactions. Directors are also explicitly barred from trading in Company shares during the closed period 30 days before the publication of financial reports, and 15 days before the publication of quarterly financial reports. Directors are notified of this restriction prior to the closed period as well. |   |

| Assessed item   | Operating status |    | Summary   | Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons |
|---|------------------|----|---|--|
|   | Yes              | No |   |  |
| <p>III. Board compositions and responsibilities</p> <p>(I) Did the Board of Directors formulate a diversity policy, set specific management objectives, and implement it?</p> | ✓                |    | <p>(I) Article 3.4.1 of the Company's "Corporate Governance Best Practice Principles" requires diversity in board composition and the establishment of diversity policies for the Company's operations, business model, and development requirements. The 16th Board of Directors of the Company was made up of 7 directors including 3 independent directors (1 female). The Company aimed for directors of different genders, ages, professional knowledge and backgrounds in the overall composition of the Board. In addition to specifically recommending against having more than one-third of all directorships held concurrently by managerial officers of the Company in the Corporate Governance Best-Practice Principles, at least one member of the Board was required to have a background in law or management experience in the steel industry to support the future business development of the Company. Every director of the Company varies in their professional background, gender, or field of expertise. They possess the necessary knowledge, skills and qualities to carry out their duties. They effectively supervise and push for compliance, timely disclosure of material information and ethical management by the Company. In addition to maintaining sound channels of communication and constructive interactions with the management team, the directors also provide the Company with business guidance, and decide on important matters to ensure the continued development of the Company and protection of shareholders' equity. The status of implementation on diversity policy is detailed in this Annual Report under "I. Profile of Directors and Managerial Officers (II) Profile of Directors and Independent Directors 2.</p> | No deviation from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.      |

| Assessed item  | Operating status |    | Summary  | Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons   |
|--|------------------|----|--|--|
|  | Yes              | No |  |  |
| (II) Does the company voluntarily establish other functional committees in addition to Remuneration Committee and Audit Committee?   |                  | ✓  | Diversity and independence of the Board of Directors".<br>(II) The Company has not voluntarily established other functional committees other than the Remuneration committee and Audit committee that are established in accordance with the law.  | No deviation from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies but no other functional committees are currently established. |
| (III) Does the Company have Board of Directors performance assessment guidelines and assessment methods in place and perform the assessments periodically on a yearly basis? Does the Company submit results of assessments to the Board of directors and use results as the basis for the salary, remuneration, nomination and reappointment of individual Directors? | ✓                |    | (III) Internal performance evaluations in the form of self-assessment questionnaires were conducted for the Board of Directors, members of the Board, and functional committees under the Board in accordance with the Company "Regulations Governing the Evaluation of the Performance of the Board of Directors." The evaluation method and contents are detailed in this Annual Report under "III. Implementation of Corporate Governance Operating Status (I) Board of Directors operating status and evaluation status", and provides a reference for the performance of individual directors and the setting of remuneration.<br><br>The Regulations stipulate that an external evaluation must be conducted at least once every three years in order to continue enhancing the independence and validity of Board of Directors performance evaluations. The Company commissioned the Taipei Foundation of Finance to conduct the external performance evaluation of Board of Directors on January in 2025. The outcomes of the Board of Directors performance evaluations for the past three years have been disclosed on the Company's website and the Market Observation Post System. | No deviation from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies.  |
| (IV) Does the Company regularly implement assessments on the independence of CPA?  | ✓                |    | (IV) The Company evaluates the independence of the certifying CPAs once a year. An independence declaration is   | No deviation from the Corporate Governance Best  |

| Assessed item  | Operating status |    | Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons  |   |
|--|------------------|----|---|---|
|  | Yes              | No |   | Summary   |
|  |                  |    | <p>also issued by the certifying CPAs for assessing whether the Company's certifying CPAs meet the Company's independence assessment standards (Note 1).</p> <p>Starting from fiscal year 2023, the Company will also obtain Audit Quality Indicators (AQIs) provided by accounting firms, which target five major dimensions and thirteen indicators, including professionalism, independence, quality control, supervision, and innovation capabilities. The audit quality of accounting firms and audit teams are also evaluated in accordance with the "Guidance for Audit Committees on Interpreting the Audit Quality Indicators" issued by the competent authority. The Company has confirmed that the certifying CPAs and their accounting firms both outperformed their peers in terms of audit experience, training hours, and Engagement Quality Control Review (EQCR). Digital audit tools were also progressively introduced over the last three years to improve audit quality. The most recent evaluation results for the past two years were discussed and approved by the Audit Committee on May 2, 2024 and February 25, 2025 reported to the Board of Directors on the same day.</p> | Practice Principles for TWSE/TPEX Listed Companies.   |
| IV. Has the publicly-listed company appointed qualified and suitable number of corporate governance personnel and appointed a Chief Corporate Governance Officer to handle governance related affairs (including but not limited to supplying information requested by the directors and supervisors, assisting Directors and Supervisors with legal compliance matters, processing company matters related to board meetings and shareholders' meetings according to laws, and preparing minutes of the board meetings and shareholders' meetings)? | ✓                |    | <p>The Company established the position of the "Corporate Governance Officer" in the 7th meeting of the 14th Board of Directors on March 19, 2019. At the 4th meeting of the 16th Board on December 16, 2024, the Board resolved that the role is to be filled by the Assistant Vice President, Administration Division. The Company also established the "Shareholders Affairs &amp; Assets Section" under the Finance Department to take charge of related corporate governance affairs. The Section has 4 employees including 1 Section Manager. Responsibilities include processing of Board-related affairs production of minutes for Board Meetings), organizing of Shareholders' Meetings (including compilation of the Shareholders' Meeting</p>  | No deviation from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies. |

| Assessed item | Operating status |    | Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons   |
|---------------|------------------|----|--|
|               | Yes              | No |  |
|               |                  |    | <p>minutes), managing company registrations and change of registrations, assisting (independent) directors with their role and continuing education, reporting to the Board whether independent directors conformed to the relevant laws and the inspection findings during their nomination, election, and term, as well as providing (independent) directors with information required for executing businesses and reminders on compliance with related regulations.</p> <p>The corporate governance operations and the status of implementation in 2024 were as follows:</p> <ol style="list-style-type: none"> <li>1. The Company convened a total of 6 meetings of the Board of Directors in 2024. The meeting notices, agenda, and meeting minutes were mailed to the attendees and uploaded posted to the Market Observation Post System within the period required by laws.</li> <li>2. On May 2, 2024, the Board of Directors reported on the Company's promotion and implementation of ethical corporate management, communication with stakeholders, 2023 implementation outcomes in sustainable development, and the 2024 sustainable development implementation plan.</li> <li>3. The Company convened an annual shareholders' meeting on Jun. 26, 2024 and uploaded related information within the period required by laws.</li> <li>4. The continuing education courses taken by Directors in 2024 have been disclosed on the Market Observation Post System.</li> </ol> |

| Assessed item  | Operating status |    | Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons   |   |
|--|------------------|----|--|---|
|  | Yes              | No |  | Summary   |
| V. Has the company set up channels of communication for stakeholders (including but not limited to shareholders, employees, customers and suppliers), dedicated a section of your company's website for stakeholder affairs and adequately responded to stakeholders' inquiries on significant corporate social responsibility issues? | ✓                |    | (I) The Company has established a stakeholders' section on the corporate website to disclose the contact methods of the stock agency, spokesperson (acting spokesperson), Finance Department, Marketing Department, and Purchasing Department. Shareholders, employees, customers, and suppliers can use the telephone or email to communicate with the Company and provide feedback.<br>(II) The Company convenes the shareholders' meeting in the second quarter each year. Proposals are voted on a case-by-case basis and shareholders can also exercise their voting rights electronically to fully participate in the voting process.<br>(III) The Annual Report and Business Report are distributed each year to investors.<br>(IV) Institutional investor conferences are held for two-way communication with investors.<br>(V) The Company communicates with banks, customers, suppliers, and communities through related business units.<br>(VI) The Company communicates with employees through the quarterly Labor-Management Meetings and the Employee Welfare Committee. | No deviation from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies. |
| VI. Does the company designate a professional shareholder service agency to deal with shareholder affairs?   | ✓                |    | The Company appointed the KGI Securities Co., Ltd. to take charge of related affairs for shareholders meetings and shareholder services.   | No deviation from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies. |
| VII. Information disclosure<br>(I) Has the company established a corporate website to disclose information regarding the company's financial, business and corporate governance status?  | ✓                |    | (I) The Company has established a bilingual Chinese and English website at <a href="http://www.chsteel.com.tw">http://www.chsteel.com.tw</a> to provide financial, business and other related information. The Administration Department is responsible for keeping the website up to date.  | No deviation from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies. |
| (II) Does the company adopt other information disclosure methods (such as establishing English   | ✓                |    | (II) The Company organizes investor seminars in accordance with laws and it uploads related information to the Market  |   |

| Assessed item   | Operating status |    | Summary   | Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons   |
|---|------------------|----|---|--|
|   | Yes              | No |   |  |
| <p>websites, assign dedicated personnel to collect and disclose company data, implement the spokesperson system, upload the investor conference processes to the company's website, etc.)?)</p> <p>(III) Does the Company publish and report its annual financial report within two months after the end of a fiscal year, and publish and report its financial reports for the first, second and third quarters as well as its operating status for each month before the specified deadline?</p>                        | ✓                |    | <p>Observation Post System and the Company's website. The Company has assigned dedicated personnel to take charge of the collection of related information and disclosure of material information. A spokesperson is assigned to manage all external announcements.</p> <p>(III) The Company's 2024 financial report was filed within two months after the end of the fiscal year. The 2025 quarterly reports and monthly operation status will also be published before the prescribed deadlines.</p>  |  |
| <p>VIII. Is there any other important information to facilitate a better understanding of the company's corporate governance practices (including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, continuing education of directors and supervisors, the implementation of risk management policies and risk evaluation standards, the implementation of customer relations policies, and purchasing insurance for directors and supervisors)?</p> | ✓                |    | <p>(I) Employee rights and benefits: The Company has established the Employee Work Rules in accordance with laws and submitted the Work Rules to the competent authority for registration. Items such as the salaries, leaves, and insurance for employees have been specified in the Work Rules.</p> <p>(II) Care for employees:</p> <ol style="list-style-type: none"> <li>1. The Company implements staff education and training to facilitate smooth channels of communication. In addition to legally required leaves, the Company offers regular sick leave, marital leave, and bereavement leave with special approval that are superior to regulatory requirements to take care of employees.</li> <li>2. The advance employee health management, the Company organizes employee health examinations that are superior to regulatory requirements. It also invites doctors to explain results of health inspections at each plant. For employees with irregularities in health examinations, the Company notifies the employees' supervisors to provide care.</li> <li>3. Except when there is an epidemic, the Company organizes periodic large-scale family events for employees each year. Each unit also organizes</li> </ol> | <p>No deviation from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.</p> |

| Assessed item | Operating status |    | Summary  | Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons |
|---------------|------------------|----|--|--|
|               | Yes              | No |  |  |
|               |                  |    | <p>independent activities to allow all employees to relax and have fun and strengthen the cohesion of all employees. The Company organizes regular employee seminars each year for management units to communicate with employees directly. The Employee Welfare Committee also provides benefits such as group insurance, education subsidies, and scholarships.</p> <p>(III) Investor relations: The Company has appointed the stock transfer agency to process affairs related to communication with shareholders. The Company also established a spokesperson system and provides appropriate responses to comments from shareholders' calls or letters. The Company also established an Investor Relations section on the Company's website to communicate with investors. The Company also discloses related information on the Market Observation Post System in accordance with regulations for general investors.</p> <p>(IV) Supplier relations: The Company maintains good relations with suppliers of raw materials and requires each unit to complete purchasing and acceptance in accordance with the specified schedule. It also follows up on the performance of the units in each quarter to expedite payment procedures. In response, the suppliers are able to offer more reasonable prices to achieve mutual trust and mutual prosperity. The Company also established the "Contractor and Supplier Assessment Regulations" to improve the quality of supplies and obtain raw materials at reasonable prices.</p> <p>(V) Rights of stakeholders: The Company performs all due obligations to banks, customers, suppliers, and communities. The Company repays bank loans and interest in a timely manner and it also pays suppliers in a timely manner in accordance with internal regulations. It</p> |  |

| Assessed item | Operating status |    | Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons   |
|---------------|------------------|----|--|
|               | Yes              | No |  |
|               |                  |    | <p>delivers products to customers in accordance with contracts and facilitate good interactions with the communities by sponsoring events and giving back to the community. The Company has established a dedicated stakeholders' section on its website for communication.</p> <p>(VI) Continuing education of directors and managerial officers: Please refer to Appendix 1.</p> <p>(VII) Implementation of risk management policy and risk measurement standards: The risk management policy and procedures passed by the Board of Directors on December 29, 2022, provided disclosure on the scope, organizational structure, and operating status of risk management at the Company. A report on risk management operations is also made to the Board of Meetings every year. Details can be found in this Annual Report under "E. Review, Analysis, and Risks of Financial Conditions and Performance VI. Risk issues and analysis evaluation (XIII) Risk Management Organization and Operations."</p> <p>(VIII) Implementation of customer policies: Implemented in accordance with the law and internal rules.</p> <p>(IX) Liability insurance purchased by the Company for directors and supervisors: The Company has purchased liability insurance for Directors (including Independent Directors) and reported to the Board of Directors in the 2nd meeting of the 16th Board of Directors on Aug. 1, 2024.</p> <p>(X) Recusals of Directors due to conflicts of interests: The Company's Directors maintain high levels of self-discipline and they do not vote on cases that pose conflicting interests between them and the Company.</p> <p>(XI) Related certifications obtained from the relevant competent authorities by personnel associated with the transparency of financial information:</p> |

| Assessed item  | Operating status |    | Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons  |
|--|------------------|----|---|
|  | Yes              | No |   |
|  |                  |    | The Company's Chief Accounting Officer meets qualifications and criteria specified by the competent authority and continues to attend professional studies. In addition, 2 auditors have qualified in the Basic Proficiency Test on Enterprise Internal Control organized by the Securities & Futures Institute.  |
| IX. Improvements made in the most recent fiscal year in response to the results of corporate governance evaluation conducted by the Corporate Governance Center of the Taiwan Stock Exchange Corporation, and improvement measures and plans for items yet to be improved: |                  |    | (I) Improvements in 2024: The Company was placed in the 6 ~ 20% range by the 2024 Corporate Governance Evaluation. Based on the results of the Corporate Governance Evaluation, the submission of the Sustainability Report to the Board of Directors for approval, and the Company linking to audio and video information that provides full disclosure from at least two complete investor conferences in 2024.<br>(II) Priorities for improvements in 2025: Disclose the three categories of greenhouse gas emissions and annual emissions in the past year, the Company's energy management plan, and disclosure of implementation information. |

Note 1: After discussions and approval in the Audit Committee regarding the evaluation results on May 2, 2024 and February 25, 2025, the results were reported to the Board of Directors for approval of the evaluation of the independence and competency of the CPAs. The evaluation items were listed in the table below:

| Assessed item  | Evaluation results | Compliance of independence |
|--|--------------------|----------------------------|
| 1. Does the CPA have direct or material indirect financial interests in the Company?   | No                 | Yes                        |
| 2. Has the CPA engaged in any loans or guarantees with the Company or the Company's directors?   | No                 | Yes                        |
| 3. Does the accountant have a close business relationship or potential employment relationship with the Company?   | No                 | Yes                        |
| 4. Did the CPA and his/her audit team members serve as director, managerial officer, or position with significant influence on audit work at the Company currently or in the last two years? | No                 | Yes                        |
| 5. Is the CPA providing non-audit services to the Company that may directly affect audit work?   | No                 | Yes                        |
| 6. Is the CPA a family member or relative of the Company's Director, managerial officer, or person holding a position that has a significant impact on the audit work?                       | No                 | Yes                        |

| Assessed item   | Evaluation results | Compliance of competence |
|---|--------------------|--------------------------|
| 1. Do the CPAs hold the necessary accounting qualifications to perform the accounting work?   | Yes                | Yes                      |
| 2. There are no CPAs that have provided the Company with audit services for seven consecutive years.  | Yes                | Yes                      |
| 3. Are the CPAs knowledgeable about the Company's industry?   | Yes                | Yes                      |
| 4. Did the CPAs audit the financial report in accordance with the Auditing Standards and the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountant?   | Yes                | Yes                      |
| 5. Did the CPAs attest the Company's financial statements on schedule? The official financial statements for the first three quarters should be completed within 45 days after the end of the quarter, and the annual financial statements should be completed within 2 months after the end of the year. | Yes                | Yes                      |

#### Appendix 1 Status of continuing education of Directors and Independent Directors

As of December 31, 2024

| Title                                | Name            | Date of appointment | Date of Studies |             | Organizer                           | Course Title   | Duration of the Course |
|--------------------------------------|-----------------|---------------------|-----------------|-------------|-------------------------------------|--|------------------------|
|                                      |                 |                     | Starting Date   | Ending Date |                                     |  |                        |
| Representative of Corporate Director | Kuei-Sung Tseng | 2024/06/26          | 2024/08/20      | 2024/08/20  | Taiwan Investor Relations Institute | Trade secrets and information security practices and legal risk management                       | 3.0                    |
|                                      |                 |                     | 2024/11/05      | 2024/11/05  | Taiwan Investor Relations Institute | Carbon-Carbon Connection - Carbon Fees, Carbon Taxes, Carbon Rights and Carbon Trading Discussed | 3.0                    |
| Representative of Corporate Director | Shou-Tao Chen   | 2024/09/10          | 2024/08/20      | 2024/08/20  | Taiwan Investor Relations Institute | Trade secrets and information security practices and legal risk management                       | 3.0                    |
|                                      |                 |                     | 2024/11/05      | 2024/11/05  | Taiwan Investor Relations Institute | Carbon-Carbon Connection - Carbon Fees, Carbon Taxes, Carbon Rights and Carbon Trading Discussed | 3.0                    |
| Representative of Corporate Director | Chia-Cheng Lee  | 2024/06/26          | 2024/09/03      | 2024/09/03  | Taiwan Stock Exchange Corporation   | Creating a new carbon era advocacy conference with sustainable knowledge                         | 6.0                    |
|                                      |                 |                     | 2024/10/18      | 2024/10/18  | Securities & Futures Institute      | 2024 Insider Trading Prevention Seminar  | 3.0                    |
|                                      |                 |                     | 2024/11/15      | 2024/11/15  | Securities & Futures Institute      | 2024 Insider Trading Prevention Seminar  | 3.0                    |

| Title                                | Name          | Date of appointment | Date of Studies |             | Organizer                               | Course Title   | Duration of the Course |
|--------------------------------------|---------------|---------------------|-----------------|-------------|---|--|------------------------|
|                                      |               |                     | Starting Date   | Ending Date |   |  |                        |
| Representative of Corporate Director | Kun-Pin Huang | 2024/06/26          | 2024/05/17      | 2024/05/17  | Securities & Futures Institute          | Sustainable Development Practices Seminar  | 3.0                    |
|                                      |               |                     | 2024/07/03      | 2024/07/03  | Taiwan Stock Exchange Corporation       | 2024 Cathay Sustainable Finance and Climate Change Summit  | 3.0                    |
|                                      |               |                     | 2024/10/14      | 2024/10/14  | Securities & Futures Institute          | 2024 Insider Trading Prevention Seminar  | 3.0                    |
|                                      |               |                     | 2024/11/05      | 2024/11/05  | Taiwan Investor Relations Institute     | Carbon-Carbon Connection - Carbon Fees, Carbon Taxes, Carbon Rights and Carbon Trading Discussed   | 3.0                    |
| Independent Director                 | Lin-Lin Lee   | 2024/06/26          | 2024/03/20      | 2024/03/20  | Securities & Futures Institute          | Advanced Workshop for (Independent) Directors, Supervisors, and Corporate Governance Officers - Corporate Governance and Securities Laws                 | 3.0                    |
|                                      |               |                     | 2024/11/05      | 2024/11/05  | Taiwan Investor Relations Institute     | Carbon-Carbon Connection - Carbon Fees, Carbon Taxes, Carbon Rights and Carbon Trading Discussed   | 3.0                    |
| Independent Director                 | Ming-te Sun   | 2024/06/26          | 2024/01/26      | 2024/01/26  | Taiwan Corporate Governance Association | Lecturer of the 2024 Taiwan Economic Trend Analysis Course (3.0 hours)   | 1.0                    |
|                                      |               |                     | 2024/03/11      | 2024/03/11  | Deloitte, Taiwan                        | Lecturer of the Directors and Supervisors Continuing Education Course (3.0 hours)  | 1.0                    |
|                                      |               |                     | 2024/05/22      | 2024/05/22  | Taiwan Securities Association           | Legal Liability and Case Analysis of Corporate Fraud   | 3.0                    |
|                                      |               |                     | 2024/08/06      | 2024/08/06  | Deloitte, Taiwan                        | Lecturer of the Director and Supervisor Continuing Education Course - Corporate Response and Countermeasures Amidst Changing Global Finances (3.0 hours) | 1.0                    |

| Title                | Name         | Date of appointment | Date of Studies |             | Organizer                      | Course Title  | Duration of the Course |
|----------------------|--------------|---------------------|-----------------|-------------|--------------------------------|---|------------------------|
|                      |              |                     | Starting Date   | Ending Date |                                |   |                        |
| Independent Director | Wei-che Tsai | 2024/06/26          | 2024/08/07      | 2024/08/07  | Securities & Futures Institute | Courses for Directors, Supervisors and Corporate Governance Officers Carbon trading mechanism and carbon management application   | 3.0                    |
|                      |              |                     | 2024/08/07      | 2024/08/07  | Securities & Futures Institute | Courses for Directors, Supervisors and Corporate Governance Officers Operations of the Audit Committee  | 3.0                    |
|                      |              |                     | 2024/08/16      | 2024/08/16  | Securities & Futures Institute | Courses for Directors, Supervisors and Corporate Governance Officers Discussion on post-merger integration issues and establishment of management mechanisms              | 3.0                    |
|                      |              |                     | 2024/08/21      | 2024/08/21  | Securities & Futures Institute | Courses for Directors, Supervisors and Corporate Governance Officers Challenges and opportunities in sustainable development and introduction to greenhouse gas inventory | 3.0                    |

Status of continuing education of managerial officers

As of December 31, 2024

| Title     | Name    | Date of appointment | Date of Studies |             | Organizer                           | Course Title   | Duration of the Course |
|-----------|---------|---------------------|-----------------|-------------|-------------------------------------|--|------------------------|
|           |         |                     | Starting Date   | Ending Date |                                     |  |                        |
| President | Min Chu | 2022/11/01          | 2024/03/14      | 2024/03/14  | Chung Hung Steel Corporation        | Information security education and training                                | 4.0                    |
|           |         |                     | 2024/07/10      | 2024/07/10  | Chung Hung Steel Corporation        | Information security awareness training                                    | 3.0                    |
|           |         |                     | 2024/08/20      | 2024/08/20  | Taiwan Investor Relations Institute | Trade secrets and information security practices and legal risk management | 3.0                    |
|           |         |                     | 2024/09/03      | 2024/09/03  | Chung Hung Steel Corporation        | Elite lecturers - Global Economic Situation and Industrial Outlook         | 2.0                    |

| Title  | Name          | Date of appointment | Date of Studies |             | Organizer                                  | Course Title   | Duration of the Course |
|--|---------------|---------------------|-----------------|-------------|--|--|------------------------|
|  |               |                     | Starting Date   | Ending Date |  |  |                        |
| Vice President, Administration Division (Chief Corporate Governance Officer) | Chien-Hui Lee | 2023/02/01          | 2024/05/16      | 2024/05/16  | Securities & Futures Institute             | Sustainability disclosure practices seminar  | 9.0                    |
|  |               |                     | 2024/07/03      | 2024/07/03  | Taiwan Stock Exchange Corporation          | 2024 Cathay Sustainable Finance and Climate Change Summit  | 3.0                    |
| Vice President, Commercial Division  | Chun-Ting Lin | 2023/11/05          | 2024/03/28      | 2024/03/28  | China Steel Corporation                    | CSC Special Lecture - Prospects and Challenges of Sustainable Development at Home and Abroad           | 2.5                    |
|  |               |                     | 2024/08/20      | 2024/08/20  | Taiwan Investor Relations Institute        | Trade secrets and information security practices and legal risk management                             | 3.0                    |
|  |               |                     | 2024/09/03      | 2024/09/03  | Chung Hung Steel Corporation               | Elite lecturers - Global Economic Situation and Industrial Outlook                                     | 2.0                    |
|  |               |                     | 2024/10/25      | 2024/10/25  | Chung Hung Steel Corporation               | Elite lecturers - Carbon Fees, Carbon Trading, and Carbon Finance Innovation                           | 2.0                    |
| Vice President, Production Division  | Hsi-I Chen    | 2024/08/31          | 2024/06/21      | 2024/06/21  | Taiwan Steel & Iron Industries Association | Net Zero Sustainability General Education Class  | 3.0                    |
|  |               |                     | 2024/07/04      | 2024/07/04  | Chung Hung Steel Corporation               | Understanding corporate net zero carbon emission management from the global carbon tariff (CBAM) trend | 2.5                    |
|  |               |                     | 2024/08/20      | 2024/08/20  | Taiwan Investor Relations Institute        | Trade secrets and information security practices and legal risk management                             | 3.0                    |

**(IV) Composition, duties, and operation of Other Remuneration Committee:**

1. Remuneration Committee member profiles:

March 31, 2025

| <p><b>Criteria</b></p> <p><b>Role</b></p>                   | <p><b>Name</b></p> | <p><b>Professional qualifications and experience</b></p>  | <p><b>Compliance with independence criteria</b></p>   | <p><b>Number of other public companies in which the member also serves as a member of their remuneration committee</b></p> |
|---|--------------------|---|---|--|
| <p>Independent Director Remuneration Committee Convener</p> | <p>Lin-Lin Lee</p> | <p><b>Highest level of education:</b> Master of Law, National Taiwan University.<br/> <b>Job Title:</b> Managing Attorney of Ling Yun Attorneys-at-Law; Director of the Legal Aid Foundation; Chairman of the All-China Lawyers Federation; Independent Director, Audit Committee Member, and Remuneration Committee Member of Sentien Printing Factory Co., Ltd.; Independent Director, Audit Committee Member, and Remuneration Committee Member of Sunhawk Vision Biotech, Inc.<br/> <b>Past experience:</b> Vice Chairman of Taiwan Bar Association, Chairman of Bar Association of Kaohsiung, Chairman of Warm Life Association for Women (Kaohsiung), Member of the Attorney Disciplinary Re-Examination Committee, Member of the Prosecutors' Selection Committee of the Ministry of Justice, Member of the Prosecutor Evaluation Committee, and Member of the Professional Judges' Selection Committee of the Ministry of Justice.<br/> <b>Professional qualifications and experience:</b> Passed the R.O.C. Bar Examination, expertise in legal affairs.</p> | <p>The three Independent Directors meet the following conditions during the two years before being elected or during the term of office:</p> <ol style="list-style-type: none"> <li>1. The individual is not an elected person in the name of a government, institution, or its representative as defined in Article 27 of the Company Act.</li> <li>2. The individual, spouse, or relative within the second degree of kinship is not a director, supervisor, or employee of the Company or any of its affiliates.</li> <li>3. The individual is not a director, supervisor, or employee of a company that has special relations with the Company.</li> <li>4. The individual is not a director, supervisor, manager, or a shareholder that holds more than 5% of shares at a company or institution that has financial or business</li> </ol> | <p>2</p>   |

| Role                 | Name        | Criteria  | Professional qualifications and experience   | Compliance with independence criteria | Number of other public companies in which the member also serves as a member of their remuneration committee |
|----------------------|-------------|---|--|---------------------------------------|--|
| Independent Director | Ming-te Sun | <p><b>Highest level of education:</b> PhD of Business Administration, National Taipei University.</p> <p><b>Job Title:</b> Director of the Macroeconomic Forecasting Center of the Taiwan Institute of Economic Research, Director of the Business Development and Research Center of the Taiwan Institute of Economics, and adjunct assistant professor of the Department of Business Administration at the National Taipei University of Business.</p> <p><b>Past experience:</b> Supervisor of the iPass Corporation, independent director, audit committee member and remuneration committee member of Richmond International Travel &amp; Tours Co., Ltd. etc.</p> <p><b>Professional qualifications and experience:</b> Commerce, business administration, economics.</p> | <p>exchanges with the Company.</p> <p>5. Has not provided business, legal, financial, or accounting services to the Company or its affiliates in the last two years.</p> <p>6. The individual's shareholding in the Company along with those held by their spouse, minor children, or under the name of other parties does not exceed 1% of all issued shares, or rank in the top 10 of natural-person shareholders.</p> | 0                                     |  |

| Role                 | Name         | Criteria   | Professional qualifications and experience | Compliance with independence criteria | Number of other public companies in which the member also serves as a member of their remuneration committee |
|----------------------|--------------|--|--|---------------------------------------|--|
| Independent Director | Wei-che Tsai | <p><b>Highest level of education:</b> PhD in Finance, National Taiwan University.</p> <p><b>Job Title:</b> Professor and Head of Department of Finance, National Sun Yat-sen University, Supervisor of Taiwan Rolling Stock Co., Ltd., Independent Director and Audit Committee Member, Eastern Union Interactive Corp.</p> <p><b>Past experience:</b> Visiting professor at the College of Business at Oregon State University, consultant to First Financial Investments Private Equity Company, editor-in-chief for financial accounting at <i>Sun Yat-Sen Management Review</i>, and advisory committee member of the National Yang Ming Chiao Tung University Research Center for Financial Regulation and Corporate Governance</p> <p><b>Professional qualifications and experience:</b> Expertise in finance and accounting, ESG.</p> |  |                                       | 0  |

## 2. Operations of the Remuneration Committee:

(1) The Company's Remuneration Committee consists of 3 members.

(2) Current term for the members: June 26, 2024 to June 25, 2027. 5 (A) meetings of the Remuneration Committee were held in 2024. The qualifications of the members and attendance was as follows:

| Title            | Name            | Attendance in person<br>B | Attendance by proxy | Attendance in person rate (%)<br>(B / A)<br>(Note) | Remarks   |
|------------------|-----------------|---------------------------|---------------------|--|---|
| Convener         | Hsien-Tang Tsai | 2                         | 0                   | 100  | Resigned on June 14, 2024. Total required attendance was 2.   |
| Convener         | Lin-Lin Lee     | 5                         | 0                   | 100  | Re-elected after the term of office expired on June 26, 2024. Also served as the Convener from August 1, 2024. Total required attendance was 5. |
| Committee Member | Juh-Shan Chiou  | 1                         | 1                   | 50   | The term of office expired on June 26, 2024. Total required attendance was 2.   |
|                  | Ming-te Sun     | 3                         | 0                   | 100  | Newly appointed on June 26, 2024. Total required attendance was 3.  |
|                  | Wei-che Tsai    | 3                         | 0                   | 100  | Newly appointed on June 26, 2024. Total required attendance was 3.  |

Note: (1) If a member of the Remuneration Committee has resigned before the end of the year, the resignation date must be specified in the remarks section. The actual attendance rate (%) shall be calculated by dividing the number of the Remuneration Committee meetings held during the period by the number of the meetings that the member has actually attended.

(2) If a member of the Remuneration Committee has been reelected before the end of the year, the names of the new and old members of the Remuneration Committee must be filled in and the resignation, new appointment or second term appointment, and reelection dates shall be specified in the remarks section. The actual attendance rate (%) shall be calculated using the number of meetings of the Remuneration Committee and the actual attendance during the term of service.

Other matters that should be recorded:

I. If the board meeting declines to adopt or modifies recommendations of the Remuneration Committee, the board meeting's date, period, motion contents, and resolution decisions as well as the method in which the company handles the remuneration committee's opinions shall be disclosed in detail (e.g., if the remuneration adopted by the board committee is superior to that recommended by the remuneration committee, the differences and reasons shall be explained): None.

II. If there are objections or reservations by the members that have been recorded in writing during the remuneration committee resolution, the remuneration committee meeting's date, period, motion content, the opinions of all members, and treatment of the member's opinions must be disclosed in detail: None.

III. Discussions and results of resolutions of the Remuneration Committee:

(I) 11th meeting of 15th Remuneration Committee on Feb. 27, 2024:

1. Request for recommendation on the results of the performance evaluation of the Vice Presidents of

the departments in 2023.

Resolution: Passed by all members of the Committee in attendance.

2. Request for recommendations on the 2023 distribution of remuneration to employees and Directors.

Resolution: Passed by all members of the Committee in attendance.

(II) 12th meeting of 15th Remuneration Committee on May 02, 2024:

1. Request for recommendation on the results from evaluation of the President's performance in 2023.

Resolution: Passed by all members of the Committee in attendance.

(III) 1st meeting of 16th Remuneration Committee on Aug. 01, 2024:

1. Request for recommendations on the revised "Salary Management Regulations."

Resolution: Passed by all members of the Committee in attendance.

2. Request for recommendation on the monthly transportation allowance of each Independent Director of the Company.

Resolution: Passed by all members of the Committee in attendance.

3. Request for recommendation on the monthly salary of each Independent Director of the Company.

Resolution: Passed by all members of the Committee in attendance.

4. Request for recommendation on the attendance fees of members of the Remuneration Committee and standards for attendance fees for Directors and external experts and scholars' attendance in the Committee.

Resolution: Passed by all members of the Committee in attendance.

5. Request for recommendation on the attendance fees of members of the Audit Committee and standards for attendance fees for Directors and external experts and scholars' attendance in the Committee.

Resolution: Passed by all members of the Committee in attendance.

(IV) 2nd meeting of 16th Remuneration Committee on Oct. 31, 2024:

1. Request for recommendations on the proposed promotion and salary adjustment for Mr. Hsi-I Chen, Vice President, Production Division, backdated to August 31, 2024.

Resolution: Passed by all members of the Committee in attendance.

2. Request for recommendations on proposed adjustment to the base salary of the Company Chairperson, President, Vice President of Administrative Division, Vice President of Commercial Division, and former Vice President of Production Division for the 2024 fiscal year backdated to April 1, 2024.

Resolution: Passed by all members of the Committee in attendance.

(V) 3rd meeting of 16th Remuneration Committee on Dec. 26, 2024:

1. Request for recommendations on the proposal for the amendment of certain clauses of the Company's "Employee Stock Ownership Trust Committee Charter".

Resolution: Passed by all members of the Committee in attendance.

2. Request for recommendation on the proposal for the amendment of the performance evaluation table of the President and Vice President.

Committee Member Lin-Lin Lee: The text "(including environment, society and corporate governance aspects)" to be added to the original "Work Performance" item will be adjusted to the "Explanation of Implementation Results" detail column under the "Work Performance" item.

Resolution: Passed by all members of the Committee in attendance.

**3. Information on Members of the Nominating Committee and Operations: Not applicable for the Company as it has not yet established a Nominating Committee.**

**(V) Implementation status of sustainable development, deviations from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies, and reasons for deviation:**

| Implementation Item   | Implementation status |    |   | Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, and reasons for deviation: |
|---|-----------------------|----|---|---|
|   | Yes                   | No | Summary   |   |
| I. Has the company established a governance structure for sustainable development, established an exclusively (or concurrently) dedicated unit to implement sustainable development, and have senior executives appointed by the Board of Directors to be in charge of sustainable development and to report the implementation status to the Board of Directors? | ✓                     |    | <p>(I) To fulfill corporate social responsibility, implement the ideals of sustainable development, as well as strengthen the management of sustainable development goals and issues, the "Sustainability Report Preparation Core Team" was upgraded to corporate "Sustainability Committee" on September 26, 2024. The President services as the Committee Chairman and at least two meetings are convened each year to review and plan the Company's sustainable development strategy and other related matters. The responsibilities of the Committee are as follow:</p> <ol style="list-style-type: none"> <li>1. Promote and implement matters related to the Company's sustainable development policy.</li> <li>2. Set sustainability goals along with regular review and tracking on the effectiveness of goal implementation.</li> <li>3. Promote the preparation of sustainability reports.</li> <li>4. Review proposals and reports submitted to the Board of Directors.</li> <li>5. Carry out other related matters resolved by the Board of Directors.</li> </ol> <p>(II) The Company has established the "Sustainability Committee Organization Charter" to guide the promotion of related matters by the Sustainability Committee. The Charter established 1 Committee Chairman (President), 3 Vice Committee Chairman (vice presidents of each division), 1 Executive Secretary, and four executive groups, namely the "Environment and Carbon Management Group", "Social Participation Group", "Corporate Governance Group" and "Sustainability Management Group." The progress and results of each task are to be reported to the Board of Directors twice a year by</p> | No deviation.   |

| Implementation Item  | Implementation status |    | Summary  | Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, and reasons for deviation: |
|--|-----------------------|----|--|---|
|  | Yes                   | No |  |   |
|  |                       |    | <p>the Committee Chairman. The topics include the following:</p> <ol style="list-style-type: none"> <li>1. Last year's sustainable achievements and this year's sustainable goals.</li> <li>2. Ethical corporate management and measures adopted.</li> <li>3. Status of communication with stakeholders.</li> <li>4. Implementation of the sustainable development goals for the current year in the first half of the year.</li> <li>5. Contents of the Sustainability Report.</li> </ol>   |   |
| <p>II. Has the company assessed the environmental, social, and corporate governance issues related to its operations based on the principle of materiality and established related risk management policies or strategies?</p> | ✓                     |    | <p>A materiality analysis process was established by the Company in accordance with the GRI Universal Standards 2021 and Stakeholder Engagement Standard. The material topics in sustainable development are identified through the compilation, inspection, sorting, identification and confirmation processes. Corresponding management strategies are also devised.</p> <p>The Company's Sustainability Report is jointly authored by teams of the Sustainable Development Committee (previous Sustainability Core Team) with the Administration Department responsible for its compilation and editing. Risk assessments of material topics disclosed in the Report as well as the boundaries of risk management policies or strategies are all based primarily on the Company. Key extracts are summarized below:</p> <ol style="list-style-type: none"> <li>1. Material environmental issues: <ul style="list-style-type: none"> <li>The Company uses the Climate-related Financial Disclosure Proposal (TCFD) framework to inventory the risks brought by climate change. Climate change-related response measures are also evaluated such as formulating water consumption per unit of production, construction of water storage equipment, as well as timely revision of emergency response measures and operating standards relating to typhoon and</li> </ul> </li> </ol> | No deviation.   |

| Implementation Item | Implementation status |    | Summary  | Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, and reasons for deviation: |
|---------------------|-----------------------|----|--|---|
|                     | Yes                   | No |  |   |
|                     |                       |    | <p>flood prevention to protect against physical risks such as water shortages and factory flooding due to extreme rainfall. In response to transformation risks such as changes in energy prices, tightening of carbon management regulations and carbon pricing, rising material costs, difficulties with industry transformation, as well as the setting of energy conservation targets and rules on action plans for energy users, we have formulated an energy saving shutdown standard to avoid wasting electricity. The Carbon Reduction and Neutrality Group is continuing to collect and analyze issues such as carbon fees and carbon taxes, improve/streamline production processes, and develop low-carbon products that will realize continued reductions in carbon emissions and environmental impact.</p> <p>2. Material social issues:<br/> In the social aspect, improving occupational safety and health management will be prioritized. The adoption of a two-cycle approach to collective defense in industrial safety led to the discovery of 628 potential hazards during the course of 2024 with a completion rate of 100%. We conducted inspections with the Vice President of the Production Division (10 rounds) to implement dynamic safety observations by supervisors in 1,773 cases (execution frequency: 1,533 cases/year for team leaders, 80 cases for plant industrial safety &amp; hygiene engineers, 275 cases/year for (deputy) section chiefs, and 39 cases/year for (deputy) plant managers). 97.7% of operations complied with SJP while unsafe behavior/environments amounted to 2.3%. All unsafe behaviors/environments were rectified. Industrial safety audits identified 36 cases of non-conformity or recommendations, and 87 cases of near-miss reports and improvements.</p> <p>3. Corporate governance issues:<br/> A compliance system was established by the Company to prevent non-</p> |   |

| Implementation Item   | Implementation status |    | Summary  | Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, and reasons for deviation: |
|---|-----------------------|----|--|---|
|   | Yes                   | No |  |   |
|   |                       |    | compliance risks due to internal company regulations not being kept up to date with external regulatory changes. Company regulations are periodically checked against external regulations to ensure that all company regulations comply with regulatory requirements.   |   |
| III. Environmental issues<br>(I) Has the company established an appropriate environmental management system based on the characteristics of the industry to which it belongs? | ✓                     |    | (I) 1. The Company has established the Environmental Management Systems (ISO 14001) and Energy Management Systems (ISO 50001). In addition, the Company integrated the Environmental Management Systems and Energy Management Systems ISO into the "Environment and Energy Management System" to fully implement overall plans. The Company also established the "Environment and Energy Management Committee" to oversee and ensure effective environmental protection and energy management as well as to report the performance of environmental protection and energy management regularly to the President.<br>2. According to the "Regulations for the Establishment of the Environment and Energy Management Committee", the Environment and Energy Management Committee is chaired by the Vice President of Production and it operates in functional teams. The Committee is organized as follows:<br><div style="text-align: center;"> <pre> graph TD     CP[Chairperson] --- VC[Vice Chairperson]     VC --- ES[Executive Secretary]     VC --- M[Member]     M --- TETS[Thermal Energy Technology Section]     M --- EETS[Electrical Energy Technology Section]     M --- EESWR[Environmental Energy Systems and Waste Reduction Section]     M --- PS[Promotion Section]           </pre> </div> | No deviation.   |

| Implementation Item   | Implementation status |    |   | Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, and reasons for deviation: |
|---|-----------------------|----|---|---|
|   | Yes                   | No | Summary   |   |
|   |                       |    | 3. All company plants (Hot Rolling Department, Cold-Rolling Department, Pickling & Galvanizing Department, Dafa Steel Pipe Department, Lukang Steel Pipe Department, Qiaotou Administration Building) have established environmental management systems (ISO 14001) and energy management systems (ISO 50001). The systems have been verified by "DNV Business Assurance Co., Ltd. (DNV)" as well. To maintain the effectiveness of the system, regular audits are conducted every year and certificate renewal audits are conducted every three years.   |   |
| (II) Is the company committed to improving the efficiency of the various resources and using recycled materials which have a low impact on the environment? | ✓                     |    | <p>(II) 1. We continue to implement the following items every year to improve energy efficiency:</p> <p>(1) Establishment of energy management systems (ISO 50001:2018). The PDCA management model was adopted to effectively manage major energy consumption facilities for continued improvements to energy efficiency and management performance.</p> <p>(2) Energy-saving improvement projects are proposed by each factory every year to reduce energy loss. The actual energy-saving implementation performance of each factory in 2024 (Energy Saving Rate - calculated using the Energy Administration methodology) was as follows:</p> <p>A. Hot Rolling Department: 6.52%</p> <p>B. Cold Rolling Department: 1.40%</p> <p>C. Pickling &amp; Galvanizing Department: 1.83%</p> <p>D. Dafa Steel Pipe Plant: 2.99%</p> <p>E. Lukang Steel Pipe Plant: 1.84%</p> <p>2. The Hot Rolling Department has obtained RC-60 and RC-92 product certification for steel blanks containing recycled steel. The</p> | No deviation.   |

| Implementation Item   | Implementation status |    | Summary   | Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, and reasons for deviation: |
|---|-----------------------|----|---|---|
|   | Yes                   | No |   |   |
|   |                       |    | <p>quality of the hot-rolled steel coils produced satisfied customer requirements. Benefits include reduced greenhouse gases, promotion of a circular economy, and reduced impact on the environment.</p> <p>3. The Company uses comprehensive waste planning and management to recycle and reuse bulk quantities of industrial waste (e.g. scrap iron, waste acid, hot rolling sludge, inorganic sludge, waste oil sludge, waste timber, waste active carbon, waste lubricant oil, waste fireproof materials, waste swarf, non-hazardous fly ash etc.). The waste recycling rate in 2024 was 99.23% and recycled waste was reused for the following purposes:</p> <p>(1) Scrap iron and rusty sheets: Recycled to the furnace for reuse.</p> <p>(2) Waste acid: Recycle waste acid for processing and production of recycled acid and returned to the production process.</p> <p>(3) Hot rolling sludge/inorganic sludge: Materials for cement factories or use in road gradation or production of interlocking bricks.</p> <p>(4) Waste oil sludge: Use as renewable fuel.</p> <p>(5) Waste wood: Used as boiler fuel in other factories.</p> |   |
| (III) Does the company assess the potential risks and opportunities of climate change for its current and future operations and undertake response measures with respect to climate change? | ✓                     |    | (III) The recommended framework issued by the Task Force on Climate-related Financial Disclosure (TCFD) was adopted by the Company in response to climate change so that corporate sustainability can be realized. The framework is organized around the four core pillars of Governance, Strategy, Risk Management, and Metrics and Targets. Identified climate change risks and opportunities as well as their response management are shown. Also, the influences are evaluated. A detailed analysis of the Company's climate change risks and opportunities is disclosed in section 5.2 of this Sustainability Report.  | No deviation.   |

| Implementation Item  | Implementation status                      |    |   | Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, and reasons for deviation: |  |  |                                       |  |                                       |               |
|--|--|----|---|---|--|--|---------------------------------------|--|---------------------------------------|---------------|
|  | Yes  | No | Summary   |   |  |  |                                       |  |                                       |               |
| (IV) Does the company collect data on greenhouse gas emissions, water consumption, and waste production in the past two years and implement policies to reduce greenhouse gas emissions, water consumption, and management of other waste? | ✓  |    | <p>(IV) The results, management policies, and action plans for the Company's greenhouse gas (GHG) emissions, water consumption, and total waste output in the past two years are described below:</p> <p>1. Greenhouse gas emissions</p> <p>The Company has conducted annual greenhouse gas inventories since 2005. Inventory Statement on emissions was also obtained through third-party verification. Our GHG emissions in the past two years were as follows:</p> <p>(1) 2023: Scope 1 and Scope 2 emissions amounted to 146,771.510 metric tons of carbon dioxide equivalent and 130,405.263 metric tons of carbon dioxide equivalent respectively. Total emissions were 277,176.773 metric tons of carbon dioxide equivalent.</p> <p>(2) 2024: Scope 1 and Scope 2 emissions amounted to 128,052.2297 metric tons of carbon dioxide equivalent and 110,891.4608 metric tons of carbon dioxide equivalent respectively. Total emissions were 238,943.691 metric tons of carbon dioxide equivalent.</p> <p>According to the guidelines of the ISO 14064-1:2018 standard, the operational control approach is used to identify and account for greenhouse gas (GHG) emissions within the operational boundary (including the company and its subsidiaries). This includes direct GHG emission sources, energy indirect GHG emission sources, and other indirect GHG emission sources related to operations. The detailed emissions for each category are as follows:</p> <table border="1"> <tr> <td>Indirect Greenhouse Gas Emissions (Categories 3–6, including subcategories)</td> <td>Emission amount(tons of CO<sub>2</sub>e)</td> </tr> <tr> <td>Category 3: Indirect GHG emissions from transportation</td> <td>47,716.413(tons of CO<sub>2</sub>e)</td> </tr> <tr> <td>3.1 Emissions from upstream transportation</td> <td>47,716.413(tons of CO<sub>2</sub>e)</td> </tr> </table> | Indirect Greenhouse Gas Emissions (Categories 3–6, including subcategories)   | Emission amount(tons of CO <sub>2</sub> e) | Category 3: Indirect GHG emissions from transportation | 47,716.413(tons of CO <sub>2</sub> e) | 3.1 Emissions from upstream transportation | 47,716.413(tons of CO <sub>2</sub> e) | No deviation. |
| Indirect Greenhouse Gas Emissions (Categories 3–6, including subcategories)  | Emission amount(tons of CO <sub>2</sub> e) |    |   |   |  |  |                                       |  |                                       |               |
| Category 3: Indirect GHG emissions from transportation   | 47,716.413(tons of CO <sub>2</sub> e)      |    |   |   |  |  |                                       |  |                                       |               |
| 3.1 Emissions from upstream transportation   | 47,716.413(tons of CO <sub>2</sub> e)      |    |   |   |  |  |                                       |  |                                       |               |

| Implementation Item  | Implementation status                                       |    | Summary   | Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, and reasons for deviation: |  |   |                         |                                       |                         |  |                         |                                    |                         |   |  |                                    |  |                                  |                         |  |                                    |                                      |                         |  |                                       |   |   |   |                                      |  |
|--|---|----|---|---|--|---|-------------------------|---------------------------------------|-------------------------|--|-------------------------|------------------------------------|-------------------------|---|--|------------------------------------|--|----------------------------------|-------------------------|--|------------------------------------|--------------------------------------|-------------------------|--|---------------------------------------|---|---|---|--------------------------------------|--|
|  | Yes   | No |   |   |  |   |                         |                                       |                         |  |                         |                                    |                         |   |  |                                    |  |                                  |                         |  |                                    |                                      |                         |  |                                       |   |   |   |                                      |  |
|  |   |    | <table border="1"> <tr> <td>and distribution</td> <td></td> </tr> <tr> <td>3.2 Emissions from downstream transportation and distribution</td> <td>Not considered material</td> </tr> <tr> <td>3.3 Emissions from employee commuting</td> <td>Not considered material</td> </tr> <tr> <td>3.4 Emissions from customer and visitor transportation</td> <td>Not considered material</td> </tr> <tr> <td>3.5 Emissions from business travel</td> <td>Not considered material</td> </tr> <tr> <td>Category 4: Indirect GHG emissions from products used by the organization</td> <td>3,390,133.225(tons of CO<sub>2</sub>e)</td> </tr> <tr> <td>4.1 Emissions from purchased goods</td> <td>3,335,853.995(tons of CO<sub>2</sub>e)</td> </tr> <tr> <td>4.2 Emissions from capital goods</td> <td>Not considered material</td> </tr> <tr> <td>4.3 Emissions from the treatment of solid and liquid waste</td> <td>289.959(tons of CO<sub>2</sub>e)</td> </tr> <tr> <td>4.4 Emissions from the use of assets</td> <td>Not considered material</td> </tr> <tr> <td>4.5 Emissions from services not otherwise specified in the above subcategories (e.g., fuel-and-energy-related activities not included in Category 1 or Category 2)</td> <td>53,989.271(tons of CO<sub>2</sub>e)</td> </tr> <tr> <td>Category 5: Indirect GHG emissions from the products used by the organization</td> <td>As the company is B2B, these activities are not applicable.</td> </tr> <tr> <td>Category 6: Other sources of indirect GHG emissions</td> <td>These activities are not applicable.</td> </tr> </table> <p>(3) In response to the national target of net-zero greenhouse gas emissions by 2050, 2018 was set as the baseline year and the following short, medium and long-term carbon reduction targets were set in accordance with the requirements of the FSC and parent company:<br/>Short-term: Reduce carbon emissions by 7% in 2025 compared</p> | and distribution  |  | 3.2 Emissions from downstream transportation and distribution | Not considered material | 3.3 Emissions from employee commuting | Not considered material | 3.4 Emissions from customer and visitor transportation | Not considered material | 3.5 Emissions from business travel | Not considered material | Category 4: Indirect GHG emissions from products used by the organization | 3,390,133.225(tons of CO <sub>2</sub> e) | 4.1 Emissions from purchased goods | 3,335,853.995(tons of CO <sub>2</sub> e) | 4.2 Emissions from capital goods | Not considered material | 4.3 Emissions from the treatment of solid and liquid waste | 289.959(tons of CO <sub>2</sub> e) | 4.4 Emissions from the use of assets | Not considered material | 4.5 Emissions from services not otherwise specified in the above subcategories (e.g., fuel-and-energy-related activities not included in Category 1 or Category 2) | 53,989.271(tons of CO <sub>2</sub> e) | Category 5: Indirect GHG emissions from the products used by the organization | As the company is B2B, these activities are not applicable. | Category 6: Other sources of indirect GHG emissions | These activities are not applicable. |  |
| and distribution   |   |    |   |   |  |   |                         |                                       |                         |  |                         |                                    |                         |   |  |                                    |  |                                  |                         |  |                                    |                                      |                         |  |                                       |   |   |   |                                      |  |
| 3.2 Emissions from downstream transportation and distribution  | Not considered material                                     |    |   |   |  |   |                         |                                       |                         |  |                         |                                    |                         |   |  |                                    |  |                                  |                         |  |                                    |                                      |                         |  |                                       |   |   |   |                                      |  |
| 3.3 Emissions from employee commuting  | Not considered material                                     |    |   |   |  |   |                         |                                       |                         |  |                         |                                    |                         |   |  |                                    |  |                                  |                         |  |                                    |                                      |                         |  |                                       |   |   |   |                                      |  |
| 3.4 Emissions from customer and visitor transportation   | Not considered material                                     |    |   |   |  |   |                         |                                       |                         |  |                         |                                    |                         |   |  |                                    |  |                                  |                         |  |                                    |                                      |                         |  |                                       |   |   |   |                                      |  |
| 3.5 Emissions from business travel   | Not considered material                                     |    |   |   |  |   |                         |                                       |                         |  |                         |                                    |                         |   |  |                                    |  |                                  |                         |  |                                    |                                      |                         |  |                                       |   |   |   |                                      |  |
| Category 4: Indirect GHG emissions from products used by the organization  | 3,390,133.225(tons of CO <sub>2</sub> e)                    |    |   |   |  |   |                         |                                       |                         |  |                         |                                    |                         |   |  |                                    |  |                                  |                         |  |                                    |                                      |                         |  |                                       |   |   |   |                                      |  |
| 4.1 Emissions from purchased goods   | 3,335,853.995(tons of CO <sub>2</sub> e)                    |    |   |   |  |   |                         |                                       |                         |  |                         |                                    |                         |   |  |                                    |  |                                  |                         |  |                                    |                                      |                         |  |                                       |   |   |   |                                      |  |
| 4.2 Emissions from capital goods   | Not considered material                                     |    |   |   |  |   |                         |                                       |                         |  |                         |                                    |                         |   |  |                                    |  |                                  |                         |  |                                    |                                      |                         |  |                                       |   |   |   |                                      |  |
| 4.3 Emissions from the treatment of solid and liquid waste   | 289.959(tons of CO <sub>2</sub> e)                          |    |   |   |  |   |                         |                                       |                         |  |                         |                                    |                         |   |  |                                    |  |                                  |                         |  |                                    |                                      |                         |  |                                       |   |   |   |                                      |  |
| 4.4 Emissions from the use of assets   | Not considered material                                     |    |   |   |  |   |                         |                                       |                         |  |                         |                                    |                         |   |  |                                    |  |                                  |                         |  |                                    |                                      |                         |  |                                       |   |   |   |                                      |  |
| 4.5 Emissions from services not otherwise specified in the above subcategories (e.g., fuel-and-energy-related activities not included in Category 1 or Category 2) | 53,989.271(tons of CO <sub>2</sub> e)                       |    |   |   |  |   |                         |                                       |                         |  |                         |                                    |                         |   |  |                                    |  |                                  |                         |  |                                    |                                      |                         |  |                                       |   |   |   |                                      |  |
| Category 5: Indirect GHG emissions from the products used by the organization  | As the company is B2B, these activities are not applicable. |    |   |   |  |   |                         |                                       |                         |  |                         |                                    |                         |   |  |                                    |  |                                  |                         |  |                                    |                                      |                         |  |                                       |   |   |   |                                      |  |
| Category 6: Other sources of indirect GHG emissions  | These activities are not applicable.                        |    |   |   |  |   |                         |                                       |                         |  |                         |                                    |                         |   |  |                                    |  |                                  |                         |  |                                    |                                      |                         |  |                                       |   |   |   |                                      |  |

| Implementation Item | Implementation status |    |   | Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, and reasons for deviation: |
|---------------------|-----------------------|----|---|---|
|                     | Yes                   | No | Summary   |   |
|                     |                       |    | <p>to 2018.</p> <p>Short-term: Reduce carbon emissions by 25% in 2030 compared to 2018.</p> <p>Medium-term: Reduce carbon emissions by 50% in 2040 compared to 2018.</p> <p>Long-term: Achieve carbon neutrality by 2050.</p> <p>(4) To achieve the carbon reduction targets for each stage, we actively promote various energy-saving and carbon-reduction measures and practices, including: Improving the efficiency of combustion facilities, improving the efficiency of power facilities, continued operation of the ISO 50001 energy management system, use renewable energy, and so on. We also use ISO 14064 greenhouse gas inventory and product carbon footprint inventor to identify emission hot spots and effectively manage the accomplishment of carbon reductions. Steady progress is now being made on achieving the target of achieving carbon neutrality by 2050.</p> <p>2. Tap water consumption (excluding water consumption of Ciaotou Administration Building)</p> <p>(1) 2023: 1,111,034 cubic meters</p> <p>(2) 2024: 1,187,958 cubic meters</p> <p>(3) The Company has set short-term, medium-term, and long-term targets for water resources. The short-term goal is a wastewater recovery rate (including process wastewater) greater than 99%, medium-term goal is a wastewater recovery rate (including process wastewater) greater than 99.1%, and long-term goal is a wastewater recovery rate (including process wastewater) of greater than 99.2%.</p> <p>(4) Water management measures adopted by the Company</p> |   |

| Implementation Item | Implementation status |    | Summary   | Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, and reasons for deviation: |
|---------------------|-----------------------|----|---|---|
|                     | Yes                   | No |   |   |
|                     |                       |    | <p>included rainwater recovery, reclamation of process wastewater at the Hot Rolling Department (recovery rate &gt; 99.79%), recovery of discharge water from Cold Rolling Department for reuse in the washing towers, reclamation of waste pure water/recycling and reuse of process water at the Steel Pipe Plant, using the wastewater from cleaning tanks on the pickling line for ARP at the Pickling &amp; Galvanizing Department, the use of wear resistant rings instead of mechanical seals at the common pumping devices of each plant, and the use of water-saving taps.</p> <p>3. Total weight of waste</p> <p>(1) 2023: 103,206.12 tons, including 85,965.24 tons (83.29%) of general industrial waste, and 17,240.88 tons (16.71%) (16.70% from recycling of waste acid) of hazardous industrial waste.</p> <p>(2) 2024: 93,292.9 tons, including 76,327.09 tons (81.81%) of general industrial waste, and 16,965.81 tons (18.19%) (18.18% from recycling of waste acid) of hazardous industrial waste.</p> <p>(3) The Company has set short-term, medium-term, and long-term targets for waste management. The short-term goal is a waste recycling rate greater than 99%, medium-term goal is a waste recycling rate greater than 99.2%, and long-term goal is a waste recycling rate greater than 99.3%.</p> <p>(4) The Company now recycles all bulk general industrial waste through sound planning and management. The Company also commissions external toxicity leaching testing for our waste output each year. High waste recycling rates and disposal of waste through licensed waste processing contractors each year mean that there is no material environmental impact on water bodies and land.</p> |   |

| Implementation Item  | Implementation status  |    | Summary  | Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, and reasons for deviation: |                              |   |   |   |                                     |   |  |   |   |   |                                   |  |
|--|--|----|--|---|------------------------------|---|---|---|-------------------------------------|---|--|---|---|---|-----------------------------------|--|
|  | Yes  | No |  |   |                              |   |   |   |                                     |   |  |   |   |   |                                   |  |
|  |  |    | <p>4. Environment, safety, health, and energy policy</p> <p>Chung Hung's environment, safety, health, and energy policy was implemented following the approval of the Chairperson and it is the highest guiding principle for promoting activities for the environment, safety, health, and energy. The Company upholds the core values for environmental health and safety including the "respect for life", "care for the environment", "energy conservation and carbon emissions reduction", and remains committed the following six targets:</p> <table border="1"> <tr> <td>1</td> <td>Improving employees' health.</td> </tr> <tr> <td>2</td> <td>Mitigating potential hazards and risks.</td> </tr> <tr> <td>3</td> <td>Upholding environmental protection.</td> </tr> <tr> <td>4</td> <td>Continuing energy conservation and carbon emissions reduction.</td> </tr> <tr> <td>5</td> <td>Strengthening participation in consultation services.</td> </tr> <tr> <td>6</td> <td>Improving management performance.</td> </tr> </table> | 1   | Improving employees' health. | 2 | Mitigating potential hazards and risks. | 3 | Upholding environmental protection. | 4 | Continuing energy conservation and carbon emissions reduction. | 5 | Strengthening participation in consultation services. | 6 | Improving management performance. |  |
| 1  | Improving employees' health.                                   |    |  |   |                              |   |   |   |                                     |   |  |   |   |   |                                   |  |
| 2  | Mitigating potential hazards and risks.                        |    |  |   |                              |   |   |   |                                     |   |  |   |   |   |                                   |  |
| 3  | Upholding environmental protection.                            |    |  |   |                              |   |   |   |                                     |   |  |   |   |   |                                   |  |
| 4  | Continuing energy conservation and carbon emissions reduction. |    |  |   |                              |   |   |   |                                     |   |  |   |   |   |                                   |  |
| 5  | Strengthening participation in consultation services.          |    |  |   |                              |   |   |   |                                     |   |  |   |   |   |                                   |  |
| 6  | Improving management performance.                              |    |  |   |                              |   |   |   |                                     |   |  |   |   |   |                                   |  |
| <p>IV. Social issues</p> <p>(I) Has the company referred to relevant laws and international human rights instruments to stipulate relevant management policies and procedures?</p> | ✓  |    | <p>(I) The Company complies with national laws and all employees are protected by the Labor Standards Act. The Human Rights Policy of Chung Hung Steel Corporation has been signed by the President and expressed the Company's support for the principles and spirit of the "United Nations Universal Declaration of Human Rights", "United Nations Global Compact", and other international human rights standards. All employees and contractor personnel are to be treated with dignity and respect. All behavior that infringes upon or violates human rights are prohibited. We also established the "Employee</p>   | No deviation.   |                              |   |   |   |                                     |   |  |   |   |   |                                   |  |

| Implementation Item   | Implementation status |    | Summary   | Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, and reasons for deviation: |
|---|-----------------------|----|---|---|
|   | Yes                   | No |   |   |
|   |                       |    | <p>Work Rules" in accordance with laws to regulate the employment, compensation, attendance, leave, disciplinary action, performance evaluations, transfers, compensation and pensions for occupational injuries, termination of employment, retirement, sexual harassment prevention, welfare, and insurance of employees. The Employee Work Rules have been approved by the competent authority and cover 100% of employees. To promote human rights-related issues, the number of human rights-related training hours in 2024 totaled 2,779 hours, with a total of 1,146 participants. The courses taught included labor laws, prevention of illegal infringements in the workplace, maintenance of employee relations, women's health, health promotion and disease prevention, occupational injury protection, first aid training, and training for occupational safety and health supervisors and managers.</p> <p>In addition to providing employees with the mandatory leave types, we also offer sick leave, bereavement leave, maternity leave, and wedding hosting leave for employees whose children are getting married. When employees need long-term leave due to military service, serious illness or injury, major changes in the family, or parenting, employees may apply for unpaid leave to take care of their own needs and their families.</p> |   |
| (II) Has the company established and offered proper employee benefits (including compensation, leave, and other benefits) and reflected the business performance or results in employee compensation appropriately? | ✓                     |    | (II) Employee remuneration at the Company consists mainly of the basic salary, meal allowance, work allowance, supervisor allowance, full attendance and no-leave bonus, production and sales surplus bonus and annual bonus. The Company has also formulated rules governing production and sales surplus bonuses and employee remuneration payments so that the Company's operating performance and results in the current year are reflected in employee salaries and remuneration.  | No deviation.   |

| Implementation Item | Implementation status |    | Summary   | Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, and reasons for deviation: |
|---------------------|-----------------------|----|---|---|
|                     | Yes                   | No |   |   |
|                     |                       |    | <p>Salary adjustment, production and sales surplus bonus, and employee remuneration distribution are also linked to the results of individual performance evaluations. The Company purchases Labor and National Health Insurance for all employees in accordance with the law. Pension reserve funds are allocated under the old labor retirement system, or contributions made to personal pension accounts under the new labor retirement system (6%). The Company's compensation system supports gender equality at the basic level. The starting salary (base salary + meal allowance) for new employees is 1:1 for men and women. The Company is continuing to strive to build diversified workplace, and the proportion of female employees is on an upward trend increasing from 8.9% in 2022, 9.4% in 2023, to 9.6% in 2024. The ratio of female supervisors to women is also on the rise, reaching 5.9% in 2022, 6.8% in 2023, and 6.9% in 2024. This shows that the Company provides gender equal promotion opportunities at work without discriminating between men and women. In order to provide high-quality working conditions and meet employee welfare needs, an Employee Welfare Committee was established by the Company to implement various employee welfare measures. Relevant welfare measures (such as birthday gifts, annual holidays gifts (coupons), unit-based travel subsidies, club subsidies, work injury and hospitalization condolence payments, funeral subsidies, death and emergency condolence payments, marriage and childbirth subsidies, children's education subsidies, children (employee) scholarships, hosting of large-scale outdoor company events, employee emergency loans, Welfare Committee employee group insurance (including spouses, children and parents) and partner stores, etc.).</p> |   |

| Implementation Item   | Implementation status |    | Summary   | Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, and reasons for deviation: |
|---|-----------------------|----|---|---|
|   | Yes                   | No |   |   |
| (III) Has the company provided a safe and healthy working environment and provided employees with regular safety and health training? | ✓                     |    | <p>(III) 1. Safe working environment: (1,945 cases in total)</p> <p>(1) Industrial safety zone defense and inspections by senior executives are employed to identify and correct potential hazards in the working environment. A total of 628 falling, tripping, collision, crushing, and cutting (slicing) (scratching) hazards were identified in 2024 with a remediation rate of 100%.</p> <p>(2) 477 cases of improvements to hardware facilities.</p> <p>(3) 840 cases of industrial safety improvement proposals.</p> <p>2. A qualified workplace environment monitoring body is commissioned to conduct workplace environment monitoring twice a year. Testing covers 29 items including chemical factor monitoring (such as n-Hexane, Potassium Dichromate, Ethyl Acetate, Toulene, Acetone, Methy Ethyl Ketone, Sulfuric Acid, Isopropanol, Dust, Carbon Dioxide, and so on, as well as physical monitoring items (such as noise, comprehensive temperature heat index, local exhaust air velocity measurement, etc.). The monitoring results are announced in ERP. If there are any abnormalities, the cause analysis is carried out. Under special circumstances, we not only consult with the environment monitoring but also contact the competent authority for to ensure proper follow-up and corrective action.</p> <p>3. Safety Education and Training: We provide various safety and health education and training courses, including "radiation protection", "confined space workers", "oxygen-deficient operation supervisors", "forklift operators with a load of more than one tonne", "fixed crane operators with a lifting load of more than three tonnes", "specific chemical operation supervisors", "high-pressure gas container operators", "first aid personnel", "respiratory</p> | No deviation.   |

| Implementation Item   | Implementation status |    | Summary  | Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, and reasons for deviation: |
|---|-----------------------|----|--|---|
|   | Yes                   | No |  |   |
|   |                       |    | <p>protective equipment wearing and fit testing", etc. The 21 training courses were conducted for 85 classes and were attended by 1,803 participants.</p> <p>4. Health Education and Training:</p> <p>(1) The plant physician conducts information sessions at each plant to explain the results of the health exam after the annual health exam is conducted. The physician also explains the meaning of each indicator to employees.</p> <p>(2) Health education and training such as "Weight Loss Activity", "Health Seminar", "Cancer Screening (Oral cancer, colorectal cancer)", " a Hepatitis B/C Screening", "March 8 Women's Day Health Class", and "Prostate Care Class" were organized. Employees were reminded to practice self-health management, and adjust their lifestyle to improve their health and prevent problems.</p> <p>5. All plants of the company now have ISO 45001/CNS 45001 and TOSHMS certification. Certifications were renewed in May 2024.</p> <p>6. The frequency of incapacitating injuries in 2024 was 0.92, which fell short of the target of 0; There were 2 incidents of occupational injury and involved 2 people (representing 0.19% of all 1,055 employees at the end of 2024).<br/>The Company conducts cause analysis, hardware equipment improvement and personnel training for occupational accidents to eliminate hazards and prevent their recurrence.</p> <p>7. The Company experienced no fires, and no fatalities or injuries in 2024. The fatality and injury ratio was 0.</p> |   |
| (IV) Has the company set up effective career development and training programs for its employees? | ✓                     |    | (IV) The Company plans comprehensive competency training for all supervisors and employees including orientation training,   | No deviation.   |

| Implementation Item  | Implementation status |    | Summary   | Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, and reasons for deviation: |
|--|-----------------------|----|---|---|
|  | Yes                   | No |   |   |
|  |                       |    | professional competency training, and management skill training for the management to help employees continue to learn and grow through a diverse range of learning methods and cultivate key skills. For 2024, 17,032.5 hours of training were carried out in total for an average of 16.2 hours per person. The Company also holds regular annual employee meetings to review and provide feedback on employee performance and assist employees in their career development.  |   |
| (V) Does the company comply with relevant regulations and international standards regarding customer health and safety, right to privacy, advertising and labeling of its products and services and set up relevant consumer or customer protection policies and complaint procedures? | ✓                     |    | (V) 1. The Company's products have been evaluated for their impact on health and hazards. To ensure that imported steel materials are not contaminated by radiation, Chung Hung invests in the procurement of equipment and training of qualified inspection technical personnel to establish rigorous and effective operating procedures for radiation detection. The procedures were certified and approved by the competent authority — Atomic Energy Council, Executive Yuan and the Company obtained the “Steel and Iron Industry Radiation Detection Operations Certification”. No radioactive substances are found in slabs used by Chung Hung as materials or any of the Company's products.<br>2. All Company products are regularly analyzed by SGS for compliance with RoHS 2.0 and REACH - SVHC. The results of the analyses found all products to be in compliance.<br>3. The Company's products are labeled in accordance with existing Taiwanese and international standards and regulations and the Company issues quality assurance certificates.<br>4. The Company regards customer information as confidential information of the Company. To protect customer interests and privacy, the Company has established rigorous protection measures | No deviation.   |

| Implementation Item | Implementation status |    | Summary   | Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, and reasons for deviation: |
|---------------------|-----------------------|----|---|---|
|                     | Yes                   | No |   |   |
|                     |                       |    | <p>and adopted the following rigorous mechanisms for management and control:</p> <ol style="list-style-type: none"> <li>(1) The Company established a dedicated IT unit to take charge of the Company's overall information system and hardware planning, development, establishment, and maintenance. It ensures the overall quality and safety of the operations of the software and hardware in the Company's information system.</li> <li>(2) The Company rigorously requires operating personnel to abide by the Company's confidentiality regulations for trade secrets and established the "Employee Code of Ethics" and other regulations for compliance. Employees are required to uphold their confidentiality obligations for business secrets, trade secrets, and other personal privacy information during their employment. The same rules shall apply after they leave the Company.</li> <li>(3) The Company uses Internet technologies to prevent the intrusion of hackers and prevent the theft of customer data. Anti-virus software is installed in all computer equipment to prevent the intrusion of computer viruses or trojans.</li> <li>(4) Operators are provided with their own unique accounts and passwords in the personal computer system based on their duties. The system regularly requires changes of passwords and management of excessive standby time to prevent theft of personal accounts and passwords. The system also automatically manages the system access for inquiries and operations. Personnel not related to operations are unable to conduct operations or obtain data.</li> <li>(5) The electronic business systems used by the customers and suppliers require individual network connection accounts and</li> </ol> |   |

| Implementation Item  | Implementation status |    | Summary   | Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, and reasons for deviation: |
|--|-----------------------|----|---|---|
|  | Yes                   | No |   |   |
|  |                       |    | <p>passwords.</p> <p>5. Complaint procedures: Please visit the Procedure of Customer Complaints on Chung Hung's website.<br/>(<a href="http://www.chsteel.com.tw/cs/cs.html#cs_e">http://www.chsteel.com.tw/cs/cs.html#cs_e</a>)</p>  |   |
| (VI) Has the company formulated supplier management policies that require suppliers to comply with relevant regulations on environmental protection, occupational safety and health, and labor rights and request their reporting on the implementation of such regulations?   | ✓                     |    | <p>(VI) 1. A comprehensive Supplier Management Policy has been formulated by the Company and is disclosed in the Corporate Sustainability Report and on the Company's website (<a href="http://www.chsteel.com.tw/csr/sc/sc_sel.html">http://www.chsteel.com.tw/csr/sc/sc_sel.html</a>).</p> <p>2. The Company also provides related regulations for suppliers to download (<a href="http://www.chsteel.com.tw/pr/e-com.html#dow">http://www.chsteel.com.tw/pr/e-com.html#dow</a>).</p> <p>3. Chung Hung procurement contracts include provisions for the Company to cancel or terminate contracts with suppliers as well as impose financial penalties or seek compensation for material breaches of contract such as violation of the sustainability policy with a significant impact on the environment or society, engaging in unethical conduct, breaches of the "Labor Standards Act" that violate labor rights, or the raw materials used in products supplied by the seller directly or indirectly finances armed criminal groups engaged in serious violations of human rights (the seller should enforce strict checks on their raw material procurement and supervision chain of product selling and manufacturing).</p> | No deviation.   |
| V. Has the company followed internationally recognized guidelines to prepare and publish reports such as its Sustainability Report to disclose non-financial information of the Company? Has the company received assurance or certification of the aforementioned reports from a third-party accreditation institution? | ✓                     |    | <p>The Company compiles a sustainability report every year in accordance with the GRI Standards of the Global Sustainability Reporting Institute. The 2023 Sustainability Report was verified by a third-party organization, the British Standards Institution (BSI), as being in compliance with the spirit of the GRI standards and AA1000 v3 Type 1 Moderate Level of assurance.</p>   | No deviation.   |

| Implementation Item  | Implementation status |    |         | Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, and reasons for deviation: |
|--|-----------------------|----|---------|---|
|  | Yes                   | No | Summary |   |
| <p>VI. If the company has established its own sustainable development best-practice principles by following the "Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies", please describe the implementation and any discrepancies with regard to the Best Practice Principles:</p> <p>The Company has already established the Sustainable Development Best Practice Principles in accordance with the "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies" and disclosed the Principles on the Market Observation Post System and the company website. Our operations all satisfy the requirements of the "Sustainable Development Best Practice Principles." (The Company's Sustainable Development Best Practice Principles can be viewed at the following address: <a href="http://www.chsteel.com.tw/cg/pdf/CHS-AA3-43.pdf">http://www.chsteel.com.tw/cg/pdf/CHS-AA3-43.pdf</a>)</p>  |                       |    |         |   |
| <p>VII. Other key information useful for explaining the status of sustainable development practices:</p> <p>1. The Company upholds the core values "respect for life", "care for the environment", and "energy conservation and waste reduction" in environment, health and safety. We are committed to improving employee health, mitigating potential hazards and risks, environmental protection, continued energy conservation and waste reduction, strengthening consultation and engagement, and continued improvements to management performance. The Company (Hot Rolling Department, Cold Rolling Department, Pickling &amp; Galvanizing Department, Dafa Steel Pipe Department, and Lukang Steel Pipe Department) has obtained certification for the environmental management system (ISO 14001), Occupational Safety and Health Management System (ISO 45001 and CNS 45001), Taiwan Occupational Safety and Health Management System (TOSHMS), and energy management system (ISO 50001) to strengthen environment, health, safety and energy management. We also actively promote energy conservation and waste reduction to fulfill our corporate social responsibilities.</p> <p>2. Implementation outcomes and related accolades received in 2024:</p> <p>(1) Lukang Steel Pipe Plant received the "2024 Excellent Unit for Promoting Occupational Safety and Health" from the Ministry of Labor and Changhua County Government.</p> <p>(2) The Pickling &amp; Galvanizing Department received the "2024 Excellent Unit Award for Promoting Occupational Safety and Health" from the Kaohsiung City Government.</p> <p>(3) The Cold Rolling Department received the "Gold Safety Award in the Rolling Category" in the 2023 Industrial Safety and Health Performance Assessment hosted by the Taiwan Steel &amp; Iron Industries Association. Lukang Steel Pipe Plant won the "Gold Safety Award - Other Category." The Hot Rolling Mill won the "Rolling Progress Award".</p> <p>(4) The Cold Rolling Department won the "Outstanding Award" from Kaohsiung City Department of Health's "2024 Kaohsiung City Workplace Employee Health Promotion Plan."</p> <p>(5) Received a certificate of "appreciation for Kaohsiung city inter-department greenhouse gas reduction and cooperation program in 2024" from the Environmental Protection Bureau of Kaohsiung City Government.</p> <p>(6) Received the "2023 Outstanding Green Procurement Enterprise Award" from the Environmental Protection Bureau of Kaohsiung City Government.</p> <p>(7) The Company received the "2024 Joint Water Environment Patrol Team Service Award" from the Environmental Protection Bureau of Kaohsiung City Government.</p> <p>3. Social welfare:</p> <p>(1) Chung Hung adheres to the two main axes of "life" and "education" by using our limited resources to sponsor and participate in social welfare activities; In community care, Chung Hung participates in local activities as a member of the community by supporting local development, cooperating with local events, subsidizing community</p> |                       |    |         |   |

| Implementation Item | Implementation status |    |  | Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, and reasons for deviation: |
|---------------------|-----------------------|----|--|---|
|                     | Yes                   | No | Summary  |   |
|                     |                       |    | <p>schools. We continue to take an active interest in the development of communities near our plants and take part in local activities. Key events and sponsorships in 2024 were as follow. Total investment amounted to NT\$2.833 million.</p> <p>A. Sponsored Kaohsiung City's "Poverty Alleviation and Self-Reliance Plan" (21 years so far)</p> <p>B. Sponsored suicide prevention and treatment projects of the Greater Kaohsiung Lifeline Association (21 years so far)</p> <p>C. Sponsored school lunches for students from financially-challenged families at Gangshan Senior High School (15 years so far)</p> <p>D. Sponsored the publication of illustrated student diaries at Xingtang Elementary School in Qiaotou District (17 years so far)</p> <p>E. Sponsored scholarships for outstanding students within the Ziguan District (21 years so far)</p> <p>F. Sponsorship of the 2024 Gangshan Regional Festival events organized by Gangshan District Office</p> <p>G. Sponsored the replacement of old classroom ceiling fans with energy-efficient air circulators at Ziguan Elementary School (in conjunction with Kaohsiung City Environmental Protection Bureau's inter-departmental greenhouse gas reduction initiative)</p> <p>H. Sponsored the replacement of air conditioner equipment for Wulin Elementary School, Ciaotou District (in conjunction with Kaohsiung City Environmental Protection Bureau's inter-departmental greenhouse gas reduction initiative)</p> <p>I. Sponsored campus landscaping for Heping Elementary School in Gangshan District, Qiaotou Elementary School in Qiaotou District and Longhua Primary School in Gushan District (in conjunction with Kaohsiung City Air Purification Zone Adoption initiative)</p> <p>J. Sponsored the adoption of landscaping and street trees at Dafa (with Fongshan) Industrial Park.</p> <p>K. We organize public education and networking events at nearby communities every year on a rotating basis. In 2024, we organized 6 sessions (3 in Qiaotou, 2 in Gangshan, and 1 in Ziguan) on the theme of "traffic safety." All events were a success and led to positive engagement with the community.</p> <p>(2) It's a truly happy thing to help others. Chung Hung continues to advance volunteer services to achieve happiness and the activities were as follows:</p> <p>A. Starting from July in 2013, the Company cleans the environment at the Home of Love of the Bureau of Social Affairs, Kaohsiung City Government regularly each month and we invite colleagues and their relatives to provide services. A total of 342 participants were recorded in 2024 (average 28.5 participants/month).</p> <p>B. The Company cleaned and organized the outdoor environment with Ciaotou District Office at Jing Zhong Village in Baishu Community since 2015 and 35 employees and relatives participated in the activity in 2024.</p> <p>C. The Model Father Commendation and Marine Environmental Education - Coastal Clean-up event has been held since 2023 in conjunction with Ziguan District Office at Nansha Beach in Keziliao, Ziguan. A total of 43 colleagues as well as their friends and relatives took part in 2024.</p> <p>D. The Company has organized "volunteer training" each year since 2008 and 22 participants completed training in 2024. A total of 343 employees have obtained the "volunteer service record book" as of 2024.</p> <p>(3) Other activities: The Company has held second-hand item donation activities each year since 2012 for employees to show their compassion. The donated items were given to the Syin-Lu Social Welfare Foundation's Nanzi Syin-Lu workshop. A total of 75 90cm postal boxes in donated items were collected in 2024 and passed on in December.</p> <p>4. In 2024, the Company used 6,274,531 kWh of green electricity and obtained 6,275 renewable energy certificates, reducing carbon dioxide emissions by approximately</p> |   |

| Implementation Item  | Implementation status |    | Summary | Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, and reasons for deviation: |
|--|-----------------------|----|---------|---|
|  | Yes                   | No |         |   |
| 3,099,618.3 kg CO2e. (Taipower's electricity carbon emission coefficient in 2024: 0.494kgCO2e/kWh) |                       |    |         |   |

(VI) Climate-related information of TWSE/TPEX listed company

1. Implementation of climate-related disclosure

| Item   | Implementation status  |
|--|--|
| (1) Describe the board of directors' oversight and governance of climate-related risks and opportunities.  | <p>(I) Board of Directors<br/>The Company's Board of Directors is responsible for overseeing risk management results and climate-related strategies. The implementation and achievement of targets each year are also monitored annually.</p> <p>(II) Management</p> <p>1. Risk Management Team<br/>Risk identification is initiated every year, and the convener (President) reports the identification results (including the evaluation results of the various executive groups under the Sustainability Committee based on the TCFD framework) to the Board of Directors.</p> <p>2. Sustainable Development Committee<br/>The committee organizes the Company's sustainable development goals, implements plans, and assists all units in evaluating response strategies and impacts of climate risks and opportunities according to the TCFD framework. Each year, the results are delivered to the Risk Management Team to report to the Board of Directors.</p> |
| (2) Describe how the identified climate risks and opportunities impact the company's business, strategy and finances (short-term, medium-term, long-term). | <p>(I) The Company has identified 12 climate risks and 6 climate opportunities by researching domestic regulations and policies, international net-zero trends and from operational experience. An evaluation was conducted through a survey of management departments and tier-1 managers to identify a total of 6 highly critical climate risks and 3 highly critical climate opportunities in 2024.</p> <p>(II) In terms of risk groups, short-term risks included three transition risks (i.e., "energy price changes", "tightening of carbon management regulations and carbon</p>  |

| Item  | Implementation status   |
|---|---|
|   | <p>pricing", and "increase in raw material costs") and one physical risk ("water shortage"); The medium-term risk was the market transition risk brought about by "customers' request to provide carbon footprint information"; The long-term risk was the risk of technological transformation brought about by "difficulties in industrial transformation."</p> <p>(III) In terms of opportunity groups, short-term opportunities included "carbon fees and carbon border tariffs" and "capital acquisition"; The medium-term opportunity was "carbon credits and carbon trading market."</p> <p>(IV) For detailed response strategies and financial impact analysis of highly critical risks and opportunities, please refer to Chapter 5 of the 2024 Sustainability Report.</p> |
| <p>(3) Describe the financial impact of extreme climate events and transition actions.</p>  | <p>(I) Extreme climate events (such as water shortages) may cause water restrictions and water shortages at each factory, resulting in the shutdown of some production lines, financial losses and operational interruptions.</p> <p>(II) The transformation actions faced by Chung Hung include regulatory policies, market and technology aspects (see Item (2) in Risk Items). The introduction of adaptation and mitigation measures, or investment in the development of low-carbon business opportunities, will lead to increased operating costs.</p> <p>(III) For full details on the financial impact of extreme climate events and transformation actions, please refer to Chapter 5 of the 2024 Sustainability Report.</p>   |
| <p>(4) Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system.</p>   | <p>Climate change is one the Company's risk management topics. The Sustainability Committee assists each unit in conducting assessments based on the TCFD framework. Management procedures such as risk identification and analysis, measurement, monitoring, reporting and response are carried out every year to incorporate climate change into the Company's overall risk management system.</p>  |
| <p>(5) If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors and main financial impacts used should be described.</p> | <p>The Company has conducted a financial impact assessment on "water shortage" with reference to the RCP2.6 warming mitigation scenario and the RCP8.5 high greenhouse gas emission scenario proposed by the Intergovernmental Panel on Climate Change (IPCC); We also referred to the International Energy Agency (IEA)'s Stimulating Policy Scenario (STEPS) and Net Zero Emission Scenario (NZE) to conduct a financial impact assessment on "tightening of carbon management regulations and carbon pricing". For the complete assessment, please refer to Chapter 5 of the 2024 Sustainability Report.</p>   |

| Item   | Implementation status  |
|--|--|
| (6) If there is a transition plan for managing climate-related risks, describe the content of the plan, and the indicators and targets used to identify and manage physical risks and transition risks.  | (I) In addition to conducting greenhouse gas inventories and statistics on greenhouse gas emission intensity per unit product every year, the Company also reduces carbon emissions and strengthens resilience on climate-related risks through equipment upgrades, use of green electricity, adoption of recycled materials (electric arc furnace blanks), process improvement and streamlining, recycling, and increasing the greenness and energy efficiency ratings of products.<br>(II) The Company has set targets for greenhouse gas emissions, electricity usage reduction, renewable energy usage, wastewater (including process water) recovery rate, and water usage per unit product to enforce management of climate-related risks.<br>(III) For all response strategies, indicators and targets for managing climate-related risks, please refer to Chapter 5 of the 2024 Sustainability Report. |
| (7) If internal carbon pricing is used as a planning tool, the basis for setting the price should be stated.   | The Company's internal carbon pricing is still under planning.   |
| (8) If climate-related goals are set, information such as the activities covered, the scope of greenhouse gas emissions, the planning period, and annual achievement progress should be explained; If carbon offsets or renewable energy certificates (RECs) are used to achieve relevant goals, the source and quantity of the carbon offset credits or the number of RECs should be specified. | The Company used 2018 greenhouse gas emissions (Scope 1 and Scope 2) of 379,254 metric tons CO <sub>2</sub> e as the base year. Reductions of 7% in 2025, 25% in 2030, 50% in 2040, and achievement of carbon neutrality in 2050 are planned. For the Company's greenhouse gas emissions performance and targets achieved in 2024, please refer to Chapter 5 of the 2024 Sustainability Report.  |
| (9) Greenhouse gas inventory and assurance, reduction targets, strategies and specific action.   | Also included below in Notes 2 and 3 below.  |

2. The Company's GHG inventory and assurance for the past two years

Describe the emission volume (tons CO<sub>2</sub>e), intensity (tons CO<sub>2</sub>e/million NTD) and data coverage of greenhouse gases in the past two years.

(1) Greenhouse gas inventory

A. Data coverage of pursuant to the sustainable development roadmap of TWSE/TPEX-listed companies, at least the following shall be disclosed:

- a. Parent companies should start conducting inventories from 2023.
- b. The inventory of subsidiaries with consolidated financial statements should begin in 2024.

B. The Company's implementation of assurance for greenhouse gas inventory in the past two years is outlined below:

| Year               | Direct Emissions.<br>(Scope 1) | Intensity | Energy indirect<br>emissions<br>(Scope 2) | Intensity | Total Emissions. | Intensity |
|--------------------|--------------------------------|-----------|---|-----------|------------------|-----------|
| 2023<br>(verified) | 146,771.510                    | 3.89      | 130,405.263                               | 3.45      | 277,176.773      | 7.34      |
| 2024<br>(verified) | 128,052.2297                   | 4.21      | 110,891.4608                              | 3.79      | 238,943.691      | 7.99      |

Note 1: Direct emissions (Scope 1- directly from emission sources owned or controlled by the company), energy indirect emissions (Scope 2 - indirect greenhouse gas emissions from the input of electricity, heat or steam) and other indirect emissions (Scope 3 - emissions generated by company activities that are not indirect energy emissions, but come from emission sources owned or controlled by other companies).

Note 2: Greenhouse gas inventory standard: ISO 14064-1.

Note 3: The intensity of greenhouse gas emissions is calculated as emissions (tons of CO<sub>2</sub>e)/operating revenue (NT\$ million).

C. The Company's consolidated financial reporting subsidiary (Hung Kao Investment Corporation) has no physical emission sources. An inventory found that total greenhouse gas emissions in 2024 amounted to 0 metric tons of CO<sub>2</sub>e.

(2) Greenhouse Gas assurance

Describe the assurance status in the last two years as of the publication date of the annual report, including the scope of assurance, the assurance body, the assurance standard, and assurance opinion.

| Year | Scope of assurance | Assurance body                         | Assurance standard   | Assurance opinion   |
|------|--------------------|--|--|---------------------|
| 2023 | This Company       | DNV Business Assurance Co., Ltd. (DNV) | The Climate Change Response Act, Greenhouse Gas Emissions Inventory Operation Guidelines, Regulations for Gas Emission Inventory Registration and Inspection Management, Management Regulations for Greenhouse Gas Certification and Inspection Organizations, and other | Unqualified opinion |

|      |              |  |   |                     |
|------|--------------|--|---|---------------------|
|      |              |  | laws and regulations, as well as the latest regulations on the Mandatory Greenhouse Gas Reporting System issued by the Ministry of Environment. (ISO 14066, ISO 14065, ISO14064-3)  |                     |
| 2024 | This Company | DNV Business Assurance Co., Ltd. (DNV) | The Climate Change Response Act, Greenhouse Gas Emissions Inventory Operation Guidelines, Regulations for Gas Emission Inventory Registration and Inspection Management, Management Regulations for Greenhouse Gas Certification and Inspection Organizations, and other laws and regulations, as well as the latest regulations on the Mandatory Greenhouse Gas Reporting System issued by the Ministry of Environment. (ISO 14066, ISO 14065, ISO14064-3) | Unqualified opinion |

### 3. Greenhouse gas reduction targets, strategies, and specific action plans

Describe the greenhouse gas reduction baseline year and its data, reduction targets, strategies, specific action plans, and achievement of reduction targets.

(1) Base year for the Company's GHG reduction: Greenhouse gas emissions in 2018 amounted to 379,254 (metric tons CO<sub>2</sub>e). [Initial inventory]

(2) Greenhouse gas reduction objectives:

The short-, medium- and long-term carbon reduction targets with 2018 as the base year were set in accordance with the requirements of the Financial Supervisory Commission and the parent company as follows.

A. Short-term: Reduce carbon emissions by 7% in 2025 compared to 2018

B. Short-term: Reduce carbon emissions by 25% in 2030 compared to 2018

C. Medium-term: Reduce carbon emissions by 50% in 2040 compared to 2018

D. Long-term: Achieve carbon neutrality by 2050

(3) Greenhouse gas reduction targets, strategies, and concrete action plans:

- A. Combustion facility efficiency improvement: Improve fuel efficiency, improve production equipment (e.g., regenerative heating furnaces, cross-flow boilers, and induction furnace), develop hydrogen (mixed combustion) combustion technology, and use of full hydrogen combustion in reheating furnaces. The Hot Rolling Department heating furnace retrofit project (converting direct-fired type to heat storage type) is expected to reduce fuel consumption by approximately 8.9%, effectively reducing greenhouse gas emissions from fuel combustion.
- B. Improvement of power facility efficiency: We will continue to promote various energy efficiency improvement programs (e.g., replacement of old energy-intensive equipment, improving the efficiency of energy-intensive equipment), and install renewable energy power generation equipment (e.g., installing solar power generation facilities on the roof of the factory).
- C. Energy Management Systems: We will continue to operate the ISO 50001 energy management system to control major energy-consuming equipment and energy-saving facilities. We also use energy more efficiently and reduce greenhouse gas emissions through the company's "Environment and Energy Management Committee" and PDCA cycle operations.
- D. In line with the Energy Administration's energy conservation policy: The Energy Administration requires large electricity users (with contract capacity of 800 kW or more) to achieve an average electricity saving rate of more than 1% from 2015 to 2024. The actual average electricity saving rate of the Company's factories from 2015 to 2024 is more than 1%, and meets the regulatory requirement. In accordance with the Energy Administration's statutory requirements, average electricity saving rate must reach a target of 1.5% or above from 2025 to 2028. Various energy-saving measures will continue to be promoted in 2025.
- E. Use of Renewable energy: Net zero emissions by 2050 is the national goal. Energy transformation and renewable energy development are important milestones for the country. On December 31, 2020, the Energy Administration announced the "Regulations for the Management of Setting up Renewable Energy Power Generation Equipment of Power Users above a Certain Contract Capacity." Compulsory users of renewable energy must complete the installation of compulsory installation capacity within 5 years from 2021. The Company completed the set up of compulsory installed capacity (by purchasing renewable energy electricity and certificates to fulfill its obligations) in 2023 and has begun using renewable energy electricity. The statutory requirements are therefore met. In order to achieve the goal of carbon neutrality by 2050, the Company plans to increase the use of renewable energy every year. The use of renewable energy is expected to reach 100% in 2043.
- F. Greenhouse gas inventory: In order to effectively control future greenhouse gas emissions through greenhouse gas inventory records, the Company has conducted greenhouse gas emissions inventories every year since 2005 and obtained external verification by a third party. External verification of 2024 greenhouse gas emissions is planned for 2025.
- G. Product Carbon Footprint Inventory: To understand the greenhouse gas emissions and emission hotspots at each stage of the company's product life cycle. For core products in 2022 and 2023: The Company conducted carbon footprint inventory and third-party verification of hot-rolled crude steel coils, hot-rolled quenched and tempered steel coils, cold-rolled full-hardened steel coils, cold-rolled quenched and tempered steel coils, hot-rolled pickled and oiled steel coils, and carbon steel pipes. Through the product carbon footprint inventories, we identified hotspots of greenhouse gas emissions, formulated carbon reduction strategies for hotspot projects, and promoted various carbon reduction programs to continuously reduce product carbon emissions and fulfill our corporate social responsibility.

(4) The status of achievement of the reduction targets:

A. Carbon reduction will be 6% in 2024 compared to 2018. The reduction targets of Greenhouse gas emissions in 2024 were less than or equal to 356,499 (metric ton CO<sub>2</sub>e).

B. Greenhouse gas emissions in 2024 were 238,943.691 (metric ton CO<sub>2</sub>e). Goal achieved.

Note 1: Implemented in accordance with the schedule stated in Article 10, Paragraph 2 of the Guidelines.

**(VII) Implementation of ethical corporate management, deviation from "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies", and reasons for deviation:**

| Item  | Operating status |    |   | Deviation from "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies" and reasons for deviation |
|---|------------------|----|---|---|
|   | Yes              | No | Summary   |   |
| <p>I. Establishment of ethical management policies and solutions</p> <p>(I) Has the company established the ethical corporate management policies approved by the Board of Directors and specified in its rules and external documents the ethical corporate management policies and practices as well as the commitment of its Board of Directors and senior management to implementing the management policies?</p> | ✓                |    | <p>(I) The Company's Board of Directors passed the "Ethical Corporate Management Best Practice Principles" and the "Ethical Corporate Operating Procedures and Code of Conduct" based on the Principles to govern the matters to be noted by all employees of the Company in business execution. The Company regularly uses the ERP system or assigns supervisors to use internal meetings to promote the Company's ethical management business philosophy and emphasize the importance of ethical conduct. The Company requires employees to maintain discipline and abide by related regulations of the Company. Fraudulent activities are not tolerated and employees are encouraged to conduct careful business operations and establish a culture of ethical business practices. The Company publishes the Ethical Corporate Management Policy on the company's website and activities involving external parties so that the Company's managers, employees, suppliers, customers, or other related institutions and personnel are fully aware of the Company's principles and rules with respect to ethical corporate management.</p> | No deviation.   |
| <p>(II) Has the company established a risk assessment mechanism against unethical conduct, analyze and assess operating activities with higher risk of unethical conducts on a regular basis, and establish prevention programs</p>   | ✓                |    |   |   |

| Item  | Operating status |    |  | Deviation from "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies" and reasons for deviation |
|---|------------------|----|--|---|
|   | Yes              | No | Summary  |   |
| <p>accordingly, which shall at least include the preventive measures specified in Paragraph 2, Article 7 of the "Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies"?</p> <p>(III) Has the company established policies to prevent unethical conduct with relevant procedures, guidelines of conduct, punishment for violation, rules of appeal clearly stated in the policies, implemented the policies, and review the policies on a regular basis?</p> | ✓                |    | <p>The Company has established the "Operating Standards for Processing Gifts, Banquets, and Requests" to achieve a high-quality corporate culture, protect the Company's image, and provide a basis for employees to process gifts, banquets, and requests. Unless otherwise specified, gifts from interested parties with conflicts of interests in the employee's position shall be refused or returned. Where the gifts cannot be returned, the recipient shall fill out the gift report form, submit the form to a supervisor of the plant or department or above, and deliver the gifts to the General Affairs Section of the Administration Department to process.</p> <p>The Company has established the "Entertainment Fee Regulations". All company personnel who need to entertain guests for business execution and development of relationships with external parties shall be governed by these Regulations.</p> <p>The Company has adopted the following measures to prevent unethical conduct: Training on ethical management topics were conducted (including courses on legal policy, quality systems, corporate governance, internal audits and internal controls) for 713 people for a total of 2,286.5 person-hours.</p> <p>(III) The Company has established regulations for preventing unethical conduct in the "Code of Ethical Conduct for Directors", "Code of Ethical Conduct for Supervisors and Senior Managerial Officers", "Employee Code of Ethics", "Internal Control System Regulations", and "Rewards and Penalties Regulations". We also amend the regulations and review related plans in accordance with regulatory requirements. We also expressly stipulate anti-bribery or anti-kickback clauses in all engineering, procurement, and cooperation agreements. The Company has set up the Complaint Response Committee to</p> |   |

| Item   | Operating status           |    |  | Deviation from "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies" and reasons for deviation |
|--|----------------------------|----|--|---|
|  | Yes                        | No | Summary  |   |
|  |                            |    | <p>implement the complaint system and penalties for violations.</p> <p>The Internal Auditing Department proposes improvement recommendations and enter them into the Company's audit management system for computerized management and continuous follow-up on improvement progress. Improvement measures shall be completed for each audit item in a timely manner and submitted to Independent Directors for review in accordance with regulations. This is an important mechanism for the supervision of ethical corporate management policies by the Board of Directors. The Internal Auditing Department implements these regulations regularly and reviews and amends them.</p>  |   |
| <p>II. Implementation of ethical corporate management</p> <p>(I) Has the company evaluated the integrity records of parties it does business with and stipulated ethical conduct clauses in business contracts?</p> <p>(II) Has the company set up a dedicated unit under the Board of Directors to promote ethical corporate management and regularly (at least once every year) report to the Board of Directors the implementation of the ethical corporate management policies and prevention programs against unethical conduct?</p> <p>(III) Has the company established policies to prevent conflict of interests, provided appropriate channels for filing related</p> | <p>✓</p> <p>✓</p> <p>✓</p> |    | <p>(I) The Company's "Contractor and Supplier Assessment Regulations" and "Customer Credit Extension Management Regulations" have specified that the Company should avoid dealings with any persons having any record of unethical conduct when engaging in commercial activities.</p> <p>(II) The Administration Department is responsible for advancing the establishment of related regulations and each unit complies with related regulations to ensure the full implementation of ethical corporate management. The Department also reports the operation and implementation status to the Board of Directors once every year.</p> <p>(III) Regulations for the prevention of conflicts of interest and personal gains have been established in the Company's "Code of Ethical Conduct for Supervisors and Senior Managerial Officers" and "Employee Code of</p> | No deviation.   |

| Item  | Operating status |    | Summary  | Deviation from "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies" and reasons for deviation |
|---|------------------|----|--|---|
|   | Yes              | No |  |   |
| <p>complaints and implemented the policies accordingly?</p> <p>(IV) Has the company established effective accounting systems and internal control systems to implement ethical corporate management and designated its internal audit unit, based on the results of assessment of the risk of involvement in unethical conduct, devise relevant audit plans and audit the compliance with the prevention programs accordingly or commissioned a CPA to conduct the audit?</p> | ✓                |    | <p>Ethics". The Company also encourages reporting of any illegal or unethical activities.</p> <p>(IV) The Company has established effective accounting systems to implement ethical management. The procedures for processing accounting matters have been implemented in accordance with regulations of the system and filed to the responsible supervisors for approval. In addition, the Company has established the "Internal Control System Regulations" to establish an effective internal control system. The Regulations were passed by the Board of Directors and adopted as the basis for the implementation of internal controls by related units and personnel of the Company. The Company established the "Instruction for Self-Evaluation of Internal Control Systems" which is used to implement self-evaluation of internal controls before the end of Dec. each year. Each level 1 unit conducts a self-assessment on the management status of the current year and files a plant management evaluation report to the Administration Department for compilation of the overall company evaluation report. The report is filed to the authorized supervisor for approval and delivered to the Finance Department which produces the Internal Control System Statement.</p> <p>The Company's 2024 audit plan was passed by the Board of Directors in 2023 and internal audits were carried out according to plan. Each part of the transaction cycle was audited during 2024 and audit reports completed for 44 cases. A total of 51 recommendations were made in response to identified deficiencies and anomalies. The Chief Internal Auditor regularly attends meetings of the Board of Directors to report on the implementation status of the audit plan. Once the audit report has been presented it is sent to each independent director for review in accordance with the</p> |   |

| Item   | Operating status |    |   | Deviation from "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies" and reasons for deviation |
|--|------------------|----|---|---|
|  | Yes              | No | Summary   |   |
| (V) Has the company held internal and external educational trainings on operational integrity regularly?   | ✓                |    | <p>regulations. An electronic version of the report is also entered into the Computer's audit management system for further monitoring until all corrective actions are completed. Status of monitored items and corrective actions are sent in writing every quarter to each independent director for review.</p> <p>V. The Company has established the "Employee Code of Ethics" and requires all new employees to attend anti-corruption training after reporting for duties. Supervisors use internal meetings to promote the Company's ethical management philosophy and emphasize the importance of ethical conduct. There is zero tolerance for corruption and fraud.</p>  |   |
| <p>III. Operation of whistle-blowing system in the Company</p> <p>(I) Has the company established a specific whistleblowing and reward system, set up convenient whistleblowing channels and designated appropriate personnel to handle investigations against wrongdoers?</p> | ✓                |    | <p>(I) According to the Company's Ethical Corporate Management Best Practice Principles, the Company established the Regulations on Violation of Ethical Conduct Reports and established hotlines, emails, and reporting system on the Company's website as reporting channels to protect the Company's core value for ethical corporate management, implement corporate governance, and provide channels for internal and external entities to report violations of ethical conduct by employees and representatives of the Company. The unit responsible for processing reports is the Internal Auditing Department. The Regulations on Violation of Ethical Conduct Reports stipulate that once reported incidents are proven true in investigations, whistleblowers may be given appropriate rewards based on the severity of the case. If the whistleblower is an employee of the Company, the reward shall be processed in accordance with the Company's "Rewards and Penalties Regulations".</p> | No deviation.   |

| Item   | Operating status |    |   | Deviation from "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies" and reasons for deviation |
|--|------------------|----|---|---|
|  | Yes              | No | Summary   |   |
| (II) Has the company established standard operating procedures for investigating reported issues, follow-up measures to be adopted after the investigation, as well as relevant confidential mechanisms?         | ✓                |    | (II) The Company has established the Regulations on Violation of Ethical Conduct Reports which expressly provided the reporting channels, reporting items, unit responsible for processing reports, incident investigation and processing procedures, protection of personal information and whistleblowers, regulations on rewards and penalties, confidentiality of reported information, and record retention periods. Unless otherwise specified in laws, personal information provided by whistleblowers shall be kept confidential by the Company and the Company shall adopt appropriate protection measures in accordance with laws to protect the personal information and privacy of whistleblowers. In 2024, the Company had one case of disciplinary action and complaint for violation of the ethical management regulations. A thorough investigation was conducted and the matter dealt with by the relevant units. Audits found no serious corruption or other violations of operating regulations. |   |
| (III) Has the Company set up protection for whistleblowers to prevent them from being subjected to inappropriate measures as a result of reporting such incidents?   | ✓                |    | (III) The Regulations on Violation of Ethical Conduct Reports stipulate that the Company shall take measures to protect whistleblowers from inappropriate disciplinary actions due to their whistleblowing.   |   |
| IV. Strengthen information disclosure<br>Does the company disclose the content and effectiveness of its Ethical Corporate Management Principles on the company's website and the Market Observation Post System? | ✓                |    | The Company's "Code of Ethics", "Ethical Corporate Management Best Practice Principles" and "Ethical Corporate Management Best Practice Principles and Code of Conduct" are disclosed on the Company website under "Investor Relations -> Corporate Governance -> Corporate Governance Regulations" and on the Market Observation Post System website under "Corporate Governance -> Corporate Governance Structure -> Corporate Governance Structure Rules and Regulations.  | No deviation.   |

| Item   | Operating status |    |  | Deviation from "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies" and reasons for deviation |
|--|------------------|----|--|---|
|  | Yes              | No | Summary  |   |
|  |                  |    | The Company's Vice President of the Administration Division reports the operation and implementation status of ethical corporate management to the Board of Directors on a regular basis. Information on the operating status is disclosed on the Company website under "Corporate Sustainability -> Corporate Governance -> Ethical Management." The Internal Auditing Department is responsible for supervision and auditing. The results are also periodically reported to the Board of Directors. Related disclosures can be found on the Company website under "Investor Relations -> Corporate Governance -> Internal Auditing." |   |
| V. If the Company has established Ethical Corporate Management Principles in accordance with the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies", describe any discrepancy between the principles and their implementation: No deviation.   |                  |    |  |   |
| VI. Other important information to facilitate better understanding of the Company's implementation of ethical corporate management: (e.g., review and amendment of the Company's Ethical Corporate Management Best Practice Principles):   |                  |    |  |   |
| <p>1. Establishment of general penal provisions for subcontractors:</p> <p>(1) Establishment of the Company's general safety and environmental regulations for construction, operations, and machinery: Where the Company's personnel or their spouses, or immediate family members serve as the operator of subcontractors or related personnel in contracted operations, the subcontractors shall actively notify the contract signing unit and contract execution unit in writing.</p> <p>Violations are fined between NT\$3,000 to NT\$60,000 under the "Contractor Safety and Health Management Regulations" covering financial penalties for contractor breaches of safety and health requirements.</p> <p>(2) Establishment of the Company's general safety and environmental regulations for construction, operations, machinery, safety and environmental/materials repairs, supplies, and transportation suppliers: Penalties shall be imposed on suppliers that provide bribes, gifts, commissions, compensation, interest in exchange for benefits, or other illegitimate benefits to the Company's managerial officers, employees, or part-time employees, their spouses, direct blood relatives, consultants, or design and planning companies. Once such violations are verified, Party A's contract execution unit shall file a report depending on the severity of the violation and consult with the Purchasing Department or Commercial Administration Department. Once the matter has been referred to the President and a decision made, the Purchasing Department or Commercial Administration Department shall modify the contract to suspend part or all of the supplier's remaining contract, impose a temporary ban, or blacklist them permanently.</p> <p>2. Establishment of the Company's procurement contracts: Where the contractor (or seller) bribes, provides gifts, or threatens Company personnel, in addition to legal action the bribe or gift shall also be regarded as discounts for the Company based on the price established in the contract. The Company shall request compensation or deduct the bribe or gift from payments to the contractor (seller). The Company may revoke or terminate the contract, request default penalties, and blacklist the contractor (seller) permanently. In addition, the Company may unconditionally revoke or terminate other procurement contracts signed with the contractor (seller) without further notice.</p> |                  |    |  |   |

**(VIII) Other important information to facilitate better understanding of the company's corporate governance activities: The Company's Chief Accounting Officer has completed sufficient hours of continuing education in accordance with laws.**

## (IX) Implementation of Internal Control System

### 1. Statement of Internal Control

# Chung Hung Steel Corporation

## Internal Control System Statement

Date: February 25, 2025

This Statement of Internal Control System is issued based on the self-assessment results of the Company for year 2024.

- I. The Company takes cognizance of the fact that the establishment, execution, and maintenance of its internal control policies are the responsibilities of the Company's Board of Directors and managers; such policies have been implemented throughout the Company. The objective is to provide reasonable assurance that the goals of operational effectiveness and efficiency (including profitability, performance, asset security, etc.), financial report reliability, timeliness, transparency, and regulatory compliance will be achieved.
- II. There are inherent limitations to even the most well-designed internal control system. As such, an effective internal control system can only reasonably ensure the achievement of the aforementioned goals. Moreover, the effectiveness of the internal control system may vary due to changes in the environment and circumstances. However, self-supervision measures were implemented within the Company's internal control policies to facilitate immediate rectification once procedural flaws have been identified.
- III. The Company determines the effectiveness of the design and implementation of its internal control system in accordance with the items in "Regulations Governing Establishment of Internal Control Systems by Public Companies" (hereinafter called "Governing Regulations") that are related to the effectiveness of internal control systems. The criteria introduced by the "Governing Regulations" cover the process of management control and consist of five major elements, each representing a different stage of internal control: 1. Control environment, 2. Risk assessment, 3. Control operations, 4. Information and communication, and 5. Monitoring operations. Each component also comprised several items. Please refer to "Governing Regulations" for details.
- IV. The Company has adopted the items for determining internal control systems in order to evaluate the effectiveness of its internal control system design and implementation.
- V. Based on the aforementioned evaluation results, the Company believes that the design and execution of its internal control system (including those adopted for supervision and management of subsidiary branches) on Dec. 31, 2024 were effective in terms of understanding of operational effectiveness, level of efficiency fulfillment, financial reporting reliability, timeliness, transparency, and regulatory compliance-related internal control system items; and that the company could reasonably ensure that the aforementioned goals were achieved.
- VI. This statement of declaration shall be the primary content of annual report and prospectus, and shall be made available to the public. Should any of the aforementioned disclosure contents be fictitious or concealed in an illegal manner, the company shall bear legal responsibilities pursuant to Articles 20, 32, 171, and 174 of the Securities Exchange Act.
- VII. This Statement was approved by the Board on Feb. 25, 2025 where 0 of the 7 attending directors expressed dissenting opinions, and the remainder all affirmed the content of this Statement.

Chung Hung Steel Corporation

Chairperson: Kuei-Sung Tseng

President: Min Chu

**2. If the internal control system review is conducted by commissioned accountants, the said accountant's review report shall be disclosed: None.**

**(X) Critical resolutions made during shareholders and Board of Directors' meetings in 2024 and up to the publication date of this annual report.**

● **Shareholder's meeting**

**1. Critical resolutions adopted at the 2024 annual shareholders' meeting:**

- (1) Approval of the Company's 2023 Business Report and Financial Report.
- (2) Approval of the Company's 2023 earnings distribution proposal.
- (3) Election of seven 16th-term Directors (including 3 Independent Directors).
- (4) Approval of the removal of the non-compete clause for the 16th-term Directors of the Company.

**2. Execution of resolutions adopted at the 2024 annual shareholders' meeting:**

- (1) Approval of the Company's 2023 Business Report and Financial Report: Passed as proposed.
- (2) Approval of the Company's 2023 earnings distribution proposal: Distribution of the 2023 surplus was approved as proposed with a cash dividend of NT\$143,554,445 (NT\$0.1 per share) distributed to shareholders. The ex dividend date was set as August 1, 2024, and the distribution date was set as August 23, 2024. All dividends have been distributed.
- (3) The Company elected 7 directors (including 3 independent directors) for the 16th term. The list of elected directors shown below was approved and registered by the Ministry of Economic Affairs on July 29, 2024 in Letter No. 11330128310. The list of elected directors was also announced on the Market Observation Post System.  
  
The elected Directors were as follows: Representative of China Steel Corporation Kuei-Sung Tseng, Representative of China Steel Corporation Hsi-Chin Wang, Representative of China Steel Corporation Chia-Cheng Lee, Representative of China Steel Corporation Kun-Pin Huang, Independent Director Lin-Lin Lee, Independent Director Ming-te Sun, Independent Director Wei-che Tsai.
- (4) Approval of the removal of the non-compete clause for the 16th-term Directors of the Company: Passed as proposed and published on the Market Observation Post System on Jun. 26, 2024.

● **Important resolutions of the Board of Directors in 2024 and 2025:**

**1. Important resolutions of the Board of Directors passed in the 19th meeting of the 15th Board of Directors on Feb. 27, 2024:**

- (1) Reported the results of the 2023 board performance evaluation.
- (2) Approval of the Company's 2023 Business Report and Financial Report.
- (3) Approval of the report on the 2023 distribution of remuneration to employees and Directors.

- (4) Approval of the Company's 2023 earnings distribution proposal.
- (5) Approval of the appointment of the Company's certifying CPA.
- (6) Approval of the 2023 Internal Control Self-Assessment Report and Internal Control System Statement.
- (7) Approval of the election of seven 16th-term Directors (including 3 Independent Directors).
- (8) Approval of the proposal for convening the Company's 2024 annual shareholders' meeting.

**2. Important resolutions of the Board of Directors passed in the 20th meeting of the 15th Board of Directors on May 2, 2024:**

- (1) Report on the Company's promotion and implementation of ethical management.
- (2) Report on the Company's communication with stakeholders.
- (3) Report on the Company's 2023 implementation outcomes in sustainable development, and the 2024 sustainable development promotion plan.
- (4) Approval of the Company's 2024 Q1 Financial Report.
- (5) Approval of the assessment on the independence and competence of the CPAs.
- (6) Approval of the list of candidates for the Company's 16th-term Directors (including Independent Directors).
- (7) Approval of the removal of the non-compete clause for the 16th-term Directors of the Company.
- (8) Approval of the revisions of the agenda for the Company's 2024 annual shareholders' meeting.

**3. Important resolutions of the Board of Directors passed in the 1st meeting of the 16th Board of Directors on Jul. 8, 2024:**

- (1) Appointment of Ms. Lin-Lin Lee, Mr. Ming-te Sun, and Mr. Wei-che Tsai as members of the Remuneration Committee of the Company's 16th Board of Directors.
- (2) Approved the signing of a "Cooperation Agreement" with National Sun Yat-sen University.

**4. Important resolutions of the Board of Directors passed in the 2nd meeting of the 16th Board of Directors on Aug. 1, 2024:**

- (1) Approval of the Company's 2024 Q2 Financial Report.
- (2) Approval of the Company's 2023 Sustainability Report.
- (3) Approval of the amendment of the Company "Internal Control System Regulations."
- (4) Approval of the amendments to the "Salary Management Regulations".
- (5) Approved recommendation on promotion of Hsi-I Chen, Assistant Vice President, Production Division.
- (6) Approval of the proposal for the monthly transportation allowance of each Director of the Company.

- (7) Approval of the proposal for the monthly salary of each Independent Director of the Company.
- (8) Approval of the proposal for the attendance fees of members of the Remuneration Committee and standards for attendance fees for Directors and external experts and scholars in the Committee.
- (9) Approval of the proposal for the attendance fees of members of the Audit Committee and standards for attendance fees for Directors and external experts and scholars' attendance in the Committee.

**5. Important resolutions of the Board of Directors passed in the 3rd meeting of the 16th Board of Directors on Oct. 31, 2024:**

- (1) 2024 Risk management operation report.
- (2) Approval of the Company's 2024 Q3 Financial Report.
- (3) Approval of the Company's 2024 budget correction.
- (4) Approval of the Company's 2025 audit plan.
- (5) Approval of the amendment of the Company "Instruction for Self-Evaluation of Internal Control Systems."
- (6) Approval of the amendments to the "Audit Committee Charter".

**6. Important resolutions of the Board of Directors passed in the 4th meeting of the 16th Board of Directors on Dec. 26, 2024:**

- (1) Report on the Company's planned introduction of "IFRS Sustainability Disclosure Standards."
- (2) 2024 Information security implementation report.
- (3) Approval of the Company's 2025 budget.
- (4) Approval of the amendment of the Company "Rules of Procedure for Shareholders' Meetings."
- (5) Approval of the amendment of the Articles 2 and 3 of the Company's "Rules Governing the Election of Directors".
- (6) Approval of the amendments to the Company's "Employee Stock Ownership Trust Committee Charter".
- (7) Approval for appointment of the Company's Vice President, Administration Division.
- (8) Approval for change of the Company's Chief Finance Officer.
- (9) Approved the Company's appointment of the first Chief Corporate Governance Officer.

**7. Important resolutions of the Board of Directors passed in the 5th meeting of the 16th Board of Directors on Feb. 25, 2025:**

- (1) Reported the results of the 2024 board performance evaluation.
- (2) Report on the introduction of IFRS Sustainability Disclosure Standards.
- (3) Approval of the Company's 2024 Business Report and Financial Report.
- (4) Approval of the Company's 2024 earning distribution proposal.

- (5) Approval of the evaluation of the independence, competency, and performance of the CPAs.
  - (6) Approval of the 2024 Internal Control System Self-Assessment Results and Internal Control System Statement.
  - (7) Approved and amended Articles 28 and 31 of the Company's Articles of Incorporation.
  - (8) Approval of the amendments to the "Corporate Governance Best-Practice Principles".
  - (9) Approval of the amended Paragraph 3 of "Chung Hung Steel Corporation Duties Division Table of the Board of Directors, Chairman, and President".
  - (10) Approved and revised some provisions of the Company's "Internal Audit Enforcement Rules".
  - (11) Approval of the removal of the non-compete clause for representative of corporate Director.
  - (12) Approval of the proposal for convening the Company's 2025 annual shareholders' meeting.
- (XI) The primary content of directors or independent directors who have dissented on critical resolutions passed by the Board of Directors, where such dissents have been recorded or documents in recent years up to the annual report publication date: None.**

#### **IV. Information on Fees to CPA**

##### Information on Fees to Certifying CPA

Unit: NT\$ thousand

| Name of the accounting firm | CPA name       | Audit period          | Audit fees | Non-audit fees | Total | Remarks   |
|-----------------------------|----------------|-----------------------|------------|----------------|-------|---|
| Deloitte, Taiwan            | Li-Yuan Kuo    | 2024.01.01~2024.12.31 | 5,510      | 540            | 6,050 | Non-audit fees refer to the fees for transfer pricing services and tax certification. |
|                             | Chao-Chin Yang | 2024.01.01~2024.12.31 |            |                |       |   |

- (I) If the accounting firm has been changed and the annual audit fees were lower for the year of the firm change compared to that of the previous year, then the decrease in audit fees, the percentage, and the reason for such changes should be disclosed: None.**
- (II) Where audit fees paid for the year was 10% less than that of the previous year, the sum, proportion, and cause of the reduction shall be disclosed: None.**

The audit fees referred to in item (I) refers to fees paid by the Company to the CPA for the auditing, review, and re-review of the relevant financial reports.

**V. Information on Change of CPA: The following information on change of accountants in the past two years and post-period shall be disclosed:**

**(I) Information on the previous CPA:**

|  |  |  |                                    |
|--|--|--|------------------------------------|
| Date of Change   | February 27, 2024<br>Approved by the 19th Meeting of the 15th Board of Directors   |  |                                    |
| Reason for Replacement and Explanation   | Due to internal adjustments at Deloitte Taiwan, CPAs Li-Yuan Kuo and Chia-Ling Chiang will no longer be responsible for certifying the Company's financial reports. Li-Yuan Kuo and Chao-Chin Yang became the new CPAs from 2024 Q1 onwards. |  |                                    |
| State whether the appointer or the CPAs have terminated the appointment, or whether the appointer or the CPAs have rejected the appointment  | Contracting Party  |  | Accountants                        |
|  | Scenario   |  | Appointer                          |
|  | Termination initiated by client  |  | N/A                                |
| CPA declined to accept (continue) the appointment  |  |  |                                    |
| Opinion and reason for the issuance of audit reports containing opinions other than unqualified opinions in the most recent two fiscal years | N/A  |  |                                    |
| Different opinions from the issuer   | Yes  |  | Accounting principles or practices |
|  |  |  | Disclosure of financial statements |
|  |  |  | Audit scope or procedures          |
|  |  |  | Others                             |
|  | None   |  |                                    |
| Description  | N/A  |  |                                    |
| Other items for disclosure (items in Article 10, Subparagraph 6, Item 1-4 to Item 1-7 of the Regulations shall be disclosed)                 | None   |  |                                    |

**(II) Regarding the Successor CPA:**

|  |  |
|--|--|
| Name of CPA Firm   | Deloitte, Taiwan   |
| CPA name   | Chao-Chin Yang   |
| Date of appointment  | February 27, 2024<br>Approved by the 19th Meeting of the 15th Board of Directors |
| Subjects and outcomes of consultation on the accounting treatment of or application of accounting principles to specific transactions, or opinions that may be included on financial statements before the appointment of new CPAs | N/A  |
| The succeeding accountant's opinions in written form in response to the former accountant's opinions   | N/A  |

**Previous CPAs' reply to Article 10, Subparagraph 6, Item 1 and Item 2-3 of the Regulations: Not applicable.**

**(III) Previous accountant's dissenting opinions on disclosures of items specified in the two preceding paragraphs: None.**

**VI. Company's Chairperson, President, financial or accounting affairs manager who has served in the CPA firm or its affiliates in the most recent year: None.**

**VII. Change status of share transfer and share pledged by Directors, Independent Directors, Managerial Officers and shareholders holding more than 10% equity in the recent year up to the publication date of this annual report.**

**Share equity change status for Directors, Independent Director, managerial officers, and major shareholders**

| Title                                   | Name                              | 2024                                     |   | 2025 up to March 31                      |   | Remarks  |
|---|-----------------------------------|--|---|--|---|--|
|   |                                   | Number of shares held added (subtracted) | Number of pledged shares added (subtracted) | Number of shares held added (subtracted) | Number of pledged shares added (subtracted) |  |
| Director                                | China Steel Corporation           | 0  | 0   | 0  | 0   |  |
|   | Representative: Kuei-Sung Tseng   | 27,171                                   | 0   | 0  | 0   | Return of shares held under trust                            |
|   | Representative: Shou-Tao Chen     | 0  | 0   | 0  | 0   | Appointed on September 10, 2024                              |
|   | Representative: Kun-Pin Huang     | 0  | 0   | 0  | 0   | Appointed on January 31, 2024                                |
|   | Representative: Tung-Chieh Chuang | N/A                                      | N/A   | 0  | 0   | Appointed on February 1, 2025                                |
| Independent Director                    | Lin-Lin Lee                       | 0  | 0   | 0  | 0   |  |
|   | Ming-te Sun                       | 0  | 0   | 0  | 0   | Appointed on June 26, 2024                                   |
|   | Wei-che Tsai                      | 0  | 0   | 0  | 0   | Appointed on June 26, 2024                                   |
| President                               | Min Chu                           | 0  | 0   | 0  | 0   |  |
| Vice President, Administration Division | Shu-Cheng Yen                     | 0  | 0   | 0  | 0   | Appointed on December 31, 2024                               |
| Vice President, Commercial Division     | Chun-Ting Lin                     | 0  | 0   | 0  | 0   |  |
| Vice President, Production Division     | Hsi-I Chen                        | 0  | 0   | 0  | 0   | Appointed on August 31, 2024                                 |
| Chief Accounting Officer                | Wen-Ping Huang                    | 0  | 0   | 0  | 0   |  |
| Director                                | Representative: Min-Hsiung Liu    | 0  | 0   | N/A                                      | N/A   | Dismissed on January 31, 2024                                |
|   | Representative: Chao-Tung Wong    | 0  | 0   | N/A                                      | N/A   | Dismissed on May 10, 2024                                    |
|   | Representative: Wen-Chou Li       | 0  | 0   | N/A                                      | N/A   | Dismissed on April 26, 2024                                  |
|   | Representative: Shyi-Chin Wang    | 0  | 0   | N/A                                      | N/A   | Appointed on May 10, 2024<br>Dismissed on September 10, 2024 |
|   | Representative: Chia-Cheng Lee    | 0  | 0   | N/A                                      | N/A   | Appointed on April 26, 2024<br>Dismissed on February 1, 2025 |
| Independent Director                    | Juh-Shan Chiou                    | 0  | 0   | N/A                                      | N/A   | Dismissed on June 26, 2024                                   |
|   | Hsien-Tang Tsai                   | 0  | 0   | N/A                                      | N/A   | Resigned on June 14, 2024                                    |
| Vice President, Administration Division | Chien-Hui Lee                     | 0  | 0   | N/A                                      | N/A   | Dismissed on December 30, 2024                               |
| Vice President, Production Division     | Jui-Tsai Huang                    | 0  | 0   | N/A                                      | N/A   | Dismissed on August 30, 2024                                 |

Note 1: There were no cases where the counterparty of equity pledge is a related party of the Company's Director, Independent Director, managerial officer, or major shareholder.

Note 2: The number of shares held by the outgoing Directors at the end of the period refers to the number of shares held in the current month of the dismissal; the number of shares held by the newly-appointed Directors at the beginning of the period refers to the number of shares held in the current month of the appointment.

**VIII. Information on relationship between any of the top ten shareholders (related party, spouse, or kinship within the second degree).**

Mutual relationship information among shareholders with the top 10 shareholding ratios (information from the period after the book closure date in August 2024)

Unit: shares; %; August 01, 2024

| Name  | Personal Shareholding |                    | Shareholding by Spouse and Underage Children |                    | Total Shareholding by Nominee Arrangement |                    | Shareholders with the top 10 shareholding ratios who are related, or their spouses and second-degree relatives' names and their respective relationships. |              | Remarks |
|---|-----------------------|--------------------|--|--------------------|---|--------------------|---|--------------|---------|
|   | Number of shares      | Shareholding ratio | Number of shares                             | Shareholding ratio | Number of shares                          | Shareholding ratio | Title (or Name)   | Relationship |         |
| 1. China Steel Corporation  | 582,673,153           | 40.59              | 0  | 0                  | 0   | 0                  | None  | None         | None    |
| Legal representative: Hwang, Chien-Chih   | 0                     | 0                  | 0  | 0                  | 0   | 0                  | None  | None         |         |
| 2. Vanguard Emerging Stock Market Index Fund investment account under the custody of JPMorgan Chase | 9,095,000             | 0.63               | 0  | 0                  | 0   | 0                  | None  | None         |         |
| 3. Vanguard Total International Stock Index Fund under the custody of JPMorgan Chase                | 7,000,000             | 0.49               | 0  | 0                  | 0   | 0                  | None  | None         |         |
| 4. Vanguard Trust Equity Index II investment account under the custody of JPMorgan Chase            | 5,968,000             | 0.42               | 0  | 0                  | 0   | 0                  | None  | None         |         |
| 5. TransGlobe Life Insurance Inc.   | 3,950,000             | 0.28               | 0  | 0                  | 0   | 0                  | None  | None         |         |
| 6. JP Morgan Chase Bank, Taipei Branch, in custody for Emerging Markets                             | 3,011,000             | 0.21               | 0  | 0                  | 0   | 0                  | None  | None         |         |
| 7. HSBC Managed Vanguard's FTSE All-World ex-US   | 2,906,000             | 0.20               | 0  | 0                  | 0   | 0                  | None  | None         |         |
| 8. Chen-Hsiung Liu  | 2,870,000             | 0.20               | 0  | 0                  | 0   | 0                  | None  | None         |         |
| 9. Chun-Tian Lai  | 2,550,000             | 0.18               | 0  | 0                  | 0   | 0                  | None  | None         |         |
| 10. New Labor Pension Fund  | 2,502,700             | 0.17               | 0  | 0                  | 0   | 0                  | None  | None         |         |

## IX. Total shareholding percentage of investee business

The number of shares held by the Company, directors, independent directors, managerial officers, and enterprises that are directly or indirectly controlled by the Company in the investee company shall be calculated together.

Unit: shares; March 31, 2025

| Investee business (Note)            | Investment by the Company |                         | Investments by directors, independent directors, managerial officer and directly or indirectly controlled enterprises |                         | Comprehensive investment |                         |
|-------------------------------------|---------------------------|-------------------------|---|-------------------------|--------------------------|-------------------------|
|                                     | Number of shares          | Shareholding percentage | Number of shares  | Shareholding percentage | Number of shares         | Shareholding percentage |
| Hung Kao Investment Corporation     | 2,600,000                 | 100%                    | 0   | 0                       | 2,600,000                | 100%                    |
| Transglory Investment Corporation   | 337,554,151               | 39.59%                  | 0   | 0                       | 337,554,151              | 39.59%                  |
| Pro-Ascentek Investment Corporation | 20,000,000                | 16.67%                  | 0   | 0                       | 20,000,000               | 16.67%                  |

Note: The equity method was employed for the Company's investments

## C. Fundraising Conditions

### I. Capital and shareholding

#### (I) Source of Capital:

March 31, 2025

| Type of Shares  | Authorized Capital            |                 |               | Remarks       |
|-----------------|-------------------------------|-----------------|---------------|---------------|
|                 | Shares issued and outstanding | Unissued shares | Total         |               |
| Ordinary shares | 1,435,544,446                 | 607,615,554     | 2,043,160,000 | Listed stocks |

\* All shares issued by the Company are listed stocks.

| Year Month | Issuing price | Authorized Capital                 |                        | Paid-Up Capital                    |                        | Remarks  |  |        |
|------------|---------------|------------------------------------|------------------------|------------------------------------|------------------------|--|--|--------|
|            |               | Number of shares (thousand shares) | Amount (NT\$ thousand) | Number of shares (thousand shares) | Amount (NT\$ thousand) | Source of Capital  | Subscriptions paid with property other than cash | Others |
| 1996.06    | 14            | 1,143,160                          | 11,431,600             | 600,000                            | 6,000,000              | Cash capital increase of NT\$1,345,025,600                   | None   | Note 1 |
|            |               |                                    |                        |                                    |                        | Earned surplus turned capital increase of NT\$232,589,280    |  |        |
|            |               |                                    |                        |                                    |                        | Capital increase shares by capital surplus of NT\$99,681,120 |  |        |
| 1997.06    | 16            | 1,143,160                          | 11,431,600             | 750,000                            | 7,500,000              | Cash capital increase of NT\$1,500,000,000                   | None   | Note 2 |
| 1997.12    | 10            | 1,143,160                          | 11,431,600             | 757,507                            | 7,575,074              | Corporate bonds converted to shares of NT\$75,073,950        | None   | Note 3 |

| Year<br>Month | Issuing<br>price | Authorized Capital                          |                              | Paid-Up Capital                             |                              | Remarks  |   |         |
|---------------|------------------|---|------------------------------|---|------------------------------|--|---|---------|
|               |                  | Number of<br>shares<br>(thousand<br>shares) | Amount<br>(NT\$<br>thousand) | Number of<br>shares<br>(thousand<br>shares) | Amount<br>(NT\$<br>thousand) | Source of Capital  | Subscriptions<br>paid with<br>property other<br>than cash | Others  |
| 1998.02       | 10               | 1,143,160                                   | 11,431,600                   | 772,380                                     | 7,723,805                    | Corporate bonds converted to shares of NT\$148,731,490     | None  | Note 4  |
| 1998.06       | 10               | 1,143,160                                   | 11,431,600                   | 794,336                                     | 7,943,361                    | Corporate bonds converted to shares of NT\$219,556,020     | None  | Note 5  |
| 2000.06       | 10               | 2,043,160                                   | 20,431,600                   | 1,144,336                                   | 11,443,361                   | Cash capital increase of NT\$3,500,000,000                 | None  | Note 6  |
| 2004.09       | 10               | 2,043,160                                   | 20,431,600                   | 1,206,983                                   | 12,069,834                   | Earned surplus turned capital increase of NT\$626,472,690  | None  | Note 7  |
| 2005.10       | 10               | 2,043,160                                   | 20,431,600                   | 1,284,571                                   | 12,845,706                   | Earned surplus turned capital increase of NT\$775,872,050  | None  | Note 8  |
| 2009.04       | 9.5              | 2,043,160                                   | 20,431,600                   | 1,684,571                                   | 16,845,706                   | Cash capital increase of NT\$4,000,000,000                 | None  | Note 9  |
| 2010.09       | 10               | 2,043,160                                   | 20,431,600                   | 1,380,331                                   | 13,803,311                   | Reduced capital by NT\$3,042,394,220 to make up for losses | None  | Note 10 |
| 2011.07       | 10               | 2,043,160                                   | 20,431,600                   | 1,435,544                                   | 14,355,444                   | Earned surplus turned capital increase of NT\$552,132,480  | None  | Note 11 |

Note 1: Tai-Cai-Zheng (I) No. 21847 dated April 12, 1996

Note 2: Tai-Cai-Zheng (I) No. 29725 dated May 1, 1997

Note 3: Tai-Cai-Zheng (I) No. 80508 dated November 3, 1997

Note 4: Tai-Cai-Zheng (I) No. 14139 dated January 26, 1998

Note 5: MOEA Jing (1998)-Shang No. 113778 dated June 9, 1998

Note 6: Tai-Cai-Zheng (I) No. 27800 dated April 29, 2000

Note 7: Jin-Guan-Zheng-I No. 0930132019 dated July 19, 2004

Note 8: Jin-Guan-Zheng-I No. 0940131295 dated August 2, 2005

Note 9: Jin-Guan-Zheng-I No. 0980002363 dated February 10, 2009

Note 10: Jin-Guan-Zheng-Fa No. 0990042786 dated August 20, 2010

Note 11: Jin-Guan-Zheng-Fa No. 1000030352 dated July 1, 2011

## (II) Main shareholders list (contains shareholders with 5% or more shareholding ratio or the shareholders with top ten shareholding ratio):

(information from the period after the book closure date in August 2024)

Date: August 01, 2024

| Name of the Main Shareholder   | Shares | Number of shares held | Shareholding percentage (%) |
|--|--------|-----------------------|-----------------------------|
| China Steel Corporation  |        | 582,673,153           | 40.59                       |
| Vanguard Emerging Stock Market Index Fund investment account under the custody of JPMorgan Chase |        | 9,095,000             | 0.63                        |
| Vanguard Total International Stock Index Fund under the custody of JPMorgan Chase                |        | 7,000,000             | 0.49                        |
| Vanguard Trust Equity Index II investment account under the custody of JPMorgan Chase            |        | 5,968,000             | 0.42                        |
| TransGlobe Life Insurance Inc.   |        | 3,950,000             | 0.28                        |
| JP Morgan Chase Bank, Taipei Branch, in custody for Emerging Markets                             |        | 3,011,000             | 0.21                        |
| HSBC Managed Vanguard's FTSE All-World ex-US   |        | 2,906,000             | 0.20                        |
| Chen-Hsiung Liu  |        | 2,870,000             | 0.20                        |
| Chun-Tian Lai  |        | 2,550,000             | 0.18                        |
| New Labor Pension Fund   |        | 2,502,700             | 0.17                        |

### **(III) Company Dividend Policy and Implementation:**

#### 1. Dividend policy:

The dividend policy specified in Article 28-1 of the Company's Articles of Incorporation is as follows: In the event of surplus earnings after closing of annual accounts, after taxes are paid in accordance with the law, and losses incurred in previous years shall be compensated. Upon completion of the preceding actions, the remainder surplus shall be allocated as statutory reserve. However, in the event that the accumulated statutory reserve is equivalent to or exceeds the Company's total paid-in capital, such allocation may be exempted. The remainder may be set aside or reversed as special surplus reserve in accordance with laws and regulations. The remaining profit, if any, shall be included in the accumulated undistributed earnings for the previous year, and the shareholder's meeting shall determine whether to distribute dividends or retain the earnings.

When the dividend distribution proposal is being formulated by the Board of Directors, the dividends for ordinary shares should be at least 30% of the aforementioned distributable earnings except when there is a need for capital.

The development of the Company's industry has matured. The distribution of the shareholder dividends specified above shall be distributed with appropriate ratios of cash dividends and stock dividends. The proportion of cash dividends shall be no lower than 50%.

2. Current year dividend distribution proposal to the shareholders meeting: As the Company will incur a net loss after tax in 2024, it does not intend to distribute dividends.

#### **(IV) Effects of the stock dividends proposed by the shareholders' meeting on the company's business performance and earnings per share: Not applicable.**

### **(V) Employee and Director remuneration:**

1. Percentage or range of rewards distributed to employees and Directors as stipulated in the Company's Articles of Incorporation:

Provisions related to the distribution of remuneration for employees and Directors in the Company's Articles of Incorporation are as follows: "If the Company has profit for the year, it shall allocate no less than 0.1% for employee remuneration and no more than 1% for Director remuneration. A sum shall be set aside in advance to pay down any outstanding cumulative losses of the Company before employee bonus and director remuneration can be allocated according to the above percentage. Employee bonus and director remuneration proposals shall be submitted to the Board of Directors for resolution and presented to the shareholders' meeting."

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

The Company's remuneration for employees and Directors shall be no lower than 0.1% and under 1% of the earnings before tax of the year and before deducting remuneration for employees and Directors. The board of directors shall decide to distribute the remuneration as shares or cash. No provision was made for employee and directors' remuneration in 2024 due to earnings being a net loss before tax. If there are changes made to the amount before the issuance of the annual standalone financial statements, the changes shall be adjusted and accounted for as annual expenses. If there are changes made to the amount after the issuance of the annual standalone financial statements, the changes shall be accounted for as changes in accounting estimates and recognized in the financial statements of the following year.

3. Distribution of remuneration passed by the Board of Directors: The Company experienced operating losses in 2024 so there was no distribution of remuneration.

4. If there is any discrepancy between the actual amount of rewards distributed to employees and Directors (including number and dollar amount of shares distributed, as well as share price), the recognized amount of rewards for employees and Directors in the 2023 fiscal year, the amount, causes and treatment of such discrepancies shall be stated: There was no discrepancy as the Company did not distribute rewards to employees and directors in 2023.

**(VI) Status of company share buyback:**

March 31, 2025

| Times of buyback  | 1st Buyback in 2000                   | Remarks |
|---|---------------------------------------|---------|
| Objective of share buyback  | Transfer to employees                 | None    |
| Buyback Period  | October 12, 2000 to November 10, 2000 |         |
| Price range of shares to be bought back   | NT\$2.55-5.15 per share               |         |
| Stock type and quantities repurchased   | Ordinary shares: 19,791,000 shares    |         |
| Amount of shares repurchased  | 56,439,252                            |         |
| Ratio of the number of shares bought back and expected number of shares to be bought back (%) | 98.96                                 |         |
| Number of retired and transferred shares  | 19,791,000 shares                     |         |
| Cumulative number of shares of the Company  | 0                                     |         |
| Percentage of cumulative number of shares of the Company of the total issued shares (%)       | 0                                     |         |

## II. Issuance of corporate bonds:

|   |  |  |      |
|---|--|--|------|
| Type of corporate bonds   | First tranche of unsecured ordinary corporate bonds in 2020  | Second tranche of unsecured ordinary corporate bonds in 2020     |      |
| Issuance date   | March 27, 2020   | September 25, 2020   |      |
| Nominal value   | One type of NT\$1 million  | One type of NT\$1 million  |      |
| Issuing price   | Issued at 100% of face value   | Issued at 100% of face value                                     |      |
| Total amount  | NT\$2 billion  | NT\$1 billion  |      |
| Interest rate   | Fixed annual interest rate at 0.78%  | Fixed annual interest rate at 0.65%                              |      |
| Deadline and maturity date  | 5 years<br>Maturity date: March 27, 2025   | 5 years<br>Maturity date: September 25, 2025                     |      |
| Guarantee agencies  | None   | None   |      |
| Trustee   | Trust Department, Taipei Fubon Commercial Bank   | Trust Department, Taipei Fubon Commercial Bank                   |      |
| Underwriter   | 2 underwriters including Fubon Securities Co., Ltd.  | Fubon Securities Co., Ltd.                                       |      |
| Certifying attorney   | I-Cheng Joint Law Office   | I-Cheng Joint Law Office   |      |
| Certifying CPA  | Deloitte, Taiwan   | Deloitte, Taiwan   |      |
| Redemption method   | Principal repayment in full at the expiry of the issuance period   | Principal repayment in full at the expiry of the issuance period |      |
| Outstanding principal balance   | NT\$2 billion  | NT\$1 billion  |      |
| Articles for redemption or early liquidation  | None   | None   |      |
| Restrictive provisions  | None   | None   |      |
| Name of credit rating agency (CRA), rating date, and results of corporate bond ratings  | Taiwan Ratings Corp.<br>November 8, 2019; Rating twA   | Taiwan Ratings Corp.<br>September 3, 2020; Rating twA            |      |
| Other rights attached   | Dollar amount of common shares already converted (swapped or warranted) and global depository receipts or other negotiable securities as of the publication date of this annual report | None   | None |
|   | Issuance and conversion (swap or subscription) methods   | None   | None |
| Possible dilution of equity or impact to the shareholders' equity caused by regulations on the issuance and conversion, exchange, or subscription to stocks | None   | None   |      |
| Name of commissioned custodian of exchangeable underlyings  | None   | None   |      |

**III. Issuance of preferred stocks: None.**

**IV. Issuance of global depository receipts (GDR): None.**

**V. Issuance of employees' stock option certificate and new restricted employee shares: None.**

**VI. Mergers, acquisitions or issuance of new shares for acquisition of shares of other companies: None.**

**VII. Implementation status of the capital utilization plan: The Company has completed all securities issuance or offering or has completed the plan within the most recent three years but has not seen significant benefits.**

## D. Business Overview

### I. Business activities

(I) **Business scope:** The Company's principal business activities, revenue distribution, current products (services) and new products (services) under development shall be listed.

1. Major business activities:

- (1) Manufacturing and domestic/overseas sales of hot-rolled steel coils (plates).
- (2) Manufacturing and domestic/overseas sales of cold-rolled steel coils (plates).
- (3) Manufacturing and domestic/overseas sales of galvanized steel coils (plates).
- (4) Manufacturing and domestic/overseas sales of carbon steel pipes.
- (5) Manufacturing and domestic/overseas sales of steel strapping.
- (6) Domestic/overseas sales of iron oxide powder and rust scale.
- (7) All business items that are not prohibited or restricted by law, except those that are subject to special approval.

2. Current product categories and new products planned for development:

The Company's businesses consist mainly of the production and sale of carbon steel products. Its main products include hot-rolled steel coils, cold-rolled steel coils, galvanized steel coils, and carbon steel pipes. The Company plans to develop products with higher added value in the future such as high-strength and thin cold and hot-rolled steel coils and ultra-thick and ultra-high-strength large-scale structural steel pipes.

3. Revenue breakdown:

The planned sales volume percentages of main products in 2024 are as follows:

| Primary Product                     | Ratio (%) |
|-------------------------------------|-----------|
| Hot-rolled steel coils              | 80.2      |
| Cold-rolled, galvanized steel coils | 16.1      |
| Steel pipes                         | 3.7       |
| Total                               | 100       |

### (II) Industry Overview

1. Current status and development

In 2024, the global steel market will be affected by factors such as slow overall economic recovery, geopolitical turmoil, and rising protectionism. Enterprises will face severe challenges in operation. In addition, high interest rates and inflation led to limited recovery in terminal demand. Since the third quarter however, annual maintenance and reduced production at steel mills helped rein in the supply side. Many countries also embarked on a cycle of interest rate cuts that led to a gradual improvement the capital environment and steady release of industrial demand. Against the backdrop of improved supply and demand and rising business operating costs, steel mills around the world became

firm in their support of prices. The underlying fundamentals of steel prices were significantly strengthened as well.

In terms of steel supply, in December 2024, the World Steel Association (worldsteel) announced that the cumulative global crude steel production in the first 11 months of 2024 was 1.695 billion tons, a year-on-year decrease of 1.4%; In addition, China announced that its cumulative crude steel output for the whole year of 2024 will be approximately 1.005 billion tons, a year-on-year decrease of 1.7%, indicating that the supply side is still shrinking. On the demand side, the World Steel Association (Worldsteel) predicted in October 2024 that the gradual relaxation of the financing environment will drive the recovery of private consumption and investment. Global steel demand is therefore expected to rebound by 1.2% in 2025 to 1.772 billion tons. In addition, the reconstruction demand derived from the wildfires in California, USA, and the traditional start of work season in Asia after the Lunar New Year holidays are expected to generate new opportunities for the steel industry.

Looking ahead to 2025, the World Economic Outlook released by the IMF on January 17 revised global economic growth in 2025 upward slightly to 3.3% (+0.1). Global inflation is still declining steadily, which should persuade central banks to continue with monetary easing to support economic development. Add to these the expansion of fiscal stimulus measures in China and basic demand downstream should remain firm. In addition, green transformation and artificial intelligence-related investments are also expected to drive further releases of steel demand. The long-term steel market is therefore expected to continue trending upward.

## 2. Relationship with upstream, midstream, and downstream industries

Chung Hung is a single-roll plant that produces hot-rolled steel coils, cold-rolled steel coils, carbon steel pipes, and hot-dipped galvanized steel coils. It is a midstream producer in the steel industry. Its main materials consist of slabs and hot-rolled steel coils and upstream materials are sourced from integrated steel mills. Suppliers include steel mills in Japan, Vietnam, and Taiwan. The steel products produced by the Company are supplied to downstream single cold-rolling plants, galvanization plants, and pipe production plants. Other industries that require the Company's products include construction, transportation vehicles (automobiles, motorcycles, and bicycles), industrial machinery, and electrical/electronic machinery (home appliances and personal computers).

## 3. Product trends and competition

### (1) Hot-rolled products:

A. Domestic market: Competition is intense due to the ease with which general steel materials can be imported, the presence of numerous competitors in the market, and

limited demand in Taiwan. Emphasis is therefore being placed on supply chain development to provide customers with reliable delivery times and timely feedback in order to keep up with changes in the market.

Export markets: Taiwan is located in the geographic center of East Asia and the sales of steel materials is easily affected by export competition from China, Russia, Japan, Korea, Vietnam, and India. Price wars often ensue for regular-grade steel materials. Therefore, the development of high-quality and differentiated steel products has indeed become an important trend and challenge.

- B. The production of ultra-thin plates is relatively difficult for hot rolling mills due to equipment and technology constraints. To replace parts of the products and improve market competition, we actively seek to develop ultra-thin plates.
- C. High-grade pickling and oiling products may replace certain cold-rolled products to reduce the cost of customers' materials and improve competitiveness.
- D. High-strength hot rolled products are processed and formed by customers into solar power brackets in keeping with global carbon reduction trends.

(2) Cold-rolled products:

- A. The production of ultra-thin plates is extremely challenging for cold rolling mills due to equipment and technology constraints as well as the thickness of the final products. Customers must use small rollers to produce 0.08-0.30mm products with high overall costs and low benefits. The development of ultra-thin plates is mainly targeted at products with 0.13-0.149mm in 1B thickness and medium to high-carbon steel products SB50C, SB65C, SK85M, and SK95M with a thickness of 0.25-0.30mm.
- B. Cold-rolled fineblanking and formed products retain higher spherical rates, precision in thickness, and surface quality suitable for automobile components with requirements for high-surface quality and complicated punching forms, particularly seatbelt components, gearboxes, and clutches.
- C. The high-strength thin cold-rolled plates 2B and 4B with a thickness of 0.25-0.50mm pose challenges to the cold rolling process and products are suitable for stationery, LED lead frame, and IC components.
- D. Domestic prices for general CQ1/CQ2 steel have been badly disrupted by large quantities of low-price imports. Taiwan is a thin market so there is intense competition on price.

(3) Steel pipes:

- A. Demand from the US oil pipeline market is expected to stay stable in 2025 so we will continue to consolidate our existing sales channels.
- B. Expand into other international markets and develop structural piping, pile pipe,

pipings, firefighting pipings and other products.

C. Integrate upstream and downstream resources and use Chung Hung's structural pipes in public infrastructure and construction projects to expand the scope of use.

(4) Galvanized products:

Galvanized products are used extensively for building materials and structural applications, High-strength materials are generally supplied by domestic steel mills.

Thin plate orders have relatively strict requirements for the hot rolling process.

Production and selling prices in the market are steady so this is a key area of development.

### **(III) Overview of Technology and R&D**

The Company is committed to the development of new products and technologies and the development of artificial intelligence (AI). We are continuing to focus on product quality improvements, process research, and equipment technology establishment to create applications for smart equipment, smart production, and smart operations. We also established the Smart Production and Sales Promotion Committee to promote the development of a smart system for production, equipment maintenance, production scheduling, quality management, product sales, occupational safety, and environmental protection. To cultivate talents required for AI development and facilitate the smooth introduction of AI, the Company actively participates in external training courses and constantly seeks assistance from professionals, the industry, and academia. The notable achievements in 2024 were as follows.

#### 1. Product development

(1) Developed hot-rolled 1.0 mm thick SPHC product.

(2) Developed hot rolled EN 10111 DD11 thickness 1.20 mm pickled oiled steel coil.

(3) Developed cold rolled marine steel strapping HPKH\_S.

#### 2. Product quality improvements

(1) Improved flatness of POL 5-ft steel sheet.

(2) Improved quality of UV coating on steel pipes.

#### 3. Process research

(1) Refined the thickness control technology for the tips of hot-rolled steel coils.

(2) Establishment of tail-board auto-leveling control technology for hot-rolled and finished steel band.

#### 4. Equipment technology establishment

(1) Completed replacement of the automatic surface inspection system (ASIS) on the hot rolling production line at the Hot Rolling Department.

(2) Completed the replacement of the F5 and F6 main motor for Hot Rolling Department.

(3) Completed replacement of flatness sensor on hot rolling line at Hot Rolling Department.

- (4) Completed replacement of 300HP double suction pump in the common area at Hot Rolling Department.
- (5) Completed the addition of new thermometers in the finishing rolling stations of the hot rolling line of the Hot Rolling Department.
- (6) Completed the replacement of high-voltage components in the leveling and re-coiling oiling machine of the Cold Rolling Department.
- (7) Completed the installation of FMOS n-line smart diagnostics system for the pickling and coating line at the Pickling & Galvanizing Department.
- (8) Completed the improvement of the automatic marking spray equipment for steel pipes at Dafa Steel Pipe plant.

#### 5. Artificial intelligence (AI)

- (1) Installation of intelligent image recognition system for crude steel receiving at the Hot Rolling Department.
- (2) Installation of AI image recognition system for the side edge of steel coil at the Hot Rolling Department.

### **(IV) Long-term and Short-term Business Development Plans**

#### 1. Short-term plans

Making full use of resources and strengthening production, sales, transportation, and storage; Gaining information on market trends and creating win-win with clients. Preparing equipment conversion and strengthening production management. Enhance digital management and ensuring the passing down of knowledge through human resources. Fully implement safety and health policies and carbon reduction and fulfilling social responsibilities.

#### 2. Long-term plans

- (1) Continuing to convert equipment to strengthen production capabilities and improving quality and technology.
- (2) Gaining information on market developments, implementing flexible production and sales operations, intensifying customer services, and co-creating industry development.
- (3) Revitalizing human resources, ensuring the transfer of technical know-how, creating a happy work environment, and attaining sustainable development goals for a sustainable enterprise.
- (4) Cultivating AI technology talents, promoting smart production and sales, and strengthening information security management to lay the foundations for long-term development.
- (5) Improve energy conservation and carbon reduction and attain carbon neutrality targets in response to international targets for net zero emissions.

## II. Market, production and sales

### (I) Market analysis

#### 1. Sales region for the main products:

The Company's product sales in 2024 included domestic sales which accounted for 65.15% of the total sales volume of 1.514 million tons (62.4% in 2023). Exports accounted for 34.85% and export regions include China, Japan, Korea, Southeast Asia, South Asia, Middle East, Australia, Europe and the Americas. Distribution was as follows: Southeast Asia (14.27%), North America (3.44%), Europe (14.43%), Japan and South Korea (2.36%), Hong Kong and China (0.24%), Australia and New Zealand (0.03%), Middle-East (0.02%), and Other (0.06%).

#### 2. Market share: The market share of the Company's products on the domestic market (based on sales in the domestic market).

(1) Hot-rolled products (including imports): 20.0%.

(2) Cold-rolled products (including imports): 8.2%.

(3) Galvanized products (including imports): 1.6%.

(4) Steel pipe products (including imports): 4.9%.

#### 3. Future market supply/demand and growth:

With Trump taking office, and end to the Ukrainian-Russian war and the Israel-Gaza conflict promises opportunities from post-war reconstruction; Higher tariffs will also lead to countries increasing trade barriers however. China still has a lot of steel production capacity even as new steel production capacity supply is coming online in Southeast Asia and India. Therefore, everything from the global political situation to the adjustment of production capacity and trade policies will shape the future direction of the steel market.

##### (1) Rising trade barriers

The import and export of steel will face more challenges as countries strengthen trade barriers. Markets such as the United States and Europe in particular are likely to strengthen anti-dumping measures against steel products from China and other countries. This may lead to changes in the pattern of global steel trade, especially for major steel exporting countries such as China, India and Southeast Asian countries. The resulting market uncertainty may affect the stability of the global steel supply chain.

##### (2) Overcapacity and adjustment in China

China's overcapacity problem in steel still exists despite the Chinese government taking proactive measures to limit production capacity that does not meet environmental standards and promote structural adjustments in the steel industry. A great deal of capacity still remains especially in low-cost steel production. The Chinese steel industry may face

more policy and environmental challenges in the next few years but it will still be an important source of low prices in the global market and will continue to influence global steel price trends.

### (3) Steel capacity expansion in Southeast Asia and India

Steel production capacity in Southeast Asia and India is expected to increase by approximately 60 million tons in the future. These regions have the potential to become new centers of future steel supply. For example, the Indian government is actively promoting the development of manufacturing and investing heavily in infrastructure, which will drive steel demand. Southeast Asia may become an export-oriented steel production base due to its relatively low costs. Increased steel supply from these emerging markets will change the global steel trade landscape and may increase competition for steel demand from other countries.

### (4) Post-war reconstruction opportunities

The Ukraine-Russia war and the conflict between Israel and Hamas may generate a wave of demand for infrastructure reconstruction after the war, which is in turn a positive signal for steel demand. The reconstruction of infrastructure in the Middle-East, Eastern Europe or Ukraine will all require large amounts of steel and represent a growth opportunity for the steel market in the short term. However, growth in this type of demand can be cyclical and subject to political and economic instability.

### (5) Increasing environmental regulation

As global environmental protection requirements increase, the steel industry needs to pay more attention to the application of low-carbon technologies. This could lead to technological innovations in the steel production process, such as the use of hydrogen reduction technology, electric arc furnaces and other low-carbon steel production methods. Such technological innovations can not only meet the requirements of environmental regulations, but also bring competitive advantages to the industry. This will affect the structure of the future steel market, especially in developed markets.

### (6) Changing global demand

Steel demand around the world will be affected by global economic developments. As the world's largest steel consumer, China for example may face a reduction in domestic demand in the future (such as China's economic structural transformation, real estate market adjustments, etc.), which will have a certain degree of impact on the steel market. By comparison, growing demand in India, Southeast Asia and Africa is likely to become the main growth driver.

In summary, the future development of the steel market will be complex. Trade barriers, capacity adjustments, political factors and environmental pressures will jointly affect market dynamics. Overall, in the short term, there may be an increase in steel demand due to reconstruction demand. In the long term however, the market growth rate will depend on the adjustment of policies in various countries, especially in terms of trade and environmental regulations. In addition, capacity expansion in emerging markets such as India and Southeast Asia will be a key competitive factor in the future.

4. Factors affecting competitive niches and long-term Market development, as well as response strategies:

(1) Favorable factors for long-term market development:

The performance of the steel market is determined by supply and demand. Prices go down if supply is greater than demand, and prices go up if demand is greater than supply. Domestic and foreign steel markets experienced a weak 2024. An end to hostilities between Russia and Ukraine as well as between Israel and Palestine may offer the steel market an opportunity to enter the post-war reconstruction stage. The replenishment of inventory and rebound in prices along with the stabilization of international prices may all bring about a thaw in the steel market. To ensure the sound development of the steel market, before any push to increase prices the Company needs to balance domestic and foreign sales prices, save costs and resist imports when appropriate. At the same time, it needs to pay attention to the changes and impacts of trade barriers in various countries and seek breakthrough windows in foreign sales, so that the upward trend of the steel market in the future can be more stable and long-lasting.

Europe and US have all passed and implemented carbon tax laws in response to global warming and extreme climate change. These developments have attracted widespread international attention and Taiwan will not be immune. Domestic carbon fees have been finalized and will take effect from January 1, 2025. Carbon emissions will be formally incorporated into carbon fee calculations in 2025 with payments to commence in May 2026 based on the carbon emissions declarations for 2025. The Company is sparing no effort when it comes to low-carbon transformation through the development of low-carbon production processes, improvement of energy efficiency, and the implementation of related carbon reduction projects. The low-carbon trend represents not only a challenge but also unlimited possibilities. Seizing the initiative on carbon reduction will provide an advantage during the transformation process. The Company can only stay competitive if product carbon emissions can be kept low in the future.

Global trade is rife with obstacles and litigation. The top priority for businesses today is how to stay competitive and maintain sustainability. One of the options for expanding sales and maintaining steady business is “product certification.” The Company has obtained international steel product certifications in the EU, UK, Vietnam, Malaysia, Singapore, and New Zealand. We are continuing to work to expand the scope of export orders.

The international situation can be very volatile. The Company must adapt to international developments, embrace new changes, make timely adjustments and seize the initiative in order to maintain our market position and stay viable.

(2) Unfavorable factors for future market development and response strategies:

The global economy is currently recovering at a slow pace. Although inflation and high interest rates are gradually receding, the inauguration of new governments in many countries has led to increasing uncertainty on economic policy uncertainty. These may hinder the pace of monetary easing policies and thus affect fiscal and financial stability. In addition, the rise of global trade protectionism and the conflict effects that may be caused by Trump's tariff policy have cast uncertainty risks on global trade and are also inhibiting the investment and recovery process of downstream industries. In addition, the real estate slump in China led to the Chinese steel market exporting excess steel at low prices. When coupled with the expansion of steel production capacity in Southeast Asia and the commissioning of new mills, supply still outstrips demand in the overall industry. It is expected that under the influence of competition from various countries, the stability of the Company's domestic and foreign sales orders may face severe challenges.

The Company must therefore constantly adjust our sales strategy based on the state of the industry and optimize our sales combinations to keep our business on an even keel. At the same time, we will work closely with customers to develop customized products and do everything possible to satisfy customer requirements. Higher levels of customization translates into more steady orders and customer dependence (loyalty). Interference from market factors will become smaller as well. The stability of raw material supply has always been the Company's greatest advantage. Ensuring the continuity of supply for customers is another surefire way for consolidating orders and creating a win-win outcome for both the Company and our customers.

As noted in (1) above, proper implementation of carbon reduction measures will reduce the carbon emissions of products and lower expenditure from carbon fees; applying for international product certification to expand the scope of export orders is also another key task that the Company must continue working on in the future.

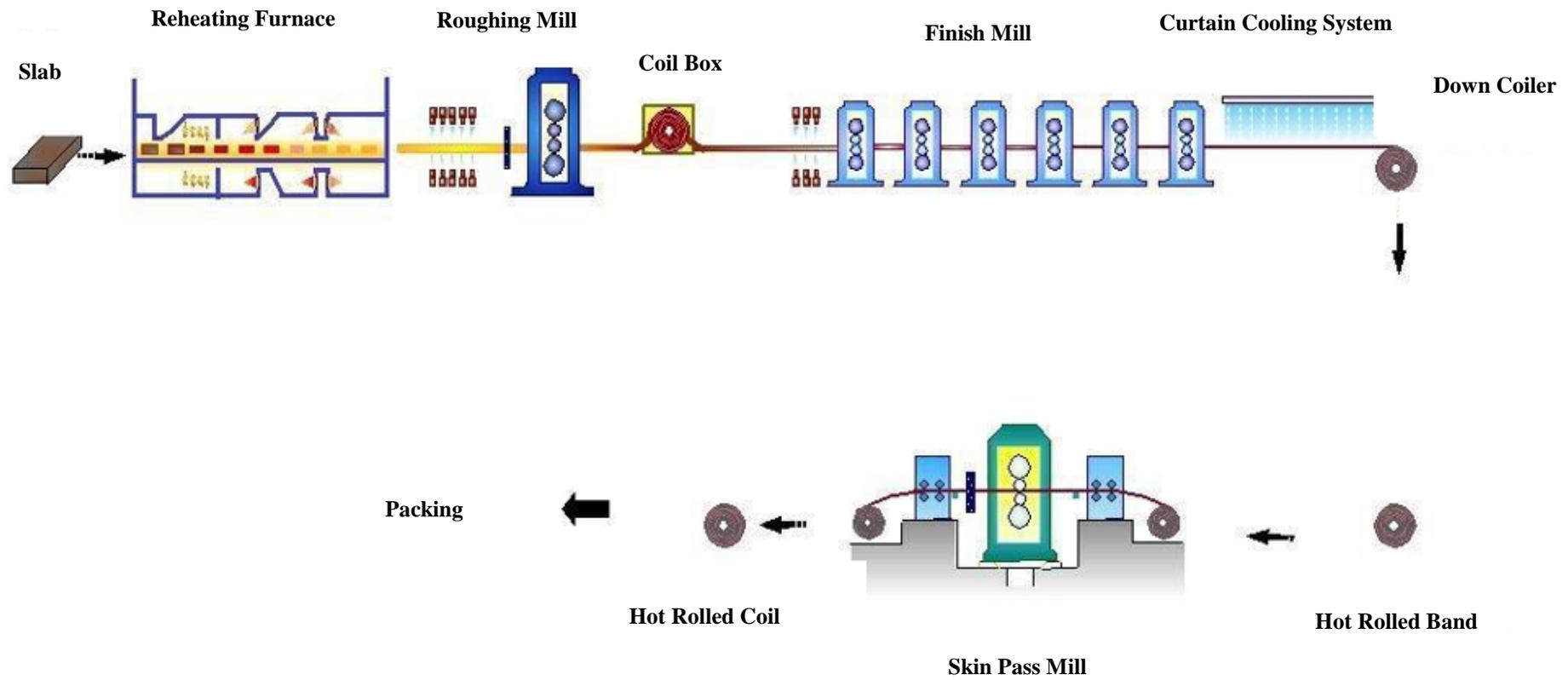
## (II) Major product manufacturing processes

### 1. Applications main products

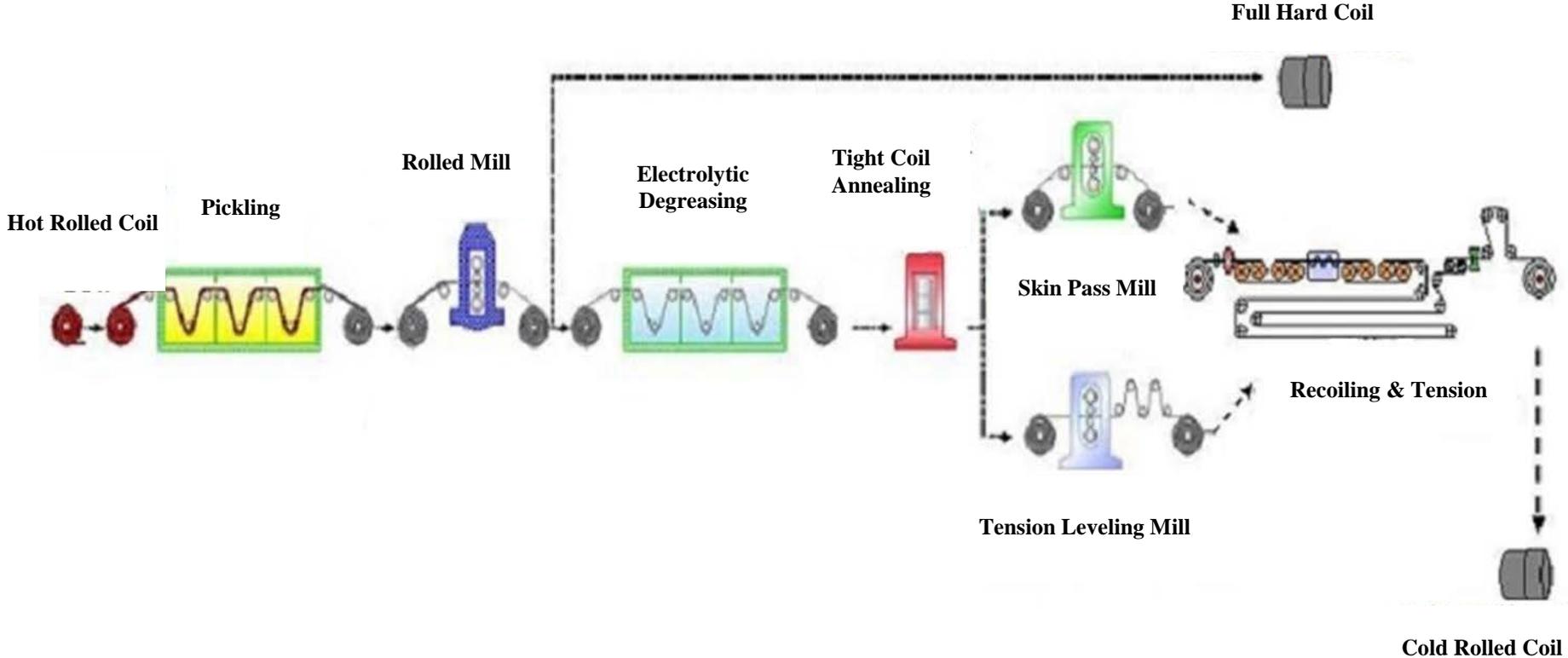
| Product                 | Applications  |
|-------------------------|---|
| Hot-rolled steel coils  | <ul style="list-style-type: none"><li>● Re-rolling steel coils such as processing into cold-rolled steel plates and galvanized (coated) steel plates.</li><li>● Soft steel for processing into products such as containers, tools, and agricultural machinery.</li><li>● Structural steel plates for processing into products such as structural steel for buildings, bridges, and vessels, automobile components, containers, oil tanks, and crane beams.</li><li>● Production steel materials such as production of steel pipes for various purposes.</li></ul> |
| Cold-rolled steel coils | Steel products such as chains, umbrella runners, stationery, wheel rims, galvanized products, pipes, furniture, paint, container panels, panel tube bending, electroplating, stamping, electrical appliances, household products, and parts for the automotive industry.  |
| Galvanized steel coils  | Widely adopted in household appliances, construction materials, transportation, pre-galvanized steel pipes, and office furniture.   |
| Steel pipes             | Civil engineering construction materials such as API steel pipes, structural steel pipes, high and low-pressure ducts, galvanized steel pipes, drainage, gas transportation, and railings.  |

## 2. Production process

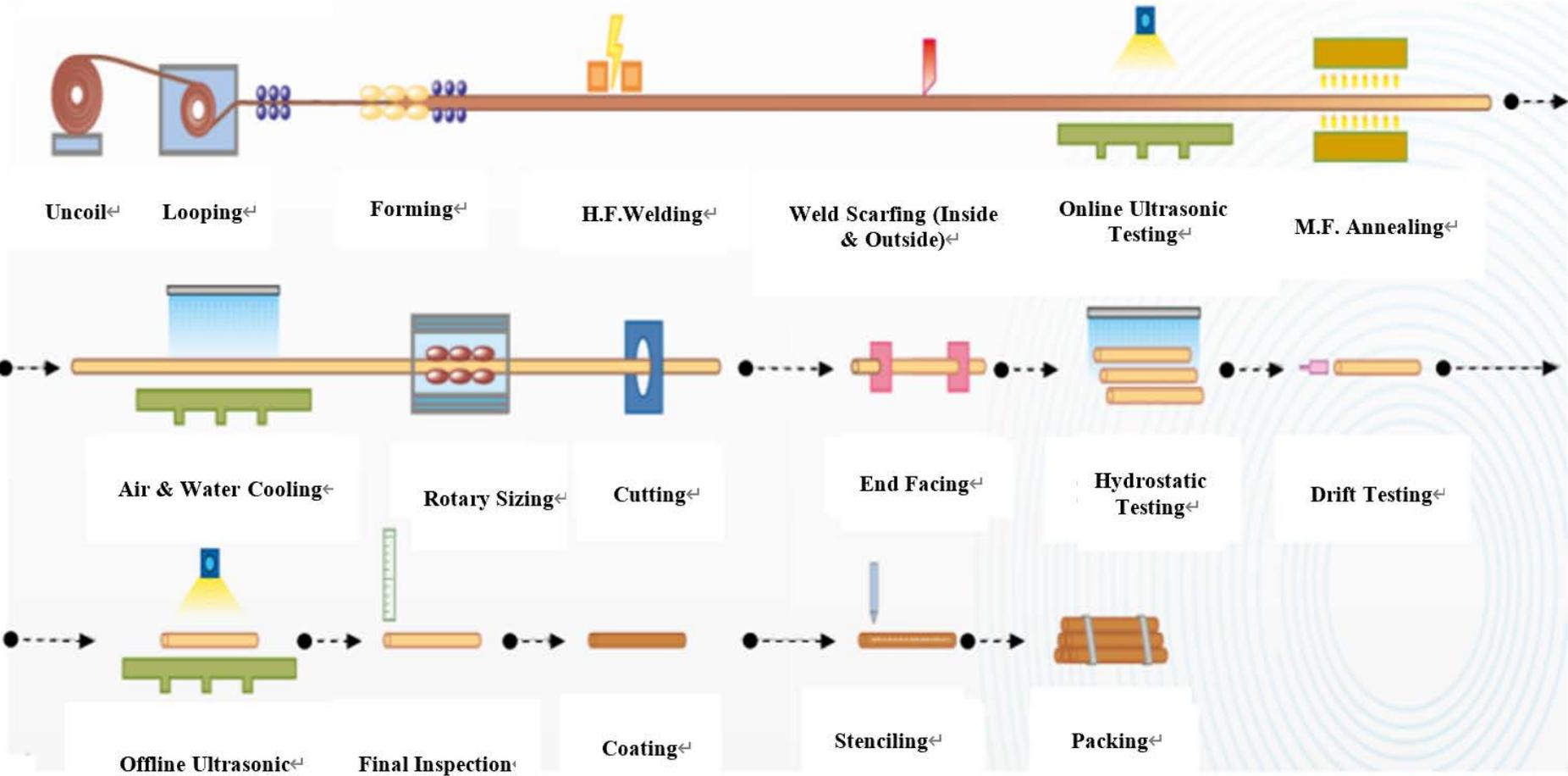
### (1) Hot-rolled steel coils



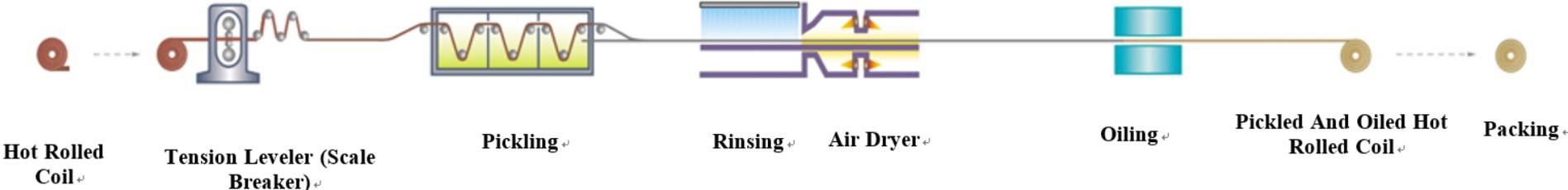
(2) Cold-rolled steel coils



(3) Steel pipe products



(4) Pickling products



### (III) State of supply of chief raw materials

Hot-rolled steel coils produced by the Company are mainly for its internal use and external sales. The main materials are slabs sourced mainly from Japan, Vietnam, and Taiwan. Material suppliers and quality are all stable; The materials used for cold-rolling and steel pipes are hot-rolled steel coils. Some are sourced from Taiwan and the supply of raw materials is good.

### (IV) Names of customers who accounted for more than 10% of the sales in any of the last two years, and sales as a percentage of total sales

#### 1. Suppliers that accounted for more than ten percent of total purchases:

Unit: NT\$ thousand

|      | 2024                     |            |  |                              | 2023                     |            |  |                              | 2025 up to the end of the first quarter  |
|------|--------------------------|------------|--|------------------------------|--------------------------|------------|--|------------------------------|--|
| Item | Name                     | Amount     | Percentage of net purchases for the year (%) | Relationship with the issuer | Name                     | Amount     | Percentage of net purchases for the year (%) | Relationship with the issuer | Information at the end of the quarter before the publication date of the 2025 Annual Report is information from 2024. Therefore, the information is the same as the information on the left. |
| 1    | Dragon Steel             | 12,049,176 | 43   | Related party                | Dragon Steel             | 14,386,545 | 43   | Related party                |  |
| 2    | SUMITOMO                 | 7,948,387  | 29   | Supplier                     | SUMITOMO                 | 10,749,751 | 32   | Supplier                     |  |
| 3    | China Steel              | 6,672,095  | 24   | Related party                | China Steel              | 7,242,475  | 22   | Related party                |  |
| 4    | Others                   | 1,184,395  | 4  | N/A                          | Others                   | 1,268,677  | 3  | N/A                          |  |
|      | Net amount for purchases | 27,854,053 | 100  | N/A                          | Net amount for purchases | 33,647,448 | 100  | N/A                          |  |

Description of changes: Mainly due to a reduction in purchases in 2024 compared to 2023.

#### 2. Customers that accounted for more than ten percent of total sales:

Unit: NT\$ thousand

|      | 2024       |            |   |                              | 2023       |            |   |                              | 2025 up to the end of the first quarter  |
|------|------------|------------|---|------------------------------|------------|------------|---|------------------------------|--|
| Item | Name       | Amount     | Proportion of total net sales value for the entire year (%) | Relationship with the issuer | Name       | Amount     | Proportion of total net sales value for the entire year (%) | Relationship with the issuer | Information at the end of the quarter before the publication date of the 2025 Annual Report is information from 2024. Therefore, the information is the same as the information on the left. |
| 1    | Customer A | 4,313,646  | 14  | Customer                     | Customer C | 5,444,048  | 15  | Customer                     |  |
| 2    | Customer B | 3,549,929  | 12  | Customer                     | Customer A | 5,081,121  | 14  | Customer                     |  |
| 3    | Customer C | 3,301,935  | 11  | Customer                     | Customer B | 4,920,050  | 13  | Customer                     |  |
| 4    | Others     | 18,861,557 | 63  | N/A                          | Others     | 21,803,120 | 58  | N/A                          |  |
|      | Net sales  | 30,027,067 | 100   |                              | Net sales  | 37,248,339 | 100   |                              |  |

Description of changes: Decrease in unit sales volume of steel products in 2024.

**III. Human resources**

**Number of employees, average years of, average age, and education of employees for the last two years until the public date of this report**

March 31, 2025

| The Company and subsidiaries of the Company |                                      | Year        |             |                     |
|---|--------------------------------------|-------------|-------------|---------------------|
|   |                                      | End of 2024 | End of 2023 | 2025 up to March 31 |
| Number of employees                         |                                      | 1,053       | 1,092       | 1,042               |
| Average Age                                 |                                      | 49.23       | 48.49       | 49.19               |
| Average years of services                   |                                      | 20.58       | 19.85       | 20.48               |
| Academic qualification %                    | Doctorate                            | 0.19        | 0.27        | 0.19                |
|   | Master's                             | 11.78       | 12.18       | 12.00               |
|   | College                              | 55.65       | 54.58       | 55.76               |
|   | High school (vocational high school) | 31.15       | 31.32       | 30.90               |
|   | High School and below                | 1.23        | 1.65        | 1.15                |

Note: The number of employees did not count the 7 directors that were not also employees.

**IV. Environmental management measures and environmental protection expenditures**

To uphold our core EHS values and philosophy of “Environmental Concern” and “Energy Conservation and Waste Reduction”, the Company is committed to doing our best in environmental protection, to continue engaging in energy conservation and waste reduction, strengthen consultation and engagement, and to continue improving environmental management performance. We have now passed various inspections and verifications (ISO 14001, ISO 50001 ISO 14064-1, ISO 14064-2, ISO 14067), and won numerous awards.

The “Carbon Reduction and Carbon Neutrality Task Force” is continuing to operate in response to international net zero targets and the requirements of EU’s Carbon Border Adjustment Mechanism (CBAM). We are now working actively to develop carbon reduction pathways and setting short, medium and long term carbon reduction targets with 2024 as our base year in accordance with requirements set by the FSC. In terms of climate change mitigation, the “Recommendations of the TCFD” framework issued by the Financial Stability Board (FSB) was adopted to conduct an inventory of the risk and opportunities that

climate change is bringing to the Company as well as the response measures to take. We support national energy conservation and carbon reduction targets by adopting policies on energy management system, GHG emission management, carbon reduction pathway, and annual 1% reduction in electricity consumption. Action plans are being developed for the continued implementation of energy conservation and carbon reduction, including: Improving the efficiency of combustion and power facilities, continuing to operate the ISO 50001 energy management system, and using renewable energy, etc. ISO 14064-1 greenhouse gas inventory and product carbon footprint inventory are also used to identify greenhouse gas emission hot spots, effectively manage and control progress on carbon reductions. The challenges of net zero emissions are being dealt with in a proactive manner.

Carbon credits and quotas is another coming trend. Our "Project for the Replacement of Heavy Oil with Natural Gas as the Heating Furnace Fuel" has already obtained 253,696 tonnes of CO<sub>2</sub>e in total carbon credits, equivalent to the carbon reduction produced by 1,045 Da-an Forest Parks. The reduction quota can not only be used by the Company directly but can also be traded through the carbon trading platform to increase profitability.

In terms of greenhouse gas inventory, the Company's organization boundaries for the inventory was set based on the operational control method in accordance with the requirements of the Greenhouse Gas Inventory Guidelines of the Environmental Protection Administration. Greenhouse gas emissions in 2023 amounted to 277,176.773 tons CO<sub>2</sub>e. External verification by a third party (DNV) was achieved in June 2024 and ISO 14064-1 verification statement obtained; Preliminary inventory of greenhouse gas emissions in 2024 amounted to 238,943.691 metric tons CO<sub>2</sub>e. External verification by a third party (DNV) was achieved in May 2025 and ISO 14064-1 verification statement obtained. The greenhouse gas inventory of the subsidiary (Hung Kao) will also be completed in 2025, and the greenhouse gas emission information disclosed simultaneously in the annual report and ESG.

In conclusion, steel is an energy-intensive and carbon-intensive industry that is coming under pressure from growing environmental awareness both domestically and overseas. To alleviate the environmental and GHG problems associated with our industry, the Company is actively implementing climate change response, carbon management, energy management, and air pollutant management to meet regulatory requirements. We also implement action plans to attain annual targets. The Company shall continue to fulfill corporate social responsibility by evaluating and identifying opportunities for further reductions and improvements.

**(I) Total amount of losses and penalties incurred due to environmental pollution in the most recent fiscal year up to the publication date of this annual report:**

There were no records of losses or penalties due to environmental pollution from January 2024 to March 2025.

**(II) Future response strategies and potential expenditures**

1. Expenses for pollution prevention (remediation), changes/modification in permits, detection of polluting emissions, appointment of qualified contractors for proper waste removal and disposal, land restoration, greenhouse gas emissions reduction (energy conservation investments), personnel training, third-party certification (audits) of management systems, special assistance projects, and regulatory fees for environmental protection (air pollution fees, soil pollution fees, water consumption fee... etc.).
2. Environmental protection expenditures in 2024 amounted to NT\$43,760 thousand.

| Item   | Amount (NT\$ thousand) |
|--|------------------------|
| 1. Air pollution prevention costs  | 6,089                  |
| 2. Water pollution prevention costs  | 3,330                  |
| 3. Industrial waste disposal expenses  | 22,390                 |
| 4. Soil pollutant expenses and soil and groundwater inspections  | 127                    |
| 5. Toxic chemical (statuary expenses, review, and certification expenses)  | 0                      |
| 6. Drinking water inspection expenses (including the cost of repairs)  | 524                    |
| 7. Greenhouse gas reduction (including investments in energy-efficiency improvements, counseling, and verification fees) | 11,300                 |
| Total  | 43,760                 |

3. Total estimated environmental protection expenditures in 2025 is approximately NT\$60,688 thousand.

| Item   | Amount (NT\$ thousand) |
|--|------------------------|
| 1. Air pollution prevention costs  | 11,510                 |
| 2. Water pollution prevention costs  | 4,075                  |
| 3. Industrial waste disposal expenses  | 26,860                 |
| 4. Soil pollutant expenses and soil and groundwater inspections  | 127                    |
| 5. Toxic chemical (statuary expenses, review, and certification expenses)  | 0                      |
| 6. Drinking water inspection expenses (including the cost of repairs)  | 616                    |
| 7. Greenhouse gas reduction (including investments in energy-efficiency improvements, counseling, and verification fees) | 17,500                 |
| Total  | 60,688                 |

### **(III) Responding to the European Union's Restriction of Hazardous Substances Directive (RoHS)**

1. The Company's products are RoHS compliant.
2. Impact of compliance with RoHS on the Company's financial operations: None.

### **V. Protection measures for work environment and employees' personal safety**

The Company upholds the core value of "respect for life" in its Environment, Safety and Health Policy. In terms of occupational safety and health, the Company implements operations based on the five dimensions of "facility improvements, supervisory inspection, education and training, health management, and contractor management". We also implement the annual occupational safety and health management plan as well as internal and external audits for ISO 45001 (CNS 45001) and TOSHMS management systems. The PDCA system cycle is enforced to improve safety and health performance. A "Company Occupational Safety and Health Committee" has been established in accordance with the "Occupational Safety and Health Management Procedures" passed by the Company. The President serves as the Committee Chairperson while OSH personnel, managers, occupational medicine personnel and labor representatives make up the Committee membership at each level. Labor representatives also make up more than 1/3 of the Committee membership. The Committee meets every 2 months to discuss OSH topics and management performance.

#### **(I) Improvement of facilities**

1. Continue to promote regional collective defense for occupational safety: Each section conducted an inventory of potential hazards in its operating area and drew a risk map. The risk map was used to select the improvement focus for the year (total of 14 topics including collisions, caught-in/between, falls, collapse, electrocution, falls, burns, cuts (scratches), exposure to hazardous chemicals, falling objects, crushing, hypoxia, poisoning, and fire). All personnel took part in self-inspections and zone defense to continue identifying and making improvements to potential hazards in the working environment. In terms of allied defense operation videos and outcomes at each plant, delegations made up of tier-1 managers, representatives from other plants and industrial safety personnel led by senior executives toured each plant to learn from and interact with each other. Self-inspections and allied defense identified 628 potential hazards during 2024 and the completion rate for improvements was 100%.

2. For overhead crane hoisting operations, the remote crane controls will now emit a buzzing sound when there is personnel in the exclusion zone. In 2024, a total of 36 overhead crane remote controls were installed and clearly listed in the SJP.
3. Reviewed the effectiveness of setting up physical fences or restricted areas where equipment may generate ionizing radiation. Radiation warning signs and messages were also prominently displayed at the entrances, exits, and within the restricted area. The factory currently has 6 X-ray machines, all of which comply with regulatory requirements and have an inventory control system in place.
4. The focus in 2024 was on each plant's emergency response to fire. Statutory requirements and the outcomes of the risk assessments were used to conduct an inventory of areas with high fire risk (incl. reheating furnaces, fuel rooms, power rooms, natural gas metering stations, electricity substations, oil storage area, steel pipe UV coating area, reheating furnace, rolling machines, welding area of acid cleaning zone, as well as statutory firefighting, reporting and evacuation drills) and response facilities and equipment. Emergency response drills were then developed and conducted. The drills were assessed and reviewed on the process, outcomes, and targets accomplished to ensure the effectiveness of emergency response from plant employees.

## **(II) Supervisor Inspections**

1. Constant safety observations by supervisors: To identify and eliminate unsafe behavior by personnel at work, supervisors take videos of workers during their routine safety inspections or review CCTV footage for day, night and weekend shifts. Supervisors and workers in the video review the footage together to see if there are any unsafe behaviors and confirm that actual operations comply with SJP. A total of 1,773 cases were conducted in 2024, including 1,360 cases by team leaders, 99 cases by plant safety engineering, 275 cases by (deputy) section leaders, and 39 cases by (deputy) plant managers. Total completion rate was 104%. The enforcement of dynamic safety observations by supervisors achieved a compliance rate of 97.7% for worker behavior. The remaining 2.3% of unsafe behavior were identified and preventive action taken.
2. Occupational safety audits: Audits were conducted through on-site walk-about management and monthly industrial safety audits. Audit topics were (1) dynamic safety observation by supervisors at each plant, (2) general safety observation by supervisors, (3) on-site inspection of operations, (4) hazard identification and preventive safety awareness, (5) On-site inspection of contractors, random inspection of contractors' daily zero-accident activities, and the five questions of industrial safety. The five questions of industrial safety

- include: A. Personnel health care, B. Each step of daily operation items, C. How they are to be performed, D. Hazards of each operation (any hazards in the operation must be raised, publicized and recorded), E. Methods for prevention and inspection, and use of related protective equipment, etc. A total of 315 items were inspected in 2024 resulting in 279 compliant items (88.6%) and 36 non-compliant items/recommendations (11.4%) were not compliant/recommended related to process safety facilities and integrity of records. All were subsequently recorded in the maintenance system for follow-up and improvement completed.
3. Hazardous chemical management audit: In the third quarter of 2024, the President led supervisors, industrial safety personnel and other personnel in conducting on-site inspections of flammable and explosive chemicals. The inspections targeted the consistency and implementation during their storage, use, declaration, and emergency response. The results of the inspection are as follows: All plant areas complied with the regulations (priority management chemicals, factory hazardous materials, and public hazardous materials). The President reminded plants to continue to improve (1) the siting of the chemical local map (such as the factory gate, shift room) as well as understanding and training on disaster relief information responsibilities (such as guards and shift supervisors); (2) Chemical location maps should detail storage or usage locations to achieve the goal of zero disasters.

### **(III) Training**

1. Type A Occupational Safety and Health Supervisor Training (42 hours): Supervisors (team leaders above) and engineering coordinators undertaking construction or supporting work received training to improve their OSH-related knowledge and skills. The course covered occupational safety and health laws and regulations, work hazard identification, safety assessment and hazard control, contract management, emergency response, workplace health management and occupational disaster investigation and statistics. The cost of training was met by the Company and official leave granted for special training classes. A total of 39 people completed the training and passed the test to obtain completion certificates.
2. Traffic safety and defensive ability: To reduce probability of traffic accidents among employees by strengthening their traffic safety awareness and defensive driving skills, the plants conducted regular education on the importance of proper tire pressure and tread depth for motorcycles, and general traffic safety knowledge. 5 sessions of “Defensive Driving Traffic Safety Training and VR Hazard Perception Experience” were also held for 56 people at the Chung Hung Industrial Safety Training Building this year. The fusion of defensive driving training with VR technology was used to create an immersive simulation on how to

defend against real-world hazards. Colleagues reported that the course was practical and the immersive training was very helpful in improving defensive motorcycle riding skills.

3. We continued to carry out various on-the-job (refresher) training to enhance the safety and health awareness, capabilities and professional skills of our employees and contractors. The safety and health education and training courses included "radiation protection", "confined space workers", "oxygen-deficient operation supervisors", "forklift operators with a load of more than one tonne", "fixed crane operators with a lifting load of more than three tonnes", "specific chemical operation supervisors", "high-pressure gas container operators", "first aid personnel", "respiratory protective equipment wearing and fit testing", etc. The 21 training courses were conducted for 85 classes and were attended by 1,803 participants.
4. Occupational safety and health hazard prevention demonstration activities: Interactive experience activities on safety, health, and hazard prevention were held in conjunction with the Ministry of Labor to enhance employee and contractor understanding of proper workplace safety and health as well as protection of labor rights against occupational accidents. A total of six activities were conducted including (1) noise hazard prevention, (2) introduction to fire, explosion and GHS safety data sheets, (3) mechanical winding or cutting, (4) human-factor hazard prevention, (5) high-altitude work harness experience, and (6) labor safety video. Total participation was 160 people.

#### **(IV) Health management**

1. Working environment monitoring: Qualified workplace environment monitoring bodies are commissioned to confirm and evaluate workplace and environmental hazards every year. The tracking of actual working conditions and evaluation of work exposure ensure the environmental quality of the workplace, as well as the safety and health of employees. The monitoring items in 2024 include chemical factor monitoring (such as: n-hexane, potassium dichromate, ethyl acetate, toluene, acetone, butanone, sulfuric acid, isopropanol, dust, carbon dioxide, etc.) and physical monitoring items (such as: noise, comprehensive temperature heat index, local exhaust wind speed measurement, etc. The 29 items were monitored once every 6 months and the results were all normal.
2. Employee health management and promotion:
  - (1) Health exams are arranged for all employees every year and the 19 items examine exceed the mandatory 7 items required by law. An employee health risk management process was also established by the Company to periodically analyze the results of employees' health exams and provide tiered management of employee health risks. High risk individuals (those with high blood pressure, low density lipoprotein  $\geq 190$

mg/dL, ECG shows atrial fibrillation, old myocardial infarction, myocardial anoxia, or Glycated Hemoglobin  $\geq 8\%$ ) receive support such as having their supervisor check on their health, interview with occupational medicine specialist, follow-up by occupational nurse, and health promoting activities. Employees are educated on the link between metabolic disease and heart disease as well as the importance and ways of preventing and controlling metabolic diseases. Employees are also encouraged to cultivate a healthy lifestyle. The number of individual with high health-risk in 2024 declined by from 260 to 161, a reduction of 61%.

- (2) Special operations health exams were carried out for 7 items (noise, ionizing radiation, n-hexane, manganese and its compounds, mercury and its compounds, dust and chromic acid). Testing was conducted 167 times and there were no tier-4 managers.
- (3) Health promotion: The Company organizes weight loss events, health seminars and Hepatitis B/C screening events to protect employee health.
  - A. Weight loss events: Personalized health education was provided by the occupational medicine specialist and nurse for the 102 employees with a BMI > 24 including knowledge, attitude, and skills relating to weight loss, disease prevention and health maintenance. Personalized weight loss, diet and exercise plans were also developed for each employee. A total of 102 people took part in the voluntary weight loss activity during 2024 and lost 77.8kg in total. First place winner in individual weight loss managed to shed 13kg.
  - B. Health seminars: In 2024, a total 5 seminars were held with a total attendance of 152. Health seminars conducted by doctors reminded employees about the health risks of metabolic syndrome and encouraged employees to get in the habit of exercises. Employees were also reminded to practice health self-management and adjust their lifestyle. These measures along with proper exercise and diets will help with maintenance health and preventing disease.
  - C. Cancer (oral cancer, colorectal cancer) and hepatitis B/C screening: The screening was conducted by the Qiaotou Health Center in Kaohsiung City. Total participation was 147 personnel and all the results were normal.
  - D. For International Women's Day on March 8, we organized a health course on "Metabolism and Prevention of Women's Diseases" for 97 female colleagues in the Company. Through understanding how diet can slow down the metabolic impairment and discomfort symptoms caused by menopausal hormonal changes, we

deepened our understanding of the causes, symptoms and prevention of women's diseases.

- E. The first "Male Prostate Care Course" was held on Father's Day (August 8), targeting 120 male colleagues selected through annual health check-up results, so that they can understand the causes, symptoms, prevention and proper self-treatment of prostate diseases in advance.
3. Computerized health system management: Each employee can now query their own personal health risk indicator - trend analysis radar map as well trends based on their past health exams. Occupational nurses can also use the system to effectively analyze and track employees' health exam data. All personnel can now track their own state of health at any time.
4. Execution of four key projects: Ergonomic hazards, abnormal workload, unlawful infringement, and protection of maternal health:
  - (1) Ergonomic hazards: The "Musculo-skeletal symptom self-awareness" questionnaire survey was completed by all 1,093 employees with a recovery rate of 100%. The outcome of the assessment was as follows: 19 people reported symptoms of discomfort. Interviews and health advice from the occupational physician, no direct link was found between nature of work or work posture. No complaints were reported during the year.
  - (2) Abnormal workload: A comprehensive risk assessment for occupational cerebral and cardiovascular diseases revealed that a total of 18 people were at high risk. Interviews and consultations with physicians were arranged to prevent over work and stress as well as ensure the occupational safety and physical/mental well-being of workers. Occupational physicians assessed that 14 people had no need to adjust their working hours or change jobs. The occupational physician recommended against overtime, shift work as well as solo and physically demanding operations for 4 persons due to disease.
  - (3) Unlawful infringement:
    - A. The completion rate of the Company's risk assessment survey for plants (departments) was 100%. The external risks and internal risks of the plants (departments) were surveyed and the risk items included Risk assessment surveys were conducted at each plant (department) on physical violence, verbal violence, psychological violence, and sexual harassment. There was 1 case of moderate risk (personnel from technical unit dealing with product complaint at the customer site) and all other cases were moderate risk. Management measures were taken for the

moderate risk item (experienced mentor help new employees familiarize themselves with the workplace) to provide a workplace environment where workers are protected from illegal infringements.

B. Employee awareness training: The Labor Standards Inspection Office of Kaohsiung City was invited to conduct "Building a Friendly Workplace - Preventing Illegal Infringement in the Workplace" education and training for all employees. Completion rate was 100%.

- (4) Protection of maternal health: The "Statement on Maternal Health Protection for Female Workers" was signed by the President as a declaration of the Company's commitment to maternal health protection for by developing a working environment that is friendly to the physical and mental health of female workers. Maternal health protection was activated for two pregnant female workers in 2024. Interviews and assessments with the occupational safety, occupational nurse and occupational medicine specialist determined that their work posed no threat to maternal health and there was no need for adaptive work adjustment.

#### **(V) Contractor management**

1. Three-tier construction safety review meeting for contractors carrying out regular (annual) maintenance or large projects with a value of \$2 million or more: The 5 projects in 2024 included confined spaces, elevated, heating furnace refractory repair, overhead crane rail adjustment, and removal of RC structure for waste emissions fan at regeneration plant. The contract execution unit convened a three-tiered construction safety review meetings (contract execution unit contractor → plant unit → assistant vice president-grade unit). Contractors were asked to give a briefing on the construction techniques they will be using so that they can reviewed and questions asked by the relevant units during the meeting. Project summary, construction method (flow chart, hazard identification, risk assessment, and disaster prevention plan), safety and protective facilities, construction machinery and equipment, construction area partitioning and personnel/traffic management, personnel training and hazard notification, self-inspection plan, change management, emergency response plan and drills. By conducting a rigorous review before the start of construction, all hazardous risks can be identified and preventive action taken to minimize danger during construction. The "Three-Zero" goal of zero disabling injuries, zero occupational injuries, and zero fines could then be achieved.

2. Contractor management: To implement contractor management and provide contractors with opportunities to learn from each other, the "Contractor and Safety & Health Conference" is held every year. Four sessions were held in 2024 with 20 contractors taking part. During the conferences, contractors gave briefings on hazard identification during contract work and the corresponding SJP. On-site demonstrations were also given. Financial incentives were awarded to contractors for outstanding briefings and on-site demonstrations, and to contractor personnel for active participation in the QA sessions.
3. OSH self-management assessment for long-term contractors: To encourage long-term contractors stationed at each plant to practice safety and health management, the "Rules Governing Distribution of Performance Bonuses for Safety and Health Self-Management by Contractors" authorized each plant to carry out evaluations based on their own "Detailed Rules Governing Evaluation of Contractor Health and Safety Self-management Performance for Distribution of Performance Bonuses." Awards and certificates for outstanding performance as a group or individual during the year were offered to contractors and contractors' industrial safety personnel. Recipients were personally recognized by the President during company-level safety committee meetings.
4. Special-purpose fund funded by safety and health breach of contract fines: To boost contractors' willingness to manage safety and health as well as provide contractors with subsidies for safety and health events, NT\$89,463 in contractor bonuses were distributed in 2024. Subsidized items included education and training, industrial safety equipment, annual evaluation, and recognition of outstanding contractors and industrial safety personnel during networking conferences.
5. Deployment of contractor management system: The contractor site access process was computerized to improve the efficiency and scope of contractor interactions and management. A new contractor access control management system was commissioned in 2024 that included basic vendor, personnel and vehicle profiles, work permit and pass applications, license management system and the work safety procedure (SJP) management system. A contractor site inspection system will also be rolled out in 2025.

## **VI. Employer/employee relations**

### **(I) The Company's employee welfare policies, continuing education, training, retirement systems and implementation status, the agreement between employees and employer and employees' rights and interests:**

1. Employee welfare

- (1) The Company established the Employee Welfare Committee to take charge of welfare affairs of all employees. All budgets and expenditures of the welfare fund are discussed and supervised through regular meetings of the Employee Welfare Committee (once every 3 months).
  - (2) Welfare items include subsidies for birthdays, marriage, national holidays, unit tourism activities, club activities, occupational injuries, hospitalization, funerary subsidies, emergency conciliatory funds for deaths, marriage, childbirth, children education, and children (employee) scholarships. The Company also organizes large-scale company-wide parent-child activities to improve employees' morale and advance community engagement activities.
  - (3) Emergency loans for employees: Employees of the Company may apply for emergency loans from the Employee Welfare Committee in accordance with the Welfare Implementation Guidelines in an emergency.
  - (4) The Employee Welfare Committee organizes group insurance for employees. The insured includes the employee, spouses, children, and parents. Insurance policies include periodic life insurance, injury insurance, hospitalization and medical insurance, major illness insurance, and cancer insurance. We also organize group medical insurance for employees with policies including life insurance, injury insurance, hospitalization and medical insurance, and cancer insurance.
  - (5) The Committee provides employees with information on discount stores and updates the information periodically.
2. Employee education and training status

Employee training is one of the key work items of the Company. The Company schedules annual training programs for personnel on all levels based on the Company's operational policies, business objectives, and requirements of the departments. In addition, employees of various departments require professional training based on the nature of their work to improve the quality of human resources and advantages for development.

The Company provides employees with an open and diverse learning environment and employees can continue to challenge themselves through internal/external training, OJT, and guidance from supervisors/peers. In addition, the Company also provides employees with maximum satisfaction through training for new employees/professional skills/management skills/general knowledge courses. These measures allow them to experience the joy of growth in knowledge for a brighter future.

The Company has established the "Regulations on the Advancement of Education and Training" to provide related training courses based on requirements for jobs and professional skills. The courses aim to improve the overall quality of employees and improve business performance. Employees receive an average of 16.2 hours of internal/external training and total expenditures amounted to NT\$2,195 thousand in 2024.

### 3. Employee retirement system

The retirement system for Company personnel adheres to the Labor Standards Act and company retirement regulations. If an employee's combined years of service and age is greater than 60 then they are also eligible to apply for voluntary retirement. A pension is then paid at the standard rate based on the Labor Standards Act.

The Company has established a Labor Pension Preparatory Fund Supervision Commission in accordance with laws and sets aside labor pension preparatory funds each month. The Company also contributes 6% of employees' salaries as pension to the Bureau of Labor Insurance for personnel applicable to the new labor pension system in accordance with the Labor Pension Statutes which entered into force on July 1, 2005.

### 4. Employees' code of conduct and ethics policy

The Company has established the "Employee Work Rules" to stipulate rules on services and established the "Rewards and Penalties Regulations" to govern employees' conduct. The Company has established the "Code of Ethical Conduct for Directors" and "Code of Ethical Conduct for Supervisors and Senior Managerial Officers" to improve corporate governance performance. The Company established the "Chung Hung Steel Employee Code of Ethics" to ensure that all employees' conduct meet ethical standards and to prevent illegal and unlawful actions. Please refer to the Company's website ([https://www.chsteel.com.tw/cg/cg\\_law.html](https://www.chsteel.com.tw/cg/cg_law.html)).

### 5. Employer-employee relations and employee rights maintenance measures

The Company organizes periodic employees-employer meetings and employees can express their opinions through labor representatives and during the meetings. The opinions are processed in accordance with procedures after employees-employer negotiations. The Company enjoys harmonious employees-employer relations. To improve the Company's employees' cohesiveness with the Company, the Company has established an awareness for "employees equal shareholders" to provide employees with additional protection for their life after retirement. The Company began implementing employee shareholding trusts in July 2004 and employees may freely apply for membership to set aside funds from their

salaries to the trust. The Company provides a 20% incentive fund based on the amount set aside by each member every month and all appropriated funds are sent to the trust account of the appointed financial institution to acquire and manage the Company's shares.

**(II) Losses arising as a result of labor disputes in the recent year up until the publication date of this annual report:** None.

**(III) Estimations for possible losses in the future and response measures:**

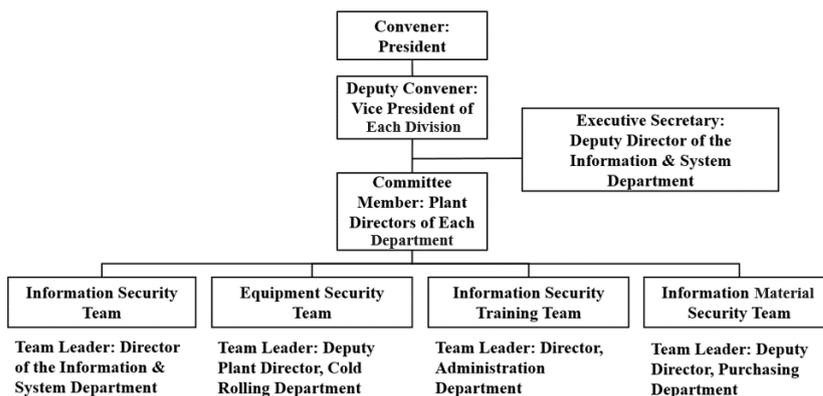
Employee-employer relations have remained harmonious. Officers of all levels work hard to take care of employees and resolve issues as quickly as possible. Internal management regulations are also processed in accordance with the Labor Standards Act. The Company organizes regular employee seminars and employee-employer meetings to maintain open channels of communication between employees and the management, ensuring that employee feedback is heard and properly taken care of.

## VII. Information security management

**(I) Describe the information security risk management framework, information security policy, specific management plans, and resources invested for information security management**

### 1. Information security risk management framework

The "Information Security Committee" was established by the Company in 2021 oversees 4 subordinate teams: Information Security Team, Equipment Security Team, Information Security Education and Training Team, and Material Security Team. The Committee has overall responsibility for the formulation and implementation of information security and protection policies, risk management, and compliance audits. A meeting is convened quarterly by the convener (President) to review the state of implementation. If the convener is not available, the deputy convener (designated by the convener) acts as the proxy. A report on implementation and review of outcomes is made to the Board of Directors every year. The Information Security Committee is structured as follows:



## 2. Information Security Policy

### (1) Information security management strategy and framework

**Objective:** To ensure the secure and stable operations of Chung Hung's information systems, provide trusted information services, ensure the confidentiality, integrity, and availability of information assets, and facilitate smooth progression of the Company's businesses, the Company established the Chung Hung Information Security Policy (hereinafter referred to as the Policy) as the Company's highest guiding principles for information security management.

**Scope:** The Policy applies to all employees of Chung Hung as well as contractors that use the Company's business information or provide services and their personnel.

**Targets:** A. Ensure the confidentiality, integrity, and availability of information related to the Company's business operations and protect the security of the Company's information.

B. Enhance information security protection to achieve the goal of continuous business operations.

**Strategy:** A. Evaluate the security requirements of information operations and establish relevant procedures and standards to ensure the confidentiality, integrity, and availability of information assets.

B. Establish the information security organization and the division of responsibilities to facilitate the implementation of information security operations.

C. Establish the tiers of responsibility for information security in the Company to execute the required tasks.

D. Establish the criteria for grading of information security incidents in the Company to execute the required tasks.

E. Regularly increase employees' awareness of information security to reduce damage from information security incidents caused by human factors.

F. Introduce information security systems that comply with international standards to implement information operation security management and risk control.

**Review:** The formulation and revision of this policy shall be processed by the Information Security Committee and submitted to the Chairperson of the

Board of Directors for approval. The Policy shall be reviewed at least once every year or reevaluated in the event of material changes in the organization. The Policy shall be amended based on the result of the review to ensure the appropriateness and effectiveness of the Policy.

(2) Information security risk management and continuous improvement framework



(3) Specific management plans

| Management plan                      | Description   |
|--------------------------------------|---|
| Computer Anti-virus Information      | Anti-virus software must be installed on all servers and personal computers. An anti-virus software virus signature update server must also be set up and automatic updates enabled to prevent virus infections and their spread.   |
| Employee Internet information        | <ol style="list-style-type: none"> <li>When employees apply for Internet access, they will be granted external access with the approval of the Vice President of the Department.</li> <li>When accessing the Internet, employees must abide by related regulations in the Company's "Ethical Corporate Operating Procedures and Code of Conduct" and "Personal Data Security Maintenance and Management Regulations", and must not engage in illegal or malicious behavior online.</li> </ol>   |
| E-mail information                   | Employees apply for a company e-mail address must consent to cooperating with Company investigations of e-mail contents.  |
| Computer use information             | <ol style="list-style-type: none"> <li>New personal computers must be added to the company domain to ensure the implementation of the Company's Information Security Policy.</li> <li>If an employee downloads legal software or media from the Internet, the employee must state the purpose and method of acquisition and provide the authorization certificate of the original manufacturer for corporate use.</li> <li>The installation and use of computer hardware and legal software media that do not belong to the Company are strictly prohibited.</li> <li>To ensure information security and maintain normal computer operations, the computer asset management software must be installed on personal computers for processing documents.</li> </ol> |
| Process control computer information | Once newly purchased computers are turned on, they must first be scanned for viruses. They can only be connected to the network after operating   |

| Management plan        | Description  |
|------------------------|--|
|                        | system installation and virus scan.  |
| VPN management         | 1. The application for the use or suspension of use of the virtual private network to connect to the ERP server for official business shall be processed with the approval of the Vice President of the Department.<br>2. The virtual private network account will be closed on the first business day after the employee's resignation or the approved termination date on the "Virtual Private Network Request Form" or the requested deactivation date. |
| External storage media | The use of external storage devices must be regulated. No more than 20% of all equipment in each unit (except the Internal Auditing Department) may allow access for USB external storage devices. A new application for access permission must also be filed each year.   |

#### (4) Resources invested in information security management

2024 Information security implementation outcomes:

A. The Company's Information Security Management Committee convened 4 meetings in 2024 (March 14, June 21, September 12, and December 12) to review the implementation of the Information Security Policy at each unit.

B. Cooperate with the Group's information security audit and communication

(A) On July 2, CSC Group Industrial Control (OT) conducted an information security inspection at the Cold Rolling Department and held the 2024 OT security interview meeting with the equipment security team. The interview highlights are summarized below:

a. The scrapping of storage media must be recorded to avoid data leakage. This will be a key item in future information security audits. The Production Division has revised the regulations for instrumentation and computer management. A scrapping management procedure was also defined.

b. CSC Group provided Chung Hung with training slots in the "Critical Infrastructure Program - Information Security in Steel Manufacturing", its external OT information security training course. Course training was completed by all plants as of 10/17.

(B) Participated in CSC Group's information security joint defense meeting (March 21, June 20, September 19, December 19).

C. The ISO 27001 Information Security Management System (ISMS) was introduced with Robust Technology as the consultant. External audit was conducted SGS on December 2 and December 5 with audit findings being certification recommended.

#### D. Real-time Information Security Protection

- (A) An information security services contract with Managed Detection and Response (MDR) and Security Operations Center (SOC) was signed with CHT Security. Monitoring and real-time reporting of information security incidents help the Company handle information security incidents, shorten response times, and control the scope of damage from information security incidents. Monthly and quarterly reports are also provided to identify hidden information security crises.
- (B) A contract was signed with CHT Security to deploy the HiNet WAF (Website Application Firewall) information security monitoring. Dedicated telecommunications-grade website protection equipment is used to analyze website traffic content and block known attacks. It can also respond to and block zero-day attacks in real time. Daily and monthly reports are provided for review.
- (C) The IPMAC control solution was introduced and implemented. The software provides effective control of illegal devices as well as the identification and inventory of networked devices. Network and information security administrators can use the solution to track all IP usage.
- (D) Import database auditing software Imperva DAM was introduced to obtain a complete picture of database activity, retain database access behavior traces, and produce automated and centralized database audits and reports to meet ISO 27001's database auditing requirements.
- (E) Computer audit by Deloitte Taiwan found that the password principle parameters of the Chung Hung ERP system and AD were not set up properly. Weak passwords increased the risk of stolen accounts. The AD password principles were improved on 2024/11/04, and the ERP password principles were improved on 2024/12/18.

E. The 2023 vulnerability scan of the corporate website and servers (corporate website, e-commerce platform, mobile application platform) was completed in March 2024. Corrective measures were carried out based on the recommendations in the report. In the fourth quarter of 2024, host vulnerability scans (for 25 servers performed in accordance with ISMS internal audit observation items), web vulnerability scans (mobile application platforms) and penetration tests (corporate website, e-commerce platform) were conducted.

#### F. Actual implementation of information security audit in 2024:

- (A) The 2024 audit of document processing software on personal computers screened

and compared the software and hardware account data on all computers. No unauthorized installation of BSA members' software were found in any unit.

- (B) Monthly checks on document processing (OA) personal computers for prolonged periods of usage without shutdown.
- (C) Monthly checks on the anti-virus software of personal computers to block and eliminate information security threats. All threats were found to have been blocked by anti-virus software and there were no information security incidents.
- (D) USB external storage device is used to audit file access every quarter. Applications for USB access are currently capped at 20%.
- (E) Quarterly inspections of installed software conducted on PCs with the authority to install software.
- (F) The use of personal computer cloud drives for paperwork must be re-applied for every year.
- (G) The connecting of mobile phone devices to the USB port of the personal computer must be re-applied for every year.

G. Implementation of information security training and education in 2024:

- (A) The new employee orientation training includes information security awareness (including information security policy): Create information security promotion materials
  - a. The draft information security education template for new employees issued by the Executive Yuan was used as a reference to formulate the "Information Security Promotion Sheet for New Employees." The template was submitted to the Information Security Meeting on 2022/3/10 and approved for inclusion as one of the training and education documents that the Human Resources Section must communicate to new employees and get them to sign.
  - b. Contractors continued to educate their new employees based on the promotion sheet. As of December 31, 2024, it has been signed by a total of 312 contractors.
- (B) Information security safety education is posted to the ERP bulletin board each year. (Source: Award-winning promotional posters authorized by the Information and Communications Security Administration of the Ministry of Digital Development, etc.)
- (C) Organize information security education and training from time to time (China Steel Resources, included in the annual education and training plan, etc.)
  - a. On January 26, the Taiwan E-Security Analysis and Management Association

(ESAM) held an online course education and training on "Cyber Hack Information Analysis - Security Self-Protection and Evidence." The training was completed by 2 people.

- b. The 2024 "Information Security Awareness Training" is aimed at personnel dispatched for external training by each unit. It will be held in the first and second half of each year with one session each. Tsai Min-fang from the Kaohsiung branch of Chunghwa Telecom Training will serve as the training instructor.
- c. The 2024 "Information Security Promotion Education and Training" is targeted at members of the Information Security Committee, and will be conducted for one hour during each quarterly meeting.
- d. CSC commissioned Chunghwa Telecom to conduct the "ISO 27001:2022 Lead Auditor Training Course" between March 25 and March 29. Two people completed the training.
- e. From May 20 to 21, China Steel commissioned Chunghwa Telecom to conduct the "ISO 27001:2022 Transition" course. One person completed the training.
- f. On September 26, the "China Steel Group Social Engineering Education and Training for the Second Half of 2024" was conducted as an online course. A total of 16 people completed the training.

**(II) List any losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to significant cyber security incidents, the possible impacts therefrom, and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided.**

Not applicable as the Company did not experience any significant information security incidents in the most recent financial year and up to the annual report publication date.

### **VIII. Important contracts**

Contracting parties, main content, restrictive clauses, and contract commencement date/expiration date of important supply/sales contracts, technology cooperation contracts, engineering contracts, long-term loan contracts, and other important contracts with material impact on shareholder equity that continue to be valid as of the publication date of the Annual Report or expiry in the most recent fiscal year.

| Nature of the Contract   | Contracting Party                        | Commencement Date/Expiration Date | Main Content  | Restrictive provisions  |
|--|--|-----------------------------------|---|---|
| Material supply contract   | Nippon Steel Corporation                 | 2020.04.01~2025.06.30             | Supply of slabs   | None.   |
| Long-term natural gas supply contract                            | Shinhsiung Natural Gas Inc.              | From 2025.01.01 - Discontinued    | Shinhsiung Natural Gas provides fuel required for the heating furnace of the Hot Rolling Department | None.   |
| Long-term natural gas supply contract                            | Nan Jehn Natural Gas Co., Ltd.           | 2024.11.01~2029.10.31             | Nan Jehn provide fuel required for the annealing furnace of the Cold Rolling Department             | None.   |
| Long-term natural gas supply contract                            | CPC Corporation, Taiwan                  | 2021.09.01~2026.08.31             | CPC provides fuel required for ARP production in the Pickling & Galvanizing Department              | None.   |
| Long-term steam supply contract                                  | China Steel Corporation                  | 2024.01.01~2028.12.31             | Steam is used for heating on the production line of the Pickling & Galvanizing Department           | None.   |
| Extension of long-term supply contract for hydrogen and nitrogen | Linde Lienhwa Industrial Gases Co., Ltd. | 2019.02.01~2029.01.31             | Supply of fuel used by Cold Rolling Department during production                                    | None.   |
| Land lease contract  | Costco President Taiwan Inc.             | 2011.08.24~2031.08.23             | Land lease  | <p>1. The lessee retains the right to issue a written notice to the lessor regarding the intended contract renewal period 18 to 24 months prior to the expiry of the operations period. The maximum contract renewal period shall be ten years but it may not be lower than five years.</p> <p>2. The lessee may terminate the Contract at any time after a period of ten years from the first day of the lease for any reason, provided that</p> |

| Nature of the Contract  | Contracting Party  | Commencement Date/Expiration Date | Main Content  | Restrictive provisions  |
|---|--|-----------------------------------|---|---|
|   |  |                                   |   | it shall be required to issue a written notice to the lessor no less than six months in advance to explain the reason for its failure to continue the lease (hereinafter referred to as the “termination notice period”) and it shall be required to obtain the lessor’s written approval. The lessor may not refuse the request without a legitimate reason. However, where the lessee suffers more than two years (inclusive) of consecutive losses in the operations on the base/building and cannot continue the lease, it shall not be required to obtain the lessor's written approval (however, it shall be required to provide certification documents from an accountant). |
| Hot Rolling Department - F1/F4/F5/F6 main motor replacement project | TMEIC (Japan) / Shihlin Electric (Taiwan)  | 2022.08.08~2026.07.31             | The main motors of the four stations F1/F4/F5/F6 were replaced to keep the production line in running order | None.   |
| Syndicated loan agreement   | E.Sun Bank, Land Bank of Taiwan, Taiwan Cooperative Bank, First Bank, Hua Nan Bank, Yuanta Bank, Bank of Taiwan, Chang Hwa Bank, Mega Bank | 2024.03.15~2029.03.15             | Supplement the mid-term operating working capital   | For the term of this Agreement, the Borrower shall be provided with annual consolidated financial reports and shall commit to maintaining the agreed financial ratios. Borrower also commits to maintain approved fiscal ratios.  |

## E. Review, Analysis, and Risks of Financial Conditions and Performance

### I. Financial conditions

#### (I) Comparative analysis of financial status - International Financial Reporting Standards (consolidated)

Unit: NT\$ thousand

| Item  | Year | 2024        | 2023       | Difference  |           |
|---|------|-------------|------------|-------------|-----------|
|   |      |             |            | Amount      | %         |
| Current assets  |      | 11,469,662  | 13,469,846 | (2,000,184) | (14.85)   |
| Property, plant and equipment   |      | 9,489,317   | 9,409,727  | 79,590      | 0.85      |
| Other assets  |      | 9,512,409   | 10,113,089 | (600,680)   | (5.94)    |
| Total assets  |      | 30,471,388  | 32,992,662 | (2,521,274) | (7.64)    |
| Current liabilities   |      | 7,775,196   | 8,922,639  | (1,147,443) | (12.86)   |
| Long-term liabilities   |      | 8,510,825   | 7,811,042  | 699,783     | 8.96      |
| Total liabilities   |      | 16,286,021  | 16,733,681 | (447,660)   | (2.68)    |
| Capital stock   |      | 14,355,444  | 14,355,444 | -           | -         |
| Capital surplus   |      | 990         | 903        | 87          | 9.63      |
| Retained earnings   |      | 998,894     | 1,975,548  | (976,654)   | (49.44)   |
| Other equity  |      | (1,169,961) | (72,914)   | (1,097,047) | (1504.58) |
| Total equity  |      | 14,185,367  | 16,258,981 | (2,073,614) | (12.75)   |
| Explanation: (changes of over 20%)  |      |             |            |             |           |
| 1. Retained earnings decreased from the previous year mainly due to net loss and disbursement of cash dividend this year.   |      |             |            |             |           |
| 2. Decrease in other equity from the previous year was mainly due to an increase in unrealized valuation loss from financial assets at fair value through other comprehensive income in the current period. |      |             |            |             |           |

**(II) Comparative analysis of financial status - International Financial Reporting Standards  
(standalone)**

Unit: NT\$ thousand

| Item  | Year | 2024        | 2023       | Difference  |           |
|---|------|-------------|------------|-------------|-----------|
|   |      |             |            | Amount      | %         |
| Current assets  |      | 11,465,056  | 13,464,429 | (1,999,373) | (14.85)   |
| Property, plant and equipment   |      | 9,489,317   | 9,409,727  | 79,590      | 0.85      |
| Other assets  |      | 9,516,955   | 10,118,174 | (601,219)   | (5.94)    |
| Total assets  |      | 30,471,328  | 32,992,330 | (2,521,002) | (7.64)    |
| Current liabilities   |      | 7,775,136   | 8,922,307  | (1,147,171) | (12.86)   |
| Long-term liabilities   |      | 8,510,825   | 7,811,042  | 699,783     | 8.96      |
| Total liabilities   |      | 16,285,961  | 16,733,349 | (447,388)   | (2.67)    |
| Capital stock   |      | 14,355,444  | 14,355,444 | -           | -         |
| Capital surplus   |      | 990         | 903        | 87          | 9.63      |
| Retained earnings   |      | 998,894     | 1,975,548  | (976,654)   | (49.44)   |
| Other equity  |      | (1,169,961) | (72,914)   | (1,097,047) | (1504.58) |
| Total equity  |      | 14,185,367  | 16,258,981 | (2,073,614) | (12.75)   |
| Explanation: (changes of over 20%)  |      |             |            |             |           |
| 1. Retained earnings decreased from the previous year mainly due to net loss and disbursement of cash dividend this year.   |      |             |            |             |           |
| 2. Decrease in other equity from the previous year was mainly due to an increase in unrealized valuation loss from financial assets at fair value through other comprehensive income in the current period. |      |             |            |             |           |

## II. Financial performance

### (I) Comparative Analysis of Operational Performance

#### 1. Comparative analysis of financial performance - International Financial Reporting Standards (consolidated)

Unit: NT\$ thousand

| Item \ Year  | 2024        | 2023       | Increase (decrease) amount | Percentage of change (%) |
|--|-------------|------------|----------------------------|--------------------------|
| Operating revenue  | 30,461,521  | 37,764,208 | (7,302,687)                | (19.34)                  |
| Operating costs  | 31,207,294  | 37,251,898 | (6,044,604)                | (16.23)                  |
| Operating gross profit (loss)  | (745,773)   | 512,310    | (1,258,083)                | (245.57)                 |
| Operating expenses   | 494,729     | 541,466    | (46,737)                   | (8.63)                   |
| Net operating income (loss)  | (1,240,502) | (29,156)   | (1,211,346)                | (4154.71)                |
| Non-operating income   | 58,308      | 191,554    | (133,246)                  | (69.56)                  |
| Net profit (loss) before tax   | (1,182,194) | 162,398    | (1,344,592)                | (827.96)                 |
| Income tax expenses (benefits)   | (290,515)   | 3,117      | (293,632)                  | (9420.34)                |
| Annual net profit (loss)   | (891,679)   | 159,281    | (1,050,960)                | (659.82)                 |
| Other comprehensive income (loss)  | (1,028,207) | (428,263)  | (599,944)                  | (140.09)                 |
| Total comprehensive income (loss)  | (1,919,886) | (268,982)  | (1,650,904)                | (613.76)                 |
| Analysis description for items with increase and decrease ratio: (changes of over 20%)   |             |            |                            |                          |
| <ol style="list-style-type: none"> <li>Operating gross profit (loss), operating loss, profit (loss) before tax and net profit (loss) for this year decreased compared to the previous year, mainly due the decrease in steel product revenue this year being greater than the decrease in steel production costs.</li> <li>Non-operating income decreased compared to the previous year, mainly due to the decrease in investment income and the increase in financial costs this year.</li> <li>Income tax expenses (benefits) decreased compared to the previous year mainly due income tax benefits generated by pre-tax losses tax this year.</li> <li>Decrease in other comprehensive income (loss) from the previous year was mainly due to a decrease in unrealized valuation loss from financial assets at fair value through other comprehensive income in the current period.</li> </ol> |             |            |                            |                          |

2. Comparative analysis of financial performance - International Financial Reporting Standards (standalone)

Unit: NT\$ thousand

| Item \ Year                       | 2024        | 2023       | Increase (decrease) amount | Percentage of change (%) |
|-----------------------------------|-------------|------------|----------------------------|--------------------------|
| Operating revenue                 | 30,461,167  | 37,762,916 | (7,301,749)                | (19.34)                  |
| Operating costs                   | 31,207,294  | 37,251,898 | (6,044,604)                | (16.23)                  |
| Operating gross profit (loss)     | (746,127)   | 511,018    | (1,257,145)                | (246.01)                 |
| Operating expenses                | 494,641     | 541,113    | (46,472)                   | (8.59)                   |
| Net operating income (loss)       | (1,240,768) | (30,095)   | (1,210,673)                | (4022.84)                |
| Non-operating income              | 58,567      | 192,450    | (133,883)                  | (69.57)                  |
| Net profit (loss) before tax      | (1,182,201) | 162,355    | (1,344,556)                | (828.16)                 |
| Income tax expenses (benefits)    | (290,522)   | 3,074      | (293,596)                  | (9550.94)                |
| Annual net profit (loss)          | (891,679)   | 159,281    | (1,050,960)                | (659.82)                 |
| Other comprehensive income (loss) | (1,028,207) | (428,263)  | (599,944)                  | (140.09)                 |
| Total comprehensive income (loss) | (1,919,886) | (268,982)  | (1,650,904)                | (613.76)                 |

Analysis description for items with increase and decrease ratio: (changes of over 20%)

1. Operating gross profit (loss), operating loss, profit (loss) before tax and net profit (loss) for this year decreased compared to the previous year, mainly due the decrease in steel product revenue this year being greater than the decrease in steel production costs.
2. Non-operating income decreased compared to the previous year, mainly due to the decrease in investment income and the increase in financial costs this year.
3. Income tax expenses (benefits) decreased compared to the previous year mainly due income tax benefits generated by pre-tax losses tax this year.
4. Decrease in other comprehensive income (loss) from the previous year was mainly due to a decrease in unrealized valuation loss from financial assets at fair value through other comprehensive income in the current period.

**(II) The expected sales and its basis, and the possible impact on the company's future financial operations and response plans are detailed in page 3 of the Annual Report.**

**III. Cash flow**

1. Analysis on the cash flow changes of the current year - International Financial Reporting Standards (consolidated):

Cash and cash equivalents decreased by NT\$423,379 thousand in 2024 and cash flows changed as follows:

- (1) Operating activities: Net cash outflow of NT\$113,339 thousand was mainly due to the pre-tax loss of NT\$1,182,194 thousand, plus inventory of NT\$1,345,667 thousand, and depreciation of NT\$653,210 thousand. Decrease of NT\$567,043 thousand in accounts payable and increase in NT\$304,827 thousand in other accounts receivable were also deducted.
- (2) Investing activities: Net cash outflow of NT\$378,902 thousand was mainly due to the fixed asset purchases of NT\$578,094 thousand and the disposal of NT\$110,731 thousand in financial assets used for hedging.
- (3) Financing activities: Net cash inflow of NT\$68,862 thousand was mainly due to net decrease of NT\$2,395,740 thousand in short-term bills payable, net increase of NT\$2,997,747 thousand in long-term bills payable, net decrease of NT\$844,034 thousand in short-term borrowings, net increase of NT\$691,600 thousand in long-term borrowings, disbursement of NT\$143,554 thousand in cash dividend, and NT\$221,118 thousand in interest payments.

Cash flow analysis for the following year:

Unit: NT\$ thousand

| Cash balance at beginning of the period<br>(1)  | Estimated annual net cash flow from operating activities<br>(2) | Expected annual cash outflow<br>(3) | Estimated cash surplus (shortage) amount<br>(4)=(1)+(2)-(3) | Estimated remedial measures for cash deficit |                |
|---|---|-------------------------------------|---|--|----------------|
|   |   |                                     |   | Investment plan                              | Financial plan |
| 1,429,537   | 3,429,211   | 3,524,938                           | 1,333,810   | N/A  | N/A            |
| <p>1. Analysis of estimated annual cash flow changes in the 2025 fiscal year</p> <p>Net cash flows from operating activities: Net cash inflow is mainly caused by changes in operating activities, accounts receivable, and inventory.</p> <p>Cash outflow: Cash outflow is mainly caused by the procurement of fixed assets in investing activities and changes in long-term and short-term borrowings in financing activities.</p> <p>2. Expected cash deficit remedies and liquidity analysis: Not applicable.</p> |   |                                     |   |  |                |

2. Analysis on the cash flow changes of the current year - International Financial Reporting Standards (standalone):

Cash and cash equivalents decreased by NT\$422,780 thousand in 2024 and cash flows changed as follows:

- (1) Operating activities: Net cash outflow of NT\$113,766 thousand was mainly due to the pre-tax loss of NT\$1,182,201 thousand, plus inventory of NT\$1,345,667 thousand, and depreciation of NT\$653,210 thousand. NT\$567,043 thousand in other accounts payable and increase in NT\$305,099 thousand in accounts receivable were also deducted.
- (2) Investing activities: Net cash outflow of NT\$377,876 thousand was mainly due to the fixed asset purchases of NT\$578,094 thousand and the disposal of NT\$110,731 thousand in financial assets used for hedging.
- (3) Financing activities: Net cash inflow of NT\$68,862 thousand was mainly due to net decrease of NT\$2,395,740 thousand in short-term bills payable, net increase of NT\$2,997,747 thousand in long-term bills payable, net decrease of NT\$844,034 thousand in short-term borrowings, net increase of NT\$691,600 thousand in long-term borrowings, disbursement of NT\$143,554 thousand in cash dividend, and NT\$221,118 thousand in interest payments.

Cash flow analysis for the following year:

Unit: NT\$ thousand

| Cash balance at beginning of the period<br>(1)  | Estimated annual net cash flow from operating activities<br>(2) | Expected annual cash outflow<br>(3) | Estimated cash surplus (shortage) amount<br>(4)=(1)+(2)-(3) | Estimated remedial measures for cash deficit |                |
|---|---|-------------------------------------|---|--|----------------|
|   |   |                                     |   | Investment plan                              | Financial plan |
| 1,429,043   | 3,429,211   | 3,524,938                           | 1,333,316   | N/A  | N/A            |
| <p>1. Analysis of estimated annual cash flow changes in the 2025 fiscal year</p> <p>Net cash flows from operating activities: Net cash inflow is mainly caused by changes in operating activities, accounts receivable, and inventory.</p> <p>Cash outflow: Cash outflow is mainly caused by the procurement of fixed assets in investing activities and changes in long-term and short-term borrowings in financing activities.</p> <p>2. Expected cash deficit remedies and liquidity analysis: Not applicable.</p> |   |                                     |   |  |                |

**IV. Effect of major capital expenditure on financial position and business operation in the most recent year: None.**

**V. Investment policy in the past year, profit/loss analysis, improvement plan, and investment plan for the coming year:**

The Company's equity method reinvestments have long-term strategic purposes and are aimed at boosting shareholders' equity. The Company's investment income recognized under the equity method in 2024 was NT\$45,684 thousand, a decrease from the previous year, mainly due to the decrease in investment income from financial products of the invested companies due to market factors.

The Company's investment plan for the coming year will be carefully evaluated and formulated by the management team based on the overall industry development status and the Company's business development needs, and then submitted to the board of directors for approval.

## **VI. Risk issues and analysis evaluation**

### **(I) Impacts of interest rates, exchange rate fluctuation and inflation situation on the company's profit and loss, and the future countermeasures:**

#### 1. Impact on the Company's income:

##### (1) Interest rate change

The main financial instruments of the Group included financial assets for hedging, accounts receivable, equity investments, other financial assets, accounts payable, short-term borrowings, short-term bills payable, bonds payable (including bonds payable within one year), long-term borrowings, long-term bills payable, and lease liabilities. The Finance Department of the Group coordinates operations in the domestic and overseas financial markets. It establishes diverse financing channels and obtains favorable loan interest rates. It also adjusts the loan structure based on trends in interest rates. The financial assets and financial liabilities with cash flow interest rate risks as of the end of 2024 were NT\$1,729,942 thousand and NT\$12,117,031 thousand. If the interest rate increases/decreases by 0.25% while all other variables remain unchanged, the Group's net profit before tax in 2024 will decrease/increase by NT\$25,968 thousand.

##### (2) Exchange rate variation

The Group was exposed to foreign currency risks due to sales and purchases, denominated in foreign currencies. Group management of exchange rate exposure is based on using accounts receivable and payable in the same currency to engage in hedging transactions that mitigate exchange rate exposure within the approved policy limits. The devaluation of NTD by 1% relative USD increased the Group's profit and equity by NT\$832 thousand and NT\$283 thousand respectively.

##### (3) Inflation

According to the statistics of the Directorate-General of Budget, Accounting and Statistics, Executive Yuan, the annual growth rate of the Consumer Price Index (CPI) in Taiwan as of December 2024 increased by 2.10% and the annual average increase was 2.18%. Therefore, inflation will cause the increase in the Company's expenses.

#### 2. Future response measures:

- (1) Short-term funds are controlled and managed by overdraft accounts and the Company borrows funds or repays loans based on funding conditions to lower the cost of loans as a priority. Demand for capital expenditures and long-term investment are mostly met with medium to long-term funding.
- (2) In response to changes in interest rate and exchange rate, as the Company has adopted natural hedging to offset foreign-currency positions derived from import/export businesses, the gaps in funding and exchange rate risks have been lowered. Capital expenditures of more than US\$2 million in a single transaction shall be hedged upon the signing of the contract to adopt pre-purchase or hedging methods during interest rate fluctuations to avoid risks of exchange rate fluctuations.
- (3) With regard to the impact of inflation, the Company pays close attention to changes in related economic environments and changes in market conditions. The Company also upholds the spirit of financial prudence and continues to implement plans to lower costs in response.

**(II) Policies of engaging in high-risk, high-leverage investments, lending to others, providing endorsement and guarantee, and derivatives transactions, profit/loss analysis, and future response measures:**

1. The Company has not conducted any high-risk or high-leverage investments.
2. The Company's loans to others are processed in accordance with the “Operating Procedures for Fund Lending”.
3. The Company's endorsements and guarantees are processed in accordance with the “Procedures for Making Endorsements and Guarantees”.
4. The Company's policies for transactions of derivative products are processed in accordance with the “Asset Acquisition or Disposal Procedures”.

**(III) Future R&D projects and estimated expenditures for equipment improvement:**

1. Annual R&D and equipment improvement expenses in the most recent years:

Unit: NT\$ thousand

| Year                                   | 2022    | 2023    | 2024    |
|--|---------|---------|---------|
| R&D and equipment improvement expenses | 112,481 | 220,208 | 175,111 |

2. The R&D and equipment improvement projects in 2025 are as follows:

- (1) Cold-rolling - Improvement of plant for pickling production line at the Cold Rolling Department.

- (2) Cold-rolling - Prevention of prevention & control equipment on pickling production line at the Cold Rolling Department.
- (3) Cold-rolling - Replacement and update of conduits on north side of plant for pickling production line at the Cold Rolling Department.
- (4) Cold-rolling - Spare 400HP DC motor for the finishing line at the Cold Rolling Department.
- (5) Pickling and galvanizing - Replacement plan of the old No.2 Fusheng air compressor in the Pickling & Galvanizing Department.
- (6) Steel pipes - Purchase of rotating-cage type sizing mill motor for No.4 pipe cart at Steel Pipe Plant (Lukang Plant).

In response to the rise of steel mills in China and other competition, Chung Hung shall remain committed to improving product quality and refining manufacturing control technologies. It shall face the challenge of developing niche high-grade products to improve added value of products and separate the market. To strengthen overall competitiveness, the Company shall continue to accelerate the update and improvement of production equipment and it shall also actively establish production, equipment, project improvement, and other technical assistance channels to strengthen the technical roots of the Company and enhance the Company's overall competitiveness.

3. Expected expenditures for R&D and equipment improvement plans in 2025: The total is approximately NT\$55,208 thousand.

4. Current progress of uncompleted R&D and equipment improvement projects in 2024:

The uncompleted projects are as follows. The average progress is approximately 10.7% and they shall be continued in 2025.

- (1) Hot rolling - Purchase of spare universal joints for driving finishing rolls on the hot rolling line at the Hot Rolling Department.
- (2) Hot rolling - Purchase of spare pumps for the automatic hydraulic thickness control system on the hot rolling line at the Hot Rolling Department.
- (3) Hot rolling - Replacement of the high-compression, multi-stage reciprocating air compressor in the high-pressure rust removal system on the hot rolling line at the Hot Rolling Department.
- (4) Hot rolling - Repair of the hydraulic cylinder in the automated thickness control system on the hot rolling line at the Hot Rolling Department.
- (5) Hot rolling - Refurbishment of transmission gearbox for edge spare gearbox for edge

- rolling machine on the hot rolling line at the Hot Rolling Department.
- (6) Hot rolling - Purchase of spare rolls for the coiling machine output platform on the hot rolling line at the Hot Rolling Department.
  - (7) Hot rolling - Replacement of roll changer mounting for the rough roll on the hot rolling line, at the Hot Rolling Department line.
  - (8) Hot rolling - Replacement of the high-pressure air compressor in the high-pressure rust removal system on the hot rolling line, at the Hot Rolling Department line.
  - (9) Cold-rolling - Floor information flow improvement plan at the Cold Rolling Department
  - (10) Cold-rolling - Purchase of spare thickness gage for floor use at the Cold Rolling Department.
  - (11) Pickling and galvanizing - replacement of the width meter of the pickling and coating line.
5. Expected R&D and equipment improvement expenses for R&D projects not completed in 2024: Total is approximately NT\$61,337 thousand.
6. Major factors that influence the success of R&D in the future:
- They include conditions of cooperation onsite, project control and coordination and support, etc.

**(IV) Major changes in government policies and laws at home and broad and the impact on Company finance and business and response measures:**

The “Sustainable Development Roadmap” issued by the Financial Supervisory Commission (FSC) required standalone companies with a paid-in capital of more than NT\$10 billion, or those in the steel and cement industries listed or traded on the TWSE/TPEX to complete an inventory of their direct GHG emissions (Scope 1) and indirect energy emissions (Scope 2) by 2023, complete their verification by 2024, and complete inventory of subsidiaries in the consolidated statement by 2025. The Company conducts annual GHG and energy inventories with third-party verification every year. The GHG inventory and verification timetable was reported to the Board of Directors on February 23, 2023, February 27, 2024, and February 25, 2025. Quarterly progress reports will be made to the Board of Directors so we are already in compliance with the regulations.

In accordance with the amendment to Paragraph 6, Article 14 of the Securities and Exchange Act, TWSE/TPEX listed companies should stipulate in their articles of association

that a certain percentage of annual profits should be set aside to for the salary adjustments or remuneration of entry-level employees. A sum shall be set aside to make up for any outstanding cumulative losses of the Company. The amount of salary adjustment or remuneration may be deducted from the amount of profit-seeking enterprise income for the current year. The relevant laws and regulations have been revised by the Company and implementation is pending approval at the 2025 Shareholders Meeting.

In line with the "Roadmap for Taiwan listed companies to align with IFRS Sustainability Disclosure Standards" issued by the Financial Supervisory Commission, as a listed company with a capitalization of more than NT\$10 billion the Company will first apply the IFRS Sustainability Disclosure Standards starting from January 1, 2026. In accordance with the letter on promotion of the IFRS Sustainable Disclosure Standards sent by the TWSE on July 3, 2024, a cross-departmental task force for the adoption of the IFRS Sustainable Disclosure Standards was established. An introduction plan and schedule for the adoption of the IFRS Sustainable Disclosure Standards has now been formulated. The implementation status should be reported to the Company's Board of Directors at least once a quarter. The Company has already established an IFRS Sustainability Disclosure Standards Task Force and drawn up an implementation plan. Subsequently, the Company will submit quarterly implementation reports to the Company's Board of Directors based on the implementation plan and will continue to comply with the relevant regulations of the competent authorities to facilitate alignment with the International Financial Reporting Standards (IFRS) Sustainability Disclosure Standards.

**(V) The impacts of technology changes (including cyber security risks) and industry changes on the Company's finance and business, and the countermeasures:**

1. The Company has established comprehensive network and computer information security protective measures to manage and maintain the Company's production, operation, and accounting systems and protect computers with such important corporate functions from any third-party cyberattacks from paralyzing the system. It protects the Company from impact on its operations and damage to the Company's business reputation.

Management measures: Chung Hung continuously reviews and evaluates its information security regulations and procedures to ensure their appropriateness and effectiveness.

2. The Company ensures the security of trade secrets and other confidential information, including proprietary information of customers or other stakeholders and the personal data of Chung Hung employees. We block attempts of malicious hackers who seek to

implant computer viruses, destructive software, or ransomware into Chung Hung's network system, and thereby affect the Company's operations, defraud or extort payments from Chung Hung, gain control of the computer system, or view confidential information.

Management measures: Chung Hung implements and continues to update related improvement measures to prevent and reduce the potential damage caused by attacks due to the purchase and installation of equipment with malicious software. For instance, we established mechanisms for scanning for viruses when equipment is set up in the plant to prevent machinery that contain malicious software from entering the plant. We strengthen the network firewall and network management to prevent computer viruses from infecting other equipment and spreading to different plant areas. We set anti-virus measures for terminals based on the computer categories. We introduce advanced solutions to detect and process malicious software. We introduce new technologies to strengthen data protection. We enhanced detection of phishing emails. We established an integrated automatic information security maintenance and operation platform (N-report system information security activity log collection system). We regularly test employees on their alertness and also appoint external experts to conduct information security evaluations.

3. Some of the services provided by third-party vendors require Chung Hung to share highly sensitive or confidential data. The internal network systems and external cloud-based computing networks (e.g., servers) maintained by the aforementioned service providers or their contractors may also incur network attack risks.

Management measures: Chung Hung or its service providers promptly must resolve the technical issues caused by the network attacks to ensure the integrity and availability of the data of Chung Hung (and data of the Company's customers or other third parties). They must also maintain control over the computer system of the Company or its service providers to reduce the impact on the Company's operations, financial conditions, prospects, and reputation.

#### **(VI) Impact of corporate image change on crisis management and response measures:**

In addition to profitability, environmental protection, and corporate governance, Chung Hung also actively gives back to society in keeping with our philosophy of “promoting social welfare.” Since 2004, the Company has sponsored Kaohsiung City Government’s poverty alleviation program, and helped fund the suicide prevention and life education program of the

“Kaohsiung City Greater Kaohsiung Lifeline Association” for over 21 years so far. No effort is spared by Chung Hung when it comes to fulfilling our corporate social responsibilities. The Company shall continue to make improvements in all environmental, social, and corporate governance with everyone working together to make our society a better place.

**(VII) The expected benefits and possible risks to engage in mergers and acquisitions (M&A) and the countermeasures:** No such occurrences as of the publication date of the Annual Report.

**(VIII) Expected benefits and potential risks of capacity expansion and response measures:**

Nothing of that nature has occurred as of the publication of the annual report. The Company’s capacity expansions undergo comprehensive, careful, and professional assessments. Major investment projects must be reported to the Audit Committee and Board of Directors. Careful consideration has already been given to the investment benefits and potential risks.

**(IX) Risks associated with over-concentration in purchase or sale and response measures:**

The Company sources steel slabs from Taiwan, Japan and Vietnam. We have signed long-term supply contracts with suppliers in each region. Multiple sources of supply help to stabilize our supply of raw materials. A small minority of materials are purchased on the spot market to diversify risk. In addition, the Company maintains long-term stable cooperation with customers and provides high-quality products and optimal technical services to establish close interactions and relations and increase customers’ dependency on the Company.

**(X) Impacts and risks arising from major exchange or transfer of shares by directors or shareholders with over 10 percent of stake in the company and the countermeasures:**

No such occurrences as of the publication date of the Annual Report.

**(XI) Impact, risk, and response measures related to any change in the administrative authority towards the Company's operations:** No such occurrences as of the publication date of the Annual Report.

**(XII) In terms of litigation or non-litigation matters, the company and the company's directors, supervisors, president, actual responsible person, shareholders holding more than 10% of the company shares, and a subsidiary company who is involved in a major lawsuit that has either been decided or is still pending whereby the results of the case may have a significant impact to shareholder interests or securities prices, must be specified. The status of the disputed facts, bid amount, litigation**

**commencement date, and the primary parties involved in such litigations up to the publication date of this annual report shall be disclosed:** No such occurrences as of the publication date of the Annual Report.

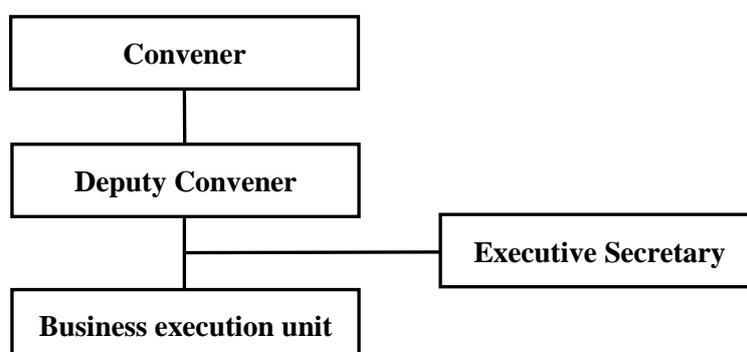
**(XIII) Risk management organization and operation:**

The Company is responding to changes in the global economic environment and sustainability risks by identifying and tracking risks that may impact on corporate sustainability in the four aspects of Economic, Society, Environment, and Other. Management strategies and response measures such as risk transfer, mitigation, and prevention are employed to minimize potential risks and boost positive business opportunities. The Company's risk identification and mitigation measures as well as the status of our risk management operations can be viewed through the Corporate Sustainability section of our website.

1. Risk management policies

The Risk Management Policy and Procedures has already been drawn up by the Company and passed by the Board of Directors. Different types of risk are defined based on the Company's overall business strategy to establish a risk management mechanism for early identification, accurate measurement, effective supervision, and strict control to prevent potential losses and keep risk to within an acceptable level. Risk management practices are continuously adjusted and optimized based on internal and external environmental changes. At the same time, we work to protect the interests of employees, shareholders, customers and other stakeholders in order to increase the Company's value and realize the principle of optimizing the Company's configuration of resources.

2. Risk management organizational structure



The Board of Directors is the top decision-making unit in the risk management organization and has ultimate responsibility for risk management at the Company. It is responsible for the review and approval of the Company's risk management policy as well as supervising risk management to ensure its effectiveness. The Risk Management Team is responsible for overseeing the overall implementation of risk management and coordination of operations. The President serves as the convener and the Vice President, Administration Division, serves as the deputy convener. One to two other people may also be appointed as the executive secretaries. Team members include tier-1 managers of each business execution unit. Annual reports are made to the Audit Committee and Board of Directors on the outcomes of risk management. The Audit Committee assists the Board with the implementation of risk management operations. The status of risk management operations during 2024 was reported to a meeting of the Audit Committee and Board of Directors on Oct. 31. Guidance was provided by the Audit Committee during the meeting on risk management operations.

The Risk Management Team should inspect the contents of the Company's risk management policy every year, pay attention to the latest international and domestic developments in risk management mechanisms, then review and make improvements to the risk management policy to enhance the effectiveness of the Company's risk management, and ensure that the risk management policy approved by the Board of Directors is being enforced.

The Internal Auditing Department should examine the Company's risk management to inform the management of existing or potential risk topics when appropriate to ensure their compliance with existing regulations and control procedures.

The heads of each business unit is responsible for risk management as well. They are responsible for analyzing and monitoring all related risks within their unit to ensure the effective execution of the risk management mechanism and procedure.

### 3. Risk management process

Risk identification and analysis → Risk measurement → Risk monitoring → Risk reporting → Risk response

A business will encounter many variables that threaten its operations. To prevent losses due to risk, risk management policy and procedures were developed for economic, social, environmental and other risks. Response meetings are convened to develop

strategies and response plans corresponding to different types of risk so that they can be dealt with and an after-action review conducted to prevent further recurrence. Responsibility for risk exists at every level in each unit. Any problems should immediately be reported up the chain of command so that a solution can be found and the potential impact to the Company reduced right away.

**(XIV) Other significant risks and response measures: None.**

**VII. Other critical matters: None.**

## **F. Special Notes**

### **I. Profile on affiliates**

- (I) 2024 Consolidated Business Report of Affiliates and Affiliation Report: Please refer to the Market Observation Post System and see “Single Company” → “Individual Company” → “Download Electronic Documents” → “Affiliated Enterprise Reports Section.”
- (II) 2024 Consolidated Financial Statement of Affiliates: Please refer to the “Financial Report” section of the "Financial Information/Company Operations" at the Market Observation Post System.

**II. Status of private solicitation for marketable securities handling for the recent year up to the publication date of this annual report: None.**

**III. Other necessary supplemental information: None.**

**G. Any Event which Significantly Affects Shareholders' Equity or Share Price Pursuant to Subparagraph 2, Paragraph 3, Article 36 of the Securities and Exchange Act for the recent year up to the publication date of this annual report: None.**

Chung Hung Steel Corporation

Chairperson of the Board Kuei-Sung Tseng



# CHUNG HUNG STEEL

## **Head Office/Cold Rolling Department**

No. 317, Yuliao Road, Ciaotou Dist., Kaohsiung City

## **Hot Rolling Department**

No. 576, Xinglong St., Gangshan Dist., Kaohsiung City

## **Pickling and Galvanizing Department**

No. 24, Yanhai 3rd Rd., Xiaogang Dist., Kaohsiung City

## **Steel Pipe Plant (Dafa Plant)**

No. 18, Huazhong Rd., Dafa Industrial Park, Daliao Dist., Kaohsiung City

## **Steel Pipe Plant (Lukang Plant)**

No. 42, Lugong Rd., Lukang Township, Changhua County