

2025

Annual Report

member of CSC Group

 CHUNG HUNG STEEL

Stock Code : 2014



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



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

TWSE Market Observation Post System website :
<https://mops.twse.com.tw/mops/#/web/home>

Printed on February 28, 2026

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

Spokesperson : Wen-Ping Huang
Title : Vice President, Administration Division
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Acting Spokesperson : Chun-Ting Lin
Title : Vice President, Commercial Division
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Email : ch27099@chsteel.com.tw

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 and 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.kgiworld.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 : Lee-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>
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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 2025, the global business environment was affected by rising trade protectionism, unresolved geopolitical conflicts, inconsistent United States trade policies on reciprocal tariffs, and fluctuations in the Taiwan dollar exchange rate. Together, these factors led to a slowdown in global economic and trade growth momentum. Additionally, the reshaping of the global trading landscape has also led to increased market uncertainty, further delaying demand recovery in the steel market. This has all posed multiple challenges to the steel industry.

Global economic and trade relations began returning to normal in the fourth quarter of 2025 as the outcomes of negotiations between the United States and its trading partners became clearer, easing market uncertainty over tariffs. In the steel market, tighter overall supply of steel products in Europe and the United States and active efforts from steel mills to support prices have led to relatively strong steel prices. In the Asian market, steel prices have remained stable due to the Chinese government's crackdown on involution-style competition and less interference from low-priced materials exports. Strong prices for steel raw materials such as coal and iron also have meant that steel prices have been supported by higher underlying costs, and the global steel market is expected to develop towards healthy competition.

In terms of the overall economy, China held its Central Economic Work Conference in December 2025, where it stated that the country will work towards "expanding internal demand" in the future, as well as continue enforcing proactive fiscal policies and loosening monetary restrictions. This has established a solid foundation for China's future macroeconomic policies and industrial operations, sending out a clear positive signal. The International Monetary Fund (IMF) has also revised its 2026 global economic growth forecast upward to 3.3% (+0.2%) in the latest publication of the World Economic Outlook report. This indicates that major economies have gradually absorbed previous trade and tariff shocks, and that the global economy is expected to continue its moderate recovery.

Within the domestic market, reciprocal tariffs have been reduced to 15% as a result of an agreement reached through the Taiwan-US tariff negotiations. This rate will also not be stacked on top of Most Favored Nation (MFN) tariff rates. These reduced tariffs will benefit steel-related industries such as machine tools, machinery, and hand tools, further boosting their competitiveness in global markets. Additionally, the National Development Council has recently announced that the 2025 public construction budget exceeded NT\$800 billion, the highest budget in almost 18 years. The budget for 2026 is expected to reach similar levels, indicating that investment will continue to drive and provide stable support for domestic steel demand.

Looking to the future, global economic development is expected to be resilient against the backdrop of stabilizing trade tensions and a continued loosening of financial restrictions. This has helped boost market confidence and supported a recovery in investment demand. Additionally, China's crude steel output is expected to fall below 1 billion tons in 2025 for the first time in six years. Together with policies planned to expand domestic demand, this is expected to help the steel market reach a balance between supply and demand faster and positively impact the Asian market. As steel prices gradually stabilize and grow, downstream procurement is expected to shift from a wait-and-see approach to becoming more proactive. These developments are expected to support the global steel market enter a new cycle of steady growth.

The Company has three main priorities in the new year. The first of these is raw material costs. The Company 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 domestic orders, and help improve downstream competitiveness. The last priority 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. The Company will continue to focus on the maximization of profits, strengthening of customer relationships, building of mutual trust, and working together with customers to meet and triumph over market challenges.

I. 2025 Business and Financial Report

(I) Business Plan Implementation Results

1. Production plan implementation status:

Steel production (excluding miscellaneous grade products) in 2025 amounted to 1.172 million tons, a decrease of 561,000 tons (32%) compared to 1.733 million tons in 2024.

2. Sales plan implementation status:

The sales volume of steel products in 2025 amounted to 1.092 million tons, a decrease of 423,000 tons (28%) compared to 1.515 million tons in 2024.

(II) Analysis of Operating Revenues, Expenses and Profitability

The net loss after tax amounted to NT\$1.85 billion in 2025. The operating revenue, expenses, and profitability are as follows:

1. Revenue:

Consolidated operating revenue amounted to NT\$19.02 billion in 2025, a decline of NT\$11.44 billion (37.6%) compared to NT\$30.46 billion in 2024.

2. Expenses:

Consolidated operating costs and consolidated operating expenses totaled NT\$21.03 billion in 2025, a decrease of NT\$10.67 billion (33.7%) compared to NT\$31.70 billion in 2024.

3. Profitability:

Since the decrease in steel product revenue was greater than the decrease in steel product costs, the net loss before tax amounted to NT\$1.93 billion, a decrease of NT\$0.75 billion compared to 2024.

(III) Research and Development

The Company is committed to developing new products and technologies, as well as continuously optimizing product quality, process research, and equipment technology. The Company has actively adopted and applied Artificial Intelligence (AI) technologies, and integrated these efforts into the Company's digital transformation strategy to comprehensively promote the adoption of smart equipment, smart manufacturing, and smart operations as a core development direction. Through R&D and practical implementation of smart technologies, the Company has not only improved product quality and process stability, but also optimized production processes and established equipment technologies. At the same time, the Company has continued to build smart systems for production and manufacturing, equipment maintenance, production scheduling, quality control, product sales, occupational safety, and environmental protection. The adoption of these systems has already resulted in concrete improvements in production efficiency, quality control, occupational safety, and environmental protection. When implementing AI, the Company has simultaneously attached great importance to cultivating talent and establishing organizational capabilities. Through providing external professional training, engaging in industry-academia collaborations, and integrating professional technical resources, the Company has continuously enhanced its internal technological capabilities, and accelerated the practical implementation of innovative technologies.

Major R&D achievements in 2025 include the development of RC95 hot-rolled steel coils made from recycled materials. Quality optimizations made include UV coating improvements to steel pipes to reduce pipe bottom roller damage. Process research achievements include the development of rapid load balancing technologies for the finishing mill on the hot rolling production line. AI results include the adoption of a smart monitoring system for the milling machine, which is able to help optimize process parameters and improve saw blade life.

II. Summary of 2026 Business Plan

Starting in 2025, European countries and the United States began gradually cutting interest rates, which has helped improve market liquidity and reduce financing costs. The global financial environment has gradually eased. Additionally, as the United States reaches agreements with various other countries through trade negotiations, the global economic and trade order has stabilized and macroeconomic uncertainties have gradually been resolved. These factors will help the global steel market develop steadily.

The Chinese government has also remained consistent with its policy direction to actively address involutionary competition. Through promoting the optimization of the production structure and opposing “race-to-the-bottom” price competition, the balance of supply and demand within the steel market is expected to improve. Additionally, the Chinese government officially implemented its Steel Export License System from January of this year onwards, limiting the large-scale export of low-priced steel and leading to a recovery in steel prices within the Asian market. Prices in the international steel market have also exhibited positive signs of a stable recovery after reaching bottom.

The Company will respond to changes in the global steel industry by maintaining a high degree of flexibility in its production and sales, streamlining its production and storage logistics, strengthening its commitment to customer service, and maintaining robust sales of steel products. The Company's consolidated sales target for all products in 2026 is 1.2 million tons.

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

Based on the International Monetary Fund's (IMF) World Economic Outlook report published in January 2026, the global economy is expected to grow by 3.3% in 2026, an upward revision of 0.2% from the previous forecast. This revision was mainly due to technology investments, supportive financial and monetary policies, easing financial conditions, and private sector resilience, which have offset the adverse impact of trade policy changes.

Furthermore, the World Steel Association forecasted in October 2025 that easing financing conditions and reduced tariff uncertainty would help stimulate steel demand in Europe and the United States in 2026, leading to moderate growth. Additionally, as developing economies continue experiencing steady economic growth and steel demand in mainland China continues to recover, global demand for steel is expected to grow by 1.3% in 2026. As of December 2025, global crude steel output had declined by 2.0% compared with the same period in the previous year, leading to expectations that the supply and demand

balance within the global steel market will continue to improve.

Taiwan and the United States have also reached an agreement on tariff rates in January 2026 following trade negotiations. Taiwan faces reciprocal tariffs of 15%, on par with the tariffs imposed on Japan and South Korea. Most Favored Nation (MFN) tariff rates will also be excluded for Taiwan. Steel-related industries such as machine tools, machinery, and hand tools are expected to benefit from these reduced tariffs, boosting their competitive advantage. Nevertheless, although the overall business environment has gradually recovered after reaching bottom, external uncertainties such as changing foreign trade protectionism measures, progress on the Russia-Ukraine negotiations, and geopolitical relations in the Middle East may still have an impact on domestic economic, trade, and industrial policies. Continued attention must be paid to these factors.

Additionally, regarding global net-zero carbon emissions and energy policies, the European Union's Carbon Border Adjustment Mechanism (CBAM) was officially implemented in 2026, with the UK's CBAM expected to be implemented in 2027. Taiwan announced its Regulations Governing the Collection of Carbon Fees in 2024, and is expected to begin collecting carbon fees in 2026, officially ushering Taiwan into the new carbon pricing era. 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. The Company monitors 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 for 2026 and attain its sustainable development goals. The Company's main action plans are directed towards the following areas:

- (I) Driving digital transformation and enhancing organizational efficiency
 1. Develop and promote AI applications, continuously implement smart technology projects and digital mobile applications.
 2. Establish a visualized operational information control center and models for providing price estimates.
- (II) Strengthening carbon reduction measures and expanding green steel products

1. Participate in R&D and transformation projects, and support industry alliance programs.
 2. Implement energy consumption improvement projects, reduce carbon emissions, and actively promote RC green steel products.
- (III) Understanding customer needs and co-creating valuable business opportunities
1. Actively promote high-grade steel and plan collaborations on recycling and reuse of pickling tank solutions.
 2. Provide early warnings of threats and barriers to trade.
- (IV) Enhancing equipment efficiency and strengthening manufacturing capabilities
1. Plan projects to rework the reheating furnace combustion system, and participate in the industrial development plan established by the Industrial Development Administration, Ministry of Economic Affairs (MOEA).
 2. Enhance core technological capabilities and improve the full order qualification rate.
- (V) Ensuring workplace safety and health, and advancing environmental protection and energy conservation
1. Implement the “Three Zeros” safety and environment goals: zero disabling injuries, zero occupational accidents, and zero regulatory fines.
 2. Implement management of greenhouse gas, energy consumption, water resources, air pollutants, and waste materials management.
- (VI) Ensuring skills and knowledge are passed down, and fulfilling corporate social responsibility.
1. Continue promoting knowledge management and organizing succession training courses.
 2. Fully disclose sustainability information pursuant to international standards and government regulations, building investor confidence.

Following a marketing strategy of “Steady domestic sales, flexible foreign sales,” the Company will actively maximize its competitive advantages of timeliness, speed, and flexibility in production and sales. Dynamic and effective logistics management ensures optimal production and continued optimization of product structure. In addition to the pursuit of steady growth in its operations, the Company also strives to balance its development in environmental and social aspects in order to realize the Company’s sustainability roadmap.

Lastly, We would like to wish all our shareholders
health and prosperity.

Chairperson of the Board	Min Chu
President	Fu-Liang Wang

B. Corporate Governance Report

I. Profile of Directors and Managerial Officers

(I) Director Information

Title	Nationality or place of registration	Name	Gender 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: Min Chu (Note 4)	Male 65	2025.8.31	3 years	2025.8.31	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: Shou-Tao Chen	Male 64	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 3)	Male 50	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 53	2024.6.26	3 years	2024.1.31	0	0	0	0	0	0
Independent Director	Republic of China	Lin-Lin Lee	Female 58	2024.6.26	3 years	2015.6.26	0	0	0	0	0	0
Independent Director	Republic of China	Ming-Te Sun	Male 59	2024.6.26	3 years	2024.6.26	0	0	0	0	0	0
Independent Director	Republic of China	Hsiu-Chuan Lee	Male 47	2025.6.25	3 years	2025.6.25	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.

February 28, 2026

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	Ph.D. in Environmental Engineering, University of Southern California, US President of Chung Hung Steel Corporation	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 Vice President of Production Division, China Steel Corporation	Does not hold positions in the Company 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	None	None	None	
N/A	N/A	N/A	N/A	N/A			
0	0	Master of Business Administration, National Cheng Kung University Director of Marketing Department, China Steel Corporation	Does not hold positions in the Company Assistant Vice President of Commercial Division, China Steel Corporation 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 Director of Production Planning Department, China Steel Corporation	Does not hold positions in the Company Assistant Vice President, Production Division Chairperson of CSCI Steel Corporation India Pvt. Ltd. Director of China Steel Global Trading Corporation Director of China Ecotek Corporation	None	None	None	
0	0	Master of Law, National Taiwan University Chairperson of Taiwan Bar Association	Does not hold positions in the Company Managing Partner, Ling Yun Attorneys-at-Law Independent Director, Audit Committee Member, and Remuneration Committee Member, Sentien Printing Factory Co., Ltd. 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 Researcher at Taiwan Economic Research Institute	Does not hold positions in the Company 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	None	None	None	
0	0	Ph.D. in Business Administration, National Taiwan University of Science and Technology; Professor of Finance, Ming Chuan University	Does not hold positions in the Company Professor and Head of Department of Finance, Ming Chuan University	None	None	None	

Note 3: The corporate shareholder China Steel Corporation assigned Mr. Tung-Chieh Chuang to replace Mr. Chia-Cheng Lee as its representative on February 1, 2025.

Note 4: The corporate shareholder China Steel Corporation assigned Mr. Min Chu to replace Mr. Kuei-Sung Tseng as its representative on August 31, 2025. Mr. Min Chu was elected as the Chairperson by the Board of Directors on September 1, 2025.

Table 1: Major shareholders of corporate shareholders

December 31, 2025

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. (2.61%), Transglory Investment Corporation (1.63%), Chunghwa Post Co., Ltd. (1.20%), Winning Investment Corporation (1.02%), Yuanta/P-shares Taiwan Top 50 ETF (1.01%), Vanguard Total International Stock Index Fund (0.95%), Vanguard Emerging Markets Stock Index Fund (0.91%), Taiwan Life Insurance Co., Ltd. (0.78%), New Labor Pension Fund (0.72%)

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

December 31, 2025

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%), Transglory Investment Corporation (30.00%), Maruichi Steel Tube Ltd. (21.00%)
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 Name	Professional qualifications and experience (Note 1)	Compliance with independence criteria	Number of companies the person serves as an independent director
Corporate Director Representative: Min Chu	<p>Highest level of education: Ph.D. in Environmental Engineering, University of Southern California, US</p> <p>Job Title: Chairperson of the Company, Supervisor of Pacific Harbor Stevedoring Corporation</p> <p>Past experience: Vice President of Commercial Division, China Steel and Nippon Steel Vietnam Joint Stock Company, President of the Company.</p> <p>Professional qualifications and experience: 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>Highest level of education: Department of Power Mechanical Engineering of National Tsing Hua University</p> <p>Job Title: 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>Past experience: Vice President of Production Division, China Steel Corporation</p> <p>Professional qualifications and experience: 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 Name	Professional qualifications and experience (Note 1)	Compliance with independence criteria	Number of companies the person serves as an independent director
Corporate Director Representative: Tung-Chieh Chuang	<p>Highest level of education: Master of Business Administration, National Cheng Kung University Job Title: Assistant Vice President of Commercial Division, China Steel Corporation, Director of Honley Auto. Parts Co., Ltd. Past experience: Director of Marketing Department, China Steel Corporation. Professional qualifications and experience: 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. 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: Kun-Pin Huang	<p>Highest level of education: Master of Industrial Engineering and Management, Yuan Ze University Job Title: Assistant Vice President of Production Division, China Steel Corporation, Director of CSCI Steel Corporation India Pvt. Ltd., Director of China Ecotek Corporation. Past experience: Director of Production Planning Department, China Steel Corporation Professional qualifications and experience: Relevant industrial experience (steel), engineering.</p>	<p>1. Not a spouse or a relative within two degrees of kinship with any other director. 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

Name \ Criteria	Professional qualifications and experience (Note 1)	Compliance with independence criteria	Number of companies the person serves as an independent director
Independent Director Lin-Lin Lee	<p>Highest level of education: Master of Law, National Taiwan University.</p> <p>Job Title: Managing Attorney of Ling Yun Attorneys-at-Law; Director of the Legal Aid Foundation; Chairperson 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>Past experience: Vice Chairperson of Taiwan Bar Association, Chairperson of Bar Association of Kaohsiung, Chairperson 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 Judicial Yuan.</p> <p>Professional qualifications and experience: 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"> 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. 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. 3. The individual is not a director, supervisor, or employee of a company that has special relations with the Company. 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. 5. Has not provided business, 	2

Criteria Name	Professional qualifications and experience (Note 1)	Compliance with independence criteria	Number of companies the person serves as an independent director
Independent Director Ming-Te Sun	<p>Highest level of education: PhD in Business Administration, National Taipei University.</p> <p>Job Title: 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>Past experience: Supervisor of the iPASS Corporation, independent director, audit committee member and remuneration committee member of Richmond International Travel & Tours Co., Ltd.</p> <p>Professional qualifications and experience: Commerce, business administration, economics.</p>	<p>legal, financial, or accounting services to the Company or its affiliates in the past 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 Hsiu-Chuan Lee	<p>Highest level of education: PhD in Business Administration, National Taiwan University of Science and Technology.</p> <p>Job Title: Professor and Head of Department of Finance, Ming Chuan University.</p> <p>Past experience: Professor of Finance, Ming Chuan University.</p> <p>Professional qualifications and experience: Expertise in finance.</p>		0

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 has 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 a 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's license and provides guidance on 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 Hsiu-Chuan Lee is a university professor with expertise in finance. He is responsible for ensuring the quality of financial reports and provides advice on sustainable development. As the Company continues to promote AI, sustainable transformation, and green transformation, Director Min Chu, with a background in environmental engineering and the steel industry, Directors Shou-Tao Chen and Kun-Pin Huang, with extensive experience in steel production and are familiar with the workings of the overall steel industry, and Director Tung-Chieh Chuang, with expertise in sales strategy, are able to provide suggestions on production, sales, and sustainable management.

The Company's current Board of Directors includes 7 members (including 3

Independent Directors, one of whom 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 support 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 roles as company managers is 100%. Only one of the three independent directors has served more than three consecutive terms. There are 2 directors aged 60 to 69, 4 directors aged 50 to 59, and 1 director aged 40 to 49. The implementation status is listed in the table below:

Diversity Core Item Name of Director	Basic composition								Business management	Leadership and decision making	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 of the Board Min Chu	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 Hsiu-Chuan Lee	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	Fu-Liang Wang	Male	2025.09.01 (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	0	0	0	0	0	0
Vice President, Administration Division (Chief Accounting Officer) and Chief Corporate Governance Officer	Republic of China	Wen-Ping Huang	Female	2021.03.01 (Note 4)	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 September 1, 2025, the Board of Directors approved the appointment of Mr. Fu-Liang Wang as President and Chief Information Security Officer.

Note 4: On December 31, 2024, the Board of Directors approved the appointment of the Chief Corporate Governance Officer. On October 1, 2025, the Board of Directors approved the appointment of the Vice President of the Administration Division, with Ms. Wen-Ping Huang serving as the Chief Accounting Officer.

February 28, 2026

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	
Master's Degree in Business Administration, National Kaohsiung University of Applied Sciences Deputy Plant Director, Rolling Mill Dept-II Cold Rolled Products, China Steel Corporation	None	None	None	None	N/A
Master of Electronic Engineering, University of California, Irvine, USA 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 Assistant Vice President of Production Division, Chung Hung Steel Corporation	None	None	None	None	
Master's Degree in Finance, National Sun Yat-sen University Project Deputy Director, Finance Division, China Steel Corporation	Chairperson of Hung Kao Investment Corporation Director of Pro-Ascentek Investment Corporation	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 (Note 1) Representative of China Steel Corporation	32	32	0	0	0	0	15	15	47 (0.00)%	47 (0.00)%
	Min Chu (Note 1) Representative of China Steel Corporation	1,284	1,284	9	9	0	0	10	10	1,303 (0.07)%	1,303 (0.07)%
Director	China Steel Corporation	2,202	2,202	0	0	0	0	528	528	2,730 (0.15)%	2,730 (0.15)%
	Shou-Tao Chen Representative of China Steel Corporation	0	0	0	0	0	0	25	25	25 (0.00)%	25 (0.00)%
	Kun-Pin Huang Representative of China Steel Corporation	0	0	0	0	0	0	25	25	25 (0.00)%	25 (0.00)%
	Chia-Cheng Lee (Note 2) Representative of China Steel Corporation	0	0	0	0	0	0	5	5	5 (0.00)%	5 (0.00)%
	Tung-Chieh Chuang (Note 2) Representative of China Steel Corporation	0	0	0	0	0	0	20	20	20 (0.00)%	20 (0.00)%
Independent Director	Lin-Lin Lee	600	600	0	0	0	0	199	199	799 (0.04)%	799 (0.04)%
	Ming-Te Sun	600	600	0	0	0	0	209	209	809 (0.04)%	809 (0.04)%
	Wei-che Tsai (Note 3)	200	200	0	0	0	0	63	63	263 (0.01)%	263 (0.01)%
	Hsiu-Chuan Lee (Note 4)	300	300	0	0	0	0	102	102	402 (0.02)%	402 (0.02)%

Note 1: The corporate shareholder China Steel Corporation assigned Mr. Min Chu to replace Mr. Kuei-Sung Tseng as its representative on August 31, 2025. Mr. Min Chu was elected as the Chairperson by the Board of Directors on September 1, 2025.

Note 2: The corporate shareholder China Steel Corporation assigned Mr. Tung-Chieh Chuang to replace Mr. Chia-Cheng Lee as its representative on February 1, 2025.

Note 3: Independent director Wei-Che Tsai resigned on April 16, 2025.

Note 4: Independent director Hsiu-Chuan Lee took office on June 25, 2025.

Unit: NT\$ thousand, December 31, 2025

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	47 (0.00)%	47 (0.00)%	2,845
0	0	0	0	0	0	0	0	1,303 (0.07)%	1,303 (0.07)%	0
0	0	0	0	0	0	0	0	2,730 (0.15)%	2,730 (0.15)%	0
0	0	0	0	0	0	0	0	25 (0.00)%	25 (0.00)%	5,976
0	0	0	0	0	0	0	0	25 (0.00)%	25 (0.00)%	3,467
0	0	0	0	0	0	0	0	5 (0.00)%	5 (0.00)%	279
0	0	0	0	0	0	0	0	20 (0.00)%	20 (0.00)%	2,700
0	0	0	0	0	0	0	0	799 (0.04)%	799 (0.04)%	0
0	0	0	0	0	0	0	0	809 (0.04)%	809 (0.04)%	0
0	0	0	0	0	0	0	0	263 (0.01)%	263 (0.01)%	0
0	0	0	0	0	0	0	0	402 (0.02)%	402 (0.02)%	0

- 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:
 - Independent Directors are provided with fixed remuneration, and Independent Directors Lin-Lin Lee, Ming-Te Sun, Wei-Che Tsai, and Hsiu-Chuan Lee are provided NT\$50,000 each per month. They do not collect the remuneration for Directors specified in Article 28 of the Articles of Incorporation. The Company's profit or loss does not affect the fixed remuneration of Independent Directors.
 - Independent Directors are required to attend meetings of the Board of Directors with transportation allowances paid by the Company.
 - 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.
- 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, 2025

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	Kuei-Sung Tseng, Shou-Tao Chen, Kun-Pin Huang, Chia-Cheng Lee, Tung-Chieh Chuang, Lin-Lin Lee, Ming-Te Sun, Wei-Che Tsai, Hsiu-Chuan Lee	Kuei-Sung Tseng, Shou-Tao Chen, Kun-Pin Huang, Chia-Cheng Lee, Tung-Chieh Chuang, Lin-Lin Lee, Ming-Te Sun, Wei-Che Tsai, Hsiu-Chuan Lee	Kuei-Sung Tseng, Shou-Tao Chen, Kun-Pin Huang, Chia-Cheng Lee, Tung-Chieh Chuang, Lin-Lin Lee, Ming-Te Sun, Wei-Che Tsai, Hsiu-Chuan Lee	Chia-Cheng Lee, Lin-Lin Lee, Ming-Te Sun, Wei-Che Tsai, Hsiu-Chuan Lee
NT\$ 1,000,000 (inclusive) to NT\$ 2,000,000 (exclusive)	Min Chu	Min Chu	Min Chu	Min Chu
NT\$ 2,000,000 (inclusive) to NT\$ 3,500,000 (exclusive)	China Steel Corporation	China Steel Corporation	China Steel Corporation	China Steel Corporation, Kuei-Sung Tseng, Kun-Pin Huang, Tung-Chieh Chuang
NT\$ 3,500,000 (inclusive) to NT\$ 5,000,000 (exclusive)	None	None	None	None
NT\$ 5,000,000 (inclusive) to NT\$ 10,000,000 (exclusive)	None	None	None	Shou-Tao Chen
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	11	11	11	11

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

(II) Remunerations to President and Vice President

Unit: NT\$ thousand, December 31, 2025

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 (Resigned on September 1, 2025)	1,806	1,806	72	72	220	220	0	0	0	0	2,098 (0.11)%	2,098 (0.11)%	0
	Fu-Liang Wang (Appointed on September 1, 2025)	821	821	36	36	208	208	0	0	0	0	1,065 (0.06)%	1,065 (0.06)%	0
Vice President, Administration Division	Shu-Cheng Yen (Dismissed on September 30, 2025)	1,408	1,408	80	80	393	393	0	0	0	0	1,881 (0.10)%	1,881 (0.10)%	0
	Wen-Ping Huang (Appointed on October 1, 2025)	508	508	0	0	222	222	0	0	0	0	730 (0.04)%	730 (0.04)%	0
Vice President, Commercial Division	Chun-Ting Lin	1,834	1,834	108	108	358	358	0	0	0	0	2,300 (0.12)%	2,300 (0.12)%	0
Vice President, Production Division	Hsi-I Chen	2,300	2,300	302	302	446	446	0	0	0	0	3,048 (0.16)%	3,048 (0.16)%	18

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 2025.

Remuneration Range Table

December 31, 2025

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	Wen-Ping Huang	Wen-Ping Huang
NT\$ 1,000,000 (inclusive) to NT\$ 2,000,000 (exclusive)	Fu-Liang Wang, Shu-Cheng Yen	Fu-Liang Wang, Shu-Cheng Yen
NT\$ 2,000,000 (inclusive) to NT\$ 3,500,000 (exclusive)	Min Chu, Chun-Ting Lin, Hsi-I Chen	Min Chu, Chun-Ting Lin, Hsi-I Chen
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, December 31, 2025

Title		Name	Stock amount	Cash amount	Total	Ratio accounted compared to the total net income (%)
Managerial Officer	President	Min Chu (Resigned on September 1, 2025)	0	0	0	0
		Fu-Liang Wang (Appointed on September 1, 2025)				
	Vice President, Administration Division	Shu-Cheng Yen (Dismissed on September 30, 2025)				
	Vice President, Administration Division and Chief Accounting Officer	Wen-Ping Huang (Appointed on October 1, 2025)				
	Vice President, Commercial Division	Chun-Ting Lin				
	Vice President, Production Division	Hsi-I Chen				

(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	
Vice President, Production Division	Hsi-I Chen	2,300	2,300	302	302	446	446	0	0	3,048 (0.16)%	3,048 (0.16)%	18
Vice President, Commercial Division	Chun-Ting Lin	1,834	1,834	108	108	358	358	0	0	2,300 (0.12)%	2,300 (0.12)%	0
President	Min Chu	1,806	1,806	72	72	220	220	0	0	2,098 (0.11)%	2,098 (0.11)%	0
Vice President, Administration Division	Shu-Cheng Yen	1,408	1,408	80	80	393	393	0	0	1,881 (0.10)%	1,881 (0.10)%	0
President	Fu-Liang Wang	821	821	36	36	208	208	0	0	1,065 (0.06)%	1,065 (0.06)%	0

Note: 1. President Min Chu resigned on September 1, 2025, and was succeeded by Mr. Fu-Liang Wang.

2. Mr. Shu-Cheng Yen was dismissed from his position as Vice President of the Administration Division on September 30, 2025.

(IV) Comparison of compensation paid by the Company and all the consolidated entities in the past 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 2025 accounted for -0.95% of the after-tax net profit. The remuneration for Directors (including Independent Directors), President, and Vice Presidents in 2024 accounted for -2.02% 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, if the Company made a profit for the year, it shall allocate no less than 0.1% of the profit as employee remuneration, and allocate no less than 30% of employee remuneration to entry-

level employees. A sum shall be set aside to make up for any outstanding cumulative losses of the Company. 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.) 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 8 (A) meetings of the Board of Directors were held in 2025. The attendance of Directors was as follows:

2025.01.01~2025.12.31

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 Kuei-Sung Tseng	4	0	100	Dismissed on August 31, 2025. Total required attendance was 4.
	Representative of China Steel Corporation Min Chu	4	0	100	Newly appointed on August 31, 2025. Total required attendance was 4.
Director	Representative of China Steel Corporation Shou-Tao Chen	8	0	100	None.
Director	Representative of China Steel Corporation Kun-Pin Huang	7	1	87.5	None.
Director	Representative of China Steel Corporation Chia-Cheng Lee	0	0	-	Dismissed on February 1, 2025. Total required attendance was 0.
	Representative of China Steel Corporation Tung-Chieh Chuang	7	1	87.5	Newly appointed on February 1, 2025. Total required attendance was 8.
Independent Director	Lin-Lin Lee	7	1	87.5	None.
Independent Director	Ming-Te Sun	8	0	100	None.
Independent Director	Wei-che Tsai	1	0	100	Resigned on April 16, 2025. Total required attendance was 1.
Independent Director	Hsiu-Chuan Lee	5	0	100	Newly appointed on June 25, 2025. Total required attendance was 5.

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 actually attended by the Director during the period by the number of Board of Directors meetings held during the period.

(2) If a Director has been reelected before the end of the year, the names of the new and former 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 actually attended by the Director during the period by the number of Board of Directors meetings held during the period.

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. 8th meeting of the 16th Board of Directors held on August 6, 2025: Appointment of Mr. Hsiu-Chuan Lee to the Remuneration Committee of the Company's 16th Board of Directors. Independent Director Hsiu-Chuan Lee recused himself in accordance with applicable laws.

2. 10th meeting of the 16th Board of Directors held on October 1, 2025: Proposed salary for newly appointed

Chairperson Min Chu. Chairperson Min Chu recused himself in accordance with applicable laws.

3. 12th meeting of the 16th Board of Directors held on December 26, 2025: Proposed adjustment to the basic salary of the Company President and Vice Presidents of each department for fiscal year 2025, backdated to April 1, 2025. Chairperson Min Chu recused himself in accordance with applicable laws (Mr. Min Chu was formerly the President of the Company and was promoted to Chairperson on September 1, 2025. As this case concerns his salary, he recused himself to avoid a conflict of interest).

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 2025 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.) 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 February 25, May 8, August 6, November 6, and December 26 in 2025. The resolutions of the Audit Committee were reported to the Board of Directors.
2. The Remuneration Committee was established in September 2011 in accordance with applicable laws and regulations under the Board of Directors. Operations of the Remuneration Committee in 2025: The Company convened five meetings of the Remuneration Committee on February 25, May 8, October 1, November 6, and December 26 in 2025 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 March 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 August 6, 2025, 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. The 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 Company's website to disclose the Company's specific information security strategies, response policies and implementation results. The 2025 information security implementation results were presented at the Board of Directors meeting on December 26, 2025.
7. On November 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 2025 was reported to a meeting of the Audit Committee and Board of Directors at a meeting on December 26, 2025. Guidance was provided by the Audit Committee during the meeting on risk management operations and announced on the Company's 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's 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 2025 was reported at the Board of Directors meeting on November 6, 2025, and also announced on the Company's website.

2. The Board of Directors evaluation status in 2025 was as follows:

- (1) The Company's "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 2025 evaluations were organized and reported at the Board of Directors meeting on February 23, 2026, 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 2025 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: 98.86 points
 - (B) Total average indicator score: 4.94 points
 - B. Results of the performance self-evaluation of the Directors:
 - (A) Total average score of the questionnaire: 99.14 points
 - (B) Total average indicator score: 4.96 points
 - C. Results of the performance self-evaluation of the Audit Committee:
 - (A) Total average score of the questionnaire: 98.00 points
 - (B) Total average indicator score: 4.90 points
 - D. Results of the performance self-evaluation of the Remuneration Committee:
 - (A) Total average score of the questionnaire: 98.67 points
 - (B) Total average indicator score: 4.93 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 2025. 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’s website. (https://www.chsteel.com.tw/cg/cg_per.html).

(II) State of operations of the Audit Committee:

1. Audit Committee member profiles:

February 28, 2026

<p>Role</p> <p>Name</p>	<p>Criteria</p>	<p>Professional qualifications and experience</p>	<p>Compliance with independence criteria</p>	<p>Number of other public companies in which the member also serves as a member of their audit committee</p>
<p>Independent Director Convener of the Audit Committee</p>	<p>Ming-Te Sun</p>	<p>Highest level of education: PhD in Business Administration, National Taipei University. Job Title: 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. Past experience: Supervisor of the iPASS Corporation, independent director, audit committee member and remuneration committee member of Richmond International Travel & Tours Co., Ltd. Professional qualifications and experience: 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"> 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. 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. 3. The individual is not a director, supervisor, or 	<p>0</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 audit committee
Independent Director	Lin-Lin Lee	<p>Highest level of education: Master of Law, National Taiwan University.</p> <p>Job Title: Managing Attorney of Ling Yun Attorneys-at-Law; Director of the Legal Aid Foundation; Chairperson 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>Past experience: Vice Chairperson of Taiwan Bar Association, Chairperson of Bar Association of Kaohsiung, Chairperson 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 Judicial Yuan.</p> <p>Professional qualifications and experience: Passed the R.O.C. Bar Examination, expertise in legal affairs.</p>	<p>employee of a company 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 past 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	
Independent Director	Hsiu-Chuan Lee	<p>Highest level of education: PhD in Business Administration, National Taiwan University of Science and Technology.</p> <p>Job Title: Professor and Head of Department of Finance, Ming Chuan University.</p> <p>Past experience: Professor of Finance, Ming Chuan University.</p> <p>Professional qualifications and experience: Expertise in finance.</p>		0	

2. A total of 5 (A) meetings of the audit committee in 2025. The attendance of Independent Directors was as follows:

2025.01.01~2025.12.31

Title	Name	Attendance in person (B)	Attendance by proxy	Actual attendance rate (%) (B/A) (Note)	Remarks
Independent Director (Convener)	Ming-Te Sun	5	0	100	None.
Independent Director	Lin-Lin Lee	4	1	80	None.
Independent Director	Wei-che Tsai	1	0	100	Resigned on April 16, 2025. Total required attendance was 1.
Independent Director	Hsiu-Chuan Lee	3	0	100	Newly appointed on June 25, 2025. 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 actually attended by the Independent Director during the period by the number of Audit Committee meetings held during the period.

(2) If an Independent Director has been reelected before the end of the year, the names of the new and former 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 by dividing the number of Audit Committee meetings actually attended by the Independent Director during the term of service by the number of Audit Committee meetings held 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 2025

1. 4th meeting of the 16th Board of Directors held on February 25, 2025:
 - (1) Proposed provision of non-assurance services by the CPA in 2025 and assessment report of their independence.
 - (2) Internal audit report.
 - (3) The Company's 2024 Business Report and financial statements.
 - (4) 2024 earnings distribution and loss makeup proposal.
 - (5) Assessment report on the independence and competence of the CPAs.
 - (6) 2024 Internal Control System Self-Assessment Results and Internal Control System Statement.
 - (7) Revision of some provisions of the Company's "Internal Audit Enforcement Rules".
 - (8) Lift of non-compete clauses for representatives of corporate directors.

2. 5th meeting of the 16th Board of Directors held on May. 08, 2025:
 - (1) The Company's 2025 Q1 consolidated financial statements.
3. 6th meeting of the 16th Board of Directors held on August 6, 2025:
 - (1) The Company's 2025 Q2 consolidated financial statements.
4. 7th meeting of the 16th Board of Directors held on November 6, 2025:
 - (1) The Company's 2025 Q3 consolidated financial statements.
 - (2) Proposal on replacing the Company's Chief Internal Auditor.
5. 8th meeting of the 16th Board of Directors held on December 26, 2025:
 - (1) 2025 Risk management operation report.

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 2024 financial report closing meeting on February 20, 2025. Attendees included the Independent Directors, and the CPAs. The contents of the meeting mainly included reports on the Company's financial and business status in 2024 and discussions of plans for 2025. The independent directors did not express any additional 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.
 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 the Chief Internal Auditor on December 26, 2025. Attendees included the Independent Directors, the Chief Internal Auditor, and the internal auditors. The key items in the meeting are 2025 annual audit and business reports.
 - (III) The 2025 communication meeting (audit planning phase) with the governance unit was convened by the Company on December 26, 2025. Attendees included the independent directors and the CPAs. Meeting agenda was a report of audit items, materiality, and explanation of audit quality indicators for the Company's 2025 Financial Report. Material items discussed in the meeting are as follows:
 1. Audit scope, method and timeline.
 2. Identification of significant risks and assessment of key audit matters.
 3. Applicable year for presentation and disclosure of International Financial Reporting Standards (IFRS) 18 financial statements.
 4. Non-audit services performed by Deloitte Taiwan.
 5. Audit quality indicators (AQI).
 6. Transparency Report of Deloitte Taiwan.
- IV. Resolutions of the Audit Committee for important agenda and the Company's handling of such opinions:
 - (I) 4th meeting of the 16th Board of Directors held on February 25, 2025: Proposal to lift non-compete clauses for representatives of corporate Directors.
 Opinions of the Audit Committee: How long will the proposal restrictions remain in effect? Can such a proposal be submitted in non-election years?
 The Company's explanation and measures taken: The lifting of the non-compete clauses will remain in

effect until the next Board of Directors election. After a new Director is elected, the proposal must be re-submitted to the Shareholders' Meeting for approval due to changes in the appointed Directors or their duties.

Opinions of the Audit Committee: Will non-compete clauses also be lifted for Independent Directors who hold a concurrent position in the steel industry? Will the proposal extend to Directors who hold concurrent positions in the financial industry, and with whom the Company has financial dealings? How long will the proposal restrictions remain in effect?

The Company's explanation and measures taken: The industries restricted under a non-compete clause are determined based on the business activity items listed on a company's business registration. A company is considered a competitor if it has overlapping business activities. The Company shall base its decisions on a broader definition.

Opinions of the Audit Committee: When will these restrictions take effect?

The Company's explanation and measures taken: Non-compete clauses shall only be lifted after approval from the Annual Shareholders' Meeting, and shall not be applied retroactively.

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

- (II) 6th meeting of the 16th Board of Directors held on August 6, 2025: The Company's 2025 Q2 consolidated financial statements.

Opinions of the Audit Committee: If a customer order is returned in the third quarter, will inventory write-down losses already recorded be reduced or remain on the financial statements?

The Company's explanation and measures taken: If steel prices rise, losses recorded from inventory write-downs may be reversed. This is similar to how unrealized valuation gains and losses are treated.

Opinions of the Audit Committee: There were relatively significant exchange rate fluctuations in the second quarter. The Taiwan dollar has now fallen again after its rise in value. How has this impacted the Company's foreign exchange transactions? What was the impact on sales and costs?

The Company's explanation and measures taken: Costs for importing steel slabs in the second quarter were relatively low due to lower raw material costs. However, sales orders fell in the second quarter, and the Company will reduce the amount of raw materials to procure in the third quarter. Meanwhile, export sales were low in the third quarter due to poor prices. At the moment, we expect that foreign currency income and expenditures will both decrease, helping the Company naturally hedge against foreign exchange fluctuations.

Results of resolution: Approved 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 area	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 services A list of the Company's main shareholders and their ultimate owners is also compiled periodically.	
(III) Does the company establish and execute risk control mechanism for affiliates, and firewall methods?	✓		(III) The Company and its affiliate companies operate independently of each other and related financial and business transactions 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 insiders shall not use material non-public 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 Insider Trading", "Code of Ethical Conduct for Supervisors and Senior Managerial Officers", and "Code of Ethical Conduct for Directors" as a basis for compliance for insiders to prevent insiders from using material non-public for securities transactions. Directors are also explicitly barred from trading in Company shares during the closed period of 30 days before the publication of financial reports, and 15 days before the publication of quarterly	

Assessed area	Operating status		Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	
		financial reports. Directors are notified of this restriction prior to the closed period as well.	
<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 the protection of shareholders' equity. The status of implementation of the diversity policy is detailed in this Annual Report under "I. Profile of Directors and Managerial Officers (II) Directors and Independent Directors 2. Diversity and independence of the Board of Directors".</p>	No deviation from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.

Assessed area	Operating status		Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons	
	Yes	No		Summary
(II) Does the company voluntarily establish other functional committees in addition to Remuneration Committee and Audit Committee?		✓	(II)The Company has not voluntarily established other functional committees other than the Remuneration Committee and Audit Committee, which are established in accordance with applicable laws.	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's "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 (I) Board of Directors operating status and evaluation status", and provide a reference for the performance of individual directors and the setting of remuneration. 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 the Board of Directors in January 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 also issued by the certifying CPAs for assessing whether the Company's certifying CPAs meet the Company's independence assessment standards (Note 1).	No deviation from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.

Assessed area	Operating status		Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	
			<p>Starting from fiscal year 2023, the Company has also obtained 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 is 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 outperform their peers in terms of audit experience, training hours, and Engagement Quality Control Review (EQCR). Digital audit tools were also progressively introduced over the past three years to improve audit quality.</p> <p>The most recent evaluation results for the past two years were discussed and approved by the Audit Committee on February 25, 2025, and February 23, 2026, and were reported to the Board of Directors on the same day.</p>
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" at the 7th meeting of the 14th Board of Directors on March 19, 2019. At the 4th meeting of the 16th Board of Directors on December 26, 2024, the Board resolved to appoint Ms. Wen-Ping Huang to the position. The Company also established the "Shareholders Affairs & Assets Section" under the Finance Department to take charge of related corporate governance affairs. The Section has four employees, including one Section Manager. Responsibilities include the processing of Board-related affairs (including the production of minutes for Board Meetings), the organization of Shareholders' Meetings (including the compilation of the Shareholders' Meeting minutes), managing company registrations and change of registrations, assisting (Independent) Directors with their role and continuing education, reporting to the Board whether independent directors conform to the relevant laws and the inspection findings during their nomination, election, and term, as</p>

Assessed area	Operating status		Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	
			<p>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 2025 were as follows:</p> <ol style="list-style-type: none"> 1. The Company convened a total of eight meetings of the Board of Directors in 2025. The meeting notices, agendas, and meeting minutes were provided to attendees and uploaded to the Market Observation Post System within the period required by law. 2. On May 8, 2025, and August 6, 2025, the Board of Directors was reported on the Company's promotion and implementation of ethical corporate management, communication with stakeholders, 2024 implementation outcomes in sustainable development, and the 2025 sustainable development implementation plan. 3. The Company convened an annual shareholders' meeting on June 25, 2025, and uploaded related information within the period required by law. 4. The continuing education courses taken by Directors in 2025 have been disclosed on the Market Observation Post System.

Assessed area	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?	✓		<p>(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 telephone or email to communicate with the Company and provide feedback.</p> <p>(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.</p> <p>(III) The Annual Report and Business Report are distributed each year to investors.</p> <p>(IV) Institutional investor conferences are held for two-way communication with investors.</p> <p>(V) The Company communicates with banks, customers, suppliers, and communities through related business units.</p> <p>(VI) The Company communicates with employees through the quarterly Labor-Management Meetings and the Employee Welfare Committee.</p>	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 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				
(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 http://www.chsteel.com.tw 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 websites, assign dedicated	✓		(II) The Company organizes investor seminars in accordance with laws and it uploads related information to the Market Observation Post System and the	

Assessed area	Operating status		Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	
<p>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>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 2025 financial report was filed within two months after the end of the fiscal year. The 2026 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 salaries, leave, and insurance for employees have been specified in the Work Rules.</p> <p>(II) Care for employees:</p> <ol style="list-style-type: none"> 1. The Company implements staff education and training to facilitate smooth channels of communication. In addition to legally required leave, 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. 2. To advance employee health management, the Company organizes employee health examinations that are superior to regulatory requirements. It also invites doctors to explain the results of health inspections at each plant. For employees with irregularities in health examinations, the Company notifies the employees' supervisors to provide care. 3. Except when there is an epidemic, the Company organizes periodic large-scale family events for employees each

Assessed area	Operating status		Summary	Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No		
			<p>year. Each unit also organizes independent activities to allow all employees to relax and have fun and to 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 has also established a spokesperson system and provides appropriate responses to comments from shareholders' calls or letters. The Company has 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 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</p>	

Assessed area	Operating status		Summary	Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No		
			<p>accordance with internal regulations. It delivers products to customers in accordance with contracts and facilitates 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, provide 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 Directors 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 applicable laws 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 8th meeting of the 16th Board of Directors on August 6, 2025.</p> <p>(X) Recusals of Directors due to conflicts of interest: 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</p>	

Assessed area	Operating status		Summary	Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No		
			personnel associated with the transparency of financial information: The Company's Chief Accounting Officer the meets qualifications and criteria specified by the competent authority and continues to attend professional training. In addition, one auditor has 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 2025: The Company has established an employee training and development plan to improve career advancement for employees. The content and implementation status of this plan have been disclosed. The Company has also disclosed its Scope 3 greenhouse gas emissions and the annual emissions volume for the past year. (II) Priorities for improvements in 2026: The Company plans to convene its Annual Shareholders' Meeting by the end of May, and establish a Sustainable Development Committee at the Board of Directors level. The Company also plans to develop and disclose policies and measures for promoting the circular economy and waste management.	

Note 1: After discussions and approval by the Audit Committee regarding the evaluation results on February 25, 2025, and February 23, 2026, 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 are 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 its directors?	No	Yes
3. Does the CPA have a close business relationship or potential employment relationship with the Company?	No	Yes
4. Has the CPA or any member of the audit team served as director, managerial officer, or position with significant influence on audit work at the Company currently or within the past two years?	No	Yes
5. Is the CPA providing non-audit services to the Company that may directly affect audit work?	No	Yes

Assessed item	Evaluation results	Compliance of independence
6. Has the appointed CPA or any member of the audit team experienced or perceived any intimidation from the Company, resulting in an inability to remain objective or express professional skepticism	No	Yes
7. Is the CPA serving as the Company's defense attorney, or representing the Company in handling a conflict with a third party?	No	Yes
8. 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 statements 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 two months after the end of the year.	Yes	Yes

Appendix 1 Status of continuing education of Directors and Independent Directors

As of December 31, 2025

Title	Name	Date of Appointment	Date of Studies		Organizer	Course Title	Duration of the Course
			Starting Date	Ending Date			
Representative of Corporate Director	Min Chu	2025/08/31	2025/08/14	2025/08/14	Taiwan Investor Relations Institute	Corporate Sustainability and Risk Management	3.0
			2025/08/15	2025/08/15	Securities & Futures Institute	2025 Seminar on Legal Compliance for Stock Transactions by Internal Personnel	3.0
			2025/10/16	2025/10/16	Financial Supervisory Commission	15th Taipei Corporate Governance Forum	6.0
Representative of Corporate Director	Shou-Tao Chen	2024/09/10	2025/07/09	2025/07/09	Taiwan Stock Exchange Corporation	2025 Cathay Sustainable Finance and Climate Change Summit	6.0
			2025/08/14	2025/08/14	Taiwan Investor Relations Institute	Corporate Sustainability and Risk Management	3.0
Representative of Corporate Director	Tung-Chieh Chuang	2025/02/01	2025/03/27	2025/03/27	Securities & Futures Institute	Information session on sustainability disclosures for TWSE/TPEX-listed companies	3.0
			2025/04/16	2025/04/16	Institute of Financial Law and Crime Prevention	Corporate Sustainability Performance Evaluation	3.0
			2025/06/19	2025/06/19	Taiwan Academy of Banking and Finance	Corporate Governance Forum	3.0
			2025/08/14	2025/08/14	Taiwan Investor Relations Institute	Corporate Sustainability and Risk Management	3.0
			2025/11/11	2025/11/11	Taiwan Investor Relations Institute	Exploring the Legal Liability of Business Decisions Based on the Business Judgement Rule	3.0
Representative of Corporate Director	Kun-Pin Huang	2024/06/26	2025/07/09	2025/07/09	Taiwan Stock Exchange Corporation	2025 Cathay Sustainable Finance and Climate Change Summit	6.0
Independent Director	Lin-Lin Lee	2024/06/26	2025/08/14	2025/08/14	Taiwan Investor Relations Institute	Corporate Sustainability and Risk Management	3.0
			2025/08/15	2025/08/15	Securities & Futures Institute	2025 Seminar on Legal Compliance for Stock Transactions by Internal Personnel	3.0
Independent Director	Ming-Te Sun	2024/06/26	2025/03/10	2025/03/10	Deloitte, Taiwan	2025 Domestic and Global Economic Situation Outlook Course Lecturer (3.0 hours)	1.0
			2025/06/13	2025/06/13	Deloitte, Taiwan	Global Economic Situation and Business Outlook Course Lecturer (3.0 hours)	1.0
			2025/07/09	2025/07/09	Taiwan Securities Association	Convergence with IFRS Sustainability Disclosure Standard and Internal Control System for Sustainability Information Management	3.0
			2025/10/28	2025/10/28	Taiwan Corporate Governance Association	Global Economic Trends and Industry Outlook lecturer (3.0 hours)	1.0
Independent Director	Hsiu-Chuan Lee	2025/06/25	2025/07/09	2025/07/09	Taiwan Stock Exchange Corporation	2025 Cathay Sustainable Finance and Climate Change Summit	6.0
			2025/07/25	2025/07/25	Securities & Futures Institute	2025 Seminar on Legal Compliance for Stock Transactions by Internal Personnel	3.0
			2025/08/14	2025/08/14	Taiwan Investor Relations Institute	Corporate Sustainability and Risk Management	3.0

Status of continuing education of managerial officers

As of December 31, 2025

Title	Name	Date of Appointment	Date of Studies		Organizer	Course Title	Duration of the Course
			Starting Date	Ending Date			
President	Fu-Liang Wang	2025/09/01	2025/09/24	2025/09/24	Chung Hung Steel Corporation	Information security education and training	1.0
			2025/12/11	2025/12/11	Chung Hung Steel Corporation	Information security awareness training	1.0
			2025/11/11	2025/11/11	Taiwan Investor Relations Institute	Exploring the Legal Liability of Business Decisions Based on the Business Judgement Rule	3.0
Vice President, Administration Division (Chief Corporate Governance Officer)	Wen-Ping Huang	2025/10/01	2025/03/27	2025/03/27	Securities & Futures Institute	Information session on sustainability disclosures for TWSE/TPEX-listed companies	9.0
			2025/04/16	2025/04/16	Institute of Financial Law and Crime Prevention	Corporate Sustainability Performance Evaluation	3.0
			2025/05/23	2025/05/23	Securities & Futures Institute	2025 Insider Trading Prevention Seminar	3.0
			2025/07/09	2025/07/09	Taiwan Stock Exchange Corporation	2025 Cathay Sustainable Finance and Climate Change Summit	3.0
			2025/08/14	2025/08/14	Taiwan Investor Relations Institute	Corporate Sustainability and Risk Management	3.0
			2025/11/11	2025/11/11	Taiwan Investor Relations Institute	Exploring the Legal Liability of Business Decisions Based on the Business Judgement Rule	3.0
Vice President, Commercial Division	Chun-Ting Lin	2023/11/05	2025/08/14	2025/08/14	Taiwan Investor Relations Institute	Corporate Sustainability and Risk Management	3.0
			2025/11/11	2025/11/11	Taiwan Investor Relations Institute	Exploring the Legal Liability of Business Decisions Based on the Business Judgement Rule	3.0
Vice President, Production Division	Hsi-I Chen	2024/08/31	2025/08/14	2025/08/14	Taiwan Investor Relations Institute	Corporate Sustainability and Risk Management	3.0

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

1. Remuneration Committee member profiles:

February 28, 2026

<p>Role</p> <p>Name</p>	<p>Criteria</p>	<p>Professional qualifications and experience</p>	<p>Compliance with independence criteria</p>	<p>Number of other public companies in which the member also serves as a member of their remuneration committee</p>
<p>Independent Director Convener of the Remuneration Committee</p>	<p>Lin-Lin Lee</p>	<p>Highest level of education: Master of Law, National Taiwan University. Job Title: Managing Attorney of Ling Yun Attorneys-at-Law; Director of the Legal Aid Foundation; Chairperson 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. Past experience: Vice Chairperson of Taiwan Bar Association, Chairperson of Bar Association of Kaohsiung, Chairperson 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 Judicial Yuan. Professional qualifications and experience: 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"> 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. 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. 3. The individual is not a director, supervisor, or employee of a company that has special relations with the Company. 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 	<p>2</p>

Independent Director	Ming-Te Sun	<p>Highest level of education: PhD in Business Administration, National Taipei University.</p> <p>Job Title: 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>Past experience: Supervisor of the iPASS Corporation, independent director, audit committee member and remuneration committee member of Richmond International Travel & Tours Co., Ltd.</p> <p>Professional qualifications and experience: 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 past 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	Hsiu-Chuan Lee	<p>Highest level of education: PhD in Business Administration, National Taiwan University of Science and Technology.</p> <p>Job Title: Professor and Head of Department of Finance, Ming Chuan University.</p> <p>Past experience: Professor of Finance, Ming Chuan University.</p> <p>Professional qualifications and experience: Expertise in finance.</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 2025. The qualifications of the members and attendance was as follows:

Title	Name	Attendance in person B	Attendance by proxy	Attendance in person rate (%) (B / A) (Note)	Remarks
Convener	Lin-Lin Lee	4	1	80	None.
Committee Member	Ming-Te Sun	5	0	100	None.
	Wei-che Tsai	1	0	100	Resigned on April 16, 2025. Total required attendance was 1.
	Hsiu-Chuan Lee	3	0	100	Newly appointed on August 6, 2025. 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 actually attended by the member during the period by the number of Remuneration Committee meetings held during the period.

(2) If a member of the Remuneration Committee has been reelected before the end of the year, the names of the new and former 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 by dividing the number of Remuneration Committee meetings actually attended by the member during the term of service by the number of Remuneration Committee meetings held 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) 4th meeting of the 16th Remuneration Committee held on February 25, 2025:

1. Proposed recommendations on the 2024 performance evaluation results of the Vice Presidents of each department.

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

2. Proposed promotion and salary adjustment for Mr. Shu-Cheng Yen, Vice President, Administration Division, backdated to December 31, 2024.

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

(II) 5th meeting of the 16th Remuneration Committee held on May 8, 2025:

1. Proposed recommendations on the 2024 performance evaluation results of the President.

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

(III) 6th meeting of the 16th Remuneration Committee held on October 1, 2025:

1. Proposed compensation for Mr. Min Chu, the newly appointed Chairperson of the Company, backdated to September 1, 2025.

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

2. Proposed compensation for Mr. Fu-Liang Wang, the newly appointed President of the Company, backdated to September 1, 2025.

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

(IV) 7th meeting of the 16th Remuneration Committee held on November 6, 2025:

1. Proposed promotion and salary adjustment for Ms. Wen-Ping Huang, Vice President, Administration Division, backdated to October 1, 2025.

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

(V) 8th meeting of the 16th Remuneration Committee held on December 26, 2025:

1. Proposed adjustment to the basic salary of the Company's President and Department Vice Presidents for the 2025 financial year, backdated to April 1, 2025.

Resolution: Approved 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 the corporate "Sustainability Committee" on September 26, 2024. The President serves as the Committee Chairperson, 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 follows:</p> <ol style="list-style-type: none"> 1. Promote and implement matters related to the Company's sustainable development policy. 2. Set sustainability goals along with regular review and tracking on the effectiveness of goal implementation. 3. Promote the preparation of sustainability reports. 4. Review proposals and reports submitted to the Board of Directors. 5. Carry out other related matters resolved by the Board of Directors. <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 one Committee Chairperson (President), three Vice Committee Chairpersons (vice presidents of each division), one 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 Chairperson. The topics include the following:</p> <ol style="list-style-type: none"> 1. Last year's sustainability achievements and this year's sustainability goals. 2. Ethical corporate management and measures adopted. 3. Status of communication with stakeholders. 4. Implementation of the sustainable development goals for the current year in the first half of the year. 5. Contents of the Sustainability Report. 	
<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 has been established by the Company in accordance with the GRI Universal Standards 2021 and the 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 the 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 primarily based on the Company. Key extracts are summarized below:</p> <p>1. Material environmental issues:</p> <p>The Company has adopted the Task Force on Climate-related Financial Disclosures (TCFD) framework to assess the various risks brought about by climate change, and has further evaluated which measures to take in response to climate change, such as improving efficiency for combustion and power generation facilities, using renewable energy, or submitting a self-determined reduction plan to qualify for a preferential carbon fee rate in response to the transition risk of "greenhouse gas emissions</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>restrictions or rising emissions costs”. In response to the “energy usage restrictions or shortages” transition risk, the Company has taken measures such as amending the machinery shutdown energy conservation standards, and conducting energy consumption reviews to identify and implement energy conservation opportunities and prevent excess electricity consumption. In response to the “water use restrictions or shortages” transition risk, the Company has built water storage facilities and implemented water recycling processes. In response to the “increase in immediate and long-term climate risk incidents” physical risk, the Company has regularly reviewed its Emergency Response Procedures and Typhoon and Flood Prevention Operational Standards, as well as conducted flood prevention exercises and drills to reduce potential impacts on the Company’s operations.</p> <p>2. Material social issues: As a response to material social issues, the Company has prioritized improving occupational safety and health management. Through adopting a two-cycle approach to collective defense in industrial safety, the Company expected to discover 56 potentially hazardous operations or areas in 2025. In reality, the Company found 72 potentially hazardous operations or areas and issued 72 safety job procedure (SJP) reviews, achieving a completion rate of 129%. Additionally, the Company’s Vice President of the Production Division also conducted inspections (10 rounds) during the year to implement constant safety observations by supervisors in 893 cases (execution frequency: 658 cases for team leaders, 68 cases for plant industrial safety and hygiene engineers, 146 cases for (deputy) section chiefs, and 21 cases/year for (deputy) plant managers. A total of 98.51% of operations complied with SJP, while unsafe behaviors or environments amounted to 1.49%. All unsafe behaviors or environments were rectified. Industrial safety audits</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>identified 31 cases of non-conformity or recommendations, and 85 cases of near-miss reports and improvements.</p> <p>3. Corporate governance issues: The Company has established a compliance system to prevent non-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 internal regulations comply with regulatory requirements.</p>	
<p>III. Environmental issues</p> <p>(I) Has the company established an appropriate environmental management system based on the characteristics of the industry to which it belongs?</p>	✓		<p>(I) 1. The Company has established the Environmental Management System (ISO 14001) and Energy Management System (ISO 50001) standards. In order to establish more efficient overall operations in line with these system standards, the Company has integrated these systems standards into the Environment and Energy Management System, established the Regulations for the Establishment of the Environment and Energy Management Committee, and formed the Environment and Energy Management Committee. The Committee regularly reports environmental protection and energy management performance to the President.</p> <p>2. Pursuant to the Regulations for the Establishment of the Environment and Energy Management Committee (officially implemented on August 11, 2024), the Committee is chaired by the Vice President of the Production Division and operates through the establishment of functional teams. The Committee is responsible for operations related to implementing environmental safety and energy conservation management. The Committee is organized as follows:</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		
			<pre> graph TD Chairperson --> ViceChairperson ViceChairperson --- ExecutiveSecretary ViceChairperson --> Member Member --> ThermalEnergy[Thermal Energy Technology Section] Member --> ElectricalEnergy[Electrical Energy Technology Section] Member --> EnvironmentalEnergy[Environmental Energy Systems and Waste Reduction Section] Member --> PromotionSection[Promotion Section] </pre> <p>3. All Company plants (Hot Rolling Department, Cold Rolling Department, Pickling & Galvanizing Department, Dafa Steel Pipe Department, Lukang Steel Pipe Department, Ciaotou Administration Building) have established environmental management systems (ISO 14001) and energy management systems (ISO 50001). These systems have been certified by DNV Business Assurance Co., Ltd. (DNV). To maintain the effectiveness of these system, regular audits are conducted every year and recertification audits are conducted every three years. The ISO 50001 certification is valid from July 25, 2024 to July 24, 2027, and the ISO 14001 certification is valid from June 27, 2024 to May 7, 2027.</p>	
(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. The Company continues to implement the following measures annually to improve energy efficiency:</p> <p>(1) Operation of energy management systems. 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</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>factory every year to reduce energy consumption. The actual energy-saving implementation performance of each factory in 2025 (energy-saving rate calculated using the Energy Administration methodology) was as follows:</p> <p>A. Hot Rolling Department: 10.23%</p> <p>B. Cold Rolling Department: 3.80%</p> <p>C. Pickling & Galvanizing Department: 2.73%</p> <p>D. Dafa Steel Pipe Plant: 2.53%</p> <p>E. Lukang Steel Pipe Plant: 4.76%</p> <p>2. The Hot Rolling Department has obtained product certifications for RC-60, RC-92, and RC-95 recycled steel content in steel blanks. The quality of the hot-rolled steel coils produced satisfied customer requirements. Benefits include reduced greenhouse gases, promotion of the circular economy, and reduced impact on the environment.</p> <p>3. The Company implements 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 refractory materials, waste swarf, non-hazardous fly ash). The waste recycling rate in 2025 was 99.14% 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 and inorganic sludge: Materials for cement factories or use in road gradation or the production of interlocking bricks.</p> <p>(4) Waste oil sludge, waste lubricating oil, waste wood: Used as renewable or boiler fuel.</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>(5) Refractory materials: Turned into artificial aggregates through crushing, screening, mixing, injecting, and forming.</p> <p>4. The Company's energy usage over the past two years: The Company is committed to transparent energy management, and has collected the following data on renewable and non-renewable energy use across the following areas: Operating locations such as the head office and each production plant (including all parent and subsidiary companies in the consolidated financial statements). To ensure that the data is accurate and reliable, all energy disclosure data has been verified by an independent third-party organization in accordance with the ISO 14064 greenhouse gas inventory verification standards. The Company's activity data for 2024 has been fully verified by a third-party as of June 2025. Verification of the Company's 2025 data is scheduled to commence in April 2026.</p> <table border="1"> <thead> <tr> <th>Category</th> <th>2024 Consumption (GJ)</th> <th>2025 Consumption (GJ)</th> </tr> </thead> <tbody> <tr> <td>Direct energy</td> <td>2,055,172</td> <td>1,427,062</td> </tr> <tr> <td>Indirect energy (Non-renewable energy)</td> <td>861,274</td> <td>612,834</td> </tr> <tr> <td>Indirect energy (Renewable energy)</td> <td>22,588</td> <td>22,320</td> </tr> <tr> <td>Total energy</td> <td>2,939,034</td> <td>2,062,216</td> </tr> <tr> <td>Renewable energy ratio</td> <td>0.77%</td> <td>1.08%</td> </tr> </tbody> </table>	Category	2024 Consumption (GJ)	2025 Consumption (GJ)	Direct energy	2,055,172	1,427,062	Indirect energy (Non-renewable energy)	861,274	612,834	Indirect energy (Renewable energy)	22,588	22,320	Total energy	2,939,034	2,062,216	Renewable energy ratio	0.77%	1.08%	
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(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 Company has adopted the recommended framework issued by the Task Force on Climate-related Financial Disclosures (TCFD) 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.	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						
			A detailed analysis of the Company's climate change risks and opportunities is disclosed in Section 3.2 of this Sustainability Report.					
(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 generation over 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. An inventory Statement on emissions has also been obtained through third-party verification. The Company's GHG emissions in the past two years were as follows:</p> <p>(1) 2024: Scope 1 and Scope 2 emissions amounted to 128,052.2297 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>(2) 2025: A preliminary inventory found that Scope 1 and Scope 2 emissions amounted to 87,936.8420 and 79,418.5947 metric tons of carbon dioxide equivalent, respectively. Total emissions were 167,355.4367 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" data-bbox="972 1326 1787 1426"> <tr> <td>Indirect Greenhouse Gas Emissions (Categories 3–6, including subcategories)</td> <td>Emissions (metric tons of CO₂e)</td> </tr> <tr> <td>Category 3: Indirect GHG emissions from</td> <td>36,465.144 metric tons</td> </tr> </table>	Indirect Greenhouse Gas Emissions (Categories 3–6, including subcategories)	Emissions (metric tons of CO ₂ e)	Category 3: Indirect GHG emissions from	36,465.144 metric tons	No deviation.
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Implementation Item	Implementation status		Summary	Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, and reasons for deviation:																																
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	Yes	No						
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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>(2) 2025: 829,251 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 to achieve a wastewater recovery rate (including process wastewater) greater than 99%, the medium-term goal is to achieve a wastewater recovery rate (including process wastewater) greater than 99.1%, and the long-term goal is to achieve a wastewater recovery rate (including process wastewater) of greater than 99.2%.</p> <p>(4) The Company has implemented various water management measures, including water recycling and reclamation of process wastewater at the Hot Rolling Department (recovery rate above 99.79%), recovery of discharge water from the Cold Rolling Department for reuse in the washing towers, reclamation of waste pure water and 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 & Galvanizing Department, the use of wear-resistant rings instead of mechanical seals at the common pumping devices of each plant, the use of water-saving taps, and regular inspections of water pipelines to detect leaks.</p> <p>3. Total weight of waste</p> <p>(1) 2024: 93,292.9 metric tons, including 76,327.09 metric tons (81.81%) of general industrial waste and 16,965.81 metric tons (18.19%) of hazardous industrial waste (of which 18.18% was derived from waste acid recycling).</p> <p>(2) 2025: 45,562.994 metric tons, including 37,411.254 metric tons (82.11%) of general industrial waste and 8,151.74 metric tons (17.891%) of hazardous industrial waste (of which 17.890% was</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>derived from waste acid recycling).</p> <p>(3) The Company has set short-term, medium-term, and long-term targets for waste management. The short-term goal is to achieve a waste recycling rate over 99%, the medium-term goal is to achieve a waste recycling rate over 99.2%, and the long-term goal is to achieve a waste recycling rate over 99.5%.</p> <p>(4) The Company now recycles all bulk general industrial waste through comprehensive planning and management, and also commissions external toxicity characteristic leaching procedure tests for its 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> <p>4. Environment, safety, health, and energy policy 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 "respect for life", "care for the environment", and "energy conservation and carbon emissions reduction", and remains committed to the following six targets:</p> <table border="1" data-bbox="1059 1209 1704 1428"> <tbody> <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> </tbody> </table>	1	Improving employees' health.	2	Mitigating potential hazards and risks.	3	Upholding environmental protection.	4	Continuing energy conservation and carbon emissions reduction.	
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	Yes	No						
			<table border="1"> <tr> <td>5</td> <td>Strengthening participation in consultation services.</td> </tr> <tr> <td>6</td> <td>Improving management performance.</td> </tr> </table>	5	Strengthening participation in consultation services.	6	Improving management performance.	
5	Strengthening participation in consultation services.							
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IV. Social issues (I) Has the company referred to relevant laws and international human rights instruments to stipulate relevant management policies and procedures?	✓		(I) The Company complies with national laws, and all employees are protected under the Labor Standards Act. The President has formally signed and expressed the Company's support for the principles and spirit of the United Nations Universal Declaration of Human Rights, the United Nations Global Compact, and other international human rights standards. The Company has also established human rights policies which cover all of the Company's managerial and non-managerial employees (those employed by the Company to perform work in exchange for salary or remuneration), and contractors. All behavior that infringes upon or violates human rights is prohibited. The Company has also established the Employee 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 2025 totaled 5,359 hours, with a total of 2,120 participants. The courses taught included labor laws, prevention of sexual harassment and illegal infringement at the	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>workplace, mental health seminars, women’s health, men’s health, annual health exam information sessions, and special work activity health courses, occupational injury protection, first aid training, and training for occupational safety and health supervisors and managers. The Company’s human rights governance unit is the Administration Department, which is mainly responsible for creating and implementing human rights policies, conducting human rights due diligence, and promoting human rights management.</p> <p>In addition to providing employees with the mandatory leave types, the Company also offers 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?	✓		<p>(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. Salary adjustment, production and sales surplus bonus, and employee remuneration distribution are also linked to the results of individual performance evaluations. Pursuant to the Company’s Articles of</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>Incorporation, if the Company has made a profit for the year, it shall allocate no less than 0.1% of the profit as employee remuneration, no more than 1% as Director remuneration, and allocate no less than 30% of employee remuneration to entry-level employees. A sum shall be set aside to make up for any outstanding cumulative losses of the Company. The Company experienced operating losses in 2025; therefore, there was no distribution of remuneration.</p> <p>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 are made to personal pension accounts under the new labor retirement system (6%).</p> <p>The Company's compensation system supports gender equality at the basic level. The starting salary ratio for new employees is 1:1 for both men and women. The Company is continuing to strive to build a diversified workplace, and the proportion of female employees is on an upward trend, increasing from 9.4% in 2023 to 9.6% in 2024 and 9.9% in 2025. The proportion of female supervisors is also on the rise, increasing from 6.8% in 2023 to 6.9% in 2024 and 8.9% in 2025. This shows that the Company provides gender-equal promotion opportunities at work without discriminating between men and women.</p> <p>In order to provide high-quality working conditions and meet employee welfare needs, the Company has established an Employee Welfare Committee to implement various employee welfare measures.</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		
			Relevant welfare measures (such as birthday gifts, annual holiday 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.).	
(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:</p> <p>(1) Collective defense of industrial safety zones and inspections by senior executives were conducted to identify and correct potential hazards in the working environment. 72 potentially hazardous operations and areas were discovered in total in 2025, and 72 safety job procedure (SJP) reviews were issued, with a 100% rectification rate.</p> <p>(2) 497 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, toluene, acetone, methyl ethyl ketone, sulfuric acid, isopropanol, dust, carbon dioxide), as well as physical monitoring items (such as noise, the comprehensive temperature heat index, and local exhaust air velocity measurement). The monitoring results are published on the ERP bulletin board. If there are any abnormalities, cause analysis is carried out. Under special circumstances, the Company not only consults with the environment monitoring, but also contacts 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>competent authority to ensure proper follow-up and corrective actions.</p> <p>3. Safety Education and Training: The safety and health education and training courses provided include courses on radiation protection, 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 organic and chemical operation supervisors, high-pressure gas container operators, first aid personnel, industrial safety responsibility for supervisors, electric welding, oxyacetylene, and suspended work hazards, and respiratory protective equipment wearing and fit testing. 16 training courses were provided in total, and 66 classes were held, attended by 694 participants.</p> <p>4. Health Education and Training:</p> <p>(1) The plant physician holds information sessions at each plant to explain the results of the (special) health examinations after the annual (special) health examinations are conducted. The physician also explains the significance of each health indicator, and teaches employees how they can lower and manage abnormal health examination results.</p> <p>(2) The Company holds health seminars on topics such as General Health Knowledge, Women's Day Fast Metabolism Diet, and Health and Wellness on Father's Day, as well as events such as the Slim Down with Faster Metabolism - Promoting Weight Loss through Diet event. These efforts remind employees to manage their own health and adjust their lifestyles to stay healthy and prevent illness.</p> <p>5. All of the Company's plants have obtained ISO 45001/CNS 45001 and TOSHMS certifications. System audits were successfully</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>completed in June 2025. The Company's ISO 45001/CNS 45001 certifications are valid from July 5, 2024 to July 4, 2027. The Company's TOSHMS certification is valid from July 5, 2024 to July 4, 2027.</p> <p>6. The frequency of incapacitating injuries in 2025 was 0.99, which fell short of the target of zero, there were two incidents of occupational injury and involving two people (representing 0.20% of all 1,022 employees at the end of 2025). 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 fire incidents, and no fatalities or injuries in 2025. The fatality rate and injury rate were zero.</p> <p>8. For more detailed information on the Company's safety measures and how they have been implemented to protect employee safety in the working environment, please refer to "D. Business Overview V. Protection measures for the work environment and employees' personal safety" of this Annual Report.</p>	
(IV) Has the company set up effective career development and training programs for its employees?	✓		(IV) Each year, the Company plans a series of educational and training courses focused on four main themes: the Company's overall operating direction, regulatory requirements, competency assessments, and core competencies. The Company provides new employee training, management skills training for supervisory employees (including four key talent training courses), general training, and specialized professional skills training (including both internal and external courses) for all job positions across different levels, comprehensively improving its human resources quality and talent development	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>advantages through systematic training.</p> <p>In 2025, training courses were held for a total of 15,103 participants, with each participant receiving an average of 14.9 hours of training. Total training costs amounted to NT\$1,842 thousand, and on average NT\$1,816 was spent on training per person that year. The training courses provided were mainly focused on topics such as AI tools and applications, leadership and governance, professional skills (technology, quality), environmental safety and hygiene, and legal compliance.</p> <p>The Company also holds regular annual employee meetings to review and provide feedback on employee performance and assist employees in their career development.</p>	
(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?	✓		<p>(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 has invested 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 — the Atomic Energy Council, Executive Yuan, and the Company obtained the “Steel and Iron Industry Radiation Detection Operations Certification”. No radioactive substances have been found in slabs used by Chung Hung as materials or any of the Company's products.</p> <p>2. All of the Company’s products are regularly submitted to SGS for analysis, ensuring that products do not contain the 10 restricted substances listed in the European Union’s RoHS 2.0 (Amendment 2015/863) directive, or any Substances of Very High Concern</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>(SVHC) as listed in the REACH Regulation. All products have been found to be compliant with all analysis results.</p> <p>3. The Company's products are labeled in accordance with existing Taiwanese and international standards and regulations, and the Company issues quality assurance certificates.</p> <p>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 and adopted the following rigorous mechanisms for management and control:</p> <p>(1) The Company has 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.</p> <p>(2) The Company rigorously requires operating personnel to abide by the Company's confidentiality regulations for trade secrets and has 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.</p> <p>(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.</p> <p>(4) Operators are provided with their own unique accounts and passwords in the personal computer system based on their duties.</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>The system regularly requires changes to passwords and manages excessive idle time to prevent theft of personal accounts and passwords. The system also automatically manages access to the system for inquiries and operations. Personnel not related to operations are unable to conduct operations or obtain data.</p> <p>(5) The electronic business systems used by the customers and suppliers require individual network connection accounts and passwords.</p> <p>5. Complaint procedures: Please visit the Procedure of Customer Complaints on Chung Hung's website. (http://www.chsteel.com.tw/cs/cs.html#cs_e)</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. The Company has formulated a comprehensive Supplier Management Policy, which is disclosed in the Corporate Sustainability Report and on the Company's website (http://www.chsteel.com.tw/csr/sc/sc_sel.html).</p> <p>2. Related specifications are also available for download by suppliers. (http://www.chsteel.com.tw/pr/e-com.html#dow).</p> <p>3. The Company has established a human rights due diligence mechanism and incorporated it into its supply chain management. An "Ethics and Labor Rights Standard" has been added to the supplier evaluation for new suppliers and contractors. This added evaluation item examines whether a supplier or contractor makes use of conflict materials, and whether it complies with labor laws and human rights standards.</p> <p>4. For existing suppliers and contractors, the Company's procurement contracts include provisions where the Company may cancel or terminate contracts with suppliers as well as impose financial penalties or seek compensation for material breaches of contract</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>such as violations 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 supplier directly or indirectly finances armed criminal groups engaged in serious violations of human rights (the supplier should enforce strict checks on their raw material procurement and supervision chain of product selling and manufacturing).</p> <p>5. The Company has established rules to protect intellectual property (including confidentiality requirements, non-infringement guarantees, and ownership of intellectual property rights). Suppliers are required to comply with these rules, ensuring that the products and services they provide comply with both intellectual property laws and regulations and the Company's rules.</p>	
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?	✓		The Company publishes a sustainability report annually in accordance with the GRI Standards of the Global Reporting Initiative. The 2024 Sustainability Report was verified by an independent third-party organization, the British Standards Institution (BSI), as being in compliance with the spirit of the GRI standards and the AA1000 Assurance Standard (AA1000AS v3), Type 1 Moderate level of assurance.	No deviation.
<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 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's website. The Company's 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: https://www.chsteel.com.tw/cg/pdf/CHS-AA3-43.pdf)</p>				
<p>VII. Other key information useful for explaining the status of sustainable development practices:</p> <p>1. The Company upholds the core values of "respect for life", "care for the environment", and "energy conservation and waste reduction" in environmental, health, and safety.</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>The Company is 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 & Galvanizing Department, Dafa Steel Pipe Department, and Lukang Steel Pipe Department) has obtained certifications for the environmental management system (ISO 14001), Occupational Health and Safety Management System (ISO 45001 and CNS 45001), Taiwan Occupational Safety and Health Management System (TOSHMS), and Energy Management System (ISO 50001) to strengthen environmental, health, safety, and energy management. The Company also actively promotes energy conservation and waste reduction to fulfill its corporate social responsibilities.</p> <p>2. Implementation outcomes and related accolades received in 2025:</p> <ol style="list-style-type: none"> (1) The Hot Rolling Department received the Excellence Award for occupational safety performance in the Excellent Member Department - Rolling Department category in 2024 from the Taiwan Steel & Iron Industries Association. (2) The Pickling & Galvanizing Department received the Progress Award for occupational safety performance in the Excellent Member Department - Other category in 2024 from the Taiwan Steel & Iron Industries Association. (3) The Lukang Steel Pipe Plant won the Special Award for occupational safety performance in the Excellent Member Department - Other category in 2024 from the Taiwan Steel & Iron Industries Association. (4) Mr. Nian-Zong Lin from the Pickling & Galvanizing Department received the 2025 Excellent Employee for Promoting Occupational Safety and Health Merit Award from the Ministry of Labor and Kaohsiung City Government. (5) The Company received a certificate of "Appreciation for the Kaohsiung City Inter-Department Greenhouse Gas Reduction and Cooperation Program in 2025" from the Environmental Protection Bureau of Kaohsiung City Government. (6) The Company received the 2024 Kaohsiung City Outstanding Adopter of the Air Quality Zone award from the Kaohsiung City Environmental Protection Bureau. (7) The Company received the 2024 Excellent Green Procurement Enterprise Award from the Environmental Protection Bureau of the Kaohsiung City Government. (8) The Company received the 2025 Joint Water Environment Patrol Team Service Contribution Award (Chung Hung, Yieh Phui, Shin Yang, Yieh Hsing) from the Kaohsiung City Government Environmental Protection Bureau. <p>3. Social welfare:</p> <ol style="list-style-type: none"> (1) Chung Hung adheres to the two main axes of "life" and "education" by using its 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 domestic cultural development, contributing to local infrastructure development, cooperating with local events, and subsidizing community schools. Chung Hung continues to take an active interest in the development of communities near its plants and takes part in local activities, and has invested a total of NT\$3 million as part of these efforts. <ol style="list-style-type: none"> A. Support for domestic cultural development and sponsored activities: <ol style="list-style-type: none"> a. Sponsored the Candy Culture event organized by the Ciaotou District Office. b. Sponsored the Neon Go! event organized by the Gangshan District Office. 				

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>c. Sponsored the A Kong Tiam Khe Literature Award organized by the Kaohsiung City Kangshan College Students' Association.</p> <p>d. Sponsored the publication of illustrated student diaries at Xingtang Elementary School in Ciaotou District (18 years so far)</p> <p>B. Other important involvement and sponsored activities:</p> <p>a. Sponsored Kaohsiung City's "Poverty Alleviation and Self-Reliance Plan" (22 years so far)</p> <p>b. Sponsored suicide prevention and treatment projects of the Greater Kaohsiung Lifeline Association (22 years so far)</p> <p>c. Sponsored school lunches for students from financially-challenged families at Gangshan Senior High School (16 years so far)</p> <p>d. Sponsored scholarships for outstanding higher education students within the Ziguan District (22 years so far)</p> <p>e. Sponsored the Digital Humanitarian Association in promoting health initiatives through implementing the WaCare Remote Health Platform.</p> <p>f. Sponsored the Nice Day! Let's Smile walking event held by the Syin-Lu Social Welfare Foundation Kaohsiung Branch.</p> <p>g. Sponsored the Happy Learning Workshop ~ Student Subsidy Program held by the Kaohsiung City Little Suns Association.</p> <p>h. Sponsored project to replace aging lights at the Kaohsiung Municipal Chaoliao Junior High School in Dalio District (in conjunction with the Kaohsiung City Environmental Protection Bureau's inter-departmental greenhouse gas reduction initiative)</p> <p>i. Sponsored education plan subsidies for disadvantaged students at Wulin Elementary School, Ciaotou District</p> <p>j. Sponsored campus landscaping for Heping Elementary School in Gangshan District and Ciaotou Elementary School in Ciaotou District (in conjunction with Kaohsiung City Air Quality Purification Zone Adoption initiative)</p> <p>(2) It is 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 2013, the Company has regularly cleaned the environment at the Home of Love of the Bureau of Social Affairs, Kaohsiung City Government regularly each month, and invites colleagues and their relatives to provide services. A total of 357 participants were recorded in 2025 (average 29.75 participants/month).</p> <p>B. The Company has cleaned and organized the outdoor environment with the Ciaotou District Office at Jing Zhong Village in Baishu Community since 2015, and 34 employees and relatives participated in the activity in 2025.</p> <p>C. The Model Father Commendation and Marine Environmental Education - Coastal Clean-up event has been held since 2023 in conjunction with the Ziguan District Office at Nansha Beach in Keziliao, Ziguan. A total of 40 colleagues as well as their friends and relatives took part in 2025.</p> <p>D. The Company has organized volunteer training annually since 2008, and 26 participants completed training in 2025. A total of 393 employees have obtained the Volunteer Service Record Book as of 2025.</p> <p>(3) The Company organizes public education and networking events at nearby communities every year on a rotating basis. In 2025, the Company organized six sessions (two in Ciaotou, two in Gangshan, and two in Ziguan) on the theme of "health promotion." All events were a success and led to positive engagement with the community.</p> <p>4. In 2025, the Company used 6,200,000 kWh of green electricity and obtained 6,200 renewable energy certificates, reducing carbon dioxide emissions by approximately 2,938,800 kg CO₂e. (Taipower's electricity carbon emission coefficient in 2024: 0.474kg CO₂e/kWh)</p> <p>5. In 2025, the Company invested NT\$10 million in green bonds issued by United Microelectronics Corporation (bond abbreviation: P12 Lian-Dian 1, code: B638BH), which</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>have been accredited as a green bonds by the Taipei Exchange.</p> <p>6. The Company's 2025 intellectual property management plan, implementation status, and verification status: Since June 2023, the Company has implemented the Taiwan Intellectual Property Management System (TIPS) and established intellectual property management policies and objectives linked to the Company's operational strategy, in order to promote ESG performance and implement an intellectual property management mechanism. This has showcased the Company's reputable brand image within the steel industry, and further improved its intellectual property preparations and protections, allowing it to achieve stable business operations and contribute towards a sustainable future. The main goals of the Company's intellectual property management plan are to implement an intellectual property management system, strengthen regulatory compliance, better prepare the Company to handle issues related to patents and trademarks, and improve management of business secrets and confidential information. The Company has implemented plans to achieve these goals as part of its overall annual business plan, including providing education and training on intellectual property, conducting intellectual property risk assessments, taking inventory of intellectual property, and reviewing system operations. Implementation status of the intellectual property management plan:</p> <ol style="list-style-type: none"> (1) Provided educational and training courses on intellectual property, enabling employees to understand the types of intellectual property rights that the Company works with, intellectual property management policies, and other related operating guidelines. (2) Conducted an inventory of the trademarks used by the Company, and continuously updated lists of patents, trademarks, and trade secrets to allow for subsequent management and tracking. (3) The Company passed initial verification in December 2024, and passed verification again in November 2025. The Company's certification will remain valid until December 31, 2027, fully demonstrating the results achieved by the Company through continuously and proactively implementing the Taiwan Intellectual Property Management System (TIPS). In the future, the Company will continue improving upon the efficiency of its intellectual property management system in order to consolidate our market competitiveness and brand value. (4) Conducted business operations involving confidential information and trade secrets in line with its existing management systems, including measures for taking inventory, restricting information, and managing leaving employees, in order to reduce the risk of information leaks. (5) The Company will continue reviewing and adjusting the intellectual property management plan and other related operations on a rolling basis based on its operational needs and pursuant to laws and regulations, ensuring that the system remains suitable and feasible. <p>The Company shall report on the intellectual property management plan and its implementation status to the Board of Directors each year. The intellectual property management operations implemented in 2025 have been reported to the Board of Directors on November 6, 2025.</p> <p>7. The Company's 2025 human rights due diligence investigation process and implementation status: To promote awareness of human rights, the Company provided 5,359 hours of training on human rights in 2025 for 2,120 participants, targeted at current and new employees. The training courses covered topics including labor laws and preventing illegal infringements at the workplace. In order to continuously enhance and improve the management of human rights issues, the Company regularly reviews company articles and rules on key human rights issues, or conducts spot inspections of highlighted issues as part of its internal control self-assessments. As of 2025, none of the Company's employees have experienced incidents involving human rights violations, forced labor, or discrimination. There were also no incidents of human rights violations committed against local indigenous peoples. The key human rights issues designated by the Company, human rights due diligence investigation process, and results are as follows:</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>(1) Key human rights issues include eliminating illegal discrimination to ensure equal employment opportunities, banning the use of child labor, banning forced labor, assisting employees in maintaining physical and mental health and work-life balance, and providing a safe and healthy working environment.</p> <p>(2) Human rights due diligence procedures</p> <table border="0" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 20%;">• Key issue</td> <td style="width: 5%; text-align: center;">→</td> <td style="width: 25%;">•Review of Relevant Regulations and Measures</td> <td style="width: 5%; text-align: center;">→</td> <td style="width: 25%;">•Internal Control Self-Assessment or External Investigation Results</td> <td style="width: 20%; text-align: right;">•(If applicable) Case Handling Process Review (Including Mitigation and Remedial Measures)</td> </tr> <tr> <td colspan="2"></td> <td>Conduct a regular review of relevant regulations and measures related to key issues through the compliance system (once per quarter) and the annual regulatory maintenance plan (once per year).</td> <td colspan="2"></td> <td> <ol style="list-style-type: none"> 1. Based on the internal control self-assessment sampling inspection, there were no violations of relevant regulations. 2. No penalty cases have been received from external regulatory authorities. </td> </tr> </table>					• Key issue	→	•Review of Relevant Regulations and Measures	→	•Internal Control Self-Assessment or External Investigation Results	•(If applicable) Case Handling Process Review (Including Mitigation and Remedial Measures)			Conduct a regular review of relevant regulations and measures related to key issues through the compliance system (once per quarter) and the annual regulatory maintenance plan (once per year).			<ol style="list-style-type: none"> 1. Based on the internal control self-assessment sampling inspection, there were no violations of relevant regulations. 2. No penalty cases have been received from external regulatory authorities. 		
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<p>(3) Human rights due diligence investigation results</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 25%;">Key issue</th> <th style="width: 15%;">Survey Subjects</th> <th style="width: 40%;">Prevention and Mitigation Measures</th> <th style="width: 20%;">2025 Survey Achievements</th> </tr> </thead> <tbody> <tr> <td>Elimination of Illegal Discrimination to Ensure Equal Employment Opportunities</td> <td rowspan="4" style="text-align: center; vertical-align: middle;">Company employees</td> <td>Provide interview guidelines to interviewers, emphasizing the prohibition of illegal discrimination and the relevant provisions of the Employment Service Act.</td> <td rowspan="4" style="vertical-align: top;"> <ol style="list-style-type: none"> 1. External complaints: 0 cases. 2. Internal complaints: 1 case. Received one internal employee complaint, which has been successfully handled pursuant to the Company's complaint handling rules. </td> </tr> <tr> <td>Prohibition of Child Labor</td> <td>Recruitment involves verifying applicants' identity information during the written examination stage, with further validation checks during the interview and onboarding phases.</td> </tr> <tr> <td>Prohibition of Forced Labor</td> <td>In compliance with governmental regulations, a system is implemented to monitor overtime hours.</td> </tr> <tr> <td>Assisting Employees in Maintaining Physical and Mental Health, as well as Work-Life Balance</td> <td>In addition to legally mandated leave, various benefits exceeding statutory requirements are provided to employees.</td> </tr> </tbody> </table>					Key issue	Survey Subjects	Prevention and Mitigation Measures	2025 Survey Achievements	Elimination of Illegal Discrimination to Ensure Equal Employment Opportunities	Company employees	Provide interview guidelines to interviewers, emphasizing the prohibition of illegal discrimination and the relevant provisions of the Employment Service Act.	<ol style="list-style-type: none"> 1. External complaints: 0 cases. 2. Internal complaints: 1 case. Received one internal employee complaint, which has been successfully handled pursuant to the Company's complaint handling rules. 	Prohibition of Child Labor	Recruitment involves verifying applicants' identity information during the written examination stage, with further validation checks during the interview and onboarding phases.	Prohibition of Forced Labor	In compliance with governmental regulations, a system is implemented to monitor overtime hours.	Assisting Employees in Maintaining Physical and Mental Health, as well as Work-Life Balance	In addition to legally mandated leave, various benefits exceeding statutory requirements are provided to employees.
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Implementation Item		Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, and reasons for deviation:
		Yes	No	Summary	
	Provision of a Safe and Healthy Work Environment			<p>1. Through training courses on preventing sexual harassment and illegal infringement at the workplace, the Company has enhanced employees' and supervisors' awareness of sexual harassment and other illegal violations, improving their ability to identify such behavior.</p> <p>2. The Company has improved safety and health performance by implementing the ISO 45001, CNS 45001, and the Taiwan Occupational Safety and Health Management System (TOSHMS), promoting employee workplace and environmental safety while also protecting employee health.</p>	<p>3. Two workplace safety accidents took place at the Lukang Steel Pipe Plant, for which fines have been issued by the competent authority.</p>

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

1. Implementation of climate-related disclosure

Item	Implementation status
<p>(1) Describe the board of directors' oversight and governance of climate-related risks and opportunities.</p>	<p>(I) Board of Directors 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. IFRS Sustainability Disclosure Standards Task Force (hereinafter referred to as the IFRS Task Force) The Task Force is responsible for promoting and implementing the IFRS Sustainability Disclosure Standards, identifying sustainability risks and opportunities, and assessing the response strategies and financial impacts of these risks and opportunities (including climate risks and opportunities).</p> <p>2. Sustainable Development Committee The Committee is responsible for overseeing the Company's various sustainable development goals and development plans. Each individual unit shall assess the climate risks and opportunities described in IFRS S2 through the Task Force on Climate-Related Financial Disclosures (TCFD) framework, establishing response strategies and identifying their impacts. This information shall be disclosed in the Sustainability Report (the Report shall be submitted to the Board of Directors for approval before publication).</p> <p>3. Risk Management Team The Team is responsible for identifying the material risks facing Chung Hung each year through a financial impact and likelihood assessment (using climate risk results from both the IFRS S2 and TCFD assessment) based on the IFRS sustainability risk topics. The Team's convener (the Company's President) shall then report the identified risks to the Board of Directors.</p>
<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>	<p>(I) A meeting is convened with the heads of each executive task force under the Sustainability Committee to discuss the Company's IFRS S2 climate risks and opportunities (7 climate risks and 5 climate opportunities in total) and select highly critical risks and opportunities. In 2025, four highly critical climate risks and two</p>

Item	Implementation status
	<p>highly critical climate opportunities were identified.</p> <p>(II) In terms of risks, the Company faces two transition risks (“greenhouse gas emissions restrictions or rising emissions costs”, and “energy use restrictions or shortages”) and two physical risks (“water use restrictions or shortages”, and “immediate and long-term increase in climate risk events”) across the short, medium, and long-term.</p> <p>(III) In terms of opportunities, the opportunities faced by the Company in the short, medium, and long-term include “increased demand for low-carbon products and services”, and “booming carbon trading market”.</p> <p>(IV) For detailed response strategies and financial impact analysis of highly critical risks and opportunities, please refer to Chapter 3.2 of the 2025 Sustainability Report.</p>
(3) Describe the financial impact of extreme climate events and transition actions.	<p>(I) Extreme weather events (“water use restrictions or shortages”, “immediate and long-term increase in climate risk events”) may force the Company’s production plants to face water restrictions or shortages, or cause issues with product quality and reduce the number of products the Company is able to ship, leading to operational interruptions and financial losses.</p> <p>(II) The Company may be impacted by transition actions related to regulations and policies (“greenhouse gas emissions restrictions or rising emissions costs”, and “energy use restrictions or shortages”), which may lead to the Company having to pay carbon fees and carbon tariffs, or cause electricity outages at the Company’s various production plants, leading to increased operating costs or operational interruptions.</p> <p>(III) For full details on the financial impact of extreme climate events and transformation actions, please refer to Chapter 3.2 of the 2025 Sustainability Report.</p>
(4) Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system.	<p>The IFRS Task Force and Sustainability Committee each assess the climate risks faced by the Company each year based on the IFRS Sustainability Disclosure Standards and TCFD framework. The Sustainability Committee then identifies, analyzes, measures, monitors, reports, and responds to risks through regular annual risk management procedures, incorporating climate risks into the Company’s overall risk management system.</p>
(5) If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions,	<p>The Company has conducted a financial impact assessment on "water use restrictions or shortages" with reference to the RCP2.6 warming mitigation scenario and the RCP8.5</p>

Item	Implementation status
analysis factors and main financial impacts used should be described.	high greenhouse gas emission scenario proposed by the Intergovernmental Panel on Climate Change (IPCC); the Company has also referred to the International Energy Agency (IEA)'s Stated Policies Scenario (STEPS) and Net Zero Emissions Scenario (NZE) to conduct a financial impact assessment on "greenhouse gas emissions restrictions or rising emissions costs". For the complete assessment, please refer to Chapter 3.2 of the 2025 Sustainability Report.
(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.	<p>(I) The Company has strengthened its resilience towards climate risks. The Company has improved efficiency for its combustion and power facilities, continued operating an energy management system, adhered to the Energy Administration's energy conservation policies, used renewable energy sources, and proposed voluntary energy reduction plans for its hot rolling and cold rolling operations in response to the transition risks we face ("greenhouse gas emissions restrictions or rising emissions costs", and "energy use restrictions or shortages"). The Company has conducted energy consumption audits to identify energy conservation and improvement opportunities. The Company has implemented process water recycling and built water storage facilities in response to physical risks ("water use restrictions or shortages", "immediate and long-term increase in climate risk events"). The Company has regularly reviewed the Emergency Response Procedures and Typhoon and Flood Prevention Operational Standards. Each plant carries out a flood prevention exercise and mock flooding drill at least once a year, and also inspects and maintains equipment such as flood barriers, water pumps, and water pump motors, ensuring that they remain usable.</p> <p>(II) The Company has set targets for greenhouse gas emissions, electricity conservation rates, and wastewater (including process water) recovery rates to enforce management of climate-related risks.</p> <p>(III) For all response strategies, indicators, and targets for managing climate-related risks, please refer to Chapter 3.2 of the 2025 Sustainability Report.</p>
(7) If internal carbon pricing is used as a planning tool, the basis for setting the price should be stated.	The Company has referenced the Ministry of Environment's Regulations Governing the Collection of Carbon Fees to set an internal carbon price (ICP) of NT\$300 per ton of carbon emissions. This price estimate is used as a corporate carbon reduction tool for calculating carbon costs and evaluating the effectiveness of capital investment into carbon reduction efforts, allowing the Company to realistically assess carbon reduction costs for our manufacturing activities under the future net-zero scenario. This has helped

Item	Implementation status
	the Company continue improving and increasing the effectiveness of internal carbon reduction efforts, achieving energy conservation, emissions reduction, and sustainable development goals.
(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 of CO ₂ e as the base year. Reductions of 25% in 2030, 50% in 2040, and the achievement of carbon neutrality in 2050 are planned. For the Company's greenhouse gas emissions performance and targets achieved in 2025, please refer to Chapter 3.3 of the 2025 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 CO₂e), intensity (tons CO₂e/million NTD) and data coverage of greenhouse gases in the past two years.

(1) Greenhouse gas inventory

A. Data coverage 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 (Scope 1)	Intensity	Energy indirect emissions (Scope 2)	Intensity	Total Emissions	Intensity
2024 (verified)	128,052.2297	4.21	110,891.4608	3.79	238,943.691	7.99
2025 (not verified)	87,936.8420	4.62	79,418.5947	4.18	167,355.4367	8.80

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 CO₂e)/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 2025 and 2024 amounted to 0 metric tons of CO₂e.

(2) Greenhouse gas assurance

Describe the assurance status in the past 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
2024	This Company	DNV Business Assurance Co., Ltd. (DNV)	The Climate Change Response Act, Greenhouse Gas Emissions Inventory Operation Guidelines, Regulations for Gas Emissions 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, ISO 14064-3)	Unqualified opinion
2025	The Company and subsidiaries of the Company	DNV Business Assurance Co., Ltd. (DNV)	The Climate Change Response Act, Greenhouse Gas Emissions Inventory Operation Guidelines, Regulations for Gas Emissions 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, ISO 14064-3)	The Company plans to begin assurance procedures in April 2026, and full assurance information will be disclosed in the Sustainability Report.

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 and its subsidiaries' greenhouse gas reduction: Greenhouse gas emissions in 2018 amounted to 379,254 (metric tons CO₂e).

(2) The Company and its subsidiaries' greenhouse gas reduction targets:

The short-, medium-, and long-term carbon reduction targets with 2018 as the base year were set as follows:

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

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

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

Long-term: Achieve carbon neutrality by 2050

(3) The Company and its subsidiaries' 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), 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 9.2%, effectively reducing greenhouse gas emissions from fuel combustion.
- B. Improvement of power facility efficiency: The Company 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: The Company will continue to operate the ISO 50001 energy management system to control major energy-consuming equipment and energy-saving facilities. The Company also uses 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: Beginning from 2025, the Energy Administration requires large electricity users (with contract capacity of 800 kW or more) to achieve an average electricity conservation rate of more than 1.5% from 2025 to 2028. The Company has continued to implement various energy conservation measures throughout 2025.
- E. Use of renewable energy: 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 setup 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. The amount of renewable energy to purchase will be assessed based on the Company's progress towards achieving its carbon pathway goals.
- F. Greenhouse gas inventory: The Company has used greenhouse gas emissions records to effectively manage future greenhouse gas emissions. The Company has conducted a greenhouse gas inventory every year since 2005, and has appointed a third-party verification institution to verify its greenhouse gas emissions figures.
- 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 inventories 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, the Company 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.

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

- A. Carbon reduction will be 7% in 2025 compared to 2018. The reduction target of greenhouse gas emissions in 2025 was less than or equal to 352,706 (metric ton CO₂e).
- B. Preliminary greenhouse gas inventory results show that greenhouse gas emissions in 2025 were 167,355.4367 metric tons CO₂e, meeting the Company's goals.

Note 1: Implemented in accordance with the schedule provided in Article 10, Paragraph 2 of the Regulations Governing Information to be Published in Annual Reports of Public Companies.

(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		Summary	Deviation from "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies" and reasons for deviation
	Yes	No		
<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.</p> <p>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 the Company's related regulations. Fraudulent activities are not tolerated, and employees are encouraged to conduct careful business operations and establish a culture of ethical business practices.</p> <p>The Company publishes the Ethical Corporate Management Policy on the Company's website and in 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> <p>(II) The Company plans the internal organization, structure, and allocation of responsibilities and sets up check-and-balance mechanisms for mutual supervision of business activities within its business scope that may be at a higher risk of unethical conduct.</p> <p>The Company has established the "Operating Standards for Processing Gifts, Banquets, and Requests" to achieve a high-quality corporate</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		Summary	Deviation from "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies" and reasons for deviation
	Yes	No		
<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>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 interest 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 who need to entertain, host, or offer gifts to guests for business execution and development of relationships with external parties shall be governed by these Regulations. The Company has adopted the following measures to prevent unethical conduct: Training on ethical management topics was conducted (including courses on legal policy, quality systems, corporate governance, internal audits, and internal controls) for 1,658 people for a total of 3,942.5 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". The Company also amends the regulations and review related plans in accordance with regulatory requirements. The Company also expressly stipulates anti-bribery or anti-kickback clauses in all engineering, procurement, and cooperation agreements. The Company has set up the Complaint Response Committee to implement the complaint system and penalties for violations.</p>	

Item	Operating status		Summary	Deviation from "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies" and reasons for deviation
	Yes	No		
			The Internal Auditing Department proposes improvement recommendations and enters 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 the 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>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 complaints and</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 who have 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 the 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>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 the 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 the regulations of the system and filed with 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 December 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 with the authorized supervisor for approval and delivered to the Finance Department which produces the Internal Control System Statement.</p> <p>The Company's 2025 audit plan was passed by the Board of Directors in 2024 and internal audits were carried out according to plan. Each part of the transaction cycle was audited during 2025 and audit reports were completed for 44 cases. A total of 37 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 regulations. An electronic</p>	

Item	Operating status		Summary	Deviation from "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies" and reasons for deviation
	Yes	No		
(V) Has the company held internal and external educational trainings on operational integrity regularly?	✓		<p>version of the report is also entered into the Company'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 duty. 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 whistleblowing 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 a reporting system on the Company's website as reporting channels to protect the Company's core values 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 provide the reporting channels, reporting items, the 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 2025, the Company experienced no incidents described in the Regulations for Reporting Violations of Ethical Conduct.	
(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 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?	✓		Relevant sections of the Company's Code of Ethical Conduct for Directors, Code of Ethical Conduct for Supervisors and Senior Managerial Officers, Ethical Corporate Management Best Practice Principles, and Ethical Corporate Operating Procedures and Code of Conduct are disclosed on the Company's website under "Investor Relations -> Corporate Governance -> Corporate Governance Regulations" and on the Market Observation Post System website. The Company's President 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	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	
			“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):				
1. Establishment of general penal provisions for subcontractors:				
(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 Company's contract signing unit and contract execution unit in writing. Violations are fined between NT\$3,000 and NT\$60,000 under the “Contractor Safety and Health Management Regulations”, which cover financial penalties for contractor breaches of safety and health requirements.				
(2) Establishment of the Company's general safety and environmental regulations for construction, operations, machinery, safety and environmental/material 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.				
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 a 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.				

(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 23, 2026

This Statement of Internal Control System is issued based on the self-assessment results of the Company for the year 2025.

- 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, and asset security), 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 have been 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 referred to as "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 the "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 December 31, 2025 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 the 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 February 23, 2026, 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: Min Chu

President: Fu-Liang Wang

- 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 2025 and up to the publication date of this annual report.

● Shareholder's meeting

1. Critical resolutions adopted at the 2025 annual shareholders' meeting:

- (1) Approval of the Company's 2024 Business Report and Financial Report.
- (2) Approval of the Company's 2024 earnings distribution proposal.
- (3) Approved the amendment of the Company's Articles of Incorporation.
- (4) Approved the amendment to the Rules Governing the Election of Directors.
- (5) Approved the proposal to life non-compete clauses for representatives of corporate directors.
- (6) Election to fill one vacant Independent Director position.

2. Execution of resolutions adopted at the 2025 annual shareholders' meeting:

- (1) Approval of the Company's 2024 Business Report and Financial Report: Passed as proposed.
- (2) Approval of the Company's 2024 earnings distribution proposal: The Company will not pay dividends for 2024 due to incurring a loss.
- (3) Approved the amendment of the Company's Articles of Incorporation: Passed as proposed and announced on the Company's website.
- (4) Approval of the amendments to the Company's "Rules Governing the Election of Directors": Passed as proposed and announced on the company website.
- (5) Approved the proposal to life non-compete clauses for representatives of corporate directors: Passed as proposed and published on the Market Observation Post System on June 25, 2025.
- (6) Election to fill one vacant Independent Director position: Elected: Hsiu-Chuan Lee. Information on the elected candidate will be posted on the Market Observation Post System website and the Company's website. Additionally, the election was approved and registered by the Ministry of Economic Affairs on August 26, 2025 in Letter Shang-Zi-Di No.11430108290.

● Important resolutions of Board meetings in 2025:

1. Important resolutions in the 6th meeting of the 16th-term Board of Directors on April 17, 2025:

- (1) Approved the election of one additional Independent Director.
- (2) Approval of the revisions of the agenda for the Company's 2025 annual shareholders' meeting.

2. Important resolutions in the 7th meeting of the 16th-term Board of Directors on May 8, 2025:

- (1) The Chief Corporate Governance Officer reviewed the report on the eligibility of Independent Directors during their term.
- (2) Approval of the Company's 2025 Q1 Financial Report.
- (3) Approval of the amendments to the Related Party Transaction Management Regulations.
- (4) Approval and review of the list of candidates for the Company's Independent Director role.

3. Important resolutions in the 8th meeting of the 16th-term Board of Directors on August 6, 2025:

- (1) Report on the introduction of IFRS Sustainability Disclosure Standards.
- (2) Progress report on achieving the sustainable development goals stated in the Sustainable Development Promotion Plan from January to May 2025.
- (3) Report on the promotion and implementation of ethical management.
- (4) Report on communication held with stakeholders.
- (5) Approval of the Company's 2025 Q2 Financial Report.
- (6) Approval of the Company's 2025 Sustainability Report.
- (7) Approval of appointment of Mr. Hsiu-Chuan Lee to the Remuneration Committee of the Company's 16th Board of Directors.
- (8) Approval of the Company's 2025 employee salary adjustment proposal.

4. Important resolutions in the 9th meeting of the 16th-term Board of Directors on September 1, 2025:

- (1) Election of the Company's Chairperson.
- (2) Approval of the appointment of the Company's President.

5. Important resolutions in the 10th meeting of the 16th-term Board of Directors on October 1, 2025:

- (1) Approval of the replacement of the Company's Vice President, Administration Division.

6. Important resolutions in the 11th meeting of the 16th-term Board of Directors on November 6, 2025:

- (1) Report on the introduction of IFRS Sustainability Disclosure Standards.
- (2) Approval of the Company's 2025 Q3 Financial Report.
- (3) Approval of the amendment to the Duties Division Table of the Board of Directors, Chairperson, and President.
- (4) Approval of the replacement of the Company's Chief Internal Auditor.
- (5) Approval of the Company's 2026 audit plan.

7. Important resolutions in the 12th meeting of the 16th-term Board of Directors on December 26, 2025:

- (1) Report on 2025 risk management operations.

- (2) Report on the Corporate Value Enhancement Plan.
- (3) Report on 2025 information security implementation.
- (4) Approval of the Company's 2026 budget.
- (5) Approval of the amendments to Articles 28 and 31 of the Company's Articles of Incorporation.

(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	Lee-Yuan Kuo	2025.01.01~2025.12.31	5,510	540	6,050	Non-audit fees refer to the fees for transfer pricing services and tax certification.
	Chao-Chin Yang	2025.01.01~2025.12.31				

- (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 Approved by the 19th Meeting of the 15th Board of Directors		
Reason for Replacement and Explanation	Due to internal adjustments at Deloitte Taiwan, CPAs Lee-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	Appointer
	Scenario	N/A	
	Termination initiated by client CPA declined to accept (continue) the appointment	N/A	
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 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	2025		2026 up to February 28		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: Min Chu	0	0	0	0	Appointed on August 31, 2025
	Representative: Shou-Tao Chen	0	0	0	0	
	Representative: Kun-Pin Huang	0	0	0	0	
	Representative: Tung-Chieh Chuang	0	0	0	0	Appointed on February 1, 2025
Independent Director	Lin-Lin Lee	0	0	0	0	
	Ming-Te Sun	0	0	0	0	
	Hsiu-Chuan Lee	0	0	0	0	Appointed on June 25, 2025
President	Fu-Liang Wang	0	0	0	0	Appointed on August 31, 2025
Vice President, Administration Division Chief Accounting Officer	Wen-Ping Huang	0	0	0	0	Appointed on October 1, 2025
Vice President, Commercial Division	Chun-Ting Lin	0	0	0	0	
Vice President, Production Division	Hsi-I Chen	0	0	0	0	
Director	Representative: Chia-Cheng Lee	0	0	N/A	N/A	Dismissed on February 1, 2025
Director	Representative: Kuei-Sung Tseng	0	0	N/A	N/A	Dismissed on August 31, 2025
Independent Director	Wei-che Tsai	0	0	N/A	N/A	Resigned on April 16, 2025
Vice President, Administration Division	Shu-Cheng Yen	0	0	N/A	N/A	Dismissed on September 30, 2025

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 April 2025)

Unit: shares; %, April 30, 2025

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	9,797,000	0.68	0	0	0	0	None	None	
3. Mizuho Securities Co., Ltd. under the custody of Standard Chartered	8,188,424	0.57	0	0	0	0	None	None	
4. Vanguard Total International Stock Index Fund under the custody of JPMorgan Chase	8,134,000	0.57	0	0	0	0	None	None	
5. Vanguard Trust Equity Index II investment account under the custody of JPMorgan Chase	6,236,000	0.43	0	0	0	0	None	None	
6. Fubon Life Insurance Co., Ltd.	6,000,000	0.42	0	0	0	0	None	None	
7. Mega Taiwan ESG High Dividend Equal Weight ETF under the custody of Chang Hwa Bank	5,320,846	0.37	0	0	0	0	None	None	
8. New Labor Pension Fund	4,869,100	0.34	0	0	0	0	None	None	
9. Fubon Aggressive Growth Fund	4,696,000	0.33	0	0	0	0	None	None	
10. iShares Emerging Markets ETF under the custody of Standard Chartered Bank	3,641,000	0.25	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; February 28, 2026

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:

February 28, 2026

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 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 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
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 April 2025)

Book closure date: April 30, 2025

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		9,797,000	0.68
Mizuho Securities Co., Ltd. under the custody of Standard Chartered		8,188,424	0.57
Vanguard Total International Stock Index Fund under the custody of JPMorgan Chase		8,134,000	0.57
Vanguard Trust Equity Index II investment account under the custody of JPMorgan Chase		6,236,000	0.43
Fubon Life Insurance Co., Ltd.		6,000,000	0.42
Mega Taiwan ESG High Dividend Equal Weight ETF under the custody of Chang Hwa Bank		5,320,846	0.37
New Labor Pension Fund		4,869,100	0.34
Fubon Aggressive Growth Fund		4,696,000	0.33

Name of the Main Shareholder	Shares	Number of Shares Held	Shareholding percentage (%)
iShares Emerging Markets ETF under the custody of Standard Chartered Bank		3,641,000	0.25

(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 2025, 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 made a profit for the year, it shall allocate no less than 0.1% of the profit as employee remuneration, no more than 1% as Director remuneration, and allocate no less than 30% of total employee remuneration to entry-level employees. 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 2025 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 2025, therefore, 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 2024 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 2024.

(VI) Status of company share buyback:

February 28, 2026

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 Maturity date: March 27, 2025	5 years 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. November 8, 2019; Rating twA	Taiwan Ratings Corp. 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 sales volume percentages of main products in 2025 are as follows:

Primary Product	Ratio (%)
Hot-rolled steel coils	85.6
Cold-rolled, galvanized steel coils	9.2
Steel pipes	5.2
Total	100

(II) Industry Overview

1. Current status and development

In 2025, as momentum behind global economic and trade growth slows and market uncertainty increases due to factors such as rising trade protectionism, unresolved geopolitical conflicts, and inconsistent United States trade policies on reciprocal tariffs, market demand for steel has also been slow to recover. However, as the outcome of negotiations between the United States and its trading partners becomes clearer in the second half of the year, tariff uncertainty has declined and the global economic and trade order has gradually become more certain. In the steel market, regional steel prices have

remained stable due to the Chinese government's crackdown on involution-style competition and the reduced impact of low-priced material exports. Strong prices for steel raw materials such as coal and iron also mean that steel prices have been supported by higher underlying costs, and the global steel market is expected to develop towards healthy competition.

In terms of steel supply, the World Steel Association found that total global crude steel production in 2025 amounted to 1.85 billion tons, a year-on-year decrease of 1.2%. Official data published by the Chinese government shows crude steel production in 2025 to be 967 million tons, a decrease of 3.8% year-on-year. This indicates that supply has continued to decline due to policies restricting production and environmental protection requirements. On the demand side, the global steel market will benefit from continued investment in public infrastructure and changes to the financing environment. Together with strong infrastructure investment momentum from emerging economies such as India and ASEAN, the World Steel Association predicts global steel demand will grow by 1.3% to 1.773 billion tons in 2026.

Looking ahead to 2026, the International Monetary Fund (IMF) published its World Economic Outlook report on January 19, where it revised expected global economic growth for 2026 to 3.3% (+0.2). The global economy is expected to show strong resilience as global financing conditions ease. Additionally, China's crude steel production fell below 1 billion tons in the previous year, and in 2026 the country is expected to officially implement its Steel Export License System. This will help global steel prices recover after hitting a bottom, and alleviate disorderly price competition in the Asian market. Overall, the global steel market possesses the necessary conditions for an upward recovery. Steel prices are expected to recover from the bottom on the back of restricted production capacity and a recovery in demand, and enter a phase of stable development with a balanced supply and demand structure.

2. Relationship with upstream, midstream, and downstream industries

Chung Hung is a single-rolling 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. The Company's main raw materials consist of slabs and hot-rolled steel coils, and its upstream materials are sourced from integrated steel mills. Suppliers include steel mills in Japan and Taiwan. The steel products produced by the Company are supplied to downstream cold-rolling plants, galvanizing 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 are 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 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. In order to serve as a replacement for some cold rolling products, reduce operating costs, and improve the Company's market competitiveness, the Company has actively sought to develop ultra-thin plates.

C. High-grade pickling and oiling products may replace some lower-grade cold-rolled products to reduce material costs for customers and improve competitiveness. These products are mainly used in fastener products, hardware products, and bicycle components.

D. High-strength hot-rolled products are processed and formed by customers into solar power brackets in keeping with global carbon reduction trends.

E. Since the United States has a steady demand for energy, Chung Hung can provide high-grade hot rolled raw materials that are able to meet American Petroleum Institute (API) pipeline material standards. However, orders can easily be affected by international political relations, US anti-dumping duties, and Section 232 tariffs. The Company strives to maintain good customer relationships.

(2) Cold-rolled products:

A. The production of ultra-thin plates is extremely challenging for cold rolling mills due to technical constraints and the final product specifications required. As customers need to perform additional processing using small rollers to achieve a thickness of 0.08–0.30 mm, total production costs are high. Therefore, the future development of ultra-thin plates is mainly towards the SB50C, SB65C, SK85M, and SK95M medium and high-carbon steel products with a thickness of 0.25-0.30mm, in order to optimize process efficiency and satisfy mainstream market demand.

B. Cold-rolled SB mirror finish steel has always been Chung Hung's niche product.

Since there are fewer competitors and supply is relatively low, its market price is higher than general S-grade materials. The Company understands the need to tightly control quality and consolidate our market share for this cold-rolled product type.

- C. In response to carbon reduction trends and industry needs during the low-carbon transition, the Company plans to develop renewable low-carbon RC products in order to improve its competitiveness in the low carbon and sustainability market. In the future, the Company plans to expand towards offering furniture, AI, and green energy industry products.
- D. Domestic market prices have been volatile due to the continued large-scale import of general CQ1/CQ2 steel at low prices. These imports often affect market prices, and in addition to the Taiwanese market being relatively shallow with limited demand, price competition has continued to rise, putting pressure on domestic cold-rolled steel sales and price stability.

(3) Steel pipes:

- A. The US Section 232 tariffs on steel and aluminum have eliminated the duty-free exemptions previously granted to Japan and South Korea, bringing them in line with other competitors and indirectly increasing Taiwan's competitiveness. The Company expects the US oil pipeline materials market to continue being a stable source of demand in 2026, and will continue to maintain smooth sales channels.
- B. More than 90% of Chung Hung's steel pipe exports are to the US region. In order to diversify risks, the Company needs to expand into other international markets and develop structural piping, pipe piles, industrial piping, firefighting piping, and other products.
- C. The Company will 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:

- A. There is some overlap with the products offered by downstream galvanized steel producers. In order to avoid competing with the Company's downstream customers, the Company only sells a small amount of these products strategically. These products are not the main products offered by Chung Hung, and the Company mainly outsources the galvanizing process to other producers, only selling the final product.
- B. 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. The market for galvanized products is shallow, with even seemingly minor news able to

cause market fluctuations. Since demand has been weak recently, the many competitors in the market have led to fierce competition.

(III) Overview of Technology and R&D

The Company is committed to developing new products and technologies, as well as continuously optimizing product quality, process research, and equipment technology. The Company has actively adopted and applied Artificial Intelligence (AI) technologies, and integrated these efforts into its digital transformation strategy to comprehensively promote the adoption of smart equipment, smart manufacturing, and smart operations as a core development direction. Through R&D and practical implementation of smart technologies, The Company has not only improved product quality and process stability, but also optimized production processes and established equipment technologies. At the same time, The Company has continued to build smart systems for production and manufacturing, equipment maintenance, production scheduling, quality control, product sales, occupational safety, and environmental protection. The adoption of these systems has already resulted in concrete improvements to production efficiency, quality control, occupational safety, and environmental protection. When implementing AI, the Company has simultaneously attached great importance to cultivating talent and establishing organizational capabilities. Through providing external professional training, engaging in industry-academia collaborations, and integrating professional technical resources, the Company has continuously enhanced its internal technological capabilities, and accelerated the practical implementation of innovative technologies. The material R&D and improvements in 2025 are as follows:

1. Product development

Developed RC95 recycled hot-rolled steel coils.

2. Product quality improvements

Developed UV coating for steel pipes to reduce pipe bottom roller damage.

3. Process research

Developed rapid load balancing technologies for the finishing mill on the hot rolling production line.

4. Artificial intelligence (AI)

Implemented a smart monitoring system for the milling machine that is able to help optimize process parameters and improve saw blade life: The implemented milling machine monitoring system is able to measure motor current in real time during the milling process. By combining this information with data analysis of process parameters, the Company is able to establish optimal milling conditions. Through optimizing milling parameters, the Company is able to increase the service life of the saw blades used, reducing material consumption and downtime costs while improving overall process efficiency. After

optimization, the milling capacity of each set of saw blades increased by about 95%, effectively extending saw blade service life while also reducing material consumption costs.

(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 relationships with clients. Preparing equipment conversion and strengthening production management. Enhancing digital management and ensuring the transfer of knowledge through human resources. Fully implementing 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 improve quality and technology.
- (2) Gaining information on market developments, implementing flexible production and sales operations, intensifying customer service, 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 talents, promoting smart production and sales, and strengthening information security management to lay the foundation for long-term development.
- (5) Improving energy conservation and attaining carbon neutrality targets in response to international net-zero emissions targets.

II. Market, production and sales

(I) Market analysis

1. Sales region for the main products:

The Company's product sales in 2025 included domestic sales, which accounted for 71.60% of the total sales volume of 1.092 million tons (65.15% in 2024). Exports accounted for 28.40%, and export regions include China, Japan, Korea, Southeast Asia, the Middle East, Australia, Europe and the Americas. Distribution was as follows: Southeast Asia (45.50%), Europe (21.86%), the US and Canada (16.63%), Japan and South Korea (11.47%), the Middle East (3.31%), Hong Kong and Mainland China (1.11%), and Australia and New Zealand (0.12%).

2. Market share:

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

(1) Hot-rolled products (including imports): 16.5%.

(2) Cold-rolled products (including imports): 6.0%.

(3) Galvanized products (including imports): 1.5%.

(4) Steel pipe products (including imports): 2.0%.

3. Future market supply/demand and growth:

The US tariffs imposed by President Trump, geopolitical conflicts, EU anti-dumping duties, increasingly restrictive safeguard measures, and the EU Carbon Border Adjustment Mechanism (CBAM) have all led to higher trade barriers, disrupting global trade. Additionally, China still possesses high steel production capacity, even as new steel production capacity supply is coming online in Southeast Asia and India. All of these factors, 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 expected 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 high market uncertainty will affect the stability of the global steel supply chain.

(2) Overcapacity and adjustment in China

With China's real estate market remaining sluggish amidst weak domestic demand, excess steel production continues to be an issue, with producers relying on exports to reduce excess supply. Although the Chinese government has already actively reduced production, and has begun implementing the Steel Export License System from January 2026 onwards, the program is still in its initial implementation, and its impact remains to be seen. Additionally, Chinese steel production capacity remains high, and Chinese producers face low production costs and high sales pressure. Although Chinese steel is exported at higher than domestic prices, these prices are still relatively low. This issue is likely to remain the main variable affecting the Asian steel market in the future.

(3) Steel capacity expansion in Southeast Asia and India

Steel production capacity has expanded rapidly in the region, with Southeast Asia expected to add approximately 60 million tons of production and India adding approximately 20 million tons from 2024 to 2027. These regions are likely to become

new steel supply centers in the future. For example, the Indian government is actively promoting the development of manufacturing and investing heavily in infrastructure, which will drive steel demand. Southeast Asia will 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) Increased sustainability and carbon reduction awareness

In response to global carbon reduction trends, many upstream and downstream companies in the steel industry have begun focusing more on applying and developing low-carbon technologies, such as using hydrogen reduction technologies, electric arc furnaces, and other low-carbon steel production methods. These technological innovations can not only enhance a company's corporate sustainability image, but also help the industry find competitive advantages and increase company profits, particularly in securing market demand from developed economies such as EU countries.

(5) Changing global demand

Steel demand around the world will be affected by global economic developments. As the world's largest steel consumer, China may face a reduction in domestic demand in the future due to factors such as China's economic structural transformation and real estate market adjustments, which will impact the steel market to some degree. Steel demand in Japan and South Korea is also expected to see slow growth, while demand in Europe and the US is expected to be relatively strong. Demand in India, the Middle East, Southeast Asia, and Africa is expected to grow steadily, and may potentially become the main driving force behind steel demand in the future.

In summary, the future development of the steel market faces a complex mix of variables. Trade barriers, capacity adjustments, geopolitical factors, and environmental pressures will all mutually affect market dynamics. Overall, in the short term, China's production cuts and the Steel Export License System have reduced the impact of ultra-low-priced steel in the Asian steel market, which benefits market development. However, oversupply issues remain unresolved, and if China's domestic steel demand remains sluggish, the steel market will be impacted to some degree. Additionally, increasing trade protectionism and the development of carbon reduction policies in various countries will also affect future trends in the steel industry. Emerging markets such as India and Southeast Asia are currently also gradually expanding their steel production capacity. This will become a key factor affecting competition in future steel market development.

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

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

Looking back on the domestic and international steel market in 2025, the main factor impacting the market was the tariff policies enacted by US President Donald Trump, which disrupted the global supply chain. Producers in Taiwan faced a 20% reciprocal tariff and increased Section 232 aluminum and steel tariffs, which went from 25% to 50%, causing a freeze in domestic steel demand that directly and severely impacted sales volume. Subsequently, reciprocal tariffs were recently reduced to 15% following the Taiwanese government's strong efforts to negotiate, the same tariff rate faced by Japan and Korea. This has helped improve Taiwan's competitiveness. Additionally, China has, from January 2026 onwards, implemented the Steel Export License System, which will gradually eliminate the gray area enabling low-priced steel and force export prices to return to levels that meet compliance costs, boosting Asian export prices. The US Federal Reserve (Fed) is also expected to continue cutting interest rates, reducing financing costs for infrastructure development, automotive, and home appliance supply chains, thereby releasing deferred demand. In summary, the market is currently showing signs of recovery after hitting the bottom. With added support from steadily rising international prices, the steel market is expected to recover.

In response to global warming, countries around the world have begun establishing and actively promoting carbon taxes and carbon reduction measures. The Company has spared no effort to promote a low-carbon transition through improving energy efficiency, developing low-carbon production processes, and implementing 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 through obtaining product certifications. The Company has obtained international steel product certifications in the EU, UK, Japan, Malaysia, and New Zealand. The Company has also obtained product certification verifying the proportion of recycled materials used in our RC60 and RC92 low-carbon recycled materials, and will continue working towards obtaining further certifications to expand the scope of our 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 its market position and stay viable.

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

The global economic recovery currently remains slow. Although the high inflation and high interest rate environment has gradually subsided, the recent policies and propositions put forth by US President Donald Trump have resulted in changes to the global supply chain, in turn leading to high uncertainty over economic policies. Additionally, China's domestic demand remains weak, forcing Chinese producers to rely on export sales. Although the country implemented the Steel Export License System in January 2026, the system's effectiveness remains to be seen. The EU's Carbon Border Adjustment Mechanism (CBAM) will officially come into effect in 2026, which will increase future steel product costs. Additionally, the EU's increasingly restrictive safeguard measures and the recent anti-dumping investigations initiated into cold-rolled steel products from five countries including Taiwan have also severely dampened EU sales channels. Domestically, Taiwan's carbon fee system will be officially implemented in 2026, which will also increase the Company's future costs.

In summary, the Company needs to constantly stay updated on changes in global economic policies and continuously adjust its sales strategy accordingly, optimizing our sales product portfolio to maintain stable business operations. At the same time, the Company strives to always maintain customer stickiness and 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 and flexible delivery dates has always been the Company's greatest advantage. Ensuring reliable supply and quick delivery dates for customers is another surefire way to consolidate orders and create a win-win outcome for both the Company and its customers. Additionally, in response to carbon reduction policies, the Company has striven to implement carbon reduction measures that are able to reduce product carbon emissions and reduce expenditures from carbon fees. The Company has also developed low-carbon RC products (which have high potential to charge premium prices) and applied for international product certification to expand the scope of our import and export orders. In the future, the Company will remain devoted to implementing these important operations.

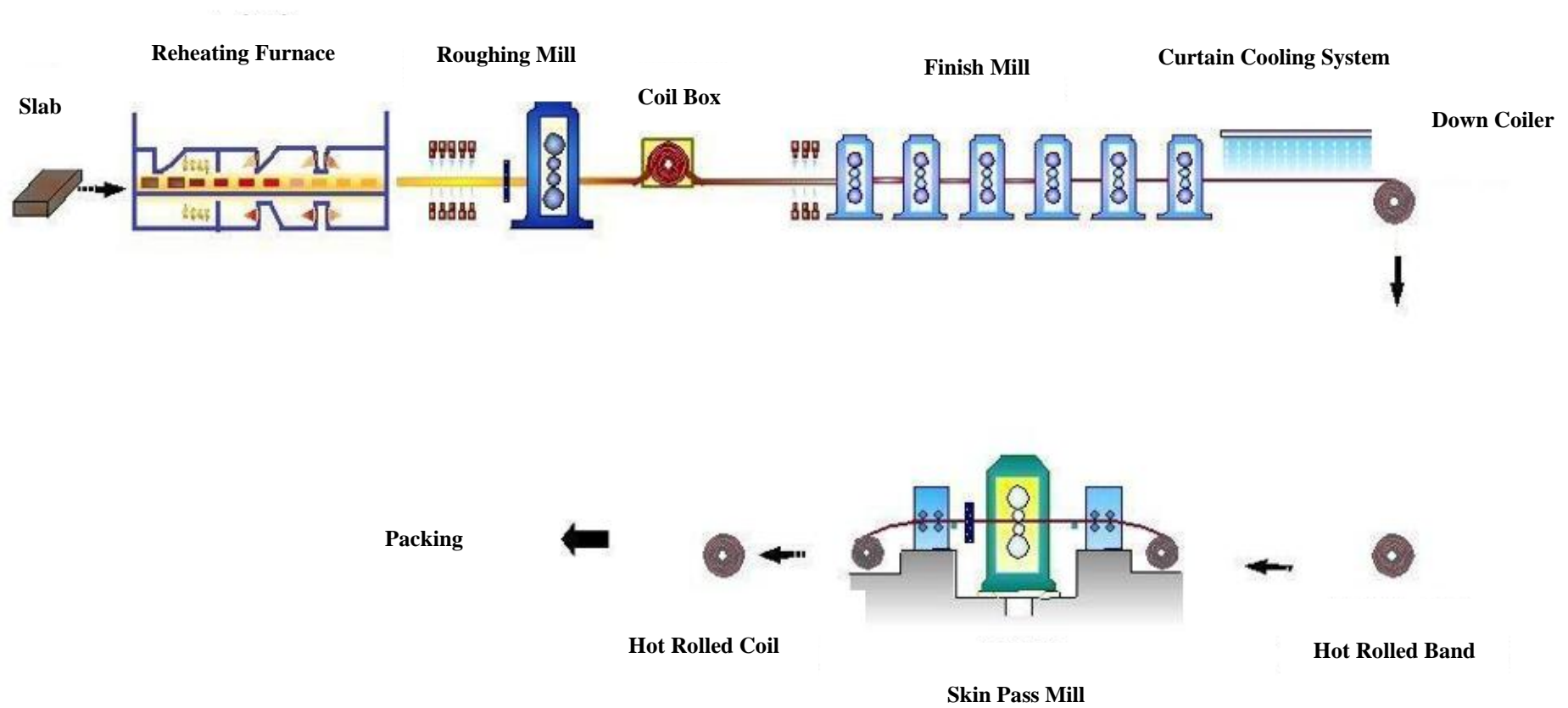
(II) Major product manufacturing processes

1. Applications main products

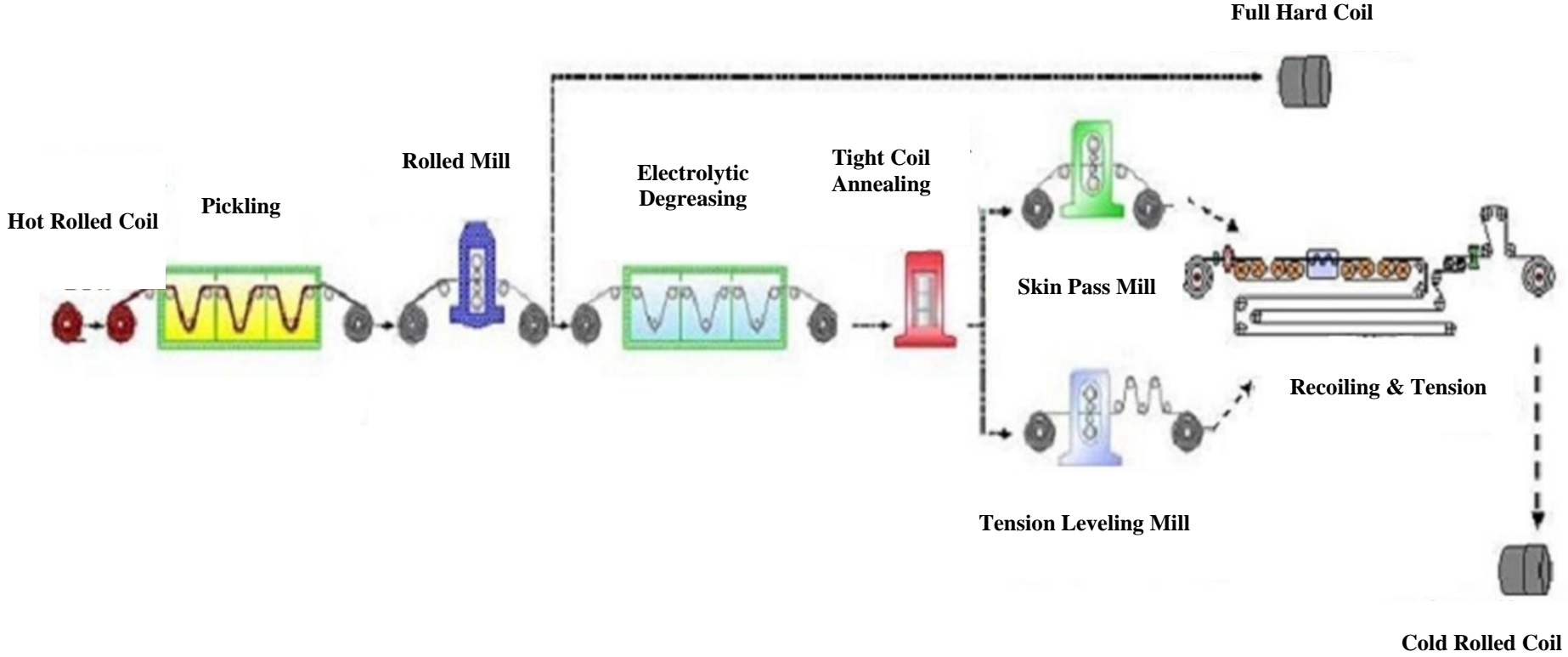
Product	Applications
Hot-rolled steel coils	<ul style="list-style-type: none">● Re-rolling steel coils such as processing into cold-rolled steel plates and galvanized (coated) steel plates.● Soft steel for processing into products such as containers, tools, and agricultural machinery.● Structural steel plates for processing into products such as structural steel for buildings, bridges, and vessels, automobile components, containers, oil tanks, and crane beams.● Production steel materials such as production of steel pipes for various purposes.
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

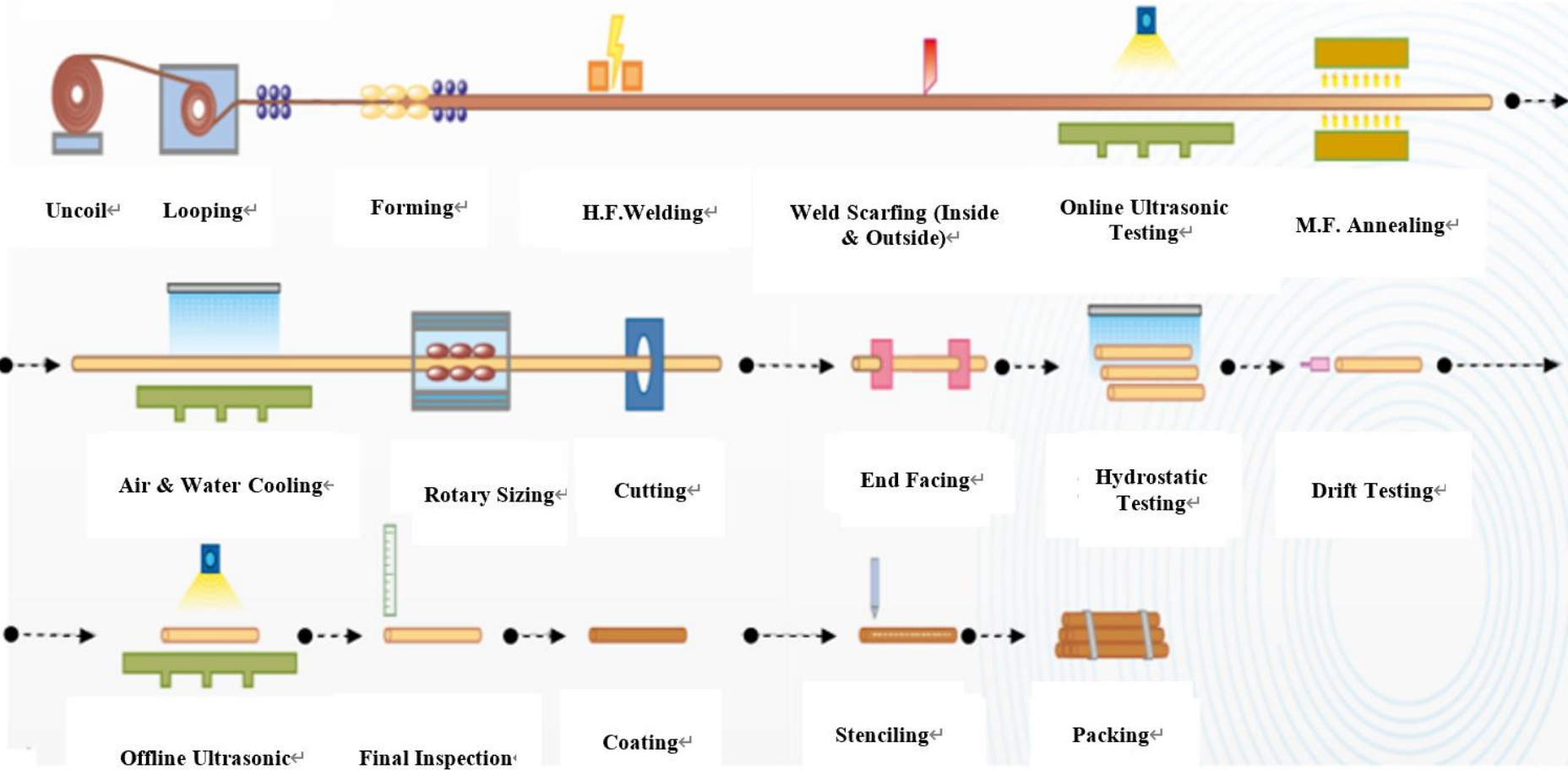
(1) Hot-rolled steel coils



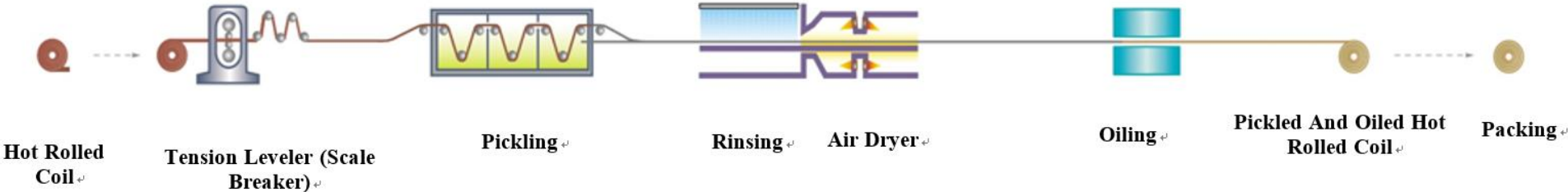
(2) Cold-rolled steel coils



(3) Steel pipe products



(4) Pickling products



(III) State of supply of chief raw materials

The hot-rolled steel coils produced by the Company are mainly for internal use and external sales. The main materials are slabs sourced mainly from Japan, Vietnam, and Taiwan. Supply and quality are both stable. The materials used for cold-rolled steel coils and steel pipes are hot-rolled steel coils. Raw materials are all sourced from Taiwan, and the overall material supply situation is ideal.

(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

Item	2025				2024			
	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
1	SUMITOMO	6,411,853	43	Supplier	Dragon Steel	12,049,176	43	Related party
2	China Steel	4,137,801	28	Related party	SUMITOMO	7,948,387	29	Supplier
3	Dragon Steel	3,355,438	22	Related party	China Steel	6,672,095	24	Related party
4	Others	1,048,835	7	N/A	Others	1,184,395	4	N/A
	Net amount for purchases	14,953,927	100	N/A	Net amount for purchases	27,854,053	100	N/A

Description of changes: Mainly due to a reduction in purchases and lower per unit purchase costs in 2025 compared to 2024.

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

Unit: NT\$ thousand

Item	2025				2024			
	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
1	Customer A	2,990,492	16	Customer	Customer C	4,313,646	14	Customer
2	Customer B	2,537,320	14	Customer	Customer D	3,549,929	12	Customer
3	Customer C	2,036,142	11	Customer	Customer A	3,301,935	11	Customer
4	Others	11,175,577	59	N/A	Others	18,861,557	63	N/A
	Net sales	18,739,531	100		Net sales	30,027,067	100	

Description of changes: Mainly due to a reduction in steel product sales and lower per unit sales prices in 2025 compared to 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

February 28, 2026

The Company and subsidiaries of the Company		Year		
		End of 2024	End of 2025	2026 up to February 28
Number of employees		1,053	1,014	1,006
Average Age		49.23	49.69	49.72
Average years of services		20.58	20.92	20.88
Academic qualification %	Doctorate	0.19	0.10	0.10
	Master's	11.78	12.23	12.63
	College	55.65	55.92	56.06
	High school (vocational high school)	31.15	30.67	30.12
	High School and below	1.23	1.08	1.09

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

IV. Environmental management measures and environmental protection expenditures

The Company upholds the core values of "care for the environment" and "energy conservation and waste reduction" in environmental, health and safety. The Company is committed to protecting the environment, continuing to engage in energy conservation and waste reduction, strengthening consultation and engagement, and continuing to improve system management performance. The Company has obtained a wide range of verifications and certifications (ISO 14001, ISO 50001, ISO 14064-1, ISO 14064-2, and ISO 14067), and received various awards.

The Carbon Reduction and Carbon Neutrality Committee has continued to operate in response to international net-zero targets and the requirements of the EU's Carbon Border Adjustment Mechanism (CBAM). The Company has established planned carbon reduction pathways and set short, medium, and long term carbon reduction targets with 2018 as the base year. 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 risks and opportunities that climate change is bringing to the Company, as well as the response measures to take. The Company supports national energy conservation

and carbon reduction targets by adopting policies on energy management systems, GHG emission management, carbon reduction pathways, and an annual 1.5% 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. ISO 14064-1 greenhouse gas inventory and product carbon footprint inventory are also used to identify greenhouse gas emission hotspots, effectively manage and control progress on carbon reduction. The challenges of net-zero emissions are being dealt with in a proactive manner.

Carbon credits and quotas are another coming trend. The Company's "Project for the Replacement of Heavy Oil with Natural Gas as the Heating Furnace Fuel" has already obtained 253,696 metric tons of CO₂e in total carbon credits, equivalent to the carbon reduction produced by 1,045 Daan Forest Park. 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 were 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 2024 amounted to 238,943.691 metric tons CO₂e. External verification by a third party (DNV) was achieved in May 2025, and an ISO 14064-1 verification statement was obtained; preliminary inventory of greenhouse gas emissions in 2025 amounted to 167,824 metric tons CO₂e. External third-party verification is planned for April 2026. The greenhouse gas inventory of the subsidiary (Hung Kao) was also completed in 2024, and the greenhouse gas emission information was disclosed simultaneously in both the annual report and the Sustainability Report.

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 the industry, the Company is actively implementing climate change response, carbon management, energy management, and air pollutant management to meet regulatory requirements. The Company also implements 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 2025 to February 2026.

(II) Future response strategies and potential expenditures

1. Expenses for pollution prevention (remediation), changes/modifications/or extensions 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, and water consumption fees).

2. Environmental protection expenditures in 2025 amounted to NT\$33,475 thousand.

Item	Amount (NT\$ thousand)
1. Air pollution prevention expenses	5,434
2. Water pollution prevention expenses	3,881
3. Industrial waste disposal expenses	14,654
4. Soil pollution expenses and soil and groundwater inspections	43
5. Drinking water inspection expenses (including repair expenses)	221
6. Greenhouse gas reduction expenses(including investments in energy-efficiency improvements, consulting, and verification fees)	9,242
Total	33,475

3. Total estimated environmental protection expenditures in 2026 is approximately NT\$48,852 thousand.

Item	Amount (NT\$ thousand)
1. Air pollution prevention expenses	13,084
2. Water pollution prevention expenses	5,185
3. Industrial waste disposal expenses	17,448
4. Soil pollution expenses and soil and groundwater inspections	45
5. Drinking water inspection expenses (including repair expenses)	258
6. Greenhouse gas reduction expenses(including investments in energy-efficiency improvements, consulting, and verification fees)	12,832
Total	48,852

(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". The Company also implements 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 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 one-third of the Committee membership. The Committee meets every two months to review OSH topics and management performance.

(I) Improvement of facilities

1. Continue to promote regional collective defense for occupational safety: In 2025, the Company expanded its approach from previously focusing on "single points" of potential hazards, to looking for hazards across a more comprehensive "plane". The Company conducted self-inspection and collective defense focused on the operations or environmental areas with the highest potential hazards or greatest likelihood of accidents, and arranged for operators to actually carry out these operations in real-world drills, following safe working procedures and standards. All employees working in these units or plants participated in and reviewed these drills to ensure that the safety procedures and safe operational standards for hardware and software adopted to prevent potential hazards are consistent and effective, as well as to sure that operators are familiar with these hazards and safety procedures. This ensures that all potential hazards and environmental risks for these operations are controlled. In 2025, the Company conducted self-inspections and collective defense to review 72 operational areas and issued 72 safety job procedures, achieving a rectification rate of 100%.
2. Set up physical fences or restricted areas where equipment may generate ionizing radiation. Radiation warning signs were prominently displayed at the entrances, exits, and within the restricted areas. These warnings were also reviewed to ensure effectiveness. The factory currently has 6 X-ray machines, all of which comply with regulatory requirements and have an inventory control system in place.

3. Forklift Smart Detection Support System: In order to provide early warnings to prevent accidents, and improve operational safety and work efficiency, the Company has installed smart detection support systems on the 6-ton forklifts in areas more likely to come into contact with personnel. The system is able to (1) detect driver behavior such as smoking, making a call, sleeping, not putting on seat belts, or speeding, and issue a warning to drivers. (2) sound a "Please brake" voice prompt when other people or equipment appear 6.5 meters and 2.5 meters in front of the forklift. These functions are reviewed as part of the forklift daily inspection checklist, to make sure the identification system is operating normally.
4. Safety confirmation when a stationary crane is lifting a load with its hook: Steel coils (pipes) are often hoisted by crane within plant areas. Since the hook is the first line of defense against hoisted objects falling, the Company inspects each of the hook's functions one by one during regular maintenance of stationary hooks, ensuring operational safety. After a total of seven hooks have been replaced, the crane needs to pass a regular inspection from a unit designated by the competent authority.
5. Installation of fire hazard signs: Pursuant to Article 21-2 of the Fire Services Act, the management rights holder of a factory, warehouse, or storage site for hazardous chemicals shall install hazard risk signs at conspicuous locations on the premises of these locations. In 2025, the Company has completed installing signs at 22 locations.
6. The focus in 2025 was on each plant's emergency response for areas with high potential risk for occupational disasters. Statutory requirements and the outcomes of the risk assessments were used to conduct an inventory of areas with high disaster risk (including reheating furnaces, fuel rooms, power rooms, chemical laboratories, natural gas metering stations, electricity substations, oil storage areas, steel pipe UV coating area, reheating furnaces, rolling machines, welding areas of acid cleaning zones, floodproof barriers, pipeline and acid storage tank leaks, 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 in terms of the process, outcomes, and targets accomplished to ensure the effectiveness of emergency response from plant employees.

(II) Supervisor Inspections

1. Inspection by Vice President, Production Division: Results from the occupational safety self-inspections and collective defense operations conducted at each plant (including risk and hazard prevention in operational areas, how self-inspections and collective defense have been implemented, the issues discovered through self-inspections and collective

defense, and what rectifications have been made). The Vice President of the Production Division arranged to lead representatives from other plants and occupational safety employees on an inspection tour. In 2025, a total of 10 inspections were carried out (2 inspections per plant). Through having representatives from each plant exchange opinions from their different professional perspectives, the Company discovered 56 areas where environmental equipment or safe working procedures can be further optimized.

2. 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 surveillance camera 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 safe working procedures. A total of 893 cases were conducted in 2025, including 658 cases by team leaders, 68 cases by plant safety engineering, 146 cases by (deputy) section leaders, and 21 cases by (deputy) plant managers. The total completion rate was 106%. The enforcement of dynamic safety observations by supervisors achieved a compliance rate of 98.51% for worker behavior. The remaining 1.49% of unsafe behaviors were identified and preventive action was taken.
3. Main organization 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) instruction on occupational hazards from team leaders, (4) on-site inspection of operations, (5) hazard identification and preventive safety awareness, (6) on-site inspection of contractors, contractor management apart from the 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, whether certifications/work safety procedures have been uploaded to the contractor management system, and records of the daily zero-accident activity being implemented. A total of 339 items were inspected in 2025, resulting in 308 compliant items (90.9%) and 31 non-compliant items/needing recommendations (9.1%) related to machinery and equipment safety facilities and integrity of records. All were subsequently recorded in the maintenance system for follow-up and improvements were completed.
4. Industrial safety self-inspections at each plant area: Each week, the plant supervisor/industrial safety employee conducts an on-site walk-about inspection. Inspection items include inspecting how well plant facilities and environment have been

maintained, and other industrial safety items required by upper management or the main organization. In 2025, a total of 1,699 inspection items were inspected, with 581 items found to be non-compliant/needing recommendations. The three most common types of issues were related to organization and tidiness, safety facilities, and electrical equipment. These inspection results have been recorded in the ERP correction tracking system. The improvement process implemented and improvement results were reported at the Production Division weekly supervisor meeting.

(III) Training

1. Industrial Safety Responsibility for Supervisors Course: In order to enhance the occupational safety and health awareness and skills (including knowledge of occupational safety and health regulations, identifying working hazards, safety assessments and hazard management, contractor management, and emergency measures) of managers (including the Chairperson, President, department heads, plant supervisors, section chiefs, group leaders, and team leaders) and engineering coordinators undertaking construction or supporting work, the Company invited section chiefs and technical specialists from the Labor Standards Inspection Office of Kaohsiung City to hold training courses at its plants. In total, 180 participants completed the training.
2. Traffic safety and defensive ability: To reduce the probability of traffic accidents among employees by strengthening their traffic safety awareness and defensive driving skills, each plant conducts annual education on general traffic safety knowledge, and the importance of proper tire pressure and measuring tread depth for motorcycles. Two sessions of “Defensive Driving Traffic Safety Training and VR Hazard Perception Experience” were also held for 21 people at the Chung Hung Industrial Safety Training Building this year. Through an interactive virtual reality simulation, the Company simulated real-world road conditions to teach participants how they can protect themselves when encountering hazards on the road. The Company’s employees have praised the immersive training course for being of practical assistance.
3. 2025 safety training on routine factory operations (electric welding, oxy-acetylene, hoisting, and confined spaces), crushing hazards, and use of protective equipment: Industrial safety employees from headquarters were sent as instructors to teach courses which combined theory with real hands-on experience. Occupational disaster cases were also shared with participants. Six courses were held in total, attended by 121 employees and contractors. Course participants interacted enthusiastically with the instructors, and the course was able to achieve its intended training objectives.

4. The Company continued to carry out various on-the-job (refresher) training to enhance the safety and health awareness, capabilities, and professional skills of its employees and contractors. The safety and health education and training courses included "radiation protection", "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 organic/chemical operation supervisors", "high-pressure gas container operators", "first aid personnel", and "respiratory protective equipment wearing and fit testing". Sixteen different training courses were provided in total, and 62 classes were held, attended by 615 participants.

(IV) Health management

1. Working environment monitoring: Pursuant to regulatory requirements, qualified workplace environment monitoring organizations are commissioned to confirm and evaluate workplace and environmental hazards each year. The tracking of actual working conditions and evaluation of workplace hazard exposure ensures the environmental quality of the workplace, as well as the safety and health of employees. In 2025, 29 items were tested once every six months, including chemical factor monitoring (such as n-Hexane, Potassium Dichromate, Ethyl Acetate, Toluene, Acetone, Methyl Ethyl Ketone, Sulfuric Acid, Isopropanol, Dust, Carbon Dioxide), as well as physical monitoring (such as noise, comprehensive temperature heat index, local exhaust air velocity measurement). The monitoring results are published on the ERP bulletin board. A cause analysis is carried out should any abnormalities be discovered. Under special circumstances, the Company not only consults with the workplace environment monitoring organization, but also contact the competent authority to ensure proper follow-up and corrective action.
2. Employee health management and promotion:
 - (1) Health exams are arranged for all employees every year. Nineteen health items are examined, exceeding the mandatory seven items required by law. The Company also has established an employee health risk management process to periodically analyze the results of employees' health exams and provide tiered management of employee health. Unit supervisors are asked to reach out to employees found to have high health risks (BMI \geq 35 kg/m², Framingham Risk Score \geq 20%, Glycated Hemoglobin \geq 8%, LDL-C \geq 190 mg/dL, GPT, eGFR, and ECG), and an occupational health nurse will arrange for them to consult with an occupational physician, as well as follow up on their health management and health promotion activities. Employees are educated on the link between metabolic disease and heart disease, as well as the importance of and ways to

prevent and manage metabolic diseases, gradually teaching employees the correct way to manage their health.

(2) Special operations health exams were carried out for seven items (noise, ionizing radiation, n-hexane, manganese and its compounds, mercury and its compounds, dust and chromic acid). Testing was conducted 178 times, and there were no tier-4 cases.

(3) Health promotion: To promote health awareness and protect employee health, the Company held "Slim Down with Faster Metabolism" health activities and seminar courses.

A. "Slim Down with Faster Metabolism" health promotion activity: 66.67% of participants in 2024 who were originally in level 3 (high health risk) dropped to level 2 or below after attending the health promotion activity. Out of all participants, 88.89% were at level 2 or lower health risk (including levels 1 and 2) after the health promotion activity.

B. "Health Exam Information Session and Health Promotion Seminar": The plant physician holds information sessions at each plant to explain the results of the (special) health exam after the annual (special) health exam is conducted. The physician also explains the significance of each health indicator, and teaches employees how they can lower and manage abnormal health exam results. Five sessions were held in 2025, attended by 148 participants.

C. On International Women's Day, a "Women's Day Fast Metabolism Diet" seminar was held for 94 female employees. By providing correct nutritional knowledge and teaching what foods should be eaten at what time, participants clearly understood how they can improve themselves through better health. At the same time, participants are able to use the correct nutritional knowledge they learned to help their family members or loved ones, helping them to approach life with a more positive attitude.

D. A "Health and Wellness Seminar" was held on Father's Day (August 8th in Taiwan) to teach participants about the health risks of obesity, what different metabolic health indicators mean, how to calculate calories from food and exercise, how to prevent cardiovascular disease, and improve quality of life. A total of 125 male employees participated in the course in person, while other male employees also looked through the course materials and participated in the course quiz to win prizes. A total of 100 people were selected through a lucky draw to win a health gift certificate (NT\$100 each).

3. Computerized health system management: Each employee can now look up and download their own personal health risk indicator, including their trend analysis radar map, past

health examination values, and value trends. Occupational nurses can also use the system to effectively analyze and track employees' health exam data. All employees can now look up and track their own health status at any time.

4. Execution of four key projects: Ergonomic hazards, abnormal workload, unlawful infringement, and protection of maternal health:

(1) Ergonomic hazards:

A. Current employees, new employees, and individuals who filed complaints were asked to fill out the "Self-reported Musculoskeletal Symptoms Survey": 17 current employees reported symptoms of discomfort. After consulting with an occupational physician and being provided health advice, one employee was determined to have symptoms related to their work duties or work posture. An ergonomic improvement plan was initiated, and cranes and other hoisting equipment were provided to reduce the amount of manual lifting required, improving the situation. All 22 new employees reported no symptoms of discomfort. No complaints were reported during the year.

B. Held an "Ergonomic Hazard Prevention and Improvement Competition", which motivated and engaged employees to improve their ergonomics. 21 improvement projects were submitted, and supervisors from each department selected the six most representative projects, which were shared and promoted by the company-level safety committee. The President also awarded prize money for the winning projects in recognition of their efforts.

(2) Abnormal workload: 12 employees were found to be at high risk (due to personal health conditions) after a risk assessment of illnesses resulting from abnormal workload. An interview and consultation with the occupational physician were arranged for these employees, who determined that 10 of these employees did not need to adjust their working hours or workload, while 2 employees were advised to limit overtime to no more than 45 hours/month (the 2 employees each currently worked less than 30 hours of overtime a month) due to personal illnesses.

(3) Unlawful infringement:

A. The completion rate of the Company's internal and external risk assessment survey for each plant (departments) was 100%. The risk items included: Physical violence, verbal violence, psychological violence, and sexual harassment. Survey results found 0 high risk cases and 2 medium-risk cases (1 case involved the Electrical & Instrument Maintenance Section at the Pickling and Galvanizing Department. Employees there needed to work late at night or in the early morning. The solution found was to have two employees assist each other with work. This not only allowed them to support

each other technically, but also look after each other, alleviating the psychological burden of working late at night. One other case involved employees in the Technical Service Section, who needed to work on the client side to handle product complaints, putting them in an unfamiliar work environment. The solution found was to have more experienced employees guide newer employees and familiarize them with the work environment), with all other cases being low risk.

B. Education and training: All employees (1,038 people) and supervisors (159 people) completed the "Prevention of Workplace Sexual Harassment and Other Illegal Infringements" online training course and passed the course test (scoring 70 points or above), achieving a 100% pass rate.

(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 by developing a working environment that is friendly to the physical and mental health of female workers. In 2025, the Company had one pregnant female employee and one female employee within one year postpartum. Maternal health protection was activated for the one pregnant female employee. After an interview and assessment by occupational safety, the occupational nurse, and the occupational physician, it was determined that her work posed no threat to maternal health and there was no need for an adaptive work adjustment. The female employee within one year postpartum is currently on maternity leave, and a review will be initiated upon her return to her position in 2026.

(V) Contractor management

1. Contractor communication: Depending on the contractor's needs, external experts are invited to provide guidance on the skills, correct usage methods, and safety awareness required for their work operations. In 2025, the Company invited personnel from the China Steel Equipment Department and Kaohsiung City Labor Standards Inspection Office to serve as instructors for practical stick welding and hoisting operations. They also taught workers how to resolve operational abnormalities and shared previous cases. Instructors would also watch videos of the contractor carrying out work operations together, after which they provided expert guidance and comments on what was shown in the video. These courses allowed contractors to interact and exchange opinions with instructors. Four sessions were held, attended by a total of 48 participants from 20 different contractors. The Company's contractors have expressed satisfaction with this exchange meeting course format, and the Company will continue holding similar courses in 2026.

2. 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.
3. 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 holding safety and health activities, NT\$88,951 in contractor bonuses were distributed in 2025, pursuant to the Instructions on Contractor Fines for Contract Violations and Subsidies for Safety and Health Activities. Bonus items included prizes for workplace supervisors and industrial safety personnel with outstanding performance at the contractor industrial safety exchange meetings, fees paid for inviting expert instructors to hold contractor industrial safety exchange meetings, bonuses for contractors helping to resolve plant incidents, expenditures for purchasing industrial safety equipment, and prizes for contractors and industrial safety personnel with outstanding performance in the annual industrial safety management assessment.
4. Deployment of contractor management system: The Company has promoted a digital transformation of its contractor management operations, in order to deepen its partnerships with contractors and improve management efficiency. Beginning from 2024, the Company started with systems for managing basic personnel access and entry, incorporating basic supplier, personnel, and vehicle information, work and access permit applications, permit management systems, and safe working procedures management systems. In 2025, the Company further established an on-site inspection and verification system. In 2026, the Company will continue advancing, expanding, and implementing the contractor access management system.

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 bonuses for birthdays, weddings, and national holidays, subsidies for unit tourism activities, club activities, occupational injuries, hospitalization, funerary subsidies, emergency conciliatory funds for deaths, childbirth subsidies, children tuition subsidies, and children (employee) scholarships. The Company also organizes large-scale company-wide parent-child activities to improve employee 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. The Company also organizes 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 Company's key work items. Each year, the Company arranges for employees across all levels to receive general training based on the Company's operational direction, regulatory requirements, competency inventory needs, and core competencies. In addition, employees of various departments require professional training based on the nature of their work to improve the quality of human resources and gain advantages for development. The Company also provides employees with an open and diverse learning environment, encouraging employees to keep growing. Through internal/external training, on-the-job training, and supervisor/peer guidance, employees are able to continue improving their skills. At the same time, the Company has held various training courses, including on new employee training, professional skills training, management skills training, and general work knowledge. By improving employee

knowledge and skills, the Company's employees are able to experience the joy of learning and developing new skills.

The Company has established the Regulations on the Advancement of Education and Training, and created plans for providing training courses able to enhance overall employee knowledge and quality based on these Regulations, helping to improve the Company's business performance. In 2025, an average of 16.1 hours of internal and external training were provided per employee, costing the Company NT\$1,842 thousand in total.

3. Employee retirement system

The retirement system for Company personnel adheres to the Labor Standards Act and the Company's retirement regulations. If an employee's combined years of service and age are greater than 60 then the employee is 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 pensions to the Bureau of Labor Insurance for personnel applicable to the new labor pension system in accordance with the Labor Pension Act, 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 employee conduct 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 has established the "Chung Hung Steel Employee Code of Ethics" to ensure that all employees' conduct meets 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).

5. Employer-employee relations and employee rights maintenance measures

The Company organizes periodic employer-employee 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. Additionally, to improve employee cohesiveness towards the Company, the Company has established an "employees equal shareholders" mentality, and provided our employees with additional protection for their life after retirement. The Company established an employee shareholding trust

beginning in July 2004, where employees are free to apply for membership to enter the trust. The Company allocates 20% of the amount deposited by employees into the fund as an additional bonus, which helps to promote a greater sense of participation amongst employees, improve cohesiveness, and retain talent. From January 1, 2025 onwards, a new standard was adopted where 30% of the amount is allocated as a bonus instead, with all of the funds deposited by employees being placed in a dedicated account at a custodian financial institution under the name of the shareholder trust, and used to purchase 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:

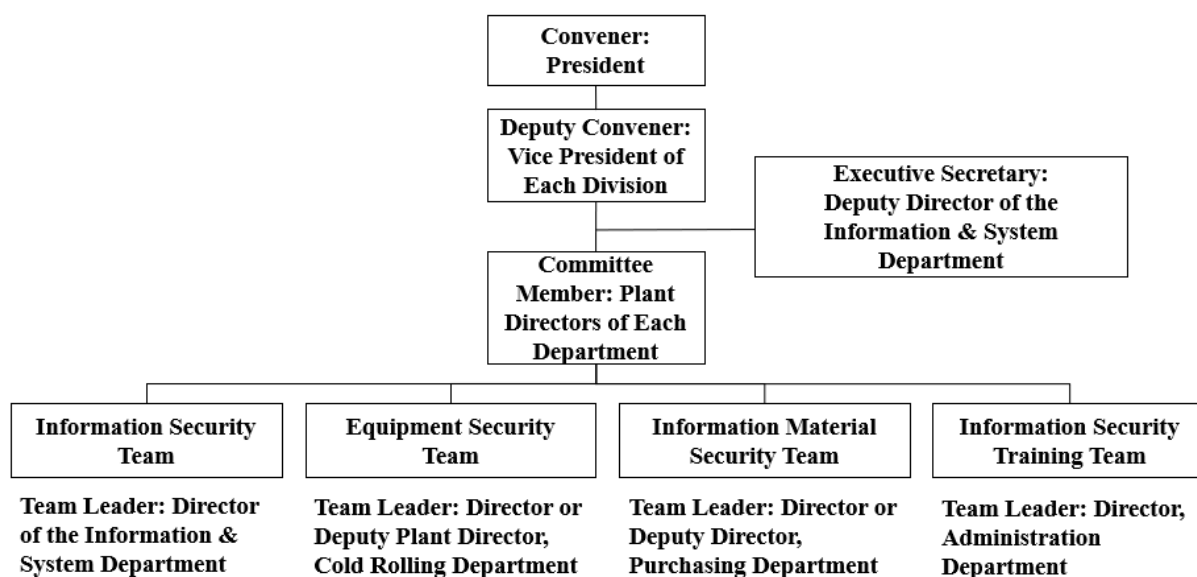
Employer-employee relations have remained harmonious. Managers at all levels work hard to take care of employees and resolve issues as quickly as possible. Internal management regulations are also processed in accordance with the Labor Standards Act. The Company organizes regular employee seminars and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

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, and oversees four 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 operation of Chung Hung's information systems, provide trusted information services, ensure the confidentiality, integrity, and availability of information assets, and facilitate the 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 principle 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 the 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 operations 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 results 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, with automatic updates enabled to prevent virus infections and their spread.

Management plan	Description
Employee Internet information	<ol style="list-style-type: none"> 1. When employees apply for Internet access, they will be granted external access with the approval of the Vice President of the relevant Department. 2. 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.
E-mail information	Employees who apply for a company e-mail address must consent to cooperating with the Company's investigations of e-mail contents.
Computer use information	<ol style="list-style-type: none"> 1. New personal computers must be added to the Company domain to ensure the implementation of the Company's Information Security Policy. 2. 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. 3. The installation and use of computer hardware and legal software media that do not belong to the Company are strictly prohibited. 4. To ensure information security and maintain normal computer operations, computer asset management software must be installed on personal computers for processing documents.
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 the installation of the operating system and a virus scan.
VPN management	<ol style="list-style-type: none"> 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 relevant Department. 2. The virtual private network account shall be closed on the first business day after the employee's resignation or on 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

2025 Information security implementation outcomes:

- A. The Company's Information Security Management Committee convened four meetings in 2025, one each quarter, to review the implementation of the Information Security Policy at each unit.
- B. Cooperated with the Group's information security audit and communication
 - (A) On June 19, CSC Group Industrial Control (OT) conducted an information security inspection at the Cold Rolling Department and held the 2025 OT security interview meeting with the equipment security team. The interview highlights are summarized below:
 - a. Chung Hung currently uses a virtual private network (VPN) to remotely access

L1 process data. During the interview, the Company shared how it uses a statistical process control (SPC) system to collect process information, after which users can simply connect to the SPC system to obtain the information they need, without needing to directly access the L1 system.

b. For manufacturers with technicians who need to remotely connect to the L1 system from an overseas location, it was recommended that they install whitelist software on their computers to manage which programs are allowed to run, preventing malicious programs. It was further recommended that these remote connections be made through a VPN. At the moment, Chung Hung has already disabled the wireless network function on equipment adjustment laptops through the BIOS, and also locked administrator privileges behind a password, with approval from the plant director required for use.

(B) Participated in the CSC Group's information security collective defense meeting four times.

(C) Pursuant to the newly-added Article 25 of the Information Security Management Guidelines for TWSE/TPEX Listed Companies, the Company has reviewed all electronic signage devices visible to external personnel as of November 2025 and strengthened management mechanisms.

C. The Company has adopted the ISO 27001 standards, and became certified in December 2024 through an external SGS verification, with the certification remaining valid from January 11, 2025 to January 11, 2028. The Company also completed an external information management security systems (ISMS) audit for the second year on December 3, 2025, and our current information security management system operations comply with the ISO 27001 standards.

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 risks.

(B) A contract was signed with CHT Security to deploy the HiNet WAF (Web 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 IP/MAC 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 Internet Protocol (IP) usage.
 - (D) A database auditing software solution, 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) A computer audit conducted by Deloitte Taiwan found that the following systems lacked the appropriate password principles, and required the following adjustments to be made: Account lockout threshold: 5 times; Account lockout period: 15 minutes. These account lockout settings and policy adjustments have already been made to the Company's active directory (AD) as of June 20, 2025, and improvements have been completed for the Company's database server (AIX 7.2) as of June 24, 2025.
- E. In 2025, the Company conducted vulnerability scans on 46 servers, vulnerability scans of mobile application platforms, and penetration tests on the Company's official website and e-commerce website platform. Initial tests were completed for all of these operations in January 2025, following which suggestions for improvements were proposed based on the test results, and rectifications were made. Follow-up tests were completed in May 2025, where all weaknesses were found to have been rectified, and all security requirements were met.
- F. 2025 phishing email test results and data summary:
- (A) Out of the total 624 participants, 59 participants, or 9.64%, clicked on the link or opened the attachment.
 - (B) These 59 employees were deemed high risk based on this year's test results, and have been arranged to attend information security training conducted by the Human Resources Section next year.
- G. Actual implementation of information security audit in 2025:
- (A) The 2025 audit of document processing software on personal computers screened and compared the software and hardware account data on all computers. No unauthorized installation of Business Software Alliance (BSA) members' software was 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 devices are 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 connection of mobile phone devices to the USB port of the personal computer must be re-applied for each year.

H. Implementation of information security training and education in 2025:

- (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 March 10, 2022, 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, 2025, it has been signed by a total of 361 contractors.
- (B) Information security safety education is posted to the ERP bulletin board each year (data source: Award-winning promotional posters authorized by the Information and Communications Security Administration of the Ministry of Digital Development).
- (C) Information security training is conducted from time to time (China Steel Resources, included in the annual education and training plan).
 - a. The 2025 "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.

- b. The 2025 "Information Security Promotion Education and Training" is targeted at members of the Information Security Committee, and is conducted for one hour at each meeting.

(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 the 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 remain valid as of the publication date of the Annual Report or expired 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	2025.04.01~ 2030.06.30	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.

Nature of the Contract	Contracting Party	Commencement Date/Expiration Date	Main Content	Restrictive provisions
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 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).</p>
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	2025	2024	Difference	
				Amount	%
Current assets		8,290,243	11,469,662	(3,179,419)	(27.72)
Property, plant and equipment		9,119,467	9,489,317	(369,850)	(3.90)
Other assets		9,476,442	9,512,409	(35,967)	(0.38)
Total assets		26,886,152	30,471,388	(3,585,236)	(11.77)
Current liabilities		5,650,496	7,775,196	(2,124,700)	(27.33)
Long-term liabilities		9,124,303	8,510,825	613,478	7.21
Total liabilities		14,774,799	16,286,021	(1,511,222)	(9.28)
Capital stock		14,355,444	14,355,444	-	-
Capital surplus		903	990	(87)	(8.79)
Retained earnings		(951,605)	998,894	(1,950,499)	(195.27)
Other equity		(1,293,389)	(1,169,961)	(123,428)	(10.55)
Total equity		12,111,353	14,185,367	(2,074,014)	(14.62)

Explanation: (changes of over 20%)

1. Current assets fell from the previous year, mainly due to the decrease in steel product inventories stock and lower unit prices.
2. Current liabilities fell from the previous year, mainly due to this year's decrease in bonds payable due within one year.
3. Retained earnings decreased from the previous year, mainly due to a net loss for this year.

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

Unit: NT\$ thousand

Item	Year	2025	2024	Difference	
				Amount	%
Current assets		8,285,614	11,465,056	(3,179,442)	(27.73)
Property, plant and equipment		9,119,467	9,489,317	(369,850)	(3.90)
Other assets		9,481,011	9,516,955	(35,944)	(0.38)
Total assets		26,886,092	30,471,328	(3,585,236)	(11.77)
Current liabilities		5,650,436	7,775,136	(2,124,700)	(27.33)
Long-term liabilities		9,124,303	8,510,825	613,478	7.21
Total liabilities		14,774,739	16,285,961	(1,511,222)	(9.28)
Capital stock		14,355,444	14,355,444	-	0.00
Capital surplus		903	990	(87)	(8.79)
Retained earnings		(951,605)	998,894	(1,950,499)	(195.27)
Other equity		(1,293,389)	(1,169,961)	(123,428)	(10.55)
Total equity		12,111,353	14,185,367	(2,074,014)	(14.62)
Explanation: (changes of over 20%)					
1. Current assets fell from the previous year, mainly due to the decrease in steel product inventories stock and lower unit prices.					
2. Current liabilities fell from the previous year, mainly due to this year's decrease in bonds payable due within one year.					
3. Retained earnings decreased from the previous year, mainly due to a net loss for this year.					

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	2025	2024	Increase (decrease) amount	Percentage of change (%)
Operating revenue	19,021,554	30,461,521	(11,439,967)	(37.56)
Operating costs	20,612,078	31,207,294	(10,595,216)	(33.95)
Operating gross profit (loss)	(1,590,524)	(745,773)	(844,751)	(113.27)
Operating expenses	417,124	494,729	(77,605)	(15.69)
Net operating income (loss)	(2,007,648)	(1,240,502)	(767,146)	(61.84)
Non-operating income	72,675	58,308	14,367	24.64
Net profit (loss) before tax	(1,934,973)	(1,182,194)	(752,779)	(63.68)
Income tax expenses (benefits)	(87,154)	(290,515)	203,361	70.00
Annual net profit (loss)	(1,847,819)	(891,679)	(956,140)	(107.23)
Other comprehensive income (loss)	(223,171)	(1,028,207)	805,036	78.30
Total comprehensive income (loss)	(2,070,990)	(1,919,886)	(151,104)	(7.87)
Analysis description for items with increases and decreases ratio: (changes of over 20%)				
<ol style="list-style-type: none"> 1. Operating revenue and operating cost decreased this year, mainly due to a decrease in steel product sales volume and prices and lower per unit costs. 2. 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 to the decrease in steel product sales prices being greater than the decrease in steel production costs. 3. Non-operating income increased compared to the previous year, mainly due to the combined effect of an increase in gains on disposal of assets and an increase in financing costs. 4. Income tax expenses (benefit) decreased from the previous year, mainly due to the recognition of relatively more deferred income tax assets in the previous year. 5. Other comprehensive income (loss) increased from the previous year, mainly due to a decrease in the unrealized valuation loss from financial assets at fair value through other comprehensive income in the current period. 				

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

Unit: NT\$ thousand

Item \ Year	2025	2024	Increase (decrease) amount	Percentage of change (%)
Operating revenue	19,021,223	30,461,167	(11,439,944)	(37.56)
Operating costs	20,612,078	31,207,294	(10,595,216)	(33.95)
Operating gross profit (loss)	(1,590,855)	(746,127)	(844,728)	(113.22)
Operating expenses	417,041	494,641	(77,600)	(15.69)
Net operating income (loss)	(2,007,896)	(1,240,768)	(767,128)	(61.83)
Non-operating income	72,930	58,567	14,363	24.52
Net profit (loss) before tax	(1,934,966)	(1,182,201)	(752,765)	(63.67)
Income tax expenses (benefits)	(87,147)	(290,522)	203,375	70.00
Annual net profit (loss)	(1,847,819)	(891,679)	(956,140)	(107.23)
Other comprehensive income (loss)	(223,171)	(1,028,207)	805,036	78.30
Total comprehensive income (loss)	(2,070,990)	(1,919,886)	(151,104)	(7.87)

Analysis description for items with increases and decreases ratio: (changes of over 20%)

1. Operating revenue and operating cost decreased this year, mainly due to a decrease in steel product sales volume and prices and lower per unit costs.
2. 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 to the decrease in steel product sales prices being greater than the decrease in steel production costs.
3. Non-operating income increased compared to the previous year, mainly due to the combined effect of an increase in gains on disposal of assets and an increase in financing costs.
4. Income tax expenses (benefit) decreased from the previous year, mainly due to the recognition of relatively more deferred income tax assets in the previous year.
5. Other comprehensive income (loss) increased from the previous year, mainly due to a decrease in the 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 increased by NT\$77,901 thousand in 2025 and cash flows changed as follows:

- (1) Operating activities: Net cash inflow of NT\$2,450,880 thousand was mainly due to the pre-tax loss of NT\$1,934,973 thousand, plus a decrease in inventory of NT\$3,280,693 thousand, depreciation of NT\$630,059 thousand, financing costs of NT\$240,182 thousand, and an increase of NT\$209,424 thousand in other accounts receivable.
- (2) Investing activities: Net cash outflow of NT\$394,051 thousand was mainly due to fixed asset purchases of NT\$265,629 thousand, an increase of NT\$300,000 thousand in other financial assets, proceeds of NT\$57,753 thousand from disposal of property, plant, and equipment, and dividends received of NT\$59,607 thousand.
- (3) Financing activities: Net cash outflow of NT\$1,978,928 thousand was mainly due to a net increase of NT\$2,499,034 thousand in short-term bills payable, a net decrease of NT\$2,898,806 thousand in long-term bills payable, a net decrease of NT\$1,811,227 thousand in short-term borrowings, a net increase of NT\$3,500,000 thousand in long-term borrowings, NT\$3,000,000 thousand from redemption of company bonds, and NT\$252,172 thousand in interest payments.

Cash flow analysis for the following year:

Unit: NT\$ thousand

Cash balance at beginning of the period (1)	Estimated annual net cash flow from operating activities (2)	Expected annual cash outflow (3)	Estimated cash surplus (shortage) amount (4)=(1)+(2)-(3)	Estimated remedial measures for cash deficit	
				Investment plan	Financial plan
1,753,200	184,813	521,691	1,416,322	N/A	N/A
1. Analysis of estimated annual cash flow changes in the 2026 fiscal year Net cash flows from operating activities: Net cash inflow is mainly caused by changes in operating activities, accounts receivable, and inventory. 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.					
2. Expected cash deficit remedies and liquidity analysis: Not applicable.					

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

Cash and cash equivalents increased by NT\$77,801 thousand in 2025 and cash flows changed as follows:

- (1) Operating activities: Net cash inflow of NT\$2,450,999 thousand was mainly due to the pre-tax loss of NT\$1,934,966 thousand, plus a decrease in inventory of NT\$3,280,693 thousand, and depreciation of NT\$630,059 thousand, financing costs of 240,182 thousand, and an increase of NT\$209,424 thousand in other accounts receivable.
- (2) Investing activities: Net cash outflow of NT\$394,270 thousand was mainly due to fixed asset purchases of NT\$265,629, an increase of NT\$300,000 thousand in other financial assets, proceeds of NT\$57,753 thousand from disposal of property, plant, and equipment, and dividends received of NT\$59,459 thousand.
- (3) Financing activities: Net cash outflow of NT\$1,978,928 thousand was mainly due to a net increase of NT\$2,499,034 thousand in short-term bills payable, a net decrease of NT\$2,898,806 thousand in long-term bills payable, a net decrease of NT\$1,811,227 thousand in short-term borrowings, a net increase of NT\$3,500,000 thousand in long-term borrowings, NT\$3,000,000 thousand from redemption of company bonds, and NT\$252,172 thousand in interest payments.

Cash flow analysis for the following year:

Unit: NT\$ thousand

Cash balance at beginning of the period (1)	Estimated annual net cash flow from operating activities (2)	Expected annual cash outflow (3)	Estimated cash surplus (shortage) amount (4)=(1)+(2)-(3)	Estimated remedial measures for cash deficit	
				Investment plan	Financial plan
1,752,606	184,813	521,691	1,415,728	N/A	N/A
1. Analysis of estimated annual cash flow changes in the 2026 fiscal year Net cash flows from operating activities: Net cash inflow is mainly caused by changes in operating activities, accounts receivable, and inventory. 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.					
2. Expected cash deficit remedies and liquidity analysis: Not applicable.					

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 investments have long-term strategic purposes and are aimed at boosting shareholders' equity. The Company's investment income recognized under the equity method in 2025 was NT\$44,450 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 include financial assets for hedging, accounts receivable, equity investments, other financial assets, accounts payable, short-term borrowings, short-term bills payable, 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 2025 were NT\$2,553,200 thousand and NT\$11,154,653 thousand, respectively. If the interest rate increases/decreases by 0.25% while all other variables remain unchanged, the Group's net profit before tax in 2025 will decrease/increase by NT\$21,504 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 the NTD by 1% relative to the USD increased the Group's profit by NT\$1,750 thousand.

(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 2025 increased by 1.31%, and the annual average increase was 1.66%. Therefore, inflation will cause the increase in the Company's expenses.

2. Future response measures:

- (1) Short-term funds are controlled and managed through overdraft accounts and the Company borrows funds or repays loans based on funding conditions, with lowering loan costs as a priority. Demand for capital expenditures and long-term investments is mostly met with medium to long-term funding.
- (2) In response to changes in interest rates and exchange rates, 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 the risks of exchange rate fluctuations.
- (3) With regard to the impact of inflation, the Company pays close attention to changes in the related economic environment 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 “Procedures for Acquisition or Disposal of Assets”.

(III) Future R&D projects and estimated expenditures:

The Company expects to invest approximately NT\$49,150 thousand in R&D expenditures in 2026, and will make adjustments accordingly based on steel market conditions and the Company’s operating situation. Below is a summary of the Company’s main future R&D projects:

Project name	Project description	Project benefits	Scheduled completion date
Development of a strip control system (CHSM) for the Hot Rolling Department hot rolling line, and an	This project aims to improve the Company’s ability to precisely control the flatness and crown height of hot-rolled steel strips, reducing reliance on experienced human input to make adjustments. By adopting a	Effectively improves quality consistency for strip products, strengthens process control capabilities,	2027/08/31

Project name	Project description	Project benefits	Scheduled completion date
optimization plan for steel strip flatness and crown height.	smart strip control system and establishing a stable and predictable process control model, the Company can ensure stable production and consistent quality.	and establishes a foundation for smart manufacturing applications.	
An optimization plan for the Hot Rolling Department quenching and tempering line production and the ibaPDA process data acquisition system	The current human-machine interface (HMI) system for the Company's quenching and tempering line only allows for approximately 30 minutes of past data to be viewed, which is insufficient for quality analysis and troubleshooting equipment abnormalities. Upgrading to and adopting the ibaPDA process data acquisition system enables critical process data for the Company's production lines to be stored for over a year, improving the Company's ability to trace back problems and quickly resolve the root causes of abnormalities. This further stabilizes product quality and reduces unplanned downtime. Additionally, the ibaPDA system has high compatibility and scalability, making it more conducive to future upgrades and smart development.	The system can effectively identify the type of quality defect encountered, preventing problems from recurring and stabilizing product quality while also improving the overall efficiency of the quenching and tempering production line.	2027/03/31

Looking ahead, the Company will continue promoting the development of high-value products, adopting further smart manufacturing systems, and working towards a green transformation. Through improving product quality and process stability, the Company aims to actively expand into markets for high-end and differentiated products, increasing the added value of its products and strengthening market competitiveness. At the same time, the Company will continue implementing equipment upgrades and process optimizations, integrating data applications and project improvement mechanisms, and improving operational efficiency and technical capabilities in order to make steady progress towards achieving high efficiency, low energy consumption, and sustainable development.

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

In line with the carbon fee collection policies stated in the government's Climate Change Response Act, the Company is among the first wave of companies subject to this fee. Pursuant to the Ministry of Environment's "Three Carbon Fee Regulations", the Company has already

internally completed an initial inventory of its 2025 greenhouse gas emissions. Third-party verification is expected to be completed in April 2026, and the necessary carbon fees will be paid before the end of May pursuant to law. The Company has calculated the carbon fees owed based on the preferential rate of NT\$100 per metric ton. In order to effectively alleviate long-term carbon costs, the Company has actively promoted the upgrading of high-efficiency equipment and established green energy procurement plans to reduce emissions at the source, improving its corporate and operational resilience.

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 the inventory of subsidiaries in the consolidated statement by 2025. The Company conducts annual greenhouse gas and energy inventories with third-party verification every year, and the greenhouse gas inventory and verification timetable is reported to the Board of Directors. Quarterly progress reports are made to the Board of Directors, putting the Company in compliance with the regulations.

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 the promotion of the IFRS Sustainability Disclosure Standards sent by the TWSE on July 3, 2024, a cross-departmental task force for the adoption of the IFRS Sustainability Disclosure Standards was established. An introduction plan and schedule for the adoption of the IFRS Sustainability Disclosure Standards have now been formulated. The implementation status is 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 created an implementation plan. 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 being paralyzed by third-party cyberattacks. It protects the Company from operational impacts and damage to the Company's business reputation.

Management measures: The Company 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 the Company's employees. The Company blocks attempts by malicious hackers to implant computer viruses, destructive software, or ransomware into the Company's network system, and thereby affect the Company's operations, defraud or extort payments from the Company, gain control of the computer system, or view confidential information.

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

3. Some of the services provided by third-party vendors require the Company 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 the risk of network attacks.

Management measures: The Company or its service providers promptly must resolve the technical issues caused by network attacks to ensure the integrity and availability of the Company's data (and the 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 condition, prospects, and reputation.

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

In addition to profitability, environmental protection, and corporate governance, the Company also actively gives back to society in keeping with its philosophy of "promoting social welfare." Since 2004, the Company has sponsored the 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 22 years so far. No effort is spared by the Company when it comes to fulfilling its corporate social responsibilities. The Company shall continue to make improvements in all environmental, social, and corporate governance aspects, with everyone working together to make 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 the 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 mainly sources raw materials for slab products from Taiwan, Japan, and Vietnam. The Company has signed long-term supply contracts with suppliers from these various regions, and has ensured a stable supply of raw materials through diversifying its raw materials sources. A small portion of raw materials is also purchased flexibly from the spot market based on market conditions, effectively diversifying procurement risks. With regard to sales operations, the Company has maintained stable long-term working relationships with our main customers, and continues to provide high-quality products and

comprehensive technical services to build mutual trust and close interactions with customers. This further enhances customer reliance and stickiness.

(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:

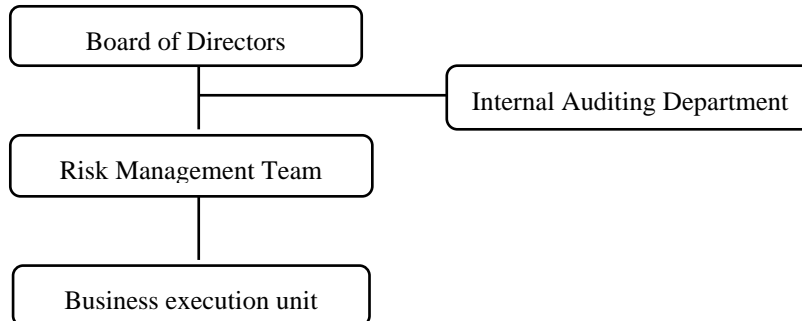
The Company is responding to changes in the global economic environment and sustainability risks by identifying and tracking risks that may impact corporate sustainability in the four aspects of economic, society, environment, and others. Management strategies and response measures such as risk transfer, 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 its risk management operations can be viewed through the Corporate Sustainability section of the Company's website.

1. Risk management policies

The Risk Management Policy and Procedures have already been drawn up by the Company and passed by the Board of Directors. Different types of risks 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 within an acceptable level. Risk management practices are continuously adjusted and optimized based on internal and external environmental changes. At the same time, the Company works 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 coordinating 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 executive secretaries. Team members include tier-1 managers of each business execution unit. Annual reports are made to the Audit Committee and the 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 2025 was reported to the Audit Committee and the Board of Directors on December 26. 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 and inform the management of existing or potential risk topics when appropriate to ensure compliance with existing regulations and control procedures.

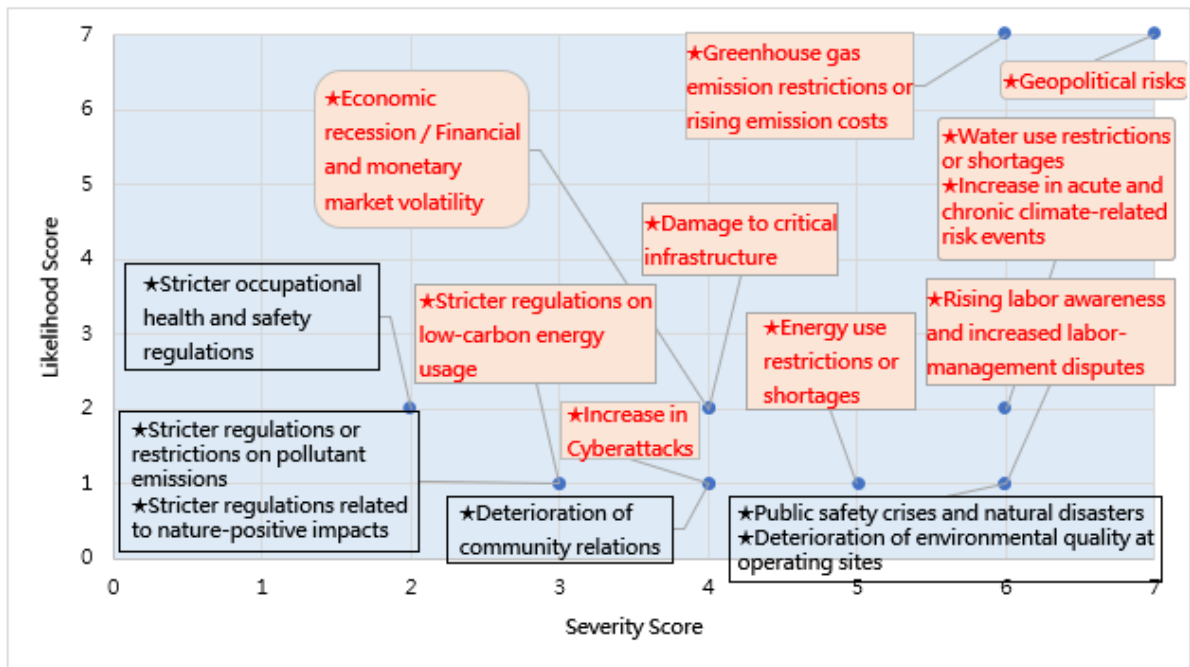
The heads of each business unit are responsible for risk management as well. They are responsible for analyzing and monitoring all related risks within their unit to ensure the effective execution of the risk management mechanism and procedures.

3. Risk management implementation:

In order to enhance corporate resilience and sustainable competitiveness in response to changes in the global economic environment and sustainability risks, the Company has selected 10 material risks facing the Company in 2025 based on IFRS Sustainability-related risk topics, including corporate governance, environmental, and social risks. These material risks were selected after assessing their financial impact and likelihood, determining whether a sustainability risk is reasonably expected to impact the Company’s cash flow, capital, corporate value, or issues of high social concern, and after taking into consideration the Company’s actual operating situation.

The relevant commercial division is responsible for creating and implementing specific risk management strategies and action plans to address these 10 material risks, ensuring that these risks can be effectively managed and reducing their operational impact.

Risk Management Matrix



Score	1	2	3	4	5	6	7
Severity	Very Low	Low	Moderately Low	Moderate	Moderately High	High	Very High
Likelihood	Very Unlikely	Unlikely	Moderately Unlikely	Moderate	Moderately Likely	Likely	Very Likely

4. Risk management strategy and action plan

Aspect	Risk topic	Risk description	Response measures
Governance	Geopolitical risk	<p>The implementation of tariffs and protectionist trade restrictions by various countries, political tensions across the Taiwan Strait, Asia-Pacific, North America, and the Russia–Ukraine War, has led to trade disruptions, tariff barriers, and increased operational and investment uncertainty. This has affected the Company’s production layout and increased tariff costs.</p>	<p>Reduce the impact of tariffs on products exported to the US:</p> <ol style="list-style-type: none"> 1. Assess and remain informed about changes in international geopolitical risks. 2. Adjust export strategy, increase market share of sales outside the EU, or adjust the ratio of domestic to export sales. 3. Maintain stable order volume and balance production, and reduce the risk of raw material disruptions. 4. Connect with the Taiwan Steel & Iron Industries Association to receive information on recent trade barriers and access consulting services. 5. Participate in the annual trade barriers workshop held by the Chinese National Federation of Industries.
Governance	Economic recession/financial and money market fluctuations	<p>Fluctuations in the financial and money markets may result from interest rate changes, inflation, policy changes, or market sentiment, or may be affected by changes in market lending interest rates due to interest rate increases or more conservative attitudes towards lending adopted by banks, leading to higher demand for financing from companies.</p>	<ol style="list-style-type: none"> 1. Maintain steady interactions with financial institutions, stay informed about domestic and international interest rate hikes and conditions in the money market, and make appropriate adjustments to loan periods and financing positions in order to reduce financing costs. 2. Based on the Company’s operating conditions, find good opportunities to negotiate with financial institutions to increase short-term or medium-term financing. 3. Adjust and manage inventory in response to market conditions.

Aspect	Risk topic	Risk description	Response measures
Governance	Increased cyberattacks	<p>Businesses rely on the Internet and cloud storage systems to store and send customer personal data and confidential information. As cyberattacks such as ransomware and hacking attacks become more prevalent, this may lead to customer information being publicly disclosed, operational interruptions, and data loss, in turn harming the Company's reputation or requiring the Company to pay a ransoms.</p>	<ol style="list-style-type: none"> 1. The Company has established the Information Security Committee, which meets regularly once a quarter to review how each unit has implemented the Company's information security policies. 2. The Company continues strengthening the information security management system. 3. The Company has established a security operations center (SOC) through the acquisition of outsourced information security monitoring services, and managed detection and response (MDR) services for abnormal server behavior. 4. The Company has established intrusion detection systems and web application firewalls. 5. The Company has established host-based and endpoint antivirus systems. 6. The Company conducts vulnerability detection or penetration testing for critical servers. 7. The Company provides information security education and training, and conduct employee social engineering drills.
Governance	Destruction of critical infrastructure	<p>Infrastructure is the cornerstone of a Company's daily operations and production activities, and includes electricity supply, transportation, telecommunications, energy, and water supply. Should the infrastructure at a production location become damaged due to improper maintenance, insufficient load-bearing capacity, or an emergency disaster, leading to supply disruptions and risks of production suspension or logistical and information disruptions, the Company's operations and finances will be damaged.</p>	<ol style="list-style-type: none"> 1. Contracts signed by sales units with customers shall not include any clauses on breach of contract penalties. Should these clauses exist, they should be excluded. 2. In the event of information system disruptions, the Information & System Department has installed an uninterruptible power supply (UPS) in every information server room, as well as backup mechanisms, ensuring that data are preserved and recoverable.

Aspect	Risk topic	Risk description	Response measures
Environment	Greenhouse gas emissions restrictions or rising emissions costs	In response to climate change, governments and international organizations around the world have begun implementing stricter emissions standards or increasing fees for high greenhouse gas emissions, such as through implementing carbon tariffs, carbon taxes, carbon fees, or carbon trading mechanisms. Companies will need to invest more resources in reducing carbon emissions, or face high carbon-related expenditures.	<ol style="list-style-type: none"> 1. Conduct an annual greenhouse gas inventory, collect data on Scope 1, 2, and 3 emissions, and the greenhouse gas emissions intensity for each unit. 2. Apply to the Ministry of Environment for a Self-Determined Reduction Plan in order to qualify for a preferential carbon fee rate. 3. Following the Company's planned carbon reduction pathway, implement energy conservation and carbon reduction plans, and increase the use of green energy and low-carbon energy sources. 4. Participate in and collaborate with the Group's Energy and Environmental Conference activities, closely monitor and respond to changes in domestic and international climate change agreements and regulations. 5. Improve combustion and power facility efficiency: Improve pump motor efficiency and replace old chiller units. 6. Continue to operate the ISO 50001 Energy Management System: Manage high energy-consuming equipment and energy conservation equipment by identifying high energy-consuming equipment through energy audits, enabling more efficient energy use and reducing greenhouse gas emissions. 7. Reduce electricity consumption by 1.5% in line with the Energy Administration's policies: Reduce electricity consumption and lower carbon emissions through the Company's various energy conservation measures, and by collaborating with the Taiwan Power Company's energy conservation measures (demand response load management). 8. Make appropriate adjustments to the price structure to reflect the higher costs resulting from the Company's carbon reduction measures. 9. Use renewable energy.

Aspect	Risk topic	Risk description	Response measures
Environment	Increase in immediate and long-term climate risk events	Extreme weather events such as torrential rain, flooding, and typhoons may damage corporate assets, cause operational interruptions, or lead to employee injuries or deaths during work. Continuous periods of high temperatures or long-term heat waves may reduce employee productivity or working days, affecting business performance. Should sea levels rise, business assets located in low-lying areas may also suffer erosion or damage.	<ol style="list-style-type: none"> 1. Regularly review the Emergency Response Procedures and Typhoon and Flood Prevention Operational Standards to ensure that they remain applicable. 2. Inspect and maintain equipment such as flood barriers, water pumps, and water pump motors, ensuring that they remain usable. 3. Conduct flood prevention and flooding drills. 4. When selecting future plant sites or purchasing land, take the risk of sea levels rising into consideration. Monitor the sea levels at plant sites at least once a year.
Environment	Water use restrictions or shortages	The number and frequency of drought days may increase due to the impact of climate change, resulting in water shortages. At the same time, rapid population growth and industrial development may lead to governments around the world limiting commercial water usage, reducing water availability and increasing water costs for companies. Should water sources experience declines in water quality due to increases in pollutant discharge or other reasons, commercial water use may also be restricted, affecting business activities.	<ol style="list-style-type: none"> 1. Recycle and reuse water used during the manufacturing process. 2. Build water storage facilities at each plant. Activate internal response measures at each plant (such as reducing or suspending wastewater discharge, and scheduling machine downtime) in response to the government reducing water pressure or issuing regional water restrictions.

Aspect	Risk topic	Risk description	Response measures
Environment	Energy use restrictions or shortages	Population growth, extreme weather events (extreme high or low temperatures), and rapid industrial development have led to a continuous rise in overall electricity demand from society. Governments around the world may restrict the commercial use of electricity in response. Additionally, extreme weather events have also led to greater energy supply instability (such as reduced hydropower generation due to drought), potentially resulting in energy shortages. Industries that are heavily reliant on electricity may be forced to temporarily suspend production or readjust production schedules due to energy use restrictions and shortages.	<ol style="list-style-type: none"> 1. Conduct energy consumption audits to identify energy conservation and improvement opportunities. 2. Engage an external party to conduct a comprehensive energy diagnosis, and create a list of equipment to be replaced in order to conserve energy. 3. Appropriately revise machine downtimes and energy conservation standards to avoid wasting excess electricity. 4. Have the Environment and Energy Management Committee oversee and ensure that each plant is conducting effective environmental and energy management operations, and report on these operations to the President.
Environment	Stricter regulations on use of low-carbon energy.	As carbon reduction requirements around the world grow increasingly strict, governments have stepped up requirements on companies to use low-carbon energy sources, potentially leading to companies facing higher compliance costs or fines. Companies are also required to invest in new technologies or infrastructure, which may further increase operating costs. Companies that fail to comply with these guidelines may face the risk of legal liability or potential damage to their brand reputation.	<ol style="list-style-type: none"> 1. Following the Company's planned carbon reduction pathway, increase the use of green energy and low-carbon energy. 2. Have the Environment and Energy Management Committee oversee and ensure that each plant is conducting effective energy management operations, and report on these operations to the President. 3. Participate in and collaborate with the Group's Energy and Environmental Conference activities, closely monitor and respond to changes in domestic and international climate change agreements and regulations. 4. The Company has already signed a long-term green power purchase agreement with CSC Solar.

Aspect	Risk topic	Risk description	Response measures
Social	Increased labor awareness leading to more labor-management disputes	As labor rights awareness increases, companies that fail to ensure that their working conditions comply with the local work culture and labor policies may face labor-management disputes or employee protests. These disputes may lead to employee strikes, resulting in the company suffering from operational interruptions, damage to company's reputation, or increased legal and compliance costs.	Establish smooth employee communication channels: 1. A complaint reporting system 2. A sexual Harassment Complaints Handling Committee 3. Employee communication meetings 4. Employer-employee meetings 5. A Labor Pension Preparatory Fund Supervision Commission 6. An Employee Welfare Committee 7. The Company's Occupational Safety and Health Committee

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

VII. Other critical matters: None.

F. Special Notes

I. Profile on affiliates

- (I) 2025 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) 2025 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 Min Chu