

2025

Sustainability Report



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Based on your identity, we recommend that you prioritize the following chapters:





CH1

Overview of CHS

1.1 About This Report

1.2 Message from the Management

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1.4 Sustainable Development Committee

1.5 Sustainability Performance

1.6 Sustainability Highlights and Recognitions

1.7 About CHS

1.8 Stakeholder Engagement



1.1 About This Report



CHS Sustainability Section

This report is the 15th sustainability report published by Chung Hung Steel Corporation (hereinafter referred to as "CHS"). The Sustainability Report (reports prior to and including 2020 were referred to as Corporate Social Responsibility Reports) focuses on the management approaches and performance disclosures for key sustainability topics, aiming to realize sustainable development in collaboration with all stakeholders.



Reporting Period and Scope GRI 2-2 GRI 2-3

This report is published annually. The reporting period for this edition covers January 1 to December 31, 2025, which aligns with the fiscal year. Unless otherwise noted (such as 3.2.1 Response to Climate Change and the GHG inventory and assurance disclosed in Appendix 3, which align with the scope of consolidated financial statements), the contents of this report are based on CHS as the primary reporting entity, presenting the Company's practices and performance across ESG aspects. All financial figures are expressed in New Taiwan dollars (NTD); environmental protection and occupational Safety and Health performance indicators are presented using internationally recognized or statutory metrics.

Previous report
issuance
date

August 2025

Current report
issuance
date

August 2026

Next report
scheduled
issuance date

August 2027



Compilation Basis

This report is prepared in accordance with the GRI Universal Standards 2021 published by the Global Reporting Initiative (GRI) and the "Guidelines for the Preparation and Reporting of Sustainability Reports by Listed Companies" by the Stock Exchange. It also references and aligns with the United Nations Sustainable Development Goals (SDGs), the Sustainability Accounting Standards Board (SASB), the Task Force on Climate related Financial Disclosures (TCFD), and Task Force on Nature related Financial Disclosures (TNFD).



Review and Verification GRI 2-5 GRI 2-14

This report disclosed that information and data were internally audited by the respective responsible departments. The initial draft was compiled and edited by the Administration Department, then reviewed and revised by the Sustainable Development Committee members. The final report content was submitted through administrative procedures for the Chairman's review and was published after being presented to the Board of Directors for approval in August 2026. This report has been independently verified by the British Standards Institution (BSI), ensuring compliance with the GRI Universal Standards and the principles of the AA1000AS v3 Type 1 Moderate Level Assurance. The relevant financial information has been verified by auditors. Additionally, the environmental, energy, and Occupational Health and Safety management systems (ISO 14001, ISO 50001, and ISO 45001) undergo regular internal and external audits for verification.

To enhance the quality of sustainability information disclosure (including sustainability reports), The Company has referred to the "Reference Items for Evaluating the Effectiveness of Internal Control Systems" established by the regulatory authority. In accordance with The Company's "Sustainability Information Management Procedures" set in November 2025, an internal control system for the 'Management of Sustainability Information' has been established. This system ensures the truthfulness, accuracy, and completeness of disclosed content, and regularly reviews and evaluates the design and Execution Status of the internal control system to continuously improve the credibility of sustainability information disclosure (including sustainability reports).



Contact Information

If you have any questions or suggestions regarding the content of this report, please feel free to contact us.

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1.2 Message from the Management GRI 2-22

Amidst the growing global focus on net-zero transition and natural risks, CHS continues to promote low-carbon transformation, enhancing the management of Climate and Nature Management to effectively implement sustainability actions. This year, the Company established a corporate-level "Carbon Reduction and Carbon Neutrality Promotion Committee Members" to effectively plan and implement various carbon reduction action plans. Referring to the Taskforce on Nature-related Financial Disclosures (TNFD), the Company extended its environmental management efforts from carbon reduction actions to the protection of the natural environment and ecology, thereby reducing the impact of the Company's operational activities on the environment. The ESG outcomes for the current year across various Aspects are explained as follows:

Chairman

Min Chu



President

Fu-Liang Wang





Environmental Sustainability

E

Advancing resource management and implementing low-carbon transition

In terms of environmental sustainability performance, CHS is addressing various aspects such as process control, equipment upgrades, and the use of green electricity to achieve the target of a 7% reduction in greenhouse gas emissions by 2025. We are also continually working toward the goals of a 25% reduction by 2030, 50% by 2040, and achieving carbon neutrality by 2050. Additionally, the annual electricity savings rate and total air pollutant emissions at all facilities have met the targets and far surpassed regulatory standards. At the same time, to implement resource circularity and Reuse, the wastewater recycling rate and waste reuse rate reached 99.54% and 99.14%, respectively, consistently maintaining high Key Performance Indicators year over year. In response to the increasingly stringent climate and environmental risks and international decarbonization regulations, we have adopted relevant international standards (such as IFRS S2, TNFD, etc.) to enhance the identification and management of risks and opportunities. Additionally, we have established corresponding response strategies and goals, and regularly evaluate their effectiveness.



Social Inclusion

S

Deepening workplace safety and promoting community inclusion

In terms of social responsibility, CHS upholds a people-centric philosophy, striving to build a safe, friendly, and inclusive workplace environment. In terms of occupational safety, in addition to ongoing management through regional safety joint defense, Occupational Safety Inspection, and hazard identification, in 2025, we will introduce an active safety auxiliary recognition system for forklifts, upgrading traditional passive protection to an intelligent active warning mechanism. In terms of employee care, seven employee forums were held to increase the employee stock ownership trust reward to 30% of the contribution amount and to implement the human rights policy to ensure the rights of colleagues. In terms of community involvement, The Company actively engages in public welfare activities, with a total of 431 volunteer participations throughout the year and organizing 6 community engagement events. These efforts deepen connections with local communities, fulfill corporate citizenship responsibilities, and promote the harmonious development of the company and society.



Corporate Governance

G

Strengthen digital governance and promote sustainable finance

CHS understands that sound corporate governance is the foundation of sustainable operation. Actively cooperating with regulatory authorities in 2025 to adopt the IFRS Sustainability Disclosure Standards, The Company continues to improve information transparency and disclosure quality. It is clearly stipulated that no less than thirty percent of the allocated employee remuneration should be distributed to frontline employees, ensuring employee care. In terms of information governance, security management maintained zero major security incidents and continued to be approved for ISO 27001 certification and conducted penetration testing, while also maintaining TIPS Class A Certification for the Trade Secrets Protection System. In financial governance, we established sustainability index-linked credit relationships with six financial institutions and revised the annual performance appraisal system for senior executives, incorporating ESG targets into their performance evaluations. In the aspect of process improvement, the Pipe & Tube Department, Lukang Industrial Zone, introduced a sawing machine monitoring system to establish optimal sawing conditions. After optimization, the cutting volume per blade increased by approximately 95%. In terms of Product Quality and Technology Research and Development, a total of two major product technology development projects and two quality improvement projects were completed, generating an annual benefit of approximately 762 million TWD, CHS continues to refine governance systems and digital management competence, deepening the connection between governance and sustainability, and enhancing operational resilience and competitiveness.

Looking ahead to 2026, CHS has established six major operational directives: “Enhance equipment efficiency and strengthen manufacturing competence,” “Drive digital transformation and promote high-efficiency organizations,” “Reinforce carbon reduction measures and expand green steel products,” “Understand customer needs and co-create value opportunities,” “Ensure workplace safety, health, and environmental protection and energy conservation,” and “Ensure effective technical knowledge transfer and fulfill corporate social responsibility.” CHS will integrate operational strategies and sustainability goals based on these directives to continuously enhance its competitive advantage and steadily promote sustainable development, advancing toward a more resilient and forward-looking sustainable transformation blueprint.

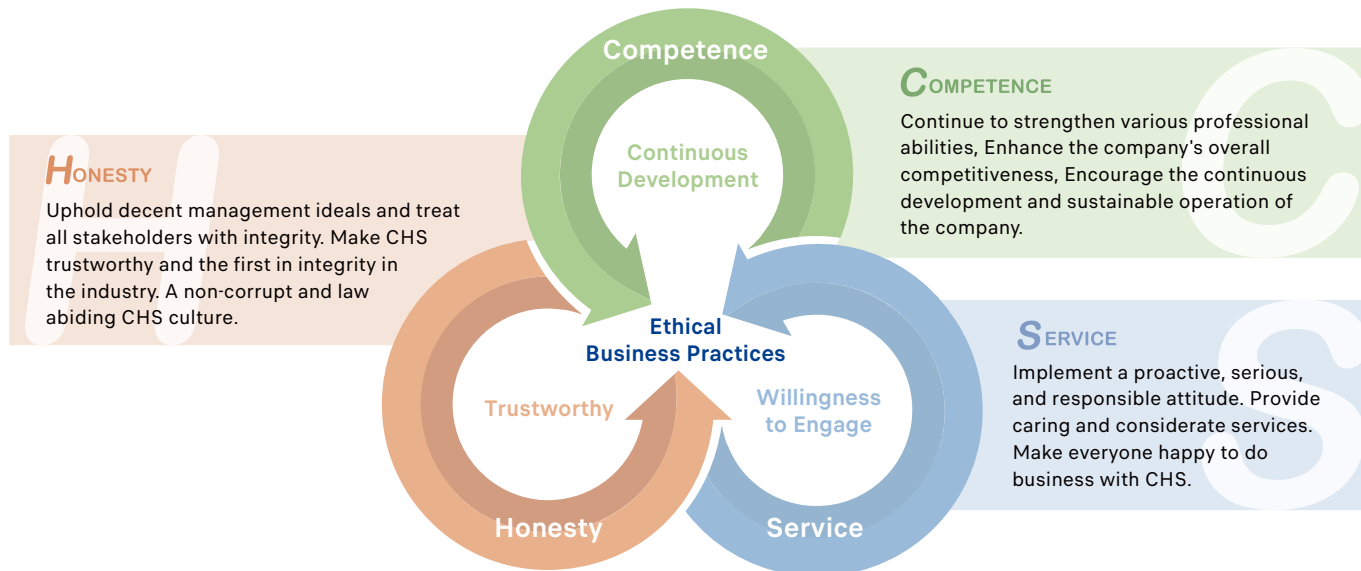


1.3 Sustainable Development Policy and Goal

GRI 2-22

CHS realizes its vision of "Upholding Integrity, Striving to Become a Sustainable, Trustworthy, and Engaging Steel Company" by adhering to three core values: capability, integrity, and service. The Company has extended six specific sustainable development policies that align with the eleven United Nations Sustainable Development Goals (SDGs). By implementing ESG initiatives across all dimensions, CHS fulfills its responsibilities and demonstrates social value as a corporate citizen. Our goal is to achieve sustainable development by thriving together with society.

中鴻鋼鐵
CHUNG HUNG STEEL





Corresponding to the specific United Nations SDGs targets

Relevant Sections

Indicators

Practices

1.A Mobilize Resources to Implement Poverty Alleviation Policies The total amount invested in charitable donations: NT\$3 million	3.6 Reduce Road Injuries and Fatalities - Held two sessions of "Defensive Driving Training and VR Experience" with a total of 21 participants. 3.D Strengthen Global Health Risk Early Warning Systems - Compared to the previous year, the number of individuals at high health risk has decreased from 260 to 58, representing a reduction rate of 77%.	5.1 Eliminate All Forms of Discrimination Against Women Equal basic salary ratio of 1:1 for male and female employees in the same position and job grade.	6.4 Increase Water-Use Efficiency and Ensure Freshwater Supply Wastewater (including process water) recycling rate 99.54%	7.3 Double Energy Efficiency Implemented 33 energy-saving initiatives, resulting in a total energy savings of 8,008 GJ.	8.2 Diversify, Innovate, and Upgrade Economic Productivity - Completed four projects related to product technology development and quality improvement. 8.7 Eradicate Modern Slavery, Human Trafficking, and Child Labor - No incidents of child labor, violation of the rights of local indigenous peoples, forced labor, or dis-crimination have ever occurred. 8.8 Protect Labor Rights and Promote Safe Working Environments - Work Safety Zone Defense: Conducted self-inspections and joint inspections of 72 work areas and reviewed 72 SJP documents, achieving a 100% improvement rate. - Production Vice President Inspection: Discovered and completed 56 areas for improvement in environmental facilities and SJP optimization. - Held four sessions of "Contractor and Safety Family Safety Exchange Meetings"
11.6 Reduce Environmental Impact of Urban Area - Air pollutant emissions (including particulates, sulfur oxides, nitrogen oxides, and volatile organic compounds) from each plant met all regulatory standards. 99.8% of cargo vehicles complied with Tier 4 or higher emission standards, reducing air pollution generated during steel transportation.	12.5 Substantially Reduce Waste Generation - Achievement of a waste recycling rate of 99.14%. 12.6 Encourage Corporate Sustainability Practices and Reporting - Published the 15th sustainability report and completed third-party verification.	13.3 Build Knowledge and Capacity to Address Climate Change Utilizing the Task Force on Climate-related Financial Disclosures (TCFD) framework to identify significant climate change-related risks and opportunities, and formulating response strategies and goals to mitigate the impacts of climate change.	16.5 Substantially Reduce Corruption and Bribery No incidents of corruption or bribery occurred.	17.16 Enhance Global Partnerships for Sustainable Development - Participation in industry associations, academic institutions, and cooperative activities. - Engagement in dialogue and consensus-building with stakeholders, regularly reporting on stakeholder communication to the Board of Directors.	



COMPETENCE

SDGs 8 SDGs 17

Continuously enhance competitiveness to ensure the Company's sustainable operation.
Cultivate meticulous customer service to foster mutual prosperity for customers and the Company.

HONESTY

SDGs 6 SDGs 7 SDGs 11 SDGs 12 SDGs 13 SDGs 16

Uphold the vision of principled business operations and reinforce corporate governance.
Respect life, care for the environment, and enhance environmental and occupational safety performance.

SERVICE

SDGs 1 SDGs 3 SDGs 5 SDGs 8

Embrace a people-centric management philosophy to ensure proper employee care.
Fulfill our commitment to community engagement and contribute to social welfare activities.



CHS Sustainable Goals

To respond to stakeholder expectations and implement ESG initiatives, last year (2024) the members of the Sustainable Development Committee identified 19 sustainability issues by referencing peer key concerns and sustainability standards such as the GRI guidelines. They set corresponding targets, which, after tracking, review, and approval by the Board of Directors, revealed the achievement of 2025 targets as follows. For this year (2025), considering the consistency of the Company’s disclosure of sustainability information, the Company referenced the IFRS Task Force’s inventory of risks and opportunities faced by CHS in the Environmental, Social, and Governance dimensions and identified 24 sustainability issues (details on their relation to last year’s issues are in the table below). Following the GRI 3: Material topics guidelines, the Company set corresponding targets for sustainability issues selected as material topics (selection method detailed in section 1.8.2). After reporting to the Board of Directors and obtaining approval, the 2026-2035 sustainable development promotion plan is disclosed as follows.

Environment

Achievement of the 2025 Sustainability Development Promotion Plan

2024 Sustainability Issues	Material topics	2025 Goals	Execution Status	
			Relevant Sections	
Climate Change Adaptation and Carbon Management	●	● CO ₂ e emissions (Scope 1 + Scope 2) ≤ 352,706 metric tons	✓	Detailed in 3.3.3
Energy Management	●	● Cumulative Average Annual Electricity Savings Rate > 15% for the Period 2015-2025	✓	
Water Resources Management	○	● Wastewater (including process water) recycling rate > 99.1%	✓	Detailed in 3.5.2

2026-2035 Sustainability Development Promotion Plan

✓ Achieved the targets ⦿ Target has not been met ● Material Topic ○ Non-material Topic

2025 Sustainability Issues	Material topics	Targets		
		Short-term (2026)	Medium-term (2027-2030)	Long-term (2031-2035)
1. Carbon Management-1	Risk ●	※Sustainability Issue 1: 11. Green electricity usage ≥ 5,547,100 kilowatt hours 12. GHG emissions (Scope 1 + Scope 2) ≤ 339,053 metric tons CO ₂ e 13. Targets of the Voluntary Reduction Program (1) Hot Rolling Department Annual Emissions ≤ 270,520 metric tons CO ₂ e (2) Cold Rolling Department Annual Emissions ≤ 33,771 metric tons CO ₂ e	※Sustainability Issue 1: 1.1. Green electricity usage ≥ 5,547,100 kilowatt hours 1.2. GHG emissions (Scope 1 + Scope 2) ≤ 284,440 metric tons CO ₂ e 1.3. Targets of the Voluntary Reduction Program (1) Hot Rolling Department Annual Emissions ≤ 256,810 metric tons CO ₂ e (2) Cold Rolling Department Annual Emissions ≤ 32,598 metric tons CO ₂ e	※Sustainability Issue 1: 1.1. Green electricity usage ≥ 5,547,100 kilowatt hours 1.2. GHG emissions (Scope 1 + Scope 2) ≤ 237,034 metric tons CO ₂ e
2. Energy Use Restrictions or Shortages	Risk ⦿			
3. The tightening of regulations related to the positive impact on nature	Risk ⦿			
4. The increase of immediate and longterm climate risk events	Risk ⦿	14. Planning to retrofit the heating furnace combustion system to a regenerative burner system. ※Since Sustainability Issues 2 to 6 are not material topics, there are no related targets disclosed.	1.4. Planning to retrofit the heating furnace combustion system to a regenerative burner system.	
5. Resource Circulation Innovation Opportunities	Opportunity ⦿			
6. Carbon Management-2	Opportunity ⦿			
7. Water Resource Use Restrictions or Shortages	Risk ⦿	※Since Sustainability Issue 7 is not a material topic, there are no related targets disclosed.	-	-

Environment

Achievement of the 2025 Sustainability Development Promotion Plan

2024 Sustainability Issues

Material topics

2025 Goals

Execution Status

Relevant Sections

Air Pollutant Management

●

The air pollutant emission targets for each factory area are as follows:

Factory	Category			
	Particulate Matter	Sulfur Oxides	Nitrogen Oxides	Volatile Organic Compounds
Hot Rolling Department	≤ 86,499	-	≤ 167,115	≤ 3,587
Cold Rolling Department	≤ 6,060	≤ 0.0098	≤ 19,806	≤ 3,350
Pickling & Galvanizing Department	≤ 7,372	-	≤ 7,070	≤ 2,682
Pipe & Tube Department, Da Fa Industrial Zone	≤ 2.87	≤ 4	≤ 5.46	≤ 46,391
Pipe & Tube Department, Lukang Industrial Zone	-	-	-	≤ 3,949

Note: Each factory in Kaohsiung sets its target value based on the strictest standard under the "Kaohsiung-Pingtung Air Pollution Total Emission Control Plan", while the Pipe & Tube Lukang Department sets its target value based on permitted emission levels.

✓

Detailed in 3.5.1

Waste and Hazardous Materials Management

○ ●

Waste Recycling Rate > 99.0%

✓

Detailed in 3.5.3

2026-2035 Sustainability Development Promotion Plan

2025 Sustainability Issues	Material topics	Targets		
		Short-term (2026)	Medium-term (2027~2030)	Long-term (2031~2035)
8. Stricter regulations or restrictions on environmental pollutant emissions	Risk ○	※Since Sustainability Issue 8 is not a material topic, there are no related targets disclosed.		



Social

Achievement of the 2025 Sustainability Development Promotion Plan

2024 Sustainability Issues	Material topics	2025 Goals	Execution Status	
			Relevant Sections	
Occupational health and safety	●	● Zero hazards (No fire incidents with a loss amount exceeding NT\$1,000,000)	✓	Zero hazards
		● Zero disability	○	Detailed in 4.5.3
		● Zero penalty ticket	○	Detailed in 2.3.2
Labor/Management Relations	○	● 7 employee forums	✓	Detailed in 4.4.3
Human Rights Policy	●	● 0 labor complaints	○	Detailed in 4.4.3
Employee Benefits and Remuneration	○	● 36 contracted partner stores	✓	Detailed in 4.2.2
		● Increase the employee stock ownership trust reward to 30% of the contribution amount.	✓	Detailed in 4.2.2
Talent Recruitment and Retention	○	● Increase the employee stock ownership trust reward to 30% of the contribution amount.	✓	Detailed in 4.2.2
		● Increase at least one talent recruitment channel.	✓	Detailed in 4.1.2
Career Development and Education Training	○	● Number of key talent training courses ≥ 3	✓	Detailed in 4.3.2
Community Engagement and Social Welfare	○	● Volunteer services: 360 person times	✓	Detailed in 4.6.2
		● Community interactions: 6 events	✓	Detailed in 1.8.1
		● Adjust the charitable donation amount flexibly based on the Company's operational status and charitable policies.	○	Detailed in 4.6.1

2026-2035 Sustainability Development Promotion Plan

2025 Sustainability Issues	Material topics	Targets		
		Short-term (2026)	Medium-term (2027-2030)	Long-term (2031-2035)
9. Occupational health and safety	Risk ●	● Zero hazards	● Zero hazards	● Zero hazards
		● Zero disability	● Zero disability	● Zero disability
		● Zero penalty ticket	● Zero penalty ticket	● Zero penalty ticket
10. Labor/Management Relations	Risk ●	※Sustainability Issue 10: 10.1. Conducted 2 human rights-related courses. 10.2. Implement regulatory compliance audits once each quarter.	※Sustainability Issue 10: 10.1. Conducted 2 human rights-related courses. 10.2. Implement regulatory compliance audits once each quarter.	※Sustainability Issue 10: 10.1. Continuously conduct human rights-related courses. 10.2. Implement regulatory compliance audits once each quarter.
		10.3. Conduct Human Rights Due Diligence (once a year)	10.3. Conduct Human Rights Due Diligence (once a year)	10.3. Conduct Human Rights Due Diligence (once a year)
11. Social differentiation leads to decreased employee cohesion	Risk ○	10.4. Host 7 employee forums annually. ※Since Sustainability Issues 11 to 13 are not material topics, there are no related targets disclosed.		
12. Labor Shortage and Deterioration of Labor Structure	Risk ○			
13. The ESG wave and the rise of green-collar talent	Opportunity ○			
14. Deterioration of Community Relations	Risk ○	※ Since Sustainability Issue 14 is not a material topic, there are no related targets disclosed.	-	-



Governance

Achievement of the 2025 Sustainability Development Promotion Plan

2024 Sustainability Issues	Material topics	2025 Goals	Execution Status	
			Relevant Sections	
Corporate Governance		1. Incorporate a provision into the Articles of Incorporation that allocates a certain percentage of annual earnings for salary adjustments or remuneration distribution to frontline employees.		Detailed in 2.2.4
		2. Promote the adoption of the IFRS Sustainability Disclosure Standards		Detailed in Appendix 5
		3. All directors complete the required continuing education hours.		Detailed in 2.2.3
		4. Shareholders' meetings: Annual reports in both Chinese and English uploaded at least 19 days before the meeting.		
Code of Ethics		1. Conduct a compliance audit once each quarter.		Detailed in 2.3.2
		2. 0 case reported of ethical misconduct		Detailed in 2.3.1
Financial Performance		1. Annual current ratio $\geq$ 100%		Detailed in 2.4.2
		2. Sustainability linked credit agreements with $\geq$ 6 institutions		Detailed in 2.4.2
		3. Green deposits $\geq$ 2		Detailed in 2.4.2

2026-2035 Sustainability Development Promotion Plan

2025 Sustainability Issues	Material topics	Targets		
		Short-term (2026)	Medium-term (2027-2030)	Long-term (2031-2035)
15. The tightening of business ethics and Corporate Governance regulations		※ Since Sustainability Issue 15 is not a material topic, there are no related targets disclosed.		
16. Economic Recession/Financial and Currency Markets Volatility		16. Annual current ratio $\geq$ 105%	16. Annual current ratio $\geq$ 105%	16. Annual current ratio $\geq$ 105%



Governance

Achievement of the 2025 Sustainability Development Promotion Plan

2024 Sustainability Issues	Material topics	2025 Goals	Execution Status	
			Relevant Sections	
Information Security	●	1. Zero major security incidents	✓	Detailed in 2.3.6
		2. Number of attendees and hours for information security training courses per year: (1) Information security specialists: 36 attendees and hours (2) Non information security specialists: 180 attendees and hours	✓	Detailed in 2.3.6
		3. Continued implementation of ISMS (Information Security Management System) ISO 27001.	✓	Detailed in 2.3.6
		4. Execution of external host penetration testing.	✓	Detailed in 2.3.6
		5. Information security awareness sessions held 12 times per year.	✓	Detailed in 2.3.6

2026-2035 Sustainability Development Promotion Plan

2025 Sustainability Issues	Material topics	Targets		
		Short-term (2026)	Medium-term (2027-2030)	Long-term (2031-2035)
17. Information security and data protection	Risk ●	17.1. Number of attendees and hours for information security training courses per year: (1) Information security specialists: 36 attendees and hours (2) Non-information security specialists: 180 attendees and hours 17.2. Information security awareness sessions held 12 times per year. 17.3. The number of "major cybersecurity incidents (impacting operations or causing significant financial/data loss)" occurring within the Year is 0. 17.4. Conduct at least one Business Continuity Plan (BCP) exercise and one Disaster Recovery (DR) exercise annually. 17.5. Continued implementation of ISMS (ISO 27001), with 1 Internal Audit and 1 external verification/audit completed within the Year, achieving a 100% resolution rate for major non compliance issues. 17.6. Establish a Security Operations Center (SOC) integrated with Endpoint Detection and Response (EDR) to achieve 100% coverage of cybersecurity incident monitoring for critical systems, ensuring real time monitoring and response to cybersecurity incidents. 17.7. Execute at least one external host penetration test and vulnerability scan annually, achieving a 100% remediation rate for medium and high risk vulnerabilities. 17.8. Conduct at least one social engineering drill each year to reduce human information security risks. 17.9. The proportion of non Chinese brands used in the Company's newly purchased information and communication equipment has reached 100%.	17.1. Number of attendees and hours for information security training courses per year: (1) Information security specialists: 36 attendees and hours. (2) Non information security specialists: 220 attendees and hours 17.2. Information security awareness sessions held 12 times per year. 17.3. Continuously optimize the monitoring and analysis capabilities of the N-report (internal control analysis platform) and LibreNMS (network equipment and host resource monitoring system) to enhance the real time alert and notification mechanisms for cybersecurity incidents and equipment anomalies, aiming to improve the overall efficiency of cybersecurity incident detection and operational stability.	Continuously promote the secure and stable operation of information operations within the Company, providing reliable information services and ensuring the confidentiality, integrity, and availability of information assets.
18. Error Messages and False Information	Risk ○	※Since Sustainability Issue 18 is not a material topic, there are no related targets disclosed.		



Governance

Achievement of the 2025 Sustainability Development Promotion Plan

2024 Sustainability Issues	Material topics	2025 Goals	Execution Status	
			Relevant Sections	
Product Quality and Technology Research and Development		1. Product technology development and quality improvement target ≥ 2 items		Detailed in 2.5.2
		2. Number of projects promoting intelligence ≥ 1		Detailed in 2.3.7
Customer service management		1. Customer satisfaction for hot-rolled products ≥ 93.6		Detailed in 2.5.3
		2. Customer satisfaction for cold-rolled products ≥ 92.2		Detailed in 2.5.3
		3. Customer satisfaction for steel pipe and tube products ≥ 93.7		Detailed in 2.5.3
Supply Chain Management		● Group/long-term contract steel billet purchase ratio $\geq 75\%$		Detailed in 2.6.1

2026-2035 Sustainability Development Promotion Plan

2025 Sustainability Issues	Material topics	Targets		
		Short-term (2026)	Medium-term (2027-2030)	Long-term (2031-2035)
19. Breakthroughs in Industry 4.0 and Smart Manufacturing Technologies		Number of projects promoting intelligence ≥ 1	Number of projects promoting intelligence ≥ 1	Number of projects promoting intelligence ≥ 1
20. Mastery of New Technology and Intellectual Property Infringement		* Since Sustainability Issue 20 is not a material topic, there are no related targets disclosed.	-	-
21. Shortage or Instability of Raw Material Supply		* Since Sustainability Issue 21 is not a material topic, there are no related targets disclosed.	-	-
22. Geopolitical Risk		Provide trade barrier threat warnings four times a year.	Provide trade barrier threat warnings at least four times a year; issue warning information immediately to relevant units in special situations.	Provide trade barrier threat warnings at least four times a year; issue warning information immediately to relevant units in special situations.
23. Destruction of Critical Infrastructure		* Since Sustainability Issue 23 is not a material topic, there are no related targets disclosed.	-	-
24. Public safety crises and natural disasters		* Since Sustainability Issue 24 is not a material topic, there are no related targets disclosed.	-	-



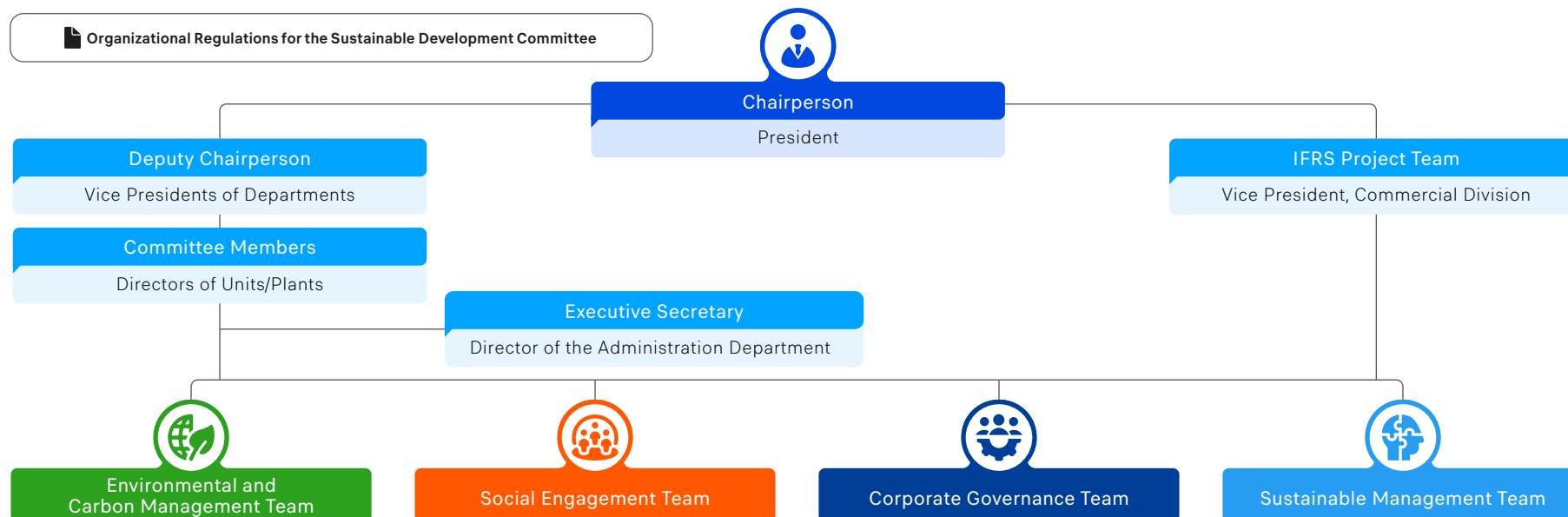
1.4 Sustainable Development Committee

GRI 2-12 GRI 2-13 GRI 2-16

In accordance with the Company's "[Sustainable Development Best Practice Principles](#)," the economic, environmental, and social issues (including policies, responsive actions, and corresponding targets) arising from CHS' s operational activities are delegated by the Board of Directors to senior management for handling, and the status of implementation is reported back to the Board regularly.

To effectively address ESG issues, review implementation outcomes, and drive continuous improvement, CHS established a company level Sustainable Development Committee in September 2024. The Committee is chaired by the President and consists of four teams: the Environmental and Carbon Management Team, Social Engagement Team, Corporate Governance Team, and Sustainable Management Team. Each team is led by a department head from the relevant business unit. The Committee convenes regular meetings at least twice a year to discuss matters such as the promotion of sustainable development policies, the setting and tracking of sustainability goals, the preparation of the Sustainability Report, and the review of proposals or reports to be submitted to the Board of Directors. Additionally, the Chairperson reports to the Board twice a year on the execution results, including the progress, achievements, and promotion plans related to sustainability initiatives; the status of ethical corporate management; stakeholder engagement activities; and the basis, process, and content of the Sustainability Report. The following key sustainability related matters were reported to the Board in 2025:

Organizational Chart of the Sustainable Development Committee



Total Number and Nature of Critical Concerns

- 1 Significant sustainable risks (6 items) and opportunities (1 item), along with corresponding responses and goals

Q 1.8.2 Analysis of Material Topics

- 2 High-importance climate risks (4 items) and opportunities (2 items), along with corresponding strategies, financial impacts, and goals

Q 3.2.1 Response to Climate Change



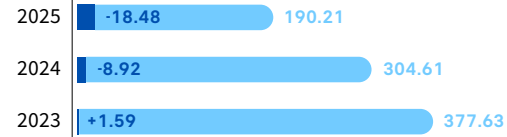
1.5 Sustainability Performance

GOVERNANCE

Operating revenue and net profit after tax (net loss)

Unit: billion NTS

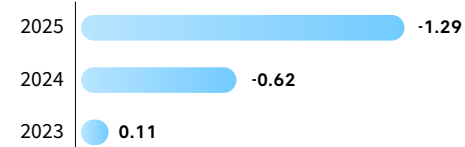
Operating revenue Net profit after tax (net loss)



Relevant Sections | 2.4.2

Earnings per share after tax (net loss)

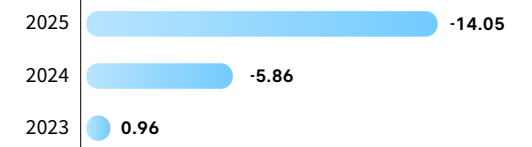
Unit: NTS



Relevant Sections | 2.4.2

Return on Equity

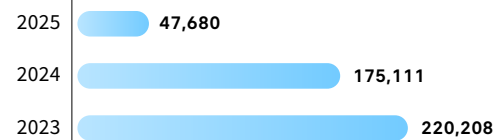
Unit: %



Relevant Sections | 2.4.2

Research and Improvement Expenses

Unit: NT\$ thousands



Relevant Sections | -

Customer satisfaction for hot-rolled products

Unit: points



Relevant Sections | 2.5.3

Customer satisfaction for cold-rolled products

Unit: points



Relevant Sections | 2.5.3

Customer satisfaction for steel pipe and tube products

Unit: points



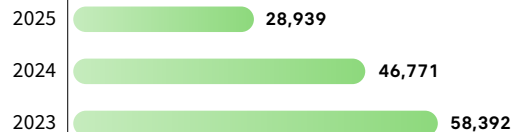
Relevant Sections | 2.5.3



ENVIRONMENT

Environmental protection-related expenses

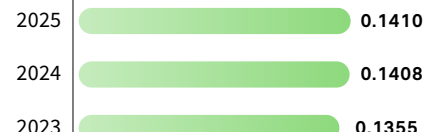
Unit: NT\$ thousands



Relevant Sections | 3.5.4

Greenhouse gas emissions intensity

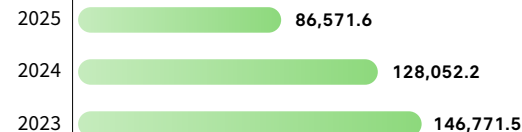
Unit: metric tons CO₂e/
product(metric tons)



Relevant Sections | 3.3.4

Greenhouse gas emissions -Scope 1

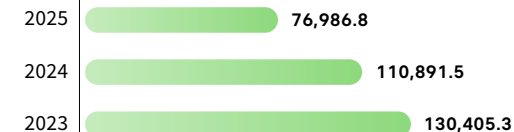
Unit: metric tons CO₂e/
product(metric tons)



Relevant Sections | 3.3.3

Greenhouse gas emissions -Scope 2

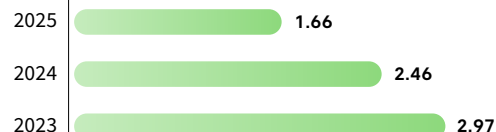
Unit: metric tons CO₂e/
product(metric tons)



Relevant Sections | 3.3.3

Total Suspended Particulates (TSP)

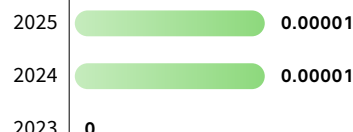
Unit: metric tons/year



Relevant Sections | 3.5.1

Sulfur Oxides (SO_x)

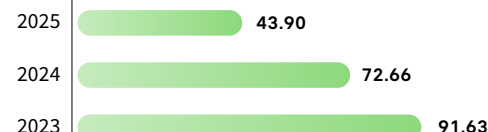
Unit: metric tons/year



Relevant Sections | 3.5.1

Nitrogen Oxides (NO_x)

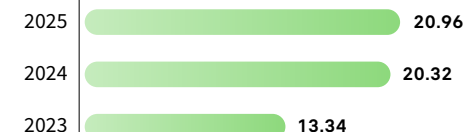
Unit: metric tons/year



Relevant Sections | 3.5.1

Volatile Organic Compounds (VOCs)

Unit: metric tons/year



Relevant Sections | 3.5.1

Tap Water Consumption

Unit: cubic meters



Relevant Sections | -

Water Consumption per Unit Product

Unit: kWh/metric tons



Relevant Sections | 3.5.2





SOCIETY

Total number of employees

Unit: person



Relevant Sections | 4.1.1

Number of male employees

Unit: person



Relevant Sections | 4.1.1

Number of female employees

Unit: person



Relevant Sections | 4.1.1

Average employee training hours

Unit: hours/person



Relevant Sections | 4.3.1

Employee training expenses

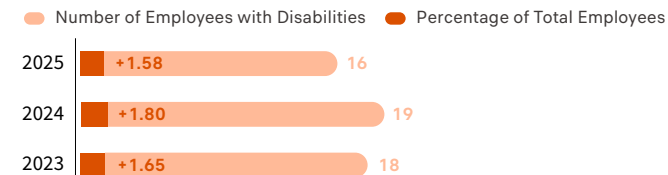
Unit: NT\$ thousands



Relevant Sections | 4.3.1

Number of Employees with Disabilities/ Percentage of Total Employees

Unit: person/%



Relevant Sections | 4.1.1

Recordable Injury Rate per 200,000 working hours



Relevant Sections | 4.5.3

Turnover Rate

Unit: %



Relevant Sections | 4.1.1

Total Number of Volunteer Service Participants Annually

Unit: person-times



Relevant Sections | 4.6.2



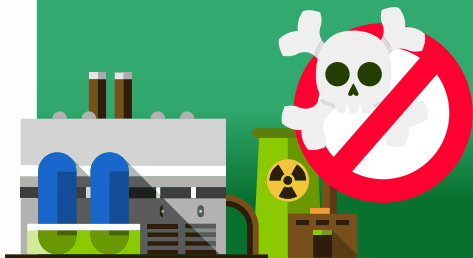
1.6 Sustainability Highlights and Recognitions

Sustainability Highlights

Environmental Sustainability

Phase-Out of Hydrazine

To strengthen chemical Risk Management and implement source reduction, The Company will completely replace the boiler oxygen scavenger hydrazine with the non-toxic chemical substance carbohydrazide starting from April 2025. Through the hazardous substance substitution strategy, **not only is the potential risk of pollution to soil, water bodies, and ecosystems reduced, but the chemical exposure hazards to employees during operations are also minimized, enhancing workplace safety and peace of mind.** In addition, discontinuing the use of toxic substances can effectively simplify procedures such as procurement requests, reporting, inspections, training, and emergency drills, reducing management burdens and labor costs, and preventing the risk of raw material interruptions due to regulatory controls or supply instability.



Corporate Governance

Optimization of the Sawing Machine Monitoring and Diagnostic System

The Company introduced a sawing machine monitoring system at the Pipe & Tube Department, Lukang Industrial Zone, to measure motor current in real-time during the processing stage and combine this with statistical analysis of process parameters. This was done to establish optimal sawing conditions, precisely adjust operating parameters through **data-driven management, extend the lifespan of saw blades, reduce consumables and downtime costs, and improve overall process efficiency.** According to statistics, the average cost of saw blade consumption saves approximately NT\$16.4 per ton compared to the best historical records, and the cutting volume per blade increased by approximately **95%.**



Social Inclusion

Active Safety Identification System for Forklift Operations

In order to provide early warnings to reduce accidents and enhance operational safety and efficiency, a 6-ton forklift was selected for the introduction of the "Active Safety Auxiliary Recognition System for Forklifts" in areas with significant human interaction. By utilizing smart technology, the traditional passive protection has been upgraded to an **intelligent active warning system.** The system offers technological assistance for three major high-risk scenarios:

1. **Front/Rear Pedestrian Detection and Warning System:** Industrial-grade wide-angle cameras are installed at the front and rear of the vehicle to accurately recognize human features. When a pedestrian is detected entering the designated range (2.5-meter caution zone, 6.5-meter warning zone), a high-decibel warning sound alerts the driver, ensuring awareness of their surroundings, even when facing blind spots or when large objects obstruct the view.
2. **Driver Safety Monitoring System:** A high-sensitivity infrared night vision camera is installed in front of the driver's seat to track the driver's facial expressions and behavioral features in real-time. It can recognize if the driver is yawning (fatigue), using a mobile phone, smoking, or engaging in other high-risk actions. Based on different violation categories, specific warning sounds are issued to force the operator to refocus and correct their behavior, ensuring full attention during driving.
3. **Seatbelt Wearing Monitoring System:** When the vehicle is in a running or driving state, but the seatbelt sensor indicates it is not fastened, the system issues continuous voice commands: "Please fasten your seatbelt," until the action is completed, ensuring that the protective equipment can truly function effectively.





2025 Sustainability Recognitions



The Pipe & Tube Department, Lukang Industrial Zone

Excellence Award

in the Other Categories of the 2024 Safety and Health Key Performance Indicators Evaluation by the Taiwan Steel & Iron Industries Association



The Hot Rolling Department

Merit Award

in the Rolling Category of the 2024 Safety and Health Key Performance Indicators Evaluation by the Taiwan Steel & Iron Industries Association



The Pickling & Galvanizing Department

Progress Award

in the Other Categories of the 2024 Safety and Health Key Performance Indicators Evaluation by the Taiwan Steel & Iron Industries Association



Approved
"Taiwan Intellectual Property Management System (TIPS)"

Class A verification review



The Hot Rolling Department
obtained the
UL 2809 RC95

Recycled Content Certificate



Won the
2025 Taiwan Corporate Sustainability Awards

Corporate Sustainability Report Gold Award



1.7 About CHS

1.7.1 Company Introduction GRI 2-1

Company Name	Chung Hung Steel (CHS)
Company Type	Listed Company
Stock Code	2014
Chairman	Min Chu
President	Wang Fuliang
Date of Establishment	September 29, 1983
Headquarters location	No. 317, Yuliao Road, Yuliao Village, Chiaotou District, Kaohsiung City
Industry Category	Steel industry
Main Products and Services	Steel coils, steel pipes and tubes
Registered Capital	NT\$14,355,444,460
Total number of employees	1,015 people (as of the end of 2025)
Country of operation	Republic of China
	Kaohsiung City
	Hot Rolling Department, Cold Rolling Department, Pickling & Galvanizing Department, Pipe & Tube Department at Da Fa Industrial Park
	Changhua County
	Pipe & Tube Department, Lukang Industrial Park

1.7.2 CHS's Value Chain GRI 2-6

In 2025, the production volumes (and their respective shares)

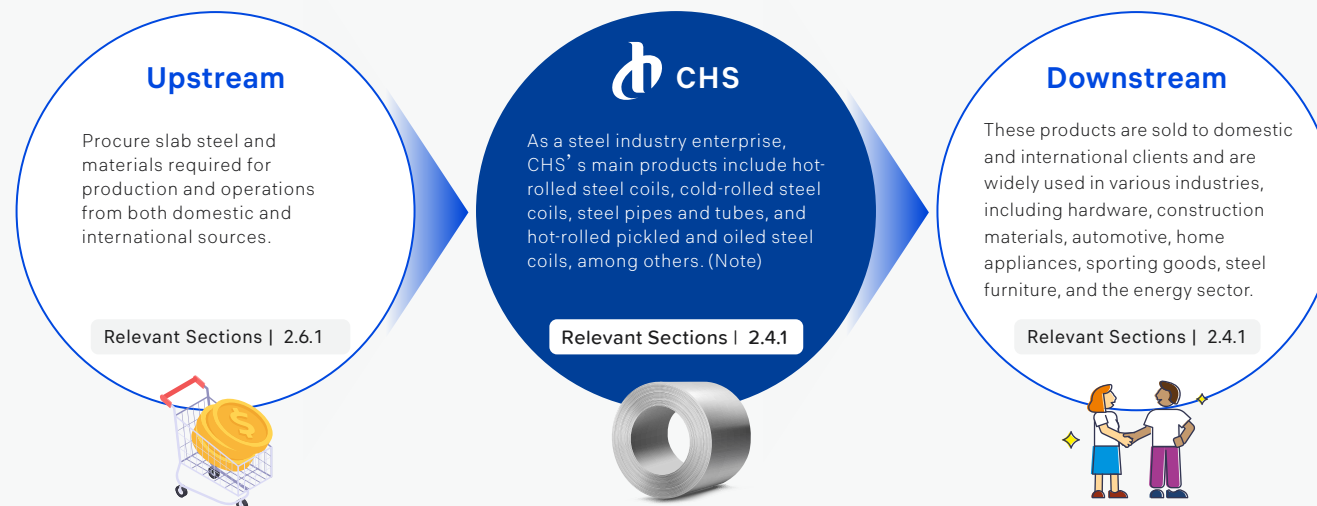
Hot-rolled
88.17%
1,033,501 metric tons

Cold-rolled
6.96%
81,646 metric tons

Steel pipe and tube
4.87%
57,081 metric tons

Total
1,172,228
metric tons

The value chain of CHS is described as follows:



Note: Product introductions, manufacturing processes, and related information are available on [the Company's website](#).

1.8 Stakeholder Engagement

1.8.1 Communication Achievements/Results

GRI 2-12 GRI 2-29

CHS values communication with stakeholders and collects topics of concern through stakeholder sustainability surveys. Relevant departments are assigned to implement corresponding measures, allowing CHS to adjust its sustainability practices in response to stakeholder expectations and amplify its sustainability impact. In accordance with the AA1000 Stakeholder Engagement Standard (SES), the CHS Sustainability Development Committee identifies key stakeholders by referencing international sustainability trends, assessing the Company’s core operations, and drawing on the experience of relevant departments and industry peers. Six primary stakeholder groups have been identified based on materiality: shareholders, customers, employees, suppliers and contractors, community residents and nonprofit organizations, and government authorities. CHS consolidates stakeholder engagement outcomes and reports to the Board of Directors annually. The stakeholder communication and response actions for 2025 are as follows:



Stakeholders Area



Stakeholders Sustainability Issues Survey

Stakeholders
The significance to CHS
Communication Channel
Communications Outcomes
Key Concerns

Shareholders



As a key source of capital, CHS adheres to the principles of integrity and transparency by regularly disclosing financial information, pursuing sound operations and sustainable development to maximize shareholder value

- The Annual General Shareholders’ Meeting is held every year, allowing shareholders to fully participate in the voting on proposals. Voting results are disclosed on the Market Observation Post System (MOPS) and the Company’s website
- Each quarter, through Corporate Briefing Sessions, understand investors’ and shareholders’ awareness of and expectations regarding ESG.
- Each year, the Company publishes the Annual Report, Sustainability Report, and quarterly financial reports to provide investors with open, transparent operational information and assist them in understanding the Company’s strategic goals and prospects
- Appointment of spokesperson to respond to shareholder inquiries at any time.

- Held 1 Annual General Shareholders’ Meeting
- Participated in 4 Corporate Briefing Sessions
- Issued the 2024 Annual Report and Sustainability Report
- Published consolidated financial statements for Q1, Q2, and Q3, as well as the parent company only and consolidated financial statements (full year)

Geopolitical Risk	Detailed in 2.3.8
Economic Recession/Financial and Currency Markets Volatility	Detailed in 2.4
Carbon Management-1 (Risk)	Detailed in CH3

Customers



As the main source of revenue generation, CHS continually improves management processes and product quality to provide customers with high quality products.

- To objectively and accurately understand customer needs and expectations, and to make improvements accordingly, CHS maintains the following communication channels with customers:
 1. Conduct customer satisfaction surveys annually
 2. Hold ad hoc customer networking events
 3. Hold ad hoc customer visits and technical exchanges
- Regularly or irregularly participate in trade association meetings and industry forums to enhance peer relationships and understand market trends

- The customer satisfaction scores for hot rolled, cold rolled, and steel pipe and tube products are 94.44, 91.32, and 93.85, respectively
- Technical exchanges with customers: 12 sessions
- Maintain active engagement with more than 12 associations

Geopolitical Risk	Detailed in 2.3.8
Information security and data protection	Detailed in 2.3.6
Economic Recession/Financial and Currency Markets Volatility	Detailed in 2.4



Stakeholders
The significance to CHS
Communication Channel
Communications Outcomes
Key Concerns

Employees As the most valuable asset of the Company, CHS provides comprehensive employee welfare, ensures a safe working environment, and is committed to maintaining harmonious labor relations are paramount. By doing so, we unite the workforce, enhance morale, and collectively strive towards a sustainable future. - To listen to employees’ voices and take appropriate actions through dedicated departments, CHS uses the following communication channels with employees: - Host managerial department face to face meetings with employees annually - Convene the employee Stock Trust Committee meetings biannually - Hold labor management meetings and employee welfare committee meetings quarterly - Hold the Corporate Occupational Safety and Health Committee meetings every two months - Held 7 employee forums - Convened 2 meetings of the Employee Stock Trust Committee. - Held 4 labor-management meetings - Held 4 meetings of the Employee Welfare Committee - Held 6 meetings of the Corporate Occupational Safety and Health Committee Labor/Management Relations Detailed in 4.4 Occupational health and safety Detailed in 4.5 Stricter regulations or restrictions on environmental pollutant emissions Detailed in 3.5.3	Suppliers and Contractors As important partners for the Company’s stable operations and sustainable development, CHS continues to collaborate closely with supply chain partners to create win-win outcomes. - Hold Contractor Safety Exchange Meetings annually - Hold joint Operation Agreement Organization Meetings as needed - Regularly evaluates and audits contractors and suppliers to select appropriate partners - Contractor and Safety Family Safety Exchange Meetings: 4 sessions - Joint Operation Agreement Organization Meetings: 468 sessions - Evaluation (2 companies) and assessment (83 companies) of contractors and suppliers Occupational health and safety Detailed in 4.5 Information security and data protection Detailed in 2.3.6 Geopolitical Risk Detailed in 2.3.8	Community residents and non-profit organizations Listening to community residents and nonprofit organizations’ opinions and maintaining good communication with them to sustainably deepen the social impact of CHS. By listening to and understanding the needs of neighboring communities and nonprofit organizations, we jointly organized the following activities: - Hold regular community engagement events - Conduct regular volunteer service activities - Held 6 “Health Promotion” engagement events with local communities. - Organized 14 volunteer service activities in collaboration with non-profit organizations or neighboring communities Deterioration of Community Relations Detailed in 4.6 Occupational health and safety Detailed in 4.5 Stricter regulations or restrictions on environmental pollutant emissions Detailed in 3.5.3	Government Regulatory Agencies CHS operates in compliance with the policies and regulations established by competent authorities at all levels, fulfilling its corporate social responsibility. - Participate in forums, seminars, training courses, and other related activities organized by regulatory authorities (occasionally) - Coordinate and communicate with government agencies on relevant matters occasionally to understand and support regulatory initiatives. - Participated in seven sessions organized by the Kaohsiung City Labor Standards Inspection Office, including the “Specific Chemical Substance Hazard Prevention Promotional Meeting,” the “Electrical System Fire, Explosion, and Electric Shock Protection Training Seminar,” and the “Confined Space and Oxygen Deficiency Hazard Prevention Promotional Meeting.” Occupational health and safety Detailed in 4.5 Stricter regulations or restrictions on environmental pollutant emissions Detailed in 3.5.3 Economic Recession/Financial and Currency Markets Volatility Detailed in 2.4
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1.8.2 Analysis of Material Topics

GRI 3-1 GRI 3-2 GRI 3-3

Materiality analysis process

In addition to ongoing routine communications with stakeholders, CHS follows GRI 3: Material Topics to establish a structured materiality analysis process. The implementation status for 2025 is as follows:

STEP 1

Consolidation of 24 sustainability issues

To establish this year's list of Sustainability Issues, CHS referenced the Company's IFRS S1, S2 projects, peer industries, international sustainability standards and frameworks (GRI, SDGs, SASB, TCFD), and key industry trends. It considered the actual and potential positive and negative impacts of organizational activities and business relationships on the economic, environmental, and people (including human rights) dimensions, ultimately consolidating 24 Sustainability Issues (including 20 risks and 4 opportunities).

STEP 2

Collect stakeholder and internal management scores

(1) Stakeholders:

Using electronic questionnaires, feedback was gathered from stakeholders (288 valid responses) regarding the level of concern for each sustainability issue as a basis for identifying material topics.

(2) Internal (Factory Manager and above) Supervisors:

Reference the scoring results of impact level and likelihood of occurrence for each issue by internal supervisors of the Company's IFRS S1 and S2 projects as a basis for identifying material topics.

STEP 3

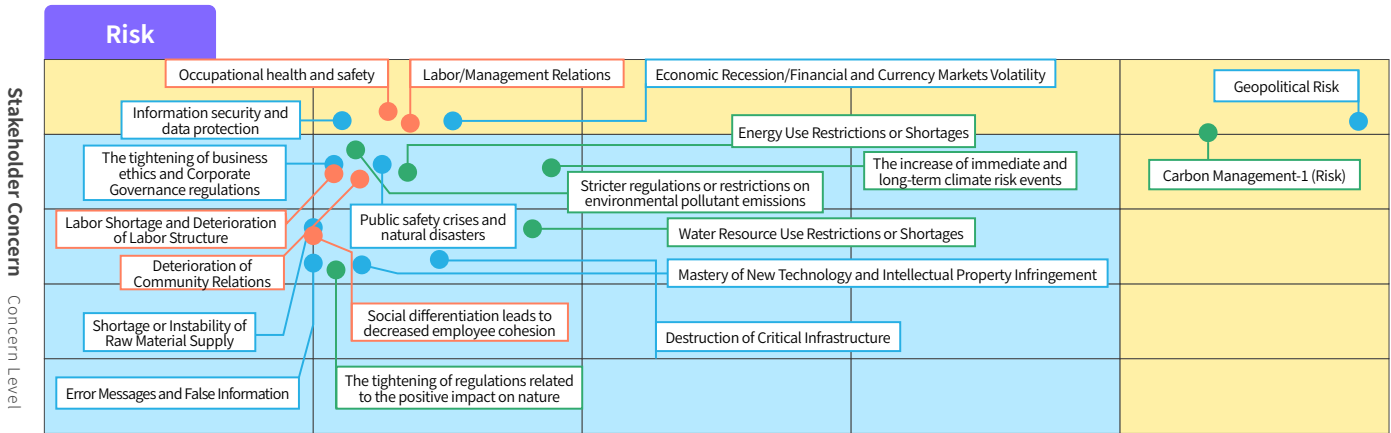
Confirmation of 7 material topics

Based on the stakeholder and internal management scoring results, a materiality matrix was developed. The Sustainable Development Committee convened to discuss and confirm the material topics and their corresponding GRI Standards specific topics.

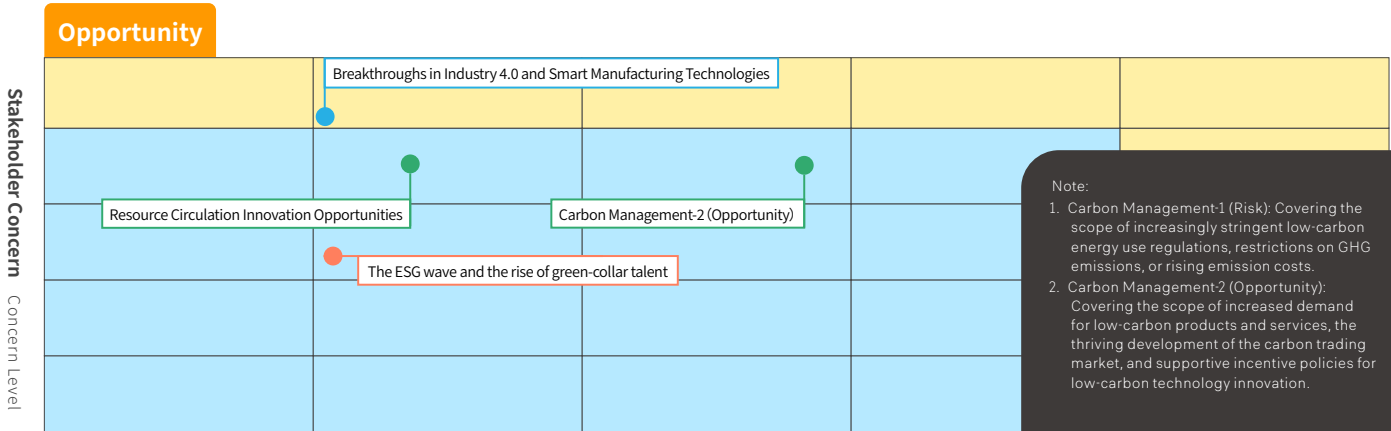
Materiality Matrix

Environmental Aspect Social Aspect Governance Aspect

Scope of Material Topics



Internal Supervisors Likelihood of Occurrence x Impact Level



Internal Supervisors Likelihood of Occurrence x Impact Level

Note:
1. Carbon Management-1 (Risk): Covering the scope of increasingly stringent low-carbon energy use regulations, restrictions on GHG emissions, or rising emission costs.
2. Carbon Management-2 (Opportunity): Covering the scope of increased demand for low-carbon products and services, the thriving development of the carbon trading market, and supportive incentive policies for low-carbon technology innovation.



List of Material Topics and Impact Assessment

The Company identified 7 material topics through a materiality analysis (4 of which correspond to GRI topic standards and 3 as custom topics) and assessed their actual and potential impacts on the economic, environmental, and people (including human rights) aspects. Corresponding policies, commitments, responsive actions, and targets were established to capture opportunities and mitigate risks.

Material topics	Carbon Management-1 Risk						Occupational health and safety* Risk					
GRI Topic Standards	302 Energy 305 Emissions						403 Occupational Health and Safety					
The significance to CHS	Countries are increasingly demanding the use of low-carbon energy and intensifying the regulation of GHG emissions, which will raise compliance and carbon reduction costs for companies. Failure to adapt may result in fines, carbon fees, carbon tariffs, brand reputation risks, and cost pressures.						If there is air, water, or noise pollution in the operating areas, it may affect Employee health and productivity. As labor and occupational safety regulations become more stringent, companies will need to increase investment in equipment and training, thereby increasing compliance costs and affecting operational efficiency.					
Policies and Commitments	The steel industry is categorized as a highenergy-intensive sector. With increasing environmental awareness both domestically and internationally, there is growing pressure to address greenhouse gas emissions. In response, CHS not only complies with greenhouse gas reduction regulations but also promotes various emission reduction initiatives to mitigate the industry’s impact on greenhouse gases during its development process, fulfilling corporate social responsibility.						CHS implements robust occupational health and safety management, aiming to collaborate with colleagues and collaborators to maintain a safe working environment. The goal is to achieve zero incidents of disability, zero accidents, and zero penalties in occupational health and safety (OHS).					
Responsive actions	1. Improvement of Combustion Facility Efficiency 2. Enhancement of Electricity Facility Efficiency 3. Continuously operate the Energy Management System 4. Compliance with Energy Conservation Policies, achieve a 1.5% electricity saving rate 5. Use of Renewable Energy 6. Adjust the pricing structure in a timely manner 7. Hot Rolling and Cold Rolling Departments submit a voluntary emissions reduction plan						1. The Company implements the ISO 45001 and TOSHMS Occupational Health and Safety Management Systems through a PDCA mechanism, promoting safety protection measures, joint regional defense programs, executive walkthroughs, and inspections of safety equipment to reduce the risk of workplace injuries. 2. Establish performance evaluation and reward systems to encourage dynamic safety observations and audits, fostering the integration of safety management into daily operations by both supervisors and employees, thereby enhancing occupational safety performance and culture. 3. Continuously promote occupational health and safety activities and educational training to enhance employee safety awareness. 4. Conduct annual operational environment monitoring and employee health (special) examinations, and implement related improvement measures to reduce the incidence rate of occupational diseases.					
Impact Aspects	Economic ◆ Actual Opportunity ◇ Potential Opportunity ■ Actual Risk □ Potential Risk Environmental ◆ Actual Opportunity ◇ Potential Opportunity ■ Actual Risk □ Potential Risk People (Human Rights) ◆ Actual Opportunity ◇ Potential Opportunity ■ Actual Risk □ Potential Risk						Economic ◆ Actual Opportunity ◇ Potential Opportunity ■ Actual Risk □ Potential Risk Environmental ◆ Actual Opportunity ◇ Potential Opportunity ■ Actual Risk □ Potential Risk People (Human Rights) ◆ Actual Opportunity ◇ Potential Opportunity ■ Actual Risk □ Potential Risk					
Targets	Detailed sustainability targets - Carbon Management-1 (Risk)						Please detail sustainability goals related to occupational health and safety.					
Corresponding Chapter	3 Environmentally Friendly						4.5 Occupational Health and Safety					



Material topics	Labor/Management Relations Risk			Economic Recession/Financial and Currency Markets Volatility Risk		
GRI Topic Standards	402 Labor/Management Relations 405 Diversity and Equal Opportunity 406 Non-discrimination			408 Child Labor 409 Forced or Compulsory Labor 411 Rights of Indigenous Peoples		
The significance to CHS	With the rise of human rights and labor awareness, if a company does not meet increasingly stringent regulatory standards, it may lead to labor disputes and litigation, resulting in operational disruptions, increased costs, and damage to its reputation.			Currency markets volatility includes changes in interest rates, exchange rates, and inflation, or fluctuations caused by policy changes, market sentiment, or a sluggish industry economy. Additionally, rising interest rates or a conservative banking financing stance may affect market borrowing rates, leading companies to increase their demand for capital.		
Policies and Commitments	CHS adheres strictly to national regulations and supports and abides by the principles and spirit outlined in international human rights conventions such as the United Nations Universal Declaration of Human Rights and the UN Global Compact. We treat current employees and contractors with dignity and respect, and prohibit any form of infringement or violation of human rights.			CHS continues to enhance corporate governance assessment indicators and maintain credit ratings to reduce financing costs, stabilize long-term funding sources, and strengthen industry competitiveness		
Responsive actions	- Comply with the Labor Standards Act, establish a Human Rights Policy, and implement various management measures through a human rights due diligence mechanism. - Utilize systems to assist department supervisors in managing overtime allocation to ensure flexible deployment and timely health monitoring, thereby preventing legal violations and reducing the risk of employee overwork. - Establish multiple grievance mechanisms and enhance confidentiality protocols to protect the privacy of individuals involved.			Maintain constant interaction with financial institutions to stay informed about domestic and international interest rate changes and currency market funding conditions. Adjust loan maturities or financing positions accordingly to effectively reduce the cost of financing.		
Impact Aspects	Economic Actual Opportunity Potential Opportunity Actual Risk Potential Risk Environmental Actual Opportunity Potential Opportunity Actual Risk Potential Risk People (Human Rights) Actual Opportunity Potential Opportunity Actual Risk Potential Risk			Economic Actual Opportunity Potential Opportunity Actual Risk Potential Risk Environmental Actual Opportunity Potential Opportunity Actual Risk Potential Risk People (Human Rights) Actual Opportunity Potential Opportunity Actual Risk Potential Risk		
Targets	Please detail sustainability goals related to Labor/Management Relations.			Please detail sustainability goals related to Economic Recession/Financial and Currency Markets Volatility.		
Corresponding Chapter	4.4 Employee Relations			2.4 Operational Performance		



Material topics	Information security and data protectionRisk	Geopolitical RiskRisk
GRI Topic Standards	Custom topics	Custom topics
The significance to CHS	Regulations related to information security and data protection are becoming stricter, requiring companies to obtain ISO certification or undergo security audits. Failure to effectively address these requirements or defend against cyber attacks may result in data leakage, data damage, operational disruption, and legal, financial, and reputational losses.	Various countries implement tariff policies and export restrictions as protectionism, and the tense political situations across the Taiwan Strait, Asia-Pacific, North America, and Russia-Ukraine regions lead to trade disruptions and tariff barriers, bringing operational and investment uncertainties, affecting production and sales strategies, and increasing tariff costs.
Policies and Commitments	CHS established an Information Security Committee that convenes quarterly to review information security policies and protection measures. The Committee reports overall information security performance to the Board of Directors to ensure effectiveness and appropriateness of implementation regularly.	By collaborating with relevant internal units of the Company to share sales and production demand information for comprehensive judgment, first-hand market dynamics or crisis warning information can be grasped.
Responsive actions	1. Establish an Information Security Committee and hold quarterly meetings to review the execution status of information security policies in each unit. 2. Implement ISO 27001 to ensure the security and stability of the official website and e-commerce systems, enhance information and communication security management in compliance with cybersecurity standards and regulations. 3. The Company has established the “Regulations on the Notification and Response of Cyber Security Incidents” to ensure timely damage control and recovery operations.	1. Assess and understand changes in international Geopolitical Risk. 2. Adjust export sales layout to increase the share in regions outside the EU, or adjust the domestic and export ratio. 3. Stabilize order acquisition and production balance, control raw material turnover rate, and reduce the risk of raw material interruption. 4. Proactively track information related to the Taiwan Iron and Steel Industries Association, which provides recent trade barrier information and consulting services. 5. Attend the National Industrial Association’s trade barrier workshops held annually.
Impact Aspects	Economic ◆ Actual Opportunity ◇ Potential Opportunity ■ Actual Risk □ Potential Risk Environmental ◆ Actual Opportunity ◇ Potential Opportunity ■ Actual Risk □ Potential Risk People (Human Rights) ◆ Actual Opportunity ◇ Potential Opportunity ■ Actual Risk □ Potential Risk	Economic ◆ Actual Opportunity ◇ Potential Opportunity ■ Actual Risk □ Potential Risk Environmental ◆ Actual Opportunity ◇ Potential Opportunity ■ Actual Risk □ Potential Risk People (Human Rights) ◆ Actual Opportunity ◇ Potential Opportunity ■ Actual Risk □ Potential Risk
Targets	Please detail sustainability goals related to Information security and data protection.	Please detail sustainability goals related to Geopolitical Risk.
Corresponding Chapter	2.3.6 Information Security Management	2.3.8 Geopolitical Risk



Material topics	Breakthroughs in Industry 4.0 and Smart Manufacturing Technologies Opportunities				
GRI Topic Standards	Custom topics				
The significance to CHS	Build an automated smart factory with digitalization, the Internet of Things, and big data to achieve real-time monitoring, predictive maintenance, and flexible production, thereby enhancing efficiency, quality, and responsiveness. Promote Industry 4.0 for precise resource management, cost reduction, competitiveness enhancement, and attraction of tech talent to achieve digital transformation and upgrading.				
Policies and Commitments	The Company continues to promote digital transformation. Enhance overall operational efficiency by optimizing processes and management efficiency to respond to industry changes and Market competition, achieving highly efficient, intelligent, and sustainable operations.				
Responsive actions	Through internal digital transformation meetings, we ensure continuous tracking of project progress and adjust execution directions in real-time, demonstrating good governance mechanisms and responsiveness.				
Impact Aspects	Economic Environmental People (Human Rights) Actual Opportunity Potential Opportunity Actual Opportunity Potential Opportunity Actual Opportunity Potential Opportunity Actual Risk Potential Risk Actual Risk Potential Risk Actual Risk Potential Risk				
Targets	Please detail sustainability goals related to Breakthroughs in Industry 4.0 and Smart Manufacturing Technologies.				
Corresponding Chapter	2.3.7 Intelligent Projects				

Note:

- Actual risks or opportunities: refers to risks or opportunities that may occur in the short-term (within 1 year).
- Potential risks or opportunities: refers to risks or opportunities that may occur in the Medium-term (within 1 to 5 years) or Long-term (beyond 5 years).
- Impact Level, please refer to the Materiality Matrix in section 1.8.2 Analysis of Material Topics.
- The explanation of the differences from the 2024 Material Topics is as follows (marked with * if the same as last year):

Serial Number	2024 Material Topics	2025 Material Topics	Explanation of Differences
1	Climate Change Adaptation and Carbon Management	Carbon Management-1 (Risk)	1. Revision of Major Topics Title 2. Divide the response to climate change into a separate sustainability issue and amend the title to "The increase of immediate and long-term climate risk events." 3. Increase the risk of "increasingly stringent low-carbon energy use regulations"
2	Air Pollutant Management	-	1. The title of this Sustainability Issue for this year has been revised to "Stricter regulations or restrictions on environmental pollutant emissions." 2. Following the analysis in section 1.8.2, the identified topics were not confirmed as material.
3	Energy Management	-	1. The title of this Sustainability Issue for this year has been revised to "Energy Use Restrictions or Shortages." 2. Following the analysis in section 1.8.2, the identified topics were not confirmed as material.
4	Human Rights Policy	Labor/Management Relations	1. Revision of Major Topics Title 2. Add the sustainability issue "Increased Labor Awareness Leading to Intensified Labor-Management Conflicts".
5	Financial Performance	Economic Recession/ Financial and Currency Markets Volatility	Revision of Major Topics Title
6	Information Security	Information security and data protection	Revision of Major Topics Title
7	-	Geopolitical Risk	1. New Sustainability Issues for this Year 2. Following the analysis in section 1.8.2, the identified topics were confirmed as material topics.
8	-	Breakthroughs in Industry 4.0 and Smart Manufacturing Technologies	1. New Sustainability Issues for this Year 2. Following the analysis in section 1.8.2, the identified topics were confirmed as material topics.



CH2

Sustainable Operation

2.1 Organizational Structure

2.2 Board of Directors

2.3 Integrity Management

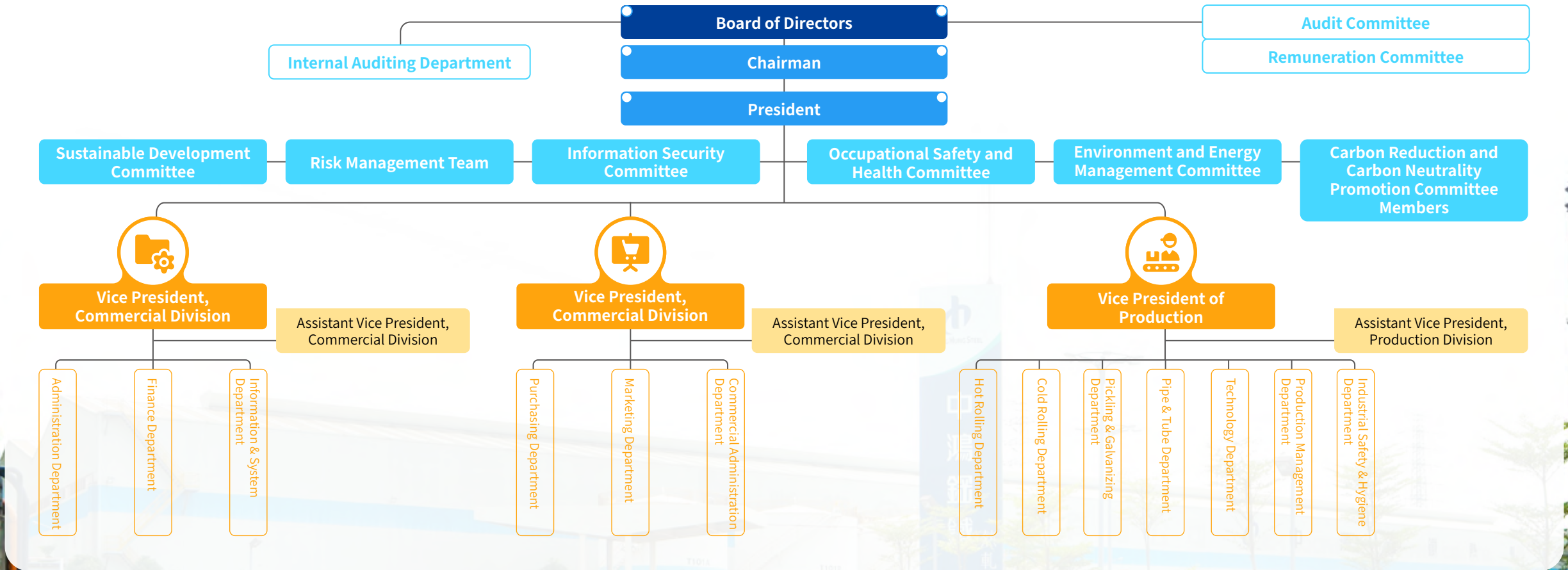
2.4 Operational Performance

2.5 Customer Service

2.6 Supply Chain Management



2.1 Organizational Structure





2.2 Board of Directors

2.2.1 Board's Function GRI 2-9 GRI 2-10 GRI 2-11 GRI 2-15 GRI 405-1

In accordance with Article 192-1 of the Company Law and Article 15 of the Company's Articles of Incorporation, the Board of Directors of the Company adopts a candidate nomination system for the election of directors. Independent and non-independent directors are nominated separately, and shareholders elect from the respective lists of candidates, each serving a three-year term.

The highest governing body of CHS is the Board of Directors, convened by the Chairman, who also serves as its Chairperson. The Board convenes at least once per quarter, with additional meetings called as needed for important matters. It primarily deliberates on significant business decisions, financial goals and achievements, amendments to key regulations, appointment and dismissal of executives, effectiveness of internal control systems, and oversees operational results, ESG performance, risk management, cybersecurity, and intellectual property management. Major decisions are disclosed on the Market Observation Post System, company website, and in the annual shareholders' meeting report.

In 2025, the attendance rate of all directors was 94.64% (including the attendance rate of those represented by proxies, which was 100%). Directors abstain from voting and cannot act as proxies for resolutions that involve conflicts of interest with themselves or their represented entities, which may harm the interests of the Company. Details of abstentions from conflict of interest cases are published in the annual shareholders' meeting report.

Currently, the Board consists of seven directors, including three independent directors (42.86%), and one female director (14.29%). Directors' ages range from 40 to 65 years, and their composition reflects diverse perspectives, bringing expertise in various fields such as steel (industry knowledge), business management, legal affairs, finance, and engineering, thereby fulfilling the Board's diversity objectives. Details of implementation are as shown in the following table:

Core diversification item Name of the Director		Gender	Nationality	Concurrently Serving as an Employee of the Company	Composition						Business Management	Leadership Decision-Making	Industry Knowledge	Financial Accounting	Business	Legal Affairs	Business Administration	Engineering
					Age Distribution			Terms of Service for Independent Directors										
					Aged 40 to 49	Aged 50 to 59	Aged 60 to 69	Below 3 years	4 to 8 years	Above 9 years								
Chairman	Min Chu		Republic of China															
Directors	Shou-Tao Chen		Republic of China															
Directors	Kun-Pin Huang		Republic of China															
Independent Director	Tung-Chieh Chuang		Republic of China															
Independent Director	Lin-Lin Lee		Republic of China															
Independent Director	Ming-Te Sun		Republic of China															
Independent Director	Xiuchuan Li		Republic of China															

Note:

1. The 16th Board of Directors was elected at the shareholders' annual meeting on June 26, 2024, with Mr. Min Chu currently serving as Chairman, elected for the 9th session of this term.
2. On February 1, 2025, the corporate shareholder China Steel Corporation appointed Mr. Tung-Chieh Chuang to replace Mr. Chia-Cheng Li as its representative. Subsequently, on August 31, 2025, Mr. Min Chu was appointed to replace Mr. Kuei-Sung Tseng as its representative.
3. Independent Director Wei-Che Tsai resigned on April 16, 2025; Independent Director Xiuchuan Li was elected during the shareholders' meeting on June 25, 2025.
4. Details regarding the educational backgrounds, age distribution, concurrent positions in other companies, and operations of the Board and its functional committees have been disclosed in the Company's annual report. This information is available for real-time access on the Market Observation Post System and the Company's website. [More information on Board of Directors members](#) is available.



2.2.2 Functional Committees GRI 2-9

To enhance the operation of the Board of Directors, two functional committees, namely the Audit Committee and the Remuneration Committee, have been established under the Board. Each committee is composed of three independent directors.

Audit Committee

The primary responsibilities

include overseeing the fair presentation of the Company's financial statements; appointment, dismissal, independence, and performance of the certified public accountants; the effective implementation of the internal control system; the Company's compliance with relevant laws and regulations; and the management of existing and potential risks. In 2025, five meetings were held, and all resolutions were documented in the minutes and reported to the Board of Directors.

Remuneration Committee

The main duties

include reviewing policies and systems for evaluating the performance of directors and appointed managers, and periodically assessing their performance and reviewing compensation and remuneration systems. In 2025, five meetings were held, and all resolutions were documented in the minutes and reported to the Board of Directors.

2.2.3 Board Performance Evaluation Mechanism GRI 2-17 GRI 2-18

Based on the "Board Performance Evaluation Guidelines," an annual self-assessment is conducted for the Board of Directors, directors, and functional committees. Evaluation criteria include awareness of duties, internal controls, decision-making quality, expertise and continuous education, level of operational involvement and environment, as well as proficiency in ESG issues. Additionally, at least once every three years, an external professional independent organization or team of expert scholars conducts a performance evaluation. The 2025 Board of Directors Key Performance Indicators evaluation details are disclosed on [the Company's website](#).

In addition, to enhance directors' professional knowledge in areas such as economic, environmental, social, corporate governance, and risk management issues, the Company arranges continuing education programs for directors annually. Each director selects appropriate courses based on their individual schedule and professional background. In 2025, all seven directors of the Company completed the required training hours in accordance with legal regulations. For details on director training, please refer to Chapter II, "Corporate Governance Report," Section III, "Corporate Governance Operations," of [the Company's 2025 Annual Report](#).





2.2.4 The Board and Executive Compensation Policy

GRI 2-19 GRI 2-20

1. Directors

- (1) According to Article 22 of the Company's Articles of Incorporation, directors' transportation and accommodation expenses, independent directors' remuneration, and the chairman's salary are determined by the Board of Directors with reference to relevant industry standards and those of publicly listed companies. These decisions are made after obtaining the consent of the Remuneration Committee and are then submitted to the Board of Directors for approval. The chairman also receives additional compensation in accordance with the relevant regulations for employee remuneration.
- (2) As stipulated in Article 28 of the Company's Articles of Incorporation, if the Company has profits in a given fiscal year, up to one percent of the profits shall be allocated as directors' remuneration. However, if the Company has accumulated losses, these losses must be covered first. The directors' remuneration is resolved by the Board of Directors and reported to the shareholders' meeting. Additionally, the independent directors of the Company receive only a fixed salary and do not participate in the distribution of directors' remuneration.
- (3) Director remuneration is evaluated based on the "Board Performance Evaluation Guidelines" and is linked to the Company's overall operational performance targets, ensuring reasonable compensation.
- (4) Apart from the aforementioned remuneration items, directors do not receive any additional retirement benefits, severance payments, or claw-back mechanisms.

2. The salaries and remuneration of the President and Vice President (hereinafter referred to as "managers") are determined with reference to industry standards, titles, ranks, educational and professional backgrounds, competencies, and responsibilities. According to Article 28 of the Company's Articles of Incorporation, if the Company has profits in a given fiscal year, no less than one-tenth of one percent of the profits shall be allocated as employee remuneration, and at least thirty percent of the employee remuneration should be distributed to frontline employees. However, if the Company has accumulated losses, these losses must be covered first. Employee remuneration is resolved by the Board of Directors and reported to the shareholders' meeting.
3. To encourage managers to operate the company's business in a manner that is both profitable and aligned with sustainable operation, starting in 2024, the achievement of targets and indicators related to Environmental (E), Social (S), Governance (G) dimensions, and other sustainability-related risks and opportunities (weightings shown in the table below) will be included in the managers' performance evaluations. The results of individual assessments will be submitted to the Remuneration Committee and the Board of Directors for review and approval. The compensation for the Company's managers is divided into fixed and variable components; the variable portion, which is significant, primarily comprises the year-end amount, production and sales bonuses, and employee remuneration. This portion is determined based on a comprehensive assessment of operational performance financial and management indicators, sustainability (including climate change) targets management, risk management, and key performance indicators for other responsibilities. Starting in 2026, we plan to further strengthen the linkage between manager remuneration and sustainability targets, such that 10% of the remuneration allocations to management employees will be influenced by the weight of sustainability target performance. For 2025, the achievement of climate-related targets and indicators will account for 14% of the overall performance measurement for managers (with the President at 30% and the three Vice Presidents combined at 27%, resulting in an average of approximately 14% for the four managers).

Position Level	Category	Items		Summary of Detailed Indicator Items	Percentage of weighting (%)
President	Operational and Financial Performance	Financial Performance		Earnings before tax, operating profit margin, etc.	10%
		Operational Performance		Other steel operation-related targets	45%
	Sustainability Performance	Climate-related targets		Management of Greenhouse gases, Energy Management, etc.	30%
		Others		Achieve the goal of 3Zero Environmental Incidents, etc.	15%
	Total				
Vice President	Operational and Financial Performance	Financial Performance		Earnings before tax, operating profit margin, etc.	10%
		Operational Performance		Other steel operation-related targets	41%
	Sustainability Performance	Environmental Aspects	Climate-related items	Management of Greenhouse gases, Energy Management, etc.	9%
			Other Environmental Protection Items	Achieve the goal of3 Zero Environmental Incidents, purchase Flat Steel Billets green steel materials RC materials, sell green steel materials RC materials, etc.	15%
		Social Aspects		Labor/Management Relations, Employee Care, Social Participation, etc.	7%
		Corporate Governance Aspects		Information Security (Protection), Smart Manufacturing, Regulatory Compliance, Risk Management, etc.	18%
	Total				

4. For detailed operations, please refer to [the Functional Committees section](#) at website. For detailed remuneration regulations, please refer to the [2025 Annual Report of Chung Hung Steel Corporation](#), Chapter 2, Corporate Governance Report, Section 2: Remuneration of General Directors, Independent Directors, Presidents, and Vice Presidents.



2.3 Integrity Management

2.3.1 Ethical Business Practices GRI 226

CHS upholds integrity and ethical conduct as the highest guiding principles of its operations. The Company adheres to standards of corporate honesty, fairness, and impartiality in both internal and external affairs. It strictly complies with all applicable laws and regulations. An annual report on the implementation of integrity management policies and measures is submitted to the Board of Directors. The 2025 implementation details are as follows:

	Establishment of Regulations and Guidelines	Intellectual Property Protection	Supplier and Contractor Management	Educational Advocacy	Whistleblowing Channel for Ethical Violations
Implementation Measures	1. CHS has established the "Ethical Corporate Management Best Practice Principles" and the "Procedures and Guidelines for Ethical Corporate Management and Conduct" in accordance with TWSE's "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies" 2. The Company has established the "Standards of Ethical Conduct for Directors," the "Standards of Ethical Conduct for Managers and Senior Professionals," and the "Code of Ethics for Employees," which clearly define the rules regarding conflicts of interest. 3. The Company has established the "Standards for Handling the Acceptance of Gifts, Entertainment, and Lobbying," providing guidelines for employees when dealing with relevant situations. 4. The Company has established the "Employee Work Rules" and "Reward and Punishment Measures" to regulate employee behavior. Violations of these regulations are addressed according to the severity of the infraction.	1. The Company has established the "Trade Secret Management Procedures." All employees are required to comply with relevant intellectual property regulations, including ownership, confidentiality obligations, and non-infringement assurances. Employees are also prohibited from using others' trade secrets without proper authorization. 2. Procurement contracts and engineering appendices clearly state that contractors must comply with the Company's IP rights, confidentiality obligations, and non-infringement assurances, and may not violate the IP rights of others.	1. In the General Environmental and Safety Regulations, it is stipulated that any supplier or contractor found guilty of bid rigging, collusion, bribery, or offering illicit benefits to the Company's personnel or their relatives may be subject to compensation claims and permanent disqualification from future dealings. 2. Procurement contracts and engineering appendices also specify that in cases of unethical conduct, violation of labor laws that harm labor rights, or direct/indirect funding of armed groups that severely violate human rights, the Company may terminate the contract in whole or in part without notice and may claim penalties.	1. Supervisors at all levels continuously promote the Company's principles of ethical business conduct and emphasize the importance of integrity through various internal meetings, ensuring that no misconduct is tolerated. 2. All new employees undergo anti-corruption education and training on the "Code of Ethics for Employees" during their pre-employment orientation. 3. To prevent insider trading, periodic training is provided to directors and managerial officers on the blackout period and related financial regulations.	The Company has established the "Procedures for Reporting Ethical Violations," with a designated reporting channel (Refer to the Company's Website). The Internal Auditing Department is responsible for handling such reports. The identity of whistleblowers and report content are kept strictly confidential, and investigations will be conducted proactively. If an investigation reveals a major violation or risk of significant damage to the Company, a report will be prepared and submitted in writing to the independent directors.
Execution Status	Relevant regulations and guidelines are placed in the Company's knowledge management system for colleagues to reference.	1. All employees have signed a "Confidentiality Agreement for Employees." 2. These regulations are available on the Company's website under Procurement Downloads for suppliers and contractors to review.		1. All new employees have received anti-corruption training. 2. Four sessions of insider trading prevention training were conducted for directors and managerial officers.	None of the Whistleblowing Channel for Ethical Violations reported.



2.3.2 Regulatory Compliance GRI 227

CHS strictly complies with national labor, corporate governance, occupational safety and health, and environmental laws and regulations. To mitigate the risk of regulatory violations and penalties, the Company has established a compliance system and conducts quarterly audits (four audits were conducted in 2025, all completed within the corresponding quarter). This system enables the timely identification of legal amendments and enhances the legality of the Company's operations. In the past three years, aside from the following cases related to occupational safety and land use (as explained below), the Company has not been subject to administrative penalties due to legal violations.

	Reporting Unit	Number of Cases/ Total Amount
1 Safety and Health		
2023	-	0 case/NT\$0
2024	Two incidents occurred, violating the following regulations: 1. Article 224, Paragraph 1 of the "Regulations for the Occupational Safety and Health Equipment and Measures," and Article 6, Paragraph 1, Subparagraph 5 of the "Occupational Safety and Health Act." 2. Article 36, Subparagraph 1 of the "Regulations for the Occupational Safety and Health Equipment and Measures," and Article 6, Paragraph 1, Subparagraph 13 of the "Occupational Safety and Health Act."	Labor Affairs Bureau of Kaohsiung City Government 2 cases/ NT\$110,000
2025	Due to the occurrence of one occupational safety incident (Detailed in 4.5.3), there was a violation of Article 57, Paragraph 1 of the "Regulations for the Occupational Safety and Health Equipment and Measures," and the provisions of Article 6, Paragraph 1 of the "Occupational Safety and Health Act."	Central Region Occupational Safety and Health Center 1 case/NT\$60,000
2 Others		
2023	-	0 case/NT\$0
2024	The Company-owned plots (591 and 593) in Qingshui Section, Gangshan District, Kaohsiung City were designated for agricultural and pastoral use. The usage did not comply with permitted purposes under Article 15 of the Regional Planning Act. The Company-owned plots (591 and 593) in Qingshui Section, Gangshan District, Kaohsiung City were designated for agricultural and pastoral use. The usage did not comply with permitted purposes under Article 15 of the Regional Planning Act. Land conversion procedures were completed in August 2024 to prevent recurrence.	Land Administration Bureau of Kaohsiung City Government 1 case/NT\$200,000
2025	-	0 case/NT\$0

2.3.3 Internal Audit

The Internal Auditing Department reports directly to the Board of Directors and is responsible for overseeing all internal audit operations across the Company. Its primary function is to assist the Board and management in examining and reviewing deficiencies in the internal control system, evaluating operational effectiveness and efficiency, and providing timely improvement recommendations to ensure the sustained effectiveness of the internal controls. The head of internal audit regularly attends Board meetings to report on audit activities and also presents the prior year's audit implementation and improvements to the Audit Committee. In addition, ad-hoc communication meetings are held between the internal audit supervisor and independent directors.

The 2025 audit plan was approved by the Board in 2024. During the year, a total of 44 audit reports were completed, resulting in 37 recommendations, including 27 on operational improvement, 6 on policies and regulations revision, and 4 on system optimization. The follow-up of implementation progress is continuously tracked. After internal approval, both audit reports and follow-up reports are submitted to the Independent Directors for review no later than the end of the following month. The Internal Audit organization and operations details can be found on the [Company's website](#).

2.3.4 Risk Management

Risk Management Policy and Procedure Guidelines

To ensure the integrity of its risk management system, CHS has adopted the "Risk Management Policy and Procedures," approved by the Board of Directors. The President serves as the convener of the Risk Management Team, whose members include heads of major business and operational units. The team is responsible for overseeing risk management implementation and coordination across the Company. Risk management performance is reported annually to the Audit Committee and the Board of Directors, and the Audit Committee assists the Board in supervising the effectiveness of risk management operations.

In response to global economic and sustainability risks, the Company identifies and assesses risks affecting sustainable development across four dimensions: Economic (including decision-making, financial, operational, cybersecurity, and regulatory risks), Social (including labor safety and human rights risks), Environmental (including pollution and energy management risks), and Other (including trade barriers, climate change, epidemic, and carbon neutrality risks). Through strategies such as risk transfer, mitigation, and avoidance, the Company minimizes potential risks to enhance operational opportunities positively. The 2023 risk management operations were reported to the Audit Committee and Board of Directors on November 2, 2023, with the Audit Committee overseeing operational aspects and publishing details on the Company's website. 2023 Risk Management Operations and Supervision

The 2025 risk management operations were reported to the Audit Committee and Board of Directors on December 26, with the Audit Committee overseeing operational aspects and publishing details on the [Company's website](#).

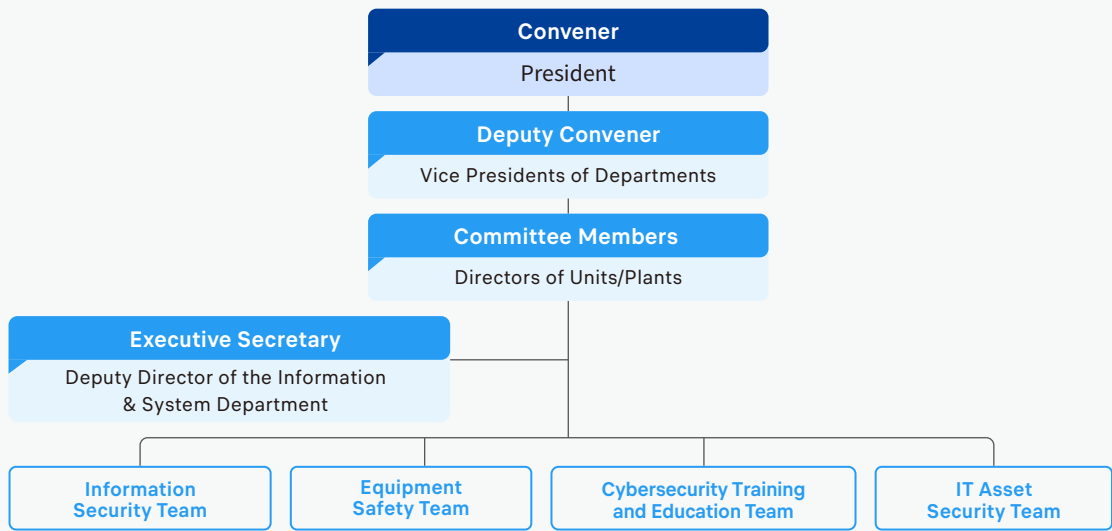
2.3.5 Intellectual Property Management

Since June 2023, the Company has adopted the Taiwan Intellectual Property Management System (TIPS) and established intellectual property management policies and objectives aligned with its operational strategies. These efforts aim to enhance ESG performance, strengthen the Company’s brand governance image in the steel industry, and promote sound operations and sustainable development. The status of intellectual property management is reported to the Board of Directors at least once a year. In 2024, the Company passed the TIPS verification for trade secrets and trademarks at Grade A level with zero deficiencies. To ensure the continuous effective operation of the system, an Intellectual Property Task Force was established, led by the Assistant Vice President, Production Division, as the management representative. The task force regularly identifies internal and external intellectual property-related issues, opportunities and risks, and stakeholder needs, and formulates and adjusts intellectual property management policies and objectives. These objectives, once approved by the President, are continuously monitored for implementation status. The TIPS re-verification process was completed in 2025, and the intellectual property management execution status for 2025 was reported to the Board of Directors on November 6 and disclosed on the [Company’s website](#).

2.3.6 Information Security Management

The Company has established the “Regulations for the Establishment of the Information Security Committee,” with the President serving as the Convener (also acting as Chief Information Security Officer). Committee members include plant and department heads. The Committee consists of four teams: Information Security, Equipment Security, Cybersecurity Training and Education, and IT Asset Security. Quarterly meetings are held to review the implementation of information security measures, and an annual report on information security outcomes is submitted to the Board of Directors.

Organizational Chart of the Information Security Committee



In 2024, CHS was initially approved for the ISO 27001 Information Security Management System certification, and in 2025, it passed re-certification. During this Year, there were no major information security incidents, customer privacy breaches, or data leaks. To achieve these objectives and reduce the impact of potential information security incidents, the Company implemented the following key measures:

	All computer devices are equipped with licensed antivirus software. The Information & System Department conducts regular vulnerability scans on external servers and websites to enhance security protections.
	The Company has established the “Regulations on the Notification and Response of Cyber Security Incidents” to ensure timely damage control and recovery operations in the event of a cybersecurity incident.
	Personal computer systems are assigned unique accounts and passwords based on user responsibilities. Passwords are required to be changed periodically, with two-factor authentication and session timeout controls to prevent unauthorized access.
	A cybersecurity operations center system has been built to collect and analyze heterogeneous system operation data in real-time, enabling early detection of anomalies and issuance of alerts to prevent incident escalation.
	A total of 45 training instances for information security staff and 255 training instances for non-specialized staff were conducted in 2023 (measured by the number of participants x training hours).
	Monthly information security awareness campaigns are conducted through electronic bulletins and ERP announcements for all employees. Additionally, a 1-hour information security training session is provided during each quarterly Information Security Committee meeting for all attendees.

The 2025 information security implementation results were reported to the Board of Directors on December 26. Details of the implementation and the information security risk management framework are published on [the Company website](#).

2.3.7 Intelligent Projects

The Company actively integrates artificial intelligence (AI) technologies with digital transformation strategies, systematically advancing applications in smart equipment, intelligent manufacturing, and smart operations, to comprehensively enhance the intelligence level of operational decision-making and on-site execution. Through AI models, data analysis, and system integration, deeply embed smart technologies into manufacturing sites and management processes to enhance real-time monitoring, predictive analysis, and decision-support competence. In terms of promotion mechanisms, The Company has established a cross-departmental execution team responsible for the planning, promotion, and implementation of Intelligent Projects. Manage and progress control are conducted through digital transformation meetings, held quarterly, to regularly review the execution status and effectiveness of various projects. Progress is reported, and improvement directions are discussed during these meetings to ensure the continuous and effective advancement of intelligent initiatives. Additionally, continue to develop intelligent systems covering areas such as production manufacturing, equipment maintenance, production scheduling, quality management, product sales, and occupational safety and environmental protection. The relevant systems have demonstrated tangible results in aspects of improving production efficiency, strengthening quality control, and enhancing occupational safety and environmental management. The main achievements of the Intelligent Projects for the 2025 Year are as follows:

Product Category

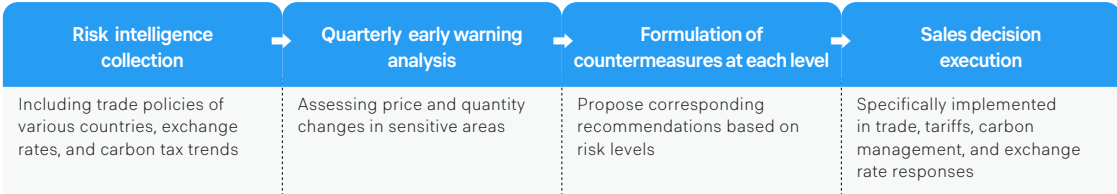
Steel Pipes and Tubes

Development Description	Optimize process parameters through the Optimization of the Saw Monitoring System to enhance the lifespan of saw blades: The Company introduced a sawing machine monitoring system to measure motor current in real-time during the sawing process and combine this with statistical analysis of process parameters to establish optimal sawing conditions. By optimizing sawing parameters, enhance the lifespan of saw blades, reduce consumable and downtime costs, and improve overall process efficiency.
Primary Use/ Outcome	1. Saw blade cutting efficiency (tons/set) Adopting optimized sawing process parameters, statistics show that from April to December 2025, a total of 25,169 tons of steel pipes and tubes were produced, using 55 sets of saw blades, with an average cutting volume of approximately 457.6 tons per set (in 2024, the average cutting volume per blade was about 234 tons). After optimization, the cutting volume per blade increased by approximately 95%. 2. Cost key performance indicators (currency/ton) During the period from April to December 2025, when optimized sawing process parameters were adopted, the average cost of saw blade consumption was approximately NT\$17.2 per ton; compared to the best historical records (2010) with a cost of NT\$33.6 per ton, this represents a savings of NT\$16.4 per ton. Based on the average monthly production of 3,333 tons in 2025, an estimated savings of NT\$54,661 per month can be achieved.

2.3.8 Geopolitical Risk

The Company has established standardized management procedures for the international economic and trade environment and Geopolitical Risk. The Commercial Administration Department serves as the executing unit, implementing both regular quarterly monitoring and real-time dynamic tracking to ensure that sales strategies align with international trends.

Trade Risk Management Process



According to the aforementioned management mechanisms, the Company's specific actions for different Risk Management Aspects are as follows :

1 Trade Barriers and Trade Compliance Management

- The Company actively responds to trade protectionism in various countries by ensuring the legal sales rights of its products through institutionalized management.
- (1) Trade Barriers Management: In response to safeguard measures and anti-dumping investigations by countries such as the United States, Canada, the European Union, and Asian nations, we regularly track trade barrier information from various countries, monitor sales volumes and pricing, and actively respond to litigation.
 - (2) Customs Clearance Optimization (AEO): Actively participate in the AEO (Authorized Economic Operator) series of courses to ensure the supply chain complies with international security standards. By mutually recognizing with the main Market through MRA (Mutual Recognition Agreement), enjoy the advantages of expedited customs clearance to enhance corporate image and international competitiveness.

2 The U.S. Section 232 Tariff Arrangement

In response to the situation where regional competitors' 232 tariff exemptions are being revoked, CHS refines technology to assist customers in developing high-value products, thereby strengthening the relative competitive advantage in the market. Faced with the challenge of increased tariffs under The U.S. Section 232 Tariff Arrangement, The Company, upholding a risk-warning mindset, dynamically adjusts its market layout by actively pivoting towards non-U.S. markets and increasing the proportion of Domestic Sales. At the same time, continue to cooperate with the government to seek tariff reductions and exclusions for specific products, strengthening operational resilience.

3 In response to the EU Carbon Border Adjustment Mechanism (CBAM) and the Low-Carbon Transition

- The Company incorporates carbon emission management into its core competencies to address global green trade trends.
- (1) Talent and system development: In 2025, conducted special training sessions on "Internal Carbon Pricing Mechanism and EU CBAM Development" and "Internal Carbon Pricing Calculation Methods," with a total of 63 participants, accumulating 1315 trainee-hours in total.
 - (2) Carbon Risk Transformation: Through low-carbon transformation and improved production processes, convert carbon tax pressure into momentum for green transformation, ensuring global competitiveness in the low-carbon Economic era.
 - (3) Promotion of Low Carbon Steel: Obtained the UL 2809 RC95 recycled content certificate, expanded sales of low carbon steel products, and collaborated with customers to penetrate the Low carbon products market.

4 Exchange rate fluctuations

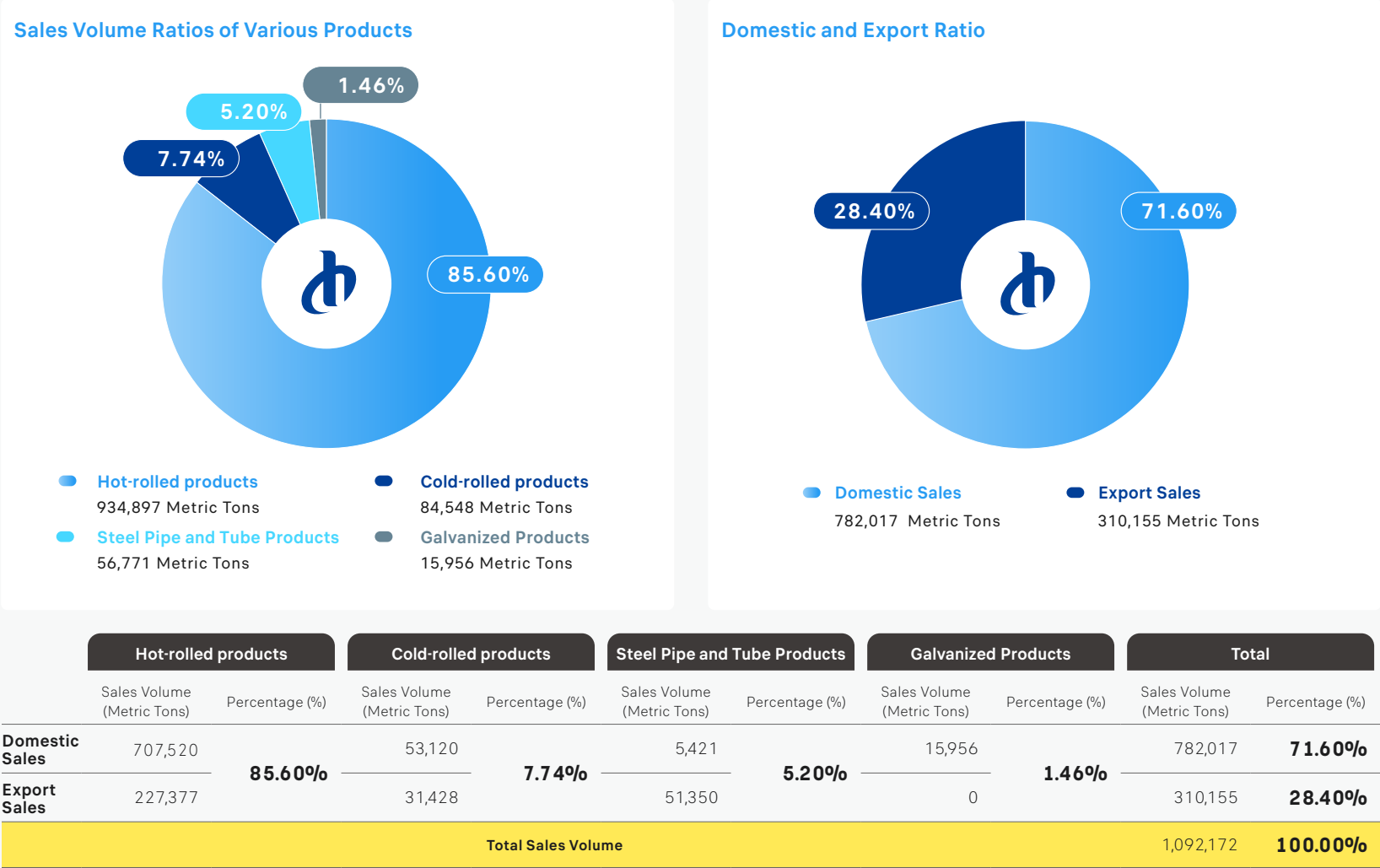
Continuously monitoring the exchange rate fluctuations caused by the volatility of the U.S. dollar index, particularly regarding the relative exchange rates of major competing countries such as Japan and South Korea, to serve as a basis for dynamically adjusting pricing and sales regions.

2.4 Operational Performance

2.4.1 Product Sales GRI 2-6

Due to factors such as China's steel overcapacity, low-priced steel imports into Taiwan, the European Union's safeguard measures on steel product imports, and U.S. steel tariffs, the sales target for steel products in 2025 was set at 1.03 million metric tons. The actual sales volume reached 1.0921 million metric tons, with hot-rolled products accounting for the largest share at 85.60%. In addition, the domestic sales ratio for steel products was 71.60%, and the export sales ratio was 28.40%. The distribution of major export regions was as follows: Europe (39.52%), Southeast Asia (30.55%), South Asia (10.41%), North America (U.S., Canada, Mexico) (10.05%), Japan and Korea (6.79%), Hong Kong and Mainland China (0.68%), Australia and New Zealand (0.07%), and the Middle East (1.93%).

Sales Distribution for 2025





2.4.2 Operational Performance

GRI 201-1



Revenue and Earnings

In 2025, the Company's current ratio stood at 146.64%, indicating sufficient operating capital. The trends in CHS's revenue and earnings over the past three years are summarized as follows:

Unit: NT\$ hundred million		2023	2024	2025
Operating Income	Sales Revenue	372.48	300.27	187.39
	Labor Income and Others	5.15	4.34	2.82
	Total (A)	377.63	304.61	190.21
Operating Expenses	Cost of Revenue	372.52	312.07	206.12
	Operating Expenses	5.41	4.95	4.17
	Total (B)	377.93	317.02	210.29
Non-Operating Income and Expenses (C)		1.92	0.59	0.73
Net Profit (Loss)	Before Tax (= (A) - (B) + (C))	1.62	(11.82)	(19.35)
	After Tax	1.59	(8.92)	(18.48)
Earnings Per Share (NT\$)		0.11	(0.62)	(1.29)
Return on Equity (%)		0.96	(5.86)	(14.05)
Cash Dividend (NT\$)		0.1	-	-
Stock Dividend (NT\$)		-	-	-

Note:

- For detailed financial information, please refer to the [Company website](#).
- In 2025, the direct economic value generated by CHS (defined as operating revenue + non-operating income and expenses) amounted to NT\$19.094 billion. The economic value distributed (including cost of sales and expenses such as employee salaries and benefits, interest expenses, shareholder dividends, taxes and fines paid to the government, and charitable donations) totaled NT\$21.125 billion. The retained economic value was negative NT\$2.031 billion, primarily due to unfavorable conditions in the global steel market.



Sustainable Index-Linked Loans and Green Deposits

CHS Corporation maintains a long-term commitment to sustainable development issues. We have signed credit agreements with financial institutions to enhance ESG evaluation mechanisms. Our partner banks conduct regular annual reviews of our ESG reports and relevant public disclosures. Upon meeting specified performance criteria, banks proactively offer interest rate reductions on loans. In 2025, we signed sustainable index-linked credit facilities with six banks, allowing CHS to demonstrate sustainable value while benefiting from financial incentives. CHS also participates in the green deposit mechanisms of financial institutions, where funds are deposited into banks and earmarked exclusively for renewable energy, wastewater treatment, and green building projects, supporting low-carbon and environmental sustainability development. In 2025, CHS achieved the target of making more than 2 green deposits, with an actual completion of 3, demonstrating the Company's concrete actions in supporting sustainable transformation through financial instruments.



Invest in green bonds

In 2025, invest in United Microelectronics Corporation green bonds (Bond Abbreviation: P12 United 1, Code: B638BH) in the amount of NT\$10 million. The bond has obtained green bond qualification recognition from the Over-the-Counter Trading Center.

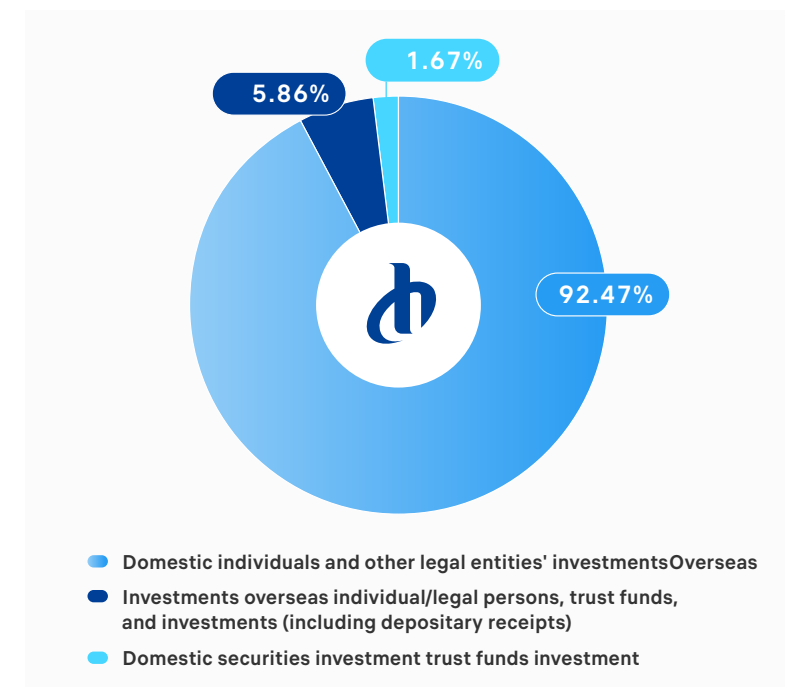
2.4.3 Shareholding Structure and Major Subsidiaries

GRI 201-4

Shareholder Structure

(As of April 30, 2025, the record date for ex-dividend registration suspension)

As of April 30, 2025, the main shareholders of CHS consisted of domestic individuals and other legal entities. There were no government (public sector) institutions among the shareholders. The shareholding distribution by category is as follows:



Major Subsidiaries

As it meets the TTQS standards, the subsidy from the Ministry of Labor's Bureau of Labor Development "Enterprise Human Resources Enhancement Program" was awarded a total of NT\$142,000 (see 4.3.3 for details).

2.5 Customer Service

2.5.1 CHS Quality Policy and Certifications

The Company pursues customer satisfaction as the core objective of its quality management, continuously committing to enhancing the effectiveness and ongoing improvement of its quality management system. The quality policy and annual quality objectives are announced following approval by the President, serving as the highest guiding principles for the Company's quality management system and are to be followed and implemented by all employees.

CHS Quality Policy



Provide quality products and services for customer satisfaction



Strengthen professional knowledge and skills for continuously improved quality

Quality Certifications

To overcome trade barriers in various countries and enhance testing quality and customer confidence in testing data, the Company continues to promote quality management systems and product-related international certifications. On the other hand, to enhance the market visibility of hot-rolled products in applications such as green building and recycled materials, the Company continues to invest in the development of RC95 steel products, and will obtain UL 2809 recycled content certification in 2025. By using recycled flat steel billets, not only is the environmental attribute of the products strengthened, but the Company's Sustainable Development Policy is also concretely implemented. As of the end of 2025, the summary of quality management systems and product-specific certifications obtained by each plant is as follows:

Certificate Categories

ISO 9001 Quality Management System

IATF 16949 Quality Management System

ISO/IEC 17025 Laboratory Quality Management System

Malaysia MS (MS EN 10025-2/MS 1705/SAE J403/MS 1768/MS 2651)

EU CE Mark (EN 10025-2)

UKCA (UK Conformity Assessed) (EN 10025-2)

UL 2809 (RC95, RC92, and RC60 Recycled Content Verification)

American Petroleum Institute (API) (5L/5CT)

Japan JIS MARK (G3444/G3452)

New Zealand FPC (AS/NZS 1163)

Republic of China CNS (G3102/G3103/G3111/G3127)

Hot Rolling Department	Cold Rolling Department	Pickling & Galvanizing Department	Pipe & Tube Department
★	★	★	★
		★	
★	★	★	★
★	★		
★			
★			
★			
			★
			★
			★
			★

Note:

- It will be indicated with a ★ if the verification has been obtained.
- For details of each plant's quality certification, please visit the [Company's website](#).

2.5.2 Research Development and Quality Improvement

Product Technology Development and Quality Improvement

In response to the increasingly fierce industry competition, The Company continues to promote Product Technology Development and Quality Improvement. In addition to refining production technologies and stabilizing and enhancing product quality, the Company actively develops key niche products across various factories to increase product added value and expand the market for high-value products, thereby strengthening the overall competitiveness of our product portfolio. The explanation of the relevant major product technology development achievements and quality improvement achievements are as follows:

2025 Major Product Technology Development Achievements		
Product Category Hot Rolled 		
Development Description	Establishing Rapid Load Balancing Technology in Finishing Rolling: When the hot rolling line rolls hard and thin plates (thickness 1.70~2.25 mm, width 1,161~1,280 mm) in the finishing rolling process, the current of the main motors at the first three stands of finishing rolling often becomes high, necessitating a reduction in production speed to avoid overload, which in turn affects production yield and equipment stability. To address the aforementioned issue, The Company initiated the "Establishing Rapid Load Balancing Technology in Finishing Rolling" project. By developing a rapid load balancing distribution mechanism for the first three stands of finishing rolling mills, the project aims to reduce the overload time of the main motors and the risk of downtime, with the improvement target being to decrease the mill load overload ratio to below 25%.	Development of Hot Rolled Steel Coils with RC95 Recycled Material: To expand market demand and increase the supply proportion of green products, The Company has introduced electric furnace RC95 recycled material billets for the development of hot rolled steel coils. The development and process validation for specifications M1008RC95 and S275JRRC95 have been completed, ensuring process stability and product quality meet customer requirements.
Primary Use/ Outcome	By implementing dynamic load balancing control technology for finishing rolling motors, the occurrence ratio of motor current exceeding the warning range during the production of hard and thin plates on the hot rolling line was reduced from 33% before the improvement to 9%, demonstrating a significant load balancing effect. After improvement, it not only reduces the burden on operators for adjustments but also avoids production losses caused by slowing down the rolling speed. Based on the input of 6,539 coils into production in 2025, the number of coils exceeding the current warning range is estimated to decrease by approximately 1,569 coils. Calculating with an extended extraction time of 2 minutes per coil and a downtime loss of NT\$112,730 per hour, the annual benefit is approximately NT\$5.9 million.	The Company produces hot rolled steel coils using electric furnace RC95 recycled material billets. The M1008RC95 specification is primarily used for re-rolling, while the S275JRRC95 specification is mainly used for plate cutting. The combined output of the two specifications is 610 metric tons, all of which are top-grade products. Compared to traditional blast furnace processes, hot rolled steel coils made from electric furnace recycled material can reduce carbon emissions, demonstrating the company's achievements in promoting low-carbon processes, application of recycled materials, and green product development.

2025 Major Product Technology Development Achievements

Product Category Hot Rolled		Product Category Steel Pipes and Tubes	
Development Description	Improvement of Flatness for 5-foot Pickled Plates: Due to long-term production of 4-foot plates by the rollers on the pickling line, the production of 5-foot plates easily causes edge waviness defects, leading to the need to trim the end portions, which increases wastage. Since May 2022, The Company established an improvement team to continuously enhance the flatness quality of 5-foot plates through stratified statistical analysis and process adjustments.	#4 UV Coating Steel Pipe and Tube bottom roller damage quality improvement:	Regarding the issue of roller marks and paint film peeling at the bottom of Steel pipes and tubes during the UV coating process, caused by UV paint adhering to the rollers, The Company installed scrapers on the rollers in the coating room to remove adhered UV paint in real-time, reducing the risk of secondary paint adhesion. Simultaneously, it optimized the method for adjusting the height of the horizontal rollers to accommodate changes in the straightness of Steel pipes and tubes, enhancing process stability.
Primary Use/ Outcome	The trimming rate progressively decreased from 5.10% in 2022 to 1.42% in 2023, 0.59% in 2024, and further to 0.10% in 2025. Compared to 2024, the trimming rate decreased by 0.49%. Based on the 2025 production volume of 9,874 metric tons, the annual reduction in trimming loss is estimated to be approximately 48 metric tons. Calculating with a price difference of NT\$15,650 per metric ton between prime and scrap steel, a reduction in waste cost of approximately NT\$750,000 can be achieved.		After the improvement, the peeling of the UV paint at the bottom of the Steel pipes and tubes after UV coating was significantly reduced. After sampling inspection from January to March 2025, no related defects were found, and the occurrence rate of roller damage at the pipe bottom decreased from 100% in 2024 to 0% in 2025. Additionally, due to the significant reduction in manual paint touch-up work, approximately NT\$972,000 can be saved annually (approximately NT\$960,000 in labor costs and NT\$12,000 in varnish material costs).

Assessment of Health Impacts and Hazards to Customers

Radiation Protection Mechanism

The raw materials used by The Company, such as flat steel billets, and all products have 100% no risk of radiation contamination. To implement source management, The Company has installed portal and handheld radiation detection equipment, and conducts regular annual equipment calibration. By conducting on-the-job training to cultivate qualified technical personnel, a rigorous radiation detection process has been established, resulting in the acquisition of the "Radiation Detection Operations Certification for the Steel Industry" approved by the Atomic Energy Council of the Executive Yuan. In addition, an accredited radiation detection organization approved by the Atomic Energy Council is commissioned to conduct regular external audits to ensure the effectiveness of detection and the validity of certifications. Details of the radiation detection operation certification for each plant can be found on [the company website](#).



 Chemical Substance Management: RoHS and REACH

To comply with international environmental standards, the Company, with the exception of Steel pipe and tube products that use hot-rolled steel coils already tested, regularly commissions SGS for third-party testing of other products. The testing covers the 10 restricted substances in the EU's RoHS 2.0 directive amendment (EU) 2015/863 and the substances of very high concern (SVHC) under REACH regulations. The analysis results from previous years have consistently met 100% of regulatory requirements, ensuring that the products pose no health risk to Customers and the Environment.

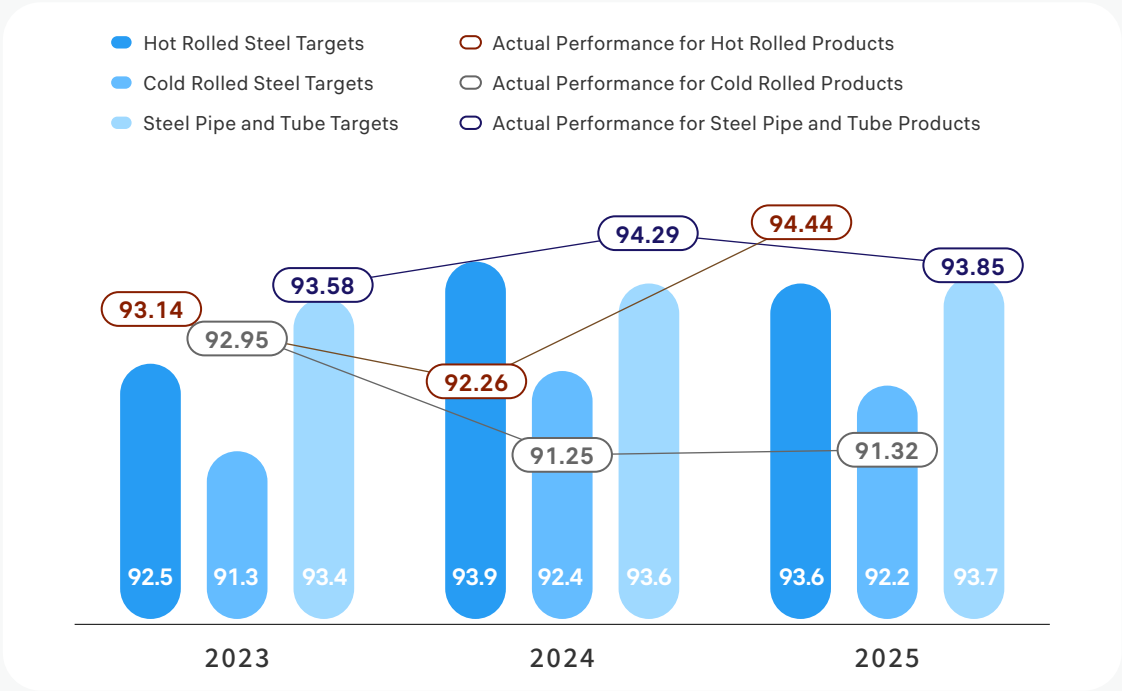
 Development of Green Products and Improvement in Green Processes

The raw materials used by The Company, flat steel billets, and all products consist of ferrous metals that are recyclable. The packaging materials used, such as steel bands, clips, sheets, sleeves, and rustproof wrapping paper, are also recyclable and reusable. To minimize the environmental impact during the manufacturing and use of products, the Company continuously promotes the development of green products and the improvement of processes. By selecting raw materials, optimizing processes, and implementing resource recycling, it fulfills its corporate responsibility for environmental sustainable development. The main achievements in the Development of Green Products and Improvement in Green Processes for 2025 are as follows:

1	Reduction of downstream customer processing waste	Improving width control capability and overall plate width and thickness precision reduces variation in coil width and thickness at the edges of plates, effectively decreasing waste steel loss during downstream customer trimming, thereby maximizing steel utilization.
2	Reduction of downstream customer process waste	Employing low oil-coating rust prevention technology for drum bottom materials allows downstream drum manufacturing customers to apply paint directly without alkaline washing processes. This saves electricity, energy, material consumption, and alkaline waste treatment. (Providing 1,306 metric tons of coil substrate in 2025, with a cumulative total of 27,019 metric tons from 2021 to 2025)
3	Reducing process energy consumption (natural gas)	Optimization of the pre-annealing process for low-carbon steel in cold rolling has resulted in a 25.7% reduction in natural gas consumption per batch (approximately 0.3 thousand cubic meters).
4	Low carbon product development	Introduced electric furnace RC95 recycled material billets for hot rolled steel coil product development, balancing low-carbon manufacturing and customer needs. In 2025, produce 610 metric tons.

2.5.3 Customer Satisfaction Surveys

CHS annually commissions external academic institutions to conduct a "Customer Satisfaction Survey" from a third-party perspective for both domestic and international customers (in 2025, commissioned to National Kaohsiung University). The survey assesses six key dimensions: "Sales and Pricing," "Product Quality," "Order Processing and Delivery Time," "Customer Service," "Information Sharing and Communication," and "Transportation." We consolidate the results of the satisfaction survey and convene a "Customer Satisfaction Survey Results Meeting" with all relevant departments. The analysis results are used as a basis for improvements across departments, proactively addressing issues that are important to our customers. The following chart illustrates the trends and actual performance of customer satisfaction for CHS's products over the past three years:



Note: In 2025, the satisfaction with Cold-rolled products did not meet the target, and the satisfaction with Steel Pipe and Tube Products decreased compared to 2024. The main reason was the unfavorable steel market conditions, leading to a Low satisfaction in the "sales and pricing" dimension.



2.5.4 External Engagement and Collaboration

GRI 2-8 GRI 2-28

To stay abreast of industry trends, CHS actively participates in regular industry liaison meetings organized by various specialized groups (such as coil slitting and steel pipes) under the Taiwan Steel & Iron Industries Association, as well as activities hosted by domestic steel-related industry associations and quality societies. Through these engagements, the Company maintains robust information exchange with industry peers and fosters positive industrial relations. In addition, by taking part in international steel industry conferences through these associations, the Company keeps up with global market trends and ensures alignment with international developments. CHS also engages in joint discussions with association members to address major policy and regulatory impacts, collectively voicing opinions to relevant government authorities to express expectations and demands regarding public policies.

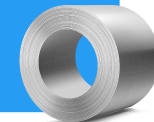


List of Participation in External Organizations

	Organization Name	Position	Considerations for Participation
Domestic engagement and collaboration	Taiwan Iron and Steel Industries Association	Director	Fostering industry interactions and enhance mutual benefits
	Chinese Institute of Mining and Metallurgical Engineers	Member	Researching and discussing metallurgical technologies, and acquire new technologies
	Chinese Institute of Engineers (and Kaohsiung Branch)	Sponsor	Facilitating technical exchanges among members to enhance interactions with industry peers
	Galvanizing Association of Taiwan	Member	Studying hot-dip galvanizing technology and gather market information through member interactions
	Chinese Society for Quality (and Kaohsiung Branch)	Member	Obtaining the latest quality control methods to promote overall quality improvement in the Company
	Metal Industries Research and Development Centre	Member	Engaging in research and development of production and management technologies to enhance company competitiveness
	ISMSK	Director	Increasing industry interaction and communication
	KHIA	Member	Enhancing interaction and communication with other companies and enterprises in Kaohsiung City
	Taiwan Institute of Steel Construction	Member	Promoting the sustainable development of the steel structure industry to enhance safety in public engineering projects
	Kaohsiung City DaFa Industrial Park Association	Member	Fostering interaction and communication among manufacturers in the Dafa Industrial Park
External engagement and collaboration	Lukang Changhua Coastal Industrial Park Association	Member	Enhancing interaction and communication among manufacturers in the Changhua Coastal Industrial Park
	Kaohsiung City Seaside Industrial Park Association	Member	Enhancing interaction and communication among manufacturers in the Linhai Industrial Park
	Malaysian Iron and Steel Industry Federation	-	The Taiwan-Malaysia Exchange Conference held in Kuala Lumpur, Malaysia, focused on green transformation and smart manufacturing, and discussed the flow of steel trade in the ASEAN region in response to trade barriers arising from global geopolitics.
	Southeast Asia Iron and Steel Institute	-	The exchange conference held in Jakarta, Indonesia, focused on the regional competitiveness of the steel industry and environmental sustainability as the main topics.
	Korea Iron and Steel Association	-	The Taiwan-Korea Exchange Conference held in Taipei focused on discussions regarding net-zero carbon emissions and trade remedies.
	Ministry of Economy, Trade and Industry of Japan, Japan Iron and Steel Federation	-	The Taiwan-Japan Exchange Conference held in Tokyo, Japan, aimed to establish a platform for policy communication and information sharing between both parties, focusing on carbon reduction transformation trends, and enhancing technical cooperation in High-quality steel.



2.6 Supply Chain Management



2.6.1 CHS's Supply Chain

GRI 2-6 GRI 2-8 GRI 2-24 GRI 408-1 GRI 409-1

CHS's supply chain management categorizes suppliers into raw material suppliers, material and equipment suppliers, subcontractors, and security personnel, each managed by respective units. In 2025, there were no significant changes compared to previous years in the supply chain structure.

To strengthen supply chain management, CHS stipulates in procurement contract appendices that suppliers found violating sustainability policies, significantly impacting the environment or society, engaging in dishonest behavior, or violating labor-related laws affecting labor rights will be deemed major breaches. Apart from potential contract termination, the Company may seek remuneration through contractual deductions.

Additionally, CHS proactively supports subcontractors and suppliers by promptly processing invoices for goods delivered and accepted, initiating invoice settlements within 30 days, and implementing a tri-monthly payment schedule to ensure efficient payment management. These measures aim to encourage collaboration with reputable suppliers and subcontractors.



Supplier of raw materials

CHS's core product is hot-rolled steel coil, with Flat Steel Billets as the primary raw material. Its key domestic (group) suppliers include China Steel Corporation and Dragon Steel Corporation, while international suppliers include Nippon Steel Corporation and Formosa Ha Tinh Steel Corporation. These are all legally operating and internationally renowned enterprises of significant scale. Their practices regarding employee rights, freedom of association, and the prohibition of child and forced labor comply with the labor laws of their respective countries and are disclosed in their sustainability reports on a regular basis.

To ensure a stable supply of raw materials and consistent quality, the Company signs long-term supply contracts with major suppliers to establish a stable and mutually trustworthy long-term partnership. Depending on market conditions, the Company may also procure blast furnace spot billets to balance the procurement flexibility of flat steel billets and maintain a diversified supply. In 2025, due to the downturn in the steel market, overall production declined, and the current supply of group-affiliated and long-term contract flat steel billets is sufficient to meet production plan needs, making the procurement of blast furnace spot billets unnecessary. The actual procurement volume of flat steel billets from group and long-term contracts for the entire year was 947,000 tons, accounting for 99.7% of the total procurement volume. In response to the gradual formation of the EU CBAM high-cost barrier and to proactively position for eligibility to export "low-carbon niche products" to the EU, CHS additionally procured 3,000 tons of low-carbon green steel billets, accounting for 0.3% of the total volume.



Material and Equipment Supplier

CHS requires that the raw materials used in the products supplied by its material and equipment suppliers do not directly or indirectly fund armed groups that commit severe human rights violations. Furthermore, to reduce operating costs and carbon emissions associated with long-distance transportation, CHS prioritizes domestic sourcing of materials and equipment. By continuously cultivating local suppliers, CHS implements localized procurement to jointly pursue sustainable operations and growth. In 2025, domestic material procurement is expected to account for 97.82% of total purchases by value.



Subcontractors

Due to industry characteristics, some of CHS's operations are performed by subcontractors (also referred to as contractors). Priority is given to contractors located in neighboring areas of the plants to provide long-term, stable employment opportunities. This not only supports the Company's regular operations but also fulfills its corporate social responsibility. CHS categorizes subcontractors into six types based on the nature of the work performed, with detailed descriptions provided as below:

Serial Number	Categories of Subcontractors	Number of Subcontractors	Ratio	Nature of work
1	Material Repair and Maintenance Collaboration	20 subcontractors	22.99 %	Sending equipment off-site for repair, including both labor and materials
2	Supply Collaboration	17 subcontractors	19.54 %	Suppliers responsible for transporting general items purchased by the Company into the warehouse
3	Construction Collaboration	17 subcontractors	19.54 %	Regarding the maintenance, upkeep, and repair, manufacturing, and processing of equipment and spare parts.
4	Environmental Safety Cooperation	15 subcontractors	17.24 %	Environmental cleanup, environmental testing, safety inspections of public buildings, and fire equipment inspections.
5	Operational Collaboration	15 subcontractors	17.24 %	Tasks that do not directly involve operating key production equipment and non-technical work
6	Equipment Collaboration	3 subcontractors	3.45 %	Excavators, trucks, cranes, and truck-mounted cranes are used for construction.
Total		87 subcontractors	100%	

Note: For detailed information on CHS's specifications for various types of subcontractors, please visit the [Company's website](#).



Distribution Table of Subcontractors' Manpower (Non-Employees)				
Year		2023	2024	2025
Items		Number of employees	Number of employees	Number of employees
Total number of non-employees		301	285	287
Gender	Male	257	237	241
	Female	44	48	46
Contractual relationship with the Company		Employees hired by subcontractors have no direct employment relationship with the Company.		
Types of work performed		See relevant content in this section		

Note:

1. Headcounts are based on the number of non-employee personnel in December of the reporting year.
2. The number of subcontractor personnel may be adjusted on a rolling basis according to actual business needs.

To safeguard labor rights and mitigate operational risks for subcontractors, CHS implements the following management practices:

1. With the consent of subcontractors, CHS procures Contractor's All Risk Insurance (including Employer's Liability and Third Party Liability) for NT\$5 million through designated insurance companies. Premiums are deducted from each project's milestone payment requested by the subcontractor. If the construction contract exceeds NT\$50 million (excluding), the subcontractor is required to independently procure insurance from CHS's designated insurers.
2. All personnel entering CHS's facilities for construction work are required to be covered by labor insurance by their respective employers (contractors). Additionally, the Company maintains an employer's liability insurance policy of NT\$2 million with an insurance provider to enhance protection for contractor personnel in the event of accidents.
3. According to CHS's "General Regulations for Construction and Operational Collaboration," labor conditions such as salary standards, labor insurance, retirement benefits, and special leave for contractors and subcontractors working at CHS premises must comply with labor standards laws. CHS conducts labor condition audits in January and July annually. 8 audits were conducted in 2025, all complying with labor standards laws, with no instances of child labor or forced labor.



Security Personnel Management

Security and access control at CHS's factory area are managed by China Steel Security Company and Zheng Shin Security Company. Currently, the two security firms have a total of 47 stationed personnel. In accordance with Article 10-2 of the Security Services Act, which stipulates that security personnel must undergo at least one week of pre-service professional training and receive at least 4 hours of in-service training per month for current staff. Both companies are compliant with the regulations and conduct a total of 188 hours of training per month, covering legal knowledge, operational skills, human rights advocacy, and etiquette.

2.6.2 Evaluation and assessment of suppliers and contractors

Each year, the Company conducts evaluations and assessments of suppliers and contractors based on the "Contractor and Supplier Evaluation and Assessment Procedures." In principle, the results of these evaluations and assessments are compiled into a report every two years and submitted to the responsible authorities for review. In cases of serious violations (including occupational safety and environmental violations) that result in losses to the Company, the responsible authorities may approve suspension of the contractor's rights, with severe cases potentially leading to indefinite suspension.

Supplier and Contractor Evaluation

Any new contractors or suppliers wishing to engage with the Company must undergo evaluation by the Procurement Department, provided they meet the eligibility criteria under the "Contractor and Supplier Evaluation and Assessment Procedures." Evaluation items vary depending on the nature of work but primarily include business management, quality control, equipment capability, and environmental, health, and energy (EHE) management. In 2025, two new vendors met the criteria under the "Contractor and Supplier Evaluation and Assessment Procedures" and achieved a 100% pass rate.

100%

Assessment of Suppliers and Contractors

For existing contractors or suppliers that meet the assessment criteria under the "Contractor and Supplier Evaluation and Assessment Procedures," evaluations are conducted by the requesting departments. Assessment items vary by the nature of work and mainly include construction (material) quality, schedule control, industrial safety and environmental protection, on-site management, penalty or violation records, incidents of injury and environmental pollution, transportation safety, and cooperation and coordination. In 2025, a total of 83 vendors met the assessment criteria under the "Contractor and Supplier Evaluation and Assessment Procedures," with a pass rate of 100%.

100%

A large, circular graphic featuring a vibrant green grass background. The words "GO GREEN" are written in large, white, 3D block letters, partially obscured by the circular frame.

CH3

Environmentally Friendly

3.1 EHS (Environmental, Health, and Safety) and Energy Policy and Management

3.2 Climate and Nature Management

3.3 Carbon Reduction Target and Management

3.4 Green Manufacturing Processes

3.5 Pollution Prevention



3.1 EHS (Environmental, Health, and Safety) and Energy Policy and Management

3.1.1 EHS (Environmental, Health, and Safety) and Energy Policy

Recognizing the interconnectedness of environmental, energy, and occupational safety and health management systems, the company has integrated ISO 14001 "Environmental Management System," ISO 50001 "Energy Management System," and ISO 45001, CNS 45001, and TOSHMS "Occupational Health and Safety Management Systems." This serves as the basis for formulating CHS's EHS-Energy Policy, which, upon approval by the Chairman, is announced and implemented. The policy's core values are "Respect for Life, Care for the Environment, and Energy Conservation and Waste Reduction," with commitments to six major focus areas.

Improving Management Performance

Provide resources, apply goal-setting management programs, and pursue continual improvement to elevate EHS-Energy performance and support sustainable corporate development.

Strengthening Consultation and Participation

Enhance EHS-Energy education and training, improve communication, consultation, and participation with employees, contractors, and stakeholders, and foster harmonious relationships.

Continuous Energy Saving and Waste Reduction

Prioritize energy performance in planning and design, procure energy-efficient products and services, cherish and utilize energy resources wisely, and continuously promote energy-saving and waste-reduction efforts to fulfill corporate responsibility.



Enhancing Employee Health

Promote health initiatives to raise awareness of personal health management, prevent diseases, and maintain physical and mental well-being.

Eliminating Potential Hazards

Comply with EHS-Energy regulations, conduct self-management, proactively identify hazards, carry out Hazard Identification and Risk & Opportunity Assessment, and manage or eliminate risks.

Environmental Protection

Show concern for the environment and climate change, implement life cycle environmental assessments, identify pollution sources, prevent pollution, and reduce environmental impacts.

3.1.2 Environmental and Energy Management Framework

CHS has obtained certifications for its Environmental Management System (ISO 14001) and Energy Management System (ISO 50001). In accordance with the "Regulations for the Establishment of the Environment and Energy Management Committee," the company has established the Environment and Energy Management Committee, chaired by the Vice President of Production. Committee members include plant directors, the head of the Purchasing Department, and environmental and energy managers from each plant. The Committee oversees four task groups: Thermal Energy Technology, Electrical Energy Technology, Environmental & Energy Systems and Waste Reduction, and Promotion. Meetings are held once every two months to coordinate and ensure the effective operation of environment and energy management, and performance is regularly reported to the President. The Committee deliberates on the following matters:





3.2 Climate and Nature Management

3.2.1 Response to Climate Change

GRI 201-2

In March 2022, the National Development Council released the "Taiwan 2050 Net-Zero Emissions Pathway and Strategy," aiming to achieve net-zero emissions by 2050 through the integration of industry, government, and academia. In response to the global trend towards net-zero emissions and the increasing impact of climate change, CHS has committed to minimizing the risks associated with climate change and actively discloses climate change management actions and information to stakeholders. CHS joined the TCFD Supporter initiative launched by the Financial Stability Board (FSB) and, as required by the Financial Supervisory Commission, implemented the "International Financial Reporting Standard S2: Climate-Related Disclosures" (referred to as IFRS S2). It discloses information on governance, risk management, strategy, indicators, and targets assessed following the TCFD framework in its sustainability report.

Governance

Risk Management

Strategy

Indicators and Objectives

CHS's TCFD Four Core Elements Actions

Corresponding Chapter

- CHS establishes the Risk Management Team and Sustainable Development Committee (including the IFRS Project Team) to oversee climate-related issues, with annual reporting to the Board of Directors on outcomes.
- The Company's climate-related financial disclosures were jointly compiled by the heads and members of the implementation teams under the Sustainable Development Committee.
- CHS establishes "Risk Management Policy and Procedure Guidelines" to effectively manage climate change risks, specifying the implementation procedures and responsibilities of each unit.
- Reference the climate risks and opportunities identified by the IFRS project team and utilize the climate change risk and opportunity identification process recommended by the IFRS S2 and TCFD frameworks. Analyze their criticality by multiplying the scores of vulnerability (likelihood of occurrence), impact (severity), and probability of occurrence.
- The Company references the Intergovernmental Panel on Climate Change (IPCC) scenarios of RCP26 for climate mitigation and RCP8.5 for high greenhouse gas emissions to conduct financial impact assessments on "Water Resource Use Restrictions or Shortages (Risk)." Additionally, it refers to scenarios from the International Energy Agency (IEA) such as the Stated Policies Scenario (STEPS) and the Net Zero Emissions (NZE) scenario to assess financial impacts related to "restrictions on GHG emissions or rising emission costs."
- CHS integrates the expertise of relevant departments through cross-unit discussions, analyzes recent changes in related issues, and references the IFRS project team assessment results to propose and implement effective strategies in response to various risks and opportunities.

2.3.4 Risk Management
1.4 Sustainable Development Committee

2.3.4 Risk Management
3.2.1 Response to Climate Change

3.2.1 Response to Climate Change

Information related to greenhouse gases, refer to 3.3.3 Greenhouse Gas Inventory; evaluation and compensation assessment of managerial performance, refer to 2.2.4 The Board and Executive Compensation Policy.

Environmental Aspects 1, 2, 4, 5 of Appendix 2

Basic indicators of the steel industry.

Information on CHS's Climate-related Risks or Opportunities Targets (Climate-related targets).

1.3 CHS Sustainable Goals under the Sustainable Development Policy and Goal

- Greenhouse Gas Emission Targets :

The Company uses the base year of 2018, with total Scope 1 and Scope 2 greenhouse gas emissions amounting to 379,254 metric tons of CO₂e.

GHG emissions in 2026	GHG emissions in 2030	GHG emissions in 2035
≤ 339,053 metric tons CO ₂ e	≤ 284,440 metric tons CO ₂ e	≤ 237,034 metric tons CO ₂ e

- Energy Conservation Target :

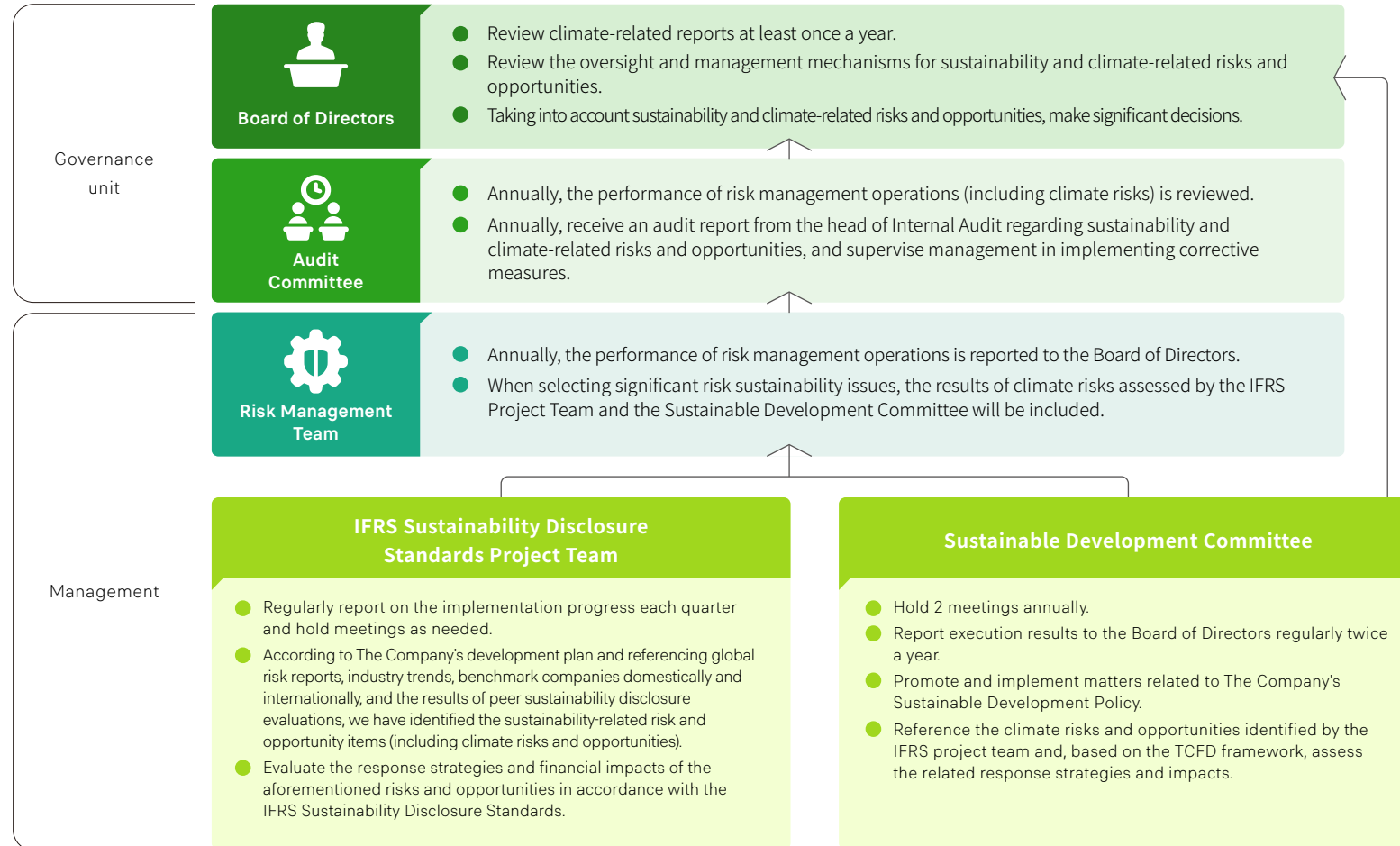
2015-2026	2015-2030	2015-2035
Cumulative Average Annual Electricity Savings Rate>1.5%	Cumulative Average Annual Electricity Savings Rate>1.6%	Cumulative Average Annual Electricity Savings Rate>1.7%

- Target for wastewater (including process water) recycling rate:

2026	2030	2035
Wastewater (including process water) recycling rate>99.0%	Wastewater (including process water) recycling rate>99.1%	Wastewater (including process water) recycling rate>99.2%



Climate Governance Framework



Process for Managing and Identifying Climate Risks and Opportunities

STEP 01

Establishing a List

Reference the climate risks and opportunities items identified by the IFRS project team (7 climate risks and 5 climate opportunities).

STEP 02

Evaluation and Ranking

Reference the product of the impact (severity) and likelihood of occurrence assessed by the IFRS project team, and convene the heads of each execution team of the Sustainable Development Committee to discuss and decide on the vulnerability (mastery) level for evaluation and ranking.

STEP 03

Identifying Key Risks and Opportunities and Assessing Financial Impacts

Based on the Evaluation and Ranking, create a climate risk and opportunity matrix chart, with the product of impact (severity) and likelihood of occurrence on the horizontal axis, and either vulnerability or feasibility on the vertical axis. Any item falling within the top 40% of either axis is identified as a key climate risk opportunity item for this year. These will be subject to financial impact assessment and incorporated into CHS's climate change priorities for strategic development and actions.

STEP 04

Inventory Actions and Strategy Development

Integrate responsibilities across departments regarding climate change adaptation, and reference the assessment results of the IFRS project team. Take stock of current company response strategies and further develop potential response strategies.

STEP 05

Approval

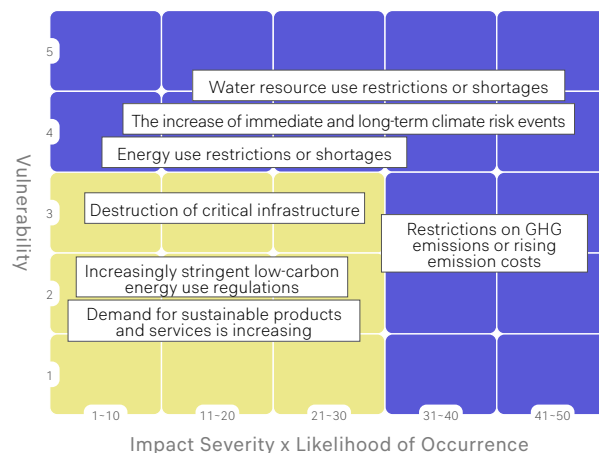
After the evaluation results are confirmed by each department, they are approved by President.



CHS Climate Risk Matrix

Note:

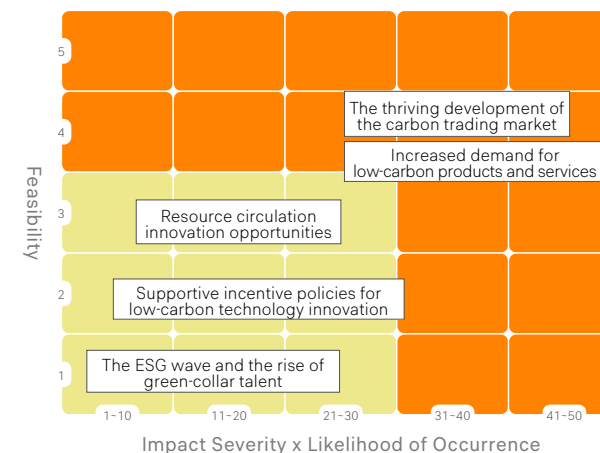
1. Horizontal Axis - Impact Severity x Likelihood of Risk Occurrence: Assess the likelihood of the risk occurring and determine the severity based on the impact of the event.
2. Vertical Axis - Vulnerability: Assess the company's readiness and adaptability to the risk if it occurs.
3. The dark purple area represents highly critical climate risks. Details regarding their financial impacts and response strategies are as follows.



CHS Climate Opportunity Matrix

Note:

1. Horizontal Axis - Degree of Impact x Likelihood of Occurrence: Evaluate the likelihood of the opportunity occurring and determine the severity based on the impact/benefit of the event.
2. Vertical Axis - Degree of Control: Assess the Company's preparedness to create a competitive advantage if the opportunity occurs.
3. The orange area represents highly critical climate opportunities. Details regarding their financial impacts and response strategies are as follows.



CHS's Highly Critical Climate Risks and Response Strategies

Item No.	Risk Type	Risk Factor	Risk Impact	Financial Impact	Potential Occurrence Timeframe			Response Strategies	Impact Scope		
					Short-term	Medium-term	Long-term		Up-stream	CHS	Down-stream
1	Transition Risk Regulatory Policies	Restrictions on GHG emissions or rising emission costs.	In response to climate change, governments and international organizations are implementing stricter emission standards or increasing costs associated with GHG emissions, such as carbon tariffs, carbon taxes, carbon fees, and carbon trading mechanisms. Companies will need to invest more resources in carbon reduction, otherwise they will face high carbon-related expenditures.	Short-term Based on an estimated carbon fee of NT\$300 per metric ton and a CBAM fee of €70 per metric ton, carbon-related expenditures account for approximately 1.18% of the Company's individual annual revenue. Medium-term, Long-term After 2030, it is estimated that the carbon fee will rise to NT\$1,800 per metric ton, with carbon-related expenditures accounting for approximately 2.05% of the Company's individual annual revenue.	■	■	■	Directly (CHS itself) 1. Improvement of Combustion Facility Efficiency 2. Enhancement of Electricity Facility Efficiency 3. Continuously operate the Energy Management System 4. Compliance with Energy Conservation Policies 5. Use of Renewable Energy, in compliance with regulatory requirements 6. Adjust the pricing structure in a timely manner. 7. Hot Rolling and Cold Rolling Departments submit a voluntary emissions reduction plan. Indirect (collaboration with suppliers and customers) 1. Request upstream suppliers of raw materials to provide information on product carbon content and carbon footprint, to facilitate The Company's provision of product carbon content information to downstream customers. 2. Introduce and develop suppliers of low-carbon products to build a diverse supply chain to mitigate the impact of high carbon taxes. 3. Collaborate with customers to develop low-carbon products, strengthening customer dependency.	■	■	■



Item No.	Risk Type	Risk Factor	Risk Impact	Financial Impact	Potential Occurrence Timeframe			Response Strategies	Impact Scope		
					Short-term	Medium-term	Long-term		Up-stream	CHS	Down-stream
2	Regulatory Policies	Energy Use Restrictions or Shortages	With population growth, extreme weather (high temperatures or low temperatures), and rapid industrial development driving the overall increase in electricity demand in society, governments may restrict electricity consumption by companies. In addition, facing extreme weather events that cause instability in energy supply (such as reduced hydropower generation due to drought), there may be a shortage in energy supply. For industries that are highly dependent on electricity, energy use restrictions or shortages may lead companies to temporarily disrupt production or adjust production schedules.	Short-term, Medium-term, Long-term The estimated operational downtime for each production Factory Area is between 1 to 3 days, and orders may decrease by approximately 0.1%, with the financial loss accounting for about 0.54% of the Company's individual annual revenue.	■	■	■	1. All production sites have been certified under the ISO 50001:2018 management system and are actively implementing its standards. 2. Energy consumption reviews are conducted to identify and implement energy-saving opportunities. 3. Coordination with the Group's "Energy and Environment Meetings" ensures close monitoring and response to domestic and international related agreements and regulatory developments.	■	■	■
		Transition Risk									
3	Immediate	Water Resource Use Restrictions or Shortages	Facing the impacts of climate change, the number of days and frequency of droughts may increase, causing water scarcity. At the same time, with population growth and rapid industrial development, governments may restrict corporate water rights, reducing water accessibility and increasing water costs for companies. If water sources experience a decline in quality due to increased pollutant emissions or other factors, corporate water usage may be restricted, impacting operational activities.	Short-term, Medium-term, Long-term In the event of water restrictions, the operations of each affected production Factory Area could be disrupted for up to 5 days, and orders may decrease by approximately 0.1%, with the financial loss accounting for about 142% of the Company's individual annual revenue.	■	■	■	1. Implement water recycling in manufacturing processes. 2. Install water storage equipment. 3. Establish rainwater harvesting and effluent water recovery systems.	■	■	■
		Physical Risks									
4	Immediate/Long-term	The increase of immediate and long-term climate risk events	Extreme weather events such as heavy rain, floods, and typhoons may cause damage to company assets, disrupt operations, and result in casualties during employee commutes. Sustained high temperatures or long-term heatwaves may decrease employees' work efficiency or reduce attendance days, affecting operational performance. If global sea level rise occurs, business assets located in low-lying areas will suffer erosion damage.	Short-term, Medium-term In the event of extreme weather events, the operations of each affected production Factory Area could be disrupted for a maximum of 7 days, resulting in abnormal product quality and reduced shipment volumes, with the financial loss accounting for about 10.7% of the Company's individual annual revenue. Long-term Long-term, due to abnormal product quality and reduced shipment volumes, could increase, resulting in the long-term financial loss accounting for about 1.11% of the Company's individual annual revenue.	■	■	■	1. Regularly review the "Emergency Response Procedures" and the standards for typhoon and flood prevention operations. 2. Inspect and maintain floodgates, water pumps, and pump motors to ensure equipment usability. 3. Conduct flood prevention and flood drills. 4. For Factory Areas potentially facing the risk of Global sea level rise, evaluate relocation plans based on the severity of the risk. 5. In the future, when choosing the location for a factory area or purchasing land, the risk of global sea level rise will be taken into consideration.	■	■	■
		Physical Risks									

Note:

1. Short-term: incidents occurring within 1 year; Medium-term: incidents occurring within 1-5 years; Long-term: incidents occurring beyond 5 years.

2. Upstream refers to suppliers, while downstream refers to customers and consumers.

3. Risk Item 1, "Restrictions on GHG emissions or rising emission costs," is assessed as a significant climate risk under IFRS (filtered based on the top three short, medium, and long-term items, and compared with major sustainability issues of the CSC Group. The CHS IFRS project team and various units selected those most aligned with the actual situation, with final confirmation by CHS senior management as significant items). Therefore, referencing the IFRS S2 standard, it discloses indirect response strategies, their impact on business models and value chains, as well as changes in business models and resource allocation, as explained below:

Risk Factor	Current/Expected Impact of Risk	Impact on the Upstream (suppliers) of the value chain	Impact on CHS's business model and resource allocation	Impact on the Downstream (Customers) of the value chain
Restrictions on GHG emissions or rising emission costs	Currently	The main raw materials for CHS, including flat steel billets and steel coils, are procured from domestic steel mills. With the implementation of carbon fees in 2025, domestic suppliers may pass on the costs, leading to an increase in CHS's operating costs.	In 2025, CHS is subject to the domestic carbon fee voluntary reduction program requirement, which restricts GHG emissions to not exceed the specified target annual emission levels. If the emission limits are exceeded, the preferential carbon fee rates will be canceled, resulting in increased operating costs for CHS.	1. CHS's carbon fees and investment costs for carbon reduction may be passed on to customers, increasing their operating burden and affecting order volumes. 2. In response to the EU CBAM regulations, if the product carbon content declaration is incomplete, fines imposed on importers may be passed on to CHS, further increasing costs. 3. The transfer of low carbon raw materials or carbon fees may also weaken customers' competitiveness, affecting CHS's order acquisition.
	Expected	1. Suppliers of raw materials, both domestic and international, need to invest in carbon reduction technology to comply with regulations. This increases their costs, which may be passed on to CHS, leading to a rise in raw material costs. 2. Transportation operators are subject to emission restrictions and need to upgrade vehicles or pay carbon fees, leading to increased transportation costs that may be passed on to CHS. 3. In response to the customers' increasing demand for low-carbon products, the procurement volume of low-carbon steel billets will increase in the future. 4. The high price of low-carbon steel billets increases raw material costs.	1. CHS is subject to the domestic carbon fee voluntary reduction program requirement, which restricts GHG emissions to not exceed the target annual emission levels. If the emission limits are exceeded, the preferential carbon fee rates will be canceled, leading to increased operating costs for the Company. 2. If CHS exceeds the statutory emission limits (e.g., total greenhouse gas emissions control), it may be required to pay penalties, which would increase the Company's operating costs. 3. In order to meet emission requirements, CHS needs to invest more in carbon reduction technologies or purchase more green electricity, which will increase operating costs. 4. The applicability of low-carbon steel billets and whether the output quality is stable. 5. Future payments of domestic carbon fees will increase CHS's expenses.	1. The Environmental Department's carbon fee rate increase requires CHS to bear more carbon fees, which may pass on more carbon fee costs to customers, increasing their operating costs. This rise in operating costs may reduce order volumes, impacting CHS's operational planning. 2. In order to meet emission limits, CHS needs to invest in carbon reduction technology, which will increase operating costs. This may pass on more carbon fee costs to customers, increasing their operating costs. This rise in operating costs may reduce order volumes, impacting CHS's operational planning. 3. Transportation operators are subject to emission restrictions and may need to purchase new vehicles (electric vehicles) or pay carbon fees for excess emissions, leading to increased product transportation costs. Transportation operators may pass on transportation costs to CHS or customers, leading to an increase in CHS's operating costs. 4. The EU CBAM will officially come into effect in 2026, and CHS needs to cooperate with customer requests to provide product carbon content information to avoid incomplete import declarations by EU importers, which could lead to penalties by the EU. If EU importers are penalized by the EU, they may pass the penalty on to CHS, leading to an increase in CHS's operating costs. If CHS's product carbon content is higher than that of other companies, EU importers will need to bear more carbon tariffs, which may reduce order volumes and impact CHS's operational planning. 5. Increasing the price of low-carbon product sales affects customer acceptance. 6. If the production of low-carbon steel is insufficient, it may not meet customers' orders for low-carbon products, or it may lead to delivery delays.



CHS's Highly Critical Climate Opportunities and Response Strategies

Item No.	Opportunity Type	Opportunity Factor	Opportunity Impact	Financial Impact	Potential Occurrence Timeframe			Response Strategies	Impact Scope		
					Short-term	Medium-term	Long-term		Upstream	CHS	Downstream
1	Products and Service	Increased demand for low-carbon products and services.	As customer preferences change and investors focus on low-carbon-related green investment trends, there is an increased demand for low-carbon products and services. Enterprises introducing or developing low-carbon technologies, using and developing low-carbon materials, such as switching to electrical equipment and adopting decomposable materials, actively develop low-carbon products and services to meet the low-carbon demand of customers and the market, will be able to explore and position new business opportunities and increase revenue.	Short-term, Medium-term The estimated sales revenue of low-carbon products accounts for approximately 0.10% of the Company's individual annual revenue. Long-term The estimated sales revenue of low-carbon products accounts for approximately 0.20% of the Company's individual annual revenue.	■	■	■	Directly (CHS itself) 1. Continuously strive to collaborate with both domestic and export sales customers in the development and promotion of RC low-carbon products. 2. Continuously promote process optimization and low-carbon technologies to reduce product carbon emissions, develop low-carbon products and services, and meet the low-carbon demand of the market. Indirect (collaboration with suppliers and customers) 1. Stabilize and develop low-carbon steel billet suppliers for long-term collaboration, achieving more reasonable pricing and stable supply. 2. For the existing low-carbon steel billet inventory, align with the EU CBAM high-cost barrier trend, develop customers with demand for low-carbon products, and convert the low-carbon advantage into tangible revenue benefits.	■	■	■
2	Market	The thriving development of the carbon trading market	With the advent of the era of carbon pricing, the global carbon trading market is thriving. Enterprises can familiarize themselves with relevant regulations and operational processes in advance, flexibly utilizing carbon credits, including transferring reduction quotas or purchasing and developing carbon credits according to their needs to create additional revenue.	Short-term, Medium-term, Long-term Based on the first carbon credit transaction price at the Carbon Exchange (NT\$3,500/tCO ₂ e), the additional revenue accounts for approximately 2.91% of the Company's individual annual revenue.	■	■	■	Directly (CHS itself) 1. Evaluate the formulation of the Company's Carbon Credits Trading Management Regulations. 2. Evaluate the ratio and benefits of deducting carbon fees based on reduction quotas. Indirect (collaboration with suppliers and customers) 1. Depending on the case, the President appoints the relevant unit to discuss carbon credit needs and pricing with Customers.		■	

Note:

1. Short-term: incidents occurring within 1 year; Medium-term: incidents occurring within 1-5 years; Long-term: incidents occurring beyond 5 years.

2. Upstream refers to suppliers, while downstream refers to customers and consumers.

3. Opportunity Item 1, "Increased demand for low-carbon products and services," and Item 2, "the thriving development of the carbon trading market," are both recognized as significant climate opportunities under IFRS (filtered based on the top three short, medium, and long-term items, and compared with the major sustainability issues of the CSC Group. After discussions by the CHS IFRS project team and various units, those most aligned with the actual situation were selected, with final confirmation by CHS senior management as significant items). Therefore, referencing the IFRS S2 standard, it discloses indirect response strategies, their impact on business models and value chains, as well as changes in business models and resource allocation, as explained below:

Opportunity Factor	Current/ Expected Impact of Opportunity	Impact on the Upstream (suppliers) of the value chain.	Impact on CHS's business model and resource allocation	Impact on the Downstream (Customers) of the value chain.
Increased demand for low-carbon products and services	Currently	In response to the 2025 low-carbon product sales targets, CHS has procured low-carbon RC steel billets.	The demand for low-carbon products from customers is gradually heating up. Efforts are being made to investigate the demand, specifications, quantity, etc., for low-carbon products from both domestic and international customers.	In response to the trend of carbon reduction, customers' demand for low-carbon products is increasing daily.
	Expected	1. In response to the trend of carbon reduction, customers' demand for low-carbon products is increasing daily. The procurement volume of low-carbon steel billets will gradually increase in the future. 2. Develop low-carbon steel billet suppliers.	1. Formulate a low-carbon product sales strategy. 2. Collaborate with customers to develop low-carbon products, strengthening customer dependency. 3. The favorable pricing and limited competition of low-carbon products increase the Company's revenue.	1. The proportion of customers procuring low-carbon products will gradually increase. 2. Collaborate with customers' upstream suppliers to develop low-carbon products.
The thriving development of the carbon trading market	Currently	None.	1. CHS has obtained offset project emission reduction allowances approved by the Environmental Ministry for export sales, which can increase operational revenue. 2. CHS has obtained offset project emission reduction allowances approved by the Environmental Ministry, which can be used to offset carbon fees, thereby reducing carbon fee expenditures.	None.
	Expected	None.	1. CHS has obtained offset project emission reduction allowances approved by the Environmental Ministry for export sales, which can increase operational revenue. 2. CHS has obtained offset project emission reduction allowances approved by the Environmental Ministry, which can be used to offset carbon fees, thereby reducing carbon fee expenditures.	None.

Climate Scenario Analysis

Climate Risks	Immediate Physical Risks	Transition Risk - Regulatory Policies
	Water Resource Use Restrictions or Shortages	Restrictions on GHG emissions or rising emission costs.
Climate Scenarios	IPCC's RCP2.6 and RCP8.5	The IEA's STEPS, NZE, and CHS's greenhouse gas reduction targets scenario analysis depict pathways for greenhouse gas emissions and reduction strategies leading up to 2050.
Evaluation Content	Based on estimation and analysis, it is projected that CHS's production and operations will be impacted under both the RCP2.6 and RCP8.5 scenarios, resulting in a potential loss of operating revenue. In anticipation of potential scenarios of water scarcity, CHS has developed specific coping strategies and related objectives, detailed in 3.2.1 Response to Climate Change/CHS's Highly Critical Climate Risks and Response Strategies.	From the scenario analysis, it is evident that without proactive efforts in carbon reduction, CHS may face substantial carbon fees and penalties. However, if CHS implements its carbon reduction targets and achieves carbon neutrality by 2050, carbon fees and penalties will progressively decrease until they are no longer applicable.

3.2.2 Biodiversity

CHS refers to the LEAP (Locate, Evaluate, Assess, Prepare) methodology recommended by the Taskforce on Nature-related Financial Disclosures (TNFD) as the core framework and uses the ENCORE (Exploring Natural Capital Opportunities, Risks and Exposure) tool to identify the nature-related dependencies and impact items of the steel industry. After analysis and identification, CHS implements mitigation actions for key risk and opportunity items and signs Biodiversity Policies and Commitments.



1. Locate

The Company evaluates the Factory Area's 'ecosystem importance' and 'number of potentially threatened species' to determine the natural sensitivity of each CHS Factory Area. These are categorized into four levels: Very High (VH), High (H), Medium (M), and Low (L) (as detailed below), to prioritize the assessment of Factory Areas with High (H) or above natural sensitivity.

Natural Sensitivity Classification Table					
Natural Sensitivity		Ecosystem importance			
		VH	M	M	L
Number of potentially threatened species	VH	VH	H	H	M
	H	H	H	M	M
	M	H	M	M	L
	L	M	M	L	L

Note:

1. Ecosystem importance: Referencing the "National Land Surveying and Mapping Center, Ministry of the Interior" and "Ecological Green Network" data, the sensitivity level of a Factory Area is determined based on whether it is located in an ecological protection, conservation, or concern area. It is categorized into four levels: Very High (VH), High (H), Medium (M), and Low (L)."
2. Number of potentially threatened species: Referring to the data from the "Taiwan Biodiversity Network" by the Institute of Biodiversity, Ministry of Agriculture, the presence and quantity of species within a 1-kilometer radius of the Factory Area are assessed based on the categories of Critically Endangered (CR), Endangered (EN), or Vulnerable (VU) as evaluated by the national Red Book. These are categorized into four levels: Very High (VH), High (H), Medium (M), and Low (L).

After evaluation, the Cold Rolling Department's natural sensitivity is categorized as Medium (M), while the other Factory Areas are all Low (L). Since none of the Factory Areas have a natural sensitivity rating of High (H) or above, the Company's TNFD working group has discussed and resolved that due to the presence of a detention basin near the Cold Rolling Department and its proximity to Dianbao River, which flows through Yuanzhonggang Wetland, it is recommended to prioritize the assessment of the Cold Rolling Department.

Sites	Ecosystem importance	Number of potentially threatened species	Natural sensitivity
Cold Rolling Department	M	M	M
Pipe & Tube Department, Lukang Industrial Zone	M	L	L
Pickling & Galvanizing Department	L	M	L
Hot Rolling Department	M	L	L
Pipe & Tube Department, Da Fa Industrial Zone	L	L	L



2. Evaluate

CHS identifies the steel industry’s potential dependencies and impact factors on nature using the ENCORE tool, prioritizing the Cold Rolling Department as the evaluation site. Subsequently, based on the Company’s current operational conditions, CHS evaluates its dependency and impact on nature.

CHS's dependency and impact on nature		
	Scope	Severity
Dependency	1. Water Supply	H
	2. Water flow regulation	M
	3. Rainfall	M
	4. Water quality purification	M
	5. Climate Regulation Service (including global and local)	L
	6. Reduce Soil and Sediment Loss	L
	7. Flood prevention	L
	8. Solid waste transformation	L
	9. Air purification	L
	10.Storm mitigation	L
	11. Noise mitigation	L
	12.Other sensory alleviation	L
Influence	1. GHG emissions	H
	2. Air Pollutant Emissions	M
	3. Water Consumption	M
	4. Waste generation and discharge	L
	5. Scope of land use	L
	6. Toxic pollutant emissions into water bodies and soil	L
	7. The generation of noise and light pollution	L

Note: According to ENCORE practices, dependency and impact severity are divided into five levels: Very High (VH), High (H), Medium (M), Low (L), and Very Low (VL).



3. Assess

Based on the assessment results of CHS’s dependency and impact on nature, establish a list of nature-related risks and opportunity factors with reference to the TNFD framework, and formulate corresponding response strategies.

(1) Risk Factor List

Item No.	Risk Type	Risk Factor	Risk Impact	Potential Occurrence Timeframe			Response Strategies	Impact Scope				
				Short-term	Medium-term	Long-term		Up-stream	CHS	Down-stream		
1	Transition Risk Regulatory Policies	Restrictions on GHG emissions or rising emission costs.	In response to climate change, governments and international organizations are implementing stricter emission standards or increasing costs associated with GHG emissions, such as carbon tariffs, carbon taxes, carbon fees, and carbon trading mechanisms. Companies will need to invest more resources in carbon reduction, otherwise they will face high carbon-related expenditures.		■	■	Directly (CHS itself)	Indirect (collaboration with suppliers and customers)	■	■		
							1. Improvement of Combustion Facility Efficiency. 2. Enhancement of Electricity Facility Efficiency. 3. Continuously operate the Energy Management System. 4. Compliance with Energy Conservation Policies. 5. Use of Renewable Energy, in compliance with regulatory requirements. 6. Adjust the pricing structure in a timely manner. 7. Cold Rolling Department submit a voluntary emissions reduction plan.	1. Request upstream suppliers of raw materials to provide information on product carbon content and carbon footprint, to facilitate The Company's provision of product carbon content information to downstream customers. 2. Introduce and develop suppliers of low-carbon products to build a diverse supply chain to mitigate the impact of high carbon taxes. 3. Collaborate with customers to develop low-carbon products, strengthening customer dependency.				
2	Physical Risks Immediate	Water Resource Use Restrictions or Shortages	Facing the impacts of climate change, the number of days and frequency of droughts may increase, causing water scarcity. At the same time, with population growth and rapid industrial development, governments may restrict corporate water rights, reducing water accessibility and increasing water costs for companies. If water sources experience a decline in quality due to increased pollutant emissions or other factors, corporate water usage may be restricted, impacting operational activities.		■	■	■	1. Install water storage equipment. 2. Establish rainwater harvesting. 3. Establish effluent water recovery systems.		■	■	■

Note:
1. Short-term: incidents occurring within 1 year; Medium-term: incidents occurring within 1-5 years; Long-term: incidents occurring beyond 5 years.
2. Upstream refers to suppliers, while downstream refers to customers and consumers.



(2) Opportunity Factor List

Item No.	Opportunity Type	Opportunity Factor	Opportunity Impact	Potential Occurrence Timeframe			Response Strategies	Impact Scope		
				Short-term	Medium-term	Long-term		Upstream	CHS	Downstream
1	Products and Services	Increased demand for low-carbon products and services.	As customer preferences change and investors focus on low-carbon-related green investment trends, there is an increased demand for low-carbon products and services. Enterprises introducing or developing low-carbon technologies, using and developing low-carbon materials, such as switching to electrical equipment and adopting decomposable materials, actively develop low-carbon products and services to meet the low-carbon demand of customers and the market, will be able to explore and position new business opportunities and increase revenue.	■	■	■	Directly (CHS itself) 1. Continuously strive to collaborate with both domestic and export sales customers in the development and promotion of RC low-carbon products. 2. Continuously promote process optimization and low-carbon technologies to reduce product carbon emissions, develop low-carbon products and services, and meet the low-carbon demand of the market. Indirect (collaboration with suppliers and customers) 1. Stabilize and develop low-carbon steel billet suppliers for long-term collaboration, achieving more reasonable pricing and stable supply. 2. For the existing low-carbon steel billet inventory, align with the EU CBAM high-cost barrier trend, develop customers with demand for low-carbon products, and convert the low-carbon advantage into tangible revenue benefits.			■

Note:

1. Short-term: incidents occurring within 1 year; Medium-term: incidents occurring within 1-5 years; Long-term: incidents occurring beyond 5 years.

2. Upstream refers to suppliers, while downstream refers to customers and consumers.



4. Prepare

To reduce dependence on and impact to biodiversity, CHS adopts the following mitigation action plans:

Mitigation measures	CHS Actions
Avoid	● Avoid development in world heritage sites, nature reserves, and nationally important wetlands. ● Conduct facilities improvement for once-through boilers.
Reduce	● Implement wastewater recycling and Reuse, and discharge after the on-site wastewater has been treated and meets discharge standards. ● During the autumn and winter seasons when air quality is poor, proactively arrange for process load reduction and periodic maintenance of production equipment to avoid the deterioration of Air Quality. ● Continuously develop green products and improve green processes. ● To mitigate the risks of vehicular exhaust emissions, CHS continues to advocate for the use of Eco-friendly vehicles (Tier 4 and above) by cooperative transport companies for transporting The Company's steel products.
Regeneration	● The waste pickling solution generated by the Cold Rolling Department and the Pickling & Galvanizing Department is sent to the Pickling & Galvanizing Department's ARP (Acid Regeneration Process) for regeneration treatment, where it is converted into the by-product regenerated acid, implementing the circular economy
Recover	● Hold annual beach cleanup events to maintain the marine environment. ● Since 2018, CHS has adopted the street trees in the Kaohsiung Dafa Industrial Park (near the Dafa Pipe & Tube Department). Through appropriate maintenance and replanting measures, the survival rate and growth conditions of the trees have been improved, enhancing the shading and habitat functions of the urban greenbelt, accumulating a sponsorship amount of NT\$475,000.
Transition	● CHS has established the "Green Living Promotion and Assessment Measures," which implement activities promoting green living across various aspects of daily life including food, clothing, housing, transportation, leisure, and other aspects. Green living activities include initiatives such as incentives for folding uniforms, options for interchangeable clothing, reducing clothing waste, switching from bottled to bulk water at large events, promoting carpooling for official vehicles, recycling single-sided paper, encouraging video conferences, donating old clothes, and recycling old fabrics. CHS actively participates in the group's green living assessments. ● CHS 's cold rolling department is located near the Dianbao River. In addition to implementing environmental protection and pollution prevention measures within the factory, CHS has joined the Dianbao River Joint Water Environment Patrol Team to assist the nearby community in safeguarding the water quality of the Dianbao River and jointly protect the surrounding ecological environment. In 2025, received the "Dedication Award" trophy and certificate for the Kaohsiung City Water Environment Patrol Team in the corporate category from the Environmental Protection Bureau of Kaohsiung City. ● CHS has established the "Green Procurement Procedures," prioritizing materials and supplies that possess eco-labels, energy-saving labels, water-saving labels, or are environmentally friendly products. Contractors engaged in awarded projects who have been certified under ISO 14001 or ISO 50001 systems are also given priority consideration. For five consecutive years, CHS's Green Procurement amounted to over NT\$5,000,000, earning a Certificate of Appreciation from the Kaohsiung City Government Environmental Protection Bureau for its outstanding Key Performance Indicators. In 2025, the green procurement amounted to NT\$50,000,000, with the primary green products being renewable energy (solar power generation), computer hosts, laptops, energy-saving lighting equipment, electrical appliances (water dispensers, air conditioners), copier consumables (photocopy machine rental, recycled paper), office machines, public vehicle rental fees, high-speed rail transportation expenses, and subsidies for schools to replace energy-saving facilities.





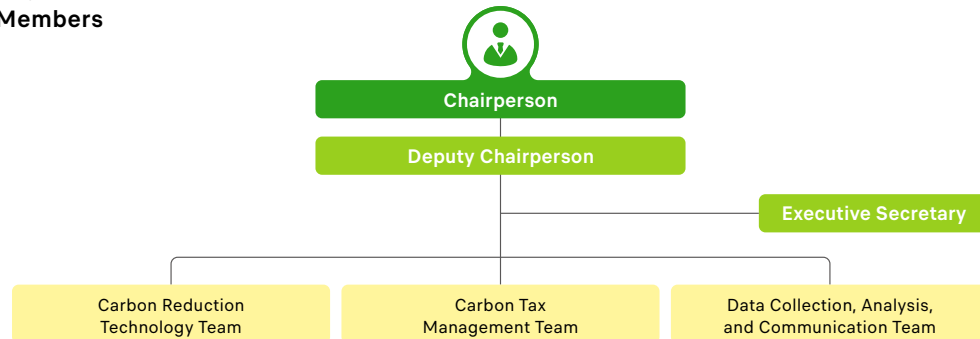
3.3 Carbon Reduction Target and Management

3.3.1 Carbon Reduction and Carbon Neutrality Promotion Committee Members

In response to the domestic and international carbon neutrality targets and the challenges posed by various countries' carbon border adjustment mechanisms, the "Carbon Reduction and Carbon Neutrality Promotion Task Force" (chaired by the Vice President of Production) will be restructured into the "Carbon Reduction and Carbon Neutrality Promotion Committee" in May 2025. The President will serve as the Chairperson, overseeing carbon reduction affairs. Under the committee, three major task teams will be established: the "Carbon Reduction Technology Team," the "Carbon Tax Management Team," and the "Data Collection, Analysis, and Communication Team," each led by a department head from the relevant unit, thereby creating a cross-departmental operational system.

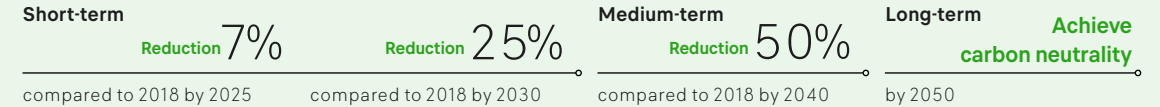
Hold committee meetings every three months, chaired by the Chairperson, with core tasks including the review of the Carbon Reduction Pathway targets and overseeing the effectiveness of the implementation of various promotion plans. To ensure that carbon reduction strategies seamlessly align with national and CSC Group policies, the Executive Secretary regularly participates in relevant meetings of the group and competent authorities, providing timely feedback on resolutions and policy directions. In addition, the committee actively introduces external resources by inviting domestic experts, such as those from the Industrial Technology Research Institute, to serve as consultants. They discuss various countries' carbon border adjustment mechanisms, domestic and international carbon fees (taxes), and energy-related regulations while providing talent training. Through energy-saving diagnostics in the factory area, they identify improvement opportunities to ensure the Company effectively manages risk control and compliance with laws and regulations, steadily progressing towards green transformation targets.

Organizational Chart of the Carbon Reduction and Carbon Neutrality Promotion Committee Members

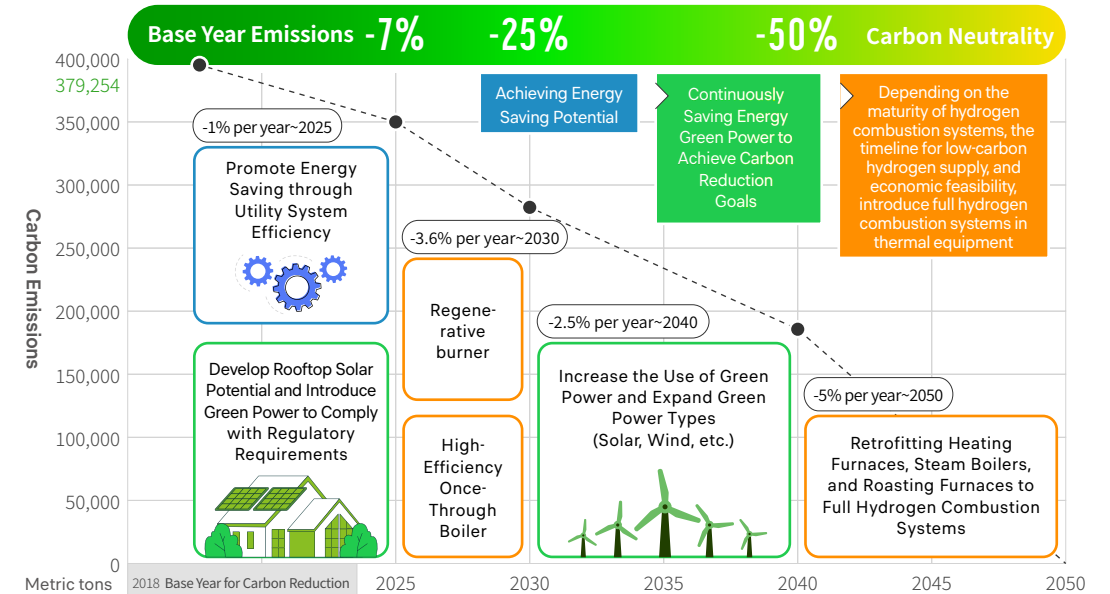


3.3.2 Carbon Reduction Pathway GRI 302-4 GRI 305-5 SASB EM-IS-110a.2

CHS's carbon reduction targets (Scope 1 and 2), using 2018 as the base year, and long-term carbon reduction targets and pathways are set as follows:



CHS's 2050 Carbon Reduction Pathway



2025 Major Energy Conservation and Carbon Reduction Initiatives and Performance

Serial Number	Energy Conservation and Carbon Reduction Initiative	Energy Conservation Achievements		Carbon Reduction Achievements
		Electricity consumption (kWh)	GJ	CO ₂ e (metric tons)
1	Energy-saving efforts have been driven by improving the efficiency of public utility systems (e.g., replacing LED lighting, renewing and upgrading a 300hp double suction pump in the Hot Rolling Department utility area, with 33 projects completed).	2,224,315	8,008	1,036.53
2	Utilization of green electricity (totaling 6,200,000 kWh/year)	-	-	2,889.2

Note:

1. In 2025, the electricity savings from various energy efficiency projects were calculated based on the reporting method used in the Energy Administration’s Energy Audit Network Declaration System. The calculations involved theoretical estimates (e.g., differences before and after equipment improvements) and actual electricity consumption measurements (using installed meters).

2. The carbon emission reduction from energy efficiency projects in 2025 was self-estimated by CHS. It was calculated using the Energy Administration’s electricity carbon emission coefficient of 0.466 kg CO₂e per kWh for the year 2025.

3. The carbon reduction outcomes for the current year: All fall under Scope 2.

3.3.3 Greenhouse Gas Inventory

GRI 305-1GRI 305-2GRI 305-3SASB EM-IS-110a.1

CHS sets its organizational boundaries for greenhouse gas inventory according to operational control methods. Global Warming Potential (GWP) values are referenced from the Intergovernmental Panel on Climate Change (IPCC) Sixth Assessment Report (2021 edition), in compliance with the relevant regulatory requirements of the Financial Supervisory Commission’s “Sustainable Development Roadmap for Listed Companies.” The greenhouse gas inventory results for the past three years are as follows:

Unit: metric tons CO₂e

Scope 1		Scope 2		Scope 3		
ISO 14064-1: 2018	Category 1	Category 2	Category 3	Category 4	Category 5	Category 6
	Direct emissions	Indirect energy emissions	3.1 Upstream Transportation	4.1 Purchase of Goods	4.3 Fuel and Energy Related	4.4 Waste Disposal
2023	146,771.5102	130,405.2627	59,160.3220	4,050,904.952	61,618.763	256.438
2024	128,052.2297	110,891.4608	47,716.4130	3,335,853.995	53,989.271	289.959
2025	86,571.6537	76,986.8000	36,465.140	2,141,234.370	40,360.229	192.080

Note:

1. The above GHG emissions data has been verified by an independent third party, DNV Business Assurance Co., Ltd. (DNV)—and certified under ISO 14064-1:2018.

2. Types of greenhouse gases: Carbon dioxide (CO₂), Methane (CH₄), Nitrous oxide (N₂O), Hydrofluorocarbons (HFCs), Perfluorocarbons (PFCs), Sulfur hexafluoride (SF₆), Nitrogen trifluoride (NF₃).

3. Due to the Company’s business model falling under B → B, there are no activities falling under Category 5; after an inventory review, the Company has no Category 6 (Other sources).

4. Explanation of Scope 1 emission calculation methods: The primary method used for quantification is the “emission factor method,” with the calculation formula being “activity data × emission factor × Global Warming Potential (GWP).” The GWP values are those from the IPCC Sixth Assessment Report (2021 edition). Fixed and mobile combustion sources are calculated based on fuel consumption multiplied by the emission factors announced by the Environmental Ministry. For process emissions, specific gases such as acetylene and butane adopt the “mass-energy balance (chemical balance)” method to calculate their emission factors. Fugitive emissions include septic tank sewage, fire extinguishers, and refrigerants in air conditioning systems, which are calculated based on equipment specifications to determine the operational leakage amounts.

5. Explanation of Scope 2 Emission Calculation Methods:

(1) Location-based approach:

a. Electricity purchased from Taiwan Power Company (Taipower) is calculated using the location-based approach, with the electricity emission factor adopted from the national grid emission factor announced by the Ministry of Economic Affairs.

b. Steam purchased from China Steel Corporation (CSC) is also calculated using the location-based approach, with the emission factor for steam provided by the supplier (CSC).

(2) Market-based approach: Green electricity purchased from CSC Solar Corporation is calculated using the market-based approach



DNV

Independent
Verification Opinion

Verification Opinion No.:
C849099-2025-AG-TWN-DNV

Issued Place and Date:
Taipei, 07 July, 2026

Page 1 of 2

This is to verify initiate reporting of Greenhouse Gas Inventory Management Report (2025) of

CHUNG HUNG STEEL CORPORATION and
its subsidiaries

Scope of Verification
DNV Business Assurance (DNV) has been commissioned by CHUNG HUNG STEEL CORPORATION (hereafter "the Organization") to perform a verification of the greenhouse gas statements of Greenhouse Gas Inventory Management Report (2025) (hereafter the "Inventory Report") in Taiwan, R.O.C.

The Reporting Boundary for the verification including direct GHG emissions and removals, indirect GHG emissions from imported energy, indirect GHG emissions from transportation, indirect GHG emissions from products used by the Organization and indirect GHG emissions associated with the use of products from the Organization. The further descriptions for the Reporting Boundary listed in Appendix A.

Verification Criteria and GHG Programme
The verification was performed on the basis of Financial Supervisory Commission Sustainable Development Roadmap Scheme and ISO 14064-1:2018 as well as criteria given to provide for consistent GHG emission identification, calculation, monitoring and reporting. The verification was conducted in accordance with ISO 14066:2023, ISO 14065:2020, ISO14064-3:2019.

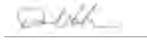
Verification Opinion
It is DNV's opinion that the Inventory Report (2025), which was published on June 22, 2026 (Final Version), is free from material discrepancies in accordance with the verification criteria identified as stated above. The opinion is decided based on the following approaches,

- For the Direct (Category/Scope 1) GHG emissions and Indirect GHG emissions from imported energy (Category/Scope 2), the reliability of the information within the Inventory Report (2025) was verified with reasonable level of assurance.
- For the other indirect GHG emissions, the involved information was verified with limited level of assurance.

GHG Verifier :
Arbin (Fang-Bin) Chang



For the issuing office:
DNV Business Assurance Co., Ltd.


Management Representative

The Appendix forms an integral part of this Certificate, which shall be invalid when used without the Appendix.
Lack of fulfillment of conditions as set out in the Verification Agreement may render this Verification Opinion invalid. This Verification Opinion is based on the information made available to us and the engagement conditions detailed above. Hence, DNV cannot guarantee the accuracy or correctness of the information. DNV cannot be held liable by any party relying or acting upon this Verification Opinion.
The issuing office : 25P1, No. 293, Sec. 2, Wenhua Rd., Bangiao District, New Taipei City 220, Taiwan Tel.: +886-2-82537800. <https://www.dnv.com/hk>
DNV ZNATW-OP-F50, Rev.14, 2025-03

DNV

Verification Opinion No.:
C849099-2025-AG-TWN-DNV

Issued Place and Date:
Taipei, 07 July, 2026

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Supplement to Verification Opinion

Process and Methodology
The reviews of the Inventory Report and relevant documents, and the subsequent follow-up interviews have provided DNV with sufficient evidence to determine the fulfillment of stated criteria.

Quantification of Greenhouse Gas Emission
The Inventory Report covering the period 1st January, 2025 to 31st December, 2025, it is DNV's opinion that GHG emissions and removals identified within the Reporting Boundary has been included in the Inventory Report as claimed in accordance with the verification criteria identified as stated above, and results in quantification of GHG emissions that are real, transparent and measurable.

Organizational Boundary of Verification
☐ Financial Management Control; ☒ Operational Management Control; ☐ Equity Share

GHGs Verified
☒ CO₂ ☒ CH₄ ☒ N₂O ☒ HFCs ☒ PFCs ☒ SF₆ ☒ NF₃

Quantification of Emissions (in tonnes CO₂e)
The Global Warming Potential (GWP) defined in IPCC AR6(2021) has been chosen and correctly referred by the Organization.
The Quantification of GHG emissions and removals in Direct Emission Source:

	Total Direct Emissions (Tonnes CO ₂ e)	Energy Indirect Emissions (Tonnes CO ₂ e)
Hot-Rolling Department 576, 576-1, 576-2, 576-3, 576-5, Hsing Lung Street, Gangshan District, Kaohsiung City, Taiwan R.O.C.	78,636.5579	57,796.6379
Cold-Rolling Department 317, Yu Liao Rd., Chiao Tou District, Kaohsiung City, Taiwan R.O.C.	5,381.4900	9,863.1696
Pickling & Galvanizing Department 24, Yen Hsi 2nd Rd., Hsiao Kang District, Kaohsiung City, Taiwan R.O.C.	2,456.7624	6,082.4069
Pipe & Tube Department 30, Shingye Rd., and 18, Hua- Chung Rd., Dailau District, Kaohsiung City, Taiwan, R.O.C.	18.6532	808.1046
Pipe & Tube Department, LuKang Factory 42, Lugong Road, Lukang Township, Changshu County, Taiwan, R.O.C.	44.9435	2,114.5216
Head Office Building 296-2, Yu Liao Rd. Chiao Tou District, Kaohsiung City, Taiwan, R.O.C.	33.2467	321.9594
Huna Kao Investment Corporation 29F, 88, Chenggong 2nd Rd., Qianshen Dist., Kaohsiung City 806, Taiwan	0	0
Total	86571.6537	76986.8000

(*The Imported Energy Indirect Emissions was calculated based on 2025 electricity emission factor of 0.466 kg CO₂e/kwh, which was announced by Energy Administration, Ministry of Economic Affairs.)

The Quantification of GHG emissions in Indirect Emission Source:		
Category	Subcategory	tonnes CO ₂ e
Transportation (Category 3) Products used by organization (Category 4)	Upstream transportation and distribution	36,465.140
	Purchased goods & services	2,141,234.370
	Fuel-and-energy-related activities (not included in Scope 1 or 2)	40,360.229
	Waste generated in operations	192.080

Type of Opinion

☒ unmodified ☐ modified ☐ adverse

The Appendix forms an integral part of this Certificate, which shall be invalid when used without the Appendix.
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DNV ZNATW-OP-F50, Rev.14, 2025-03

DNV

APENDIX A
The Reporting Boundary of CHUNG HUNG STEEL CORPORATION Greenhouse Gas Inventory Management Report (2025)

Indirect Category	Emissions Subcategory	Boundary
Transportation	Upstream transportation and distribution	Transportation of the Billet and Hot-Rolled Coils purchased.
Products used by organization	Purchased goods & services	Upstream (cradle-to-gate) emissions of purchased Billet and Hot-Rolled Coils.
	Fuel-and-energy-related activities (not included in Scope 1 or 2)	Upstream emissions of purchased natural gas & electricity.
	Waste generated in operations	Disposal or treatment of waste.

The scope of other indirect emissions (other than Imported Energy with specified/limited list of sources) was defined by the Organization's own pre-determined criteria for significance of indirect emissions, considering the intended use of the GHG inventory.

The Appendix forms an integral part of this Certificate, which shall be invalid when used without the Appendix.
Lack of fulfillment of conditions as set out in the Verification Agreement may render this Verification invalid. This Verification Opinion is based on the information made available to us and the engagement conditions detailed above. Hence, DNV cannot guarantee the accuracy or correctness of the information. DNV cannot be held liable by any party relying or acting upon this Verification Opinion.
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DNV ZNATW-OP-F50, Rev.14, 2025-03



3.3.4 GHG emissions intensity GRI 305-4

In 2025, despite the continued use of green electricity, low-carbon fuel (natural gas), the implementation of various energy-saving measures (e.g., the “1.5% Power Saving Project”), and operations under the ISO 50001 Energy Management System, along with a reduction in steel production (the lowest in three years, approximately 655,000 metric tons less than in 2024), there is a trend of declining GHG emissions. However, due to the volatile market, raw material and order continuity were inconsistent, necessitating the ongoing use of natural gas to maintain furnace equipment temperatures. This led to increased fuel and electricity consumption per metric ton of product, resulting in a rise in the unit intensity of GHG emissions.

Greenhouse gas emission intensity trend		Unit: CO ₂ e(metric tons)/product(metric tons)		
Year	2023	2024	2025	
Scope 1 (Direct Emissions)	0.0717	0.0755	0.0747	
Scope 2 (Energy Indirect Emissions)	0.0637	0.0654	0.0664	
Total Emissions	0.1355	0.1408	0.1410	

3.3.5 Carbon credits and renewable energy



Carbon Credits Management

Recognizing carbon quota allocation as a future trend, CHS implemented the “Replacement Project: Using Natural Gas to Replace Fuel Oil in Reheating Furnaces,” and between 2019 and 2022, obtained 253,696 metric tons of CO₂ equivalent emission reductions, equivalent to the absorption capacity of 1,046 DaanForest Parks. The acquired carbon credits can be used for offsetting carbon fees, environmental impact assessment (EIA) increases, or traded via the carbon exchange platform, thus generating additional profit for the Company.



Promoting Renewable Energy

CHS continuously monitors global climate change and net-zero trends. To align with international energy-saving directions, CHS is committed to promoting renewable energy. In cooperation with the CSC Group's green electricity policy, solar power generation equipment is installed on factory rooftops, and renewable energy green electricity and certificates are purchased to continuously apply energy transition to corporate operations. Starting from 2023, The Company has invested in purchasing renewable energy green electricity and certificates. By 2025, The Company has purchased a total of 6,200 green electricity and renewable energy certificates, totaling 6,200,000 kWh of green electricity, which has approximately reduced carbon dioxide emissions by 2,889.2 metric tons CO₂e. (2025 Taipower electricity carbon emission coefficient: 0.466 kg CO₂e/kWh)

Absorbing **15** kgCO₂e/year



Total Carbon Credits Obtained:

253,696

metric tons CO₂e

=

16,913,066

trees

=

1,046

Daan Forest Parks

Note: The annual CO₂ absorption capacity of Daan Forest Park is calculated at 242.55 metric tons.

Source: "Estimation of the Carbon Sequestration Competence of Urban Trees: A Case Study of Daan Forest Park in Taipei City"; Thesis from the Department of Forestry and Environmental Resources, National Taiwan University

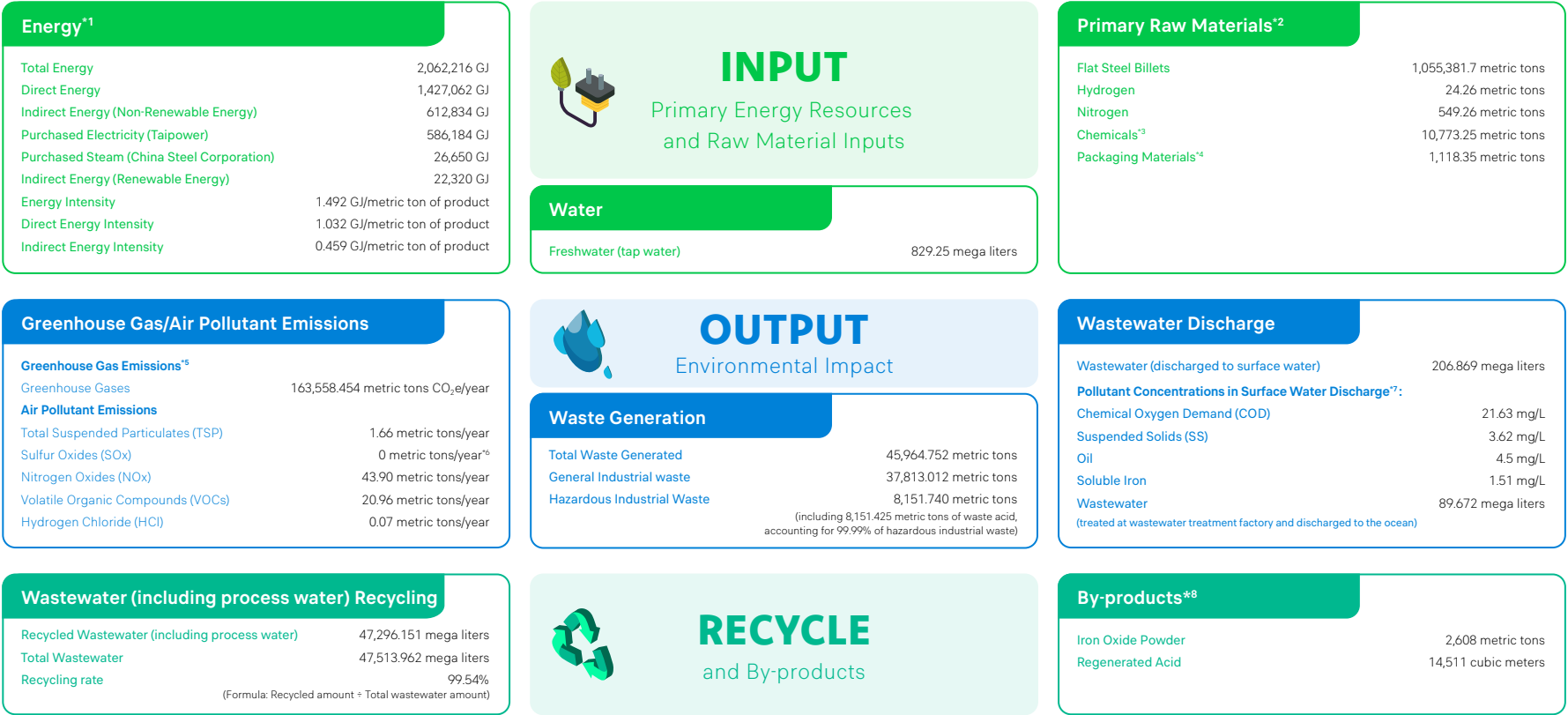


3.4 Green Manufacturing Processes

GRI 302-1 GRI 302-3 GRI 305-6 SASB EM-IS-120a.1 SASB EM-IS-130a.1 SASB EM-IS-130a.2 SASB EM-IS-140a.1

CHS is committed to process improvement, managing input of raw materials, and effectively utilizing recyclable materials through thorough statistics and calculations. By meticulously controlling resource usage and participating in energy-saving and carbon-reduction activities, CHS promotes green manufacturing processes. These efforts aim to significantly reduce environmental impact.

2025 Process Resource Usage



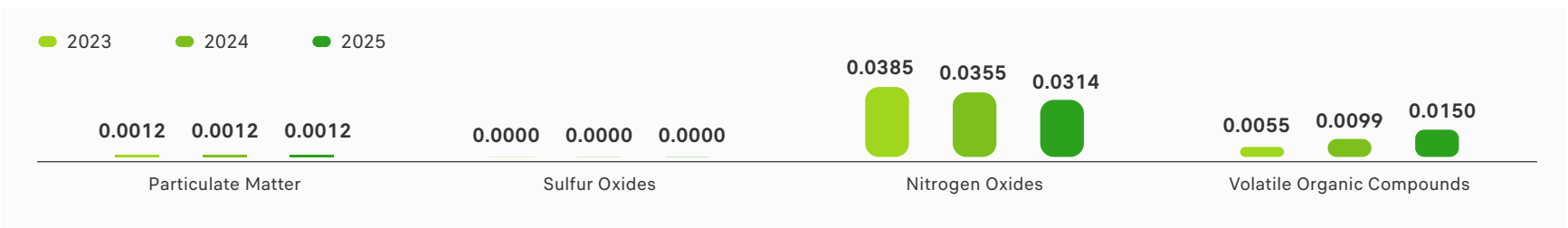
3.5 Pollution Prevention



3.5.1 Air Pollution Control GRI 305-7

The air pollutants generated by stationary sources in the factory area mainly include Total Suspended Particulates (TSP), Nitrogen Oxides (NOx), and Volatile Organic Compounds (VOCs). These are annually inspected and reported as required by regulations. All pollution source equipment is operated according to controlled process parameters and standard operating procedures, and pollution control devices operate stably. Additionally, combustion equipment (e.g., heating furnaces, annealing furnaces, boilers) uses clean fuel (natural gas), resulting in stable emissions with minimal changes in the levels of particulates, nitrogen oxides, and sulfur oxides. The concentrations of air pollutant emissions are all well below the regulatory emission standards. Annual regular drills are conducted for air quality issues in the Hot Rolling Department and emergency air pollution incidents in the Cold Rolling Department/Pickling & Galvanizing Department, ensuring that operators are proficient in responding to incidents when they occur.

2025 Air Pollutant Emissions					Unit: Kilograms
Items	Particulate Matter	Sulfur Oxides	Nitrogen Oxides	Volatile Organic Compounds	
Hot Rolling Department	1,551.81	0	37,270.64	1,054.92	
Cold Rolling Department	78.93	0	4,978.11	823.86	
Pickling & Galvanizing Department	24.44	0	1,647.82	524.15	
Pipe & Tube Department, Da Fa Industrial Zone	0.49	0.01	1.26	15,833.85	
Pipe & Tube Department, Lukang Industrial Zone	-	-	-	2,726.37	



Trends in Air Pollutant Emission Intensity Over the Past Three Years												Unit: Pollutant Amount (Kilograms)/Metric Ton of Product
Items	Particulate Matter			Sulfur Oxides			Nitrogen Oxides			Volatile Organic Compounds		
Year	2023	2024	2025	2023	2024	2025	2023	2024	2025	2023	2024	2025
Emission intensity	0.0012	0.0012	0.0012	0.0000	0.0000	0.0000	0.0385	0.0355	0.0314	0.0055	0.0099	0.0150

Note: In 2025, the Unit emission of Volatile Organic Compounds (VOCs) among air pollutants increased. This was due to the Pipe & Tube Department, Da Fa Industrial Zone - M01's metal spraying and sandblasting process production, which was 24712 metric tons, significantly higher than 34.51 metric tons in 2024. The materials used (adhesive, PE granules) increased from 1.01 metric tons/year to 7.24 metric tons/year.

3.5.2 Water Resources and Water Pollution Prevention

Adopt measures for water resources, including rainwater harvesting, recycling of process wastewater from the Hot Rolling Department (recycling rate above 99.67%), reusing treated effluent from the Cold Rolling Department in washing towers, reusing wastewater from pure water regeneration, and recirculating process water at the Pipe & Tube Department. Additionally, in all factory areas, wear rings replace mechanical seals in public water pump installations to reduce leakage, and water-saving faucets are used as improvement measures. The Unit Water Consumption for the past five years is as follows. The higher Unit Water Consumption in 2025 is due to insufficient order volume caused by weak market conditions, necessitating the continuous operation of production lines and timely water replenishment. Additionally, the high hardness of tap water affected product quality, leading to the need for water discharge and replenishment.

Unit Water Consumption per Product in the Past Three Years			
Year	2023	2024	2025
Unit Water Consumption	0.467 kWh/metric tons	0.580 kWh/metric tons	0.593 kWh/metric tons

The wastewater primarily originates from process wastewater and employee domestic sewage. Apart from implementing various measures to reduce process wastewater at its sources, wastewater is also collected and treated separately. The treatment methods and 2025 discharge volumes for each factory are as follows:

Factory Area	2025 Wastewater Discharge Volume	Wastewater Treatment Method and Discharge Location
Hot Rolling Department	149.05 mega liters	After undergoing treatment through the on-site wastewater treatment system, the wastewater is discharged into the bottom branch of the Agongdian Stream once it meets the discharge standards.
Cold Rolling Department	57.82 mega liters	After being treated by the on-site wastewater treatment system and meeting discharge standards, the wastewater is discharged into the Dianbao River.
Pickling & Galvanizing Department	86.25 mega liters	The wastewater from the factory's internal wastewater treatment facility undergoes preliminary treatment before being discharged to the coastal industrial area sewage treatment factory for further processing. Ultimately, it is discharged into the ocean.
Pipe & Tube Department, Da Fa Industrial Zone	0.59 mega liters	After undergoing treatment at the Dafa Industrial Park sewage treatment factory, the wastewater is ultimately discharged into the ocean.
Pipe & Tube Department, Lukang Industrial Zone	2.83 mega liters	After undergoing treatment at the Changhua Coastal Industrial Park sewage treatment factory, the wastewater is ultimately discharged into the ocean.

Note: In 2025, wastewater discharged from the hot and cold rolling departments exhibited chemical oxygen demand (COD) of 21.63mg/L (regulatory standard: 100 mg/L) and suspended solids (S.S.) of 3.62mg/L (regulatory standard: 30 mg/L). Levels of heavy metals were minimal and well below regulatory limits. These emissions are compliant with environmental regulations and pose no adverse impact on aquatic biodiversity.

3.5.3 Waste Management SASB EM-IS-150a.1

In 2025, the total amount of industrial waste disposal was 45,964.752 metric tons, including 37,813.012 metric tons of general industrial waste (82.265%) and 8,151.740 metric tons of hazardous industrial waste (17.735%). Additionally, annual outsourced toxicity characteristic leaching procedure (TCLP) tests on generated waste consistently show results below regulatory standards, and the high reuse rate ensures no significant environmental impact on water bodies or land. Waste treatment methods are explained as follows:

1. **General corporate waste:** Predominantly consists of scrap iron, hot rolling sludge, and inorganic sludge. These materials were entrusted to qualified domestic clearance and treatment contractors.

Processing Method	Name of Waste (Waste Code)	Production Volume (in metric tons)	Percentage (%)
Reuse	Hot-rolled sludge (R-1206), scrap iron (R-1301), waste activated carbon (R-2408), inorganic sludge (D-0902), waste oil sludge (D-0903), waste lubricating oil (D-1703), scrap wood (R-0701), waste grinding swarf (D-1399), waste rubber (R-0301)	37,418.742	98.957
Physical Processing	Waste Oil Mixture (D-1799)	8.540	0.023
Landfilling (Final Disposal)	Waste rubber mixture (D-0399), waste insulation materials (D-0403), waste wood and construction debris (D-0599), inorganic sludge (D-0902), furnace slag (D-1101), waste grinding sludge (D-1399), waste abrasive wheels (D-2406), waste glass wool (D-0402), waste glass fiber (D-2410), and other mixtures of waste glass, ceramics, bricks, tiles, and clay (D-0499).	115.700	0.306
Incineration	Mixed waste plastics (D-0299), waste fiber fabrics (D-0899), and domestic waste (D-1801)	270.030	0.714
Total		37,813.012	100

2. Hazardous industrial waste: In 2025, hazardous waste includes spent acid pickling liquor and chromium-containing waste liquids. The spent acid pickling liquor is processed by the Pickling & Galvanizing Department ARP (Acid Regeneration Process) and China Steel Corporation, resulting in regenerated hydrochloric acid that is reused in the production process. Chromium-containing waste liquids are managed by accredited domestic contractors for proper disposal and treatment. The Company's hazardous industrial waste is entirely recycled or treated domestically, with no waste sent abroad for processing, resulting in 0% of hazardous waste being transported overseas.

Processing Method	Name of Waste (Waste Code)	Production Volume (in metric tons)	Percentage (%)
Reuse	Waste pickling acid (R-2502)	8,151.425	99.996
Chemical treatment (Intermediate Treatment)	Chromium and its compound waste liquid (C-0104)	0.315	0.004
Total		8,151.740	100

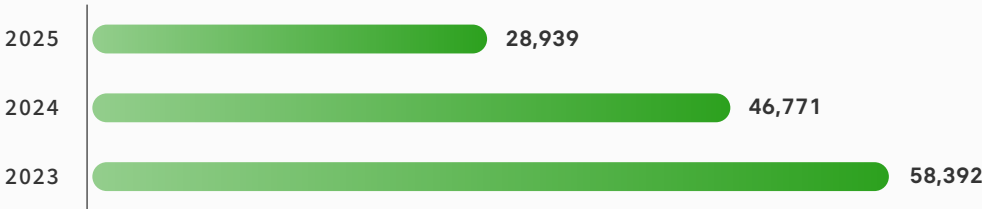
3. Waste Management Key Performance Indicators: Through comprehensive planning and management, the major industrial waste (e.g., scrap iron, waste acid, hot-rolled sludge, inorganic sludge, waste oil sludge, waste grinding swarf, scrap wood, waste activated carbon, waste lubricating oil, etc.) has all been transformed into resources for reuse. Over the past five years, the waste reuse rate has consistently reached over 99.0%, indicating that CHS has achieved stability in corporate waste resource reutilization. In 2025, due to the decline in production volume, the amount of waste generated was relatively reduced. However, employees still produced a constant amount of household waste (incineration), resulting in a slightly lower Waste Recycling Rate of 99.14% compared to 99.40% in 2024.

3.5.4 Environmental Expenditure

In 2025, the environmental expenditures amounted to NT\$28.939 million, primarily allocated to waste disposal, reduction of GHG emissions, and air pollution control. In 2025, environmental expenditures decreased by NT\$17.832 million compared to 2024, mainly due to a decline in production volume, which led to reductions in air and water pollution fees, as well as waste generation and disposal costs.

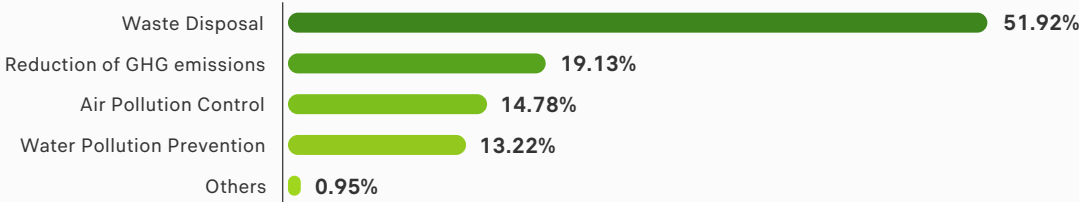
Environmental Expenditure Over the Past 3 Years

Year	2023	2024	2025
Environmental Expenditure	58,392 thousand NT\$	46,771 thousand NT\$	28,939 thousand NT\$



Note: Environmental Expenditure: The Sustainability Report discloses the amounts accepted (paid) during the reporting year, while the Annual Report for the Shareholders' Meeting discloses the total of amounts accepted (paid) and amounts not yet accepted (pending payment).

Items	Waste Disposal	Reduction of GHG emissions	Air Pollution Control	Water Pollution Prevention	Others
Ratio	51.92%	19.13%	14.78%	13.22%	0.95%





CH4

Social Inclusion

4.1 Employee Care

4.2 Employee Remuneration and Benefits

4.3 Training

4.4 Employee Relations

4.5 Occupational Health and Safety

4.6 Social Participation



4.1 Employee Care

4.1.1 Employee Structure GRI 2-7 GRI 405-1

To enhance competitiveness, CHS has implemented measures such as computerization and streamlined processes to reduce manual labor. As of the end of 2025, the Company employed a total of 1,015 staff members, with an average tenure of 20.91 years and an average age of 49.75 years. All employees are full-time and hired locally in Taiwan. Although the male-to-female employee ratio is significantly imbalanced due to the nature of the industry, female employees accounted for approximately 38.62% in departments outside of production.

Regarding the employment of persons with disabilities, as of the end of 2025, CHS employed 16 individuals with disabilities, including 8 individuals classified as severely disabled. This group constitutes 1.58% of the total company workforce, exceeding the legal requirement under Article 38 of the Disability Rights Protection Act, which mandates employing at least 1% (10 individuals) of the workforce from persons with disabilities. Additionally, 4 indigenous individuals have been employed, accounting for 0.39% of the total workforce.

Year		2023		2024		2025	
Items	Category	Number of employees	Ratio	Number of employees	Ratio	Number of employees	Ratio
Total Number of Employees		1,092	100%	1,053	100%	1,015	100%
Gender	Male	989	90.57%	952	90.41%	914	90.05%
	Female	103	9.43%	101	9.59%	101	9.95%
Work Location	Kaohsiung City	983	90.02%	946	89.84%	911	89.8%
	Changhua County	109	9.98%	107	10.16%	104	10.25%
Age	Below 30 years old	19	1.74%	16	1.52%	14	1.38%
	31-50 years old	579	53.02%	523	49.67%	476	46.90%
	Above 51 years old	494	45.24%	514	48.81%	525	51.72%
Academic Background	Master's and doctoral degrees	136	12.45%	126	11.97%	126	12.42%
	Bachelor's degrees	322	29.49%	322	30.58%	317	31.23%
	Associate degrees	274	25.09%	264	25.07%	250	24.63%
	High school and below	360	32.97%	341	32.38%	322	31.72%

Note: Headcounts are based on the number of employees as of December 31 of the reporting year.



4.1.2 Talent Recruitment

GRI 408-1

CHS has established a Human Rights Policy (see 4.4.1) and complies with the Labor Standards Act, never employing child labor. During recruitment, the Company prioritizes candidates’ professional competence and work experience, treating all applicants equally regardless of gender, race, age, religion, place of birth, political affiliation, or appearance. Additionally, the Company has added two new talent recruitment channels (1111 Job Bank and the Indigenous Peoples Committee’s Kaohsiung Nanzih Employment Service Station) to expand diverse recruitment sources. In 2025, 27 new employees were hired (excluding intra-group transfers, all based in Kaohsiung City), with a new hire rate of 2.66% (= new hires/total number of employees as of December 31, 2025). All new hires were from Southern Taiwan, demonstrating the Company’s commitment to local employment.

Year		2023		2024		2025	
Items	Category	Number of employees	Ratio	Number of employees	Ratio	Number of employees	Ratio
Total number of New Hires		6	100.00%	10	100.00%	27	100.00%
Gender	Male	3	50.00%	7	70.00%	22	81.48%
	Female	3	50.00%	3	30.00%	5	18.52%
Region	Central Taiwan	0	0.00%	0	0.00%	0	0.00%
	Southern Taiwan	6	100.00%	10	100.00%	27	100.00%
Age	Below 30 years old	1	16.67%	5	50.00%	5	18.52%
	31-50 years old	5	83.33%	5	50.00%	22	81.48%
	Above 51 years old	0	0.00%	0	0.00%	0	0.00%

Note:

1. Ratio: Number of individuals in each category/total number of new hires during the year.
2. Central Region: Residents of Taichung City, Miaoli County, Changhua County, Nantou County, and Yunlin County; Southern Region: Residents of Kaohsiung City, Tainan City, Chiayi City, Chiayi County, and Pingtung County.

4.1.3 Employment Changes and Separation

GRI 201-3 GRI 402-1



Regulations Governing Job Transfers and Notice Periods

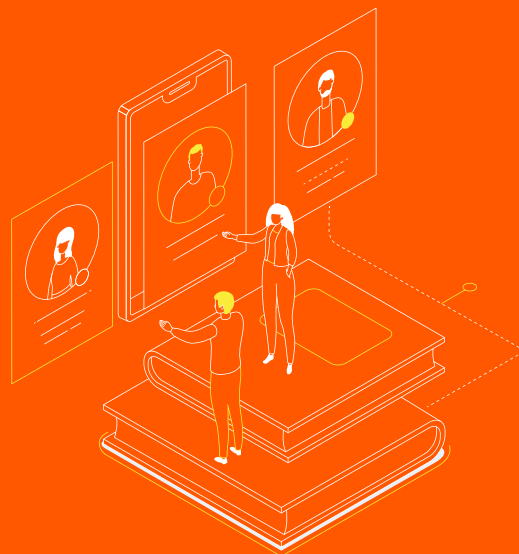
In the event of significant operational changes affecting employees’ rights and labor conditions, we comply with Article 16 of the Labor Standards Act. We adhere to the legally mandated minimum notice period for terminating employment contracts in the Article, ensuring thorough and timely communication with our colleagues.

CHS has not yet established a collective agreement. All job transfers and retirements are handled in accordance with regulations. For transfers, direct supervisors communicate and consult thoroughly with the individual before implementing any changes. Considering the geographic spread of plant locations, necessary assistance is provided if the new work location is distant.



Pension System

1. Labor Retirement Reserve Fund (The Old Fund):
 - (1) CHS has established the “Labor Retirement Reserve Supervisory Committee Charter,” under which representatives are appointed by both labor (6 members) and management (3 members), totaling 9 members. The Committee convenes quarterly to audit and supervise the allocation, deposit, utilization, and disbursement of labor pension reserves.
 - (2) As of the end of 2025, 531 employees were covered. CHS makes monthly contributions to a designated pension reserve account with Bank of Taiwan, with the contribution rate being 12.9% for the year. The total pension reserve provision was NT\$55,654,000.
2. Labor Pension Fund (The New Fund): As of the end of 2025, 694 employees were covered. CHS contributes 6% of each employee’s monthly salary to their individual pension accounts with the Bureau of Labor Insurance, as required by law. This year, the total contribution to the pension account was NT\$29,508,000. In addition, 309 employees voluntarily made personal contributions, with an average voluntary contribution rate of 5.5%.



Early Retirement and Special Leave Programs

All regular employees of the Company are eligible to work until the statutory retirement age of 65 under the Labor Standards Act, or may choose to retire early in accordance with the law. In addition, the Company has established a preferential retirement scheme to support employees in their career planning, as detailed below:

1. With approval and filing from the competent authority, the Company has adopted a preferential retirement eligibility condition whereby employees may apply for retirement if their "age plus years of service" is equal to or greater than 60.
2. CHS has established criteria for voluntary early retirement and special leave. Employees meeting one of the following conditions may apply for and be granted early retirement or special leave:
 - (1) Suffering from a severe illness and currently on approved full-pay sick leave, extended leave without pay, or undergoing treatment.
 - (2) Holding a disability certificate indicating moderate or severe physical or mental disability due to occupational injury.



Departure and Retirement Statistics

The Company's turnover ratio in 2025 increased by 1.48% compared to 2024. Observing from the gender structure, males were the main group of leavers, primarily due to the nature of the industry, which has a predominantly male workforce. Observing from the work location structure, employees working in Kaohsiung City were the main group of leavers, primarily due to the Company's factory areas being predominantly located in Kaohsiung City. Observing from the age structure, the main groups are Above 51 years old and 31-50 years old. The turnover rate for those Above 51 years old has not changed much, with retirement being the primary reason for leaving. The 31-50 years old group shows an upward trend in turnover rate, with the number of employees increasing in 2025 mainly due to a rise in the number of unpaid leaves. Analysis shows that excluding retirement, unpaid leaves, or in-service deaths, voluntary resignations in 2024 and 2025 were 18 (about 1.71%) and 17 (about 1.67%), respectively, which are within a reasonable range. Additionally, the Company has continued to increase employee remuneration in recent years, leading to a high level of employee stability overall.

Year		2023			2024			2025		
Items	Category	Number of employees	Proportion	Ratio	Number of employees	Proportion	Ratio	Number of employees	Proportion	Ratio
Total number of New Hires		58	100.00%	5.31%	55	100.00%	5.22%	68	100.00%	6.69%
Gender	Male	55	94.83%	5.04%	50	90.91%	4.75%	62	91.18%	6.11%
	Female	3	5.17%	0.27%	5	9.09%	0.47%	6	8.82%	0.59%
Work Location	Changhua County	4	6.90%	0.37%	4	7.27%	0.38%	4	5.88%	0.39%
	Kaohsiung City	54	93.10%	4.95%	51	92.73%	4.84%	64	94.12%	6.31%
Age	Below 30 years old	0	0.00%	0.00%	2	3.64%	0.19%	2	2.94%	0.20%
	31-50 years old	16	27.59%	1.47%	21	38.18%	1.99%	28	41.18%	2.76%
	Above 51 years old	42	72.41%	3.85%	32	58.18%	3.04%	38	55.88%	3.74%

Note:

1. Proportion: Number of employees in each category/total number of new hires during the year.

2. Ratio: Number of individuals in each category/total number of employees at the end of the year.



Retention and Return-to-Work Rates for Parental Leave in 2025

CHS's parental leave without pay policy complies with all regulatory requirements. The reinstatement rate and retention rate of employees who applied for such leave reached 100% and 85.71%, respectively, indicating that the Company has effectively implemented a family-friendly workplace policy, with most employees adapting well upon their return to work.

Items	Unit	Male	Female	Total
Number of eligible employees for parental leave with suspension of duties in 2025*	person	64	4	68
Number of employees applying for parental leave with suspension of duties in 2025	person	8	2	10
Number of employees expected to return to work after parental leave with suspension of duties in 2025 (A)	person	4	2	6
Number of employees who actually returned to work after parental leave with suspension of duties in 2025 (B)	person	4	2	6
Return-to-work rate = (B)/(A)	%	100.00	100.00	100.00
Number of employees who actually returned to work after parental leave with suspension of duties in 2024 (C)	person	6	1	7
Number of employees who remained employed for over one year after returning to work following parental leave with suspension of duties in 2024 (D)	person	6	1	7
Retention Rate = (D)/(C)	%	100.00	100.00	100.00

Note: The number of eligible applicants for parental leave without pay in 2025 equals the total number of employees who took maternity leave (female) and paternity leave (male) from 2022 to 2025.



4.2 Employee Remuneration and Benefits

4.2.1 Employee Remuneration

GRI 2-20 GRI 2-21 GRI 405-2

CHS adopts a position-based compensation system. Employee salaries are determined with reference to industry standards, the Company's financial status, and organizational structure. There is no gender-based pay disparity (i.e., the ratio is 1:1). Salary standards, pay scales, and annual salary adjustments are approved by the President or submitted to the Board of Directors for approval before implementation. In addition, based on annual profitability and employee performance, the Company adjusts salaries and distributes production and sales bonuses as well as employee remuneration. The gender pay ratio for employees in equivalent positions in 2025 is as follows:

Gender Pay Ratio for Same Positions in 2025		
	Female	Male
Executive Level	1	0.81
Section Level	1	1.25
Professional Positions	1	1.08
Entry-level Positions	1	1.17

Note:

1. Statistical scope for headcount and full-time, non-managerial employees is the same.
2. Remuneration includes base salary, managerial allowance, meal allowance, work allowance, perfect attendance bonus, year-end bonus, production and sales surplus bonus, and employee remuneration.



Non-supervisory, full-time staff salary information

Items	Unit	2024	2025	Difference	%
A. Number of full-time employees not in supervisory roles	person	1,064	1,033	↓ 31	↓ 2.29%
B. Total salary amount for full-time employees not in supervisory roles	NT\$ thousand	882,529	856,599	↓ 25,930	↓ 2.94%
C. Average salary of full-time employees not in supervisory roles	NT\$ thousand	829	829	-	-
D. Median salary of full-time employees not in supervisory roles	NT\$ thousand	794	792	↓ 2	↓ 0.25%
E. Average salary of full-time male employees not in supervisory roles	NT\$ thousand	-	836	-	-
F. Average salary of full-time female employees not in supervisory roles	NT\$ thousand	-	769	-	-
G. Median salary of full-time male employees not in supervisory roles	NT\$ thousand	-	799	-	-
H. Median salary of full-time female employees not in supervisory roles	NT\$ thousand	-	750	-	-

Note:

1. Calculation of full-time employee headcount excludes managerial personnel and is derived by dividing the total number of person-months of salary received annually by 12.
2. Salary total refers to the aggregate of employee salaries attributable to the fiscal year, encompassing regular compensation (base salary, meal allowances, managerial supplements, job-specific allowances, full attendance bonuses, etc.), overtime pay, non-recurring bonuses, and employee benefits.
3. This information is disclosed in accordance with Article 4-2 of the Taiwan Stock Exchange Corporation "Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies".
4. Since columns E to H are newly disclosed items required by regulations, there is no data prior to 2024.



2025 Annual total compensation ratio

Items		
	The ratio of the annual total remuneration of the highest-paid individual in the organization to the annual total median remuneration of all employees (excluding the highest-paid individual) in the organization.	The ratio of the percentage increase in the annual total remuneration of the highest-paid individual in the organization to the median percentage increase in the annual total remuneration of all employees (excluding the highest-paid individual) in the organization.*
Ratio	4.17	39

Note:

1. In 2025, the Chairman's compensation increased by 7.22% due to the annual salary adjustment and the salary adjustment for the Chairman's promotion.
2. In 2025, the average salary adjustment for employees (excluding the Chairman) reached 4.2%. However, due to an increase in the number of retirements (with comparatively higher salaries) and new hires (with lower salaries), the median remuneration for employees (excluding the Chairman) decreased by 0.19%, resulting in a 39-fold difference between the adjustment scope of the Chairman's and the employees' median remuneration.



4.2.2 Employee Benefits

Items	Providing Unit	Explanation
Insurance and Protection		
1. Employee Welfare Group Insurance	Employee Welfare Committee	Insurance coverage includes employees, their spouses, children, and parents, and the plans comprise term life insurance, accident insurance, hospitalization medical insurance, personal accident insurance, critical illness insurance, and cancer insurance. A portion of the employee's premiums is subsidized by the Employee Welfare Committee, which contributed a total of NT\$12.17 million in 2025.
2. Member death emergency condolence payment	Employee Welfare Committee	To ease the financial burden on families, a condolence payment is provided to the bereaved when an employee passes away. The amount is calculated as NT\$500 multiplied by the number of in-service employees on the date of death.
Leave benefits exceeding legal requirements		
3. 1-day wedding leave	The Company	Not explicitly defined in current regulations
4. 60-day maternity leave	The Company	Exceeds the 56 days stipulated in the Ministry of Labor's "Labor Leave Regulations"
5. 30-day miscarriage leave for pregnancies over three months	The Company	Exceeds the 28 days stipulated in the Ministry of Labor's "Labor Leave Regulations"
6. Special approval for sick leave ranging from 1 to 365 days	The Company	Varies based on severity, with different paid conditions provided; not explicitly defined in current regulations
7. 2 to 12 days bereavement leave	The Company	Except for great-grandparents, grandparents, and grandparents of spouse or adopted parents, which follow the Ministry of Labor's "Labor Leave Regulations"; other cases provide more leave days than relevant regulations
Others		
8. Stock trust rewards	The Company	To foster a sense of unity and strengthen employees' role as stakeholders in the Company, and to provide greater retirement security for employees, from January 2025, the matching bonus rule will be adjusted: the old scheme's bonus will be 20% of the contribution amount, and the new scheme 30%, available for application by members willing to make additional contributions. The number of employees participating in the Employee Stock Ownership Trust is 348 (110 under the old system and 238 under the new system), accounting for 34.29% of the total workforce.

Items	Providing Unit	Explanation
9. Flexible working hours	The Company	To promote work-life balance, the Company offers three flexible working hours options: 7:30-16:30, 08:00-17:00, and 08:30-17:30.
10. Model employee travel	The Company	Each year, the Company selects model employees through nominations by supervisors and colleagues. Those selected are publicly recognized and granted official leave and travel subsidies for either domestic or international trips.
11. Health Examination	The Company	The Company provides health examinations that exceed statutory requirements in both scope and frequency.
12. Major family events	The Company / Employee Welfare Committee	To provide quality leisure opportunities and promote family bonding, CHS alternates between Family Day and hiking events each year, offering employees and their families opportunities for relaxation, stress relief, and educational fun.
13. Contracted partner stores	Employee Welfare Committee	As part of its employee discount program, the Administration Department negotiates corporate discounts with quality merchants based on employee needs. As of 2025, a total of 38 partner merchants (including accommodations, dining , and kindergartens) had been secured.
14. Various cash gifts	Employee Welfare Committee	Employees will receive gift vouchers for birthdays, weddings, and traditional holidays such as Lunar New Year, Labor Day, Dragon Boat Festival, and Mid-Autumn Festival to express best wishes.
15. Various subsidies	The Company	Marriage subsidies, funeral subsidies, continuing education subsidies
	Employee Welfare Committee	These include childbirth subsidies, funeral subsidies, departmental team-building subsidies, employee children' s education subsidies, scholarships for employees and their children, hospitalization condolence payments for employees, and condolence payments for retired or laid-off personnel. In 2025, the total subsidies amounted to NT\$9.2693 million.

Note: A Workplace Environment and Measures for Marriage, Childbirth, or Family Care: To implement a family-friendly workplace, CHS provides marriage support and family care-related measures. This includes offering employees wedding cash gifts (details in item 15 of the table above), maternity leave that exceeds regulatory standards, and a "flexible working hours" system (details in item 9 of the table above). These measures allow employees with young children or eldercare responsibilities to avoid peak commuting times and manage their family transportation needs. In 2025, 1 employee applied for maternity leave and 6 employees received wedding gifts.

4.3 Training

4.3.1 Education, Training, and Development

Each year, CHS formulates a series of training programs aligned with the Company’s operational strategy, regulatory requirements, competency mapping, and core capability development. Programs are designed by job level and include onboarding training, management development for supervisors (including four key talent training courses), general training, and technical/professional training (both internal and external), forming a comprehensive and systematic talent development framework to enhance overall human capital and strengthen competitiveness.

In 2025, the Company conducted a total of 5,226 trainee-hours, with a total of 16,317 hours. Each employee received an average of 16.1 training hours. The total training expenditure was NT\$1.842 million, with an average training cost of NT\$1,816 per person. Course topics included AI applications, leadership, professional (technical/quality) skills, occupational health and safety, and regulatory compliance.

4.3.2 Number of Key Talent Training Courses

Recognizing that talent is its most important asset, CHS prioritizes leadership succession planning, particularly for mid-level management. The Company has established a pipeline of potential plant and section-level supervisors to strengthen its succession system, enhance competitiveness, and realize sustainable business practices. The details of the relevant courses are as follows:

1. Plant/Department-level Management Trainee:

Selected employees are sent to participate in the Group Management Training Program, which includes managerial courses, keynote speeches, cross-industry site visits, and project report presentations.

2. Section-level Management Trainee:

The Company organizes key talent training sessions annually to strengthen managerial capabilities. In 2025, four key talent training courses were held: “Supervisor and Subordinate Communication Skills,” “Developing Subordinates and Establishing Partnerships,” “Lean Production Management Workshop,” and “Understanding and Communication Coordination in the Workplace and Position.” A total of 138 participants completed the courses, with 896 training hours in total.

4.3.3 Effectiveness of TTQS Implementation GRI 201-4

CHS introduced the Ministry of Labor’s TTQS (Talent Quality-management System) in 2013 and was awarded Bronze Certification. Since 2016, the Company has continuously improved its training system and has earned Silver Certification four consecutive times (reviewed biennially). On June 4, 2024, the Company was granted an exemption from reassessment, extending its Silver Certification validity through November 9, 2026. As CHS meets the TTQS standards, it is eligible to apply for subsidies under the Ministry of Labor’s Human Resources Enhancement Program. The Company’s assessment results (including exemptions) and subsidies received over the past three years are shown below:

	 TTQS Talent Development Quality Management System Evaluation	 Subsidy from the Ministry of Labor's Bureau of Labor Development "Enterprise Human Resources Enhancement Program"
2023	Silver Award	175,000
2024	Exempt from evaluation	154,000
2025	Exempt from evaluation	142,000

Note: The reason for the decrease in the subsidy amount for 2025 compared to 2024 is mainly that some course instructors did not charge fees, resulting in no reimbursement for those course expenses.



4.4 Employee Relations

4.4.1 Human Rights Policy

GRI 2-23 GRI 2-24 GRI 2-25 GRI 2-30 GRI 406-1 GRI 409-1 GRI 411-1



CHS is committed to compliance with national regulations, with all full-time employees protected under the Labor Standards Act. The relevant human rights were endorsed by the President, the Company supports and adheres to principles and values outlined in international human rights conventions such as the United Nations Universal Declaration of Human Rights and the Global Compact. We treat current employees and contractors with dignity and respect, prohibiting any actions that infringe upon or violate human rights, as stated on [our company website](#).

The Company has not established a labor union and thus has not developed a collective bargaining agreement. However, we have formulated "Employee Work Rules," which detail matters such as employee hiring, salaries, attendance, leave entitlements, rewards and penalties, performance evaluations, transfers, occupational accident remuneration and relief, resignations, retirements, prevention of sexual harassment, welfare, and insurance. These rules have been approved by the competent authority and provide protection to all employees.

To promote awareness of human rights topics, in 2025 CHS provided a total of 5,359 hours of human rights-related training to 2,120 participants, including both existing and new employees. Course content included labor laws, workplace sexual harassment, and prevention of other unlawful conduct. To continually enhance and improve the management of human rights-related issues, CHS regularly reviews and prioritizes relevant corporate regulations and procedures. During internal control self-assessments, emphasis is placed on sampling inspections related to prioritized issues. Up until 2025, the Company has not experienced any incidents of human rights violations, forced labor, discrimination, or infringements upon the rights of local indigenous peoples. The Company's diligent investigation procedures and outcomes regarding these issues are as follows:

Key Issues



Elimination of Unlawful
Discrimination to Ensure
Equal Employment
Opportunities



Prohibition of
Child Labor



Prohibition of
Forced Labor



Assisting Employees in
Maintaining Physical and
Mental Health as well as
Work-Life Balance



Provision of a Safe
and Healthy Work
Environment

Human Rights Due Diligence Process Flowchart

Key Issues	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)	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	

Human Rights Due Diligence Results

Key Issues	Survey Subjects	Prevention and Mitigation Measures	2025 Survey Results
Elimination of Unlawful Discrimination to Ensure Equal Employment Opportunities	Company Employees	Provide interview guidelines to interviewers, emphasizing the prohibition of unlawful discrimination and the relevant provisions of the Employment Service Act	1. External complaint cases: 0 cases. 2. Internal complaint cases: 1 case. 1 internal employee complaint was filed, and the relevant procedures were completed in accordance with the Company's complaint handling guidelines. 3. There were 2 occupational safety incidents at the Pipe & Tube Department, Lukang Industrial Zone. Refer to 4.5.3
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 leaves, various benefits exceeding statutory requirements are provided to employees. Refer to 4.2.2	
Provision of a Safe and Healthy Work Environment		1. Through the "Workplace Sexual Harassment and Prevention of Other Unlawful Conduct" training course, enhance employees' and supervisors' awareness and ability to identify sexual harassment and unlawful conduct. 2. Through the implementation of ISO 45001 & CNS 45001 and TOSHMS Occupational Health and Safety Management Systems, safety and health performance are enhanced, promoting colleagues' work environment safety and health care.	

4.4.2 Personal Data Protection Policy

The Company follows the "Personal Data Protection Act" to establish the "Personal Data Protection Policy Statement," enabling all employees to understand and comply with The Company's personal data protection management regulations. This ensures the implementation of daily operations to maintain the security of personal data and sustainable operation. It is also clearly stipulated in the "Quality Manual" that the intellectual property and personal data belonging to customers or external providers must be protected and kept confidential.





4.4.3 Employee Participation and Communication GRI 2-25 GRI 403-4

Although our company has not yet established a labor union, the relationship between labor and management remains harmonious. To ensure smooth interaction and communication between both parties, the Company provides the following communication channels:

Communication Channel	Function Description	Operation Regulations	2025 Achievements
Complaint System	Employees whose legal rights have been violated, who have faced improper treatment or injustice, or who encounter difficulties in their work, and who have been unable to obtain a reasonable resolution through administrative channels, may submit a "Employee Complaint Form" by mail to the Company	- The Complaint Handling Committee is composed of 3 supervisors appointed by the President and 2 labor representatives selected by the Labor-Management Meeting, responsible for investigating and handling complaints. The Administration Department manages meeting minutes and administrative affairs. - Case decisions may be reported to the President depending on severity. - All complaint cases should be handled in a confidential manner to ensure the protection of complainants' human rights.	1 internal employee complaint was filed, and the relevant procedures were completed in accordance with the Company's complaint handling guidelines.
Sexual Harassment Complaint Handling Committee	Incidents of sexual harassment occurring between employees, or between employees and contractors or job applicants, can be reported via the designated complaint hotline extension or the dedicated complaint email address	- The Sexual Harassment Complaint Handling Committee is composed of 5 members appointed by the President to conduct investigations. The Administration Department is responsible for managing meeting records and administrative affairs. - Sexual harassment complaints are handled confidentially, and decisions are made with the intent to protect the privacy and personal rights of both parties involved.	No sexual harassment complaints were received.
Employee Forums	Employees may raise welfare, rights, or workplace improvement issues through representatives at various levels during meetings	- Each year, the President and departmental Vice Presidents (or Assistant Vice Presidents) conduct face-to-face forums with employee representatives from each plant and unit. - The Administration Department prepares meeting records based on these discussions, which are then approved by the President and publicly announced.	- In 2025, seven forums were held with a total of 45 proposals. - Of these, 13 proposals required follow-up actions. As of the end of 2025, 10 were completed (76.9% completion rate), and the remaining 3 are expected to be completed by the end of September 2025.
Labor-Management Meetings	Employees may raise concerns regarding labor conditions and labor-management relations through their factory labor representatives during these meetings.	- Representatives from both the management side (8 representatives appointed by the President) and the labor side (8 employee representatives elected by all employees) hold quarterly meetings. - The Administration Department prepares meeting records based on these discussions, which are then approved by the President and publicly announced.	In 2025, four Labor-Management Meetings were held with ten proposals, all of which reached consensus and were resolved during the meetings.
Labor Retirement Reserve Supervisory Committee	The Committee discusses matters regarding the contribution, deposit, utilization, and disbursement of the labor retirement reserve fund.	- Representatives from both the management side (3 representatives appointed by the President) and the labor side (6 employee representatives) hold quarterly meetings. - The Administration Department prepares meeting records based on these discussions, which are then approved by the President and publicly announced.	In 2025, four meetings were held, with reports on monthly fund income, expenditures, and contribution amounts.
Employee Welfare Committee	Employees may raise concerns regarding welfare matters through their factory welfare representatives during these meetings.	- Representatives from both the management side (5 representatives appointed by the President) and the labor side (11 employee representatives elected by all employees) hold quarterly meetings. - The Administration Department prepares meeting records based on these discussions, which are then approved by the President and publicly announced.	In 2025, four meetings were held with ten proposals, all of which reached consensus and were resolved during the meetings.
Corporate Occupational Safety and Health Committee	Occupational safety and health issues may be raised by representatives from each plant or by labor representatives from the Labor-Management Meeting.	- The President serves as the Chairperson, joined by management, occupational safety and health personnel, medical staff, and labor representatives. Meetings are held every two months. - The Industrial Safety & Hygiene Department prepares meeting records based on these discussions, which are then approved by the President and circulated to attendees for promotion and improvement tracking within their respective units.	A total of six meetings were held in 2025, with all topics thoroughly discussed.



4.5 Occupational Health and Safety

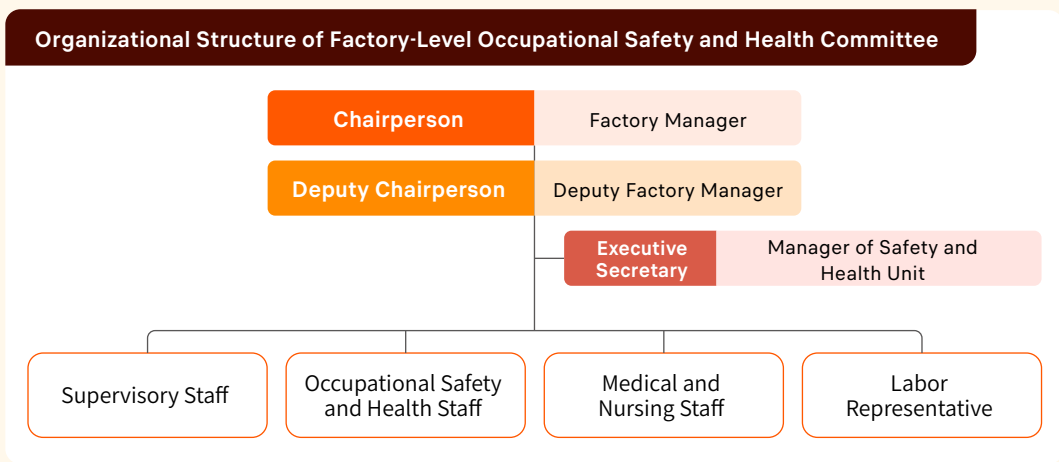
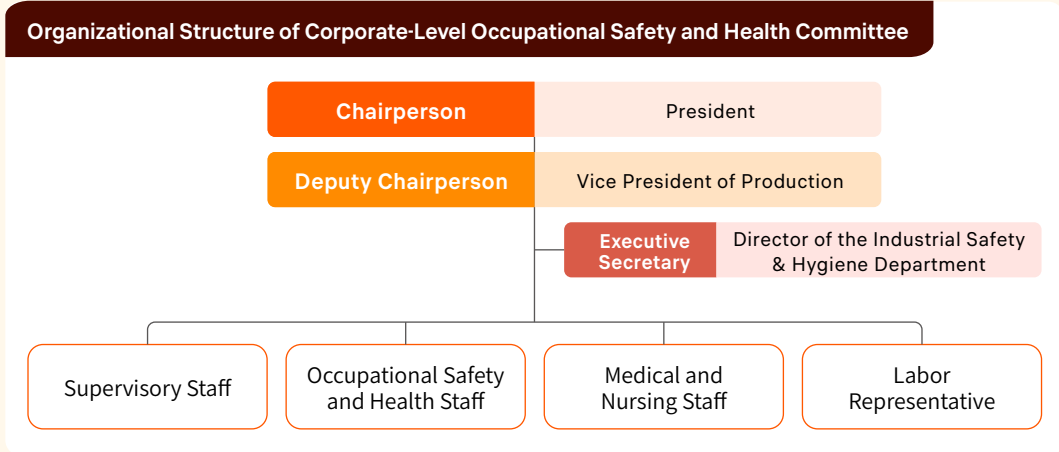
4.5.1 Occupational Health and Safety Management GRI 403-1 GRI 403-8

In line with the core value of "respect for life" in its environmental, safety, and health policy, it is committed to promoting employee health, eliminating potential hazards, strengthening communication mechanisms, and enhancing occupational safety performance. Through the implementation of an annual occupational safety and health management plan and internal/external audits, the effectiveness of the management system is ensured, and the PDCA cycle operation is continuously implemented to improve safety and health performance.

CHS operates five plants: the Hot Rolling Department, Cold Rolling Department, Pickling & Galvanizing Department, and two Pipe & Tube Departments (Lukang and Da Fa Industrial Zone). All sites are certified to ISO 45001, CNS 45001 and TOSHMS standards. The occupational safety and health system applies to all employees working within the scope of CHS' s facilities. Regulations governing contractor personnel are specified in contract terms and related guidelines.

4.5.2 Occupational Safety and Health Committee GRI 403-4

To effectively operate our company's occupational safety and health organization and achieve the goal of zero hazards through collaborative efforts, a Corporate Occupational Safety and Health Committee is established according to the Occupational Health and Safety Management Regulations, chaired by the President. This committee, with labor representatives comprising at least one-third of the total committee members, meets every two months to discuss safety and health-related topics and management performance. Each factory area establishes its own "Factory-level Occupational Safety and Health Committee," chaired by the Factory Manager. These committees meet every two months to discuss safety and health management with each department, communicate opinions, and promote company policies. The Occupational Safety and Health Committee is composed of occupational safety and health personnel, supervisory staff, medical and nursing staff, and labor representatives, with labor representatives comprising at least one-third of the total number of committee members. The committee's organizational structure is as follows:



4.5.3 Safety and Health Management Performance

GRI 403-9 SASB EM-IS-320a.1

In 2025, there were two occupational accidents involving employees. Both incidents underwent cause analysis and resulted in hardware improvements and personnel training. These measures successfully eliminated hazards and prevented recurrence. The Safety and Health Management Performance for the past 3 years is as follows:

Year		2023		2024		2025	
Category		Employees	Contractor	Employees	Contractor	Employees	Contractor
Total Working Hours (A)		2,200,322	590,085	2,169,722	592,248	2,017,039	562,268
Number of Deaths (B)		0	0	0	0	0	0
Total Number of Disability Cases	Permanent Disability (C)	1	0	0	0	0	0
	Temporary Total Disability (Lost Days $\geq$ 180) (D)	0	0	1	0	0	0
	Temporary Total Disability (Lost Days < 180) (E)	1	1	1	0	2 ^{5,6}	0
Recordable Injury Rate ²		0.18	0.33	0.18	0	0.19	0
Fatality Rate ³		0	0	0	0	0	0
Serious Occupational Injury Rate (Excluding Fatalities) ⁴		0.09	0	0.09	0	0	0

Note:

1. The number of fatalities and total number of disability cases do not include commuting traffic accidents.

2. Recordable Injury Rate: The number of recordable occupational injuries per 200,000 working hours, including fatalities and the total number of disability cases. Formula: $((B)+(C)+(D)+(E)) \times 200,000 \div (A)$.

3. Fatality Rate: The number of fatalities per 200,000 working hours. Formula: $(B) \times 200,000 \div (A)$.

4. Serious Occupational Injury Rate (Excluding Fatalities): The number of serious occupational injuries per 200,000 working hours, including permanent disability and temporary total disability (lost days $\geq$ 180). Formula: $((C)+(D)) \times 200,000 \div (A)$.

5. Caught in Machinery: The cause was a person handling the abnormal situation of trimming material jamming. While the person had not completed the cleaning action and had not given instructions, another person inadvertently operated the inner slot on the console, resulting in an injury (this case led to an administrative fine of NT\$60,000 by the competent authority).

6. Fall: The accident occurred when a person was performing painting work on the tube vehicle stacking and forming equipment and accidentally slipped with the right foot, falling and hitting the equipment.





4.5.4 Occupational Safety and Health Management Measures

GRI 403-2 GRI 403-3 GRI 403-5 GRI 403-7 GRI 403-10 SASB EM-IS-320a.1

The OSH management framework of CHS is composed of 1 core, 2 pillars, 5 dimensions, and 17 elements (with explanations of key initiatives under each dimension). Management is carried out through the ERP OSH Management Information System, with both proactive (disaster prevention actions) and reactive (non-disabling work hours/incidents) performance indicators used for evaluation. Assessment results form the basis for the next year's work plans. For plants that meet the performance indicators, the Company allocates up to NT\$550,000 annually in bonuses to reward implementation of safety measures.

Chung Hung 's Occupational Safety and Health (OSH) Management Driving Framework



Note: EAM is a production equipment management system.

1 Core 2 Pillar 5 Dimension 17 Element

1. Facility improvement and supervisor site inspections

(1) Regional safety joint defense and executive-level supervisor observation

The Work Safety Zone Defense initiative encourages all personnel to proactively identify and improve potential hazards within their work areas and SJP (Safety Job Procedure) documents. In 2025, the focus will expand from identifying "single points" of potential hazards to a broader "surface" approach, concentrating on operations or environmental zones with the highest threat risks or most prone to accidents. This involves actual operations practice by operators who validate the SJP/SOP (Standard Operating Procedure) against their tasks. Personnel from units or factory areas comprehensively participate in reviewing and confirming the consistency and effectiveness of safety protections in both hardware and software (SJP/SOP), as well as assessing operators' awareness and familiarity with hazards, ensuring that operational potential hazards and environmental risks are controlled. In 2025, 72 potential hazards in preventive operations/areas and 72 SJP reviews were identified, achieving a 100% improvement rate.

The results of self-inspections and joint improvements from the work safety zone defense at each factory area (including risk hazard prevention in work areas; methods for on-site self-inspection and joint inspections, identifying and resolving issues through these inspections) involve organizing the Vice President of Production to lead representatives from other factory areas and safety personnel for observational tours. In 2025, a total of 10 sessions (2 sessions per factory) were conducted, during which factory representatives exchanged professional insights from multiple perspectives. This resulted in the discovery and completion of 56 areas for improvement in environmental facilities and SJP optimization.

To encourage proactive hazard identification and prevention efforts by departments, bonuses are awarded by the President based on improvement assessment results at each factory. This aims to sustain the discovery and mitigation of potential hazards in the operational environment.

(2) Dynamic Safety Observations by Supervisors

To identify and eliminate unsafe behaviors during operations, supervisors routinely conduct walkthrough observations, recording high-risk operations on video or reviewing CCTV footage from swing, night, or weekend shifts. They then discuss and review the footage with the involved employees to verify if there are any unsafe behaviors or environments, ensuring conformance with safe operating procedures. In 2025, a total of 893 operations were conducted, including 658 by section chiefs, 68 by plant safety engineers, 146 by (deputy) section managers, and 21 by (deputy) plant managers, achieving a completion rate of 106% (with the target being 843 operations). Through the diligent implementation of Dynamic Safety Inspections by supervisors, 98.51% conformity with safe operating behaviors was achieved, while 1.49% of unsafe behaviors were identified and eliminated to prevent recurrence.

(3) The central organization (Industrial Safety & Hygiene Department) conducts occupational safety inspections of the factory area.

Based on operational needs, CHS establishes an annual safety inspection plan and conducts monthly safety audits. In 2025, audit activities included:

A. Dynamic safety observations by supervisors of each plant	B. General safety observations by supervisors	C. Implementation degree of the leader's hazard notification	D. On-site operational safety inspections	E. Awareness of Hazard Identification and Prevention Safety
F. Contractor on-site inspections (including random checks of the audited plant area contractors' daily zero-accident activities and the "Five Safety Questions," which include: a. Employee health care and attention; b. Each step of the daily work items; c. The methods by which the tasks are performed; d. All potential hazards involved in the operations (any hazards during the work must be identified, communicated, and recorded); e. How to prevent, inspect, and use related personal protective equipment, etc.) also focus on the implementation level of uploading certificates/SJP and daily inspection records in the contractor management system.				

A total of 339 audits were conducted in 2025, with 308 compliant (90.9%) and 31 (9.1%) non-compliant or with improvement suggestions, primarily related to mechanical equipment safety and record integrity. All issues were tracked and resolved through the audit logging maintenance system.

Regional safety joint defense and executive-level supervisor observation framework



Note: M9 refers to the Industrial Safety & Hygiene Department, MX represents each factory, MX9 and MPS refer to each factory's safety department, and M denotes the Vice President of the production departments.



(4) Near Miss Management

In 2025, 85 near-miss cases were reported with a 100% improvement rate. The top three incident types were slips/trips (52 cases), cuts/abrasions (6 cases), and falls/rolls (6 cases). The units reporting near miss incidents conduct cause analysis, corrective actions, and preventive improvements. These actions are reviewed and approved by the unit supervisors, factory safety personnel, and factory manager, and then submitted to the Industrial Safety & Hygiene Department for confirmation. Selected cases deemed worthy of sharing are documented in safety bulletins and published in the ERP bulletin board, allowing all company employees to learn from them and implement similar measures, thereby achieving the goal of accident prevention.

(5) Hazard Identification and Risk & Opportunity Assessment

To identify occupational safety and health risks across various processes, operations, and activities, the Company conducts assessments in accordance with established procedures. These evaluations determine the necessary control measures to ensure that risks are maintained at acceptable levels while improving overall performance. In 2025, a total of 20,384 risk assessments were completed. Of these, 52 were deemed unacceptable risks (Level 1 or 2), and 47 were identified as opportunities for improvement. All unacceptable risks were included in high-risk tracking and subject to management plans and hardware improvements.

2. Contractor Management Aspect

In addition to establishing a contractor management system, the following describes the measures related to contractor safety and health management:

(1) Contractor and Safety Family Safety Exchange Meeting

Listen to the needs of the contractor and invite external experts to provide guidance on operational skills, correct usage of machinery, and safety concepts. In 2025, personnel from CSC W6 (Equipment Department) and Kaohsiung City Labor Inspection Office were invited to serve as instructors on welding and hoisting, providing guidance on practical operations, troubleshooting work anomalies, and sharing case studies. They also reviewed actual work videos filmed by contractors, with experts offering feedback on the content. The contractors engaged in interactive discussions with the instructors. A total of four sessions were held, attended by 48 people from 20 subcontractors. Contractors who performed excellently in the exchange meetings, as well as contractor personnel who expressed their opinions during Q&A discussions, are rewarded with bonuses as encouragement.

(2) Dedicated Fund for Safety and Health Violation Penalties

To enhance contractors' autonomous management capabilities in occupational safety and health and to subsidize their implementation of safety and health activities, the Company issued a total of NT\$88,951 in contractor incentive payments in 2025, in accordance with the "Contractor Violation Penalties and Safety and Health Activity Subsidy Guidelines." Incentive items included awards for workplace supervisors and safety personnel with outstanding performance in the Contractor Work Safety Exchange Meeting, expert consulting fees for the Contractor Work Safety Exchange Meeting, rewards for contractors assisting in factory area incident resolution, procurement of safety equipment, and recognition of contractors and safety personnel with outstanding performance in annual safety and health evaluations.

(3) Resident Contractor Safety and Health Self-Management Evaluation

To encourage resident contractors at each factory to implement effective safety and health management, evaluations are conducted based on the "Contractor Safety and Health Self-Management Performance Bonus Distribution Regulations." Each factory formulates detailed evaluation criteria under these regulations. Contractors and their safety personnel who demonstrate exceptional annual performance are awarded both group and individual bonuses and certificates of recognition. Additionally, these outstanding contractors and safety personnel are personally commended by the President during the company-level Safety and Health Committee meetings.

(4) Contractor management system establishment: To deepen contractor partnerships and enhance management efficiency, promote the digital transformation of contractor management.

Starting from 2024, the foundational access control and entry management systems will be implemented, which include the basic information of vendors, personnel, and vehicles, the application for work permits and passes, the certificate management system, and the Safe Job Procedures (SJP) management system. In 2025, the on-site inspection system will be further established. The year 2026 will see continued deepening and expansion to implement comprehensive contractor entry management.



The President awarded bonuses (certificates) to outstanding contractors (both groups and individuals) for excellent self-management in safety and health.

3. Health Management Aspect

(1) Operational Environment Monitoring

To identify and assess hazards in operational workplaces and environments, we conduct environmental monitoring to understand the actual conditions in which workers operate and evaluate their exposure. This initiative aims to enhance the quality of the work environment, ensuring employee safety and health. In accordance with the "Implementation Measures for Occupational Environment Monitoring," an accredited environmental testing organization is annually commissioned to conduct environmental monitoring. This includes monitoring of chemical factors (e.g., n-hexane, potassium dichromate, ethyl acetate, toluene, acetone, methyl ethyl ketone, sulfuric acid, isopropanol, dust, carbon dioxide, etc.) and physical factors (e.g., noise levels, comprehensive heat stress index, local exhaust ventilation velocity, etc.), totaling 29 parameters. Monitoring is performed twice annually, and the results are posted on the ERP bulletin board. If abnormalities are detected, a cause analysis is conducted, and, in the case of special cases, consultations with environmental testing institutions are held. If necessary, the competent authority is consulted to complete tracking and improvement actions.

(2) Work-Related Ill Health Prevention

Special health examinations are arranged annually for employees working in special operational environments. In 2025, 178 individuals will undergo these examinations. Examination items include noise, n-hexane, potassium dichromate, dust, ionizing radiation, manganese, and ethylmercury compounds. The results indicate no cases of occupational diseases. For contractors, inquiries with their employers also revealed no cases of occupational diseases.

Although there were no abnormal inspection results due to special operations, the Company conducts annual hearing protection education and training, Health Management measures like the use of protective equipment, and adds other special operations risk training such as for dust operations, ionizing radiation operations, mercury and its inorganic compounds, and n-hexane operations. This enhances employees' knowledge of health and strengthens their health literacy. Implement relevant protective measures and arrange for healthcare personnel to hold discussions with on-site physicians or have them personally visit to understand employees' work habits. Additionally, we arrange health care and follow-up management to reduce the risk of occupational diseases among employees.

4. Education and Training Aspect

(1) Safety and Health Education Training

To enhance employees' awareness of and capabilities in safety and health, as well as their professional skills, the following safety and health education and training courses will be conducted in 2025:

Serial Number	Course Name	2023		2024		2025	
		Number of sessions (events)	Number of participants	Number of sessions (events)	Number of participants	Number of sessions (events)	Number of participants
1	Supervisory Occupational Health and Safety Responsibility Course	4	190	-	-	3	178
2	Initial Training for Class-1 Manager of Occupational Safety and Health Affairs	-	-	2	39	-	-
3	Safety and Health On-the-Job Training	43	290	60	990	55	377
4	Training in Traffic Safety Defensive Skills	6	85	5	56	2	21
5	Radiation Protection Education Training	5	93	5	123	2	39
6	Seed Personnel Training on Risk Assessment	13	83	-	-	-	-
7	In-house training for EHS Internal Audit personnel	-	-	-	-	1	64
Total		71	741	72	1208	63	679

(2) Defensive Driving and Traffic Safety Training & VR Hazard Perception Experience

Considering the 7 commuting traffic accidents (5 involving disabling injuries and 2 involving minor injuries) from the previous year, all of which were motorcycle accidents, to reduce the likelihood of traffic accidents and enhance employees' awareness of traffic safety and self-defense capabilities, the Company arranged 2 sessions in 2025 for a total of 21 participants at the China Steel Occupational Safety Training Building to receive "Defensive Driving and Traffic Safety Training." The training simulated defensive scenarios that might be encountered during actual road use.





4.5.5 Health Management and Care GRI 403-6

1. On-Site Physician Services

CHS employs specialized occupational medicine physicians to provide health care services for employees. The service schedule is announced monthly on the Company's ERP system bulletin board, allowing employees to seek health consultations during work hours. In 2025, there were a total of 636 employee health consultations.

2. Health Examination

In 2025, a total of 996 employees participated in the annual health examinations. The examination included 19 major items, exceeding the legal requirement of 7 items. In addition to the standard examination items, additional screenings were provided, including cancer screenings, abdominal ultrasound, lateral X-ray examination, bone density tests, immuno-fecal occult blood tests, glyated hemoglobin tests, white blood cell classification, and breast and gynecological ultrasound examinations for female employees. These screenings establish baseline health data, reminding employees to adjust their lifestyle for early detection and treatment.

3. Health Examination Results Briefing

After the completion of the annual health (special) examinations, factory physicians are scheduled to visit each factory area to conduct results explanation sessions, providing employees with an understanding of the significance of various indicators and preventive measures for controlling abnormal values. In 2025, a total of 5 sessions were held with 148 participants. Through these health seminars, physicians highlighted the dangers of metabolic syndrome and its impact on health, encouraging employees to adopt regular exercise routines, practice self-health management, and adjust their lifestyles. The sessions emphasized the importance of combining exercise with dietary changes to achieve better health and preventive outcomes.

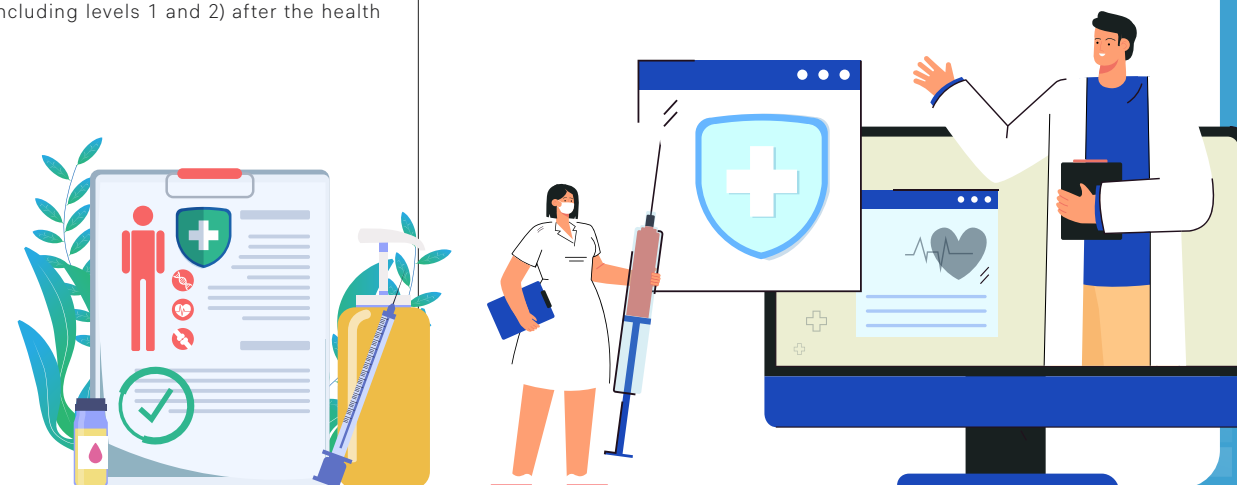
4. Reduction in High Health Risk Population

The Company has established an Employee Health Risk Management process, which includes regular analysis of employees' health examination results and implementation of health stratification management. High-risk groups are identified (such as BMI ≥ 35 kg/m², cardiac assessment $\geq 20\%$, glycosylated hemoglobin $\geq 8\%$, LDL cholesterol ≥ 190 mg/dL, GPT, glomerular filtration rate, and electrocardiogram, etc.), and are cared for by unit supervisors. Occupational nurses arrange interviews with occupational physicians for follow-up management and conduct health promotion activities. Employees are educated on the correlation between metabolic diseases and heart diseases, emphasizing the importance and methods of preventing and controlling metabolic diseases. Gradually, correct health management is instilled in employees.

- (1) Compared to the previous year, the number of individuals at high health risk has decreased from 260 to 58, representing a reduction rate of 77%.
- (2) "Metabolism Slim" Health Promotion Activity: Originally, participants with a health risk classified as level 3 (high health risk) in 2024 experienced a decrease to below level 2 for 66.67% of them after the 2025 health promotion. Among all participants, 88.89% managed to control their health risk to below level 2 (including levels 1 and 2) after the health promotion.

5. Computerized Health Management System

CHS has implemented a "Health Trend Chart" function in its corporate mobile application, collecting annual health examination data of employees and visualizing trends through graphic formats such as radar charts. Health risk indicators, including BMI, blood pressure, cholesterol, triglycerides, and fasting glucose, are combined for observation based on potential disease types (e.g., for the three-high population, blood pressure, blood sugar, and blood lipids are jointly observed) and are divided into five risk levels. This provides integrated management of health logs and health examination data, allowing employees to quickly and easily understand their health status. It also improves the efficiency of occupational health professionals in analyzing and tracking employee health data. Additionally, in compliance with ESG standards, it offers comprehensive "Group Health Indicator Analysis," enabling direct comparisons with national demographic surveys and the prevalence rates of the three-high conditions in the country, producing a corporate health map at the touch of a button.





4.6 Social Participation

4.6.1 Public Welfare Philosophy and Engagement

CHS is committed to long-term investment in "Life" and "Education," two major areas of social welfare, and responds to government policies supporting domestic cultural development. Implement a corporate volunteerism philosophy to promote voluntary services among employees. The primary beneficiaries include vulnerable groups, neighboring communities around factory areas, and schools, aiming to implement a sustainable policy of "fulfill our commitment to community engagement and contribute to social welfare activities." The initially allocated budget for public welfare sponsorship in 2025 was NT\$4,000,000; however, due to certain activities, which had been budgeted but were not organized by the Company, not taking place, the actual amount invested was NT\$3,000,000. The main project descriptions are as follows:



Support domestic cultural development

Sponsored | The publication of diary teaching picture books at Xingtang Elementary School in Qiaotou District, Kaohsiung

Since 2008, CHS has continuously supported Hsingtang Elementary School in promoting diary teaching and graphic writing education, assisting students in developing reading and writing competence, expressive skills, observation skills, and reflective abilities. Continuing the funding in 2025, assisting the school in publishing teaching achievement picture books.



Publications of Xingtang Elementary School - Sanhao Diary Teaching Picture Book

Sponsored | The expenses for distinctive activities organized by the Qiaotou District Office

CHS supports the "2025 CiaoTou Sugar Art and Culture Festival," which will be grandly held at the CiaoTou Sugar Factory in Kaohsiung City on November 22, 2025. The event combined sugar industry culture, parent-child experiences, and Interaction with Community, attracting over 20,000 participants. Among them, more than a thousand families enthusiastically participated in the park activities, showcasing the vitality of local culture.



Photos of the 2025 CiaoTou Sugar Art and Culture Festival

Sponsored | The expenses for Gangshan distinctive activities organized by the Gangshan District Office

CHS supports the "Gangshan Light Art Festival Series" organized by the Gangshan District Office of Kaohsiung City (included in the 2025 sponsorship budget). The event will be held from February 14 to March 3, 2026, showcasing seven themed light areas at locations such as HeTi Park, Agongdian Bridge, and Jian Bridge. The festival combines environmental light and shadow design with urban imagery, attracting 220,000 visitors and boosting the sales of nearby vendors and shops by 20%.

Sponsored | The expenses for the Agongdian Creek Cultural Award organized by the Gangshan College Youth Association

CHS supports the "18th Agongdian Creek Literature Award" organized by the Gangshan College Youth Association in 2025. The award ceremony will be held on June 1, 2025, at the Gangshan Cultural Center Auditorium in Kaohsiung City. A total of 93 awarded students will gather to collectively witness the passion for literary creation and the heritage of local culture among the youth.



Caring for Life

Sponsored | The Greater Kaohsiung Lifeline Association's "Suicide Prevention and Life Education Promotion Program"

CHS supports the public health initiative of "Suicide Prevention and Life-saving" and annually sponsors NT\$500,000. As of 2025, this sponsorship has continued for 22 years, with a cumulative donation of NT\$11 million. The program includes:



Recruitment and training of counseling volunteers to provide services via the 1995 suicide prevention hotline



In-service training courses for existing volunteers



Professional counseling sessions for high-risk individuals



Community and campus life education seminars

Sponsored | Digital Humanity Association in promoting health by introducing the "WaCare Telehealth Platform."

CHS teamed up with the Digital Humanity Association to launch the "Remote Health Promotion for Rural Elderly Public Welfare Project" at the Neimen Community Development Association in Kaohsiung City. The project introduced the WaCare Telehealth Platform, using digital live broadcast technology to break spatial limitations. Health mentors provide precise medical knowledge and health promotion courses to local elders. The study adopted the Social Return on Investment (SROI) method, and the evaluation results showed that for every 1 New Taiwan Dollar invested, 20.97 New Taiwan Dollars of social value were created. This sponsorship of NT\$200,000 generated NT\$4,310,000 in social value.



Certificate of Appreciation from the Digital Humanity Association



Education Focus

Kaohsiung City Government Social Affairs Bureau's "Self-Sufficiency and Poverty Alleviation Program"

CHS aligns with its philosophy and execution strategy. Since 2004, CHS has donated NT\$1 million annually, accumulating a total sponsorship of NT\$22 million. In addition to assisting with asset accumulation, the program implements five strategic areas—financial management, physical and mental health, learning, environment, and employment—to deliver proactive support measures. These efforts aim to build the capabilities of underprivileged households and support the internal and external growth of their children, ultimately achieving self-sufficiency.



Kaohsiung City Government Social Affairs Bureau Poverty Alleviation and Self-Reliance Program Certificate of Appreciation



Thank-you Card

The "Cross-Department Greenhouse Gas Reduction Collaboration" Project and Air Purification Zone Adoption and Maintenance

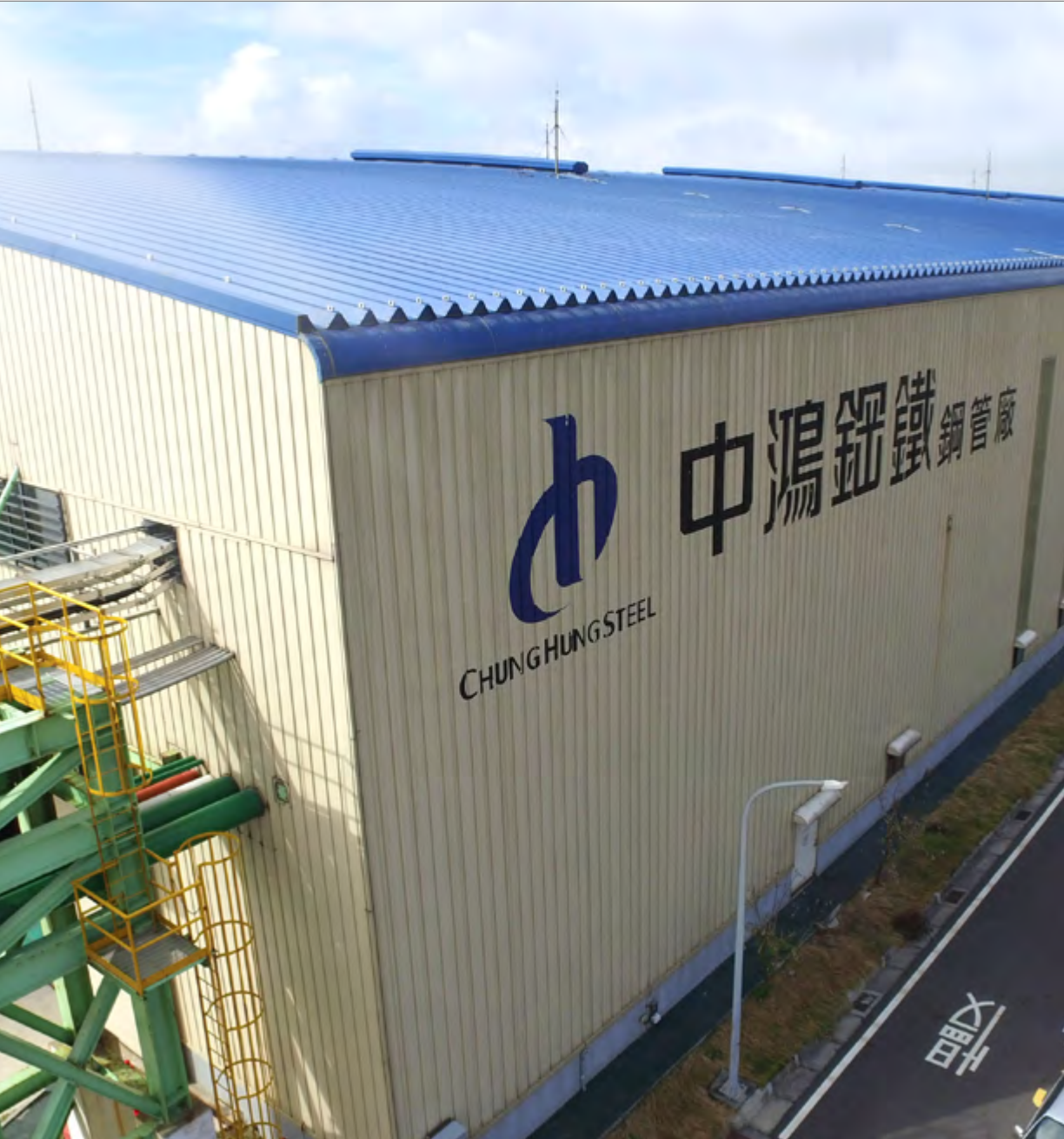
To mitigate climate change and improve air quality, the Kaohsiung City Government's Environmental Protection Bureau provides corporate subsidies and adoption mechanisms to assist schools and institutions in the city in replacing energy-saving equipment and maintaining air purification zones. CHS sponsored Chao-Liao Junior High School in Daliao District and completed the replacement of lighting equipment, achieving an annual carbon reduction benefit of approximately 17,820 kilograms of carbon dioxide equivalent (CO₂e). CHS also adopted He-Ping Elementary School in Gangshan District and Qiaotou Elementary School in Qiaotou District, maintaining air purification zones and campus green spaces and hedges. Since 2017 and 2018, we have continuously participated in the "Cross-Department Greenhouse Gas Reduction Collaboration" Project and Air Purification Zone Adoption and Maintenance, with a cumulative investment of NT\$850,000.



Award of Excellence for Adopted Air Purification Zones (Awarded in 2025)

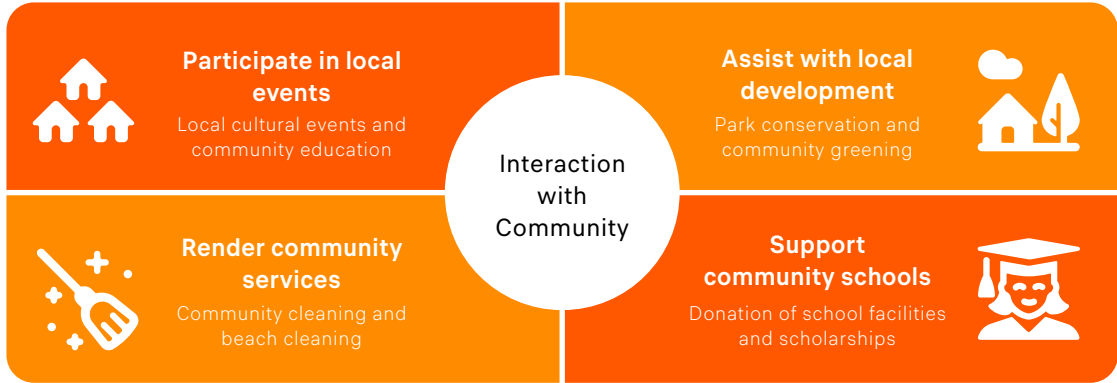


Certificate of Appreciation for Cross-Department Greenhouse Gas Reduction Collaboration Project



4.6.2 Community Care

Being an integral part of the community, CHS actively engages in practical initiatives to foster the development of neighboring communities around our factories and participate in local activities. We strive to establish positive interactions with local communities. Our community engagement primarily focuses on four main directions, as illustrated in the following diagram:



Key Local and Community Sponsorship Projects

- Sponsor** the nutrition lunch expenses for underprivileged students at Gangshan High School in Gangshan District, Kaohsiung City (continuous sponsorship for **16** years, totaling **NT\$1,600,000**)
- Sponsor** scholarships for outstanding students at the Ziguan District Office in Kaohsiung (continuous sponsorship for **22** years, totaling **NT\$1,320,000**)
- Sponsor** the Heart Road Foundation Kaohsiung Branch for the 2025 Walk Together Fund
- Sponsor** the Kaohsiung City Little Sun Association in organizing the "Happy Learning Workshop - Student Needs Subsidy Program"
- Sponsor** the expenses for the **educational subsidy program** for disadvantaged students at Wulin Elementary School in Qiaotou District
- Sponsor** the expenses for activities promoting energy conservation, green beautification workshops, community development, community industry growth learning, and **energy-saving and carbon reduction** advocacy in the community.



Volunteer Service Activities

In line with its vision of "Willingness to Engage," the Company is committed not only to business growth but also to active participation in social welfare, thereby fulfilling its corporate social responsibilities. In 2025, a total of 431 volunteer participations were recorded, as de-tailed below. To encourage employees to engage in public service, CHS has entrusted the Greater Kaohsiung Lifeline Association since 2008 to provide volunteer training courses. In 2025, 26 employees completed the training. As of the end of 2025, 355 currently employed employees had obtained a "Volunteer Service Record Book," accounting for 34.98% of the Company's total workforce.

Service at Kaohsiung Ren'ai Home



Group Photo of Volunteers at Ren'ai Home

Since July 2013, CHS has organized monthly volunteer activities at the Ren'ai Home, managed by the Kaohsiung City Government's Social Affairs Bureau. Employees and their families participate in environmental cleanup services, setting an example for their children and experiencing the joy of helping others. In 2025, there were 357 participants in the services, averaging 29.8 participants per month, accumulating a total of 3,339 service instances.

Ziguan District Kezailiao Nansha Beach Coastal Cleanup Activity



Group Photo of Volunteers at Beach Cleanup Activity

Since 2023, CHS has collaborated with the Zihguan District Office to promote the virtues of filial piety and environmental awareness by organizing the "Model Father Recognition and Marine Environmental Education Beach Cleanup Event" at the Nansha Beach in Oucuo, Zihguan District. In 2025, a total of 40 employees and their family members participated, with cumulative participation reaching 120 person-times.

Service at Jingzhong New Village, Qiaotou District



Group Photo of Volunteers at Jingzhong New Village Joint Environmental Cleanup Activity

Jingzhong New Village is a veterans' housing area located in Baishu Village, Qiaotou District. Residents include elderly veterans and their families, requiring external assistance for environmental upkeep. Since 2015, CHS volunteers have collaborated with the Qiaotou District Office to conduct joint environmental cleanup activities for eleven consecutive years. In 2025, 34 employees and their families participated in these services, accumulating a total of 327 service instances.



4.6.3 Community Engagement

The Company's hot rolling and cold rolling departments are located in Gangshan District and Qiaotou District of Kaohsiung City, respectively. As both are not situated within industrial zones, transport trailers carrying raw materials and products pass through nearby community roads, which is expected to pose risks to traffic safety and vehicle exhaust pollution for local residents. To address these concerns, CHS has proactively engaged with local stakeholders, including cooperative transport companies, community leaders, district offices, and traffic authorities, since the establishment of our facilities. Together, we have established designated transportation routes and implemented the "Steel Transport Safety Management Regulations." These regulations mandate that drivers from cooperative transport companies strictly adhere to specified routes, loading regulations, and associated penalties. Regular annual reviews of these regulations are conducted to mitigate traffic safety risks. Additionally, to further reduce the risks of vehicular exhaust emissions, CHS continues to advocate to cooperative transport companies for the use of Eco-friendly vehicles (Tier 4 and above) to transport The Company's steel products. In 2025, there were no significant traffic accidents involving transport vehicles, and the usage rate of eco-friendly vehicles (Phase 4 and above) reached 99.8% (with Phase 4 vehicles accounting for 2.7% and Phase 5 vehicles for 97.1%), with no complaints from local residents. In addition to the aforementioned management measures, CHS actively engages in community interaction and communication. Since 2016, we have organized annual community outreach activities in Qiaotou, Ziguan, Gangshan, and other communities, revolving around themes such as "Traffic Safety" and "Health Promotion." In 2025, focusing on "Health Promotion" as the theme, 6 community engagement events were held, interacting with residents from neighboring communities. The cumulative participation reached 2,212 person-times.



Photos of the "Health Promotion" Community Engagement Event



Reflections of the "Health Promotion" Community Engagement Event



CH5

Appendix Guidelines

Appendix 1 GRI Standards Comparison Table

Appendix 2 SASB and TWSE Sustainability Disclosure Indicators

Appendix 3 Climate-Related Information of TWSE/TPEX Listed Companies

Appendix 4 CHS IFRS S2 and TCFD Disclosure Content Index

Appendix 5 Report on the Adoption of the IFRS Sustainability Disclosure Standards

Appendix 6 Independent Assurance Statement



Appendix1 GRI Standards Comparison Table

Declaration of Use	CHS has reported in accordance with the GRI Standards for the period from January 1 to December 31, 2025.
GRI 1	Foundation 2021
Applicable GRI Industry Standards	None
GRI 2	General Disclosures 2021

Disclosure Items		Corresponding Chapter	Page No.	Omission Reasons/Notes
Detailed Organizational Information and Reporting Practices				
2-1	Organizational details	1.7.1 Company Introduction	21	
2-2	Entities included in the organization's sustainability reporting	1.1 About This Report	4	
2-3	Reporting period, frequency and contact point	1.1 About This Report	4	
2-4	Restatements of information	-		Please refer to the notes in each section for further details.
2-5	External assurance	1.1 About This Report	4	
Operational Activities and Employee Information				
2-6	Activities, value chain and other business relationships	1.7.2 CHS's Value Chain	21	There were no significant changes in operations compared to the previous year.
		2.4.1 Product Sales	38	
		2.6.1 CHS's Supply Chain	45	
2-7	Employees	4.1.1 Employee Structure	70	
2-8	Workers who are not employees	2.6.1 CHS's Supply Chain	46	
Governance				
2-9	Governance structure and composition	2.2.1 Board's Function	31	The current Sustainable Development Committee is a company-level committee (not a functional committee of the Board of Directors), and its operational methods are detailed in Section 1.4 "Sustainable Development Committee"
		2.2.2 Functional Committees	32	
2-10	Nomination and selection of the highest governance body	2.2.1 Board's Function	31	
2-11	Chair of the highest governance body	2.2.1 Board's Function	31	
2-12	Role of the highest governance body in overseeing the management of impacts	1.4 Sustainable Development Committee	15	
		1.8.1 Communication Achievements/Results	22	
2-13	Delegation of responsibility for managing impacts	1.4 Sustainable Development Committee	15	



Disclosure Items		Corresponding Chapter	Page No.	Omission Reasons/Notes
2-14	Role of the highest governance body in sustainability reporting	1.1 About This Report	4	
2-15	Conflict of Interest	2.2.1 Board's Function	31	For details regarding directors' concurrent positions at other companies, cross-shareholdings with suppliers or other stakeholders, the existence of controlling shareholders, and related-party transactions, please refer to Chapter 2 and the section on related party transactions in the financial statements of the Company's 2025 Annual Report.
2-16	Communication of critical concerns	1.4 Sustainable Development Committee	15	
2-17	Collective knowledge of the highest governance body	2.2.3 Board Performance Evaluation Mechanism	32	
2-18	Evaluation of the performance of the highest governance body	2.2.3 Board Performance Evaluation Mechanism	32	
2-19	Remuneration policies	2.2.4 The Board and Executive Compensation Policy	33	For details regarding the remuneration policy for the Board of Directors and managerial officers, please refer to Chapter 2 of the 2025 Annual Report, Corporate Governance Report, Section 2: Remuneration of General Directors, Independent Directors, Presidents, and Vice Presidents.
2-20	Process to determine remuneration	2.2.4 The Board and Executive Compensation Policy 4.2.1 Employee Remuneration	33 74	
2-21	Annual total compensation ratio	4.2.1 Employee Remuneration	74	
Strategies, Policies, and Related Practices				
2-22	Statement on sustainable development strategy	1.2 Message from the Management	5	
		1.3 Sustainable Development Policy and Goal	7	
2-23	Policies and Commitments	4.4.1 Human Rights Policy	77	
2-24	Embedding policy commitments	CHS's Supply Chain (Detailed in 2.6.1)	45	
		4.4.1 Human Rights Policy	77	
2-25	Processes to remediate negative impacts	4.4.1 Human Rights Policy	77	
		4.4.3 Employee Participation and Communication	79	
2-26	Mechanisms for seeking advice and raising concerns	2.3.1 Ethical Business Practices	34	
2-27	Compliance with laws and regulations	2.3.2 Regulatory Compliance	35	
2-28	Membership associations	2.5.4 External Engagement and Collaboration	44	
Stakeholder Engagement				
2-29	Approach to stakeholder engagement	1.8.1 Communication Achievements/Results	22	
2-30	Collective bargaining agreements	4.4.1 Human Rights Policy	77	



GRI 3: Material Topics 2021

	Disclosure Items	Corresponding Chapter	Page No.	Omission Reasons/Notes
3-1	Process to determine material topics	1.8.2 Analysis of Material Topics	24	
3-2	List of material topics	1.8.2 Analysis of Material Topics	25	
3-3	Management of material topics	1.8.2 Analysis of Material Topics	25	

Major Topic: Economic Recession/Financial and Currency Markets Volatility

	Disclosure Items	Corresponding Chapter	Page No.	Omission Reasons/Notes
GRI 201: Economic Performance 2016				
201-1	Direct economic value generated and distributed	2.4.2 Operational Performance	39	
201-2	Financial implications and other risks and opportunities due to climate change	3.2.1 Response to Climate Change	51	
201-3	Definition of Welfare Plan Obligations and Other Retirement Plans	4.1.3 Employment Changes and Separation	71	
201-4	Government Grants Received	2.4.3 Shareholding Structure and Major Subsidies	39	
		4.3.3 Effectiveness of TTQS Implementation	76	

Material Topic: Carbon Management-1

	Disclosure Items	Corresponding Chapter	Page No.	Omission Reasons/Notes
GRI 302: Energy 2016				
302-1	Energy consumption within the organization	3.4 Green Manufacturing Processes	65	
302-2	Energy consumption outside of the organization	-	-	Unaccounted energy consumption outside of the organization
302-3	Energy intensity	3.4 Green Manufacturing Processes	65	
302-4	Reduction of energy consumption	3.3.2 Carbon Reduction Pathway	61	
302-5	Reductions in energy requirements of products and services	-	-	Unquantified reduction in energy consumption from sold products and services
GRI 305: Emissions 2016				
305-1	Direct (Scope 1) GHG emissions	3.3.3 Greenhouse Gas Inventory	62	1. Types of greenhouse gases: Carbon dioxide (CO ₂), Methane (CH ₄), Nitrous oxide (N ₂ O), Hydrofluorocarbons (HFCs), Perfluorocarbons (PFCs), Sulfur hexafluoride (SF ₆), Nitrogen trifluoride (NFF ₃). 2. The base year for carbon reduction targets is 2018.
305-2	Energy indirect (Scope 2) GHG emissions	3.3.3 Greenhouse Gas Inventory	62	
305-3	Other indirect (Scope 3) GHG emissions	3.3.3 Greenhouse Gas Inventory	62	
305-4	GHG emissions intensity	3.3.4 GHG emissions intensity	64	
305-5	Reduction of GHG emissions	3.3.2 Carbon Reduction Pathway	61	
305-6	Emissions of ozone-depleting substances (ODS)	3.4 Green Manufacturing Processes	65	The Company has no production, import, or export of ozone-depleting substances (ODS)
305-7	Nitrogen oxides (NO _x), sulfur oxides (SO _x), and other significant air emissions	3.5.1 Air Pollution Control	66	



Material Topic: Occupational Health and Safety

	Disclosure Items	Corresponding Chapter	Page No.	Omission Reasons/Notes
GRI 403: Occupational Health and Safety 2018				
403-1	Occupational health and safety management system	4.5.1 Occupational Health and Safety Management	80	
403-2	Hazard identification, risk assessment, and incident investigation	4.5.4 Occupational Safety and Health Management Measures	84	Routine Assessments: For hazard identification and risk and opportunity evaluation page 84. Non-Routine Assessments: See page 85 for Health Management Aspect.
403-3	Occupational health services	4.5.4 Occupational Safety and Health Management Measures	86	
403-4	Worker participation, consultation, and communication on occupational health and safety	4.4.3 Employee Participation and Communication	79	
		4.5.2 Occupational Safety and Health Committee	80	
403-5	Worker training on occupational health and safety	4.5.4 Occupational Safety and Health Management Measures	82	
403-6	Promotion of worker health	4.5.5 Health Management and Care	86	
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	4.5.4 Occupational Safety and Health Management Measures	82	
403-8	Workers covered by an occupational health and safety management system	4.5.1 Occupational Health and Safety Management	80	
403-9	Work-related injuries	4.5.3 Safety and Health Management Performance	81	
403-10	Work-related ill health	4.5.4 Occupational Safety and Health Management Measures	85	



Material Topic: Labor/Management Relations

Disclosure Items		Corresponding Chapter	Page No.	Omission Reasons/Notes
GRI 402: Labor/Management Relations 2016				
402-1	Minimum notice period for operational changes	4.1.3 Employment Changes and Separation	71	
GRI 405: Diversity and Equal Opportunity 2016				
405-1	Diversity of governance bodies and employees	2.2.1 Board's Function	31	
		4.1.1 Employee Structure	70	
405-2	Ratio of basic salary and remuneration of women to men	4.2.1 Employee Remuneration	74	
GRI 406: Non-discrimination 2016				
406-1	Incidents of discrimination and corrective actions taken	4.4.1 Human Rights Policy	77	No incidents occurred.
GRI 408: Child Labor 2016				
408-1	Operations and suppliers at significant risk for incidents of child labor	CHS's Supply Chain (Detailed in 2.6.1)	45	No incidents occurred.
		4.1.2 Talent Recruitment	71	
GRI 409: Forced or Compulsory Labor 2016				
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	CHS's Supply Chain (Detailed in 2.6.1)	45	No incidents occurred.
		4.4.1 Human Rights Policy	71	
GRI 411: Rights of Indigenous Peoples 2016				
411-1	Incidents of violations involving rights of indigenous peoples	4.4.1 Human Rights Policy	77	No incidents occurred.

Material Topic: Information security and data protection

Disclosure Items	Corresponding Chapter	Page No.	Omission Reasons/Notes
- -	2.3.6 Information Security Management	36	

Material Topic: Breakthroughs in Industry 4.0 and Smart Manufacturing Technologies

Disclosure Items	Corresponding Chapter	Page No.	Omission Reasons/Notes
- -	2.3.7 Intelligent Projects	37	

Major Topic: Geopolitical Risk

Disclosure Items	Corresponding Chapter	Page No.	Omission Reasons/Notes
- -	2.3.8 Geopolitical Risk	37	



Appendix 2 Sustainability Accounting Standards Board (SASB) - Steel Industry Indicators (December 2023 Edition)" and "TWSE Sustainability Disclosure Indicators - Steel Industry"

Table 1 Industry-specific Metrics and Sustainability Disclosure Topics1-5

Aspects	Serial Number	Indicator Disclosure	Response from CHS	SASB Industry-Specific Indicators		Sustainability Disclosure Indicators * Number	Corresponding Chapter
				Topics	Encoding		
Environ-mental	1	Global Scope 1 Total Emissions and the percentage of emissions covered by emission control regulations	(1) 86,571,654 metric tons of CO ₂ e. (2) There are currently no regulatory limits on emissions.		EM-IS-110a.1	-	3.3.3
	2	Discussion on the long-term and short-term strategies or plans for managing Scope 1 emissions, emission reduction targets, and performance analysis against these targets.	(1) The Company has set the following targets for the reduction of greenhouse gas emissions (Scope 1 and Scope 2): a. Short-term: 7% carbon reduction compared to 2018 by 2025. b. Short-term: 25% carbon reduction compared to 2018 by 2030. c. Medium-term: 50% carbon reduction compared to 2018 by 2040. d. Long-term: Achieve carbon neutrality by 2050. (2) To reduce Scope 1 emissions, the Company will enhance fuel utilization efficiency, upgrade production equipment (e.g., regenerative burner, continuous flow boilers), develop hydrogen co-combustion technology, and implement full hydrogen combustion in heating furnaces. As part of this initiative, the hot rolling factory's heating furnace retrofit project from direct combustion to a regenerative burner is expected to reduce fuel consumption by approximately 9.2%, effectively lowering greenhouse gas emissions generated from fuel combustion.	GHG emissions	EM-IS-110a.2	-	3.3.2
	3	Pollutant Emissions (1) Carbon Monoxide (CO) (2) Nitrogen Oxides (NOx) (excluding nitrous oxide (N ₂ O)) (3) Sulfur Oxides (SOx) (4) Particulate Matter (PM10) (5) Manganese monoxide (MnO) (6) Lead (Pb) (7) Volatile Organic Compounds (VOCs) (8) Polycyclic Aromatic Hydrocarbons (PAHs)	(1) None ^a (2) 43.90 metric tons (3) 0 metric ton (4) 166 metric ton ^b (5) None ^a (6) None ^a (7) 20.96 metric tons (8) None ^a Note: a. Other items are not subject to regulatory testing and reporting requirements; there-fore, there are no relevant data. b. It represents total suspended particulates (TSP) data, with no PM10 measurement data available.	Air Quality	EM-IS-120a.1	-	3.4



Aspects	Serial Number	Indicator Disclosure	Response from CHS	SASB Industry-Specific Indicators		Sustainability Disclosure Indicators *	Corresponding Chapter
				Topics	Encoding	Number	
Environ-mental	4	(1) Total energy consumption (GJ)	(1) 2,062,216 GJ	Energy Management	EM-IS-130a.1	One	3.4
		(2) Percentage of grid electricity (%)	(2) 28.42%				
		(3) Regeneration percentage (%)	(3) 1.08%				
		(4) Total Amount of Self-Generated Energy (kWh)	(4) 0°				
	5	(1) Total fuel consumption (GJ)	(1) 1,427,062 GJ	Energy Management	EM-IS-130a.2	Two	3.4
		(2) Percentage of coal (%)	(2) 0% (CHS does not use coal)				
		(3) Percentage of natural gas (%)	(3) 99.65%				
		(4) Regeneration percentage (%)	(4) 0% (CHS does not use renewable fuels)				
6	(1) Total water abstraction (thousand cubic meters)	(1) 829.25 (thousand cubic meters)	Water Management	EM-IS-140a.1	Three	3.4	
	(2) Total water consumption (thousand cubic meters)	(2) 532.71 (thousand cubic meters)					
7	(3) Percentage of water abstraction in high (40-80%) or very high (>80%) baseline water stress regions as a proportion of total water abstraction, and water consumption as a proportion of total water consumption	(3) Upon consulting the World Resources Institute's "Aqueduct Water Risk Atlas," it is determined that the locations of the Company's various facilities are not classified as high or very high baseline water stress areas. Therefore, there is no water abstraction from high or very high water stress areas					
	(1) Weight of waste generated (metric tons)	(1) 45,964.75 metric tons	Waste Management	EM-IS-150a.1	Four	3.5.3	
(2) Proportion of hazardous waste (%)	(2) 17.74%						
	(3) Percentage of recycling (%)	(3) 99.14%					
	8	The following content is disclosed separately for full-time employees and subcontractors:	(1) Recordable Injury Rate	Employee Health & Safety	EM-IS-320a.1	Five	4.5.3
(1) Total Recordable Incident Rate (TRIR) The formula = (Recordable injuries x 200,000)/Total actual working hours		— Full-time employees = 0.19 — Subcontractors = 0	4.5.4				
(2) Fatality Rate The formula = (Fatalities x 200,000)/Total actual working hours		— Fatality Rate — Full-time employees = 0 — Subcontractors = 0					
(3) Near Miss Frequency Rate (NMFR) The formula = (Near misses x 200,000)/Total actual working hours		(3) Near Miss Incident Rate — Full-time employees = 8.43 — Subcontractors: No relevant records					
	(4) Occupational Accident Numbers (Individuals)	(4) 2 employees, 0 subcontractor	-	-			
Business Model and Innovation	9	Regarding environmental and social issues caused by iron ore and/or coal mining, do discussions on supplier management address these topics during procurement?	The Company uses flat steel billets as raw materials and has not procured iron ore or coking coal.	Supply Chain Management	EM-IS-430a.1	-	-

Note: The disclosure content of the sustainability disclosure indicators is conducted in accordance with Article 4 of the Taiwan Stock Exchange Corporation "Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies".



Table 2 SASB activity metrics and Sustainability Disclosure Topic 6

Serial Number	Indicator Disclosure	Response from CHS	Encoding of SASB activity metrics	Sustainability Disclosure Indicators(Note)	Corresponding Chapter
1	Crude steel production (metric tons), and the percentage from (1) basic oxygen furnace (BOF) process, (2) electric arc furnace (EAF) process (%) (1) Basic Oxygen Furnace (BOF) process (2) Electric Arc Furnace process	N/A, The Company is not involved in crude steel production.	EM-IS-000.A	-	-
2	Total production of iron ore (metric tons)	N/A.	EM-IS-000.B	-	-
3	Total Production of Coking Coal (in metric tons)	N/A.	EM-IS-000.C	-	-
4	Primary Product Output by Product Category (1) Hot-rolled product output (metric tons) (2) Cold-rolled product output (metric tons) (3) Pipe and tube product output (metric tons)	(1) 1,033,501 metric tons (2) 81,646 metric tons (3) 57,081 metric tons	-	Six	1.7.2

Note: The disclosure content of the sustainability disclosure indicators is conducted in accordance with Article 4 of the Taiwan Stock Exchange Corporation "Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies".



Appendix 3 Climate-Related Information of TWSE/TPEX Listed Companies

The following disclosure content is conducted in accordance with Article 4-1 of the Taiwan Stock Exchange Corporation "Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies".

1 Implementation status of climate-related information

Items	Execution Status
1. Describe the oversight and governance by the Board of Directors and management on climate-related risks and opportunities.	Page 50, Climate Governance Framework
2. Explain how identified climate risks and opportunities impact the company's business, strategy, and finances (short-term, medium-term, long-term).	Pages 51-55 CHS's Highly Critical Climate Risks (Opportunities) and Response Strategies
3. Discuss the financial impacts of extreme weather events and transition actions.	(1) Extreme Weather Events: Refer to page 52 for CHS's Highly Critical Climate Risks and Response Strategies" items 3 and 4. (2) Transformation Actions: Refer to pages 51-52 for "CHS's Highly Critical Climate Risks and Response Strategies" items 1 and 2.
4. Outline how the process of identifying, assessing, and managing climate risks is integrated into the overall risk management system.	Page 50, Climate Governance Framework
5. If scenario analysis is used to assess resilience to climate change risks, describe the scenarios, parameters, assumptions, analysis factors, and key financial impacts used.	Page 55, Climate Scenario Analysis
6. If there are transition plans to manage climate-related risks, describe the plan details, indicators, and targets used for identifying and managing physical risks and transition risks.	Page 49, CHS's TCFD Four Core Elements Actions
7. If internal carbon pricing is used as a planning tool, explain the basis for price determination.	In alignment with the "Regulations Governing the Collection of Carbon Fees" issued by the Ministry of Environment, the Company has established an internal carbon pricing (ICP) of NT\$300 per metric ton as a corporate carbon reduction governance tool. This pricing is applied to evaluate the benefits of capital expenditures associated with emissions reduction. This mechanism enables CHS to realistically assess the cost of decarbonization under a future net-zero pathway, thereby facilitating continuous improvement and enhancement of internal carbon reduction performance to achieve energy saving, emissions reduction, and sustainable development goals.
8. If climate-related targets are set, provide information on covered activities, greenhouse gas emission scopes, planning timelines, annual progress towards targets, etc. If carbon offsets or Renewable Energy Certificates (RECs) are used to achieve these targets, explain the source and quantity of carbon offsets or RECs exchanged.	(1) Page 49, CHS's TCFD Four Core Elements Actions (2) In 2025, a total of 6,200 renewable energy certificates were obtained.
9. Greenhouse gas inventory and verification status (table as shown on the following page).	-



Greenhouse gas inventory and verification status

1-1 Greenhouse gas inventory and verification status in recent two-year of the Company

1-1-1 Greenhouse Gas Inventory Information

This section describes the emissions (metric tons CO ₂ e), intensity (metric tons CO ₂ e/NT\$ million), and reporting scope of greenhouse gases over the past two years.						
1. In accordance with the Sustainability Development Roadmap for listed companies: (1) The parent company entity began inventorying from the year 2023. (2) Subsidiaries included in consolidated financial reports began inventorying from the year 2024. 2. The confirmation of the Company's greenhouse gas inventory for the past two years is outlined as follows:						
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 (Verified)	86,571.6537	4.55	76,986.8000	4.05	163,558.4537	8.60
3. The Company consolidated financial report for its subsidiary (Hung Kao Investment Corporation) indicates that, after third-party external verification, the greenhouse gas emissions for 2025 amount to 0 metric tons CO₂e.						
Note: 1. Direct emissions (Scope 1, from sources owned or controlled by the Company), energy indirect emissions (Scope 2, from the generation of purchased electricity, heat, or steam consumed by the Company), and other indirect emissions (Scope 3, from sources not owned or controlled by the Company, but associated with its activities). 2. Greenhouse Gas Inventory Standard: ISO 14064-1. 3. Intensity of greenhouse gas emissions is calculated as emissions (metric tons CO₂e)/revenue (in NT\$ million).						

1-1-2 Greenhouse Gas Assurance Information

Explanation of the assurance status for the most recent two years ending on the date of the annual report publication, including the scope of assurance, assurance provider, assurance standards, and assurance opinion.				
Year	Scope of Assurance	Assurance Institution	Assurance Standards	Assurance Opinion
2024	The Company	DNV GL Business Assurance Co., Ltd.	The Financial Supervisory Commission's "Sustainability Development Roadmap for Listed Companies" related regulations, Climate Change Response Act, Regulations on Greenhouse Gas Emissions Inventory and Registration Management, Ministry of Environment's Operational Guidelines for Greenhouse Gas Emissions Inventory, and relevant provisions of the Business Greenhouse Gas Emissions Information Platform (ISO 14066, ISO 14065, ISO 14064-3).	Unqualified Opinion
2025	The Company and its subsidiaries	DNV GL Business Assurance Co., Ltd.	Climate Change Response Act, Operational Guidelines for Greenhouse Gas Emissions Inventory, Regulations on Greenhouse Gas Emissions Inventory Registration and Verification Management, Management Regulations for Greenhouse Gas Certification Organizations and Verification Bodies, and the latest relevant provisions of the Business Greenhouse Gas Emissions Information Platform released by the Ministry of Environment. (ISO 14066, ISO 14065, ISO 14064-3)	Unqualified Opinion



1-2 Greenhouse Gas Reduction Targets, Strategies, and Specific Action Plans

Detail the base year and data for greenhouse gas emissions, reduction targets, strategies, specific action plans, and progress towards achieving reduction goals.

1. Base Year for Reduction of GHG Emissions for the Company: In 2018, total GHG emissions were 379,254 metric tons CO₂e.
2. The Company's Reduction of GHG Emissions Targets:

Using 2018 as the base year, the short-term, medium-term, and long-term carbon reduction targets are established as follows:

Short-term: 7% carbon reduction compared to 2018 by 2025.

Short-term: 25% carbon reduction compared to 2018 by 2030.

Medium-term: 50% carbon reduction compared to 2018 by 2040.

Long-term: Achieve carbon neutrality by 2050.
3. Greenhouse Gas Reduction Strategies and Specific Action Plans of the Company:
 - A. Improvement of Combustion Facility Efficiency: Enhancing fuel utilization efficiency, upgrading production equipment (e.g., regenerative burner, continuous flow boilers), developing hydrogen co-combustion technology, and implementing full hydrogen combustion in heating furnaces. As part of this initiative, the hot rolling factory's heating furnace retrofit project from direct combustion to a regenerative burner is expected to reduce fuel consumption by approximately 9.2%, effectively lowering greenhouse gas emissions generated from fuel combustion.
 - B. Enhancement of Electricity Facility Efficiency: Continuously promote energy efficiency improvement programs (e.g., replacing outdated energy-consuming equipment with more efficient models, installing renewable energy generation equipment such as solar panels on factory rooftops).
 - C. Energy Management System: Continue operating the ISO 50001 Energy Management System, controlling major energy-consuming equipment and energy-saving facilities through the company's Environment and Energy Management Committee and PDCA cycle operation. This ensures more efficient energy use and reduces GHG emissions.
 - D. Compliance with Energy Conservation Policies: The Energy Bureau requires electricity users with contract capacities of 800 kW and above to achieve an average electricity savings rate of over 1.5% from 2025 to 2028. In 2025, various energy-saving measures will continue to be implemented.
 - E. Use of Renewable Energy: According to the "Regulations on the Installation of Renewable Energy Generation Equipment by Certain Contract Capacity Electricity Users" announced by the Energy Bureau on December 31, 2020, obligated renewable energy users must install designated capacities within five years starting from 2021. The Company completed the installation of obligated capacity by 2023 (by purchasing renewable energy electricity and certificates), thereby starting to use renewable energy electricity in compliance with regulations. Subsequently, evaluate the purchase volume of renewable energy according to the progress of the Carbon Reduction Pathway.
 - F. Greenhouse Gas Inventory: Through greenhouse gas inventory records, effectively manage future greenhouse gas emissions. Since 2005, the company has conducted annual greenhouse gas emission inventories and undergone third-party external verification.
 - G. Product Carbon Footprint Assessment: To understand greenhouse gas emissions at various stages of the product lifecycle. In 2022 and 2023, the company conducted carbon footprint assessments and underwent third-party external verification for core products including hot-rolled coil, quenched and tempered hot-rolled bands, full hard cold-rolled bands, quenched and tempered cold-rolled coil, pickled and oiled hot-rolled coil, and carbon steel pipes. Through product carbon footprint assessments, the Company identifies emission hotspots and develops carbon reduction strategies for these areas. This initiative promotes various carbon reduction programs aimed at continuously reducing product carbon emissions.
4. Company and its subsidiaries's progress towards achieving greenhouse gas reduction targets:
 - A. The 2025 target represents a 7% reduction from 2018 levels, with the 2025 GHG emissions target set at ≤352,706 metric tons CO₂e.
 - B. In 2025, greenhouse gas emissions were recorded at 163,558.454 metric tons of CO₂e, successfully meeting the target.



Appendix 4 CHS IFRS S2 and TCFD Disclosure Content Index

Framework	Recommended disclosure items		Corresponding Chapter	Page No.
	IFRS S2	TCFD		
Governance	The role of the governance unit in the governance of climate-related risks and opportunities.	Description of the Board's oversight of climate-related risks and opportunities.	2.3.4	35
			3.2.1	50
	The role of the management in the governance of climate-related risks and opportunities.	Description of the management's role in assessing and managing climate-related risks and opportunities.	1.4	15
			3.2.1	50
Strategy	Reasonably expected climate-related risks and opportunities that may impact the individual's outlook.	Description of Short-term, Medium-term, and Long-term Climate-related Risks and Opportunities.	3.2.1	51-55
	Current and Expected Impact of Climate-related Risks and Opportunities on the Individual's Business Model and Value Chain.			
	Information on the impact of climate-related risks and opportunities on the individual's strategy and decision-making.	Impact of Risks and Opportunities on Business, Strategy, and Financial Planning.		
	Impact of Climate-related Risks and Opportunities on the Individual' s Current and Expected Financial Condition, Financial Performance, and Cash Flow.			
	Climate Scenario Analysis and Assessment of Climate Resilience.			
Risk Management		Description of the organization's strategic resilience, considering different climate-related scenarios.	3.2.1	55
	The process of identifying, assessing, prioritizing, and monitoring climate-related risks and opportunities (including whether and how these processes are integrated into and impact the individual's overall risk management process).	Description of the process for identifying and assessing climate-related risks.	3.2.1	50
		Description of the process for managing climate-related risks.	3.2.1	50
		Description of how the identification, assessment, and management of climate-related risks are integrated into the overall risk management framework.	2.3.4	35
			3.2.1	50
Indicators and Objectives	Climate-related indicators relevant to cross-industry category – Greenhouse gases	Disclosure of Scope 1, Scope 2, and Scope 3 (if applicable) greenhouse gas emissions and related risks.	3.3.3	62-63
	Climate-related indicators relevant to cross-industry category – Compensation	Disclosure of the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management processes	2.2.4	33
	Information on Basic indicators of the steel industry.	–	Appendix2	99-100
	Disclosure of the information on climate-related risks or opportunities targets that have been set(Climate-related targets).	Description of the targets used by the organization to manage climate-related risks and opportunities, and the performance against those targets	1.3	9-10



Appendix 5 Report on the Adoption of the IFRS Sustainability Disclosure Standards

(I) According to the "IFRS Sustainability Disclosure Standards Roadmap for Taiwan" issued by the Financial Supervisory Commission on August 17, 2023, as a Listed Company with a capital of NT\$14.36 billion, The Company is required to apply the IFRS Sustainability Disclosure Standards in 2026 (meaning that the sustainability information for 2026, prepared in accordance with the IFRS Sustainability Disclosure Standards, should be disclosed in the sustainability information section of the annual report in 2027). The Company will continue to monitor the Execution Status of the implementation plan in accordance with the reference guidelines and relevant regulations issued by the regulatory authority.

(II) The schedule for the implementation plan of the IFRS Sustainability Disclosure Standards is as follows, and it will be submitted to the Board of Directors for quarterly management control:

	Work Items	Expected (or actual) completion time	Important Output
Phase 1	1.1 Establish a cross-departmental IFRS Sustainability Disclosure Standards Project Team.	Completed in the fourth quarter of 2024	1. Project team's framework and list for the implementation plan. 2. Meeting minutes of the Senior Executives' Observation introduction meeting, project team introduction meeting minutes, and attendance register.
	1.2 Identify the significant differences and impacts between the current sustainability information and the IFRS Sustainability Disclosure Standards.	Completed in the fourth quarter of 2024	Identify the significant differences and impacts between the current sustainability information and the IFRS Sustainability Disclosure Standards.
	1.3 Preliminary identification of reporting entities	Completed in the fourth quarter of 2024	Meeting minutes of the Senior Executives' Observation introduction meeting reporting entities are CHS and HK.
	1.4 Formulate an implementation plan	Completed in the fourth quarter of 2024	Chung Hung Steel (CHS) IFRS S1S2 Implementation Plan
Phase 2	2.1 Identify sustainability-related risks and opportunities, financial impacts, and evaluate significant sustainability-related financial information.	Completed in the second quarter of 2025	1. Results and Prioritization of Identifying Sustainability Risks and Opportunities 2. Financial Impact Aspects of Sustainability Risks and Opportunities
	2.2 Identify and collect necessary data.	The draft was completed on September 26, 2025. Finalized on October 23, 2025.	Inventory Table for Disclosed Information in the Sustainability Section of the Annual Report
	2.3 Revise and adjust company processes, financial and non-financial reporting procedures, information systems, Supply Chain Management processes, internal controls, and daily operations of various departments.	Completed in the fourth quarter of 2025	1. Establish the "Sustainable Information Management Procedures." 2. Complete the audit operation of "Sustainable Information Management."
Phase 3	3.1 Pilot the preparation of the sustainability information section of the annual report.	Expected to be completed in the third quarter of 2026	-
	3.2 Continuously update the internal control operation manuals related to IFRS sustainability information and conduct training.	Expected to be completed in the fourth quarter of 2026	-
Phase 4	4.1 Announce the reporting of the sustainability information section of the annual report.	Expected to be completed in the first quarter of 2027	-



Appendix 6 Independent Assurance Statement




INDEPENDENT ASSURANCE OPINION STATEMENT

Chung Hung Steel 2025 Sustainability Report

The British Standards Institution is independent to Chung Hung Steel Corporation (hereafter referred to as CHS in this statement) and has no financial interest in the operation of CHS other than for the assessment and verification of the sustainability statements contained in this report.

This independent assurance opinion statement has been prepared for the stakeholders of CHS only for the purpose of assuring its statements relating to its sustainability report, more particularly described in the Scope below. It was not prepared for any other purpose. The British Standards Institution will not, in providing this independent assurance opinion statement, accept or assume responsibility (legal or otherwise) or accept liability for or in connection with any other purpose for which it may be used, or to any person by whom the independent assurance opinion statement may be read.

This independent assurance opinion statement is prepared on the basis of review by the British Standards Institution of information presented to it by CHS. The review does not extend beyond such information and is solely based on it. In performing such review, the British Standards Institution has assumed that all such information is complete and accurate.

Any queries that may arise by virtue of this independent assurance opinion statement or matters relating to it should be addressed to CHS only.

Scope

The scope of engagement agreed upon with CHS includes the followings:

1. The assurance scope is consistent with the description of Chung Hung Steel 2025 Sustainability Report.
2. The evaluation of the nature and extent of the CHS's adherence to AA1000 Accountability Principles (2018) in this report as conducted in accordance with type 1 of AA1000AS v3 sustainability assurance engagement and therefore, the information/data disclosed in the report is not verified through the verification process.

This statement was prepared in English and translated into Chinese for reference only.

Opinion Statement

We conclude that the Chung Hung Steel 2025 Sustainability Report provides a fair view of the CHS sustainability programmes and performances during 2025. The sustainability report subject to assurance is free from material misstatement based upon testing within the limitations of the scope of the assurance, the information and data provided by the CHS and the sample taken. We believe that the performance information of Environment, Social and Governance (ESG) are fairly presented. The sustainability performance information disclosed in the report demonstrates CHS's efforts recognized by its stakeholders.

Our work was carried out by a team of sustainability report assurance in accordance with the AA1000AS v3. We planned and performed this part of our work to obtain the necessary information and explanations we considered to provide sufficient evidence that CHS's description of their approach to AA1000AS v3 and their self-declaration in accordance with GRI Standards were fairly stated.

Methodology

Our work was designed to gather evidence on which to base our conclusion. We undertook the following activities:

- a review of issues raised by external parties that could be relevant to CHS's policies to provide a check on the appropriateness of statements made in the report.
- discussion with managers on approach to stakeholder engagement. However, we had no direct contact with external stakeholders.
- 14 interviews with staff involved in sustainability management, report preparation and provision of report information were carried out.
- review of key organisational developments.
- review of the findings of internal audits.
- review of supporting evidence for claims made in the reports.
- an assessment of the organization's reporting and management processes concerning this reporting against the principles of Inclusivity, Materiality, Responsiveness, and Impact as described in the AA1000AP (2018).

Conclusions

A detailed review against the Inclusivity, Materiality, Responsiveness, and Impact of AA1000AP (2018) and GRI Standards is set out below:

Inclusivity

This report has reflected a fact that CHS has continually sought the engagement of its stakeholders and established material sustainability topics, as the participation of stakeholders has been conducted in developing and achieving an accountable and strategic response to sustainability. There are fair reporting and disclosures for the information of Environment, Social and Governance (ESG) in this report, so that appropriate planning and target-setting can be supported. In our professional opinion the report covers the CHS's inclusivity issues.

Materiality

CHS publishes material topics that will substantively influence and impact the assessments, decisions, actions and performance of CHS and its stakeholders. The sustainability information disclosed enables its stakeholders to make informed judgements about the CHS's management and performance. In our professional opinion the report covers the CHS's material issues.

Responsiveness

CHS has implemented the practice to respond to the expectations and perceptions of its stakeholders. An Ethical Policy for CHS is developed and continually provides the opportunity to further enhance CHS's responsiveness to stakeholder concerns. Topics that stakeholder concern about have been responded timely. In our professional opinion the report covers the CHS's responsiveness issues.

Impact

CHS has identified and fairly represented impacts that were measured and disclosed in a probably balanced and effective way. CHS has established processes to monitor, measure, evaluate, and manage impacts that lead to more effective decision-making and results-based management within the organization. In our professional opinion the report covers the CHS's impact issues.

GRI Sustainability Reporting Standards (GRI Standards)

CHS provided us with their self-declaration of in accordance with GRI Standards 2021 (7) for each material topic covered in the applicable GRI Sector Standard and relevant GRI Topic Standard, comply with all reporting requirements for disclosures. Based on our review, we confirm that sustainable development disclosures with reference to GRI Standards disclosures are reported, partially reported, or omitted. In our professional opinion the self-declaration covers the CHS's sustainability topics.

Assurance level

The moderate level assurance provided is in accordance with AA1000AS v3 in our review, as defined by the scope and methodology described in this statement.

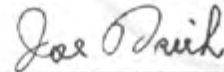
Responsibility

The sustainability report is the responsibility of the CHS's chairman as declared in his responsibility letter. Our responsibility is to provide an independent assurance opinion statement to stakeholders giving our professional opinion based on the scope and methodology described.

Competency and Independence

The assurance team was composed of auditors experienced in relevant sectors, and trained in a range of sustainability, environmental and social standards including AA1000AS, ISO 14001, ISO 45001, ISO 14064, and ISO 9001. BSI is a leading global standards and assessment body founded in 1901. The assurance is carried out in line with the BSI Fair Trading Code of Practice.

For and on behalf of BSI:


Joe Hsieh, Managing Director Northeast Asia, APAC Assurance

 AA1000
Licensed Report
000 4/V3 R7U2L

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