

# **China Steel Corporation**

## **Sustainable Development Best Practice Principles**

Amended on November 3, 2023

### Chapter 1 General Principles

#### Article 1

To fulfill corporate social responsibility of China Steel Corporation (hereinafter referred to as “the Company”) and to promote economic, environmental, and social advancement for purposes of sustainable development, this Sustainable Development Best Practice Principles (“the Principles”) is formulated in accordance with the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” adopted by Taiwan Stock Exchange Corporation (“TWSE”) and Taipei Exchange (“TPEX”) for the Company to follow.

#### Article 2

The Principles applies to entire business operation of the Company.

The Company shall actively fulfill sustainable development in the course of our business operations so as to follow international development trends and to contribute to the economic development of the country, to improve the quality of life of employees, the community and society by acting as responsible corporate citizens, and to enhance competitive edges built on sustainable development.

#### Article 3

The Company shall respect social ethics and give due consideration to the rights and interests of stakeholders and, while pursuing sustainable operations and profits, also gives due consideration to the environment, society and corporate governance, which shall be included in its corporate management guidelines and business operations.

The Company shall, in accordance with the materiality principle, conduct risk assessments of environmental, social and corporate governance issues pertaining to company operations and establish the relevant risk management policy or strategy.

Based on the Company’s values, including “Teamwork, Entrepreneurial approach, Down-to-earthiness, and Pursuit of innovation”, and its vision of “We aspire to be a sustainable growth enterprise that distinguishes itself through a firm commitment to smart innovation, green energy, carbon reduction, and value co-creation.”, the Company sets up short-, medium-, and long-term sustainable development strategies.

#### Article 4

To implement sustainable development initiatives, the Company follows the principles below:

1. Exercise corporate governance.
2. Foster a sustainable environment.
3. Preserve public welfare.
4. Enhance disclosure of corporate sustainable development information.

#### Article 5

The Company shall comply with relevant laws and regulations. Aside from signing contracts and related norms with TWSE, the Company also considers the relevant development trends of sustainability for domestic and foreign as well as the core business operations for the Company itself and the group. Based on the operation philosophy of “promotion of social well-being, result orientation, implementation of teamwork, and emphasis on employees' self-realization” that covers three aspects of economy, society, and environment, the sustainable development policies are set as below:

Strengthen competitiveness and create profit for shareholders to ensure corporate sustainability.

Integrate customer needs and enhance service competence to achieve co-prosperity.

Take care of employee welfare and create quality environment to facilitate workforce development.

Optimize supply chain system and improve communication to share sustainable practices.

Join professional organizations and provide a solid technology foundation for promoting industry upgrading.

Support government policies and engage in construction to improve comprehensive effectiveness.

Be devoted to social harmony and promote public welfare to benefit local communities.

Enhance safety and environmental protection measures to eliminate workplace injuries and improve pollution-reduction performances.

Persist in saving energy, reducing carbon emissions, and adopting renewable resources to build a low-carbon society.

### Chapter 2 Exercising Corporate Governance

#### Article 6

The Company shall follow the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, and the Code of Ethical Conduct for TWSE/TPEX Listed Companies to establish effective corporate governance frameworks and relevant ethical standards so as to enhance corporate governance.

## Article 7

The Board of Directors of the Company shall exercise the due care of good administrators to urge the corporate to perform sustainable development, examine the results of the implementation thereof from time to time and continually make adjustments so as to ensure the thorough implementation of its sustainable development policies.

The Board of Directors shall fully consider the interests of stakeholders and include the following items when promoting sustainable development objectives:

1. Identifying sustainable development mission or vision, and declaring sustainable development policy, systems or relevant management guidelines;
2. Making sustainable development the guiding principle of the Company's operations and development, and ratifying concrete promotional plans for sustainable development;
3. Enhancing the timeliness and accuracy of the disclosure of sustainable development information.

The Board of Directors shall appoint senior managers with responsibility for economic, environmental, and social issues resulting from the business operations, and to report the status of the handling to the Board of Directors. The handling procedures and the responsible person for each relevant issue shall be concrete and clear.

## Article 8

The Company shall organize education and training on the promotion of sustainable development (such as energy conservation and environment protection) on an irregular basis, including promotion of the matters prescribed in paragraph 2 of the preceding article.

## Article 9

To improve the management of sustainable development, the Company shall create a governance structure for promotion of sustainable development, and establishes an exclusively (or concurrently) dedicated unit to be in charge of proposing and enforcing the sustainable development policies, systems, or relevant management guidelines, and concrete promotional plans and to report on the same to the Board of Directors on a periodic basis.

The Company shall formulate a reasonable salary and remuneration policy to ensure that the remuneration plan can meet the organization's strategic goals and the interests of stakeholders.

The employee performance appraisal system shall be integrated with the sustainable development policy, and a clear and effective reward and punishment system shall be established.

## Article 10

The Company shall respect the rights and interests of stakeholders, identify the stakeholders, and set up stakeholder zone on its website; through appropriate communication methods, understand the reasonable

expectations and needs of stakeholders, and appropriately respond to the important sustainable development issues which they are concerned about.

### Chapter 3 Fostering a Sustainable Environment

#### Article 11

The Company shall follow relevant environmental laws, regulations and international standards to properly protect the environment and shall endeavor to promote a sustainable environment when engaging in business operations.

#### Article 12

The Company shall endeavor to utilize all resources more efficiently and use renewable materials which have a low impact on the environment to improve sustainability of natural resources.

#### Article 13

The Company shall establish proper environment management systems including the following items:

1. Collect related information to evaluate the impact of the business operations on the natural environment.
2. Establish measurable goals for environmental sustainability and review them on a regular basis.
3. Review Environmental, Health and Safety (“EHS”) Policy on an irregular basis.

#### Article 14

The Company shall, as necessary, set up a dedicated environmental management unit or assign dedicated personnel to formulate, promote and maintain related environmental management systems and action plans, and execute internal and external audits.

#### Article 15

The Company shall consider the influence on ecological efficiency, promote and advocate the concept of sustainable consumption, and conduct research and development, procurement, production, operations, and services in accordance with the following principles to reduce the impact on the natural environment and human beings from business operations:

1. Reduce resource and energy consumption of products and services.
2. Reduce emission of pollutants, toxins and waste, and dispose of waste properly.
3. Improve recyclability and reusability of raw materials or products.

4. Maximize the sustainable use of renewable resources.
5. Enhance the durability of products.
6. Improve performance of products and services.

#### Article 16

To improve water use efficiency, the Company shall properly and sustainably use water resources, establish relevant management measures, construct and improve environmental protection treatment facilities to avoid polluting water, air and land; and do its best reduce the adverse impact on human health and the environment by adopting the best practical pollution prevention and control measures.

#### Article 17

The Company shall assess the current and future potential risks and opportunities that climate change may present to enterprises and to adopt related measures.

Domestic and international standards or guidelines shall be adopted to carry out corporate greenhouse gas inventories and disclose them. The scope shall include the following:

1. Direct greenhouse gas emissions: the source of greenhouse gas emissions is owned or controlled by the company.
2. Indirect greenhouse gas emissions: emissions generated from the utilization of energy such as imported electricity, heating, or steam.
3. Other indirect emissions: emissions generated from corporate activities that are not indirect emissions from energy, but are from other sources of emissions owned or controlled by the Company.

The Company shall compile statistics on greenhouse gas emissions, volume of water consumption and total weight of waste and to establish policies for energy conservation, carbon and greenhouse gas reduction, reduction of water consumption or management of other wastes. Carbon reduction strategies should include obtaining carbon credits and be promoted accordingly to minimize the impact of business operations on climate change.

### Chapter 4 Preserving Public Welfare

#### Article 18

The Company shall comply with relevant laws and regulations, and the International Bill of Human Rights, with respect to rights such as gender equality, the right to work, and prohibition of discrimination. To fulfill its responsibility to protect human rights, The Company shall adopt relevant management policies and processes, including:

1. Committing to respect human rights and presenting a corporate policy or statement on human rights.
2. Conducting due diligence in accordance with the policies or statements formulated by the Company, evaluating the impact of the company's business operations and internal management on human rights, and adopting corresponding handling processes to identify and mitigate negative impacts related to human rights.
3. Reviewing on a regular basis the effectiveness of the corporate policy or statement on human rights.
4. Disclosing the processes for handling of the matter with respect to the stakeholders involved, and tracking remediation effectiveness and status in case of any infringement of human rights.

The Company shall comply with the internationally recognized human rights of labor, including the freedom of association, the right of collective bargaining, caring for vulnerable groups, prohibiting the use of child labor, eliminating all forms of forced labor, eliminating recruitment and employment discrimination, and shall ensure that their human resource policies do not contain differential treatments based on gender, race, socioeconomic status, age, or marital and family status, so as to achieve equality and fairness in employment, hiring conditions, remuneration, benefits, training, evaluation, and promotion opportunities.

The Company shall provide an effective and appropriate grievance mechanism with respect to matters adversely impacting the rights and interests of the labor force, in order to ensure equality and transparency of the grievance process. Channels through which a grievance may be raised shall be clear, convenient, and unobstructed. A company shall respond to any employee's grievance in an appropriate manner.

#### Article 19

The Company shall provide employees with information to enable them to comprehend the labor laws of their country and their rights.

#### Article 20

The Company shall provide safe and healthful work environment for its employees, including necessary health and emergency facilities and is committed to reducing hazardous factors that may affect the safety and health of its employees to prevent occupational disasters. The Company shall also regularly provide safety and health education and training for its employees and offer health consultation.

#### Article 21

The Company shall create a sound environment for the career development of employees, establish an effective career ability development training program, establish and implement reasonable employee welfare measures (including remuneration, leave and other welfare etc.), and appropriately reflect the business performance or achievements in the employee remuneration, to

ensure the recruitment, retention, and motivation of human resources, and achieve the objective of sustainable operations.

#### Article 22

The Company shall establish channels for employees to communicate on a regular basis, so that employees have the rights to obtain relevant information and express opinions on management activities and decisions.

The Company shall respect the employee representatives' rights to bargain for the working conditions, and shall provide the employees with necessary information and hardware equipment, in order to improve the negotiation and cooperation among employers, employees and employee representatives. The Company shall, by reasonable means, inform employees of operation changes that might have material impacts.

#### Article 23

The Company shall treat customers or consumers of its products or services in a fair and reasonable manner, including abiding the following principles: fairness and good faith in contracting, duty of care and fiduciary duty, truthfulness in advertising and soliciting, fitness of products or services, notification and disclosure, commensuration between compensation and performance, protection of the right to complain, professionalism of salespersons etc. The Company shall also develop the relevant strategies and specific measures for implementation.

#### Article 24

The Company shall take responsibility for its products and services, and take marketing ethics seriously. In the process of research and development, procurement, production, operations, and services, the Company shall ensure the transparency and safety of the information of their products and services. The Company shall establish and disclose policies on consumer rights and interests, and enforce them in the course of business operations, in order to prevent the products or services from adversely impacting the rights, interests, health, or safety of consumers.

#### Article 25

The Company shall ensure the quality of its products and services by following the laws and regulations of the government and relevant industry standards. The Company shall also follow relevant laws, regulations and international guidelines in regard to customer health and safety, customer privacy, and marketing and labeling. It is prohibited to deceive, mislead, commit fraud or engage in any other acts which would betray consumers' trust or damage consumers' rights or interests. The Company shall provide a clear and effective procedure for accepting consumer complaints to fairly and timely handle consumer complaints, shall comply with laws and regulations related to the Personal Information

Protection Act for respecting consumers' rights of privacy and shall protect personal data provided by consumers.

Article 26

The Company shall evaluate and manage all types of risks that could cause interruptions in operations, so as to reduce the impact on consumers and society.

Article 27

The Company shall evaluate the environmental and social impacts of procurement and contracting activities on the supply source community based on their status of regulatory compliance on the issues of environmental protection, occupational health and safety, or labor rights, and cooperate with suppliers to enhance corporate social responsibility.

The Company formulates a Supplier Code of Conduct, requiring suppliers to abide by relevant regulations on issues of environmental protection, occupational safety and health, or labor rights.

Article 28

Holding the Concepts of Participation including proactivity and responsibility, diversity, local first, and accountability, the Company actively participates in activities related to community development, charitable organizations, and local government agencies to promote community co-prosperity.

The Company shall evaluate the impact of business operations on the community, and adequately employ personnel in the place where the Company operates, to enhance community acceptance.

The Company shall also dedicate resources to organizations that resolve social or environmental issues through endowments, volunteering service or other charitable professional services, etc., or participate in events related to community development and education to promote community development.

Article 28-1

Through donation, sponsorship, procurement, strategic cooperation, corporate voluntary technical services or other forms of support, the Company shall consistently devote resources into cultural and artistic activities or cultural and creative industries to promote cultural development.

Chapter 5 Enhancing Disclosure of Sustainable Development Information

Article 29



The Company shall disclose information according to relevant laws, regulations and the Corporate Governance Best Practice Principles for TWSE/TPEX listed Companies and shall fully disclose relevant and reliable information about sustainable development to improve information transparency.

Relevant disclosure information of sustainable development is as follows:

1. The policy, systems or relevant management guidelines, and concrete promotion plans for sustainable development initiatives, as resolved by the Board of Directors.
2. The risks and the impact on the corporate operations and financial condition arising from exercising corporate governance, fostering a sustainable environment and preserving social public welfare.
3. Goals and measures for promoting the sustainable development initiatives established by the companies, and performance in implementation.
4. Major stakeholders and their concerns.
5. Other sustainable development related information.

#### Article 30

The Company shall adopt internationally widely recognized standards or guidelines when producing sustainability reports, to disclose the progress of promoting sustainable development, and shall obtain a third-party assurance or verification to enhance the reliability of the information in the reports. The content of the reports includes:

1. The policy, system, or relevant management guidelines and concrete promotion plans for implementing sustainable development initiatives.
2. Major stakeholders and their concerns.
3. Results and a review of the exercising of corporate governance, fostering of a sustainable environment, preservation of public welfare and promotion of economic development.
4. Future improvements and goals.

### Chapter 6 Supplementary Provisions

#### Article 31

The Company shall at all times monitor the development of domestic and foreign sustainable development standards and the change in the business environment so as to examine and improve the established sustainable development framework and to enhance the promotion performance of sustainable development.

#### Article 32

The Principles shall be enforced after the approval of the Board of Directors. The same procedure shall apply to any amendments to the Principles.