



Green Process
Green Product
Green Business
Green Partner
Green Living



2021 ESG INSIGHT



Environmental

Achievements and Targets

		2021 Goals	2021 Achievement	Short-term (2022)	Mid-term (2025)	Long-term (2030)
GHG Management						
Carbon Neutrality		To achieve carbon neutrality by 2050.				
GHG Reduction (Scope1+2)	2018 Base Year			Reduce by 4%, 884 thousand tonnes	Reduce by 7%, 1,547 thousand tonnes	Reduce by 22%, 4,862 thousand tonnes
GHG Intensity				≤ 2.24 tCO ₂ e/tCS		
Energy Management						
Average Annual Power Savings		2015-2021 > 1%	✓ 2015-2021 1.76%	2015-2022 >1%	2015-2025 >1.05%	2015-2030 >1.1%
Energy Intensity		≤ 22.57 GJ/tCS	✓ 22.25 GJ/tCS	≤ 22.57 GJ/tCS		
Energy Savings		2021-2025 Save 2.64 million GJ	On track (32% achievement rate)		Accumulated Saving of 2.64 million GJ	
Air Pollutants Management						
Particulates Intensity		0.40 kg/tCS	✓ 0.22 kg/tCS	0.37 kg/tCS		
SOx Intensity		0.65 kg/tCS	✓ 0.58 kg/tCS	0.63 kg/tCS		
NOx Intensity		0.73 kg/tCS	✓ 0.68 kg/tCS	0.73 kg/tCS		
Water Management						
New Water Consumption Reduction	2017 Base Year	35%	✓ 41.1%	46.9%	54.4%	64.4%
Waste Management						
Waste Recycling Ratio		$\geq 90\%$	✓ 94.9%	$\geq 90\%$	$\geq 92\%$	$\geq 94\%$
Solidification Landfill		0	✓ 0	0	0	0
By-product Circulation		372,000 tonnes	✓ 380,000 tonnes	360,000 tonnes	412,000 tonnes	412,000 tonnes

Environmental Metrics

Item	Unit	2019	2020	2021
Production	10,000 tCS	949.20	823.99	969.09
Productivity per employee	tCS/year	927.86	827.22	989.47
Investment on Energy and Environment	100 million TWD	31.8	53.5	28.9
GHG Management²				
GHG Emissions Scope 1	tCO ₂ e	20,351,815	18,318,428	20,939,573
GHG Emissions Scope 2 ¹	tCO ₂ e	1,181,783	1,243,430	1,338,788
GHG Intensity ¹	tCO ₂ e/tCS	2.269	2.374	2.299
GHG Emissions Scope 3 – indirect emissions ³	tCO ₂ e	11,434,160	11,114,462	12,055,837
Energy Management				
Primary Energy	GJ	226,709,479	211,075,425	224,644,824
Coal	GJ	223,264,243	207,815,234	219,340,668
NG	GJ	3,263,848	3,082,331	5,107,395
Diesel Oil	GJ	118,578	103,292	111,916
Gasoline	GJ	6,656	5,953	5,368
Low-sulfur Oil	GJ	56,154	68,615	79,477
Purchased Electricity	GJ	8,359,895	8,918,640	9,600,438
Self-generated Electricity	%	55.5	49.0	49.7
Energy Intensity	GJ/tCS	22.54	23.23	22.25
Air Pollutants Management				
NO _x	tonnes	6,464	5,822	6,593
SO _x	tonnes	6,233	4,943	5,579
Volatile Organic Compounds (VOCs)	tonnes	518	483	409
Particulates	tonnes	2,315	2,188	2,164
Water Management				
Processing Water Recycling Rate	%	98.4	98.4	98.4
Production Process Water Recirculation ⁴	Million liters	2,795,892	2,809,637	2,849,595
New Water Withdrawal	Million liters	36,077	31,622	27,842
Urban Reclaimed Water Usage ⁵	Million liters	9,075	12,226	16,205
Water Discharge	Million liters	15,152	15,133	14,202
Water Consumption	Million liters	30,000	28,715	29,845
Water Intensity ⁶	t/tCS	4.53	5.06	4.32
New Water Intensity ⁶ (after introduction of reclaimed water)	t/tCS	3.57	3.58	2.65

Item	Unit	2019	2020	2021
Waste Management				
General Industrial Waste	tonnes	664,052.8	584,427.4	567,880.8
Incineration (with energy recovery) Amount	tonnes	29,071.0	28,286.8	28,936.8
Incineration (with energy recovery) Rate ⁷	%	4.4	4.8	5.1
Recycling Rate	%	95.6	95.2	94.9
Hazardous Industrial Waste	tonnes	53.4	41.8	46.3
Recycling Rate	%	100	100	100
Waste Production Intensity	kg/tCS	69.96	70.93	58.60
Waste Treated In-Plant	%	87.6	87.3	92.5

Notes to table:

1. Data for previous year is revised due to calculation or coverage scale revision.
2. The data of 2021 GHG emissions is based on revised standard ISO 14064-1:2018.
3. Scope 3 includes 15 categories, in which fuel and energy related activities, waste generated in operations, upstream transportation and distribution, and business travel had been verified by third party, DNV.
4. Processing water recycling rate = production process water recirculation ÷ total water use in process x100%, total water use in process do not include admin area raw water.
5. The Fengshan Creek Reclaimed Water has been implemented since Aug 2018, and the Linhai Sewage Treatment Reclaimed Water has been implemented since Dec 2021.
6. Water intensity = (new water + reclaimed water-sold steam) ÷ annual output of crude steel.
New water intensity = (new water-sold steam) ÷ annual output of crude steel. New calculation adopted since the introduction of reclaimed water in 2018.
7. Includes in-plant and off-site.

Certifications

Certification		Location	Verification Authority	Validity Period
Environmental Management System	ISO 14001:2015	Hsiao Kang, Kaohsiung	BSI	2022/07/21~ 2025/07/20
Energy Management System	ISO 50001:2018	Hsiao Kang, Kaohsiung	BSI	2022/07/08~ 2025/07/07
Hazardous Substance Process Management	IECQ QC 080000:2017	Hsiao Kang, Kaohsiung	BSI	2021/01/21~ 2024/07/25
Circular Economy Standard	BS 8001:2017	Hsiao Kang, Kaohsiung	BSI	2019/07/09~ 2021/07/08



March 2022

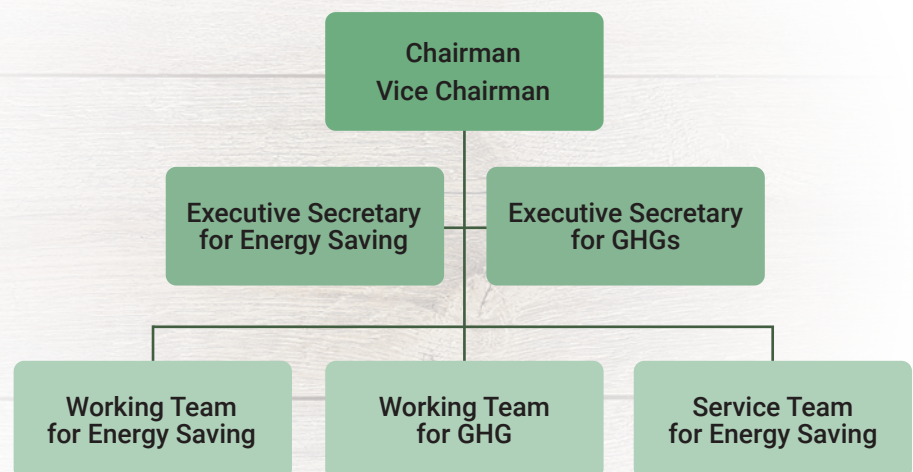
CSC is recognized as a member of worldsteel's New Sustainability Charter, by passing the 20-criteria review, affirming CSC's commitment as a leading company in promoting sustainable development in the global steel industry.

Energy Management

CSC mainly implements energy management through the Energy Conservation Committee and control of the energy management system (ISO 50001).

Energy Conservation Committee

The Committee is chaired by the Vice President of Production Division. The energy policies are approved by the Chairman of the Board and updated when necessary. The latest version of the Energy Policy is committed to continuous improvement, compliance with regulations, performance management, energy conservation, carbon reduction, and knowledge advancement.



Energy Consumption

The coking coal in the steelmaking process transforms to by-product gases which can be used as fuel in steelmaking and in cogeneration power plants to generate steam and power. Oil and nature gas can also be used in power plants while the excess power demand is met by purchased electricity from Taipower.

District Energy Integration

CSC has long utilized steam produced from combined heat and power (CHP) and waste heat recovery as well as industrial gases produced from oxygen plant to share excess energy with neighboring plants in Kaohsiung LinHai Industrial Park. At present, a total of 14 manufacturers, including CSC, have joined the District Energy Integration. The energy that CSC sells include steam and oxygen, nitrogen and argon produced by the Oxygen Plant. Among them, steam is the main item.

	Unit	2019	2020	2021
Steam Sold ^{Notes}	million tonnes	1.544	1.562	1.588
Energy Savings	million GJ	4.68	4.78	4.82
Equivalent to GHG Reduction	tonnes	371,000	375,000	381,000
SOx Reduction	tonnes	1,128	1,141	1,161
NOx Reduction	tonnes	783	792	805
Particulates Reduction	tonnes	111	113	114

Notes:

1. With an estimated efficiency of 94% of newly installed boilers, 1 kL fuel oil can produce 13 tonnes of steam. Thus, the 1.588 million tonnes of steam sold in 2021 saves energy equivalent to the use of 122,000 kL low-sulfur oil.
2. The calculation of environmental benefits:
 - Energy saving: The heat value of fuel oil conversion is cited from the average detected heat value of CSC in 2021, which is 9,430 Mcal/kL.
 - Air pollutant reduction: The formula of calculation and coefficients were in accordance with the calculation of emission amount for the air pollution control fee of stationary sources by EPA.
 - GHG emission reduction: The reduction only covered CO₂ emission before 2018, with the factors cited from the IPCC 2006 National Greenhouse Gas Inventory Guide-CO₂ emission coefficient of fuel oil. From 2019, N₂O and CH₄ were also involved in the calculation coverage, using the factors cited from the GHG emission coefficient list (version 6.0.4) announced by EPA.

Climate Change

- CSC adopted Task Force on Climate related Financial Disclosures (TCFD) framework in 2020. Details see CSC website https://www.csc.com.tw/csc_e/hr/csr/env/env3.htm#CCR-TCFD
- Carbon neutrality issue is incorporated into CSC risk management. "Task Force on Energy Saving & Carbon Reduction and Carbon Neutrality", chaired by the Chairman of the Board, is established to lead the endeavor.



CSC participated in CDP climate change questionnaire and received score of "B", slightly better than Global and Asia average (B-) and metal smelting industry average (C).

GHG Management

CSC performed the first GHG inventory operation in accordance with international standards (ISO 14064) in 2006, the scope of which includes Scope 1 and Scope 2 emission within the boundary that the Company owns or controls. The GHG inventory data are compiled and verified by third-party institution every year. CSC then reports to the national GHG Registry.

Carbon Credits Management and GHG Offset Project

CSC has formulated the "Carbon Trading and Management Regulations" with reference to the relevant regulations of the EPA and international practices, and incorporated related operations into the environmental management system (ISO 14001). By the end of 2021, CSC's reduction credits for early action projects totaled 4.5187 million tonnes of CO₂e. Further reduction credit applications were submitted during 2021.

Carbon Neutrality Target

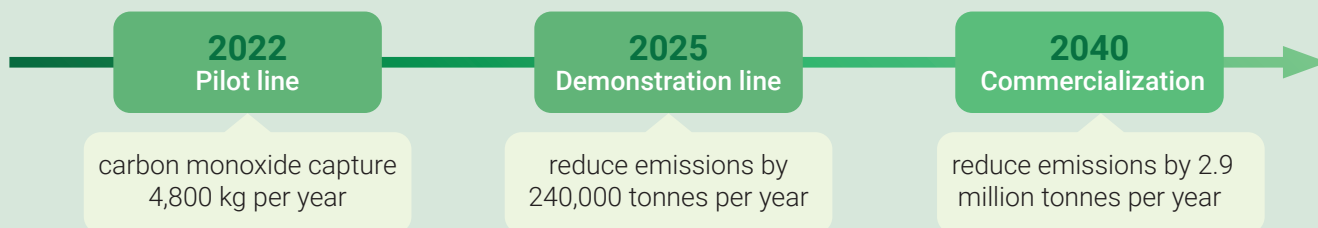
Base year: 2018(Scope 1+2)



2030: Low Carbon BF

1. Substitute H₂-rich gas for PCI as the auxiliary fuel for BF.
2. Charge hydrogen-reduced iron with ferrous burden.
3. Convert CO and CO₂ from steel production process into high-value chemicals in collaboration with petrochemical plants.

Targets:



2050: Carbon Neutrality

1. Shift BF from low carbon operation into net zero using CCS.
2. Adopt DRI/EGF route with hydrogen metallurgy

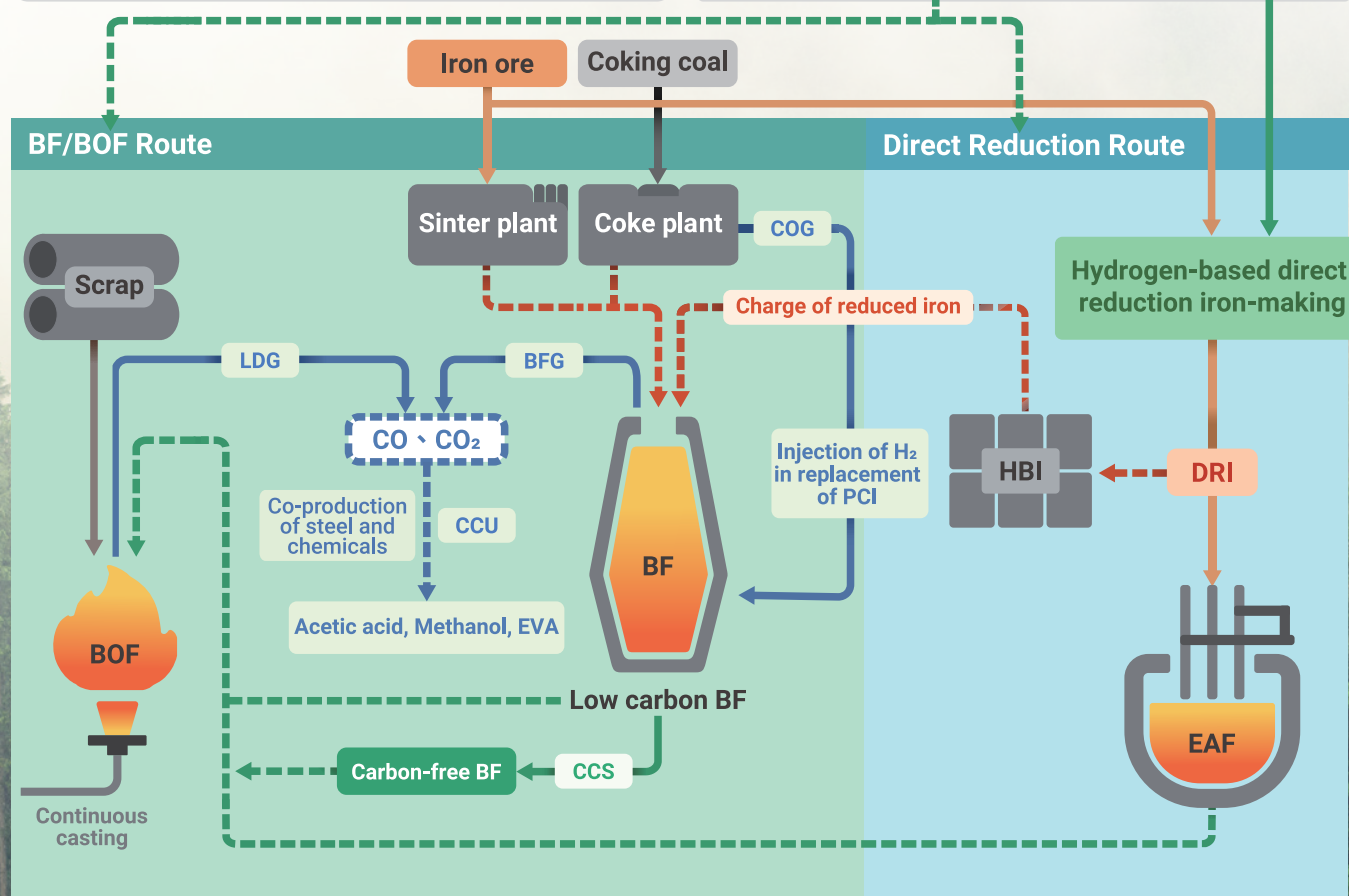


Ultimate pathway:

Green power + Substitute hydrogen for carbon + CCUS

Required external support:

Green Power ⚡ Green Hydrogen



Air Pollutants Management

- 2021 Improvement plans: Addition of flue-gas desulfurization equipment to #1 sinter plant and phase 1 construction of the new enclosed building in coking coal storage yard.
- CSC ceased all the three coal combustion boilers by August 2021.

	Unit	2019	2020	2021 target	2021
SOx Intensity	kg/tCS	0.66	0.60	0.65	0.58
NOx Intensity	kg/tCS	0.68	0.71	0.73	0.68
Particulates Intensity	kg/tCS	0.24	0.27	0.40	0.22

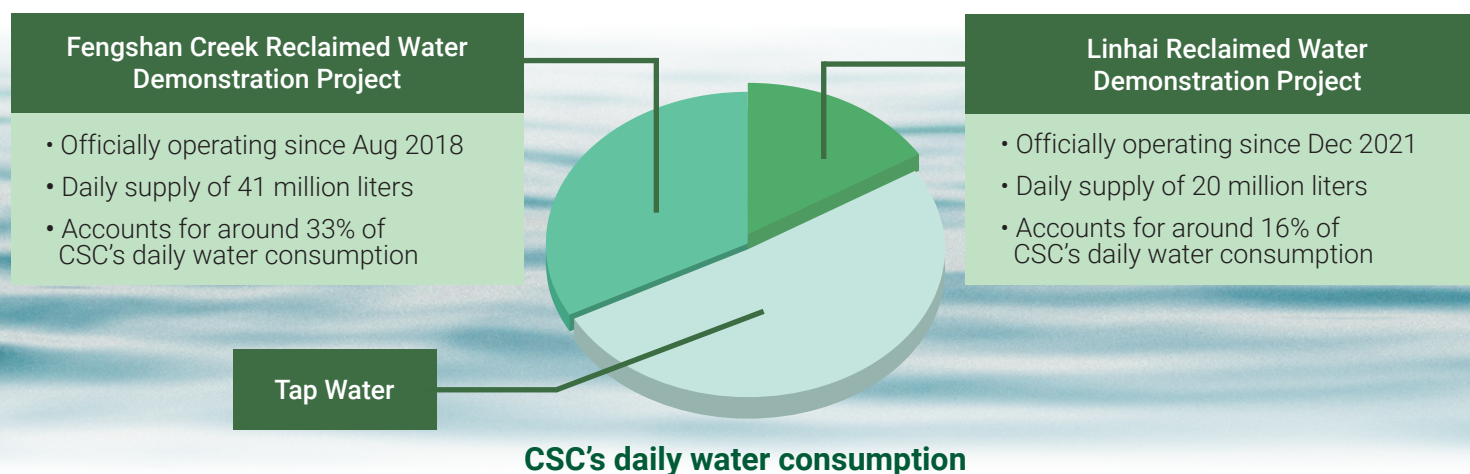
CSC Environmental Monitoring Center oversees 6 air quality monitoring stations and is equipped with 2 real-time digital boards publicly displaying air quality data. For stationary emission sources, 29 continuous emission monitoring systems (CEMS) serve to monitor traditional pollutants emission intensity and quantity. The current average monthly effective monitoring rate of each instrument is greater than 90%. The public can directly reach CSC by phone during or outside business hours for any abnormalities.

Water Management

Reclaimed water usage reaches around **half of the total water usage** after the official introduction of Linhai reclaimed water in December 2021.

CSC has 4 original water pools with a total water storage capacity of 177 million liters, which has been maintained at a high water level throughout the year. Together with the implementation of reclaimed water, the flexibility of the water supply in the plant can be improved to reduce the risk of water limitation / stoppage during the Taiwan Water Corporation's water outage.

Water Diversification Strategies - Reclaimed Water Sources



Waste Management

CSC manages the disposal of industrial waste in accordance with Waste Disposal Act and relevant regulations by the EPA. CSC screens qualifications of waste disposal companies. Once the waste clearance is completed, CSC requires entrusted company to provide proof of proper waste disposal.

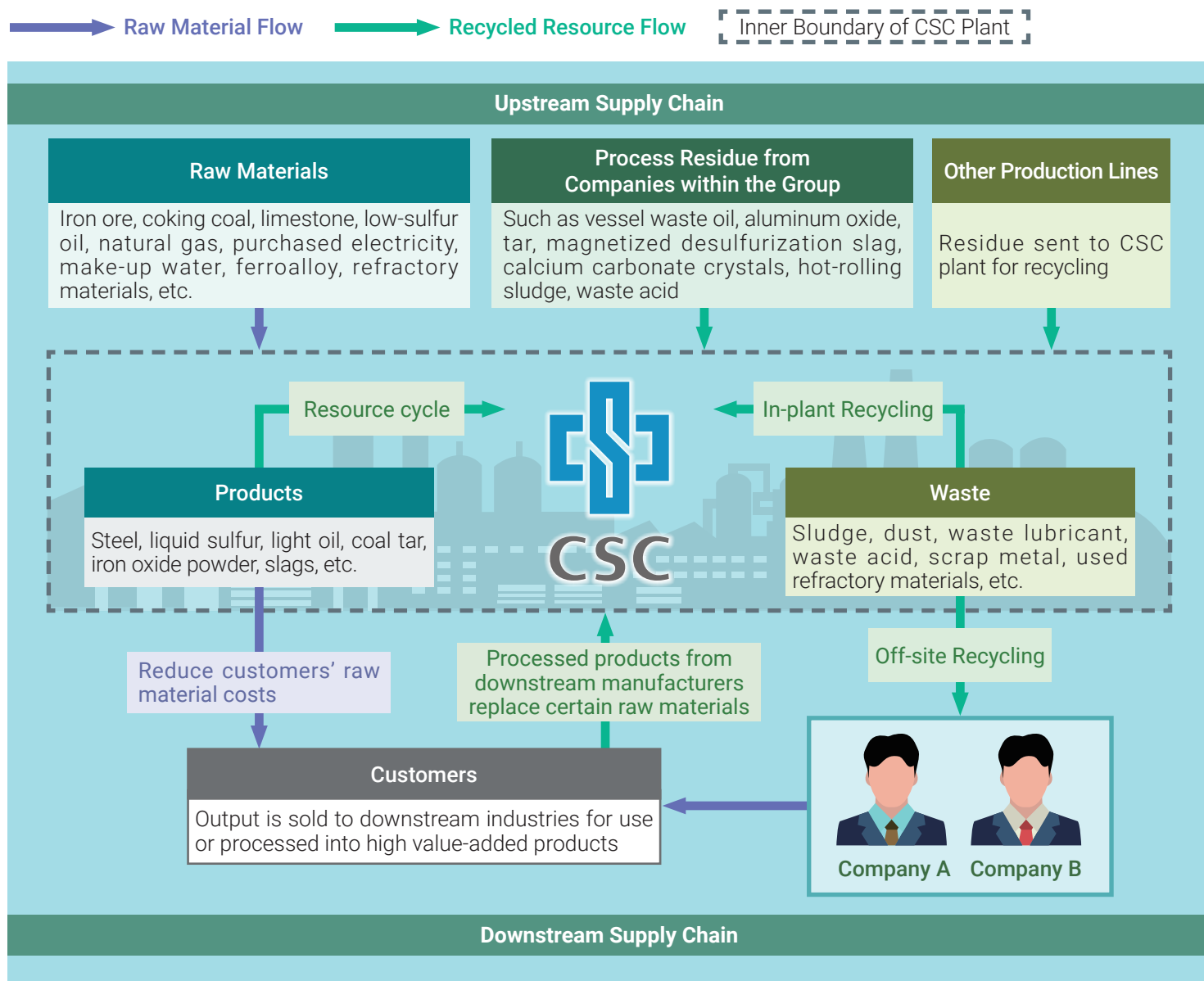
To ensure the quality of the waste source and strengthen the management system, CSC has entrusted a third-party organization to conduct the inspection of the source of industrial waste from companies of CSC group. Considering the significant impact of classification management and flow tracking on the promotion of waste recycling, CSC has developed a computerized management system with functions such as "record control," "reporting statistics," and "production, use, and storage tracking."

Hazardous Substance Management

CSC promotes the "HSPMS IECQ QC 080000" to establish a management system for products with hazardous substances. Regular internal and external audits and management reviews on the IECQ HSPM QC 080000 are conducted every year. In 2021, the verification was completed by BSI to maintain updated certification status.

By-product Management

By-products from CSC productions, including coal tar, light oil, BF slag, BOF slag, iron oxide powder, desulfurization slag, and magnetized desulfurization slag, are all recycled and processed by affiliate companies then provided to chemical, construction, civil engineering, electrical, commodity, and other industries, with the exception of water quenched BF slag which is sold to domestic businesses.



Green Products

CSC's green steel products refer to finished products that have external energy-saving and carbon-reduction benefits. They include (1) high-strength or functional steels for automobiles, ship building, construction, and electrical sheets; (2) steel with fewer reprocessing procedure, such as non-lead steel, steel requiring no further quenching, non-wire drawing annealing steel; (3) steel with higher endurance such as high-temperature endurance, anti-corrosion, wear resistance, and coated steel.

	Unit	2019	2020	2021
Green Steel Products	million tonnes	3.504	3.349	4.565
Estimated Carbon Emissions Reduction for Consumers	million tCO ₂	6.517	6.205	8.486

Offshore Wind Power Development

China Steel Power Corporation (CSPC) – Localized production of wind turbine components

- Shareholding: CSC 51%, Copenhagen Infrastructure Partners 49%.
- Build No.29 offshore wind farm.
- Estimated total investment NTD 50-55 billion.
- Estimated to be connected to grid in 2024 with annual power generation of 1.1 billion kWh.
- Obtained establishment permit, signed power purchase agreement with Taipower.

Sing Da Marine Structure Corporation (SDMS) – Jacket foundation supply chain

- CSC Shareholding 46.71%.
- Capital NTD 2.627 billion.
- July 2021 Completed the first 100% domestically produced substructure.
- Dec 2021 Completed the project of 6 substructures.
- Oct 2021 Started the production of the 31 substructures for new contract.



Solar Photovoltaics Development

In October 2016, CSC and several subsidiaries established the CSC Solar Corp., which is responsible for promoting the development of CSC group's solar power generation business. On top of ongoing applications for green energy certification to conduct green energy trade, the developments and future plans are as follows:



87.3 MW

Accumulated Solar Power Generation Capacity by the end of 2021

Established in 14 companies within CSC group
(of which 61.9 MW is at CSC)



330 mn kWh

Accumulated power generation since installation



102 mn kWh

Expected generation per year

CO₂

51 thousand tCO₂e

Reduction per year



3-5 MW

Future installation per year
100 MW capacity target by 2025

	Unit	2017-2019	2020	2021	2022.01-05
Accumulated Solar Power Generation Capacity for CSC Group	MW	83.2	84.8	87.3	87.6 Continual installation
Power Generation	million kWh	125	104	101	41

Legal Compliance

CSC received 1 violation notice for air pollution in 2021 caused by malfunction of equipment resulting in spread of particulate pollutants. We have reinforced operation control and maintenance management, and installed monitors in areas prone to abnormalities to strengthen monitoring. Besides, we implement equipment inspection from time to time, and promote "self-management" to reduce violations.

Violation Notices for Pollution	2019	2020	2021
Pollution	Water/Air	Water/Air	Air
Counts/Fine (TWD)	4/ 700,000	5/ 3,507,000	1/ 1,350,000

Occupational Safety and Health

Certifications

Certification	Location	Verification Authority	Validity Period
CNS 45001:2018	Hsiao Kang, Kaohsiung	BSI	2022/06/30~2023/06/30
ISO 45001:2018	Hsiao Kang, Kaohsiung	BSI	2022/07/21~2025/07/20

The scope of CSC's safety and health management system applies to all employees and workers in CSC. Contractors have to follow the CSC safety regulations as well.

The occupational safety and health management in CSC is mainly based on the occupational safety and health management system (ISO 45001 & CNS 45001). CSC obtained the OHSAS 18001 certification in 2002 and the Taiwan Occupational Safety and Health Management Systems (TOSHMS), also known as CNS 15506, in 2008.

CSC has established the Occupational Safety & Hygiene Committee, in which the President and the Executive Vice President serve as the Chairman and the Vice Chairman. 15 representatives from Labor Union of CSC accounts for 34% of committee members. The Committee holds bi-monthly meetings and discloses OSH management performances in the annual report for public review.

Injuries

Year	2019	2020	2021	2022	2025	2030
	Actual			Target		
Employee LTIFR ¹	0.18	0.14	0.14	NA		
Contractor LTIFR ¹	0.83	0.31	0.35	NA		
Employee FR ²	0.18	0.14	0.14	≤0.18	≤0.16	≤0.14
Contractor FR ²	0.83	0.31	0.40	≤0.3	≤0.26	≤0.22
Fatalities ³	0	0	1	0	0	0
Employee TRIFR ⁴	1.91	1.74	1.10	NA		
Contractor TRIFR ⁴	2.48	1.53	1.50	NA		

Note:

1. Lost Time Frequency Rate (LTIFR), also known as the serious injury rate, means the number of lost time injury (disabling, excluding deaths) per million working hour.
2. Disabling Frequency Rate (F.R.) means the number of disabling (including deaths) per million working hour.
3. 1 contractor fatal accident on 2021/04/19.
4. Total Recordable Injury Frequency Rate (TRIFR) means the number of total recordable injury (including deaths, disabling, minor injuries and medical treatments) per million working hour.

Legal Compliance

Kaohsiung Labor Standards Inspection Office (KLSIO) made 54 inspections in 2021, fined CSC for TWD 60,000 for one non-compliance with the Regulations for the Occupational Safety and Health Equipments. Other non-compliances relating to the contractor fatal accident on 2021/04/19 were fined TWD 300,000 and 150,000.

Violation Notices for OHS	2019	2020	2021
Counts/Fine (TWD)	2 / 220,000	0	3/510,000

Focus areas for improvement are enhancing the safety and health awareness among employees and contractors, increasing inspection frequency, and implementing prevention strategies.

Workforce

Male Female



*Contractors are hired by contracting companies for in-plant engineering projects or labor work. CSC's industrial characteristics with many short-term outsourcing projects contributed to the higher proportion of contractors in workforce. Dispatched workers are hired through human resource firms for administrative affairs.

Turnover

Full-time Employees Attrition	2019		2020		2021	
	Employees	%	Employees	%	Employees	%
Total	591	5.78%	658	6.61%	742	7.57%
Male	577	5.64%	643	6.46%	719	7.34%
Female	14	0.14%	15	0.15%	23	0.23%
≥ 60 years old*	537	5.25%	589	5.92%	627	6.40%

* The main reason for attrition is retirement.

Maternity Leave and Parental Leave

CSC policies regarding maternity leave and parental leave comply with government regulations. The rate of employees returning to work after maternity/parental leave is 100%.

For more details [Maternal Leave and Parental Leave] https://www.csc.com.tw/csc_e/hr/csr/em/em10.htm

Remuneration

Full-time Non-managerial Employees (million TWD)	2019	2020	2021
Average remuneration	1.444	1.195	2.360
Median remuneration	1.437	1.184	2.226

1:1 Pay regardless of gender for employees of the same position and tenure.

Employee Stock Ownership Trust System

CSC implemented the Employee Stock Ownership Trust System in July 1998. All full-time employees are eligible for participation. In this system, each participant can freely choose the monthly contribution amount within the 10% limit of his/her basic salary. Meanwhile, the Company contributes additional 20% of participating employees' monthly deposit amount as incentives. The Company has commissioned a financial institution to manage this trust and to purchase shares of the Company using all deposits in the name of a special account.

Labor Relations and Human Rights

Labor-management meetings are generally held every month, however due to 2021 COVID disruptions, 10 meetings were held in 2021.

CSC Collective Agreement covers all members of Labor Union of CSC, which includes 100% of full-time employees with membership qualifications. Certain senior level management are not qualified for membership of the labor union, therefore the coverage from all employees' perspective is 99%. Agreement is reviewed every 3 years (The latest signing was the 5th agreement on Aug 2019).

CSC complies with the "Universal Declaration of Human Rights," the "United Nations Global Compact," the "Declaration on Fundamental Principles and Rights at Work" adopted by the International Labor Organization (ILO), and other international codes on human rights to formulate its management policies and procedures. In addition, contractors should fully abide by the Contractor Management Guidelines, the Contractor Management Guidelines of Safety and Health, and the Contractor Management Guidelines of Environmental Protection. The purpose is to ensure a safe and healthy workplace for contractors' personnel.

Measures to Protect Human Rights



Provide a safe and healthy working environment.



Prohibit illegal discrimination to ensure equal work opportunities



Ban on child labor



Prohibit forced labor



Assist employees in maintaining work-life balance

Supply Chain Management

CSC requests all contractors involving in each bid to incorporate an anticorruption clause in the contract as the following: "The contractor undertakes that its bid price shall not include bribes, gifts, commissions, rewards or other unjust interests, and the contractor also undertake that it shall not offer the same to any managers, employees, part-time employees, their spouses, immediate family members, consultants, or contractors for design and/or planning of CSC."

In case of any violation, contractors shall be liable for all damages suffered by CSC. For serious violations, CSC is entitled to revoke or terminate all contracts signed with the contractors in fault.

- In 2020, the Company temporarily halted business dealings with 5 companies in violation of ethical principles, demanding improvements before restoring their eligibility to trade.
- In 2021, no violations of ethical principles.

In 2022, CSC established the **Supplier Code of Conduct** (available on CSC website) with reference to international norms and standards including :



Responsible Business Alliance Code of Conduct v7.0

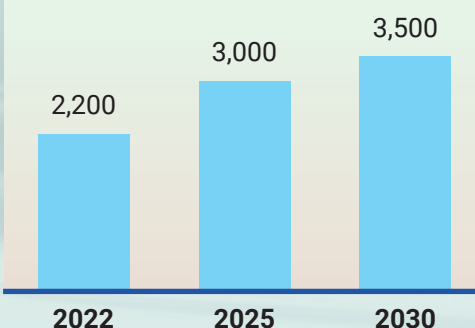


UN Supplier Code of Conduct Rev.06

CSC expects suppliers to adopt the Supplier Code of Conduct and to cooperate in accordance with the principles set forth in this Code and in full compliance with the laws, rules and regulations of the countries where work is carried out. CSC expects suppliers to ensure that this Code of Conduct is communicated to their subsidiary and affiliated entities as well as any subcontractors.

For more details [Supplier Code of Conduct] https://www.csc.com.tw/csc_e/hr/csr_demo/par/download/par-conduct.pdf

Targets for the number of suppliers who adopt Supplier Code of Conduct :



Prohibition on Conflict Minerals

- CSC has committed not to use any minerals from Democratic Republic of the Congo, its neighboring countries or any mines controlled by armies or rebel groups, in its products or packing.
- CSC effectively identifies and traces material sources to eliminate the use of conflict minerals.

Contractors

Internal policy: "Management Guidelines for CSC Operations, Maintenance, and Environmental Protection Contractors"

Contractor Type	Job Description	2021	
		No. of Contractors	%
Maintenance	Responsible for repair and maintenance of equipment; or repair, manufacture and process of spare parts or test samples in production and technology divisions.	4,539	55.1%
Operations	Responsible for operation-related tasks that require basic technical skills and have only indirect access to production equipment, or involved in non-technical labor works in Production and Technology Divisions and Transportation Department.	3,052	37.0%
Environmental Protection and Others	Responsible for the disposal of industrial waste produced during production identified by Environmental Protection Department.	647	7.9%

- 1 Contractor employees must have insurance mandated by the government.
- 2 Contractor employees must comply with CSC's safety and health work rules. A penalty would be imposed for any violation, and the fine will be designated exclusively to a fund for supervision, correction, and improvement of the safety and health of contractor employees.
- 3 New contractors must fill out evaluation forms and submit supporting documents disclosing information including primary business activities and verified certifications (ISO 45001/ISO 14001). This is to verify that the contractors are legally registered and adequately insured tax-paying companies with healthy financial status.
- 4 New contractors must genuinely report on the critical occupational safety and/or environmental protection issues for the past three years to facilitate the works of relevant departments regarding classification, evaluation, and on-site inspections.
- 5 "Outsourcing Strategy Review Meeting" is held at the end of each year to ensure that the wage level of contractors is superior than the minimum wage.
- 6 Ensure the employers of the contractors comply with Labor Standards Act and regulations set forth by CSC. Discrepancies with regulations shall be explained by contractor employers and signed by contractor employees.

Contractor Evaluation and Assessment

- Contract executing units must conduct a monthly evaluation based on contractor's performance and compile the results in the "annual evaluation report".
- If the annual assessment score is lower than 70, the contractor will be disqualified for the next term of contract renewal.
- No contractors scored below 70 in 2021.

Safety and Health

CSC Contractor Safety and Health Committee was founded in 1983.

Internal Policy: "Safety and Health Guidelines for Plant Engineering & Maintenance Department Contractors"

Contractor Safety and Health Propaganda

- Gather contractors every month to announce new safety and health related information and regulations by CSC.

New Contractor ID Issuing Assessment

- New contractor must attend mandatory safety trainings and be interviewed by managers of ID issuing organization. (Listed in the Industrial Safety & Hygiene Department's system)

Safety Care

- Conduct on a monthly basis. (Listed in the Industrial Safety & Hygiene Department's system)

Report of Near Misses

- Reporting near misses is encouraged with rewards.

Implement and Promote Inherent Safety

- Urge contractors to comply with CNS 4750, and reinforce by frequent inspections to reduce scaffolding related safety hazards.

Safety Inspections

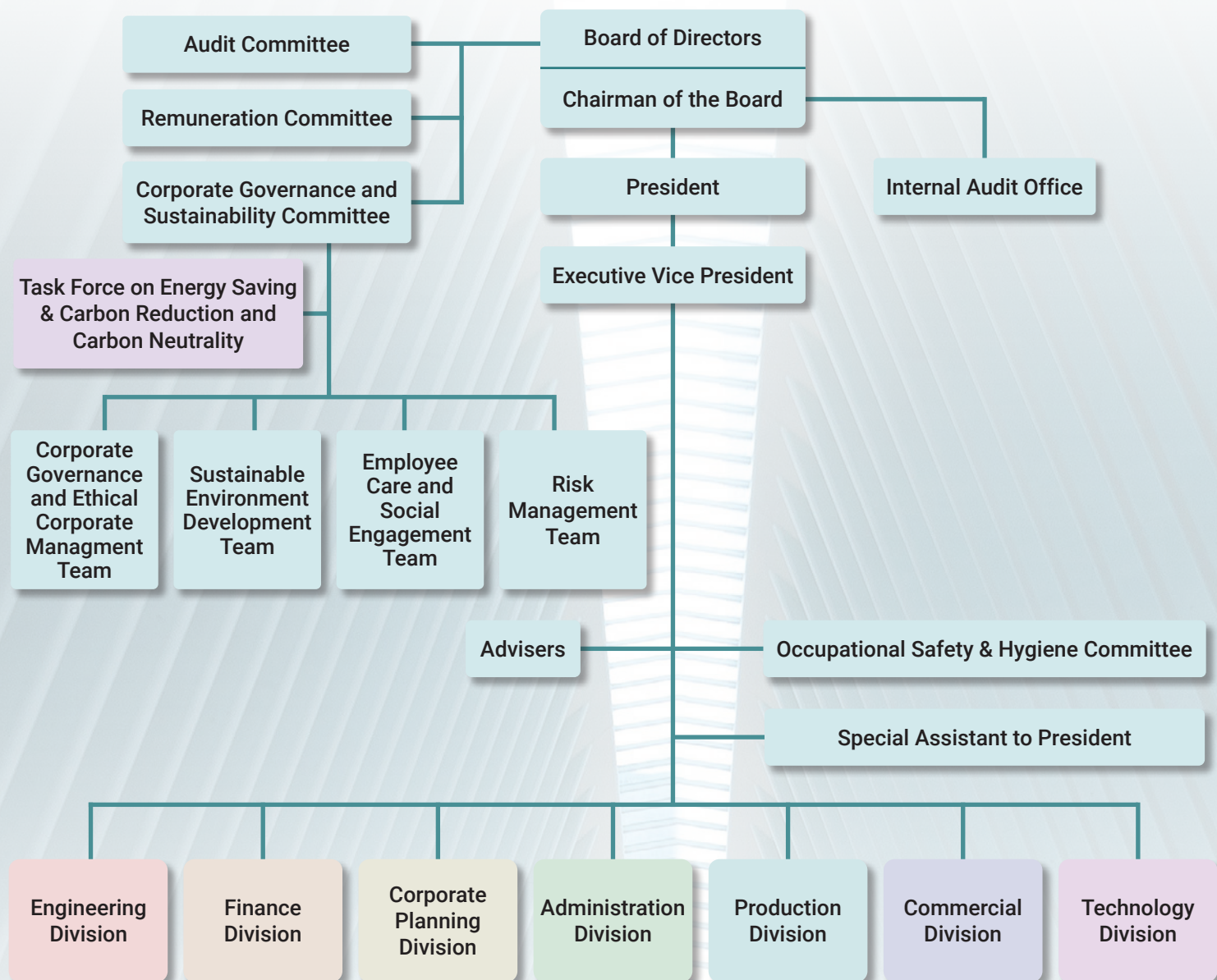
- All levels of management personnel regularly conduct safety inspections at contractor's workplace and keep records. (Listed in the Industrial Safety & Hygiene Department's system)

Contractor Training

CSC maintenance units are responsible for arranging training courses and certifications based on the health and safety requirements as well as technical skills required for contractors to perform their work at CSC. In 2021, contractor workers received a total of 33,987 hours of training in CSC including safety, technical training and skills certification.

Governance

Organization Chart



Board of Directors

as of 2022.08.31

Title	Juristic Person Represented	Name	Gender	Age	First Assumed Office	Years on Board (2022.08)*	CSC Position	2021 Attendance
Chairman	Ministry of Economic Affairs	Chao-Tung Wong	M	68	2016.06.23	6Y 2M		100.0%
Director	Ministry of Economic Affairs	Wen-Sheng Tseng	M	52	2018.05.14	4Y 3M		100.0%
Director	Ministry of Economic Affairs	Ming-Jong Liou	M	68	2012.11.01~ 2016.06.23; 2020.11.20	5Y 4M (3Y 7M+ 1Y 9M)		100.0%
Director	Chiun Yu Investment Corporation	Shyi-Chin Wang	M	65	2015.10.01	6Y 10M	President	85.7%
Director	Ever Wealthy International Corporation	Chien-Chih Hwang	M	62	2019.09.30	2Y 11M	Executive Vice President	100.0%
Director	Hung Kao Investment Corporation	Cheng-I Weng	M	78	2001.05.31	21Y 3M		100.0%
Director	Gau Ruei Investment Corporation	Yueh-Kun Yang	M	60	2018.10.31	3Y 10M	VP of Finance Division	100.0%
Director	Labor Union of China Steel Corporation, Kaohsiung City	Chun-Sheng Chen	M	60	2018.01.05	4Y 7M		100.0%
Independent Director		Shyue-Bin Chang	M	73	2016.06.23	6Y 2M		100.0%
Independent Director		Min-Hsiung Hon	M	78	2016.06.23	6Y 2M		100.0%
Independent Director		Lan-Feng Kao	F	57	2016.06.23	6Y 2M		100.0%

*Years on board is calculated till 2022.08.

Implementation of Diversity Policy for the Board of Directors



Title	Name	Gender	Employed by the Company	Business Management	Decision-Making	Industry Knowledge	Steel Industry Management Experience	Finance and Accounting	Marketing	Technology
Chairman	Chao-Tung Wong	M		✓	✓	✓	✓		✓	
Director	Wen-Sheng Tseng	M		✓	✓	✓				
Director	Ming-Jong Liou	M		✓	✓	✓				
Director	Shyi-Chin Wang	M		✓	✓	✓	✓			✓
Director	Chien-Chih Hwang	M	✓	✓	✓	✓	✓		✓	
Director	Cheng-I Weng	M			✓	✓				✓
Director	Yueh-Kun Yang	M	✓	✓	✓	✓	✓	✓		
Director	Chun-Sheng Chen	M	✓	✓	✓	✓				
Independent Director	Shyue-Bin Chang	M		✓	✓	✓				✓
Independent Director	Min-Hsiung Hon	M		✓	✓	✓				✓
Independent Director	Lan-Feng Kao	F						✓		

Functional Committees of the Board of Directors

Audit Committee and Remuneration Committee

The Audit Committee and Remuneration Committee convened 6 and 4 meetings in 2021 respectively.


January 1, 2021 to December 31, 2021

Title	Name	2021 Audit Committee Attendance	2021 Remuneration Committee Attendance
Independent Director (Convenor) 	Shyue-Bin Chang	100%	100%
Independent Director	Min-Hsiung Hon	100%	100%
Independent Director	Lan-Feng Kao (Financial expert) 	100%	100%

Corporate Governance and Sustainability Committee

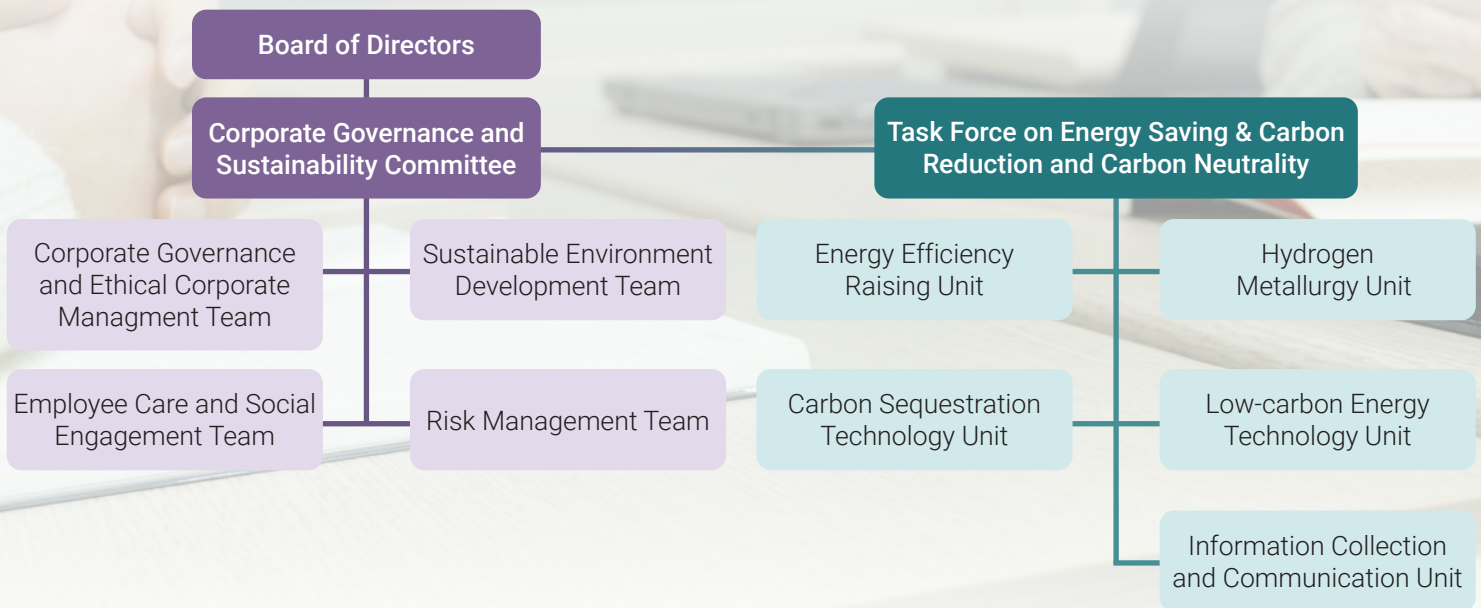
Corporate Governance and Sustainability Committee was established in November 2019 and 3 meetings were held in 2021.

January 1, 2021 to December 31, 2021

Title	Name	Other Major Position	2021 Attendance
Independent Director (Convenor) 	Shyue-Bin Chang	Independent Director, Hiwin Mikrosystem Corp.	100%
Independent Director	Min-Hsiung Hon	Emeritus Professor, Department of Materials Science and Engineering, National Cheng Kung University	100%
Independent Director	Lan-Feng Kao	Professor, Department of Finance, National University of Kaohsiung	100%
Director	Shyi-Chin Wang	President, CSC	100%
Director	Chun-Sheng Chen	President, Labor Union of China Steel Corporation	100%

In order to implement the sustainable management policy, the Committee has 4 execution teams. Each team is responsible for the operation and promotion of relevant matters and the implementation of the Committee's resolutions. The Committee convenes at least two meetings annually, in which the execution teams shall reports the implementation results for the current year and the implementation plan for the following year to the Committee, and the Committee shall report them to the Board of Directors every year.

Organization Chart of Corporate Governance and Sustainability Committee



Task Force on Energy Saving & Carbon Reduction and Carbon Neutrality

To take practical actions against climate change, CSC founded the **"Task Force on Energy Saving & Carbon Reduction and Carbon Neutrality,"** headed by the Chairman, Chao-Tung Wong, under the Committee with the approval of the Board of Directors on February 26, 2021. The Task Force is in charge of the carbon reduction policy and short-, medium- and long-term carbon reduction strategies of the Company. The Task Force holds meeting periodically and reports the implementation plans and results to the Corporate Governance and Sustainability Committee and the Board of Directors.

CSC Energy and Environmental Meetings

2 meetings each year, which are chaired by the President, with the aim of comprehensively studying energy saving and carbon reduction issues within CSC Group.

Ethical Conduct

CSC has established the "Ethical Corporate Management Best Practice Principles," approved by the Board of Directors, and the "Procedures for Ethical Management and Guidelines for Conduct." Ethical corporate management policies are publicized in internal regulations, annual reports, company websites, publicity and external activities.

Furthermore, during the process of adopting the Taiwan Intellectual Property Management System (TIPS), CSC also requires employees to simultaneously sign the "Statement and Commitment to Employee Code of Conduct" so that they understand and undertake that they shall neither directly nor indirectly provide, accept, promise, or demand any improper benefits, or engage in other behaviors that are in breach of integrity, laws and regulations or fiduciary duty when performing their duties.

The Company arranges instructions on company regulations, corporate culture, information security, and intellectual property for new employees every year and promotes the importance of ethics with topics on

1 Side job

2 Receiving improper benefits

3 Information use

4 Trade secrets

A total of 11 sessions were arranged in 2021 with 487 trainees participated.

Two corporate governance courses were arranged for the group's directors and supervisors, the topics of which include:

1 ESG

2 Intellectual property management system

Preventing Malpractice

- CSC does not contribute to political donations.
- **"Ethical Corporate Management Best Practice Principles":**
All CSC directors, managers, employees, and mandataries of the company or persons having substantial control over the company shall not directly or indirectly offer, promise to offer, request or accept any improper benefits, nor commit unethical acts including breach of ethics, illegal acts, or breach of fiduciary duty for purposes of acquiring or maintaining benefits when engaging in commercial activities.

Whistleblowing

The Company establishes accessible appeals channel. The Internal Audit Office is responsible for handling appeals. When handling a whistleblowing case or an appeal, unless otherwise provided by law, appropriate measures shall be taken in accordance with laws and regulations to not only protect the personal data and privacy of the whistleblower and stakeholders, but also avoid infringing upon the rights and interests of the whistleblower and stakeholders. However, this shall not apply to acts of whistleblowing aimed at defamation, forgery or framing others.

In 2021, a total of 26 appeals were received, which were handled properly by the relevant units upon duly investigation. No non-compliance with operational regulations, such as corruption, was found in such investigations.

	2019	2020	2021
Appeals	23	30	26

For more details [Whistle-blowing System] https://www.csc.com.tw/csc_e/cg/ia.html

Risk Management

CSC adopts comprehensive risk control over all employees with three levels, which is implemented from level to level to perform the risk identification, evaluation and prevention in normal times, instead of being controlled by a single unit. In addition, the effectiveness of risk management, internal control and governance is periodically reviewed and confirmed by the Internal Audit Office.

