# 2024 ESG INSIGHT

CSC

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ESG INSIGHT

## Material Topics



## Environmental



## Social



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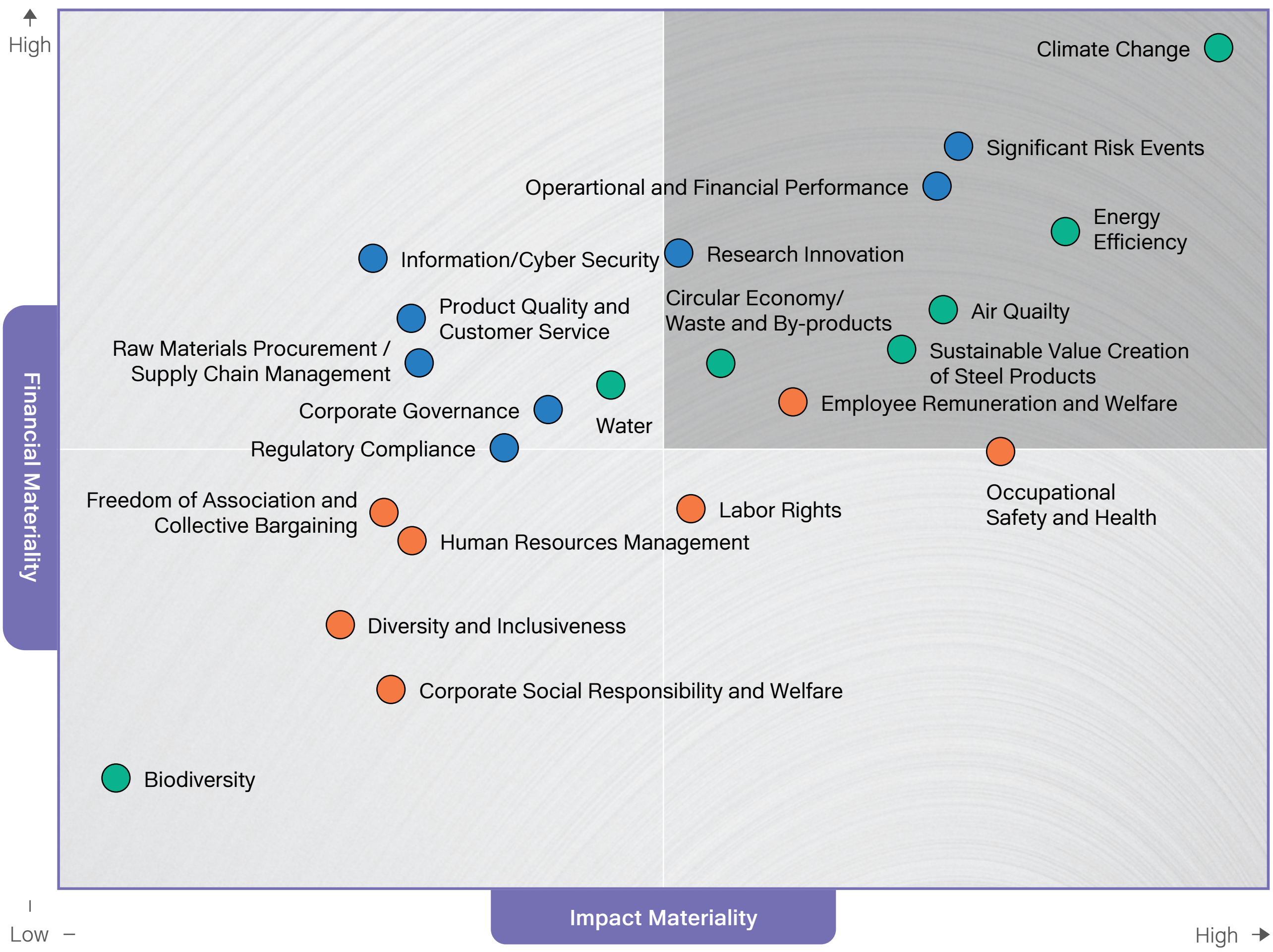
# Material Topics

## Process of Materiality Assessment

| STEP 01<br>Understand Organizational Context | STEP 02<br>Identify Impacts | STEP 03<br>Evaluate the Significance of Impacts | STEP 04<br>Determine the Material Topics |
|---|---|---|---|
| In alignment with CSC' s vision and sustainable development policy, a list of sustainability topics has been compiled under three key aspects. This list is based on the updated GRI Universal Standards, the SDGs, and issues of concern to the global steel industry, along with key industry trends and feedback from stakeholders. | The properties and implications of the impacts associated with each issue were identified and incorporated into the questionnaire descriptions. External experts were invited to review the questionnaire and provide suggestions for refinement. | Stakeholders were invited to complete the impact materiality questionnaire. Internal senior executives conducted the financial materiality assessment of sustainability issues, evaluated the severity and likelihood of impact for each topic, and determined the significance of impact according to the results of collected questionnaires. | A double materiality matrix was compiled to evaluate topics that were highly material in terms of both internal financial impact to the Company and external impacts on the economy, environment, and people (including human rights).<br>Topics identified as highly material on both axes were classified as material topics. The material topics were examined by the Corporate Governance and Sustainability Committee team members, reviewed by the management, and submitted for approval by the Corporate Governance and Sustainability Committee. |
| 22 topics in 2024 Sustainability Topics List | 2 external experts were invited in 2024 | 634 responses of 2024 surveys were collected from senior executives and stakeholders | 10 material topics were determined in 2024 |



# Environmental

## Achievements and Targets

| | Unit | 2024 Targets | | 2024 Achievement | Short-term 2025 | Mid-term 2026~2030 | Long-term 2031~ |
|---|---|---|---|---|---|---|---|
| **GHG Management** | | | | | | | |
| Carbon Neutrality | Standalone: Taking 2018 as the base year, our target is to reduce emissions by 7% in 2025, to reduce emissions by 25% in 2030, and to achieve carbon neutrality in 2050.<br>Consolidated: Each company within the CSC Group has selected an appropriate base year based on its industry characteristics and operational plans, with the Group's major carbon-emitting companies designating 2018 as the base year. Our target is to reduce emissions by 7% in 2025, and to reduce emissions by 25% in 2030 compared with the total consolidated GHG emissions of each company in its respective base year. | | | | | | |
| GHG Reduction (Scope1+2) | % | Reduce emissions by 6% | ✓ | Reduce emissions by 15.1% | Reduce emissions by 7% | 2030 Target<br>Reduce emissions by 25% | 2050 Target<br>Carbon neutrality |
| **Energy Management** | | | | | | | |
| Annual Power Savings | % | 2015-2024<br>annual average power saving rate > 1 | ✓ | 2015-2024<br>2.14 | 2015-2025 annual average power saving rate > 1.05 | 2030 Target<br>2015-2030 annual average power saving rate > 1.1 | 2032 Target<br>2015-2032 annual average power saving rate > 1.5 |
| Energy Intensity | GJ/tCS | ≦ 22.92 | ✓ | 22.86 | ≦ 22.89 | | |
| Energy Savings | GJ | 2021-2025<br>Save 2.64 million | ✓ | **Achieved earlier**<br>(259% achievement)<br>Accumulated saving of 6.839 million | Accumulated saving of 2.64 million | | |
| **Air Pollutants Management** | | | | | | | |
| SOx Intensity | kg/tCS | 0.530 | ✓ | 0.516 | ≦ 0.530 | | |
| NOx Intensity | kg/tCS | 0.690 | ✓ | 0.630 | ≦ 0.690 | | |
| Particulates Intensity | kg/tCS | 0.292 | ✓ | 0.231 | ≦ 0.285 | | |
| **Water Management** | Taking 2017 as the base year. | | | | | | |
| New Water Consumption Reduction | % | 54.4 | ✓ | 62.2 | 57.0 | 2027 Target<br>58.4 | 2031 Target<br>60.4 |
| **Waste Management** | | | | | | | |
| Waste Recycling Ratio | % | ≧ 90.0 | ✓ | 94.8 | ≧ 92.0 | 2030 Target<br>≧ 94.0 | 2035 Target<br>≧ 94.1 |
| Solidification Landfill | tonnes | 0 | ✓ | 0 | 0 | 2030 Target<br>0 | 2035 Target<br>0 |
| By-product Circulation | tonnes | 366 thousand | ✓ | 403 thousand | 384 thousand | 2030 Target<br>414 thousand | 2035 Target<br>500 thousand |

## Environmental Metrics

| Item | Unit | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|---|
| Production | 10,000 tCS | 969.09 | 843.78 | 776.52 | 790.76 |
| Productivity per employee | tCS/year | 989.47 | 872.76 | 807.11 | 830.80 |
| Investment on Energy and Environment | 100 million TWD | 28.9 | 39.1 | 80.4 | 85.6 |
| **GHG Management [1]** | | | | | |
| GHG Emissions Scope 1 | $tCO_2e$ | 20,939,573 | 18,248,901 | 16,809,455 | 17,587,087 |
| GHG Emissions Scope 2 | $tCO_2e$ | 1,357,456 | 1,373,673 | 1,249,102 | 1,166,325 |
| GHG Intensity | $tCO_2e$ /tCS | 2.301 | 2.326 | 2.326 | 2.372 |
| GHG Emissions Scope 3 – indirect emissions [2] | $tCO_2e$ | 12,055,837 | 11,216,225 | 11,317,609 | 11,036,798 |
| **Energy Management** | | | | | |
| Primary Energy | GJ | 224,683,778 | 201,934,363 | 183,523,715 | 187,490,310 |
| Coal | GJ | 219,340,668 | 191,854,995 | 172,104,025 | 177,098,607 |
| NG | GJ | 5,107,395 | 9,556,139 | 11,159,359 | 10,172,297 |
| Diesel Oil | GJ | 111,916 | 104,779 | 94,302 | 94,706 |
| Gasoline | GJ | 5,368 | 4,997 | 4,776 | 4,282 |
| Low-sulfur Oil | GJ | 79,477 | 373,631 | 134,060 | 89,958 |
| Others (Creosote, etc.) | GJ | 38,954 | 39,822 | 27,193 | 30,460 |
| Purchased Electricity (Excluding renewable energy) | GJ | 9,600,438 | 9,991,953 | 9,104,411 | 8,923,840 |
| Self-generated Electricity | % | 49.7 | 43.7 | 46.95 | 48.91 |
| Energy Intensity | GJ/tCS | 22.25 | 22.96 | 23.04 | 22.86 |
| **Air Pollutants Management** | | | | | |
| NOx | tonnes | 6,593 | 5,603 | 5,209 | 4,982 |
| SOx | tonnes | 5,579 | 4,257 | 4,163 | 4,080 |
| Volatile Organic Compounds (VOCs) | tonnes | 409 | 356 | 306 | 264 |
| Particulates | tonnes | 2,164 | 1,921 | 1,776 | 1,830 |
| **Water Management** | | | | | |
| Processing Water Recycling Rate [3] | % | 98.4 | 98.5 | 98.5 | 98.5 |
| Production Process Water Recirculation | million liters | 2,849,595 | 2,821,318 | 2,802,252 | 2,735,849 |
| New Water Withdrawal | million liters | 27,842 | 21,562 | 18,623 | 17,978 |
| Urban Reclaimed Water Usage [4] | million liters | 16,205 | 21,514 | 22,339 | 24,228 |
| Water Discharge | million liters | 14,202 | 16,234 | 14,527 | 16,789 |
| Water Consumption | million liters | 29,845 | 26,842 | 26,435 | 25,417 |
| Water Intensity [5] | t/tCS | 4.32 | 4.86 | 5.04 | 5.10 |
| New Water Intensity [5] (after introduction of reclaimed water) | t/tCS | 2.65 | 2.31 | 2.16 | 2.03 |

| Item | Unit | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|---|
| **Waste Management** | | | | | |
| General Industrial Waste | tonnes | 567,880.8 | 559,748.4 | 517,130.7 | 505,157.7 |
| Incineration (with energy recovery) Amount | tonnes | 28,936.8 | 29,416.1 | 26,523.8 | 26,209.2 |
| Incineration (with energy recovery) Rate [6] | % | 5.1 | 5.3 | 5.1 | 5.2 |
| Recycling Rate | % | 94.9 | 94.7 | 94.9 | 94.8 |
| Hazardous Industrial Waste | tonnes | 46.3 | 58.3 | 33.5 | 13.0 |
| Recycling Rate | % | 100 | 100 | 100 | 100 |
| Waste Production Intensity | kg/tCS | 58.6 | 66.35 | 66.60 | 63.88 |
| Waste Recycled Onsite | % | 85.8 | 97.9 | 95.5 | 96.0 |

Note1. From 2021, data of GHG emissions is based on revised standard ISO 14064-1:2018. The boundary refers to the Operation Control Approach, including important operating sites such as Head Office (Hsiao Kang, Kaohsiung Plant) and CSC Building. The GHG data is verified by the third party verification agency, DNV, with a reasonable level of assurance.
2. 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 the third party, DNV.
3. Processing water recycling rate = production process water recirculation ÷ total water use in process x 100%, total water use in process do not include admin area raw water.
Total water use in process = production process water recirculation + (new water withdrawal + urban reclaimed water usage - admin area raw water)
4. The Fengshan Creek Reclaimed Water has been implemented since Aug 2018, and the Linhai Sewage Treatment Reclaimed Water has been implemented since Dec 2021. The "Vicarious Performance of Reclaimed Water for Hefa Industrial Park" project has been incorporated since May 2024.
5. 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.
6. Includes onsite and offsite incineration.

## Certifications

| Certification | | Location | Coverage of Employees | Verification Authority | Latest Validity Period |
|---|---|---|---|---|---|
| Environmental Management System | ISO 14001:2015 | Hsiao Kang, Kaohsiung Plant; CSC Building | 100% (covering contractors) | BSI | 2025/07/21~ 2028/07/20 |
| Energy Management System | ISO 50001:2018 | Hsiao Kang, Kaohsiung Plant | 100% (covering contractors) | BSI | 2025/07/08 ~ 2028/07/07 |
| Hazardous Substance Process Management | IECQ QC 080000:2017 | Hsiao Kang, Kaohsiung Plant | NA | BSI | 2024/07/16~ 2027/07/25 |

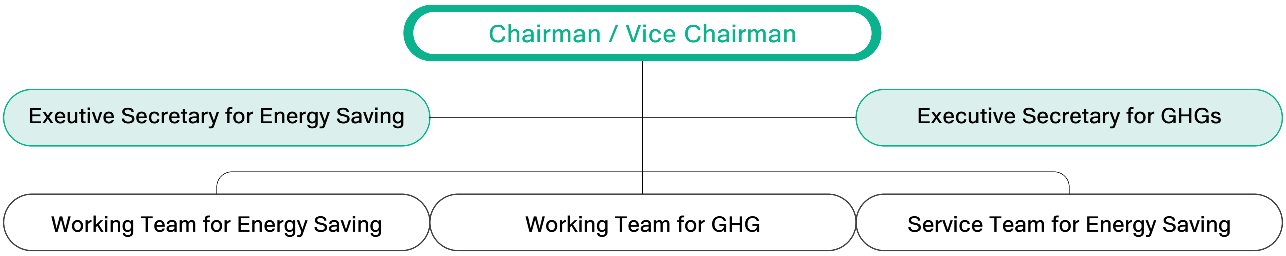
# Energy Management

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, risk management, energy conservation and carbon reduction, and communication.

### The Energy Conservation Committee




## Energy Consumption

The coking coal in the steelmaking process transforms to by-product gases which can be used as heat source in steelmaking and in cogeneration power plants to generate steam and power. Oil and natural gas can also be used in cogeneration power plants as auxiliary fuel to produce required steam and electricity, while the excess power demand is met by purchased electricity.

## District Energy Integration

CSC has utilized steam produced from combined heat and power (CHP) and waste heat recovery as well as industrial gases produced from the Oxygen Plant to share excess energy with neighboring petrochemical plants, chemical plants and downstream steel mills in Kaohsiung LinHai Industrial Park.

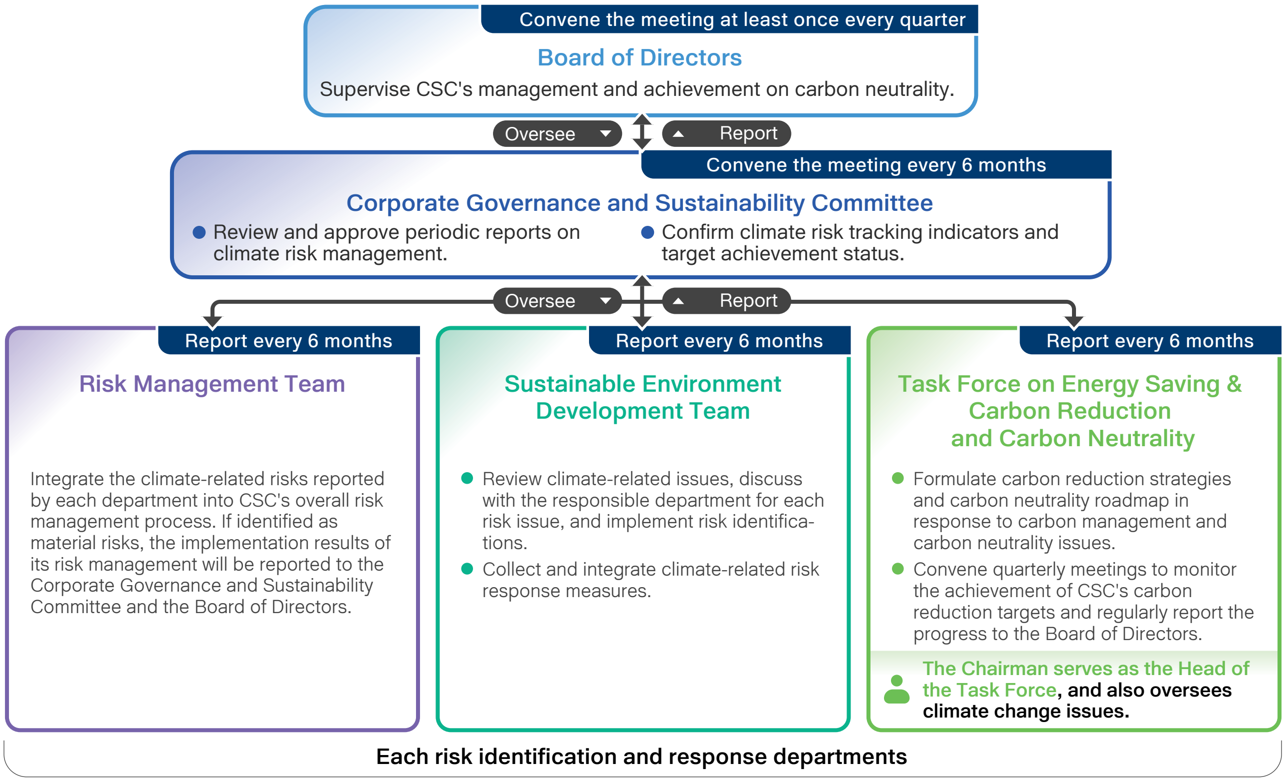
Currently, a total of 14 manufacturers, including CSC, participate in the District Energy Integration. The energy sold by CSC includes steam as well as oxygen, nitrogen and argon produced by the Oxygen Plant, with steam being the primary item.

| | Unit | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|---|
| Steam Sold (Notes) | million tonnes | 1.588 | 1.480 | 1.325 | 1.380 |
| Equivalent to Energy Savings | million GJ | 4.82 | 4.51 | 3.94 | 4.20 |
| GHG Reduction | thousand tonnes | 381 | 355 | 318 | 331 |
| SOx Reduction | tonnes | 1,161 | 1,082 | 968 | 1,009 |
| NOx Reduction | tonnes | 805 | 750 | 672 | 700 |
| Particulates Reduction | tonnes | 114 | 107 | 96 | 99 |

Note1. With an estimated efficiency of 94% of newly installed boilers, 1 kL fuel oil can produce 13 tonnes of steam. Thus, the 1.380 million tonnes of steam sold in 2024 saved energy equivalent to the use of 106,000 kL low-sulfur oil.
2. The calculation of environmental benefits:
- Energy saving: The heat value of low-sulfur oil conversion is cited from the average detected heat value of CSC in 2024, which was 9,449 Mcal/kL.
- Air pollutant reduction: The calculation and coefficients were in accordance with the calculation of emission amount for the air pollution control fee of stationary sources by the Ministry of Environment.
- GHG emission reduction: The reduction only covered $CO_2$ emission before 2018, with the factors cited from the IPCC 2006 National Greenhouse Gas Inventory Guide-$CO_2$ emission coefficient of fuel oil. From 2019, $N_2O$ and $CH_4$ were also involved in the calculation coverage, using the factors cited from the GHG emission coefficient list (version 6.0.4) announced by the Ministry of Environment.

# Climate Change Response and Greenhouse Gas (GHG) Management

## Climate Governance Framework




The Board of Directors is the highest authority for climate governance. Under the Board, the Corporate Governance and Sustainability Committee was established to assist the Board of Directors in overseeing the Company's management of climate issues, which consists of the Sustainable Environment Development Team and Risk Management Team for climate change issues. Each team is responsible for dealing with the climate change issues faced by CSC, and periodically reports the progress to the Corporate Governance and Sustainability Committee.

Furthermore, in response to net-zero emissions related issue, CSC established the Task Force on Energy Saving & Carbon Reduction and Carbon Neutrality, which is responsible for the company-wide carbon reduction policies and short-, medium-, and long-term decarbonization strategies. The Chairman is the head of the Task Force, who also oversees climate change issues. The Task Force reports its implementation plans and results to the Corporate Governance and Sustainability Committee and the Board of Directors on a regular basis.

CDP

**Carbon Disclosure Project**

| Climate Change | Water Security |
|---|---|
| Leadership level (A-) | Leadership level (A-) |

## Task Force on Climate-Related Financial Disclosures (TCFD)

### Mitigate low-carbon transition risk and seize corresponding opportunities

| Transition Risks/ Opportunities | Scenario Analysis | Impact on CSC Operations | Response Strategies | Metrics and Targets |
|---|---|---|---|---|
| **Scenario** | Temperature rises 1.7℃ (IEA APS) | | | |
| Risk<br>Transition of raw materials | In the low-carbon emission scenario, scraps and reduced iron may become critical sources of raw materials. Furthermore, the demand for high quality iron ore is expected to increase, causing the prices of raw materials to fluctuate. | • The increase of demand from the industry will stimulate the prices of emerging raw materials, leading to the rise of operating costs. | • Examine various alternative low-carbon ferrous burden and include them in the scope of assessment.<br>• Deploy and develop low-carbon ferrous burden. | **Carbon emission targets of CSC:**<br>The base year is 2018<br>• Reduce carbon emissions by 7% in 2025<br>• Reduce carbon emissions by 25% in 2030<br>• Achieve carbon neutrality in 2050 |
| Risk<br>Implementation of carbon fee mechanism | The impact of carbon fees is evaluated based on the carbon fee rate set by Taiwan's Ministry of Environment, supplemented by international cases of carbon taxes and carbon emission trading. | • Additional cost of carbon emissions results in the increase of operating costs. | • Develop and submit the Self-determined Reduction Plan to obtain suitable designated reduction rates and mitigate the impacts.<br>• Continue the development of emerging steelmaking technologies to reduce CSC's carbon emissions and the carbon cost of its products. | |
| **Scenario** | Temperature rises 1.4℃ (IEA NZE, in line with the Paris Agreement) | | | |
| Risk<br>Planning of low-carbon energy policy | In the low-carbon emission scenario, the demand for renewable energy may continue to grow in response to the long-term development of net-zero technologies in the steel industry. | • If CSC continues to reduce purchased electricity through low-carbon energy, operational costs will increase. | • The solar power system has been installed in plants to meet the short-term and mid-term demand for renewable energy.<br>• An energy trading platform was jointly established with major domestic companies to ensure the sources of renewable electricity and control its costs .<br>• Continue to assess the low carbon energy demand for long-term carbon reduction strategies. | |
| Risk<br>R&D of carbon neutral technology of the steel industry | In the low-carbon emission scenario, the steel industry may continue to invest in the research and application of low-carbon steelmaking technologies. | • Investment in the R&D of new steelmaking technologies will lead to the increase of R&D cost. | • Continue to conduct the coupling analyses of energy flow, carbon flow, material flow, and cost to advance the carbon neutrality pathways.<br>• Continue to conduct tests for emerging low-carbon steelmaking technologies, with a focus on operability, safety, and functionality.<br>• Actively engage in industry-academia collaboration projects and focus on emerging low-carbon steelmaking technologies, including: charging low carbon ferrous burden into BF, replacing coal injection with hydrogen injection, as well as implementing carbon capture and utilization. | |

| Transition Risks/ Opportunities | Scenario Analysis | Impact on CSC Operations | Response Strategies | Metrics and Targets |
|---|---|---|---|---|
| **Scenario** | Temperature rises 1.7℃ (IEA APS) | | | |
| Opportunity<br>Entry to renewable energy/ automotive related supply chains | The installed capacity of global wind power generation is expected to increase by 220%, and electric vehicles are projected to constitute 40% of the automobile market in 2030. | • The renewable energy and electric vehicle markets are flourishing, and if CSC develops product that are aligned with market trends, the revenue may increase. | • Continue to promote electrical steel and advanced high-strength steel for electric vehicles to major automakers, develop corresponding product application technologies, and actively conduct product-related tests and verifications.<br>• Optimize the performance of ultra-high efficiency electrical steel, as well as production adjustments and process development, based on the structural and functional requirements of different motor types from both domestic and international automakers.<br>• Continue to develop high-strength, weldable, and highly resilient wind power structural steel needed for substructures and wind turbine towers, to support the national goal of localizing the manufacturing of wind power facilities. | • Sales ratio of high-end steel ≧ 50.3% in 2025<br>• Sales ratio of high-end steel ≧ 51.6% in 2030 |
| Opportunity<br>Supply of high-strength steel to enhance climate resilience | In order to adapt to recurring climate hazards, governments worldwide would continue to strengthen the resilience of public infrastructure. | • Strengthen public infrastructure and national resilience projects in line with policies, leading to the increase of steel demand and CSC’s revenue. | • Provide high-strength structural engineering steel to meet construction safety requirements in extreme weather.<br>• Continue to develop and promote high-strength structural steel products to assist in the planning of the country's medium- to long-term urban renewal and bridge reconstruction projects. | |

Note: Each scenario considers the maximum rise of temperature at a 50% confidence level at the end of the 21st century.

### Climate change adaptation strategies

| Physical Risks | Scenario Analysis | Impact on CSC Operations | Response Strategies | Metrics and Targets |
|---|---|---|---|---|
| Scenario | Temperature rises 2.7℃ (SSP 2-4.5) / Temperature rises 4.4℃ (SSP5-8.5) | | | |
| Extreme weather events such as typhoons and floods (Raw materials) | IPCC AR6[2] pointed out that the place of origin for certain raw materials (i.e. Australia) will see an increase in frequency and intensity of typhoons and extreme heavy rainfall. | • Issues regarding the supply of raw materials caused by extreme weather events may result in interrupted supply chains or affect production. | • Considering the transportation risks of the supply chain, locations that are less vulnerable to the weather are selected as the transshipment base of raw materials.<br>• Weather monitoring and supply chain relationship management are conducted regularly based on the concept of non-disrupted business operations, to immediately respond to any potential risks from meteorological changes as well as raw material production and transportation. The climate of the origins of raw materials is evaluated for early procurement and scheduling of raw materials. | • Maintain non-disrupted business operations<br>• Maintain diverse raw material sources and distribute supply across multiple regions |
| Water shortages caused by changes in climate patterns | According to the Taiwan Climate Change Projection Information and Adaptation Knowledge Platform (TCCIP), from medium to long-term period, it is projected that the maximum consecutive days without rainfall in the watershed area of CSC's main industrial water sources will increase by 19.5% to 27.1%. | • Extreme weather increases the risk of water shortage, therefore affects production processes of factories. | • Continue to increase the percentage of wastewater being recycled in processes, strive to diversify water sources, and increase the percentage of reclaimed water used. | The base year is 2017.<br>• In 2027, CSC plans to increase the recovery rate of the wastewater purification plant, and reduce new water consumption by 58.4%.<br>• In 2031, CSC aims to progress toward the goal of diversifying water sources by continuously evaluating the recycling and reuse of wastewater within the factory, with the expectation of reducing new water consumption by 60.4%. |

Note1. Each scenario considers the rise of temperature at the end of the 21st century.
2. The Sixth Assessment Report of the Intergovernmental Panel on Climate Change (IPCC)

+ For more details [TCFD framework and event records of the Task Force on Energy Saving & Carbon Reduction and Carbon Neutrality]
https://www.csc.com.tw/csc_e/esg/env/env1.html

## GHG Management

### Scope 1&2

The GHG inventory operation in accordance with international standards (ISO 14064) has been performed since 2006. In 2024, CSC continued to perform the GHG inventory in accordance with the revised ISO 14064-1:2018 standard. The boundary refers to the Operation Control Approach, including important operating sites such as Head Office (Hsiao Kang, Kaohsiung Plant) and CSC Building. The GHG inventory was verified by the external verification agency, DNV, with a reasonable level of assurance. The related data has also been reported to the national GHG Registry.

### Scope 3

The scope 3 GHG emission has been estimated annually since 2015. CSC has also entrusted the third-party verification agency, DNV, to verify the three items of "business travel," "waste generated in operations," and "fuel- and energy-related activities" from 2016, and "upstream transportation and distribution" has also been added as an external verification item from 2021. In the future, we will continue to improve external verification projects depending on the strength of supporting materials.

In 2023, CSC established the Carbon Management Demonstration Team. In 2024, the team supported 20 companies by assisting downstream customers in calculating their carbon emissions and developing tailored carbon reduction solutions based on CSC's experience and the characteristic of each customer's production process.

## Carbon Credits Management and GHG Offset Project

CSC has formulated the "Carbon Trading and Management Regulations" with reference to the relevant regulations of the Ministry of Environment and international practices, and incorporated related operations into the environmental management system (ISO 14001). By the end of 2024, CSC's GHG offset credit balance totaled 4.488 million tonnes of $CO_2e$.

## GHG Reduction Incentive Guidelines

CSC established the "GHG Reduction Incentive Guidelines" in 2024 to encourage internal departments to propose feasible action plans for GHG reduction, so as to achieve the Company's annual GHG control targets. The incentive criteria are summarized as follows:

| GHG Emissions Cap Control Incentive | GHG Intensity Control Incentive | GHG Reduction Action Plan Incentive |
| --- | --- | --- |
| Granted when the Company achieves its GHG emissions cap control target for the previous year and the relevant units also achieve their respective emission control targets. | Granted when the Company meets its GHG intensity target for the previous year and the relevant units also achieve their respective intensity control targets. | Granted when the proposed action plans for GHG reduction, upon review, are confirmed to result in a sustained reduction of over 50 metric tons of $CO_2e$/year. |

## Internal Carbon Pricing

Starting from 2024, CSC has adopted an internal carbon pricing (ICP) mechanism of NT$300 per metric ton, in reference to the "Regulations Governing the Collection of Carbon Fees" announced by the Ministry of the Environment. This ICP serves as a carbon governance tool to assist relevant departments in calculating carbon-related costs and assessing the benefits of carbon reduction-related capital expenditures or R&D investments. It helps manage the Company's overall carbon emissions and promotes the development of lower-carbon production processes and technologies, thereby contributing to continuous improvement in internal decarbonization performance.

## CSC Carbon Neutrality Target

Base year: 2018 (Scope 1+2)

2025 — Reduction 7%

2030 — Reduction 25%

2050 — CARBON NEUTRAL

## Carbon Neutral Capital Expenditure and Progress

2024 — The total capital expenditure related to carbon reduction was approximately NT$ 2.817 billion

2025 – 2030 — The preliminary estimate of capital expenditures for the four medium-term carbon reduction paths is approximately NT$ 20.5 billion

The amount will be modified in accordance with future technological advancements and will be submit to the Board of Directors based on progress of each project.

## Carbon Neutrality Pathway

# Low carbon BF

CSC does not consider carbon offsetting as part of its decarbonization strategy.

2030

**Route 1** Charging low carbon ferrous burden into the blast furnaces

Progress

(1) Completed the test of adding 6,000 tonnes of reduced iron to the blast furnace in 2023. It has been confirmed that adding 1 tonne of reduced iron can reduce the carbon emission of the blast furnace by 1.5 tonnes. In 2024, CSC continued to evaluate the introduction of other low carbon ferrous burden with high iron content and began testing the injection of high-concentration pellets into the blast furnace. Under stable furnace conditions, the pellet ratio has been increased to 20% (approximately 320 kg per ton of hot metal) with concrete carbon reduction benefits. CSC will continue to study ways to further increase the pellet ratio and accelerate its application.
(2) Plan to invest and set up HBI factories in suitable locations such as Australia or the Middle East.

**Route 2** Replacing coal injection with hydrogen in the blast furnaces

Progress

In 2024, the test of natural gas injection through a single tuyere was completed and the process controls for safe injection were established. In 2025, the coke oven gas injection is planned to be tested.

**Route 3** Co-production of steel and chemicals: Convert CO and $CO_2$ from steel production process into chemicals

| Target 2022 → | 2030 → | 2040 → |
|---|---|---|
| Pilot line → Completed construction in 2022; the purified $CO_2$ concentration has reached 99%. | Demonstration line<br>reduce emissions by 240,000 tonnes per year | Commercialization<br>reduce emissions by 2.9 million tonnes per year |

Progress

(1) Completed verification of 1,000-hour continuous production of the pilot plant and used the Industrial Technology Research Institute' s catalytic conversion technology to produce methanol from CO in 2023. The quality of the captured and purified CO meets the specifications of acetic acid plants.
(2) In 2024, through pressure swing adsorption (PSA) sequence optimization and rationalization of rotating equipment loads, the pilot line verified an 11.4% reduction in energy consumption for CO production, achieving the target of 10% energy consumption reduction.

**Route 4** Increasing the use of scrap

Progress

In response to the demand from brand customers for materials with higher recycled content, and requirements from downstream steel users for verification of recycled content, CSC has introduced steel products with high recycled content since 2021 and obtained relevant UL recycled content certification. In recent years, the sales volume of steel products with 12% and 20% scrap ratio has increased significantly from about 26 thousand tonnes in 2023 to 49 thousand tonnes in 2024, showing strong demand potential for green steel. In 2024, connecting the EAF manufacturing process at DSC, CSC developed galvanized steel products with scrap ratio of more than 60%, and obtained relevant certification.

| Year | unit | 2022 | 2023 | 2024 |
|---|---|---|---|---|
| Sales volume of steel with high recycled content | tonnes | 7,379 | 26,214 | 49,640 |

## Consolidated Carbon Reduction Plan and Targets

Each company within the CSC Group has selected an appropriate base year based on its industry characteristics and operational plans. The total consolidated GHG emissions (Scope 1 and Scope 2) of each company in its respective base year amounted to 35,417,943 metric tons, with the Group's major carbon-emitting companies designating 2018 as the base year.

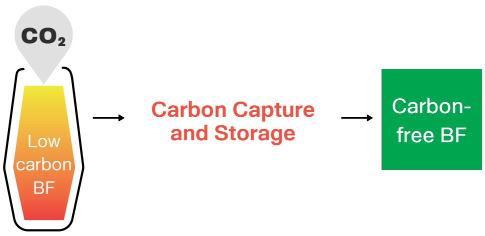
2025 Reduction 7%

2030 Reduction 25%

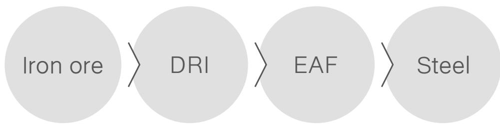
### Action Plans:

| Short-term | Medium-term |
|---|---|
| **Focus on improving energy efficiency and increasing the use of renewable energy:**<br>such as improvement and replacement of energy-intensive equipment, reduction of vehicle emissions, and use of green power. | **Continue to adopt strategies such as enhancing energy efficiency, expanding the use of renewable energy, and optimizing production processes:**<br>including actions like promotion of waste heat recovery and cogeneration, use of low-emission vehicles, increase in the proportion of green power usage, application of low carbon ferrous burden to blast furnaces, injection of hydrogen-rich gas into blast furnaces to replace coal, co-production of steel and chemicals, increase in the use of recycled materials, replacement of outdated process equipment, and installation of energy saving devices on vehicles. |

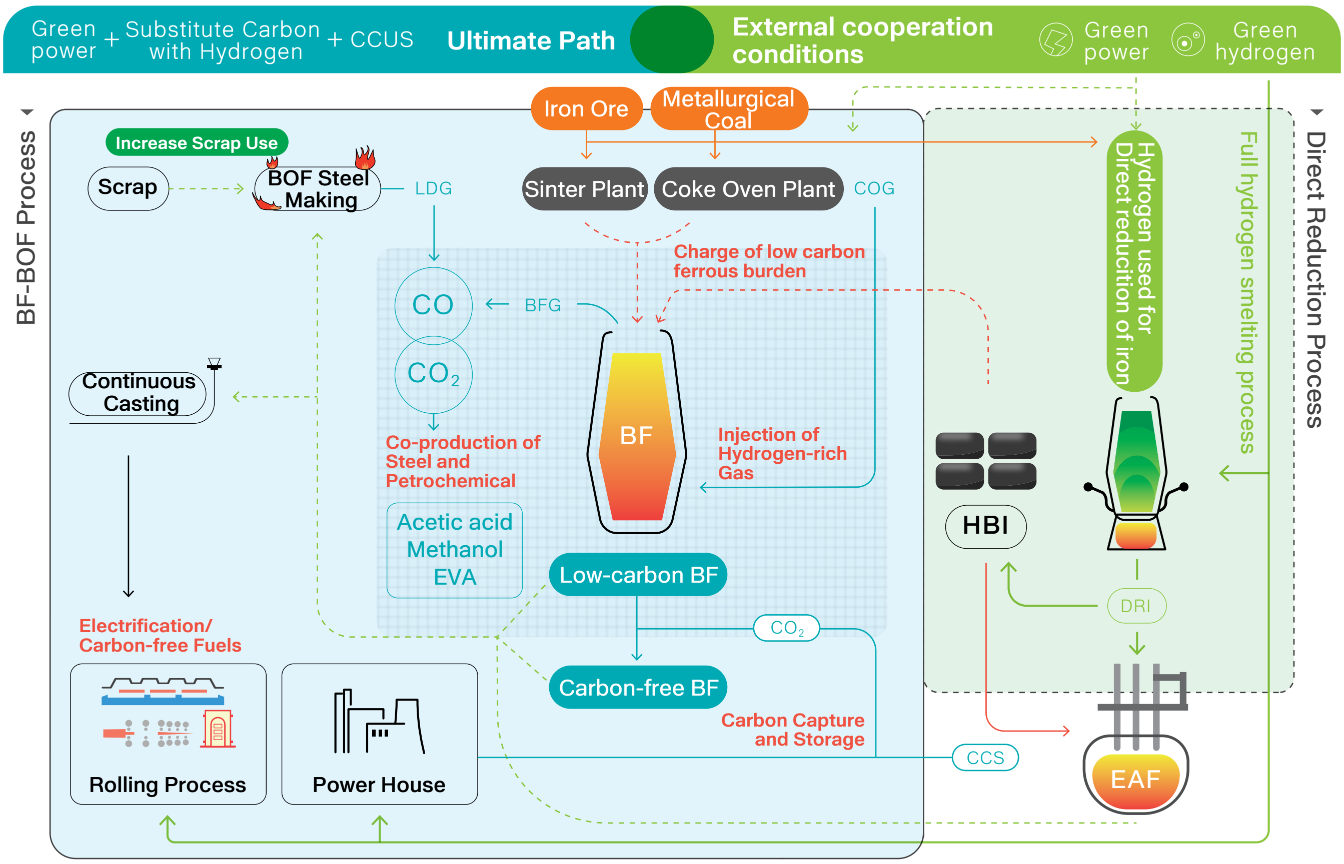
# Carbon Neutrality 2050




Capture and store $CO_2$ emitted from low-carbon blast furnaces with CCS technology, and transform low-carbon blast furnaces into carbon-free blast furnaces.




Adopt DRI/EAF route with hydrogen metallurgy.




Considering the lack of mature technology and green hydrogen as well as the need for equipment upgrading, CSC faces three major challenges:

Technology | Resources | Capital

## Product Carbon Emission Inventory

- CSC has implemented the carbon footprint inventory of 23 product categories, which was externally verified by BSI. The assurance statement was obtained on November 23, 2022, and the re-verification will be conducted in 2025.
- In the face of countries starting to plan carbon control mechanisms and customers' future demand for low-carbon products, CSC established the "Product Carbon Emission Intensity Calculation System" with its existing system framework and data. Following Carbon Border Adjustment Mechanism (CBAM) reporting guidelines, CSC is able to calculate the process summaries, average compositions, and carbon emissions of the product categories to be reported for each CN code, and provide customers and importers documents with CBAM related information to facilitate smooth product exports.
- CSC has also established the "Standard Product Carbon Emission Intensity System" to rapidly assess the carbon intensity of different production routes for the same product, supporting flexible production scheduling. This system may further be combined with the carbon pricing mechanism for comprehensive product cost calculation, providing a valuable management decision-making reference and facilitating analysis of carbon emission intensity variations across production pathways to identify opportunities for carbon reduction.

# Air Pollutants Management

| | Unit | 2021 | 2022 | 2023 | 2024 target | 2024 |
|---|---|---|---|---|---|---|
| SOx Intensity | Kg/tCS | 0.58 | 0.50 | 0.536 | 0.530 | 0.516 |
| NOx Intensity | Kg/tCS | 0.68 | 0.66 | 0.671 | 0.690 | 0.630 |
| Particulates Intensity | Kg/tCS | 0.22 | 0.23 | 0.229 | 0.292 | 0.231 |

- In order to actively improve air quality, CSC has planned an air pollution improvement plan for 2020-2026 with a total investment amount of NT$44.709 billion:

| Year of Completion | Improvement Project | Projected Reduction Results (tonnes/year) | | | |
|---|---|---|---|---|---|
| | | Par. | SOx | NOx | VOCs |
| 2020 | Replacement of #2 reheating furnace for No.1 Hot Strip Mill | – | 3.6 | 11.5 | - |
| 2020 | Replacement of #2 dust collector for No.1 BOF Shop | 100 | – | – | - |
| 2021 | Installation of desulfurization equipment for No.1 Sinter Plant | 5.3 | 800 | – | - |
| 2021 | Phase 1 construction of the new enclosed building in coking coal storage yard | 14.9 | – | – | - |
| 2024 | Phase 2 construction of the new enclosed building in coking coal storage yard | 16.7 | – | – | - |
| 2025 | Phase 1 construction of coke ovens and coke dry quenching facility | 20.5 | – | – | 36.5 |
| 2026 | Phase 2 construction of coke ovens and coke dry quenching facility | 20.5 | – | – | 36.5 |
| 2026 | Replacement of equipment for No. 1 Power House (BTG-9/10) | – | 154.0 | 56.0 | - |
| | Total | 177.9 | 957.6 | 67.5 | 73.0 |

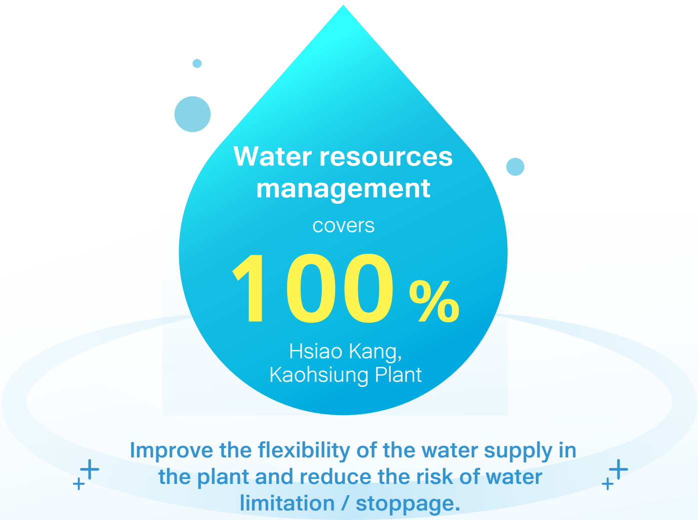
- CSC Environmental Monitoring Center oversees 6 air quality monitoring stations and is equipped with 2 real-time digital boards publicly displaying air quality data. For stationary emission sources, 31 continuous emission monitoring systems (CEMS) are set to monitor traditional pollutants emission intensity and quantity. The current average monthly effective monitoring rate of each instrument is greater than 95%. The public can directly reach CSC by phone during or outside business hours for any abnormalities.

## Water Management

CSC confirmed the water use strategy of diversifying its water resources in 2012, and is working hard towards the development of new water resources aimed at mitigating the risk of water cuts or water rationing.

CSC established the Utilities Department under the Production Division to effectively carry out water resource management and risk response. The Department is in charge of the risk assessment, strategy formulation and implementation of water resources and is supervised by the Vice President of the Production Division. Water risk management is part of the Company's risk management procedures and will be reported to the Board of Directors every six months.

### Water Diversification Strategies




**Reclamation of Industrial Wastewater**

Industrial wastewater is recycled through the self-owned RO water purification plant.

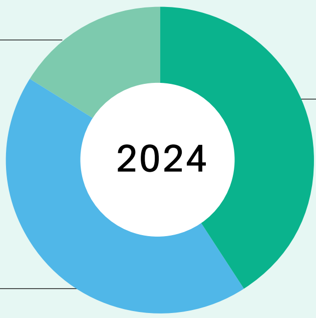
**Introduction of Reclaimed Water**

Fengshan Creek and Linhai Reclaimed Water Demonstration Projects were introduced in 2018 and 2021 respectively. Reclaimed water usage reaches around 57% of the total water usage after the vicarious performance of reclaimed water for Hefa Industrial Park in May 2024.

**Water Storage in Raw Water Pools**

CSC has 4 raw water pools with a total water storage capacity of 177 million liters, which has been maintained at a high water level throughout the year.

### Performance of Reclaimed Water Introduction




16% Linhai
**Reclaimed Water Demonstration Project**
6,857 million liters
Officially operating since Dec 2021
Accounts for around 16% of CSC' s daily water consumption

41% Fengshan Creek
(including the vicarious performance of reclaimed water for Hefa Industrial Park)
**Reclaimed Water Demonstration Project**
17,371 million liters
Officially operating since Aug 2018
Accounts for around 41% of CSC' s daily water consumption

43% Tap Water
17,978 million liters

## Waste and By-product Management

### Waste Management Strategy

Before planning a production process, CSC conducts feasibility studies on the process, develops application of by-products, and designs waste recycling. The potential impact on the natural environment is included in relevant assessments and the risk identification is completed. To minimize the environmental impact of its operations, CSC endeavors to develop a range of resource recycling technologies for waste generated from production processes. At the same time, CSC integrates recycling networks inside and outside the Linhai Industrial Park to incorporate usable resources into production planning. In addition to effectively utilizing by-products and waste within the plant to reduce outsourcing risks, this approach also helps lower production costs and achieve the benefits of circular economy.

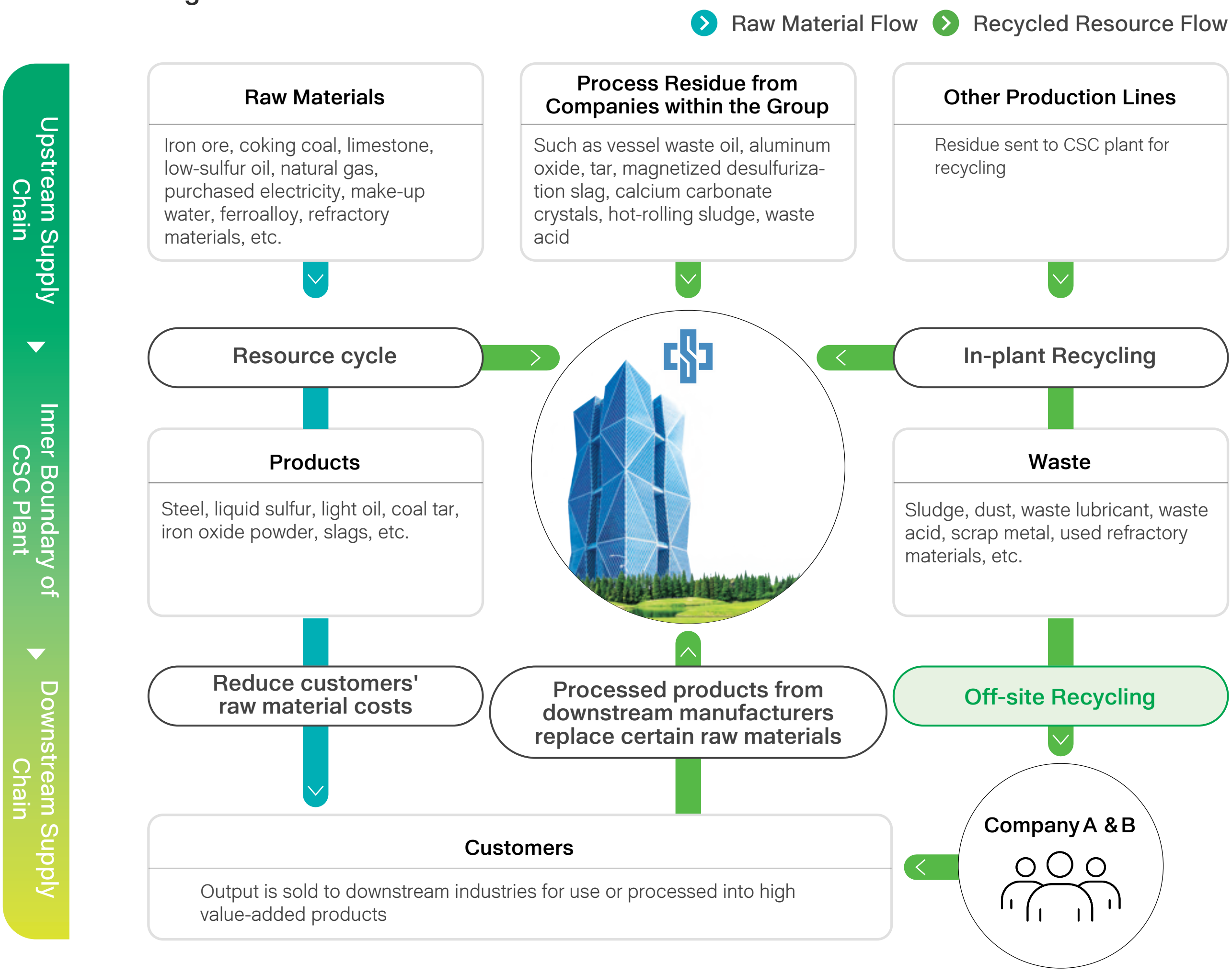
CSC conducts internal audits each year in accordance with the Waste Disposal Act and relevant regulations promulgated by the Ministry of Environment. The qualifications of waste disposal companies are assessed before commissioning waste disposal. After signing a contract, CSC submits the relevant information to the Ministry of Environment's Industrial Waste Reporting and Management Information System.

CSC legally applies for the relevant permits to accept industrial waste from companies within the CSC Group for recycling and reuse in accordance with the Waste Disposal Act and the Regulations for the Management of Reuse. To ensure the quality of the waste received and to support group companies in enhancing their waste management capabilities and professional knowledge, CSC also conducts on-site inspections of group companies for the purpose of enhancing its management system.

## By-product Circulation

By-products generated from CSC's production processes, including coal tar, light oil, BF slag, BOF slag, iron oxide powder, desulfurization slag, sludge-coal fly ash mixture, rusted steel, liquid sulfur, and burnt lime, are all recycled and processed by affiliate companies, and subsequently provided to industries such as chemicals, construction, civil engineering, electrical engineering, and commodities.

**Material Management Process**




## Hazardous Substance Management

CSC established its hazardous substance process management system through the implementation of IECQ HSPM QC 080000. Regular internal and external audits and management reviews on the IECQ HSPM QC 080000 are conducted every year. CSC passed the three-year recertification audit conducted by BSI (British Standards Institution) in 2024 to maintain the validity of the certificate and also passed BSI's annual surveillance audit in 2025.

# Green Revenues

## Green Revenues of the CSC Group

Period: from January 1 to December 31, 2024 Unit: NT$ Thousand

| Dept. | Company | Item | Description of Revenues | Revenue (after elimination of intra-group transactions) | Percentage |
|---|---|---|---|---|---|
| Group Total | Green revenues of CSC Group | | | 75,206,628 | 20.86% |
| | Non-green revenues of CSC Group | | | 285,329,086 | 79.14% |
| | Consolidated operating revenues of CSC | | | 360,535,714 | 100.00% |
| Steel | CSC; Chung Hung Steel Corp. (CHS) | Green Steel Products | Steel products with high recycled content under UL 2809 certification: Including Hot Rolled Steel Coil RC12, Cold Rolled Steel Coil RC12 and Zinc Coated Steel Coil RC12/RC20/RC60 | 1,110,262 | 0.31% |
| | CSC; CSCI Steel Corporation India Pvt. Ltd. (CSCI) | EV materials | Steel for electric vehicles: Electrical steel for electric vehicle motors or other key materials for electric vehicles | 3,432,222 | 0.95% |
| | CSC | Wind Power | Steel for wind power | 26,925 | 0.01% |
| | CSC | Other steel with external energy saving and carbon reduction benefits | Other steel products, excluding the aforementioned high recycled-content steel as well as steel for EVs and wind power, that contribute to external energy saving and carbon reduction benefits: (1) High-strength or high-function steel: such as steel for motor vehicles, boats, and steel structure | 18,302,245 | 5.08% |
| | | | (2) Steel with fewer reprocessing procedures: such as steel requiring no further quenching, non-lead patenting steel, and wire requiring no further drawing & annealing | 11,085,642 | 3.07% |
| | | | (3) Steel with higher endurance: such as steel with high-temperature endurance, anti-corrosion steel, wear resistance steel, and plating steel | 25,223,637 | 7.00% |
| | CSC | Tracks/ Light Rails | Construction, design, maintenance, and operations of light rails, MRT, or railways | 2,757,772 | 0.76% |
| | Green revenues of Steel Department | | | 61,938,705 | 17.18% |
| | Non-green revenues of Steel Department | | | 217,744,768 | 60.39% |
| | Operating revenues of Steel Department | | | 279,683,473 | 77.57% |
| Others | Kaohsiung Rapid Transit Corp. (KRTC); InfoChamp Systems Corp. (InfoChamp); China Steel Machinery Corp. (CSMC); | Tracks/Light Rails | (1) Construction, design, maintenance, and operations of MRT or light rails (2) Other track transportation equipment | 2,631,373 | 0.73% |
| | CSC Solar Corp. (CSCSOLAR) | Solar Power | Installation of solar PV systems and electricity generation | 234,081 | 0.07% |
| | China Steel Power Corp. (ZN); China Steel Machinery Corp. (CSMC) | Wind Power | (1) ZN: Construction, development, and operation of the wind farm (2) CSMC: Manufacturing of components for wind power | 1,731,088 | 0.48% |
| | InfoChamp Systems Corp. (InfoChamp) | Environment monitoring systems | Environment quality monitoring equipment and systems | 163 | 0.00% |
| | HIMAG Magnetic Corp. (HIMAG) | Catalyst products | Catalyst products, such as SCR and ammonia decomposition catalysts | 5,515 | 0.00% |

## Green Revenues of the CSC Group

Period: from January 1 to December 31, 2024 Unit: NT$ Thousand

| Dept. | Company | Item | Description of Revenues | Revenue (after elimination of intra-group transactions) | Percentage |
|---|---|---|---|---|---|
| Others | China Steel Chemical Corp. (CSCC) | Energy storage products | Design, development, manufacturing, installation, or operations of energy storage products, including lithium ion and other advanced batteries and their materials | 647,110 | 0.18% |
| | China Ecotek Corp. (CEC) | Environmental Engineering | (1) Water treatment, purification engineering and facilities<br>(2) Air pollution control<br>(3) Construction of resource recycling equipment<br>(4) Other pollution control and improvements to environmental protection facilities | 102,406 | 0.03% |
| | CHC Resources Corp. (CHC); CHC Resources Vietnam Co., Ltd (CHCV) | Waste recycling | (1) Equipment and services related to waste collection, management, and disposal<br>(2) Slag powder processing and trading, air-cooled BOF slag and BF slag recycling, and soil and groundwater pollution remediation | 7,828,343 | 2.17% |
| | Gains Investment Corp. (GIC) | Green financial investment | Investments in environment improvement related financial tools | 87,844 | 0.02% |
| | **Green revenues of the other departments** | | | **13,267,923** | **3.68%** |
| | **Non-green revenues of the other departments** | | | **67,584,318** | **18.75%** |
| | **Operating revenues of the other departments** | | | **80,852,241** | **22.43%** |

## Green Revenues of CSC

Period: from January 1 to December 31, 2024 Unit: NT$ Thousand

| Item | Description of Revenues | Revenue | Percentage |
|---|---|---|---|
| Green Steel Products | Steel products with high recycled content under UL 2809 certification:<br>Including Hot Rolled Steel Coil RC12, Cold Rolled Steel Coil RC12 and Zinc Coated Steel Coil RC12/RC20/RC60 | 1,101,688 | 0.57% |
| EV materials | Steel for electric vehicles:<br>Electrical steel for electric vehicle motors or other key materials for electric vehicles | 3,372,193 | 1.74% |
| Wind Power | Steel for wind power | 26,926 | 0.01% |
| Other steel with external energy saving and carbon reduction benefits | Other steel products, excluding the aforementioned high recycled-content steel as well as steel for EVs and wind power, that contribute to external energy saving and carbon reduction benefits:<br>(1) High-strength or high-function steel: such as steel for motor vehicles, boats, and steel structure | 19,322,284 | 9.98% |
| | (2) Steel with fewer reprocessing procedures: such as steel requiring no further quenching, non-lead patenting steel, and wire requiring no further drawing & annealing | 11,272,276 | 5.83% |
| | (3) Steel with higher endurance: such as steel with high-temperature endurance, anti-corrosion steel, wear resistance steel, and plating steel | 25,323,508 | 13.08% |
| Tracks/Light Rails | Construction, design, maintenance, and operations of light rails, MRT, or railways | 2,757,772 | 1.43% |
| **Green revenues of CSC** | | **63,176,647** | **32.64%** |
| **Non-green revenues of CSC** | | **130,368,861** | **67.36%** |
| **Operating revenues of CSC** | | **193,545,508** | **100.00%** |

## Green Industry Development

### Offshore Wind Farm | China Steel Power Corporation (CSPC)

established in December 2019

| | |
|---|---|
| • Shareholding | **CSC 51%**, Copenhagen Infrastructure Partners 49% |
| • Total Investment | around NTD 55 billion |
| • Capacity | around 300 MW, connected to grid in 2024 |
| • Power Generation | expected 1.1 billion kWh/yr |
| • Progress | 1. CSC issued its first green bond in May 2024, with an amount of NT$1.57 billion. All the funds raised have been used to invest in the construction of Zhong Neng Offshore Wind Farm.<br>2. The wind turbine installation and grid connection were completed in August 2024, and **commercial operation officially commenced in May 2025.** |

### Solar Power | CSC Solar Corporation (CSCSOLAR)

established in October 2016

| | |
|---|---|
| • Shareholding | CSC 55%, China Ecotek 20%, China Steel Chemical 15%, Dragon Steel 10%<br>**→ Total Ownership 100%** |
| • Capacity | 100.6MW as of the end of 2024 (incl. 62MW at CSC) The target of a total installed capacity of 100 MW set for 2025 was achieved ahead of schedule. |
| • Power Generation | Over 110 million kWh/yr |

• Future Plan

Achieve a total installed capacity of 120 MW by 2032 (2~3 MW addition/yr)

| | Unit | 2017-2021 | 2022 | 2023 | 2024 | 2025 1H |
|---|---|---|---|---|---|---|
| Solar Power Generation Capacity for CSC Group | MW | 87.3 | 92.4 | 97.9 | 100.6 | 111.0 |
| Power Generation During Period | million kWh | 330 | 105 | 105 | 111 | 58 |

#### Countermeasures for the "Major Power User Clause":

As of the end of 2024, CSC Solar Corp. has obtained a total of 63.5MW of electricity business licenses, accounting for 63.1% of its installed capacity, which is sufficient to meet the demand for renewable energy requirement of achieving 10% of the contracted capacity for "Major Power Users" within the CSC Group, including China Steel Corporation, Dragon Steel Corporation, Chung Hung Steel Corporation, C.S. Aluminium Corporation, China Steel Machinery Corporation, CHC Resources Corporation, and China Steel Chemical Corporation. CSC Solar Corp. has been supplying green electricity to the Group's "Major Power Users" since March 2023, and a total of 61.41 million kWh of green energy was supplied in 2024.

### Taiwan Smart Electricity & Energy Co., Ltd.

established in October 2024

| | |
|---|---|
| • Shareholding | **CSC 12.5%**; a joint investment by 14 public and private enterprises |
| • Investment Purpose | To support CSC's Self-determined Reduction Plan for securing preferential rates of carbon fee, the deployment of green electricity resources has become one of the important strategies for achieving carbon neutrality. Most of the green electricity procured by Taiwan Smart Electricity & Energy Co., Ltd. is planned to be sold at a reasonable price that aligns with market conditions, based on customer demand. In addition to generating investment returns, CSC, as a shareholder, has a preemptive right to purchase green electricity at a price lower than the market conditions, thereby facilitating the achievement of its carbon reduction targets year by year and mitigating the impact of carbon fees. |

## Biodiversity

### CSC Biodiversity Commitment and No Deforestation Policy

CSC recognizes the protections of biodiversity and forest resources as fundamental elements of sustainable development. Through initiating related commitment and implementation strategies, we aim to achieve harmonious coexistence with nature which ensures the long-term sustainability of our business. We also gradually apply this policy to our suppliers and partners.

**Commitment**

CSC is committed to complying with regional and national legal requirements and avoiding development activities near globally or nationally important biodiversity areas. By 2050, CSC will strive to achieve the goals of no net deforestation, net positive impact (NPI), and work towards no net loss (NNL) in biodiversity-related priority areas.

### Biodiversity Risk Management

**Locate**
**Relationship between the value chain and nature**

A location-specific approach was adopted to assess biodiversity-related risks across the value chain, utilizing the Biodiversity Risk Filter and Water Risk Filter developed by the World Wide Fund for Nature (WWF). Cross-referencing the results of both tools, locations identified as high risk in both filters were designated as priority sites for further attention.
The scope of assessment: the Head Office, CSC Building, Hualien Stone Handling Unit, CSC Steel Sdn. Bhd., China Steel and Nippon Steel Vietnam Joint Stock Company (CSVC), and Kaohsiung Park, which is located near operational sites.

- **The Head Office was identified as the top-priority location in the value chain.**

**Evaluate**
**Dependency and impact in the production process**

An ENCORE-based analysis was conducted to identify the steel industry's dependencies and impacts on nature. Through internal questionnaire feedback, CSC screened and identified the most relevant factors of nature-related dependencies and impacts of its operations, which serve as the foundation for the TNFD analysis.

- **Key nature-related dependencies: Water Flow Regulation, Water Supply, and Water Purification**
- **Key nature-related impacts: GHG emissions, Air pollution, Waste, Soil/ Wastewater Pollution, and Volume of Water Use**

**Assess**
**Priorities of risks and opportunities**

CSC adopted the Guidance on Scenario Analysis and organized workshops to engage relevant departments in identifying and assessing major nature-related risks and opportunities.

**Prepare**
**Responses and disclosures**

Corresponding strategies and performance targets were formulated for nature-related risks and opportunities. Relevant TNFD-related information was also compiled and publicly disclosed.

## Biodiversity Mitigating Actions

To reduce CSC's dependencies and impacts on biodiversity, the following mitigating measures and action plans have been implemented:

| Mitigating Measures | CSC Actions |
|---|---|
| Avoid | • Avoid development activities near World Heritage Sites and IUCN I-IV protected areas.<br>• Since 2021, fully cease the use of coal combustion boilers in power plants to reduce air pollution emissions. |
| Reduce | • Install shore power systems at docks to allow ships to switch to electric power upon docking, reducing air pollution from fuel combustion.<br>• Proactively schedule production cut and equipment maintenance during the autumn and winter seasons to improve the air quality.<br>• Implement a diversified water resource policy by introducing the urban reclaimed water and promoting wastewater recycling to reduce reliance on a single water source.<br>• Promote circular economy to minimize environmental impacts of waste generated from production. |
| Regenerate | • CSC has established the "Environmental Greening Management Operation Standard" to regulate the application process for new tree planting or transplantation in the surrounding areas when conducting various engineering projects within the plant. Professional contractors are also entrusted to carry out tree transplantation operations to ensure tree survival rates.<br>• Create habitats contributing to biodiversity by planting vegetation that attracts butterflies and birds. |
| Restore | • Adopt and maintain plantings in Kaohsiung Park.<br>• CSC Group organizes irregular beach cleaning activities to protect marine environments. |
| Transform | • Organize the "Green Life Proposal" competition to encourage the low-carbon and green lifestyles within the Group.<br>• Promote green procurement and green consumption.<br>• Participate in government-led Water Environment Patrol Team to safeguard water resources.<br>• Organize various activities related to ecological conservation and environmental issues (e.g., summer ecology camps, environmental classrooms) through the Public Affairs Department and the CSC Group Education Foundation to raise public awareness of the importance of ecological conservation. |

## Biodiversity Assessment

CSC commissioned the Department of Biological Sciences, National Sun Yat-sen University to help plan ecological investigation for plant areas and establish the baseline for species. The period is 2 years (November 2022 to October 2024), during which an investigation is conducted every quarter. Investigations are conducted on a monthly basis in the period when migrant birds pass through, and the contents include land animals (mammals, birds, amphibians, reptiles, and butterflies) and plants. As of September 2024, 8 seasons of ecological investigations have been completed. The survey results from this project will serve as a reference for identifying indicator species and will be utilized by the research team to provide ecological assessment items and guidance on implementing environmentally friendly measures, aiming at maintaining ecological balance and achieving the goal of no net loss (NNL) on biodiversity.

✚ For more details [Biodiversity] https://www.csc.com.tw/csc_e/esg/env/env4.html

# Legal Compliance

CSC received 1 violation notice in 2024. The violation was primarily due to an incident on July 8, 2024, when an abnormal valve opening at the coke oven facility caused an excessive amount of fuel gas to enter the system, resulting in incomplete combustion and temporary emission of black smoke. CSC immediately ceased coke oven operations and resolved the abnormal discharge within three minutes. Comprehensive corrective and preventive measures have also been implemented to prevent recurrence.

In addition to requiring on-site units to reinforce operation control, equipment operation, and maintenance management, the Company has installed surveillance cameras in areas prone to abnormalities to strengthen monitoring. Besides, irregular facility inspections are also conducted by designated personnel, and on-site units are encouraged to adopt "autonomous control measures" to reduce the risk of pollution incidents.

Count/Fine (TWD)

| Violation Notices for Pollution | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|
| Air Pollution | 1/ 1,350,000 | - | - | 1/ 300,000 |
| Water Pollution | - | - | - | - |
| Waste | - | - | - | - |

# Social

## Social Metrics

| Item | Unit | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|---|
| Number of Employees | person | 9,794 | 9,668 | 9,621 | 9,518 |
| Training Hours | hour | 211,045 | 258,431 | 265,609 | 264,685 |
| Training Expense | million TWD | 48.8 | 49.2 | 46.2 | 54.5 |
| Employee Compensation and Welfare Expense | million TWD | 26,586.02 | 18,797.96 | 14,917.68 | 15,400.86 |
| Disabled Hires | person | 111 | 89 | 79 | 90 |
| Disability Frequency | Incident (incl. death)/ million working hours | 0.14 | 0.05 | 0.10 | 0.10 |
| Any Breach of the Regulation that Causes Labor-related Fines or Administrative Sanctions Imposed by Government Authorities | - | No | No | No | No |
| Social Expense | million TWD | 129.34 | 139.30 | 82.74 | 76.71 |
| CSC Volunteer Service Hours* | hour | 16,108 | 15,194 | 12,955 | 14,985 |

Note: Certain historical data has been restated (marked with *) due to adjustments in calculation methods and data sources.

## Occupational Safety and Health (OSH)

### Certifications

| Certification | Location | Coverage of Employees | Verification Authority | Latest Validity Period |
|---|---|---|---|---|
| CNS 45001:2018 | Hsiao Kang, Kaohsiung Plant | 100% (covering contractors) | BSI | 2025/07/21~2028/07/20 |
| ISO 45001:2018 | Hsiao Kang, Kaohsiung Plant | 100% (covering contractors) | BSI | 2025/07/21~2028/07/20 |

**Safety and Health Management System** applies to all employees and workers in CSC, including contractors. Relevant regulations for contractors are separately stipulated in the contracts and attachments.

The OSH management in CSC is mainly based on the OSH management system (ISO 45001 & CNS 45001). CSC obtained the OHSAS 18001 certification in 2002 and was certified under the Taiwan Occupational Safety and Health Management System (TOSHMS) by the Council of Labour Affairs in 2008, which was later promulgated as the national standard CNS 15506 in 2011.

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. The committee includes 15 representatives appointed by the Labor Union of CSC, accounting for 34% of its total members. The Committee holds meetings every two months and discloses annual OSH management performance in the annual report for public scrutiny.

## Injuries

| Year | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2031 |
|---|---|---|---|---|---|---|---|
| | Actual | | | | Target | | |
| Employee LTIFR[1] | 0.14 | 0.05 | 0.10 | 0.10 | NA | | |
| Contractor LTIFR[1] | 0.35 | 0.20 | 0.05 | 0.26 | NA | | |
| Total (Employee + Contractor): LTIFR[1] | 0.25 | 0.12 | 0.08 | 0.18 | NA | | |
| Employee FR[2] | 0.14 | 0.05 | 0.10 | 0.10 | ≤ 0.18 | ≤ 0.18 or the average value of the previous 5 years, whichever is lower | control value or the average value of the previous 5 years, whichever is lower |
| Contractor FR[2] | 0.40 | 0.20 | 0.05 | 0.37 | ≤ 0.30 | ≤ 0.30 or the average value of the previous 5 years, whichever is lower | control value or the average value of the previous 5 years, whichever is lower |
| Total (Employee + Contractor): FR[2] | 0.28 | 0.12 | 0.08 | 0.23 | NA | | |
| Employee Fatalities | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Contractor Fatalities | 1 | 0 | 0 | 2 | 0 | 0 | 0 |
| Total (Employee + Contractor): Fatalities | 1 | 0 | 0 | 2 | 0 | 0 | 0 |
| Employee TRIFR[3] | 1.10 | 1.00 | 0.39 | 0.93 | NA | | |
| Contractor TRIFR[3] | 1.50 | 1.28 | 1.30 | 1.31 | NA | | |
| Total (Employee + Contractor): TRIFR[3] | 1.31 | 1.14 | 0.82 | 1.11 | NA | | |

Note1: Lost Time Injury Frequency Rate (LTIFR), also known as the serious injury rate, means the number of lost time injuries (disabling, excluding deaths) per million working hours.
2: Disabling Frequency Rate (F.R.) means the number of disabling (including deaths) per million working hours.
3: Total Recordable Injury Frequency Rate (TRIFR) means the number of total recordable injuries (including deaths, disabling, minor injuries and medical treatments) per million working hours.

## Improvement Measures on Workplace Safety

1. Reactivation of large-scale workplace safety enforcement activities: CSC collaborates with the members of the Occupational Safety and Health Committee appointed by the Labor Union to intensify inspections and implement walk-through management practices. The Company also strengthens managerial accountability and enforces disciplinary actions to prevent workplace accidents.
2. Supervisor patrol and safety observation training: Enhance on-site inspection capabilities of third-level supervisors and safety observation skills of fourth-level supervisors, aiming to improve supervisors' ability to identify potential hazards and to deepen and broaden the scope of safety audits.
3. Group-wide exchange: CSC invites its subsidiaries to participate in the "CSC Group President-led Occupational Safety Meeting" and the "CSC Group Occupational Safety Managers' Exchange Meeting" to share best practices and present special reports on occupational safety.
4. Incident case improvements and introduction of protective equipment: Collision mitigation and deceleration systems for fixed cranes in plants
   (1) A high-speed collision occurred between two fixed cranes operating on the same rail in the Rolling Mill Department II - Hot Rolled Products. This caused the steel coil tong to swing violently and shatter the driver cabin's glass, resulting in the driver's fatal fall accident. Although a collision warning device had already been installed on the cranes, CSC introduced a commercially available deceleration system to prevent similar accidents. This system utilizes infrared sensors and magnetic control switches to measure the distances between cranes or between a crane and the rail end, automatically triggering audio alarms or slowing / stopping the crane to avoid excessive swinging and potential impact on the driver's cabin.
   (2) The system will be installed on 156 fixed cranes within the plants and promoted through the Group meetings. CSC will also provide assistance to affiliated companies in implementing the system based on their needs.

# Lobbying and Initiatives

## CSC position on climate change

CSC actively supports the government's phased greenhouse gas (GHG) reduction targets and 2050 net-zero commitment. The Company continues to engage in consultations with government agencies and formulate its mid- and long-term decarbonization targets and the 2050 carbon neutrality roadmap in alignment with the government's carbon reduction policies. CSC also actively participates in domestic and international organizations focused on climate action, and is committed to ensuring that all of the indirect climate advocacy actions remain consistent with the Paris Agreement. We will continue to collaborate with these organizations to further align their actions with the Paris Agreement.

**CSC' s Policy**

**"Sustainable Evaluation and Management Guidelines of Organizations"**

For organizations such as academic institutions, associations, or chambers of commerce that publicly express views on climate change which conflict with the international or national sustainable development goals, the Company will, in compliance with relevant laws and regulations, take the following actions:

- Reiterate the Company' s position on climate change or its sustainable development goals to the organization.
- Request the organization to adjust its climate change position within six months of our reiteration to align with international or national sustainable development goals. If the organization fails to make such adjustments within the specified period, the Company will terminate its collaboration with the organization.

+ For more details [Sustainable Evaluation and Management Guidelines of Organizations]
https://www.csc.com.tw/csc_e/esg/pdf/soc6.pdf

## Survey of Climate Policy Preferences

Since 2023, CSC has conducted the biennial Climate Policy Alignment Survey, inviting all the organizations we participated in to complete questionnaires regarding their climate policy preferences and implementation. This initiative demonstrates CSC's commitment to supporting climate change mitigation.

Results of the latest (2025) survey of Climate Policy Preferences:

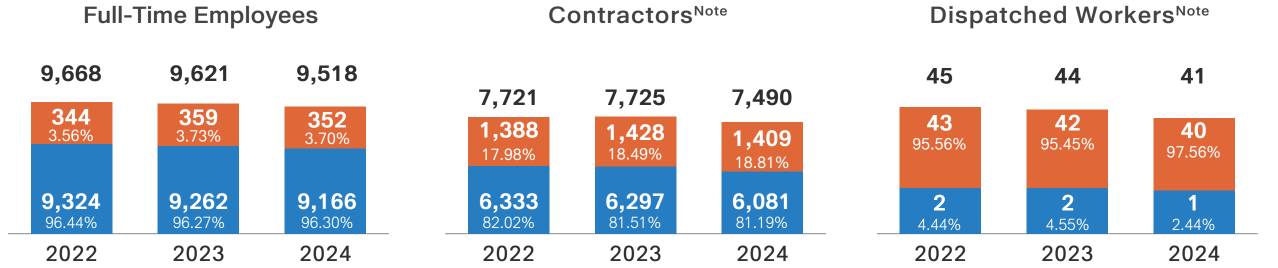
| Aligned | Partially aligned | Not aligned | Misaligned |
|---|---|---|---|
| 55.00% | 20.00% | 25.00% | 0.00% |
| Organizations indicated climate policies that are aligned with the Company' s position. | Organizations have shown initial awareness or begun discussions on their climate position. | | None of the responding organizations held positions that conflicted with that of the Company. |

+ For more details [Position on Climate Change] https://www.csc.com.tw/csc_e/esg/soc/soc6.html#op4

## Workforce

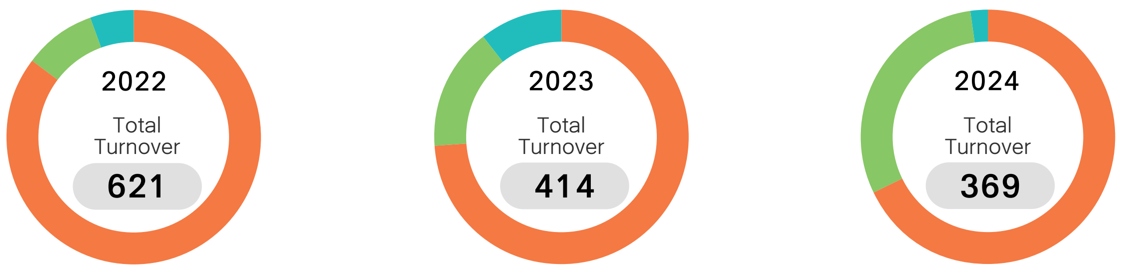
■ Employees ■ Male ■ Female

**Targeted to have 4.10% of female employees in 2030**




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

## Turnover

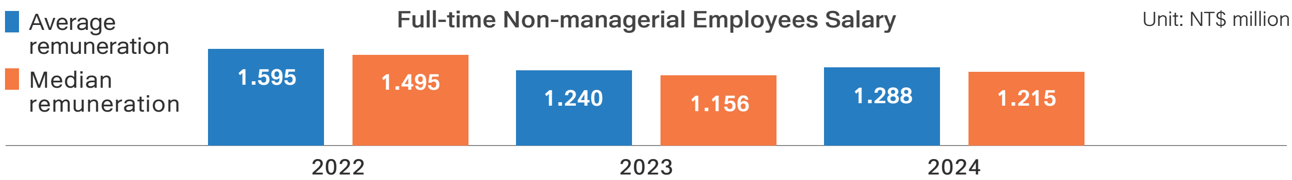



| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Retirement | 85.35% | 530 employees | Retirement | 74.15% | 307 employees | Retirement | 68.02% | 251 employees |
| Voluntary Turnover | 9.34% | 58 employees | Voluntary Turnover | 15.46% | 64 employees | Voluntary Turnover | 29.81% | 110 employees |
| Non-voluntary Turnover and Others | 5.31% | 33 employees | Non-voluntary Turnover and Others | 10.39% | 43 employees | Non-voluntary Turnover and Others | 2.17% | 8 employees |

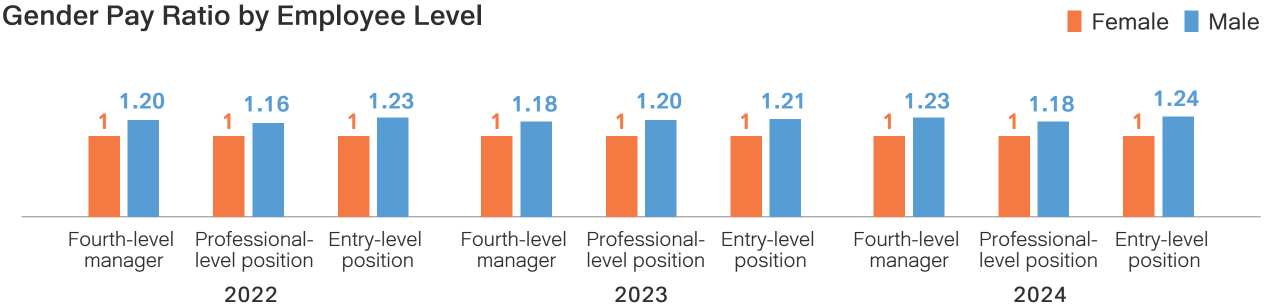
Note: The main reason for full-time employee turnover is retirement.

## Remuneration

**1:1 Pay regardless of gender for employees of the same position and level**




### Gender Pay Ratio by Employee Level



| 2024 Pay Ratio by Employee Level | | | | |
|---|---|---|---|---|
| Gender | Female | | Male | |
| Employee Level | Average Pay Ratio | Average Seniority (year) | Average Pay Ratio | Average Seniority (year) |
| Management (base salary only) | | Note 1 | | 34 |
| Management (base salary + other remuneration) | | | | |
| 1~4 levels supervisors (base salary only) | 1 | 14 | 0.96 | 17 |
| 1~4 levels supervisors (base salary + other remuneration) | 1 | | 0.94 | |
| Non-supervisory positions (base salary only) | 1 | 9 | 1.02 | 14 |

Note1: There were no female served as the management in 2024.
2: The pay ratio of female supervisors in 1~4 levels is higher than that of male supervisors in 1~4 levels, mainly because of the higher average levels held by female supervisors.
3: The pay ratio of male employees with non-supervisory positions is higher than that of female employees, mainly because the average seniority for male employees (14 years) is longer than that of female employees (9 years).

## Salary Adjustment

Salary adjustments are based on annual evaluation results. For the approximately 7 to 12 years after entering CSC (depending on rank and individual performance), employees are eligible for annual salary adjustments, which is highly correlated with performance, ranging from 1% to 8%. In addition, CSC also makes annual salary adjustments based on market salary trends and business conditions. In fact, employee salaries have been raised for 12 consecutive years (with an average of 3.17%).

**Non-Top Rank Salary Adjustment (for Non-Top Rank Employees)**
1%~8% per year
depending on individual performance

**Annual Salary Adjustment (for All Employees)**
an average of 3.17% per year
for 12 consecutive years

# Welfare

## Leave Superior to Statutory Requirements

| Leave | Number of days | Explanation |
|---|---|---|
| Children' s Wedding Hosting Leave | 2 | Not stated in current regulations. |
| Marriage Leave | 9 | Superior to the 8 days stated by the Regulations of Leave-Taking by Workers of the Ministry of Labor. |
| Pregnancy Checkup Leave | 8 | Superior to the 7 days stated by the Gender Equality in Employment Act of the Ministry of Labor. |
| Maternity Leave | 60 | Superior to the 8 weeks stated by the Gender Equality in Employment Act of the Ministry of Labor. |
| Pregnancy Checkup Accompaniment & Paternity Leave | 8 | Superior to the 7 days stated by the Gender Equality in Employment Act of the Ministry of Labor. |
| Special Leave for New Employees | 1 day leave after 3 months of employment | Superior to the 3 days leave given for new employees after 6 months of employment stated by the Labor Standards Act of the Ministry of Labor. |
| Long Service Leave | 1 additional day of leave is granted to employees who reach 20, 30, and 40 years of service in the current year (incl. seniority prior to privatization). | Not stated in current regulations. |
| Funeral Leave | 1～14 | Depending on whom the funeral is for, the number of days may vary. If the funeral is held for a (foster) parent or spouse, 14 days are given, which is superior to the 8 days leave stated by the Regulations of Leave-Taking by Workers of the Ministry of Labor. |

## Maintenance-friendly Environment

- Pregnancy Checkup Leave, Maternity Leave, and Pregnancy Checkup Accompaniment & Paternity Leave which are Superior to Statutory Requirements

| | | | |
|---|---|---|---|
| • Education Scholarships | | • CSC Kindergarten | Priority Enrollment for Employees' Children |
| • Newborn Congratulatory Gift | NT$5,000 for the first child, NT$8,000 for the second child; and NT$12,000 for the third child and beyond. | • Plan to Establish a Baby Care Center | Target to enroll 30 babies by 2028. |
| • Friendly Parental Leave | From 2022 to 2024, the rates of employees returning to work after parental leave were 100%, 90.5% and 96.8%, and the retention rate after parental leave (remained employed for at least 1 year after returning) were 100%, 100% and 100%, which demonstrated the workplace' s friendliness and the adaptability of employees when they returned to duty. | | |

+ For more details [Parental Leave] https://www.csc.com.tw/csc_e/esg/soc/soc1_la.html

## Employee Stock Ownership Trust System

| Eligibility Covers Full-time Employees | Employee Participation Rate |
|---|---|
| 100% | 93.8% |

CSC has implemented the Employee Stock Ownership Trust (ESOT) since July 1998. All full-time employees are free to participate according to their personal wishes.

Each participant can freely choose the monthly contribution amount up to 10% of his/her basic salary, with a maximum limit of NT$12,000. 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. From 2024, the Company introduced a new allocation rate of 30% scheme while maintaining the current allocation rate of 20% scheme and established the scheme of delivering the incentive bonus to ESOT, aiming to enhance employees' sense of participation in the Company and build cohesion.

# Education and Training

## Succession Plan of Significant Management

CSC has set up the Human Resources Development Committee, which regularly convenes meetings to review matters such as the strategic objectives of human resource management, organizational development as well as manpower utilization, and major human resource management systems.

Furthermore, CSC reviews its succession plan every year. When planning for successors, the Company considers whether the successors are well equipped with professional and management skills, and whether the successors share the same operation concepts as the Company and possess personality traits such as integrity, innovation, down-to-earthness, and entrepreneurial approach. In order to comprehensively develop decision-making skill in the role of senior management, training for management successors includes not only internal training related to management competencies but also job rotation and assignment to subsidiaries. For training programs, the Company has cooperated with top universities in Taiwan to conduct the business management programs, which have been attended by 80% of senior management successors as of 2024.

## Talent Cultivation and Development Structure

### New Employee Training
- Basic training for new employees
- Professional technical training
- Steel production practice training

### Manager Training
- Management associate training
- Grass-roots manager training
- Middie manager training
- Executive training

### Expatriates Training
- Professional and management training
- Local language training
- Exchange of experience
- New Manager training

### General Training
- Lecture
- General management
- Language training
- Computer training

### Professional Skill Training
- Exectrical technology training
- Mechanical training
- Salesperson training
- On-the-job training

### Quality Control, Intellectual Property Management and EHS Training
- EHS training
- Quality control system training
- Intellectual property management training
- Creative Development Activities (CDA) for quality control
- 6 sigma

The education courses in 2024 mainly included induction training, management training, expatriate training, general education and training, professional skill training, quality management as well as EHS training, language, and AI training, etc. In 2024, the Company spent NT$54,545 thousand on talent development and training, with an average of 27.8 hours of training per employee and an average of NT$5,731 training expenses per employee throughout the year.

## Domestic and Overseas Studies

CSC selects eligible employees, including workers, specialized individuals and managerial personnel, to pursue further studies at domestic and international academic institutions every year. Those selected for further education are allowed to retain their positions while on paid leave, with the Company covering their tuition fees, necessary travel expenses, and living allowances. In 2024, 6 employees were sent abroad for training.

## Succession of Professional Skills

CSC actively develops the knowledge management system to systematically inventory, store, pass down and innovate both the talent and the documentation that shape the Company's core capabilities. The knowledge management, process-based documents and self-developed e-Learning materials have also been promoted to facilitate knowledge sharing, employee learning, and technical succession.

In response to the wave of retirements, CSC has continued to recruit new employees in recent years. To help them integrate smoothly into the Company, CSC implements the mentorship program and knowledge management system for new employees to have a better understanding of CSC, provides a variety of training programs to develop their professional capabilities, and organizes activities to foster communication and engagement.

# Labor Relations

**Labor Union of China Steel Corporation**

| Coverage of Eligible Employees | Coverage of Full-time Employees |
|---|---|
| 100% | 99% |

The Labor Union of China Steel Corporation was established on December 30, 1980. All qualified employees are entitled and obligated to join the union, except for (deputy) general managers and above, as well as the manager of the Employment Section of the Human Resources Department and the manager of the Guard and Fire Brigade Section of the General Affairs Department, who are deemed representatives of the employer and therefore ineligible for membership. As of now, the union membership covers 100% of eligible employees, representing 99% of all full-time employees.

### Labor-management Meetings

CSC regularly holds labor-management meetings every month, with a total of 12 meetings throughout the year, which is better than the legal requirement to hold once every three months.

### Collective Agreement

The collective agreement between CSC and Labor Union of CSC is negotiated every 3 years. The latest agreement, the 6th collective agreement, was signed on March 15, 2024, which increased maternity leave, pregnancy checkup accompaniment & paternity leave days, introduced "Long Service Leave," and enhanced other labor rights. The agreement applies to all members of the Labor Union of CSC.

**Coverage**

100% of all full-time employees eligible for membership.

## Human Rights Protection

### Human Rights Policy

CSC complies with international human rights conventions, including the "United Nations Universal Declaration of Human Rights," the "United Nations Global Compact," as well as the "International Labor Organization Declaration on Fundamental Principles and Rights at Work" to formulate CSC's Human Rights Policy, which has been approved by the President. Besides, contractors should abide by "Management Guidelines for Contractor," "Management Guidelines for Safety and Health of Contractor," "Regulations on Environmental Protection by Contractor," and other regulations to ensure a safe and healthy working environment for the workers from contractors.

### Measures to Protect Human Rights

- Elimination of discrimination to ensure equal job opportunities
- Prohibition on human trafficking and child labor
- Prohibition on forced labor
- Freedom of Association and collective bargaining rights
- Assist employees in maintaining physical and mental health and work-life balance
- Provide a safe and healthy work environment

### Human Rights Due Diligence

CSC conducts human rights due diligence every year, and proposes improvement measures based on its results, aiming at lowering the likelihood of human rights risks.

**Human rights due diligence flowchart**

1. Review and revision of human rights policies/ regulations
2. Identification of issues and objects of human rights emphasis
   - Covers employees, contractors and local communities
3. Internal audits and external investigations
   - Random sampling of 93 colleagues for data verification
   - Regularly conduct labor inspections on contractors
   - Set up monitoring stations to monitor air pollution data
4. Improve and track
   - Make improvements based on survey results
   - Continuously track results and achievements
5. Information disclosure

**Human rights due diligence results:** One improvement measure related to providing a safe and healthy working environment was proposed.

| Topic of concern | Investigation subjects | 2024 Investigation results | Preventive and mitigation measures |
|---|---|---|---|
| Elimination of discrimination to ensure equal job opportunities | Employees | • No internal or external complaints or government sanctions. | • Interview training has been provided to interviewers, and the prohibition of discrimination and the relevant laws and regulations of the Employment Service Act have been emphasized. |
| Prohibition on child labor | Employees | • No internal or external complaints or government sanctions. | • Identification information of applicants is checked during the registration stage and will be rechecked at the time of the interview and coming on board. |
| Prohibition on forced labor | Employees | • No internal or external complaints or government sanctions. | • In accordance with government regulations, working hours are systematically controlled.<br>• Employees are encouraged to take advantage of off-peak working hours to take leave to relax physically and mentally. |
| Freedom of association and collective bargaining rights | Employees | • No internal or external complaints or government sanctions. | • The Labor Union of CSC covers 100% of full-time employees with membership qualifications.<br>• Labor-management meeting is held every month, and employees can access the progress of proposals in the labor-management meetings online. |
| Provide a safe and healthy working environment | Employees | • One government penalty was issued related to the handling of high-temperature materials at the cast house slag granulation area of No. 2 Blast Furnace, where appropriate preventive measures are required to prevent burns and other hazards caused by scattering or spillage of these high-temperature materials. | • The Ironmaking Department proposed the following improvement plans in response to the penalty:<br>1. Fully opening the pressure relief cover on the top of chimney<br>2. Addition of an isolation plate on slag runner<br>3. Establishment of control areas<br>4. Installation of portable axial flow fans in maintenance area of slag runner<br>5. Shutting down the granulation system when personnel enter the slag runner area for work<br>• CSC organized 5 sessions of the "Workplace Illegal Infringement Prevention and Communication Skills Training" in 2024. Counselors invited to give the speech with real-life case studies to educate trainees on identifying illegal workplace infringements, appropriate response procedures, and interpersonal communication techniques. |
| Violation of labor conditions | Contractors | • No internal or external complaints or government sanctions. | • CSC checks the labor conditions every July to confirm that the minimum basic salary and payment in lieu of annual leave, labor insurance, health insurance, and overtime hours given by contractor employers are in compliance with the Labor Standards Act and the regulations put forth by CSC.<br>• In the event of any violations, CSC will deduct points from routine performance evaluations, impose penalties in accordance with contractual provisions, and require contractors to propose corrective measures to prevent recurrence. CSC will also monitor the implementation of improvements, set deadlines for completion, and conduct follow-up inspections to verify compliance. If a contractor fails to make improvements after multiple inspections, CSC will consider terminating the contract. |
| Air pollution control | Local Communities | • No complaint received from neighboring communities. | • CSC Environmental Monitoring Center oversees 6 air quality monitoring stations and is equipped with 2 real-time digital boards publicly displaying air quality data.<br>• 32 continuous emission monitoring systems (CEMS) are installed to monitor the concentration and total amount of traditional pollutant emissions. |

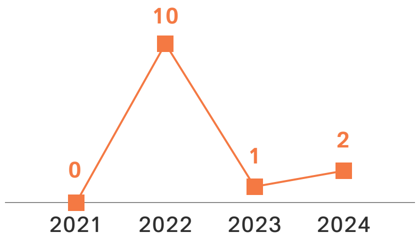
# Supply Chain Management

## Anti-Corruption Clause

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. The contractor also undertakes that it shall not offer the same unjust interests to any managers, employees and part-time employees, as well as their spouses, immediate family members or contractors responsible for consulting, design and planning." 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.

Unit: Company

**Temporarily suspended business dealings with companies found to have violated ethical principles**



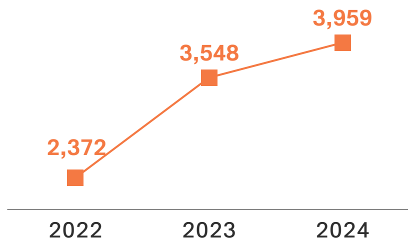

## Supplier Code of Conduct

CSC established the Supplier Code of Conduct with reference to international norms and standards including the Responsible Business Alliance Code of Conduct v8.0, the UN Supplier Code of Conduct Rev.06, etc. The Code contains five parts, including ethics, labor and human rights, health and safety, environmental standards, and management systems. In addition, special clauses will be added to the contracts as necessary. We expect our suppliers to adopt the same standards and to comply with these standards and the laws and regulations of the countries in which they operate in all their business activities. CSC expects suppliers to ensure that this Code of Conduct is communicated to their subsidiaries and affiliated entities as well as any contractors.

Human rights requirements set forth in the Supplier Code of Conduct include requiring suppliers to ensure that their products do not use minerals that directly or indirectly finance violence, violation of human rights, or criminal individual or group; human rights of laborers, freedom of employment, prohibition of child labor, working hours which shall not exceed the maximum permitted by local laws, humane treatment, anti-discrimination, etc.

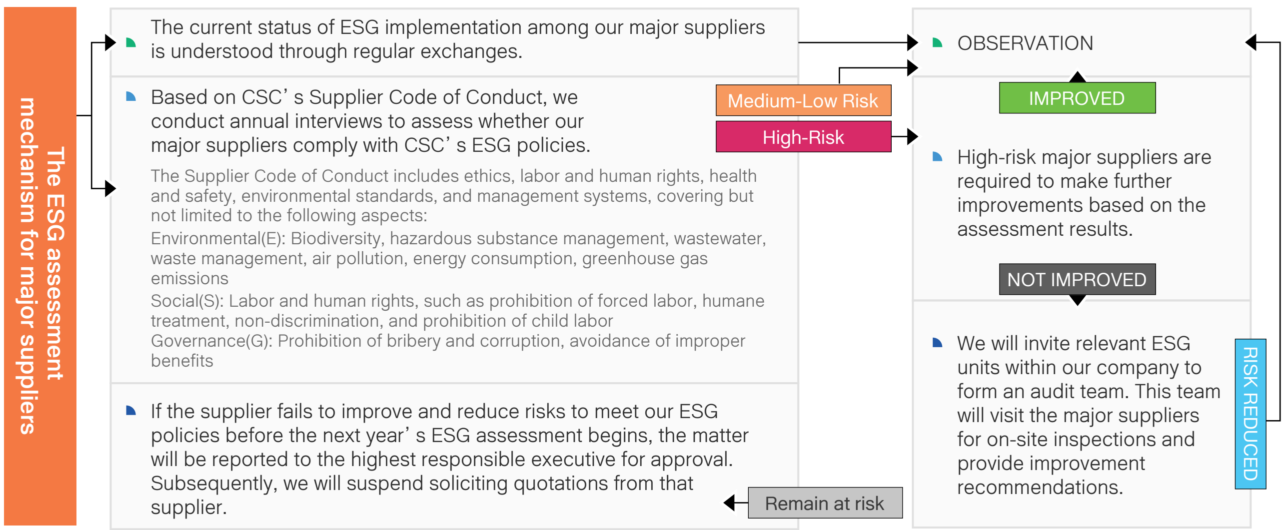
Unit: Supplier

Number of suppliers who adopted the Supplier Code of Conduct




**Target**
**≥ 4,500 suppliers by 2030**

Starting from 2023, CSC required major suppliers to conduct self-assessments regarding their compliance with CSC's Supplier Code of Conduct and provide clear responses for risk assessment every year. Currently, all assessed suppliers have been classified as low to medium risk.



## Prohibition on Conflict Minerals

1. 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.
2. Through enhancing supply chain management, CSC effectively identifies and traces material sources. Regarding investment in raw material sources, any mine that is suspected to be involved in conflict minerals would be disregarded in investment evaluation.

## Contractor Management

### Contractor Evaluation and Assessment:

- **Management Guidelines for CSC Operations, Maintenance, and Environmental Protection Contractors:**

1. Two to four months prior to contract expiration, the contractor' s performance and regular evaluation data are compiled as supporting documents for the contract renewal.
2. Monthly evaluations of contractors' performance are conducted and compiled into the "Annual Performance Evaluation Report". Contractors who fail to meet the required scores in the annual peformance evaluation are disqualified from participating in the next contract term. 2 operations contractors received scores below the threshold in 2024.

### Protect the Rights of Contractor Employees:

- **The Outsourcing Strategy Review Meeting (at the End of Each Year):** Ensure that the wage level of contractors is superior to the minimum wage stipulated in the Labor Standards Act.
- **Labor Condition Verification (in July):** Confirm that the minimum basic salary and payment in lieu of annual leave, labor insurance, health insurance, and overtime hours given by the employers of the contractors are in compliance with the Labor Standards Act and the regulations put forth by CSC. Any discrepancies with regulations shall be explained by the employers of the contractors and signed by contractor employees.

### Establish Occupational Safety and Health (OSH) Cultures:

- **Contractor Safety and Health Committee:** The committee was founded in 1983, consisting of contractors from the fields of mechanical engineering, civil engineering, steel structure, electrical engineering, and refractories. A supporting team comprising personnel from the Industrial Safety & Hygiene Department and Plant Engineering & Maintenance Department assists in the implementation of the committee affairs. The committee aims to ensure the safety and health of contractor employees, strengthen the quality of workforce, improve technical quality and establish a culture of workplace safety.

| | |
|---|---|
| • 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 units.<br>(Listed in the Industrial Safety & Hygiene Department' s system) |
| • Safety Care | Conduct on a monthly basis.<br>(Listed in the Industrial Safety & Hygiene Department' s system) |
| • Proactively Report Near Misses Incidents or Submit Health and Safety Proposals | 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.<br>(Listed in the Industrial Safety & Hygiene Department' s system) |

### Contractor Training and Support:

- **Intervention for Guidance:** When a contractor receives a low score in the monthly performance evaluation, CSC actively intervenes to provide guidance to mitigate major risks. Methods include analyzing daily inspection data to identify deficiencies and conducting special audits. CSC also requires representatives from the contractors, including the owners and the safety and health personnel, to attend safety review meetings. These efforts encourage contractors to take proactive responsibility for safety management and reduce the likelihood of accidents.
- **Regular Training:** CSC' s 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 2024, contractor workers received a total of 28,696 hours of training, including workplace safety, technical training and skills certification.

## Legal compliance

The Labor Standards Inspection Office of Kaohsiung City conducted a total of 22 inspections in 2024. 1 violation was found during the inspections, resulting in a fine of NT$100,000. The violation involved improper handling of high-temperature materials at the slag granulation facility within the cast house of No. 2 Blast Furnace, where appropriate preventive measures were not implemented in accordance with Article 183 of the Occupational Safety and Health Facilities Regulations to prevent burns and other hazards caused by scattered or spilled high-temperature materials. CSC has completed all corrective actions as recommended.

### Violation Notice for Labor-related Laws

Count/Fine (TWD)

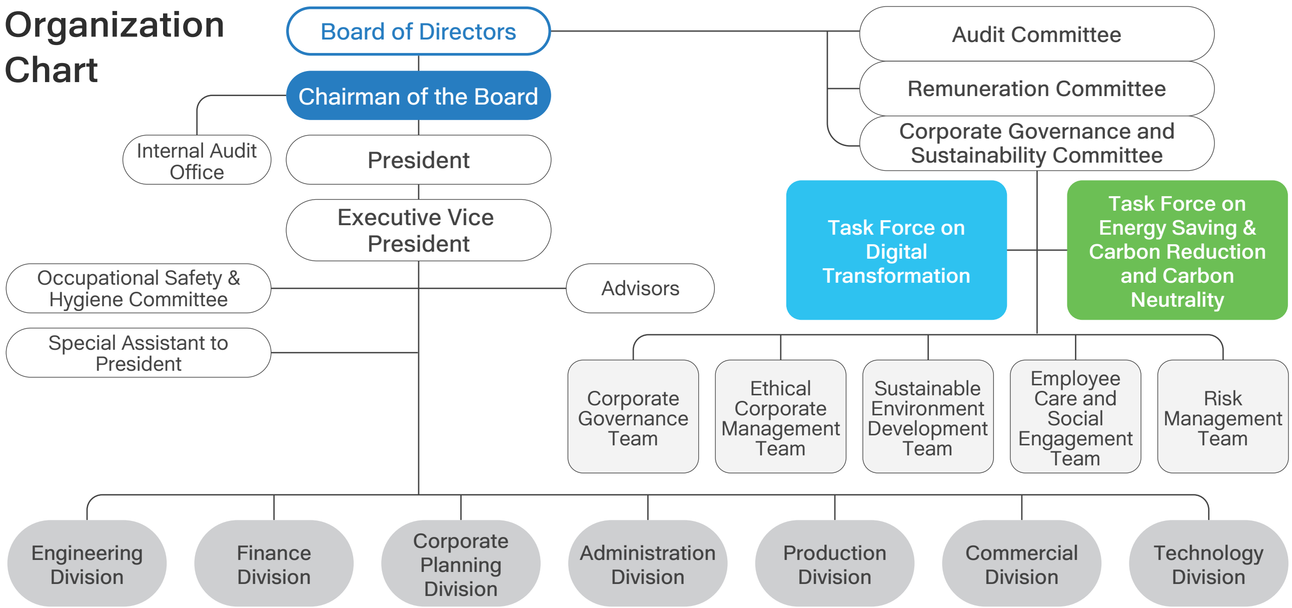
| | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|
| Occupational Safety and Health Act | 3/ 510,000[1] | 3/ 360,000[2] | - | 1/ 100,000 |
| Labor Standards Act | - | - | - | - |

Note1: In 2021, CSC was fined by the Labor Standards Inspection Office for a total of NT$510,000, of which NT$300,000 and NT$150,000 were fined for the death of the contractor on April 19, 2021; NT$60,000 was fined for the joint inspection by the Occupational Safety and Health Administration on September 16~17, 2021.

Note2: In 2022, CSC was fined by the Labor Standards Inspection Office for a total of NT$360,000, of which NT$210,000 was fined due to the Labor Standards Inspection Office's investigation on December 13, 2021 for a disabling injury incident of the contractor on January 24, 2019; NT$150,000 was fined due to the Labor Standards Inspection Office's investigation on December 28, 2021 for a disabling injury incident of the contractor.

# Governance

## Organization Chart




## The 19th Board of Directors (elected on June 19, 2025)

as of 2025.06.30

| Title | Juristic Person Represented | Name | Gender | Age | First Assumed Office | Years on Board (2025.06)[Note] | CSC Position | 2024 Attendance |
|---|---|---|---|---|---|---|---|---|
| Chairman | Ministry of Economic Affairs | Chien-Chih Hwang | M | 65 | 2019.09.30 | 5Y 9M | | 100% |
| Director | Ministry of Economic Affairs | Chien-Hsin Lai | M | 57 | 2025.03.24 | 3M | | NA |
| | Ministry of Economic Affairs | Wen-Chung Hu | M | 62 | 2024.09.10 | 9M | | 100% |
| | Gau Ruei Investment Corporation | Shou-Tao Chen | M | 63 | 2023.08.04 | 1Y 10M | President | 87.5% |
| | Ever Wealthy International Corporation | Jih-Jau Jeng | M | 64 | 2024.09.10 | 9M | Executive Vice President | 100% |
| | Chiun Yu Investment Corporation | Jung-Chi Chang | F | 48 | 2025.06.19 | 0M | General Manager of Legal Department | NA |
| | Labor Union of China Steel Corporation, Kaohsiung City | Chun-Sheng Chen | M | 63 | 2018.01.05 | 7Y 5M | | 75% |
| Independent Director | | Shih-Kun Wang | M | 70 | 2025.06.19 | 0M | | NA |
| | | Chia-Chi Lu | F | 52 | 2025.06.19 | 0M | | NA |
| | | Wan-Ru Yang | F | 50 | 2025.06.19 | 0M | | NA |
| | | Yu-Chin Liao | F | 46 | 2025.06.19 | 0M | | NA |

Note: Years on board is calculated till June 2025.

## Implementation of Diversity Policy for the Board of Directors

| Increased Youthfulness | | Greater Gender Diversity | | Higher Independence | |
|---|---|---|---|---|---|
| Before Re-election | After Re-election | Before Re-election | After Re-election | Before Re-election | After Re-election |
| Average age 66 | Average age 58 | 9% Female | 36% Female | 27% Independent Directors | 36% Independent Directors |

**Core Diversity Element**

| Name of Directors | | Basic Composition | | | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Gender | Employed by the Company | Age Distribution | | | | Independent Director Tenure | | | Business Management | Decision-Making | Industry Knowledge | Steel Industry Management Experience | Finance and Accounting | Marketing | Technology | Risk Management | Sustainable Development | Climate Change Response |
| | | | | 40 ~ 49 | 50 ~ 59 | 60 ~ 69 | ≥ 70 | ≤ 3 yrs | 4 ~ 8 yrs | ≥ 9 yrs | | | | | | | | | | |
| Chairman | Chien-Chih Hwang | M | | | | ● | | | | | 1 | ● | 2 | 3 | | ● | | | ● | ● |
| Director | Chien-Hsin Lai | M | | | ● | | | | | | ● | 1 | ● | | | | | ● | 2 | 3 |
| Director | Wen-Chung Hu | M | | | | ● | | | | | ● | 2 | 3 | | | | | ● | 1 | ● |
| Director | Shou-Tao Chen | M | ● | | | ● | | | N/A | | 3 | ● | 2 | 1 | | | ● | | ● | ● |
| Director | Jih-Jau Jeng | M | ● | | | ● | | | | | ● | 3 | 2 | 1 | | | ● | | ● | ● |
| Director | Jung-Chi Chang | F | ● | ● | | | | | | | ● | 1 | 3 | ● | | | | 2 | ● | |
| Director | Chun-Sheng Chen | M | ● | | | ● | | | | | 3 | 1 | 2 | | | | | ● | ● | |
| Independent Director | Shih-Kun Wang | M | | | | | ● | ● | | | ● | ● | 3 | | 1 | | | 2 | ● | |
| Independent Director | Chia-Chi Lu | F | | | ● | | | ● | | | ● | 3 | | | 1 | | | 2 | ● | |
| Independent Director | Wan-Ru Yang | F | | | ● | | | ● | | | | 3 | | | 1 | | | 2 | ● | |
| Independent Director | Yu-Chin Liao | F | | ● | | | | ● | | | 3 | 2 | | | | | | 1 | ● | |

Note: The three main areas of expertise for each Director are ranked as 1, 2, and 3, while other areas of expertise are indicated with a ● mark without any particular order.

## Succession Policy and Plan of Directors

CSC adopts the candidate nomination system for Directors; the term of each session shall be three years. Unless otherwise required by laws and regulations or the Articles of Incorporation, the election of Directors shall be in compliance with the Company's Rules Governing the Election of Directors.

The election of the Directors shall take diversity into consideration, such as basic requirements and values (including gender, age, nationality, culture, etc.), professional knowledge and skills (including professional background, professional skills, and industry experiences). Furthermore, to achieve the ideal target for corporate governance, the Directors shall generally be equipped with the knowledge, skills, general capacity and disposition required for performing their duties. The Board of Directors shall encompass the following abilities: I. Judgment of business operations; II. Accounting and financial analysis; III. Operational management; IV. Crisis management; V. Industrial knowledge; VI. International market outlook; VII. Leadership skills; and VIII. Decision making.

The Company conducts the succession plan of its Directors according to the following approaches: I. Adequate candidates recommended by the current Directors. II. Director candidates recommended by shareholders. III. Refer to the results of performance evaluation of the Board of Directors for the nomination of the Directors' reappointment.

To reinforce the efficacy for Directors to exercise their powers and functions, the Company will keep up with the trend and arrange annual training programs with reference to the changes in internal and external environmental conditions and the development needs, so as to improve the professional know-how for its Directors.

### Implementation of Strengthening Functions of Board of Directors

(1) To enhance the Board of Directors' oversight capabilities on climate change issues and improve the Company's decision-making efficiency and effectiveness in addressing climate-related risks, in addition to relevant external training programs attended by the Directors themselves, the Company also offered a training course titled "Carbon Next to Carbon – A Discussion on Carbon Fees, Taxes, Credits, and Trading" in November 2024. The course is intended for the Company's Directors, management, and supervisors of each division, as well as Directors and Supervisors of invested companies, and managers of subsidiaries designated by the Company.

(2) To help the newly appointed directors understand the Company's operations, the Company established the "Operational Standards for Handling Matters for Newly Appointed Directors" in 2024. These standards stipulate that the Company shall provide materials such as relevant orientation manuals, corporate governance regulations, and business reports to the Directors. Business briefings for each division may also be arranged as needed to enhance the competencies of Directors and the operational efficiency of the Board.

(3) In order to properly respond to relevant issues of concern to stakeholders and understand their reasonable expectations and needs, the Company has delegated various departments to be responsible for stakeholder communication. In addition, the Company arranges engagements between domestic and foreign investors and the Board members from time to time. CSC's Corporate Governance and Sustainability Committee reported the annual stakeholder engagement results to the Board of Directors in August 2024, and also reported topics of concern to institutional investors for 2024 and their suggestions for improvement to the Board of Directors in February 2025.

## Functional Committees of the Board of Directors

### Audit Committee of the 18th Board of Directors

2024.01.01~2024.12.31

| Title | Name | Attendance in Person | Attendance by Proxy | Attendance (%) | Financial and Accounting Expertise |
|---|---|---|---|---|---|
| Independent Director (Convenor) | Lan-Feng Kao | 6 | 0 | 100% | V |
| Independent Director | Shyue-Bin Chang | 6 | 0 | 100% | |
| Independent Director | Min-Hsiung Hon | 6 | 0 | 100% | |

Annual Focus

- Audit of the annual business report and financial statements, focusing on the strategic developments such as advanced premium steel.
- Review of planned capital expenditure projects.
- Review of the investment in the government-affiliated power sales company.

## Remuneration Committee of the 18th Board of Directors

2024.01.01~2024.12.31

| Title | Name | Attendance in Person | Attendance by Proxy | Attendance (%) |
|---|---|---|---|---|
| Independent Director (Convenor) | Min-Hsiung Hon | 5 | 0 | 100% |
| Independent Director | Shyue-Bin Chang | 5 | 0 | 100% |
| Independent Director | Lan-Feng Kao | 5 | 0 | 100% |

Annual Focus

- Recommendation for remunerations distribution of Directors.
- Year-end and mid-year performance evaluations of appointed management.
- Salary and benefit adjustments for appointed management.
- Proposal for the adjustment of salary and benefit standards for the Chairman, President, and Executive Vice President.
- Amendment of the employees' remuneration distribution system for appointed management.

## Corporate Governance and Sustainability Committee of the 18th Board of Directors

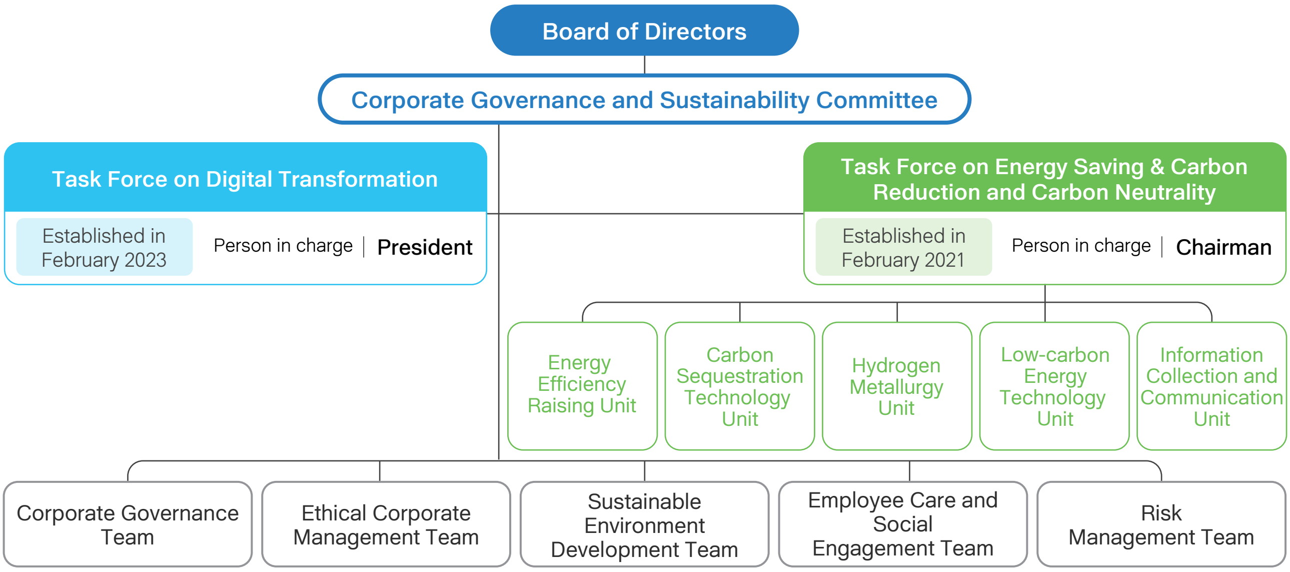
2024.01.01~2024.12.31

| Title | Name | Other Major Position | Industrial Experience/ Professional Background | Attendance in Person | Attendance by Proxy | Attendance (%) |
|---|---|---|---|---|---|---|
| Independent Director (Convenor) | Shyue-Bin Chang | Independent Director, Hiwin Mikrosystem Corp; Independent Director, Advanced International Multitech Co., Ltd. | Aviation Industry; Mechanical and Electrical Engineering | 2 | 0 | 100% |
| Independent Director | Min-Hsiung Hon | Chair Professor Emeritus, Department of Materials Science and Engineering, National Cheng Kung University | Materials Science | 2 | 0 | 100% |
| Independent Director | Lan-Feng Kao | Professor, Department of Finance, National University of Kaohsiung | Accounting/Finance | 2 | 0 | 100% |
| Director | Chien-Chih Hwang[1] | Chairman, CSC | Steel Industry Management | 2 | 0 | 100% |
| | Jih-Jau Jeng[1] | Executive Vice President, CSC | Carbon Reduction Technology | NA | NA | NA |
| Director | Chun-Sheng Chen | President, Labor Union of CSC | Labor Rights | 2 | 0 | 100% |

Note1: On September 10, 2024, Chien-Chin Hwang was elected as the Chairman by the Board of Directors; on September 27, 2024, the Board of Directors nominated Jih-Jau Jeng to succeed as Committee member.

The Committee has 5 execution teams to implement the sustainable management policy. 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 twice a year. Each execution team shall submit its implementation results to the Committee on a semi-annual basis and, in the subsequent year, report the results of the preceding year together with the implementation plan for the current year. The Committee shall then submit both the plan and the results to the Board of Directors.

In addition, CSC established the "Task Force on Energy Saving & Carbon Reduction and Carbon Neutrality" and "Task Force on Digital Transformation" under the Corporate Governance and Sustainability Committee, which are respectively responsible for climate change and smart innovation issues, and regularly report their plans and implementation results to the Committee and the Board of Directors.



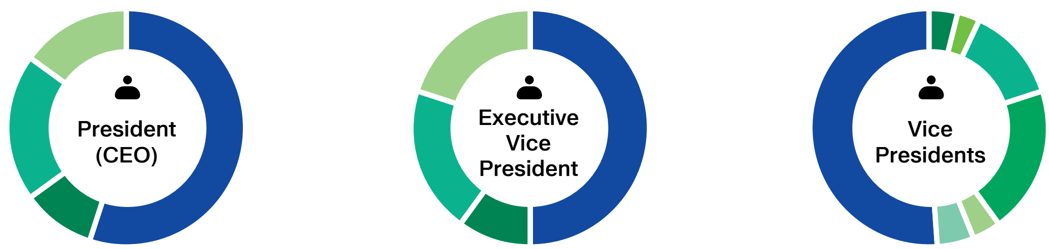

Note: In February 2025, the Corporate Governance and Ethical Corporate Management Team was restructured into two separate teams, Corporate Governance Team and Ethical Corporate Management Team. The two teams will focus respectively on enhancing the disclosure of corporate governance information and promoting the implementation of the anti-bribery management system, thereby strengthening overall management effectiveness.

+ For more details [Results for Corporate Governance and Sustainability Committee in 2024]
https://www.csc.com.tw/csc_e/cg/bof3_list-113.html

## Executive Compensation Linked to Sustainable Performance Targets

The Company's executive compensation consists of fixed and variable components. Variable compensation includes employee remuneration, incentive bonuses and production and sales surplus bonuses, etc., and is determined with comprehensive consideration of sustainable development (ESG) performance along with other performance indicators.

### 2024 Annual KPIs




**President (CEO)**

| | |
|---|---|
| **Sustainable development performance** | **45%** |
| Smart manufacturing | 10% |
| Industrial safety and environmental protection | 20% |
| GHG management | 15% |
| **Operation/Finance** | **55%** |

**Executive Vice President**

| | |
|---|---|
| **Sustainable development performance** | **50%** |
| Industrial safety and environmental protection | 10% |
| GHG management | 20% |
| Energy management (annual average power saving rate) | 20% |
| **Operation/Finance** | **50%** |

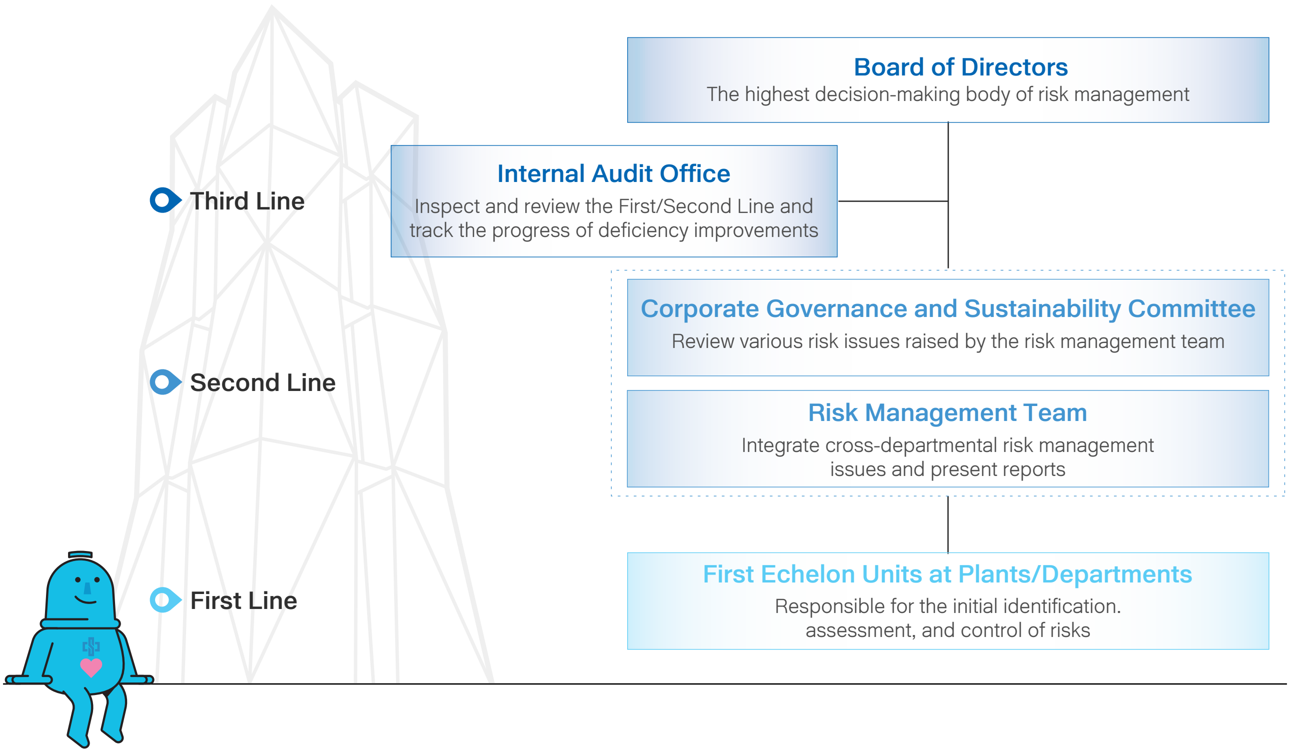
**Vice Presidents**

| | |
|---|---|
| **Sustainable development performance** | **49%** |
| Social participation/Employee care/Talent retention | 4% |
| Information security | 3% |
| Smart manufacturing | 13% |
| Industrial safety and environmental protection | 20% |
| GHG management | 4% |
| Corporate governance | 5% |
| **Others** | **51%** |

+ For more details [Executive Compensation Linked to Sustainable Performance Targets]
https://www.csc.com.tw/csc_e/esg/cg/cg7.html

# Risk Management

## Risk Management Organization




## Risk Management Policy and Procedures

The Board of Directors approved the establishment of the "Risk Management Policy and Procedures" as the highest guiding principle for risk management. Business execution units are responsible for identifying the sources of risks, carrying out risk analysis and assessment, and formulating response strategies or measures. The Risk Management Team regularly reports the semi-annual and annual risk assessment forms to the Corporate Governance and Sustainability Committee / Board of Directors to effectively oversee and control related risks.

### Risk Appetite Statement

- **Risk management mechanism should be established to keep risks within a tolerable range**

aiming to reasonably balance between risk and reward.

- **Risk management culture should be constructed and comprehensively practiced by all employees**

to enhance risk awareness and implement risk management.

- **It is necessary to comply with legal regulations to avoid compliance risks**

The Directors, management, employees, appointees, and actual controllers of the Company should adhere to, but are not limited to, the regulations related to listed companies and other laws concerning commercial conduct when carrying out business operations.

- **Business activities that present higher risk of unethical behavior within the business scope should be analyzed and relevant preventive measures should be strengthened**

to create an environment for sustainable operation.

## Risk Identification, Prioritization, and Assessment Results

**2024 Risk Assessment Procedures and Results**

**Risk Identification**

Risk identification on operational risks, financial risks, information security risks, environmental risks, legal compliance risks, and other areas covering economic, environmental, and social aspects was conducted, and the results of the annual sustainability materiality survey were also used as one of the bases for identifying and measuring major risk issues for the year.

→ In 2024, 80% of the sustainability materiality topics were also considered as the risk management issues.

**Risk Measurement**

- Categorize risks into five levels based on the likelihood of occurrence and the severity of impact.
- Establish a risk database and prioritize risks by significance.

→ High risk (and above): major occupational accidents
→ Medium risk: a total of 20 items, including carbon pricing regulation, exchange rate fluctuation risk, import disruption risk, trade barrier risk, construction cost escalation risk, shortage of technical personnel risk, hacker ransomware attacks, etc.

**Risk Response**

- Each business unit formulates risk response measures.
- Continuously evaluate the effectiveness of response measures.

**Risk Monitoring and Reporting**

- The identified risk issues, their assessed risk levels, and corresponding response measures are reported to the Corporate Governance and Sustainability Committee. A Risk Management Report is then submitted to the Board of Directors on a semi-annual basis for risk monitoring.
- Continuously assess changes in risks and review the progress and effectiveness of risk mitigation measures.

## Emerging Risks Management System

CSC's Risk Management Team regularly consolidates external and long-term risk issues that may also have significant impacts, such as the formulation of policies and regulations, changes in the natural environment, and geopolitical influences. The management screens and assesses the risk issues based on their likelihood and severity. The Risk Management Team then compiles and prioritizes the top three significant emerging risks and provides them to the relevant units for further evaluation and specific response measures to mitigate the impact of significant emerging risks on the Company.

A total of 8 emerging risk issues and their potential impacts were identified in 2024, with their impact levels assessed by the management. The survey results indicated that the top 3 emerging risks that the Company should prioritize are discrepancies in the levied carbon border tax leading to customers' shift to imported steel products, demand slowdown or disappearance due to geopolitical factors, and customer's demand shifting towards low-carbon products. Relevant countermeasures have been developed accordingly.

## Other Risk Management Measures

- Business Policies Related Risk Management: CSC also establishes its annual business policies and compiles a control table of material risks and opportunities associated with these policies to conduct the risk identification, management and implementation of measures related to the business policies. The effectiveness evaluation is also conducted annually.
- Product Risk Management: CSC applies risk management through DFMEA (Design Failure Mode and Effects Analysis) and PFMEA (Process Failure Mode and Effects Analysis) during product development and design stages to address quality and production realization risks, including potential failure modes in design, manufacturing, packaging, and transportation. Furthermore, AIAG (Automotive Industry Action Group) and VDA (Verband der Automobilindustrie) FMEA (Failure Modes and Effects Analysis) training is provided to personnel in relevant responsible units to enhance implementation. In addition, CSC also undergoes annual audits conducted by BSI for steel production systems, covering IATF 16949, ISO 9001, and QC 080000.

+ For more details [Risk Management Mechanism] https://www.csc.com.tw/csc_e/esg/cg/cg3.html

# Business Integrity

CSC has established the "Ethical Corporate Management Best Practice Principles for CSC" approved by the Board of Directors, and the "Procedures for Ethical Management and Guidelines for Conduct". CSC's Ethical corporate management policies are also declared in internal regulations, annual reports, the corporate website, publications and external activities.

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

## ■ Anti-Bribery Management System

Introduction of ISO 37001 | Establishment of Anti-Corruption and Anti-Bribery Policy

In 2025, CSC initiated the introduction of the ISO 37001 Anti-Bribery Management System to strengthen risk management in corporate integrity practices. The Company also established the “Anti-Corruption and Anti-Bribery Policy,” requiring all Directors, management, employees, and appointees to adhere to the highest standards of integrity in all business dealings.

## ■ Malpractice Prevention and Conflict of Interest Policies

| | |
|---|---|
| • Ethical Corporate Management Best Practice Principles | When engaging in commercial activities, Directors, managers, employees, appointees, and persons having substantial control over the Company shall not directly or indirectly provide, promise, request or accept any improper benefits, nor engage in other unethical behaviors that are in breach of integrity laws and regulation or fiduciary duty for purposes of acquiring or maintaining benefits. |
| • Codes of Ethics for Directors | Directors shall faithfully perform their duties for the best interests of all shareholders. Article 11 of the Codes of Ethics for Directors specifies that “If any proposal at a Board Meeting involves a Director him/herself or the interested parties set forth in Articles 5 and 6 where there are concerns about impairing the interests of the Company, the Director shall immediately and voluntarily recuse him/herself, and take no part in voting, nor exercise the voting right as proxy for another Director.” |
| • Codes of Ethics for First Echelon Supervisors and Executives | To prevent first echelon supervisors and executives up to the position of President from using their positions at the Company to seek improper gains. Article 4 of the Codes of Ethics for First Echelon Supervisors and Executives specifies provisions related to the prevention of conflict of interests. |
| • Directions for Recusal Due to Conflict of Interests in Chapter 6, Part 4 of the Human Resource Management System | To prevent employees from using their powers or their identities or news they obtain due to their positions at the Company to seek personal gains. |
| • Guidelines on Handling Acceptance of Valued Gifts, Invitations to Banquets and Requests for Making An Intercession | Serve as a basis for employees while handling acceptance of valued gifts, invitations to banquets and requests for making an intercession. When a person having an interest in the employee’s duties offers a gift, the gift shall be declined or returned, unless otherwise stipulated. If the gift cannot be returned, the employee shall complete the Gift Acceptance Report Form, submit it for approval by the first echelon supervisor or above, and deliver the gift to the General Affairs Department for handling. |
| • Guidelines on Hosting Business Banquets | Any employee at the Company who has to host banquets to develop business relationships shall comply with these guidelines. |
| • Article 7 of the Political Donations Act | The Company shall not contribute to political donations. |

## Whistleblowing System

CSC has internal and external appeals channels. Complainants can file their appeals through the reporting hotline, complaint mailbox, and appeal reporting system on the corporate website. Whistleblowing cases are processed by the independent Internal Audit Office. When handling a whistleblowing case or an appeal, the entire process will be kept confidential and a whistleblower protection system has been established. The files provided by the whistleblower will be encrypted, protected, and included in the internal control system.

In 2024, a total of 32 appeals were received, which were handled properly by the relevant units upon duly investigation. No corruption or bribery was found in such investigations.

## Integrity Management Compliance

There was no corruption, bribery, discrimination, harassment, customer private personal information, conflict of interests, money laundering, insider trading, and other violations specified in the Code of Conduct found in 2024. Other cases were investigated, deliberated, and handled in line with internal management regulations by due process, followed by enhanced promotion to all employees to strengthen their awareness of compliance with the Code of Conduct.

### Violation Category

| Category | Number of breaches in 2024 |
| --- | --- |
| Corruption or Bribery | 0 |
| Discrimination or Harassment | 0 |
| Customer Private Data | 0 |
| Conflicts of Interests | 0 |
| Money Laundering or Insider Trading | 0 |
| Others [Note] | 4 |

Note: Cases other than those specified in the above table, such as violation of recruitment guidelines or workplace discipline, etc.

## Orientation for New Employees

CSC conducts annual orientation programs for new employees, covering company regulations, corporate culture, information security, and intellectual property. The program also promotes the importance of integrity through topics such as unauthorized part-time employment, acceptance of improper benefits, use of information, and protection of trade secrets. In 2024, a total of 12 sessions were held, with participation from 260 trainees.

+ For more details [Integrity Management] https://www.csc.com.tw/csc_e/esg/cg/cg2.html

CSC