



CSC

2022 ESG INSIGHT



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01 Environmental

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Achievements and Targets

	Unit	2022 Goals	2022 Achievement	Short-term (2023)	Mid-term (2025)	Long-term (2030)
GHG Management						
Carbon Neutrality	Taking 2018 as the base year, our goal is to reduce emissions by 7% in 2025, to reduce emissions by 25% in 2030, and to achieve carbon neutrality in 2050.					
GHG Reduction (Scope1+2)	tCO ₂ e	Reduce by 4%, cumulative reduction of 884 thousand	✓ Cumulative reduction of about 1,358 thousand	Reduce by 5%, cumulative reduction of 1,105 thousand	Reduce by 7%, cumulative reduction of 1,547 thousand	Reduce by 25%, cumulative reduction of 5,525 thousand
GHG Intensity	tCO ₂ e/tCS	≤ 2.24	✗ 2.330 ¹	≤ 2.23		
Energy Management						
Annual Power Savings	%	2015-2022 > 1	✓ 1.89 annual reduction	2015-2023 >1	2015-2025 >1.05	2015-2030 >1.1
Energy Intensity	GJ/tCS	≤ 23.12 ²	✓ 22.96	≤ 22.76		
Energy Savings	GJ	2021-2025 Save 2.64 million	On track (82% achievement)		Accumulated saving of 2.64 million	
Air Pollutants Management						
Particulates Intensity	kg/tCS	0.37	✓ 0.23	0.37		
SOx Intensity	kg/tCS	0.63	✓ 0.50	0.53		
NOx Intensity	kg/tCS	0.73	✓ 0.66	0.69		
Water Management Taking 2017 as the base year.						
New Water Consumption Reduction	%	46.9	✓ 54.3	46.9	54.4	64.4
Waste Management						
Waste Recycling Ratio	%	≥ 90	✓ 94.7	≥ 90	≥ 92	≥ 94
Solidification Landfill	tonnes	0	✓ 0	0	0	0
By-product Circulation	tonnes	360 thousand	✓ 402 thousand	360 thousand	412 thousand	412 thousand

Notes :

1. Due to unfavorable market conditions, the production of billet/slab has decreased, resulting in low utilization of equipment.
2. The target of energy intensity is set pragmatically according to the annual production capacity and equipment maintenance status. Due to unfavorable market conditions in the second half of 2022, blast furnace production is adjusted, causing the energy baseline to deviate from the original one when planning. As a result, the target is adjusted to make management of energy intensity feasible.

Environmental Metrics

Item	Unit	2020	2021	2022
Production	10,000 tCS	823.99	969.09	843.78
Productivity per employee	tCS/year	827.22	989.47	872.76
Investment on Energy and Environment	100 million TWD	53.5	28.9	39.1
GHG Management ¹				
GHG Emissions Scope 1	tCO ₂ e	18,318,428	20,939,573	18,248,901
GHG Emissions Scope 2	tCO ₂ e	1,243,430	1,357,456	1,412,524
GHG Intensity ²	tCO ₂ e /tCS	2.374	2.301	2.330
GHG Emissions Scope 3 – indirect emissions ³	tCO ₂ e	11,114,462	12,055,837	11,216,225
Energy Management				
Primary Energy	GJ	211,075,425	224,644,824	201,894,495
Coal	GJ	207,815,234	219,340,668	191,854,995
NG	GJ	3,082,331	5,107,395	9,556,139
Diesel Oil	GJ	103,292	111,916	104,733
Gasoline	GJ	5,953	5,368	4,997
Low-sulfur Oil	GJ	68,615	79,477	373,631
Purchased Electricity	GJ	8,918,640	9,600,438	9,991,953
Self-generated Electricity	%	49.0	49.7	43.7
Energy Intensity	GJ/tCS	23.23	22.25	22.96
Air Pollutants Management				
NO _x	tonnes	5,822	6,593	5,603
SO _x	tonnes	4,943	5,579	4,257
Volatile Organic Compounds (VOCs)	tonnes	483	409	356
Particulates	tonnes	2,188	2,164	1,921
Water Management				
Processing Water Recycling Rate ⁴	%	98.4	98.4	98.5
Production Process Water Recirculation	million liters	2,809,637	2,849,595	2,821,318
New Water Withdrawal	million liters	31,622	27,842	21,562
Urban Reclaimed Water Usage ⁵	million liters	12,226	16,205	21,514
Water Discharge	million liters	15,133	14,202	16,234
Water Consumption	million liters	28,715	29,845	26,842
Water Intensity ⁶	t/tCS	5.06	4.32	4.86
New Water Intensity ⁶ (after introduction of reclaimed water)	t/tCS	3.58	2.65	2.31

Item	Unit	2020	2021	2022
Waste Management				
General Industrial Waste	tonnes	584,427.4	567,880.8	559,748.4
Incineration (with energy recovery) Amount	tonnes	28,286.8	28,936.8	29,416.1
Incineration (with energy recovery) Rate ⁷	%	4.8	5.1	5.3
Recycling Rate	%	95.2	94.9	94.7
Hazardous Industrial Waste	tonnes	41.8	46.3	58.3
Recycling Rate	%	100	100	100
Waste Production Intensity	kg/tCS	70.93	58.60	66.35
Waste Treated In-plant	%	87.3	92.5	86.8

Notes to table:

- 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 China Steel Building.
- Data for previous year is revised due to calculation or coverage scale revision.
- Scope 3 includes 15 categories, in which fuel and energy-related activities, waste generated in operations, upstream transportation and distribution, and business travel had been verified by third party, DNV.
- Processing water recycling rate = production process water recirculation ÷ total water use in process x100%, total water use in process do not include admin area raw water.
Total water use in process = production process water recirculation + (new water withdrawal + urban reclaimed water usage - admin area raw water)
- The Fengshan Creek Reclaimed Water has been implemented since Aug 2018, and the Linhai Sewage Treatment Reclaimed Water has been implemented since Dec 2021.
- 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.
- Includes in-plant and off-site.

Certifications

Certification	Location	Coverage of employees	Verification Authority	Validity Period	
Environmental Management System	ISO 14001:2015	Hsiao Kang, Kaohsiung Plant	100%	BSI	2022/07/21 ~ 2025/07/20
Energy Management System	ISO 50001:2018	Hsiao Kang, Kaohsiung Plant	100%	BSI	2022/07/08 ~ 2025/07/07
Hazardous Substance Process Management	IECQ QC 080000:2017	Hsiao Kang, Kaohsiung Plant	NA	BSI	2021/01/21 ~ 2024/07/25

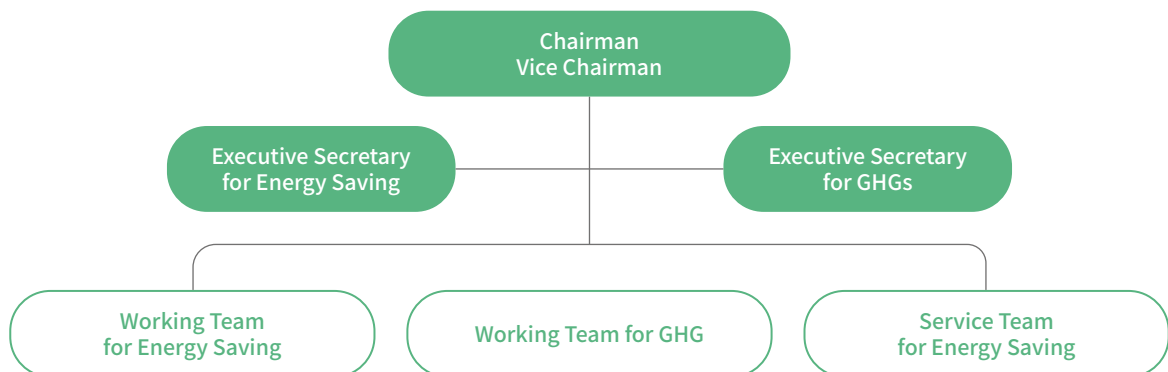
Energy Management

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, performance management, energy conservation and carbon reduction, and knowledge advancement.

Organization Chart of Energy Conservation Committee



• Energy Consumption

The coking coal in the steelmaking process transforms to by-product gases which can be used as fuel in steelmaking and in cogeneration power plants to generate steam and power. Oil and natural gas can also be used in power plants 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 oxygen plant to share excess energy with neighboring petrochemical plants, chemical plants and downstream steel mills in Kaohsiung LinHai Industrial Park.

At present, a total of 14 manufacturers, including CSC, have joined the District Energy Integration. The energy that CSC sells include steam and oxygen, nitrogen and argon produced by the Oxygen Plant. Among them, steam is the main item.

Item	Unit	2020	2021	2022
Steam Sold ^(Notes)	million tonnes	1.562	1.588	1.480
Equivalent to Energy Savings	million GJ	4.78	4.82	4.51
GHG Reduction	tonnes	375,000	381,000	355,000
SOx Reduction	tonnes	1,141	1,161	1,082
NOx Reduction	tonnes	792	805	750
Particulates Reduction	tonnes	113	114	107

Notes:

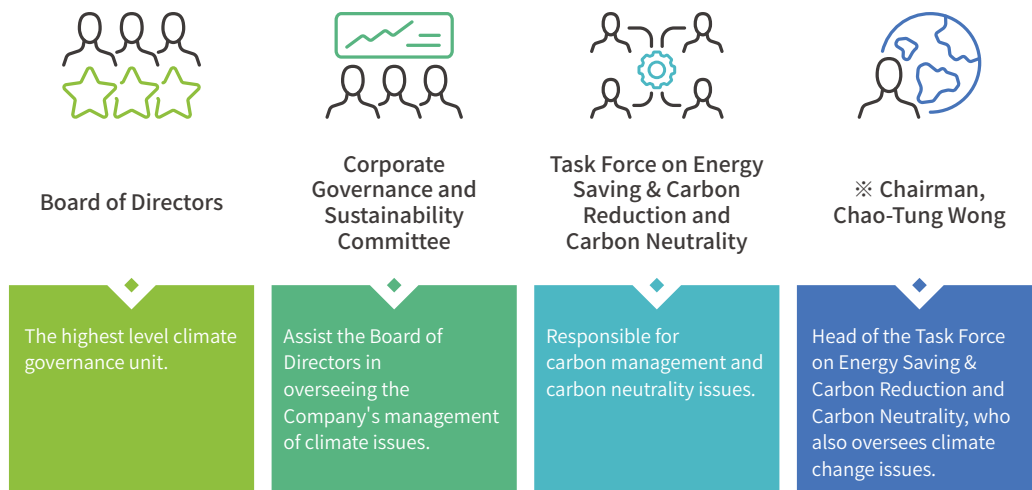
1. With an estimated efficiency of 94% of newly installed boilers, 1 kL fuel oil can produce 13 tonnes of steam. Thus, the 1.480 million tonnes of steam sold in 2022 saves energy equivalent to the use of 114,000 kL low-sulfur oil.
2. The calculation of environmental benefits:
 - Energy saving: The heat value of low-sulfur oil conversion is cited from the average detected heat value of CSC in 2022, which was 9,454 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 CO₂ emission before 2018, with the factors cited from the IPCC 2006 National Greenhouse Gas Inventory Guide-CO₂ emission coefficient of fuel oil. From 2019, N₂O and CH₄ were also involved in the calculation coverage, using the factors cited from the GHG emission coefficient list (version 6.0.4) announced by the Ministry of Environment.

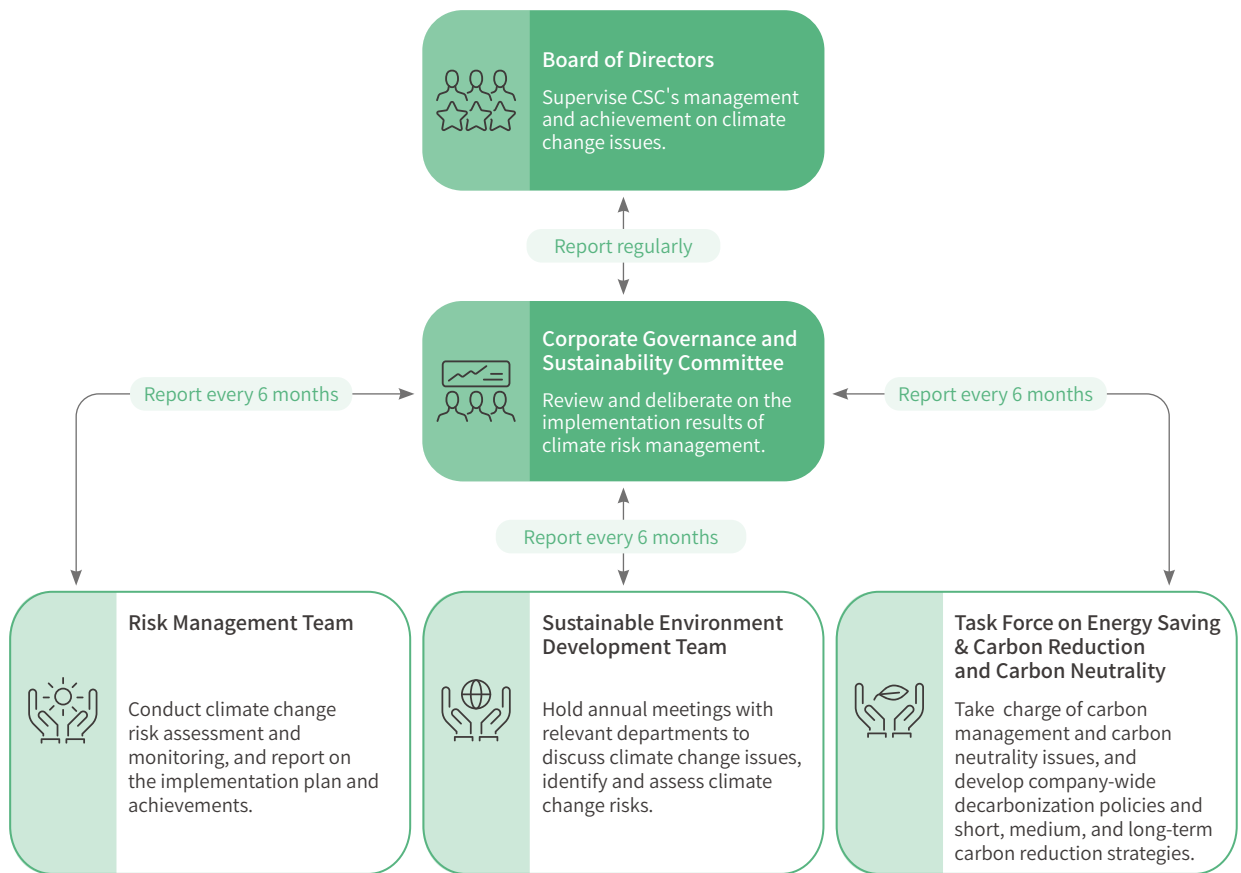
Climate Change

• Climate Governance Framework

The Board of Directors is the highest level climate governance unit. 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 to the Corporate Governance and Sustainability Committee based on its implementation results.

Furthermore, in response to carbon neutrality issue, CSC established the Task Force on Energy Saving & Carbon Reduction and Carbon Neutrality under the Corporate Governance and Sustainability Committee, which is responsible for carbon management and carbon neutrality issues. The Chairman, Chao-Tung Wong 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.





Carbon Disclosure Project (CDP) Participation

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

• Task Force on Climate related Financial Disclosures

CSC adopted Task Force on Climate related Financial Disclosures (TCFD) framework in 2020.

Mitigate low-carbon transition risk and seize corresponding opportunities

Transition risks / opportunities	Scenario	Scenario analysis	Impact on CSC operations	Response strategies	Targets
Transition risk: Payment of carbon fees in accordance with new carbon fee-related regulations (e.g., the Carbon Border Adjustment Mechanism, CBAM) could increase operating costs.	Temperature rise of 1.8°C (IEA APS)	Considering that domestic carbon fee is still unclear, CSC refers to cases of international carbon tax and carbon trades to assess its impact.	<ul style="list-style-type: none"> Products need to bear the cost of carbon emissions, resulting in an increase in operating costs. Carbon price needs to be paid for export products of CSC or downstream customers, resulting in an increase in operating costs. 	<ul style="list-style-type: none"> Continue to reduce carbon emissions to mitigate the impact of carbon pricing on CSC and downstream customers. Reduce carbon emissions during the production and continue to invest in the R&D of corresponding technologies. Improve the efficiency of power house, reduce the use of purchased electricity, and increase the percentage of green electricity use. 	Carbon emission goals of CSC: <ul style="list-style-type: none"> Reduce carbon emissions by 7% in 2025 Reduce carbon emissions by 25% in 2030 Achieve carbon neutrality in 2050 *2018 as the base year*
Transition risk: Low-carbon transition may result in cost increase due to tight supply of raw materials.		In the low carbon emission scenario, scraps and reduced iron may become important sources of raw materials and cause the fluctuation of raw material prices.	The industry has higher demand on emerging raw materials and causes their prices to increase, which further causes an increase in operating costs.	<ul style="list-style-type: none"> Continue to expand alternative material sources. Prepare for the resources of new raw materials. 	

Transition risks / opportunities	Scenario	Scenario analysis	Impact on CSC operations	Response strategies	Targets
<p>Transition risk: Steel demand among customers could change due to climate change.</p>	Temperature rise of 1.8°C (IEA APS)	The installed capacity of wind power worldwide increases 164% in 2030; electric vehicles account for 30% of the vehicle market in 2030.	The renewable energy and electric vehicle markets are flourishing, but CSC fails to develop products aligned with market trends or its production capacity cannot meet market demand, causing revenue to decrease.	<ul style="list-style-type: none"> Improve the product quality of ES for electric vehicles (such as: magnetic and mechanical properties and thickness), actively conduct product related tests and verification, and implement capacity expansion projects. Assist domestic automobile manufacturers in adopting ES for electric vehicle motors, and enhancing the market competitiveness of domestic electric vehicles. 	<ul style="list-style-type: none"> High-end steel accounts for 50.4% and above of sales in 2025 High-end steel accounts for 51.9% and above of sales in 2030
<p>Opportunity: Provide wind power-related materials, produce high-grade electrical sheets, and expand into the electric vehicle supply chain to expand the scope of business.</p>			The renewable energy and electric vehicle markets are flourishing, and CSC develops products aligned with market trends, causing revenue to increase.		
<p>Transition risk: Active development of new steelmaking techniques in response to the trend of low-carbon development could result in cost increase.</p>	Temperature rise of 1.5°C (IEA NZE)	In the low carbon emission scenario, CSC transitions to low carbon steelmaking technologies, and other industries also prioritize the use of low carbon steel.	Investing in the R&D of new steelmaking technologies causes R&D cost to increase.	<ul style="list-style-type: none"> Actively engage in industry-academia collaboration projects and focus on emerging low-carbon steelmaking technologies, including: replacing a portion of iron ores with reduced iron, replacing PCI with hydrogen-rich gas, and carbon capture and utilization. Continue to promote potential markets for selling low-carbon steel, such as increasing the percentage of scrap used in galvanized steel for electronic product users. 	
<p>Opportunity: Continuously develop and expand the Company's low emission technologies as well as provide low-carbon products to gain favor from customers.</p>			Continue to develop and expand the Company's low carbon emission technologies, and provide low carbon products aligned with market trends to increase revenue.		

* Each scenario considers the temperature rise with a 50% confidence level in 2050.

* The short term is 2022~2023, the medium term is 2023~2030, and the long term is 2030~2050.

Climate change adaptation strategies

Physical risks	Scenario	Scenario analysis	Impact on CSC operations	Response strategies	Targets
Suppliers' inability to normally produce or distribute raw materials due to increased frequency and severity of extreme weather events such as typhoons and floods could affect operations.	Temperature rise of 2.4°C (SSP5-8.5)	IPCC AR6 pointed out that the frequency and intensity of extreme weather events at the place of origin for some raw materials will increase.	Raw material supply issues caused by extreme weather events may result in supply chain disruption or impact production.	<ul style="list-style-type: none"> Weather monitoring and supply chain maintenance are included in routine management work based on the concept of business continuity, in order to immediately respond to any potential risks of climate change on raw material production and transportation. With consideration to the transportation risks of supply chain, locations that are less impacted by the weather are selected as the transit base for raw materials transportation. 	Maintain raw materials supply capacity and stability to ensure the balance between transportation and cost in the supply chain.
Increased risk of water scarcity arising from extreme changes in weather patterns could affect production.		According to the Taiwan Climate Change Analysis Update Report, the maximum number of consecutive days without rainfall in Taiwan shows an upward trend, and will increase 5.5% in 2050 in the worst case scenario for climate change (SSP5-8.5).	Extreme weather increases the risk of water shortage, and further affects production processes of plants.		

* Each scenario considers the temperature rise in the middle of the 21st century

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/hr/csr/env/env3.htm

• **GHG Management**

CSC performed the first GHG inventory operation in accordance with international standards (ISO 14064) in 2006, the scope of which includes Scope 1 and Scope 2 emission within the boundary that the Company owns or controls. The GHG inventory data are verified by the third-party verification agency, DNV, every year. CSC then reports to the national GHG Registry. Also, the GHG scope 3 emissions have been estimated annually from 2015. We have 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.

• **Carbon Credits Management and GHG Offset Project**

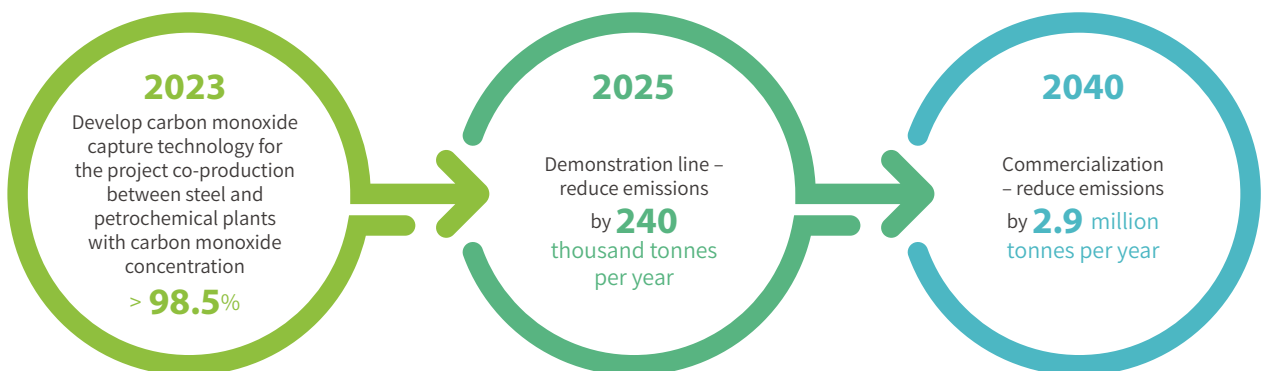
CSC has formulated the "Carbon Trading and Management Regulations" with reference to the relevant regulations of the Ministry of Environment and international practices, and incorporated related operations into the environmental management system (ISO 14001). By the end of 2022, CSC's GHG offset credit balance totaled 4.5172 million tonnes of CO₂e.

• **Carbon Neutrality Target**



2030: Low carbon BF

1. Substitute **H₂-rich gas** for PCI as the auxiliary fuel for BF. The Company plans to inject hydrogen-rich coke oven gas into the blast furnace before green hydrogen becomes available to replace partial use of coal to reduce carbon emissions from the blast furnace. The Technology Division has allocated a budget and plans to test the blower nozzle between the end of 2023 and 2024, in order to evaluate spray gun performance and injection safety design.
2. Replace part of the iron-containing raw materials with **hydrogen-reduced iron**. The Company has successfully developed technology for adding reduced iron in the blast furnace. It has been confirmed that adding 1 tonne of reduced iron can reduce the carbon emission of the blast furnace by 1.5 tonnes. We are also looking for suitable locations to invest and set up factories in Australia and Malaysia.
3. Convert CO and CO₂ from steel production process into high-value chemicals in collaboration with petrochemical plants. The pilot plant was established in September 2022, and the estimated annual carbon reduction is 4,900 tonnes.
Targets:



4. Increasing scrap use: Continue to develop production technologies that increase the use of scraps. In response to downstream customers' demand for recycled steel materials, CSC also obtained certification of hot dip galvanized product SGCC RC20 (scraps used in steelmaking reaches 20%) and electrogalvanized product SECD RC12 (scraps used in steelmaking reaches 12%) in December 2022, and obtained certification of hot dip galvanized product SGCC RC40 (scraps used in steelmaking reaches 40%) in March 2023.

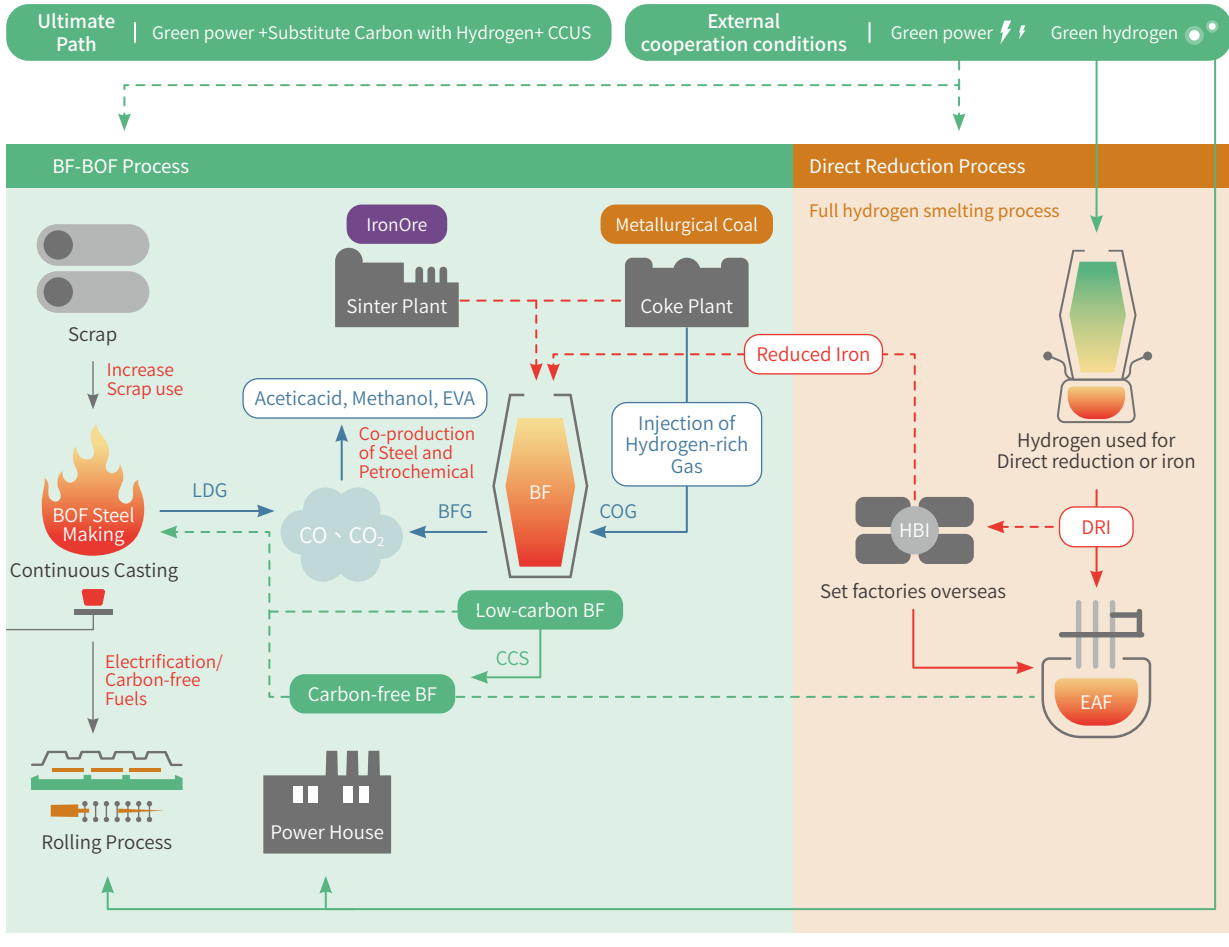
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2050: Carbon Neutrality

1. Capture and store CO₂ emitted from low-carbon blast furnaces with CCS technology, and transform low-carbon blast furnaces into carbon-free blast furnaces.
2. Adopt DRI/EAF route with hydrogen metallurgy: Iron ore → DRI → EAF → Steel



• Product Carbon Footprint Inventory

- Compiling and disclosing the carbon footprint of the Company has gradually become a material topic of concern to stakeholders due to climate change. CSC, based on the data of 2021, compiled the carbon footprint inventory of 23 product categories, such as hot-rolled coils, to update its information and establish a more comprehensive carbon management mechanism, which was externally verified by BSI. The assurance statement was obtained on November 23, 2022.
- In the face of countries starting to plan carbon control mechanisms and customers' future demand for low-carbon products, the **Product Carbon Intensity System** was established according to the **input of raw materials** and their **carbon emission coefficients**. The System provides the function of checking the carbon emissions of **each process, production line and product**, which facilitates choosing production path with lowest carbon emission, and identifies the carbon emission hotspots for continuous improvement.

Air Pollutants Management

	Unit	2020	2021	2022 target	2022
SOx Intensity	Kg/tCS	0.60	0.58	0.63	0.50
NOx Intensity	Kg/tCS	0.71	0.68	0.73	0.66
Particulates Intensity	Kg/tCS	0.27	0.22	0.37	0.23

- In order to actively improve air quality, CSC have planned an air pollution improvement plan for 2020-2026 with a total investment amount of 44.709 billion TWD.
- 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, 32 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.
- CSC completed the installation of desulfurization equipment at No. 1 sinter plant in 2021, and submitted an application to Kaohsiung City Government Environmental Protection Bureau for a certificate for actual emission offset in accordance with the Regulations of Air Pollutants Actual Emission Offset and Credit Trading for Stationary Sources. We received the certificate for actual emission offset of 637,864 kg/year in December 2022, which can be used to offset emissions of new investments in the Kaohsiung-Pingtung Total Air Pollution Control Zone.

Water Management

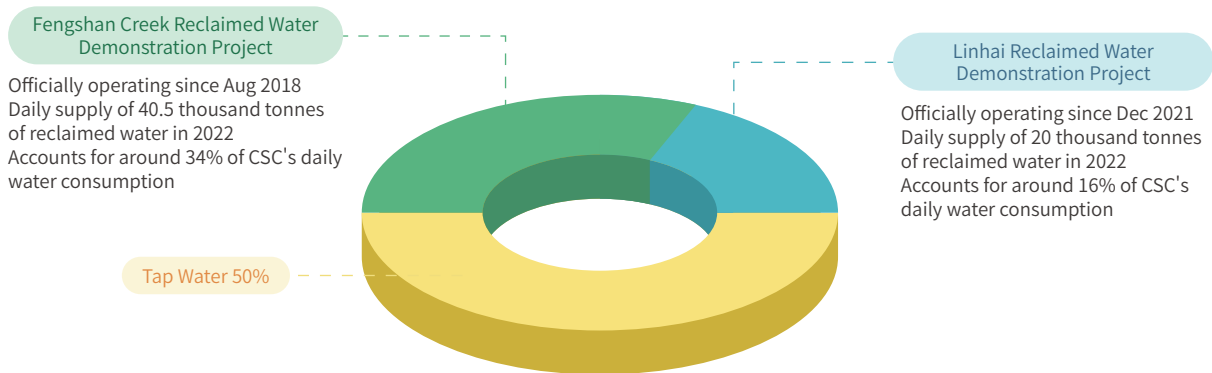
CSC confirmed the water use strategy of diversifying its water resources in 2012, and is working hard towards the development of new water resources aimed at mitigating the risk of water cuts or water rationing.

CSC established a Utilities Department under the Production Division to effectively carry out water resource management. The department is responsible for handling water resource related affairs, formulating corresponding management strategies, and reporting results periodically. The Vice President of the Production Division is responsible for supervising the Utilities Department.

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

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

Water Diversification Strategies



Fengshan Creek Reclaimed Water Demonstration Project
Officially operating since Aug 2018
Daily supply of 40.5 thousand tonnes of reclaimed water in 2022
Accounts for around 34% of CSC's daily water consumption

Linhai Reclaimed Water Demonstration Project
Officially operating since Dec 2021
Daily supply of 20 thousand tonnes of reclaimed water in 2022
Accounts for around 16% of CSC's daily water consumption

Alternative Fulfillment Project for Hoha Industrial Park:

In conjunction with the "Alternative Fulfillment Project for Reclaimed Water in Hoha Industrial Park" lead by the Economic Development Bureau of Kaohsiung City Government, CSC plans to further introduce the reclaimed water by connecting branch pipes from Fengshan Creek Reclaimed Water Plant to the water pool at CSC plants. From the second quarter of 2024, the Company expects to increase the use of approximately 9,700 tonnes of reclaimed water per day to strengthen the dispatch of recycled water sources.

Development of low-cost seawater desalination:

CSC began exploring seawater desalination technology with the Industrial Technology Research Institute (ITRI) in 2019, and aimed to develop an integrated process that could lower the cost of water by 10 TWD / ton compared with the traditional seawater desalination process.

Waste Management

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

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

Hazardous Substance Management

CSC promotes the "Hazardous Substance Process Management System IECQ HSPM QC 080000" to establish its management system for products with hazardous substances. Regular internal and external audits and management reviews on the IECQ HSPM QC 080000 are conducted every year. In 2022, the verification was completed by BSI to maintain the validity of certification.

By-product Management

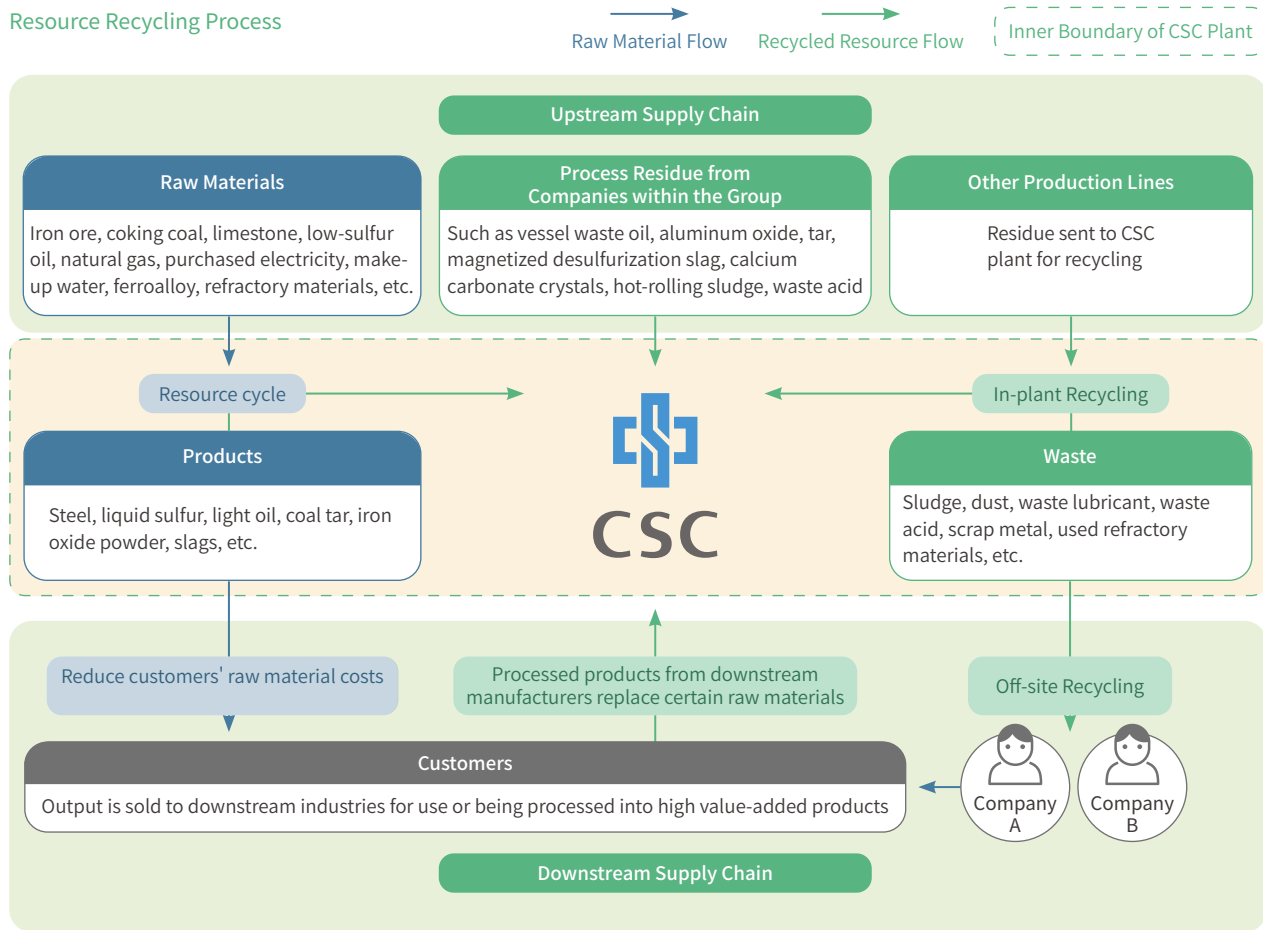
By-products from CSC productions, including coal tar, light oil, BF slag, BOF slag, iron oxide powder, desulfurization slag, sludge-coal fly ash mixture, rusted steel, liquid sulfur, and burnt lime, are all recycled and processed by affiliate companies then provided to chemical, construction, civil engineering,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

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Resource Recycling Process



Green Revenues

Green Revenues of the CSC Group in 2022		From January 1, 2022 to December 31, 2022		Unit: Thousand TWD			
		Revenue (after write offs)	%				
Group Total	Green revenues of CSC Group	87,880,485	19.55%				
	Non-green revenues of CSC Group	361,687,003	80.45%				
	Consolidated operating revenues of CSC	449,567,488	100.00%				
Segment	Company	Item	Description of revenue	Revenue (after write offs)	%		
Steel	China Steel Corp.		1. High-strength or high-functional steels:				
			1-1. Steels for wind power	13,376	0.00%		
			1-2. Steels for electric vehicles or scooters Including electrical sheets for motors of electric vehicles or other key materials for electric vehicles.	4,388,844	0.98%		
		CSCI Steel Corporation India Pvt. Ltd.		1-3. Other purpose: such as automobiles, boats, and buildings	18,962,384	4.22%	
		China Steel Corp.	Green products (with external energy saving and carbon reduction benefits)	2. Steels with fewer reprocessing procedure: such as steels requiring no further quenching, non-lead patenting steels, and wire requiring no further drawing annealing	13,441,130	2.99%	
				3. Steels with higher endurance:	3-1. Steels with higher endurance which is also made from high percentage of recycled material including galvanized steel products that obtained SGCC RC12, SGCC RC20, and EG SECD RC12 certification	177,831	0.04%
					3-2. Others: such as high-temperature endurance, anti-corrosion, wear resistance, and plating steels	37,047,041	8.24%
		China Steel Corp.	Railway/Light Rail	Revenues from construction, design, maintenance, and operation of light rail, MRT, and railway	2,138,481	0.48%	
	Green revenues of Steel Department				76,169,086	16.94%	
	Non-green revenues of Steel Department				278,118,229	61.86%	
Operating revenues of Steel Department				354,287,315	78.81%		

Segment	Company	Item	Description of revenue	Revenue (after write offs)	%
Others	Kaohsiung Rapid Transit Corp. InfoChamp Systems Corp. China Steel Machinery Corp. United Steel Engineering & Construction Corp.	Railway/Light Rail	1. Revenues from construction, design, maintenance, and operation of MRT or light rail 2. Other revenues from the construction of rolling stock	2,293,471	0.51%
	CSC Solar Corp.	Solar Power	Revenues from the installation of solar PV systems and solar power generation	482,189	0.11%
	Sing Da Marine Structure Corp.	Wind Power	Revenues from manufacture of jacket substructures for offshore wind farm	566,084	0.13%
	InfoChamp Systems Corp.	Environment monitoring system	Revenues from providing environment quality monitoring equipment and systems	214	0.00%
	HIMAG Magnetic Corp.	Catalyst	Revenues from sales of catalyst products (such as SCR catalyst and ammonia decomposition catalyst)	14,743	0.00%
	China Steel Chemical Corp.	Power storage products	Revenues from design, development, manufacture, installation, or operation of power storage products including lithium ion and other advanced batteries and their materials	766,364	0.17%
	China Ecotek Corp.	Environmental protection projects	1. Water treatment, engineering, and facilities 2. Air pollution remediation 3. Resource recycling equipment construction 4. Other pollution remediation and improvement construction of environmental protection facilities	1,066,957	0.24%
	CHC Resources Corp. CHC Resources Vietnam Co., Ltd.	Waste recycling	1. Revenues from providing equipment and services for waste collection, management, and disposal 2. Revenues from slag processing and sales, air-cooled BOF slag and BF slag recycling, and soil and groundwater pollution remediation	6,381,770	1.42%
	China Steel Structure Co., Ltd.	Green Building	Revenues from green building design, development, and manufacture, and products that help improving building energy efficiency or contribute to international certification standards such as LEED and BREEAM	92,417	0.02%
	Gains Investment Corp.	Green finance and investment	Revenues from investing in financial instruments related to environmental improvement	47,189	0.01%
Green revenues of other departments				11,711,398	2.61%
Non-green revenues of other departments				83,568,775	18.59%
Operating revenues of other departments				95,280,173	21.19%

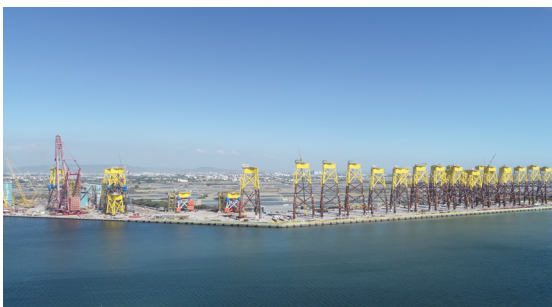
Offshore Wind Power Development

• China Steel Power Corporation (CSPC) – Development of No.29 Offshore Wind Farm

- Shareholding: CSC 51%, Copenhagen Infrastructure Partners 49%.
- Estimated total investment NTD 50-55 billion.
- Obtained 300 MW grid connection capacity, which is estimated to be connected to grid in 2024 with annual power generation of 1.1 billion kWh.
- Obtained establishment permit, and signed power purchase agreement with Taipower.

• Sing Da Marine Structure Corporation (SDMS) – Jacket Substructure Supply Chain

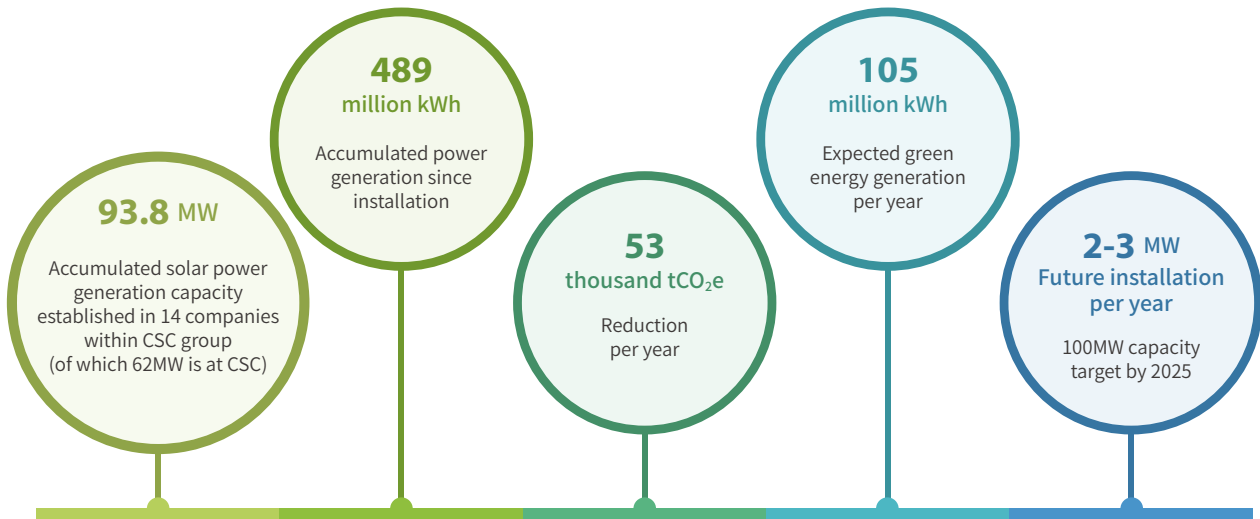
- CSC Shareholding 46.71%.
- Capital NTD 2.627 billion.
- The first contract of 6 substructures for Orsted - Greater Changhua Offshore Wind Farm Project was delivered in August, 2022.
- 31 substructures for Zhongneng Offshore Wind Farm Project contracted in 2022 has been accepted by the owner, and the delivery began in August, 2023.



Solar Photovoltaics Development

	Unit	2017-2020	2021	2022	2023 H1
Solar Power Generation Capacity for CSC Group	MW	84.8	87.3	92.4	93.8 Continual installation
Power generation during period	million kWh	229	101	105	54

In October 2016, CSC and several subsidiaries established the CSC Solar Corp., which is responsible for promoting the development of CSC group's solar power generation business. Except for applying for the green energy certificate to conduct green energy trade, the development results until the first half of 2023 and future plans are as follows:



• Countermeasures for the "Major Power User Clause"

In order to plan the business for sales of green energy and certificates, CSC Solar Corp. obtained the first electricity business license in August 2022. As of the first half of 2023, a total of 51.5MW of electricity business license has been obtained, accounting for 54.9% of the installed capacity, which can meet the demand for renewable energy among companies of CSC Group that are major power users, i.e. 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. As of the end of June 2023, a total of 20.614 million kWh of green energy was supplied to CSC group.

Biodiversity

CSC Biodiversity Commitment and No Deforestation Policy

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 no net loss (NNL) on biodiversity. We also encourage our suppliers and partners to support this policy.

• Biodiversity Assessment

	Number of sites	Area (Unit: Hectare)
Operational sites except for offices	2	560.87
Scope of assessment	2	560.87
Sites proximity to critical biodiversity	0	0
Coverage of management plans	0	0

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 February 2023, two 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 subsequent ecological assessment items and guidance on implementing environmentally friendly measures. The aim is to maintain ecological balance and achieve the goal of no net loss (NNL) on biodiversity.

Classification	Families	Species	Endemic	Endemic Subspecies	Conservation ¹			Red List ²			
					I	II	III	CR	EN	VU	NT
Mammals	4	6	0	1	0	0	0	0	0	0	0
Birds	38	85	2	12	0	6	3	1	1	0	2
Reptiles	3	3	0	0	0	0	0	0	0	0	0
Amphibians	0	0	0	0	0	0	0	0	0	0	0
Butterflies	3	8	0	0	0	0	0	0	0	0	0
Plants	94	299	7	0	0	0	0	5	4	12	4
Total	142	401	9	13	0	6	3	6	5	12	6

Notes 1: Conservation levels based on the Council of Agriculture's Announcement No. 1071702243A issued on January 9, 2019: I - Endangered Species, II - Rare and Valuable Species, III - Other Conservation - Deserving Wildlife.

Notes 2: Rarity categories based on the Red List of Taiwan Land Mammals (2017): CR - Critically Endangered, EN - Endangered, VU - Vulnerable, NT - Near Threatened, LC - Least Concern, DD - Data Deficient, NA - Not Applicable, NE - Not Evaluated.

• Biodiversity Mitigating Actions

To reduce our dependency on and impacts to biodiversity, the following mitigating measures and action plans have been implemented:



Avoid

- Avoid development activities near World Heritage Sites and IUCN I-IV protected areas.
- 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.
- Proactively schedule production cut and equipment maintenance during the autumn and winter seasons to improve the air quality.
- Implement a diversified water resource policy by introducing the urban reclaimed water and promoting wastewater recycling to reduce reliance on a single water source.
- 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. After approval by the Vice President of the supervising division, professional contractors are entrusted to carry out tree transplantation operations to ensure tree survival rates.
- Create habitats contributing to biodiversity by planting vegetation that attracts butterflies and birds.



Restore

- Adopt and maintain plantings in Kaohsiung Park.
- 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.
- Promote green procurement and green consumption.
- Participate in government-led Water Environment Patrol Team to safeguard water resources.
- 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.

• Greening Activities

Item	2020	2021	2022
Greening area (m ²)	444,915	444,827	446,243
Greening rate	8.44%	8.44%	8.47%
Trees	19,894	19,911	19,935
Shrubs	2,089,523	2,092,263	2,094,567
Trees and shrubs per hectare	4,002.7	4,007.9	4,012.3
Lawn (m ²)	183,133	183,364	184,708
Vegetation (m ²)	236,283	236,283	236,283
Resident and migratory birds (species)	80	80	80
CO ₂ e reduction (t/year) ^{Note}	6,398	6,406	6,413

Note: The CO₂ reduction benefit from the greening activities in the plant was calculated based on the research report by National Pingtung University of Science and Technology, 2008.

Legal Compliance

CSC received **no violation notice for air pollution in 2022**. The Company has not only required on-site units to reinforce operation control and maintenance management, but also installed monitors in areas prone to abnormalities to strengthen monitoring. Besides, we implement equipment inspection from time to time, and promote "self-management" in on-site units to reduce violations related to pollution.

Violation Notices for Pollution	2020	2021	2022
Pollution	Water/Air	Air	-
Counts/Fine (TWD)	5/ 3,507,000	1/ 1,350,000	0/ 0



02 Social

Environmental

Social

Governance

Occupational Safety and Health (OSH)

• Certifications

Certification	Location	Coverage of employees	Verification Authority	Valid Till
CNS 45001:2018	Hsiao Kang, Kaohsiung Plant	100% (covering contractors)	BSI	2022/06/30 ~ 2023/06/30
ISO 45001:2018	Hsiao Kang, Kaohsiung Plant	100% (covering contractors)	BSI	2022/07/21 ~ 2025/07/20

The scope of 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 the Taiwan Occupational Safety and Health Management Systems (TOSHMS), which was announced as national standard CNS 15506 in 2011, in 2008.

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

• Injuries

Year	2020	2021	2022	2023	2025	2030
	Actual			Target		
Employee LTIFR ¹	0.14	0.14	0.05	NA	NA	NA
Contractor LTIFR ¹	0.31	0.35	0.20	NA	NA	NA
Employee FR ²	0.14	0.14	0.05	≤ 0.18	≤ 0.16	≤ 0.14
Contractor FR ²	0.31	0.40	0.20	≤ 0.30	≤ 0.26	≤ 0.22
Fatalities ³	0	1	0	0	0	0
Employee TRIFR ⁴	1.74	1.10	1.00	NA	NA	NA
Contractor TRIFR ⁴	1.53	1.50	1.28	NA	NA	NA

Note:

1. 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. 1 contractor fatal accident occurred on 2021/04/19.
4. 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.

• Legal Compliance

Kaohsiung Labor Standards Inspection Office (KLSIO) made 53 inspections in 2022, no negligence was found during the routine inspections.

Violation notices for OHS	2020	2021	2022
Counts/Fine (TWD)	0	3/ 510,000 ¹	3/ 360,000 ²

Note:

1. In 2021, CSC was punished by the Labor Standards Inspection Office for a total of TWD 510,000, of which TWD 300,000 and TWD 150,000 were fined for the death of the contractor on April 19, 2021; TWD 60,000 was fined for the joint inspection by the Occupational Safety and Health Administration on September 16~17, 2021.
2. In 2022, CSC was punished by the Labor Standards Inspection Office for a total of TWD 360,000, of which TWD 210,000 was fined due to the Labor Standards Inspection Office's investigation on December 13, 2021 for the disabling injury incident of the contractor on January 24, 2019; TWD 150,000 was fined due to the Labor Standards Inspection Office's investigation on December 28, 2021 for the disabling injury incident of the contractor.



Inspection Guidance Project

To improve contractor management of the CSC Group, CSC selected 13 factories and 17 subsidiaries of the CSC Group to implement the inspection guidance project. The project is implemented in six stages, including preliminary planning to diagnose the current status of contractor management. Each unit conducts a self-inspection, reviews, makes improvements and adjustments, and makes the on-site visit to provide guidance and understand the actual implementation of the affiliates. Examples of improvements completed by each unit are used as a template to inspect the compliance of other construction projects, and effective methods for improving contractor management are implemented.

Platform for Promotional Videos on Labor Safety

Basic functions of the platform include selecting file source, searching for type of operation or hazard, watching online, and recording number of views. The platform will be formally launched after it is optimized.

Large Vehicle Blind Spot Detection System

Plan to introduce the Large Vehicle Blind Spot Detection System, which will be implemented in three stages. In the first stage, large vehicle management and maintenance units are invited to on-site demonstrations. In the second stage, the system is installed in seven types of large vehicles common in CSC on a trial basis. In the final stage, 16 systems will be installed for promotion.

Lobbying and Initiatives

• Participation on Climate Change Related Initiatives Association

Among the associations CSC has participated in 2022, the ones related to the promotion of sustainable development, energy saving and carbon reduction, and environmental protection are as follows:

Name of Association	Visions and Goals
Enterprise member of Taiwan Business Council for Sustainable Development	To cooperate with members in promoting corporate sustainability and environmental protection for the purpose of sustainability.
Director of Taiwan Association of Soil and Groundwater Environmental Protection	
Director of Center for Corporate Sustainability	
Taiwan-U.S. CCUS Industry Promotion Alliance President Shyi-Chin Wang is a founder	Net zero emissions is the international goal for mitigating climate change. We reviewed Taiwan's development opportunities and strategies for carbon neutrality and CCUS based on international development and promotion experience with carbon neutrality and CCUS, accelerating the achievement of carbon neutrality by domestic enterprises.
Founding member of Taiwan Association for Net Zero Emission	Based on the core philosophy of "advocating for net zero emission among enterprises and organizations and assisting the government in making Taiwan carbon neutral," Taiwan Association for Net Zero Emission aims to guide all sectors of society in Taiwan towards net zero emission, drive the trend of net zero emission in Taiwan, and assist the government in making Taiwan carbon neutral.

• Survey of Climate Policy Preferences

CSC invited 87 organizations to conduct a survey of climate policy preferences in 2022 in order to understand the extent to which the participating institutes, associations, trade unions and other institutions align with climate goals.

Results: The majority of organizations have moderately promoted and adjusted their climate policies. In the future, they will actively and pragmatically promote climate change and carbon neutrality. Still, organizations could better contribute to carbon neutrality activities if their risk management and guidance measures can be strengthened.

More than **85%** of the organizations have shown concern for climate change and carbon neutrality issues.

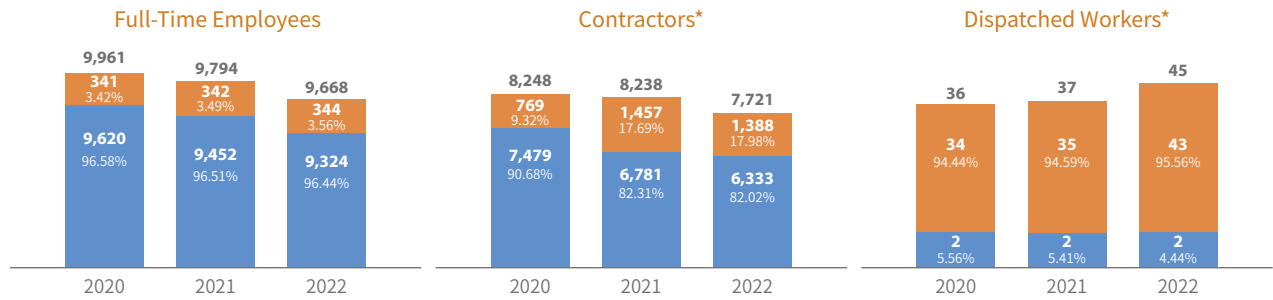
More than **87%** of the executive/management /board members have the ability to understand and address climate-related issues. However, currently only 50% of the organizations are supervising and managing climate-related issues.

More than **85%** of the organizations have been promoting climate change adaptation and the trend towards achieving net-zero emissions among their members.

Less than **20%** of the organizations have applied for government assistance in low carbon transition issues or have established processes to address climate-related risks.

Workforce

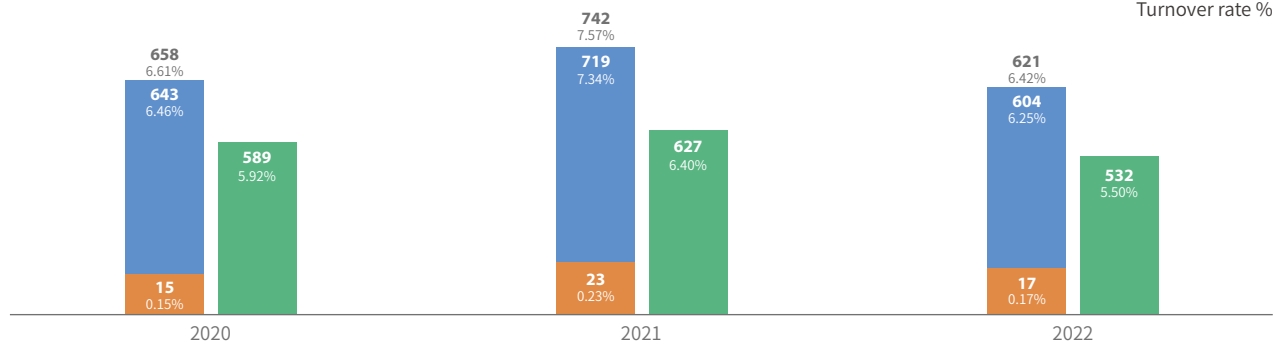
● Total ● Male ● Female



*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

Full-time Employees Attrition ● Total ● Male ● Female ● ≥ 60 years old* Turnover rate %



* The main reason for attrition is retirement.

• Maternity Leave and Parental Leave

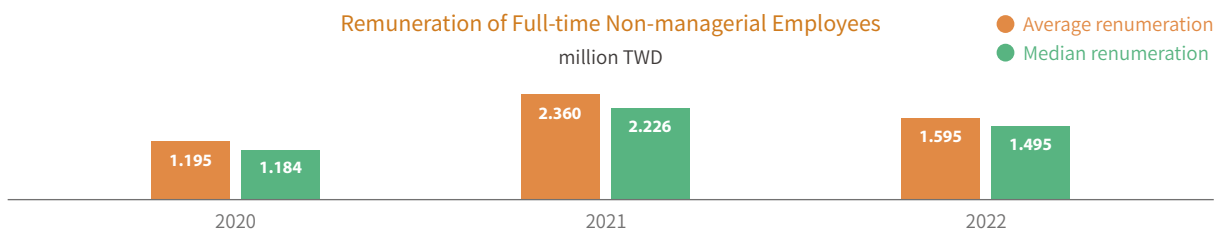
CSC's policies regarding maternity leave and parental leave comply with government regulations. The rates of employees returning to work after maternity/parental leave were 100% from 2020 to 2022.

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

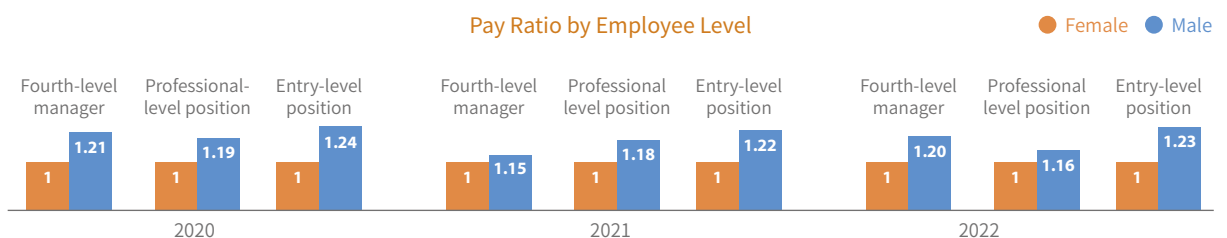
Remuneration

1 : 1 Pay is determined without gender-based differences, and the basic salary paid to women and men of the same position and level is the same.

Remuneration of Full-time Non-managerial Employees
million TWD



Pay Ratio by Employee Level



Note: The main reason for the higher pay ratio of male employees than female employees in each category is because the average length of service for male employees (14.2 years) is longer than that of female employees (10.6 years).

Environmental

Social

Governance

Education and Training

• Succession Plan of Significant Managements

The Company 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, down-to-earthness, innovation, and entrepreneurship. 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 external training programs, the Company has cooperated with top universities in Taiwan to conduct the business management program, which has been attended by 90% of senior management successors until 2022.

• Staff Education and Training

Training courses in 2022 mainly include AI training, management, language, professional studies (technology, quality management), computer, EHS, new employee training, management training, and general training. Training expenses in 2022 reached TWD 49,186,812.

• Professional Skills Handover

In response to the tide of retirement, CSC has continued to recruit new employees in recent years. In order to integrate new recruits into CSC, we adopt the mentorship program and knowledge management system to make new employees know CSC, arrange various training programs to develop their professional capabilities, and promote exchanges through activities. The Company also actively builds a knowledge management system, and systematically conducts inventory, storage, inheritance and innovation of talents and documents for the core capabilities of the organization.

Employee Stock Ownership Trust System

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

Labor Relations and Human Rights

• Labor-management Meetings

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.

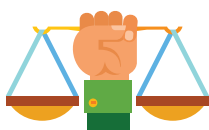
• Collective Agreement

The collective agreement between CSC and CSC Labor Union is negotiated every 3 years (the latest signing was the 5th agreement on August 15, 2019). CSC Collective Agreement covers all members of Labor Union of CSC, which includes 100% of full-time employees with membership qualifications. Certain senior level management are not qualified for membership of the labor union, therefore the coverage from all employees' perspective is 99%.

• CSC Human Rights Policy

CSC complies with international human rights conventions, including the "United Nations Universal Declaration of Human Rights", the "International Covenant on Economic, Social and Cultural Rights", the "International Covenant on Civil and Political 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 and published on the Company's official website. 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



Eliminate discrimination and ensure equal employment opportunity.



Prohibit the use of child labor.



Ban on forced labor.



Assist employees in maintaining physical and mental health and work-life balance.

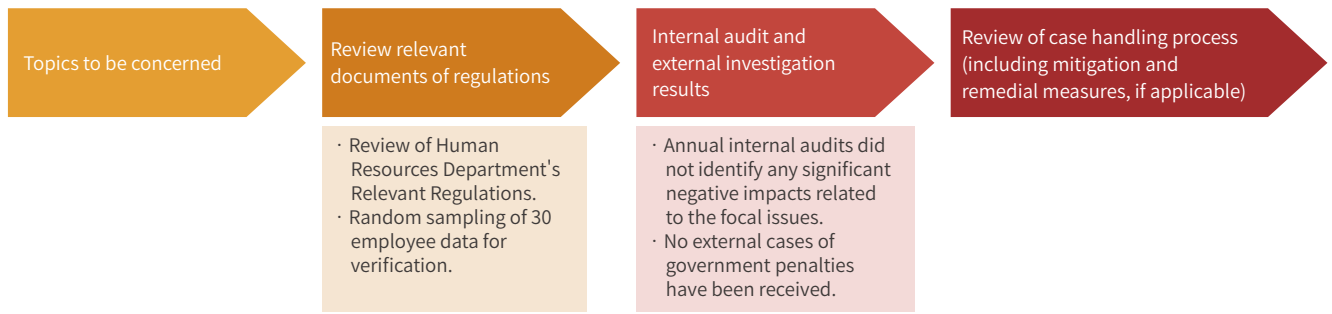


Provide a safe and healthy working environment.

• **Human Rights Due Diligence**

CSC conducted company-wide human rights due diligence in 2022, and proposed improvement measures based on its results, in hopes of lowering the probability of human rights risks.

Human rights due diligence flowchart



Human rights due diligence results

Topic of concern	Investigation subjects	Preventive and mitigation measures	2022 Investigation results
Eliminate discrimination and ensure equal employment opportunity	Employees	We provide interview training to interviewers, and emphasize the prohibition of illegal discrimination and the relevant laws and regulations of the Employment Service Act.	Did not receive internal or external complaints or receive fines from the government during the year.
Prohibit the use of child labor		Applicants provide their personal data for verification during the registration stage, and their identity is verified during interviews and when they report for duty.	
Ban on forced labor		<ul style="list-style-type: none"> Working hour is managed by a system in compliance with government laws. Employees are encouraged to take leave during the off-peak period to relax their body and mind. 	
Freedom of association and collective bargaining rights		<ul style="list-style-type: none"> CSC labor union covers 100% of full-time employees. Labor-management meetings are convened on a monthly basis, and there is a website regarding labor-management meeting for employees to inquire about the progress of agenda items. 	
Provide a safe and healthy working environment		<ul style="list-style-type: none"> The inspection guidance project was implemented in 13 factories and 17 subsidiaries of the CSC Group. Deploys personnel to conduct audits of high-risk operations within the Company every day, with occasional nighttime inspections. Organizes training programs for supervisory personnel responsible for overseeing high-risk operations of contractors, and conducts "Frontline Supervisor Safety and Health Training" for company supervisors at the grassroots level. Provides guidance and support to contractors with more accidents to enhance their self-management capabilities in safety and health. 	
			CSC was fined a total of 360,000 TWD by the Labor Standards Inspection Office of Kaohsiung City Government in 2022.

Supply Chain Management

CSC requests all contractors involving in each bid to incorporate an anticorruption clause in the contract as the following: "The contractor undertakes that its bid price shall not include bribes, gifts, commissions, rewards or other unjust interests. 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.

- In 2021, there is no violations of ethical principles.
- In 2022, the Company temporarily halted business dealings with 10 companies in violation of ethical principles.

• **Supplier Code of Conduct**

In 2022, CSC established the Supplier Code of Conduct (available on CSC website) with reference to international norms and standards including the Responsible Business Alliance Code of Conduct v7.0, the UN Supplier Code of Conduct Rev.06, etc. The Code contains five parts on 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 subsidiary 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.



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



• Prohibition on Conflict Minerals

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

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

Contractor Type	Job Description	2022	
		No. of Contractors	%
Maintenance	Responsible for repair and maintenance of equipment; or repair, manufacture and process of spare parts or test samples in Production Division and Technology Division.	4,372	56.6%
Operations	Responsible for operation-related tasks that require basic technical skills and have only indirect access to production equipment, or involved in non-technical labor works in Production Division, Technology Division and Transportation Department.	2,849	36.9%
Environmental Protection and Others	Responsible for the disposal of industrial waste produced during production identified by the Environmental Protection Department.	500	6.5%

1

Contractor employees must have insurance mandated by the government.

2

Contractor employees must comply with CSC's safety and health work rules. A penalty would be imposed for any violation, and the fine will be designated exclusively to a fund for supervision, correction, and improvement of the safety and health of contractor employees.

3

New contractors must fill out evaluation forms and submit supporting documents disclosing information including primary business activities and verified certifications (ISO 45001/ISO 14001). This is to verify that the contractors are legally registered, taxed and insured and financially sound.

4

New contractors must genuinely report on the critical occupational safety and/or environmental protection issues for the past three years to facilitate the works of relevant departments regarding classification, evaluation, and on-site inspections.

5

"Outsourcing Strategy Review Meeting" is held at the end of each year to ensure that the wage level of contractors is superior to the minimum wage stipulated in the Labor Standards Act.

6

Ensure that the employers of the contractors comply with Labor Standards Act and regulations set forth by CSC. Discrepancies with regulations shall be explained by employers of the contractors.

Contractor Evaluation and Assessment

Contract executing units must conduct a monthly evaluation based on contractor's performance and compile the results in the "annual evaluation report"

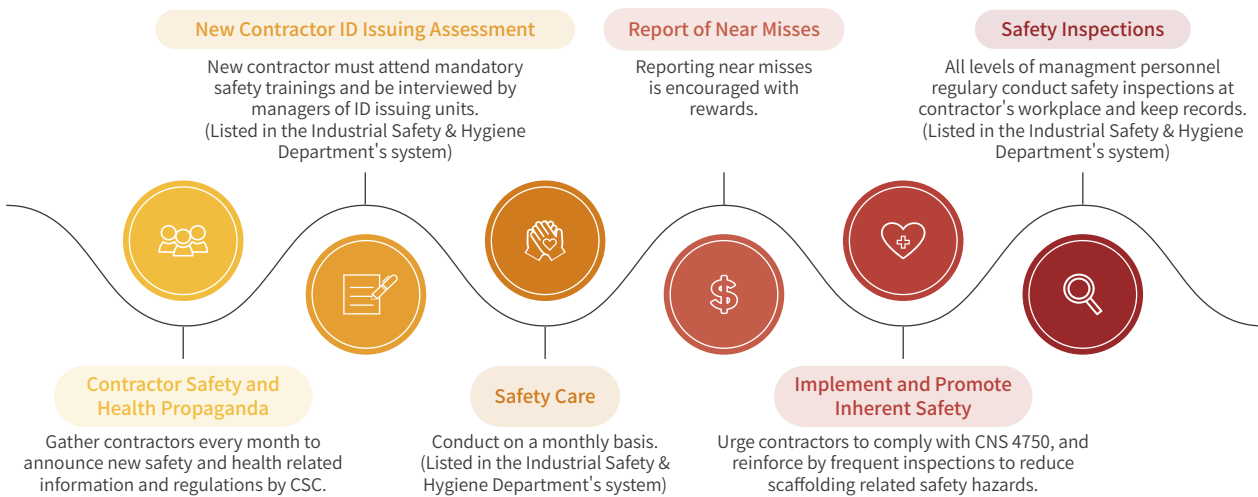
If the annual assessment score is lower than 70, the contractor will be disqualified for the next term of contract renewal.

No contractors scored below 70 in 2022.

Safety and Health

CSC Contractor Safety and Health Committee was founded in 1983.

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

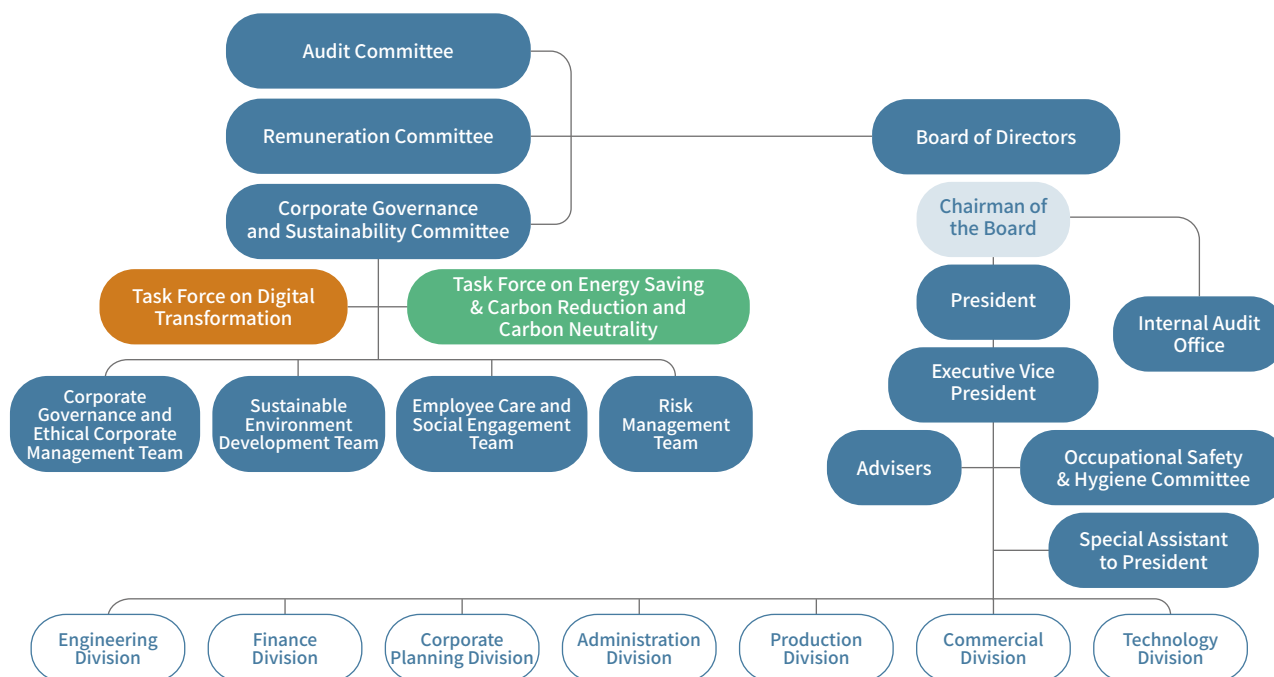


Contractor Training

CSC maintenance units are responsible for arranging training courses and certifications based on the health and safety requirements as well as technical skills required for contractors to perform their work at CSC. In 2022, contractor workers received a total of 27,517 hours of training in CSC including safety, technical training and skills certification.

03 Governance

Organization Chart



Board of Directors

as of 2023.08.31

Title	Juristic Person Represented	Name	Gender	Age	First Assumed Office	Years on Board (2023.08) ¹	CSC Position	2022 Attendance
Chairman	Ministry of Economic Affairs	Chao-Tung Wong	M	69	2016.06.23	7Y 2M		100.0%
Director	Ministry of Economic Affairs	Wen-Sheng Tseng	M	53	2018.05.14	5Y 3M		100.0%
Director	Ministry of Economic Affairs	Ming-Jong Liou	M	69	2012.11.01~ 2016.06.23; 2020.11.20	6Y 4M (3Y 7M+ 2Y 9M)		66.7%
Director	Chiun Yu Investment Corporation	Shyi-Chin Wang	M	66	2015.10.01	7Y 10M	President	100.0%
Director	Ever Wealthy International Corporation	Chien-Chih Hwang	M	63	2019.09.30	3Y 11M	Executive Vice President	100.0%
Director	Hung Kao Investment Corporation	Cheng-I Weng	M	79	2001.05.31	22Y 3M		100.0%
Director	Gau Ruei Investment Corporation ²	Yueh-Kun Yang	M	61	2018.10.31	4Y 10M	VP of Finance Division	100.0%
		Shou-Tao Chen	M	62	2023.08.04	0.9M	VP of Production Division	NA
Director	Labor Union of China Steel Corporation, Kaohsiung City	Chun-Sheng Chen	M	61	2018.01.05	5Y 7M		100.0%
Independent Director		Shyue-Bin Chang	M	74	2016.06.23	7Y 2M		100.0%
Independent Director		Min-Hsiung Hon	M	79	2016.06.23	7Y 2M		100.0%
Independent Director		Lan-Feng Kao	F	58	2016.06.23	7Y 2M		100.0%

Note:

1. Years on board is calculated till 2023.08.

2. From August 4, 2023, Gau Ruei Investment Corporation reassigned Shou-Tao Chen as its representative.

• Implementation of Diversity Policy for the Board of 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
			50~59	60~69	>70	<3 yrs	4~8 yrs	>9 yrs								
Chairman Chao-Tung Wong	M		✓					✓	✓	✓	✓		✓		✓	
Director Wen-Sheng Tseng	M		✓					✓	✓	✓						
Director Ming-Jong Liou	M		✓					✓	✓	✓						
Director Shyi-Chin Wang	M		✓					✓	✓	✓	✓			✓		
Director Chien-Chih Hwang	M	✓	✓					✓	✓	✓	✓		✓			
Director Cheng-I Weng	M			✓					✓	✓				✓		
Director Yueh-Kun Yang	M	✓	✓					✓	✓	✓	✓	✓			✓	
Director Shou-Tao Chen	M	✓	✓					✓	✓	✓	✓			✓		
Director Chun-Sheng Chen	M	✓	✓					✓	✓	✓					✓	
Independent Director Shyue-Bin Chang	M			✓		✓		✓	✓	✓				✓		
Independent Director Min-Hsiung Hon	M			✓		✓		✓	✓	✓				✓		
Independent Director Lan-Feng Kao	F		✓			✓				✓	✓				✓	

Environmental

Social

Governance

• Succession Policy and Plan of Directors

The Company 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 its 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 demand, so as to improve the professional know-how for our Directors.

• Implementation of Strengthening Functions of Board of Directors

- In 2023, the Company extended its business development strategies from a 5-year term to a 10-year term, and compiled a list of future events to examine the major challenges the Company may encounter in the next 10 years, and thus draw up response strategies and specific plans for the next 10 years starting from 2023. In an effort to boost the Board of Directors' involvement in the Company's business development strategies, a special discussion meeting was held with external and independent directors during the formulation of the Company's business development strategies for the new term (from 2023 to 2032) in order to seek the opinions from external and independent directors on the Company's strategic development directions for the next 10 years. The Company's business development strategies for the next 10 years have been reported to the Board of Directors on December 30, 2022. With a view to following up the implementation of these strategies, the Company has planned to report the implementation outcomes to the Corporate Governance and Sustainability Committee on a semi-annual basis and to the Board of Directors after the end of the year.
- 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 latest annual stakeholder engagement results to the Board of Directors in August 2022, and also reported topics of concern of institutional investors in the current year and their recommendations for improvement to the Board of Directors in December 2022.
- The Company arranges corporate governance courses for group Directors and Supervisors every year. 2 corporate governance courses and 1 seminar about sustainable development, criminal and civil liabilities of Directors and Supervisors, and mergers and acquisitions have been arranged in 2022.

Functional Committees of the Board of Directors

• Audit Committee

2022.01.01~2022.12.31

Title	Name	Attendance in Person	Attendance by Proxy	Attendance (%)	Financial and Accounting Expertise
The Audit Committee of the 17th Board of Directors					
Independent Director	Shyue-Bin Chang (Convenor)	2	0	100%	
	Min-Hsiung Hon	2	0	100%	
	Lan-Feng Kao	2	0	100%	V
The Audit Committee of the 18th Board of Directors					
Independent Director	Lan-Feng Kao (Convenor)	2	0	100%	V
	Shyue-Bin Chang	2	0	100%	
	Min-Hsiung Hon	2	0	100%	

Annual focus of the Audit Committee:

- The Committee reviewed the research and development budget related to the Company's future transformation to produce Advanced Premium Steel and carbon neutral issues the Company faced.
- The Committee reviewed the development of the steel market, as well as costs and proportion of domestic and foreign sales in 2022.
- The Committee paid attention to the operation of Sing Da Marine Structure Corporation and the strategies to improve its competitiveness.
- Following the sudden changes in the global political and economic environment in recent times, the Committee recommended including geopolitical risk into the Company's future business strategies and taking into consideration the Company's related preparedness and response.

• Remuneration Committee

2022.01.01~2022.12.31

Title	Name	Attendance in Person	Attendance by Proxy	Attendance (%)
The Remuneration Committee of the 17th Board of Directors				
Committee Members (Independent Director)	Shyue-Bin Chang (Convenor)	1	0	100%
	Min-Hsiung Hon	1	0	100%
	Lan-Feng Kao	1	0	100%
The Remuneration Committee of the 18th Board of Directors				
Committee Members (Independent Director)	Min-Hsiung Hon (Convenor)	2	0	100%
	Shyue-Bin Chang	2	0	100%
	Lan-Feng Kao	2	0	100%

• Corporate Governance and Sustainability Committee

2022.01.01~2022.12.31

Title	Name	Other Major Position	Attendance in Person	Attendance by Proxy	Attendance (%)
Independent Director	Shyue-Bin Chang (Convenor)	Independent Director, Hiwin Mikrosystem Corp.	3	0	100%
Independent Director	Min-Hsiung Hon	Chair Professor Emeritus, Department of Materials Science and Engineering, National Cheng Kung University	3	0	100%
Independent Director	Lan-Feng Kao	Professor, Department of Finance, National University of Kaohsiung	3	0	100%
Director ^{Note}	Shyi-Chin Wang	President, CSC	1	0	100%
	Chien-Chih Hwang	Executive Vice President, CSC	2	0	100%
Director	Chun-Sheng Chen	President, Labor Union of CSC	3	0	100%

Note: From June 17, 2022, Director, Mr. Chien-Chih Hwang, was appointed as a member of the Corporate Governance and Sustainability Committee of the 18th Board of Directors.

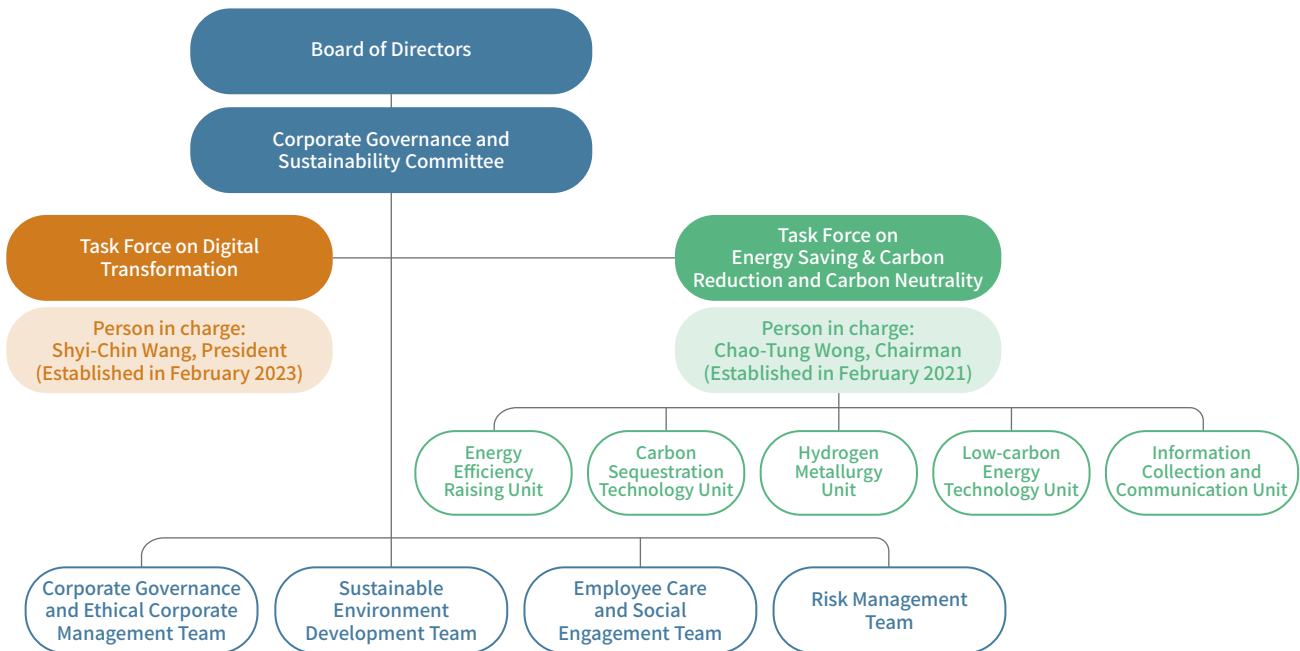
Environmental

Social

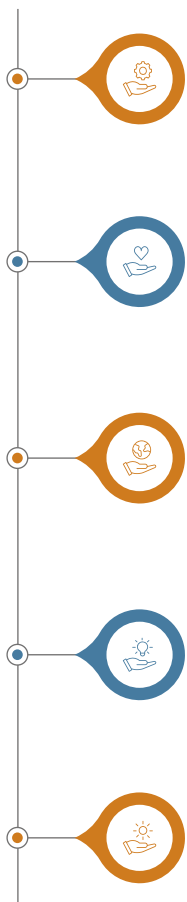
Governance

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

In addition, CSC also 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 its plan and implementation results to the Committee and the Board of Directors.



Summary of Implementation Results for 2022



Corporate Governance and Ethical Corporate Management Team

- Obtained ISO 27001 certification.
- Continued to promote employees to sign the "Statement and Commitment to the Employee Code of Conduct"; new employees receive training on trade secrets when they report for duty with training completion reaching 100%.

Sustainable Environment Development Team

- Continued to use the Fengshan Creek Reclaimed Water and Linhai Reclaimed Water.
- Kept the waste recycling ratio over 90% and zero solidification landfill.
- Continued to establish renewable energy sources in coordination with the government's green energy policy, and use renewable energy according to requirements on major electricity users.

Employee Care and Social Engagement Team

- Continued to organize employee care activities. Arranged for professional counselors from the Teacher Chang Foundation to provide counseling sessions at our plants 3 times a week, and provided distance counseling and 2 psychological adaptation seminars in May 2022 and September 2022, respectively.
- Continued to engage in educational events on steel and environmental protection. Besides promoting the importance of ecological conservation and environmental sustainability, we also organized a journey of steel to promote education and talent cultivation in steel related fields.

Risk Management Team

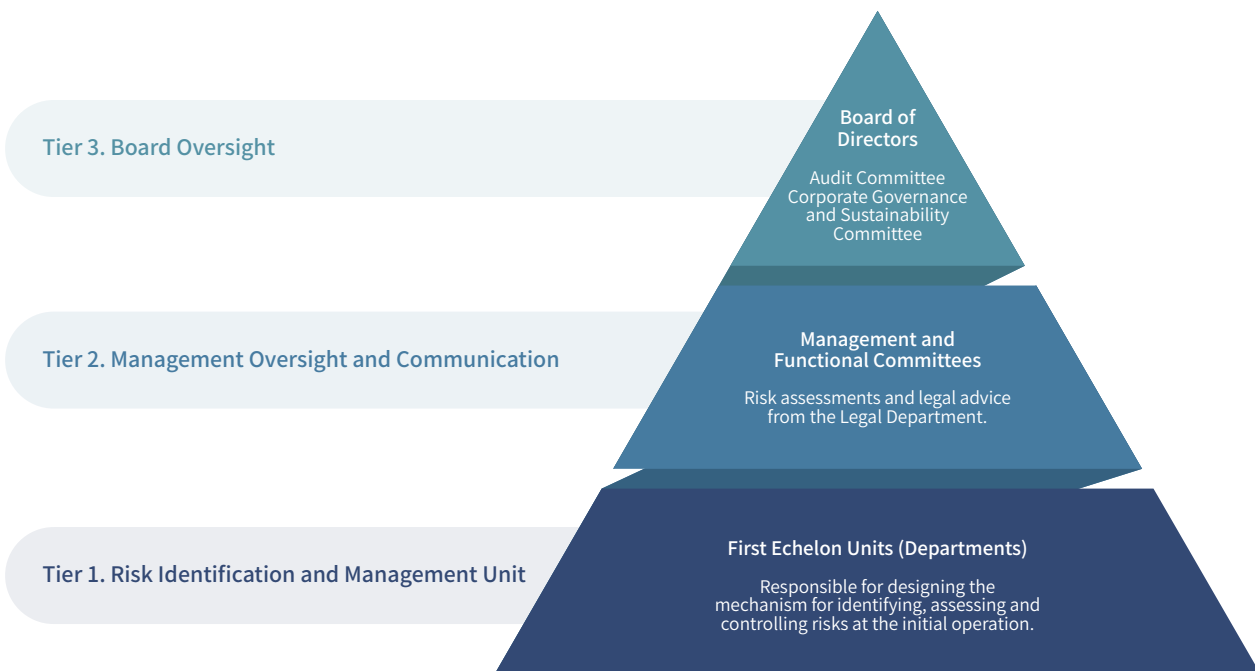
- Periodically identified, assessed, and prioritized risks associated with the Company's operations, financial position, information security, environment, and legal compliance according to the risk management system, ensuring that material risks are effectively managed and proper response measures are taken.
- Lowered the impact of risks on company operations and stakeholders through periodic review of preventive and improvement measures.

Task Force on Energy Saving & Carbon Reduction and Carbon Neutrality

- Promoted carbon reduction in the Group, provided training to tier 1 and above supervisors in the CSC Group, and organized training on carbon neutrality, GHG inventory and product carbon footprint to improve competencies for carbon neutrality.
- Established carbon reduction management GHG inventory and evaluation mechanisms and distributed carbon reduction goals to each division and unit for the overall carbon reduction of CSC.

Risk Management

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

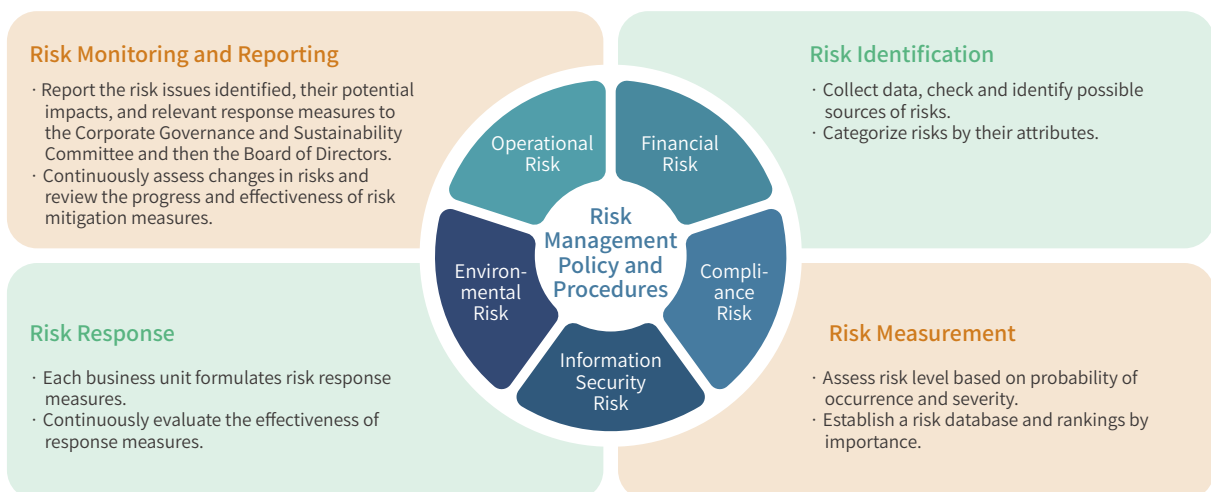


The Board of Directors approved the formulation of the "Risk Management Policy and Procedures" as the highest guiding principle for risk management. Business units are in charge of identifying and assessing risk factors as well as drawing up relevant response strategies or measures, while the Board of Directors, managements and functional committees are responsible for risk monitoring and control. With regular reporting, relevant risks are controlled appropriately.

In 2022, CSC performed risk identification covering operational risk, financial risk, information security risk, environmental risk, and compliance risk in the economic, environmental, and social aspects, and classified risks into five levels to prioritize risk management strategies. Risks classified as high risk after evaluation include major occupational accidents, unstable energy supply, carbon control, air pollution fines, and construction manpower shortage; there were 15 medium risks, including procurement risk, inflation risk, extortion by hackers, intellectual property infringement, and carbon neutrality. For the risk items identified and analysed, personnel from the relevant departments is responsible for drawing up and implementing subsequent risk management strategies and plans.

The rapid global economic, social, and environmental changes have derived diverse and complex risks. CSC established an emerging risk management system to respond and manage potential threats in a timely manner through identification, assessment and response, and supervision mechanisms. After collecting information on internal and external emerging risks, CSC identified a total of 7 emerging risk issues and their potential impacts. The management assessed the potential impact of each issue. Survey results show that CSC's top 3 emerging risks are low carbon production technology, carbon pricing controls, and information security, for which response measures have been formulated.

In addition, CSC has set up its annual business policies and compiled a control table of material risks and opportunities related to business policies to conduct the risk identification, management and implementation measures related to business policies. Also, the effectiveness evaluation is conducted annually. In addition, CSC receives annual evaluations by the BSI for steel product systems (IATF 16949+ISO 9001+QC 080000).



For more details [Risk Management Mechanism] https://www.csc.com.tw/csc_e/hr/csr/gov/gov12.htm

Environmental

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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, company websites, 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, accept, promise or demand any improper benefits, or engage in other behaviors that are in breach of integrity, laws and regulations or fiduciary duty when performing their duties.

• Instructions for new employees

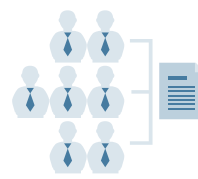
The Company arranges instructions on company regulations, corporate culture, information security, and intellectual property for new employees every year and promotes the importance of ethics with topics on:



Side job



Receiving improper benefits



Information use



Trade secrets

A total of **13** sessions were arranged in 2022 with **514** trainees participated.

• Preventing Malpractice

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

• Whistleblowing

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

In 2022, a total of 21 appeals were received, which were handled properly by the relevant units upon duly investigation. No material non-compliance with operational regulations, such as corruption, was found in such investigations.

	2020	2021	2022
Appeals	30	26	21

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

