Sustainability Report

東和鋼鐵
TUNG HO STEEL

2023

永 續 報 告 書

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About this Report

This is the Ninth Corporate Sustainability Report published by Tung Ho Steel Enterprise Corp. This Report is compiled in the five major axes of "Integrity Governance", "Economic Sustainability", "Environmental Protection", "Friendly Workplace" and "Social Prosperity", disclosing the management and current status of sustainable development in corporate governance, environmental and social aspects. Relevant data collected are also detailed.

In this Report, Tung Ho Steel Enterprise Corp. is referred to as "Tung Ho Steel", "the Company" and "We". Notes are added on the page where acronyms of key words or explanatory words appear in this Report. It is hoped that through the issuance of this Report, the general public and our stakeholders can understand Tung Ho Steel's determination to continue the fulfillment of our social responsibility and the pursuit of sustainable development and share our fruitful results of sustainable management.

Editing and Finalization

The compilation and editing of this Report of Tung Ho Steel was through the following organizations and procedures of data collection.

Sustainable Development Committee

The Sustainable Development Committee of the board of directors of the Company is in charge of the decision-making and supervision of sustainable development related work, under which are the Environmental Sustainability Group, Corporate Social Responsibility Group, and Corporate Governance Group. The corresponding departments of each group regularly conduct identification discussions concerning the stakeholders related to its operations. The Administration Dept. is in charge of secretarial affairs, including overall planning, communication integration, data compilation, and editing and revision of the Sustainability Report.

Review of Administrative Procedures and Finalization

All the editorial members reviewed and revised relevant content and data after the first draft of the Report came out. After the review by heads of responsible departments, each group of the Sustainable Development Committee will send verification personnel to conduct internal cross verification operations. After verified by an impartial third party, the report is submitted to the Sustainable Development Committee and the board of directors for report, whose content includes the communication status with the stakeholders, the material topics, performance, and the requirements of the competent authorities. The report is issued upon approval by the chairman.

Basis and Assurance of the Report

Scope of the Report and Basis of Data

The content of this Report covers Tung Ho Steel's relevant operating systems and activities in Taiwan (the Taipei Head Office, Taoyuan Works, Miaoli Works, Kaohsiung Works, and Daya Works[1]) between January 1 and December 31, 2023, excluding the operating performance in related Group enterprises[2] at home and abroad. Partial of the content also covered cases before and after 2022. Part of the content concerning our future policies, goals and plans are also included. The data in terms of environmental aspects, relevant performance in our facilities of Taoyuan Works, Miaoli Works, Kaohsiung Works, and Daya Works was focused. This Report responded to the chapters based on the results of material topics identification. Any reorganization of historical information will be further explained within the text.

Note:

1. Tung Ho Steel participated in the bidding case of Kaohsiung District Court in August 2022 and obtained the land, factory buildings and equipment of Daya Works in Kaohsiung. The factory registration was completed in January 2023 and the production started.
2. Please refer to 2-1 Company Profile- Organizational Chart of Affiliated Companies for our domestic and foreign affiliated companies.

Professional Guidelines and Principles

The reporting framework of this Report followed the Global Sustainability Standards Board (GSSB) and G4 Sector Disclosures-Mining and Metal and the guidelines and framework listed in Taiwan Stock Exchange Corporation Rules Governing the Preparation, and also referred to the Sustainable Development Goals（SDGs）, SASB Sustainability Accounting Standard (SASB Standard) for Iron & Steel Producers released by International Sustainability Standards Board (ISSB), IFRS S1- General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate-related Disclosures. In addition, the strategies, goals and specific actions related to the material topics of Tung Ho Steel are also disclosed in accordance with the reporting principles. Please refer to Appendix 1 for the GRI Content Index.

Sources of Data and Management

The statistical data disclosed in this Report came from Tung Ho Steel' s internal statistics and survey and are presented in International Generic Indicators. The estimates in this Report will be noted in each relevant Chapter and Section. The financial statements are audited and verified by KPMG in accordance with the International Financial Reporting Standards（IFRS） and were all calculated in New Taiwan Dollars. The ISO 14001: 2015 Environmental Management System, ISO 14064-1: 2018 GHG Inventory, ISO 50001: 2018 Energy Management System and ISO/CNS 45001: 2018 Occupational Safety and Health Management System all receive internal audits every year and have passed third-party external validation.

External Verification

The Inclusivity, Materiality, Responsiveness, and Impact of the disclosed data in this Report were assured by independent and credible British Standards Institution（BSI） with the AA1000AS v3 assurance standard of Type 1 moderate-level assurance and the requirements of the GRI Standards. See Appendix 2 for the detailed BSI Assurance Report.

Report Release Schedule and Contact Information

Official website of Tung Ho Steel

Sustainable Development Section

Release Schedule

Tung Ho Steel release its Sustainability Report annually, and the content is also disclosed on the Sustainable Development Section on the Company' s official website.

Previous edition: Released in June, 2023

Current edition: Released in June, 2024

Contact Information

Please contact us through any of the following channels for any suggestions or advice.

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Message from the Chairman

Dear friends and colleagues:

Tung Ho Steel has been upholding the core value of "integrity", believing that good corporate governance lays an important foundation for sustainable development. Therefore, we have not only created higher return on investment for our shareholders but also created value for the society to undertake the corporate social responsibility.

Since the Taipei Exchange (TPEx) and the Taiwan Stock Exchange (TWSE) jointly organized the Corporate Governance Evaluation System and the Taiwan Corporate Sustainability Awards (TCSA), Tung Ho Steel has had excellent results in the ranking of the former and won an award in the Traditional Manufacturing Category of the latter. In 2018, Tung Ho Steel was included in the "Taiwan Corporate Governance 100 Index". In 2023, we were honored with environmental sustainability awards, including the Excellence Award in Net Zero Industry Competitiveness Awards and the Fourth Taiwan Circular Economy Awards- Enterprise Award and so on. At the same time, information security was listed as corporate governance issue, and Tung Ho Steel passed the ISO 27001:2013 information security management system verification in 2023. In 2024, Sustainable Fitch assigned an ESG Entity Rating of "2" (the rating levels range from 1 to 5, with 1 being the highest), showing that our ESG performance outstood the rated companies globally. Tung Ho Steel would like to present to all its stakeholders its continuous efforts in the promotion of sustainability issues, disclosure of governance information and the concrete results in economic, environmental and social aspects in its 2023 Sustainability Report.

In terms of Corporate Governance, Tung Ho Steel has always strived to take the lead in improving. Under the Sustainable Development Council of the board of directors, there sets a Sustainable Development Group, with the president serving as the convener to be in charge of the management of climate-related issues and regularly reporting to the board of directors. To gradually participate in international initiatives in relation to environment and climate, we have independently released TCFD, proactively responded to Carbon Disclosure Project (CDP) questionnaire, implemented Type III Environmental Product Declaration (EPD) and other projects since 2020. Tung Ho Steel's 2024 TCFD Report has passed the verification of BSI, which confirmed the highest "Level-5+" for the maturity model of our TCFD Report. Relevant information has been available on our official website for the stakeholders to refer to. Meanwhile, Tung Ho Steel is also the very first steelmaker to obtain the EPD certification for all its steel products, which will be helpful for our customers to obtain recognition for higher level of green buildings.

The Company has participated in the CDP's Climate Change Questionnaire for three consecutive years and was ranked the Leadership Level (A-) in 2023, showing that the Company has been recognized for its transparency in disclosing climate-related information and its emission reduction goals, better than the average score of (B-) of the metal smelting and refining and forming process industries, the average score of (C) among Asian companies, and the average score of (C) among global companies. In addition, the Company received a B-level rating in its first-time completion of the CDP Water Security Questionnaire in 2023, showing that it has entered the water resources management stage and taken integrated actions on water-related issues.

In terms of economic sustainability, the domestic construction market is relatively impacted as Taiwan's steel market is impacted by the international market on steel prices and the government's measures to restrain the housing market. However, benefited from the demand for public projects and large-scale factory and commercial facilities, many indicators such as the production and sales volume of the Company's steel bar products hit record highs. Coupled with the addition of Daya Works, the Company's refining and rolling production line can be more balanced and flexible. Overall, in alignment with the sales strategy of the business team, despite the challenging economic conditions and significant price fluctuations in 2023, the consolidated total revenue and earnings per share both reached record highs.

In terms of green energy promotion, Tung Kang Wind Power Corp. installed approximately 16.986MW of solar PV power generation equipment on the roofs of each factory building and sold green electricity and green electricity certificates to Tung Ho Steel for our works to use. The annual power generation is approximately 21.23 GWh, contributing to a

reduction of 10,509 metric tons of carbon emissions annually. In addition, the green electricity and green electricity certificates were sold to Tung Ho Steel to meet the electricity usage terms for major power users required by Energy Administration, MOEA. Tung Sugar Energy Service Co., Ltd., was established as a joint venture with Taiwan Sugar Corporation to develop biomass energy. It is expected to put into operation in the second half of 2024, and by then business waste in the food (processing) industry can be effectively reduced and converted into renewable energy, conforming to the circular economy policy and the strategic goals of sustainable management.

To respond to the global trends and the country's 2050 Net Zero Emission Goal, we have included Climate Change in the material topics of sustainable development. In 2023, the board of directors has approved the 2030 phased goal of "Carbon Reduction 30; RE 30" to move toward the goal of 2050 net zero emission. First, the Carbon Reduction 30. Through the renewal of equipment, improvement of processes and cooperation with multiple partners, the total carbon emissions in 2030 is aimed to be reduced by 30% compared with the 2005 level. Secondly, the RE 30. By 2030, we aim to use more than 30% of renewable energy. To meet the 2030 phased goals, we will actively carry out relevant measures and processes of value chain engagement, and cooperate with our suppliers to work for the 2030 carbon reduction targets.

For the goal of 30% carbon reduction, major equipment renovations will be carried out in the next 5 years. It is expected to replace the electric furnaces in Miaoli Works and Taoyuan Works in 2027 and 2030 respectively. We continue to actively promote renewable energy such as solar and wind power generation, striving to reach the ratio of 30% renewable energy by 2030 and to achieve carbon neutrality by 2050. These declarations can concretely show the Company's strong and firm self-requirement for sustainable development and the responsible actions and strategies to make contributions to an eco-friendly environment and net zero emissions.

In terms of social prosperity, Tung Ho Steel sponsored the Tung Ho Steel Foundation's "M.E.L.T.", the 2023 Kaohsiung International Steel & Iron Sculpture Festival (KISISF)- everything is connected, and multiple arts and cultural activities. The "Alchemy Project- Innovative Design for Steel Structures" was kicked off in 2022, attempting to develop multiple channels to promote collaboration and exchange opportunities among professionals such as designers, construction teams, and structural engineering technicians, so as to explore various possibilities and practical applications of steel materials construction to maximize the benefits of steel components, providing feedback and improving the social built environment. During the event, representatives from relevant industries, architects, guests from arts and cultural sectors, as well as faculty and students from the multiple Architecture Departments were invited to visit. The total number of visitors exceeded 300. It is hoped to demonstrate the infinite possibilities of steel through the application and practice of material science.

Looking into the future, on the basis of adhering to the sustainable management of the iron and steel industry and becoming a professional steelwork for the production of steel products, we have set new visions. Tung Ho Steel has officially entered a new energy era of energy conservation, green energy and energy storage to achieve the core competitiveness of the sustainable development in the iron and steel industry, so as to achieve the ultimate goal of new zero emissions, energy conservation and environmental protection. This year, through the issuance of this Report, the determination to implement sustainable management of Tung Ho Steel is demonstrated, and we hope all our stakeholders can join us to work together to co-create and share the business results.

Chairman & CEO:
Henry C.T. Ho 侯傑騰

CH1

Sustainable Management

1-1 ESG Operation and Performance

Special Column: Assigned an ESG Entity Rating of "2" by Sustainable Fitch, Standing Out Among Rated Companies Globally

1-2 Communication with Stakeholders

1-3 Analysis of Material Topics

1-4 Response to Material Sustainability Topics

1-5 Sustainability Performance

Special Column: 2023 Environmental Awards and Achievements of Tung Ho Steel

1-1 ESG Operation and Performance

Organization and Promotion Policy

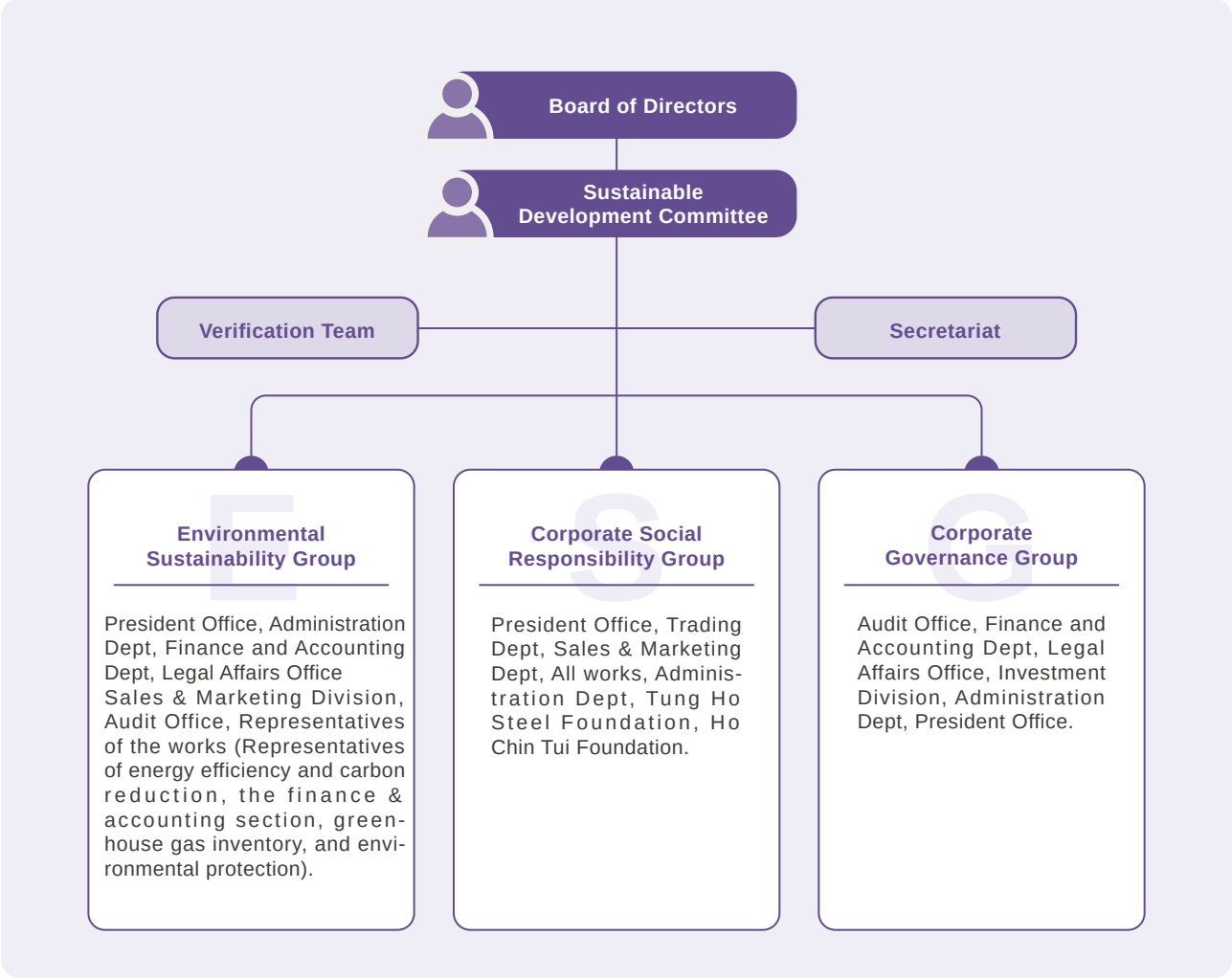
To implement the promotion of corporate social responsibility, Tung Ho Steel changed the "Corporate Social Responsibility Best Practice Principles (formulated in 2015)" to "Sustainable Development Best Practice Principles" in 2022. To improve the board functions and adjust the authorities of various functional committees, it was passed in the 2023 shareholders' meeting to revise the Articles of Incorporation and rename the "Corporate Governance and Nominating Committee" the "Sustainable Development Committee". The Sustainable Development Committee of the Board of Directors is responsible for the decision-making and supervision of sustainable development-related work, and it submits a report or resolution to the board of directors at least once a year.

The Sustainable Development Committee is subdivided into Environmental Sustainability Group, Corporate Social Responsibility Group, and Corporate Governance Group, each responsible for:

1. The establishment, supervision and review of the Environmental sustainability (climate change management, water resources management) system and goals.
2. The establishment, supervision and review of the sustainable development policies, system, or relevant management approaches of the corporate social responsibility.
3. The establishment, supervision and review of relevant policies in relation to corporate governance, integrity management, and risk management, and the management mechanisms.

The members include representatives from all units of the Head Office, factories, and the Foundation. The Administration Department is in charge of the secretariat business, including the overall planning, communication and integration, data collection, and the editing and revision of the sustainability report.

Organizational Structure of Sustainable Development



Key points of reporting sustainability issues to the board of directors

Date of board meeting/ Session	Content of proposal
2023.01.05/24th meeting of the 24th Session	● Passed the plan of the subsidiary, Tung Kang Wind Power Corp., to rent the roofs of the Company's Taoyuan Fabrication Center.
2023.02.22/25th meeting of the 24th Session	● Reported on the GHG inventory and schedule planning. ● Passed the proposal of revising the Corporate Governance Best Practice Principles and the Sustainable Development Best Practice Principles. ● Passed the 2023 phased goal setting of "2050 Net Zero Emissions" and set two 30s as the phased goals for 2023: (1) Carbon reduction by 30%: To reduce the total carbon emissions in 2030 by 30% compared with the level in 2005. (2) RE 30: 30% of the total electricity consumption will come from renewable energy in 2030; complete the purchase of 30% renewable energy for the Company's annual electricity consumption by 2050★.
2023.04.11/26th meeting of the 24th Session	● Passed the project for the subsidiary, Tung Kang Wind Power Corp., to construct a 100 MV E-dReg energy storage system in the Company's Longgang Industrial Park★.
2023.05.09/27th meeting of the 24th Session	● Reported on sustainable development implementation: 1. Reported on the shareholder communication status. 2. Reported on the issuance of the 2022 Sustainability Report. ● Reported on GHG inventory and schedule planning. ● The proposal to issue the 2023 TCFD Report. ● Passed the proposal of the formulation of the GHG management strategies, reduction targets and plans.
2023.06.19/2nd meeting of the 25th Session	● Passed the proposal of revising the Organization Regulations for the Corporate Governance and Nominating Committee and renamed it the "Organization Regulations for the Sustainable Development Committee".
2023.07.04/3rd meeting of the 25th Session	● Passed the donation of NT$ 4.5 million, 40 tons of steel, and 30 tons of scrap steel to Tung Ho Steel Foundation for the organization of the Alchemy Project" and other related activities and foundations affairs, and the sponsored funds will be transferred in installment from 2023 to 2024, depending on the progress of the activity plans.
2023.07.31/4th meeting of the 25th Session	● Reported on the GHG inventory and schedule planning.

Date of board meeting/ Session	Content of proposal
2023.12.26/6th meeting of the 25th Session	● Reported on the corporate governance promotion status: 1. Set an intellectual property management plan that was connected to the operational goals. 2. Plans to prevent dishonesty and insider trading. 3. Risk management 4. Information security management 5. Environmental sustainability ● Reported on the GHG inventory and schedule planning. ● Passed the proposal of revising the Human Rights Policy, Regulations Concerning Appropriation and Use of Special Surplus Reserve in Response to Climate Change Adaptation and Mitigation, and Risk Management Policy and Operating Procedures.

Note: ★ indicates a major event for Critical communication.

■ Sustainable Development Policy and History

In accordance with the Sustainable Development Best Practice Principles, Tung Ho Steel established the following Sustainable Development Policy, which was approved Board of Directors in December 2019, clearly requiring all directors, managers, employees, mandataries of the Company or persons having substantial control over the Company to abide by relevant rules, regulations[Note] and laws.

Note: Please check the website for relevant rules and regulations

Sustainable Development Policy

Integrity Governance

Implement corporate governance, establish high-quality corporate culture, and work for corporate integrity management.

Economic Sustainability

Innovative technical services, enhance operating performance, maintain stable profitability and work for sustainable operations.

Environmental Protection

Actively respond to climate change, promote circular use of resources, continue to reduce waste, energy use and carbon emissions and work for the implementation of environmental protection.

Friendly Workplace

Establish a sound and complete system and harmonious labor-employment relations, and create a safe and friendly workplace environment.

Social Prosperity

Reward academic and humanistic development, pay attention to social issues, actively participate in public welfare activities and work for social prosperity.

2016

Voluntary publication of the first Sustainability Report

2017

Established Rules Governing the Internal Verification of Corporate Social Responsibility Report

2018

Tung Ho Steel was included in TWSE Corporate Governance 100 Index

2019

- The CSR Team was incorporated into the Corporate Governance Committee and is subordinate to the Board of Directors
- Established CSR policy and human rights policy

2020

- Established Risk Management Policy
- Established Supplier Management Policy

2021

- Renamed the Corporate Governance Committee "Corporate Governance and Nominating Committee"
- Publication of the first English Sustainability Report
- Publication of the first TCFD Report

2023

- Passed the proposal of setting the Appropriation and Use of Special Surplus Reserve in Response to Climate Change Adaptation and Mitigation
- 2030 Sustainable goals: Carbon reduction 30% + RE30
- Renamed the Corporate Governance and Nominating Committee the "Sustainable Development Committee"

Sustainability Report Quality Management

To ensure that the Sustainable Report issued by Tung Ho Steel conformed to GRI requirements and the prescriptions of Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies, the Rules Governing the Preparation and Internal Verification and Validation of Sustainability Reports was passed on April, 2024, and the internal verification operation of the Report is conducted annually to serve as a basis for the preparation, international verification and validation related work.

Education and training on the current ESG condition and trends was conducted in December, 2023, and the content included sustainable development and challenges, international trends, current legal prescriptions, introduction of revision of GRI Standards for topics and so on. In addition, meetings for stakeholder identification and questionnaire distribution were held. After data collection, meetings for group discussion and first draft discussion were convened in January and March, 2023. The verification team conducted the internal verification operation, and the Report was verified by an impartial third party. The issuance of this 2024 Corporate Sustainability Report was reported to the 2nd meeting of the 3th Session of Corporate Governance and Nominating Committee and the 9th meeting of the 25th Session of Board of Directors in May, 2024, and the content included the communication status with the stakeholders, the material topics, performance, and the requirements of the competent authorities. The Report was assured by independent and credible British Standards Institution (BSI)[Note] for the verification of this Sustainable Report and was issued upon the approval of the chairman.

Note : BSI and the Company are two independent companies. Except for the Report evaluation and verification, BSI does not have other financial relationship with the Company.

Honored with the 2023 TCSA Corporate Sustainability Report Award- Gold Award in the Traditional Manufacturing Category

Internal Verification of the Sustainability Report

1. The verification team conducts the internal verification
2. Track improvement
3. Issue a summary report and verification statement

SPECIAL COLUMN

Assigned an ESG Entity Rating of "2" by Sustainable Fitch, Tung Ho Steel Stands Out Among Rated Companies Globally

Fitch Group's Sustainable Fitch, the professional ESG rating company, adopts a cross-industry and unified rating standard (the rating levels ranges from 1 to 5, with 1 being the highest). The rating focuses on whether the corporate performance and goals are in line with the industry and ESG trends. This rating showed that Tung Ho Steel's ESG entity actions received positive recognition.

Tung Ho Steel has received positive evaluations in terms of environmental performance. To achieve net-zero emissions by 2050, we have invested in green energy business such as wind power, solar PV power, and biogas power generation. The board of directors also passed the phased goal of "Carbon Reduction 30/RE 30" by 2030. In terms of governance and social aspect, financial reporting, remuneration, and taxation, complete procedures are in place. There are also complete risk management and internal audit system. Human rights and labor-related policies conform to international standards and norms.

The Company closely monitors global climate change trends and international response directions, integrating climate change into one of the significant issues and key risks for the Company's sustainable development. In 2023, the Corporate Governance and Nominating Committee was renamed "Sustainable Development Committee" to continue analysis and control, and is dedicated to GHG adaptation and mitigation. To actively manage carbon risks, the board of directors approved the setting of the Appropriation and Use of Special Surplus Reserve in Response to Climate Change Adaptation and Mitigation to allocate special surplus reserve for expenditures on corresponding projects or plans for climate change adaptation and mitigation, such as the energy-saving equipment or upgrades of equipment efficient, R&D of conservation technology, and low-carbon product development technology. We launched the Collaborative Carbon Reduction Agreement from 2023, and plan to organize GHG inventory briefings and workshops, aiming at exerting our influence to lead the suppliers of Tung Ho Steel to collaboratively reduce carbon emissions and work together toward the goal of net-zero by 2050.

1-2 Communication with Stakeholders

Tung Ho Steel respects the rights and interests of all stakeholders and understands their reasonable expectation and needs through appropriate communication methods. All the stakeholders' needs and expectations of the Company are properly responded to and will serve as a reference for the decision making of the company in the hope of creating and sharing the results of sustainable management with all our stakeholders.

Identification of Stakeholders

The identification of stakeholders of Tung Ho Steel was conducted by external ESG experts through referring to the stakeholders identified by the same trade and the scoring of the actual and potential positive as well as negative impacts of the stakeholders on operating activities of the Company. The scores ranged from 1 point (no impact) to 5 points (extreme impact). The overall score was based on the sum of the negative impact (actual/potential) and positive impact (actual/potential) of each stakeholder, and those with more than 10 points were ranked as major stakeholders. After discussions and review by the senior executives and department heads of the Company, 10 major stakeholders were identified, including shareholders, government agencies, employees, customers/distributors, iron and steel industry, suppliers, contractors/ subcontractors, academic & research institutions, community residents and media.

Communication with Stakeholders

Tung Ho Steel attaches great importance to the stakeholders' rights and opinions and has set up public and direct communication channels to provide information concerning the Company's Sustainable Development management. In addition, by understanding the issues of concern to the stakeholders, we continue to review and improve our performance in Sustainable Development.

Stakeholders/significance to Tung Ho Steel	Purpose of communication	Communication issues	Communication channels / Frequency	Communication performance in 2023
Shareholders Tung Ho Steel has been upholding integrity management and devoted to sustainable governance to improve our operating performance to create value for our shareholders.	To maintain good investment relationships	Economic Performance Integrity Management Corporate Governance Corporate Sustainability Development Risk Management	Shareholders' meeting - Regular Annual reports / financial statements – Annual/ Regular Investors Service Section on the official website - Immediate External communication mailbox - Immediate Legal person briefing - Annual	● 2 legal person briefings ● 16 corporate interviews ● 1 shareholders' meeting ● Disclosure of monthly and quarterly information of revenues and financial statements on our official website and MOPS
Government agencies The government is the creator of sustainability related policies and also the important promoter supporting and influencing the Company to step toward sustainability.	To ensure compliance	Integrity Management Compliance Environmental Protection Public Safety Response to Climate Change Impact	Stakeholders Section on the official website - Immediate Exchange of official documents-Immediate Regulation briefing, public hearing or symposium - Immediate	● Participated in 42 sessions of decrees propaganda briefings or symposiums held by environmental protection agency. ● Participated in 26 government meetings related to climate change ● Participated in 27 sessions of Occupational Safety and Health Administration's self-management seminars ● Participated in 6 seminars (symposiums) related to carbon reduction organized by Steel & Iron Industries Association. ● Participated in 2 traffic safety symposiums held by Kaohsiung City Police Department, Siaogang Precinct.

Stakeholders/significance to Tung Ho Steel	Purpose of communication	Communication issues	Communication channels / Frequency	Communication performance in 2023
Employees Employees are the most important assets of Tung Ho Steel, and they are the driving force of innovation and the cornerstone of our sustainable management.	To increase human capital	Occupational Health and Safety Labor-management Relations Education and Training Remuneration and Benefits Corporate Sustainability Development	Stakeholders Section on the official website - Labor-management meeting Internal communication mailbox Occupational Safety and Health Committee Internal publications Employee Welfare Committee Enterprise union Intranet Plant safety care and advocacy Labor safety education and training in the factory Department meetings in the factory Factory-level meeting Consultation on health with the factory doctor	● Convened 46 sessions of Occupational Safety and Health Committee meetings. ● Convened 15 labor-management meetings. ● Convened 46 factory-level meetings in factory. ● The factory doctor provided 97 times of on-site services. ● Training hours for labor safety education was 20,725 person-hours. ● A total of 4 collective bargaining conferences. ● A total of 26 symposiums for foreign workers.
Customers/ distributors Customers/distributors are the partners of the Company. We aim at meeting their needs by improving the quality of products, services and R&D capabilities to create a win-win situation.	To maintain good customer relationship	Customer Health and Safety Customer Satisfaction Compliance Customer Privacy	Stakeholders Section on the official website - Immediate Section distributors meeting - Monthly Customer satisfaction survey - Annual Direct communication – Immediate External communication mailbox - Immediate Product launch - Immediate Commerce sales - Immediate Tung Ho Steel（THS）Steel shipments messenger（APP）- Immediate	● Convened 12 distributors meetings. ● Fixed window for communication with Customers and distributors. ● Distributors place orders directly through the e-commerce system to reduce the error rate. ● Tung Ho Steel (THS)Steel shipments messenger (APP) provided customers with instant access to the production progress. ● Customer satisfaction: Rebar customers scored 95 points while section steel customers scored 93 points.
Iron & steel industry The manufacturers in the iron and steel industry are in a both competitive and cooperative relations. Through virtuous competition, the manufacturers in the same trade create the overall development of this industry together.	To create synergy value	Anti-competitive Behavior Innovative R&D Market Presence	Stakeholders Section on the official website - Immediate External communication mailbox - Immediate Steel & Iron Industries Association meetings - Immediate Direct communication - Immediate	● Participated in 18 Steel & Iron Industries Association meetings. ● 17 times of Regional Iron and Steel Industry Fellowship meetings.

Stakeholders/significance to Tung Ho Steel	Purpose of communication	Communication issues	Communication channels / Frequency	Communication performance in 2023
Suppliers Our suppliers are important partners for our operation. We pursue sustainable management and growth together with our suppliers.	To maintain good value chain operation	Procurement Practices Corporate Sustainability Development Response to Climate Change Impact	Symposium/ education and training - Immediate Supplier evaluation questionnaire - Annual Stakeholders Section on the official website - Immediate External communication mailbox - Immediate E-procurement - Immediate Direct communication - Immediate	● We had weekly discussion with steel and metal scrap dealers on the market and supply situation. ● A total of 712 suppliers signed the Supplier Social Responsibility Commitment.
Contractors/ subcontractors Under the trend of professional division of labor, we achieve our operational targets through the cooperation and assistance of the contractors.	To maintain good value chain operation	Occupational Health and Safety Education and Training Corporate Sustainability Development Compliance Environmental Protection	Stakeholders Section on the official website – Immediate External communication mailbox - Immediate Symposium/ education and training - Immediate Direct communication - Immediate Occupational Safety and Health Committee - Annual	● Convened 75 consultative organization meetings for joint operation. ● All contractors attended 36 times of monthly Occupational Safety and Health Committee meetings to review monthly safety deficiencies. ● Participated in in-plant safety and health education and training 156 times.
Academic & research Institutions Academic & research institutions play a leading role in the development and application of forward-looking technologies, and they can assist the Company with innovative R&D to enhance our competitiveness in the market.	To continue technology and business model innovation	Waste Carbon Management Responsible Consumption and Production Energy/ Affordable Energy Cleantech Opportunity	Corporate visits - Immediate Industry-Academia Collaboration - Immediate Patent licensing – Annual	● Signed a special cooperative education project with National Taiwan University on the Development of Microstructure of Ultra-high Strength Steel Place (Project period: 2022.01.01 to 2024.12.31). ● Entrusted the Green energy and Environment Research Lab of Industrial Technology Research Institute (ITRI) to carry out the Research on the Feasibility of CCS (Carbon Capture and Storage) in Miaoli Works ● Entrusted the Green energy and Environment Research Lab of Industrial Technology Research Institute (ITRI) to carry out the project of "Evaluation of the control and integration technology of the Key Components for Hydrogen Production and Hydrogen Energy Storage System- Research on the Hydrogen Source Assessment of Miaoli Works of Tung Ho Steel" . ● Entrusted the Green energy and Environment Research Lab of Industrial Technology Research Institute (ITRI) to implement the project of Construction of Industrial Big Data Energy Management System.

Stakeholders/significance to Tung Ho Steel	Purpose of communication	Communication issues	Communication channels / Frequency	Communication performance in 2023
Community residents Through community participation and care, we can better understand issues of the residents' concern and establish a harmonious relationship with them.	To fulfill corporate social responsibility	Community Participation Waste Air Pollutant Emissions Community Impact Community Development Social Welfare	Stakeholders Section on the official website - Immediate External communication mailbox - Immediate Community visits - Immediate Direct communication - Immediate	● Participated in 5 times of community activities. ● Community visits:6 times. ● Donation ceremony of Detection and Prevention Vehicle of Kaohsiung City Police Department, Siaogang Precinct: 1 time. ● Regularly assist with the mowing of weeds on the neighboring roads to play the role of a good neighbor ● Actively visit the neighboring communities on an irregular basis, participate in community charity activities, and sponsor neighboring schools and club activities. ● Adopt nearby streetlights and clean the roads around the works every day. Adopt the greenbelt turf trimming in the air quality purification zones of West Lake and Houlong Regions. ● Donated air-conditioning and projection equipment to community care centers.
Media Media are also an important bridge connecting the Company and other stakeholders for rapid communication.	To maintain good public relations	Economic Performance Compliance Social Welfare Environmental Protection	Stakeholders Section on the official website - Immediate External communication mailbox - Immediate Spokesman interview - Immediate Press release - Immediate	● 2 legal person briefings ● Produced and released 1 commercial entitled "Lifequake- The Power to Extend Life" . ● Promote the seismic resistance characteristics of SN steel in the building material area for builders

Stakeholder Consultation and Complaint Channels

We have established the Ethical Corporate Management Best Practice Principles, Procedures for Ethical Management and Guidelines for Conduct, Corporate Governance Best Practice Principles, Guidelines for the Adoption of Codes of Ethical Conduct for Directors and Managers, Work Rules, and Enforcement Rules of Governing Personal Information Data Security Maintenance and Management, clearly requiring all directors, managers, employees, mandataries of the Company or persons having substantial control over the Company to abide by, and remind them that they should be honest, incorruptible, follow anti-corruption and code of ethics, avoid conflicts of interest and report, and have the concept of privacy protection, confidential information protection, intellectual property rights protection and personal data protection. Dedicated contact channels for the stakeholders are set up and announced on the Company' s official website to take notifications, suggestions, complaints and grievance of the Company. Dedicated personnel will be in charge of relevant handling and replying. In 2023, there were no external grievances, complaints, or directly reported cases from the employees.

Category	Consultation & Grievance Channels / Contact person	Mechanism of whistleblower protection	Handling process of reported cases	Title of regulations
Corporate governance and management	● **Email of Tung Ho Steel:** tungho@tunghosteel.com ● **Independent directors' email:** Der-Ming Lieu: dmlieu@hotmail.com Jih-Gang Liu: csc.039958@gmail.com Chia-Wen Liu: acliu@ntu.edu.tw	When the whistleblower reports illegal behavior of the personnel in the Company, the identity of the whistleblower, the content, and the investigation process shall all be kept confidential, and a complete record of the acceptance of the case, investigation process and results shall be kept.	The audit unit will be instructed to conduct investigations, and a report of results and suggested handling methods shall be made and submitted to independent directors.	● Corporate Governance Code ● Ethical Corporate Management Best Practice Principles ● Procedures for Ethical Management and Guidelines for Conduct ● Guidelines for the Adoption of Codes of Ethical Conduct for Directors and Managers ● Work Rules ● Sustainable Development Best Practice Principles ● Regulations Governing Intellectual Property Management
Human rights	● **Email of Tung Ho Steel:** tungho@tunghosteel.com ● **Employee grievance hotline and mailbox:** Administration Division: Ms. Ding (02) 2551-1100 Ext. 531/ dingyuj@tunghosteel.com ● **Sexual harassment complaint hotline and mailbox:** tungho@tunghosteel.com ● **Employee opinion mailbox:** employee opinion mailbox in each works and the email of Tung Ho Steel: tungho@tunghosteel.com ● **Labor-management meeting** ● **Sexual Harassment Review Committee**	As prescribed in Article 8 of the Company's Regulations governing Employee Grievance and Report, the complainant (reporter) and the relevant personnel responsible for handling the complaints (report) shall keep it absolutely confidential and shall not disclose the case to the public. If details of the case are leaked by intentional negligence, the person(s) releasing the information shall be punished according to relevant regulations in accordance with the degree of the disclosure.	Employees can file complaints or report to the unit head or the management unit of each factory in writing, mail (email), orally or by telephone. After receiving the complaints, the unit or personnel responsible will start investigation. If there are major violations of regulations or concerns of major damage to the Company, such unit or personnel shall prepare a report and notify independent directors in writing. If any violation by a director or managerial officer is verified through investigation, relevant information will be instantly disclosed at the MOPS.	● Regulations Governing Employee Grievance and Whistleblowing (Whistleblower Protection Policy) ● Human Rights Policy ● Regulations for the Prevention and Handling of Sexual Harassment ● Sustainable Development Best Practice Principles ● Workplace Violence Prevention Policy Statement

Category	Consultation & Grievance Channels / Contact person	Mechanism of whistleblower protection	Handling process of reported cases	Title of regulations
Products	● **Email of Tung Ho Steel:** tungho@tunghosteel.com ● **Customer grievance hotline and mailbox:** Administration Division: Mr. Weng (02) 2551-1100 Ext. 538 / rhweng@tunghosteel.com ● **Distributors meeting**	After receiving the customer complaint, the business unit will actively assign staff to understand the situation and fill in the Customer Complaint Handling Form to investigate the preliminary reason for the reference of relevant units. Handling plans will be deliberated in no time to respond to our customers for a solution.	When there are discrepancies in the shipping process or quality of products with our customers, Tung Ho Steel will handle the situation in accordance with Regulations for Handling Customer Complaints.	● Regulations for Handling Customer Complaints
Personal data privacy, information security	● **Email of Tung Ho Steel:** tungho@tunghosteel.com ● **Personal data privacy grievance hotline and mailbox:** Administration Division: Ms. Nie quintina@tunghosteel.com (02) 2551-1100 Ext.536 ● **Information Security grievance hotline and mailbox:** Information Technology Division: Mr. Lin shinlong@tunghosteel.com (02) 2551-1100 Ext.511	The Company will make every effort to keep the identity of the whistleblower confidential and protect the safety of the whistleblower, preventing the whistleblower from any form or retaliation and threats.	Stakeholders who have any doubt and suggestion about the personal data can write to the personal data management unit for suggestions or discussions.	● Regulations Governing Personal Information Data Security Maintenance and Management ● Information Security Incident Management Measures
Environment	● **Email of Tung Ho Steel:** tungho@tunghosteel.com ● **Taoyuan Works:** Mr. Lee Mr. Lee (03)476-1151 Ext.110 Mr. Lee (03)476-1151 Ext. 251 (Water-related) ● **Miaoli Works:** Mr. Chen (037)923-333 Ext.177 Mr. Wang(037)923-333 Ext.326 (Water-related) ● **Kaohsiung Works:** Mr. Yang (07) 802-3131 Ext.296 Mr. Wu (07) 802-3131 Ext.280 (Water-related) ● **Climate change grievance mailbox and hotline:** R&D Technology Dept. Mr. Wu h82wku@tunghosteel.com (037) 923-333 Ext. 320 ● **Renewable energy grievance mailbox and hotline:** Tung Kang Wind Power Corp. Mr. Hsieh h25hmt@tunghosteel.com (037) 923-333 Ext. 361	The Company will make every effort to keep the identity of the whistleblower confidential and protect the safety of the whistleblower, preventing the whistleblower from any form or retaliation and threats.	When the employees of the factories, related groups outside the factories, or residents from the surrounding communities have opinions or disputes on environmental issues, they can file a complaint to the dedicated unit through face-to-face interviews, phone calls, emails or other channels. The factory will communicate, handle and respond to the complaint in accordance with relevant communication management regulations.	● Regulations Governing Consultation, Participation, and Communication ● Operating Standards for Waste Management

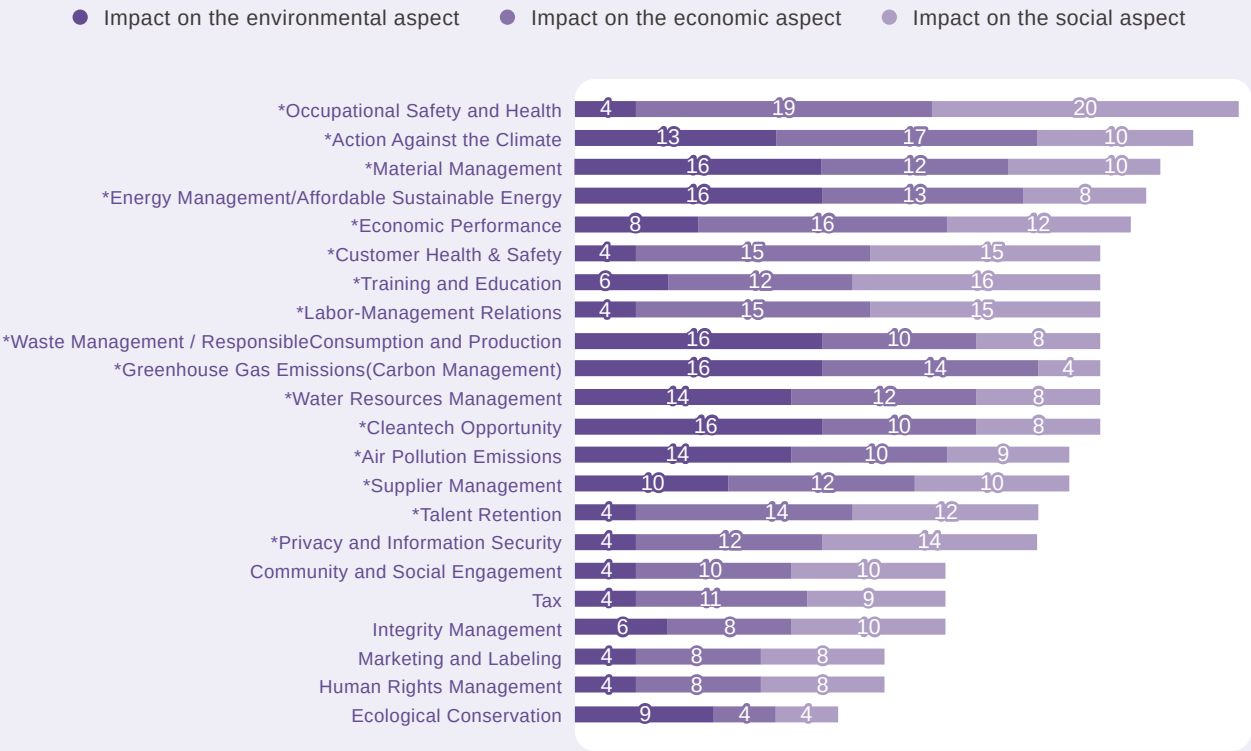
Category	Consultation & Grievance Channels / Contact person	Mechanism of whistleblower protection	Handling process of reported cases	Title of regulations
Suppliers/ contractors/ subcontractors	● **Email of Tung Ho Steel:** tungho@tunghosteel.com ● **Supplier grievance hotline and mailbox:** Trading Division Mr. Pan (02) 2551-1100 Ext. 604 pcm@tunghosteel.com Material Management Dept. of Taoyuan Works: Mr. Jian h16jyh@tunghosteel.com (03) 476-1151 Ext. 520 Material Management Dept. of Miaoli Works: Ms. Tu alina@tunghosteel.com (037) 923-333 Ext. 126 Material Management Dept. of Kaohsiung Works and Daya Works: Mr. Sun i00sjh@tunghosteel.com (07) 802-3131 Ext. 265 ● **Visits**	The Company will make every effort to keep the identity of the whistleblower confidential and protect the safety of the whistleblower, preventing the whistleblower from any form or retaliation and threats.	The suppliers, contractors, and collaborating companies can make use of the communication channels, standards, policy and related regulations to submit suggestions and complaints to the management and the internal audit supervisor. After receiving the feedback, the responsible unit will handle it properly.	● Procedures for Ethical Management and Guidelines for Operations
Shareholders and media	● **Email of Tung Ho Steel:** tungho@tunghosteel.com ● **Shareholders and media grievance hotline and mailbox:** President Office: Mr. Chen i00kcc@tunghosteel.com (02) 2551-1100 Ext.588	Shareholders may file a complaint to the competent authority of the Securities and Futures Investors Protection Center (SFIPC).	Handled in accordance with relevant regulations of competent authorities.	● Speaking Guidelines for the Company' s Spokesperson ● Internal Handling Procedures for Significant information

1-3 Analysis of Material Topics

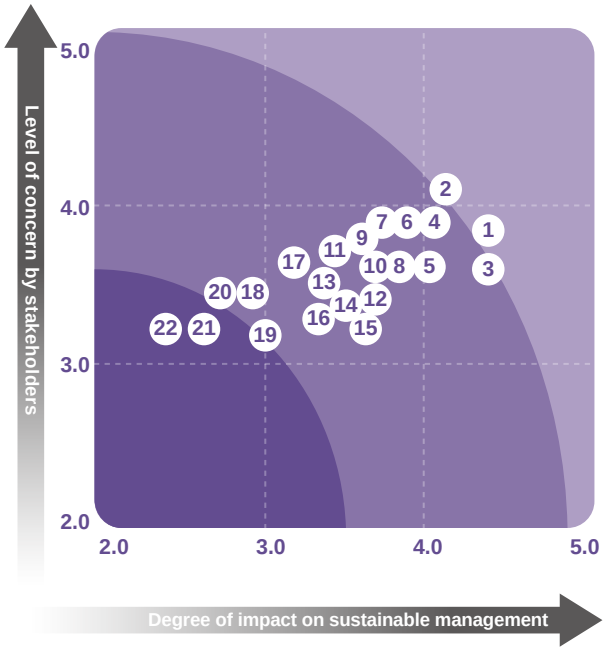
Steps for the determination of the materiality of sustainability topics

Steps	Results/Description
01 Understand the context of the industry and collection of sustainability topics	To strengthen sustainable strategies, Tung Ho Steel referred to the GRI Standards, Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies, GRI G4 Guidelines and Mining and Metals Sector Disclosure, SASB Sustainability Accounting Standard (SASB Standard) for Iron & Steel Producers, and UN's SDGs, and with the reference to the opinions of stakeholders, and a total of 22 sustainable topics suitable for the characteristics of Tung Ho Steel were summarized, covering the four sustainable aspects of corporate governance, economy, environment and society (people and human rights). Note: There was no GRI Standards for Iron and Steel Industry yet as of March, 2024.
02 Identify actual and potential negative and positive impacts	External ESG experts scored the actual and potential negative and positive impact of the sustainability topics on corporate governance, economy, environment, and society (people and human rights) based on the operating activities of the organization. The severity needs to be considered for the actual negative impact while the severity and possibility of the potential negative impact has to be considered. The impact scale and scope have to be considered for actual positive impact while the impact scale, scope and possibility of potential positive impact have to be considered. The scores ranged from 1 point (no impact) to 5 points (extreme impact). To strengthen the communication with our stakeholders, questionnaires were distributed to investigate the topics of concern of all stakeholders and the significant impact of the sustainability topics assessed by the Company executives. The analysis results served as a reference for the prioritization of topics. In 2023, a total of 259 copies of questionnaires were returned, including 239 copies of level of concern questionnaires and 20 level of impact questionnaire (filled in by Tung Ho Steel's supervisors).
03 Assessment of significance of impacts	The overall score was based on the sum of the negative impact (actual/potential) and positive impact (actual/potential) of each sustainability topic on corporate governance, economy, environment, and society (people and human rights), and those with more than 30 points were ranked as topics with impact/significant impact.
04 Determination of material topics	Based on the GRI Sector Standards, TWSE requirements, and the industry topics listed in the SASB, priority was given to possible material sustainability topics. After discussion and review with senior executives and department heads, a total of 16 material sustainability topics were determined, which were combined into 12 material sustainability topics as the priority reporting order of this Sustainability Report.

Level of impact of each sustainability topic on the environmental, economic and social aspects



Matrix of Sustainability Topic



Matrix of Sustainability Topic

1. Occupational Safety and Health
2. Economic Performance
3. Action Against the Climate
4. Greenhouse Gas Emissions (Carbon Management)
5. Energy/Affordable Energy
6. Cleantech Opportunity
7. Air Pollution Emissions
8. Raw Material Management
9. Waste Management / Responsible Consumption and Production
10. Water Resources Management
11. Customer Health & Safety
12. Talent Retention
13. Supplier Management
14. Privacy and Information Security
15. Training and Education
16. Labor-Management Relations
17. Integrity Management
18. Community and Social Engagement
19. Tax
20. Marketing and Labeling
21. Human Rights Management
22. Ecological Conservation

Note: Explanation of adjustments in the material sustainability topics compared to last year

1. The original "Compliance" and "Corporate Governance" are listed as regular operational management behavior, so these two topics are excluded from the Sustainability Topics.
2. The original "Climate-related Financial Impacts" and "Green Action (Action Against the Climate) " are merged into "Action against the Climate" .
3. The original "Materials" and "Material Management" are merged as "Raw Material Management" .
4. The original "Supplier Environmental Evaluation" and "Supplier Social Assessment" are merged as "Supplier Management" .
5. The original "Information Security" is adjusted to "Privacy and Information Security" .

List of Material Topics

Aspect	Material sustainability topic	Corresponding Material Sustainability Topic	GRI standards and other corresponding sustainability topics	Significance of the material sustainability topics to the organization	Corresponding chapter	The degree of impact involvement
Economic Aspect	1.Stable Operation	Economic Performance	【GRI 201】Economic Performance	The foundation for corporate operations is to increase profitability and to be able to create long-term and stable sustainable performance.	3-1 Operating Status 3-2 Risk Management	● Cause
	2.Cleantech Opportunity	Cleantech Opportunity	Customized topic-Cleantech Opportunity	In response to the international trend and national goal of Carbon Neutrality by 2050, we actively develop clean technology such as renewable energy, hydrogen energy, carbon capture and utilization to ensure the direction and goal of cleantech development and maintain competitiveness.	3-3 Management of and Strategies for Climate Change Risks and Opportunities	● Cause ▲ Directly related
	3.Information Security	Privacy and Information Security	【GRI 418】Customer Privacy	To ensure the confidentiality, integrity, availability, and legality of information for uninterrupted operation.	3-2 Risk Management Customer Privacy	● Cause
Environmental Aspect	4.Materials Circular Economy	Raw Materials Management Waste Management / Responsible Consumption and Production	【GRI 301 Materials 【GRI 306】Waste 【GRI G4 】Material Management 【SASB 】Waste Management Sustainability Reporting Indicators- Steel Industry (4) 【SDGs 12 】Responsible Consumption and Production	Implementation of circular economy through the use and management system of raw materials to maximize resources efficiency and minimize environmental impacts to enhance economic value and step toward sustainable development.	Introduction of Value Chain 4-3 Pollution Prevention and Control Management Waste Treatment and Recycling	● Cause ▲ Directly related
	5. Action Against the Climate	Action Against the Climate Energy Management/ Affordable Sustainable Energy Greenhouse Gas Emissions(Carbon Management)	【GRI 201-2】Financial implications and other risks and opportunities due to climate change 【GRI 302】Energy 【GRI 305】Greenhouse Gas Emissions (Carbon Management) 【SASB】Energy Management 【SASB】Greenhouse Gas Emissions Sustainability Reporting Indicators- Steel Industry (1) (2) 【SDGs 7】Affordable Energy	Appropriate energy management and climate change strategies can reduce operating costs and risks.	3-2 Risk Management 3-3 Management of and Strategies for Climate Change Risks and Opportunities 4-2 Use of Energy Resources Green Process	● Cause ▲ Directly related

List of Material Topics

Aspect	Material sustainability topic	Corresponding Material Sustainability Topic	GRI standards and other corresponding sustainability topics	Significance of the material sustainability topics to the organization	Corresponding chapter	The degree of impact involvement
Environmental Aspect	6.Water Resources Management	Water Resources Management	【GRI 303】Water and Effluents 【SASB】Water Resources Management Sustainability Reporting Indicators- Steel Industry (3)	Effective water resources management can reduce operational risks and strengthen corporate competitiveness.	Water Resources Management	● Cause ▲ Directly related
	7. Air Emissions	Air Pollution Emissions	【GRI 305】Emissions 【SASB】Air Pollution Emissions	Effective management of air pollution control can reduce environmental impacts and also the operating costs and risks.	Emission Control	● Cause ▲ Directly related
Social Aspect	8.Enhancement of Product and Service Quality	Customer Health & Safety	【GRI 416】Customer Health & Safety	Providing stable and great product quality will help improve customer satisfaction and operational performance.	Quality Management	● Cause
	9.Safe and Healthy Workplace	Occupational Safety and Health	【GRI 403】Occupational Safety and Health 【SASB】Workforce Health and Safety Sustainability Reporting Indicators- Steel Industry (5)	Employees are important assets to the company, and the safety of the working environment should be ensured to avoid potential costs and risks caused by occupational accidents.	5-4 Occupational Health and Safety	● Cause
	10.Talent Retention	Talent Retention Labor-Management Relations	【GRI 201-3】Defined Benefit Plan Obligations and Other Retirement Plans 【GRI 202】Market Presence 【GRI 401】Employment 【GRI 402】Labor-Management Relations 【GRI 405-2】Ratio of Remuneration between Women and Men	Good labor-management relations can facilitate employee communication and coordination to strengthen the cohesion among employees.	5-1 Manpower Structure with Equality 5-2 Labor-Management Relations	● Cause
	11.Talent Cultivation	Training and Education	【GRI 404】Training and Education	To stimulate the potentials of employees and enhance their professional capabilities, we provide diverse channels for learning resources to enable fit for work for all the employees to enrich the human resources of the company.	5-3 Career Development and Training	● Cause
	12.Supplier Management	Supplier Management	【GRI 308】Supplier Environmental Evaluation 【GRI 414】Supplier Social Assessment 【SASB】Supplier Management	To ensure the quality, cost, delivery and quality of service of its suppliers, the Company urges its suppliers to jointly implement environmental protection, climate change response and disclosure of information of labor rights and human rights to fulfill the social responsibility.	Supplier Management	● Cause ▲ Directly related

Note: The degree of involvement in an event of a negative impact: ●cause, ○ contributing, ▲ directly related.

1-4 Response to Material Sustainability Topics

Tung Ho Steel has established policies and objectives, assessment mechanism, performance and adjustments[note] for 12 material topics to allow the Company to possess its competitive advantage in the ever-changing business environment. The corresponding management actions to these topics taken are detailed as follows.

Note: For the impact of the 12 material sustainability topics on Tung Ho Steel, please refer to 1-3 Analysis of Material Topics-List of Material Topics.

Material Sustainability Topics in Economic Aspect 01 Stable Operation	Material topic covered 【GRI 201】Economic Performance
Management Unit	President Office
Purpose of management	To strengthen our competitiveness, improve performance and create value for our shareholders.
Policies / Commitments	● To continue the improvement of technical capabilities, enhancement of management efficiency, reduction in production costs, close cooperation among production, sales and purchase to enhance the competitive advantage in the domestic market. ● Actively expand new foreign markets and new customers and research and develop new steel products and applications. ● Actively promote environmental protection and GHG emission reduction in response to net zero emissions by 2050.
Recovery mechanism/ Measures	Senior managers have weekly discussions on the market and product & sales conditions, hold monthly management meetings to review the performance and set targets, and report to the board of directors the latest business performance. The board of directors conducts supervision and guidance to achieve the performance targets.
Goals for 2023	Stable growth and profitability.
Specific Actions in 2023	● The high-level management regularly discuss the operating situations and make decisions. ● The Company has a task force for business analysis and develops an information system to cooperate with management. ● Technical units for research and development of new products and technologies, reduce costs and increase production performance. ● Invest in green energy industries, including wind power generation, biogas power generation, waste recycling and so on.
2023 Performance Outcomes	● The EPS was NTD 6.48. ● The cash dividend was NTD 4.2. ● Obtained land, plant, and equipment of Daya Works in Kaohsiung, and the factory registration was completed and production started in January, 2023. The production volume was approximately 300,000 tons, and the shipment volume was approximately 22,000 tons in 2023. In addition, a new fabrication line will be added, providing more complete and diversified services to our customers in central and southern regions of Taiwan.
Short-/Medium-/Long-term Goals	Stable growth and profitability.
Evaluation mechanism	● Prepare annual budgets and conduct tracking and reviews of goals through monthly meetings and take necessary measures. ● Grasp real-time economic trends and have close cooperation among production, sales and purchase for integrated operation. ● Continue to actively strive for improvement of technical capabilities and management efficiency and reduction of production costs, and explore new foreign markets and new customers to enhance our competitive advantage in both domestic and foreign markets. ● Engage in R&D of new steel products and new applications to explore business opportunities.
Corresponding chapters	3-1 Operating Status 3-2 Risk Management

Material Sustainability Topics in Economic Aspect 02 Cleantech Opportunity	Material topic covered Customized topic- Cleantech Opportunity
Management Unit	R&D Technologies Division
Purpose of management	Renewable energy technology is mature, but there is great uncertainty in the timeline of installation due to insufficient feeder capacity and the acceptance by surrounding residents. The technology development of applying hydrogen burners to steel ladle preheaters and heating furnaces in steel works is still ongoing, and currently, there hasn't been actual application in the world. When applying carbon capture to electric furnace plants, problems such as large variability in flue gas composition, impurity composition, and temperature faced still need further research. Due to the uncertain factors, there is a need to establish a management and evaluation mechanism to ensure that the directions and goals of the Company's cleantech development can be implemented.
Policies / Commitments	Actively develop renewable energy, gradually invest in the pilot research in CCS technology in electric furnace plants and experimental plants, and continue to pay attention to the technical development and practical application trends of hydrogen energy in the steel industry.
Goals for 2023	● Installation of the solar PV system ● Invest in the pilot research in CCS technology and hydrogen energy application technology
Specific Actions in 2023	● The installation of solar PV system: Tung Kang Wind Power Corp. has installed 17,000 kW of solar power generation equipment in each Works, with a total installation cost of NTD 680 million. ● Pilot research of CCS technology: Invested NT$3.3 million in research from 2022 to 2023. ● Pilot research of hydrogen energy application technology: Invested NT$ 2 million in research from 2022 to 2023.
2023 Performance Outcomes	● Installation of 17 MV solar PV system: Completed in 2023, and the electricity business license (EBL) is expected to be obtained in 2024H2. ● Pilot research on CCS technology: We visited domestic experts and scholars in carbon capture technology in March, 2022, and entrusted a domestic research institution to implement the first phase of the Research on the Feasibility of CCS (Carbon Capture and Storage) in Miaoli Works in August. The final report was submitted in June, 2023. The second phase collaboration project is still under discussion. ● Pilot research of hydrogen energy application technology: In 2022, we entrusted a research institution to carry out the first phase of the project of "Evaluation of the control and integration technology of the Key Components for Hydrogen Production and Hydrogen Energy Storage System, and the final report was submitted in June, 2023. The second phase collaboration project is still under discussion.
Short-/Medium-/Long-term Goals	● To obtain the electricity business license (EBL) of the 17 MV solar PV system in 2024H2. ● Pilot research on the carbon capture technology: 1.Short-term goal: The research fund for the industry-academia collaboration between 2023-2025 is about NT$ 2 million every year. 2.Medium-term: In 2026, investment in Tung Ho Miaoli Work owned carbon capture experimental plant, with an estimated capital expenditure of NT$ 60 million. ● Pilot Research on Hydrogen Energy Application Technology: 1.Short-term goal: The research fund for the industry-academia collaboration between 2023-2025 is about NT$ 2 million every year.
Evaluation mechanism	● During the installation of the solar PV system, bi-weekly meeting was convened for the review of the project progress to supervise solar power manufacturers to implement the project progress in accordance with the contract. ● Preliminary research of the CCS technology in the electric furnace factory and the hydrogen research: Progress is reviewed every 6 months, and the report is submitted to the Sustainable Development Committee.
Corresponding chapters	3-3 Management of and Strategies for Climate Change Risks and Opportunities

Material Sustainability Topics in Economic Aspect 03 Information Security	Material topic covered 【GRI 418】Customer Privacy Customized topic- Privacy and Information Security
Management Unit	Information Technology Division
Purpose of management	To ensure the information security related operations are properly managed.
Policies / Commitments	The information security policy: "Information security is everyone' s responsibility and zero information security incidents companywide. Policy requirements: 1. Information will be protected to prevent unauthorized access to information. 2. The confidentiality of information will be protected. 3. The integrity of the information will be maintained. 4. Availability of information will be ensured. 5. Meet the requirements of competent authorities and national laws. 6. Provide information security training for employees of the Company. 7. The goal of information security is to ensure sustainable operation, reduce hazards, and prevent the occurrence of information security incidents. Commitments： 1. Ensure the establishment of information security policies and information security objectives that are compatible with the Company's strategic direction. 2. Ensure that the information security management system requirements are integrated into each process of the Company. 3. Ensure that the resources required by the information security management system are available. 4. Communicate the importance of effective information security management and the importance of meeting the requirements of the information security management system. 5. Ensure that the information security management system achieves its intended outcomes. 6. Command and support personnel to promote the effectiveness of the information security management system. 7. Advocate continuous improvement. 8. When it is applicable to the scope of responsibility of other relevant management roles, support is provided to demonstrate the leadership.
Recovery mechanism/ Measures	Handle in accordance with the Company's Information Security Incident Management Measures
Goals for 2023	Complete the replacement of the Company's external firewall.
Specific Actions in 2023	The Company conducts risk assessment in accordance with the Information Asset Management Measures and Information Security Risk Assessment Management Measures, and high-risk handling plans are established and implemented for high-risk information assets. 1. Continue the investment in information security equipment maintenance and update 2. In addition to daily maintenance, the management work also includes the followings: ● Check the copyright of the installed computer software ● Review of the authority of applications users use ● Backup tape availability testing ● Server vulnerability scanning and fixing ● Remote backup drills ● Assessment of information security risk
2023 Performance Outcomes	● There were no complaints concerning infringement of customer privacy or loss of customer information. ● Passed the verification of ISO 27001:2013 (Certificate is valid from 2023/4/3 to 2025/10/31). ● Introduce an online education and training platform to conduct education and training of information security. ● Conducted a company-wide social engineering drills and produced Phishing Email Prevention Awareness educational training video for the employees. ● Replaced the outdated firewalls used company-wide in external communication lines to reduce the risk of hacker attacks. ● SecurityScorecard, the information security vendor TSMC commissioned, evaluated the information security status of the suppliers in the supply chain, and the score was 92 points.
Short-/Medium-/Long-term Goals	The 2024 information security goal is to continue the operation of the enterprise and strengthen information system resources. The medium-term goal is to strengthen the resilience of the information system, while the long-term goal is to achieve zero information security incidents.
Evaluation mechanism	● The internal and external information security audits are carried out by the Audit Office and the audit accounting firm. ● The inspection is conducted in accordance with the procedure, which include the implementation of the firewalls of all factories and the data analysis of the annual statistics of the antivirus software, including user traffic, types and times of restricted website visits, types and times of threats or virus attacks and so on, and is handled in accordance with the relevant regulations of cyber security management operations.
Corresponding chapters	3-2 Risk Management　　Customer Privacy

Material Sustainability Topics in Environmental Aspect 04 MaterialsCircular Economy	Material topic covered	【GRI 301】Materials 【GRI 306】Waste 【GRI G4】Material Management 【SASB】Waste Management	Sustainability Reporting Indicators- Steel Industry (4) 【SDGs 12】Responsible Consumption and Production

Management Unit	Labor Safety Center of each Works
Purpose of management	To meet the government and public' s environmental protection requirements of the industrial waste generated by the Iron and Steel Industry and to catch up with the international trends of environmental protection, shaping a good corporate image while at the same time maximizing the efficiency of resource use.
Policies / Commitments	● Comply with relevant laws and regulations of both central and local government as well as the operating standards the Company has established. ● Maintain the environmental management system and continuously improve pollution to achieve environmental improvement performance. ● To increase the domestic purchase amount of scrap steel and increase the recycling rate of in the steel-making process. ● The waste is fully recycled to create the niche for the creation of a circular economy. ● Make efforts to increase the recycling value of resources and work on the quality of greenery of the environment to fulfill our corporate responsibility to society and environmental protection.
Recovery mechanism/ Measures	● When the employees or related groups outside the factories have opinions or disputes on the environmental issues, communication should be conducted, and the opinions of the related groups should be accepted and responded to in accordance with the Communication, Participation, and Consultation Management Regulations. ● Waste generated in the factory areas shall be handled in accordance with the Operating Standards for Waste Management for effective management and disposal. ● Environmental emergency shall be conducted in accordance with the Regulations on Emergency Preparedness and Contingency Response. The responsible unit shall notify relevant supervisor and local competent authority in a timely manner as prescribed by law.
Goals for 2023	To continuously promote ISO 9001 and ISO 14001 and increase the proportion of resource utilization.
Specific Actions in 2023	● Fine crushing workshop increase the recovery rate of steel making. ● Expenses on industrial waste disposal reached approximately NTD 250 million in 2023. ● The oxide ballast is processed by the recycling organization to continue to be used as raw materials in relevant units.
2023 Performance Outcomes	● The total waste treatment volume in 2023 amounted to 341,024 metric tons, and the Company's waste recycling (recycle for reuse) ratio reached 98.8%. ● The ratio of recycled scraps for rebar was 1.70% and for section steel was 4.82%. ● 98.6% of the main raw materials were recyclable.
Short-/Medium-/Long-term Goals	● Daya Works is expected to introduce ISO 14001. ● To reach the goals of circular economy and reuse of resources and at the same time extend the value chain to create the value of resources reuse. ● Industrial waste such as fly ash, oxidized ballast, and reduced oxide are recycled to achieve the goal of circular economy with zero waste, zero pollution and making the best use of everything. ● To refine and recycle the heavy metal zinc oxide contained in the fly ash. ● To purchase scrap steel in accordance with the monthly production plan.
Evaluation mechanism	● Relevant responsible units establish relevant standards for steel scrap acceptance, waste treatment and electric furnace operation in accordance with ISO 9001 and ISO 14001 management systems, and the monthly performance tracking and target review are conducted. Grasp the domestic and foreign markets for steel scraps effectively and improve the recovery rate of the steelmaking process. ● Relevant units continue to propose improved management plans in PDCA model in accordance with the ISO 14001 environmental management system on a regular basis. ● Report the achievement status and evaluation level of the implementation performance in the annual management review committee meeting for necessary review and adjustment.
Corresponding chapters	Introduction of Value Chain 4-3 Pollution Prevention and Control Management Waste Treatment and Recycling

Material Sustainability Topics in Environmental Aspect 05 Action Against the Climate	Material topic covered	【GRI 201-2】Financial implications and other risks and opportunities due to climate change 【GRI 302】Energy 【GRI 305】Greenhouse Gas Emissions(Carbon Management) 【SASB】Energy Management 【SASB】GHG Emissions Sustainability Reporting Indicators- Steel Industry (1) (2) 【SDGs 7】Affordable Energy

Management Unit	All Works, R&D Technology Department, Tung Kang Wind Power Corp.
Purpose of management	To effectively manage the Company' s climate change response actions so as to reduce emissions for lower production costs and enhance product competitivity to avoid possible operational risks in the future for sustainable management and enhanced corporate competitivity.
Policies / Commitments	● Work in line with the development of the national strategy for overall GHG reduction while taking into account the goals of sustainable energy development for resource efficiency, energy conservation and environmental protection. Strengthen carbon information disclosure and enhance carbon management capabilities. ● Actively invest in new fields, such as wind power/PV, hydrogen energy, carbon capture and utilization, and energy storage.
Recovery mechanism/ Measures	In response to the Renewable Energy Development Act, our company will install solar power generation equipment. This will not only offset the costs derived from regulatory surcharges but also reduce electricity usage fees, bringing cost benefits to the company."
Goals for 2023	Use low-carbon materials
Specific Actions in 2023	● Starting from 2023, the Company no longer purchase white pig iron as the raw material for electric arc furnace steelmaking. ● Continue to promote ISO 50001 Energy Management System and ISO 14064-1 GHG Inventory. ● Evaluate risks and opportunities in accordance with the TCFD framework and participate in international ranking mechanism such as CDP. ● Conduct research on advanced carbon reduction technology. ● Invested in energy-efficient hardware facilities in accordance with the Company' s Appropriation and Use of Special Surplus Reserve in Response to Climate Change Adaptation and Mitigation. ● During the peak demand for electricity in summer, we actively cooperate by shifting to off-peak power consumption period for our power consumption to maintain the balance between people' s livelihood and industrial power consumption. In addition, we also promote improvement of energy conservation of equipment to reduce energy consumption and reach the goal of reducing electricity consumption every year.
2023 Performance Outcomes	● To respond to the global trends and the country's 2050 Net Zero Emission Goal, we have included Climate Change in the material topics of sustainable development. In 2023, the board of directors has approved the 2030 phased goal of "Carbon Reduction 30; RE 30" to move toward the goal of 2050 net zero emission. 1.Carbon Reduction 30: the total carbon emissions in 2030 is aimed to be reduced by 30% compared with the 2005 level. 2.RE 30: By 2030, we aim to use more than 30% of renewable energy. ● The Company paid close attention to global climate change trends and international response directions, and continued to update the 2050 carbon reduction road map and has actively developed green energy industry. ● Tung Kang Wind Power Corp. has terminated the contract with Taiwan Power Company and started to supply power for the three works of Tung Ho Steel to meet the obligation amount for major power users from January 1, 2023. ● Tung Ho Steel's 2023 CDP Climate Change Questionnaire was ranked the Leadership Level (A-).
Short-/Medium-/Long-term Goals	● Use low-carbon materials by 2025. ● Carbon Reduction 30 and RE 30 by 2030. ● Follow the national 2050 net-zero pathway by 2050.
Evaluation mechanism	The Sustainable Development Committee was added to the board of directors, which is composed of 3 committee members, and more than half of them are independent directors and are appointed by the resolution of the board of directors. The convener (chair) is the chairman, and is responsible for climate change related issues, including the establishment, supervision and review of the environmental sustainability system and goals. The Sustainable Development Committee is convened at least twice a year, and regularly reports climate-related content to the board of directors every year. The board of directors will discuss GHG inventory and schedule planning in the board meeting every quarter.
Corresponding chapters	3-2 Risk Management 3-3 Management of and Strategies for Climate Change Risks and Opportunities 4-2 Use of Energy Resources GHG Inventory Green Process

Material Sustainability Topics in Environmental Aspect 06 Water Resources Management	Material topic covered 【GRI 303】Water and Effluents 【SASB】 Water Management Sustainability Reporting Indicators- Steel Industry (3)
Management Unit	Factory Operation Department of all Works
Purpose of management	To effectively manage the water intensity and regulatory risks concerning Water Act.
Policies / Commitments	To conform to the committed value in the Water Usage Plan and strengthen the recycling rate of water resources.
Recovery mechanism/ Measures	In the event that the reservoir is short of water, the government will implement water rationing measures. The Company will cooperate with the policy for water conservation and uses water trucks to carry reclaimed water or other water sources to supplement water required for the production process and reduce production in response to water shortages.
Goals for 2023	To continue the promotion of water conservation policy and improvement of manufacturing process.
Specific Actions in 2023	● The wastewater treatment costs amounted to approximately NTD 14 million. ● Zero discharge of wastewater from Taoyuan Works ● The cost of repairing the barrel top of the 6,000-ton water storage tower at Miaoli Plant is about NT$ 3.1 million.
2023 Performance Outcomes	● Taoyuan Works comply with the committed recycle value of water and cooling water in the Water Usage Plan. ● The water recovery rate reached 91% and above in Taoyuan Works, Miaoli Works and Kaohsiung Works. ● The effluents are 100% compliant with the legal discharge standards. ● The 2023 CDP Water Security Questionnaire was ranked Management Level (B) for water management.
Short-/Medium-/Long-term Goals	● Short-term: Reduce the amount of effluent and introduce the water resource management system. ● Medium-term: Reduce the amount of effluent, introduce the water resource management system, increase rainwater recycling and reuse, and reduce water intake intensity.
Evaluation mechanism	A dedicated unit is established in accordance with regulation, responsible for the system management and regular reporting work. Management and control are strengthened to increase the reuse rate of water resources.
Corresponding chapters	Water Resources

Material Sustainability Topics in Environmental Aspect 07 Air Emissions	Material topic covered	【GRI 305】Emissions 【SASB】Air Pollution Emissions
Management Unit	All Works	
Purpose of management	Effective manage the air pollutant emissions from the production bases to meet the emission standards.	
Policies / Commitments	● The spirit of paying attention to pollution sources and prevention of pollution for effective management and control of exhaust. ● Meet the relevant laws and regulations stipulated by the central and local governments and the operating standards formulated by the Company. ● Establish an environmental management system to continue the improvement of pollution to achieve environmental performance improvement.	
Recovery mechanism/ Measures	● If air pollution occurs due to emergencies or facility failure and affect the health of the personnel, emergency response is conducted in accordance with relevant regulations in the Operating Standards for Emergency Response to Air Pollution. ● Taoyuan Works conducts monitoring of the surrounding air and soil dioxins on a quarterly basis, and the health risk assessments are conducted based on the monitoring results, which are currently compliant with the government' s regulations. Miaoli Works conducts monitoring of the surrounding air quality, and monitors heavy metal in groundwater and soil, and the monitoring results all meet the standards.	
Goals for 2023	No violation of relevant air pollution regulations. The steel rolling production line transformed the heating furnace to use low-carbon fuel in Daya Works.	
Specific Actions in 2023	● Adopt the Best Available Control Technology (BACT) to effectively reduce the emission of particulate pollutants. ● Regularly update the filter bags of the bag-type dust collectors and maintain the control equipment to ensure the exhaust emissions are compliant with legal regulations. ● The heaters in Miaoli Works and Kaohsiung Works use natural gas to reduce the emission of air pollutants. ● The heating furnace combustion system of Daya Works was renovated, and low-sulfur fuel was replaced by natural gas to reduce pollutant emissions.	
2023 Performance Outcomes	● The average monitoring values of emissions from the four works are in line with the air pollutant emission standards. ● There were no penalties for air pollution violations in Taoyuan works and Daya works.	
Short-/Medium-/Long-term Goals	● Short-term goal: Starting from 2024, Daya Works will use natural gas as the fuel to reduce the emissions of air pollutants. ● Medium-and long-term goal: The average monitoring values of emissions are in line with the air pollutant emission standards, and there were no penalties for air pollution violations.	
Evaluation mechanism	The effectiveness of the emission management by PDCA is conducted every year in accordance with the ISO 14001 Internal Management Review Procedure.	
Corresponding chapters	Emission Control	

Material Sustainability Topics in Social Aspect 08 Enhancement of Product and Service Quality	Material topic covered 【GRI 416】 Customer Health & Safety
Management Unit	Factory Operation Department of all Works
Purpose of management	To conduct strict control over production activities to provide safe and reliable building materials.
Policies / Commitments	● Pursuit of Sustainable Innovation, Improvement of Product Quality, Meeting What Customers Need and Promotion of Environment Purification." ● Insistence on "Quality First, Credit First and Customers First" .
Recovery mechanism/ Measures	If the customers have any questions in relation to the Company' s delivery process behavior or the quality of the delivered products or any technical questions, they can submit their opinions or complaints via telephone, letter, communication software or orally, and once the case is accepted, classification investigation will be conducted in accordance with the Regulations for Handling Customer Complaints, and the reason will be analyzed while suggestions on countermeasures are provided. Then the effectiveness confirmation or difference analysis on the corrective measures and improvement measures reported by the responsible unit will be carried out, and the technical assistance and feedback services are also provided to customers.
Goals for 2023	Daya Works to obtain product-related certification, and the custom dimension processing plant to start production to meet the needs of customers. Continue to maintain the validity of various licenses and improve the customer satisfaction.
Specific Actions in 2023	● Ensure the appropriateness and effectiveness of the quality management system. ● Conduct an annual customer satisfaction survey. ● Daye Works has implemented ISO 9001 and a TAF quality control laboratory, establishing relevant operational standards and an automated support system.
2023 Performance Outcomes	● Continue to maintain physical and chemical laboratory certification and obtained certificates, and all relevant tests performed in the Works met the regulatory requirements. ● The products are 100% free of radioactive contamination ● Scored 95 points in customer satisfaction among section steel customers and 93 points among rebar customers. ● The rebar products have passed 10 types of certification marks. Section and steel plate products have passed 19 types of certification marks. ● The ISO 9001 certification, CNC mark, radiation detection operations, and Taiwan-made Products MIT Smile Mark have been obtained by the newly purchased Daya Works.
Short-/Medium-/Long-term Goals	● To strive for the establishment of a complete quality management system and continue the implementation effectiveness of the system. ● To produce products conforming to relevant legal regulations and the customer requirements and make on time delivery as the customers require. ● Continue to respond to customer needs and industry trends, and timely adjust the compliance of the quality management system.
Evaluation mechanism	● Relevant departments have set up quality goals annually and put forward corresponding quality implementation plans in accordance with the annual goals. The implementation results of the plans are reviewed every 6 months, and the quality goals are reported and reviewed in the annual management review meeting（including the continuous applicability of the quality management system, quality policy and quality goals）. ● Analysis and review in aspects of "delivery satisfaction", "product satisfaction" and "service satisfaction" among the surveyed customers are carried out to grasp every opportunity and momentum for improvement. ● In addition, according to the evaluation by customers from time to time, reviews on the needs of individual customers are carried out, and the tracking of the evaluation results is continued to check if there is still room for improvement in product quality. Systematic measures are taken to find out the real cause and improvement measures for the improvement in customer satisfaction.
Corresponding chapters	Quality Management

Material Sustainability Topics in Social Aspect 09 Safe and Healthy Workplace	Material topic covered 【GRI 403】Occupational Safety and Health 【SASB】Workforce Health and Safety Sustainability Reporting Indicators- Steel Industry (5)
Management Unit	Management Department, Labor Safety Centers in all Works
Purpose of management	To enhance workers' safety awareness and establish a working environment with occupational safety, health and comfort.
Policies / Commitments	● The "Friendly Workplace" in our Sustainable Development Policy: To establish a complete system and harmonious labor-management relations and create a friendly as well as safe working environment. ● Human rights policy: To provide a safe and healthy working environment.
Recovery mechanism/ Measures	Each factory establishes relevant regulations for accident handling operation standards.
Goals for 2023	No occurrence of major accidents.
Specific Actions in 2023	● Zaro disaster is the indicator for the safety of all activities and units with excellent performance will be commended. In terms of the management mechanism for accidents, the statistics and causes analysis are carried out through the electronic information system and on-site investigation of the course of the incident, and relevant personnel will jointly participate in the investigation meeting to thoroughly understand the problem. Remedial and improvement measures are taken based on the results of the investigation to prevent similar incidents from happening. The responsible unit should re-evaluate the risk assessment and make adjustment when necessary to establish a complete notification and investigation system. ● The contractors/subcontractors make communication and coordination through the monthly Occupational Safety and Health Committee and coordination organization meetings. ● Occupational safety and health training courses have been organized and the contractors have been assisted with the promotion of safety and health management. ● Information Technology Division applies big data to control (manage) unsafe behavior or environment to improve on-site safety and health management. ● We organize employee health checkups exceeding the frequency and items required by law every year. ● In the company-wide target management meeting chaired by the president every month, analysis of statistics and corrective measures of the occupational disasters in the previous month are reviewed.
2023 Performance Outcomes	● The average percentage of labor representatives participating in the Occupational Safety and Health Committee in 2022 was 40.6%, better than the one-third required. The contractors/subcontractors make communication and coordination through the monthly Occupational Safety and Health Committee and coordination organization meetings. ● Organized 27 sessions of emergency response and disaster prevention drills. ● In 2023, there were 1,683 people receiving general health checks and 1,743 people receiving special health checks. The costs of these health checkups amounted to NTD 3.34 million, an increase of 15% compared with 2022. ● Integrated employee health service was provided by professional physicians, serving 808 people, and the on-site health service expenses totaled approximately NT$1.76 million. ● There was no occurrence of occupational diseases among the company employees and workers from contractors. ● The Company's investment in safety and health education and training was approximately NTD 2.3 million, with a total of 24,427 person-hours, increased by 6.6% compared with 2022.
Short-/Medium-/Long-term Goals	● Short-term goal: No occurrence of major accidents. ● Medium-and long-term goal: Zero personnel disasters and prevention of occupational diseases.
Evaluation mechanism	● The dedicated unit regularly carries out the hazard identification, risk evaluation and control of the working environment and job hazards in accordance with ISO 45001, and the "safety and health improvement proposal system" . The unacceptable medium and high-level risks are listed in the management plans to reduce the risk level and improvement is continuously made through internal audits and external verification so as to comply with laws and regulations and ensure the effectiveness of the management system. ● Convene monthly Occupational Safety and Health Committee meetings and require the subcontractors to attend the meetings to implement the promotion of safety and health management. All factories will set the goals of the following year based on the execution status of the safety goals in the previous year to improve equipment and prevent personnel injuries and the occurrence of major accidents. ● The Audit Office and the Labor Safety Centers in all factories will conduct joint cross-plant inspection every quarter and report to the president the deficiencies and corrective measures. For major occupational accidents that require hospitalization, the section chief and the division head should conduct monthly and factory director and deputy director should conduct autonomous management every two months and report to the president for review. ● In the company-wide target management meeting chaired by the president every month, analysis of statistics and corrective measures of the occupational disasters in the previous month are reviewed.
Corresponding chapters	5-4 Occupational Health and Safety

Material Sustainability Topics in Social Aspect 10 Talent Retention	Material topic covered	【GRI 201-3】 Defined Benefit Plan Obligations and Other Retirement Plans 【GRI 202】 Market Presence 【GRI 402】 Employment 【GRI 401】 Labor-Management Relations 【GRI 405-2】 Ratio of Remuneration between Women and Men
Management Unit	Administration Division and All Works	
Purpose of management	To establish harmonious labor-management relations to attract and retain good talents to maintain our competitive advantages through sooth and diverse communication channels.	
Policies / Commitments	Construct a fair and safe working environment, harmonious labor-management relations and a complete system.	
Recovery mechanism/ Measures	Employees can submit their opinions or complaints to the unit head or the management unit in writing, email, orally or by telephone through the Regulations Governing Employee Grievance and Whistleblowing. The complaint will be investigated in accordance with the complaint processing procedures and disposal suggestions are drawn up and submitted to the president for approval. After the investigation results are approved, the complainant will be replied with a complaint reply letter. The complainant can appeal again if there are any doubts.	
Goals for 2023	Continue to improve the salary and benefits system, create a good working environment, and maintain the health and safety of employees.	
Specific Actions in 2023	● Organize diversified education and training and welfare measures for employees. ● Set up work rules, internal rules and renumeration systems. ● Work in line with the revision of relevant regulations, check relevant forms and documents of the company and review the legality of all operating procedures.	
2023 Performance Outcomes	● The employment of employees is 100% compliant with the relevant provisions in the Labor Standards Act. ● The percentage of employees joining the union companywide reached 93% and more. ● The average salary increase is 4.72%.	
Short-/Medium-/ Long-term Goals	● To provide a complete renumeration and welfare system and a good working environment to maintain the employees' health and safety. ● There are no major labor disputes.	
Evaluation mechanism	● Through regular labor-management meetings, Occupational Safety Committee meetings, Welfare Committee meetings and enterprise unions, the employees can fully express their opinions for the establishment of smooth communication channels. ● Regularly review the renumeration system and welfare measures, and make adjustments in accordance with the revised labor laws and regulations.	
Corresponding chapters	5-1 Manpower Structure with Equality 5-2 Labor-Management Relations	

Material Sustainability Topics in Social Aspect 11 Talent Cultivation	Material topic covered 【GRI 404】Training and Education
Management Unit	Administration Division and All Works
Purpose of management	Improve the knowledge, technology and core functions of the employees to improve their work competence and competitive advantages.
Policies / Commitments	● Enrich human resources, provide employees with learning opportunities and proper job rotations to reach fit for work. ● Provide employees with planned training to meet their needs for self-growth and improve techniques and performance of business management.
Recovery mechanism/ Measures	The education and training measures are announced to all employees. Employees can submit opinions or complaints via telephone, email, and the company website.
Goals for 2023	To enhance the employees' techniques and core functions through the education and training system to improve their work performance and organizational goals while reaching fit for work.
Specific Actions in 2023	● Establish a human resources development system to organize internal and external training of the company. ● Convene the business management meeting every quarter to discuss the development strategies of the Company, the current financial conditions, and the global trends in the iron and steel industry. Every year, we organize business expansion management meeting every year and garner consensus through activities such as visits to related industries, team activities and keynote speeches
2023 Performance Outcomes	● In 2023, the total education and training hours reached41,621 hours, and the average training hours was 20 hours per person. ● The course start rate for education and training reached 100% in all factories. ● In 2023, a total of 121 employees were promoted to supervisors.
Short-/Medium-/ Long-term Goals	● To regularly organize promotion assessments and promote excellent talents. ● To enhance the employees' techniques and core functions through the education and training system to improve their work performance and organizational goals while reaching fit for work.
Evaluation mechanism	● The training needs of all departments are surveyed in the previous year, and the management unit will unify and integrate the information to establish education and training plans. ● Education and training is included in the department performance indicators in all factories, which is also included in the performance evaluation of section supervisors.
Corresponding chapters	5-3 Career Development and Training

Material Sustainability Topics in Social Aspect 12 Supplier Management	Material topic covered	【GRI 308】Supplier Environmental Evaluation, 【GRI 414】Supplier Social Assessment 【SASB】Supplier Management
Management Unit	Trading Department, Material Department of all Works	
Purpose of management	To effectively manage the Company' s requirements for supply quality and storage and transportation process of our suppliers. To ensure that the suppliers comply with the requirements in regard to output process, products and services and implement the response to environmental protection, climate change impact and labor right as well as information disclosure.	
Policies / Commitments	To ensure the capabilities of suppliers in terms of supply quality, cost, delivery time, and service, and urge suppliers to jointly implement response to environmental protection, climate change impact and labor right as well as information disclosure to fulfil social responsibility. It is hoped that Tung Ho Steel can grow with its suppliers and establish a mutually beneficial, long, and stable supply chain.	
Recovery mechanism/ Measures	● Suppliers can use the Company' s public channels and methods such as the phone, email or physical visits to make complaints or respond to the Company' s Material Department or Administration Division. ● When the quality of materials provided by suppliers is not good and improvements have not been made, the result of the regular evaluation will be determined as non-conformity. The qualification of such supplier shall be re-determined, which will also be noted in the supplier' s basic information sheet, and the supply of such supplier will be suspended. ● For semi-finished products and auxiliary materials supplied by suppliers at home and abroad fail to pass the incoming material inspections for three times in a row, the Quality Management Section will fill out the "Incoming Material Quality Improvement Notice" and notify the Trading Department or the personnel in the Material Department, while such supplier will be notified to put forward the cause analysis and countermeasures for improvement within a time limit, and the effectiveness of the countermeasures proposed will be tracked.	
Goals for 2023	Acquire appropriate quality and quantity of raw materials and services, and engage suppliers in joint carbon reduction activities.	
Specific Actions in 2023	● Conduct supplier environmental safety assessment and supplier evaluation before making purchase, and plan the establishment of a supply chain management system. ● Continue to request suppliers to sign a Supplier Social Responsibility Commitment and the commitments include labor rights and human rights, environmental protection, emphasis on climate change mitigation and adaptation, integrity management and ethics. ● Adjust Supplier Management Regulations and incorporate the item of GHG Inventory into the Supplier Evaluation. ● We distributed a questionnaire on the willingness of "Collaborative Carbon Reduction Agreement between Tung Ho Steel and the Suppliers in the Value Chain" and signed the "Collaborative Carbon Reduction Agreement" .	
2023 Performance Outcomes	● Our domestic scrap steel providers all met the domestic scrap steel supplier evaluation standards. ● In 2022, 165 secondary materials suppliers all accepted the supplier evaluation, reaching a pass rate of 100%. ● A total of 712 suppliers have signed the Commitment of Supplier for Corporate Social Responsibility in 2023. ● In 2023, we distributed 307 copies of questionnaires on the willingness of "Collaborative Carbon Reduction Agreement" , and 272 copies were returned, with the return rate of 88.6%. A total of 257 suppliers (accounting for 94.5%) are willing to join the Collaboration Carbon Reduction Agreement, and 211 suppliers actually signed the Collaboration Carbon Reduction Agreement (with the signing rate of 82.1%). A total of 20 suppliers (9.5%) have carried out GHG inventory and undergone third-party verification in 2023.	
Short-/Medium-/ Long-term Goals	Continuously review supplier evaluation standards, increase various sustainability indicators, and collaborate on carbon reduction.	
Evaluation mechanism	● The screening criteria of suppliers include environmental regulation compliance, delivery quality, service, and social responsibility. ● In addition, to ensure effective operation of quality management system, regular evaluation of suppliers with transactions is made in conjunction with relevant units for other evaluation. Supplier qualifications are confirmed based on the evaluation results. ● If the supplier is rated as unqualified, reevaluation has to be conducted after improvement before the transaction. The transaction can be continued when the supplier is confirmed qualified.	
Corresponding chapters	Supplier Management	

1-5 Sustainability Performance

Sustainability Performance

Performance of Integrity Governance

Tung Ho Steel has been selected among the TWSE Corporate Governance 100 Index

No violation of Commercial Law

The average attendance rate of the functional committees all reached 100%

The directors are fully compliant with the principle of avoidance of conflict of interest

The directors' training hours was 100% compliant with regulation

Ranked in the Top 5% of the listed companies in the 10th TWSE Corporate Governance Evaluation

The average attendance rate of all board members is 100%

The self-evaluation of the board of directors and the functional committees both reached better than the standards

Performance of Economic Sustainability

The EPS was NTD 6.48
The cash dividend was NTD 4.2

The rebar products have passed 10 types of certification marks
Section and steel plate products have passed 19 types of certification marks

Obtained Leadership Level (A-) of the CDP climate change questionnaire and Management (B) of the CDP Water Security Questionnaire

Sustainable Fitch assigned us an ESG Entity Rating of "2"

Scored 95 points in customer satisfaction among section steel customers and 93 points among rebar customers

Awarded 2023 TCSA Corporate Sustainability Report Award- Gold Award in the Traditional Manufacturing Category

products are 100% free of radioactive contamination

Performance of Environmental Protection

Scrap steel accounts for more than **90%** of the primary raw materials. The ratio of recycled steel used in production reached **98.6%**

The waste recycling rate (recycle and reuse rate) reached **98.6%**

First Domestic Steel Manufacturer Obtaining EPD (Environmental Product Declarations) for All Steel Products

Honored with the **Enterprise Award- Outstanding Award** in the 4th Taiwan Circular Economy Award

No purchase/ **No** use of white pig iron

Honored with the highest honor of **Excellence Award** in the steel industry in 2023 Net Zero Industry Competitiveness

Supplied wind power for three works in 2023

The water recovery rate in all areas of the factories was higher than **91%**
The recovery and reuse rate of water in Taoyuan Works reached **99.22%**

Performance of the Friendly Workplace

More than **99%** of employees in the Company joined the trade union

No occurrence of **occupational diseases**

Organize employee health checkups **better than what is required by law**

There was no human rights violation or discrimination.

On-the-job safety and health education and training totaled **22,909** person-hours

A total of **33 AEDs** were installed company-wide.

Employed **63** indigenous employees (accounting for 3.1% of all employees)

Employed **26** employees with disabilities (accounting for 1.3% of all employees)

Apply **artificial intelligence technology** to safety and health management

The average salary increase is **4.72%**

Performance of Social Prosperity

The cumulative number of winners receiving Ho Chin Tui Distinguished Honor Award reached **179** in total

There were **no** petition cases on impacts on the ecological area

The Foundation held the **M.E.L.T.- Metal, Engineering, Leading to Tectonics** for the first time

The public welfare expenditure was approximately **NTD 19.15 million**

2023 Environmental Awards and Achievements of Tung Ho Steel

Tung Ho Steel has long been dedicated to energy conservation and environmental sustainability, paid close attention to global climate change trends and responded to global net-zero emission actions. In 2023, Tung Ho Steel was recognized by the environmental sustainability awards of "Net Zero Industry Competitiveness Awards" and "Taiwan Circular Economy Awards". In 2023, the Company was ranked the "Leadership Level (A-)" in CDP's Climate Change Questionnaire and Management Level (B) for water management, showing the Company's efforts and achievements in energy conservation, carbon reduction, and resource efficiency.

The Company was honored with the highest honor of "Excellence Award" in the steel industry in 2023 Net Zero Industry Competitiveness. This award is based on public information such as the financial reports, annual reports, sustainability reports and so on to use various quantitative and qualitative indicators for the evaluation by industry sector. To achieve the ultimate goal of net-zero emissions by 2050, Tung Ho Steel has deployed renewable energy in advance and pragmatically set interim goals for 2030, namely achieving 30% carbon reduction and sourcing 30% of energy from renewable sources (RE30), and thoroughly implement the policy of sustainable management. It is hoped that we can maintain a leading position in the electric furnace industry by achieving lower carbon emission intensity, actively respond to the expectation of shareholders, and ensure the sustainable management of the Company.

Furthermore, Tung Ho Steel won the Enterprise Award- Outstanding Award in the 4th Taiwan Circular Economy Award. The Circular Economy Award includes circular economy management, corporate circularity and so on into the selection, inviting experts in industry, government, and academia to make evaluation and selection in terms of economic and environmental benefits, encouraging enterprises to step toward sustainable carbon reduction and transition and circular economy business models so as to gradually achieve goals of zero emissions, zero waste and zero pollution. Steel is highly recyclable and reusable, making it the material with the highest recycling rate, playing a crucial role in circular economy. The Company uses scrap steel as the raw material for electric furnace production, and produces construction steel in a more energy-saving and low-carbon emission manner, contributing to an eco-friendly environment and net-zero emissions.

The Company has actively participated in international initiatives, and has participated in CDP's Climate Change Questionnaire for three consecutive years. In 2023, we were ranked the Leadership Level (A-), showing that the Company has been recognized for its transparency in disclosing climate-related information and its emission reduction goals, better than the average score (B-) of the metal smelting and refining and forming process industries, the average score of (C) among Asian companies, and the average score of (C) among global companies. In addition, the Company received a B-level rating in its first-time completion of the CDP Water Security Questionnaire in 2023, showing that it has entered the water resources management stage and taken integrated actions on water-related issues. In the future, the Company will closely monitor global climate change trends and international response directions, integrate climate change into one of the significant issues and key risks for the Company's sustainable development to continue analysis and control, and be dedicated to GHG adaptation and mitigation.

CH2

Integrity Governance

2-1 Company Profile

2-2 Corporate Governance

2-3 Integrity Management

2-1 Company Profile

Corporate Missions

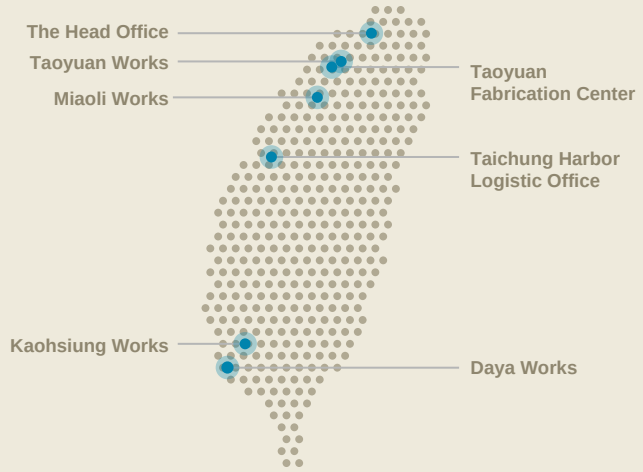
From its beginnings in "Tung Ho Hang" to today's Tung Ho Steel Enterprise Corporation, the company has always made trustworthiness the corporate spirit in its business. "Self-discipline, Love of Knowledge, Optimism" have been the company's core business values. Trustworthiness does not merely represent the company's trustworthiness in relation to outside parties, customers, and society, but also signifies trustworthiness in its employees and in itself.

Therefore, the integrity management policy of Tung Ho Steel is to "treat all stakeholders with fairness, integrity and honesty." Tung Ho Steel has been upholding the concept and policy of integrity and trustworthiness, insisting on positive pursuit and interaction as well as the assurance of quality. The driving force based on this insistence also serves as the starting point of value and dignity, leading us to a future of innovation and sustainable management.

TUNG HO STEEL ENTERPRISE CORP

Equity status/Market Type	Public offering/ Listed company（Stock Ticker: 2006）
Industry	Iron and Steel
Main business	Manufacturing, processing and sale of rebar, section steel, steel plate, channel iron, coil, steel sheet pile and other steel products.
Date of establishment	May 30, 1962
Paid-in capital	NTD 7,302,138,180
Chairman	Henry C. T. Ho
President	Huang Bing-hua
Head Office	6F., No.9, Sec. 1, Chang-an E. Rd., Taipei City 10441, Taiwan
Number of employees	2,075 (as of the end of December, 2023)
Net sales in 2022	NTD 49,355,594 thousand
Gross sales in 2022	2,105,056 tons

Operating Bases



The Head Office of Tung Ho Steel is located in Taipei City, and there are the Taoyuan Works, Miaoli Works, Kaohsiung Works, Daya Works, Taichung Harbor Logistic Office, and the Taoyuan Fabrication Center. The main products of the Company include rebar and section steel, and Tung Ho Steel is the largest H-beam steelwork in Taiwan.

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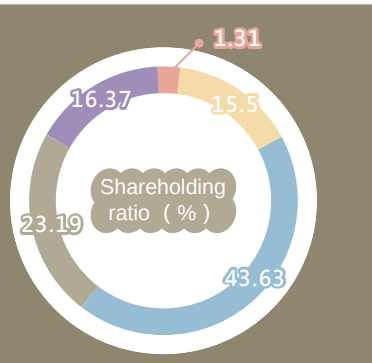
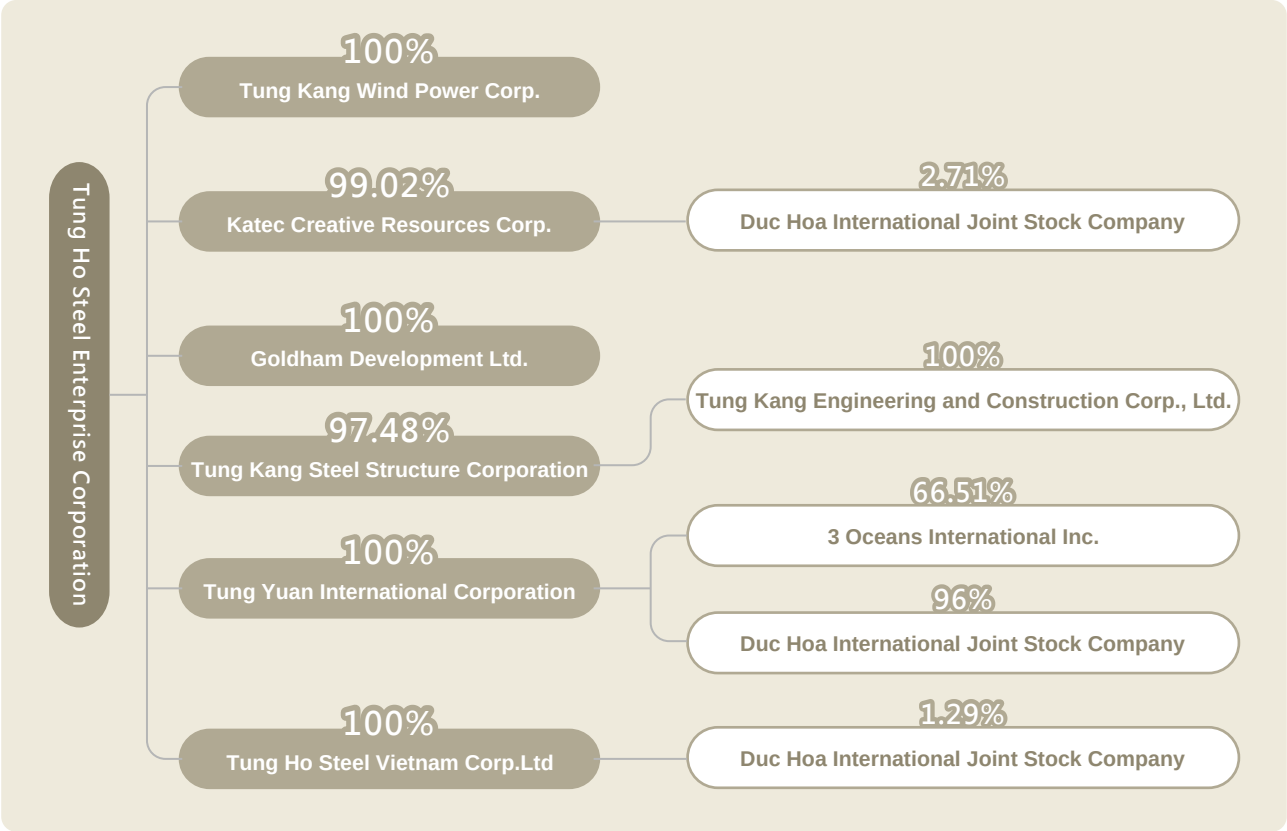


- Government agency
- Financial institution
- Other legal persons
- Individuals
- Foreign institutions and foreign individuals

Data on base day: March 31, 2024

Organizational Chart of Affiliates



Note: Fujian Tung Kang Steel Co., Ltd. was sold on October 26, 2023.

Exchanges and Cooperation

Tung Ho Steel actively participates in associations, trade associations and other organizations at home and abroad in iron and steel, industrial, commercial and economic industries to build relationships for exchanges and cooperation.

Type	Name of organization	Exchange and cooperation (■ Group member)	Remarks
International Exchanges	World Steel Association	Regular member	
	South East Asia Iron & Steel Institute	Member of Taiwan Chapter	Kai-Yu Wu, Head of Research & Technical Development Department serves as the technical representative of the Taiwan Chapter
Iron and Steel Industry	Chinese National Federation of Industries	■	Honorary Chairman, Earle J.S. Ho serves as the honorary president Chairman Henry C.T. Ho serves as Executive Director
	Taiwan Steel & Iron industries Association	■	Chairman Henry C.T. Ho serves as the convener of board of supervisors
	Chinese Institute of Mining and Metallurgical Engineers	■	Vice president of production M. C. Liu serves as the Executive Director
	Taiwan Institute of Steel Construction	■	Assistant vice president J. B. Chiu serves as the director Vice president of Tung Kang Steel Structure Corporation Yu-Chen Liang serves as the supervisor
	Chinese Institute of Civil and Hydraulic Engineering	■	
	Taiwan Concrete Institute	■	Executive assistant Chang-Ching Ho serves as the honorary president Vice president of production M. C. Liu serves as the director
	The Corrosion Engineering Association of the Republic of China	■	
	Chinese Society of Structural Engineering	■	
Others	Chung-Hua Association for Financial And Economic Strategies	■	
	CNS Certification Mark Association,R.O.C	■	
	Association of Police Friends of R.O.C.	■	Chairman Henry C.T. Ho serves as the director

2-2 Corporate Governance

Governance Structure

The board of directors of the Company has set up functional committees as needed, Audit Committee, Remuneration and Nomination Committee[Note], Sustainable Development Committee[Note]. To strengthen the functions of the board of directors, the Corporate Governance Officer was established.

Note: To complete the functions of the board of directors, the Corporate Governance Committee was renamed the Corporate Governance and Nominating Committee. In 2023, the nomination functions of the Corporate Governance and Nominating Committee was merged into the Remuneration Committee, which was renamed the Remuneration and Nomination Committee, while the original Corporate Governance and Nominating Committee was renamed the Sustainable Development Committee.

The Composition and Operation of Board of Directors

The board of directors serves as the highest governance unit and the highest decision-making center of the Company. It should guide the Company' s strategies, supervise the management level, and be responsible for the shareholders. The operations and arrangements of the Company' s corporate system shall ensure that the board of directors exercise its functions and powers in accordance with laws, regulations, Articles of Incorporation, or resolutions of the shareholders' meetings.

A candidate nomination system is adopted by the Company for the nomination and selection of members of the board of directors in accordance with the Articles of Incorporation, Guidelines Governing Election of Directors, and the board is in charge of developing planning based on the Company's operating style. None of the directors concurrently hold the position as an employee to ensure the independence of the board of directors. The duties and powers of the board of directors and the management level are clearly defined, and the division of labor between the chairman and the president is clear, giving full play to the supervisory function of the board of directors.

■ The nomination and appointment process of board members

1.In accordance with Article 21 of the Articles of Incorporation, the seats of directors shall be 7-13. The board of directors is authorized to determine the actual number of seats. Among them, there shall be no fewer than three independent directors, and shall not be reelected for more than three consecutive terms in order to maintain its independence. Independent directors and non-independent directors shall be nominated separately and elected at the same time, but the ballots will be tallied separately.

2.The Remuneration and Nomination Committee shall nominate candidates for directors after considering the following matters.

(A) Whether the director candidates have a diversified background covering the expertise, skills, experience, gender, etc. that are needed for corporate management

(B) Whether the experience, professional qualifications, independence, integrity of the nominee, any concurrent position the nominee may hold in another company, as well as whether the nominee meets the requirements for independent director set out in the Securities and Exchange Act and the Regulations Governing Appointment of Independent Directors and Compliance Matters as well as the provisions set forth by the TWSE.

(C) Whether the qualifications of director candidates meet any of the conditions listed in Article 30 of the Company Act and it shall be handled in accordance with Article 192-1 of the Company Act.

■ Board of Directors diversity policy

In accordance with the strengthened norms of the functions of the board of directors stipulated in Article 22 of Chapter 3 in Corporate Governance Best Practice Principles, diversity should be put into consideration in the composition of the board of directors, and an appropriate diversity policy should be set up based on its operation, operational model and development needs, including but not limited to the standards of the following two major aspects:

(A) Basic conditions and values: Gender, age, nationality, culture, etc.

(B) Professional knowledge and skills: Professional background (such as law, accounting, industry, finance, marketing or technology), professional skills, and industry experience.

1.The board members shall be equipped with the knowledge, skills, and competence required to perform their duties. To achieve the ideal goal of corporate governance, the board of directors shall be equipped with the following abilities overall.

(A) Ability to make operational judgments.
(B) Ability to perform accounting and financial analysis.
(C) Ability to conduct management administration.
(D) Ability to conduct crisis management.
(E) Knowledge of the industry.
(F) An international market perspective.
(G) Ability to lead.
(H) Ability to make policy decisions.
(I) Ability to conduct sustainability management.
(J) Ability to conduct risk management.
(K) Ability to conduct climate change management.

2. Specific management objectives for diversity and their achievement status :

01	02	03	04
The board of directors of the Company attaches importance to gender equality of board members, which should include at least one female director.	The board of directors shall focus on operational judgement, management administration, and crisis management abilities, and at least 2/3 of the board members shall be equipped with the capabilities of the core items.	Independent directors shall not be re-elected for more than three terms to maintain their independence.	The number of the board members who serve as the employee or whose mother, child, siblings serving as the employees of the Company shall be less than (inclusive) 1/3 of the seats of board of directors so as to achieve the purpose of supervision.
Achieved	Achieved	Achieved	Achieved

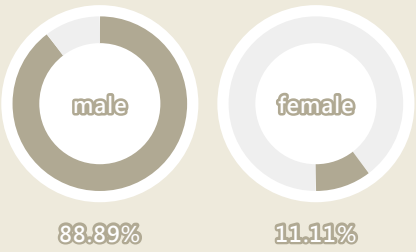
The Composition and Operation of Board of Directors

There are a total of 9 directors in the 25th Session of Board of Directors, and among them, 3 are independent directors, and one of the board members is female. The board members have abundant experience in operation and management, each of them has a relevant professional background, and is equipped with the professional knowledge, skills, and competence required to perform his/her duties. In the 11 diversified core items, at least 1/3 of the board members are equipped with the competence to execute the relevant business. The three core items the Company focuses on are operational judgement, management administration, and crisis management, which more than 80% of the board members are equipped with. Please check the official website of the Company for detailed information of the board members at (https://www.tunghosteel.com/investors/member).

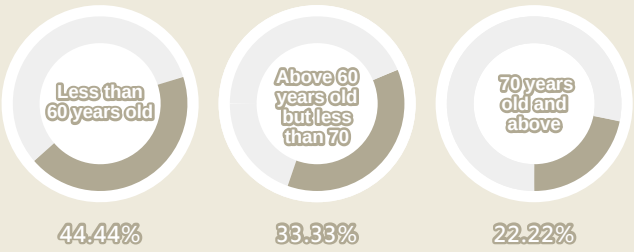
Structure of Board of Directors

Title	Chairman	Vice Chairman	Directors				Independent Directors		
Name	Henry C. T. Ho	George Y. S. Ho	Joshua P.H. Tung	Chih-Ming Huang	Pao-He Chen	Yen-Liang Ho	Der-Ming Lieu	Jih-Gang Liu	Chia-Wen Liu
Age of directors: 70 years old and above							✓	✓	
Age of directors: Above 60 years old but less than 70			✓	✓	✓				
Age of directors: Less than 60 years old	✓	✓				✓			✓
Gender	male	male	male	male	male	male	male	male	female
Education	Graduated from Dept. of Economics, Harvard University	Graduated from Dept. of Visual and Environ-mental Studies, Harvard University	MBA of EMBA, College of Commerce, National Chengchi University	MBA of California State University	MBA of Royal Roads University	EMBA of Aalto University	PhD in Economics, Ohio State University	Graduated from the Dept. of Mechanical Engineering, National Taiwan University	PhD in Accounting, National Taiwan University
Core items: Operational judgement	✓	✓	✓	✓	✓	✓	✓	✓	
Core items: Accounting and financial analysis	✓		✓	✓	✓	✓	✓		✓
Core items: Business management	✓		✓	✓	✓	✓	✓	✓	✓
Core items: Crisis management	✓		✓	✓	✓	✓	✓	✓	✓
Core items: Industry knowledge	✓		✓	✓			✓	✓	
Core items: International market	✓	✓	✓	✓		✓	✓	✓	
Core items: Leadership	✓	✓	✓	✓	✓	✓	✓	✓	✓
Core items: Decision-making capacity	✓	✓	✓	✓	✓	✓	✓	✓	✓
Core items: Sustainable management	✓	✓	✓	✓	✓	✓	✓	✓	✓
Core items: Risk management	✓		✓	✓			✓	✓	✓
Core items: Climate change management	✓						✓	✓	

Gender distribution of directors



Age distribution of directors



Note :

1. All board members have a nationality of Republic of China (R.O.C.)
2. The re-election of directors was conducted in the shareholders' meeting on May 50, 2023, and the new term of office will be from May 30, 2023, to May 29, 2026, for a period of 3 years. Among them, the term of office of the 3 independent directors does not exceed 3 terms.

Further Study of Directors

Every year, the Company will arrange regular courses for directors, with the topics covering corporate governance, including but not limited to finance, risk management, business, commerce, legal affairs, accounting, corporate social responsibility, internal control system and financial reporting responsibilities. Hours of directors participating in the courses totaled 63 training hours, and the average training hours amounted to 7 hours per person in 2023. The training hours of all directors were 100% compliant with the regulations stipulated in the Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEx Listed Companies. Please refer to our official website for detailed information.

Further Study of Directors

Tung Ho Steel has formulated the Rules for the Performance Evaluation of the Board of Directors, and an internal performance evaluation shall be carried out on a yearly basis. In addition, the evaluation of board of directors shall be conducted by an external professional independent institution or a team of external experts and scholars at least once every three years[Note].

Note: In 2022, the unit implementing the external evaluation was Taiwan Corporate Governance Association, and the evaluation report of the external evaluation of board performance was completed.

The "self-evaluation questionnaire for the performance evaluation of the board of directors" is conducted by the Corporate Governance Senior Officer while the "self-evaluation questionnaire for the performance evaluation of board members" is conducted by the individual board members of this term. The "self-evaluation questionnaire for the performance evaluation of the board of directors" is conducted by the Corporate Governance Senior Officer. Based on the results of the self-evaluation of each director, the results were rated as "above the standard" and "superior to the standard", and the results of the evaluation of the BOD and functional committees were rated as "superior to standards", indicating that the overall operation is complete and in line with the requirements of corporate governance, effectively enhancing the functions of the BOD and safeguarding shareholders rights and interests.

The results of the 2023 performance evaluation of the board of directors were reviewed and approved in the 5th session of the 4th term of Compensation Committee on February 20, 2024 and were reported to the 7th session of the 24th term of board of directors on February 26, 2024, as a basis for review and improvement.

Principles for Setting the Remuneration for Managerial Officers, Directors, and Independent Directors

1.Remuneration for Managerial Officers

The numeration for managerial officers is determined based on the company's overall market positioning, relevant industry salary survey results, and the remuneration is determined considering factors such as the managerial officers' goal attainment and contributions. The reasonableness of the remuneration is regularly evaluated by the Remuneration and Nomination Committee.

The numeration package includes fixed salary, managerial allowances, fuel subsidies, job bonuses (or sales bonuses), various allowances, incentives, year-end bonuses, and employee compensation.

To motivate senior executives to actively engage in and promote ESG goals to improve the Company's sustainability competitiveness, we have formulated the ESG Bonus Measures for Senior Executives. The evaluation indicators include the proportion of renewable energy use, absolute carbon reduction targets, direct carbon intensity, environmental fines in factory areas, the number of major occupational accidents, the number of injuries, corporate governance evaluation, etc. ESG bonuses are issued based on the degree of connection between each department and the assessment indicators. The "ESG Bonus Measures for Senior Executives" has been submitted to the 6th session of the 5th term of Remuneration and Nomination Committee and the 9th session of the 25th term of board of directors in May, 2024.

2.Remuneration of the Directors

According to the Articles of Incorporation, an amount not exceeding 2% of the current year's profits may be appropriated as remuneration distribution for directors for the current year, and shall be distributed based on the performance evaluation results of each director for the current year. In addition, the Remuneration and Nomination Committee shall recommend a fixed monthly compensation based on the standards of relevant peers and listed companies as well as the responsibilities of directors, which will then be submitted to the board of directors for approval.

In addition to monthly fixed compensation, directors will receive attendance fees based on the actual number of meetings they attend. If a director serves as a member of a functional committee of the Company, he/she may additionally receive fixed compensation monthly, with attendance fees provided per meeting attended based on the actual number of meetings attended.

To strengthen oversight and participation in climate change management at governance level and establish linkage between ESG performance and director numeration, the Company passed the resolution to revise the Rules for the Performance Evaluation of the Board of Directors in the 15th board meeting of the 24th term of board of directors on December 21, 2021. The following two items have been added to the evaluation criteria of board members: (1) I understand the Company's management strategies, goals, and plans for climate change-related risks; (2) I understand the Company's commitment to continuously investing in Environmental, Social, and Governance (ESG) goals.

3.Remuneration of Independent Directors

Independent directors received fixed compensation on a monthly basis and do not take part in earnings distribution, and receive attendance fees based on the actual number of meetings attended. The above-mentioned fixed compensation is based on each independent director' s level of participation in company operations and contribution value to the Company. After referring to the payment situation of listed companies in the same or related industries, the evaluation and discussion are made by the Remuneration and Nomination Committee, and the recommendation will be submitted to the board of directors for approval. If the independent director serves as a member of the functional committee of the Company, he/she may additionally receive fixed compensation monthly, with attendance fees provided per meeting attended based on the actual number of meetings attended.

Functional Committees

■ Audit Committee

The Audit Committee is composed of three independent directors, responsible for assisting the board of directors with the supervision and evaluation of the appropriate expression of the Company' s financial statements, the selection, independence and performance of the CPAs, the effective implementation of the internal control system, compliance with regulations and rules, management of existing and potential risks of the Company and so on to ensure that the Company' s operation is in compliant with the relevant government laws and regulations as well as practical norms. The Committee meeting is convened at least once every quarter. In 2023, a total of eight meetings were held, with the average attendance rate of 100%. Please refer to pp. 27~38 of the 2023 Annual Report of Shareholders' Meeting for details.

■ The Remuneration and Nomination Committee

The Remuneration Committee is composed of two independent directors and one university professor with a professional background, all equipped with 5 years of work experience and relevant qualifications, sufficient to maintain the independence, professionalism, and impartiality. It is mainly in charge of reviewing the selection of directors and senior executives, the remuneration policies, standards for performance appraisal and so on, as well as making suggestions to strengthen the selection mechanism of directors (independent directors) to build a diversified and professional board of directors. The committee shall convene at least two times every year. In 2022, a total of 2 meetings were convened, with an average attendance rate of 100%. For detailed information of its operation, please refer to pp. 39-40 of the 2022 Annual Report of the Shareholders' Meeting.

■ The Sustainable Development Committee

The Sustainable Development Committee is composed of three members, more than 50% of which are independent directors. They are in charge of decision-making and supervision of the Company' s sustainability development-related work, under which are the Environmental Sustainability Group, Corporate Social Responsibility Group, and Corporate Governance Group. This committee shall convene at least two times every year. In 2023, a total of 3 meetings were convened, with the attendance rate of 100%. The president assigns supervisors of relevant units to take charge of work duties and implementation of the operation plans. The work plans and implementation results shall be reported to the Sustainable Development Council on a yearly basis. Please refer to p.41-53of the 2023 Annual Report of Shareholders' Meeting for details.

Members of functional committees

Name	Gemder	Education	Audit Committee	The Remuneration and Nomination Committee	The Sustainable Development Committee
Henry C. T. Ho	male	Graduated from Dept. of Economics, Harvard University			◎
Der-Ming Lieu	male	PhD in Economics, Ohio State University	●		●
Cheng-Ming Chu	male	PhD of Dept. of Business Administration, National Taiwan University		●	
Jih-Gang Liu	male	Graduated from the dept. of Mechanical Engineering, National Taiwan University	●	◎	●
Chia-Wen Liu	female	PhD in Accounting, National Taiwan University	◎	●	

Note :
1. ◎is the convener
2. After the reelection of the board of directors in the shareholders meeting on May 30, 2023, the term of office of the Audit Committee is from May 30, 2023, to May 29, 2026. The board of directors is scheduled to approve the appointment proposals for the Remuneration and Nomination Committee and the Sustainable Development Committee on June 19, 2023, whose term of office will start from the date when the board of directors approves the appointment proposal to May 29, 2026.

2-3 Integrity Management

Avoidance of Conflict of Interest

It is clearly prescribed in the Rules of Procedures for Board of Directors Meetings that when a director is an interested party with respect to any agenda item, the director shall evade himself/herself. When it is likely to prejudice the interests of the company, the director may not participate in discussion or voting on that agenda item, and further, shall enter recusal during discussion and voting on that item and may not act as another director's proxy to exercise voting rights on that atter. The directors of the Company uphold a high degree of self-discipline, and if the proposal involves their own interests, they all uphold the principle of avoidance of conflict of interest and evade themselves[Note].

Note: Please refer to pp.18-19 of the 2023 Annual Report of Shareholders' Meeting for detailed information concerning the positions of the Company's board members in other affiliated companies; please see pp. 24-25 of the 2023 Annual Report of Shareholders' Meeting for the status of the recusal of directors that were an interested party with respect to the agenda item(s) in 2023.

To work in line with the Corporate Governance 3.0 - Sustainable Development and as prescribed in Article 17 of the Corporate Governance Best Practice Principles for TWSE/TPEx Listed that "When a TWSE/TPEx listed company and its affiliated enterprises enter into inter-company business transactions, a written agreement governing the relevant financial and business operations between them shall be made in accordance with the principle of fair". The content shall include management procedures for transactions such as purchase and sale transactions, acquisition or disposal of assets, capital loans, and endorsement guarantees. The Company has set up the Procedures of Financial and Business Operations between Related Parties, which was approved in the 25th meeting of the 24th term of board of directors on February 22, 2023.

Socioeconomic Compliance, Improvement and Prevention

Tung Ho Steel has set up the Legal Affairs Office, providing employees with legal education and training, regulatory consultation and review of contracts with stakeholders. In addition, internal audits are also in place to ensure the effective implementation of the internal control system, prevent business risks and enhance the operational effectiveness of the Company.

The Company attaches great importance to the conduct and moral requirements of every director and employee. In addition to requiring the directors to sign the Statement of Integrity and the employees to sign the code of conduct commitment letter, there is also the Risk Management Policy and Procedure that includes the recognition, prevention and control of fraud risks. Every year, education and training as well as publicity on integrity management, anti-corruption, and anti-bribery are conducted for directors, managers, employees, and subsidiaries to allow them to fully understand the Company's determination, polices, prevention plans, and consequences of dishonest behavior. In addition, to strengthen our associates' concept of human rights and corporate social responsibility to enhance their own rights and interests, relevant information or regulations announced by competent authorities, such as the insider trading related laws and regulations, major information publicity, Q&A for handling guidelines are all sent to them via email or through the intranet of the Company from time to time. Promotional content about anti-corruption and sexual harassment prevention measures are also prepared and all employees are required to read such content to strengthen their awareness of compliance.

In 2023, the education and training course on "Practical Insights into Anti-Corruption and Bribery Risk Management Mechanisms" was held, targeting at the supervisors higher than the position of section chief, sales personnel, personnel of the Trading Department or the Material Department, accountants, procurement personnel, etc., with 208 participants (training ratio: 10.02%) and a total of 416 hours. In addition, we also conducted online regulatory training on insider trading for all directors (including independent directors), all employees company-wide (including regular staff and senior executives), as well as employees of related enterprises.

In 2023, risk assessment and necessary preventive plans and measures for various possible dishonest behavior were conducted. The content of assessment included 16 items (including risk factors such as providing or accepting improper benefits, facilitation payments, political contributions, charitable donations or sponsorships, conflicts of interest, insider trading and confidentiality mechanism, etc.) and the overall assessment result showed low risk.

We attach importance to the equality of human rights, provide employees with fair and equip job opportunities, and do not have any discrimination against race, gender, physical and mental disabilities, religion, or other characteristics in the employment of talents or workers from outsourced factories. Tung Ho Steel does not use any form of forced or compulsory labor.

We implement a quality management system with the strictest standards at Tung Ho Steel. The products of the Company conform to international standards and comply with relevant regulations and customer requirements for product marketing and labeling, and meet the requirements of safety impact assessment.

In terms of the economic, environmental and social (including human rights, disability injury and so on) aspects in 2023, there were no records of employees being laid off for violating anti-corruption regulations, nor were there any material[Note] corruption incidents, dishonest behaviors, or sexual harassment incidents, and there were no penalties imposed by competent authorities for material violations.

Improvement in relation to social-related laws and regulations and preventive measures

None of the social-related violations that have occurred belonged to material violations, and improvement measures have been completed, which are detailed as follows.

Facilities	Description of case	Improvement and preventive measures
Taoyuan Fabrication Center	Sanction Date: Aug. 1, 2023 | Penalty: NTD 100,000 Violated Article 27, Paragraph 1, Subparagraph 1, 3, and 4 of Occupational Safety and Health Act. No regulatory inspection system for contractors' workers to enter the site was established, and no assistance and guidance of the implementation of safety and health education and training was provided.	1. Add the daily safety and health inspection form. 2. Implement personnel entry control measures. 3. Hold contractor agreement organization meetings.
Miaoli Works	Sanction Date: Mar. 10, 2023 | Penalty: NTD 100,000 Violated Article 92, Paragraph 1 of the Regulations for the Occupational Safety and Health Equipment and Measures and Article 6, Paragraph 1 of Occupational Safety and Health Act. Safety measures during the fixed crane lifting operation was not carried out.	1. Re-perform the hazard identification and risk assessment of this working area. 2. Revise the safety operating standards for work in the finished product heavy duty working area and develop case publicity and implement education and training. 3. Carry out safety observation for crane operators and heavy workers.
Miaoli Works	Sanction Date: Mar. 9, 2023 | Penalty: NTD 1,499 Violated Article 92 of Income Tax Act. Taxes paid on income from wages paid to non-resident individuals were not declared before the prescribed day.	After the payment is completed, the personnel unit will be provided with information to declare on the same day.
Miaoli Works	Sanction Date: Jun. 14, 2023 | Penalty: NTD 100,000 Violated Article 116, Paragraph 1, Subparagraph 5 of the Occupational Safety and Health Equipment and Measures and Article 6, Paragraph 1 of Occupational Safety and Health Act. When operating the shovel loader with sweeper attachment, the shovel loader was not operated within the load range.	1. Carry out hazard identification and risk assessment for this operation. 2. Revise the safety operating standards for shovel-type floor sweeper and develop case publicity and implement education and training. 3. Implement safety observation and fill in safety green card.
Miaoli Works	Sanction Date: Oct. 11, 2023 | Penalty: NTD 100,000 Violated Article 281, Paragraph 1 of Occupational Safety and Health Equipment and Measures and Article 6, Paragraph 1 of Occupational Safety and Health Act. For operations with height of more than 2 meters, workers did not use safety belts properly.	1. Revise the safety operating standards and implement education and training. 2. Add safety cable hanging points and conduct safety observation and interviews with affiliated maintenance personnel. 3. Develop case publicity.
Miaoli Works	Sanction Date: Nov. 9, 2023 | Penalty: NTD 20,000 Violated Article 15 of Fire Services Act. The markings of public hazardous substances in the storage areas were not clear, and independent inspections were not carried out as scheduled.	Comprehensively updated the signage of public hazardous substances in the storage areas, and assign qualified supervisors to conduct monthly inspections.
Miaoli Works	Sanction Date: Dec. 8, 2023 | Penalty: NTD 100,000 Violated Article 153 of the Occupational Safety and Health Equipment and Measures and Article 6, Paragraph 1 of Occupational Safety and Health Act. Necessary safety facilities were not taken for the assembly work of brick sets.	1. Re-perform the hazard identification and risk assessment, revise the safety operating standards, and develop case publicity to implement education and training. 2. Make special assembly tools for assembly work of brick sets. 3. Carry out safety observation of relevant personnel.
Kaohsiung Works	Sanction Date: Jan. 18, 2023 | Penalty: NTD 110,000 Violated Article 6, Paragraph 1, Subparagraph 1 and 5 of Occupational Safety and Health Act. During the maintenance work of the bent telescopic cylinder, safety devices such as protective covers or guardrails were not installed in dangerous parts and necessary protective facilities to protect objects from falling.	1. Revise the safety operating standards of the CNC bending machines. 2. Use a foam testing bottle suspended next to the machine to check for gas leakage. 3. Case publicity, and assess equipment operation procedures before starting operations.
Kaohsiung Works	Sanction Date: Feb. 13, 2023 | Penalty: NTD 100,000 Violated Article 6, Paragraph 1, Subparagraph 4 of Occupational Safety and Health Act. Workers using lifting equipment to engage in hanging operations did not confirm the placement location of the loads, and the arrangement, placement and stacking methods were not determined.	1. Safety promotion. Before removing the hook, the retrieved objects should be confirmed to be placed securely. 2. Record in the safety green card.

Facilities	Description of case	Improvement and preventive measures
Daya Works	Sanction Date: Apr. 17, 2023 | Penalty: NTD 100,000 Violated Article 6, Paragraph 1, Subparagraph 1 of Occupational Safety and Health Act. The fan was not equipped with a protective net, causing occupational accident in which a worker' s right finger was cut.	1. Implement hazard identification and risk assessment, 2. All the fans in the factory are covered with fine mesh and carry out safety promotion.
Kaohsiung Works	Sanction Date: Aug. 15, 2023 | Penalty: NTD 20,000 Violated Article 6, Paragraph 1, Subparagraph 4 of Occupational Safety and Health Act. The mobile vehicles delivered materials on a site where management was subcontracted, the unloading operation was conducted before the guidance personnel was assigned, resulting in a major occupational accident.	1. Revise the operating standards for section steel handling and stacking for workers to abide by. 2. A human body infrared sensor alarm and a movable barrier are added between the beams and columns in the storage area to block people from entering the rear of the vehicle. Set up hazard warning lines indicating that no one is allowed to stay. Personnel are required to wear reflective vests to enhance warning and stand on the sidewalk. 3. The contractor shall establish management measures and implement hazard notification and agreement organization to sub-contractors.
Kaohsiung Works	Sanction Date: Aug. 15, 2023 | Penalty: NTD 20,000 Violated Article 27, Paragraph 1, Subparagraph 1, 2, 3, 4 of Occupational Safety and Health Act. When contractor' s workers and subcontractor' s workers worked together during the project period, both sides failed to implement the agreed organization.	
Daya Works	Sanction Date: Mar. 7, 2023 | Penalty: NTD 25,000 Sanction Date: Jun. 28, 2023 | Penalty: NTD 40,000 Sanction Date: Sep. 1, 2023 | Penalty: NTD 60,000 Sanction Date: Dce. 7, 2023 | Penalty: NTD 80,000 Violated Article 15 of Fire Services Act and Article 16, 33, 34, 35, 36, 79 of Establishment Standard and Safety Control Regulation for Manufacturing, Storing, Processing Public Hazardous Substances and Flammable Pressurized Gases Places. The daylighting, lighting, ventilation equipment, effective static elimination devices, lightning protection equipment, and tank structure equipment in general processing areas and indoor storage tank areas do not comply with regulations.	Conduct a comprehensive assessment, planning, and review of public hazardous materials storage and handling sites, implement the transformation of the heating furnace combustion system, and replace heavy oil with natural gas in the manufacturing process.

Note: Definition of material violation: Matters falling under the Taiwan Stock Exchange Corporation Procedures for Verification and Disclosure of Material Information of Companies with Listed Securities.

Other operational compliance status of the Company

Corporate governance related regulations

- No violation of Company Act
- No violation of Commercial Law
- No violation of securities and finance related laws
- No involvement in corruption incident
- No political contributions

Labor rights related regulations

- Compliance with Labor Standards Act
- No violation of Act of Gender Equality in Employment
- No child labor[Note]
- No discrimination and sexual harassment
- No violation of indigenous rights
- No infringement of freedom of association and collective bargaining

Products related regulations

- No products that are prohibited from sale
- No violations of health and safety regulations and voluntary standards during the life circle of relevant products
- No occurrence of violations of product and service information and labeling related regulations
- No occurrence of violations of marketing communication related regulations
- No anti-competition behavior
- No anti-trust incident
- No monopoly incident

Note: According to the definition in the Labor Standards Act, child labor refers to "employees over the age of 15 but under the age of 16".

CH3 Economic Sustainability

3-1 Operating Status

3-2 Risk management

3-3 Management of and Strategies for Climate Change Risks and Opportunities

Special Column: Tung Kang Wind Power Corp. Supplies Power for the Three Works in 2023

3-4 Product and Service Quality

3-5 Customer Service

Special Column: Improvement of Tung Ho Steel's Full-Scale Services in Central and Southern Taiwan

3-1 Operating Status

In 2023, the hikes of global interest rates and the successive financial crises among leading Chinese real estate conglomerates led to deteriorating real estate demands. In addition, the slower-than-expected economic recovery after the lifting of epidemic restrictions resulted in significant increase in China' s steel exports, affecting international steel prices. However, Taiwan government' s measures to restrain the overheating residential market continued prior to the election and the significant decline in floor area of buildings and land in 2023 led to a relative impact on the domestic construction market.

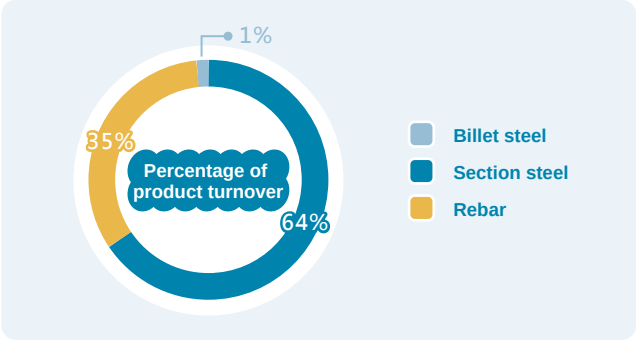
Tung Ho Steel' s bar steel market continued to benefit from the demand for public projects and large-scale factories and commercial offices. At the same time, with the addition of Daya Works into the operation, effective management can be made of the volume and price balance among sales, procurement, and production, enabling various indicators such as production and sales to reach record highs, resulting in outstanding results in operational and profit performance that exceeded expectations. Moreover, the impressive operational performance of investment businesses in 2023 significantly contributed to the Company' s profit this year.

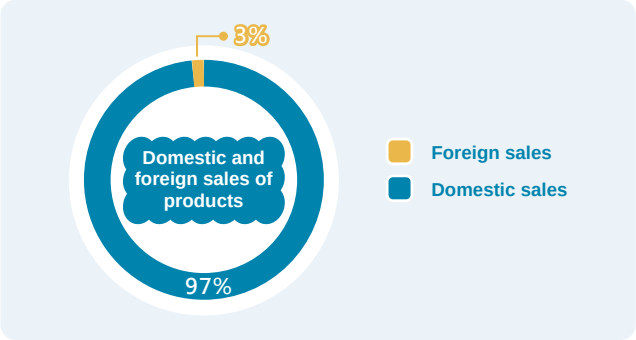
The main products of the Company include rebar, section steel and steel plate, which are mainly provided to the construction market in Taiwan and its outlying islands. Our services are provided to instruction industry, wholesaler of rebar（processing industry）, traders and subcontractors（such as transport companies）. In 2023, the sales of rebars mainly focused on the domestic sales. Domestic sales of section steel accounted for 91.31% while foreign sales of it accounted for 8.69%, mainly to countries such as Australia and New Zealand. There was no prohibition on sale of these products.

Product Overall Unit: tons

Item	Total annual production capacity	Output	Sales (tons)
Billet steel	2,650,000	1,901,382	13,991
Rebar	1,850,000	1,471,113	1,449,919
Section Steel Note	1,200,000	651,846	638,973
Total	5,700,000	4,024,341	2,102,883

Note: Section steel includes H-beam, steel plate, channel steel, I-Beam and steel sheet pile.





Financial Performance

The Company' s annual revenue for 2023 increased by 5.00% compared with 2022, and the net income after tax increase of 18.41% compared with 2022. In 2023, the employee compensation and benefits increased by 10.43% compared to 2022. The earnings per share was NTD 6.48.

Financial performance over the years (Entity)

Unit: NTD 1,000

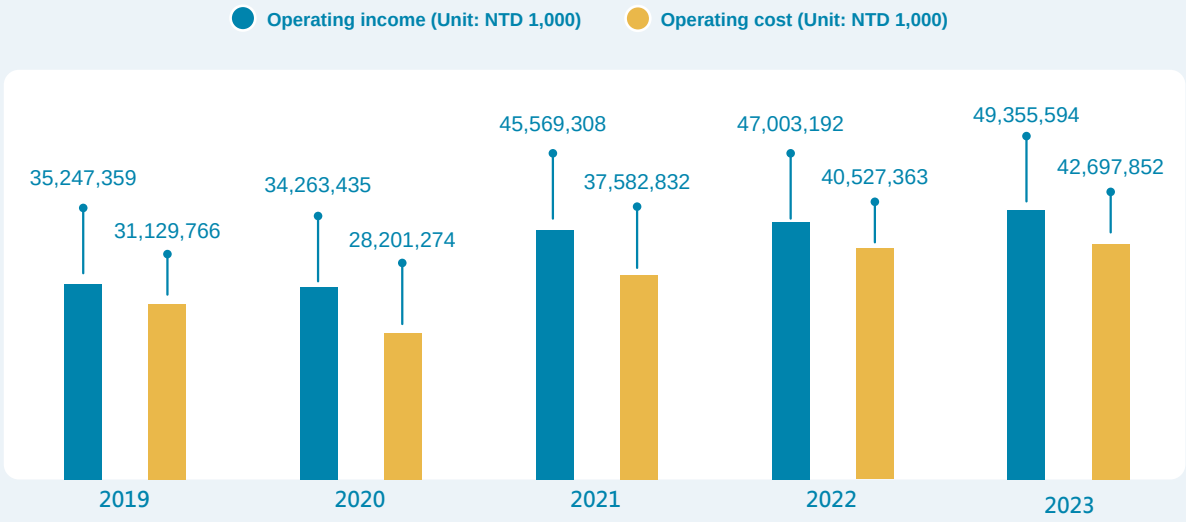
Year	Operating income	Operating cost	Net income before tax	Net income after tax	Employee compensation and benefits	Contribution to the government	Donations
2019	35,247,359	31,129,766	2,089,390	1,566,059	1,790,990	678,976	11,152
2020	34,263,435	28,201,274	4,389,145	3,562,064	2,001,608	1,339,957	6,882
2021	45,569,308	37,582,832	7,202,005	5,906,247	2,301,082	1,586,948	13,309
2022	47,003,192	40,527,363	5,055,832	3,994,004	2,331,649	1,334,601	20,038
2023	49,355,594	42,697,852	5,704,863	4,729,346	2,574,858	1,412,073	19,156
YoY (%)	5.00%	5.36%	12.84%	18.41%	10.43%	-2.66%	-4.40%

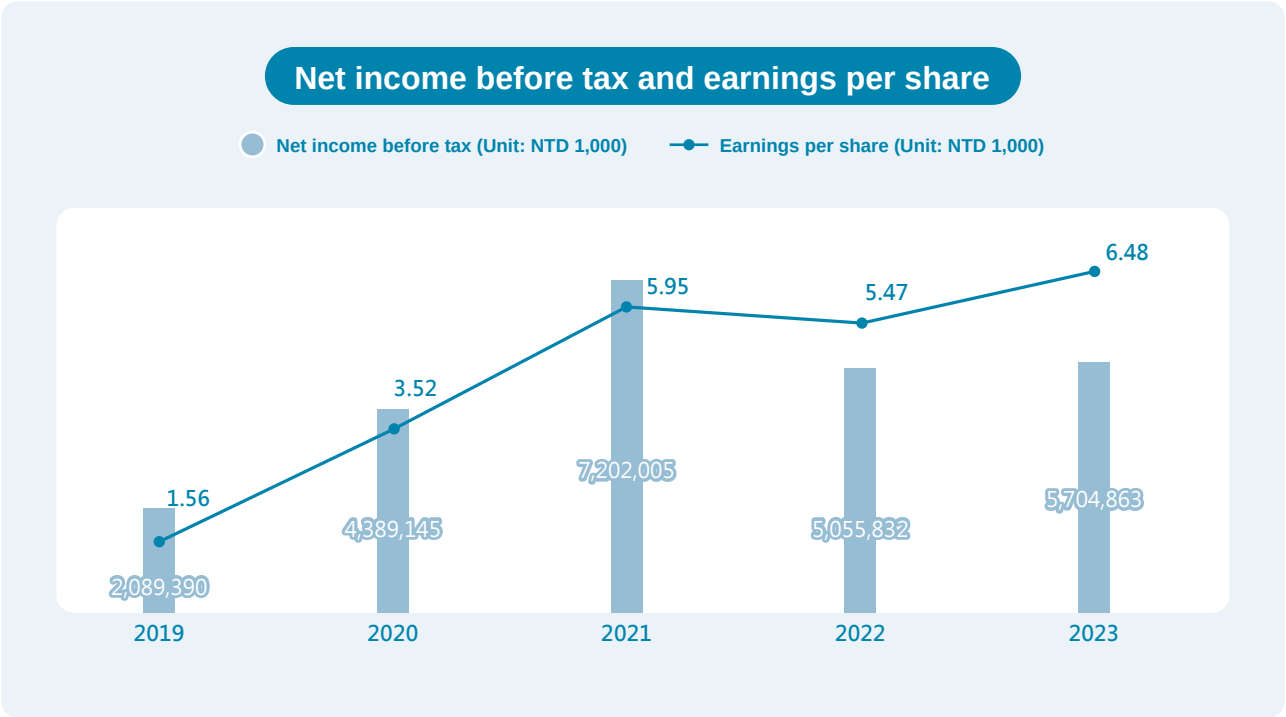
Earning distribution over the years(Entity)

Unit: NTD 1,000

Year	Earnings per share (after tax)	Cash dividend	Total dividend payout ratio
2019	1.56	1.35	86.5%
2020	3.52	1.50	42.6%
2021	5.95	6.40	107.6%
2022	5.47	3.50	64.0%
2023	6.48	4.20	64.8%

Operating income and operating cost





Country-by-Country Report

The distribution of the Company' s income, taxes and operating activities in various tax jurisdictions in the world in 2023 is as follows.

Unit: NTD 1,000

Tax jurisdiction	Income			Income before tax	Income tax paid	Current income tax payable	Paid-in capital	Number of employees	Tangible assets
	Unrelated party	Related party	Total						
Taiwan	57,704,698	3,888,613	61,593,311	7,281,840	1,175,267	1,305,693	10,890,243	2,578	39,778,719
British Virgin Islands	8,211	64,674	72,885	5,889	0	0	261,919	0	0
Vietnam	3,795,478	4,657,216	8,452,694	(365,939)	2,806	4,567,961	7,023,394	456	6,233,422
China	574,165	0	574,165	75,663	0	0	293,551	73	353,590
Samoa	3,067	0	3,067	(15)	0	0	26,789	0	0

Note :

1. The entities covered in the consolidated financial report include Tung Kang Steel Structure Corp., Tung Kang Engineering & Construction Corp., Tung Kang Wind Power Corp, and Katec Creative Resources Corp. in Taiwan, and Tung Ho Steel Vietnam Corp., Ltd. and Duc Hoa International Joint Stock Company in Vietnam. The entity covered in China includes Fujian Tung Kang Steel Co. Ltd.
2. Fujian Tung Kang Steel Co. Ltd. obtained a Letter of Intent to purchase 100% of its equity from the other party in September, 2023. On October 23 of the same year, the board of directors passed a resolution to sell it and list it as a discontinued unit. The equity transfer was completed on November 9 of the same year.
3. When there is merger, acquisition or division of a group in the year, the threshold for the group to submit a country-by-country report is still judged on the total consolidated revenue of the group in the previous year, and the total consolidated revenue of the group in the previous year does not need to be adjusted in any way due to mergers, acquisitions, or divisions.
4. The difference between the current income tax and the statutory tax rate was mainly because of the investment deduction, permanent and temporary difference, the difference between the overestimation and underestimation in the approved and previous estimates, and the difference in the time point of tax assessment arising from the time point of declaration at each tax district.
5. Tung Ho Steel Vietnam Corp., Ltd. applies to the preferential tax rate for 4-year tax exemption and 9-year 50% tax reduction.
6. The companies established in the British Virgin Islands and Samoa do not involve tax exemption for local profits, therefore, there is no need to file taxes.

■ Govern subsidies

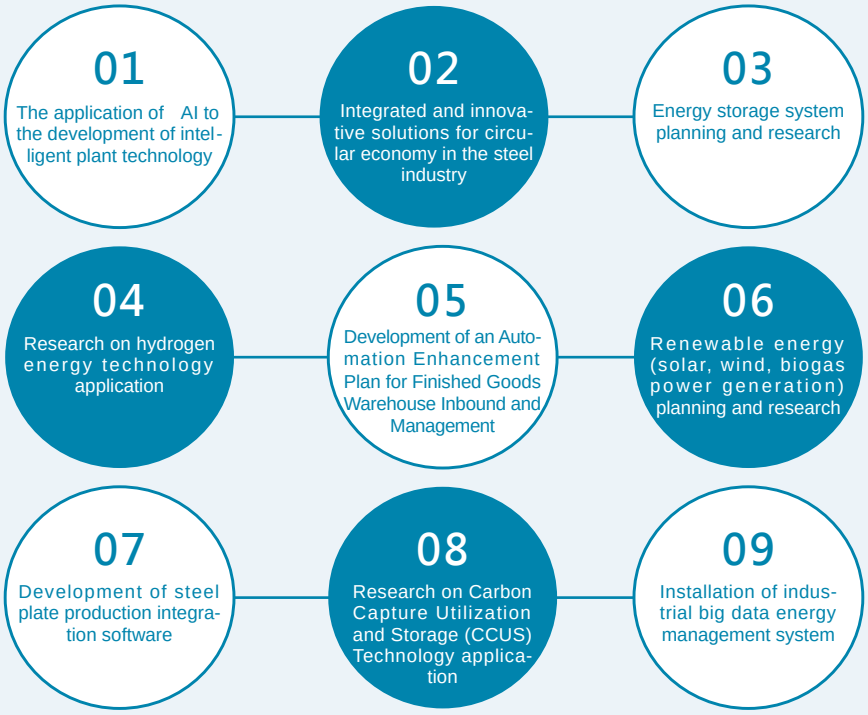
Government subsidies received over the years Unit: NTD 1,000

Item	2019	2020	2021	2022	2023
Investment tax credit- Article 10 of the Statute for Industrial Innovation	5,285,730	4,139,518	6,171,844	7,164,484	5,926,547
Investment tax credit- Article 10-1 of the Statute for Industrial Innovation	1,664,855	-	250,000	250,000	1,693,000
Substantial Investment prescribed in Article 23-3 of the Statute for Industrial Innovation	6,605,078	-	50,812,368	-	-
Industrial low carbon technology subsidy program for Taoyuan Works (China Productivity Center)	1,457,500	-	-	-	-
Motor-driven systems subsidy for Taichung Harbor Logistic Center (Industrial Technology Research Institute)	207,355	-	-	-	-
Subtotal	15,220,518	4,139,518	57,234,212	7,414,484	7,619,547

Technology and R&D

The Company's R&D expenses in 2023 amounted to NTD 39,510,316, accounting for 0.1% of the revenue. The R&D achievements of steelmaking include the development of billet steel of high purity and high ductility, the steelmaking of slab for 50mm SM570 steel plate, continuous development of ultra-high-strength steel, and the electric furnace (exhaust heat recovery for ORC power generation, low-carbon green processes, steel scrap preheating for continuous feeding, import of oxygen enriched combustion technology). The R&D achievements of steel rolling include the development of technology for endless welding rolling for billets to ensure uninterrupted production of rebar, the R&D of the Ultra High Tensile Re-Bar by direct rolling process that increase the strength by 1.6 times, the rolling of H beams with B value ≧ 300mm by means of UE（Universal Edging）technology, and the R&D of online automated dimensional measurement and surface defect detection system of H beams/steel plate.

Annual R&D projects



3-2 Risk management

Risk Management and Operation

Risk management policy

We effectively recognize, prevent and control risks through systematic and institutionalized management to maintain normal operations and achieve sustainable management of the Company.

Note: The risk management policy passed the resolution in the 3rd session of the 24th term of board of directors

■ Organizational Structure and Responsibilities

1.Board of Directors: The highest governance unit of risk management

The main responsibilities are to approve risk management policies, procedures, and structures, ensure the alignment between operational strategy directions and risk management policies, establish proper risk management mechanism and a risk management culture, allocate and assign adequate and suitable resources, and oversee as well as ensure the effective operation of the overall risk management mechanism.

2.Sustainable Development Committee

The Sustainable Development Committee is established under the board of directors, and the Corporate Governance Group in the Committee is the responsible unit for the implementation of risk management. It is in charge of coordinating relevant departments to carry out risk identification, assessment, control, and supervision, and regularly reporting the implementation status to the Sustainable Development Committee.

The Sustainable Development Committee is responsible for supervising and ensuring the implementation of risk management is in line with the policies set by the board of directors. It reports to the board on the overall risk management implementation at least once a year.

3.Relevant Departments

Assess the likelihood of occurrence and the degree of impact of various risk factors in accordance with the content of responsibilities, formulate necessary measures and conduct the implementation, and properly manage various risks to comply with the risk management policies.

4.The Audit Office

The Audit Office will draw up annual audit plans based on the Risk Management Policy and the risk assessment results, implement the audit operations of various systems based on the plans, assist the board of directors in the supervision and control of the potential risks of policy implementation, ensuring the effective implementation of relevant control procedures.

■ Risk Management and Strategies

The Company has established the Risk Management Policy and Operating Procedure based on which the risk management procedures for 2023 was conducted. Potential risks for relevant departments were identified through risk management meetings, which included a total of 25 risk factors (Community Risk was newly added for 2023) in the four major aspects, including operational aspect, financial aspect, operating aspect, and environmental aspects. Each relevant department evaluates the possibility of occurrence and level of impact of various risk factors in accordance with the work scope and establishes necessary measures for implementation to properly manage various risks.

Note: Please refer to our official website for Four major aspects and management.

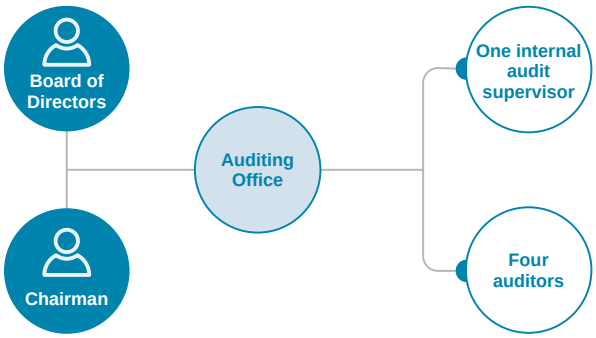
After analyzing the urgency and financial impact of each risk factor this year, the more significant risk factors include "carbon fee collection", "shortage of manpower", and "talent gap". Other factors of moderate impact are currently under adequate control or less urgent, requiring only continued monitoring. The Audit Office has formulated an annual audit plan based on the above risk assessment results, and reported on the relevant implementation status at the 6th session of the 25th term of board of directors on December 26, 2023.

Internal Control

■ Organization of Internal Audit

To assist the board of directors and managers with the checking and reviewing the effectiveness of the internal control system and the evaluation of the operational effectiveness and efficiency, the Audit Office has been established under the Board of Directors, which is composed of the Internal Audit Supervisor and four full-time internal auditors serving as each other's agents, to provide timely improvement suggestions and management assistance, so as to ensure the continuous and effective implementation of the internal control system.

Organization of Internal Audit



The appointment of the Internal Audit Supervisor is reported to the Financial Supervisory Committee（FSC）for review after approved by the board of directors. The Internal Audit Supervisor also attends the Audit Committee and the board meeting to report audit affairs and provides timely improvement suggestions and management assistance to ensure the continuous and effective implementation of the internal control system. The appointment, dismissal, evaluation, compensation and remuneration of the Audit Supervisor will be submitted to the chairman for approval.

■ Operation of Internal Audit

Internal audit plan and timing

- **Planned audits:**
  The Auditing Office will draw up annual audit plans for the following year at the end of every year in accordance with regulations and the results of risk assessment. These annual audit plans will be reported to the board of directors for discussion and approval as the basis for the implementation of audit operations.
- **Project audits:**
  Depending on the operational requirements, the senior executives or the head of the Auditing Office will designate the subject and time of the audit, and the auditors shall conduct various audit operations within the designated time, which includes relevant norms related to economy, environment, society (human rights) in the Sustainable Development Best Practice Principles.
- **Self-audit (internal audit) operations:**
  To implement self-management and the supervision mechanism to ensure the design and implementation of the internal control system of the Company is effective, the Company will carry out the self-assessment once a year. The Auditing Office will review the self-assessment report and add the deficiencies and abnormalities of internal control found by the Auditing Office as well as relevant improvement to serve as a basis for the board of directors and the president to evaluate the overall effectiveness of the internal control system and also the issuance of the Statement of Internal Control.

The Auditing Office draws up an annual audit plan based on the results of the risk assessment. The audit subjects include the businesses all the units of the Company and the businesses subsidiaries are in charge of. The focus of audit includes the operating procedures of various operation cycles and the audit items prescribed by the FSC, which, after the approval from the Audit Committee and the board of directors, will be carried out. When internal control deficiencies and abnormal matters are identified, the inspected unit is asked to propose improvement measures after communication, and follow-up will be conducted until the improvement is made. The Auditing Office also checks the implementation of integrity management of the Company and prepares relevant audit reports. After the audit report and follow-up report are completed, they are submitted to the independent directors for review before the end of the following month, and the audit executions should also be reported to the board of directors and the Audit Committee. The Auditing Office has completed the 2023 annual audit work and has listed the deficiencies identified in the audit of all units (including subsidiaries) and tracked relevant improvement status to ensure risks of all operations can be effectively controlled.

Information Security Risks and Responses

Tung Ho Steel has established the Information Security Management Regulations to conduct information security risk assessment, determine the security requirements for various information operations, implement appropriate and sufficient security measures to ensure continuous operation and minimize operational losses. In 2023, ISO 27001:2013 Information Security Management System was introduced to implement and strengthen information security management. The ISO 27001:2013 certificate is valid from 2023/4/3 to 2025/10/31.

Information security policy

1. Information security management regulations shall comply with legal and contractual requirements.
2. Maintain the integrity and availability of data.
3. Restrict access to confidential information.
4. Make sure that authorized users can access files and resources.
5. Prevent unauthorized use.
6. Prevent incidents that could endanger hardware, software, and other resources.
7. Prevent incidents that could maliciously damage hardware, software, and other resources.
8. Prevent improper use of online resources.

■ Information system

The information system of the Company is mainly divided into two categories. The first category is "universal system" that supports the operation of the Company's information environment, such as the email system, anti-virus system, spam systems, and file servers. The second category is "enterprise application system for operational purposes", such as the general ledger system, personnel system, business system, production management system, manufacturing system, etc.

■ Information Security and Network Risk Analysis

Asset Name	Risk event		Existing Control Measures
	Weakness	Threat	
Server	System vulnerabilities	System intrusion	Regularly patch system for vulnerabilities
	No system backup	System recovery difficulty	System virtualization, with redundancy established across different hosts
	No system backup	Data corruption	Double backup of the same data using hard drive and tape
	Failure to strictly control accounts	Unauthorized access and data theft	The accounts require complex passwords and regular password changes.
	Natural disasters	System damage	Implement backup system at off-site locations for the Company.
Personal Computer	System vulnerabilities	System intrusion	Install Microsoft system update services to support system security updates.
	Computer viruses	Computer virus infection	Build a centralized anti-virus system to monitor virus events and eliminate them.
Application Systems	Permission are not regularly checked	Unauthorized access to information	Regularly review user permissions every year.
	Programs are not rigorously tested	Data inaccuracies	There is a strict process for program modification.
Employees	Insufficient information security concept	Computer virus infection, account and data theft	Irregular cybersecurity awareness publicity

Cybersecurity Threats and Corresponding Measures

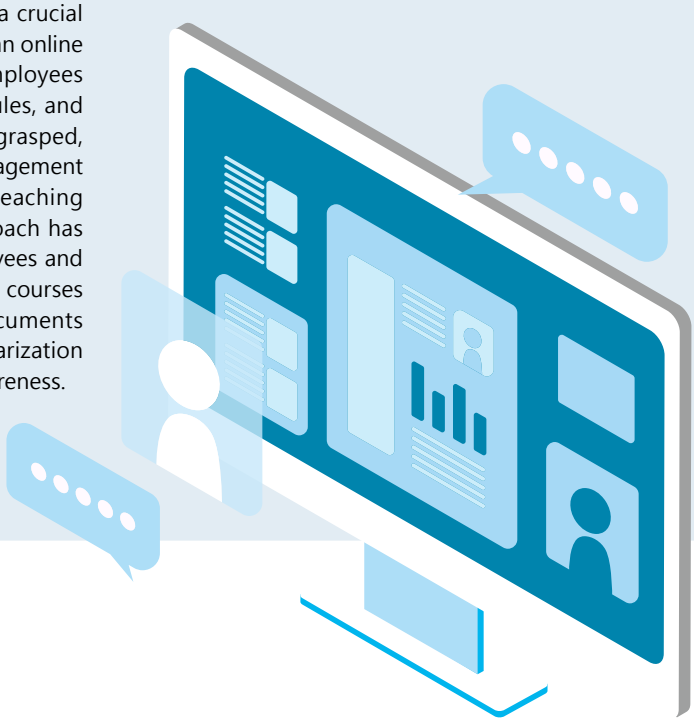
Based on the risk level, the information system architecture will gradually establish a high-availability off-site host backup and data backup mechanism to ensure uninterrupted services. The backup media will be stored off-site, and the system backup and recovery drills will be strengthened to ensure normal operation and data preservation of the information system, reducing the risk of system interruption caused by unwarned natural disasters and human errors to ensure that it will meet the target time of expected system recovery.

Recent cybersecurity threat analysis shows that external hacker attacks account for the majority threats, followed by negligence and lack of cybersecurity awareness of internal employees. System vulnerabilities or users running unknown malicious programs are the root causes of information security incidents. Therefore, more emphasis should be put on the execution of control measures. Indeed, there is a last line of defense backup and recovery mechanism for cybersecurity. Yet thorough precautions can greatly reduce business losses caused by cybersecurity incidents.

Implementing an online education platform

It was pointed out in Fortinet' s 2023 State of Operational Technology and Cybersecurity Report that 75% of the respondents had encountered at least one threat intrusion. Malware and phishing attacks have increased significantly compared with 2022, with an increase of 12% and 9% respectively. Ministry of Digital Affairs (MODA) analyzed the incident of major global cyberattacks in its 2022 National Cybersecurity Situation Report and revealed that hackers used social media and social engineering emails to launch initial attacks. Therefore, MODA recommended in the report that in addition to building a protection system against phishing websites and malicious program links for cybersecurity, the security awareness of users should also be improved to improve their message recognition and vigilance.

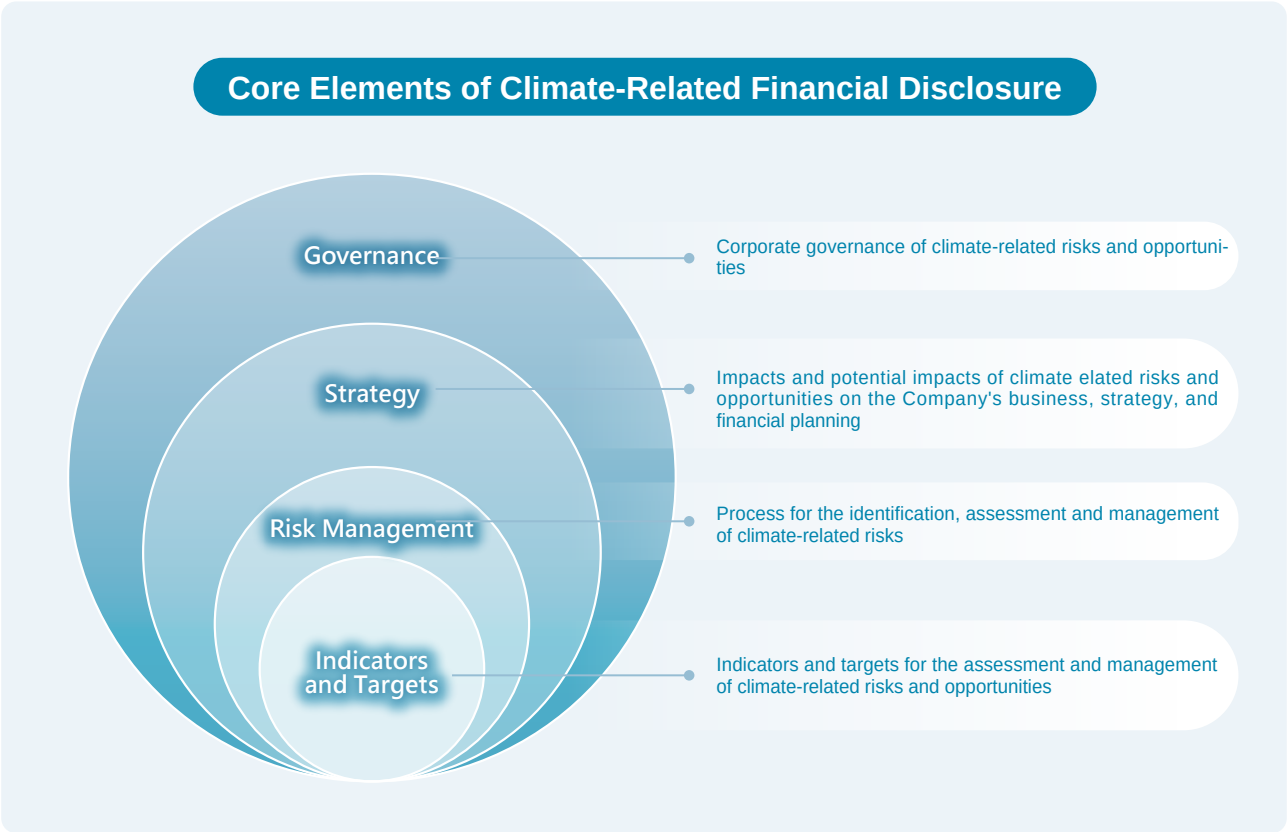
Staff' s awareness of cybersecurity is a crucial part. In 2023, the Company imported an online education platform to enable our employees to arrange their own learning schedules, and their learning situations can also be grasped, which is helpful in the systematic management and adjustment of the difficulty of teaching materials. The flexible learning approach has positive influence on both the employees and the Company. In 2023, 6 cybersecurity courses and 5 cybersecurity propaganda documents were launched to enhance the popularization and effectiveness of cybersecurity awareness.



3-3 Management of and Strategies for Climate Change Risks and Opportunities

Faced with global warming, extreme weather, environmental protection and energy conservation, safety and health, and the rising awareness of conservation, Tung Ho Steel pays close attention to the trend of global climate change and the direction of international response, incorporates climate change into the material topics and one of the critical major risks for corporate sustainable development, and continues to make analysis and control, being dedicated to the adaptation and mitigation of GHG.

The Company refers to the TCFD' s (Task Force on Climate-Related Financial Disclosures) proposal released by Financial Stability Board (FSB) and has established a risk framework in accordance with the four elements for TCFD, namely "Governance", "Strategy", "Risk Management" and "Indicators and Targets", to identify major risk and opportunity that could have impacts on operations and also put forward corresponding strategies and develop sustainable climate-related indicators and goals. 2024 Tung Ho Steel TCFD Report has passed BSI verification, and the maturity model for the climate-related financial disclosure was listed Level 5+: Excellence Grade. The Company refers to the TCFD' s (Task Force on Climate-Related Financial Disclosures) proposal released by Financial Stability Board (FSB) and has established a risk framework in accordance with the four elements for TCFD to identify major risk and opportunity that could have impacts on operations and also put forward corresponding strategies.



Climate Change-Related Governance

■ The Board of Directors is in Charge of Governance of Climate Change Issues

The board of directors is in charge of reviewing and guiding climate change strategies, action plans and annual targets, and it regularly monitors the implementation status of the GHG reduction goals and attainment rate every year.

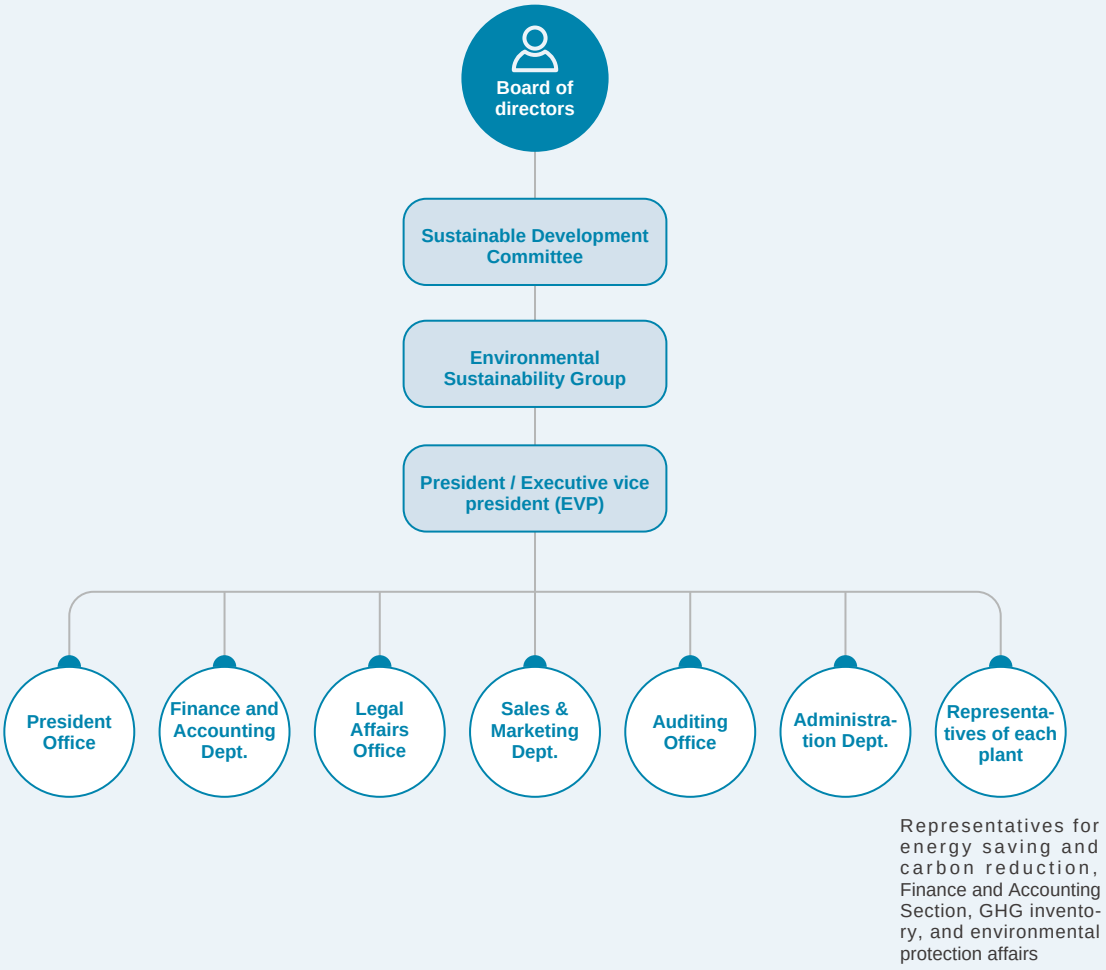
The board of directors has set up the Sustainable Development Committee (functional committee) composed of three members, and more than 50% of the members are independent directors appointed in accordance with the resolution of the board, with the chairman of the board serving as the convener (chair) , responsible for climate change related issues, including the setting, supervision and review of the environmental sustainability system and goals. Sustainable Development Committee is convened twice a year, and relevant contents concerning climate change are regularly reported in the board meeting every year, and discussions on GHG inventory and reports on the schedules and planning are conducted in the board of directors on a quarterly basis. Risk management, strategies, and goals related to climate change in this Report were set and approved in the 27th session of the 24th term of board of directors dated on May 9, 2023. The board of directors also actively participates in discussions between the government and the industry to face the challenges for sustainability development brought by climate change in a pragmatic and forward-looking attitude.

The Company invites external lecturers to provide education and training for climate change-related issues in 2021 and 2024. The trainees were all board members and senior executives, and the courses provided were on corporate climate governance and practices of TCFD disclosure, with a total of 260 training hours.

■ Representatives of Climate Change Issues at BOD level

The Environmental Sustainability Group is established under the BOD' s Sustainable Development Committee (functional committee) , which is composed of responsible personnel assigned by relevant departments. The chair of the Environmental Sustainability Group is the Executive Vice President, who is in charge of the evaluation and management of climate-related risks and opportunities and the setting of strategies and goals. The Environmental Sustainability Group will regularly report the implementation status to the Sustainable Development Committee.

Organization chart of Tung Ho Steel's Climate Change-related Governance



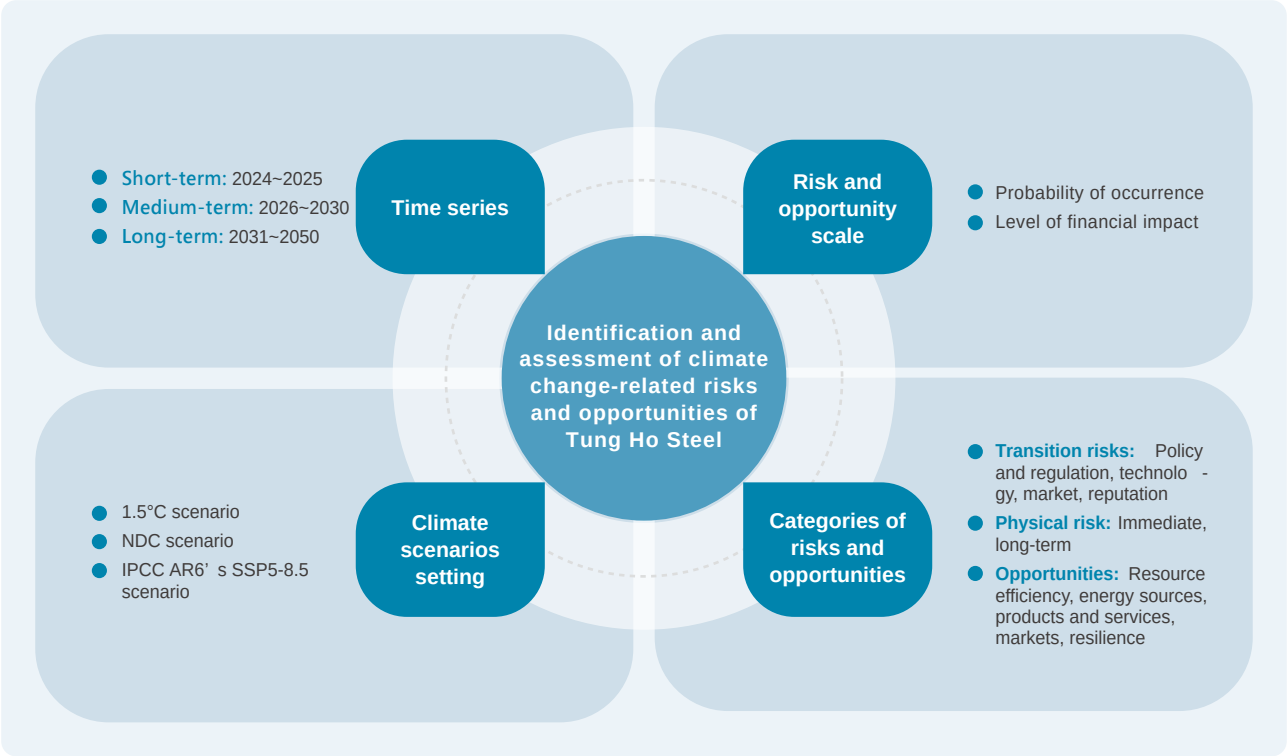
Corporate governance hierarchy	Task of climate change governance	Implementation results
Board of directors	In charge of reviewing and guiding climate change strategies, action plans and annual targets, and it regularly monitors the implementation status of the GHG reduction goals and attainment rate every year.	• The board of directors has approved the 2030 phased goal of "Net Zero Emissions by 2050" and set two 30s as the phased goals by 2030 in the 25th session of the 24th term of board of directors on February 22, 2023. (1) 30% Carbon Reduction: the total carbon emissions in 2030 is aimed to be reduced by 30% compared with the 2005 level. (2) RE 30: By 2030, we aim to use 30% of renewable energy and complete the purchase of renewable projects accounting for 30% of the annual electricity consumption of the Company. • In the 26th session of the 24th term of board of directors on April 11, 2023, the plan of the subsidiary,Tung Kang Wind Power Corp., to establish a grid-connected E-dReg energy storage system was approved. • It was approved to establish the GHG management strategies, reduction targets, and project proposals in the 27th session of the 24th term of board of directors on May 9, 2023. • It was approved to revise "Measures for the allocation and use of special surplus reserves in response to climate change adaptation and mitigation" in the 6th session of the 25th term of board of directors on December 26, 2023. • It was approved to establish "Methods for awarding ESG bonuses to senior managers" as well as the GHG management strategies, reduction targets, and project proposals (GHG, water management) in the 9th session of the 25th term of the board of directors on May 24, 2024.
Sustainable Development Committee	Responsible for climate change related issues, including the setting, supervision and review of the environmental sustainability system and goals; relevant contents concerning climate change are regularly reported in the board meeting every year.	• The proposal to issue the 2023 TCFD Report was approved in the 8th session of the 2nd term of board of Sustainable Development Committee on May 2, 2023, and was reported to the board of directors. • It was approved to establish the GHG management strategies, reduction targets, and project proposals in the 8th session of the 2nd term of Sustainable Development Committee on May 2, 2023. • The issuance of 2024 climate change-related financial disclosure report was approved in the 2th session of the 2nd term of Sustainable Development Committee on May 9, 2024, and was submmitted to the board of directors. • The issuance of the 2024 climate change-related financial disclosure report, the setting of the linkage indicators and targets of the senior managers' remuneration and ESG performance, and the establishment of climate change management strategies, reduction targets, and project proposals (GHG, water management) were approved and submitted to the board of directors in the 2nd session of the 3rd term of the Sustainable Development Committee on May 9, 2024.
Environmental Sustainability Group	In charge of the evaluation and management of climate-related risks and opportunities and the setting of operational plans and goals; regularly report the implementation status to the Sustainable Development Committee.	2023 • Held the discussion meeting on climate-related scenarios and financial methodologies. • Held the climate-related strategy assessment meeting. • Held the meeting for the furnace equipment renovation. • Held the climate-related target setting meeting. • Held the discussion meeting of the draft of the TCFD Report. • Held the planning meeting of the Energy Conservation and Carbon Reduction and establish a Working Group to carry out research and evaluation of various energy conservation and carbon reduction projects. • Implemented the Carbon Capture and Storage (CCS) technology and hydrogen research project of the Green Energy and Environment Research Laboratories, ITRI. • Participated in WSA Set-Up Program and submitted data on CO_2 emissions, energy, recycling rates, maintenance and reliability, raw materials, and so on. • Carry out planning and preliminary research on climate change issues and promote the signing of the Collaborative Carbon Rduction Agreement in the value chain. • Participated in MOEA's " Subsidies for low-carbon and smart upgrading and transformation of small manufacturing industries through large-scale manufacturing" Project. • Reviewed the Application Form for Climate Change Adaptation and Mitigation Plan.

Climate Change-Related Risks and Opportunity Management

■ Risk and Opportunity Management Process

The Sustainable Development Committee is under the board of directors of the Company, and there are Environmental Sustainability Group, and Corporate Governance Group in the committee. The Corporate Governance Group is in charge of the establishment, supervision and review of relevant policies in relation to corporate governance, integrity management, and risk management, and the management mechanisms. It is in charge of the coordination of relevant departments for the risk identification, assessment, control and supervision, reports to the Sustainable Development Council the implementation status, and the Sustainable Development Committee shall report to the board of directors the overall risk management implementation status at least once a year. The relevant departments assess the possibility of occurrence of various risk factors and the degree of impact in accordance with the content of job responsibilities, and necessary measures shall be formulated for implementation to properly manage various risks. The Environmental Sustainability Group of the Sustainable Development Council is a dedicated unit of climate change related management. The Company has understanding of various international initiative activities/ content of organization in relation to sustainability and climate change and include the concerns and evaluation criteria of the international initiatives into the Company' s considerations when establishing environmental and GHG policies, so as to comply with the international development trends and improve the Company' s ability to respond to climate change.

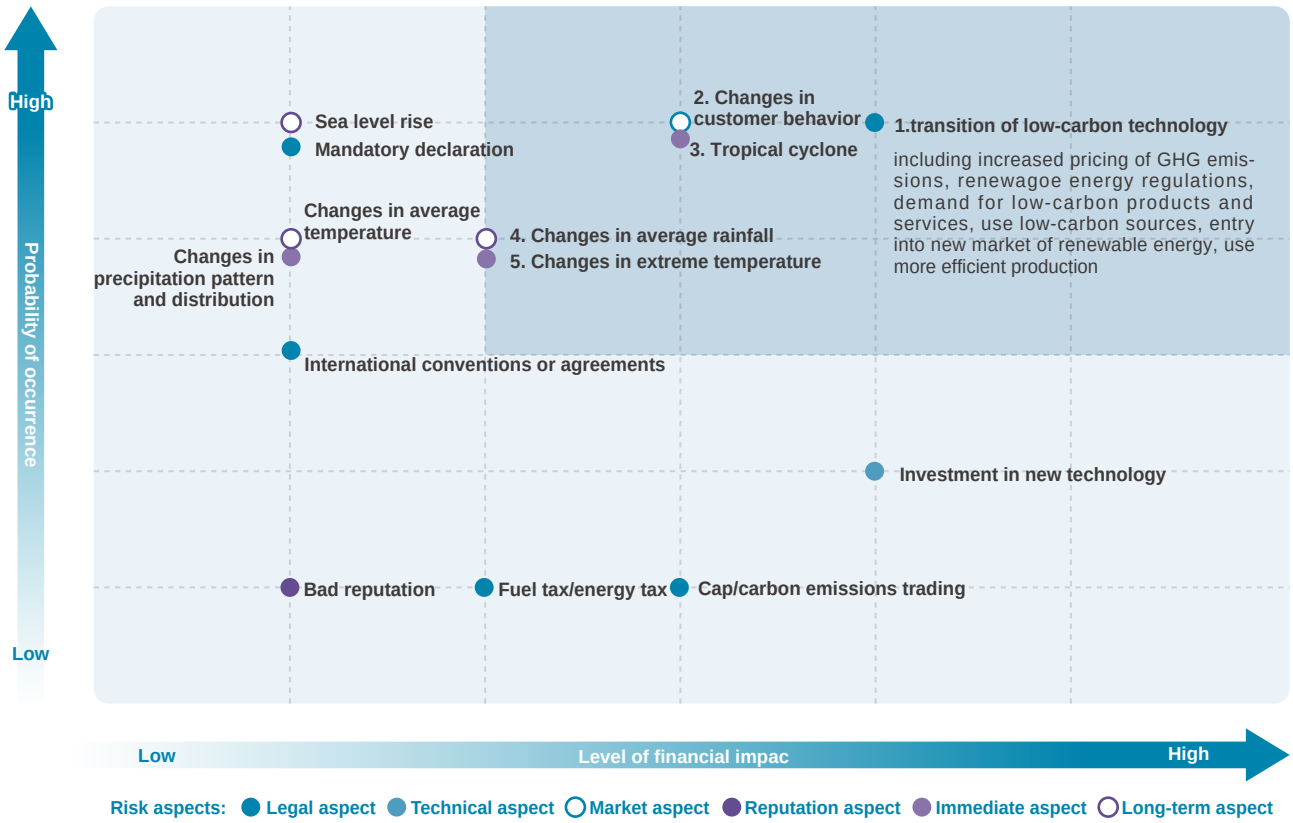
■ Identification of Climate Change-Related Risks and Opportunities



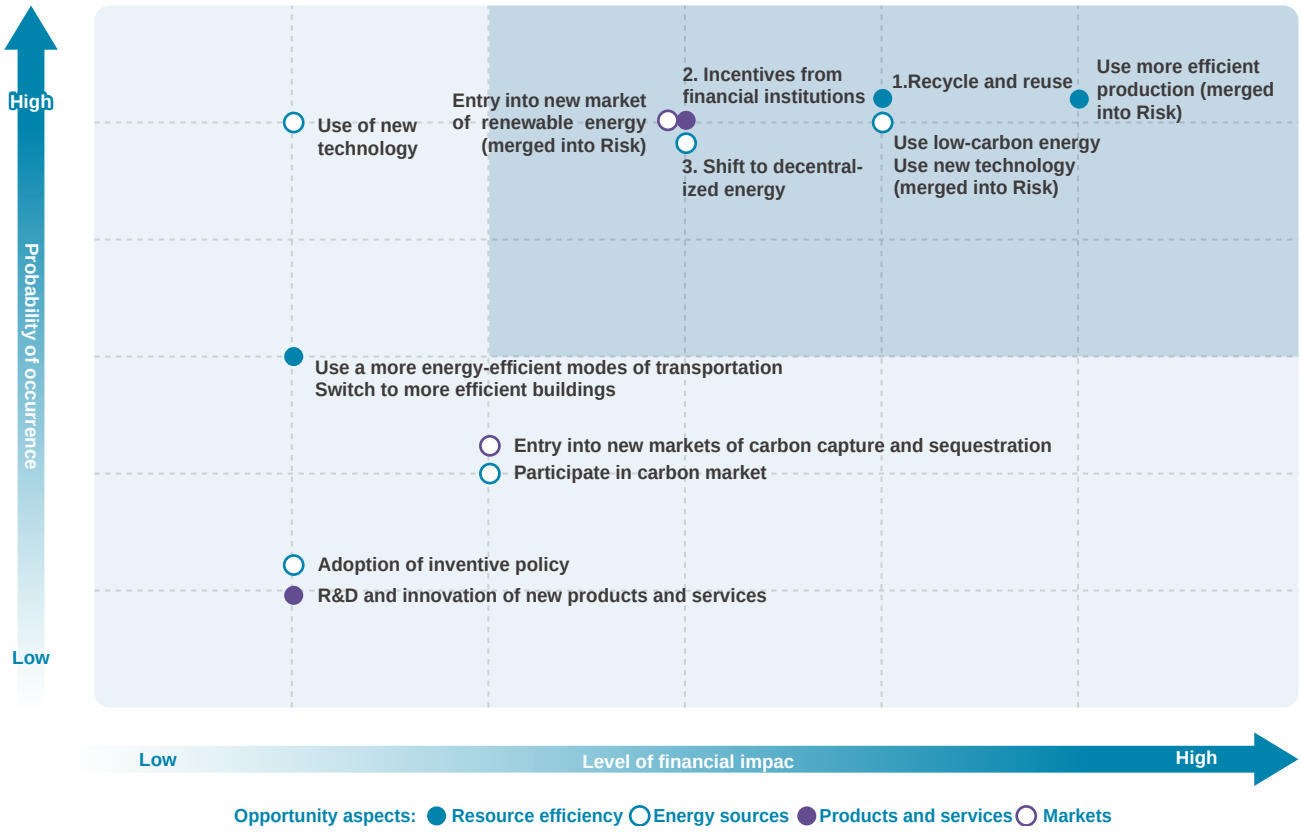
The Environmental Sustainability Group members convened a climate change risks and opportunities identification meeting in accordance with the TCFD recommended assessment framework. (The level of impact x likelihood of occurrence, and the score of 8 points or more is classified as material). A total of 5 significant climate change-related risks and 3 significant climate-related opportunities were identified, and the financial impact (year) is defined as the average value in short-term (2024~2025), mid-term (2026~2030) and long-term (2031~2050). In 2024, the Climate Risk and Opportunity Assessment Strategy Scenario use the 1.5° C scenario, Taiwan' s Pathway to Net-Zero Emissions in 2050, IPCC AR6' s SSP5-8.5 scenario, and the 2030 INDC (Intended Nationally Determined Contribution) targets. For the 2024 significant climate change-related risks, the item "Cap" will be excluded, and the original "renewable energy regulations" will be merged into Risk 1 while the original "Use more efficient production" in the climate-related material opportunities will be merged into Risk 1.

The matrix of identified climate change-related risks and opportunities is as follows.

Matrix of climate change-related risks



Matrix of climate change-related opportunities



Description of Climate Change-Related Risks

The climate change-related risks identified by the Company include Low-carbon technology transition[Note], Changes in consumer behavior, Tropical cyclone, Changes in average rainfall, and Changes in extreme temperature.

Results of risk identification

Category / Item			Financial impact of risk	Description
Transition risk	Policy and Regulatory Risk	Low-carbon technology transition	【Increase in costs】 In 2023, the Climate Change Response Act was passed to formulate a mechanism for carbon fees collection from enterprises. On the other hand, the Renewable Energy Development Act requires large electricity users to set up renewable energy power generation facilities with 10% of the contracted capacity. The formulation of relevant regulations will have an impact on the Company in terms of capital expenditure and costs.	**Time point of risk: Short-term** In response to the trend of increasingly stringent requirements such as the renewable energy regulations, the increased GHG pricing, low-carbon transition services, and demand for low-carbon products and services, the Company will update to high-efficiency electric furnaces, purchase renewable energy certificates, not use pig iron in the steel-making process and other strategies to mitigate the impact of climate regulations, and turn them into the financial opportunities for the future operation of the Company.
Transition risk	Market	Changes in consumer behavior	【Decrease in profits】 The trend of the regulatory requirements for low-carbon transition services, and low-carbon products and services are getting more and more stringent.The customers require the Company to provide EPD certificate in the short term and the carbon neutrality certificatesin the medium and long term to be qualified for delivery.	**Time point of risk: Long-term** Continue to invest in the guidance and certification of carbon footprint and carbon neutrality. In the medium and long term, we will purchase carbon credit to achieve carbon neutrality of products to meet the requirements of the market and the customers. In addition to reducing the revenue risk of reduced orders, additional financial revenues and increased profits can even be obtained.
Physical risk	Immediate	Tropical cyclone	【Increase in costs】 【Decrease in profits】 The worst scenario of global warming in IPCC AR6 (SSP5-8.5). The scenario is that the rate of increase in strong typhoons in Taiwan is 100%. It is estimated that from 2030, there will be two typhoons that will cause losses to the production plants every year, including property loss (repair costs), downtime costs, and labor costs.	**Time point of risk: Long term** In the face of the financial impact brought by the strong typhoon in Taiwan in the future, the Company will purchase relevant insurance to transfer this risk to lower the increased risks.
Physical risk	Immediate	Changes in extreme temperature	【IIncrease in costs】 【Decrease in profits】 The worst scenario of global warming in IPCC AR6 (SSP5-8.5). Power rationing due to extreme high temperatures that led to suspension of work: Short-term: 5 days, medium-term: 10 days, long-term: 20 days, resulting in financial impacts of reduced revenues and increased costs for the company.	**Time point of risk: Long term** It is planned to maintain flexible shifts to reduce financial impact of the loss of labor costs.
Physical risk	Long term	Changes in average rainfall	【Increase in costs】 【Decrease in profits】 The worst scenario of global warming in IPCC AR6 (SSP5-8.5). The total rainfall in Taiwan increased by 15%, but the number of consecutive days without rainfall increased by 5.5%, causing Taiwan Water Corporation to suspend water supply for 7 days in the factories, resulting in a financial impact of reduced revenue and increased costs.	**Time point of risk: Long term** The Company will make a long-term strategy of using water tankers to maintain the operation of the factories. Although the costs will increase, the financial impact of the company's revenue reduction and cost increase can be lowered.

Note: Low-carbon technology transition includes the following risks: increased pricing of GHG emissions, transition of low-carbon technology, demand for low-carbon products and services, use of low-carbon energy, entry into new market of renewable energy, and use more efficient production.

Description of Climate Change-Related Opportunities

The climate change-related opportunities identified by the Company include Recycle and reuse, Shift to decentralized energy, and Incentives from financial institutions, The financial impact, description of opportunities, and corresponding measures and costs of opportunities are detailed as follows.

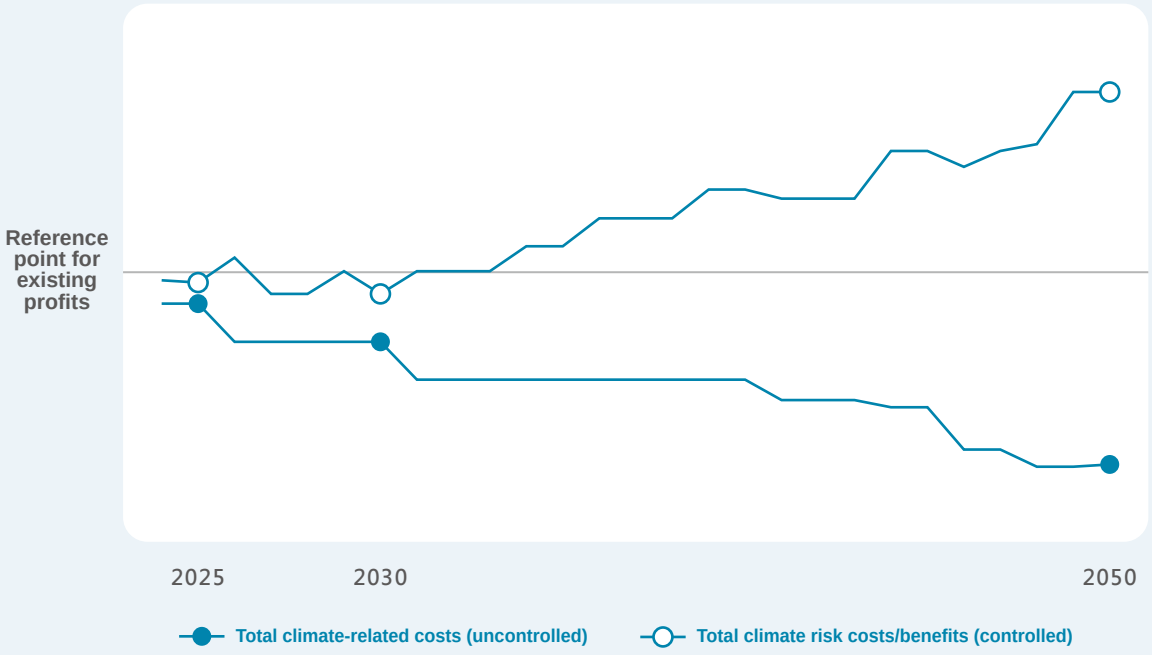
Results of opportunities

Category / Item		Financial impact of opportunity	Opportunity response strategy
Resource efficiency	Recycle and reuse	【Increase in profits】 【Opportunity costs】 Among the trends in global climate change risk management, the waste recycling strategies of the circular economy will become more and more important, and the recycling business can also obtain considerable financial opportunities.	**Time point of opportunity: Short term** Invest in Taiwan Steel Union Co., Ltd. and Katec Creative Resources Corp. to obtain financial opportunities for earning stable profit.
Source of energy	Shift to decentralized energy	【Capital expenditures】 【Increase in costs】 【Increase in profits】 In the future, the decentralized energy will be one of the major trends in the future international and Taiwan' s net-zero emission management, together with the government' s subsidy programs of energy storage systems, financial opportunities to investors can be brought.	**Time point of opportunity: Medium term** The energy storage system invested by Tung Ho Steel' s subsidiary, Tung Kang Wind Power Corp., will bring the benefits of increased revenues and profits.
Market	Incentives from financial institutions	【Increase in costs】 【Decrease in costs】 The credit and investment of financial institutions will be linked to the company' s ESG and climate change management performance. Companies with good performance will have the financial opportunity to reduce loan interest costs.	**Time point of opportunity: Short term** The Company' s investment in TCFD, COP, and other related climate change management reports and evaluations will increase the Company' s financial opportunities for obtaining credit from the financial market, low-interest loans, and financing.

Overall assessment of climate-related material risks, opportunities and strategic response

TCFD Strategy Annual Effectiveness - Total Risk + Opportunity

In the face of the risks, challenges, and opportunities of climate change, Tung Ho Steel's team makes pragmatic assessment of the corresponding strategies and financial impacts of risk and opportunities. The Company will still be able to maintain stable and sustainable operation in the future in the short-, medium-, and long-term financial conditions, and create more profits.



Climate Change-Related Strategies

■ Climate-Related Scenario Analysis

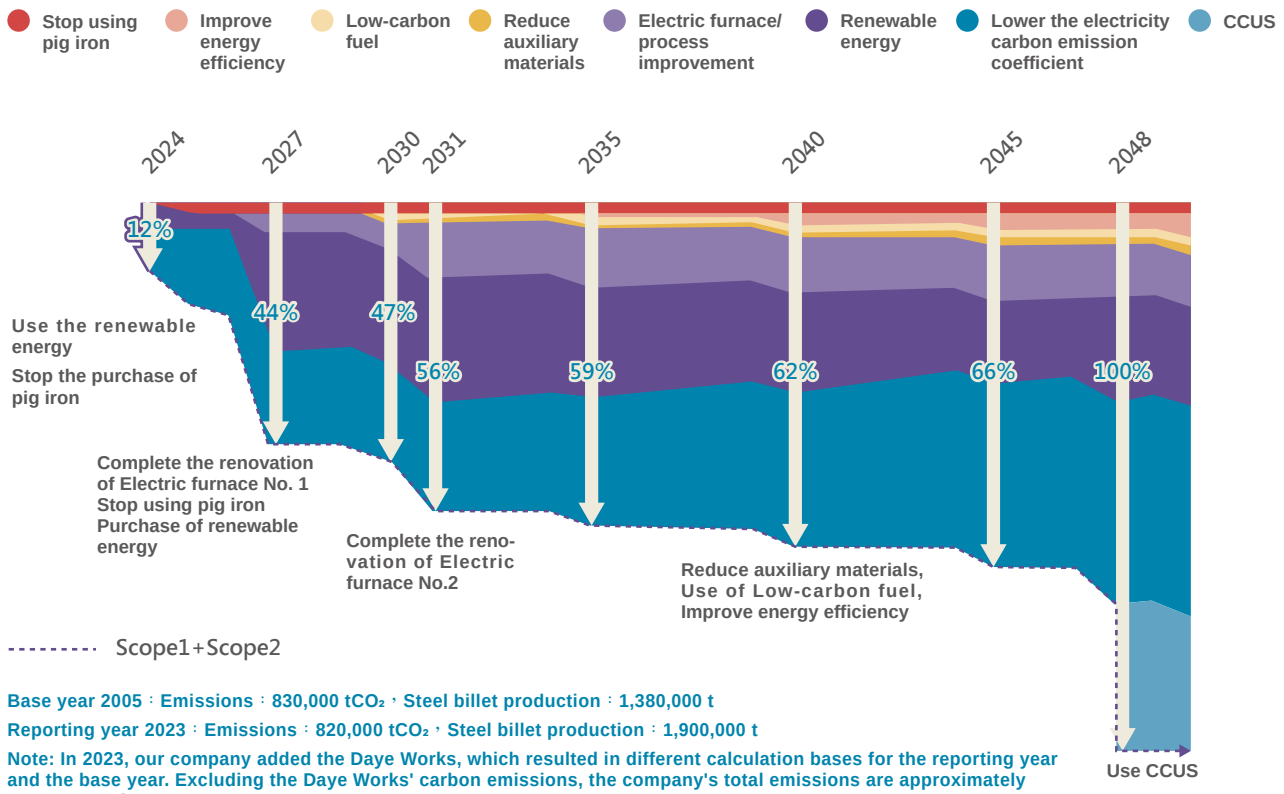
Climate-related risks and opportunities affect the Company's strategies and financial planning. Therefore, the Company uses the two risk types, the transition risk type and physical risk type as well as the The Worst-case Scenario for climate opportunity in accordance with the TCFD recommendations for the analysis and assessment of the resilience of climate strategies.

Type of climate-related risks and opportunities	Scenarios of the evaluation strategy of the Company	Content of scenario
● Transition risk ● Opportunity	● 1.5°C scenario ● Taiwan 2050 net-zero emission pathway and strategies ● Taiwan's NDC (Nationally Determined Contribution) ● Taiwan's Climate Change Response Act	2050 net-zero carbon emission has become a global trend. Taiwan also released the Net Zero Emission Pathway and Strategy Statement and set up a plan to implement the goal of transition to net zero. The phased goals and actions of 2050 net zero transition were announced in December 2022, and the nationally determined contribution (NDC) emission reduction target of 2030 was proposed to be 24% ± 1%. In January 2023, Taiwan's Legislative Yuan passed the Climate Change Response Act for the third reading, stipulating that Taiwan shall achieve net zero GHG emissions by 2050, which will become the main source of law for future climate governance and the establishment of a carbon fee mechanism.
● Physical risk	● The worst scenario of global warming in IPCC AR6 (SSP5-8.5)	Under the extremely high GHG emission scenario（SSP5-8.5）, climate change causes drastic changes in future average temperature, extreme high temperature, annual total rainfall, annual maximum one-day rainstorm intensity, annual maximum consecutive days without rainfall, and the proportion of strong typhoons, which may have operational impacts on the Company and its value chain.

■ Climate Change-Related Strategies

The GHG emissions at Tung Ho Steel are mainly indirect emissions (Scope 2) caused by electricity use. Therefore, the 1.5° C low-carbon transition plan is currently working on the planning of carbon reduction pathway targeting at the electricity using items. Please refer to 2024 Tung Ho Steel TCFD Report for other climate change-related strategies.

Tung Ho Steel Carbon Reduction Pathway



Base year 2005：Emissions：830,000 tCO_2，Steel billet production：1,380,000 t

Reporting year 2023：Emissions：820,000 tCO_2，Steel billet production：1,900,000 t

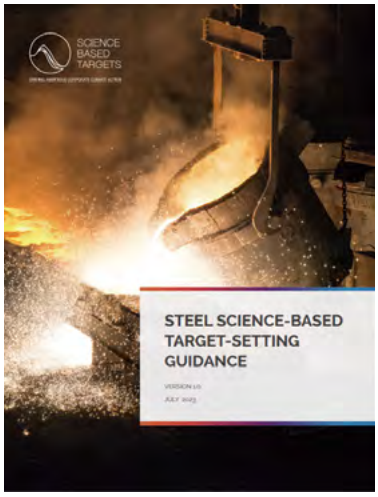
Note: In 2023, our company added the Daye Works, which resulted in different calculation bases for the reporting year and the base year. Excluding the Daye Works' carbon emissions, the company's total emissions are approximately 775,000 metric tons.

Climate Change-Related Indicators and Targets

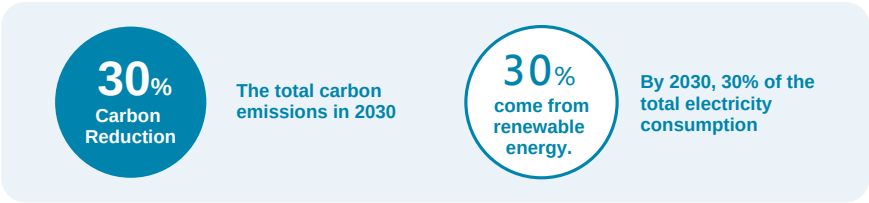
■ Science Based Targets initiative （SBTi）

Tung Ho Steel referred to the Science Based Targets initiative（SBTi）as the basis for the climate change-related indicators and target evaluation. Monthly target meeting is also convened, and the president will track the difference between the actual performance of GHG emission intensity of all plants and the targets for discussions and establishment of necessary measures.
To respond to the global trend and the national net zero emissions target by 2050, the Company incorporated climate change into the material topic for sustainable development and passed the 2030 phased goal of net zero emission by 2050 in the 25th session of the 24th term of board of directors.

1. 30% Carbon Reduction: the total carbon emissions in 2030 is aimed to be reduced by 30% compared with the 2005 level.
2. RE 30: By 2030, 30% of the total electricity consumption will come from renewable energy.



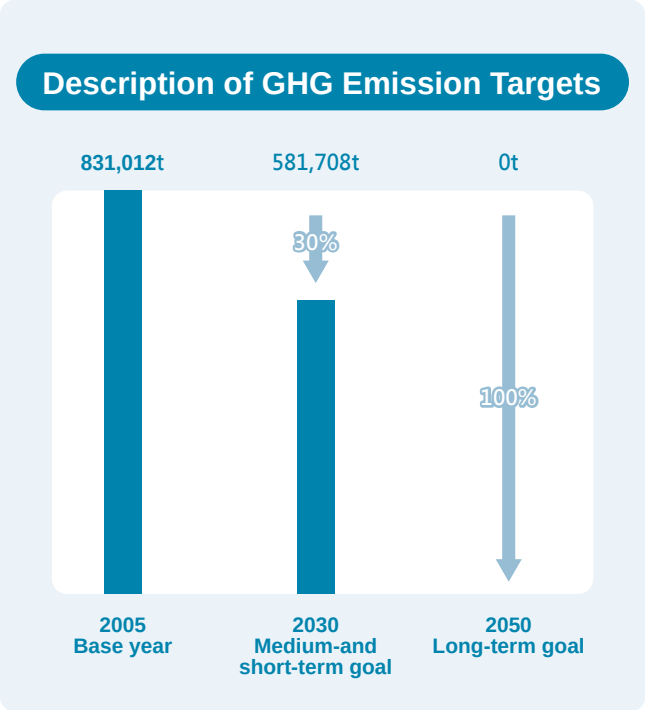
Steel Science-Based Target-Setting Guidance for Tung Ho Steel's Science Based Targets initiative (SBTi)



■ Description of GHG Emission Targets

The absolute reduction targets were established by referring to the tool, SBTi-Tool (SDA_Tool_v1.2.1) provided by Science Based Target Initiative as the scientific basis. In addition, the Taiwan 2050 net-zero emission pathway and reduction target announced in March, 2022 was also referred to. The Company set 2005 as the base year and set the medium-term goal of carbon reduction by 30%.

In 2023, the emission of Scope 1 was 222,244 tonnes CO_2e, Scope 2 601,862 tonnes CO_2e, and the combined emissions of both Scope 1 and Scope 2 totaled 824,106 tonnes CO_2e. The GHG emissions in 2023 was relatively lower than 2022. The Company purchased Daya Works in August, 2022, and production started upon the completion of factory registration in January the following year. The 2023 GHG absolute emissions of both Scope 1 and Scope 2 of the entire company (excluding Daya Works) reduced by 4.5% compared with 2022, and the emission intensity reduced by 4.0%. The comparison of the emission trends as well as the difference is detailed in Chapter 4-2 Use of Energy Resources. In the future, we will continue to use renewable energy and work on the electronic furnace renovation project to move toward the target of reducing carbon emissions by 30% by 2030.



Note :
1. In the Taiwan's 2050 Net Zero Emission Pathway and Strategy Statement, the carbon reduction pathway from 2025 to 2050 estimated that the carbon reduction in 2030 will account for 28% of the carbon reduction of 2005.
2. GHG emissions are the sum of those in Scope 1 and 2.
3. In 2023, Daya Works, Taoyuan Fabrication Center, Taichung Harbor Logistic Office was added in the scope of GHG inventory, and the GHG emissions of Scope 1 and Scope 2 amounted to 50,697 $MtCO_2e$.

Description of the Targets for Using Low-carbon Materials

In the traditional steel production processes, pig iron is an indispensable raw material. However, the GHG emissions during the mining and refining stages of raw material- iron ore are much more than that of scrap steel. Therefore, it is an important option for the steel industry to produce low-carbon steel by investing in the R&D of production technology that does not use pig iron. On the basis that steelmaking technology can overcome the completely non-use of pig iron, the Company will look for other alternative types of scrap steel and will no longer purchase pig iron from 2023. The inventory is expected to be used up in 2026. Starting from 2027, pig iron will no longer be the raw material for electric arc furnace steelmaking. By innovating production technologies that does not use pig iron, the steel industry makes a move toward a more environmentally friendly and sustainable future.

Internal Carbon Pricing and Appropriation of Emissions Reduction Fund

To promote climate change adaptation and mitigation activities, we have been active in managing carbon risks and establishing operating procedures and regulations concerning climate-related financial disclosures and internal carbon pricing. For internal carbon pricing, we have adopted the price of the national carbon fee to help achieve the set targets of greenhouse gas reduction and promote clean energy transition.

To implement climate change adaptation and mitigation activities, in the 20th meeting in August 2022, the 24th term Board passed the establishment of the "Regulations for Appropriation and Utilization of Special Reserve for Climate Change Adaptation and Mitigation" and temporarily set the fund at NT$200/t$CO_2$e to appropriate the special reserve for addressing climate change adaptation and mitigation in respect of the total Scope 1 and 2 GHG emissions recorded in the annual internal inventory. The special reserve will be spent on projects and programs for climate change adaptation and mitigation, such as energy-efficient equipment, equipment performance improvement and replacement, the R&D of energy conservation technology, and the development of technology for low-emission products. The amount appropriated to the special reserve in 2022 was about NT$170 million. The total expenditure in 2022 was approximately NT$ 30.8 million, and the available amount was approximately NT$ 140 million. In 2023, the special surplus reserve amounted was approximately NT$ 160 million, which can only be utilized after approval by the board of directors and recognition at the shareholders' meeting.

Investment in Clean Energy in Response to Climate Change

Wind power generation

Overview of Tung Kang Wind Power Corp.

Tung Kang Wind Power Corp. has obtained the Electricity Enterprise License in 2016 and started to sell electricity to Taiwan Power Company, contributing approximate 28,000,000 kWh of green electricity every, reducing 13,860 tonnes of carbon emissions[Note1], equivalent to 1,397 hectares of afforestation [Note2], and the income from the sale of electricity can amortize the costs of green electricity investment. In 2023, the total gross power generation amounted to 22,563,198 kWh, contributing to reduction of 11,169 tons of carbon emission.

Address	Longgang Industrial Park in Houlong Town, Miaoli County
Equipment invested	5 Enercon E-70/2300kw wind turbines
Annual generation capacity	28,000,000 kWh
Annual generation capacity	11,500 kW

Note :

1. Electricity emissions were calculated based on the electricity carbon emission coefficient of 0.495 kg announced by the Energy Bureau of MOEA in 2023.
2. According to the data in the Thematic Forum on Planting Forests to Save the Earth by Reducing Carbon Emissions of the Statistics and Publications of Council of Agriculture, Executive Yuan, published in May 2014 (Vol 263) , the plantation of Red cypress per hectare per year can absorb 9.53 to 10.31 tons of carbon dioxide annually. The data here is the average value of 9.92 tons.
3. The electricity generated by and certificate of the Company' s existing wind power generation plant started to be transferred to Tung Ho Steel in 2023.

Solar Power Generation

Tung Kang Wind Power Corp. has installed about 16.986 MW of solar photovoltaic power generation equipment on the roofs of Tung Ho Steel' s factories, an average of power generation of 21.23 million kWh every year, reducing carbon emissions by 10,509 tons[note]. In addition, the green electricity and the green electricity certificate (REC) are sold to Ting Ho Steel to meet the terms of large electricity users of the Energy Bureau, MOEA. After meeting the terms for major electricity users, the surplus power will be purchased by Taiwan Power Company. The amount of investment of this project is approximately NT$ 538 million, and the installation is expected to be completed and power generation will start in 2024. As of the end of 2023, the invested capital expenditure in installation of solar power generation amounted to NT$ 271 million.

Note:Electricity emissions were calculated based on the electricity carbon emission coefficient of 0.495 kg announced by the Energy Bureau of MOEA in 2022.

Tung Sugar Energy Service Co., Ltd.

Tung Sugar Energy Service Co., Ltd. is an energy service company producing energy from biomass. Various decomposable biomass is collected externally, providing safe and reliable processing facilities and waste disposal channels for food factories.

After processed by anaerobic fermentation technology, three major products can be produced: biogas, biogas residue, and biogas slurry. Biogas can be converted into electricity through the biogas generator; biogas residues can be used as organic fertilizers after proper treatment, and biogas slurry can be provided as liquid fertilizer.

This investment project can effectively reduce business waste in the food processing industry and covert waste into renewable energy, meeting the strategic goals of circular economy policy and sustainable management. As of 2023, the capital expenditure invested amounted to approximately NT$ 245 million. It is expected to be completed and put into production in September, 2024.

Wind Power to be Transferred to Supply Three Works in 2023

Renewable energy sources are stable and inexhaustible, such as solar energy, wind energy, biomass (biogas), etc. Using renewable energy can reduce environmental pollution, increase fuel diversity, and ensure stable energy supply.

Currently, the main energy source in the world still comes from coal, petroleum, natural gas and other fossil fuels. The use of fossil fuels will emit a large amount of GHG and cause air pollution, and the stock of fossil fuels is limited, and will eventually be exhausted. Compared with fossil fuels, renewable energy power generation generate low carbon emissions, which can slow down climate change caused by global greenhouse effect and also solve the problem of energy depletion. To fulfill our corporate social responsibility, Tung Ho Steel actively installs renewable energy equipment and established a subsidiary, Tung Kang Wind Power Corp., to commit itself to wind power generation and renewable energy.

Tung Kang Wind Power Corp. has installed 11.5MW wind turbines in Longgang Industrial Park in Houlong Town, Miaoli County. It will subsequently install approximately 16.987MW solar PV power generation facilities in total on the roofs of each Works. It is expected to gradually obtain the Electricity Enterprise License from 2024H1.

In terms of power generation capacity of Tung Kang Wind Power Corp., the wind power generation was 22,105,059kWh while solar power generation reached 65,551,689 kWh in 2023. The proportion of renewable energy used by Tung Ho Steel currently accounts for 4% of the total (including both wind and solar power generation). In the future, we will continue to target RE 30 and invest in clean energy.

3-4 Product and Service Quality

Tung Ho Steel is the first professional steelmaking plant supplying steel plates, hot-rolled H-beams, rebar and other rolled steels for building structure in Taiwan. We imprint "TH" for rebar and "THAS" for our H-beam steel. In addition to showing that the steel truly complies with the national standards, the imprints also represent excellent products and services, which is our lifetime guarantee for consumers on every piece of steel we produce.

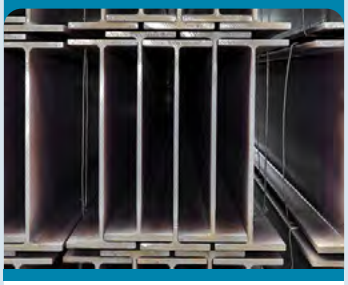
Introduction of Main Products

Introduction of Main Products

Rebar

Rebar refers to the building material used in reinforced concrete and prestressed reinforced concrete.

Screwed Re-Bar, Compact Bar in Coil, Deformed Steel Re-Bar, Round Bars, Ultra-high Tensile ReBar



Beam

Formed steel is a bar-shaped steel material that has a specific cross-sectional shape and size. The steel billet is heated and undergoes rolling and extension, and is one of the main steel materials used in buildings (steel structures) and other construction projects (bridges, ships, vehicles, and so on) .

H-beams, I-beams, channel beams, U-beams

Steel plate

Plate-type steel products from billet through hot-rolling production processes have optimal steel strength and resilience, good weldability, and are easily processed into components of various complex shapes.

Steel plate products

■ Processing

Tung Ho Steel not only produces high-quality steel materials, but also offers specialized processing services ranging from custom rebar cutting, bending processing and forming, friction welding, welded steel mesh, and built-up H-beam. We simplify customer's procurement from order placing to end products in requisite sizes and dimensions. Strict material inserting plus production management educe the number of material shipments and simplify project purchase schedules. This ensures the quality of single-source materials, offering the best solution for one-stop purchases for all services.

Rebar processing process

Built-up H-beam processing process

Quality Management

In line with the philosophies of ensuring product value and respect for life, Tung Ho Steel strives to provide safe services involving quality steel building materials. We have insisted and stood by "Quality First, Credit First, Customer First". Every year, we achieve the goal to improve the quality of our products through the efforts and improvement of the annual quality target and the review of the applicability of quality policy, striving to make efforts from customers' perspective to ensure customer satisfaction.

To ensure the appropriateness and the implementation of the quality management system, the Quality Management Committee composed of the factory director and heads of production operation control, sales and procurement departments is set up in each factory, which is convened regularly for the review of quality achievement status and proposal of improvement measures. In addition, quality control (Q/C) laboratory is set up, and various instruments and equipment for testing are purchased and maintained for their normality to provide accurate and objective results to ensure the quality of products.

In 2023, there were 40 customer inspections in Taoyuan Works, 2 customer visits in Kaohsiung Works, 1 routine visit from the section steel and Rebar products customers, and 3 customer visits in Daya Works, and the customers confirmed the production process and quality, and the results all met the customers' requirements for quality.

Our declared product quality philosophy

To seek ongoing innovations to improve product qualit y, satisfy customer needs, and promote a cleaner environment

100% free of radiation contamination

The steel products produced by Tung Ho Steel are strictly checked by the radiation detection system from the incoming raw materials to the inspection of finished products and to the delivery inspection. Relevant document of proof is also provided upon delivery.

Note: Tung Ho Steel has the certification for radiation detection operations in the steel industry, and the validity period for Taoyuan Works is from 2022/08/10- 2028/09/07, Miaoli Works 2021/02/01-2027/03/26, Kaohsiung Works 2021/02/23-2027/03/26, and Daya Works 2023/03/24-2028/03/23.

■ Verification of Management Systems and Product Certification

Our Rebar products have passed 10 types of certification marks while our beam and steel plate products passed 19 types of certification marks in 2023. All products meet the safety impact assessment improvement and legal requirements for product information, labeling and regulations. In addition, we also established and provide product purchase information and use instruction from customers' perspective, attesting to our product quality, integrity, and our insistence that customers always come first. In 2023, the ACRS AS / NZS 4671 product certification was completed in March, the JIS Mark Certification JIS G3112 was completed in October.

Works Passing ISO Verification

Verification Items		Taoyuan Works	Miaoli Works	Kaohsiung Works	Daya works	Head Office
Occupational Safety and Health Management System	ISO 45001	✓	✓	✓		✓
	TOSHMS	✓	✓	✓		
Environmental Manage-ment System	ISO 14001	✓	✓	✓		
Quality Management System	ISO 9001	✓	✓	✓	✓	
Energy Management System	ISO 50001	✓	✓			

Certification marks our major products passed ✓ means 100% passed

Category of certificate marks	Product Type / Certification mark	Rebar	Beam	Steel plate	Billet steel
Product Certification	MIT Smile Logo	✓	✓	✓	
	Product Safety Mark	✓	✓	✓	
	CNS Mark (CNS560-2018)	✓	✓	✓	
	Recycled Green Product Certification				✓
	ACRS certified hot-rolled steel	✓	✓	✓	
	JIS SPECIFICATION / APPROVAL	✓	✓	✓	
	ABS certified ship steel		✓	✓	✓
	NIPPON KAIJI KYOKAI certified ship steel		✓	✓	✓
	BV certified ship steel		✓	✓	✓
	DNV certified ship steel		✓	✓	✓
	Lloyd's Register certified ship steel		✓	✓	✓
	KS certified hot roll steel	✓	✓	✓	
	Singapore BC 1: 2012. Factory Production Control (FPC) Certificate		✓		
	UK Conformity Assessment Body (UKCA)		✓		
	Construction Products Regulation (CPR)		✓		
Product Carbon Footprint	ISO 14067	✓	✓	✓	
Laboratory Accreditation	TAF Physics Laboratory	✓	✓	✓	
	TAF Physics Laboratory	✓	✓	✓	
Factory Production Control Certificaiton	Lloyd's Register CPR		✓		
Environmental Labels and Declarations	EPD Tpye III Environmental Product Declaration	✓	✓	✓	

3-5 Customer Service

Customer Satisfaction

Tung Ho Steel provide our customers with the best and satisfactory products and services. In addition to assigning dedicated personnel to provide purchase services, consultation and suggestions, a dedicated e-mail box is also established to handle and respond to customers' comments and suggestions. In addition, regular distributors meetings are held to understand customer's comments and feedback. In addition, we also actively conduct customer satisfaction survey every year. We will review and improve the problems our customers report and continue making improvement to listen to and proactively respond to customers' opinions. In 2023, we scored 95 points from our section steel customers and 93 points from our rebar customers, with 13 copies and 30 copies of questionnaire returned respectively. The customer suggestions and unsatisfactory items have been handled immediately and obtained customers' replies showing satisfaction.

Customer Privacy

Tung Ho Steel attaches great importance to the issues of customer information confidentiality and privacy. To effectively manage customer data and for security maintenance, we have set up the Regulations Governing Personal Information Data Security Maintenance and Management, and the legal affair unit implements education and training for business-related personnel. Moreover, a firewall, an e-file encryption system and an electronic personal data storage platform are established to control and check the access and records of relevant personnel to implement customer data security protection. In 2023, there were no complaints of infringement of customer privacy or loss of customer data.

Rebar Processing Service

Due to the small construction sites in the urban areas in Taiwan, it is difficult to conduct on-site processing or to control the quality of processing. In addition, the problem of labor shortage is getting more and more serious. Tung Ho Steel has started to provide cutting services to customize finished product lengths from 1922. Then due to the extensive demand of the domestic engineering industry for the back-end processing of Rebar and the increasingly serious labor shortage problem, the Company integrates the upstream and downstream operations of the steel bar industry, deepens the rebar processing field, and provides comprehensive product sales and services. The Company has further established the Taoyuan Fabrication Center in 2022 and further expanded the processing capacity of the Taichung Harbor Logistic Office. In addition to the originally planned processing industrial park, the newly purchased Daya Works also added a processing production line in September, 2023, to provide customers in the central and southern regions with more complete and diversified services.

The establishment of fabrication center in northern, central and southern Taiwan enables the production capacity and shipment quantity of rebars to reach more than one million tons, accounting for over 19% of total domestic demand. The total production volume after processing has reached over 74% of the Company' s total shipment, leading the industry in terms of our production scale and output volume.

Advantages of forming and processing services

1. Provide a one-stop shopping for a full set of services to save the number of times for material handling, reduce the freight costs and the exhaust emissions from vehicle transportation, and achieve reduction of GHG emissions.
2. Increase the amount of friction welding processing, reduce the loss of rebar head and tail scraps, increase steel recovery rate, avoid secondary refining processing, and achieve the purpose of energy conservation and carbon reduction.
3. Provide high-quality processed rebar finished products in the market to improve the building safety of customers, creating a safe and secure living quality.

Cut to Length

Bending

Fiction Welding Coupler

Re-bar Wire Mesh

SPECIAL COLUMN

Improving the Full-scale Services of Tung Ho Steel in Central and Southern Taiwan

The Company participated in the bidding case of Kaohsiung District Court in August, 2022, and obtained the land, plant, and equipment of Daya Works. Production started upon the completion of factory registration in January, 2023. The addition of Daya Works can make the Company' s refining and rolling production line more balanced and flexible. With the synergy, the newly added processing line can expand its high-quality processing services, and the Company can provide higher quality and more comprehensive products and services to its customers in the central and southern regions. It is estimated to increase the annual production capacity of rebars by 300,000-350,000 tons.

Since the establishment of Daya Works, various improvements such as safety and health, adding storage racks, setting up rebar processing plants, and renovating heating furnace of the rebar production line have been successively completed, which has an immediate and visible impact on factory operations. Among them, the renovation project of replacing the heavy oil with natural gas in the heating furnace to reduce GHG emissions and energy consumption generated the most attention, with impressive results of reducing energy consumption and carbon emissions by approximately 20%~30%. Facing the Company' s 30% carbon reduction by 2030, Daya Works will continue to provide a eco-friendlier working environment working environment through equipment upgrades, process improvement and other efforts.

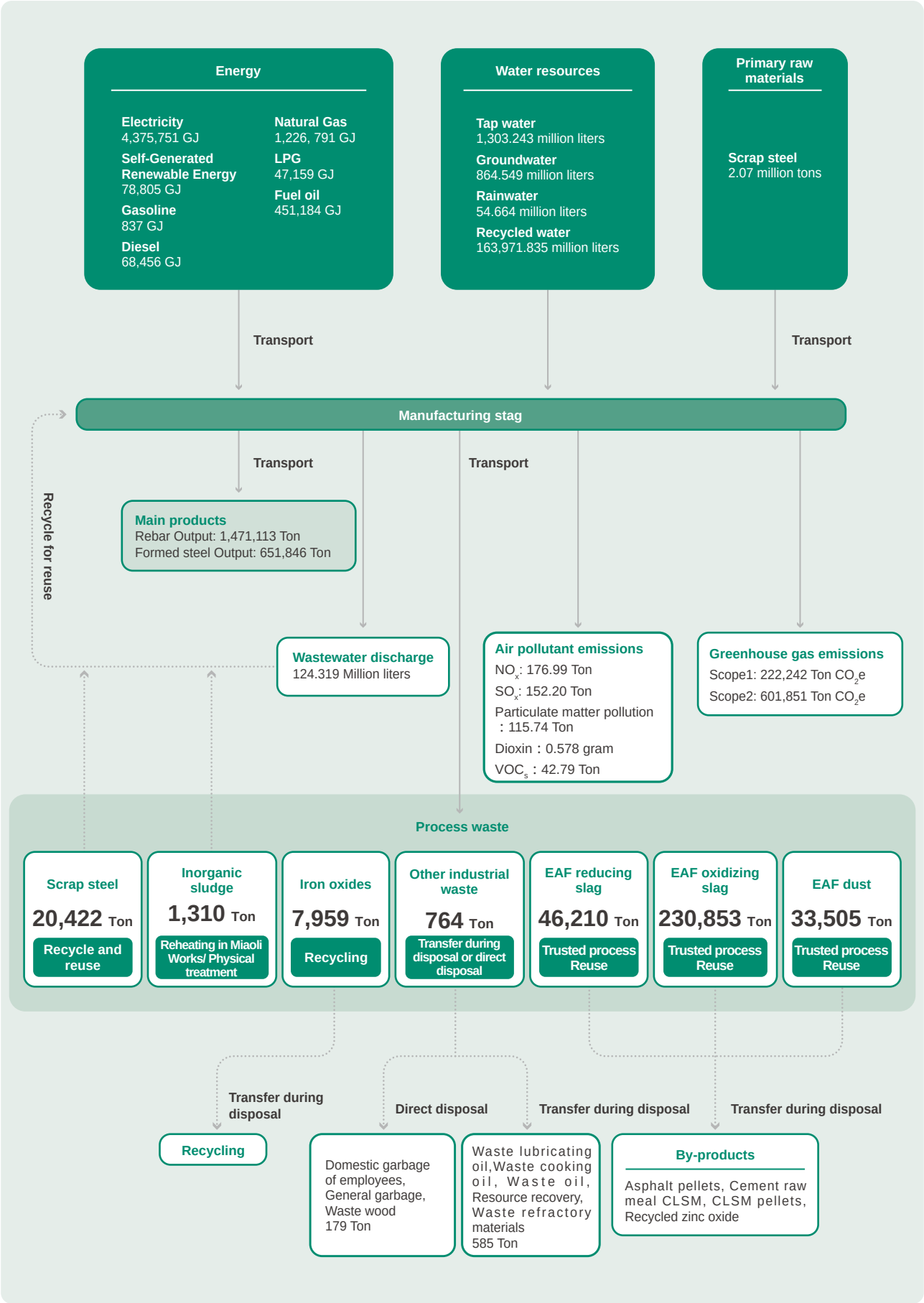
CH4 Environmental Protection

4-1 Green Procurement

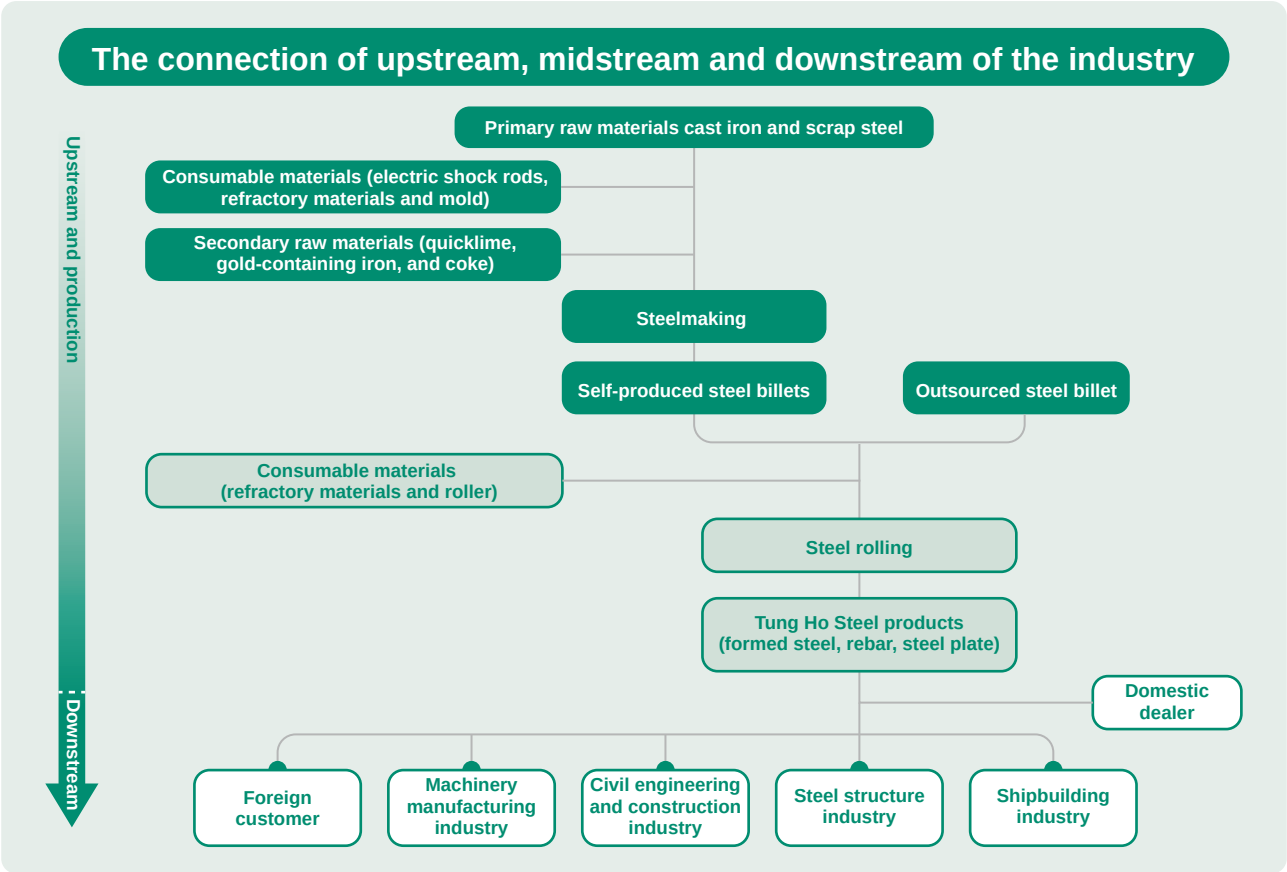
4-2 Use of Energy Resources

4-3 Pollution Prevention and Control Management

4-1 Green Procurement



Introduction of Value Chain



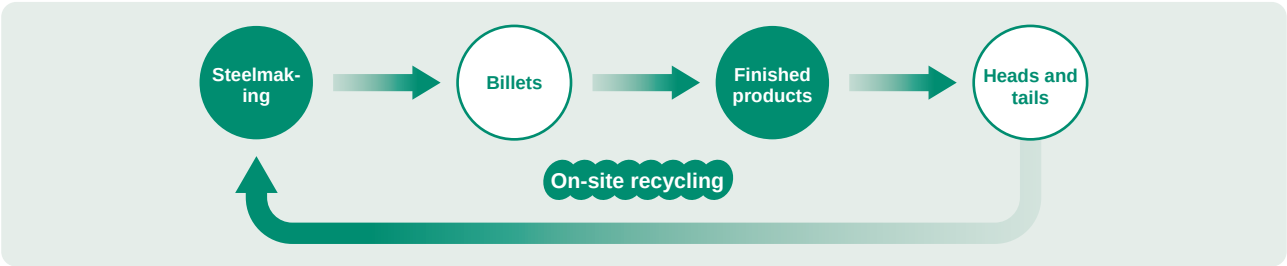
■ Overview of Primary Raw Material Usage

Ore resources are non-renewable raw materials, but their characteristics are that they can be reused and remanufactured, making them the materials that are with the highest recycling rate. They also play an important role in the regenerative cycle. Tung Ho Steel uses the unique characteristic of steel that can be indefinitely reused and recycles steel scraps from urban mines to produce steel products in a more energy-saving, low-carbon, and eco-friendly way.

Making use of scrap steel for steelmaking is the most energy-saving and carbon-reducing process.

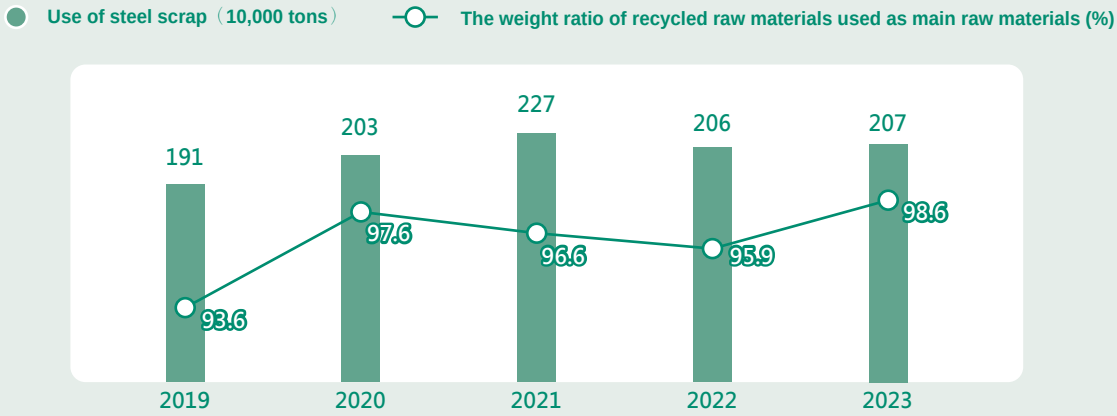
Tung Ho Steel' s products are steel materials for building and construction. In Tung Ho Steel, more than 90% of the primary raw materials are scrap steel (non-renewable raw material). The Company uses steel scrap as the main raw material and uses electric arc furnaces to smelt it to produce steel products for building structures. When the building reaches the end of its service life, the waste steel is recycled again through the resource recovery system to be used as steelmaking raw materials for the electric furnace plants.

We have established the ISO 9001 management system and set up standards for steel scrap acceptance inspection and electric furnace operation. We increase the procurement amount of domestic scrap steel based on the monthly production plan, set up the crush workshop and increase the recovery rate in the steelmaking process to reduce the consumption of raw materials and energy to further reduce the environmental impact. In 2023, the proportion of rolling and cutting head and tail materials in 2023 or the ratio of scrap material recycled in furnaces was 1.70%[Note] for rebar and 4.82% for formed steel.



Note: In 2023, Daya Works was included in the rolling and cutting head and tail materials for rebars.

Raw material usage over the years



Note: The weight ratio of recyclable raw materials used as the main raw material is used to adjust the consumption ratio according to the cost status.

Target of Using Low-carbon Raw Materials- No Purchase/No Use of pig iron

As global concern about climate change continue to escalate, the importance of corporate social responsibility is increasingly highlighted. In view of this, Tung Ho Steel adopts production technology that does not use pig iron and switches to more eco-friendly low-carbon steel products.

Using low-carbon materials is one of the goals of Tung Ho Steel' s decarbonization pathway. However, in the traditional steel production process, pig iron is an indispensable raw material. During the mining and refining stage of the raw material- iron ore, the GHG emissions are a lot higher than those of scrap steel. Therefore, the investment in the R&D of production technology that does not use pig iron is an important option for the steel industry to produce low-carbon steel. The R&D of this production technology can lessen the reliance on natural resources so that enterprises can take into account the ecological and environmental protection while at the same time maintain their competitiveness and meet market demands.

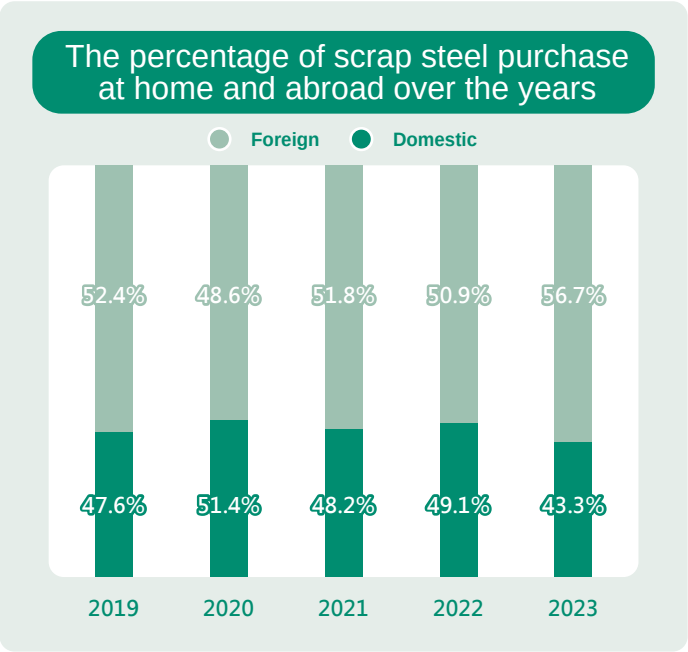
On the basis that steelmaking technology can overcome the complete non-use of pig iron, the Company will look for other alternative types of scrap steel and no longer purchase pig iron from 2023. The inventory is expected to be used up by 2027, and pig iron will no longer be the raw material for electric arc furnace steelmaking, allowing the steel industry to make a move toward a more environmentally friendly and sustainable future.

Pig iron

Overview of Primary Raw Material Procurement

The primary raw materials of Tung Go Steel are mainly scrap steel, cast iron and iron alloy. In 2023, due to severe global inflation and the ongoing Russo-Ukrainian War, the global economic climate was still uncertain. During the period of inventory depletion, market demand was relatively conservative. Therefore, the output of scrap of the domestic basic industries have shrunk even more. The purchase of domestic scrap steel was strengthened strategically to maintain the procurement ratio.

The Company gives priority to local manufacturers in Taiwan (local procurement accounts for over 40%) not only for the consideration of the material supply efficiency but also for the stability of the domestic economy. In 2023, the percentage of local procurement accounted for 43.3%, which indirectly helped the establishment of the scrap steel recycling system in Taiwan, reducing the environmental impact while maximizing the reuse of resources.



Note: Foreign purchases were mainly from the U.S., Japan and Central and South America.

Supplier Management

Percentage of suppliers

Tung Ho Steel regards its suppliers as important partners in its operation. In addition to ensuring the quality, cost, delivery and quality of service of its suppliers, the Company also urges its suppliers to jointly implement environmental protection, climate change response and disclosure of information of labor rights and human rights. During the procurement process of equipment or engineering, we let the third-party suppliers know about the Company' s Ethical Corporate Management Best Practices Principles and Procedures for Ethical Management and Guidelines for Conduct for them to fulfill the social responsibility, aiming at growing with our suppliers and establishing a mutually beneficial, long-term and stable supply chain. There were about 1,720 suppliers and contractors working with us in 2023.

2023 Supplier amount ratio

Procurement type	Number	Transaction percentage
Primary raw materials	178	84.9%
Materials	1,414	13.8%
Engineering equipment	128	1.3%
Total	1,720	100%

Supplier Management Policy

Supplier Management Policy

1. suppliers to comply with laws and regulations to achieve sustainable development and create a win-win situation in the three major aspects, including economic, eanvironmental and social aspects as the core of common development.
2. To protect the stakeholders' rights and interests and at the same time include topics of social responsibility, labor safety, human rights and environmental protection as the basis for management decision and implementation.
3. To attach importance to business ethics and morality, equal opportunities and fair trade as the prime directives for the interaction of the supply chain to eliminate illegal interests and severely punish illegal acts.
4. To jointly strengthen the response and information disclosure concerning the impact of climate change and take actions on GHG emissions.

Integrity Clauses

The suppliers shall not impose any direct or indirect contact and agreement or provide any improper benefits (including but not limited to kickbacks, commissions, improper gifts, and entertainment, etc.) to Tung Ho Steel personnel. Violators shall not only bear civil and criminal legal responsibility, but also promise to accept Tung Ho Steel' s unconditional termination and rescission of the contract or deduct the equivalent amount of the illegitimate interest from the price payable. In case of coercion, bribery, intimidation, injury, or other abnormal conditions, the suppliers can report and appeal to Tung Ho Steel.[note]

Note: Please see 1-2 Communication with Stakeholders-Complaint Handling and Responses for the grievance and complaint channels.

Supplier Social Responsibility Commitment

Tung Ho Steel has incorporated Integrity Clauses and corporate social responsibility into the supplier management regulations, requesting the suppliers to sign the Supplier Social Responsibility Commitment, and the commitments include labor rights and human rights, environmental protection, emphasis on climate change mitigation and adaptation, integrity management and ethics. If the suppliers fail to fulfill the commitment, the Company may require improvement first within a time limit, and if improvement is not made within the time limit, the contract may be terminated or rescinded at any time, and the supplier shall not claim any damage. In 2019-2023, a total of 712 manufacturers have signed the Supplier Social Responsibility Commitment, accounting for 85.5% of the Company' s transaction amount.

Collaborative Carbon Reduction Agreement

In March, 2023, the Standard Supplier Assessment Form was revised and "climate-related responsibility" has been incorporated into the scoring items to encourage suppliers to complete GHG inventory and verification as soon as possible. A collaborative carbon reduction agreement with the value chain manufacturers were drafted, and the questionnaire was distributed to manufacturers in the value chain, including the upstream suppliers, downstream construction companies, and the transportation companies to investigate their willingness to join the collaborative carbon reduction agreement. We will start negotiation with manufacturers willing to join this agreement and will gradually raise the distribution ratio and include the signing of the collaborative carbon reduction agreement into the scoring item.

A total of 307 copies of questionnaire have been distributed, with 272 copies returned and the return rate at 88.6%. A total of 257 manufacturers are willing to join the collaborative carbon reduction agreement, accounting for 94.5%. A total of 211 suppliers have actually completed the signing of the Collective Carbon Reduction Agreement (the signing rate is 82.1%), and 20 suppliers have conducted GHG inventory and also passed the third-party verification (accounting for 9.5%). A GHG carbon reduction briefing session was held in Taoyuan Works, Miaoli Works, and Kaohsiung Works each in 2024, with 167 participants in total. Three GHG inventory workshops will be held in June, 2024.

Occupational Safety

In addition, to strengthen the prevention of disasters causing losses from contractors' workers or temporary workers during construction or repair work in the factory area, we have also set up the Safety and Health Management Regulations for Contractors to allow every worker to understand the potential hazards of his work before operation and also require them to comply with the safety regulations to maintain work safety.

Screening and Evaluation of Suppliers

New Supplier Screening

Tung Ho Steel selects suppliers meeting requirements in accordance with the New Supplier Selection Evaluation Form as the procurement targets and establishes the Basic Supplier Information. The screening criteria include passing ISO quality assurance system verification, ISO environment/ occupational safety and health verified companies, signing the Supplier Social Responsibility Commitment, issuing sustainability reports in accordance with corporate governance evaluation, and meeting the Company' s environmental/ occupational safety and health requirements. In 2023, the number of qualified new suppliers passing the environmental/social screening was 370 (100% passing rate).

Evaluation of Existing Suppliers

The Company has set up the Regulations Governing the Selection and Evaluation of Suppliers of Primary Raw Materials, Secondary Materials and Materials and established basic information of suppliers to have a series of effective management of supplier selection and evaluation. We carry out self-inspection or inspection carried out by a third-party notarization for every batch our suppliers deliver. Every 6 months, we make evaluation of our suppliers in terms of quality reliability, delivery quantity, price level, handling quality improvement for customers, and corporate social responsibility. Based on the evaluation results, we will discuss the reason with the suppliers, make an improvement plan, and track the improvement results to reconfirm the improvement of the deficiency. When the quality of materials provided by suppliers is not good and improvements have not been made, the result of the regular evaluation will be determined as non-conformity. The qualification of such supplier shall be re-determined, which will also be noted in the supplier' s basic information sheet, and the supply from such supplier will be suspended. For semi-finished products and secondary materials supplied by suppliers at home and abroad fail to pass the incoming material inspections for three times in a row, the Quality Management Section will fill out the "Incoming Material Quality Improvement Notice" and notify the Trading Department or the personnel in the Material Department, while such supplier will be notified to put forward the cause analysis and countermeasures for improvement within a time limit, and the effectiveness of the countermeasures proposed will be tracked.

We guide secondary material suppliers to take into account regulations concerning product quality, energy saving and environmental protection. For example, whether the selected suppliers pass the ISO 9001 quality management system verification and the ISO 14001 environmental management system verification, whether the products have the environmental protection mark, whether the products have eco-friendly and recyclable packing methods and materials, and whether the suppliers comply with our environmental protection policies and regulations concerning reduction in industrial waste, energy conservation, pollution prevention and environmental regulations. Currently, the secondary materials are all directly imported by suppliers without domestic production process and are directly placed in large bags or shipped by tank trucks, leaving little negative environmental impact, so no identification was conducted.

In 2023, all domestic and foreign steel scrap dealers met the evaluation criteria, and the 229 material suppliers as well as the 68 secondary material suppliers all received the supplier evaluation, with 100% passing rate. There were no suppliers having significant or potential impact on the environment or society.

4-2 Use of Energy Resources

Broadening sources and reducing consumption

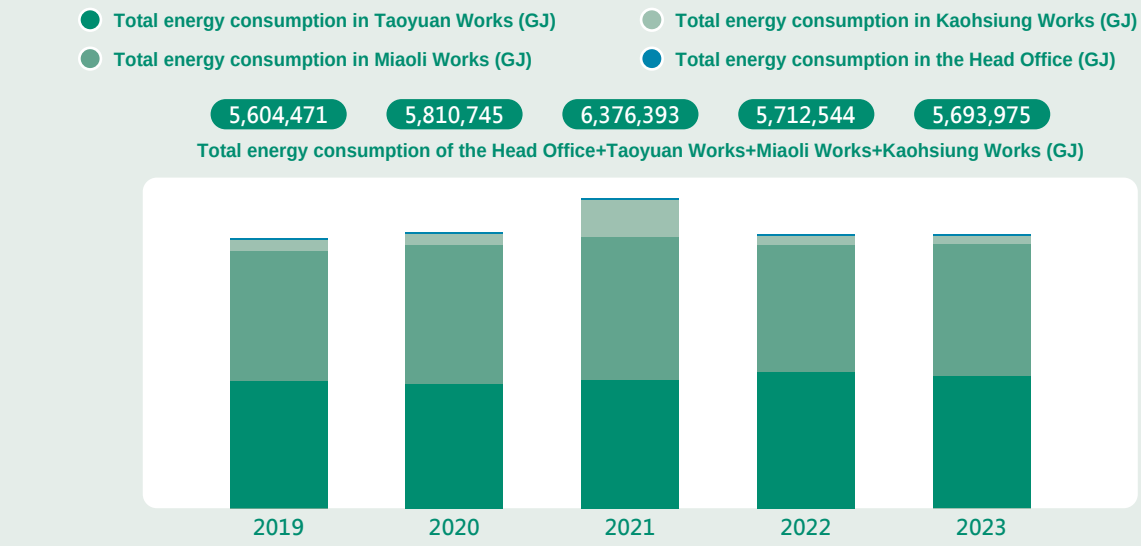
The main energy use of the Company includes purchased electricity from Taipower, purchased electricity from wind power generation[Note 1], and non-renewable fuel (including natural gas, liquefied petroleum gas (LPG) , diesel and gasoline.) There was no use of renewable energy electricity and renewable energy fuels. In addition, the ISO 50001 Energy Management System has been introduced to grasp the changes in energy use in all plants. The total energy use of the Headquarters and Works No. 4 in 2023 amounted to 6,248,983 GJ (of which electricity consumption was 4,375,751 GJ, wind power generation was 78,805 GJ, and non-renewable fuel consumption was 1,794,427 GJ).

Energy consumption and energy intensity of all facilities over the years (Excluding Daya Works)

Item	2019	2020	2021	2022	2023	Comparison with 2022
Energy consumption	5,604,471	5,810,745	6,376,393	5,712,544	5,693,975	↓ 0.33%
Billet output (tons)	1,804,569	1,896,688	2,108,099	1,912,605	1,901,382	↓ 0.59%
Energy intensity	3.11	3.06	3.02	2.99	2.99	↑ 0.26%

Note: Data of energy consumption and energy intensity over the years did not include data of Daya Works.

Total Energy Consumption Company-wide (Excluding Daya Works)



Note :
1. Tung Kang Wind Power Corp. is the subsidiary of Tung Ho Steel, and the electricity generated in its existing wind power generation plant was sold to Taiwan Power Company. Starting from 2023, the electricity generated in the wind power plant and the renewable energy certificates started to be transferred to Taoyuan Works, Miaoli Works, and Kaohsiung Works of Tung Ho Steel.
2. Scope of energy calculation: From 2019-2022, the scope included the Head Office, Taoyuan Works, Miaoli Works, and Kaohsiung Works, and Daya Works was newly added in 2023.
3. Standards, methodology, assumptions and/or other calculation tools used: The energy consumption amount all came from estimates in the receipts or the monthly natural gas consumption statement and material sheet &AS400/ checklist of changes in material inventories by material part number, and there were no estimated values.
4. Energy use has been converted into GJ (1 GJ=10^9 joules).
5. Source of conversion factor used: Except for the calorific value of natural gas that was provided by the service provider, others were calculated based on the table of GHG emission coefficient management v. 6.0.4 released by Ministry of Environment (former Environmental Protection Administration).

Greenhouse Gas Inventory

To cope with global warming and effectively mitigate the impact brought by climate change, Tung Ho Steel has been actively promoting energy conservation and carbon reduction. The ISO 14064-1 organizational GHG inventory system is introduced, and the GHG emissions are calculated by identifying emission sources, establishing activity intensity data, emission data, and setting up relevant management procedures for GHG emissions.

The GHG emissions of the Company can be divided into direct emissions（Scope 1）and indirect GHG emission from the use of purchased electricity（Scope 2）. The inventory of Scope 3 conducted included upstream and downstream transportation and distribution, employee commuting, business travel, transportation of customers and visitors, fuel and energy related activities, waste generated in operations, downstream leased assets, and investments, covering items in Category 3 to 6 (Scope 3).

The 2023 GHG emissions (Scope 1 + Scope 2) totaled 824,093 tonCO_2e, while those of Scope 3 amounted to 1,521,825 tonCO_2e[Note 2].

GHG emissions (Scope 1 and Scope 2) and intensity

Unit: tons of CO_2e

Facility	2019	2020	2021	2022	2023	Comparison with 2022 emissions
Scope 1	181,833	186,555	216,292	188,593	187,085	
Scope 2	614,243	624,439	666,107	621,505	586,324	↓4.5%
Total	796,076	810,994	882,400	810,098	773,409	
Billet output (tons)	1,804,569	1,896,688	2,108,099	1,912,605	1,901,382	↓0.59%
GHG emission intensity (tons of CO_2e/ tons of steel billet production)	0.441	0.428	0.419	0.424	0.407	↓4.0%

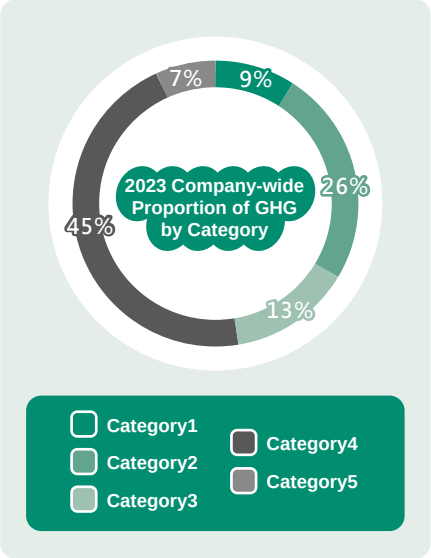
Total GHG emissions company-wide

tons of CO_2e

Note: The scope of the GHG inventory in the above charts from 2019 to 2023 includes the Head Office, Taoyuan Works, Miaoli Works, and Kaohsiung Works.

2023 Company-wide Proportion of GHG by Category

Scope	Category	Description	tons of CO_2e
Scope 1	Category 1	Direct GHG emissions	222,242
Scope 2	Category 2	Energy input	601,851
Scope 3	Category 3	Transportation	310,412
	Category 4	Products purchased by the reporting company	1,043,900
	Category 5	Use of sold products from the company	167,513
	Category 6	Others	-
		Total	2,345,918



Note :

1. The GHG inventory of our three works and the Head Office was conducted in accordance with ISO 14064-1 procedures and also passed the external verification by a third party. ; The method used to consolidate the amount of GHG emissions: operational control approach.
2. Scope of GHG inventory: From 2019-2022, the scope included the Head Office, Taoyuan Works, Miaoli Works, and Kaohsiung Works, and Daya Works, Taoyuan Fabrication Center, Taichung Harbor Logistic Office, were newly added in 2023.
3. Uncertain assessment of GHG emissions referred to the table of GHG emission coefficient management v. 6.0.4 released by Ministry of Environment and the Technical Specifications for Calibration and Inspection of Measuring Instrument. Power coefficient was calculated with 0.495 $kgCO_2e$ / kWh in Scope 2 and that of Scope 3 was calculated using the Simapro database.
4. The Global Warming Potential (GWP) used in the table for Reports before 2020 was the "IPCC Fourth Assessment Report (2007)" version. In the 2021 Report, the source of the Global Warming Potential (GWP) used was the "IPCC Fourth Assessment Report (2013) version. After 2022, the GWP used in the reports is the "IPCC Sixth Assessment Report (2021) version.
5. Types of greenhouse gases include carbon dioxide (CO_2), methane (CH_4), nitrous oxide (N_2O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulfur hexafluoride (SF_6), nitrogen trifluoride (NF_3) and so on.
6. Standards, methodology, assumptions and/or other calculation tools used: The energy consumption amount all came from estimates in the receipts or the monthly natural gas consumption statement and material sheet &AS400/ checklist of changes in material inventories by material part number, and there were no estimated values.
7. Category 3 includes upstream transportation and distribution, downstream transportation and distribution, employee commuting, business travel and visitor transportation.
8. Category 4 includes purchased goods 1 (in-plant production related), purchased goods 2 (production from purchased energy), capital goods, disposal of solid and liquid waste and not used in the services above.
9. Category 5 includes downstream leased assets and investment.

Continue to participate in the Worldsteel Climate Action Program

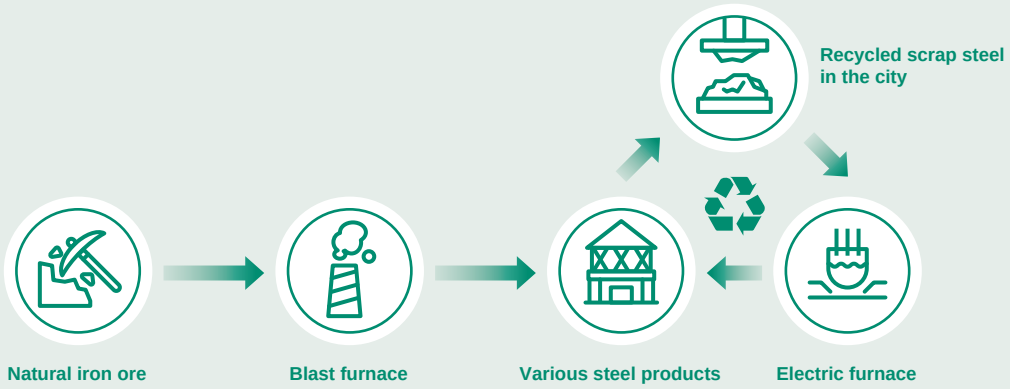
Tung Ho Steel pays close attention to the global climate trend and the international response direction. We have conducted the GHG inventory as early as in 2003, successively carried out carbon footprint verification, and participated in the Voluntary Emissions Reduction Project. In 2012, Tung Ho Steel actively joined the World Steel Association (WSA) Climate Action Program and became a Climate Action Member and discloses the GHG management information and finds possible opportunities for improvement while at the same time analyzing feasible methods to reduce GHG reduction. Currently, there are only 62 steel companies in the world that joined this program, and Tung Ho Steel has been a member for 15 consecutive years.

Green Process

■ Scrap Steel Remelting Process in the Electric Furnace

Comparison of new electric furnace process with blast furnace process

Use of scrap steel, no need for mining, promoting circular economy	↓97%	↓74%	↓75%
	Mining waste Reduced by 97%	Energy consumption Reduced by 74%	Carbon emission Reduced by 75%



Note : Data of mining waste and energy consumption were from LAPLACE CONSEIL（2012）, EAF or BOF which route is best for Europe. Data of 75% reduction in carbon emission were calculated from the carbon emission intensity difference between the electric arc furnace process and the conventional steelmaking process from the announced GHG Emission Intensity for Iron and Steel Industry by EPA.

Q&A：What is an electric furnace ?

Although compared with other industries, iron and steel industry is relatively more energy-consuming. However, steel can be produced and used through resource recycling and in a more energy saving and carbon reducing, as well as an eco-friendly way. Tung Ho Steel makes analysis from the perspective of the life cycle of steel. Steel is an environmentally friendly C to C (Cradle to Cradle) material. Since recycled steel has little impact on the quality of the original materials, we hope to "minimize the damage created by demand". Using electric furnaces for steelmaking is the best way for the earth. Therefore, electric furnaces are utilized for steelmaking in Tung Ho Steel.

■ One-stop Operation of Steelmaking and Rolling

Tung Ho Steel's Taoyuan Works introduces the most advanced and direct rolling process with the brand-new design of energy conservation and carbon reduction as well as the environmental protection design and through the modern configuration to integrate smelting and rolling operation, the red-hot steel billets are quickly sent to the rolling mill to be rolled into steel bars, and only electric induction heating is used in the process to make up a small amount of steel billet temperature, making Tung Ho Steel the very first steel company in Taiwan without traditional heating furnaces. Without the polluting emissions during the combustion process, the heating energy consumption in the process is even largely decreased (after conversion, the emissions of CO_2 reduced every year reached 68,631 tons, equivalent to the absorption of CO_2 of 176 Taan Forest Parks)

It's indeed not easy to leave out the heating furnace!

Most steel works in the world need to reheat the steel billet in a heating furnace before rolling. The innovative process in our Taoyuan Works skips the heating furnace for direct rolling consumes low energy and is nearly non-polluting, which has been imitated and introduced by many steel works at home and abroad, making a very positive and significant contribution to environmental protection.

Comparison of the benefits of eliminating a heating furnace and traditional rolling process

↓85%	↓60%	↓100%	↓100%
Energy consumption Reduced by 85%	Carbon emission Reduced by 60%	Particulate pollutants Reduced by 100%	NOx, SOx Reduced by 100%

More energy-saving

23,840,000 liters = **x 22,495**

x annual energy consumption of 22,495 cars

The process of direct rolling without a heating furnace can reduced 29.8 (liters-heavy oil/ton rebar) of energy consumption compared with the process in the single rolling mill. Every year, the consumption of 23.84 million liters of heavy oil can be reduced, equivalent to the annual energy consumption of 22,495 cars (calculated based on the annual mileage of 15,000 kilometers per vehicle and the average consumption of 12 km/liter).

More carbon reduction

68,631tons = **x 176**

Equivalent to the annual CO_2 absorption of 176 Daan Forest Parks.

According to the statistics from the Energy Bureau of MOEA, the annual CO_2 absorption of Daan Forest Park is 389 tons.

Note: The calculated data in the table above referred to the comparison of the actual performance of Taoyuan Works and Bade Works (former Taoyuan Works), and the calculation was made based on an annual output of 800,000 tons of rebars.

Other Energy-saving and Carbon Reduction Measures

To cooperate with the development of the national GHG reduction strategy while taking into account the sustainable energy development goals of resource efficiency, energy conservation and environmental protection, Tung Ho Steel has promoted ISO 50001 [note5] energy management system, ISO 14064-1 GHG inventory, and ISO 14067 product carbon footprint certification. At the same time, we also invest capital expenditures and related manpower and material resources through the resource requirement of various energy saving programs, aiming at grasping production costs and making effective and appropriate use of energy. In 2023, the total energy saving and carbon reduction effects in all facilities amounted to approximately 307,788.7 GJ, reducing 42,320.9 $mtCO_2e$ compared with 2022.

Energy conservation and carbon reduction

Facility	Energy conservation and carbon reduction measures	Energy savings estimates (GJ)	Carbon reduction estimates (tons of CO_2e)
Taoyuan Works	Reduced power consumption of the colling fan (the colling fan is used for the colling the electric furnace smelting, refining furnace smelting, and the heating systems of the process equipment in Rolling Mill 1 and 2).	1,382.1	190.0
	Reduced the power of the running rollers	45.0	6.2
	Replacement of patio lights from Rolled Steel Column A-F	652.8	89.8
	Added two sets of induction heating furnaces to reduce the power consumption of cold billet	1,136.0	156.2
	Energy conservation of spray cooing of continuous casting	364.5	50.1
	Deep transformation of the bottom of the electric arc furnace	10,823.6	1,488.2
	Reduced ineffective heating power consumption during the steel ballet heating	7,069.9	1,098.9
	Improved productivity and reduced power consumption	13,874.6	1,907.8
	Demand response load management measures- Daily time period selection type	259,605.9	35,695.8
Miaoli Works	Added materials to two barrels of scrap steel of the electric furnace to reduce the melting time	9,059.4	1,245.7
	2023 energy-saving solutions to reduce the downtime of machinery and equipment	515.1	70.8
	Air compressor No. 6 in the air compressor room was replaced with a variable frequency air compressor	756.4	104.0
	144 street lamps in Miaoli Works were changed from 400W mercury lamps to 80W LED lamps.	512.8	70.5
	Energy-saving plan of the Administration Department	22.8	3.1
Kaohsiung Works	Renewal and improvement of lighting fixtures in formed steel plant and rebar steel plant	1,543.5	212.2
Daya Works	Renewal of lighting in the whole works	424.2	58.3
	Total	307,788.7	42,320.9

Note：
1. Electricity emissions were calculated based on the electricity carbon emission coefficient of 0.495 kg CO_2 equivalent announced by the Energy Bureau of MOEA in 2022 for the calculation of Scope 2 electricity reduction.
2. The calculated gases included carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons, sulfur hexafluoride, sulfur hexafluoride, and nitrogen trifluoride.
3. The scope of reduction was indirect emissions（Scope 2）.
4. This was calculated based on the equipment capacity, operating time and output.
5. The calculation of energy consumption and GHG emissions reduction benchmark is based on the consumption in the previous year.

Water Resources Management

In the face of global warming and global climate change, Taiwan has experienced extreme climate in recent years, and the wet and dry periods are becoming more serious, leading to increased risk of water shortage. Therefore, we respond to the national water policy and reduce emissions, save water and increase the cooling water recycling rate. Our four works are located in Guanyin District in Taoyuan, Xihu Township in Miaoli County, and Kaohsiung Linhai Industrial Park. According to World Resources Institute's（WRI）Aqueduct Water Risk Atlas, the water stress level of the regions our works are located in belong to "Low - Medium risk（1-2）". The water resource of the Company's business locations is mainly from tap water（sourced from reservoirs in different regions）[note1]. Currently Miaoli Works has implemented water footprint plan to understand the impact of each stage of the product life cycle on water resources.

The water sources for each business base come from tap water (sources are reginal reservoirs: Shimen Reservoir, Liyutan Reservoir, Fengshan Reservoir, Feicui Reservoir), underground well water with water right, and rainwater collection. We have applied for the approved usage of tap water and underground well water from Taiwan Power Corporation and the local competent authority respectively. In 2023, the total water intake amounted to 2,222.456 million liters (tap water: 1,303.243 million liters, underground well water: 864.549 million liters, and rainwater: 54.664 million liters), and the water discharged amounted to 124.319 million liters, with the total water consumption reaching 2,098.137 million liters. In addition, the process water is recycled and reused after sedimentation. The water recovery rates of all works were all above 91%. Among them, water recovery rate of Taoyuan Works was even as high as 99.22%.

When our Taoyuan Works was relocated and underwent capacity expansion construction, it was promised in the EIA[Note2] to use tap water for production, and a water use plan was proposed and then approved by the Water Resources Agency. The Second

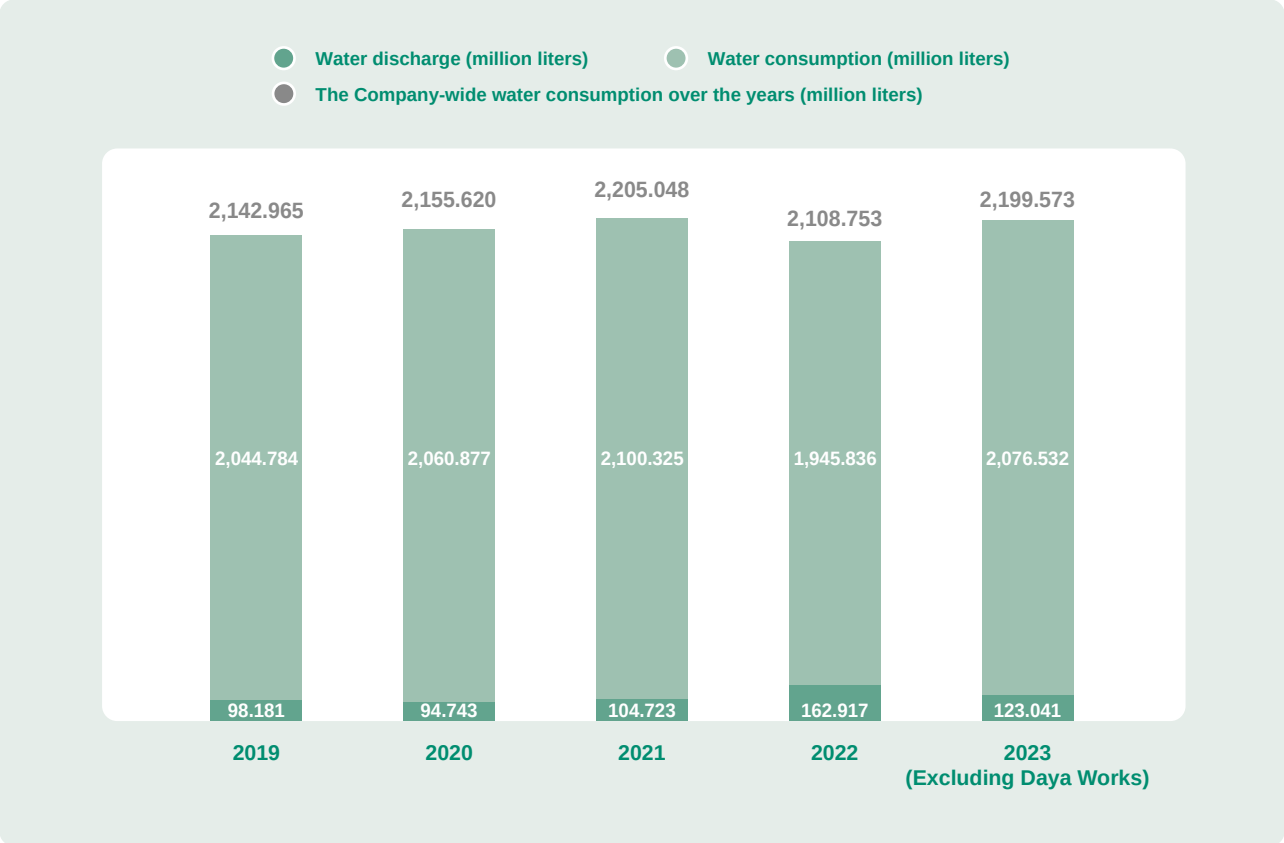
Branch of Taiwan Water Company（TWC）assessed that the amount of water needed could be met. The water source of the Second Branch of TWC is from Shihmen Reservoir, whose total output in 2023 reached 90.828.98 million m^3, and the total water consumption of Taoyuan Works in 2023 was 1.17 million m^3(mainly industrial water), accounting for 0.129% of the total water output of the reservoir. The calculated water consumption of the steel billet production in Taoyuan Works was about 0.982m^3/ton, also lower than the promised value of 1.15m^3/ton in the water use plan. The average daily underground well water intake of Miaoli Works in 2023 was 2,365 m^3/day, lower than the approved daily underground well water use of 4,797 m^3/day. Therefore, the water intake of each Works should not have a significant impact on the water source.

note:

1. World Resources Institute's 'Water Risk Assessment Tool 'WATER RISK ATLAS.
2. The Taoyuan Work's capacity expansion water usage plan has 2023 as the final year for application. The status has changed from 'under development' to 'developed,' restoring the originally approved daily water usage amount of 3959 m^3. The actual water usage for this year is 3206 m^3, which is 81% of the approved amount.

Water Usage Distribution Company-wide Over the Years (Excluding Daya Works)

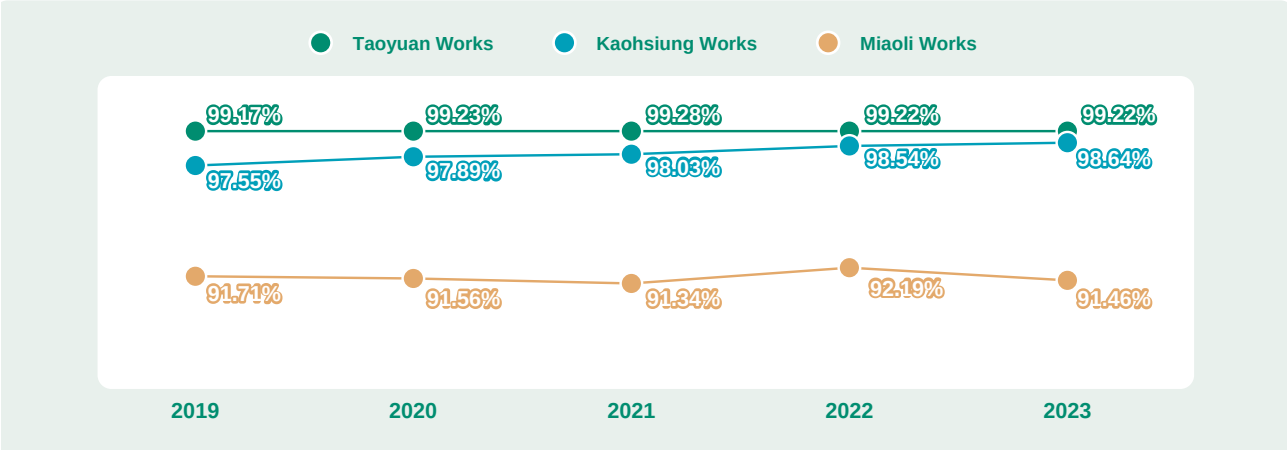
Year	2019	2020	2021	2022	2023
Total water intake (million liters)	2,142.965	2,155.620	2,205.048	2,108.753	2,199.573
Water discharge (million liters)	98.181	94.743	104.723	162.917	123.041
Water consumption (million liters)	2,044.784	2,060.877	2,100.325	1,945.836	2,076.532
steel billet production (tons)	1,804,569	1,896,688	2,108,099	1,912,605	1,901,382
Water intensity (million liters/tons of steel billet production)	0.001188	0.001137	0.001046	0.001103	0.001157



Note：

1. Water consumption = water intake（amount of water used）– water discharge（amount of wastewater discharged）.
2. Scope of water usage distribution calculation: From 2019-2022, the scope included the Head Office, Taoyuan Works, Miaoli Works, and Kaohsiung Works, and Daya Works was newly added in 2023.
3. The tap water consumption was actual measured values and could be supported by water bills. Rainwater recovery of Taoyuan Works was an estimate value, and rainwater and underground well water of Miaoli Works were from the record of water meters. Discharge volume is based on discharge water meter.
4. The discharge volume of Miaoli Works, Kaohsiung Works, and Daya Works include domestic sewage.
5. Unit conversion: One million liters is equivalent to one thousand cubic meters.

The Company-wide water recovery rate (%)



Note :

1. The amount of recovered water is calculated by multiplying the total water consumption declared in the water use plan by the number of days. The total water recovery rate (%) of the whole plant is the total recycled water amount/ (water intake+ total recycled water amount) .
2. The water meter of Daya Works is still under installation, so there is no statistical data yet.

■ Water Management Strategies and Reduction Targets

The Company attaches great importance to water resources management and has set water management strategies and short- and medium-term reduction targets in 2024 to reduce the consumption and waste of water resources so as to achieve sustainable usage of water resources. Action plans include reducing the volume of effluents, increasing rainwater recovery and reuse, reducing water intake intensity, and introducing the water resources management system.

	Reduction of effluents	Introduction of water resources management system	Increase rainwater recovery and reuse	Reduce water intake intensity
Short-term (2024-2025)	Reduction of effluents in Miaoli Works and Kaohsiung Works was 15% and 20% respectively.	Taoyuan Works, Miaoli Works, and Kaohsiung Works obtained ISO 46001 Water Resources Efficiency Management System Certificate.	-	-
Medium-term (2026-2030)	Net-zero discharge of effluents in Taoyuan Works, Miaoli Works, and Kaohsiung Works.	Taoyuan Works, Miaoli Works, and Kaohsiung Works obtained Alliance for Water Stewardship (AWS) system .	Taoyuan Works increased rainwater recovery by 15% while other Works increased by 10%.	All Works reduce water intake intensity by 5%.

The Company received a B-level rating in its first-time completion of the CDP Water Security Questionnaire in 2023, showing that it has entered the water resources management stage and taken integrated actions on water-related issues.

EPD（Environmental Product Declarations）

Environmental Product Declarations (EPD) is an international report as a disclosure tool mainly used to help consumers know more about the environmental impact of a product based on the product life cycle characteristics of ISO 14025 standard (Environmental labels and declarations), providing customers with quantified and comparable environmental performance results.

EPA conducts assessment of the environmental data of a product' s entire life cycle (LCA) , calculating value of the environmental impact of a product from the acquisition of raw materials, manufacturing and other life cycle stages, such as ozone depletion, acid rain, eutrophication, climate change, potential toxicity risks, and water consumption water footprint. The results are then verified by an independent and impartial third party, serving as an important reference basis for customers when purchasing environmentally-friendly products. Tung Ho Steel is the very first domestic steel factory to obtain EPD certification (Environmental Product Declarations) for rebar, formed steel, and steel plates.

4-3 Pollution Prevention and Control Management

Emission Control

Environmental policy

- Care for the environment and respect life
- Compliance, continuous improvement, pollution prevention and control and sustainable management
- Continue to reduce waste, maintain the natural environment, improve the working environment and be dedicated to corporate sustainable development

Effective management of exhaust gas, wastewater and waste can not only reduce the environmental impact but also maintain the image of the Company. We have set up a dedicated unit to promote the ISO 14001 environmental management system to continue the investment in the improvement of pollution prevention equipment and implement pollution prevention and industrial waste reduction so as to comply with environmental regulations.

■ Air Pollution Control

The Company complies with the ISO 14001 environmental management system and continues improvement of its production operation, products and services to reduce the impact on the natural environment. Tung Ho Steel continues to monitor and is devoted to air pollution prevention and control. By adopting the best available control technology （BACT）, the emission of particulate pollutants is effectively reduced. The production process in Taoyuan Works adopts the direct rolling method without a heating furnace, which is more environmentally friendly compared with the traditional use of fuel oil for heating.The steel rolling production lines in Miaoli Works and Kaohsiung Works mainly use natural gas to heat the steel billets, and advanced combustion equipment is adopted to reduce pollutant emissions. Natural gas is used to replace low-sulfur fuel in part of the process to greatly reduce the emissions of CO_2 (carbon dioxide), NOx (nitrogen oxide), and SOx (sulfur oxide). In 2023, we took over the former main equipment of Daya Works that still used traditional fuel-fired heating for steel rolling. In 2024, the transformation of the fuel equipment was completed and we selected low-carbon natural gas to reduce pollutant emissions. All works comply with the air pollutant emission standards, and the average monitoring value of emissions in 2023 was in line with the local air pollutant standards; there were no penalties for air pollution violations.

Air pollutant emissions standards in all facilities

Facility		NOx (ppm)	Sox (ppm)	Particulate pollutants (mg / Nm³)	Dioxin (ngl-TEQ / Nm³)
Taoyuan Works		150	100	10	0.5
Miaoli Works	Steelmaking process	500	650	15	0.5
	Rolling process	80(Natural gas) 80(Heavy oil)	100(Natural gas) 300(Heavy oil)	100(Natural gas) 100(Heavy oil)	-
	Scrap steel crushing	-	-	100	-
Kaohsiung Works	Gas fuel	80	100	100	-
Daya Works	Liquid fuel	150	100	100	-

Note：
Taoyuan Works: The emission standards are in accordance with EIA content.
Miaoli Works: The emission standards are in accordance with the approved operating permit.
Kaohsiung Works: The emission standards are in accordance with the Stationary Pollution Source Air Pollutant Emissions Standards.
Daya Works complies with Kaohsiung City air pollutant emission standards for its combustion equipment.

Air pollutant emissions of Taoyuan Works over the years

Year	NOx emissions (ton)	SOx emissions (ton)	Particulate pollutants emissions (ton)	Dioxin emissions (gram)	VOCs emissions (ton)
2019	98.11	38.14	30.24	0.44	23.97
2020	93.58	38.31	20.05	0.45	24.08
2021	94.21	40.47	19.93	0.48	25.44
2022	85.06	42.92	18.64	0.52	26.98
2023	78.19	41.91	18.89	0.52	26.34

Note: The emissions of volatile organic compounds（VOCs）were calculated from the factory coefficient; those of sulfur oxides（SOx）were calculated in accordance with the coefficients announced by EPA; emissions of nitrogen oxides（NOx）, particulate pollutants and dioxin were all calculated from detected values.

Air pollutant emissions of Miaoli Works over the years

Year	NOx emissions (ton)	SOx emissions (ton)	Particulate pollutants emissions (ton)	Dioxin emissions (gram)	VOCs emissions (ton)
2019	86.33	79.67	67.54	0.35	14.30
2020	77.23	56.07	79.24	0.13	16.05
2021	81.07	62.54	84.64	0.04	19.04
2022	60.30	52.38	96.02	0.05	13.72
2023	54.60	64.20	86.84	0.06	14.08

Note: Sources of various calculation coefficients:
1. Volatile organic compounds（VOCs）: the process part was calculated from the factory coefficient while the oil tank part was calculated based on the coefficient announced by EPA.
2. Sulfur oxides（SOx）, nitrogen oxides（NOx）, particulate pollutants and dioxin were calculated from the regular inspection values.

Air pollutant emissions of Kaohsiung Works over the years

Year	NOx emissions (ton)	SOx emissions (ton)	Particulate pollutants emissions (ton)	Dioxin emissions (gram)	VOCs emissions (ton)
2019	16.91	0.13	0.49	-	0.67
2020	19.91	0.00	0.73	-	0.99
2021	23.72	0.00	1.08	-	0.52
2022	13.13	0.00	0.50	-	1.02
2023	14.43	0.00	0.56	-	1.16

Note:
1. Hourly emissions of pollutants in the annual inspection report X annual natural gas usage = annual emissions; the emission coefficient used was based on the annual inspection value.
2. Kaohsiung Works did not emit dioxin. The monitoring value of sulfur oxides（SOx）was zero（0）because natural gas is used as the fuel in Kaohsiung Works, and no sulfur oxides would generate when burning.

Air pollutant emissions of Daya Works over the years

Year	NOx emissions (ton)	SOx emissions (ton)	Particulate pollutants emissions (ton)	Dioxin emissions (gram)	VOCs emissions (ton)
2019	-	-	-	-	-
2020	-	-	-	-	-
2021	-	-	-	-	-
2022	-	-	-	-	-
2023	29.77	46.10	9.44	0.00	1.21

Note:
1. Emissions are calculated based on the air pollution control fee declaration
2. The emission factor used for calculation is from the announced factor and regular inspection values.

■ Control and Management of Ozone-Depleting Substances

Some equipment in all facilities use R-12 and R-22 refrigerants. In the future, the air-conditioning system will be integrated to strengthen the maintenance of air-conditioning equipment, the high-temperature operation area of the crane will adopt the high-efficiency units, and eco-friendly refrigerants will be used in the plant while refrigerants will be recycled for reuse to control ozone-depleting substances. However, the consumption of R-22 refrigerant in Taoyuan Works in 2023 was 0.3405 tons/year（equivalent to 0.0019 CFC-11）while that in Miaoli Works was 0.00021 tons/year (equivalent to 0.0001 CFC-11). In Kaohsiung Works, eco-friendly refrigerants (R-134A, R404A, R-407C, R-410A, R-32, R-600A) are used and refrigerants are recycled for reuse. There is no use of chlorofluorocarbons (such as R124, R22) controlled by the Montreal Convention and the R-12, R-22 consumption is not supplemented. In addition to the use of the above-mentioned refrigerants, the process of Kaohsiung Works does not use ozone-depleting substances. The consumption of R-22 refrigerant in Daya Works was 0. 5665 tons/year（equivalent to 0.031 CFC-11）.

Note: The ozone depletion potential (ODP) of HCFC-22（R-22）is 0.055, and the ODP of CFC-12（R-12）is 1.0.

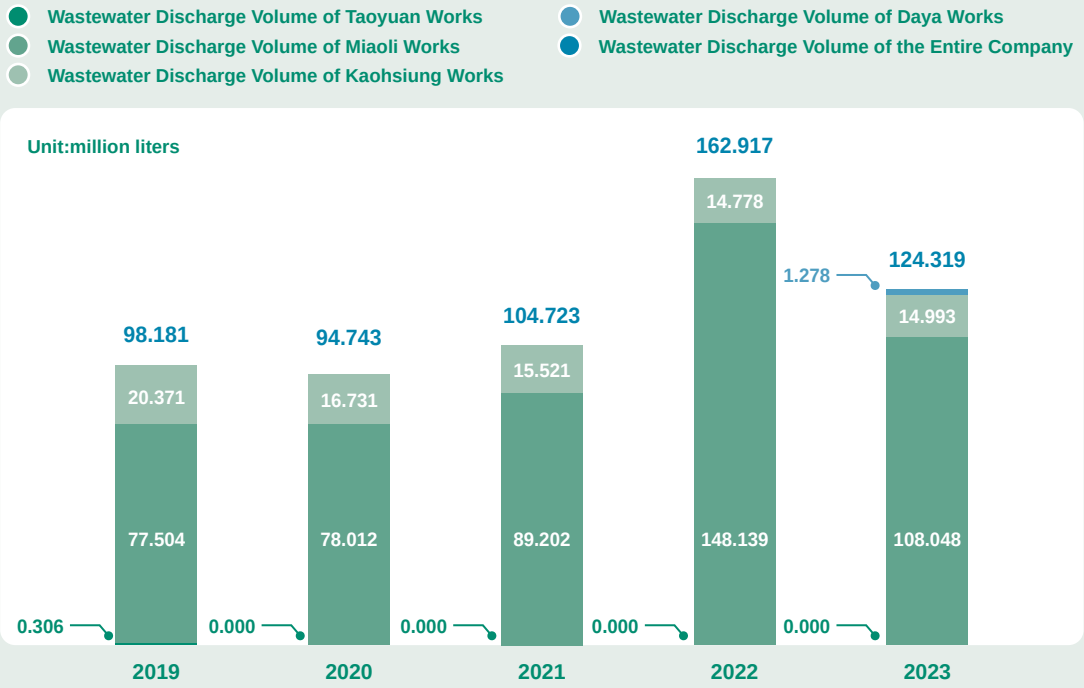
■ Water Pollution Control

All the Works have relevant wastewater treatment procedures and application for discharge permit in place in accordance with the water pollution control regulations. The wastewater (sewage) from the main production plants is reclaimed and reused after passing through appropriate wastewater treatment facilities. Part of the reclaimed water is used for watering the green space in the Works and suppressing dust.

In 2020, Taoyuan Works applied for changes in water measures and canceled wastewater discharge. Miaoli Works discharges wastewater to Xihu River (the average daily discharge is 300m3/day, lower than the approved daily discharge of 950 m3/day) through the water meter. The runoff wastewater（rainwater）from Kaohsiung Works is discharged into Yamshuigang Stream, and the wastewater from the manufacturing process in Kaohsiung Works and Daya Works is included into the Kaohsiung Linhai Linyuan & Dafa Industrial Parks Combined Wastewater Treatment Plant and discharged into the adjacent waters（Taiwan Strait）, with the daily maximum discharge volume of 525 tons. The joint sewage treatment plant will inspect the quality of the discharged water in the plant area from time to time. The water volume is declared and discharged in accordance with regulations, and the treatment fees are paid every month as required. Wastewater in the Head Office belongs to general domestic wastewater, which is discharged into public sewage sewers and is collected into Taipei City Sewage Treatment Plant for treatment.

In 2023, the total amount of wastewater discharged from the three Works of Tong Ho Steel amounted to 124.319 million liters, and the discharged volume is actually monitored by flow meters. The discharged water quality is regularly sampled and inspected as prescribed to ensure that the biochemical oxygen demand (BOD), chemical oxygen demand (COD), and suspended solids (SS) all meet the local discharge testing value and standards, and that the discharged water does not have any significant impact on the environmental load of the surrounding water bodies, and nor are there any special habit-related requirements. The wastewater discharge volumes of each Works over the years are as follows.

Wastewater discharge volume



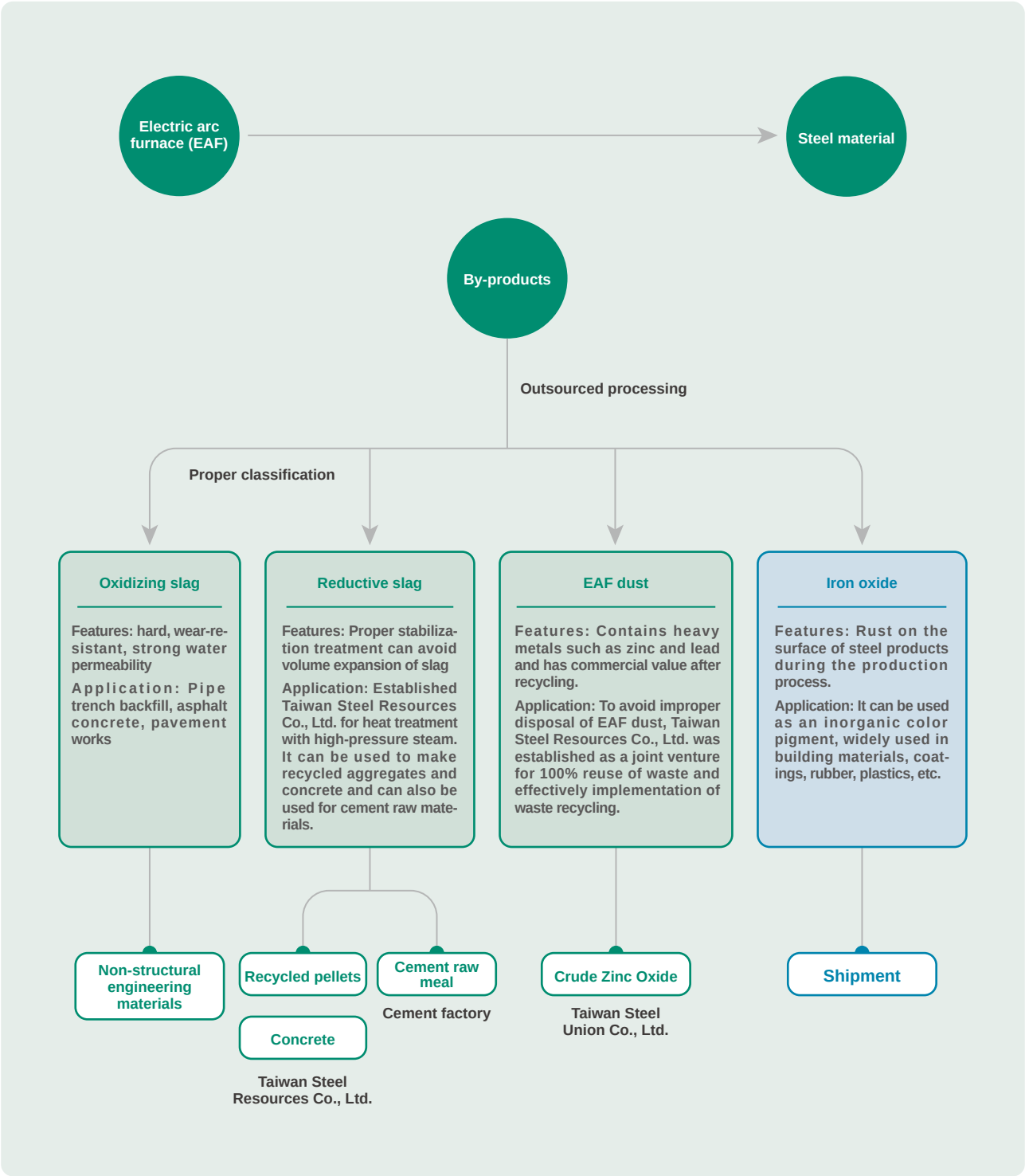
Average Wastewater Discharge Over the Years

Year / Facility	Taoyuan Works		Miaoli Works		Kaohsiung Works		Daya Works	
	Chemical oxygen demand (COD) Average discharge mg/L	Suspended solids (S.S) Average discharge mg/L	Chemical oxygen demand (COD) Average discharge mg/L	Suspended solids (S.S) Average discharge mg/L	Chemical oxygen demand (COD) Average discharge mg/L	Suspended solids (S.S) Average discharge mg/L	Chemical oxygen demand (COD) Average discharge mg/L	Suspended solids (S.S) Average discharge mg/L
2019	11.81	6.25	13.83	5.35	90.54	17.07	-	-
2020	-	-	14.95	11.33	62.68	15.20	-	-
2021	-	-	20.93	13.15	73.27	19.00	-	-
2022	-	-	18.28	10.03	104.97	22.04	-	-
2023	-	-	14.65	12.88	61.62	11.76	51.09	10.72

Note:
1. Scope of wastewater discharge calculation: From 2019-2022, the scope included the Head Office, Taoyuan Works, Miaoli Works, and Kaohsiung Works, and Daya Works was newly added in 2023.
2. Taoyuan Works complies with Table 5 Water quality items and limits of discharge from the primary metal industry, metal finishing industry, electroplating industry, PCB manufacturing industry of Effluent Standards.
3. The effluent standards Miaoli Works uses are the test methods and assumptions of effluents announced by EPA.
4. Kaohsiung Works and Daya Works use the analysis standards, methodology and assumptions of the Kaohsiung Linhai Linyuan & Dafa Industrial Parks Combined Wastewater Treatment Plant.
5. In Taoyuan Works, the discharge standard for chemical oxygen demand (COD) was 100.00 mg/L, and 30 mg/L for suspended solids (SS).
6. In Kaohsiung Works and Daya Works, the discharge standard for chemical oxygen demand (COD) was 480.00 mg/L, and 240 mg/L for suspended solids (SS).
7. Wastewater discharge was canceled from 2020, so the annual overflow in 2022 was 0 ton.

Waste Treatment and Recycling

■ Waste Management



Various waste in our four Works is placed by classification. Before outsourcing the removal and treatment of waste in the plant to qualified vendors in accordance with the method approved by the Waste Disposal Plan, it is necessary to confirm that the entrusted treatment company has the required qualifications and capabilities, and the permit for removal and treatment operations issued by the competent authority. In addition, the generation of waste, storage, removal and disposal of industrial waste should be declared online before the entrustment contract is signed. The declared information should be kept for three years. In addition to designating people to control the waste generation, the management of waste storage, removal, treatment and reuse of the entrustee will also be inspected and records are also kept for future reference. In addition, the four works of the Company have established an autonomous waste inspection and audit system, and the results are all kept in written records. Improvement of defects is also followed up and included in the main point of autonomous inspection and audit.

Process of collecting and monitoring waste data

01 Declare waste before removal ▶ 02 The responsible enterprise comes to the factory to transport waste ▶ 03 Confirm the responsible enterprise' s manifest content ▶ 04 The responsible enterprise transports waste to those in charge of disposal or reuse ▼

05 Those in charge of waste disposal or reuse receive waste ◀ 06 Declare online and check the manifest content ◀ 07 Those in charge of waste treatment or reuse dispose and reuse waste ◀ 08 Confirm the manifest content of those in charge of disposal or reuse

Waste Monitoring Items

Waste item	Item for surveillance test	Frequency/ Times for surveillance test
EAF slag	Heavy metal dissolution test and dioxin item test	Once for oxidizing slag and reducing slag each
Inorganic sludge	Dissolution test	Once a year
EAF dust	Dissolution test	Once a year
Sludge cake	Dissolution test	Once a year

Note:
1. A dedicated unit is in charge of collection and monitoring of waste.
2. The control standards are in accordance with the "dissolution test standards of toxic hazardous industrial waste in Standards for Defining Hazardous Industrial Waste" of MOEA' s Management Regulations on the Recycling of Industrial Waste.

The major waste in Taoyuan Works and Miaoli Works are furnace slag and EAF dust whose amount of generation depends on the quality of the scrap steel, the main raw materials for steelmaking. Currently, the EAF dust generated is handed over to Taiwan Steel Union Co. to extract crude zinc oxide to be used as industrial raw material. The recycling and reuse of oxidizing slag is handed over to the recycling agency approved by the environmental protection agency, and after the oxidizing slag is crashed, magnetically separated and screened, it is used for non-structural engineering purposes. The recovery and reuse of reduced ballast is mainly handed over to the cement factory approved by the environmental protection agency to make cement raw meal, and part of it is sent to Taiwan Steel Resources Co., Ltd. for stabilization, which is used for non-structural engineering purposes. The total weight of waste amounted to 341,024 tons in 2023, and the total waste recycling ratio was 98.8%.

Waste treatment

Unit: ton/year

Category		Processing category	Description of processing method	On-site	Offsite	total
Hazardous industrial waste	EAF dust or sludge	Taoyuan Works: recycling	EAF dust includes recyclable metal (such as zinc, lead, iron and so on). Currently this item of waste is handed over to Taiwan Steel Union Co., Ltd and Katec Creative Resources Corp. for recycling.	0.0	33,504.7	33,504.7
	Waste filter bag	Case reuse: Incineration	As rotary kiln fuel	0.0	2.2	2.2
	subtotal			0.0	33,506.9	33,506.9
Non-hazardous industrial waste	EAF slag	Taoyuan Works : recycling	Taoyuan Works： It is handed over to the reuse plant as the CLSM material for trench backfill, raw materials for asphalt concrete pellet, and aggregate gradation for pavement engineering. Miaoli Works: Delivered to the recycling plant for reuse as controlled low strength material (CLSM).	0.0	230,852.5	230,852.5
	LF slag	Taoyuan Works : recycling	It is handed over to the reuse plant and used as raw materials for cement.	0.0	46,209.5	46,209.5

Waste treatment

Unit: ton/year

Category		Processing category	Description of processing method	On-site	Offsite	total
Non-hazardous industrial waste	Inorganic sludge	Taoyuan/Kaohsiung Works : Other recycling operations Miaoli: recycling	Miaoli Works self-reuse it by remelting Taoyuan/Kaohsiung Works: physical treatment (heat treatment)	942.5	367.2	1,309.7
	Other industrial waste (including waste refractory materials, general garbage and employees' domestic garbage)	Kaohsiung Works/Daya Works : Other recycling operations, incineration (including energy recovery)	Kaohsiung Works/Daya Works: Incineration	0.0	607.5	607.5
	Waste wood	Kaohsiung Works/Daya Works: Incineration (including energy recovery)	Kaohsiung Works/Daya Works: Incineration	0.0	49.5	49.5
	Waste oil	Kaohsiung Works/Daya Works: Other recycling operations	Kaohsiung Works/Daya Works: Physical treatment	0.0	31.6	31.6
	Waste lubricating oil	Taoyuan Works /Kaohsiung Works/Daya Works: Other recycling operations Miaoli Works : recycling	Taoyuan Works/Kaohsiung Works/Daya Works: Physical treatment Miaoli Works : off-site recycling	0.0	63.0	63.0
	Waste cooking oil	Miaoli :recycling	Miaoli :recycling	0.0	1.2	1.2
	Recycling	Kaohsiung Works/Daya Works : recycling	Kaohsiung Works/Daya Works : recycling	0.0	11.7	11.7
	Scrap steel, Iron oxide	Kaohsiung Works/Daya Works : recycling	Kaohsiung Works/Daya Works : recycling	3,000.7	25,380.3	28,381.0
Subtotal				3,943.2	303,573.9	307,517.1
Total				3,943.2	337,080.8	341,024.0

Note:
1. The works of the Company follow the treatment methods listed on the waste disposal contractors' permit, such as heat treatment of physical treatment.
2. In 2023, Tung Ho Steel did not transport, import or export substances considered hazardous waste in Annexes I, II, III, and VIII to the Basel Convention.

Reuse of By-product

Waste in all facilities is all recycled. The reuse method of oxidizing slag focuses on asphalt pavement, the base layer for subgrade, and CLSM. Tung Ho Steel commissioned National Taipei University of Technology to conduct research on the Application of Oxidizing Slag and Water Sludge Cake to the Controlled-Low-Strength-Materials (CLSM) and significant results have achieved. There will be more extensive application of oxidizing slag in the future. Tung Ho Steel also worked with Hao Sheng Industrial Co., Ltd. and applied oxidizing slag to the road pavement and subgrade projects of the Taoyuan City Government, and the application of oxidizing slag to local government road projects can effectively remove the waste, and it also has positive assistance in the construction quality and service life of the roads. It is hoped that the development of applying oxidizing slag to ultra-high-strength concrete can be further advanced to turn waste into gold.

To facilitate the promotion of EAF slag use, it is planned that the construction specifications is to be revised and that Taiwan Steel & Iron Industries Association compiles technical manuals to have complete integration of oxidizing slag reuse technology in Taiwan to serve as reference for engineering units. The manual of applying oxidizing slag to asphalt concrete pavement and the trial use manual of applying EAF slag to the aggregate gradation subgrade have passed the review by the Industrial Development Bureau. The manual of applying EAF slag to CLSM has also been completed and promulgated for implementation.

As for the reuse of reducing slag, it is introduced in the manufacturing process of cement raw meal, and through the cooperation with companies of Ruentex Materials and Taiwan Cement Corporation, the purpose of total removal of reducing slag is achieved, and 100% of it is used as cement raw meal. In addition, we applied for the Technology Development Program of Ministry of Economic Affairs through our affiliated company, Katec R&D Corporation, combined with the in-depth exploration of the basic properties and stability of oxidating slag and reducing slag by the Graduate Institute of Department of Materials Science & Engineering, National Chung Hsing University. The research results won the Outstanding R&D Consortium Award. Moreover, the reducing slag stabilization equipment of Taiwan Steel Resources Co., Ltd, has officially started operation, and the technology and development as well as the application manual will mature gradually. It is believed that it will make positive contribution to the complete recycling of the LF slag in Taiwan.

Reuse of By-product

Category	Output characteristics	Annual output (ton)	In-plant recycling (%)	Off-site recycling (%)	Purpose of recycling
EAF slag	Generated from scrap steel smelting in the electric furnace	232,126	0	100	Used for the CLSM materials for trench backfill, raw materials for asphalt concrete pellet, and aggregate gradation for pavement engineering.
LF slag	Generated from refining in refining furnace	45,803	0	100	Cement raw meal.
EAF dust	Dust collected in the electric furnace process	33,544	0	100	Sent to Taiwan Steel Union Co., Ltd. for zinc oxide recovery.
Inorganic sludge	Generated from wastewater treatment	757	71	29	The annual output is based on the data of Miaoli Works. Miaoli Works recover iron oxide with electric furnace while other works dispose it as waste.

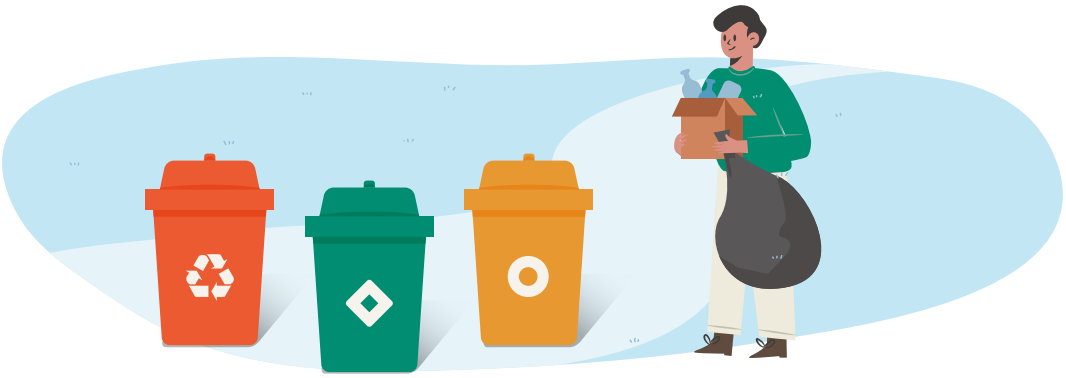
Environmental Compliance

■ Environmental Protection Expenditures

The Company not only keeps improving the product quality and customer service but also spares no efforts in pollution prevention and control, industrial waste reduction, and environmental protection. In order to fulfill our corporate social responsibility, we have made investment to handle environmental protection related work. Among the environmental protection expenditures in 2023, the depreciation of capital expenditures was approximately NTD 75,790 thousand, and the current expenditures was approximately NTD 602,285 thousand, with the total being amounted to NTD 678,076 thousand.

Environmental protection expenditures Unit: NTD 1,000

Item / Facility	Taoyuan Works	Miaoli Works	Kaohsiung Works	Daya Works	Subtotal
Environmental capital expenditures (depreciation)	47,470	25,573	258	2,489	75,790
Current expenditures for environmental protection	327,127	260,836	10,354	3,969	602,285
Subtotal of environmental protection expenditures by works	374,597	286,409	10,612	6,458	678,076



Environmental Compliance-Cases, Responses and Handling

The Company did not receive any major[note] liquid or gas leakage penalties in 2023. Improvement measures for environmental violations have been completed. Detailed information of environmental compliance and improvement and preventive measures are listed as follows.

Facility	Description	Improvement and preventive measures
Miaoli Works	Sanction Date: Oct, 14, 2023 | Penalty: NTD 6,000 Violated Article 31, Paragraph 1 of Waste Disposal Act. The declared amount of reduced ballast and oxidized ballast produced by the process did not match the waste storage amount.	Revise the declaration of temporary storage volume of restored ballast.
Miaoli Works	Sanction Date: Nov, 30, 2023 | Penalty: NTD 100,000 Violated Article 24, Paragraph 2 of Air Pollution Control Act. The increase of process raw materials and fuels was not included in the permit.	Applied for changes in the operating permit, and included the raw materials (including auxiliary raw materials and fuel) used in the content of the permit.
Miaoli Works	Sanction Date: Nov, 30, 2023 | Penalty: NTD 150,000 Violated Article 23, Paragraph 2 of the Air Pollution Control Act, Article 4, 6, and 9 of Management Regulations for Facilities to Control Fugitive Dust Air Pollution from Stationary Pollution Sources. Measures to prevent and control fugitive granular pollutants have not been actively taken at the manufacturing process storage site.	1. Carry out cleaning with the sweeper on a daily basis, supplemented by high-pressure water washing from time to time to improve the problem of road color difference. 2. Adjust the watering area in the scrap steel storage area and add a mobile high-pressure water spray gun.
Miaoli Works	Sanction Date: Dec, 14, 2023 | Penalty: NTD 120,000 Violated Article 31, Paragraph 1 of Waste Disposal Act. The waste storage area did not use fixed packaging materials or sealed containers to store the waste, and waste information was not marked.	1. Included the waste storage area in the plant layout of the waste disposal plan and resubmitted it for review. 2. The stored waste is repacked in space bags, properly bundled, sealed, and labeled with relevant information.
Miaoli Works	Sanction Date: Dec, 19, 2023 | Penalty: NTD 90,000 Violated Article 14, Paragraph 1 of Water Pollution Control Act. The wastewater treatment facilities did not match the content recorded in the water pollution prevention and control permit (document).	Renewed the water pollution prevention and control plan and re-submitted it to the environmental protection agency for review. In addition, wastewater function testing was carried out to obtain the discharge permit.
Kaohsiung Works	Sanction Date: Feb, 1, 2023 | Penalty: NTD 200,000 Violated Article 34, Paragraph 4 of the Air Pollution Control Act. Dedicated personnel for air pollution control should be set up that also concurrently serve as occupational safety and health personnel.	New personnel in charge of air pollution control have been set up and approved by the Environmental Protection Bureau for future reference.

Note: Definition of material violation: Matters falling under the Taiwan Stock Exchange Corporation Procedures for Verification and Disclosure of Material Information of Companies with Listed Securities.

CH5

A Friendly Workplace

5-1 Manpower Structure with Equality

5-2 Labor-Management Relations

5-3 Career Development and Training

5-4 Occupational Health and Safety

Special Column: Applying Artificial Intelligence (AI) Technology to Safety and Health Management

Special Column: Extensive AED Deployment to Save the Employees'Lives

5-1 Manpower Structure with Equality

Tung Ho Steel respects and supports the internationally recognized human rights norms and principles, including the "Universal Declaration of Human Rights", "United Nations Global Covenant", and the International Labor Organization's "Declaration on Fundamental Principles and Rights at Work". We abide by the laws and regulations of the place where the Company is located and have established Workplace Diversity and Human Rights Policy[note] in accordance with the UN Guiding Principles (UNGPs) on Business and Human Rights. In response to the trend of sustainable diversity and inclusion, in 2023, we conducted a mandatory " Diverse and Inclusive Workplace " course for managers at the level of section manager and above, with a total of 172 participants and 344 training hours.

Workplace Diversity and Human Rights Policy

- Diversity inclusion and equal job opportunity is embodied.
- Provide a safe and healthy working environment.
- Respect employees' freedom of assembly and association.

Human rights policy

Note:
1. The scope of this policy also applies to the Company' s subsidiaries, foundations whose cumulative direct or indirect donations exceed 50%, and other group companies and organizations such as institutions or legal persons that we have substantial control over.
2. The Human Rights Policy was revised to Workplace Diversity and Human Rights Policy in the 6th board meeting of the 25th term of board of directors on December 26, 2023.

To prevent and handle sexual harassment of other incidents damaging the rights of all staff or other employees in the workplace, the Company has publicly announced the Prohibit Workplace Violence Written Statement. Tung Ho Steel has established Regulations for the Prevention and Handling of Sexual Harassment, Regulations Governing Employee Grievance and Whistleblowing, and the Review Committee for Sexual Harassment Grievance that apply to all directors, employees, practitioners and service targets, providing grievance channels to respond appropriately and look for assistance. In 2023, human rights related education and courses held included "Sexual harassment Prevention and Handling Measures", "Diverse and Inclusive Workplace", "Human Rights and Safety & Health Education and Training for Security Personnel" and so on. The number of participants amounted to 232, accounting for 19% of the total employees, and the total number of training hours was 388.

Birthday cake for the birthday person(s) in the month

To implement the life management responsibility of our foreign employees, we have set up the Regulations on the Administration of Foreign Workers. Besides, multiple welfare activities are also organized regularly, including seminars, Employee Meals, birthday parties, and those working for more than 3 years will be granted rewards. To address dietary differences among foreign employees, they are allowed to go out and purchase groceries during off-hours or weekends. Kitchen facilities are also provided in the dormitories for them to prepare meals that suit their tastes. In case of illness, our management unit arranges transportation for foreign employees to seek medical assistance to ensure their well-being. It is hoped that these caring activities can balance these foreign works' life experience, enrich their life, improve their quality of life, and strengthen the sense of belonging.

Souvenirs presented to three years at the symposium for Thai workers

According to Ministry of Labor's human rights requirement item in the Foreigners' Life Care Service Plan, local competent authority would assign personnel to conduct labor inspection of the dormitory living facilities and life management of the factory in accordance with the human rights requirement. During the reporting period, our four Works received a total of 11 inspections (8 times in Taoyuan Works, and 1 time each in Miaoli Works, Kaohsiung Works, and Daya Works respectively), and all the three Works passed the inspections. Relevant customer inspections do not include human rights impact assessment review or impact assessment.

Symposium for Thai workers

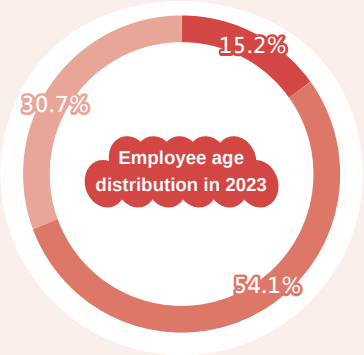
Distribution of Employees

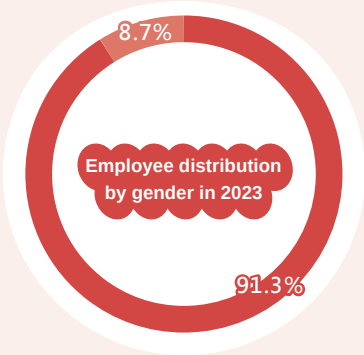
To establish a harmonious, friendly, and healthy working environment, Tung Ho Steel hires employees in accordance with Labor Standards Act, Act of Gender Equality in Employment and Occupational Safety and Health Act. As of the end of 2023, the total number of employees in Tung Ho Steel was 2,075, including 1,785 full-time employees (1,604 males and 181 females) and 290 males temporary employees[Note 1]. Senior management[Note 2] are 100% Taiwanese nationals, and all employees are full-time employees. In addition, there were 5 staff members without guaranteed working hours and 258 non-employee workers[note3]. The Company hired 63 indigenous employees (accounting for 3.1%) and 26 employees with disabilities (accounting for 1.3%), higher than the 1% standard of the government' s employment quota prescribed in the People with Disabilities Rights Protection Act. However, due to the characteristics of the iron and steel industry, there are more male employees, and the gap between the number of male and female employees is large. The number of people employed by the Company' s important operating bases in Taiwan increased by 137 compared with 2022, mainly due to the increase of the operating needs and the active investment in talent development.

Type of employment and gender distribution of Taiwanese employees

Unit: person

Item/Gender		Male						Female						Total
Facility	Type of contract	Full-time			Temporary			Full-time			Temporary			
	Age	Under 30	30-50	50 and more	Under 30	30-50	50 and more	Under 30	30-50	50 and more	Under 30	30-50	50 and more	
Head Office	Full-time	11	70	50	2	9	0	10	36	27	-	-	-	215
Taoyuan Works		76	358	99	11	68	30	4	27	15	-	-	-	688
Miaoli Works		64	239	236	28	55	1	4	11	11	-	-	-	649
Kaohsiung Works		32	136	124	42	24	0	3	9	15	-	-	-	385
Daya Works		15	68	26	11	9	0	3	4	2	-	-	-	138
Subtotal		198	871	535	94	165	31	24	87	70	-	-	-	2,075
Total		1,604			290			181			-			





Under 30 | 30-50 years of age | 50 and above

Male | Female

Note:

1. Temporary employees refer to specific contract personnel, mainly foreign workers. Non-employee workers refer to contractors, whose main work is rebar processing.
2. High-level management refers to management positions including the president, senior Vice President, vice president, assistant manager and factory director.
3. The main work of the Company is all conducted by the employees hired by the Company, and there is no dispatched manpower and does not include board members.
4. The employee statistics mentioned above are from the HR system, and there are no numerical assumptions.
5. Local places refer to Taiwan region, and the major operating bases include the Head Office, Taoyuan Works, Miaoli Works, Kaohsiung Works, Daya Works, Taoyuan Fabrication Center, and Taichung Harbor Logistic Office.

Age distribution of employees with disabilities and indigenous employees Unit: person

Age	Employees with disabilities		Indigenous employees	
	Male	Female	Male	Female
Under 30	1	0	8	0
30-50	13	1	43	0
50 and above	10	1	12	0
Total	24	2	63	0

Turnover of Employees

For the sustainable management, the Company recruits new employees when appropriate. In 2023, the employment rate was 12.14% and the turnover rate was 7.23%.

Employment rate and turnover rate over the years

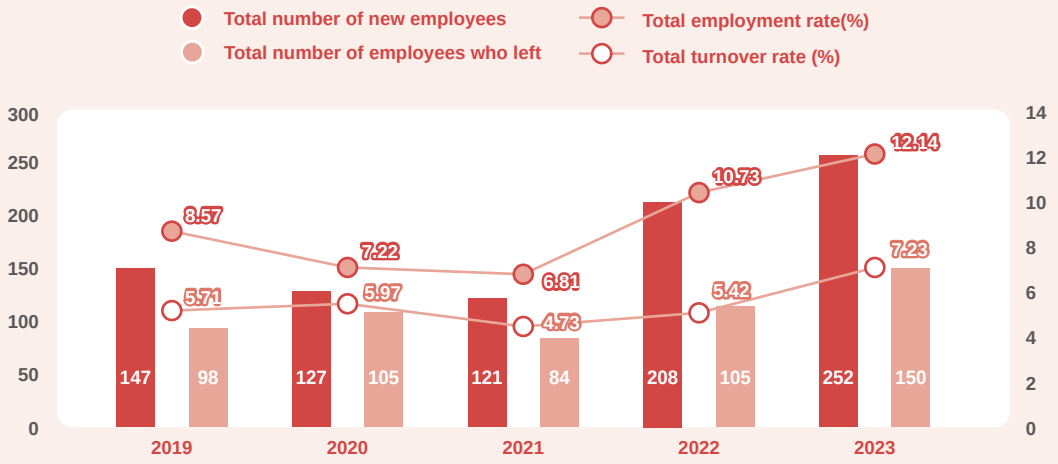
Year		2019				2020				2021				2022				2023			
Gender		Male		Female		Male		Female		Male		Female		Male		Female		Male		Female	
Item/Age		Number	Employment rate (%)	Number	Employment rate (%)	Number	Employment rate (%)	Number	Employment rate (%)	Number	Employment rate (%)	Number	Employment rate (%)	Number	Employment rate (%)	Number	Employment rate (%)	Number	Employment rate (%)	Number	Employment rate (%)
New employees	Under 30	74	35.24	7	33.33	53	22.94	4	18.18	66	28.21	2	11.11	69	27.71	6	31.58	89	30.48	10	41.67
	30-50	62	6.94	4	5.56	64	7.20	3	4.69	47	5.38	3	4.48	98	10.21	15	17.65	141	13.61	8	9.20
	50 and above	0	0.00	0	0.00	3	0.61	0	0.00	0	0.00	3	4.92	18	3.23	2	2.99	3	0.53	1	1.43
	Total New employees	147				127				121				208				252			
	Total employees	1,716				1,758				1,777				1,938				2,075			
	Employment rate (%)	8.57				7.22				6.81				10.73				12.14			

Item/Age		Number	Turnover rate (%)	Number	Turnover rate (%)	Number	Turnover rate (%)	Number	Turnover rate (%)	Number	Turnover rate (%)	Number	Turnover rate (%)	Number	Turnover rate (%)	Number	Turnover rate (%)	Number	Turnover rate (%)	Number	Turnover rate (%)
Employees who left	Under 30	19	9.05	1	4.76	25	10.82	1	4.55	23	9.83	2	11.11	27	10.84	3	15.79	31	10.62	1	4.17
	30-50	50	5.60	2	2.78	43	4.84	6	9.38	36	4.12	0	0.00	38	3.96	3	3.53	67	6.47	7	8.05
	50 and above	24	5.16	2	3.70	28	5.68	2	3.39	19	3.63	4	6.56	32	5.73	2	2.99	41	7.24	3	4.29
	Total number of employees who left	98				105				84				105				150			
	Total employees	1,716				1,758				1,777				1,938				2,075			
	Total turnover rate (%)	5.71				5.97				4.73				5.42				7.23			

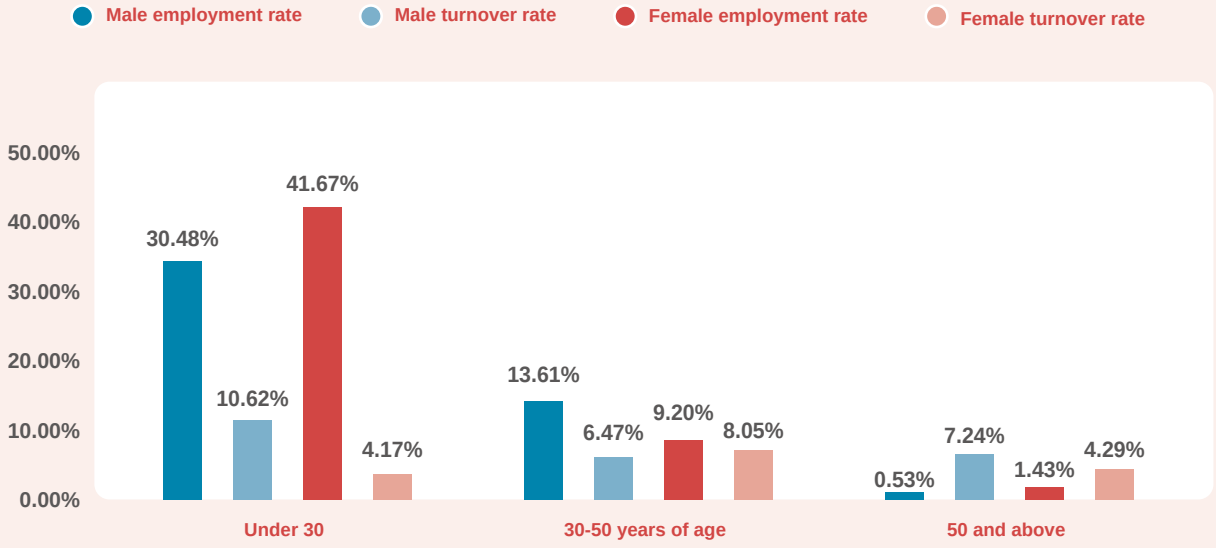
Note:

1. Employment rate (%)=Number of new full-time employee in the category (gender, age) of the current year/ Total number of employees in the category (gender, age) at the end of the current year.
2. Total employment rate (%)= Total number of new full-time employee / Total number of employees at the end of the current year.
3. Turnover rate (%)=Number of full-time employees in the category (gender, age) who left in the current year/ Total number of employees in the category (gender, age) at the end of the current year.
4. Total number of full-time employees who left of the current year/ Total number of employees at the end of the current year.
5. New employees refer to those notified by the Company and complete the registration procedures on the specific date. The number of new employees also include midway leavers.
6. The employees who left refer to those who have terminated the employment relationship with the company due to resignation, being fired, dismissal, and retirement.

Number and rate of employment and turnover over the years



2023 new employees and employees who left by age



5-2 Labor-Management Relations

Compensation Structure

Company provides reasonable and competitive compensation to attract, retain and motivate talents to facilitate the long-term development and achieve the business goals of the Company. The salary payment is based on stable compensation, and flexible bonuses that take into account the content of each job, the responsibility, contribution and personal work performance are also provided. There is no difference in pay based on age, gender, race, religion, political stance, marital status, or union affiliation. The Company's compensation policy has been set up based on the principle of profit sharing.

Compensation Policy

The main compensation items of our full-time employees include fixed salary, job allowances, supervisor bonuses, fuel subsidies, meal allowances, work bonuses, sales bonuses, and other allowances. In addition, surplus bonuses, year-end bonuses, and employee compensations are distributed based on the company's operating profitability. Employees of the same seniority and job category receive equal pay regardless of gender. Disparities in salary among different job categories are due to different work bonus ratios because of the variations in seniority and job positions. As of the end of 2023, the salary ratios of males and females in different positions are as follows.

Salary ratio	High-level management	Division head	Section chief	Other personnel
Male	1.29	1.17	1.03	1.15
Female	1	1	1	1

Note:
1. The figures in the table above were calculated based on the compensation of employees in the operating bases (including Head Office, Taoyuan Works, Miaoli Works, Kaohsiung Works , Daya Works, Taoyuan Fabrication Center, and Taichung Harbor Logistic Office) in 2023.
2. Due to the fact that female employees are mostly in administrative positions while male employees are mostly in on-site positions, the ratio of job allowances and work bonuses are different. Therefore, the salaries of male employees are higher than those of female employees.
3. High-level management refers to management positions including the president, senior Vice President, vice president, assistant manager and factory director.
4. The salary ratio of other staff was higher than that of the section chief level management due to the overtime pay and night shift allowance.

Salary and Salary Adjustment Ratio

Year	2023
Ratio of salary of top paid individual to median of other employees (Top Individual: Employee)	9.24
Salary adjustment ratio of the highest paid individual to the median of other employees (Top Individual: Employee)	-0.3

Note:
1. The calculation is based on the total annual remuneration, including basic salary, supervisor's bonus, job allowance, gas refueling allowance, food allowance, other allowance, work bonus or sales bonus, surplus bonus, year-end bonus, and employee compensation.
2. Calculation formula: 2023 remuneration= 2023 withholding income + 2023 tax-exempt income.

■ Remuneration of New Employees

The major operating bases are in Taiwan, and the salary payment range of formal employees is determined based on the positions, as well as individual employee's education, experience, skills, work performance, and development potential. New employees will not be treated differently due to gender, age, place of birth, race, marital status, religion, appearance, physical disability, start sign and blood type, and performance appraisal will be conducted regularly as a reference for salary adjustment. The monthly regular salary (fixed salary and work bonus) of all new entry-level personnel was a multiple of local (Taiwan) statutory basic salary (NTD 26,400) in 2023, as shown in the following table.

New entry-level employees in different categories	Administrative staff	Technician	Engineering staff
Multiple	1.33 times	1.47~1.86 times	1.57 ~1.90 times

Note: The salary of administrative and engineering staff was calculated based on the salary of university graduates without working experience.

Employee Benefits

■ Labor-Management Communication

The Company does not hinder the right to freedom of association Except for the Daya Works, enterprise unions have been established in all operating bases, with labor-management meetings being regularly held. Trade union members can elect labor representatives to participate in labor-management meetings for labor-management communication, coordination of labor-management relations and promotion of labor-management cooperation. In 2023, more than 93% of employees in the Company joined the trade union.

In accordance with the Collective Agreement Act, the Company started a collective agreement negotiation meeting with the enterprise union in Miaoli Works in September, 2019, discussing matters concerning labor conditions, welfare measures, occupational safety, employee grievance systems, labor union organization operations, and the use of enterprise facilities. After nine negotiation meetings, the two parties signed a collective agreement on December 17, 2020. The validity period of the collective agreement was from the signing date till December 16, 2023, with a period of 3 years. A collective agreement renewal negotiation meeting was held in September, 2023, and the new collective agreement was signed on May 8, 2024. The Company has set up the Employee Welfare Committee and the Supervisory Committee of Workers' Retirement Fund, both of which have representatives elected by the enterprise union to serve as the committee members to supervise and protect the employees' rights and interests.

Note: In 2020, the collective agreement signed by the enterprise union in Miaoli Work has been included in the health and safety-related issues.

■ Employee Benefits

Tung Ho Steel regards employees as the most important assets of the Company. In order to take full care of the employees and provide great working conditions to satisfy employees' needs, we not only provide basic protection in accordance with legal requirements but also specifically provide or sponsor the promotion of welfare programs with establishment of the Joint Employee Welfare Committee among the major operating bases (including the Head Office, Taoyuan Works, Miaoli Works, Kaohsiung Works, Daya works, Taoyuan Fabrication Center, and Taichung Harbor Logistic Office) to organize various employee welfare activities and subsidies.

Employee Benefits

Club activity of Miaoli Works

Employee trip of the Head Office

Parental Leave without Pay

To implement a friendly workplace, the Company has set up a breastfeeding room in each Works, and provided maternity subsidies and scholarships for employees' children. Employees with childcare needs can apply for parental leave without pay. In 2023, a total of 9 employees applied for parental leave without pay (4 males and 5 females). A total of 8 employees (3 male and 5 females) were due to be reinstated, and the actual number of reinstated employees was 7 (3 male and 4 females), and the reinstatement rate reached 88%.

Item/Year	2019			2020			2021			2022			2023		
Gender/Total	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total
The number of employees eligible for application for parental leave without pay (A)	120	13	133	109	14	123	96	15	111	115	21	136	120	21	141
The number of people who actually applied for parental leave without pay of the current year (B)	1	3	4	2	3	5	2	1	3	2	2	4	4	5	9
The number of employees who should be reinstated after parental leave without pay of the current year (C)	1	3	4	1	3	4	3	0	3	3	2	5	3	5	8
The number of employees who were actually reinstated after parental leave without pay of the current year (D)	1	3	4	1	3	4	1	0	1	3	2	5	3	4	7
The number of people who were actually reinstated after parental leave without pay in the previous year (E)	3	1	4	1	3	4	1	3	4	1	0	1	3	2	5
The number of employees who were actually reinstated in the previous year and has been reinstated for 12 months (F)	3	1	4	1	3	4	1	3	4	1	0	1	2	2	4
The reinstatement rate of the current year %(D/C)	100	100	100	100	100	100	33	-	33	100	100	100	100	80	88
The retention rate of the current year %(F/E)	100	100	100	100	100	100	100	100	100	100	-	100	67	100	80

Note: The number of employees who were eligible to apply for parental leave without pay in 2023 was calculated based on the number of employees who had taken paternity leave and maternity leave from January 1, 2020 to December 31, 2023.

Retirement System

The Company has set up the pension plan for the employees in accordance with the Labor Standard Act and Labor Pension Act and has approved the establishment of the Supervisory Committee of Labor Retirement Reserve[Note]. Actuarial calculation of the labor pensions of the old system is made year by year (from 2015 to 2017 the allocation rate was 7%, and starting from 2018, the allocation rate was adjusted to 10%), and a meeting is convened regularly to protect the employees' rights and interests. As of the end of 2023, the pension reserve has been sufficient to cover the pension of employees who are qualified for retirement in a year. A 6% of monthly contribution to the individual pension account in accordance with the Monthly Contribution Classification Table is made for employees eligible for the new pension system, and the voluntary contribution percentage ranges from 0%~6%. As of the end of 2023, employees applicable to the pension system accounted for 86%. Temporary employees are specific fixed-term contract personnel, and do not apply to the pension system.

Note: Please refer to P41 of the Individual Financial Statement for Q4/2022 for detailed information concerning labor pension.

Termination Notice Period

The Company abides by the provisions in Labor Standards Act for the minimum period of advance notice when terminating a labor contract.

1. Where a worker has worked continuously for more than three months but less than one year, the notice shall be given ten days in advance.
2. Where a worker has worked continuously for more than one year but less than three years, the notice shall be given twenty days in advance.
3. Where a worker has worked continuously for more than three years, the notice shall be given thirty days in advance.

5-3 Career Development and Training

Performance Appraisal

The Company conducts regular performance appraisal annually, and the assessment items and standards are set in accordance with the job title and job content as a reference for the issuance of year-end bonus, promotion, or salary adjustment. The performance appraisal will be conducted for all employees except for those who have been employed for less than six months, who have taken more than a quarter of the personal or sick leave or those who are on leave without pay and are not yet reinstated. To continue the promotion of sustainability goals, the Company has linked the remuneration of first-level unit management such as the president and vice president to ESG performance, including ESG engagement and promotion in the annual performance evaluation items, which accounts for 10% of the overall annual performance.

Regular performance appraisal

Year		2019		2020		2021		2022		2023	
Category		Number of people	Ratio	Number of people	Ratio	Number of people	Ratio	Number of people	Ratio	Number of people	Ratio
High-level management	Male	15	100%	14	100%	15	100%	15	100%	15	93.8%
	Female	2	100%	2	100%	2	100%	3	100%	3	100%
Division head	Male	34	100%	32	100%	30	100%	34	100%	32	100%
	Female	3	100%	3	100%	3	100%	2	100%	4	100%
Section chief	Male	75	100%	78	100%	84	100%	86	98.9%	87	100%
	Female	6	100%	6	100%	7	100%	8	100%	9	100%
Other personnel	Male	1,182	81.8%	1,214	81.5%	1,227	81.7%	1,282	78.6%	1,367	77.7%
	Female	130	95.6%	128	95.5%	127	94.1%	140	88.6%	155	93.9%
Total	男	1,306	83.2%	1,338	83.0%	1,356	83.2%	1,417	80.2%	1,501	79.3%
	Female	141	95.9%	139	95.9%	139	94.6%	153	89.5%	171	94.5%
	Total	1,447	84.3%	1,477	84.0%	1,495	84.1%	1,570	81.0%	1,672	80.6%

Note:

1. The performance appraisal period for full-time employees is from January 1 to December 31 every year; the performance appraisal period for temporary employees is from the on-board day to the anniversary date.
2. The total periodic performance appraisal uses the number of employees in service in each year as the denominator.

Talent Cultivation

To stimulate the potential of our employees and enhance their professional capabilities, we have provided diverse learning resources and channels, including the orientation training for new recruits, technical and professional training for various functions, management training for supervisors at all levels, and general education courses like languages and courses in arts and humanities. It is hoped that all employees can be in appropriate job fit through a complete education and training system to enrich the human resources of the Company. To encourage our employees to continue on-the-job learning to obtain more knowledge and skills, the costs for participating in education and training at home and abroad of the employees are 100% covered by the Company in accordance with the Education and Training Regulations. If the education and training courses are held beyond normal working hours, the employees can apply for overtime or switch shifts as prescribed.

For unfit employees, the Company has set up relevant measures for performance improvement. The supervisors assist the employees to jointly establish the improvement plans and take corresponding measures, and three to six months will be provided for improvement. We aim at achieving the purpose of enabling employees to be in appropriate job fit.

Talent Cultivation

Training for new recruits

- Orientation training for new recruits

Management training

- Training Within Industry for Supervisors (TWI)
- HQMTP Training
- Internal lecturers training program
- Management meeting for middle and senior management
- Tung Ho Steel Growth Camp

Professional functions training

- Professional training
- Safety and health training
- License training

General education course

- Human rights and corporate social responsibility-related training
- General education courses like languages and courses in humanities and arts

Statistics of the education and training hours over the years

Position		High-level management		Division head		Section chief		Other personnel		Total	
Item		Training hours	Average training hours per person	Training hours	Average training hours per person	Training hours	Average training hours per person	Training hours	Average training hours per person	Training hours	Average training hours per person
2019	Male	288	19	918	27	2,139	29	30,202	25	33,547	25
	Female	44	22	113	38	110	18	2,883	21	3,150	21
	Total (person) hours	332	20	1,031	28	2,249	28	33,085	24	36,697	24
2020	Male	330	24	630	19	2,091	26	30,537	24	33,587	24
	Female	62	31	31	10	181	30	2,814	21	3,088	21
	Total (person) hours	392	25	661	18	2,272	27	33,351	24	36,675	24

Statistics of the education and training hours over the years

Position		High-level management		Division head		Section chief		Other personnel		Total	
Item		Training hours	Average training hours per person	Training hours	Average training hours per person	Training hours	Average training hours per person	Training hours	Average training hours per person	Training hours	Average training hours per person
2021	Male	240	16	530	17	1,275.5	15	26,525	18	28,570.5	18
	Female	38	19	53	18	126	18	1,227.5	9	1,444.5	10
	Total (person) hours	278	16	583	17	1,401.5	15	27,752.5	17	30,015	17
2022	Male	322	21	873	27	1,607	19	29,107.5	18	31,909.5	18
	Female	83	28	71	36	179	22	1,328.5	8	1,661.5	10
	Total (person) hours	405	23	944	28	1,786	19	30,436	17	33,571	17
2023	Male	401	25	843	26	2,263	26	35,221	20	38,727	20
	Female	55	18	159	40	209	23	2,472	15	2,894	16
	Total (person) hours	456	24	1,001	28	2,471	26	37,693	20	41,621	20

Note: Due to the nature of the work in the Company, the gap in the proportion of male and female employees is large, and therefore, the difference in the average training hours for male and female employees is also large.

■ Education and Training of Human Rights for Security Personnel

The guards are all full-time employees of the Company[note]. According to the Work Rules, all the new security personnel in all facilities receive the orientation education and training (including human rights polity and relevant regulations). During the training, we also arrange learning on the job program in different shifts for them to understand the work items and practical operations of each post. The new security personal will be officially appointed after passing the assessment. The supervisor will conduct assessment on an irregular basis to ensure these guards perform their duties in accordance with the relevant regulations of the Access Control Management Measures. We arranged courses of "Advocacy of Sexual Harassment Prevention Measures" and "General Safety and Health Education Training for Security Personnel" in 2023, with a total of 46 participants, and the participation rate was 100%.

Note: All employees of the Company shall abide by relevant regulations of Work Rules, and the entry and exit of personnel shall be checked in accordance with relevant regulations to ensure the interests of our employees and manufacturers. Taoyuan Fabrication Center was established in September, 2022. Currently, it has signed contract with the security company to assign 4 security personnel, and all of them have received the courses of Act of Gender Equality in Employment and Sexual Harassment Prevention Act, with a total of 16 man-hours.

5-4 Occupational Health and Safety

Occupational Safety and Health Managmenet System

The Company attaches great importance to the employees' rights and opinions, especially focusing on the safety and health of employees. We strive to provide a safe, healthy, and friendly working environment to promote the employees' physical and mental health, so that they can give full play to their working energy and enhance the Company's overall competitiveness.

Safety and health policy

- Respect life, provides education and care
- To have safety and health measures in place to prevent employees from injuries
- Safety first, zero disasters, continuous improvement, and commitment to corporate sustainable development
- Compliance, risk management, full participation, education and training, health promotion and continuous improvement

Except for Daya Works, the Works of the Company complies with the safety and health management work step by step in accordance with the PDCA of the occupational safety and health management system, and they all obtained ISO 45001:2018 Occupational Safety and Health Management System and TOSHMS Taiwan Occupational Safety and Health Management System Verification. The scope of implementation and applicable objects of this system cover all the operating sites and all the workers in the works. Management System, including all the internal and external issues, all the corresponding compliance obligations, and occupational safety and health risks caused by internal and external stakeholders that can be controlled within the scope of its capabilities due to activities and services derived from order control, procurement of raw materials, production preparation, manufacturing, storage, shipment and use of products. In addition, relevant management and operation of all the process of the personnel's external services are also included. Those for the contractors/ subcontractors are stipulated in the contracts.

Note: The certificate validity periods are as follows: Head Office until May 2027, Taoyuan Works until August 2025, Miaoli Works until August 2026, and Kaohsiung Works until April 2026. The Daya Works is expected to obtain ISO 45001:2018 and TOSHMS certification in 2024.

In accordance with the requirements of the ISO 45001 : 2018 and TOSHMS, for non-employee workers whose work and/or workplace is under the control of the organization, the Company will follow relevant management procedures to ensure the employees stationed in each Works and the contractors have a safe and healthy workplace environment. The proportions of relevant staff are as follows.

Category of staff	Number of people	Ratio (%)
Employees	1,900	91.4
Non-employee workers whose work and/or workplace is under the control of the organization	178	8.6
Total	2,078	100.0

Occupational Safety System and Performance

Occupational Safety and Health Committee

The Occupational Safety and Health Committee is composed of the head of the works, unit supervisors, occupational safety and health management personnel, occupational health nurses, and representatives assigned by the enterprise unions, with the factory director serving as the chairman and the director of the Labor Safety Center as the management representative. The Committee is convened once a month to discuss issues related to potential risks of safety and health in the works, deliberate and track safety and health meeting affairs, and make decisions and give instructions concerning safety and health related issues in the Company. The Committee is convened once a quarter in the Head Office.

The scope of the Committee' s review includes safety policies, safety and health management plans, education and training implementation plans, health management, occupational disease prevention, health promotion, occupational disaster investigation reports, contractor management, and other matters related to occupational safety and health management.

Worker representatives participating in the Occupational Safety and Health Committee are all elected by the enterprise unions, accounting for 40.6% of the committee members averagely, and our contractors/ subcontractors are also invited to participate. In terms of health and safety issues, in addition to the communication and coordination with workers for solutions in Committee meetings, education and training for new employees, monthly industrial safety inspection, safety observation, safety talks, annual health checkups, and health management. Activities such as industrial safety promotion meetings and propaganda of occupational preventions of the Labor Inspection Office are organized on an irregular basis. Health and safety related issues have been included in the collective agreement signed between Miaoli Works and the enterprise union in 2020.

Contractor Management

In the safety and health hazard risk assessment regulations, the activities and works related to our contractors/ subcontractors have been included into risk identification and assessment. In addition, safety and health operations as well as safety and health violation control and punishment regulations are included in the contract. The violation fines have dedicated usage, and are specially used to pay for safety and health rewards or for the purpose of improvement or education and training. Regular inspections and audits are carried out on the subcontractors stationed in the works. The Labor Safety Office makes annual assessment, and those who fail the assessment shall not renew the contract. Workers from the subcontractors are also required to participate in safety and health education and training courses held in the works or participate in the health lectures in the meetings of the Occupational Safety and Health Committee and the coordination of important matters in the coordination organization meetings to be informed of new knowledge of safety and health for bilateral communication.

A total of 190 subcontractors received the evaluation, and the passing rate reached 100%; a total of 152 third-party manufacturers participated in safety and health educational training. A total of NT$117,000 were fined for contractors who violated regulations when entering the factory.

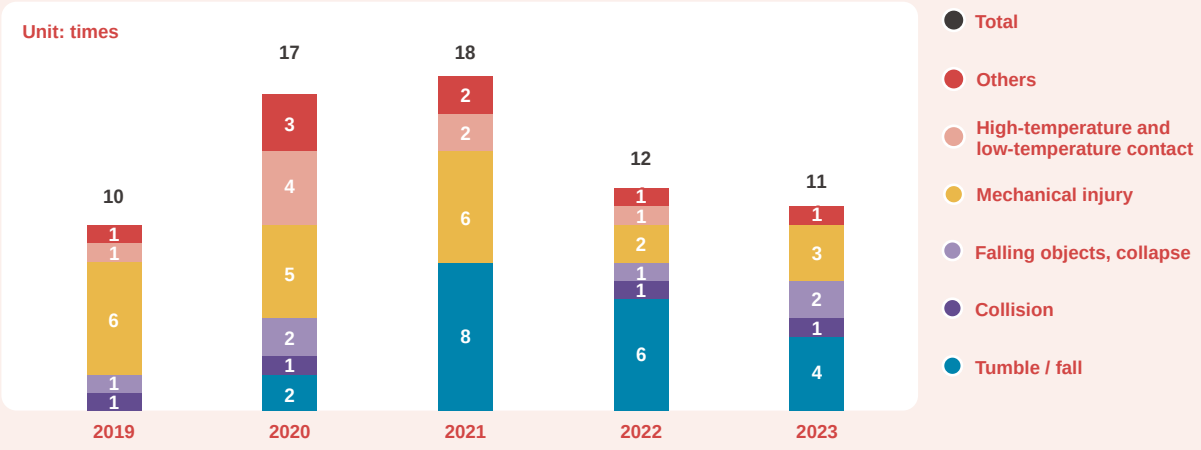
Performance of Industrial Safety

The goal of occupational accident management in all plants aims at zero-disaster as an indicator for enhancing various safety activities in the works. Zero-disaster related activities are supported by providing incentives and commending units with outstanding results. Cause analysis is conducted for each occupational accident in the Occupational Safety and Health Committee meeting, and improvement measures are also presented. In addition to the discussion of the analysis and corrective measures of the occupational accidents in the previous month reviewed by the president, the Audit Office and the Labor Safety Centers in all factories will also conduct joint cross-plant inspection every quarter and report to the president the deficiencies and corrective measures. For major occupational accidents that require hospitalization, the section chief and the division head should conduct monthly and factory director and deputy factory director should conduct autonomous management every two months and report to the president for review. For the accident victims, in addition to necessary first-aid and rescue, the Company will also do its best to assist the employees or their family members with necessary medical care and bereavement allowances.

In 2023, there were no major occupational safety incidents, but 11 injury accidents happened due to insufficient space in the workplace, residual oil stains, improperly marked tool placement, careless operation, and accidentally falling into the collector shoe slot while walking, ect. All Works have carried precaution measures, including re-planning the work areas, installing safety protection measures, adding/revising the safety work standards, enhancing employee safety training, and implementing a 3-month safety observation, and the observation records will be sent to the Labor Safety Centers for review. Hazard identification and risk assessment are carried out again for operations resulting in injury.

A non-employee worker fatality incident occurred in Kaohsiung Works. This accident happened due to failure to station guides before unloading operations of delivery subcontractor vehicles, which resulted in a significant workplace accident. After the investigation of the occupational accident, the following preventive measures were taken: revising the formed steel handling and stacking operations, adding human body infrared induction alarms and movable barriers, setting up hazard warning and markings to prohibit personnel from lingering, requiring personnel to wear reflective vests to strengthen warnings, strengthening contractors' implementation of safety operations and the requirements agreed in the organizational meeting. We cooperated with the Kaohsiung City' s Labor Inspection Office for the re-inspection and applied for the review, and the Company was re-inspected and approved to resume work.

Types and times of occupational accidents company-wide over the years



Note: Tumble/falling includes tumble, rolling off and fall; collision includes collisions and being hit; falling objects and collapse includes falling of objects, collapse of objects and collapse; mechanical injury includes being pinched, rolled, cut and bruised.

Industrial safety performance of Head Office over the years

Item / Year	2019	2020	2021	2022	2023
Annual working hours	362,173	359,156	324,459	334,307	328,450
Number of deaths caused by occupational injuries	0	0	0	0	0
Rate of deaths caused by occupational injuries	0	0	0	0	0
Number of severe occupational injuries (excluding deaths)	0	0	0	0	0
Rate of severe occupational injuries (excluding deaths)	0	0	0	0	0
Number of recordable work-related injuries	0	0	0	0	0
Rate of recordable work-related injuries	0	0	0	0	0
Number of false alarm incidents	-	2	0	0	0
Occurrence of false alarm	-	1.11	0.00	0.00	0.00

Industrial safety performance of Taoyuan Works over the years

Item / Year	2019	2020	2021	2022	2023
Annual working hours	1,143,816	1,246,768	1,249,056	1,248,360	1,343,896
Number of deaths caused by occupational injuries	0	1	0	0	0
Rate of deaths caused by occupational injuries	0	0.16	0	0	0
Number of severe occupational injuries (excluding deaths)	1	0	0	0	0
Rate of severe occupational injuries (excluding deaths)	0.17	0.00	0.00	0.00	0.00
Number of recordable work-related injuries	4	8	10	2	4
Rate of recordable work-related injuries	0.70	1.28	1.60	0.32	0.60
Number of false alarm incidents	-	0	11	6	0
Occurrence of false alarm	-	0.00	1.76	0.96	0.00

Industrial safety performance of Miaolil Works over the years

Item / Year	2019	2020	2021	2022	2023
Annual working hours	1,335,350	1,357,983	1,368,178	1,360,141	1,372,525
Number of deaths caused by occupational injuries	1	0	0	0	0
Rate of deaths caused by occupational injuries	0.15	0.00	0.00	0.00	0.00
Number of severe occupational injuries (excluding deaths)	0	0	0	0	0
Rate of severe occupational injuries (excluding deaths)	0.00	0.00	0.00	0.00	0.00
Number of recordable work-related injuries	1	5	5	3	3
Rate of recordable work-related injuries	0.15	0.74	0.73	0.44	0.44
Number of false alarm incidents	-	0	0	1	2
Occurrence of false alarm	-	0.00	0.00	0.15	0.29

Industrial safety performance of Kaohsiung Works over the years

Item / Year	2019	2020	2021	2022	2023
Annual working hours	583,209	614,712	719,203	773,532	820,988
Number of deaths caused by occupational injuries	0	0	0	0	0
Rate of deaths caused by occupational injuries	0.00	0.00	0.00	0.00	0.00
Number of severe occupational injuries (excluding deaths)	1	1	1	0	0
Rate of severe occupational injuries (excluding deaths)	0.34	0.33	0.28	0.00	0.00
Number of recordable work-related injuries	4	4	3	7	1
Rate of recordable work-related injuries	1.37	1.30	0.83	1.81	0.24
Number of false alarm incidents	-	2	1	1	2
Occurrence of false alarm	-	0.65	0.28	0.26	0.49

Industrial safety performance of Daya Works over the years

Item / Year	2019	2020	2021	2022	2023
Annual working hours	-	-	-	-	248,358
Number of deaths caused by occupational injuries	-	-	-	-	0
Rate of deaths caused by occupational injuries	-	-	-	-	0.00
Number of severe occupational injuries (excluding deaths)	-	-	-	-	0
Rate of severe occupational injuries (excluding deaths)	-	-	-	-	0.00
Number of recordable work-related injuries	-	-	-	-	3
Rate of recordable work-related injuries	-	-	-	-	2.42
Number of false alarm incidents	-	-	-	-	0
Occurrence of false alarm	-	-	-	-	0.00

Note:

1. Traffic accidents happened when commuting to or from work are not included in the industrial safety performance.
2. In 2021, one fatal work injury occurred to a non-employee worker in Miaoli Works. The rate of fatalities as a result of work-related injury = 4.88, and the rate of recordable work-related injuries =4.88. In 2023, one fatal work injury occurred to a non-employee worker in Kaohsiung Works. The rate of fatalities as a result of work-related injury =7.75, and the rate of recordable work-related injuries =7.75. The total working hours of non-employee workers reached 283,260.
3. Rate of fatalities as a result of work-related injury = (Number of deaths caused by occupational injuries/annual working hours)* 200,000
4. Severe Occupational Injuries refers to the condition of the worker that is unable or difficult to be restored to the original healthy state before the injury within 6 months (excluding deaths caused by occupational injuries).
5. Severe Occupational Injuries (SOI) Ratio = (Number of severe occupational injuries (excluding deaths)/annual working hours)* 200,000
6. Rate of recordable work-related injuries (FR)= (Number of recordable work-related injuries/annual working hours)* 200,000
7. Occurrence of false alarm= (Number of false alarms/annual working hours) x 200,000.
8. There are no statistics of false alarm incidents in 2019.

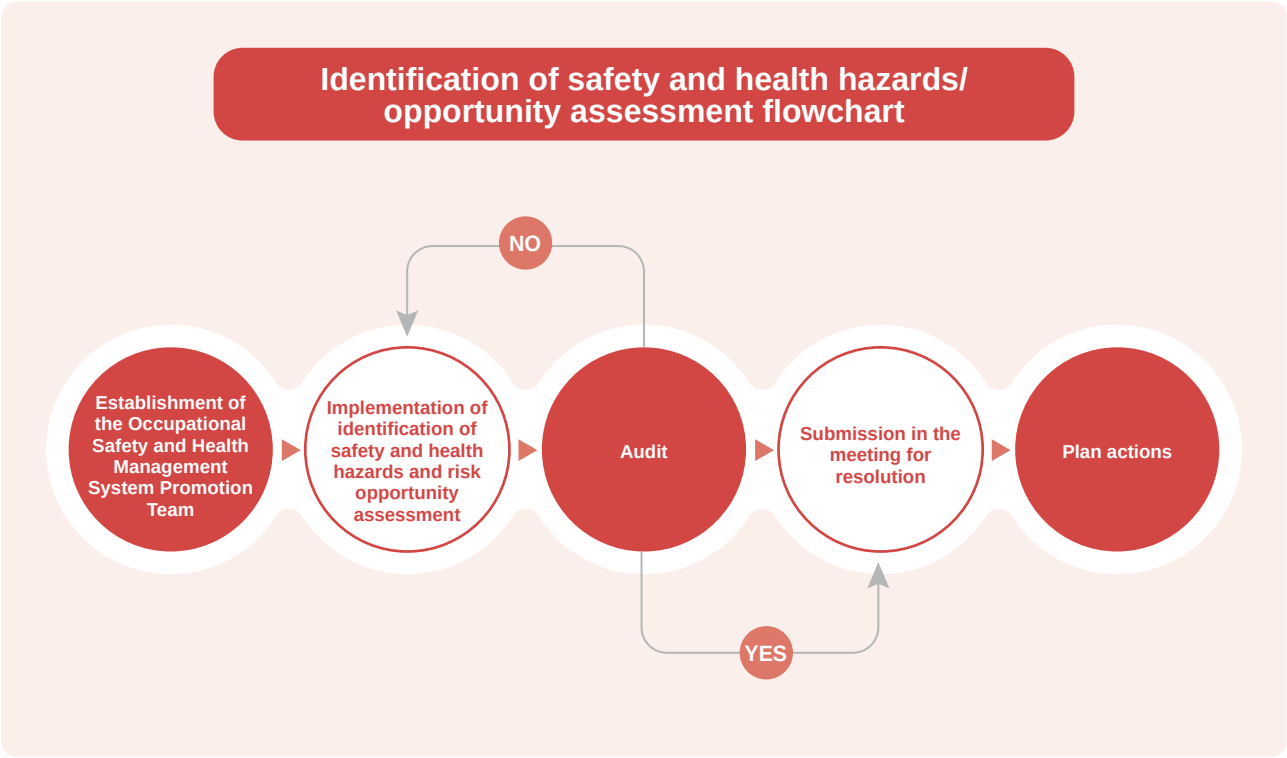
Reducing Risk of Occupational Accidents

■ Identification of safety and health hazards

The Company followed the Occupational Safety and Health Administration' s technical guidelines for all safety and hazards around the workplace caused by operating activities inside and outside the factory area (including routine and non-routine activities, workers and visitors entering the factory area, personal behavior, and other human factors), and set up the safety and health hazard identification risk assessment regulations and related procedures for risk assessment, the implementation of identification, assessment and control of the work environment and hazards.

Identification and assessment results have to be classified into different levels for control. For the unacceptable medium- and high-level of risks, actions and measures are taken to reduce the level of the risk. For the accidents that have happened, hazard identification and assessment have to be done again, the operating standards have to be revised, and the education and training of hazard awareness and identification should be implemented to conduct risk classification management and control to ensure the effectiveness of the management system. All the personnel performing hazard identification and hazard assessment are provided with education and training to ensure the quality of identification.

In 2023, hazard identification and risk assessment were carried out, and a total of 20 cases with medium and high risks were identified. Management plans were formulated for improvement and have been implemented respectively.

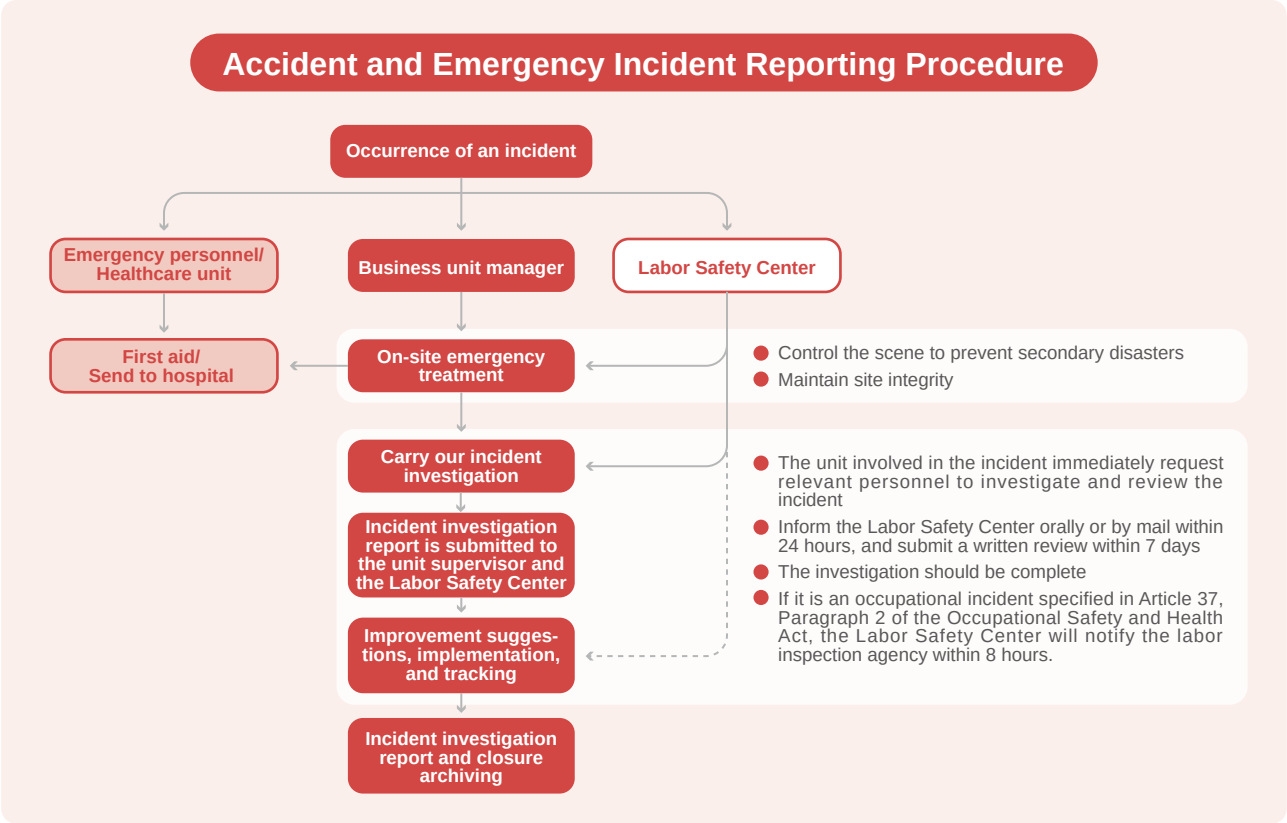


Control and Prevention of Abnormalities

In terms of the operating mechanism of accident management, electronic information management system and on-site incident drills are utilized for the statistics of occupational accidents and cause analysis, and relevant supervisors and parties jointly convene an investigation meeting to thoroughly understand the problem. The investigation results are then used for remedial and improvement measures to eliminate the causes of similar incidents to prevent them from happening again. In addition, all the incidents will be submitted to the Occupational Safety and Health Committee meetings for review. Responsible units shall re-examine the risk assessment in accordance with the safety and health hazard identification risk assessment regulations and make revisions when necessary to establish a complete notification and investigation system.

In view of the unsafe behavior and unsafe environment that cause harm, the AI Team of the Information Technology Division applies AI image automatic detection, surround view monitoring system, and AI automatic protection device to stop operation when detecting the entry of personnel, and warning notification or PA loudspeaker dispersion is immediately made to control or manage unsafe behavior or environment for improved on-site safety and health management.

In accordance with the relevant operating procedures for emergency response, when there is concern of immediate danger in the workplace, the employer and the person in charge of the workplace shall stop the operation at once and evacuate the workers to a safe place. When a worker discovers immediate danger while performing his duties, he shall stop the operation on his own and retreat to a safe place without jeopardizing the safety of other workers, and immediately reports to his direct supervisor. The Company will never dismiss, transfer, or fail to pay the wages during the period of the work suspension or impose unfavorable punishment to the work under the circumstances mentioned above.



Improving the workers' safety awareness and work habits are the focus of the safety and health education and training in all works. All the works will organize education and training every year based on their needs. In addition to the safety and health courses necessary for new recruits and general employees, there are also training for specialty and emergency response measures based on the job positions, and the safety and health management work of the contractors/subcontractors are also promoted and assisted. Through the mutual communication for consensus in the process of education and training, the workers can avoid human negligence in their work habits to improve the workers' capabilities of hazard identification so as to reduce potential risk of occupational accidents. The expenses invested in on-the-job training of safety and health in all works in 2023 amounted to more than NTD 2.3 million, with a cumulative of 24,427 man-hours of training, a 6.6% increase compared with 2022 (22,909 man-hours of training).

Note: Safety and health education training courses include on-the-job education and training of general labor safety and health, occupational safety and health-related regulations and operating standards, fixed crane operators, forklift operators, anoxic operation supervisors, operator radiation safety, fire safety training, retraining of safety and health education for class-1, class-2, and class-3 manager of occupational safety and health affairs, etc.

Cardiopulmonary Resuscitation (CPR) Education and Training

Health Seminar

The Company also participates in relevant labor safety and health plans promoted by local competent authorities. In 2023, relevant executives at all levels participated in the Symposium, publicity meetings and seminars organized by the Occupational Safety and Health Center of Occupational Safety and Health Administration, Ministry of Labor or Labor Inspection Office. By the partnership between the government and the employer groups and through the review and discussion of cases of major occupational accidents as well as experience sharing and dialogues among the senior management, the companies could be assisted with the reinforcement of the implementation of process risk assessment, the management they are in charge of, and the efficiency of self-managed safety and health.

■ Environmental Monitoring and Disaster Prevention Drills

The Company set up work environment monitoring plans and flowchart in accordance with the "Measures for Implementing Exposure Monitoring in the Workplace", and a quality work environment monitoring agency is appointed for the implementation of regular work environment monitoring on the Head Office and the all Works[note], and the items include noise, comprehensive temperature heat index carbon dioxide, chemical substances (manganese compounds, sulfuric acid, butanone), illuminance monitoring, and dust. Improvement will be immediately made if there is any abnormality found in the monitoring results to protect the health of the personnel. In 2023, the monitoring results showed that the noise level slightly exceeded the standards. Subsequent monitoring will be conducted to ensure the employees use protective gear. All the other items are compliant with statutory standards.

Note: There are 62 monitoring points in the Head Office, 110 in Taoyuan Works, 84 in Miaoli Works, 70 in Kaohsiung Works, and 31 in Daya Works; the monitoring points of all factories include areas and personnel.

To improve the on-site emergency response capabilities in all the works to avoid or reduce injuries of personnel, property loss and environmental impact, various emergency response drills are conducted according to the on-site operation risks. In 2023, a total of 27 sessions of emergency response and disaster prevention drills were held (17 emergency response drills, 10 firefighting drills), and the content included emergency response drills for liquefied petroleum gas (LPG) tanks, wastewater treatment equipment failures, steelmaking/rolling air pollution, emergency response drills for personnel injured by falling objects and falling into coma, emergency response drills for personnel in shock during operations, confined space operations and earthquake escape emergency response drills, self-defense fire prevention education and training, disaster prevention and escape drills, etc.

Fire drill

Health Promotion

■ Health Examination

The Company provides employee health checkups exceeding the frequency and items required by law, including general health examination and special health examination so as to provide the employees with a healthy and hygienic working environment. In addition, professional physicians will conduct statistical analysis of the health management based on the health check reports. The employees will be reminded of follow-up diagnosis and treatment of abnormal conditions, and the health promotion policy for the following year is also planned to provide comprehensive health care and assist our employees with the implementation of self-care management.

The works control the hazards of the working environment and the employees' health through Measures for Implementing Exposure Monitoring in the Workplace and the special health examination, and the employees' relevant knowledge of emergency treatment of burns and scalds is also promoted. If an abnormal case is found, the Labor Safety Center will conduct case management, and the physician of occupational medicine will provide one-on-one consultation to comprehensively evaluate the factors of the employees' work nature, lifestyles, family history and others to provide suggestions for improvement for the employees and the Company. Furthermore, through hazard education and training, the wearing of protective equipment and inspection are promoted, significantly reducing the personnel's exposure to danger and health hazards, reducing the probability of occupational diseases to the minimum. There has not been any case of occupational disease among our employees over the past 5 years, and there has been no occurrence of occupational disease among workers (whose work and workplace are under the control of the organization).

In all the works, the on-site physician will arrange health consultations for our employees, and the relevant records are kept in the Labor Health Service Implementation Record Sheet (including three non-employee workers). In addition, personnel whose health management is of level 2 or higher in the special health examination will be arranged with health lecturers and individual doctor consultations. When there are still personnel exposing to work hazard on site, hazard control and relevant management measures should be immediately conducted. In 2023, a total of 1,683 people received general health examination while 1,743 received special health examination, and the costs of the health examination totaled approximately NTD 3.34 million, an increase of 15% compared with 2022 (approximately NT$292 million) . In terms of noise check, the number of people requiring level-2 noise management was 346, and 0 requires management of level-3 or above. Level-2 management improvement measures include strengthening protective measures t work, arranging health lectures and doctor consultations, and outpatient follow-up within three months, while level-3 management measures included strengthening supervision on the use of personal protective equipment (PPE) N95 masks.

Facility	General health examination (number of people)	Items for special health examination (number of people)							Health examination cost (NT$)
		High temperature operation	Dust work	Noise operation	Ionizing radiation work	Manganese operations	Catering operations	Subtotal	
Head Office	162	-	-	20	-	-	-	20	708,520
Taoyuan Works	613	-	286	127	39	3	7	462	1,078,240
Miaoli Works	517	109	218	282	68	30	8	715	826,500
Kaohsiung Works	292	-	184	184	-	-	2	370	540,200
Daya Works	99	-	88	88	-	-	-	176	187,800
Total	1,683	109	776	701	107	33	17	1,743	3,341,260

Note: Employees who started working in the current year have already submitted their physical examination reports, so health examinations were not arranged for them.

Annual employee health examination

Care for the Employees' Health

The Company establishes the health service plan based on the Occupational Safety and Health Act and Regulations of Labor Health Protection and adopts relevant regulations concerning labor health protection and safety and health measures, coupled with the provision of integrated employee health service by professional physicians. The on-site health service expenses totaled approximately NT$1.76 million.

A total of 10 health lecturers were held in 2023, with the themes of Overcoming metabolic syndrome- obesity prevention and weight loss, Betel nut and tobacco damage prevention, Cardio-vascular disease prevention, Adult vaccine introduction, AED video teaching, Prevention of special occupational hazards, Propaganda on prevention of illegal infringement while performing duties, etc. At the occupational safety meetings, health promotion, information of rectal cancer screening, Hepatitis B and C screening, obesity prevention and weight loss, influenza prevention, organization of influenza vaccination in the plant, cough etiquette and other medical knowledge were provided. We also jointly organized influenza vaccinations with health centers.

In 2023, a total of 808 people participated in health interviews, including 409 people for consultation, 311 people for fitness for work evaluation, 50 people for return to work evaluation, 3 people for maternal health protection, and 35 people for work.

Lecture on overcoming metabolic syndrome

Lecture on hazards of special operations

Vaccination of influenza

Lecture on high blood pressure prevention

Applying Artificial Intelligence (AI) Technology to Safety and Health Management

Steel industry is a workplace with higher risks in terms of manufacturing processes. The many cranes, large equipment, and even the energy and weight of the raw materials and finished products in the plants all make the accident severity rate (SR) higher compared with other manufacturing industries. As the society attaches great importance to occupational safety and health and the increasingly serious problem of labor shortage, how to make use of AI technology to improve the efficiency of occupational safety and health management is the direction the Company is working on.

AI technology is to hand over large-scale, high-risk or high-cost matters to programs to assist in operations. Currently, technological evolution can be divided into the followings. "Information digitalization" is to integrate licenses and contractors, and timely remind the validity, avoiding the cost of personnel control and enabling timely grasp when needed. Factors such as excessive restricted areas and labor costs can take the advantage of CCTV and other technologies for the "Technological inspection" to achieve supervision, control, and reduce blind spots. "Equipment automation" is commonly seen in punching and shearing machines and lathes that require photoelectric and laser induction safety devices. When the equipment automation is mature, AI recognition and learning will be introduced to further improve the management efficiency and reduce supervision costs.

To achieve the effect, the Company tried to introduce many technologies and AI in the Works in 2023, and conducted trials in high-risk or dead-end areas such as heating furnaces, rolling areas, roofs, and rebar processing to reduce occupational accidents through the operational efficiency. Through the analysis, advantages and difficulties are identified, and feedback based on experience is also provided, which will be continuously introduced into the AI learning system based on PDCA principles. By doing this, we can improve the goals of occupational safety and health management in a more effectively way to achieve the zero-accident vision.

Marking of the detector during detection

Boundary marking of the hazardous area

SPECIAL COLUMN

Extensive AED Deployment to Save the Employees' Lives

On the morning of June 7, 2023, the vocational nurse at out Kaohsiung Works received a phone call from an on-site staff of the Rolling Section saying that an employee fell to the ground with foaming at the mouth, and immediately grabbed an AED and rushed straight to the scene. After assessment, it was confirmed that the employee was unconscious and not breathing. The vocational nurse immediately performed hands-only CPR with the associate at the scene, and quickly activated the AED, applied electrode pads, and administered two rounds of shocks. Then the emergency medical personnel took over and transported this employee to the hospital. A total of about 6 or 7 times of shocks were administered from the worksite to the ambulance, and this employee regained spontaneous breathing once. While in the emergency room, the situation was initially critical. However, through continuous efforts from medical staff including ongoing CPR, intubation, and administration of emergency medications, vital signs were temporarily restored. Then the cardiac catheterization confirmed acute myocardial infarction, followed by vascular clearance and stent placement. The employee was under observation in the intensive care unit, and was transferred to general ward after confirmed no brain damage and stable condition, and eventually discharged on June 15 of the same year.

After this incident, besides urging our employees not to ignore symptoms such as chest tightness, pressure in the chest, angina, difficulty breathing, or numbness in the hands, it is important to remain vigilant and seek medical attention immediately to avoid missing the critical window for intervention.

Considering the operating environment and vast factory area of each Works, to prevent possible accidents and shorten the waiting time for rescue, additional AED units are allocated based on factors such as the personnel distribution across various facilities and short response time to ensure accessibility. Currently, the company has installed 33 AEDs in total, and published the AED placement map. The supervisors of each Works require all employees to receive first aid training of CPR & AED (the training rate of Kaohsiung Works has reached 99.4%) to facilitate immediate emergency response and minimize delays, ensuring optimal utilization of the golden rescue time.

CH6

Social Prosperity

6-1 Biodiversity

6-2 Community Participation

6-3 Social Participation

6-1 Biodiversity

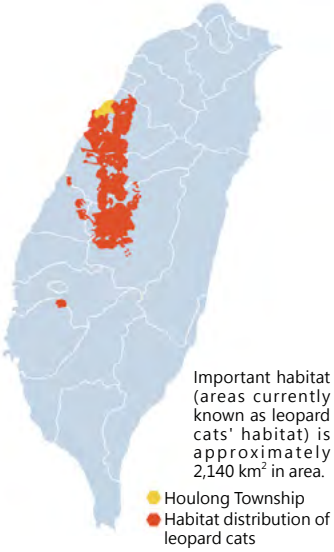
Conservation of Leopard Cats is the Responsibility for All

With the development of human society, the number of leopard cats in Taiwan has dropped significantly. In 2008, leopard cats were listed the Grade 1 endangered animal, and the Miaoli County Council passed the Autonomous Ordinance for the Conservation of Leopard Cats in Miaoli County on December 10, 2019.

The Company' s Longgang Industrial Park is located in Houlong Township, the hotspot activity area for leopard cats. To avoid the impact of the development behavior on leopard cats, the Company specially installed automatic infrared cameras in the Longgang Industrial Park to conduct ecological monitoring of the leopard cats. In addition, we also contribute to the conservation of leopard cats through relevant measures.

The infrared automatic cameras started the monitoring in 2023Q4, and three of the cameras recorded traces of leopard cats. Their activity range is located within secondary forest habitats surrounding the development base, designated as land for national security use. This area will maintain its current status and there will be no felling of trees and other development activities.

Habitat distribution of leopard cats



Protective measures during construction and operation phases

01

The food sources for leopard cats include small mammals, birds, insects, and reptiles. To avoid affecting the food sources, this project will only cooperate with the Environmental Protection Bureau or health units to use environmental chemicals to prevent and control infectious diseases or pests (such as dengue fever, red imported fire ants and other related pesticide needs). No other chemical herbicides, insecticides, or pesticides will be used to avoid possibilities for leopard cats to ingest toxic food and are indirectly poisoned.

02

Leopard cats are a carnivorous nocturnal animal that are more likely to appear in early morning or night. Therefore, except for safety or necessary continuous projects (such as grouting projects), operations of large machinery will be arranged after 8 am and before 10 pm during the construction period.

03

The responsible construction companies conduct education and training for construction workers entering the site to identify the characteristics of leopard cats. Construction site personnel are strictly regulated to refrain from harassing, abusing, or capturing leopard cats to avoid violations of Act on Wildlife Conservation. If leopard cats are seen or found injured during the construction process, on-site personnel will immediately notify the construction supervision unit to record it and inform relevant responsible unit to assist in handling.

04

This project adopts phased construction, and construction fences are set up to prevent leopard cats from accidentally entering or getting hurt. This can also provide sufficient time for amphibians, reptiles, and mammals with weak habitat capacity, slow movement, and narrow activity space to move to other places. During the construction, the use of traps to remove rodents is prohibited throughout the entire park area to reduce the possibility of accidently touching the animal traps that can cause injury or even death of leopard cats.

05

It is strictly prohibited to feed or keep wild animals in captivity in the park, and it is also prohibited to keep or bring pets (such as dogs) in the park to avoid disease transmission and chasing wild animals. Improper collection and disposal of domestic waste (including food and kitchen waste) generated by construction workers) may attract stray cats or dogs to scavenge for food, and stable food source may encourage them to gather to form a stable population. Therefore, construction workers for this project are strictly educated to dispose general domestic waste in a centralized manner and properly collect and cover the waste to prevent stray cats and dogs from rummaging for food and avoid attracting rodents and shrews to gather, thereby avoid attracting leopard cats to stay around the site area to prey on small mammals.

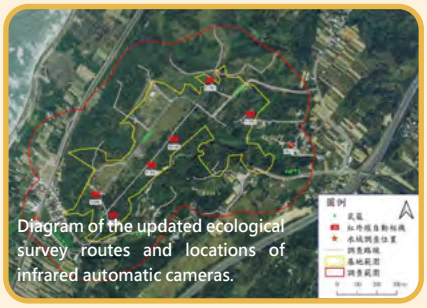


Diagram of the updated ecological survey routes and locations of infrared automatic cameras.

6-2 Community Participation

The Company attaches great important to the interaction with the residents in the neighborhood. We conduct regular environmental monitoring to let the stakeholders (community residents) understand that the environmental monitoring items meet the legal requirements. We invest in environmental protection and engage in good neighbor activities like community charity activities to reduce environmental safety risk of the neighbors, promote the interaction with the neighboring residents, and fulfill our corporate responsibility.

Facility	Social participation	2023 Performance
Taoyuan Works	● During the construction and operation period, conduct the environmental monitoring every quarter in accordance with the content of the environmental impact statement, and the monitoring items include air quality, noise, vibration, water quality, transportation, ecology, and soil. Currently the monitoring results all meet the environmental related regulations. ● Regularly assist with the mowing of weeds on the neighboring roads. ● Actively visit the neighboring communities on an irregular basis, participate in community charity activities, and sponsor neighboring schools and club activities.	● **Environmental monitoring results were compliant with regulations** The results of environmental monitoring during operation (including air quality and soil dioxin) showed complete compliance with relevant environmental regulations, and the cancer risk value was less than one in a million (10^{-6}). ● **Sponsored funds for community activities** Sponsored about a total of NT$ 788,000 for neighboring community development associations, neighborhood watch teams, temple activities, school funds, environmental education cultural and creative associations, and low-income households in the neighborhood. ● **Beach Cleanup at Caota Sand Dunes Geopark** 10 participants from Taoyuan Works took part in ecological beach cleanup and energy conservation and earth protection publicity activity. We also assisted with mowing nearby lanes. ● **Assisted with mowing nearby lanes**
Miaoli Works	● Add the environmental impact and occupational safety and health risk assessment before the implementation of the new manufacturing process. ● Conduct sampling for the environmental impact assessment every quarter, and the monitoring items include air quality, noise, vibration, surface water quality, groundwater, and soil. The monitoring results of the above items all met legal requirements. ● Assign dedicated personnel to actively participate in community development associations and village meetings. ● Sponsor activities of the township offices, neighboring schools, and clubs. ● Adopt nearby streetlights and clean the roads around the works every day.	● **Environmental monitoring results were compliant with regulations** The results of environmental monitoring during operation (including air quality, noise, vibration, surface water quality, underground water, soil, etc.) showed complete compliance with relevant environmental regulations. ● **Participated in 4 community forums** The forums participated include Xihu Rural Neighborhood Leaders' Local Infrastructure Development Symposium, Nangang Li Community Meeting, and local security symposium of Xihu Branch Station and Nanshi Police Station. ● **Sponsored funds for community activities** Sponsored about a total of NT$ 3.3 million for Xihu Township Office, Houlong Town Office, and school anniversary sports events, graduation ceremonies, and club activities of neighboring schools. ● **Adopt turf and environmental road cleaning** Adopt the green belt turf in the air quality purification zone of Xihu Township and Houlong Town, mowed the grass and tidied up the environment 4 times in total, and cleaned the roads around the factory once per day.
Kaohsiung/ Daya Works	● Participate in the Labor Safety and Health Promotion Meeting of Kaohsiung Linhai Industrial Zone every two months. To strengthen the industrial safety awareness and independent management capabilities of the manufacturers in the industrial area, occupational accident prevention observation meetings are often organized. ● Visit the neighboring communities from time to time, and sponsor the community activities, school activities and festivals. ● The plant supervisors participate in the good neighbor activities.	● **Donated one detection and prevention vehicle to Kaohsiung City Police Department, Siaogang Precinct** Due to the frequent fraud cases in recent years, there is an urgent need for detection and prevention vehicles to assist with handling cases. The Company has supported Siaogang Precinct to protect community security for long, and donated 1 detection and prevention car (Approximately NT$ 1 million) to assist with police work. ● **Sponsored 200 lunch boxes for the elderly in Shanmingli Community** Relevant community care has become even more important for the aging population in Taiwan. The Company provided more hygienic and eco-friendly tableware (approximately 27,000) for the dining activity for the elderly in the community so that the elderly care activities can be carried out more smoothly. ● **Sponsored funds for high school anniversary celebration activities** Donated a total of NT$40,000 for the anniversary celebration activities of Xiaogang High School and Wenshan High School.

Note: The Company only implements local community assessment and engagement in important production plant areas. Since each works is located in the industrial zone and does not add new manufacturing process, there are no operations with significant actual or potential negative impacts.

2023 Beach cleanup activity at Caota Sand Dunes Geopark

Donation of 1 detection and prevention vehicle to Siaogang Precinct

Sponsored lunch boxes for the elderly in Shanmingli Community

Assisted with mowing nearby lanes

6-3 Social Participation

Tung Ho Steel not only is dedicated to the provision of high-quality products and services to our customers, but also participates in social welfare activities actively to fulfill its corporate responsibility. The Company participates in diverse public welfare activities, including educational sponsorship, academic awards, arts and humanities, major disaster relief and project donations. Among them, the establishment of Hou Jindui Distinguished Honor Award and the Tung Ho Steel Foundation have shown that with the academic development and culture & arts, it further demonstrates Tung Ho Steel' s spirit of dedication and contributions, and what is more, the strong commitment to grow together with this land. In 2023, Tung Ho Steel' s public welfare project donations amounted to NT$ 14.86 million and those for community development and good-neighbor sponsorships totaled NT$ 4.29 million.

Ho Chin Tui Foundation

Ho Chin Tui Foundation was established in 1975, and has been committed to rewarding young students excellent in conduct and learning as well as diligent students from disadvantaged families since its establishment. Due to the changes in the social environment later on, it was rare for students to discontinue their studies for poverty. Therefore, Ho Chin Tui Award was set up in 1991 to provide rewards to outstanding scholars who have been making long-tern efforts and significant contributions to the development of the industries and economy in Taiwan in four major fields, including basic science (mathematical physics and biology), material science, metallurgy and environmental protection. Since 2006, the green building category has been also added, providing substantial rewards to those with outstanding achievements and contributions. The foundation promotes academic research, rewards underachievers, and sponsors public welfare activities such as education, culture, and academic research. We hope to nurture talented people, encourage students to work hard, be willing to recommend talented people, and give back to society. The substantial rewards include the awarding of Medal of Honor and rewards of NTD 600,000. As of the end of 2023, there have been a cumulative of 179 winners of this award.

Tung Ho Steel Foundation

Tung Ho Steel Foundation has worked on the improvement of the cultural and artistic literacy of people in Taiwan, cultivation of talents in art, promotion of art education, and development of cultural and creative industries, and organizes and sponsors various cultural and artistic events, and promotes the integration of the steel industry and culture since its establishment. We have actively organized the Artist Residency Program. We have invited artists to enter Miaoli Works for the creation of steel sculptures, which is one of the important cases of cooperation between enterprises and artists in Taiwan, and the works were also awarded the Best Creativity Award of the 10th Art & Business Awards by the Ministry of Culture.

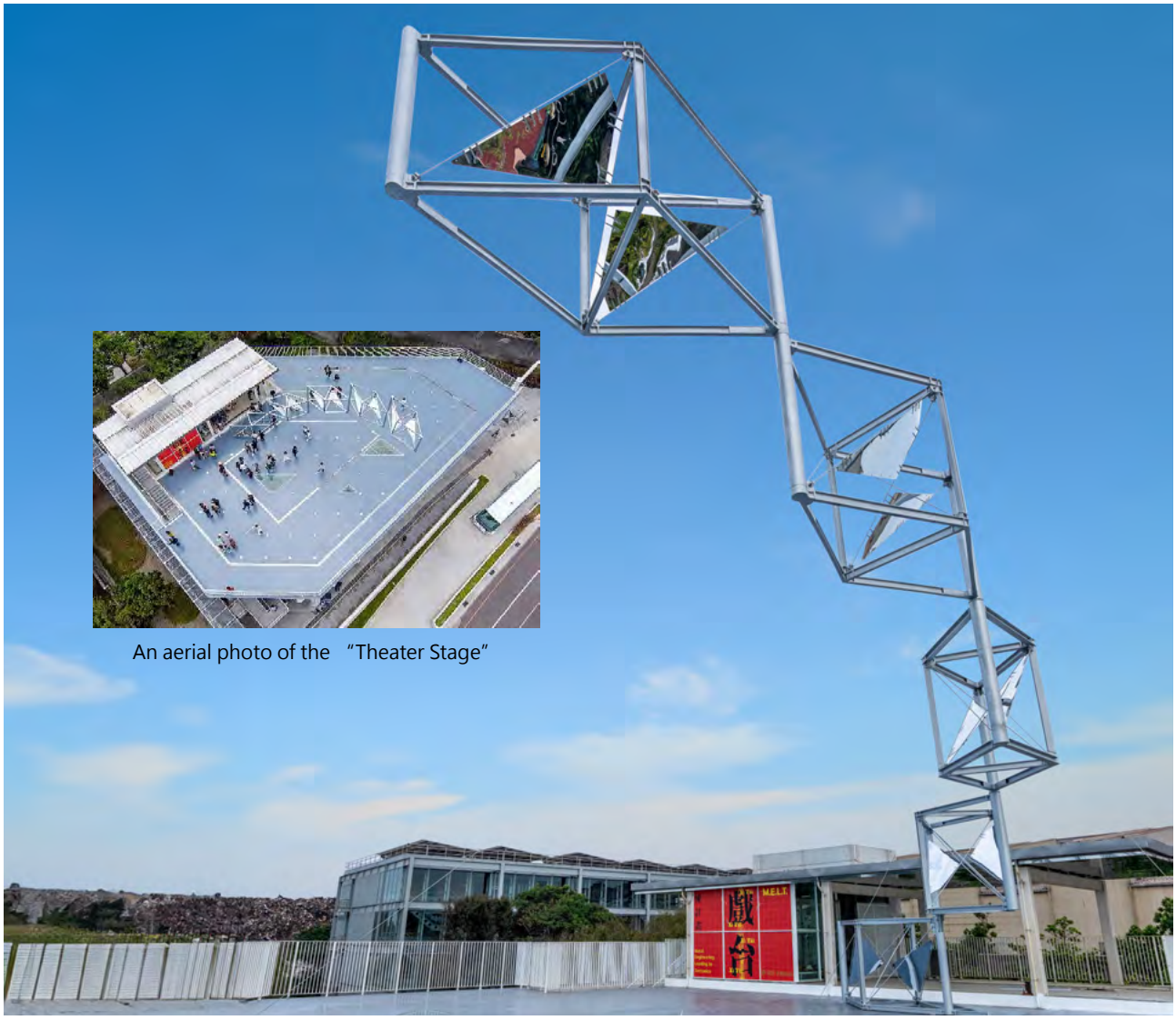
On October 20, 2023, the foundation held the press conference of the Alchemy Project- MELT (Metal Engineering Leading to Tectonics), aiming to build a diversified platform for exchanges, facilitate cooperation in related industries, cultivate steel structure design talents, promote the application of steel structure buildings and contribute to social life applications to develop a new architectural vision. Meanwhile, we actively promote the creation and practice of steel structures and eco-friendly green buildings and implement recycling and reuse of building materials and earthquake-resistant design to fulfill the mission of environmental sustainability. In 2023, we cooperated with JJP Architects & Planners and drew inspiration from traditional Taiwanese "theater

stage" to propose the innovative element design for steel structures, inviting architects, structural technicians, construction engineers and other professionals to explore the infinite possibilities of steel structures, harness technological inheritance to design innovatively, promote sustainability, efficiency, and accessibility of steel.

Tung Ho Steel has officially entered the era of renewable energy. The Alchemy Project- MELT (Metal Engineering Leading to Tectonics) is based on steel and follows the context of the parent company, attempting to propose effective strategies and feasible approaches for sustainable environmental social issues and construct living spaces within human society that are recyclable and sustainable, promoting the awareness that "using steel structure is protecting the earth". Furthermore, by exploring various possibilities and practical operations of steel material construction, the benefits of steel components can be maximized, benefiting and improving the social construction environment. A database recording the R&D design and the implementation process is established to provide creators with diverse motivation to progress. Nearly 300 guests participated in the Alchemy Project Presntation, and later about 60 teachers and students from the Architecture Departments of National Cheng Kung University and Shih Chien University were arranged to visit.

The Foundation actively promotes the results of the in-plant creations in many ways, and cooperates with the Yulin Plant of Tung Kang Steel Structure Corp. and set up in-plant works created by the resident artists to introduce the beauty of steel art. To popularize arts education, we sponsored 30 tons of steel for the Kaohsiung International Steel & Iron Sculpture Festival (KISISF) in the Pier-2 Art Center from November 1 to December 3 in 2023 to encourage interaction between artists' creation and the public, promoting cultural and artistic activities and showcasing the landscape and appearance of places and cities. The number of visitors reached 25,000.

Students from Architecture Department visited the plant



An aerial photo of the "Theater Stage"

"Alchemy Project" - "Theater Stage"

CH7

Appendixes

Appendix I: GRI Reporting Principles Standards Comparison Table

Appendix II: BSI Verification Statement

Appendix III: Comparison Table of strengthened disclosure of sustainablility index of iron and steel industry of the Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies

Appendix IV: TCFD Comparison Table

Appendix V: Risks and Opportunities brought by Climate Change to the Company and Related Countermeasures Taken

Appendix VI: Sustainability Accounting Standards Board (SASB) Comparison Table- Iron & Steel Producers

Appendix I: GRI Reporting Principles Standards Comparison Table

Declaration	Tung Ho Steel has reported the content for the period from January 1 to December 31 in 2023 in accordance with the GRI guidelines.
GRI 1 Used	GRI 1: Foundation 2021
Applicable GRI Sector Standards	No applicable GRI Sector Standards

Type/ Topic	GRI Standards Disclosures Items	Corresponding chapters	Page	External assurance
GRI 2: General Disclosures 2021				
1. The organization and its reporting practices				
2-1	Organizational details	2-1 Company Profile	41	■
2-2	Entities included in the organization' s sustainability reporting	About this Report	02	■
2-3	Reporting period, frequency and contact point	About this Report	02	■
2-4	Restatements of information	About this Report	02	■
2-5	External assurance	About this Report	02	■
2. Activities and workers				
2-6	Activities, value chain and other business relationships	2-1 Company Profile 3-1 Operating Status Respond to climate change and invest in clean energy 3-4 Product and Service Quality 4-1 Green Procurement Special Column: Improvement of Tung Ho Steel' s Full-Scale Services in Central and Southern Taiwan	37 52 69 72 78 76	■
2-7	Employees	Distribution of Employees	103	■
2-8	Workers who are not employees	Distribution of Employees	103	■
3. Governance				
2-9	Governance structure and composition	Governance Structure The Composition and Operation of Board of Directors	43 44	■
2-10	Nomination and selection of the highest governance body	The Composition and Operation of Board of Directors	44	■
2-11	Chair of the highest governance body	The Composition and Operation of Board of Directors	44	■
2-12	Role of the highest governance body in overseeing the management of impacts	1-1 ESG Operation and Performance The Composition and Operation of Board of Directors	07 44	■
2-13	Delegation of responsibility for managing impacts	1-1 ESG Operation and Performance	07	■
2-14	Role of the highest governance body in sustainability reporting	About this Report 1-1 ESG Operation and Performance	02 07	■
2-15	Conflicts of interest	Avoidance of Conflict of Interest	44	■

Type/ Topic	GRI Standards Disclosures Items	Corresponding chapters	Page	External assurance
GRI 2: General Disclosures 2021				
2-16	Communication of critical concerns	1-1 ESG Operation and Performance The Sustainable Development Committee	07 47	■
2-17	Collective knowledge of the highest governance body	The Composition and Operation of Board of Directors	45	■
2-18	Evaluation of the performance of the highest governance body	Performance Evaluation of Board of Directors	46	■
2-19	Remuneration policies	The Composition and Operation of Board of Directors Compensation Structure	45 106	■
2-20	Process to determine remuneration	Functional Committees Compensation Structure	47 106	■
2-21	Annual total compensation ratio	Compensation Structure	106	■
4. Strategy, policies and practices				
2-22	Statement on sustainable development strategy	Message from the Chairman	04	■
2-23	Policy commitments	1-1 Operation and Performance 2-1 Company Profile 3-2 Risk management Supplier Management 5-1 Manpower Structure with Equality	07 41 56 81 102	■
2-24	Embedding policy commitments	Socioeconomic Compliance, Improvement and Prevention Supplier Management 5-1 Manpower Structure with Equality	48 81 102	■
2-25	Processes to remediate negative impacts	Stakeholder Consultation and Complaint Channels Supplier Management	17 81	■
2-26	Mechanisms for seeking advice and raising concerns	Stakeholder Consultation and Complaint Channels	17	■
2-27	Compliance with laws and regulations	Socioeconomic Compliance, Improvement and Prevention Environmental Compliance	48 99	■
2-28	Membership associations	Exchanges and Cooperation	42	■
5. Stakeholder engagement				
2-29	Approach to stakeholder engagement	1-2 Communication with Stakeholders Customer Satisfaction	13 74	■
2-30	Collective bargaining agreements	Employee Benefits	107	■

Type/ Topic	GRI Standards Disclosures Items	Corresponding chapters	Page	External assurance
Material topics				
GRI 3: Material Topics 2021				
3-1	Process to determine material topics	1-3 Analysis of Material Topics	20	■
3-2	List of material topics	1-3 Analysis of Material Topics	20	■
Material topic: Stable Operation				
3-3	Management of material topics	1-4 Response to Material Topics	24	■

Type/ Topic	GRI Standards Disclosures Items	Corresponding chapters	Page	External assurance
Material topics				
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	Financial Performance	53	■
	201-4 Financial assistance received from government	Financial Performance	53	■
Material topic: Cleantech Opportunity				
3-3	Management of material topics	1-4 Response to Material Topics	25	■
Material topic: Information Security				
3-3	Management of material topics	1-4 Response to Material Topics	26	■
GRI 418: 2016 Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Customer Privacy	75	■
Material topic: Materials Circular Economy				
3-3	Management of material topics	1-4 Response to Material Topics	27	■
GRI 301: Materials 2016	301-1 Materials used by weight or volume	Introduction of Value Chain	79	■
	301-2 Recycled input materials used	Introduction of Value Chain	79	■
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	Introduction of Value Chain Waste Treatment and Recycling	79 96	■
	306-2 Management of significant waste - related impacts	Waste Treatment and Recycling	96	■
	306-3 Waste generated	Waste Treatment and Recycling	96	■
	306-4 Waste diverted from disposal	Waste Treatment and Recycling	96	■
	306-5 Waste directed to disposal	Waste Treatment and Recycling	96	■
Material topic: Climate Action				
3-3	Management of material topics	1-4 Response to Material Topics	28	■
GRI 201: Economic Performance 2016	201-2 Financial implications and other risks and opportunities due to climate change	3-3 Management of and Strategies for Climate Change Risks and Opportunities	60	■
GRI 302: Energy 2016	302-1 Energy consumption within the organization	Broadening sources and reducing consumption	84	■
	302-3 Energy intensity	Broadening sources and reducing consumption	84	■
	302-4 Reduction of energy consumption	Green Process	87	■
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	GHG Inventory	85	■
	305-2 Energy indirect (Scope 2) GHG emissions	GHG Inventory	85	■
	305-3 Other indirect (Scope 3) GHG emissions	GHG Inventory	85	■
	305-4 GHG emissions intensity	GHG Inventory	85	■
	305-5 Reduction of GHG emissions	Green Process	87	■
Material topic: Water Resources Management				
3-3	Management of material topics	1-4 Response to Material Topics	29	■

Type/ Topic	GRI Standards Disclosures Items	Corresponding chapters	Page	External assurance
Material topics				
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	Water Resources Management	89	■
	303-2 Management of water discharge - related impacts	Emission Control	92	■
	303-3 Water withdrawal	Water Resources Management	89	■
	303-4 Water discharge	Emission Control	92	■
	303-5 Water consumption	Water Resources Management	89	■
Material topic: Air Emissions				
3-3	Management of material topics	1-4 Response to Material Topics	30	■
GRI 305: Emissions 2016	305-6 Emissions of ozone-depleting substances (ODS)	Emission Control	92	■
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	Emission Control	92	■
Material topic: Enhancement of Product and Service Quality				
3-3	Material Topics Management	1-4 Response to Material Topics	31	■
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	Quality Management	73	■
Material topic: A Safe and Healthy Workplace				
3-3	Material Topics Management	1-4 Response to Material Topics	32	■
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	5-4 Occupational Health and Safety	112	■
	403-2 Hazard identification, risk assessment, and incident investigation	Reducing Risk of Occupational Accidents	116	■
	403-3 Occupational health services	Health Promotion	118	■
	403-4 Worker participation, consultation, and communication on occupational health and safety	Occupational Safety System and Performance	112	■
	403-5 Worker training on occupational health and safety	Reducing Risk of Occupational Accidents	116	■
	403-6 Promotion of worker health	Health Promotion	118	■
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Occupational Safety System and Performance	112	■
	403-8 Workers covered by an occupational health and safety management system	5-4 Occupational Health and Safety	112	■
	403-9 Work-related injuries	Occupational Safety System and Performance	112	■
	403-10 Work-related ill health	Health Promotion	118	■
Material topic: Talent Retention				
3-3	Material Topics Management	1-4 Response to Material Topics	33	■
GRI 201: Economic Performance 2016	201-3 Financial implications and other risks and opportunities due to climate change	Employee Benefits	107	■

Type/ Topic	GRI Standards Disclosures Items	Corresponding chapters	Page	External assurance
Material topics				
GRI 202: Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	Compensation Structure	106	■
	202-2 Proportion of senior management hired from the local community	Distribution of Employees	103	■
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Turnover of Employees	104	■
	401-2 Benefits provided to full-time employees that are not provided to temporary or parttime employees	Employee Benefits	107	■
	401-3 Parental leave	Employee Benefits	107	■
GRI 402: Labor/ Management Relations 2016	402-1 Minimum notice periods regarding operational changes	Employee Benefits	107	■
GRI 405: Diversity and Equal Opportunity 2016	405-2 Ratio of basic salary and remuneration of women to men	Compensation Structure	106	■
Material topic: Talent Cultivation				
3-3	Material Topics Management	1-4 Response to Material Topics	34	■
GRI 404: 2016Training and Education	404-1 Average hours of training per year per employee	Talent Cultivation	109	■
	404-2 Programs for upgrading employee skills and transition assistance programs	Talent Cultivation	109	■
	404-3 Percentage of employees receiving regular performance and career development reviews	Performance Appraisal	109	■
Material topic: Supplier Management				
3-3	Material Topics Management	1-4 Response to Material Topics	35	■
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	Supplier Management	81	■
	308-2 Negative environmental impacts in the supply chain and actions taken	Supplier Management	81	■
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	Supplier Management	81	■
	414-2 Negative social impacts in the supply chain and actions taken	Supplier Management	81	■

Type/ Topic	GRI Standards Disclosures Items	Corresponding chapters	Page	External assurance
The topic-specific GRI Standards: 200 (Economic topics)				
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	6-3 Social Participation	127	■
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	Introduction of Value Chain	79	■

Type/ Topic	GRI Standards Disclosures Items	Corresponding chapters	Page	External assurance
GRI 205: Anti-Corruption 2016	205-1 Operations assessed for risks related to corruption	Economic Compliance, Improvement and Prevention	48	■
	205-2 Communication and training about anti-corruption policies and procedures	Economic Compliance, Improvement and Prevention	48	■
	205-3 Confirmed incidents of corruption and actions taken	Economic Compliance, Improvement and Prevention	48	■
GRI 206: Anti-Competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Economic Compliance, Improvement and Prevention	48	■
The topic-specific GRI Standards: 400 (Social topics)				
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	The Composition and Operation of Board of Directors Performance Appraisal	44 109	■
GRI 406: Non-Discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	Economic Compliance, Improvement and Prevention 5-1 Manpower Structure with Equality	48 102	■
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Economic Compliance, Improvement and Prevention Supplier Management Employee Benefits	48 81 107	■
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	Economic Compliance, Improvement and Prevention Supplier Management	48 81	■
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	Economic Compliance, Improvement and Prevention Supplier Management	48 81	■
GRI 410: Security Practices 2016	410-1 Security personnel trained in human rights policies or procedures	Talent Cultivation	109	■
GRI 411: Rights of Indigenous People 2016	411-1 Incidents of violations involving rights of indigenous people	Economic Compliance, Improvement and Prevention	48	■
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	6-1 Biodiversity 6-2 Community Participation 6-3 Social Participation	124 125 127	■
GRI 416: Customer Health and Safety 2016	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	Economic Compliance, Improvement and Prevention	48	
Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling	Quality Management	73	■
	417-2 Incidents of non-compliance concerning product and service information and labeling	Socioeconomic Compliance, Improvement and Prevention	48	
	417-3 Incidents of non-compliance concerning marketing communications	Socioeconomic Compliance, Improvement and Prevention	48	■

G4 Sector Disclosures – Mining and Metals

Disclosures Items		Corresponding chapter / Description	Page	External assurance
MM1	Amount of land (owned or leased, and managed for production activities or extractive use) disturbed or rehabilitated	Not located in or adjacent to high biodiversity value areas	-	■
MM2	The number and percentage of total sites identified as requiring biodiversity management plans according to stated criteria, and the number (percentage) of those sites with plans in place	Not located in or adjacent to high biodiversity value areas	-	■
MM3	Total amount of overburden, rock, tailings, and sludges and their associated risks	This indicator applies to the mining industry	-	■
MM4	Number of strikes and lock-outs exceeding one week' s duration, by country	No strikes and work stoppage	-	■
MM5	Total number of operations taking place in or adjacent to indigenous peoples' territories, and number of percentage of operations or sites where there are formal agreements with indigenous people' s communities	Not located or adjacent to indigenous territories	-	■
MM6	Number and description of significant disputes relating to land use, customary rights of local communities and indigenous peoples	No occurrence of significant disputes	-	■
MM7	The extent to which grievance mechanisms were used to resolve disputes relating to land use, customary rights of local communities and indigenous peoples, and the outcomes	Not located or adjacent to indigenous territories, and there were no disputes relating to land use and infringement of rights	-	■
MM8	Number (and percentage) of company operating sites where artisanal and small-scale mining (ASM) takes place on, or adjacent to, this site; the associated risks and the actions taken to manage and mitigate these risks	No ASM took place on or adjacent to company sites	-	■
MM9	Sites where resettlements took place, the number of households resettled in each, and how their livelihoods were affected in the process	Did not resettle households	-	■
MM10	Number and percentage of operations with closure plans	Does not have closure plans	-	■
MM11	Programs and progress relating to materials stewardship	1-4 Response to Material Topics	24	■

Appendix II: BSI Verification Statement

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獨立保證意見聲明書

2023 年東和鋼鐵永續報告書

英國標準協會與東和鋼鐵企業股份有限公司(簡稱東和鋼鐵)為相互獨立的公司，英國標準協會除了針對 2023 年東和鋼鐵永續報告書進行評估和查證外，與東和鋼鐵並無任何財務上的關係。

本獨立保證意見聲明書之目的，僅作為對 2023 年東和鋼鐵永續報告書所界定範圍內的相關事項進行保證之結論，而不作為其他之用途。除對查證事實提出獨立保證意見聲明書外，對於其他目的之使用，或閱讀此獨立保證意見聲明書的任何人，英國標準協會並不負有或承擔任何有關法律或其他之責任。

本獨立保證意見聲明書係英國標準協會審查東和鋼鐵提供之相關資訊所作成之結論，因此審查範圍乃基於並侷限在這些提供的資訊內容之內，英國標準協會認為這些資訊內容都是完整且準確的。

對於這份獨立保證意見聲明書所載內容或相關事項之任何疑問，將由東和鋼鐵一併回覆。

查證範圍

東和鋼鐵與英國標準協會協議的查證範圍包括:

1. 本查證作業範疇與 2023 年東和鋼鐵永續報告書揭露之報告範疇一致。
2. 依照 AA1000 保證標準 v3 的第 1 應用類型評估東和鋼鐵遵循 AA1000 當責性原則(2018)的本質和程度，不包括對於報告書揭露的資訊/數據之可信賴度的查證。

本聲明書以英文作成並已翻譯為中文以供參考。

意見聲明

我們總結 2023 年東和鋼鐵永續報告書內容，對於東和鋼鐵之相關運作與永續績效則提供了一個公平的觀點。基於保證範圍限制事項、東和鋼鐵所提供資訊與數據以及抽樣之測試，此報告書並無重大之不實陳述。我們相信有關東和鋼鐵的環境、社會及治理等績效資訊是被正確無誤地呈現。報告書所揭露之永續績效資訊展現了東和鋼鐵對識別利害關係人的努力。

我們的工作是由一組具有依據 AA1000 保證標準 v3 查證能力之團隊執行，以及策劃和執行這部分的工作，以獲得必要之訊息資料及說明。我們認為就東和鋼鐵所提供之足夠證據，表明其符合 AA1000 保證標準 v3 的報告方法與自我聲明依循 GRI 永續性報導準則係屬公允的。

查證方法

為了收集與作成結論有關的證據，我們執行了以下工作：

— 對來自外部團體的議題相關於東和鋼鐵政策進行訪談，以確認本報告書中聲明書的合適性;
— 與管理者討論有關利害關係人參與的方式，然而，我們並無直接接觸外部利害關係人;
訪談 16 位與永續性管理、報告書編製及資訊提供有關的員工;
審查有關組織的關鍵性發展;
— 審查內部稽核的發現;
審查報告書中所作宣告的支持性證據;
針對公司報告書及其相關 AA1000 當責性原則(2018)中有關包容性、重大性、回應性及衝擊性原則之流程管理進行審查。

結論

針對 AA1000 當責性原則(2018)之包容性、重大性、回應性及衝擊性與 GRI 永續性報導準則的詳細審查結果如下：

包容性

2023 年報告書反映出東和鋼鐵已持續尋求利害關係人的參與，並建立重大永續主題，以發展及達成對永續具有責任且策略性的回應。報告書中已公正地報告與揭露環境、社會及治理的訊息，足以支持適當的計畫與目標設定。以我們的專業意見而言，這份報告書涵蓋了東和鋼鐵之包容性議題。

重大性

東和鋼鐵公布對組織及其利害關係人之評估、決策、行動和績效會產生實質性影響與衝擊之重大主題。永續性資訊揭露使利害關係人得以對公司之管理與績效進行判斷。以我們的專業意見而言，這份報告書適切地涵蓋了東和鋼鐵之重大性議題。

回應性

東和鋼鐵執行來自利害關係人的期待與看法之回應。東和鋼鐵已發展相關道德政策，作為提供進一步回應利害關係人的機會，並能對利害關係人所關切之議題作出及時性回應。以我們的專業意見而言，這份報告書涵蓋了東和鋼鐵之回應性議題。

衝擊性

東和鋼鐵已鑑別並以平衡和有效之量測及揭露方式公正展現其衝擊。東和鋼鐵已經建立監督、量測、評估和管理衝擊之流程，從而在組織內實現更有效之決策和結果管理。以我們的專業意見而言，這份報告書涵蓋了東和鋼鐵之衝擊性議題。

GRI 永續性報導準則

東和鋼鐵提供有關依循GRI永續性報導準則2021之自我宣告，並對每個涵蓋其行業準則和具相關性的GRI主題準則之重大主題，其揭露項目依循全部報導要求的相關資料。基於審查的結果，我們確認報告書中參照GRI永續性報導準則之永續發展相關揭露項目已被報告、部分報告或省略。以我們的專業意見而言，此自我宣告涵蓋了東和鋼鐵的永續性主題。

保證等級

依據 AA1000 保證標準 v3 我們審查本聲明書為中度保證等級，如同本聲明書中所描述之範圍與方法。

責任

這份永續報告書所屬責任，如同責任信中所宣稱，為東和鋼鐵負責人所有。我們的責任為基於所描述之範圍與方法，提供專業意見並提供利害關係人一個獨立的保證意見聲明書。

能力與獨立性

英國標準協會於 1901 年成立，為全球標準與驗證的領導者。本查證團隊係由具專業背景，且接受過如 AA1000AS、ISO 14001、ISO 45001、ISO 14064 及 ISO 9001 之一系列永續性、環境及社會等管理標準的訓練，具有稽核員資格之成員組成。本保證係依據 BSI 公平交易準則執行。

For and on behalf of BSI:

Peter Pu, Managing Director BSI Taiwan

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2024-05-20

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INDEPENDENT ASSURANCE OPINION STATEMENT

Tung Ho Steel Sustainability Report 2023

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

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

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

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

Scope

The scope of engagement agreed upon with Tung Ho Steel includes the followings:

1. The assurance scope is consistent with the description of Tung Ho Steel Sustainability Report 2023.
2. The evaluation of the nature and extent of the Tung Ho Steel's adherence to AA1000 AccountAbility Principles (2018) in this report as conducted in accordance with type 1 of AA1000AS v3 sustainability assurance engagement and therefore, the information/data disclosed in the report is not verified through the verification process.

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

Opinion Statement

We conclude that the Tung Ho Steel Sustainability Report 2023 provides a fair view of the Tung Ho Steel sustainability programmes and performances during 2023. The sustainability report subject to assurance is free from material misstatement based upon testing within the limitations of the scope of the assurance, the information and data provided by the Tung Ho Steel and the sample taken. We believe that the performance information of Environment, Social and Governance (ESG) are fairly represented. The sustainability performance information disclosed in the report demonstrate Tung Ho Steel's efforts recognized by its stakeholders.

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

Methodology

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

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

Conclusions

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

Inclusivity

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

Materiality

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

Responsiveness

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

Impact

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

GRI Sustainability Reporting Standards (GRI Standards)

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

Assurance level

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

Responsibility

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

Competency and Independence

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

For and on behalf of BSI:

Peter Pu, Managing Director BSI Taiwan

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Appendix III: Comparison Table of strengthened disclosure of sustainablility index of iron and steel industry of the Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies

Article 4, Paragraph 3, Schedule 1-6	Indicator Type	Unit	Content response
(1) Total energy consumption, percentage of purchased electricity, utilization rate of renewable energy, and total self-generated and self-consumed energy	Quantitative	GJ, percentage (%)	Total energy consumption 6,248,983 GJ Grid electricity usage accounts for 70% Renewable energy accounted for 1.3% Total self-generated and self-consumed energy:78,805 GJ
(2) Total fuel consumption, percentage of coal, percentage of natural gas, and percentage of renewable fuel	Quantitative	GJ, percentage (%)	Total fuel consumption:1,794,427 GJ Coal accounted for 0 % Natural gas accounted for 68.4% Renewable energy accounted for 0%
(3) Total water intake and total water consumption	Quantitative	Thousand cubic meters (m^3)	Total water intake:2,222.456 thousand cubic meters otal water consumption:2,098.137 thousand cubic meters
(4) Weight of waste generated, percentage of hazardous waste and percentage of recycling	Quantitative	Ton (t), percentage (%)	Total waste generation:341,024 tons (Weight and Waste Declaration Forms Match) Hazardous waste: 9.8% Waste recycling:98.8%
(5) Explain the number and rate of occupational accidents	Quantitative	Ratio (%), number	Number of occupational accidents: 11 people (0.53%)
(6) Output of main products by product category	Quantitative	Differs by product type	Billet steel 1,901,382 tons Rebar:1,471,113 tons Section Steel:651,846 tons

Appendix IV: TCFD Comparison Table

Topic	Suggested disclosure	Corresponding chapter	Page
Governance	a) Describe the board of directors' oversight of climate-related risks and opportunities.	Climate Change-Related Governance	60
	b) Describe the role of management level in the assessment and management of climate-related risks and opportunities.	Climate Change-Related Governance	60
Strategy	a) Describe the short-, medium-, and long-term climate-related risks and opportunities identified by the organization.	Climate Change-Related Risks and Opportunity Management	63
	b) Describe the climate-related risks and opportunities that impact the organization in terms of business, strategic and financial planning.	Climate Change-Related Risks and Opportunity Management	63
	c) Describe the organization' s strategic resilience and consider different climate-related scenarios (including 2° C or more severe scenarios).	Climate Change-Related Strategies	67
Risk Management	a) Describe the organization' s process for identifying and assessing climate-related risks.	Climate Change-Related Risks and Opportunity Management	63
	b) Describe the organization' s management process for climate-related risks.	Climate Change-Related Risks and Opportunity Management	63
	c) Describe how the identification, assessment and management process of climate-related risks is integrated into the organization' s overall risk management system.	Climate Change-Related Risks and Opportunity Management	63
Indicators and Targets	a) Disclose the indicators the organization uses to assess climate-related risks and opportunities in accordance with the strategies and risk management process.	Climate Change-Related Indicators and Targets	68
	b) Disclosure Scope 1, Scope 2, and Scope 3 (if applicable) GHG emissions and risks associated with it.	Climate Change-Related Indicators and Targets	68
	c) Describe the goals the organization uses to manage climate-related risks and opportunities and the performance in implementing the goal.	Climate Change-Related Indicators and Targets	68

Note: For detailed information concerning climate-related financial disclosures, please refer to Tung Ho Steel 2024 TCFD Report.

Appendix V: Risks and Opportunities brought by Climate Change to the Company and Related Countermeasures Taken

Item	Corresponding Chapters	Page
1. Describe the board of directors' oversight and governance of climate-related risks and opportunities.	Climate change related governance	60
2. Describe how the risks and opportunities identified affect the business, strategy, and finances of the business (short-, medium-, and long-term).	Climate change related strategies	67
3. Describe the impact of extreme climate events and transitional actions on finances.	Climate change related strategies	67
4. Describe how the identification, assessment and management process of climate risks are integrated in the overall risk management system.	3-2 Risk Management	56
5. If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors used and major financial impacts shall be explained.	Climate change related indicators and goals	68
6. If there is a transition plan for climate-related risks management, describe the content of the plan, and the indicators and goals used to identify and management physical risks and transition risks.	Climate change related indicators and goals	68
7. If internal carbon pricing is used as a planning tool, the basis for the pricing shall be stated.	Please refer to 2024 TCFD Report	
8. If climate-related goals are set, the activities, scope of GHG emissions, planning schedule, annual progress and other information shall be stated. If carbon offsets or RECs (renewable energy certificates) are used to achieve relevant goals, the source and quantity of carbon reduction credits or the number of RECs to be offset shall be stated.	Climate change related indicators and goals	68
9. Greenhouse gas inventory and assurance, reduction targets, strategies and specific action plans (fill in 1-1 and 1-2).	Greenhouse gas inventory and assurance: As shown in the following table. Reduction targets, strategies and specific action plans: Please see the sections for "Climate Change Related Strategies" and "Climate Change Related Indicators and Targets" on P. 63-65 of this Report.	-

GHG inventory information

Describe the GHG emissions (metric tons CO_2e), intensity (metric tons CO_2e/NT$ million), and coverage of data in the past two years.

2023 (ISO 14064-1:2018)		
Parent company	Total emissions (metric tons CO_2e)	Intensity (metric tons CO_2e/ NT$ million)
Direct emissions (Scope 1, Category 1)	222,242	4.50
Indirect energy emissions (Scope 2, Category 2)	601,851	12.19

Other indirect emissions (Scope 3)
Scope 3： 310,412 CO_2e
Scope 4： 1,043,900 CO_2e
Scope 5： 167,513 CO_2e

2022 (ISO 14064-1:2018)		
Parent company	Total emissions (metric tons CO_2e)	Intensity (metric tons CO_2e/ NT$ million)
Direct emissions (Scope 1, Category 1)	188,593	4.01
Indirect energy emissions (Scope 2, Category 2)	621,505	13.22

Other indirect emissions (Scope 3)
Scope 3：328,029 CO_2e
Scope 4：958,515 CO_2e
Scope 5：155,453 CO_2e

Note: The data in 2022 covers the Head Office, Taoyuan Works, Miaoli Works, and Kaohsiung Works. In 2023, Daya Works, Taichung Harbor Logistic Office, and Taoyuan Fabrication Center were newly added. The GHG of the Head Office and the three Works in 2022 were verified by Bureau Veritas Taiwan. The 2023 data were not yet verified when the annual report was issued, so it is presented based on internal inventory data. Relevant data is mainly based on the data released in this Sustainability Report.

GHG Assurance Information

Describe the assurance situation in the last two years as of the publication data of the annual report, including the scope of assurance, assurance provider, assurance standards, and assurance opinions.

The 2023 data for the Head Office, Taoyuan Works, Miaoli Works, Kaohsiung Works, Daya Works, Taichung Harbor Logistic Office, and Taoyuan Fabrication Center were the internal inventory information, and the ISO 14064-1:2018 assurance was completed by Bureau Veritas Taiwan. The comprehensive assurance opinions of each Works are as follows.

Assurance Opinion:

Based on the process and procedures conducted, we conclude that the GHG statement for Category 1 and 2 is materially correct and is a fair representation of the GHG data and information, and is prepared in accordance with the ISO 14064-1:2018. Levels of Reasonable Assurance in Compliance Verification Agreements.

There is no evidence that the GHG statement for Category 3,4,5 is not materially correct and is not a fair representation of GHG data and information and has not been prepared in accordance with the ISO 14064-1:2018 Levels of Limited Assurance in Compliance Verification Agreements.

It is our opinion that Tung Ho Steel Enterprise Corp. Head Office, Taoyuan Works, Miaoli Works, Kaohsiung Works, Dayeh Works, Taoyuan Fabrication Center, Taichung Harbor Logistic Office, has established appropriate systems for the collection, aggregation and analysis of quantitative data for determination of these GHG emissions for the stated period and boundaries.

The 2022 data for the Head Office, Taoyuan Works, Miaoli Works, and Kaohsiung Works went through ISO 14064-1:2018 assurance by Bureau Veritas Taiwan. The comprehensive assurance opinions of each Works are as follows.

Level of Assurance and Qualifications:

- Reasonable assurance
- This verification used a materiality threshold of 5% for aggregate errors in sampled data for each of the above indicators

Assurance Opinion:

Based on the process and procedures conducted, we conclude that the GHG statement is materially correct and is a fair representation of the GHG data and information, and is prepared in accordance with the ISO 14064-1:2018.

It is our opinion that Tung Ho Steel Enterprise Corp. Head Office, Taoyuan Works, Miaoli Works, Kaohsiung Works have established appropriate systems for the collection, aggregation and analysis of quantitative data for determination of these GHG emissions for the stated period and boundaries.

Appendix VI: Sustainability Accounting Standards Board (SASB) Comparison Table-Iron & Steel Producers

Topic	Code	Accounting Metric	Type	Content of report
Greenhouse Gas Emissions	EM-IS-110a.1	Gross global Scope 1 emissions, percentage covered under emissions-limiting regulations (%)	Quantitative	Scope 1 GHG emissions reached 222,242 metric tons CO_2e. The total Scope 1 and Scope 2 emissions of Taoyuan Works in the Environmental Impact Assessment Commitment Letter was 78,132 metric tons CO_2e / year. The Scope 1 emission limits of Taoyuan Works was 9.5%. Currently, there are no emission limits for the Head Office, Miaoli Works, and Kaohsiung Works. Please see GHG inventory section on P.81-82 of this Report for Scope 1 emissions and changes of emissions in the previous year.
	EM-IS-110a.2	Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets.	Qualitative	The strategy is to replace heavy oil by natural gas, not use milling iron and reduce the use of secondary raw materials. See 2024 TCFD Report for detailed Scope 1 reduction plan.
Air Emissions	EM-IS-120a.1	CO, NOx, excluding N_2O, SOx, PM_{10}, MnO, Pb, volatile organic compounds, VOCs), polycyclic aromatic hydrocarbons, PAHs) and Polycyclic Aromatic Hydrocarbons (PAHs)	Quantitative	Currently, the domestic requirements do not require the monitoring of CO, MnO, lead, PAHs, NOx, SOx, PM10, and volatile organic compounds, VOCs. Please see the section of Air Pollution Prevention on P.88-90 in this Report.
Energy Management	EM-IS-130a.1	Total energy consumed (GJ), Percentage grid electricity (%), and Percentage renewable (%)	Quantitative	Total energy consumed 6,248,983 GJ Percentage grid electricity 70% Percentage renewable 1.3%
	EM-IS-130a.2	Total fuel consumed, Percentage coal (%)/ Percentage natural gas (%)/ Percentage renewable (%)	Quantitative	Total fuel consumed 1,794,427 GJ Percentage coal 0 % Percentage natural gas 68.4% Percentage renewable 0%
Water Management	EM-IS-140a.1	Total fresh water withdrawn, Percentage recycled, Percentage in regions with High Baseline Water Stress (%), Percentage in regions with Extremely High Baseline Water Stress (%)	Quantitative	Total fresh water withdrawn 2,222.456 thousand cubic meters Total water recycled 252,914.282 thousand cubic meters Total recycled 11,380% The water pressure in the region where the Company is located belongs to low-risk to mediumrisk.
Waste Management	EM-IS-150a.1	Amount of waste generated, Percentage hazardous (%), Percentage recycled (%)	Quantitative	Amount of waste generated 341,024 tons (the weight matches that in the Waste Declaration Form) Percentage hazardous 9.8% Percentage recycled 98.8%
Workforce Health and Safety	EM-IS-320a.1	Total recordable incident rate (TRIR), Fatality rate, Near miss frequency rate (NMFR) for full-time employees and contract employees	Quantitative	Please see the section of Occupational Safety Performance on P.109-112 of this Report for recordable incident rate (TRIR), Fatality rate, Near miss frequency rate (NMFR) for full-time employees and contract employees
Supply Chain Management	EM-IS-430a.1	Discussion of the process for managing iron ore and/or coking coal sourcing risks arising from environmental and social issues	Qualitative	Not applicable
Activity Metrics	EM-IS-000.A	Raw steel production, percentage from basic oxygen furnace processes and electric arc furnace processes	Quantitative	Steel billets production: 1,901,382 tons Tung Ho Steel does not have the basic oxygen furnace, and steelmaking is conducted 100% by electric furnaces.
	EM-IS-000.B	Total iron ore production (Note: The scope of production includes iron ore consumed internally and that which is made available for sale.)	Quantitative	No usage
	EM-IS-000.C	Total coking coal production (Note: The scope of production includes coking coal consumed internally and that which is made available for sale.)	Quantitative	Not applicable

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