



**春源鋼鐵**  
**CHUN YUAN STEEL**

CHUN YUAN STEEL INDUSTRY CO., LTD.

# 2024

Sustainability Report



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# Editorial Policy

The 2024 Sustainability Report of Chun Yuan Steel Industry Co., Ltd. provides disclosure on the management and current state of corporate governance, ethical management, as well as the sustainability indicators for the economic, environmental, and social aspects. The process of data collection and its scope has been continuously reviewed to ensure the report is prepared to the same rigorous standards. The publication of the report will hopefully show all stakeholders the efforts made by Chun Yuan Steel in the promotion of corporate social responsibility and sustainable development, and serve as the basis for further communication and management in the future.

## Scope of the Report and Editorial Principles

This report covers the business operations of Chun Yuan Steel (CYS) for the period between January 1 through December 31, 2024. All performance indicators reflect the operations and activities of CYS in Taiwan with the exception of corporate governance financial performance that also encompass company investments and overseas subsidiaries. Some of the management approach and goals relating to material topics were included as well. All statistical data disclosed in the report came from CYS statistics and investigations. Financial data was based on information certified by Crowe (TW) Certified Public Accountants before publication. Some of the data cited information published online by government agencies and are presented in the standard manner. The financial report was prepared in accordance with the International Financial Reporting Standards (IFRSs) and the default currency is NTD. The management system for environment, safety and health undergo regular internal audits as well as ISO 14001 and ISO 45001 external audits every year.

The financial data is sourced from the consolidated report of all physical entities featured in the report. In addition to Chun Yuan Steel Corporation Limited, other entities include:

- Chun Yuan Investment (Singapore) Pte. Ltd.
- Chun Yuan Investment (BVI) Co., Ltd.
- Shenzhen Hongyuan Metal Industry Co., Ltd.
- Shenzhen Chun Yuan Steel Industrial Co., Ltd.
- Qingdao Chun Yuan Precision Mechatronic Co., Ltd.
- Shanghai Huateng Metal Processing Co., Ltd.

This report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards: 2021 edition, issued by the Global Reporting Initiative, and with reference to the "Operating Rules for Listed Companies to Prepare and Declare Sustainability Reports" of the Taiwan Stock Exchange. The report follows the editing principles of these standards to disclose relevant strategies, goals, and specific actions related to significant topics (detailed GRI content index provided in Appendix 1). Additionally, the report aligns with the Sustainability Accounting Standards Board (SASB), the Task Force on Climate-Related Financial Disclosures (TCFD), and the G4 Sector Disclosures – Mining and Metals for the mining and metals industry.

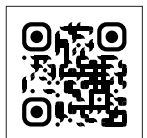
## Editing, Internal Review and Publication of the Report

The editing of this Report was headed by the President's Office and the work divided among each department. Contributors included departmental representatives from head office and factory units. The President's Office was responsible for overall planning, communication and coordination, compilation of data, editing and proofreading. Once the first draft of this report was completed it was passed to team members for proofreading and revision of related content and data. The content was then reviewed by the head of the competent department before being submitted to the President's Office for compilation. No third-party assurance was conducted for this report. The CYS report underwent an internal review before being presented to the Chairman and President of review and confirmation, and then reported to the Board of Directors. The Company did not have any restatements of material information during the reporting period. If there are any other reporting scopes involved, they will be explained in the report.

## Report Publication Time

A "Sustainability Report" will be published by CYS at a set time each year. Related information will also be disclosed on the official website (URL: [www.cysco.com.tw](http://www.cysco.com.tw)).

<b>Last published</b>	June, 2024
<b>Current version</b>	July, 2025



## Contact Method

If you have any suggestions or questions regarding the contents of this report, please do not hesitate to contact us through the following methods:

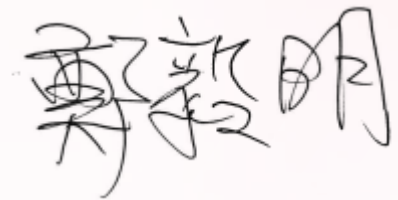
<b>Contact</b>	President Office, Chun Yuan Steel Industry Co., Ltd.
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## From the Management



Chairman  
Cheng Ye-Ming

A handwritten signature in black ink, reading "鄭毅明" (Cheng Ye-Ming).

### To all Chun Yuan Steel Industry Stakeholders:

In 2024, global inflation gradually eased, and major economies began shifting from high interest rate policies toward rate cuts. However, China's economic performance fell short of expectations, and the worsening oversupply of steel led to a surge in low-priced exports, putting downward pressure on the global steel market. Weak demand for end-user products persisted worldwide, and manufacturing activities remained sluggish. Geopolitical tensions continued to affect the global economy, including the ongoing U.S.-China tech trade war, the Russia-Ukraine conflict, and the Israel-Hamas conflict—all of which significantly impacted global stability and economic growth.

Taiwan's exports in 2024 reached the second-highest level on record, mainly driven by the electronics and ICT sectors, which accounted for over 65% of total exports. Although the high interest rate policy atmosphere has begun to shift, it is still unable to effectively drive corporate investment willingness. The steel market remained under pressure in 2024 due to the lack of recovery in the machinery and machine tool industries, which negatively impacted domestic steel demand and pricing. Nevertheless, the Company successfully leveraged demand in the steel structure engineering and automotive sectors. For 2024, the Company recorded consolidated domestic and international revenue of NT\$24.014 billion, and consolidated pre-tax net profit of NT\$1.387 billion, both reflecting growth compared to 2023.

Looking ahead to 2025, according to the forecast of the Directorate General of Budget, Accounting and Statistics, Taiwan's economic growth rate is expected to be 3.14%, a moderation from 4.59% in 2024, yet still indicative of steady growth. In addition, as global supply chains continue to adjust, Taiwan's semiconductor and high-tech industries are advancing and expanding into downstream applications, which is expected to drive growth in steel-related sectors such as machinery and equipment, robotics-related machine tools, AI drones, and AI vehicles. Furthermore, with the anticipated end of the Russia-Ukraine war and the emergence of substantial post-war business opportunities, coupled with stimulus measures launched by China, regional investment and consumption momentum are expected to rebound. These developments may revitalize the steel market, which has remained subdued over the past three years.



President  
Hung Shih-Min

In terms of steel demand, as global economies recover steadily, demand for steel is projected to increase. According to the World Steel Association, global steel demand is expected to reach 1.7715 billion tons in 2025, reflecting an annual growth rate of 1.2%. Moreover, as inflationary pressures in Europe and the United States ease, a cycle of interest rate cuts is expected to begin, supporting improvements in corporate financing and infrastructure investment. With continued government efforts to stimulate domestic demand and the expansion of public infrastructure projects, the steel market in 2025 is projected to trend positively with an optimistic outlook.

In response to the Company's future development, the Company will continue to expand its market and strengthen its service speed and quality. The Company continues to invest:

- **The Construction Business Division has built a new bridge and special components plant at the Longtan facility and continues to add and upgrade processing equipment;**
- **The Construction Business Division has also invested in five luffing jib tower cranes;**
- **The Direct Sales Business Division invested in a new 5-foot cold-rolled slitting machine**
- **The Automatic Warehouse Business Division has invested in a new racking roll forming production line;**
- **The Special Steel Business Division has replaced outdated equipment with a new high-speed circular sawing machine.**

Continuous investment, sustained growth, and the ongoing strengthening of Chun Yuan are shared goals among all Chun Yuan members. We sincerely thank our esteemed shareholders for your long-standing support. Moving forward, we will remain committed to our principles of integrity and prudent management, continue nurturing top talent, enhance corporate value, and generate maximum returns for our shareholders as a token of appreciation for your continued trust and support. We also look forward to your continued guidance and encouragement, just as you have always generously provided over the years.

# Stakeholder Identification and Communication

## Stakeholder Identification

In our pursuit for sustainable operation, CYS continues to listen to the voices of stakeholders seeking sustainable corporate growth. Any individuals or groups that may have a major impact on mill operations shall be recognized as our stakeholder. In 2024, the Company considered the following potential stakeholders based on the GRI guidelines: shareholders and other investors, financial institutions, government, employees and other workers, customers, consumers, business partners, suppliers, local communities, non-governmental organizations (NGOs), social welfare organizations, and industry associations. Not only that, CYS engaged external experts to assess the actual negative impacts, potential negative impacts, actual positive influences, and potential positive influences on these stakeholders. Stakeholders with a total score greater than 10 were identified as important stakeholders for the Company in 2024.

CYS carefully cultivates and listens to the voices of stakeholders. A range of transparent, effective communication channels were established to receive suggestions from different angles. High-value information obtained through stakeholder identification and communication is used understand stakeholder requirements and their expectations of the Company. These serve as a reference for decision-making. We also hope to use the diverse aspects of business activities to co-create and share the maximum possible profits with stakeholders. In 2024, the Company identified eight categories of important stakeholders, including: employees, shareholders and other investors, customers, suppliers, financial institutions, government agencies, business partners and industry-academia collaborating units.

 Employees	 Shareholders	 Customers	 Suppliers
 Banks	 Government agencies	 Business Partners	 Academic and Industry Academia Units







## Stakeholder Interaction & Communication

CYS recognizes the significance of businesses taking the initiative to thoroughly understand the needs of stakeholders and consistently address their concerns. As part of this commitment, the Company's website extends beyond providing company profiles and product details. It offers a variety of communication channels such as email and telephone hotlines, enabling smooth and effective exchange of opinions and information among internal and external stakeholders. Through active engagement, CYS strives to gain valuable insights into the topics that stakeholders truly care about. Internal coordination and communication between departments at CYS were used to decide the handling of topics based on their nature and influence. The topics of concern for each stakeholder will be analyzed based on the questionnaire responses to provide a reference for future stakeholder communication, response and interactions.

### 🔴 CYS Topics of Stakeholder Concern and Communication Mechanism

Stakeholders	Stakeholders' Significance	Topics of Concern	Communication Channels and Frequency	
 Employees	Employees are an important asset and a partner of growth. In addition to creating a safe working environment and ensuring human rights, we also enhance our talent capital through career development and education and training to enhance the Company's competitive edge.	<ul style="list-style-type: none"> <li>- Economic Performance</li> <li>- Employment</li> <li>- Labor-Management Relations</li> <li>- Training and Education</li> <li>- Occupational Health and Safety</li> </ul>	Frequency	
			Face-to-Face Meetings	ad hoc
			Telephone Communication	ad hoc
			E-mail	ad hoc
			Recruitment	ad hoc
			Compensation	ad hoc
			Education and Training	ad hoc
			Legal Affairs Department	ad hoc
 Shareholders	Shareholders provide capital required for the Company's long-term development, which is an important foundation for the Company's sustainability. At CYS, we focus on strategies and future development for continuous growth.	<ul style="list-style-type: none"> <li>- Anti-corruption</li> <li>- Materials Stewardship</li> <li>- Socioeconomic Compliance</li> <li>- Environmental Compliance</li> <li>- Anti-competitive Behavior</li> </ul>	Frequency	
			General Shareholders' Meeting	yearly
			Institutional Investors Conference	yearly
			Material Information	ad hoc
			Telephone Communication	ad hoc
			E-mail	ad hoc
			Press Release	ad hoc



Stakeholders	Stakeholders' Significance	Topics of Concern	Communication Channels and Frequency	
 <b>Customers</b>	<p>Becoming a “Professional metal material solution provider” is CYS' commitment to our customers. The group's resources are put into good play to lead various departments to engage in in-depth interactions with customers to meet their needs.</p>	<ul style="list-style-type: none"> <li>- Customer Privacy</li> <li>- Labor-Management Relations</li> <li>- Customer Health and Safety</li> <li>- Socioeconomic Compliance</li> <li>- Effluents and Waste</li> </ul>	Frequency	
			Customer Satisfaction Survey	yearly
			Face-to-Face Meetings	ad hoc
			Telephone Communication	ad hoc
			E-mail	ad hoc
			Correspondence	ad hoc
			Orders	ad hoc
			Contracts	ad hoc
			Education and Training	ad hoc
			Work Platform	ad hoc
 <b>Suppliers</b>	<p>Suppliers and contractors are the key to maintaining the Company's operations. They must comply with industry demands, regulations, and relevant codes of conduct.</p>	<ul style="list-style-type: none"> <li>- Labor-Management Relations</li> <li>- Socioeconomic Compliance</li> <li>- Customer Privacy</li> <li>- Procurement Practices</li> <li>- Anti-competitive Behavior</li> </ul>	Frequency	
			Face-to-Face Meetings	ad hoc
			Telephone Communication	ad hoc
			E-mail	ad hoc
			Correspondence	ad hoc
			Declaration	ad hoc
			Purchasing Order	ad hoc
 <b>Banks</b>	<p>Banks are indispensable partners of CYS, providing us with capital channels, expanding production investment, and reducing capital turnover risks to maintain good financial health.</p>	<ul style="list-style-type: none"> <li>- Environmental Compliance</li> <li>- Labor-Management Relations</li> <li>- Socioeconomic Compliance</li> <li>- Customer Privacy</li> <li>- Anti-competitive Behavior</li> </ul>	Frequency	
			Face-to-Face Meetings	ad hoc
			Telephone Communication	ad hoc
			E-mail	ad hoc
			Contracts	yearly
			Correspondence	ad hoc
 <b>Government agencies</b>	<p>The Company operates in accordance with the policies and regulations established by the central and local governments, and upholds the concept of sustainable management to fulfill corporate social responsibility.</p>	<ul style="list-style-type: none"> <li>- Materials</li> <li>- Energy</li> <li>- Occupational Health and Safety</li> <li>- Closure Plan</li> <li>- Local Communities</li> </ul>	Frequency	
			Face-to-Face Meetings	ad hoc
			Telephone Communication	ad hoc
			E-mail	ad hoc
			Correspondence	ad hoc
 <b>Business Partners</b>	<p>Business partners are an important member of the Company's operations who we work closely with. Therefore, the Company values the rights and interests of business partners and works alongside each other to create a win-win situation.</p>	<ul style="list-style-type: none"> <li>- Labor-Management Relations</li> <li>- Socioeconomic Compliance</li> <li>- Customer Privacy</li> <li>- Procurement Practices</li> <li>- Anti-competitive Behavior</li> </ul>	Frequency	
			Face-to-Face Meetings	ad hoc
			Telephone Communication	ad hoc
			E-mail	ad hoc
			Correspondence	ad hoc
			Declaration	ad hoc
 <b>Academic and Industry Academia Units</b>	<p>With the business philosophy of “metal-centered development of related industries”, we are an indispensable resource for R&amp;D through academic exchanges and industry-academia cooperation, meeting the needs of our customers and industries.</p>	<ul style="list-style-type: none"> <li>- Economic Performance</li> <li>- Employment</li> <li>- Labor-Management Relations</li> <li>- Training and Education</li> <li>- Occupational Health and Safety</li> </ul>	Frequency	
			Face-to-Face Meetings	ad hoc
			Telephone Communication	ad hoc
			E-mail	ad hoc
			Correspondence	ad hoc

## Stakeholder Grievance Mechanism

Stakeholder communication is important to CYS. Business contact details and grievance channels are provided on the corporate website. No environmental complaints were filed against CYS in 2024.

### Stakeholder contact information

#### Spokesperson

##### President Hung Shih-Min

- TEL (02)2501-8111ext. 2341
- Email jim@cysco.com.tw

#### Deputy spokesperson

##### Assistant Vice President Hsieh, Yu-Hsia

- TEL (02)2501-8111ext. 2342
- Email anne@cysco.com.tw

#### Employees

##### Human Resources Department Manager, Miss Huang

- TEL (02)2501-8111ext. 2325
- Email liling@cysco.com.tw

#### Investor Relations Liaison

##### Stock-Related Affairs Office, Finance Department, Miss Chang

- TEL (02)2501-8111ext. 2298
- Email chang@cysco.com.tw

#### Suppliers

##### Trading and Procurement Department Manager, Mr. Chang

- TEL (02)2501-8111ext. 2352
- Email rickchang@cysco.com.tw

## Identification of Material Topics

CYS engaged in a thorough process of identifying significant topics to analyze the issues that are crucial to its business operations, commercial relationships, and sustainability framework. By doing so, the Company effectively addresses the concerns of various stakeholders by managing and responding to these material topics throughout year 2024.

### Step 1

#### Understanding the organizational

The identification of relevant sustainability topics draws upon various sources such as the GRI Topic Standards, SASB Standards, G4 Sector Disclosures - Mining and Metals, and significant topics from our previous annual report. This comprehensive process has resulted in the compilation of 31 sustainability issues.

### Step 2

#### Identifying the actual and potential impact of sustainability

The Company's senior management, department heads, and external experts evaluate the actual or potential negative impacts and positive influences of the sustainability issues on the economy, environment, and social aspects (including human rights). After assessing each topic, they combine the scores for actual negative impacts, potential negative impacts, actual positive influences, and potential positive influences within the economic, environmental, and social domains. The topics are then ranked based on these aggregated scores. Issues with a total score exceeding 30 are given priority and recommended as significant topics for CYS.



### Step 3

#### Assessing the significance of impact

Following meetings and discussions among external experts and the Company's departments, taking into account the insights gained from past operational experiences, a careful analysis was conducted to assess the extent and probability of the impact of the identified sustainability issues. As a result, 10 major sustainability topics were identified and confirmed based on their relative scores.



### Step 4

#### Disclosing and reporting sustainability

After conducting a comprehensive assessment involving external experts and collaboration with various departments within CYS, the analysis of the significant sustainability issues led to the identification of 7 major themes for management, which encapsulated the 10 identified sustainability topics. These themes are communicated and addressed to stakeholders through the sustainability report.











# List of Material Topics Identified

## Result of Material Topic Identification

Significant Material Topics		Other Material Topics				
<ul style="list-style-type: none"><li>- Occupational Health and Safety</li><li>- Energy</li><li>- Training and Education</li><li>- Employees Diversity and Equal Opportunity</li><li>- Labor/Management Relations</li><li>- Economic Performance</li><li>- Materials</li></ul>		<ul style="list-style-type: none"><li>- Taxes</li><li>- Wastes</li><li>- Supplier Environmental Assessment</li><li>- Security Practices</li><li>- Market Presence</li><li>- Freedom of Association and Collective Bargaining</li><li>- Child Labor</li><li>- Anti-competitive Behavior</li><li>- Forced or Compulsory Labor</li><li>- Local Communities</li><li>- Rights of Indigenous Peoples</li><li>- Indirect Economic Impacts</li><li>- Procurement Practices</li><li>- Customer Health and Safety</li><li>- Marketing and Labeling</li><li>- Water and Wastewater</li><li>- Customer Privacy</li></ul>				
List of material topics						
	Occupational Health and Safety		Energy			
	Describe the organization's policies or commitments regarding the material topics		The OHS policy of CYS is defined as "regulatory compliance, total participation, zero disaster, proper communications, enhanced performance, continuous improvement, and sustainability." OHS at CYS conforms to occupational safety regulations in Taiwan.		CYS' s policy encompasses the following goals: regulatory compliance, total participation, green consumption, zero disaster, proper communications, enhanced performance, continuous improvement, and sustainability.	
	Describe the influence of impact		Naturally, OHS is rather important to CYS. Failure to engage in occupational health and safety management may result in legal penalties being imposed on CYS. Diligent OHS management reduces the cost risks to CYS while improving the safety of employees during the production and manufacturing process.		The topic of energy shall be an issue of critical importance for CYS in the future. Failure to engage in energy management may result in regulatory requirements and penalties being imposed on CYS. Conducting due diligence on energy management may reduce cost risk for CYS and improve the competitiveness of CYS products in terms of sustainability. In order to effectively manage energy efficiency and cut energy costs in light of the latest trends in green energy, CYS has adopted a multi-pronged approach that involved the introduction of energy-saving equipment and study of feasibility of setting up a solar power system in parallel.	
	Major target of influence		<ul style="list-style-type: none"><li>- Employees and other workers</li><li>- Business partners</li><li>- Suppliers</li><li>- Government</li><li>- Local communities</li></ul>		<ul style="list-style-type: none"><li>- Employees and other workers</li><li>- Business partners</li><li>- Suppliers</li><li>- Government</li><li>- Local communities</li></ul>	
Preventive or remedial measures for negative impact		According to the "Control Procedure for the Investigation and Handling of Environment, Safety and Health Accidents and Anomalies" in the CYS EHS Management System, if there is an anomaly or accident on the site then the cause should be analyzed and reasonable, practical corrective measures devised. The results of corrective action should be monitored to confirm that the cause has been resolved and to prevent further recurrence.		CYS conducts statistical analysis of energy usage to proactively assess energy-saving measures for high-consumption equipment. The Company also actively evaluates the feasibility of installing solar power systems on the rooftops of its facilities as part of its commitment to exploring renewable energy sources.		
Purpose and Target		It is recommended to divide the objectives into short-term and mid/long-term goals and present them using quantitative data.		For Longtan Plant with relatively higher energy consumption		
		Short-term objectives		Short-term objectives		
		(1) Zero major occupational disaster.		Cooperate with government policy by carrying out various energy-efficiency projects every year.		
		(2) Reduce Frequency-Severity Index.				
		Mid-term objectives		Mid/Long-term objectives:		
		(1) Zero major occupational disaster.		Mid-term objective: Achieve an annual energy-saving rate >1.05% between 2015-2025		
		(2) Reduce Frequency-Severity Index.		Long-term objective: Achieve an annual energy-saving rate >1.1% between 2015-2030		
		Long-term objectives				
		Zero occupational injuries.				

List of material topics	 <b>Training and Education</b>	 <b>Employees Diversity and Equal Opportunity</b>
Describe the organization's policies or commitments regarding the material topics	<p>The cultivation and completeness of competency in each employee is valued by the Company. Each division, factory or office is required to draw up their annual training plan and budget based on their business targets, plans, resources and future direction of development by the end of October each year. A competency-based education and training system was set up to enhance and revitalize the development of employee competency and support the long-term enterprise development.</p>	<p>The Company considers all employees to be important company assets. Respect for human rights, equality, and anti-discrimination form part of our core philosophy and policies on treatment of employees from multicultural backgrounds.</p> <p>CYS is committed to establishing a workplace believes in the importance of human rights. We promise to treat everyone employee with respect and as equals.</p>
Describe the influence of impact	<p>A competency-based education and training system was set up to enhance and revitalize the development of employee competency and support the long-term enterprise development.</p> <p>If the Company fails to implement a training system and foster talent development, employees will be inadequately competent and the Company will lose its core competitiveness and unable to achieve organizational growth.</p>	<p>Provide employees and job applicants with a working and service environment free from sexual harassment. Appropriate preventive, corrective, disciplinary and administrative actions should also be taken to protect the rights and privacy of the affected party.</p> <p>To enforce the protection of gender equality in employment, eliminate gender discrimination, and to provide employees with a safe and equal workplace in accordance with the law. Failure to promote and enforce such protections will expose the Company to legal penalties.</p>
Major target of influence	<p>– Employees and other workers</p>	<p>– Employees and other workers</p>
Preventive or remedial measures for negative impact	<div>Preventive measures</div> <p>It is crucial to monitor the entire process from planning and design to execution and outcome. Upon the completing of training, a formal assessment report should be documented, highlighting areas for improvement.</p> <div>Remedial measures</div> <p>Abnormal Handling and Corrective Actions: When addressing training abnormalities, it is important to request "corrective measures" to ensure that the identified issues are appropriately addressed and resolved according to the corrective actions specified.</p>	<div>Preventive measures</div> <p>To prevent similar incidents from occurring again, it is important to conduct awareness campaigns or educational training on the prevention of sexual harassment for all employees.</p> <div>Remedial measures</div> <p>When a complainant reports a case of sexual harassment, it is crucial to initiate the appropriate investigation procedures to thoroughly investigate and address the matter. We shall empathize with the feelings of the complainant and provide necessary support, counseling, medical assistance, or any other required assistance.</p>
Purpose and Target	<div>Short-term objectives</div> <p>To achieve the annual objectives of the organization, it is essential to enhance employee's professional capabilities and performance</p> <div>Mid/Long-term objectives</div> <ol style="list-style-type: none"> <li>Practice knowledge management, construct learning maps and develop the Company's core competitiveness.</li> <li>Continue to cultivate management talent that meets organizational requirements.</li> </ol>	<div>Short-term objectives</div> <p>To achieve zero incidents of discrimination, sexual harassment, and human rights abuse.</p> <div>Mid/Long-term objectives</div> <p>Prevent incidents of discrimination, sexual harassment, and human rights abuse.</p>



### Labor/Management Relations

Our medium and long-term strategic objective is harmony between the employees and employer.

"It takes good employees to build a good department, and it takes good departments to build a good company." We provide every employee with an appropriate level of attention, support and care. We are committed to providing all employees with a platform for developing their talents, finding self-fulfillment through career accomplishments, and the creation of a comfortable, LOHAS, and healthy friendly workplace.

CYS adopts an employee-oriented philosophy to building harmonious Employment relations. We strive to construct a welcoming and stable workplace that places a priority on employee safety, talent cultivation and development.

To create a friendly workplace environment. Should a company violates its basic commitments to employees, it may face labor disputes and mediation, which can impact employee loyalty and result in employee turnover, ultimately affecting the company's competitiveness.

- Employees and other workers

#### Preventive measures

1. Establish an employee grievance system to improve labor-management relations.
2. Formulate work rules and personnel management regulations that clearly define the rights, obligations, and management matters for both labor and management. This ensures that employees have a comprehensive understanding and can effectively safeguard their rights and interests.
3. Provide a healthy and safe workplace environment: We are committed to providing a healthy and safe workplace environment for our employees, ensuring compliance with relevant regulations in all aspects of occupational safety and health.

#### Remedial measures

When labor disputes arise, we will strive to understand the issues and concerns of both parties involved. Through open communication and negotiation with employees, we will strive to reach a mutual agreement. Once a consensus is reached, we shall mediate and resolve the labor dispute accordingly.

#### Short-term objectives

Zero incidents of major employee-employer disputes.

#### Mid/Long-term objectives

Achieve harmonious labor-management relations without any incidence of major employee-employer disputes.



### Raw Materials

We are committed to sourcing high-quality materials at reasonable prices. Through stringent quality control measures, we aim to eliminate any noncompliant products from our supply chain.

Apart from being a significant player in the domestic steel processing and distribution industry, CYS also undertakes various large-scale steel structure projects. The majority of our procurement is focused on raw materials, accounting for over 80% of the total procurement amount. And as such, CYS also prioritizes seeking high-quality, reliable, and competitively priced suppliers for relevant materials.

- Suppliers
- Customers
- Business partners

#### Preventive measures

Every month, we consolidate the results of goal execution and hold meetings to review them. If any targets are not met, we promptly implement improvements and continue to monitor progress to ensure continuous improvement.

#### Remedial measures

We shall visit our suppliers regularly to strengthen our collaborative relationship and ensure smooth communication channels for negotiation. By including breach of contract clauses in our procurement agreements, we can take legal measures to protect our interests if a supplier fails to fulfill the terms of the contract. We will establish backup supplier information so that in the event of any issues with our primary suppliers, we can swiftly switch to alternative suppliers.

#### Short-term objectives

1. Reduce procurement costs
2. Strengthen relationship with suppliers to ensure steady supply of materials
3. Seek collaboration with new suppliers

#### Mid/Long-term objectives

1. Strengthen risk management plan and formulate emergency response plan.
2. Develop an integrated procurement strategy to complement the Company's overall operational strategies.



### Economic Performance

Continue to create maximum benefits for the Company and all stakeholders involved.

To deliver shareholder returns, realize the sustainable development of the company in the future, expand our markets as well as enhance the speed and quality of our services, CYS has continued to invest in a variety of production equipment to improve processing efficiency and lower production costs. New factories are being constructed to meet the growth in business. Our basic approach can be characterized as continuous investment to boost our competitiveness and returns. We hope all employees can work together to realize our annual targets.

- Shareholders and other investors
- Employees and other workers

#### Preventive measures

Active expansion of new businesses, new markets (domestic/export markets) and high value-added products. Closely monitor politico-economic trends and industry changes in order to actively search for new business opportunities.

#### Remedial measures

Propose process improvement/efficiency improvement plans to reduce the cost per ton/person. Review the assumptions for target head count and fees to ensure that the budget is reasonable.

#### Short-term objectives

1. Continue to create profit
2. Achieve annual targets/goals

#### Mid/Long-term objectives

1. Respect, serve and satisfy customers
2. Maximize shareholder interests
3. Enhance employee quality of life

# 1

## Sustainability Management Performance

### No major violations

→ There were no violations of product health and safety regulations, or penalties/heavy fines for violation of product information and labeling regulations. Nor were any products banned for sale or involved in dispute, or violations of marketing communications regulations.

### No infringements or leaks

→ No customer complaints regarding violation of privacy or information leak.

### None

→ There were no incidents of corruption or bribery.

### Local procurement accounted for 94.09% of total value

→ In 2024, local procurement in Taiwan accounted for 94.09% of total value while foreign imports accounted for 5.91%

# Responsible Governance

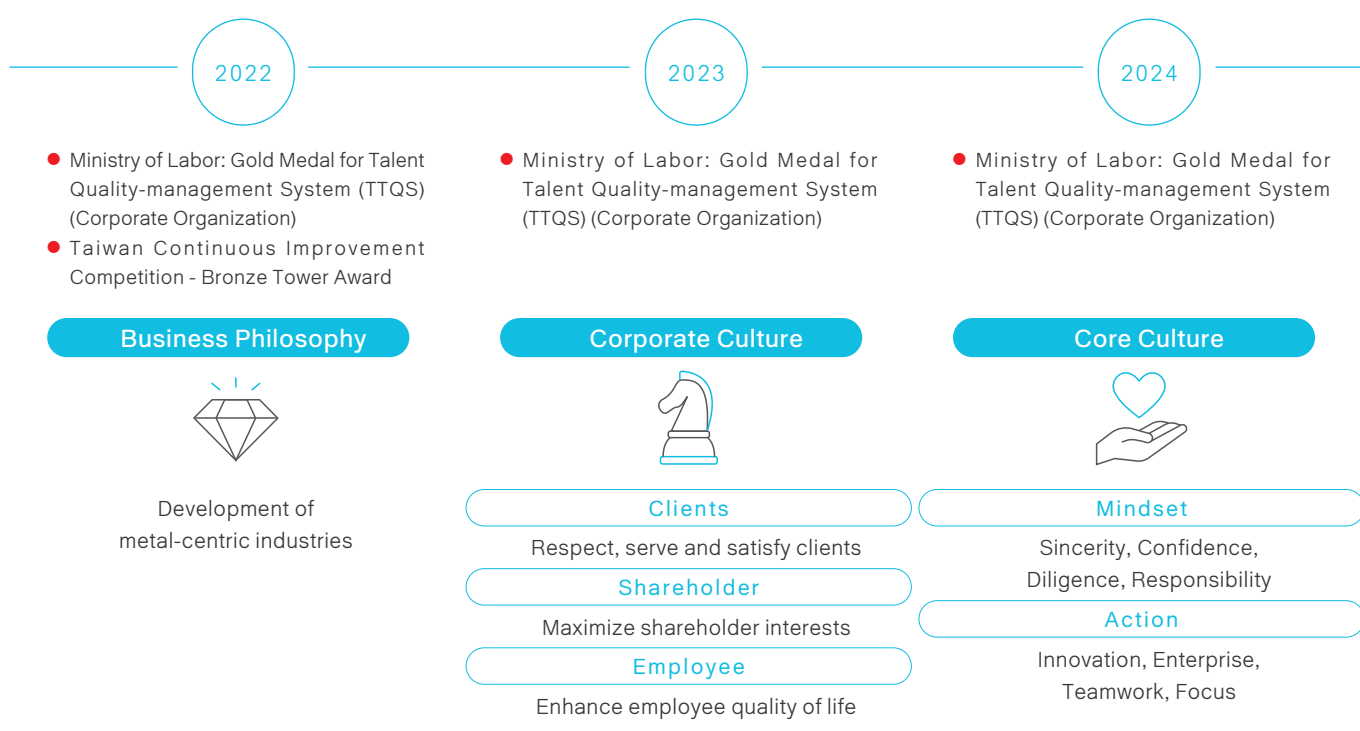




## 1.1 About Chun Yuan Steel

Chun Yuan Steel (CYS) was founded in 1965 and started out as a processor of imported hot-rolled steel plates and coils. CYS later expanded into other steel-related products including fabrication of engineered steel structures, magnetic steel stamping, special-purpose steel sales, special steel strip rolling, as well as the design and fabrication of automated storage. CYS grew steadily over time and turnover has increased from tens of millions of dollars to more than ten billion dollars today.

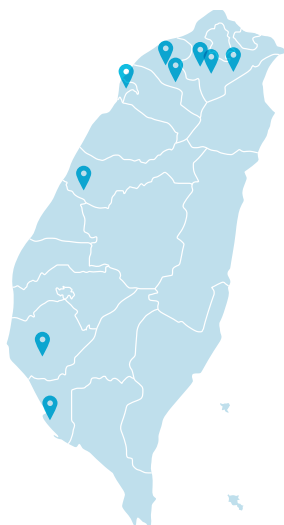
CYS is organized into the following seven business divisions: Steel sheets, Direct Sale, Electrical Steel, Special steel, Special Steel Strip, Automated Storage System, and Construction. Key subsidiaries include Chun Yuan Construction, Chun Shyang Shin Yeh, Shenzhen Chun Yuan, Shenzhen Hong Yuan, Shanghai Huateng, and Qingdao Chun Yuan. CYS produces high-quality products with the most advanced production equipment and technologies. Our highly-trained people and rigorous quality standards provide domestic and overseas customers with the best service.



### Company Overview

Company Name	Chun Yuan Steel Industry Co., Ltd.
Listing Status/Market Type	Public (Listed Company)
Industry	Steel Industry
Business Portfolio	Commercial steels, electrical steel, special steel, special steel strips, section steel, engineering, storage systems, metal processing
Date Established	January 7, 1966
Chairman	Cheng Ye-Ming
President	Hung Shih-Min
Paid-in capital	NTD 6,476,554 Thousands
2024 Operating Profit	NTD 24,014,291 Thousands (consolidated)
2024 Total Sales	548,792 metric tons (consolidated)
Employees	1,474 (as of end of December 2024; including migrant workers in Taiwan)
Corporate Headquarters	6F and 7F, No.502, Fuxing N. Rd., Zhongshan Dist., Taipei City

## Taiwan Operating Sites



### Taipei Headquarters



### Xizhi Plant

- Commercial Steel Division  
Xizhi Plant
- Special Steel Division  
Tucheng Office  
Taichung Office
- Electrical Steel Division  
Sales Department  
Taichung Plant
- Commercial Steel Regional Division  
Sizhi Office  
Taoyuan Office  
Tucheng Office  
Hinschu Office  
Taichung Office



### Longtan Plant

- Special Steel Strip Business Division  
Rolling Plant
- Automated Storage System Division  
Automated Storage System Plant
- Construction Business Division  
Steel Structure Plant
- Special Steel Division  
Longtan Office



### Tainan Plant

- Commercial Steel Regional Division  
Tainan Office
- Special Steel Division  
Tainan Office



### Kaohsiung Plant

- Commercial Steel Regional Division  
Kaohsiung Plant
- Construction Business Division  
Steel Structure Plant  
(Mfg. Section 2)
- Special Steel Division  
Kaohsiung Office



## China Operating Sites



### Qingdao Chun Yuan

Precision Mechatronic Co., Ltd.

### Shanghai Huateng

Metal Processing Co., Ltd.

### Shenzhen Chun Yuan

Steel Industrial Co., Ltd.

### Shenzhen Hong Yuan

Metal Processing Co., Ltd.



## Chun Yuan Steel Affiliates

Investment Name	Subsidiary Name	Business Type	Shareholding Ratio		
			2024.12.31	2023.12.31	2022.12.31
Chun Yuan Steel	Chun Yuan Investment (Singapore) Pte Ltd. ( "CYI Singapore" )	General Investment Industry	100.00%	100.00%	100.00%
Chun Yuan Investment (Singapore)	Chun Yuan Investment (BVI) Co., Ltd. (CYI BVI)	General Investment Industry	100.00%	100.00%	100.00%
Chun Yuan Investment (Singapore)	Shenzhen Hongyuan Metal Industry Co., Ltd.	Production of galvanized sheets, coated sheets, aluminum sheets, and other metal sheets	86.21%	86.21%	86.21%
Chun Yuan Investment (Singapore)	Shenzhen Chun Yuan Steel Industrial Co., Ltd.	Production of transformer parts, rotors, stators and other metal products made from the stamping of electrical steel coils	87.97%	87.97%	87.97%
CYI BVI	Qingdao Chun Yuan Precision Mechatronic Co., Ltd.	New types of mechatronic components, fine blanking die and other related metal products.	95.00%	95.00%	95.00%
CYI BVI	Shanghai Huateng Metal Processing Co., Ltd.	Production and processing cold rolled electrical steel sheets, various metal materials, rotors, and stators	80.59%	80.59%	80.59%

## CYS Ownership Type

Baseline date of 2025.04.21

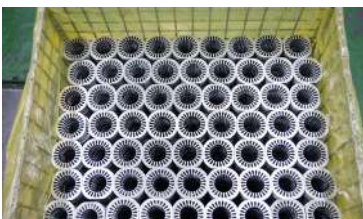


	Government agencies	Financial institutions	Other juridical persons	Foreign investors	Individual shareholders	Total
Persons	0	2	73	90	45,152	45,317
Shares	0	1,038	97,989,677	50,887,241	498,777,434	647,655,390
Shareholding Ratio	0.00%	0.00%	15.13%	7.86%	77.01%	100.00%

## Organizational Engagement

Trade Association Name	Members' Representative	Position held
Chinese National Association of Industry and Commerce, Taiwan (CNAIC)	Chairman Cheng Ye-Ming, Vice President Huang Chun-Yung	Member
Taiwan Electrical and Electronic Manufacturers' Association (TEEMA)	Chairman Cheng Ye-Ming, President Hung Shih-Min, Vice President Huang Chun-Yung, Assistant Vice President Ao Kuo-Yi, Assistant Vice President Chang Chin-Yuan, Manager Wu Ping, Manager Lin Chi-Jung	Member
Taiwan Association of Machinery Industry (TAMI)	Chairman Cheng Ye-Ming, President Hung Shih-Min, Vice President Huang Chun-Yung, Assistant Vice President Ao Kuo-Yi, Assistant Vice President Chang Chin-Yuan	Member
Taiwan Steel & Iron Industries Association (TSIIA)	Chairman Cheng Ye-Ming, Director Tsai Hsi-Chi, President Hung Shih-Min, Vice President Huang Chun-Yung, Vice President Chiang Ming-Chi Assistant Vice President Ao Kuo-Yi, Assistant Vice President Chang Chin-Yuan	Director Tsai Hsi-Chi, Vice President Huang, Chun-Yung serves as the convener of the Steel Processing Taskforce
Importers and Exporters Association of Taipei (IEAT)	Chairman Cheng Ye-Ming, President Hung Shih-Min	President Hung, Shih-Min serves as the deputy convener of the Steel and Hardware Taskforce
Taiwan Transportation Vehicle Manufacturers Association (TVMA)	Chairman Cheng Ye-Ming, President Hung Shih-Min, Vice President Huang Chun-Yung	Member
R.O.C. Crane Association	Manager Chen Neng-Ching	Member
Taiwan Mold & Die Industry Association (TMDIA)	Vice President Huang Chun-Yung, Manager Lin Chi-Jung, Assistant Manager Liu Yu-Chun	Member
Taiwan Machine Tool & Accessory Builders' Association (TMBA)	Vice President Huang Chun-Yung, Assistant Vice President Ao Kuo-Yi, Assistant Vice President Chang Chin-Yuan Manager Lin Chi-Jung, Assistant Manager, Chou Chin-Hsing, Assistant Manager Liu Yu-Chun	Member
Chinese Lean Management Association (CLMA)	Chairman Cheng Ye-Ming, Assistant Manager Liu Yu-Chun	Member
Chinese International Economic Cooperation Association, Taiwan (CIECA)	Chairman Cheng Ye-Ming, Assistant Vice President Ao Kuo-Yi	Member
Taiwan Light Metals Association (TWLMA)	Assistant Vice President Ao Kuo-Yi, Assistant Vice President Chang Chin-Yuan, Manager Lin Chi-Jung	Member
Taiwan Motor Industry Association (TMIA)	Vice President Huang Chun-Yung, Manager Wu Ping, Manager Lin Chi-Jung, Assistant Manager Liu Yu-Chun	Director, Huang Chun-Yung
Taiwan Steel Framework Engineering Association	Chairman Cheng Ye-Ming, Vice President Chiang Ming-Chi, Assistant Vice President Cheng Yao-Ren, Manager Chen Neng-Ching, Manager Kao She-Chin, Manager Lin Ming-Yuan	Director Chiang Ming-Chi, Managing Supervisor Lin Ming-Yuan
Taiwan Steel Framework Lifting Engineering Association	Chairman Cheng Ye-Ming, Vice President Chiang Ming-Chi, Assistant Vice President Cheng Yao-Ren, Manager Chen Neng-Ching, Manager Kao She-Chin, Manager Lin Ming-Yuan	Director Chiang Ming-Chi, Managing Supervisor Lin Ming-Yuan














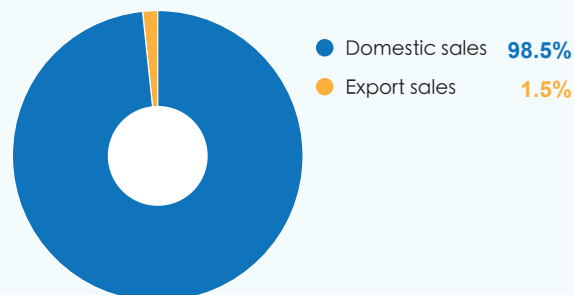
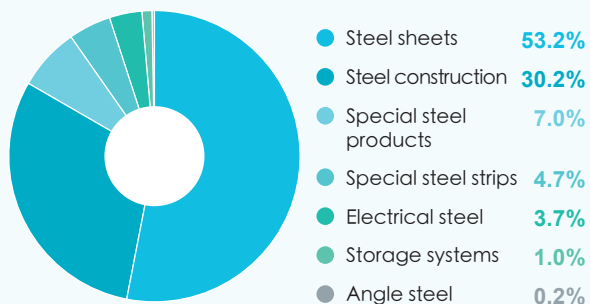
## Products and Services

CYS is one of the largest steel & iron processors and distributors in Taiwan. Our services include: supply of hot-rolled, cold-rolled, plated, electrical steel, aluminum, stainless steel, copper, carbon/alloy tool steel and structural steel materials; stamping of EI sheets and iron motor cores; the planning, design, manufacture and installation of storage racks; as well as the undertaking of large steel structural engineering projects (high-rise buildings, factories, bridges, and equipment).

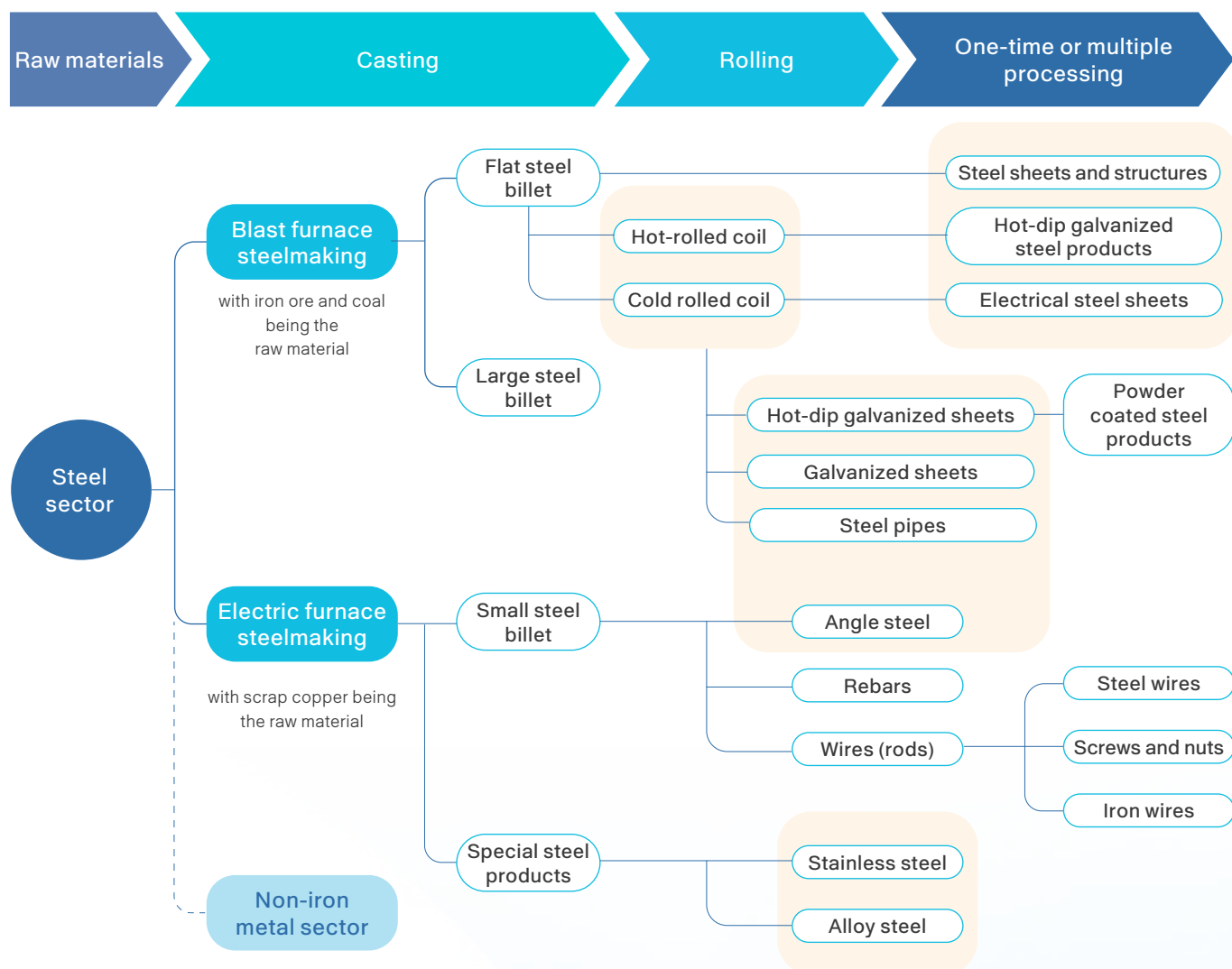
Domestic sales account for 98.5% of our products while export sales account for 1.5%. Most of our business is related to the transportation industry, domestic appliances industry, machinery industry, and steel structural engineering so we play a very significant role in the steel industry chain. No CYS products were banned from sale or delisted by the authorities during 2024.

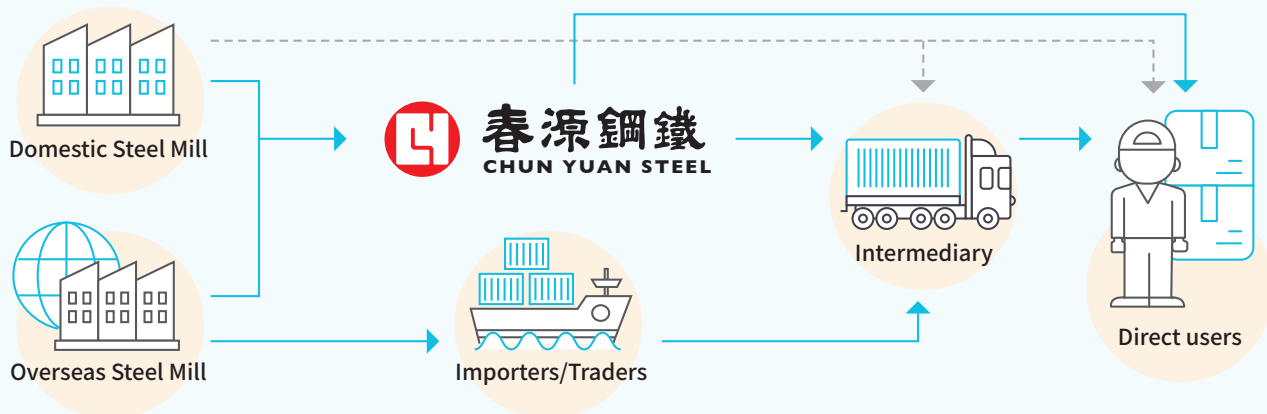
Materials	Production process	Product name	Purpose
 <b>Hot-rolled coil</b>	Cropping and flattening	Hot rolled steel sheets	Construction, machinery, and durable equipment
	Stripping	Hot rolled stripped coils	
	Stripping and rolling to form	Light shaped steel	Construction use
 <b>Cold rolled coil</b>	Cropping and flattening	Cold-rolled steel sheet	Parts for common domestic tools and items, automotive components
	Stripping	Cold-rolled stripped coils	Automotive components, metal products, sports equipment
 <b>Enamel steel coils</b>	Cropping, flattening, and stripping	Enamel steel sheets Enamel steel stripped coils	Colorful cookers, pots and cups, basins, bathtubs, and walls
 <b>Plated steel coils</b>	Cropping and flattening	Plated steel sheets	Parts of appliances, automotive gas tanks, exhaust pipes, air conditioner and refrigerator parts
	Stripping	Plated steel stripped coils	
 <b>Thick plates</b>	Cutting, welding, drilling, assembling	Welded H-shape steel	Steel construction, machinery, bridges, and other steel structures
		Welded H-shape honeycomb steel	
		Steel junction plates	
		Steel reinforced plates	
		Machinery parts	
 <b>Electrical steel sheets (coils)</b>	Stripping, stamping	Motor cores, EI sheets	Motors, transformers, rectifiers
		Electrical steel coils	
 <b>Special steel products</b>	Sawing	Sheets, bars, round steel, square steel, and angle steel	Machines, cars, parts, molds
 <b>High-carbon steel coils</b>	Stripping, cold rolling, annealing, and tempering	Cold rolled high-carbon steel stripped coils	Stationery supplies, springs, and tool parts
 <b>Steel Sheet parts</b>	Forming, assembling, and installing	Logistics equipment	Storage and management of materials, tapes, and files
		Light-, mid-, and heavy-duty material racks	
		3D automated storage systems	

## 2024 Market Analysis of Chun Yuan Steel Sales

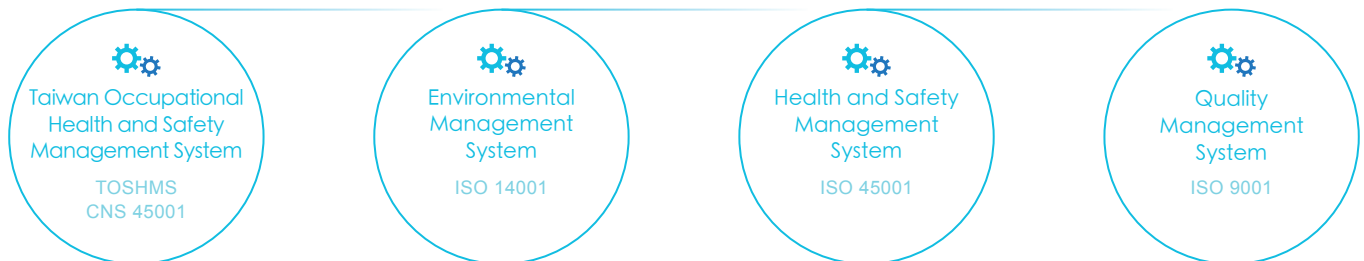


## CYS Value Chain

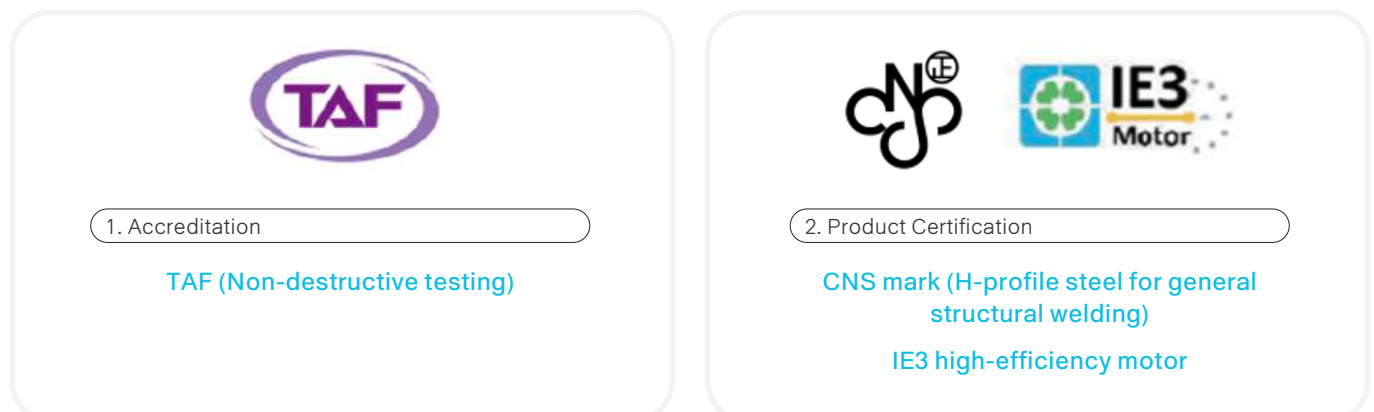




## CYS Sustainability Management System



## Steel structure products, IE3 motor certification mark





## Investment in Product Testing Instruments















## 1.2 Corporate Governance

### Business Strategy and Development

To ensure the robust and sustainable development of the Company, the following eight business strategies were set out by CYS: Customer management, inventory management, account management, cost rationalization, talent cultivation, R&D innovation, equipment investment, and project investment. These strategies fulfill the spirit of sustainability in the three aspects of economy, environment, and society.

Approach	Approach Description
 <b>Customer Management</b>	<ol style="list-style-type: none"> <li>1. Consolidate sales to existing customers while aggressively developing new leads to increase our market share</li> <li>2. Closely monitor politico-economic trends and industry changes in order to actively search for new business opportunities.</li> </ol>
 <b>Inventory Management</b>	<ol style="list-style-type: none"> <li>1. We will handle materials in a prudent manner and operate with optimal inventory</li> <li>2. Find competitive sources and add new procurement channels</li> <li>3. Reduce stock turnover time to avoid tying up capital</li> <li>4. Continue to reduce obsolete inventory</li> </ol>
 <b>Account Management</b>	<ol style="list-style-type: none"> <li>1. Visit customers diligently to keep track of their latest developments</li> <li>2. Regularly review and update credit checks on customers and enforce account payable management to reduce debt risk</li> <li>3. Improve recovery of account payments, shorten the maturity date, and establish safe, reasonable business conditions</li> </ol>
 <b>Cost Rationalization</b>	<ol style="list-style-type: none"> <li>1. Submit proposals for cost rationalization (operating/factory/labor costs)</li> <li>2. Propose and implement process improvement/productivity enhancement plans</li> </ol>
 <b>Talent Cultivation</b>	<ol style="list-style-type: none"> <li>1. Implement human resources planning and follow recruitment plan</li> <li>2. Enforce rostering system to cultivate multi-skilled talent</li> <li>3. Refine education and training plans</li> <li>4. Cultivate and increase the qualification rate for technicians in key positions</li> </ol>
 <b>R&amp;D Innovation</b>	<ol style="list-style-type: none"> <li>1. Technology R&amp;D strategy: Labor-saving, automation, new technologies, new processes</li> <li>2. Market R&amp;D strategy: New materials, new products, new markets</li> </ol>
 <b>Equipment Investment</b>	<ol style="list-style-type: none"> <li>1. Inventory all factory equipment and devise upgrade plan</li> <li>2. Thoroughly evaluate all equipment investment plans</li> <li>3. Track the progress on all equipment investments</li> <li>4. Enforce periodic servicing and routine maintenance of equipment</li> </ol>
 <b>Project Investment</b>	<ol style="list-style-type: none"> <li>1. Implement approved workshop/office investments as planned</li> <li>2. Administrative units shall help, support, and track the progress of investment projects being implemented</li> </ol>





## Selection Process for Board of Directors

The Company has adopted the candidate nomination system set out in Article 192-1 of the Company Act for Board of Directors elections. The directors are elected from the list of nominees by the Shareholders' Meeting. The Board of Directors consist of eight directors and three independent directors, all of whom possess extensive industry and management experience as well as strong academic and professional backgrounds.

The Board of Directors is the top governance and decision-making unit of the Company, currently consisting of nine men, one woman, no person under the age of 30, one person between the ages of 30 to 50, and nine people over the age of 50. Board functions include the appointment and supervision of company officers, supervision of business performance, supervision of company compliance, formulation of company rules, and Shareholders' Meeting resolutions. The Board strives to maximize returns for shareholders.

### CYS Board Members

Baseline date of 2025.05.31

Position	Name	Education	Experience	Current Position
Chairman	Cheng Ye-Ming	Ming Cheng University, Japan department of law	<ul style="list-style-type: none"><li>- Chairman of Seven Stars Tobacco Co., Ltd.,</li><li>- CEO of King Tobacco and Alcohol Co., Ltd. etc.</li></ul>	<ul style="list-style-type: none"><li>- Chairman of Chun Yuan Steel Industry Co., Ltd.,</li><li>- Director of Sinkang Industries Co., Ltd.,</li><li>- Director of Chun Yuan Construction Co., Ltd.,</li><li>- Director of Empire Steel Co., Ltd.,</li><li>- Supervisor of Chunmingyao Co., Ltd. etc.</li></ul>
Director	Wu Mei-Ying	National Chengchi University Business Administration	<ul style="list-style-type: none"><li>- Director of Chun Yuan Steel Industry Co., Ltd. etc.</li></ul>	<ul style="list-style-type: none"><li>- Director of Chun Yuan Steel Industry Co., Ltd.,</li><li>- Director of Lian Teh Investment Company,</li><li>- Director of Lian Long Investment Company, etc.</li></ul>
Director	Tsai Hsi-Chi	Shih Hsin Industrial & Commercial School	<ul style="list-style-type: none"><li>- Chairman of Chun Yuan Steel Industry Co., Ltd.,</li><li>- President of Chun Yuan Steel Industry Co., Ltd. etc.</li><li>- Chairman etc. of Sinkang Industries Co., Ltd. etc.</li></ul>	<ul style="list-style-type: none"><li>- Director of Chun Yuan Steel Industry Co., Ltd.,</li><li>- Representative of Corporate Director, Sinkang Industries Co., Ltd.,</li><li>- Representative of Corporate Director, Chun Yuan Construction Co., Ltd.</li></ul>
Director	Tsai Hsi-Yu	Hsing Wu Junior College of Commerce (not completed)	<ul style="list-style-type: none"><li>- Director of Chun Yuan Steel Industry Co., Ltd. etc.</li></ul>	<ul style="list-style-type: none"><li>- Director of Chun Yuan Steel Industry Co., Ltd.,</li><li>- Director of Anxi Investment and etc.</li></ul>
Director	Lee Wen-Fa	Nihon University Department of Economics	<ul style="list-style-type: none"><li>- Director of Chun Yuan Steel Industry Co., Ltd. etc.</li></ul>	<ul style="list-style-type: none"><li>- Director of Chun Yuan Steel Industry Co., Ltd.,</li><li>- Director of Yung Kuang Hwa Metal Industrial Co., Ltd.,</li><li>- President of Yung Kuang Hwa Metal Industrial Co., Ltd.,</li><li>- Director of Taiwan Steel Tower Co., Ltd. etc.</li></ul>
Director	Tsai Cheng-Ting	City University of New York - Baruch College Master of Science In Finance	<ul style="list-style-type: none"><li>- Project Manager, ACRA Industrial Machinery Co., Ltd.,</li><li>- Researcher, CYBER EXPRESS Financial Management Consultancy,</li><li>- Director of Sinkang Industries Co., Ltd. etc.</li></ul>	<ul style="list-style-type: none"><li>- Chairman of Sinkang Industries Co., Ltd.,</li><li>- Director of Chun Yuan Steel Industry Co., Ltd.,</li><li>- Director of Chun Yuan Construction Co., Ltd. etc.</li></ul>
Director	Detaiyu Investment Industrial Limited	-	- -	<ul style="list-style-type: none"><li>- Director of Chun Yuan Steel Industry Co., Ltd.,</li><li>- Director of Sinkang Industries Co., Ltd.,</li><li>- Director of Chun Yuan Construction Co., Ltd.</li></ul>
Director Representative:	Lee Wen-Lung	Department of Tourism and Hospitality, Hsing Wu Junior College of Commerce	<ul style="list-style-type: none"><li>- Chairman of Chun Yuan Steel Industry Co., Ltd.,</li><li>- President of Yung Kuang Hwa Metal Industrial Co., Ltd., etc.</li></ul>	<ul style="list-style-type: none"><li>- Representative of Corporate Director, of Chun Yuan Steel Industry Co., Ltd.,</li><li>- Representative of Corporate Director, Chun Yuan Construction Co.</li><li>- Chairman of Yung Kuang Hwa Metal Industrial Co., Ltd.,</li><li>- Chairman of Taiwan Steel Tower Co., Ltd.,</li><li>- Representative of Corporate Director, Sinkang Industries Co., Ltd. etc.</li></ul>
Independent Director	Hsu Li-Ming	Tamkang University Master of Business Administration	<ul style="list-style-type: none"><li>- Accountant of RSM Taiwan,</li><li>- Sitting Member, Tax Regulations Committee, CPA Associations R.O.C. (Taiwan),</li><li>- Independent Director and Remuneration Committee Member of Sinkang Industries Co., Ltd. etc.</li></ul>	<ul style="list-style-type: none"><li>- Independent Director of Chun Yuan Steel Industry Co., Ltd.,</li><li>- Accountant of RSM Taiwan,</li><li>- Independent Director etc. of Sinkang Industries Co., Ltd. etc.</li></ul>
Independent Director	Tseng Yung-Fu	National Taiwan University College of Law	<ul style="list-style-type: none"><li>- Minister of Justice,</li><li>- Political Deputy Minister of Justice,</li><li>- Acting Prosecutor General of Supreme Prosecutors Office,</li><li>- Supervisor of Eagle Cold Storage Enterprise Co., Ltd. etc.</li></ul>	<ul style="list-style-type: none"><li>- Independent Director of Chun Yuan Steel Industry Co., Ltd.,</li><li>- Independent Director of A.G.V. Products Corporation, etc.</li></ul>
Independent Director	Liu Huang-Chi	Master of Law, Tunghai University	<ul style="list-style-type: none"><li>- Judge of Taipei District Court,</li><li>- Judge and Presiding Judge of Taipei District Court,</li><li>- Independent Director of Taiwan Life Insurance Co., Ltd.,</li><li>- Independent Director of CTBC Life Insurance Co., Ltd..</li></ul>	<ul style="list-style-type: none"><li>- Independent Director of Chun Yuan Steel Industry Co., Ltd.,</li><li>- Independent Director of Mayer Steel Pipe Corporation,</li><li>- Independent Director of UNION INSURANCE CO., LTD.,</li><li>- Independent Director of Sung Gang International Co., Ltd.</li><li>- Vice Chairman of LONG BON INTERNATIONAL CO., LTD.,</li><li>- Director of Eastern E-Commerce Co., Ltd. etc.</li></ul>

Note 1: The CYS Articles of Incorporation stipulate the appointment of nine to thirteen Board directors with at least three independent directors. All are appointed for a term of three years and can be elected for successive terms. The current term runs from 2022.06.23 through to 2025.06.22

## Audit Committee Membership

The Audit Committee was established by the Company Board of Directors on June 21, 2019, to ensure the integrity of supervisory functions and strengthen management performance. The Audit Committee is to be made up of all independent directors at least one of whom must possess accounting or financial expertise.

### ◎ CYS Independent Directors

Position	Name	Education	Experience	Current Position
<b>Chair</b>	<b>Hsu Li-Ming</b>	Tamkang University Master of Business Administration	<ul style="list-style-type: none"> <li>- Accountant of RSM Taiwan,</li> <li>- Sitting Member, Tax Regulations Committee, CPA Associations R.O.C. (Taiwan),</li> <li>- Independent Director and Remuneration Committee Member of Sinkang Industries Co., Ltd. etc.</li> </ul>	<ul style="list-style-type: none"> <li>- Independent Director of Chun Yuan Steel Industry Co., Ltd.,</li> <li>- Accountant of RSM Taiwan,</li> <li>- Independent Director etc. of Sinkang Industries Co., Ltd. etc.</li> </ul>
<b>Committee Member</b>	<b>Tseng Yung-Fu</b>	National Taiwan University College of Law	<ul style="list-style-type: none"> <li>- Minister of Justice,</li> <li>- Political Deputy Minister of Justice,</li> <li>- Acting Prosecutor General of Supreme Prosecutors Office,</li> <li>- Supervisor of Eagle Cold Storage Enterprise Co., Ltd. etc.</li> </ul>	<ul style="list-style-type: none"> <li>- Independent Director of Chun Yuan Steel Industry Co., Ltd.,</li> <li>- Independent Director of A.G.V. Products Corporation, etc.</li> </ul>
<b>Committee Member</b>	<b>Liu Huang-Chi</b>	Master of Law, Tunghai University	<ul style="list-style-type: none"> <li>- Judge of Taipei District Court,</li> <li>- Judge and Presiding Judge of Taipei District Court,</li> <li>- Independent Director of Taiwan Life Insurance Co., Ltd.,</li> <li>- Independent Director of CTBC Life Insurance Co., Ltd.</li> </ul>	<ul style="list-style-type: none"> <li>- Independent Director of Chun Yuan Steel Industry Co., Ltd.,</li> <li>- Independent Director of Mayer Steel Pipe Corporation,</li> <li>- Independent Director of UNION INSURANCE CO., LTD.,</li> <li>- Independent Director of Sung Gang International Co., Ltd.</li> <li>- Vice Chairman of LONG BON INTERNATIONAL CO., LTD.,</li> <li>- Director of Eastern E-Commerce Co., Ltd. etc.</li> </ul>

## Remuneration Committee

The Remuneration Committee was established in accordance with Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange by a resolution of the Board of Directors to strengthen governance at CYS and enhance the functions of the Board. An organic charter for the Remuneration Committee was also drawn up to facilitate compliance. The purpose of the Remuneration Committee is to assist the Board of Directors with assessing and determining the standard of compensation for directors, audit committee and managerial officers. A majority of the Committee should be made up CYS independent directors with the remainder to be appointed by a resolution of the Board. The Committee must consist of at least three persons. The term of appointment is the same as that of the Board of Directors. The roles and responsibilities of the Remuneration Committee are as follows:

- Prescribe and periodically review the performance review and remuneration policy, system, standards, and structure for directors, audit committee and managerial officers.
- Periodically evaluate and prescribe the remuneration of directors, audit committee, and managerial officers.
- Performance evaluations and remuneration for directors, audit committee, and managerial personnel of the company shall refer to the typical pay levels adopted by peer companies, and take into consideration the reasonableness of the correlation between remuneration and individual performance, the company's business performance, and future risk exposure.

Recommendations of the Remuneration Committee can be put to the Board of Directors with the consent of a majority of committee members. The recommendations can then be passed by a majority of the directors in attendance at a meeting attended by two-thirds or more of the entire Board; if the remuneration passed by the Board of Directors exceeds the recommendation of the Remuneration Committee, the circumstances and cause for the difference shall be specified in the board meeting minutes, and shall be publicly announced and reported on the information reporting website designated by the competent authority within 2 days counting from the date of passage by the Board of Directors. The Remuneration Committee shall be convened at least once every six months. A meeting may also be called at any time if necessary. The Remuneration Committee may invite directors, managerial officers of relevant departments, internal auditors, certified public accountants, legal consultants, or other personnel to attend meetings as nonvoting participants and provide relevant necessary information.





## Continuing Education for Directors

The Company's Directors undertake continuing education courses on their own initiative every year. The courses cover topics such as corporate governance, securities regulations, and Board meeting rules. A total of 47 hours of continuing education were completed in 2024.

### ● CYS Board of Directors Meetings

Title	Name	Organizer	Course Name	Hours of Study	Total Hours of Study during the Year
Chairman	Cheng Ye-Ming	Taiwan Securities and Futures Market Development Foundation	2024 Insider Trading Promotion Seminar	3.0	3.0
Director	Tsai Hsi-Chi	Taiwan Securities and Futures Market Development Foundation	2024 Insider Trading Promotion Seminar	3.0	3.0
Director	Tsai Cheng-Ting	Taiwan Securities and Futures Market Development Foundation	Institutional Investor Perspective Forum	3.0	3.0
Representative of Corporate Director	Lee Wen-Lung	Taiwan Academy of Banking and Finance	Corporate Governance Seminar - Key Points of Labor Compliance from the Perspective of Corporate Governance	3.0	3.0
Director	Lee Wen-Fa	Taiwan Corporate Governance Association	How the Digital Transformation of Enterprises Can Create Three-Wins with Smart Security Risks	3.0	3.0
Director	Wu Mei-Ying	Taiwan Securities and Futures Market Development Foundation	2024 Internal Insider Trading Compliance Seminar	3.0	3.0
Independent Director	Hsu Li-Ming	CPA Associations R.O.C. (Taiwan)	Understanding the Key Elements of an ESG Report	3.0	9.0
		CPA Associations R.O.C. (Taiwan)	Analyzing the Design Points of ESG Evaluation	3.0	
		CPA Associations R.O.C. (Taiwan)	Money Laundering Patterns and Tax Crime Case Analysis That Accountants Should Pay Attention to When Performing Their Duties	3.0	
Independent Director	Tseng Yung-Fu	Taiwan Securities and Futures Market Development Foundation	2024 Insider Trading Promotion Seminar	3.0	6.0
		Taiwan Stock Exchange	CDP Taiwan Presentation - Creating a New Carbon Era with Sustainable Knowledge Center	3.0	
Independent Director	Liu Huang-Chi	Taiwan Institute of Directors	ESG Trends and Natural Risk TNFD Framework	3.0	14.0
		Taiwan Institute of Directors	Age-Friendly Service Principles and Financial Exploitation in the Context of Fairness in Customer Service		
		Taiwan Corporate Governance Association	Visions and Trends of ESG Evaluation	1.0	
		Taiwan Corporate Governance Association	Directors' Responsibilities in Disputes over Management Rights - Focusing on the Protection of Shareholders' Rights	3.0	
		Taiwan Corporate Governance Association	Shareholders' Meetings, Management Rights and Equity Strategies	3.0	
		Taiwan Corporate Governance Association	2024 Global Economic Outlook	1.0	

## Conflicts of Interest

The Company Board of Directors Meeting Rules stipulate that Directors or the legal person they represent with an interest in a matter on the agenda must explain the nature of their interest during the Board of Directors meeting. If a conflict of interest exists then they may not take part in the discussion and voting. They must also recuse themselves during the discussion and voting, nor exercise proxy votes on behalf of other Directors.

Where the spouse, a blood relative within the second degree of kinship of a director, or any company which has a controlling or subordinate relation with a director has interests in the matters under discussion in the meeting of the preceding paragraph, such director shall be deemed to have a personal interest in the matter.

A Director barred from voting due to the two rules mentioned above will not be counted towards attendance for that motion.

The 6th session of the Board of Directors on August 8, 2024: The construction department's the expansion project of the bridge and special component plant was contracted to the related party "Chun Yuan Construction" for construction. The directors who had their interests involved in the proposal did not participate in the voting. The proposal was passed unanimously by all remaining directors in attendance.

## Anti-corruption

The "Personnel Management Regulations" of CYS require employees to be mindful of their conduct in both speech and deed. They must not exploit their position for personal gain. To prevent corruption and graft, the "Reward and Penalty Procedures for Employees" stipulate that any employee found to have engaged in corruption, theft or misuse of company funds, accepted bribes or commissions, or willfully damaged company property may be removed from their position and their employment terminated. Annual internal control self-assessments require all CYS factories, departments, and subsidiaries to conduct an internal inspection of their activities. The design and enforcement of internal control systems are adjusted when appropriate in accordance with the law. Internal self-supervision mechanisms are implemented as well. No corruption assessment was conducted by CYS in 2024.





## 1.3 Business Performance

Management Approach		Economic Performance	
Item	Description	Content	
Material Topics and Boundaries	Significant Reason for This Topic	To deliver shareholder returns, realize the sustainable development of the company in the future, expand our markets as well as enhance the speed and quality of our services, CYS has continued to invest in a variety of production equipment to improve processing efficiency and lower production costs. New factories are being constructed to meet the growth in business. Our basic approach can be characterized as continuous investment to boost our competitiveness and returns. We hope all employees can work together to realize our annual targets.	
	Boundaries of This Topic	CYS head office and overseas subsidiaries.	
	Limits of Disclosure for this Topic	Financial disclosures in this year's report encompass Taipei headquarters and other business divisions. The information for other related subsidiaries and investments are presented through the Annual Report.	
Management Approach and Elements	Management Goal in this Topic	Continuous pursuit of sustainable development, profitability and growth.	
	Policy	<ul style="list-style-type: none"> <li>● "Inventory Management" to optimize inventory levels and increase turnover rates.</li> <li>● "Customer Management" to increase market share as well as practice credit and account management.</li> <li>● "Talent Cultivation" to obtain a sufficient quantity of quality talent.</li> <li>● "Labor-saving and Automation" investments in production equipment to boost productivity.</li> </ul>	
	Commitment	CYS is committed to optimizing returns for the Company and all stakeholders in accordance with the Company Act, Securities Act and other legislation, as well as the regulations issued by the Financial Supervisory Commission, Taiwan Stock Exchange and other competent authorities.	
	Purpose and Target	Annual business strategies and targets are formulated by the Company based on the future direction of development, changes in the internal/external environments, as well as business strengths and weaknesses.	
	Responsibility	The President's Office is responsible for compiling and reviewing the targets and plans of each Company unit.	
	Resources	The Company conducts regular reviews of our targets to devise improvement plans for projects running behind schedule to ensure that the targets are accomplished successfully.	
	Complaint Mechanism	Complaints and whistleblower channels are provided on the corporate website (www.cysco.com.tw) under Stakeholder Contact Details so that illegal behavior can be reported and dealt with.	
	Specific Actions	The Company is continuing to invest in or upgrade our production equipment. New factories are also being built to increase our competitiveness.	
Management Approach Assessment	Management Evaluation Mechanism	Business strategy meetings made up of top executives are regularly held to review the performance of administrative units, business units, and investments.	
	Performance and Adjustment	2024 consolidated revenue came to NTD 24.014 billion, and net profit after tax was NTD 1.387 billion. CYS will continue to maximize returns to the Company and all stakeholders in the future.	
	Preventive and Remedy Measures	<ul style="list-style-type: none"> <li>- Preventive measures               <ul style="list-style-type: none"> <li>● Active expansion of new businesses, new markets (domestic/export markets) and high value-added products</li> <li>● Closely monitor politico-economic trends and industry changes in order to actively search for new business opportunities.</li> </ul> </li> <li>- Remedial measures               <ul style="list-style-type: none"> <li>● Propose process improvement/efficiency improvement plans to reduce the cost/tone have been established</li> <li>● Review the assumptions for target head count and fees to ensure that the budget is reasonable</li> </ul> </li> </ul>	

## Financial Results

CYS strove for consistent growth during 2024. Individual net profit after tax in 2024 amounted to NTD 1.069 billion and was higher than 2023. In 2024, consolidated revenue amounted to NTD 24.014 billion, net profit before tax was NTD 1.387 billion, net profit after tax was NTD 1.086 billion, and basic earnings per share was NTD 1.65. A resolution was passed by the board of Directors to issue a dividend of NTD 1.3 per share in 2024. In 2024, NTD 41,672 thousands were spent on employee welfare. For a more detailed financial report, please download the financial report for each year from the CYS corporate website.

### ● CYS Operating Performance

Unit: NTD

Thousand

Item	2022	2023	2024
Operating income	24,497,782	21,194,638	24,014,291
Operating cost	22,997,506	19,430,316	21,945,625
Operating expenses	803,464	836,419	866,456
Employee compensation and benefits	1,441,722	1,500,098	1,590,062
Payments to capital providers	388,593	647,655	841,952
Payments to government	210,400	256,643	336,485
Community investment	130	298	130
Residual economic value	224,625	228,140	227,330

### ● 2024 Government Subsidies

Unit: NTD

Subsidy Type	Country of Subsidy	Subsidy Amount
Government subsidies under the Youth' s Employment Ultimate Program	Republic of China	2,157,600
On the Job Training Program	Republic of China	447,980
Human Resource Improvement Plan subsidy	Republic of China	461,885
Paternity subsidies from the Labor Insurance Bureau	Republic of China	52,835
Power and Common Facility subsidy	Republic of China	22,392
Youth Jobs subsidy	Republic of China	131,666
Labor Insurance subsidies for work-related injuries	Republic of China	10,800
Low-carbon transition subsidies	Republic of China	26,437
<b>Total</b>		<b>3,311,595</b>

## Growing with Supplier

CYS had 851 suppliers in 2024. Most were suppliers of raw materials and accounted for 78.30% of all procurement by amount. China Steel Corp. is CYS' s main supplier and the only blast furnace operator in Taiwan. In 2024, local procurement in Taiwan accounted for 94.09% of total value while foreign imports accounted for 5.91%.

### ● Growing with Suppliers

Year		2022			2023			2024		
Contract Type	No. of Vendors	Procurement Amount	Percentage of Total Procurement	No. of Vendors	Procurement Amount	Percentage of Total Procurement	No. of Vendors	Procurement Amount	Percentage of Total Procurement	
Raw Materials (domestic)	407	12,127,913,557	74.69	293	10,779,169,428	78.65	397	12,560,135,935	72.80	
Raw Materials (overseas)	14	926,972,037	5.73	14	779,867,381	5.69	18	1,019,541,271	5.91	
Engineering	272	2,888,689,650	17.86	220	1,948,789,449	14.22	270	3,473,658,805	20.13	
Labor	161	234,708,410	1.45	144	197,681,448	1.44	166	199,377,665	1.16	
Total	854	16,178,283,654	100%	671	13,705,507,706	100%	851	17,252,713,676	100%	









## 1.4 Risk Management

### Risk Identification and Management

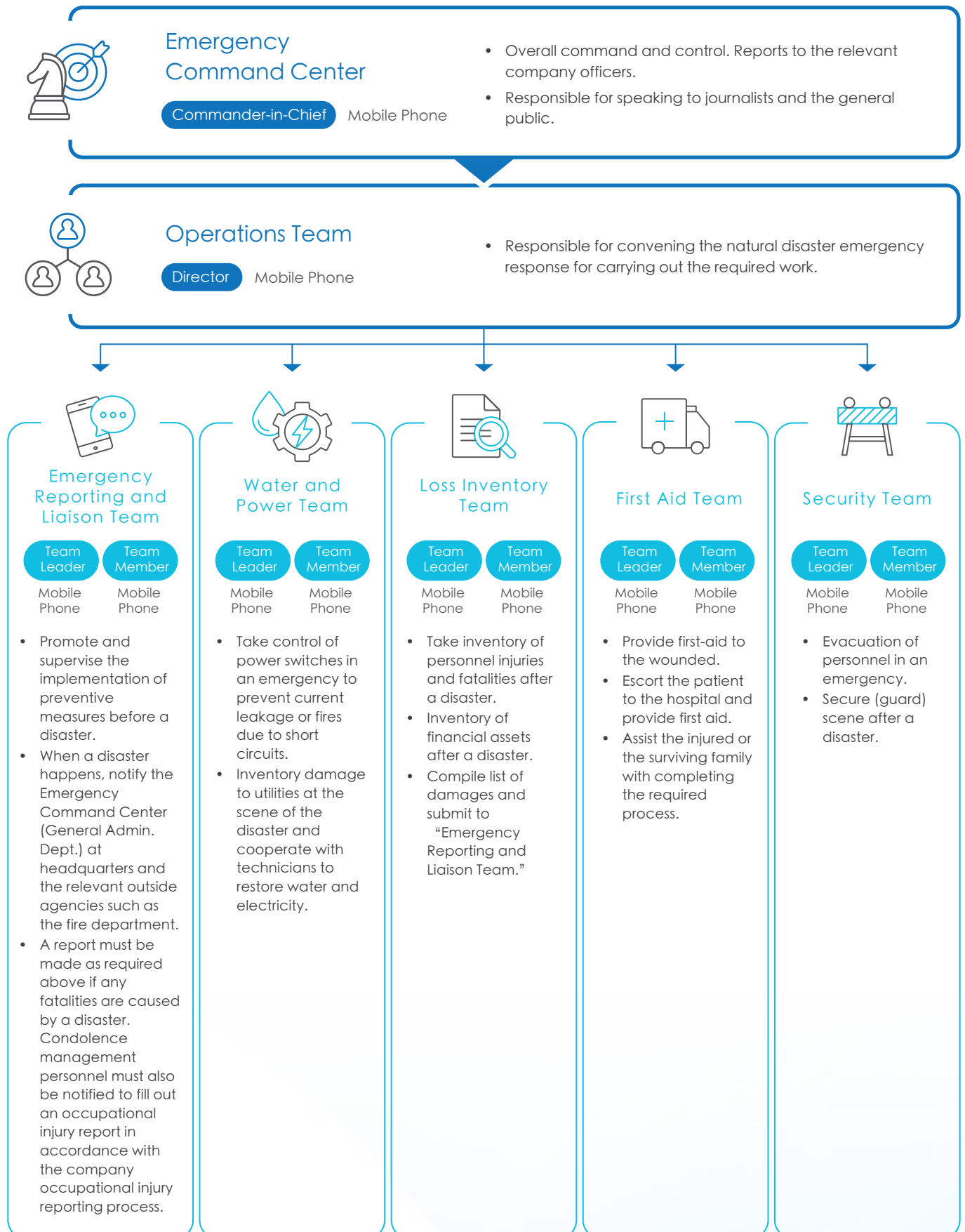
CYS practices total risk management based on the goals of business management, the implementation of business strategy, and operation of routine activities. The first step is to verify risk factors and measure the potential damage. A management method is then selected along with periodic and non-periodic supervision, auditing and tracking of risk management.

#### ● **CYS Risk Identification and Management Strategy**

Risk Item	Management Strategy
 <b>Operational Risk</b>	<p>CYS is aware that the Board of Directors and management are responsible for establishing, implementing, and maintaining an adequate internal control system. Such a system has already been established by CYS. The audit unit will conduct regular risk assessments and develop audit plans. Checks will be conducted in accordance with the plan with special audits conducted as necessary. The audit findings will be periodically reported to the Independent Director and Board of Directors.</p>
 <b>Interest Rate Risk</b>	<p>The Company will maintain the principles of prudence and rigor in selecting the most favorable funding sources and use of funds while taking the cost of funding as well as potential risks and rewards into account. CYS will also continue to collect financial information related to market interest rates so that contingency measures can be taken in a timely manner to mitigate the impact of interest rate changes on company profits.</p>
 <b>Exchange Rate Risk</b>	<p>CYS adopted a natural hedging strategy in the management of foreign exchange positions while subsidiaries in China switched to RMB-denominated short-term loans to avoid the risk of exchange rate fluctuations for assets and liabilities resulting from the volatile exchange rates. In the future, CYS will continue to track exchange rate rates and develop appropriate risk mitigation measures based on the relevant financial information, foreign exchange reports and international economic situation.</p>
 <b>Inflation Risk</b>	<p>CYS will continue to monitor international commodity trends, wholesale price changes by upstream steel mills, and downstream industry shipments in the future so that we can respond rapidly to cost changes while effectively managing the production/sales portfolio and inventory status.</p>
 <b>Environment, Safety and Health Management Risk</b>	<p>The “Occupational Safety and Health Management Regulations” were formulated and implemented by CYS based on our own particular industry attributes. The ISO 14001 Occupational health and safety management system, ISO 45001 occupational safety and health management system, and Taiwan Occupational Safety and Health Management System (TOSHMS) were also introduced and enforced. Regular employee training and health exams are conducted to ensure the safety and health of our partners.</p>
 <b>Natural Disaster Risk</b>	<p>Emergency response at CYS is governed by the “Natural Disaster Emergency Response Regulations.” A natural disaster emergency response organization is established when a natural disaster is predicted (e.g. typhoons) to direct preparations.</p>



## ● **CYS Emergency Response Organizational Chart**





## Climate Change Financial Risk

GHG emission restrictions around the world are becoming more common and rigorous by the day. Such restrictions not only require businesses to provide regular disclosure on GHG information but may also impose limits on emissions. Many governments are also looking into the levying of carbon or energy taxes. Prices for raw materials and energy essential to production operations have continued to rise as well. All of these factors contribute to higher production costs. In response to global trends and in alignment with the regulatory requirements outlined in the "Sustainable Development Roadmap for Listed Companies," CYS completed its 2023 inventory in 2024, and verification in 2024. CYS will continue to monitor changes in domestic and overseas legislation to stay up to date on the latest trends and make advance preparations. We will also actively communicate with the government through industry and trade associations to offer recommendations on how regulatory amendments can be made more reasonable and appropriate.

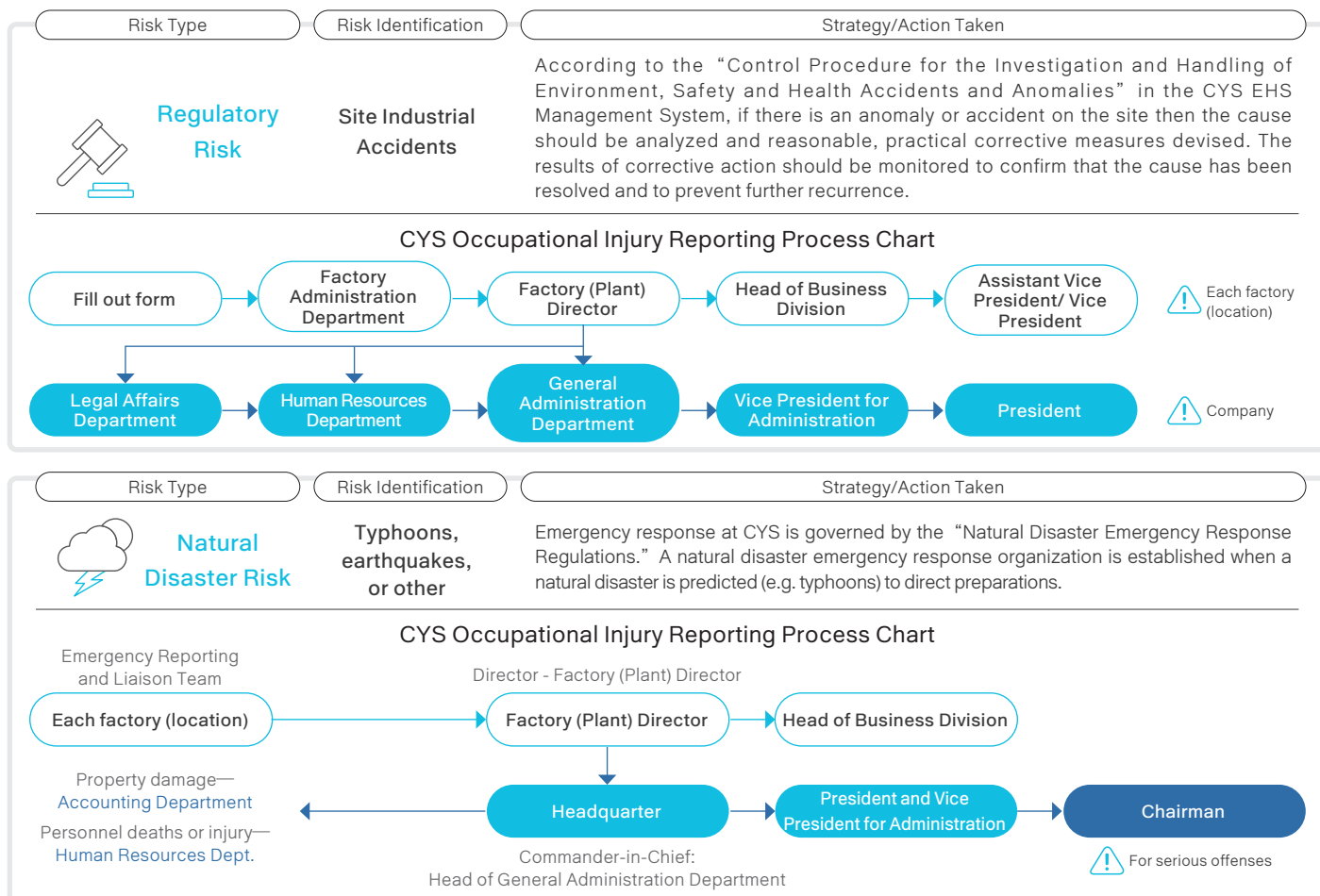
CYS is leveraging its accumulated real-world experience in quality and environmental management to continuously monitor management risks. Maximizing the returns for the Company, customers and other stakeholders ensure our sustainability. CYS offers various products to customers, including hot-rolled, cold-rolled, plated, electrical steel, aluminum, stainless steel, copper, carbon/alloy tool steel and structural steel materials; stamping of EI sheets and iron motor cores; the planning, design, manufacture and installation of storage racks; as well as the undertaking off large steel structural engineering projects (high-rise buildings, factories, bridges, and equipment). Most of our business is related to transportation industry, domestic appliances industry, machinery industry, and steel structural engineering so we play a very significant role in the steel industry chain. CYS takes stock of its own strengths concerning potential carbon emissions during the production process. The Company continuously explores opportunities for energy efficiency and emission reduction throughout its operations, achieved through research and development projects and regular meetings of quality control teams in different plant. By continuously enhancing production techniques, we aim to reduce manufacturing risks and costs while meeting customer expectations.

Based on the framework provided by the Task Force on Climate-related Financial Disclosures (TCFD), CYS is disclosing the following climate change-related risks:

Governance Unit	CYS manages climate-related risks and opportunities through its senior management and various administrative and business unit management teams.														
Risk Type	<ul style="list-style-type: none"><li>● Uneven rainfall distribution and frequent heavy rainfall pose challenges such as project delays and increased safety risks in construction operations</li><li>● Global and regional regulations on GHG emissions are becoming more stringent, leading to increased production costs</li></ul>														
Type of Opportunity	<ul style="list-style-type: none"><li>● Invest in and use renewable energy to strive for lower financing costs</li></ul>														
Strategy	<table><tr><th>Climate Risk</th><th>Potential Financial Impact</th><th>Corresponding Measures</th></tr><tr><td>Uneven rainfall Frequent heavy rainfalls</td><td>Rising costs</td><td><p>Establishing a comprehensive management system for steel storage and transportation to minimize the risk of customer complaints caused by rust.</p><p>Rainfall poses risks to construction projects, including delays in project timelines and safety hazards in work operations. To mitigate the impact of unforeseen natural disasters, we plan to enhance our engineering techniques to prevent the effects of sudden heavy rainfall on our construction projects. CYS will also develop various emergency preparedness measures to ensure swift response and mitigation in such situations.</p><p>For some of our facilities located in low-lying areas near the sea or rivers, CYS will strengthen its automated monitoring and drainage systems to prevent flooding in the premises.</p></td></tr><tr><td>Global and regional GHG regulations</td><td>Rising costs</td><td>Due to the global decarbonization trend, stringent carbon reduction requirements are being imposed on high-carbon emitting industries. To mitigate the increased costs associated with carbon reduction efforts, CYS shall continuously improve its operational efficiency and fulfilling its corporate social responsibility to protect the environment.</td></tr><tr><td>Expectations for changing domestic and international regulations and emission reduction in manufacturing processes from the supply chain</td><td>Reduced revenues and rising costs</td><td>Ensure compliance with government regulations by conducting inspections and verifications throughout our operations and product manufacturing processes so as to satisfy customer requirements.</td></tr></table>			Climate Risk	Potential Financial Impact	Corresponding Measures	Uneven rainfall Frequent heavy rainfalls	Rising costs	<p>Establishing a comprehensive management system for steel storage and transportation to minimize the risk of customer complaints caused by rust.</p> <p>Rainfall poses risks to construction projects, including delays in project timelines and safety hazards in work operations. To mitigate the impact of unforeseen natural disasters, we plan to enhance our engineering techniques to prevent the effects of sudden heavy rainfall on our construction projects. CYS will also develop various emergency preparedness measures to ensure swift response and mitigation in such situations.</p> <p>For some of our facilities located in low-lying areas near the sea or rivers, CYS will strengthen its automated monitoring and drainage systems to prevent flooding in the premises.</p>	Global and regional GHG regulations	Rising costs	Due to the global decarbonization trend, stringent carbon reduction requirements are being imposed on high-carbon emitting industries. To mitigate the increased costs associated with carbon reduction efforts, CYS shall continuously improve its operational efficiency and fulfilling its corporate social responsibility to protect the environment.	Expectations for changing domestic and international regulations and emission reduction in manufacturing processes from the supply chain	Reduced revenues and rising costs	Ensure compliance with government regulations by conducting inspections and verifications throughout our operations and product manufacturing processes so as to satisfy customer requirements.
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Expectations for changing domestic and international regulations and emission reduction in manufacturing processes from the supply chain	Reduced revenues and rising costs	Ensure compliance with government regulations by conducting inspections and verifications throughout our operations and product manufacturing processes so as to satisfy customer requirements.													
Risk Assessment	<ul style="list-style-type: none"><li>● When the Company is faced with climate-related risks, to mitigate the impact of climate risks, each unit conducts its own risk assessment based on the risk factors caused by climate change and takes relevant countermeasures.</li><li>● Risk assessment is a key matter for the sustainability of enterprises. The Company promotes the cultivation of internal crisis awareness, and regularly evaluates identification, case tracking, and results review to achieve the goal of sustainability.</li></ul>														
Indicators and Objectives	<p>Reduction goals, strategies, and concrete action plans, and achievement of reduction goals:</p> <ul style="list-style-type: none"><li>● The Group has set the strategic goal of reducing carbon by 3% over the next 3 years between 2025 and 2027, and will follow this goal to promote the Company's execution strategy of reducing carbon by 1% in the next year. The achievement will be disclosed in the annual report of the next year.</li></ul>														

## Early Warning Approach and Action

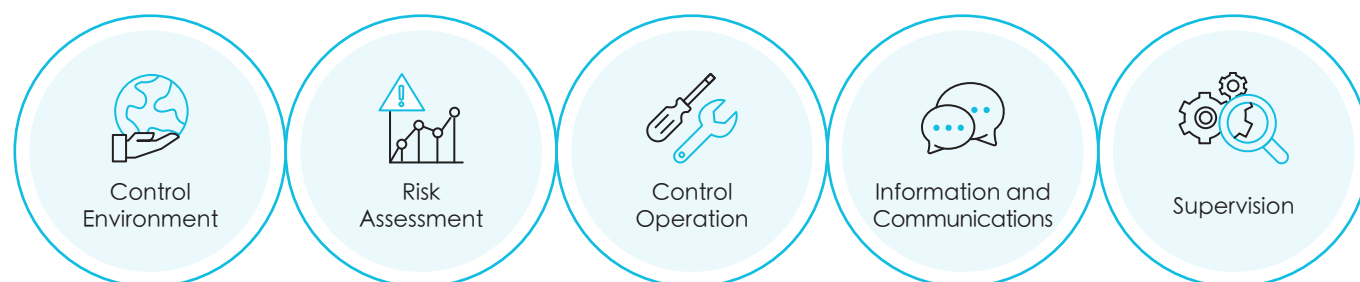
CYS has established its "EHS Incident and Abnormality Investigation Control Procedure" as well as the "Natural Disaster Emergency Response Guidelines." These documents outline the responsibilities of the relevant personnel in identifying and assessing risk factors and implementing appropriate measures. In the event of an incident, they promptly report to the appropriate departments and form emergency response teams to mitigate the impact and minimize losses.



## Internal Control and Management

A comprehensive internal control system has been devised by CYS for all units to follow to strengthen governance and promote the sound management of the company. Company rules are fully disclosed through the internal corporate platform for employees to review and use at any time. The ongoing enforcement of Internal checks and self-assessments encourage all units to practice self-management and self-supervision. Employees can refer any ethical or compliance questions to staff at the Human Resources Department or Legal Affairs Department.

### Chun Yuan Steel Statement of Internal Control





## 1.5 Compliance

CYS has always monitored all policies and legislation that may affect our operations. We pay close attention to compliance and pride ourselves on being a law-abiding enterprise. Employees are also reminded about corporate governance, the employee code of conduct and other ethical guidelines at different times each year. We adhere to the principle of ethical business management in complying with domestic and overseas laws and regulations. The CYS Legal Affairs Office assists employees with clarifying legal questions. We also conduct related education and training so that employees not only comply with the law but know how to avoid actions that may break the law. If an employee violates the law, labor safety standards or regulations, employment contract or business ethics, legal or disciplinary action is taken by CYS. The employee's performance evaluation will also be affected to a reasonable extent. CYS was not involved in any legal action over anti-competitive, anti-trust or monopolistic practices in 2024. Nor were there any major monetary or non-monetary penalties over non-compliance with laws and regulations governing commerce and business operations.

CYS is continuing to monitor domestic and overseas policies and legislation that may potentially affect our business and finances to ensure ethical business management and compliance. In terms of compliance, CYS has formulated various corporate governance rules and regulations that we adhere to. Major fines pertaining to company operations is defined in accordance with Chapter II (Material Information), Article 4, Paragraph 26, Sub-paragraph 3 of the Taiwan Stock Exchange Corporation Procedures for Verification and Disclosure of Material Information of Companies with Listed Securities as where the administrative fines for one single event have accumulated to NTD 1 million or more. The Compliance aspect is summarized in the table below.

Governance-related laws and regulations	Environmental compliance	Labor rights laws and regulations	Product-related laws and regulations
<ul style="list-style-type: none"> <li>• No violation of the Company Act</li> <li>• No violation of the Commerce Act</li> <li>• No violation of securities and finance regulations</li> <li>• No incidents of corruption</li> <li>• No political contributions</li> <li>• Not involved in legal action linked to anti-competitive behavior, anti-trust and monopolistic practices</li> </ul>	<ul style="list-style-type: none"> <li>• No violation of the Waste Disposal Act</li> <li>• No violation of the Air Pollution Control Act</li> <li>• No violation of the Water Pollution Control Act</li> <li>• No significant spills</li> </ul>	<ul style="list-style-type: none"> <li>• No violation of the Waste Disposal Act</li> <li>• No violation of the Air Pollution Control Act</li> <li>• No violation of the Water Pollution Control Act</li> <li>• No significant spills</li> </ul>	<ul style="list-style-type: none"> <li>• No banned or controversial products</li> <li>• No violation of marketing-related laws and regulations or voluntary codes of conduct</li> <li>• No major fines over the provision and use of products and services that violate laws and regulations</li> <li>• No violation of customer privacy, or loss of customer information</li> </ul>

④ Explanation on Violation of OHS Regulations at CYS in 2024



Injury caused by improper hoisting operations in the factory. Fine of NTD 100,000 imposed for violation of safety and health regulations.

The following preventive measures were adopted in response to this industrial incident:

Conducted OPL single-point training for hoisting operations

Relatively safe and stable hoisting equipment are used for hoisting operations.

Injury caused by improper steel structure sandblasting operations in the factory. Fine of NTD 100,000 imposed for violation of safety and health regulations.

Preventive action taken in response to this industrial safety accident. Anti-roll bars were fitted to the trolley.

Injury caused by improper machine part replacement operations in the factory. Fine of NTD 100,000 imposed for violation of safety and health regulations.

Improvement measure for this incident - Machines are completely shut down before replacement to eliminate potential hazards.

Injury caused by improper hoisting operations in the factory. Fine of NTD 100,000 imposed for violation of safety and health regulations.

Preventive measures were taken for this occupational safety incident, with dedicated personnel appointed to command and supervise the operation.

A contractor in the factory was struck by a lifted object. Fine of NTD 100,000 imposed for violation of safety and health regulations.

Preventive measures for this workplace safety incident - Follow operating standards during hoisting, use specific lifting equipment, and ensure dual-point hoisting to maintain object balance.





Injury caused by improper hoisting operations in the factory. Fine of NTD 200,000 imposed for violation of safety and health regulations.

The following preventive measures were adopted in response to this industrial incident:

A unified signal controller is appointed to command the operations.

Hoisting personnel must maintain a safe distance from the object being lifted.



No clearance control measures implemented for people and vehicles under lifted objects at the construction site. Fine of NTD 100,000 imposed for violation of safety and health regulations.

The following preventive measures were adopted in response to this industrial incident:

The hoisting area is surrounded by traffic cones and retractable cones.

Added warning slogans.

An operator of the contractor did not wear a helmet and used the ladder as a means of access between floors. Fine of NTD 200,000 imposed for violation of safety and health regulations.

The following preventive measures were adopted in response to this industrial incident:

Strengthened the promotion of correct PPE wearing in the tool box meeting.

Changed to use scaffolding as the primary walking path.

An operator of the contractor failed to wear proper seat belts when working elevated work for more than 2 meters. Fine of NTD 100,000 imposed for violation of safety and health regulations. The Company has demanded immediate improvement of the incident and strengthened safety awareness education in daily pre-duty education.

The construction site did not have traffic guidance personnel, and a tractor-trailer struck a worker. Fine of NTD 100,000 imposed for violation of safety and health regulations.

The following preventive measures were adopted in response to this industrial incident:

Planning to install speed reduction facilities in the construction area to slow down the vehicle's moving speed.

Warning signs at turning points placed and materials and vehicles cleared at bends."

# 2

## 2024 Sustainability Management Performance

### 100% coverage from Labor- Management Committee agreements

→ 100% of all company employees are covered by Labor-Management Committee agreements.

### 83% of employees were reinstated

→ In 2024, two employees applied for unpaid parental leave and six employees were to be reinstated after returning from leave. The actual number of employees reinstated was five so the reinstatement rate came to 83%.

### Ratio of labor representatives was 36%

→ The “Labor Safety and Health Committee” was established by CYS in accordance with the law. In 2024, 36% of the Labor Safety and Health Committee was made up of labor representatives.

### Safety-related topics accounted for 60%

### Health-related topics accounted for 40%

→ Of the health and safety topics listed in the “Occupational Health and Safety Management Regulations,” safety accounted for 60% and health accounted for 40% of the topics discussed at Longtan Plant in 2024 according to the meeting minutes.

### TTQS Gold Medal

→ Gold certification for Talent Quality-Management System in 2024.

# Looking After Employees and Giving Back to Society



## 2.1 Human Resources

### Workforce Structure

The total number of employees of Taiwanese nationality at the end of 2024 was 1,091, including 917 men (196 in management positions, 721 in administrative and technical positions), or 84% of the total workforce, and 174 women (19 in management positions, 155 in administrative and technical positions), or 16% of the total workforce. All were permanent or full-time employees. There were also a total of 383 migrant workers. Upper management consisted of assistant vice president or higher-ranking managers. 100% were Taiwanese citizens.

#### Overview of the Number of Employees of Taiwanese Nationality

Reporting period

Contract type	Female	Male	Others <sup>Note 1</sup>	Not disclosed <sup>Note 2</sup>	Total
No. of permanent employees	174	917	0	0	1,091
No. of temporary employees	0	0	0	0	0
No. of employees with no guaranteed working hours	0	0	0	0	0
No. of full-time employees	174	917	0	0	1,091
No. of part-time employees	0	0	0	0	0

Note1: Employees are entitled to identify their own gender.

Note2: Employees are entitled not to disclose their gender.

Note3: "Domestic" refers to Taiwan proper; "Overseas" refers to areas outside of Taiwan (such as the United States, Vietnam and other regions).

Note4: Domestic employees: refers to individuals who enter into an employment relationship with an organization in compliance with the applicable requirements of the country's laws (in the case of Taiwan, employees who are covered by labor insurance).

Note5: Permanent employees: individuals who sign indefinite contracts.

Note6: Temporary employees: individuals who sign fixed-term contracts.

Note7: Non-guaranteed working hours: Employees who do not have a guaranteed minimum or fixed number of working hours per day, week, or month, but are potentially available for work as needed.

Note8: Full-time: individuals who fall under the definition of working hours according to the Labor Standards Act, where in Taiwan, it means not exceeding 8 hours per day and 40 hours per week.

Note9: Part-time: employees who aren't full-time.

Note10: This table is calculated using headcount or full-time equivalent (FTE) methodology.

#### 2024 CYS Manpower Structure

Type	Management				Non-management			
Gender	Female		Male		Female		Male	
Age	Persons	Percentage of total workforce	Persons	Percentage of total workforce	Persons	Percentage of total workforce	Persons	Percentage of total workforce
Under 30 years	0	0.00%	0	0.00%	24	2.20%	108	9.90%
30 ~ 50 years	9	0.82%	107	9.81%	76	6.96%	417	38.22%
Over 50 years	10	0.92%	89	8.16%	55	5.04%	196	17.97%
Total	19	1.74%	196	17.97%	155	14.2%	721	66.09%

Note: There are a total of 1,091 employees of Taiwanese nationality and 383 foreign migrant workers.

### Diversified Structure

According to Article 38 of the People with Disabilities Rights Protection Act, if the number of employees in a private business is more than 67, the ratio of employees with disabilities should be 1%, and shall not be less than one employee. In addition, according to Article 98 of the Government Procurement Act and Paragraph 1 and 3 of Article 12 of the Indigenous Peoples Employment Rights Protection Act, if the number of employees in the domestic market exceeds 100, the Company shall employ indigenous peoples during the performance period, and the number of indigenous peoples shall not be less than 1% of the total workforce. CYS has met the requirements.

#### Diversified Manpower Structure at CYS in 2024

	Persons	Percentage of total workforce
Physically or Mentally Disabled	14	1.28%
Indigenous People	19	1.74%



## 2.2 Employee Care

Management Approach		Diversity and Equal Opportunity
Item	Description	Content
Material Topics and Boundaries	Significant Reason for This Topic	To enforce gender equality in employment, eliminate gender discrimination, and to provide employees with a safe and equal workplace in accordance with the law. Failure to promote and enforce such protections will expose the Company to legal penalties.
	Boundaries of This Topic	The topic encompasses CYS' s headquarters in Taiwan as well as production operations in the north, center, and south.
	Limits of Disclosure for this Topic	Disclosures relating to the topic of Gender Equality in this report cover information relating to our Taiwan headquarters as well as production operations in the north, center and south.
Management Approach and Elements	Management Goal in this Topic	Provide employees and job applicants with a working and service environment free from sexual harassment. Appropriate preventive, corrective, disciplinary and administrative actions should also be taken immediately to effectively protect the rights and privacy of the affected party.
	Policy	The Company considers all employees to be important company assets. Respect for human rights, equality, and anti-discrimination form part of our core philosophy and policies on fostering cultural diversity.
	Commitment	CYS is committed to establishing a workplace believes in the importance of human rights. We promise to treat everyone employee with respect and as equals.
	Purpose and Target	Prevent incidents of discrimination, sexual harassment, and human rights abuse.
	Responsibility	<ul style="list-style-type: none"> <li>Protection of complainants: Ensure that employees making a complaint or assisting others with making a complaint are protected from dismissal or other unfavorable actions.</li> <li>To establish a workplace that believes in the importance of human rights, no violation of human rights or demeaning conduct on the basis of gender, race, nationality, age, physical or mental disability, religion, ethnicity or any other attributes protected by law is permitted.</li> </ul>
	Resources	Rules relating to gender equality are explicitly stated in the company regulations.
	Complaint Mechanism	Sexual Harassment Complaint Review Committee
	Specific Actions	<ul style="list-style-type: none"> <li>The heads of every division, factory, office and site use every opportunity and method of communication including meetings, broadcasts, e-mail, or internal documents to raise employee awareness on sexual harassment prevention measures and complaints channels.</li> <li>According to the Gender Equality in Employment Act, female employees may apply for unpaid leave during their pregnancy, pregnancy checkup leave, and maternity leave. Male employees are entitled to paternity leave for pregnancy checkups and childbirth as well. For employees with childcare requirements, unpaid parental leave can be organized in accordance with the Gender Equality in Employment Act and Regulations for Implementing Unpaid Parental Leave for Raising Children. CYS arranges for employees returning from unpaid parental leave to return to their original unit and position, and actively help them re-integrate with the workplace.</li> </ul>
	Management Evaluation Mechanism	Sexual harassment prevention and control regulations have been devised in accordance with government regulations. If a complaint is opened then the Sexual Harassment Review Committee is established in accordance with the law to conduct the investigation and deal with the matter.
	Performance and Adjustment	<ul style="list-style-type: none"> <li>There were no incidents of discrimination, sexual harassment, human rights abuse or social impact at CYS in 2024.</li> <li>CYS retention rate after unpaid parental leave was 83% in 2024.</li> </ul>
Management Approach Assessment	Preventive and Remedy Measures	<ul style="list-style-type: none"> <li>When a complainant reports a case of sexual harassment, it is crucial to initiate the appropriate investigation procedures to thoroughly investigate and address the matter.</li> <li>To prevent similar incidents from occurring again, it is important to conduct awareness campaigns or educational training on the prevention of sexual harassment for all employees.</li> <li>We shall empathize with the feelings of the complainant and provide necessary support, counseling, medical assistance, or any other required assistance.</li> </ul>



## Valuing Basic Human Rights

CYS strives to protect the human rights and personal privacy of employees, and prohibits improper discrimination in accordance with the law. Talent recruitment follows the principles of fairness, impartiality, and integrity. All recruitment, selection, and employment of personnel adhere to government regulations. There is no discrimination or difference in compensation on the basis of race, class, language, thought, religion, political party, ethnic background, place of birth, gender, sexual preference, age, marital status, appearance, facial features, physical and mental disability, star sign, blood type, or union membership.

## Employee Welfare

### ● Labor-Management Committee

CYS upholds the principles of integrity and transparency in business. The notification procedure for major changes to operations is always followed in accordance with the Labor Standards Act and other regulations to ensure that employees receive proper notice. Employees can make suggestions to the company through regular meetings of the Employee Welfare Committee and Labor-Management Committee. Problems can also be reported through the grievance mechanism. 100% of all company employees are covered by Labor-Management Committee agreements. Labor and management each have 5 representatives at the Labor-Management Committee for engaging in a through exchange of opinions. The regular meeting is convened once every three months. The Topics related to labor rights and working conditions are discussed during the meeting and issues are always resolved through effective communication.

### ● Retirement

The sound financial structure of CYS includes the making of regular pension contributions in accordance with the “Employee Retirement Regulations” based on the Labor Standards Act and Labor Pension Act. CYS also engages actuaries to provide regular reports on pensions. The pension fund is fully funded to ensure that employees can access their pensions in the future. Under the Labor Standards Act and Labor Pension Act, all employees that joined the company before June 30, 2005 (inclusive) retain their seniority under the old pension scheme. Employees will only accrue seniority under the new pension scheme if they choose to switch over to the new system. Under the old pension scheme, monthly contributions are made to the account of the preparatory fund for old pensions at Bank of Taiwan.

Under the new pension scheme, each worker makes a contribution equal to 6% of their monthly salary range into the employee's personal pension account. In addition to the standard 6% contribution from the employer, employees can also volunteer to make a contribution of between 0 ~ 6% to their personal pension account.

### ● Equal Compensation

The wages of new recruits at CYS are determined by measuring the supply and demand situation of the labor market, and the market level of wages, with the principle of being better to the minimum salary stipulated by Taiwan's Labor Standards Act, while taking into account the job to be assigned, education, and relevant work experience, manpower demand in the market, and current wages of the same jobs or the same seniority. The starting salary for indirect employees range from NTD 33,000 to NTD 40,000, and is about 1.15 times higher than the minimum wage. The starting salary (including performance bonuses) for direct employees range from NTD 31,000 to NTD 35,000, and is about 1.08 times higher than the minimum wage. New employees that complete three months of work undergo an evaluation and have their salaries. Indirect employees undergo a performance evaluation and have their salaries adjusted every six months until they have completed 3 years of service. Indirect employees receive salary adjustments based on their performance every 6 months up until three years of service. Direct employees receive salary adjustments based on their performance every 6 months up until 2 years of service. Employees receive equal pay for performing the same work regardless of race, nationality, age, or gender.

Item	2022	2023	2024
<b>No. of permanent employees in non-management roles (A)</b>	1,382 persons	1,389 persons	1,377 persons
<b>Total compensation for permanent employees in non-management roles (B)</b>	NTD 970,216,390	NTD 996,302,437	NTD 1,048,475,285
<b>“Average salary” of permanent employees in non-management roles (C)</b>	NTD 702,038	NTD 717,280	NTD 761,420
<b>“Median salary” of permanent employees in non-management roles</b>	NTD 611,801	NTD 623,442	NTD 653,591

Note1: The number of full-time employees in non-management roles is calculated based on the average number of employees paid at the end of each month, including migrant workers, is (A).

Note2: The total salaries of full-time employees in non-management roles are based on the broad payroll concept (B).

Note3: “Average” (C) = (B) / (A).



## ⦿ Minimum Notice Period for Operational Changes

I. Under Article 9 of the CYS “Personnel Management Regulations”, labor contracts can be terminated after notice is given by CYS in any one of the following situations:

1. Suspension of business or transfer of ownership.
2. Business has suffered an operating loss or is contracting.
3. Business is suspended for more than one month due to force majeure.
4. Change in nature of business necessitates the reduction of the workforce and terminated employees cannot be reassigned to other suitable positions.
5. Employee is clearly not capable of performing their assigned work.
6. Employee has been declared by a public/private or National Health Insurance-approved hospital as being too ill to continue working, or still has not recuperated after going on unpaid sick leave and does not qualify for retirement.

### II. Notice period

When a labor contract is terminated by CYS in the aforementioned situations, the notice period is governed by the following rules:

1. 10 days notice if they had worked continuously for more than three months but less than one year at CYS.
2. 20 days notice if they had worked continuously for more than one year but less than three years at CYS.
3. 30 days notice if they had worked continuously for more than three years at CYS.

If notice has been given in accordance with the preceding conditions, the employee may apply for up to two days of paid leave per week to find new employment.





## Welfare System

CYS knows that the sustainable development of the company not only requires financial growth but also more importantly, the selection and retention of employees. We have established a comprehensive welfare and cultivation system to protect the rights and benefits of all CYS employees so that they can grow with the company.

### Insurance

- Labor Insurance, National Health Insurance, Labor Pension
- Employee and dependents group insurance (includes life insurance, accident insurance, medical insurance, cancer insurance)
- Travel insurance is also provided for personnel on business trips/field assignments

### Economic

- Wedding subsidy, child subsidy, educational subsidy, bereavement subsidy
- Birthday cash gift, labor cash gift, Dragon boat and Mid-Autumn Festival cash gift, Lunar New Year cash gift
- Hospitalization condolence payment, emergency assistance



### Services

- System-related (employee uniform, meal allowance subsidy)
- Leave system (special/annual leave, paternity leave, family leave, menstrual leave, parental leave)
- Employee Health Checkup

### Development

- Comprehensive education and training (new recruit training, grade-specific training, competency training)
- Clear career progression paths



### Bonuses

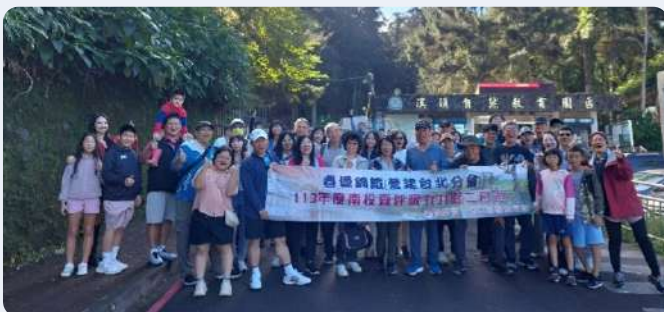
- Employee compensation, Mid-Autumn Festival bonus, annual bonus, quarterly performance bonus

### Facilities

- Employee cafeteria, dormitories (Longtan, Xizhi), and recreation rooms are provided to look after employees' health, safety, and spiritual development.

### Leisure

- A variety of entertainment and leisure activities are offered to promote the physical and mental well-being of employees as well as work-life balance: (1) Clubs and cultural activities (2) Competitions for ball sports (3) Company holidays for employees and their families (4) Domestic/overseas travel subsidy



### ⦿ Unpaid Parental Leave

In 2024, 2 employees (2 men/0 woman) applied for unpaid parental leave; 6 employee (4 men/2 women) were due to be reinstated after returning from leave. The actual number of employees reinstated was 5 so the reinstatement rate was 83%. Detailed information is as below:

Item Description	2023			2024		
	Male	Female	Total	Male	Female	Total
No. of actual applications for unpaid parental during the year - A	2	1	3	2	0	2
No. of reinstatements due after unpaid parental leave during the year - B	1	0	1	4	2	6
No. of actual reinstatements after unpaid parental leave during the year - C	0	0	0	3	2	5
No. of reinstatements due after unpaid parental leave from the previous year - D	2	0	2	0	0	0
No. of employees still with the company one year after reinstatement from unpaid parental leave - E	2	0	2	0	0	0
Reinstatement rate after unpaid parental leave for the year (%) (C/B)	0	0	0	75	100	83
Retention rate after unpaid parental leave during the year (%) (E/D)	100	-	100	0	0	-







## 2.3 Human Resources Development

Management Approach	Labor/Management/Labor Relations	
Item	Description	Content
Material Topics and Boundaries	Significant Reason for This Topic	To ensure a diverse, equal, and inclusive working environment for employees in accordance with labor laws. Failure to promote and enforce such protections will expose the Company to legal penalties and affect the Company's competitiveness.
	Boundaries of This Topic	The topic employment relationship and labor-management relations encompasses CYS' s headquarters in Taiwan as well as production operations in the north, center, and south.
	Limits of Disclosure for this Topic	Disclosures relating to the topics of Employment and Labor-Management Relations in this report cover information relating to our Taiwan headquarters as well as production operations in the north, center and south.
Management Approach and Elements	Management Goal in this Topic	CYS adopts an employee-oriented philosophy to building harmonious Employment relations. We strive to construct a welcoming and stable workplace that places a priority on employee safety, talent cultivation and development.
	Policy	Our medium and long-term strategic objective is harmony between the employees and employer.
	Commitment	"It takes good employees to build a good department, and it takes good departments to build a good company." We provide every employee with an appropriate level of attention, support and care. We are committed to providing all employees with a platform for developing their talents, finding self-fulfillment through career accomplishments, and the creation of a comfortable, LOHAS, and healthy friendly workplace.
	Purpose and Target	There were no major employee-employer disputes.
	Responsibility	<ul style="list-style-type: none"> <li>Protection of complainants: Ensure that employees making a complaint or assisting others with making a complaint are protected from dismissal or other unfavorable actions.</li> <li>To establish a workplace that believes in the importance of human rights, no violation of human rights or demeaning conduct on the basis of gender, race, nationality, age, physical or mental disability, religion, ethnicity or any other attributes protected by law is permitted.</li> </ul>
	Resources	<ul style="list-style-type: none"> <li>Work rules are filed with the competent authority and disclosed within the company in accordance with the law.</li> <li>The relevant personnel rules are explicitly stated in the company regulations.</li> </ul>
	Complaint Mechanism	Labor-Management Committees and Employee Welfare Committees were set up to provide an organizational channel for open communication on labor-management relations. Reward and Penalty Procedures for Employees as well as Rules for Sexual Harassment Prevention, Complaints and Disciplinary Action have also been put into place.
	Specific Actions	<ul style="list-style-type: none"> <li>Talent recruitment: The principles of fairness, impartiality, and integrity are followed by CYS. All recruitment, selection, and employment of personnel adhere to government regulations. There is no discrimination or difference in compensation on the basis of race, class, language, thought, religion, political party, ethnic background, place of birth, gender, sexual preference, age, marital status, appearance, facial features, physical and mental disability, star sign, blood type, or union membership.</li> <li>Compensation system: CYS treats all employees equally regardless of gender. Equal pay for the same work is emphasized and there is no difference in work, compensation, benefits and promotion on the basis of gender. Physically or mentally disabled employees receive the same treatment as well.</li> <li>Personnel system: All regulations and benefits relating to the compensation, promotion, rewards and disciplinary action, performance evaluation, leave and pension of workers exceed the requirements of the Labor Standards Act to ensure that we take proper care of employees.</li> </ul>
		<ul style="list-style-type: none"> <li>Diverse range of benefits:               <ol style="list-style-type: none"> <li>Comprehensive insurance program: In addition to enrolling employees in Labor Insurance and National Health Insurance, and making monthly contributions to their labor pension, CYS also organizes group insurance (including life insurance/accident insurance/medical insurance and cancer insurance) for employees, as well as travel insurance for employees on business trips/field assignments to provide enhanced coverage overall.</li> <li>Extensive benefits: Holiday bonuses are issued for Labor Day, Dragon boat Festival, Mid-Autumn Festival, Lunar New Year, employee birthdays and other important holidays. We also provide wedding subsidies, hospital condolence payments, bereavement subsidies, and emergency assistance.</li> <li>Diverse welfare facilities: Employee cafeteria, dormitories, and recreation rooms are provided to look after employees' health, safety, and spiritual development.</li> <li>Employee activities: Company holidays for employee families, end-of-year parties, domestic/overseas travel subsidies, and club activities are organized by CYS. A variety of entertainment and leisure activities are offered to promote the physical and mental well-being of employees as well as work-life balance.</li> </ol> </li> </ul>

Management Approach		Labor/Management/Labor Relations	
Item	Description	Content	
Management Approach Assessment	I Management Evaluation Mechanism	The Labor-Management Committee was established in accordance with the law for “liaising on labor-management relations, promotion of labor-management cooperation, and increasing productivity.” The Labor-Management Committee is made up of 10 representatives each appointed for a term of four years. There are 5 company-appointed representatives and 5 labor representatives elected by workers at each site. The Committee meets every 3 months for discussions.	
	I Performance and Adjustment	<ul style="list-style-type: none"><li>● There were no incidents of discrimination, sexual harassment, human rights abuse or social impact at CYS in 2024.</li><li>● CYS retention rate after unpaid parental leave was 83% in 2024.</li><li>● 100% of CYS employees were covered by Labor-Management Committee agreements in 2024.</li></ul>	
	I Preventive and Remedy Measures	<ul style="list-style-type: none"><li>● Establish an employee grievance system to improve labor-management relations.</li><li>● Formulate work rules and personnel management regulations that clearly define the rights, obligations, and management matters for both labor and management. This ensures that employees have a comprehensive understanding and can effectively safeguard their rights and interests.</li><li>● Provide a healthy and safe workplace environment: We are committed to providing a healthy and safe workplace environment for our employees, ensuring compliance with relevant regulations in all aspects of occupational safety and health.</li></ul>	

## Talent Retention

In 2024, a total of 131 employees (107 men and 24 women) were recruited by Chun Yuan Steel, accounting for 12.0% of the total workforce; 117 employees (105 men and 12 women) resigned, accounting for 10.7% of the total workforce; 19 employees (15 men and 4 women) retired, accounting for 1.7% of the total workforce; and 2 employees applied for unpaid parental leave (2 men and 0 women), accounting for 0.2% of the total workforce. °

Year		2023				2024			
Gender		♀ Male		♂ Female		♀ Male		♂ Female	
Ratio of new hires to total workforce	Age	Total	Ratio	Total	Ratio	Total	Ratio	Total	Ratio
	Under 30 years	40	3.6%	6	0.5%	43	3.9%	13	1.2%
	30 ~ 50 years	50	4.6%	2	0.2%	61	5.6%	11	1.0%
	Over 50 years	2	0.2%	0	0.0%	3	0.2%	0	0.0%
	Total	92	8.4%	8	0.7%	107	9.8%	24	2.2%
Ratio of separations to total workforce	Under 30 years	26	2.4%	6	0.5%	41	3.8%	7	0.5%
	30 ~ 50 years	55	5.0%	4	0.4%	59	5.4%	5	0.4%
	Over 50 years	2	0.2%	1	0.1%	5	0.5%	0	0.1%
	Total	83	7.6%	11	1.0%	105	9.6%	12	1.0%
Ratio of retirements to total workforce	Under 30 years	0	0.0%	0	0.0%	0	0.0%	0	0.0%
	30 ~ 50 years	0	0.0%	0	0.0%	0	0.0%	0	0.0%
	Over 50 years	22	2.0%	0	0.0%	15	1.4%	4	0.4%
	Total	22	2.0%	0	0.0%	15	1.4%	4	0.4%
Total Workforce		1,098				1,091			

Note: Ratio is defined as total number/company workforce \* 100%





## 2024 Employee Commendations

Human resources are an enterprise's most valuable asset as well as the primary engine for economic growth and industry development. "Senior Employees" are recognized to reflect the high value placed on talent by the Company. Senior employees refer to those that have served 5, 10, 15, 20, 25, 30, 35, 40 and 45 years with the company, and there were 162 such employees in total. CYS is grateful for their long-term dedication and contributions to the company!

## Talent Development

Management Approach		Training and Education	
Item	Description	Content	
Material Topics and Boundaries	Significant Reason for This Topic	A competency-based education and training system was set up to enhance and revitalize the development of employee competency and support the long-term enterprise development. The education and training system is planned along holistic learning lines. From new recruit training, core competency training, specialist competency training to self-inspiration training and competency training, courses are organized to provide employees with a variety of training channels on the skills they need for career development.	
	Boundaries of This Topic	The topic Training and Education encompasses CYS's headquarters in Taiwan as well as production operations in the north, center, and south.	
	Limits of Disclosure for this Topic	Disclosures relating to the topic of Training and Education in this report cover information relating to our Taiwan headquarters as well as production operations in the north, center and south.	
Management Approach and Elements	Management Goal in this Topic	The cultivation and completeness of competency in each employee is valued by the Company. Each division, factory or office is required to draw up their annual training plan and budget based on their business targets, plans, resources and future direction of development by the end of October each year. A competency-based education and training system was set up to enhance and revitalize the development of employee competency and support the long-term enterprise development.	
	Policy	<ul style="list-style-type: none"> <li>Developing the Company's core competitiveness in support of corporate vision and strategy.</li> <li>Encourage employees to engage in lifelong learning and improve their individual competitiveness.</li> <li>Cultivate professional management talent with global perspectives.</li> <li>Imbue the Company's culture and values in the work ethics of employees.</li> </ul>	
	Commitment	<ul style="list-style-type: none"> <li>Practice knowledge management, construct learning maps and develop the Company's core competitiveness.</li> <li>Reach 80% readiness on employee competency.</li> <li>Continue to cultivate management talent that meets organizational requirements.</li> <li>Continue to cultivate mentors to accelerate the integration of new employees within the company organization and culture.</li> </ul>	
	Purpose and Target	Fulfill the company's vision by improving the professional ability and performance of employees so that their unit's annual targets as well as the short/medium/long-term strategies of the Company can be realized.	
	Responsibility	<ul style="list-style-type: none"> <li>Human Resources Department: Formulate the education and training policy and system as well as draw up the annual education and training plan and budget based on the company vision.</li> <li>Division/Factory: Develop unit-level education and training plans and budgets based on the strategic planning of the business units, key annual targets, the outcomes of personal performance interview, and inventory of professional skills.</li> </ul>	
	Resources	<ul style="list-style-type: none"> <li>Average hours of physical classes undertaken by each person each year: 29 hours</li> <li>Average cost per person of physical classes each year: NTD 2,138</li> <li>Digital platform: Digital teaching materials</li> <li>Suitable training classrooms/aids are provided in each department.</li> </ul>	
	Complaint Mechanism	Complaint: The Education and Training Management Regulations is published for all employees and clear criteria is defined for the selection of students for each course. Students must fill out a satisfaction survey after each class: Students can use the survey to provide their opinions on the course instructor, and instruction content/quality. The training organizer will conduct an investigation then provide the student with feedback on the outcome.	
	Specific Actions	The Company should place particular emphasis on training quality and performance when resources are being invested to improve human resources capital. The Talent Quality-Management System (TTQS) was developed by the Workforce Development Agency for the planning, design, execution, verification and assessment of training content. CYS uses TTQS as a guide to compile the "Education and Training Quality Handbook" on human resources capital development.	

Management Approach		Training and Education
Item	Description	Content
Management Approach Assessment	I Management Evaluation Mechanism	The "Training Outcome Assessment Regulations" from the training quality handbook was used to assess training on the "trainee", "training plan" and "organization" level in order to determine whether the training accomplished the anticipated goals, the cost-effectiveness of training, and the benefits to the trainee. A database on employees and training is also compiled to assist with future decision-making.
	I Performance and Adjustment	Training effectiveness was assessed using the Kirkpatrick Model: <ul style="list-style-type: none"> <li>● Reaction level: Assess the student's thoughts about the entire training plan</li> <li>● Learning level: Measure the student's understanding of the training course and increase in knowledge upon completion of training.</li> <li>● Behavior level: Assess the student's ability to transfer what they learned to their job and whether the training resulted in behavioral change.</li> <li>● Result level: Track the student to see if tangible results were produced after training, the organizational benefits that resulted, and so on.</li> </ul>
	I Preventive and Remedy Measures	For planning, design, execution and outcomes: <ul style="list-style-type: none"> <li>● Continuous monitoring: The responsible units shall monitor and improve the planning, design, execution and outcome of training sessions.</li> <li>● Evaluation reports and regular comprehensive analysis: Following the completion of training, a documented evaluation report should be prepared to assess the effectiveness and impact of the training program.</li> <li>● Abnormal Handling and Corrective Actions: When addressing training abnormalities, it is important to request "corrective measures" to ensure that the identified issues are appropriately addressed and resolved according to the corrective actions specified.</li> </ul>

CYS set up a holistic, competency-oriented talent development and training system. The HR department has been working with all employer units since 2007 to inventory the abilities (K/S) needed for each position through work analysis. Establishing the behavioral indicators for professional skills helped supervisors assess the competency gap of employees and devise a personalized learning and development plan. The goal is to improve employee competency to 80% with an eye towards multi-skilling and the training of substitutes.





## CYS Education and Training System

Course Type	Manager and higher	Section-level	Team level	General/professional functions			
				General/professional functions	New recruits (less than 0.5 years)		
On-the-Job Training (OJT)	Internal departmental training (KS for inventory of professional skills)						
	Mentor: Guide new hires						
	Meeting: External Meetings/Seminars						
	Meeting: Executive meeting						
	Agent: Act as agent for leader's services						
Off-the-Job Training (OFF-JT)	Level	Monthly meetings and lectures	Strategic planning and goal management		3C Competency		
		International Political and Economic Trends	Performance management		Training for candidate officers		New hire training
		Professional capability inventory					
		Human resource planning					
		Recruitment, selection and orientation					
		Presentation production skills					
		How to read and interpret financial analysis					
		Labor laws and regulations					
		TOM/TPM/TPS					
		MTPI	MTP、TWII	TWI			
					Construction contract management		
					Required business skills		
					Metal material processing characteristics		
	Competency				7 QC techniques		
					Activity counseling tips		
					Safety and health		
	Project	Improve internal instructor team, Internal instructor training					
Counselor training							
SD	Book reading, e-learning online information, foreign language learning						

CYS employees received on average 29 hours of education and training in 2024. Most non-management courses with the exception of common causes focused on production and manufacturing, safety and health. Production units have mostly male employees so the average external training hours are higher for men than women; internal training courses for section/team-level supervisors were geared towards management competency training for new appointments. In 2024, the ratio of male section/team supervisors was slightly higher than men so male section/team supervisors completed more hours of internal training than women; manager and higher supervisors generally undertake internal training courses. The lower number of female managers meant that average hours of external training were easily distorted by individual courses.

### ● Average hours of education and training in 2024

Unit:  
Hour

	Internal Training		External Training	
	♂ Male	♀ Female	♂ Male	♀ Female
Manager and higher	26.57	24.17	30.81	59.75
Section and Team level	25.89	12.29	22.47	19.25
Non-management	13.07	13.10	98.69	16.81

## Performance Evaluation

The CYS performance management system is set out in the management regulations. Evaluations are conducted for the first semester and second semester. Evaluations look at ability (30%) and performance (70%). The management system combines actual personal performance with promotions and rewards to ensure the proper employment and retention of talent.

### ● Performance Evaluation Method



#### 1. Goal Setting

- Defining of individual performance and development plans: Performance interviews and the current performance plan are used to develop personalized training, work improvement and management assistance plans.



#### 2. Interim review

- Performance improvement plan: If the evaluator notices during the evaluation period that the subject requires assistance, counseling or corrective action, a performance improvement plan can be devised when appropriate, and the subject directed to complete the improvement plan by the given date so that the goals can be achieved.
- Performance diary: The evaluator records the subject's work performance, major events, or outstanding accomplishments during the evaluation period to provide a basis for evaluating performance.
- Interim review: Performance target may be adjusted depending on progress.



#### 3. Final assessment

- Performance interview and evaluation.



#### 4. Performance counseling and improvement plan

- A performance interview is conducted between the employee being evaluated and their direct superior so that a "Performance Counseling and Improvement Plan" focusing on weaknesses can be developed together.
- Follow-up: The direct superior should verify progress on performance improvement in accordance with the given improvement timeline (6-month intervals).

### ● Ratio of Men and Women in CYS Performance Evaluations in 2024

	♂ Male			♀ Female		
	No. of employees evaluated	No. of male employees	ratio	No. of employees evaluated	No. of female employees	ratio
Ratio of Employees Evaluated	891	917	97%	164	174	94%

Note 1: The number of people excludes migrant workers.

Note 2: New employees who have been on the job for less than three months and those who have been on leave without pay for more than three months (excluding unpaid parental leave) and those on fixed-term contracts for part of their working hours are excluded from the evaluation.



## 2.4 Occupational Safety and Health

Occupational Health and Safety		
Management Approach	Item	Description
Material Topics and Boundaries	Significant Reason for This Topic	Analysis of degree of concern and degree of impact through stakeholder communications determined that the topic of Occupational Health and Safety (OHS) was comparatively important to CYS. Failure to engage in occupational health and safety management may result in legal penalties being imposed on CYS. Diligent OHS management reduces the cost risks to CYS while improving the safety of employees during the production and manufacturing process.
	Boundaries of This Topic	The topic Occupational Health and Safety encompasses CYS' s headquarters in Taiwan as well as production operations in the north, center, and south.
	Limits of Disclosure for this Topic	Disclosures relating to the topic of Occupational Health and Safety in this report cover information relating to our Taiwan headquarters as well as production operations in the north, center and south.
Management Approach and Elements	Management Goal in this Topic	To effectively manage occupational safety and health regulatory risk at CYS.
	Policy	The OHS policy of CYS is defined as "regulatory compliance, total participation, zero disaster, proper communications, enhanced performance, continuous improvement, and sustainability."
	Commitment	OHS at CYS conforms to occupational safety regulations in Taiwan.
	Purpose and Target	The OHS goal of CYS is "zero industrial injury."
	Responsibility	Working groups focusing on OHS has been set up at our production operations in the north, center and south. The head of each operation serves as the convener.
	Resources	
	Complaint Mechanism	The "Labor Safety and Health Committee" was set up by CYS to review, coordinate and make recommendations on matters relating to labor safety and health management in accordance with the law. The Committee is made up of both labor and management representatives, and it serves as a platform for labor-management communications to protect the safety and health of workers.
	Specific Actions	The ISO 45001 and TOSHMS management systems were progressively introduced at CYS to effectively manage the topic of Occupational Health and Safety.
Management Approach Assessment	Management Evaluation Mechanism	CYS conducts validity assessment on PCDA for OHS management each year in accordance with the ISO 45001 and TOSHMS internal management review procedures.
	Performance and Adjustment	The 2024 Frequency-Severity Index of CYS was lower than 2023 and we will continue to strengthen our hazard risk management.
	Preventive and Remedy Measures	<ul style="list-style-type: none"> <li>● The Company implements monthly hazard prevention focus campaigns, inspections, and patrols to identify and address potential hazards. For anomalies, corresponding measures are taken to prevent the occurrence of high-risk hazards.</li> <li>● According to the "Control Procedure for the Investigation and Handling of Environment, Safety and Health Accidents and Anomalies" in the CYS EHS Management System, if there is an anomaly or accident on the site then the cause should be analyzed and reasonable, practical corrective measures devised. The results of corrective action should be monitored to confirm that the cause has been resolved and to prevent further recurrence.</li> </ul>



## Occupational Health and Safety Management Approach

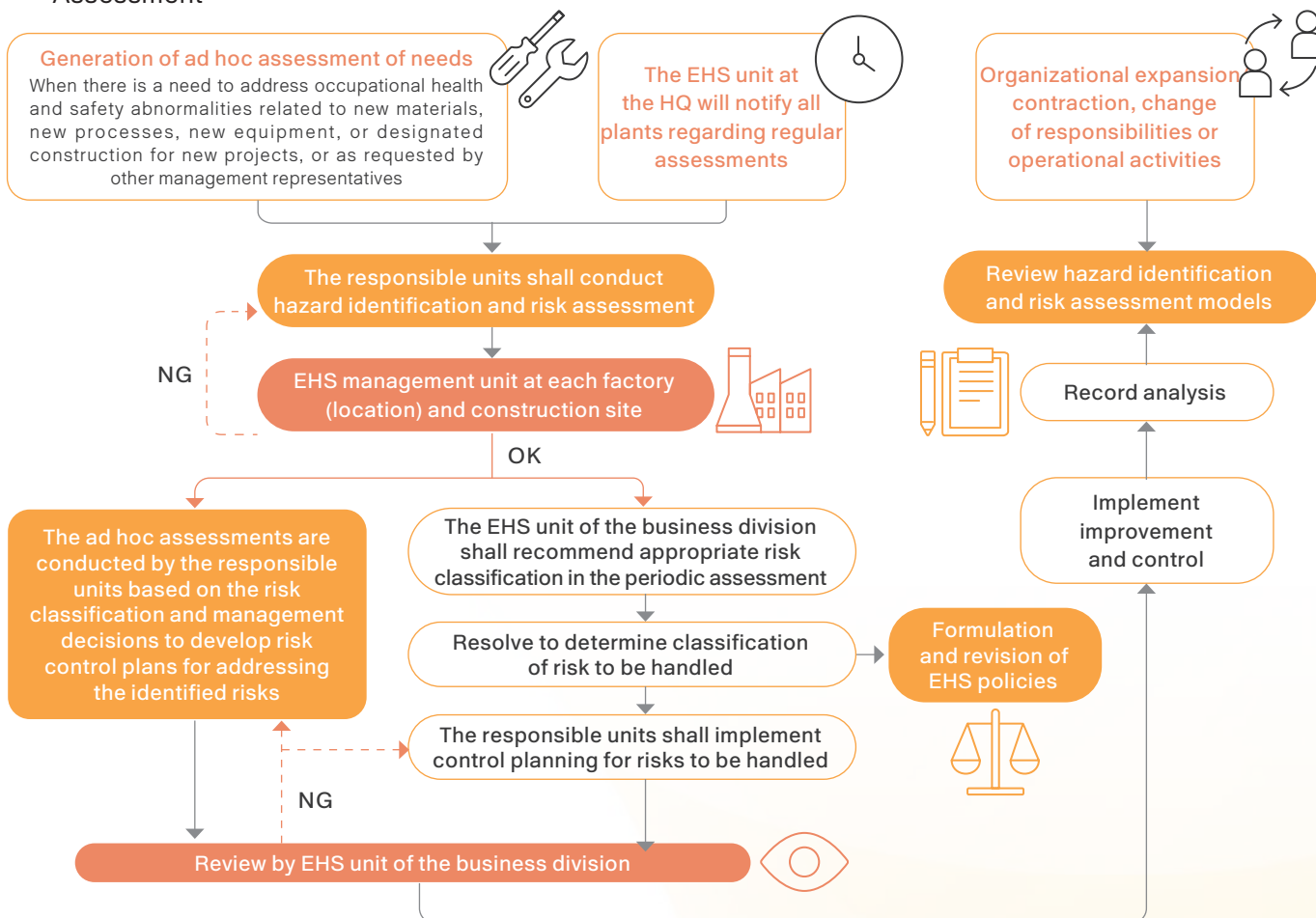
Except for the Special Steel's Tucheng and Taichung locations, all CYS operating locations have obtained ISO 45001 Occupational Safety and Health Management certification (valid until 2026/06/19). Longtan Plant 1 in particular has grown to a size covered by the Occupational Safety and Health Management Regulations so it also completed the Taiwan Occupational Safety and Health Management System (TOSHMS) certification (valid until 2026/06/18). All renewal and annual follow-up audits were completed on schedule to date. The "Labor Safety and Health Committee" was set up by CYS to review, coordinate and make recommendations on matters relating to labor safety and health management in accordance with the law. The Committee is made up of both labor and management representatives, and it serves as a platform for labor-management communications to protect the safety and health of workers. The CYS Safety and Health Committee is convened every three months by each business unit. The statistics on ratio of labor representatives in the Safety and Health Committee from 2022 to 2024 were 34%, 39% and 36% respectively, and met the quota of 33% set in the "Occupational Safety and Health Management Regulations" of the Ministry of Labor. Each factory and operating location convenes four safety and health committee meetings each year. Health and safety topics are listed in the "Occupational Health and Safety Management Regulations." According to the 2024 meeting minutes of Longtan site, 60% of the topics discussed were safety-related and 40% were health-related.

### and Safety Committee



### Organizational Chart of the Environment, Health, and Safety Committee

#### Assessment





## EHS Education and Training



### Before new or existing employees under go job changes

Course contents:

1. EHS policy and overview of objectives.
2. Summaries of operational safety/health and environment-related regulations.
3. Concepts of occupational health and safety and safety and health work guidelines (including the right to refuse unsafe work).
4. Automatic inspection before, during, and after the operation.
5. Standard operating procedures.
6. Operation related major environmental considerations, occupational health and safety risks and other relevant actual or potential EHS impacts.
7. Contributions to the effectiveness of the EHS management system, as well as non-compliant behaviors or status.
8. EHS emergency response and handling.
9. Fire safety and first-aid basics and drills.
10. Other EHS knowledge, incidents and outcomes of investigations pertaining to labor operations.

### Before newly hired or existing managerial personnel undergo a change in job responsibilities, including supervisors and managers at all levels of the organization (including managers and supervisors responsible for relevant monitoring)

Course contents:

1. The ten aforementioned courses for “Before new or existing employees under go job changes” .
2. Management and executions of EHS related affairs.
3. Automatic inspections.
4. Improvement of working methodologies.
5. Safe operating standards.

### EHS hazard assessment personnel

Course contents: Description on EHS hazard assessment

### EHS regulation assessment personnel

Course contents:

1. Pertinent EHS management regulations.
2. Description on EHS regulation assessment.

### Emergency response taskforce personnel

Course contents:

1. Relevant operating standards for emergency response
2. Handling of emergency situations



#### Automatic inspection personnel

Course contents:

1. Relevant automatic inspection operating standards
2. Daily spot inspections

#### Occupational Health and Safety Committee member

Course contents:

1. Occupational Health and Safety Policy.
2. Safety and health education and trainings.
3. Operating environment monitoring.
4. Health management and prevention of occupational illnesses.
5. Occupational health and safety proposals.
6. Automatic inspections and safety and health audit.
7. Preventive measures for machinery, equipment, raw materials/materials.
8. Occupational disaster investigation report.
9. Contractor occupational health and safety management.

#### Occupational Health and Safety Supervisor

#### Occupational Health and Safety Management Personnel

#### Labor Health Service Care Personnel

#### High-Pressure Gas Operation Supervisor

#### Hazardous Operation Supervisor

#### Operating Personnel of Dangerous Machinery/Equipment

#### Personnel engaged in hoisting operations using lifting equipment

#### Operators responsible for driving forklifts with a lifting capacity of one ton or more

#### Operators responsible for operating acetylene welding equipment or gas collection systems

#### First aid personnel

#### Construction Operation Supervisor

Courses above content: As required by law



## Occupational Safety Performance

### Occupational Injuries Statistics for Employees and Non-employees

Type	Item	2022	2023	2024
Total no. of work hours	Total no. of work hours performed by women	346,888	342,112	350,017
	Total no. of work hours performed by men	2,733,584	2,754,637	2,809,048
	Total no. of work hours performed	3,080,472	3,096,749	3,159,065
No. of fatalities caused as a result of occupational injuries	No. of female fatalities	0	0	0
	No. of male fatalities	0	2	1
	Total number of fatalities	0	2	1
No. of severe occupational injuries (excluding fatalities)	Total no. of female personnel with severe occupational injuries	0	0	0
	Total no. of male personnel with severe occupational injuries	1	1	0
	Total no. of personnel with severe occupational injuries	1	1	0
Recordable occupational injury count (including fatalities and severe occupational injuries)	Total no. of female personnel with occupational injuries	1	0	0
	Total no. of male personnel with occupational injuries	12	15	9
		13	15	9
Percentage of fatalities caused as a result of occupational injuries		0	0.65	0.32
Percentage of severe occupational injuries		0.32	0.32	0
Percentage of recordable severe occupational injuries		3.86	4.84	2.85

Note 1: Ratio of fatalities caused by occupational injuries = (No. of fatalities caused by occupational injuries/No. of hours worked)\*1,000,000.

Note 2: Ratio of severe occupational injuries = (No. of severe occupational injuries (excluding fatalities)/No. of hours worked)\*1,000,000.

Note 3: Ratio of recordable occupational injuries = (No. of recordable occupational injuries (including no. of fatalities and severe occupational injuries)/No. of hours worked)\*1,000,000.

Note 4: A severe occupational injury refers to an injury that prevents an individual from recovering their health within a period of six months.

Note 5: Recordable occupational injuries do not include occupational injuries caused during commuting to and from work.

Note 6: There were 10 recordable cases of occupational injuries in 2024. Three type of injury and corrective actions subsequently taken are outlined below:

(1) The corrective actions taken for the 9 cases involving Company employees are outlined below:

A. Pinching and clamping: Use sufficiently long auxiliary tools to maintain a safe distance from lifted objects

B. Overturning: Strengthening of anti-overturning facilities.

C. Falling objects, cuts, and collisions: Reduction in unsafe behavior.

(2) Improvement measures for a non-employee fatality - Follow operating standards during hoisting, use specific lifting equipment, and ensure dual-point hoisting to maintain object balance

Note 7: Since 2023, the number of hours worked by non-employees has been investigated in conjunction with the GHG inventory, and the difference was mainly due to the optimization of the statistical method of the engineering unit.

Item	2023	2024
Total non-employee working hours	822,429	1,381,675
No. of fatalities caused as a result of occupational injuries of non-employees:	2	1
No. of severe occupational injuries (excluding fatalities) of non-employees:	0	0
Recordable occupational injury count (including fatalities and severe occupational injuries) of non-employees:	2	1
Percentage of fatalities caused as a result of occupational injuries	2.43	0.72
Percentage of severe occupational injuries	0	0
Percentage of recordable severe occupational injuries	2.43	0.72

## Occupational Safety Performance by Gender

The physically demanding nature of work means most front-line personnel are men. The safety and health hazard risk for male employees is therefore higher than those of female employees. Analysis of statistics on occupational injuries found that the Disabling Injury Frequency Rate (FR) and Disabling Injury Severity Rate to be quite high. The description is as below:

Percentage of Lost Days						
	2022		2023		2024	
	Male	Female	Male	Female	Male	Female
Lost Days	248	12	965	32	509	25
Percentage of Lost Days	95%	5%	97%	3%	95%	5%

Type of Occupational Injury						
	2022		2023		2024	
Cases	22		26		24	
Male	The three most common accidents were traffic accidents (8 incidents), pinching and clamping (3 incidents), and 2 incidents of falls, object falling and crushes each.		The three most common accidents were traffic accidents (9 incidents), pinching and clamping (3 incidents), and 2 incidents of objects overturning or falling		The three most common accidents were traffic accidents (10 incidents), pinching and clamping (4 incidents), and 3 incidents of objects overturning or falling	
Female	1 case of falls and traffic accident each		3 traffic accidents		5 traffic accidents	

Reactive Indicators According to Gender						
	2022		2023		2024	
	Male	Female	Male	Female	Male	Female
Disabling Injury Frequency Rate (FR)	7.3	5.8	8.44	8.77	7	14.29
Disability Injury Severity Rate (SR)	91	33	354	94	188	71
Frequency-Severity Index	0.8	0.4	1.7	0.9	1.2	1.0







## Occupational Safety Performance by Region

CYS operations are distributed in the north, central region and south. On average, 597 days of work were lost each year between 2022 and 2024. Longtan Plant 1 is an important production site for CYS so it has more employees, many of whom are involved with high-risk, dynamic collaborative work such as the processing and fabrication of steel structures and racks. As a result, days lost due to injuries at the factory are higher in the north. The regional distribution of days lost by from 2022 through to 2024 are detailed below:

Percentage of Lost Days									
	2022			2023			2024		
	North	Central region	South	North	Central region	South	North	Central region	South
Lost Days	187	11	62	902	6	89	367	25	142
Percentage of Lost Days	72%	4%	24%	90%	1%	9%	69%	5%	27%

Type of Occupational Injury									
	2022			2023			2024		
Total no. of cases	22			26			24		
North	12 injuries compared to 2021 Cutting injuries decreased by 2 cases, collision and lower back strain increased by 1 case each.			18 injuries compared to 2022 Tripping and lower back injuries each decrease by 1 incident, traffic, crush and fall accidents each increased by 2 incidents, pinching and clamping and objects overturning each increase by 1 incident			18 injuries compared to 2023 Falling decreased by 1 incident, traffic accident increased by 2 incidents, pinching and clamping and objects overturning each increase by 1 case		
Central region	2 injuries compared to 2021 Pinching and clamping decreased by 1 incident and traffic accidents increased by 2 incidents			2 injuries compared to 2022 2 traffic accidents			2 injuries compared to 2023 2 traffic accidents		
South	8 injuries compared to 2021 Traffic accidents decreased by 3 incidents, Pinching and clamping decreased by 2 incidents, falling materials decreased by 2 incidents, cutting injuries, tripping injuries, crushing injuries and falling injuries each increased by 1 incident			6 injuries compared to 2022 Falls accidents decreased by 2 incidents, pinching and clamping and falling objects each decreased by 1 incident, overturning objects and collision each increase by 1 incident, and traffic accidents increased by 2 incidents			4 injuries compared to 2023 Cutting injury and falling objects each reduced by 1 incident		

Reactive Indicators According to Region									
	2022			2023			2024		
	North	Central region	South	North	Central region	South	North	Central region	South
Disabling Injury Frequency Rate (FR)	5.4	10.4	13.5	7.53	10.63	12.3	7.53	11.13	7.86
Disability Injury Severity Rate (SR)	78	57	119	377	32	182	153	141	278
Frequency-Severity Index	0.6	0.8	1.3	1.7	0.6	1.5	1.1	1.3	1.5

## General Assessment of Occupational Safety Performance

The SRI statistics at CYS for the past three years showed that the 2024 SRI was lower than the previous year. This was mainly due to a reduction in days lost.

### General Assessment of Occupational Safety Performance

Year	2022	2023	2024
Disabling Injury Frequency Rate (FR)	7.1	8.4	7.8
Disability Injury Severity Rate (SR)	85.0	325	174
Frequency-Severity Index	0.8	1.7	1.1

## Employee Health Promotion

According to the "Labor Health Protection Rules", CYS conducts general health examinations for employees aged under 40 every three years, for employees aged 40 or above but under 65 years old every two years, and for employees aged 65 or above every year. Each year, the Company organizes health check-up for employees involved in special operations. In 2024, general health examinations were conducted for employees aged 40 and above, as well as special health exams for employees engaged in special operations.



## Health Management for Operations with Special Hazards

### Operations with Special Hazards at CYS



Steel sheet cutting and stamping, electro-welding operations, and steel structures etc.



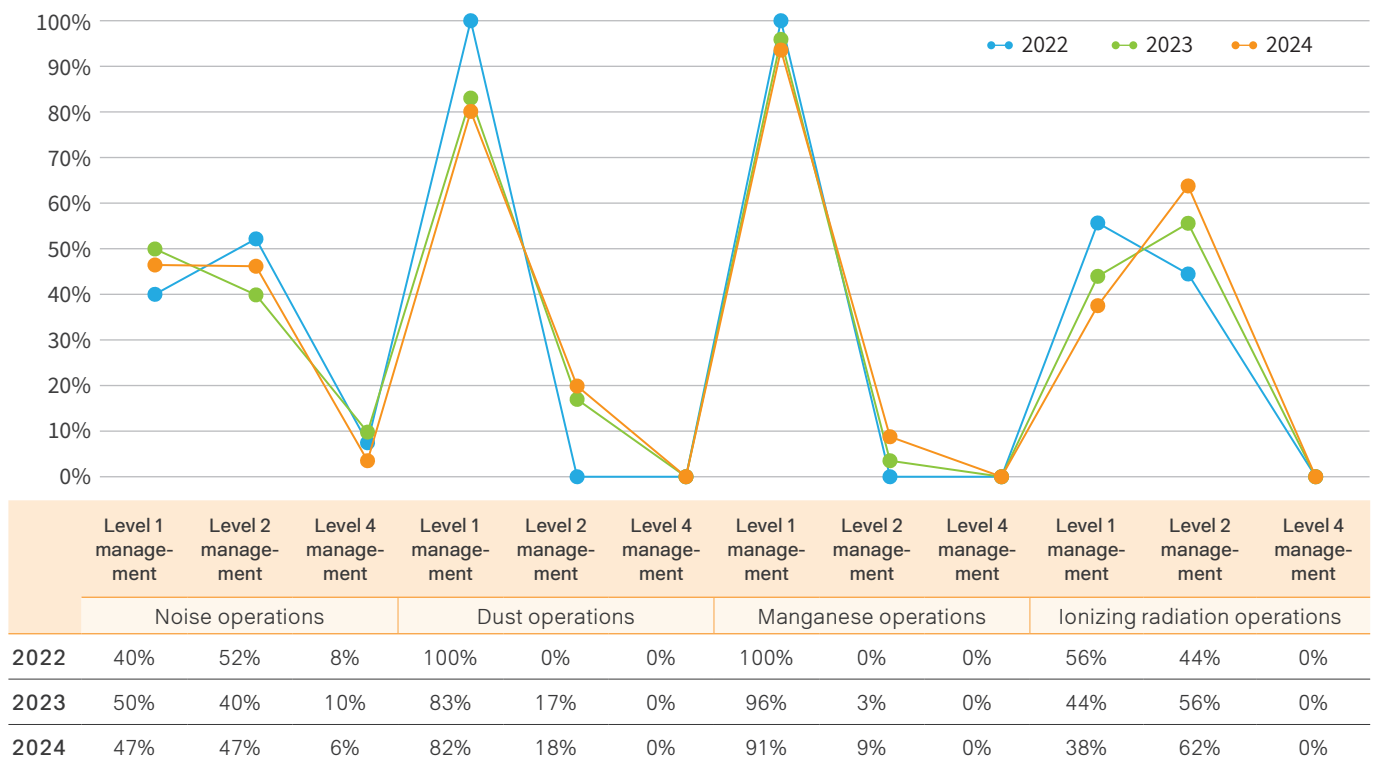
Electro-welding operations, sandblasting operations



X-ray detection for rolling machine

Item	Noise hazard	Manganese smoke and powder dust hazard	Ionizing radiation hazard
Effect and Hazard			

Noise was the main health hazard out of the 3 health hazard factors listed above. Efforts to prevent hearing loss and damage in employees include group health education, regular training, devising of practical engineering controls, as well as enforcement and education on proper wearing of hearing protection. The number of people registered for special health examinations between 2022 and 2024 are shown below:





## 2.5 Social Engagement

### Community Environment Maintenance

Sustainable business management is about more than just continued profitability. It must be rooted in the fulfillment of social responsibility and corporate citizenship. The fulfillment of social responsibility encourages close and positive relationships between the enterprise and audience groups. All production and operations inevitably have an environmental impact and affects their local society. Maintaining a harmonious relationship with the local society avoids problems with production. It also helps the company avoid friction from local factors and arrive at a mutually beneficial outcome. Neighborhood engagement initiatives aim to maintain harmonious relations with the local community through acting in good faith, and avoiding impacts on the local residential environment. Each factory (location) engaged with their community in the following manner:



→ Practice proper pollution prevention and control management, make continuous improvements to the environment, and lower noise around the site to reduce complaints from nearby residents and the impact on local communities.



→ Actively participate in local activities and engage in thorough communication/coordination with the local people.



→ Continue to promote the ISO 14001 environmental management system.



→ Regularly conduct voluntary environmental inspections in accordance with the relevant environmental testing regulations. Engage in environmental monitoring based on external communication logs and propose effective corrective actions for achieving environmental compliance.

### Community Relations Building and Donations at the Longtan Plant in 2024



Bade Community Development Association Activity Fee

Item

Funding

Amount

NTD30,000



Shengde Borough Mid-Autumn Celebration

Item

Funding

Amount

NTD 18,000



Graduation prizes for Delung Elementary School

Item

Funding

Amount

NTD 6,000

## Nurturing Human Resources Column

# CYS' Half-Century Talent Cultivation Recognized — Awarded the TTQS Gold Award by the Ministry of Labor as an Exemplary Model

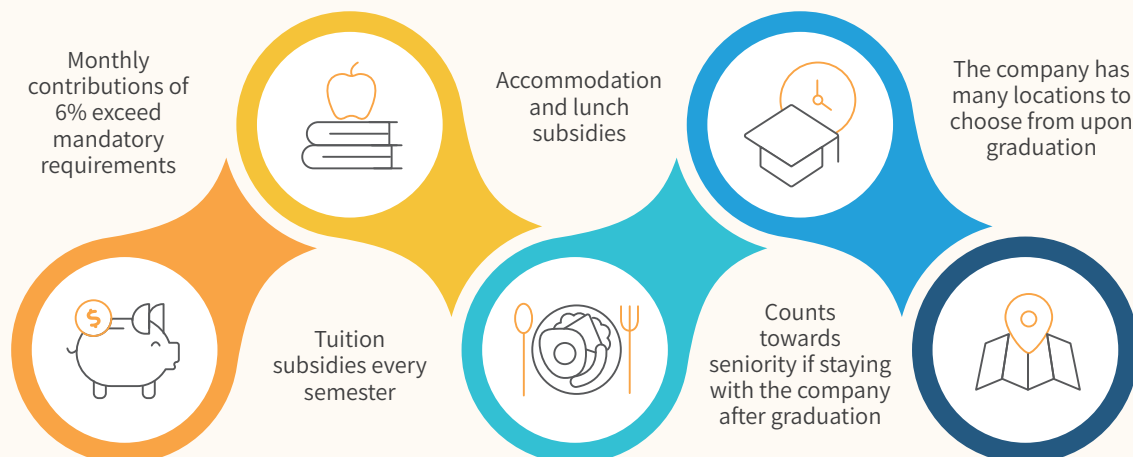
In order to encourage businesses to invest in talent development and enhance the quality of training, the Workforce Development Agency of the Ministry of Labor has been promoting guidance and assessment of the Talent Quality-management System (TTQS) to cultivate human capital. CYS delivered another strong performance in 2023 by winning the Gold Prize for the 4th consecutive year.

Since 2014, CYS has been utilizing the "Enterprise Human Resources Enhancement Program" and "Takeoff Program" to enhance talent development with the support of resources. Starting from 2009, the company has consistently achieved the Silver Award in the biennial TTQS assessment for the 7th time. In 2017, the Company earned the prestigious Gold Award, and in 2023, it has successfully maintained this achievement for the fourth consecutive time. These accolades exemplify our steadfast commitment to nurturing talent and investing in its workforce. With highly skilled employees and rigorous quality control standards, the Company is dedicated to providing exceptional services to customers worldwide. This recognition validates the belief that investing in talent is the most valuable investment a company can make.

### Comprehensive training system - Counselor (work instruction)



### Creation of a safe working environment through a comprehensive company system





# 3

## Green & Sustainable Enterprise

### Sustainability Management Performance

#### Energy saved: 31,511 kWh/year

- The Company replaced old air compressors and the replacements are expected to save approximately 31,511 kWh/year.

#### Air pollution emissions all complied with the permit

- In 2024, all air pollution emissions fell within the permitted discharge threshold.

#### There were no major spills from discharge of effluents.

- The effluent discharge volume, discharge limits and monitored readings from CYS operations in Tucheng, Tainan, and Kaohsiung industrial parks are shown in the table below. There were no significant spills in 2024.

#### Waste recycling ratio reached 98%

- Approximately 98% of waste is recycled for reuse.

#### No violation of the Waste Disposal Act

- No penalties were imposed against CYS in 2024 for violating the Waste Disposal Act.



## 3.1 Energy Resource Management

Management Approach		Energy
Item	Description	Content
Material Topics and Boundaries	Significant Reason for This Topic	Analysis of degree of concern and degree of impact through stakeholder communications determined that Energy will be an important topic for CYS in the future. Failure to engage in energy management may result in regulatory requirements and penalties being imposed on CYS. Conducting due diligence on energy management may reduce cost risk for CYS and improve the competitiveness of CYS products in terms of sustainability.
	Boundaries of This Topic	The topic Energy Management encompasses CYS' s headquarters in Taiwan as well as production operations in the north, center, and south.
	Limits of Disclosure for this Topic	Disclosures relating to the topic of Energy Management in this report cover information relating to our Taiwan headquarters as well as production operations in the north, center and south.
Management Approach and Elements	Management Goal in this Topic	In order to effectively manage energy efficiency and cut energy costs in light of the latest trends in green energy, CYS has adopted a multi-pronged approach that involved the introduction of energy-saving equipment and study of feasibility of setting up a solar power system in parallel.
	Policy	Cooperate with the global GHG reduction strategy while balancing sustainable energy development goals such as resource energy efficiency, and energy conservation and environmental protection.
	Commitment	
	Purpose and Target	Cooperate with government policy by carrying out various energy-efficiency projects every year.
	Responsibility	
	Resources	Capital expenditure along with the necessary manpower and materials are invested to meet the resource requirements of energy-saving plans.
	Specific Actions	Skylight panels are incorporated during the construction of new factory buildings for electricity savings on lighting. Older equipment was also upgraded with variable frequency motors and green building design guidelines adopted for the construction of new office buildings.
Management Approach Assessment	Management Evaluation Mechanism	Statistics on energy usage are regularly collected by CYS in accordance with internal management procedure. PDCA validity assessment is conducted on energy management each year.
	Performance and Adjustment	Energy usage at CYS increased by 10.26% in 2024. We will continue to focus on the topic of Energy Management in the future.
	Preventive and Remedy Measures	CYS conducts statistical analysis of energy usage to proactively assess energy-saving measures for high-consumption equipment. The Company also actively evaluates the feasibility of installing solar power systems on the rooftops of its facilities as part of its commitment to exploring renewable energy sources.

## Sustained Introduction of Environmental Management System

The ISO 14001 environmental management system was introduced by CYS to fulfill our sustainability responsibility on the environment. Funding is also channeled towards environmental protection tasks. Most factories (locations) have obtained ISO 14001 environmental management system certification (current certificate will expire on 2026/06/19) since 2008. Special Steel' s Tucheng and Taichung locations as well as the Steel Structure Plant were not included in the scope of verification as the factories are leased and improvements are needed to their production equipment. CYS follows an environmental protection policy of "regulatory compliance, total participation, green consumption, continuous improvement." There were no penalties against CYS over non-compliance with environmental laws and regulations in 2024. The following table lists expenditures related to environmental protection.

### 2024 CYS Environmental Protection Expenditures

Unit:NTD

Item	 Air pollution and effluent treatment fees	 Waste disposal	 Energy-saving equipment	Total
Amount	753,940	5,796,891	2,774,267	9,325,098



## Raw Materials Usage

Management Approach		Raw Material	
Item	Description	Content	
Material Topics and Boundaries	Significant Reason for This Topic	Apart from being a significant player in the domestic steel processing and distribution industry, CYS also undertakes various large-scale steel structure projects. The majority of our procurement is focused on raw materials, accounting for over 80% of the total procurement amount. Among the raw material suppliers, China Steel Corporation (CSC), being the sole blast furnace plant in the country, contributes to more than 80% of the steel products we purchase. While maintaining a close working relationship with CSC, CYS also prioritizes seeking high-quality, reliable, and competitively priced suppliers for other material categories.	
	Boundaries of This Topic	The topic of Material Management encompasses CYS' s headquarters in Taiwan as well as production operations in the north, center, and south.	
	Limits of Disclosure for this Topic	Disclosures relating to the topic of Raw Material Procurement Policy in this report cover information relating to our Taiwan headquarters as well as production operations in the north, center and south.	
Management Approach and Elements	Management Goal in this Topic	To ensure effective management of raw materials at CYS.	
	Policy	<ul style="list-style-type: none"> <li>● Diversification of material sources: diversify suppliers to mitigate risks and enhance supply stability</li> <li>● Quality management: establish quality standards, evaluate suppliers, and inspect the quality of raw materials</li> <li>● Price negotiation: Engage in price negotiations with suppliers to lower costs</li> <li>● Contract management: Sign contracts to validate transactional details and subsequent risk management</li> <li>● Risk Management: Conduct regular assessments of suppliers to reduce risks and establish contingency plans</li> <li>● Environmental Protection: Focus on sustainable or environmentally friendly green products and services</li> <li>● Relationship Management: Establish good relationships with suppliers and ensure transparent and smooth communication channels between each other</li> </ul>	
	Commitment		
	Purpose and Target	The procurement unit shall strive to negotiate a price reduction rate of 1.15% on the monthly purchasing amount. Additionally, the goal is to onboard 10 new suppliers each quarter,	
	Responsibility		
	Resources	The Company follows ISO 9001 Quality Management System and implements various quality management activities.	
	Specific Actions		
Management Approach Assessment	Management Evaluation Mechanism	In addition to conducting regular audits in accordance with ISO 9001, CYS also follows internal management procedures to regularly compile and analyze various procurement data.	
	Performance and Adjustment	Due to the fact that China Steel Corporation is the sole blast furnace plant in Taiwan, it remains our primary supplier for raw materials. However, we have indeed achieved the goal of adding 10 new suppliers for other raw materials every quarter.	
	Preventive and Remedy Measures	In terms of steel raw materials, we will continue to make efforts to expand overseas steel mills and diversify our suppliers in other categories in the future. so that we can achieve the goal of having a diversified supplier base.	

The primary raw materials used during CYS production are steel sheets/steel coils. Steel is a material that can be repeatedly used, manufactured and recycled. Reuse extends the service life of resources while reducing the consumption of energy and raw materials, lessening the impact on the environment.

Name of raw material	Unit	Whether it can be regenerated	2024
Steel (hot-rolled, cold-rolled, angle steel, steel sheets)	Tons	No	390,802MT

Note1: CYS' s primary raw material is steel coils, including hot-rolled, cold-rolled, steel plates, and structural steel. Our main supplier is China Steel Corporation (CSC), accounting for approximately 80% of the total supply. The remaining 10% comes from domestic suppliers, while the remaining 10% is imported from overseas.

Note2: Non-renewable materials are resources that cannot be replenished in the short term. For example: Minerals, metals, petroleum, natural gas, coal and so forth.

Note3: Renewable materials are resources that can be replenished through ecological cycles or agricultural processes after use, with the potential for sustainable use in the future. For example: Animals, plants, water

## Steel Purchases

Unit: Tons

Year	2022	2023	2024
Domestic Steel Mill	249,248	219,944	322,772
Import	27,212	33,549	43,523
Material Procurement	4,869	8,084	5,933
Transfer Between Peers	15,323	18,925	18,574
<b>Total Steel Purchases</b>	<b>296,652</b>	<b>280,502</b>	<b>390,802</b>

## Circular Material Purchases

Unit: Tons

Year	2022	2023	2024
Electric Arc Furnace Import	2,667	5,642	7,322
<b>Total Reclaimed Material Purchases</b>	<b>11,711</b>	<b>13,003</b>	<b>15,021</b>
<b>Ratio of Reclaimed Materials to Total Iron and Steel Purchases</b>	<b>3.95%</b>	<b>4.64%</b>	<b>3.84%</b>

## Energy Management

### CYS Energy Consumption Statistics


Quantitative Indicator	Unit	2022	2023	2024	Percentage Increase/ Decrease in 2024 Compared to 2023
Electricity Usage	kWh/Year	16,171,837	17,362,616	18,778,795	8.16%
Liquefied Petroleum Gas (LPG)	KG/Year	101,529	147,676	193,146	30.79%
Petrol Usage	L/Year	14,370	17,866	15,396	-13.83%
Diesel Usage	L/Year	551,574	760,182	1,176,867	54.81%
<b>Total Energy Consumption</b>	<b>GJ</b>	<b>83,106.07</b>	<b>85,062.05</b>	<b>93,786.99</b>	<b>10.26%</b>
<b>Annual Production</b>	<b>Metric tons</b>	<b>430,812</b>	<b>409,197</b>	<b>440,479</b>	<b>7.64%</b>
<b>Energy Intensity</b>	<b>GJ/Metric tons</b>	<b>0.193</b>	<b>0.208</b>	<b>0.213</b>	<b>2.43%</b>

Note1: The energy-heating value conversion used the heating value from the GHG Emission Factor Management Table Ver. 6.0.4 published by the Environmental Protection Administration.

Note2: The production output of 440,479 tons in 2024 represented an increase of 31,282 tons compared to 2023.

Note3: The increase in energy consumption from 2023 onward is due to the update of the statistics.

### 2024 CYS Energy-Saving Measures and Estimated Energy Savings

Energy-saving measures	Action taken	Estimated savings
<b>Dryer replacement</b>	Air compressor systems of dryers replaced with inverter energy-saving ones	31,511 kWh
Originally FR300WP, but was replaced with the new Jin He PCM18.9D Before replacement: 7.46kWh X (usage per year) 4224 hours = 31,511.04 kWh After replacement: 3.73kWh X (usage per year) 4224 hours = 15,755.52 kWh Energy saving per year: 31511.04kWh X 15755.52kWh = 15,755.52kWh Total energy saving: 15755.52kWh X two dryers =31,511.04 kWh		



## Water Resource Management

CYS employs a water-less iron production process and total water usage in 2024 was 82,301M3. Water sources included legal withdrawal of ground water and tap water. Water sources were not significantly affected by water withdrawal.

Year	2024	
Plant	Plants with water meters installed	Plants yet to install water meters
	Commercial Steel Tucheng Plant, Commercial Steel Taichung Plant, Commercial Steel Tainan Plant, Commercial Steel Kaohsiung Plant, Special Steel Taichung Plant, Steel Structure Kaohsiung Plant	Taipei Office, Xizhi Plant, Longtan Plant, Commercial Steel Taoyuan Plant, Commercial Steel Hsinchu Plant, Special Steel Tucheng Plant, Special Steel Taichung Plant
Water drawn (million liters)	11.52000	70.78100
Water discharged (million liters)	9.57100	70.78100
Water consumed (million liters)	1.94900	70.78100
Volume of water used for internal recycling (million liters)	0	0
Water recycling and reuse rate (%)	0	0
Organization specific metrics (production volume)	440,479 metric tons	
Water intensity (production volume)	0.000187	

Note1: Water consumed = Water drawn - Water discharged.

Note2: Water recycling and reuse rate = Volume of water used for internal recycling / (Water drawn + Volume of water used for internal recycling)\*100%.

Note3: The formula for water intensity is: Water drawn (million liters) / Organization specific metrics.

Note4: Due to the absence of water meters in some of our facilities, it has been challenging to measure water consumption accurately. In the future, CYS will implement a plan to gradually install water meters in all our facilities for better monitoring and measurement of water usage.

### CYS Water Usage Statistics

Unit: M<sup>3</sup>

	2022	2023	2024
Tap Water Usage	21,080	25,012	23,051
Ground Water Usage	65,955	61,372	59,250

Note1: Ground water permit for Longtan Plant: Taoyuan City Government Water Permits No. H0118479, No. H1100046 and No. H0113186.

Note2: The water sources for tap water used by CYS business divisions: (Xizhi Plant / Sinshan Reservoir), (Taipei Office / Feicui Reservoir), (Longtan Plant, Commercial Steel Taoyuan, Commercial Steel Tucheng, Special Steel Tucheng/ Shihmen Reservoir), (Commercial Steel Hsinchu/Baoshan Reservoir), (Electrical Steel Taichung, Commercial Steel Taichung / Deji Reservoir), (Tainan Plant / Nanhua Reservoir), (Kaohsiung Plant / Fengshan Reservoir).

## Ecological Conservation

The factories and operations of Chun Yuan Steel Industry Co., Ltd. such as the Xizhi Plant, Longtan Plant, Taichung Plant, Tainan Plant and Kaohsiung Plant are located in industrial parks or planned industrial zones. They comply with environment impact assessment regulations so are not sensitive protected areas or habitats. CYS production activities, products and services have no significant impact on protected areas or other areas of high biodiversity value.





## 3.2 Pollution Prevention and Control Management

CYS conducted an inventory of GHG emissions in 2024 and it does not meet the control threshold specified by the Ministry of Environment. Such restrictions not only require businesses to provide regular disclosure on GHG information but may also impose limits on emissions. Many governments are also looking into the levying of carbon or energy taxes. Prices for raw materials and energy essential to production operations have continued to rise as well. All of these factors contribute to higher production costs. CYS will continue to monitor changes in domestic and overseas regulations to keep track of regulatory trends and prepare in advance. We will also actively communicate with the government through industry associations and organizations, and offer our recommendations proposed regulatory changes to make them more reasonable and appropriate.

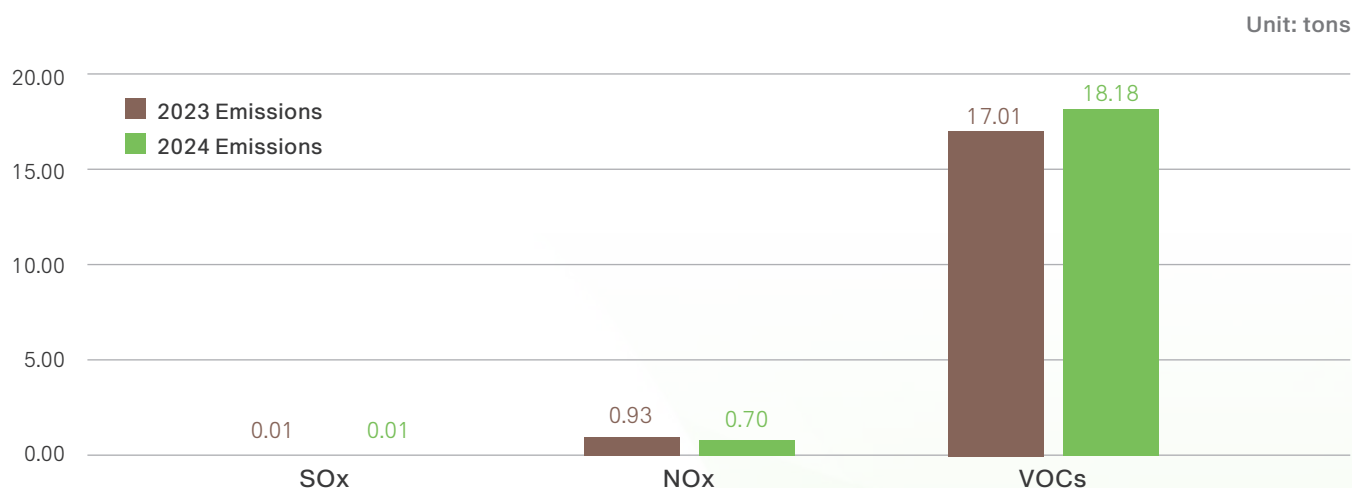
### Air Pollution Prevention and Control

No CFC-11 is produced by CYS production processes. Purchase/use of Halon fire extinguishers have now been banned in line with government policy and regulations so other types of fire extinguishers are used instead. Older models of air conditioning are being progressively replaced based on their usage frequency to ensure compliance.

Longtan Plant 1 is the only CYS operating location subject to the Air Pollution Control Act with stationary pollution source operating permits required for the steel structure painting process and steel sheet heat treatment process. The main emissions produced by steel structure painting are volatile organic compounds (VOCs) while the main emissions produced by metal sheet heat treatment are nitrogen oxides (NOx) and sulfur oxides (SOx). Regulator testing and reporting are conducted for the three types of air pollutants mentioned above. CYS Longtan Plant 1 monitors air pollutants in accordance with the conditions of the stationary pollution source operating permit. All monitor readings complied with the emission standards as shown in the table below:

Test Item	2022				2023				2024			
	Test result	Standard	Pass		Test result	Standard	Pass		Test result	Standard	Pass	
			Yes	No			Yes	No			Yes	No
Nitrogen Oxides (NOx)	165 ppm	250 ppm	⊙		118 ppm	250 ppm	⊙		80.5 ppm	250 ppm	⊙	
Sulfur Oxides (SOx)	Testing not mandatory		⊙		Testing not mandatory		⊙		Testing not mandatory		⊙	
Volatile Organic Compound (VOCs)	Testing not mandatory		⊙		Testing not mandatory		⊙		3 ppm	None	⊙	

CYS emissions of NOx, SOx and VOCs from 2023 and 2024 are shown below. There was an increase in emissions of VOCs in 2024 compared to 2023 due to increased customer demand for the painting process.





## GHG Emissions

The Scope 1 and Scope 2 GHG emissions of CYS in the 2024 consolidated financial statements were 28,278.75 MtCO<sub>2</sub>e, an increase of 11.43% from 2023.

### CYS GHG Emission Statistics

	Unit	2022	2023	2024	Percentage Increase/ Decrease in 2024 Compared to 2023
Scope 1 GHG Emissions	Tons CO <sub>2</sub> e	4,357.88	4,077.54	5,493.02	34.71%
Scope 2 GHG Emissions	Tons CO <sub>2</sub> e	9,066.64	8,594.49	8,626.98	0.38%
Scope 1 + Scope 2 GHG Emissions	Tons CO <sub>2</sub> e	13,937.06	12,672.04	14,120.00	11.43%
Annual Production	Tons	430,812	409,197	440,479	7.64%
GHG Emission Intensity	Tons CO <sub>2</sub> e	0.0324	0.0310	0.0321	3.54%

Note 1: CYS GHG emissions were calculated using the GHG emission factor from the GHG Emission Factor Management Table Ver. 6.0.4 published by the EPA. Scope 1 calculated petrol, diesel and LPG usage while Scope 2 calculated indirect electricity usage.

Note 2: In 2024, the Scope 1 and Scope 2 data of the subsidiaries in the consolidated statements will be disclosed, and will be disclosed year by year.

	Unit	2024
Scope 1 GHG Emissions	Tons CO <sub>2</sub> e	164.16
Scope 2 GHG Emissions	Tons CO <sub>2</sub> e	13,994.59
Scope 1 + Scope 2 GHG Emissions	Tons CO <sub>2</sub> e	14,158.75
Annual Production	Tons	280,654
GHG Emission Intensity	Tons CO <sub>2</sub> e	0.0504

## Effluent Management

The effluent discharge volume, discharge limits and monitored readings from CYS operations in Tucheng, Tainan, and Kaohsiung industrial parks are shown in the table below. There were no significant spills in 2024.

### effluent discharge volume

Unit: m<sup>3</sup>

	2022	2023	2024
Total Effluents	7,223	8,710	9,571

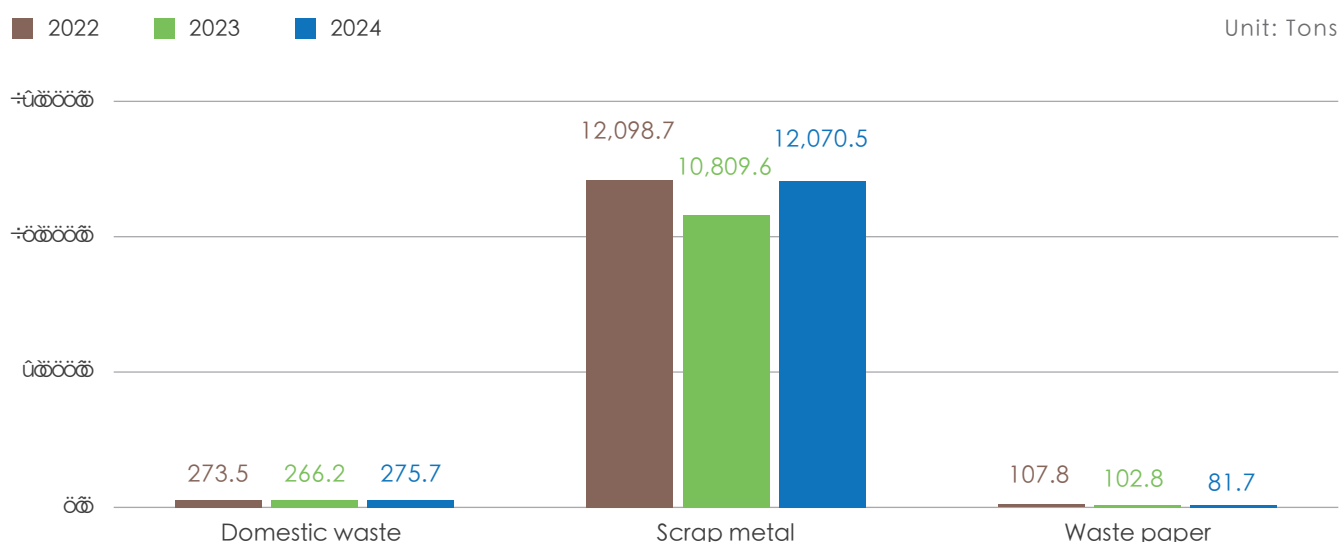
### effluent discharge monitoring

Water Pollution Test Item	2022		2023		2024	
	Discharge Standard (ppm)	Average Annual Reading (ppm)	Discharge Standard (ppm)	Average Annual Reading (ppm)	Discharge Standard (ppm)	Average Annual Reading (ppm)
Chemical Oxygen Demand (COD) (mg/L)	100	43.7	100	75.2	100	94.0
Suspended Solids (SS)(mg/L)	30	16.5	30	16.2	30	19.3

## Waste Management

CYS disposed of 12,480 tons, 11,179 tons, and 12,428 tons of steel in 2022, 2023, and 2024 respectively. CYS is in the metal basic industry so scrap metal from steel structure processing, steel sheet cutting/slitting and steel bar cutting accounted for 97% of waste, followed by domestic waste from offices, employee dormitories or working areas for 2%. The remaining 1% consisted of product packaging paper, raw material cartons or waste stationery. Annual waste disposal is shown in the following graph.

Status of waste generation and disposal			Unit: Tons		
Waste composition	Hazardous/ Non-hazardous	Method of disposal	Off-site		
			2022	2023	2024
Scrap metal	Non-hazardous	Recycled	12,098.7	10,809.6	12,070.5
Waste paper	Non-hazardous	Recycled	107.8	102.8	81.7
Domestic waste	Non-hazardous	Incinerated	273.5	266.2	275.7



Scrap metal and paper that can be recycled are recovered by recycling companies or individual operators so that the Earth's limited resources can be returned to the cradle. Non-recyclable domestic trash is collected by licensed contractors and incinerated. Around 98% of all waste is recycled. Only general commercial waste is produced by CYS and all are given over to licensed domestic removal, processing and recycling organizations for recycling. There is no exporting and re-importing of waste in keeping with the spirit of the Basel Convention.



# 4

# Appendix

## Appendix 1: GRI Sustainability Reporting Standards (GRI Standards) Cross-Reference Table

(includes G4 Mining and Metal Sector Supplement)

- Usage Statement	CYS has reported in accordance with the GRI (Global Reporting Initiative) guidelines for the period from 2024/1/1-2024/12/31. The reported information aligns with the content index referenced in the GRI reporting framework.
- GRI 1 uses	GRI 1: Foundation 2021

GRI Standard Type/ Topic	Number	GRI Standards Disclosure	Corresponding Chapter	Page Number	Omissions/ Remarks
<b>1. Organization and reporting practices</b>					
GRI 2 General Disclosures 2021	2-1	Detailed information of the organization	Editorial Policy	1	
	2-2	Entities included in the organization's sustainability report	Editorial Policy	1	
	2-3	Reporting period, frequency and liaison	Editorial Policy	1	
	2-4	Restatements of information	Editorial Policy	1	
	2-5	External assurance	Editorial Policy	1	
<b>2. Activities and workers</b>					
GRI 2 General Disclosures 2021	2-6	Activities, value chain and other business relationships	1.1 About Chun Yuan Steel	11	
	2-7	Employees	2.1 Human Resources	35	
	2-8	Non-employee workers	2.1 Human Resources	35	
<b>3. Governance</b>					
GRI 2 General Disclosures 2021	2-9	Governance structure and composition	1.2 Corporate Governance	19	
	2-10	Nominating and selecting the highest governance body	1.2 Corporate Governance	19	
	2-11	Chair of the highest governance body	1.2 Corporate Governance	19	
	2-12	The role of impact management played by the highest governing body	1.2 Corporate Governance	19	
	2-13	Person responsible for impact management	1.2 Corporate Governance	19	
	2-14	Highest governance body's role in sustainability reporting	1.2 Corporate Governance	19	
	2-15	Conflicts of interest	1.2 Corporate Governance	19	
	2-16	Communication of key events	-		
	2-17	Collective knowledge of highest governance body	1.2 Corporate Governance	19	
	2-18	Evaluating the highest governance body's performance	1.2 Corporate Governance	19	
	2-19	Remuneration policies	1.2 Corporate Governance	19	
	2-20	Process for determining remuneration	1.2 Corporate Governance	19	
	2-21	Annual total compensation ratio	2.2 Employee Care	36	
<b>4. Strategies, policies and practices</b>					
GRI 2 General Disclosures 2021	2-22	Statement on sustainability development strategy	From the Management	2	
	2-23	Policy and commitment	1.2 Corporate Governance	19	
	2-24	Inclusion in policy and commitment	1.2 Corporate Governance	19	
	2-25	Procedures for remedying negative impacts	-		
	2-26	Mechanisms for seeking advice and raising concerns	1.5 Compliance	31	
	2-27	Compliance	1.5 Compliance	31	
	2-28	Membership of associations	1.1 About Chun Yuan Steel	11	
<b>5. Stakeholder Engagement</b>					
GRI 2 General Disclosures 2021	2-29	Stakeholder Engagement Approach	Stakeholder Identification and Communication	4	
	2-30	Collective bargaining agreements	-		None





## Material Topic Disclosures

GRI No.	Topic	Sector Standard No.	Number	GRI Standards Disclosure	Corresponding Chapter	Page Number
GRI 3: Material Topics 2021	Management Approach	-	3-1	Process of determining material topics	Material Topics in the Sustainability Report	4
GRI 3: Material Topics 2021	Management Approach	-	3-2	List of material topics	Material Topics in the Sustainability Report	4
Material Topic: Economic Performance (Economic Performance GRI 201)						
GRI 3: Material Topics 2021	Operating Performance Management Approach	-	3-3	Material Topic Management	1.3 Business Performance	25
GRI 201	Economic Performance Disclosures 2016	-	201-1	Direct economic value generated and distributed	1.3 Business Performance	25
			201-2	Financial implications and other risks and opportunities due to climate change	1.4 Risk Management	27
			201-3	Determining obligations for compensation and other retirement plans	2.2 Employee Care	36
				Financial assistance received from government	1.3 Business Performance	25
Material Topic: Materials (Emissions GRI 301)						
GRI 3: Material Topics 2021	Raw Material Management Approach	-	3-3	Material Topic Management	3.1 Energy Resource Management	58
GRI 301	Materials Disclosures 2016	-	301-1	Materials used by weight or volume	3.1 Energy Resource Management	58
			301-2	Use of recycled and reusable materials	3.1 Energy Resource Management	58
			301-3	Reclaimed products and their packaging materials	3.1 Energy Resource Management	58
Material Topic: Energy (Energy GRI 302)						
GRI 3: Material Topics 2021	Energy and GHG Emission Management Approach	-	3-3	Material Topic Management	3.1 Energy Resource Management	58
GRI 302	Energy Disclosures 2016	-	302-1	Energy consumption within the organization	3.1 Energy Resource Management	58
			302-2	Energy consumption outside of the organization	-	
			302-3	Energy intensity	3.1 Energy Resource Management	58
			302-4	Reduction of energy consumption	3.1 Energy Resource Management	58
				Reductions in energy requirements of products and services	-	
Material Topic: Labor/Management Relations (Labor/Management Relations GRI 401, Labor/Management Relations GRI 402)						
GRI 3: Material Topics 2021	Labor/Management/ Labor Relations Management Approach	-	3-3	Material Topic Management	2.3 Human Resources Development	41
GRI 401	Employment Disclosures 2016		401-1	New employee hires and employee turnover	2.2 Employee Care	36
			401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	2.2 Employee Care	36
			401-3	Parental leave	2.2 Employee Care	36
GRI 402	Labor/Management Relations Disclosures 2016	-	402-1	Minimum notice periods regarding operational changes	2.3 Human Resources Development	41

GRI No.	Topic	Sector Standard No.	Number	GRI Standards Disclosure	Corresponding Chapter	Page Number
Material Topic: Occupational Health and Safety (Occupational Health and Safety GRI 403)						
GRI 3: Material Topics 2021	Occupational Health and Safety Management Approach	-	3-3	Material Topic Management	2.4 Occupational Safety and Health	47
GRI 403	Occupational Health and Safety Disclosures 2018	-	403-1	Occupational Health and Safety Management System	2.4 Occupational Safety and Health	47
			403-2	Hazard identification, risk assessment, and incident investigation	2.4 Occupational Safety and Health	47
			403-3	Occupational Health Services	2.4 Occupational Safety and Health	47
			403-4	Involvement, consultation, and communication of occupational health and safety professionals	2.4 Occupational Safety and Health	47
			403-5	Training of occupational health and safety professionals	2.4 Occupational Safety and Health	47
			403-6	Promotion of worker health	1.5 Compliance	31
			403-7	Prevention and mitigation of occupational health and safety impacts directly related to business operations	2.4 Occupational Safety and Health	47
			403-8	Workers covered by the occupational health and safety management system	2.4 Occupational Safety and Health	47
			403-9	Occupational injuries	2.4 Occupational Safety and Health	47
			403-10	Occupational illness	2.4 Occupational Safety and Health	47
Material Topic: Training and Education (Training and Education GRI 404)						
GRI 3: Material Topics 2021	Training and Education Management Approach	-	3-3	Material Topic Management	2.3 Human Resources Development	41
GRI 404	GRI 404 Training and Education Disclosures 2016	-	404-1	Average hours of training per year per employee	2.3 Human Resources Development	41
			404-2	Programs for upgrading employee skills and transition assistance programs	2.3 Human Resources Development	41
			404-3	Percentage of employees receiving regular performance and career development reviews	2.3 Human Resources Development	41
Material Topic: Diversity and Equal Opportunity (Diversity and Equal Opportunity GRI 405)						
GRI 3: Material Topics 2021	Diversity and Equal Opportunity Management Approach	-	3-3	Material Topic Management	2.1 Human Resources	35
GRI 405	GRI 405 Diversity and Equal Opportunity Disclosures 2016	-	405-1	Diversity of governance bodies and employees	2.1 Human Resources	35
			405-2	Ratio of basic salary and remuneration of women to men	2.2 Employee Care	36



## Other Topic Disclosures

GRI Standard Type/Topic	Number	GRI Standards Disclosure	Corresponding Chapter	Page Number	Omissions/Remarks
<b>Topic-specific Standards: GRI 200 series (Economic Topics)</b>					
<b>Market Presence</b>					
GRI 202 Market Presence Disclosures 2016	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	2.2 Employee Care	36	
	202-2	Proportion of senior management hired from the local community	2.1 Human Resources	35	
<b>Indirect Economic Impacts</b>					
GRI 203 Indirect Economic Impacts Disclosures 2016	203-1	Infrastructure investments and services supported	2.5 Social Engagement	55	
	203-2	Significant indirect economic impacts	-		
<b>Procurement Practices</b>					
GRI 204 Procurement Practices Disclosures 2016	204-1	Proportion of spending on local suppliers	1.3 Business Performance	25	
<b>Anti-corruption</b>					
GRI 205 Anti-corruption Disclosures 2016	205-1	Operations assessed for risks related to corruption	1.2 Corporate Governance	19	
	205-2	Communication and training about anti-corruption policies and procedures	1.2 Corporate Governance	19	
	205-3	Confirmed incidents of corruption and actions taken	-		None
<b>Anti-competitive Behavior</b>					
GRI 206 Anti-competitive Behavior Disclosures 2016	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	-		None
<b>Topic-specific Standards: GRI 300 series (Environmental Topics)</b>					
<b>Water and Wastewater</b>					
GRI 303 Water and Wastewater Management Disclosure 2018	303-1	The mutual impact of sharing water resources	3.1 Energy Resource Management	58	
	303-2	Wastewater related impact management	3.1 Energy Resource Management	58	
GRI 303 Water and Wastewater Management Disclosure 2018	303-3	Water drawn	3.1 Energy Resource Management	58	
	303-4	Water discharged	3.1 Energy Resource Management	58	
	303-5	Water consumed	3.1 Energy Resource Management	58	
<b>Biodiversity</b>					
GRI 304 Biodiversity Disclosures 2016	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	3.1 Energy Resource Management	58	
	304-2	Significant impacts of activities, products, and services on biodiversity	3.1 Energy Resource Management	58	
	304-3	Habitats protected or restored	3.1 Energy Resource Management	58	
GRI 304 Biodiversity Disclosures 2016	304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	3.1 Energy Resource Management	58	

GRI Standard Type/Topic	Number	GRI Standards Disclosure	Corresponding Chapter	Page Number	Omissions/Remarks
<b>Emissions</b>					
<b>GRI 305 Emissions Disclosures 2016</b>	305-1	Direct (Scope 1) GHG emissions	3.2 Pollution Prevention and Control Management	62	
	305-2	Energy indirect (Scope 2) GHG emissions	3.2 Pollution Prevention and Control Management	62	
	305-3	Other indirect (Scope 3) GHG emissions			
	305-4	GHG Emission Intensity	3.2 Pollution Prevention and Control Management	62	
	305-5	Reduction of GHG emissions	3.2 Pollution Prevention and Control Management	62	
	305-6	Emission of ozone-depleting substances (ODS)	3.2 Pollution Prevention and Control Management	62	
	305-7	Emission of nitrogen oxides (NOx), sulfur oxides (SOx), and other significant gas emissions	3.2 Pollution Prevention and Control Management	62	
<b>Wastes</b>					
<b>GRI 306 Waste Topic Management Disclosures 2020</b>	306-1	Waste Generation and Significant Impact of Waste-related Issues	3.2 Pollution Prevention and Control Management	62	
	306-2	Management of Significant Impacts related to Waste	3.2 Pollution Prevention and Control Management	62	
<b>GRI 306 Waste Topic Disclosures 2020</b>	306-3	Waste Generation	3.2 Pollution Prevention and Control Management	62	
	306-4	Disposal and Transfer of Waste	3.2 Pollution Prevention and Control Management	62	
	306-5	Direct Disposal of Waste	3.2 Pollution Prevention and Control Management	62	
<b>GRI 306 Effluents and Waste Disclosures 2016</b>	306-3	Significant spills	3.2 Pollution Prevention and Control Management	62	
<b>Supplier Environmental Assessment</b>					
<b>GRI 308 Supplier Environmental Assessment Disclosures 2016</b>	308-1	New suppliers that were screened using environmental criteria	1.3 Business Performance	25	
	308-2	Negative environmental impacts in the supply chain and actions taken	1.3 Business Performance	25	
<b>Topic-specific Standards: GRI 400 series (Social Topics)</b>					
<b>Non-discrimination</b>					
<b>GRI 406 GRI 406 Non-discrimination Disclosures 2016</b>	406-1	Incidents of discrimination and corrective actions taken	1.5 Compliance	31	
<b>Freedom of Association and Collective Bargaining</b>					
<b>GRI 407 Freedom of Association and Collective Bargaining Disclosures 2016</b>	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	-		
<b>Child Labor</b>					
<b>GRI 408 Child Labor Disclosures 2016</b>	408-1	Operations and suppliers at significant risk for incidents of child labor	1.5 Compliance	31	
<b>Forced or Compulsory Labor</b>					
<b>GRI 409 Forced or Compulsory Labor Disclosures 2016</b>	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	1.5 Compliance	31	
<b>Security Practices</b>					
<b>GRI 410 Security Practices Disclosures 2016</b>	410-1	Security personnel trained in human rights policies or procedures	-		
<b>Rights of Indigenous Peoples</b>					
<b>GRI 411 Rights of Indigenous Peoples Disclosures 2016</b>	411-1	Incidents of violations involving rights of indigenous peoples	1.5 Compliance	31	



GRI Standard Type/Topic	Number	GRI Standards Disclosure	Corresponding Chapter	Page Number	Omissions/Remarks
<b>Local Communities</b>					
<b>GRI 413 Local Communities Disclosures 2016</b>	413-1	Operations with local community engagement, impact assessments, and development programs	2.5 Social Engagement	55	
	413-2	Operations with significant actual and potential negative impacts on local communities	2.5 Social Engagement	55	
<b>Supplier Social Assessment</b>					
<b>GRI 414 Supplier Social Assessment Disclosures 2016</b>	414-1	New suppliers that were screened using social criteria	-		
	414-2	Negative social impacts in the supply chain and actions taken	-		
<b>Public Policy</b>					
<b>GRI 415 Public Policy Disclosures 2016</b>	415-1	Political contributions			No political contributions
<b>Customer Health and Safety</b>					
<b>GRI 416 Customer Health and Safety Disclosures 2016</b>	416-1	Assessment of the health and safety impacts of product and service categories	1.1 About Chun Yuan Steel	11	
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	1.5 Compliance	31	
<b>Marketing and Labeling</b>					
<b>GRI 417 Marketing and Labeling Disclosures 2016</b>	417-1	Requirements for product and service information and labeling	1.1 About Chun Yuan Steel	11	
	417-2	Incidents of non-compliance concerning product and service information and labeling	1.1 About Chun Yuan Steel	11	
	417-3	Incidents of non-compliance concerning marketing communications	1.1 About Chun Yuan Steel	11	
<b>Customer Privacy</b>					
<b>GRI 418 Customer Privacy Disclosures 2016</b>	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	1.5 Compliance	31	
<b>G4 Mining and Metals Sector Supplement</b>					
	MM1	Amount of land (owned or leased, and managed for production activities or extractive use) disturbed or rehabilitated	Not located in or adjacent to ecological conservation area		
	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 ecological conservation area		
	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 or lock-outs		
	MM5	Total number of operations taking place in or adjacent to indigenous people's territories, and number and percentage of operations or sites where there are formal agreements with indigenous people's communities	No operations located in or adjacent to indigenous people's communities		
	MM6	Number and description of significant disputes relating to land use, customary rights of local communities and indigenous peoples	No 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 outcomes	No operations located in or adjacent to indigenous people's communities, and no issues with land use or customary rights		



GRI Standard Type/Topic	Number	GRI Standards Disclosure	Corresponding Chapter	Page Number	Omissions/Remarks
	MM8	Number (and percentage) of company operating sites where artisanal and small-scale mining (ASM) takes place, or adjacent to, the site; the associated risks and the actions taken to manage and mitigate these risks	There we no ASM at operating sites		
	MM9	Sites where resettlements took place, the number of households resettled in each, and how their livelihoods were affected in the process	No resettlements took place		
	MM10	Number and percentage of operations closure plans	No closure plans		
	MM11	Programs and progress relating to materials stewardship	N/A		



## Appendix 2: SASB Reference Table

### Industry

Disclosure Topic	Indicator No.	Disclosure Indicator	Nature	Corresponding Chapters	Page Number
GHG Emissions	EM-IS-110a.1	Scope 1 GHG emissions and their percentage under emission limitation regulations	Quantified	GHG Emissions	63
	EM-IS-110a.2	Long-term and short-term strategies and plans for Scope 1 emissions, reduction targets, and analysis of behaviors contradictory to the targets	Description and analysis	GHG Emissions	63
Air Quality	EM-IS-120a.1	Emissions of pollutants such as carbon monoxide (CO), nitrogen oxides (NOx) (excluding N <sub>2</sub> O), sulfur oxides (SOx), particulate matter (PM <sub>10</sub> ), manganese oxide (MnO), lead, volatile organic compounds (VOCs), polycyclic aromatic hydrocarbons (PAHs), and other pollutants	Quantified	Air Pollution Prevention and Control	62
Energy Management	EM-IS-130a.1	(1) Total energy consumption, (2) Percentage of electricity consumption from the grid, (3) Percentage of renewable energy	Quantified	Energy Management	60
	EM-IS-130a.2	(1) Total fuel consumption, (2) Percentage of coal consumption, (3) Percentage of natural gas consumption, (4) Percentage of renewable energy consumption	Quantified	Energy Management	60
Water Resource Management	EM-IS-140a.1	(1) Total freshwater withdrawn, (2) Percentage of water recycled and reused, (3) Percentage of water withdrawals from areas with high or extremely high water stress	Quantified	Effluent Management	63
Employees Health and Safety	EM-IS-320a.1	(1) Total recordable incident rate (TRIR) for all full-time and contract employees, (2) Fatality rate, (3) Non-medical first reportable (NMFR) incident rate	Quantified	Occupational Safety Performance	51
Supply Chain Management	EM-IS-430a.1	Social and environmental risks related to iron ore mining and the sourcing of coking coal	Description and analysis	N/A	

### Appendix 3: Sustainability Disclosure Indicators - Steel Industry

Number	Indicator	Indicator Type	Disclosure in 2024	Unit	Remarks
1	Total energy consumption, percentage of purchased electricity, utilization rate(renewable energy/total energy), and total self-generated and self-use energy <sup>Note 1</sup>	Quantified	Total electricity energy consumption (GJ): 87,343.23 (Including renewable energy) Purchased electricity use: 96.9% Renewable energy use: 3.1%	Gigajoules (GJ), Percentage (%)	
2	Total fuel consumption, percentage of coal, percentage of natural gas, and percentage of renewable fuels	Quantified	Total fuel energy consumption (GJ): 6,443.76 Natural gas use: 13.9%	Gigajoules (GJ), Percentage (%)	
3	Total water intake and total water consumption	Quantified	Total water intake: 82,301 m <sup>3</sup> Total water consumption: 82,301 m <sup>3</sup>	1,000m <sup>3</sup>	
4	Total waste generated, percentage of hazardous waste and percentage recycled	Quantified	Total tons of waste: 12,424.9 tons Hazardous waste percentage: 0.0% Percentage of recycled scrap iron: 97.1% Percentage of recycled paper: 0.7%	Tons Percentage (%)	
5	Number of employees in and rate of occupational accidents	Quantified	Number of recordable occupational injuries: 9 Recordable occupational injury rate: 2.85%	Quantity, Rate (%)	
6	Production by product category	Quantified	Total tons of main products: 440,479	Tons	



## Appendix 4: Climate-Related Information of TWSE/TPEX Listed Company

Item	Implementation
1. Describe the board of directors' and management's oversight and governance of climate-related risks and opportunities.	<p>Pursuant to the plans of the Financial Supervisory Committee's "Sustainable Development Roadmap for TWSE and TPEX Listed Companies," forwarded by Taiwan Stock Exchange, the operations related to the climate risk are implemented as below:</p> <ul style="list-style-type: none"> <li>(1) The GHG inventory, and verification schedule of the parent company and the Group (including subsidiaries) are completed, and reported to the board of directors. Subsequently, the implementation progress will be reported on a quarterly basis to the board of directors for the purpose of control.</li> <li>(2) The parent company completed the GHG inventory in 2024, and the verification will be completed in 2025.</li> <li>(3) The subsidiary completed the GHG inventory in 2024.</li> </ul>
2. Describe how the identified climate risks and opportunities affect the business, strategy, and finances of the business (short, medium, and long term).	The Company conducts comprehensive risk assessment in accordance with the objectives of its business, the execution of its business strategy, and the routine operations of its business. The Company first assesses various risk factors and then formulates response strategies for the possible hazards. Subsequently, the Company regularly reviews and reassesses various risk factors to achieve monitoring and tracking control.
3. Describe the financial impact of extreme weather events and transformative actions.	
4. Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system.	Emergency response at CYS is governed by the "Natural Disaster Emergency Response Regulations." A natural disaster emergency response organization is established when a natural disaster is predicted (e.g. typhoons) to direct preparations.
5. If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors and major financial impacts used should be described.	
6. If there is a transition plan for managing climate-related risks, describe the content of the plan, and the indicators and targets used to identify and manage physical risks and transition risks.	
7. If internal carbon pricing is used as a planning tool, the basis for setting the price should be stated.	The Company has not yet had relevant operations, and will plan and implement it in the future depending on actual needs and legal requirements.
8. If climate-related targets have been set, the activities covered, the scope of GHG emissions, the planning horizon, and the progress achieved each year should be specified. If carbon credits or renewable energy certificates (RECs) are used to achieve relevant targets, the source and quantity of carbon credits or RECs to be offset should be specified.	
9. GHG inventory and assurance status, as well as reduction targets, strategies and concrete action plans (indicated in 1-1 and 1-2 separately).	The following table details the status of the 2024 GHG inventory, verification, and the Company's reduction plan.

## 1-1 GHG inventory and assurance status in the past two years

### ◎ 1-1-1 GHG inventory information

Describe the emissions (metric tons of CO<sub>2</sub>e), intensity (metric tons of CO<sub>2</sub>e/million dollars) and scope of data for the most recent two years.

Emissions in the past two years:

		Unit: tCO <sub>2</sub> e	
		2023	2024
Chun Yuan Steel	Scope 1: Direct GHG emissions	4,077.54	5,493.02
	Scope 2: Indirect GHG emissions	8,594.49	8,626.98
	Subtotal of Scope 1 + Scope 2	12,672.04	14,120.00
Subsidiaries in the consolidated financial statements	Scope 1: Direct GHG emissions		164.16
	Scope 2: Indirect GHG emissions	Not executed yet	13,994.59
	Subtotal of Scope 1 + Scope 2		14,158.75
Total Scope 1 + Scope 2 GHG emissions in the consolidated financial statements	Emissions	12,672.04	28,278.75
	Intensity (tCO <sub>2</sub> e/NT\$ million)	0.5979	1.1776

Scope of data: Scope of data: Based on the compilation of the Business Control Act, including the direct emissions (Scope 1) and indirect emissions (Scope 2) between the Company and all subsidiaries in the consolidated financial statements.

Note1: Direct emissions (Scope 1, e.g. directly from emission sources owned or controlled by the Company), indirect emissions from energy (Scope 2, e.g. indirect GHG emissions from imported electricity, heat or steam), and other indirect emissions (Scope 3, e.g., emissions from the Company's activities that are not indirect emissions from energy, but are from sources owned or controlled by other companies).

Note2: The data coverage of direct emissions and indirect emissions from energy shall be handled in accordance with the schedule specified in Paragraph 2, Article 4-1 of the Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies (hereinafter referred to as "these Rules"). Other indirect emissions can be voluntarily disclosed.

Note3: GHG standard: GHG Protocol (GHG Protocol) or ISO 14064-1 issued by the International Organization for Standardization (ISO).

Note4: The intensity of GHG emissions can be calculated per unit of product/service or turnover, but at least the data calculated in terms of turnover (NTD million) should be stated.

### ◎ 1-1-2 GHG assurance information

Describe the assurance status for the most recent two years, including the scope of assurance, institutions of assurance, criteria of assurance, and opinions of assurance.

		Unit: tCO <sub>2</sub> e	
		2023	2024
assurance status	In 2023, the external assurance unit - British Standards Institute (BSI) conducted the 2023 verification in 2024. The schedule was planned in accordance with the requirements of the competent authorities, and the relevant data after the BSI certification was obtained in May 2024.		
Assurance range	Chu Yuan Steel	Scope 1	5,493.02
		Scope 2	8,626.98
		Total	14,120.00
	Percentage of the total inventory disclosed in 1-1-1 above		100.00%

Note1: The procedures shall be handled according to the schedule specified in Paragraph 3, Article 4-1 of these Rules.

Note2: The assurance institutions shall comply with the requirements set forth by the Taiwan Stock Exchange Corporation and the Taipei Exchange of the Republic of China for assurance institutions.

Note3: Please refer to the Best Practice Examples on the website of the Corporate Governance Center of Taiwan Stock Exchange for disclosure.





## © 1-2 GHG reduction goals, strategies and concrete action plans

### GHG reduction strategies

#### Baseline year for GHG reduction and reduction target



1. The parent company's 2024 GHG inventory data will be verified by BSI note. The subsidiary's first GHG self-inventory will also be completed in 2024. Therefore, 2024 is set as the baseline year in accordance with the regulations. (GHG emissions of the Company and its subsidiaries in the consolidated financial statements: Category 1: 5,657.18 MtCO<sub>2</sub>e; Category 2: 22,621.57 MtCO<sub>2</sub>e).
2. Reduction goal: The Group has set the strategic goal of reducing carbon by 3% over the next 3 years between 2025 and 2027, and will follow this goal to promote the Company's execution strategy of reducing carbon by 1% in the next year. The achievement will be disclosed in the annual report of the next year.
3. Reduction strategies and action plans: Through the carbon management platform, the Group's emission information is systematically integrated, to grasp the information needed for carbon management. The Company also carries out comprehensive supervision of multiple GHG reduction plans, including purchasing energy-saving machines, building solar power generation systems, reducing GHG raw material sources, and assessing the use of low-carbon fuels/energy, to ensure that reduction meets the schedule, to actively reduce the impact of carbon emissions, and to improve operational competitiveness.

Note 1: The procedures shall be handled according to the schedule specified in Paragraph 4, Article 4-1 of these Rules.

Note 2: The base year should be the year that the inventory is completed at the boundary of the consolidated financial statements. For example, according to Paragraph 2, Article 10, of these Rules, a company with a capital of more than NTD 10 billion should complete the consolidated financial report of 2024 in 2025, so the base year is 2024. If the Company has completed the inventory of the consolidated financial statements ahead of schedule, the earlier of the base year can be used as the base year, and the data of the base year can be calculated by a single year or the average of several years.

Note 3: Please refer to the Best Practice Examples on the website of the Corporate Governance Center of Taiwan Stock Exchange for disclosure.

## 2024 ISO 14064-3 results of verification

# Opinion Statement

**Greenhouse Gas Emissions**  
Verification Opinion Statement

This is to verify that: Chun Yuan Steel Industry Co., Ltd.  
7F-1, 7F, 6F-1, 6F,  
No. 502, Fuxing N. Rd.  
Zhongshan Dist.  
Taipei City  
104063  
Taiwan

春源鋼鐵工業股份有限公司  
臺灣  
台北市  
中山區  
復興北路502號  
6樓、6樓之1、7樓、7樓之1  
104063


Holds Statement No: GHGEV 797091

Verification opinion statement

As a result of carrying out verification and validation procedures in accordance with ISO 14064-3:2019, it is the statement for mixed engagement including reasonable assurance for verification activity as well as validation and agreed-upon procedures (AUP) contains the following:

- The Greenhouse Gas Emissions with Chun Yuan Steel Industry Co., Ltd. for the period from 2024-01-01 to 2024-12-31 was verified and validated.
- The verified organization-level greenhouse gas emissions include direct greenhouse gas emissions 5,493.0268 tonnes of CO<sub>2</sub> equivalent and indirect greenhouse gas emissions from imported energy 8,626.9766 tonnes of CO<sub>2</sub> equivalent.
- Chun Yuan Steel Industry Co., Ltd. has defined and explained its own process and pre-determined criteria for significance of indirect Greenhouse Gas Emissions and quantify and report these identified significant emissions accordingly.

For and on behalf of BSI:



Managing Director BSI Taiwan, Peter Pu

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Statement No: GHGEV 797091

The Greenhouse Gas Emissions Verification activities are based on reasonable level of assurance:

- The data and information of greenhouse gas emissions are based on historical in nature, and no material misstatements for the period from 2024-01-01 to 2024-12-31 Greenhouse Gas Emissions calculation were revealed.
- Data quality was considered acceptable in meeting the principles as set out in ISO 14064-1:2018.
- The emission factor for electricity of year 2024 is 0.474 kgCO<sub>2</sub>e per kWh.

EMISSIONS		Notes	tonnes CO <sub>2</sub> e
Category 1: Direct GHG emissions and removals			5,493.0268
1.1	Stationary combustion		2,116.0913
1.2	Mobile combustion		1,743.3748
1.3	Industrial processes (anthropogenic systems)		1,458.3067
1.4	Fugitive (anthropogenic systems)		175.2540
1.5	Land use, land use change and forestry		0.0000
Direct emissions in tonnes of CO <sub>2</sub> e from biomass			0.0000
Category 2: Indirect GHG emissions from imported energy			8,626.9766
2.1	Indirect emissions from imported electricity	location-based approach	8,626.9766
2.2	Indirect emissions from imported energy (steam, heating, cooling and compressed air)		0.0000

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