2023 ESG REPORT

China Steel Structure Co., Ltd.

Contents

About the Report

This report (hereinafter referred to as the Report) is the 2023 Environmental, Social and Governance Report of China Steel Structure Co., Ltd. (hereinafter referred to as CSSC), which expresses CSSC's communication with stakeholders and discloses information on the Company's sustainable development performance in the economic, environmental, social, and corporate governance dimensions.

Reporting Period and Scope of Disclosure

The Report is issued once a year, covering the period of 2023 (January 1 to December 31), the contents of which are mainly for the Company, excluding the operating performance of the subsidiaries. Please refer to the financial report of the Company for the financial information related to the consolidated financial statements, and some of the contents of the Report also go back to the contents of the operations and performance before 2023 and after 2023. For comparability reasons, some of the performance information will be disclosed for the last three years.

Date of first publication: October 2012 ; Date of previous publication: June 2023; Date of publication of current version: August 2024

Principles for Preparation and Structure

This report has been prepared in accordance with the GRI Standards 2021 issued by the Global Reporting Initiative (GRI) and the "Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies" of the Taiwan Stock Exchange, with reference to the Sustainability Accounting Standards Board (SASB) and the Task Force on Climate-related Financial Disclosures (TCFD). A comparison table is provided in the Appendix.

ESG Report Editorial Team

The team includes Finance Division, Information Division, Administration Division, Industrial Safety Division, Quality Assurance Division, Steel Structure Business Division, Trade and Procurement Division, Audit Office, Kaohsiung Plant, Guantian Factory, Engineering Design Division, Research and Development Division, Engineering Division.

Information Disclosure and Report Review

The financial data of the Report are disclosed on the basis of IFRSs, and expressed in New Taiwan Dollars unless otherwise indicated. Other disclosed data have been provided by each responsible unit after approval by the supervisor, and then compiled and edited by the Industrial Safety Division. The initial draft is reviewed and revised by each performance team of sustainable development, then reviewed by each level of management following the administrative procedures. After the report is approved by the President, it is sent to the board of directors for final approval before publication. In addition, CNS 45001/ISO 45001, ISO 14001, ISO 14064-1, ISO 14067 and ISO 9001 management systems are subject to internal and external audits on a regular basis.

Contact Information

If you have any suggestion or question regarding the contents of the Report, please feel free to contact us.

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Words from the Management

President 陳瑞騰

The intensification of climate change has led the international community to place great emphasis on climate issues. Taiwan has also announced its goal of net-zero transformation by 2050, and a green wave is sweeping across Taiwan. In the face of this changing environment, we continue to improve our business and actively participate in the green life activities of the group company, respond to the government's green procurement, and encourage our colleagues to think beyond the existing limitations and incorporate low carbon materials and production into the process. In this way, we make energy saving and carbon reduction the mission of CSSC, and create the elements of the times to stabilize the competitiveness of the operation and the sustainability of the enterprise.

In terms of corporate governance, we have established a good corporate governance system and promoted risk control mechanisms to ensure the Company's sustainable operation. CSSC has introduced Taiwan Intellectual Property Management System (TIPS) to promote the inventory of business secrets, as well as the classification and control mechanisms of confidential information. In addition, through the validation and review process, TIPS can be implemented in the Company, and the confidentiality and protection measures of the economic value information can be improved.

For environmental sustainability issues, through the operation of ISO 14001 (environment) and ISO 50001 (energy) management systems and annual ISO 14064-1 greenhouse gas emissions inventory, carbon emission hotspots are identified and carbon reduction measures are formulated. The strategy of carbon reduction and then net-zero is adopted to reduce the environmental impact of operations and mitigate the pressure of climate change. And, Taiwan will also begin to levy a carbon fee, so that carbon emissions will eventually have a price. By bridging the gap between domestic and international regulations and understanding the impact of stakeholders, CSSC is on the road to carbon neutrality.

General Manager 黃煐章

Employees are CSSC's most important asset, and we are committed to creating a healthier, friendlier and safer workplace environment. At the end of 2023, we signed a collective bargaining agreement with the labor union of the enterprise to finalize appropriate provisions to protect the rights and interests of employees and to ensure the company's stable development. Some of these provisions offer more preferential conditions than those in the decrees, including the "Employee Stock Ownership Trust Incentive" which encourages employees to become business partners of the Company, and the "8-day Prenatal Leave" which creates a friendly working environment. CSSC has set up a "Safety and Health Family" in the factory to provide a platform for communication and resources. The third party is our partner, co-existing and co-prosperous with us, so we are counseling the third party to strengthen the safety and health management system, and establishing a high-quality industrial safety culture together. In 2023, we were honored by the Occupational Safety and Health Administration (OSHA) with the award of "Runner-up for Safety and Health Group Partner Performance Evaluation Competition - Safety and Health Family Group".

Looking ahead, we will continue to invest in employee education and experience transfer, strive to save energy, reduce emissions, mitigate climate change, enforce information confidentiality and protect company rights. We will promote environmental protection and safeguard human rights protection, and incorporate various ESG goals into business operation to make the Company's operation more robust. We will improve both the environment and the society, so that we can implement the concepts of corporate social responsibility and sustainable management, and to continue to create value for our stakeholders.

List of Performance Indicators

Economic

Item ▼ / Year ▶	2021	2022	2023
Turnover (million dollar)	15,971	19,364	18,839
Average market price per share(NTD)	48.08	57.07	56.24
Return on stockholders' equity (%)	9.89	9.18	10.06
Earnings per share (NTD)	2.49	2.39	2.68
Dividend per share (NTD)	2.00	1.70	1.90
Asset-liability ratio (%)	62.72	60.68	62.57
Steel structure sales (ton)	143,060	108,053	78,344
Steel structure product sales (ton)	141,792	125,191	101,021

Environmental

▼ Use of Raw Materials

Item ▼ / Year ▶	2021	2022	2023
Steel plate (ton)	87,862	68,168	52,636
Steel section (ton)	39,335	40,406	31,628
Angle iron (ton)	1,677	799	923
Channel iron (ton)	472	819	1,021
Welding consumables (ton)	2,951	2,798	2,506
Round iron (ton)	50	13	1.13
Steel pipe (ton)	3,180	4,350	1,788
Bolt (ton)	1,212	1,243	1,046
Shear nails (ton)	990	1,182	805
Electricity (million kWh)	14.8	13.8	13.1
Oxygen (ton)	1,319	1,114	991
LPG (ton)	156.3	131.9	122.7
CO_2 (ton)	1,752	1,585	1,679

▼ Water Consumption, Sewage Volume

Item ▼ / Year ▶	2021	2022	2023
Water consumption (ton)	38,265	38,439	34,420
Sewage volume (ton)	19,510	17,082	16,593

▼ Violations of Environmental Laws and Regulations

Item ▼ / Year ▶	2021	2022	2023
Reporting unit			
Number of complaints	N/A	N/A	N/A
Amount of punishment			

▼ Status of Environmental Protection Expenditures

Item ▼ / Year ▶	2021	2022	2023
Waste	1,930	2,592	2,341
Sewage	23	14	10
Air pollution	98	63	70
Other	108	230	242
Environmental protection equipment	328	1,275	117

Unit: NTD Ten thousand

Social

▼ Employees

Item ▼ / Year ▶	2021	2022	2023
Number of full-time employees (people)	466	463	459
Number of contract employees (people)	0	0	0
New employees (people)	32	28	17

Item ▼ / Year ▶	2021	2022	2023
Ratio of male employees (people)	398	395	392
total employees (%)	85%	85%	85%
Ratio of female employees (people)	68	68	67
total employees (%)	15%	15%	15%
Male training hours (hours)	15.06	10.8	11.1
female training hours (hours)	9.67	6.62	7.99

Item ▼ / Year ▶	2021	2022	2023
Ratio of people with physical (people)	4	4	4
total employees (%)	0.86%	0.87%	0.87%
Number of departures (people)	42	31	21
departure rate (%)	9.01%	6.7%	4.6%

▼ Employee Disabling Injury Frequency Rate

Item ▼ / Year ▶	2021	2022	2023
Disabling injury frequency rate (FR)	0	0	1.07
Disabling injury severity rate (SR)	0	0	66.37

▼ Violations of the Occupational Safety and Health Act

Item ▼ / Year ▶	2021		2022		2023		
Reporting unit	Department of Labor, Taipei City Government	Occupational Safety and Health Center of Central Region	Department of Labor, Taipei City Government	Administration of Southern Taiwan Science Park	Labor Affairs Bureau of Kaohsiung City Government	Taipei City Government	Labor Affairs Bureau of Tainan City Government
Number of complaints	1	2	2	1	1	1	1
Amount of punishment (NTD Ten thousand)	3	18	6	10	10	3	10

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CH1 Corporate Sustainable Development

Corporate Sustainable Development

1.1 Sustainable Development Policy

CSSC formulates its corporate sustainability policy taking into account the economic, customer, environmental, employee, human rights, third party, social, product, energy and safety aspects.

Enhance corporate value, promote shareholders' rights and interests, and ensure the company's sustainable operation.

Satisfy customers' needs, provide high quality services, and uphold a decent brand image.

Build green factories, take care of ecological water sources, and protect the surrounding natural environment.

Promote a happy workplace, maintain labor-management harmony, and care for employees' physical and mental health.

Comply with labor laws and regulations, protect employees' rights and interests, and strive to build a happy company.

Respect third parties, improve working environment, and work together for the common good.

Focus on good relationship with neighbors, assist in the development of the neighborhood, and support the prosperity and harmony of the community.

Strictly control the production process, produce high quality products, and ensure the trust of our customers.

Reduce energy consumption, improve energy efficiency, and achieve energy saving and carbon reduction.

Eliminate potential hazards, ensure safety, and protect life and health.

1.2 Sustainable Development Strategy

CSSC believes that the ESG Report is a good tool to “build culture internally and image externally”, and to communicate with the public and stakeholders continuously through corporate sustainability in order to pursue the sustainable development of the Company. The two main axes of CSSC's sustainable development are “looking at the present and looking at the future”. Taking the 17 Sustainable Development Goals (SDGs) declared by the United Nations as the Company's long-term goals of sustainable development, CSSC endeavors to move towards the following visions.

1. Integrate into the local community culture, help to improve local transportation, and create job opportunities.
2. Play the role of promoting environmental protection green building, integrate ecology into the production, and build the green space and ecological restoration area in Kaohsiung Plant into the living space for local native plants and animals.
3. Reduce the energy consumption of production and conserve the earth's energy resources consumed in the production process.
4. Provide quality products for public project construction, integrate and develop construction projects, cooperate with the reinvestment business of United Steel Engineering & Construction, and strive for construction turnkey business, including the comprehensive engineering services of basic design, detailed design, steel structure fabrication and installation, to satisfy domestic and foreign customers and serve the community.
5. Care for the life safety of employees, third parties and residents around the factories, and prevent dangers and injuries arising from operational activities.
6. Enhance the capacity of CSSC's existing factories, expand export sales to meet the needs of foreign markets, and become an internationally recognized professional steel structure manufacturing company.

1.2.1 Sustainable Development Performance

CSSC pursues sustainable development of the Company, with financial performance, social performance and environmental performance all listed as the core operating values of the Company. In addition to setting up the Shareholders' Meeting, the Board of Directors, the Remuneration Committee, and the Audit Committee in accordance with the Company Act, CSSC has also set up a number of functional committees, such as the Sustainable Development Management Committee, the Occupational Safety and Health Committee, the Quality Management Committee, the Energy Saving Committee and the Environmental Management Committee. We are committed to enhancing the Company's operating performance. Daily operations are focusing on not only increasing the Company's operating income, but also taking improving customer satisfaction, product market share and product image, reducing energy consumption, and reducing pollution emissions, as the central issues, which are integrated into more comprehensive indicators of the social environment, environmental economy, and social economy as a means of presenting the Company's operating performance.

Environmental economic considerations

1. Avoid the use of hazardous raw materials, reduce pollution residues in the manufacturing process, and reduce the cost of pollution treatment.
2. Use recycled raw materials and finished products, and reduce the consumption of natural resources.
3. Enhance product quality and durability, and extend product service life.
4. Increase the ratio of raw materials to finished products, and reduce the generation of scraps.
5. Save production energy consumption and reduce production costs.

Socio-environmental considerations

1. Enhance the effectiveness of pollution prevention and treatment to avoid affecting the surrounding community.
2. Create a green plant area and plant local native plants to integrate into the original local ecological environment.
3. Do a good job of flood prevention and disaster prevention to avoid causing disasters in the surrounding community.

Social welfare considerations

1. Integrate into the local community where the operation is located, participate in the development of the community, and coexist with the local community.
2. Assist in the development of the economy of the place where the operation is located and provide employment opportunities.
3.Donate livelihood materials to help the disadvantaged groups, and build good neighborly relations

1.3 Sustainable Development Management Committee

CSSC has established the “Sustainable Development Management Committee”, which is responsible for planning the sustainable development program of CSSC. The Chairman of the committee is the President of CSSC and the Vice-chairman is the General Manager of CSSC. The committee has an Executive Director, who is the Deputy General Manager of Management, two Vice Executive Directors, who are respectively the Deputy General Manager of Production and the Deputy General Manager of Operations, and several members, who are the first-level supervisors of each unit of the Company. The Executive Center is divided into Environmental Performance Group, Economic Performance Group and Social Performance Group. At least one meeting is held every year to review the operation of sustainable development and implement the sustainable development work according to the resolutions of the meetings.

In order to continue to improve the sustainable operation and management of the Company, fulfill the commitment to sustainable development, and respond to the expectations of stakeholders, CSSC has planned the Environmental, Social and Governance Sustainability (hereinafter referred to as ESG) Goals for the period from 2023 to 2050, and to deepen its sustainability foundation through concrete actions in the areas of environmental protection, social responsibility, and corporate governance. Each year, the opinions of stakeholders are collected for the Sustainable Development Management Committee to adjust the Company’s ESG goals on a rolling basis. The implementation plan and results for the year 2023 are presented in the report.

Operation of Sustainable Development Management Committee

Implementation Plan	Communication mechanism	Frequency of implementation	Implementation in 2023
Compilation of annual report	The Sustainable Development Management Committee is convened annually to set short-, medium-, and long-term ESG goals, and to discuss issues such as identification of stakeholders' issues of concern, indicators for disclosure in the annual report, and data collection and consolidation.	At least one meeting is convened per year	One meeting was convened for the "Sustainable Development Management Committee and Discussion on Carbon Neutrality and Carbon Reduction Targets".

Short-, Medium- and Long-Term Goals and Action Guidelines for Sustainable Development (ESG)

Sustainability Goals - Corporate Governance

Issue	Integrity management	Information/network security
Goals of 2023	1.0 cases of major violations of the law. 2.Conducting integrity management education and training for promotion in the training of newly recruited employees.	1.Zero major security incidents. 2.promotion of ISO 27001.
Goal achievement status	1.All goals have been achieved; 2.promotion of integrity management in training for newly recruited employees for a total of 166 person-hours/year.	All goals have been achieved; Periodic review of ISO 27001 was completed in 2023.
Short-term goals (2024~2025)	1.0 cases of major violations of the law. 2.Scheduled integrity management education and training with an estimated total of 100 person-hours/year.	1.Zero major security incidents. 2.Periodic review of ISO 27001:2013. 3.Continuous enhancement of information security.
Mid-term goals(2026~2030)	1.0 cases of major violations of the law. 2.Scheduled integrity management education and training with an estimated total of 120-140 person-hours/year.	1.Zero major security incidents. 2.ISO 27001 version update.
Long-term goals (2031~2050)	1.0 cases of major violations of the law. 2.Scheduled integrity management education and training with an estimated total of 140 person-hours/year or more.	Zero major security incidents.

Sustainability Goals - Social Responsibility

Issue	Employee benefits and salaries	Talent development and retention	Supplier management	Community participation
Goals of 2023	Signing of collective bargaining agreement	1.Review of the succession plan for supervisors on a rolling basis. 2.Providing 240 person-hours/year of management training courses for mid-level executives. 3.300 person-hours/year of engineering-related general training courses.	Priority given to local suppliers for project procurement and contracting, except for the owner's designated brands, exclusive products or special specifications.	1.Sponsoring local neighborhood activities and activities to care for the disadvantaged elderly, with a total of more than 1,500 person-times/year. 2.Assisting local elementary and secondary schools in handling funds for sponsoring activities for a total of more than 1,000 person-times/year.
Goal achievement status	The agreement is signed and described in 4.3.4 Enterprise Trade Unions.	All goals achieved	All goals achieved	All goals achieved
Short-term goals(2024~2025)	Ongoing communication with the trade unions on the work conditions in the agreement (this agreement is valid until 2026).	1. Review of the succession plan for supervisors on a rolling basis. 2.Providing management training courses for mid-level supervisors, scheduled for 240 person-hours/year. 3.Providing engineering-related general training courses to enhance employees' knowledge and skills.	Maintaining over 80% of local procurement except for materials and large equipment specified by the owner.	1.Sponsoring local neighborhood activities and activities to care for the disadvantaged elderly, with a total of more than 1,500 person-times/year. 2.Assisting local elementary and secondary schools in handling funds for sponsoring activities for a total of more than 1,000 person-times/year.
Mid-term goals (2026~2030)	Annual review and adjustment on a rolling basis	1.Providing management training courses for mid-level supervisors of 300 person-hours/year. 2.Engineering-related general training of 400 person-hours/year.	Key supplier evaluation includes items of environmental issues, work conditions, human rights issues, and social codes of conduct	
Long-term goals (2031~2050)	Annual review and adjustment on a rolling basis	1.Providing management training courses for mid-level supervisors of 300 person-hours/year. 2.Engineering-related general training of 500 person-hours/year.	Promoting the top 3 suppliers to become energy-saving and carbon-reducing enterprises.	

Sustainability Goals - Environmental Protection

Issue	Energy management	Response to climate change	Water resources	Resource recycling management
Goals of 2023	Annual electricity savings of 1% or more	1.Ongoing greenhouse gas inventory and verification. 2.Setting short, medium and long- term carbon reduction goals for carbon neutrality.	Recycled water reuse of 5,750 tons or more.	Increasing the average amount of submerged arc welding slag recycled in the last three years by 3% or more
Goal achievement status	Goal achieved	Goals achieved; third-party verification of 2022 greenhouse gas inventory completed.	Goal achieved	Goal achieved
Short-term goals(2024~2025)	Annual electricity savings of 1% or more	1.Adjustments to carbon-neutral pathways on a rolling basis. 2.Assessment of green power purchase. 3.3% reduction in greenhouse gas emissions compared to 2018.	Recycled water reuse of over 5,850 tons.	Continuously seeking alternatives to landfill disposal of wastes.
Mid-term goals (2026~2030)	Improving energy efficiency and process improvement, replacing old equipment and optimizing process parameters.	1.15% reduction in greenhouse gas emissions compared to 2018. 2.Planning for green power purchase requirements.	Recycled water reuse of 50 tons more than the previous year.	Annual review on a rolling basis to reduce the amount of landfill.
Long-term goals (2031~2050)	Focusing on carbon reduction technologies in the manufacturing process.	Stage-by-stage fulfillment of carbon reduction goals, leading to a net-zero emissions vision for 2050.		

1.4 Stakeholder Identification and Communication

In order to pursue sustainable management, CSSC takes into account of each unit's business and the exchange experience of the industry, and responds to the concerns of stakeholders through communication with them, in order to continuously review and improve the effectiveness of the Company's implementation of sustainable development. We selected eight categories of major stakeholders including the shareholders, customers, suppliers/contractors, employees, community or local groups, non-profit organizations, players in steel structure industry/engineering consultants and government agencies. Then, we collected the stakeholders' level of concern to each important issue of concern through online or written questionnaires, and developed the short-, medium-, and long-term goals of the critical issues identified.

Stakeholders	Issues of concern	Communication mechanisms	Communication frequencies	Corresponding chapters
Shareholders	Corporate governance Financial performance Information security Information disclosure Risk management	General Meeting of Shareholders Financial Reports Stock Market Public Information Observation Post System CSSC Introduction Brochure CSSC Official Website (www.cssc.com.tw) ESG Report CSSC Sustainable Development Information Network (csr.cssc.com.tw/cssc_csr/)	Once a year Once a year Once a year Irregularly Irregularly Once a year Irregularly	2.2 Business Development Strategy and Future Vision 3.1 Corporate Governance Structure 3.2 Risk Management 3.3 Overviews of operations
Government agencies	Industrial safety management and disaster prevention Environmental protection Laws and regulations Risk management	CSSC Official Website (www.cssc.com.tw) ESG Report CSSC Sustainable Development Information Network (csr.cssc.com.tw/cssc_csr/) General Meeting of Shareholders Financial Reports Stock Market Public Information Observation Post System	Irregularly Once a year Irregularly Once a year Once a year Irregularly	3 Corporate Governance 4.4 Occupational Safety and Health 6 Environmental Protection
Customers	Industrial safety management and disaster prevention Product quality and delivery Production volume and manufacturing costs Component transportation management Environmental protection Introduction of special component manufacturing technology Information security	Customer Satisfaction Survey CSSC Introduction Brochure CSSC Official Website (www.cssc.com.tw) ESG Report CSSC Sustainable Development Information Network (csr.cssc.com.tw/csr/)	Before project completion Irregularly Irregularly Once a year Irregularly	2.3 Product quality 2.5 Investment in R&D and Innovation 3.2 Risk Management 4.4 Occupational Safety and Health 6.5 Environmental Management
Employees	Industrial safety management and disaster prevention Labor rights Employee training	Employee Welfare Committee Labor-Management Conference CSSC Official Website (www.cssc.com.tw) ESG Report CSSC Sustainable Development Information Network (csr.cssc.com.tw/csr/) Enterprise Information Portal (EIP)	Irregularly Once a quarter Irregularly Once a year Irregularly Irregularly	4 Employee Care and Attention

Stakeholders	Issues of concern	Communication mechanisms	Communication frequencies	Corresponding chapters
Suppliers / contractors (third parties)	Industrial safety management and disaster prevention Contractor/supplier price and quality Product quality and delivery Supplier management	Pre-construction Safety and Security Coordination Meeting Periodic agreement organization meeting Engineering Contracts Industrial Safety Workshop CSSC Official Website (www.cssc.com.tw) ESG Report CSSC Sustainable Development Information Network (csr.cssc.com.tw/csr/)	Irregularly Once a month Irregularly Irregularly Irregularly Once a year Irregularly	2.3 Product Quality 4.4 Occupational Safety and Health 5.1 Supplier Management 5.2 Contractor Management
Community or local groups	Environmental protection Component transportation management Community care	Interviews with district chiefs/village heads/public interest organizations CSSC Official Website (www.cssc.com.tw) ESG Report CSSC Sustainable Development Information Network (csr.cssc.com.tw/csr/)	Irregularly Irregularly Once a year Irregularly	6.5 Environmental Management 7.1 Community Creation 7.2 Public Participation
Non-profit organizations	Industrial safety management and disaster prevention Environmental protection Laws and regulations Corporate governance Labor rights Energy conservation efficiency	Participation in communication workshops CSSC Official Website (www.cssc.com.tw) Stock Market Public Information Observation Post System ESG Report CSSC Sustainable Development Information Network (csr.cssc.com.tw/csr/)	Irregularly Irregularly Irregularly Once a year Irregularly	3.1 Corporate Governance Structure 3.2 Risk Management 4.3 Employee Rights and Benefits 4.4 Occupational Safety and Health 6.4 Energy and Resource Management 6.5 Environmental Management
Players in steel structure industry / engineering consultants	Industrial safety management and disaster prevention Environmental protection Laws and regulations Corporate governance Product quality and delivery Production volume and manufacturing costs	CSSC Official Website (www.cssc.com.tw) Stock Market Public Information Observation Post System ESG Report Email box CSSC Sustainable Development Information Network (csr.cssc.com.tw/csr/)	Irregularly Irregularly Once a year Irregularly Irregularly	2.3 Product Quality 3.1 Corporate Governance Structure 4.4 Occupational Safety and Health 6.5 Environmental Management

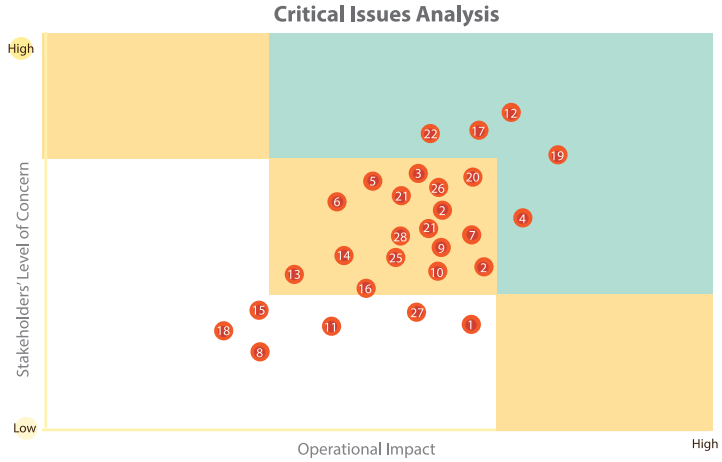
1.4.1 Critical Issues

CSSC identifies critical issues of concern to stakeholders based on the following procedures.

1. CSSC collects the issues of concern from stakeholders, takes the indicators of "Operational Impact" and "Stakeholders' Level of Concern" as the two objectives for consideration, and assigns weights to the indicators of each of these issues. Then, the results are prioritized according to the matrix concept, which will serve as a reference for subsequent improvement and the direction of efforts.
2. A questionnaire survey is conducted by providing stakeholders with online (http://csr.cssc.com.tw/cssc_csr/questionnaire.php) or paper questionnaires with the survey contents covering economic, social, and environmental issues.
3. The senior management of the Company analyzes the impact of the issues of concern to the Company, and decides the priority of the issues and classifies them as critical issues.

After collecting stakeholders' issues of concern and assigning weights to "Operational Impact" and "Stakeholders' Level of Concern", we identify the issues of concern that are important to the stakeholders, consider their impact boundaries, and establish management policies to manage them.

The results of the identification are shown in the figure below.



Notes:

(1) Economic aspects: 1-Corporate Governance, 2-Operational Financial Performance, 3-Risk Management, 4-Integrity Management, 5-Product Quality, 6-Innovative R&D, 7-Customer Service, 8-Tax Policy, 9-Information/Network Security, 10-Supply Chain Management.

Environmental aspects: 11-Climate Change Actions, 12-Greenhouse Gas Emissions, 13-Energy Use, 14-Raw Materials, 15-Water Resources and Wastewater Recycling, 16-Air Pollutants, 17-Waste, 18-Biodiversity.

Social aspects: 19-Occupational Safety and Health, 20-Labor-Management Relations, 21-Diversity and Inclusion in the Workplace, 22-Employee Compensation and Benefits, 23-Talent Cultivation and Development, 24-Discrimination, 25-Freedom of Association and Collective Bargaining, 26-Talent Attraction and Retention, 27-Forced Labor, 28-Community Involvement and Social Welfare.

(2) "Operational Impact" refers to the impact of the issue on the Company as assessed by the unit managers, and "Stakeholders' Level of Concern" refers to the level of concern of the stakeholders.

Identification of Critical Issue Boundaries:

Critical issues	Critical topics (GRI topics/ customized topics)	Impact boundaries			Corresponding chapters
		Upstream	CSSC	Downstream	
Integrity Management	GRI 205: Anti-corruption 2016	○	●	○	3.1.1 Board of Directors 3.1.5 Internal Audit 3.1.6 Moral/Ethical Code of Conduct 4.2 Functional Development
Greenhouse Gas Emissions	GRI 305: Emissions 2016	○	●	○	6.3 Response to Climate Change
Waste	GRI 306: Waste 2020		●		6.5.6 Removal and Disposal of Waste
Occupational Safety and Health	GRI403: Occupational Safety and Health 2018		●		4.4 Occupational Safety and Health
Employee Compensation and Benefits	GRI 405: Employee Diversity and Equal Opportunity 2016		●		4.1 Human Resources

Note 1: The upstream boundary is the suppliers of raw materials and equipment purchased by CSSC, the core of the value chain is the production of steel structures by CSSC itself, and includes the employees and contractors, and the downstream boundary includes customers and residents of the community.

Note 2: ● actual impact; ○ potential impact; what is left "blank" means no impact (to the upstream and downstream use).

2

CH2 Company Profile

Company Profile

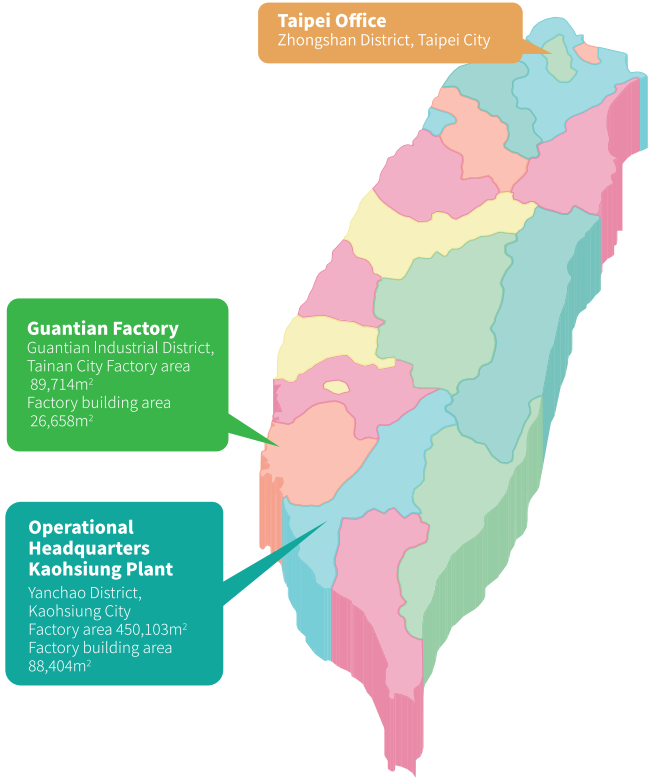
2.1 Company Profile of China Steel Structure

Founded on February 24, 1978, CSSC (officially listed on January 21, 1992, stock code: 2013China Steel Structure) is the first company in Taiwan to specialize in the manufacture and installation of steel structures, meeting customers' requirements for the highest quality, reasonable price and shortest construction period, with fully independent technology and production capacity. CSSC has a manufacturing factory in both Kaohsiung and Tainan, Taiwan, with a total annual capacity of approximately 160,000 metric tons.

Adhering to the spirit of "meeting the diversified needs of owners, promoting competitiveness, safeguarding the reasonable rights and interests of shareholders and employees, upgrading product quality, enhancing customer service, continuous improvement and sustainable management", CSSC makes good use of the group's advantageous resources by effectively combining talents, technology and capital, and provides customers with complete services from steel structure design, engineering technical support, supply of various steel profiles, steel structure fabrication, construction and installation, to civil engineering construction with effective management, to realize a full range of tailor-made services for customers.

CSSC's operational headquarters and Kaohsiung Plant are both located in Yanchao District (Kaohsiung City), and Guantian Factory is located in Guantian District (Tainan City). Kaohsiung Plant mainly produces products for high-rise buildings and factory buildings, as well as mechanical steel frames and other steel structure products, while Guantian Factory mainly produces bridge components, and part of the production lines also produces components for factory buildings and high-rise buildings to efficiently utilize the productivity of the production lines. An office is also set up in Taipei City, responsible for the quality and progress of the projects in the northern part of Taiwan. CSSC has the following operational bases.

Established	February 24, 1978
Industry category	Metal Products Manufacturing, Construction
Product category	Steel frames for factories, steel frames for buildings, steel frames for bridges and mechanical bodies
Business locations	Kaohsiung Plant (headquarters), Guantian Factory, Taipei Office
Capital	NTD 2 billion
Number of employees	Number of employees in the Group: 694 (as of December 31, 2023); 459 individual employees in CSSC.
Revenue in 2023	18,839 (million dollar)



2.2 Business Development Strategy and Future Vision

2.2.1 Industry Development Trends

Steel Structure Market

Steel structure is mainly used in high-rise buildings, automated equipment logistics factory buildings, high-tech factory buildings, steel bridges and machineries (steel frame of giant machinery), and underwater foundation equipment. As it is made of steel with the characteristics of processing and manufacturing in the factory and on-site installation at the construction site, it can effectively shorten the construction time, and can be recycled after dismantling (environmentally friendly green building). Also, its seismicity and safety are better than the traditional building, so steel structure will be widely used.

Recently, due to the frequently information about the lack of labor and seismic factors in reinforced concrete (R.C.) project cases for buildings, many builders have begun to plan for the steel-reinforced structure (SRC, SC) buildings, so the launch of building projects in the construction industry is now more stable. Although there are still frequent negotiations on the small-scale steel structure building cases launched by builders and urban renewal builders in the short-term, they are still affected by inflation and interest rate rises, and the high-tech factory buildings of steel structure other than the factory buildings for the semiconductor industry have the trend of continuous expansion with a significant growth.

Overall, the demand for steel structure is facing a shortage of production capacity to meet market demand, the price competition among the industry is still obviously fierce, and profit margins still suffer a compression due to the fluctuations in steel prices and the market factor of lack of labor. In the future, the lack of labor and the sources of machines and tools will become the are key factors that mainly control the profit and loss of the players in the industry.

1.Current Status and Development of the Industry

The steel structure industry is a labor- and capital-intensive industry. Large-scale development projects in Taiwan are mainly undertaken by larger-scale steel structure manufacturers, but smaller-scale factories can also strive for the manufacturing and processing of small and medium-sized projects with a little capital and labor. Since the construction (building) industry is the main service object of the steel structure industry, the boom or bust of the construction (building) industry and the status of Taiwan's input on major public projects are the biggest factors affecting the steel structure industry.

This year, in addition to public projects, private high-tech industry companies such as TSMC, as well as private investment in building construction cases, unified logistics plants, large-scale commercial and office buildings are all the main sources of the steel structure business.

The raw materials for the steel structure industry are mainly steel, welding materials, high tension bolts, and shear nails. Except for a few steel products of special materials and specifications that have to be imported, more than 95% of the raw materials are provided by local suppliers. Among them, the main suppliers of steel plates in Taiwan are China Steel Corporation (CSC), Dragon Steel Corp.; steel sections are supplied by the suppliers of Dragon Steel Corp., Tung Ho Steel Enterprise Corp., but there is a trend of increase in the import of low-priced foreign steel products, which will seriously affect the steel structure industry in Taiwan.

2.Correlation between Upstream, Midstream and Downstream of the Industry

The upstream of the steel structure industry refers to the steel mills that manufacture steel plates and steel section, while the midstream is the steel structure manufacturing industry, which utilizes the raw materials provided by the upstream to manufacture various steel products for the downstream industries such as the construction (building) industry. CSSC belongs to the midstream steel structure manufacturing industry, and its main products are used in building construction, factories, bridges, submarine foundations, and various types of equipment support steel frames.

3.Product Development Trend and Competition

Due to the low barriers to entry in the steel structure manufacturing industry, the competition in Taiwan was already quite fierce. Because of the factors of active expansion of technological plants and the return of Taiwanese businessmen, coupled with the private sector’ s high willingness to invest, the result is a seller's market for steel structures that are in short supply with an increase in the demand for steel structures.

Steel structure products have such features of short construction period, good seismic resistance and environmentally friendly recyclable structure while meeting ESG requirements. Coupled with the government's vigorous promotion of the trend of green building, and the public's demand for better quality of life, it is believed that the proportions of steel structure (SS), steel construction (SC) and reinforced concrete structure (SRC) for housing buildings will be gradually climbing up. In addition, the expansion of private sector demand/investment in construction will also increase the demand for steel structures. Accordingly, the development trend of steel structure products will be to continue to promote the use of steel structure in housing construction, to develop higher quality steel in conjunction with upstream steel mills, and to develop high value-added products.

Steel Product Trading Markets

The global economic outlook continues to deteriorate under the influence of monetary tightening, which is hurting both consumption and investment. But inflation is also starting to weaken in 2023 due to the economic slowdown, which could bring the monetary tightening cycle to an end in 2024. However, the fight against inflation is not yet over and will continue to be threatened by multiple factors such as persistent core inflation and a tense job market.

The construction sector has been adversely affected by the high interest rate and cost environment, which is particularly true for the residential housing sector, but the aggressive infrastructure investment has cushioned the impact to some extent. Despite the easing of supply chain bottlenecks, the manufacturing sector has continued to slow amidst weak demand, with consumer durables being seriously affected. With order backlogs and supply chain bottlenecks easing, the automotive sector will continue to recover in 2023, leading to high growth in many regions, although the sector is expected to decelerate in 2024.

In China, the real estate market slump that has persisted into 2023 is putting pressure on the Chinese economy, leading to an unexpected slowdown. The decline in real estate sales has led to a crisis in the financial position of major real estate developers, raising concerns about the health of the Chinese economy. But the government has taken active steps to stabilize the economy since July, and the situation should be stabilized in the second half of 2023. Since the second quarter, almost all steel-using industries have shown signs of weakness, with key real estate indicators such as land purchases, property sales and the area of new constructions continuing to decline, which is expected to continue to affect steel demand in 2024. On the other hand, since the government has been rigorously promoting project construction, infrastructure investment continues to gain momentum in 2023, so infrastructure investment is expected to remain moderately positive in 2023 and 2024. The growth in the manufacturing sector has weakened, but a moderate growth will maintain in 2023, of which automotive production will see positive growth, and household appliances will see strong growth. Due to the deterioration of the external market environment, the growth momentum of the manufacturing sector may be further weakened. Under the support of the infrastructure investment and the development stable of the real estate sector, the steel demand is expected to see a 2.0% growth in 2023, but the outlook for 2024 is not clear. The real estate market and exports will continue to exert negative pressure on steel demand, and steel demand could contract without additional government support measures. However, if we assume that additional economic support measures will be adopted by the Chinese government, steel demand in 2024 could remain at 2023 levels, with downside risks in 2024 if the stimulus effect is weaker than expected.

In the U.S., despite the resilience of the U.S. economy to significant interest rate hikes, the steel industry is suffering, particularly in residential housing construction, which is expected to contract in 2023 and 2024. However, the commercial building construction sector is showing a strong recovery due to reflux activity, and the Infrastructure Act and the Inflation Reduction Act of 2022 are supporting growth in the infrastructure sector. Manufacturing is also slowing down, but the automotive sector is expected to continue its post-pandemic recovery, the lagged effect of tight monetary policy suggests downside risks in 2024, and steel demand in the U.S. market is forecast to continue to decline by 1.1% in 2023, following a 2.6% decline in 2022, and to grow by 1.6% in 2024.

In Europe, although the EU economy is more resilient than expected to withstand the energy crisis caused by the Russia-Ukraine war, high interest rates and high energy costs are taking a heavy blow to manufacturing activities. And the Red Sea crisis derived from the Israeli-Palestinian conflict also has an impact on the trade activities between Asian and European. Moreover, the recovery of the automotive industry continues, but it is expected that automobile production will not reach the pre-pandemic level in 2024. Residential housing construction is also affected by high interest rates, high material costs and labor shortages, of which Germany's situation is particularly difficult, as it has both manufacturing recession and real estate crisis. Since the monetary policy is expected to remain tight, the real demand is not expected to rebound in 2024. But, with the end of the de-inventorying cycle, the technical rebound will make the steel demand in 2024 to achieve positive growth, and the steel

demand in the European Union is expected to continue to decline by 5.1% in 2023 after falling by 7.8% in 2022, but it is expected to grow by 5.8% in 2024.

1. Various Product Development Trends and Competition Scenarios

The steel market is already reflecting the impact of the high inflation and interest rate environment. Since the second half of 2022, the market activity in the steel-using industries has cooled off sharply in most sectors and regions along with the weakening of investment and consumption momentum, and this has continued into 2023, with the European Union and the U.S. in particular being severely impacted. Considering the delayed effects of tight monetary policy, we believe that steel demand in developed economies is expected to recover slowly in 2024, emerging economies are expected to grow faster than developed economies, but the performance of emerging economies continue to diverge, with emerging economies in Asia maintaining a better resilience.

2. Future Supply/Demand and Growth of the Market

As per the forecast by the World Steel Association (WSA), global steel demand will recover to grow by 1.8% to 1.8145 billion tons in 2023 after a decline by 3.3% in 2022, and it will continue to grow by 1.9% in 2024 to 1.8491 billion tons.

The situation in China's real estate market will stabilize in the second half of 2023, and steel demand in China is likely to show a small positive growth due to the government's countermeasures. China's steel demand forecast for 2024 remains uncertain based on the policy direction to deal with the current economic difficulties, and as China's economy is undergoing a structural transformation phase, it is likely to add to the market's volatility and uncertainty. Other uncertainties include conflicts and unrest in Russia and Ukraine, Israel and Palestine or other areas, which will further lead to higher oil prices and geopolitical and economic chaos, both of which create downside risks. It is worth noting that despite the weakening of construction activity as a result of high interest rates, infrastructure investment is showing positive developments in many regions, even in developed economies, which also reflects the impact of various countries' efforts to decarbonize.

Advantages, Disadvantages and Countermeasures of Development Vision

Advantages

1.Inflation continues to weaken.
2.Green dividend from decarbonization.

Disadvantages

1.Economic uncertainty due to geopolitical turmoil.
2.Market volatility due to structural transformation of Chinese economy.

Risk Management

1.Identify the changes and risks in the internal and external environment of the business, analyze the probability of risks and the degree of harm, and formulate countermeasures to deal with them.
2.Establish policies, procedures and risk control operations for the steel product sales and payment collection cycle, including sales forecasting, sales planning, order processing, delivery operation, collection operation, customer complaint handling, file management, discrepancy analysis and other policies and procedures.
3.Cargo transportation insurance for exported products.

2.2.2 Major Investment Cases

No major investment cases in 2023.

2.2.3 Major Economic Issues

External Competitive Environment

Due to the oversupply in the steel structure industry in Taiwan and the threat of steel imports from mainland China, coupled with the low barriers to entry into the industry, competition is very intense and prices are easily affected by market supply and demand, and there is no possibility of forming trust and monopoly in the market environment. Generally speaking, when the construction industry recovers or the government invests in more public works or the industry invests in building large-scale factories, the competition among the industry is usually more moderate because of the increase in market demand, which will be conducive to price increases and better profits. Otherwise, the players in the industry will be competing with each other to cut prices and grab bids, which makes it difficult to make a reasonable profit. In order to cope with this competitive external environment, CSSC not only is actively reducing cost and improving quality internally, but also has set the following target markets.

① Projects of short construction period and large volume of work. ② High value-added products. ③ Projects in emerging markets in Southeast Asia.

Regulatory Environment

CSSC has steel structure manufacturing factories. Although it is classified as a manufacturing industry, it is not an energy-consuming industry. Therefore, in addition to complying with the general regulations of the manufacturing industry, it is not affected by the revision of energy regulations or other regulations. However, because the nature of the business is more related to the construction industry, the operation is more affected by the construction regulations.

In today's steel structure market, the steel structure projects of most of the governmental public projects are incorporated into civil engineering projects for public bidding, so after the civil engineering construction companies are awarded the bids, they then subcontract the steel structure projects to professional steel structure companies for construction. Thus, most of the steel structure companies are not able to participate in the public bidding of the governmental projects directly, and therefore are not in a position to violate the government procurement law.

General Business Environment

In recent years, natural disasters such as earthquakes, landslides and other natural calamities have been frequent, resulting in the collapse of houses, increase in the number of dilapidated buildings, and destruction of bridges. Since steel structure has better earthquake and disaster resilience, the rate of using steel structures is increasing for new buildings and bridges. In addition, steel structure is a green building material that can be recycled and reused in the future, which is in line with the government's policy of energy saving and carbon reduction. It is predicted that steel structure will be commonly used for tall buildings and large span bridges in the future, and the demand for steel structure is expected to increase. However, due to the fluctuation of steel raw material prices, the difficulty in controlling labor and machinery, and the imbalance between supply and demand in the market, its operation is difficult, and we have to pay full attention and be cautious in the business.

2.3 Product Quality

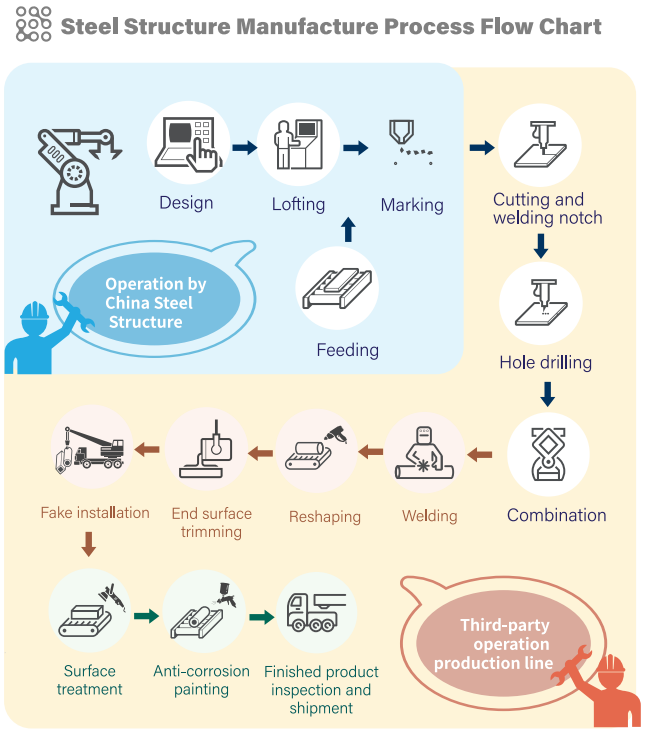
2.3.1 Manufacturing and Installation Process

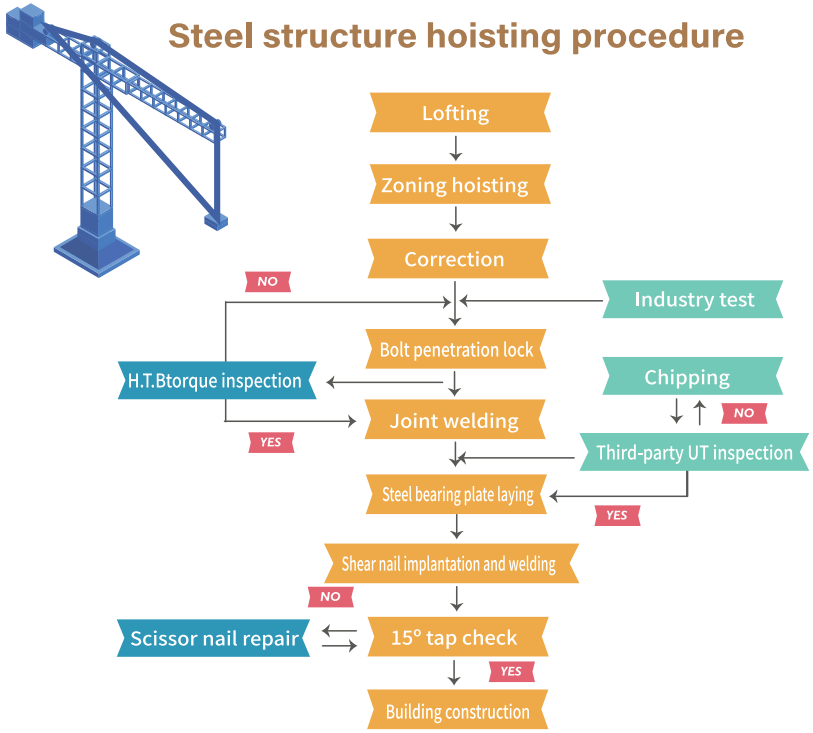
CSSC uses 3D design software Tekla Structure (Tekla Xsteel) and AUTO CAD drawing system to link up with the on-site CAD/CAM process system for automatic implementation of machining operations. In 2012, we also developed the Plant Design and Management System (PDMS), which uses computer graphics and simulation technology for the establishment of three-dimensional solid model, effectively saving manpower and time and improving the quality of the design. At the same time, the introduction of advanced automated production equipment and the integration of highly automated production lines and efficient management has created a high degree of flexibility in the manufacturing capacity to meet the customer's demand for high-quality diversified products. The enterprise E platform provides customers with real-time information on the progress of the project and the manufacturing status of the components online, which can satisfy customers' requirements on quality, cost and delivery.

2.3.2 Quality Management

CSSC is the first steel structure company in Taiwan to be certified by ISO 9001. It has also won the Quality Control Group Award of the Chinese Society for Quality, the Engineering Technology Award of the Chinese Society of Structural Engineering and the Public Construction Gold Award of the Public Construction Commission. The General Manager holds management review meetings in January and July every year to review the quantitative implementation performance of various measurement indicators of quality goals, and review employee education and training, factory processes and equipment improvements to strengthen CSSC's production capabilities and thoroughly implement internal quality audit functions. This ensures the effectiveness of the quality management system.

Each product manufacturing process of CSSC has undergone strict quality management, and non-destructive testing is carried out in every important step of the product. In addition to self-inspection within the Company, we also accept re-inspection by professional testing institutions. The purpose is to ensure that product quality meets expected standards and also ensures that the products delivered to customers are safe. In order to meet the quality requirements of Taiwan's public works, expand the international market, and enhance the Company's competitiveness, CSSC has continued to get "Non-Destructive Testing Laboratory" certification recognized by the Taiwan Accreditation Foundation (TAF) since September 3, 2010. It is the first steel structure factory in Taiwan to get TAF certification, and has been mutually recognized by international institutions such as the International Laboratory Accreditation Cooperation Mutual Recognition Arrangement (ILAC MRA) and the International Accreditation Forum (IAF).





CSSC has made great achievements in overseas development in recent years. In 2011, CSSC received orders for oil drilling derrick projects from foreign countries (at present, there is a shortage of oil and energy supply all over the world and many countries go to the sea for exploration in order to seek for more energy. Therefore, the oil drilling derrick was born accordingly). As the equipment for exploring and drilling for crude oil, the oil drilling derrick is set up in the open sea all the year round with high quality requirements as it is subject to the impact of the tides, wave changes, harsh climate and salt erosion. With its products and inspection quality recognized by foreign steel structure projects, CSSC has continuously signed contracts for the projects of exporting steel structures to foreign countries, such as the power plant projects in Philippines and Indonesia. CSSC's established strict quality management system not only builds up a good reputation, but also provides the best guarantee to the clients; CSSC has been awarded the international standard quality assurance system and passed the ISO 9001: 2015 version update verification in 2017.

Taiwan's new energy policy was announced on November 3, 2011, with "ensuring nuclear safety, steadily reducing nuclear power, creating a green energy and low-carbon environment, and gradually moving towards a non-nuclear homeland" as the overall energy development vision and the promotion main axes, in line with China Steel Group's contract for the manufacturing of underwater infrastructure for the off-site wind power generation. In order to be qualified for the contract, CSSC started to prepare for the validation operation in March 2019 with full dedication of all staff, was reviewed for certification by TUV in October of that year, and successfully passed the validation of the highest level of quality management system of IS03834-2 and EN1090-2 EXC4. From material inspection to finished products, we have completed 10 sets of Ørsted Grand Changhua project. In addition, in line with the Group's division of labor, we have completed the production of the foundation tower for the Zhongneng No. 29 offshore wind farm by the end of 2022. This means the fabrication and inspection procedures for steel structure products and underwater infrastructure manufactured by CSSC comply with the highest quality requirements of the European Union, which continuously and effectively demonstrates good weld quality system management, and increases opportunities to expand the market for steel structure fabrication and export sales.

The status of the achievement of quality targets by CSSC in 2023 is as follows:

Target	Sub-target	Target value of 2023	Actual value of 2023	Difference %
Reducing quality defect rate	a. Primary processing N.D.T defect rate of Kaohsiung Plant Secondary processing N.D.T defect rate of Kaohsiung Plant	≦ 0.39% ≦ 0.21%	0.37% 0.18%	5.13% 14.29%
	b. Primary processing N.D.T defect rate of Guantian Factory Secondary processing N.D.T defect rate of Guantian Factory	≦ 0.38% ≦ 0.21%	0.35% 0.16%	7.89% 23.81%
Reducing manufacturing errors and improving N.D.T. judgement accuracy	a. Reducing the rate of manufacturing errors that must be corrected during installation.	≦ 0.12%	0.08%	33.33%
	b. Improving the accuracy of non-destructive testing (NDT) judgement results to reduce the defective rate of sampling inspection by the owner or its appointed third-party inspection representative.	≦ 0.19%	0.19%	0%
Accuracy of product delivery date	-	≧ 98%	98.5%	0.51%
Reducing drawing errors	-	≦ 0.040%	0.040%	0%

As shown in the results, CSSC's quality targets for 2023 have been achieved through the efforts of the entire company, and we will continue to maintain the quality policy and strengthen the quality targets in the future.

2.4 Customer Service

CSSC's Business Division is responsible for customer service from the beginning of the business contact, to the subsequent stage of contract signing, and even during the construction process when the design is changed by the customer. During the product production and processing stage, if the customer has any requirement for product design, product quality, manufacturing and processing progress, industrial safety and environmental protection, the Quality Assurance Division will act as the contact window to receive customer demands and complaints, and forward them to the Design Division, Kaohsiung Plant, Guantian Factory, Quality Assurance Division and Industrial Safety Division for improvement and response according to categories, to meet customer demands in real time. The Administration Department is responsible for meeting food, clothing, accommodation and transportation requirements of the customer's representatives in the factory, and providing the customer with daily needs for business execution in the Yanchao District.

CSSC adopts the competitive bidding or bargaining system for most of its products, and most of its customers appoint professional supervision companies or architects for legal supervision to supervise the construction on their behalf. Therefore, CSSC will not mislead consumers to buy products and services that do not meet their needs by using unfair, incomplete, or incorrect marketing and information. Moreover, steel structure is a non-consumable product, customers often use professional supervision companies to supervise on their behalf, and the supervision companies themselves are fully aware of CSSC's products, so CSSC does not educate customers about its products.

2.4.1 Customer Satisfaction Survey

Customer satisfaction is CSSC's business philosophy, and we expect our products to be recognized by our customers. Customer suggestions and complaints are the driving force behind CSSC's excellence. Before the completion of each project, the Steel Structure Business Division will conduct a customer satisfaction survey, the results of which will be used as the basis for subsequent improvement efforts and development goals. In 2023, the customer satisfaction survey was based on a single item as the target value, and the target value was selected to be “service attitude of business staff”. The average value of this item was 91.7 points, and it has reached the default target (85 points) in 2023.

Item ▶ / Year ▼	Service attitude of business staff	Quality and progress of manufacturing drawings	Quality of purchased steel, paint.	Quality of manufactured welding	Quality and precision of manufacturing	Project management and liaison system	Site lifting quality and progress management	Degree of cooperation in overall construction process	Average of overall company performance	Promotion and implementation of site safety and security	Total average
2021	89.5	86.9	88.5	85.9	87.3	86.8	88.7	88.9	87.4	85.9	87.6
2022	92.05	91.40	91.80	89.80	90.65	88.65	89.50	91.05	91.65	89.80	90.65
2023	91.7	89.0	89.0	88.4	88.2	87.2	90.1	89.7	90.4	89.3	89.3

2.4.2 Customer Privacy

CSSC has always attached great importance to the confidential information and privacy rights of our customers. In order to implement a mechanism to protect the privacy of our customers, we are committed to the safe management of confidential information and sign a non-disclosure agreement prior to bidding as requested by our customers to protect the confidentiality of the information provided such as drawings and specifications. Managers at all levels are responsible for requesting and supervising their colleagues to comply with the confidentiality rules to ensure that confidential data is fully protected. All colleagues have the responsibility to comply with the confidentiality regulations, and CSSC has not had any complaint so far.

2.4.3 Project Performance

CSSC's products are spread all over the world. Recently, due to the gradual decrease of investment in Taiwan's electronic factory buildings, CSSC is now focusing on Taiwan's public works and residential buildings, and gradually moving towards overseas development in line with the Group's policy. In recent years, it has been moving towards the emerging markets such as Southeast Asia in order to create the greatest benefits for investors. For the projects constructed by CSSC in 2023 differentiated by geographic location, those projects in the northern part account for about 47%, those in the central part account for 18%, and those in the southern part account for about 35%.

The projects that CSSC started construction in 2023 are as follows.

Guangfu N. Road Building New Construction Project of Sunrise Construction	Construction Project at Yangsan Sixin Section Lot 115.116 (Fuhsuan)	Puchen Wenlin N. Road New Construction Project
Taipei Twin Star D1 Building New Construction Project	Steel Structure Construction Project of Maode New Taipei Second Administrative Building	Construction Project at Yangyi Sixin Section Lot 8 (Fuhsuan)
Construction Project of Fareast International Conference Center Phase 1 Memorial Hall	Fubon Dasi Rennovation New Construction Project	Baohui Construction Huimin Section New Construction Project
Lianju Huizhong 6th St Service Center New Construction Project	Construction Project of Formosa Plastics Changbin Electric Battery Phase 1	Scaffolding Construction Project of China Steel Coal Mine Phase 3
New Construction Project of TSMC Houjin F22P1CUP	Scaffolding Construction Project of China Steel Coal Mine Phases 4 and 5	Kaohsiung Light Rail – Longhua Bridge
New Construction Project of TSMC Houjin F22P1FABA	New Construction Project of China Steel Chemical Graphite Chemical Phase 2 Plant	

2.4.4 Major Project-New Project of Taichung Green Museumbra

"Taichung Green Museumbrary" is the first unique building with the composite functions of a library and an art museum. It is planned to have two floors underground and seven floors above ground, and combined with the Central Park. The building will be created to be a library in the park and an art museum in the forest, and it will become a localized art and recreation venue. The library and art museum are both independent and interconnected, sharing resources and adding value across domains to maximize the benefits of the building. It will become the most spatially diverse contemporary art museum in Taiwan.

Located at the north end of Central Park in the Shuinan Economic and Trade Park, Taichung Green Museumbrary is designed by SANAA Associates, a limited liability company co-founded by the internationally renowned Japanese architects Kazuyo Sejima and Ryue Nishizawa, who won the "Pritzker Architecture Prize", and Taiwan-based Ricky Liu & Associates Architects+ Planners. The project consists of eight white buildings ranging from 12 to 48 meters in height, with round or square shapes. It is to create a library in the park and an art museum in the forest, and integrate the art and cultural architecture into nature.

Expected Benefits

The design concept of Taichung Green Museumbrary is to create a cultural facility in the urban forest, embodying a library and an art museum in a park. To emphasize the dry and pleasant climatic conditions of Taichung city, the designers make part of the space be suspended, and introduce the natural winds to blow freely through it, creating a cool and comfortable art and culture environment. This will bring the people a sensory atmosphere as if they were under the trees, reading, and viewing the exhibitions. The design concept of this project is to diffuse from the city to the building, and the landscape will continue to diffuse into the building to become air, light, garden and terrace, so that all activities are closer to nature.

After the completion and opening of the Taichung Green Museumbrary, it will establish a new milestone for Taichung's art and culture, and become a window for Taichung to communicate with the art halls of the world. At the same time, along with the Taichung National Threatre, it will be one of the new landmarks of the world class, attracting tourists from home and abroad to stop by and visit the facility.

2.5 Investment in R&D and Innovation

Since its inception, CSSC, with its unremitting spirit of innovation and R&D, has set up an independent R&D unit and cooperated with the R&D Department of China Steel Corp., academic institutes and related engineering associations to conduct technological research and development as well as technical exchanges among structural technicians, architects and consultants, in order to provide customers with a full range of products and high-quality services, and to maintain sufficient competitiveness in the industry.

1. Welding Skill R&D and Innovation:

The main research directions are the development and planning of special welding procedures, new welding materials and new welding technologies, the introduction of new welding skills into the Company's production process, and the improvement of the existing welding operations to enhance welding quality, reduce costs and increase competitiveness. In line with the government's goal of developing the offshore wind power industry, we are actively developing underwater foundation welding technology, and have successfully developed the "Dulex Stainless Steel Welding Procedure" and the "I-Groove Large Filling Volume Welding Procedure", which have been applied to the fabrication of underwater foundation components for the offshore wind power industry.

In addition, we train welding personnel, organize various welding-related education and training to enhance the welding knowledge of our internal staff, and actively participate in industry-academia cooperation and exchanges with academic institutions and engineering associations.

2. Equipment Manufacturing R&D and Innovation:

The main research directions are process and production line development and improvement, new welding equipment development, field equipment improvement, introduction of environmental protection and energy saving equipment and equipment automation, to respond to the phenomenon of sub-replacement fertility and industrial upgrading in Taiwan. R&D and improvement of equipment manufacturing will be the future development trend of the Company.

In order to promote the offshore wind power industry smoothly, because the production and inspection of underwater foundation for offshore wind power is more difficult and complicated than traditional steel structure, we actively improve the production process and production line of underwater foundation to reduce the occurrence of defective rate and increase the production capacity.

3. Recent Important Research Projects:

Item no.	Item	Progress	Benefits
1	First phase of development of automated technology for welding of BOX inner partition of National Center for Research on Earthquake Engineering	The first group of specimens was planned to establish a welding parameter database of small steel specimens.The specimens of each plate thickness are manufactured by four steel manufacturers, and nine batches of specimen tests had been completed by the end of 2023.	Automated welding technology can increase productivity and save production time, improve product quality and consistency, reduce labor-related production costs, and thus gain a better position in the market competition and higher economic benefits.
2	Study on process of introducing wave control submerged arc welding machines	We have completed the discussion of the design of the waveform control welding machine with the equipment manufacturers, and completed the installation of the machine at the end of July 2023, and completed the development of the WPS at the end of 2023.	The AC/DC 1000 SD uses waveform control technology for submerged arc welding so that both frequency and amplitude can be adjusted. AC, DC (+) or DC (-) outputs can be programmed by software settings to control the filling efficiency and depth of fusion. Compared to conventional welding power sources, faster welding speeds, higher quality weld paths, and improved welding efficiency can be achieved in unipolar or multipolar welding, resulting in energy savings of approximately 15%.
3	Medium and long-term study of replacing welding shielding gas (CO_2->mixture).	We plan to visit all the suppliers of related welding consumables and gases to seek professional advice on all aspects of welding and to establish relevant data.	The objective of this study is to evaluate the impact of welding shielding gases on energy consumption and carbon emissions in order to further promote the development of environmentally friendly welding technologies. Through this study, CSSC hopes to reduce carbon emissions by practically replacing welding shielding gases and promote the realization of green manufacturing.

3

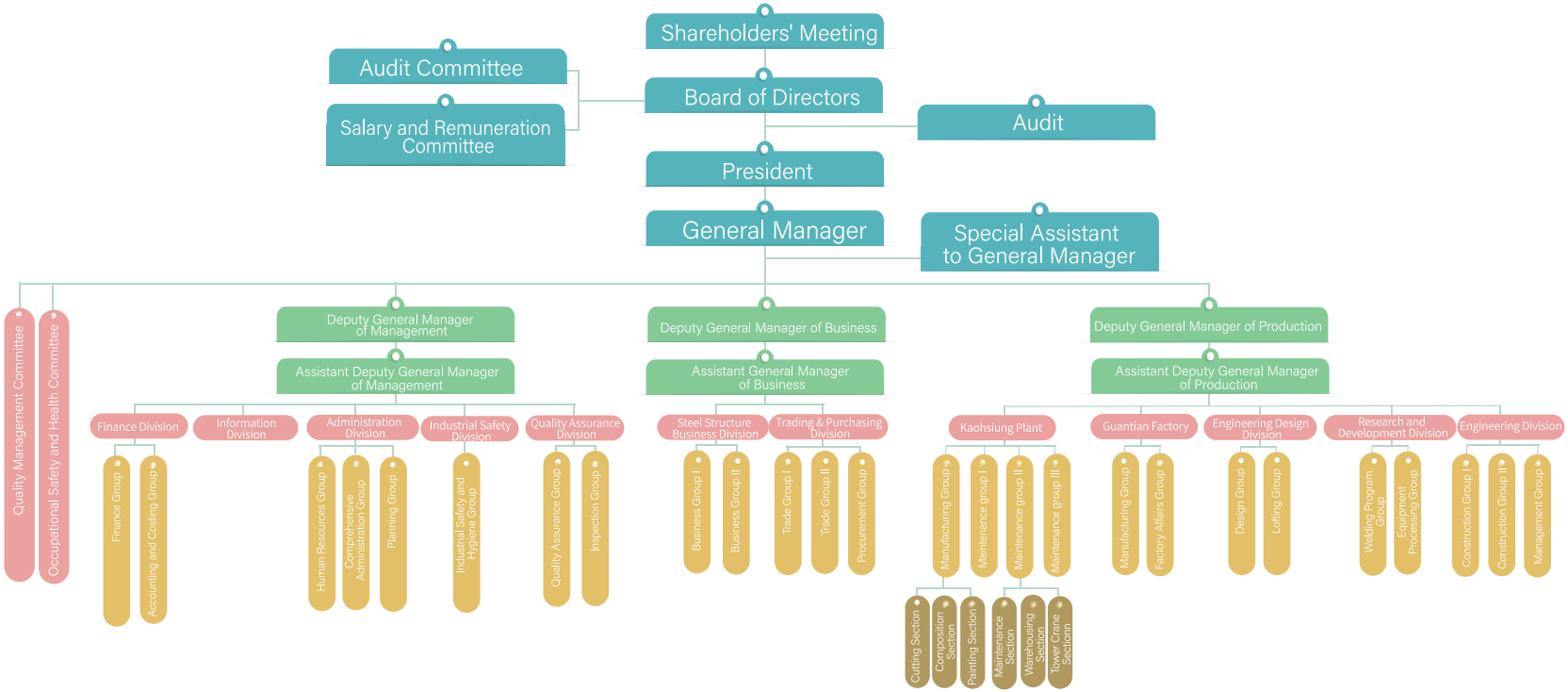
CH3 Corporate Governance

Corporate Governance

3.1 Corporate Governance Structure

CSSC is a publicly listed company. In accordance with the Company Act, Securities and Exchange Act and other related laws and regulations of the Republic of China, CSSC has formulated an appropriate corporate governance structure to strengthen operational efficiency, enhance the transparency of operational information, and protect the rights and interests of stakeholders. The Board of Directors of CSSC has set up two functional committees, the Audit Committee and the Remuneration Committee to strengthen the operation of the Board of Directors. A General Manager is appointed to oversee all business operations of the Company in accordance with the guidelines decided by the Board of Directors, and three Deputy General Managers are appointed by a majority of the Board of Directors to assist the General Manager in the management of the Production, Operations and Management Departments respectively. The Production Department is in charge of product manufacturing, on-site installation, equipment maintenance, quality improvement, engineering warranty, production control, planning and construction, industrial engineering, material storage, steel structure purchase and transportation, technology research and development, design and drawing, lofting and material preparation, and maintenance work; the Business Department is in charge of the steel structure business, industrial engineering, trade business, procurement, contracting; and the Management Department is in charge of the accounting, finance, cost, human resources, general affairs, information system, public affairs, quality assurance, business relations, environmental protection and industrial safety and health.

The organizational structure of CSSC is as follows.



3.1.1 Board of Directors

The Board of Directors of CSSC is composed of 7 to 11 directors, of which the number of independent directors shall not be less than 3, and the number of independent directors shall not be less than one-fifth of the number of directors to be elected. The directors shall serve a term of three years with the right to re-election, and they shall be elected by the Shareholders' Meeting on the basis of the "Regulations for the Election of Directors of China Steel Structure Co., Ltd." The directors are responsible for joint decision-making in accordance with the powers and responsibilities conferred on them by the "Articles of Association of China Steel Structures Co., Ltd." and are not individually authorized to be responsible for decision-making in relation to economic, environmental and social impacts.

In addition to the formulation and execution of the Company's business strategies, the directors and independent directors also pay attention to the Company's investment in and operation of corporate sustainability issues, and bring any major proposals to the Board of Directors for deliberation.

The members of the Board of Directors of CSSC are listed below.

The 16th term of Board of Directors (tenure from May 31,2023 to May 30, 2026)

Title	Name	Current position	Representing	Main educational background	Date of appointment
President	Rui-teng Chen	Assistant General Manager of Engineering, China Steel Corp.	China Steel Corp.	Master in Industrial Management, National Chiao Tung University	December 01, 2023
Director	Yuan-chang Huang	General Manager, China Steel Corp.	China Steel Corp.	Master in Civil Engineering, National Central University	December 01, 2023
Director	Chian-chi Huang	Executive Vice President, China Steel Corp.	China Steel Corp.	Economics, Tunghai University	May 31, 2023
Director	Dao-peng Li	President, IHI Taiwan	IHI	Electrical Engineering, National Taiwan University	May 31, 2023
Director	Chi-hao Guo	Executive Assistant to the President, Great Grandeul Group	Great Grandeul Group	PhD in Electrical Engineering, University of Michigan, USA	May 31, 2023
Director	Che-sheng Chen	General Manager, Berlin Co., Ltd.	Shang-En Investment Corp.	PhD in Materials Science, University of Tokyo, Japan	May 31, 2023
Director	Wen-rong Hsieh	President, China Steel Chemical Corp.	China Steel Chemical Corp.	Department of Chemical Engineering, Tsinghua University	August 01, 2023
Director	Chao-rong Lyu	General Manager, Dragon Steel Corp.	Dragon Steel Corp.	Master in Business Administration, Sun Yat-sen University	November 20, 2023
Independent director	Hua-deng Li	Professor, Department of Mechanical Engineering, National Cheng Kung University	–	PhD in Engineering, Aachen University of Technology, Germany	May 31, 2023
Independent director	Shiou-ling Li	Assistant Professor, Department of Accounting, I-Shou University	–	PhD in Management, University of Minnesota, USA	May 31, 2023
Independent director	Wei Luo	Review Committee Member, Procurement Appeals Committee, Public Construction Commission, Executive Yuan	–	PhD in Construction Management, Northwestern University, USA	May 31, 2023

Note: The data of the list of directors is updated as of February 29, 2024.

3.1.2 Audit Committee

Since the 14th term of the Board of Directors of CSSC, an Audit Committee has been established to replace the Supervisors. The Audit Committee is composed of three independent directors, one of whom has accounting and financial expertise. The Audit Committee operates with the following primary objectives:

(1) The fair presentation of the Company's financial statements.

(2)The selection (dismissal), independence and performance of the certified public accountants.

(3) The effective implementation of the Company's internal control.

(4) The Company’ s compliance with relevant laws and regulations.

(5) The control of existing or potential risks of the Company.

The head of internal audit of the Company attends regular meetings of the Audit Committee and the Board of Directors to report on the implementation of internal audit; the Audit Office sends audit reports and tracking report results to the independent directors for review on a regular basis; and the communication between the Audit Committee and the head of internal audit in the year 2023 was good.

The Company's certified public accountants shall also use their professional judgment to hold meetings with the Audit Committee or the independent directors separately for communication; the communication between the Audit Committee and the certified public accountants was good in the year 2023.

3.1.3 Training of Directors and Independent Directors

In order to strengthen the functions of the directors and independent directors of the Company and the operation of the Board of Directors, and in conjunction with the Corporate Governance Blueprint Program, CSSC's new directors and independent directors participate in 12 hours of related training per year, while continuing directors and independent directors participate in 6 hours of training per year.

The training for each of the Company's directors and independent directors in 2023 is as follows:

Title	Name	Date of assumption of office	Date of training		Sponsor	Course name	Training hours
			From	To			
Representative of corporate director	Rui-teng Chen	May 31, 2023	August 11, 2023	August 11, 2023	Taiwan Investor Relations Institute	Insight into Corporate Fraud Risks and Preventive Countermeasures from Actual Cases	3.0
			December 15, 2023	December 15, 2023	Accounting Research and Development Foundation	Corporate Ethics and Sustainable Development	3.0
Representative of corporate director	Yuan-chang Huang	December 1, 2023	November 27, 2023	November 27, 2023	Taiwan Investor Relations Institute	Net-Zero Carbon Emission Cross-Domain Management Practices	3.0
			December 8, 2023	December 8, 2023	Securities and Futures Institute	2023 Seminar for Advocacy of Insider Equity Transactions Legal Compliance	3.0
			December 12, 2023	December 12, 2023	Accounting Research and Development Foundation	The Latest Policy Development and Internal Control Management Practice Related to “ESG Sustainability” and “Financial Reporting”	6.0
Representative of corporate director	Chian-chi Huang	May 31, 2023	August 11, 2023	August 11, 2023	Taiwan Investor Relations Institute	Insight into Corporate Fraud Risks and Preventive Countermeasures from Actual Cases	3.0
			November 27, 2023	November 27, 2023	Taiwan Investor Relations Institute	Net-Zero Carbon Emission Cross-Domain Management Practices	3.0

Title	Name	Date of assumption of office	Date of training		Sponsor	Course name	Training hours
			From	To			
Representative of corporate director	Wen-rong Hsieh	August 1, 2023	August 11, 2023	August 11, 2023	Taiwan Investor Relations Institute	Insight into Corporate Fraud Risks and Preventive Countermeasures from Actual Cases	3.0
			September 15, 2023	September 15, 2023	Taiwan Corporate Governance Association	How to Discuss at Board Meetings? Practices on Common Deficiencies in the Operation of Board Meeting Proceedings in Listed Companies	3.0
			September 26, 2023	September 26, 2023	Taiwan Corporate Governance Association	Risks and Management of Business Secrets under Digital Transformation	3.0
			October 20, 2023	October 20, 2023	Securities and Futures Institute	Advocacy Meeting on Prevention of Insider Trading of 2023	3.0
			November 27, 2023	November 27, 2023	Taiwan Investor Relations Institute	Net-Zero Carbon Emission Cross-Domain Management Practices	3.0
Representative of corporate director	Chao-rong Lyu	November 22, 2023	August 11, 2023	August 11, 2023	Taiwan Investor Relations Institute	Insight into Corporate Fraud Risks and Preventive Countermeasures from Actual Cases	3.0
			November 27, 2023	November 27, 2023	Taiwan Investor Relations Institute	Net-Zero Carbon Emission Cross-Domain Management Practices	3.0
			December 05, 2023	December 05, 2023	Accounting Research and Development Foundation	“Action Trends and Norms of ESG Information Disclosure Related to “Plan for Sustainable Development of Listed Companies”	3.0
			December 08, 2023	December 08, 2023	Securities and Futures Institute	2023 Seminar for Advocacy of Insider Equity Transactions Legal Compliance	3.0
Representative of corporate director	Chi-hao Guo	May 31, 2023	August 11, 2023	August 11, 2023	Taiwan Investor Relations Institute	Insight into Corporate Fraud Risks and Preventive Countermeasures from Actual Cases	3.0
			October 04, 2023	October 04, 2023	Chinese National Association of Industry and Commerce	How to Respond to International Anti-Tax Avoidance Measures	3.0
			October 11, 2023	October11, 2023	Chinese National Association of Industry and Commerce	Corporate Governance and Fraud and Analysis of Major Cases	3.0
Representative of corporate director	Dao-peng Lin	May 31, 2023	July 04, 2023	July 04, 2023	Taiwan Stock Exchange	Cathay Sustainable Finance and Climate Change Summit 2023	6.0
Representative of corporate director	Chen-sheng Chen	May 31, 2023	August 11, 2023	August 11, 2023	Taiwan Investor Relations Institute	Insight into Corporate Fraud Risks and Preventive Countermeasures from Actual Cases	3.0
			September 20, 2023	September 20, 2023	Securities and Futures Institute	Analysis of Common Cases of Violations of Securities and Exchange Act	3.0
Independent director	Shiou-ling Li	July 04, 2023	July 04, 2023	July 04, 2023	Taiwan Stock Exchange	Cathay Sustainable Finance and Climate Change Summit 2023	6.0
Independent director	Hua-teng Li	August 11, 2023	August 11, 2023	August 11, 2023	Taiwan Investor Relations Institute	Insight into Corporate Fraud Risks and Preventive Countermeasures from Actual Cases	3.0
			November 22, 2023	November 22 2023	Securities and Futures Institute	2023 Seminar for Advocacy of Insider Equity Transactions Legal Compliance	3.0
Independent director	Wei Luo	September 07, 2023	September 07, 2023	September 07, 2023	Securities and Futures Institute	Technology Development and Business Opportunities for Electric and Smart Vehicles	3.0
			November 15, 2023	November 15, 2023	Securities and Futures Institute	2023 Seminar for Advocacy of Insider Equity Transactions Legal Compliance	3.0

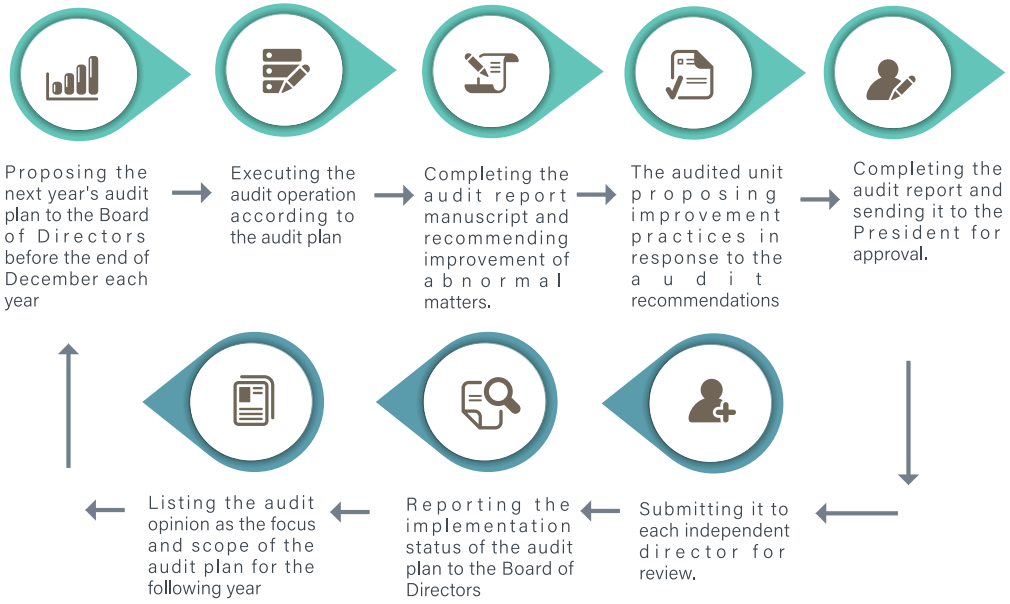
3.1.4 Remuneration Committee

CSSC has established a Remuneration Committee in accordance with the law to finalize and periodically review the compensation standards for directors and managers. Members of the Committee or their family members or spouses must not be employees, directors or supervisors of the Company or its affiliates two years prior to their appointment and during the term of their employment, for the sake of maintaining a neutral position. Members of the Committee must have qualifications or working experience in business, legal, financial, accounting, or teaching as lecturers in public or private universities or colleges for other the relevant disciplines required by the Company's business. Based on the performance of the management (President, General Manager, and Deputy General Manager), the members shall submit proposals to the Board of Directors to determine the remuneration of the management.

3.1.5 Internal Audit

CSSC has set up an internal audit unit, directly responsible to the Board of Directors, whose job is to audit each operation item and make suggestions for improvement in order to reasonably ensure that the objectives of "operational effectiveness and efficiency", "reporting reliability, timeliness and transparency", "compliance with relevant norms and regulations" are achieved. The internal audit report and audit trail report are submitted to the independent directors for review, and the head auditor attends the meetings of the Board of Directors to report on the audit work. A "separate communication meeting between independent directors and head auditor" is held at least once a year,

CSSC's internal audit process is as follows.



The internal audit is conducted in accordance with the requirements set forth by the Financial Supervisory Commission (FSC). In addition to the operating cycle (sales and payment collection, purchases and payments, investment, financing, production, payroll, real estate, factory building and equipment, and research and development), the key areas of focus include fixed asset management, budget management, derivative financial instrument, related-party transactions, supervision and management of subsidiaries, functioning of the Audit Committee, Board of Directors, and Remuneration Committee, and the prevention of insider trading; and it is reported to the independent directors for review in accordance with the regulations.

To prevent the moral risks that may arise from the operation of the Company, in addition to strengthening the strict requirements on the moral integrity of personnel, we are preventing the occurrence of malpractice through rigorous internal control, rules and regulations and rotation mechanism in combination with regular and irregular internal audits in terms of the design of the system.

3.1.6 Code of Moral/Ethical Conduct

CSSC will severely punish those who accept improper benefits from their positions. In addition to the internal rules and regulations, CSSC has also implemented internal audits, self-checks by each unit, and education and training to prevent improper private gain. The relevant practice includes:

1.Code of Business Integrity

CSSC has established the "Code of Business Integrity" and the "Business Integrity Operating Procedures and Behavioral Guidelines". We have formulated business policies based on integrity in accordance with the operation concepts of integrity, transparency and responsibility, and established a good corporate governance and risk control mechanism in order to create a sustainable business environment.

2.Recusal of Interest and Ethics Requirements

CSSC has established the "Code of Ethical Conduct for Directors", "Code of Ethical Conduct for First-level Supervisors and Above", and the "Points for Conflict-of-Interest Recusal", which clearly regulate the practices and preventive measures when the interest of directors, supervisors and employees is conflict with the interests of the Company. They shall recuse themselves if they are involved in a profit-making activity in which they have an interest, and employees who have business contact with family members or friends that could result in a conflict of interest shall recuse themselves and report to their supervisors.

3.Guidelines on Requesting for Help or Favor and Socializing

CSSC has established the "Guidelines for Handling Gifts, Business Dinners and Socializing and Requesting for Help or Favor" and "Guidelines for Official Banquets for Employees". Whenever an employee receives a gift from a person who has an interest in his/her position, the employee shall refuse or return it unless otherwise specified. If the gift cannot be returned, the employee shall sign and report to the supervisor at or above the first level for approval, and then send the gift to the General Administration Group for disposal.

4.Prevention of Dishonesty and Fraud

CSSC has established the "Integrity Violation Reporting, Complaint and Disciplinary Measures" and the "Reward and Punishment Measures" to prevent employees from engaging in dishonest and abusive behaviors. Moreover, the risks of corruption and fraud are controlled through personnel education and training, rigorous internal controls, regulations and rotation mechanisms, as well as regular and periodic internal audits.

3.1.7 Corporate Governance Assessment Indicators

In order to assist investors and the public to understand the corporate governance situation of enterprises, to enhance the corporate image and be in line with international standards, and to effectively improve the level of corporate governance in Taiwan, the Financial Supervisory Commission (FSC) has organized the Corporate Governance Assessment (CGA), and the assessment results of CSSC 2023 are ranked in the top 21% to 35% of listed companies. CSSC will continue to improve and shape the corporate governance culture to promote the stable development of the enterprise.

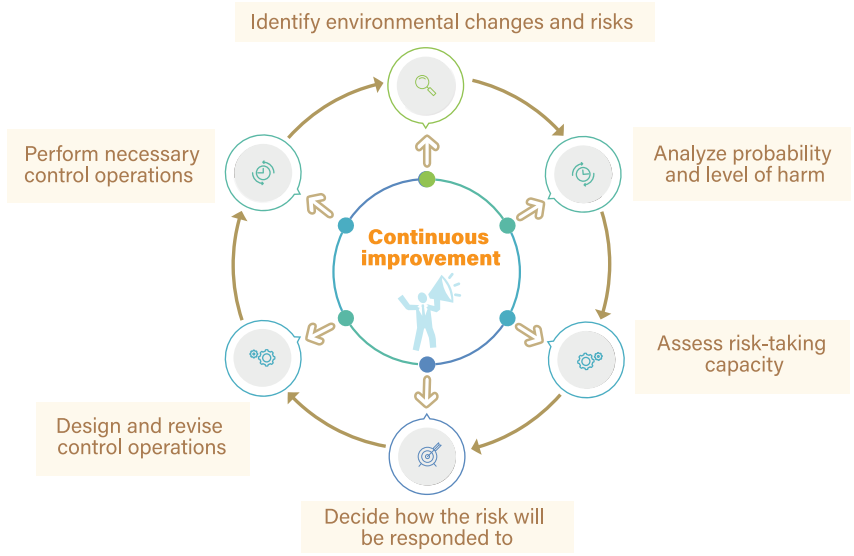
3.2 Risk Management

3.2.1 Risk Management Policy

CSSC's risk management means to take prior control measures on business and objectives to ensure the achievement of objectives. Supervisors at all levels shall establish a risk management mechanism for the business and objectives they are responsible for to identify changes and risks in the internal and external environment, analyze the probability of occurrence of various risks and the degree of hazards, and decide how to respond to the risks. When choosing a response method, they should take into consideration the results of risk assessment, risk preference and risk-taking capacity to assist the Company in timely designing, revising and executing the necessary control operations. The structure is as follows.

3.2.2 Risk Management Mechanism

Taiwan's steel structure market is currently one of the most competitive industries, the operation is very difficult, and there are many competitors in the same industry in Taiwan. In order to minimize the business risks in all aspects of the operation, CSSC adopts the following measures.



Financial Risk

As CSSC is subordinate to China Steel Group and has stable annual profits and good reputation, it is easier for us to apply for loans from financial institutions than ordinary enterprises, and the loan interest rate is also lower; the debt ratio was 62.58% at the end of 2023, and the borrowing amount was about NTD 3.9 billion. If the interest rate is increased by 1% in the future, the interest expense will be increased by about NTD 39 million per annum. In addition, most of CSSC's procurement and sales are denominated in NTD, so the impact of exchange rate fluctuation is small.

CSSC's liquidity reached NTD 2.069 billion by the end of 2023, and short-term financing is based on the issuance of commercial paper and short-term bank loans. The Central Bank is prudent in adjusting the interest rate in order to stabilize prices and stimulate the economy, and the rate of adjustment should not be too large. Therefore, the risk of profit and loss being affected by interest rate fluctuations is still within the controllable range. In the future, in addition to strengthening the collection of accounts receivable and accelerating the appraisal of project payments to make the use of funds more flexible, improving the performance of budget execution and eliminating all kinds of waste, and reducing the amount of liabilities, we will continue to use such instruments as commercial paper and short-term bank loans of low interest rates to reduce interest expenses.

Financial Risk Management

1.Dynamic management measures are adopted for interest rate and exchange rate changes.

2.The priority of short-term funds is given to scheduling the receiving and making payment; the medium-term and long-term funds are to support capital expenditures.

3.The principle of natural hedging is followed for short-term foreign currency; forward foreign exchange hedging is used for the gap in foreign currency funding.

4.The e-commerce technology and digital signature security mechanisms are utilized to simplify customer payment operation procedures.

Raw Material Risks

CSSC is the first reinvestment subsidiary of China Steel Corp. The raw materials of CSSC are mainly steel plates and steel sections, and the sources of raw materials are mainly from the parent company China Steel Corp. and the group company Dragon Steel Corp., so there is no shortage of sources. Upstream and downstream manufacturers in the supply chain often have business information exchange need in the project progress. In order to facilitate the upstream and downstream manufacturers' information inquiry, the supplier inquiry system, the collaborator inquiry system and the owner inquiry system have been set up so that information exchange can be carried out directly on the network.

Management of Raw Material Risks

1.Evaluate suppliers carefully.

2.Moderately establish a safety stock level.

3.Actively develop new sources of raw materials to diversify the risk of raw materials.

4.Maintain good mutual trust and mutual assistance relationship with suppliers.

5.Order the main materials directly from the manufacturer (Dragon Steel, Tung Ho).

6.Establish information inquiry system for suppliers, collaborators and owners.

Engineering Risk

CSSC has set up an Engineering Department and a number of project engineers, who are responsible for controlling the manufacturing progress, delivery date and construction progress of steel structure products at each construction site. Weekly meetings are held to review the progress in order to support the construction needs of the construction sites promptly. CSSC is currently in the process of building a material control system, with the expectation that the real-time demand of each project can be more accurately grasped through the digital online material control system to ensure the accurate delivery dates of steel structure products.

Engineering Risk Control

1.Build engineering project management system and budget control system for project execution.

2.Assess the registered qualified vendors at regular intervals.

3.Set up project execution schedule control system.

4.Insure the construction project with engineering erection all risks insurance, public accident liability insurance, employer's accident liability insurance, and contractor's accident liability insurance.

Industrial Safety and Environmental Risks

CSSC regularly evaluates the environmental safety and health management capability of contractors, and schedules audits according to the size of the project contract. The head office regularly assigns colleagues with rich experience in the field of environmental safety and health to perform environmental safety and health audits at various construction sites throughout Taiwan to audit the current status of environmental safety and health implementation and compliance with laws and regulations of the contractors. The purposes are to uncover unsafe environments, behaviors, and actions that may cause environmental pollution at construction sites, prevent occupational disasters and prevent environmental impacts to minimize the Company's operational risks and enhance the corporate image of CSSC and its customers.

The waste generated from daily operation is entrusted to qualified vendors for removal and treatment approved by the Ministry of Environment, Executive Yuan; for the sand blasting and painting process, a qualified testing contractor is entrusted to perform air pollutant testing for the stationary pollution discharge pipeline before the license renewal; the domestic sewage generated from the Guantian Factory is discharged via the sewage pipeline to the Guantian Industrial Park, and entrusted to the Guantian Industrial Park for treatment. The Kaohsiung Plant is equipped with a sewage treatment facility to treat the daily domestic sewage, and utilizes the ecological method for the second stage of purification. The zero discharge on sunny days is maintained. Air pollution emissions and waste removal and disposal flows are regularly reported to the local environmental protection bureau in accordance with the law.

Industrial Safety and Environmental Risk Management

1.Utilize the industrial safety and health management system to perform hazard identification and risk assessment, and enhance the industrial safety culture.

2.Take control measures and emergency response drills for high and major risks to minimize the risks.

3.Actively reduce air pollutants and domestic sewage emissions, and strengthen water conservation and domestic sewage recycling measures.

4.Take initiatives to promote energy-saving and carbon reduction measures to fulfill our responsibility of being an environmentally friendly company.

Information Security Risks

With the rapid development of the Internet, the data related to company operations must rely on the assistance of communication networks and information systems for a safe transmission to employees, customers and third parties, so that the company can continue to operate smoothly. Therefore, information security risk management is an important key to ensure the normal operation of the enterprise, and it should not be delayed to build an effective risk management of information security.

Information Security Risk Control

1.In order to prevent the leakage of company information, we strictly control the IP of PCs and laptops in the Company's network domain; we force users to change their passwords on a regular basis and strictly regulate the network access rights of each user. In addition, we use the access device management monitoring system to prevent unauthorized access to information, strengthen the effectiveness of internal control, have an effective control of the proper system functioning, and enable the information unit to have a basis for audit.

2.We build the effective anti-virus system and anti-spam system, select high-quality maintenance vendors, regularly update the operating system and provide system maintenance to ensure system stability and normal operation, and reduce the chance of hacking.

3.We prevent irresistible disasters, build a perfect backup system, with regular full backup and differential backup for the system and data, so that normal operation can be quickly resumed in case of data destruction due to a system failure.

4.We build a stable core computer room, and the room is equipped with a perfect UPS system to ensure that the computer system is stable for normal operation.

5.We strictly control the access to the core computer room to avoid human damage to the computer room; the constant temperature and humidity, stable voltage and balanced and stable loads are maintained for the computer room.

Transportation Risks

The products of CSSC are sold all over Taiwan, the weight of steel structure products is generally heavy, some steel structures have the characteristics of being ultra-long and ultra-wide, so it is extremely important to maintain safety and time control in the transportation process. CSSC does not have its own fleet of transportation vehicles, so the current transportation work is entrusted to the professional transportation vendors, with the delivery route and delivery time determined as per the needs of each construction site.

Transportation Risk Management

1.Decide the best transportation planning based on the principle with safety given the highest priority.

2.Insure the goods transportation insurance for the exported products.

3.Strengthen the safety advocacy of the transportation company to ensure that the products are delivered to their destinations on time and in good condition.

4.Moderately increase the number of transportation companies to effectively solve the bottleneck of transportation peaks.

Factory Building and Equipment Risks

CSSC's factories are all made of self-made steel structures as the support of the factory building, which are safe and reliable. In the meantime, we have prepared an annual disaster prevention plan, assuming that disasters such as earthquakes and fires may occur during the operation period, and we have cooperated with the surrounding fire departments and hospitals to build a regional disaster prevention network to minimize the losses in case of a disaster.

Control of Factory Building and Equipment Risks

1.Insure the factory buildings and equipment with commercial fire insurance (including earthquake insurance, typhoon and flood insurance, explosion insurance, aircraft crash, motor vehicle collision insurance).

2.Regularly organize fire drills in the factory and invite relevant organizations to assist in the drills.

3.3 Overview of Operations

3.3.1 Operating Performance in Recent Years

CSSC's revenue in 2023 is lower than that in 2022 due to the extension of the construction period of some projects as per the request by the owners.

Revenues of CSSC in recent years are as follows.

Item ▼ / Year ▶	2021	2022	2023
Turnover (million dollar)	15,971	19,364	18,839
Average market price per share (NTD)	48.08	57.07	56.24
Return on stockholders' equity (%)	9.89	9.18	10.06
Earnings per share (NTD)	2.49	2.39	2.68
Dividend per share (NTD)	2.00	1.70	1.90

Website to download Annual Report of China Steel Structure 2023:
http://www.cssc.com.tw/shareowner/files/112Y.pdf

CSSC has set up a Shareholder Service Area on its official website to update information related to shareholders at any time. In order to provide shareholders with more accurate, real-time and regular information when they are making investment decisions, CSSC publishes its monthly invoices and operating revenues according to the information disclosure and reporting methods stipulated by the Taiwan Stock Exchange. Relevant operating information is published on the Taiwan Stock Exchange's Market Observation Post System and CSSC's website.

In addition to obtaining relevant operating information from the website, shareholders can also attend the annual general meeting of shareholders to communicate with the management team face-to-face, or learn about the operating policies from the annual report. Shareholders can also utilize the dedicated telephone and email lines of the spokesperson or proxy spokesperson to ask questions or make suggestions, all of which will be handled and responded to by a dedicated person.

3.3.2 Product Sales Volume

Steel structure fabrication and steel product trading are the major sales force of CSSC. The sales volume of steel structure fabrication and steel product trading in 2023 was 78,344 tons, a decrease of 27.49% compared with that of 2022.

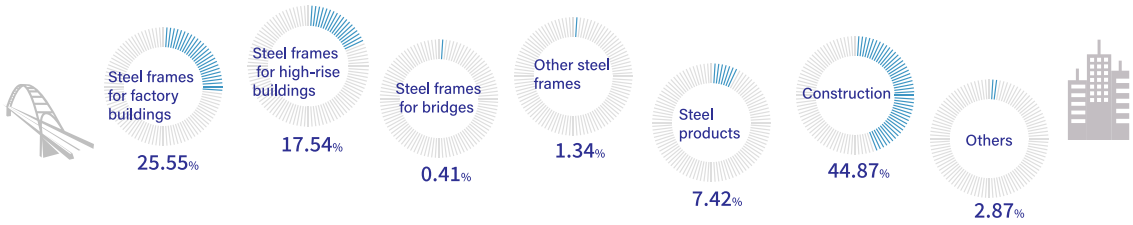
The domestic sales ratio of CSSC's steel structure products was about 100%, mainly for the factory buildings of steel and electronic plants and high-rise buildings in Taiwan; about 85.74% of steel products were sold in Taiwan market, and about 14.26% were sold in foreign markets.

The sales volume of CSSC's major products in recent years is as follows.

Item ▼ / Year ▶	2021	2022	2023
Steel structures (ton)	143,060	108,053	78,344
Steel products (ton)	141,792	125,191	101,021

3.3.3 Product Sales Ratio

CSSC's major operating products for the year 2023 were broadly categorized as steel frames for factory buildings, high-rise buildings and bridges, other steel frames, and steel product trading, and the percentage of sales by product is as follows.



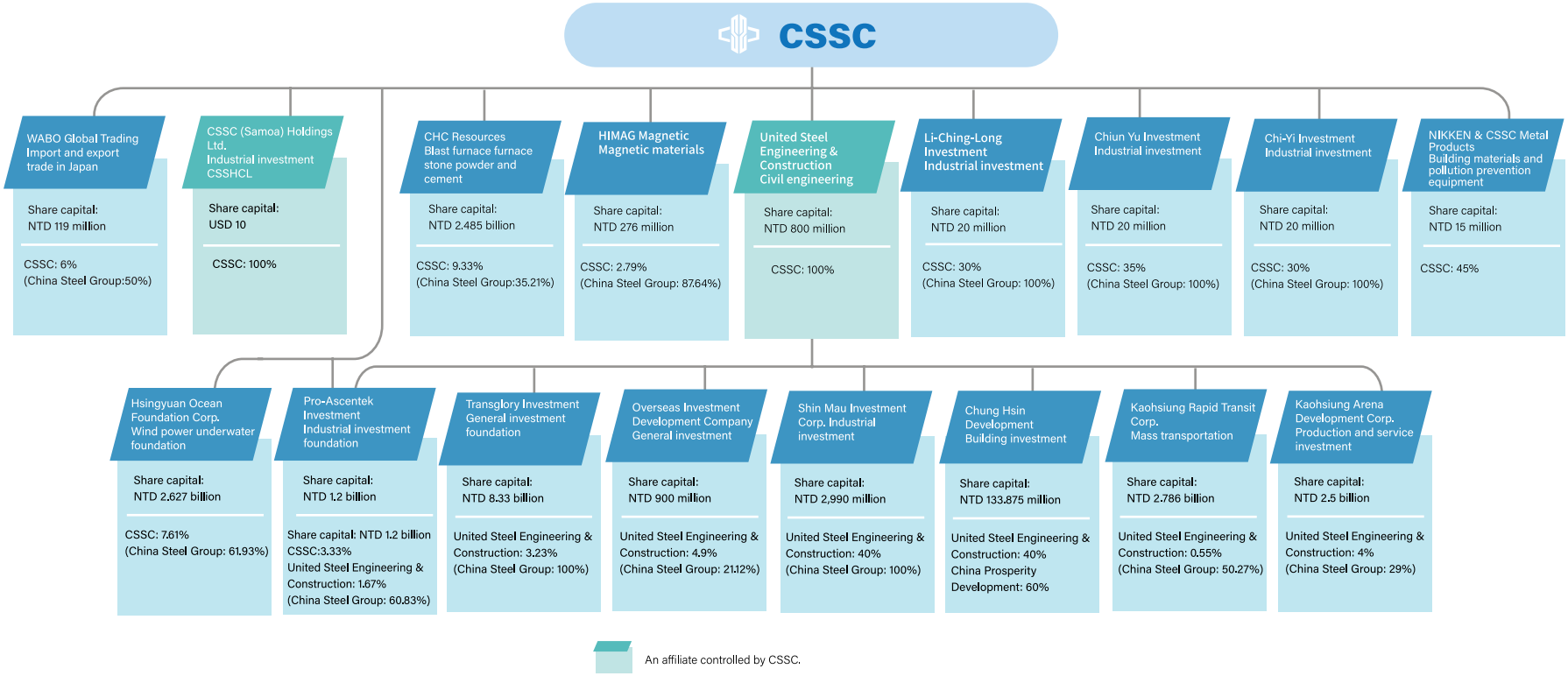
3.3.4 Compensation and Taxation

If the Company makes a profit in a year, the Board of Directors shall resolve to appropriate no less than 0.1% of the profit for the compensation of employees and no more than 1% for the compensation of directors and supervisors, and report the resolution to the shareholders' meeting. Employee compensation is provided to employees who meet certain criteria. However, if the Company has accumulated losses, an amount shall be reserved to cover such losses in advance, and then employees' compensation and directors' and supervisors' compensation shall be provided in accordance with the aforementioned ratios.

In 2023, sales were NTD 18,839,172 thousand, the operating costs were NTD 17,860,337 thousand, salaries and benefits were NTD 1,340,163 thousand, dividends distributed were NTD 340,000 thousand, and taxes were NTD 218,630 thousand, community investment was NTD 3,123 thousand, and retained earnings were NTD 1,984,195 thousand.

3.3.5 Reinvestment Business

In order to meet the needs of business development, CSSC has diversified its business directions and invested in the following domestic and foreign companies.



3.3.5.1 Basic Information on Reinvestment Business

Enterprise name	Location	Date of establishment	Address	Paid-in capital	Earnings before tax per share (NTD)	Percentage of shareholding (%)	Main business or production items
United Steel Engineering & Construction	Taiwan	January 10, 1985	8F., No. 88, Zhongzheng 3rd Rd., Xinxing Dist., Kaohsiung City	NTD 800,000	1.09	100%	Integrated construction, investment in construction of public facilities
CHC Resources	Taiwan	May 25, 1991	No.88, Chenggong 2nd Rd., Qian-Zhen Dist., Kaohsiung	NTD 2,485,404	4.13	9.33%	Manufacturing, processing, trading and waste disposal of products related to the utilization of furnace stone resources.
Pro-Ascentek Investment	Taiwan	January 21, 2021	26F, No.88, Chenggong 2nd Rd., Qian-Zhen Dist., Kaohsiung	NTD 1,200,000	0.38	5%	General Investment business
CSSC Holding Co., Ltd.	Samoa	November 03, 2003	Trust Net Chambers P.O. Box 1225 Apia Samoa	USD 10	1,909,112	100%	Steel structure contracting, management and reinvestment
HIMAG Magnetic Corp.	Taiwan	January 10, 1991	24-1, Chien-Kuo Rd., Nei-Pu Industrial Dist. Ping-Tung County	NTD 276,055	2.39	2.79%	Manufacturing and trading of magnetic powders and magnets
Chiun Yu Investment	Taiwan	May 21, 1997	26F, No.88, Chenggong 2nd Rd., Qian-Zhen Dist., Kaohsiung	NTD 29,900	-0.44	35%	General Investment business
WABO Global Trading	Taiwan	November 25, 1997	9F, No.88, Chenggong 2nd Rd., Qian-Zhen Dist., Kaohsiung	NTD 119,000	1.45	6%	Purchase and sale of imports and exports
Chi-Yi Investment	Taiwan	October 04, 1999	26F, No.88, Chenggong 2nd Rd., Qian-Zhen Dist., Kaohsiung	NTD 20,000	0.81	30%	General Investment business
Li-Ching-Long Investment	Taiwan	September 27, 1999	26F, No.88, Chenggong 2nd Rd., Qian-Zhen Dist., Kaohsiung	NTD 20,000	0.81	30%	General Investment business
NIKKEN & CSSC Metal Products	Taiwan	January 24, 2011	10F., No. 58, Sec. 3, Minquan E. Rd., Zhongshan Dist., Taipei City	NTD 15,000	0.08	45%	Wholesale of building materials, wholesale of pollution control facilities, international trade, product design
Shin Mau Investment	Taiwan	May 21, 1997	26F, No.88, Chenggong 2nd Rd., Qian-Zhen Dist., aohsiung	NTD 29,900	1.50	40%	General Investment business

Enterprise name	Location	Date of establishment	Address	Paid-in capital	Earnings before tax per share (NTD)	Percentage of shareholding (%)	Main business or production items
Kaohsiung Rapid Transit Corp.	Taiwan	December 28, 2000	No. 1 Jung-An Road, Qian-Zhen Dist., Kaohsiung City	NTD 2,786,064	-0.18	0.55%	Metro
Kaohsiung Arena Development Corp.	Taiwan	January 30, 2004	No. 777, Bo'ai 2nd Rd., Zuoying Dist., Kaohsiung City	NTD 2,500,000	0.97	4%	International trade, Parking lot management, residential housing and building development, lease, sale and investment in public construction, new town community development, real estate leasing
China Prosperity Development	Taiwan	October 28, 2008	8F., No. 88, Zhongzheng 3rd Rd., Qianjin Dist., Kaohsiung City	NTD 133,875	-0.42	40%	Development, rental and sale of residential housing, buildings and industrial buildings, investment in public construction, purchase, sale and lease of real estate
Overseas Investment & Development	Taiwan	December 15, 1995	12F., No. 760, Sec. 4, Bade Rd., Songshan Dist., Taipei City	NTD 900,000	0.48	4.9%	General Investment business
Hsingyuan Marine Foundation Corp.	Taiwan	July 19, 2018	No. 201, Sec. 1, Dongfang Rd., Qieding Dist., Kaohsiung City	NTD 2,626,950	-0.90	7.61%	Offshore wind power pipe rack subsea foundation manufacturing
Transglory Investment	Taiwan	May 13, 2002	26F, No.88, Chenggong 2nd Rd., Qian-Zhen, Kaohsiung	NTD 8,330,015	0.34	3.23%	General Investment business

Unit: NTD Thousand

CH4 Employee Care and Attention

Employee Care and Attention

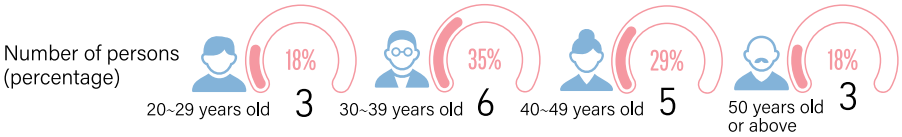
4.1 Human Resources

As of the end of 2023, CSSC had a total of 459 employees, of which 392 (85%) are male and 67 (15%) are female, with a total of 4 disadvantaged persons (accounting for 0.87% of the total number of employees, which is in compliance with the number of employees stipulated in Article 17 of the Disability Welfare Act). There is 1 Indonesian (hired in accordance with the Law on Employment Service for Foreigners for the purpose of expanding the demand of the overseas market and the minimum salary is higher than that stipulated in the law), and the rest are all local employees in Taiwan. The following is a description of the employees by type of employment

CSSC's employees by employment category in 2023 are as follows.

CSSC conducts an annual survey of each unit's manpower needs for the next two years. After the plan is signed and approved, the annual manpower needs and recruitment plan are finalized, and the recruitment of new recruits are conducted in an open manner to reserve the manpower needed in the future. No child labor has ever been employed in CSSC since its establishment. The total number of new recruits in 2023 is 17, all of whom are local Taiwanese laborers.

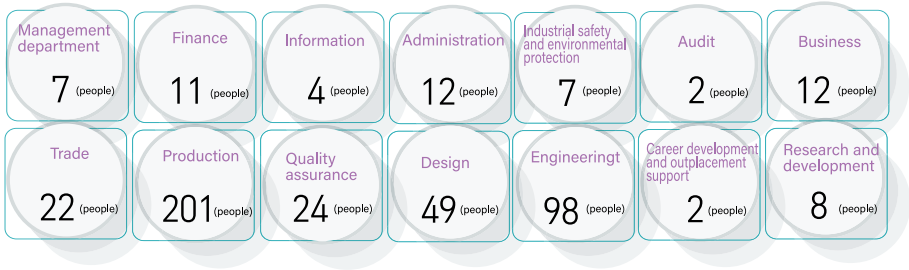
CSSC's new recruits in 2023 are categorized by age as follows:



CSSC's new recruits in 2023 are categorized by gender as follows:

The employees of Kaohsiung Plant and Guantian Factory of CSSC are subject to the Labor Standards Act, and employees are protected by the Labor Standards Act, and the relevant regulations on salary, evaluation, promotion and bonus have been stipulated in the Company's rules and regulations to ensure that employees are treated fairly.

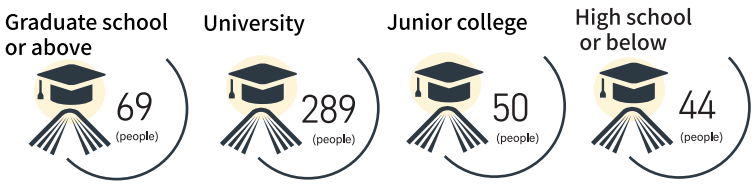
CSSC's employee numbers by division in 2023 are as follows.



CSSC's employee numbers by title in 2023 are as follows.

Title	Age	Category		Total	Number of employees		Total	Percentage %
		Management	Production		Male	Female		
Managers (President, General Manager, Vice President, Deputy General Manager, Assistant Deputy General Manager)	20-29	0	0	0	0	0	0	0
	30-39	0	0	0	0	0	0	0
	40-49	0	0	0	0	0	0	0
	50 above	5	2	7	7	0	7	100
	Total	5	2	7	7	0	7	100
Supervisor (including 1st, 2nd, 3rd levels) + Audit Director	20-29	0	0	0	0	0	0	0
	30-39	1	0	1	1	0	1	2
	40-49	4	10	14	14	0	14	30
	50 above	14	17	31	30	1	31	68
	Total	19	27	46	45	1	46	100
Engineer (senior, 1st, 2nd, and 3rd levels, assistant engineer) + Senior Technician + Auditor	20-29	1	9	10	9	1	10	4
	30-39	22	52	74	61	13	74	32
	40-49	29	66	95	86	9	95	40
	50 above	8	48	56	40	16	56	24
	Total	60	175	235	196	39	235	100
Staff (Clerk, Administrator) + Junior Technician + Trainee	20-29	0	10	10	6	4	10	6
	30-39	5	47	52	45	7	52	30
	40-49	9	70	79	72	7	79	46
	50 above	3	27	30	21	9	30	18
	Total	17	154	171	144	27	171	100

CSSC's employee numbers by educational background in 2023 are as follows.



CSSC, for the purpose of helping neighbors and giving back to the townships, has finalized the regulations of preferential points for the written test scores of the children of Yanchao District, Kaohsiung City and Guantian District, Tainan City. This is to encourage Yanchao locals to apply for the jobs in CSSC, and to progressively implement the vision of the enterprise localization of the CSSC.

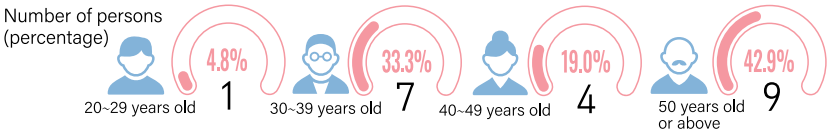
4.1.1 Employee Retention

CSSC implements performance management, using appraisal results as the basis for bonuses and salary adjustments, as well as promoting a rotation system and establishing a fair and open promotion system to provide employees with a channel for career development and self-fulfillment, which promotes employee retention. This has resulted in low employee mobility and high stability. In addition, the average length of service of employees is 13 years, and the average age of employees is 45 years old, which also shows a high retention rate and is helpful for the cultivation of talents and the sustainable development of the Company.

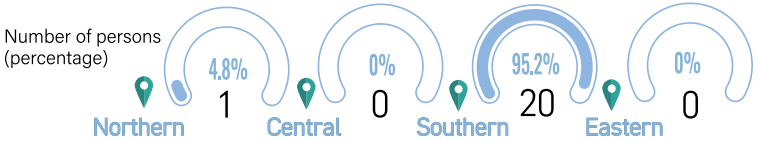
In order to protect the rights and interests of the employees, CSSC complies with the Labor Standards Act in terminating the labor contract. For those who have served in the Company for more than 3 months and less than 1 year, 10 days' notice is given in advance; for those who have served in the Company for more than 1 year and less than 3 years, 20 days' notice is given in advance; and for those who have served in the Company for more than 3 years, 30 days' notice is given in advance. In the event of a change of position or workplace, the employee's consent will be obtained before the transfer of work content.

The Company has also set up a system of parental leave without pay, which can be applied by all employees regardless of their job categories, and there have been applications from colleagues in recent years. CSSC provides excellent salaries and benefits, a good and safe working environment, humane organization and management, and a stable working environment, which are also the main factors for the high employee retention rate.

The total number of employees leaving CSSC in 2023 is 21, categorized by age as follows.



The employees leaving CSSC in 2023 categorized by region are as follows.



The employees leaving CSSC in 2023 categorized by reason are as follows.

The employees leaving CSSC in 2023 categorized by gender are as follows.

Employee turnover rate of CSSC in recent years:

Item ▼ / Year ▶	2021	2022	2023
Number of employees leaving	42	31	21
Total number of employees	466	463	459
Turnover rate (%)	9.0%	6.7%	4.6%

4.1.2 Employee Salary and Benefits

CSSC recruits new employees at a salary that is higher than the minimum wage set by the Ministry of Labor, and attracts talented people to join CSSC with a competitive overall compensation system (CSSC's minimum salary is 1.1:1 compared to the minimum wage under the Labor Standards Law). Employee's salary is determined by education, experience, position, market conditions, and individual job performance, and is never based on gender, race, religion, political affiliation, place of birth, nationality, physical or mental disability, physical appearance, or marital status. The starting salary ratio for male and female recruits with the same qualifications is 1:1, and does not vary based on gender; there have been no labor disputes and no cases of discrimination since the establishment of the Company.

CSSC provides a minimum annual salary of 13 months (including year-end bonus), as well as production and sales surplus bonuses, no leave bonuses, and employee bonuses based on annual operating conditions and individual performance; the average cost of a full-time employee's salary for non-supervisory positions was 1,679 (NTD Thousand per person) in 2023.

4.1.3 Performance Appraisal and Promotion System

In terms of employee employment and promotion, the Company has no restrictions on gender or age, no consideration on place of birth, nationality, marital status, physical appearance, political affiliation and religious beliefs. As long as the ability and qualifications meet the requirements of the position, all employees have equal opportunities; the age of employment is handled in accordance with the provisions of the Labor Standards Act, and no child labor has been employed since the establishment of the Company.

CSSC's performance appraisal system is based on the Company's business policy, annual benchmarks and business strategies, and is divided into six major items: leadership, planning and organization competency, analysis and judgment competency, knowledge and moral character, interpersonal relations, and safety and health, which are used as the basis for daily performance management and annual performance appraisal. CSSC has formulated the "Employee Appraisal Method" for the implementation of performance management. All employees are required to undergo performance appraisal once in January and once in July every year, and the annual performance appraisal results are also used as the basis for annual salary adjustment and bonus payment.

Employees who have accumulated a certain amount of work experience in CSSC and whose educational background and experience and performance appraisal meet the Company's requirements will be appointed as department heads of CSSC. The promotion system of CSSC is a dual-track promotion system for management and professional positions. Based on the "Employee Appraisal Method" and the promotion method for each grade of employees, the employee's qualities, expertise, functions, work performance and leadership development potential are assessed for promotion. The promotion is nominated by the employee's unit, and the promotion will be approved by the authority in charge of the promotion system, which includes the President of the Board of Directors (for the appointment of Assistant Deputy General Manager, General Manager's Special Assistant, and first-level supervisors, other than the chief of the Finance Division, the Audit Director), the General Manager (for the appointment of staff other than first-level supervisors), who review their qualifications, work performance, work experience, moral integrity and industrial safety and environmental protection performance, and then decide whether they should be promoted or not.

4.1.4 Employee Retirement and Relief Payment

According to CSSC's personnel management system, an employee shall retire if he/she has either of the following conditions. (1) He/she has reached the age of sixty-five. (2) He/she is unable to perform his/her duties due to mental or physical disability. The Company has established the "Regulations for Employee Retirement, Pension and Disbursement" and the "Guidelines for Care of Bereaved Families of Died Retirees or Employees Who Died on Duty", and has set up a special account for the retirement reserve, which is used to make regular contributions to the pension fund, so as to stabilize the life of the employees in the workplace or after retirement. On the eve of retirement, Steel Structure organizes a retirement tea party to show appreciation to the employees for their hard work during their service in the Company and provides them with post-retirement career planning services. The Company offers gifts or gratuities on three holiday occasions to retirees, and also invites retirees to participate in company celebrations or cultural and recreational activities depending on the nature of the event.

The Labor Pension Act came into effect on July 1, 2005, and our employees can choose to follow the old or new system for the pension affairs within five years from that date, but the new system will be applied to all employees hired from July 1, 2005 onward. As of the end of December, 2023, 445 employees were subject to the new system and 15 employees were subject to the old system, and their pension affairs were handled in accordance with the Labor Pension Act and the Labor Standards Act, respectively.

The Company has established a Labor Pension Reserve Supervisory Committee to make monthly contributions to the Labor Pension Fund. For employees who are subject to the pension system of the Labor Pension Act, the Company contributes 6% of their salaries to the individual accounts of the Bureau of Labor Insurance each month; while for employees who are subject to the Labor Standards Act, their pension is calculated based on the employee's years of service and the average salary of the six months prior to the approved retirement date. The Company's contribution to this portion of the pension fund has been exceeded. Therefore, the Labor Pension Reserve Supervisory Committee approved to waive the pension fund contribution of the old system and reported it to the Bureau of Labor for review. The Labor Pension Fund Supervisory Committee meets quarterly to report on the current status of contributions, payments, and balances of the Company's pension fund.

In the event of an employee's death or accidental death while on duty, the employee's pension will be granted based on the number of years of service in accordance with the standard for pensions. For those who have been on duty for less than five years, the years of service will be counted as five years, which is more favorable than the provisions of the Labor Standards Law.

In addition, CSSC has arranged group insurance for its employees, and if there is any injury or death of an employee, the insurance claim will be paid in full to the employee's family members, which fully reflects the importance that the Company attaches to the employee's relief payment.

4.2 Functional Development

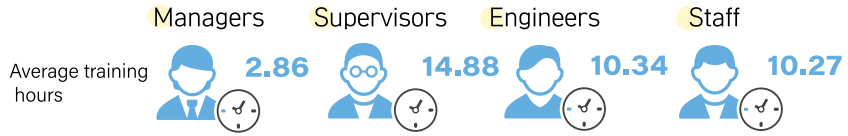
CSSC encourages employees to participate in on-the-job training within and outside the Company to cultivate the talents needed for the Company's management and development, and has formulated the “Regulations on Employee Training Subsidy and Reimbursement” (with a subsidy to cover 3/4 of the training cost for language training and a subsidy of NT$ 750 per credit for degree study) to support the implementation of the program. If the employee takes part in the language training in off-duty hours, the subsidy is given according to the number of hours of training. Employees are provided with favorable language training subsidies, and the language ability is included as one of the employee promotion assessment items to motivate employees to have self-improvement, and to use their spare time to choose the appropriate language training institutions for further study.

CSSC's education and training system is divided into the categories of managers, supervisors, engineers and staff, with management training, on-the-job training, labor safety and health training, professional training, and self-enlightenment training courses offered for all levels of positions.

New employees of CSSC are required to undergo a series of training courses, which include organization introduction, plant introduction, production and manufacturing, ethics, service code, administrative procedures, document production, personnel attendance, human rights and confidentiality of information, safety and hygiene, and environmental protection. These training courses will enable the new employees to integrate into the Company's operation and pass on the spirit of CSSC. Since the establishment of the Company, there has not been any case of corruption, bribery, or violation of human rights.

Average training hours of CSSC's employees by gender in 2023:

Average training hours of CSSC's employees by title in 2023:



Average training hours of CSSC's employees by training type in 2023:

Training type	New employee training	Finance	Management	Industrial safety	Environmental protection	Health
Training hours	120	6	722	2258	300	25.5

Training type	Quality assurance	Business	Technology	Legal	Audit	Total
Training hours	338	48	559.5	375	18	4770

CSSC has been in operation for more than 40 years, and senior colleagues are retiring one after another. In order to carry on the valuable experience of senior staff, in line with the Group's operations, we have started to plan a Knowledge Management (KM) system, set up a Knowledge Management Committee and formulated the key points for the implementation of KM. Each unit is required to set a target for the number of reports to be submitted annually, and those who fail to meet the target are required to propose improvement measures. A competition system has also been set up, whereby both the employee who submits the highest number of reports annually and the unit he or she is working in will receive bonuses. This encourages colleagues to submit reports enthusiastically.

4.3 Employee Rights and Benefits

4.3.1 Maintenance of Human Rights and Information Confidentiality

CSSC is committed to complying with the laws and regulations of the countries where we operate, and supports and adheres to the principles and spirit of international human rights covenants such as the "United Nations Universal Declaration of Human Rights", the "United Nations Global Compact", and the "International Labor Organization's Declaration of Fundamental Principles and Rights at Work". In order to fulfill this commitment, we regularly identify the risks of occupational safety and health of our employees and major environmental considerations, and continue to improve the working environment conditions and well-being of all employees.

We have established rules and regulations in accordance with governmental labor laws and regulations to meet labor conditions.

1. We provide equal job opportunities to all job seekers in accordance with the Employment Services Act.
2. We provide a channel for employees to file complaints when their legitimate rights and interests are infringed upon or improperly handled and cannot be reasonably resolved.
3. We provide a work environment free from sexual harassment and prevent sexual harassment in the workplace. There is a provision of "Measures to Prevent Sexual Harassment in the Workplace, Key Points for Handling Complaints and Disciplinary Actions".

In order to regulate the management, maintenance and utilization of personal data as stipulated in the Personal Data Protection Act (hereinafter referred to as the PDPA), and to avoid infringement of personal rights and interests, CSSC has formulated the "Key Points for Personal Data Protection Management" to regulate the management of personal data, and to apply it to all those who are entrusted to collect, process or utilize personal data in accordance with the provisions of Article 4 of the PDPA. For those who are engaged in "state secret projects", "military secret projects", "scientific and technological secret projects", the "Guidelines for Confidentiality of People Engaged in Confidential Projects" have also been formulated to ensure compliance by the people working for such classified projects. CSSC has never any incident of violating the privacy of its employees or customers and any information missing.

The main points of personal data protection management are as follows:

1. There shall be a legal basis for compliance with the regulations of the competent authority or contract before personal information is provided to an outside organization, and the information disclosure shall be made after the approval of the General Manager. In order to avoid the risk of data leakage or loss, both the paper and electronic files should be encrypted.
2. Personal information files, which are special in nature or the file names shall not be disclosed by law, shall be restricted or withheld from disclosure in accordance with the Law on Disclosure of Government Information or other relevant laws and regulations.
3. The auditor shall conduct regular inspections of the storage and delivery of personal information of CSSC, and request the inspected organization to improve the operations that may result in the loss, leakage, or improper use of personal information.
4. The Information Department shall check the sharing of electronic files of personal information on the network drives used by each unit, and keep records of any changes in the files, and conduct audits for any possible risks of leakage.
5. The Information Department shall build the necessary information security equipment and systems for the e-mail and portable hard disk to have control and audit operations of the risk of leakage.
6. Personal computers that have been phased out and may be reused should have their hard disks formatted before they are used for other purposes, and hard disks should be removed after those non-reusable computers have been signed off as obsolete.
7. The security and maintenance of personal information files shall be in accordance with the information operation security and confidentiality maintenance standards of the Executive Yuan and other relevant organizations.

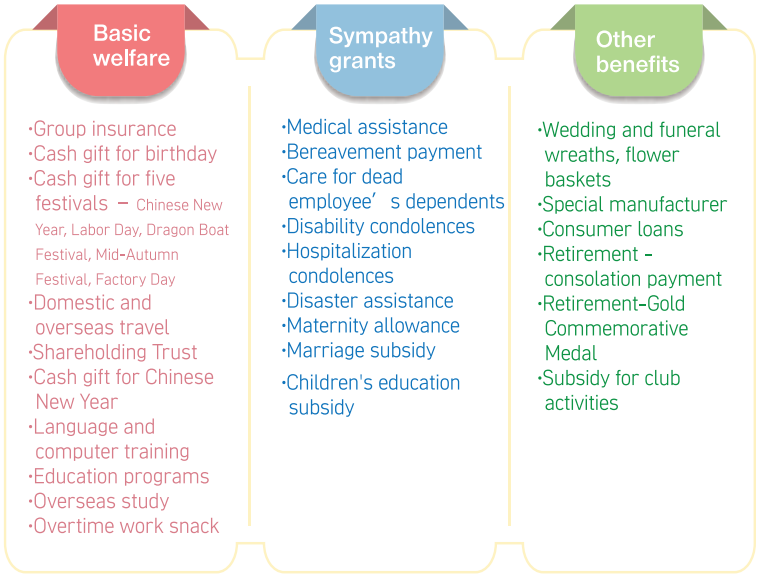
4.3.2 Employee Welfare

CSSC has established an Employee Welfare Committee in accordance with the law, with all regular employees and contract employees as its members. The Committee is composed of 6 members from the management side and 12 members from the labor side, who work together for the welfare of the employees. CSSC allocates 40% of the proceeds from the sale of the scraps from the factories and construction sites each month to fund the operation of the Employee Welfare Committee.

CSSC's regular and contract employees are insured with labor and health insurance, health care and group insurance from the day they report to work. In addition, their spouses, adult children, and parents are also eligible to enroll in health care group insurance at their own expense, so that employees can work with peace of mind and have no worries about their future.

CSSC provides annual health checkups for employees regardless of their employment type (including regular and contract) and age, which is better than the law. Spouses and children of employees can also participate in the checkups at their own expense enjoying the group preferential price of CSSC.

The welfare programs of CSSC Employee Welfare Committee are as follows.



In terms of CSSC's employee retirement system, in addition to the regular contribution of reserves to the statutory retirement account as per the Labor Standards Act and the Labor Pension Act, a Shareholding Trust Committee has been set up, whereby regular employees with one year of seniority can decide on their own the amount to be deposited each month for the purchase of shares of the Company on a regular and fixed amount basis. CSSC also allocates 20% of the employees' monthly deposit amount as share ownership incentive.

CSSC's Welfare Committee has set up an Employee Welfare Club, which cooperates with good manufacturers to offer special discounts or programs for daily necessities and foodstuffs at low prices, and also proposes seasonal gifts for employees and third parties to purchase in conjunction with specific festivals. From time to time, the Welfare Club also organizes special shopping programs with well-known vendors to offer group purchase programs for various products, so that employees can purchase at lower prices; the Welfare Club also purchases gift certificates from major department stores and CPC Corp. to offer bulk purchase discounts to the employees.

4.3.3 Labor and Management Communication

CSSC attaches importance to the benefits and welfare of employees, and actively cultivates talents, treats employees with honesty and respect, and creates a harmonious and pleasant working environment. In order to strengthen labor-management communication and establish a harmonious labor-management relationship, we have established various communication channels between employees and the Company to achieve the purpose of full communication and effective problem solving. CSSC has no labor disputes since its establishment.

CSSC's labor-management communication channels are as follows.

Item	Communication channels	Contents of communication	Frequency of meetings/ announcements
1	Company administration system (i.e.: Unit -> Factory (Division) -> Deputy General Manager -> General Manager -> President)	Individuals or organizations wishing to express their opinions should first approach their direct supervisors through the administrative system, and supervisors at all levels should assist them in contacting the relevant units. In the event that they do not feel that they have been adequately dealt with, they may seek for solution through the following channels: Employee Welfare Committees, Labor Union, Labor-management Conference, and Complaint System.	Irregular
2	Employee Welfare Committee	Welfare and Rights of Employees	Quarterly
3	Occupational Safety and Health Committee	Safety and health of employees at work	Quarterly
4	Labor Retirement Reserve Supervisory Committee	Storage, utilization, and management of retirement reserve	Quarterly
5	Labor-management Conference	Reconciliation of labor-management relations and promotion of cooperation between labor and management.	Quarterly
6	Enterprise Labor Union Board of Directors and Supervisors	Enhancement of the status of labor, fight for labor rights and benefits, and coordination and handling of various grievances of Labor Union members.	Quarterly
7	Workplace Sexual Harassment Complaint Committee	Handling of complaints about sexual harassment in the workplace.	At the time of receiving a complaint
8	Employee Proposal Committee	Employee suggestions for improvement in work, cost, and industrial safety.	Quarterly
9	Announcements	Notification of job changes, rewards and punishments	Irregular
10	Company Website	Company news	Irregular

CSSC has set up an operating standard for employee proposals, and there is a wide range of proposals for improvement in the factory to encourage employees to put forward their ideas for improvement. This proposal system also applies to third parties, visitors and owners, and bonuses will be given according to the degree of contribution after the proposals are accepted. In 2023, 36 employee proposals (including improvements for management, industrial safety and manufacturing) were approved, and employees actively expect the Company to continue to innovate and improve.

In order to provide a work environment free from sexual harassment for employees and job applicants, and to prevent sexual harassment in the workplace, CSSC has established sexual harassment prevention measures, complaint and disciplinary procedures, and has set up a Workplace Sexual Harassment Complaint Committee. Since the establishment of the Workplace Sexual Harassment Complaint Committee in 2002, we have not received any complaint cases.

Every five years, CSSC expands its factory celebration activities, publicly recognizes senior employees and exemplary laborers, and invites family members of employees to have fun together, which enhances the employees' centripetal force, demonstrates the interaction between the Company and the local community, and promotes the exchange of local cultures.

CSSC organizes labor education every year, and chooses a famous resort hotel in Taiwan to hold the event. The agenda includes explanations of the Company's business dynamics by senior managers, and the labor education also includes a travel to enhance the employees' recognition and cohesion, and promote harmony in the workplace.

4.3.4 Enterprise Labor Union

The CSSC Enterprise Labor Union was established on June 1, 1988 by the employees of CSSC, with the purpose of developing the production business, promoting the cooperation with the industry, protecting the rights and interests of the members, improving the life of the members, enhancing the knowledge of the members, and assisting to implement the governmental decree. The constitution of the Enterprise Labor Union has been formulated. In addition to the first level supervisors, the head and deputy head of the personnel unit, the remaining 94% of the employees and the staff transferred to other investment units due to business needs, are members of the Labor Union, can join the Labor Union and be protected by the Labor Union. The Labor Union has seven directors, one of whom is elected by the general meeting of the members to be the chairman to preside over the daily affairs of the meeting, and there is a secretary, an officer (to handle the daily affairs of the meeting), and the four groups of general affairs, services, welfare and training. Each group has a team leader who is also a director of the Trade Union. The Trade Union mainly maintains open communication channels between labor and management, strives for fair and reasonable work conditions, and develops harmonious and stable labor-management relations. In addition, members of the Labor Union also participate in the operation of external labor unions such as Kaohsiung City Industrial Association and Kaohsiung City Machinery Federation, assisting in the mediation of labor-management disputes, disputes over the right to work, etc.

In order to stabilize labor-management relations, promote labor-management harmony, and protect labor rights and interests, CSSC and the Enterprise Labor Union started the negotiation process for the collective bargaining agreement in March 2023, and after half a year and three negotiation meetings, the labor and management concluded the collective bargaining agreement on November 24th, 2023, which is valid from the date of signing to November 23, 2026, a total of 3 years. Those contents that are better than what specified by the law include the “Employee Stock Ownership Trust Incentive” which encourages

employees to become the Company's business partners, the "8-day Prenatal Leave" which creates a friendly working environment. At the same time, through the mode of collective bargaining agreement, the management system has become a labor code that both the employers and the employees have agreed to abide by.

4.4 Occupational Safety and Health

CSSC introduced the Occupational Safety and Health Management System in 2003, and completed the CNS 45001/ISO 45001 system certification renewal by 2022. It is continuing to promote regular certification every year to improve management efficiency.

CSSC has established an Occupational Safety and Health Committee to review the Company's safety and health performance. The members include: Chairman (General Manager), Vice Chairman (Deputy General Manager of Management and Production), Assistant Deputy General Manager of Production, 14 Labor Representatives (accounting for 1/3 of the total number of members of the Occupational Safety and Health Committee), Executive Secretary, Medical Officer, Occupational Safety and Health Officers (2 members), and supervisors of various departments (6 members). All members are laborers, and the committee meets quarterly to review the effectiveness of occupational safety and health promotion and to decide on follow-up implementation plans. In addition to the matters that should be discussed by the Occupational Safety and Health Committee, the production units (Kaohsiung Plant, Guantian Factory, and Engineering Division) also present the results of the implementation of the environmental and operational control in their areas of responsibility, which not only achieves the goal of continual improvement, but also serves as a basis for the exchange of experience among the production factories and the parallel implementation.

CSSC organizes annual safety and health meetings (one for Kaohsiung Plant and Guantian Factory each), chaired by the general manager and attended by third-party managers and factory colleagues, and scholars and experts from governmental departments or schools are also invited to give lectures on safety and health topics to enhance the knowledge of safety and health of our employees and third parties. And a platform is provided for third parties to communicate directly with the Company's responsible persons, so as to enhance the safety of the factory's environment with bidirectional and continuous communication.

4.4.1 Compliance with Safety and Health Regulations

Compliance with regulations is one of CSSC's policies for safety, health, energy and environment, with the primary goal of meeting all safety and health requirements of governmental agencies. After comparing the laws and regulations published by the Ministry of Labor and other related governmental agencies (e.g., Ministry of the Environment, Fire Department, etc.), we conduct regular identification of the applicability of the laws and regulations and compliance to ensure that CSSC is in compliance with the laws and regulations.

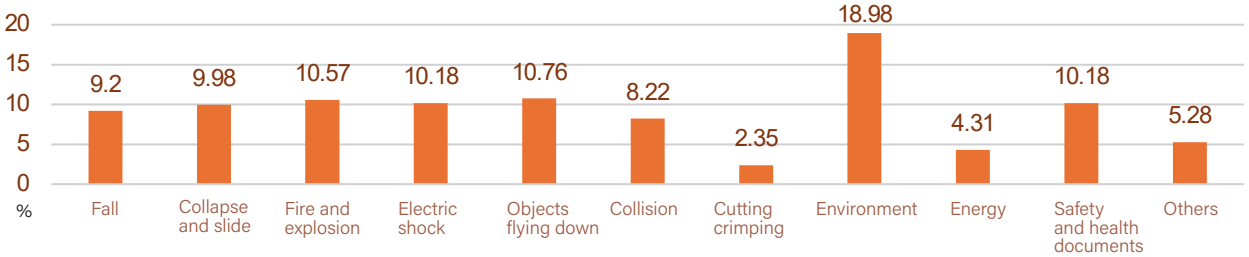
CSSC's violation of the safety and health laws in recent years is as follows.

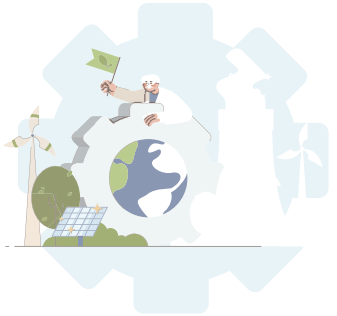
Year	2021		2022		2023		
Reported by	Department of Labor, Taipei City Government	Occupational Safety and Health Center of Central Region	Department of Labor, Taipei City Government	Administration Bureau of Southern Taiwan Science Park	Labor Affairs Bureau of Kaohsiung City Government	Taipei City Government	Labor Affairs Bureau of Tainan City Government
Cases reported (number)	1	2	2	1	1	1	1
Penalty amount (NTD Ten thousand)	3	18	6	10	10	3	10

4.4.2 Safety and Health Audit

CSSC regularly evaluates the contractor's environmental safety and health management capabilities and formulates a monthly safety and health audit plan. The head office assigns colleagues with rich experience in environmental safety and health fields to various construction sites and production plants across Taiwan to carry out environmental safety and health audits. They will audit the contractor's environmental safety and health implementation status and compliance with regulations, and write the audit results into the safety and health audit report to be reviewed by the Deputy General Manager. A defect list will be issued in the system for the defects identified in the audit process. The case will only be closed after audited unit sends a reply on the improvements of the defects. By doing this, we can discover unsafe environments, behaviors and actions that may cause environmental pollution, prevent occupational disasters and prevent environmental impacts, reduce the Company's operating risks and enhance the Company's corporate image.

The results of CSSC's safety and health audit for 2023 are as follows:





This shows that due to the industrial characteristics of CSSC, the main types of industrial safety defects are the environment (18.98%), objects flying down (10.76%), fire and explosion (10.57%), electric shock (10.18%), safety and health documents (10.18%), collapse and slide (9.98%). Except the rectification of safety and health documents for the environmental hazard, any carelessness in all other hazards may cause industrial safety accidents. Therefore, CSSC continues to promote the following measures for industrial safety improvement:

1. Formulate the "Toolbox Meeting Implementation Guidelines" to facilitate the operation of the third party and production unit managers, which not only advocates the contents of the operation and safety precautions, but also ensures the mental state of the operating personnel and keep the relevant records of the implementation at the same time.
2. If the ratio of web height to flange width exceeds 3:1, set up clamps to prevent the collapse of the steel section due to unstable center of gravity.
3. Purchase or update the turning equipment, and provide a bar turning machine to assist the turning of steel members to ensure the stability of steel members when turning.
4. Promote industrial safety diagnosis, assess the industrial safety management ability of each unit with quantitative data, and give suggestions for improvement.
5. Develop unit performance incentive system, link industrial safety performance and individual performance appraisal, reward the good performers and penalize the bad ones.
6. Specify the way of stacking materials, stack in the way of a wide bottom and a narrow top, and adopt the way of gradual shrinkage layer by layer to ensure the stability of materials.
7. Define transportation and loading regulations to protect and prevent accidents such as overturning and dumping during transportation and loading of components to ensure the safety of products during transportation.
8. Promote the supervisor inspection system to enhance the safety culture of supervisors' proactive concern for the employees.
9. Promote on-site & construction site safety observations, and make suggestions for safety improvement through on-site safety observations.
10. Senior colleagues in the field act as on-the-job training instructors to share practical experience in the field.

4.4.3 Friendly Working Environment

A good workplace can effectively reduce the chance of occupational hazards, and we continue to work toward the following programs to build a good workplace.

1. Adopt a large area of light wave plate on the roof of the factory to enhance the illumination in the factory and save artificial lighting, and plan the safety walkway of the factory and roads, and the safety confirmation point before entering the workplace. Remind employees and third parties to pay attention to their own safety, set up a stop bell at the entrance of the safety walkway for visitors to press before entering the workplace, and remind third parties to pay attention to the safety of the visitors.
2. Install guardrails on the roof perimeter to reduce the risk of roofing work by the construction team.
3. The administration building, offices and production plants are equipped with continuous water dispensers that provide warm, hot and cold drinking water, and the condition of the filter media is checked and analyzed for E. coli colonies on a regular basis.
4. A walking path has been set up around the whole factory of Kaohsiung Plant, along which a large number of trees, shrubs, and flowering plants such as dwarf cactus are planted, so that the employees and the third party can relieve physical and mental stress and improve work efficiency.
5. A large area of green space has been retained in the factory area. Since the green space is not hard-surfaced, it allows rainwater to infiltrate freely into the ground during the rainy season, so that the soil in the factory area can contain a large amount of water; the administrative area, parking lot, and walking paths around the plant are made of interlocking bricks and other permeable materials, replacing the impermeable surfaces such as AC, RC, and so on. During the dry season, the water evaporates into water vapor and lowers the temperature inside the factory area.
6. CSSC has a breastfeeding room in the administration building, equipped with beds, sofas, refrigerators, and restrooms, which is open to employees with breastfeeding needs, third parties, or visitors. A dedicated person is responsible for maintaining a clean environment in the breastfeeding room.
7. Emergency bells are installed in the restrooms, which are connected to an external warning light that emits a bright light and sound when the bell is pressed to ensure the safety of the mobility impaired or the elderly.
8. CSSC's administration building is adjacent to the parking lot for the physically and mentally challenged and mother and baby-friendly parking spaces. The location of the parking lot is close to the administration building, so that physically and mentally challenged people and pregnant women can park their vehicles close to the building.

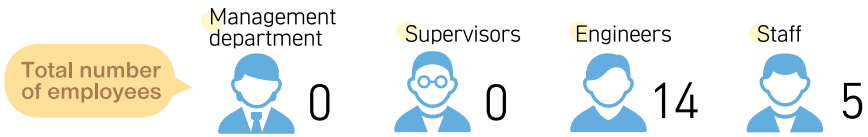
4.4.4 Industrial Safety Zone

CSSC has set up an Industrial Safety Zone on its corporate portal, which provides employees with the data they need to perform industrial safety work (including agreement organization management, safety, health, energy and environmental document library, and industrial safety advocacy), and provides a convenient channel for colleagues from other places to obtain the data they need to perform their business.

4.4.5 Safety and Health Education and Training

In compliance with the Occupational Safety and Health Act, CSSC organizes safety and health education and training on a regular basis, and commissions external professional training institutes for some special occupational safety training to enable employees or third parties to acquire the necessary knowledge and skills to perform their jobs. The concepts of occupational safety for the employees or third parties are also strengthened through continuous training.

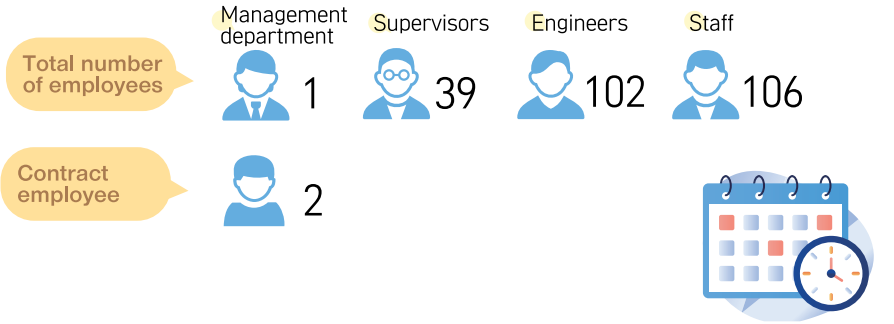
CSSC's numbers of employees for initial training of industrial safety in 2023 are shown in the following table.



CSSC's numbers of employees for initial training of industrial safety in 2023 are 2023 by gender are shown in the following table.

CSSC's numbers of employees for repeated training of industrial safety in 2023 by gender are shown in the following table

CSSC's numbers of employees for repeated training of industrial safety in shown in the following table.



4.4.6 Statistical Analysis of Occupational Hazards

CSSC passed the CNS 45001/ISO 45001 system certification renewal in 2022, and conducts regular tracking every year to consolidate the existing safety and health management model, strengthen occupational safety and health management, and gradually improve the unsafe environments and unsafe equipment in the factory area. In response to the third-party incapacitating accidents, CSSC has launched the publicity of the investigation results of the accidents in parallel, and continues to improve workplace safety and create a comfortable and friendly working environment through the PDCA management cycle.

The FR, SR, injury rate, occupational disease rate, lost workday rate, and annual fatalities of CSSC's employee in 2023 are shown below.

Indicator name	Calculation rules	Results
Disabling Injury Frequency Rate (FR)	Disability Injury Frequency Rate = (Total Number of Work-related Injuries X 1,000,000) / Total Hours Worked	1.07
Disabling Injury Severity Rate (SR)	Disabling Injury Severity Rate = (Total Lost Hours of Work-related Injuries X 1,000,000) / Total Hours Worked	63.37
Injury Rate (IR)	Occupational Injury Rate = (Total number of Work-related injuries X 200,000) / Total hours worked) Approx. 1/5 of FR)	0.214
Occupational Disease Rate (ODR)	Occupational Disease Rate = Total Occupational Diseases / Total Hours Worked (hours) *200,000	0
Lost Workday Rate (LDR)	Lost Time Ratio = (Total Lost Hours of Work-related Injuries X 200,000) / Total Hours Worked (approx. 1/5 of SR)	12.67
Annual number of fatalities	Number of duty-related deaths during the reporting period	0

The third-party FR and SR of CSSC in 2023 are as follows.

Indicator name	Calculation rules	Results
Disabling Injury Frequency Rate (FR)	Disability Injury Frequency Rate = (Total Number of Work-related Injuries X1,000,000) / Total Hours Worked	0.30
Disabling Injury Severity Rate (SR)	Disabling Injury Severity Rate = (Total Lost Hours of Work-related Injuries X1,000,000) / Total Hours Worked	107.29

4.4.7 Health Examination and Health Promotion

Employees are the greatest asset of a company, and only healthy employees can bring the company the greatest growth momentum. The Company continues to promote safety and health and health promotion activities, and actively build a good workplace environment. We have been awarded the Health Promotion Mark by the Health Promotion Administration.

1.Employee Health Examination

CSSC provides annual health checkups for all its employees, regardless of their age and gender, which is better than the current legal requirements. In addition to general health checkups, the checkups also include abdominal ultrasound, bone mineral density, and tumor markers screening. Moreover, we also follow the National Health Administration's Cancer Screening Program to screen for oral and colorectal cancers, in order to provide our employees with more in-depth health checkups. After the employees obtain the annual health check report, CSSC also appoints occupational medicine doctors to visit the factory for health consultation and disease prevention lectures.

In 2023, some of the employees of CSSC were engaged in the jobs with special health hazardous, and these employees are required to undergo the following special health checkups.

Special job name /special health examination program	Work exposed to noise	Work exposed to dust	Work exposed to lead
Special health examination items	Pure tone audiometry	Chest X-ray, Lung Function Test	Blood lead concentration
Number of people engaged in work with special health hazards	49	83	1
Number of people under first-level management	32	63	1
Number of people under second-level management	16	20	0
Number of people under third-level management	0	0	0
Number of people under fourth-level management	1	0	0

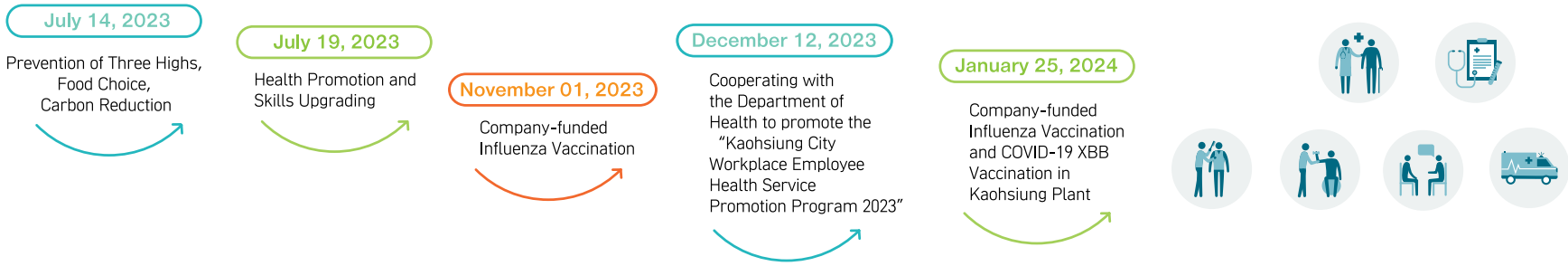
CSSC has formulated control measures and standard operating procedures for operations with high risk of occupational diseases. In addition to installing protective equipment, CSSC also provides relevant safety gears for employees to use in order to reduce the risk of occupational diseases among employees.

Type of work	Work exposed to noise	Work exposed to dust	Work exposed to lead	Welding work	Work with organic solvent
Susceptibility to occupational diseases	Hearing loss, Mental illness	Pneumoconiosis	Neurological lesions	Parkinson's disease, glaucoma, cataracts	Liver function abnormalities
Protective equipment	Soundproof walls	Localized exhaust devices	Localized exhaust devices	Ventilation equipment	Localized exhaust devices
Protective gear	Earplugs	Air-supplied respiratory protection gear	Canister respiratory protection gear	Canister respiratory protection gear, goggles	Canister respiratory protection gear

2.Health Seminars and Promotional Activities

In order to promote the physical and mental health of employees, the Company organizes health promotion activities/seminars from time to time every year to provide employees with new information on health care and medicine.

CSSC's health seminars and promotional activities in 2023 are as follows.



3.Nursing Practitioner and Doctor Services in Factories

CSSC employs certified nurse practitioners to provide emergency care and health education to employees and third parties at any time. Once a month, CSSC regularly employs occupational medicine specialists to provide free health consulting services and health guidance to employees and third parties.

CH5 Supply Chain

5.1 Supplier Management

5.2 Contractor Management

Supply Chain

5.1 Supplier Management

5.1.1 Supplier Management

Most of CSSC's major raw material suppliers come from Taiwan, and most of them are concentrated in the central and southern parts of Taiwan, including CSC (steel plates), Dragon Steel (hot rolled steel sections and narrow steel plates) and other suppliers of steel materials, welding materials, and hardware. The major suppliers are rated every six months. In order to ensure that the suppliers meet the requirements of CSSC's corporate sustainability policy, the following selection criteria have been established.

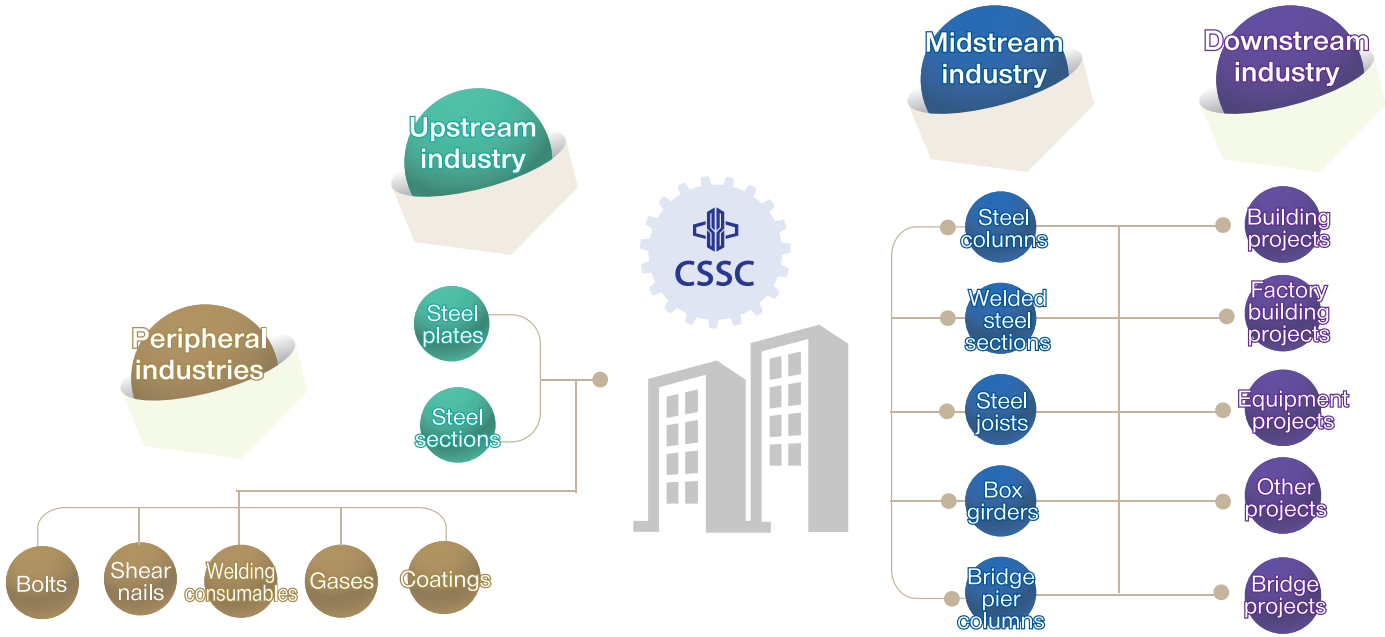
1.The quality of raw materials must meet CNS standards or the same grade.

2.The supplier must have good reputation and stable quality.

3.The supplier must provide accurate delivery and good emergency cooperation.

The suppliers of CSSC include raw material suppliers, equipment suppliers, production suppliers, construction suppliers, labor suppliers and service suppliers, and the characteristics of suppliers can be divided into labor-intensive, capital-intensive and technology-intensive categories. The suppliers of both Kaohsiung Plant and Guantian Factory are from Taiwan. In terms of the geographical location of the suppliers and the distribution of the number of employees, the suppliers of CSSC in Taiwan are mainly concentrated in the southern region (Kaohsiung, Pingtung, and Tainan areas).

CSSC's market relation table is as follows.



5.1.2 Supplier Characteristics

The suppliers are registered and evaluated by CSSC in terms of quality, delivery and project performance. The supplier shall be a legal company registered and approved by the government, and subject to the management and inspection by the local labor bureau and environmental protection bureau. If the qualification meets the requirements, the supplier will be given a code to be included in the supply chain management. When contracting for any kind of work, we can select the qualified suppliers to handle the inquiry. CSSC regards suppliers as important business partners in the operation process, and is committed to maintaining a long-term relationship with suppliers. In addition to taking into account the quality of the suppliers' products, delivery and price, we request the suppliers to accept CSSC's regular assessment of the environmental and safety requirements to ensure compliance with the provisions of Taiwan's laws and regulations and factory regulations, to fulfill the spirit of corporate social responsibility.

5.1.3 Procurement Safety and Health Management

Regarding the procurement of raw materials, equipment, protective gears and components, in accordance with the "Procurement Management Methods" of CSSC Quality Management System and Safety, Health and Environment Management System, the requisitioning unit must clearly record the type, specification, size, quantity, period of use, purpose and relevant safety and health standards of the goods required when making the requisition for purchase. If necessary, the requisition will be forwarded to the Industrial Safety Division, which will assist the requisitioning unit in formulating the safety and health specifications and conditions of the requisitioned items, so as to ensure that the purchased items comply with the safety and health standards. During the acceptance of the purchased items, the quality assurance unit or the requisitioning unit should double-check whether the purchased items meet the requirements.

5.2 Contractor Management

Steel structure industry is a labor-intensive industry. Due to the increase in the orders received by CSSC year by year, the employees of CSSC have been transformed to engage in the management job from the direct engagement in production work in the early years. At present, Kaohsiung Plant and Guantian Factory have entrusted the work of most of their steel production lines to specialized manufacturers, and the production lines are all third parties in Taiwan.

In order to make the contractors integrate into CSSC's industrial safety culture, we have developed the "Third Party Safety and Health Management Measures". The Measures describes CSSC's safety and health requirements and standards, and is used as one of the conditions of performance for signing the contract with the third party. Contractors are required to comply with CSSC's Code of Conduct and fulfill all safety and health requirements. If there is any significant event with an impact on the environment and society, CSSC may terminate the contract with the contractor or implement suspension, depending on the circumstances.

Before the commencement of work, the contractor shall hold a "Pre-construction Coordination Meeting" with the organizer of CSSC for the contractor to be informed of the possible hazards in the workplace and work content and how to prevent them. The contractor shall designate a site manager and a work safety officer who will be responsible for carrying out automatic inspections, improving safety and health facilities and other safety and health related work, and the contractor shall apply for joining the organization meeting of each workplace of CSSC to carry out work coordination.

After the commencement of the third party's work, CSSC will hold regular meetings to discuss issues related to joint work at the workplace, which will help to clarify the hazards arising from joint work, communicate issues related to mutual cooperation and assistance, and discuss issues related to the third party's human rights at work.

CSSC attaches great importance to the health of third-party employees and organizes annual health checkups for third-party employees, which are more frequent than required by law, so as to keep track of the health status of third-party employees on a regular basis.

5.2.1 Contractor Evaluation

Any party that is interested in contracting with CSSC is required to register as a contractor and undergo a competency survey before being assigned a classification code and registered for management, which is used as a source for selecting a third party when we are requesting quotations for various types of work. On-site execution units conduct monthly assessment and evaluation of each third party, scoring the competencies in terms of quality, progress, cooperation and industrial safety, and the evaluation results are used as a reference for the subsequent arrangement of the work. If the score is less than 70 for three consecutive months, we will suspend the authorization for one year; if the score is less than 60, the authorization will be suspended for two years. In 2023, all of our third-party evaluation results scored 70 points or more, and all of our third-party evaluation results met the Company's criteria

CH6 Environmental Protection

Environmental Protection

6.1 Green Products

The raw materials for steel structure are mainly steel plates and hot rolled steel sections, and most of the raw materials come from CSC and Dragon Steel. Since the raw materials for steel plates and steel sections are not only iron ore, but also some steel scrap that will be added for melting, and the scrap of steel plates generated from the manufacturing process of CSSC and what is left from the demolition of the future steel structure buildings will still be sent to the steel mill for recycling and melting, the raw materials used in the steel structure manufacturing process (steel plates, steel sections, angle iron, round pipes, etc.) can also be considered as important recycled raw materials.

CSSC does not use hazardous substances in the manufacturing process, and the radiation-free certificates and material safety certificates issued by CSC and Dragon Steel, for main raw materials such as steel plates and hot rolled steel sections have been obtained. CSC and Dragon Steel do not add hazardous substances in the manufacturing process, and the quality of the products complies with the international and Taiwan environmental protection laws and regulations. The quality also complies with the European Union Directive on the Restrictions of Hazardous Substances (RoHS), in which Cadmium (below 100ppm), and Mercury, Lead, Hexavalent Chromium, Polybrominated Biphenyls (PBBs) and Polybrominated Diphenyl Ethers (PBDEs) (all below 1,000ppm) are strictly regulated to ensure the safety of raw materials and the quality of the steel plates for the safety of the customers in the use of the steel plates.

6.2 Green Factory Buildings

With the idea of eco-conservation and environmental feedback, we hope to achieve the vision of coexistence of life, production and ecology!

In order to take into account of the concept of ecological conservation, the Kaohsiung Plant's ecological conservation area covers a total of 16.81 hectares (about 37.4% of the total area), constituting a multi-level habitat for plants and animals. The green belt around the factory not only reduces the perception of noise from the factory by the neighboring residents, but also purifies the air quality. The ecological pond not only has the function of flood retention, but also has ecological and landscape benefits. We utilize shallow wetlands, wide and deep pools, hard and soft canal bottoms, and hard and soft berms to create a habitat environment, and combine with educational and interpretive facilities to play the function of education and advocacy, as well as the balance of the plant's ecological environment.

In addition, "Nature Treatment System for Water Pollution Control" has been planned for the recycling and treatment of wastewater. The ecological methods of wastewater treatment are adopted, and the ecological ponds are planted with diversified aquatic plants to create a natural environment habitat to achieve a balance with the autonomous circulation system of the neighboring environment.

CSSC requires its employees and third parties to refrain from harassing, capturing or harming wildlife in the factory area. Wildlife is allowed to move around the factory, and the ecological conservation area is not adjacent to the production area, so the production operation does not affect the activities of local native organisms. At present, a variety of birds can be seen in the Kaohsiung Plant, and the numbers and types of birds are also gradually increasing.

6.2.1 Green Buildings

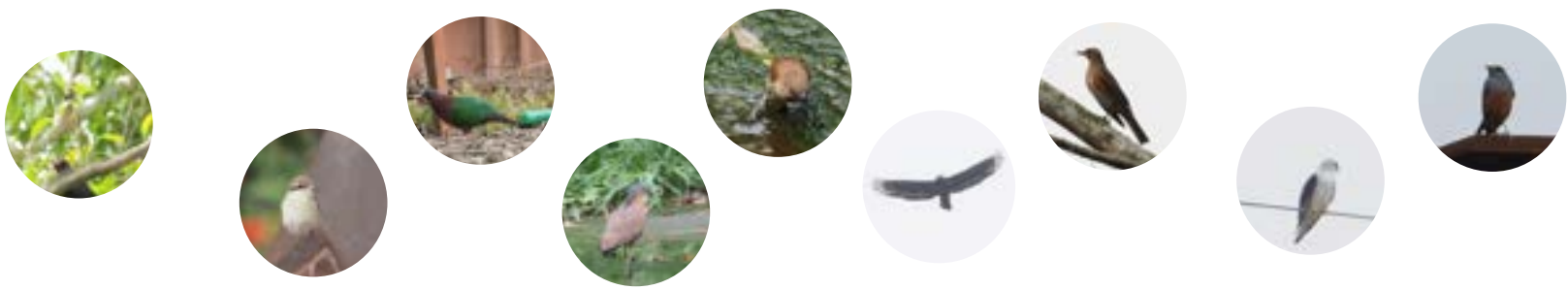
CSSC's factory buildings do not have a significant impact on biodiversity and conservation of living organisms; the concept of green building design has also been introduced to the administration building of Kaohsiung Plant, and it is planned in the friendliest way, with the green building indicators of site greening, site water retention, daily energy saving, and water resources as the basis of the design. In 2013, the building was awarded the EEWH Green Building Label in Taiwan, and we hope to achieve co-prosperity with the local ecology.

Design features of green buildings:

- Site greening: local tree species and diversified planting.
- Site water retention: setting of permeable pavement, green space and grass ditch.
- Building envelope energy savings: building exterior shading, natural lighting, glass insulation, high efficiency equipment, roof gardens.
- Water conservation: water conservation labeling devices, rainwater recycling systems

6.2.2 Ecological Survey

CSSC's Kaohsiung Plant is located near the Wushantou Mud Volcano Natural Reserve, while the Guantian Factory is not part of the Natural Reserve or General Reserve. Kaohsiung Plant is surrounded by a large area of native plants and animals, and the ecosystem is very complex. In addition to raptors, there are also a large number of mixed flocks of Accipiter trivirgatus, Spilornis cheela, Acridotherescristatellus, Elanus caeruleus, Bambusicolathoracicus, Megalaimanuchalis, Prinia inornate, Pomatorhinusmusicus, Hypothymis azurea, Dicrurus macrocercus, Pycnonotus sinensis, Dendrocitta formosae, Apus nipalensis, Lanius cristatus, Sinosuthora webbiana in the sky high above the factory area. After the results of the ecological surveys conducted by CSSC during the pre-construction, construction and operation phase are compared, the number of bird species inhabiting the Kaohsiung Plant area tends to be stable, and the number of birds is gradually increasing. During the breeding season, birds can be seen nesting and breeding in the factory area, which shows that CSSC's everyday efforts to maintain the natural environment have shown initial results.



In 2023, the following species of birds in the Conservation Classification of Species announced by the Council of Agriculture and the Red List of Birds for Conservation of the International Union for the Conservation of Nature and Natural Resources (IUCN) can be observed in CSSC's plant area.

Family name	Chinese name	Scientific name	Conservation category by Council of Agriculture based on Act on Wildlife Conservation (Note 1)	Specific to Taiwan
Accipitridae	鳳頭蒼鷹	Accipiter trivirgatus	II	V
Accipitridae	大冠鷲	Spilornis cheela	II	V
Accipitridae	黑翅鳶	Elanus caeruleus	II	-
Phasianidae	台灣竹雞	Bambusicolathoracicus	-	V
Capitonidae	五色鳥	Megalaimanuchalis	-	V
Timaliidae	小彎嘴	Pomatorhinusmusicus	-	V
Sturnidae	八哥	Acridotherescristatellus	II	V
Laniidae	紅尾伯勞	Lanius cristatus	III	-
Nightingaleidae	南亞夜鷹	Caprimulgus affinis	-	V
Apodidae	小雨燕	Apus nipalensis	-	V

Family name	Chinese name	Scientific name	Conservation category by Council of Agriculture based on Act on Wildlife Conservation (Note 1)	Specific to Taiwan
Dicruridae	大卷尾	Dicrurus macrocercus	-	V
Corvidae	樹鵲	Dendrocitta formosae	-	V
Muscicapidae	白頭翁	Pycnonotus sinensis	-	V
Muscicapidae	紅嘴黑鵯	Hypsipetes leucocephalus	-	V
Cisticolidae	褐頭鷦鶯	Prinia inornata	-	V
Parrotidae	粉紅鸚嘴	Sinosuthora webbiana	-	V
Monarchidae	黑枕藍鶲	Hypothymis azurea	-	V
Turnicidae	棕三趾鶉	Turnix suscitator	-	V

Note 1 According to the Act on Wildlife Conservation, the Council of Agriculture has announced that there are three classes of species in the conservation category: I, II and III, and the description of each class is as follows.
I: Endangered wildlife II: Rare and precious wildlife III: Other wildlife to be conserved

6.2.3 Environmental Impact Assessment

CSSC relocated from Siaogang District to Yanchao District. Based on the demand for plant expansion and the spirit of environmental protection, the Environmental Impact Statement of CSSC Yanchao Industrial Park was approved by the Ministry of Environment in 2010. During the operation period, quarterly environmental monitoring is conducted according to the Environmental Impact Statement, and the sampling and monitoring work is carried out separately for the monitoring contents including the seven dimensions of air quality, noise and vibration, low-frequency noise, groundwater, soil, land ecology, and traffic flow.

Most of the environmental monitoring results of CSSC 2023 are within the normal range, and some of the abnormal items are described as follows.

Air quality

Abnormal Points	Time of abnormality	Abnormality description	Remarks
Jiaoxiu Community	First quarter	PM2.5(24-hour value) exceeding regulatory standards	Referring to the neighboring air monitoring station of the Ministry of the Environment, we found that the exceeding results coincide with the current monitoring results. This should the impact of the background value of the environment. In the future, we will still continue to monitor and survey to grasp the trend of changes.
Sijiaolin Tribes			

Groundwater

Abnormal Points	Time of abnormality	Abnormality description	Remarks
MW2	Abundant, low water period	Iron analytical values exceeding Class II groundwater monitoring criteria	Referring to the National Environmental Water Quality Monitoring Network of the Ministry of Environment, we found that the analytical value of ammonia nitrogen in the groundwater of the Fengshancuo monitoring station near the plant site from 2011 to 2023 had exceeded the standard of the law. And the site is an in-use agricultural land, with nitrogen fertilizers as the general fertilizer, so it should be the influence of the environmental background value.
MW3	Abundant, low water period	Iron, manganese analytical values exceeding Class II groundwater monitoring criteria	
		Ammonia nitrogen analytical values exceeding Class II groundwater monitoring criteria	
MW4	Abundant, low water period	Iron, manganese analytical values exceeding Class II groundwater monitoring criteria	
		Ammonia nitrogen analytical values exceeding Class II groundwater monitoring criteria	
MW5	Abundant, low water period	Iron analytical values exceeding Class II Class II groundwater monitoring criteria	
		Ammonia nitrogen analytical values exceeding Class II groundwater monitoring criteria	

6.3 Response to Climate Change

CSSC evaluates the risks and opportunities that may be brought by climate change, and draws up countermeasures to control the risks in advance, to disperse the risks and reduce the losses; for the opportunities, it cooperates with the government, universities and colleges, and steel structure associations to participate in or organize seminars to advocate the characteristics of steel structure products to enhance the application rate of steel structure in Taiwan's buildings.

CSSC has formulated countermeasures in response to the risks and opportunities caused by climate change on the Company's operation, and the results are as follows.

1. Develop the new vibration dampening device, establish its own brand and performance verification program to reduce cost and enhance competitiveness.
2. Budget year by year, prioritize the replacement of old equipment, purchase new inverter models, improve energy efficiency, and meet the annual power saving target of 1%.
3. Regularly check the gas pipeline to avoid high pressure air leakage, reduce the full load time of the air compressor, increase the no-load time, and reduce power consumption.
4. Set up a flood retention pond in the factory area, and avoid flooding caused by heavy rainfall by designing the flood retention capacity of the flood retention pond based on the scale of flooding that occurs once every 100 years.
5. Adopt the best feasible control technology for stationary pollution sources, conduct regular equipment maintenance, maintain the best efficiency of the equipment, and enhance the efficiency of the equipment prevention and control.
6. Cooperate with universities and colleges, industrial associations and labor unions to organize steel structure seminars to promote steel structure products with great efforts.
7. Cooperate with the Group's policy to stabilize the market share of steel structure in Taiwan, and develop towards Southeast Asia and other regions with higher climate risk to open up infrastructure disaster prevention projects in Southeast Asia.

Green Steel Structure/Green Building Materials

In recent years, the government has been actively promoting the steel structure for green buildings. From the perspective of environmental protection, from the production of materials, construction to dismantling and recycling, the energy consumption of steel structure is only 83% of reinforced concrete building, the emission of carbon dioxide is only 71%, and the steel recycling rate of steel structure is 100%, although the cost is relatively high, it is positive for the environmental protection. At the same time, due to the strong seismicity, high safety factor and short construction time of steel structure buildings, it can also reduce the use of reinforced concrete, avoid the landslides caused by the over-exploitation of sand and gravel in the environment and slow down the ecological damage caused by the development activities. The extensive use of the structural material of steel structure can also help to slow down the global climate change.

6.3.1 Task Force on Climate-related Financial Disclosures (TCFD)

The World Economic Forum (WEF) released the Global Risks Report 2023, which predicts that among the long-term risks that may occur in the next 10 years, there are six climate risks, of which "failure of climate change mitigation" is the most important one. The United Nations Intergovernmental Panel on Climate Change (IPCC) has identified greenhouse gas emissions as the main cause of climate change, which may cause a drastic impact on the global economy and human life. The Company emphasizes the issue of climate change and is accelerating the establishment of a response mechanism. It follows the framework of the Task Force on Climate-related Financial Disclosures (TCFD) to make disclosures so that stakeholders can fully understand the risk management and control of CSSC in responding to climate change, and this concept can be communicated to the colleagues.

CSSC follows the four core structures of the TCFD to identify risks and opportunities arising from climate change by each department, and to effectively respond to a wide range of issues arising from climate change. The disclosure-related management actions are as shown in the following table.

Governance

CSSC practices

- The Sustainable Development Management Committee meets at least once a year to present the current year's implementation results and the next year's implementation plan, regularly tracks the status of implementation, and then presents the implementation plan and results to the Board of Directors.
- Annual meetings are held to adjust the carbon neutrality topic of CSSC, on a rolling basis, and the Deputy General Managers of various business sectors invite the relevant units to formulate the work related to energy saving and carbon reduction in the factories.
- We regularly participate in the Energy and Environment Conference of China Steel Group twice a year to discuss the issues of energy saving and carbon reduction.

Strategy

CSSC practices

- We design risk and opportunity timeframe for carbon neutrality pathway, with 2022~2025 as the short term, 2025~2030 as the medium term, and 2030~2050 as the long term.
- Through cross-departmental discussions and identification of climate-related risks and opportunities, and based on the professional experience of each unit, we assess the timeframe, likelihood, and degree of impact of climate risks and opportunities to identify and categorize risks, and evaluate the potential operational and financial impacts on the Company.

Risk management

CSSC practices

- We adopt TCFD framework to analyze policy and regulation, technology, market, corporate reputation, and immediate and long-term climate risks, and discuss the impacts of the risks and opportunities on the Company through the participation of departmental heads and colleagues, and perform climate-related risk and opportunity identification from time to time to ensure that the results are in line with the current situation.
- We develop response plans based on climate risk/opportunity identification results.
- The issue of carbon neutrality is incorporated into the Company's risk management, and the Company's carbon reduction response strategies and approached are discussed in the Sustainable Development Management Committee.

Indicators and objectives

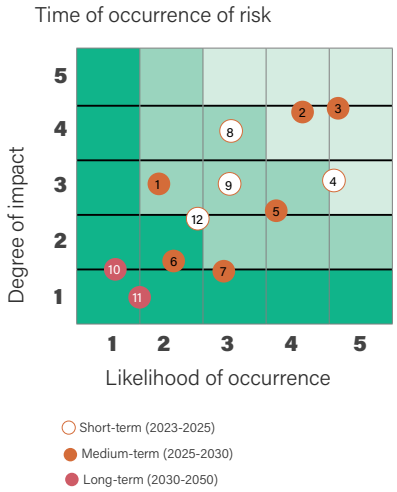
CSSC practices

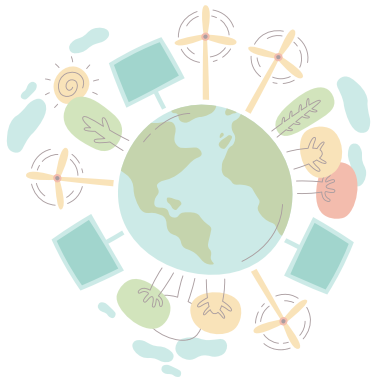
- Starting from 2022, we have been implementing greenhouse gas inventory in accordance with ISO 14064, and commissioning a third-party verification organization to carry out verification every year, and the verification statement has been obtained.
- We identify possible reduction opportunities based on the results of the greenhouse gas inventory.
- We have established short-, medium-, and long-term goals for greenhouse gas management and energy management.

Based on the TCFD framework and considering a wide range of issues including product application, supply chain, adaptation and mitigation activities, R&D and investment in emerging technologies, and operational processes, the Company identifies risks related to climate change, identifies opportunities, and incorporates them into its strategic planning and management mechanisms. 7 transition risks, 5 physical risks, and 7 opportunities are summarized in terms of timeframes of occurrence, likelihoods of occurrence, and degrees of impacts for risk identification and related analysis matrix. And in line with the Company's goal of carbon neutrality, the questionnaire is designed to align the time of the occurrence of risks and opportunities with the time points of the target year.

Climate-Related Risk Analysis Matrix

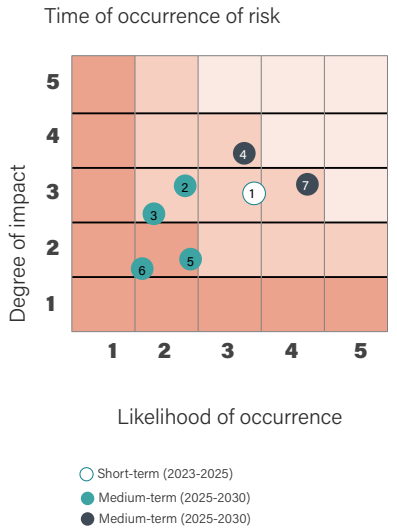
Item	Type of risk	Potential financial impact issues	
1	Transition risk	Policies and regulations	Increased operating costs due to carbon fees associated with response to emerging regulations (e.g., Climate Change Response Act, CBAM).
2	Transition risk	Policies and regulations	Continuous increase in the proportion of renewable energy usage in response to regulations, customer and international initiatives, and reduction targets set by the Company.
3	Transition risk	Technology	In response to the low-carbon trend, the Company actively researches and develops new low-carbon technologies and materials, thus increasing costs.
4	Transition risk	Technology	Upgrading the energy and resource efficiency standards of various assets in response to the low-carbon development trend, such as replacement with high-efficiency equipment, low-carbon materials, which increases operating costs.
5	Transition risk	Market	Low-carbon transition process may result in cost increases due to tight supply of raw materials.
6	Transition risk	Market	When customers use steel structure to cope with climate change, the demand for steel products will change. If the Company does not actively reduce carbon emissions, we may lose part of the market.
7	Transition risk	Reputation	The government and neighborhoods are becoming more aware of the environment, and the Company needs to invest in human resources to respond to any of its negative news related to the environment.
8	Physical risk	Immediacy	The frequency and severity of extreme weather events such as typhoons and floods have increased, preventing suppliers (raw materials) from normal production or distribution, and affecting the company's operations.
9	Physical risk	Immediacy	Increased frequency and severity of extreme weather events such as typhoons and floods, affecting production.
10	Physical risk	Long-term	Increase in global temperatures forcing employees to leave their jobs.
11	Physical risk	Long-term	Rising global sea levels and inundation of low-lying areas resulting in damage to assets.
12	Physical risk	Long-term	Increased risk of water shortages due to extreme changes in weather patterns, which may impact production.





Climate-Related Opportunity Analysis Matrix

Item	Type of opportunity	Potential financial impact issues	
1	Opportunity	Energy efficiency	Reducing product resource consumption through R&D of new technologies
2	Opportunity	Energy efficiency	Collaborating with the industry chain for low carbon transition to reduce product life cycle footprint and gain customer favor
3	Opportunity	Energy source	Continuously developing diversified renewable energy sources in response to the low-carbon transition to increase resilience in the face of carbon fees
4	Opportunity	Energy source	Saving energy and reducing carbon emissions, developing carbon rights, and participating in the carbon market in an active manner
5	Opportunity	Product and service	Continuously developing and expanding the Company's low-carbon emission technology and providing low-carbon products to gain customers' favor
6	Opportunity	Market	Providing wind power related materials, producing underwater foundation for offshore wind power, and developing welding process technology and materials to expand the business territory
7	Opportunity	Resilience	Increasing profitability by increasing demand for climate resilience through the ability to respond to climate change in various countries.



Response Actions for Climate-Related Risks/Opportunities

Climate risks		Climate scenarios	Response actions
Transition risk	Continuously increasing the use of renewable energy in accordance with regulations, customer and international initiatives, and the Company's reduction targets.	IEA APS	• Organizing carbon inventories and set short-, medium- and long-term carbon reduction targets. • Planning for green power demand from 2023 to 2030.
Transition risk	In response to the low carbon trend, the Company actively researches and develops new low carbon technologies and materials, thereby increasing costs.	IEA APS	• Collecting data and information related to the replacement of welding shielding gases to move toward low-carbon raw materials.
Transition risk	Upgrading the energy and resource efficiency standards of various assets in response to the low-carbon development trend, such as replacement with high-efficiency equipment, low-carbon materials, which increases operating costs.	IEA APS	• Improving energy efficiency and process improvement, and replacing old equipment and optimizing process parameters. • Continuing to focus on process carbon reduction technologies.

6.3.2 Greenhouse Gas Inventory

CSSC has been implementing greenhouse gas inventory from 2021 onwards in accordance with ISO 14064 to respond to the global trend, control the internal situation and mitigate the impact. The inventory has been commissioned to the impartial third-party verification organization recognized by the Ministry of Environment, and the verification statement has been obtained. The response mechanism of "low carbon first, then zero carbon" has been formulated, and short, medium and long-term carbon reduction targets are set. We have planned a carbon reduction pathway toward the goal of achieving carbon neutrality by 2050.

Using 2018 as a baseline (Scope 1+2)

2025 — 3% reduction

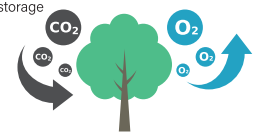
- Organizing carbon inventory with 2018 as the baseline year for carbon emission reduction.
- Carrying out process equipment inventory, planning for the retirement and replacement of energy-consuming equipment, and identifying opportunities for carbon reduction.
- Setting short-, medium-, and long-term carbon reduction targets.

2030 — 15% Reduction

- Enhancing energy efficiency and process improvement, replacing old equipment and optimizing process parameters.
- Introducing low-carbon raw materials, energy, transportation, and equipment.
- Green power (wind power, photovoltaic).

2050 — Carbon neutral

- Focusing on process carbon reduction technologies.
- Increasing green power usage to RE100.
- Building renewable energy and energy storage systems.
- Electrification and decarbonization of transportation vehicles.
- Carbon sinks (tree planting).



The inventory of Category 1 and Category 2 covers the Company's factories in Taiwan, which are in compliance with current regulations. In addition, the Company has taken the initiative to perform the inventory of Category 3 by selecting four items based on the strength of the supporting data: "Business Travel", "Disposal of Waste Generated from Operation", "Upstream Transportation and Cargo Distribution" and "Fuel and Energy Related Activities", and will continue to refine the contents of the inventory.

Year	Factory	Category	Category 1 (direct emissions)	Category 2 (Indirect emissions from energy sources)	Total	Category 3 (Other indirect emissions)
2021	Kaohsiung Plant	Emission (tons of CO_2e/ year)	1,981.7761	5,625.0593	7,606.8354	259,255.932
	Guantian Factory	Emission (tons of CO_2e/ year)	631.3712	1,881.04	2,512.4112	
	Total (tons of CO_2e/ year)		2,613.1473	7,506.0993	10,119.2466	
	Emission intensity (metric tons of CO_2e/ turnover in million dollars)			0.634		
2022	Kaohsiung Plant	Emission (tons of CO_2e/ year)	1,825.5551	5,021.3909	6,846.946	221,554.272
	Guantian Factory	Emission (tons of CO_2e/ year)	562.9634	1,803.2652	2,366.2286	
	Total (tons of CO2e/ year)		2,388.5185	6,824.6561	9,213.1746	
	Emission intensity (metric tons of CO_2e/ turnover in million dollars)			0.476		
2023	Kaohsiung Plant	Emission (tons of CO_2e/ year)	1,852.4980	4,872.9552	6,725.4532	234,312.044
	Guantian Factory	Emission (tons of CO_2e/ year)	470.6792	1,602.3942	2,073.0734	
	Total (tons of CO_2e/ year)		2,323.1772	6,475.3494	8,798.5266	
	Emission intensity (metric tons of CO_2e/ turnover in million dollars)			0.467		

6.3.3 Ozone-depleting Substances

Since 2012, CSSC has been conducting an inventory of Ozone Depleting Substances (ODS)-containing machinery and equipment in the factory. In 2015, there were no new ODS-containing machines or equipment, so the total ODS emissions in 2017 were maintained at 3.3 kg, which is comparable to the emissions in 2013. (Since China Steel Structure's ODS come from air-conditioners, refrigerators, and other daily-use refrigeration equipment, the raw materials and equipment that contain ODS are not used in the process, and the amount used is very small. After converting ODS to greenhouse gases, the total amount is less than 0.5% of greenhouse gas emissions. Therefore, according to the environmental protection regulations, CSSC can keep the same amount of ODS as that of 2013 and does not need to be re-inventoried in 2023).

6.4 Energy and Resource Management

CSSC's products are all kinds of steel structure products, with steel plates and hot rolled steel sections as the main raw materials, and welding consumables, all kinds of iron materials, bolts and so on as auxiliary raw materials. Electricity is the largest energy source used in the production process, and other ancillary energy consumption includes Liquefied Petroleum Gas (LPG), carbon dioxide, oxygen, and tap water. CSSC has a maintenance plan for machinery and equipment and gas storage tanks, machinery and equipment inspection and maintenance are carried out based on the cycle of the maintenance plan, and there are special personnel responsible for turning on and off the tank supply as well as the inspection every day. CSSC had not experienced any gas leakage of oxygen, carbon dioxide, LPG or other gases from 2012 to 2023.

6.4.1 Energy Management

CSSC's main production processes are steel plate cutting, erection and welding. LPG and oxygen are mainly used for steel plate cutting, while electricity and carbon dioxide are used for erection and welding. Electricity is the main source of energy used in CSSC's operations. Therefore, CSSC is committed to process improvement, and controlling the investment of energy resources. Through detailed statistics and calculations in conjunction with various energy-saving and carbon-reducing activities, the environmental impact is effectively reduced. No renewable energy is used for the time being.

CSSC's energy usage in 2021-2023 is as follows.

Type of energy ▼ Year ▶	2021	2022	2023
Purchased electricity (million kWh)	14.8	13.8	13.1
LPG (metric tons)	156.3	131.9	122.7
Diesel (liters)	14,452	14,931	14,154
Gasoline (liters)	19,936	19,365	18,484

CSSC's direct energy consumption (LPG, gasoline, diesel) and indirect energy consumption (purchased electricity) for each year are converted to calorific value.

CSSC's energy consumption in recent years is as follows.

Item ▼ Year ▶	2021	2022	2023
Purchased electricity (GJ)	53,280	49,680	47,160
LPG (GJ)	1,885.0	1,591.5	1,479.8
Diesel (GJ)	508.3	525.1	497.8
Gasoline (GJ)	651.1	632.4	603.7
Total energy consumption (GJ)	56,324.4	52,429.1	49,741.2
Energy intensity (GJ/turnover in million dollars)	3.5	2.7	2.6

Note 1 Calorific value conversion was calculated by referring to the table of calorific value of products announced by Energy Administration, Ministry of Economic Affairs.
Note 2 $1GJ=10^9J$.
Note 3 The above consumption was corrected on the basis of the greenhouse gas inventory, so there is a difference with the data published in the 2022 Report.

The main energy used by CSSC is electricity, followed by liquefied petroleum gas (LPG) and other gases. We have introduced the ISO 50001 energy management system and passed the third-party verification; since 2015, we have continued to promote various energy saving measures and set a target of reducing electricity consumption by 1% per year. We are committed to reducing the consumption of various energies. In 2023, we continued to promote various carbon reduction action plans including promoting the replacement of LED lights for sand blasting machines in Kaohsiung Plant and Guantian Factory, and improving the energy efficiency of air compressors in Kaohsiung Plant (estimated to save 160,350 kWh of electricity). Greenhouse gas emission in 2023 was reduced by 21.27% compared to the baseline year of 2018, which is better than the short-term target, showing that the Company's efforts to reduce carbon emissions are gradually bearing fruit.

CSSC's total electricity consumption and savings in 2023 are summarized

Item ▼ / Year ▶	Kaohsiung Plant	Guantian Factory	Total
Total electricity consumption (kWh)	9,844,354	3,057,600	12,901,954
Electricitysaving (kWh)	105,545	14,850	120,395
Electricity saving rate (%)	1.06	0.48	0.92

Note 1 The above data is based on the information reviewed and approved by the Energy Department's Energy Checking Network Reporting System.

Note 2 Electricity saving rate = Electricity saving / (total electricity consumption + electricity saving).

6.4.2 Water Resources Management

CSSC Kaohsiung Plant's tap water source is supplied by Lingkou Water Purification Plant, and the water source comes from underground wells in the Zhongliao area of Qishan Mountain; Guantian Factory's tap water source is supplied by Wushantou Water Supply Plant, and the water source comes from Wushantou Dam and Zengwen Dam, where Wushantou Dam is located within the National Drinking Water Quality and Quantity Protection Zone of the Ministry of the Environment. The water sources of both Kaohsiung and Guantian Factories are supplied by the tap water companies. CSSC does not draw water from any non-tap water sources such as groundwater, spring water, or ambient water.

CSSC's water consumption in recent years is as follows.

Item ▼ / Year ▶	2021	2022	2023
Water consumption (tons)	46,250	38,439	34,420
Water consumption (tons / turnover in million dollar)	2.90	1.99	1.83

CSSC's water management policy is to recycle water in order to reduce water consumption, and the tap water usage is consistent with the third-party verification data in the greenhouse gas category. The water consumption for the years 2022 and 2023 are 28,638 tons and 27,479.2 tons for Kaohsiung Plant, and 9,800.9 tons and 6,940.1 tons for Guantian Factory, respectively. Our tap water is mainly used for employees' daily life and on-site cleaning work. Through the recycling and purification of domestic wastewater and rainwater, the water can be used for watering in the factory, and our faucets are equipped with water-saving devices with water-saving labels. Kaohsiung Plant is equipped with rainwater recycling system, which recycles about 4,925 metric tons of rainwater for watering in the factory (about 14.3% of the total water consumption).

6.4.3 Raw Material Management

CSSC's main raw materials are steel plates, steel sections, and secondary raw materials are bolts, welding consumables, angle irons, channel irons, round irons, round tubes and square tubes. The main sources of materials are supplied by CSC and Dragon Steel within the Group. Since CSSC is in the same group as CSC and Dragon Steel, there is no risk of material supply or material supply breakage. If there is a need for special materials, they are purchased from overseas or agents.

CSSC's main raw material usage is as follows.

Item ▼ / Year ▶	2021	2022	2023
Steel plates (metric tons)	87,862	68,168	52,636
Steel sections (metric tons metric tons)	39,335	40,406	31,628

CSSC's secondary raw material usage is as follows.

Item ▼ / Year ▶	2021	2022	2023
Angle irons (metric tons)	1,677	799	923
Channel irons (metric tons)	472	819	1,021
Steel pipes (metric tons)	2,951	2,798	1,788
Round irons (metric tons)	50	13	1.13
Welding materials (metric tons)	3,180	4,350	2,506
Bolts (metric tons)	1,212	1,243	1,046
Shear nails (metric tons)	990	1,182	805
Oxygen (metric tons)	1,212	1,243	1,046

6.5 Environmental Management

CSSC's Industrial Safety Division assists in the promotion and planning of the Company's environmental protection business, and has set up environmental protection specialists in each factory in accordance with the law. In addition to the current environmental management system, CSSC also cooperates with the Energy and Environment Conference of China Steel Group to regularly identify and discuss countermeasures against legislative amendments and new regulations. In 2023, CSSC had not received any environmental complaints regarding the operation of its factories; it also conducts environmental monitoring of the surrounding environment, and discloses the information on CSSC's sustainable development website (http://csr.cssc.com.tw/cssc_env/).

6.5.1 Environmental Management System

In 2017, we have passed the ISO 14001: 2015 management system certification (validity period: from December 14, 2022 to December 14, 2025), and we will continue to review it regularly every year. Based on the quality management system implementation methods, we properly plan the integrated operation of three systems of similar nature, which are the environmental management system, safety and health management system and energy management system, in order to realize the complementary effect. This is expected to improve the efficiency, eliminate the contradictions between the systems and reduce costs. We have continued to follow ISO 14064-1 for greenhouse gas inventory and third-party verification every year since 2021, and we completed the carbon footprint calculation per ton of steel structure products and third-party verification for ISO 14067 in 2022.

6.5.2 Compliance with Environmental Laws and Regulations

CSSC is in the basic metal processing industry with no combustion, smelting or other processing procedures. After the Kaohsiung Plant was moved to Yanchao District, several sets of bag-type dust collectors and activated carbon adsorption equipment were installed to comply with increasingly stringent environmental laws and regulations. CSSC's compliance with laws and regulations is continuously tracked and updated to ensure that CSSC is in compliance with these laws and regulations.

Item ▼ / Year ▶	2021	2022	2023
Reported by			
Cases reported	N/A	N/A	N/A
Penalty amount			

6.5.3 Environmental Accounting / Green Procurement

CSSC's environmental protection expenses can be categorized into waste disposal expenses (including general waste and business waste), wastewater treatment expenses, air pollution prevention expenses (volatile organic compounds), investment in environmental protection equipment and other expenses (including discharge pipeline inspection fees for stationary sources of pollution, and costs for commissioning for renewal of permits).

CSSC's environmental protection expenses in recent years are as follows.

Item ▼ / Year ▶	2021	2022	2023
Waste	1,930	2,592	2,341
Sewage	23	14	10
Air pollution	98	63	70
Other	108	230	242
Environmental protection equipment	328	1,275	117

Unit: NTD Ten thousand

Green Procurement

In recent years, CSSC has been promoting green procurement in line with government policies, giving priority to recycled paper made from recycled pulp for daily office photocopying, and installing water-saving devices with water-saving labels on toilets and faucets. We are also phasing out the use of the equipment with traditional ozone-depleting refrigerants (fluorochlorocarbons, CFC, NCFC) year by year, and purchasing new air-conditioners and refrigerators of models with environmentally friendly refrigerants. The air-conditioners and refrigerators are well maintained to prevent refrigerant leakage.

6.5.4 Air Pollution Prevention and Control

CSSC's coating plant is equipped with airtight sandblasting machines (with bag-type dust collectors) and airflow booths equipped with activated carbon filters to prevent air pollutants generated by the sandblasting and coating processes from escaping directly into the atmosphere. The sand blasting operation is carried out in an enclosed sand blasting machine, and the airflow containing particulate matter generated during the operation is collected and treated by a bag-type dust collector; the painting operation is carried out in an enclosed airflow booth, and the airflow containing VOCS (Volatile Organic Compounds) generated from the spraying process is treated by activated carbon adsorbed in the airflow booth. CSSC is in the basic metal processing industry and does not use sulfur-containing and nitrogen-containing fuels in its manufacturing process, so it does not produce sulfur oxides (SOx) and nitrogen oxides (NOx).

CSSC's air pollutant emission statistics in recent years.

Item ▼ / Year ▶	2021 年	2022 年	2023 年
Particulate pollutants (metric tons)	0.012	0.012	0.012
Sulfur oxides (metric tons)	0	0	0
Nitrogen oxides (metric tons)	0	0	0
Volatile organic compounds (metric tons)	42.91	39.972	37.191

6.5.5 Water Pollution Prevention and Control

The manufacturing process of CSSC does not require the use of water, therefore, no industrial wastewater is generated, and only domestic wastewater is generated by the daily office work of the employees. Although only domestic wastewater is generated, it is still treated in accordance with the regulations in each factory. Guantian Factory is located in the Guantian Industrial Park, which has a joint wastewater treatment plant, and the domestic wastewater from Guantian Factory is taken over and discharged to the Guantian Industrial Park, and entrusted to the Guantian Industrial Park for treatment. Kaohsiung Plant is equipped with a sewage treatment facility to treat the daily domestic wastewater. The wastewater from the plant is discharged into the sewage treatment facility, and then discharged into the ecological pond after passing through the processes of siltation, sedimentation, biological treatment, filtration, and chlorination disinfection in order to meet the effluent standard. The ecological pond is planted with water plants such as water hyacinth, duckweed, and the ecological method is utilized for the second stage of purification. At present, egrets and other birds often inhabit the ecological restoration area, which is helpful for providing aquatic and terrestrial habitats. The Company will continue to develop the area in the direction of diversified ecological restoration. In view of the depletion of Taiwan's water resources, Kaohsiung Plant's 30 tons of sewage per day is purified by an ecological pond, and it is estimated that 1,020 tons of water (about 3% of the water consumption) can be recycled for watering plants and trees in the factory area.

The amount of domestic wastewater generated by CSSC in recent years is as follows.

Item ▼ / Year ▶	2021	2022	2023
Wastewater (metric tons)	19,510	17,082	16,593

6.5.6 Waste Removal and Disposal

CSSC's main products are steel structure fabrication and steel product trading. Steel structures and steel products are directly loaded on transportation platforms for delivery to the delivery site. No packaging is required for the transportation of the products, and no packaging waste is generated during the transportation to the delivery site. Bolt buckets and plastic coils from construction site installations are disposed of by qualified waste removal companies and can be recycled as additives to plastic materials.

CSSC's waste output mainly consists of submerged arc welding slag, steel scrap and daily life garbage. Submerged arc welding slag is currently being recovered and recycled by the welding flux supplier, and part of it is still entrusted to a qualified waste removal company for landfill. 538 tons of it was recycled and reused in 2023; the steel scrap generated from the production process is recycled and transported back to Dragon Steel of China Steel Group for smelting, and the waste steel beads from the sand blasting process are screened by the unit in the district and disposed of in a recycling way; the domestic garbage is entrusted to a qualified waste removal company for removal and incineration in a resource recycling plant, and the treatment process complies with the provisions of the Waste Disposal Act. The waste produced by CSSC has been tested by the Toxicity Characteristic Leaching Procedure (TCLP), and the test values are all below the standard for hazardous waste. CSSC has entrusted all of its waste to qualified removal and disposal companies in Taiwan, and has not any input or output of hazardous waste as defined by the Basel Convention.

CSSC's waste management goal is to reduce and reuse the amount of waste generated from its factories, which is mainly general business waste. The priority is given to the reuse of the waste before it is disposed of in a landfill by a legitimate waste removal company. In 2022 and 2023, the amount of waste generated by Kaohsiung Plant was 3,061.4 tons and 2,666.5 tons respectively, while the amount of waste generated by Guantian Factory was 1,449.5 tons and 1,087.7 tons respectively.

CSSC's waste generation and disposal methods in recent years:

Waste name	Way of disposal	2021		2022		2023	
		Waste generated (tons)	Percentage	Waste generated (tons)	Percentage	Waste generated (tons)	Percentage
Waste activated carbon (R-2408), submerged arc welding slag (R-1104), sandblast waste (D-2407), scrap iron (R-1301), waste wood (R-0701)	Reuse	3,414.73	84.9%	3,714.05	60.8%	2,744.23	73.1%
Waste oil mixture (D-1799), water fertilizer (H-1001), other single non-hazardous mixtures of scrap metal or metal scrap (D-1399)	Physical (Intermediate treatment)	64.55	1.6%	60.13	7.5%	337.06	9.0%
Sandblast waste (D-2407), waste activated carbon (D-2403), other single non-hazardous mixtures of scrap metal or metal scrap (D-1399), other mixtures of waste glass, ceramics, bricks, tiles, and clay, (D-0499), non-hazardous waste dust collector ash or mixtures (D-1099)	Landfill (final disposal)	403.72	10.0%	578.18	10.4%	470.15	12.5%
Waste wood mixture (D-0799), Waste fibers or other mixtures of cotton, and cloth (D-0899), household garbage of business employees (H-0002)	Incineration	140.34	3.5%	158.47	4.5%	202.77	5.4%
Total		**4,023.34**	**100%**	**4,510.83**	**100%**	**3,754.21**	**100%**
Waste density calculation (tons/ turnover in million dollars)		**0.252**		**0.233**		**0.199**	

7

CH7 Social Participation

7.1 Community Creation

7.2 Public Participation

7.3 External Communication and Participation

Social Participation

7.1 Community Creation

The Yanchao area is rich in various agricultural products, among which dates and guavas are famous throughout Taiwan and across the Taiwan Strait, and have been exported to many countries in Europe and the United States, while the Guantian area is rich in water chestnuts and grapefruits. In order to help promote and revitalize local agriculture, the Company gives priority to purchasing local agricultural products as gifts during festivals.

CSSC expects that after moving its operational headquarters to Yanchao District, it will be able to take root here and integrate into the local community culture. In addition to actively communicating and interacting with the local people, sponsoring and organizing various community building activities, CSSC has also cooperated with the architectural and civil engineering departments of many colleges and universities in Taiwan, and organizes factory visits for school students, in the hope that CSSC's experience in the industry and its engineering achievements will contribute to the education and industrial sectors, and lay a solid foundation for the future of the steel structure industry.

CSSC's social participation in 2023 is as follows.

1. Participating in and subsidizing Yanchao District to hold various festivals, temple fairs, charitable activities and public welfare activities.
2. Receiving the visitors from the steel structure related departments of Taiwan's universities and colleges, as well as various associations and civil societies to observe and learn from the actual factory.
3. Subsidizing the activities organized by Community Development Association and other organizations of various villages in Yanchao District.

The management of CSSC reviews this approach year by year to ensure that it is suitable for establishing a good interaction with the residents of the community, so as to fulfil its corporate social responsibility, and to create greater value.

CSSC's neighborhood support activities in 2023 are as follows.

December 12 to December 13, 2023
- Kaohsiung City Yanchao District Jiaosu Community Development Association
- 2023 Community Members Visit and Observation and Advocacy of Environmental Protection

March 03 to March 25, 2023
- Kaohsiung City Yanchao District Gunshui Community Development Association
- 2023 Community Resource Recycling Observation cum Advocacy of Elderly Protection in Care Bases

March 26 to March 27, 2023
- Greater Kaohsiung Yanchao Women's Associatin
- 2023 Members' Green Energy Visit

April 16 to April 17, 2023
- Kaohsiung City Yanchao District Agricultural Development Association
- 2023 Advocacy of Energy Saving and Carbon Reduction and Environmental Protection Decree

April 29, 2023
- Kaohsiung City Gunshui Elderly Assocation
- 2023 Elderly Loving Health and Water Conservation for River Protection

May 21 to May 22, 2023
- Kaohsiung City Yanchao District Agricultural Development Association
- 2023 Environmental Education Energy Saving and Carbon Reduction Advocacy cum Environmental and Ecological Maintenance Learning and Observation

June 29 to June 30, 2023
- Kaohsiung City Yanchao District Jinshan Community Development Association
- 2023 Energy Saving, Carbon Reduction and Environmental Improvement Observation and Advocacy of Environmental Protection Decree

July 16, 2023
- Kaohsiung City Yanchao District Qionglin Community Development Association
- 2023 Elderly Walk Campaign

September 23, 2023
- Kaohsiung City Yanchao Water Rescue Association
- 2023 Caring for the Disadvantaged Elderly in the Community at Mid-Autumn Festival cum Energy and Advocacy of Carbon Reduction and Water Conservation

October 12, 2023
- Kaohsiung City Yanchao Elderly Welfare Promotion Association
- 2023 Chung Yeung Festival Elderly Health Care cum Environmental Protection Observation

December 02, 2023
- Kaohsiung City Yanchao District Dongyan Community Development Association
- 2023 Community Elderly Health Care cum Resource Recycling and Water Conservation Advocacy

7.2 Public Participation

7.2.1 Public Participation Philosophy

CSSC does not encourage its employees to be involved in political operations, nor does it force its employees to take a political stand. The company does not make any political contributions to political parties or individuals. CSSC participates in public affairs on the basis of its social responsibility and actively provides opinions through industry associations and labor unions, with a view to fully communicating and negotiating with all sectors of the community.

CSSC's participation in public affairs is based on the following principles.

1. We have comprehensive consideration, rather than taking the Company's own interests as the only consideration. We take into account the positions of various stakeholders and social responsibilities.
2. Fairness of speech: we are customer-oriented and empathetic to win the recognition of all sectors with open, fair and democratic procedures.
3. Conformity with international trends and national conditions: we fully understand the thinking and experience of advanced countries, and make appropriate adjustments according to our national conditions.
4. Professional basis: we express opinions based on international and Taiwanese professional information, to enhance the depth of participation and the credibility of the argument.
5. Pursuit of fairness and reasonableness: we comply with the principle of fair competition, in order to realize social public welfare and substantive justice.
6. Professional participation: we mobilize the Company's human and material resources and provide engineering expertise to fully assist the government in the promotion and construction of public works policies.

7.2.2 Participation in Public Construction

CSSC and its subsidiary, Union Steel Engineering & Construction, are in the business of steel structure engineering and civil engineering, and have accumulated strong engineering experience over the years. In recent years, they have jointly participated in a number of major public works projects in Taiwan. Adhering to the principle of fair competition, using the Company's experience, technology, production capacity and mobilization, they have invested in assisting the government and the China Steel Group to build Taiwan's infrastructure, indirectly promoting the development of economy, transportation and people's livelihood, and bringing the prosperity of Taiwan as a whole.

In recent years, CSSC (including its subsidiary, United Steel Engineering & Construction) has participated in the following major projects in Taiwan.

Participation timeline (under construction)	Project name	Project type	Social participation dimension
2016- expected completion in 2025	Civil Work and Rail Work of Kaohsiung Light Rail Loop Phase 2 Turnkey Project	Civil engineering, railway engineering	Under the basic network of Kaohsiung MRT Red and Orange Lines, it is necessary to further construct this north-south and east-west cross intersecting network of circular line, to strengthen the overall network of the mass transit system and feeder transportation service routes, and to extend into the Asia New Bay Area, connecting Kaohsiung's diversified harbor buildings. This will create a new core of Kaohsiung with the characteristics of the port city and convenient transportation, and build a new milestone in the urban rail transit service of Greater Kaohsiung.

Participation timeline (under construction)	Project name	Project type	Social participation dimension
2019- expected completion in 2024	New Construction Project of Plant 205Guangfu Barrack/Dashubei Barrack of the Production Center of the Armaments Bureau of ROC (Dashubei Barrack)	Construction project	In order to cooperate with the national major economic construction and the city's urban development plan of "Multi-functional Economic and Trade Park", the military released the former Ex-Township No. 205 Factory Guangzhong camp land, and Kaohsiung City Government is cooperating with the military in the relocation to the camps of Guangfu of Dashu District, Dashu North and Linyuan and other related operations with the principle of "demolish and build on behalf of the construction, build first and relocate later". This is to revitalize land assets and drive local prosperity and development to create a win-win-win situation for the country, the local community and the army.
2019- expected completion in 2024	Asia-Pacific International Baseball Training Center Turnkey Project (Phase 2)	Construction project	After the completion of this project, combined with the first phase of the Little League Project, it will be built as a complete Asia-Pacific International Baseball Training Center, becoming a year-round complex baseball training ground, providing opportunities for youth to fulfill their baseball dreams, and promoting physical and mental health among parents and children through baseball; through the Little League and adult baseball fields, it will provide the best training ground for professional baseball teams, national teams, and amateur baseball teams in the Asia-Pacific region, as well as serve as a venue for international tournaments to promote exchanges of baseball exhibitions and performances. It will enable more people to see the players' confidence, and become the new core of the city of Tainan by combining with the existing natural landscape and the neighboring National Museum of Taiwan History Park.
2020- expected completion in 2024	New Construction Project of Plant 205 Guangfu Barrack/Dashubei Barrack of the Production Center of the Armaments Bureau of ROC (Guangfu Barrack)	Construction project	Continuing the "New Construction Project of Factory No. 205 Guangfu Camp and Dashu North Camp (Dashu North Camp) of Production and Manufacturing Center of Armaments Agency of Ministry of National Defense", the Company followed its social participation policy to create a win-win-win situation for the country, the local community and the army by cooperating with the country's major economic construction and the city's urban development plan.
2020- expected completion in 2024	Turnkey Civil Works Project of Southern Taiwan Science Park E/S Expansion	Construction project	The project is to support the national economic construction, stabilize the power supply, and support business investment. The UHV substation expansion plan for Southern Taiwan Science Park is to meet the needs of enterprises, because not only TSMC, but also other manufacturers in Southern Taiwan Science Park have power needs, and there will be new power consumption growth in the future as Taiwanese businessmen returning to Taiwan. Therefore, the expansion of substation equipment is to provide a stable power supply environment, so that enterprises can produce without worries.
2022- expected completion in 2028	Turnkey Civil Works Project of Southern Taiwan Science Park P/S Reconstruction	Construction project	For the expansion of the "Turnkey Civil Works Project of Southern Taiwan Science Park E/S Expansion", the Company cooperates with the national economic construction to stabilize the power supply and support the investment of enterprises; therefore, the expansion of the substation equipment is to provide a stable power supply environment, so that enterprises can produce without worries.

7.3 External Communication and Participation

CSSC, with its expertise in steel structure, is a member of relevant social organizations and actively participates in relevant academic, official and networking activities to build good relationships with industry, government, academia and other sectors. In addition to its participation in external organizations, CSSC was not a signatory to any external economic, environmental or social charters, principles or initiatives in 2023.

CSSC participates in the following external organizations.

Member Academic societies

- Chinese Institute of Engineers
- Chinese Institute of Mining and Metallurgical Engineers
- Chinese Society for Quality
- Chinese Society of Structural Engineering

Member Industrial trade unions

- Kaohsiung City Confederation of Mechanical Workers
- Kaohsiung City Confederation of Labors
- Kaohsiung City Confederation of Trade Unions

Member Civil associations

- Taiwan Steel Framework Association
- Taiwan Steel Erection Association
- International Steel Management Society of Kaohsiung
- Taiwan Steel & Iron Industries Association
- Kaohsiung Chamber of Industry
- Taiwan Welding Society
- Taiwan Institute of Steel Construction
- Chinese National Association of Industry and Commerce
- The Institute of Internal Auditors-Chinese Taiwan
- Occupation Safety and Health Promotion Council of Southern Taiwan Construction
- Tainan City Guantian Industrial Park Manufacturers Association

Appendix 1: GRI Guidelines Comparison Table

Statement of use	CSSC has followed the GRI Guidelines for reporting for the period from January 1, 2023 to December 31, 2023
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI industry guidelines	Nil

GRI 2: General Disclosures 2021 [major topics in pink and yellow]

Disclosure items		Relevant sections/notes	Pages
1. Organization and Reporting Practices			
2-1	Organizational Details	2.1 Company Profile of China Steel Structure	15
2-2	Entities included in the organization's sustainability report	About the Report	1
2-3	Reporting period, frequency and contact point	About the Report	1
2-4	Restatements of information	About the report / Prepared in accordance with GRI Standards 2021	1
2-5	External assurance/conviction	About the report/No external assurance	1
2. Activities and workers			
2-6	Activities, value chain and other business relationships	2.1 Company Profile of China Steel Structure /2.3.1 Manufacturing and Installation Process/2.4 Customer service	15 ／ 19 ／ 22
2-7	Employees	4.1 Human Resources	42
2-8	Workers who are not employees	4.1 Human Resources	42
3. Governance			
2-9	Governance structure and composition	3.1 Corporate Governance Structure	27
2-10	Nomination and selection of the highest governance body	3.1.1 Board of Directors	28
2-11	Chair of the highest governance body	3.1.1 Board of Directors	28
2-12	Role of the highest governance body in overseeing the management of impacts	1.4 Stakeholder Identification and Communication/ 3.1 Corporate Governance Structure	11 ／ 27
2-13	Delegation of responsibility for managing impacts	1.3 Sustainable Development Management Committee / 3.2 Risk Management	7 ／ 32
2-14	Role of the highest governance body in sustainability reporting	1.3 Sustainable Development Management Committee / 3.1.1 Board of Directors	7 ／ 28

Disclosure items		Relevant sections/notes	Pages
82-15	Conflicts of interest	3.1.1 Board of Directors	28
2-16	Communication of critical concerns	3.1.1 Board of Directors	28
2-17	Collective knowledge of the highest governance body	3.1.1 Board of Directors	28
2-18	Evaluation of the performance of the highest governance body	3.1.1 Board of Directors	28
2-19	Remuneration policies	3.1.1 Board of Directors / 3.1.4 Remuneration Committee	28 ／ 31
2-20	Process to determine remuneration	3.1.4 Remuneration Committee	31
2-21	Annual total compensation ratio	4.1.2 Employee Salary and Benefits	31
4. Strategy, policies and practices			
2-22	Statement on sustainable development strategy	Words from the Operator / 1.2 Sustainable Development Strategy	2 ／ 6
2-23	Policy commitments	1.1 Sustainable Development Policy / 4.3.1 Maintenance of Human Rights and Information Confidentiality	6 ／ 47
2-24	Embedding policy commitments 2	1.1 Sustainable Development Policy/4.3.1 Maintenance of Human Rights and Information Confidentiality	6 ／ 47
2-25	Processes to remediate negative impacts	1.4 Stakeholder Identification and Communication / 6.3 Response to Climate Change / 3.2 Risk Management	11 ／ 64 ／ 32
2-26	Mechanisms for seeking advice and raising concerns	1.4 Stakeholder Identification and Communication / 4.3.1 Maintenance of Human Rights and Information Confidentiality	11 ／ 47
2-27	Compliance with laws and regulations	4.4.1 Safety and Health Compliance / 6.5.2 Environmental Compliance	51 ／ 71
2-28	Membership associations	7.3 External Communication Engagement	79
5. Stakeholder engagement			
2-29	Approach to stakeholder engagement	1.4 Stakeholder Identification and Communication	11
2-30	Collective bargaining agreements	4.3.4 Enterprise Labor Union	50

GRI 3: Material Topics 2021

Disclosure items		Relevant sections/notes	Pages
3-1	Process for determining material topics	1.4 Stakeholder Identification and Communication	11
3-2	List of material topics	1.4 Stakeholder Identification and Communication	11
3-3	Management of material topics	Refer to 1.3 Sustainable Development Management Committee for the details of management objectives. 3.1.1 Board of Directors, 3.1.6 Code of Moral/Ethical Conduct, 4.1 Human Resources, 4.4 Occupational Safety and Health, 6.3 Response to Climate Change, 6.5.6 Waste Removal and Disposal	7 ／ 28 ／ 32 ／ 42 ／ 51 ／ 64 ／ 73

GRI 200 Topic-specific Disclosures

Disclosure items		Relevant sections/notes	Pages
GRI 201: Economic Performance 2016			
201-1	Direct economic value generated and distributed	3.3.4 Compensation and Taxation	37
201-2	Financial implications and other risks and opportunities due to climate change	6.3 Response to Climate Change	64
201-3	Defined benefit plan obligations and other retirement plans	4.3.2 Employee Welfare	48
201-4	Financial assistance received from government	Nil	-
GRI 204: Procurement Practices 2016			
204-1	Proportion of spending on local suppliers	1.3 Sustainable Development Management Committee /5.1.1Local Procurement	7 ／ 58
GRI 205: Anti-corruption 2016			
205-1	Operations assessed for risks related to corruption	3.1.5 Internal Audit/3.1.6 Moral/Ethical Code of Conduct	31 ／ 32
205-2	Communication and training about anti-corruption policies and procedures	3.1.5 Internal Audit / 4.2 Functional Development	31 ／ 46
205-3	Confirmed incidents of corruption and actions taken	3.1.6 Moral/ethical code of conduct	32

GRI 300 Topic-specific Disclosures

Disclosure items		Relevant sections/notes	Pages
GRI301: Materials 2016			
301-1	Materials used by weight or volume	6.4 Energy and Resource management	69

Disclosure items		Relevant sections/notes	Pages
GRI302: Energy 2016			
301-2	Energy consumption within the organization	6.4.1 Energy Management	69
301-3	Energy intensity	6.4.1 Energy Management	69
301-4	Reduction of energy consumption	6.4.1 Energy Management	69
GRI303: Water and Effluents 2018			
303-1	Interactions with water as a shared resource	6.4.2 Water Resources Management	70
303-2	Management of water discharge-related impacts	6.5.5 Water Pollution Prevention and Control	73
303-3	Water withdrawal	6.4.2 Water Resources Management	70
303-4	Water discharge	6.5.5 Water Pollution Prevention and Control	73
303-5	Water consumption	6.4.2 Water Resources Management	70
GRI305: Emissions 2016			
305-1	Direct (Scope 1/Category 1) GHG emissions	6.3.2 Greenhouse Gas Inventory	68
305-2	Energy indirect (Scope 1/Category 2) GHG emissions	6.3.2 Greenhouse Gas Inventory	68
305-3	Other indirect (Scope 3/Category 3 to Category 6) GHG emissions	6.3.2 Greenhouse Gas Inventory	68
305-4	GHG emissions intensity	6.3.2 Greenhouse Gas Inventory	68
305-5	Reduction of GHG emissions	6.3.2 Greenhouse Gas Inventory /6.4.1Energy Management	68 ／ 69
305-6	Emissions of ozone-depleting substances (ODS)	6.3.3 Ozone-depleting Substances (ODS)	69
305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	6.5.4 Air Pollution Prevention and Control	72
GRI306: Waste 2020			
306-1	Waste generation and significant waste-related impacts	6.5.6 Waste Removal and Disposal	73
306-2	Management of significant waste-related impacts	6.5.6 Waste Removal and Disposal	73
306-3	Waste generated	6.5.6 Waste Removal and Disposal	73
306-4	Waste diverted from disposal	6.5.6 Waste Removal and Disposal	73
306-5	Waste directed to disposal	6.5.6 Waste Removal and Disposal	73

GRI 400 Topic-specific Disclosures

Disclosure items		Relevant sections/notes	Pages
GRI401: Employment 2016			
401-1	New employee hires and employee turnover	4.1 Human Resources / 4.1.1 Employee Retention	42 ／ 44
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	4.1 Human Resources / 4.3.2 Employee Benefits	42 ／ 48
401-3	Parental leave	4.1.1 Employee Retention	44
GRI403: Occupational Health and Safety 2018			
403-1	Occupational health and safety system	4.4 Occupational Health and Safety	51
403-2	Hazard identification, risk assessment, and incident investigation	4.4 Occupational Health and Safety	51
403-3	Occupational health services	4.3.1 Maintenance of Human Rights and Information Confidentiality / 4.4.3 Friendly Working Environment / 4.4.7 Health examination and health promotion	47 ／ 53 ／ 55
403-4	Worker participation, consultation, and communication on occupational health and safety	4.3.3 Labor-Management Communication / 4.3.4 Enterprise Labor Union / 4.4 Occupational Safety and Health	49 ／ 50 ／ 51
403-5	Worker training on occupational health and safety	4.4.5 Safety and Health Education and Training	53
403-6	Promotion of worker health	4.4.7 Health Inspection and Health Promotion	55
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	4.4 Occupational Health and Safety	51
403-8	Workers covered by an occupational health and safety management system	4.1 Human Resources /4.4 Occupational Health and Safety	35 ／ 51
403-9	Work-related injuries	4.4 Occupational Health and Safety	51
403-10	Work-related ill health	4.4 Occupational Health and Safety	51
GRI404: Training and Education 2016			
404-1	Average hours of training per year per employee	4.2 Functional Development/	46

Disclosure items		Relevant sections/notes	Pages
GRI 405: Diversity and Equal Opportunity 2016			
405-1	Diversity of governance bodies and employees	4.1 Human Resources	42
405-2	Ratio of basic salary and remuneration of women to men	4.1.2 Employee Salary and Benefits	37
GRI 406: Non-discrimination 2016			
406-1	Incidents of discrimination and corrective actions taken	4.1.2 Employee Salary and Benefits / no relevant incident	45
GRI 407: Freedom of Association and Collective Bargaining 2016			
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	4.3 Employee Rights and Benefits	47
GRI 408: Child Labor 2016			
408-1	Operations and suppliers at significant risk for incidents of child labor	4.1 Human Resources / Prohibition of Child Labor	42
GRI 409: Forced or Compulsory Labor 2016			
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	4.2 Functional Development / 5.1 Supplier Management / No relevant incident	46 / 58
GRI 411: Rights of Indigenous Peoples 2016			
411-1	Incidents of violations involving rights of indigenous peoples	No relevant incident	-
GRI 413: Local Communities 2016			
413-1	Operations with local community engagement, impact assessments, and development programs	7.1 Community Creation	76
GRI 416: Customer Health and Safety 2016			
416-2	Assessment of the health and safety impacts of product and service categories	2.4 Customer Service / no relevant incident	22
GRI 418: Customer Privacy 2016			
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	2.4.2 Customer Privacy	23

Appendix 2: Sustainability Accounting Standards Board (SASB)- Iron and Steel Industry Metrics

Dimension	Topic	Code	Disclosure item	Response content of CSSC
Environment	Greenhouse Gas Emissions	EM-IS-110a.1.	Gross global Scope 1 emissions (metric tons of CO_2e), percentage covered under emissions limiting regulations (%)	(1)2,323.1772 metric tons of CO_2e (2)no emissions limiting regulations at present.
		EM-IS-110a.2.	Discussion of long- and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	•The Company's GHG reduction targets (no specific reduction target for Scope 1); with 2018 as the baseline year Short-term: 3% reduction by 2025 Medium-term: 15% reduction by 2030 Long-term: reaching carbon neutrality target by 2050. •The Company conducts an annual greenhouse gas inventory and verification to confirm the Company's greenhouse gas emissions each year. •The Company implements the Energy Saving and Carbon Reduction Action Plan every year, and adjusts the carbon reduction target on a rolling basis to achieve the carbon reduction target gradually.
	Air Quality	EM-IS-120a.1	Air emissions of the following pollutants (metric tons): (1) carbon monoxide (CO) (2) nitrogen oxide (NOx) (excluding N_2O) (3) sulfur oxide (SOx) (4) particulate matter (PM10) (5) manganese (MnO) (6) lead (Pb) (7) volatile organic compounds (VOCs) (8) polycyclic aromatic hydrocarbons (PAHs)	(4)0.012 metric tons, this is an estimate of granular pollutants, no PM10 data. (7)37.191 metric tons Other items are not required to be tested or reported by law, so no data is available.
	Energy Management	EM-IS-130a.1	(1) Total energy consumed (GJ) (2) Percentage grid electricity (%) (3) Percentage renewable (%)	(1)49,741.2 GJ (2)94.81% (47,160 GJ) (3)0%
		EM-IS-130a.2	(1) Total fuel consumed (GJ) (2) Percentage coal (%) (3) Percentage natural gas (%) (4) Percentage renewable (%)	(1)2,581.3 GJ (excluding raw materials and electricity) (2)0% (3)0% (4)0%
	Water Management	EM-IS-140a.1	(1)Total water withdrawn (thousand cubic meters) (2)Total water consumed (%) (3)Percentage of each in regions with High or Extremely High Baseline Water Stress	(1)34,420 m^3 (2)3% (for watering in the factory area) (3)The World Resources Institute's "Aqueduct Water Risk Atlas" shows that both the Kaohsiung Plant and the Guantian Factory are located in Low to Medium (1-2), so there is no water withdrawal from regions with High or Extremely High Baseline Water Stress.
	Waste Management	EM-IS-150a.1	(1) Amount of waste generated (metric tons) (2) Percentage hazardous (%) (3) Percentage recycled (%)	(1)3,754.21 metric tons (2)0% (3)82.1%

Dimension	Topic	Code	Disclosure item	Response content of CSSC
Human capital	Workforce Health & Safety	EM-IS-320a.1	Disclosure the following rates for full-time employees and contract employees respectively: (1) Total recordable incident rate (TRIR) (2) Fatality rate (3) Near miss frequency rate (NMFR) Note 1: Contract employees refer to third parties Note 2: (Total recordable incidents x 200,000)/ Total hours worked Note 3: (Total number of fatalities x 200,000)/ Total hours worked Note 4: (Number of near miss incidents x 200,000)/ Total hours worked.	(1) 2023 TRIR - full-time employees =0.86 - third parties=0.36 (2) 2023 fatality rate - full-time employees =0 - third parties =0 (3) 2023 NMFR - full-time employees =0.86 - third parties: no relevant record
Business Model and Innovation	Supply Chain Management	EM-IS-430a.1	Discussion of the process for managing iron ore or coking coal sourcing risks arising from environmental and social issues, whether or not the above two issues for supplier management are discussed in the procurement process	The Company does not purchase iron ore and coking coal, the raw material we purchase is steel plate, which is made from iron ore and coking coal. Environment dimension: The Company purchases raw materials from suppliers that have adopted the Task Force on Climate-related Financial Disclosures (TCFD). Social Issues: The Company purchases steel sheets from suppliers who are committed to promoting sustainable development.

Activity metrics for normalization

Code	Disclosure items	Response content of CSSC
EM-IS-000.A	EM-IS-000.A Raw steel production (metric tons), percentage (%) from: (1) basic oxygen furnace (BOF), (2) electric arc furnace	Total raw material (steel plate) in 2023 is 52,636 metric tons (1) Basic oxygen furnace (BOF) = 100%. (2) Electric arc furnace (EAF) = 0%.
EM-IS-000.B	Total iron ore production (metric tons)	Not applicable.
EM-IS-000.C	Total coking coal production (metric tons)	Not applicable.

Appendix 3. Sustainability Disclosure Metrics – Iron and Steel Industry

Item	Metric	Category	Disclosure	Unit
1	Total Energy Consumed, Percentage Grid Electricity, Percentage Renewable, and Total Self-Generated Energy Consumed	Quantitative	• Total Energy Consumed: 49,741.2 GJ • Percentage Grid Electricity: 94.81% (47,160 GJ) • Percentage Renewable: 0 • Total Self-Generated Energy Consumed: 0	Gigajoules, percentage (%)
2	Total Fuel Consumed, Percentage Coal, Percentage Natural Gas, and Percentage Renewable	Quantitative	• Total Fuel Consumed: 2,581.3 GJ (excluding raw materials and electricity) • Percentage Coal: 0% (the Company does not use any coal) • Percentage Natural Gas: 0% • Percentage Renewable: 0% (the Company does not use any renewable fuel)	Gigajoules, percentage (%)
3	Total Water Withdrawn and Total Water Consumed	Quantitative	• Total Water Withdrawn: 34,420 (thousand cubic meters) • Total Water Consumed: 33,400 (thousand cubic meters)	Thousand cubic meters (m^3)
4	Amount of Waste Generated, Percentage Hazardous, and Percentage Recycled	Quantitative	• Amount of Waste Generated: 3,754.21 metric tons • Percentage Hazardous: 0 % • Percentage Recycled: 82.1 %	Metric tons (t), percentage (%)
5	Indicate the number and rate of occupational incidents	Quantitative	• Number of occupational incidents: 4 employees, 6 contractors Occupational incident rate. (1) TRIR --Full-time employees = 0.86 --Third parties = 0.36 (2) Fatality rate --Full-time employees = 0 --Third parties = 0 (3) NMFR --Full-time employees = 0.86 --Third parties: no relevant records	Rate (%), number
6	Production of major products by product category	Quantitative	• Steel structure production: 78,344 metric tons	Depending on product category

Appendix 4. China Steel Structure's Information of Climate-related Implementation

Item	Implementation
1. Describe the oversight and governance of the board and the management of climate-related risks and opportunities.	• We coordinate the various sustainable development goals and plans, and assist each unit to assess the relevant response strategies of climate risks and opportunities as well as their impacts according to the TCFD framework, and the results are presented to the Board of Directors annually by the Risk Management Group. • The results of the ESG Report are presented annually to the Board of Directors. In addition, the Company has established a Risk Management Policy to strengthen the management of climate-related risks and to report to the Board of Directors on the implementation of risk management.
2. Describe how the identified climate risks and opportunities will affect the business, strategy and finances of the organization (short, medium, and long term).	• The timeframe of risks and opportunities are designed in accordance with the carbon neutrality pathway for the years 2025 (short term), 2030 (medium term), and 2050 (long term). • Through cross-departmental discussions and identification of climate-related risks and opportunities, and based on the professional experience of each unit, we assess the timeframe, likelihood and degree of impact of climate risks and opportunities to identify, categorize and rank risks, and assess the potential operational and financial impacts on the Company.
3. Describe the financial impacts of extreme weather events and transition actions.	• We examine the impacts of various climate risks and opportunities in different scenarios, including identifying physical risks due to extreme weather (e.g., water scarcity, damage to assets in low-lying areas due to sea level rise) and transition risks due to changes in regulations and policies (e.g., increased costs due to carbon levy and low-carbon transition), as well as opportunities to provide low-carbon commodities and green energy industries. Based on the results of the identification, we develop a response program, including continuous greenhouse gas reduction measures and research and development of low-carbon processes.
4. Describe how climate risk identification, assessment and management processes are integrated into the overall risk management system.	• We adopt TCFD framework to analyze policies and regulations, technology, market, corporate reputation and immediate and long-term climate risks, and discuss the impacts of the risks and opportunities on the Company through the participation of departmental directors and colleagues, and carry out the identification of climate-related risks and opportunities from time to time to ensure that the results are in line with the current situation. • We develop response programs based on climate risk/opportunity identification results. • The carbon neutrality topic is integrated into the Company's risk management, and the Company's carbon reduction strategies and approaches are discussed in the Sustainable Development Management Committee.
5. If scenario analysis is used to assess resilience to climate change risks, describe the scenarios, parameters, assumptions, analytical factors, and key financial impacts.	• Please refer to the contents of Response to Climate Change - Actions to Address Climate-Related Risks/Opportunities of the ESG Report.
6. If there is a transition plan for managing climate-related risks, describe the content of the plan and the indicators and objectives for identifying and managing physical and transition risks.	• Please refer to the contents of Response to Climate Change - TCFD Four Core Framework.
7. If internal carbon pricing is used as a planning tool, describe the basis for setting the price.	• Internal carbon pricing is currently under discussion.
8. If climate-related targets are set, describe the activities covered, the scope of GHG emissions, the planed time, and the annual progress of achieving the targets; if carbon offsets or renewable energy certificates (RECs) are used to achieve the targets, describe the source and amount of carbon reduction credits or the number of renewable energy certificates (RECs) to be credited.	• The Company is committed to taking action against climate change, and has set short-, medium-, and long-term greenhouse gas reduction targets using 2018 carbon emissions (Scope 1: 2,989 metric tons of CO_2e; Scope 2: 8,187 metric tons of CO_2e) as the baseline year for the annual carbon neutrality pathway, with a reduction of 3% in the short-term by 2025 and 15% in the medium-term by 2030, and a goal of achieving carbon neutrality by 2050 (long- term). In 2023, the Company continued to promote the replacement of LED lights for sand blasting machines in Kaohsiung Plant and Guantian Factory, and improve the energy efficiency of air compressors in Kaohsiung Plant (estimated to save 160,350 kWh of electricity), among other carbon-reducing actions. Greenhouse gas emissions in 2023 was reduced by 21.27% compared to the baseline year of 2018, which is better than the short-term target, showing that the Company's efforts to reduce carbon emissions are gradually bearing fruit. • The Company continues to pay attention to the global climate change trend, and strive for the direction of low carbon, then zero carbon, and apply the energy transition in the Company's operations. The Company has not yet utilized carbon credits or renewable energy certificates (RECs).
9. GHG inventory and assurance status with reduction targets, strategies and concrete action plans.	• Please refer to the description in 1-1 and 1-2.

Appendix 4. China Steel Structure's Information of Climate-related Implementation

1-1 The Company's Greenhouse Gas Inventory and Assurance for the Last Two Years

1-1-1 Greenhouse Gas Inventory Information

Describe the Company's GHG emissions for the last two years (metric tons of CO2e), intensity (metric tons of CO2e per million NTD), and the scope of the data.

The Company's GHG emissions for 2022 and 2023 are summarized as follows.

In 2022, Scope 1 and Scope 2 emissions was 2,388.5185 and 6,824.6561 metric tons of CO_2e, respectively, for the total emissions of 9,213.1746 metric tons of CO_2e, with an intensity of 0.476 metric tons of CO_2e per million NTD; and Scope 3 emissions was 221,554.2716 metric tons of CO_2e.

In 2023, Scope 1 and Scope 2 emissions was 2,323.1772 and 6,475.3494 metric tons of CO2e, respectively, with the total emissions of 8,798.5266 metric tons of CO_2e and an emission intensity of 0.467 metric tons of CO_2e per million NTD; and Scope 3 emissions was 234,312.044 metric tons of CO_2e.

1-1-2 Greenhouse Gas Assurance Information

Describe latest two-year assurance status as of the printing date of the annual report, including the scope of the assurance, the assurance organization, the assurance criteria, and the opinion of the assurance.

The Company has been conducting greenhouse gas inventories since 2021, has commissioned a third-party verifier recognized by the Ministry of Environment to conduct the verification every year, and has obtained the verification statement. The inventory scope of the Scope 1 and 2 covers the Company's factories in Taiwan, which is in compliance with the current laws and regulations. In addition, the Company takes the initiative to implement the inventory of Scope 3, and has selected the four items of "Business Travel", "Disposal of Waste Generated from Operation", "Upstream Transportation and Cargo Distribution" and "Fuel and Energy Related Activities" based on the supporting data intensity. The Company has commissioned an impartial third-party verification organization to conduct the verification for these items, and has obtained a statement of verification, and it will continue to refine the content of the inventory.

In 2022 and 2023, the Company's greenhouse gas emissions were verified by a third party in accordance with ISO 14064-1: 2018 version on October 07, 2023, and ISO 14064-1: 2018 version on March 30, 2024.

1-2 Greenhouse Gas Reduction Targets, Strategies and Concrete Action Plans

Describe the baseline year of greenhouse gas reduction, data, reduction targets, strategies, concrete action plans and achievement of reduction targets.

The Company is committed to taking action against climate change and has set short-, medium-, and long-term GHG reduction targets using 2018 as the baseline year (Scope 1: 2,989 metric tons of CO2e; Scope 2: 8,187 metric tons of CO2e), with a reduction of 3% in 2025 (short-term) and 15% in 2030 (medium-term) compared to the baseline year, and the goal of achieving carbon neutrality by 2050 (long-term). In 2023, the Company continued to promote the replacement of LED lights for sand blasting machines in Kaohsiung Plant and Guantian Factory, and improved the energy efficiency of air compressors in Kaohsiung Plant (estimated to save 160,350 kWh of electricity). Greenhouse gas emissions in 2023 was reduced by 21.27% compared to the baseline year of 2018, which is better than the short-term target, showing that the Company's carbon reduction efforts are gradually bearing fruit.

In 2024, the Company plans to replace the lighting in Kaohsiung Plant and Guantian Factory with LED lights, replace the conventional welding machines in Kaohsiung Plant with inverter-type welding machines, and replace the business vehicles with hybrid electric vehicles, among other carbon-reduction strategies.

Main Entities for the Preparation of Consolidated Financial Statements

The consolidated financial statements include the financial statements of CSSC and its controlled entities.

Name of investment company	Name of subsidiary	Business nature	Percentage of shareholding				
			2019 12/31	2020 12/31	2021 12/31	2022 12/31	2023 12/31
The Company	United Steel Engineering & Construction	Contracting for civil engineering, construction, and bridge works, as well as erection of steel structures and other businesses.	100	100	100	100	100
	CSSC Holding Co., Ltd. (CSSHCL)	Various investment businesses	37	37	100	100	100

Chronicle of CSSC

2024

May 2024 Subsidiary United Steel Engineering & Construction obtained the ISO 14064-1:2018 Greenhouse Gas Third Party Verification Statement for 2023.

April 2024 Obtained ISO 14064-1 :2018 Greenhouse Gas Third Party Verification Statement for 2023.

2023

December 2023 Awarded Top Group of "2023 Kaohsiung City Workplace Employee Health Service Promotion Program" by Department of Health, Kaohsiung City Government.

December 2023 Awarded Runner-up of "2023 Safety and Health Group Partner Performance Competition - Safety and Health Family Group" by Occupational Safety and Health Administration, Ministry of Labor.

November 2023 Subsidiary United Steel Engineering & Construction obtained the greenhouse gas inventory statement certification for the year 2022 (Statement No. 23GHGA57520-2/2)

November 2023 Subsidiary United Steel Engineering & Construction was awarded the Certificate of Appreciation for Contributing Dengue Fever Prevention Materials by Tainan City Government. (Fu-Wei-Mi-Tzu# 1121524792)

November 2023 Kaohsiung Plant was awarded the "2022 Safety and Health Management Competition Good Performance Member Factory- Special Award" by Taiwan Steel & Iron Industries Association.

November 2023 Guantian Factory was awarded the "2022 Safety and Health Management Competition Good Performance Member Factory - Golden Safety Award" by Taiwan Steel & Iron Industries Association.

November 2023 Awarded the Gold Medal in the Manufacturing Industry for Happy Enterprise 2023 by 1111 Human Resource Bank.

October 2023 Passed ISO 14064-1:2018 Greenhouse Gas Third Party Verification for 2022.

October 2023 Awarded "2023 Net Zero Industry Competitiveness Award -Top Prize" by 21st Century Foundation.

April 2023 Subsidiary United Steel Engineering & Construction obtained the greenhouse gas inventory statement certification for the year 2021 Greenhouse Gas Verification Statement. (Statement No.: 23GHGA57520-1/1)

2022

December 2022 Passed ISO 14067: 2018 Carbon Footprint Third Party Verification for Steel Structure Products.

December 2022 Passed TIPS (Taiwan Intellectual Property Management System) Verification.

December 2022 CSC's "Project of Enclosed Building Civil Engineering for New Coal Mine" and "Project of BOT Medical Building New Construction of Siaogang Hospital" won the Top Prize of Excellent Construction Site Evaluation Award of Kaohsiung City.

December 2022 Guantian Factory was awarded the Certificate of Appreciation from the Labor Health Service Center of the Southern District of the Occupational Safety and Health Administration as a core company of the Health Family.

November 2022 Passed 2021 ISO 14064-1: 2018 Greenhouse Gas Third Party Verification.

November 2022 Turnkey Civil Works Project of Southern Taiwan Science Park E/S Expansion was awarded the Environmental Protection Excellent Construction Site of Tainan City.

November 2022 Guantian Factory was awarded the Taiwan Steel & Iron Industries Association "2021 Safety and Health Management Competition Good Performance Member Factory - Golden Safety Award".

November 2022 United Steel Engineering & Construction was honored by the Tainan City Government as a 2022 Air Quality Maintenance Merit Unit of Tainan City.

October 2022 Passed ISO 9001: 2015 verification.

October 2022 Passed ISO 3834 verification and extended third party certification.

October 2022 Passed EN 1090 verification and extended third party certification.

October 2022 Passed TAF Non-Destructive Testing Laboratory verification.

October 2022 Awarded "2022 National Occupational Safety and Health Award - Special Award for Investment in Traditional Industries".

August 2022 Project of BOT Medical Building New Construction of Siaogang Hospital won the Bronze Award of Cancer Prevention and Control Health Site Promotion of the Ministry of Health and Welfare.

January 2022 Passed the Healthy Workplace Certification - Health Promotion Mark of the National Health Administration.

2021

December 2021 Guantian Factory was awarded the "Top Prize of 2020 Safety and Health Management Performance Evaluation Award" by Taiwan Steel & Iron Industries Association.

December 2021 Subsidiary United Steel Engineering & Construction was awarded the "Workplace Health Award", "Occupational Safety and Health Gold Award", and "2021 Sustainable Environmental Protection Award of Superior Construction Site Manufacturer of Kaohsiung City".

November 2021 Passed ISO 9001: 2015 verification.

November 2021 Passed ISO 3834 verification and extended third party certification.

November 2021 Passed EN 1090 verification and extended third party certification.

November 2021 Awarded 2021 Human Resource Bank's 2021 Gold Award of Happiness Company - Manufacturing Industry.

2020

December 2020 Subsidiary United Steel Engineering & Construction won the "2020 Sustainable Environmental Protection Award of Superior Construction Site Manufacturer of Kaohsiung City" for the "Project of BOT Medical Building New Construction of Siaogang Hospital".

November 2020 Obtained Qualified Supplier Certificate from Mitsubishi.

January 2020 Passed ISO 50001: 2018 verification.

2019

December 2019 Passed ISO 14001: 2015 verification.

November 2019 Passed ISO 45001: 2018 & CNS 45001 verification.

November 2019 Guantian Factory was awarded the "Top Prize for 2018 Excellent Member Factory of Industrial Safety Performance Evaluation Award" by Taiwan Steel & Iron Industries Association.

September 2019 CSSC (Kunshan) in mainland China ceased production.

May 2019 Subsidiary United Steel Engineering & Construction won the Award of Excellence from Chinese Institute of Engineers Engineering for its "C411 Bid Zhengyi Road Section Tunneling Project (including Temporary Tracks and Temporary Stations for the Whole Route)".

2018

December 2018 Subsidiary United Steel Engineering & Construction won the Environmental Protection Excellent Construction Site of Kaohsiung City for its "Project of Dormitory Equipment and Monitoring Center of National Sports Training Center" and "CSC's New Sinter Mine Automated Enclosed Building Civil and Construction and Renovation Project".

November 2018 Obtained ISO 3834-2 verification certificate.

November 2018 Obtained EN 1090-2 verification certificate.

2017

December 2017 Passed ISO9001: 2015 version update verification.

December 2017 Passed ISO14001: 2015 version update verification.

October 2017 CSSC (Cambodia) completed the second phase of plant construction.

2016

December 2016 Passed ISO14001: 2004 management system verification.

December 2016 Subsidiary United Steel Engineering & Construction received the 16th Public Works Gold Quality Award from the Public Construction Commission.

June 2016 Selected as a constituent stock of Taiwan Stock Exchange's "High Compensation 100 Index".

April 2016 CSSC (Cambodia) completed the first phase of plant construction.

2015

December 2015 Subsidiary United Steel Engineering & Construction Received the 15th Public Works Gold Quality Award from the Public Construction Commission.

November 2015 Subsidiary United Steel Engineering & Construction received the 9th Public Works Golden Safety Award from the Ministry of Labor.

March 2015 CSSC (Kunshan) obtained Class H certification from Japan's Iron Bone Manufacturing Plant.

February 2015 Purchased a new factory in Guantian Industrial Park, with a site area of 11,342 m^2 and a building area of 2,980 m^2.

2014

December 2014 CSSC was awarded MHPS [Qualified Steel Structure Supplier] certificate.

December 2014 Awarded the "Sustainable Governance Practice Award" by BSI Taiwan.

November 2014 Awarded Manufacturing Industry Gold Award and Innovation Growth Award of "2014 Taiwan Corporate Sustainability Award" - "Taiwan Top 50 Corporate Sustainability Reporting Award".

October 2014 Selected as a constituent stock of Taiwan Stock Exchange's "High Compensation 100 Index".

October 2014 Subsidiary United Steel Engineering & Construction won the 8th Golden Safety Award for Public Works from the Ministry of Labor.

August 2014 Invested and established CSSC (Cambodia) Co.

May 2014 Ranked No. 201 in the Top 2000 in Manufacturing Industry by CommonWealth Magazine, No. 6 in the Metal Products Category.

February 2014 CSSC (Kunshan) obtained AISC certification.

2013

November 2013 CSSC was honored with Merit Award of [2013 Taiwan Corporate Sustainability Award].

October 2013 Taiwan Steel Structure was the first company to pass API certification.

May 2013 CSSC received the Outstanding Organization Award from the Institution of Engineers.

April 2013 Revenues in 2012 returned to NT$15 billion, with consolidated revenues reaching a record high of NT$20 billion.

2012

November 2012 CSSC and United Steel Engineering & Construction both won the 12th Public Works Gold Quality Award (Top Prize of Public Works Quality Excellence Award).

May 2012 Kaohsiung Plant moved to Yanchao District on May 14, 2012, with an area of 450,103 m^2.

March 2012 Since the decline in revenues after the financial crisis, Kaohsiung Plant's revenue once again exceeded NT$13.6 billion in 2011, and the consolidated revenue reached NT$18.1 billion.

2011

January 2011 Passed OHSAS18001: 2007 & TOSHMS:2007 certification.

January 2011 Groundbreaking for Kaohsiung Plant.

2010

December 2010 Awarded by TSMC for excellent supplier in the field of factory services.

September 2010 Accredited by the Taiwan Accreditation Foundation (TAF) as a non-destructive testing laboratory (ISO/IEC 17025: 2005).

September 2010 CSSC (Kunshan) obtained ISO9001: 2008 quality management system certification.

April 2010 Subsidiary (United Steel Engineering & Construction) obtained ISO9001:2008 quality management system certification.

2009

December 2009 Passed ISO9001: 2008/CNS12681 quality management system certification.

April 2009 Revenue in 2008 reached NT$15 billion, and consolidated revenue reached NT$19.8 billion.

2008

April 2008 Revenue in 2007 exceeded NT$10.3 billion, and consolidated revenue reached NT$15.2 billion.

2007

September 2007 CSSC (Kunshan) obtained ISO9001: 2000 quality management system certification.

2005

December 2005 Completed the steel fabrication and erection of the landmark Taipei Financial Center (Taipei 101) super high-rise building.

March 2005 Completed the construction of Kunshan Factory, with a total area of 134,413 m^2, a workshop area of 22,000 m^2, 130 employees, and a monthly production capacity of 2,000 metric tons.

2004

August 2004 OHSAS 18001 certified.

January 2004 Approved for the establishment of CSSC (Kunshan). employees, and a monthly production capacity of 2,000 metric tons.

2002

February 2002 Passed ISO9001: 2000/CNS12681 quality management system certification.

1994

November 1994 Passed ISO9002/CNS12682 quality management system certification.

1992

January 1992 Listed and traded in Taiwan's capital market (stock code: 2013 China Steel Structure).

1991

Authorized to engage in the contracting of various environmental protection projects as well as the design, manufacturing, installation and sales of equipment.

1989

Construction of the second factory in Guantian Industrial Park, Tainan, with a site area of 78,372 m^2 and a factory building area of 26,658m^2.

1988

Approved the diversification of business, and also engaged in the import and export of steel products and related oil products.

1979

April 1979 Construction of Kaohsiung Plant was completed, with a site area of 110,000 m2 and a factory building area of 24,000 m^2.

2024 Awards Record

Awarded Badge of Accredited Healthy Workplace by Health Promotion Administration on Dec. 26, 2023

Golden Safety Award of 2022 Annual Safety and Health Management Competition by Taiwan Steel & Iron Industries Association on Nov. 14, 2023

Labor Health Service Center of the Southern District issued a certificate of appreciation on Nov. 20, 2023, and Guantian Factory led health family members to jointly promote the business of strengthening workers 'physical and mental health protection

As a part of the Cogeneration Safety Family, awarded the 2023 Award of Full Attendance of Safety and Health Family Events by the Labor Affairs Bureau of Tainan City Government as a member of the Safety and Health Family of Cogeneration

2023 Smart Construction Site of Kaohsiung City by Environmental Protection Bureau Kaohsiung City Government for No. 205 Guangfu Camp Construction Site

2023 Smart Construction Site of Kaohsiung City by Environmental Protection Bureau Kaohsiung City Government for (No. 205 Dashu North Camp)

2023 Certificate of Acknowledgement for Dengue Epidemic Prevention by Tainan City

ISO 14064-1 System (2022) Greenhouse Gas Verification Statement

China Steel Structure 2023 Greenhouse Gas Verification Statement-1

China Steel Structure 2023 Greenhouse Gas Verification Statement-2

United Steel Engineering & Construction -ISO Certificate 9001-2015 Chinese Version 2023-2026

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