

Stock Code:1723

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CSCC Annual Report is available at: http://www.csc.com.tw/fin_annual.htm

CHINA STEEL CHEMICAL CORPORATION
2025 Annual Report



中鋼碳素化學股份有限公司
CHINA STEEL CHEMICAL CORPORATION



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2025 Annual Report



CHINA STEEL CHEMICAL CORPORATION
Printed on February 28, 2026

Notice to readers : This English-version annual report is a translation of the Chinese version.
If there is any discrepancy between the English and Chinese versions, the Chinese version shall prevail.

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Overseas Trade Places for Listed Securities

None

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A. Letter to Shareholders

Dear Shareholders,

Thank you for attending our annual shareholders' meeting. We would like to express our deepest gratitude for your long-term love and support. The Company's 2025 operating results and the overview of the 2026 Business Plan are summarized as follows.

I. 2025 Business Report

(I) Business Overview

In 2025, our consolidated operating revenue totaled NT\$5.858 billion, and we earned a net profit before tax of NT\$711 million, a decrease of 24% and 51% respectively compared to 2024. Looking back at 2025, the demand driven by emerging technologies such as AI far exceeded expectations, and led to a significant increase in Taiwan's exports of electronics and ICT products. Taiwan's economic growth rate in 2025 was estimated at 7.37%, but other industries were still impacted by the spillover of China's production capacity and faced greater competitive pressure. In terms of coal chemical products, the international oil price in 2025 fell by approximately 15% compared to the previous year. The growth rate of demand in the end market of the industry fell behind the expansion rate of the raw material market, causing gradual overcapacity of downstream products and consequentially lower-than-expected sales volume. In terms of carbon materials products, growth did not meet expectations as the overall market adopted a wait-and-see attitude due to the slowdown in the electric vehicle market and fierce competition among Chinese lithium battery manufacturers. Looking ahead to 2026, the decrease in supply of raw materials in the coal chemicals industry due to weak demand in the international steel market and adjustment to the coking process will increase the uncertainty of the Company's operations. We will actively seek external sources of light oil and coal tar to reduce the impact of raw material shortage on our operations. In terms of carbon materials, we will continue to dedicate our efforts to product development and application to increase the added value of our products. We will pursue longer-term growth momentum and lay the foundation for the development of the green energy industry through

the development and promotion of high-value carbon and graphite materials. With regard to ESG-related plans, the Company has completed its internal carbon inventory and carbon reduction roadmap, and set short-, medium- and long-term carbon reduction targets in response to the global trend of carbon reduction and to support the government's carbon reduction target of net-zero emissions by 2050. We will continue to implement energy conservation and carbon reduction plans to achieve our short-, medium- and long-term ESG targets.

Significant business results achieved by CSCC in 2025 are as follows:

1. The Company's operating revenue and profits have met 101% and 102% respectively of the revised internal budget targets.
2. Transported all by-products such as light oil and coal tar generated from the coking of the CSC Group on time, imported light oil to increase our utilization rate, and sold all manufactured products at market rates.
3. Promote the expansion project for advanced carbon materials and graphite blocks.
4. Developed the non-China supply chain market for carbon materials products and integrated advanced carbon materials into the AI server supply chain.
5. Continue to conduct R&D on carbon material products, build R&D building, and consolidate R&D resources.
6. Continued to implement energy conservation and carbon reduction solutions to reduce the Company's carbon emissions.

(II) Business Plan Implementation Results

1. In 2025, the amount of coal tar and light oil processed totaled 210,502 metric tons and 74,689 metric tons respectively. The annual sales volumes of coal tar and light oil products totaled 208,740 metric tons and 69,337 metric tons respectively. Annual sales of green mesophase powder and mesophase graphite powder totaled 2,093 metric tons.

2. Execution of Business Plan Implementation

Unit: Metric Tons

Item		Actual Amount	Budgeted Amount	Deviation	Fulfillment Rate (%)
Coal tar products	Production volume	207,109	206,270	839	100
	Sales volume	208,740	203,136	5,604	103
Light oil products	Production volume	70,588	68,510	2,078	103
	Sales volume	69,337	71,944	(2,607)	96
Refined carbon materials	Production volume	4,623	5,383	(760)	86
	Sales volume	4,248	8,883	(4,635)	48
Coke products	Sales volume	45,140	37,860	7,280	119
Trading item	Sales volume	6,554	6,600	(46)	99
Processing item	Processing volume	173,040	137,700	35,340	126

3. Description of Business Outcomes

- (1) Consolidated operating revenue in 2025 totaled NT\$5,858,135 thousand, a decrease of NT\$1,789,335 thousand compared to NT\$7,647,470 thousand in 2024. This is because oil prices in 2025 fell by nearly 15% compared to 2024, and the average NTD exchange rate appreciated by nearly NT\$1, leading to a decrease in the price of coal chemical products. The combined effects include lower-than-expected sales of carbon materials.
- (2) Gross profit in 2025 totaled NT\$1,108,777 thousand, a decrease of NT\$712,099 thousand from NT\$1,820,876 thousand in 2024. This is due to a drop in average capacity utilization and rising unit processing costs.
- (3) The net non-operating income and expenses in 2025 totaled NT\$175,370 thousand, a decrease of NT\$31,821 thousand from NT\$207,191 thousand in 2024. This is due to the exchange losses caused by the sharp NTD appreciation in the middle of the year.

- (4) Income tax expense in 2025 totaled NT\$95,385 thousand, a decrease of NT\$146,767 thousand from NT\$242,152 thousand in 2024, due to income tax reductions resulting from applications for industrial R&D investment tax credits.
- (5) In summary, the net profit after tax in 2025 totaled NT\$615,824 thousand, a decrease of NT\$590,377 thousand compared to the NT\$1,206,201 thousand in 2024.

(III) Analysis of Income, Expenditure and Profitability

Please refer to the Financial Statements enclosed under Financial Overview for 2025.

(IV) Research and Development

1. Development of Anode Materials

- (1) The high power, small-particle-size products have been adopted by high-end mobile phone applications of the Chinese brand, and continue to expand to other brands and applications.
- (2) Lithium-ion capacitors (LIC) use graphite as the negative electrode material. In conjunction with customers' development schedule, samples are continuously sent for characteristic verification.

2. Development of Advanced Carbon Materials

- (1) The material for the positive electrode of LIC has been improved and optimized to meet the mass production specifications of customers, and new samples have been sent for qualification in order to accelerate the transition to mass production.
- (2) The mass production equipment for high voltage products was completed. Benchmark customers have found excellent high voltage performance in high-end supercapacitors upon testing, and the evaluation is expected to be completed in the second quarter of 2026.

3. Development of Isotropic Graphite

In 2025, the Company actively promoted the adoption and verification of silicon carbide (SiC) and silicon-based semiconductor customers, and have obtained verification from some domestic manufacturers, becoming their qualified supplier and continuing mass production validation. This led to a significant increase in sales performance in

2025 compared to 2024. Likewise, we are actively expanding into overseas markets.

4. Development of graphite purification process

The first mass-production purification furnace has been built and successfully completed trial operation. The purity of the bulk material was tested by GDMS and the sample results all reached 6N or above, which meets the current customer requirements for bulk material purity. The construction of the second mass-production purification furnace is under planning.

II. Overview of 2026 Business Plan

(I) Operating Policy

1. Create operating revenue, stabilize profits, reduce costs, and improve efficiency.
2. Develop refined products and strengthen quality control.
3. Implement measures for occupational safety management, and facilitate smooth labor-management relationships.
4. Improve ESG management, achieve sustainable energy conservation and carbon reduction.

(II) Production and Sales Policy

1. Transport all by-products such as coal tar, crude light oil, and coke produced by group companies on time. Smoothly process and produce different products satisfying demand of market and customers and make sales in full in due course at the market rate to create greater economic value.
2. Reinforce the expansion of downstream customers, increase the customer base, and continue to develop new suppliers to increase healthy competition and reduce procurement costs.
3. Increase sales revenue and profit from carbon material products by developing a wider variety of carbon material products, expanding the market for these products, and incorporating new demands for new production lines of customers, China-free supply chains, and silicon-carbon anode materials.
4. In response to the development of carbon materials, continue to refine production technologies to reduce costs, and complete plant expansion plans for advanced carbon and bulk materials.

5. Reinforce our advantages of having the only graphitization plant in Taiwan and graphite purification capability. In addition to increasing the output of self-produced bulk materials, form alliance with customers and increase our OEM business to concurrently advance our sales and OEM, and expand the value chain of our carbon material business.

(III) Estimated Sales Volume

Unit: Metric Tons

Item	Production volume	Sales volume
Coal tar products	203,478	196,930
Light oil products	74,013	73,510
Refined carbon materials	7,599	7,505
Coke products	39,600	39,600
Trading item	6,000	6,000
Processing item	156,000	156,000

III. Future Development Strategies

To achieve the Company's sustainable operations, we will continue to develop and respond to the changes and challenges in the future market; the Company has established the following strategic development policy and actions plans:

(I) Strategic Development Policy

1. Refined manufacturing powered by renewable energy:
 - (1) We implement green manufacturing with the concepts of high efficiency, low carbon, and environmental protection.
 - (2) We employ smart innovation to optimize processes and quality.
2. Innovative key carbon materials: We leverage innovative research and development of key carbon materials to enhance competitive advantages.

(II) Action Plan

1. Expand manufacturing powered by renewable energy: Focus on its core technologies and expand its marketing layout.
2. Advanced operations: Expand coal chemical material sources and increase revenue from carbon materials.
3. Key carbon materials development: Integrate the Group's resources to develop green energy products.

4. Sustainable and friendly environment: Promote energy conservation and emission reduction projects and improve carbon reduction technologies.
5. Improve business resilience: Regularly review and track organizational resilience and strengthen crisis management capabilities.
6. Sustainable development, in-depth ESG actions, and implementation of occupational safety management: Reinforce the Company's ESG practices, and continue implementing occupational safety measures and training.

IV. Effects of the External Competitive Environment, Regulatory Environment, and Overall Business Environment

(I) External Competition

1. Due to the unique nature of coal tar products, the Company currently has no domestic competition. However, the Company's light oil products share the same market occupied by domestic petrochemical industry companies. In recent years, Taiwan's petrochemicals industry has been impacted by severe competition from excessive supply as Chinese companies rapidly expand their production capacity. Furthermore, China's petrochemical industry has become even more competitive due to the import of cheap Russian crude oil and natural gas. Discounts provided by Russia have given China an advantage in the production costs of petrochemical products. The Company continues to leverage its local advantages and optimize its production and sales planning in response to the dual pressure from weak demand and declining competitiveness.
2. The real estate investments in China continues to decline, causing demand for steel bars, cement, glass, and construction machinery to decline at the same time. This has caused Chinese companies to export these products at low prices to reduce inventory, which deteriorates trade frictions with Southeast Asia, Europe, the United States, and Taiwan. Its coal chemical industry remains sluggish and has also impacted neighboring countries. Fortunately, the Company has signed long-term contracts with customers and sales of coal tar products, coal tar pitch, have also remained stable. In the long-term, due to the impact of carbon neutrality and environmental protection issues, older and

smaller-scale blast furnaces will be gradually replaced and coal tar will be in short supply in the future.

3. Regarding mesophase graphite powder anode materials, we face competition from natural graphite and other artificial graphite products. Manufacturers in China have expanded their production capacity considerably in recent years. Despite their advantages in terms of scale and cost, there is already excessive production capacity overall. Despite the competitive advantage of our products in terms of quality and performance, price competition is intensifying in the market. Amid the escalating US-China trade war and the trend of countries decoupling from China, CSCC is actively exploiting the opportunity of order transfer, and is partnering with other companies to expand into the US and European markets. Meanwhile, CSCC is also accelerating the development of artificial graphite products to make new market breakthroughs. In addition, the Company is expanding special applications, such as battery backup units and drones, enhancing the competitiveness of products in high-value-added markets, and creating growth momentum through diversification.
4. Advanced carbon materials have maintained steady growth in the wind power and lead-carbon batteries markets, thanks to the superior quality and characteristics of products. We are also developing niche applications to actively expand into high-end markets, such as LIC and porous silicon carbide materials. The Company is diversifying its product portfolio towards applications with higher value-add.
5. The Company continues to expand its production scale of isotropic graphite and is dedicating greater effort to develop the block material market. At the same time, we provide more comprehensive service solutions by expanding the OEM capacity of our purification furnace. The Company actively works with customers in domestic semiconductor-related industries to localize materials and processes, and is committed to developing an extensive service system that is fully localized and competitive.

(II) Regulatory Environment

The government announced the implementation of the Climate Change Response Act and the carbon fee system was officially launched in

August 2024. Carbon fees is being levied starting in 2025. The Company has actively joined the ranks of carbon reduction, planned short, medium and long-term goals, and commissioned joint research with academia and the Industrial Technology Research Institute to respond to these changes. In addition, the coal chemical manufacturing plant of the Xiaogang Plant obtained approval for its "voluntary reduction plan," and selected the "Designated Reduction Rates for Technical Benchmarks" to obtain preferential rates to reduce its carbon fee expenses.

(III) Overall Operational Environment

Reciprocal tariffs froze the global economy in the first half of 2025. Nevertheless, the global AI technology industry rapidly developed in the second half of the year, while traditional industries were influenced by the US tariff policy. NTD rapidly appreciated in the second quarter and oil prices showed greater volatility throughout the year. China's excessive production capacity severely impacted traditional industries, and caused the industries to accelerate their transformation in order to survive. This resulted in significantly differing performance between industries. Although the United States once again withdrew from the Paris Agreement, the world continues down the path of carbon reduction, and Taiwan's Ministry of Environment decided to start levying carbon fees in 2025. The Company has already implemented a number of carbon reduction measures. As we dedicate our efforts to reducing carbon emissions, we are also actively seeking preferential carbon fees to reduce the impact on our operations. As we enter 2026, although the influence of US tariffs has eased, we cannot overlook the geopolitical risks ensued. The uncertainty of Trump's policies has caused concern among non-US countries, heralding an era of de-dollarization. The first batch of products subject to Europe's carbon border adjustment mechanism (CBAM) implemented starting this year, such as steel, cement, and aluminum, have been officially included in the certificate purchase and payment system. Products imported by Europe require a carbon emissions report. The Company will officially start using its R&D building in 2026, and will exert even greater effort to improve R&D capabilities in the future. We will also collaborate with CSC and external R&D institutions to continue developing new products in conjunction with industrial development.

Facing the uncertainties in the global economy, the Company will continue to strengthen its operational capabilities to maintain its competitiveness.

Last but not least, on behalf of the Company, we would like to extend our appreciation to all Shareholders for their support. We wish all Shareholders good health and all the best.

Chairman **Chien-Chih Hwang**

President **Ming-Dar Fang**

B. Corporate Governance Report

I. Information on the Director, President, Vice President, and Managers of Departments

(I) Director Information

Title	Nationality or Place of Registration	Name	Gender	Date Elected (Inaugurated)	Term	Date First Elected	Shareholding When Elected (Thousand shares)		Current Shareholding (Thousand Shares)		Current Shareholding of Spouse and Minors (Thousand Shares)		Shares Held in Someone Else's Name	
							Share(s)	Shareholding ratio (%)	Share(s)	Shareholding ratio (%)	Share(s)	Shareholding ratio (%)	Share(s)	Shareholding ratio (%)
Chairman	Republic of China	China Steel Corporation	Male 67	2025.06.17	3 years	1988.12.21	68,787	29.04%	68,787	29.04%	N/A	N/A	N/A	N/A
	Republic of China	Representative: Chien-Chih Hwang		2025.06.17	3 years	2024.09.10 (New representative of legal person)	0	0%	0	0%	0	-	0	-
Director	Republic of China	China Steel Corporation	Male 63	2025.06.17	3 years	1988.12.21	68,787	29.04%	68,787	29.04%	N/A	N/A	N/A	N/A
	Republic of China	Representative: Horng-Yih Liou		2025.06.17	3 years	2024.05.18 (New representative of legal person)	0	0%	0	0%	0	-	0	-
Director	Republic of China	China Steel Corporation	Male 55	2025.06.17	3 years	1988.12.21	68,787	29.04%	68,787	29.04%	N/A	N/A	N/A	N/A
	Republic of China	Representative: Chih-Feng Lee		2025.06.17	3 years	2025.11.03 (New representative of legal person)	0	0%	0	0%	0	-	0	-
Director	Republic of China	China Steel Corporation	Male 65	2025.06.17	3 years	1988.12.21	68,787	29.04%	68,787	29.04%	N/A	N/A	N/A	N/A
	Republic of China	Representative: Ming-Dar Fang		2025.06.17	3 years	2011.06.28 (New representative of legal person)	5	0.002%	5	0.002%	0	-	0	-
Director	Republic of China	International CSRC Investment Holdings Co., Ltd.	Male 43	2025.06.17	3 years	1988.12.21	11,759	4.96%	11,759	4.96%	N/A	N/A	N/A	N/A
	Republic of China	Representative: Kung-Yi Koo		2025.06.17	3 years	2018.01.24 (New representative of legal person)	0	0%	0	0%	0	-	0	-
Director	Republic of China	International CSRC Investment Holdings Co., Ltd.	Male 73	2025.06.17	3 years	1988.12.21	11,759	4.96%	11,759	4.96%	N/A	N/A	N/A	N/A
	Republic of China	Representative: Tien-Fu Chao		2025.06.17	3 years	2014.01.10 (New representative of legal person)	0	0%	0	0%	0	-	0	-
Independent Director	Republic of China	Tsun-Tzu Hsu	Female 62	2025.06.17	3 years	2019.06.23	0	0%	0	0%	0	-	0	-
Independent Director	Republic of China	Li-Huang Lin	Female 63	2025.06.17	3 years	2025.06.17	0	0%	0	0%	0	-	0	-
Independent Director	Republic of China	Yuh-Ming Yan	Female 55	2025.06.17	3 years	2025.06.17	0	0%	0	0%	0	-	0	-

As of February 28, 2026

Education and Work Experience	Concurrent Positions in the Company and in Other Companies	Executives, Directors or Independent Directors who are Spouses or Within the Second Degree of Kinship			Notes (Note 1)
		Title	Name	Relationship	
N/A	N/A	N/A	N/A	N/A	N/A
Chairman of China Steel Corporation; Bachelor in Economics, Department of Economics, Tunghai University	Note 2	-	-	-	
N/A	N/A	N/A	N/A	N/A	
Vice President of Technology Department, China Steel Corporation Ph.D. in Material Science and Engineering, National Cheng Kung University	Note 2	-	-	-	
N/A	N/A	N/A	N/A	N/A	
Assistant Vice President of Engineering at China Steel Corporation Master of Science in Mechanical Engineering, National Cheng Kung University	Note 2	-	-	-	
N/A	N/A	N/A	N/A	N/A	
Vice President of China Steel Chemical Corporation PhD in Chemical and Materials Engineering, National Kaohsiung University of Science and Technology	Note 2	-	-	-	
N/A	N/A	N/A	N/A	N/A	
Vice Chairman of TCC Group Holdings Co., Ltd. MBA, Wharton School of the University of Pennsylvania, U.S.A	Note 2	-	-	-	
N/A	N/A	N/A	N/A	N/A	
President of Taiwan Prosperity Chemical Corporation; Master of Chemical Engineering, National Taiwan University	Note 2	-	-	-	
Associate researcher of WTO Center under Chung-Hua Institution for Economic Research Master of Law, Soochow University	Note 2	-	-	-	
CPA, Ernst & Young, Taiwan Master of Accountancy, National Taipei University	Note 2	-	-	-	
Associate Professor, College of Law, National Chengchi University PhD in Construction Engineering and Law, University of Manchester, United Kingdom	Note 2	-	-	-	

Note 1: Where the Chairman, President, or individual with equivalent role at the Company (highest-ranking manager) are the same individual, spouses, or relatives within the first degree of kinship, the Company shall specify related information regarding the reason, reasonableness, necessity, and response measures (e.g., appointment of additional Independent Directors, and requiring the appointment of more than half of the Directors from individuals who are not employees or managers).

Note 2

Name	Concurrent Positions in the Company and in Other Companies	
Chien-Chih Hwang	Chairman:	China Steel Chemical Corporation, China Steel Corporation
	Director:	Taiwan High Speed Rail Corporation, China Steel Global Trading Corporation, China Ecotek Corporation, Dragon Steel Corporation, Gains Investment Corporation
Horng-Yih Liou	Director:	China Steel Power Holding Corporation, Honley Auto. Parts Co., Ltd., China Steel Power Corporation, Rechi Precision Co., Ltd., Infochamp Systems Corporation
Chih-Feng Lee	Chairman:	Betacera Inc.
	Director:	CSC Solar Corporation, Kaohsiung Rapid Transit Corporation
Ming-Dar Fang	Chairman:	Ever Wealthy International Corporation, Changzhou China Steel New Materials Technology Co., Ltd.
	President:	China Steel Chemical Corporation
	Director:	China Steel Structure Co., Ltd., Pro-Ascentek Investment Corporation
	Supervisor:	Eminent Venture Capital Corporation
	Chairman:	Circular Commitment Company, International CSRC Investment Holdings Co., Ltd.
Kung-Yi Koo	Director:	TCC Group Holdings Co., Ltd., E-One Moli Energy Corp.
	Consultant:	Consultant of Molie Quantum Energy Corporation
Tsun-Tzu Hsu	Chief:	Taiwan ASEAN Studies Center (TASC) of Chung-Hua Institution for Economic Research
	Associate researcher:	WTO and RTA Center of Chung-Hua Institution for Economic Research
	Committee Member:	The Executive Yuan's Gender Equality Committee, Taipei City Government's International Affairs Committee, the Chinese National Federation of Industries' International Trade and Economic Affairs Committee, and the Committee on Trade and Environment.
	Consultant:	Taiwan-Asia Exchange Foundation, Association of Foreign Relations, Asia Taiwanese Chambers Of Commerce, and the Council of Taiwanese Chambers of Commerce in Vietnam
Li-Huang Lin	Independent Director of AsWater Advanced Envirotech Ltd.	
	Associate Professor:	College of Law, National Chengchi University
Yuh-Ming Yan	Independent Director:	Seetel New Energy Co., Ltd.

Table 1: Major shareholders of directors that are institutional shareholders

February 28, 2026

Name of Institutional Shareholder	Major Shareholders of Institutional Shareholders
China Steel Corporation	Ministry of Economic Affairs (20.00%), Employee's Stock Trust of China Steel Corporation (2.61%), Transglory Investment Corporation (1.63%), Chunghwa Post Co., Ltd. (1.2%), Winning Investment Corporation (1.02%), Yuanta/P-shares Taiwan Top 50 ETF (1.01%), Vanguard Total International Stock Index Fund under the custody of JP Morgan Chase Bank (0.95%), Vanguard Stock Index Fund under the custody of JP Morgan Chase Bank N.A. Taipei Branch (0.91%), Taiwan Life Insurance Co., Ltd. (0.78%), and New Labor Pension Fund (0.72%)
International CSRC Investment Holdings Co., Ltd.	Taiwan Cement Corporation (15.59%), Taiwan Prosperity Chemical Corporation (2.23%), CS Development & Investment Co. (1.50%), JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds (1.17%), Union Cement Traders, Inc. (1.16%), Kao-Huang Lin (1.10%), TransGlobe Life Insurance Inc. (1.03%), JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Emerging Markets Stock Index Fund, a series of Vanguard International Equity Index Funds (0.96%), Tian-I Hou (0.76%), and Citibank Taiwan as custodian of Polunin Developing Countries Fund, LLC Investment Account (0.75%)

Table 2: Major Shareholders of the Company's Major Institutional Shareholders in Table 1

February 28, 2026

Name of Institutional Shareholder	Major Shareholders of Institutional Shareholder
Transglory Investment Corporation	China Steel Express Corporation (48.28%), Chung Hung Steel Corporation (39.59%), China Steel Chemical Corporation (8.90%), United Steel Engineering & Construction Corporation (3.23%)
Chunghwa Post Co., Ltd.	Ministry of Transportation and Communications (100%)
Winning Investment Corporation	Gains Investment Corporation (49.00%), Transglory Investment Corporation (30.00%), and Maruichi Steel Tube Ltd. (21.00%)
Taiwan Life Insurance Co., Ltd.	CTBC Financial Holding Co., Ltd. (100%)
TCC Group Holdings Co., Ltd. Corporation	Chia Hsin Cement Corporation (3.27%), CITIC Investment Corporation (1.78%), Old Labor Pension Fund (1.78%), Chia Hsin International Corporation (1.55%), International CSRC Investment Holdings Co., Ltd. (1.51%), Heng Qiang Investment Co., Ltd. (1.49%), Chunghwa Post Co., Ltd. (1.39%), Department of Government Employees Insurance of Bank of Taiwan Co., Ltd. (1.33%), JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds (1.27%), CTBC Bank in custody for Yuanta/P-shares Taiwan Top 50 ETF Account (1.27%)
TCC Investment Co. Ltd.	TCC Group Holdings Co., Ltd. (100%)
CS Development & Investment Co.	International CSRC Investment Holdings Co., Ltd. (100%)
Union Cement Traders, Inc.	TCC Investment Co. Ltd. (100%)
TransGlobe Life Insurance Inc.	Zhongwei Dehui Co., Ltd. (100%)

Note: For listed companies listed in Table 2, the information on their major shareholders is as of the most recent book closure date before the date of publication of the annual report.

(II) Disclosure of Professionalism of Directors and Supervisors and Independence of Independent Directors

February 28, 2026

Criteria Name		Professionalism and Experience	Independence (Note 1)				Number of Companies Where the Person Serves as an Independent Director
			1	2	3	4	
Chairman	Chien-Chih Hwang	Bachelor in Economics, Department of Economics, Tunghai University Chairman of China Steel Corporation;	No	0 0%	Yes	0	0
Director	Hong-Yih Liou	Ph.D. in Material Science and Engineering, National Cheng Kung University; Vice President of Technology Department, China Steel Corporation	No	0 0%	Yes	0	0
Director	Chih-Feng Lee	Master of Science in Mechanical Engineering, National Cheng Kung University; Assistant Vice President of Engineering at China Steel Corporation	No	0 0%	Yes	0	0
Director	Ming-Dar Fang	PhD in Chemical and Materials Engineering, National Kaohsiung University of Science and Technology; President of China Steel Chemical Corporation	No	5 0.002%	Yes	0	0
Director	Kung-Yi Koo	MBA, Wharton School of the University of Pennsylvania, U.S.A; Chairman of International CSRC Investment Holdings Co., Ltd.	No	0 0%	Yes	0	0
Director	Tien-Fu Chao	Master of Science in Chemical Engineering, National Taiwan University; President of Taiwan Prosperity Chemical Corporation; Consultant of Molie Quantum Energy Corporation	No	0 0%	No	0	0
Independent Director	Tsun-Tzu Hsu	Master of Law, Soochow University; Associate researcher of WTO Center under Chung-Hua Institution for Economic Research; Head of Taiwan ASEAN Studies Center of Chung-Hua Institution for Economic Research; The Chinese National Federation of Industries' International Trade and Economic Affairs Committee, and Trade Development Committee.	No	0 0%	No	0	0
Independent Director	Li-Huang Lin	Master in Accountancy, National Taipei University; Senior Advisor, Ernst & Young, Taiwan	No	0 0%	No	0	1
Independent Director	Yuh-Ming Yan	PhD in Construction Engineering and Law, University of Manchester, United Kingdom; Associate Professor, College of Law, National Chengchi University	No	0 0%	No	0	1

The Company's Directors (including Independent Directors) do not have any of the conditions specified in Article 30 of the Company Act. The three Independent Directors Tsun-Tzu Hsu, Li-Huang Lin, and Yuh-Ming Yan have the required qualifications set forth in the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies, and Article 14-2 of the Securities and Exchange Act in the two years before appointment and during the term as Independent Directors. All Independent Directors are given the power to participate in decision making and express opinions pursuant to Article 14-3 of the Securities and Exchange Act, and independently perform their duties on this basis.

- Note 1:
- (1) Including, without limitation, whether or not the Independent Director himself/herself, his/her spouse, or a relative within the second degree of kinship is serving as the Director, Supervisor of, or working for the Company or any of its affiliates.
 - (2) The number (in thousand) and weight of shares the independent director himself/herself, his/her spouse, or a relative within the second degree of kinship holds.
 - (3) Whether or not the independent director himself/herself, his/her spouse, or a relative within the second degree of kinship is serving as the director, supervisor of, or working for a company in a specific relationship with the Company (refer to the requirements in Article 3, Paragraph 1, Sub-paragraphs 5-8 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies). Chairman Chien-Chih Hwang is the Chairman of CSC, Director Horng-Yih Liou is the Vice President of the Technology Department of CSC, Director Chih-Feng Lee is the Assistant Vice President of the Engineering Department of CSC, and Director Ming-Dar Fang is the President of the Company. Director Kung-Yi Koo is the chairman of International CSRC Investment Holdings Co., Ltd.
 - (4) The amount of rewards received for business, legal affairs, financial affairs, and accounting services provided over the past two years to the Company or any of its affiliates.

(III) Diversity and independence of the Board of Directors

1. Standards and policies for the diversification of the Board:

To reinforce the corporate governance and facilitate the completeness of the Board composition and structure, the Company stipulated the standards and policies for the diversification of the Board in its "Board Directors Election Regulations" and "Corporate Governance Best Practice Principles." Diversification is considered for the Board composition. Directors that concurrently hold positions as the Company's managers shall not be more than one-third of the Board members. Appropriate diversification policies are also established for the Board's operation, operating pattern, and demands for development, including but not limited to the standards related to the two major aspects as follows:

- (1) Basic requirements and values: Gender, age, nationality, and culture.
- (2) Professional knowledge and skills: Professional background (e.g., accounting, business sector, or finance), professional skills or industry experience.

Furthermore, members of the Board shall have the knowledge, skills, and quality necessary to perform their duties; the members shall possess the general abilities as follows:

- (1) Ability to make sound business judgments;
- (2) Ability to conduct accounting and financial analysis;
- (3) Business management ability; (4) Crisis management ability;
- (5) Industrial knowledge; (6) International market perspective;
- (7) Leadership quality; (8) Decision-making ability.

The majority of the Company's Directors shall not be a spouse or a relative within the second degree of kinship of any other Director.

- The Company's Board diversity goals were to add two female Directors, and to select Directors with different professional backgrounds. The goals were achieved in the 13th-term Board of Directors elected in 2025. The new Board of Directors has a total of 3 female Independent Directors, accounting for 1/3 of all Directors. With consideration to the Board diversity policy and goals, the Board members are composed of different genders, ages, professional knowledge and backgrounds, and hold different professional certifications. The Independent Directors include an accountant, a lawyer, an associate professor at a law school, and an economist. Representatives of institutional Directors also have different professional backgrounds and industry experience, thus achieving the Company's Board diversity goal. Currently, the Company's Board has a total of nine Directors (including three Independent Directors), and no Director is a spouse or a relative within the second degree of kinship of any other Director.

Core Items for Diversification	Basic Composition				Industrial Experience and Background			Professional Skills							
	Gender	Concurrently as the Company's Employee	Age		Term of Office as an Independent Director		Chemical Engineering and Steel Related Industries	Finance and Accounting	Law	Economic and Industrial Analysis	Business Administration	Decision-making	Know-how	Operating Judgments	Finance and Accounting
			35 to 55	56 to 75	Below 3 years	3 to 9 years									
	Name of Director (Note 1)														
Chairman Chien-Chih Hwang	Male		V				V				V	V	V	V	
Director Horng-Yih Liou	Male		V				V				V	V	V	V	
Director Chih-Feng Lee	Male	V					V				V	V	V	V	
Director Ming-Dar Fang	Male	V	V				V				V	V	V	V	
Director Kung-Yi Koo	Male		V				V	V		V	V	V	V	V	
Director Tien-Fu Chao	Male		V				V				V	V	V	V	
Director Tsun-Tzu Hsu	Female		V			V			V	V	V	V	V	V	
Director Li-Huang Lin	Female		V	V			V				V	V	V	V	V
Director Yuh-Ming Yan	Female	V		V				V			V	V	V	V	

Note 1: All Directors are Republic of China nationals.

3. Board diversity management goals:

The goal to increase the number of female Directors has been achieved, with female Directors now accounting for 1/3 of all Directors. Going forward, we will increase the diversity of the Board's professional backgrounds by adding professional backgrounds in sustainability and ESG, and also increase Board diversity in terms of age and generational structure by maintaining an appropriate percentage of Directors from different age groups.

4. Independence of Board of Directors

The Company's 13th-term Board of Directors was elected at the Annual General Meeting on June 17, 2025. Two of the original Independent Directors had served three terms, and two female Independent Directors were elected, maintaining a total of three Independent Directors, with female Directors accounting for 1/3 of all Directors. CSC currently holds 4 seats on the Board of Directors, accounting for 4/9 of the all seats. The Company will continue to make improvements in accordance with requirements of the Corporate Governance Evaluation. None of the Directors are spouses or relatives within the second degree of kinship. All Independent Directors meet the independence requirements, including but not limited to the Independent Directors themselves, their spouses, and relatives within the second degree of kinship not serving as a Director, Supervisor, or employee of the Company or its affiliated enterprises, not holding any shares of the Company, not serving as a director, supervisor, or employee of companies with specific relationships with the Company, and not receiving remuneration for providing business, legal, financial, or accounting services to the Company or its affiliated enterprises in the past two years.

(IV) Information on Main Managerial Officers

Title	Nationality	Name	Gender	Date Inaugurated	Shares Held		Shares Held by the Spouse or Any Underage Child		Shares Held in Someone Else's Name		Education and Work Experience
					Share(s)	Shareholding ratio (%)	Share(s)	Shareholding ratio (%)	Share(s)	Shareholding ratio (%)	
President	Republic of China	Ming-Dar Fang	Male	2019.02.01	4,907	0.002%	0	-	0	-	PhD in Chemical and Materials Engineering, National Kaohsiung University of Science and Technology Vice President of Production and Technology Department and Vice President of Administration Department, CSCC
Vice President of Administration Department	Republic of China	Yi-Hung Chen	Male	2021.10.31	0	-	0	-	0	-	Bachelor in Mechanical Engineering, National Sun Yat-sen University Project Head of China Steel Corporation
Vice President of Production and Technology Department	Republic of China	Wen-Liang Tseng	Male	2021.10.31	417	-	0	-	0	-	Master of Science in Chemical and Materials Engineering, National Kaohsiung University of Science and Technology Assistant Vice President of Production and Technology Department, CSCC
Head of the Finance Department (Note 1)	Republic of China	Li-Li Kuo	Female	2019.08.01	1,000	-	0	-	0	-	Master in Finance, National Sun Yat-sen University CSCC Deputy Department Head
Chief Auditor	Republic of China	Kuan-Jen Fang	Male	2021.11.30	0	-	3,119	0.001%	0	-	Bachelor in Accounting, Chung Yuan Christian University Manager of CSCC
Head of Research and Development Department	Republic of China	Chien-Kuang Tung	Male	2018.10.22	8,818	0.003%	8,000	0.003%	0	-	Master in Chemical Engineering, National Cheng Kung University Deputy Plant Manager of CSCC
Head of the Administration Department	Republic of China	Zhi-Jian Wang	Male	2025.11.01	0	-	0	-	0	-	Bachelor in Chemical Engineering, National Taiwan University of Science and Technology CSCC Deputy Department Head
Head of the Coal Chemical Commercial Department	Republic of China	Tong-A Lin	Male	2022.04.01	242	-	0	-	0	-	Bachelor in Textiles, Feng Chia University CSCC Deputy Department Head
Plant Manager of Coal Chemical Manufacturing Plant	Republic of China	Yung-Chuan Chen	Male	2024.12.01	25,136	0.011%	0	-	0	-	Master of Science in Safety, Health and Environmental Engineering, National Kaohsiung University of Science and Technology Department Head of CSCC
Deputy Plant Manager of Coal Chemical Manufacturing Plant	Republic of China	Teng-Mao Huang	Male	2024.12.21	0	-	3,000	0.001%	0	-	Master in Chemical Engineering, National Central University CSCC Supervisor
	Republic of China	Cheng-He Li	Male	2019.01.01	0	-	0	-	0	-	Bachelor in Mechanical Engineering, Chung Yuan Christian University CSCC Supervisor
Head of the Carbon Material Commercial Department	Republic of China	Jing-Liao Hsu	Male	2023.10.01	0	-	0	-	0	-	MBA, National Sun Yat-sen University Deputy Project Head for projects of China Steel Chemical Corporation
Head of the Industrial Safety and Hygiene Department	Republic of China	Wen-Bin Chiang	Male	2024.12.01	0	-	13,276	0.006%	0	-	Master in Chemical Engineering, National Tsing Hua University Plant Manager of CSCC
Plant Manager of Carbon Material Manufacturing Plant	Republic of China	Shun-Chi Hsu	Male	2020.02.01	913	-	1,000	-	0	-	Bachelor in Mechanical Engineering, National Sun Yat-sen University Deputy Plant Manager of CSCC
Deputy Plant Manager of Carbon Material Manufacturing Plant	Republic of China	Hsing-Yao Chou	Male	2024.12.21	68,619	0.03%	0	-	0	-	Bachelor in Chemical Engineering, Chung Yuan Christian University CSCC Supervisor
	Republic of China	Wen-Da Hong	Male	2025.03.08	1,000	-	0	-	0	-	Bachelor in Automatic Control Engineering, Feng Chia University CSCC Supervisor
Head of the Expansion Department	Republic of China	Chien-Ping Chao	Male	2025.02.01	0	-	0	-	0	-	Bachelor in Chemical Engineering, Chung Yuan Christian University Deputy Plant Manager of CSCC

Note 1: The Board of Directors approved the appointment of the Corporate Governance Officer on July 29, 2020, which is concurrently held by the Li-Li Kuo, the Head of the Finance Department.

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Current Positions at Other Companies	Managers Who Are Spouses or Within Two Degrees of Kinship			Notes (Note 2)
	Title	Name	Relationship	
Chairman: Ever Wealthy International Corporation, Changzhou China Steel New Materials Technology Co., Ltd. Director: China Steel Structure Co., Ltd., Pro-Ascentek Investment Corporation Supervisor: Eminent Venture Capital Corporation	None	None	None	N/A
Director of CHC Resources Corporation; Supervisor of Changzhou China Steel New Materials Technology Co., Ltd. and Transglory Investment Corporation	None	None	None	
Supervisor of Himag Magnetic Co., Ltd., Director of Changzhou China Steel New Materials Technology Co., Ltd.	None	None	None	
Supervisor of Li-Ching-Long Investment Corporation, Ding Da Investment Corporation, and Sheng Lih Dar Investment Corporation, and Director of Eminent III Venture Capital Corporation	None	None	None	
	None	None	None	
Director of Silican Battery Inc.	None	None	None	
	None	None	None	
	None	None	None	
	None	None	None	
	None	None	None	
Director of Yeong Long Technologies Co., Ltd.	None	None	None	
	None	None	None	
Director of Thintech Materials Technology Co., Ltd.	None	None	None	
	None	None	None	
	None	None	None	
	None	None	None	

Note 2: Should the Company's President, or individual with an equivalent role (highest-ranking manager) be the same individual, spouses, or relatives within the first degree of kinship to the Chairman of the Company, the Company shall specify related information regarding the reason, reasonableness, necessity, and response measures (e.g., appointment of additional Independent Directors and requiring that more than half of all Directors are not employees or managers).

II. Remuneration Paid to Directors, the President, and Vice President in the Latest Year:

(I) Remuneration of Directors and Independent Directors

Title	Name	Remuneration of Directors								Total remuneration (A+B+C+D) as a Percentage of Net Income After Tax (%)	
		Remuneration (A)		Severance Pay and Retirement Pension (B)		Remuneration of Director (C)		Business execution expenses (D)			
		The Company	All Companies in the Financial Report	The Company	All Companies in the Financial Report	The Company	All Companies in the Financial Report	The Company	All Companies in the Financial Report	The Company	All Companies in the Financial Report
Chairman	Chien-Chih Hwang (Representative of China Steel Corporation)										
Director	China Steel Corporation										
	International CSRC Investment Holdings Co., Ltd.										
	Hong-Yih Liou (Representative of China Steel Corporation)										
	Kuo-Hua Huang (Note 1) (Representative of China Steel Corporation)										
	Chih-Feng Lee (Note 1) (Representative of China Steel Corporation)	0	0	0	0	5,623	5,623	1,085	1,085	6,708 1.09%	6,708 1.09%
	Ming-Dar Fang (Representative of China Steel Corporation)										
	Kung-Yi Koo (Representative of International CSRC Investment Holdings Co., Ltd.)										
	Tien-Fu Chao (Representative of International CSRC Investment Holdings Co., Ltd.)										
Independent Director	Hsing-Shu Hsieh (Note 2)										
	Yuan-Hong Wang (Note 2)										
	Tsun-Tzu Hsu	1,847	1,847	0	0	0	0	536	536	2,383 0.39%	2,383 0.39%
	Li-Huang Lin (Note 2)										
	Yuh-Ming Yan (Note 2)										

- The Company is not required to disclose individual Directors and Supervisors' remuneration and is free to choose to disclose in aggregate or individually. It currently chooses to disclose in aggregate.
- The policy, system, standards and structure of the remuneration packages of the Independent Directors and explain the relevance of the amount of remuneration paid to them based on factors such as responsibility, risk and time commitment:
 - Independent directors are provided with fixed remuneration totaling NT\$50,000 per person per month. They do not collect the remuneration for Directors specified in Article 26 of the Articles of Incorporation. The Company's profit or loss does not affect the fixed remuneration of.
 - Independent Directors are required to attend meetings of the Board of Directors with transportation allowances paid by the Company.
 - Where Independent Directors serve as members of the functional committees of the Board of Directors, they shall attend the meetings of the functional committees and the Company shall pay attendance fees based on their actual attendance.
- Except as disclosed above, remuneration received by Directors in the most recent year for services provided (e.g., acting as a non-employee consultant of the parent company, all companies in the consolidated financial statements, or any investee): None.

Unit: NT\$ thousand, December 31, 2025

Relevant Remuneration Received by Directors who Are Also Employees								Total remuneration (A+B+C+D+E+F+G) as a Percentage of Net Income After Tax (%)	Compensation Paid to Directors from the Parent Company or an Invested Company Other than the Company's Subsidiary	
Salaries, Bonuses, and Allowances (E)		Severance Pay and Retirement Pension (F)		Employee Compensation (G)						
The Company	All Companies in the Financial Report	The Company	All Companies in the Financial Report	The Company		All Companies in the Financial Report				
				Amount in Cash	Amount in Stock	Amount in Cash	Amount in Stock	The Company	All Companies in the Financial Report	
4,708	4,765	108	108	627	0	627	0	12,151 1.97%	12,208 1.98%	14,359
0	0	0	0	0	0	0	0	2,383 0.39%	2,383 0.39%	0

- Note: (1) China Steel Corporation appointed Chih-Feng Lee to replace Kuo-Hua Huang as its representative on November 3, 2025.
(2) Independent directors Yuan-Hong Wang and Hsing-Shu Hsieh were replaced by Li-Huang Lin and Yuh-Ming Yan after the Directors election during the shareholders' meeting on June 17, 2025.
- The remuneration of Directors and Independent Directors only includes the remuneration received by the Institutional Director and its representative during its term of service as a director in 2025.
- The remuneration of the Company's directors shall be paid in full by the corporate directors, and the travel expenses shall be shared by the corporate legal person and the representative according to the agreed proportion.
- All companies referred to in the consolidated financial statements include the Company.
- The Directors (legal persons and representatives) of the Company do not receive retirement pensions upon retirement. However, for the representatives of legal person Directors who also serve as employees, a retirement pension of NT\$108 thousand was contributed in accordance with the law in 2025.
- As of the date of publication, all balances and employee bonuses reported are estimates.

Remuneration Range Table

Range of Remunerations Paid to Directors of the Company	Name of Director	
	Total of (A+B+C+D)	
	The Company	All Companies in the Financial Report
Less than NT\$ 1,000,000	Chien-Chih Hwang, Horng-Yih Liou, Kuo-Hua Huang, Chih-Feng Lee, Ming-Dar Fang, Kung-Yi Koo, Tien-Fu Chao, Hsing-Shu Hsieh, Yuan-Hong Wang, Tsun-Tzu Hsu, Li-Huang Lin, and Yuh-Ming Yan	Chien-Chih Hwang, Horng-Yih Liou, Kuo-Hua Huang, Chih-Feng Lee, Ming-Dar Fang, Kung-Yi Koo, Tien-Fu Chao, Hsing-Shu Hsieh, Yuan-Hong Wang, Tsun-Tzu Hsu, Li-Huang Lin, and Yuh-Ming Yan
NT\$ 1,000,000 to NT\$ 1,999,999	International CSRC Investment Holdings Co., Ltd.	International CSRC Investment Holdings Co., Ltd.
NT\$ 2,000,000 to NT\$ 3,499,999	None	None
NT\$ 3,500,000 to NT\$ 4,999,999	China Steel Corporation	China Steel Corporation
NT\$ 5,000,000 to NT\$ 9,999,999	None	None
NT\$ 10,000,000 to NT\$ 14,999,999	None	None
NT\$ 15,000,000 to NT\$ 29,999,999	None	None
NT\$ 30,000,000 to NT\$ 49,999,999	None	None
NT\$ 50,000,000 to NT\$ 99,999,999	None	None
Over NT\$ 100,000,000	None	None
Total (number of people in each bracket)	14	14

Note: Director remuneration provided by the Company is fully paid to directors who are juridical persons. Remuneration includes salaries and employee bonuses for representatives of Corporate Directors who are concurrently employees of the Company.

Total of (A+B+C+D+E+F+G)	
The Company	All Companies in the Financial Report
Chien-Chih Hwang, Horng-Yih Liou, Kuo-Hua Huang, Chih-Feng Lee, Kung-Yi Koo, Tien-Fu Chao, Hsing-Shu Hsieh, Yuan-Hong Wang, Tsun-Tzu Hsu, Li-Huang Lin, and Yuh-Ming Yan	Chien-Chih Hwang, Horng-Yih Liou, Kuo-Hua Huang, Chih-Feng Lee, Kung-Yi Koo, Tien-Fu Chao, Hsing-Shu Hsieh, Yuan-Hong Wang, Tsun-Tzu Hsu, Li-Huang Lin, and Yuh-Ming Yan
International CSRC Investment Holdings Co., Ltd.	International CSRC Investment Holdings Co., Ltd.
None	None
China Steel Corporation	China Steel Corporation
Ming-Dar Fang	Ming-Dar Fang
None	None
None	None
None	None
None	None
None	None
14	14

(II) Remuneration of the President and Vice President

Title	Name	Salary (A)		Severance Pay and Retirement Pension (B)		Bonus and Allowance (C)	
		The Company	All Companies in the Financial Report	The Company	All Companies in the Financial Report	The Company	All Companies in the Financial Report
President	Ming-Dar Fang	7,400	7,400	485	485	4,121	4,276
Vice President of Administration Department	Yi-Hung Chen						
Vice President of Production and Technology Department	Wen-Liang Tseng						

1. All companies referred to in the consolidated financial statements include the Company.
2. As of the date of publication, all balances and employee bonuses reported are estimates.

Remuneration Range Table

Range of Remuneration Paid to the President and Vice Presidents of the Company	Names of the President and Vice President	
	The Company	The parent company and all investees
Less than NT\$ 1,000,000	None	None
NT\$ 1,000,000 to NT\$ 1,999,999	None	None
NT\$ 2,000,000 to NT\$ 3,499,999	None	None
NT\$ 3,500,000 to NT\$ 4,999,999	Yi-Hung Chen, Wen-Liang Tseng	Yi-Hung Chen, Wen-Liang Tseng
NT\$ 5,000,000 to NT\$ 9,999,999	Ming-Dar Fang	Ming-Dar Fang
NT\$ 10,000,000 to NT\$ 14,999,999	None	None
NT\$ 15,000,000 to NT\$ 29,999,999	None	None
NT\$ 30,000,000 to NT\$ 49,999,999	None	None
NT\$ 50,000,000 to NT\$ 99,999,999	None	None
Over NT\$ 100,000,000	None	None
Total (number of people in each bracket)	3	3

Unit: NT\$ thousand, December 31, 2025

Employee Compensation (D)				Total remuneration (A+B+C+D) as a Percentage of Net Income After Tax		Compensation Paid to Directors from the Parent Company or an Invested Company Other than the Company's
The Company		All Companies in the Financial Report		The Company	All Companies in the Financial Report	
Amount in Cash	Amount in Stock	Amount in Cash	Amount in Stock			
1,631	0	1,631	0	13,637 2.21%	13,792 2.24%	23

(III) Name of the Managers Distributing the Remuneration of Employees and the Distribution

Unit: NT\$ thousand, December 31, 2025

Title	Name	Amount in Stock	Amount in Cash	Total	Total Amount as a Percentage of Net Income After Tax
President	Ming-Dar Fang	0	1,631	1,631	0.26%
Vice President of Administration Department	Yi-Hung Chen				
Vice President of Production and Technology Department	Wen-Liang Tseng				

(IV) Analysis of remuneration to Directors, Independent Directors, and managers of the Company as a percentage of the standalone net income after tax, explanations of remuneration policies, standards and combinations, the procedures for determining remuneration, and association with business performance and future risks are provided below:

Title	Total remuneration as a Percentage of Standalone Net Income After Tax (%)			
	2025		2024	
	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements
Director	1.97%	1.98%	2.17%	2.18%
Independent Director	0.39%	0.39%	0.19%	0.19%
Manager	2.21%	2.24%	1.45%	1.47%

The connections between the policy, standards, and package of remuneration payment, procedures for determining the remuneration, and operating performance and future risks:

1. Directors: The traffic allowance of Directors, the compensation of Independent Directors, and the salary of the Chairman shall be determined by the Board with reference to the standards within the industries and of listed companies. The remuneration of Directors include the remuneration of Directors and allowance for business execution, and the distribution ratio for the remuneration of Directors (excluding Independent Directors) shall be subject to the requirements under Article 26 of the Company's Articles of Incorporation: "Where the Company recorded any profit for the year, the Board shall resolve to appropriate no less than 1‰ as the remuneration to employees and no more than 1% as that to Directors; the distribution targets for the remuneration of employees include employees of subsidiaries fulfilling certain conditions. When the Company has accumulated losses, the reserve shall be retained in advance before allocating the remuneration of employees and remuneration of Directors according to the ratio in the previous paragraph." For the remuneration of an individual Director (excluding Independent Directors), the results of the Directors' performance evaluation based on Article 9 of the Company's Board of Directors Performance Evaluation Guidelines are the basis for determining the remuneration allocation of the individual Director. The evaluation aspects include: Understanding of the Company's goals and tasks, understanding of the duties and functions of Directors, level of participation in corporate operations, internal relationship management and communication, professional and continuing education for Directors, and internal control. The Company completed its Directors' performance evaluation for 2025, and established the principles for allocating the remuneration of Directors based on the Board of Directors Performance Evaluation Guidelines; subsequently, the Company will distribute it following the distribution principles after the amount to be distributed is calculated with the weights converted to on the basis of individual Directors' performance evaluation findings. Independent Directors receive fixed compensation monthly without participating in

the distribution of Directors' remuneration mentioned above. Directors of the Company acting as managers or employees shall receive salaries in accordance with the "Salary and Wage Regulations."

2. President and Vice President: The remuneration paid to the President and Vice President includes salary, bonus, severance pay and retirement pension, plus remuneration of employees. The distribution of salaries is based on the Salary and Wage Regulations, Regulations Governing the Surplus Initiative, and examination system. At the beginning of the year, the Company's business targets and items of performance examination will be established according to the power and responsibilities and positions, and the bonus is provided at the end of the year based on the actual achievement and contributions. Relevant performance examination and the fairness of the compensation shall be reviewed by the Remuneration Committee and the Board, and shall be examined according to the actual operating status and the changes in laws and regulations in due course, so as to strike a balance between the Company's sustainable operations and risk control.

3. The Company's policy on linking senior managers' remuneration with ESG-related performance evaluations:

The chemical industry is an energy-intensive, high-emission, and high occupational safety industry. Its operations involve hazardous chemical processing, energy use, greenhouse gas emissions, and wastewater, exhaust gas management, etc. Its sustainability performance is closely related to the company's operational safety, financial performance, and society.

The Company has incorporated the achievement of sustainability-related goals (including climate-related risks and opportunities) and indicators into the annual KPI performance evaluation of senior managers (President and Vice Presidents), so that managers will achieve the sustainability targets. The goals and indicators are reported to the Remuneration Committee and Board of Directors for approval, and the achievement of managers' sustainability KPI is linked to year-end performance evaluation and bonuses. The implementation status of the annual ESG plan and various ESG items is also reported to the Corporate Governance and Sustainability Committee and the Board of

Directors to monitor the Company's effectiveness in implementing ESG. The remuneration of senior managers is divided into a fixed part and a variable part, in which 10% of the variable part of employee compensation is linked to ESG performance. All ESG targets for 2025 have been achieved, exceeding the KPI targets. The sustainability targets for managers in 2025 are explained below:

(1) Environmental (E):

Energy management, energy conservation and emission reduction, waste and hazardous waste management, air pollution emissions and management, and water resource and wastewater management.

(2) Social (S):

Occupational safety and the goal of zero accidents, employee development and retention, supply chain sustainability management, employee health promotion goals, goals for communication or interaction with the labor union, and goals for social welfare and fostering of harmonious community relations.

(3) Governance (G):

The Company's goals for operational and financial performance, development of intelligent and core technologies, linking the government's sustainable development policies with the corporate governance evaluation, intellectual property protection and cybersecurity, climate-related risks and opportunities, and other corporate governance-related goals.

III. Corporate Governance

(I) Board of Directors' Operations

The 12-term and 13-term Board of Directors held 6 meetings between January 2025 and December 2025; the attendance of Directors is as follows:

Title		Name		Attendance in Person	Attendance by Proxy	Expected Attendance	Attendance in Person Rate (%)	Notes
12th and 13th term	Chairman	Representative of China Steel Corporation	Chien-Chih Hwang	8	0	8	100	
	Director	Representative of China Steel Corporation	Hornng-Yih Liou	8	0	8	100	
	Director	Representative of China Steel Corporation	Kuo-Hua Huang	7	0	7	100	2025.11.03 The representative was changed to Chih-Feng Lee
			Chih-Feng Lee	1	0	1	100	
	Director	Representative of China Steel Corporation	Ming-Dar Fang	8	0	8	100	
	Director	Representative of International CSRC Investment Holdings Co., Ltd.	Kung-Yi Koo	7	1	8	88	
	Director	Representative of International CSRC Investment Holdings Co., Ltd.	Tien-Fu Chao	8	0	8	100	
Independent Director	Tsun-Tzu Hsu		8	0	8	100		
12th Term	Independent Director	Hsing-Shu Hsieh		2	1	3	67	
	Independent Director	Yuan-Hong Wang		3	0	3	100	
13th Term	Independent Director	Li-Huang Lin		5	0	5	100	Elected in the 2025 Annual General Meeting
	Independent Director	Yuh-Ming Yan		5	0	5	100	Elected in the 2025 Annual General Meeting

Other matters that should be documented:

1. When the operation of the Board of Directors is found with one of the following conditions, the date, session No., details of proposals, opinions of all Independent Directors and how the Company handles the opinions shall be stated:
 - (1) Items specified in Article 14-3 of the Securities and Exchange Act:

Date and term of the Board meeting	Content	Opinions from the Independent Directors	Measures Adopted in Response to the Opinions from the Independent Directors
2025.02.24 18th meeting of the 12th-term Board of Directors	Discussion 2: Proposed Directors' remuneration and employee bonuses for 2024.	No opinion was expressed	N/A
	Discussion 3: 2024 Earnings Distribution Proposal.	No opinion was expressed	N/A
	Discussion 7: 2024 internal control system declaration.	No opinion was expressed	N/A
	Discussion 8: Evaluation of Independence of the CPAs responsible for the Company's 2025 Financial Report.	No opinion was expressed	N/A
	Discussion 10: The Company's 500-ton advanced carbon materials plant expansion proposal.	No opinion was expressed	N/A
	Discussion 11: The Company's 240-ton isotropic graphite plant expansion proposal.	No opinion was expressed	N/A
2025.04.29 19th meeting of the 12th-term Board of Directors	Discussion 4: Proposal to donate to the CSC Group Education Foundation.	No opinion was expressed	N/A
	Discussion 5: Results of 2024 annual performance evaluation results of managers and year-end finalized distribution of incentives with 2024 earnings.	No opinion was expressed	N/A
2025.05.23 20th meeting of the 12th-term Board of Directors	Discussion 1: Civil engineering and steel structure construction and material procurement for the advanced carbon materials and isotropic graphite plant.	No opinion was expressed	N/A
2025.06.17 1st meeting of the 13th-term Board of Directors	Election: Election of the Chairman: Director Chien-Chih Hwang was elected as the Chairman.	No opinion was expressed	N/A
	Discussion 3: Please discuss the plan to sign a "cooperation agreement" with National Chengchi University.	No opinion was expressed	N/A
2025.12.23 5th meeting of the 13th-term Board of Directors	Discussion 2: 2026 internal audit plan.	No opinion was expressed	N/A
	Discussion 3: Proposed renewal of land lease for the coal chemical manufacturing plant.	No opinion was expressed	N/A
	Discussion 4: Proposed renewal of office building lease for the headquarters.	No opinion was expressed	N/A
	Discussion 6: Proposal for the salary rise for 2025 for managers.	No opinion was expressed	N/A

(2) Besides those stated above, other matters decided through the Board of Directors meeting, for which Independent Directors expressed opposition or qualified opinions that were recorded or declared in writing: None.

2. For the enforcement of recusal upon conflicts of interest among directors, the name of the Director, details of the proposal, reason for the recusal, and participation in the voting process or not shall be described:

- (1) The 19th meeting of the 12th-term Board of Directors on April 29, 2025 discussed the proposal to donate to the CSC Group Education Foundation. Chairman Chien-Chih Hwang and Director Ming-Dar Fang recused themselves and did not participate in the discussion and voting due to a conflict of interest. During the discussion of the Company's 2024 manager performance evaluation results and distribution of 2024 earnings as performance bonuses, President Ming-Dar Fang, Vice President Yi-hung Chen, Vice President Wen-Liang Tseng, and Department Head Li-Li Kuo recused themselves due to a conflict of interest, and did not participate in the discussion and voting in accordance with the Company's Rules of Procedure for Board of Directors' Meetings.
- (2) During the discussion on the plan to sign a "cooperation agreement" with National Chengchi University during the first meeting of the 13th-term Board of Directors on June 17, 2025, Independent Director Yuh-Ming Yan recused himself due to a conflict of interest in accordance with the Company's Rules of Procedure for Board of Directors' Meetings.
- (3) During the discussion on the lease of the CSC coal tar plant and headquarters building at the fifth meeting of the 13th-term Board of Directors on December 23, 2025, Chairman Chien-Chih Hwang, Director Horng-Yih Liou, and Director Chih-Feng Lee did not participate in the discussion and voting. During the discussion on adjustment of salaries for the President, Vice President, and Corporate Governance Officer for 2025, President Ming-Dar Fang, Vice President Yi-Hung Chen, Vice President Wen-Liang Tseng, and Department Head Li-Li Kuo recused themselves in accordance with the Company's Rules of Procedure for Board of Directors' Meetings.

All of the proposals above were approved by attending Directors.

3. Companies listed on the TWSE and TPEX shall disclose the frequency and period, scope, evaluation method, and evaluation items for Board of Directors self (or peer) evaluation. Please describe how these evaluations have been implemented:

The Company has established the Board of Directors Performance Evaluation Guidelines for the annual internal performance evaluation of the Board of Directors. The Company shall appoint an external professional independent agency or a team of external experts and scholars to conduct an external performance evaluation at least once every three years. The scope of the evaluation includes the performance evaluation of the Board as a whole, individual Directors, and functional committees.

(1) Date of Board performance evaluations in the past three years

Year	Evaluation Cycle	Date of Evaluation or Report to the Board of Directors	Evaluated by
2023	2023.01.01~2023.12.30	2024.02.26	Self-evaluation by the Company
2024	2024.01.01~2024.12.30	2025.02.24	Self-evaluation by the Company
	2023.01.01~2024.10.31.	2024.12.10	Taipei Foundation of Finance
2025	2025.01.01~2025.12.30	2026.02.24	Self-evaluation by the Company

(2) External evaluation in 2024:

Evaluation Cycle	Evaluation Period	Scope of Evaluation	Method of Evaluation	Content of Evaluation
At least once every three years.	From January 01, 2023 to October 31, 2024	Board of Directors, Remuneration Committee, Audit Committee, Corporate Governance and Sustainability Committee.	Taipei Foundation of Finance reviewed documents provided by the Company for the evaluation and assigned three evaluation experts to conduct an on-site visit at the Company on December 10, 2024. They interviewed the Company's Chairman, convener of the functional committees of the Board of Directors, President, Corporate Governance Officer, and Chief Auditor.	The operation of the Company's Board of Directors is reviewed based on seven performance evaluation indicators, including protection of shareholder rights, strengthening the structure and operation of the Board of directors, participation in company operations, improving the quality of Board decision-making, improving information transparency, internal control, and promoting sustainable development.

Recommendations provided by external experts after evaluation in 2024 and improvements:

Expert recommendation	Improvement
Recommendation 1: Follow the development strategy of the Group, actively plan the succession plan for Board members and key management roles, and propose an appropriate and competitive salary and benefits system.	The Company has established a succession plan for key management roles and continues to organize training sessions. The Company also adjusts salaries appropriately based on its business situation.
Recommendation 2: Strengthen the implementation of the Taiwan Intellectual Property Management System (TIPS) and improve the management of new product development and trade secret verification mechanisms.	The Company has obtained TIPS certification and continues to implement confidential document protection and training to raise employees' awareness to protect confidential documents.
Recommendation 3: It is recommended to appropriately increase audit personnel and introduce an audit information system to have the steady growth of business activities, and improve audit management by quickly adapting to changes in laws and regulations.	The Company appropriately adjusts the number of audit personnel based on the workload of audit operations, and currently has not increased the number of audit personnel.

(3) Internal evaluation in 2025:

Evaluation Cycle	Evaluation Period	Scope of Evaluation	Method of Evaluation	Content of Evaluation
Executed once a year.	The performance of the Board of Directors from January 1, 2025 to December 31, 2025 was evaluated.	Board of Directors, Individual Directors, Remuneration Committee, Audit Committee, Corporate Governance and Sustainability Committee	Through a self-evaluation pursuant to the "Company's Board of Directors Performance Evaluation Guidelines."	① The item of measurement for the performance evaluation of the Company's Board includes five major aspects as follows: Participation in company operations; Improvement of the quality of the Board of Directors' decision making; Composition and structure of the Board of Directors; Election and continuing education of Directors; Internal control. ② The item of measurement for the performance evaluation of the Company's Directors includes six major aspects as follows: Understanding of the Company's goals and tasks; Understanding

Evaluation Cycle	Evaluation Period	Scope of Evaluation	Method of Evaluation	Content of Evaluation
				<p>of the duties and functions of Directors; Participation in company operations; Internal relationship management and communication; Professional and continuing education for Directors; Internal control.</p> <p>③ The item of measurement for the performance evaluation of the Company's Audit Committee, Remuneration Committee and Corporate Governance and Sustainability Committee includes five major aspects as follows: Participation in company operations; Understanding of the duties of the functional committee; Improvement of the quality of the functional committee's decisions; Functional committee composition and election of members; Internal control.</p> <p>④ The item of measurement for the performance evaluation of the Company's Audit Committee, Remuneration Committee and Corporate Governance and Sustainability Committee includes five major aspects as follows: Participation in company operations; Understanding of the duties of the functional committee; Improvement of the quality of the functional committee's decisions; Functional committee composition and election of members; Internal control.</p>

The 2025 Board of Directors performance evaluation (including its functional committees) consisted of five categories in total. Each category consisted of 20 self-assessment indicators. Each self-assessment indicator had a full score of 5. The evaluation results are summarized as follows:

Self-evaluation Item	Average Score for Each Indicator	Total Average Score for the Questionnaire:
Board of Directors	4.94	98.89
Director members	4.92	98.33
Audit Committee	4.75	95
Remuneration Committee	4.80	96
Corporate Governance and Sustainability Committee	4.91	98.25

4. Reinforced assessments of functional objectives of the Board of Directors and implementation status of the objectives of the specific year and the most recent year:
 - (1) The Company has established the Rules of Procedures for Board of Directors Meetings to be followed by its Board of Directors.
 - (2) The Company has established the Standard Operating Procedures for Processing Directors' Requirements to assist Directors in executing their duties and improve the efficacy of the Board.
 - (3) A future event table was introduced to review the Company's 10-year business development strategy and the major challenges it may face in the future. In 2025, the Company will continue to prepare the strategies and detailed plans for the next ten years.
 - (4) All major proposals passed by the Company's Board are announced and declared in accordance with the requirements.
 - (5) The Company discloses its monthly unaudited profit or loss on its website.
 - (6) The Company arranged the communication between, and the report of CPAs, Chief Auditor of the Company, to the Independent Directors of the Company.
 - (7) The Company reported to the Board regarding the execution results on the Company's ESG, operations and execution of corporate ethical management, and concerns of stakeholders and responses, and passed the 2024 Sustainability Report.

- (8) The Company reported to the Board regarding the intellectual property management plan connected to the operating targets and its execution and established an intellectual property system that includes intellectual property management policies, targets, and systems connected to operating strategies.
 - (9) Identify and manage risks, reporting to the Board of Directors every six months on risk management.
 - (10) Report to the Board of Directors how measures for reducing carbon emissions and taking inventory of greenhouse gases have been implemented.
 - (11) Present the 2025 Information Security Report to the Board of Directors.
 - (12) Approved proposal on significant capital expenditures.
 - (13) The Board of Directors promoted the prevention of insider trading workplace sexual harassment.
5. Corporate Governance and Sustainability Committee
- (1) Professional background of committee members: The Corporate Governance and Sustainability Committee consists of four Directors, three of whom are Independent Directors: Convener Tsun-Tzu Hsu, who has experience in economic analysis and ESG practices; Committee Member Yuh-Ming Yan, who has a legal background and is a lawyer; and Committee Member Li-Huang Lin, who has a background in accounting and is a certified public accountant. The other member is the Company's President, who has practical experience in ESG and risk management. The committee members meet the corporate governance and sustainability expertise required by the committee.
 - (2) In order to implement policies on sustainable operations and improve risk management, the responsibilities of the Committee include:
 - ① Implement and strengthen corporate governance organizations and systems.
 - ② Advocate for and implement ethical management.
 - ③ Promote and develop sustainable development policies and sustainable management measures.

- ④ Implement and assist in monitoring risk management measures.
 - ⑤ Plan and promote energy conservation, carbon reduction, and carbon neutrality measures.
 - ⑥ Work on other related matters approved by the Board of Directors.
- (3) The risk management policies and procedures are approved by the Board of Directors. Please refer to the Company's website for details of these policies and procedures and their implementation status in 2025.

https://www.csc.com.tw/download/Risk_management.pdf

- (4) Operations of the Corporate Governance and Sustainability Committee in 2025

In 2025, the Corporate Governance and Sustainability Committee convened a total of three meetings. The Committee mainly reviewed the ESG plan for 2026 and the ESG implementation status in the first half of 2025, stakeholder communication in 2024, the Company's risk management and carbon reduction operations, carbon inventory, and 2024 climate risk/opportunity management. The Committee also passed the 2024 Sustainability Report. The attendance of the 2025 meeting is shown in the table below.

	Title	Name	Actual Attendance	Attendance by Proxy	Actual Attendance Rate (%)	Notes
12th Term	Independent Director (Convener)	Tsun-Tzu Hsu	1	0	100	
	Independent Director	Yuan-Hong Wang	1	0	100	
	Independent Director	Hsing-Shu Hsieh	1	0	100	
	Committee Member (Director)	Ming-Dar Fang	1	0	100	
13th Term	Independent Director (Convener)	Tsun-Tzu Hsu	2	0	100	
	Independent Director	Li-Huang Lin	2	0	100	
	Independent Director	Yuh-Ming Yan	2	0	100	
	Committee Member (Director)	Ming-Dar Fang	2	0	100	

- (5) Sustainable development management policy:
- ① Protect shareholders equity, and provide transparent operating information on business operations.
 - ② Understand customer needs and increase customer satisfaction.
 - ③ Strengthen corporate governance and balance relevant interests.
 - ④ Effectively utilize resources, and develop green and environmentally friendly products.
 - ⑤ Prioritize environmental protection, and reduce greenhouse gas emissions.
 - ⑥ Prioritize workplace health and safety, and establish a safe working environment.
 - ⑦ Abide by laws and regulations, and comply with government public policies.
 - ⑧ Optimize the supply chain and enhance sustainable core competitiveness.
 - ⑨ Respect human rights, and create a harmonious and fair working atmosphere.
 - ⑩ Care for the community, support public welfare, and promote social harmony.

(6) Strategies and goal setting:

The Company's sustainability goals and strategies are submitted to the Committee and the Board of Directors every year. Related information can be found in the ESG section of the Company's website, link:

<https://www.csc.com.tw/csr.htm>

(7) Risk Management and ESG Review:

The Company reports to the Committee and the Board of Directors every six months on the implementation status of risk management and how ESG measures and other related matters have been implemented for review.

(II) Operations of the Audit Committee

The Company established the Audit Committee on June 24, 2019. After the 13th-term Board of Directors was elected in 2025, Hsing-Shu Hsieh and Yuan-Hong Wang were replaced by Li-Huang Lin and Yuh-Ming Yan as committee members. The Board selected three Independent Directors to serve as members of the Audit Committee. Independent Director Li-Huang Lin was nominated and elected by the Committee as the convener. Convener Li-Huang Lin is a practicing CPA, Committee Member Yuh-Ming Yan is an associate professor at the College of Law, National Chengchi University and has lawyer qualifications, and Committee Member Tsun-Tzu Hsu is the director of the Taiwan ASEAN Studies Center (TASC) at the Chung-Hua Institution for Economic Research. All Committee Members are thus specialized and experienced experts. In 2025, the 12th-term and 13th-term Audit Committee under the Board of Directors met 6 times. Attendance records for Independent Directors are as follows:

Title		Name	Actual Attendance	Attendance by Proxy	Actual Attendance Rate (%)	Notes
12th Term	Independent Director (Convener)	Hsing-Shu Hsieh	3	0	100	
	Independent Director	Yuan-Hong Wang	3	0	100	
	Independent Director	Tsun-Tzu Hsu	3	0	100	
13th Term	Independent Director (Convener)	Li-Huang Lin	3	0	100	
	Independent Director	Tsun-Tzu Hsu	3	0	100	
	Independent Director	Yuh-Ming Yan	3	0	100	

1. The key work performed by the Audit Committee during the year is summarized as follows:
 - (1) Financial reports: Reviewed the 2025 business reports, and standalone and consolidated financial statements and earnings distribution proposal each quarter. These reports were submitted to the Board of Directors for approval, and also submitted to the Shareholders' Meeting alongside the review reports.
 - (2) Validity of the internal control system: Evaluated the effectiveness of policies and procedures of the Company's internal control system (including control measures for finance, operation, risk management, information security, outsourcing, and legal

compliance) and reviewed the Company's Audit Department, CPAs, and the regular reports from the management (including risk management and legal compliance). The Audit Committee considers that the Company's risk management and internal control systems are effective, and the Company had adopted necessary control mechanisms to supervise and correct default behaviors.

- (3) Evaluation of CPA independence: In order to maintain the independence of the Company's accountants, the Committee evaluated the independence of CPAs Chao-Chun Wang and Hung-Ju Liao.
 - (4) Approval of major investment projects of the Company: Proposal to construct an advanced carbon materials plant with an annual capacity of 500 metric tons, proposal to construct an isotropic graphite plant with an annual production capacity of metric 240 tons.
 - (5) Transactions with related parties: Donation to the CSC Group Education Foundation, renewal of lease from CSC for land of the coal tar plant and headquarters building, civil engineering and steel structure construction and material procurement for the advanced carbon materials and isotropic graphite plant.
 - (6) Distribution of earnings: Reviewed the 2024 earnings distribution proposal.
 - (7) Significant funds lending, endorsements or guarantees: There was no significant loan, endorsement, or guarantee during 2025.
2. Other matters that should be documented:
- (1) When the Audit Committee is found with one of the following conditions, the date of the Audit Committee meeting, session No., details of proposals, adverse opinions, qualified opinions, or major suggestions from Independent Directors, decisions made by the Audit Committee, and how opinions from the Audit Committee were addressed shall be specified.
 - ① Matters specified in Article 14-5 of the Securities and Exchange Act:

Date and Term for the Audit Committee Meeting	Content	Opinions or Major Suggestions Expressed by Independent Directors	Resolution Results Made by the Audit Committee
2025.02.24 16th meeting of the Audit Committee under the 12th-term Board of Directors	Discussion 1: 2024 Business Report, Financial Report, and Consolidated Financial Statements	No opinion was expressed	Passed by all Committee members in attendance.
	Discussion 2: Distribution of 2024 earnings.	No opinion was expressed	Passed by all Committee members in attendance.
	Discussion 3: 2024 Proposal for Cash Distribution from the Legal Surplus Reserve.	No opinion was expressed	Passed by all Committee members in attendance.
	Discussion 4: 2024 internal control system declaration.	No opinion was expressed	Passed by all Committee members in attendance.
	Discussion 5: Evaluation of Independence of the CPAs responsible for the Company's 2025 Financial Report.	No opinion was expressed	Passed by all Committee members in attendance.
	Discussion 6: The proposal to construct an advanced carbon materials plant with an annual production capacity of metric 500 tons.	No opinion was expressed	Passed by all Committee members in attendance.
	Discussion 7: The proposal to construct an isotropic graphite plant with an annual production capacity of 240 metric tons.	No opinion was expressed	Passed by all Committee members in attendance.
2025.04.29 17th meeting of the Audit Committee under the 12th-term Board of Directors	Discussion 1: The Company's consolidated financial report for the first quarter of 2025	No opinion was expressed	Passed by all Committee members in attendance.
	Discussion 2: Proposal to donate to the CSC Group Education Foundation.	No opinion was expressed	Passed by all Committee members in attendance.
2025.05.22 18th meeting of the Audit Committee under the 12th-term Board of Directors	Discussion 1: Civil engineering and steel structure construction and material procurement for the advanced carbon materials and isotropic graphite plant	No opinion was expressed	Passed by all Committee members in attendance.

Date and Term for the Audit Committee Meeting	Content	Opinions or Major Suggestions Expressed by Independent Directors	Resolution Results Made by the Audit Committee
2025.07.29 1st meeting of the Audit Committee under the 13th-term Board of Directors	Discussion 1: Consolidated financial statements for the second quarter of 2025.	No opinion was expressed	Passed by all Committee members in attendance.
2025.10.30 2nd meeting of the Audit Committee under the 13th-term Board of Directors	Discussion 1: Consolidated financial statements for the third quarter of 2025.	No opinion was expressed	Passed by all Committee members in attendance.
2025.12.23 3rd meeting of the Audit Committee under the 13th-term Board of Directors	Discussion 1: 2025 internal audit plan.	No opinion was expressed	Passed by all Committee members in attendance.
	Discussion 2: Proposal to lease land from CSC for the Coal Tar Plant.	No opinion was expressed	Passed by all Committee members in attendance.
	Discussion 2: Proposal to lease office in the CSC headquarters building.	No opinion was expressed	Passed by all Committee members in attendance.
Measures adopted by the Company in response to the opinions from the Audit Committee: The proposals above were all approved by all members of the Audit Committee, and relevant recommendations were handled according to instructions.			

- ② In addition to the matters above, other resolutions that have not been approved by the Audit Committee but have been passed by a vote of two-thirds or more of the entire Board of Directors:
None.
- (2) For the execution of Independent Directors abstaining from resolution in which they hold stakes, the names of the Independent Directors, the content of the resolutions, the reason of abstention due to a conflict of interests, and the participation in voting: None.
- (3) Communication between Independent Directors and Chief Auditor and CPAs:
- ① Regular meetings for Independent Directors and CPAs are held at least twice a year. CPAs report to Independent Directors regarding the Company's financial position, financial and

overall operations of foreign and domestic subsidiaries, corporate governance, and audits on internal control, and communicate on whether there are major adjustment entries or whether the amendments to laws and regulations affect the accounting methods in detail. The meeting may be convened at any time upon any major abnormal event.

- ② The Chief Auditor and Independent Directors met after each Audit Committee meeting to give a presentation on the internal audit implementation status and internal control status. The meeting may be convened at any time upon any major abnormal event.
- ③ Summary of Prior Communication between the Independent Directors and CPAs of 2025

Date	Communication Focus	Opinions from the Independent Directors	Measures Adopted in Response to the Opinions from the Independent Directors
2025.02.24 After Audit Committee Meeting	A. CPAs provided explanations for significant risks, key audit matters, and the results of audits on the financial statements for 2024. B. CPAs carried out discussions and exchanges regarding questions proposed.	No opinion was expressed.	Not applicable.
2025.12.23 After Audit Committee Meeting	A. 2025 Transparency Report. B. 2024 Audit quality indicator report. C. 2025 audit plan items.	No opinion was expressed.	Not applicable.

- ④ Summary of Prior Communication between the Independent Directors and the Chief Auditor of 2025

Date	Communication Focus	Opinions from the Independent Directors	Measures Adopted in Response to the Opinions from the Independent Directors
2025.02.24 After Audit Committee Meeting	Report on internal audits conducted on and deficiency improvement items for subsidiary supervision, legal compliance, derivative product transactions, sales and receivable collection,	No opinion was expressed.	Not applicable.

Date	Communication Focus	Opinions from the Independent Directors	Measures Adopted in Response to the Opinions from the Independent Directors
	endorsement/guarantee and lending to others in the fourth quarter of 2024, and budget management.		
2025.04.29 After Audit Committee Meeting	Report on internal audits conducted on and deficiency improvement items for payroll, safety and health operations, waste, air pollution and toxic chemical management, procurement and payment, maintenance and repair, and derivatives trading.	No opinion was expressed.	Not applicable.
2025.07.29 After Audit Committee Meeting	Report on internal audits conducted on and deficiency improvement items for investments, financing, endorsements/guarantees and lending, derivatives trading, property, plant and equipment, production operations, R&D, and accounting.	No opinion was expressed.	Not applicable.
2025.10.30 After Audit Committee Meeting	Report on internal audits conducted on and deficiency improvement items for Board of Directors' meeting agenda items, endorsement/guarantee and lending to others, control of information and communications security reviews, warehouse management, project outsourcing and management, document management, transactions of financial derivatives, budget management, etc.	Suggestions for improvement regarding project outsourcing	The project outsourcing regulations have been revised.
2025.12.23 After Audit Committee Meeting	Report on internal audits conducted on and deficiency improvement items for 8 items, including transactions with related parties, management of financial statements preparation, endorsements/guarantees and lending, transactions of financial derivatives, functional committee operations, management operations for prevention of insider trading, and sustainability report preparation and verification procedures.	No opinion was expressed.	Not applicable.

(III) Operations of Corporate Governance and Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof

Evaluation Item	Operation			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Description	
I. Has the Company established and disclosed its Corporate Governance Best Practice Principles based on the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies"?	Yes		The Company established and disclosed its Corporate Governance Best Practice Principles in March 2018. In response to the subsequent amendments to relevant regulations, the Company made updates in due course. After the latest amendments made in May 2022 the Company's Corporate Governance Best Practice had been disclosed on the MOPS and the Company's website.	No significant deviation from the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies."
II. Equity structure and shareholders' interests of the Company				No deviation from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.
(I) Has the Company established an internal operating procedure to process shareholders' recommendations, suspicions, disputes, and litigations and implemented such processing based on the procedure?	(I) Yes		(I) The Company has appointed dedicated personnel and a stock affairs agent to deal with shareholders' recommendations, suspicions, disputes, and litigations. All relevant operations were implemented in accordance with regulations.	
(II) Does the Company possess the list of its major shareholders and the ultimate controlling parties of the major shareholders?	(II) Yes		(II) The Company keeps abreast of the list of major shareholders' ultimate controlling companies at all times, and assistance is also provided by the stock affairs agency of the Company - Capital Securities.	
(III) Has the Company established and executed the risk control and firewall system with its affiliates?	(III) Yes		(III) The Company has established regulations for providing loans, endorsements, or guarantees to and doing business with its affiliates and reports to the Board of Directors periodically. The Company has a dedicated department in place to manage its investment business. This department is responsible for regularly	

Evaluation Item	Operation			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Description	
(IV) Has the Company established its internal regulations to forbid internal parties to use undisclosed information in trading securities?	(IV) Yes		<p>monitoring the operating and financial status of companies that the Company has invested in. Each quarter, the department shall submit a report on the operating status of these companies to the responsible department. The department shall also be responsible for communicating and coordinating operations with these companies. The Company's Operating Procedure for Trading with Related Parties, Specific Companies, and Enterprises within the Group shall govern transactions with related parties.</p> <p>(IV) The Company's "Procedure for Processing Significant Internal Information," "Code of Ethics for Directors and Senior Managers," and "Rules for Preventing Insider Trading," clearly specify that the Company's internal parties, such as its Directors, managers, and employees, are prohibited from purchasing or selling securities on the basis of insider information that has not been publicly disclosed. The Company offered a course on "Prevention of Insider Trading" to employees in December 2025. The 60-minute course was taught by the Company's internal lecturer. A total of 151 managers and employees participated in the training course, and a test was administered after the course with an average score of 85 points. Contents of the course included: Maintaining the confidentiality of material information, the causes, determination process, and transaction examples of insider trading, the scope of material internal information, confidentiality procedures, disclosure procedures, and handling of violations. In addition, three of the Company's Directors attended an insider trading awareness course held by the stock</p>	

Evaluation Item	Operation			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Description	
			exchange in 2025. The Company's Board of Directors organized a training session on preventing insider trading on October 30, and all Directors participated.	
<p>III. Composition and responsibilities of the Board</p> <p>(I) Has the Board of Directors formulated a diversity policy, set specific management goals, and implement them?</p> <p>(II) Has the Company voluntarily established other functional committees in addition to the Remuneration Committee and the Audit Committee established according to the law?</p>	<p>(I) Yes</p> <p>(II) Yes</p>		<p>(I) For the diversification policy, specific management objectives, measure implementation status, and independence of the Board of Directors. This information has also been published on the Company's website. The Company's 13th-term Board of Directors has taken the overall diversity of Board members into consideration and added two female Independent Directors. The Board currently has three female Independent Directors, accounting for 1/3 of all Directors. All Board members have backgrounds related to the industry, or a professional background, and have all undergone internal and external performance evaluations, with each Director found to have performed well during their term. For these reasons, the Board has achieved the Company's diversity goal. The board diversity goal has also been described. See pages 20-22 of the annual report for details.</p> <p>(II) Pursuant to law, the Company has established an Audit Committee and Remuneration Committee. A Corporate Governance and Sustainability Committee has also been established to promote and supervise the Company's corporate governance, risk management, and ESG measures, implementing our corporate sustainability philosophy (Note 1). Please refer to pages 44-49 for operations of the Audit Committee, pages 73-77 for operations of the Remuneration Committee, and pages 41-43 for operations of the Corporate Governance</p>	No deviation from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.

Evaluation Item	Operation			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Description	
(III) Has the Company established the Board of Directors Performance Evaluation Guidelines and its evaluation methods, regularly carried out the regular performance evaluation each year, reported to the Board regarding the results of the performance evaluation, and used the results as a reference for the remuneration and nomination for re-appointment of the individual Directors?	(III) Yes		and Sustainability Committee. (III) The Company had established its Board of Directors Performance Evaluation Guidelines on December 24, 2019. The results of the Directors' performance evaluation for 2025 were submitted to the Remuneration Committee and Board of Directors on February 24, 2026. The self-evaluation results of individual Directors were applied to the remuneration to individual Directors and were the bases for distribution of the 2025 remuneration to Directors. The results will also serve as reference for future nominations and extended term in office. The Company also appointed the Taipei Foundation of Finance to conduct the external Board performance evaluation that is conducted once every three years on December 10, 2024 in accordance with the "Board of Directors Performance Evaluation Guidelines." For details on the results of the Board's performance evaluation for 2025, please see the Corporate Governance section on the Company's website and pages 37-41 of the annual report.	
(IV) Has the Company regularly evaluated the independence of CPAs?	(IV) Yes		(IV) The Company regularly evaluates the independence of its CPAs each year. The "Audit Quality Indicators (AQIs)" for 2025 were also submitted together to the Audit Committee and the Board of Directors for discussion and approval on February 24, 2026. According to the evaluation conducted by the Company's Board of Directors, all CPAs meet the Company's independence and competency standards. Please refer to page 65 of the annual report.	
IV. Has the listed company allocated an appropriate number of persons in charge of corporate governance	Yes		1. The Company's Head of the Finance Department concurrently holds the position of Corporate Governance Officer. The Company has established the "Standard Operating Procedures for	No deviation from the Corporate Governance Best Practice Principles for TWSE/TPEX

Evaluation Item	Operation			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Description	
who are appropriate for such positions and designated a chief of corporate governance officer to be responsible for affairs related to corporate governance (including but not limited to providing data required for the execution of businesses to directors and supervisors, assisting directors and supervisors in legal compliance, handling matters related to meetings of the board and shareholders' meeting according to the law, carrying out company registration and alteration registration, and preparing meeting minutes for meetings of the board and shareholders' meeting)?			<p>Processing Directors' Requirements" to assist Directors in performing their duties and improve the effectiveness of the Board of Directors.</p> <p>2. The Corporate Governance Officer already completed the hours needed for continuing education as required in 2025. The contents and hours of courses involved are already announced on the Company's website and the MOPS.</p> <p>3. The Corporate Governance Officer is in charge of supervising corporate governance operations of the Company. The responsible unit is responsible for corporate governance-related matters reflective of their respective functions. Highlights of their operations throughout 2025 are as follows:</p> <p>(1) The dedicated department shall notify Directors regarding the meeting schedules of functional committees and meetings of the Board seven days in advance, convene meetings and provide data for the meeting; notices in advance shall be made for any case of abstention due to the conflict of interests, and the meeting minutes for the meetings of the Board shall be completed within 20 days.</p> <p>(2) Arrange the communication meeting between Independent Directors, Chief Auditor, CPAs, or other internal departments to facilitate the business execution of Directors.</p> <p>(3) Organize promotions of insider transaction prevention for Directors.</p> <p>(4) Assist Directors in completing their annual continuing education program.</p> <p>(5) Amend internal rules and regulations related to the Company's corporate governance according to the amendments to laws and regulations</p>	Listed Companies.

Evaluation Item	Operation			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Description	
			<p>related to corporate governance and report the amendments to the Board for resolution.</p> <p>(6) Carry out the registration for the date of shareholders' meetings in advance according to the law, prepare meeting notices, meeting handbooks, meeting minutes within the statutory period, and conduct alteration registration affairs for the amendment of Articles of Association or Director's re-election.</p> <p>(7) Improve internal items that have not reached the standards based on the items under the Corporate Governance Information Evaluation System.</p>	
V. Has the company set up channels of communication for stakeholders (including but not limited to shareholders, employees, customers and suppliers), dedicated a section of the company's website for stakeholder affairs and adequately responded to stakeholders' inquiries on significant corporate social responsibility issues?	Yes		<p>Based on respect for stakeholders' rights and interests, the Company identifies its stakeholders and learns about their reasonable expectations and needs through appropriate communication methods and stakeholder participation. We appropriately respond to important corporate social responsibility issues of concern to stakeholders. Each department is responsible for stakeholder communication, and the Corporate Governance and Sustainability Committee reports annual stakeholder communication results to the Board of Directors on an annual basis. The most recent report was on February 24, 2026.</p> <p>(I) Shareholders/Investors</p> <ol style="list-style-type: none"> 1. The Company convenes the shareholders' meeting in the second quarter each year. Proposals are voted on a case-by-case basis and shareholders can also exercise their voting rights electronically to fully participate in the voting process. 2. Annual reports are prepared and published in both Chinese and English for reference by domestic and foreign investors during shareholders' meetings. 3. The Company publishes its unaudited 	No deviation from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.

Evaluation Item	Operation			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Description	
			<p>consolidated revenue and profit and loss information each month on the Market Observation Post System (MOPS) and the Company's website.</p> <p>4. Attend investor conferences organized by securities firms on an ad hoc basis.</p> <p>5. A contact person is appointed for handling shareholder affairs and investor relations, allowing shareholders to contact and exchange opinions with the Company via telephone and e-mail. The main topics of concern include the Company's operating status, the progress of plant expansion, and future prospects.</p> <p>(II) Employees Labor-management meetings (quarterly), regular communication meetings between plants (departments) and senior management (semi-annually), Employee Welfare Committee (quarterly), Stock Ownership Trust Committee (semi-annually), Occupational Safety and Health Committee (quarterly), Labor Pension Allowance Supervisory Committee (every three months), and Reward and Punishment Review Committee (irregularly). The main topics of concern include employee affairs, employee welfare and activities, and occupational and labor safety.</p> <p>(III) The Company's Public Relations Division, the CSC Group Education Foundation, and clubs of CSCC visit and consult with communities, local groups, elected representatives, and opinion leaders. The main topics of concern include environmental protection, community development, and public welfare activities.</p> <p>(IV) Customer 1. Customer satisfaction survey (annually). 2. The Company obtains customer feedback through irregular customer briefings, market surveys, and customer interviews.</p>	

Evaluation Item	Operation			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Description	
			<p>The main topics of concerns are product quality and delivery time, service quality, and product development progress.</p> <p>(V) Suppliers</p> <ol style="list-style-type: none"> 1. In accordance with the procurement regulations. 2. Supplier performance evaluation. 3. Carry out green procurement. The main topics of concern include fair competition, supplier ESG and due diligence, and environmental protection and waste reduction. <p>For details regarding the Company's communication with stakeholders in 2025, please visit the Company website. Link: https://www.csc.com.tw/parties.htm#s1</p> <p>In addition to the aforementioned stakeholder communication channels, the Company regularly discloses information related to corporate governance, environmental management, and commitment to social harmony in its annual reports and on its website. The Company website also has a stakeholder and ESG section. The Company publishes a sustainability report every year as an important channel for response and disclosure of information. The Company's stakeholder section also provides contact information for all stakeholders, allowing them to report and inquire about issues at any time. Responsible personnel will promptly respond to and handle stakeholder feedback. Please visit the Company website at https://www.csc.com.tw/parties.htm#s1</p>	
VI. Has the Company appointed a professional stock affair agency to process affairs related to shareholders' meetings?	Yes		The Company appointed the Registrar Agency Department of Capital Securities Corporation to process affairs related to shareholders' meetings on behalf of the Company.	No deviation from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies.
VII. Open information (I) Has the Company	(I)		(I) The Company established its website	No deviation from the Corporate

Evaluation Item	Operation			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Description	
<p>established its website to disclose information on its financial operations and corporate governance?</p> <p>(II) Does the Company adopt other information disclosure methods (such as establishing English websites, assign dedicated personnel to collect and disclose company data, implement the spokesperson system, upload the investor conference processes to the company's website, etc.)?</p> <p>(III) Has the Company published and declared its annual financial report within two months after the end of a fiscal year and published and declared its financial reports for the first, second, and third quarters as well as its operating status for each month before the specified deadline?</p>	<p>Yes</p> <p>(II) Yes</p> <p>(III) Yes</p>		<p>(www.csc.com.tw) and disclosed relevant information.</p> <p>(II) The Company established Chinese and English websites, designated dedicated personnel for information collection and disclosure, implemented a spokesman system, and uploaded the course of investor conferences on the Company's website according to the requirements. Furthermore, the Company also declares its data and discloses significant information according to the requirements of the "Guidelines for Online Filing of Public Information by Public Companies."</p> <p>(III) The Company's 2025 financial reports were announced and filed within two months after the end of the fiscal year. The Company currently publishes its financial reports for the first, second, and third quarters as well as its operating status for each month in advance unless there is any particular reason.</p>	<p>Governance Best Practice Principles for TWSE/TPEX Listed Companies.</p>
<p>VIII. Is there any other important information to facilitate a better understanding of the company's corporate governance practices (including but not limited to employee rights, employee</p>	<p>Yes</p>		<ol style="list-style-type: none"> The Company has set up dedicated sections on corporate governance, ethical corporate management, ESG, carbon reduction, and stakeholders on the Company website. Link: https://www.csc.com.tw/ See pages 58-65 of the annual report for a summary. Liability insurance purchased by the 	<p>No deviation from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.</p>

Evaluation Item	Operation			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Description	
wellness, investor relations, supplier relations, rights of stakeholders, continuing education of directors and supervisors, the implementation of risk management policies and risk evaluation standards, the implementation of customer relations policies, and purchasing insurance for directors and supervisors)?			Company for Directors and Supervisors has been reported on the website of the stock exchange for access by investors.	

(I) Continuing education of the 12th-term and 13th-term Directors:

Title	Name	Date Inaugurated	Date		Organizing Party	Name of the Course	Hours of Continuing Education
			Start	End			
Representative of Corporate Director	Chien-Chih Hwang	2024.09.10	2025/08/14	2025/08/14	Taiwan Investor Relations Institute	Corporate Sustainability and Risk Management	3
			2025/11/11	2025/11/11	Taiwan Corporate Governance Association	Exploring the Legal Liability of Business Decisions Based on the Business Judgment Rule	3
Representative of Corporate Director	Horn-g-Yih Liou	2024.05.18	2025/08/14	2025/08/14	Taiwan Investor Relations Institute	Corporate Sustainability and Risk Management	3
			2025/11/11	2025/11/11	Taiwan Corporate Governance Association	Exploring the Legal Liability of Business Decisions Based on the Business Judgment Rule	3

Evaluation Item		Operation				Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof	
		Yes	No	Description			
Representative of Corporate Director	Ming-Dar Fang	2022.06.23	2025/07/31	2025/07/31	Taiwan Stock Exchange Corporation	2025 Taiwan's Capital Market Summit	3
			2025/09/05	2025/09/05	Taipei Foundation of Finance	Financial Technology from the Perspective of Stablecoins: Blockchain Practices and Future	3
Representative of Corporate Director	Kung-Yi Koo	2022.06.23	2025/11/03	2025/11/03	Taiwan Institute for Sustainable Energy	Global Transformation Driven by Sustainability and New Challenges to Corporate Governance	3
						Insider Trading and Corporate Governance	1
						Deepening Risk Management and Building Operational Resilience of Companies	3
Representative of Corporate Director	Tien-Fu Chao	2022.06.23	2025/05/09	2025/05/09	Chinese National Association of Industry and Commerce	Trends in Labor Laws and Guidelines for Companies to Adapt to the Impact of AI	3
			2025/05/23	2025/05/23	Securities and Futures Institute	2025 Insider Trading Prevention Seminar	3
Independent Director	Tsun-Tzu Hsu	2022.06.23	2025/06/10	2025/06/10	Taiwan Corporate Governance Association	Practices of the Sustainable Development Committee (Chief Sustainability Officer, Working Group)	3

Evaluation Item		Operation				Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof	
		Yes	No	Description			
			2025/07/08	2025/07/08	Taiwan Corporate Governance Association	Contract Risk Management Under the Impact of President Trump's "Reciprocal Tariffs" in 2025	3
Independent Director	Li-Huang Lin	2025.06.17	2025/07/08	2025/07/08	Taiwan Corporate Governance Association	Contract Risk Management Under the Impact of President Trump's "Reciprocal Tariffs" in 2025	3
			2025/07/22	2025/07/22	Taiwan Corporate Governance Association	Corporate Sustainability Risk Management and Strategy Analysis	3
			2025/07/25	2025/07/25	Securities and Futures Institute	2025 Seminar on Compliance with Securities Trading Laws for Internal Employees	3
			2025/08/08	2025/08/08	Securities and Futures Institute	Analysis of IFRS S1 and S2 and Company Strategies in Response to Risks and Opportunities	3
			2025/08/14	2025/08/14	Taiwan Investor Relations Institute	Corporate Sustainability and Risk Management	3
			2025/08/21	2025/08/21	Chung-Hua Institution for Economic Research	Global Geopolitical and Economic Trends and the Opportunities, Challenges, and Responses of Taiwan's Industries	3
			2025/08/22	2025/08/22	Taiwan Corporate	Operations of the Remuneration	3

Evaluation Item	Operation			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof			
	Yes	No	Description				
				Governance Association	Committee and Performance-based Remuneration System for Directors and Managers		
			2025/11/11	2025/11/11	Taiwan Corporate Governance Association	Exploring the Legal Liability of Business Decisions Based on the Business Judgment Rule	3
			2025/11/20	2025/11/20	Chung-Hua Institution for Economic Research	Domestic and International Development Trends of Carbon Pricing Mechanisms	3
Independent Director	Yuh-Ming Yan	2025.06.17	2025/07/10	2025/07/10	Accounting Research and Development Foundation	Common deficiencies in "Financial Statement Reviews" and practical analysis of important internal control regulations	6
			2025/07/17	2025/07/17	Greater China Financial and Economic Development Association	Financial Decisions that Require the Attention of Directors and Supervisors	3
			2025/08/22	2025/08/22	Taiwan Corporate Governance Association	Operations of the Remuneration Committee and Performance-based Remuneration System for Directors and Managers	3
			2025/11/11	2025/11/11	Taiwan Corporate	Exploring the Legal Liability of	3

Evaluation Item	Operation			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Description	

					Governance Association	Business Decisions Based on the Business Judgment Rule	
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Only courses that incumbent Directors as of February 28, 2026 took in 2025 are disclosed.

(II) The Company has established the Code of Ethics for Directors. The Code provides more specific requirements for Directors regarding their obligations to be loyal to the Company while conducting business operations, which can include transactions with the Company, use of Company assets, information, and opportunities, and competing with the Company. If a Director wishes to be exempted from such obligations, he/she shall fully disclose the conflict of interest between the stakeholders or companies and the code, as well as the reason that such transaction shall not harm the interests of the Company and meet regular business practices. The exemption requires approval of the Board of Directors.

(III) Participation of managers in internal corporate governance courses:

1. Course name: Insider Trading Prevention and Ethical Corporate Management

(1) Date: 2025.12.05

(2) Number of hours: 1 hour

(3) Participants: Information on the Company's manager is as follows:

Name	Title
Ming-Dar Fang	President
Yi-Hung Chen	Vice President of Administration Department
Wen-Liang Tseng	Vice President of Production and Technology Department
Li-Li Kuo	Head of the Finance Department, Corporate Governance Officer

(IV) Participation of managers and the Corporate Governance Officer in external corporate governance courses:

Name	Title	Date		Organizing Party	Name of the Course	Hours of Continuing Education
		Start	End			
Ming-Dar Fang	President	2025.07.31	2025.07.31	Taiwan Stock Exchange Corporation	2025 Taiwan's Capital Market Summit	3
		2025.09.05	2025.09.05	Taipei Foundation of Finance	Financial Technology from the Perspective of Stablecoins: Blockchain Practices and Future	3
Yi-Hung Chen	Vice President	2025.08.14	2025.08.14	Taiwan Investor Relations Institute	Corporate Sustainability and Risk Management	3
		2025.11.11	2025.11.11	Taiwan Investor Relations Institute	Exploring the Legal Liability of Business Decisions Based on the Business	3

Evaluation Item	Operation			Description	Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No			

					Judgment Rule	
Wen-Liang Tseng	Vice President	2025.08.14	2025.08.14	Taiwan Investor Relations Institute	Corporate Sustainability and Risk Management	3
Li-Li Kuo	Head of the Finance Department, Corporate Governance Officer	2025.07.09	2025.07.09	Accounting Research and Development Foundation	Analysis of Laws and Regulations Related to Sustainability and Financial Statements	6
		2025.08.14	2025.08.14	Taiwan Investor Relations Institute	Corporate Sustainability and Risk Management	3
		2025.09.05	2025.09.05	Taipei Foundation of Finance	Financial Technology from the Perspective of Stablecoins: Blockchain Practices and Future	3

(V) Succession plan for Board members and important managers and its implementation status:

- Board members: The Company adopts a candidate nomination system, and the term of office is three years. Except for otherwise required by laws and regulations or the Articles of Association, the election of Directors shall be subject to the Company's "Board Directors Election Regulations." The election of the Company's Directors shall consider their basic conditions and values (including gender, ages, nationality, and culture), professional knowledge and skills (including professional backgrounds, professional skills, and industrial experiences), and diversified aspects. Furthermore, to achieve the ideal target for corporate governance, the Directors shall generally be equipped with the knowledge, skills, and capacity required for performing their duties as follows: ① Ability to make sound business judgments; ② Ability to conduct accounting and financial analysis; ③ Business management ability; ④ Crisis management ability; ⑤ Industrial knowledge; ⑥ International market perspective; ⑦ Leadership quality; ⑧ Decision-making ability. The Company carries out its succession candidate planning for Directors through the following methods: ① Incumbent Directors recommend appropriate candidates; ② Director candidates are recommended by shareholders; ③ Results of the Board performance evaluation is used as reference and the basis for nominating Directors for re-election. To reinforce the efficacy of Directors in exercising their functions, the Company will keep abreast of the latest changes in internal and external environmental conditions and the development demand to arrange annual continuing education programs, so as to improve the Directors' professional knowledge and abilities.
- Key management: In response to the demands for sustainable operations and human resource development, the Company's Administration Department and senior managers regularly examine the planning for succession candidate and the cultivation. When planning for the succession candidates, the Company considers whether such candidates are equipped with outstanding expertise and management skills, and whether such candidates share the same values as the Company and have personal features such as integrity, earnestness, creativity, and entrepreneurship. The training content for successors of the management, the Administration Department arranges programs related to the management skills. Together with experiences accumulated from position rotation, successors would receive a

Evaluation Item	Operation			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Description	

comprehensive package to cultivate their decision-making abilities as senior executives.

Hours of training completed by high-ranking officers in 2025 are provided in the table below: Hour

Title	Internal Training	External Training
Chairman Chien-Chih Hwang	0	1.5
President Ming-Dar Fang	11.5	19.0
Vice President Yi-Hung Chen	5	31.5
Vice President Wen-Liang Tseng	5	31.5
Executive	181	462.5

(VI) 2025 CPAs' independence evaluation criteria and results:

Evaluation Item	Evaluation Item	Compliance of Independence
Does the CPA have direct or material indirect financial interests in the company?	No	Yes
Has the CPA engaged in any loans or guarantees with the Company or the Company's directors?	No	Yes
Does the CPA have a close business relationship or potential employment relationship with the company?	No	Yes
Do the CPA and members of the audit team currently serve or did they serve in the past two years as directors, managers, or roles that have significant influence on the audit work in the company?	No	Yes
Has the CPA provided non-audit services to the company that may affect their audit work?	No	Yes
Has the CPA brokered shares or other securities issued by the company?	No	Yes
Has the CPA defended the company or represented the company in negotiations during a dispute with a third party?	No	Yes
The CPA is a family member or relative of the company's director, manager, or person holding a position that has a significant impact on the audit work	No	Yes

IX. According to the results of the Corporate Governance Evaluation by the Corporate Governance Center of TWSE for the latest year, explain the improvements and propose the matters to be improved first and measures regarding any conditions not improved. (Not applicable to companies not included in the evaluation)

(I) The improvements based on results of the 11th (2024) Corporate Governance Evaluation published in 2025 is as follows:

The Company is gradually making improvements for deficiencies found in previous evaluations. Among the seven items that we did not score any points in 2025, a shareholders meeting was held at the end of May for one item and improvements will be made in 2026. The remaining items are still being discussed.

Evaluation Item	Operation		Description	Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No		
(II) Matters to be improved first and measures regarding any conditions not improved are explained as follows:				
1. (1.06) Does the company hold its annual general meeting before the end of May? The 2026 Annual General Meeting is scheduled to be held on May 26, 2026.				

China Steel Chemical Corporation Code of Ethics for Directors

Established on April 4, 2006

The 1st amendment was made on March 20, 2019

Chapter I. General

Article 1 The Code is established to promote integrity and ethical behavior of Directors and improve the overall corporate governance.

Chapter II. Code of Ethics

Article 2 Directors shall comply with the following basic principles in performing their duties:

- I. Protect shareholder equity.
- II. Improve the function of the Board of Directors.
- III. Respect the interests of stakeholders.
- IV. Increase information transparency.

Article 3 The Directors shall have the objective in the pursuit of the Company's overall benefit when conducting their duties. Moreover, they may not damage the Company's rights and interests for the benefit of a specific individual or specific group, and shall treat all shareholders fairly.

Article 4 The Directors shall exercise the due care of good administrators when exercising their powers, be aware of the integrity and the principle of fairness, adhere to high self-discipline, and comply with laws and regulations, the Company's Articles of Association, and the resolutions of the shareholders' meeting.

Article 5 The Directors shall faithfully conduct their duties for the overall benefits of shareholders. The interests of the Company shall be the first priority when there is any conflict of personal interests with the interest of the Company, and Directors shall avoid using their powers for the following personnel or enterprises to obtain improper interests:

- I. Directors themselves or their spouses, parents, children, or relatives within the third degree of kinship.
- II. Companies in which the individuals in the subparagraph above directly or indirectly enjoy significant financial benefits.

III. Companies in which they serve as the Chairman, Executive Director, or senior managers.

The Company shall pay particular attention in loans, major asset transactions, purchase (sales) transactions, or provision of guarantee with the aforementioned individuals or companies.

Article 6 Directors shall safeguard shareholders' interests and respect the interests of stakeholders such as banks, creditors, employees, consumers, suppliers, subsidiaries, and communities.

Article 7 When a Director is at stake in any proposal at the meeting of the Board involves and may harm the Company's interests, the Director shall abstain itself from voting, and the Director may not exercise voting rights on behalf of other Directors.

Article 8 Where a Director enters into sales and purchases, loans, or other legal behaviors with the Company for itself or others, the Director shall disclose and explain the details of matters related to such transactions to the Board and the Audit Committee. The convener of the Audit Committee may represent the Company after such transactions are evaluated by the Audit Committee in accordance with Article 12 of the Organizational Regulations of the Audit Committee and approved by the Board (Article 12 of the Code) or the shareholders' meeting (Article 9 of this Code).

Article 9 For any Director who engages in a conduct involving competition with the Company, the Director shall report to and obtain permission from the shareholders' meeting in advance in accordance with the Company Act. The Directors shall be responsible for the confidentiality of the Company's information except for disclosures made upon authorization or required by the law.

Article 10 For any purchase, supply, cooperation, strategic alliance, or other business opportunities or opportunities of profits related to the Company acknowledged by a Director due to the execution of its duties; the Director shall give preference to provide such information to the Company to protect the Company's interests, and shall not seek personal benefits for itself or any third party.

Chapter III. Appendix

- Article 11 A corporate shareholder being a Director of the Company and the natural person designated by a corporate shareholder to act on its behalf in performing the Director's duties shall comply with the Code.
- Article 12 For the exemption of Article 5's application, the Director shall fully disclose the interests of persons or enterprises, and the legal behaviors stated in Article 5, and the reasons that such interests are not in conflict with or have any effect on the Company's interests, and such interests shall be approved by the Board as a resolution. For the exemption of Article 10's application, the Director shall explain the detailed content of such opportunities and the reasons that such interests are not in conflict with or have any effect on the Company's interests, and such interests shall be approved by the Board as a resolution. After the Board had passed the exemption of application as a resolution in the previous two paragraphs and Article 8, the Company shall immediately disclose information related to the title and name of the person of permitted exemption, the date on which the Board passed the exemption, the period of the exemption, the reason for the exemption, and standards of exemption on the Company's open information website.
- Article 13 The Code is implemented after being passed by the Board and reported to the shareholders' meeting, and the Code shall be disclosed in the annual report, prospectus, and MOPS. The same shall apply upon any amendment. However, the amendment made in March 2019 shall be implemented upon inauguration of the Directors of the 11th intake.

China Steel Chemical Corporation Code of Ethics for Senior Managers

Established on April 4, 2006

The 1st amendment was made on March 19, 2020

Chapter I. General

Article 1 The Code to be observed and maintained is established to provide a basis for the Company's senior managers in their behaviors and ethics and allow the Company's stakeholders to gain further understanding of the Company's ethical specification, and the Code includes specifications on personal responsibilities, group responsibilities, and responsibilities related to the Company, the public, and other stakeholders.

Article 2 The senior managers referred to in the Code apply to the managers of the Company (including the President, Vice President, and persons with equivalent titles, and executives of the Company); the purpose of the Code is to prevent improper behaviors and facilitate the following matters:

- I. Integrity and ethical behaviors, including ethical management upon the conflict of personal interests and their duties.
- II. Confidentiality of information.
- III. Treating the Company's customers, employees and competitors legally.
- IV. Protecting Company's assets in the hope of effective utilization.
- V. Complying with government laws and regulations, including laws and regulations related to the prevention of insider trading.

Chapter II. Code of Ethics

Article 3 Integrity and ethical behavior:

Senior managers shall perform their obligations with an honest and non-deceptive attitude in compliance with professional standards, including fairly handling matters related to conflicts of personal interest and their duties.

- Article 4 Prevention of conflicts of personal interests:
Senior managers shall perform their duties in an objective and efficient manner and shall prevent using their positions in the Company in matters involving their personal interests to gain improper interests for themselves, spouse, parents, children, or relatives within the third degree of kinship.
- Article 5 Avoiding opportunities to seek personal interests:
When the Company has any opportunities for profit, senior managers are responsible for maintaining and improving the proper legal benefits to be obtained by the Company, and shall avoid the following matters:
- I. Gaining personal interests or having any opportunities to seek personal interests by using the Company's property or information or taking advantage of their positions.
 - II. Competing with the Company.
- Article 6 Confidentiality of trade secrets:
Senior managers shall be obliged to maintain the confidentiality of any information regarding the Company itself or its customers, except for disclosures made upon authorization or required by the law. Confidential information includes any undisclosed information that may be utilized by competitors or that harms the Company or customers after leakage.
- Article 7 Engage in legal transactions:
The Company is committed to market competition with its outstanding operations and services without gaining effects by adopting illegal or unethical measures. Senior managers shall treat the Company's customers, employees, and competitors in a legal manner, and shall not provide inaccurate descriptions of significant matters through manipulating, concealing, or abusing information acknowledged due to their duties or gain improper benefits by means of other illegal transactions.
- Article 8 Safeguarding and proper use of the Company's assets:
The Company's assets shall be protected and utilized on the basis of the Company's legal business purposes. Senior managers are responsible for protecting the Company's assets and ensure that such

assets may be effectively and legally used for business purposes and shall avoid behaviors of theft, negligence, or waste that directly affect the profitability of the Company.

- Article 9 Compliance with laws and regulations:
Senior managers shall supervise the Company in strengthening its compliance with the Securities and Exchange Act and other laws and regulations, and the compliance with all laws and regulations that regulate the Company's activities. Senior managers shall not purposely violate any laws or regulations, or intentionally mislead, manipulate, or gain unfair benefits from customers and suppliers unfairly, and provide false descriptions of the Company's products or services.
- Article 10 Prevent civil or criminal penalties arising from insider trading:
Senior managers shall comply with laws and regulations related to the prevention of insider trading and other securities laws and regulations related to the information processing for stock trading and business secrets. Insider trading is illegal and unethical, and the Company will intervene on behaviors relevant to insider trading.
- Article 11 Encouraging reporting on illegal or unethical activities:
Senior managers shall improve the promotion of the Company's internal ethics and encourage employees to report to the managers, Audit Department, or other relevant personnel when suspecting or discovering any behavior violating laws and regulations or the Code, and the Company will be responsible for the confidentiality and protection of the reporter's identity with its best ability to avoid the reporter from being threatened.

(IV) Remuneration Committee

According to the requirements under Paragraph 1, Article 14-6 of the Securities and Exchange Act and the "Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange" published and established by the FSC on March 18, 2011, the Company's "Organizational Regulations of Remuneration Committee" was passed at the 7th meeting of the 8th Board on December 7, 2011, and the amendments were made on December 24, 2019.

According to the Company's Remuneration Committee Charter, the Remuneration Committee's main responsibilities are to establish policies and systems for performance evaluations of the Chairman, President, and Vice Presidents, and regularly review their performance (including ESG KPI attainment); establish and regularly review the policies, systems, standards, and structures for the salaries of Directors, the President, Vice Presidents, and Corporate Governance Officer (including transportation allowance of Directors); regularly evaluate and establish salaries of Directors, the President, and Vice President (including traffic allowance of Directors). The committee shall perform its duties faithfully with the due care of a good administrator, and submit its recommendations to the Board of Directors for discussion. The Company elected new Directors at the shareholders' meeting in June 2025. Independent Directors Hsing-Shu Hsieh and Yuan-Hong Wang have served three terms and were replaced by Independent Directors Li-Huang Lin and Yuh-Ming Yan as members of the Remuneration Committee.

1. Information on the Remuneration Committee Members

(1) Information on members of the 12th-term Remuneration Committee (Note 1)

Identity	Criteria	Professionalism and Experience	Independence (Note 2)				Number of Other Publicly Listed Companies in Which the Member Concurrently Holds a Position as a Member of the Remuneration Committee
	Name		1	2	3	4	
Independent Director (Convener)	Yuan-Hong Wang	Department of Business Administration, National Cheng Kung University, Master's in Finance and Economic Law from CTBC Business School; Passed the Senior Examination for Lawyers; Attorney at Deloitte & Touche Taiwan; Managing Partner of Yung Hua Commercial Law Firm; Daily Polymer Corporation, Victory for Technology Co., Ltd.	No	0	No	0	0
Independent Director	Hsing-Shu Hsieh	Department of Accounting, National Chengchi University; EMBA, Business School, National Chung Cheng University; Passed the Senior Examination for Certified Public Accountants; Person in charge of Hsing-Shu Hsieh Accounting Firm; Director of Tsang Yow Industrial Company Limited	No	0	No	0	0
Independent Director	Tsun-Tzu Hsu	Master of Law, Soochow University; Associate researcher of WTO Center under Chung-Hua Institution for Economic Research; Head of Taiwan ASEAN Studies Center of Chung-Hua Institution for Economic Research; Member of the International Affairs Committee, Chinese National Federation of Industries	No	0	No	0	0

(2) Information on members of the 13th-term Remuneration Committee (Note 1)

Identity	Criteria Name	Professionalism and Experience	Independence (Note 2)				Number of Other Publicly Listed Companies in Which the Member Concurrently Holds a Position as a Member of the Remuneration Committee
			1	2	3	4	
Independent Director (Convener)	Yuh-Ming Yan	Associate Professor, College of Law, National Chengchi University; Passed the Senior Examination for Lawyers PhD in Construction Engineering and Law, University of Manchester, United Kingdom	No	0	No	0	1
Independent Director	Tsun-Tzu Hsu	Master of Law, Soochow University; Associate researcher of WTO Center under Chung-Hua Institution for Economic Research; Head of Taiwan ASEAN Studies Center of Chung-Hua Institution for Economic Research; Member of the International Affairs Committee, Chinese National Federation of Industries	No	0	No	0	0
Independent Director	Li-Huang Lin	CPA (retired), Ernst & Young, Taiwan, passed the Senior Examination for Certified Public Accountants Master of Accountancy, National Taipei University	No	0	No	0	1

Note 1: All 12th-term and 13th-term Independent Directors have the required qualifications set forth in the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" and Article 14-2 of the Securities and Exchange Act in the two years before appointment and during the term as Independent Directors. All Independent Directors are given the power to participate in decision-making and express opinions according to Article 14-3 of the Securities and Exchange Act and independently perform their duties on this basis.

- Note 2:
- (1) Including, without limitation, whether or not the Independent Director himself/herself, his/her spouse, or a relative within the second degree of kinship is serving as the Director, Supervisor of, or working for the Company or any of its affiliates.
 - (2) The number and weight of shares the Independent Director himself/herself, his/her spouse, or a relative within the second degree of kinship holds.
 - (3) Is he/she the director, supervisor, or employee of a company related in a specific way to the Company (refer to the requirements in Article 6, Paragraph 1, Sub-paragraphs 5-8 of the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange)?
 - (4) The amount of rewards received for business, legal affairs, financial affairs, and accounting services provided over the past two years to the Company or any of its affiliates.

2. Operations of the Remuneration Committee

- (1) There are three members in the Company's Remuneration Committee.
- (2) The term of office for the 12th-term members: From August 01, 2022 to June 16, 2025; The term of office for the 13th-term members: June 17, 2025 to June 16, 2028.
- (3) The Remuneration Committee met four times from January 2025 to December 2025. Qualification and attendance of the members are given below:

Title	Name	Actual Attendance	Attendance by Proxy	Actual Attendance Rate (%)	Notes
Convener	Yuan-Hong Wang	2	0	100	12th Term
Committee Member	Hsing-Shu Hsieh	2	0	100	12th Term
Committee Member	Tsun-Tzu Hsu	4	0	100	12th-term, 13th-term
Committee Member	Li-Huang Lin	2	0	100	13th Term
Convener	Yuh-Ming Yan	2	0	100	13th Term

Other matters that should be documented:

- (1) In the event that the Board of Directors does not adopt or revises advice from the Remuneration Committee, the date, session number, details of proposals, decisions made by the Board of Directors, and how the Company addressed opinions from the Remuneration Committee shall be stated (in the event that the compensation and remuneration approved by the Board of Directors are higher as advised by the Remuneration Committee, the difference and the reason shall be specified): None.
- (2) For decisions made by the Remuneration Committee, as long as there are members objecting or having their reservations that are recorded or stated in writing, the date of the Remuneration Committee meeting, the session number, contents of the proposal, and how opinions from all members and from opposing members are handled should be described: None.

3. Key Work Items and Implementation Status in 2025

- (1) Review the KPI achievement (including ESG items) of the President and Vice Presidents in the 2024 performance evaluation.
- (2) Set the KPI (including ESG items) for the 2025 performance evaluation of the President and Vice Presidents, the implementation status, and regularly review each person's ESG and operational performance and its connection to their salary. For details on the 2025 ESG evaluation items for managers and their connection to salary, please refer to pages 31-33 of the annual report.

- (3) Review the performance evaluation results of Directors and functional committees and the distribution of Directors' remuneration.
- (4) Evaluate and approve salary adjustments for Directors, the President, Vice Presidents, and the Corporate Governance Officer, as well as the distribution of employee bonuses (including performance linked to ESG).
- (5) Review the performance evaluations of the Board of Directors, individual Directors, and functional committee members for 2024, and the connection between the distribution of Directors' remuneration and the performance of individual Directors for 2024 (for Board self-evaluation results, please refer to page 38-40 of the Annual Report).
- (6) Discuss the proposed annual salary adjustment for managers in 2025.

4. Operations in 2025

Date/Period of the Remuneration Committee Meeting	Content	Results of Remuneration Committee Resolution	Resolution Results Made by the Board
11th meeting of the 12th term February 24, 2025	(1) Distribution of 2024 remuneration to employees and that to Directors. (2) 2025 performance evaluation items for the Company's President and Vice President.	Approved by all attending members upon inquiry made by the chair.	Submitted to the meeting of the Board and approved by all attending Directors.
12th meeting of the 12th term April 29, 2025	(1) Results of 2024 annual performance evaluation results of managers and year-end finalized distribution of incentives with 2024 earnings.	Approved by all attending members upon inquiry made by the chair.	Submitted to the meeting of the Board and approved by all attending Directors.
1st meeting of the 13th term July 29, 2025	(1) Election of the convener and chair of the Remuneration Committee of the 13th-term Board of Directors	Yuh-Ming Yan was elected as the convener.	
2nd meeting of the 13th term December 23, 2025	(1) Proposal for the salary rise for 2025 for managers.	Approved by all attending members upon inquiry made by the chair.	Submitted to the meeting of the Board and approved by all attending Directors.

(V) Implementation status of sustainable development, deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, and reasons for deviation; Climate-related information of TWSE/TPEX listed company

Action Item	Implementation Status			Deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Description	
I. Does the company have the governance framework in place to help promote sustainable developments and have a unit that specializes (or is involved) in promoting sustainable developments and have the Board of Directors to empower high-ranking management to take care of it and report the progress to the Board of Directors? (Include a description of the governance and supervision framework for sustainable development (ESG), specific implementation plans and results)	Yes		The Company's Board of Directors promotes sustainable development activities through the established Corporate Governance and Sustainability Committee. The Committee consists of 3 Independent Directors and 1 Director (the Company's President), overseeing the "Corporate Governance and Ethical Corporate Management" team headed by the Corporate Governance Officer, the "Sustainable Environmental Development" team headed by the Vice President of Production and Technology Department, the "Employee Care and Social Involvement" team headed by the Vice President of Administration Department, and the "Risk Management" team headed by the President. One meeting is convened each quarter, and a report on the Company's risk management and the implementation status of ESG activities is made to the Committee and the Board of Directors for discussion every six months. In 2025, a report on quarterly ESG strategy implementation status, and plans for the following year, was made to the Corporate Governance and Sustainability Committee and the Board of Directors every six months. Refer to pages 42-43 for more details on the operations of the Company's Corporate Governance and Sustainability Committee and its supervision of sustainable development in 2025. All reports and proposals made by the Corporate Governance and Sustainability Committee have been submitted to the Board of Directors. Refer to pages 42-43 for more details on sustainable management policies, strategies, goals, and reviews. For details of the Company's 2025 ESG objectives and their implementation status, please refer to the Company website at: https://www.csc.com.tw/csr.htm	Requirements of the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies are fulfilled.

Action Item	Implementation Status			Deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Description	
			For the Company's Sustainability Report, please refer to the ESG section of the Company website at: https://www.cssc.com.tw/csr/index.html	
II. Has the Company conducted risk evaluations on environmental, social, and corporate governance issues related to the Company's operations, and established relevant risk management policies or strategies based on the materiality principle?	Yes		<p>We established a material topic analysis process in accordance with the GRI Universal Standards 2021 and Stakeholder Engagement Standard. We identify material topics in sustainable development through the compilation, inspection, sorting, identification, and confirmation processes, and also formulated corresponding management strategies. The assessment of the Company's material topics is grounded in the concept of impact materiality. The Company's Sustainability Report is prepared by the Sustainable Environmental Development Group under the Corporate Governance and Sustainability Committee. The boundaries for the risk assessment of material topics and the risk management policy or strategies disclosed in the report are based on those of the Company. Key points are summarized below:</p> <p>(I) Environmental - Climate Change: The Company has identified climate change risks and assessed related response measures, such as establishing risk management procedures for water and electricity use to address physical risks caused by climate change, such as water shortages during the dry season and power rationing in the summer. These management procedures include regulations for managing water rationing phases and water outage in all plants, and the criteria for determining the priority of emergency power supply. The Company has also established management procedures for transition risks, such as the increase in costs for developing low-carbon technologies and operating costs related to carbon fees.</p> <p>(II) Social - Occupational Safety and Health: The Company obtained ISO 45001 (Occupational Safety and Health</p>	Requirements of the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies are fulfilled.

Action Item	Implementation Status			Deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Description	
			<p>Management System) and TOSHMS (Taiwan Occupational Safety and Health Management System) certifications from SGS Taiwan in 2025. The ISO 45001 certificate is valid from April 3, 2023 to March 15, 2026, and the TOSHMS certificate is valid from April 3, 2023 to March 14, 2026. Occupational safety and health management policies include improving the attitude, cognition, and abilities of employees on safety and health through educational training and promotion. Supervisors at all levels on site regularly inspect the behavior of employees and contractors and the working environment. In 2025, supervisors conducted 250 safety observations and inspections (including patrols), and the Industrial Safety and Hygiene Department conducted stricter inspections in all plants and departments.</p> <p>(III) Corporate Governance - Corporate governance can be mainly divided into the following items: (1) The government's Sustainable Development Action Plan: The Company added two new female Directors in 2025. Female Directors now account for 1/3 of all Directors. The female Directors have an expertise in law and accounting, which achieves the goal of diversity in profession. (2) Intellectual property rights management: The Company maintains its Grade A TIPS certification (patents and trade secrets), and completes related work in accordance with the intellectual property plan. For details on intellectual property, please refer to page 117 of the annual report.</p> <p>(IV) Major risk events: The Company has established risk management procedures, which were approved by the Board of Directors, and</p>	

Action Item	Implementation Status			Deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Description	
			<p>business units are responsible for identifying and assessing risk factors and formulating corresponding response strategies or measures in accordance with the risk management policies and procedures. Risks are divided into five levels based on their severity to clarify management priorities. The risk management implementation status is reported to the Corporate Governance and Sustainability Committee and the Board of Directors every six months to ensure that the relevant risks are properly controlled. The Company has also established an emerging risk management system. For risks that may have a material long-term impact due to changes in policies, laws, and the external environment, the management team screens and assesses emerging risks, and then relevant departments propose specific response measures for those deemed material. In 2025, a total of 48 inherent risks were identified, including 0 extremely high risks, 1 high risk, 5 moderate risks, 28 low risks, and 14 minor risks. Mitigation measures have been formulated for all related risks. For risk-related information and the annual implementation status, please refer to the Company website (link below).</p> <p>https://www.csc.com.tw/download/Risk_management_2024.pdf.</p>	
<p>III. Environmental issues</p> <p>(I) Has the Company set up an appropriate environmental management system based on the characteristics of the industry in which it operates?</p>	(I) Yes		<p>(I) The Company has passed and obtained international certification standards of ISO 9001 - valid from April 2023 to May 2026, ISO 14001 - valid from April 2024 to July 2027, ISO 45001 - valid from April 2023 to May 2026, and ISO 50001 - valid from April 2023 to May 2026. The Company has completed its 2024 greenhouse gas inventory and is actively working to reduce emissions.</p>	Requirements of the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies are fulfilled.

Action Item	Implementation Status			Deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Description	
(II) Has the Company endeavored to improve the energy utilization efficiency and use renewable materials with minimal impacts on the environment? (Including energy management plans and their implementation status, whether ISO 50001 has been implemented, and the start and end dates of certificate's validity period)	(II) Yes		<p>The 2024 greenhouse gas inventory has obtained ISO14064-1: 2018 certification from SGS. The Xiaogang Plant passed the review for voluntary reduction plan and obtained a preferential carbon fee rate of NT\$100/metric ton, thereby reducing its carbon fee expenses. The Pingnan Plant has applied for natural carbon sequestration through afforestation and is expected to obtain carbon credits in 2026 after the application is approved, which will help its emission reduction efforts.</p> <p>(II) The Company's energy management plan and its implementation status: The energy management target in 2015-2025 for the Xiaogang and Pingnan plants was to achieve a cumulative average annual electricity saving rate of >1.05%. In addition, the target average annual electricity saving rate for 2025-2028 is set at 1.5% and above in accordance with the Energy Administration Act promulgated by the Energy Administration, Ministry of Economic Affairs. The Company implemented the ISO50001 energy management system in 2013 to maintain a balance and achieve the most efficient use of energy, and successfully obtained ISO 50001:2018 certification from LRQA in 2025. The certificate is valid until October 11, 2028. The Company has established the standard control value for resources, such as utilities, and reviews its achievement on a monthly basis to improve the usage efficiency of resources.</p> <p>1. The total energy consumption of the Xiaogang Plant in 2024 was 240,766 Gcal, and the energy-saving plan saved approximately 3,073 Gcal. The total energy consumption in 2025 was 202,647 Gcal, and the energy-saving plan saved approximately 5,539 Gcal. The electricity saving rate achieved the</p>	

Action Item	Implementation Status			Deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Description	
(III) Does the company evaluate potential risks and opportunities brought by climate change, and take response measures?	(III) Yes		<p>target at 2.1% in 2025. In 2025, the Xiaogang Plant held a one-hour training session on ISO 50001 baseline establishment and problem discussion, obligations and energy saving targets of major energy users, and carbon fee-related issues. A total of 12 people participated in the training, totaling 12 training hours.</p> <p>2. The Pingnan Plant's total electricity consumption in 2024 was 125,637 Gcal, and the energy-saving plan saved approximately 1,907 Gcal. The total energy consumption in 2025 was 185,114 Gcal, and the energy-saving plan saved approximately 3,326 Gcal. The electricity saving rate achieved the target at 1.8% in 2025. The Pingnan Plant generated a total of 903,643 kWh of electricity from renewable energy in 2025. The newly planned photovoltaic power generation area in 2025 is 450 kWp. It is expected to generate 500,000 kWh of green electricity per year, and is expected to be completed in the first quarter of 2026. In 2025, an additional seven engineers obtained ISO 50001 internal auditor qualifications.</p> <p>3. During the procurement of raw materials, the Company gives preference to products with green environmental protection labels. In 2025, the Company's green accounting amounted to approximately NT\$147.9 million in total, accounting for approximately 2.56% of the standalone revenue.</p> <p>(III) Risks that may arise from global climate change are disclosed in the Company's sustainability report. The Company analyzed risks and opportunities from economic, environmental, and social perspectives, analyzing potential financial losses in various different ways. We have proposed measures in response to these risks, based on their</p>	

Action Item	Implementation Status			Deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Description	
(IV) Does the company compile statistics of greenhouse gas emissions, water use, and total weight of waste in the past two years (including whether it obtained external verification), and has it established policies for greenhouse gas emission reduction, water use reduction, or other waste management (including reduction targets, implementation measures, and target achievement)?	(IV) Yes		<p>level of impact. In addition, we have engaged external parties to verify the carbon footprint and GHG emissions of our main products, so as to reduce carbon emissions. We have analyzed the impact of climate on our finances according to the TCDF, and reported it to the Corporate Governance and Sustainability Committee and the Board of Directors on February 24, 2026. The schedule planned for the sustainability chapter was submitted to the Company on December 23, 2025.</p> <p>(IV) The Company's management policies, implementation measures, and target achievement related to greenhouse gas emissions, water consumption, and waste generation are as follows:</p> <ol style="list-style-type: none"> 1. Statistics on GHG emissions and related management policies: <ol style="list-style-type: none"> (1) As of September 2025, the Company's 2024 greenhouse gas inventory passed the certification for ISO 14064: 2018, and also obtained a certificate of verification from SGS. (2) The Company's 2024 (Scope 1 and Scope 2) greenhouse gas emissions totaled 97,424 metric tons of CO₂e. 24.5% of this amount were Scope 1 emissions, while Scope 2 emissions made up the remaining 75.5%. Our Xiaogang Plant's greenhouse gas emissions totaled 80,079 metric tons of CO₂e. 29.1% of this amount were Scope 1 emissions, while Scope 2 emissions made up the remaining 70.9%. Our Pingnan Plant's greenhouse gas emissions totaled 17,244 metric tons of CO₂e. 3.3% of this amount were Scope 1 emissions, while Scope 2 emissions made up the remaining 96.7%. (3) The Company has proposed short-, medium-, and long-term goals to 	

Action Item	Implementation Status			Deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Description	
			<p>reduce greenhouse gas emissions by 2% each year in the short term, 3% each year in the medium term, 3-4% each year in the long term, gradually working towards our goal of achieving carbon neutrality by 2050.</p> <p>(4) A carbon reduction section has been set up on the Company website to explain the Company's short-, medium-, and long-term carbon reduction goals, strategies, management policies and related measures, as well as the carbon reduction white paper. The URL is: https://www.csc.com.tw/carbon.htm</p> <p>2. The water management policy is to actively utilize recycled wastewater and improve the mechanisms recycling steam condensate and rainwater, so as to provide stable water supply for production and achieve a circular economy.</p> <p>We set management targets for water intensity and wastewater intensity. In 2025, the average water intensity (water consumption/unit output) of the Xiaogang Plant decreased by 1.5%, and the average water intensity of the Pingnan Plant decreased by 1.2%. The average water intensity of the two plants will decrease by 3% in 2022-2029. In 2025, the average wastewater intensity (amount of wastewater/unit output) of the Xiaogang Plant decreased by 1.5%, and the average wastewater intensity of the Pingnan Plant decreased by 1.2%. The average wastewater intensity of the two plants will decrease by 2% in 2022-2029.</p> <p>(1) In 2024 and 2025, the volume of tap water used by the Xiaogang Plant was 93,600 metric tons and 73,300 metric tons, respectively; the water was primarily used in replenishing the circulating cooling water for three cooling towers, followed by</p>	

Action Item	Implementation Status			Deviation from Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Description	
			<p>the water used for on-site cleaning and employees' daily use. With regard to the water consumed for our water circulation cooling system, the largest single source of the Company's water consumption, we have improved our production process to recycle steam back into water used for cooling, re-circulating this water back into our water storage tower. Controlling the fan speed based on the return water temperature not only saves electricity, but also reduces the need for cooling water replenishment.</p> <p>(2) In 2024 and 2025, the volume of tap water used by the Pingnan Plant was 49,800 metric tons and 63,200 metric tons, respectively; the water was primarily used in replenishing the circulating cooling water for one cooling tower, followed by the use of soft water for washing in the ACS process. Water consumption significantly increased in 2025 due to increased ACS production. With regard to the water consumed for our water circulation cooling system, apart from adjusting the operating conditions of our water towers, we will also increase our cycles of concentration, achieving our goal to reduce water use for our water cooling systems. We implemented water-saving measures to reduce water used for cleaning in the ACS process.</p> <p>3. The main waste management policy is to recycle reusable resources and manage waste from the source by prohibiting, replacing, or reducing the use of substances that will impact the environment and reporting them in accordance with regulations. The waste recycling targets for 2025 were 75% for flexible intermediate bulk containers and</p>	

Action Item	Implementation Status			Deviation from Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Description	
			<p>75% for pallets; the targets for 2026-2029 are 80% for flexible intermediate bulk containers and 80% for pallets. The major raw materials of the production plant are delivered to the Company through pipelines and tank cars. Its primary products are delivered to domestic downstream customers through tank cars or to foreign customers through chemical tankers, so as to reduce the consumption of packaging materials and the generation of wastes from the source of production. The waste management target of the Company is reduction and recycling for reuse. For the management of waste, the goals of the Company are reduction and reutilization. General industrial waste accounts for a majority of the waste generated by the plants and primarily consists of daily trash from employees generated in offices and manufacturing facilities. Such general industrial waste is categorized and recycled. Regeneration and reuse are prioritized, followed by recycling of resources before such was is eventually cleared by the legal clearance company Shiau Gang Environmental Co., Ltd. and transported to the Southern District, Gangshan, or Renwu Waste Management Plant, Environmental Bureau, Kaohsiung City Government or the Kanding Resource Recovery Plant in Pingtung County to be incinerated or to the contract re-utilization and removal service provider to be processed and be used again. The total amount of waste generated by the Xiaogang Plant in 2024 and 2025 came to 63.2 and 105 metric tons, respectively. The total amount of waste generated by the Pingnan Plant in 2024 and 2025 came to 95.9 and 73.8 metric tons, respectively.</p> <p>The water and hazardous waste usage in 2024 has been verified by Crowe (TW) CPAs. The 2025 data is</p>	

Action Item	Implementation Status			Deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Description	
			expected to be verified by an accounting firm and disclosed in the 2025 Sustainability Report.	
IV. Social issues (I) Has the company established appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights? (Including whether protecting human rights have been formulated with reference to the International Bill of Human Rights; whether the content, applicability, and responsible units of such policies, the due diligence process, and the implementation status have been disclosed; whether workplace diversity or gender equality policies have been formulated and their implementation status disclosed; and whether human rights due diligence processes have been formulated for suppliers and their implementation	(I) Yes		(I) The Company complies with principles and spirits stated in the International Bill of Human Rights such as the "Universal Declaration of Human Rights," "The United Nations Global Compact," and "The ILO Declaration on Fundamental Principles and Rights at Work" issued by the International Labour Organization, treats and respects its current employees, contractors' staff, and suppliers with fairness and dignity, and avoids any behavior that infringes and violates human rights. The specific implementations include setting out policies and management plans related to the protection of human rights in the Company's "Human Affairs Management System" or management system procedure, and helping employees, contractors' staff, and suppliers better understand human rights protection through training or awareness campaigns. 1. Establish labor conditions according to government laws and regulations related to labor. 2. Provide equal working opportunities to all candidates according to the Employment Service Act. In 2025, there was no violation of human rights or discrimination event that occurred when hiring employees. 3. The Company prohibits the use of child labor and also prohibits suppliers from employing child labor. The Company does not charge any illegal fees or require deposits after employees are hired or promoted. 4. The Company established the "Rewards and Penalties Regulations" for which major rewards and penalties for employees shall be subject to a review	Requirements of the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies are fulfilled.

Action Item	Implementation Status			Deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Description	
status)			<p>committee.</p> <p>5. To create a high-quality workplace free from sexual harassment, establish a complaint channel for sexual harassment incidents, and adopt appropriate preventive, correctional, disciplinary, and remedial measures, the Company has established regulations on workplace and general sexual harassment prevention measures, complaints, and punishments.</p> <p>The Company also established "Management Procedures for Preventing Workplace Misconduct" and "Procedures for Handling Complaint," which provide complaint channels to protect the human rights of employees and contractors, and to provide them with a means of recourse when their legitimate rights are infringed or improperly handled and cannot be reasonably resolved. No complaints were filed and not human rights violations occurred in 2025.</p> <p>The Company cares about the physical and mental health of contractors. Every year, we invite them to participate in activities, such as cleaning up mountains and beaches and planting trees. In 2025, we organized a total of eight events and contractors were also invited to participate.</p> <p>6. In 2024, the Company established the "China Steel Chemical Corporation Due Diligence Checklist" to ensure that suppliers comply with the "China Steel Chemical Corporation Supplier Code of Conduct," emphasizing labor and human rights, health and safety, environment, ethics, management system, and non-use of conflict minerals (China Steel Conflict Minerals Policy). The due diligence process and its implementation status are as follows:</p> <p>(1) With regard to the evaluation items for new suppliers, we continue to incorporate ESG issues in supplier due diligence, including</p>	

Action Item	Implementation Status			Deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Description	
			<p>environmental protection, working conditions, human rights issues, non-use of conflict minerals, social issues, and supplier code of conduct.</p> <p>(2) We visited a total of five suppliers in 2025.</p> <p>7. During new employee training, all new employees receive human rights-related training, and senior employees have also received human rights-related training. The Company provided organized a 0.5-hour general human rights-related training session (covering sexual harassment prevention and complaint channels, anti-discrimination, and prevention of workplace misconduct for new employees) in 2025, 335 people participated and received 167.5 hours of training in total. The fourth meeting of the 13th-term Board of Directors on October 30, 2025 raised the sexual harassment prevention awareness of all Directors.</p> <p>8. The Company's Human Affairs Management System contains a section on "Remuneration Management," which explains that employees are remunerated based on their duty, current market wage standards, the Company's financial status, and organizational structure. The basic salary paid to women and men of the same position and seniority is the same. Since the Company's salaries are related to seniority, the varying salaries for each position are due to differences in seniority and performance. The salaries of employees in the same position and with the same seniority do not differ with gender.</p> <p>9. For more details on the Company's human rights protection policies and plans for 2025, please refer to the Company's website https://www.cscc.com.tw/download/Human_Rights.pdf</p> <p>(II) The Company has established reasonable</p>	

Action Item	Implementation Status			Deviation from Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Description	
(II) Has the company disclosed reasonable employee welfare measures (including remuneration, paid leaves, pension system, and other benefits) and appropriately reflected its business performance or results in employees' remunerations?	(II) Yes		<p>policies for remuneration, paid leaves, and other benefits and reflected its operating performance or results in employees' remunerations.</p> <ol style="list-style-type: none"> 1. Employees' salaries include basic salary (including base salary and meal allowance), allowances (including environmental allowance and shift allowance), no-leave bonus, and year-end bonus. 2. The Company has established regulations for employee salaries and earnings incentive bonuses to reflect the Company's annual business performance and results in employee salaries, linking them to individual employee performance evaluations. 3. To provide incentives for employees' professional services and settle their on-the-job or post-retirement livings, the Company has established the Regulations for Retirement, Indemnities, and Severance according to the requirements under the Labor Standard Act and relevant laws and regulations. In terms of retirement regulations, those who have worked for more than 15 years with an age of 55 or above or those who have worked for more than 25 years with an age of 60 or above may apply for retirement. Regarding the granting standards for pension, two bases were provided for a year of service and one base is provided for a year of service for those who have worked for more than 15 years; the maximum total shall be up to 45 bases. The Company also established a Labor Pension Allowance Supervisory Committee to appropriate the labor pension allowance on a monthly basis. To align employees' personal wealth with the Company's growth and provide employees with better security after retirement, the Company implemented its employee stock ownership trust system in January 1999. The Company 	

Action Item	Implementation Status			Deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Description	
			<p>contributes a fixed percentage of the amount allocated by employees each month as an incentive. A financial institution is engaged to use all of the funds to purchase the Company's shares in the name of a dedicated account and utilize and manage such funds on behalf of the Company. The participating employees may collect the shares under the trust upon severance or retirement. The percentage of employees under the new pension system for which the employer contributes over 6% each month is 0% at the Company. However, the Company established the "company contribution" system in 2023 to close the gap between the contribution ratios of the new and old pension systems, where it makes additional contributions as an incentive for employees subject to the Labor Pension Act. Starting in 2024, the Company began offering the "30% contribution rate to the shareholding trust" to give employees better security after retirement.</p> <p>4. The Company established an Employee Welfare Committee to create a work environment with excellent benefits for employee well-being. The committee manages employee welfare, including group insurance, various subsidies, and club activities. Employees share the Group's employee welfare facilities, such as the employee welfare store, cafeteria, the Group's clubhouse, gym, and kindergarten to meet their needs. The Company also holds an annual Family Day to promote relationships between employees and their families, and strengthen employee engagement. The Company has negotiated collective bargaining agreements with the Labor Union of CSC from 2015 onwards, and with the Laborers' International Union of China Steel Chemical Corporation from 2022 onwards in accordance with the</p>	

Action Item	Implementation Status			Deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Description	
(III) Has the company provided a safe and healthy working environment for employees and organized training on health and safety for its employees on a regular basis?	(III) Yes		<p>Collective Agreement Act.</p> <p>The Company has established several leave rules that are superior to the Labor Standards Act and the Act of Gender Equality in Employment, such as bereavement leave, special leave for newlyweds, marriage leave, prenatal check-up leave, and general sick leave. The Company values the work-life balance of its employees. Please refer to Chapter D. Business Overview, VI. Labor-Management Relations in this annual report.</p> <p>(III) To further enhance risk management capabilities, ensure safety and health management performance, and reduce occupational hazards, the Company obtained OHSAS 18001 and CNS 15506 certifications in 2002 and 2012, respectively. The Company also obtained the new certificate for ISO 45001 in 2020, which is valid from April 3, 2023 to March 15, 2026. An inspection to renew the certificate is scheduled in March 2026. Routine inspections are conducted each year to utilize the occupational safety and health management system. The Company is committed to meeting safety and health standards of advanced countries around the world, as well as providing and maintaining a working environment that aligns with regulatory requirements. We continue to make improvements to prevent any potential hazards that may harm lives and assets. There were no major fire accidents in 2025. To further lower the risk of fire accidents, the Company continues to send employees to receive firefighting training (Taiwan Fire Academy in Zhushan/Texas A&M), conduct four emergency fire safety drills annually, and installed a very early fire warning system for early discovery of hazards.</p> <p>The Company assigns one full-time</p>	

Action Item	Implementation Status			Deviation from Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Description	
(IV) Has the company established effective career development training plans for its employees?	(IV) Yes		<p>nurse to each of the Xiaogang and Pingnan plants, and also hires a specialist in occupational medicine from Kaohsiung Medical University to provide services at the headquarters, Xiaogang and Pingnan plants on a regular basis. They are jointly responsible for the health management and health promotion of all employees. The items and frequency of annual health checkups are both better than required by law. The Company regularly organizes health lectures and medical education courses on different topics every year to raise employees' health awareness and self-care abilities. In 2025, the Company's results were recognized by the Occupational Safety and Health Administration, Ministry of Labor for passing the "Workplace Health Promotion Self-evaluation." In 2025, the Xiaogang plant successfully obtained the "AED Safe Place Certification" label from the Department of Health (see pages 176-177 for details).</p> <p>(IV) The continued growth and improvement of employees are the cornerstones of the Company's growth. We plan and improve employee training based on the Company's business direction and future strategic development. This includes arranging appropriate courses for new employees, professionals, and managers to enhance employees' professional skills and the Company's competitiveness. We established the Employee Education and Training Regulations and the CSCC Talent Cultivation and Development Plan, and actively carry out related talent development work, including training for new employees, managers, and expatriates, general education and training, professional and technical training, quality control and EHS, and language proficiency. In 2025, the Company's total training hours was</p>	

Action Item	Implementation Status			Deviation from Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Description	
(V) Does the company comply with laws and international standards concerning customer health and safety, customer privacy, marketing, and labeling of products and services and define related policies and complaint-filing procedures to protect the rights of consumers or customers?	(V) Yes		<p>12,987 hours, on average each employee received 38.7 hours of training, and the training expenses was NT\$4,610 thousand.</p> <p>Relevant training is provided for each position, and the implementation of training plans has allowed employees to effectively develop professional skills for their current position and future career path.</p> <p>(V) The Company observes relevant laws and international standards related to customers' health and safety, customer privacy, marketing, and label of its products and services, and has appointed dedicated personnel and set up a mailbox to handle issues related to complaints regarding the interests of the Company's consumers.</p> <p>1. The Company established customer service rules to protect customer rights, and provides customer feedback to production plants to make improvements accordingly. Performance indicators are reviewed quarterly and annually to improve customer satisfaction. Customers can also protect their rights through the customer service e-mail, telephone, and satisfaction surveys. If a case is received, the business department will close the case within seven business days after receiving the customer's message.</p> <p>2. The Company strictly abides by the Personal Data Protection Act and has put in place the following policies or measures for personal data protection:</p> <p>(1) The Company established the "Guidelines for the Management of Employee Personnel Data," and the Administration Division oversees the personnel management of each unit, as well as the principles for the use of personnel data required by each unit to perform its duties.</p> <p>(2) The Company strictly requires</p>	

Action Item	Implementation Status			Deviation from Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Description	
(VI) Does the company have a supplier management policy, require suppliers to comply	(VI) Yes		<p>employees to fulfill their responsibility to protect trade secrets and respect customer privacy. Contracts are established to protect customer rights for all products and services, as well as customers' privacy from being leaked. Business departments have the following control measures in place:</p> <ul style="list-style-type: none"> ① Licensed antivirus software is installed in all computers of the Company to prevent the spread of computer viruses to the information system. ② An account ID and password is required when retrieving any data from information systems. Non-customers or those whose identities are not verified cannot access data. Data is encrypted using SSL technology to ensure security during transmission. ③ The Company has established regulations governing the management of digital certificates in the information system, and certificates must be renewed or extended before they can be used again. <p>There were no complaints of customer privacy violations in 2025.</p> <p>(3) The Administration Department organized a one-hour training session on personal data protection to raise employees' understanding and application capabilities regarding personal data protection, where all employees are arranged to receive the training. In 2025, a total of 335 people participated in the training and received a total of 335 hours of training.</p> <p>(VI) The Company follows ISO9001, IATF16949: 2016 quality management systems, and established the "Supplier Management Procedure." There were a total of 32 qualified suppliers in 2025.</p>	

Action Item	Implementation Status			Deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Description	
with regulations on environmental protection, occupational safety and health or labor rights, information security, or privacy protection, and what is its implementation status?			<p>The Company has listed environmental protection, working conditions, human rights, and social issues as the core evaluation criteria since 2018. Starting in November 2020, the Company added environmental protection, working conditions, human rights, and social issues as required evaluation items in the "Supplier Code of Conduct" to strengthen supply chain management. In June 2024, the Company established the "China Steel Chemical Corporation Due Diligence Checklist" to ensure that suppliers comply with the "China Steel Chemical Corporation Supplier Code of Conduct," emphasizing labor and human rights, health and safety, environment, ethics, management system, and non-use of conflict minerals (China Steel Conflict Minerals Policy). The due diligence process and its implementation status are as follows:</p> <ol style="list-style-type: none"> 1. With regard to the evaluation items for new suppliers, we continue to incorporate ESG issues in supplier due diligence, including environmental protection, working conditions, human rights issues, non-use of conflict minerals, social issues, and supplier code of conduct. 2. We visited a total of five suppliers in 2025. All of our procurement contracts with raw material suppliers require them to comply with ESG-related clauses. The Company established the "Supplier Code of Conduct" as a guideline for suppliers, and covers the following: ethics, labor and human rights, health and safety, environmental standards, and management systems, in hopes of working with suppliers to achieve sustainability goals, such as environmental sustainability, respect for labor rights, and adherence to ethical standards. When selecting raw material 	

Action Item	Implementation Status			Deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Description	
			<p>suppliers, the Company conducts sustainability status surveys through questionnaires or interviews to assess whether the suppliers comply with the Company's Supplier Code of Conduct. For suppliers listed as high-risk, we will track their improvement results or conduct on-site visits to assist them in making improvements. If a supplier is unable to mitigate its risk, we will stop requesting quotes from that supplier. In addition, the Company established the "Contractor Management Procedure" and "Management Procedures for Preventing Workplace Misconduct" to implement its EHS policy. We regularly audit contractors in our plants. If any violations of occupational safety, environment, or human rights are found, we will impose fines or terminate the contract depending on the severity of the violation. In addition, the Company organizes training sessions and occupational safety awareness meetings on an ad hoc basis to ensure the safety and health of employees. The Pingnan Plant has been carrying out a large-scale expansion project in recent years. In addition to holding regular training sessions for contractor personnel every Friday, contractor personnel were also invited to participate in the plant's occupational safety training and occupational safety competition in 2025. The 2025 Occupational Safety Competition of the Pingnan Plant awarded a total of NT\$52,600 in incentive prizes to contractor personnel.</p>	
V. Does the Company prepare the Sustainability Report or other reports disclosing non-financial information of the Company by	Yes		<p>The Company has hired trusted accounting firm Crowe (TW) CPAs to provide limited assurance for our 2024 sustainability report pursuant to TWSAE 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information," published by the Accounting Research and Development Foundation. The firm provided</p>	<p>Requirements of the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies are fulfilled.</p>

Action Item	Implementation Status			Deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Description	
referring to international general principles or guidelines in the preparation of reports? Are there opinions from a third-party qualification unit to validate or guarantee the said reports? (Including whether it was approved by the Board of Directors)			<p>limited assurance that our sustainability report disclosed information in compliance with the Core Options provided in the 2021 GRI Standards announced by the Global Reporting Initiative, and with the Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies published by the Taiwan Stock Exchange Corporation. Once the assurance is completed, it was submitted to the Corporate Governance and Sustainability Committee and Board of Directors on July 29, 2025 for approval in accordance with administrative procedures. The report received the "Sustainability Report - Traditional Manufacturing Sector - Silver Award" at the 18th Taiwan Corporate Sustainability Awards.</p> <p>For the Company's 2024 Sustainability Report, please refer to the ESG section of the Company website at: https://www.csc.com.tw/csr/index.html</p>	
<p>VI. If the Company has established its own sustainable development principles according to the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, please describe the differences between its implementation and the established principles: The Company has established its Sustainable Development Best Practice Principles according to the "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies," and the actual operations comply with the requirements under the principles.</p>				
<p>VII. Other Important Information to Help Understand Implementation Status in the Promotion of Sustainable Developments</p> <p>(I) Environmental Protection and Energy Conservation The Company has always been deeply concerned about environmental issues, and it has implemented relevant systems through real actions, including the coal chemical manufacturing plant passing the ISO 14001:2015 Environmental Management System Certification on August 10, 2007, and obtaining the new certificate on March 5, 2025 (valid until March 5, 2028). In addition, both the coal chemical manufacturing plant and carbon material manufacturing plant have passed the verification for the ISO 14064-1:2018 GHG Inventory. Due to current concerns on energy management issues and the future energy management challenges that the Company will face, it will achieve three purposes of energy cost reduction, energy-saving and carbon emission reduction, and improvement of its corporate image through establishing an energy management system and developing energy efficiency improvement plans to effectively manage its energy use, improve energy efficiency, and further improve its healthy, environmental-friendly corporate. SGS performed the ISO 50001 external certification of the Company's coal chemical manufacturing plant in June 2013, and the coal chemical manufacturing plant also successfully obtained the ISO 50001:2010 Energy</p>				

Action Item	Implementation Status			Deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Description	
<p>Management Systems certification in 2013. The construction of our carbon material manufacturing plant was completed in March 2018, and in October 2019 we obtained the ISO 50001: 2018 Energy Management System certification. The Company's energy conservation and carbon reduction strategies for the coal chemical manufacturing plant and carbon material manufacturing plant are heavily based on the best available technologies adopted by our international peers in the same industry. The benefits derived from energy conservation plans and investment projects in 2025 are as follows:</p>				
Energy-saving action plan		Investment amount (NT\$ million)	Investment details and benefits (quantitative data)	
Xiaogang Plant	Flue gas heat recovery system	14.7	Heat recovery installation/ Reduced carbon emissions by 1,039 metric tons CO ₂ e/year	
	Cooling water distribution optimization	2.0	Hydraulic analysis and equipment replacement/ Reduced carbon emissions by 333 metric tons CO ₂ e/year	
	Oil preheating	1.5	Preheating device installation/ Reduced carbon emissions by 35 metric tons CO ₂ e/year	
	Major pump equipment replacement	2.1	High-efficiency and domestically produced equipment Reduced carbon emissions by 144 metric tons CO ₂ e/year	
Pingnan Plant	Reduce electricity consumption by furnace for graphite blocks	0	Optimization of operating parameters reduced electricity consumption by 298,540 kWh/year and reduced carbon emissions by 127 metric tons CO ₂ e/year.	
	MGP total power transmission capacity and electricity conservation improvement	0	Optimization of operating parameters reduced electricity consumption by 244,049 kWh/year and reduced carbon emissions by 103 metric tons CO ₂ e/year.	
	Reduce the number of times the ACS field is cleaned	0	Optimization of operating parameters reduced electricity consumption by 36,445 kWh/year and reduced carbon emissions by 15 metric tons CO ₂ e/year.	
	Energy-saving management of automated warehousing system	0.003	Reducing standby time reduces electricity consumption by 135,642 kWh/year and reduces carbon emissions by 56 metric tons CO ₂ e/year.	
<p>We have carried out afforestation work at the Pingnan Plant since 2018, focusing on planting native tree species and continuously nurturing and maintaining them. We submitted an application to the Ministry of Environment for the "CSCC Voluntary Afforestation Carbon Sink Project" in June 2025 in conjunction with natural carbon sink strategies and measures, and expect to obtain</p>				

Action Item	Implementation Status			Deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Description	
			<p>reduction credits, which will help the implementation of emission reduction work. The Company discloses the progress of its voluntary carbon reduction plan for natural carbon sinks in the Carbon Reduction section of its website (https://www.cssc.com.tw/carbon.htm), and expects registration to be approved in 2026.</p> <p>(II) Promoting environmental education</p> <p>In addition, we promote environmental education with a focus on the Group's carbon neutrality policy. In order to align energy conservation and carbon reduction work with environmental education, we have established an environmental education group in the "Sustainable Environmental Development" group of the Corporate Governance and Sustainability Committee. We organize company activities for employees to communicate the concepts of energy conservation, carbon reduction, waste reduction, and environmental protection to families, industrial areas, nearby schools, communities and other places. We promote environmental education starting with tree planting, mountain cleaning, and beach cleaning. By organizing these activities, we emphasize the relationship between a sustainable environment and people, and bring environmental education into the development of ESG. We ensure that all stakeholders of China Steel Chemical Corporation attain environmental literacy and take necessary actions, and fulfill the corporate responsibility of promoting environmental education for all.</p> <p>The Company won the "Excellence" award for the private sector in the 9th "National Environmental Education Award" organized by the Ministry of Environment. On June 26, 2024, the Minister of Environment Chi-Ming Peng personally presented the medal to the Company. The Company signed a memorandum of understanding on environmental education with Haifeng Wetland, an environmental education certification site in Pingtung County, in July 2024, and organized environmental education training for internal lecturers at the site on December 19, 2025. The results of the various activities are as follows:</p> <ol style="list-style-type: none"> 1. Activity participation: <ol style="list-style-type: none"> (1) On March 16, 2025, the Company organized an environmental education activity in Liouguei, Kaohsiung in coordination with the Forestry and Nature Conservation Agency's Tree Planting Month; a total of 155 people participated in the activity. (2) On March 18, 2025, 2,000 people participated in the Pingtung County Environmental Protection and Disaster Prevention Carnival and Environmental Education Campaign. (3) On July 19, 2025, 517 people participated in the Pingtung County Environmental Protection Volunteer Gathering and Environmental Education Campaign. (4) On September 27, 2025, 523 people from 10 companies in Pingtung Industrial Park participated in the beach cleanup and environmental education event at Fan-Liau Fishing Harbor. 2. According to statistics from tree planting over the years (July 2020 to December 2025), there are currently 166 trees remaining, which is a survival rate of 71.6%. <p>(III) Community participation and neighborliness</p> <p>To carry out healthy interactions with communities, the Company joined the Linhai Industrial Park Association to participate in various activities of suppliers in the park. The Company visits neighborhoods and villages near the Company from time to time and sponsors community activities to achieve healthy interactions with community residents. To encourage elementary school students in Xiaogang District to have a fulfilling summer vacation and provide them with diverse learning opportunities, the Company has jointly organized the</p>	

Action Item	Implementation Status			Deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Description	
			<p>"King of Knowledge Summer Camp" with CSC each year based on features of elementary and junior high schools in Xiaogang District since 2008. The camp has received enthusiastic responses from students and positive feedback from residents of Xiaogang District. To promote environmental sustainability, the Company has organized tree planting activities in collaboration with Jiadong Township Office, Pingtung County for many years, and organized beach clean-up activities in collaboration with Fangliao Township Office and fishermen's associations. We regularly clean the roads surrounding the plant in Pingnan Industrial Park and adopted street trees along Yongxiang Road in Pingnan Industrial Park.</p> <p>(IV) Consumers' interests Adhering to the quality policy of "customers first," the Company is committed to producing products that meet customer needs. We compile statistics on negative feedback from customer to monitor customer conditions and conduct customer satisfaction surveys each year to understand its level of performance within the industry and customer satisfaction, and seek opportunities to further improve the quality of its products and services. The Company adjusts its business strategy to align with market development trends. Meanwhile, the Company has formulated customer complaint handling procedures to deal with customer complaints. In recent years, the Company has proactively developed green energy products for the downstream energy-saving industry to protect Earth's environment.</p> <p>(V) Creating a healthy and green life</p> <ol style="list-style-type: none"> 1. The Company promotes "green life" and organizes events such as tree planting, beach cleaning, mountain climbing, among others. The Company also encourages employees to adopt behaviors of energy-saving, carbon emission reduction, and plastic reduction in their daily lives, engage in outdoor activities, and care for the Earth, which we depend on to live. 2. The Company carries out greening, beautification, and maintenance to create an ecologically diverse environment. In 2025, the fixed cost of maintaining the greening and beautification of the Xiaogang Plant was approximately NT\$637 thousand, and the cost of replanting/transplanting/pruning was approximately NT\$19 thousand, totaling NT\$656 thousand. The fixed cost of maintaining the greening and beautification of the Pingnan Plant was approximately NT\$3,132 thousand in 2025. <p>(VI) Issuance of sustainable bonds: None.</p> <p>(VII) Biodiversity policies or commitments and their implementation status: The policy is being formulated.</p> <p>(VIII) Strategies and measures for implement natural carbon sinks and their implementation status We have carried out afforestation work at the Pingnan Plant since 2018, focusing on planting native tree species and continuously nurturing and maintaining them. We submitted an application to the Ministry of Environment for the "CSCC Voluntary Afforestation Carbon Sink Project" in June 2025 in conjunction with natural carbon sink strategies and measures, and expect to obtain reduction credits, which will help the implementation of emission reduction work. The Company discloses the progress of its voluntary carbon reduction plan for natural carbon sinks in the Carbon Reduction section of its website (https://www.csc.com.tw/carbon.htm), and expects registration to be approved in 2026.</p>	

Implementation of climate-related disclosure

Item	Implementation Status												
Describe how the Board of Directors and the Company's management has supervised and managed climate-related risks and opportunities.	<ol style="list-style-type: none"> The Board of Directors is the highest climate governance unit of the Company and it regularly reviews the disclosure and strategy implementation of climate risks and opportunities through the Corporate Governance and Sustainability Committee. It strengthens the sustainable development function of the Board of Directors every year to ensure effective supervision. The Corporate Governance and Sustainability Committee consists of a Risk Management Group and a Sustainable Environmental Development Group, which are convened by the President and the Vice President, respectively. They are responsible for climate risk management and carbon reduction strategies. The President also presides over regular monthly greenhouse gas reduction meetings to review progress and discuss improvement measures. Senior management and the risk management team establish and maintain an appropriate and effective internal control system to identify climate issues each year, incorporate the results into the overall risk management mechanism, and improve the management results of climate risks and opportunities. The 2025 Climate Risk/Opportunity Assessment Report has been submitted to the Corporate Governance and Sustainability Committee and the Board of Directors on February 24, 2026. 												
Describe how identified climate risks and opportunities impact the Company's business operations, strategy, and finances (in the short-term, medium-term, long-term).	<p>We comply with the Company's Policies and Procedures for Risk Management to identify how risks and opportunities affect the business model and value chain, and define short, medium, and long-term time periods based on the Company's strategy. The following are descriptions of how climate risks and opportunities affect the Company's business, strategy, and finance:</p> <table border="1" data-bbox="311 970 1001 1439"> <thead> <tr> <th data-bbox="311 970 490 1023">Climate Risks and Opportunities</th> <th data-bbox="490 970 568 1023">Time Period</th> <th data-bbox="568 970 714 1023">Related Value Chains</th> <th data-bbox="714 970 1001 1023">Effect on the Company</th> </tr> </thead> <tbody> <tr> <td data-bbox="311 1023 490 1294">Policies and Regulations</td> <td data-bbox="490 1023 568 1294">Medium term</td> <td data-bbox="568 1023 714 1294">The Company's operations</td> <td data-bbox="714 1023 1001 1294">The Company closely monitors relevant climate regulations and environmental policies of the Ministry of Environment. In addition, it also considers the carbon border adjustment mechanism formulated by advanced economies due to carbon leakage. The relevant regulations will affect the Company's operating costs.</td> </tr> <tr> <td data-bbox="311 1294 490 1439">Technological development</td> <td data-bbox="490 1294 568 1439">Short to medium term</td> <td data-bbox="568 1294 714 1439">The Company's operations</td> <td data-bbox="714 1294 1001 1439">In response to climate change, the Company needs to start investing in low-carbon technologies to mitigate the impact of climate change and energy transition through more</td> </tr> </tbody> </table>	Climate Risks and Opportunities	Time Period	Related Value Chains	Effect on the Company	Policies and Regulations	Medium term	The Company's operations	The Company closely monitors relevant climate regulations and environmental policies of the Ministry of Environment. In addition, it also considers the carbon border adjustment mechanism formulated by advanced economies due to carbon leakage. The relevant regulations will affect the Company's operating costs.	Technological development	Short to medium term	The Company's operations	In response to climate change, the Company needs to start investing in low-carbon technologies to mitigate the impact of climate change and energy transition through more
Climate Risks and Opportunities	Time Period	Related Value Chains	Effect on the Company										
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Technological development	Short to medium term	The Company's operations	In response to climate change, the Company needs to start investing in low-carbon technologies to mitigate the impact of climate change and energy transition through more										

Item	Implementation Status			
				energy-efficient production and the use of renewable electricity.
	Market	Medium term	Upstream suppliers	The Company's main raw materials come from by-products of conventional steel mills. With the introduction of Taiwan's net zero policy, upstream raw materials will also be affected. The Company will continue to pay attention to maintain its operational competitiveness.
	Market	Medium term	Downstream customers	The Company's products are chemical products and energy storage/power battery materials. Some customers may demand low-carbon products due to the impact of climate change.
	Reputation	Short term	The Company's operations	The Company needs to actively communicate climate change response results with stakeholders through diverse channels.
	Immediate physical risks	Long term	Upstream suppliers/the Company's operations	The Company's operating plants and supplier plants are affected by rare and severe extreme weather events, which may cause production suspension or supply interruption.
	Long-term physical risks	Medium to long term	The Company's operations	Changes in precipitation patterns or increasingly extreme high temperatures may potentially impact water and energy usage at the Company's plants.
	Resource efficiency/Energy sources	Medium term	The Company's operations	The Company can improve its operational resilience through proactive process transformation in response to climate change or flexible plans for energy and resource consumption.
	Market/products and services	Short term	Downstream	With the emerging green energy/low-carbon product market derived from climate change mitigation, the Company actively responds to market demand to expand its potential market territory.

Item	Implementation Status			
Describe the financial impact of extreme climate events and transition operations.	The Company continues to respond to and assess the impact of extreme climate events and transformation actions on the Company. In addition to avoiding production disruptions caused by extreme climate, it also plans transformation actions that can create long-term benefits and support the Company's sustainable development goals.			
	Impact of Climate Events	Effect on the Company's Operations	Effect on the Company's Finance	Response Strategies and Benefits
	Extreme climate events	Shipping transportation interrupted Increased frequency of equipment maintenance Production disruption due to water/drought	Decrease in operating revenue Increased maintenance costs	The Company's current risk management mechanism has already incorporated climate disaster prevention and response measures. This includes regular contingency drills for production disruptions, risk assessment operations, and storing safety stocks of inventory at all of our factories.
Transformation action	<p style="text-align: center;">Process transformation</p> Improve energy efficiency of each asset Increase the proportion of renewable energy use Investment in emerging low-carbon technologies	Increased capital expenditures Increased operating costs Increased R&D expenditures Increased operating income	Support the Company's sustainable business strategy, actively respond to stakeholders' expectations, and adapt to market demand to effectively drive the Company's positive growth.	
Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the overall risk	The Company established the "Policies and Procedures for Risk Management" and incorporated climate change as one of the Company's key risk management items. As part of our overall risk management mechanism, the Company's risk management team regularly identifies and measures risks, proposes measures for mitigating risk or adjusting operations, and implements procedures for disclosing, reporting, and supervising risks. These mechanisms are also regularly reviewed.			

Item	Implementation Status
management system.	
If scenario analysis is used to assess resilience to climate change risks, please disclose the scenarios, parameters, assumptions, and analysis factors used, as well as the main financial impact discovered.	The Company refers to the International Energy Agency's net zero emissions scenario (IEA-NZE) for transition risk analysis of changes in the chemical and steel industries and long-term trends in the emerging energy storage market. For physical risks, we refer to the very high emissions scenario (SSP5-8.5) of the Intergovernmental Panel on Climate Change, supplemented by Taiwan's TCCIP climate scenario downscaling information for resilience assessment. Please see Chapter 4 of sustainability reports published in previous years for the scenarios, parameters, assumptions, analysis factors, and main financial impacts used.
If a transition plan has been adopted in response to climate change related risks, please describe the contents of the plan, and the indicators and targets used to identify and manage physical risks and transition risks.	The Company has planned a carbon neutrality reduction path with 2022 as the baseline year to reduce carbon emissions by 6% by 2025, 20% by 2030, and 27% by 2032. The long-term goal is to attain carbon neutrality by 2050. In order to achieve the carbon reduction target, the main measures before 2030 will be implementing energy efficiency improvement and energy-saving measures, installing renewable energy equipment, and replacing and reducing energy use. After 2033, depending on technological development, the three major actions of full use of green electricity, hydrogen blending and combustion, and carbon capture will be adopted to actively achieve the carbon neutrality target by 2050.
If internal carbon pricing has been used as a planning tool, please describe how this price has been determined.	Based on the carbon fee standards set by the Ministry of Environment and the data of the Company's application for voluntary carbon reduction, the Company has set an internal carbon price of NT\$100 starting in 2025, and it will be adjusted every two years on a rolling basis according to the carbon fee rate and the status of green electricity. This price will be applied to activities that may increase carbon emissions, such as major capital expenditures and investment projects, and included when calculating the overall return on investment to accurately reflect external environmental costs.
If climate-related goals have been set, please describe the	1. Indicators and targets for reducing greenhouse gas emissions: The Company has set short-, medium- and long-term carbon reduction targets. For details on the activities, timelines, and target achievement, please refer to Section 1-2 of this chapter for

Item	Implementation Status
<p>activities covered, the scope of greenhouse gas emissions, planned schedules, and progress made towards these goals each year: If carbon offsets or renewable energy certificates (RECs) have been used to achieve these goals, please describe the source and quantity of these carbon offsets, or the number of renewable energy certificates used.</p>	<p>greenhouse gas reduction targets, strategies and specific action plans.</p> <p>2. Purchasing green electricity is a key strategy for the Company to achieve carbon neutrality. The Company's carbon material manufacturing plant used 903,643 kWh of renewable energy through renewable energy wholesale contracts in 2025. (Most of the green electricity is directly supplied by solar panels on the rooftop of plants). The Company obtains green electricity through power purchase agreements (PPAs), and has obtained a total of 903 Taiwan Renewable Energy Certificates (T-RECs) (each certificate is 1,000 kWh), fulfilling our obligations as a major electricity user to use green electricity.</p>
<p>Greenhouse gas inventory and assurance, reduction targets, strategies and specific action plans.</p>	<p>Please refer to 1-1 and 1-2.</p>

1-1 The Company's GHG inventory and assurance in the past two years

1-1-1 Information on GHG inventory

Description of GHG emissions (metric tons CO₂e), intensity (metric tons CO₂e/million NTD) and scope of information in the past two years:

The results of the 2025 inventory will be disclosed in the 2025 Sustainability Report.

Results of the 2024 inventory

Direct emissions (Scope 1)	Total emissions (Metric ton CO ₂ e)	Intensity (Metric ton CO ₂ e/ NT\$ million)	Inventory standard	Data coverage
CSCC	23,895	3.19	ISO14064-1	Headquarters, Xiaogang Plant, Pingnan Plant
Subsidiary	13.49	0.12	ISO14064-1	Changzhou China Steel New Materials Technology Co., Ltd.
Total	23,908.49	3.31	-	
Energy indirect emissions (Scope 2)	Total emissions (Metric ton CO ₂ e)	Intensity (Metric ton CO ₂ e/ NT\$ million)	Inventory standard	Data coverage
CSCC	73,529	9.82	ISO14064-1	Headquarters, Xiaogang Plant, Pingnan Plant
Subsidiary	169.97	1.54	ISO14064-1	Changzhou China Steel New Materials Technology Co., Ltd.
Total	73,698.97	11.36	-	
Other indirect GHG emissions (Scope 3)	CSCC: 1,065,550 mtCO ₂ e			
	Subsidiary: 786 mtCO ₂ e			

1-1-2 GHG assurance information

Describe the assurance situation in the last two years up to the date of report, including the scope of assurance, the certification body, the criteria for assurance, and assurance opinions:

	2025	2024
Scope of assurance	We have not yet obtained a complete GHG assurance opinion. Complete assurance information will be disclosed in the 2025 Sustainability Report. We plan to engage Deloitte Taiwan to provide assurance for our 2025 GHG inventory. The scope of assurance includes the headquarters, the coal chemical manufacturing plant (Xiaogang Plant), the carbon material manufacturing plant (Pingnan Plant), Changzhou China Steel New Materials Technology Co., Ltd., and Ever Wealthy International Corporation.	China Steel Chemical Corporation
Assurance body		SGS Taiwan Ltd.
Assurance standard		ISO 14064-3:2109
Assurance opinion		The Company disclosed that total GHG emissions (Scope 1 + Scope 2) was 97,423.522 metric tons CO ₂ e, covering 100% of total emissions. The GHG emissions were verified by SGS with reasonable level of assurance.

1-2 Greenhouse gas reduction targets, strategies, and specific action plans

Describe the greenhouse gas reduction baseline year and its data, reduction targets, strategies, specific action plans, and achievement of reduction targets:

The Company's carbon reduction path uses 2022 as the baseline year. The Company aims to reduce carbon emissions by 2% (2,137 metric tons) compared to the baseline year each year from 2023 to 2026, 3% (3,205 metric tons) each year from 2027 to 2030, and 3.5% (3,739 metric tons) each year from 2031 to 2032.

We have implemented internal energy conservation projects, replaced equipment with energy efficient models and introduced new technologies, sought advice from external experts, and actively implemented carbon reduction measures, in hopes of contributing our utmost efforts to carbon reduction by working together across departments and even companies, as well as by combining resources provided by government agencies.

In 2024, the Xiaogang Plant completed 17 energy-saving projects, reducing emissions by 2,226 metric tons. The Pingnan Plant completed 8 energy-saving projects, reducing carbon emissions by 395.88 metric tons. The two plants reduced emissions by a total of 2,621.88 metric tons, achieving 122.7% of the target. The actual carbon reduction was 2.45% compared with the baseline year.

(VI) Implementation of Ethical Management

Evaluation Item	Operation		Description	Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No		
I. Establishment of ethical management policies and programs				No deviation from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies.
(I) Has the Company established its ethical management policies that are passed by the Board, and expressly declared its ethical management policies and measures in its rules and documents for external parties, and the commitments made by the Board and the senior management to actively implement the operating policies?	(I) Yes		(I) 1. The Company has established its "Ethical Norms for Employees" (Note 1), "Ethical Management Principles," (Note 2) "Procedures and Behavioral Guidelines for Ethical Management" (Note 3), and "Code of Ethics for Directors and Senior Managers," which were reported to and passed by the Board; the Company has preventive requirements for unethical behaviors in place. 2. The Company otherwise established its "Internal Control System," and the partial sections related to the human affairs management system also set out preventive requirements for unethical behaviors. The Company also stipulated the prohibition clauses on bribery and receipt of rebates in engineering, procurement, and contracting contracts. 3. Through the Company's internal EIP system, we have promoted moral integrity, compliance and discipline, and related Company rules.	
(II) Has the company established a risk assessment mechanism against unethical conduct, analyze and assess operating activities with higher risk of unethical conducts on a regular basis, and establish prevention programs accordingly,	(II) Yes		(II) 1. The Company has established its "Guidelines for Handling Gifts, Social Engagements, and Lobbying" to realize a quality corporate culture, safeguard its corporate image, and provide a basis for employees in handling gifts, social engagements, and lobbying. 2. The Company is disallowed to make political donations or be engaged in improper charity donations or	

Evaluation Item	Operation		Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	
<p>which shall at least include the preventive measures specified in Article 7, Paragraph 2 of the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies"?</p> <p>(III) Has the company established policies to prevent unethical conduct with relevant procedures, guidelines of conduct, punishment for violation, rules of appeal clearly stated in the policies, implemented the policies, and review</p>	(III) Yes		<p>sponsorships.</p> <p>3. Except for ethical standards established for the management, the Company established its "Ethical Norms for Employees," "Regulations for the Whistleblowing, Complaints, and Punishment of Violations of Ethics" (Note 4), and formulated clear specifications on ethical behaviors, punishment of violations, and the complaint system in place.</p> <p>4. The Company has passed TIPS intellectual property qualification (patents and business secrets), and has established regulations and procedures to protect intellectual property rights.</p> <p>5. The Company's internal regulations already cover the preventive measures for the conduct specified in subparagraphs of Article 7, Paragraph 2 of the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies."</p> <p>6. The Audit Office conducts an annual risk assessment based on the audit plan, regularly conducts audits on the implementation of ethical corporate management, proposes improvement recommendations, and monitors their progress.</p> <p>(III) The Company has established appropriate management regulations for business activities within its business scope which are at a higher risk of being involved in unethical conduct, such as the "Guidelines for Handling Gifts and Social Engagements," and prevents the occurrence of unethical behaviors through the multi-level of controls based on the "Duties Division Table." In addition, a whistleblowing</p>

Evaluation Item	Operation		Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	
the policies on a regular basis?			<p>hotline and complaint-filing system has been implemented. The Audit Office regularly audits the implementation of ethical management, reviewing and providing suggestions for improvement. The Company has also separately established the Implementation Guidelines for Employee Rotations, requiring payment, finance, accounting, and procurement managers as well as contractor workers to rotate regularly.</p> <p>The Company website has a dedicated Ethical Corporate Management section to provide a hotline and e-mail address for stakeholders to report violations. No reports were received in 2025. The link to the Ethical Corporate Management section of the Company website is as follows: https://www.csc.com.tw/int.htm</p>
<p>II. Realize ethical management</p> <p>(I) Has the Company evaluated business counterparties' ethical records and included clauses related to ethical management in contracts with business counterparties?</p> <p>(II) Has the Company established a dedicated department supervised by the Board to be in charge of corporate ethical management? Has the dedicated department regularly (at least once a year)</p>	<p>(I) Yes</p> <p>(II) Yes</p>	<p>(I) The Company regularly conducts supplier evaluations each year and will refuse to work with those with records of unethical behaviors. The Company has stipulated clauses related to ethical management in the business contracts.</p> <p>(II) The Administration Department promotes relevant requirements of the Company; departments shall observe relevant requirements to ensure the due implementation of ethical management policies, and the supervision on execution and monitoring of improvements are conducted via the internal audit</p>	No deviation from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies.

Evaluation Item	Operation		Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	
reported to the Board regarding the ethical management policies, unethical behavior preventive plan, and the execution of supervision?			system and project audits. The Administration Department and the auditor regularly report to the Board regarding the deficiencies found during supervision and the execution of ethical management. The status of ethical management for 2025 was reported at the Board meeting on December 23, 2025. There was no violation of ethical management in 2025. For the Company's implementation status of ethical management in 2025, please refer to the Company website, link: https://www.csgc.com.tw/download/Const15.pdf
(III) Has the Company established policies to prevent conflicts of interest and provide appropriate communication channels, and implemented such policies?	(III) Yes		(III) The Company has established its "Regulations for Whistleblowing, Complaints, and Punishments for Violations of Ethics," established internal and external whistleblowing channels and procedures, and provided a dedicated hotline and mailbox for making reports on the Company's website, providing appropriate communication channels. The whistleblowing hotline and mailbox are the phone number and mailbox of the Company's Chief Auditor. In 2025, we received no whistleblowing reports. Directors with a conflict of interest in agenda items during Board meetings all recused themselves before the Board discussed the agenda items.
(IV) Has the Company established effective accounting systems and internal control systems to implement ethical management, with the internal audit department being	(IV) Yes		(IV) 1. Accounting system: The Company's accounting system primarily specifies the processing standards, procedures, accounting items and subjects, accounting certificate, accounting books, and the categories and formats of accounting

Evaluation Item	Operation		Description	Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No		
responsible for devising relevant audit plans based on the evaluation results of the risk of involvement in unethical behaviors, and examined, accordingly, the compliance with the unethical behavior preventive plan, or engaged CPAs to carry out the audit?			<p>statements and their method of preparation and use relating to the accounting affairs of the Company, in the hopes of protecting the safety of the Company's properties, preventing errors and fraud, stipulating work procedures and responsibilities, providing critical and objective financial accounting information to serve as the basis for establishing an overall information system, and connecting to the International Financial Reporting Standards (IFRSs). The processing of accounting affairs of the departments of the Company are subject to the requirements of the accounting system, and are reviewed by the responsible executive.</p> <p>2. Internal control system:</p> <p>(1) Establish an effective internal control system: The Company has established its internal control handbook, which serves as a basis for relevant departments and employees of the Company in executing the internal control system after being passed by the Board. The self-evaluation is conducted in October each year. Departments at various levels and subsidiaries shall implement the evaluation on business managed by themselves based on the "Internal Control Self-evaluation Form," and the Audit Office shall carry out the review.</p> <p>(2) Assist the Board and managers in examining and reviewing the internal control system and deficiencies of ethical behaviors, measuring the effect and efficiency of operations, and</p>	

Evaluation Item	Operation		Description	Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No		
(V) Has the Company regularly held internal and external educational training on ethical management?	(V) Yes		<p>providing improvement recommendations and establishing relevant audit plans in due course to ensure the continual effect of the internal control system and serve as the basis for examining and amending the internal control system.</p> <p>(V) The Company's Ethical Norms for Employees and Ethical Management Principles provide a set of standards for ethical behavior. Additionally, the annual sustainability report also clearly discloses our ethical management policies. The Company educates employees on ethical corporate management concepts and requirements during employee training sessions and internal meetings, allowing employees to fully understand and comply with these concepts. An internal lecturer taught a course on "Insider Trading Prevention and Ethical Corporate Management" on December 5, 2025, a total of 151 managers and employees attended the course and took the test with an average score of 85 points.</p>	
<p>III. Whistleblowing system</p> <p>(I) Has the Company established concrete whistleblowing and incentive systems, established convenient whistleblowing channels, and appointed appropriate dedicated handling personnel for the targets being reported?</p>	(I) Yes		<p>(I) The Company has established its "Regulations for Whistleblowing, Complaints, and Punishments for Violations of Ethics" that set out the whistleblowing channels and the complete handling process, including establishing the information for whistleblowing and information to be provided by the whistleblowers, and requirements on handling process by the dedicated department, and the appropriate incentives provided to</p>	No deviation from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies.

Evaluation Item	Operation		Description	Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No		
(II) Has the company established standard operating procedures for investigating reported issues, follow-up measures to be adopted after the investigation, as well as relevant confidential mechanisms?	(II) Yes		whistleblowers. (II) The Company has established its "Regulations for Whistleblowing, Complaints, and Punishments for Violations of Ethics." The provisions stipulate the internal and external whistleblowing handling procedures, investigation operating procedures, and stipulated that the Audit Office shall keep secret the identity of the whistleblowers and the content of the report; verification shall be done through independent channels.	
(III) Has the Company adopted measures to protect whistleblowers from being mistreated due to whistleblowing?	(III) Yes		(III) "Regulations for Whistleblowing, Complaints, and Punishments for Violations of Ethics" stated that the Audit Office shall keep secret the identity of the whistleblowers and the content of the report, and the Company shall protect whistleblowers from being mistreated due to whistleblowing.	
IV. Improve information disclosure Has the Company disclosed the content of its Ethical Management Principles and the results of its implementation on the Company's website and MOPS?	Yes		The Company disclosed its "Ethical Management Principles," "Procedures and Behavioral Guidelines for Ethical Management," and execution of ethical management on its website (www.csc.com.tw) and MOPS.	No deviation from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies.
V. Where the Company has established its Ethical Management Principles according to the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies," please describe its operations	Yes		The Company has established its "Ethical Management Principles" and "Procedures and Behavioral Guidelines for Ethical Management," and the operations of the organization have complied with the requirements under the Code of Ethical Management.	No deviation from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies.

Evaluation Item	Operation		Description	Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No		
and the deviation from the Principles				
<p>VI. Other important information that helps understand the implementation of ethical corporate management of the company</p> <p>Adhering to the business philosophy of honesty and integrity with a responsible and accountable attitude, the Company's information on ethical management is listed as follows:</p> <p>(I) Suppliers: The Company and its suppliers have entered into contracts to carry out business activities in a fair and transparent manner, and the Company stipulates clauses related to ethical behaviors in the contracts.</p> <p>(II) Employees: The Company organizes educational training and promotion to allow employees to fully understand its determination and policies on ethical management and results of violating ethical behaviors.</p> <p>(III) Investors: The Company has set up its corporate website to disclose its corporate profiles, basic data, and financial information, and discloses corporate information regularly at the MOPS in a timely, open, and transparent manner according to the requirements.</p> <p>(IV) Consumers: The Company and its customers have entered into contracts to carry out business activities in a fair and transparent manner. The Company also established dedicated personnel and a mailbox to handle relevant issues for complaints related to customers' interests of the Company and handle the complaints from consumers in a fair and instant manner.</p> <p>(V) The Company: All operations shall comply with laws and regulations in principle in the hopes of establishing its positive business image.</p> <p>(VI) The Company reviews and amends or formulates regulations related to ethical management from time to time in order to meet the actual operating requirements.</p> <p>(VII) Intellectual property rights management:</p> <ol style="list-style-type: none"> 1. Intellectual property management plan: The Company's R&D strategy is to develop new materials and technologies. We continue to cooperate with domestic and foreign research institutes in developing innovative products and expanding the production of carbon materials and specialty chemicals, in order to enhance the industry's overall competitiveness. We will also develop key raw materials, integrate the production of related products, and develop core technologies. Our products all comply with the latest RoHS and REACH, and has allowed us to enter the green and high-tech materials industry. We also leverage external resources in active cooperation with industry, academia, legal entities, and both upstream and downstream supply chains to maximize our efficiency in R&D. 2. Implementation status in 2025 <ol style="list-style-type: none"> (1) The Company regularly reports matters related to intellectual property to the Board of Directors. The most recent report was on December 23, 2025. The Company implemented its intellectual property management system in 2021. The intellectual property management plan linked to the Company's business goals for 2025 and its implementation status have been announced in the Corporate Governance section of the Company's website. Link: https://www.csc.com.tw/download/Intellectual_Property_Management.pdf 				

Evaluation Item	Operation		Description	Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No		
(2) List of intellectual property and results				
Patents:			As of the end of 2025, the Company has obtained a total of 8 invention patents, including 6 in Taiwan and 2 in other countries. There are 0 invention patent applications in Taiwan pending approval, and 2 invention patent applications in other countries pending approval.	
Trademarks:			As of the end of 2025, the Company has obtained a total of 9 trademarks in Taiwan and a total of 11 trademarks in other countries.	
3. Certification:			The Company has obtained TIPS patent and trade secret certification, and the certificates are valid from December 31, 2024 to December 31, 2026.	

Note 1

China Steel Chemical Corporation
Code of Ethics & Practice for Practitioners

Established on January 08, 2009

- I. The "CSCC Code of Ethics & Practice for Practitioners" was formulated in order to promote the culture of probity, allowing employees to self-request and be spontaneous in executing their duties, so as to realize the CSC Group's four major spirits: team, corporate, pragmatism, and innovation and pass down a premium corporate culture.
- II. Practitioners shall be cautious with their words and behaviors with probity in their conduct. They shall not seek improper benefits for themselves or any third party by using its identity, relationship, or news due to their power or duty.
- III. Practitioners shall not request, agree on, or receive gifts, social engagements, or other benefits from stakeholders related to their duties. Gifts, social engagement, or other benefits based on social activities shall comply with the principles of etiquette.
- IV. When Practitioners invite guests to social engagements for the purpose of performing their duties and developing external business relationships, the social engagement shall be organized in accordance with the principles of etiquette and simplicity instead of being extravagant and wasteful.
- V. Practitioners who encounter any incident involving themselves or their relatives' stakes when performing their duties shall recuse themselves based on the principles of recusal for conflicts of interests.
- VI. Practitioners shall not accept social engagement invitations or other entertainment activities from stakeholders that are not necessary for executing their duties without the consent of executives.

Practitioners shall avoid accepting invitations to banquets and entertainment from non-interested parties but are not suitable for their identity or position.

- VII. Practitioners shall not accept illegal requests or lobbying and shall not treat any particular individual or group differently.
- VIII. Practitioners shall avoid loaning money, inviting or participating in unions, or act as a guarantor of properties or identities to the extent possible.
- All levels of executives shall strengthen the review of employees' ethical conducts, and shall immediately report or deal with any financial abnormalities and abnormal conditions in their daily lives discovered.
- IX. Practitioners shall keep their weddings, funerals, events, and celebrations simple, and shall not take the opportunity to abuse their positions or business relationships to send out excessive wedding invitations or obituary notices. The same shall apply for moving into a new house or relocation.
- X. Practitioners are strictly forbidden to illegally request or seek a promotion or job rotation.
- XI. Practitioners shall describe material evidence in a proper way when reporting illegal activities, with no anonymous whistleblowing or intentionally punish others by false reports and facts.
- XII. During their tenure, practitioners shall keep classified the secrets on account of performing business and commercial secrets or other personal data in accordance with the confidentiality regulations. The same shall apply after resignation.
- XIII. Practitioners shall be devoted, pragmatic, and diligent, and take the initiative at work, abide by the rules for employee attendance and leave, and shall not leave their work without authorization and neglect their duties.
- XIV. Practitioners shall respect administrative ethics in performing their duties. The superiors shall exercise due care in guiding, care, and cultivating subordinates, while the subordinates shall respect, obey, and support the guidance of their superiors, and honestly express opinions as reference for their superiors; harmonious cooperation shall be achieved among colleagues.

- XV. Practitioners shall have a team spirit and focus on the overall and long-term interests of the Company and the Group's companies to improve horizontal connections, deepen vertical communications, cooperate with each other, and avoid self-centered or selfish behaviors.
- XVI. Practitioners shall adhere to a pragmatic spirit when engaging in business transactions with companies within the CSC Group, and shall not accept or offer gifts for festive events unless necessary.
- XVII. Practitioners who follow this Code and have achieved evident and outstanding performance shall be rewarded. Violations of this Code that are proven to be true after investigation shall be punished depending on their severity, and those liable to criminal sanctions will be reported to related law enforcement agencies.
- XVIII. The Code shall be enacted and publicized after being approved by the Chairman. The same shall apply upon any amendment.

Note 2

China Steel Chemical Corporation
Ethical Corporate Management Best Practice Principles

Established on August 05, 2015

The 1st amendment was made on March 20, 2019

Article 1 The Company established the Principles based on the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies" to establish a corporate culture and healthy development for ethical corporate management and provide a reference framework for good business operations.

The Principles are applicable to the Company's subsidiaries, business conglomerate, and organizations that are corporates in which the Company directly or indirectly donated an aggregate of overall 50% of their funds or other institutions or corporates under the Company's substantial control (the "Business Conglomerate and Organizations").

Article 2 When engaging in commercial activities, Directors, managers, employees, and trustees of the Company or persons having substantial control over the Company ("substantial controllers") shall not directly or indirectly offer, promise to offer, request or accept any improper benefits, nor commit unethical acts including breach of ethics, illegal acts, or breach of fiduciary duty (hereinafter referred to as "unethical conduct") for purposes of acquiring or maintaining benefits.

Parties referred to in the preceding paragraph include public servants, political candidates, political parties or members of political parties, state-run or private-owned businesses or institutions, and their Directors, Supervisors, managers, employees or substantial controllers, or other stakeholders.

Article 3 "Benefits" in these Principles means any items of value, including money, endowments, commissions, positions, services, preferential treatment or rebates of any type or in any name. Benefits

occasionally received or given in accordance with accepted social customs that do not affect particular rights and obligations shall be excluded.

Article 4 The Company shall comply with the Company Act, Securities and Exchange Act, Business Entity Accounting Act, Political Donations Act, Anti-Corruption Act, Government Procurement Act, Act on Recusal of Public Servants Due to Conflicts of Interest, rules and regulations related to TWSE and TPEX, or other laws and regulations related to business conducts as an essential precondition to realizing ethical management.

Article 5 The Company shall adhere to honesty, transparency, and responsibility, establish its operating policies based on ethics, and establish a healthy corporate governance and risk control system to create an operating environment for sustainable development.

Article 6 The Company shall establish ethical management practices and the programs to forestall unethical conduct (hereinafter referred to as "prevention programs"), including operating procedures, guidelines, and training in accordance with the business policies specified above.

The Preventive Program in the preceding article shall comply with relevant local laws and regulations where the Company and Business Conglomerate and Organizations operate.

During the course of establishing the Preventive Program, the Company shall communicate with its employees, labor union, significant business counterparts, or other stakeholders.

Article 7 When establishing the Preventive Program, the Company shall analyze which business activities within its business scope which are possibly at a higher risk of being involved in an unethical conduct, and strengthen the preventive measures.

The Preventive Program established by the Company shall at least include preventive measures against the following behaviors:

- I. Offering and accepting bribes.
- II. Providing illegal political donations.
- III. Improper charitable donations or sponsorships.

- IV. Offering or accepting unreasonable presents, social engagements, or other unjust benefits.
- V. Infringement of trade secrets, trademark rights, patent rights, copyrights, and other intellectual property rights.
- VI. Engaging in unfair competitive conduct.
- VII. Direct or indirect harm to the interests, health, and safety of consumers or other stakeholders arising from the R&D, procurement, manufacturing, provision, or sales of its products and services.

Article 8 The Company and Business Conglomerate and Organizations shall clearly specify in their rules and external documents the ethical corporate management policies and the commitment by the Board of Directors and the management on rigorous and thorough implementation of such policies, and shall carry out the policies in internal management and in external commercial activities.

Article 9 The Company shall engage in commercial activities in a fair and transparent manner based on the principle of ethical management. Before any business dealings, the Company shall consider the legality of distributors, suppliers, customers, or other business counterparties, and whether they have records of unethical conduct, and avoid conducting transactions with those having records of unethical conduct.

When entering into contracts with distributors, suppliers, customers, or other business counterparties, the Company shall include clauses related to the observation of ethical management policies and termination or cancellation of contract at any time upon any unethical conduct of the business counterparties.

Article 10 The Company, its Directors, managers, employees, trustees, and Substantial Controllers shall not directly or indirectly offer, promise, request, or receive any unjust benefits in any form to or from customers, distributors, contractors, suppliers, public servants, or other stakeholders when executing businesses. However, those complying with the local laws shall be excluded.

- Article 11 The direct or indirect organization of personal donations made by the Company's Directors, managers, employees, trustees, and Substantial Controllers to political parties and political events shall comply with the Political Donations Act and the Company's internal relevant operating procedures without seeking business benefits or trading advantages.
- Article 12 Charitable donations or sponsorship made by the Company, its Directors, managers, employees, trustees, and Substantial Controllers shall comply with relevant laws and regulations and internal operating procedures without involving disguised bribery.
- Article 13 The Company its Directors, managers, employees, trustees, and Substantial Controllers shall not directly or indirectly provide or accept any unjust gift, social engagement, or other unjust benefits to establish business relationships or affect business transactions.
- Article 14 The Company its Directors, managers, employees, trustees, and Substantial Controllers shall comply with requirements under regulations related to intellectual properties, the Company's internal operating procedures and contracts. Without consent from the owner of the intellectual property rights, there shall not be any use, leakage, disposal, harm, or other behaviors infringing the intellectual property rights.
- Article 15 The Company shall engage in business activities according to the relevant competition regulations and shall not fixate prices, manipulate tenders, restrict production volume and quota, or share or divide markets by way of allocating customers, suppliers, operating regions, or business categories.
- Article 16 The Company, its Directors, managers, employees, trustees, and Substantial Controllers shall comply with relevant regulations and international standards in the course of R&D, procurement, manufacturing, provision, or sales of products and services, ensure the information transparency and safety of products and services, establish and publish policies for the protection of consumers or other stakeholders, and implement such policies in the business activities to prevent products or services from directly or indirectly

harming the interests, health, and safety of consumers or other stakeholders. Where there are sufficient facts proving that the Company's products or services are likely to pose any hazard to the safety and health of consumers or other stakeholders, the Company shall, in principle, recall the batch of products or suspend the services immediately.

Article 17 The Company's Directors, managers, employees, trustees, and Substantial Controllers shall exercise the due care of good administrators, supervise the Company in preventing unethical conduct, and examine the implementation effects and continue to improve at any time to ensure the implementation of ethical management policies.

To achieve sound ethical management, the Company's internal departments shall be in charge of the following matters, and the auditor shall supervise its execution, and report to the Board on a regular basis:

- I. Administration Department:
 - (I) Assist in incorporating ethics and moral values into the Company's business strategy.
 - (II) Plan the internal organization, structure, and allocation of responsibilities and set up mutual supervision and counterbalance mechanisms of the business activities within the business scope which are possibly at a higher risk of involving unethical conduct.
 - (III) Establish the Preventive Program to ensure ethical management according to laws and regulations and establish standard Procedures and Behavioral Guidelines related to work and businesses in the Plan.
 - (IV) Promote and coordinate communications and training with respect to ethics policies.
- II. Auditor:
 - (I) Organize a whistleblowing system and ensure its effective execution.
 - (II) Assist the Board in reviewing and evaluating whether the preventive measures established for realizing ethical

management are in operation effectively, and regularly evaluate the compliance of relevant business procedures to prepare reports.

Article 18 The Company's Directors, managers, employees, trustees, and Substantial Controllers shall comply with laws and regulations and the Preventive Program when executing businesses.

Article 19 The Company shall establish policies for preventing conflicts of interest, to identify, supervise, and manage risks of unethical conduct resulting from conflicts of interest, and shall provide appropriate channels for Directors, managers, and other stakeholders attending or presenting at the Board meetings to voluntarily explain whether their interests would potentially conflict with those of the Company.

Where the Directors, managers, and other stakeholders attending or presenting at the Board meeting themselves or the corporates they represent are at stake in any proposal in the meeting, they shall explain the major content of such stakes on the Board meeting. When there may be harm to the Company's interests, they shall declare their opinions and answer to inquiries; they shall not participate in the discussion and voting, and shall not represent other Directors in exercising their voting rights. The Directors shall practice self-discipline and shall not support one another in improper dealings.

The Company's Directors, managers, employees, trustees, and Substantial Controllers shall not take advantage of their positions or influence in the Company to gain improper benefits for themselves, their spouses, parents, children, or any other parties.

Article 20 The Company shall establish effective accounting systems and internal control systems for business activities possibly at a higher risk of being involved in an unethical conduct, not have under-the-table accounts or keep secret accounts, and conduct reviews regularly so as to ensure that the design and implement of the systems are showing results.

The internal auditors of the Company shall carry out audits on the compliance with the above systems on a regular basis, and prepare audit reports to submit to the Board; CPAs may be engaged to execute the audit; when necessary, professionals may be engaged for assistance.

Article 21 The Company shall establish operational procedures and behavioral guidelines in accordance with Article 6 that specify matters that require attention when Directors, managers, employees, and Substantial Controllers are executing businesses; their content shall at least cover the following matters:

- I. Standards for recognizing offering or accepting unjust benefits.
- II. Requirements that prohibit political donations.
- III. Procedures and standards for the amount in terms of providing proper charitable donations or sponsorship.
- IV. Declaration and handling procedures for avoiding conflicts of interests related to relevant interests.
- V. Confidentiality requirements for confidential and business-sensitive data acknowledged during the course of business.
- VI. Regulations and procedures for dealing with suppliers, customers, and business counterparties involved in unethical conduct.
- VII. Procedures for violations of the corporate's Ethical Management Principles.
- VIII. Punishments and disposals on those who conducted violations.

Article 22 The Company's Chairman, President, or senior management shall communicate the importance of ethics to its Directors, employees, and trustees on a regular basis.

The Company shall periodically organize educational training and communication for Directors, managers, employees, trustees, and Substantial Controllers and invite the Companies' business counterparties to participate in such training and communication for them to fully understand the Companies' determination, policies, Preventive Program, and results of violating ethical conduct.

The Company shall integrate its ethical management policies with its policies on employee performance evaluation and human resources and establish an explicit and effective incentive and punishment system.

Article 23 The Company shall establish a concrete whistleblowing system and duly execute the system; the content shall at least cover the following matters:

- I. Establish and announce the internal independent whistleblowing mailbox and hotline, or engage other external independent institutions to provide the whistleblowing mailbox and hotline for internal and external parties of the Company to use.
- II. Appoint dedicated personnel or a department in charge of whistleblowing; where the reported matter involves any Director or senior executives, such matter shall be reported to the Independent Directors; establish categories for the reported matters and their investigation standard operating procedures.
- III. The records and preservation of accepted reported cases, investigation process, investigation results, and the preparation of relevant documents.
- IV. Confidentiality regarding the identity of whistleblowers and the reported content.
- V. Measures to protect whistleblowers from being mistreated due to whistleblowing.
- VI. Whistleblowing incentive measures.

For material misconduct or likelihood of material impairment to the Company found during investigations, the dedicated personnel or department handling the whistleblowing shall immediately prepare a report and notify Independent Directors in writing.

Article 24 The Company shall establish the punishment and complaint system for the violations of ethical management requirements and immediately disclose the date of violation, the content of violation, and the handling status in the internal website of the Company.

Article 25 The Company shall establish quantitative data for promoting ethical management, continue analyzing and evaluating the effects of promoting ethical management, and disclose measures adopted for ethical management, performance status, the above quantitative data, and the promoting effects on the Company's website and in its annual report and prospectus, and disclose the content of its Ethical Management Principles on the MOPS.

Article 26 The Company shall at all times monitor the development of relevant domestic and foreign regulations concerning ethical management and encourage Directors, managers, and employees to propose recommendations, and the Company shall examine and improve the ethical management policies and promoting measures established based on such recommendations to improve the implementation effects of the Company's ethical management.

Article 27 The Principles are implemented after being passed by the Board and submitted to the shareholders' meeting. The same shall apply upon any amendment. However, the amendment made in March 2019 shall be implemented upon inauguration of the Directors of the 11th intake.

When submitting the Ethical Management Principles to the meeting of the Board for discussion according to the requirements in the preceding paragraph, the Company shall fully consider the opinions from Independent Directors and set out their opposing or qualified opinions in the meeting minutes of the Board meeting. Where Independent Directors are unable to attend the meeting of the Board in person to express their opposing or qualified opinions, except for having justifiable reasons, they shall issue their written opinions, and such opinions shall be set out in the meeting minutes of the Board meeting.

China Steel Chemical Corporation
Procedures and Behavioral Guidelines for Ethical Management

Established on December 30, 2015

The 1st amendment was made on August 08, 2019

Article 1 The Company engages in business activities based on the principles of fairness, honesty, faithfulness, and transparency. To fully implement ethical management policies and actively prevent unethical conduct, the Procedures and Behavioral Guidelines are established pursuant to the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Article 6 and Article 18 of the "Company's Ethical Management Principles," specifying matters to be noticed when personnel of the Company is executing their businesses.

The application scope of the Procedures and Behavioral Guidelines includes the Company's subsidiaries.

Except for otherwise stated in other rules and regulations, the Company shall comply with matters stated in the Procedures and Behavioral Guidelines.

Article 2 The term "personnel of the Company" mentioned in the Procedures and Behavioral Guidelines refers to the Directors, managers, employees, staff, trustees, and persons with substantial control of the Company and the Business Conglomerate and Organizations.

The Company evaluates the conduct of the personnel of the Company based on any unjust interests provided, promised, requested, or received from a third party by the personnel of the Company.

Article 3 The term "unethical conduct" mentioned in the Procedures and Behavioral Guidelines refers to the personnel of the Company directly or indirectly providing, receiving, promising, or requesting any unjust benefits to gain or maintain its interests during the course

of executing its businesses or engaging in other behaviors that violate ethics, laws, or the trustee's obligations.

Parties referred to in the preceding paragraph include civil servants, political candidates, political parties or members of political parties, state-run or private-owned businesses or institutions, and their Directors, Supervisors, managers, employees, or persons with substantial control or other stakeholders.

Article 4 The term "benefits" mentioned in the Procedures and Behavioral Guidelines refers to money, presents, gifts, commissions, positions, services, discounts, rebates, facilitation payment, social engagements, entertainment, and other valuable matters and subjects in any form or under any name.

Article 5 The Auditing Office is responsible for the relevant operations such as registration and archiving of the execution of the Procedures and Behavioral Guidelines, the reported content, and its supervision. The Audit Office shall regularly report to the Board.

The Administration Department is responsible for the amendment, interpretation, and consultation services of the Operating Procedures.

Article 6 Personnel of the Company directly or indirectly providing, receiving, promising, or requesting any benefits stated in Article 4 shall be subject to the "Guidelines for Handling Gifts and Social Engagements."

Article 7 Personnel of the Company encountering direct or indirect provision or promises of any benefits stated in Article 4 from other parties shall be subject to the "Guidelines for Handling Gifts and Social Engagements."

Article 8 The Company shall neither provide nor promise any facilitation payment.

Personnel of the Company providing or promising facilitation payment due to threats or blackmailing shall be subject to the "Guidelines for Handling Gifts and Social Engagements."

Article 9 No political contributions shall be made by the Company.

Article 10 Charitable donations or sponsorship provided by the Company shall be subject to the following matters and shall take place after being reported to and approved by the responsible executives. Donations to related parties or significant donations to non-related parties shall be discussed or ratified by the Board according to Subparagraph 7, Paragraph 1, Article 7 of the "Rules of Procedure for Board of Directors' Meetings"; the Audit Office shall perform audits on the abovementioned donations or sponsorships and prepare audit reports:

- I. Comply with requirements under local laws and regulations where the Company operates.
- II. Prepare written records of the decisions.
- III. Charitable donations shall be made to charitable institutions without being disguised bribery.
- IV. Sponsorships shall be provided to relevant persons who are not business counterparties of the Company or share interests with personnel of the Company as the returns of the sponsorship are explicit and reasonable.
- V. After making charitable donations or sponsorships, the Company shall confirm that the flow of the funds and usage is consistent with the purpose of the donations.

Article 11 Personnel of the Company shall observe the requirements under the "Code of Ethics for Directors" and "Code of Ethics for Senior Managers" according to their titles.

Article 12 The management, preservation, and procedures for confidentiality of the Company's confidential information shall be subject to the requirements under the "Regulations for the Management of Business Secrets."

Article 13 Personnel of the Company shall duly observe the requirements related to confidentiality under the "Code of Ethics for Directors," "Code of Ethics for Senior Managers," and "Regulations for the Management of Business Secrets," and shall not disclose or deliver the confidential information of the Company they acknowledged to other parties, and shall not inquire or collect the confidential information of the Company that is not related to their duties.

- Article 14 Personnel of the Company shall comply with the requirements under the Securities and Exchange Act, "Code of Ethics for Directors," "Code of Ethics for Senior Managers," and "Regulations for the Management of Business Secrets," and shall not use the undisclosed information they acknowledged to engage in insider trading, and shall not disclose such information to other, so as to prevent others from using the undisclosed information to engage in insider trading.
- Article 15 Other institutions or personnel involving in the Company's merger, split, acquisition, and transfer of shares, significant memorandum, strategic alliances, other business projects, or significant contracts shall sign non-disclosure agreements with the Company to promise that they will not disclose the Company's confidential information or other significant information they acknowledged to others, and will not use such information without the Company's consent.
- Article 16 The Company shall disclose its ethical management policies in its internal rules and regulations, annual report, on its corporate website, or in other printed literature, and declare in activities for external parties such as product launch presentations or investors conferences in due course, allowing its suppliers, customers, or other institutions and personnel related to its businesses to explicitly understand the Company's concepts and specification of ethical management.
- Article 17 During the course of engaging in business conduct, personnel of the Company shall explain to business counterparties the Company's ethical management policies and relevant requirements and explicitly refuse to directly or indirectly provide, promise, request, or receive unjust benefits in any form or under any name.
- Article 18 Personnel of the Company shall avoid engaging in business transactions with distributors, suppliers, customers, or other business counterparties involved in unethical conduct. When discovering any unethical conduct of business counterparties or cooperative partners, personnel of the Company shall immediately stop the business dealings and include such counterparties or

partners on the blacklist to duly implement the Company's ethical management.

Article 19 When entering into contracts with others, the Company shall include observing the Company's ethical management policies into the contract clauses, and shall at least state the following matters in the contracts:

- I. When any party acknowledged personnel violating the contract clause related to the prohibition on receiving commissions, rebates, or other unjust benefits, the party shall immediately inform the other party regarding the personnel's identity, the method of providing, promising, requesting, or receiving the amount or other unjust benefits, and provide relevant evidence and cooperate with the investigation of the other party. When damages occurred to one party due to such violations, the party may request damage compensation from the other party, and such compensation may be deducted accordingly from the contracted consideration.
- II. When any party is involved in unethical conduct during its business activities, the other party may unconditionally terminate or cancel the contract at any time.
- III. Specify explicit and reasonable payment content, including payment venue, method, and relevant tax regulations to be observed.

Article 20 When discovering or receiving reports on personnel of the Company involved in unethical conduct, the Company shall immediately investigate relevant facts. Where it is verified that such personnel violated relevant laws or regulations or the requirements of the Company's ethical management policies, the Company shall immediately request such personnel to stop relevant behaviors and make proper disposals. When necessary, the Company may request damage compensation via legal procedures to protect the Company's reputation and interests.

Regarding unethical conduct that occurred, the Company shall procure relevant departments to examine relevant internal control

systems and operating procedures and propose improvement measures to avoid the recurrence of such behaviors.

The Audit Office shall report to the Board regarding the unethical conduct, handling methods, and subsequent examination and improvement measures.

Article 21 When personnel of the Company encounter others engaging in unethical conduct against the Company, where their behavior involves an illegal conduct, the Company shall notify juristic and prosecuting authorities of the relevant facts; where any public agency or public servant is involved, the Company shall notify the government's anti-corruption authority.

Article 22 The Company shall include ethical management in policies of employee performance evaluation and human resources and establish an explicit and effective incentive and punishment system.

For severe violations of ethics conducted by personnel of the Company, the Company shall dismiss or layoff such personnel according to relevant laws and regulations or the Company's human affairs regulations.

The Company shall disclose the title and name of personnel who violated ethics, the date of violation, the content of violation, and handling status on its internal website.

Article 23 The Procedures and Behavioral Guidelines were implemented after being passed by the Board as a resolution, submitted to Independent Directors, and reported to the shareholders' meeting. The same shall apply upon any amendment.

When submitting the Procedures and Behavioral Guidelines to the meeting of the Board for discussion according to the requirements in the preceding paragraph, the Company shall fully consider the opinions from Independent Directors and set out their opposing or qualified opinions in the meeting minutes of the Board meeting. Where Independent Directors are unable to attend the meeting of the Board in person to express their opposing or qualified opinions, except for having justifiable reasons, they shall issue their written opinions, and such opinions shall be set out in the meeting minutes of the Board meeting.

Note 4

China Steel Chemical Corporation
Regulations for the Whistleblowing, Complaints, and Punishment of
Violations of Ethics

Established on January 6, 2016

The 1st amendment was made on March 23, 2020

- Article 1 These Regulations were established to duly implement the Company's Ethical Management Principles and establish the Company's internal and external whistleblowing channels and handling procedures.
- Article 2 The Company's Audit Office is the department handling whistleblowing. The whistleblowing hotline and mailbox are the phone number and mailbox of the Company's Chief Auditor.
- Article 3 When the reported matter involves Directors or managers, the Audit Office shall report to Independent Directors. When the reported matter involves the Chief Auditor, the acting audit executive shall be the handling personnel responsible for relevant operations such as the investigation and the report.
- Article 4 Categories of whistleblowing matters:
- I. Offering and accepting bribes.
 - II. Providing illegal political donations.
 - III. Improper charitable donations or sponsorships.
 - IV. Offering or accepting unreasonable presents, social engagements, or other unjust benefits.
 - V. Infringement of trade secrets, trademark rights, patent rights, copyrights, and other intellectual property rights.
 - VI. Engaging in unfair competitive conduct.
 - VII. Direct or indirect harm to the interests, health, and safety of consumers or other stakeholders arising from the R&D, procurement, manufacturing, provision, or sales of its products and services.
 - VIII. Others.
- Article 5 Handling procedures:

- I. Anonymous whistleblowing: The whistleblower shall provide its name and actual fact for whistleblowing. Anonymous whistleblowing will not be processed in principle; however, where the content claimed requires investigation, it may be processed by dividing it as a separate case, and it shall serve as a reference for internal examination.
- II. Named whistleblowing: The Audit Office shall clarify the purpose and specific evidence of whistleblowing, and fill out the whistleblowing/complaint registration form (see Attachment 1), and submit the form to the Chairman for approval.
- III. The Audit Office shall keep confidential the identity of whistleblowers and the content reported, and adopt an independent channel for investigation.
- IV. In order to protect the rights of the counterparties of the reported cases to avoid retaliation due to resentment, the Company shall offer opportunities of complaints for such counterparties.

Article 6 The Audit Office shall record and preserve the acceptance of the reported cases, investigation process, investigation results, and relevant documents, which shall be preserved for at least five years, and they may be preserved in electronic means. If there is any litigation incurred related to the content reported before the expiry of the preservation period, relevant data shall be kept until the litigation has ended.

Article 7 The Company shall protect whistleblowers from being mistreated due to whistleblowing. However, where the reported case is verified as falsification, false accusation, report abuse, or slander on others after investigation, the Company shall discuss the disposal based on the circumstances.

Article 8 Where the whistleblower is the Company's employee, the whistleblower may be granted appropriate incentives based on the severity of the circumstances of the reported case verified as true after investigation.

- Article 9 For handling whistleblowing cases, for any likelihood of significant violations or significant impairment to the Company is discovered after investigation; a report shall be immediately made. After submitting the report to managers who are concurrently Directors and the Chairman, written notices shall be sent to Independent Directors.
- Article 10 For complaint cases related to the violations of ethical management requirements that are verified as true after investigation, the Company shall disclose information such as the date of violations, the content of violations, and handling status on its internal website.
- Article 11 For whistleblowing cases related to the violations of ethics that are verified as true after investigation, the Company shall impose punishment based on the severity of the circumstances.
- Article 12 The Regulations were implemented after being approved by the President. The same shall apply upon any amendment.

(VII) Other information enabling a better understanding of the Company's corporate governance operations shall be disclosed

1. Relevant domestic or international certifications obtained by the Company's accounting, audit, and information security employees:

(1) 2 CPAs

(2) ISO 27001: 2022 Information Security Management System Lead Auditor: 2 persons.

2. Establishment and promotion of the Procedure for Processing Significant Internal Information: The Company has established its Regulations for the Report of Internal Significant Events (for details, please see the corporate website of the Company).

(VIII) Execution of the Internal Control System

1. Statement of Internal Control System

China Steel Chemical Corporation
Statement of Internal Control System

Date: February 24, 2026

This Statement of Internal Control System is issued based on the self-assessment results of the Company for year 2025.

The Company acknowledges that establishing, implementing, and maintaining the internal control system is the responsibility of the Company's Board and managers. The Company has established the system. The purpose of which is to provide reasonable assurance on the achievements of objectives such as effects and efficiency of operations (including profits, performance, and protection of assets' safety), credibility, timeliness, and transparency of reports, compliance with relevant regulations and relevant laws, regulations, and rules.

An internal control system has inherent limitations. Regardless of the comprehensive design, an effective internal control system may merely provide reasonable assurance on achieving the three objectives mentioned above. Moreover, the effectiveness of an internal control system is subject to changes in the environment and circumstances. Nevertheless, the Company's internal control system contains self-monitoring mechanisms,

and the Company adopts immediate remedial actions in response to any identified deficiencies.

The Company established the determination items for the effectiveness of its internal control system based on the "Regulations Governing the Establishment of Internal Control Systems by Public Companies" (the "Regulations") to determine whether the design and execution of its internal control system is effective. The determination items for the internal control system adopted by the "Regulations" divide the internal control system into five key components based on the course of management and control: 1. control environment; 2. risk evaluation; 3. control operations; 4. information and communications; and 5. supervisory operations. Each key component includes certain items. Please refer to the requirements of the "Regulations" for the aforementioned items.

The Company adopted the abovementioned determination items for the internal control system to evaluate the effectiveness of the internal control system's design and execution.

Based on the evaluation results above, the Company considered that the design and execution of the internal control system (including supervision and management of subsidiaries) as of December 31, 2025, are effective (including the understanding of the level of achievement regarding the objectives of operations' effects and efficiency, credibility, timeliness, and transparency of reports, compliance with relevant regulations and relevant laws, regulations, and rules), and the internal control system is able to provide reasonable assurance on the achievement of the above objectives.

The Statement is a major part of the Company's annual report and prospectus that is disclosed to the public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, Article 32, Article 171, and Article 174 of the Securities and Exchange Act.

The Statement was passed at the meeting of the Board of Directors on February 24, 2026. It is hereby stated that among the nine attending Directors, none held opposing opinions, and the remaining Directors have agreed on the content of the Statement.

China Steel Chemical Corporation

Chairman: Chien-Chih Hwang

President: Ming-Dar Fang

2. Where CPAs were engaged to conduct a project audit on the internal control system, the audit report shall be disclosed: None.

(IX) Major Resolutions of Shareholders' Meeting and Board Meetings During the Latest Year and as of the Date of Publishing the Annual Report

1. Major resolutions of the 2025 shareholders' meeting and their execution
- (1) Ratification of the 2024 Business Report, the 2025 Business Plan Overview, and the 2024 consolidated and parent company only financial reports. Approved as is.
 - (2) Ratification of the 2024 earnings distribution proposal; it was approved as is and has been precisely enforced. The ex-dividend date was July 10, 2025, and the distribution date was August 8, 2025. (Bonus in cash worth NT\$4.5 per share was distributed)
2. Material resolution of the Board meeting

Date	Board of Directors	Material Resolution
2025.02.24	18th meeting of the 12th term	<ol style="list-style-type: none">(1) 2024 Business Report and 2024 Consolidated and Standalone Financial Statements.(2) Distribution of 2024 remuneration to employees and that to Directors.(3) Distribution of 2024 earnings.(4) 2024 Proposal for cash distribution from the legal reserve.(5) Election of the Company's 13th-term Board of Directors.(6) Proposal for items to include on the agenda for the 2025 Annual Shareholders' Meeting.(7) 2024 Internal Control System Declaration.(8) Evaluation results of the independence and competence of the CPAs in 2025.(9) Amendment to Articles 26 and 26-1 of the Company's Articles of Incorporation.(10) Proposal to construct an advanced carbon materials plant with an annual production capacity of 500 metric tons.(11) Proposal to construct an isotropic graphite plant with an annual production capacity of 240 metric tons.

Date	Board of Directors	Material Resolution
		(12) 2025 performance evaluation items for the Company's President and Vice President. (13) Proposal to renew contract for mid to long-term loan credit with Yuanta Commercial Bank. (14) Proposal for early renewal of mid to long-term loan credit with the Bank of Taiwan.
2025.04.29	19th meeting of the 12th term	(1) The Company's consolidated financial report for the first quarter of 2025 (2) Proposal to nominate members to list of candidates for the Company's 13th-term Directors (including Independent Directors) for election at the 2025 Annual Shareholders' Meeting. (3) Proposal to waive non-compete clause for newly-elected Directors. (4) Proposal to donate to the CSC Group Education Foundation. (5) Results of 2024 annual performance evaluation results of managers and year-end finalized distribution of incentives with 2024 earnings.
2025.05.23	20th meeting of the 12th term	(1) Civil engineering and steel structure construction and material procurement for the advanced carbon materials and isotropic graphite plant
2025.06.17	1st meeting of the 13th term	(1) Election of the Chairman: Director Chien-Chih Hwang was elected as the Chairman. (2) Reporting Items Minutes of the previous board meeting and report on the implementation status of resolutions passed (3) Discussion Items ① Appointment of members to the Remuneration Committee of the Company's 13th-term Board of Directors. ② Appointment of members to the Corporate Governance and Sustainability Committee of the Company's 13th-term Board of Director. ③ Proposal to sign a "cooperation agreement" with National Chengchi University.
2025.07.29	2nd meeting of the 13th term	(1) The Company's consolidated financial report for the second quarter of 2025. (2) Proposal of the Company's 2024 Sustainability Report. (3) Table comparing the draft amendment to the "Salary and Wage Regulations." (4) Proposal to adjust salaries by 4.3% for all Company employees below the rank of Vice President.

Date	Board of Directors	Material Resolution
2025.09.30	3rd meeting of the 13th term	(1) Report on update to the Company's 2025 budget.
2025.10.30	4th meeting of the 13th term	(1) The Company's consolidated financial report for the third quarter of 2025. (2) Proposal to sign project loan agreement with Taipei Fubon Bank.
2025.12.23	5th meeting of the 13th term	(1) 2026 budget and business plan. (2) 2026 internal audit plan. (3) Proposed renewal of land lease for the coal chemical manufacturing plant. (4) Proposed renewal of office building lease for the headquarters. (5) Proposal for early renewal of mid- to long-term credit with Taipei Fubon Bank. (6) Proposal for the salary rise for 2025 for managers.

(X) Dissenting or qualified opinion of Directors against an important resolution passed by the Board of Directors that is on record or stated in a written statement in the past year and up to the date of report: None.

IV. Information on Fees to CPA

(I) Information and amount of public expenditure on CPAs

Unit: NT\$ thousand

Name of CPA's Firm	Name of CPAs	Audit Period	Audit Expenditure	Non-audit expenditure	Total	Notes
Deloitte Taiwan	Chao-Chun Wang	2025.01.01~ 2025.12.31	4,965	820	5,785	
	Hung-Ju Liao					

Non-audit expenditure refers to taxation attestation expenditure of NT\$270 thousand, the expenditure on the preparation of the transfer pricing report of NT\$370 thousand, and the advances of NT\$180 thousand.

(II) Regarding Changes in the CPA's Firm, the Audit Fees Paid During the Year in Which Such Changes Occurred Are Lower Than the Audit Fees During the Year Before the Changes: N/A.

(III) If the audit fees decreased more than 10% from that of the prior year, disclose the amount, percentage, and reasons for the decrease in audit fees: N/A.

V. Information on the Change of CPAs: None (The Company has not changed its accountants in the past two years).

VI. Company's Chairman, President, Financial or Accounting Affairs Manager who has Served in the Firm that the CPAs belong or Any of its Affiliates in the Most Recent Year: None.

VII. Changes in Equity Transfer and Pledge of Equity by Directors, Managers, and Shareholders with Shareholdings Over 10% for the Latest Year and as of the Date of Publishing the Annual Report

(I) Changes in the Equity of Directors, Managers, and Major Shareholders:

Unit: share(s)

Title	Name	2025		2026 up to February 28		Notes
		Increase (Decrease) in the Number of Shares Held	Increase (Decrease) in the Number of Shares Pledged	Increase (Decrease) in the Number of Shares Held	Increase (Decrease) in the Number of Shares Pledged	
Corporate Director	China Steel Corporation	0	0	0	0	
Corporate Director	International CSRC Investment Holdings Co., Ltd.	0	0	0	0	
Director	Hong-Yih Liou	0	0	0	0	
Director	Chien-Chih Hwang	0	0	0	0	
Director	Kuo-Hua Huang	0	0	-	-	Relieved from the position on November 3, 2025
Director	Chih-Feng Lee	0	0	0	0	Newly appointed on November 3, 2025
Director	Ming-Dar Fang	0	0	0	0	
Director	Kung-Yi Koo	0	0	0	0	
Director	Tien-Fu Chao	0	0	0	0	
Independent Director	Hsing-Shu Hsieh	0	0	-	-	Relieved from the position on June 17, 2025
Independent Director	Yuan-Hong Wang	0	0	-	-	Relieved from the position on June 17, 2025
Independent Director	Tsun-Tzu Hsu	0	0	0	0	
Independent Director	Li-Huang Lin	0	0	0	0	Newly appointed on June 17, 2025
Independent Director	Yuh-Ming Yan	0	0	0	0	Newly appointed on June 17, 2025
Manager	Ming-Dar Fang	0	0	0	0	
Manager	Yi-Hung Chen	0	0	0	0	
Manager	Wen-Liang Tseng	0	0	0	0	
Manager	Li-Li Kuo	0	0	0	0	

Note: The number of shares held by the outgoing Directors and managers at the end of the period refers to the number of shares held in the current month of the dismissal; the number of shares held by the newly-inaugurated Directors and managers at the beginning of the period refers to the number of shares held in the month of inauguration.

- (II) Information on equity transfer: The equity transfer of the Directors, managers, and major shareholders holding 10% of interests in the Company are performed within the market, the shares are all ordinary shares, and the counterparts for the equity transfers are non-related parties.
- (III) Information on equity pledge: None.

VIII. Relationship Among Top 10 Shareholders in Terms of the Holding Ratio

December 31, 2025

Name (Note 1)	Shares Held by the Shareholder		Shares Held by the Spouse or Any Underage Child		Shareholding in the Name of Others		The Title or Name and Relationship Among the Top 10 Shareholders Who Are Related to One Another, the Spouse of Each Other, or Relatives Within the Second Degree of Kinship (Note 3)		Notes
	Share(s)	Shareholding ratio (%)	Share(s)	Shareholding ratio (%)	Share(s)	Shareholding ratio (%)	Name	Relationship	
China Steel Corporation	68,787,183	29.04%	-	-	-	-	Ever Wealthy International Corporation	Groups of Enterprises	
China Steel Corporation Representative: Chien-Chih Hwang	0	0%	-	-	-	-	None	None	
China Steel Corporation Representative: Horng-Yih Liou	0	0%	-	-	-	-	None	None	
China Steel Corporation Representative: Chih-Feng Lee	0	0%	-	-	-	-	None	None	
China Steel Corporation Representative: Ming-Dar Fang	4,907	0.002%	-	-	-	-	None	None	

Name (Note 1)	Shares Held by the Shareholder		Shares Held by the Spouse or Any Underage Child		Shareholding in the Name of Others		The Title or Name and Relationship Among the Top 10 Shareholders Who Are Related to One Another, the Spouse of Each Other, or Relatives Within the Second Degree of Kinship (Note 3)		Notes
	Share(s)	Shareholding ratio (%)	Share(s)	Shareholding ratio (%)	Share(s)	Shareholding ratio (%)	Name	Relationship	
International CSRC Investment Holdings Co., Ltd.	11,759,096	4.96%	-	-	-	-	None	None	
International CSRC Investment Holdings Co., Ltd. Representative: Kung-Yi Koo	0	0%	-	-	-	-	None	None	
International CSRC Investment Holdings Co., Ltd. Representative: Tien-Fu Chao	0	0%	-	-	-	-	None	None	
Ever Wealthy International Corporation	4,753,537	2.01%	-	-	-	-	China Steel Corporation	Groups of Enterprises	
Ever Wealthy International Corporation Representative: Ming-Dar Fang	4,907	0.002%	-	-	-	-	None	None	
Chichengte Investment Co., Ltd.	3,448,867	1.46%	-	-	-	-	None	None	
Chichengte Investment Co., Ltd. Representative: Fu-Ting Wang	0	0%	-	-	-	-	None	None	
KGI Life Insurance Co., Ltd.	3,129,000	1.32%	-	-	-	-	None	None	
KGI Life Insurance Co., Ltd. Representative: Ming-Yang Wang	0	0%	-	-	-	-	None	None	
Hsiyang Investment Co., Ltd.	2,717,089	1.14%	-	-	-	-	None	None	
Hsiyang Investment Co., Ltd. Representative: Mu-Liang Chang	0	0%	-	-	-	-	None	None	

Name (Note 1)	Shares Held by the Shareholder		Shares Held by the Spouse or Any Underage Child		Shareholding in the Name of Others		The Title or Name and Relationship Among the Top 10 Shareholders Who Are Related to One Another, the Spouse of Each Other, or Relatives Within the Second Degree of Kinship (Note 3)		Notes
	Share(s)	Shareholding ratio (%)	Share(s)	Shareholding ratio (%)	Share(s)	Shareholding ratio (%)	Name	Relationship	
Employee's Stock Ownership Trust of CSCC under the custody of Mega International Commercial Bank Co., Ltd.	2,216,086	0.93%	-	-	-	-	None	None	
Chang Gung Medical Foundation	2,202,000	0.93%	-	-	-	-	None	None	
Chang Gung Medical Foundation Representative: Rui-Hui Wang	0	0%	-	-	-	-	None	None	
Vanguard Total International Stock Index Fund Investment Account	2,132,245	0.90%	-	-	-	-	None	None	
Yen Hui-Ping	2,037,000	0.86%	-	-	-	-	None	None	

Note 1: Shareholders with top ten shareholdings shall be fully stated, and the title of the corporate shareholder and the name of the representative for the corporate shareholders shall be separately stated.

Note 2: The calculation of shareholdings refers to the ratio of shares held by the shareholders themselves, their spouses, minors, and in the name of others.

Note 3: The relations between the shareholders set out above (including corporates and natural persons) shall be disclosed.

IX. Total Shareholding Percentage of Investee Business

December 31, 2025

Unit: share(s); %

Investee Company (Note)	Investment of the Company		Investments in Companies Directly or Indirectly Controlled by Directors, Independent Directors, and Managers		Total Investments	
	Share(s)	Shareholding Ratio	Share(s)	Shareholding Ratio	Share(s)	Shareholding Ratio
Ever Wealthy International Corporation	107,712,232	100.00%	-	-	107,712,232	100.00%
HIMAG Magnetic Corporation	3,133,744	7.83%	31,946,815	79.81%	35,080,559	87.64%
Li-Ching-Long Investment Corporation	700,000	35.00%	1,300,000	65.00%	2,000,000	100.00%
Gau Ruei Investment Corporation	1,196,000	40.00%	1,794,000	60.00%	2,990,000	100.00%
Pro-Ascentek Investment Corporation	6,000,000	5.00%	67,000,000	55.83%	73,000,000	60.83%
CHC Resources Corporation	15,019,341	6.04%	73,497,555	29.57%	88,516,896	35.61%
TaiAn Technologies Corporation	499,998	5.00%	1,666,700	16.67%	2,166,698	21.67%
Transglory Investment Corporation	75,911,726	8.90%	776,668,274	91.10%	852,580,000	100.00%
Eminent Venture Capital Corporation	337,500	5.00%	3,375,000	50.00%	3,712,500	55.00%
China Steel Structure Co., Ltd.	600,069	0.30%	75,509,636	37.75%	76,109,705	38.05%
CSC Solar Corporation	26,160,000	15.00%	148,240,000	85.00%	174,400,000	100.00%
Eminent III Venture Capital Corporation	16,000,000	8.83%	59,000,000	32.57%	75,000,000	41.40%

Note: The Company's long-term investment through the equity method.

C. Fund-raising

I. Capital and Shares of the Company

(I) Sources of Capital

Year/Month	Issue Price (NT\$)	Authorized Capital		Paid-up Capital	
		Share(s)	Amount	Share(s)	Amount
February 1989	10	53,000,000	530,000,000	15,000,000	150,000,000
September 1990	10	53,000,000	530,000,000	53,000,000	530,000,000
September 1991	10	83,200,000	832,000,000	83,200,000	832,000,000
August 1994	10	150,000,000	1,500,000,000	106,200,000	1,062,000,000
June 1997	10	150,000,000	1,500,000,000	118,944,000	1,189,440,000
September 1998	10	150,000,000	1,500,000,000	143,536,566	1,435,365,660
October 2000	10	210,000,000	2,100,000,000	158,335,480	1,583,354,800
May 2001	10	210,000,000	2,100,000,000	175,540,180	1,755,401,800
August 2002	10	210,000,000	2,100,000,000	185,728,749	1,857,287,490
August 2003	10	210,000,000	2,100,000,000	190,936,813	1,909,368,130
June 2004	10	210,000,000	2,100,000,000	197,022,924	1,970,229,240
June 2005	10	210,000,000	2,100,000,000	203,473,438	2,034,734,380
July 2006	10	300,000,000	3,000,000,000	211,008,314	2,110,083,140
July 2007	10	300,000,000	3,000,000,000	223,444,336	2,234,443,360
July 2008	10	300,000,000	3,000,000,000	236,904,480	2,369,044,800

February 28, 2026; Unit: share(s)

Category of Shares	Authorized Capital			Notes
	Outstanding Shares (Note 1)	Unissued Shares	Total	
Registered ordinary shares	236,904,480	63,095,520	300,000,000	-

Note 1: TWSE listed shares.

Unit: share; NT\$

Notes		
Sources of Capital	Capital Increase by Assets Other than Cash	Others
The capital was NT\$150,000,000 upon establishment.	None	None
In August 1990, the Company's capital increase in cash of NT\$380,000,000 and a supplemented public issuance were performed under Letter: (79) Tai-Cai-Zheng-(Yi) No. 01973 approved by the Securities and Exchange Commission.	None	None
A capital increase in cash of NT\$302,000,000 was performed under Letter (80) Tai-Cai-Zheng-(Yi) No. 02034 approved by the Securities and Exchange Commission on July 27, 1991; the capital increase was declared and became effective on July 26, 1991.	None	None
A capital increase in cash of NT\$230,000,000 was performed under Letter (83) Tai-Cai-Zheng-(Yi) No. 29045 approved by the Securities and Exchange Commission on June 27, 1994.	None	None
In 1997, the issuance of 12,744,000 ordinary shares due to a capital increase from earnings was performed under Letter (86) Tai-Cai-Zheng-(Yi) No. 45654 approved by the Securities and Exchange Commission and became effective on June 6, 1997.	None	None
In 1998, the issuance of 24,592,566 ordinary shares due to a capital increase from earnings was performed under Letter (87) Tai-Cai-Zheng-(Yi) No. 58853 approved by the Securities and Exchange Commission and became effective on September 7, 1998.	None	None
In 2000, the issuance of 14,798,914 ordinary shares due to a capital increase from earnings was performed under Letter (89) Tai-Cai-Zheng-(Yi) No. 59076 approved by the Securities and Exchange Commission and became effective on July 21, 2000.	None	None
In 2001, the issuance of 17,204,700 ordinary shares due to a capital increase from earnings was performed under Letter (90) Tai-Cai-Zheng-(Yi) No. 133649 approved by the Securities and Exchange Commission and became effective on May 31, 2001.	None	None
In 2002, the issuance of 10,188,569 ordinary shares due to a capital increase from earnings was performed under Letter Tai-Cai-Zheng-Yi-Zi No. 0910137959 approved by the Securities and Exchange Commission and became effective on July 10, 2002.	None	None
In 2003, the issuance of 5,208,064 ordinary shares due to a capital increase from earnings was performed under Letter Tai-Cai-Zheng-Yi-Zi No. 0920128722 approved by the Securities and Exchange Commission and became effective on June 27, 2003.	None	None
In 2004, the issuance of 6,086,111 ordinary shares due to a capital increase from earnings was performed under Letter Tai-Cai-Zheng-Yi-Zi No. 0930124614 approved by the Securities and Exchange Commission and became effective on June 3, 2004.	None	None
In 2005, the issuance of 6,450,514 ordinary shares due to a capital increase from earnings was performed under Letter Jin-Guan-Zheng-Yi-Zi No. 0940125946 approved by the Securities and Exchange Commission and became effective on June 29, 2005.	None	None
In 2006, the issuance of 7,534,876 ordinary shares due to a capital increase from earnings was performed under Letter Jin-Guan-Zheng-Yi-Zi No. 0950129671 approved by the Securities and Exchange Commission and became effective on July 11, 2006.	None	None
In 2007, the issuance of 12,436,022 ordinary shares due to a capital increase from earnings was performed under Letter Jin-Guan-Zheng-Yi-Zi No. 0960035231 approved by the Securities and Exchange Commission and became effective on July 10, 2007.	None	None
In 2008, the issuance of 13,460,144 ordinary shares due to a capital increase from earnings was performed under Letter Jin-Guan-Zheng-Yi-Zi No. 0970032539 approved by the Securities and Exchange Commission and became effective on July 1, 2008.	None	None

(II) List of Major Shareholders

December 31, 2025

Name of Major Shareholders	Shares	Number of Shares Held	Shareholding Ratio
China Steel Corporation		68,787,183	29.04%
International CSRC Investment Holdings Co., Ltd.		11,759,096	4.96%
Ever Wealthy International Co., Ltd.		4,753,537	2.01%
Chichengte Investment Co., Ltd.		3,448,867	1.46%
KGI Life Insurance Co., Ltd.		3,129,000	1.32%
Hsinyang Investment Co., Ltd.		2,717,089	1.14%
Employee's Stock Ownership Trust of CSCC under the custody of Mega International Commercial Bank Co., Ltd.		2,216,086	0.93%
Chang Gung Medical Foundation		2,202,000	0.93%
Vanguard Total International Stock Index Fund Investment Account		2,132,245	0.90%
Yen Hui-Ping		2,037,000	0.86%

(III) The Company's Dividend Policy and the Execution Status

1. Where the Company recorded earnings after the final annual account, the Company shall pay tax according to the law, make compensation for accumulated losses, and appropriate 10% as the legal reserve; however, when the legal reserve has reached the paid-up capital of the Company, this provision is no longer required. The Company shall appropriate or reverse the special reserve according to the requirements of the laws and regulations regarding the remaining earnings. The remaining balance shall be combined with the undistributed earnings for the preceding year as the earnings available for distribution, and the Board shall prepare the distribution proposal and submit the proposal to the shareholders' meeting to determine the distribution of dividends or retaining the earnings.
2. Given the potential growth in the operational environment, the Company shall keep abreast of the economic environment for its sustainable operations. Regarding the Company's dividend policy, the Company refers to the future and actual operations and focuses on the stability and growth of dividends. When there are accumulated earnings available for distribution, unless there are funding needs, the

distribution amount shall be no less than 50% of such earnings. For the dividend distributed, the part in cash shall be not less than 50%.

3. Distribution of Dividends Discussed at the Shareholders' Meeting

Unit: NT\$

Undistributed earnings at the beginning of 2025	\$	834,558,986
Pension actuarial (losses) gains credited to retained earnings		7,787,796
Disposal of investments in equity instruments measured at fair value through other comprehensive income		17,538,939
Changes in long-term investments	(912,999)
After-tax earnings of 2025		615,824,021
Less: Less: Legal reserve	(64,023,776)
Add: Reversal of special reserve		10,493,851
Subtotal of distributable earnings		<u>1,421,266,818</u>
Distribution items:		
Distribution of cash dividends: NT\$1.85/share	(438,273,288)
Undistributed earnings at the end of 2025	\$	<u><u>982,993,530</u></u>

Note: Shareholder dividends: Cash dividends per share to be distributed at NT\$1.85. Once it is approved during the General Shareholders' Meeting, the Chairman is authorized to set the ex-dividend day separately to facilitate the distribution.

(IV) The Effect of the Right Issue Discussed at the Shareholders' Meeting on the Company's Operating Performance and Earnings Per Share:

Not applicable.

(V) Remuneration of Employees and Directors

1. Information related to remuneration of employees and Directors set out in the Articles of Associations

Where the Company recorded any profit for the year, the Board shall resolve to appropriate no less than 1% as the remuneration to employees and no more than 1% as that to Directors; the distribution targets for the remuneration of employees include employees of subsidiaries fulfilling certain conditions. However, when the Company has accumulated losses, it shall preserve the amount for compensation and appropriate

the remuneration of employees and Directors according to the above ratios.

2. The estimation basis for the amount of the remuneration of employees and Directors, the basis for the calculation of the number of shares regarding the remuneration of employees made in shares, and the accounting for differences between the actual distribution amount and the estimated amount. The remuneration of employees and Directors for 2025 was calculated based on the Company's profit before tax and before deducting remuneration of employees and Directors for 2025 amounted to NT\$741,676,524. The Company allocated 3.7907%, that is, NT\$28,114,705 as remuneration to employees and 0.7581%, that is, NT\$5,622,941 as remuneration to Directors. Approximately 45% of the amount allocated for employee remuneration in 2025 will be distributed to entry-level employees. However, the actual percentage will be in accordance with the "Rules for Distributing Employee Remuneration." After the end of the year, when there are any significant changes in the distribution amount determined by the Board, the annual expenses appropriated initially shall be adjusted according to such changes. Where there are any significant changes in the amount after the publishing date of the annual financial report, such amount shall be accounted for as changes in accounting estimation, and shall be adjusted and accounted for in the following year.
3. Remuneration distribution passed by the Board of Directors
 - (1) On February 24, 2026, the Board of Directors decided to distribute NT\$28,114,705 as the remuneration to employees and NT\$5,622,941 to be that to Directors for 2025. The difference of NT\$92,226 between the abovementioned total remuneration of NT\$33,737,646 to employees and Directors for 2025 and the estimate of NT\$33,645,420 in the 2025 financial statements is listed as the adjustment to be made for the 2026 expenses.
 - (2) The ratio of the intended amount of remuneration of employees in shares distributed to the net profit after tax in the individual or standalone financial reports for the period and the total remuneration of employees: Not applicable; the Company had not distributed remuneration of employees in shares.

- (3) Imputed earnings per share after considering appropriating the remuneration of employees and Directors: Not applicable; the remuneration of employees and Directors distributed above had been accounted for as expenditure of 2025.
4. Actual amount distributed as employee and director remuneration from the earnings of the preceding year

(Unit: NT\$)

Board of Directors

Actual distribution amount determined

(1) Distribution

Remuneration of Directors	\$ 10,792,919
Compensation of Employees	\$ 53,964,596

- (2) The actual amount of remuneration to employees and Directors decided by the Board for 2025 was NT\$64,757,515; the amount of expenses recognized in 2024 was NT\$64,653,976; the difference arising from the accounting estimate was NT\$103,539, which was listed adjustments in expenses for 2025.

(VI) Repurchase of the Company's Shares by the Company: None.

II. Status of corporate bonds, preferred shares, global depositary receipts (GDRs), employee stock options, restricted stock awards, and mergers and acquisitions (including mergers, acquisitions, and spin-offs), and the implementation status of the capital utilization plan: None.

D. Business Overview

I. Scope of Business

(I) Scope of Business

1. Primary scope of business and its business proportion

The main businesses include the production, processing, and sales of coal tar distillation products, light oil series, coke series products, and green mesophase powder series products, and trading of upstream and downstream products. The annual business ratios of 2025 are given below:

Product	Ratio to Sales (%)	
	Individual	Consolidated
Coal tar and chemical series products	59.57	58.61
Light oil and oil series product	25.55	25.14
Coke series products	7.01	6.89
Refined carbon materials series products	7.00	7.60
Others	0.87	1.76
Total	100.00	100.00

2. Current Products (Services)

Current Products (Services)	
Coal tar series products	Soft pitch
	Creosote oil
	Wash oil
	Refined naphthalene
	Special tar pitch paint
	Refined tar
	Liquid naphthalene oil
Light oil series products	Benzene
	Toluene, non-aromatic oils, xylene mixture
Coke series products	Anhydrous coke powder
	Nut coke, Coke breeze (CDQ), Refined fine powder
Refined carbon materials series products	Green mesophase powder, mesophase graphite powder, advanced carbon for supercapacitor, refined pitch, binding carbon powder, isotropic graphite blocks, and sales of graphite electrodes produced by other parties
Other trade products	Sulfur, iron oxide powder, recarburizer

3. New products (services) to be developed:

High-rate charging, low impedance anode material for lithium-ion batteries, high-capacity silicon-carbon anode materials, high-purity graphite for use in semiconductor production, and graphite crucible for crystal growth.

(II) Industry Overview

1. Industry status and development

The chemical coking industry is an important coal energy conversion industry. One product of this industry, coke, is mainly provided to the steel industry, while coke oven gas, coal tar, and crude benzene are used as the main ingredients in gas fuels and chemical processing. According to information released at the 13th China Coal, Coke and Steel Industry Conference, China's total coke production capacity reached approximately 570 million tons per year in 2024, ranking first in the world by far. With regard to recent developments of China's two main downstream industries for high-temperature coal tar—the deep processing industry and carbon black industry—the total capacity of the deep processing industry is projected to reach 27.45 million tons by 2025, a year-on-year increase of 1.40%; the total capacity of the carbon black industry is projected to reach 9.62 million tons by 2025, a year-on-year increase of 6.60%. The demand for high-temperature coal tar is expected to continue to increase. As China's deep processing and carbon black industries continue to expand their production capacity, they will displace neighboring countries in Asia and create even more intense competition. The sluggish housing market in China has led to a weak steel market, dragging down other related industries. Outlook for the coal chemicals industry is also bleak. Fortunately, the Company signed long-term contracts with customers and sales of coal tar products, coal tar pitch, has also remained stable. In the long-term, due to the impact of carbon neutrality and environmental protection issues, older and smaller-scale blast furnaces will be gradually replaced and coal tar will be in short supply in the future.

Following technological advancements and the rapid growth of applications, such as electric vehicles, renewable energy, and AI servers, the global lithium battery industry is expected to continue to maintain

double-digit growth each year. The industry's supply chain is currently still highly concentrated in Asia, such as China, South Korea, and Japan, with China playing a dominant role in raw material supply and production capacity. However, following rising trade tensions between the US and China, and the EU moving forward with batteries regulations and the Carbon Border Adjustment Mechanism (CBAM), countries accelerating the development of localized battery supply chains has become a growing trend.

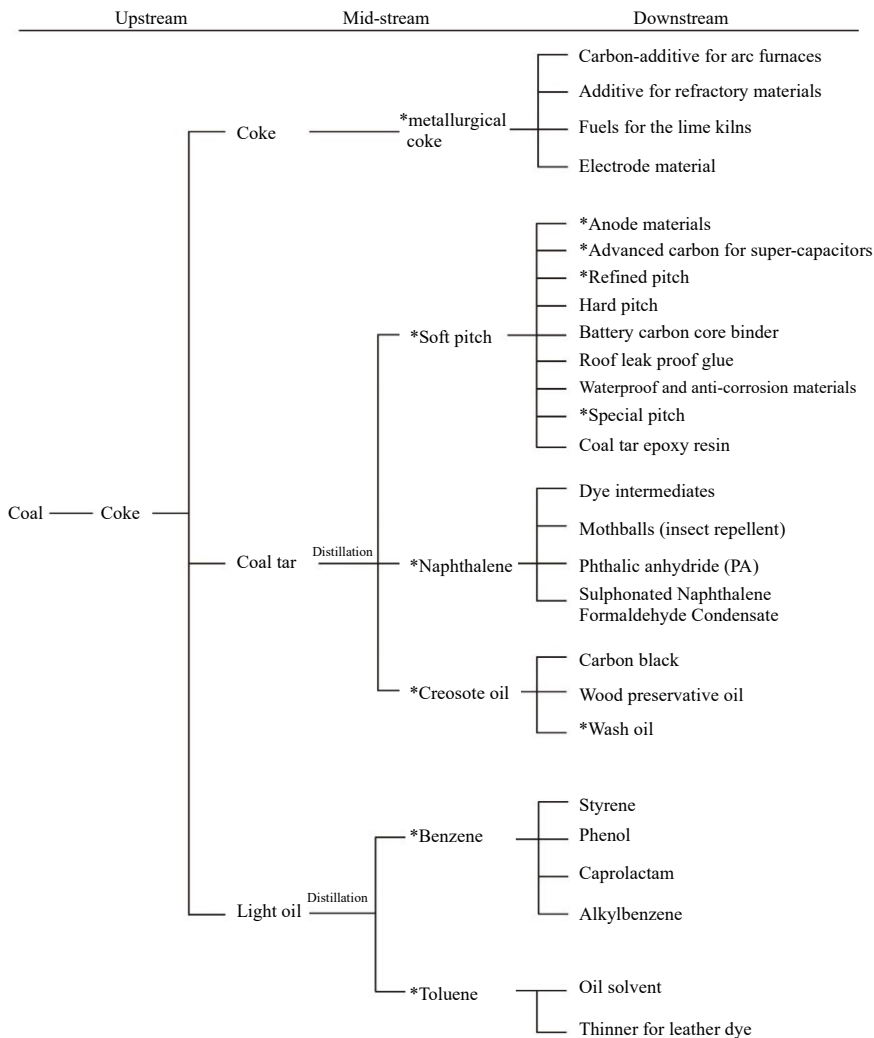
As a supplier of lithium battery anode materials, the Company will grow its presence in overseas markets and actively develop emerging applications to compete with the large-scale production capacity and cost advantages of Chinese manufacturers. The Company adheres to the core philosophy of "customer first, quality first," and is committed to providing the highest quality products and comprehensive technical services, so as to gain greater trust and improve relationships with customers.

In terms of operational strategy, the Company maintains the market position of main products through long-term contracts, and ensures its competitiveness through high stability and efficiency in terms of quality and delivery time. At the same time, we continue to improve our overall operational performance and create the best interests for the Company through a flexible product portfolio and differentiation strategy.

2. Connection between upstream, midstream, and downstream within the industry

The connection between upstream, midstream, and downstream within the industry in the coal chemical industry is shown in the figure below. The upstream shall be the coke, coal tar, and light oil produced by coke ovens of steel plant consistent operations or independent coke plants; the midstream shall be metallurgical coke processing plants, coal tar distillation plants, and light oil distillation plants. Metallurgical coke-related products can be used in carbon-additive for arc furnaces, electrode materials, lime industry fuels, and additive for refractory materials. The main products after coal tar processing are soft pitch, naphthalene, and Creosote oil, of which soft pitch can be used in producing green mesophase powder, high-proportioned advanced

carbon for supercapacitors and lead-carbon batteries, impregnated pitch, hard pitch (as binders in carbon anodes for aluminum production and graphite electrodes), battery carbon core binder, waterproof and anti-corrosion materials, special tar pitch, and coal tar epoxy resin. Naphthalene can be used to produce sulphonated naphthalene formaldehyde condensate (a water reducer for concrete), dye intermediates, phthalic anhydride, and naphthalene balls. Creosote oil can be used in producing carbon black, wash oil, and wood preservative oil. The main products from the processing of light oil include benzene and toluene; benzene can be used in producing styrene, phenol, caprolactam, and alkylbenzene, and toluene is used as paint solvent and thinner for leather dye and surface finishing.



*means CSCC's products

3. Development trend of products and competition

(1) Development trend of products

- ① Pitch is mainly used as the binders in carbon anodes for aluminum production (accounted for approximately 75% to 80%) and used in graphite electrodes (accounted for 10% to

15%) and special carbon materials. The amount of carbon black oil used in China for blending has been increasing in recent years, and there is currently no substitute at present.

- ② Creosote oil products are divided into creosote 12 and creosote 15 according to customer needs. The former is mainly used to produce high-quality carbon black (mostly used as a wood preservative in the North American market), while the latter was developed in response to customer demand for a lower-cost product, and used to produce general quality carbon black.
- ③ The major market for refined naphthalene mainly consists of mothballs and dye intermediates. Currently, there is no evident substitute for dye intermediates; a partial market for naphthalene ball is replaced by PDCB and other fragrances. Currently, the Company's major competitors are from Indonesia, China, Belgium, and Spain.
- ④ Green mesophase powder series products are mainly used in lithium-ion battery anode materials. Their main competing products include petroleum coke-based artificial graphite and natural graphite. Artificial graphite remains the mainstream in the market. The high magnification and long useful life of green mesophase powder have given it a clear advantage in high performance applications, such as power lithium-ion batteries, AI servers, and battery backup units.

(2) Product competition

Taiwan is located at the heart of Asia. The Company is located close to Kaohsiung Port and possesses its exclusive shipping terminal, giving the Company a transportation advantage. The competition of the Company's major products is analyzed as follows:

- ① Soft pitch: The Company has signed a long-term sales contract with its Australian customer. Currently, 50% of the soft pitch raw material required by the Australian company each year is provided by the Company. The Company has maintained a long-term and successful relationship with its Australian customer. The major competitors of the Company are from Korea and China. As China accounted for a higher portion of

output and sales, the prices in China affect the international market.

- ② Creosote oil: Creosote oil is the main raw material for producing carbon black. The annual output of the Company's creosote oil is approximately 120,000 metric tons. Our supplies to the domestic, Japanese, and Korea markets are made through smooth distribution channels.
- ③ Refined naphthalene: The market for chemical-grade refined naphthalene is mainly in Mainland China and India, with customers mainly in the dye intermediate sector. The market of the refined naphthalene ball mainly spreads across the Asia region, including Korea, Japan, Vietnam, Myanmar, Malaysia, Philippines, Indonesia, Thailand, Pakistan, India, and Sri Lanka, which are the largest production and consumption markets for naphthalene balls. The Company has a market share of above 60% for naphthalene balls in the said region.
- ④ Benzene: The average domestic demand gap of benzene was approximately 400,000 metric tons in 2025. The current output of the Company is approximately 57,000 metric tons per year, accounting for a small percentage of the demand gap in Taiwan.
- ⑤ Toluene: The Company produces approximately 700 metric tons of toluene each month, which is mainly for export sales to Singapore and South Korea, while a small portion is sold to domestic solvent suppliers via distributors.
- ⑥ Green mesophase powder series products: The Company's annual production capacity for green mesophase products is approximately 7,500 metric tons. The products are supplied to manufacturers of lithium-ion battery-related products in Taiwan and foreign markets. The Company has also expanded into in-house production of graphite block products, such as mesophase graphite powder products, advanced carbon for supercapacitor, and isotropic graphite. We will continue to improve our process technologies and the purity and quality of products to meet the growing demand on high performance carbon materials from customers around the world.

(III) Technology and R&D Overview

1. Devoted R&D expenditure: It was NT\$265,731 thousand for January 1, 2025 through December 31, 2025.
2. Technologies or products successfully developed (over the most recent year and up to the date the Annual Report was printed)
 - (1) Completed the development of small-particle, ultra-high-power graphite anode products, which has excellent fast-charging and low-expansion characteristics better than high-end artificial graphite on the market. The products have been adopted by major customers that manufacture high-end mobile phones.
 - (2) Completed product development for high-purity 8-inch category three compound semiconductor crystal growth crucibles, and encouraged customers to conduct tests. The construction and commissioning of the first purification furnace for mass production was completed in 2025, and the product purity reached 5N5 or above, meeting customer requirements. We are currently planning the construction of a second purification furnace for mass production.
 - (3) Completed the development of advanced carbon materials for HV products and established mass production equipment. Developed activated carbon materials for the cathode of LICs, and delivered samples to customers for verification.
3. Future R&D development projects
 - (1) Development of LIC anode materials and promotion to customers.
 - (2) 5C fast-charging high-capacity anode formula and product development and promotion to customers.
 - (3) Optimization of advanced carbon materials for HV supercapacitors and promotion to customers.
 - (4) Development of cathode materials for LICs and promotion to customers.
 - (5) Advanced carbon materials expansion plan.
 - (6) Development of high-purity large crystal-growing crucible products.
 - (7) Installation of the second set of purification furnace equipment for mass production.

(8) Plans to expand production capacity for isotropic graphite.

(IV) Long-term and Short-term Business Development Plan

1. Short term:

- (1) Sell all the products of the coal tar plant, light oil plant, coke plant, and carbon material plant in a timely manner.
- (2) In line with the rapid growth of the global green energy industry, the Company actively exploits market opportunities brought by the transition to green energy, and continues to develop emerging applications, such as energy storage systems, new energy vehicles, AI servers, and battery backup units. The Company expands product lines in coordination with the factory construction and capacity expansion plans of domestic and foreign customers. We also optimize our product portfolio to increase our market flexibility and overall competitiveness. At the same time, we continue to grow our presence in international markets and improve the quality and value of our carbon materials brand to increase customer loyalty and service satisfaction.
- (3) The Company will fully leverage local sales and service functions of Changzhou China Steel New Materials Technology Co., Ltd., develop the local industry chain, enhance the competitiveness of our products, such as refined pitch, mesophase graphite powder, and advanced carbon materials, in China's market, and provide Chinese customers with prompt support and cooperation by taking advantage of our proximity to the market.

2. Long term:

- (1) We plan to improve sales of soft pitch by taking advantage of growing global demand for aluminum. At the same time, we plan to stabilize off the back of these sales, continuing to work towards our green industry and carbon reduction goals.
- (2) As government policy is focused on fuel gas, the Company shall begin developing new markets targeting high value chemical products for our original fuel oil products.
- (3) As the development of electric vehicles has become a global trend, the Company will continue to develop ultra-high-rate anode materials, new artificial graphite anode materials, and high-capacity

silicon-carbon anode materials, diversifying product lines to enhance the overall competitiveness of products.

- (4) We will leverage our advantages in raw materials supply and continue to optimize our process capabilities. We will actively develop advanced carbon materials for supercapacitors, lead-carbon batteries, lithium-ion capacitors, and porous silicon carbide applications together with domestic and overseas research institutes and partners, and develop new products and markets.
- (5) On the basis of our technological foundation and application experience in anode materials and advanced carbon materials, we will actively expand into high-end applications, such as AI servers and drones, and provide a wide range of solutions to meet customer needs.
- (6) In response to the rapid growth of the market for compound semiconductor silicon carbide materials, the Company will invest in the development of graphite block materials, such as high-purity isotropic graphite crucibles, in order to meet the demand on high-end materials from both domestic and international markets.

II. Market, Production, and Marketing Overview

(I) Market Analysis

1. Sales (supply) regions of primary products (services)

- (1) Coal tar series products: Taiwan, Australia, Mainland China, Japan, Korea, Vietnam, Myanmar, Thailand, Malaysia, Philippines, Indonesia, Pakistan, Sri Lanka, India, Bangladesh, and Belgium.
- (2) Light oil series products: Taiwan, Singapore, South Korea, and Mainland China.
- (3) Coke: Taiwan and Indonesia.
- (4) Refined carbon materials series products: Taiwan, Mainland China, Japan, South Korea, India, the United States, Canada etc.

2. Market share:

The Company possesses the sole domestic coal tar distillation plant in Taiwan and is the sole domestic supplier for products such as coal tar pitch, creosote oil, and refined naphthalene. The Company's benzene products and petroleum benzene are substitutes for one another, and the domestic market share of the Company amounted to approximately 7%.

In terms of the refined carbon materials product series, the Company has the only integrated plant with graphitization capabilities in Taiwan, and is capable of providing mesophase graphite powder, advanced carbon for supercapacitor, and isotropic graphite to meet the demand of local and China-free supply chains.

3. Future supply and demand in the market and its growth

- (1) Approximately 65,000 metric tons of soft pitch are sold to the Australian customer each year. In addition, given the market demand for the production of lithium battery anode materials and impregnated pitch, the soft pitch market is expected to remain stable in the future.
- (2) The Company produces approximately 120,000 metric tons of creosote oil a year, which is supplied to domestic and foreign carbon black plants.
- (3) The output of refined naphthalene is approximately 13,000 metric tons each year. Naphthalene Approximately 40% of the total output is sold to the naphthalene ball market in Asia, and the remaining is sold to dye markets in Taiwan and India. The Company has received the positive recognition of customers due to the optimal quality of refined naphthalene and steady and fast lead time; the monthly output may be fully sold.
- (4) The output of benzene is fully sold to the domestic sales market.
- (5) Coke is mostly for domestic sales; export sales are made when there is any surplus.
- (6) Global demand for mesophase graphite powder has continued to rise in recent years as countries actively developed the green energy and electric vehicle industries. The Company has also gradually lowered the percentage of product sales accounted for by China's market, and is gradually balancing global markets. While maintaining relationships with existing customers, we are actively expanding our China-free supply chain, and increasing our penetration rate in major markets in Europe, the United States, and Japan. Furthermore, we are also expanding our production capacity in coordination with the capacity expansion and factory construction of customers, so as to increase our supply flexibility

and enhance our competitiveness. In the future, we will continue to increase the percentage of sales accounted for by carbon materials in the global market, expand our presence in the international market, increase our brand value, and gain greater market influence.

4. Competitive niche, favorable and unfavorable factors for development prospects, and countermeasures

(1) Favorable factors

- ① Raw material coal tar and crude light oil are stably supplied by CSC and DSC. In addition, we have the flexibility to procure light oil from Australia, India, and Indonesia when necessary to stabilize production and sales.
- ② The Company possesses the sole domestic coal tar series product production plant. Except for benzene, toluene, and xylene mixture in the light oil series products, which compete with petrochemical series products, other products are unlikely to be replaced, and the sales channels remain stable.
- ③ We have a complete R&D team and are capable of providing total solutions based on customer needs. We leverage the advantages of our own production lines to provide highly customized products and services.
- ④ The Company maintains stable operations, sound finances, excellent employees, and continue to invest in the development of new products, in order to enhance our competitiveness and improve overall operational performance.

(2) Unfavorable factors

- ① The Company's export sales ratio of products is approximately 50%; the changes in exchange rates have significant impacts on its operating income.
- ② The excess production capacity for coal tar deep processing in China will cause adverse effects on the global downstream coal tar industry.
- ③ The Company's export sales ratio of products is high. Given the continuous production under consistent operations and limited storage tank equipment, the delay in the sailing schedule for

export sales easily affects our normal operations and production.

- ④ The Company's soft pitch would face market competition upon the decrease in the demand of downstream customers.
- ⑤ The excess production capacity for battery anode materials in China has adverse effects on the global downstream battery anode industry.

(3) Countermeasures

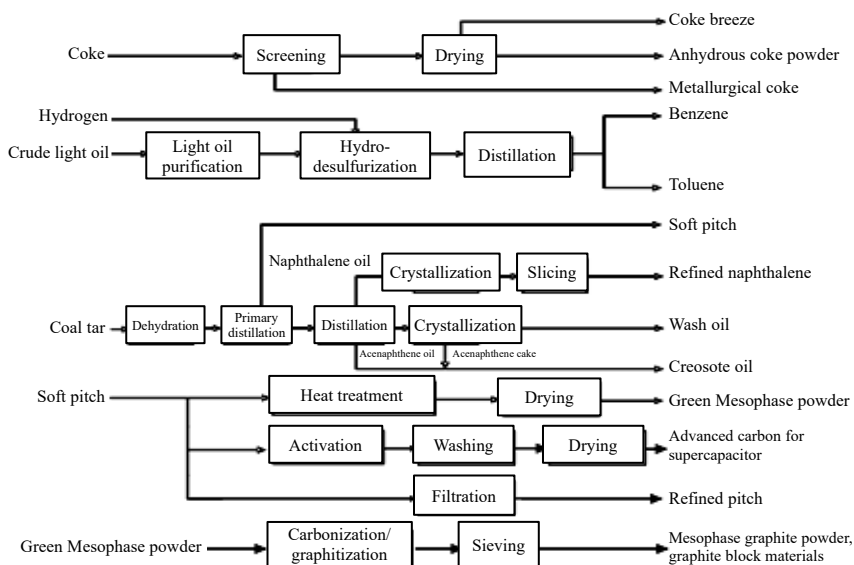
- ① Adopt flexible financial arrangements and duly carry out currency management.
- ② Closely monitor market dynamics and collect and quickly respond to customer needs.
- ③ Establish flexible and diverse sales channels to ensure smooth production operations.
- ④ Strengthen our brand image and actively acquire internationally renowned customers.
- ⑤ Continue to improve product quality to meet customers' requirements.
- ⑥ Prioritize entering niche markets in coordination with customers' development projects.

(II) Primary Products' Important Usage and Production Process

1. Primary products' important usage

Primary Products of Services	Primary Usage or Function
Coal tar series products	<ol style="list-style-type: none"> 1. Aluminum electrode rod binder 2. Refined pitch 3. Tar epoxy anti-corrosive paint filler 4. Tar PU runway bottom material filler 5. Dry-cell battery carbon rod binder 6. Synthetic raw materials for naphthalene series water reducing agent or dye intermediates 7. Anti-corrosion and anti-insect mothballs 8. Carbon black raw materials 9. Wash oil
Light oil series products	<ol style="list-style-type: none"> 1. Styrene, caprolactam, phenol, alkylbenzene, and other raw materials 2. Solvent for paint
Coke series products	Lime kiln fuel or carbon-additive for electric furnace steelmaking
Green mesophase powder series products	Lithium-ion battery anode materials, graphite blocks
Advanced carbon for supercapacitor	Supercapacitors and lead-carbon batteries

2. Production process of primary products



(III) Supply of Primary Raw Materials

Raw material supply in 2025

1. Coal tar: Coal tar is delivered to CSCC via pipeline from Company A, and delivered to CSCC by tank trucks from Company B; the total amount was 210,395 metric tons in 2025.
2. Crude light oil: Crude light oil is delivered to CSCC via pipelines from Company A, and delivered to CSCC by tank trucks from Company B; the crude light oil is partially imported from foreign countries; the total amount was 70,527 metric tons in 2025.
3. Metallurgical coke: Metallurgical coke is delivered from Company A's coke breeze area to the screening area for processing, screening, and drying; the total amount used was 130,118 metric tons in 2025.

(IV) List of Customers Accounting for more than 10% of the Total Purchases (Sales) During the Latest Two Years

1. Information on major suppliers during the latest two years

Item	2025				2024			
	Name	Amount (NT\$000')	Total Annual Net Purchase Ratio (%)	Relationship with the Issuer	Name	Amount (NT\$000')	Total Annual Net Purchase Ratio (%)	Relationship with the Issuer
1	Company A	1,971,104	67	Parent company and subsidiary	Company A	2,517,533	64	Parent company and subsidiary
2	Company B	832,980	28	Fellow subsidiary	Company B	1,136,052	29	Fellow subsidiary
3	Others	168,032	5		Others	349,906	7	
	Net purchases	2,972,116	100		Net purchases	4,003,491	100	

2. Information on major customers of sales for the latest two years

Item	2025				2024			
	Name	Amount (NT\$000')	Proportion of Total Net Sales for the Entire Year (%)	Relationship with the Issuer	Name	Amount (NT\$000')	Proportion of Total Net Sales for the Entire Year (%)	Relationship with the Issuer
1	Company C	1,092,308	19		Company C	1,289,378	17	
2	Company D	802,601	14	Note	Company D	959,547	13	Note
3	Company E	507,947	9		Company E	582,666	8	
4	Others	3,455,279	58		Others	4,815,879	62	
	Net sales	5,858,135	100		Net sales	7,647,470	100	

Note: A subsidiary of the major management of the Company.

III. Overview of Human Resources

February 28, 2026

(I) Information on Employees of CSCC and Subsidiaries

Year		2025	2024	Current Year up to February 28, 2026
Number of Employees	Total	352	351	361
Average Age		41.78	41.08	41.58%
Average Length of Service		13.46	13.25	13.23%
Academic Distribution Ratio	PhD	2.8%	2.3%	2.5%
	Master	27.9%	28.8%	27.4%
	University and College	55.4%	55.0%	56.0%
	High School and Vocational School	12.8%	12.8%	13.0%
	Below High School	1.1%	1.1%	1.1%

(II) Information on Employees of CSCC

Year		2025	2024	Current Year up to February 28, 2026
Number of Employees	Total	336	334	344
Average Age		42.15	41.46	41.92%
Average Length of Service		13.83	13.67	13.58%
Academic Distribution Ratio	PhD	3.0%	2.4%	2.6%
	Master	29.0%	29.9%	28.5%
	University and College	54.6%	54.2%	55.2%
	High School and Vocational School	13.4%	13.5%	13.7%
	Below High School	0%	0%	0%

IV. Environmental Management Measures and Environmental Protection Expenses

(I) Environmental Management Measures

The Company adheres to the spirit of continual improvement and establishes an annual plan to reduce the generation of pollutants and reduce the use of energy, in order to gradually improve the performance of environmental management.

1. To reduce the use of energy and resources (including electricity, steam, fuel oil, and gas), the Company resets new consumption standards each year, which not only reduces the emission of greenhouse gases (GHG), but also enhances our business management effectiveness.
2. Air pollution control
 - (1) Apart from ensuring the normal operation of multiple monitoring equipment and completing the test and declaration for all chimney emissions of particulate matter, sulfur oxides, nitrogen oxides, and volatile organic compounds, the Company also applies for the establishment and operations of permits in accordance with the laws.
 - (2) Reduction of volatile organic pollutants: The Company reduces the pollutant emissions by minimizing the number of equipment components. For the parts required, the Company regularly tests their fugitive concentration to ensure that it is below the control concentration. For pollutants discharged by equipment, the Company selects equipment with the highest processing efficiency to reduce the impact on the environment.
3. Waste treatment
 - (1) Legal processing suppliers are engaged to recycle and process waste refractories, wood and keep-warm materials so as to reuse such wastes as raw materials. Applications for the reuse of waste lubricating oil at our own plants have been approved, reducing the environmental impact of waste.
 - (2) Should the coal chemical manufacturing plant clear out a small amount of slag from our annual repairs, regular repairs, or from cleaning out slag accumulations in equipment that is causing the equipment to malfunction, the Company shall enter into a reuse

contract with CSC pursuant to the Ministry of Economic Affairs' Regulations on Industrial Waste Reuse to deliver the slag to CSC for reuse, converting these waste materials into useful raw materials and reducing the waste treatment load.

- (3) For the treatment of business wastes, apart from the removal and disposal of wastes in accordance with the Waste Disposal Act, the Company also formulates its internal management plans for waste reduction.

4. Effluent and sewage treatment

- (1) The Company has implemented its plan of water pollution prevention measures in accordance with laws and improved the manufacturing process from the source to reduce the generation of wastewater.
- (2) Steam condensates are collected and recycled to be used in the manufacturing process in order to reduce the use of water.
- (3) All generated wastewater is properly treated without any exceptional discharge.

5. In response to GHG reduction, the Company established a GHG inventory management system, provided training courses for internal inspection personnel, and formulated strategies and action plans related to GHG management. The Company obtained the ISO 14064: 2018 Greenhouse Gases Emissions Inventories and Verifications certification for its 2024 GHG emissions in September 2025, as well as a certificate of verification issued by the SGS after a third-party inspection. The Company's 2024 (Scope 1 and Scope 2) greenhouse gas emissions totaled 97,424 metric tons CO₂e. Scope 1 emissions totaled 23,895 metric tons CO₂e, accounting for 24.5% of total emissions, while Scope 2 emissions totaled 73,529 metric tons CO₂e, accounting for 75.5% of total emissions.

- (1) Our Xiaogang Plant's greenhouse gas emissions totaled 80,079 metric tons of CO₂e. Scope 1 emissions totaled 23,323 metric tons, making up 29.1% of these emissions, while Scope 2 emissions totaled 56,756 metric tons, making up 70.9% of these emissions.
- (2) Our Pingnan Plant's greenhouse gas emissions totaled 17,244 metric tons CO₂e. As our carbon material manufacturing plant

mainly rely on electricity to carry out production, Scope 1 emissions totaled 565 metric tons CO₂e, accounting for 3.3% of these emissions, while Scope 2 totaled 16,679 metric tons CO₂e, accounting for 96.7% of these emissions.

(II) Losses Incurred Due to Environmental Pollution During the Latest Two Years and as of the Date of Publishing the Annual Report

2024: no fines, loss of NT\$0; 2025: no fines, loss of NT\$0.

(III) Countermeasures

1. Improvement measures to be adopted

(1) Improvement Plan: Increase the frequency of our inspections of volatile organic compounds. Complete checks and repairs of any discovered leaks within set deadlines. Immediately revise the list of certificate holders, have other employees act as replacements, and plan for a list of reserve personnel to be available for each type of certification, in order to prevent the same situation from happening again.

(2) Estimated environmental protection expenses in the following two years

① For 2026, environmental protection expenses are estimated at NT\$40 million.

② For 2027, environmental protection expenses are estimated at NT\$35 million.

(3) Effects after improvements

① Effects on net profit: No significant effect.

② Effects on competitive status: None.

2. No countermeasures adopted

(1) Reasons for not adopting any countermeasure: None.

(2) Status of pollution: None.

(3) Amount of possible losses and compensation: None.

V. Work Environment and Protective Measures for the Personal Safety of Employees

(I) Substantial Measures for Safety and Health Management

1. Evaluation of the safety hazard of the manufacturing process and the countermeasures

The Company conducts risk assessments for existing processes. For any new process units, if a hazard analysis is deemed necessary during the design phase or based on the process management of change (MOC) assessment results, we will appoint a qualified occupational safety engineer to conduct the analysis. Where the level of risk is determined to be unacceptable using a systematic assessment method, the Company will modify the process or equipment layout to lower the risk to an acceptable level.

2. Healthcare and management

The Company implements health inspections for employees engaging in general operations and particular hazard operations based on the "Rules for Health Protection of Labor" and professional medical institutions are engaged to perform employees' annual health inspections. In addition to the hierarchical management of particular health inspection results, the Company also engaged physicians to provide medical and healthcare consultancy for employees on a monthly basis. When necessary, the Company urges employees to receive professional treatment. Regarding the common domestic diseases such as high blood pressure, high blood lipids, and abnormalities in blood glucose, the Company communicates with employees on different occasions and arranges nutrition educational events and weight loss contests, among other health promotion activities, to encourage them to form optimal dietary and exercise habits. The Company further encourages employees to participate in club activities (such as mountain-climbing and cycling) to exercise and relieve stress.

Description of health promotion activities in 2025:

- (1) A weight loss competition was held in 2025 and a total of 163 employees (including 15 contractors) participated. The results of weight loss competitions over the years are provided as follows:

	2023	2024	2025
Number of participants	122 participants	160 participants	163 participants
Weight loss	364.6 kg	375.6 kg	362.3 kg
Weight gain	7.9 kg	45.3 kg	24.2 kg

(2) The results of health promotion activities in 2025 are as follows:

- ① The Company completed a total of 5 first aid training sessions for injuries, 7 CPR and AED training sessions, 2 sessions of physical therapy courses on EDF techniques, 1 session on ergonomics for skeletal muscle injury prevention, and 1 session on suicide prevention. A total of 335 people participated.
- ② The Company organized the cancer screening event – oral mucosal testing in Xiaogang, Pingnan, and the headquarters, with a total of 203 participants.
- ③ The annual health check-up for all active employees was completed for a total of 324 employees on December 11. In addition, for employees who perform work that is particularly hazardous to health, special health check-ups were provided for two types of operations: 13 employees in benzene operations and 69 in dust operations.

3. Assessment of the operating environment

The Company engages qualified institutions for operating environment assessment every six months to perform the operating environment assessment regarding chemical factors according to the "Regulations for the Implementation of Operating Environment Assessment for Labors," (chemical factors are carbon dioxide, dust, organic solvent, and particular chemical substances) and determine whether the assessment results comply with the requirements under laws and regulations. For any anomaly in the assessment result, the Company immediately takes improvement actions and makes adjustments to protect the health of our employees.

4. Safety and health management system certification

Since obtaining the SGS OHSAS 18001 safety and health management system certification in 2002, the Company has conducted hazard analysis, management plan, safety and health training, correction and prevention, consultancy and communication according to a systematic

management method, and has achieved continuous improvements under the PDCA cycle. The Company renews its certificate every three years. We obtained the new certificate for ISO 45001 in March 2020 and a new certificate again in March 2023. The current certificate is valid from April 3, 2023 to March 15, 2026, and the Company has scheduled an inspection in March 2026 to renew its certificate again.

5. Health hazard prevention educational training

To allow our employees to gain a correct understanding of health hazard factors and their prevention measures, the Company sends employees to take courses offered by external professional training institutions on an ad hoc basis, increasing their professional knowledge through training related to safety, health, and health hazard prevention.

6. Implementing the Plant Safety Assistance Plan

To raise the safety awareness and compliance of plant personnel, the Company implemented a safety guidance plan starting in 2024, and hires external experts to provide guidance at plants on an ad hoc basis. The process is coordinated by on-site personnel and engineers to familiarize themselves with legal requirements and improve operating procedures. Senior occupational safety consultants are hired to conduct daily on-site inspections at plants; provide hazard prevention and improvement suggestions for plant expansion projects, maintenance and construction, and routine operations; promptly report any immediate major hazards to avoid gaps in risk management; and maintain the Company's occupational safety culture.

(II) Implementation of Operational Safety Management

1. The Company has carried out risk evaluation and engineering practices according to laws and regulations related to safety and health, implemented particular operational control and work permits for hazardous operations such as elevated work, outage, fire operations, and limited space, and established procedures for the safety of work required for construction personnel to observe during operations, so as to ensure the safety of personnel and equipment during construction.

2. Employees are encouraged to report all injury, non-injury, and false alarm events, allowing other personnel to learn from their experiences to eliminate potential hazards and prevent the recurrence of similar

accidents. In addition, emergency response training (including leakage, fire, and personnel injuries) is conducted on a regular basis. The Company simulates the handling and responding abilities of employees upon the occurrence of any emergency through pre-planning and training, so as to minimize the losses upon the real occurrence of disasters.

3. Inspections are regularly performed on all hazardous equipment and pipelines. Apart from internal and external inspections performed on hazardous machinery and equipment according to the law, we also arrange annual cleanups and inspections on equipment with high operating pressure, with content that is easily corroded, blocked, or has damaged holes. The Company performs inspections and repairs or uses spare parts if an anomaly is found to ensure operational safety.
4. For audits and patrol inspections by senior executives: The senior executives perform monthly or weekly plant inspections from time to time, focusing on contractor management, improvements on non-conformities in safety and health, execution and implementation of procedures for the safety of work, and the reorganization of environment based on the 5S methodology. After the patrol inspection, deficiencies discovered shall be followed up by the responsible department until the completion of improvements.
5. Daily inspections by unit supervisors and safety and health personnel: Unit supervisors perform daily inspections within their scope of responsibilities to ensure that operations are well and safety and health conditions are normal. The safety and health personnel are responsible for comprehensive plant inspections. Cross-inspections are conducted to ensure that the plants are operating normally and safely. Supervisors at all levels on site regularly inspect the behavior of employees and contractors and the working environment. In 2025, supervisors conducted more than 250 safety observations and inspections (including patrols), while the Industrial Safety and Hygiene Department conducted stricter inspections in all plants and departments.
6. Strengthen contract management: Contractors are engaged for partial operations of the plant. In the past, most accidents have been related to the work performed by contractors. Therefore, unlike other plants, the

Company's contractors reside in the plant, and fixed contractors are responsible for maintenance and repair. Through long-term residence and training provided by the Company, contractors are able to accumulate their engineering experiences, reduce the staff mobility, and in turn understand the hazardous operations of the business department and take the initiative to observe its relevant requirements, rendering positive support to create a safe environment.

The Contractor Management Information System was established in 2021 to improve the management over contractors in an electronically integrated way in terms of their selection, training, statutory certifications, and work permits for fire operations and accessing tanks, among others.

Weekly on-site contractor safety meetings are convened in the production plants since 2024, raising the occupational safety awareness of contractors through exchanges and sharing with CSCC's occupational safety personnel. This further reinforces on-site observations of construction work which is useful in enhancing CSCC's safety philosophy and culture.

VI. Labor-Management Relations

(I) Employee Welfare Measures, Continuing Education, Training, Retirement Systems and Their Implementation, Labor-Capital Agreements, and Measures to Protect Employees' Interests

1. Employee welfare measures and their implementation

The Company established its Employee Welfare Committee in January 1990 to be responsible for the welfare of all our employees. The measures include group insurance, travel subsidies, consolation money for new year and festivals, consolation money for bereavement, consolation money for injury and disability, consolation money for hospitalization, offspring educational subsidies for employees who passed away or became physically impaired due to corporate business, medical subsidies for hospitalization for employees and their family members, marriage subsidies, offspring educational subsidies for employees, subsidies for recreational club activities, and emergency borrowings for employees. The annual budgets, expenditure, and arrangement for employee benefits are discussed and monitored by

members of the Employee Welfare Committee, which plays an effective part in stabilizing employees' emotions at the workplace.

The Company purchased the employee group insurance policy on December 31, 1990. The insurance coverage includes the employees themselves, their spouses, and their offspring. The insurance benefits include life insurance, accident insurance, hospitalization insurance, critical disease insurance, cancer insurance, and occupational accident insurance.

Other benefits: Stock ownership trust, birthday and festive gift money, Labor Day gift money, consumer loans, and special offers at merchants and hotels.

2. Continuing education and training for employees and the implementation

The Company has established the Regulations for the Management of Educational Training to encourage employees to improve their academic knowledge and skills and their working quality and efficiency, so as to maintain the foundation of the Company's sustainable operations and development. The Company's educational training system is divided into internal training, external training, and domestic and overseas on-the-job training.

The Company spent NT\$4,610 thousand on educational training in 2025 and the average number of training hours was 38.7. The content of the program includes training programs related to quality management, management programs, internal control and internal audit practice programs, cell seminars, training programs for product R&D, programs related to information, programs related to international trade practices, fire-fighting and extinguishing training, programs for emergency management practices, training programs for superiors related to specialization, organic, and dust operations, forklift training programs, first-aid personnel training programs, programs of energy-saving and carbon emission reduction, programs related to maintenance, programs related to occupational safety and environmental protection, and training programs related to finance and accounting.

3. The retirement system and its implementation

To provide incentives for employees' professional services and settle their on-the-job or post-retirement livings, the Company has established the Regulations for Retirement, Indemnities, and Severance according to the requirements under the Labor Standard Act and relevant laws and regulations. In terms of retirement regulations, those who have worked for more than 15 years with an age of 55 or above or those who have worked for more than 25 years with an age of 60 or above may apply for retirement. Regarding the granting standards for pension, two bases were provided for a year of service and one base is provided for a year of service for those who have worked for more than 15 years; the maximum total shall be up to 45 bases. The Company also established a Labor Pension Allowance Supervisory Committee to appropriate the labor pension allowance on a monthly basis. In term of indemnities, any employees who passed away due to diseases or accidents on the job shall receive compensation equivalent to two months of their salaries and funeral subsidies equivalent to three months of their salaries, and indemnities shall be provided to their living family members according to the payment criteria specified in Article 55 Paragraph 1 Sub-paragraph 1 of the Labor Standards Act; the maximum amount shall be equivalent to 45 months of their salaries. Five years shall be adopted as the basis for those who have worked for the Company for less than 5 years. Where the employee is deceased due to bravery demonstrated in rescuing lives during a disaster or due to an accident while performing duties at work (including inside or outside the Company); due to an accident while commuting to and back from the plant for emergency repairs or a business trip; or due to occupational hazards or an accident in a natural disaster while commuting to and back from work, or due to other disasters that are determined to be related to the occupation according to law, besides the funeral expenses equivalent to five months of the average salary, he/she is entitled to a lump-sum death compensation to the living family members equivalent to 45 months of the average salary and special indemnities worth NT\$2.2 million, NT\$1.4 million, and NT\$800 thousand will be issued, respectively. In terms of severance regulations and the granting of severance pay, a

severance pay equivalent to one month of the average wage shall be granted for a year of service; for those who worked for less than one year, the severance pay shall be calculated proportionally. In response to the implementation of the Labor Pension Act on July 1, 2005, certain employees of the Company opted to apply the Labor Pension Act from July 1, 2005; the Company appropriates labor pension to employees' personal accounts on a monthly basis.

4. Other important agreements

- (1) In order to achieve harmonious labor-management relationships, protect the rights of both employees and employer, cooperate in business development, and show mutual respect regarding the legitimate exercise of employees and employer's rights, the Company has negotiated collective bargaining agreements with the Labor Union of CSC and with the Laborers' International Union of China Steel Chemical Corporation in accordance with the Collective Agreement Act. A preparatory meeting for negotiating a collective bargaining agreement with the Labor Union of CSC was held in March 2015, and a total of 23 formal negotiation meetings were held between April 2015 and March 2018. The negotiation is currently ongoing. The Laborers' International Union of China Steel Chemical Corporation was established in June 2018. Negotiations with the Laborers' International Union of China Steel Chemical Corporation for a collective bargaining agreement started in 2022, 3 preparatory meetings were convened in 2022, 11 negotiation meetings were convened in 2024, and 4 negotiation meetings were convened in 2025. The negotiation is currently ongoing.
- (2) The Company implemented the employee stock ownership trust system in January 1999 to link employees' personal wealth to the Company's growth, so that employees may enjoy better security after retirement and gain a greater sense of belonging to the Company. This will also make labor-management relations more harmonious. All employees are qualified and free to participate in the system as they wish. Employees participating in the trust may choose the number of units (up to 12 units, NT\$1,000 per unit) within the cap of 10% of their base salary to deposit into the trust

each month. The Company deposits a fixed percentage for all participating employees each month as an incentive. A financial institution is engaged to use all of the funds deposited into the trust to purchase the Company's stock in the name of the dedicated account, and also manages the trust. The participating employees may collect the shares under the trust upon severance or retirement. The Company established the "company contribution" system in 2023 to close the gap between the contribution ratios of the new and old pension systems, and provide employees with better security after retirement. The Company makes additional contributions as an incentive for employees subject to the Labor Pension Act. Starting in 2024, the Company began offering the "30% contribution rate to the shareholding trust" to give employees a greater sense of participation and belonging to the Company.

5. Communication with employees

The representatives for the very first labor-management meeting were elected on April 10, 2017. Ever since then, labor-management meetings have been held quarterly as agreed upon between workers and the management. A total of four such meetings took place in 2025. The convening of labor-capital meetings is beneficial to the facilitation of labor-capital harmony. In addition, employees in each plant (department) participate in annual communication and discussion meetings with senior executives, strengthening internal communication and employee engagement. In 2025, each plant (department) held a total of 2 such meetings. In addition to the aforementioned labor-management meetings and plant (department) communication and discussion meetings, employees can also express their opinions through the following channels:

- (1) Labor union: Members may submit their requests to the labor union through appropriate channels. The Company's subsidiaries and overseas subsidiaries have not established any labor unions, and all systems are implemented in accordance with local laws and regulations.
- (2) Employee Welfare Committee: Matters concerning employee welfare.

- (3) Occupational Safety and Health Committee: Matters concerning safety, hygiene, and environmental protection.
- (4) Labor Pension Allowance Supervisory Committee: Matters concerning the deposit, use, and management of the labor pension allowance.
- (5) Complaint system: If an employee's legitimate rights and interests within the Company are infringed upon, improperly handled, or unfairly treated, or if he/she encounters difficulties in performing his/her duties that cannot be reasonably resolved through the administrative system, he/she may file a complaint by sending written documents to a designated post office mailbox.
- (6) Sexual Harassment Complaint Handling Committee: The committee is responsible for handling sexual harassment complaints and providing a work and service environment free from sexual harassment.
- (7) E-mail for workplace misconduct complaints: Employees who suffer workplace misconduct may file a complaint using the Company's dedicated e-mail address.

6. Employee conduct and ethics policy

In order to promote honesty at the workplace, so that employees have self-discipline, honorably perform their duties, and adhere to the four major spirits of teamwork, enterprise, steadiness, and innovation, the Company established the "CSCC Ethical Norms for Employees" on January 8, 2009. In addition, the Company formulated the "Ethical Management Principles," "Procedures and Behavioral Guidelines for Ethical Management," and "Regulations for the Whistleblowing, Complaints, and Punishment of Violations of Ethics" on August 5, 2013, December 30, 2015, and January 6, 2016, respectively for all our employees to duly observe.

(II) Estimated Losses Incurred to The Company Due to Labor-Capital Disputes and the Potential Occurrence in the Future and Countermeasures During the Latest Two Years and as of the Date of Publishing the Annual Report

The Company values the labor-capital harmony and the communications between employees. In general, the smooth communication channels between superiors and employees allow the joint cultivation of capital and

labor as a whole to share joys and sorrows and invest in the creation of a harmonious CSCC family. Also, the management rules, regulations, and systems comply with the requirements under the Labor Standard Act; therefore, a harmonious labor-capital relationship is recorded for the Company. There have been no labor-capital disputes or losses. Where the Company continues to actively promote and realize its employee welfare measures in the future, it is estimated that there shall be no losses incurred due to labor-capital disputes.

VII. Information and Communication Security Management

(I) Specify the information and communication security risk management framework, the information and communication security policy, the substantial management plans, and resources to be devoted to information and communication security management, etc.

1. Information Security Risk Management Structure

In order to improve risk management for information security, the Company has established an information security task group, information security risk management framework, information security policies, and specific management plans. Information security policies are also regularly reviewed to ensure information security.

2. Information Security Policy

Information Security Goals

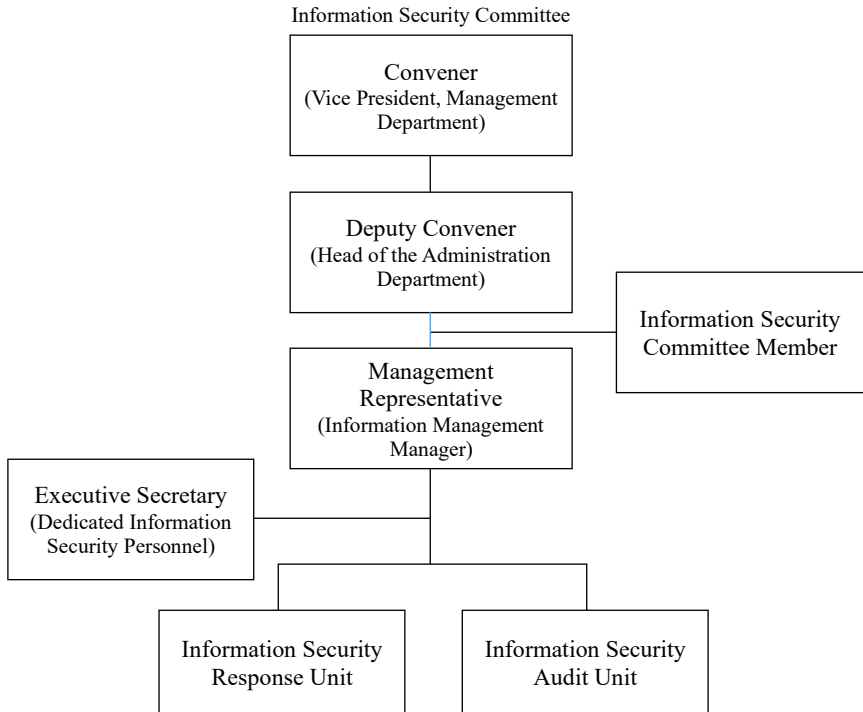
In order to promote the rigorous implementation, sustainable operation, and supervision of the Company's various information security management systems, and to maintain the confidentiality, integrity, and availability of important information systems, this information security policy has been created to strengthen information security management, and to provide safe and effective information services. The goal of this policy is to create a secure and reliable information environment for the Company's operations, able to ensure uninterrupted data, systems, equipment, and network operations.

3. Information security management organization

The Company has established an "Information Security Committee" to clearly define the authority and responsibilities of personnel in information security management operations, coordinate affairs and

promote information security management matters, ensure that various information security management regulations can be effectively and continuously implemented, and achieve information security policies and goals. The management organization structure is as follows:

Information Security Organizational Structure



4. Scope of Information Security

- (1) Staff regularly promote information security awareness, strengthening employees' information security awareness and knowledge of legal concepts.
- (2) Computer system security management.
- (3) Network security management.
- (4) System access restrictions.
- (5) System development and maintenance and safety management.
- (6) Information asset security management.
- (7) Physical and environmental safety.

- (8) Plans for managing sustainable operation of information systems.
- (9) Information security audit

5. Substantial management solutions and measures

Item	Substantial Management Measures
Anti-virus software	Use anti-virus software and automatically update the virus code in order to reduce chances of viral infections.
Social engineering drills services	Conduct social engineering awareness assessments for employees twice a year to enhance employee awareness of information security. Total participants: totaled 3335.
Establish a security operations center (SOC) for monitoring and detecting information security threats.	Hire CHT Security Co., Ltd. to provide early warning reports on threats before they happen, real-time warnings during a threat, and analysis and suggestions after a threat has occurred. This would allow the Company to effectively manage various information security threats, allowing information security employees to focus on handling important information security threats by working together to prevent these threats.
Perform vulnerability scans or penetration tests on our public-facing website.	Thinking from the perspective of a hacker, attempt to infiltrate the Company's hardware and software, including our website, information systems, and information devices. Discover potential vulnerabilities, verify whether corporate data or other devices can be stolen or destroyed, and evaluate whether the security of our information systems or hardware needs to be improved, patching up vulnerabilities in advance.
Obtained ISO 27001 information security certification	We passed the inspection by BSI and obtained the new certificate for ISO 27001 Information Security Management Systems in 2025. The certificate is valid until May 28, 2026.
Adopted a Web Application Firewall (WAF)	The firewall protects website applications by monitoring and filtering HTTP/HTTPS requests. WAF is able to compare these requests to those made in network attacks by computer viruses or malware, and block suspicious or malicious traffic from accessing the site, only allowing safe and normal traffic to enter. This prevents malicious attacks, stops information from being leaked, and ensures that the Company's website remains safe.
Firewall protection	Set the connection rules for the firewall. Request for additional access is required if exceptional connection is needed.
User network access control	Users can only access the network when their request is approved. The system will automatically screen and block access to websites containing the Trojan Horse virus, the ransomware, or the malware.
Update operating system security	The WSUS server is able to automatically send update files to user computers for updates.

Item	Substantial Management Measures
Data backup	The database data and apps are backed up periodically. The backup mechanism is created for the shared hard disk drive; important data are transcribed onto the backup shared hard disk drive on a weekly basis so that data are not lost if the current hard disk drive is damaged or attacked by the virus.
Disaster recovery	The disaster recovery drill takes place for the information systems on a quarterly basis. The automatically backed files and data are transferred to the database being tested to check if the data of a specific system are normal.
Mail security control	Mails are scanned for protective purpose to prevent users from receiving unsafe attachments, phishing emails, and spams. As soon as a mail is received on a personal computer, the anti-virus software will also scan whether or not it contains unsafe attachments.
Access management	Management and review of access to personal accounts. The personal account access is checked periodically.
Access control	The password is mandated to be changed once every three months and shall consist of 8 digits at minimum. Access to network drives is controlled by respective units reflective of their permissions. The user fills out the USB application form and has it approved by his/her supervisor so that access may be given to the USB.
System operation maintenance and management	For important system resources, maintenance contracts are signed with service providers to keep the systems functioning normally.
Staff training	Two training sessions on information security are provided to employees each year and a total of 580 participants received training. Information security incidents are communicated through the Company's EIP website from time to time. Representatives are sent to attend domestic workshops from time to time.
Information security audit	Internal audits and internal control documentation audits are done periodically each year by external auditors (CPAs) and by the Information Security Division of China Steel Corporation.
Establishment of the Information Security Committee	The committee consists of 19 members (vice president of management, first-level supervisors and deputy supervisors, Information Security Response Unit/executive secretary).

6. Emergency reporting procedure

(1) Information on levels of information security incidents:

Level "1": Isolated incident involving minimal damage; the suspended operation can be repaired and restored shortly.

Level "2": Localized incident resulting in discontinuation of certain operations to undermine the overall system efficiency.

Level "3": Company-side incident resulting in comprehensive downtime, with impacts on the Company's operation.

Level "4": Major incident that is sufficient to jeopardize corporate reputation and sustainable operation.

(2) In case of an information security incident, the affected unit shall report it to the information security window so that the level of the incident may be determined and troubleshooting may begin; the incident can be addressed in real time with records kept according to the procedure provided below:

① The D13 contact window should respond by implementing the appropriate corresponding response procedures for the type of incident, and begin resolving the incident. At the same time, the contact shall continuously report on their progress status to the responsible supervisor, completing required notifications.

② The Company's information security incident (IT) level notification flow chart:

Information Security Incident Level	Report Time	Reporting Personnel					
		D13 Contact window	D13 Manager	D1 Department Head	VP1 Vice President	P President	B Chairman
Level 1	Report any security incident within 2 hours of discovery						
Level 2							
Level 3							
Level 4							

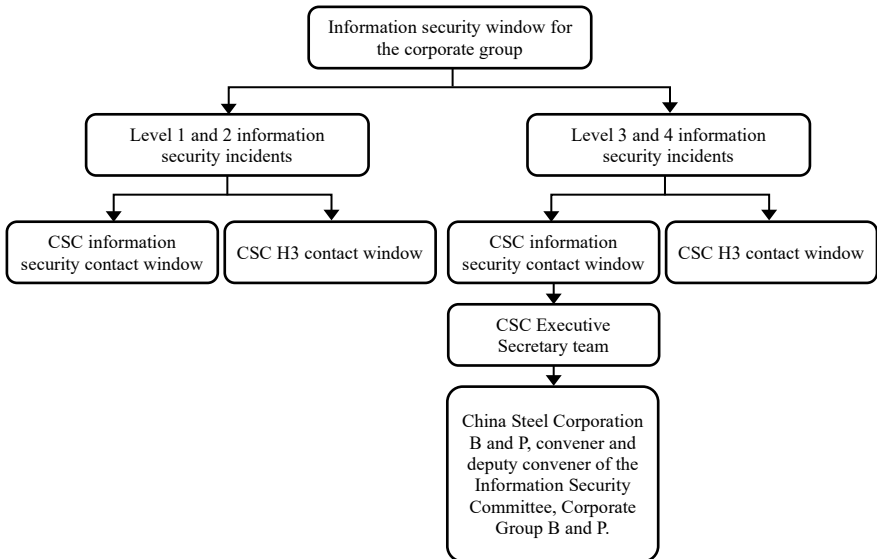
③ The Company's information security incident (OT) level notification flow chart:

Report notifications for level 3 and 4 incidents.

Information Security Incident Level	Report Time	Reporting Personnel				
		Handle as a level 3 or 4 security incident	Report any security incident within 2 hours of discovery	D13 Manager, Second-Level Supervisor of the unit where the incident occurred	D1 Department Head, First-Level Supervisor of the unit where the incident occurred	VP1 Vice President, VP2 Vice President

④ Reporting notifications for Group information security incidents:

The information security contact window for the corporate group is the Information Management Division. Information security incident levels and reporting process are as displayed in the figure below.



7. Impacts on respective units and countermeasures in case of discontinued production as a result of information security risk:

Check the network and status of system equipment and determine whether or not to block access to external networks according to the operational status of the information system in order to keep off invasion and destruction from hackers (electronic operations may be switched to paper-based procedures while the system is being repaired; the shipment schedule may not be affected).

For network security, the Information Management Division is to schedule periodic test plans that shall cover cyberattack simulation, periodic monitoring of specific threats, dependency identification and loophole priority determination; the testing is about the risk of disconnection with related customers. The training plans and implementation records are to be kept at the Information Management Division for future reference.

(1) Emergency Management Plan

Step	Schedule	Response Step	Description of Countermeasure	Time to Expected Completion	Responsible Party
1	T	Kick-off meeting	Check the network and system equipment and explore impacted aspects. (Including evaluation of the impacts of shipping to customers)	1HR	Information Management Division, Coal Chemical Plant Operation Planning Office, Carbon Materials Plant Operation Planning Office
2	T+1	Confirm the severity of discontinuation	Confirm the duration of discontinuation and determine whether or not to block access to external networks according to the operational status of the information system in order to keep off invasion and destruction from hackers and minimize the harm done. Based on the findings from	1HR	Plant Manager

Step	Schedule	Response Step	Description of Countermeasure	Time to Expected Completion	Responsible Party
			the evaluation of impacts on shipment, confirm if the shipment is to be switched to manual operations instead of through the ERP system.		
3	T+1	Confirm the status of the system	Understand the user demand and required resources at respective units according to the foregoing status (manpower and time).	1HR	Respective units
4	T+2	Verify the supply	<p>Before the IT system is confirmed to have been restored, in order to ensure shipments on schedule, the operations will be turned paper-based and subject to manual double-checking to ensure that the quality is free of concern.</p> <p>(1) Computer-based purchase orders (Carbon Material Commercial Department), the shipping list (Carbon Material Commercial Department), and the dispatch notification (Operation Management Division) are to be faxed to the responsible unit instead, followed by notification over the phone.</p> <p>(2) The quantity of products entering and leaving the warehouse is to be recorded and checked manually. (Carbon Materials Production Operations Office/Coal Chemicals Production Operations Office, warehouse, and truck</p>	1 day	Information Management Division, Operation Management Division, Carbon Material Commercial Department, Coal Chemical Commercial Department, Coal Chemical Plant Operation Planning Office, Production Office, warehouse, truck scale, and Quality Assurance Office; Carbon Material Plant Operation Planning Office, Production Office, warehouse, truck scale, and Quality

Step	Schedule	Response Step	Description of Countermeasure	Time to Expected Completion	Responsible Party
			<p>scale) (If only the network is paralyzed and the computer is still usable, software such as excel may be used to help with registration; if the computer is not available, register on a piece of paper by handwriting instead)</p> <p>(3) For the quality of the products, the Quality Assurance Office is to issue the Word quality analysis report (or fill out the information manually) and determine whether or not it is qualified before handing it over to the Warehousing Division to help with product testing and determination of the qualified status. (Quality Assurance Office, warehouse, and truck scale)</p>		Assurance Office
5	T+2	Keep the customer informed	Report to the customer the discontinuation incident and the response plan.	1HR	Coal Chemical Commercial Department, Carbon Material Commercial Department
6	T+3	System recovery	<p>(1) D13 repairs the IT system.</p> <p>(2) It is determined that the IT system is free of threat.</p>	1 day (Depending on the actual circumstances)	Information Management Division
7	T+4	Decision to restore the	Based on D13's report, it is determined that the	1HR	Plant Manager

Step	Schedule	Response Step	Description of Countermeasure	Time to Expected Completion	Responsible Party
		original operating mode	information about the IT system supports recovery to the original operating mode.		
8	T+4	Notice of to restore the original operating mode	The Information Management Division notifies respective units to restore the normal operating mode. Sales representatives notify customers that the issue is resolved.	0.5HR	Information Management Division, Carbon Material Commercial Department, Coal Chemical Commercial Department

Note 1: If the actual situation does not answer to the schedule in the procedure, it is to be adjusted reflective of the actual situation.

Note 2: (1) DCS Software: No access to external networks and impossibility to perform updates through the USB; therefore, it is not at risk of Cyberattacks.

(2) Process equipment is only PLC (Programmable Logic Controller) Board operating software:

① It will be updated by the CSCC engineer (D822/D322) through the Intranet. When D822/D322 people download the PLC board update software onto their personal computer, the file will go through the anti-virus software on the anti-virus USB for related virus scanning and interception.

② The PLC board operating software is to be backed up by D822/D322. In case of any issue encountered in the update of the PLC board, the backed old software program may be downloaded again so that the production at the customer's end will not be discontinued. There is not network connection among respective PLC boards; they do not affect one another, either.

(2) Responsibilities

Composition of the Crisis Management Group	Role	Responsibility
Plant Manager	Supervises conditions throughout the factory.	Confirms and reports conditions in the factory and makes decision over recovery to the original operating mode.
Supervisor of the Information Management Division	Confirms situation of the network IT system and determines system recovery status.	Reports system recovery and recovery status.

Composition of the Crisis Management Group	Role	Responsibility
Operational Planning Officer	Keeps track of system maintenance and service status.	Confirms scheduling to accommodate the demand for shipping final products and prepares a plan to schedule deliveries of final products.
Sales Representative	Communicates with customers.	Reports the response plan to customers.
Operation Management Division Production offices of the two plants Warehousing and Storage Section of the two plants Quality Assurance Office of the two plants	Other executive units for the emergency response.	Carries out tasks in response before the IT system is restored to ensure smooth shipments.

(3) Communicating with stakeholders

Priority	Stakeholder	Method	Item	Person in Charge
1	Customer	Telephone, E-MAIL	Confirms the tolerable duration	Coal Chemical Commercial Department, Carbon Material Commercial Department
2	Factories	Telephone, E-MAIL	Additional information on corresponding response	Information Management Division, Operation Planning Offices of the two plants, Coal Chemical Commercial Department, Carbon Material Commercial Department, Operation Management Division, Production Office of the two plants, Warehousing and Storage Section of the two plants, Quality Assurance Office of the two plants

- (II) List the losses as a result of major information and communication security events, their possible impacts, and countermeasures over the most recent year and up to the date the Annual Report was printed; if reasonable estimation is impossible, why it is impossible shall be specified: None.

VIII. Important contract

Nature of Contract	Parties to the Contract	Start/End Dates of Contract	Main Contents	Restrictions
1. Sales contract	KCMC, Australia Corporation	From January 01, 2018 to December 31, 2027	85°C Soft pitch	None
2. Sales contract	Chang Chun Group, TPCC	From January 01, 2025 to December 31, 2025	Benzene	None
		From January 01, 2026 to December 31, 2026		
3. Sales contract	FUCC (1709TT)	From January 01, 2025 to December 31, 2025	Benzene	None
		From January 01, 2026 to December 31, 2026		
4. Sales contract	SMCT (1310TT)	From January 01, 2025 to December 31, 2025	Benzene	None
		From January 01, 2026 to December 31, 2026		
5. Sales contract	GPPC (1312TT)	From January 01, 2025 to December 31, 2025	Benzene	None
		From January 01, 2026 to December 31, 2026		
6. Sales contract	TOKAI CARBON	From January 01, 2025 to December 31, 2025	Creosote oil	None
		From January 01, 2026 to December 31, 2026		
7. Sales contract	Dalian Shengyuan Chemical Co., Ltd.	From January 01, 2025 to December 31, 2025	Creosote oil	None
		From January 01, 2026 to December 31, 2026		
8. Sales contract	Linyuan Advanced	From January 01, 2025 to December 31, 2025	Creosote oil	None
		From January 01, 2026 to December 31, 2026		
9. Purchase contract	CSC	From March 01, 2023 to February 29, 2028	Crude light oil	None
10. Purchase contract	CSC	From April 01, 2024 to September 30, 2029	Coal tar	None
11. Purchase contract	CSC	From January 01, 2023 to December 31, 2027	Nut coke	None

Nature of Contract	Parties to the Contract	Start/End Dates of Contract	Main Contents	Restrictions
12. Purchase contract	CSC	From January 01, 2023 to December 31, 2027	Anhydrous coke powder	None
13. Purchase contract	CSC	From January 01, 2023 to December 31, 2027	Hydrated coke breeze	None
14. Purchase contract	CSC	From January 01, 2023 to December 31, 2027	CDQ	None
15. Purchase contract	CSC	From January 01, 2023 to December 31, 2027	Collected Fine dust	None
16. Purchase contract	CPC	From January 01, 2025 to December 31, 2025	Hydrogen	None
		From January 01, 2026 to December 31, 2026		
17. Purchase contract	CPC	From May 31, 2022 to May 30, 2027	Natural gas	None

E. Review and Analysis of the Financial Position and Financial Results and Evaluation on Matters of Risk

I. Financial Position Analysis

(I) Consolidated Financial Position Analysis

Unit: NT\$ thousand

Item \ Year	At the End of 2025	At the End of 2024	Differences	
			Amount	%
Current Assets	3,617,713	3,771,850	(154,137)	(4.09)
Property, Plant, and Equipment	4,545,290	4,441,619	103,671	2.33
Other Assets	3,279,956	3,251,991	27,965	0.86
Total Assets	11,442,959	11,465,460	(22,501)	(0.20)
Current Liabilities	1,979,836	1,265,142	714,694	56.49
Non-current Liabilities	1,644,844	1,983,722	(338,878)	(17.08)
Total Liabilities	3,624,680	3,248,864	375,816	11.57
Share Capital	2,369,044	2,369,044	-	-
Capital Surplus	989,006	971,984	17,022	1.75
Retained Earnings	4,885,235	5,311,067	(425,832)	(8.02)
Other Equity	(307,368)	(317,861)	10,493	(3.30)
Treasury Shares	(117,638)	(117,638)	-	-
Total Equity	7,818,279	8,216,596	(398,317)	(4.85)
<p>Analysis and explanations for the changes in the increase or decrease ratios:</p> <ol style="list-style-type: none"> 1. The increase in current liabilities was primarily due to the increase in short-term borrowings. 2. The decrease in non-current liabilities was primarily due to the repayment of long-term borrowings. 3. The increase in other equities was primarily due to the increase in unrealized gains or losses of financial assets measured at fair value through other comprehensive income. 				

(II) Standalone Financial Position Analysis

Unit: NT\$ thousand

Item \ Year	At the End of 2025	At the End of 2024	Differences	
			Amount	%
Current Assets	2,859,568	3,042,001	(182,433)	(6.00)
Property, Plant, and Equipment	4,542,566	4,421,550	121,016	2.74
Other Assets	3,978,542	3,953,615	24,927	0.63
Total Assets	11,380,676	11,417,166	(36,490)	(0.32)
Current Liabilities	1,965,138	1,264,929	700,209	55.36
Non-current Liabilities	1,597,259	1,935,641	(338,382)	(17.48)
Total Liabilities	3,562,397	3,200,570	361,827	11.31
Share Capital	2,369,044	2,369,044	-	-
Capital Surplus	989,006	971,984	17,022	1.75
Retained Earnings	4,885,235	5,311,067	(425,832)	(8.02)
Other Equity	(307,368)	(317,861)	10,493	(3.30)
Treasury Shares	(117,638)	(117,638)	-	-
Total Equity	7,818,279	8,216,596	(398,317)	(4.85)
<ol style="list-style-type: none"> 1. The increase in current liabilities was primarily due to the increase in short-term borrowings. 2. The decrease in non-current liabilities was primarily due to the repayment of long-term borrowings. 3. The increase in other equities was primarily due to the increase in unrealized gains or losses of financial assets measured at fair value through other comprehensive income. 				

II. Financial Performance

(I) Consolidated Financial Performance Comparison and Analysis

Unit: NT\$ thousand

Item	Year		Increase (Decrease) Amount	Percentage of Change (%)
	2025	2024		
Operating Revenue	5,858,135	7,647,470	(1,789,335)	(23.40)
Operating costs	4,749,358	5,826,594	(1,077,236)	(18.49)
Operating gross profit	1,108,777	1,820,876	(712,099)	(39.11)
Operating expenses	572,938	579,714	(6,776)	(1.17)
Net Operating Profit	535,839	1,241,162	(705,323)	(56.83)
Non-operating Income and Expenses	175,370	207,191	(31,821)	(15.36)
Net profit before tax	711,209	1,448,353	(737,144)	(50.90)
Income Tax	95,385	242,152	(146,767)	(60.61)
Net Profit for the Year	615,824	1,206,201	(590,377)	(48.95)
<p>Analysis and explanations for the changes in the increase or decrease ratios:</p> <ol style="list-style-type: none"> 1. The decrease in operating revenue, operating cost, operating gross profit, and operating income was primarily due to falling international oil prices and market conditions, leading to a decrease in the selling prices of the Company's main products and lower demand for these products. 2. The decrease in non-operating income and expenses was mainly due to the increase in foreign exchange losses. 3. To sum up, net profit before tax and net profit after tax declined from 2024. 				

(II) Standalone Financial Performance Comparison and Analysis

Unit: NT\$ thousand

Item	Year		Increase (Decrease) Amount	Percentage of Change (%)
	2025	2024		
Operating Revenue	5,764,234	7,489,924	(1,725,690)	(23.04)
Operating costs	4,707,459	5,752,855	(1,045,396)	(18.17)
Operating gross profit	1,056,775	1,737,069	(680,294)	(39.16)
Operating expenses	548,233	565,844	(17,611)	(3.11)
Net Operating Profit	508,542	1,171,225	(662,683)	(56.58)
Non-operating Income and Expenses	199,397	273,927	(74,530)	(27.21)
Net profit before tax	707,939	1,445,152	(737,213)	(51.01)
Income Tax	92,115	238,951	(146,836)	(61.45)
Net Profit for the Year	615,824	1,206,201	(590,377)	(48.95)

Analysis and explanations for the changes in the increase or decrease ratios:

1. The decrease in operating revenue, operating cost, operating gross profit, and operating income was primarily due to falling international oil prices and market conditions, leading to a decrease in the selling prices of the Company's main products and lower demand for these products.
2. The decrease in non-operating income and expenses was mainly due to the decrease in investment gains under the equity method and the increase in foreign exchange losses.
3. To sum up, net profit before tax and net profit after tax declined from 2024.

III. Cash Flows Analysis

(I) Analysis of the changes in the cash flow during the year

1. The consolidated net cash outflows of 2025 came to NT\$37,547 thousand and the changes in cash flows for operating activities are as follows:

- (1) Operating activities: The net cash inflows of NT\$879,285 thousand were primarily due to the cash inflows from the net profit and the net changes in items such as operating assets and liabilities for the current term.
- (2) Investment activities: Net cash outflow of NT\$369,443 thousand was primarily due to the increased acquisition of property, plant, and equipment.
- (3) Financing activities: Net cash outflows of NT\$547,916 thousand were primarily due to the issuance of cash dividends.

2. The standalone net cash outflows of 2025 came to NT\$17,737 thousand and the changes in the cash flows for operating activities are given below:

- (1) Operating activities: The net cash inflows of NT\$926,546 thousand were primarily due to the cash inflows from the net profit and the net changes in items such as operating assets and liabilities for the current term.
- (2) Investment activities: Net cash outflow of NT\$377,003 thousand was primarily due to the increased acquisition of property, plant, and equipment.
- (3) Financing activities: Net cash outflows of NT\$567,280 thousand were primarily due to the issuance of cash dividends.

(II) Cash flow analysis for the following year

Unit: NT\$ thousand

Opening Cash Balances	Estimated Net Cash Flow from Operating Activities Throughout the Year	Estimated Net Cash Inflows Throughout the Year	Estimated Cash Surplus (Shortage) Amount	Measures for the Estimated Amount of Deficient Cash	
				Investment Plan	Wealth Management Plan
\$367,860	\$427,812	\$21,096	\$388,956	-	-

1. Analysis of the changes in estimated cash flows of 2026:
 - (1) Operating activities: Primarily due to the net profit before tax and the net cash flow arising from the changes in relevant assets and liabilities for the period.
 - (2) Investment activities: Primarily due to the net cash outflow arising from the purchase of property, plant, and equipment.
 - (3) Financing activities: Primarily due to the paid cash dividends.
2. Expected cash deficit remedies and liquidity analysis: Not applicable.

IV. Effects of Significant Capital Expenditures on the Financial Operations for the Latest Year

(I) Utilization of major capital expenditure and the source of funds

Unit: NT\$ thousand

Project	Source of Capital	Actual or Estimated Completion Date	Investment amount	Actual or Estimated Utilization of Funds			
				2024	2025	2026	2027
Engineering project for the Company's overall information system	Self-owned funds and borrowings	2025.08.01	56,880	14,700	34,570	7,610	-
R&D Building	Self-owned funds and borrowings	2026.03.31	187,208	3,200	103,854	80,154	-
Expansion and construction of automated three-dimensional storage facilities for the Carbon Material Manufacturing Plant C2 Warehouse.	Self-owned funds and borrowings	2026.07.31	76,290	20,127	56,163	-	-

Project	Source of Capital	Actual or Estimated Completion Date	Investment amount	Actual or Estimated Utilization of Funds			
				2024	2025	2026	2027
Halogen purification furnace construction project	Self-owned funds and borrowings	2025.11.30	178,810	-	16,201	162,609	-
Advanced carbon materials plant - Phase I	Self-owned funds and borrowings	2027.03.31	1,075,183	-	89,209	762,309	223,665
Isotropic graphite plant	Self-owned funds and borrowings	2027.03.31	376,655	-	4,619	276,618	95,418

(II) Expected benefits to be Generated

1. Engineering project for the Company's overall information system: The benefits of these modifications to the system are as follows:
 - (1) Standardization: Organize current work procedures, solidifying operational logic and rules into the system, and creating a consistent set of language and requirements. This reduces the training cost for new employees, and improves communication efficiency between departments.
 - (2) Centralization: Implementing projects through the new ERP system allows the Company to consolidate and centrally manage all information retained by the Company across different platforms and all information that employees have held offline. The system is able to comprehensively preserve and retain all of the Company's data assets, and sets access permissions for sharing this information reasonably.
 - (3) Automation: Optimize the ability to input or retrieve data directly from the source, reducing the rate of data errors. The system has internal foolproof, tracking, and warning mechanisms built in, helping employees improve work efficiency and quality.
2. The establishment of the R&D building will help the CSCC Pingnan Plant integrate R&D-related resources. The R&D center will also serve as an R&D base for refined carbon materials in the future. Construction

of the R&D building has started and is expected to be completed in the first quarter of 2026.

3. The construction of automated three-dimensional storage facilities for the carbon material manufacturing plant's C2 Warehouse will increase pallet storage space, increase the speed of pallet loading and unloading, make it suitable for complex storage of different types of finished products, and enable smart management.
4. The construction of a halogen purification furnace will produce high-purity graphite crucibles for crystal growth, meeting the purity requirements of the semiconductor industry and enabling the Company to enter the domestic semiconductor supply chain as soon as possible.
5. The construction of the advanced carbon materials plant - Phase I will meet future customer needs for supercapacitors, lead-acid batteries, and LICs in applications, such as AI servers.
6. The isotropic graphite plant is constructed as isotropic graphite is a key material in type III compound semiconductors. After years of technological advancements, we have obtained verification from multiple customers and meet the supply standards of manufacturers. We plan to build a production line to meet customers' demand for type III compound semiconductors.
7. Explanations on other benefits: None.

(III) Amount of Investments Made Exceeding 5% of the Paid-up Capital During the Recent Years

1. Utilization of major capital expenditure and the source of funds

Unit: NT\$ thousand

Project	Source of Capital	Actual or Estimated Completion Date	Investment amount	Actual or Estimated Utilization of Funds			
				2024	2025	2026	2027
R&D Building	Self-owned funds and borrowings	2026.03.31	187,208	3,200	103,854	80,154	-
Halogen purification furnace construction project	Self-owned funds and borrowings	2025.11.30	178,810	-	16,201	162,609	-

Project	Source of Capital	Actual or Estimated Completion Date	Investment amount	Actual or Estimated Utilization of Funds			
				2024	2025	2026	2027
Advanced carbon materials plant - Phase I	Self-owned funds and borrowings	2027.03.31	1,075,183	-	89,209	762,309	223,665
Isotropic graphite plant	Self-owned funds and borrowings	2027.03.31	376,655	-	4,619	276,618	95,418

V. Investment Policy, Its Major Reasons of Profit or Loss, Improvement Plan for the Latest Year, and the Investment Plan for the Following Year

The Company's investment policy primarily aligns with the development of its core business of coal chemicals and the diversified operations, in the hopes of improving shareholders' interests. In 2025, the Company's investment gains recognized using the equity method was NT\$111,997 thousand, a decrease from the preceding year primarily due to the decrease in impacts from the market on investment gains from financial instruments of the subsidiaries. The management will duly evaluate and prepare the Company's investment plan for the following year according to the overall development of the industry and the demands for the Company's businesses, and submit the plan to the Board for discussion.

VI. Risk management

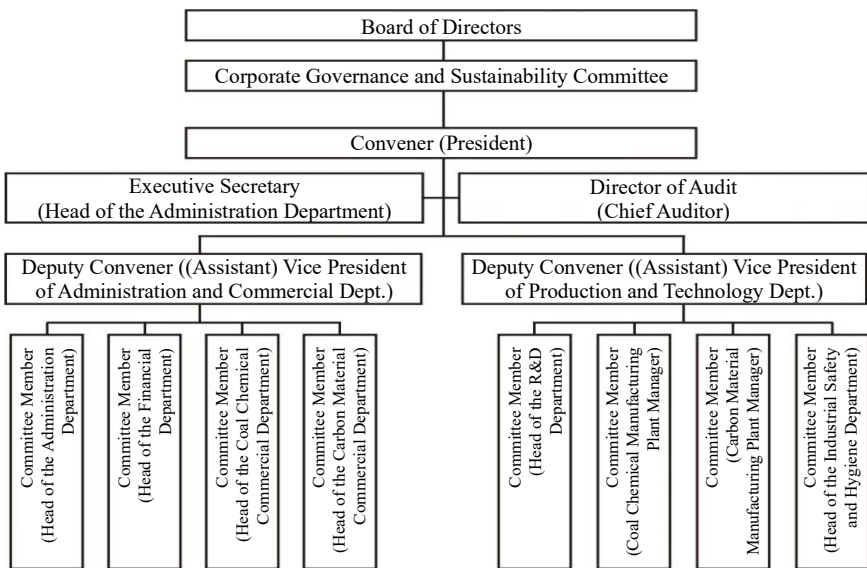
(I) Organizational structure and operations of the risk management

1. Organizational structure of risk management

The Company has established a Risk Management Task Force under the Corporate Governance and Sustainability Committee, with the president acting as the convener. The Company has also created a set of Policies and Procedures for Risk Management, integrating the implementation of the Company's risk management policies, organizational structure, risk management procedures, and risk management. In 2023, the Company amended the Corporate Governance and Sustainability Committee Charter, and implemented a new climate governance framework and newly assigned responsibilities, in order to manage the

potential impact of long-term climate changes or extreme weather events.

Each quarter, the Company's president convenes the Task Force to review each of the risks facing the Company. Risk mitigation measures are established to address risks of moderate severity or above, and the Task Force submits a report to the Corporate Governance and Sustainability Committee and Board of Directors once every six months. Please refer to the figure below for more details on the Company's risk management organization structure.



2. The composition of the Company's risk management team and its work and tasks

Title	Supervisor	Work and Tasks
Convener	President	Responsible for supervising departments in establishing risk management systems and response SOPs, integrating relevant resources, and preventing and processing instantly to minimize the losses arising from the matters of risk.
Deputy Convener	Vice President	Responsible for supervising departments in establishing risk management systems and response SOPs, integrating relevant resources, and preventing and processing instantly to minimize the losses arising from the matters of risk.
Director of Audit	Chief Auditor	Ensure the appropriateness and effectiveness of the Company's risk management system, review the risk items and risk analysis table submitted by the departments of the Company, and evaluate the risk management effect of the departments.
Executive Secretary	Head of the Administration Department	Responsible for organizing and coordinating the establishment of risk management systems and the response SOPs of departments, establishing the Company's risk analysis table, evaluating risk hazards to establish risk countermeasures, and tracking the processing effects.
Committee Member	Executive of plants and departments	Responsible for promoting the risk management work of departments, establishing risk management systems and response SOPs, submitting the risk items and analysis table of departments, discussing improvement countermeasures, and tracking the processing effects.

3. 2025 Risk management implementation report:

- (1) A total of 48 risks were identified after a risk assessment in the fourth quarter of 2025.
- (2) The President convened quarterly meetings to review risk assessment in 2025, and reported assessments of risk management to the Corporate Governance and Sustainability Committee and the Board of Directors every six months. As of the fourth quarter of 2025, the risk assessment identified 48 inherent risks, including 0 extremely high risks, 1 high risk (same as the first half of the year), 5 moderate risks (same as the first half of the year), 28 low risks (same as the first half of the year), and 14 minor risks (15 in the first half of the year). The dates that risk assessment reports were submitted to the

Board of Directors and committees in 2025 are detailed in the table below:

Committee or Board of Directors	Date of Report	Remarks
11th meeting of the 12th-term Corporate Governance and Sustainability Committee	February 24, 2025	Reported on risk identification and management of response measures in 2024 Q4, as well as the 2024 Climate Risk and Opportunity Management Report
18th meeting of the 12th-term Board of Directors		
1st meeting of the 13th-term Corporate Governance and Sustainability Committee	July 29, 2025	Reported on risk identification and management of response measures in 2025 Q2
2nd meeting of the 13th-term Board of Directors		

- (3) The Company has proposed risk mitigation measures for risks of moderate severity or above to reduce risk hazards. The risks identified in 2025 were reported to the Corporate Governance and Sustainability Committee and Board of Directors on February 24, 2026.
- (4) For details of the Company's risk management procedures and policies and their implementation status in 2025, please refer to the Corporate Governance section of the Company website. The link is as follows:
https://www.csc.com.tw/download/Risk_management.pdf
- (5) Crisis management:

The crisis management of the Company responds to crises in different natures. The Chairman would promptly convene and establish an emergency management team until the crises are lifted to prepare emergency management plans for significant disasters and outbreaks. The content of the "emergency management plan" includes the responding organizational structure and process, action plans, tools preparation, and educational training for different types of disasters. Regular disaster prevention lectures, programs, and drills are organized each year according to the plan. All personnel in the plant are

required to participate in the drills to allow them to possess emergency management abilities, ensuring their personal safety and the safety of the Company's equipment and properties, maintaining normal operations of the Company. There were no major crises in 2025.

(II) Effect of Changes in Interest Rate, Currency Rate, and Inflation on the Company's Profit or Loss and Countermeasures in the Future

1. Analysis of the effect of interest income and expenses and gains or losses from foreign currency exchanges on the Company's profit or loss (consolidated)

Item	2025 (NT\$ Thousand)
Net Interest Income and Expenses (Net Interest Income)	(16,050)
Net Gains or Losses from Foreign Currency Exchanges (Net Gains from Foreign Currency Exchanges)	(7,218)
Ratio of Interest Income and Expenses to Net Operating Income	(0.27%)
Ratio of Interest Income and Expenses to Net Operating Profit Before Tax	(2.26%)
Ratio of Gains or Losses from Foreign Currency Exchanges to Net Operating Income	(0.12%)
Ratio of Gains or Losses from Foreign Currency Exchanges to Net Operating Profit Before Tax	(1.01%)

2. Financial risk evaluation (consolidated)

Items of Risk	Effect on the Company	Future Countermeasures
Interest Rate Risk	At the end of 2025, financial assets with the cash flow risk related to changes in interest rate came to NT\$1,087,957 thousand.	The Company and its subsidiaries possess healthy financial structures. Changes in interest rate have no significant effect on the Company and its subsidiaries. The Company and its subsidiaries regularly evaluate the borrowing interest rate of banks and maintain close contact with banks to obtain preferential borrowing interest rates.
Currency Risk	The Company and its subsidiaries are exposed to the risk of currency changes arising from transactions	The Company makes use of forward exchange contracts or receivables denominated in the

Items of Risk	Effect on the Company	Future Countermeasures
	denominated in non-functional currencies.	same currencies in the future to minimize the risk exposure for currency.
Credit Risk	Major customers of the Company and its subsidiaries possess healthy credibility. Furthermore, the Company keeps abreast of the credit status of customers with business dealings at all time through external credit investigation and visits to companies within the same industries each year; as evaluated, the credit risk remains insignificant.	None.
Liquidity Risk	The Company and its subsidiaries manage and maintain sufficient cash equivalents or easily realizable financial products to support the operations of the Company. Credit loan contracts were otherwise entered into with financial institutions to maintain appropriate credit limits for the requirements of the Company's operations; therefore, there is no liquidity risk.	None.
Inflation	According to the Directorate-General of Budget, Accounting and Statistics, Executive Yuan, the annual growth rate of CPI was 1.66% in 2025. The selling prices of production raw materials and products of the Company are based on the pricing stated in contracts, and inflation has a relatively less significant effect on the Company's operations.	None.

(III) Policies for Engaging in High-risk or High-leverage Investments, Loans to Others, Endorsement and Guarantee, and Derivative Transactions, Primary Reasons for Gains or Losses, and Future Countermeasures

This Company's policy is to focus on our core business and we do not engage in high-risk or high-leverage investments. All derivatives transactions are handled in accordance with the Company's "Procedures for the Acquisition and Disposal of Assets," and for hedging purposes only. In addition, when the Company provides endorsements/guarantees to subsidiaries, or to investee companies, all capital-contributing shareholders will provide endorsements/guarantees proportional to their shareholding percentages. The Company may only provide loans to a company which is controlled or affiliated with the Company and has short-term financing needs. The term of each loan may not exceed one year. Endorsements, guarantees, and lending are all subject to stringent evaluation procedures and strict control to minimize potential risks.

(IV) Future R&D Plans and R&D Expenses Estimated to be Invested

Plans During the Latest Year	Current Progress	R&D Expenses to be Invested (Unit: NT\$ Ten Thousand)	Completion Time
Mass production technology development of small-particle ultra-high power anode materials and customer promotion	We develop and optimize mass production technologies such as ultra-fine refinement, surface modification and homogenization, and compound formulation, and promote them to customers.	3,500	2026/Q4
Facilities installment for mass-producing artificial graphite and marketing products to customers.	Grinding technologies for coke-based raw materials and surface treatment technologies have been established, key mass production facilities are under construction. Continue to develop compound formulas with interphase graphite and promote them to customers.	2,000	2026/Q2
Development and mass production of advanced carbon materials for high-voltage supercapacitor application	Developed surface modification technologies for advanced carbon materials. These materials have gradually been promoted to customers. The Company has also developed technologies for modifying raw materials in order to reduce production costs and plans the construction of mass	2,000	2026/Q4

Plans During the Latest Year	Current Progress	R&D Expenses to be Invested (Unit: NT\$ Ten Thousand)	Completion Time
	production lines to reduce production costs.		
Development of high-purity large-scale graphite crucible product for SiC crystal growth	Completed development of 8 to 12-inch graphite crucible products, and installation of equipment for forming, carbonization, and graphitization, installation of purification equipment, and installation of machining equipment for isotropic graphite products.	3,000	2026/Q4

(V) The effect of changes in important domestic and foreign policies and laws on the Company's financial position and business operations, and response measures

1. Taiwan's carbon fee regulations

The government announced the implementation of the Climate Change Response Act and the carbon fee system was officially launched in August 2024. Carbon fees have been levied starting in 2025. The Company has actively joined the ranks of carbon reduction, planned short, medium and long-term goals, and commissioned joint research with academia and the Industrial Technology Research Institute to respond to these changes. In addition, the coal chemical manufacturing plant of the Xiaogang Plant obtained approval for its "voluntary reduction plan," and selected the "Designated Reduction Rates for Technical Benchmarks" to obtain preferential rates to reduce its carbon fee expenses.

2. IFRS Sustainability Disclosure Standards

The Financial Supervisory Commission announced the blueprint for Taiwan companies to align with the IFRS Sustainability Disclosure Standards in 2023. The blueprint requires listed companies to disclose relevant information in the sustainability chapter of their annual reports in accordance with the IFRS Sustainability Disclosure Standards starting in 2027. Depending on its paid-in capital, a listed company is

required to disclose the information in stages. This will improve the reporting quality and comparability of Taiwan's sustainability information. In 2024, the Taiwan Stock Exchange announced the "Reference Example for the Introduction Plan of International Financial Reporting Standards (IFRS) Sustainability Disclosure Standards for XXX Company" to help companies formulate an implementation plan, and requires the implementation status to be reported to the Board of Directors at least on a quarterly basis. According to the standards, the disclosure of sustainability information must cover all subsidiaries within the scope of consolidated financial statements, and relies on close cross-departmental cooperation. The Company established a Sustainability Information Disclosure Task Force at the end of 2025 to take charge of matters related to the Company's sustainability disclosures, and to ensure that relevant information is disclosed in accordance with the IFRS Sustainability Disclosure Standards within the time limit. The implementation schedule was reported to the Board of Directors in December 2025.

3. A certain percentage of earnings each year is allocated to adjust the salaries or distribute bonuses to entry-level employees.

The amendment to Article 14 of the Securities and Exchange Act in August 2024 requires TWSE/TPEX-listed companies to set aside a certain percentage of earnings each year for adjusting salaries or distributing bonuses for entry-level employees in their Articles of Incorporation. This makes companies share their earnings with entry-level employees and makes the salaries of employees more reasonable. The Company values the rights and well-being of employees. Based on the philosophy to share profits and create a win-win situation, Article 26 of the Company's Articles of Incorporation originally provided that if the Company is profitable in a year, it shall allocate no less than 1% as remuneration to employees. The Company amended the Articles of Incorporation in 2025 in coordination with the amendment to the law, adding a provision prescribing that no less than 30% of earnings allocated for remuneration to employees shall be distributed to entry-level employees, showing that the Company cares for and protects entry-level employees.

- (VI) The impacts of technology changes (including information security risks) and industry changes on the Company's financial position and business performance, and response measures

As the global electric vehicles industry continues to grow rapidly, along with countries around the world putting a greater focus on carbon reduction issues and implementing measures in response, the proportion of renewable energy used under renewable energy policies have continued to grow. Power grid resilience has also become increasingly important, leading to further demand for energy storage systems and astonishing growth in demand for lithium batteries. Under these industry trends, there has been greater demand for longer battery lives and higher safety requirements, as well as for higher efficiency power discharge. This has allowed the lithium-ion battery anode materials produced by the Company, our mesophase graphite powder products and newly developed coke-based artificial graphite, to receive greater attention from the market, in turn potentially leading to higher revenues in the future. The focus of the market will turn to supercapacitors, which serve as important components in wind power generation, energy storage systems, and railcars. In addition, the development of generative AI applications has increased the demand for backup power supplies for AI servers and big data centers. Related high-power and long-life energy storage components such as supercapacitors and lithium-ion capacitors have become important energy storage components. The advanced carbon materials produced by the Company are key raw materials for supercapacitors and lithium-ion capacitors, featuring a high capacity and a long life span. Future returns appear promising. In recent years, as the market for compound semi-conductor silicon carbide materials has grown rapidly, market demand for high-purity graphite crucible for crystal growth needed for the production of silicon carbide has also grown quickly. The Company has proactively invested into the development of high-purity isotropic graphite crucibles in order to satisfy the needs of the domestic market, and in order to prepare for the next generation of niche products, which we expect to contribute to future revenue growth.

In response to the growing importance attached to information security issues, we not only bring in external professional cybersecurity consultants to assist in implementing information security-related operations, but also

continue to invest in the training of information security professionals. Currently, two employees have obtained ISO 27001 Information Security Management System Lead Auditor certification, and one of them has also obtained Computer Hacking Forensic Investigator (CHFI) and EC-Council Incident Handler (ECIH) certifications, strengthening the Company's overall information security capabilities.

In terms of technology, the Company has established a comprehensive, multi-layered information security mechanism from the network to endpoints, and regularly conducts penetration testing and vulnerability scanning. At the same time, we continue to strengthen the detection, monitoring and reporting processes for information security incidents to improve our overall protection effectiveness and incident response capabilities. In terms of governance, the Company convenes quarterly Information Security Committee meetings to review, discuss, and respond to information security risks and issues of concern to both internal and external parties. The Company has also obtained the ISO 27001:2022 Information Security Management System certification, which is valid until May 28, 2026. In addition, we make information security announcements to raise the awareness of all employees on an ad hoc basis. We conduct social engineering drills via e-mail and organize information security training. Under the overall information security strategy of "strengthening defenses internally, reducing vulnerabilities externally, and comprehensively raising information security awareness," we are gradually building a resilient corporate information security system in the face of increasingly severe cyber threats.

The Company's information security risk management framework, information security policy, and their implementation status in 2025

1. Information security performance in 2025:

No.	Item	Performance
I.	Information security incidents	0 information security incidents occurred
II.	Social engineering drills	In the initial test (April 2025), 6.01% of people clicked on the link and 3.3% opened the attachment
With information security training, information security awareness campaigns, and regular social engineering drills, employees' awareness of malicious attachments and links has significantly improved.		

2. The Company has established an information security risk management framework and information security policy, and obtained the ISO-27001 information security certification, which is valid until April 2026. For details of the information security risk management framework, information security policy, and specific management plans for 2025, please refer to the Corporate Governance section of the Company's website. The link is as follows:

https://www.csec.com.tw/download/gov_is.pdf

(VII) Effects of Changes in the Corporate Image on the Company's Crisis Management and Countermeasures

The Company has for years adhered to product quality policies that focus on customers, integrity above all, quality first, and smooth cooperation. We have been committed to promoting corporate governance and ESG, maintaining our corporate image of ethical operations, and complied with laws and regulations. So far, no circumstance that may affect our corporate image has occurred.

(VIII) Expected Benefits and Possible Risks Arising from Mergers and Acquisitions and Countermeasures

There were no such circumstances during the latest year and as of the date of publishing the annual report.

(IX) Expected Benefits and Possible Risks Associated with any Plant Expansion, and Mitigation Measures Being or to be Taken

In 2025, the Company's Board of Directors approved the expansion plan for the advanced carbon materials and block materials plant. Plant expansion plans all go through a comprehensive, prudent, and professional evaluation process, and are submitted to the Board of Directors for discussion and approval. Their investment benefits and potential risks have been fully considered for both plans. We will take occupational safety management very seriously during the construction period and monitor construction progress. Plant construction reports will be submitted during the Company's weekly management meetings, and the Company will monitor all risks at all times.

(X) Risks Arising from Concentrate Sales or Purchases and Countermeasures

The top three customers of sales accounted for approximately 19%, 14% and 9% of the Company's revenue; therefore, there is no circumstance of concentrated sales. Meanwhile, long-term contracts and pricing formulas were established to mitigate risks. For purchases, the largest purchasing supplier is CSC, accounting for 67% of the purchases. Due to the parent company and subsidiary relationship and long-term contracts and pricing formulas established, the risk of concentrated purchases has been effectively reduced.

(XI) Effects of Significant Transfers of or Changes in Equity by Directors or Major Shareholders with over 10% Shareholding on the Company, Risks, and Countermeasures

There were no such circumstances during the latest year and as of the date of publishing the annual report.

(XII) Effects of Changes in the Ownership of the Company, Risks, and Countermeasures

There were no such circumstances during the latest year and as of the date of publishing the annual report.

(XIII) For Significant Litigation, Non-litigation, or Administrative Disputes with Confirmed Judgment or in Continuation of the Company, the Company's Directors, President, Substantial Representative, Major Shareholders with over 10% Shareholding with Results that May have Significant Effects on Shareholders' Interests or Equity Prices, the Details of Disputes, Target Amount, Commencement Date of the Litigation, Primary Parties Involved in the Litigation, and Handling Status as of the Date of Publishing the Annual Report:

There were no such circumstances during the latest year and as of the date of publishing the annual report.

VII. Other Significant Matters

The carbon reduction target for production plants in 2025 was 2,137 mtCO₂e/year. Xiaogang Plant implemented 17 energy-saving projects and reduced 2,226 mtCO₂e/year. Pingnan Plant implemented 8 energy-saving projects and reduced 396 mtCO₂e/year. It has reduced a total of 2,622 mtCO₂e/year, achieving the carbon reduction target for the year. The Company adheres to the Group's carbon reduction strategy and has been proactively carrying out carbon reduction recently. The Xiaogang Plant monitors pipeline optimization using medium pressure steam in certain equipment in the plant. After actual testing, this saves about 2,097 metric tons of steam per year. In addition to reducing steam expenses, this will also reduce carbon emissions by 423 mtCO₂e/year, which is equivalent to the carbon absorption capacity of 1.09 Da'an Forest Parks. We will expand the scope of planned heat integration to enable more efficient distribution of steam energy throughout the plant.

F. Special Notes

I. Profile on affiliates

(I) Consolidated Business Report of Affiliates:

Please see the website

https://mopsov.twse.com.tw/mops/web/t57sb01_q10

(Enter company code: 1723 and year)

(II) Consolidated Financial Statements of Affiliated Enterprises:

All information required for disclosure in the consolidated financial statements of affiliated enterprises has already been incorporated in the disclosure of the consolidated financial statements. Therefore, consolidated financial statements of affiliated enterprises were not separately prepared.

(III) Affiliation Report:

Please see the website

https://mopsov.twse.com.tw/mops/web/t57sb01_q10

(Enter company code: 1723 and year)

II. Private Offering for the Latest Year and as of the Date of Publishing the Annual Report: None.

III. Other Matters of Supplements and Explanations Required: None.

F. Matters Having Significant Effects on Shareholder's Interests or Securities' Price Stated in Subparagraph 2, Paragraph 3 under Article 36 of the Securities and Exchange Act for the Latest Year and as of the Date of Publishing the Annual Report: None.

China Steel Chemical Corporation

Chairman: Chien-Chih Hwang