



臺灣中華化學

CHUNG HWA CHEMICAL



2024

Sustainability Report



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CHUNG HWA CHEMICAL

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Basic Information

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1.1 About the Report

1.1.1 Reporting Period

This report is the sustainability report issued by Chung Hwa Chemical Industrial Works, Ltd. (hereinafter referred to as “Chung Hwa”, the “Company”, or “we”) disclosing its performance, management policies, and goals in the five major aspects of governance, products, supply chain, environment, and society for 2024 (from January 1, 2024 to December 31, 2024). The Company publishes its sustainability report annually and makes it available on its website.

Previous report publication date: June 2024.

Current report publication date: August 2025.

Estimated date of publication for the next report: August 2026.

The reporting period of this report is consistent with the consolidated financial statements. To ensure the report's completeness and comparability, some chapters include information before January 1, 2024 and after December 31, 2024, with explanations provided in the notes to that chapter.

1.1.2 Guidelines to be Followed

This report has been prepared in accordance with the frameworks of GRI Standards issued by the Global Sustainability Standards Board (GSSB), the RT-CH/Chemical Industry Standards issued by the Sustainability Accounting Standards Board (SASB), and the Task Force on Climate-Related Financial Disclosures (TCFD) issued by the Financial Stability Board (FSB).

1.1.3 Scope of the Boundary

The scope of information disclosure in this report is consistent with the consolidated entities in the consolidated financial statements, including Taoyuan Plant No. 1, Taoyuan Plant No. 2, and Changhua Plant. Please refer to the Company's [consolidated financial statements](#) for a complete list of companies.

If the scope of disclosure in each chapter of this report differs from what is stated above, further explanation will be provided in each chapter. The basis for calculating various statistical data in this report is as follows:

Financial data	The data in the consolidated financial statements certified by CPAs is used in the economic income distribution table. Unless otherwise specified, all financial data is presented in New Taiwan Dollars.
Environmental data	The greenhouse gas emissions are based on inventory data from ISO 14064-1:2018, and have been verified by an external third party. Water resource and waste statistics are reported to local authorities by each operating location.
Other data	Summary of statistics compiled from each operating location.

1.1.4 Internal Control

The Company has established Sustainable Development Best Practice Principles, managed by the Sustainability Office. It convenes the highest-level executive or senior manager from each relevant department to jointly promote the preparation of the sustainability report, implement the identification of key sustainability issues, integrate information across departments, and set and track sustainability performance indicators. This ensures effective overall planning and cross-departmental communication for the annual sustainability report. The formulation and establishment of the overall sustainable development policy are the responsibility of the Sustainable Development Committee.

Every year, the Sustainability Office is responsible for compiling the information needed for the report and drafting its content. Once initially compiled, the report is submitted to the Sustainability Office for a preliminary review, and then the Audit Office conducts an internal audit. After the internal audit is confirmed, the draft is submitted to the General Manager and the Sustainable Development Committee for final approval. Finally, the completed sustainability report will be independently verified by a third-party external verification agency and then publicly disclosed after confirmation by the Board of Directors.

1.1.5 External Guarantee/Assurance

After the draft of this report is reviewed and finalized, the management will commission an external independent third-party verification agency for verification. The Company appointed PKF Taiwan to perform limited assurance procedures on seven enhanced disclosure indicators in accordance with Statement of Assurance Standards No. 3000 of the Republic of China (TWSAE3000) "Assurance Engagements Other than Audits or Reviews of Historical Financial Information", which was based on International Standard on Assurance Engagements 3000 (ISAE 3000). Please refer to the appendix for the assurance procedures and results.

1.1.6 Contact Information

If you have any suggestions or questions about this report, please contact us through the following contact information.

Contact: Sustainability Office of Chung Hwa Chemical Industrial Works, Ltd.
Contact person: Chia-Hung Wu
Tel: (03) 476-1266 ext. 12510, Email: darren@chciw.com.tw

Corporate social responsibility, community and neighborhood, charity and love
Contact person: Mei-Yun Chang
Tel: (03) 483-0504 ext. 11222, Email: alina@chciw.com.tw

Company website: <https://www.chciworld.com.tw>
Address: No. 15, Gongye 5th Road, Guanyin District, Taoyuan City

1.2 Sustainability Strategy and Performance

1.2.1 Message from the Management

Embracing a Sustainable Future and Creating Long-term Value

To all employees, partners, and stakeholders:

The global industry is undergoing a period of profound change. Low-carbon transformation, digitization, and supply chain restructuring have become core issues in market development. In this context, an enterprise's value comes not only from its financial performance, but also from achieving a balance between environmental sustainability, social responsibility and corporate governance (ESG), and building a business model that is responsible for the future. The success of an enterprise is closely linked to the prosperity of society. Through a variety of proactive actions and sustainable development, Chung Hwa Chemical has brought positive impacts to the industry, society, and the global environment.

Strengthening corporate resilience to meet global challenges. Faced with the pressure of climate change and energy transition, companies must quickly adapt to changes and actively innovate, which will become the key to future competitive advantage. We do not view sustainability as a single aspect, but rather integrate it fully into the core of our business decisions. Through carbon management, circular economy, and digital transformation, we improve resource utilization efficiency and ensure the Company's steady growth in a volatile market. The global trend of carbon reduction has driven the reconfiguration of the industrial chain. As a responsible enterprise, we actively participate in the development of green manufacturing and clean technologies, ensuring our products and processes meet the latest environmental standards. We also collaborate with our supply chain partners to create a low-carbon and sustainable industrial ecosystem.

Innovation drives industry upgrade and expands new market opportunities. Technological innovation is closely related to changes in market demand. Currently, the global demand for high-performance materials, electronic-grade chemicals, and energy-saving and carbon-reduction technologies is increasing. We continue to strengthen our R&D efforts, optimize our manufacturing processes, and ensure our products align with future industry trends. We believe that through smart manufacturing, data analysis, and automation technologies, we can further improve production efficiency, reduce environmental burden, and accelerate market responsiveness. We also actively introduce various digital tools to strengthen internal operational efficiency, increase customer value, and ensure the Company maintains its competitive advantage in the global market.

Responsible supply chain management creates a co-prosperity development model. Enterprises are not only promoters of economic activities, but also part of the global sustainable

ecology. We are committed to complying with international environmental standards from raw material procurement and production processes to final product application, and strengthening supply chain transparency to ensure that raw materials are sourced in accordance with environmental and ethical standards. We work with our supply chain partners to promote green manufacturing and responsible procurement, ensuring our corporate development aligns with international standards. We actively participate in industry policy dialogues and work together to create more sustainable industry standards.

Employee growth and corporate culture: The success of a people-oriented enterprise comes from the dedication and innovative spirit of its employees. The development of employees is closely related to the future of the enterprise. Therefore, Chung Hwa Chemical actively invests in talent cultivation, creating a safe, healthy, diverse, and inclusive working environment to ensure that every partner can unleash their strengths. We promote internal and external professional training programs to provide continuous learning and growth opportunities, enabling talent and corporate development to advance together.

Working together to create a sustainable future. Sustainable management is no longer just an option, but a necessity for corporate survival and market competition. Chung Hwa Chemical will continue to promote a development model focused on innovation, environmental protection, and social prosperity, and collaborate with supply chain partners, customers, and employees to build a more resilient corporate structure. We hope that our actions as an enterprise will drive industry upgrades, create long-term value for society, and ensure future generations can develop in a more sustainable environment.

We thank all our employees, partners, and stakeholders for their support. Let us work together to meet challenges and build a more competitive and sustainable future.

Chung Hwa Chemical Industrial Works, Ltd.
Chairman



March 2025



1.2.2 Sustainability Performance

Sustainability Performance in 2024

Environment

Annual energy consumption is

74,656 GJ

Unit product electricity consumption is

0.4330 GJ/metric tons

Total annual water intake decreased by

22.528 million liters

Water consumption per unit product is

0.002499 million liters/metric tons

Total GHG emissions

36,767.616 Metric tons of carbon dioxide equivalent

Society

The total annual welfare expenditure was

NT\$ **6,870,056**

As a percentage of operating revenue

0.33%

Percentage of male employees

74%

Percentage of female employees

26%

2024 Number of employees receiving annual health checkups

253

Number of people undergoing special health examination:

31

2024 Major occupational injuries and diseases for the year

0

Beach cleanup activities

3,160 kg

Total social welfare expenditure of

NT\$ **199,785**

Governance

Revenue of

2,083,080,000

Net income of

63.13 million

Earnings per share of

NT\$ **0.51**

Total annual product output is

140,363 metric tons

Basic Chemicals of

95,029 metric tons

Fine chemicals of

6,260 metric tons

Electronic Chemicals of

39,074 metric tons

No privacy rights and complaints in 2024

1.3 Stakeholder Engagement

1.3.1 Identification of Stakeholders

After considering the industry attributes and business model of Chung Hwa Chemical, the Company's management executives and the Sustainable Development Committee refer to the five principles of the AA1000 Stakeholder Engagement Standard (SES 2015): Dependency, Responsibility, Tension, Influence, and Diverse Perspectives, to determine the groups or organizations that have an impact on and are affected by Chung Hwa Chemical. Seven categories of stakeholders directly related to the Company have been identified, including employees, customers, shareholders (investment institutions), partners (suppliers, contractors, peers), government agencies/industry associations, communities/neighborhoods, and financial institutions.

1.3.2 Stakeholder Communication

To understand and respond to stakeholder concerns, we provide various communication channels for regular communication and consultation with stakeholders, allowing them to raise their opinions at any time. This allows us to understand the ESG issues of concern to different stakeholders and provide responses or strategies for addressing related issues. The communication mechanisms and issues of concern for all stakeholders in 2024 were summarized as follows:

Stakeholder Communication Mechanism and Management Procedures of Chung Hwa Chemical

Serial Number	Communication Procedures	Description
1	Identification of stakeholders and issues of concern	Based on the Company's operational scope and impact, the Company identifies all stakeholder categories and reviews their major issues of concern (such as the environment, labor rights, corporate governance, etc.). This information should be reviewed and updated at least once a year.
2	Confirmation and data compilation by relevant responsible units	Each responsible unit shall compile communication matters, needs, and potential risks for its stakeholders in accordance with Chung Hwa Chemical's Regulations Governing Sustainability Information Management, and provide preliminary responses and recommendations to form a departmental summary report.
3	Sustainability Office	Conduct cross-departmental discussions and risk reviews on stakeholder issues compiled by departments, identify material issues, clarify response strategies and resource allocation, and resolve matters that need to be reported to the Sustainability Development Committee and the Board of Directors.
4	Board of Directors	- The results of the discussion are reported to the Board of Directors regularly. If the responsible unit is unable to resolve the relevant issues, they will be escalated to the Board of Directors for direct resolution. - The Board of Directors is responsible for reviewing the effectiveness of communication.
5	External disclosure (annual report, sustainability report, official website)	Every year, the Company discloses the following information through its annual report, sustainability report, and ESG section of its website: stakeholder groups, issues of concern, materiality analysis, response measures, and performance. This ensures information transparency and completeness and is in compliance with international standards (such as GRI, TCFD, and ISSB, etc.) and disclosure requirements of competent authorities.
6	Continuous communication and feedback	Based on the characteristics of the topic, each responsible unit will conduct regular or irregular communication through appropriate channels (such as employee seminars, customer surveys, supplier meetings, government consultations, community exchanges, media releases, etc.), and promptly respond to the specific opinions and needs of stakeholders to establish a two-way interactive relationship.

Main Stakeholders of Chung Hwa Chemical and Communication Results

Stakeholders	Relationship Description	Communication Channel	Communication Frequency	Main issues of Concern ^{Note 1}	Responsible Unit	Communication Results
Employees	The core of the Company's operations, providing labor services and supporting daily operations	Employee seminars, internal announcements, emails, surveys, education and training	Monthly/quarterly/irregularly	Employee rights, salaries and benefits, work safety, career development, communication channels	Human Resources Department	Establish an employee communication platform, regularly review benefits, improve working environment and safety
Customers	The purchase of products and services affects the Company's revenue	Customer satisfaction surveys, business visits, customer service hotlines, emails	Quarterly/irregularly	Product quality, delivery time, after-sales service, corporate image, R&D and innovative technology	Business Center, Quality Assurance Department	Improve customer satisfaction, strengthen after-sales support, improve quality feedback processes
Shareholders (Investment institutions)	Capital providers, affecting the Company's financial stability and future development	Shareholders' meetings, legal briefings, financial report announcements, investor sections, the MOPS	Quarterly/annually	Operational performance, financial performance, dividend policy, corporate governance	General Manager's Office, Finance and Accounting Department	Periodic disclosure of financial reports, strengthening investor relations, and responding to shareholder suggestions
Partners (Supplier, contractor, peers)	Supply of raw materials, joint production, and technical cooperation affect the stability of product supply	Collaboration meetings, audit and counseling, supplier evaluation, contract signing, contact person	Irregular	Cooperation fairness, quality management, delivery time, business ethics	Procurement Department, Engineering and Technology Department, Business Center	Establish a stable supply chain, strengthen communication with partners, continuously improve quality
Government agencies/ industry associations	The maker of laws and regulations, the promoter of industrial policies	Official correspondence, audit visits, public hearings, seminars, and association meetings	Irregular	Regulatory compliance, environmental and safety regulations, taxation policies, industrial development	General Manager's Office, Occupational Safety and Health Office	Good compliance with laws and regulations, participation in policy discussions, obtaining relevant awards and subsidies
Community/ neighborhood	Residents of the factory's location, affecting social acceptance of the Company's operations	Community briefings, participation in local activities, suggestion boxes, volunteer services	Annually/irregularly	Environmental impact, noise and exhaust, employment opportunities, social welfare	General Affairs Division, Occupational Safety and Health Office	Promote community integration, organize public welfare activities, improve environmental friendliness
Financial institutions	Financing providers, affecting the Company's financial flexibility	Bank meetings, financial reports, loan reviews, communication visits	Annually/irregularly	Financial stability, loan terms, credit rating	Finance and Accounting Department	Maintain good credit limit, ensure financial stability, enhance financial transparency

Note 1: This table provides a summary of issues of concern to stakeholders; please refer to the relevant chapters of this report for detailed response measures

1.4 Management of Material Issues

1.4.1 Process for Evaluating Material Issues

Process for Evaluating Material Issues

The Sustainability Office of Chung Hwa Chemical is responsible for assessing sustainability issues with significant impact on stakeholders based on the Company's operational activities, industry structure, and value chain impacts. Through stakeholder engagement and expert consultation, the Office adheres to the materiality, completeness, and stakeholder inclusiveness requirements of the GRI 2021 version's GRI 3 criteria. The results of this assessment of material issues are reported to the Board of Directors, which then resolves the key sustainability issues for the current period. The Sustainable Development Committee is responsible for resolutions and reporting annually to the Board of Directors on its communication with stakeholders. The detailed evaluation process is as follows:

Step 1. Identify key issues

1. Classification of industry attributes: Inventory the Company's business items, business models, product or service types, industry types, and worker types, etc., and analyze all of the Company's related industry attributes.
2. Identify sustainability issues: In addition to including significant positive and negative events that have actually occurred in the past, the Company also considers potential risks or opportunities through stakeholder communication and feedback, global norms and standards (GRI industry standards, global risk reports, UN Sustainable Development Goals, etc.), industry norms and standards, and industry benchmark enterprises, in order to comprehensively review sustainability issues relevant to the Company. A total of 16 sustainability issues were identified during the reporting period.

Step 2. Decide on material issues

1. Stakeholder feedback: We collaborated with senior executives, the Sustainability Office, experts, and external stakeholders through interviews, focus groups, and questionnaires. We comprehensively evaluated each positive and negative sustainability issue based on two key indicators: "degree of impact" and "likelihood of occurrence". In 2024, 9 internal and 45 external questionnaires were collected.

2. Assess the degree of impact: Establish different calculation standards based on the nature of the sustainability issue. For negative issues, consider the severity of the incident, the scope of impact, and reversibility. For positive issues, consider the degree of impact and the scope of impact.
3. Assess the likelihood of occurrence: Calculate based on the probability of the impact occurring.
4. Prioritization and determination of material issues: After calculating the impact and likelihood of each issue, the Sustainability Office sets materiality thresholds for these two indicators to screen material issues for the current period, and reports the results to the Sustainability Development Committee and the Board of Directors for discussion and approval of the material issue identification results.

The Company has compiled 16 potential material issues, scoring them based on the level of concern from stakeholders and the level of impact on the Company. The final ranking is determined by the total score, with the top 12 identified as material issues and prioritized for reporting disclosure and management.

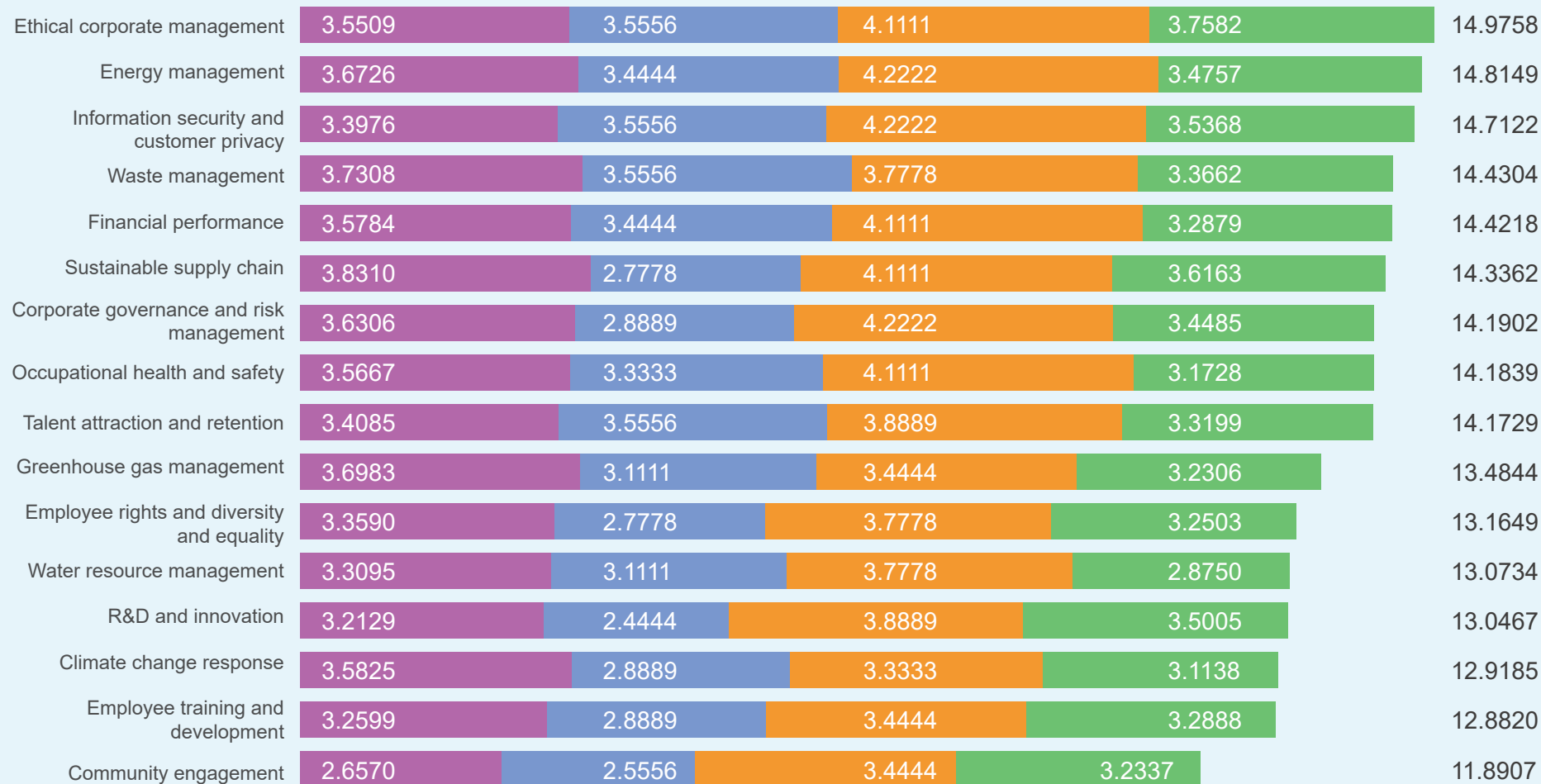
Step 3. Information on reporting of material issues

The Sustainability Office determines the corresponding international standards for material issues, reviews management policies and objectives for these issues, and collects annual data to ensure that important sustainability information is fully disclosed in this report, thereby fully addressing the issues of concern to stakeholders. After the annual sustainability report is completed, the Sustainability Office will review the report content again and submit it to the Sustainable Development Committee and the Board of Directors for review and approval, to ensure the disclosed information is accurate and free of any inappropriate or false statements.

Step 4. Continuous review

We regularly review the implementation of major policy issues and the achievement of key objectives annually to optimize internal management guidelines and qualitative and quantitative targets. We also compare the differences between previous and subsequent material issues after identifying them.

Materiality Matrix



■ External negative
 ■ Internal negative
 ■ Internal positive
 ■ External positive
 Total impact score

1.4.2 Impact Management of Material Issues

Management Strategy for Material Issues

The Company's Board of Directors serves as the highest decision-making and supervisory body for managing material issues. The Sustainable Development Committee and the Sustainability Office are designated to supervise material sustainability issue management plans, including identifying and reviewing material issue management guidelines, and proposing optimization and improvement suggestions. The Company has established diverse stakeholder communication channels and regularly compiles their feedback, assessing the type and impact of the opinions received to formulate appropriate measures and responses, which are then reported to the Board of Directors. The Board of Directors holds at least one meeting with the Sustainable Development Committee each year to discuss the management of material issues and formulate the direction and strategic goals for sustainable development of the coming year.

List of Material Issues

Impact Boundaries and Target Results of Material Issues in 2024

●: Main impact area ○: Secondary or indirect impact —: No significant direct impact

Material Issues	Corresponding GRI Topics	Impact		Key Management Policies	Scope of Influence (boundary)			KPI and Goals			Management Evaluation Mechanism
		Positive Impact	Negative Impact		Upstream	Company Operations	Downstream	Short-term Goals	Mid-term Goals	Long-term Goals	
								Within 1 year	2-3 years	3-5 years	
Ethical corporate management	GRI 205	Strengthen corporate reputation and brand value to attract investors and partners	Corruption or misconduct will damage reputation and lead to fines and legal liabilities	Establish the Code of Ethical Conduct, internal audit system, employee education and training, and reporting channels	○ Supplier integrity risk	● Corporate governance and code of conduct	○ Integrity risk of business partners	The completion rate of integrity training reached 95%	Improve the reporting system and anti-corruption policy to cover all employees	Zero major integrity violation record	Internal audit, regular integrity surveys, supervision of the Board of Directors
Energy management	GRI 302	Improve energy efficiency, reduce costs and carbon emissions	Energy waste leads to increased operating costs and environmental pollution	Introduce energy-saving equipment, conduct regular energy inventories, and set carbon reduction targets	○ Energy supply sources	● Energy management in factories/offices	○ Energy consumption of products	Establish an energy inventory system	Energy saving of more than 3%	Reduce energy intensity by 10%	Energy audit reports and factory's energy-saving meeting tracking
Information security and customer privacy	GRI 418	Establish customer trust and protect company and customer information	Information security incidents lead to customer loss, lawsuits, fines	Information security policy, information security system construction and drills, authority control	-	● IT management and employee security behavior	● Protection of customers' personal information	100% information security training coverage	No major information security incidents	Passed ISO 27001 or equivalent certification	Information security audits, penetration testing, information security incident report analysis

Material Issues	Corresponding GRI Topics	Impact		Key Management Policies	Scope of Influence (boundary)			KPI and Goals			Management Evaluation Mechanism
		Positive Impact	Negative Impact		Upstream	Company Operations	Downstream	Short-term Goals	Mid-term Goals	Long-term Goals	
								Within 1 year	2-3 years	3-5 years	
Waste management	GRI 306	Reduce environmental burden through resource reuse	Illegal waste disposal or improper handling will pollute the environment and affect community relations	Classification and recycling system, cooperation with qualified waste disposal contractors, regular audits	○ Discarded raw material packaging	● Processing of waste treatment	○ Product packaging and disposal	Establish comprehensive classification and outsourcing process	Increase the recycling rate to over 60%	Achieve more than 75% of reuse	Toxic chemical tracking, audit of waste disposal contractor, monthly report tracking
Financial performance	GRI 201	Enterprises maintain stable profits, supporting sustainable development and investment	Losses will weaken investment confidence and operational flexibility	Stable financial strategy, risk control and capital allocation mechanism	-	● The Company's overall operating revenue and profitability	○ Impact on shareholders and investors	Stable financial indicator performance	Improve profitability and cash flow	Maintain high return on capital, stable dividends	Regular review of financial statements, the Board of Directors' reports
Sustainable supply chain	GRI 308	Improve the resilience and image of the entire value chain	Illegal or unsustainable behavior of suppliers affects the Company's reputation	Supplier review system, signed code of conduct, collaboration to enhance sustainability	● Supplier social and environmental performance	● Procurement and review process	○ Impact of terminal brand image	80% of suppliers completed the sustainability questionnaire	100% of key suppliers passed sustainability evaluation	Establish a supplier sustainability coaching system	Annual supplier evaluation report, audit tracking
Corporate governance and risk management	GRI 2-9 GRI 2-12~2-14	Enhance decision-making efficiency and shareholder trust	Governance failure leads to resource misallocation and risk accumulation	The Board of Directors has clear responsibilities, risk identification and assessment mechanisms, and transparent information disclosure	○ Supplier governance and risk control	● Internal control and audit system	○ For shareholders and stakeholders	Improve the risk inventory process	Establish corporate governance manual	Establish a comprehensive risk response and BCP	Risk map, BCP drill, governance self-evaluation mechanism
Occupational health and safety	GRI 403	Reduce workplace accidents, increase employee satisfaction and retention rates	Occupational accidents will result in loss of life and legal liabilities	Risk assessment, education and training, occupational safety management system	○ Contractor safety	● Employee working environment and equipment	-	Zero major workplace safety incidents	Establish SOP and work safety management system	Continue to maintain ISO 45001 or equivalent certification	Safety audits, education and training, occupational accident reporting and analysis

Material Issues	Corresponding GRI Topics	Impact		Key Management Policies	Scope of Influence (boundary)			KPI and Goals			Management Evaluation Mechanism
		Positive Impact	Negative Impact		Upstream	Company Operations	Downstream	Short-term Goals	Mid-term Goals	Long-term Goals	
								Within 1 year	2-3 years	3-5 years	
Talent attraction and retention	GRI 401	Enhance corporate competitiveness and innovation	High employee turnover will increase training costs and knowledge loss	Talent recruitment strategy, performance and reward system, employee development plan	-	Recruitment, training, promotion system	-	Employee turnover rate is lower than the industry average	Increase the retention rate of core talents	Establish a long-term training and succession planning system	Annual manpower inventory and employee satisfaction survey
Greenhouse gas management	GRI 305	Carbon reduction helps achieve regulatory compliance and brand image improvement	High carbon emissions may be subject to taxation or restrictions	Carbon inventory, setting carbon reduction targets, introducing low-carbon technologies and renewable energy	Carbon emissions from raw materials and transportation	Process carbon emissions	Indirect carbon emissions from product use	Complete carbon inventory and set the base year	5% carbon saving	Completed the planning for 20% carbon saving and carbon neutrality roadmap	ISO 14064 inspection report, third-party verification, carbon reduction plan tracking
Employee rights and diversity and equality	GRI 401 GRI 405 GRI 406	Promote culture of inclusion and attract diverse talent	Discrimination and inequality will lead to employee dissatisfaction and social condemnation	Equal employment policy, gender and diversity training, complaint handling mechanism	-	Employee recruitment and working environment	-	Unresolved cases of zero discrimination complaints	Strengthen culture of equality and inclusion	Women account for a certain proportion of management positions	Regular human resource audits, anonymous employee surveys, internal reviews
Water resource management	GRI 303	Water conservation helps reduce costs and environmental impact	Excessive water withdrawal or pollution will affect communities and ecosystems	Water consumption monitoring, recycled water use, and improvement of emission reduction facilities	Water source/ supply risk	Process and cooling water	Water consumption/ wastewater discharge of products	Establish water consumption monitoring system	Increase the recycling rate to 30%	Reduce water consumption by 15% per unit of output value	Water quality monitoring, tracking of reuse system, equipment performance evaluation

Note: This management policy list only states key policies or strategies and management objectives. Please refer to each chapter for detailed management policies.

2

Corporate Governance

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2.1 Company Profile

2.1.1 Basic Information

Founded in 1956, Chung Hwa Chemical Industrial Works, Ltd. ("Chung Hwa Chemical") has grown over 60 years, expanding from basic chemicals to specialty chemicals and electronic chemicals. Headquartered in Taoyuan City, Taiwan, the Company has manufacturing plants, warehouses, sales offices, and offices in Guanyin District, Taoyuan City, and Changhua City.

Name of the Company	Chung Hwa Chemical Industrial Works, Ltd.
Company type	Publicly listed company and limited liability company
Date of establishment	1956
Location of head office	No. 15, Gongye 5th Road, Shulin Village, Guanyin District, Taoyuan City
Industry category	Chemical manufacturing industry
Main products or services	We provide a variety of chemical products covering basic chemistry, specialty chemistry, and electronic chemistry
Paid-in capital	NT\$1,253,654,790
Net sales	NT\$2,083,082,638
Number of employees	265 people

• The Company's spirit and vision

Chung Hwa Chemical's mission is to create value for customers and create useful chemicals to improve the world. With three primary product lines of basic chemicals, specialty chemicals, and electronic chemicals, we are expanding our reach to Taiwan, the Asia-Pacific region, Europe, and the United States, bringing positive change and value to Taiwan's economic, social, and environmental development.

• Members of public associations

Chung Hwa Chemical continues to participate in business-related associations and organizations, exchanging industry knowledge, information, and practical experience with peers and professionals, hoping to jointly respond to changes in the international situation and improve industry standards. In 2024, the Company joined 11 public associations and organizations, which are listed as follows:

Public Associations	Membership Status
Taiwan Surface Finishing Association	General member
Taiwan Acid and Alkali Industry Association	General member
Taiwan Corporate Governance Association, TCGA	General member
Taiwan Responsible Care Association (TRCA)	General member
Taiwan Carbon Capture Storage and Utilization Association	General member
Taipei Chemical Suppliers' Association	General member
Importers and Exporters Association of Taipei, IEAT	General member
Taiwan Synthetic Resins & Adhesives Industrial Association, TSRAIA	General member
Guanyin Industrial Association	General member
Taiwan Chemical Technology Industry Association (TCIA)	General member
Taiwan Dyestuffs and Pigments Industrial Association	Director

2.1.2 Operating Locations

Operational Layout of Chung Hwa Chemical

Region	Nature of Business at the Operating Location
 Taoyuan Plant No. 1	R&D Center Warehouse Manufacturing Center Basic Chemicals Specialty Chemicals Electronic Chemicals
 Taoyuan Plant No. 2	Head Office Warehouse
 Changhua Plant	Specialty Chemicals Basic Chemicals Warehouse

2.1.3 Business Philosophy and Core Values

Three Major Business Concepts

1. Stable financial growth:

With its deep roots in the Taiwan market and long-term integrity in business operations, Chung Hwa Chemical has achieved financial stability and conservative growth thanks to the support and trust from major shareholders and numerous Taiwanese banking institutions. Despite the challenges of the changing economic environment, the Company continues to deliver stable returns to shareholders while creating value-added services for product upgrades within the chemical market supply chain in Taiwan and the Asia-Pacific region.

2. Continuous product improvement and service innovation:

Internal quality improvement and product project promotion have become the key to the Company's sustainable growth and industry competitiveness. Committed to product development for energy conservation, carbon reduction, and customized services to respond to market competition and environmental changes.

3. Sustainable development and the future:

The Company regards sustainable development as an important goal of its operations. Through active adoption of environmental protection measures, reduction of its carbon footprint, and participation in social responsibility practices, the Company demonstrates its commitment to the environment and society. In the future, Chung Hwa Chemical will continue to deepen its presence in the fields of semiconductor materials, specialty polymers and water treatment chemicals to create more development opportunities for the Company.

Sustainable Development Strategy

- By 2025, we will complete ISO 14064 greenhouse gas inventory, establish carbon inventory, carbon footprint, and carbon reduction capabilities, comprehensively identify the impact of greenhouse gases, review carbon reduction results, and more comprehensively manage greenhouse gas emissions, while also improving Chung Hwa Chemical's sustainability in development and climate change management.
- With the goal of achieving net-zero carbon emissions by 2050, Chung Hwa Chemical will adopt a comprehensive strategy, including reducing fossil fuels, utilizing renewable energy, improving energy efficiency, optimizing production processes, reducing greenhouse gas emissions, and establishing monitoring, reporting, and verification mechanisms to ensure accurate tracking and reporting of emissions. The Company is committed to sustainable development and making active contributions to the planet and future generations.

The Core Values of Chung Hwa Uphold the Spirit of Christianity:

Emphasize the principle of justice and charity, pay attention to the needs and development of internal employees, and treat related industries, suppliers, customers, peers, and partners with sincerity; value long-term relationships, and create common growth and mutual benefits; establish a complete quality, environment, safety and health management system; focus on safety, value talents, protect the environment, and advocate good professional ethics.

2.2 Economic Performance

2.2.1 Economic Value

In the fourth quarter of each year, each department prepares the budget for the following year. The finance and accounting department then compiles budgets or targets for sales, production, procurement, and salary expenses, and prepares a projected profit and loss statement, which is submitted to the general manager for review. At the first Board meeting of the following year, the general manager and relevant department heads report the budget preparation results, which are then approved by the Board of Directors.

The Finance and Accounting Department compiles the current financial statements every month, compares them with the budget and previous operating conditions, and submits them to the management meeting for discussion and review of operational improvements. Chung Hwa Chemical's quarterly consolidated financial statements, annual consolidated financial statements, and individual financial statements are published on the Company's official website and the MOPS.

The Company's sales revenue of basic chemicals and specialty chemicals increased compared to last year, driving the overall revenue and profits to increase as well.

In 2024, the Company's consolidated revenue was NT\$2,083,083 thousand, a 20.83% increase from 2023; consolidated net profit after tax was NT\$63,129 thousand, with earnings per share after tax of NT\$0.51. Please refer to the Company's annual report for further details and analysis of its financial performance.

• Consolidated financial performance of Chung Hwa Chemical

Item	2022	2023	2024
Operating revenue (NT\$ thousand)	2,306,669	1,723,975	2,083,083
Operating costs (NT\$ thousand)	2,024,723	1,531,261	1,812,626
Net profit before tax (NT\$ thousand)	65,001	10,304	75,129
Net profit after tax (NT\$ thousand)	127,120	46,053	63,129
Earnings per share (NT\$)	1.11	0.39	0.51
Cash dividends (NT\$/Share)	0.80	0.30	0.50

Note: Cash dividends refer to the amounts distributed according to the profit distribution resolution for each reporting year.

The Company analyzed its consolidated financial position based on the GRI's stakeholder economic distribution approach. The Company's direct economic revenue (operating revenue and non-operating revenue) for this year amounted to NT\$2,091,623 thousand, with a total distribution of NT\$2,091,176 thousand. The top three economic distribution items were operating costs (84.9%), employee salaries and benefits (11.0%), and payments to investors (3.1%).



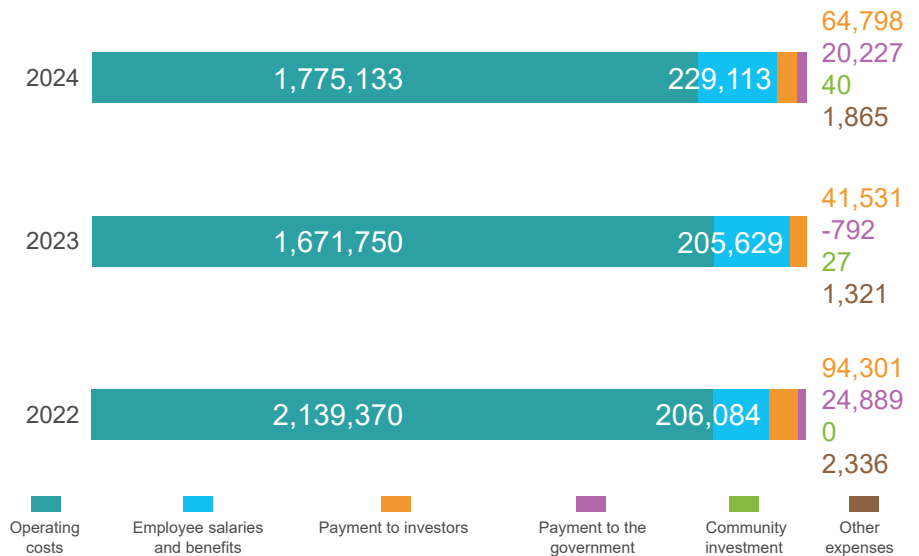
• Economic value generated and distributed in the past three years

Unit: NT\$ thousand

Economic Value	Item	2022	2023	2024
Direct economic revenue	Net operating revenue	2,306,669	1,723,975	2,083,083
	Financial investment income	0	0	0
	Sales revenue of assets	4,107	3,081	583
	Royalty income	0	0	0
	Government grants acquired	137	333	55
	Other income	77,383	36,170	7,902
Direct economic value generated		2,388,296	1,763,559	2,091,623
Economic distribution	Operating costs	2,139,370	1,671,750	1,775,133
	Employee salaries and benefits	206,084	205,629	229,113
	Payment to investors	94,301	41,531	64,798
	Payment to the government	24,889	-792	20,227
	Community investment	0	27	40
	Other expenses	2,336	1,321	1,865
Distributed economic value		2,466,980	1,919,466	2,091,176
Retained economic value		-78,684	-155,907	447

• Proportion chart of economic allocation items in each year

Unit: NT\$ thousand



Note: Retained economic value = Direct economic value generated - Distributed economic value.

2.2.2 Tax Policy

• Tax policy

The Company complies with the tax laws of the countries in which it operates, and conducts appropriate measurement, management, and controls. The Company's sustainable development strategy aims to achieve a balance between corporate governance, environmental governance, and social governance, and to facilitate communication with stakeholders. The Company's tax management reduces audit risks and tax risks.

• Tax risk management

Changes in tax laws and regulations may increase the Company's effective tax rate, increase its tax burden, and affect its net profit. To effectively manage tax risks, the finance and accounting unit regularly reviews changes in tax laws and regulations, identifies potential tax risks, and discusses and formulates response measures. When new operating activities or transactions occur, potential tax impacts are assessed in advance to formulate the optimal tax strategy.

2.3 Governance Structure

2.3.1 Governance Structure

The highest authority in the Company is the shareholders' meeting, which consists of directors elected by shareholders. The Board of Directors is the highest governance body of the Company and is responsible for overall operational decision-making. Functional committees such as the Audit Committee, Remuneration Committee, Nomination Committee, and Sustainable Development Committee are established to oversee the Company, directors' remuneration, the Company's financial statements, and ESG key performance targets. In addition, an Audit Office is established to supervise the effectiveness of the Company's internal control system. Each committee must regularly report its implementation results and resolutions to the Board of Directors to safeguard the interests of the Company and its stakeholders.



• Operation and composition of the Board of Directors

The Board of Directors plays a balancing and supervisory role between the Company's owners and managers. It exercises the rights and obligations granted by shareholders and formulates operating policies based on the interests of stakeholders. It also determines the Company's management level, monitors the Company's operating conditions, decides on sustainable development strategies, and tracks the effectiveness of their strategy's implementation.

The Company's Board of Directors adopts a candidate nomination system, whereby directors are elected from a list of nominees by the shareholders' meeting. Directors serve a three-year term and are eligible for re-election. The nomination and selection criteria are based on the independence of the candidates, their professional background, and their relevance to the Company's operations and development, while also taking into account diversity of the Board's composition. The current Board of Directors is composed of 9 directors (including 4 independent directors), with a male-to-female ratio of 2:1.

In principle, Chung Hwa Chemical holds a Board meeting once a quarter. In 2024, it held a total of 7 regular Board meetings and 1 extraordinary Board meeting, with an average attendance rate of 97%. For details of the attendance of each director and the content of the proposals, please refer to pages 18-19 of Chung Hwa Chemical's 2024 Annual Report.



Information on the Operation of the Board of Directors

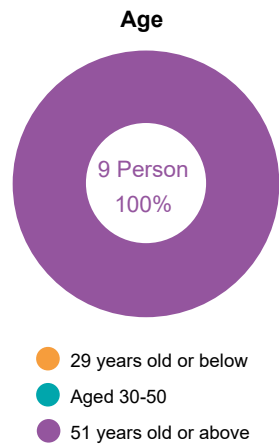
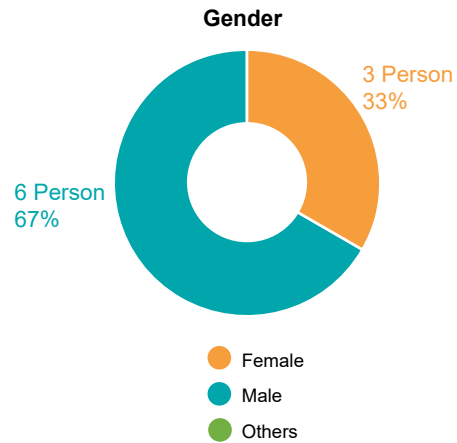
The Board of Directors held 8 meetings in 2024. The attendance of directors was as follows:

Job Title	Name	Actual Attendance Rate (B)	Number of Attendance by Proxy	Number of Attendance Required (A)	Actual Attendance Rate (%) [B/A]	Note
Chairman	Wen-Yuan Kan	8	0	8	100	Re-election; re-elected on May 24, 2024
Director	Representative of Everlight Chemical Industrial Corporation: Ching-Tai Chen	4	0	4	100	Newly appointed; re-elected on May 24, 2024
Director	Representative of Chung-En Investment Co., Ltd.: Shu-Wan Tang	4	0	4	100	Newly appointed; re-elected on May 24, 2024
Director	Han-Kao Ken	8	0	8	100	Re-election; re-elected on May 24, 2024
Director	Yi-Ling Feng	4	0	4	100	Newly appointed; re-elected on May 24, 2024
Independent director	Chiang Hsiao-Che	8	0	8	100	Re-election; re-elected on May 24, 2024
Independent director	Hsiao-Kang Ma	8	0	8	100	Re-election; re-elected on May 24, 2024
Independent director	Pi-Chuan Sun	4	0	4	100	Newly appointed; re-elected on May 24, 2024
Independent director	Yu-Chun Liu	4	0	4	100	Newly appointed; re-elected on May 24, 2024
Director	Representative of Everlight Chemical Industrial Corporation: Wen-Jang Chen	4	0	4	100	Former, re-elected on May 24, 2024
Director	Representative of Chung-En Investment Co., Ltd.: Ray-An Tsai	4	0	4	100	Former, re-elected on May 24, 2024
Director	Shian-Hsiung Chen	3	1	3	75	Former, re-elected on May 24, 2024
Director	Tang Shu-Wan	4	0	4	100	Former, re-elected on May 24, 2024
Independent director	Shu-Chen Tsai	4	0	4	100	Former, re-elected on May 24, 2024
Independent director	Kuang-Hua Yu	3	1	3	75	Former, re-elected on May 24, 2024

Information on Chung Hwa Chemical's Board of Directors (current term: May 24, 2024 to May 23, 2027)

Job Title	Term of Office	Name	Gender	Age	Concurrently Holds Positions in the Company	Concurrently Holds Important Positions in Other Companies	Functional Committee		
							Audit Committee	Remuneration Committee	ESG Committee
Chairman	3	Wen-Yuan Kan	Male	51 years old or above	-	Director of Everlight Chemical Industrial Corporation			
Director	3	Han-Kao Ken	Male	51 years old or above	-	-			
Director	3	Yi-Ling Feng	Female	51 years old or above	-	-			
Corporate Director	3	Everlight Chemical Industrial Corporation - Ching-Tai Chen	Male	51 years old or above	-	Deputy General Manager of Production at Everlight Chemical Industrial Corporation			
Corporate Director	3	Chung-En Investment Co., Ltd. - Shu-Wan Tang	Male	51 years old or above	-	CEO & President, Chinese Strategic Management Accounting Institute ROC			
Independent director	3	Hsiao-Kang Ma	Male	51 years old or above	-	President of Taiwan Carbon Capture Storage and Utilization Association (TCCSUA) Independent Director of Ho-Ping Power Company Independent Director of Data Image Corporation Independent Director of Chung Hwa Pulp Corporation FIAAM Fellow TC member of the National Environmental Research Academy	V	V	V
Independent director	3	Pi-Chuan Sun	Female	51 years old or above	-	Honorary Professor of Tatung University Independent Director of Solar Applied Materials Technology Corp. Director of Taiwan Academy of Management	V	V	V
Independent director	3	Chiang Hsiao-Che	Male	51 years old or above	-	Director of Zirco Applied Materials Co., Ltd.	V	V	V
Independent director	3	Yu-Chun Liu	Female	51 years old or above	-	Chief Accountant of Gloria & Partners CPAs Firm Chairman of Gloria & Partners Accounting and Management Consulting Co., Ltd. Founder and CEO of Angel FAS Supervisor of Mega Securities Co., Ltd. Member of the Financial Report Review and Assistance Committee, Department of Medical Affairs, Ministry of Health and Welfare Chairman of New Taipei City Autism Association Supervisor and Audit Committee Member of the United Way of Taiwan	V	V	V

Gender and Age Distribution of Directors



Distribution of Directors' Professional Competence and Experience

Job Title	Name	Distribution of Directors' Professional Competence and Experience											
		Leadership Decision-making	Business Management	Financial and Accounting Law	Industry Knowledge	Industrial Technology	Marketing	Business Development	Information Technology	Risk Management	Environmental Sustainability	Social Engagement	Supply Chain Management
Chairman	Wen-Yuan Kan	V	V	V	V	V	V	V		V	V	V	V
Director	Han-Kao Ken		V		V	V							
Director	Yi-Ling Feng	V	V	V	V	V	V			V		V	V
Corporate director	Everlight Chemical Industrial Corporation - Ching-Tai Chen	V	V		V	V				V	V		V
Corporate director	Chung-En Investment Co., Ltd. - Shu-Wan Tang		V	V			V		V	V	V	V	
Independent director	Hsiao-Kang Ma				V	V				V	V	V	
Independent director	Pi-Chuan Sun		V	V								V	
Independent director	Chiang Hsiao-Che				V	V				V	V	V	
Independent director	Yu-Chun Liu		V	V						V	V	V	

• Continuing education for directors

The Company arranges continuing education for directors every year to enhance their professional skills and knowledge as well as topics related to sustainable development, in order to strengthen the professional capabilities of directors and the Company in responding to operational impacts. In 2024, directors participated in courses and forums including an ESG summit and climate change response, and the cumulative training hours for all directors were 72 hours.

Continuing education items for directors in 2024: Page 27 of Chung Hwa Chemical's 2024 Annual Report.

• Remuneration structure for directors and senior executives

The remuneration of Chung Hwa Chemical's directors includes fixed salary, variable directors' remuneration, and business execution expenses. The Remuneration Committee adjusts individual remuneration based on industry benchmarks and individual director performance. In addition to fixed salaries and retirement benefits, performance bonuses will be calculated based on the achievement of various performance indicators. For the 2024 directors' remuneration, the remuneration range table, and distribution standards, please refer to pages 13-14 of Chung Hwa Chemical's 2024 Annual Report.

The remuneration system for senior management of Chung Hwa Chemical is recommended by the Remuneration Committee to the Board of Directors for approval. In addition to fixed salaries and retirement benefits, performance bonuses are calculated based on the achievement of various performance indicators. The retirement system for senior management is the same as that for other employees. Please refer to pages 15-16 of Chung Hwa Chemical's 2024 Annual Report for the 2024 remuneration and remuneration range table for senior management.

• The link between remuneration for directors and senior management and ESG performance

To align directors' performance with the Company's sustainable development vision and short, medium and long-term goals, assess directors' core competencies, strengthen directors' responsibilities, and implement the link between performance and remuneration, Chung Hwa Chemical has incorporated ESG strategic goals into the evaluation of directors' variable remuneration. In order to encourage and recognize the efforts and achievements of senior management in sustainable development, the Company has established a policy linking senior management's remuneration to ESG performance.

Policy on Linking Senior Management's Remuneration to ESG Performance

Senior Manager	Specific ESG Performance Indicators for 2024
General Manager/ Deputy General Manager	E-Environment: 1. Focus on climate change mitigation and adaptation: Promote net-zero commitments, such as greenhouse gas inventory and certification 2. Energy and water resource reduction management
	S-Social: 1. Legal compliance and risk control: Ensure that there is no unfair labor within the Company and its supply chain 2. Participation in community and charity activities. Such as: beach cleaning, donation, etc. 3. Employee benefits and occupational safety: Establish standards for Occupational Health and Safety Management System to create a safe working environment
	G-Corporate Governance: 1. Regulatory compliance: Ensure compliance with the laws and industrial regulations of various countries 2. Business ethics and anti-corruption: Eliminate bribery and insider trading 3. Protection of shareholders' rights: safeguarding shareholders' rights to information, participation, and dividend distribution

Senior Manager	Specific ESG Performance Indicators for 2024
Assistant Vice President	1. Assist the Company in promoting the four major occupational safety and health projects and establishing ISO 45001 certification for Occupational Health and Safety Management System standards 2. Promote workplace safety and prevent illegal infringements and other incidents

Percentage of Senior Managers and Sustainability Performance Weighting

Senior manager	Percentage of current year's sustainability performance weighting
General Manager/ Deputy General Manager	10%
Assistant Vice President	10%

• Performance evaluation of the Board of Directors

The Company conducts annual self-evaluations of the performance of the Board of Directors, functional committees (including the Audit Committee, Remuneration Committee, and Nomination Committee), the Sustainability Development Committee, and individual directors. To further enhance the effectiveness of the Board's operations and strengthen corporate governance, the Company also appoints an independent external professional institution or team of experts and scholars to conduct performance evaluations of the Board of Directors every three years, which serve as a reference for the Company's improvement of the Board's operational performance.

The items for evaluating the performance of the Board of Directors include the following five major aspects:

1. Participation in the Company's operations (including ESG participation and decision-making)
2. Enhance the quality of the Board of Directors' decision-making
3. Composition and structure of the Board of Directors
4. Election and continuing education of directors
5. Internal control

The items for evaluating the performance of individual directors of the Company include the following six aspects:

1. Understanding of the Company's goals and missions
2. Awareness of the duties and responsibilities of directors
3. Degree of participation in the Company's operations
4. Internal relationship management and communication
5. Professional and continuing education of directors
6. Internal control

• Performance evaluation results in 2024:

The result of the internal evaluation of Chung Hwa Chemical this year was excellent, indicating that the Board of Directors and its various functional committees operate soundly and in compliance with corporate governance requirements. This year, the Company appointed the Taiwan Corporate Governance Association to conduct performance evaluation of the Board of Directors, using online self-evaluation and on-site interviews with the Chairman, directors and independent directors, conveners of functional committees, and representatives from the administrative office, and to issue a performance evaluation report. The 2024 evaluation results have been submitted to the Board of Directors (External Evaluation Report: 2024 External Evaluation Report).

Implementation of the Board of Directors' Evaluation

Evaluation Cycle	Date of Evaluation	Assessment Method	Assessment Scope	Evaluation Results
Once a year	January 1 to December 31, 2024	Internal self-evaluation	Overall performance of the Board of Directors	Full score: 100; average score: 98.11
Once a year	January 1 to December 31, 2024	Internal self-evaluation	Individual board members	Full score: 100; average score: 95.56
Once a year	January 1 to December 31, 2024	Internal self-evaluation	Functional committee	Full score: 100; average score: 98.46
Once every 3 years	October 1, 2023 to September 30, 2024	Appointed an external independent third-party organization to conduct the evaluation	Overall performance of the Board of Directors	Directors actively assist the management team and implement the supervisory responsibilities of the Board of Directors. The Board of Directors' meeting culture is healthy. The Audit Committee communicates with the audit director once every six months to fully exercise its functions of guidance and supervision.

Improvement Suggestions and Future Improvement Plans for the 2024 External Evaluation Report

Item	Improvement Suggestions	Future improvement Plans
1	The Company's Audit Office reports to the Board of Directors, and the annual performance of audit director is evaluated by the Chairman. It is suggested that the Company consider having Audit Committee members express their opinions on the audit supervisor's performance in advance, and then submit them to the Chairman for approval, in order to implement the Audit Committee's function of supervising internal audits.	In the future, before deciding on the annual performance of the audit director, the Chairman will first ask the audit committee for its opinion and refer to its opinion to determine the audit director's performance.
2	Two newly elected independent directors will be joining the Company's 29th Board of Directors. To ensure they quickly gain a comprehensive understanding of our operations, we recommend the Company to establish a "New Director Orientation Program" (including departmental briefings, site visits, and management discussions). Additionally, we suggest compiling a "Director's Handbook" containing key information to help the new directors familiarize themselves with the Company's operations and facilitate their performance as directors.	In the future, the Company will establish a new onboarding program for new directors and prepare a director's handbook to help new directors understand the Company's operations as early as possible.
3	The Company sets management targets based on its operating plan and designs KPI and DPI assessment mechanisms for management. However, these indicators have not yet been linked to ESG. It is recommended that relevant issues such as the Company's long-term development strategy, sustainable development goals, and the promotion and implementation of ESG be included in the performance measurement indicators of senior managers, so that the Board of Directors can motivate the management team to pay attention to the Company's long-term interests and sustainable development goals.	The Company has established a link between senior management's remuneration and ESG performance in 2025 to encourage the management team to focus on sustainable development goals.

• Management of conflicts of interest

The rules of procedure for Chung Hwa Chemical's Board of Directors, the audit committee, the remuneration committee, and the nomination committee all contain provisions for conflicts of interest. If proposals by directors involve their own interests, those of their spouse, relatives within the second degree of kinship, or a company with which the director has a controlling relationship, the director must disclose the nature of their interests at the Board of Directors' meeting. If such interests are likely to be detrimental to the interests of the Company, the director shall not participate in the discussion or vote, and shall recuse himself/herself from the discussion and vote, and shall not exercise the voting rights of other directors on behalf of them. The names of relevant directors, description of the important matters, and circumstances of their recusal shall be recorded in the meeting minutes. Directors and managers are also required to complete the annual related party transaction declaration and report the results to the Audit Committee.

For details of related-party transactions, cross-shareholdings by directors, controlling shareholders or other stakeholders in 2024, please refer to page 43 of Chung Hwa Chemical's 2024 Annual Report.

In addition, the Company has also formulated an ethical code of conduct for employees at all levels, ethical code of conduct for directors and managers, and employees' code of ethical conduct. The chairman has designated a corporate governance officer and related personnel to form a dedicated ethical management unit to oversee the implementation of these codes of conduct and report implementation results to the Board of Directors on a regular basis. As of the end of 2024, no major conflict of interest incidents have occurred in Chung Hwa Chemical.

2.3.2 Functional Committees

Sustainable Development Committee

The Sustainable Development Committee was established as the highest-level sustainable development unit within the Company. The Committee consists of the Chairman, General Manager, two directors, and four independent directors. The Sustainable Development Committee has established its organizational charter, which has been approved by the Board of Directors. This charter governs the Committee's rights, responsibilities, and obligations. The committee is primarily responsible for managing, deciding, and supervising the governance strategy, policy implementation effectiveness, and target achievement rates for major ESG issues related to the Company's operations, and reporting implementation results to the Board of Directors on a regular basis each year.

The Sustainability Office under the committee has established four executive groups based on their functional responsibilities: the corporate governance group, the sustainable development group, the social engagement group, and the employee care group. Each unit will appoint a supervisor to serve as a group member, and each group will nominate personnel to serve as group leaders and secretaries. The implementation team is responsible for identifying major ESG issues related to the Company's operations, formulating management strategies and targets, and preparing the annual sustainability report. Each team leader regularly reviews the implementation team's performance and progress toward goals, and reports quarterly to the Sustainability Office.

Organizational Chart of the Sustainable Development Committee



Each functional group should have the ability to operate across departments. The Company may adjust the group categories and responsibilities as needed based on its sustainable development progress. The Company's current functional groups include:

- Corporate Governance Team: Accounting, Legal Affairs, Business, Quality Assurance
- Sustainable Development Team: Occupational Safety, Public Utilities, R&D
- Social Engagement Team: General Affairs, Engineering Technology, Procurement
- Employee Care Team: Human Resources, IT

Implementation of the Sustainable Development Committee

In 2024, the Company's Sustainable Development Committee held three meetings, with an average attendance rate of 100%. Two of these meetings involved communication with the Board of Directors on significant matters. Please refer to the table below.

Matters Communicated Between the Sustainable Development Committee and the Board of Directors in 2024

Date of Meeting	Significant Matters Communicated to the Board of Directors	Major Recommendations of the Board of Directors	Resolution of the ESG Committee	Resolution of the Board of Directors
February 20, 2024	Stakeholder identification and discussion on the direction and content of preparing sustainability report	None	Follow the chapter planning direction of the 2022 Sustainability Report. If the working group has any questions or suggestions during the preparation process, they can be discussed at the next meeting	Approved by all directors present
May 7, 2024	Review report on the Company's 2023 Sustainability Report which shall disclose the 2050 net-zero emissions target and the carbon inventory and carbon footprint targets.	None	The resolution was approved by all present members	Approved by all directors present

Remuneration Committee

The current Remuneration Committee consists of four independent directors, all of whom meet the independence requirements stipulated by law. Their term of office is from May 24, 2024 to May 23, 2027. The Company has established the Remuneration Committee Charter to regulate the duties and obligations of the Remuneration Committee, and is responsible for formulating and regularly evaluating the remuneration system and standards for the aforementioned members. The Remuneration Committee generally meets once every six months. In 2024, a total of five meetings were held, and member attendance was as follows:

Job Title	Name	Actual Attendance Rate (B)	Number of Attendance by Proxy	Number of Attendance Required (A)	Actual Attendance Rate (%) (B/A)	Note
(6th term) Convener	Yu-Chun Liu	2	0	2	100	Newly appointed; re-elected on May 24, 2024
Committee member	Pi-Chuan Sun	2	0	2	100	Newly appointed; re-elected on May 24, 2024
(5th term) Convener/Member	Chiang Hsiao-Che	5	0	5	100	Re-election; re-elected on May 24, 2024
Committee member	Hsiao-Kang Ma	5	0	5	100	Re-election; re-elected on May 24, 2024
Committee member	Kuang-Hua Yu	3	0	3	100	Former, re-elected on May 24, 2024
Committee member	Shu-Chen Tsai	3	0	3	100	Former, re-elected on May 24, 2024

Remuneration Policy

1. Maintain external competitiveness of salary:

Maintain a competitive salary level by analyzing and understanding the relevant labor market and salary conditions on a regular and ad hoc basis.

2. Maintain internal balance of salary:

Use appropriate salary management tools to ensure salaries accurately reflect the relative contribution of each position and maintain internal balance.

3. Implementing an incentive-based salary system:

Salary is appraised based on the degree of contribution of the position, and is adjusted based on performance to ensure that the salary of employees with high contributions and outstanding performance is significantly different from that of ordinary employees.

4. Control of the Company's personnel costs:

By accurately understanding the salary levels of each position, we ensure that employees' salaries fall within a reasonable range to effectively manage labor costs.

The remuneration to employees and directors for the current year was approved by the Board of Directors on February 19, 2025.

Audit Committee

The Company's Audit Committee consists of four independent directors and operates in accordance with the Audit Committee Charter, with a term of office from May 24, 2024 to May 23, 2027. Its responsibilities include auditing the Company's financial statements, supervising the appointment and independence of CPAs, establishing or revising internal control systems, and supervising the Company's internal rules and regulations to comply with relevant laws and regulations. In principle, meetings are held quarterly. Department heads, internal auditors, accountants, etc. are assigned to attend discussions when necessary. In 2024, a total of seven meetings were held. The attendance of members was as follows:

Job Title	Name	Actual Attendance Rate (B)	Number of Attendance by Proxy	Number of Attendance Required (A)	Actual Attendance Rate (%) (B/A)	Note
Independent director	Chiang Hsiao-Che	7	0	7	100	Re-election; re-elected on May 24, 2024
Independent director	Hsiao-Kang Ma	7	0	7	100	Re-election; re-elected on May 24, 2024
Independent director	Pi-Chuan Sun	3	0	3	100	Newly appointed; re-elected on May 24, 2024
Independent director	Yu-Chun Liu	3	0	3	100	Newly appointed; re-elected on May 24, 2024
Independent director	Shu-Chen Tsai	4	0	4	100	Former, re-elected on May 24, 2024
Independent director	Kuang-Hua Yu	4	0	4	100	Former, re-elected on May 24, 2024

Please refer to pages 19-22 of Chung Hwa Chemical's 2024 Annual Report for details

Nomination Committee

The Company's Nomination Committee consists of 4 members, all of whom are independent directors, and complies with the independence requirements of applicable laws and regulations. Their term of office is from June 3, 2024 to May 23, 2027. The Company has established an organizational charter for the Nomination Committee to define its powers and obligations, and to establish the appointment, succession, and independence standards for the aforementioned members. The Nomination Committee meets once every six months in principle. In 2024, it held a total of five meetings, with member attendance as follows:

Job Title	Name	Actual Attendance Rate (B)	Number of Attendance by Proxy	Number of Attendance Required (A)	Actual Attendance Rate (%) (B/A)	Note
(4th term) Convener	Pi-Chuan Sun	2	0	2	100	Newly appointed; re-elected on May 24, 2024
Committee member	Yu-Chun Liu	2	0	2	100	Newly appointed; re-elected on May 24, 2024
Committee member	Chiang Hsiao-Che	5	0	5	100	Re-election; re-elected on May 24, 2024
Committee member	Hsiao-Kang Ma	5	0	5	100	Re-election; re-elected on May 24, 2024
(3rd term) Convener	Kuang-Hua Yu	3	0	3	100	Former, re-elected on May 24, 2024
Committee member	Shu-Chen Tsai	3	0	3	100	Former, re-elected on May 24, 2024

2.4 Responsible Business Conduct

2.4.1 Ethical Corporate Management

The Company has established ethical corporate management policies in accordance with its "Ethical Corporate Management Best Practice Principles" and "Procedures for Ethical Corporate Management and Code of Conduct", identifying potential adverse impacts on stakeholders in its business relationships. It has also established relevant preventive measures and remedial systems for specific risks, along with an independent supervisory unit to monitor the subsequent handling of incidents and dynamically improve and optimize its commitment to responsible business conduct to ensure that it can meet the requirements and goals of ethical corporate management standards.

The Company is committed to the following policies on responsible business practices, which are also disclosed in its annual report, website, etc.

Approval Unit	Execution Unit	Policies and Regulations	References (official government documents, guidelines, initiatives, etc.)
Approved by the Board of Directors and submitted to the shareholders' meeting	Directors, managers, employees, agents, and substantial controllers of the Company	Ethical Corporate Management Best Practice Principles	Ethical Corporate Management Best Practice Principles for TWSE and TPEX Listed Companies
Approved by the Board of Directors and submitted to the shareholders' meeting	Directors, managers, employees, agents, and substantial controllers of the Company	Procedures for Ethical Management and Guidelines for Conduct	Ethical Corporate Management Best Practice Principles for TWSE and TPEX Listed Companies

The Company organizes training courses on ethical corporate management, and explains in the courses the prohibited behaviors in its business operations, including "Courses on Code of Ethics (trade secrets, intellectual property, information use, fair competition and antitrust) / Anti-corruption Courses (including bribery, offering or accepting improper benefits, fraud, extortion, money laundering)", etc., to prevent the occurrence of unethical behavior.

The Company Organizes Ethical Management Education and Training Every Year. The Implementation Status in 2024 was as Follows:

1. Education and promotion on preventing insider trading: Conducted on August 7, 2024 (for directors and managers) and December 31, 2024 (for managers and department heads).
2. Ethical corporate management education and promotion: Education and promotion sessions were held on August 7, 2024 (for directors and managers) and December 31, 2024 (for managers and department heads). Starting in December 2024, department heads will conduct comprehensive education and promotion within their respective department meetings. The contents cover ethical corporate management policies, prohibition of unethical conduct, ethical corporate management principles, reporting channels and methods, and disciplinary measures for unethical conduct.

To mitigate the impact of any violations of ethical corporate management and professional ethics, employees of Chung Hwa Chemical at all operating locations can use the internal whistleblower reporting process to report any violations of ethical corporate management. Suppliers and stakeholders can also report any illegal or unethical conduct through the complaint channel.

Reports can be made through the reporting mailbox: ethics@chciw.com.tw / Complaint hotline: 03-4761266 ext. 12999. When handling complaints, the responsible investigator will conduct investigations and reports based on the principle of fairness. The rules for rewards and punishments are clearly defined in the Work Rules and are publicly disclosed upon approval. For more serious reward and punishment cases, they are discussed and decided by the Personnel Review Committee.

The Company has established the "Procedures for Ethical Corporate Management and Code of Conduct" to specify the investigation procedures for whistleblowing cases and the subsequent measures to be taken upon completion of the investigation.

1. Any report involving general employees shall be submitted to the department head. Any report involving directors or senior executives shall be submitted to the Audit Committee.
2. The responsible unit of the Company and the supervisor or personnel who received the report in the preceding paragraph shall immediately investigate the relevant facts and, if necessary, seek assistance from the Compliance Department or other relevant departments.

3. If the reported individual is confirmed to have violated relevant laws and regulations or the Company's ethical corporate management and related regulations, the Company shall immediately require the individual to cease the relevant conduct and take appropriate disciplinary measures. If necessary, the Company shall report to the competent authorities, refer the matter to judicial authorities for investigation, or seek compensation through legal procedures to safeguard the Company's reputation and interests.
4. Documents related to the acceptance of reports, the investigation process, and investigation results should all be kept in written form and preserved for five years, and may also be stored electronically. If a lawsuit related to the contents of the report occurs before the expiration of the preservation period, the relevant data shall continue to be preserved until the conclusion of the lawsuit.
5. If the reported facts are verified as true, the relevant Company unit shall be responsible for reviewing the relevant internal control systems and operating procedures, and proposing improvement measures to prevent the same behavior from happening again.
6. The Company's responsible unit shall report the reported incident, its handling method, and subsequent review and improvement measures to the Board of Directors.

The Company's "Ethical Corporate Management Best Practice Principles" also specifies the relevant confidentiality mechanisms. Personnel handling whistleblowing reports shall keep the identity of the whistleblower and the details of the report confidential. The Company also promises to protect whistleblowers from any adverse treatment as a result of their reports.

2.4.2 Human Rights Policy

To fulfill corporate social responsibility, protect the basic human rights of all employees, customers, and stakeholders, and create and foster a working environment that respects personal dignity and value, the Company supports and adheres to international human rights conventions, including the United Nations Universal Declaration of Human Rights, the United Nations Framework and Guiding Principles on Business and Human Rights, the United Nations Global Compact, and the International Labor Organization Declaration of Fundamental Principles and Rights at Work. It has formulated various human rights policies to protect the basic rights of its employees and stakeholders.

• Human Rights Risk Identification and Policy Formulation

Human Rights Policy	Specific Plans
Comply with the labor and environmental laws and regulations of the Company's location	1. Working conditions are established in accordance with government labor-related laws and regulations.
Eliminate illegal discrimination and treat all employees fairly and with respect	1. Provide equal employment opportunities to all job seekers in accordance with the Employment Service Act. 2. Formulate a written statement to prevent workplace misconduct. 3. Comply with SA8000 Social Responsibility Standards.
Prohibition of forced labor	1. Comply with the Labor Standards Act. 2. Sign a written employment contract.
Prohibition of child labor	1. Verify the age of personnel during hiring and prohibit the use of child labor.
Providing a safe working environment	1. ISO 14001 environmental management certification. 2. ISO 45001 occupational safety and health management certification. 3. Conduct education and training. 4. Establishment of the Environmental and Work Safety Committee. 5. Periodically organize education and training on safety, health, and fire protection, etc.
Establish a good communication environment.	1. A complaint channel is available for employees to use when their legal rights and interests are infringed or improperly handled and cannot be reasonably resolved. 2. There is a "Personnel Review Committee" to conduct reviews when employees receive significant rewards or punishments from the Company. 3. Establish an open communication mechanism. (semi-annual town hall meeting)

• Human rights policy training

To help employees, other external workers, suppliers, and external stakeholders understand the content of Chung Hwa Chemical's various human rights policies, in addition to providing human rights policy education and training courses upon onboarding of new employees, the Company also regularly conducts education and promotion through various means, such as formal and informal meetings, employee feedback mailboxes, and intranet announcement platforms to ensure that all personnel understand their own rights and company regulations. All policies are publicly disclosed on the Company's official website and in the sustainability report.

• Communication and remedies for human rights policies or cases

The Company did not have any human rights incidents such as discrimination, child labor, and forced labor during the year.

2.4.3 Legal Compliance

The Company did not violate any environmental, safety, social, governance, economic, or product and service laws and regulations in 2024, and had two fewer safety regulation violations than in 2023. The following details the number of major violations of laws and regulations, penalty details, and violation items for the year, categorized by the four aspects of environment, society, governance, economy, and products and services.

Payment of fines in the past two years

Year	2023	2024
Payment of fines for safety violations that occurred in the current year (number of cases)	2	0
Payment of fines for safety violations that occurred in the current year (amount)	NT\$200,000	0

2.4.4 Internal Audit

In order to ensure the implementation of corporate governance and strengthen internal control and audit operations, the Audit Office not only conducts on-site audits based on the annual audit plan approved by the Board of Directors based on risk considerations, but also conducts irregular audits from time to time.

After the internal audit report and audit deficiency follow-up report are completed, they are submitted to the independent directors for review before the end of the following month. The internal audit officer reports on the internal audit operations to the Audit Committee and the Board of Directors on a quarterly basis. The Company shall immediately issue a report and notify the independent directors of the discovery of major violations or the possibility of major damages to the Company. In 2024, no major internal control deficiencies were found, and the deficiencies and anomalies discovered were documented and traced until the improvements were completed.

To implement the Company's self-monitoring mechanism and respond to environmental changes in a timely manner, an internal control self-evaluation is conducted at least once a year. The Audit Office then reviews the self-evaluation reports of each unit and subsidiary, along with any internal control deficiencies and anomalies discovered by the Audit Office, serve as the basis for the Board of Directors and the General Manager to assess the effectiveness of the overall internal control system and issue a statement on the internal control system, thereby improving the quality and efficiency of internal control.

2.5 Risk Management

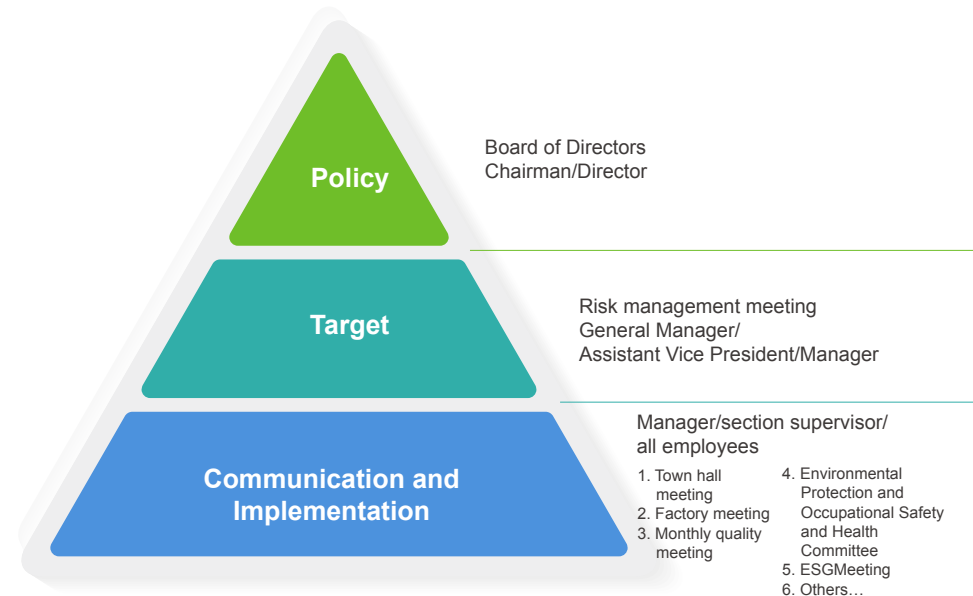
2.5.1 Risk Management Organization

The risk management capability of the enterprise plays a vital role in addressing the risks and opportunities arising from internal and external factors. Risks and opportunities arising from global trends and the environment may affect the profitability and even survival of enterprises. Instead of leaving the future to unpredictable circumstances and variables, we should continuously enhance our competitiveness and influence, fully seize business opportunities, and embrace the new era.

The Company's risk management organization is governed by Article 27 of the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies". The Company has established a "Risk Management Committee" as the highest authority responsible for risk management, and the "General Manager's Office" serves as the executive body for risk management. The responsibilities of each department are as follows:

Board of Directors	The Board of Directors serves as the highest supervisory body for risk management and is responsible for reviewing the annual risk management report, risk implementation report and audit report to ensure the effective implementation of the risk management system. The Board of Directors' meeting units periodically interact and communicate with functional heads on environmental and social issues related to the Company, and regularly review ESG impacts, performance and strategic goals at the end of each year.
Risk Management Committee	Determine major risks and risk management units, identify and analyze risks, formulate specific methods to implement risk management, and report to the Board of Directors regularly.
Risk management unit (General Manager's Office)	Identify risk issues and discuss management targets with the risk execution unit.
Risk execution unit (each unit)	Propose risk management objectives and policies. Report the results to the risk management unit regularly.
Risk audit unit (Audit Office)	Evaluate the effectiveness of risk management systems and mechanisms. Based on the risk assessment results, the Company formulates audit plans and executes audit operations to assist the Board of Directors in supervising and controlling potential risks in implementing decisions, ensuring that all operational risks are effectively controlled and providing timely improvement suggestions.

• Organization chart of the Risk Management Committee



2.5.2 Risk Identification and Response Measures

The Company complies with Principle 15 of the Rio Declaration on Environment and Development, which states: "States should widely apply the precautionary approach to protect the environment according to their capabilities". Where there are threats of serious or irreversible damage, the lack of full scientific certainty shall not be used as a justification for postponing measures to prevent environmental degradation. Therefore, the Company has adopted this precautionary approach as its environmental risk assessment method for Taoyuan Plant No. 1, Taoyuan Plant No. 2, and Changhua Plant, covering all 265 employees, to reduce and avoid negative environmental impacts during environmental management.

The Company follows the ISO 31000 risk management principles and guidelines to plan the implementation of its risk management system. It identifies and assesses internal risk issues in accordance with the scope of Chung Hwa Chemical's risk management policies and procedures, and implements mitigation measures for these issues. The six major risks are detailed below:

Risk Aspect	Risk Issue Identification	Impact	Risk Mitigation Measures
Operational aspect	Old high-voltage lines	May cause a power outage in the entire factory and production disruption	Complete replacement of substation lines
	Poor environment around the substation	On-site acid gas causes equipment damage	Change to a closed system and install an air-conditioning temperature control system
	Transportation disruptions due to extreme weather conditions (e.g., consecutive holidays due to typhoons; road interruptions caused by flooding or earthquakes)	Transportation disruptions result in the inability to deliver goods to customers or obtain raw materials from suppliers.	Check transportation equipment and personnel attendance, and enable flexible scheduling: Update vehicle and manpower status daily to allow immediate scheduling in case of emergencies. Plan alternative transportation routes as a backup to respond to emergencies: Provide drivers with alternative transportation routes so that they can respond immediately in emergencies. Establish an external emergency support mechanism: Maintaining a good cooperative relationship with external transportation vendors can provide rapid support.
	The raw material of electronic grade sulfuric acid (sulfur) is supplied by two commercial sources.	Disruption in the supply of raw materials results in the inability to deliver electronic sulfuric acid	Acquire material sources from third-party suppliers to meet customers' continuous operation strategies.
Operational aspect	Insufficient chemical warehouses	Raw material inventory days are short, and if uncontrollable factors cause the upstream supply chain to stop shipments, there is a risk of production disruptions.	Increase the storage capacity for toxic chemicals. Based on the production and sales plan, the Company strictly controls the demand and controlled quantity of toxic chemicals.
Information security aspect	Information system attacked by hackers	The Company's system may be interrupted, resulting in inoperability or leakage of confidential information.	Suspicious behavior analysis and alerts, endpoint protection enhancement, prevention of front-end intrusion, and abnormal software execution help prevent system damage.

2.6 Climate Change Risks and Opportunities

2.6.1 Climate Governance

• Supervision of climate-related risks and opportunities by the Board of Directors

The Board of Directors is the Company's highest-level monitoring organization for climate-related risks and opportunities. The Board of Directors is responsible for supervising the effectiveness of risk control. In addition, the Board of Directors has established a Risk Management Committee and a Sustainable Development Committee to assess matters related to the impact of climate change. The Board members have fully understood the significance and impact of climate change, and have taken the impact of climate change into consideration when making major investment decisions.

Risk Management Committee: The General Manager serves as convener. The committee holds at least two meetings a year to discuss risk issues and reports on risk management results to the Board of Directors at least once a year.

Sustainable Development Committee: An independent director serves as convener, and the Sustainability Office operates under its jurisdiction.

The Sustainability Office is responsible for identifying, assessing, and providing management recommendations for climate change-related risks and opportunities. It regularly reports to the Board of Directors on the progress and effectiveness of related works.

The Company's Board of Directors is the highest authority responsible for corporate governance. In addition to incorporating climate issues into corporate governance and business strategy, the Board has also integrated climate risk and opportunity management into its overall policies. By continuously overseeing the implementation of various risk management mechanisms, the Board hopes to implement climate change-related management measures while maintaining continued business growth, demonstrating the Company's commitment to climate governance.

• Responsibilities of management

Climate change involves a wide range of issues. To fully incorporate the opinions of various departments and discuss preventive measures, the Sustainability Office, led by the General Manager, consists of the Corporate Governance Team, the Sustainability Development Team, the Social Engagement Team, and the Employee Care Team, with members from the Occupational Safety and Health Office, General Manager's Office, Human Resources Department, Finance and Accounting Department, Research and Development Center, Quality Assurance Department, Utilities Department, Sales Center, Engineering and Technology Department, Manufacturing Center, and Materials Center, etc. The Sustainability Office and various teams hold regular meetings to assess climate change-related risks and opportunities, and report the results to the Sustainable Development Committee for tracking and improvement.



• Climate Change Risk Management System

1. The organization's processes for identifying and assessing climate-related risks.
The identification and assessment of climate-related risks are conducted in accordance with the Company's risk management mechanism.
2. The organization's processes for managing climate-related risks.
Include risk factors with high risk assessments in the discussion proposals of "Risk Management Committee" and continue to track the implementation status of risk control. We will also carry out important risk discussion proposals into the work plans of relevant departments, continue to review the effectiveness of risk control implementation, and evaluate the effectiveness of control measures or other improvement measures to reduce risks.
3. How are the processes of identifying, assessing, and managing climate-related risks integrated into the organization's overall risk management system? The climate-related risk management system integrates the management mechanisms of different functional units and levels. We consider management policies, actual assessment practices, and confirmation of countermeasures to reduce operational impacts.

2.6.2 Identification and Assessment of Climate Risks and Opportunities

In order to promote transparency in the disclosure of information on climate-related risks and opportunities, the Company has referenced domestic and foreign technical reports, the laws and regulations of its jurisdiction, and the relevant disclosures of domestic and foreign peers. It has also convened relevant departments and consulted external consultants and experts for their opinions. Based on an assessment of the “degree of impact/benefit” and “likelihood of occurrence” of each risk and opportunity, the impact level and materiality of each item have been determined.

Based on the above identification results, the Company has selected climate-related risks and opportunities and disclosed their actual and potential impacts on the organization. Please refer to the table below for details.

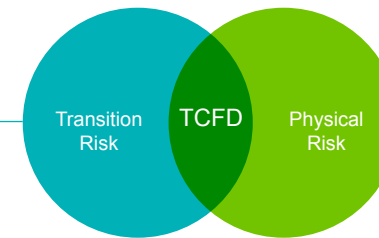
Risks and Opportunities Related to Climate Change

Risk Type	Climate Risk	Upstream	Operations	Downstream
Risk	Net zero emissions	On the road to zero-carbon emissions, administrative expenses and production costs have increased, thereby increasing product prices	Increase operating expenses by adding carbon reduction equipment or purchasing renewable energy, green power, and carbon credits	Customers commit to net zero, and the Company is required to be more proactive in carbon reduction
	Carbon fee/carbon tax greenhouse gas cap control	The production capacity is limited by carbon emissions, which in turn affects its shipment volume The increase in costs to comply with regulations has led to a price increase for its products	Capacity expansion is limited, affecting revenue growth Increase in compliance-related expenses Increased production costs	Due to carbon tax, customers demanded the Company to be more proactive in carbon reduction
	Drought/flood	Unable to supply goods normally due to drought/flood	Operations affected by drought/flood	The customer considers the impact of drought/flood and requires the Company to strengthen investment in continuous operations to reduce supply chain risks
	Reputation	Suppliers are not actively promoting climate and carbon management, resulting in negative impact on the Company's reputation	Unable to meet stakeholders' expectations, impacting corporate reputation	Unable to meet stakeholders' expectations, impacting corporate reputation
Opportunity	Low-carbon products/services	The development of low-carbon products by suppliers contributes to carbon reduction in the Company's supply chain and meets the expectations of the customers and other stakeholders	Satisfy customers' green/low-carbon product requirements and generate revenue	Increased customer demand and trust in the Company's products, which in turn enhances long-term partnerships with the Company and participates in renewable energy plans/ carbon trading markets
	Satisfy customers' green/low-carbon product requirements and generate revenue	The participation of suppliers in renewable energy projects and carbon trading markets helps the Company achieve Scope 3 carbon emission reductions and complies with regulatory requirements to establish a green transportation and distribution system	Participating in renewable energy plans and carbon trading markets can help achieve net-zero emissions goals, comply with regulatory requirements, and smoothly expand production capacity.	The competitiveness of customers' consumption market has improved, which in turn has driven the growth of demand for the Company's products
	Promote water efficiency and diversification	Improve suppliers' water management performance and strengthen supply chain climate resilience	Strengthening climate resilience and competitiveness	Maintain business continuity and increase customers' trust in the Company

2.6.3 Impact Assessment of Climate Risks and Opportunities

Based on the risk identification results, the Sustainability Office has identified five major transition risks and three physical risks, as shown in the figure on the right:

1. GHG cap control and carbon tax and fee
2. Net zero emissions
3. Environmental assessment commitment
4. Uncertainty in the development of new energy-saving and carbon reduction technologies
5. Impact on corporate reputation



1. Floods, droughts
2. Increase in premium for natural disaster insurance
3. Temperature rise

After conducting financial assessments for the above climate risks, we have planned improvement activities to mitigate and adapt to climate change risks. The summary is as follows:

Description of the Impacts of Climate Change Risks and Opportunities, and their Financial Impacts

Risk Type	Climate Risk	Potential Financial Impact	Climate Opportunity	Potential Financial Impact	Response Actions
Transition risk	GHG cap control and carbon tax and fee	Restricted capacity expansion and increased operating costs	- Participation in renewable energy projects - Participation in the carbon trading market	Purchase renewable energy at an early stage to smoothly expand production capacity	- Set carbon reduction targets: Commit to achieving net zero emissions by 2050, and all greenhouse gas emissions from operations will be zero. - Establish a renewable energy task force to accelerate the development of renewable energy and actively negotiate the purchase of green power.
	Net zero emissions	Increase in installation and operation costs of carbon reduction equipment	Obtain subsidies and cooperation from relevant government departments	Accumulate the carbon credits needed to offset future emissions	- Map the company-wide net-zero emissions path and developing the net-zero strategy. - Implement greenhouse gas reduction actions, participate in the government's carbon reduction reward project, and accumulate carbon rights - Long-term planning for the purchase of carbon credits.
		Increased expenses for purchasing renewable energy and carbon credits	- Develop low-carbon products and services - Enhance energy efficiency of customer products	Satisfy customers' demand for energy-saving products and increase revenue	Continue to invest in R&D resources to develop energy-saving products
		Reduce product weight and packaging materials			
	Environmental assessment commitment	The production is hindered by difficulties in securing renewable energy and recycled water	Promote water efficiency and diversification	Successfully build advanced production lines	- Continue to promote water conservation measures - Increase the water recycling rate
	Uncertainty in the development of new energy-saving and carbon reduction technologies	The new process technology will increase the electricity consumption of the production line, resulting in an increase in operating costs	Enhance energy efficiency of factory	Reduce operating costs of water and electricity	Construction of green factories and obtaining green building certificates.
	Impact on corporate reputation	Failure to meet stakeholder expectations, resulting in damage to corporate reputation			We insist on green manufacturing and green innovation, and enhance the Company's green image through transparent disclosure.

Risk Type	Climate Risk	Potential Financial Impact	Climate Opportunity	Potential Financial Impact	Response Actions
Physical risk	Floods and droughts	Production is affected, resulting in financial loss and decreased revenue	Enhance natural disaster resistance	Strengthen climate resilience and reduce the probability of operational disruption and possible loss	Assess the risk of drought and flood in the factory area, and develop and implement risk mitigation measures.
	Increase in premium for natural disaster insurance	Increase in operating expenses			Establish a comprehensive water monitoring mechanism and emergency response procedures, and conduct regular drills.
	Temperature rise	Rising electricity consumption, costs, and carbon emissions	Promote low-carbon green production	Save electricity and costs	Establish an Energy Conservation and Carbon Reduction Committee, led by senior executives to drive greenhouse gas reduction initiatives.

2.6.4 Climate-related Indicators and Targets

TCFD Indicators and Target Achievement Status and Continuous Action Plan

Category	Target	Performance Metrics	Short-term Goals 2021~2023	Mid-term Goals 2024~2026	Long-term Goals 2027~2030	Current Performance
Greenhouse gas reduction	Reduce total greenhouse gas emissions by 33% in 2030	Greenhouse gas emission in 2030 is 10,000 (tCO ₂ e)	Decrease by 4% YoY	Decrease by 3% YoY	Decrease by 3% YoY	Total greenhouse gas emissions in 2024 (Scope 1-2) were 11,026 (tCO ₂ e), a 7.59% decrease from the base year of 2021.
	Continuous action plan					
	Replace heavy oil with natural gas, establish waste heat recovery power generation, install solar power generation, and continue to promote energy-saving (electricity) programs					
Energy consumption	Reduce by 10%	Energy consumption in 2030 will reach 69,386 GJ	Decrease by 4% YoY	Decrease by 3% YoY	Decrease by 3% YoY	In 2024, energy consumption decreased by 21,929 GJ compared to the base year (2021), a 22.7% reduction from 2021.
	Continuous action plan					
	Establish a dedicated unit for energy management, formulate energy management-related systems and energy-saving goals			Track the effectiveness of energy conservation projects and include performance in rewards Purchase equipment with energy-saving labels and introduce energy-saving design products and processes Establish an appropriate energy strategy and engage all employees to promote sustainable business operations		
	Real-time monitoring platform for energy consumption of the entire factory to detect abnormalities in a timely manner					
Strengthen the publicity of energy-saving concepts, such as energy-saving education and training, energy-saving case studies, and expert exchanges						

Category	Target	Performance Metrics	Short-term Goals 2021~2023	Mid-term Goals 2024~2026	Long-term Goals 2027~2030	Current Performance
Environmental impact	100% compliance with emission standards	100% pass rate of test data	100% pass rate of test data	100% pass rate of test data	100% pass rate of test data	100% pass rate of test data
	Continuous action plan					
	Continue to promote the environmental management system					
Water resources	Reduce total water intake by 10% in 2030	Total water withdrawal reached 365 (million liters)	Decrease by 3%	Decrease by 3%	Decrease by 4%	The total water withdrawal in 2024 decreased by 54.938 million liters compared to the base year (2021), a decrease of 13.54% compared to 2021
	Continuous action plan					
	Continue to promote the wastewater recycling system Evaluate the installation of wastewater recycling equipment Monitor water consumption across the factory and detect anomalies in a timely manner					
Waste management	Waste recycling rate of more than 95% in 2030	Waste recycling rate over 95%	Waste recycling rate over 80%	Waste recycling rate over 90%	Waste recycling rate over 95%	The waste recycling rate reached 80.79% in 2024
	Continuous action plan					
	Continue to implement proper resource waste classification plans Cooperation with waste resource recycling companies Recycling and reuse of process waste in other processes within the factory					

2.7 Information Security

Information security management

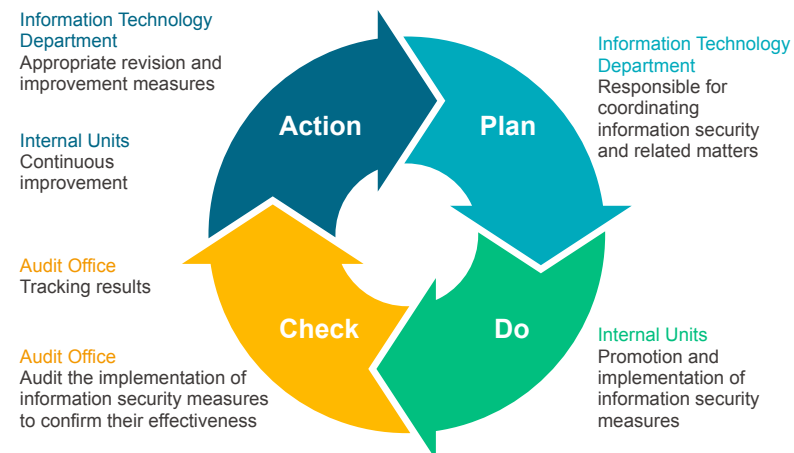
Information security risk management framework, information security settings, specific management plans, and investment in information security management resources:

1. Information security policy

To establish a secure and reliable IT environment, ensure the confidentiality, integrity, and availability of the Company's computer data, systems, equipment, and information assets, and comply with relevant laws and regulations in order to avoid deliberate or accidental threats from both internal and external sources.

2. Information security risk management framework

The "Information Office" is responsible for coordinating information security and related matters. The Audit Office manages and regularly conducts internal audits according to relevant internal control procedures, and submits audit reports (including follow-up reports) to independent directors for review, and reports audit operations to the Board of Directors.



3. Information security management solutions

(1) Scope of implementation:

Management of all the Company's information assets, systems, equipment, programs, data, and personnel related to computers, information and network services, including outsourced vendors, visitors and other authorized personnel, services, and infrastructure.

(2) Management methods:

Item	Measures
1. Personnel safety management and education and training	- If an employee's job duties involve the use of computer facilities or access to confidential and sensitive information, they shall be subject to relevant confidentiality maintenance requirements in accordance with applicable regulations and receive information security education and training. - Users shall be responsible for keeping and regularly updating their passwords, and for maintaining the complexity and confidentiality of their passwords. - The Company organizes information security-related education and training courses for internal employees from time to time.
2. Computer host security management	- Computer hosts or servers storing confidential and sensitive data should implement enhanced identity authentication mechanisms in addition to the existing security settings of the operating system. This prevents unauthorized users from stealing or intercepting login passwords when transmitting data via remote dial-up or the Internet, and prevents impersonating legitimate users to log in to the host and steal or damage the data. - It is prohibited to use or open software of unknown origin and uncertain content, as well as portable storage devices (including devices that transmit data through personal computer peripherals such as USB ports, Bluetooth, and wireless networks, and portable disks, memory cards, flash drives, external hard drives, optical discs, smartphones, etc.).
3. Data security management	- Protect important data files from loss, damage, forgery, or tampering. Appropriate permissions will be automatically set for data file servers or data file systems when files are exported or transferred based on the file's confidentiality level. - Depending on the nature of the user's responsibilities, different data access permissions are granted. Access records for important files or sensitive data are maintained for audit purposes, to prevent data leakage or unintentional modification.

Item	Measures
4. Network security management	- Each main server in the network system should have a backup server for use when the primary operating server is not functioning normally. - The Company has set up a firewall and anti-virus software to isolate illegal connections between the internal network and the Internet, and to block computer viruses and malicious software from invading or illegally accessing data.
5. Equipment safety management	- Protection of equipment locations: Information equipment should be placed in an appropriate location and protected to reduce the risk of environmental security incidents and the opportunity for unauthorized access to the system. - Power supply: Information equipment should be installed to prevent damage caused by power outages or other power irregularities, and should use an uninterruptible power supply system. - Equipment maintenance: Information equipment should be properly maintained to ensure its integrity and continuous usability. Maintenance work may only be performed by authorized personnel, and a record of maintenance status must be kept.
6. Physical environment security management	- Equipment and software used for backup operations should be stored at a safe distance away from the computer room to prevent damage. - The computer room's air conditioning, temperature and humidity, power supply, smoke detection, fire alarm, waterproofing, and leak prevention, and other automatic warning notification systems monitor the computer room's operations around the clock to ensure the safety of the room's facilities.

4. Implementation status of information security management

(1) Management operations

Time	Implementation in 2024
Education and training	- Information security and data protection promotion (quarterly) - Employee information security education training and examination (April)
Inspection operations	- Mail records control - Encrypted file decryption control and verification

Time	Implementation in 2024
Protection mechanism	- Microsoft Defender has been introduced to strengthen the operating system and email protection mechanisms, and to provide Microsoft security recommendations and vulnerability risk information - The operating system environment and antivirus software are updated automatically according to security recommendations
Backup drills	- Backup system switch (monthly), system restoration - Computer room environment, power equipment inspection, and switching test (monthly)

(2) Management indicators

Information Security Indicators	Information Security Customer Complaint Incident	External Damage, Data Theft, or Virus Threats	Abnormality of Information Systems or Equipment Affecting Operations
Statistics of incidents in 2024 (cases)	0 case	0 case	0 case

(3) Resources invested in information security management

Item	Description
Designated personnel	Two information security personnel are assigned to the "Information Office" to be responsible for the planning and technical implementation of the Company's information security, in order to maintain and continuously strengthen information security.
Customer satisfaction	There were no complaints regarding loss of customer data.
Education and training	- All new employees must complete the information security education and training courses before starting work - All employees have completed online information security education and training, and passed the assessment

3

Sustainable Supply

3-1 Industry Supply Chain

3-2 Supply Chain Management

3-3 Innovation and Quality Excellence



3.1 Industry Supply Chain

3.1.1 Main Products and Their Uses

Current Product Lines and New Products Planned for Development

Products	Current Products	New Products Planned and Developed
Basic Chemicals	- Concentrated sulfuric acid, fuming sulfuric acid, various dilute acids - Chlorosulfonic acid - Aluminum sulfate, polyaluminum chloride - Manufacturing, trading, and sales of liquid alkali, hydrochloric acid and various inorganic chemicals	Water treatment product application
Specialty Chemicals	- OEM series - Dye intermediates - Resin monomers for electronic industry applications - Self-developed projects - Functional fiber intermediates - Toluene sulfonation series products - Special dye intermediates - Special modified plastic resin monomer - Trade and sales of phosphate products and surfactants	- Special functional resin/plastic raw materials 5G/6G/automotive related materials - Special functional resin/plastic raw materials

Products	Current Products	New Products Planned and Developed
Electronic Chemicals	- OEM series - Electronic grade solvent product packaging/mixing - Photoresist developer products - Photoresist stripping agent - Self-developed projects - High-purity semiconductor-grade sulfuric acid - Yellow light process developer (agent) - Metal etching liquid (agent) - Solvent cleaning liquid (agent) - Electronic grade solvent products	- Wet electronic chemicals OEM/ODM - Various solvents, mixture of acids and bases, contrast agent and special formula products for electronics industry

The Three Main Product Lines are Described as Follows

a. Basic Chemicals

The Company is engaged in the business of basic chemicals. These basic chemical raw materials are widely used across various industries, including chemicals, light industry, textiles, metallurgy, petroleum, medicine, and other industries. The acid-base industry is the foundation of chemistry and the mother of the broader chemical industry. Consequently, the manufacturing of most industrial products relies directly or indirectly on the application of acid or alkali chemicals. Given their widespread industrial use and the fact that domestic economic development is primarily industry-based, the product known as the mother of the chemical industry will have a stable demand in the overall economic market. Founded over half a century ago, Chung Hwa Chemical has participated in the challenging journey of domestic economic development and witnessed the dynamic development of the domestic chemical industry. Rooted in the acid-base industry, the Company primarily supplies basic chemical materials and manufactured products to other industries. Therefore, this industry is characterized by being a major upstream industry. By leveraging the upstream to drive the downstream, the economic value chain is derived and rooted downstream, ensuring an increasingly stable future for the entire basic chemical industry. This foundation allows the Company to extend product applications and drive the development of higher value-added products.

In recent years, environmental awareness has risen significantly. In response to future market trends in international chemical products, the global circular economy will present both significant opportunities and challenges for the entire industry. Chung Hwa Chemical is actively developing and expanding its presence in the circular economy field of basic wastewater treatment. By integrating market regulations and meeting customer needs, Chung Hwa Chemical aims to expand into new business areas and enhance the Company's sustainable operating capabilities.

b. Specialty Chemicals

Specialty Chemicals are high-value products of the petrochemical industry. The definition and scope of Specialty Chemicals in Taiwan can be divided into eight categories according to the type of product, including eight major areas such as plastic additives, coatings, dyes and pigments, adhesives, surfactants and cleaning products, cosmetics, electronic chemicals and other Specialty Chemicals.

Phosphate rock and sulfuric acid are necessary raw materials for the production of industrial phosphates. Fluctuations in raw material prices pose a challenge to corporate profits, but the widening gap between supply and demand further affects the price trends of industrial phosphates. Many manufacturers in Europe and North America have even increased their production capacity through acquisitions and mergers to increase product mix and strengthen their business.

As for the industrial phosphate market, industrial phosphates are used in a variety of foods, including bread, seafood, dairy products, and poultry products. Phosphorus is an essential mineral for the human body, with natural foods or food phosphate additives being the primary sources of intake. These products are naturally present in almost all foods. Beyond their use as food additives to improve quality, enhancing food structure and texture, they also function as mineral nutrition enhancers. The increasing awareness of consumer health and changing dietary patterns have led to increased consumption of food-grade phosphates, thereby driving the growth of this industry. The demand for industrial phosphates is driven by the need to maintain moisture and flavor, prevent lipid oxidation and extend shelf life, as well as increase the application range of seafood products. Favorable government regulations by the FDA and the USDA regarding the use of products in the food industry will drive product demand.

As technology continues to advance at a rapid pace, materials science is also experiencing continuous breakthroughs. Therefore, the field of specialty chemistry plays a key role in technological innovation. Nanomaterials, optoelectronic materials, and semiconductor materials are all areas where specialty chemistry is used. The Company has been operating in the specialty chemicals field for over 20 years. Through continuous application and strengthening of core capabilities, along with continuous learning and hard work, our sales and profit ratio in specialty chemicals have increased year by year in recent years.

In recent years, people's reliance on electronic consumer products has gradually increased. 5G/6G/automotive-related high-end electronic products are also becoming key areas of development for the future consumer electronics market. By integrating Chung Hwa

Chemical's monomer synthesis technology and mass production experience in recent years, we are actively developing customized special resin monomers and services, focusing on the special resin market for plastics and coatings applications, enhancing product specialization and quality, increasing the gross profit of specialty chemical products, and optimizing the business structure of our products. By gradually deepening the development of novel product technologies and strengthening development efficiency, we will establish the fine and high serviceability of our specialized departments in the market, and look forward to playing an important role as a supplier of special raw materials in the chemical fiber coatings/electronic materials and other markets.

c. Electronic Chemicals

Electronic Chemicals generally refer to the chemical products, raw materials, and related materials used in the production and assembly processes of the electronics information industry. Currently, the related industries with a wide range of applications include integrated circuits (IC), packaging and testing (bumping), displays (LCD, Micro LED), printed circuit boards (PCB), and communications. Electronic Chemicals have a wide range of products and technologies. The scope of products includes gases, high-purity chemicals, and various types of metals, plastics, resins, ceramics, and ordinary and high-purity organic or inorganic compounds and mixtures. In response to the future development trend of international chemical products and the increasing demand for advanced semiconductor wafer processes, Chung Hwa Chemical will continue to enhance product quality to meet the specialized formulation and new specification development needs of clients in the optoelectronics, packaging, and semiconductor markets. At the same time, the Company is accelerating its development of wet electronic chemicals and advanced chemicals, continuing its expansion into the semiconductor, memory, and packaging and testing (bumping) industries.

3.1.2 Industry Overview

1. Industry status and development

Chung Hwa Chemical belongs to the chemical materials manufacturing industry, which can be divided into basic chemical materials manufacturing, petrochemical raw materials manufacturing, artificial fiber manufacturing, fertilizer manufacturing, and synthetic resin, plastic and rubber manufacturing. Overall, it covers the upstream and midstream sectors of the petrochemical industry. The chemical industry in a broad sense refers to the industry that uses organic or inorganic raw materials to manufacture intermediate materials and downstream products and other chemicals. Chemicals are the foundation of everyday industries and technology industries, and they are inseparable from a country's economy. If differentiated by production volume and composition, chemicals can be divided into basic (bulk) chemicals and Specialty Chemicals. The difference between the two lies in the fact that basic (bulk) chemicals are sold solely by their chemical ingredients, consisting of a single chemical substance, produced in large quantities, and having a relatively lower added value compared to specialty chemicals. Specialty chemicals, on the other hand, are typically compounds or formulations, characterized by complex structures and high technical barriers, and are often sold based on functionality or specific applications, with a relatively higher added value than basic chemicals.

2. Relationship between upstream, midstream, and downstream industries

The acid-base industry is the foundational industry of chemistry and the mother of general chemical industries. Its industrial structure falls into the category of upstream and midstream chemical raw materials and the production of most industrial products relies on basic chemical raw materials (acids and alkalis). Due to the wide variety of types, the acid industry is particularly prominent. Therefore, the figure below illustrates sulfuric acid and its related industries. Regarding specialty chemicals, the Company is engaged in the production and development of various chemical product intermediates, which are widely used across various chemical industries. These intermediates are also considered foundational raw materials for the specialty chemical industry, with applications in sectors such as dyeing and finishing, electronics, optoelectronics, synthetic fibers, inks, and other related industries. Furthermore, the Company has developed conductive polymer materials that will be widely used in passive components and other electronic product industries.

The chemical industry is not only related to traditional manufacturing industries, but its basic theory is also the basis of various applied sciences. In recent years, it has become closely linked to technologies such as biochemistry, polymers, aerospace materials, medicine, semiconductor electronic materials, photo-electrochemical engineering, polymer science, pollution control and other technologies, becoming both a traditional industry and a part of the high-tech industry. Electronic Chemicals are one of the indispensable elements in the production process of electronic information products. Although they account for a small percentage of the cost, they occupy a significant position in the industry. While the sales volume of related manufacturers is not large, the technical threshold is high and the gross profit margin is substantial. Therefore, they are a key source of revenue for many international chemical companies. For Taiwan, a global hub for electronics and information products, mastering upstream key components, materials, and even chemicals has become a crucial factor in the development of the country's technology industry. Electronic materials are the upstream of the information and electronics industry and the rock of the electronics industry. For the chemical industry, electronic materials are part of the Specialty Chemicals. Although the market value is not as high as that of the petrochemical industry, it has high added value. It can be said that electronic materials are the intersection of the chemical industry and the electronic industry.

3. Trends and competition in product development

The chemical industry is a major pillar of Taiwan's manufacturing sector and holds an important position in the international market. However, the industry faces challenges such as rising raw material costs, declining profits, and increasing competition as the international environment changes. Furthermore, growing awareness of environmental protection and human health has resulted in stricter policies and regulations, prompting the Company to actively seek transformation. The current business running is focus on upgrading product levels, developing environmentally friendly alternative products, and increasing added value. In line with the promotion of "Global Harmonized System" (GHS), the hazard classification and labeling of chemicals have been implemented since 2016 to strengthen the safety management of workers over the handling of chemical operations in chemical industry workplaces.

From the perspective of industrial development, specialty chemicals represent a highly technical field within the chemical industry, characterized by an imbalance in supply and demand and a high degree of innovation. They are key to supporting a diverse range of industries, including electronics, machinery, aerospace, information technology, biotechnology, automotive, and environmental protection. However, global production and technology in specialty chemicals are largely concentrated in a few leading multinational corporations such as Germany's BASF, Bayer, and Henkel, the United States' DuPont and Dow, the United Kingdom's BP, Switzerland's Clariant, France's TOTAL, and the Netherlands' Akzo Nobel. Taiwan's specialty chemical industry still lags considerably behind these countries in terms of international market competitiveness, technology, and sales. Therefore, it is crucial to actively build R&D capabilities and specialized expertise, and to leverage Taiwan's strategic position as a hub in the Asian market to participate in international trade organizations in order to maintain its position in the global market.

Today's global chemical industry is no longer an industry that remains stagnant and whose performance only changes with fluctuations in the economy and product price. Products in the chemical industry are widely used by other industries. Recent new industry trends such as electric vehicles and smart grids have opened up new potential markets for chemical companies. To fully capture the value of both new and existing markets, many chemical companies around the world are also leveraging new technologies to digitally transform various areas of the value chain.

3.1.3 Supply Chain Structure

The Company has comprehensive supply capabilities spanning upstream raw materials, midstream functional chemicals, and downstream application services, providing one-stop chemical solutions for domestic and foreign customers.

1. Upstream products: We supply a variety of basic chemicals and water treatment raw materials, providing a stable and quality-controlled source of raw materials for midstream and downstream processes, including:

- Sulfuric acid, liquid alkali, hydrochloric acid and other inorganic acids and bases
- PAC (poly aluminium chloride), phosphates, and other commonly used water treatment agents
- The products are widely used in environmental protection projects, industrial water treatment, public sector tenders, and diversified manufacturing industries.

2. Midstream products: We are committed to the production and sales of various specialty chemicals and electronic chemicals, including:

- Semiconductor-grade wet chemicals (developer, etching solution, photoresist stripper, etc.)
- Special polymer monomers, engineering plastic additives, functional solvents and cleaning fluids
- Chemical materials for advanced packaging
- These products are mainly supplied to the semiconductor, optoelectronics, polymer processing, and new material R&D industries, and have high purity and high technical thresholds.

3. Downstream products: We provide OEM/ODM and technical integration support to assist customers with formulation development, production transfer, and process application optimization. The service targets include:
- Domestic and foreign semiconductor and electronics manufacturers
 - High-end engineering plastics and optoelectronic materials processing plant
 - Water resource treatment units and government tender projects

Upstream Suppliers in the Value Chain

The Company's suppliers provide equipment maintenance, technical services, distribution services, products, and services. In 2024, we had a total of 64 suppliers, and local suppliers accounted for 78.5% of procurement budget in Taiwan, our important operating location.

Upstream Supplier Summary in 2024

Type of Supplier	Number of Suppliers	Distribution by Region	Content of Services or Products provided by Suppliers	Business Relationship	Percentage of Suppliers' Procurement Amount
Raw materials	43	Taiwan*29 China*9 India*2 USA*1 Korea*1 Japan*1	Raw materials	Long-term	59% 21% 15% 1% 3% 1%
Engineering/equipment	21	Taiwan*19 Japan*1 China*1	Equipment and maintenance, technical services, engineering	Long-term	98% 1% 1%

Downstream Customers in the Value Chain

The Company's service scope covers a wide range of downstream customer groups. According to customer type, manufacturers currently represent the largest proportion of our downstream customer base at 49%, followed by distributors at 47%, and government agencies, accounting for approximately 3%. This distribution reflects the Company's core position in the industrial and high-tech material supply chain and its stable cooperative relationship with multiple markets.

We mainly provide a wide range of chemical sales services and customized product development, assisting customers in designing exclusive formulas based on their manufacturing process conditions and application needs to create long-term value for both parties. For public sector businesses, our focus is on participating in various public tenders, supplying basic chemicals and agents for water treatment, environmental protection, and general industrial purposes, actively responding to the government's needs for public services and sustainable development.

Looking forward, the Company will continue to deepen its focus in three core areas: semiconductor materials, specialty polymers, and water treatment chemicals. Leveraging its existing technological foundation and market trust, it will develop more product applications and market opportunities. In the semiconductor sector, the Company has benefited from steady growth in demand from downstream customers compared to last year. With the global semiconductor industry gaining momentum, we are also fully cooperating with the simultaneous upgrade of our semiconductor customers and supply chains, actively moving towards the application of high-end resin materials and the circular economy of chemical products.

In the volatile market environment, the Company will continue to strengthen its cooperation with downstream customers, both in depth and breadth, grasp market and industry trends, and strive to provide high value-added solutions to expand the next wave of growth momentum.

Summary of Downstream Customers in 2024

Downstream Type	Quantity (household/person)	Distribution by Region	The Company Provides Services or Products	Business Relationship
Manufacturer	189	Taiwan*184 USA*2 Italy*2 Japan*1	Product sales	Long-term
Distributor	181	Taiwan*174 Thailand*2 USA*1 Canada*1 Singapore*1 Malaysia*1 Vietnam*1	Product sales	Long-term
Government agencies	13	Taiwan*13	Product sales	Contract
Consumers	3	Taiwan*3	Product sales	Short-term

3.2 Supply Chain Management

3.2.1 Supply Chain Management Policy

The Company is committed to promoting the sustainable development of its suppliers through an effective supplier management system. We conduct comprehensive management and monitoring of suppliers' labor, health & safety, environmental protection, ethical standards, and management systems. If other standards are adopted, audits and management will be conducted based on relevant aspects such as environmental, social, and governance (ESG). We require all new and existing suppliers to adhere to this policy as a guiding principle, working together towards goals of sustainable development and environmental protection.

The Company's Supply Chain Management Policy includes the Following Three Main Stages:

1. New supplier evaluation: Perform a comprehensive risk evaluation and compliance inspection for new suppliers to ensure they meet the Company's standards in labor, environmental responsibility, and ethics.
2. Risk management for existing suppliers: Existing suppliers are regularly assessed and undergo risk management to ensure continued compliance with our standards and ongoing improvement in their sustainable development performance.
3. Supplier improvement guidance: Provide necessary improvement guidance and support to suppliers with identified problems, to help them improve their management system and operational efficiency.

The Scope of Suppliers Covers:

- Raw material suppliers
- Engineering contractors

Through these management measures, we will be able to ensure that our suppliers meet our expectations regarding social responsibility and environmental protection, and contribute to a sustainable future together.

3.2.2 Results of Supply Chain Audit

Through risk assessment and supplier review management operations, we examine their social responsibility and environmental performance, and assist suppliers in fulfilling their corporate social responsibility and improving their environmental management capabilities. Regarding supplier management, all suppliers must pass an evaluation to be listed as qualified suppliers for our business dealings. Qualified suppliers undergo regular annual evaluations covering environmental (E), social (S), and governance (G) aspects, with on-site evaluations and audits scheduled based on the level of cooperation.

Item	Weight (%)	Description
Quality (G)	30%	Product quality, inspection pass rate, defective rate
Environmental, safety, and health management (E)	30%	Comply with environmental, safety, and health standards
Delivery period (G)	20%	On-time delivery rate, number of delayed days
Price (G)	10%	Cost-effective, price-competitive
Warranty and technical expertise (G)	5%	Warranty service, technical support capabilities
Service flexibility (S)	5%	Resilience, customized services

If a qualified supplier experiences delivery (work) delays, poor quality, or violations of workplace safety regulations, they will be included in the evaluation mechanism to identify high-quality partners for long-term cooperation. Supplier management is mainly performed through the following methods:

Supplier Selection, Audit Projects	Detailed Information
Written assessment	Preliminary screening based on written materials
Sample evaluation	Evaluate product quality through sample testing
Audit evaluation	On-site visits and audits to assess suppliers' production capabilities, quality control, etc.
Qualification certification	Qualified suppliers have passed qualification certification and are registered in the system
Registered as a qualified supplier after approval	After passing qualification certification, suppliers will be officially recognized and registered
Conduct annual periodic evaluations	Conduct regular supplier assessments annually
Performance grading	Grade A: 90-100 points (prioritize collaboration) Grade B: 70-89 points (available for order) Grade C: 60-69 points (request for improvement) Grade D: Below 59 points (no transactions allowed)
Formulate annual audit plans and conduct on-site evaluations	Periodically audit and conduct on-site evaluations to ensure suppliers' quality meets requirements
Irregular communication	Irregular communication and feedback with suppliers
Improve through supplier rating and selection	Propose improvement requirements for deficiencies based on the supplier selection results

Raw Material Supplier Evaluation Results for 2020-2024

Year	2020	2021	2022	2023	2024
Number of appraisers	38	33	40	48	43
Pass rate	100%	100%	100%	100%	100%

2020-2024 Contractor Evaluation Results

Year	2020	2021	2022	2023	2024
Number of appraisers	37	42	20	26	21
Pass rate	100%	100%	100%	100%	100%

3.3 Innovation and Quality Excellence

3.3.1 R&D and Innovation

In recent years, China's petrochemical production capacity has been continuously expanding, and the large scale of this expansion has severely impacted the supply-demand balance, leading to a state of oversupply in the petrochemical industry. According to the IEKView research team of the Industrial Technology Research Institute, the overcapacity in the petrochemical industry is expected to persist until 2028 before it can be improved. The production and development of bulk raw materials face significant challenges, and introducing product differentiation and transformation is key to breaking through operational difficulties. The Company focuses on the development and deployment of key materials in R&D and technology, strengthens its business model of technical services, and gradually cultivates the upstream, midstream, and downstream industrial supply chains. We provide a stable supply of products while ensuring quality, thereby enhancing customer favorability for our brand and establishing sustainable customer relationships. Today, the Company has accumulated many years of experience in OEM and continues to refine its technology, diversifying its involvement in key materials such as electronics and specialty chemicals from multiple aspects. Looking forward, we will focus on stabilizing the supply chain and continuously introducing new products into the industrial supply chain. In addition, we are evaluating the introduction of recycled materials to achieve waste reduction and resource recovery, aligning with the principles of the circular economy and sustainable resource utilization. Coupled with a newly established project management system, this will accelerate new product development, enabling the Company to keep pace with international environmental trends and serve as the basis of our future development strategies, and align with the goals of corporate and environmental sustainability.

3.3.2 Quality Management

Product Quality and Reliability

Customers are one of Chung Hwa Chemical's important stakeholders. We value customer needs and are committed to building strong cooperative relationships. Chung Hwa Chemical has followed the ISO 9001 quality management

system and adheres to the spirit of continuous improvement. Through a customer-oriented management process, encompassing customer needs management, product design and development, production and manufacturing, and after-sales service (including customer service, customer satisfaction, and complaint handling), we operate a systematic management system to provide customers with high-quality products and reliability. This approach consolidates existing customers and attracts new ones, ultimately achieving our goal of sustainable business operations.

The Company's Quality Policy is as Follows:



Based on the Above Policies, We are Committed to:

Continuously providing customers with excellent products and services to increase the Company's profits and market share. One of the best strategies to achieve this goal is to implement continuous product quality improvement (CIP). Through this activity, we aim to instill the belief of "persisting in continuous improvement, meeting customer needs, implementing quality management, and creating competitive advantages" into the daily lives and work of every employee. This activity will further enhance the quality of our products and services, ultimately ensuring customer satisfaction. We hereby declare our full support for the participation and responsibility of our employees in the continuous product quality improvement activity (CIP).

Product Recall Management Mechanism

We have established a comprehensive product traceability mechanism. From raw material supply, production process, and product distribution to inventory management, a comprehensive production history is available for traceability throughout the entire process. When necessary, product recalls and cause analysis can be conducted through the product traceability mechanism. Recalled products will be subject to cross-departmental discussions based on the non-conforming product control process to determine the most appropriate disposal method, and will not be released to customers. Simultaneously, an improvement team will be established in accordance with the corrective and preventive control procedures to implement necessary corresponding measures to prevent recurrence of the cause.



4

Environmentally Friendly

4-1 Energy Governance

4-2 Emission monitoring

4-3 Water Source Control

4-4 Waste Management



4.1 Energy Governance

4.1.1 Energy Management

As energy shortages, global warming, and climate change become increasingly severe, energy management and energy transition are key components of international energy policy. The selection and consumption of energy are closely related to company costs, the environment, safety and other issues. Improving energy efficiency and reducing energy consumption will help save costs and mitigate the impact of climate change.

In order to effectively improve the Company's energy efficiency, we conduct an energy resource inventory according to the ISO 14064-1:2018 greenhouse gas inventory standard, monitor and directly measure energy usage through on-site instrumentation, and estimate in-plant energy consumption through data collection and analysis. The utilities department is responsible for integrating energy usage across all operating locations, understanding the primary energy types used in each area, and developing energy-saving improvement plans and short, medium, and long-term targets. The utilities department regularly monitors the implementation of energy policy and adjusts energy plans as appropriate to ensure energy-saving targets are achieved. The Company also strengthens the promotion of its energy conservation policy and organizes related promotional activities and educational training courses to enhance employees' awareness of energy conservation and carbon reduction.

Chung Hwa has established an intelligent digital power monitoring platform to analyze energy consumption efficiency through systematic management, seek effective energy use, and lay the foundation for green factories. In addition, Chung Hwa continuously monitors the power system and adopts variable frequency and energy-saving equipment to reduce the electricity load.

Energy Management Policy

- Establish a dedicated unit for energy management, formulate energy management-related systems and energy-saving goals.
- A real-time monitoring platform for plant-wide energy consumption detects anomalies immediately.
- Strengthen the promotion of energy conservation concepts, such as energy conservation knowledge education and training, energy conservation case studies, and expert exchange and sharing.
- Track the effectiveness of energy conservation projects and include performance in rewards.
- Purchase equipment with energy-saving labels and introduce energy-saving design products and processes.
- Establish an appropriate energy strategy and engage all employees to promote sustainable business operations.

4.1.2 Energy Consumption

The total energy consumption of Chung Hwa Chemical in 2024 was 74,656 GJ, with energy intensities of 35.84 (GJ/NTD million in operating revenue), 281.7 (GJ/employee), and 51.69 (GJ/tons of waste). The Company's energy consumption was primarily derived from purchased electricity, accounting for approximately 81.41% of total energy consumption. The remaining energy sources comprised 8.14% for natural gas and 10.45% for gasoline/diesel.

In 2024, the Company's energy intensity decreased compared to 2023 due to the elimination of old motors and the adoption of energy-saving equipment. In the future, the Company will continue to monitor the energy management system and optimize energy consumption, develop green energy, use renewable energy, and install solar panels to help reduce energy consumption.

Energy consumption analysis table of Chung Hwa Chemical

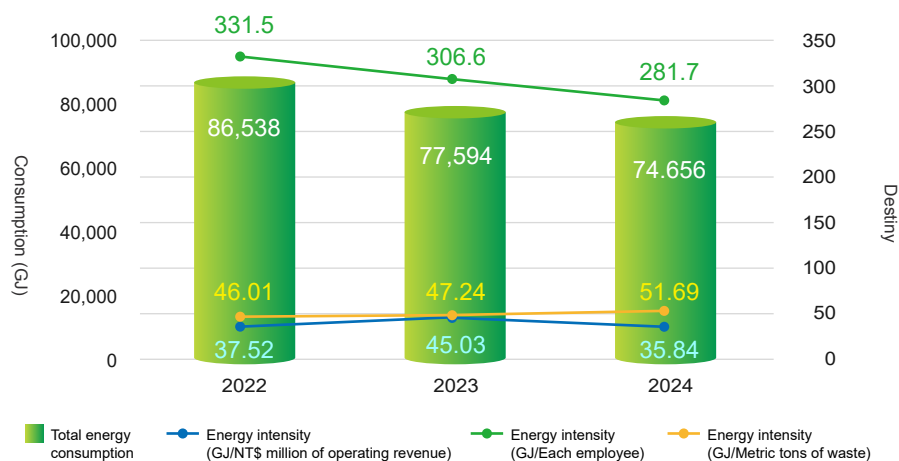
Unit: Gigajoules (GJ)

Energy Consumption Item		Energy Consumption ^(Note)			Percentage of Energy Consumption		
		2022	2023	2024	2022	2023	2024
Purchase of renewable energy	Purchased electricity from renewable fuels	0	0	0	0	0	0
Purchase of non-renewable energy	Fossil fuels	11,404	10,143	13,878	13.18	13.07	18.59
	Purchased electricity	75,134	67,451	60,778	86.82	86.93	81.41
Total renewable energy consumption		0	0	0	0	0	0
Total consumption of non-renewable energy		86,538	77,594	74,656	100	100	100

Energy Consumption Item	Energy Consumption (Note)			Percentage of Energy Consumption		
	2022	2023	2024	2022	2023	2024
Total energy consumption	86,538	77,594	74,656			
Energy intensity (GJ/NT\$ million of operating costs)	42.72	50.67	41.20			
Energy intensity (GJ/NT\$ million of operating revenue)	37.52	45.03	35.84			
Energy intensity (GJ per employee)	331.5	306.6	281.7			
Energy intensity (GJ/Metric tons of waste)	46.01	47.24	51.69			

Note: Energy consumption is calculated by multiplying the energy usage by the unit calorific value and converting it into gigajoules (GJ).

Total Energy Consumption and Intensity Within the Organization Over Three Years



4.1.3 Energy Saving Measures

With 2021 as the base year, Chung Hwa Chemical will implement energy-saving planning and design through energy management policies, prioritize equipment efficiency in equipment updates and improvements, and set a goal to reduce energy consumption by 14% by 2025. In 2024, the Company adopted the following measures, which resulted in a total energy saving of 631.6126 GJ and a reduction of 86.6516 metric tons of carbon dioxide equivalent (tCO₂e) emissions.

Contents of measures: An organic rankine cycle (ORC) power generation system was built to recover energy from steam generated daily by the Company's product manufacturing process. In the past, the Company's daily steam output was primarily used for heating in other facilities. Excess steam was condensed and directly discharged into the atmosphere, resulting in energy waste. Through the installation of ORC equipment, excess steam originally discharged into the atmosphere is recovered and converted into electricity, which is then directly supplied to the factory's equipment to reduce the Company's overall electricity load.

Comparison of specific specifications and performance: Before the improvement, the Company's excess steam was directly discharged after condensation, resulting in no energy recovery benefits and increased greenhouse gas emissions. After the improvement, the excess steam was converted into usable electricity through the ORC equipment. The system's actual power generation was approximately 290-430 kWh. After deducting the power consumption of the 60HP cooling water pump and the equipment itself, the average net power generation was approximately 341 kWh.

This equipment not only effectively reduces energy waste but also lowers greenhouse gas emissions. Furthermore, it reduces dependence on external grids through waste heat recovery technology, thereby effectively lowering energy costs and enhancing the Company's overall profitability and market competitiveness. In addition, the ORC system also promotes decentralized energy supply and energy reuse within the factory, aligning with the Company's long-term strategic goals of environmental protection and sustainable development.

Energy conservation analysis table of Chung Hwa Chemical

Energy Saving Measures	Energy Type	Calculation (identification) Model	Energy Saving	Energy Saving (GJ)	Energy Saving (tCO ₂ e)
Waste heat power generation	Electricity	Electricity meter statistics	175,408 kWh	631.6126 GJ	86.6516 tCO ₂ e
Total				631.6126 GJ	86.6516 tCO ₂ e

4.2 Emission Monitoring

4.2.1 Greenhouse Gas Inventory

Chung Hwa Chemical has adopted the ISO 14064-1:2018 standard as the basis for this greenhouse gas inventory. The organizational boundary is defined using the operational control approach in accordance with the requirements of the region's competent authorities. The operational control approach is prioritized, and direct emissions from fixed and mobile combustion within the boundaries are inventoried. We measure the significance of emission sources based on frequency of occurrence, degree of impact, quantification method, and risk level, using these factors as the criteria for inclusion of categories 3 to 6 in the inventory. We also outsource verification to an external third party. Starting from 2021, the Company has conducted annual greenhouse gas inventories and uses this as the base year to regularly assess and control the organization's greenhouse gas emissions.

Starting from 2024, Chung Hwa Chemical has completed external verification according to ISO 14064-3:2019 and complied with the requirements of ISO 14064-1:2018. The certificate is attached.

The organizational boundaries for this year include Taoyuan Plant No. 1, Taoyuan Plant No. 2, and Changhua Plant, which are consistent with the scope of Chung Hwa Chemical's financial statements. The reporting boundary includes Category 1 (stationary emission sources, mobile emission sources, process emission sources, fugitive emission sources, etc.), Category 2 (external purchased electricity), Category 3 (upstream and downstream transportation and distribution, employee commuting, waste transportation, etc.), and Category 4 (lease and use of upstream assets, waste disposal, etc.). The report identifies the main sources of greenhouse gas emissions within the reporting boundary. The types of greenhouse gases include carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), and hydrofluorocarbons (HFCs), a total of four.

We use the metric ton emission factor method to calculate annual CO₂e by multiplying activity data by the emission factor and global warming potential (GWP value). The unit of calculation is metric tons of carbon dioxide equivalent (tCO₂e). The source of the emission coefficient is the "Greenhouse Gas Emission Coefficient Management Table" (Version 6.0.4) published by the Environmental Protection Administration, Executive Yuan, and the GWP value is based on the value published by the IPCC (Sixth Assessment Report). Activity data sources include continuous emissions monitoring systems (CEMS), engineering calculations, mass balances, and other supporting documents.

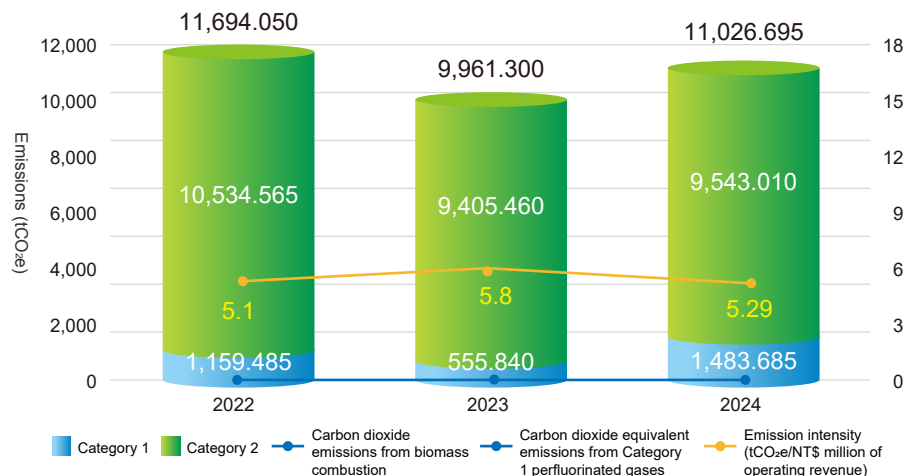
The emissions of Category 1 greenhouse gases in 2024 were 1,483.685 tCO₂e, Category 2 emissions were 9,543.010 tCO₂e, and Category 3 to 6 emissions were 25,740.921 tCO₂e. Total emissions within the reporting boundary were 36,767.616 tCO₂e. Using total revenue (NT\$ million), number of employees, and tons of waste as intensity conversion units, the emission intensity was 17.7 tCO₂e per NT\$ million of operating revenue, 138.7 tCO₂e per employee, and 25.5 tCO₂e per metric ton of waste.

Analysis Table of Greenhouse Gas Emissions (including Categories 3-6 from 2024)

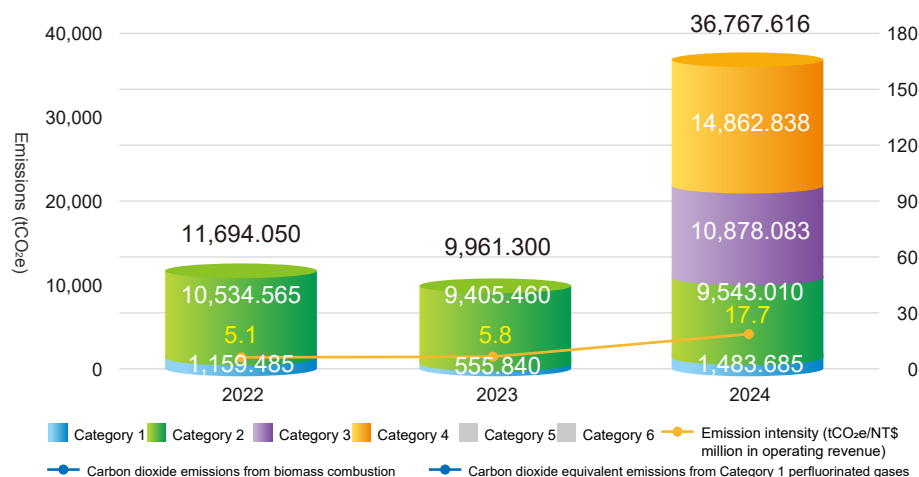
Unit: tCO₂e

Greenhouse Gas Emissions	2022	2023	2024
Category 1	1,159.485	555.840	1,483.685
Percentage (%)	9.9	5.6	4.0
Category 2	10,534.565	9,405.460	9,543.010
Percentage (%)	90.1	94.4	26.0
Category 3	0.000	0.000	10,878.083
Percentage (%)	0.0	0.0	29.6
Category 4	0.000	0.000	14,862.838
Percentage (%)	0.0	0.0	40.4
Category 5	0.000	0.000	0.000
Percentage (%)	0.0	0.0	0.0
Category 6	0.000	0.000	0.000
Percentage (%)	0.0	0.0	0.0
Total greenhouse gas emissions (Categories 1 and 2) tCO ₂ e	11,694.050	9,961.300	11,026.695
Total greenhouse gas emissions (Categories 1 to 6) tCO ₂ e			36767.616
Emission intensity (tCO ₂ e/NT\$ million in operating cost) Category 1 and Category 2	5.774	6.506	6.082
Emission intensity (tCO ₂ e/NT\$ million in operating revenue) Category 1 and Category 2	5.1	5.8	5.29
Emission intensity (tCO ₂ e/NT\$ million in operating revenue) Categories 1 to 6			17.7
Emission intensity (tCO ₂ e/Employee)	44.8	39.4	138.7
Emission intensity (tCO ₂ e/Metric tons of waste)	6.2	6.1	25.5

Category 1 and Category 2 Greenhouse Gas Emissions and Emission Intensity



Category 1 to Category 6 Greenhouse Gas Emissions and Emission Intensity



4.2.2 Greenhouse Gas Reduction

In 2021, Chung Hwa Chemical began inventorying greenhouse gas emissions and established a base year. We have set short-term targets to reduce Category 1 and Category 2 emissions by 18% by 2026 compared to the base year, and a long-term target to reduce Category 1 and Category 2 emissions by 33% by 2030 compared to the base year. Currently, the emissions (Category 1 and Category 2) covered by these reduction targets account for 30% of the Company's total emissions. We plan to invest NT\$24 million and implement the following actions, along with regular tracking of results and performance:

1. Energy management system upgrade, implementation method: Introduce an advanced energy management system to monitor and optimize energy consumption in real time; implementation obstacles include high initial investment costs and the need for employee training
2. Promote renewable energy, implementation method: The installation of solar panels on the rooftops of the Company's buildings will increase the proportion of renewable energy used. The main obstacle during implementation is that construction may affect daily operations

Among them, the upgrade of the energy management system and the promotion of renewable energy are formulated to comply with the requirements of the Greenhouse Gas Reduction and Management Act and the Climate Change Response Act. Currently, the upgrade of the energy management system and the promotion of renewable energy are being continuously implemented.

We have adopted the ISO 14064-1 methodology and greenhouse gas emission calculation tool. We estimated and modeled emissions for Category 1 and Category 2 emissions, and concluded that Chung Hwa Chemical's greenhouse gas emissions in 2024, due to emission reduction actions, would be reduced by 905 tCO₂e compared to the base year of 2021. In terms of emissions intensity, this year's emissions intensity decreased by 7.59% (Categories 1 and 2), achieving our 7% target.

4.2.3 Inventory of Ozone-Depleting Substances

The Company's manufacturing process does not use any equipment that produces ozone-depleting substances (ODS), and all air conditioning equipment has been replaced with environmentally friendly refrigerants. Therefore, the Company has zero ODS emissions.

4.2.4 Other Air Pollutant Emissions

The air pollutants generated by Chung Hwa Chemical are primarily from process emissions, such as air pollutants generated during manufacturing and boiler combustion, including SO_x, NO_x, and VOCs. To track and control air pollutant emissions within the factory, in addition to installing relevant control equipment, the Company also conducts gas testing at emission outlets within the factory through third-party testing at the frequency specified in the permit to ensure that air pollutants generated meet or exceed government regulations.

Air Pollution Control Equipment and Treatment Efficiency

Name of Air Pollutant	Preventive Equipment	Treatment Efficiency (%)
Nitrogen oxides (NOx)	Scrubber	About 10%
Sulfur oxides (SOx)	Scrubber	About 40%
Volatile organic compounds (VOCs)	Activated carbon adsorption equipment, scrubber	About 80%
Particulate matter (PM)	Scrubber	About 55%

Air Pollutant Emission Concentration Detection

Major Gas	Actual Detected Emission Concentration (unit)	Emission Standards (unit)
Nitrogen oxides (NOx)	No measured value, emission is calculated using the coefficient method	150ppm
Sulfur oxides (SOx)	12.4ppm	100ppm
Volatile organic compounds (VOCs)	45ppm	150ppm
Particulate matter (PM)	23mg/Nm ³	100mg/Nm ³

Note 1: The table's sulfur oxides and particulate pollutants are the average values of self-inspections conducted on the sulfuric acid process emission pipelines in 2024; the volatile organic pollutants are values measured from the organic process permit application in 2022.

Note 2: Emission standards comply with the air pollution operating permit

The Company's NOx emissions were 305 kg, SOx emissions were 2,406 kg, VOC emissions were 4,530 kg, and PM emissions were 2,213 kg in 2024. Among them, SOx emissions increased by 187.8% compared to 2023, and NOx emissions increased by 96.77% compared to 2023.

Air Pollutant Emissions Over the Years

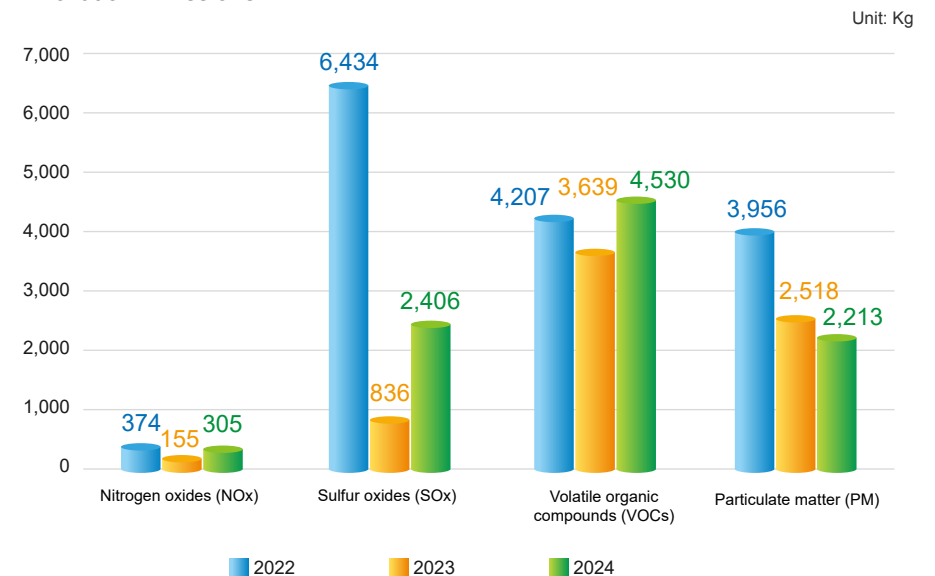
Unit: Kg

Item	2022	2023	2024
Nitrogen oxides (NOx)	374	155	305
Sulfur oxides (SOx)	6,434	836	2,406
Volatile organic compounds (VOCs)	4,207	3,639	4,530
Particulate matter (PM)	3,956	2,518	2,213

Note 1: Emissions measurement method: Calculated using the Ministry of Environment's Air Pollution Fee and Emissions Reporting Integrated Management System.

Note 2: Source of coefficient: Sulfur oxides are calculated based on the test values/coefficients announced by the Environmental Protection Administration; nitrogen oxides, particulate matter, and volatile organic compounds are calculated based on coefficients announced by the Ministry of Environment.

Air Pollution Emissions



4.3 Water Source Control

4.3.1 Water Resource Impact Assessment

Extreme weather caused by global warming affects global water resources and business operations. For example, floods cause severe damage, resulting in factory equipment being submerged and unable to operate, and droughts pose a serious threat to agricultural products. In addition, if companies fail to properly handle discharged water, it may also affect the ecological environment or the health of local residents. Therefore, enterprises should establish a comprehensive water resource management system to identify the relevance of their operational water consumption and wastewater to the Company's internal and external environment and society, assess the various risks and impacts of water resources, and reduce the impact of their water consumption and discharge through effective water resource management models.

Chung Hwa Chemical regularly evaluates water resource impacts and drainage-related impacts to set water resource improvement targets. The assessment scope includes Taoyuan Plant No. 1, Taoyuan Plant No. 2, and Changhua Plant.

Water Resource Relationship Diagram

Locations	Water Resource Relationship Diagram
Taoyuan Plant No. 1	Waterworks → Processing → In-plant wastewater treatment system → Guanyin Industrial Park sewage system operation center → River → Ocean Waterworks → Processing → (partial water use) In-plant recycled water system → Processing → In-plant wastewater treatment system → Guanyin Industrial Park sewage system operation center → River → Ocean (in-plant water resource circulation)
Taoyuan Plant No. 2	Waterworks → Water from office building → Guanyin Industrial Park sewage system operation center → River → Ocean
Changhua Plant	Waterworks → Water from office building → Chuansing Industrial Park sewage system operation center → River → Ocean

Water Resource Pressure and Water Resource Risk Values at Various Chung Hwa Chemical's Locations

Locations	Location	Water Stress	Physical Risk (water volume)	Physical Risk (water quality)	Reputation and Transition risks	Overall Risk Value
Taoyuan Plant No. 1	Guanyin District, Taoyuan City, Taiwan	Medium to low	Medium to high	Medium to high	Low	Medium to low
Taoyuan Plant No. 2	Guanyin District, Taoyuan City, Taiwan	Medium to low	Medium to high	Medium to high	Low	Medium to low
Changhua Plant	Hemei Township, Changhua County, Taiwan	Medium to low	Medium to high	Medium to high	Low	Medium to low

Note:

1. Assessment using WRI's Water Risk Atlas tool: <https://reurl.cc/dXdrNM>
2. Query year and month: April 2025, query location: Taiwan

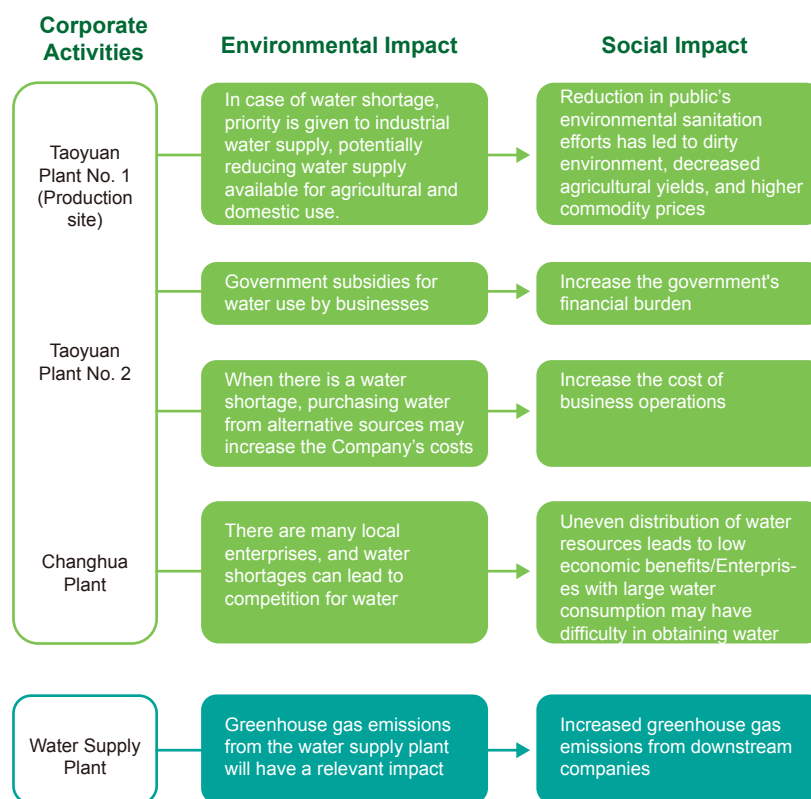
Water Environment Assessment of Chung Hwa Chemical

Locations		Taoyuan Plant No. 1	Taoyuan Plant No. 2	Changhua Plant
Water source		Taiwan Water Corporation	Taiwan Water Corporation	Taiwan Water Corporation
Evaluation factor				
Frequency of water shortage	Degree of impact	Low = 1-2 times a year	Low = 1-2 times a year	Low = 1-2 times a year
	Duration of impact	Short-term	Short-term	Short-term
Clean water shortage rate	Degree of impact	High = 1-2 water supply sources locally	High = 1-2 water supply sources locally	High = 1-2 water supply sources locally
	Duration of impact	Short-term	Short-term	Short-term
Groundwater usage rate	Degree of impact	Not used	Not used	Not used
	Duration of impact	-	-	-
Amount of water subsidy provided by the government	Degree of impact	No water subsidy	No water subsidy	No water subsidy
	Duration of impact	Short-term	Short-term	Short-term
Competition in water consumption among enterprises	Degree of impact	High = multiple local manufacturers	High = multiple local manufacturers	High = multiple local manufacturers
	Duration of impact	Short-term	Short-term	Short-term
Environmental impact of water supply plants	Degree of impact	Unable to evaluate	Unable to evaluate	Unable to evaluate
	Duration of impact	Short-term, medium-term, long-term	Short-term, medium-term, long-term	Short-term, medium-term, long-term

Note:

- Definition of short, medium and long term: short term = 3-6 months, medium term = 6-12 months, long term = 1-3 years
- Definition of the degree of impact: low = 1-2 times a year; medium = 3-4 times a year; high = 5 or more times a year

Water Consumption Impact Map of Chung Hwa Chemical

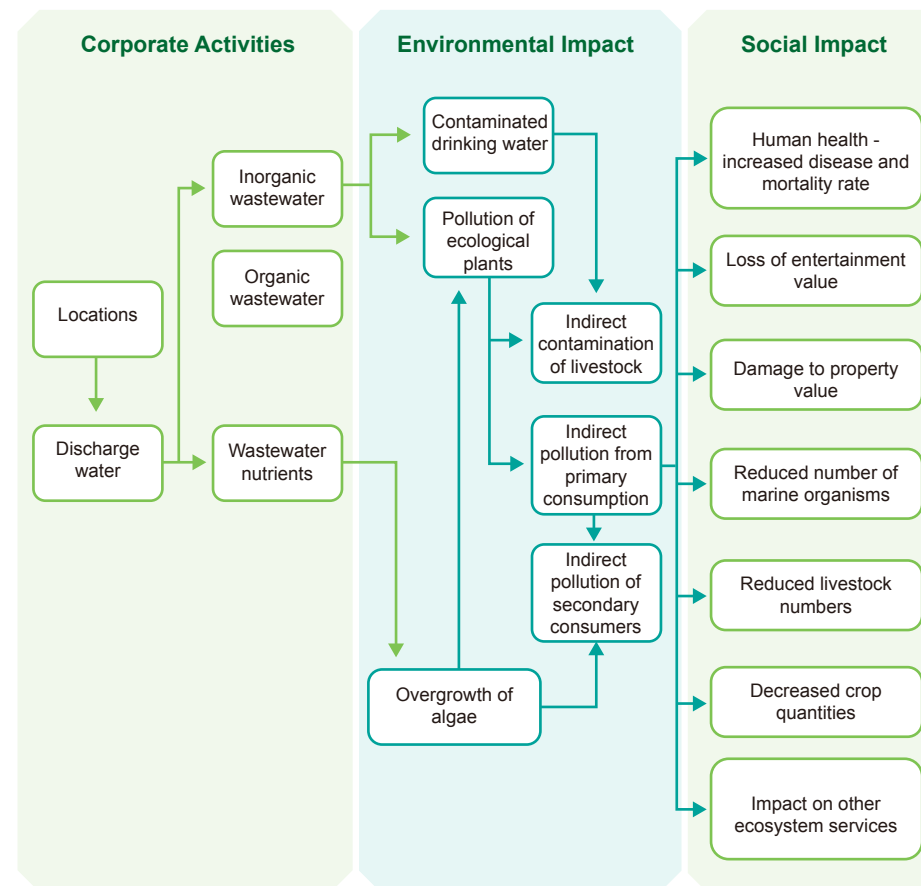


Environmental Assessment of Discharged Water from Chung Hwa Chemical

Locations		Taoyuan Plant No. 1	Taoyuan Plant No. 2	Changhua Plant
Nature of wastewater		Inorganic wastewater; organic wastewater	Domestic sewage	Domestic sewage
Evaluation factor				
Potential for contamination of drinking water	Degree of impact	Low	Low	Low
	Duration of impact	Short-term	Short-term	Short-term
Degree of drinking water pollution	Degree of impact	Low	Low	Low
	Duration of impact	Short-term	Short-term	Short-term
Possibility of polluting ecological plants	Degree of impact	Low	Low	Low
	Duration of impact	Short-term	Short-term	Short-term
Degree of pollution of ecological plants	Degree of impact	Low	Low	Low
	Duration of impact	Short-term	Short-term	Short-term
Possibility of affecting algae growth	Degree of impact	Low	Low	Low
	Duration of impact	Short-term	Short-term	Short-term
The extent of impact on algae growth	Degree of impact	Low	Low	Low
	Duration of impact	Short-term	Short-term	Short-term

Note: Definition of short, medium and long term: short term = 3-6 months, medium term = 6-12 months, long term = 1-3 years

Impact of Chung Hwa Chemical's Discharge Water



Quality Standards of Discharge Water

The Company has set wastewater discharge standards based on the Industrial Park Discharge Limits Table for Wastewater Treatment Plants. Process water from Taoyuan Plant No. 1 is first treated at the internal wastewater treatment facility. Once it meets the on-site limits, it is then treated again at the industrial park's wastewater treatment plant to minimize its impact on the environment.

Locations	Region	Water Quality Indicators	Minimum Regulatory Standards	Water Quality Test Results
Taoyuan Plant No. 1	Guanyin District, Taoyuan City	Chemical oxygen demand (COD)	560mg/l	78.54mg/l
		Suspended solids (SS)	480mg/l	10.88mg/l
		pH value	5-9	Compliance
Taoyuan Plant No. 2	Guanyin District, Taoyuan City	Chemical oxygen demand (COD)	560mg/l	31.77mg/l
		Suspended solids (SS)	480mg/l	13.73mg/l
		pH value	5-9	Compliance
Changhua Plant	Hemei Township, Changhua County	Chemical oxygen demand (COD)	560mg/l	
		Suspended solids (SS)	480mg/l	
		pH value	5-9	

4.3.2 Water Withdrawal and Drainage

Since 2014, Chung Hwa Chemical has been reducing its use of groundwater. By 2020, groundwater use had been completely stopped, and all of Chung Hwa Chemical's water supply now comes from surface water (tap water).

The calculation scope of the total water withdrawal in 2024 included Taoyuan Plant No. 1, Taoyuan Plant No. 2, and Changhua Plant. The total water withdrawal was 350.825 thousand cubic meters (million liters), with a total freshwater withdrawal of 350.825 thousand cubic meters. The total wastewater discharge from Taoyuan Plant No. 1 and Taoyuan Plant No. 2 was 146.881 thousand cubic meters. Since Changhua Plant is primarily an office facility, its wastewater discharge is relatively insignificant compared with Taoyuan Plant No. 1 and Taoyuan Plant No. 2, and therefore its discharge volume is not disclosed. The total water consumption was 203.915 thousand cubic meters. The total water withdrawal in 2024 decreased by 13.54% compared to 2021.

Water Resource Management Measures

Based on the results of water resource risk and impact pathway assessments, we formulate corresponding management policies and objectives to reduce water resource risks and the impact on the environment and society at each site. In addition, the management strategy has been evaluated to minimize additional greenhouse gas emissions and energy consumption as much as possible.

Operating Activities	Management Policy	Starting Year of the Strategy	Base Year of the Target	Target				Achievement Rate in 2024	Future Improvement Measures
				Type	Short-term	Medium-term	Long-term		
Water recycling rate for the entire factory	The water recycling rate for the entire factory must be maintained at 80% or higher	2024	2024	Intensity target	80%	85%	85%	101.21%	We inventory the water sources that can be recycled in the process and gradually improve the recycling pipelines

Note: Short, medium and long term are defined as: short-term 2027, medium-term 2030, long-term 2035



Water Withdrawal

Unit: Thousand cubic meters (million liters)

Water Withdrawal Source Category	Water Withdrawal		
	2022	2023	2024
	All Regions	All Regions	All Regions
Surface water	377.913	373.353	350.825
Groundwater	0	0	0
Total water withdrawal (million liters)	377.913	373.353	350.825
Percentage of water withdrawal from water stress regions (%)	0	0	0.0
Total reused water consumption	365.83	964.68	1,431.056
Recovery rate (R2) (%)	54.64%	52.12%	80.97%

Note: Recovery rate = (Total recycled water + Total circulating water - Cooling water tower circulation volume) ÷ (Total water consumption + Total recycled water + Total circulating water - Cooling water tower circulation volume)

Note: Water consumption includes water used in the production processes of the acid-alkali department, specialty chemicals department, electronic chemicals department, and other production process-related departments. It also covers water consumption for non-production uses such as production control department, quality assurance department, R&D department, cafeteria, and employee dormitories.

Water Consumption

Unit: Thousand cubic meters (million liters)

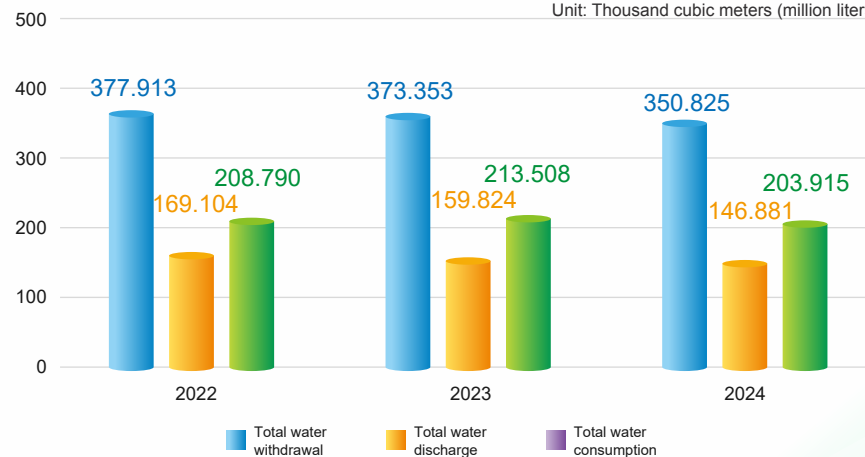
Item	2022	2023	2024
	Taoyuan Plant No. 1 and Taoyuan Plant No. 2	Taoyuan Plant No. 1 and Taoyuan Plant No. 2	Taoyuan Plant No. 1 and Taoyuan Plant No. 2
Total water withdrawal	377.894	373.332	350.796
Total water discharge	169.104	159.824	146.881
Total water consumption	208.790	213.508	203.915
Percentage of water consumption in water stress regions (%)	0	0	0

Note: 1. Total water consumption = Total water withdrawal - Total water discharge.

2. The total water consumption of Chung Hwa Chemical's Taoyuan Plant No. 1 and Taoyuan Plant No. 2 in 2024 was 203.915 thousand cubic meters (million liters). There is no statistical data on the discharge of water from the non-production area of the Changhua Plant, so the water consumption disclosure excludes Changhua Plant.

Water Withdrawal in all Regions

Unit: Thousand cubic meters (million liters)



Note: Discharge and water consumption only include Taoyuan Plant No. 1 and Taoyuan Plant No. 2

4.4 Waste Management

4.4.1 Waste Impact Assessment

The Company refers to domestic and international environmental impact reports, and considers each stage of the life cycle (raw material extraction, production and manufacturing, sales and distribution, product use and waste disposal). It identifies the waste generated by operational activities within the organization and upstream and downstream of the value chain, and assesses the potential impact of waste on the environment and society. This information is then used to create a value chain and waste impact map for the Company.

The wastes generated by the Company include hazardous and non-hazardous industrial wastes, primarily D-0902 and C-0301. We have established corresponding management measures to address the potential impact of these wastes, and the waste management unit regularly monitors and evaluates the effectiveness of these measures to mitigate or avoid negative impacts on the organization's internal and external environments.

Flowchart of Chung Hwa Chemical's Value Chain and Potential Impacts

Locations	Stages of the Value Chain	Activities	Type of Waste	Waste Category	Disposal Method	Disposal Unit	Potential Impact
Taoyuan Plant No. 1	Own operating activities	Product's manufacturing process	C-0301	Industrial waste	Incineration	External third party	None
			D-0902		Physical treatment		
		Wastewater treatment	D-0901, D-0902		Heat treatment (except incineration)		
Taoyuan Plant No. 2	Own operating activities	Office daily waste	Household waste	General waste	Incineration	External third party	None
Changhua Plant							

4.4.2 Waste Management Policy

The Company has established units responsible for management, disposal, and reporting of industrial waste generated by our operations, and for preparing and submitting an industrial waste disposal plan in accordance with local regulations. All waste disposal methods are implemented in accordance with local regulations.

Units Responsible for Waste Management of Chung Hwa Chemical:

- Waste classification: Production unit
- Waste storage: Production unit
- Waste data collection: Occupational Safety and Health Office, General Affairs Division
- Waste declaration: Occupational Safety and Health Office
- Waste disposal-self-treatment: Process unit
- Waste disposal-outsourcing: Occupational Safety and Health Office, General Affairs Division, Procurement Department, Legal Affairs

The Company estimates the amount of waste generated in the following year based on records of waste types and quantities documented in the EP-ES-07 Waste Disposal Control Procedures of the IOS 14001 Management System. All waste is collected and disposed of by qualified external waste disposal contractors. After obtaining the three-part collection and removal form issued by the external contractors, the collection and removal weight is confirmed on the scale at Taoyuan No. 1 Plant or the treatment plant. The waste is audited according to the waste code specified by the law. After the treatment is completed at the treatment plant, proper disposal documents are obtained to ensure that the contractor disposes of the industrial waste in accordance with the Company's requirements.

Waste Management Strategy and Goals of Chung Hwa Chemical

Management Strategy	Starting Year of the Strategy	Base Year of Target	Management Objectives			Achievement Rate in 2024	Improvement Measures
			Short-term	Medium-term	Long-term		
The off-site waste recycling rate remained above 80%	2024	2024	80%	85%	85%	85.80%	Entrust a third-party disposal company to handle the waste, and prioritize those that have a recycling treatment plant

Note: Short, medium and long term are defined as: short-term before 2027, medium-term before 2030, and long-term before 2035

4.4.3 Waste Collection and Disposal

The total amount of waste generated by the Company in 2024 was 1,444 metric tons, a decrease of 12.06% compared to 2023. The overall waste reduction has been effective. Of which:

- Hazardous industrial waste was 166 metric tons, accounting for 11.50% of the total
- Non-hazardous industrial waste was 1,278 metric tons, accounting for 88.50% of the total

The management of waste recycling and reuse is divided into three categories based on treatment methods:

- Recycled resources: 158 metric tons
- On-site recycling: 559 metric tons (including 3 metric tons of hazardous industrial waste)
- Off-site recycling: 607 metric tons (including 158 metric tons of recycled resources)

The total output of reuse and recycling reached 1,166 metric tons, and the overall off-site recycling rate reached 68.64% (including recycled resources), of which:

- The amount of hazardous industrial waste recycled was 3 metric tons, accounting for 1.78% of the total hazardous waste

Summary of Industrial Waste Generation by Location

Unit: Metric tons

Year	Item ^{Note}	Production Quantity	Reuse Rate
2024	Hazardous industrial waste	166	
	Non-hazardous industrial waste	1,278	
	Total volume	1,444	80.79%
2023	Hazardous industrial waste	189	
	Non-hazardous industrial waste	1,453	
	Total volume	1,642	78.7%
2022	Hazardous industrial waste	231	
	Non-hazardous industrial waste	1,715	
	Total volume	1,946	84.3

Note: The classification of hazardous and non-hazardous materials is determined by local regulations at each location.

5

Employee Care

5-1 Human Capital

5-2 Remuneration and Benefits

5-3 Diversified Development

5-4 Workplace Safety



5.1 Human Capital

5.1.1 Human Resources Management

Chung Hwa Chemical regards employees as the most important asset of the Company. Based on the labor laws and regulations of the location where the Company operates, it has formulated its Regulations Governing Human Resources Management, reward and remuneration mechanisms, and work rules. The Company also regularly reviews the latest laws and regulations to protect employees' basic labor rights and interests. The Company has clearly prohibited the employment of child labor, discrimination, workplace sexual harassment, forced labor, and other incidents, and has established an independent complaint channel to provide employees with a safe, equal, and free working environment.

The Company prioritizes academic experience, professional skills, integrity, and enthusiasm in hiring individuals. We also employ individuals with disabilities in accordance with the law and protect their working rights. All employees are entitled to the same welfare measures, salary standards, and education and training systems, regardless of gender, age, nationality, etc. Performance evaluation is conducted every six months and serves as the basis for employee retention, promotion, salary adjustment, and bonus distribution.

5.1.2 Talent Recruitment

As of the end of 2024, Chung Hwa Chemical had a total of 265 employees, including 216 full-time employees and 49 foreign employees. Except for foreign employees who are appointed on a fixed-term contract basis, the rest are regular employees. The Company does not employ any temporary or part-time staff.

Employee Structure at the End of 2024

Unit: Person

Type of Employment	Gender	Region (City)		Total
		Taoyuan City	Changhua County	
All employees	Male	189	8	197
	Female	66	2	68
	Others	0	0	0
	Subtotal	255	10	265
Full-time employees	Male	140	8	148
	Female	66	2	68
	Others	0	0	0
	Subtotal	206	10	216
Temporary employees	Male	49	0	49
	Female	0	0	0
	Others	0	0	0
	Subtotal	49	0	49
Permanent employees	Male	189	8	197
	Female	66	2	68
	Others	0	0	0
	Subtotal	255	10	265
Part-time employees	Male	0	0	0
	Female	0	0	0
	Others	0	0	0
	Subtotal	0	0	0
Employees with no guaranteed hours	Male	0	0	0
	Female	0	0	0
	Others	0	0	0
	Subtotal	0	0	0

Definition:

Full-time employees: Those whose employment contracts are open-ended (indefinite contracts).

Temporary employees: The employment contract is for a fixed term (fixed-term contract).

Permanent employees: Employees whose weekly working hours meet the definition of full-time employees under local regulations.

Part-time employees: Employees whose weekly working hours do not meet the local legal definition of full-time employees' weekly working hours.

Employees with no guaranteed hours: Employees whose weekly working hours are not fixed, such as on-call employees.

Number of Employees in the Past Three Years

Unit: Person

Year	End of 2022	End of 2023	End of 2024
Number of male employees	205	193	197
Number of female employees	55	55	68
Number of other employees	0	0	0
Total number of employees	260	253	265

Diverse Employee Structure

At the end of 2024, the proportion of male and female employees was 74% and 26%, respectively, with the majority of employees aged 30-50, accounting for 69% of the total number of employees. In addition, the Company has hired 3 persons with disabilities and 2 indigenous employees to further implement its principles of diversity and equality.

When recruiting non-local employees, the Company adheres to relevant domestic and international laws and regulations, carefully evaluates potential risks (e.g., immigration and visa regulations), and assists in the effective management of visas, work permits, residential relocation, and other work-related regulations and rights. The Company also strives to cooperate with local organizations to understand local life information, helping employees quickly adapt to the environment and providing a comprehensive workplace environment.

Total Number of Employees by Job Level and Diversity Indicators at the End of 2024

Unit: Person

Job Title		Senior Manager	Mid-level Manager	Entry-level Manager	Entry-level Employee	Total
Total number of employees at each level		8	13	26	218	265
Percentage of total number of employees at each level (%)		3%	5%	10%	82%	100%
Diversity indicators						
Gender	Male	8	11	22	156	197
	Female	0	2	4	62	68
	Others	0	0	0	0	0
Age	29 years old or below	0	1	0	45	46
	Aged 30-50	7	9	18	149	183
	51 years old or above	1	3	8	24	36
Indigenous peoples' identity		0	0	0	2	2
People with disabilities		0	0	0	3	3
Education level	PhD	2	1	0	0	3
	Master's degree	3	9	1	22	35
	Higher education	3	3	17	123	146
	Secondary education	0	0	7	63	70
	Primary education	0	0	1	10	11
Nationality	Domestic nationality	8	13	26	169	216
	Foreign nationality	0	0	0	49	49



Percentage of Employees by Job Level and Diversity Indicators at the End of 2024

Unit: %

Job Title		Senior Manager	Mid-level Manager	Entry-level Manager	Entry-level Employee	Total
Gender	Male	100	85	85	72	74
	Female	0	15	15	28	26
	Others	0	0	0	0	0
Age	29 years old or below	0	8	0	21	17
	Aged 30-50	88	69	69	68	69
	51 years old or above	12	23	31	11	14
Indigenous peoples' identity		0	0	0	0.75	0.75
People with disabilities		0	0	0	1.13	1.13
Education level	PhD	0.8	0.3	0	0	1.1
	Master's degree	1.1	3.4	0.4	8.3	13.2
	Higher education	1.1	1.1	6.5	46.4	55.1
	Secondary education	0	0	2.6	23.8	26.4
	Primary education	0	0	0.4	3.8	4.2
Nationality	Domestic nationality	100	100	100	78	82
	Foreign nationality	0	0	0	22	18

Note: The percentages in this table are based on calculation within the same rank and personnel type. For example, the percentage of male entry-level personnel is calculated as: (Number of male entry-level personnel) ÷ (Total number of entry-level personnel).

We have a comprehensive recruitment system and look forward to growing and developing with our employees, while also respecting their choices in career transitions. In 2024, the Company recruited a total of 68 new employees, including 37 men and 31 women, primarily between the ages of 30 and 50. Additionally, 56 employees resigned (including 2 retirees), including 38 men and 18 women. The reasons for leaving included family care, career change, and other factors. To protect employee rights and improve the recruitment system, the Company requires responsible department heads to interview all departing employees to understand the specific reasons for leaving, which will serve as a reference for subsequent improvements in human resources management.

Layoff Notice Period of Chung Hwa Chemical

In the event of a major operational change, such as adjustments to the organizational structure, changes in personnel needs, force majeure events, or a determination of employee incompetence, the Company must notify employees in advance and provide severance pay within the notice period stipulated in the Labor Standards Act.

- Employees who have worked for more than 3 months but less than 1 year: 10 days prior
- Employees who have worked for more than 1 year but less than 3 years: 20 days prior
- Worked for more than 3 years: 30 days prior

Total Number and Percentage of New Employees in 2024

Gender	Age	Region (Country)	Total	Rate of New Employees (%)
		Taiwan (Taiwan)		
Male	29 years old or below	5	5	54%
	Aged 30-50	31	31	
	51 years old or above	1	1	
	Subtotal	37	37	
Female	29 years old or below	14	14	46%
	Aged 30-50	17	17	
	51 years old or above	0	0	
	Subtotal	31	31	
Others	29 years old or below	0	0	0%
	Aged 30-50	0	0	
	51 years old or above	0	0	
	Subtotal	0	0	
Total		68	68	100%

5.1.3 Labor-Management Agreement

Chung Hwa Chemical is committed to creating a harmonious and equal communication platform between employees and the Company, and establishing diverse and smooth communication channels, including labor-management meetings, welfare committees, employee opinion mailboxes, and employee opinion surveys. to protect the rights and obligations of both labor and management, and to improve the working environment and labor-management regulations in a timely manner.

Types of Employee Communication Channels

Communication Channel	Description
Labor-management meeting	After each labor-management meeting, labor representatives are formally elected by all employees through voting, and they work together with representatives appointed by the management. A total of 4 labor-management meetings were held this year.
Welfare Committee Meetings	In accordance with relevant laws and regulations, the Company's employee welfare regulations and the Welfare Committee's organizational charter, regular meetings are held every three months to formulate or revise various employee welfare plans. A total of 4 Welfare Committee meetings were held this year.
Employee suggestion mailbox	The mailbox is provided for employees so that they can reflect their opinions or provide suggestions in a timely manner.
Employee opinion survey	In order to understand employees' perceptions of the organization's work culture, core values, supervisors' leadership styles, and to gather suggestions, the Company regularly conducts employee opinion surveys.

Employee Opinion and Feedback Statistics for 2024

Communication Channel	Number of Opinions	Main Content of Feedback	Processed Number of Cases	In process Number of Cases
Labor-management meeting	11	1. Examine and approve each item of the reward and punishment provisions in the employee work rules. 2. Add a motorcycle parking shed. 3. Additional cleaning staff will be provided to clean common areas.	11	0
Welfare Committee Meetings	15	1. Re-election of new chairman. 2. Group or independent tour options available. 3. Selection of vendors for holiday gift vouchers. 4. Fellowship activities.	15	0
Employee suggestion mailbox	6	1. Add a variety of vending machines. 2. Recycling bins are provided. 3. Lunch is too oily, provide healthy meals with less oil and salt.	6	0
Employee opinion survey	3	1. A coffee machine is provided, offering Americano or Latte. 2. Lunch satisfaction survey. 3. Selection of tourist destinations.	3	0



5.2 Remuneration and Benefits

Fair Salary Treatment

Chung Hwa attaches great importance to gender equality in its human resource policy, eliminates gender discrimination in the workplace, and complies with the Act of Gender Equality in Employment and the Employment Service Act in Taiwan. Employee salaries are determined based on educational experience, position, and individual work performance, and will never differ due to gender, race, religion, political stance, place of birth, physical or mental disability, and marital status; the standard starting salary for new employees with the same qualifications is the same regardless of gender, and the system of equal pay for equal work is implemented.

In terms of the remuneration system, the Company will consider its financial and operational performance as well as industry practices to design a remuneration system and reward plan that complies with regulations and the Company's needs, and is subject to review by the Remuneration Committee. In 2024, we allocated no less than 1% of the Company's profit as employees' remuneration, and corresponding rewards were given based on individual employee performance.

2024 Welfare Measures Overview

Unit: NT\$

Welfare Measures	Item Description	Subsidy Amount	Number of Beneficiaries
Marriage allowance	NT\$10,000/person for employee's wedding	81,000	8
Transportation allowance	Monthly transportation allowance for supervisors, up to NT\$8,000 per person	289,000	7
Childbirth subsidy	NT\$5,000/per birth by employee or his/her spouse	15,000	3
Hospitalization condolences	Employee hospitalization of NT\$3,000 per person	27,000	9
Funeral subsidy	The maximum amount is NT\$18,200/person, depending on kinship level	343,400	25
Birthday cash gift	Employee gift certificate of NT\$2,000 per person	472,000	236
Festival bonus	Gift cash and gift vouchers for Labor Day, Dragon Boat Festival, Mid-Autumn Festival, and Spring Festival	1,823,248	240
Scholarship for children	Depending on student status, a maximum of NT\$5,000/person	72,000	27
Travel subsidy	NT\$10,000 per employee	1,956,783	198
Free dormitory	Provide accommodation for employees with a transportation distance of more than 35 kilometers	1,638,000	30
Fellowship subsidy	Up to NT\$750 per employee	152,625	215
Total		6,870,056	

In order to implement employee health and safety care, we conduct general health examinations for all employees every year. Employees in specialized roles undergo role-specific health checks. For those with abnormal health examination reports, we arrange interviews with physicians and occupational nurses to provide individual health guidance and hold health seminars. We identify any abnormalities early, provide necessary assistance, and track follow-up visits.

5.2.1 Equal and Competitive Remuneration

Chung Hwa Chemical attaches great importance to retaining and cultivating talents and is committed to providing competitive salary conditions and comprehensive employee benefits. The Company's salary standards are determined with reference to local regulations, industry trends, and local living standards. Employees' remuneration is not impacted by gender, race, language, religion, age, political affiliation, or marital status. In this equal and inclusive workplace, starting salaries for women and men are the same. However, final compensation (basic salary plus bonuses) varies based on years of service, experience, or position allowance. The salaries of the employees of the Company are composed of base salary, meal allowance, and various bonuses or allowances, etc. Annual salary adjustments are made based on operating performance, and bonuses are awarded according to employee performance to motivate employees and encourage talents to grow together with the Company.

Ratio of Basic Salary Between Men and Women and the Basic salary Amount

Unit: NT\$

Gender	Total basic Salary	Number of People	Average Salary	Basic Salary	Remuneration Ratio	Basic Salary Ratio	Warning
Male	8,678,883	197	44,055	27,470	52%	60%	
Female	2,722,041	68	40,030	27,470	48%	46%	
Subtotal	11,400,924	265	43,022				

In response to regulatory requirements, the Company discloses salary information for “full-time employees not in managerial positions”.

Salary Information for Full-Time Non-Supervisory Employees		
Time	2023	2024
Number of full-time employees in non-supervisory positions	239 people	226 people
Average salary	NT\$611 thousand	NT\$710 thousand
Median salary	NT\$577 thousand	NT\$651 thousand

5.2.2 Comprehensive Welfare Measures

To enhance employee cohesion and improve market competitiveness, Chung Hwa Chemical has developed a number of welfare measures, including leave benefits, insurance, and wedding, funeral, and maternity benefits that exceed legal requirements. The Company also has an Employee Welfare Committee responsible for promoting and planning various employee welfare measures. All full-time employees enjoy these benefits. The Company makes monthly contributions to the employee welfare fund, and employees may also contribute to the Welfare Committee's account. These funds are used for various activities or subsidies. The Welfare Committee regularly tracks the use of welfare funds and gathers employee feedback to ensure proper usage of welfare funds.

Standard Benefits of Chung Hwa Chemical

Item	Description
Insurance	- Labor insurance and national health insurance are purchased based on the statutory bracket table - Employer's compensation liability insurance - Overseas travel insurance
Leave benefits that are superior to those stipulated by law	Workers who have worked for six months or more are entitled to one day of travel leave
Employee stock ownership	Employee Stock Ownership Trust
Wedding, funeral, birth and festival gift money	- Childbirth subsidy - Festival bonuses - Birthday cash gift - Wedding and funeral gift money - Scholarships for employees and their children

Other Welfare Measures of Chung Hwa Chemical

Item	Description
Subsidies or allowances	- Annual general labor health check-up - Travel allowance - Education and training subsidies - Transportation allowance for senior executives
Welfare activities	- Employee travel - Year-end activities - Club activities - Fellowship Activities
Others	- Flexible working hours - Employee dormitory

To protect the rights and interests of retired employees, the Company allocates pensions in accordance with the law. In Taiwan, employees enrolled in the old pension system may apply for pension payments from the "Labor Retirement Reserve Fund Account" upon meeting the retirement requirements. Those enrolled in the new pension system will receive payments from the "Labor Retirement Pension Individual Account".

Retirement System	Allocation Status
Old system	In accordance with the Labor Standards Act, the Company contributes 6% of employees' monthly salary to the "Labor Retirement Reserve Fund Account" held at the Bank of Taiwan on a monthly basis. The balance of the "Labor Retirement Reserve Fund Account" after actuarial calculation is sufficient to pay the retirement pensions of employees under the old system, and contributions are suspended for one year with the approval of the Department of Labor, Taoyuan City Government.
New system	According to the "Labor Pension Act", the Company contributes 6% of employees' monthly salary to their "Labor Retirement Pension Individual Account" held under the Bureau of Labor Insurance.

5.2.3 Child-friendly Workplace

We are committed to creating a friendly childcare environment. In addition to allowing statutory parental leave, we also offer childbirth subsidies, partner with businesses to provide childcare discounts, and offer flexible work schedules to support the hard work of parents. We also provide a cozy breastfeeding room in the office equipped with refrigerators and freezers to provide peace of mind for breastfeeding women.



5.3 Diversified Development

5.3.1 Employee Training and Development

In 2024, the Company's reinstatement rate for parental leave applications was 100%, and all employees returned to the Company after the parental leave ended. The retention rate for employees who are still employed one year after reinstatement was 100%.

Chung Hwa lays the foundation with solid education and training, and accumulates the growth momentum of talents step by step, hoping to maximize the benefits of employees' abilities, enhance the Company's competitiveness, and realize the value of a happy enterprise. In 2024, the average time of participation in education and training was 6.4 hours per person.

Item	Total Training Hours (hours)		Number of People	Average Training Hours Per Person (hours/ person)	
General employee	Male	708	172	4.12	6.10
	Female	639.5	49	13.05	
Management level	Male	207	26	7.96	8.84
	Female	76	6	12.67	
Total	1630.5		253	6.44	

5.3.2 Training System

New Employee Training System

Training plan:

- Phase 1 Employee guidelines
- Phase 2 General training for new employees
- Phase 3 Professional training for new employees

Training content:

In order to help new employees quickly understand the Company's various businesses and the operations of related departments, the Human Resources Department is responsible for planning and implementing new employee training to help them quickly understand the environment, corporate vision, organizational structure, rules and regulations, and each business unit with its products.

Internal Training System

Training plan:

By developing internal instructors, we implement "technical experience inheritance" and are responsible for the important responsibility of conveying corporate culture and improving the quality of talent quality.

Training content:

The planning and implementation of internal training programs are coordinated by the Human Resources Department, which plans annual internal departmental education and training, aligns with the Company's organizational and strategic needs, and assists in promoting the Company's major training projects.

External Training

Training plan:

Short-term/long-term/external training

Training content:

External training includes lectures, workshops, seminars organized by professional institutions, and online courses. Each department and the Human Resources Department assist in providing relevant training information, and department heads and employees recommend and enroll in external training courses based on work needs.

On-the-job Training System

Training plan:

On-the-job training for each department and department-specific functional training

Training content:

In order to accelerate the acquisition of department-related professional knowledge and skills by new employees and those transferred to other departments, or to familiarize themselves with the department's operations, and to ensure that their work performance meets department needs, their direct supervisors provide on-the-job training to the employees.

5.3.3 Performance Evaluation

Chung Hwa Chemical has implemented a performance evaluation system. Based on the "Performance Development and Coaching Methods", performance interviews and coaching are conducted every six months for all employees. Performance evaluations are conducted every six months, focusing on annual work goals, career planning goals, functional performance, and alignment with the Company's business philosophy. Personal evaluation results are used as a reference for training and career development, as well as for salary adjustments, promotions, and bonuses. As of the end of 2024, 100% of all employees subject to evaluation had completed their evaluations.

Since 2016, outstanding employees of Chung Hwa Chemical have been recommended by department heads at the end of the year based on their exemplary achievements (E.A.R.). Managers and above then review and commend outstanding employees. This initiative encourages employees to continuously grow throughout their careers, enhance their skills and effectiveness, and grow alongside Chung Hwa Chemical.

Minimum Notice Period for Operational Changes

Chung Hwa promises that when there is a major impact on operations and the labor contract must be terminated, the notice period shall be in accordance with the following provisions:

- I. Those who have worked at Chung Hwa for more than three months but less than one year are to be given 10 days notice in advance.
- II. Those with more than one year but less than three years of working experience at Chung Hwa are to be given 20 days notice in advance.
- III. Those who have worked at Chung Hwa for more than three years are to be given 30 days notice in advance.

After receiving a notice, workers are allowed to seek employment outside of the premises during working hours. The number of hours of leave shall not exceed two working days per week, and wages shall be paid during the leave period.

5.4 Workplace Safety

5.4.1 Occupational Safety and Health Management

Chung Hwa Chemical attaches great importance to the safety of its employees and creates a people-oriented safety culture. It has formulated an "Occupational Safety and Health Policy" as the highest guiding principle for occupational safety and health management. The following actions have been taken:

1. Enhance the overall safety and health management performance and make continuous improvements.
2. Comply with the provisions of the Occupational Safety and Health Act and other relevant legal requirements.
3. Provide safety and health knowledge, a work environment, and equipment.
4. Strengthen the safety and health organization structure and fully support risk control and full employee participation.
5. Promoting and implementing safety and health work is the responsibility of supervisors, managers, and all employees at all levels.
6. Management must recognize the Company's safety and health policy and continuously implement and improve it.
7. Regularly audit and review safety and health policies, management and performance to learn from experience.
8. Implement and promote various safety and health initiatives and education and training to enhance overall safety and health performance.
9. Provide safe and healthy working conditions to prevent work-related injury and illness.
10. Continuously eliminate hazards and reduce occupational safety and health risks.
11. Continue to support workers' consultation and participation in occupational safety and health issues.

Employees are key members of the Company's operations. Any safety or health risks in the workplace can have a significant impact on the Company's finances and the health and well-being of employees and external workers. Chung Hwa Chemical adheres to Occupational Safety and Health Regulations and the ISO 14001:2015 Environmental Management System standard and ISO 45001:2018 Occupational Safety and Health Management System standard. Using the PDCA cycle concept of Plan, Do, Check, Act as the foundation of its management framework, we have established an Environmental Protection and Occupational Safety and Health Committee to identify all potential risks in the workplace, establish management methods and control procedures, and conduct regular internal audits to effectively prevent accidents and safeguard the health and safety of workers.

Note: External workers refer to all workers other than employees who perform company-designated work projects inside or outside the Company's premises, such as raw material suppliers, equipment maintenance companies, external consultants, etc.

The following operating locations of the Company have established an occupational safety and health management system and have been verified by an external third party. The table below lists the management system standards adopted by each operating location and the number and ratio of workers covered. Some of the sites, such as Changhua Plant, have not yet established an occupational safety and health management system due to their nature as business offices.

Operating Locations	Occupational Safety and Health Management System Certification Standards	Applicable Fields	Scope of Workers Covered ^{Note 1}			
			Employees (person)	Percentage ^{Note 2} (%)	External Workers (person)	Percentage ^{Note 3} (%)
Taoyuan Plant No. 1	ISO14001; ISO45001	All workplaces at this location	175	100%	0	0

Note 1: The Company uses employees from the Taoyuan Plant to calculate the number of people covered by the occupational safety and health management system, and this number has been internally audited and externally verified.

Note 2: Percentage of employees covered = ([Employees of Taoyuan Plant No. 1] / [Employees of Taoyuan Plant No. 1 + External workers]) * 100%

Note 3: Percentage of workers covered = ([External workers] / [Employees of Taoyuan Plant No. 1 + External workers]) * 100%

Occupational Safety and Health Committee

The Occupational Safety and Health Committee of Chung Hwa Chemical is jointly formed by representatives from both labor and management. The committee has 23 members, chaired by the chairman, including 8 labor representatives, who comprise 34.78% of the total number of members. The Occupational Safety and Health Committee holds regular meetings quarterly to review the Company's occupational safety and health management measures, the effectiveness of various management procedures, occupational safety and health education and training programs, and occupational hazard investigation reports.

A management team has been established under the Occupational Safety and Health Committee to regularly implement risk assessment procedures and planning, promote occupational safety and health policies, and arrange annual education and training programs, occupational health services, and health promotion activities. The Company has announced its occupational safety and health management measures and promoted its occupational safety and health management policies on its website, while also providing public procedural documents in multiple languages for foreign employees to review. This ensures all employees clearly understand the Company's occupational safety and health policies.

Worker Communication and Reporting Mechanism

The management team has established an independent reporting mechanism, allowing workers to anonymously provide feedback, communicate, and consult on occupational safety and health matters via a dedicated hotline and special mailbox [suggestion box]. When foreign employees have communication or consultation needs, employees with foreign language skills or designated translators will serve as intermediaries to facilitate effective two-way communication.

In addition, according to the Company's Occupational Safety and Health Management regulations, we encourage employees, suppliers, or contractors to proactively report any safety

and health concerns in the workplace. If an imminent risk is present, workers may stop work and retreat to a safe location without endangering the safety of others, and simultaneously report the situation to their department manager and the occupational safety office. After receiving a report, the Occupational Safety and Health Office must immediately conduct an investigation to assess the likelihood and severity of the hazard, formulate and implement appropriate measures, and report the investigation results and resolutions to the Occupational Safety and Health Committee for review. The investigation results and resolutions will then be announced to all employees of the Company. Employees or external workers who proactively report incidents can receive performance rewards to encourage reporting of potential occupational safety and health risks and to jointly monitor and reduce the occurrence of dangerous incidents.

Occupational Safety and Health Risk Assessment

SHP-ES-03 Hazard Identification and Risk Assessment Control Procedures were established by Chung Hwa Chemical in accordance with the Occupational Safety and Health Act. The purpose of this procedure is to provide a method for hazard identification and risk analysis, to identify and understand potential hazards and their environmental impacts within the working environment and operational activities of each unit in the factory. It also ensures that the risks to the environment and personnel from these hazards and impacts are assessed, addressed, and controlled to an acceptable level. To address high-risk operations, improvement and preventive measures will be identified. To achieve this goal, the Company has established a risk assessment management procedure to define how risk assessments will be implemented, including the rights, responsibilities, and obligations of relevant departments and personnel.

In addition to routine risk assessments, the Company will conduct additional risk assessments for non-routine events such as major changes to workplace equipment or operating procedures, or serious occupational accidents. These assessments will revise the originally determined risk levels and preventive measures to promptly address potential disaster events.

Occupational Safety and Health Education and Training

In terms of education and training, in order to enhance all employees' awareness of the environmental safety and health system, various courses have been defined for general employees, professionals, and management. Appropriate environmental safety and health training courses are provided to suit the nature of the work they are responsible for and the characteristics of the workplace.

Emergency response drills are conducted annually in accordance with fire safety, toxic substance, and controlled chemical substance regulations, including training for emergency response teams, emergency evacuation procedures, fire drills, and toxic substance leakage drills, to build the emergency response capabilities of all personnel and minimize disaster-related losses.

We believe that creating a safe and worry-free work environment is an important belief for corporate growth. In addition to complying with environmental protection and occupational safety and health regulations, we commit to eliminating or reducing the safety and health risks to employees, suppliers, contractors, and stakeholders caused by our processes, facilities, and activities.

We have established an environmental safety and health policy as criteria for the safety of working environment, personnel and social responsibility. The Occupational Safety Office and the Environmental, Industrial, and Safety Committee in the organizational structure are engaged in research, planning, and risk management related to environmental safety and health management, with an emphasis on the promotion and execution of employee safety business. Through hazard identification and risk assessment, we analyze the direct and indirect causes of occupational hazards for high-risk operations and propose improvement plans to reduce operational risks, providing employees with a safe, healthy, and equal workplace environment. Our implementation and measures are as follows:

1. Implementation of ISO 9001 quality management system, ISO 14001 environmental management system, and ISO 45001 occupational safety and health management system.
2. Establish a dedicated unit under the employer, responsible for planning and promoting the Company's overall quality and environmental, safety, and health management.
3. Employees participate in relevant training to promote professional management of workplace safety and health.
4. Implementation of "Occupational Safety and Health Education and Training".
5. Establish a fire disaster prevention and rescue system, regularly inspect fire safety equipment, and conduct "fire safety drills" every six months.
6. Conduct "Annual Employee Health Checkup" every year.
7. Implementation of four major occupational safety plans: human hazard prevention plan, abnormal workload disease prevention plan, maternal health protection plan, and prevention plan for illegal infringements suffered while performing duties.

Occupational Health Services and Health Promotion Activities

From the first day when employees report to the Company, they receive the Company's health care. Health examinations are arranged every year to ensure they remain healthy. Chung Hwa adopts annual health checkups, abnormal workload-induced disease prevention plan, biannual labor environment testing according to laws and regulations, and regular health guidance and consultation conducted by contracted medical institutions and designated medical personnel to assess whether there are potential occupational latent diseases and provide dietary, exercise, and medical advice.

In order to protect all employees and monitor their health status, we implement labor health examinations and establish health management procedures in accordance with Articles 20 and 21 of the Occupational Safety and Health Act and the Labor Health Protection Rules. We also provide employee tracking and treatment in a timely manner to prevent occupational diseases.

In terms of personal health promotion, Chung Hwa Chemical provides full-time employees with a general health check-up once a year and tracks and manages employees with serious health abnormalities. Taking employee age, health checkup results from the past three years, and common major diseases surveyed by the Department of Health into account, common personal health risks include obesity, the three highs, unhealthy diet, psychological stress, and other physical and psychological risk factors. Therefore, Chung Hwa Chemical arranges annual health lectures, health checkups, on-site physician and nurse services, and other services. It also promotes new knowledge on physical care and encourages employees to develop exercise habits to improve their physical, mental, and spiritual health.



Health Service Achievements in 2024

Health Service Plan					Schedule				
Item	Plan Item	Implementation Details	Evaluation Indicators	Expected Achievement Rate	Q1	Q2	Q3	Q4	Actual Achievement Rate
1	Analysis and evaluation of workers' physical (health) examination results, health management, and data preservation.	Physical and health examinations, and implementation of health risk grading management	Physical examinations are conducted with graded implementation and management system	90%	V	V	V	V	100%
			Discuss annual health management risk levels with factory physicians	100%	V				100%
		Assist in arranging annual health and special health checkups	Analysis of the annual health check results: A total of 212 employees in the factory underwent health checks	100%				V	100%
			Special health check should be implemented for 8 employees, and 8 employees were examined	100%				V	100%
		Analysis and evaluation of on-the-job health examination and special health examination results	Sort by health management risk level and analyze abnormal severity rate	100%	V				100%
		Health check and special health check management and data storage	In accordance with Articles 16-25 of the Labor Health Protection Rules	100%	V	V	V	V	100%
2	Assist employers in selecting workers for suitable jobs	For those with high risk of physical (health) examination, we will arrange job suitability assessment and health guidance	38 new employees should undergo annual physical examinations in the year, and 38 employees were examined	100%	V	V	V	V	100%
		For those who have difficulty returning to work after injury or illness, we will arrange a recuperation period and an assessment of their suitability for returning to work	4 employees returned to work after injury in the year, and 4 employees were reinstated	100%	Visual matching and resumption of work assessment needs				100%
		Clarify the correlation between employee injuries, illnesses, health conditions, and work hazards, and provide medical treatment, work suitability, or improvement suggestions for the work environment		100%	Visual matching and resumption of work assessment needs				100%
3	Follow-up management and health guidance for those with abnormal health checkup results	Health care guidance and independent health management	According to the annual health management risk level, 22 people were considered high-risk, 63 were considered medium-risk, 98 were under self-health management, and 29 showed no abnormalities. A total of 113 people received health education guidance.	80%	V	V	V	V	100%

Health Service Plan						Schedule				
Item	Plan Item	Implementation Details	Evaluation Indicators		Expected Achievement Rate	Q1	Q2	Q3	Q4	Actual Achievement Rate
4	Provide assessment and case management for workers under the age of 18, workers with maternal health risks, workers with occupational injuries or diseases, and workers with high occupational health risks	Annual review of business unit Age profile	Review of the age profile of business unit for 2024: 1. 0 people under 18 years old, 2. 40 females aged 15-49, 3. 8 people aged 45-64, 4. 1 person over 65 years old.		100%	V				100%
		Articles 30-31 of the Occupational Safety and Health Act - Maternal Health Protection	Implemented in accordance with the Maternal Health Protection Plan	According to the annual implementation records	100%	V	V	V	V	100%
		Article 324-2 of the Occupational Safety and Health Facility Rules - Abnormal Workload	Implementation of the "Abnormal Workload Disease Prevention Plan".	According to the annual implementation records	100%	V	V	V	V	100%
		Article 324-1 of the Occupational Safety and Health Facility Rules - Human Hazard Prevention Plan	Implementation of the "Ergonomic Hazard Prevention Plan"	According to the annual implementation records	100%	V	V	V	V	100%
		Work ability assessment for middle-aged and elderly people	Suitability assessment based on questionnaire results	63 people aged 45-64, 2 people aged 65 and above, and 45 people underwent work ability assessment	60%					67%
5	Planning and implementation of measures such as workers' health education, hygiene guidance, physical and mental health protection, and health promotion.	Workplace health promotion activities: Lectures	One annual management lecture should be held, one was held		100%		Sports Lecture in April and May		Illegal lecture in December	100%
		Provide various health promotion/ personal health consultation and hygiene education for employees	Provide a health education leaflet every quarter		100%	V	V	V	V	100%
6	Identify and evaluate hazards in the workplace environment, operations, and organizations that affect workers' physical and mental health, and propose improvement measures	Conduct an on-site inspection at least once a year and complete a health risk assessment	Conduct environmental site inspections once a year, together with industrial safety personnel		100%			7/4 (Risk assessment) 8/1 First visit by Dr. Wei		100%

5.4.2 Occupational Injuries and Diseases

Chung Hwa Chemical has established a standard reporting procedure for occupational safety and health incidents. In the event of an occupational safety and health incident, contractors must be reported by the responsible unit. If an accident occurs within the factory, the injured party, the workplace supervisor, or other personnel present shall immediately handle and report the incident in accordance with the SHP-ES-07 Occupational Safety and Health Accident Investigation and Handling Control Procedure. If the accident constitutes a major occupational disaster as defined in Paragraph 2, Article 37 of the Occupational Safety and Health Act, the Occupational Safety Office shall notify the labor inspection authority within eight hours, providing details such as the nature of the incident, the identity of the injured personnel, the location of the incident, the cause of the incident, and the extent of injuries, etc.

In 2024, a total of 8 occupational hazards occurred among Chung Hwa Chemical's employees, with no serious incidents or deaths. A comprehensive investigation has been conducted, and existing management measures have been improved. The effectiveness of implementation of the improvement measures is continuously monitored.

Through education, training, promotion, and safety control in recent years, the disabling injury frequency rate (FR) among employees of Chung Hwa Chemical this year decreased from 17.41 in 2022 to 15.73. Chung Hwa Chemical will continue to optimize management measures with the goal of reducing the disabling injury frequency rate (FR) to below 0.98 by 2027.

The disabling injury frequency rate (FR) for Chung Hwa Chemical this year was 15.73. The Company's Occupational Safety and Health Committee reviewed the causes and found that insufficient awareness and unsafe behaviors contributed to the accidents this year. Therefore, the committee will review management deficiencies and strengthen publicity and educational training to enhance workplace safety and safety awareness of employees.

Statistics of Employee Occupational Injuries and Diseases

Statistical Item (unit)	2022	2023	2024
Total working hours (hours)	516,952	524,264	508,416
Number of deaths from occupational injuries (times)	0	0	0
Occupational injury fatality rate ^{Note 1}	0	0	0
Number of serious occupational injuries (times) ^{Note 2}	0	0	0
Severe occupational injury rate ^{Note 3}	0	0	0
Disabling injury frequency rate (FR) ^{Note 4}	17.41	15.26	15.73
Disabling injury severity rate (SR) ^{Note 5}	180	97	74
Number of occupational diseases (cases)	0	0	0
Total injury index (FSI) ^{Note 6}	1.77	1.22	1.07

Note 1: Occupational injury fatality rate = Number of occupational injury fatalities ÷ Total working hours × 1,000,000.

Note 2: Serious occupational injuries refer to occupational injuries that make it impossible or difficult for employees to recover to their pre-injury health within 6 months, but excludes fatalities.

Note 3: Severe occupational injury rate = Number of serious occupational injuries ÷ Total working hours × 1,000,000.

Note 4: Disabling injury frequency rate (FR) = Number of disabling injuries ÷ Total working hours × 1,000,000.

Note 5: Disabling injury severity rate (SR) = Total number of lost work days ÷ Total working hours × 1,000,000.

Note 6: Total injury index (FSI) = ((Disabling injury frequency rate FR × Disabling injury severity rate SR) ÷ 1000) ^ 0.5.



6

Social Prosperity

6-1 Social Investment



6.1 Social Investment

6.1.1 Social Investment Strategy

Chung Hwa Chemical adheres to the philosophy of "giving back to society" and is committed to actively responding to the expectations and needs of stakeholders. It fulfills its corporate social responsibility through systematic community engagement and charitable investment. We have adopted the United Nations Sustainable Development Goals (SDGs) as the guiding principles for the Company's social engagement. Based on our core business capabilities, we respond to and implement concrete actions that support key goals, including SDG 2 Zero Hunger, SDG 8 Decent Work and Economic Growth, SDG 10 Reduced Inequalities, SDG 11 Sustainable Cities and Communities, SDG 14 Life Below Water, and SDG 17 Partnerships for the Goals, etc.

We follow the four-step management process of "evaluation, planning, execution, and feedback" to effectively promote social engagement activities:

- Evaluate: Analyze the positive and negative impacts of the Company's operations on the SDGs.
- Plan: Develop specific strategies and plans to reduce negative impacts and enhance positive benefits.
- Execute: Implement various social engagement activities based on established strategies and plans to promote positive impacts and effectively reduce negative effects.
- Feedback: Continuously track and evaluate the effectiveness of each activity to confirm the achievement of goals, which will serve as the basis for future continuous improvement and adjustment.

Through this systematic management process, Chung Hwa Chemical hopes to leverage its core capabilities to enhance the well-being of stakeholders, create positive social value, and proactively mitigate potential negative impacts on human rights, thereby continuously exerting its positive social influence.

In addition, to accurately assess the social benefits created by social engagement projects, we have introduced social impact assessment methods to quantify the specific outputs and impacts generated by resource inputs. This allows us to effectively track activity outcomes and provide a reference for optimizing solutions and making decisions. In the future, Chung Hwa Chemical will continue to utilize this approach, regularly evaluate and continuously improve it to achieve the most efficient allocation of resources and deepen corporate social engagement.

Type of Social Engagement	Amount (Unit: NT\$)	Ratio (Unit: Percentage)
Charitable donations	158,860	79.52%
Community engagement	40,925	20.48%
Business activities	0	0.00%
Total	199,785	100%

Resource Investment Methods	Amount (Unit: NT\$)	Ratio (Unit: Percentage)
Cash donation	10,000	5.01%
In-kind donation	29,900	14.96%
Time cost	15,200	7.61%
Management expenses	144,685	72.42%
Total	199,785	100%

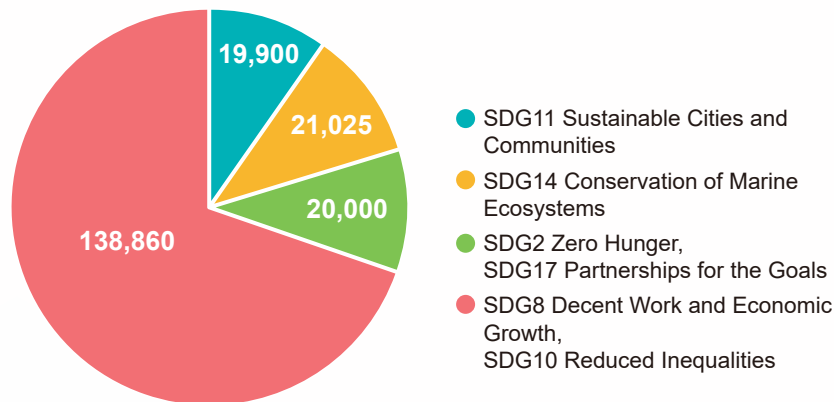
6.1.2 Social Engagement Results

Chung Hwa Chemical has invested corporate resources and invited employees to collaborate in initiatives such as beach clean-up activities, supporting community Christmas events, sponsoring community Mid-Autumn Festival energy-saving and carbon-reduction raffle activities, participating in rice donation charity campaigns, and purchasing mooncakes for charitable purposes during the Mid-Autumn Festival. Through these diverse projects, in cooperation with long-term partner organizations and venues, the Company seeks to enhance its positive influence on stakeholders.

Social Engagement Projects and Resource Investment Status in 2024

Social Engagement and Development	Name of the Project	Resources Invested (Unit: NT\$)				Corresponding SDGs
		Cash Donation	In-kind Donation	Time Cost	Management Expenses	
Ecological conservation	Beach cleaning activities	0	0	15,200	5,825	SDG14 Conservation of Marine Ecosystems
Community building	Community Christmas Family Evening Party and Raffle Event	0	9,900	0	0	SDG11 Sustainable Cities and Communities
	Local residents celebrated Mid-Autumn Festival and organized a lucky draw for energy conservation and carbon reduction	10,000	0	0	0	SDG11 Sustainable Cities and Communities
Charity fundraising	Collected 440 bags of rice to help disadvantaged families overcome difficulties	0	20,000	0	0	SDG2 Zero Hunger, SDG17 Partnerships for the Goals
Support for disadvantaged people	Purchased autumn mooncakes from social welfare organizations and distributed them to employees	0	0	0	138,860	SDG8 Decent Work and Economic Growth, SDG10 Reduced Inequalities

Performance Chart of Investment



Achievements of Social Engagement Projects in 2024

1. Reduce marine pollution and protect coastal and marine ecosystems

Chung Hwa Chemical actively participated in the joint autumn beach cleaning activities in Taoyuan, Hsinchu City, Hsinchu County, and Miaoli, collaborating with local governments and communities to protect the coastal environment. A total of 3,160 kilograms of marine debris were collected, which was a concrete implementation of SDG14 "Conserving Marine Ecosystems" and echoed the Sustainable Development Goals such as SDG11 "Sustainable Cities and Communities" and SDG17 "Partnerships for the Goals".



2. Social welfare support and employee care go hand in hand

During the Mid-Autumn Festival, Chung Hwa Chemical purchased 262 boxes of mooncakes worth a total of NT\$138,860 from the private Guanyin Charity Home in Taoyuan City (a welfare institution for people with disabilities) and presented them to all employees to express festive greetings and care. This act not only supports product sales for disadvantaged groups and strengthens the sustainable operation of social enterprises, but also promotes a positive corporate culture and sense of belonging among employees. It also echoes the sustainable development principles of SDG8 "Decent Work and Economic Growth" and SDG10 "Reduced Inequalities (support employment for people with disabilities)".



3. Support community sustainability initiatives

Chung Hwa Chemical has long attached great importance to local relationship management. During the Mid-Autumn Festival in 2024, the Company sponsored the "Energy Conservation and Carbon Reduction Mid-Autumn Lucky Draw Event" organized by the Shulinli Community Development Association, and donated NT\$10,000 in cash to support the event and the preparation of promotional materials. This activity focuses on energy conservation and carbon reduction, encouraging community residents to practice energy-saving and carbon-reducing behaviors in their daily lives and further promote the concept of sustainable living. By collaborating with the community to jointly shape a green community culture, businesses can demonstrate their active role in caring for the local community and advocating for sustainability, which also echoes the sustainable development principles of SDG11 "Sustainable Cities and Communities".

4. Support the Christmas event for local residents and foster community cohesion

In support of the Christmas event held by the "Da Guan New Life Center" and to promote neighborhood interactions and community integration, Chung Hwa Chemical actively participated in local Christmas celebrations and donated 5 electric hot pots worth NT\$9,900 in 2024 as prizes for the community's Christmas lucky draw. This gesture not only revitalized the community's atmosphere but also enhanced the connection and mutual trust between the Company and local community. Through participation in community activities, we are committed to leveraging our corporate influence to address the needs of local residents, strengthen community ties, and fulfill our corporate social responsibility. At the same time, these activities also help to enhance employees' sense of identification and participation in the Company, further shaping a positive sustainability culture and aligning with the sustainable principles of SDG11 "Sustainable Cities and Communities".



5. Corporate donations connect social resources to jointly promote public welfare initiatives

Chung Hwa Chemical launched a rice fundraising campaign, working with employees to donate 440 bags of rice to the Andrew Charity Association to support the distribution of food packages to disadvantaged families. Of these, Chung Hwa Chemical donated 200 bags of rice, totaling NT\$20,000, to encourage more people to participate in social welfare activities. The Company demonstrates proactive investment and initiative in fulfilling its corporate social responsibilities, and also echoes the sustainable development principles of SDG2 "Zero Hunger" and SDG17 "Partnerships for the Goals".



Name of the Project	Introduction to the Project	Stakeholders	Project Output
Purchased autumn mooncakes from social welfare organizations and distributed them to employees	Assisted children with baking training	Taoyuan City Private Guanyin Charity Home	262 boxes of mooncakes
Local residents celebrated Mid-Autumn Festival and organized a lucky draw for energy conservation and carbon reduction	Celebrate Mid-Autumn festival and lucky draw for energy conservation and carbon reduction	Shulinli Community Development Association	0
Community Christmas Family Evening Party and Raffle Event	Christmas party gifts for the community, Cao Luo Li residents, Christmas sharing lottery	Da Guan New Life Center	5 electric hot pots
Collected 440 bags of rice to help disadvantaged families overcome difficulties	Andrew Food Bank	Andrew Charity Association	440 bags of white rice
Beach cleaning activities	The autumn beach cleaning event jointly organized by Taoyuan City, Hsinchu City, Hsinchu County and Miaoli County	Shulinli Community Development Association	3,160 kg of garbage

Appendix

GRI Standards Index

SASB Standards Index

Enhanced disclosure of sustainability indicators

Climate-related information

CPA's limited assurance report



GRI Standards Index

Declaration of use: ESG information reported between January 1 and December 31, 2024 has been reported in accordance with GRI standards

Applicable GRI 1: Foundation 2021

General Disclosures

GRI Standards	Disclosure Items	Chapter of the Report	Page Number
GRI 2: General Disclosures 2021	2-1 Detailed information of the organization	2.1.1 Basic Information	17
	2-2 Entities included in the organization's sustainability reports	1.1.3 Scope of the boundary	5
	2-3 Reporting period, frequency and contact persons	1.1.1 Reporting period	5
		1.1.6 Contact information	6
	2-4 Restatement of information	1.1 About the Report	5
	2-5 External guarantee/assurance	1.1.5 External Guarantee/Assurance	6
	2-6 Activities, value chain and other business relationships	3.1.3 Supply Chain Structure	45
	2-7 Employees	2.1.1 Basic Information	17
		5.1.2 Talent Recruitment	64
	2-8 Workers who are not employees	3.2.1 Supply Chain Management Policy	47
	2-9 Governance structure and composition	2.3.1 Governance Structure	21
		2.3.2 Functional Committees	27
	2-10 Nomination and selection of the highest governance body	2.3.1 Governance Structure	21
	2-11 Chairperson of the highest governance body	2.3.1 Governance Structure	21

GRI Standards	Disclosure Items	Chapter of the Report	Page Number
GRI 2: General Disclosures 2021	2-12 Role of the highest governance body in overseeing the management of impacts	1.4.1 Process for Evaluating Material Issues	11
		1.4.2 Impact Management of Material Issues	13
	2-13 Person in charge of impact management	1.4.1 Process for Evaluating Material Issues	11
		1.4.2 Impact Management of Material Issues	13
	2-14 Role of the highest governance body in sustainability reporting	1.4.1 Process for Evaluating Material Issues	11
	2-15 Conflicts of interest	2.3.1 Governance Structure	21
	2-16 Communication of major significant events	2.3.1 Governance Structure	21
	2-17 Collective intelligence of the highest governance unit	2.3.1 Governance Structure	21
	2-18 Performance evaluation of the highest governance body	2.3.1 Governance Structure	21
	2-19 Remuneration policy	2.3.1 Governance Structure	21
	2-20 Remuneration determination process	2.3.1 Governance Structure	21
	2-21 Annual total compensation ratio	5.2.1 Equal and competitive remuneration	68
	2-22 Statement on sustainable development strategy	1.2.1 Message from the Management	7
	2-23 Policy commitments	2.4.1 Ethical Corporate Management	30
		2.4.2 Human Rights Policy	31
	2-24 Incorporation of policy commitments	2.4.1 Ethical Corporate Management	30
		2.4.2 Human Rights Policy	31
	2-25 Procedures for remediating negative impacts	1.4.2 Impact Management of Material Issues	13
	2-26 Mechanism for seeking advice and raising concerns	2.4.1 Ethical Corporate Management	30
		2.4.2 Human Rights Policy	31

GRI Standards	Disclosure Items	Chapter of the Report	Page Number
GRI 2: General Disclosures 2021	2-27 Legal compliance	2.4.3 Legal Compliance	32
	2-28 Membership of public associations	2.1.1 Basic Information	17
	2-29 Stakeholder engagement policy	1.3.1 Identification of Stakeholders	9
	2-29 Stakeholder engagement policy	1.3.2 Stakeholder Communication	9
	2-30 Group agreement	5.1.3 Labor-management Agreement	67
GRI 3: Material Topics 2021	3-1 Process for determining major topics	1.4.1 Process for Evaluating Material Issues	11
	3-2 List of major topics	1.4.2 Impact Management of Material Issues	13

Disclosure of Material Issues

GRI Standards	Disclosure Items	Chapter of the Report	Page Number
Ethical corporate management			
3-3 Management of major topics			
GRI 205: Anti-corruption 2016	205-2 Communication and training on anti-corruption policies and procedures	2.4.1 Ethical Corporate Management	30
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust and monopoly behavior	2.4.1 Ethical Corporate Management	30

GRI Standards	Disclosure Items	Chapter of the Report	Page Number
Energy management			
3-3 Management of major topics			
GRI 302: Energy 2016	302-1 Energy consumption within the organization	4.1.2 Energy Consumption	51
	302-4 Reduction of energy consumption	4.1.3 Energy Saving Measures	52
Information security and customer privacy			
3-3 Management of major topics			
GRI 418: Customer Privacy 2016	418-1 Complaints of substantiated breach of customer privacy or loss of customer information		
Waste management			
3-3 Management of major topics			
GRI 306: Waste 2020	306-3 Waste generated	4.4.3 Waste Collection and Disposal	62
	306-4 Disposal and transfer of waste	4.4.3 Waste Collection and Disposal	62
Financial performance			
3-3 Management of major topics			
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed by the organization	2.2.1 Economic value	19
Sustainable supply chain			
3-3 Management of major topics			
GRI 308: Supplier Environmental Assessment 2016	308-1 Using environmental criteria to screen new suppliers	3.2.1 Supply Chain Management Policy	47
	308-2 Negative environmental impacts in the supply chain and actions taken	3.2.2 Results of Supply Chain Audit	48

GRI Standards	Disclosure Items	Chapter of the Report	Page Number
GRI 414: Supplier Social Assessment 2016	414-1 Using social criteria to screen new suppliers	3.2.1 Supply Chain Management Policy	47
	414-2 Negative social impacts in the supply chain and actions taken	3.2.2 Results of Supply Chain Audit	48
Corporate governance and risk management			
3-3 Management of major topics			
Occupational health and safety			
3-3 Management of major topics			
GRI 403: Occupational Safety and Health 2018	403-1 Occupational safety and health management system	5.4.1 Occupational Safety and Health Management	71
	403-2 Hazard identification, risk assessment and incident investigation	5.4.1 Occupational Safety and Health Management	71
Talent attraction and retention			
3-3 Management of major topics			
GRI 401: Labor-employer Relations 2016	401-1 New employee hires and employee turnover	5.1.2 Talent Recruitment	64
	401-2 Benefits provided to full-time employees (excluding temporary or part-time employees).	5.2.2 Comprehensive Welfare Measures	69

GRI Standards	Disclosure Items	Chapter of the Report	Page Number
Greenhouse gas management			
3-3 Management of major topics			
GRI 305: Emissions 2016	305-1 Direct (Scope 1) greenhouse gas emissions	4.2.1 Greenhouse Gas Inventory	53
	305-2 Energy indirect (Scope 2) greenhouse gas emissions	4.2.1 Greenhouse Gas Inventory	53
	305-3 Other indirect (Scope 3) greenhouse gas emissions	4.2.1 Greenhouse Gas Inventory	53
Employee rights and diversity and equality			
3-3 Management of major topics			
GRI 401: Labor-employer Relations 2016	401-3 Parental leave	5.2.3 Child-friendly Workplace	69
GRI 405: Employee Diversity and Equal Opportunity 2016	405-1 Diversity of governance units and employees	2.3.1 Governance Structure	21
	405-1 Diversity of governance units and employees	5.1.2 Talent Recruitment	64
	405-2 Ratio of female to male basic salary and remuneration	5.2.1 Equal and competitive remuneration	68
Water resource management			
3-3 Management of major topics			
GRI 303: Water and Effluents 2018	303-3 Water withdrawal	4.3.2 Water Withdrawal and Drainage	59
	303-4 Water discharge	4.3.2 Water Withdrawal and Drainage	59
	303-5 Water consumption	4.3.2 Water Withdrawal and Drainage	59

Specific Topic Disclosure Items

GRI Standards	Disclosure Items	Chapter of the Report	Page Bumber
GRI 201: Economic Performance 2016	201-2 Financial impacts and other risks and opportunities arising from climate change	2.6.3 Impact Assessment of Climate Risks and Opportunities	37
	201-3 Defined benefit obligations and other retirement plans	5.2.2 Comprehensive Welfare Measures	69
	201-4 Financial assistance from the government	2.2.1 Economic value	19
GRI 202: Market Presence 2016	202-1 The ratio of the standard salary to local minimum wage for entry-level personnel of different genders	5.2.1 Equal and competitive remuneration	68
	202-2 Proportion of senior management hired from the local community	5.1.2 Talent Recruitment	64
GRI 204: Procurement Practices 2016	204-1 Proportion of procurement expenditure from local suppliers	3.1.3 Supply Chain Structure	45
GRI 205: Anti-corruption 2016	205-1 Operational locations that have undergone corruption risk assessments	2.4.1 Ethical Corporate Management	30
	205-3 Confirmed incidents of corruption and actions taken	2.4.1 Ethical Corporate Management	30
GRI 207: Tax 2019	207-1 Taxation policy	2.2.2 Tax Policy	20
	207-2 Tax governance, control and risk management	2.2.2 Tax Policy	20
	207-3 Stakeholder engagement and management on tax-related issues	2.2.2 Tax Policy	20
	207-4 Country-by-country report	2.2.2 Tax Policy	20
GRI 302: Energy 2016	302-3 Energy intensity	4.1.2 Energy Consumption	51
GRI 303: Water and Effluents 2018	303-1 Interactions of shared water resources	4.3.1 Water Resource Impact Assessment	56
	303-2 Management of water discharge-related impacts	4.3.1 Water Resource Impact Assessment	56

GRI Standards	Disclosure Items	Chapter of the Report	Page Bumber
GRI 305: Emissions 2016	305-4 Greenhouse gas emission intensity	4.2.1 Greenhouse Gas Inventory	53
	305-5 Greenhouse gas emission reduction	4.2.2 Greenhouse Gas Reduction	54
	305-6 Emissions of ozone-depleting substances (ODS)	4.2.3 Inventory of Ozone-Depleting Substances	54
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant gas emissions	4.2.4 Other Air Pollutant Emissions	54
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	4.4.1 Waste Impact Assessment	61
	306-2 Management of waste-related significant impacts	4.4.1 Waste Impact Assessment	61
		4.4.2 Waste Management Policy	61
	306-5 Direct disposal of waste	4.4.3 Waste Collection and Disposal	62
GRI 402: Labor Relations 2016	402-1 Minimum notice period for operational changes	5.1.1 Human Resources Management	64
GRI 403: Occupational Safety and Health 2018	403-3 Occupational health services	5.4.1 Occupational Safety and Health Management	71
	403-4 Worker participation, consultation, and communication on occupational safety and health	5.4.1 Occupational Safety and Health Management	71
	403-5 Worker training on occupational safety and health	5.3.1 Education and Training	70
		5.4.1 Occupational Safety and Health Management	71
	403-6 Worker health promotion	5.4.1 Occupational Safety and Health Management	71
	403-7 Prevention and mitigation of occupational safety and health impacts directly related to business relationships	5.4.1 Occupational Safety and Health Management	71
	403-8 Workers covered by the Occupational Health and Safety Management System	5.4.1 Occupational Safety and Health Management	71
	403-9 Occupational injuries	5.4.2 Occupational Injuries and Diseases	76
	403-10 Occupational disease	5.4.2 Occupational Injuries and Diseases	76

GRI Standards	Disclosure Items	Chapter of the Report	Page Bumber
GRI 404: Training and Education 2016	404-1 Average training hours per employee per year	5.3.1 Education and Training	70
	404-2 Programs for upgrading employee competency and transition assistance	5.3.1 Education and Training	70
	404-3 Percentage of employees receiving regular performance and career development reviews	5.3.2 Performance Evaluation	70
GRI 406: Non-discrimination 2016	406-1 Discrimination incidents and improvement actions taken by the organization	2.4.2 Human Rights Policy	31
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operational sites or suppliers at risk of freedom of association and group bargaining	2.4.2 Human Rights Policy	31
GRI 408: Child Labor 2016	408-1 Operational sites and suppliers with significant risks of child labor	2.4.2 Human Rights Policy	31
GRI 409: Forced or Compulsory Labor 2016	409-1 Operational sites and suppliers with significant risks of forced and compulsory labor	2.4.2 Human Rights Policy	31
GRI 410: Security Practices 2016	410-1 Security personnel receive training on human rights policies and procedures	2.4.2 Human Rights Policy	31
		5.3.1 Education and Training	70
GRI 411: Rights of Indigenous People 2016	411-1 Incidents involving infringements on the rights of indigenous peoples	2.4.2 Human Rights Policy	31
GRI 415: Public Policy 2016	415-1 Political contributions	2.2.1 Economic value	19

SASB Standards Index

Declaration of use: ESG information reported between January 1 and December 31, 2024 has been reported in accordance with SASB standards

SASB Industry: RT-CH

SASB Indicator Number	Disclosure Topics	Disclosure Items	Unit	Chapter of the Report	Page Number
RT-CH-110a.1	Greenhouse gas emissions	Total global Scope 1 emissions	Metric tons (t) of carbon dioxide equivalent	4.2.1 Greenhouse Gas Inventory	53
		Total global Scope 1 emissions, including the percentage covered by emission limits	Percentage (%)		
RT-CH-110a.2	Greenhouse gas emissions	Discussion of the long-term and short-term strategies or plans for managing Scope 1 emissions, emissions reduction targets, and performance analysis for achieving those targets	-	4.2.2 Greenhouse Gas Reduction	54
RT-CH-120a.1	Air quality	Emissions of the following air pollutants: (1) Nitrogen oxides (NOX) (excluding nitrous oxide (N2O))	Metric tons (t)	4.2.4 Other Air Pollutant Emissions	55
		Emissions of the following air pollutants: (2) Sulfur oxides (SOX)	Metric tons (t)		
		Emissions of the following air pollutants: (3) Volatile organic compounds (VOCs)	Metric tons (t)		
		Emissions of the following air pollutants: (4) Hazardous air pollutants (HAPs)	Metric tons (t)		
RT-CH-130a.1	Energy management	(1) Total energy consumption	Gigajoules (GJ)	4.1.2 Energy Consumption	51
		(2) Percentage of grid electricity	Percentage (%)		
		(3) Percentage of renewable energy	Percentage (%)		
		(4) Total self-produced energy	Gigajoules (GJ)		

SASB Indicator Number	Disclosure Topics	Disclosure Items	Unit	Chapter of the Report	Page Number
RT-CH-140a.1	Water management	(1) Total water withdrawal	Thousand cubic meters (m ³)	4.3.2 Water Withdrawal and Drainage	59
		(1) Percentage of water withdrawal from areas with high or very high baseline water stress as a percentage of total water withdrawal	Percentage (%)		
		(2) Total water consumption	Thousand cubic meters (m ³)		
		(2) Percentage of water consumption in areas with high or very high baseline water stress as a percentage of total water consumption	Percentage (%)		
RT-CH-140a.2	Water management	Number of non-compliance incidents related to water quality permits, standards, and regulations	Quantity		
RT-CH-140a.3	Water management	Description of the risks of water management, and a discussion of strategies and practices to mitigate those risks	-	4.3.1 Water Resource Impact Assessment	56
RT-CH-150a.1	Hazardous waste management	(1) Weight of hazardous waste generated	Metric tons (t)	4.4.3 Waste Collection and Disposal	62
		(2) Percentage of hazardous waste recycled	Percentage (%)		
RT-CH-210a.1	Community relations	Discussion of the engagement process for managing risks and opportunities related to community interests	-	6.1.1 Social Investment Strategy	78
RT-CH-320a.1	Labor health and safety	(a) Total recordable incident rate (TRIR) for direct employees (1)	Ratio	5.4.2 Occupational Injuries and Diseases	76
		(a) Mortality rate of direct employees (2)	Ratio		
		(b) Total recordable incident rate (TRIR) for contract employees (1)	Ratio		
		(b) Mortality rate of contract employees (2)	Ratio		
RT-CH-320a.2	Labor health and safety	Description of efforts to assess, monitor, and reduce exposure of employees and contract employees to long-term (chronic) health risks	-	5.4.1 Occupational Safety and Health Management	71
RT-CH-410a.1	Product design for use-phase efficiency	Revenue from products designed for resource efficiency during use phase		3.3 Innovation and Quality Excellence	49

SASB Indicator Number	Disclosure Topics	Disclosure Items	Unit	Chapter of the Report	Page Number
RT-CH-410b.1	Chemical safety and environmental management	(1) Percentage of products containing Category 1 and Category 2 health and environmental hazards under the Globally Harmonized System of Classification and Labelling of Chemicals (GHS)		Chung Hwa Chemical currently has no relevant statistics. For details on GHS chemical substances in Chung Hwa Chemical's managed products, please refer to Section 3.1 Industrial Supply Chain	43
	Chemical safety and environmental management	(2) Percentage of products containing Category 1 and Category 2 health and environmental hazards under the Globally Harmonized System of Classification and Labelling of Chemicals (GHS) that have undergone hazard assessment			
RT-CH-410b.2	Chemical safety and environmental management	(1) Management of chemicals of concern	-	5.4.1 Occupational Safety and Health Management	71
		(2) Discussion of strategies to develop alternatives to reduce impacts on humans or the environment	-	3.3.1 R&D and Innovation	49
RT-CH-410c.1	Genetically modified organisms	Percentage of revenue from products containing genetically modified organisms (GMOs)		Chung Hwa Chemical did not use genetically modified ingredients	
RT-CH-530a.1	Management of the legal and regulatory environment	Discussion of corporate positions regarding government regulations or policy proposals affecting environmental and social factors in the industry	-	2.1.3 Business Philosophy and Core Values	18
RT-CH-540a.1	Operational safety, emergency preparedness and response	Number of process safety incidents (PSIC)	Quantity	5.4.2 Occupational Injuries and Diseases	76
		Process safety incident rate (PSTIR)	Ratio		
		Severity rate of process safety incidents (PSISR)	Ratio		
RT-CH-540a.2	Operational safety, emergency preparedness and response	Number of transportation accidents	Quantity	3.2 Supply Chain Management	47
RT-CH-000.A		Production volume of the reporting department	Cubic meters (m ³) or metric tons (t)	1.2.2 Sustainability Performance	8

Enhanced Disclosure of Sustainability Indicators

Serial Number	Indicator	Type of Indicator	Unit	Page Number
I	Total energy consumption, percentage of purchased electricity, renewable energy utilization rate, and total self-generated and self-used energy (Note 1: Total self-generated and self-used energy is defined in accordance with the "Renewable Energy Development Act", "Implementation Regulations Governing Renewable Energy Certificates" or related sub-laws)	Quantification	Gigajoules (GJ), percentage (%)	51
II	Total water intake, total water consumption, and wastewater (sewage) discharge volume as required by law or disclosed voluntarily	Quantification	Thousand cubic meters (1,000m ³), percentage (%)	60
III	Total amount of hazardous waste generated and recycling percentage from the production process as required by laws and regulations or voluntarily disclosed	Quantification	Metric tons (t), percentage (%)	62
IV	Description of the number and percentage of occupational accidents	Quantification	Percentage (%), quantity	76
V	Operations that have significant actual or potential negative impacts on local communities	Qualitative description	Not applicable	61, 71
VI	Specific and effective mechanisms and actions taken by the Company and its suppliers to reduce negative impacts on the environment or society	Qualitative description	Not applicable	18, 52, 54
VII	Product volume by product category	Quantification	Varies by product type	8

Climate-related Information

Risks and Opportunities of Climate Change for the Company and the Relevant Response Measures Taken

Item	Page Number
1. Describe the supervision and governance of climate-related risks and opportunities by the Board of Directors and management.	35
2. Describe how the identified climate risks and opportunities affect the Company's business, strategy, and finances (short-term, medium-term, and long-term).	36
3. Describe the financial impact of extreme climate events and transition actions.	36
4. Describe how the climate risk identification, assessment, and management processes are integrated into the overall risk management system.	35
5. If there is a transition plan to manage climate-related risks, describe the content of the plan and the indicators and targets used to identify and manage physical and transition risks.	37
6. If climate-related targets are set, the covered activities, scope of greenhouse gas emissions, planning period, and annual progress should be explained. If carbon offsets or renewable energy certificates (RECs) are used to achieve the relevant targets, the source and quantity of carbon reduction credits or the number of RECs used should be explained.	38
7. Greenhouse gas inventory and assurance status, along with reduction targets, strategies, and specific action plans.	53

Independent Auditors' Limited Assurance Report

大中國際聯合會計師事務所
PKF Taiwan Certified Public Accountants & Advisers



Independent Auditors' Limited Assurance Report

To Chung Hwa Chemical Industrial Works, Ltd.

We have been appointed by Chung Hwa Chemical Industrial Works, Ltd. (hereinafter referred to as "Chung Hwa Chemical") to perform assurance procedures and issue a limited assurance report on the specific performance indicators disclosed in Chung Hwa Chemical's 2024 Sustainability Report (hereinafter referred to as the "Subject Matter Information").

Subject matter information and applicable standards

In accordance with Article 4 of the Taiwan Stock Exchange's "Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies", Chung Hwa Chemical discloses the sustainability indicator information and applicable standards required for the chemical industry as detailed in Attachment 1.

Responsibilities of management

The responsibility of Chung Hwa Chemical's management is to prepare the sustainability report in accordance with Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies, the General Standards issued by the Global Reporting Initiative (GRI), Sector Standards, and Major Topic Standards. Management is also responsible for establishing and maintaining internal controls related to the preparation of the sustainability report to ensure that the disclosed information does not contain material misstatements resulting from fraud or error.

Responsibilities of the Auditors'

We have conducted limited assurance engagement in accordance with the requirements of Assurance Standard No. 3000, Assurance Engagements Other than Audits or Reviews of Historical Financial Information, issued by the Accounting Research and Development Foundation of the Republic of China. The procedures were planned and performed to obtain limited assurance as to whether the subject matter information described in Paragraph 2 contains material misstatements, and a limited assurance report to be issued. In addition, when performing the limited assurance assessment, we obtained the necessary understanding of relevant internal control mechanisms in order to design limited assurance procedures that were appropriate under the circumstances. However, this was not intended to provide any assurance on the effectiveness of the design or implementation of the internal controls related to Chung Hwa Chemical's 2024 Sustainability Report.

Independence and Quality Management

We and the affiliated accounting firm have complied with the independence requirements and all other ethical requirements of the Code of Professional Ethics for Certified Public Accountants, the fundamental principles of which include integrity, objectivity, professional competence and due care, confidentiality, and professional behavior. In addition, the accounting firm has complied with Quality Management Standard No. 1 "Quality Management for Accounting Firms". This standard requires the firm to design, implement, and operate a system of quality management, including documented policies and procedures relating to compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

Summary of the procedures performed

We have performed limited assurance work for the subject matter information described in the second paragraph. The main assurance procedures performed include:

1. Obtained and analyzed the 2024 Sustainability Report of Chung Hwa Chemical.
2. Interviewed management and relevant employees of Chung Hwa Chemical to understand the relevant operational processes and information systems used to collect and generate subject matter information.

114764 台北市內湖區行善路118號4樓
4F, No.118, Xingshan Rd., Neihu Dist., Taipei 114764, Taiwan, R.O.C.
Tel 電話: (02) 8792-2628 Fax 傳真: (02) 8791-0859
www.pkf.com.tw

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3. Based on the understanding gained in relation to the above matters, perform analytical procedures on the specific information disclosed in the report, and review and verify relevant documents as necessary to obtain sufficient and appropriate limited assurance evidence.

The above assurance procedures were performed based on our professional judgment, including identifying the scope of possible material errors or misrepresentations in the subject matter information and assessing the potential risks, designing sufficient and appropriate assurance procedures, and evaluating the presentation of the subject matter information. We believe that the procedures performed provides a reasonable basis for the conclusion of this assurance report. However, our understanding and consideration of the risks in the limited assurance engagement are lower than those in a reasonable assurance engagement. The nature and timing of the procedures performed are different from those applicable to a reasonable assurance engagement, and their scope is also smaller. Therefore, the level of confidence obtained in the limited assurance engagement is significantly lower than that obtained in a reasonable assurance engagement.

Inherent limitations

The 2024 Sustainability Report of Chung Hwa Chemical included non-financial information. The disclosure of such information may involve significant judgments, assumptions, and interpretations by Chung Hwa Chemical's management. Therefore, different stakeholders may have different interpretations of such information.

Conclusion

Based on the procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that the subject matter information described in Paragraph 2 is materially misstated or not prepared, in all material respects, in accordance with the applicable criteria.

Other matters

Maintenance of Chung Hwa Chemical's website is the responsibility of Chung Hwa Chemical's management. We assume no responsibility for re-performing the assurance work on any subject matter information or applicable standards that change after the disclosure of this assurance report on Chung Hwa Chemical's website.

PKF International Limited
CPA: Kao, Kuo-Sheng

Kao, Kuo-Sheng

August 7, 2025

Notice to Readers

For the convenience of readers, the independent auditors' limited assurance report and the accompanying summary of selected subject matter information have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' limited assurance report and summary of selected subject matter information shall prevail.

- 2 -

Attachment 1. Sustainability Disclosure Indicators - Chemical Industry and Assurance Items Summary
Table in accordance with Appendix 1-2 of the Taiwan Stock Exchange's "Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies"

Number	Subject matter information	Applicable standards	Page number	Operating procedures
1	The sources of Chung Hwa Chemical's energy consumption in 2024 were electricity, natural gas, and gasoline and diesel. In 2024, the total energy consumption of Taoyuan Plant No. 1, Taoyuan Plant No. 2, and Changhua Plant was 74,856 GJ (Gigajoules). The energy consumption is as follows: Electricity consumption: 60,778 GJ; Natural gas: 6,073 GJ; Oil usage: 7,805 GJ. Percentage of purchased electricity: 100.00%. Renewable energy utilization rate and total self-generated energy consumption: 0.	The electricity consumption is calculated based on payment receipts from external suppliers; For natural gas, the total gas supply volume is calculated based on billing details of external suppliers; Part of the fuel consumption is based on statistical reports from the oil product customer inquiry system of external suppliers, while another portion is estimated using the mileage subsidy kilometers provided by Chung Hwa Chemical, divided by the average value derived from "2024 Vehicle Fuel Consumption Guide" issued by the Bureau of Energy, Ministry of Economic Affairs, and calculated based on the test values of domestically produced automobiles and motorcycles.	51	Number 1
2	The total water intake of Chung Hwa Chemical's Taoyuan Plant No. 1, Taoyuan Plant No. 2 and Changhua Plant in 2024 was 350.825 thousand cubic meters.	Practical water usage of the current period as shown on the electronic water bill notice (payment receipt) of Taiwan Water Corporation is converted into thousands of cubic meters.	60	Number 2
3	The total water consumption of Chung Hwa Chemical's Taoyuan Plant No. 1 and Taoyuan Plant No. 2 in 2024 was 203.915 thousand cubic meters. There is no statistical data on the water discharge of Changhua Plant, so the water consumption of Changhua Plant is excluded.	According to GRI 303-5 guidelines, if the reporting organization cannot directly measure water consumption, it can use the following formula to calculate: Water consumption = Total water intake - Total water discharge.	60	Number 2
4	The wastewater discharge volume of Chung Hwa Chemical's Taoyuan Plant No. 1 and Taoyuan Plant No. 2 in 2024 was 146.881 thousand cubic meters. Since Changhua Plant is primarily an office space, its wastewater discharge is not significant compared to Taoyuan Plant No. 1 and Taoyuan Plant No. 2. Therefore, the discharge volume of Changhua Plant is not disclosed.	Based on the water volume and water quality (in tons) indicated in the wastewater treatment fee payment notice issued by Forest Water Environmental Engineering Co., Ltd., the figures are converted into thousand cubic meters.	60	Number 2

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Number	Subject matter information	Applicable standards	Page number	Operating procedures
5	In 2024, the total amount of hazardous waste generated by Taoyuan Plant No. 1 and Taoyuan Plant No. 2 of Chung Hwa Chemical was 166,242 metric tons, the on-site recycling output was 2,862 metric tons, and the hazardous waste recycling percentage was 1.78%. Since Changhua Plant is primarily an office space, the hazardous waste generated is not as significant as that of Taoyuan Plant No. 1 and Taoyuan Plant No. 2. Therefore, the waste quantity of Changhua Plant is not disclosed.	The amount of hazardous waste disposed of by the Environmental Safety and Health Office in 2024 in accordance with the Ministry of Environment's "Waste Disposal Act" and Chung Hwa Chemical's "Waste Disposal Control Procedures". The amount of recycled output within the factory is based on relevant data from Chung Hwa Chemical's "Waste Disposal Control Procedures".	62	Number 3
6	The total working hours of personnel of Chung Hwa Chemical in 2024 were 508,416 hours.	In accordance with Article 38 of the "Occupational Safety and Health Act", the monthly reported and reviewed occupational injury statistics submitted to the Occupational Safety and Health Administration, Ministry of Labor are consolidated, including the total working hours.	76	Number 4
7	In 2024, the number of occupational injury deaths at Chung Hwa Chemical was 0; the occupational injury fatality rate was 0%; the number of serious occupational injuries was 0; the serious occupational injury rate was 0%; and the number of occupational diseases was 0.	Based on the internal "Occupational Safety and Health Accident Investigation and Handling Control Procedures", the statistics of occupational injury fatalities and fatality rates, as well as the number and rates of serious occupational injuries for 2024 were reported. Serious occupational injuries refer to those that make it impossible or difficult for an employee to recover to his or her pre-injury health within six months, but exclude fatalities. The occupational injury fatality rate is calculated as (The number of occupational injury fatalities × 10 ⁶) ÷ Total working hours. The serious occupational injury rate is calculated as (The number of serious occupational injury × 10 ⁶) ÷ Total working hours. The number of occupational diseases is calculated based on the summary of health examination results provided by health examination hospitals that cooperate with Chung Hwa Chemical.	76	Number 4

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Number	Subject matter information	Applicable standards	Page number	Operating procedures
8	In 2024, the frequency rate of disabling injuries of Chung Hwa Chemical was 15.73, the severity rate was 74, and the total injury index was 1.07.	The frequency rate of disabling injuries is calculated as (Total number of injury losses × 10 ⁶) ÷ Total working hours. The disabling injury severity rate is calculated as (Total number of days lost due to work-related injuries × 10 ⁶) ÷ Total working hours. The total injury index is calculated as √ (Disabling injury frequency × Disabling injury severity rate) = 1.000.	76	Number 4
9	There were no major accidents at Chung Hwa Chemical in 2024. There were 8 general occupational hazards and 6 traffic accidents.	Major occupational hazards are reported monthly by Chung Hwa Chemical to the Occupational Safety and Health Administration of the Ministry of Labor and compiled in accordance with "Article 38 of Occupational Safety and Health Act". The numbers of general occupational hazards and traffic accidents are based on the internal statistics of "Occupational Safety and Health Accident Investigation and Handling Control Procedures" of Chung Hwa Chemical.	76	Number 4
10	The air pollution emission source of Chung Hwa Chemical is located at Taoyuan Plant No. 1 in the Guanyin Industrial Park, Taoyuan City. In 2024, the total emissions from stationary sources amounted to 9,454 metric tons, including 2,406 metric tons of sulfur oxides (SO _x), 0,305 metric tons of nitrogen oxides (NO _x), 2,213 metric tons of particulate matter (PM), and 4,530 metric tons of volatile organic compounds (VOC).	Based on voluntary reporting details of emissions disclosed in the Ministry of Environment's Air Pollution Fee and Emissions Reporting Integrated Management System from the first to the fourth quarters of the year.	54	Number 5
11	General and hazardous industrial wastes are generated, cleared, transported, and disposed of (including recycled) in accordance with recycling regulations and waste disposal control procedures, and the general and hazardous waste pre-clearance inspection form must be filled out. For general industrial waste, each unit contacts the contractor or the General Affairs Section to dispose of it. Hazardous industrial waste is packaged in sturdy packaging materials or sturdy airtight containers before commissioning and then entrusted to be cleared by a legally licensed removal agency.	According to the management process specified in the waste disposal control procedures established by Chung Hwa Chemical.	61	Number 6

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Number	Subject matter information	Applicable standards	Page number	Operating procedures
12	According to our supplier control procedures, all new suppliers must undergo an evaluation process for supplier management. This process involves providing samples and specifications, as well as on-site assessments of direct raw material suppliers. However, if a supplier has passed ISO 9001, ISO 14001, or other management system certifications, the on-site assessment may be waived. After passing the assessment, they will be listed as qualified suppliers of the Company. Qualified suppliers are assessed annually based on their environmental, safety and health management capabilities (environmental), service flexibility (social), quality (governance), delivery deadlines (governance), warranty, and technical expertise (governance).	According to the supplier control procedures and annual supplier and contractor evaluation procedures established by Chung Hwa Chemical.	47	Number 6
13	Production volume by product category of Chung Hwa Chemical in 2024: Basic chemicals: 95,020 metric tons; Specialty chemicals: 6,260 metric tons; Electronic chemicals: 39,074 metric tons.	The production data of products is based on the records and inventory statistics recorded in the ERP system in 2024 by Chung Hwa Chemical.	8	Number 7

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No. 15, Gongye 5th Road, Guanyin District, Taoyuan City (Guanyin Industrial Park) 328454, Taiwan (R.O.C.)



+886-3-4761266



+886-3-4761336



www.chciw.com.tw

