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Cover designconcept



These shades of forest green and lake green trend towards calm, stability, and healing. They convey the image of a "guardian.

The design incorporates contour maps and satellite imagery of the Earth's oceans to evoke the texture of rivers and seas as viewed from up high, highlighting the concept of a global village.

The origins of the steel industry lies in iron ore and natural resources. This natural texture highlights the profound connection between Taiwan Steel Union and the global environment, grounding the industrial topic of "steel" back in the fundamental essence of the "land."

As Taiwan Steel Union expands its business scale and environmental philosophy globally, it remains true to its original vision of "returning to nature and communing with the environment."

Design / **Ao Duo Bi Creative Studio**

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About the Report

To All Readers

This report has been prepared with reference to the GRI Standards issued by the Global Reporting Initiative (GRI) and in accordance with the GRI 2021 Universal Standards and the SASB Disclosure Guidelines issued by the Sustainability Accounting Standards Board (SASB). The report also follows additional international guidelines and standards, including the United Nations Sustainable Development Goals (SDGs), the Task Force on Climate-related Financial Disclosures (TCFD), and ISO 26000 Social Responsibility Guidelines. To ensure readers have access to reliable and transparent information, this report has undergone external verification by SGS Taiwan in compliance with the AA1000 Assurance Standard v3 Type 1 at a moderate assurance level.

Enhancing the sustainability performance and transparent disclosure of the industry's circular economy

To fulfill corporate social responsibility and meet the society's expectation, Taiwan Steel Union Co., Ltd. ("TSU") enters on the enhancement of the industry's circular economy and sustainability performance in this report. The report is structured with a focus on stakeholder engagements and identification and concern of issues of materiality, in order to disclose sustainability performance in relation to Taiwan Steel Union.

The reporting period spans from January 1, 2025, to December 31, 2025, covering the corporate sustainability management and performance of TSU and its subsidiary, Taiwan Steel Resources Co., Ltd. ("TSR"), across their key operating locations. The scope of the information provided in this report is generally consistent with the consolidated financial statements and excludes investments in associates. The financial data is based on the consolidated financial statements that have been audited and publicly released. Some statistical data is drawn from annual reports, government agencies, and publicly available information on relevant websites. The data is presented using generally accepted language and numerical descriptions. Any exceptions are explained separately in the body of the report. This is the eighth annual edition of the report, which is published on an annual cycle. The previous edition was released in June 2025, and the next release is scheduled for June 2027.

Report responsible unit and contact method

Responsible unit: TSU Sustainability Development Committee
Please contact us for any opinion or feedback.
Address: No. 36, Xiangong N. 1st Rd., Changhua Coastal Industrial Park, Shengang Township, Changhua County
Company website: https://www.tsutw.com.tw
Contact Person: Kun-Chieh Lin, Spokesperson and Deputy General Manager
Email: jackie.lin@tsutw.com.tw
Telephone: 04-758-6136 #111

Report Guide

To facilitate rapid and accurate reading, this report provides the following:

- Links on Table of Contents and Index for each chapter
- Links on each page of the electronic version so readers to quickly connect
- Report download (QR code)

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Report Management

Internal and external audit mechanisms for the report

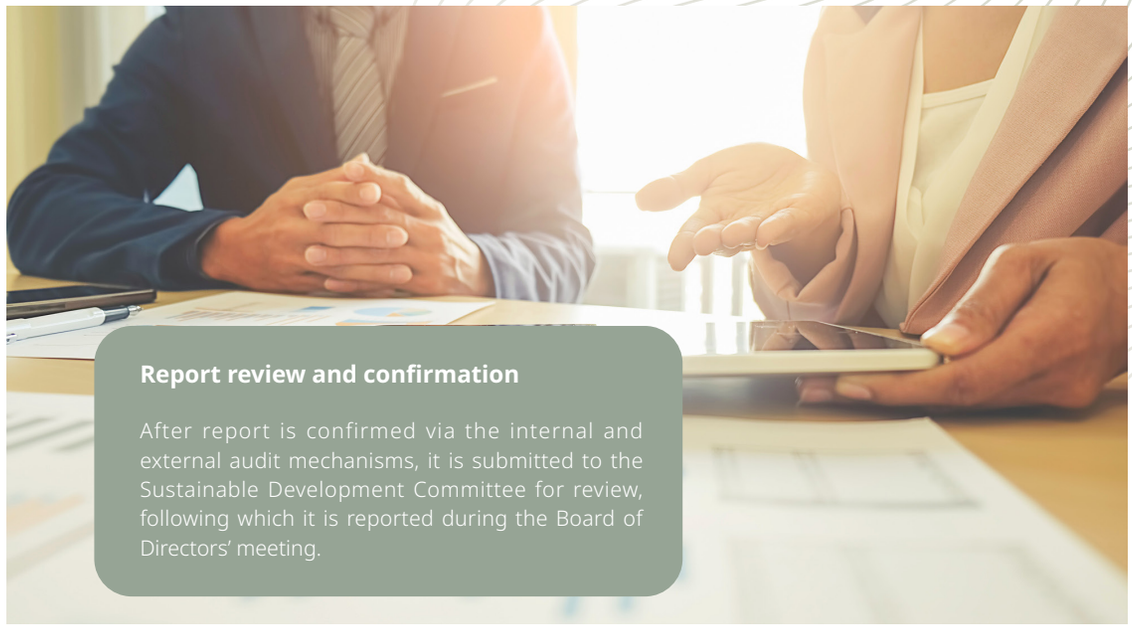
The reporting period of the report is from January 1, 2025, to December 31, 2025. To further enhance the content and quality of the report, an annual audit mechanism is planned, consisting of both internal audits and external verification.

Internal audit

The internal audit of the 2025 report was conducted on April 07, 2026, through cross-audits by internal departments.

External verification

To enhance the report's credibility, we commissioned SGS Taiwan to perform an external verification to ensure compliance with the AA1000 standards. The external audit for the 2025 report is scheduled to take place on April 27 and May 6, 2026. The verification of the 2025 greenhouse gas emissions was completed in March 2026 and ISO14064-1 certification was obtained in April.



Report review and confirmation

After report is confirmed via the internal and external audit mechanisms, it is submitted to the Sustainable Development Committee for review, following which it is reported during the Board of Directors' meeting.

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Message from Management

Amid the global surge toward corporate sustainability and net-zero transformation, TSU remains committed strengthening corporate resilience and enhancing sustainable value with circular economy as its core. As a business leader, I firmly believe that a company's long-term competitiveness stems from the balanced development of the three pillars of economy, environment, and society, while addressing the expectations of stakeholders through concrete actions.

Economic Dimension: Steady Growth through Strengthening Sustainability Governance and Market Competitiveness

In 2025, TSU achieved outstanding results in both its operating and capital market performance, earning the "Taiwan FINI 100 - Mid-tier Potential Enterprises Award." This accolade underscores the Company's robust profitability and growth momentum. Meanwhile, we have continued to optimize corporate governance by advancing succession planning for the Board of Directors and senior management. We have also adopted international standards, including TCFD, SASB, and IFRS, to enhance the transparency of climate risk and future financial disclosures. In 2025, TSU balanced value growth and sharing by rewarding shareholders with a high dividend payout ratio of 86%. In terms of governance and talent, the Company continues to strengthen its succession planning and organizational capacity building to ensure sustained competitiveness in a fast changing environment.

We are actively strengthening our supply chain management, with 100% of major suppliers completing evaluations and all achieving an A-level rating. Our sustainability philosophy has been successfully extended upstream. In addition, the Company is continuing to implement the local procurement policy and have exceeded target values for four consecutive years. Looking ahead, the Company will increase local procurement of limestone and hydrated lime to stimulate Taiwan's economic development and strengthen supply chain resilience. GHG emissions will be reduced as well do our part for the environment.

Environmental Dimension: Circular Economy Leader Putting Resource Sustainability into Practice

We are continuing to expand our environmental contributions as a leader in Taiwan's resource circulation industry. Guided by the core principle of "circularity and zero waste," we utilize high-temperature smelting technology to recover and reprocess valuable metals such as zinc and lead from electric arc furnace (EAF) dust. We have also fully converted all by-products into resources, achieving 100% recycling. In 2025, the Company was honored with the "Gold Quality Award" from the Resource Circulation Administration of the Ministry of Environment. Thanks to the continued expansion of waste treatment operations, the Company generated NT$273 million in revenue and is a model for transforming environmental benefits into economic value. In terms of climate action, greenhouse gas (GHG) emissions in 2025 were reduced by 31% compared to the base year, achieving the 2026 short-term target ahead of schedule. The Company continues to reduce energy consumption through energy-saving projects and process optimization while advancing a renewable energy strategy. The solar power system has now been commissioned and will be expanded in scale in the future.

Furthermore, we have achieved significant results in pollution prevention and control; air emissions have continued to decline in compliance with regulations, and we have maintained a 100% waste recycling rate. At the same time, the Company delivered outstanding water resource management performance, achieving a recycling rate of 51%. This milestone met the long-term goal ahead of schedule, demonstrating the company's environmental commitment through concrete action.

Social Dimension: Prioritizing Human-Centric Values to Create a Safe and Prosperous Sustainable Environment

TSU has always regarded its employees and society as vital partners in corporate sustainability. In 2025, we were recognized as an "Outstanding Enterprise in Occupational Health and Safety." This accolade reflected our ongoing commitment and achievements in occupational safety management and health care systems. We are continuing to safeguard the well-being of our employees through our on-site physician and nurse programs alongside various health promotion initiatives. In terms of social engagement, we have continued to actively promote the circular economy education and industry exchange. More than 400 visitors are hosted throughout the year to facilitate collaboration between industry, government, and academia, as well as international exchange, further expanding the influence of the circular economy. In addition, the Company invested over NT$17 million in social initiatives to continue giving back to society and promote mutual prosperity.

Future outlook

TSU will continue to make the circular economy the core of our efforts to strengthen resource recycling technologies, develop more diverse waste treatment and recycling applications, and create a more complete circular industry chain. We will also accelerate our low-carbon transition, strengthen our climate resilience and environmental risk management capabilities, and make steady progress toward the goal of net-zero emissions.

Moving forward, TSU will continue to collaborate with stakeholders and leverage resource circulation to drive industrial transformation and upgrading as we collectively pursue a vision of sustainable development and zero waste.

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2025 Key Performance

Economic Highlights

- 2025 - At the Taiwan FINI 100 Awards Ceremony and Foreign Investment Forum, we were honored with "**18th Place in the Mid-tier Potential Award**" and recognized as one of the "**Top 10 Mid-tier Potential Enterprises in Profitability**.
- To ensure corporate sustainability, the Company established succession plans for board members and management, along with corresponding development programs.
- Implemented TCFD and complied with SASB standards and IFRS, in order to establish climate strategy and risk financial information.
- 2025 - Dividend payout ratio reached **86**% and exceeded the policy target of **70**%.
- In 2025, 61 key suppliers signed the “Supplier Code of Conduct.”
- In 2025, the overall average score for supplier evaluations was 5.9, with a Class A evaluation ratio of **100%**.
- In 2025, the proportion of local procurement reached **73%**, far exceeding the target of **50%**.
- In 2025, all customer satisfaction surveys averaged above **5.9** out of 6.
- Between 2022 ~2025 there were 0 deaths related to transportation safety, so the target was achieved **100**%.

Environmental Highlights

- In 2025, the Company received the "**Resource Circulation Category - Gold Quality Award**" from the Resource Circulation Administration of the Ministry of the Environment.
- In 2025, the newly added waste disposal business processed 31,412 tonnes of waste and contributed NT$273 million to annual revenue.
- In 2025, the reuse rate for general and hazardous industrial waste reached 100% and reached the target.
- In 2025 there were no violations for leaking waste.
- The Company became the first domestic hazardous waste recycling organization to obtain **UL2809** certification. 100% of the zinc content was derived from recycled materials.
- Set up a climate change and water risk management policy as well as a comprehensive risk and opportunity management mechanism
- Environmental protection expenditure amounted to NT$111 million in 2025.
- 2025 GHG emissions were **31**% lower than the base year (2021). The 2026 reduction target has been met already.
- 2025 Energy users save reduced calorific value by 1.65 TJ. Energy conservation of **2.52**% was far higher than the target of **1**%.
- Completed the installation of the solar power system, with renewable energy self-generation and self-use reaching **1,721,168.00** kw/hr in 2025. We will continue to plan and construct the solar power systems (Phase II and Phase III) and the TSR Rooftop Solar Panel Project, with a total area of approximately **26,824** m^2 and a total capacity of **4,364** kW. Total capacity is expected to reach **4,867,443** kW/hr.
- Coke Energy Efficiency Project
  The amount of coke used per tonne of waste treatment decreased significantly, with a reduction of up to **33%** compared to 2017.
- Continued to promote energy conservation measures and increase the proportion of renewable energy in 2025 to achieve total carbon reductions of 1,033 tonnes CO_2e.
- 2025- Total annual NOx emissions in 2025 were reduced by 42% compared with 2024.
- 2025- Total micro-particulate (PM10) emissions in 2025 decreased significantly by 25% compared to 2024.
- In 2025 - Greatly reduced annual emissions of volatile organic compounds (VOC) by 94%.
- The water recycling rate in past years was 51% but this has been revised upward to reach the target rate of 45% by 2035 early.
- In 2025, the water consumption per unit of waste treated was **0.429** tonnes/tonne of waste treated. The 2035 target of **0.45** was achieved ahead of schedule.

Social Highlights

- Human Rights Due Diligence: All results classified as low risk.
- In 2025, the Company will be recognized as an "**Outstanding Enterprise**" in the Occupational Health and Safety Performance Disclosure Evaluation by the Occupational Safety and Health Administration (OSHA), Ministry of Labor.
- In 2025, continued implementation of the on-site doctor and nurse system, with related education and training to promote worker health protection.
- In 2025, TSU promoted circular economy educational visits, including domestic and international customers, technical exchanges, industry associations, and government agencies — with 209 visits to TSU and 220 to TSR, totaling 429 participants.
- The total social expense was NT$17,278 thousand, accounted for 2.5% of the net profit after tax in 2025.

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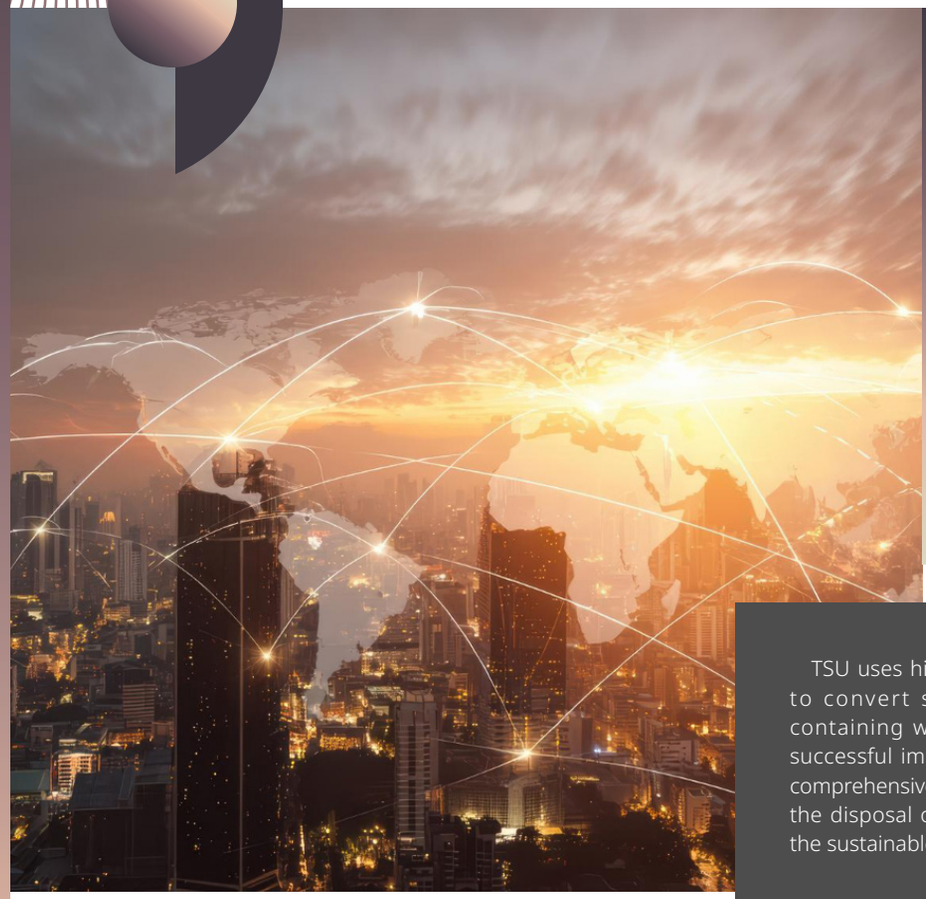
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01



TSU uses high-temperature smelting technology to convert steelmaking flue dust and zinc-containing waste into valuable resources. The successful implementation of "urban mining" and comprehensive circular economy not only addressed the disposal of hazardous waste but also realized the sustainable circulation of metal resources.

In alignment with the government's environmental protection policies, TSU Co., Ltd. reuses hazardous industrial waste (dust) generated by the electric arc furnace (EAF) steelmaking industry. This effectively addresses the disposal challenges of EAF dust within the domestic market.Utilizing high-temperature rotary kiln smelting technology, valuable resources such as zinc (approx. 25% Zn) and lead are recovered from the dust to produce "Crude Zinc Oxide (approx. 55–62% Zn)." These products are sold to domestic and international smelters or chemical plants for producing of pure metal zinc ingots or high-purity zinc oxide. These, in turn, are resold to domestic galvanizing, tire, and rubber industries to be manufactured into galvanized building materials or related consumer goods. The process completes another vital "zinc life cycle" within Taiwan's circular economy.

After decades of overdevelopment and overuse, global resources are however becoming increasingly depleted. Countries around the world are gradually coming to terms with the finite nature of metal resources. The pursuit of sustainable utilization and development of resources has therefore become a key determinant of future economic activities. Through its circular model, TSU reduces the extraction of natural zinc ore and its environmental burden. A new paradigm for "urban mining" has also been defined by providing a more effective solution for the disposal of hazardous waste in the EAF steelmaking industry.

Taiwan Steel Union (TSU) was originally established as a resource recycling plant for the "Taiwan Electric

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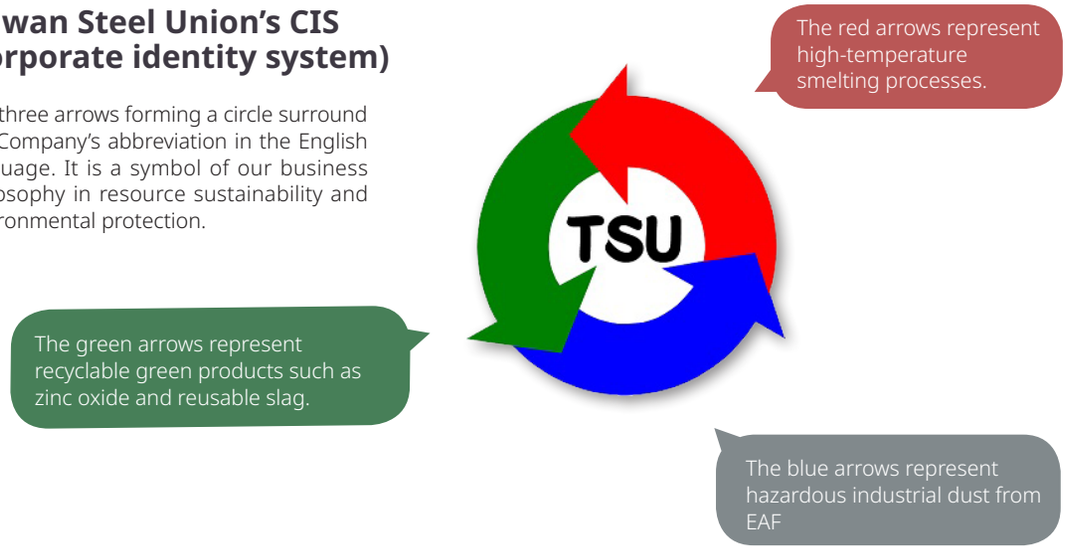
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Arc Furnace Steelmaking Waste Joint Treatment System" under the joint guidance of the Ministry of Economic Affairs and the Environmental Protection Administration (now the Ministry of Environment). In accordance with government policy, the company achieved the policy goal of clearing all domestically stored baghouse dust by the end of June 2016. Subsequently, following the dissolution of the joint treatment system, TSU transitioned into a general industrial waste recycling facility for domestic EAF dust. TSU operations have since expanded to include the recycling of zinc-containing waste, incineration fly ash, contaminated soil, and waste with calorific value. Today, TSU is a comprehensive circular economy enterprise capable of simultaneously performing collection, disposal, treatment, and reuse services. Since 2021, the scope of recyclable industry categories have been progressively expanded to include zinc-containing waste and resources from the surface treatment, chemical, and metal processing industries, as well as incineration fly ash from municipal waste incinerators. These efforts reduce the consumption of natural resources and enable misplaced waste to re-enter the industrial chain as recycled raw materials, and keep waste out of landfills.

Taiwan Steel Union's CIS (corporate identity system)

The three arrows forming a circle surround the Company's abbreviation in the English language. It is a symbol of our business philosophy in resource sustainability and environmental protection.



Taiwan Steel Union's products and services



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Taiwan Steel Resources Co., Ltd., a wholly-owned subsidiary of the Company, specializes mainly in the stabilization and reuse of reduction slag , oxidation slag , and rotary kiln slag from its parent company. It is the world's first fully automated stabilization plant to utilize 21 kgf/cm^{2}high-pressure steam (saturated steam at 215°C). By utilizing high-temperature saturated steam, unstable components (such as free calcium oxide and magnesium oxide) react rapidly to form stable compounds. This process effectively shortens the natural stabilization period while ensuring the stability and safety of subsequent regenerated materials. Innovative high-pressure steam technology is leveraged to drive the sustainable goal of "resource recycling and zero waste."



Taiwan Steel Resources CIS (Corporate Identity System)

The three arrows forming into a circle is a counter-clockwise image of the parent company Taiwan Steel Union's logo. Taiwan Steel Resources is a clockwise circle, surrounding the company's abbreviation, as a symbol of the never-ending circles of resource recycling.



TSR The autoclave is the main equipment used by Taiwan Steel Resources and its acronym is displayed on the casing.

Represents resource recycling and a circular economy.

Represents water vapor; the slag must be processed with high-temperature and high-pressure steam.

Represents the color of EAF slag.



World-leading 21 kgf/cm^2 High-Pressure Steam Stabilization Technology

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Taiwan Steel Resources Products and Services

Rotary kiln slag, reducing slag, and oxidizing slag reuse services and related products



The TSU Total Cycle: Collaboration between the Upstream and Downstream of the Industry Chain

TSU is a joint investment by 12 electric arc furnace steelmaking plants, established in accordance with the “Guidelines for the Joint Processing of Industrial Waste” of the Industrial Development Administration, Ministry of Economic Affairs. Each steelmaking plant commissions TSU to process its EAFD waste, with the sales surplus from the products returned to the shareholders. This promotes proper waste disposal and resource recovery, creating a win-win situation for upstream and downstream industries. This has been the most successful domestic model for industrial waste recycling.

Participation in the steelmaking industry chain

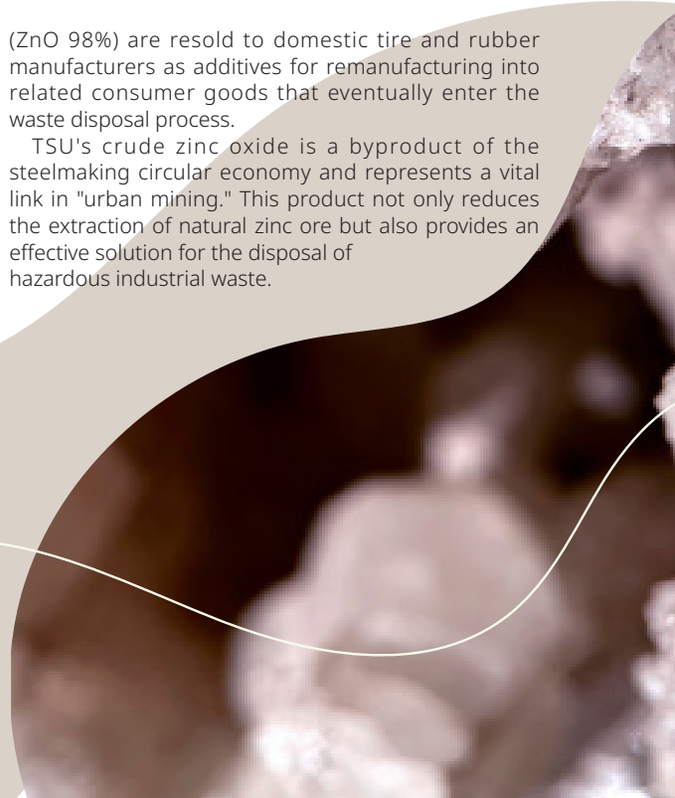
A large quantity of steel products is used in domestic livelihood, construction, and the automotive industry. When these products reach the end of their service life, they become scrap steel and scrap iron, which, after being recycled, are used by electric arc furnace steelmakers to produce steel products, forming a recycling loop for steel products.

Participation in the zinc circulation industry chain

During the production of steel products by electric arc furnace steelmakers, the dust collected by air pollution control equipment in the steelmaking process is commissioned to TSU for recycling treatment. Using TSU’s rotary kiln high-temperature smelting technology, valuable resources such as zinc (approximately 25% Zn) are recovered from the dust and processed into “Crude Zinc Oxide (approximately 55 ~ 62% Zn)” products. These products are mainly sold to overseas smelters for the production of pure metal zinc ingots (zinc content of 99.995% or higher) or to domestic and overseas chemical plants for the manufacture of high-purity zinc oxide products (ZnO purity of 98%).

Pure metal zinc ingots are sold back to domestic steel, water hardware, and galvanizing industries, further processed into products, and re-enter the steel product recycling loop. High-purity zinc oxide products (ZnO 98%) are resold to domestic tire and rubber manufacturers as additives for remanufacturing into related consumer goods that eventually enter the waste disposal process.

TSU's crude zinc oxide is a byproduct of the steelmaking circular economy and represents a vital link in "urban mining." This product not only reduces the extraction of natural zinc ore but also provides an effective solution for the disposal of hazardous industrial waste.



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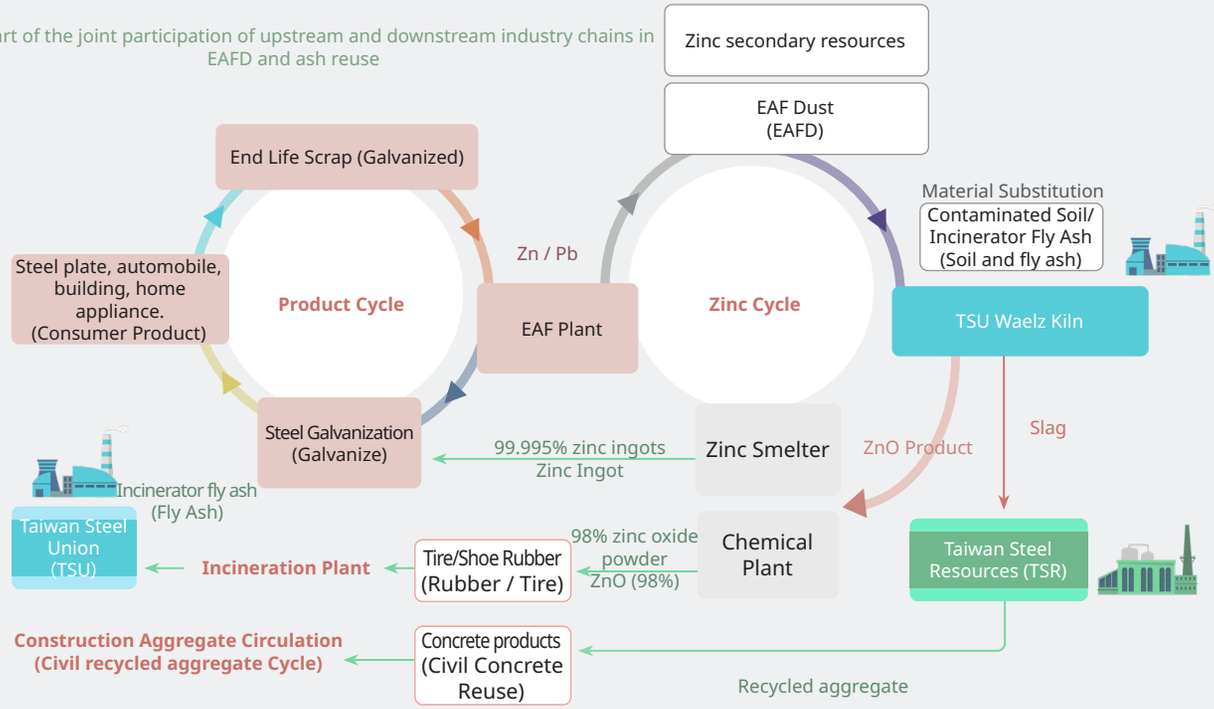
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Participation in the construction circular industry chain

Rotary kiln slag, the final product of the TSU manufacturing process, is astable and 100% recyclable general industrial waste. Bulletin 35 of the "Regulations for the Management of Industrial Waste Reuse" promulgated by the Ministry of Economic Affairs, it can be reused as a raw material for cement, concrete aggregates for cement products, asphalt concrete aggregates, raw materials for asphalt concrete aggregates, raw materials for non-structural concrete aggregates, or base and sub-base graded aggregate materials for pavement engineering. Slag produced by TSU is mainly processed by its subsidiary, TSR, into recycled civil engineering aggregate products. These are then used in construction aggregate cycles. The result is a 100% circular economy reuse at TSU model with zero waste generation that serves as a model for the circular economy both domestically and internationally. In addition, TSU completed two ready-mixed concrete plants dedicated to recycled aggregates at the end of 2020 to expand into the production of slag-based green and environmentally friendly building materials. The plants are designated as slag-only as well to maintain full control over material flows and fulfill our corporate responsibility.

Flowchart of the joint participation of upstream and downstream industry chains in EAFD and ash reuse



Taiwan Steel Union Overview

Note: Consolidated financial statements

Data type	2025 relevant data explanation
Company name	Taiwan Steel Union Co., Ltd.
All forms of legal ownership	Publicly listed company (stock code 6581)
Current industry	Green energy and environmental protection
No. of employees	108 employees
Capitalization	NT$1.11 billion
Liabilities and equity	Liabilities: NT$934,725 thousand, equity: NT$4,486,855 thousand

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Taiwan Steel Union Overview

Note: Consolidated financial statements

Data type	2025 relevant data explanation
Main business activities and products	Taiwan Steel Union: 1. Clearing and reusing EAFD from electric arc furnace steelmaking operations and EAFD from disposal sites 2. Reuse of off-site contaminated soils. 3. Resource recovery and reuse of zinc-containing products and zinc-containing waste 4. Incineration plant incineration fly ash reuse 5. Reuse of solid-derived fuels and other waste materials with high calorific value 6. Sale of Crude Zinc Oxide (Product) Taiwan Steel Resources: 1. Removal and reuse of reducing slag and oxidizing slag from electric-arc furnaces used for steel making 2. Removal and reuse of rotary kiln slag produced by TSU 3. Sale of concrete aggregate; base materials or aggregates for the base of pavement engineering (roads, pedestrian walks, container yards or parking spaces); asphalt concrete aggregate; controlled low-strength backfill material aggregates; concrete products aggregates. 4. Sale of controlled low-strength materials (CLSMs) and non-structural ready-mixed concrete
Chairman (Board of Directors)	Lin, Tsai-Hsiang
General Manager	Hsieh, Tsung-Lin
Headquarters and operating address	No. 36, Xiangong N. 1st Rd., Changhua Coastal Industrial Park, Shengang Township, Changhua County
Production lines and capacities	The Company operates two rotary kilns using a high-temperature smelting process, with an annual total approved capacity 198,900 tonnes for the recycling of EAFD and zinc secondary materials. 2025 EAFD Recycling and Treatment Volume: 98,075 tonnes. In 2025, the actual volume of recycled and treated non-EAFD waste—including contaminated soil, incinerator fly ash, Zinc secondary products, solid-derived fuels, waste with high calorific value, electroplating sludge, and dust or sludge with a zinc content greater than 2.5%—was 31,412 tonnes.
Net sales	2025 Net sales: NT$2,210,758 thousand
Markets serviced	Waste resource recycling service • EAFD, reducing slag, oxidizing slag: electric arc furnace steel plants, disposal sites. • Contaminated soils: Contaminated sites in Taiwan • Zinc-containing products and wastes: Reuse or treatment institution, water hardware industry, zinc and copper alloy, chemical industry, electroplating industry, etc. • Incineration fly ash: waste incineration plants or public/private waste processing organizations. • Solid alternative (renewable) fuels: waste recycling industry. • High calorific value (industrial) waste: manufacturing industry, and disposal sites. Product sale service • Zinc oxide: zinc smelting industry, chemicals industry
Entity included in consolidated financial statements	Subsidiary - Taiwan Steel Resources Co., Ltd. (founded in 2019)
Location	Waste resource recycling service region: Taiwan. Zinc oxide sold to: Taiwan, Japan, Belgium, Poland, Thailand and South Korea.
TSR production lines and capacities	Five autoclaves with annual permitted operating capacity of 229,500 tonnes. Magnetic separators for crushed slag with annual permitted operating capacity of 521,934 tonnes. Total amount of reduction slag, rotary kiln slag, oxidizing slag processed for reuse in 2025: 186,969 tonnes. Reported total production volume of base materials for pavement engineering work, concrete aggregates (including asphalt), and aggregates for controlled low-strength backfill materials in 2025: 199,302 tonnes. Reported production volume of controlled low-strength materials and non-structural concrete in 2025: 157,842 cubic meters.

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1.1 TSU CSR Policy

TSU Vision: To become the role model company in the circular economy of Taiwan
Core value: Contribute to the sustainability of blue skies, green lands, lush mountains and clean waters on Earth.

Economic
Realization of a circular economy

Environmental
Development of a sustainable environment

Social
Protection of social interest



Sustainable Development Strategy Principles

Economic

Completion of core competences in the circular economy, optimization of products and treat services, development of Taiwan Steel Union as a 100% circular economy company, creation of the best economic performance for shareholders and investors, and enhancement of sustainability performance for stakeholders

Environmental

Development of environmental sustainability management, 100% compliance with laws and regulations, drive for environmental-friendly and green manufacturing process and operating ecosystem efficiency, collaboration with suppliers and contractors in the creation of environmental sustainability performance, cooperation with stakeholders to respond to climate change challenges

Social

Maintenance of a happy workplace and protection of occupational safety and health for Taiwan Steel Union and its suppliers, human resources management to attract and retain talent, human right policy establishment and push, concern of disadvantaged groups in the community, care for social interest and creation of social benefits

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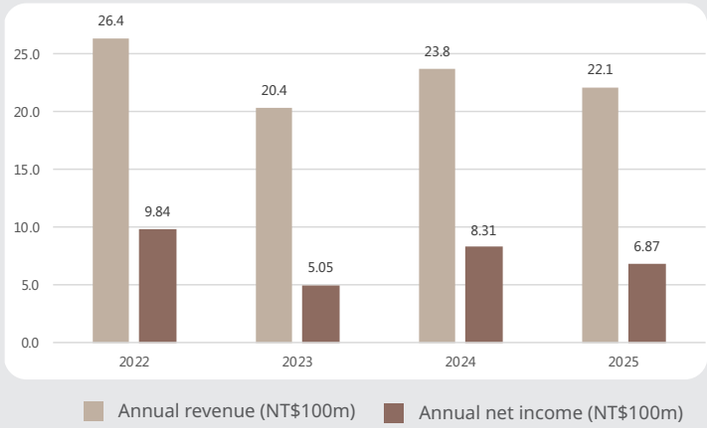
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1.2 Company Operations and Economic Contribution

Revenue and profit targets



TSU sets annual targets for revenue and profit growth. In 2025, operating revenue decreased by 7.14% and net income decreased by 17.33% compared to the previous year. This was primarily due to a decline in domestic steel production in 2025, which impacted EAF dust delivery volumes and reduced the quantity of marketable zinc oxide.

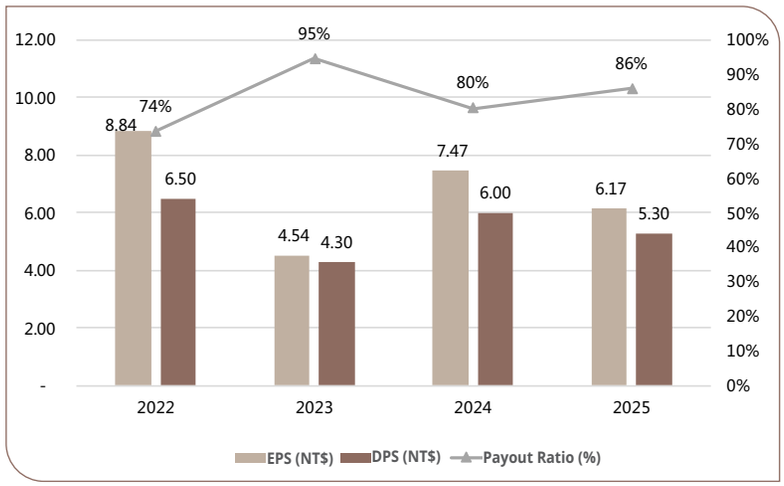
Expansion of green investment and construction a more comprehensive circular economy system

In 2018, the 100% subsidiary TSR was established, to focus on the production of green and environmental-friendly building materials by reusing slag. This was in line with the industry policy on circular economy. Five production lines are in full-line operation. The Company has also constructed two factories for recycled aggregates used in ready-mixed concrete started operation to enter the market for ready-mixed concrete made with slag. This is an additional revenue stream with internal resources. It is also doing our part for corporate social responsibility.

The subsidiary, Taiwan Steel Resources Co., Ltd., continued to operate at a profit, due mainly to production process improvements living up to expectations. The current stabilization process reducing slag pass rate has reached 100%. Accordingly, its treatment capacity will be progressively increased in the future. In 2025, it processed in total 103,388 tonnes of steel reducing slag and oxidizing slag, and 88,015 tonnes of steel rotary kiln slag, contributing approximately 15% of the consolidated revenue.

Annual dividend payout ratio of 70%

Taiwan Steel Union targets at a 70% annual dividend payout as a return to the investing public and sharing of operational results with shareholders. The payout ratio was 86% for 2025, above the target of at least 70%.



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Direct economic value (consolidated financial statements)

Taiwan Steel Union's consolidated financial statements for 2022-2025 are summarized below.

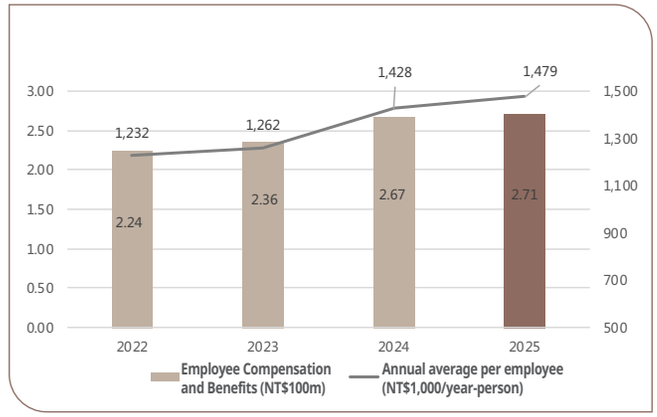
Unit: NT$ thousand

Year	2022	2023	2024	2025
Direct economic value created				
Operating income	2,637,583	2,041,441	2,378,461	2,210,758
Economic value distributed				
Operating cost	1,124,910	1,167,773	1,108,970	1,082,512
Employee salaries and benefits	224,237	236,060	267,093	270,576
Payment to capital providers	447,718	725,254	478,953	671,686
Payment to the government	192,537	151,419	195,327	209,399
Community investments	23,936	19,404	19,755	16,482
Economic value retained				
Direct economic value created -Economic value distributed	624,245	-258,469	308,363	-39,897
Other items				
R&D expenses	278	8,158	38,297	29,483
Training expenses	840	961	722	1,434
Environmental expenses	118,795	115,721	114,881	111,154

Note: Consolidated financials include the subsidiary Taiwan Steel Resources Co, Ltd.

Annual growth of employee wages and benefits

TSU sets annual growth targets for employee compensation and benefits. Average employee compensation and benefits (including salary expenses and pensions) have risen steadily year by year. In 2025, total employee compensation and benefits amounted to NT$271 million, with an average per employee of NT$1,479 thousand. This represented a 1.3% increase in total compensation and benefits, and a 3.5% increase in per capita benefits compared to 2024, reflecting the consistent year-on-year growth of TSU employee compensation and benefits.



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Compliance with laws and regulations

TSU and TSR both practice strict compliance. Every effort is made to comply with environmental regulations including the requirements on energy, emissions, wastewater, waste, transportation, reporting, and monitoring. In 2025, there was one violation resulting in administrative penalties, representing a decrease of two cases compared to 2024. There were no significant violations in 2025 defined as those resulting in a fine of over US$10,000. The number of non-monetary sanctions in 2025 was 0.

In 2025, the Company had no incidents of non-compliance related to child labor, anti-competitive behavior, discrimination, corruption, information security, or personal data breaches.

Company name	Type of violation	Description	Corrective measures
Taiwan Steel Union Co., Ltd.	Subparagraph 2, Paragraph 1, Article 31 of the Waste Disposal Act: a fine of NT$60,000 was imposed (Issued: 2025/05/15)	An investigation revealed discrepancies in the storage and handling of electric arc furnace (EAF) dust or sludge (A-7101) from pollution control processes between September and December, 2024. Specifically, the reported inventory for the current month did not align with the sum of the previous month's storage, including current receipts minus consumption. Personnel were therefore dispatched for a site inspection on April 18, 2025. Relevant information was reported by on-site personnel and the industrial waste reuse control delivery triplicates were presented in accordance with regulations. Waste received in the current month had been mistakenly attributed to the previous month, resulting in the mass imbalance for reported waste received.	1. Waste sources notified that they must comply with the Waste Disposal Act, and the date of entry into the facility must be consistent with the accounting and operational records. 2. Waste removal contractors instructed to avoid deliveries spanning different months.

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1.3 Taiwan Steel Union and SDGs

SDGs	SDGs Goals	Taiwan Steel Union's Sustainability Goals for 2030	Taiwan Steel Union's Contributions in 2025	The Report
	13.2 Inclusion of climate change measures into national/corporate policy, strategy and plan	Continued to implement disclosures in line with TCFD, SASB, and CDP standards, as well as the introduction of IFRS	Formulation of climate change policy along with the continuous implementation of climate change risk and opportunities.	3.3 TCFD Climate-related Financial Strategy and Implementation
	3.6 Halving of the number of injuries and deaths due to traffic accidents around the world	Zero injury or death due to transportation safety	Taiwan Steel Union has completed a total of 95.21 million tonne-kilometers via vehicle transportation over the past four years and reported zero injury or death due to traffic accidents.	3.6 Transportation Safety Management
	12.5 Prevention, reduction, recycle and reuse to significantly reduce waste generations.	Reuse rate of 100% for hazardous industrial waste.	Obtaining of Resource Sustainability Product Carbon Footprint and Service-type Product Carbon Footprint carbon reduction labels. Slag circular economy project. Obtained UL 2809 recycled crude zinc oxide content verification. (100% recycled zinc metal) Inclusion of waste incineration fly ash reuse can replace more than 30% of naturally mined lime/ hydrated lime.	Chapter 4 Creation of Waste Resource Cycle



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Taiwan Steel Union and SDGs

SDGs	SDGs Goals	Taiwan Steel Union's Sustainability Goals for 2030	Taiwan Steel Union's Contributions in 2025	The Report
7 ENERGÍA ASEQUIBLE Y NO CONTAMINANTE	7.a. Enhancement of energy infrastructure and investment in clean energy technology	Annual improvement of energy efficiency by 1%, up to 10% Renewable energy construction completion and in-service operation	A solar power system was completed in 2025 generating 1,721,168 kWh of renewable energy for self-use TSU plans to add a second and third phase to the solar power system with a planned total installed surface area of 14,047 m² (approximately 2,064 kW). TSR plans to add a solar power system with an estimated installed capacity of 12,778 m2 (approximately 2,300 kW).	5.3 Energy and Carbon Emissions Management
6 AGUA LIMPIA Y SANEAMIENTO	6.4 Significant improvement of water consumption efficiency for different industries, to ensure the sustainability of fresh water supply and recycling	Water recycle and reuse rate 44% Water consumption per unit (tonnes/tonne of waste treated): 0.48	Water recycle and reuse rate 51% Water consumption per unit of 0.429	5.5 Water Risk Management
8 TRABAJO DECENTE Y CRECIMIENTO ECONÓMICO	8.8 Protection of labor interest, promotion of workplace safety	No major occupational disasters throughout the year	0 occupational accidents in 2025	6.3 Occupational safety and health
4 EDUCACIÓN DE CALIDAD	4.7 Assurance that all students acquire necessary knowledge and skills to contribute to sustainability	Implementation of the circular economy and environmental education	In 2025, a total of 429 visitors came to our facilities to get a feel the circular economy practices and participate in technical exchanges.	6.5 Circular Co-Learning



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Sustainability Management and Stakeholder Engagement

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2.1 Sustainability Management

Every year, TSU regularly conducts a materiality analysis to confirm and adjust its sustainability topics and to respond to stakeholder expectations and suggestions. TSU has adopted the GRI Standards 2021 process for determining material topics, including understanding the organization's context, identifying actual and potential impacts, assessing the significance of these impacts, and prioritizing the reporting of the most significant impacts. TSU has also incorporated the concept of double materiality to confirm stakeholders' level of concern for sustainability topics, the level of impact of these topics on TSU, and their impact on the economy, environment, (including human rights), and the impact of direct short-term financial impacts. The goal is to identify material topics, formulate long-term sustainability goals, and establish key performance indicators. TSU reviews implementation actions and results every year and proactively communicates to stakeholders concerned about TSU our progress on sustainability strategies and 2030 long-term goals.

Engagement with relevant stakeholders and experts

Material Topic Determination Process	Understand the organization's context	Identify actual and potential impacts	Assess the significance of the impact	Management of Material Topics
	Understand the industry context using the industry standard	Consider the topics and impacts described in the industry standards		Material topics are identified according to the material topics in the industry standards
	30 Sustainability Topics Environmental (E): 9 items Social (S): 10 items Economic (G): 11 items	**11 Stakeholder Groups** 137 valid responses		**8 Material Topics** Positive: 2 items Negative: 6 items

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Step 1. Understand the organization's context

A search of sustainability related topics domestic and abroad by including United Nations' Sustainable Development Goals (SDGs), Dow Jones Sustainability Indices (DJSI), ISO 26000 Guidance on Social Responsibility, Global Reporting Initiative (GRI) Standards, Sustainability Accounting Standards Committee (SASB) Industry Disclosure Standards, GRI industry sustainability topics, stakeholder communication and feedback, issues and laws stipulated by financial regulators, ESG awards in Taiwan and overseas

After the in-depth review of the sustainability issues domestic and overseas, the Sustainable Development Committee confirmed 30 ESG and sustainability issues that may be relevant to Taiwan Steel Union in economic, social, environmental and special topics.

Environmental (E)

- Environmental policy and management system
- Materials
- Energy
- Water and effluents
- Emissions
- Waste
- Supplier environmental assessment
- Transportation safety and regulations
- Biodiversity

Social (S)

- Human rights
- Employment
- Labor/Management Relations
- Occupational Health and Safety
- Training and education
- Talent attraction and retention
- Local communities and impacts
- Customer health and safety
- Marketing and labeling
- Social and economic laws and regulations

Economic (G)

- Climate strategy
- Corporate governance
- Business ethics
- Risk and opportunity management
- Tax strategy
- Economic performance
- Market Presence
- Indirect economic impacts
- Procurement practices
- Circular Economy
- Succession and inheritance

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Step 2. Identify actual and potential impacts

Stakeholder identification and assessment

Guided by the five dimensions of the AA 1000 Stakeholder Engagement Standard 2015, the Sustainable Development Committee identified, discussed, and evaluated stakeholders to determine their significance based on five criteria: Dependency, Responsibility, Tension, Influence, and Diverse Perspectives. A total of 11 stakeholder groups were identified, including employees, shareholders, and customers.



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Stakeholder survey

According to the five-part materiality test prescribed in Account Ability Redefining Materiality The Sustainable Development Committee conducted a sustainability impact analysis on a total of 30 relevant topics. A questionnaire was designed for the survey. 137 effective questionnaires were recovered. Stakeholder weights were factored in to calculate the actions and attention from stakeholders.

Feedback from stakeholders Most of the feedback from stakeholders were positive as summarized in the following:

Employees
Waste suitable for circular recycling and reuse were selected to improve the efficiency of resource recycling and reuse.
Transportation subsidies can be offered to attract talent from other regions.

Suppliers
Continue to practice corporate social responsibility.

Industry
Continue to contribute to environmental protection and improvement!

Academia
Drive continuous innovation and cultivate new mindsets.

Investors Shareholders
The Longjing Plant is completed and commissioned on schedule.

Local Communities
Benchmark in circular economy with sound systems.

Contractors
We appreciate the personnel and contacts from the Company for clearly explaining and answering questions about cooperation information and specifications.

Government agencies
Minimize environmental pollution and strengthen the corporate image.

Media
Continue to enhance the recycling and reuse of waste to boost the Company sales.
A high-quality company with promising performance prospects.
Operate with integrity and strengthen media relations to enhance the corporate image.

Customers
Continuous breakthroughs and improvements serve as an exemplary role model.
Establish long-term partnerships with outstanding suppliers to achieve mutual growth.

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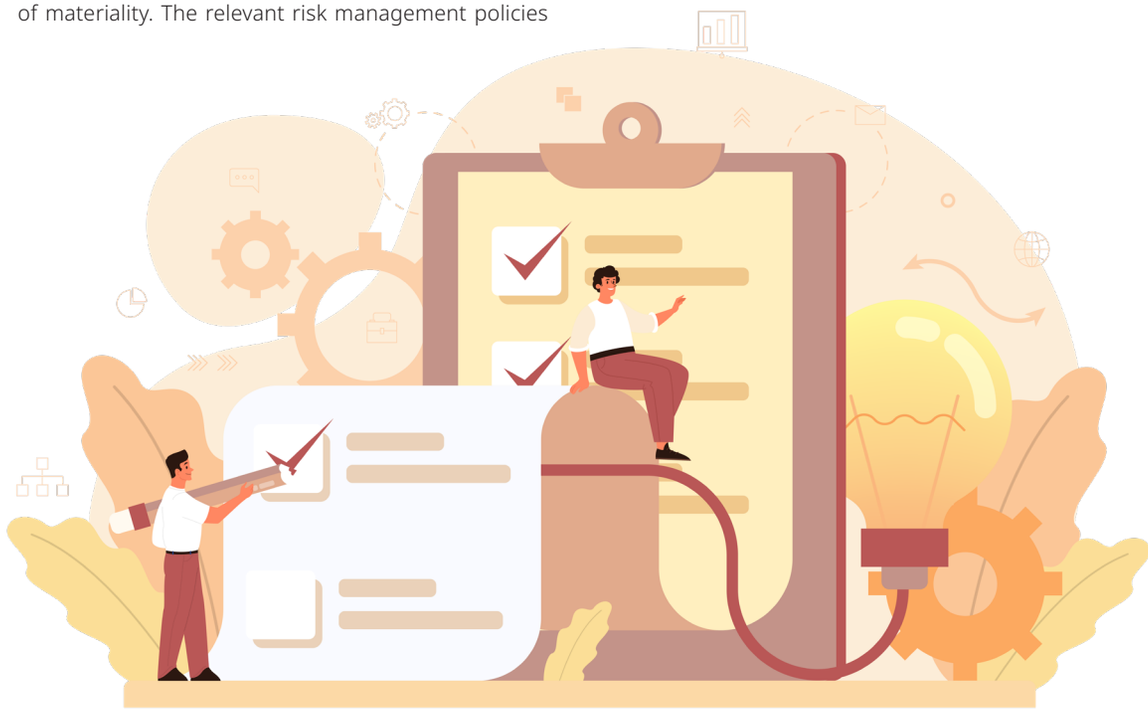
Due Diligence Investigation

Through stakeholder engagement and consultation, TSU communicates with stakeholders on a regular or ad hoc basis via multiple platforms to conduct due diligence on environmental, social (including human rights), and economic issues. The purpose is to identify, prevent, mitigate, and explain actual or potential negative impacts and positive effects associated with these issues. During the reporting period, the scope of due diligence covered the value chain of TSU and its subsidiaries. If TSU identifies that an impact has already occurred, response measures are assessed based on the negative impacts involved. For instance, actual negative impacts are addressed through remediation,whilepotential negative impacts are addressed through preventive or mitigation measures.

TSU has established a Corporate Social Responsibility Policy whose commitments include implementing a circular economy, developing a sustainable environment, and safeguarding social welfare. The Corporate Social Responsibility Policy should conduct risk assessments and due diligence on economic, environmental, social, and corporate governance topics related to operations in line with the principle of materiality. The relevant risk management policies or strategies are then established to manage risks and impacts on the economy, environment, and society.

Pursuant to Corporate Governance Best Practice Principles 4.7, the Board of Directors has established a Sustainable Development Committee responsible for supervising the implementation of corporate sustainability policies, systems, and the management of material topics, and for reporting regularly to the Board. TSU has established the "Sustainable Development Committee" to implement matters related to corporate sustainability. Under its organizational charter, the Committee adopts a management philosophy of green environmental protection and resource recycling, actively promoting the management of material topics related to corporate governance, environmental protection, and corporate social responsibility. It also provides education and training to relevant personnel on fulfilling corporate sustainability.

The Sustainable Development Committee reviews the effectiveness of organizational procedures twice per year, once in the first half and once in the second half, specifically in April and July. A stakeholder review is conducted once per year.



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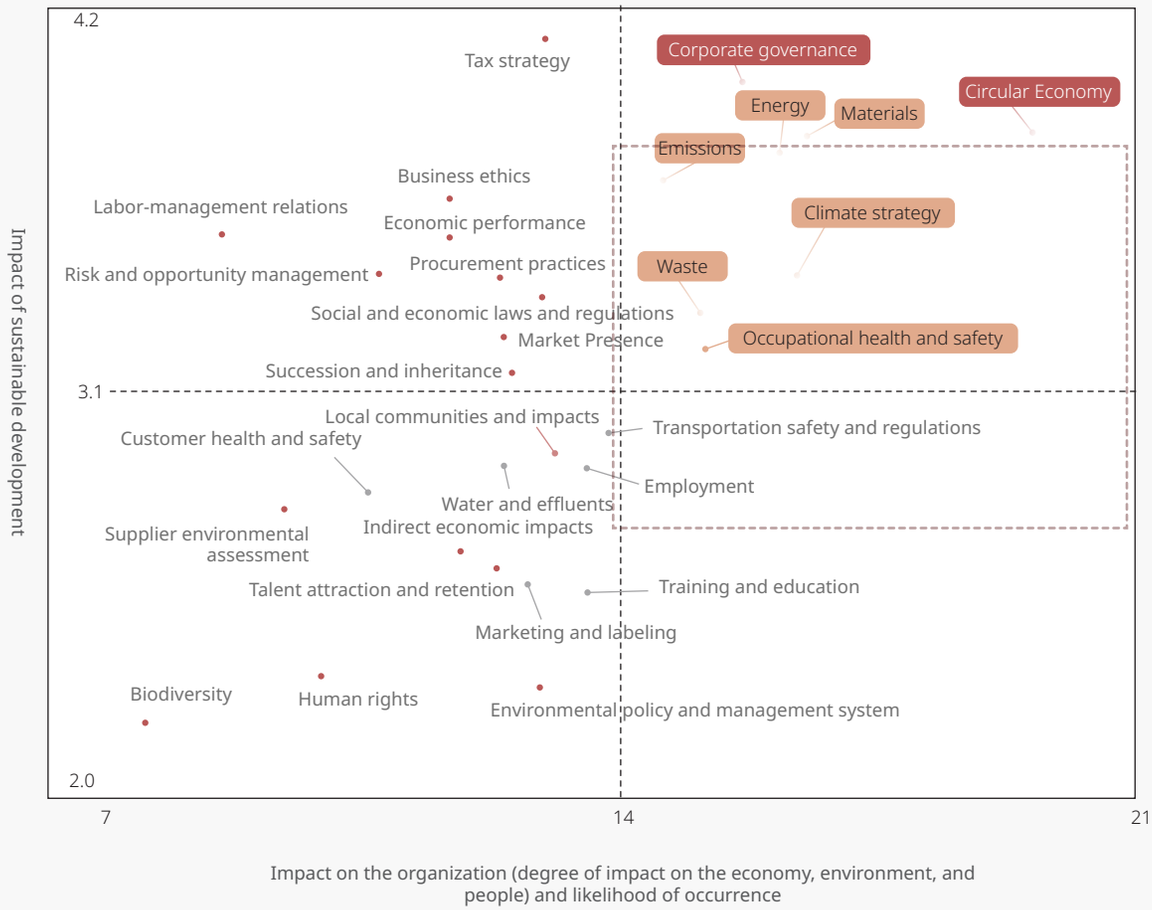
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Step 3. Assess significance of impact

Material Topic Identification

Organizational impacts (the impact of the organization's activities on the world) and sustainable development impacts (financial impact of sustainability issues on the organization) are assessed in accordance with the principle of double materiality. For the “organization impact” assessment, each issue is assessed in terms of its influence on the economy (revenue), the environment, people (including human rights), and stakeholders. The degree of organizational impact and the likelihood of the issue's occurrence are calculated using weighted averages. For the “sustainable development impact” assessment, each issue is evaluated assessed on the direct financial impact it may have on the organization. Material topics are defined as those that achieve a score of 14 or higher after multiplying the organizational impact by the likelihood of occurrence, combined with a sustainable development impact score of 3.0 or higher.

TSU Materiality Matrix



Note: Dark red represents positive impacts, while light red represents negative impacts.

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There are two positive and six negative material topics for TSU, ranked as follows.

ESG	ESG Topics	Priority sequence	Report chapters
G	Circular Economy	Actual positive 1	Chapter 4 Driving the Circular Economy
G	Corporate governance	Actual positive 2	3.1 Sustainability Governance
E	Materials	Potential negative 1	5.1 Environmental-friendly green manufacturing process
G	Energy	Potential negative 2	5.2 Environmental policy and management system
E	Climate strategy	Potential negative 3	3.3 TCFD Climate-related Financial Strategy and Implementation
E	Emissions	Actual negative 4	5.3 Operational ecosystem efficiency
E	Waste	Actual negative 5	Chapter 4 Driving the Circular Economy
S	Occupational health and safety	Potential negative 6	6.3 Occupational safety and health

Note 1: Compared to 2024, TSU is continuing to focus on corporate governance and the demonstration of governance performance. Supply chain management has also stabilized. Corporate governance was therefore added as a new material topic, while procurement practices were removed. This change reflects the results of the impact significance assessment for material topics, and the fact that certain areas were not of significant concern to stakeholders.

Note 2: Custom material topics include: Circular economy, climate strategy, corporate governance.

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Confirmation of Material Topics and their Implications for TSU

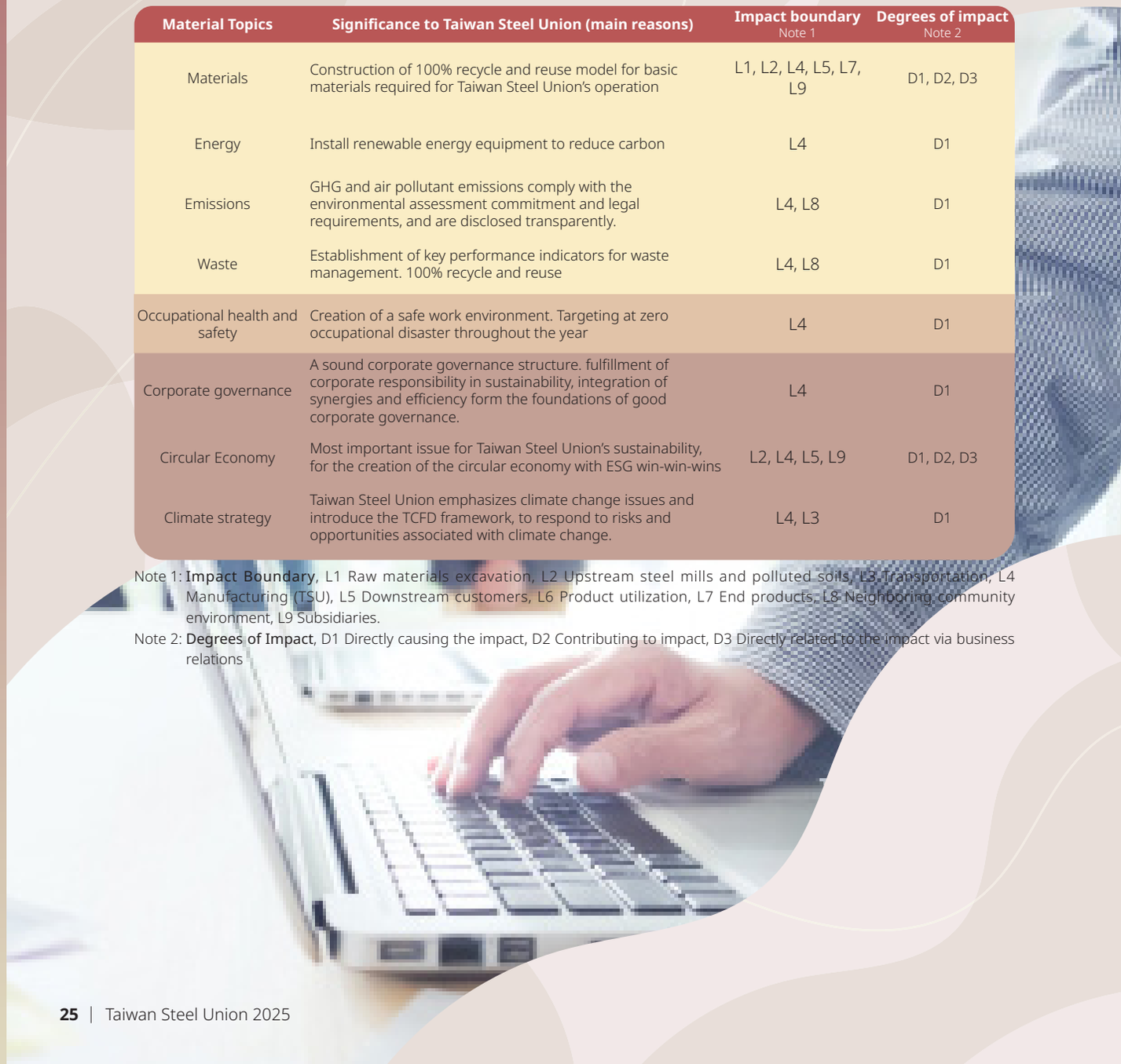
The topics identified as material are considered the most important sustainability issues for TSU. For each material topic, TSU establishes management guidelines, key performance indicators, short-, medium-, and long-term goals, as well as action plans. The implementation status is disclosed in a transparent manner. Topics are also submitted to the Chairman for review and confirmation to ensure that all topics are covered.

Since the completion of the Taiwan Steel Union's material topic identification process occurred after the current year's Board of Directors meeting, the Sustainable Development Committee reviewed and confirmed the related process and results to ensure all topics were covered. Going forward, the Company plans to complete the identification of material topics each year and, depending on the timing, submit them for the Board of Directors approval in the following year to strengthen the Board's oversight function.

Material Topics	Significance to Taiwan Steel Union (main reasons)	Impact boundary Note 1	Degrees of impact Note 2
Materials	Construction of 100% recycle and reuse model for basic materials required for Taiwan Steel Union's operation	L1, L2, L4, L5, L7, L9	D1, D2, D3
Energy	Install renewable energy equipment to reduce carbon	L4	D1
Emissions	GHG and air pollutant emissions comply with the environmental assessment commitment and legal requirements, and are disclosed transparently.	L4, L8	D1
Waste	Establishment of key performance indicators for waste management. 100% recycle and reuse	L4, L8	D1
Occupational health and safety	Creation of a safe work environment. Targeting at zero occupational disaster throughout the year	L4	D1
Corporate governance	A sound corporate governance structure. fulfillment of corporate responsibility in sustainability, integration of synergies and efficiency form the foundations of good corporate governance.	L4	D1
Circular Economy	Most important issue for Taiwan Steel Union's sustainability, for the creation of the circular economy with ESG win-win-wins	L2, L4, L5, L9	D1, D2, D3
Climate strategy	Taiwan Steel Union emphasizes climate change issues and introduce the TCFD framework, to respond to risks and opportunities associated with climate change.	L4, L3	D1

Note 1: **Impact Boundary**, L1 Raw materials excavation, L2 Upstream steel mills and polluted soils, L3 Transportation, L4 Manufacturing (TSU), L5 Downstream customers, L6 Product utilization, L7 End products, L8 Neighboring community environment, L9 Subsidiaries.

Note 2: **Degrees of Impact**, D1 Directly causing the impact, D2 Contributing to impact, D3 Directly related to the impact via business relations



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2.2 Stakeholder Engagements and Responses

Types/implications	Concerned issues	Response status	Communication frequency and platforms	Response chapter
Employees Taiwan Steel Union's most important asset and cornerstone for sustainability	Employment Occupational health and safety Training and education Talent attraction and retention Circular Economy	Charters and systems in place for employees Employer-employee meetings once every three months or on an ad-hoc basis, with representatives from the employer and the employees to negotiate labor relations Provide a comprehensive education and training plan, and conduct exams for all internal training to ensure proper comprehension. Continue to maintain the ISO 45001 system, and provide employee with free annual health exams and on-site consultations with occupational physicians (nurses). Share the Union's production performance and year-end profit status with employees. Prioritize the hiring of local employees, with all positions being open to all genders with equal pay.	Annual interviews with supervisors Employer-employee meeting once every three months or as required Employees' Welfare Committee meetings from time to time Annual and ad-hoc employee training plans Employee inbox	6.2 Employee Compensation and Benefits 6.3 Occupational safety and health
Customers Taiwan Steel Union's most important source of economic performance	Circular Economy Waste Transportation safety and regulations Emissions Materials	Continuing to invest in the R&D of machinery and equipment to reduce CO_2emissions during production, evaluate investments in green energy equipment, and adopt TCFD and SASB frameworks to contribute to environmental sustainability. Execute ISO 14064-1 GHG emissions verification every year, ISO 14067 product carbon footprint verification every three years, and register for the CDP climate change questionnaire every year. Obtained UL 2809 recycled content verification to increase the green competitiveness of products. All waste produced are collected by qualified waste disposal contractors.	Customer satisfaction surveys are conducted every year and a customer complaints channel set up Customer visits from time to time Telephone calls from time to time Emails from time to time	3.5 Customer relationship management

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Stakeholder engagements and responses

Types/implications	Concerned issues	Response status	Communication frequency and platforms	Response chapter
Investors Shareholders Supporters of Taiwan Steel Union's sustainability	Circular Economy Economic performance Business ethics Energy Talent attraction and retention	The Company's financial performance is regularly disclosed through the Taiwan Stock Exchange website and annual reports. Operating conditions and data are also reviewed and analyzed. Succession planning has been implemented for Board members and critical management personnel. The Company has established the "Code of Ethical Conduct," "Corporate Integrity Management Code," and "Employee Code of Conduct" for all personnel to follow. These codes clearly define the standards of conduct for directors, management, and all employees, serving as a vital foundation for promoting business integrity and implementing corporate governance. Carbon fees have been integrated into management agendas, and energy conservation and carbon reduction measures are being promoted. We will continue to evaluate the impact of carbon fees on finances and operations. In response to the Financial Supervisory Commission's "Blueprint for Taiwan's Alignment with IFRS Sustainability Disclosure Standards."	Hosting of annual general shareholders meeting and investor conferences Update the "Investor Relations" section of the Company's website on an ad hoc basis Quarterly financial reports Spokesperson and Deputy Spokesperson, as required Inquiries from shareholders via phone calls or emails, as required	3.1 Sustainability Governance 3.3 TCFD Climate-related Financial Strategy and Implementation
Government agencies According to government laws and regulations	Waste Climate strategy Circular Economy Water and effluents Emissions Energy	In alignment with the launch of the carbon fee system by the competent authorities, the Company is continuing to promote energy conservation and carbon reduction measures to reduce greenhouse gas emissions. GHG emissions have been reduced by 34% compared to the base year (2012). Routine reporting of industrial waste, occupational safety and health, and other relevant information. Deployment of wastewater recycling systems to improve the utilization of wastewater With the rolling review of social, economic, and environmental changes, the Company also integrates private resources to provide diversified services.	Conduct quarterly checks for new or amended regulations via the regulatory search systems on official government websites. Monthly reporting to Environmental Protection Administration's waste declaration and management information system Real-time interaction on government websites, inquiry mailboxes, and ad hoc informal visits or meetings Participation in public hearings, seminars and workshops regarding policies and regulations from time to time Ad hoc official documents, meetings, telephones, faxes, emails, e-newsletters and public information Environmental protection audits and labor inspections from time to time	2.2 Stakeholder engagements and Responses

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Types/implications	Concerned issues	Response status	Communication frequency and platforms	Response chapter
Suppliers Taiwan Steel Union's key partners in the pursuit of corporate sustainability via cooperation and collaboration	Business ethics Circular Economy Occupational health and safety Transportation safety and regulations Materials	Tier 1 suppliers are required to sign the "Supplier Code of Conduct" to ensure the ethical and sustainable development of the supply chain. Regular supply assessments and tiered management based on assessment results Promote the reuse of other difficult-to-process waste to increase the Company's profit and promote effective resource recycling. Continue to expand the approved capacity for various waste types to generate momentum for diversified growth.	Ad-hoc communication Non-periodic contracts	3.4 Sustainable Supply Chain
Contractors Assist partners in the assurance of smooth operation and product quality of the steel making process.	Social and economic laws and regulations Occupational health and safety Business ethics Procurement practices Training and education	The ISO 45001 system is continuously maintained, and no major occupational accidents occurred throughout the year. All contractors are convened before annual maintenance for a coordination meeting and training session to prevent occupational hazards. All waste produced are collected by qualified waste disposal contractors; transportation contracts stipulate that on-site transportation must comply with "Regulations Governing Contractors' Environmental Safety and Health Management."	A contractor entry registration system is utilized to verify personnel qualifications and insurance. Regular training education and communication with drivers Non-periodic contracts.	3.4 Sustainable Supply Chain 6.3 Occupational safety and health

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Types/implications	Concerned issues	Response status	Communication frequency and platforms	Response chapter
Academia Sharing of technologies and literature on circular and reuse.	Waste Circular Economy Emissions Energy Talent attraction and retention	TSU is continuing to promote circular economy education by hosting career development visits and exchanges for universities and colleges. Execute ISO 14064-1 GHG emissions verification every year, ISO 14067 product carbon footprint verification every three years, and register for the CDP climate change questionnaire every year. Promote the reuse of other difficult-to-process waste to increase the Company's profit and promote effective resource recycling.	Participation of academic seminars from time to time Industry-academia cooperation	6.5 Circular Co-Learning 4.2 Sustainable Product Performance and Certification
Local communities Outreach to communities and neighborhoods as part of corporate social responsibility	Indirect economic impacts Market Presence Waste Local communities and impacts Transportation safety and regulations	Look after the health of local communities and employees through ongoing charitable donations. Irregularly participate in neighborhood resident activities, and assist the organization of local community activities. Enforce air pollution control measures and testing with public and transparent disclosure. Quarterly environmental monitoring reports are submitted to the Shengang and Xianxi Township Offices for review	Establishment of good communication channels with local residents from time to time Assistance to local community events from time to time Assistance to local disadvantaged groups from time to time Quarterly disclosure of the Company's environmental monitoring results on the Company's website Employment of local residents from time to time	6.4 Local Inclusion

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Types/implications	Concerned issues	Response status	Communication frequency and platforms	Response chapter
Trade unions and associations Staying informed of the regulations and knowledge on the circular economy industry	Waste Circular Economy Occupational health and safety Climate strategy Emissions Water and effluents	Promote the recycling and reuse of other hard-to-treat waste to boost Company profits. Participation in public hearings, seminars and workshops from time to time	Official documents as required Participation in seminars organized by trade associations from time to time Regular meetings with directors and supervisors Attendance at general meetings	2.2 Stakeholder engagements and Responses
Media Taiwan Steel Union's important partner in communicating and engagement with stakeholders	Economic performance Corporate governance Succession and inheritance Waste Business ethics	Disclosure of the Union's financial performance via Stock Exchange and annual reports, to provide examination of operations and analysis of data. Formulation of comprehensive regulations in corporate governance and disclosure of relevant management guidelines in Stock Exchange and the official website Promote the recycling and reuse of other hard-to-treat waste to boost Company profits.	Spokesperson and Deputy Spokesperson, as required Press releases as required Company website The company's official emails from time to time	3.1 Sustainability Governance

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Types/implications	Concerned issues	Response status	Communication frequency and platforms	Response chapter
Industry (Including slag) Partnerships in shared engineering, technology and laws and regulations for the industry	Energy Waste Succession and inheritance Circular Economy Emissions Materials	Participation in public hearings, seminars and workshops from time to time Continuing to invest in the R&D of machinery and equipment to reduce CO_2emissions during production; continuing to evaluate investments in green energy equipment to do our part for a sustainable environment. Obtained UL 2809 recycled content verification to increase the green competitiveness of products.	Participation in ad-hoc industry association meetings and exchanges Participation in public hearings, seminars and workshops regarding policies and regulations from time to time Ad hoc official correspondence, meetings, phone calls, faxes, emails, newsletters, public disclosures, and informal visits or interviews Slag reuse contracts signed annually; onsite visits once every quarter	Chapter 4 Creation of Waste Resource Cycle

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2.3 Short, Mid and Long Term ESG Targets and Annual Performance

Material Topics	Key Performance Indicators	2025 Actual Performance	2026 Short-term target	2030 Mid-term target	2025 Long-term target
Waste	Reuse rate of hazardous industrial waste	100%, target achieved	100%		
	Reuse rate of general industrial waste	100%, target achieved	99.98%		
Materials	100% recycle and reuse	100%, target achieved	100% materials circular recycled		
Energy	Deployment of renewable energy	1. Completed the installation of the solar power generation system: 1,721,168 kWh of renewable energy generated for self-use in 2025 2. TSU plans to add a second and third phase to the solar power system with a planned total installed surface area of 14,047 m^2 (approximately 2,064 kW). 3. TSR plans to add a solar power generation system with an estimated installed capacity of 12,778 m^2 (approximately 2,300 kW).	Planned solar power generation expansion (Phase 3)	Installation of solar panels at Longjing Plant	Evaluate the addition of energy storage systems (5000 kWh/hr)
	Introduced ISO 50001	Introduced ISO 50001, target achieved	Ongoing continuous improvement		
GHG emissions Emissions	Total emission target based on national phased control 34% reduction compared to the baseline year (2012)	31% reduction, target achieved	Reduction by 31%	Reduction by 34%	Reduction by 35%
	Scope 1 emission intensity (tonnes/ tonne treated)	0.588, target not achieved	0.56	0.53	0.52
	Scope 2 emission intensity (tonnes/ tonne treated)	0.059, target achieved	0.061	0.058	0.0658
	Average annual electricity savings, 2025 ~ 2028	1%	1%	--	--

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Material Topics	Key Performance Indicators	2024 Actual Performance	2024 Short-term target	2025 Mid-term target	2030 Long-term target
Occupational health and safety	Zero occupational hazards throughout the year	0 occupational accidents, target achieved	0 major occupational hazards		
Corporate governance	Sound and Efficient Board of Directors	Maintain a sound Board of Directors	Maintain a sound Board of Directors		
Climate strategy	Continue to implement disclosures in line with TCFD, SASB, CDP, and IFRS	1. Completed the identification of climate risks and opportunities, and introduced relevant indicators - target achieved 2. TSU achieved a B Management Grade on its first application to the CDP Climate Change program	Continued to implement disclosures in line with TCFD, SASB, and CDP, with introduction of IFRS planned for 2029		
Circular Economy	Taiwan Steel Union's slag use rate	100% (87,050 tonnes), Target achieved	100% reused		



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Strengthening Sustainability Governance and Supply Chain Resilience

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To promote the concept of a circular economy, TSU has established an environmentally friendly industrial process with stable production quality in line with Best Available Control Technology (BACT), in accordance with the United Nations Sustainable Development Goals. Sustainable governance and development is also being pursued through continued profitability and distribution of earnings to the investment public. In terms of operations, TSU 's active management of its value chain encompasses both the supply chain and customer management. Upstream involves the collection and treatment of EAFD or sludge (A-7101), as well as oxidizing slag and reducing slag by recycling contractors. The top priorities downstream product and waste removal, removal vehicle management, and compliance to reduce environmental and operating risks.

Management of Material Topics
Material Topics: Corporate Governance, Climate Strategy

Actual/Potential Impacts

Through a sound corporate governance structure and risk and opportunity management, TSU fulfills its corporate responsibility for sustainable operations. The quality of the Board of Directors' supervision and decision-making is enhanced through the establishment of various committees, thereby reducing the negative impacts of emerging issues.

Risks and opportunities are presented by climate change. A failure to properly manage climate risks may result in potential negative impacts, such as increased operating costs driven by carbon fee systems or environmental regulations.

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Management and Mitigation Measures

TSU has established a risk and opportunity management system through a robustcorporate governance structure and board oversight mechanisms. By leveraging governance frameworks such as the Audit Committee, the Remunerationand NominationCommittee, and the Sustainable Development Committee, the Company has enhanced the quality of the Board's supervision and decision-making.
In addition to assessing and managing various risks in accordance with the “Corporate Sustainable Development Best Practice Principles,” the Company also formulates, identifies, evaluates, and implements strategic action plans to address the negative impacts associated with climate change.

A TSU climate strategy has been devised in accordance with the TCFD climate change financial disclosures for implementing the circular economy, low-carbon transition, and energy conservation and carbon reduction.
We continue to implement relevant management systems and frameworks to manage various material topics, taking concrete actions or initiatives to prevent or mitigate potential negative impacts. In the event of actual negative impacts, corrective measures are actively taken as quickly as possible, with actions such as revising operating procedures, improving equipment, or strengthening employee training adopted to prevent recurrence.

Effectiveness assessment

- Through the annual reporting of sustainability report, the effectiveness and result are tracked and assessed continuously.
- The Sustainable Development Committee holds regular meetings to oversee corporate sustainability policies and economic performance management, establish key performance indicators, and report on the implementation status.
- Annual dividend payout 70% in the absence of major investments
- Succession planning for Board members and critical management personnel to ensure the stability of corporate governance and corporate sustainability.
- Respond to the CDP climate change survey to establish climate change management and disclosure of related information.
- Continuously assess whether climate-related financial disclosures accurately reflect the impact of climate risks on operations and finances.

Specific actions or initiatives

- The corporate governance structure of TSU includes a Board of Directors, a Sustainable Development Committee, an Audit Committee, and a Remuneration and Nomination Committee. Corporate responsibility on sustainable management is fulfilled through the sound corporate governance structure.
- Maximization of shareholders’ equity
- A risk and opportunity assessment management mechanism has been established for confirming potential impacts. An annual internal audit plan is carried out by the Audit Office every year to review the effectiveness of this mechanism.

Stakeholder engagements

Regular or irregular communication and interaction are conducted through the stakeholder engagement mechanism, and the information is disclosed in the sustainability report, on relevant platforms, or on the Company website.

13 ACCIÓN POR EL CLIMA — 13.2 Inclusion of climate change measures into national/corporate policy, strategy and plan

3 GOOD HEALTH AND WELL-BEING — 3.6 Halving of the number of injuries and deaths due to traffic accidents around the world

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Expansion of green investment

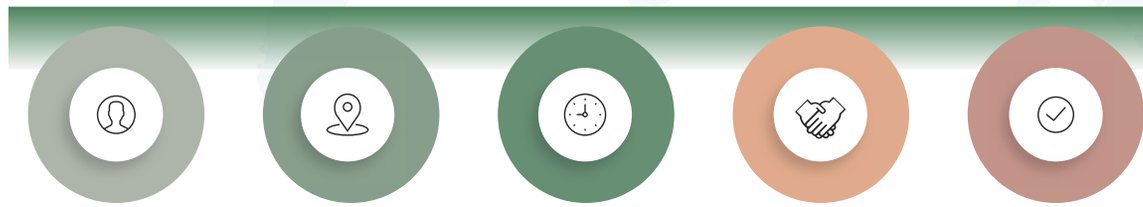
- Set up 100% slag reuse by TSR
- Recycling and reuse of waste resources

Taiwan FINI 100
Mid-Tier Potential Award - *18*th Place
Mid-Tier Potential Enterprise in Profitability - Top **10**

Climate change strategy

- Implement TCFD to identify, assess and manage climate change risks and opportunities.
- Comply with Sustainability Accounting Standards Board SASB - Disclosure Guidelines for the Metals and Mining Industry
- CDP Climate Change received a B Management Grade
- Set up a climate change and water risk management policy to enhance the risk and opportunity management mechanism

Highlights in Sustainability Governance and Value Chain Management



86%
2025 - Dividend payout ratio reached 86% and exceeded the policy target of 70%.

5.9

- In 2025, a total of 163 suppliers and contractors were evaluated. Overall average was 5.9 and 100% were assessed as Grade A
- In 2025, all customer satisfaction surveys averaged above 5.9

73%
The proportion of local procurement reached73%, far exceeding the target of 50%.

Corporate Governance Evaluation
Score for the 12th Corporate Governance Evaluation was maintained at 21%~35%

0 deaths and injuries
There were no major transportation safety violations or injuries/deaths in the past four years

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3.1 Sustainability Governance



TSU has a rigorous corporate governance structure in place to fulfill its corporate responsibility in sustainability. A Board of Directors that operates with synergy and efficiency is the foundation of good corporate governance. The Sustainability Committee, the Remuneration and Nomination Committee, and the Audit Committee were established under the Board of Directors to assist the Board with their duties such as oversight, and effective promotion of internal risk controls to respond to potential corporate risks.

To ensure the implementation of sustainable development, the Sustainable Development Committee was established under the Board of Directors in January 2022 as the responsible unit for sustainability reporting by TSU. The Committee is chaired by Independent Director Chang Tien-Chin, with the CEO responsible for supervising and managing matters related to sustainable development. The Management Division serves as the staff and executive unit, responsible for committee operations, project coordination, and data collection, as well as identifying material topics in the areas of economy, environment, and society. Through various channels, the Company engages with stakeholders to address material topics and stakeholder concerns, thereby achieving the goals of sustainable topic management and sustainable operations.Taiwan Steel Union periodically submits sustainability reports to the Board of Directors and communicates with shareholders' meetings the relevant sustainability performances.

Meanwhile, the Company continues to monitor customers' financial condition. It only conducts transactions with customers who demonstrate good creditworthiness and obtains adequate collateral when necessary to mitigate the risk of financial losses due to defaults. The Company will use other publicly available financial information or historical transaction records to conduct credit assessments of major customers. For customers with higher risks, credit reports will be obtained from independent credit assessment agencies to continuously monitor the credit exposure and the payment status of counterparties.

Amid the growing emphasis on corporate governance and sustainable competitiveness within international capital markets, TSU was honored at the "2025 Taiwan FINI 100" award ceremony and foreign investment forum, ranking 18th in the "Mid-Tier Potential Enterprise Award" and being named one of the "Top 10 Mid-tier Potential Enterprises in Profitability." The judging is conducted from the perspective of foreign investors through a comprehensive assessment on the operational health, corporate governance, and sustainable development initiatives of candidate companies. This recognition fully underscores the Company's excellence in both overall operations and the promotion of sustainability.



Note: The Longjing Plant is not officially commissioned yet

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Composition and functioning of the Board of Directors

The Board of Directors is Taiwan Steel Union's highest-level governance unit and key decision maker. We have formulated the Regulations Governing the Election of Directors by specifying qualifications and appointment requirements. This includes diversity and professional knowledge. The tenure of the current board starts from May 27, 2025 and ends on May 26, 2028. The Board of Directors consists of 7 directors and 4 independent directors. There is one female director. Five directors are aged between 30 and 60; all other directors are over 60 years old. The Board of Directors held a re-election in May 2025, in which former General Manager Tsai-Hsiang Lin was elected as the new Chairman and a member of senior management. Under the Chairman's leadership, the Board's primary responsibility is oversight; it aims to enhance the quality of supervision and decision-making through the establishment of various committees. The TSU Board meets at least once a quarter to hear reports from the management team on finance, operations, and other corporate sustainability issues. The Company has also established the "Rules of Procedure for Board of Directors Meetings," which stipulates a recusal system for directors to prevent conflicts of interest. Key material events include potential or actual negative impacts reported by stakeholders through grievance mechanisms or other procedures, as well as key negative impacts on the organization's operations or business relationships identified through other means. In 2025, the TSU Board of Directors did not discuss any key material events.

Performance Review on Board of Directors

Taiwan Steel Union formulated, with the approval from the Board of Directors, the Regulations Governing the Performance Review on Board of Directors. The performance of the Board, Audit Committee, and the Remuneration and Nomination Committee are evaluated at the start of every year. With the exception that "although the CPAs attended two Audit Committee meetings, they did not attend any Board of Directors meetings, resulting in limited communication with directors; consequently, the CPAs will be invited to attend Board meetings to deliver reports as appropriate", all other findings from the annual evaluation were aligned with the goals of corporate governance.

Corporate Governance Officer

In February 2022, the Board of Directors of TSU resolved to appoint Deputy General Manager Kun-Chieh Lin, as the company's Corporate Governance Officer to protect shareholder rights and strengthen the functions of the Board. Its main authorities and responsibilities are: (1) handling company registration and change registration; (2) handling matters related to the Board meetings and shareholders' meetings in accordance with the law, and assisting the Union in complying with relevant laws and regulations on the Board meetings and shareholders' meetings; (3) producing minutes of the Board meetings and shareholders' meetings; (4) providing information required for directors to perform their duties, and the latest developments in laws and regulations related to the Union to assist directors in complying with laws and regulations; (5) handling matters related to investor relations; (6) reviewing the eligibility of independent directors; (7) managing director changes.



Taiwan Steel Union 2025 Annual Shareholders' Meeting

Remuneration of Directors and Sustainability Performance Institutionalization

The remuneration of directors and supervisors of Taiwan Steel Union is explicitly specified in Article 25 of the Articles of Incorporation and is linked to the Union's sustainability performance. Accordingly, under the condition where there is a profit, at least 3% of the profit is appropriated as the remuneration of directors. In 2025, regarding the percentage of the total remuneration amount over the profit after tax, the remuneration of directors accounted for 0.92% thereof.

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Remuneration and Nomination Committee

The TSU Board of Directors established a RemunerationandNominationCommittee and formulated the "RemunerationandNomination-Committee Charter." The Committee is responsible for establishing and regularly reviewing the policies, systems, standards, and structures for the performance evaluation and remuneration of directors and managers. All of the 4 members of the Remuneration and Nomination Committee are independent directors. The convener Xiao-Xin Huang is an independent director. In 2025, following a review by the RemunerationandNomination Committee, the Board of Directors resolved and approved the promotion of 4 individuals.

Link between Board of Directors' Remuneration and Sustainability Performance

TSU and its subsidiary TSR have stipulated in their Articles of Incorporation that directors' remuneration is based on involvement in and contributions to TSU's operations and according to the industry standard in Taiwan. Correlation with TSU's operational risks and performance in the future has been factored into the equation. The arrangement was submitted to and approved by Remuneration and Nomination Committee, to ensure a balance between sustainability and risk control. For the remuneration of directors and the general manager, please refer to the annual report (company website - Shareholders' Meeting Annual Report).

Audit Committee

Audit Committee has been established under Taiwan Steel Union's Board of Directors. The Organization Charter for Audit Committee has been put in place. Audit Committee is responsible for the control and supervision of financial reports, internal control and potential risks. All of the 4 members of Audit Committee are independent directors. The convener Chuan-Chuang Wu is an independent director.

Sustainable Development Committee

Taiwan Steel Union has established a "Sustainable Development Committee" under the Board of Directors, to serve as the highest level of ESG decision-making center, and to systematically establish the Union's long-term ESG strategy and direction. The independent director, Tien-Chin Chang, acts the chairperson of the committee and collaborates with senior managers of the Union to integrate the United Nations (UN) sustainable development goals with the core advantages of the Union. The focus includes six main aspects of Corporate Governance, Green Manufacturing Process, Circular Economy, Value Chain Management, Happy Workplace and Social Inclusion. The Sustainable Development Committee also approves the contents of the annual sustainability report. All the 4 members of Sustainable Development Committee are independent directors. The convener Tien-Chin Chang is an independent director.

The "Sustainable Development Committee" serves as a cross-departmental communication platform for vertical integration and horizontal coordination. It identifies sustainability issues critical to the Company's operations and of concern to stakeholders, formulates corresponding strategies and guidelines, and plans and executes annual programs. The Committee also tracks implementation performance to ensure that sustainable development strategies are fully integrated into the Company's daily operations, and reports its progress and future work plans to the Board of Directors on a half-yearly basis.

A report on "Identification of Material Risk Topics in 2025 and Proposed Countermeasures" was made by the Sustainable Development Committee at the 7th Meeting of the 2nd Term on April 22, 2025.

Code of Conduct

Taiwan Steel Union has formulated "Code of Conduct" to regulate its directors and managers (including Chief Executive Officer, President and any person who has the right to manage and sign on the behalf of the Company) and to prevent conflict of interest and seeking of personal gains. The Code of Conduct is fully disclosed.

Principles of Ethical Business

To strengthen corporate culture and robust development based on trust and integrity, and to establish a healthy framework for business practices, Taiwan Steel Union has established the "Principles of Ethical Business" to prohibit unethical behavior, define ethical business practices, and set out ways to prevent unethical behavior. In 2025, an online training course titled "Compliance with Ethical Corporate Management Regulations, Internal Material Information Processing Procedures, and Prevention of Insider Trading Policy" was conducted for all Taiwanese employees. Participants completed an online assessment to ensure the effective implementation of the Ethical Corporate Management Best Practice Principles.

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Participation in trade associations

Taiwan Steel Union is dedicated to its core business. To stay in close contact and work with different parties of society for sustainability, we are involved in various organizations in different ways, including the trade associations we are involved with as a director or a supervisor, including the following: There was no sponsorship in 2025 except for regular membership fees.

	Trade associations involved	Participating status	Representative's name
Taiwan Steel Union	Chinese National Federation of Industries	Director	Lin, Tsai-Hsiang
	Taiwan Resource Recycling Industries Association	Director	Lin, Tsai-Hsiang
	The Formosa Association of Resource Recycling	Director	Lin, Tsai-Hsiang
	Changhua Coastal Industrial Park Manufacturer Association	Executive Director	Lin, Tsai-Hsiang
	Taiwan Carbon Capture Storage and Utilization Association	Director	Lin, Tsai-Hsiang
	Resource Circulation Industry Booster Association	Director	Hsieh, Tsung-Lin
	Taiwan Composites Association	Member	Taiwan Steel Union
	Taiwan Surface Finishing Association	Member	Taiwan Steel Union
	Galvanizing Association of Taiwan	Member	Taiwan Steel Union
Taiwan Steel Resources	Resource Circulation Industry Booster Association	Member	TSR
	Taiwan Concrete Institute	Member	TSR
	Taiwan Resource Recycling Industries Association	Director	Tsai, Wen-Po
	Taiwan Society for Circular Economy	Member	TSR
	Taiwan Ready-Mixed Concrete Industry Association	Member	TSR
	Changhua Ready-Mixed Concrete Commercial Association	Member	TSR
	Changhua Coastal Industrial Park Manufacturer Association	Member	TSR
	Taiwan Environmental Management Association	Member	TSR

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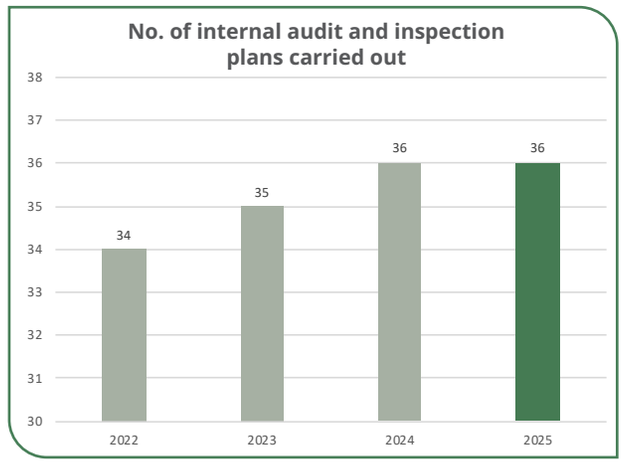
Risk and opportunity management

Taiwan Steel Union has formulated the Sustainable Development Best Practice Principles by including an assessment and management mechanism on relevant risks and opportunities for the confirmation of risks and opportunities during the course of company development.

Types of risks and opportunities	Responses to risks and opportunities
Financial risks	We do not have a research department dedicated to exchange rates or LME zinc prices. Hence, we do not hedge in any way against the change of exchange rates or LME zinc prices.
Human resource risks	Retention of high-caliber employees with remuneration and promotions
Raw material risks	Develop sources of zinc-containing waste and materials other than EAFD to compensate for raw material shortages.
Operational risks	The regulations governing identification and management of compliance obligations have been put in place. Inventory and identification are conducted each quarter regarding new and amended laws and regulations. Assessment is performed by relevant units; improvement measures are carried out according to assessment results.
Environmental, safety and health risks	Annual inspections are conducted every year and consumables replaced regularly and maintain stable equipment operation. Occupational environment hazard monitoring is commissioned to external parties quarterly, and annual employee health checkups are performed with follow-up management implemented.
Climate change, water and energy risks	Introduce the TCFD mechanism, formulate climate strategies, implement carbon reduction plans, and plan roof solar power generation systems. Water risk assessment and responding measures
Information security risks	Advocacy of information security policies, establishment of backup server rooms, retention of important data
Legal compliance	Periodic and irregular maintenance of pollution control equipment and implementation of environmental monitoring plans to ensure the normal operation of control facilities.
Opportunities	Advocacy of the circular economy's contributions to operation and the society

Responsible audit units and implementation

Audit Division under the TSU Board of Directors structures, proposes and carries out internal audits and annual inspection plans based on the risk control and management elements defined by management in three key areas: corporate governance, operating activities and legal compliance. A total of 36 internal audit plans were executed during 2025. These serve as the basis for assessing the function and effectiveness of the internal control system in corporate governance, operating activities and compliance. The results are produced into audit reports for submission and reporting to the Board of Directors.



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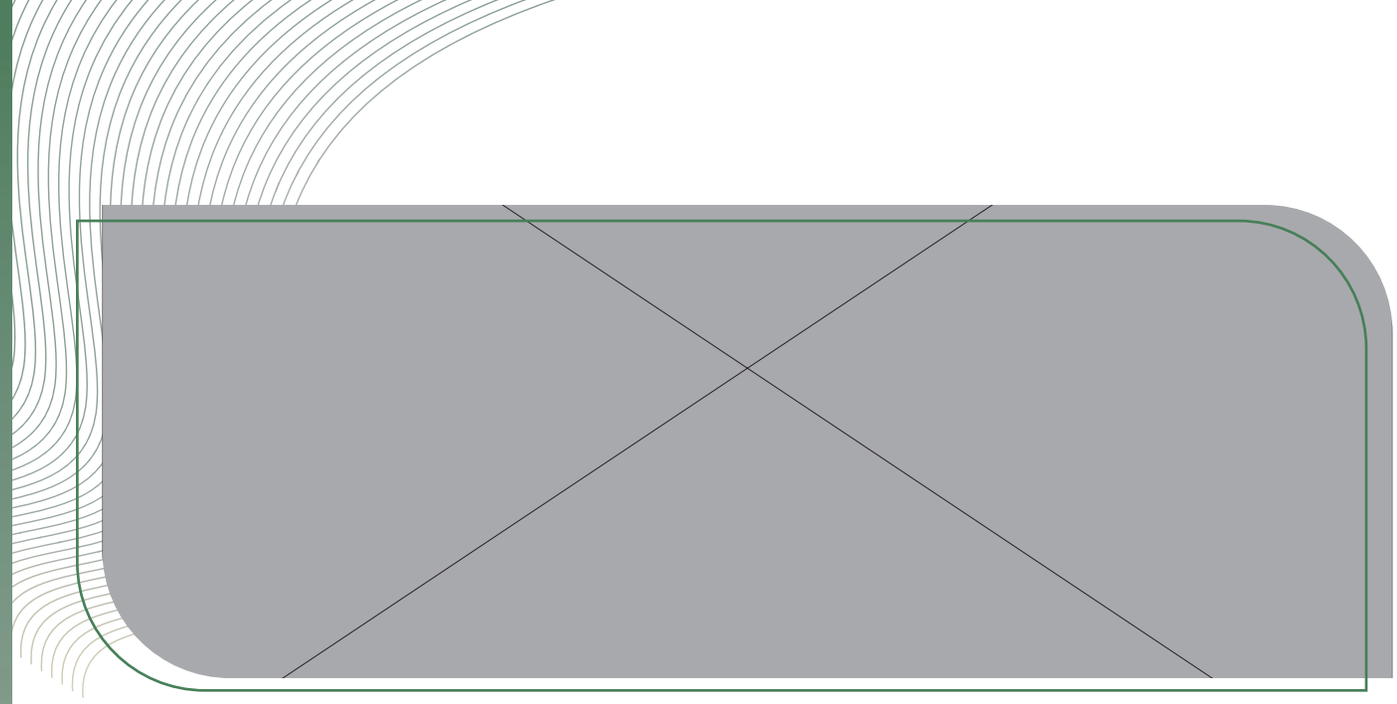
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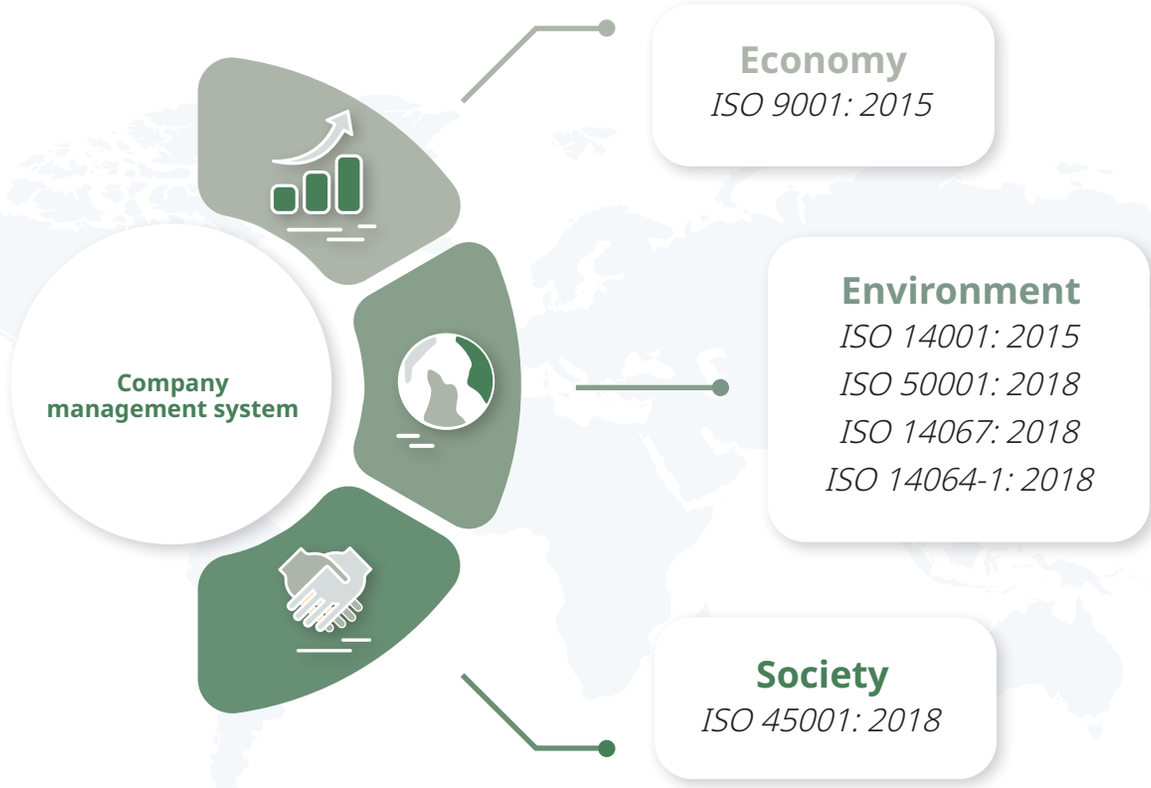
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Company management system

TSU has established a comprehensive management system that has been verified and certified by independent third-party institutions. This system includes standards such as ISO 9001 Quality Management System, ISO 14001 Environmental Management System, ISO 50001 Energy Management System, ISO 14064-1 Greenhouse Gas Inventory, ISO 14067 Product Carbon Footprint, and ISO 45001 Occupational Health and Safety Management System.



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3.2 Leadership Succession and Sustainable Development

For the sustainable operation of the Company, talent is one of the most important assets. Having capable successors and passing on their experience ensures stable succession planning, which can maintain continuous operations and reduce the impact of human resource risks caused by changes in management. A fair and transparent education and training mechanism safeguards employee rights and promotes a culture of diversity and inclusion, enabling sustainable corporate development. TSU has begun formulating medium- and long-term succession training plans for Board members and the management team to strengthen the reserve of mid-level management talent and cultivate internal employees, thereby ensuring the transfer of industry experience.

Succession Planning for Board Members and the Management Team

To ensure continuity of operations and the continuous transfer of professional expertise, TSU has established a systematic talent succession and competency transfer mechanism designed to cultivate future leaders with both leadership potential and practical experience:

- To enhance the effectiveness of directors in performing their duties, the Company arranges for directors to attend annual continuing education courses based on changes in internal and external environments and development needs, thereby strengthening their professional expertise.
- The "Regulations for the Implementation of Education and Training" were established to govern training-related matters. Potential candidates from all levels are regularly reviewed and screened for internal and external training programs. These programs encompass professional expertise, management skills, communication abilities, and job rotation to strengthen sustainable management capabilities.
- Talent development plans are adjusted to meet operational needs through the tracking of training records and regular reviews.
- Employees are encouraged to exercise creativity and engage in self-directed learning by proactively proposing plans for advanced studies, workshops, or site visits. The Company provides the necessary resources to support these initiatives, facilitating the diversified development of its human resources.

Robust Cultivation Plan

In 2025, training courses will continue to be conducted for middle management. The average training hours for managers are expected to rise compared to previous years, encompassing internal audit training mandated by regulatory authorities regarding sustainable development, corporate sustainability disclosure standards, and other professional courses. Regular professional training will also be held to ensure the transfer of technical expertise and experience. Total training hours are projected to reach 236 hours, representing a significant increase of 78% compared to 2024. Simultaneously, based on its risk management mechanism, TSU will retain top talent through its remuneration system and promotion channels. By implementing risk and opportunity response plans, the Company aims to mitigate the impact of management turnover while continuously tracking the comprehensiveness of its training programs.

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3.3 TCFD Climate-related Financial Strategy and Implementation

Climate change is an important issue for TSU. We are now working to achieve Net Zero by 2050 in accordance with the targets of the Paris Agreement. The Company has incorporated climate-related issues into its corporate strategy and risk management, and established a climate change policy. We now plan to formally adopt IFRS Sustainability Disclosure Standard S2 "Climate-related Disclosures" in 2029. Renewable energy and the circular economy will continue to be promoted to bolster climate action and low-carbon transition.
Taiwan Steel Union follows the management framework advocated by the Task Force on Climate-Related Financial Disclosures (TCFD) in the construction of climate change management and information disclosure.



Governance

a. Formulation of the GHG policy, continued energy conservation and carbon reduction
b. Taiwan Steel Union's climate change management team consists of Production Department and Occupational Safety Department to drive climate change actions.

Strategy

a. Identification of Taiwan Steel Union's risks and opportunities associated with climate change in the short-term, mid-term and long-term
b. Description of financial impacts on Taiwan Steel Union due to climate change
c. Taiwan Steel Union's climate change scenario in line with the national target of carbon reduction

Risk management

a. Description of the organization's identification and assessment process of climate related risks
b. Taiwan Steel Union's management flows in climate related risks
c. Integration of climate change risks and Taiwan Steel Union's overall risks

Indicators and targets

a. Taiwan Steel Union has established 3 key performance indicators for climate change.
b. Full disclosure of Taiwan Steel Union's Scope 1 ~ Scope 3 GHG emissions and risks
c. Achievement of Taiwan Steel Union's defined and disclosed ten key performance indicators

Governance

The Board of Taiwan Steel Union has established the Sustainable Development Committee. The independent director serves as chairperson of the committee, to confirm environment performances, climate change issues and corporate concerns each year. Formulation of the GHG policy, continued energy conservation and carbon reduction

Taiwan Steel Union offers incentives for proposals of improvement measures regarding climate change. Bonuses of an appropriate amount are provided to the reviewed and adopted proposals in energy and water conservation and cost reduction. Employees are encouraged to enhance awareness and enthusiasm in work efficiency, energy saving and carbon reduction.

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Strategy

Taiwan Steel Union formulates its climate change strategies on products, low-carbon investments and operating activities.

Strategic aspects	Taiwan Steel Union's responding strategy
Products	Circular economy product: crude zinc oxide
Low-carbon investments	Low-carbon transition projects to achieve carbon reduction goals
Operating activities	Continued energy conservation and carbon reduction

Response to climate change impact on financials

Climate change strategies may lead to increased operating expenses for TSU, including potential future carbon management fees and regulatory expenses following the implementation of cap controls.

NDC scenario analysis-transition risk assessment

TSU's carbon reduction targets are aligned with the Climate Change Response Act. We aim to achieve a 34% reduction in greenhouse gas emissions by 2030 compared to the 2012 baseline, and to reach net zero emissions by 2050. These targets form the basis for transition risk scenario analysis.

SSP5-8.5 – Physical Risk Scenario Assessment

The primary purpose of future climate scenario analysis is to utilize the Climate Change Risk and Opportunity Assessment to guide mitigation and adaptation measures, thereby improving decision-making quality. For the analysis of physical risks, the Company adopts the Shared Socioeconomic Pathways (SSPs) simulation model, specifically scenario SSP5-8.5, to analyze the potential impacts of physical risks and opportunities on corporate strategies, and to evaluate or adjust corresponding response measures.

Risks and opportunities

Taiwan Steel Union uses its Corporate Sustainable Development Best Practice Principles in assessment and management of risks and opportunities due to climate change, formulates, identifies and evaluates strategies, and conducts action plans on climate change. The purpose is to adapt to and mitigate climate change impacts. Corresponding adaptation and action plans are mapped out according to risk analysis and assessment. Emerging business opportunities are explored.



STEP 1

Identification and assessment of existing risks and opportunities

Scoring is conducted on transition risks, physical risks and opportunities according to the TCFD framework regarding the correlation, impact and occurrence periods of risks and opportunities, in order to establish a risk/opportunity assessment matrix.

STEP 2

Definition of Substantial Risks and Opportunities and Financial Impact Analysis



Taiwan Steel Union identifies and quantifies the impact of major risks in accordance with its Corporate Sustainable Development Best Practice Principles. These principles define the financial risk impact in five levels: very low, low, medium, high, and very high. Impacts classified as "high" or "very high" are considered to have a material impact on Taiwan Steel Union and are defined as follows:
"High" Impact: Affects 4% to 5% of consolidated financial statement EBITDA
"Very High" Impact: Affects more than 5% of consolidated financial statement EBITDA



STEP 3

Responses and cost estimates

Actual risks are assessed on their potential financial impact, and description of risk management measures.

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Assessment of actual risks, potential financial impacts and risk management measures

Taiwan Steel Union's climate change risk assessments and action plans			
Risk category	Transition risks	Transition risks	Physical risks
Risk type	Policies, laws and regulations	Market	
Time	Long-term	Mid-term	Immediate
Climate-related risk drivers	Higher GHG emission prices	increase of raw material cost - Electricity price increased	R3 - Plant damage due to powerful typhoon
Potential financial impacts	Increased direct costs	Increased direct costs	Revenue loss resulting from reduced production capacity
Financial impact analysis (Quantitative explanations)	Expected costs and expenses Short-term (2025-2026) - approximately NT$2 million Mid-term (2027-2030) - approximately NT$16 million Long-term (2031-2035) - approximately NT$27 million	Expected costs and expenses Short-term (2025-2026) - approximately NT$4 million Mid-term (2027-2030) - approximately NT$58 million Long-term (2031-2035) - approximately NT$166 million	Estimated losses for one week of equipment damage and downtime are NT$45.55 million.
Responses	1. Risk transfer (price hike). 2. Risk mitigation (energy saving, carbon reduction, low-carbon investment)	Mitigation of Risks 1. Increase the use of waste-derived materials as substitutes for raw materials 2. Replace old, energy-intensive equipment and establish an ISO 50001 Energy Management System, which is expected to save approximately 290,000 kWh of electricity annually 3. Install additional solar power equipment to increase green energy ratio to around 32%.	1. Replace old and damaged corrugated sheets during plant inspections and maintenance. 2. Install uninterruptible power systems and emergency generators. 3. Execute emergency response plan.
Estimated costs of responding measures	1. Carbon reduction investment of approximately NT$190 million (Renewable energy, mechanical slag removal project). 2. Approximately NT$60 million in process improvements under the "Large Leading Small" program.	Approximately NT$180 million in electricity saving measures. (Replacement of air compressors and construction of solar power phases I to III).	Approximately NT$50 million in equipment maintenance costs.

Assess the potential financial impact and risk management measures for substantive opportunities.

Taiwan Steel Union's climate change opportunity assessments and action plans			
Opportunities	(Slag/zinc oxide/other new resource waste)	Energy sources	Resource efficiency
Time	Short-term	Short-term	Short-term
Climate-related opportunities	Recycle and reuse	Use of renewable energy	Use of new technology
Potential financial impacts	Increased incomes	Reduction in indirect (operating) costs	Reduction in indirect (operating) costs
Financial impact analysis (Quantitative explanations)	Increase the use of incineration fly ash, electroplating sludge, zinc-containing waste, solid derived fuels, and waste with high calorific value (industrial waste) to increase the Company's operating revenue and replace the input of raw materials such as clinker and limestone.	The installation of solar panels is expected to generate approximately 6,480 MWh each year. This translates into an estimated savings of NT$14.9 million in electricity bill based on a tariff of approximately NT$2.3 per kWh.	The use of mechanical slag removal technology reduces the amount of coke consumed during furnace cleaning. Each instance of mechanical slag removal saves NT$1 million in coke costs and reduces the carbon fees associated with carbon emissions.
Responses	Increase waste recycling to increase the Company's operating revenue.	Install more solar power to add more energy sources.	Complete the kiln hood renovation project and purchase of mechanical demolition machine.
Estimated costs of responding measures	No additional costs.	Approximately NT$170 million for adding rooftop solar panels	Approximately NT$17.35 million in equipment purchasing and kiln maintenance costs.

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Indicators and targets			
Indicator	**Total GHG emissions**	**Water recycle and reuse rate**	**Water consumption per unit**
Unit	Tonnes CO_2e/year	%	Tonnes of water consumed/ tonne of waste treated
2030 target	Compared to the base year (2012) Reduction by 34%	44%	0.48
2025 Actual Performance	Reduction by 31%	51%	0.429
Goal Achievement Status	Short-term target for 2026 have been met and will continue to move towards Net Zero emissions.	Achieved ahead of schedule	Achieved ahead of schedule



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3.4 Supply chain management

Taiwan Steel Union has put in place “Suppliers’ Code of Conduct” for supplier management by incorporating expectations in ethics, healthy and safe environment, labor and human rights. The main suppliers signing the "Supplier Code of Conduct" for the first time reached 61.

Ethics

Adherence to laws and standards
Fair and honest transactions
Anti-corruption

Healthy and safe environment

Health and safety
Environmental protection
Event management and emergency preparation

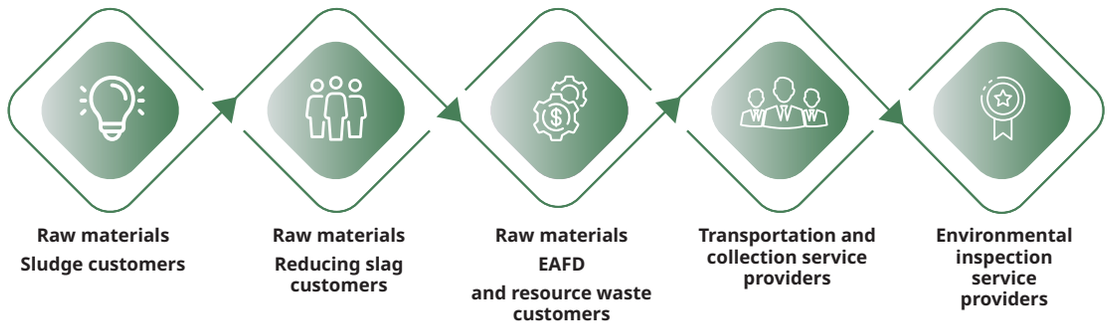
Labor and human rights

Voluntary employment
No child labor
Wages and benefits
Work hours and breaks
Freedom of association and bargaining between workers and employers
Anti-discrimination and anti-harassment
Respect and no discrimination
Protection of female employees

Suppliers’ Code of Conduct

TSU and its subsidiaries promote 100% circular economy. In addition to zinc oxide customers, the main upstream suppliers include raw material suppliers, contaminated soil customers, and equipment maintenance providers. The supply chain structure is shown in the figure. Downstream consists mainly of the TSR subsidiary and ZnO customers. There were no significant supplier changes in 2025.

Supply Chain of Steel Union and Subsidiaries



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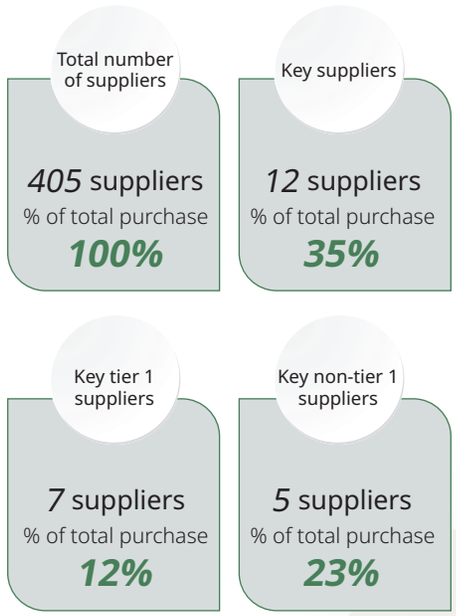
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Key suppliers

Key materials are defined as materials whose shortage would directly affect production. Key suppliers are defined as those providing key materials. Key materials have been identified as coke, hydrated lime, and quick lime, with procurement expenditures from key suppliers accounting for 35% of total purchases.



Note 1: Key tier 1 suppliers refer to suppliers supply materials to Taiwan Steel Union directly

Note 2: In 2025, total net purchases amounted to NT$851,907,500, and net purchases from key suppliers (Tier 1 + non-Tier 1) amounted to NT$297,328,757. The percentage of procurement expenditure from key suppliers was 297,328,757 / 851,907,500 × 100% = 35%.

Taiwan Steel Union's management of key supplier risks

TSU's key supplier risk management methods include diversifying sources, conducting real-time tenders to ensure uninterrupted supply, signing contracts with domestic suppliers to stabilize supply, and having at least two supply sources for each key material. In addition, accepting incinerator fly ash to replace lime and hydrated lime, and accepting solid-derived fuels and high calorific value waste to replace coke, can both reduce the risk of supply chain shortages and increase the benefits of waste recycling and reuse.

The incineration fly ash, zinc-containing, and high-calorific waste disposal as well as the electroplating zinc-containing dewatered sludge business remains market-competitive. New customers are continuing to be added. The incineration fly ash segment has now bid successfully for four public and private incinerators. Solid-derived fuel sources currently include only biomass fuel suppliers who continue to cooperate. Additional sources of high calorific value waste include technology plants, chemical factories, plastic cracking plants, and tire recycling plants, with individual reuse applications being submitted to ensure a stable supply.



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Supplier assessment management

To enhance sustainable supply chain management, TSU has established the "Supplier Management and Evaluation Measures" to define the management standards for evaluating suppliers and contractors, and screens suppliers with annual procurement amounts of NT$200,000 or more for evaluation.

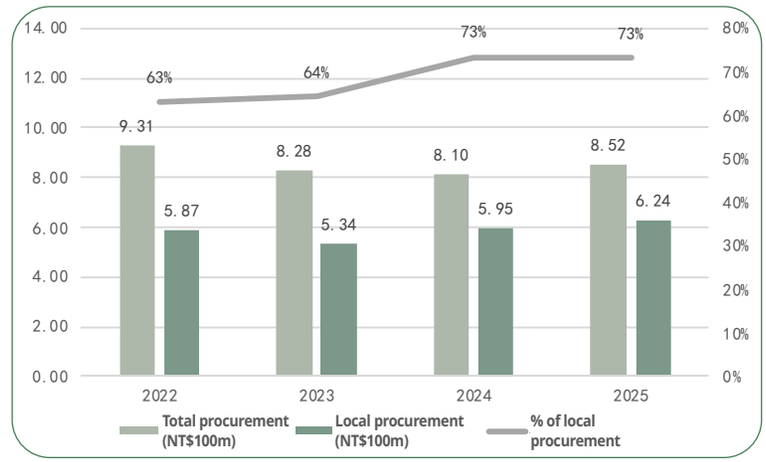
Supplier assessment results

Supplier and contractor evaluations are conducted monthly and annually, focusing mainly on product delivery quality, and environmental, safety, and health matters. Suppliers are graded by their results future management. The evaluation results for 2022–2025 were as follow: In 2025, a total of 163 suppliers and contractors were evaluated. The average score was 5.9 and 100% were assessed as Grade A

Classification	Classification standard	2022 No. of suppliers and contractors	2023 No. of suppliers and contractors	2024 No. of suppliers and contractors	2025 No. of suppliers and contractors
Assessment of suppliers	A Level (90-100 points)	57	59	61	61
	B Level (61-89 points)	0	0	0	0
	C Level (≤ 60 points)	0	0	0	0
Assessment of contractors	A Level (90-100 points)	82	77	75	102
	B Level (61-89 points)	0	0	0	0
	C Level (≤ 60 points)	0	0	0	0

Local procurement

TSU promotes local procurement defined as as within Taiwan. The policy stipulates that at least 50% of procurement value must be sourced locally. We have achieved 73% local procurement for two consecutive years, and the target has been met from 2022 to 2025 Local procurement not only stimulates economic development in Taiwan and creates local jobs but also reduces Scope 3 transportation emissions.



Note: The percentage of local procurement at the subsidiary TSR is 97.7%

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3.5 Customer relationship management

To ensure that customer complaints are addressed and to prevent the recurrence of dissatisfaction, customer service management regulations were formulated by TSU. Dedicated complaint channels and customer satisfaction surveys have also been set up for clients across its dust, zinc oxide, zinc-containing products, and resource recycling segments for maintaining customer trust and satisfaction. Survey ratings are categorized as "Satisfied" (5–6 points), "Acceptable" (3–4 points), and "Unsatisfied" (1–2 points). A high-quality performance target of 5.4 points was established, and this target was consistently met from 2022 through 2025.



Note: Satisfaction surveys for zinc-containing products, electroplating sludge, high calorific value, and fly ash began in 2024

EAFD Customer satisfaction

A total of 13 questionnaires were distributed to EAFD customers, with 12 returned. Over the past four years, customer satisfaction levels have consistently exceeded the target standard, with a score of 5.9 in 2025.

EAFD Customer A	Assisted with flexible dispatching and demonstrated high levels of cooperation.
EAFD Customer B	Assisted in resolving waste removal challenges and achieved a high satisfaction rating.

Satisfaction survey for contaminated soil customers

Satisfaction level of contaminated soils customers including both the public and private sector. In 2025, a total of 13 questionnaires were distributed and 2 returned, with all customers rating satisfaction at the maximum score of 6.

Contaminated soil Customers	Assisted with waste removal arrangements and demonstrated a high level of cooperation.

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Satisfaction level of zinc oxide customers

8 copies of survey questionnaires were issued to and 8 copies were recovered from zinc oxide customers. The level of customers' satisfaction for 2025 was 5.5, reaching the target. Taiwan Steel Union maintains good communication with customers and assists customers to keep an eye on the steel market and the zinc ore market in Taiwan and overseas. Hopefully this creates win-win for Taiwan Steel Union and customers with stable demand and supply by helping customers make adjustments to market change and providing materials specific to requirements.

Zinc oxide Customer A: Good product quality, high service satisfaction.

Zinc oxide Customer B: Highly cooperative; partnership continued.

Customer Satisfaction with Zinc-Containing Products

9 questionnaires were issued to customers who received zinc-containing products, and 8 were recovered. Customer satisfaction was above average and received a score of 6 in 2025.

Products containing zinc Customers: Vehicle arrangements and work coordination were seamless.

Customer Satisfaction with Electroplating Sludge

20 questionnaires were issued to electroplating sludge customers, and 9 were returned. Customer satisfaction was above-average with a score of 5.9 in 2025.

Electroplating sludge Customers: Apart from the need to coordinate vehicle arrangementsandtiming, satisfaction with overall cooperation with good.

Customer satisfaction for high calorific value

Seven questionnaires were issued to high calorific value customers, and three were recovered. Customer satisfaction was above-average with a score of 6 in 2025.

High calorific value Customers: Good overall satisfaction.

Customer Satisfaction with Fly Ash

Six questionnaires were issued to fly ash customers, and four were recovered. Customer satisfaction was above average with a score of 6 in 2025.

Fly ash Customers: Good overall satisfaction.

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Transportation management

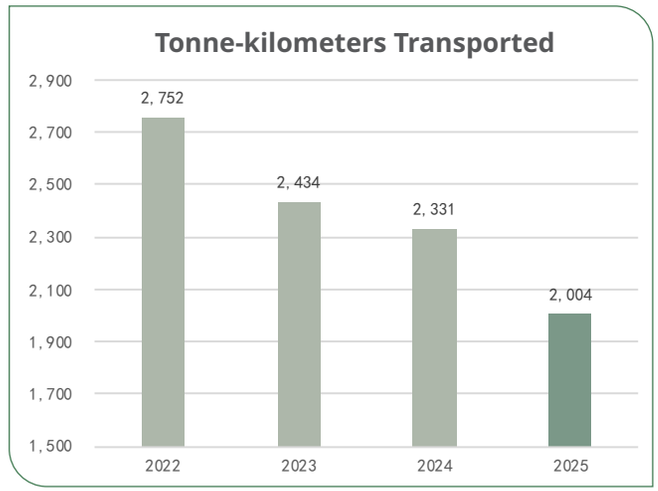
Taiwan Steel Union engages contracted transportation providers to handle the collection of related wastes such as EAFD. Through rigorous transportation contract management, we achieve our sustainability targets, including installing GPS positioning systems in compliance with Ministry of Environment regulations, establishing driver qualification requirements, and ensuring all collection drivers complete hazardous materials transportation training, hold valid certification, and attend regular refresher courses. During transportation, strict protective measures are implemented, along with vehicle cleaning protocols, personnel training, and inspections in line with the supervisory office's self-inspection requirements. This embeds a zero-tolerance corporate culture in daily transportation management to ensure safety and regulatory compliance.

Transportation safety

TSU maintains strict control over transportation safety and supports the United Nations Sustainable Development Goal (SDG) 3.6 goal of halving global traffic accident fatalities by 2020. We have now set a "zero tolerance" target for traffic accidents and fatalities. Over the past four years, vehicles operated by TSU and its subsidiary, Taiwan Steel Resource, have traveled a total of 95.21 million tonne-kilometers with zero fatalities, achieving 100% of the target.

Transportation laws and regulations

For the past four years, Taiwan Steel Union has demonstrated excellent transportation management performance, with no violations of any major transportation safety laws or regulations.



Note: The circumference of Taiwan is approximately 939.5 kilometers. Over the past four years, the total distance traveled reached 95.21 million kilometers.
This was the equivalent of circumnavigating Taiwan 101,000 times.



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Creation of Waste Resource Cycle

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The circular economy is a regeneration system. The goal of carbon emission reduction is achieved with minimum resource and waste inputs and waste via slowing down, closing up and narrowing the cycles of materials and energies. Production and consumption (purchase) and disposal methods are planned and designed, through principles of reduction, reuse and recycle, to establish an economy and an environment best conducive conditions to sustainable development and resource management.

Management of Material Topics
Material Topics: Circular Economy, Waste (GRI 306)

Actual/Potential Impacts

Through the circular economy, TSU ensures the sustainable recovery and recycling of resources, reducing natural resource input and waste generation during production, and minimizing the positive impacts of these issues.

Diversified reuse of waste resources as alternative raw materials in manufacturing processes, recycling/detoxification/stabilization of hazardous industrial waste, and recovery of valuable heavy metal zinc to reduce landfill minimizes the potential negative environmental impacts.

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Management and Mitigation Measures

We are continuing to expand our capacity for waste resource recovery. Circulation through recycling reduces environmental issues associated with landfill and illegal dumping.

TSU and its subsidiaries continue to implement relevant management systems and procedures to address various topics, preventing or mitigating potential negative impacts through specific actions or initiatives. If actual negative impacts occur, TSU promptly undertakes corrective measures, including revising operating procedures, improving equipment, or strengthening employee training, to reduce the likelihood of recurrence.

Policy

Circular Economy Commitment:

- Comply with laws and regulations through proper recycling, detoxification, stabilization, or conversion to energy of electric arc furnace (EAF) dust, zinc-containing resource waste, oxidizing slag (stone), reducing slag (stone), and other renewable resource waste.

Circular Economy Policy:

- In line with the government's circular economy policy, EAFD from steelmaking waste, EAFD from illegal disposal sites, and zinc-containing resource waste are subjected to resource recovery, detoxification, and stabilization treatment methods for recycling and reuse. In addition to recovering valuable heavy metals from the waste, rotary kiln slag (stone) (R-1207) announced as reusable is also produced, achieving 100% circular economy effectiveness for the waste.
- Expand the diversification of waste resource recovery to reduce landfill disposal and raw material extraction,while decreasing the consumption of coke, lime, and hydrated lime, as well as greenhouse gas emissions.
- Stabilize reducing slag (stone) from electric arc furnace steelmaking waste, convert the stabilized slag into renewable resources to reduce the extraction of natural sand and gravel, and transform it into valuable resource recovery products for 100% circulation and reuse.

Concrete Actions or Initiatives

- TSU assisted the government by processing 2,765.88 tonnes of EAFD and 1,725.93 tonnes of slag from illegal dump site on Dadu River in Changhua County for free.
- Promotion of slag circular economy project.
- TSU assisted the government by processing incineration fly ash from the Xizhou Incinerator in Changhua County, the Beitou and Muzha Incinerators in Taipei City, the Hsin-Yung Incinerator in Taoyuan City, the Lutsao Incinerator in Chiayi County, and the Renwu Incinerator in Kaohsiung City. These efforts reduced solidification and burial while alleviating theburden on domestic landfills. Resource recycling and reuse effectively reduced the extraction and consumption of natural raw materials such as lime and hydrated lime as well.
- TSU assisted electroplating operators at the electroplating zone of the Changhua Coastal Industrial Park with recycling of electroplating sludge (A-8801), a hazardous industrial waste, in order to establish the resource recycling supply chain.

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Effectiveness assessment

Through the annual reporting of sustainability report, the effectiveness and result are tracked and assessed continuously.
Slag (stone) is reused and converted into valuable resource products for 100% recycling.
KPIs and targets set for waste reuse
The world's first EAFD recycling plant to achieve UL 2809 certification.

Stakeholder engagements

Regular or irregular communication and interaction are conducted through the stakeholder engagement mechanism, and the information is disclosed in the sustainability report, on relevant platforms, or on the Company website.

12.5 Prevention, reduction, recycle and reuse to significantly reduce waste generations.

Sustainability benefits of circular recycled products
Circular recycled products generates multiple ESG benefits including combating of illegal dumping, reduction of natural resource excavation, and lowering GHG emissions.

No leak-related violations
There were no violations for leaking waste in 2025.

Circular economy highlights

Gold Quality Award for Outstanding Enterprise in Resource Circulation
In 2025, TSU received the 8th "National Gold Award for Circular Economy Leadership" from the Resource Circulation Administration of the Ministry of the Environment.

Product from 100% Recycled Material
The world's first EAFD recycling plant to achieve UL 2809 certification. The Crude ZnO product is 100% sourced from recycled materials

Operational Performance in Diversified Resource
In 2025, the waste disposal business processed 31,412 tonnes of waste and contributed NT$273 million to annual revenue.

100% reuse of secondary waste

- 101.02% reuse of general industrial waste
- Reuse rate of 100% for hazardous industrial waste.

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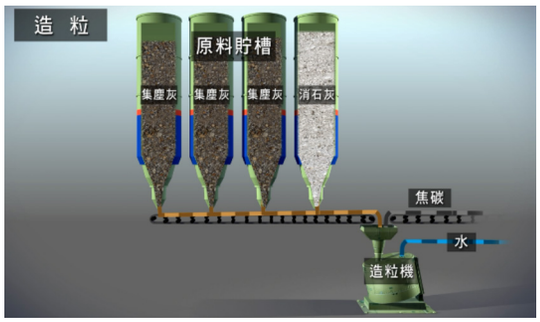
TSU received the "National Gold Award for Circular Economy Leadership"

4.1 Zero Waste Circulation System

Taiwan Steel Union adheres to the "Full Cycle, Zero Waste" philosophy and has long been dedicated to waste-to-resource initiatives. In 2025, the Company was honored with the "National Gold Award for Circular Economy Leadership" by the Resource Circulation Administration of the Ministry of Environment, demonstrating its outstanding achievements in the circular economy and environmental sustainability. Through a comprehensive waste recycling system, the Company connects upstream industries with downstream applications to promote effective resource circulation. This not only reduces waste disposal pressure and environmental risks but also ensures a stable supply of high-quality recycled raw materials, continuously driving the industry toward net-zero and zero-waste goals while building a "zero-waste ecosystem."

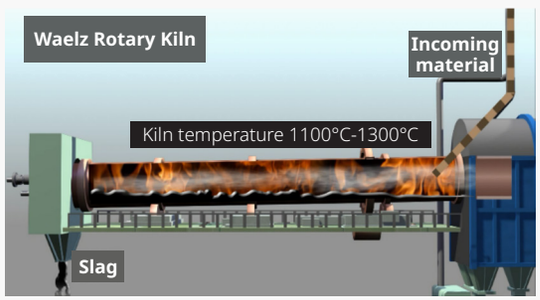
Circular economy is based on the concept of a circular ecosystem similar to how resources are used in nature. The cycle from waste to regeneration is designed to ensure sustainable recovery, circulation and reuse. It represents a new social and economic approach to development. The resource recovery and reuse treatment process for EAFD primarily utilizes rotary kiln high-temperature smelting facilities to treat and reuse EAFD and zinc-containing waste resources. Valuable metals such as lead and zinc are recovered from the EAFD to produce the resource recovery product, crude zinc oxide. Taiwan Steel Union adopts Waelz Kiln Process, a commercially mature technology in use for decades in the U.S., Europe and Japan for resource recovery and reuse of EAFD.

The Waelz Kiln Process starts with blending of pelletized acidic or basic SRP EAFD, coke, silica sand (or alternative materials such as internally recycled and reused waste refractory materials, contaminated soils, and organic sludge), or lime/hydrated lime/fly ash material. These are fed via conveyor belt into a rotary kiln to be processed at 1,000°C-1,300°C. The processing can be divided into two steps:



Step one is material flow

High-boiling point components in the EAFD are sintered with slagging agents—such as silica sand or its substitutes, or lime, hydrated lime, calcium carbonate, or their substitutes—to form rotary kiln slag (stone) (reusable waste R-1207). This slag (stone) is discharged from the kiln outlet, cooled via an air-cooling system, and subsequently transported by conveyors or loaders to the slag storage area. The resulting slag (stone) can be reused as a resource for road base aggregate, landfill material, civil engineering aggregate, and other applications.



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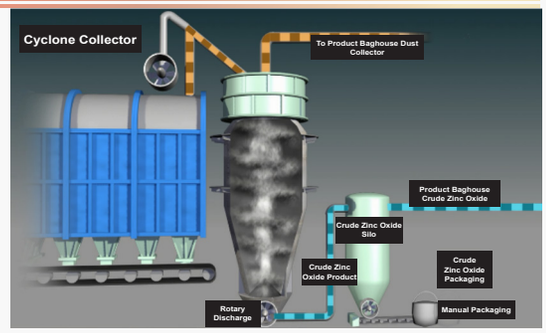
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Second step is air flow

Low-boiling point components in the feed and dust-laden carrier gases are treated through the air pollution control facilities of this process—comprising a gravity settling chamber, a Venturi scrubber, a cyclone collector, activated carbon and hydrated lime injection systems, and a two-stage baghouse—before the resulting exhaust gas is discharged into the atmosphere via the stack. Additionally, the particulate matter collected by the cyclone collector and the process baghouse consists of crude zinc oxide, which is collected and packaged as the crude zinc oxide product.

Sustainability Benefits of Circular and Recycled Low-carbon Products

A circular economy is an economic and industrial system where resources are recovered and regenerated. This reduces environmental stress and resource consumption. Natural resources input to the production process can be reduced and waste reuse can be increased by raising resource recovery efficiency to creates environmental and economic co-prosperity.

TSU's crude zinc oxide product is a circular recycled product. Compared with the production of virgin zinc oxide from mining through to smelting and refining, TSU's crude zinc oxide has sustainability benefits including increasing the recycling and utilization of waste, reducing the extraction of natural raw materials, and lowering greenhouse gas emissions. The relevant ESG sustainability benefits are as follows.

Type of sustainability benefits	Item	Explanation of sustainability benefits
Environmental benefits (E)	The demand for natural materials excavation is reduced.	Excavation, processing and transportation affect the environment and the landscape. Conversion of waste into raw materials reduces the environmental impact and enhances the efficiency of natural resources utilization.
	Waste processing services are offered to the society.	TSU conducts resource recovery treatment of waste, resolving illegal waste disposal and preventing ecological damage.
	CO_2 emissions reduction	Using waste to replace raw materials can reduce carbon emissions from the mining, processing, and transportation of raw materials.
	Lower impact on water resources	Using waste to replace raw materials can reduce the impact on water resources from the mining, processing, and transportation of raw materials.
	Total Circulation and Reuse of Slag	TSU converts waste slag (stone) into valuable resources products, with 100% recycle and reuse.
Social benefits (S)	Job creation	Create local job opportunities
	Customer relationship improvement	This responds to the expectation from customers and investors and enhances the engagement with stakeholders.
	Contributions to Local Communities	The Company allocates a monthly donation from the amount of EAFD and ash collected for reuse to the two townships' public offices for unified administration.
Economic benefits (G)	Creation of economic benefits	Create positive economic benefits each year
	Resource dependence risk reduction and organizational resilience enhancement	Natural resources are replaced by waste. This reduces the risks of dependency on natural resources and increases Taiwan Steel Union's economic resilience.

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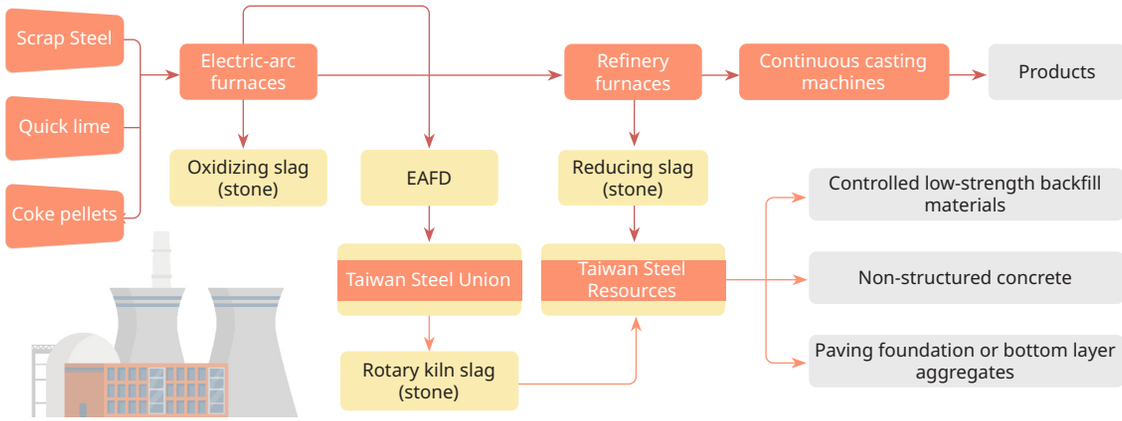
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4.2 Slag (stone) Circular Economy

The biggest concern with the reuse of reducing slag (stone) is the high volumetric expansion, due to a large amount of quick lime not completely reacted. The calcium oxide not fully reacted exists in the form of free-CaO. These can easily react with water and carbon oxide digested into calcium hydroxide and calcium carbonate. When free-CaO is converted into calcium hydroxide, slag volume will expand causing social incidents known as road buckling or "wall acne."

Taiwan Steel Union established the subsidiary company Taiwan Steel Resource to specialize in the stabilization and treatment of reducing slag (stone). Slag (stone) is stabilized utilizing high pressure and high temperature resource recovery techniques. Once stabilized, the recycled pelletized material will no longer expand and can be used as a useful resource. These are used in combination with the recycling of rotary kiln slag produced by Taiwan Steel Union. Taiwan Steel Union to achieve 100% recycle and reuse model for circular economic, and serve a role model for the circular economy in Taiwan and abroad. Expansion in to the reuse of slag to make green eco-friendly products in alignment with the circular economy industry policy.

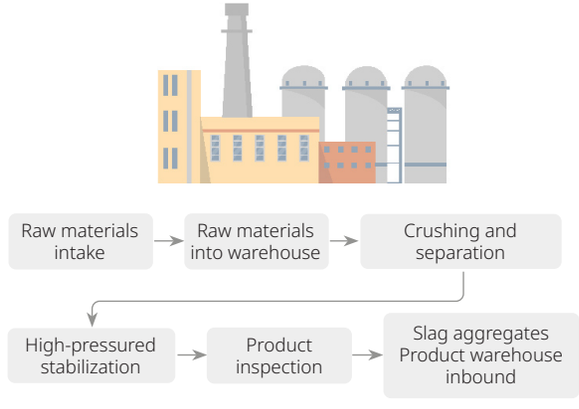
TSR has established two dedicated ready-mix concrete plants for recycled aggregates within its facility to expand into the recycled aggregateready-mix concrete industry. These dedicated plants ensure complete control over the flow of materials, and the Company has continued to finalize contracts and supply downstream manufacturers.



Taiwan Steel Resource's reclaimed slag (stone) goes through the high-temperature and high-pressure steam stabilization process involves crushing, magnetic separation, and screening. The material is crushed to a particle size of less than 5mm and then transported via conveyor belt to an autoclave for stabilization. Shown in the graph



Five autoclaves



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4.3 Waste Resource Recycling

TSU is continuing to expand itsdiversified resource waste business. In 2025, auxiliary fuels such as waste resins and other materials with calorific value were added. Beyond EAF dust, TSG has secured qualifications for alternative raw materials and fuel reuse. We are also actively pursuing new business opportunities. These include solid recovered fuel (SRF), waste with calorific value, stainless steel dust, incineration fly ash, contaminated soil, zinc-containing dewatered sludge from the electroplating industry, and zinc-containing sludge from the chemical industry. At the same time, the Company has obtained approval for its Environmental Impact Assessment (EIA) difference report, enabling the continued expansion of sources and collection volumes for zinc-containing resources, as well as expansion of receiving capacity for incineration fly ash from domestic incinerators. In 2025, waste processing volume reached 31,412 tonnes and contributing NT$273 million to annual revenue as the Company continued to build diversified growth momentum.

In TSU's fly ash, zinc-containing, and high-calorific-value waste business, zinc oxide output in 2025 was 45,581 tonnes. TSU has increased the diversification of recycling. Zinc-containing resources (waste) includes: waste zinc, zinc-containing products, electroplating dewatered sludge (A-8801), and EAFD and sludge from other industries. Replacing the main raw material EAFD with these resources can not only recover valuable heavy metal zinc, but also reduce landfill treatment and environmental problems caused by illegal waste disposal. Replacing the secondary raw materials lime and hydrated lime with newly added incinerator fly ash can reduce raw material extraction and dependence. Replacing fuel coke with newly added waste with high calorific value and solid recycled fuel products can reduce the amount of coke used. The benefits of these waste substitutions not only reduce greenhouse gas emissions but also significantly reduce carbon footprint emissions.

The main reason for the improvement in slag treatment at the subsidiary TSG Resources lies inthe optimization of key stabilization technologies. These enhancements reduced processing times, leading to increased capacity and significantly higher yields. Market share in ready-mixed concrete is continuing to expand as well. Cement-free, low-carbon CLSM (Controlled Low-Strength Material) will be promoted in the future using 100% recycled resources as raw materials. Low-carbon CLSM technology will become the focus to future development efforts in a demonstration of innovation in the green building materials market.

Acceptance Standards and Maximum Treatment Volume for Each Individual Resource Waste

	Acceptable Items	Explanation	Maximum approved treatment volume (tonnes/year)	Acceptance Standards
Main Raw Materials	Other EAFD from steel making	As part of transformation into a General-Case recycle and reuse processor of EAFD (waste code: A-7101), except collection from the existing steelmakers other local electric arc furnaces steel mills (including carbon steel and stainless steel) are newly added.	198,900 (carbon steel + stainless steel)	Zn ≥ 2.5%
			28,000 (Dust from stainless steel)	
	Dust from illegal dumpsites	Collection of EAFD (A-7101) at local illegal dumpsites are newly added, to provide proper treatment channel and speed up the activation and utilization of national land.	Evaluate reuse and treatment capacity based on dump site and our plant's actual operating conditions	
	Waste zinc (single metal)	Waste zinc /slag/ashes (R-1303) etc. waste generated from all industrial processes with at least 40% zinc content	1,500	
	Reuse or processing of zinc-containing products from processors, chemical plants, and metal processing industries	Increased the acceptance of low-purity, difficult-to-sell products from recycling or processing facilities, chemical plants, and metal processing industries. These can serve as raw materials for the Company's rotary kiln high-temperature smelting process and are recovered as crude zinc oxide products.	8,000	
	Waste zinc-manganese alkaline batteries	Collection of waste zinc-manganese alkaline batteries (R-2404) will be added to assist the Environmental Protection Administration's Recycling Fund Management Board with resolving lack of proper waste batteries final treatment facilities in Taiwan. The valuable zinc metal resources in waste batteries can be recycled as crude zinc oxide product via high-temperature smelting at rotary kilns.	4,000	

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Acceptance Standards and Maximum Treatment Volume for Each Individual Resource Waste

	Acceptable Items	Explanation	Maximum approved treatment volume (tonnes/year)	Acceptance Standards
Main Raw Materials	Zinc-containing industrial waste such as EAFD or sludge with zinc content ≥ 2.5% (e.g., plumbing related hardware industry, zinc-copper alloy industry etc.), and waste blasting sand	Acceptance of zinc-containing industrial waste such as EAFD or sludge with zinc content ≥ 2.5% (e.g., plumbing related hardware industry, zinc-copper alloy industry etc.), and waste blasting sand	10,000	Zn ≥ 2.5%
Additive Raw Materials	Electroplating dewatered sludge	Collection of electroplating dewatered sludge (A-8801) with zinc content ≥ 2.5% which are produced via wastewater treatment plant of electroplating processes are newly added. The primary contents of this waste are heavy metals and can be resource recovered and recycled as crude zinc oxide product via high-temperature smelting processes of our plant's rotary kilns. In this way, the purpose of 100% proper treatment and resource recovery of waste can be achieved.	20,000	
	Incineration fly ash from municipal solid waste incinerators or public/ private waste treatment facilities incinerators	Incineration fly ash containing ≤ 3% chlorine generated from municipal solid waste incinerators or public/private waste treatment facilities incinerators, can be used in lieu of the hydrated lime/lime additive raw materials input for high-temperature smelting process in rotary kilns providing proper digestion channels. It mitigates the problems associated with existing incineration fly ash must be solidified and landfilled for a long time and also reduces local landfill site demands and lengthens the service life of existing landfill sites and frees up national land resources.	50,000	Cl ≤ 3%
	Contaminated soil	Contaminated soil from control sites, remediation sites, self-improvement projects, and off-site locations has a high silica content, making it a viable alternative to silica sand as a secondary raw material. This not only reduces the extraction and consumption of natural resources but also provides a proper disposal channel for domestic contaminated soil, aligning with the government's resource recycling policies.	64,615	
Fuels	Solid alternative (renewable) fuels	Increase acceptance of solid alternative (renewable) fuel products, which can be recycled and reused as auxiliary fuel through the high-temperature smelting process in rotary kilns. This not only assists the Industrial Development Administration in resolving disposal issues, but also complies with the government's policy to promote waste-to-energy in the circular economy.	30,000	Heating value ≥ 1,500 kcal/kg
	Solid (industrial) waste with high calorific value	Increase acceptance of solid industrial waste with a heating value (acceptance heating value ≥ 1,500 kcal/kg), or solid waste with heating value produced through screening pre-treatment and specially approved by the central or local environmental protection authorities. Such waste can be recycled and reused as auxiliary fuel through the high-temperature smelting process in rotary kilns, also in line with the government's policy to promote waste-to-energy in the circular economy.		
	Waste bag filters from electric arc furnaces steel mills	Increase acceptance of waste bag filters from steelmaking plants (acceptance heating value ≥ 1,500 kcal/kg), which can be recycled and reused through the high-temperature smelting process in rotary kilns. This not only provides auxiliary thermal energy for process needs, but also allows the recovery and reuse of valuable metals (zinc) from the residual EAFD. This provides a proper treatment route for such waste and also complies with the government's policy to promote waste-to-energy in the circular economy.		

Note 1: The total amount of reused and treated reductive slag from the primary raw material receiving items listed above may not exceed 198,900 tonnes per year.

Note 2: Due to amendments in environmental protection laws, the plant has ceased the reuse of waste with calorific value and auxiliary fuel as of December 31, 2025.

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Management mechanism after change of development behavior

TSU has 20 years of experience in the treatment of hazardous industrial flue dust. To maintain standardized and consistent operations, the Company has established internal control management procedures for the acceptance and removal of such waste, thereby achieving the objectives of waste flow control and proper disposal.

Receipt and treatment volume upper limit and early warning control mechanism

The internal control order receipt management regulations have specified that during the contract signing stage, the sales unit shall confirm the current production status with the production unit, and after the contract signing, the production plan shall be adjusted in order to arrange the treatment volume of such lot of wastes and its schedule. In addition, production meeting shall be convened periodically to review and adjust the product plan. Furthermore, TSU will calculate the total pollutant emissions for each quarter based on the quarterly chimney emission inspection values, as well as the annual cumulative total. At the monthly production and sales meetings, the cumulative total pollutant emissions will be reviewed, and for any pollutant item reaching 90% of the total permitted volume, an early warning will be issued. Necessary receipt and feedstock control measures will then be implemented for incoming waste to ensure that air pollutant emissions do not exceed the annual total.



Receipt treatment item acceptance standard and management mechanism

Regarding the incoming control management method, requests the production source to provide waste sample to the TSU's laboratory for chemical testing and analysis, or the production source provides the waste test report. The contract is accepted and signed only after the waste complies with the acceptance standard of the factory.

For newly added waste items, the acceptance standards, testing items, testing methods, and testing frequency will be implemented in accordance with regulations, with sampling and testing carried out for each truckload of waste upon arrival. Waste will be accepted only after confirming compliance with the plant's acceptance standards; any waste that does not comply will be immediately returned. Relevant management methods are included in the order acceptance management regulations and warehouse inbound management regulations, and standard and consistent operations are maintained in order to achieve the goal of proper control and treatment of wastes.

We have obtained environmental reuse permits for a diverse range of resource waste, doubling our processing capacity and driving continuous growth in our customer base. Our primary clients are in the surface treatment (electroplating) industry, followed by the technology, chemical, and automotive recycling industries. Furthermore, we have secured public sector contracts for fly ash treatment at large-scale municipal waste incineration plants in Taipei, Taoyuan, Changhua, Chiayi, and Kaohsiung, with a processing scale exceeding 1,000 tonnes.

TSU is continuing to evaluate the addition of difficult-to-treat and high-margin domestic waste to expand the customer base to drive operational growth momentum while continuing to play a vital role in the integration of industrial circular resources. By enhancing resource efficiency through a circular economy model, we not only effectively reduce the burden of final disposal while balancing environmental protection and economic benefits, but also provide concrete contributions to waste treatment in Taiwan as we strive to become a leader in the domestic resource recycling and waste-to-energy industry.

Sources of Waste	Waste Received by TSU in the Last Three Years (Tonnes)	Fees for solidification and burial (NT$100 million)	TSU Reuse Fee (NT$100 million) (with Washed Ash Reuse Fee as an example)	Government Funds Saved by TSU over the Past Three Years (NT$100 Million)
Derivative waste fees from the Ministry of Environment and the Industrial Development Administration	40,665	14.23	3.66	10.57
Expenses of waste generated by the industry (excluding the steelmaking industry)	37,802	13.23	3.40	9.83

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4.4 Waste management

KPIs and Targets in Waste Reuse Management

TSU has newly set key performance indicators and targets for waste reuse, including the reuse rate of general industrial waste, the reuse rate of hazardous industrial waste, and zero waste leakage violations.

KPIs and targets in waste reuse

Key Performance Indicators	Key Performance Indicators
• Reuse rate of general industrial waste • Reuse rate of hazardous industrial waste • Waste leakages or violations	• 99.98% • 100% • No leakages or violations

2025 Key Performance Indicator Outcomes

Reuse rate of general industrial waste (%)	Reuse rate of hazardous industrial waste (%)	No. of waste leakages and violations (frequency)
2025 101.02	2025 100.00	2025 0
2024 101.66	2024 100.00	2024 0
2023 99.98	2023 100.00	2023 0
2022 99.99	2022 100.00	2022 0

2025 target achievement

Target achievement	Target achievement	Target achievement

Note: The 2025 reuse rate for general industrial waste exceeded 100% as it included slag inventory from 2024.

Waste diverted from disposal

TSU is a 100% cradle-to-cradle waste recycling and reuse company, as shown in the 4.2 Slag Circular Economy Process. We promote the waste recycling and reuse policy, carry out slag reuse projects, set KPIs for waste reuse, and provide transparent disclosure.



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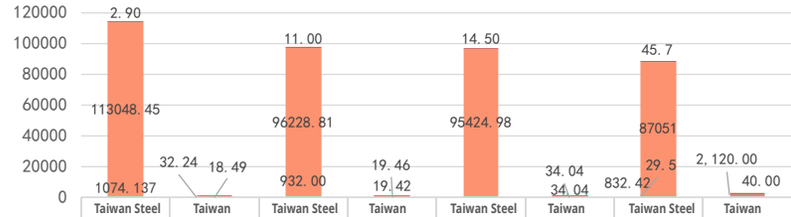
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Waste recycling and reuse

In 2025, TSU generated a total waste weight of 87,034 tonnes, including 86,201 tonnes of general industrial waste and 833 tonnes of hazardous industrial waste, all of which were returned to the furnace for treatment. The total weight of general industrial waste commissioned for reuse treatment was 87,080 tonnes, including 87,051 tonnes of rotary kiln slag and 29.5 tonnes of waste wood. 14.8 tonnes of domestic waste as well as 30.9 tonnes of mixed waste rubber and waste oil were incinerated. General industrial waste mainly consisted of 87,051 tonnes of rotary kiln slag (R-1207), that was reused and converted it into valuable resource products. In 2025, the general industrial waste reuse rate was 101.02%, and the hazardous industrial waste reuse rate was 100%.

Waste directed to disposal (tonnes)



	2022 Taiwan Steel Union	2022 Taiwan Resources	2023 Taiwan Steel Union	2023 Taiwan Resources	2024 Taiwan Steel Union	2024 Taiwan Resources	2025 Taiwan Steel Union	2025 Taiwan Resources
Incineration (off-site)	2. 90	18. 49	11. 00	19. 46	14. 50	34. 04	45. 7	40. 00
Recycling or reuse of general industrial waste (off-site)	113048. 45		96228. 81		95424. 98		87051	
Recycling or reuse of general industrial waste (in-house)		32. 24		19. 42		34. 04	29. 5	2, 120. 00
Recycling or reuse of hazardous industrial waste (in-house)	1074. 137		932. 00		793. 37		832. 42	

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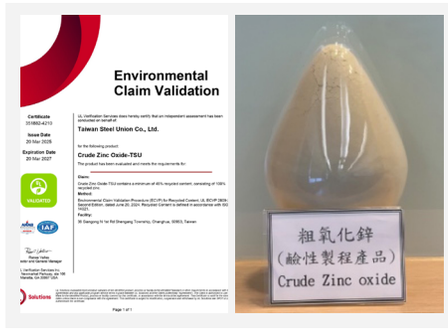
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4.5 Sustainable Product Performance and Certification

UL2809 Recycled Material Content Verification



UL 2809 Environmental Claim Validation (ECV) for Recycled Contentverifiestheactual percentage of recycled materials within quantified products or raw materials. TSU recycles zinc-containing waste, including electric arc furnace (EAF) dust, zinc-containing sludge, and low-zinc zinc oxide. Crude zinc oxide is produced through a high-temperature rotary kiln smelting process. As the zinc content is derived 100% from recycled materials, the Company obtained the UL 2809 Recycled Content Validation for crude zinc oxide in March 2025, becoming the first EAF dust recycling plant in the world to achieve this certification. TSU only effectively reduced the potential environmental risks of waste but also established a new sustainability benchmark for the steel and resource recycling industries.

Product Carbon Footprint Certification



"ISO 14067: 2018" carbon footprint verification for two ready-mixed concrete products.

- Controlled low-strength material (CLSM)
  Compressive strength (30–70 kgf/cm^2)
- Non-structured concrete
  Compressive strength (30–280 kgf/cm^2)

In 2024, Taiwan Steel Union obtained the "ISO 14067: 2018 EAFD and contaminated soil treatment service (heat treatment) carbon footprint" and "ISO 14067: 2018 Crude Zinc Oxide Product Carbon Footprint" certification again. GHG emissions for the service-type carbon footprint at each stage were as follows: 348.933 kg CO_2e for raw material use, 595.731 kg CO_2e for the service process, and 0.509 kg CO_2e for waste disposal, for a total of 945.17 kg CO_2e. This represented a 4.2% decrease compared to the service-type carbon footprint in 2021. An application was therefore submitted to the Ministry of the Environment for the Product Carbon Footprint Reduction Label. Regarding the product carbon footprint, GHG emissions at each stage were: 1,030.036 kg CO_2e for raw materials and 1,662.170 kg CO_2e for manufacturing, for a total of 2,692.21 kg CO_2e. This marked a 13.2% reduction compared to the product carbon footprint in 2021, demonstrating excellent carbon reduction performance.

TSR, a wholly owned subsidiary of TSU had previously obtained in 2023 the "ISO 14067: 2018 Statement." For controlled low-strength material (CLSM) with a compressive strength of 30–70 kgf/cm^2, greenhouse gas emissions at each stage were: raw materials – 235.491 kg CO_2e, manufacturing – 10.021 kg CO_2e, for a total of 245.51 kg CO_2e. For non-structural concrete with a compressive strength of 30–280 kgf/cm^2, greenhouse gas emissions at each stage were: raw materials – 241.878 kg CO_2e, manufacturing – 10.228 kg CO_2e, for a total of 252.11 kg CO_2e.

TSU and TSR both maintain a high level of environmental awareness regarding the carbon emissions in their product's environmental impact. The carbon footprint of their products and processing services are inventoried on an ongoing basis, and a low-carbon, sustainable process model proactively implemented across the upstream, midstream, and downstream of the supply chain, while continuing to also manufacture low-carbon products. TSU's substitution of virgin materials with different types of waste reduces greenhouse gas emission. This approach is not only environmentally friendly but also demonstrates a sustainable business model beneficial for society and the economy.



"ISO 14067: 2018 EAFD and contaminated soil treatment service (heat treatment) carbon footprint" and "carbon reduction label" dual certifications.



"ISO 14067: 2018 crude zinc oxide carbon footprint" certification.

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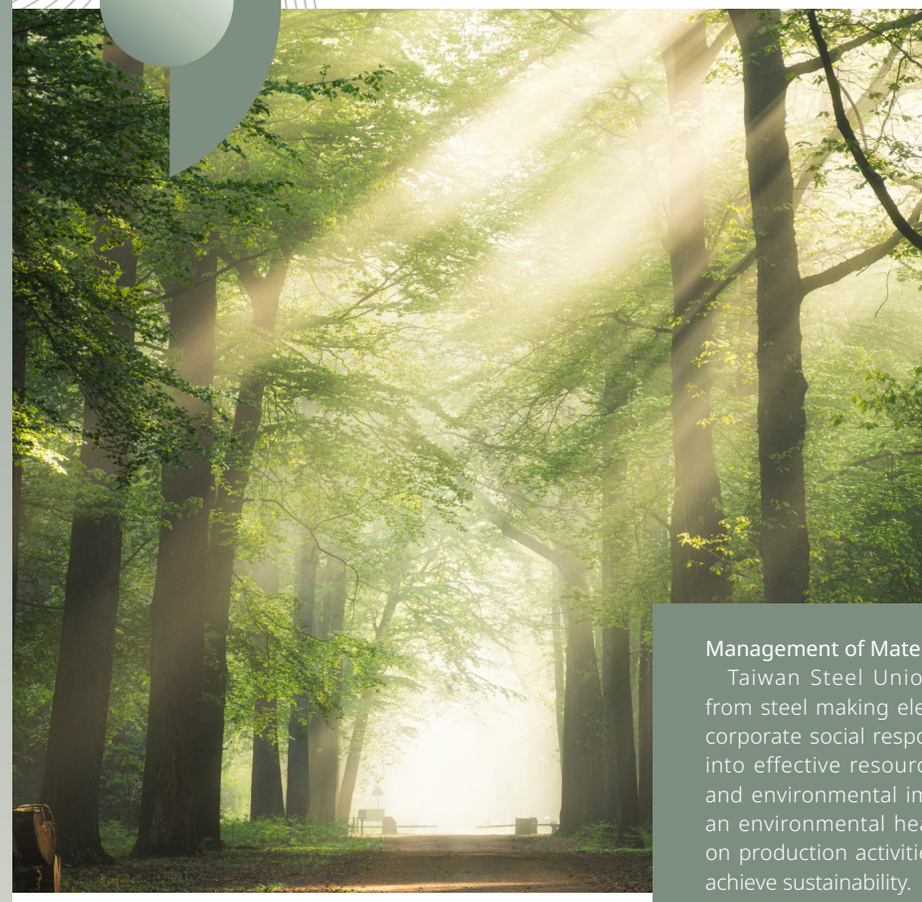
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05



Management of Material Topics

Taiwan Steel Union is a company that reuses waste from steel making electric-arc furnaces in Taiwan. To fulfill corporate social responsibility, we translate our philosophy into effective resource planning. Potential hazards, risks and environmental impacts are effectively controlled with an environmental health and safety management system on production activities, products and services, in order to achieve sustainability.

Management of Material Topics
Material Topics: Materials (GRI 301), Energy (GRI 302), Emissions (GRI 305)

Impact influence

Taiwan Steel Union is a waste reuse institution for the electric arc furnace steelmaking industry in Taiwan. The circular economy concept is practiced through 100% reuse of reclaimed materials. Emissions generated during operations and energy use have a negative impact on the environment and society.

To achieve corporate sustainability, TSU reviews its implementation on material topics on a regular and ad hoc basis to actively correct any negative impacts. Continuous improvement is also pursued to minimize the potential or negative impacts of our operations.

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Mitigation Measures

- TSU and its subsidiaries continue to implement management systems and frameworks to address various material topics. Concrete actions and initiatives are taken to prevent or mitigate potential negative impacts.
- Continued to promote the conversion of slag (stone) into resource products for 100% circular reuse of materials.
- Established energy performance indicators and energy-saving measures, completed an inventory of major energy-consuming equipment across all plant areas, installed smart meters for monitoring, and promoted energy conservation initiatives every year.
- GHG management KPIs and carbon reduction targets have been set to reduce the negative impacts of GHG emissions.
- Environmental monitoring is conducted regularly and disclosed on the company website to comply with environmental protection laws and environmental impact assessment commitments.

Policy/ Certification

Green Manufacturing Process and Environmental Safety and Health Policy:

- Adherence to the government's laws, regulations and other requirements in environment, safety and health (ESH)
- Continue to operate in accordance with green, environmental protection and safety policies
- Enforce ESH education to enhance employee awareness
- Hazard and pollution prevention to establish a quality work environment
- Continued improvement to enhance ESH management performance
- Industrial waste reduction to lower pollutant emissions and protect the environment
- Adherence to ESH issues to achieve sustainable operation
- Provide a safe and healthy environment to prevent injury and disease
- Increase worker consultation, participation and improve ESH performance.
- Establishment of the ISO 14001:2015 Environmental Management System
- Establishment of the ISO 50001:2018 Energy Management System
- Annual verification of ISO 14064-1 GHG emissions
- ISO 14067 product and service carbon footprint verification is conducted every three years

Specific actions or initiatives

- Compliance with emission standards stipulated in all environmental laws
- Establish phased national emissions targets (reduction ratio relative to base year)
- Set short, medium, and long-term targets for water recycling and reuse rate

Effectiveness assessment

- 100% circular reuse of resource materials.
- Reduce electricity consumption by 1% per year.
- Water recycle and reuse rate 45%.

Stakeholder engagements

Regular or irregular communication and interaction are conducted through the stakeholder engagement mechanism, and the information is disclosed in the sustainability report, on relevant platforms, or on the Company website.

6 CLEAN WATER AND SANITATION

6.4 Significant improvement of water consumption efficiency for different industries, to ensure the sustainability of fresh water supply and recycling

7 AFFORDABLE AND CLEAN ENERGY

7.a. Enhancement of energy infrastructure and investment in clean energy technology

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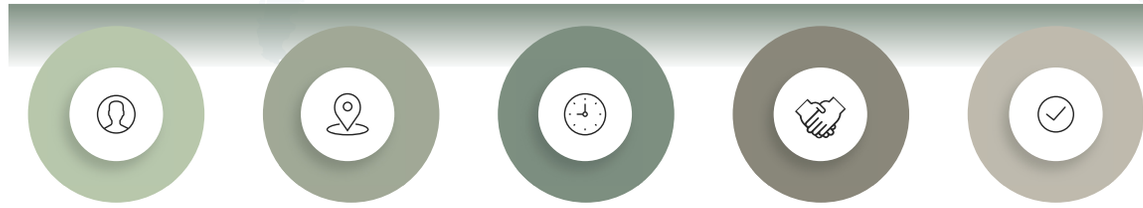
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100% recycling and reuse
The resource inputs include EAFD, zinc-containing waste, fly ash and contaminated soil. These are used to produce crude zinc oxide and slag (stone). The slag (stone) is converted into resources by TSR, resulting in 100% material recycling and reuse.

Key Scope 3 emission
GHG (Scope 3) reduction targets and measures were added. The target of a 15% reduction in Scope 3 GHG emissions by 2030 relative to the baseline year 2022 was set. In 2025, reductions reached *7*%.

Environmental Protection Expenses
Environmental protection expenditure amounted to NT$111 million in 2025.

Environmental Sustainability Highlights



Environmental Monitoring
Compliance with air pollution regulations

Coke Energy Efficiency Improvement Project
The amount of coke used per tonne of waste treated decreased significantly, with a reduction of up to *33*% compared to 2017.

Energy Conservation

- The calorific value of energy saved in 2025 reached 1.65 TJ.
- Electricity savings reached *2.52*%, far higher than the target rate of 1%.

Water Resource Usage

- The water recycling rate was 51% so the 2035 target was met early.
- Water consumption per unit treated was 0.429 tonnes so the 2035 target of 0.45 was achieved ahead of schedule.

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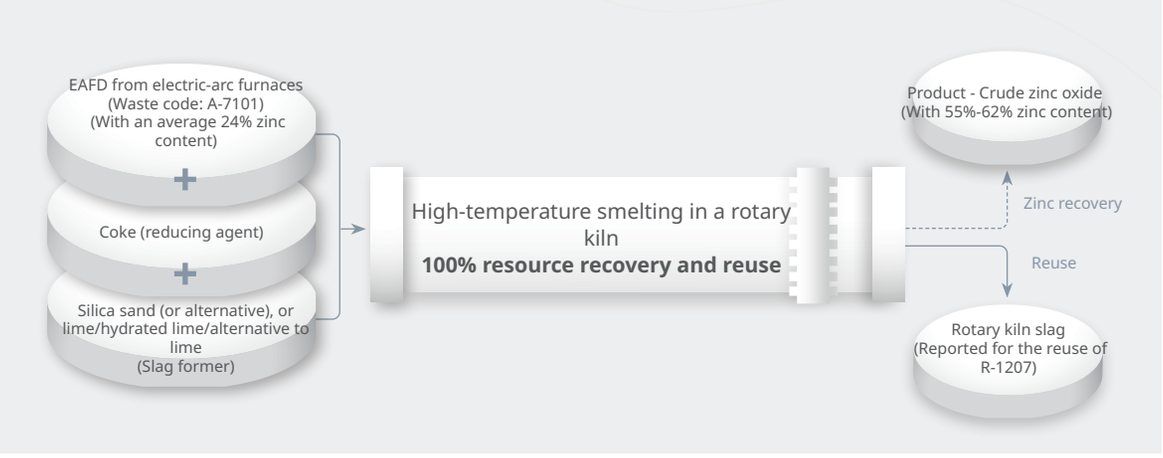
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5.1 Environmental-friendly green manufacturing process

Taiwan Steel Union uses the Waelz Kiln Process with high-temperature smelting in rotary kilns to recycle and detoxify zinc-containing waste from EAFD (A-7101), zinc-containing resources, fly ash, and contaminated soils. The process converts these into valuable crude zinc oxide and reusable slag, achieving 100% circular utilization. The environmentally friendly process incorporates best available control technology (BACT), process optimization and improvement, enclosed transportation systems, cooling system upgrades, thermal energy recovery, fleet management, wastewater and rainwater reclamation etc.



Air pollution control technology

TSU uses air pollution control equipment with the best available control technology (BACT). This includes a gravity sedimentation chamber, Venturi cooling pipes, hydrated-cyclones, activated carbon injectors, hydrated lime injectors, two-stage bag-type dust collectors (product bags and absorption bags), and bag-type dust collectors for entry ends and kiln entries. Meanwhile, preventive measures are in place to control fugitive pollution from stored materials. Warehouses are built for raw materials, products and Phase III, so that raw materials as inputs, rotary kiln slag and products as outputs are all kept indoors. This reduces fugitive pollutions during strong winds.

Manufacturing process optimization and improvement

TSU has optimized its manufacturing processes by utilizing material mixing equipment to pelletize and homogenize diverse waste streams, thereby improving raw material efficiency and adjusting process parameters such as alkalinity. Additionally, the cooling system was upgraded to conserve coke and liquid oxygen while reducing wastewater generation.

Enclosed transportation system

To reduce material dispersion, TSU adopted an underground closed conveyor system for handling all raw material during Phase 3 warehouse operations. Dust collectors are also installed at the receiving warehouse.

Aircooler and thermal recovery

TSU Kiln No.2 and No.1 underwent cooling system upgrades in 2015 and 2016, respectively. A slag cooling kiln to recover hot air was added. By upgrading the cooling system from water to air cooling, and counter-current heat exchange set up between the slag and cold air. The hot air recovered through heat exchange with a temperature around 320–400°C is fed into the main rotary kiln as combustion air. Slag temperature is cooled to 50–80°C before being transported to the storage yard via the conveyor system. These process improvements save approximately 10–20% of coke consumption, reduce liquid oxygen and tap water usage, and lower wastewater discharge, achieving energy savings, carbon reduction, and water conservation benefits.

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Fleet management

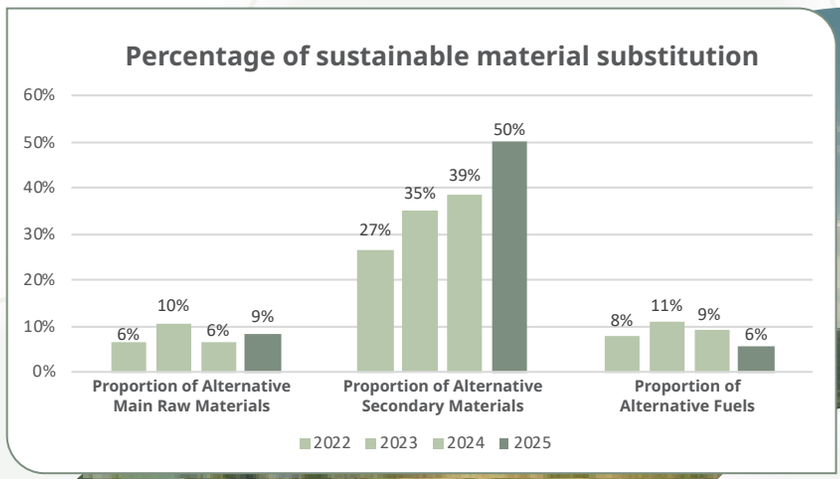
To reduce the pollution risk of fugitive emissions from dropped materials, purchase contracts stipulate that vehicles must be washed after each batch is unloaded. cleaning Vehicles leaving the plant are also inspected and cleaned at the weighing room to prevent fugitive materials.

To manage the vehicles used for in-house waste transportation, an online dispatch system has been established. This system monitors vehicle locations, self-inspection results, and maintenance status in real time to enhance vehicle safety.

Percentage of sustainable material substitution

Percentage of sustainable material substitution	2022	2023	2024	2025
Percentage of alternative main materials	6%	10%	6%	9%
Percentage of alternative secondary materials	27%	35%	39%	50%
Percentage of alternative fuels	8%	11%	9%	6%

Note 1: Alternative main raw materials include commercially available low-purity zinc oxide, electroplating dewatered sludge, inorganic (zinc-containing) sludge, waste zinc, ferro-manganese, zinc plates/ sheets, zinc waste, and scraps;
Note 2: Alternative secondary materials include incinerator fly ash, washed fly ash, and contaminated soil;
Note 3: Alternative fuels include waste wood, pyrolysis furnace slag, ASR waste plastic mixtures, solid-derived fuel, and waste bag filter from steel mills.





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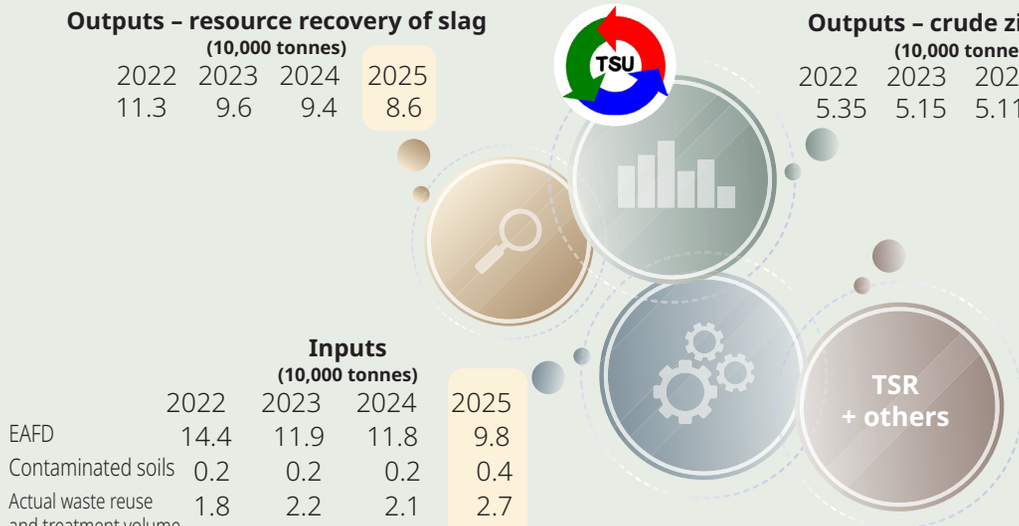
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100% recycling and reuse of materials

TSU's input materials include EAFD (A-7101), zinc-containing resources, incinerator fly ash, and contaminated soil. The outputs are crude zinc oxide and general waste slag, all of which are non-renewable resources. The subsidiary TSR converts slag into pelletized products for 100% resource recovery and reuse.



Outputs – resource recovery of slag
(10,000 tonnes)

2022	2023	2024	2025
11.3	9.6	9.4	8.6

Outputs – crude zinc oxide
(10,000 tonnes)

2022	2023	2024	2025
5.35	5.15	5.11	4.56

Inputs
(10,000 tonnes)

	2022	2023	2024	2025
EAFD	14.4	11.9	11.8	9.8
Contaminated soils	0.2	0.2	0.2	0.4
Actual waste reuse and treatment volume added to environmental assessment	1.8	2.2	2.1	2.7

Material output – Slag
(10,000 tonnes)

2022	**2023**	**2024**	**2025**
11.3	9.6	9.4	8.6

In 2025, the subsidiary Taiwan Steel Resource's reported material usage consisted of 100,000 tonnes of reducing slag, 88,000 tonnes of rotary kiln slag,4,800 tonnes of cement, and 3,000 tonnes of furnace slag powder, for a total of 197,000 tonnes.



Material inputs - Total of reducing slag (stone), rotary kiln slag (stone), oxidizing slag (stone), cement, and furnace slag (10,000 tonnes)

2022	2023	2024	2025
26.5	27.5	26.3	19.9

Material output - Total of base materials for pavement engineering work, concrete aggregates (including asphalt), aggregates for controlled low-strength backfill materials (in 10,000 tonnes)

2022	2023	2024	2025
24.6	25.3	23.9	19.9

Material Output - Controlled low-strength filler materials and non-structural concrete production declaration (M^3)	2022	2023	2024	2025
	6.1	7.9	13.2	15.8

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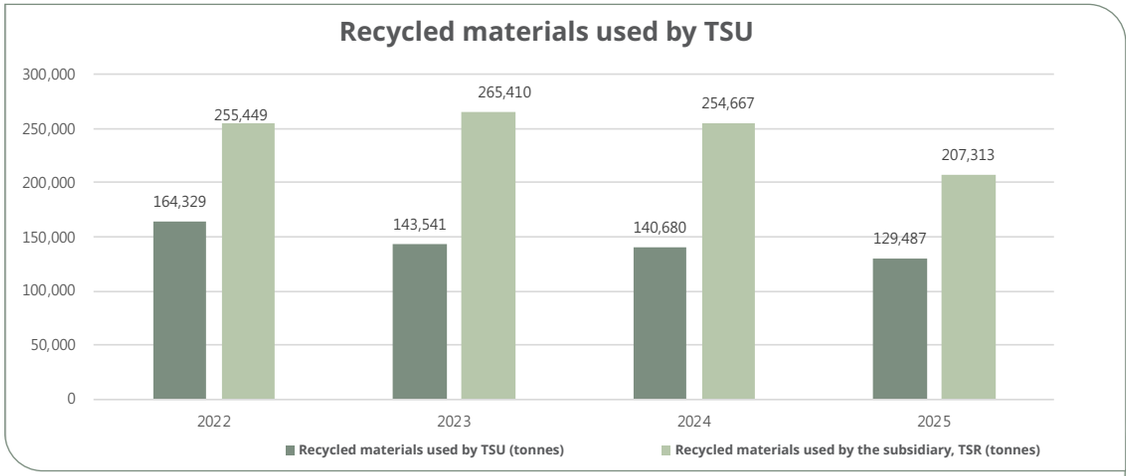
Use recycled and renewable materials

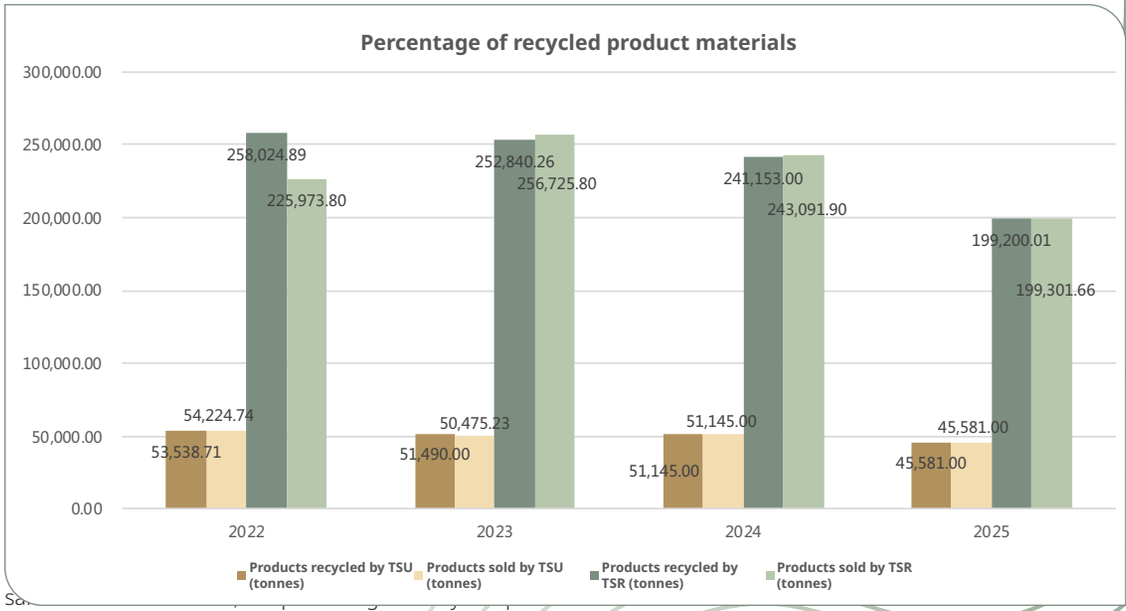
TSU actively promotes the circular economy. Materials recycled started out with EAFD and contaminated soil. Regenerated raw materials now consists of 11 waste types in 3 main categories: incineration fly ash, zinc-containing sludge (zinc content ≧ 2.5%), electroplating dewatered sludge, solid-derived fuels, waste with high calorific value, zinc waste, manganese-iron batteries, zinc sheets, and low-quality zinc oxide products. 100% of the primary raw materials are recycled materials.

In 2025, Taiwan Steel Union used 129,487 tonnes of recycled materials, accounting for 100% of all raw materials; the subsidiary, Taiwan Steel Resource, used 207,313 tonnes of recycled materials, also accounting for 100% of all raw materials.

Recycled products and their packaging materials

Due to the nature of the industry, the proportion of packaging materials used by Taiwan Steel Union and its subsidiary, TSR, is negligible and therefore not included in the statistics.





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5.2 Environmental policy and management system

To implement ISO 14001: 2015 environmental management system, ISO 45001: 2018 occupational health and safety management system and to fulfill corporate social responsibility, **Taiwan Steel Union has formulated its environmental health and safety policy** as the highest principle for environmental health and safety management.

Environmental standards and policy

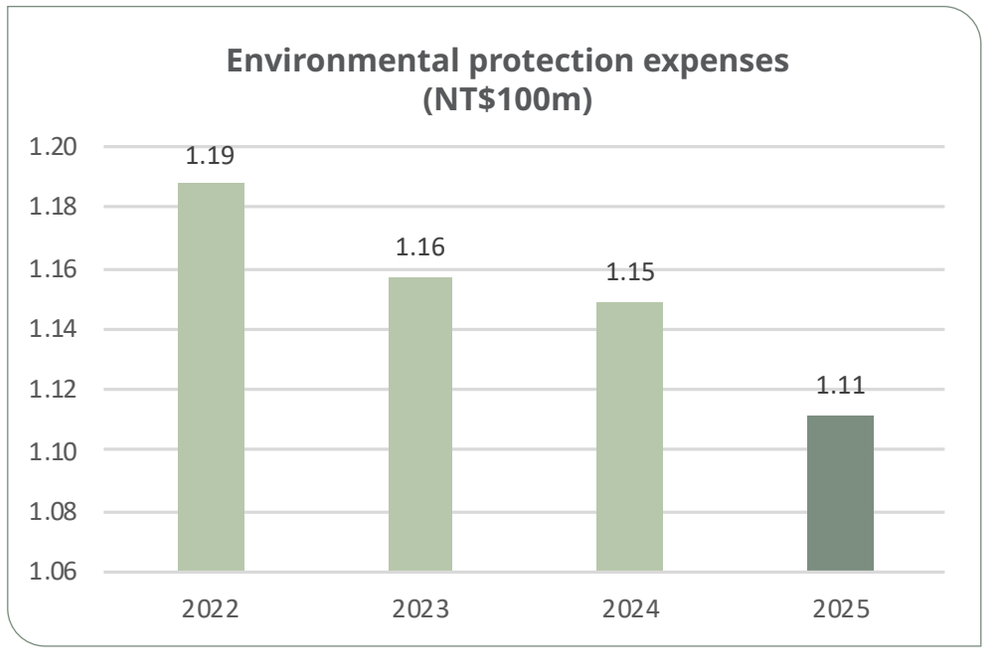
Taiwan Steel Union is a company that reuses waste from steel making electric-arc furnaces in Taiwan. To fulfill our corporate social responsibility, we translate our philosophy into effective resource planning. Potential hazards, risks and environmental impacts are effectively controlled with an environmental health and safety management system on production activities, products and services. Our goal is achieve sustainable operations.

Environmental management system implementation and validation

Taiwan Steel Union continues to drive its environmental health and safety management system, with annual targets, goals and management initiatives. A robust management method is implemented to reduce pollutions and emissions, improve the operating environment and enhance management performance in environmental health and safety. The purpose is to ensure the environmental friendliness of the manufacturing process and the creation of a safe operating environment.

Environmental protection expenses

Taiwan Steel Union's environmental protection expenses include: wastewater treatment and discharge fees, air pollution treatment and emission fees, waste collection and disposal fees, regular testing fees for the environmental monitoring plan, cleaning and maintenance of plant facilities and landscaping, and costs for environmental management and preventive measures. Total expenses in 2025 amounted to NT$111 million.



5.3 Energy and Carbon Emissions Management

GHG inventory verification and registration

GHG management is a material topic for TSU. We establisheda **GHG policy** and conduct annual inventory verification and registration in accordance with the Ministry of Environment's GHG Emission Inventory and Registration Guidelines and the ISO 14064-1 standard for organizational GHG inventories, with 2012 established as the base year.

KPIs and targets in GHG management

TSU has established new GHG key performance indicators and targets, including: national-level phase-based total emission targets, Scope 1 emission intensity targets (tCO_2e/tonne of waste), and Scope 2 emission intensity targets (tCO_2e/tonne of waste).

National GHG reduction target and planning

The Climate Change Response Act is implemented in five-year phases, with the central competent authority consulting with the relevant central industry authorities to set control targets for each phase. The Ministry of Environment has coordinated with the relevant central industry authorities to establish Taiwan's third-phase (2026–2030) Nationally Determined Contributions (NDCs), setting a 2030 emissions reduction target of 24% ± 1%. TSU, in line with the NDC reduction scenario, has formulated a reduction plan and implemented related carbon reduction action programs, using 2012 as the base year. GHG emissions were 31% lower in 2025 than the base year so the 2026 reduction target has already been met.

TSUassistedits subsidiary, TSR, with carbon management planning. Carbon inventory and carbon footprints have now been completed. The Company introduced energy-saving measures and efficiency optimization schemes for emission hotspots, such as electricity and natural gas consumption, to improve energy efficiency. The gradual achievement of a 1% annual electricity-saving target is now being planned.

KPIs and targets in GHG management

Key Performance Indicators	Long-term target for 2030
• National emissions target in phases (compared to the base year reduction %)	• 31% reduction by 2026 • 34% reduction by 2030 • 35% reduction by 2035
• Scope 1 emission intensity target (tonnesCO_2e/tonne treated)	• 2026 target: 0.56 • 2030 target: 0.53 • 2035 target: 0.52
• Scope 2 emission intensity target (tonnesCO_2e/tonne treated)	• 2026 target: 0.061 • 2030 target: 0.058 • 2035 target: 0.058

2025 Key Performance Indicator Outcomes

Phased control reduction target (%) (compared to the base year reduction %)	Scope 1 emission intensity (tonnes CO_2e/tonne treated)	Scope 2 emission intensity (tonnes CO_2e/tonne treated)
2025 31	2025 0.588	2025 0.059
2024 27	2024 0.569	2024 0.061
2023 32	2023 0.504	2023 0.065
2022 28	2022 0.464	2022 0.061

2025 target achievement

In 2025, there was a 31% reduction so short-term target was met.	Scope 1 emission intensity in 2025 was 0.588 and is making continued progress.	Scope 2 emission intensity in 2025 was 0.059 so the short-term target was met and is now continuing to advance towards net-zero emissions by 2050.

Note 1: The 2025 treatment volume includes seven categories: EAFD, contaminated soil, electroplating sludge, and zinc-containing products.

Note 2: In 2025, the GHG emissions of TSU's subsidiary, TSR, were 6,272.7921 tonnes CO_2e.

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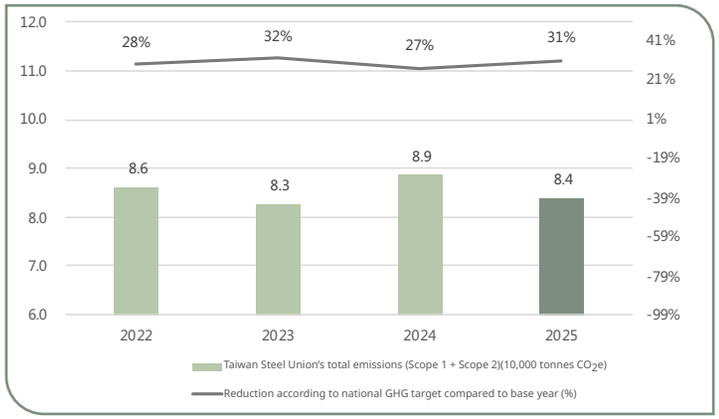
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Total GHG emissions (Scope 1 + Scope 2) – National total emissions target



TSU registers its Scope 1 and Scope 2 emissions annually as part of the first batch required by the Ministry of Environment.

In 2025, inventory categories 3 to 6 were assessed, and third-party verification was conducted by SGS. TSU obtained the updated ISO 14064-1:2018 Greenhouse Gas Inventory Statement in 2026.

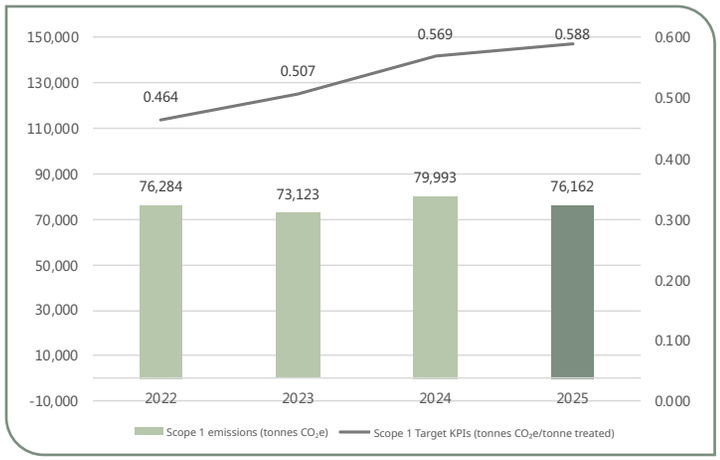

SGS

溫室氣體查驗意見書

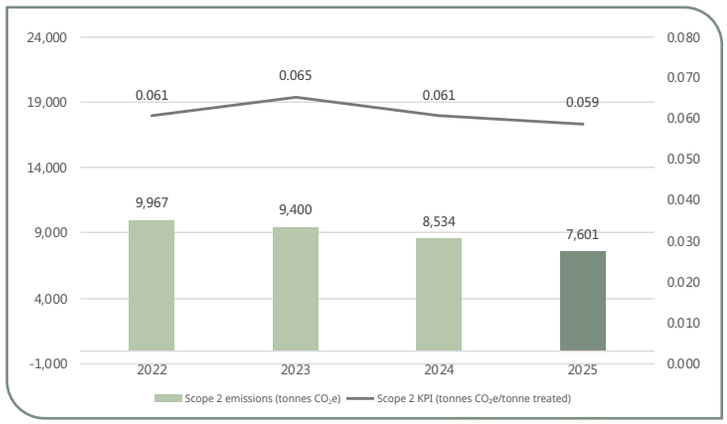
台灣鋼聯股份有限公司

ISO 14064-1:2018

TSU Scope 1 emissions and emission intensity (Tonnes CO_2/tonne of waste treated



TSU GHG Scope 2 emission and emission intensity (Tonnes CO_2e/tonne of waste treated)



In response to the 2050 sustainable development and net-zero carbon emission goals, TSU has assessed the carbon emissions generated throughout its various operations and formulated a carbon reduction plan to mitigate its environmental impact.

Note: Scope 1 and 2 GWP values are based on the IPCC Fifth Assessment Report (AR5).

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2025 TSU Implements Eco-Friendly Reduction Measures

TSU is continuing to promote energy efficiency and low-carbon transformation by integrating institutionalized management with equipment optimization to reduce energy consumption and greenhouse gas emissions during operations. The Company has implemented the ISO 50001 energy management system, established energy performance indicators and continuous improvement mechanisms, and completed a systematic inventory of major energy-consuming equipment across all plant areas. Furthermore, the installation of smart meters for monitoring serves as the foundation for driving energy-saving initiatives.

In terms of energy-saving measures in 2025, the Company replaced old air compressors with high-efficiency models and optimized lighting systems to achieve total energy savings of 41,573 kWh. Energy-intensive sodium lamps were replaced with high-efficiency LED fixtures, saving 29,200 kWh of electricity. Regarding process equipment, a permanent magnet air compressor was introduced for the No. 2 kiln air compression system to improve operating efficiency and reduce energy consumption; this is estimated to save 388,416 kWh of electricity per year. Based on the 2024 electricity emission factor of 0.474 kg CO_2e/kWh recently announced by the Energy Administration, the total electricity savings in 2025 reached 459,189 kWh, resulting in a total carbon reduction of 217.656 tonnes CO_2e.

In addition, TSU has actively deployed renewable energy and increased the proportion of green power usage. Self-consumed electricity totaled 1,721,168 kWh, which effectively reduced reliance on conventional power, strengthened operational resilience, and mitigated carbon emission risks, resulting in a reduction of approximately 815.83 tonnes CO_2e in greenhouse gas emissions. In addition, in response to the carbon fee collection system, TSU plans to use mechanical descaling machines to replace thermal kiln washing cycles, thereby reducing coke consumption. This mechanical descaling method can reduce the use of coke for kiln washing by approximately 700 tonnes per year; upon completion, it is expected to yield a carbon reduction of approximately 1,600 tonnes of CO_2e.

New GHG (Scope 3) Reduction Targets and Measures

As international climate governance trends and disclosure regulations have gradually strengthened, Scope 3 emissions management has become a critical component of corporate climate risk management. To mitigate climate transition risks arising from value chain emissions, TSU has established Scope 3 GHG reduction targets with 2022 as the base year. A goal of reducing Scope 3 GHG emissions by 15% relative to the base year by the target year 2030 has been set and various reduction measures are planned, including:

- Increase the proportion of recycled materials: Raw materials such as quicklime and hydrated lime are replaced with fly ash from waste incineration. The reuse rate is being gradually increased every year to reduce carbon emissions from the raw material extraction stage.
- Supply chain localization: We prioritize local suppliers when procuring raw materials and primarily sell products in neighboring countries to shorten transportation distances and reduce carbon emissions from transport.
- Green procurement management: Tier 1 suppliers are being progressively required to submit GHG inventories and site-specific carbon footprint data. The procurement of low-carbon products is prioritized to enhance supply chain emission transparency and carbon reduction effectiveness.

TSU will continue to strengthen its value chain carbon management and reduction measures to address climate-related disclosure requirements and mitigate climate transition risks.

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TSU Disclosure of Scope 3 (Indirect) Emissions

TSU inventories and fully discloses Scope 1 ~ 3 GHG emissions in accordance with the TCFD climate strategy. In 2025, TSU's Scope 3 GHG emissions (41.08%) approached half of the total emissions. Identification of key Scope 3 emissions by determining key Scope 3 categories: The reporting boundary of other material indirect emissions are identified in accordance with the material indirect emissions principle. The assessment criteria for material indirect emissions are weighted based on scale, impact, risk, opportunity, outsourcing, and employee participation according to Categories 3~6. A weighted score of 3 or above is classified as material indirect emissions. Identified results:

Based on the identified material indirect emissions, total Scope 3 emissions were 58,410.7936 tonnes CO_2e/year and accounted for approximately 41.08% of TSU's total emissions, total emissions this year decreased by 7% compared to the base year (62,544 metric tons of CO2e in 2022).including:

Total emissions of Category 3: 9,108.3499 tonnes CO_2e/year.

Category 3 refers to emissions from upstream transportation and distribution of goods.
- Emissions amounted to 3,830.5892 tonnes CO2e/year, and accounted for 2.69% of the Company's total emissions.
- To cover all upstream transportation emissions associated with the main material items disclosed in the Sustainability report.

Category 3 refers to emissions from downstream transportation and distribution of goods.
- Emissions amounted to 5,277.7607 tonnes CO_2e/year and accounted for approximately 3.71% of the Company's total emissions.
- To cover the transportation emissions of all products.

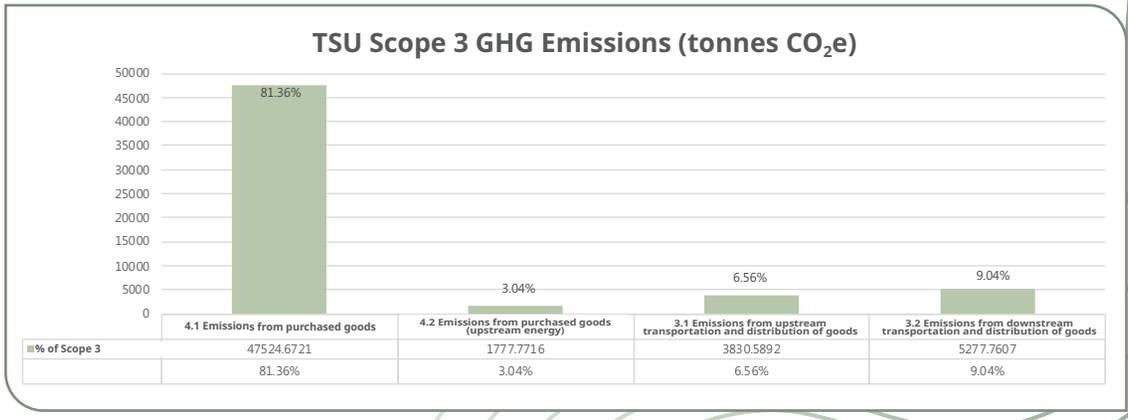
Total of Category 4 emissions: 49,302.4437 tonnes CO_2e/year.

Category 4 emissions from purchased goods.
- Emissions amounted to 47,524.6721 tonnes CO_2e/year and accounted for approximately 33.43% of the Company's total emissions.
- To cover all emissions caused by the main raw materials disclosed in the Sustainability Report (including coke, quicklime (CaO), hydrated lime ($Ca(OH)_2$), diesel, and activated carbon).

Category 4 emissions from purchased goods (upstream of energy), accounting for 1.25% of the Company's total emissions.
- Emissions totaled 1,777.7716 tonnes CO_2e/year.

Note: Scope 3 GWP values are based on the IPCC Sixth Assessment Report (AR6).

TSU Scope 3 Emissions (tonnes CO_2e)



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The contents of the waste resource recycling and reuse net-zero carbon emission strategy and roadmap announced by TSU are as follow:

Replacement restoring agent

Both fossil fuels and alternative fuels (RDF, biomass fuels, etc.) emit greenhouse gases during combustion. Hydrogen is a clean energy source that can replace traditional fossil fuels. No greenhouse gases or other pollutants are produced during use. Hydrogen energy is currently still in the R&D and testing stage. TSU will continue to monitor hydrogen advancements and assess the feasibility of its practical application in the steelmaking industry to replace coke, a high-carbon-emission raw material.

Use of renewable energy

Planning for solar power has been finalized. The first phase of rooftop installations on plant buildings was completed in December 2023. Rooftop installations for the second and third phases are now planned for TSU and TSR. These initiatives aim to reduce Scope 2 purchased electricity consumption and deliver tangible carbon reduction benefits.

Replacing Diesel Vehicles with Electric Vehicles

To reduce diesel consumption, the Company assesses the feasibility of replacing diesel-powered vehicles such as loaders, forklifts, transport vehicles, and excavators with electric vehicles to reduce GHG emissions.

Process adjustment

Evaluate the feasibility of high-temperature gas and furnace shell heat recovery in the rotary kiln, and add rain shelters to the rotary kiln to prevent climate factors from causing the furnace temperature to fall, resulting in increased fuel input to raise the temperature and higher carbon emissions.

Carbon capture and storage

Domestic manufacturers have already established a demonstration plant for flue gas carbon capture, which can recycle and convert CO_2into alkanes for reuse. Research and development and testing phases have been conducted at the CPC Corporation, in the petrochemical industry, and the steel industry. The Company will therefore continue to evaluate the feasibility of installing carbon capture and utilization (CCU) equipment on the main stacks to reduce GHG emissions.

Promote energy management

TSU have introduced the ISO 50001 system to monitor and understand the plant's energy needs, establish energy policies and targets, and implement effective operational control methods to improve energy efficiency.

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Energy management

Taiwan Steel Union continues to implement action plans for energy efficiency and carbon reduction, by improving energy consumption efficiency and energy performance. Taiwan Steel Union is categorized as an electricity user subject to the Regulations on Setting Energy Conservation Objectives and Execution Plans for Energy Users. Average annual electricity savings of at least 1% are therefore mandated from 2025 to 2028. In 2025, the average electricity saving rate was 2.52% with saved calorific value of 1.65TJ. The average annual electricity savings target was therefore met.

Year	2022	2023	2024	2025
Total electricity consumption (kWh)	18,694,400	18,406,400	18,868,466	17,757,968
Annual electricity saving (kWh)	148,504 Note 1	408,544	1,700,102 Note 2	459,189 Note 3
Energy saving (TJ)	0.53	1.47	6.12	1.65
Annual electricity saving rate %	0.8	2.17	8.27	2.52
Carbon reductions (tonnes CO_2e)	76	202	806 Note 4	218 Note 4

Note 1: The 2022 electricity saving measure involved reducing the operating pressure of the air compressor by 0.5 kg/cm^2 → air compressor 995.91 kW × 0.8 (average annual load of air pressure) × 0.03 (adjusted electricity saving percentage from a 0.5 kg pressure reduction) × 7,680 annual operating hours × implementation period of 6/12 months = 91,738 kWh; the carbon reduction calculation is based on the 2022 electricity emission factor of 0.495 kg CO_2e/kWh.

Note 2: Renewable energy generation in 2024 totaled 1,638,866.00 kWh. Renewable energy was self-consumed so recognized as electricity saving measures for one year.

Note 3: Renewable energy generation in 2025 totaled 1,721,168.00 kWh.

Note 4: The electricity emission factor for 2024 was 0.474 kg CO_2e/kWh.

Taiwan Steel Union Energy consumption

Category	Non-renewable energy	2022	2023	2024	2025
Non-renewable energy	Electricity purchased from Taiwan Power Company (purchased electricity)(MWh)	18,538	18,706	17,230	16,037
	Non-renewable energy - Diesel (KL)	320	320	293	297
	Non-renewable energy - Coke (tonnes)	28,662	26,570	26,843	26,227
	Total of non-renewable energy -TJ	**918**	**857**	**859**	**837**
Renewable energy	Total renewable energy (MWh)	-	-	1,638.87	1,721
	Total renewable energy (TJ)	-	-	5.90	6.20

Note: This statistic does not include solid-derived fuels or calorific waste, resulting in a lower reported energy proportion.

Note: Energy consumption was calculated based on the heating value conversion coefficients announced by the Energy Administration in 2023: 860 Kcal/KWh for electricity (MWh) and diesel (KL).
= 8,400 Kcal/, Coke (tonnes) = 7,000 Kcal/kg, and 1 Kcal = 0.000000004187 TJ.

Taiwan Steel Resources Energy consumption

Non-renewable energy	2022	2023	2024	2025
Electricity purchased from Taiwan Power Company (MWh)	6,732	7,280	5,611	4,124
Non-renewable energy - Diesel (KL)	185	231	219	182
Non-renewable energy - Natural gas (KM ^{3})	3,311	3,001	2,856	2,128
Total of non-renewable energy -TJ	**142**	**135**	**124**	**93**

Note: Taiwan Steel Resource's energy use is mainly natural gas, due to the application of reducing slag stabilization technology in high-pressure autoclaves.

Note: Energy consumption was calculated based on the heating value conversion coefficients announced by the Energy Administration in 2023: 860 Kcal/KWh for electricity (MWh) and diesel (KL).
= 8,400 Kcal/L; natural gas (M^3) = 8,000 Kcal/M^3; KCAL = 0.000000004187 TJ

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KPIs and targets in energy management

Taiwan Steel Union has established new KPIs and targets for energy management, including the average annual electricity saving rate from 2025 to 2028, the energy intensity target (GJ/tonne of waste treated), and the electricity consumption intensity target (kWh/tonne of waste treated).

KPIs and targets in energy management	
Key Performance Indicators	Short-, medium- and long-term goals
• Annual electricity saving rate in 2025-2028	• 2025 Annual average electricity saving rate 1%
• Energy intensity (GJ/tonne of waste treated)	• 2026 6 • 2030 6 • 2035: 5.9
• Electricity intensity target (kWh/tonne of waste treated)	• 110

2025 Key Performance Indicator Outcomes		
Annual average electricity saving rate (%)	Energy consumption intensity target (GJ/tonne treated)	Electricity consumption intensity target (kWh/tonne treated)
2025 2.52 2024 8.27 2023 2.17 2022 0.80	2025 6.5 2024 6.1 2023 6.0 2022 5.6	2025 137 2024 134 2023 130 2022 115
2025 target achievement		
Target achieved	Ongoing	Ongoing

Note: The treatment volume in 2025 includes seven categories: EAFD, contaminated soil, electroplating sludge, and zinc-containing products.

Note: The energy intensity KPI (GJ/tonne of waste treated) is calculated using total electricity, coke, and diesel consumption.



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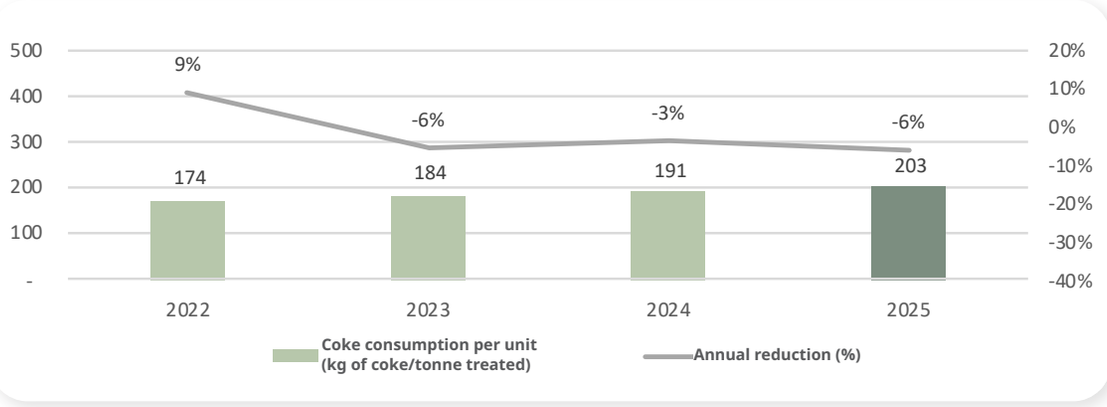
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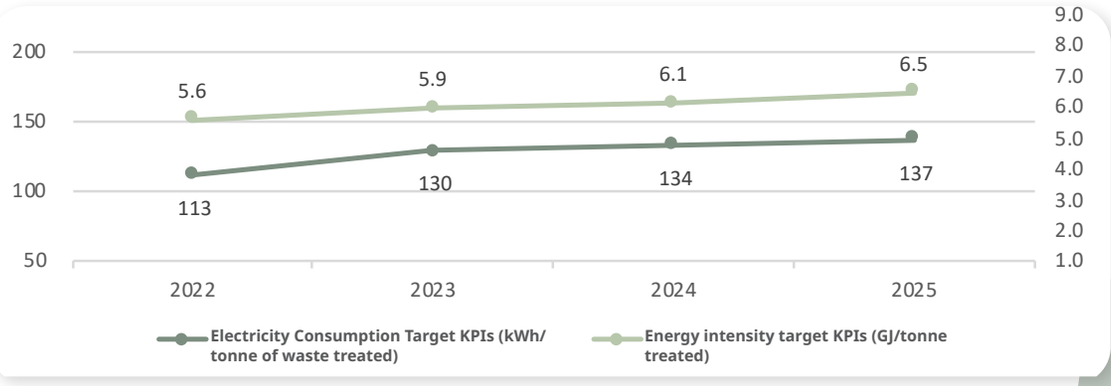
Coke energy efficiency improvement project

Since 2018, TSU has implemented the "Coke Energy Efficiency Improvement Plan," which utilizes basicity adjustments to regulate the reuse volume of contaminated soil. By gradually lowering coke input during processing and reducing the ratio of coke to baghouse dust, the Company stabilized kiln reactions for more balanced operations. TSU is continuing to implement measures to reduce the ratio of coke to electric arc furnace dust (EAFD) at its No. 1 and No. 2 kiln plants. Consequently, coke consumption per tonne of throughput decreased from 303 kg in 2017 to 203 kg in 2025, representing a significant cumulative reduction of 33%.



TSU Energy and Electricity Consumption Intensity Indicators

Energy intensity in 2025 reached 6.5 GJ per tonne of waste treated, with electricity intensity at 137 kWh per tonne of waste treated, as the Company continued to make progress toward its 2026 targets. This was primarily due to a decline in steel production and processing volumes within the steel industry. Furthermore, the plumbing hardware industry is heavily dependent on export markets; as a labor-intensive manufacturing sector characterized by fierce price competition and limited profit margins, operators have tended to mitigate operational risks by reducing production, suspending lines, or delaying orders amidst uncertain external demand and rising cost pressures. The above circumstances will lead to a simultaneous reduction in the output of process waste, such as flue dust, electroplating sludge, and surface treatment sludge, which in turn will affect the stable supply of the Company's resource recycling raw materials. Consequently, the processing capacity in 2025 is expected to decreaseby approximately20,000 tonnes. Although the factory operates 24 hours a day and will achieve simultaneous electricity savings, the energy and electricity intensity will remain high due to the decline in processing volume. Moving forward, the Company will continue to implement energy-saving measures to reduce overall energy consumption.



Note: The denominator for the electricity intensity KPI is the total electricity consumption in 2025. The denominator for the energy intensity KPIs includes the total electricity consumption in 2025 plus diesel and coke consumption.

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Solar power generation equipment



Install renewable energy

Phase 1 of TSU's solar power system was commissioned in 2024. In 2025, self-consumed renewable energy amounted to 1,721.1677 kWh and accounted for 10% of total electricity consumption. Planning and construction will commence for the Phase 2 and 3 as well as a rooftop solar power system at TSR. The total installation area will be approximately 26,824 m^2, with a total capacity of 4,364 kW. Total output is expected to reach 4,867,443 kWh, with completion scheduled for the end of 2026 and 2027. The projects will continue to reduce the use of Scope 2 purchased electricity and deliver long-term carbon reductions.

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5.4 Environmentally Friendly Management

Air pollution emission management

Regarding air pollutionmanagement,TSU implements strict air pollution prevention and control measures to ensure that all facilities operate at peak efficiency. We adhere strictly to regulatory requirements and environmental impact assessment commitments while maintaining transparent disclosure.

Environmental-friendly air pollution control

TSU controls air pollution in a robust and environmental-friendly manner. This includes transportation of incoming materials in enclosed transportation or bulk bags to reduce fugitive emissions, vehicle cleaning after unloading, highly efficient dusk collectors, underground closed conveyor system, effective operation of back-end pollution control facilities, and ongoing monitoring and analysis of air pollutants. Since 2025, all emissions have remained below regulatory limits and Environmental Impact Assessment (EIA) commitment levels. Simultaneously, to strengthen the control of pollutants in flue gas, TSU is continuing to utilize specialized impregnated activated carbon that boost the mercury removal efficiency of its air pollution control equipment to over 90%.

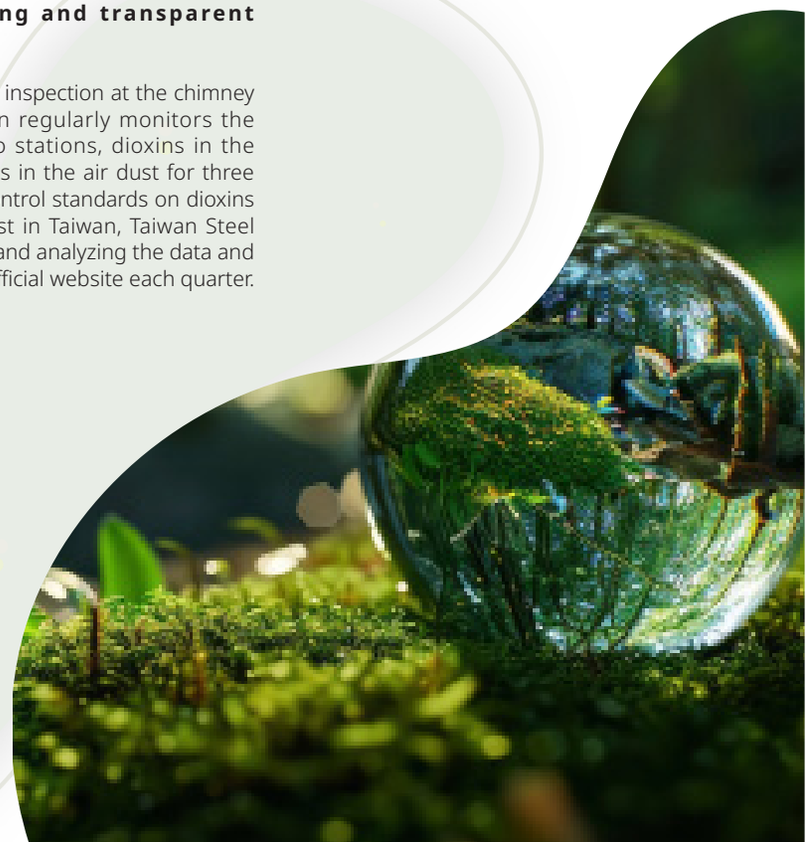
Regular monitoring and transparent disclosure

In addition to air pollution inspection at the chimney outlets, Taiwan Steel Union regularly monitors the ambient air quality for two stations, dioxins in the air for three stations, dioxins in the air dust for three stations. Despite a lack of control standards on dioxins in the air and in the air dust in Taiwan, Taiwan Steel Union has been monitoring and analyzing the data and disclosing the results in its official website each quarter.

100% Compliance with Air Pollution Regulations

Emissions of nitrogen oxides (NOx), sulfur oxides (SOx), and particulate matter were all below the levels committed in the environmental impact assessment. Emissions of volatile organic compounds (VOC) were limited to evaporation from the diesel storage tank and amounted to only 0.004 tonnes per year.

In 2025, TSU emissions of NOx (8 tonnes) and SOx (13.07 tonnes), as well as TSR' emissions of NOx (5.12 tonnes) and particulate pollutants (3.7 tonnes) all complied with regulatory limits, their respective fulfilling environmental management responsibilities. To achieve stricter controls, TSU has committed to significantly reducing annual air pollution emissions, with a maximum reduction of up to 95%. The initiative demonstrates the Company's social responsibility to maintain the lowest possible emissions using the best available control technology (BACT).



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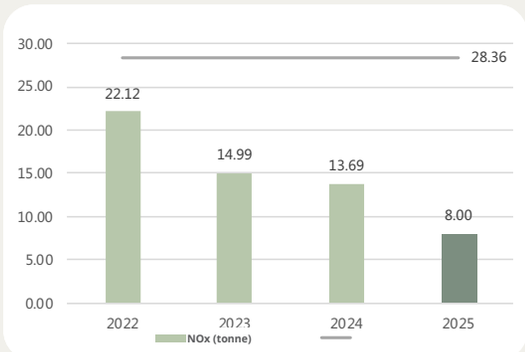
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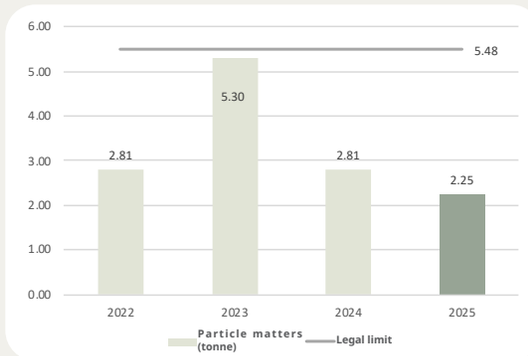
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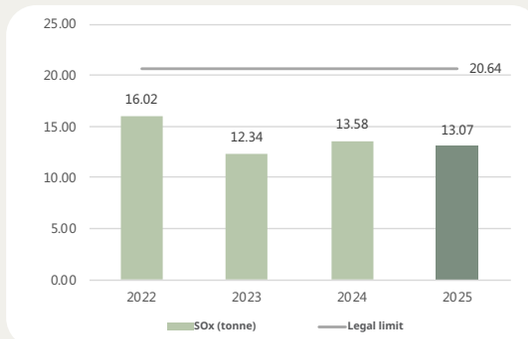
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2025 air pollution emissions









Our commitment to annual air pollution emission reduction

Year	2021 starting in 2021	2023 Actual emission	2024 Actual emission	2025 Actual emission	Achieved commitment (2021) Emissions target
Particle matters (tonnes/year)	5.48	5.3	2.81	2.25	Target achieved
SOx (tonnes/year)	20.64	12.34	13.58	13.07	Target achieved
NOx (tonnes/year)	28.36	14.99	13.69	8.00	Target achieved
Lead (tonnes/year)	0.06	0.0124	0.0077	0.01338	Target achieved
Zinc (tonnes/year)	0.43	0.12922	0.10247	0.1843	Target achieved
Cadmium (tonnes/year)	0.0024	0.00023	0.00021	0.00048	Target achieved
Mercury (tonnes/year)	0.432	0.00764	0.01492	0.05242	Target achieved
Dioxin (gram/year)	0.04	0.019	0.017	0.021	Target achieved

Note: The main important pollutants emitted by our plant are disclosed. Emissions of other pollutants have been recorded in the monitoring information on our official website.

Annual monitoring data

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5.5 Water risk management

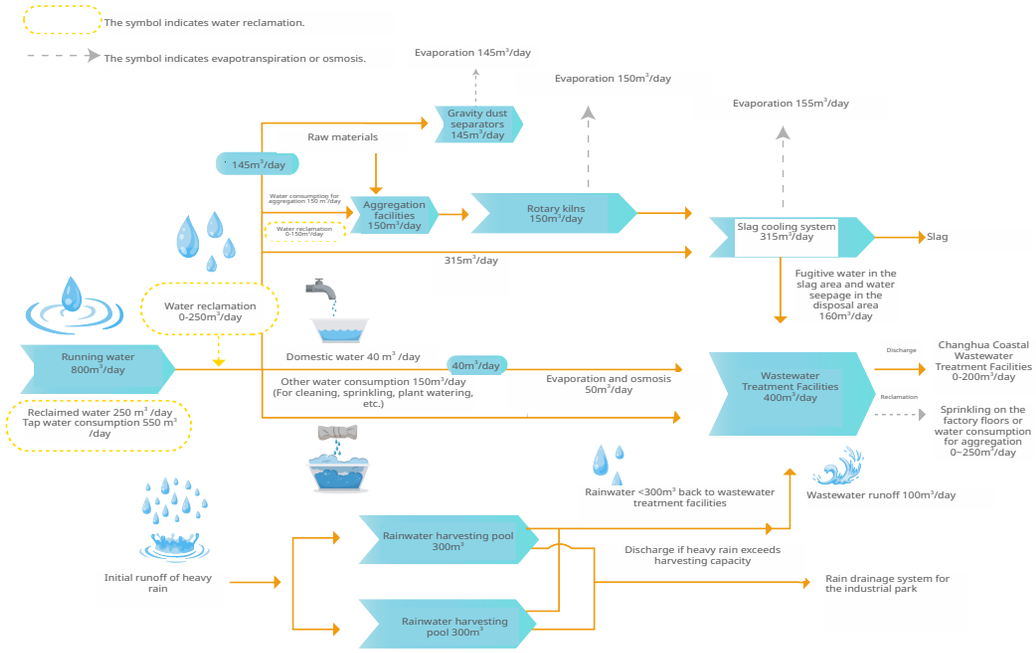
Water resource management is a top priority for TSU. We have formulated **a water risk management policy** to assess our water use risks and have committed to water recycling and reuse. We have also established key performance indicators for water resource management. Our wastewater discharge management is regularly monitored and disclosed for transparency.

Water risk policy

Water risk assessment

Taiwan Steel Union is located in Changhua Coastal Industrial Park, Changhua County. Water resources are from running water (from the third party). According to the official website of Changhua Coastal Industrial Park, local running water is from the Carp Pond Water Reservoir. The reservoir supplies about 700,000 tonnes of water each day, and among this, 15,000 tonnes daily is allocated to Changhua Coastal Industrial Park. Taiwan Steel Union's average water assumption per day is approx. 1.8% of the reservoir's daily supply. The water acquisition method and volume do not cause a significantly adverse influence on the water source. The scarcity risk of water resources is low. It is not a water resource stress spot. Note

Taiwan Steel Union water consumption balance diagram



Note: According to the World Resources Institute (WRI) Global Aqueduct Water Risk Atlas Https://www.wri.org/data/aqueduct-water-risk-atlas, Taiwan is classified as a non-water-stressed area.

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KPIs and targets for water resource management

TSU has set up a new set of KPIs and targets for water resource management. This includes water reclamation rates, water consumption per unit of treated waste, and wastewater discharge compliance with the sewage influent standards of Changhua Coastal Industrial Park with no violations.

KPIs and targets for water resource management	
Key Performance Indicators	Short-, medium- and long-term goals
• Water recycle and reuse rate	2026 41 % 2030 44 % 2035 45 %
• Water consumption of unit treatment volume	2026: 0.49 2030: 0.48 2035: 0.45
• Wastewater influent pipes	Complies with Connection Standard

2025 Key Performance Indicator Outcomes		
Water recycling and reuse rate (%)	Water consumption per unit (tonne/tonne of waste treated)	Zero breach
2025 51	2025 0.429	2025 0
2024 73	2024 0.398	2024 0
2023 35	2023 0.407	2023 0
2022 25	2022 0.362	2022 0

2025 target achievement		
Target reached ahead of schedule	Target reached ahead of schedule	Target achievement

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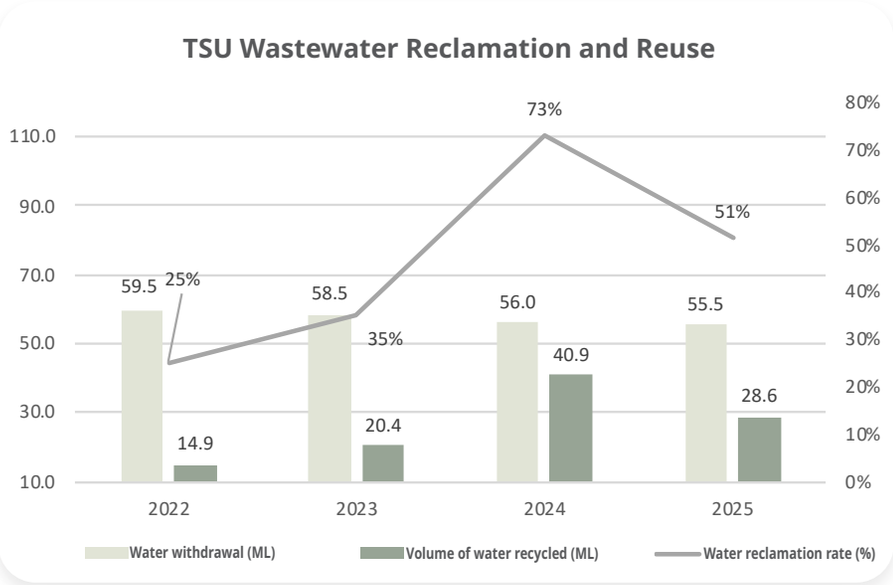
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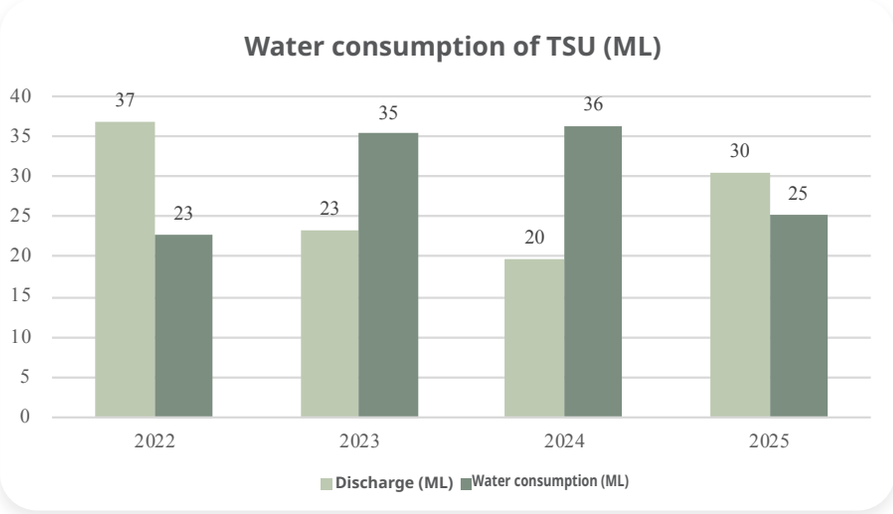
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Water reclamation and reuse

Taiwan Steel Union uses water primarily for the granulation process, rotary kilns, slag cooling, pollution prevention, cleaning, sprinkling and watering, and domestic use for employees. A portion of the water is lost through evaporation. To maximize water resource utilization, process water is circulated and recycled for reuse. In the initial stage, rainwater runoff and process wastewater undergo pretreatment and are then prioritized for use in the granulation process. The next priority is road sprinkling and cleaning within the plant. Only when the recycled water storage tanks reach a high level is the water discharged into the drainage system. In 2025, the total water withdrawal was 55.5 million liters (ML), with 28.6 ML reclaimed and reused, achieving a reclamation rate of 51%.



Note: In 2024, due to the plant's sprinkler pipeline renewal, the volume of reclaimed water used for plant sprinkling increased significantly to over 20,000 metric tons. As a result, the total volume of reclaimed water in 2024 exceeded the target.



Note:
The conductivity of TSU effluent remained below 1,000 mg/L throughout the year. Water use was primarily for in-house production processes, operational needs, cooling towers, and domestic sewage. No effluent is discharged directly into the water bodies (connected to the Changhua Coastral Industrial Park Sewerage System).

Wastewater discharge management

All TSU wastewater is pretreated on-site and must meet the effluent standards of the Changhua Coastal Industrial Park sewerage system before being discharged. There is no direct discharge of wastewater into surface water bodies. In addition to conducting water quality testing on influents to the sewage system, regular inspections are carried out on the rainwater detention basin at two stations, upstream and downstream groundwater at two stations, and soil at one station with two samples (surface and subsurface soil). Strict monitoring and data analysis are performed with the monitoring results disclosed quarterly on the official website.

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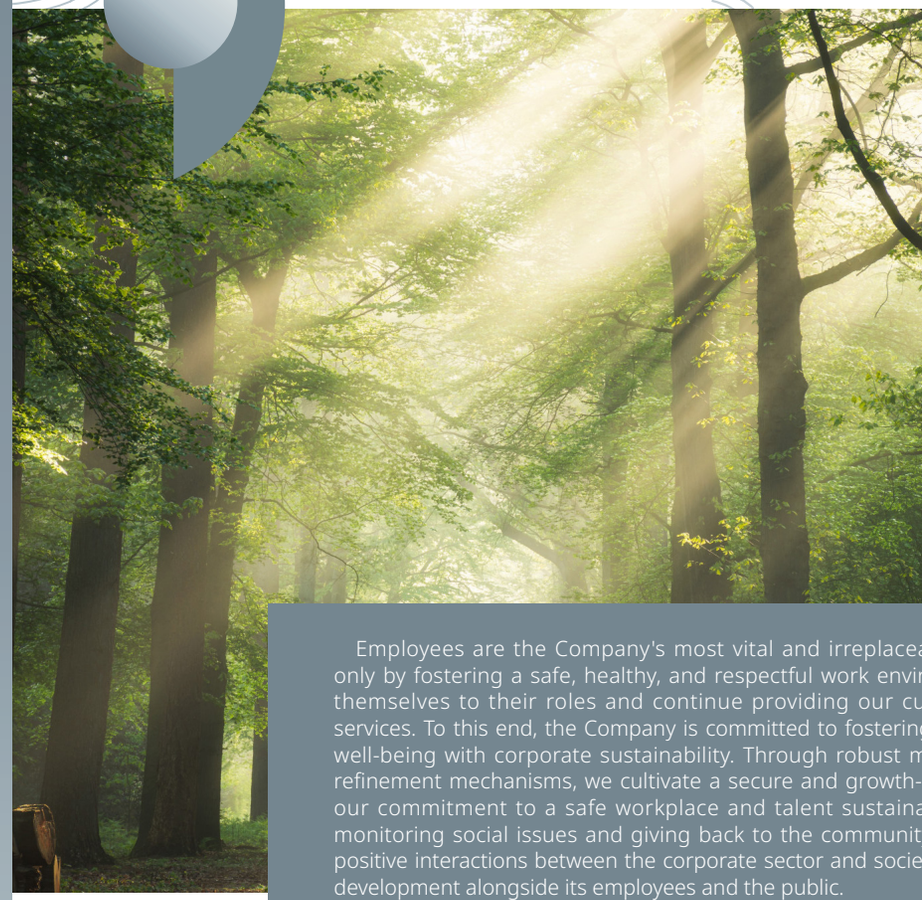
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Safe Workplace and Social Inclusion

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Employees are the Company's most vital and irreplaceable assets. We strongly believe that only by fostering a safe, healthy, and respectful work environment can our employees dedicate themselves to their roles and continue providing our customers with reliable products and services. To this end, the Company is committed to fostering a workplace that balances employee well-being with corporate sustainability. Through robust management systems and continuous refinement mechanisms, we cultivate a secure and growth-oriented corporate culture that fulfills our commitment to a safe workplace and talent sustainability. At the same time, TSU is also monitoring social issues and giving back to the community through diverse initiatives to foster positive interactions between the corporate sector and society, while advancing toward sustainable development alongside its employees and the public.

Management of Material Topics
Material Topics: Occupational Health and Safety (GRI 403)

Impact influence

TSU strives to create a healthy and safe workplace for employees, and foster an organizational culture that upholds occupational safety and health. Through a sound OHS management system and risk control measures, we effectively mitigate the risk of occupational disasters and accidents. These efforts maintain the stability of human resource operations and production processes while minimizing negative impacts such as personnel injuries, operational disruptions, and other intangible losses that may result from accidents.

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Mitigation Measures

TSU is continuing to promote its EHS and OHS management systems. The spirit of continuous improvement based on the PDCA (Plan-Do-Check-Act) cycle is applied to manage and address EHS an OHS issues in order to prevent or mitigate potential negative impacts.

When actual negative impacts occur, immediate improvement and corrective measures will be initiated. Through system reviews, revisions to operating procedures, or the strengthening of relevant management measures, we will continuously mitigate risks and prevent similar incidents from recurring.

Policy/ Actions or Initiatives

Commitment to Safe Workplace

Foster a zero-accident workplace that ensures the safety and well-being of employees through annual health examinations, tiered management, health tracking, and comprehensive training and education.

Safe Workplace Management System

Operating environment monitoring and respiratory protective equipment airtightness testing are implemented according to the frequency specified in the Occupational Safety and Health Act. General health examination, special health examination and health classification management are implemented for all plant employees.

Plan management and performance reviews are performed annually. ISO 45001: 2018 occupational health and safety management system is promoted and maintained.

Employees receive the statutorily required frequency and duration of training.

Factory doctors and protection system is implemented, and assistance to the labor health protection of health management, occupational disease prevention and health promotion, etc. is provided.

Safe Workplace Actions or Initiatives

"Zero major occupational injuries" is set as our annual safety management goal . We are always striving to build upon our cumulative accident-free work hours.

An Occupational Safety Committee has been set up and is convened every quarter to provide consultation, communication, and follow-ups on OHS improvements for workers.

Regular and ad hoc safety and health training is organized every year along with external professional training resources; all employees are not only expected to undertake related training and education, but must also adhere with the approved “Health and Safety Work Rules” and “Training and Education Implementation Rules” to enforce the requirements of safety management together.

We have established a hazard identification and risk assessment mechanism to regularly identify potential operational hazards. For high-risk tasks such as rotary kiln slag removal, PAP replacement, roof corrugated sheet replacement, and annual maintenance, we have formulated relevant SOPs and safety management measures. Furthermore, we have implemented hazard notifications, equipment inspections, education and training, the use of personal protective equipment (PPE), and operational supervision and control to mitigate the risk of occupational accidents.

Safety Complaints Mechanism

Establishment of an opinion box for employees and convening of labor relation meetings from time to time as channels for employees to provide feedback on a timely basis.

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Effectiveness assessment

Through the annual reporting of sustainability report, the effectiveness and result are tracked and assessed continuously.

Stakeholder engagements

Regular or irregular communication and interaction are conducted through the stakeholder engagement mechanism, and the information is disclosed in the sustainability report, on relevant platforms, or on the Company website.

8.8 Protection of labor interest, promotion of workplace safety

Promote labor health protection
Continued to maintain the plant doctor and nurse system to protect employee health and safety.

Basic 1:1 salary ratio
There is no difference in remuneration due to gender or ethnicity for new employees in the same position and grade. Basic salary ratio for female and male employees is 1:1.

Employee compensation ≥ 1%
The company charter specifies that no less than 1% of the annual profits shall be appropriated as employees' remuneration, in order to retain talents

Safe Workplace and Local Inclusion Highlights

Top 10% Outstanding Enterprise
In 2025, the Company will be recognized as an "Outstanding Enterprise" in the Occupational Health and Safety Performance Disclosure Evaluation by the Occupational Safety and Health Administration (OSHA), Ministry of Labor.

Keliao Community Bus
We sponsored safe transportation for students going to and from school as well as senior activities.

Social Contribution
Social expenditure totaled NT$17,278 thousand and accounted for 2.5% of net income after tax.

Promotion of Circular Education
TSU hosted 429 visitors to promote circular economy education

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6.1 Talent Development and Respect



Employees are TSU's most valuable asset. The Company strives to establish a fair, reasonable and competitive remuneration and promotion system to safeguard employee rights. At the same time, the Company complies strictly with the Labor Standards Act and other regulations to ensure competitive remuneration and sound internal systems. Effective two-way communication is also maintained with employees throughregular labor-management meetings and welfare committee meetings.

To encourage a strong work ethic, we have put in place a comprehensive code of conduct and a system of rewards and penalties based on the principle of mutual cooperation between labor and management. In addition, TSU have established a comprehensive communication and complaints mechanism for employees and the supply chain under the "Illegal or Unethical Behavior Reporting System[Note]" to protect employee rights and interests. There has been 0 complaints regarding labor conditions to date. While TSU has not established a labor union or collective bargaining agreements, the Company holds quarterly labor-management meetings and maintains transparent communication channels to ensure that employee feedback is effectively reflected in company policies.

To promote continuous employee growth and organizational development, TSU prioritizes talent cultivation and supports professional advancement through education and training. To protect human rights, the Company has established a comprehensive system to ensure a diverse, equitable, and safe work environment.

Note: The reporting mechanism for illegal or unethical conduct within TSU can be found at https://www.tsutw.com.tw/contactus.php#.

Workforce Composition and Diversity

Personnel Structure

As of the end of 2025, TSU had a total of 108 employees. We are in the within the traditionalmanufacturing andenvironmental protection industries so the workforce is predominantly male, with 89 men (82%) and 19 women (18%).

The subsidiary TSR had 75 employees, 63 men (84%) and 12 women (16%). TSU and TSR are both SME (small-and-medium enterprise) with steady business. There has been little turnover over the years and the employment structure is stable.

Category		Taiwan Steel Union								Taiwan Steel Resources							
		2022		2023		2024		2025		2022		2023		2024		2025	
		Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
Managers	<30	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	30-50	7	0	6	1	6	1	6	2	5	1	6	2	5	1	4	0
	>50	5	1	5	1	5	1	3	1	2	0	2	0	3	1	3	2
Non-field operator	<30	2	1	2	2	3	1	4	2	1	1	0	1	0	1	0	1
	30-50	7	8	5	7	6	9	4	9	11	8	12	8	12	7	10	6
	>50	3	0	4	0	4	0	5	0	1	0	2	0	2	1	4	1
Field operator	<30	5	1	9	1	8	0	7	0	9	0	15	0	14	0	10	0
	30-50	52	4	52	4	52	5	52	5	33	2	29	2	27	2	29	2
	>50	10	0	8	0	8	0	8	0	2	0	1	0	2	0	3	0
Total		91	15	91	16	92	17	89	19	64	12	67	13	65	13	63	12

Note 1: All TSU employees are full time. We do not hire temporary, part-time, or non-guaranteed hour employees. The statistics are based on the headcount as of December 31, 2025.

Note 2: Managerial personnel at section chief level or above.

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New Hires and Separations

In 2025, TSU had a total of 108 employees. There were 10 new hires and 10 separations. The subsidiary TSR had a total of 75 employees, including 9 new hires and 11 separations.

Category		Taiwan Steel Union								Taiwan Steel Resources							
		2022		2023		2024		2025		2022		2023		2024		2025	
		Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
New employees	<30	5	2	4	0	0	0	2	1	4	1	6	0	3	0	1	0
	30-50	15	1	6	2	5	2	5	2	11	4	6	1	7	1	6	0
	>50	0	0	0	0	0	0	0	0	1	0	1	0	0	1	2	0

Category		Taiwan Steel Union								Taiwan Steel Resources							
		2022		2023		2024		2025		2022		2023		2024		2025	
		Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
New hire rate %	<30	71%	100%	36%	0%	0%	0%	18%	50%	40%	100%	40%	0%	21%	0%	10%	0%
	30-50	23%	8%	10%	17%	8%	13%	8%	13%	22%	36%	13%	8%	16%	10%	14%	0%
	>50	0%	0%	0%	0%	0%	0%	0%	0%	20%	0%	20%	0%	0%	50%	20%	0%
Total new hire rate %		22%	20%	11%	13%	5%	12%	8%	16%	25%	42%	19%	8%	15%	15%	14%	5%

Note: The new employment rate is the number of new employees divided by the total number of employees for each category by the end of the year.

Category		Taiwan Steel Union								Taiwan Steel Resources							
		2022		2023		2024		2025		2022		2023		2024		2025	
		Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
Resigned	<30	0	0	0	0	0	1	2	0	0	2	1	0	2	0	1	0
	30-50	10	2	9	1	2	1	6	1	5	3	10	0	9	2	8	1
	>50	2	0	2	0	1	0	1	0	1	0	2	0	1	0	1	0

Category		Taiwan Steel Union								Taiwan Steel Resources							
		2022		2023		2024		2025		2022		2023		2024		2025	
		Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
Departure rate	<30	0%	0%	0%	0%	0%	100%	18%	0%	0%	100%	7%	0%	14%	0%	10%	0%
	30-50	15%	17%	14%	8%	3%	7%	10%	6%	10%	27%	21%	0%	20%	20%	19%	13%
	>50	11%	0%	12%	0%	6%	0%	6%	0%	20%	0%	40%	0%	14%	0%	10%	0%
Overall turnover rate		13%	13%	12%	6%	3%	12%	10%	5%	9%	42%	19%	0%	18%	15%	16%	8%

Note: The departure rate is the number of departures divided by the total number of employees for each category by the end of the year.

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Category	Taiwan Steel Union				Taiwan Steel Resources			
	2022	2023	2024	2025	2022	2023	2024	2025
Total employee turnover rate Note 1	14%	10%	5%	9%	13%	14%	18%	15%
Voluntary employee turnover rate – choosing to leave the organization Note 2	13%	9%	5%	8%	13%	14%	18%	15%
Data coverage ratio	100%	100%	100%	100%	100%	100%	100%	100%

Note 1: Includes voluntary and non-voluntary.

Note 2: Percentage of employees who resigned, retired, or took early retirement, as a percentage of total employees.

Number of workers who are not employees (person-years)Note

Taiwan Steel Union

2024	2025
19.5	32.7

Taiwan Steel Resources

2024	2025
3.0	3.6

Note: Non-employee workers refer to workers who are not employees but whose work is controlled by the organization, including agency contractors, subcontractors, and handymen.

Note: The number of non-employee workers is calculated based on total working hours, estimated in person-years (250 work days).

Note: No significant fluctuations between 2024 and the reporting period.

Gender equality

The TSU Board of Directors established a Remunerationand NominationCommittee, and formulated the "Remunerationand NominationCommittee Charter." The Committee is responsible for establishing and regularly reviewing the policies, systems, standards, and structures for the performance evaluation and remuneration of directors and managers to ensure the reasonableness and fairness of the remuneration system.

In terms of remuneration, the Company upholds the principle of equality so there is no difference in remuneration due to gender or ethnicity. For new hires in the same position and grade, the basic salary ratio for female and male employees is 1:1. Gender equality is therefore implemented by the remuneration system.

The Company belongs to the traditionalmanufacturing andenvironmental protection industries so the workforce is predominantly male. Nevertheless, TSU continues to promote gender diversity; currently, the proportion of female managers stands at 25% for the Company and 22% for its subsidiary, TSR. This demonstrates that play a significant part in the Company's management team.



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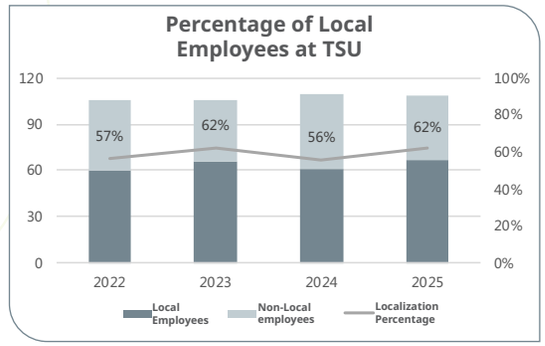
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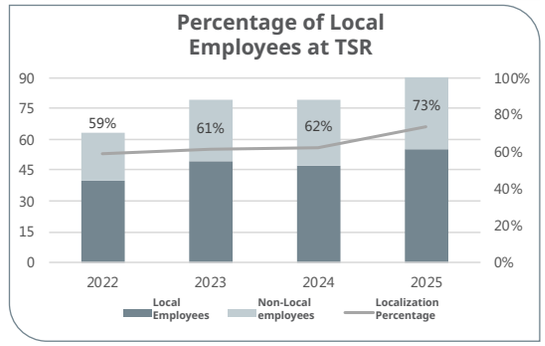
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Local job creation

TSU is located in Changhua Coastal Industrial Park, Changhua County. The Company is committed to the promotion of 100% circular economy and prioritizes local hires to support regional economic development. At the end of 2025, 62% of TSU employees in Changhua County were local hires, while its TSR subsidiary also has a local hire ratio of 73%. These demonstrate the strong emphasis that TSU places on local talent development and employment. A sound partnership is also maintained with the community.





Employee training and development

TSU values the professional competence and continuous learning of its employees. To enhance the quality and professional skills of existing personnel and build a talent pipeline, the Company has formulated the "Regulations for the Implementation of Education and Training" as the formal basis for corporate training initiatives. The main training methods include:

- Internal employee training: Internal training programs are organized to meet unit-level requirements. Training progress is monitored by a dedicated unit to ensure effective implementation.
- External training: Employees are encouraged to participate in external workshops, seminars and professional training classes. New employees receive assistance on obtaining the necessary certifications with the Company paying for all related costs.
- International Technical Guidance: When necessary, professional foreign technicians are dispatched or invited to provide guidance to on-site technical personnel, enhancing their professional expertise and practical capabilities.

Through diverse internal and external training mechanisms, TSU continues to enhance the professional competencies of its employees across various dimensions—including skills, abilities, knowledge, and work attitude—fostering mutual growth for both the staff and the enterprise. This year, we invited Dr. Juergen Ruetten, an expert with over 30 years of experience in the zinc recycling industry, to provide professional technical guidance that further strengthened the Company's technical capabilities and the effectiveness of our talent cultivation.





Invited German metallurgy expert Dr. Juergen Ruetten to provide technical guidance

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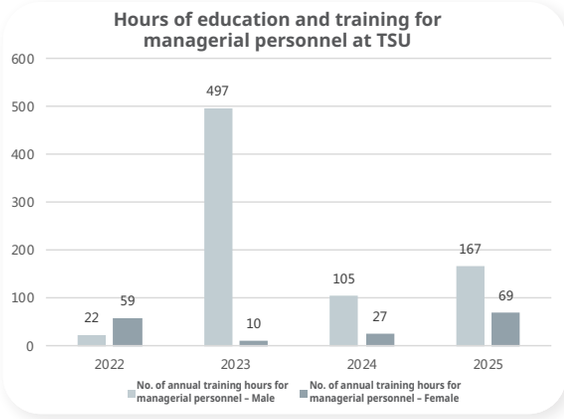
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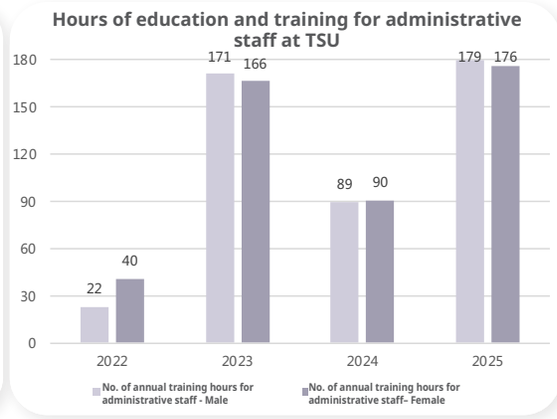
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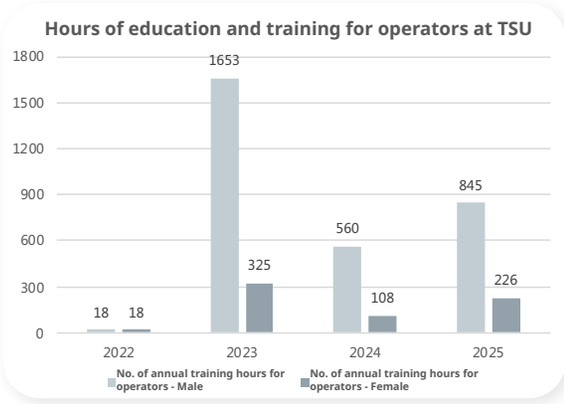
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The Company organizes regular and ad-hoc employee training as well as external training courses each year. Employees take part in different courses according to the frequency and hours required by law. Supervisors received training from 2022 to 2025 as required by law. The average annual training hours for supervisors have steadily increased over the years. In 2025, average training hours at TSU Company and its subsidiary TSR were higher for male employees. The Company is continuing to review training effectiveness by analyzing education and training records alongside training hour statistics. Findings are used as a reference for planning education and training in the future.

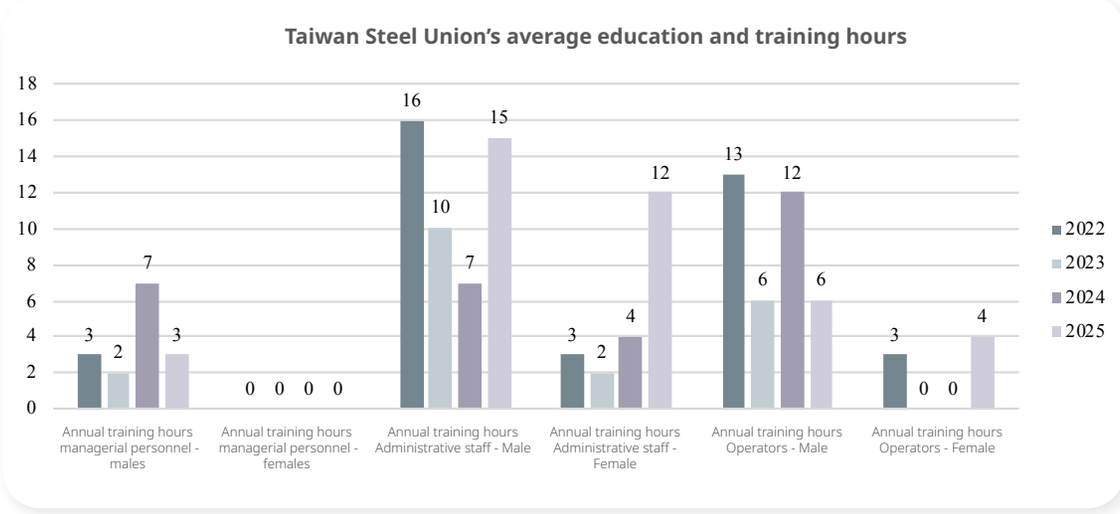




Note: Most of the Company's employees are male, resulting in a higher average training time for men than for women.







Note: Not all courses are offered every year; training sessions are arranged only when there is a need. The majority of male supervisors have received training.

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Human Rights Protection

The TSU Human Rights Policy was formulated in accordance with OECD principles and adheres to internationally recognized human rights standards such as the United Nations' Universal Declaration of Human Rights, Global Compact and International Labour Organization Conventions. The Policy protects the basic rights of employees and stakeholders by providing provide a fair workplace and a safe work environment, respect for human rights at the workplace and ensuring information security. The Human Rights Policy is announced on the company website. Policy awareness and commitment training are promoted through the website to enhance employee understanding and practices on human rights issues.

Human rights policy



Human Rights Policy Survey Items	TSU's Implementation	Risk Subjects	Survey Results
Providing a Fair Working Environment	No unfair or discriminatory treatment based on gender, race, socioeconomic status, nationality, age, marital status, family status, language, religion, political affiliation, appearance, height, or disability.	All employees	Gender-friendly workplace Elimination of discrimination in compliance with regulations
Providing a Safe Working Environment	Prioritize employee safety and health by implementing ISO 14001 and ISO 45001. Continuously improve the work environment and hygiene conditions to reduce occupational risks and protect employees' physical and mental health.	All employees	Compliance with relevant workplace safety regulations
Respecting Workplace Human Rights	Comply with government labor laws, do not employ child labor, and prevent excessive overtime or overwork. Maintain open communication channels, hold regular labor-management meetings to safeguard mutual rights and interests, and foster a harmonious workplace.	All employees	No child labor, no forced labor, compliance with the minimum wage system
Implementing Information Security	Respect the privacy of stakeholders and ensure the lawful collection and use of personal data. Maintain a comprehensive information security management system to control data access and prevent leakage of customer information.	All employees	Compliance with relevant information security regulations

TSU has established a human rights due diligence process in accordance with the OECD Due Diligence Guidance for Responsible Business Conduct. The process involves designing questionnaire items tailored to different stakeholder categories to assess potential high-risk issues based on the likelihood of occurrence and the severity of impact. TSU plans to conduct human rights due diligence at least once every three years to continuously monitor the management of human rights issues, develop the corresponding improvement plans and preventive measures, and disclose relevant investigation reports.

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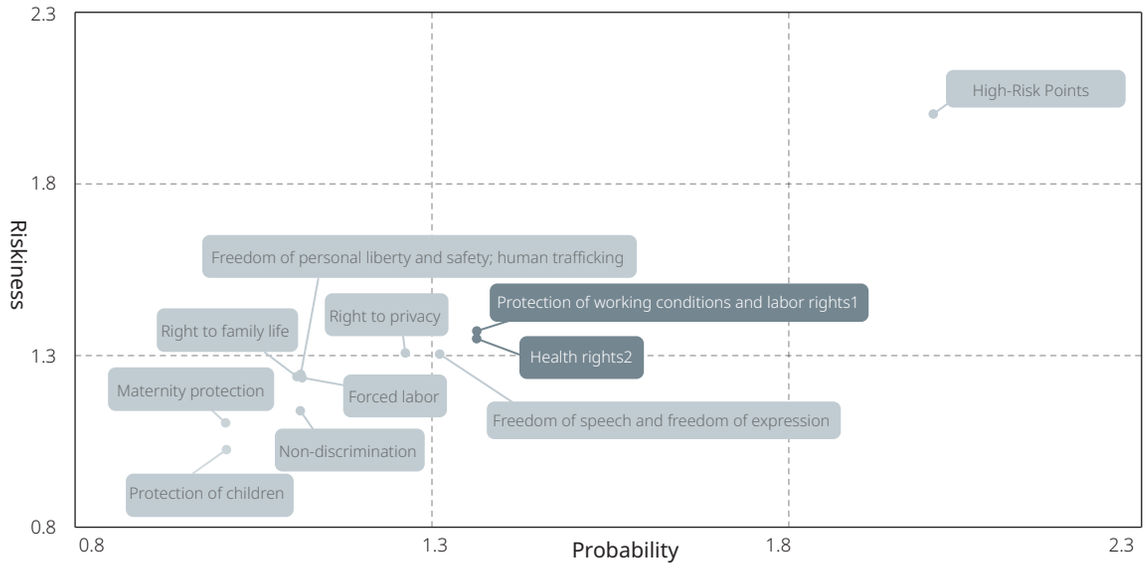
Results of Human Rights Due Diligence

In 2024, a company-wide "Human Rights Due Diligence" was conducted. The scope of the investigation covered all production and operation sites. The investigation targeted key stakeholders such as employees (subsidiaries included), suppliers and contractors, communities, and customers - to identify potential human rights risks and mitigate their likelihood of occurrence. The survey results identified no high-risk issues in any stakeholder group. The top two risk topics of concern for each stakeholder category were as follow:

Employees: Protection of work and labor conditions, and health rights.

Contractors and Suppliers: Child protection and non-discrimination.

Communities and customers: Freedom of speech and expression for customers, and customer privacy rights.



Note: High risk is defined as a likelihood of occurrence and severity of 2 points or more.

Mitigation and Preventive Management Measures

Employees

Risk Scenario Description	Management Mitigation and Preventive Measures
Work and labor conditions: The work environment or labor conditions do not meet regulations or are unequal, resulting in employees' basic work rights (such as working hours, wages, health and safety, equal pay for equal work) not being guaranteed.	1. Provide comprehensive occupational safety and health management and legally compliant safe machinery and equipment in accordance with the Occupational Safety and Health Act and the Occupational Safety and Health Facilities Regulations, to ensure workers' health and safety. 2. Implement working hours systems in accordance with legal requirements, and do not force labor or require excessive overtime. 3. Establish a salary scale to ensure equal pay for equal work for all employees.
Right to health: Employees do not receive sufficient operational training and safety education, or work overtime in a high-pressure environment without the provision of legal health measures, resulting in negative impact to their physical and mental health.	1. Implement the ISO 45001:2018 Occupational health and safety management system, and set a zero-accident target and various management performance indicators for the workplace. 2. Conduct general health examinations and special operation health examinations for all employees annually, and provide employees with annual health examinations and on-site consultations by occupational physicians (or nurses), as well as implement health classification management in accordance with regulations. 3. Provide new employees with safety and health education and training, and job-appropriate professional training before starting work; provide on-the-job employees with occupational safety and health education and training in accordance with regulations. 4. Provide employees with personal protective equipment to safeguard their health. 5. Conduct regular monitoring of the work environment and publish the results online.

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Mitigation and Preventive Management Measures

Contractors and Suppliers

Risk Scenario Description	Management Mitigation and Preventive Measures
Child Protection: Illegal employment of workers under the legal working age, or requiring underage workers to participate in dangerous/harmful operations.	1. Formulate a code of conduct for contractors and suppliers, including commitments to restrictions on the use of child labor. 2. Stipulate the prohibition of child labor in contracts. 3. A contractor entry registration system is utilized to verify personnel qualifications.
Non-Discrimination: Discrimination by the enterprise or within its value chain, such as in the selection of suppliers or customers, based on factors unrelated to performance, including nationality, race, gender, age, political orientation, or physical disability.	1. Formulate a code of conduct for contractors and suppliers, requiring respect for labor and human rights.

Communities and Customers

Risk Scenario Description	Management Mitigation and Preventive Measures
Customer – Freedom of Speech and Expression: Failure to establish safe and effective channels for customers to express their opinions, or using coercive means such as litigation, intimidation, or threats to endanger the personal safety, work, or life of those expressing opinions.	1. Establish a customer complaint management process. 2. Set up an "Illegal or Unethical Behavior Reporting System" on the official website.
Customer – Right to Privacy: Reasonably protect the personal data and privacy of any parties engaged in business dealings. Personal data must be collected, stored, processed, transmitted, and shared in compliance with privacy and information security laws and regulatory requirements.	1. Establish a comprehensive information security management mechanism to control data access and prevent customer data leakage.

Effectiveness Monitoring and Tracking

To ensure the ongoing effectiveness of human rights management measures, TSU regularly reviews the relevant management systems and improvement measures through the Sustainable Development Committee. Every three years, the Company conducts inspections and audits on the effectiveness of mitigation and prevention measures to continuously enhance its human rights risk management capabilities.

External Communication and Complaints

To protect the human rights of employees and value chain partners, TSU has established diverse channels for complaints and reports. These allow students to make a formal complaint or report if an employee or stakeholder discovers a potential human rights infringement, or negative impacts. The Company investigates and handles relevant cases in accordance with established procedures. The necessary remedial and improvement measures are taken to ensure that human rights are properly protected.
Illegal or Unethical Behavior Reporting System: https://www.tsutw.com.tw/contactus.php

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6.2 Employee Benefits and Support



TSU has established comprehensive employee and retirement benefits.In addition, the TSU charter stipulated that no less than 1% of the profits in any given year must be allocated as employee remuneration. In addition, the Company has established a production performance bonus system. Bonuses are distributed monthly at a rate of 30%-45% of production performance, calculated based on production quantity, quality results, and a designated bonus formula. Furthermore, the number of months for year-end bonuses is linked to the Company's operating performance (EPS) to encourage employees to jointly create corporate value and to retain outstanding talent.

The Company has established an Employee Welfare Committee that frequently organizes various recreational and cultural activities. These initiatives are designed to promote employees' physical and mental well-being while enhancing interaction among colleagues, thereby fostering a friendly and cohesive workplace environment. Through a comprehensive welfare system and diverse support measures, TSU is continuing to build a supportive workplace that cares for its employees and prioritizes talent development.

Benefits

Taiwan Steel Union cares about employee benefits. We provide a comprehensive benefit package.

1. The company provides free lunches and RO (reverse osmosis) drinking water every day.
2. The company provides free uniforms, for summer and winter seasons each year, as well as work outfits such as tops, trousers, helmets, safety footwear and protective equipment.
3. A spacious parking lot is available for employees to park cars and motorcycles. Sprinklers are called in from time to time, for road cleaning and a green environment.
4. The company organizes employee vacations at different times or provides travel subsidies, distributes seasonal bonuses (for the Dragon Boat Festival, Mid-Autumn Festival, and Lunar New Year), birthday gifts, as well as wedding and funeral allowances. Additionally, the company holds annual maintenance events, Welfare Committee activities, and year-end banquets.
5. We have signed contracts with major hospitals nearby, so that our employees and their families can enjoy favorable prices and services for hospital visits or stays. Employees may apply for group medical insurance payments for hospital visits or stays due to injury or sickness.
6. Health inspections are offered to employees once per year. The list of items is adjusted according to requirements. Highlight checks are offered each year to employees working at special sites.
7. Employees' children in elementary school, junior high school, senior high school, two-year college or university may apply for scholarships if their academic performance meets a certain standard. Continuing education for employees are also eligible.
8. A childcare allowance system has been established that provides employees with a monthly subsidy for each child from birth until they reach the age of six.

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Pension System and Implementation

TSU has established an employee retirement system in accordance with the Labor Standards Act and the Labor Pension Act of Taiwan to secure employees' livelihoods after retirement and uphold their labor rights.

For employees subject to the old system, the Company has established a defined retirement benefits plan in accordance with the Labor Standards Act. Employee pension payments are calculated based on their years of service and their average monthly salary in the six months prior to the approved retirement date. The Company makes mandatory contributions to the labor pension reserve fund. The fund is managed by the Labor Pension Reserve Fund Supervisory Committee and deposited in a dedicated account at the Bank of Taiwan in the name of the Committee. The Company also evaluates its pension reserve contributions annually in accordance with relevant regulations. If the account balance is insufficient to cover the estimated pension payments for employees expected to meet retirement eligibility in the following year, the Company makes up the full difference in a single installment by the end of March of that year to ensure the retirement rights and interests of its employees.

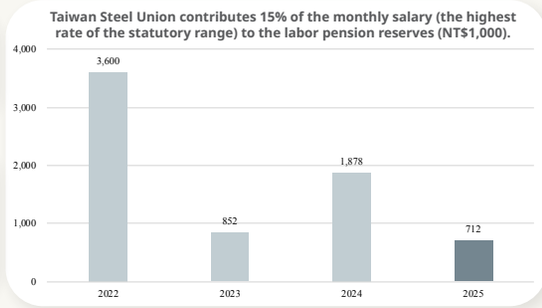
The amounts included in the consolidated balance sheets for 2024 and 2025 are as follows: Unit: NT$1,000

	December 31, 2025	December 31, 2024
Present value of defined benefit obligations	26,175	25,290
Fair value of planned assets	(27,285)	(24,477)
Net defined benefit liabilities	(1,110)	813

In accordance with the implementation of the new labor pension system, the Company has contributed pension funds to individual pension accounts for all new employees and existing employees who opted for the new system since July 1, 2005, pursuant to the Labor Pension Act. The Company contributes 6% of employees' monthly salaries to secure their retirement. Retirement matters are handled in accordance with relevant pension laws and regulations as well as the company's "Appointment and Dismissal Regulations." We maintain positive labor-management relations by communicating with employees regarding relevant systems, rights, and interests through regular labor-management meetings.

Taiwan Steel Union has put in place the retirement scheme for employees. We have also set up Labor Pension Supervisory Committee with government approval.

Since 1997, TSU retained actuaries to calculate pensions according to relevant requirements set forth in the Labor Standards Act.



Taiwan Steel Union complies with the new labor retirement system. For the new hires from July 1, 2005 onwards and the employees with seniority under the old system based on the Basic Labour Standards Act but opt for the new system, the company contributes to the individual pension accounts of employees according to the Labor Pension Act.

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Total remuneration ratio in 2025

Annual total compensation ratio		Annual total compensation change ratio	
TSU 6.05	TSR 4.63	TSU 140.92	TSR -0.06

Note 1: Annual total compensation ratio = Annual total compensation for the highest-paid individual in the organization / Median annual total compensation for all employees (excluding the highest-paid individual)
Note 2: Annual total compensation ratio = Percentage increase in annual total compensation for the highest-paid individual / Percentage increase in median annual total compensation for all employees (excluding the highest-paid individual)
Note 3: Only employees who were employed for the full duration of the two years (2024 and 2025) were included. Those with less than one year of service and new hires who departed within the same year were excluded.

Full-time non-managerial employees' salaries

In accordance with the Taiwan Stock Exchange's updated Corporate Governance Planning Blueprint, TWSE-listed companies in Taiwan must disclose the number of full-time employees in non-managerial positions, their average salary, and the median salary.

In 2025, TSU had 100 full-time employees in non-managerial positions. Average annual salary was NT$1.05 million, and the median annual salary was NT$1.02 million. The above statistics were compiled in accordance with Taiwan Stock Exchange regulations. The calculation excluded managers (executives) and employees eligible for statistical exemptions. For employees with less than one year of service, the calculation was weighted according to the number of days employed. Employee remuneration was calculated on an accrual basis.

Year	Number of people	Average (NT$10,000/person)	Median (NT$10,000/person)
2024	99	104	100
2025	100	105	102
2024–2025 differences	1	1	2

Percentage of vacant positions filled by internal candidates (internal hiring)

Category	Taiwan Steel Union				Taiwan Steel Resources			
	2022	2023	2024	2025	2022	2023	2024	2025
<30	0%	0%	0%	0%	3%	14%	7%	15%
30-50	14%	28%	33%	38%	10%	39%	43%	8%
>50	4%	0%	11%	0%	0%	6%	7%	8%
Male	18%	17%	33%	31%	35%	56%	57%	31%
Female	0%	11%	11%	6%	0%	0%	0%	0%
Average recruitment cost/FTE (NT$)	2,165	1,764	26,045	12,919	695	1,656	1,058	2,308

Note: Average recruitment cost = Total recruitment cost / (Number of internal promotions + Number of new hires)

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Parental Leave Protection

To help employees balance their work and family, TSU offers a parental leave of absence system in accordance with the "Act of Gender Equality in Employment." Employees may apply for unpaid parental leave at any time before their children reach the age of three, for up to two years. Upon the expiration of parental leave without pay and the employee's return to work, the Company provides necessary reinstatement assistance and training to help them understand the current work status and transition smoothly back to their role.

In 2025, TSU had a total of 13 employees eligible for parental leave (9 men, 4 women). The subsidiary TSR had a total of 12 eligible employees (including 10 men and 2 women). No employees applied for unpaid parental leave during the year. Between 2022 and 2025, one male employee from TSR applied for unpaid parental leave without pay.

Care for Employees' Children

TSU believes that in addition to providing competitive salaries and benefits, a company should extend its care to employees' families. This enables employees to focus on their professional roles with peace of mind while maintaining a work-life balance. Through these efforts, the company also addresses the trend of declining birth rates and fulfills its corporate social responsibility. The Company established a childcare subsidy system in 2024. The child of every employee under the age of six is entitled to a monthly subsidy of NT$3,000, with a cumulative maximum of NT$216,000 per child. This initiative demonstrates concrete action to alleviate the financial burden of childcare for employees.

To further encourage academic diligence among employees and their children, TSU has also established a scholarship program. Employees and their children who meet the specified academic performance criteria during their studies may apply for an educational scholarship each semester, with awards ranging from approximately NT$500 to NT$3,000.

Employee performance reviews

TSU has set up an employee performance evaluation system that evaluates the performance of all employees on a regular basis. Each employee's annual performance is evaluated and scored each year through employee self-evaluations and interviews with supervisors, with the final results approved by the General Manager. In addition, the performance evaluations of unit supervisors and auditors are subject to final review by the Chairman. Institutionalized performance evaluation mechanisms are employed to make continuous improvements to employee work performance and the overall sales performance the organization.

Employee turnover

Personnel changes and separations at TSU are handled in accordance with regulations. Permanent employees personnel may serve until the retirement age of 65 pursuant to the Labor Standards Act, or apply for early voluntary separation in accordance with the law.

For changes of assignment, direct supervisors consult with employees prior to any change. Formal announcements are made only after mutual agreement has been reached to ensure the reasonableness and transparency of personnel adjustments. If an employee encounters difficulties in performing their duties due to job adjustments, they may report the situation through existing communication or grievance channels. The Company will help look into the matter and provide necessary assistance in a timely manner. If the issue remains unresolved, the employee may also terminate the labor contract in accordance with relevant laws and regulations.

If any major changes in the Company's operations necessitate workforce adjustments, such adjustments shall be handled in accordance with Articles 11 and 13 of the Labor Standards Act. Employees must also be given adequate notice to protect their rights and interests.



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6.3 Occupational safety and health


勞動部職業安全衛生署
獎　狀
台灣鋼聯股份有限公司
榮獲本署114年度「企業永續報告公開職業健康與安全指標主動評比」績優企業，特致此狀，以資鼓勵。
署長 林巍聖
中華民國[illegible]年10月28日

As an environmental hygiene andpollutioncontrol services provider, TSU is well aware of the potential risks inherent in its manufacturing processes and operating environments. Consequently, occupational safety and health management is prioritized as a core pillar of the company's operations. The Company continues to mitigate potential hazards and foster a safe and comfortable working environment through institutionalized safety management mechanisms, operational risk identification, and health monitoring measures.

In recognition of its sustained efforts to promote occupational safety and health management, TSC was recognized as an "Outstanding Enterprise" in the 2025 "Proactive Evaluation of Occupational Health and Safety Performance Disclosure in Corporate Sustainability Reports" by the Occupational Safety and Health Administration of the Ministry of Labor.

Management System and Governance Framework

TSU is continuing to implement the ISO 45001: 2018 occupational health and safety management system. The system is verified by a third-part to ensure its effective operation. Through regular internal and external audits alongside management review mechanisms, we assess system performance and potential areas for improvement to continuously enhance occupational health and safety (OHS) management quality. In accordance with OSH policies and management procedures, the division of roles and responsibilities is clearly defined. Workplace environment monitoring, health examinationsand tiered management,education and training, and the tracking of deficiency improvements and various management measures are also enforced.

The Company has established an Occupational Safety and Health Committee in accordance with the Occupational Safety and Health Management Regulations to propose safety and health policies, and to review, coordinate, and make recommendations on matters related to safety and health. The Committee consists of 11 members, including 5 labor representatives who account for 45% of the total—exceeding the statutory requirement of one-third. This ensures that workers are fully involved in decision-making and supervision mechanisms. The committee meets quarterly to communicate and consult on occupational safety issues. The chairperson reviews recommendations proposed by committee members and labor representatives and tracks the progress of improvements to ensure continuous advancement in safety and health management.

TSU and TSR treat contractor employees like their own family. Apart from helping to set up an organizational and hard notifications. Vendors must not only accept on-site guidance and key materials but also complete the required number of education & training, , with the aim of hosting on-site audit key i counseling of suppliers. All the rest must go away to complete related education (train) then help boost health and safety information. Depending on the type of operation and potential hazards, contractors are required to wear personal protective equipment (PPE)—including safety helmets, safety shoes, dust masks, work clothes, and gloves—and must hold valid operator certifications to ensure workplace safety.

In addition, TSU and TSR have established EHS goals that can be documented, measured, monitored, and communicated to serve as the basis for management performance evaluation, ensuring these objectives are updated in a timely manner. All relevant units shall formulate an environmental, health and safety (EHS) management plan with clear lines of responsibility, indicating the division of labor, achievement method, and statutory time limit. Equipment additions or operational changes assessed as having a significant impact on environmental, health, and safety (EHS) must be integrated into risk assessment and management processes. This ensures consistency with institutional systems and policy commitments while continuously improving the effectiveness of occupational health and safety management.


Occupational health and safety education and training


台灣鋼聯股份有限公司
Taiwan Steel Union Co.,Ltd.
環安衛政策
董事長

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Taiwan Steel Union and Taiwan Steel Resources Subsidiary's Occupational Health and Safety Management System

Location of Operation	Occupational health and safety management system	Number of internal auditors		Number of people audited by external auditors	
		Employees	Non-employees Note 2	Employees	Non-employees Note 2
Taiwan Steel Union	ISO 45001:2018	108	33	108	33
Taiwan Steel Resources	PDCA Note 3	75	4	-	-

Note 1: The TSR management system has not been verified by a third party.

Note 2: Non-employee refers to individuals without an employment relationship, specifically those under the direction and supervision of the workplace manager or contractors (e.g. Including agency director, subcontractor, sub-contract, and handyman). Calculation is based on estimated person-years (250 working days per year) derived from the total headcount for the year, with the result rounded to the nearest whole number.

Note 3: TSR follows the PDCA (Plan–Do–Check–Act) cycle to voluntarily promote the occupational safety and health management system.

Hazard Identification and Risk Management Mechanism

To effectively manage operational risks, TSU has established a systematic hazard identification and risk assessment process. This process involves analyzing various operational activities and steps to identify potential hazards across different dimensions such as personnel, machinery and equipment, facilities, operating methods, materials, energy, and the operating environment. The severity of these risks is then assessed, and appropriate control measures implemented. Hazard identification is primarily conducted by on-site floor supervisors (such as those for dust operations, oxygen deficiency, and special chemicals) and personnel from the Occupational Safety Department. These individuals must possess the required qualifications for floor supervisors, business supervisors, or labor safety managers, and they must undergo regular retraining in accordance with regulations.

Operational items identified as high risk or with high incidence of specific diseases include slag removal from rotary kilns, PAP (process air pipe) replacement, corrugated roof sheet replacement, replacement of fire-retardant materials and filter bags for rotary kilns during periodical maintenance. SOPs and safety management measures tailored to the operational attributes must be defined early. Before work can start, hazard notification, equipment inspection and application of hazardous operation permit must be carried out. Employees must have undergone education and training, and are wearing personal protection; supervision and control is provided by supervisors and OHS units during operations. This is to ensure operational risk prevention and control measures are implemented to lower the incidence of occupational disaster.

The Company encourages employees to take an active role in risk management. If hazardous conditions or potential risks are identified in the workplace, employees may submit improvement suggestions in accordance with the Proposal Management Measures, or labor representatives may raise these issues at the Occupational Safety and Health Committee. Rewards are provided during the year-end settlement. Suppliers may also present corrective suggestions during contractor conferences for the purpose of internal improvement.

To address abnormal situations or incidents, TSU and TSR have established incident notification and handling mechanisms, covering procedures such as immediate reporting, cause investigation, the formulation of corrective and preventive measures, and improvement tracking. The responsible units file reports in accordance with relevant laws and regulations and initiate investigation procedures to clarify the root causes and underlying factors of the incident. Improvement measures are then proposed and strictly implemented following management review.

Additionally, TSU and TSR have established an effective system for the investigation and handling of hazardous events. Investigations are conducted on the cause or potential cause of injury, illness, disease, or other incidents related to employees' work. The hazard identification process is applied to analyze and adopt effective corrective and preventive measures to enhance occupational safety and health management performance.

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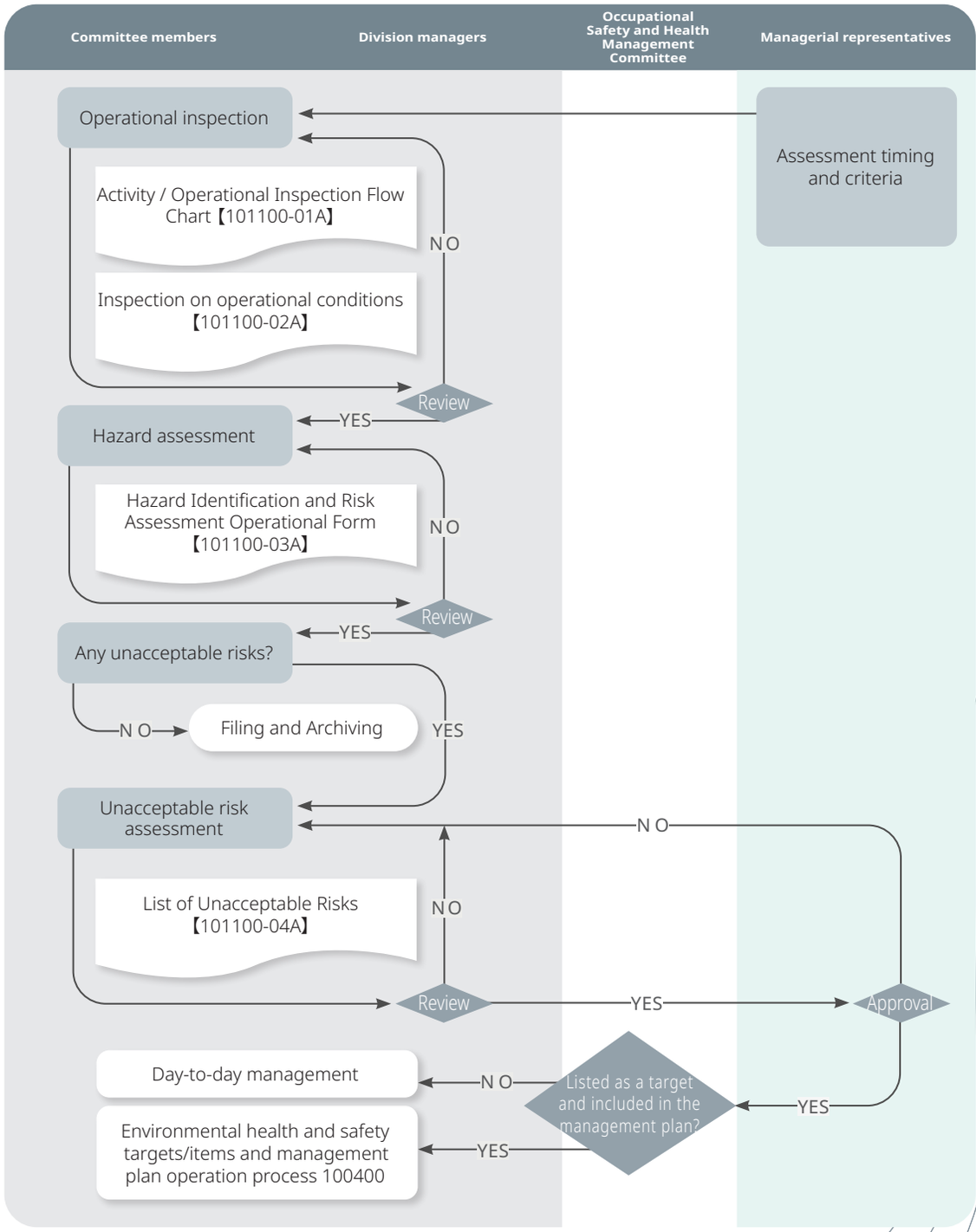
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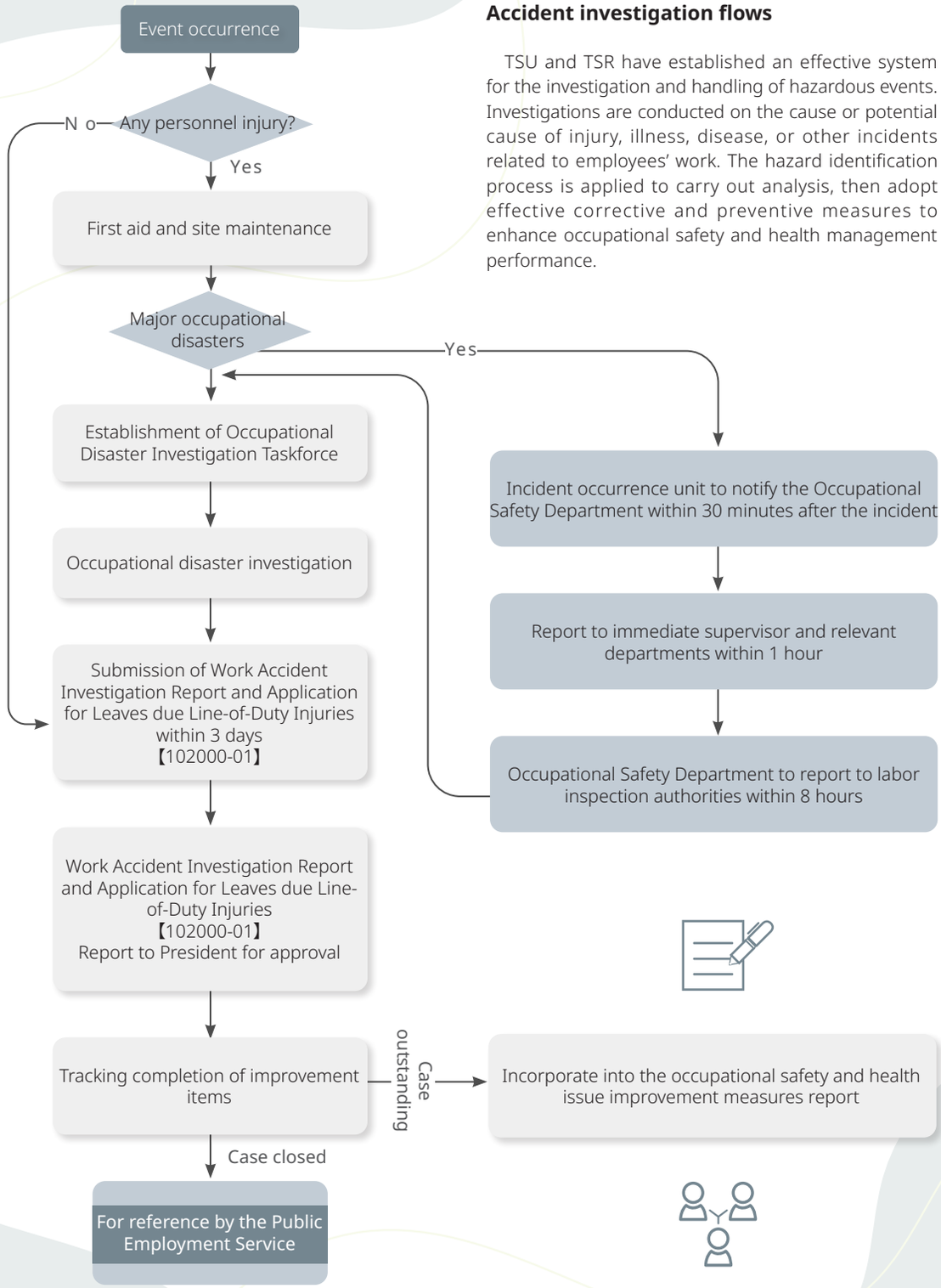
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Accident investigation flows

TSU and TSR have established an effective system for the investigation and handling of hazardous events. Investigations are conducted on the cause or potential cause of injury, illness, disease, or other incidents related to employees' work. The hazard identification process is applied to carry out analysis, then adopt effective corrective and preventive measures to enhance occupational safety and health management performance.



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Accident occurrence 01

In the event of an accident, the on-duty first-aid personnel and supervisors of TSU's OSH Division and TSR' environmental safety section are notified immediately.The report should include the time, location, unit, a brief description of the incident, and the number of casualties.

If the incident is a major occupational accident as defined in Article 37, Paragraph 2 of the Occupational Safety and Health Act — including fatalities, incidents involving three or more affected persons, or incidents involving one or more persons requiring hospitalization — the occupational safety and health management representative must report to the Central Region Occupational Safety and Health Center within eight hours.

Accident cause investigation 02

The unit supervisor shall form an investigation team following any major occupational accident. This team—comprising the unit supervisor, operators, and professionals from the Occupational Safety Division and the Environmental Safety Section—shall complete the investigation within 3 days. The results must be reported to the management representative, along with appropriate recommendations for the incident. Furthermore, the team shall propose corrective and preventive measures, communicate these with management, and ensure continuous improvement throughout the process.

Event review and improvement 03

Based on the improvement items outlined in the incident investigation and analysis report submitted by the investigation team, the Occupational Safety and Health Division of TSU and the Environmental Safety Section of TSR shall immediately record and track these items to formulate corrective and preventive measures. Department heads must ensure that risk assessments are performed again upon the completion of operations within the specified time-frame to ensure that post-improvement safety and health risks are reduced to acceptable levels. This process aims to eliminate the root causes of incidents, prevent recurrence, and facilitate follow-up reviews by the Occupational Safety and Health Division of TSU and the Environmental Safety Section of TSR.

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Safety Protection and Response Management

To enhance the professional competence and safety awareness of their personnel, TSU and TSR plan regular and ad hoc occupational safety and health training programs every year. The curriculum covers on-the-job occupational safety training, machinery operation, ionizing radiation handling, acetylene welding, and fire safety education and awareness. A total of 376 participants attended relevant training sessions in 2025. All internal and external training and certifications must comply with regulatory requirements, ensuring that personnel possessed the necessary professional competencies and legal qualifications. The Company also conducts regular fire drills and emergency response training to strengthen employees' emergency preparedness and their proficiency in on-site incident handling.

TSU and TSR uphold the principle of "safety first" by providing briefings on work rules and regulatory requirements during new employee orientation. When workers identify immediate hazards while performing their duties, they are authorized to stop work and retreat to a safe location, provided that doing so does not endanger the safety of others. Furthermore, the companies comply with regulations to protect employees from any adverse treatment, thereby fostering a culture of autonomous safety reporting and risk prevention.



Rescue Division (drills for burn and scald injury first-aid care)



Instruction & Guidance Division



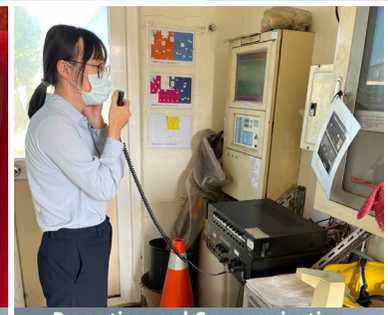
Fire Extinguishing Division



Fire Extinguishing Division



Safety Protection Team



Reporting and Communication Division (broadcasting and reporting)



Fire and disaster prevention education and training.

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Employee Health Management and Workplace Protection

In accordance with the Occupational Safety and Health Act and the Labor Health Protection Regulations, TSU and TSR have established a comprehensive health management and work environment monitoring system. For special hazardous work environments with dust, ash, and ionizing radiation,health and safety SOPs and work environmental monitoring plan are defined. The sampling items and frequency are as shown in the table below. Environmental monitoring and employee health exams are regularly commissioned from third parties. Additionally, occupational medicine specialists are appointed to conduct on-site visits, observe the working environment, and provide professional assessments and recommendations for improvement. Each year, we arrange for personnel in operational areas to undergo respirator fit testing to ensure the effectiveness of respiratory protective equipment and implement timely corrective actions. Beyond general hazards in the operating environment, the Company strictly implements occupational safety and health management and risk control measures for high-risk operations or those with a high incidence of specific diseases.

Work Item	Control Measure:
Slag Removal from Rotary Kiln	Established standard operating procedures (SOPs) for the Winchester industrial gun manual, descaling gun jam clearance, and equipment maintenance, and conducted related education and training. Prior to commencing operations, the Maintenance Division must be notified to verify equipment anchoring, safety baffle installation, and the condition of descaling guns. The occupational safety unit must also confirm that personnel are wearing protective equipment in accordance with regulations. Supervision and control measures must be enforced and unauthorized personnel kept out of the operational area.
PAP Replacement	The Maintenance Division has established replacement SOPs and environmental awareness training to provide preventive management against risks such as high temperatures, burns, and crush injuries. Personnel are required to wear personal protective equipment in accordance with regulations, comply with work rest schedules and environmental ventilation and cooling measures. They are also subject to on-site supervision and management by the designated supervisor.
Replacement of corrugated roof panels for the warehouse.	Contract controls are enforced according to the Regulations Governing Environmental Safety and Health of Contractors. Prior to commencing work, the requesting unit conducts a safety assessment to confirm safety regulations, personnel qualifications, and insurance requirements, which are then integrated into procurement contract management. Before entering the site, contractors must undergo a review of personnel qualifications, insurance, and work licenses; furthermore, they are required to complete hazard notifications, apply for high-risk operation permits, and attend pre-operation meetings. During the work period, fall prevention measures must be implemented and personal protective equipment (PPE) must be worn in accordance with regulations; the occupational safety unit also performs daily inspections, supervision, and management.
Annual maintenance of rotary kiln refractory materials and filter bag replacement	Prior to annual maintenance, safety coordination meetings are convened to brief participating contractors on operational safety precautions and relevant management regulations. Contractors are required to apply for permits for hazardous operations—including confined space entry, oxygen deficiency prevention, high-altitude work, and hoisting—in accordance with the "Contractor Environmental Safety and Health Management Regulations. Appropriate safety precautions are adopted based on the specific nature of each task, with operational controls and supervision strictly implemented during the period of operation.

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TSU Monitoring Items

No.	Item		Monitoring frequency
1	Total dust amount		Once every six months
2	Respirable dust		
3	Heavy metals	Lead	
4		Manganese	
5		Cadmium	
6		Zinc	
7	CO_2		
8	Oxygen		
9	Noise		
10	Wet Bulb Globe Temperature (WBGT)		Once a quarter
11	Sulfuric acid		Once every six months
12	Wind velocity		

TSR Monitoring Items

No.	Item	Monitoring frequency
1	Total dust amount	Once every six months
2	Respirable dust	
3	Noise	
4	Wet Bulb Globe Temperature (WBGT)	Once a quarter
5	Wind velocity	Once every six months



Working environment monitoring

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With regards to employee health management, physical examination forms must be submitted by new employees so that their assignment can be decided. Current employees undergo a health exam every year as well. In addition to regular checkups, personnel working in dusty environments undergo specialized health examinations in accordance with regulations, covering items such as chest X-rays, cardiopulmonary function, liver function, and blood lead levels. In case of an excess blood lead level, tiered health management with regular follow-ups and re-checks are carried out. Jobs are adjusted if necessary to protect employee health.

The Company has implemented a health consultation and promotion management system involving on-site doctors and nurses. Following health checkups, the Company arranged for on-site consultations with physicians; for the 32 managers at level 2 and above, the consultation rate reached 100%. Furthermore, basic medical equipment has been installed for use by both employees and contractors, strengthening the health care services provided to the overall workforce. In addition, the Company identifies abnormal working hours and musculoskeletal injuries among employees through the "Overwork Scale/Overload Assessment Questionnaire" and the "Musculoskeletal Symptom Survey." A database has been established to serve as the basis for mitigating existing and potential hazards. Furthermore, the Company conducts timely workplace prevention awareness programs to eliminate illegal acts and infringements in the workplace. In addition, TSU promoted education and training aligned with the "Four Major Occupational Medicine Programs." The curriculum covered key areas such as occupational disease prevention, prevention of diseases caused by overwork, ergonomic hazard prevention, and maternal health protection. Relevant operations and management personnel participated in these sessions to strengthen their capacity for workplace health risk identification and management.

The Company has also established a maternal health protection plan, which includes the "Maternal Health Protection Hazard Risk Classification Reference Table," the "Assessment and Work Suitability Arrangement Table," and the "Workplace Hazard Assessment and Maternal Health Protection Measures Table" to mitigate potential health risks to both mothers and their fetus. Where necessary, workers are referred to regional labor health service centers or occupational injury and disease prevention centers commissioned by the Occupational Safety and Health Administration. These centers provide further evaluation and assistance to ensure the safety and health of maternity workers during their employment. The Company also provides lactation rooms for female employees to create a supportive and healthy workplace environment.





To promote employee health and raise awareness of self-health management, TSU has actively promoted a variety of health promotion activities in addition to regular health checkups. In 2025, we held seminars on smoking cessation and alcohol abstinence, where professional lecturers shared insights on health risks and improvement strategies to help employees establish healthy lifestyle habits. Additionally, we organized weight loss challenges with incentive mechanisms to encourage participation. By fostering self-management and promoting regular exercise and healthy eating habits, the company achieved a total weight loss of 87 kilograms, further enhancing employee well-being and overall health awareness.







(Left, center) Smoking and alcohol cessation seminars; (right) Weight loss competition award ceremony

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Occupational Hazard Statistics and Continuous Improvement

TSU and TSR' annual occupational injury statistics are compiled in accordance with the disabling injury statistical indicators published by the Ministry of Labor. Through a comprehensive accident notification procedure and investigation mechanism, the companies analyze the root causes of incidents and formulate corrective and preventive measures. The investigation results are then communicated to the relevant responsible units to track the implementation of improvements, thereby reducing the risk of accident recurrence and enhancing workplace safety.

In 2025, neither TSU or TSR reported any major occupational accidents, with zero cases recorded in the Occupational Safety and Health Administration's monthly online reporting system. Furthermore, according to accident investigation forms, TSU and TSR recorded three and four general occupational safety incidents, respectively. These incidents included sprains, contusions, crush injuries, and pinched nerves/entrapments. Root cause analysis and corrective follow-ups for all cases have been completed, and the companies continued to strengthen operational safety management and risk prevention mechanisms. Occupational disaster statistics are as shown in the table below.

Accident statistics and the reporting system		2022	2023	2024	2025	Remark
Occupational health and safety management system	Taiwan Steel Union	3	4	7	3	No. of accidents surveyed (Including near-misses)
	Taiwan Steel Resources	1	0	3	4	
Occupational Safety and Health Administration (OSHA) online reporting system (Occupational disaster reporting by business units)	Taiwan Steel Union	0	0	2	0	Reporting according to Article 37 of the Act for Protecting Worker of Occupational Accidents (Major occupational hazards)
	Taiwan Steel Resources	0	0	0	0	

Occupational disaster statistics for TSU and TSR

Item		Taiwan Steel Union								Taiwan Steel Resources							
		2024		2024		2025		2025		2024		2024		2025		2025	
		Employees		Non-employees		Employees		Non-employees		Employees		Employees		Employees		Employees	
		Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
Occupational disaster statistics	Disabling frequency rate (FR)	15.75	0	16.4	0	0	0	0	0	9	0	169	0	23	23	0	0
	Disabling severity rate (SR)	89	0	131.0	0	0	0	0	0	70	0	1014	0	82	0	0	0
	Frequency-severity indicator (FSI)	0.7	0	1.1	0	0	0	0	0	1	0	13.1	0	1	0	0	0
	Occupational disease rate (ODR)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Line-of-duty deaths	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

Note 1: The above occupational disasters exclude traffic accidents.

Note 2: The calculation of occupational disasters and absence rates are as follows:

Disabling frequency rate (FR) = Number of disabling injuries × 1,000,000 / Total hours worked (rounded to three decimal places).

Disabling severity rate (SR) = Total days lost × 1,000,000 / Total hours worked (rounded to three decimal places).

Total injury index (FSI) = $\sqrt{((SR \times FR) / 1000)}$ (rounded to three decimal places).

Note 3: 2025 Total Hours Worked: TSU employees were 222,339 hours/year; non-employees were 65,424 hours/year; TSR employees were 150,632 hours/year, and non-employees were 7,168 hours/year.

Note 4: Non-employees refer to workers whose work and/or workplace is controlled by the organization, including those supervised by the person in charge of the workplace and contractors.

Note 5: Employee category data for Taiwan Steel Union and Taiwan Steel is sourced from occupational accident declaration records; non-employee category data is estimated based on the annual number of plant entries × 8 hours.

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6.4 Local Inclusion

TSU adheres to the philosophy of coexisting with local communities. Local impact management and community engagement are viewed as integral components of its sustainable governance. Potential impact of operations on the surrounding community are reduced through comprehensive environmental monitoring and transportation impact management mechanisms. At the same time, community engagement is promoted to protect local quality of life and boost positive engagement with stakeholders to support inclusive development for both the enterprise and community.

Taiwan Steel Union monitoring information

Community Impact Management

TSU has established a comprehensive environmental monitoring plan (shown in the table below) to fulfill its commitments in the environmental impact assessment. The plan encompasses 21 monitoring indicators in 10 categories. All environmental monitoring items and monitoring results are disclosed on the company website on a quarterly basis for stakeholders to download and review to ensure transparency. In addition, a single contact window is provided for nearby township offices and local residents to give feedback on matters of concern, and for handling inquiries from relevant groups, in order to alleviate public concerns regarding environmental safety.

A transportation impact analysis was conducted by TSU on the West Coast Expressway, adjacent to our plant. The current traffic situation indicates the road's level of service is good, falling between a rating of A and B.

Monitoring categories	Monitoring frequency	Monitoring locations
Groundwater	Operating period (once per month)	One upstream location and one downstream location of the factory site
Rainwater	Operating period (once per month)	Two rainwater storage tanks
Effluents	Operating period (once per month)	Effluent outlets on the factory site
Soils	Operating period (once per quarter)	One location for the operational processing zone inside the factory
Emissions	Operating period (once per quarter)	Flue gas outlet (Two locations, P001 for No. 1 Kiln, P003 for No. 2 Kiln)
Slag	Operating period (once per quarter)	Temporary storage area for slag
Air quality in peripheral area	Operating period (once per quarter)	One upwind location, one downwind location of the factory site
Dioxin in the air	Once per quarter	South of the plant (next to the office), one station each at the Keliao community and Xianxi Elementary School.
Dust fall	Operating period (once per month)	Three test stations, one at the factory site, on Qingan Road's side, and between Qingan North Road and Zhangbin Road
Zinc oxide	Operating period (once every six months)	Zinc oxide packing area

Note 1: Inspection once per quarter on chloride salt, salinity, TDS and BOD of groundwater
Note 2: Inspection once every six months on arsenic in soils and dioxin

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Community Care Initiatives

TSU values long-term interaction with local communities. In addition to striving to minimize the impact of its operations on the surrounding environment and residents, TSU continues to monitor issues such as local public safety and quality of life. The Company supports regional development through concrete actions and maintains steady investment in social resources to promote the inclusive growth of both the enterprise and the community. The Company has also set management targets for social investment. Total social expenses each year are maintained at least 1.0% of net income after tax. Institutionalized investment of resources is maintained to respond to local needs and fulfill our corporate social responsibility.



Support for Safe Community Transportation

In addition to community relations donations, NT$1 million is invested by TSU to support school buses for the Keliao Community and community events every year. Transportation assistance is provided for students going to/coming home from school and seniors taking part in events to improve transportation safety and convenience, as well as support everyday community functions.

Sponsorship for maintenance of windbreak forests in the local industrial park

TSU sponsors windbreak forests around the Changbin Coastal Industrial Park. Environmental clean-ups and plantings are regularly organized to maintain the landscaping and ecological quality. The maintenance of windbreak greenbelts reduces the impact of airborne dust and serves as an environmental buffer. These efforts facilitate the proper management and utilization of public spaces while enhancing the surrounding landscape, ultimately providing local residents with a more comfortable recreational environment.

Social expenses

In accordance with the commitments in the Environmental Impact Statement, TSU has institutionalized the management of its community relations funds. For every tonne of flue dust recycled, NT$150 is allocated to a dedicated community relations account. These funds are transferred monthly on a pro-rata basis to the special accounts of Shengang Township and Xianxi Township, where they are managed as part of the townships' general budget. In addition to fulfilling our commitments on local contributions, the Company has also allocated a fixed annual budget to provide ongoing support for the Keliao community shuttle and the adoption of windbreak forests. The total social expense was NT$17,278 thousand, accounted for 2.5% of the net profit after tax in 2025.


感謝狀

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參與本鄉『114年度路燈認養』

活動，熱心公益，足堪表率。

特頒此狀，以致謝忱

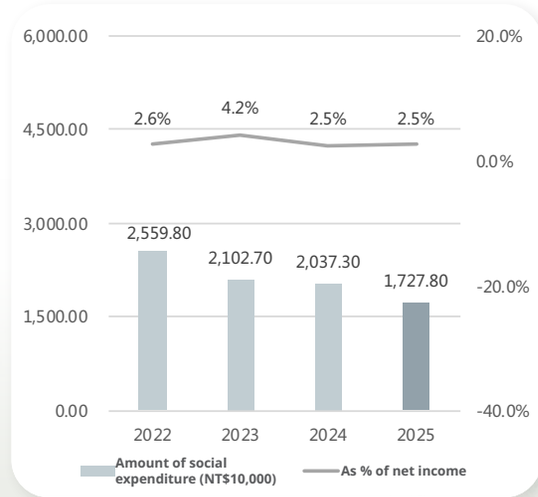
彰化縣線西鄉公所

鄉長 蘇韋峻

中華民國114年1月

Sponsorship for streetlamps of Xianxi Township

TSU has long participated in the Xianxi Township Office's street lighting sponsorship program. We sponsor 10 street lights every year to keep the keep them running normally. Improving night-time visibility for road-users reduces transportation risk and provides a safer environment for the local community.



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Charity and Community Participation

Beyond regular community support projects, TSU has continued to invest in public welfare and social participation initiatives in areas such as senior care, environmental protection, and support for the disadvantaged. These efforts have included sponsoring Double Ninth Festival activities for seniors, participating in coastal cleanups, and supporting charities.

In 2025, the Company participated in the "2025 Taiwan Design Expo" hosted by the Industrial Development Administration of the Ministry of Economic Affairs and the Changhua County Government. By showcasing primary raw materials, auxiliary slagging agents, fuel reductants, and finished products, the Company presented the "circular miracle of transforming hazardous waste into high-value resources," communicating the ideals of a circular economy and sustainable development to the general public. Through cross-disciplinary exchanges with government agencies, industry, and the design sector, we enhanced public awareness of resource circulation, strengthened the connection between our enterprise and local communities, and demonstrated a proactive commitment to local cultural development and social engagement.

Through diverse engagement initiatives, TSU is continuing to address the needs of various stakeholders and social issues by broadening its scope of social involvement and enhancing its positive corporate impact.



Certificate of Appreciation from the Changhua County Government for participating in the Taiwan Design Expo



Assisted Shengang Township with coastal clean-up



Supported the Double Ninth Festival luncheon for the Xianxi Township Senior Citizens Association in Changhua County



Sponsorship of Down Syndrome Foundation R.O.C.

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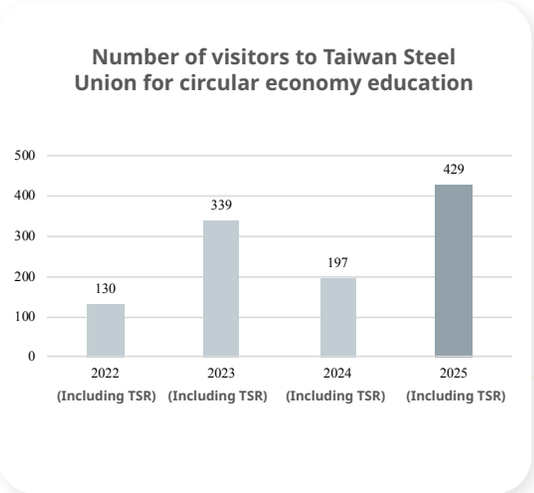
6.5 Circular Co-Learning

For building on its extensive practical experience in the field of resource circulation, TSU was honored with the "Resource Circulation Group Gold Award" for outstanding resource circulation enterprises in 2025, demonstrating the company's expertise in promoting the circular economy. To boost public understanding of the resource recycling industry and continue realizing the "urban mining" vision, TSU has continued to promote exchange and learning activities related to the circular economy. Through on-site visits and professional briefings, the company has fostered awareness of waste-to-resource conversion among industry, government, and academia, putting into practice knowledge sharing and the promotion of sustainability concepts.

Campus Visits and Talent Inspiration

TSU provides students and higher education institutions with annual career development visit opportunities. By arranging plant tours and process introductions, the Company offer students practical insights into hazardous waste treatment and resource recycling processes. These visits help participants understand current developments and technological applications of the domestic circular economy industry, expanding their horizons for future career exploration.

In addition, in coordination with training courses for Class A and Class B waste treatment and removal technicians, on-site access was provided to give participants a hands-on understanding of waste treatment control technologies and operational management models, cultivating professional talent for the future environmental protection industry.





Visit by Tunghai University



Technology sharing by the Surface Treatment Association

Industry and Customer Exchanges and Site Visits

In addition to academic institutions, TSU also actively engaged and interacted with industry peers, government agencies, and partners. The Company believes that cross-sector collaboration and information sharing will help accelerate the transition from waste to resources. Through face-to-face exchanges and technical knowledge sharing, the Company enhanced external stakeholders' understanding of circular economy business models and jointly explored feasible directions for advancing sustainable development.

In 2025, a total of 429 visitors came to our facilities to experience the circular economy for themselves and expand the influence of the circular economy philosophy. This was the highest number of visitors in four years.

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Current situation discussion with the Ministry of the Environment



Site Visit by Tokyo Steel



Site visit by Dragon Steel Corporation





Customer Technology Exchange

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ISO 26000 Guidance on Social Responsibility

ISO 26000 topics relevant to Taiwan Steel Union	Taiwan Steel Union's report chapters and contents
Acknowledgment and understanding of corporate social responsibility	Report Message from Management
Organizational governance	Chapter 1 About the Company
Identification and involvement of stakeholders	Chapter 2 Sustainability Management and Stakeholder Engagement
Human rights	Chapter 6 Safe Workplace and Social Inclusion
Labor practice	
Environment	Chapter 5 Implementing Green Manufacturing and Environmental Sustainability
Fair practice	Chapter 1 Strengthening Sustainability Governance and Supply Chain Resilience
Community involvement and development	Chapter 6 Safe Workplace and Social Inclusion
Action plans	Material Topics Management in Each Chapter of the Report
Communication of social responsibility	Communication through annual reports and website pages
Review and enhancement of corporate social responsibility	Sustainable Development Committee has been established to implement corporate governance and public welfare maintenance operation according to department functions and scopes, and the committee also monitors day-to-day ESG activities, depending on requirements and legal regulations.
Relation between organizational characteristics and social responsibility	Taiwan Steel Union operates a 100% recycle and reuse process, and provides proper treatment channel for hazardous wastes outputted by electric arc furnace steel making industry and converts such wastes into valuable products. thereby contributing efforts in the resource utilization and circular economy in Taiwan and the rest of the world. Chapter 4 Value Chain Management

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Sustainability Accounting Standards Board SASB - Disclosure Guidelines for the Metals and Mining Industry

Disclosure Topic	Indicator No.	Indicator Item	2024 Value or Explanation	2025 Value or Explanation	Relevant Chapter
GHG emissions	EM-MM-110a.1	Global Scope 1 total emissions (tonnes CO_2e)	79,993	76,162	5.3 Energy and Carbon Emissions Management p.74 - 77
		Scope 1 emission control percentage (%)	90.36%	90.93%	
	EM-MM-110a.2	Long-term and short-term strategy or plan for managing Scope 1 emission, reduction target and performance analysis	Please see p74-75		
Air quality	EM-MM-120a.1	Carbon monoxide (CO) (T)	2,153	2,999	5.4 Environmentally Friendly Management p.83~84
		Nitrogen oxides (NOx) (excluding N_2O)	13.69	8.00	
		Sulfur oxides (SOx) (T)	13.58	13.07	
		Particulate matter (PM_{10}) (T)	2.18	1.63	
		Mercury (Hg) (T)	0.01492	0.05242	
		Lead (Pb) (T)	0.0077	0.01338	
		Zinc (Zn) (T)	0.10247	0.1843	
		Cadmium (Cd) (T)	0.00021	0.00048	
		Volatile organic compounds (VOC) (T)	0.048	0.003	
		Dioxin (g)	0.017	0.021	
Energy management	EM-MM-130a.1	Total energy consumption (GJ)	864,931	843,022	5.3 Energy and Carbon Emissions Management p.79 - 80
		Grid electricity percentage (%)	7.71%	6.85%	
		Renewable energy percentage (%)	0.68%	0.74%	
Water management	EM-MM-140a.1	Total freshwater extracted (M^3)	55,994	55,498	5.5 Water risk management p.85~87
		Total freshwater consumed (M^3)	19,780	30,330	
		Percentage of areas of high or extremely high baseline water stress (%)	0	0	
	EM-MM-140a.2	Number of violations related to water quality permission, standards and regulations	0	0	
Waste and hazardous material management	EM-MM-150a.4	Total weight of non-mineral waste total generated (T)	94,685	87,033	4.4 Waste management
	EM-MM-150a.5	Total weight of tailings generated (T)	N/A		
	EM-MM-150a.6	Total weight of waste rock generated (T)	N/A		
	EM-MM-150a.7	Total weight of hazardous waste generated (T)	793	832	
	EM-MM-150a.8	Total weight of hazardous waste recycled (T)	793	832	
	EM-MM-150a.9	Number of major events related to hazardous material and waste management	0	0	
	EM-MM-150a.10	Management policy and procedure for active and inactive operation waste and hazardous materials	According to "ISO 14001 Warehouse inbound management regulations Order acceptance management regulations		

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Disclosure Topic	Indicator No.	Indicator Item	2023 Value or Explanation	2024 Value or Explanation	Relevant Chapter
Impact of biological diversity	EM-MM-160a.1	Describe the environmental management policy and management of the activity place	Environmental assessment and commitment to retain green land, plant trees, provide ecological environment and adopt windbreak forest		—
	EM-MM-160a.2	Percentage of mining fields of acid rock drainage: (1) Occurrence anticipation (2) Active mitigation (3) Handling or treatment in process	N/A		
	EM-MM-160a.3	Percentage: (1) Proof (2) Under protected condition or at endangered species habitat or possible protection area at the nearby area	N/A		
Human rights and community relations	EM-MM-210a.1	Percentage (1) Proof (2) Likelihood of being at conflict area or nearby protection area	6.4 Local Inclusion		6.1 Talent Development and Respect 6.4 Local Inclusion
	EM-MM-210a.2	Percentage (1) Proof (2) Within indigenous land or possible energy storage at nearby area	6.4 Local Inclusion		
	EM-MM-210a.3	Discussion on participation process and due diligence implementation related to human rights, indigenous rights and conflict area operation	6.1 Talent Development and Respect		
		Discussion on the risk and opportunity processes related to management and community rights and interests	6.4 Local Inclusion		
		Number of times of non-technical delays and duration	0	0	
Community relations	EM-MM-210b.1	Risk and opportunity processes related to management and community rights and interests	6.4 Local Inclusion		6.4 Local Inclusion
	EM-MM-210b.2	Number of times of non-technical delays and duration	0	0	
Labor implementation	EM-MM-310a.1	Percentage of on-job workforce covered by group negotiation, classified into domestic and foreign employees	0	0	—
	EM-MM-310a.2	Number of times of strike and work suspension and duration	0	0	
Employee health and safety	EM-MM-320a.1	(1) MSHA full occurrence rate (2) Case fatality rate (3) Near miss frequency rate (NMFR)	N/A		—
		(4) (a) Full-time employee and (b) Contract employee average health, safety and emergency response required training hours (Note: 2024 value amended. Now calculated as Total Training Hours / Total Workforce)	(a) 6.68 (b) 6.15	(a) 11.96 (b) 6.53	

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Disclosure Topic	Indicator No.	Indicator Item	2023 Value or Explanation	2024 Value or Explanation	Relevant Chapter
Business ethics	EM-MM-510a.1	Describe the management system for preventing corruption and bribery in the entire value chain	Code of conduct and anti-corruption of the Union		—
	EM-MM-510a.2	Perform production in 20 countries ranked the last in the transparency and international Corruption Perceptions Index (CPI)	Ranked No. 25 in Taiwan in 2024	Ranked No. 24 in Taiwan in 2025	
Major event risk management	EM-MM-540a.1	Tailings Facility Inventory: (1) Facility name; (2) Location; (3) Ownership status; (4) Running condition; (5) Construction method; (6) Maximum acceptable storage capacity; (7) Current storage tailing volume; (8) Consequence classification; (9) Date of most recent independent technical review; (10) Major discovery; (11) Mitigation measures; (12) EPRP of specific location	N/A		—
	EM-MM-540a.2 EM-MM-540a.3	(1) Tailings management system for monitoring and maintaining tailings storage facility stability and governance structure summary (2) Tailings storage facility emergency preparedness and response planning (EPRP) establishment method	N/A		—
Activity indicator	EM-MM-000.A	Production of (1) Metal core and (2) Metal finished products	Crude zinc oxide 51,145 tonnes	Crude zinc oxide 45,581 tonnes	5.1 Environmental-friendly green manufacturing process
	EM-MM-000.B	Total number of employees, contractor percentage	109	108	Chapter 1 About the Company P.10

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International Financial Reporting Standards (IFRS) Comparison Table

IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information

Content		Corresponding chapter
Governance	The purpose of sustainability-related financial disclosures on governance is to enable users of general purpose financial reports to understand the governance processes, controls, and procedures an entity uses to monitor, manage, and oversee sustainability-related risks and opportunities. The entity shall disclose information about the governance body (which may include the board of directors, a committee, or a similar body responsible for governance) or individual responsible for overseeing sustainability-related risks and opportunities, as well as information regarding management's role in such processes.	2.1 Sustainability Management, 3.1 Sustainability Governance
Strategy	The purpose of sustainability-related financial disclosures on strategy is to enable users of general-purpose financial reports to understand an entity's strategy for managing material sustainability-related risks and opportunities.	2.1 Sustainability Management, 3.1 Sustainability Governance - Risk and Opportunity Assessment
Sustainability-related Risks and Opportunities	An entity shall disclose information that enables users of general-purpose financial reports to understand the sustainability-related risks and opportunities that could reasonably be expected to affect the entity's prospects, the time horizons (short, medium, or long term) over which these risks and opportunities are expected to occur, how the entity defines "short-term," "medium-term," and "long-term," and how these definitions link to the planning horizons used by the entity for strategic decision-making. Information on the material sustainability-related risks and opportunities regarding the business model, strategy, and cash flows, as well as their impact on the availability of financing and the cost of capital. Short-, medium-, and long-term horizons may vary by entity, depending on factors such as industry-specific characteristics and the time-frames over which users of general-purpose financial reports assess entities within that industry.	2.1 Sustainability Management, 2.3 Short, Mid and Long Term ESG Targets and Annual Performance
Business Model and Value chain	An entity should disclose information that enables users of general-purpose financial reports to understand the current and anticipated effects of its assessed (material) sustainability-related risks and opportunities on the entity's business model and value chain.	2.1 Sustainability Management, 3.4 Supply chain management
Strategy and Decision-making	An entity shall disclose information that enables users of general-purpose financial reports to understand the material sustainability-related risks and opportunities, their current and anticipated effects on the entity's business model and value chain, their impact on the entity's strategy and decision-making, their impact on the entity's financial position, financial performance, and cash flows during the reporting period, and the resilience of the entity's strategy and business model to those sustainability-related risks.	2.1 Sustainability Management, Explanation of Material Topics in Each Chapter, 3-1 Sustainability Governance - Risk and Opportunity Assessment
Financial Situation, Financial Performance and Cash flow	An entity shall disclose information that enables users of general-purpose financial reports to understand the (material) sustainability-related risks and opportunities' impact on the entity's financial position, financial performance, and cash flows during the reporting period, as well as the anticipated impacts over the short-, medium-, and long-term - including how sustainability-related risks and opportunities are to be incorporated into the entity's financial planning. Entities shall disclose quantitative information unless the entity lacks the necessary skills, capabilities, or resources. If an entity is unable to provide quantitative information, it shall provide qualitative information and explain the factors for not doing so.	2.1 Sustainability Management, 1.2 Company Operations and Economic Contribution
Resilience	An entity should disclose information that enables users of general-purpose financial reports to understand the information on its ability to adapt to the uncertainties generated by (material) sustainability-related risks. An entity shall disclose qualitative and (if applicable) quantitative analysis of the resilience of its strategy and business model regarding (material) sustainability-related risks, including information on how the assessment was performed and its time horizons.	2.1 Sustainability Management
Risk management	The purpose of sustainability-related financial disclosures on risk management is to enable users of general-purpose financial reports to understand the process (or processes) by which an entity identifies, prioritizes, and monitors sustainability-related risks and opportunities. This disclosure should enable users to assess whether these processes are integrated into and inform the entity's overall risk management process, as well as to evaluate the entity's overall risk profile and its general risk management approach.	2.1 Sustainability Management, 3-1 Sustainability Governance - Risk and Opportunity Assessment
Indicators and targets	The purpose of sustainability-related financial disclosures on indicators and targets is to enable users of general-purpose financial reports to understand how an entity measures, monitors and manages its material sustainability-related risks and opportunities. Such disclosures should enable users to understand how the entity assesses its performance, including progress toward its set targets.	2.1 Sustainability Management, Explanation of Material Topics in Each Chapter, 2.3 Short, Mid and Long Term ESG Targets and Annual Performance
SASB Industry-specific Disclosure Topics	An entity shall disclose the industry (or industries) and disclosure topics specified in the relevant IFRS Sustainability Disclosure Standards or industry-based SASB Standards used in identifying material sustainability-related risks or opportunities, and shall consider their applicability.	2.1 Sustainability Management, Sustainability Accounting Standards Board SASB - Disclosure Guidelines for the Metals and Mining Industry

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IFRS S2 Climate-related Disclosures

Content		Corresponding chapter
Governance	The purpose of climate-related financial disclosures is to enable users of general purpose financial reports to understand the governance processes, controls, and procedures an entity uses to monitor, manage, and oversee climate-related risks and opportunities.	2.1 Sustainability Management, 3.3 TCFD Climate-related Financial Strategy and Implementation
	The entity (company) shall disclose information regarding the governance body (which may include the board of directors, committees, or similar bodies or individuals responsible for governance) that oversees climate-related risks and opportunities, as well as information concerning management's role in these processes.	
Strategy	The purpose climate-related financial disclosures is to users of general-purpose financial reports disclosed by the entity to understand the material climate-related risks and opportunities, their current and anticipated effects on the entity's business model and value chain, their impact on the entity's strategy and decision-making (including its transformation planning), their impact on the entity's financial position, financial performance, and cash flows during the reporting period, and the resilience of the entity's strategy and business model to those climate-related risks.	2.1 Sustainability Management, 3.3 TCFD Climate-related Financial Strategy and Implementation
Climate-related Risks and Opportunities	An entity shall disclose information that enables users of general-purpose financial reports to understand the climate-related risks and opportunities that could reasonably be expected to affect the entity's prospects, explain whether the risks belong to climate-related physical or transformation risks, the time horizons (short, medium, or long term) over which these risks and opportunities are expected to occur, how the entity defines "short-term," "medium-term," and "long-term," and how these definitions link to the planning horizons used by the entity for strategic decision-making.	2.1 Sustainability Management, 3.3 TCFD Climate-related Financial Strategy and Implementation
Business Model and Value chain	An entity should disclose information that enables users of general-purpose financial reports to understand the current and anticipated effects of its (material) climate-related risks and opportunities on the entity's business model and value chain.	
Strategy and Decision-making	An entity should disclose information that enables users of general-purpose financial reports to understand the current and anticipated effects of its (material) sustainability-related risks and opportunities, how the entity has already responded or is planning how to respond in its strategy and decision-making (including its transformation planning), how the entity will provide resources or how it plans to provide resources for the activities it has disclosed, as well as quantitative and qualitative information on the progress of the plans it disclosed for the reporting period.	2.1 Sustainability Management, 3.3 TCFD Climate-related Financial Strategy and Implementation
Financial Situation, Financial Performance and Cash flow	An entity shall disclose information that enables users of general-purpose financial reports to understand the (material) climate-related risks and opportunities' impact on the entity's financial position, financial performance, and cash flows (current financial impact) during the reporting period, as well as the anticipated impacts to the entity over the short-, medium-, and long-term - including how climate-related risks and opportunities are to be incorporated into the entity's financial planning.	2.1 Sustainability Management, 3.3 TCFD Climate-related Financial Strategy and Implementation
Climate Resilience	An entity should disclose information that enables users of general-purpose financial reports to understand the information on the resilience of its strategy and business model to climate-related change, developments or uncertainties. An entity shall use climate-related scenario analysis to assess its climate resilience, adopting an approach that is commensurate with its circumstances, unless it is unable to do so. If an entity is unable to use climate-related scenario analysis, it shall use alternative methods or techniques to assess its climate resilience.	2.1 Sustainability Management, 3.3 TCFD Climate-related Financial Strategy and Implementation
Risk management	The purpose of climate-related financial disclosures on risk management is to enable users of general-purpose financial reports to understand the process (or processes) by which an entity identifies, assesses, prioritizes, and monitors climate-related risks and opportunities. This disclosure should enable users to assess whether such processes are integrated into and inform the entity's overall risk management processes.	2.1 Sustainability Management, 3.3 TCFD Climate-related Financial Strategy and Implementation
Indicators and targets	The purpose of climate-related financial disclosures on indicators and targets is to enable users of general-purpose financial reports to understand an entity performed in relation to climate-related risks and opportunities, as well as how it measures, monitors and manages its material climate-related risks and opportunities. Such disclosures should enable users to understand the relevant targets set by the entity, as well as the progress made toward achieving targets required by laws and regulations.	2.1 Sustainability Management, 3.3 TCFD Climate-related Financial Strategy and Implementation
Climate-related Indicators	Disclosure of Scope 1 ~ Scope 3 GHG emissions, as well as information related to cross-industry indicators.	5.3 Energy and Carbon Emissions Management
Climate-related Targets	Disclose information on the quantitative and qualitative climate-related targets used to monitor progress toward achieving strategic goals, as well as any targets required by laws and regulations.	5.3 Energy and Carbon Emissions Management

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GRI content index

Instructions for use	Taiwan Steel Union Co., Ltd. has prepared this report in accordance with the GRI Standards The reporting period is 2025.1.1 ~ 2025.12.31
Using GRI 1	GRI 1: Foundation 2021
Applicable GRI Standards	N/A

GRI Standards	Disclosure	Page number	Remark/Omission
GRI 2: General Disclosures 2021	2-1 Organizational details	6~10	
	2-2 Entities included in the organization's sustainability reporting	2	
	2-3 Reporting period, frequency and contact point	2	
	2-4 Restatements of information	120	Revised the 2024 average training hours per employee for health, safety, and emergency response. The number of hours decreased slightly.
	2-5 External assurance	3, 129	
	2-6 Activities, value chain and other business relationships	11, 49~50	
	2-7 Employees	91~93	
	2-8 Workers who are not employees	93	
	2-9 Governance structure and composition	37~41	
	2-10 Nomination and selection of the highest governance body	37~41	
	2-11 Chair of the highest governance body	37~41	
	2-12 Role of the highest governance body in overseeing the management of impacts	37~41	
	2-13 Delegation of responsibility for managing impacts	37~41	
	2-14 Role of the highest governance body in sustainability reporting	37~41	
	2-15 Conflicts of Interest	38	For more information, please refer to Three. Corporate Governance Report P.30
	2-16 Communication of critical concerns	39	
	2-17 Collective knowledge of the highest governance body	38~41	Please refer to the Annual Report: Three. Corporate Governance Report - Continuing Education of Directors P.55
	2-18 Evaluation of the performance of the highest governance body	38	Performance evaluation of the Sustainable Development Committee will be incorporated in the future
	2-19 Remuneration policies	39	
	2-20 Process to determine remuneration	39	
	2-21 Annual total compensation ratio	101	
	2-22 Statement on sustainable development strategy	12	
	2-23 Policy commitments	96~98	
	2-24 Embedding policy commitments	96~98	
	2-25 Processes to remediate negative impacts	96~98	
	2-26 Mechanisms for seeking advice and raising concerns	96~98	
	2-27 Compliance with laws and regulations	15, 83	
	2-28 Membership associations	40	
	2-29 Approach to stakeholder engagement	26~31	
	2-30 Collective bargaining agreements	91	Information unavailable; there are currently no labor unions.

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GRI Standards Content Index: Specific Disclosures

Material Topics	Disclosure	Page number	Remark/Omission
GRI 3: Material Topics 2021	3-1 Guidance to determine material topics	18~25	
	3-2 Material Topics List	24~25	

Economic Material Topics	Management of Material Topics and Indicators		Page number	Remark/Omission
TSU Self-defined Topics				
Corporate governance	3-3 Management of Material Topics		34~35	
	Sustainability Governance	Sound corporate governance structure	37~39	
Climate strategy	3-3 Management of Material Topics		34~35	
	TCFD	TCFD adherence	44~47	
Circular Economy	3-3 Management of Material Topics		54~55	
	Reuse	TSU slag reuse rate	57~59	

Environmental Material Topics	Management of Material Topics and Indicators		Page number	Remark/ Omission
Materials GRI 301:2016	3-3 Management of Material Topics		66~67	
	301-1	Materials used by weight or volume	71~72	
	301-2	Recycled input materials used	71	
	301-3	Reclaimed products and their packaging materials	72	
Energy GRI 302:2016	3-3 Management of Material Topics		66~67	
	302-1	Energy consumption with the organization	79~80	
	302-3	Energy intensity	80~81	
	302-4	Energy consumption reduction	80~82	
Emissions GRI 305:2016	3-3 Management of Material Topics		66~67	
	305-1	Direct (Scope 1) GHG emissions	74~75	
	305-2	Energy indirect (Scope 2) GHG emissions	74~75	
	305-3	Other indirect (Scope 3) GHG emissions	76~77	
	305-4	GHG emission intensity	74	
	305-5	Reduction of GHG emissions	76	
	305-7	NOx, SOx and other significant gas emissions	84	

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Environmental Material Topics	Management of Material Topics and Indicators		Page number	Remark/ Omission
Waste GRI 306: 2020	3-3 Management of Material Topics		54~55	
	306-1	Waste generation and significant waste-related impacts	54~55	
	306-2	Management of significant waste-related impacts	54~55	
	306-3	Generation of waste	63	
	306-4	Waste diverted from disposal	63	
	306-5	Waste directed to disposal	64	

Social Material Topics	Management of Material Topics and Indicators		Linkage of page numbers	Remark/ Omission
Occupational health and safety GRI 403:2018	3-3 Management of Material Topics		88~89	
	403-1	Occupational health and safety management system	103~104	
	403-2	Hazard identification, risk assessment, and incident investigation	104~107	
	403-3	Occupational health services	109~111	
	403-4	Worker participation, consultation, and communication on occupational health and safety	111~112	
	403-5	Worker training on occupational health and safety	108~111	
	403-6	Workers' health promotion	109	
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	103	
	403-8	Workers covered by the occupational health and safety management system	104	



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Climate-related information of TWSE/TPEx-listed companies

1-1-1 Greenhouse Gas Inventory Information

Describe the emissions (tonnes of CO_2e), intensity (tonnes of CO_2e/million dollars), and data coverage for the last two years.

Scope of disclosure as per the Roadmap for Sustainable Development of Listed Companies:

(1) The parent company shall disclose inventory information starting in 2025.
(2) Subsidiaries included in the consolidated financial statements shall disclose inventory information starting in 2026.

The parent company has established a greenhouse gas inventory mechanism in accordance with the ISO 14064-1 greenhouse gas inventory standard issued by the International Organization for Standardization (ISO).

TSU completed its greenhouse gas inventory and verification in 2026, fully understanding its greenhouse gas usage and emission status, and verifying the effectiveness of its reduction measures.

The greenhouse gas inventory data for the most recent two years are compiled based on the operational control approach and include the Company's greenhouse gas emissions. The details are as follows:

		2024		2025	
		Emissions volume (tonnes CO_2e)	Intensity (tonnes Co2e/2e/ revenue in NT$ million)	Emissions volume (tonnes CO_2e)	Intensity (CO_2e/revenue in NT$ million)
The Company	Scope 1	79,961.1884		76,162.2331	
	Scope 2	8,166.8574		7,601.4432	
	Subtotal	88,128.0458		83,763.6763	
All subsidiaries included in the consolidated financial statements	Scope 1	-		-	
	Scope 2	-		-	
	Subtotal	-		-	
Total		88,128.0458	37.05	83,763.6763	37.89

Note 1: Direct emissions (Scope 1, i.e., emissions directly from sources owned or controlled by the Company), energy indirect emissions (Scope 2, i.e., indirect greenhouse gas emissions resulting from the consumption of purchased electricity, heat, or steam), and other indirect emissions (Scope 3, i.e., emissions that occur as a consequence of the Company's activities but arise from sources not owned or directly controlled by the Company).

Note 2: The disclosure scope for Scope 1 and Scope 2 emissions shall follow the time line stipulated in Paragraph 2, Article 10 of these Guidelines. Disclosure of Scope 3 emissions is voluntary.

Note 3: Greenhouse gas inventory standards shall follow either the Greenhouse Gas Protocol (GHG Protocol) or ISO 14064-1 issued by the International Organization for Standardization (ISO).

Note 4: The intensity of greenhouse gas emissions may be calculated per unit of product/service or per revenue. However, at a minimum, the Company shall disclose the data calculated based on revenue (in NTD million).

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1-1-2 Greenhouse Gas Assurance Information

Describe the emissions (tonnes of CO_2e), intensity (tonnes of CO_2e/million dollars), and data coverage for the last two years.

Scope of disclosure as per the Roadmap for Sustainable Development of Listed Companies:

(1) The parent company shall disclose assurance information starting in 2027.
(2) Subsidiaries included in the consolidated financial statements shall disclose assurance information starting in 2028.

The implementation status of the greenhouse gas inventory for the past two years is as follows:

The Company has established greenhouse gas assurance for its parent company in accordance with the ISO 14064-1 greenhouse gas inventory standard issued by the International Organization for Standardization (ISO). Starting from 2028, the Company will regularly verify the GHG emissions of the Company and its subsidiaries in the consolidated financial statements every year, to fully grasp the status of GHG use and emissions, and verify the effectiveness of reduction actions.

The Company's and its consolidated subsidiaries' greenhouse gas inventory assurance engagements for the past two years are as follows:

		2024	2025
		Emissions (tonnes CO_2e)	Emissions (tonnes CO_2e)
The Company	Scope 1	79,961.1884	76,162.2331
	Scope 2	8,166.8574	7,601.4432
	Subtotal	88,128.0458	83,763.6763
	Percentage of inventory data disclosed in Section 1-1-1 above.	100%	100%
All subsidiaries included in the consolidated financial statements	Scope 1	-	-
	Scope 2	-	-
	Subtotal	-	-
	Percentage of inventory data disclosed in Section 1-1-1 above.	-	-
Assurance Institution		SGS Taiwan Ltd.	SGS Taiwan Ltd.
Description of assurance		Reasonable assurance	Reasonable assurance
Assurance opinion/conclusion		Unqualified opinions	Unqualified opinions
Total		88,128.0458	83,763.6763

Note 1: In accordance with Paragraph 2, Article 10 of the relevant guidelines, if the Company does not obtain a complete greenhouse gas assurance statement before the publication of the annual report, it shall state, "The complete assurance information will be disclosed in the Sustainability Report." If the Company does not prepare a Sustainability Report, it shall state, "The complete assurance information will be disclosed on the Market Observation Post System (MOPS)," and the complete assurance information must be disclosed in the following year's annual report.
Note 2: The institution assuring shall comply with Taiwan Stock Exchange Corporation and the relevant requirements for the assurance of sustainability reports issued by Taipei Exchange.
Note 3: For disclosure content guidelines, please refer to the best practice examples provided on the Corporate Governance Center website of the Taiwan Stock Exchange.

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1-2 Greenhouse gas reduction goals, strategies and concrete action plans

Specify the greenhouse gas reduction base year and its data, the reduction targets, strategy and concrete action plan, and the status of achievement of the reduction targets.
1. Greenhouse Gas Reduction Baseline Year and Reduction Targets
Parent Company TSU Carbon Reduction Targets

To achieve the five-year phased approach set out in the Climate Change Response Act, the central competent authority, in consultation with the central industry-specific authorities, sets the control targets for each phase. The Ministry of Environment, in consultation with the central industry-specific authorities, has set Taiwan's third-phase (2026–2030) Nationally Determined Contributions (NDCs) emissions reduction target at "24% ± 1%" for 2030. Based on the NDC reduction scenario, TSU has established a reduction plan, using 2012 as the baseline year, and has implemented related carbon reduction action plans. As of 2025, greenhouse gas emissions have been reduced by 31% compared with the 2012 baseline year.

2. Greenhouse Gas Reduction Strategies and Concrete Action Plans

TSU has newly set key performance indicators and targets for GHG management, including: the national phase control total emissions target, the Scope 1 emission intensity target (tonnes CO_2e/tonne of waste), and the Scope 2 emission intensity target (tonnes CO_2e/tonne of waste). The performance indicators and targets are presented in the following table. On April 22, 2022, TSU announced its net-zero carbon emission strategy and roadmap for waste resource recycling and reuse. The strategy includes measures such as using alternative reducing agents, adopting renewable energy, replacing diesel with electric vehicles, promoting energy management, adjusting processes, and implementing carbon capture and storage, to achieve the reduction targets. TSU has established new Scope 3 GHG reduction targets with 2022 as the base year. A goal of reducing Scope 3 GHG emissions by 15% relative to the base year by the target year 2030 has been set and various reduction measures are planned.

KPIs and targets in GHG management	
Key Performance Indicators	Short-, medium- and long-term goals
Total emission target based on national phased control (compared to the base year reduction %)	31% reduction by 2026 34% reduction by 2030 35% reduction by 2035
Scope 1 emission intensity target (tonnes CO_2e/tonnes of waste treatment)	2026 target: 0.56 2030 target: 0.53 2035 target: 0.52
Scope 2 emission intensity target (tonnes CO_2e/waste treatment)	2026 target: 0.061 2030 target: 0.058 2035 target: 0.058

Note 1: In accordance with the schedule specified under Paragraph 2, Article 10 of the relevant guidelines, the reporting of Scope 1 and Scope 2 emissions shall be conducted accordingly.
Note 2: The base year shall be the year in which the greenhouse gas inventory is completed based on the boundary of the consolidated financial statements. For example, pursuant to the provisions of Paragraph 2, Article 10 of these Guidelines, companies with paid-in capital of less than NT$5 billion shall complete the inventory for the 2025 fiscal year by 2026; thus, 2025 shall be designated as the base year. If a company completes the inventory of its consolidated financial statements earlier, the earlier year may be used as the base year. Data for the base year may be calculated using either a single year or the average of multiple years.
Note 3: For disclosure content guidelines, please refer to the best practice examples provided on the Corporate Governance Center website of the Taiwan Stock Exchange.

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ASSURANCE STATEMENT

SGS TAIWAN LTD.'S REPORT ON SUSTAINABILITY ACTIVITIES IN THE TAIWAN STEEL UNION CO., LTD.'S SUSTAINABILITY REPORT FOR 2025

NATURE AND SCOPE OF THE ASSURANCE

SGS Taiwan Ltd. (hereinafter referred to as SGS) was commissioned by TAIWAN STEEL UNION CO., LTD. (hereinafter referred to as TSU) to conduct an independent assurance of the Sustainability Report for 2025. The assurance is based on the SGS Sustainability Report Assurance methodology and AA1000 Assurance Standardv3 Type 1 Moderate level during 2026/04/13 to 2026/05/18. The boundary of this report includes TSU Taiwan operational and production or service sites as disclosed in TSU'S Sustainability Report of 2025. The boundary is not the same as TSU's consolidated financial statements.

SGS reserves the right to update the assurance statement from time to time depending on the level of report content discrepancy of the published version from the agreed standards requirements.

INTENDED USERS OF THIS ASSURANCE STATEMENT

This Assurance Statement is provided with the intention of informing the stakeholders in TSU's Sustainability Report of 2025.

RESPONSIBILITIES

The sustainability information in the TSU's Sustainability Report of 2025 and its presentation are the responsibility of the directors or governing body (as applicable) and management of TSU. SGS has not been involved in the preparation of any of the material included in the TSU Report.

Our responsibility is to express an opinion on the text, data, graphs and statements within the scope of assurance based upon sufficient and appropriate objective evidence.

ASSURANCE STANDARDS, TYPE AND LEVEL OF ASSURANCE

The assurance of this report has been conducted according to the AA1000 Assurance Standard (AA1000AS v3), a standard used globally to provide assurance on sustainability-related information across organizations of all types, including the evaluation of the nature and extent to which an organization adheres to the AccountAbility Principles (AA1000AP,2018).

Assurance has been conducted at a type 1 moderate level of scrutiny.

SCOPE OF ASSURANCE AND REPORTING CRITERIA

The scope of the assurance included evaluation of quality, accuracy and reliability of specified performance information as detailed below and evaluation of adherence to the following reporting criteria:

Reporting Criteria Options	
1	AA1000 Accountability Principles (2018)
2	GRI (With Reference to)

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- AA1000 Assurance Standard v3 Type 1 evaluation of the report content and supporting management systems against the AA1000 Accountability Principles (2018) is conducted at a moderate level of scrutiny, and therefore the reliability and quality of specified sustainability performance information is excluded.
- The evaluation of the report against the requirements of GRI Standards is listed in the GRI content index as material in the report and is conducted with reference to the standards.

ASSURANCE METHODOLOGY

The assurance comprised a combination of pre-assurance research, interviews with relevant employees, superintendents, Sustainability committee members and the senior management in Taiwan; documentation and record review and validation with external bodies and/or stakeholders where relevant.

LIMITATIONS

Financial data drawn directly from independently audited financial accounts Task Force on Climate-related Financial Disclosures (TCFD), SASB have not been checked back to source as part of this assurance process.

INDEPENDENCE AND COMPETENCE

SGS affirm our independence from TSU, being free from bias and conflicts of interest with the organization, its subsidiaries and stakeholders.

The assurance team was assembled based on their knowledge, experience and qualifications for this assignment, and comprised auditors registered with ISO 26000, ISO 20121, ISO 50001, SA8000, QMS, EMS, SMS, GPMS, CFP, WFP, GHG Verification and GHG Validation Lead Auditors and experience on the SRA Assurance service provisions.

FINDINGS AND CONCLUSIONS

ASSURANCE OPINION

On the basis of the methodology described and the assurance work performed, we are satisfied that the specified performance information included in the scope of assurance is accurate, reliable, has been fairly stated and has been prepared, in all material respects, in accordance with the AA1000 AccountAbility Principles (2018).

We believe that the organization has chosen an appropriate level of assurance for this stage in their reporting.

ADHERENCE TO AA1000 ACCOUNTABILITY PRINCIPLES (2018)

INCLUSIVITY

TSU has demonstrated a commitment to stakeholder inclusivity and stakeholder engagement. A variety of engagement efforts such as survey and communication to employees, customers, investors, suppliers, and other stakeholders are implemented to underpin the organization's understanding of stakeholder concerns. For future reporting, TSU may proactively consider having more direct two-ways involvement of stakeholders during future engagement.

MATERIALITY

TSU has established effective processes for determining issues that are material to the business. Formal review has identified stakeholders and those issues that are material to each group and the report addresses these at an appropriate level to reflect their importance and priority to these stakeholders.

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AA 1000 V3 External Assurance Statement

RESPONSIVENESS

The report covers stakeholder engagement and feedback mechanisms. It is encouraged to further strengthen communication and interaction with stakeholders on sustainability topics.

IMPACT

TSU has demonstrated a process on identify and fairly represented impacts that encompass a range of environmental, social and governance topics from wide range of sources, such as activities, policies, programs, decisions and products and services, as well as any related performance. In future report, TSU is encouraged to further enhance the identification, measurement, and evaluation of the actual and potential impacts of material topics, including direct and indirect, intended and unintended, as well as positive and negative impacts, in order to continuously improve information transparency and reporting completeness.

ADHERENCE TO GRI

The report, TSU's Sustainability Report of 2025, is reporting with reference to the GRI Universal Standards 2021. The significant impacts were assessed and disclosed with reference to the guidance defined in GRI 3: Material Topic 2021 and the relevant 200/300/400 series Topic Standard related to the material topics claimed in the GRI content index. The report has properly disclosed information related to TSU's contributions to sustainability development.

For future reporting, TSU is encouraged to strengthen the linkage between positive and negative impacts and management actions, while enhancing the clarity and traceability of objectives, targets, and indicators. TSR is also encouraged to further disclose medium- and long-term objectives for material topics using more quantitative and trackable approaches to enhance transparency, and to continue progressing toward reporting in accordance with the GRI Standards 2021.

Signed:
For and on behalf of SGS Taiwan Ltd.



AA1000
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000-8/V3-46MWT

Stephen Pao
Business Assurance Director
Taipei, Taiwan
02 June, 2026
WWW.SGS.COM

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