

2023 Sustainability Report

Inherit the papermaking craftsmanship
Sustain the ecological environment and
prosper together



中華紙漿
Chung Hwa Pulp

About this Report

GRI 2-2/2-3/2-4/2-5/2-22

This is the 10th Sustainability Report of Chung Hwa Pulp Corporation (hereinafter referred to as “CHP”) For years, CHP has fully adhered to the principles of ESG (Environmental: being environmentally friendly & promoting circular economy; Social: employee well-being and co-prosperity with the environment; Governance: integrity and fairness) and steered toward achieving sustainability with Net-zero carbon emissions as the final goal. This report describes in detail the ESG-related efforts and achievements of CHP. We hope that the Sustainability Report enables all our stakeholders to better understand and build greater trust in our performance and practices in ESG and sustainability.

Report Writing Principles

Organization	Standard
Global Reporting Initiative, GRI	GRI Sustainability Reporting Standards 2021 Edition
AccountAbility firm	AA1000 AccountAbility Principles: AA1000AS v3, AA1000AP 2018
International Organization for Standardization (ISO)	ISO 26000 Guidance on Social Responsibility
The United Nations (UN)	United Nations Global Compact (UNGC)
Forest Stewardship Council (FSC)	The FSC Standards
International Accounting Standards Board (IASB) International Sustainability Standards Board (ISSB)	International Financial Reporting Standards (IFRS)
Financial Stability Board (FSB)	Task Force on Climate-Related Financial Disclosures (TCFD)
Sustainability Accounting Standards Board (SASB)	SASB Standards—Pulp & Paper Products Version 2023-12

Date of Issue and Reporting Cycle

In accordance with the Taiwan Stock Exchange Corporation’s Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies, CHP’s Sustainability Report is published in August every year and is available on the company’s website.

- Previous issue (2022): June 2023
- Current issue (2023): August 2024
- Next issue (2024): August 2025

Scope and Boundaries

The report discloses information relevant to CHP for the year 2023 (from January 1, 2023 to December 31, 2023), including management guidelines, material issues, and performance outcomes. The reporting scope includes environmental, social, and economic issues. The reporting boundary includes our Taipei Headquarters, all operational sites of CHP, production plants (the Kaohsiung Jiutang, Hualien, Taitung, and Taoyuan Guanyin plants), and overseas subsidiaries (Guangdong Dingfeng Pulp and Paper Co., Ltd., Zhaoqing Dingfeng Forestry Co., Ltd., and Guizhou Yuanfung Pulp and Paper Co., Ltd.). There were no significant changes in the organization's size and structure during the reporting period. If any information has been restated within specific sections, it will be noted in the relevant paragraph or below the charts. For more detailed information regarding affiliated companies, please refer to CHP's "2023 Annual Report."

Cover Story

People-Oriented, Integrity in Business

Chung Hwa Pulp has been deeply rooted in the community for decades, upholding the philosophy of "taking from society, giving back to society." Over the years, the company has actively promoted science education and environmental awareness in rural areas. Examples include the CHP Charity Cup, Yuan Tseh Science Camp, Tamkang University's Chemistry Outreach Program, and the Dream Fulfillment Project. These initiatives aim to narrow the urban-rural gap and improve community well-being. In the future, the company will continue to expand the depth and breadth of its social services.

In terms of business operations, CHP adheres to principles of integrity, fairness, and transparency, while also emphasizing employee rights and development. The company embraces diverse talent and promotes sustainable corporate development.

Review and Verification

The report has been third-party verified by the British Standards Institution (BSI) in accordance with the GRI Sustainability Reporting Standards, AA1000AS v3 Assurance Standard, and the Sustainability Accounting Standards Board (SASB). The verification results indicate that the report meets the requirements of the GRI Sustainability Reporting Standards 2021 Edition and AA1000 Type 1, Moderate level assurance.

Contact Information

For more information, please visit the official websites of CHP (<http://www.chp.com.tw>) and parent company Yuen Foong Yu Investment Holding Co., Ltd. (“YFY”; <http://www.yfy.com.tw>).

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CHP Website



CHP YouTube

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Message from the Chairman

GRI 2-22

Greetings to all supporters of Chung Hwa Pulp!

The outbreak of the Russia-Ukraine war in 2022 impacted wood supply, causing wood chip prices to surge. Since 2023, pulp prices have shown a gradual downward trend, alleviating cost pressures on the paper industry. However, raw materials with the natural fiber characteristics remain rare and valuable within the global supply chain, and the long-term trend of rising prices is unlikely to change. Despite these extreme fluctuations, CHP remains committed to its responsible and sustainable procurement policy, continuing to operate steadily.

AI Smart Production Enhances Paper-Making Efficiency and Creates Carbon Reduction Benefits

CHP possesses over 30,000 hectares of forest carbon sink resources across Taiwan and China. As Taiwan's only fully integrated forestry, pulp, and paper company—from afforestation to paper production—CHP continues to leverage new technologies to improve paper-making efficiency and optimize paper quality. CHP's Jiutang Plant has introduced the "Automatic Virtual Metrology (AVM) System," using AI model analysis and prediction to oversee the entire production process, enhancing efficiency and generating carbon reduction benefits. Last year, the plant was honored with two prestigious awards from Harvard Business Review: the "Smart Manufacturing Model Award for Large Enterprises" and the "ESG Special Award," becoming the first paper company to receive such recognition, marking a new milestone in smart paper manufacturing.

Circular Economy: Advancing Green Energy and Leading the Wave of Sustainability

In a world where global initiatives emphasize environmental coexistence and corporations strive for sustainable development, energy conservation and carbon reduction have become basic requirements.

However, for businesses to thrive amidst the sustainability wave, they must embrace renewable energy and enhance their value through innovative technologies. CHP continues to pioneer new eco-friendly approaches across materials, processes, products, and services.

In terms of green energy application, CHP follows its carbon reduction pathway, gradually reducing the use of fossil fuels, expanding investments in biofuels, and utilizing more recycled materials as alternative fuels. In 2023, CHP achieved a 7% reduction in carbon emissions compared to the baseline year, with renewable energy accounting for 29.2% of its energy input. Moving forward, we will continue to explore diverse renewable energy sources and implement smart energy management. Each plant leverages local advantages and equipment to integrate biomass and solar power into renewable energy generation. Additionally, CHP supports the government's efforts to recycle agricultural and forestry residues, transforming them into bioenergy fuels and organic fertilizers, thus creating a sustainable circular system and becoming a practitioner of net-zero carbon emissions.

CHP has launched the "CircuWell All-Paper Recyclable Container" series, which has steadily entered both domestic and international markets. These containers are waterproof, oil-resistant, and heat-sealable, and can be directly recycled with general paper waste after use. The products meet the three primary goals of reducing plastic, carbon, and waste. Additionally, CHP's Guanyin Plant produces low-carbon "kraft paper tape" made from recycled fibers, providing an eco-friendly packaging option for the rapidly growing e-commerce and packaging markets. CHP has also developed a heavy metal-free paper mulch for farmland use, which, when paired with organic fertilizers, fosters sustainable agriculture with a high carbon storage capacity.

Community Engagement: Promoting Science Education and Deepening Roots in Rural Hualien and Taitung

CHP has been deeply rooted in local communities for over 50 years, adhering to the philosophy of "giving back to society." The company has long been committed to caring for local communities, actively

serving as a supportive and positive force in social development. For many years, CHP has focused on science and environmental education, particularly in areas geographically connected to its plants, such as Kaohsiung, Hualien, and Taitung. The company is dedicated to promoting educational accessibility, ensuring effective resource distribution, and bridging the urban-rural gap. In the future, CHP will continue to work with various public welfare organizations, expanding the scope and depth of its social services to further benefit society.

People-Oriented Approach: Creating a Friendly Workplace and Ensuring Sustainable Operations

Integrity, fairness, and transparency are the core principles guiding our operations. We continuously enhance customer service, take full responsibility toward our shareholders, and reward the trust investors place in us by creating maximum value for shareholders, employees, customers, and all stakeholders. Upholding the "People-Oriented" philosophy, we prioritize employees' rights and development, implement competitive compensation and benefits, and attract diverse and cross-disciplinary talents, all while ensuring the sustainability of our operations. We strive to help employees achieve a balance between work and life, fostering a friendly and safe work environment.

Sustainable development has always been CHP's primary focus, with the "3R" (Recycle/Reclaim/Regenerate) circular strategy at its core. We are committed to the integrated production of forestry, pulp, and paper, taking one step at a time toward realizing a new circular economy blueprint. Looking to the future, CHP will continue to adhere to sound business principles while advancing toward three

key goals: smart low-carbon manufacturing, zero-waste circular economy, and the development of diverse green products.

Finally, I would like to express my gratitude to all CHP employees for their hard work and to all our supporters for their invaluable contributions. As we look ahead to the new year, filled with numerous challenges and opportunities, let us work together to continue the company's governance, environmental, economic, and social efforts, all grounded in the United Nations Sustainable Development Goals (SDGs) and fully committed to realizing our ESG vision of sustainability.

Let this be a shared encouragement to us all! Thank you, and best wishes to everyone!

As the sole integrated forest-pulp-paper enterprise in Taiwan, CHP aspires to be more than a supplier of green products; we also strives to be a provider for climate change solutions. On our path to sustainability, we are committed to building a "Carbon Sequestration" industrial chain with carbon neutrality as our cornerstone.

Kirk Hwang
Chairman




Sustainability at Chung Hwa Pulp



Chung Hwa Pulp
Corporation

2012

- CHP merged with the Paper and Paperboard Division of YFY Inc.
- CHP received the Award of Excellence in Energy Conservation from the Bureau of Energy, Ministry of Economic Affairs, and the Taiwan EPA's Energy Conservation and Carbon Reduction Action Mark.

2014

- CHP was given an Excellent rating by the Taiwan EPA in Voluntary GHG Reductions Performance and an Excellent rating in Green Procurement Performance.

2015

- CHP published the company's first Corporate Social Responsibility Report.

2016

- The Company re-elected the 17th Board of Directors and Independent Directors, and set up the first Audit Committee to enter a new era of corporate governance.
- Received the AREA (Asia Responsible Entrepreneurship Awards) award under the category of Green Leadership.

2017

- The forestry land of a subsidiary, Zhaoqing Dingfung Forestry Co., Ltd., officially passed the SGS certification in China and obtained the FM/CoC certificate from the FSC (Forest Stewardship Council).
- Received the TCSA awards: Top 50 Sustainability Comprehensive Performance and Taiwan Sustainability Report Bronze Award (Manufacturing).
- Signed and published the Forest and Pulp Sourcing Policy, Green Procurement Policy and Human Rights Declaration.

2018

- The non-fluorescent process was applied for all products.
- The Company successfully developed the Easy Straw Paper and non-fluorescent cultural paper.
- Received the TCSA - The Growth Through Innovation Award.
- Received EcoVadis Silver Rating for sustainability.



2020

- CHP purchased land and manufacturing facilities in Taoyuan Kuanyin Industrial Park to build a production base for non-plastic materials. At the Kuanyin Plant, the CircuWell product series, a non-plastic all-paper recyclable solution, was developed by drawing on the concept of circular economy.
- CHP won AREA's Circular Economy Leadership Award.

2019

- Subsidiary Guangdong Dingfung Pulp & Paper Co., Ltd. established Zhaoqing Xinchuan Green Technology Co., Ltd. to develop environmentally friendly processing technology for process waste.
- Signed and published the Forest and Pulp Sustainability Policy, Corporate Governance Policy and Integrity Management Policy.

2021

- CHP won the 30th Taiwan Excellence Award, the most prestigious award for products made in Taiwan and Taiwan Excellence Silver Award.
- CHP won TCSA's Taiwan Sustainable Action Award- Gold Medal of Sustainable Consumption and Production, and the Corporate Sustainability Report Bronze Award.
 - CHP won the Asia Pacific Enterprise Awards (APEA) - Inspirational Brand Award.
- Established Guizhou Yuan Fung Forestry Co., Ltd., CHP dedicated to afforestation and reforestation to expand forest operation and management, enhancing carbon sequestration and carbon reduction benefits.

2022

- CHP Won the 6th Taipei Golden Eagle Microfilm Festival - The Top 10 "Sustainability Microfilm of the Year"
- CHP Won 2022 AREA Circular Economy Leadership Award & APEA Corporate Excellence Award.
- CHP Won the TCSA's Top 100 Taiwan Corporate Sustainability Awards and the Corporate Sustainability Report Silver Award.

2011

- Eight CHP products were awarded the Taiwan EPA Green Mark ecolabel.

2010

- Received the PEFC-CoC certification for the kraft hardwood bleached pulp and cultural paper; also received a product carbon footprint certificate for the Paper Star printer paper.

2009

- Received the FSC-CoC certification for the cultural paper.

1968

- Officially established the Company; initiated the construction for the Hualien mill.

1970

- Began trial at the Hualien mill.

1975

- The Company was stock listed [1905].

1978

- The production capacity of the Hualien mill was expanded to 120,000 tons of bleached pulp annually. It was officially put in production in 1980.

1996

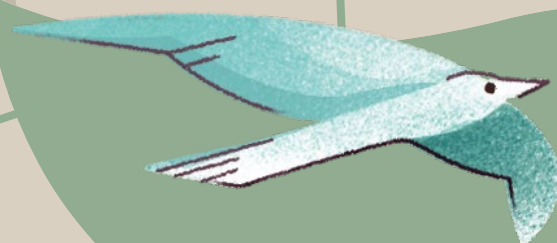
- Certified by ISO 9002, an international quality assurance certification.

2000

- Invested in Guangdong Dingfung Pulp & Paper Co., Ltd.
- Certified by ISO 14001, an international quality assurance certification.

2006

- Founded Zhaoqing Dingfung Forestry Co., Ltd. in Guangdong Province, China.



Awards and Recognition

2023

- Awarded Best Environmental Resource Microfilm at the 7th Taipei Golden Eagle Microfilm Festival
- Awarded Gold Prize at the 7th Taipei Golden Eagle Microfilm Festival
- Awarded Golden Pin Design Mark in the Integrated Design category by the Taiwan Design Research Institute
- Awarded Top 100 Sustainable Model Companies at the 16th TCSA Taiwan Corporate Sustainability Awards
- Awarded Silver in Category 1 for the Paper Industry Sustainability Report at the 16th TCSA Taiwan Corporate Sustainability Awards
- Chung Hwa Pulp's Jiutang Plant awarded the Harvard Business Review - Model Award for Manufacturing Industry and ESG Special Award
- Hualien Plant awarded by the Industrial Development Bureau of the Ministry of Economic Affairs as an Outstanding Factory for Greenhouse Gas Reduction in 2023
- Recognized by the Occupational Safety and Health Administration of the Ministry of Labor as a Top 10% Outstanding Company for proactive performance in occupational health and safety indicators in the 2023 Corporate Sustainability Report Disclosure
- Recognized by the Ministry of Environment as an Outstanding Unit for Green Procurement by Private Enterprises and Organizations






International Rating

CDP Climate Change and Water Security Management "Double B" Leadership-Level Company		Corporate Sustainability Assessment		Audit - Excellent Grade	
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Sustainability Award and Recognition

	TCSA's the Corporate Sustainability Report Silver Award		TCSA's Top 100 Taiwan Corporate Sustainability Awards		Harvard Business Review - Model Award for Manufacturing Industry and ESG Special Award
Taiwan Design Research Institute Golden Pin Design Mark in the Integrated Design category		The 7th Taipei Golden Eagle Microfilm Festival "Best Environmental Resource Microfilm", "Gold Prize"			

Governmental Official Rating

"Top 10% Outstanding Company for proactive performance in occupational health and safety indicators", Occupational Safety and Health Administration of the Ministry of Labor		The "Outstanding Greenhouse Gas Emission Reduction Company Award", Industrial Development Bureau of the Ministry of Economic Affairs		"The Environmental Excellence Award", Ministry of Environment, Executive Yuan.	
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Green Certification

	Forest Stewardship Council		Programme for the Endorsement of Forest Certification		Product Carbon Footprint Label
DINCERTCO		Biodegradable Products Institute, BPI		Seedling Mark	
	Australasian Bioplastics-Industrial Compostable verification programme		Australasian Bioplastics-Home Compostable Verification Programme		Type II GreenMark

Consistent Award Wins

- Awarded 10 times by the Environmental Protection Administration, Executive Yuan, as an "Outstanding Unit for Green Procurement" (2001-2005, 2007-2008, 2020-2022)
- Awarded for 6 consecutive years by the Environmental Protection Administration, Executive Yuan, as an "Outstanding Adopted Unit of Air Quality Purification Zones" (2017-2022)
- TCSA Taiwan Corporate Sustainability Awards (2017, 2018, 2021-2023)



CHP General Manager Mr. Chen and Jiutang Plant Manager Mr. Chen were awarded the Harvard Business Review 'Ding Ge Award for Excellence in Manufacturing and ESG Special Award'.

Sustainability & Corporate Governance

7

Board Members

Including

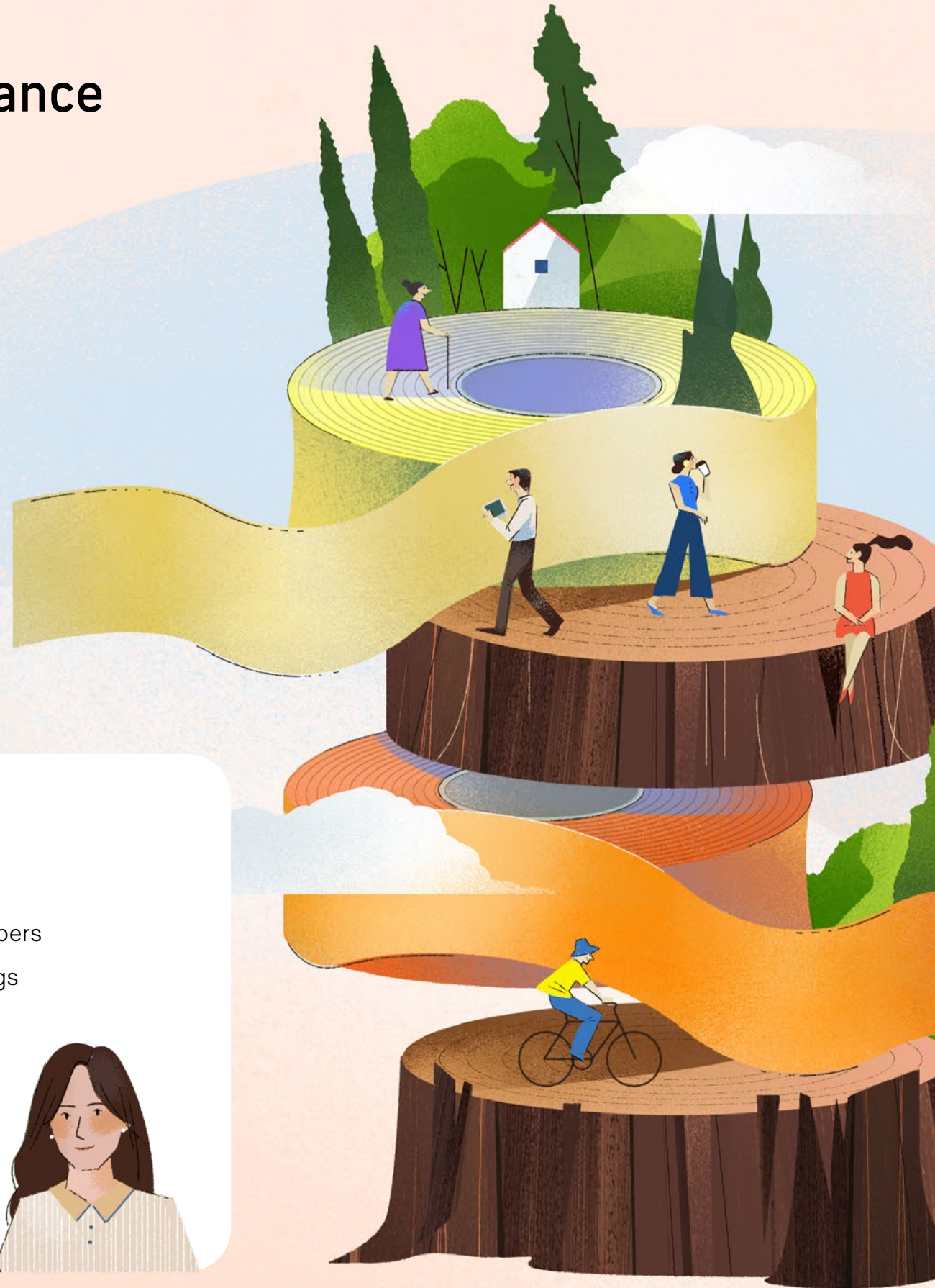
3

Independent Members

2

Female Members

100% participation of board meetings



Implementation of **TCFD** (Task Force on Climate-related Financial Disclosures) Framework Obtained the **highest-ranked Level 5 Excellence certification** of the third-party assessment of compliance



Adoption of **SASB** (Sustainability Accounting Standards Board)



CDP, Climate Change and Water Security Management **"Double B"**



Leadership-Level Company **EcoVadis**, Global Supply Chain Assessment

Ranked Top 21~35% in 2022 TWSE Corporate Governance Evaluation



21~35%

Sustainability



Sustainable Development Strategy

GRI 2-22/2-14



Core Strategy

Sustainability ensures a balance between environmental, economic, and social objectives and facilitates the longevity of corporate competitiveness. In response to the complex and ever-changing challenges of the global economy and world markets, we accelerated the transformation of our products, business approaches, and factory management, and integrated upstream, mid-stream and downstream suppliers to recycle used products back into our manufacturing processes to form a complete product cycle. Each cycle not only lowers social costs, but also strengthens connections between industrial development and nature, as we embrace ESG and share the benefits with the environment and all stakeholders.

Sustainable development is the highest common denominator of our corporate operations. Our core policy is built on the R³ sustainable management system. With the “3R cycle” (Recycle\Reclaim\Regenerate) as our core strategy, we are working to develop a production system that integrates the forestry, paper, and pulp manufacturing processes. In the future, CHP hopes to become a global paper and pulp industry leader through its establishment of a streamlined service platform. As a part of our “ECO” business philosophy, we maintain communication with stakeholders and are steadily implementing a new roadmap for circular economy.

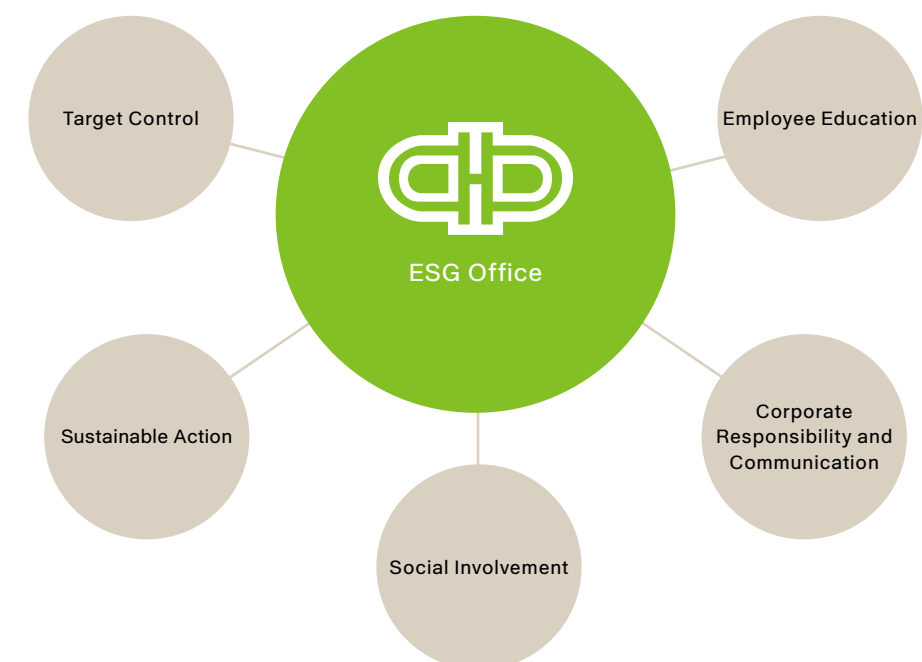


“Co-prosperity in society” is an inherent principle that we abide by to fulfill our social responsibility.

Implementation Principles

With “people” at the core of our values, CHP developed a learning culture to demonstrate the truth, goodness, and beauty of nature and achieve our vision of pursuing knowledge transfer and cultural continuity. We have drawn on the concept of the tree of life to describe the spirit of sustainability in business operations, the product life cycle, and the circularity of energy resources; and emulate the laws of nature to transform raw materials into finished products in a never-ending, infinite loop process that encompasses cultural heritage, communication, education, commitment, harmony, and sustainability.

- Adhere to honesty and integrity in dealings with shareholders, employees, customers, and the general public.
- Obey the rule of law and act in accordance with the law.
- Oppose corrupt and unlawful behavior.
- Emphasize the importance of corporate governance and strive to achieve a balance of interests among shareholders, employees and all stakeholders.
- Care for the well-being of communities and continue to sponsor education and cultural activities.
- Actively conserve energy and reduce carbon emissions to protect earth and the environment.



Stakeholder Engagement

GRI 2-29

Stakeholder Engagement

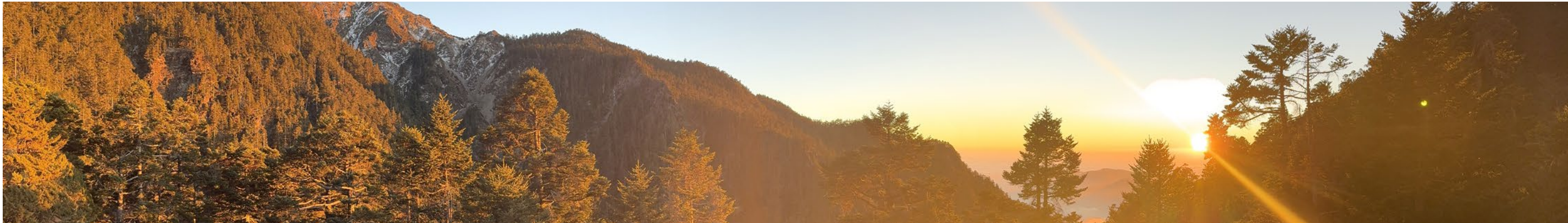
CHP employs multiple communication channels to strengthen its interaction with stakeholders and increase the speed and accuracy of information disclosure. Representatives of business departments and production units are called on to jointly identify stakeholders. A range of channels are used to determine issues of concern, ensure the speedy delivery of operations- and finance-related information, and communicate key issues. These channels include company spokespersons, the Market Observation Post System (MOPS), annual reports, investor conferences, and the company website. In addition, contents related to key issues are posted on the company’s website to facilitate the exchange of opinions and enable stakeholders to stay informed on the current status of CHP.

Stakeholder Identification

CHP’s ESG Office designed stakeholder identification questionnaires based on the five principles of the revised AA1000AP (2018) stakeholder engagement standards: dependency, responsibility, influence, diverse perspectives, and tension. Accordingly, seven categories of stakeholders were identified, namely, the community members, employees, shareholders/investors, customers, suppliers, government agencies, and non-government organizations (NGOs). Issues of concern to stakeholders are addressed by publishing Sustainability Reports and also through the regular use of existing communication channels.



Stakeholder	Issues of Concern	Communication Method/Frequency
Employees	<ul style="list-style-type: none">Occupational safety and healthEmployee rights, diversity, and equalityTalent recruitment, retention, and developmentLabor-management communication	<ul style="list-style-type: none">Employee complaint mailbox/real-timeBoard of supervisor meetings (employee feedback issues)/quarterly (also ad hoc meetings as needed)Meetings of Safety Operations Management Committee/every 2 monthsInterviews with human resources/as neededEmployee Welfare Committee meetings/quarterlyLabor Safety Committee meetings/quarterlyLabor-management meetings/quarterlyCompany newsletter/monthly
Customers	<ul style="list-style-type: none">Green consumption promotion (green products)Product qualityCustomer relations and service	<ul style="list-style-type: none">Customer satisfaction survey/annuallyProduct launch events or exhibitions/as neededMarket research, visits to customers/as neededTechnical analysis or guidance/as neededCustomer Service section on company website/as needed
Suppliers	<ul style="list-style-type: none">Supply chain managementGreen procurementRegulatory compliance (environment, economy, society)	<ul style="list-style-type: none">Meetings by phone, in-person business meetings, email correspondence/as neededSupplier assessments/every 4 months
Shareholders/Investors	<ul style="list-style-type: none">Sustainable operationsRisk management and opportunitiesTechnology innovationsOperational and financial performanceInformation disclosure and transparencyDividend policy	<ul style="list-style-type: none">Investor conferences/quarterlyAnnual general meeting/annuallyDisclosure of financial information on company website/updated as neededMOPS/updated as neededVisits to investors/multiple times yearly
Government Agencies	<ul style="list-style-type: none">Energy managementGreenhouse gas and air pollution managementWater resource managementRegulatory compliance (environment, economy, society)	<ul style="list-style-type: none">Monitoring of regulatory amendments and compliance with government laws/real-timeAudits by government agencies/as neededLabor inspections/regularlyAttendance at policy meetings/as needed
Community	<ul style="list-style-type: none">Community communication and care	<ul style="list-style-type: none">Organization and assistance with community charitable activities/as neededDocumentation of and responses to the opinions of community residents/real-timeVolunteer activities/as needed
NGOs	<ul style="list-style-type: none">Green procurementCommunity communication and careBiodiversity and forest conservation	<ul style="list-style-type: none">Communication with news media/as neededHosting or support of community activities/as needed



Material Issues

GRI 3-1/3-2

To ensure that this report covers issues that are material to sustainable development activity within and outside CHP, we referred to specific topics of the GRI Standards and domestic and foreign industry benchmarks to compile a list of issues that pertain to the company's operations. Each issue was then evaluated by the relevant department representatives to determine its degree of influence on the economic, environmental, and social aspects of the organization, and its degree of influence on stakeholders' evaluations and decisions. In total, 119 questionnaires were retrieved from within and outside of the organization. We examined the degree of impact of each material issue on the organization's internal and external financial, non-financial, strategic integration, and opportunity competitiveness, and scored its impact on stakeholders, responsiveness, and transparency. Material issues were then preliminarily identified and ranked. The perspectives of senior management were integrated to determine the material issues for this year's report. For issues that elicited a high level of concern and were associated with a strong degree of impact, management directives and performance corresponding to such issues were presented in this report, and these issues have been prioritized in our annual planning.

Inclusivity

Identify communication targets
Consolidate sustainability issues

1

2

7 Major Stakeholders

- Based on the AA1000 Stakeholder Engagement Standard (SES), targets with whom communication is engaged were identified to be employees, customers, suppliers, shareholders/investors, government agencies, community, and NGOs.

24 Issues

- Issues were collected from different sources, including international sustainability-related standards and regulations (e.g., GRI Standards, ISO26000, UN Global Compacts, UN SDGs, and SASB), organizational goals, and communications within and outside the organization.

Materiality

Conduct surveys on level of stakeholder concern
Analyze operational impact
Complete materiality matrix

3

4

119 Questionnaires

- Issues in the questionnaire were categorized into six levels of concern.
- Questionnaires were completed by internal/external stakeholders: employees, customers, suppliers, shareholders/investors, government agencies, community, and NGOs (including academic institutions, labor unions, etc.)
- Approximately 119 department heads (grade 6 and above) participated in the ESG questionnaire to analyze the impact on the company's operations.

13 Material Issues

- Through the participation of representatives from various subcommittees of the CHP Sustainability Development Committee, managers, and stakeholders, an impact assessment on sustainability issues was conducted via questionnaires. These results were compared with key topics from sustainability assessments and standards related to the paper industry. Discussions with experts helped identify both negative/positive, actual/potential impacts on relevant issues. The outcome was the 2023 Materiality Analysis Matrix, which will be used to effectively manage the impact of these material topics.

Responsiveness

Determine disclosure boundary
Review disclosure content

5

6

4 Aspects of Concern

- The disclosure boundary included governance, economic, social, and environmental aspects.

Corresponding Standards

- The 13 identified material topics are aligned with the GRI Standards and disclosed according to the reporting requirements of each topic's direction.

Impact

Formulate long-term goals
Assessing influence

7

8

Review/Adjust Goals

- Sustainability Committee members discussed each material issue in separate groups and set development goals.

Monitor Goals and Performance

- Sustainability Committee meetings were held during which the ESG Office presented a progress and performance report.

Significance of Material Issues to CHP

The key issues in CHP’s sustainable development strategy are important to the environment, economy, and society because they are able to create a balance between and the mutual prosperity of people and the environment/society. After several rounds of transformation focusing mainly on business strategy, new product development, risk response, and environmentally friendly practices, the resulting paper applications have decreased the gap between the natural environment and human life. The forestry, pulp, and paper industry has created a cycle that incorporates civilization, nature, and the economy, in a holistic manner. CHP’s ECO philosophy enables us to reimagine our business operations and move toward a circular economic model that exerts a positive influence on all stakeholders. As CHP undergoes transformation, we endeavor to integrate paper products into the daily lives of people, and move society toward low-carbon and sustainable development.



CHP Materiality Matrix (Circle numbers indicate 2023 "Material Topic Ranking")





















Considering international policy trends, industry characteristics, peer experiences, and national regulations, CHP reviewed major considerations and assessed impacts both within and outside the organization, aligning them with the GRI Standards. This process helped define the boundaries for information disclosure and respond to CHP's stakeholders. The 2021 Sustainability Report incorporated the latest GRI Standards, and following a questionnaire evaluation, the 2023 Sustainability Report identifies 13 material topics. This year, "Dividend Policy" was renamed "Corporate Governance," "Green Procurement" was renamed "Sustainable Supply Chain and Green Procurement," and a new topic, "Climate Action," was added.

Material Topic Ranking

Differences	Material Topics	2023 Ranking	Increase/ Decrease
Renaming	Corporate Governance	5	-
	Risk management and opportunities	11	▼
	Technological innovation	13	▼
	Circular Economy	9	▼
Renaming	Sustainable Supply Chain and Green Procurement	10	▲
	Green manufacturing	8	▲
	Green Consumption Promotion (Green Products)	3	▼
	Energy management	1	▲
NEW	Water resources management	6	▲
	Greenhouse gas and air pollution management	2	▲
	Carbon footprint management	4	▲
	Climate Action	12	-
	Occupational safety and health	7	▼

Aspect	Material Topic	Internal Boundary		External Boundary						Impact Identification				Management Approaches
		CHP	Subsidiaries	Share-holders/ Investors	Custom-ers	Suppliers	Govern-ment Agencies	NGOs	Community					
		Degree of Impact and Involvement ● Direct ◎ Indirect ○ Business								Positive	Negative	Actual	Potential	
Governance	Corporate Governance	●	●	●	○	○	◎			V		V		<div><div></div><div>· No major legal violations.</div><div>· Board diversity (including 3 independent directors and 2 female directors).</div></div>
	Risk Management and Opportunities	●	●	●	○	○	◎			V		V	V	<div><div></div><div>· Implementation of the TCFD framework to reduce operational risks through management systems.</div><div>· Risk identification and countermeasures established by the Risk Management Committee.</div></div>
Economic	Sustainable Supply Chain and Green Procurement	●	●	◎	○	○	◎	◎	◎	V		V	V	<div><div></div><div>· Enhanced supplier sustainability resilience and competitive advantage through supplier negotiations.</div><div>· Introduction of sustainable supply chain risk assessment and audit mechanisms to help CHP understand the sustainability aspects of its supplier ecosystem.</div><div>· Strict selection of qualified suppliers; controlled raw material sources to ensure compliance with local government permits and FSC/PEFC certifications.</div><div>· Priority consideration for green-certified products and active response to the government's green procurement policy.</div></div>
	Green Consumption Promotion (Green Products)	●	●	◎	○	◎	◎			V		V	V	<div><div></div><div>· Increased green product sales share in line with net-zero goals.</div><div>· Ensured that CHP provides sustainable products with environmental certifications (e.g., FSC certification, carbon footprint labels).</div><div>· Strict control over raw material procurement, afforestation, and production processes to meet responsible procurement and production certification standards.</div></div>
	Green Manufacturing	●	●	◎	○		◎	◎	◎	V		V	V	<div><div></div><div>· Compliance with national or local environmental regulations and active participation in environmental awards from the gov-ernment.</div><div>· Planning and setting short-, medium-, and long-term energy-saving and carbon reduction goals.</div><div>· Pursuing "zero waste, zero emissions" by recycling resources and reducing emissions.</div><div>· ISO 9001, ISO 14001, ISO 45001, and ISO 50001 management systems implemented in production.</div></div>
	Technological Innovation	●	●	◎	○	◎	◎			V		V	V	<div><div></div><div>· Investment in low-carbon R&D and innovation through industry-academia research, such as developing sustainable materials and creating a fully paper-based recycling supply chain, along with low-carbon tape development.</div><div>· Deepened AI smart transformation to identify technological changes and challenges.</div></div>
	Circular Economy	●	●	◎	○		◎	◎	◎	V		V	V	<div><div></div><div>· Pursuing "zero waste, zero emissions" by recycling all production by-products or using them as raw materials for regenerated materials.</div><div>· Establishing a "Close-Loop" recycling supply chain in collaboration with upstream and downstream industries.</div></div>
Environmental	Energy Management	●	●	◎	○	○	◎			V		V	V	<div><div></div><div>· Promoting energy-saving projects (e.g., equipment upgrades, efficiency improvements, waste heat recovery) to reduce ener-gy consumption.</div><div>· Adoption of low-carbon and renewable energy (e.g., increased investment in biofuels, solar power generation) to reduce carbon emissions.</div></div>
	GHG and Air Pollution Management	●	●	◎			◎	◎	◎		V		V	<div><div></div><div>· ISO 14064 management standards introduced, with annual audits conducted at each plant.</div><div>· Continuous investment in air pollution control equipment and carbon reduction strategies, meeting regulatory emission stan-dards.</div><div>· Domestic carbon taxes will soon be imposed, leading to future carbon tax expenditures.</div></div>
	Climate Action	●	●	◎	○	○	◎	◎	◎	V		V	V	<div><div></div><div>· Internal carbon pricing introduced, with commitments to SBTi science-based carbon reduction targets.</div></div>
	Carbon Footprint Management	●	●	◎	○	○	◎	◎		V		V	V	<div><div></div><div>· Development of product carbon footprints and environmental labels to meet market trends and customer demands.</div><div>· Monitoring of the EU's carbon border tax and carbon tax policies worldwide to assess CHP's product carbon risks and devel-op corresponding management strategies.</div></div>
	Water Resource Management	●	●	◎			◎	◎	◎	V			V	<div><div></div><div>· Following water-saving goals to improve process water recycling rates and reduce water waste.</div><div>· Strengthened management of discharged water.</div></div>
Social	Occupational Safety and Health	●	◎	◎		◎	◎			V		V	V	<div><div></div><div>· No major occupational accidents, leading to positive external evaluations and awards, enhancing the company's image and recruitment effectiveness.</div><div>· Occupational safety and health systems are becoming more comprehensive, with risk control at the source to reduce opera-tional interruptions and earn the trust of customers and investors.</div><div>· A safe workplace trusted by employees, enhancing productivity and work quality.</div><div>· Established an occupational safety and health platform to specialize and dedicate efforts to implementing occupational safe-ty and health management policies.</div></div>

Note: In accordance with GRI Standard requirements, the impact boundaries of GRI-specific topics and their relationship with CHP are described. The impact boundaries consider key stakeholders in the value chain. CHP's involvement in the impacts is categorized into three levels: whether CHP directly causes the impact, contributes to the impact together with other entities, or is directly linked to the impact through its business relationships.

Aspect	Material Topic	Report Chapter	Corresponding GRI Standards	Objectives	2023 Performance	SDGs Alignment
Governance	Corporate Governance	2. Corporate Governance	GRI 201-1 GRI 205-1	<ul style="list-style-type: none">Enhanced operational transparency and active participation in corporate governance evaluations to protect investors' rights.Annual publication of sustainability reports to maintain communication with stakeholders.Support for global sustainability-related initiatives.Commitment to the core values of integrity in business, strengthening corporate governance, and establishing ethical management mechanisms.	<ul style="list-style-type: none">Consolidated revenue of NT\$20.96 billion.Ranked in the 21-35% range in the Corporate Governance Evaluation of listed companies.Recognized as a "Management" level company with a double B rating in both climate change and water security evaluations by the international Carbon Disclosure Project (CDP).Introduced SASB Sustainability Accounting Standards.Implemented the TCFD Climate-Related Financial Disclosures framework, with an audit rating of "Level 5: Excellent," the highest level.	   
	Risk Management and Opportunities	2.4 Risk Management 2.5 Climate Change Risk Management and Opportunities (TCFD) 3.1 Products and Market 4.5Environmental Investments and Regulatory Compliance	GRI 3-3			
Economic	Sustainable Supply Chain and Green Procurement	3.2 Green Economy 3.3 Green Procurement 3.4 Supply Chain and Customer Service	GRI 204-1 GRI 301-1, 301-2 GRI 414-1	<ul style="list-style-type: none">Established supply chain partnerships and actively participated in government green procurement initiatives and green product environmental label certifications.Conducted customer satisfaction surveys, achieving a satisfaction rate of over 80%.Continued innovation in fiber technology research, developing innovative applications for pulp and paper, with an estimated R&D investment of NT\$110-130 million.Actively engaged in green product environmental label certifications.Achieved over 90% resource recovery and energy generation from incineration of production by-products.	<ul style="list-style-type: none">In 2023, green procurement amounted to NT\$4.1 billion, with FSC-certified wood chips and pulp accounting for 66% of total procurement.Customer satisfaction reached 83% in 2023.	   
	Green Consumption Promotion (Green Products)	3.2 Green Economy	GRI 416-1, 416-2		<ul style="list-style-type: none">Developed sustainable materials, established a fully paper-based recycling supply chain, and advanced low-carbon tape research.Consistently received green product environmental label certifications year after year.	
	Green Manufacturing	4. Green Production	GRI 302-1, 302-3, 302-4 GRI 306-3~5		<ul style="list-style-type: none">Deepened AI-driven smart transformation, winning the Harvard Business Review "Smart Manufacturing Model Award for Large Enterprises" and the "ESG Special Award" in 2023.	
	Technological Innovations	3.1 Products and Market	GRI 3-3		<ul style="list-style-type: none">Invested NT\$178 million in material research and development.	
	Circular Economy	4.4 Resource of Reuse	GRI 306-3~5		<ul style="list-style-type: none">Achieved 99% resource recovery from production by-products and incineration energy, with combustible by-products used as alternative fuels, repurposed into new products, or reused through composting or external recycling channels.	
Environmental	Energy Management	4.1 Energy Management	GRI 302-1, 302-3, 302-4	<ul style="list-style-type: none">Improved energy efficiency and reduced reliance on fossil fuels, with alternative fuels comprising over 30% of the energy mix.Water resource reuse achieved a water recycling rate of over 85% at paper mills.Increased resource reuse rate and reduced waste output, progressing toward a "zero waste" goal.Invested in environmental engineering projects and optimized production equipment efficiency to conserve energy and resources and improve production efficiency.Aligned with government net-zero policies to achieve short-term carbon reduction targets and connected with the SBTi initiative.Strictly monitored non-greenhouse gas emissions to ensure compliance with regulations in the respective jurisdictions of each site.	<ul style="list-style-type: none">30.5% of the energy mix is sourced from alternative fuels, with a continued reduction in fossil fuel consumption.Hualien Plant obtained certification for renewable energy generation equipment, producing 20,000 kWh.CHP's energy-saving projects resulted in a total carbon reduction of 38,660 tCO₂e.Guanyin Plant completed the installation of natural gas equipment, fully replacing heavy oil.	   
	GHG and Air Pollution Management	4.2 Gas Emissions Management	GRI 305-1, 305-2, 305-4, 305-7		<ul style="list-style-type: none">In 2023, greenhouse gas emissions were reduced by 7% compared to the 2018 baseline, achieving the short-term target ahead of schedule (7% reduction by 2025).In 2023, compared to the 2021 baseline, NOx, SOx, and particulate matter emissions were reduced by 12%, 45%, and 29%, respectively.	  
	Climate Action	2.5 Climate Change Risk Management and Opportunities (TCFD)	GRI 201-2		<ul style="list-style-type: none">Invested NT\$116 million in environmental protection initiatives.Introduced internal carbon pricing and committed to SBTi science-based carbon reduction targets.Disclosed climate-related financial information in line with the TCFD framework.	
	Carbon Footprint Management	3.2 Green Economy	GRI 3-3		<ul style="list-style-type: none">Established and continuously planned product carbon footprint labels to meet market trends and customer needs.	
	Water Resource Management	4.3 Water Resource Management	GRI 303-2, 303-3, 303-4, 303-5		<ul style="list-style-type: none">Executed process water recycling while maintaining production and regulatory standards, with paper mills achieving a water recycling rate of approximately 90%.	
Social	Occupational Safety and Health	5.3 Occupational Safety and Health Management	GRI 403-3, 403-4, 403-5, 403-7, 403-8, 403-9	<ul style="list-style-type: none">Strengthened occupational safety education and contractor management systems.Provided a friendly working environment that ensures human rights, health, and safety.Actively participated in government awards and National Workplace Safety and Health Week activities.	<ul style="list-style-type: none">Four CHP plants actively participated in the Ministry of Labor's Occupational Safety and Health Administration's 2023 National Workplace Safety and Health Week activities. The Guanyin and Jiutang plants received the Health Activation Label from the Ministry of Health and Welfare, earning recognition for their achievements.	 

Corporate Governance



Vision	Integrating new paper and pulp applications into everyday activities
Mission	Achieving balance and symbiosis between the environment and society
Business Philosophy	Increasing the value of circular economy and technology
Core Values	Integrity and a people-oriented, innovation-driven culture

About CHP

CHP was founded in 1968 and merged with the paper and cardboard department of YFY Inc. in October, 2012. The Company is committed to becoming a practitioner of net-zero and a circular economy leader. CHP currently owns/operates subsidiaries and factories in China (Guangdong Dingfeng Pulp and Paper, which specializes in integrated paper and pulp manufacturing), Kaohsiung Chiutang (specialty papers), Hualien (integrated papers and pulp manufacturing), Taitung (recyclable eco-friendly papers), and Taoyuan Kuanyin (special fiber materials). As a major paper/pulp manufacturer in Taiwan, the Company mainly engages in the production and sales of pulp, cardboard, printing paper, and specialty papers, as well as value-added products for food safety, health care, textiles, and computer, communication, and consumer electronics. We are also focused on developing the field of fiber materials by introducing biotechnologies and chemical modification technologies, and on improving our environmental practices so that eco-friendly pulp-making methods are adopted, energy is used more efficiently, and waste is more effectively recycled. CHP is a benchmark enterprise in Taiwan’s paper industry with the island’s most comprehensive, integrated line of forestry, pulp, and paper

mills. As an industry leader, we have embraced diversification to deliver outstanding business performance. We pledge to become a role model of net zero carbon emissions for others to emulate, and we will strive to fully realize our sustainability vision by adhering to the principles of integrity, upholding a people-oriented core value system, adopting ESG principles, and incorporating corporate governance, environmental, economic, and social aspects into our operations in accordance with the United Nations SDGs.

Chung Hwa Pulp Corporation	
Date of Establishment	July 5, 1968
Capital	NT\$11 billion
Operating Revenue	NT\$20.96 billion (2023)
Address	12F, No. 51, Chongqing S. Road Sec. 2, Taipei City
Chairperson	Kirk Hwang
General Manager and Spokesperson	Ray Chen, General Manager
Telephone	(02)2396-2998

GRI 2-1/2-2/2-6/2-9/2-28/201-1
RR-PP-000.A/RR-PP-000.B

Production and Service Locations

Taiwan		China	
Location	Nature of Business	Location	Nature of Business
1 Hualien Paper Mill	Integrated Pulp and Paper Mill	8 Syntax Communication Shanghai Representative Office	Service Location
2 Kaohsiung Chiutang Paper Mill	Specialty Paper Mill	9 Shenzhen Jing Lun Paper Co., Ltd.	Service Location
3 Taitung Paper Mill	Recyclable Eco-Friendly Paper Mill	10 Syntax Communication (HK) Ltd.	Service Location
4 Kuanyin Paper Mill	Non-Plastic Materials Production Base	11 Guangdong Ding fung Pulp and Paper Co., Ltd.	Integrated Pulp and Paper Mill
5 Taipei Branch	Service Location	12 Zhaoqing Ding fung Pulp and Paper Co., Ltd.	Reforestation and Afforestation
6 Taichung Branch	Service Location		
7 Tainan Branch	Service Location	13 Guizhou Yuan fung Pulp and Paper Co., Ltd.	Reforestation and Afforestation

Association Memberships

2023					
Association Memberships	member	management role	Association Memberships	member	management role
Taiwan Paper Industry Association	V	Director/Chairman	Taiwan Stock Affairs Association	V	
Taiwan Technical Association of the Pulp & Paper Industry	V	Director	Taiwan Carbon Capture Storage and Utilization Association (TCCSUA)	V	Director
Media Business Association of Taipei	V		TUCA Taiwan-US Carbon Capture, Utilization, and Storage (CCUS) Industry Promotion Alliance	V	
Taipei Paper Commercial Association	V		Chinese National Association of Industry and Commerce	V	
Kaohsiung Industrial Association	V		Taiwan Institute for Sustainable Energy	V	Director
Taichung Paper Commercial Association	V		Taiwan Technical Textile Association	V	Chairman
Tainan Paper Commercial Association	V		Taiwan Institute of Chemical Engineers	V	
Kaohsiung Paper Commercial Association	V		Taiwan Regional Association of Adhesive Tape Manufacturers	V	
Taiwan Acid and Alkali Industries Association	V				

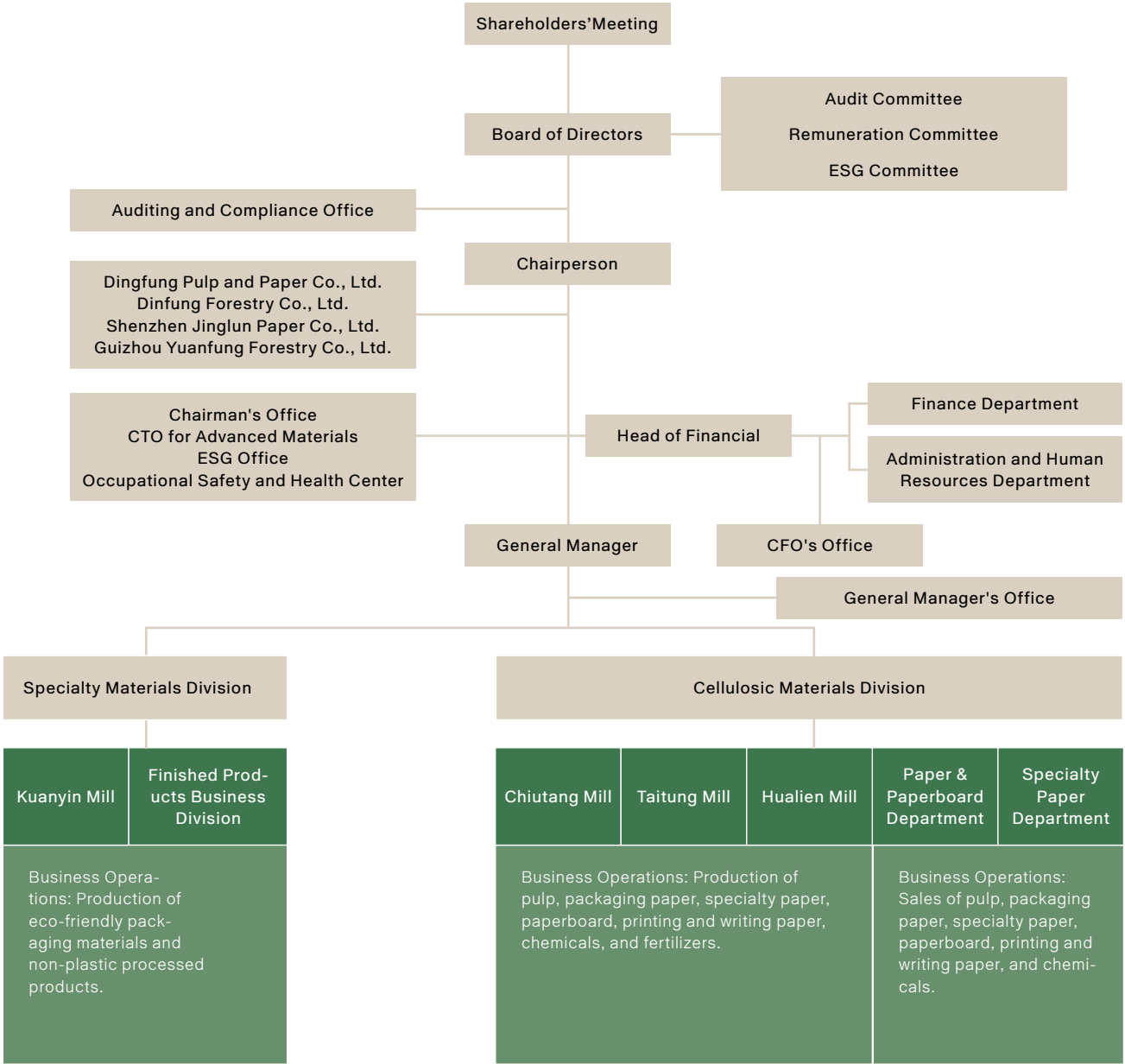
Overview of Affiliates

Name	Date of Establishment	Address	Paid-In Capital (NT\$ Thousand)	Main Business or Production Items
CHP INTERNATIONAL (BVI) CORP.	March 15, 1990	Citco Building, P.O.BOX 662, Road Town, Tortola, British Virgin Islands	US\$61,040	Investment
Hwafeng Investment Ltd.	February 4, 1994	12F, No. 51, Chongqing S. Road Sec. 2, Taipei City	NT\$36,000	Investment
Genovella Renewables Inc.	August 30, 2010	No. 100, Guanghua St, Ji'an Township, Hualien County	NT\$14,000	Fertilizer, retail sale of food products and groceries, growing of crops etc., refractory materials manufacturing, cement and concrete products manufacturing, wholesale and retail sale of building materials and refractory materials, manpower services, wholesale and retail sale of chemistry raw materials
Guangdong Ding fung Pulp and Paper Co., Ltd.	August 18, 2000	Shouyue Village, Nanjie Town, Guangning County, Zhaoqing City, Guangdong Province	US\$85,630	Production and sales of pulp, writing and printing paper, and wood-free paper
Zhaoqing Ding fung Pulp and Paper Co., Ltd.	April 1, 2006	Shouyue Village, Nanjie Town, Guangning County, Zhaoqing City, Guangdong Province	US\$21,880	Cultivation and sale of seedlings, afforestation, logging, and sale and processing of timber
Shenzhen Jing Lun Paper Co., Ltd.	June 24, 2008	Rm. 1705, 17F Tongxing Building, No. 5020, Binhe Boulevard, Futian District, Shenzhen City, Guangdong Province	RMB3,200	Paper sales and import/export of goods or technology
Syntax Communication (HK) Ltd.	May 31, 1985	2F, Sha-Tin Industrial Building, No. 22-28, Wo Sui Street, New Territories, Hong Kong	HK\$34,088	Trade, printing, and sales of paper products, and management of paper and associated businesses
Zhaoqing Xinchuan Green Technology Ltd.	September 19, 2019	Shouyue Village, Nanjie Town, Guangning County, Zhaoqing City, Guangdong Province	RMB2,000	Environmental protection equipment and technology R&D; construction of wastewater, waste gas, noise, solid waste treatment facilities; solid waste treatment and water purification projects; installation and operation of environmental protection equipment; environmental technology consulting; sale of environmental protection equipment and chemical raw materials; import/export of goods and technology
Guizhou Yuan fung Pulp and Paper Co., Ltd.	December 3, 2021	Room 4, 1F, Zone B, Qiandao Lake Hotel, Wuxing Village, Longping Town, Luodian County, Qiannan Buyei and Miao Autonomous Prefecture, Guizhou	RMB33,000	Cultivation and sale of seedlings, afforestation, logging, and sale, processing, and transportation of timber and other forest products

Organizational Structure

The Board of Directors is CHP's highest governing body. The Chair of the Board of Directors plays a vital role in helping the company to identify and manage economic risks, the ever-changing risk environment faced by the company, risk management focuses, risk assessments, and countermeasures. The Company's Board of Directors is committed to integrating and managing all potential strategic, operational, financial and critical risks that may affect operations and profitability in a proactive and cost-effective manner. A unit in charge of corporate governance has been established within the organization, and a Chief Corporate Governance Officer with more than 3 years of experience in finance and management has been appointed to oversee the unit. The Chief Corporate Governance

Officer works in conjunction with staff members from the CFO, Legal, Stock Affairs, Accounting, Auditing, and ESG Offices to handle corporate governance, including matters related to board meetings and shareholders meetings, assisting in the continuing education of directors, furnishing information required by directors for business execution, and assisting directors with legal compliance, as well as other matters set out in the Articles of Incorporation or contracts, and establishing rules and procedures for board of directors performance assessments. The board members have completed the required sustainability-related training hours within the designated timeframe. The information regarding the training courses is disclosed on page 30 of the 2023 CHP Annual Report.



Overview of Operations

In 2023, CHP's consolidated net revenue reached approximately NT\$20.96 billion, representing a decrease of about NT\$2.69 billion from NT\$23.65 billion in 2022. The company recorded a net loss of approximately NT\$570 million attributable to the parent company for 2023. Despite the post-pandemic global economic uncertainties in 2023, CHP remains committed to enhancing product quality, stabilizing raw material sources, prices, and supplies, expanding product applications, and improving services to boost market competitiveness.

2023 Major Business Operation				
	Production(MT)	Local (MT)	Export (MT)	Subtotal (MT)
Pulp	368,660	63,829	77,063	140,892
Paper	383,800	177,127	229,041	406,167
Paper-board	116,618	115,877	28,956	144,833

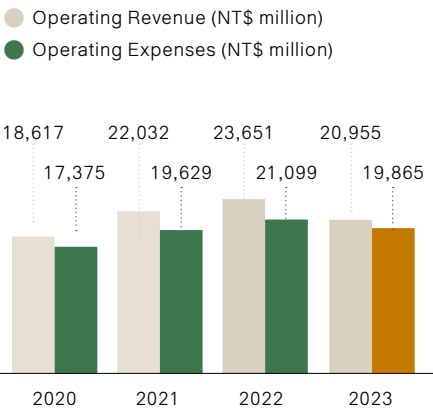
2023	
Direct Economic Value (NT\$ thousands)	
Operating revenue	20,955,451
Distributed Economic Value (NT\$ thousands)	
Operating Costs ^{Note1}	17,960,414
Employee Compensation and Benefits	2,137,540
Payments to Shareholders	561,994
Payments to Government	1,114
Community Investment	8,806
Retained Economic Value (NT\$ thousands)	
285,583	

Note 1: The definition of operating costs in this table differs from that in the income statement of the annual report. In this table, employee salaries and benefits are listed separately, so the operating costs must exclude factory employee salaries.

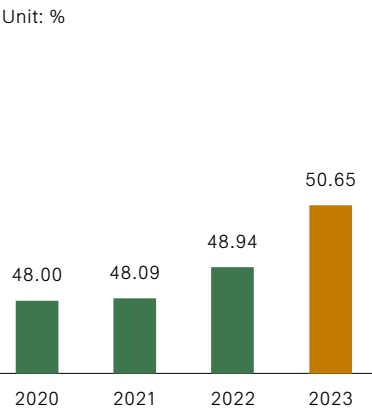
Financial Summary (Year)

Item	2020	2021	2022	2023
Operating revenue (NT\$ thousands)	18,616,694	22,031,850	23,651,129	20,955,451
Number of Employees (people)	2,614	2,723	2,865	2,862
Sales per employee (NT\$ thousands)	7,122	8,091	8,307	7,312
Total assets (NT\$ thousands)	32,670,233	33,968,456	35,429,171	35,429,227
Current liabilities (NT\$ thousands)	12,035,465	13,203,844	6,343,318	14,362,527
Non-current liabilities (NT\$ thousands)	3,649,014	3,131,048	11,001,243	3,582,806
Equity attributable to shareholders of the parent (NT\$ thousands)	14,784,979	15,469,412	15,784,442	15,165,486
Equity Attributable To Former Owner Of Business Combination Under Common Control	-	-	-	-
Non-controlling interest	2,200,775	2,164,152	2,310,168	2,318,408
Capital Stock (in thousands)	11,028,353	11,028,353	11,028,353	11,028,353
Book Value per Share (NT\$ thousands)	13.51	14.23	14.52	13.95
Return on total assets (%)	-0.74	1.61	1.89	-1.03
Return on equity (%)	-2.09	2.68	3.02	-3.12
Pre-tax income to capital (%)	-2.75	4.76	4.94	-6.34
Profit Margin (%)	-1.68	2.1	2.28	-2.65
Earnings per share, EPS (NT\$)	-0.18	0.45	0.41	-0.53
Cash Dividend (NT\$)	-	0.4	0.3	-
Average Stock Price Per Share	8.8	21.33	18.96	22.40
Price-to-Book Ratio (P/B Ratio)	0.65	1.50	1.31	1.61

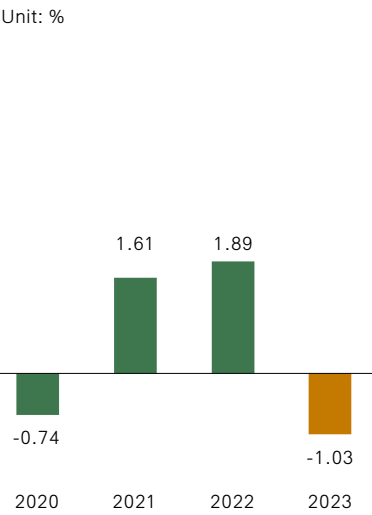
Operating Revenue and Expenses



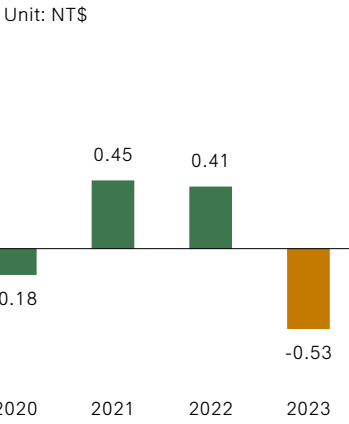
Liabilities to Assets Ratio



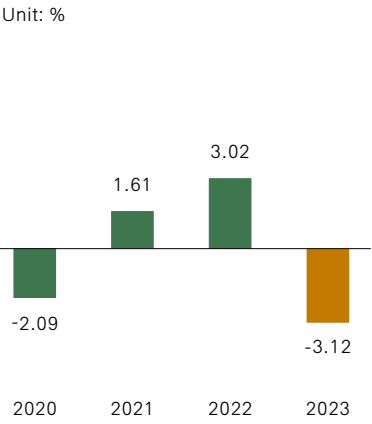
Return on Assets (ROA)



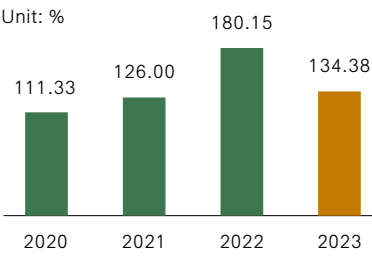
Earnings Per Share (EPS)



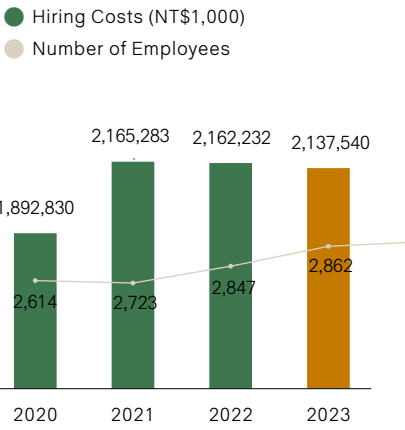
Return on Equity (ROE)



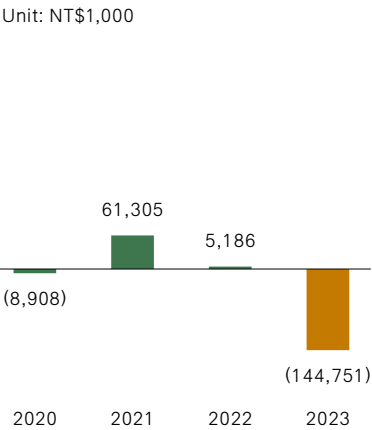
Long-Term Fund to Fixed Assets Ratio



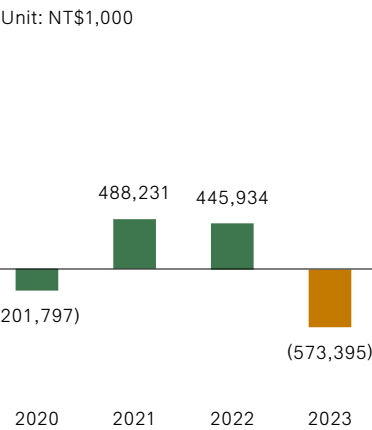
Hiring Costs and Number of Employees



Income Tax



Net Income after Tax



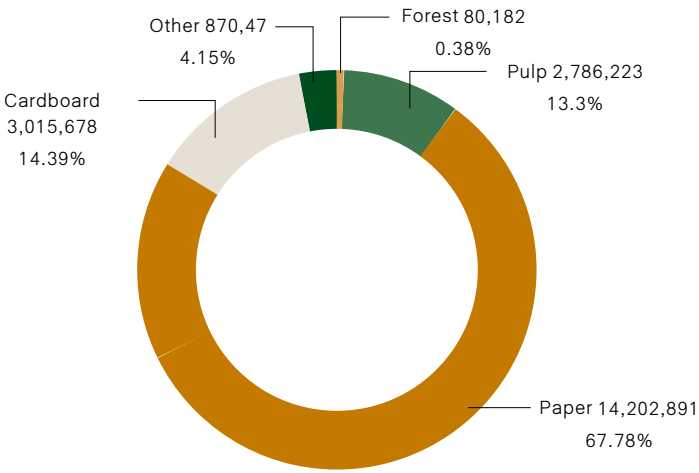
Overview of Affiliates

Unit: NT\$1,000

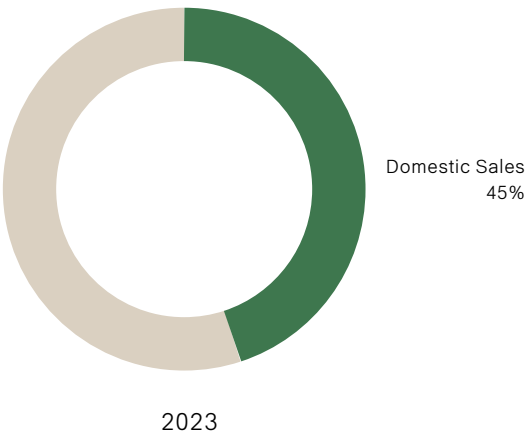
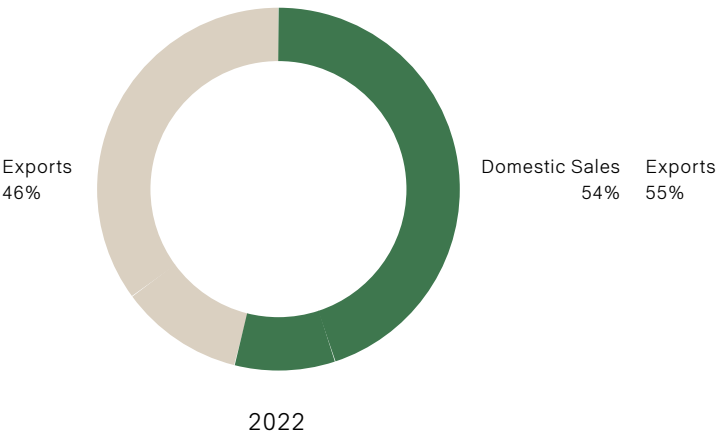
Product	Total Sales in Year 2023 (NT\$ thousands)	(%) of Total Sales
Forest	80,182	0.38
Pulp	2,786,223	13.30
Paper	14,202,891	67.78
Cardboard	3,015,678	14.39
Other	870,477	4.15
Total	20,955,451	100.00

Operating Revenue in 2023

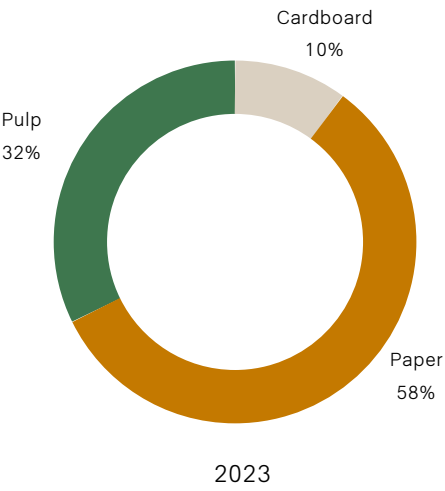
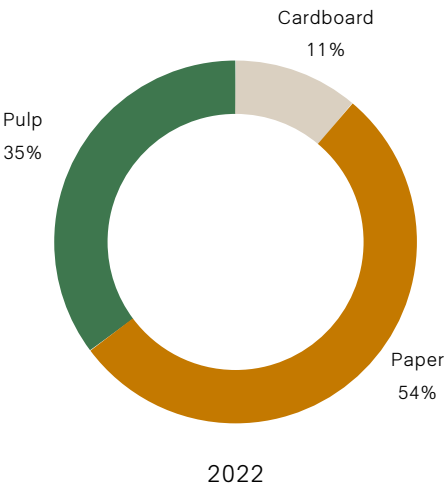
Unit: NT\$1,000



Domestic Sales/Exports in Past 2 Years



Output Distribution in Past 2 Years



Board of Directors

GRI 2-9/2-10/2-11/2-12/2-13/
2-15/2-18/2-19/2-20

As the highest strategic and management body of CHP, the Board of Directors formulates regulations and rules in accordance with relevant laws and regulations and the authority granted by the shareholders meeting, and also oversees implementation results. Apart from improving corporate governance plans, the Board of Directors is also charged with formulating the company's long-term development strategies, shaping corporate culture, and fostering talented executives. The Board of Directors convenes meetings at least once every three months to effectively achieve the aforementioned objectives. In addition, board members take turns attending work discussions with the various department heads. This arrangement not only assists the Board of Directors in gaining a deeper understanding of the company's operational status, but also gives board members the opportunity to ask department heads questions and make decisions accordingly. The Chairman and General Manager track the progress of planning and implementation.

Gender Equality in Board

In the fiscal year 2022, a total of 7 meetings were held, and the attendance rate of directors was 100%. The 19th Board of Directors currently comprises 7 directors, including 4 executive directors and 3 independent directors. Among them, there are 5 male directors and 2 female directors. The company places a strong emphasis on gender equality within the composition of the board members and actively implements gender equality policies to promote increased participation of women in diverse decision-making processes.

The Company adopts a nomination system for the election of Directors. The Board of Directors consists of 7 Directors, including 4 Directors and 3 Independent Directors. Members of the Board of Directors include the Company's senior managers, university

professors, directors of public companies, and managers of reputable global enterprises. Director Kirk Hwang has expertise in materials development and innovation, Director Jean Liu has expertise in energy management and industrial ecosystem management, and Directors Guu-Fong Lin and Ray Chen have years of experience in the paper industry. Independent Director Donald Chang has a solid business management background and extensive experience in global markets. Independent Director Hsiao-Kan Ma is an expert in combustion and conduction in Taiwan who has also conducted in-depth research on renewable energy and the environment. Independent Director Wan-Yu Liu is skilled in environmental issues such as climate change and agricultural and forestry circular economies. The Company is committed to achieving gender equality for its Board of Directors and aims to have 1/3 of its Directors be female.

Board diversity

The current board of directors nomination features three key characteristics: the composition of professional managers, an increased proportion of independent directors from the original 30% to 40%, and the introduction of 2 female directors. It is hoped that leveraging their extensive academic and professional backgrounds, these directors can contribute their relevant experiences to the company's significant operational decision-making and long-term strategic planning. As of now, the board of directors operates in conjunction with the establishment of the audit committee, ESG committee and the Remuneration Committee. Through specialized roles and staggered meeting times, the board's scope is expanded. The board aims to understand the company through various means and enhance its involvement in the company's operations. The goal is to implement effective corporate governance and propel Hua Paper towards becoming an exemplar in industry governance.

Members of the Board of Directors

Diversification Name	Gender	Staff	Age			Accounting and financial analysis	Transnational operations	Paper industry	Material research and development	Risk management
			< 50 years old	50-70 years old	70 and above					
Kirk Hwang	Male				V	V	V	V	V	V
Jean Liu	Female			V		-	V	-	-	V
Guu-Fong Lin	Male	V			V	V	V	V	-	V
Ray Chen	Male	V		V		※	V	V	※	V
Donald Chang	Male				V	V	V	-	-	V
Hsiao-Kan Ma	Male				V	※	※	-	-	V
Wan-Yu Liu	Female		V			V	-	V	-	V

*Indicates partial capability.

Employee, Director, and Supervisor Remuneration

Article 31 of the Company’s Articles of Incorporation states that if the Company shall distribute no less than 1% of its fiscal year profits as remuneration for employees and no more than 2% as director remuneration; however, an amount must first be set aside to cover cumulative losses, if any.

Directors’ remuneration may be distributed via cash dividends, and employee remuneration may be distributed as cash or stock dividends. The Board of Directors is authorized to define the qualification requirements for employees (including the employees of subsidiaries of the company who meet certain specific requirements) who are entitled to receive shares or cash. The distribution ratio of directors’ remuneration and the method of distribution and ratio of employee remuneration shall be resolved by a majority vote at a meeting attended by more than two thirds of the directors and shall be reported at the shareholders meeting.

According to CHP's "Remuneration Committee Organizational Regulations," the performance evaluation and remuneration of directors and managers shall be based on industry standards and take into account the rationality of the correlation with individual performance, company operating results, and future risks (the evaluation indicators include both financial and non-financial indicators, as detailed in the table below). Remuneration includes cash compensation, stock options, profit-sharing shares, retirement benefits or severance pay, various allowances, and other substantive incentive measures. The scope of remuneration should be consistent with the relevant regulations on directors' and managers' compensation as stipulated in the "Standards for the Preparation of Financial Reports by Public Companies."

CHP Manager Performance Evaluation Criteria

1.Financial Indicators	2.Non-Financial Indicators		
<div><ul style="list-style-type: none">Operating Profitability.Achievement of Operational TargetsOperational Growth RateProfitability Metrics</div>	<div><ul style="list-style-type: none">Environmental Protection (E)Environmental Sustainability ParticipationEnergy Efficiency in Water ConservationBenefits of Circular EconomyAchievement of Carbon Reduction Targets</div>	<div><ul style="list-style-type: none">Social Responsibility (S)Occupational Safety/Accident-Free IncidentsPrevention of Corruption and Ethical Compliance</div>	<div><ul style="list-style-type: none">Corporate Governance (G)Operational Management CapabilityAchievement of Legal Compliance</div>

Remuneration of the President and Vice Presidents

Unit: NT\$ thousands

Title	shareholding	Salary(A)	Severance Pay (B)	Bonuses and Allowances (C) (Note 1)	Employee Compensation (D) (Note 2)	Ratio of total compensation (A+B+C+D) to net income (%)	Remuneration from ventures other than subsidiaries or from the parent company
	number of shares	Companies in the consolidated financial statements	Companies in the consolidated financial statements	Companies in the consolidated financial statements	Companies in the consolidated financial statements	Companies in the consolidated financial statements	
General Manager	45	9,210	216	9,525	0	3.31	283
CFO	49,132						
CTO for Advanced Materials	-						

Note 1: Includes expenses related to vehicle rental, amounting to approximately NT\$1,157 thousand.
Note 2: Refers to the figures approved by the Board of Directors on March 11, 2024.

Recusals due to Conflicts of Interest

For directors or those who serve as a director of other companies that engage in related businesses or business similar in scope to the business of CHP but whose role has been found to pose no hindrance to their duties and responsibilities at the company, the Board of Directors will submit a proposal at the shareholders meeting to seek approval for removing the non-competition restriction on the directors and the institutional entities they represent. This process serves as a preliminary means of addressing issues of competition and conflicts of interest. If any director or a juristic person represented by a director is an interested party with respect to any agenda item proposed at a meeting of the Board of Directors, the director shall recuse themselves from discussion and voting on that item. The cross-ownership status of other stakeholders or any controlling shareholders and related parties is disclosed on the Market Observation Post System (MOPS) or in the CHP annual report.

Audit Committee

CHP elected three independent directors during the shareholders meeting on June 17, 2022. The Company established the Audit Committee in place of supervisors in accordance with the Securities and Exchange Act. Pursuant to the Audit Committee Charter, the Audit Committee convenes meetings at least once every three months. The committee is responsible for assisting the board of directors in reviewing the company’s financial statements, internal control systems, audit practices, accounting policies and procedures, major asset transactions, and appointments/dismissals of external auditors, finance officers, accounting officers, and internal auditors so as to ensure that the company operates in accordance with government laws and regulations. Effective internal control systems and auditing operations are the cornerstone of sound corporate governance. To maintain an effective internal control system, particularly in the area of risk management and financial and operational control, the Audit Committee regularly reviews reports submitted by internal auditors and assesses the independence of the company’s certified public accountant (CPA), thereby ensuring the utmost integrity in accounting, auditing, and financial reporting. In 2023, the Audit Committee convened four meetings. The attendance rate of independent directors was 100%.

Functional Committees of the Board of Directors

CHP continues to dedicate itself to enhancing corporate governance and ensuring transparency, timeliness, and fairness of financial information. To improve and strengthen the organization’s operational mechanisms, we have established the "Audit Committee," "Remuneration Committee," and "ESG Committee" within the Board of Directors. Additionally, within the company, outside of the Board, we have formed the "Business Development and Strategy Committee" to further strengthen corporate governance operations.

Remuneration Committee

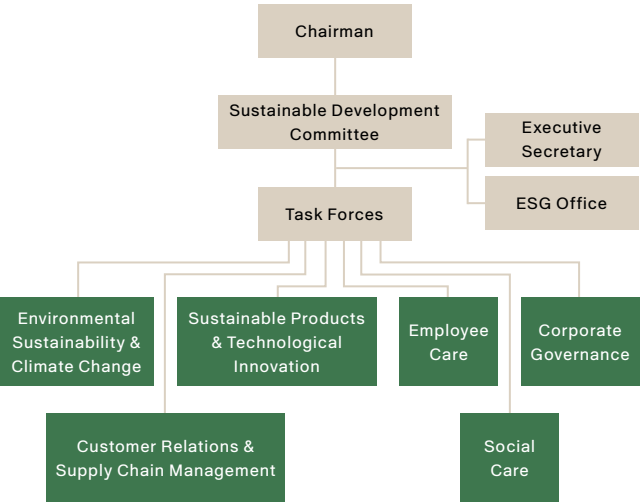
The Remuneration Committee is responsible for reviewing the performance and remuneration policies and system of directors, senior executives, and managers, as well as employee incentives and bonuses. The committee consists of three independent members chosen for their ability to maintain the objectivity, professionalism, and fairness of the committee while avoiding any conflicts of interest with the company.

The Remuneration Committee reviews the company’s remuneration policies and plans on a regular basis to ensure that remuneration is sufficient to attract, motivate, and retain talent. The committee is authorized by the Board of Directors to annually review and resolve remuneration for directors, the CEO, and senior managers, including salaries, bonuses, employee bonuses, employee stock options, and other compensation packages. To ensure that the company’s remuneration is reasonable and remains competitive, the Company regularly commissions professional consultants to conduct an overall comparison and analysis of the company’s remuneration and market rates. The analysis results are duly submitted to the Remuneration Committee. Directors’ remuneration is distributed according to the duties and the independence of the directors and the duties associated with concurrent service as committee convener. Furthermore, the total amount of directors’ remuneration is linked to business performance as a percentage, and there is a cap on the amount, which is reviewed by the Remuneration Committee and must be resolved and approved by the Board of Directors. Pursuant to the Remuneration Committee Charter, the Remuneration Committee convenes at least two meetings every year. In 2023, the Remuneration Committee convened two meetings. The attendance rate of committee members was 100%.

ESG Committee

On November 13, 2023, the company's 19th Board of Directors, during its 8th meeting, approved the establishment of the ESG Committee. The ESG Committee consists of five members, including three independent directors and two board members, with Chairman Kirk Hwang elected as the convener. The responsibilities of the ESG Committee include promoting environmental sustainability policies, planning and implementing resource reuse and continuous improvement programs, communicating and advocating policies, and reporting results to the ESG Committee members.

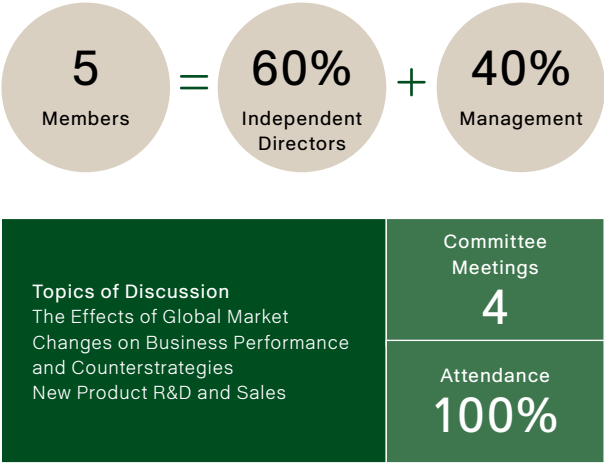
The committee has established six working groups: "Environmental Sustainability & Climate Change," "Sustainable Products & Technological Innovation," "Corporate Governance," "Customer Relations & Supply Chain Management," "Employee Care," and "Social Care." Each group is led by the highest-ranking executive of the respective department, while the ESG Office acts as the executive secretary, assisting with cross-departmental communication, execution, and implementation of sustainability initiatives.



Note: On November 6 and November 8, 2018, the "Corporate Sustainability and Social Responsibility Code" was approved by the Audit Committee and the Board of Directors, respectively, as a guideline for promoting corporate social responsibility and sustainability-related matters. In response to the Financial Supervisory Commission's "Corporate Governance 3.0 Sustainable Development Road Map," CHP renamed the "CSR Office" to the "ESG Office."

Board Performance Evaluations

To improve corporate governance and the performance of the Company's Board of Directors, the Rules for Board Performance Evaluations were approved at the 3rd meeting of the 18th Board of Directors on November 13, 2019 (Revision on November 12, 2020). The 2023 evaluation was conducted through an internal self-assessment, and the results were reported to the company's 19th Board of Directors during its 9th meeting on March 11, 2024. The overall performance evaluation of the "Board of Directors" and the "Functional Committees" for 2023 was rated as "Excellent." This indicates that all directors (including independent directors) provided positive feedback on the efficiency and effectiveness of the operations of the Board, its members, and the functional committees.



Business Development and Strategy Committee

CHP established the Business Development and Strategy Committee on October 19, 2020 to strengthen the company's short-, medium-, and long-term business development strategies and improve business performance. The committee consists of three independent directors and executives, with Chairperson Kirk Hwang as convener. The committee convenes four regular meetings every year, during which progress and performance reports are presented by various task forces. Employees are invited to the meeting as necessary. In 2023, four committee meetings were held, and the attendance rate was 100%.

Evaluation Scope	Evaluation Factors	Indicators	Location
Board as a Whole	A. Understanding of and recommendations for Company operations	45 evaluation indicators	Excellent
	B. Improvements to the quality of the board's decision making		
	C. Composition and structure of the board of directors		
	D. Election and continuing education of the directors		
	E. Internal system		
Individual Directors	A. Understanding of company goals and missions	23 evaluation indicators	Excellent
	B. Director's understanding of their duties and responsibilities		
	C. Understanding of and recommendations for Company operations		
	D. Internal relations management and communication		
	E. Directors' professionalism and continuing education		
Audit Committee	A. Understanding of and recommendations for Company operations	24 evaluation indicators	Excellent
	B. Understanding of duties and responsibilities of the audit committee		
	C. Improvements to the quality of the committee's decision making		
	D. Composition of audit committee and election/appointment of members		
	D. Internal system		
Remuneration Committee	A. Understanding of and recommendations for Company operations	21 evaluation indicators	Excellent
	B. Understanding of duties and responsibilities of remuneration committee		
	C. Improvements to the quality of the committee's decision making		
	D. Composition of remuneration committee and election/appointment of members		

Operations and Governance

📄 GRI 2-16/205-1

Ethics and Integrity

At CHP, we abide by the principles of honesty and integrity in business management. In 2018, the Board of Directors resolved to approve the Corporate Governance Best Practice Principles and Ethical Management Best Practice Principles, faithfully disclosing the company's ethical management policies and methods, which include a prohibition on offering or accepting of any form of improper benefit or of bribery in the guise of charity donations or sponsorships and respect for intellectual property rights and the rules concerning recusal due to conflicts of interest. The rules are explicitly stated in the company's internal regulations, which include the Employment Contract, the Agreement on Integrity, Confidentiality, and Intellectual Property, the Statement of Commitment to the Prevention of Insider Trading, the Employee Code of Conduct, and the Rules of Procedure for Board of Directors Meetings.

In addition, the Employee Code of Conduct clearly states the principles and measures for the prevention of unethical conduct as well as detailed information on disciplinary action and reporting systems. The Company has set up an Unethical Conduct Reporting Mechanism to provide a channel for employees or any whistleblowers with relevant evidence to report financial, legal, or ethical irregularities. Should an employee find or suspect a breach of regulations, he/she must report it immediately to either their supervisor or the functioning head of human resources.

Implementation of Ethical Management

In accordance with the company's Ethical Management Best Practice Principles, CHP has established an Ethical Management Task Force that regularly reports to the Board of Directors. The implementation status of the task force is regularly audited by internal auditors, and the audit report is presented to the Board of Directors. If any director is an interested party with respect to any agenda item proposed at a meeting of the board of directors, the director shall voluntarily recuse themselves. The functions and duties of users of accounting and internal control systems are clearly defined to avoid giving any persons the opportunity to engage in unethical behavior. Internal auditors include personal integrity as a factor in relevant audits.

Awareness courses are scheduled on an irregular basis as part of CHP's in-house training. In addition, new employees must sign the Agreement on Integrity, Confidentiality, and Intellectual Property when they report for duty. To implement the principles of ethical management, our procurement contract explicitly states a zero tolerance rule for the offering and accepting of bribes, among other unethical conduct, and requires suppliers to sign the Statement of Commitment to Integrity and Honesty.

Regulatory Compliance

CHP continues to monitor domestic and foreign policies and laws that might exert a significant impact on the company's operations, business, and finance. Regulatory compliance is achieved through follow-up assessment, education and training, and an open reporting system. To promote a culture of ethical awareness, we require all employees to be trained in our core values and compliance regime. The Company also announces rules and regulations on issues involving ethics. We also require our stakeholders including suppliers, vendors, and other partners to accept and abide by the same high ethical standards to which we hold all of our managerial officers and employees. For example, we require our major suppliers in Taiwan to declare in writing that they will commit to the principles of honesty and integrity.

Anti-Corruption and Anti-Bribery Policy

CHP has an Employee Code of Conduct in place. We send employees weekly notices to raise their awareness of the company's ethical management policy, and all employees have signed a statement of commitment to ethical management. After the election of directors this year, we plan to have all directors sign these documents. We have developed a Code of Ethics for Employees, which was approved by the Board of Directors. Portions of the code of conduct, particularly the rules concerning anti-corruption and anti-bribery, have long been declared in the company's Work Rules. All of our new suppliers or business partners have been informed of the company's anti-corruption policies, and have signed a statement of commitment to honesty and integrity, so as to eliminate any fraudulent conduct in procurement transactions.

New employees(100% Employee Sign-off) are informed of the company's anti-corruption policies by the Human Resources and Administration Department, and are required to sign an agreement on integrity and honesty. Should the company obtain proof of corruption, we convene a meeting with the ombudsman committee and take disciplinary action according to the materiality of the event and the position of the parties involved. If a corruption incident involves a criminal offence, the company's legal officers will forward the case to a court of justice for subsequent handling. CHP conducts corruption risk assessments covering all operational sites. In 2023, no major corruption incidents were identified. For a long time, anti-corruption has been a core value and a key objective of Chung Hwa Pulp.

Privacy Protection

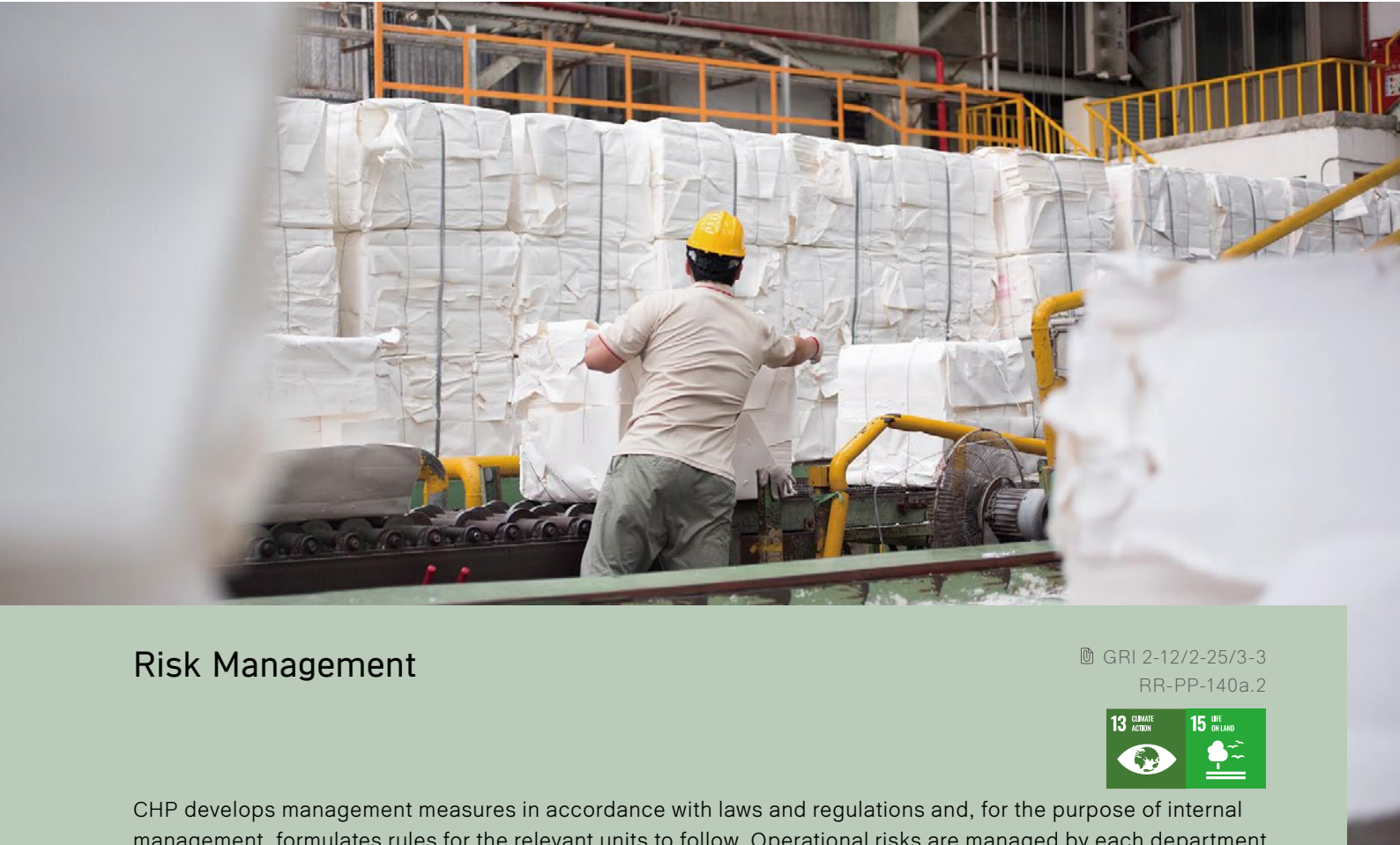
Trade secrets in business dealings are protected. Any data containing personal information are also protected under the Personal Data Protection Act and other laws and regulations. Confidentiality rules must be strictly adhered to in the protection of customer privacy. Apart from the signing of confidentiality agreements, internal management mechanisms are employed to reinforce customer privacy protections. Employees sign the Agreement on Integrity, Confidentiality, and Intellectual Property, and are trained in and made aware of relevant topics as needed. Rules for preventing unethical conduct have been formulated, adopted, and implemented.

Information Disclosure

CHP complies with all applicable laws and regulations, the Procedures for Verification and Disclosure of Material Information of Companies with Listed Securities, and the Procedures for Press Conferences Concerning Material Information of Listed Companies. The Company's Chairman discloses material information on MOPS and on the company's website to increase information transparency. Investor conferences are held at least once every quarter. Pursuant to law, relevant information is disclosed on the company's website for investors to access (In 2023, 19 items of material information were published. For access, visit http://www.chp.com.tw/news/list?news_type=4).



News Center



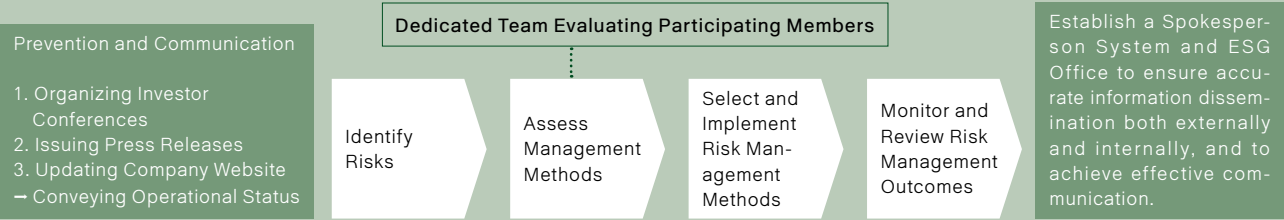
Risk Management

GRI 2-12/2-25/3-3
RR-PP-140a.2



CHP develops management measures in accordance with laws and regulations and, for the purpose of internal management, formulates rules for the relevant units to follow. Operational risks are managed by each department within the scope of its functions. A department’s implementation of and compliance with the rules, systems, and regulations is subject to both regular and special audits by the Audit Office.

Risk Alert Assessment Process Flowchart



Risk Management Framework		
Unit	Business (Function)	Risks
Fibrous Materials Division	Production of paper for household use, paper stationery products, specialty papers, cardboard, pulp, and chemical products	Production, workplace safety, labor management, market, and laws
Special Materials Division	R&D and production of non-plastic products	Production, workplace safety, labor management, market, and laws
Human Resources & Administration Department	Human resources management; talent and organizational development	Laws and regulations, policies, and organization
Finance & Accounting Department	Data analysis of investment targets, financial management and fund operation management, and handling of accounting matters	Interest rates, exchange rates, inflation, investments, mergers and acquisitions, laws, shares, and policies
Audit Office	Internal system planning and systems auditing and research	Laws and policies

Business Risks

The Company does not engage in high-risk or highly leveraged investments. When the Company has short-term idle funds, these funds are primarily used in the trading of notes or bonds with repurchase agreements and money market fund subscriptions. The Company engages in derivative transactions in accordance with the Procedures for Engaging in Financial Derivative Transactions, so as to clearly define the purposes of each transaction, which must be primarily hedging. With a dedicated information security management platform and team, CHP and its subsidiaries are able to adopt optimal approaches to utilize resources, centralize management in an appropriate and timely manner, and upgrade existing information security network equipment and mechanisms, so that the company’s information is kept secure and in line with current practice. In 2023, there were no major cyberattacks or incidents, nor involvement in any relevant legal cases or investigations.

Risk Item	Description and Mitigation Measures
Major changes in policies and laws at home and abroad	<ul style="list-style-type: none">· The Company has signed a legal services contract with the Legal Department of YFY Inc. and employed an external legal consultant to assist in handling matters related to the management of risks involving changes in law.· When important policy and legislative changes have an impact on the Company's finances or business operations, the responsible departments cooperate with the Legal Department to devise mitigation measures or revise the company's rules and operating procedures in compliance with new laws promulgated by the government.· Following the implementation of amendments to the Labor Standards Act, the Company revised its regulations and work rules, and also convened labor-management meetings every three months to discuss and communicate response measures. In addition, we adjusted working hours and shift arrangements, and granted employees special annual leave or payment in lieu of unused leave to comply with relevant laws and regulations.
Changes in corporate image	<ul style="list-style-type: none">· Our management team considers sustainability to be of the utmost importance and forges a prosperous relationship with stakeholders by upholding the values of putting people first, encouraging community mutual assistance, and protecting the environment.· We have worked proactively to established a positive corporate culture by organizing talent development programs, encouraging community members to participate in charitable activities, and contributing to local communities.· In terms of supply chain management, we include environmental protection and labor safety standards in our regulations and agreements and require our suppliers to comply.· To protect labor rights and interests, we continuously improve workplace standards to create a work environment that ensures the safety and health of our employees. Effective internal communication channels are provided as well to promote our business philosophy and employee well-being initiatives.
Technological and industrial changes	<ul style="list-style-type: none">· We continuously introduce technological innovations to diversify fibrous material applications.· We introduce new technological tools to improve operational and managerial efficiency and adopt assistive tools to keep pace with the rapidly changing market.· We promote circular economy to maintain our sustainable competitiveness.
Purchases	<ul style="list-style-type: none">· When purchasing raw materials for our products, we choose suitable suppliers and flexibly adjust our inventory period based on supplier quality, price, delivery date, and the potential for global shortages.· We have maintained long-standing, positive relationships with more than two suppliers of our main raw materials. Currently, the Company is not at risk of centralized procurement.
Sales	<ul style="list-style-type: none">· The Company endeavors to develop new pools of customers to expand and diversify its sources of revenue. CHP does not have customer concentration risk because we have maintained a sales ratio of 10% or less to any single customer for the past three years.

Financial Risk

Risk Item	Impacts and Risks	Mitigation Strategies
Interest Rate	<ul style="list-style-type: none">· In 2023, the global economic slowdown cooled market demand, alleviating global inflationary pressures. Although the Federal Reserve raised interest rates by 4 basis points in 2023, causing an increase in U.S. market interest rates, this was a significant decrease compared to the 17 basis point hikes in 2022. In Taiwan, the cooling of global demand led most companies into a phase of inventory reduction, affecting Taiwan's overall trade and economic performance. After raising interest rates by half a basis point in the first quarter of 2023, the Central Bank of Taiwan kept the benchmark interest rate unchanged for three consecutive quarters, which significantly eased the upward pressure on the New Taiwan Dollar market interest rates in 2023.	<ul style="list-style-type: none">· Due to market analysis suggesting that global inflation is expected to ease further this year, the Federal Reserve and central banks of major countries worldwide are anticipated to begin lowering interest rates. It is expected that in 2024, market liquidity will shift from tight to more relaxed conditions. The company will regularly and dynamically assess its debt positions and financing policies to maintain adequate liquidity and effectively reduce interest expenses.
Exchange Rate	<ul style="list-style-type: none">· In 2023, the Federal Reserve continued to raise interest rates by 4 basis points, leading the international U.S. dollar exchange rate to remain at high levels. The Chinese yuan, affected by the continued decline in the real estate sector in mainland China and the cooling global demand impacting economic performance, continued its depreciation trend. Similarly, the New Taiwan Dollar also depreciated due to the downturn in Taiwan's overall economic and trade performance. The company's primary foreign exchange risk is related to offshore borrowing in mainland China. In 2023, the company continued to dynamically adjust the proportion of RMB hedging and implemented measures to control hedging costs, aiming to reduce the volatility of overall foreign exchange gains and losses.	<ul style="list-style-type: none">· Looking ahead to 2024, the uncertainty surrounding when and to what extent central banks around the world will shift their monetary policies means that the fluctuations in related foreign exchange rates remain highly variable. The company will simultaneously consider exchange rate risks and hedging costs, adopting appropriate financial and hedging strategies to mitigate the negative impact of exchange rate volatility on overall operations.
Inflation	<ul style="list-style-type: none">· Although global central banks worked to tighten monetary policies to control inflation, which led to some relief in global inflationary pressures in 2023, the overall reduction remained limited. Taiwan also continued to face inflationary pressures in 2023; however, inflation eased compared to 2022. The overall CPI slightly decreased to 2.50%, while the core CPI (excluding energy and vegetables) also decreased to 2.58%.	<ul style="list-style-type: none">· Looking ahead to 2024, as international raw material and energy prices gradually decline, global inflationary pressures are expected to ease further. The Central Bank of Taiwan forecasts that the CPI in 2024 will stabilize below the inflation warning line of 2%. As of the printing date of the annual report, inflation is not expected to have a significant impact on the company. However, factors such as global decarbonization efforts, competition between the U.S. and China, and geopolitical tensions continue to affect global logistics and supply chains, leading to the risk of significant fluctuations in raw material prices. These factors require close monitoring for any associated risks.

Environmental Risks

Countries worldwide have introduced increasingly stringent environmental, safety, and health policies and laws. Therefore, risk issues (e.g., GHG emissions controls, water resource management, energy management, resource recycling/reuse, and the carbon tax) are likely to have an impact on company operations in the future. Turning risks into opportunities will be a crucial sustainability topic. The international community has continued to ramp up environmental monitoring efforts. The U.S.–China trade war has resulted in the relocation of supply chains. Raw material prices remain at risk of significant fluctuations. The impact of the pandemic on the global economy after the development of vaccines for COVID-19 still requires further evaluation. Changes in raw material prices, U.S.–China trade negotiations, and risks arising from the COVID-19 pandemic must all be closely monitored.

Risk Item	Impact and Risks	Mitigation Measures
Water Resources	<ul style="list-style-type: none">· Discharge volume and water quality control· Lignin concentration in effluent· Impact of extreme climate, water shortages	<ul style="list-style-type: none">· Take inventory of water consumed, continue to implement water-savings plans, reduce water consumption, strengthen water quality monitoring, and formulate preventive measures.· Introduce artificial wetlands to promote ecological restoration.
Energy Resources	<ul style="list-style-type: none">· Global carbon reduction policies and government policies· Risk of outsourced electricity and power shortages· Risk of power outages	<ul style="list-style-type: none">· Propose energy-savings plans and equipment improvement measures.· Increase the use of biomass energy and improve energy efficiency.· Build green electricity generation facilities: Increase the capacity of power generators that use lignin-based biomass energy.
Production Byproduct	<ul style="list-style-type: none">· Increase in the stringency of laws and regulatory control· Rise in outsourcing costs	<ul style="list-style-type: none">· Promote circular economy by recycling leftover materials from manufacturing processes and using technology to transform them into usable materials; develop a diverse array of materials; strive toward the goal of zero waste and zero emissions
Emissions	<ul style="list-style-type: none">· National carbon reduction plans aimed at achieving net zero emissions by 2050.· International carbon border tax trends· Implementation of new laws and regulations	<ul style="list-style-type: none">· Form emissions reduction plans and set targets.· Regularly service, repair, and replace machinery and equipment.· Improve energy-saving measures for production facilities and power generation systems.· Develop emission pollutant reduction plans.

Our Commitment

- Ethical Operations
- Sustainable Forestry Management
- Responsible Procurement
- Preservation of Forest Biodiversity
- Support for Global Climate Action
- Respect for Human Rights & Social Care





Auditing System

The Audit Office is responsible for the auditing of all financial, business, and other operational and management systems. Apart from routine audits carried out in accordance with annual auditing plans, other special audits are also performed as needed. This is to ensure that any possible deficiencies in the company’s internal control system can be identified immediately to facilitate the proposal of recommendations for improvements. Implementation status or results are regularly reported to the Board of Directors and the Audit Committee.

The Audit Office checks whether the relevant units are in compliance with laws and regulations and meet the competent authority’s corporate governance requirements and expectations. The Audit Office is also charged with urging internal departments to improve their management systems; assisting with the establishment of systematic and preventive controls; reviewing and streamlining operating procedures to set control points and integrate control mechanisms into operational processes; and improving processes to optimize and enhance the operational efficiency of the organization.

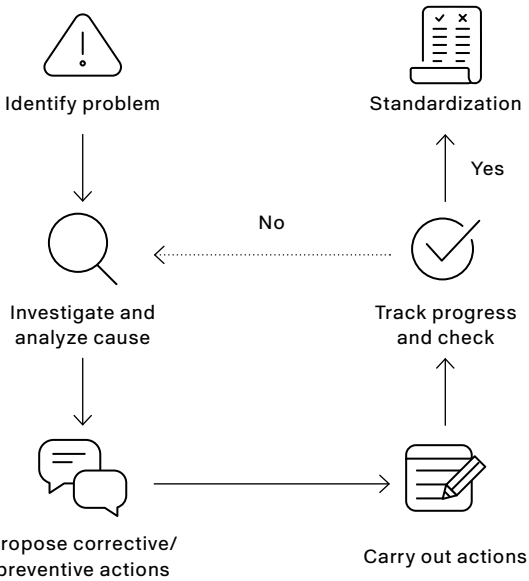
The management and operating system is used to develop working papers, integrate auditing methods, and implement special audits and risk audit mechanisms. The purpose of these systems is to ensure the quality of audits, including risk auditing, improved sampling models and computer assisted auditing techniques, the optimization and feasibility of improvement recommendations, and the reasonableness of improvement completion dates. The system is independent of all other systems, allowing management to obtain complete transparency for company-level problems and to establish preventive system controls to support the implementation of system projects.

All internal departments and subsidiaries of CHP perform self-assessments at least once a year. Relevant units check system operations to identify any problems or instances of human error. The units being audited are required to take corrective and preventive action and implement improvement measures. The Audit Office tracks progress, and the results are organized and compiled into a report that is presented to senior executives to keep them informed of current system operations and the appropriateness and effectiveness of the systems. This entire internal audit procedure ensures that our environmental management systems are continuously effective. Each unit is given guidance on operations and the law, and related operations are coordinated so as to achieve company goals and increased profits.

CHP’s internal audit department regularly audits the compliance of the Company and our vendors, suppliers, and customers with relevant laws and regulations. The department also assists the Board of Directors and management in inspecting the company’s internal control system and reviewing the adequacy of its design and its operational effectiveness to ensure that:

- Financial, managerial, and operating information is accurate, reliable, and timely.
- Legislative or regulatory issues impacting the company are recognized and addressed properly.
- Employee’s actions are in compliance with policies, standards, procedures, and applicable laws and regulations.
- Resources are acquired economically, used efficiently, and adequately protected.

Emphasis on Preventive Measures



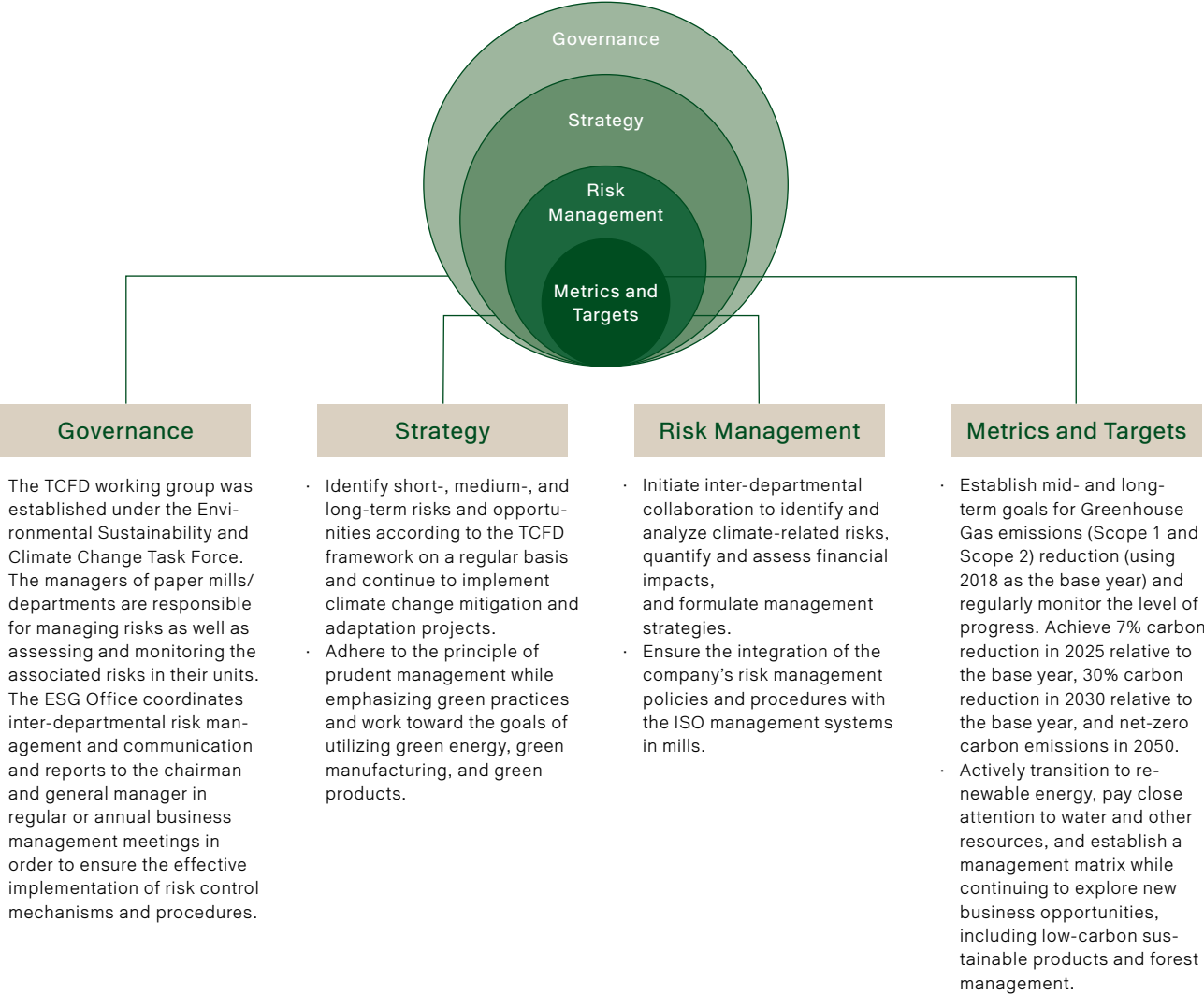
Managing Climate Change Risks and Opportunities
Task Force on Climate-Related Financial Disclosures (TCFD)

GRI 201-2/3-3

To strengthen climate sustainability governance, we formulated risk management measures in 2021 based on the Task Force on Climate-Related Financial Disclosures (TCFD) framework. The management framework was introduced in 2022 and covered the four TCFD aspects: governance, strategy, risk management, and metrics and targets. The third-party compliance audit was completed in March 2023. The auditor BSI determined that CHP’s climate-related financial disclosure maturity model has achieved the highest grade Level-5: Excellence. We have disclosed the risks and opportunities brought about by climate change in the short, medium and long-term, accelerated our response to and deployment of low-carbon development and adaptation strategies, emphasized climate change strategies as key competitive advantages, pursued proactive solutions to mitigate climate change, and bolstered business development related to sustainable operations.



Four Major Aspects of TCFD Implementation Summary



Governance

In response to climate change, CHP adjusted its management mechanism in accordance with the TCFD framework in 2021, incorporating the responsibility of tackling climate change into the Environmental Sustainability Task Force under the Sustainable Development Committee. The managers of each mills/department level units are accountable for managing, assessing, and monitoring associated risks. We conduct risk assessments, identify climate-related risks, and develop response strategies to reduce associated risks, identify potential opportunities, and ensure the efficacy of our risk management. Relevant initiatives were launched in April 2022, which included two workshops and two seminars hosted in May, July, September, and November. In line with the TCFD guidelines and industry recommendations, the quantitative results were translated into specific considerations for medium- and long-term strategic planning.

Hosting Training Programs and Thematic Lectures

In the past two years, the company has organized five workshops, special lectures, and courses. The



CHP "Carbon Tax, Carbon Credits, Carbon Fees Explanation and Supply Chain Trends" Training

workshops used examples of historical climate impacts and internal and external corporate environmental events to assess risks and opportunities and practiced identifying related issues. P Professor Lee, Chien Ming from the Graduate Institute of Natural Resources and Environmental Management at National Taipei University was invited twice to give special lectures focused on net-zero management and internal carbon pricing. The lectures covered carbon risk management (TCFD assessments and ESG integrated performance), internal carbon pricing (carbon reduction investments and corporate culture change), and carbon rights management (setting up carbon accounts, enhancing carbon rights management, and shortening the path to net-zero).

In December 2023, a carbon pricing progress report was conducted, with senior management briefed on the current status of carbon pricing and the progress of setting SBTi targets. The company plans to establish carbon pricing and SBTi targets by 2024. In response to the urgent domestic and international carbon tax/fee issues, relevant courses were arranged for business department staff and suppliers to raise overall carbon reduction awareness.



CHP "Internal Carbon Pricing and Implementation Practices" Special Lecture

Strategy

Environmental protection and green sustainability are goals shared by the global community and essential to CHP's pursuit of sustainable growth. CHP incorporates climate issues into its operation management strategy, includes the pulp and paper business in Taiwan and China in its scope for assessment, and conducts a comprehensive inventory of the risks and opportunities brought about by climate change impacts that are associated with its products, services, raw material supply chain, manufacturing process, factory environment, policies, etc. We apply the matrix analysis to assess the probability and financial impact of risk and opportunity events while referring to the quantitative risk impact assessment formula of the UK Climate Change Risk Assessment (CCRA) to generate the risk measurement matrix value.

CHP assesses climate-related risks and opportunities using the TCFD framework and employs the circular economy business model of the paper industry and the sustainable development of afforestation to identify business opportunities arising from climate change. CHP's planned renewable energy power generation will contribute to achieving the net-zero emissions objective and enable the company to participate in the green power trading market. Before considering the risks of climate change, investment in forest plantations is aimed at stabilizing the supply of raw materials. Now, through the assessment of climate-related opportunities, the investment can be part of carbon asset management. Products from the paper industry chain also have more low-carbon advantages

es than other products with the same function despite having low added value. With a growing global focus on plastic reduction, food safety, and net zero emissions in recent years, CHP has implemented an internal carbon pricing system with multiple niches to open up business opportunities for low-carbon products. We regularly identify short-, medium-, and long-term risks and opportunities using the TCFD framework while implementing projects that mitigate or adapt to climate change. We are progressing towards the goals of green energy, green manufacturing, and green products, guided by the principle of prudent management which emphasizes green practices as the main path.

Risk Management

CHP's TCFD working group conducted a background investigation on the historical impact of climate change in the past five years and looked into the physical or transitional risk events the company and its mills had encountered during the period. To support our risk and opportunity assessment and planning, we referenced the TCFD Reporting Framework and the Practical Guide for Scenario Analysis, following the TCFD Recommendations, 2nd edition issued by the Ministry of Environment of Japan. We also examined the internal and external environment of the company and the climate and financial impacts affecting our international peers.



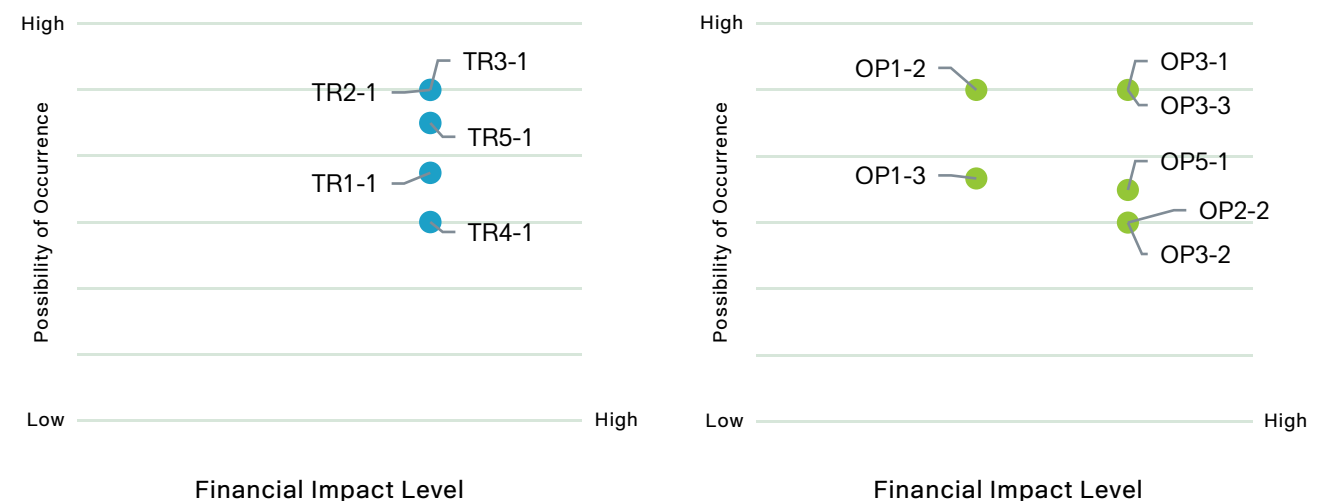
CHP management team took ESG training course- Internal Carbon Pricing (ICP)

Climate Change Risk and Opportunity Materiality Assessment

CHP holds annual working group meetings to review and validate risk management results and plans to perform updated assessments every three years or when significant changes occur. We assess and formulate measures to mitigate, transfer, accept, and control risks, as well as reduce the losses resulting from risks. Risks are graded according to their timeline, possibility of occurrence, and financial impact; meetings are convened accordingly to determine the material risks and opportunities and propose short-, medium- and long-term response measures with a focus on material issues.

We combined the "financial impact level" score and "possibility of occurrence" to identify a total of five significant transitional risks and three climate-related opportunities (OP1-1 and OP1-2 were combined to correspond to response measure TR2).

CHP's Short-term Transitional Risk Events (Left) and Climate-related Opportunity Events (Right)



● CHP's Short-term Transitional Risk Events ● Climate-related Opportunity Events

TFCD Risks, Opportunities, and Response Strategies

Financial Impact: Reduction of 0.31%~11.68% per year (Increased Operating Costs: 0.04%~1.18% per year, Increased Capital Expenditure: 0.09%~8.45% per year, Reduced Revenue/Output: 0.18%~2.05% per year)			
	Topics	Description of Events and Impacts	Response Strategies and Management Measures
Transitional Risks	TR1 Domestic and international carbon pricing systems	TR1-1 Increased costs resulting from carbon tax	<ul style="list-style-type: none">Short-term: Company mills have started to conduct inventory on greenhouse gas and product carbon emissions.Medium- and long-term: Adopt low-carbon technology and transform energy structure to reduce the impact of carbon pricing system.
	TR2 Energy-related regulations and policies and the transition of energy consumption structure	TR2-1 Energy transition aligned with the national goal of net zero carbon emissions	<ul style="list-style-type: none">Short-term: Improve the operational efficiency of energy equipment.Medium- and long-term: Focus on coal substitution and continue to expand the employment of biomass fuels, alternative fuels, and renewable energy.
	TR3 Renewable Energy Trends and Regulations	TR3-1 Increase in operating and capital expenditures to meet energy efficiency and energy structure transition requirements	<ul style="list-style-type: none">Short-term: Conduct inventory on the geographical characteristics of each location and the structure of each mill, evaluate the inclusion of renewable sources such as solar energy, biogas, alternative fuels, etc.Medium and long-term: Decide on self-use or transaction purposes based on demands of the renewable energy market.
	TR4 Regulations related to water resources or groundwater	TR4-1 Increased spending on water treatment equipment and water consumption	<ul style="list-style-type: none">Short-term: Maintain and strengthen water recycling.Medium- and long-term: Set goals for water conservation.
	TR5 Tightened Air pollution quality and total quantity control	TR5-1 Increased spending on air pollution prevention and control equipment and pollutant discharge	<ul style="list-style-type: none">Short-term: Initiate internal planning on installing additional prevention and control equipment in compliance with relevant regulations.Medium- and long-term: Continuously evaluate clean fuel sources and obtain and maintain optimal boiler operation technology.
Financial Impact: Increase of 1.59%~11.27% per year (Reduced Operating Costs: 0.05% per year, Increased Revenue: 0.54%~10.22% per year, Increased Asset Value: 1% per year)			
	Topics	Description of Events and Impacts	Response Strategies and Management Measures
Climate-related Opportunities	OP1 Promotion of low-carbon production and low-carbon energy transition	OP1-2 Promote low-carbon fuel substitution and transition, reduce the use of fossil fuels and air pollution, and adapt to the reduced demand in the air quality zone in the future.	<ul style="list-style-type: none">Incorporated into TR2 response measures.
		OP1-3 Employ more efficient and energy-saving manufacturing equipment.	<ul style="list-style-type: none">Incorporated into TR2, TR5 response measures.
	OP2 Participate in international renewable energy initiatives and green power trading	OP2-2 Participate in renewable energy (carbon credit offsets) trading market to increase operating income.	<ul style="list-style-type: none">Short-term: Actively obtain biomass energy generation certificates.Medium- and long-term: Continue to expand the development of biomass fuels and renewable energy and incorporate renewable energy certificates to SBT target-setting.
	OP3 Develop and promote low-carbon sustainable products and acquire relevant certifications	OP3-1 Promote the research and development of all-paper recycling green products to increase market share.	<ul style="list-style-type: none">Short-term: Continue to develop and promote recyclable low-carbon products.Medium- and long-term: The market positioning of low-carbon products will be included in internal carbon pricing system as evaluation metrics, which is conducive to targeting export markets (CBAM, etc.)
		OP3-2 Obtain relevant environmental labels for products to expand green business opportunities.	
		OP3-3 Aligned with global efforts to reduce plastic consumption and ensure food safety, low-carbon and low-plastic food safety products are advantageous for developing new markets and enhancing corporate image.	
	OP5 Corporate goodwill and brand value	OP5-1 Strengthen low-carbon green energy manufacturing, obtain FSC international forest certification, adopt virgin pulp reduction and other circular economy/low-carbon transition strategies, and actively communicate with stakeholders to improve industry image and change customer behavior.	<ul style="list-style-type: none">Short-term: Continue to maintain the Forest Stewardship Council (FSC) certification.Medium- and long-term: Expand recyclable low-carbon product certification projects, increase communication with consumers, and enhance market positioning.

Metrics and Targets

CHP employs metrics such as GRI 302 (energy), GRI 303 (water resources), and GRI 305(emissions) to enhance the monitoring of various energy performance and evaluate climate-related risks. Response measures and management plans are also integrated into the company-wide risk management, which include integration with regular audits or operating procedures of the company's quality management system (ISO 9001), environmental management system (ISO 14001), energy management system (ISO 50001), and greenhouse gas management system (ISO 14064-1). The implementation progress is reviewed at ISO meetings and operations meetings.

Strategy	Metrics (Base Year)		2022	2023	Targets			Description	
			Achievement Status	Achievement Status	Short-term	Mid-term	Long-term		
Net-zero Emissions	GHG emissions (base year: 2018)		-4%	-7.6%	-7%	-30%	Net-Zero	In 2023, greenhouse gas emissions totaled 943,000 metric tons, representing a 7.6% reduction compared to the baseline year of 2018 (1.02 million metric tons), achieving the planned annual reduction pathway.	
					2025	2030	2050		
	Proportion of fossil fuel substitution (base year: 2021)		26% ^{Note 1}	49% ^{Note 2}	30%	50%	100%	Actively increase the proportion of low-carbon and biomass fuel usage.	
					2025	2030	2050		
	Percentage of power generation from renewable energy sources (base year: 2018)		32%	29%	30%	60%	100%	In 2023, the share of renewable energy generation reached 29%, in line with the short-term target pathway.	
					2025	2030	2050		
	Air quality and emission management (Base year: 2021)		SO _x	768 metric tons	559 metric tons	Enforce rigorous monitoring and control in company mills to comply with applicable municipal and county regulations.			12% reduction in 2023 compared to the baseline year
			NO _x	637 metric tons	633 metric tons				45% reduction in 2023 compared to the baseline year
			TSP	163 metric tons	145 metric tons				29% reduction in 2023 compared to the baseline year
Focus on water resources	Process water consumption (base year: 2018)		29,029 million liters	28,159 million liters	<30,000 million liters			In recent years, the target water intake of manufacturing processes has been less than 30,000 million liters. Continue to maintain and improve water recovery rates.	
Low Carbon and Sustainability	Acquisition of renewable energy certificates (base year: 2021)		In process	Acquiring renewable energy certificates	Acquiring renewable energy certificate	130,000 certificates	150,000 certificates	The first batch of Green electricity certificates was acquired in June 2023.	
					2023	2025	2030		
	Acquisition of afforestation carbon credits (base year: 2021)		Establishing a task force		A demonstration of afforestation carbon credits project has been planned in eastern Taiwan.				
	Emission intensity per unit of product (base year: 2021)		-7%	-12%	-1%	-4%	-9%	The weighted emission intensity for pulp and paper products in 2023 was 0.97 t CO2e/t.	
					2022	2025	2030		
	Percentage of green product sales (base year: 2021)		23%	36% ^{Note 3}	23%	25%	30%	An annual increase of 1% relative to the base year.	
2022					2025	2030			

Note 1 & 2: The 2022 proportion of fossil fuel substitution (by energy value) was estimated based only on the Taitung and Jiutang plants. In 2023, it included the proportion of SRF, biomass energy, solar energy, and other renewable energy sources (by energy value) for all disclosed scopes in the report.

Note 3: In 2023, the green product categories were reassessed to include products made from FSC-certified, PEFC-certified, eco-labeled, recycled paper, and fully recyclable CircuWell materials.

Environmental Friendliness & Circular Economy

Investment in environmental protection amounts to

NT\$116
million



R&D Investment on Sustainable Materials amounts to

NT\$178
million



2023 Green procurement amounted to

NT\$4.1

billion Consecutively
Awarded Green Product
Environmental Certifications



Energy Efficiency & Green Energy Expansion
Energy input from renewable
sources increased by

1%

while energy input from non-renewable
sources decreased by

28%

(compared to 2021).



30.5%

of self-generated electricity comes from
renewable energy and alternative fuels



2023 energy-saving projects resulted
in a total carbon reduction of

38,660
tons of CO₂e



The effluent from CHP undergoes a wetland
purification process, nurturing the wetland
ecosystem and restoring biodiversity.

Continuously driving product structural
transformation through low-carbon, sustainable,
and high-value-added fiber-based materials.

The "Full Paper Recycling, Low Carbon" paper tape
leads in eco-friendly packaging.

CircuWell "Fully Recyclable Food Paper Container"
enhances recycling efficiency and increases the pro-
portion of fiber recycling and reuse,
resulting in greater environmental benefits.



Products

Products and Market

An integrated paper and pulp operation model enables the company's paper mills to produce at a capacity that allows the company to maintain a steady supply to meet domestic demand, thereby reducing the risk of fluctuations in the global market. In recent years, we have focused on increasing the value of our R&D capacity by bringing about successful technological transformation. As our way of responding to environmental trends, the Company has actively invested in the development of eco-friendly products that apply hybrid materials to create papers that can be used not only for reading and writing, but also for a whole range of everyday activities, thus helping CHP to become a valuable industry that specializes in non-plastic papers and special-use papers.

Facing global market changes, CHP continues its active transformation. In 2021, the company established the 'Fiber Materials Division' and 'Specialty Materials Division.' The expanded Specialty Materials

Division added the Guanyin plant in Taoyuan, focusing on fiber technology research and development, fiber materialization of pulp, and the creation of innovative applications for pulp and paper, driving development toward environmentally friendly and fully recyclable 'fiber materials' in the circular economy.

Additionally, the Hualien plant expanded the applications of pulp products and introduced a new pulp-to-plastic production line, expanding the market and services for these products in 2022 to enhance competitiveness. Consideration is given to the product life cycle, including design, production, packaging, and transportation, all in line with the concept of green design, while exploring ways to reduce packaging materials. In 2023, CHP reported no incidents of non-compliance with regulations related to the health and safety of products and services, nor any violations of laws regarding product marketing, communication, information, or labeling.

GRI 3-3



*CHP does not sell controversial products or violate laws and regulations related to marketing promotion.

Business Development

CHP has maintained growth in international market operations due to its superior quality and continuous transformation towards producing specialty papers. Faced with fluctuations in international pulp prices, CHP Supply Group's various mills have adjusted their demand for short-fiber pulp to mitigate the impact of market price volatility on profitability. In the Printing and Writing paper market, flexible production and marketing strategies will be employed, alongside the continuous expansion of diversified trading-oriented sales models, to sustain reasonable profits and market share. Furthermore, CHP remains committed to ongoing research and development, exploring high-value specialty paper markets, food safety paper, and special materials, to broaden its range of diverse applications.

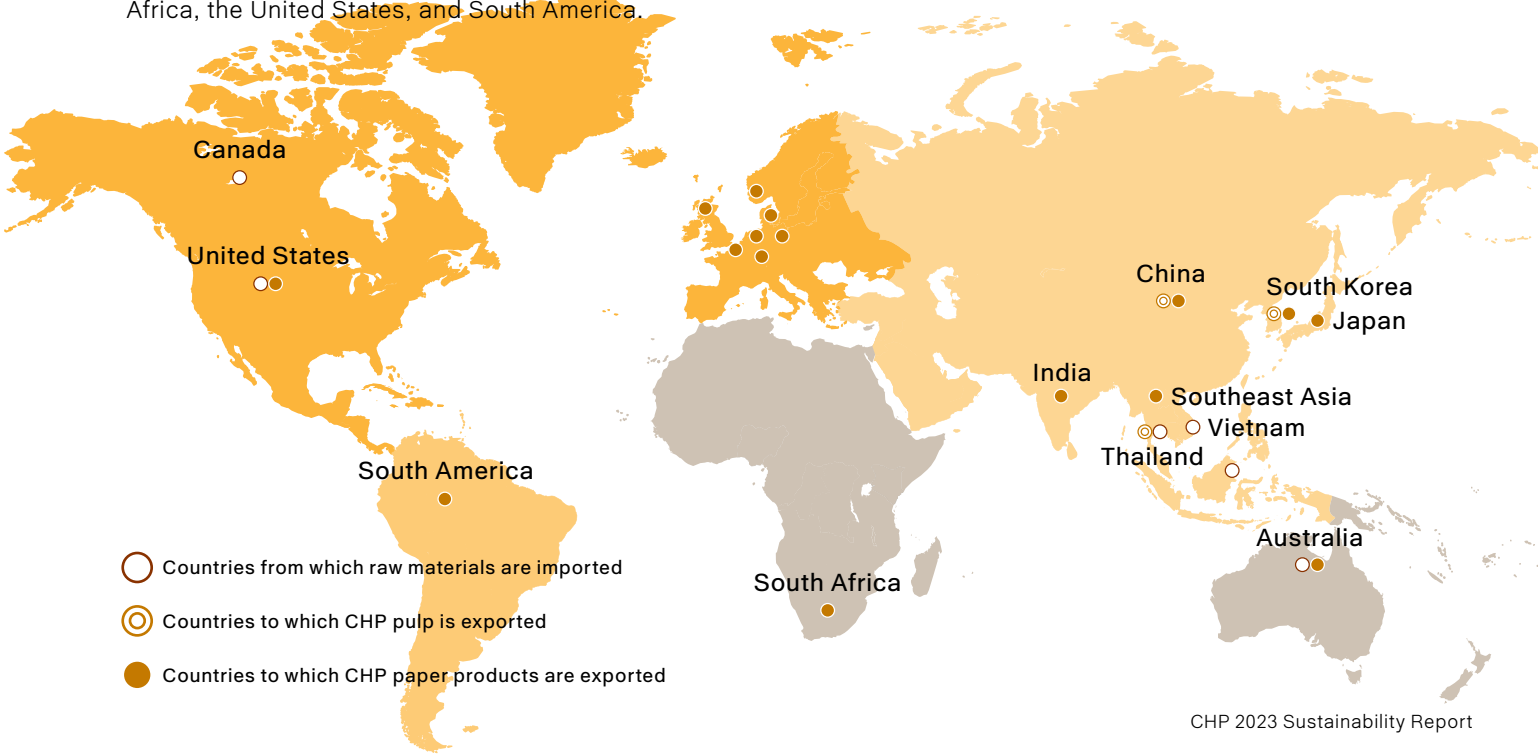
In 2023, the sales value of pulp, paper, and paperboard were NT\$2.79 million, NT\$14.20 million, and NT\$3.02 million respectively. The sales volume for pulp, paper, and paperboard were 140,892 metric tons, 406,167 metric tons, and 144,833 metric tons respectively.

Looking ahead to 2024, as the COVID-19 pandemic comes under control, global trade in goods is expected to recover gradually, with the economy slowly picking up. Pulp prices are forecasted to remain stable, while wood chip prices may slightly decline, and paper product sales are expected to rise. CHP will continue to monitor international developments, ensure smooth production line operations, and promote sustainable low-carbon development in the industry. CHP will also focus on securing raw materials for production and enhancing product competitiveness.

Short-Term Plan	<ul style="list-style-type: none">Actively improve manufacturing processes and management, and enhance transformational capacity.Strengthen the research and development of niche products, develop fiber-based and fully recycling products, and gain a firm foothold in the eco-friendly product market.Vertically integrate the supply chain, forge stronger ties with downstream processing plants, and increase the competitiveness of the entire industry.Strengthen information integration, make use of big data analytics, and improve procurement and production/sales processes.Provide customers with innovative payment and logistics services and strengthen our ability to keep abreast of market conditions.
Medium/Long-Term Plan	<ul style="list-style-type: none">Develop environmentally friendly, sustainable, and high value-added fiber-based products, and continue to promote the transformation in product composition.Commit to sustainable recycling, using the R³ cycle (recycle, reclaim, regenerate) to maximize material utilization rate and diversify product portfolios.Implementing a talent development plan and establishing a successor team to elevate ourselves into the ranks of world-class materials companies.

Sale/Supply of Main Products

Our pulp is exported to mainland China, South Korea, and Thailand. Our paper products are exported to mainland China, Japan, South Korea, Southeast Asia, Australia, India, South Africa, the United States, and South America.



Cellulosic Materials Business

Pulp, Papers, and Cardboard

CHP mainly produces short-fiber pulp using wood chips from broad-leaved trees or eucalyptus radiata as the main component for pulp-making. Tree species are selected according to the paper mill’s requirements. Different types of pulp are produced through a series of processes, including digestion, washing, bleaching, pulp dispersing, and drying. Because of its fiber characteristics, pulp products are used to produce toilet paper and paper for printing, industrial use, and special uses.

Market Overview	<p>After three years under the global shadow of the COVID-19 pandemic, the situation has gradually eased. However, other negative factors continue to emerge, including heightened tensions in U.S.-China trade relations, the ongoing Russia-Ukraine war with no signs of abating, and the global inflation triggered by trade sanctions imposed by Europe and the U.S. on Russia. These factors have contributed to a tightening of consumer spending, and under the challenging domestic and international economic conditions, the performance of the domestic pulp and paper industry has been less than outstanding. While the industry maintains its core business, it is also deepening and implementing low-carbon and intelligent development strategies.</p> <p>In the international paper industry, 2022 was a year of high costs for paper manufacturers. Although pulp prices have been declining since 2023, providing some relief from cost pressures, global environmental awareness is rising. More and more power plants are burning wood chips for energy production, driving long-term demand upwards and pushing prices to record highs. Not only have wood chip prices soared to unprecedented levels, but international coal prices have also skyrocketed, causing energy costs to rise. Natural fiber-based raw materials are becoming increasingly scarce in the global supply chain. While short-term demand may fluctuate significantly, the long-term upward trend is unlikely to change. Despite these extreme changes, CHP has responded with all efforts to achieve stable operational results.</p>
Strategies	<p>Strategy 1: Digital Transformation and Intelligent Management By introducing automated equipment, CHP enhances production efficiency, reduces labor, saves energy, and boosts overall productivity.</p> <p>Strategy 2: Customized Services Be the first provider of product customized services in Asia, develop customized pulps and products that meet the various needs of customers and differentiate CHP from other competitors.</p> <p>Strategy 3: Integrated forest, pulp, and paper production Equip paper mills with both paper-making machinery and technologies to make paper directly without having to go through intermediary processes (digesting, drying), thereby saving costs and reducing carbon emissions.</p>

Packaging Papers	Cardboard for a variety of packaging applications such as cosmetics, medicine, toys, candy, cookies, tissues, shoes, and spare parts.
Printing Papers	Our paper can be coated or calendered, depending on user needs. Coated and calendered products can range from a matte look to a smooth and glossy finish; these products are suitable for albums, magazines, children’s picture books, cosmetic advertisements, catalogues, calendars, posters, and cover pages. Micro-coated or uncoated papers are suitable for textbooks, reference books, product manuals, reference works, notebooks, loose-leaf paper, and other writing paper.
Office Papers	Paper for office use and communication purposes.

Specialty Papers

CHP’s transformation was focused on specialty paper products, with plans to transform our product portfolio of printing paper into specialty materials for industrial use in the health care, packaging, food products, and electronic products fields. We have achieved significant breakthroughs in product technology, quality, and specifications, and are gradually replacing some import markets. Today, CHP’s specialty papers are in wide use in labeling, adhesive tapes, health care,

food products, interior decoration, and the electronics industry. Specialty paper is frequently found in “unexpected” places—glass, metal, plastic products, adhesive labels on daily necessities, writing tables/ chairs/cabinets, disposable surgical gowns, clothing patterns, etc. Even tech industries such as display and solar panel manufacturers are heavily reliant on specialty papers produced by CHP.

Market Overview	<ul style="list-style-type: none">With respect to the sale and development of specialty papers, global trends in plastic reduction and the impacts of COVID-19 have resulted in increased demand for medical supplies and packaging paper. In addition, the demand for paper food safety products has grown substantially, as people switch to online shopping and delivery services in an effort to minimize outdoor activities.CHP actively promoted a non-plastic food packaging paper that has no plastic coating and is completely recyclable, so as to achieve the three goals of plastic reduction, carbon reduction, and waste reduction.
Strategies	<ul style="list-style-type: none">Focus on the development of specialized paper products, and gradually realize the plan to transform our product portfolio of printing papers into specialty materials for industrial use in packaging, food products, electronic products, etc.Continue to refine product quality, strengthen control over the stability of raw material and import supplies, expand product applications, and improve local services in 2022.Continue to strengthen expansion plans for non-plastic food safety papers and paper straws, etc. to take advantage of our pulp-making processes to produce fully recyclable products and develop a circular economy.Proceed with application for ISO22000 certification to keep pace with global trends in food safety development.

Specialty Materials Business




Masking (paper) tape, Kraft paper tape, OPP tape, Latex-impregnated Paper, non-plastic paper board

In line with the emerging global trend of green carbon reduction and plastic reduction, CHP embraces the concept of circular economy in its production process and actively develops "all-paper recyclable, low-carbon" products in an effort to replace plastic products made from fossil fuels. Kuanyin Mill joined CHP's product lines in 2021 and was designated as

a low-carbon material development base. In addition to retaining the production of OPP tape and masking tape, CHP continues to broaden product applications, increase the added-value of its products, and improve customer service by capitalizing on its long-term advantages in the circular paper manufacturing industry.

Current Status	<ul style="list-style-type: none">Masking paper tape is currently the main production item at KuanYin factory. Simultaneously, active collaboration with the CHP paper manufacturing domain knowledge is underway to develop base papers with various functionalities. This effort aims to achieve vertical integration advantages within the supply chain and further enhance stability in raw material supply.CHP actively promotes low-carbon products, such as full-paper recyclable food paper and kraft paper tape that can be tossed into the paper recycling system, to strengthen global connections, accommodate SDGs requirements, and achieve the three goals of plastic reduction, carbon reduction, and waste reduction.
Strategies	<ul style="list-style-type: none">Utilize the Group's advanced technology to develop low-carbon kraft paper tape made from recycled fibers for packaging applications. The product will be used for logistics transportation and general sealing purposes. It provides eco-friendly packaging materials in the booming e-commerce and packaging markets, offering innovative solutions and simultaneously expanding its presence in the international market.Continue to strengthen product deployment such as all-paper recyclable and food safety paper, leverage our advantages in pulp manufacturing to produce full-circular end products and focus on the development of circular economy.

Cross-Industry	Features	Product Applications
Food packaging industry CircuWell All-paper Recyclable food safety paper	<p>CHP has developed grease-resistant papers and paper bags to reduce the use of plastic packaging while preserving food safety and protecting the environment. The innovative CircuWell all-paper recyclable food safety paper products are free of 5P plastics and allow for full-paper recycling of paper food containers, making life more convenient and environmental protection simpler. SGS-certified and FDA-compliant, the products are non-toxic and safe for food contact.</p> <p>*Products: CircuWell all-paper recyclable food safety paper series (CircuWell Seal Board, Film Paper, Straw Paper), flexible packaging paper, grease-proof paper, and grease-proof paperboard.</p>	
Label industry	<p>CHP provides surface paper for labels and release base papers. These products have excellent processing and adhesion properties, which help downstream customers improve processing efficiency and reduce manufacturing costs.</p> <p>*Products: Glassine, Clay Coated Kraft (CCK), release base paper for PE-lamination, one-sided coated papers</p>	
Adhesive Tape Industry	<p>CHP offers papers for tape-making which include double-sided paper, masking tape base paper, and medical paper tape. These products are widely applied in daily life in various industries and offer suitable options that meet the printing, adhesive application, and various other processing needs of adhesive tape manufacturers.</p> <p>*Products: masking tape base paper (crepe), latex-impregnated masking tape paper, and kraft paper tape</p>	 
Medical Industry	<p>CHP provides complete solutions for medical applications. Our products serve as an effective bacteria barrier in steam or γ-ray radiation sterilization procedures. In addition, our medical-grade papers are clean and lint-free and exhibit excellent printing and heat-sealing properties. All products comply with EN868 and ISO11607 standards.</p> <p>*Products: Hi Lead and Hi Peak series, both in compliance with EN868 and ISO11607 standards.</p>	

Cross-Industry	Features	Product Applications
Specialized Applications in Industry	<p>Our interleaving products developed for specialized industrial applications are already in use in Taiwan and overseas. Interleaving papers protect metal and glass surfaces during the manufacturing, storage, and transportation processes to ensure product quality for clients.</p>	
Interior Decorating Industry	<p>Environmentally friendly and durable, Saturating Kraft is made from recycled pulp, can be used as a construction material and in furniture applications such as room partitions and tables, and serves as an alternative to plastic and wood board. Products made from Saturating Kraft paper are characterized by their superior stiffness and impact resistance. They are also eligible for the FSC Recycled label, rendering the construction materials and furniture we use in everyday life sustainable.</p> <p>*Product: Saturating Kraft paper</p>	
Textile Industry	<p>Pulp is transformed into high-strength and durable base paper through a specialized papermaking process, then processed by slitting and twisting, which Paper fiber yarn is produced. Paper fiber yarn provides an alternative to petrochemical fibers such as polyester and nylon used in clothing, simplifying the conventional textile-making process with low energy consumption, low carbon emissions, and biodegradable yarn materials that facilitate the development of eco-friendly fashion.</p> <p>*Product: paper fiber yarn</p>	



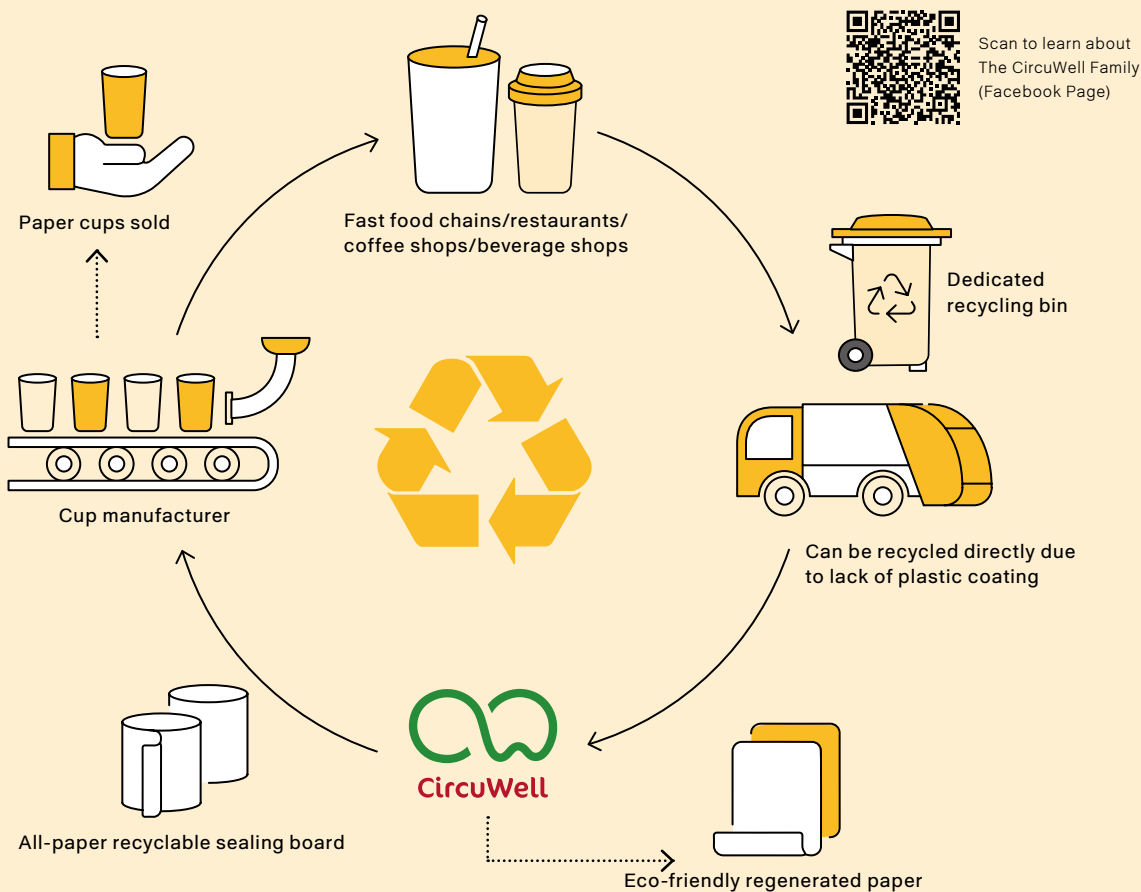
CHP partners with the Breakfast Alliance to build a national team for fully recyclable paper container supply chain

A Revolution in Sustainable Materials:

CircuWell Series

An All-Paper Recyclable Food Container Solution

In Taiwan, two billion single-use drinking cups are used each year, creating not only a mountain of waste but also challenges in waste recycling. Specifically, the need to recycle paper containers and general waste paper separately is quite difficult and can lead to greenwashing practices. For this reason, CHP developed a series of all-paper containers that can be directly recycled, thereby making recycling easier for recycling companies and consumers. Our CircuWell products are a one-stop all-paper recycling solution.



Milestones in CHP's Transition to Plastic-Free Production		
2018/10	CHP launched raw paper for paper straws, taking the first step to plastic-free production.	
2020/07	CHP launched a line of non-plastic food-safe paper products, called CircuWell, that includes paper cups, sealing film, disposable tableware, and fluorine-free grease-proof paper.	
2020/10	The Board of Directors of CHP approved an investment of NT\$2 billion to purchase land for the Kuanyin Paper Mill, with plans to construct a production base for non-plastic materials.	
2021/03	CHP announced the launch of the company's largest transformation plan yet. CHP established the "Fibrous Material Business Unit" and "Special Material Business Unit," demonstrating its full commitment to going plastic-free.	
2022/06	CHP Kuanyin Factory has completed the installation of a special coating machine. Investment has been made in producing kraft paper tape and masking tape using recycled fiber.	
2023/05	Building a national team for a fully recyclable paper container supply chain domestically, four major chain breakfast restaurants have responded, starting from May, by adopting fully recyclable paper lunch boxes.	

Forestry and Agriculture

CHP's sustainable business encompasses afforestation, pulp and paper-making, and agriculture and forestry. Our agriculture and forestry business plays a pivotal role in the economic cycle of the paper-making industry. Considered a starting point in the paper-making industry, our agriculture and forestry business is responsible for cultivating seedlings for afforestation and environmental restoration. It also represents a terminal station in which organic waste from manufacturing processes is reintroduced to nature, so as to build a completely connected industry chain.

Forestry

Since 1980, CHP has actively promoted afforestation in eastern Taiwan, as part of the government's 20-year Eastern Taiwan Development Plan. Today, CHP manages five forests covering nearly 1,000 hectares, focusing on long-term sustainability, sound forest management, natural conservation, and diverse economic development.

The primary tree species grown in these forests are Taiwan Zelkova, eucalyptus, and Formosan Ash. CHP has built a forest resource database using advanced surveying tools such as GPS and GIS, while conducting regular biodiversity surveys. This enables detailed growth data collection, supporting forest management, climate change studies, and carbon sequestration assessments.

CHP prioritizes integrating forest management with regional economic benefits and community stability. Many forests are near indigenous communities whose traditions are closely linked to the forests. CHP respects this traditional ecological knowledge and integrates local economic development by providing job opportunities, building strong partnerships with communities, and ensuring sustainable forest management practices.

In mainland China, CHP's subsidiary, Dingfeng Forestry, manages 433,000 mu (28,933 hectares) of forest land across nine counties in Guangdong and Guangxi. The company also operates a 25-mu nursery producing 1.4 million seedlings annually for afforestation. Dingfeng promotes biodiversity conservation, and recent surveys show the total growing stock has exceeded 1.35 million cubic meters.

Forestry provides both economic and ecological benefits. Establishing raw material forests supplements regional forest resources and supports ecolog-

ical construction. Intensive management and cultivation of these forests improve the quality of forest stands and strengthen their ecological functions, such as environmental greening, water conservation, soil and water preservation, and air purification. These forests also serve as ecological barriers for agriculture and livestock production in nearby areas.

CHP's forestry operations in mainland China adhere to sustainable logging principles. Annual logging volumes are based on existing resources to ensure responsible forest management and wood consumption. Ecological logging is at the core of these operations, supported by a gradient management system that adjusts forest structures, wood production, biodiversity protection, and soil and water conservation. These measures help maintain the carbon sink balance in the forests, minimizing the environmental impact of logging.



The Landscape of CHP Hualien Forest Farm



Dingfeng Pulp and Paper Co., Ltd., an overseas subsidiary of CHP, launched FSC-certification efforts in January, 2016 and obtained an FSC Certificate (SGS-FM/COC-010955) on February 22, 2017.

Agriculture

CHP strives for sustainability by adhering to the principle of giving back to nature and endeavoring not to produce waste. The paper-making industry usually generates fibrous waste. Sawdust, high concentrations of lignin from mixing wood chips with rainwater, and sludge from water treatment facilities are all rich in organic matter. While other manufacturing sectors may view organic matter as useless substances, in the eyes of CHP, such matter comprises “leftover” raw materials for which we have not yet found a purpose.

However, mixing sludge from water treatment facilities with leftover sawdust from the pulp-making process and allowing the mixture to ferment for some time eventually turns it into a natural compost that contains neither hazardous substances nor heavy metals and that increases soil porosity, which contributes to a more stable product quality. Utilizing such fertilizer in nature gives soil the most balanced nutrient supply, improves barren land, and nurtures saplings, thereby creating new value and more business opportunities. CHP’s sawdust and fertilizer products are in compliance with laws and product labeling regulations.

Agriculture
Material Industry

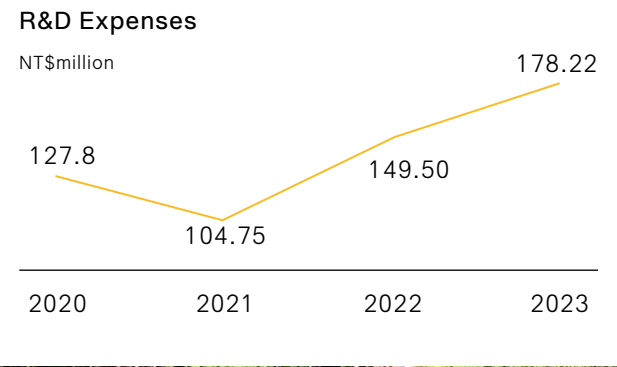
CHP mixes and ferments organic-rich residues from the manufacturing process and wood debris from pulping to create all-natural organic fertilizers, which realizes fertilizer efficacy and earth-friendliness. Certified by the Agriculture and Food Administration, the products are extremely popular among farmers.
*Product: organic fertilizers

CHP has also developed the "farmland paper" for weeding and mulching with water-permeable and breathable properties that could replace traditional plastic-made agricultural mulches and effectively protect the growth of crops. After harvesting, the crops are returned to the land to increase soil carbon sinks, which benefits both the environment and the economy.
*Product: "Richland" farmland paper



Campus Greening and Community Beautification

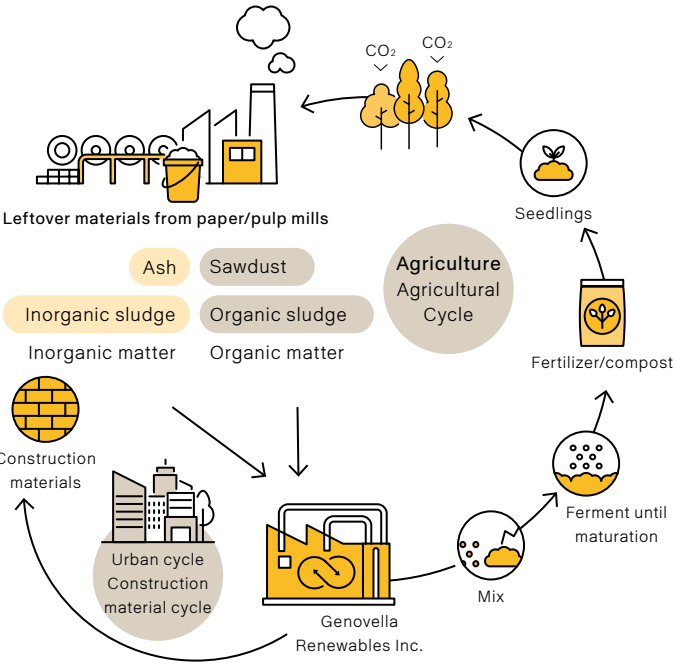
CHP produces its own natural organic fertilizer, which can be used for cultivating vegetables and fruits, as well as enhancing gardening practices. This fertilizer effectively improves soil quality and offers versatile applications, contributing to the creation of green spaces. We establish a connection between production and ecology, donating a total of 78.12 tons of organic fertilizer to Zhonghua Elementary School, Guanghua Elementary School, Guanghua Small Farm, and the Ji'an Township Office for greening and beautification projects. By integrating ecology with daily life and constructing green areas that harmonize with nature, we aim to foster symbiosis, coexistence, and inclusiveness, striving to achieve our sustainable environmental goals.



Pulp Products	Our pulp products are developed with a focus on reducing energy consumption and stabilizing production efficiency.
Paper Products	We employ new technologies to develop multi-purpose, high value added specialty paper products can be applied in multiple fields. We have also developed food-safe paper and other specialized materials. Our future R&D focus will be on plastic-free products, including food-safe papers and pulp-based products.

A Circular Economy Hub

Genovella Renewables Inc. develops and designs secondary raw materials and introduces them into a new product life cycle to create economic value.

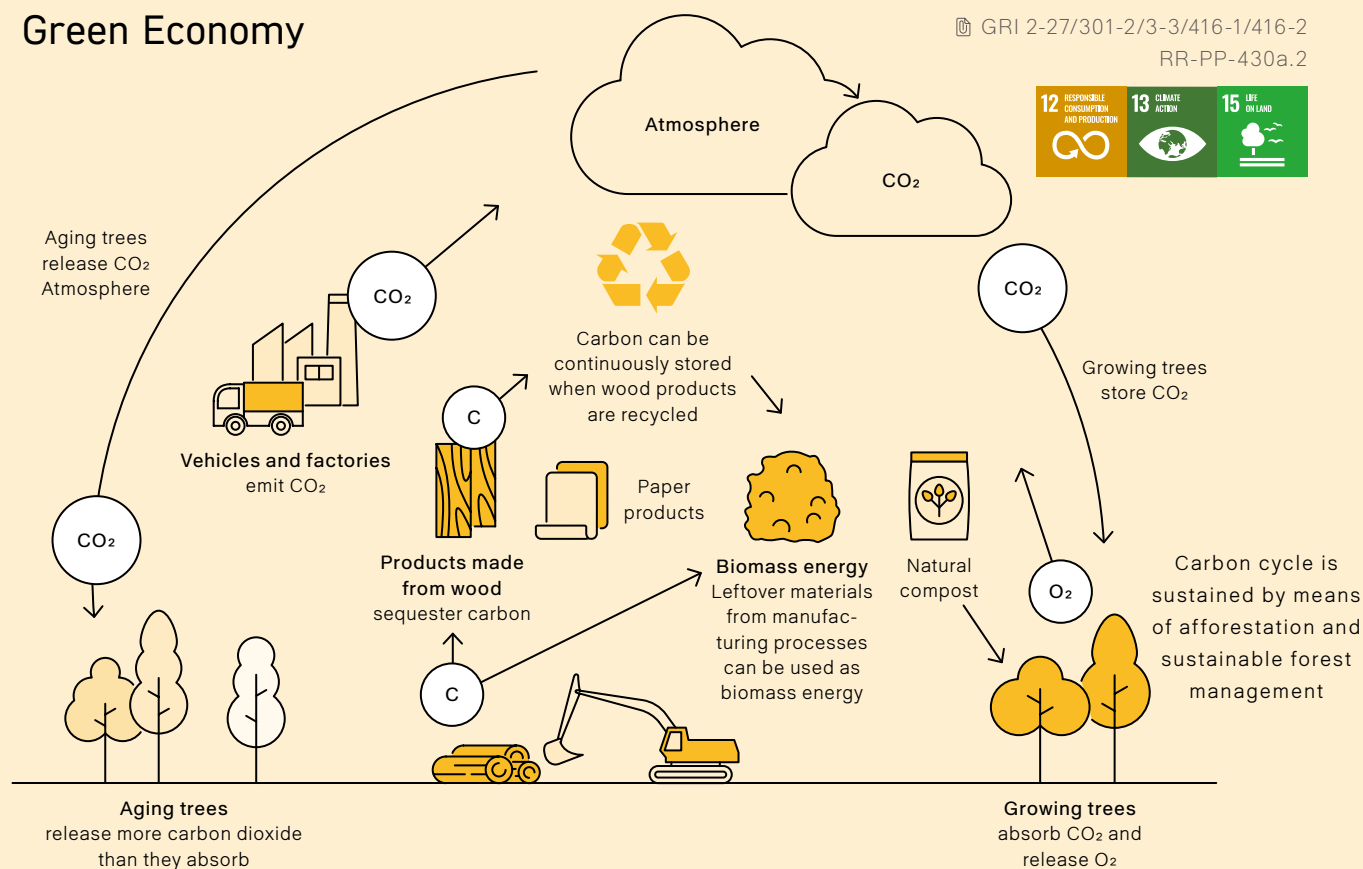


Technology Research and Development

Facing the rapid growth in the global technology industry, CHP has consistently embraced innovative research and development investments to disrupt the traditional framework of paper production. This approach has led to the development of diversified applications and characteristics for our products. Additionally, we are dedicated to the development of resource-efficient products to enhance material utilization efficiency, collaborating with academia through joint research projects.

Regarding financial support from government agencies, the total amount for the year 2023 was 21.928 million NT dollars (Ministry of Economic Affairs' Science and Technology Research and Development Project for Industrial Upgrading and Innovation Platform Counseling Program). The total research and development expenses for 2023 amounted to approximately 178.22 million NT dollars, representing a 19% increase compared to 2022. For the year 2024, the projected research and development expenses are expected to range from 110 million to 130 million NT dollars.

Green Economy



Forests, for a Sustainable Life

The primary raw material for paper comes from the fibers in wood, which are provided by the forests of nature. Forests not only nurture the development of human civilization but also serve as the best capturers of carbon dioxide.

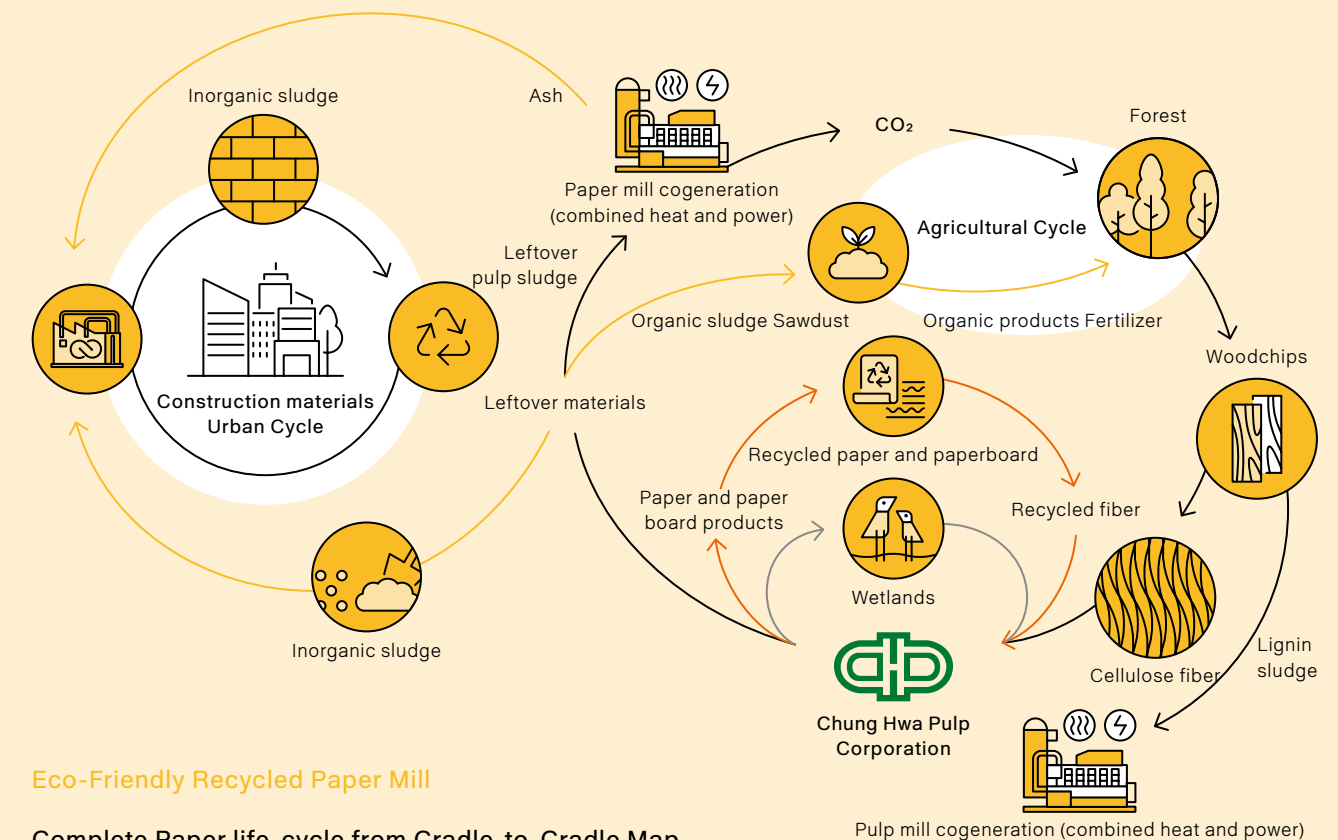
However, forest resources are not inexhaustible. If the role of a tree can be cycled multiple times, serving different functions, the demand for timber can be reduced, indirectly leading to fewer trees being cut down. Natural forests can be cultivated on a large scale through artificial means, and under a systematic and regulated management model, we can meet human needs for timber while also sequestering atmospheric carbon. This allows for maximizing the benefits of limited land and promotes the sustainable development of the ecological environment.

The photosynthesis of plants and microorganisms in nature requires sunlight, air, and water, which represent a longstanding carbon cycle principle that can naturally solve the carbon dioxide problem. Because all that exists eventually returns in this circular system and all our production processes occur within this system, as long as we return the system to its original state, life can be sustained. The agriculture and forestry sector is the custodian of the world's

largest carbon sink, the key to reducing carbon emissions, and the earliest member of the ecological chain in the natural carbon cycle.

CHP is the only company in Taiwan that has more than 50 years of experience in afforestation. By focusing on afforestation and integrating our forestry, pulp, and paper production operations, CHP has formed a carbon fixation industry chain. Our afforestation activities in Taiwan and China provide contributions in terms of carbon sinks and carbon credits that enable CHP to achieve carbon neutrality, which is a great niche for us to be in. CHP also puts the concept of circular economy into practice through the use of biological substrates, which are products of photosynthesis (e.g., carbohydrates, cellulose, and starch), to develop raw materials applications such as plastic-free food-safe paper. Although this type of paper is a paper substrate, the cellulose fibers on its surface have been modified so that the paper becomes water and oil resistant even without a layer of PE coating. Used plastic-free food-safe paper can be discarded as general paper and enter the paper recycling system to be converted into raw materials for papermaking.

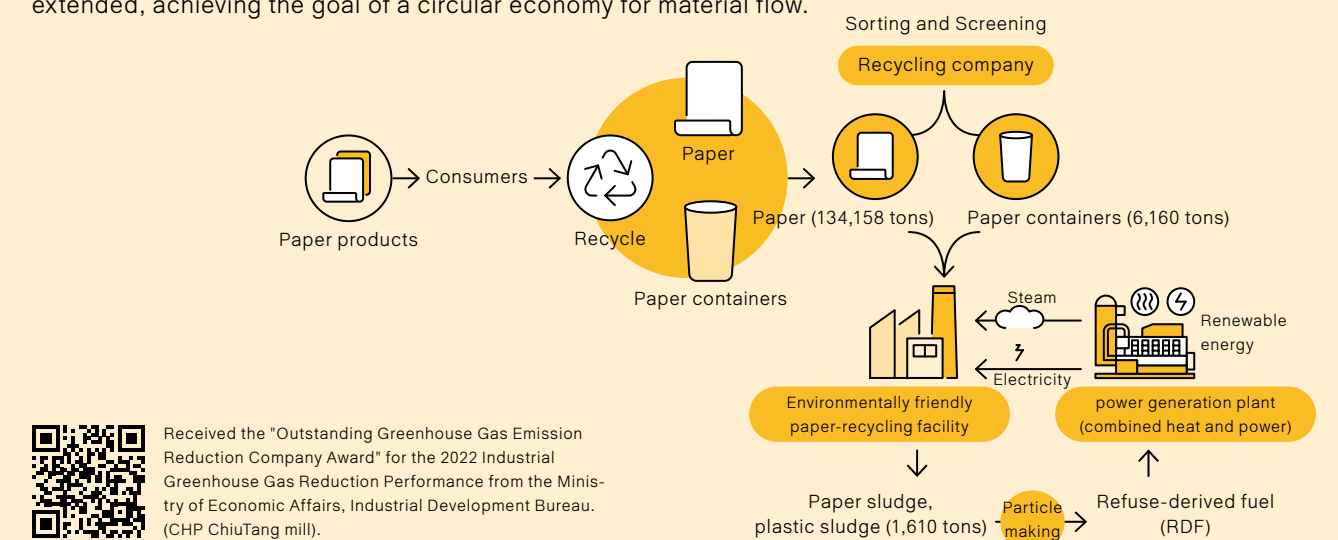
The Circular Economy of Pulp



Eco-Friendly Recycled Paper Mill












Complete Paper life-cycle from Cradle-to-Cradle Map

Taitung Mill is an eco-friendly recycled paper mill that processes paper containers and recycled paper separately. In 2023, the mill recycled 134,158 tons of waste paper and 6,160 tons of waste paper containers, totaling 140,318 tons of recycled fiber raw materials, which accounted for 84% of the total raw material usage at the Taitung Mill. Most commercially available paper containers are coated with plastic, which includes mixed plastic materials. When these containers are mixed with general waste paper in the pulping machine during paper recycling, the longer pulping time and higher amount of impurities filtered out can negatively affect the quality of recycled pulp. CHP separates the PE coating on paper containers and the packaging films on paper from waste paper containers and general waste paper. This process produced 10,071 tons of solid fuel, of which 1,610 tons came from waste paper containers, and it is used as an alternative fuel for power generation. The electricity and steam generated are used to operate the paper mill and dry the paper. As a result, the life cycle of the paper is extended, achieving the goal of a circular economy for material flow.



Received the "Outstanding Greenhouse Gas Emission Reduction Company Award" for the 2022 Industrial Greenhouse Gas Reduction Performance from the Ministry of Economic Affairs, Industrial Development Bureau. (CHP ChiuTang mill).

Products with Environmental Certification

	FSC™ certified products	CHP was the first papermaking company in Taiwan to be certified by the Forest Stewardship Council in 2007, and began producing FSC-certified paperboard in 2008.
	PEFC certified products	CHP was verified by the Programme for the Endorsement of Forest Certification (PEFC) in 2010, when the company launched our PEFC-certified eco-friendly paperboard. These products can be used for carton packaging or in books.
	Carbon footprint certified products	CHP launched the first office paper with carbon footprint certification, "PAPER STAR Copy Paper." The product underwent a full life cycle assessment, from raw material acquisition, transportation, pulping, papermaking, packaging, to consumer use and recycling. It also applied for the first carbon label for copy paper from the Environmental Protection Administration.
	Eco-friendly recycled photocopy papers	Our Hyacinth series photocopy paper is made of 60% recycled paper to save forest resources.
	Plastic-free paperboard	Our CircuWell Seal Board, a plastic-free paperboard, received the EPA's Type 2 Green Mark, which indicates that our products conform to the environmental principles of recycling, pollution reduction, and resource conservation.
	DIN CERTCO certified products	CircuWell Easy Seal Board obtained certification in June 2021.
		CircuWell Pulp-molded products obtained certification in Dec. 2021.
	International Biodegradable Products Institute (BPI) certified products	CircuWell Easy Seal Board obtained certification in Oct. 2021.
		CircuWell Pulp-molded products obtained certification in Jan. 2022.
	Certified products with Seedling Mark	CircuWell Pulp-molded products obtained certification in Jun. 2022.
	Australasian Bio-plastics-Industrial Compostable verification programme (ABA)	CircuWell Easy Seal Board obtained certification in Nov. 2023.
		CircuWell Pulp-molded products obtained certification in Nov. 2023.
	Home Compostable and Biodegradable Certified Product (DINCERTCO)	CircuWell Easy Seal Board obtained certification in May. 2023.
		CircuWell Pulp-molded products obtained certification in Sep. 2023.
	Australia's Home Compostable and Biodegradable Certified Product (ABA)	CircuWell Easy Seal Board obtained certification in Jul. 2023.
		CircuWell Pulp-molded products obtained certification in Nov. 2023.

*FSC™ CoC verification (License Code: FSC™-C016878, FSC™-C012657, FSC™-C118028)

Products with the Green Mark

Mark No.	Product Name	Specifications and Standards/Environmental Appeal
1972	Clear Lotus series recycled paper (for office automation)	Recycled paper for office automation (OA)
6004	Hyacinth series photocopy paper	
16873	Clear Lotus series wood-free paper	Stationery and writing paper made of recycled paper
16874	Recycled Kraft paper (wrapping paper and paper bags)	Packaging products made of recycled paper
16875	Clear Lotus series recycled paper board	
16880	Chip board	
0516	CircuWell Seal Board (for processing)	Environmentally friendly product

Product Responsibility and Quality Management

CHP's domestic and overseas production bases have all obtained FSC™ CoC certification and PEFC™ international environmental certification. Through carbon footprint inventory, we also implement carbon management. Internally, the company has established a 'Finished Product Quality Control Management System,' equipped with DCS/QCS computerized automatic control systems, along with online stain detectors and color sensor systems. This allows for real-time management and monitoring of paper quality, ensuring stable printability and high-quality paper products.

We place great importance on product safety. All

CHP paper products are 100% certified to meet various international quality and environmental standards according to their categories, such as green product, food safety, and medical device certifications, ensuring that no fluorescent agents or bioaccumulative toxins are present. These certifications are regularly renewed to guarantee ongoing compliance with standards. CHP strives to provide safe and environmentally friendly products to our customers. Please scan the QR Code to view our product inspection reports.



Product Inspection Report Download Center

	Pulp	Printing Paper	Packaging Paper	Specialty Paper	Chemical Products
PEFC-CoC	o	o	o	o	
FSC™-CoC	o	o	o	o	
FSC™-Recycled		o	o	o	
ISO 9001	o	o	o	o	o
ISO 14001	o	o	o	o	o
ISO 45001	o	o	o	o	o
ISO 50001		o	o	o	
ISO 11607				o	
ISO 22000				o	
HACCP				o	
FDA.TFDA				o	
CNS Mark		o	o		
Restriction of Hazardous Substances Directive (RoHS)		o	o	o	
Dimethyl fumarate (DMF)		o	o	o	
Substance of very high concern (SVHC)		o	o	o	
Perfluorooctane sulfonic acid/ Perfluorooctanoic acid (PFOS/PFOA)		o	o	o	
Halogen		o	o	o	
EN 868				o	
Green Mark		o	o	o	
Carbon Footprint Mark		o	o		
Industrial Compostable and Biodegradable				o	
Home Compostable and Biodegradable				o	

*FSC™ CoC verification (License Code: FSC™-C016878, FSC™-C012657, FSC™-C118028)

Green Procurement

GRI 204-1
RR-PP-430a.1

As a member of the global green supply chain, CHP prioritizes local suppliers in its procurement processes and encourages suppliers to increase the proportion of locally sourced products. This not only helps to reduce costs but also supports local industries. For example, in the case of recycled paper, 91% of the recycled paper procurement value comes from Taiwan's local supply chain, promoting the circular use of resources in Taiwan and reducing reliance on imported materials. Additionally, many of CHP's production sites are located in remote areas. As much as possible, the equipment and materials required for maintenance are sourced domestically or locally, which not only drives local industrial development and the upgrading of domestic industries but also increases local employment opportunities, contributing to balance and stable regional population and industrial growth. CHP supports green procurement, incorporating environmentally certified materials into procurement guidelines and actively participating in government green procurement initiatives. In 2023, the green procurement amount at Taiwan's plants reached NT\$ 4.1 billion, with green wood chips and green pulp from third-party certified forests accounting for 66% of the total procurement volume (which was 757,764 tons in total). The percentage of other fiber sources meeting standards was 34%, and the quantity of recycled paper procured amounted to 140,318 tons.

With global environmental protection and green sustainable development gaining widespread at-

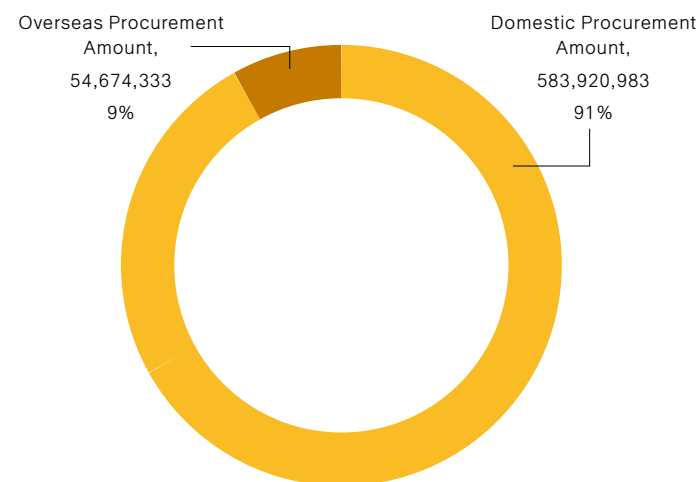
tention, the paper industry is inherently seen as an eco-friendly sector with a green image. As part of its corporate responsibility, CHP is even more committed to addressing these issues. The company has achieved outstanding results in promoting green procurement, actively prioritizing the purchase of eco-labeled, energy-saving labeled, and FSC™ internationally certified green products for raw materials, in-factory facilities, and office supplies. Reducing environmental impact is key to CHP's pursuit of sustainable growth, and the company strives to position the paper industry not only as one that provides socio-economic benefits but also as a value-added industry that makes even greater contributions to society as a whole.



CHP was honored with the "Outstanding Unit for Green Procurement and Green Consumption Promotion" award by the Environmental Protection Administration of the Executive Yuan

Proportion of Expenditure on Recycled Paper Procurement

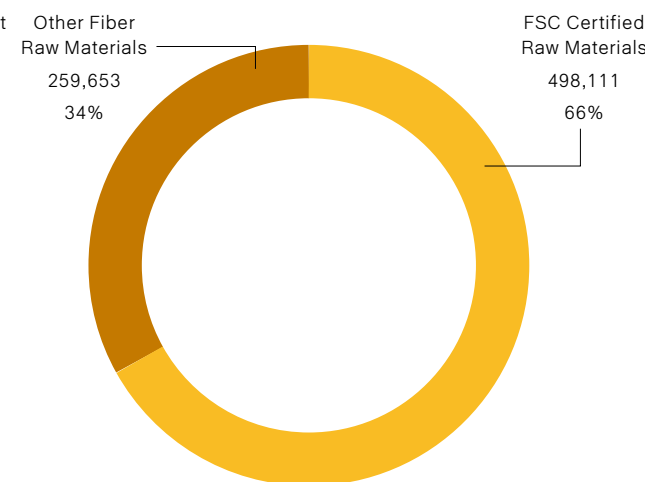
Unit: NTD



1. Domestic procurement refers to the Taiwan region.
2. Key operational sites include the Taipei Headquarters in Taiwan, various operational locations, Jiutang Factory in Kaohsiung, Hualien Factory, Taitung Factory, Guanyin Factory in Taoyuan, and overseas locations such as Dingfeng Paper in Guangdong and Zhaoqing Dingfeng Forestry and Paper Company.

Raw Material Procurement Categories

Unit: Tons



Supply Chain and Customer Services

GRI 2-6/2-23/2-24/3-3/414-1/14-2

Raw Materials Procurement

CHP relies on imports for wood chips and pulp needed for papermaking, making production costs susceptible to fluctuations in the international market. In 2023, approximately 634,000 tons of raw materials were imported, with the top three sources of wood chips and pulp being Southeast Asia (48%), New Zealand and Australia (28%), and North America (8%). To manage the volatility in raw material prices, CHP continuously monitors market supply and demand changes and closely monitors the quality of sources to stabilize raw material costs. All raw materials procured by CHP are certified or legally sourced from the local governments of the exporting countries, ensuring 100% renewable materials. Additionally, to provide responsible products, traceability of raw materials is a crucial task, and all relevant information is registered with internationally recognized environmental alliances, providing customers with full transparency and fulfilling corporate social responsibility.

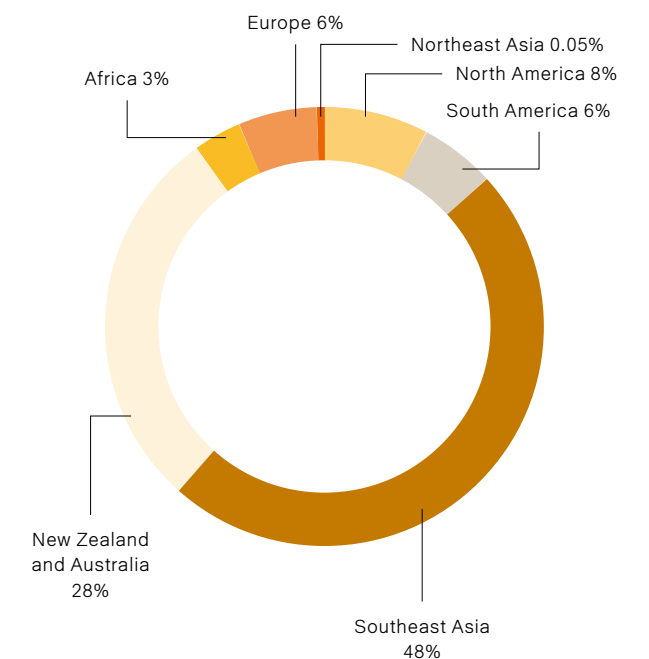
Supply Chain Management

Facing the challenges of global environmental and social issues, supply chain management has become increasingly important. Especially for CHP, whose operations rely heavily on the gifts of nature, there is an obligation to fulfill social responsibility. Managing the entire supply chain is a significant challenge. With frequent incidents of illegal logging and deforestation affecting international forest resources, we are particularly cautious in selecting raw material suppliers. We carefully choose suppliers that are certified by international standards and comply with local regulations to avoid contributing to the destruction of rainforest ecosystems.

Our mission as a sustainable and responsible company is to responsibly source and use raw materials, while continuously developing more environmentally friendly technologies to protect global forest resources. We have established a "Procurement Policy" for raw materials, committing to the protection of ancient and endangered forests, peatlands, high carbon stock (HCS) forests, and high conservation value (HCV) areas. This ensures that our operations and procurement practices contribute to sustainable forest management.

In terms of human rights standards, CHP regulates supplier management through the "Procurement Declaration" and the "Human Rights Declaration." We require suppliers to commit to complying with labor safety and human rights regulations established by local governments, prohibiting discrimination, child labor, and forced labor. After a due diligence process in 2023, none of CHP's operational sites or suppliers were found to be in violation of workers' rights to freedom of association or collective bargaining.

Sources of Raw Material Imports by Country

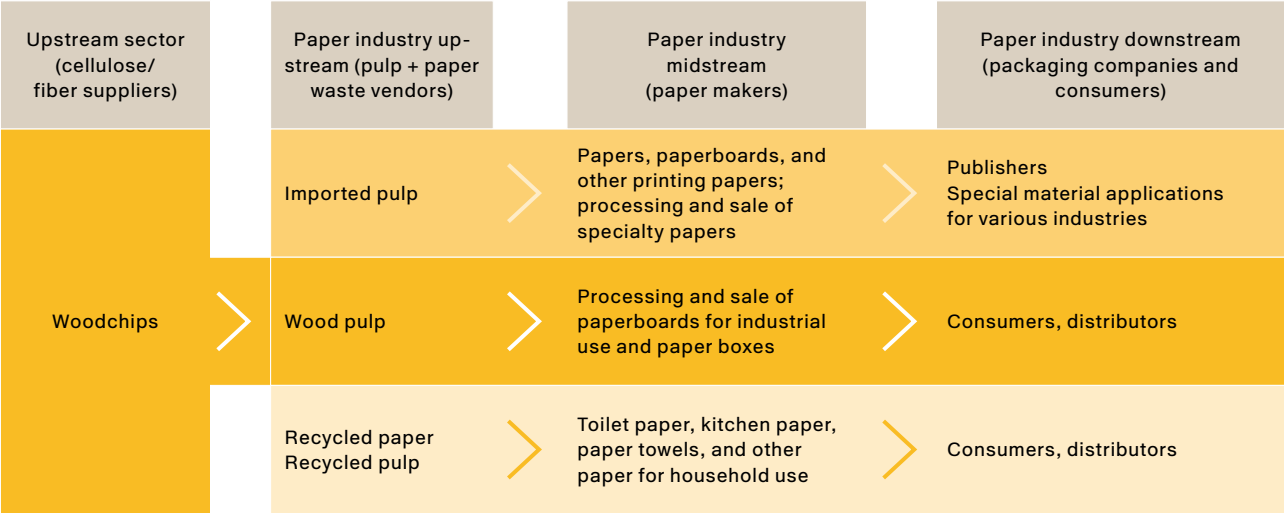


Procurement Policy

Core Values:

- Support responsible forest management
- Reduce GHG emissions from operational processes
- Respect and protect the rights of individuals, communities, and employees

Upstream, Midstream, Downstream Flow in the Papermaking Industry

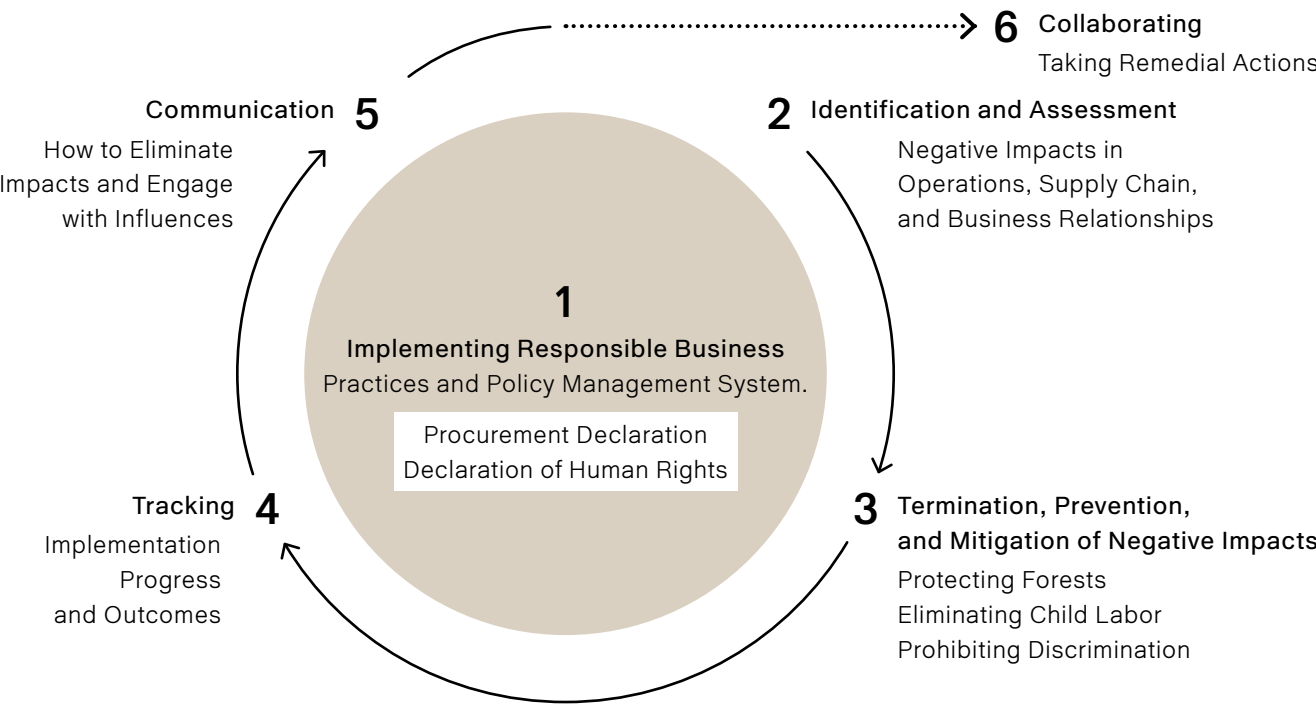


New Supplier Selection and Evaluation

CHP cooperates with a considerable number of suppliers and contractors. Most of our materials are purchased from local suppliers and vendors, except for fibers, which suffer from insufficient production in Taiwan as well as fiber quality. Thus, we are able to support local businesses and concurrently reduce the impact that the transport of raw materials has on the environment. Our selection and procurement of our primary raw materials is 100% based on social standards. We maintain favorable relations with at least two suppliers. CHP has developed a Declaration of Human Rights, and we comply with the requirements

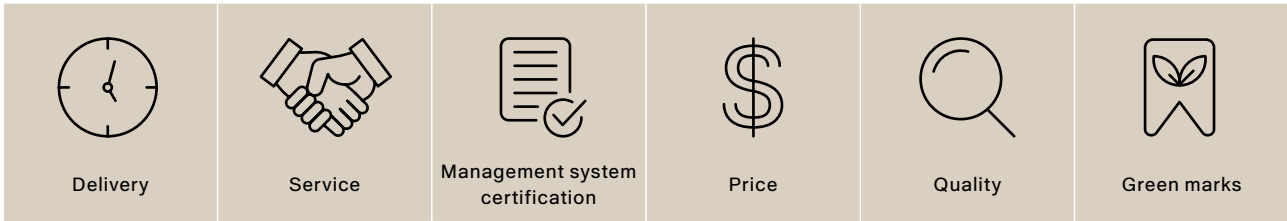
stipulated in this declaration and ensure that our suppliers do the same. For example, the declaration includes a statement of commitment to compliance with labor laws enforced in the location or country where the business is registered, the prohibition of child labor, and an adherence to the spirit of human rights for sustainable development. It also states that CHP will only work with suppliers who commit to this declaration and will sever ties with those with risk potential. Furthermore, CHP has formulated management procedures to select new suppliers and evaluate existing suppliers.

6 Key Steps of Due Diligence Process and Establishment of Management System



New suppliers are required to complete a Supplier Survey Form (which includes a Statement of Commitment to Honesty and Integrity). Once a supplier is internally reviewed and approved, purchases can be made from that supplier through the logistics system. New suppliers are regularly evaluated (twice a year); In 2023, a total of 1,612 supplier assessments were conducted (807 in the first half and 805 in the second half), achieving a 100% qualification rate. Qualification was determined based on a scale of 0 to 100 points, with a minimum passing score of 70 points or higher. Our procurement contract explicitly states that suppliers are strictly prohibited from offering and accepting bribes, among other unethical behavior.

Supplier Evaluation Items



Suppliers are graded based on system-generated data of past procurement cases and the evaluation scores given by units that used the supplier's services. Suppliers who fail the evaluation are issued an improvement notice or blacklisted on our procurement system.

Customer Service

CHP is the largest maker of printing papers and paperboards in Taiwan. In a highly competitive environment where relatively homogenous products can easily be substituted, we actively develop niche products and maintain our brand image in order to differentiate ourselves from a crowd of competitors. We pay visits to our customers regularly as needed to gather their opinions of our products and services and align our sales strategies with market trends. For new customers or new products, new product launches and quality conferences are held to provide technical analysis and guidance in a timely manner, help customers address their problems, and provide e-services. Distributors can place orders online by connecting to our sales system. We hold commendation ceremonies to reward well-performing distributors. To improve customer service, the Company regularly conducts customer satisfaction surveys, and we have introduced a customer relationship management (CRM) system that is updated with quarterly customer satisfaction survey results to provide a basis for service improvements.

On-Time Delivery

To deliver products on time, CHP has implemented a digital order placement system. When a customer places and order online, our production unit arranges and plans our production schedule based on the quantity of the order and desired delivery date. Orders and production progress can be tracked by customers on the digital system to check the status of inventory and delivery from the day the order is submitted, thereby achieving maximum customer satisfaction.

Customer Feedback

The papermaking industry in Taiwan has matured. Despite being the largest maker of printing papers and paperboards in Taiwan, CHP must still tackle the challenges of globalization. In addition to actively developing niche products, the Company must build an excellent brand image as well. To ensure our brand image is consistent with customers' perception of our brand, we conduct a satisfaction survey covering every stage of service. In 2023, CHP distributed 94 satisfaction questionnaires and retrieved 59 valid samples, for a retrieval rate of 62.3%.

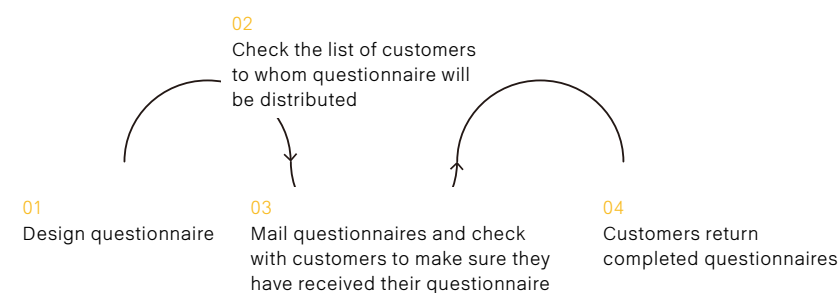
The satisfaction survey was divided into six dimensions, each with a maximum score of 5. In 2023, respondents rated the overall service satisfaction of CHP as "satisfied" (average score of 3.98). Overall, satisfaction was higher in the areas of product information, order processing, and transportation services. In terms of product information services, satisfaction in 2023 improved compared to 2022. The top four types of information most needed by customers were: comparative quality information of competing

products, product paper samples, product physical specifications, and new product information. Additionally, 36% of customers cited "good service attitude" as the reason for their satisfaction with CHP's product information services, followed by "timely responses." In terms of order processing services, customer satisfaction in 2023 slightly increased compared to 2022, with customers expressing satisfaction with the speed and accuracy of responses from CHP service personnel.

In terms of transportation services, overall customer satisfaction with CHP's transportation services in 2023 was roughly the same as in 2022. Regarding product quality, new equipment has been added to enhance quality control and inspection, with continuous efforts to address areas of customer concern and maintain product quality stability. As for technical assistance services, CHP's current support generally meets customer needs, and satisfaction in 2023 improved compared to 2022.

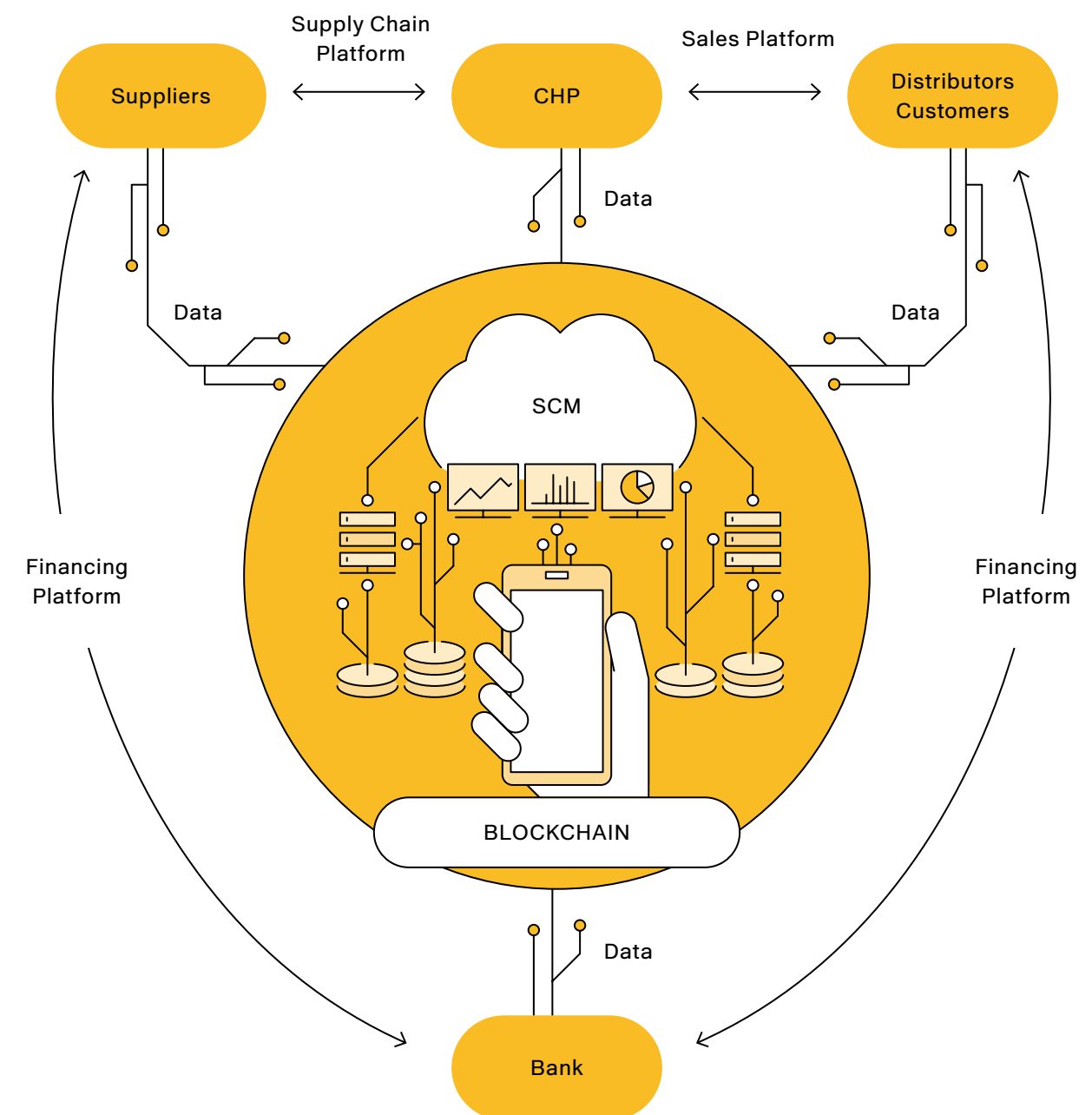
Research Process

The questionnaire design is based on customer characteristics (direct seller, distributor, processing plant, specialty papers) and the essential elements of our service processes. The questionnaires were distributed by mail.



Customer Satisfaction with CHP Services						
Item	Overall Satisfaction	Technical Assistance	Product Information	Product Quality	Order Processing	Transport Services
2022	4.11	3.87	4.11	3.93	4.13	4.15
2023	3.98	3.91	4.27	3.86	4.15	4.14

Digital Development for Triple Win Outcomes



Since 2018, CHP has joined the group's supply chain management project and established the SCM (Supply Chain Management) platform to optimize the digitalization of supply chain processes. Currently, 298 suppliers have been integrated into the platform, promoting collaboration and communication between the upstream and downstream supply chain, thereby enhancing the efficiency and quality of cooperation.

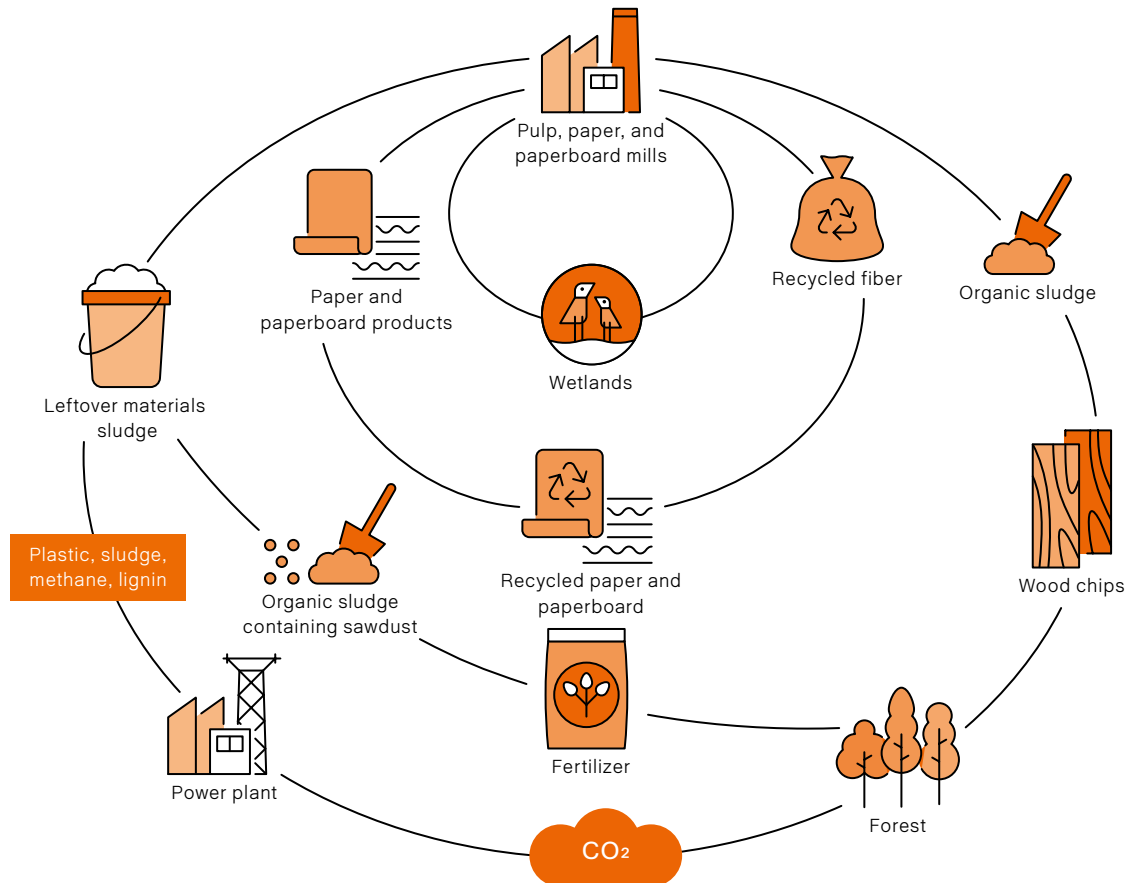
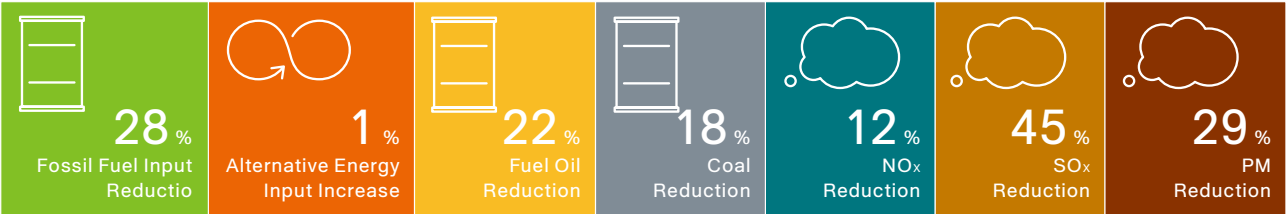
In August 2022, the blockchain-based supply chain financial platform officially went live, with CHP being one of the group's sites. By combining supply chain finance with blockchain technology, the platform allows upstream and downstream companies (suppliers, customers) and banks to share resources, risks, and information. This helps small and medium-sized enterprises address funding challenges, improve operational efficiency, reduce risks, and promote long-term business development.

Green Production

GRI 3-3



Compared with 2021



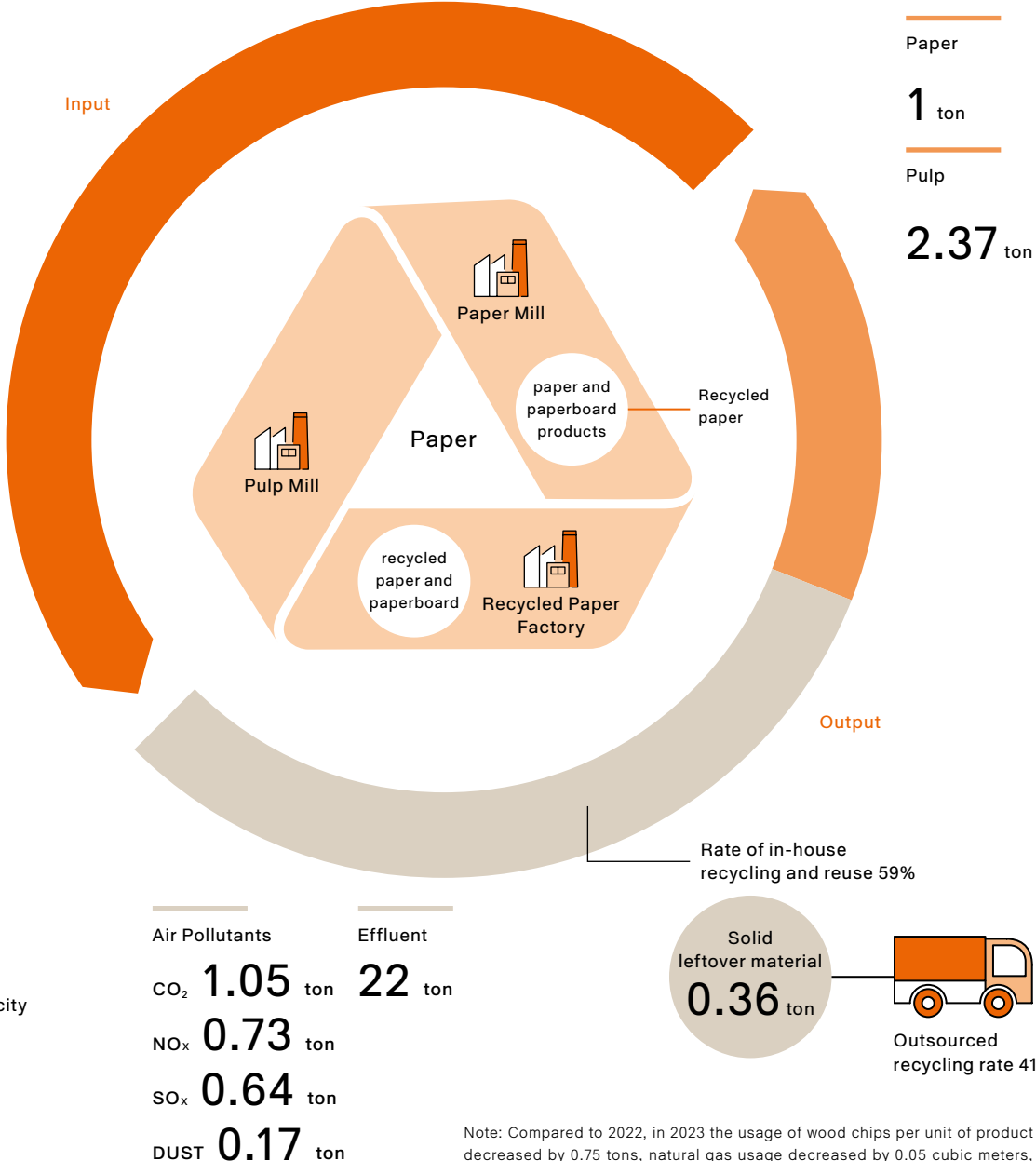
With global environmental protection and green sustainable development gaining the attention of countries around the world, the paper industry, driven by corporate responsibility, is naturally more concerned with these issues. The key to CHP's pursuit of sustainable growth lies in transitioning from a traditional, resource-dependent linear economy to an economy that relies on ecological resource recycling. Accelerating the shift towards a circular economy-driven innovative business model is the

critical challenge that will determine whether the paper industry can achieve sustainable development. The paper industry inherently has a green image as an environmentally friendly sector. In future production processes, introducing and strengthening new production concepts will require full consideration of the carrying capacity of natural ecosystems. It is essential to conserve natural resources as much as possible, continuously improve the efficiency of resource

utilization, and fully utilize resources from the very beginning and throughout the entire production process. This approach aims to achieve low input, low emissions, and high efficiency in every step of production, minimizing waste, maximizing resource use, and ensuring harmless disposal. In addition to its socio-economic benefits, the paper industry as a green industry can further position itself as a value-added sector that contributes even more to society as a whole.

Energy Input and Output

- Wood chips 3.78 ton
- Industrial salt 0.05 kg
- Recycled paper 0.94 ton
- Coal 0.66 ton
- Heavy crude oil 0.04 ton
- Natural gas 4.26 m³
- Water 22 ton
- Purchased Electricity 0.46 MWh



In alignment with global sustainable development policies, CHP has voluntarily implemented multiple clean production initiatives, striving to improve the efficiency of water and energy resource usage, bringing our operational performance closer to achieving 'zero waste, zero emissions'.

Save energy costs, reduce transportation costs, and minimize water waste	
Past	Type of pulp: Dry pulp <ul style="list-style-type: none">Long-distance transportation of pulp requires ensuring quality and ease of preservation, so the finished product must be dried before being sold to paper mills. When paper mills use the pulp, additional water must be added to dilute it before it can be used.
Present	Type of pulp: Semi-wet pulp or liquid-pumped pulp <ul style="list-style-type: none">When semi-wet pulp is directly transported to paper mills, there is no need to spend additional energy and steam for drying, and the paper mill does not need to use excessive water to disperse the pulp, resulting in water and energy savings.When the paper mill is adjacent to the pulp mill, pipelines can be used for direct transportation, significantly reducing the costs associated with pulp pressing, processing, packaging, and transportation.

Management Systems

CHP has established the 'ISO Quality, Environmental, Occupational Safety, FSC, and PEFC Management Committee,' and set quality, environmental, and health and safety policies and commitments. In addition to continuing its involvement in community development, we also requires suppliers and contractors to commit to, comply with, and fulfill environmental, integrity, and other obligations. In terms of management and execution, a bottom-up management approach is adopted, where employees bring up environmental considerations. These are communicated to mid- and senior-level management through regular manage-

ment committee meetings. Major environmental con-siderations identified are reviewed in regular committee meetings, where the implementation status is evalu-ated. After assessing legal regulations, other require-ments, technical trade-offs, financial, operational, business, and stakeholder perspectives, improvements are made through process control or specific projects. The validity periods of the relevant management system certifications currently held are as follows:

	ISO 9001	ISO 14001	ISO 14064-1 (Note 3)	ISO 50001	ISO 45001	ISO 22000	HACCP	FSC™ CoC certi-ficate (Note 1)	PEFC certi-ficate (Note 1)	Level 3 Safety Pro-duction Stan-dard-ized Enter-prise (China)	FSC™ FMcer-tificate (Note 2)	High-Tech Enter-prise (China)
Pulp/ Paper Mill (Hualien)	2026.05	2025.04	2023.08	-	2024.06	2025.04	2025.04	2028.08	2025.09	-	-	-
Paper Re-cycling Mill (Taitung)	2023.12	2025.12.	2023.08	2026.11	2025.12.	-	-	2028.10	-	-	-	-
Specialty Paper Mill (Chiutang)	2025.05	2026.06	2023.08	2026.12	2023.06	2024.10	2024.10	2027.12	-	-	-	-
Paper Product Mill (Kuanyin)	2025.05	2025.05	2023.08	-	-	2026.03	2026.03	2028.08	-	-	-	-
China Pulp & Paper Mill (Dingfung)	2026.07	2026.08	-	-	-	-	-	2029.08	-	2026.02	2027.02	2024.12

Note 1: FSC™ CoC certification refers to Chain of Custody certification (License Codes: FSC™-C016878, FSC™-C012657, FSC™-C118028); PEFC certification (Certificate SGS-PEFC/COC-1176).

Note 2: FSC™ M (Forest Management) Certification.

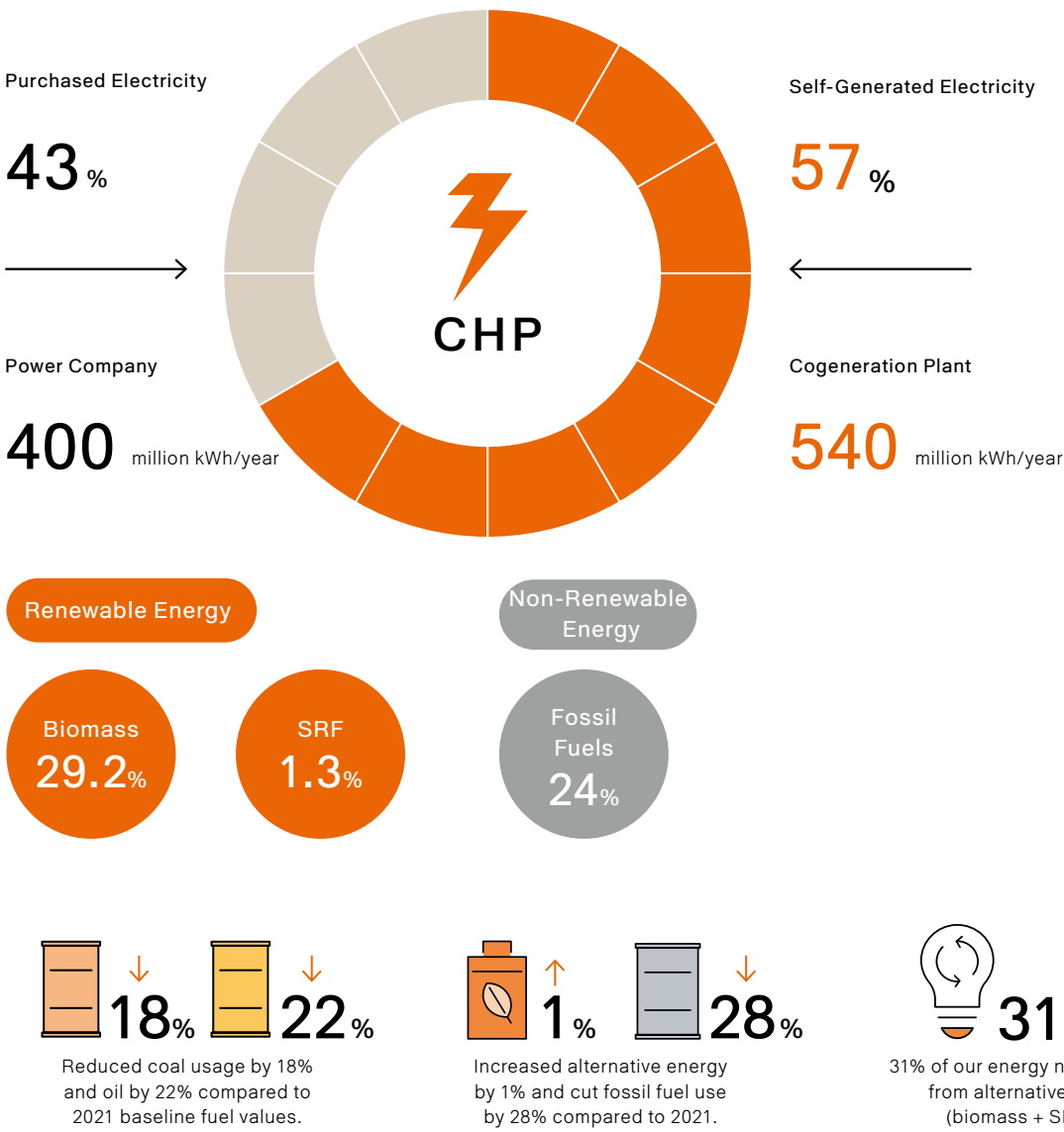
Note 3: ISO 14064-1 refers to the verification approval date, and verification is conducted annually on a fixed schedule.

Energy Management

GRI 302-1/302-3/302-4/RR-PP-130a.1

7 AFFORDABLE AND CLEAN ENERGY

CHP's Power Structure



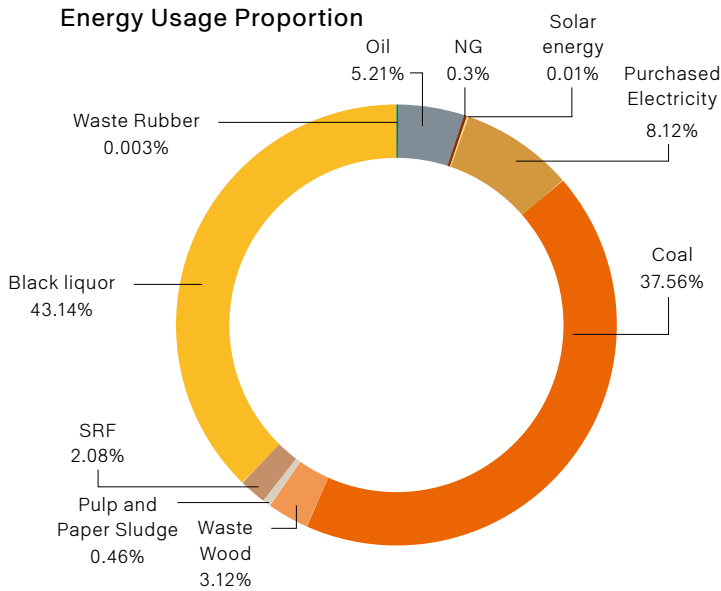
CHP's primary energy source utilizes a Cogeneration System, which supplies 50-90% of the electricity required for operations. During off-peak hours, excess electricity can be fed back to alleviate regional electricity demand. The cogeneration system simultaneously produces both thermal and electrical energy, unlike traditional power generation systems where waste heat is released into the atmosphere. The fuel cost invested in the cogeneration system provides the dual benefits of electricity and usable thermal energy, reducing waste heat emissions, improving energy efficiency, and lowering the use of fossil fuels. CHP's cogeneration system derives its thermal energy from black liquor, coal, biomass energy, pulp and paper sludge, and SRF solid fuel. Through optimized electricity distribution, energy is used efficiently.

CHP Energy Usage

In 2023, the total energy consumption within the organization amounted to 17,764,307 GJ, of which purchased electricity accounted for 1,443,328 GJ, and self-generated steam and electricity consumption was 16,320,979 GJ. Biomass energy represented 47% (8,298,031 GJ) of the internal energy consumption, and solar energy (other renewable energy sources) accounted for 0.01%. CHP has been actively promoting energy conservation and expanding green energy. In terms of internal use of renewable and alternative fuels, the total thermal input increased by 1% compared to the baseline year of 2021, while the total ther-

mal input from fossil fuels saw a significant reduction of 28%. This reduction was primarily due to the use of lignin as a substitute, along with the use of SRF solid fuel in alignment with government policies, currently accounting for approximately 2% of the organization's total energy consumption. This serves as one of the alternatives to traditional fossil fuels for plants without natural gas supply pipelines. As for energy intensity, this year's energy consumption per unit of product was 20 GJ, marking a 23% decrease compared to the previous year.

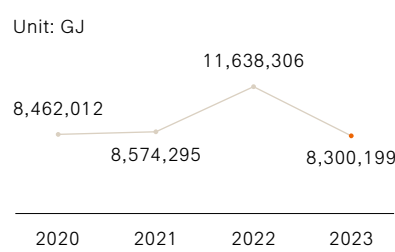
Energy Usage Proportion



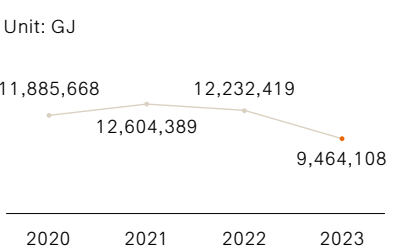
CHP is committed to recycling and reusing materials by processing residual sludge, wood, bark, and plastic residue mixtures filtered from recycled paper that cannot be reintroduced into the production line. These materials are crushed, sorted, and pelletized to produce SRF solid fuel, which can replace coal as an alternative fuel for co-firing in boilers, supplying power to the cogeneration system. CHP's Hualien, Taitung, and Jiutang factories have each installed cogeneration systems. In pursuit of net-zero transformation, the company is gradually increasing the proportion of renewable energy as a thermal energy source for power generation. In 2023, the Hualien plant obtained certification for a 20,000 kW renewable energy power generation facility, allowing the electric-

ity produced to qualify for green power certificates. Through industrial cooperation and trading, the plant works towards mutual carbon reduction goals. The Taitung and Jiutang plants completed the installation of solar photovoltaic systems on their rooftops at the end of 2022, with installed capacities of 1,187 kWp and 810 kWp, respectively. These facilities have significantly increased the use of solid recovered fuel and biomass energy, achieving notable carbon reduction results. Additionally, the Guanyin plant invested in the construction of a liquefied natural gas (LNG) facility, which was completed at the end of 2023, and will fully replace heavy oil in the future.

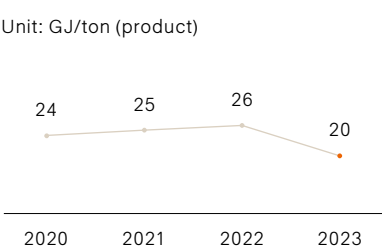
Renewable Energy



Non-Renewable Energy



Energy Intensity

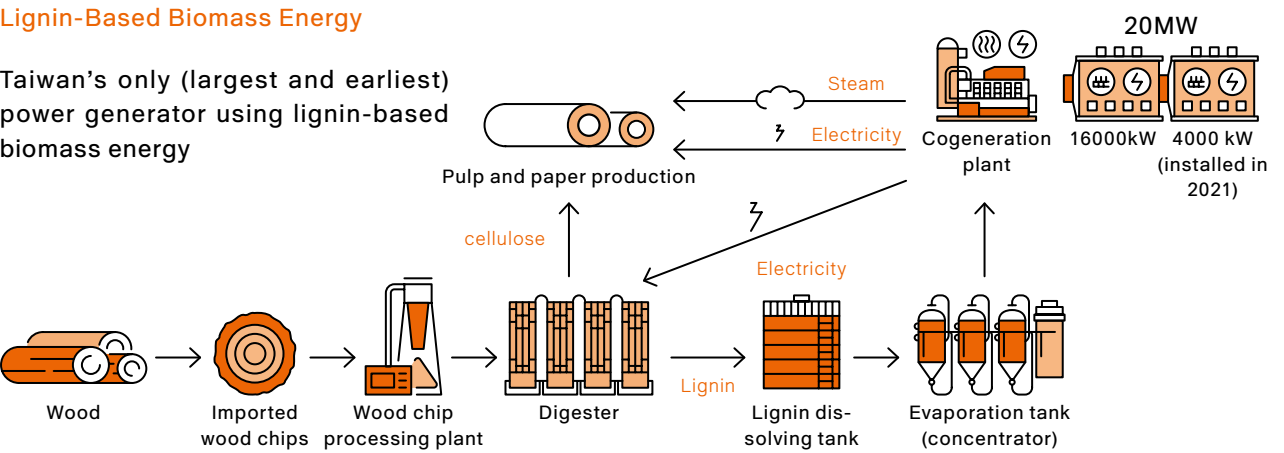


Category	Input(GJ)	Proportion
Oil	924,819	5.21%
NG	53,771	0.30%
Coal	6,672,966	37.56%
SRF	369,224	2.08%
Waste Rubber	532	0.003%
Pulp and Paper Sludge	80,983	0.46%
Waste Wood	553,737	3.12%
Black liquor	7,663,310	43.14%
Solar energy	1,636	0.01%
Purchased Electricity	1,443,328	8.12%
		17,764,307

Alternative Fuel	Coal replacement (calculated by calorific value)
Pulp and paper sludge	4,000 tons/year
SRF	19,000 tons/year
Waste wood and bark	28,000 tons/year

Lignin-Based Biomass Energy

Taiwan's only (largest and earliest) power generator using lignin-based biomass energy

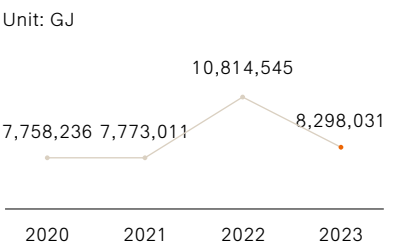


At the process of pulp production at CHP involves cooking wood to separate the wood fibers, producing pulp and paper. The resulting solution, primarily lignin (commonly known as black liquor), contains lignin, wood essential oils, pectin, starch, hemicellulose, and small amounts of cellulose and other organic substances. This solution is concentrated in an evap-

oration tank to 63-70% high-concentration lignin and then sent to a recovery boiler for combustion. The combustion replaces heavy oil to generate steam, which is further utilized in the cogeneration system to supply steam and electricity for the production process.

Since 2021, CHP's Hualien integrated pulp and paper mill has undergone a low-carbon transformation into a biomass energy generation system, with lignin accounting for 89% of the mill's self-generated electricity. In 2023, CHP's total biomass energy fuel input had a thermal value of 8,298,031 GJ, representing a 7% increase in biomass input compared to the baseline year for fossil fuel substitution (2021). CHP is actively planning to invest in the development of biomass energy technologies and aims to expand its renewable energy generation capacity in 2024, contributing to the national goal of achieving net-zero carbon emissions.

Renewable Energy



Energy Saving Project

In 2023, CHP implemented energy-saving projects, which can be categorized into waste heat recovery, energy efficiency improvement, equipment replacement, and other measures. The total carbon reduction for 2023 amounted to 38,660 tCO₂e.

The energy-saving benefits are calculated as the difference between the energy consumption of the equipment before the project and the estimated energy consumption after the project. The carbon reduction was calculated based on the 2022 electricity emission factor announced by the Ministry of Economic Affairs' Bureau of Energy, which is 0.495 kgCO₂e/kWh. The emission factors for fuel oil and steam were based on in-house data, at 3.0 kg CO₂e/Nm³ for fuel oil and 0.28 tCO₂e/ton for steam.

2023 Energy Conservation Project	Waste heat recovery	Energy efficiency enhancement	Equipment replacement	Other
Project Items	Boiler Flue Gas Heat Recovery	Upgrade to high-efficiency motors and replace LED lights	Replacement of air compressors and pulp refiners' dewatering units	Planned electricity reduction measures
Number of Projects (Cases)	1	13	7	1
Energy Savings	Electricity savings of 7,623,000 kWh	Electricity savings of 24,153,000 kWh and 6,728 Nm ³ of fuel oil	Electricity savings of 2,608,000 kWh and 1,120 tons of steam	Electricity savings of 1,781,000 kWh
Carbon Emission Reduction (metric tons of CO ₂ e)	3,773	32,417	1,605	865
Subtotal (metric tons of CO ₂ e)	38,660			



A Low-Carbon Hydrogen-Powered Paper Mill in Hualien

CHP has set a precedent for the manufacturing industry in Taiwan. Currently, hydrogen is produced by converting hydrocarbon fossil fuels and water electrolysis. Hydrogen produced from fossil fuels has a low purity of 75%. Our integrated pulp and paper mill in Hualien produces hydrogen using the salt water byproduct of electrolysis (produced during the production of recycled pulping agent), which sets a precedent in the manufacturing industry. In 2023, approximately 490 tons of hydrogen byproducts with 95% purity were produced.* By utilizing clean energy technologies as auxiliary energy supply for the lime kiln, there was a substitution of 1,460 gallons of heavy oil and lead to a reduction of 4,542 metric tons CO₂e in carbon emissions.

Carbon Reduction Performance

CHP has long been committed to self-directed carbon reduction actions. In addition to continuously upgrading process facilities and motor efficiency, we have implemented comprehensive energy-saving initiatives for electricity and steam usage. In recent years, we've focused on energy-saving measures for pulping equipment and plant-wide steam/gas heat recovery to reduce heat loss and effectively improve energy efficiency, thereby reducing the need for fuel oil. Additionally, we have enhanced lignin concentration equipment to improve the efficiency of biomass energy generation.

In 2023, fuel oil consumption was 889,819 GJ, with a reduction performance of 22% compared to the 2021 (baseline year). The average fuel oil calorific value across production sites was 39.40 GJ per liter. In 2023, coal consumption was 6,672,966 GJ, with a reduction performance of 18% compared to the 2021 baseline year. The average calorific value of coal across production sites was 19.53 GJ per ton.

Emissions Management

GRI 305-1/305-2/305-4/305-7
RR-PP-110a.1/RR-PP-110a.2/RR-PP-120a.1

GHG Management

To provide more environmentally friendly products, greenhouse gas reduction initiatives must remain an ongoing effort. CHP is dedicated to seeking high-efficiency production models and technological advancements. The emission reduction boundary covers both Taiwan and China production sites, with a target to achieve a 7% carbon reduction by 2025. As of 2023, compared to the 2018 baseline year, emissions have already been reduced by 78,000 tons, achieving a 7.6% reduction, thus meeting the 2025 target ahead of schedule.

Goals

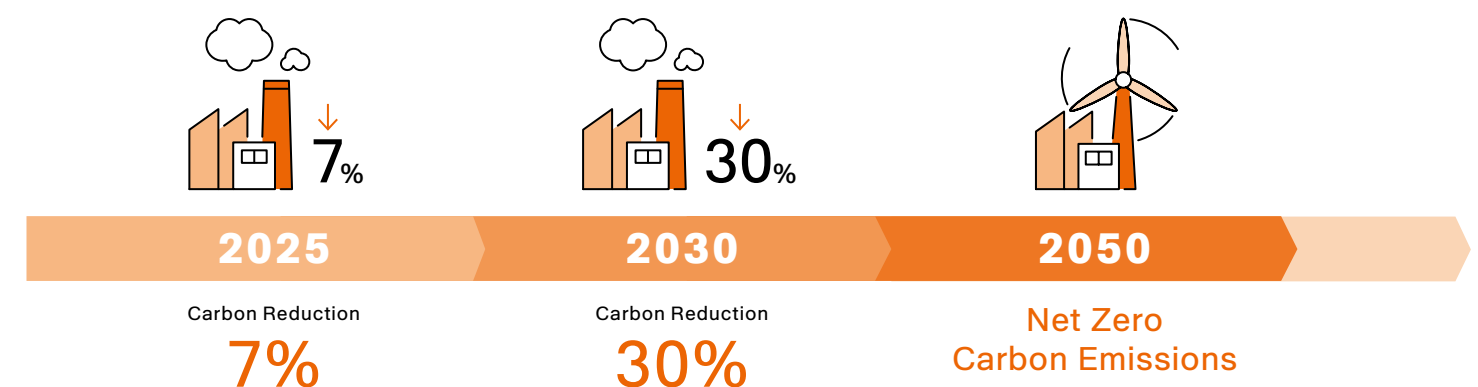
Emissions Reduction Goals of CHP with 2018 as Base Year (Scopes 1 & 2)			
Timeline	2025	2030	2050
Goal	7% reduction	30% reduction	Net Zero

CHP's Net-Zero Carbon Pathway (set 2018 as the Baseline Year)

CHP has set carbon reduction targets by improving energy efficiency and expanding the use of biomass fuels. Each plant is gradually introducing digital transformation technologies to achieve energy savings. Leveraging local advantages, the plants are integrating renewable energy sources such as biomass and solar power for generation, and developing biomass fuels to progressively reduce coal consumption. This is part of CHP's efforts to reach the goal of net-zero carbon emissions by 2050.

Driving Strategies

- Actively implementing energy-saving and energy-efficient programs.
- Reducing fossil fuel usage and adopting low-carbon and renewable energy sources.
- Continuously expanding the investment in the use of biofuels.
- Waste reduction and enhance resource utilization.
- Investing in low-carbon research and innovative technologies.
- Implementing internal carbon pricing (ICP).
- Responding and actively committing to Science-Based Targets (SBTi) for carbon reduction based on scientific foundations.
- Promoting the afforestation Carbon Credit Demonstration Project in Taiwan.



Management Approach

In 2022, the Financial Supervisory Commission (FSC) proposed the 'Sustainable Development Roadmap for Listed Companies,' which requires listed companies with capital exceeding NT\$10 billion, as well as companies in the steel and cement industries, to disclose their individual carbon inventory results in their annual reports starting in 2023. CHP has established a 'Greenhouse Gas Reduction Task Force' to conduct inventories of greenhouse gas emissions sources

within its plants, study various reduction measures, and register the verified results with the national greenhouse gas registration platform (for Taiwan plants). These results are also disclosed in the sustainability report.

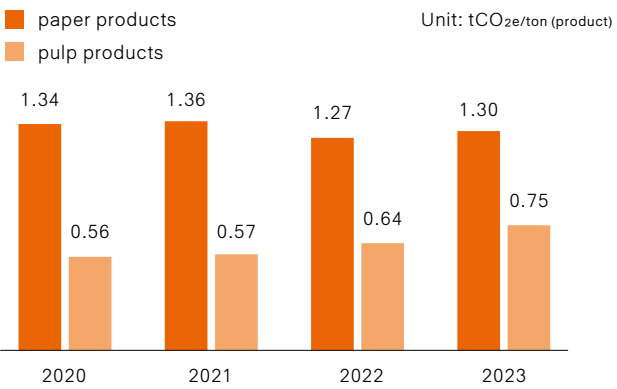
Management Approach	
Renewable Electricity Development	Installation of solar panels and increases in the installed capacity of power generators that use lignin biomass energy (integrated pulp and paper mill).
Carbon Reduction Strategies	Reduced use of fossil fuels, increased use of alternative fuels, and investment in biomass fuels.
Forestry Management	Afforestation, reforestation, and forest management to achieve carbon storage and carbon fixation functions to increase carbon reduction.

Scope 1 and Scope 2 Inventory

CHP's greenhouse gas emission inventory for its production sites follows international and local government regulations, including Taiwan's "ISO/CNS 14064-1," the "Climate Change Response Act," the Executive Yuan's Environmental Protection Administration's "Guidelines for Greenhouse Gas Emission Inventory Operations" on the Greenhouse Gas Emission Information Platform, and China's Climate Change Act. The Global Warming Potential (GWP) values used for calculating emissions are based on the "IPCC Fifth Assessment Report." Emission factors are referenced from the Executive Yuan's Environmental Protection

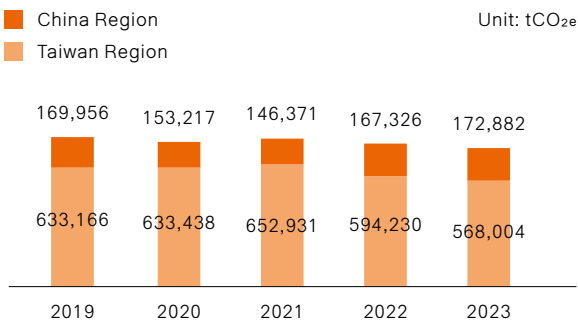
Administration's "Greenhouse Gas Emission Factor Management Table, Version 6.0.4." In 2023, direct and indirect emissions in Taiwan decreased by 3.9% compared to the previous year, while global direct and indirect emissions were reduced by 7.6% compared to the baseline year. The inventory results have been verified by third-party certification bodies such as SGS and DNV, ensuring compliance with regulations. These results have been reported to the Climate Change Office's Greenhouse Gas Emission Disclosure Platform and are also disclosed in the sustainability report.

CO₂ emission intensity of pulp and paper products



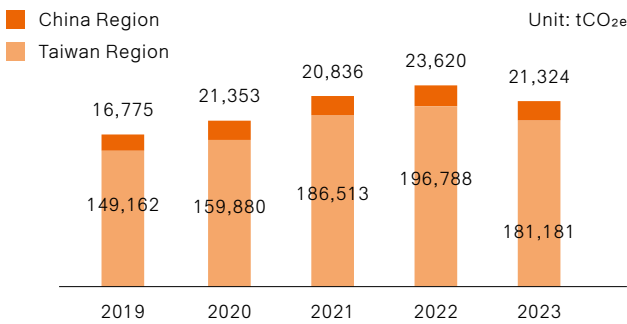
Note 1: Greenhouse gas quantification includes the following seven gases: carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulfur hexafluoride (SF₆), and nitrogen trifluoride (NF₃). CHP does not emit ozone-depleting substances (ODS).
Note 2: Scope 2 emissions are calculated using the carbon emission factors published by the Bureau of Energy.
Note 3: Emission intensity includes only greenhouse gas emissions from Scope 1 and Scope 2.
Note 4: Due to the inclusion of the Guanyin plant in operations starting on July 1, 2021, the boundary scope has changed, which also affected the emission reduction performance in 2022.

Global Scope 1 Emissions



Note: The above greenhouse gas inventory results have been verified by a third-party organization.

Global Scope 2 Emissions



Note: The above greenhouse gas inventory results have been verified by a third-party organization.

Scope 3 Inventory

In 2023, CHP's Scope 3 greenhouse gas emissions included the carbon emissions from the transportation of major upstream raw materials (wood chips, pulp, and recycled paper) and the export of products via sea and land. It is estimated that marine fuel oil consumption amounted to 3,446.94 liters, and land transportation diesel consumption was 5,212.57 liters, with a total energy consumption of 321.65 GJ. The estimated total upstream and downstream transportation emissions were 30,680 tCO₂e. This estimation has not yet been verified by a third party, and the inventory for energy consumption outside the organization is currently under planning.

Transportation Category	Fuel Consumption (L)	Total Energy Consumption (GJ)	CO ₂ Emissions Equivalent (tCO ₂ e)
Marine Transport (Fuel Oil)	3,446.94	138.45	13,374
Land Transport (Diesel)	5,212.57	183.20	17,306
Total	8,659.51	321.65	30,680

Note 1: The calorific values are based on the Energy Product Calorific Value Table published by the Bureau of Energy, Ministry of Economic Affairs. The calorific value for marine fuel oil is 9,600 kcal/L, and for truck diesel is 8,400 kcal/L.
Note 2: This data is based on a self-conducted inventory.
Note 3: The calculation references Evergreen Marine's carbon emission calculator and the carbon emission factors from the Automotive Research & Testing Center.

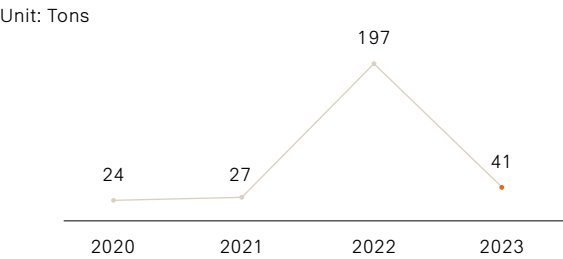


Air Quality Management

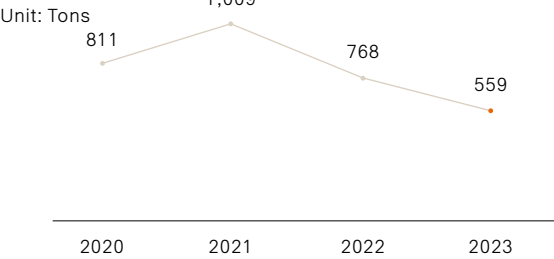
CHP's air quality management complies with government regulations while also evaluating and improving technology to ensure that no harmful air pollutants are emitted. In recent years, CHP has replaced outdated equipment, which not only supports the achievement of carbon reduction goals but also led to a reduction in total emissions of NOx, SOx, and particulate matter in 2023 compared to the 2021 baseline year, with reductions of 12%, 45%, and 29%, respectively. The Guanyin plant began operations in July 2021, and due to the specific characteristics

of the products produced there (such as OPP tape, impregnated paper, and non-plastic coated card stock), VOCs emissions increased in 2022. However, after process improvements, VOCs emissions were reduced to 41 tons in 2023, a 79% decrease compared to 2022. CHP continues to strictly monitor air quality and prevent odor leakage from production processes. While adhering to regulatory emission controls, the company remains committed to reducing air pollution emissions.

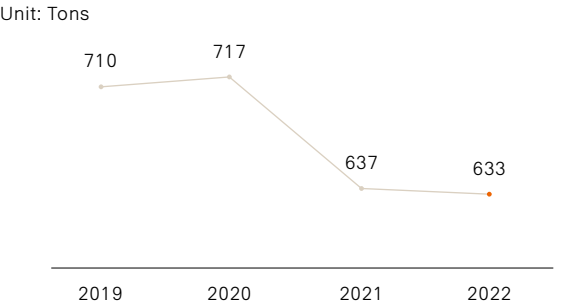
VOC



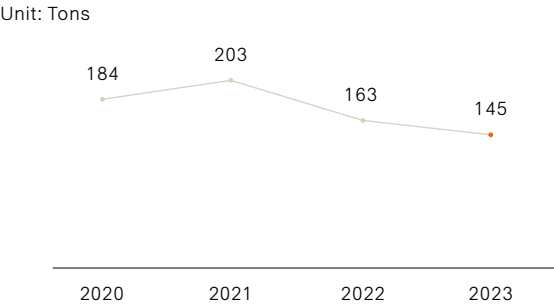
SOx



NOx



PM



*Data source: Real-time readings from in-plant air flow meters

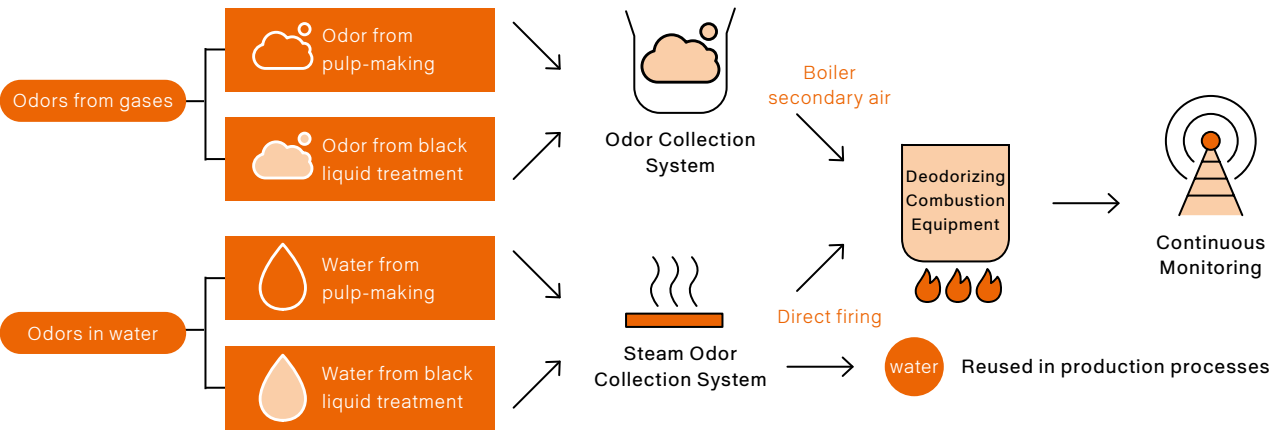
Transportation	Transportation Category
Black Liquid Recovery	After pulp washing, the diluted black liquid is concentrated and then transferred to a recycling furnace for combustion. The concentrate reacts with sulfur to form sodium sulfide, which is subsequently used in the manufacturing process. SOx and NOx emissions are lower than that found in ordinary furnaces.
Combustion in Lime Kiln	The lime kiln uses heat from oil combustion to convert sludge into lime. Because the chemicals in the sludge have sulfur and nitrogen fixation functions, sulfur oxide and nitrogen oxide emissions are reduced.

Odor control

Odorous gases generated during the papermaking process, such as hydrogen sulfide, methyl mercaptan, and dimethyl disulfide, contain calorific value, and the sulfur element in them is essential for the process. A gas recovery and combustion system is used to transport gases from odor-generating areas back to the recovery boiler for combustion. The high tempera-

ture and chemicals in the recovery boiler convert the odorous gases into process chemicals. Additionally, the introduction of a staged combustion system and improvements to the recovery boiler help eliminate odors from pulping and water treatment processes, while also saving fuel oil and reducing greenhouse gas emissions.

Odor Prevention Process



Install gas detectors for monitoring and continuously invest in odor improvement

CHP's Hualien mill, with the guidance of the county government, has installed hydrogen sulfide detectors along the perimeter for monitoring and has implemented intelligent inspections within the plant to enhance management. Experts and scholars with expertise in air pollution control have been invited to the plant to provide guidance. They conducted in-depth discussions on the sources of odors generated in the production process and on how to strengthen air pollution control measures, proposing key strategies for effectively addressing odor issues. Since 2010, CHP's Hualien mill has invested a total of NT\$1.586 billion in improvement efforts, significantly reducing the emission of gases from the production process. In addition to achieving "zero carbon," CHP is also moving towards "zero odor," aiming to reduce odors, improve the quality of life for local residents, and achieve environmental sustainability and economic prosperity.

Water Resource Management

GRI 303-2/303-3/303-4/303-5
RR-PP-140a.1



The pulping and papermaking process requires large amounts of water for cleaning and dissolving materials, making water resources a critical environmental consideration. The factory is located in a ground-water-rich area, outside sensitive recharge zones. Groundwater is drawn from legally authorized wells, and water levels are regularly monitored to ensure stability and safety. Effluent is discharged into nearby rivers and oceans, with hydrological data showing no risk of water contamination or land subsidence.

We prioritize water resource management, focusing on efficient recycling within production. Water conservation is a key issue, and the final effluent supports ecological wetlands, contributing to an ecological chain. Due to Taiwan's limited water resources, we have set a target to keep total process water intake below 30,000 million liters and aim to increase water

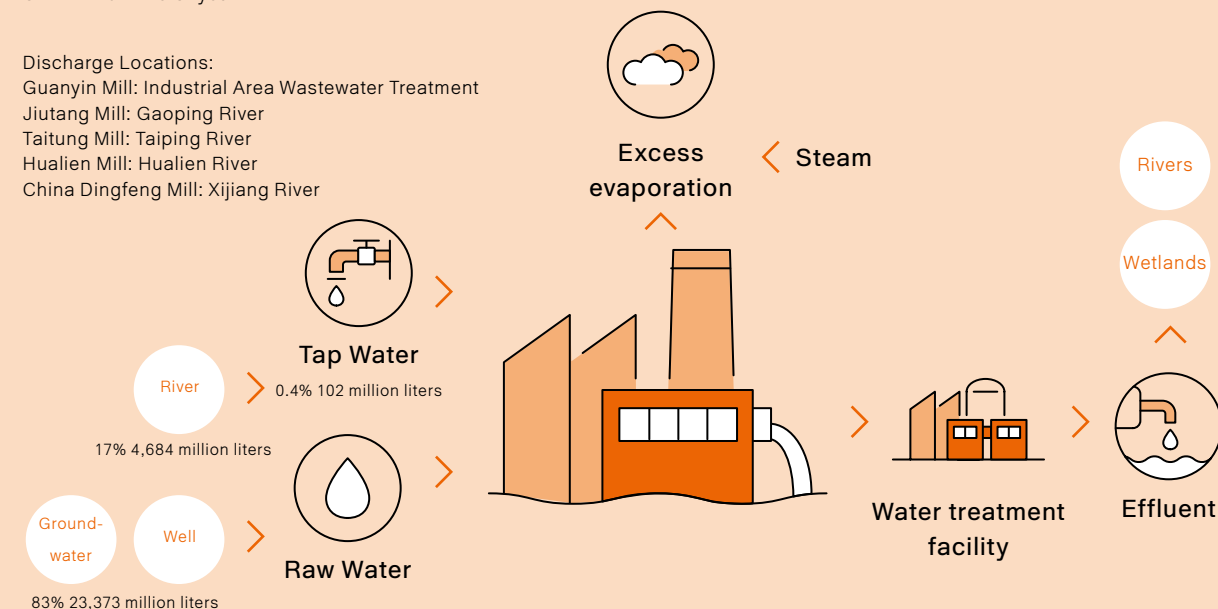
recycling rates for sustainability.

In some production sites, effluent from surrounding farmland flows into the plant and is discharged through the plant's outflow, causing the discharge volume to exceed the process water intake. According to flow meter statistics, the net water consumption for this year is -366 million liters. Based on the 2023 Q4 water risk assessment by the World Resources Institute (WRI), four CHP plants are located in low- medium water stress areas, while one is in a medium-high stress zone.

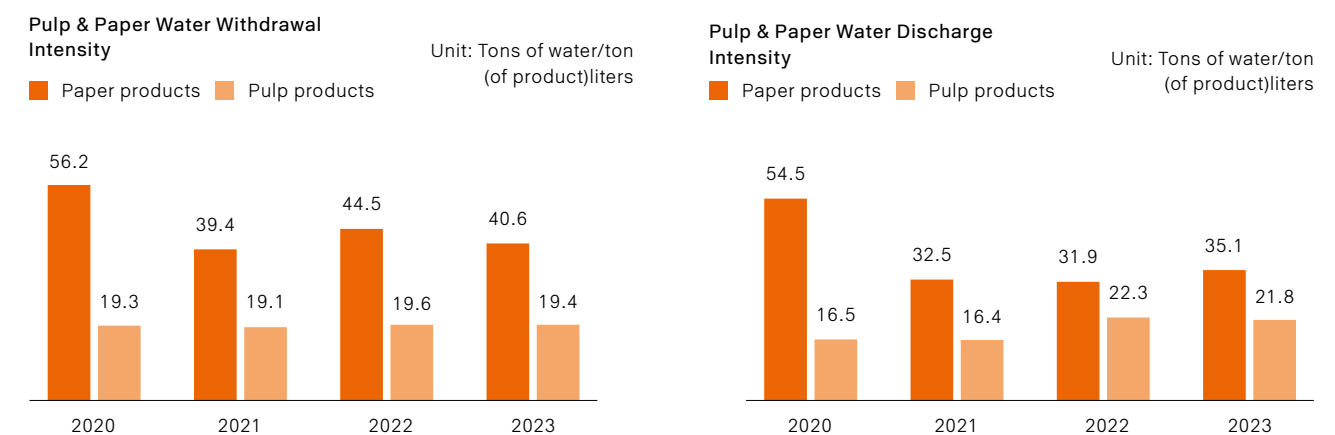
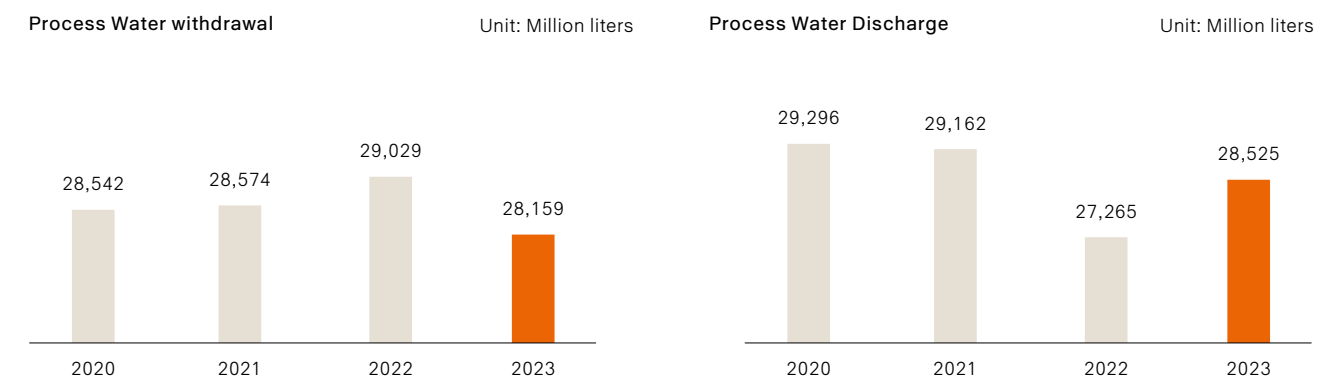
*According to the water resource risk assessment tool from the World Resources Institute (WRI), which was used in the fourth quarter of 2023, CHP's production sites were evaluated for water risk indicators. Four of the plants are located in areas with low to medium water resource stress (water resource indicator: Low-Medium), while only one plant is situated in an area with medium to high water resource stress (water resource indicator: Medium-High).

Water Resource Diagram

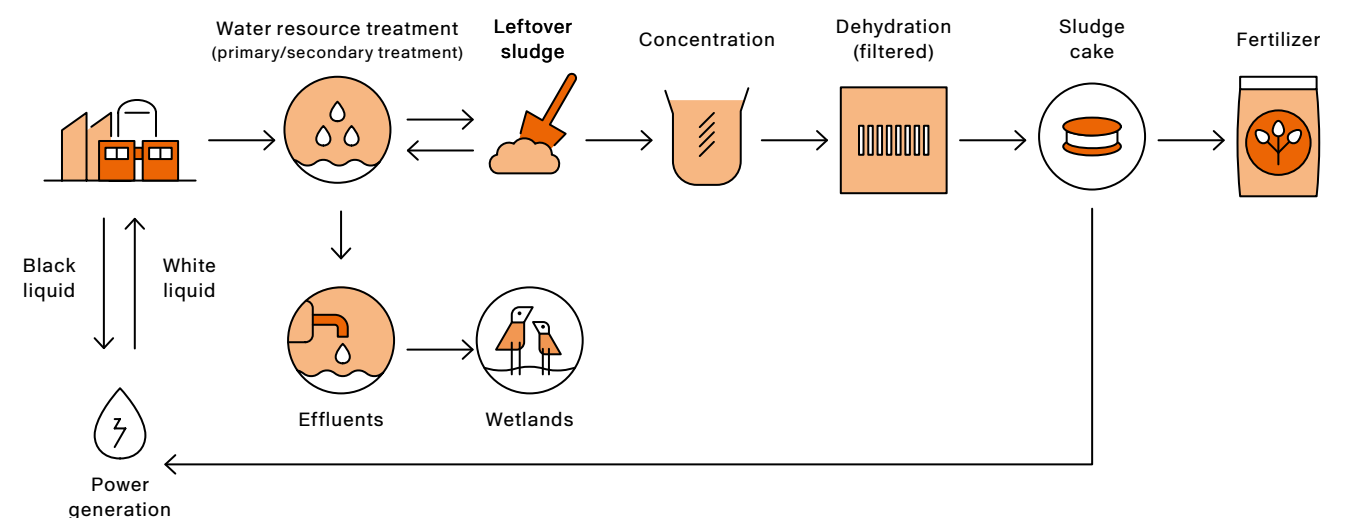
Unit: Million Liters/ year



*Every plant is located in a low water-resource stress area (Reference Source: Public Information from Taiwan Water Resources Agency/World Resources Institute (WRI))



To improve the quality of effluents, CHP has strengthened source control and installed primary chemical coagulation and sedimentation facilities, along with secondary biological treatment systems at the final stage. Chemical coagulants are used to precipitate suspended solids in the water, which is then sent to biological treatment ponds where aerobic microorganisms break down the chemical oxygen demand (COD) and biochemical oxygen demand (BOD). By recycling and reusing white water, effluent discharge and chemical usage are minimized. Measures such as controlling and reducing the use of bleaching agents, and upgrading outdated equipment, are implemented to protect water resources. Treated water is only discharged once it meets regulatory water quality standards, and is then used as a water source for artificial wetlands, which not only reduces environmental impacts but also aids in restoring natural ecosystems.





As part of our water quality management efforts, we developed an early warning management mechanism for water consumed in production processes and for water discharged by each operating unit. The quality of effluents from each production line is controlled in such a manner that all process water is monitored before being discharged into water treatment facilities. This is to prevent overloading the treatment system and ensure that the quality of treated and discharged effluents satisfies regulatory requirements. In addition, we are the first in the pulp and paper industry to use a warning system that notifies administrators when a control station identifies a problem with the quality of our process effluent. This allows for emergency shutdowns when serious problems occur. Water risk management has become a global sustainability issue in the wake of climate change, which has intensified typhoons, earthquakes, and other extreme weather events, giving rise to risks of power outages, landslides, and damage to transportation facilities. In response, we monitor all of our emissions information at all times, and have established real-time water quality data that are synchronized with the EPA's monitoring system. We also assembled a Disaster Response Team that has 50 years of experience in disaster prevention, and have strengthened our flood prevention plans and improved our equipment and facilities to be more earthquake-resistant.

Water Resource Management	
CHP has set a water resource management target, with the total annual process water intake being less than 30,000 million liters.	
Recycling and reusing process water	Large volumes of white water are recovered from the overflow tank and reused as water for dilution, washing, cooling, and deodorizing purposes. Water recycled from production processes and low-pressure steam can be used to prevent the dispersion of odors. Recycled water used in production processes is estimated to save 800 m ³ of water per day.
Improving water quality and optimizing water treatment procedures	Purifying lignin more efficiently minimizes lignin loss and improves the quality of wastewater at the source, increasing the operational stability of water treatment facilities and reducing COD/color of wastewater/SS significantly (by more than half).
Establishing and disclosing our water footprint	The entire operation of our production bases, from process management to active improvements in effluent quality, is monitored, and information transparency and disclosure have been strengthened.
Conserving wetlands and nurturing ecosystems	Effluent from our production base is discharged into wetlands, where undergoes a wetlands purification process that simultaneously restores the wetlands ecosystem, thereby creating biodiversity. Our effluents are discharged into two wetlands, one by the Old Railway Bridge in Kaohsiung (where 90% of the water comes from our paper mill) and the second being a natural wetlands area situated under the Hualien Bridge, which is adjacent to the mouth of the Hualien River.

Annual Average Quality of Effluents Discharged by CHP						
Item	Unit of Measure	Hualien Mill	Jiutang Mill	Taitung Mill	Guanyin Mill	Dingfeng, China
Suspended solids (SS)	mg/L	12.5	7.5	6.45	6.6	20.0
		<50	<30	<30	<25	<30
Chemical oxygen demand (COD)	mg/L	106.0	49.7	83.4	89.7	46.2
		<150	<100	<180	560 ¹	<72
Biochemical oxygen demand (BOD)	mg/L	12.3	6.4	9.73	16.8	5.3
		<30	<30	<30	<25	<20
ADMI color value		255	<25	75.25	25	9.8
		<400	<400	<400	<400	<50 ²

*1.The Guanyin plant is located within the Guanyin Industrial Park. After preliminary treatment in the plant, the effluent is discharged to the park's sewage treatment plant for further purification. This complies with the sewer discharge water quality limits set within the industrial park.
*2.China uses a different standard to that of Taiwan when measuring the color of wastewater effluent.

Resource of Reuse

Forest trees are the primary natural resource on which CHP relies and also a vital asset of human civilization. After the manufacturing process, there are often unused parts or materials left over, such as bark, sawdust, inorganic sludge from water treatment, and organic sludge. To reduce waste and maintain the community environment, we endeavor to seek different methods of recovering and reusing leftover materials and creating more value with these materials. We are committed to improving our manufacturing technology and production efficiency to continuously move toward our reduction goals. Apart from increasing our use of alternative fuels as a substitute for heavy oil and coal, we have also developed technologies to recover and reuse leftover materials and generate less waste. Waste from the pulp/paper-making industry is largely fibrous materials that can be

regenerated into new products, which is in keeping with our “R³” strategy. CHP's process residues are all classified as non-hazardous waste, and their disposal methods are divided into five categories: 'Reuse,' 'Recycling,' 'Composting,' 'Alternative Fuel,' and 'Incineration.' Combustible residues with calorific value are used as alternative fuels, while other materials are either reused as raw materials or products, converted into compost, or recycled through external channels. To ensure effective control over the flow of waste and that all waste is legally and properly handled or recycled, CHP carefully selects waste disposal, treatment, and recycling vendors. The company continuously strengthens vendor auditing efficiency and conducts ongoing tracking and management.

Waste Component	Quantity (metric tons)	Turned into Usable Resource	Incinerated (including energy recovery)	Incinerated (without energy recovery)
Biomass sludge	21,089	61.1%	38.8%	0.1%
Pulp sludge	56,767			
Fly ash/bottom ash	65,723			
Inorganic sludge	22,362			
Plastic waste compounds	10,133			
Wood waste	2,302			
Waste Fiber Residue	82			
Domestic waste	254			
Waste oil	57			
Non-hazardous combustible mixture	40			
Total	178,809	100%		

General Waste (Non-hazardous)	On-site (metric tons)	Off-site (metric tons)	General Waste	On-site (metric tons)	Off-site (metric tons)
Preparation for reuse	-	-	Incinerated (including energy recovery)	69,285	57
Recycling	103,154	73,785			
Recovery	1,549	321	Incinerated	-	254
Total amount	178,809		Turned into usable resources	35,418	73,796
			Total amount of directly disposed waste	178,809	

*Preparation for reuse: refers to operations such as checking, cleaning, or repairing through which products or components that have become waste can be reused for their original purpose.
*Recycling: The process of reprocessing products or components that have become waste to create new materials.
*Recovery: The preparation of products, components, or materials that are about to become waste through any operational method, so they can be used to replace new products, components, or materials intended for the same purpose.

* Incineration: The controlled burning of waste at high temperatures. Incineration with energy recovery is also known as waste-to-energy."

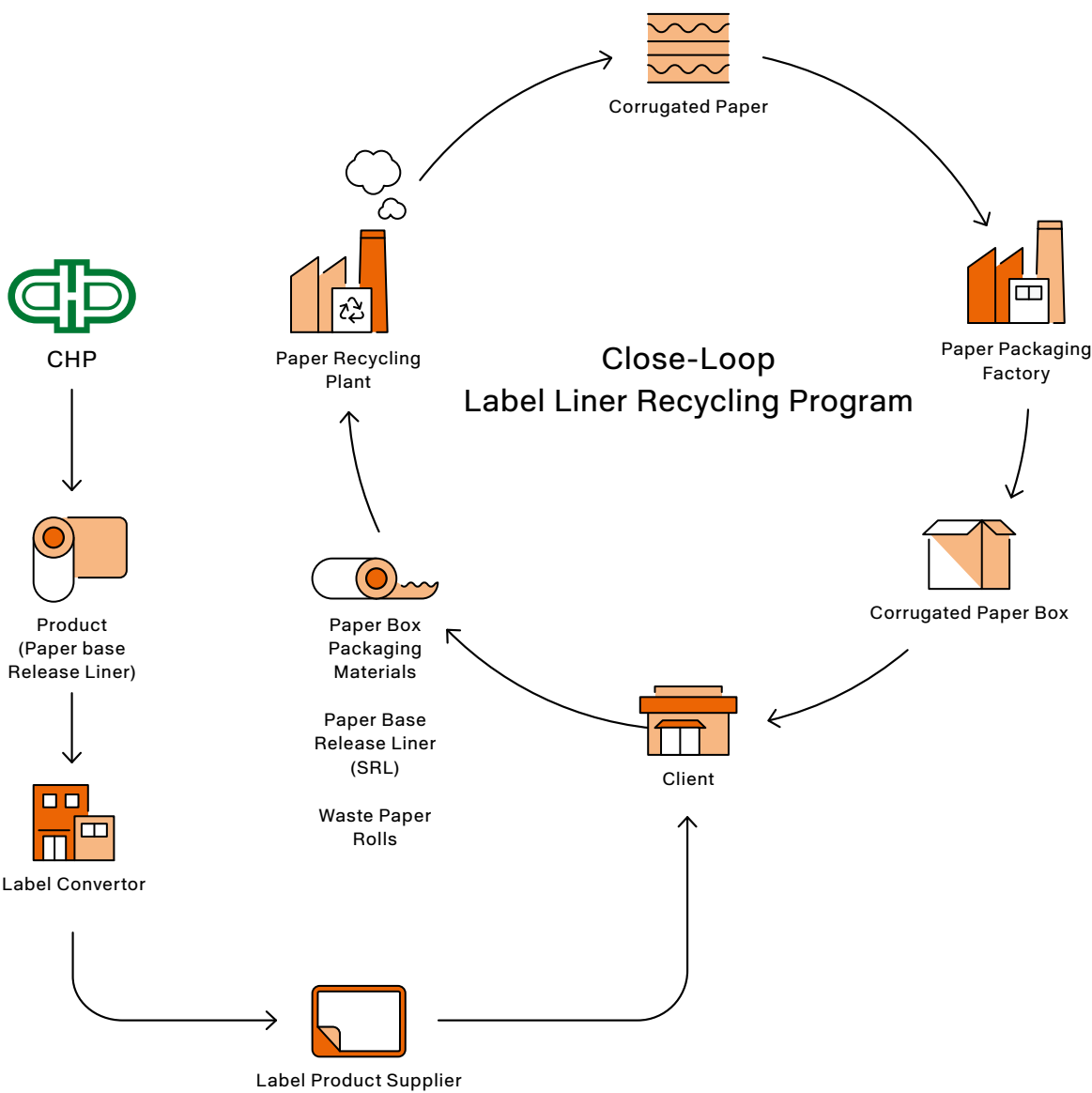
Label Liner Recycling Program: Forging Sustainable Partnerships

Since 2014, we have been consistently implementing this for 10 years.

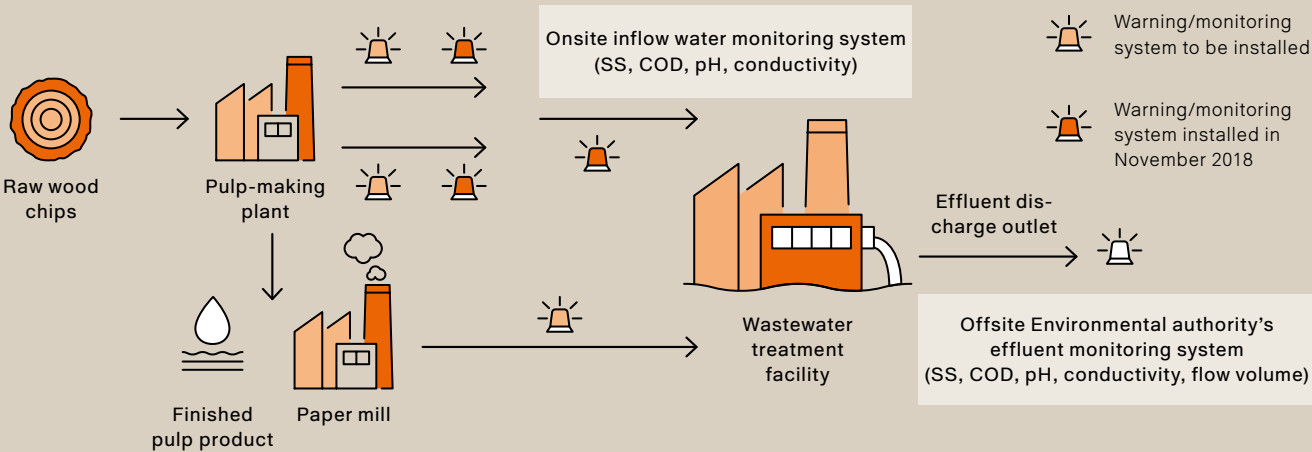
*Based on data from the Label Liner Recycling Program

CHP has created a closed-loop recycling chain in collaboration with label suppliers, customers (providers of discarded label liners), and YFY Inc. Label liners are coated with silicone. Used label liners tend to be disposed of randomly, making it difficult to recycle them, so that they end up as waste. This recycling program integrates our upstream, midstream, and downstream partners in such a manner that dis-

carded label liners can be effectively recycled. The silicon-coated label liners are then mixed with general paper waste to produce corrugated fiberboard for packaging. In doing so, paper waste recycling procedures are simplified, indirectly reducing the use of chemicals and energy. Therefore, the green footprint of our products brings about environmental benefits, allowing customers, suppliers, and users to obtain positive synergy.



Strengthened self-monitoring for source control
Schematic Diagram of CHP's Water Monitoring Process



The following table shows the environmental penalties imposed on CHP during the reporting period, with each individual penalty not exceeding NT\$500,000. CHP has strengthened inspections and emergency response training, installing multiple real-time monitoring and alarm systems in the production process to address abnormalities at the source. Additionally, CHP has proactively enhanced transparency in environmental information by establishing a real-time monitoring platform for effluent and air pollution control on the company's official website, allowing stakeholders to access real-time data.

2023 Penalty Cases					
Violation of Regulations	Penalty Date	Penalty Document Number	Penalty Amount (NT\$)	Number of Cases	Corrective Measures
Water Pollution Control	August 17, 2022	30-112-020002	NT\$467,000	2	Improvements completed; continued strengthening of water quality control, water sample testing, and staff training.
	September 1, 2022	30-112-010005			
Air Pollution Control	February 19, 2023	20-112-030003	NT\$975,000	4	Collaborated with local government to install detection instruments for enhanced management and increased staff training for handling equipment malfunctions.
	September 27, 2023	20-113-010006			
	October 18, 2023	20-113-010007			
	November 23, 2023	20-113-030001			
Waste Management	August 2, 2023	40-112-110001	NT\$18,000	3	Improvements completed; continued strengthening of staff training.
	September 6, 2023	40-112-100009			
	September 6, 2023	40-112-100010			

*1. There were a total of two water pollution incidents, both occurring in 2022. However, the penalty notices were received in 2023 and are disclosed together in this year's report.

Environmental Protection Investment and Regulatory Compliance

Environmental Protection Investment

The environmental risks of climate change far outweigh the benefits of sacrificing the environment and people's health. Each year, CHP identifies risks and develops improvement plans through frequent inventories, evaluations, and environmental assessments. In 2023, the Company invested approximately NT\$116 million in environmental protection initiatives, which mainly include water resource treatment and air quality control.



Friendly Workplace & Social Caring and Inclusiveness

Employee on-job training totaled

16,389

participants, with a combined duration of

34,737 hours



Diverse Composition: Employing **40** disabled employees, **118** indigenous employees, and **130** foreign employees.



Occupational Safety Special Health Examination,

398

participants in 2023



Nearly

100%

of the senior managers in factories are local residents



Promoting Science Education in Rural Areas

3rd Hualien County "CHP Charity Cup":

400 students competed in AI drone challenges

"Dating with Books for Students in Coastal Regions" program has been running for 9 years, with nearly **3,750** hours of support provided

"Growing with You Dream Project" has been implemented for 3 years, benefiting a total of **70** students and teachers

"Sustainable Forests for a Sustainable Life" program has been in place for 3 years, benefiting **1,000** people

"Yuan T. Science Camp" has been running for 10 years, benefiting nearly **2,000** students annually

"Coding Scratch Course" has been sponsored for 5 consecutive years, providing programming education to **6** elementary schools in Taitung

"Keng Sheng Daily News Mathematics Competition" attracted nearly **1,500** students from Hualien and Taitung

"Tamkang Chemistry Outreach Program" has been running for 7 years, benefiting nearly **100** students annually



Friendly Workplace



Talent Recruitment and Career Development

📄 GRI 2-7/2-8/2-21

Diversity and Gender Equality

Impartiality and fairness are important principles that we abide by in our corporate culture. Legal compliance and the creation of a welcoming workplace for employees are the most fundamental commitments that we make to our employees. We believe that every employee is deserving of respect and fair treatment. We recruit talent on the principles of equality and transparency to ensure that our employees are not discriminated against due to race, gender, age, disability status, religion, or ethnicity. For the same job conditions, starting salaries do not differ based on gender. In 2023, the salary ratio of women to men was 1:0.93 for managerial positions and 1:0.96 for non-managerial positions. In addition, the Labor Standards Act forbids employers to hire anyone under the age of 15, and states that child workers over 15 but less than 16 years old are not permitted to perform work that is potentially dangerous or hazardous in nature.

All CHP sites adhere to the Universal Declaration of Human Rights. We treat all employees with kindness and respect, endeavor to reduce risks related to work, and strictly abide by labor laws and regulations. Since our establishment, we have only employed workers over 18 years old in accordance with the law. We ask

employees to provide identity documents on the day they report for duty so as to ensure legal compliance.

According to Article 38 of the Persons with Disabilities Rights Protection Act, CHP is required to employ 21 persons with disabilities. In 2023, we employed 40 employees with disabilities, far more than the number required of us. CHP has 2,862 employees in total (2,119 in Taiwan and 743 overseas), including 118 indigenous peoples and 130 foreigners. We respect their cultural practices; equality and anti-discrimination principles have always been at the core of our approach to treating employees from different cultures.

Among CHP factory sites employ local residents for 100% of the high-level management positions (local residents refer to individuals residing in the counties or cities where the factories are located). In 2023, the number of non-employees at CHP was 5,740 (non-employees are personnel without contractual employment relationships, such as outsourced personnel from contractors, including janitorial and security staff responsible for company and facility cleanliness, as well as access control).

non-employees	2021	2022	2023
numbers (people)	5,880	6,206	5,740

Master's and Doctorate Employment Statistics Table

Degree	Number of Employees	Percentage (%)	Number of People	2021	2022	2023
Doctorate	3	0.10	People with Disabilities	50	44	40
Master's	178	6.22	Indigenous People	134	118	118
			Foreign Employees	2	80	130

2023 CHP Employee Composition (Classified by Employment Type and Contract Type)

Regional Distribution		Taiwan		Overseas		Total	
Number of Employees		2119		743		2862	
Gender (Number of Employees)		Male	Female	Male	Female	Male	Female
		1852	267	585	158	2437	425
Employment Type (Number of Employees)	Full-time	1848	266	585	157	2433	423
	Part-time	4	1	0	1	4	2
Contract Type (Number of Employees)	Permanent	1819	254	547	136	2366	390
	Contract / Temporary	33	13	38	22	71	35

•Data Scope: Employees from Taiwan's Taipei Operations Headquarters, various business locations, Kaohsiung Jiutang Plant, Hualien Plant, Taitung Plant, Taoyuan Guanyin Plant, as well as employees from the overseas subsidiaries, including Guangdong Dingfeng Paper and Zhaoqing Dingfeng Forestry.

•"Permanent" refers to employees who have signed an indefinite employment contract with CHP.

•"Contract" refers to employees who have signed a fixed-term employment contract with CHP.

•"Full-time" refers to employees who work 40 or more hours per week.

•"Part-time" refers to employees who work fewer than 40 hours per week.

Distribution of Total Permanent Employees (by Age Group)

Year		2021		2022		2023	
Gender (Number of Employees)		Male	Female	Male	Female	Male	Female
		2347	376	2440	425	2437	425
Under 30 Years Old	Number	356	57	265	47	305	44
	Percentage	15.2%	15.2%	10.9%	11.1%	12.5%	10.4%
30-50 Years Old	Number	1434	157	1608	263	1580	267
	Percentage	61.1%	41.8%	65.9%	61.9%	64.8%	62.8%
Over 50 Years Old	Number	557	162	567	115	552	114
	Percentage	23.7%	43.1%	23.2%	27.1%	22.7%	26.8%

•Data Scope: Employees from Taiwan's Taipei Operations Headquarters, various business locations, Kaohsiung Jiutang Plant, Hualien Plant, Taitung Plant, Taoyuan Guanyin Plant, as well as employees from the overseas subsidiaries, including Guangdong Dingfeng Paper and Zhaoqing Dingfeng Forestry.

•"Percentage Calculation: (Number of employees in that category / Total number of male or female employees) X 100%.

Management Level Ratio

Region	Taiwan				Overseas				Total
Gender	Male		Female		Male		Female		
Level	Managerial roles	Non-Managerial roles	Managerial roles	Non-Managerial roles	Managerial roles	Non-Managerial roles	Managerial roles	Non-Managerial roles	
Number of Employees (people)	106	1746	15	252	36	549	5	153	
Percentage (%)	3.7%	61.0%	0.5%	8.8%	1.3%	19.2%	0.1%	5.4%	100%

•Data Scope: Employees from Taiwan's Taipei Operations Headquarters, various business locations, Kaohsiung Jiutang Plant, Hualien Plant, Taitung Plant, Taoyuan Guanyin Plant, as well as employees from the overseas subsidiaries, including Guangdong Dingfeng Paper and Zhaoqing Dingfeng Forestry.

•Management Positions are divided into three categories:

•Junior Level: 7th grade management positions with personnel responsibility.

•Mid-Level: 8th to 10th grade management positions with personnel responsibility.

•Senior Level: 11th grade and above management positions with personnel responsibility.

•Management Position Percentage: (Number of management positions for that nationality / Total number of employees) X 100%.

Recruitment and Employee Selection Policy

Employee selection, employment, development, and retention are the four vital functions of human resource management. A company’s human resource operations begin with talent selection. A suitable talent pool is the key to creating a sound organization and thus ensuring corporate sustainability. We insist on rigorousness and professionalism in our recruitment and selection processes.

Recruitment and Employment Process				
Units review their employment needs	HR launches recruitment	HR screens and selects talent Hiring unit interviews selected talent	Probation	Official employment
Needs Review	Recruitment channels	Interview	Probation	Employment contract signing
<div><div>Unit conducts regular review of their new talent needs.</div><div>Unit ensures that its workforce plan meets the organization’s development needs.</div><div>Unit starts recruitment process after human resource inventory.</div></div>	<div><div>Internal recruitment: Recruitment announcement is sent internally to existing employees.</div><div>External recruitment: Job listings are posted on the Internet/on campus/by recruitment agencies/through executive search firms.</div></div>	<div><div>Structured interview: HR staff performs preliminary screening and selection by reviewing printed information and meeting candidates in person to understand their educational background and experiences.</div><div>Hiring unit schedules an interview over the phone and administers written and online tests to determine candidates’ professional knowledge and job suitability.</div><div>Hiring unit uses STAR principles to conduct structured interview.</div><div>(STAR means Situation, Task, Action, Result.</div></div>	<div><div>Probationary period is based on the employment status of permanent employees.</div><div>An existing employee is appointed to mentor new employee during probation period.</div><div>Employer confirms whether to hire employee as long-term employee.</div></div>	<div><div>Employee signs employment contract and checks that the company has all the necessary information.</div><div>Employee is officially assigned to the unit where they will work.</div><div>Orientation training is provided, including training in ethics and professional competencies.</div></div>

Note: The STAR principle consists of the four initial letters: Situation, Task, Action, Result.

In 2023, CHP hired 292 new employees, and 295 employees left the company. The new employees were mostly under the age of 30 and were hired to fill positions that were left vacant after other employees retired or resigned. Departing employees include those who applied for retirement. The overall turnover rate was 10.31%. As our Dingfung subsidiary expanded its production capacity, a human resources inventory showed that our companies and production bases in Taiwan have a large pool of professionals with extensive experience to draw on. Following discussion, we made suitable arrangements and plans with our in-house talent with respect to their career development. We promote in-house employees to higher positions, thus creating more opportunities for them to gain overseas work experience and obtain job promotions. In addition, we have adjusted our salary and benefits over the years and engaged in dialogue with the

employees in all our production bases (in both Taiwan and China) to provide them with increased, long-term stability.

In 2023, 32 employees were eligible for unpaid parental leave. Ten employees (5 men and 3 women) with application rate 25% (25% of eligible men and 25% of women) applied for unpaid parental leave. The 12 employees (6 men and 6 women) should have returned to work after the leave period, and 3 men, 5 women returned, resulting in a reinstatement rate of 50% for male employees and 83% for female employees.

Regarding retention rates, in 2022, 3 males and 3 females returned to work. Of those, the number of males and females who returned in 2022 and remained employed for over 12 months by 2023 was 2 males and 3 females. Therefore, the retention rate was 67% for males and 100% for females.

New Employees							
Category		2021		2022		2023	
		No. of Employees	%	No. of Employees	%	No. of Employees	%
Gender	Men	334	14.4%	378	15.5%	243	9.97%
	Women	49	13.2%	62	14.6%	49	11.53%
Age	< 30	107	25.9%	165	52.9%	139	39.83%
	30-50	216	13.8%	243	13.0%	141	7.63%
	> 50	38	5.3%	32	4.7%	12	1.80%
Region	Taiwan	361	17.5%	356	16.8%	225	11.31%
	Overseas	22	3.5%	84	11.3%	67	7.68%
Total		383	14.4%	440	15.4%	292	10.20%

·Data Scope: Employees from Taiwan's Taipei Operations Headquarters, various business locations, Kaohsiung Jiutang Plant, Hualien Plant, Taitung Plant, Taoyuan Guanyin Plant, as well as employees from the overseas subsidiaries, including Guangdong Dingfeng Paper and Zhaoqing Dingfeng Forestry.

·*Percentage Calculation Formula: (Number of new hires during the year / Number of employees in that category at the end of the year).

Recruitment and Employment Process							
Category		2021		2022		2023	
		No. of Employees	%	No. of Employees	%	No. of Employees	%
Gender	Men	260	11.22%	303	12.42%	246	10.09%
	Women	28	7.55%	55	12.94%	49	11.53%
Age	< 30	79	19.11%	87	27.88%	91	39.83%
	30-50	136	8.70%	197	10.53%	146	7.63%
	> 50	73	10.24%	74	10.85%	58	8.71%
Region	Taiwan	269	13.06%	284	13.38%	228	11.46%
	Overseas	19	3.02%	74	9.96%	67	7.68%
Total		288	10.58%	358	12.50%	295	10.31%

·Data Scope: Employees from Taiwan's Taipei Operations Headquarters, various business locations, Kaohsiung Jiutang Plant, Hualien Plant, Taitung Plant, Taoyuan Guanyin Plant, as well as employees from the overseas subsidiaries, including Guangdong Dingfeng Paper and Zhaoqing Dingfeng Forestry.

·*Percentage Calculation Formula: (Number of resignations during the year / Number of employees in that category at the end of the year).

2023 Maternity/Paternity Leave Data (for Males and Females)		Male	Female
Employees eligible for parental leave in 2023		20	12
Employees who actually used parental leave in 2023		5	3
Employees expected to return after parental leave (A)		6	6
Employees who actually returned to work (B)		3	5
Employees who returned to work after parental leave in 2022 (C)		3	3
Employees who remained employed for 12 months after returning from parental leave in 2022 (D)		2	3
Return Rate (B/A)		50%	83%
*Retention Rate (D/C)		67%	100%

·Data Scope: Employees from Taiwan's Taipei Operations Headquarters, various business locations, Kaohsiung Jiutang Plant, Hualien Plant, Taitung Plant, Taoyuan Guanyin Plant, as well as employees from the overseas subsidiaries, including Guangdong Dingfeng Paper and Zhaoqing Dingfeng Forestry.

·*Percentage Calculation: (Number of employees in that category / Total number of male or female employees) X 100%.

Salary and Benefits

A good salary system not only serves to achieve reciprocity in the relationship between a company and its employees, but also provides a foundation for good labor-management relations. It ensures a sustainable supply of outstanding talent for the company and increases the company’s competitiveness in the industry, thereby facilitating its sustainable development. CHP actively works to recruit high-caliber professionals and keeps abreast of trends in the labor market. We offer competitive salaries based on the salary and benefit reports of professional agencies to encourage our employees to unleash their greatest potential.

Employee salaries are determined based on a comprehensive consideration of their education level, experience, job position, market standards, employee duties and responsibilities, and level of difficulty of the work. Employee salaries do not differ due to gender, race, religion, political affiliation, place of birth, disability status, appearance, or marital status. The ratio of our base salary for new female and male employees working the same positions/conditions is 1:1; our pay ratio does not differ because of gender. CHP has never been involved in either a labor dispute or a discrimination case since our establishment.

Our compensation package includes base salary, allowances, bonuses, and employee dividends. Apart from a fixed salary to guarantee a basic income, CHP

offers a performance incentive system to motivate our sales agents; bonuses are awarded based on both individual performance and the organization as a whole. To ensure that our employees enjoy a share of our business profits, we included a clause in our Articles of Incorporation to distribute a portion of our net profit at the end of each year as employee bonuses. The amount is dependent on the company’s business performance, including earnings before tax, return on equity, and return on assets.

In 2023, at Chung Hwa Pulp (CHP), the ratio of the highest-paid individual's annual total compensation to the median annual total compensation of all other employees (excluding the highest-paid individual) was 3.81. Additionally, the ratio of the percentage increase in the highest-paid individual's annual total compensation to the median percentage increase in the average annual total compensation of other employees (excluding the highest-paid individual) was -0.19. For non-managerial staff, the ratio of their average salary to the minimum wage was 2.29. By gender, the average salary to minimum wage ratio was 2.19 for women and 2.31 for men.

Average and Median Compensation for Full-Time Employees in Non-Managerial Roles ^{Note1}					
Category	2019	2020	2021	2022	2023
No. of full-time employees in managerial roles	11	11	13	12	12
No. of full-time employees in non-managerial roles	1,867	1,890	1,923	2,001	2002
The average salary for non-supervisory employees. (NT\$1,000)	671	693	769	735	727
The average salary for non-managerial employees. (NT\$1,000)	611	639	708	678	673

Notes:

1. This data is limited to Taiwan and is calculated based on the reporting standards from the Taiwan Stock Exchange.

2. The " The median salary for non-managerial employees " was first applied in 2019.

3. Definitions for managerial and non-managerial roles can be found in the "Non-Managerial Full-Time Employee Salary Information Review Form."

4. These statistics are not governed by GRI standards but are based on the "Guidelines for Preparing and Submitting Corporate Social Responsibility Reports" as stipulated by the Taiwan Stock Exchange's regulations, Article 4, Paragraph 4. The requirements include reporting the number of non-managerial full-time employees, the average and median salary of non-managerial full-time employees, and the difference from the previous year for these figures.

Employee Care

GRI 2-23/2-24/2-25/2-26



Human Rights and Equality

CHP supports and respects the principles and spirit of the International Labor Organization’s Tripartite Declaration of Principles, the OECD Guidelines for Multinational Enterprises, the UN Universal Declaration of Human Rights, and the UN Global Compact, as well as the principles of other relevant international initiatives. We adhere to local labor laws and laws related to gender equality in employment; have developed human rights protection and labor policies; and have implemented related measures including formulating a Human Rights Declaration and establishing a Personnel Review Committee, among other

organizational practices, to provide employees with grievance channels, which are advertised in public areas used by all our employees. Any issues raised by employees are handled appropriately to create a safe and healthy work environment for our employees. We organize regular safety and health training in compliance with the law, and have set up an Institutional Rules and Regulations Review Group that regularly reviews labor laws and regulations and announces any regulatory amendments in a timely manner. In 2023, the Company did not receive any discrimination-related complaints.

We emphasize the following core labor rights:

Work

Freely chosen employment, young workers rights, appropriate working hours, good wages and benefits, humane treatment, non-discrimination, and freedom of association.

Ethics

Business integrity, no undue gain, disclosure of information, intellectual property rights, fair business practices, advertising and competition, protection of identity, responsible sourcing of minerals, privacy, and non-retaliation.

Young workers

CHP's policy specifically states that the use of child labor (under 16 years old) is prohibited and any practice that may lead to the use of child labor is forbidden.

Employment relationship

All labor contracts entered into between CHP and our employees are in compliance with local laws and regulations.

Freely chosen employment

As part of the hiring process, all workers must be provided with a written employment agreement that contains a description stating that the employment relationship is founded on the consent of both parties. Forced labor, trafficking of persons, and slavery are not permitted.

Working hours

All overtime is voluntary. CHP rules state that working hours may not exceed the maximum set by local law. The company has an attendance system that features an automatic reminder function, inspections and control are conducted regularly to manage working hours, and supervisors and employees are regularly reminded of the above rules in labor-management meetings.

Fairness

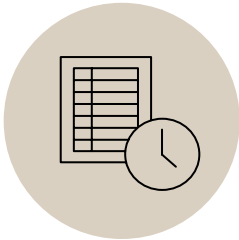
Any form of sexual harassment or discrimination, whether tangible or intangible, in the workplace is strictly prohibited. Race, gender, age, marital status, political affiliation and religious beliefs are not considered in the hiring, evaluation, and promotion of employees. The company only cooperates with those that abide by the same principles.

To protect human rights, CHP's orientation training includes an introduction to the company's Code of Conduct and human rights and labor laws and regulations. We pay attention to the human rights management at each of our business locations. Regarding employees' health and work-life balance, we perform monthly review of overtime, and if we find any excessive overtime, we ask department heads to rearrange employees' workload or find ways to improve the work process so as to reduce overtime hours, thereby ensuring compliance with human rights regulations. In 2023, no CHP production bases were reported for human rights commitment violations, nor did they receive any human rights complaints. In 2023, one violation of the Labor Standards Act was found during a labor inspection, resulting in a fine of NT\$20,000.

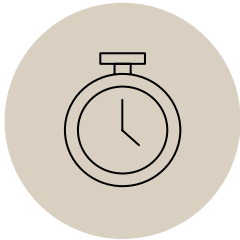
CHP as adopted the following requirements in accordance with its Human Rights Declaration and Employee Code of Conduct:



Develop administrative guidelines and management regulations.



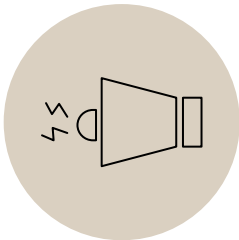
Monitor how human rights are managed at business locations and by suppliers, review overtime status, ask department heads to rearrange employee workloads or find ways to improve the work process, and provide overtime pay or days off as necessary.



Install a working hour reminder function in the attendance system to maintain control over working conditions.



Ask employees to attend training in human rights and labor laws.



Attend plant labor-management meetings to remind supervisors and employees of the company's human rights policy.



Act upon employee feedback or human rights complaints.

Health Management

In accordance with the Regulations Governing Labor Health Protection, we arrange general physical and health examinations for general employees, and special annual health examinations for workers who are involved in tasks involving potential health hazards (e.g., tasks involving noise, dust, ionizing radiation, etc.). Health examinations are provided by medical institutions that are designated by the Ministry of Labor and Ministry of Health and Welfare. Examination results are compiled into a health report, which is

then mailed to the employee and filed by our administration unit. Employees' health reports are retained for 10 years. If an employee receives an abnormal examination result, the hospital immediately contacts our responsible unit, which then notifies the employee concerned and assists with subsequent matters (e.g., further checkups and treatment) until employee fully recovers. Our other health prevention and safety promotion measures are as follows:

Health Promotion Scheme	Description
Medical Care	<ul style="list-style-type: none">Our plants are equipped with first aid kits, which are clean and stocked at all times, as well as automated external defibrillators (AEDs).A full-time medical officer is stationed at each plant to provide health care, health consultations, and emergency treatment.AED suppliers are invited to teach employees during work shifts how to use an AED so as to strengthen their ability to perform first aid and respond to medical emergencies.
Health Examinations and Consultation	<ul style="list-style-type: none">Employees are given regular health and follow-up examinations.Manager or higher positions receive biennial health checkups (which are usually reserved for senior executives), in addition to the annual health examination.Follow-up counseling is provided.Detailed descriptions of health tests and health information are enclosed in health examination reports.We assess possible occupational disease risks; however, we have not identified any high risk factors for occupational diseases.In 2023, 398 employees (In Taiwan sites) underwent special health examinations.
Health Courses	<p>Conducting a variety of health and hygiene seminars in collaboration with YFY Inc. that cover topics such as the following:</p> <ul style="list-style-type: none">Workplace hazard preventionCommon Post-COVID Sequelae and Traditional Chinese Medicine Health CareWorkplace Psychological Crisis Response and Resource IntroductionEffective Parent-Child Communication TechniquesSmart Eating for Effective Exercise - Nutrition Course

Health Risk Prevention and Management for Mothers

The government has promulgated a number of laws in recent years to ensure the well-being of female workers. The Occupational Safety and Health Act stipulates that employers should consider the impact of gender differences and pregnancy on health risks and implement the necessary maternal health protection action and management. To protect the health of our female employees, we have developed health protection measures in support of the Ministry of Labor's policies concerning allowances for unpaid parental leave and greater rights to childcare and family care leave. With reference to the Ministry of Labor's Workplace Maternal Health Protection Guidelines, we conduct health risk assessments for female employees who return to work after their one-year maternity leave (after pregnancy and childbirth), and communicate the results with them so that we may adjust their work arrangements if needed. We provide health tips as well as restrooms and breastfeeding rooms especially for pregnant or breastfeeding employees. We create

a women-friendly work environment while ensuring both maternity protection and women's equal access to employment.



The picture shows the sign of "Parking Space for Pregnant Moms" for pregnant employees

Employee Benefits

At CHP, we view our employees as our most important partners. We hope that all employees at CHP are able to work comfortably and steadily to achieve their goals and ours. We abide by a philosophy of treating our employees as family: planning a comprehensive range of employee benefits, providing adequate care in all aspects of employees' lives, and taking care of employees' family members. CHP's Taiwan sites have

established an Employee Welfare Committee jointly with YFY Inc. In addition, we organize employee welfare activities using our employee welfare fund, which is collected by deducting 0.5% from the monthly wage of each employee, appropriating 0.1% of total monthly business revenue, and appropriating 40% of the proceeds from the selling of tailings.



Universal Employee Benefits

- Gifts for Lunar New Year, Mid-Autumn Festival, International Workers' Day, and the Dragon Boat Festival
- Birthday gifts
- Affiliates' resources and discounts on products sold by partnering merchants



Marriage and Childbirth

- Wedding and baby shower gifts
- One-year subscription to Hsinex's monthly publication on newborns, early childhood education, and childcare practices
- One-year subscription to Hsin Yi Children's Magazine for employees with pre-school children (under 3 years old)
- Education scholarships for school-age children



Personal Safety and Insurance

- Accident insurance and medical insurance, in addition to labor insurance and national health insurance, is provided to employees; group insurance policies (accident insurance, medical insurance, and cancer prevention insurance) are offered at discounted rates, enabling employees to freely choose a more comprehensive insurance plan.
- Consolation payment in the event of hospitalization for injury or illness, disability, or death



Grants for Continuing Education

- Grants for university credit programs or MBA courses
- Subsidies for language training



Social Gatherings for Employees

- Year-end banquet and parties during the Lantern Festival and Mid-Autumn Festival
- Annual sports events and carnivals for current and retired employees as a means of encouraging them to exercise
- Employees who have served the company for more than 15 years are awarded a commemorative gold coin to express our gratitude for their service. In 2021, 383 people were commended.
- Subsidies for self-empowerment activities

Retirement Care

To ensure a secure retirement for our employees and help them plan for retirement, we opened a labor pension account with the Central Trust of China (CTC) in accordance with law. The account is overseen by CHP's Retirement Reserve Fund Supervisory Committee. The committee convenes meetings regularly as required by law, and more than half of the committee members are workers' representatives who are elected by the labor union. The committee oversees whether the retirement reserve fund is sufficient and whether the company handles employee retirement matters



Hualien CHP Retired Employee Association celebrating "Returning to Hometown" Staff Activity

in accordance with the law. Each year, the Company hires Willis Towers Watson & Co. to conduct pension actuarial and contributions. When the Ministry

of Labor launched the new pension system in July 2005, we asked our employees which pension system (old or new) they wished to select. For employees who switched to the new system and for new employees, 6% of their monthly salary is contributed to their pension fund and deposited to their individual account. Seniority under the old system is reserved, and pensions are distributed upon retirement. In 2023, CHP allocated approximately NT\$5.91 million monthly. CHP employees are 100% covered by the retirement pension system. Our subsidiary in Mainland China enrolls employees in the social insurance plan in accordance with the Social Insurance Law of the People's Republic of China. Monthly contributions are made to endowment insurance, medical insurance, unemployment insurance, employment injury insurance, maternity insurance, and the housing provident fund in order to better protect employees throughout their lives. In addition, to pass on our technical know-how to younger generations, CHP has hired retired employees to work as consultants and share their experience with younger employees so that the new generation can learn from their elders and thus better plan their retirement.

Career Development

We regard our employees as CHP's most important asset. The core values of a complete organization, from its business philosophy, policy development, and strategy formulation to target setting and implementation, relies on the inherent skills and actions of all employees within the organization. Therefore, we place emphasis on talent development, provide a continuous learning environment for our employees, and help employees improve their professional competencies and personal development.

In-House Training			External Training
Competencies	Management Training	Corporate Culture and Competitiveness	
<p>This type of training is focused on professional competencies, business competencies, and individual performance development.</p> <p>Professional competencies and knowledge required by each department are categorized and trained as needed for specific positions; all forms of training activities are planned and carried out, and corresponding training resources are provided.</p>	<p>This type of training aims to establish a common language among corporate leaders; improve management quality; contemplate management experience; encourage middle managers to utilize their managerial skills and teach and train their subordinates so as to improve the department's overall efficiency and competitiveness; share management development strategies used within and outside of the industry; and cultivate senior executives' strategic management capabilities and cross-industry perspectives.</p> <ul style="list-style-type: none">• Management seminars• Interdepartmental meetings with senior executives• Management associate (MA) training	<p>This type of training aims to inculcate our philosophy and goals and common values into our employees, thereby helping them build a stronger feeling of belonging and sense of honor that they are part of the organization, and simultaneously to develop a global perspective to keep pace with global trends.</p> <ul style="list-style-type: none">• Orientation training• ESG courses (ICP, TCFD)	<ul style="list-style-type: none">• Overseas study• On-the-job training, credit courses• Vocational training and skills certification

Education and Training

The purpose of employee safety education is to develop an appropriate attitude to safety at work, including an appreciation of operational hazards, compliance with operational regulations, and the ability to report and handle abnormal situations. At CHP, training is planned and organized by our management units at all levels in accordance with applicable laws and regulations to train employees in operational skills and prevent accidents and injuries. Therefore, education and training is necessary to continuously increase

the value of our human capital. Learning and development serves to hone employees' managerial and professional skills, improve team performance and synergy, strengthen the organization's operational performance and dynamic, and achieve sustainable operations and development. Hence, employee cultivation and development are a topic to which we attach great importance. We regularly organize training programs, including both in-house and external training, for our employees.

Education and Training Statistics

In 2023, we organized both in-house and external education and training programs for our employees; in total, 16,389 employees completed 34,737 hours of training, averaging 12 hours per person.

Breakdown By Course Category					
Course Category	Course Descriptions	No. of Sessions	Total Attendance	Total Training Hours	Total Cost (NT\$ Thousand)
Professional Competencies	Includes functional skill certification, competency assessments, and overseas training opportunities.	588	10,396	24,718	2,322.65
Management and General Knowledge	Management development programs for senior managers, reserve cadre management/technical/financial education, both internal and external training, as well as general knowledge courses for all staff.	934	5,766	8,949	200.94
Cultural Competence for New Employees	Orientation programs that introduce new employees to the plant, environment, and relevant courses.	66	226	1,046	10.21
On-the-Job Training	Opportunities for applying to on-the-job educational programs.	-	1	24	-
Total		1588	16,389	34,737	2,533.80

Average Hours of Training Per Person			
Statistical Category		Total Hours	Per-Person Average
Position	Managerial	1,717	14
	Non-Managerial	33,020	12
Gender	Men	30,248	12
	Women	4,489	11
Total		34,737	12

*Employees in managerial roles are head of a department/division or higher-level unit.

Performance Evaluations

“Focus on the process, not evaluation, and find solutions, not problems.” In performance management, we focus on “performance”, not “management.” Regular performance evaluations help managers place the right person in the right place, help subordinates unleash their potential (i.e., their future performance), and also encourage employees to focus on improving themselves to align with the company’s future needs. An appropriate incentive mechanism that stimulates employees’ passion for work and improves their competence enables them to more fully harness their skills and thereby unleash the company’s capabilities and potential. In 2023, 100% of managers, non-managers, males, and females who have been employed at CHP for over six months participated in performance evaluations.

Co-Prosperity in Labor Management

At CHP, we place strong emphasis on harmonious labor-management relations. Our plants in Chiutang, Hualien, and Taitung have each established their own labor union and Employee Welfare Committee. Each plant's labor union is composed of member representatives elected by the plant's employees. Directors, supervisors, and the union chairperson are elected by member representatives. There is no signed collective agreement, and member representatives convene one meeting every year. Directors and supervisors convene regular quarterly meetings. In these meetings, members provide constructive advice to the company and our production plants and assist with in-plant activities such as employee trips and occupational safety inspections. Union members also attend the meetings of the Safety and Health Committee. Every quarter, representatives of management and labor engage in two-way, face-to-face communication so that they can exchange opinions with an open mind and create benefits for both labor and management.

Union Participation Rate	
No. of Union Members	Percentage
2,502	87%

*Only our production plants have established unions. Employees decide whether or not to join the union.



CHP Union Representative Assembly



CHP's Volunteers Participate in the 2023 Hualien County Science and Arts Education Exhibition

A Friendly Workplace with Zero Communication Barriers

We have established a wide range of communication channels to effectively resolve employees' problems in real time. Employees may choose to communicate either openly or anonymously. They can raise an issue by using the Employee Mailbox or the Feedback Box, which is placed in each production plant. When an employee files a complaint, we take their problem very seriously and actively respond to it. While handling complaints, we try to satisfy the employee's request as much as possible, and trace the origins problems to reduce the possibility of recurrence. We urge the responsible unit to take corrective action as scheduled, and establish leadership management and communication courses in a timely manner to guide plant managers in adopting a humane and compassionate leadership approach. To create a work environment that embraces gender equality, the Company complies with the Act of Gender Equality in Employment, among other applicable laws. We formulate and promulgate various anti-harassment policies and measures; put up workplace safety posters from time to time to provide information

on anti-harassment channels and complaint procedures as well as examples of sexual harassment; and include anti-harassment classes in orientation training. These actions all aim to inculcate a correct attitude toward gender equality in each employee so as to build a friendly workplace where gender equality is embraced.

Any issues concerning human rights, labor management, or sexual harassment can be reported using the Employee Mailbox, which allows us to assist employees in resolving matters related to their rights or unfair treatment at work, and serves as an effective bridge for two-way communication between the company and its employees.
Employee Mailbox: servicedesk.chp@yfy.com



CHP Dingfung Plant's Lunar New Year Festival Couplets Writing and Blessing Delivery to neighborhood Event

Occupational Safety and Health Management

📄 GRI 2-27/403-3/403-4/403-5/
403-7/403-8/403-9

Our goal is to meet the Chairman’s safety expectations:

- People are the core of the company’s value. Safety and health cannot be compromised.
- All occupational injuries are preventable.
- No safety awareness, no employment. All employees must receive safety training.
- Our contractors’ safety standards must be the same as ours.

Safety is an important need in our lives, second only to our physiological needs. Hygiene and sanitation are necessary to keep humans healthy and improve our quality of life. A safe factory is eleven times more productive than an unsafe factory, and a clean work environment ensures healthy workers and higher productivity. To increase production efficiency, maintain a strong labor force, promote employee health and well-being, and cultivate correct occupational safety and health concepts in employees, we must focus on safety and health work so as to treat the root cause of problems and achieve early prevention. CHP adopted a thorough occupational safety and health system many years ago. We obtained OHSAS 18001 system verification between 2012 and 2017, and ISO-45001 international standard verification in 2020 to cover both in-plant employees and long-term contractors (security guards and forklift operators). CHP Kuanyin Plant officially commenced operations in July 2022. Although the employee count does not currently meet the legal requirement of 200 individuals, preparations are already underway proactively.

We manage occupational safety and health in our production bases by following the plan-do-check-act (PDCA) model to lay a solid foundation for corporate sustainability.

ISO 45001	Pulp & Paper Integrated mill (Hualien)	Paper Recycling mill (Taitung)	Specialty Paper Mill (Chiutang)	Paper Product Mill (Kuanyin)	China Paper Mill (Dingfung)
Effective	2027.06	2025.12	2026.06	In process	Safety Production Standardization Certificate (Issued by the Management Association of Zhaoqing City, Guangdong, China)

*Note: The China Pulp and Paper Mill (Dingfeng) has been issued a Safety Production Standardization Certificate by the Zhaoqing City Emergency Management Association in Guangdong.

Occupational Health Services Provided in Chinese Manufacturing Plant		
Health Service Items	Service Time	Service Details
Employee Health Checkups	Regularly held 1. Annual health checkup 2. Pre-employment physical examination 3. Post-employment physical examination	1. Health checkups are arranged according to company's schedule 2. Special health checkups arranged for different types of workers based on job requirements
On-site Medical Clinic	Monday to Friday, 8:00 AM to 5:00 PM	A licensed assistant doctor is stationed to provide basic treatment and preventive health services
Health Seminars	Regularly held	1. Invite external professional lecturers to give health seminars at the company 2. Commission external professional companies to evaluate the occupational disease situation in the company and provide recommendations 3. Conduct internal employee health training and emergency health drills

Occupational Safety and Health Committee

CHP has established an Occupational Safety and Health Committee in accordance with the Occupational Safety and Health Management Regulations. The committee oversees the implementation status of occupational safety and health management plans and the company’s performance in safety and health management. The committee convenes meetings once every quarter and consists of 72 members, including 26 labor representatives (33% of the entire committee), all of whom are CHP employees. The committee regularly reports to the President of CHP. Additionally, the Safety Operations Management Committee has called on department supervisors and employees across the plant to form eight task forces: the 7S, SOP, Safety Education and Training, Workplace Safety, Contractor Safety Management, Equipment Safety Management, Fire Control, and Audit Inspection task forces. These task forces continuously inspect, audit, improve, and follow up on in-plant equipment operations, work environments, personnel, and operational standards to seek improvements and build a safer workplace environment.

In-House Training	
Purpose	To promote communication on and experience in safety issues
Function	<ul style="list-style-type: none">• Organizing the formation of labor safety and health teams in each plant• Regular reviews of plant status• Establishment of cross-plant resource sharing platform• Sharing experience with occupational safety and health management• Integrating and operating occupational safety and health management systems



📷 ISO45001:2018 Occupational Health and Safety Management System Audit Meeting



📷 Occupational Safety and Health Committee Meeting Situation

Safety and Health Promotion

CHP’s Occupational Safety and Health Education and Training Rules stipulate that occupational safety and health work must be comprehensively planned with detailed education and training for both new and existing employees, as well as special training for workers who are involved in dangerous, hazardous, or special operations.

2023 Statistics on Disaster Prevention Education and Training		
Training Category	Frequency	No. of People Trained
Safety and Health Training	Once a year	2,924
Emergency Response Training/Drills	Once a year	422
Disaster Prevention Training/Drills	Twice a year	1,237
First Aid Training/Drills	Once per 3 years	151
Machine Work Safety Courses	Once a year	179
Confined Space Work Education and Training	Once a year	146

2023 Occupational Safety and Health Management Meetings		
Meeting	Frequency	Highest Level Member
Executive Meeting	Once a month	Chairman
Occupational Safety and Health Committee Meeting	Once every quarter	Plant Manager
7S Audit Meeting	Once~twice a year	Plant Manager
Occupational Safety Platform Meeting (three plants)	Once a month	Manager of Occupational Safety and Health Center
Safety Operation and Zero Hazard Promotion Task Force Meeting	Once every two months	Plant Manager

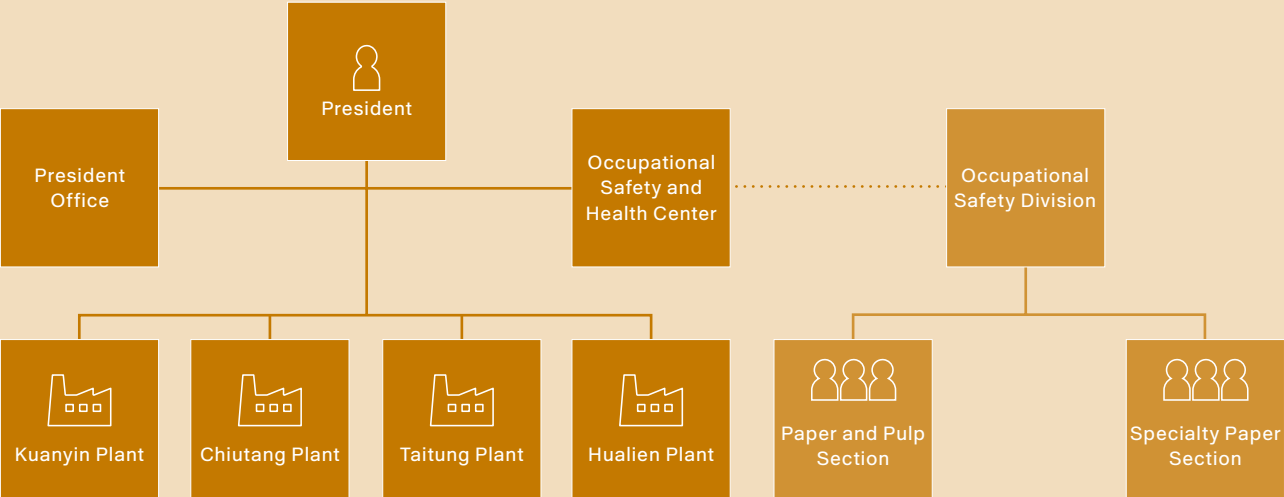


📷 Contractor Occupational Safety Education



📷 Contractors to Participate in Joint Inspections

Chung Hwa Pulp Corporation Occupational Safety and Health Management Organizational Chart



Vision: Building an Incident-Free and Hazard-Free Friendly Workplace Environment to Create a Positive Safety Culture







	Goal	Approach
Short-Term (1-3 years)	<ul style="list-style-type: none">Promote and manage healthIncorporate job safety analysis (JSA) risk assessment toolsIntegrate contractor managementImplement machinery entanglement hazard prevention and fall prevention measures	<ul style="list-style-type: none">Develop health management system and health risk classification managementIntegrate JSA into operational risk controlDevelop contractor management systemOrganize education and training for all workers, and implement inspections and operational controlsArrange weekly occupational safety and health activities (for employees and non-employees; examples include health examinations and blood donation)
Medium-Long-Term (3-5 years)	<ul style="list-style-type: none">Build a safety cultureEncourage investments in workplace safetyIntroduce disaster prevention technologies	<ul style="list-style-type: none">Develop and launch mechanisms for incident prevention, classification, and managementLaunch workplace safety incentives that include safety performance management indicatorsDevelop an AI inspection system

2023 Occupational Safety and Health Implementation Outcomes

Systematic Management	<ul style="list-style-type: none">Contractor Management System: Fully implemented throughout the plant, including operational control and access card management for entry, to ensure proper management of operational risks in the plant.Regular Safety Inspections: Contractors are regularly invited to participate in workplace safety inspections to enhance their hazard identification abilities through practical inspections.Assisting Contractors: Help resident contractors establish occupational safety and health systems to improve their self-management capabilities.Electronic Safety Bulletin Board: Present safety messages through animations and videos, replacing traditional paper-based occupational accident announcements.Safety Meetings: Organize safety discussion meetings with resident contractors, emphasizing that safety is non-negotiable.
Performance Indicator Design	<ul style="list-style-type: none">Zero Accident Safety Incentive Program: Integrating plant-wide initiatives to encourage zero accidents in the workplace.Encouraging Investment in Safety: Implement safety indicators (safety signals) to reflect the safety atmosphere in the plant. The green light count at Jiutang Plant has increased compared to last year, showing growing performance.
Improvement Management Plan	<ul style="list-style-type: none">Improved Occupational Safety Plan: Completed the Jiutang Plant's occupational safety and health management improvement plan, establishing a tiered accident prevention management system.Regular Safety Discipline Committee Meetings: Hold regular safety discipline committee meetings at the plant, implementing cross-supervisor weekly inspection plans.Enhancing Occupational Accident Elimination Plans: Promote self-management plans for occupational safety and health.Achievement in Jiutang Plant: Jiutang Plant achieved a 95% improvement rate in resolving deficiencies and halved the number of accidents, reaching the disaster reduction target.
Access Control System	<ul style="list-style-type: none">Access Control System Improvement: Continued to improve the access control system, integrating facial recognition at all plant entry points for better personnel control, and including all contractors in the management system.Surrounding Wall Improvements: Further improvements to the surrounding wall to prevent unauthorized personnel and stray dogs from entering the plant.

Education and Awareness-Raising	<ul style="list-style-type: none">Annual Safety Re-education Training: Provide annual re-education on safety for all plant employees to raise safety awareness and strengthen the 7S self-management program.Monthly Safety Topics: Conduct monthly safety education training for plant employees and contractors to maintain operational safety.Participation in National Workplace Safety Week: Actively participated in the Ministry of Labor's National Workplace Safety and Health Week activities for the year 112. Both the Guanyin and Jiutang Plants received recognition from the Ministry of Health and Welfare with the "Health Activation Mark."Safety Re-education for Violators: Provide re-education on safety for violating employees (including contractors) to prevent repeat offenses.Award for Excellence: Recognized as an exemplary company in the "Proactive Evaluation of Occupational Health and Safety Indicators in Corporate Sustainability Reports."
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-  Guanyin Plant: Awarded the "Health Activation Mark" by the Ministry of Health and Welfare, with results highly recognized.
-  Awarded as an Excellent Enterprise in the 'Proactive Evaluation of Occupational Health and Safety Indicators in Corporate Sustainability Reports' by the Occupational Safety and Health Administration (OSHA)
-  Certificate of Participation in the 112th Year Hualien Plant Workplace Health Week
-  Certificate of Participation in the 112th Year Taitung Plant Workplace Health Week
-  Certificate of Participation in the 112th Year Jiutang Plant Workplace Health Week
-  Certificate of Participation in the 112th Year Guanyin Plant Workplace Health Week



Group Photo of Colleagues Participating in Fire Safety Training Workshop

Taitung Environmental Protection Bureau and Taitung Fire Department Join Hands with Chung Hwa Pulp Taitung Plant to Promote Fire Safety and Enhance Disaster Response Capabilities

The Taitung County Environmental Protection Bureau, Taitung Fire Department, and Chung Hwa Pulp Taitung Plant have collaborated to organize the "Benchmark Learning Exchange and Fire Safety Drill for Resource Recycling and Processing Industries." This event focuses on site safety, operation of firefighting equipment, and simulated fire scenarios. The goal is to help personnel from the recycling and processing industries become more proficient in using firefighting equipment, enhancing their fire prevention and emergency response capabilities.



The Taitung Plant Manager Receives a Certificate of Appreciation from the Environmental Protection Bureau for Fire Safety Training Workshop

7S Management



Shaping a 7S Culture

Using Incentives to Elicit a Sense of Pride in our Employees

- Organized a 7S competition activity using motivational approaches, integrated into the factory's occupational safety and health performance evaluation in the autonomous management category. This initiative is combined with zero-accident incentive measures and involves assessing the autonomous safety and health management performance of various units.
- Conducted internal audits within the factory, identifying deficiencies and issuing occupational safety inspection reports for those with shortcomings.



The 2023 Hualien Plant 7S Competition



ISO 45001 Occupational Health and Safety Management System Training



2023 Hualien Plant Health Family Inaugural Meeting

Promote Exchanges



Risk Identification and Disaster Prevention Management

Risk Identification

CHP's production plants have formulated hazard identification and risk assessment/management procedures in accordance with the ISO-45001 system to review and identify operational hazards. We assess and control operational risks and establish safety and protective measures to ensure operational safety and prevent accidents and other safety incidents (for details, see hazard identification and risk assessment flow chart). Persons in charge of hazard identification have been thoroughly trained and are qualified to identify hazards.

Hazard Identification and Risk Assessment Flow Chart



Incident Investigation

Report incident > Establish investigative team > Convene incident review meeting > Compile incident report > Take corrective action and track progress

Identified Risk	Risk/Hazard	Prevention Measures	2023 Performance
Entanglement	Paper formers, winding machines, rolling machines, burnishers, feeders and loaders are all sources of entanglement hazards.	<ul style="list-style-type: none">Installed protective shields, protective fences, and emergency brake devices.Installed protective nets or cases over rotating shafts and flywheel devices on conveyor belts, as well as a bridge or cover.Ensure that operators wear protective clothing.	<ul style="list-style-type: none">In 2023, through education and training, and safety observations, two entanglement incidents occurred.Annual re-education for all employees is implemented, along with monthly themed training sessions conducted by department units.Daily inspections identify equipment deficiencies, and emails or abnormal notification forms are issued to urge the responsible units to make improvements.
Noise	High-power heavy machinery is used in the production process. Noise-induced hearing loss during operations can gradually occur with increased exposure. Machinery operations are associated with contact-induced vibration hazards.	<ul style="list-style-type: none">Use low-noise machinery and parts to keep noise at a minimum.Put up noise hazard warning signs in workplaces where workers are exposed to noise that exceeds 90 dBA for over 8 hours a day, and adopted engineering control to reduce workers' noise exposure time.Ensure that workers wear hearing protection (e.g., earplugs, earmuffs).Reduced noise from loud machines that produce strong vibration by using noise cancellation devices, vibration isolators, buffer damping, inertia blocks, and sound absorbers.Conduct regular environmental testing and evaluate workers' exposure.	<ul style="list-style-type: none">Noise-exposed workplaces require the use of hearing protection equipment.An annual special health check for noise-related hazards is implemented.A total of 291 people underwent the noise-related special health check.
Falls	Railings barricading the edges and openings in some work areas are rusting and are not strong enough; elevated walkways in work areas that are two meters above ground are potentially unsafe.	<ul style="list-style-type: none">We set up appropriate construction scaffolding and/or workstations for high-elevation operations, and we ensure that operators wear safety belts during operations.Ladders, trestle ladders, or step stools are not used on scaffolds.Secured railings at the edges/openings of work areas that are two meters above ground, and installed safe elevated walkways for high-elevation operations.	No fall accidents occurred throughout the entire year of 2023.
Exposure to Hazardous Substances and Confined Space Operations	Chemicals and organic solvents are frequently used during the production and manufacturing process. Some confined spaces have several potential hazards that may result, for example, in workers suffocating due to lack of oxygen, being buried, falling, or being cut by machinery.	<ul style="list-style-type: none">Focused on points of origin, routes of transmission, and points of exposure:<ul style="list-style-type: none">(1) Use non-toxic, low-toxic, and low-hazard materials.(2) Installed ventilation devices and automatic detection and warning systems.(3) Use personal protective equipment and organize special health examinations for hazardous substances.Practice administrative management by appointing a dedicated supervisor to manage dangerous operations, and implemented labelling system management.Provide emergency medical care.	<ul style="list-style-type: none">We achieved zero incidents involving lack of oxygen.Confined space operations require mechanical workers to retest gas levels for compliance and approval before entering the workspace.

Absence and Disabling Injury Statistics																	
	Item	Entanglement	Falls	Burns	Electrocution	Cuts/Abrasions	Sprains	Noise	Traffic Accidents	Object Falling	Collision	Pressure Injury	Human Factors	Puncture Wound	Chemical Splash	Slip	Total
2023	Employees	2	2	2	0	3	0	0	11	2	4	2	0	0	0	4	32
	Contractors	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2022	Employees	1	0	1	1	1	1	0	8	0	2	6	0	1	3	1	26
	Contractors	0	0	0	0	2	0	0	0	1	1	1	0	0	0	0	5
2021	Employees	3	0	3	1	2	0	0	1	0	7	3	0	1	1	0	22
	Contractors	0	0	0	1	0	0	0	0	1	0	0	0	0	0	0	2
2020	Employees	3	2	0	0	5	0	0	5	0	5	1	0	0	0	3	24
	Contractors	0	1	0	0	0	0	0	0	0	2	0	0	0	0	0	3

Employee Occupational Injury Statistics	2023							
	Taiwan				Mainland China			
	Employed by CHP		Not Employed by CHP		Employed by CHP		Not Employed by CHP	
Gender	Men	Women	Men	Women	Men	Women	Men	Women
No. of Occupational Injuries	17	0	0	0	0	0	0	0
No. of Disabling Injuries	1	0	0	0	3	1	0	0
Disabling Injury Severity Rate (SR)	7		0		49.01		0	
Disabling Injury Frequency Rate (FR)	1.63		0		3.01		0	
No. of Deaths	0		0		0		0	
Injury Rate (IR)	0.79		0		0.6		0	
Lost Day Rate (LDR)	1.34		0		9.8		0	
Total Work Hours	4,299,950		952,018		1,326,388		206,277	
No. of Workdays Lost	29		0		65		0	

* Disabling Injury Frequency Rate (FR) = No. of Disabling Injuries/Million Work Hours
* Disabling Injury Severity Rate (SR) = Total No. of Workdays Lost/Million Work Hours
* Injury Rate (IR) = Total No. of Injuries/Total Work Hours × 200,000
* Lost Day Rate (LDR) = No. of Workdays Lost/Total Work Hours × 200,000
* where '200,000' is equivalent to 100 full-time workers working 40 hours per week, 50 weeks per year
* "Non-employed" refers to contractors who are not under an employment contract or agreement

Fines for Occupational Incidents in 2023				
Plant	Issuer of Fine	No. of Fines	Amount	Corrective Action
Hualien Plant	Northern Occupational Safety and Health Center, Occupational Safety and Health Administration, Ministry of Labor	3	260,000	<ul style="list-style-type: none">Enhance employee communication and care.Implement new operational risk assessments and safety operation procedures (SOPs), requiring workers to follow them.Clearly assign designated personnel to take necessary actions in case of abnormalities.
Taitung Plant	Southern Occupational Safety and Health Center, Occupational Safety and Health Administration, Ministry of Labor	3	270,000	<ul style="list-style-type: none">Continue inspections, and if issues repeatedly occur, issue an inspection form to address improvements.Budget has been allocated, and protective measures have been put in place, with continuous review and improvement during safety committee meetings.
Total		6	530,000	

Disaster Prevention Management

CHP implements fire safety management to provide a safe work environment. We regularly test our in-plant fire prevention facilities, and we conduct fire drills with local firefighters to familiarize our plant employees with the proper methods to respond to and handle emergencies. We have established emergency procedures for major incidents, slurry leakages, wastewater treatment, gas leakages, suspicious odors, significant chemical spills, major industrial safety incidents, power outages, earthquakes, typhoons, and other natural disasters, and carry out emergency drills according to annual plans. In accordance with the law, we have placed a person in charge of fire prevention management and formulated a fire protection plan for our plants that includes a detailed self-defense fire-fighting organization that consists of a firefighting squad, notification squad, evacuation leader squad, safety protection squad, and first aid squad. The squads carry out firefighting drills every six months in cooperation with the fire department. Our contractors are also included in our twice-yearly emergency drills.

Safety and Health Performance Management

Under the framework of the occupational safety and health management system, our production plants have adopted active or passive performance indicators depending on their environmental safety and health management strategies. In 2019, we completely adopted active performance indicators (active monitoring, potential hazard identification, and safety improvement rates) to ramp up efforts to prevent incidents, eliminate hazards, ensure a safe work environment, and enhance safety awareness.

Our plant safety inspection system was launched in 2020. It is integrated with a safety inspection plan that involves staff at each level walking around the production workshops to identify any potential hazards and risks in the plant. Any deficiencies are logged into the system to classify and manage risks, bring them to the attention of managers of all levels, monitor risk status, achieve prevention, and ensure operational safety and health.



CHP Employee Fire Drill

Hazardous Substances and Chemical Management

CHP strictly inspects all raw materials and products for prohibited substances. We comply with international requirements and refer to the candidate list of 223 Substances of Very High Concern (SVHC) published by REACH (Registration, Evaluation, Authorisation and Restriction of Chemicals) on January 17, 2022. We require our suppliers to submit raw material test reports and conduct regular inspections and management of their production plants. The toxic chemicals used in our manufacturing processes include chlorine gas and sodium dichromate; we have obtained licenses for both substances and regularly report them. In addition, we appropriately manage chemicals with environmental and safety concerns to prevent or mitigate environmental pollution and ensure worker safety. All of our chemicals, including priority management chemicals, hazardous substances, and toxic substances, are subjected to chemical control banding (CCB) and management pursuant to law.

Contractor Safety Management

CHP cares deeply about the safety of our contractors; therefore, we manage the safety of contracted construction work by establishing detailed guidelines for system implementation, control processes, and emergency response. Our requirements and standards for contractors are the same as those for all CHP employees. In 2019, we introduced a contractor management system that includes construction control and access control management. We use the system to review the qualifications of our contractors; ensure that each contractor has been informed of and trained on hazards in the plant; review and file operational details to keep abreast of the status of contractors' work; review contract workers' qualifications and safety measures before they carry out special operations (e.g., hot work, lifting, confined space operations); and perform spot checks before, during, and after operations. The above control measures can effectively reduce the contractors' risk of operational hazards in the plant.

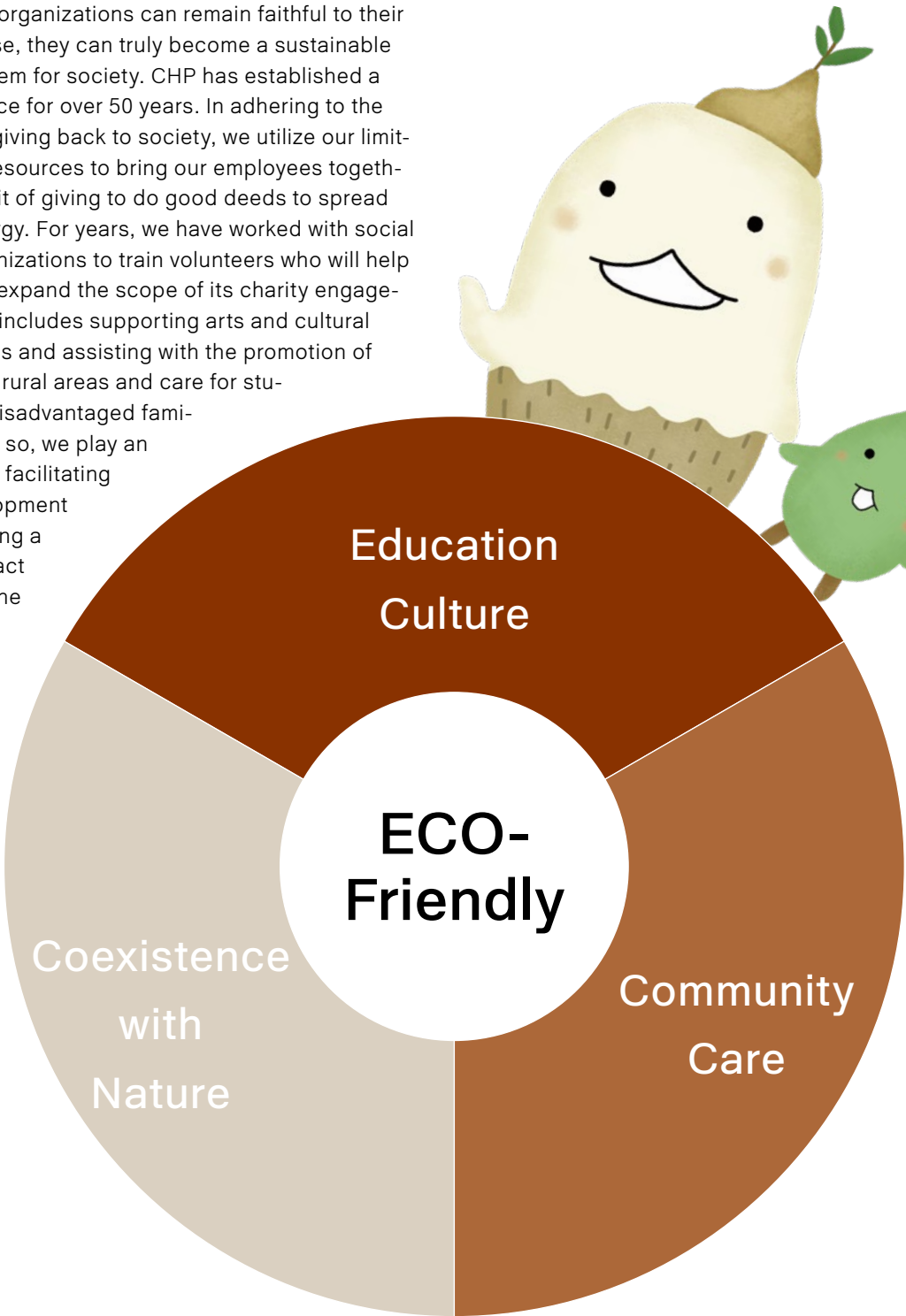


CHP employees took CPR and AED educational training.

Social Caring and Inclusiveness



All for-profit organizations have their own life cycles. If charitable organizations can remain faithful to their initial purpose, they can truly become a sustainable support system for society. CHP has established a local presence for over 50 years. In adhering to the principle of giving back to society, we utilize our limited internal resources to bring our employees together in the spirit of giving to do good deeds to spread positive energy. For years, we have worked with social welfare organizations to train volunteers who will help CHP further expand the scope of its charity engagement, which includes supporting arts and cultural performances and assisting with the promotion of education in rural areas and care for students from disadvantaged families. In doing so, we play an active role in facilitating social development and generating a positive impact to increase the depth and breadth of social services.





CHP employees and community residents engaging in activities together, such as wetland tours, paper fiber doll making, and handmade paper experiences

Sustainable Forests for a Sustainable Life: From Forest, Sustainable Reading for Endless Growth

Since its establishment in 1950 at Jiutang in Dashi, Chung Hwa Pulp's Jiutang Plant has been deeply rooted in the local community and expanded in various directions for 72 years. The partnership between Chung Hwa Pulp Jiutang Plant and the Kaohsiung Public Library began 25 years ago during the construction of the second Dashi Library, where Chung Hwa Pulp donated 3 million NTD to support the project.

This year, the collaboration between the Kaohsiung Public Library and Chung Hwa Pulp continues. Since 2022, both parties have jointly executed the "Forest · Endless Life: Sustainable Reading Project." Activities include the "Comic Love the Earth: Storytelling Mother's Theatrical Performance," "Hands-On Fun: Handmade Paper Workshop," "Knowledge Learning: Mobile Library/Forest Green Treasure/Wetland Walking Tour," and the "Animal Forest Library AR Technology Reading."

Comic Love the Earth: Storytelling Mother's Theatrical Performance

With global warming becoming a pressing issue, companies bear the responsibility of environmental education. The educational materials compiled by Chung Hwa Pulp titled "Forest · Endless Life" feature their mascots "Yebi and Tree Bao" in comic format, leading children into the magical world of forests. Through these educational materials and entertaining comic stories, children learn the importance of ecological protection, allowing the concept of loving nature to take root in their hearts from a young age.



"Children and adults participated together in the 'Storytelling Mother Theatrical Performance' activity"

Hands-On Fun: Handmade Paper Workshop

Handmade paper symbolizes the original spirit of Chung Hwa Pulp. Volunteers from the Jiutang Plant personally teach the workshop, allowing both children and adults to experience the joy of making paper while learning the basics of papermaking. The handmade paper is stamped with unique designs, including images of local landmarks such as the old iron bridge, Jiutang Wetland, Caogong Canal, Sanhe Tile Kiln, Gushan Warehouse, Fo Guang Shan, the Nanzihgao Cable-Stayed Bridge, and the pheasant-tailed jacana bird, connecting closely to the local culture.



CHP volunteers guide children and adults in DIY handmade paper activities

Knowledge Learning: Mobile Library/Forest Green Treasure/Wetland Walking Tour

The old iron bridge wetland is like a cherished child carefully nurtured by the Jiutang Plant, with 90% of its water sourced from the plant's discharge. This return of water to the land continuously nourishes the natural ecosystem. Through guided wetland tours led by professional historians, both visitors and local residents gain a deeper understanding of the land. Additionally, the mobile library from Dashi Library, with its transforming wings that resemble a Transformer, captures everyone's attention. The "Forest · Endless Life" Sustainable Reading Project encourages collaboration between Chung Hwa Pulp employees, their families, and community residents, embodying the company's spirit of deep local roots and community integration.



Old Iron Bridge Wetland Walking Tour Activity

Animal Forest Library AR Technology Reading

As times change, education methods have diversified. In cooperation with Chung Hwa Pulp, the Kaohsiung Public Library combines AR technology with creative picture books. This integration of storytelling and technology provides a new reading experience, promoting a modern approach to reading education for the new generation. It enhances children's interest in reading by blending technology with learning, inspiring reflections on life. Children can control their own created animals and Chung Hwa Pulp mascots in interactive 3D scenarios, such as collecting ocean trash in mini-games, which extend the picture book reading experience into an immersive environment, teaching the importance of environmental protection.



Animal Forest Library AR Technology Reading: "Ocean Conservation Battle"



Chung Hwa Pulp Charity Cup National Drone Computational Thinking Competition

Cultivating Popular Science Education in Hualien and Taitung

Chung Hwa Pulp Charity Cup National Drone Computational Thinking Competition

In line with its commitment to promoting basic science education, Chung Hwa Pulp launched the Charity Cup in 2019. The first edition focused on Scratch programming language and was conducted in collaboration with the Coding Alliance Association and the Hualien Smart Education Center. The event involved students from elementary schools across Hualien County, competing in pairs, integrating technology education into everyday learning and life.

In November 2023, the Hualien County Government and Chung Hwa Pulp jointly hosted the third edition of the 2023 Hualien County Chung Hwa Pulp Charity Cup: National Drone Computational Think-

ing Competition. This event gathered 128 teams from 7 counties and cities, totaling 400 students, at Yuli Junior High School in Hualien. Through diverse exchanges and interactions, participants engaged in an intense competition, showcasing their drone piloting skills.

The event also involved over 20 Chung Hwa Pulp volunteers, who organized handmade paper-making workshops and environmental education zones at the venue. Their enthusiastic participation and interaction with teachers and students reflected the company's commitment to public welfare, combining efforts from industry, government, and academia. This initiative promotes sustainable business practices and fosters a positive cycle of urban and rural development.

Drone technology is sweeping the globe and transforming the way

we live. The competition guided students in exploring the application of drones in fields such as forestry, agriculture, environmental protection, and search and rescue. Through this competition, Chung Hwa Pulp hopes to prepare students for a future filled with opportunities by equipping them with the knowledge and skills necessary for Taiwan's development and cultivating future AI technology talent. During the competition, students maneuvered drones through various checkpoints, seeking solutions to challenges.



Competitors need to pilot drones through the competition course

Technology and Digital Learning & Art Education Joint Exhibition

Leveraging the expertise of the Educational Network Center and the Digital Learning Project Office, Chung Hwa Pulp and the Hualien County Government jointly organized a Technology and Art Education Joint Exhibition in December. The event featured 80 booths showcasing various projects, and offered hands-on workshops where attendees could engage in creative activities! Through this exhibition, the public gained a deeper understanding of the current state of technology, reading, art, local education, and senior learning programs, helping promote sustainable societal development.

Chung Hwa Pulp fully supports the Hualien County Government's proactive education policies aimed

at teaching programming to children and enhancing computational thinking to solve problems. By working together, the aim is to establish strong roots for digital education in eastern Taiwan. With the introduction of resources, the goal is to discover and connect partners in technology education, assisting students in rural areas to link with the world and providing them with an excellent smart learning base. The aim is to continue

using technology to create future trends.

"Technology must be used for teaching, not teaching for the sake of technology." Technology education should be based on the teaching needs of teachers and the learning perspectives of students, returning to the concept of "people-centered technology" in education. This approach allows children in Hualien to cultivate diverse interests in their learning journey.



Hualien County Magistrate and Chairman Kirk attended the event

Coding Scratch Programming Language Course

Since 2019, Chung Hwa Pulp has collaborated with the Coding Alliance Association to promote basic programming education in Taitung for five consecutive years. This year, Chung Hwa Pulp supported six elementary schools, including Chulu, Chenggong, Fushan, Wulu, Wulu (Lidao branch), and San Elementary Schools, by offering two weekly classes on Scratch programming language. Chung Hwa Pulp's commitment to promoting science education aligns with the founding principles of the Koding Association, as both have worked together to establish a foundation

for information technology education in the Hualien and Taitung areas, providing teacher training and classroom instruction.

This year, the students' learning achievements were showcased through an online exhibition. Chung Hwa Pulp hopes to leverage the

company's resources to promote programming education and teacher training, ensuring that children in rural areas develop the necessary skills to thrive in the AI era, and to pave the way for the next generation of information technology talent.



The Coding Scratch Programming Language Course at Fushan Elementary School

Making Science Popular in Rural Areas

Exploring Science and Constructing Logic

CHP has been a sponsor of the Science Education Tournaments and Science Education Camp organized by the Yuan T. Lee Foundation: Science Education for All for 10 consecutive years. Since 2013, CHP has collaborated with the foundation to sponsor science education activities that aim to decrease the urban- rural gap and popularize science and mathematics education. Together, the foundation and Chung Hwa Pulp strive to create opportunities for the next generation to explore science, hoping to discover future stars in the scientific community.

The program has now reached more than 20 schools across Hualien and Taitung, including Yichang Junior High School in Hualien and Changbin Junior High School in Taitung, benefiting nearly 2,000 children annually. The courses focus on practical activities related

to science and mathematics, aligning with the Ministry of Education's curriculum on "Inquiry and Practical Implementation", helping students develop skills in discovery and problem-solving. This also reflects Chung Hwa Pulp's mission to "pass on knowledge and sustain culture."



CHP Receives a Certificate of Appreciation for Event Participation



Guangfu Elementary and Junior High School Feedback Form

Chemistry for Everyone

Chemistry on the Go is a popular science activity organized by Tamkang University Center for Science Education. Over the past 10 years, two mobile science laboratory vehicles, the Mobile Lab and the Analyst Lab, have visited various counties and cities across Taiwan to introduce chemistry and science experiments to students. In 2017, CHP became a partner to this program and has since provided teaching plans, supplied materials for experiments, and mobilized volunteers to introduce popular science in rural schools in Hualien and Taitung.

In 2023, the team visited Ruisui Junior High School and Fenglin Junior High School in Hualien County, where more than 100

students participated. The event kicked off with a "Chemical Magic Show", combining chemical experiments with entertaining talk-show style performances. Using the principles of acid-base indicators, participants were guided into the colorful and vibrant world of chemistry experiments, exploring the dazzling spectrum presented by various indicators. Subsequent activities included the crystallization reaction "Underwater Garden", the acid-base indicator experiment "Delicious ABC", and the resistance experiment "Carbon Black Rapid Stick".

Chung Hwa Pulp is honored to be a partner in this initiative and hopes to fulfill its corporate social responsibility by providing students with opportunities to engage with scientific knowledge. The goal is to

promote scientific literacy, bridge the gap between urban and rural education, and inspire students to pursue careers in scientific research. This, in turn, would help elevate Taiwan's technological standards, industrial production techniques, and foster the development of related industries.



Tamkang University faculty and students kicked off the event with a 'Chemical Magic Show' on the Mobile Chemistry Vehicle

Dating with Books for Students in Coastal Regions

In 2015, YFY Inc., the Cite Culture and Arts Foundation, and the Guanshan Office of Taiwan Fund for Children and Families (TFCF) collectively established the Taitung Tutorial Center as a reading and learning space for children from families who live in rural townships in Taitung County. CHP's Taitung Plant serves as our community representative in Taitung and has actively supported the program. Each year, approximately 15 CHP volunteers participated in the program by offering reading sessions to local children. To date, they have spent nearly 3,750 hours reading to 50 children. The reading program has existed for nine years. The

purpose of the program is to promote reading, but what follows is a greater power of companionship. The constant companionship provided by volunteers compensates for these children's lack of physical and mental support and helps establish a relationship they can rely on outside of their families.



A joyful gathering of Taitung Tutorial Center volunteers and TFCF-sponsored children

Competition for Mathematical Whizzes

To enhance young people's passion for learning mathematics and nurture outstanding math talent, the 19th "2023 Keng Sheng Daily News Mathematics Competition" was organized by Keng Sheng Daily and co-organized by Chung Hwa Pulp, with an awards ceremony held at Taitung Commercial High School. The event encouraged the awarded students to continue their self-improvement. Chung Hwa Pulp is committed to improving the learning capabilities of local students, aligning with the goals of the Keng Sheng Daily News Mathematics Competition. We look forward to continued collaboration in the future to jointly promote local math education.



Awarding ceremony for 2023 Keng Sheng Daily News Mathematics Competition—Hualien



Awarding ceremony for 2023 Keng Sheng Daily News Mathematics Competition—Taitung



A group photo of the graduates and teachers of Hongye Elementary School with the CHP volunteer team

Grow up with the Dream project



CHP sponsored the publication of graduation yearbooks for 7 elementary schools and their affiliated kindergartens in Hualien and Taitung

For many primary school students in Taiwan's rural and tribal areas, yearbooks are a luxury. Their schools are located in remote areas, and the small number of students (single digits) makes publishing yearbooks too costly. Since 2022, the Taiwan Photographers Exchange Association and CHP have collaborated to photograph and publish yearbooks for elementary schools in Hualien's remote tribal areas.

Through the 2023 Growing Up

with You project, the Taiwan Photographers Exchange Association called on volunteer photographers to form a team and visit seven elementary schools and their affiliated kindergartens, including Wanrung, Xilin, Jianqing, Mingli, Mayuan, and Hongye elementary schools in Wanrung Township of Hualien County, as well as Dongqing elementary school in Lanyu Township of Taitung County. These volunteers documented the kindergarten and elementary school graduates' daily activities both on and off campus. When CHP employees learned about the project, they responded enthusiastically and joined the volunteer team. CHP sponsored the printing of the yearbooks which displayed each school's unique characteristics and distributed one copy to each student. The project

fulfilled students' beautiful dream to preserve the precious memories at their elementary school in the mountainous regions, which we hope will accompany these graduates as they grow older.

Utilizing its corporate resources, CHP has mobilized photography-loving employees and collaborated with the Taiwan Photographers Exchange Association to create graduation yearbooks for local aboriginal students in an attempt to document their childhood memories while witnessing their growth.



A group photo of the Taiwan Photographers Exchange Association, the CHP volunteer team, and the graduates

Environmental Education · A Responsibility for All of Us

Teachers and students from Hualien High School visit Chung Hwa Pulp

A teacher from Hualien High School led 30 students from the elective course "Chemistry in Everyday Life" on a visit to Chung Hwa Pulp's Hualien Plant. This field visit provided students with a firsthand understanding of the industrial process of pulp and paper production, as well as insight into how CHP, with over 50 years of reforestation experience, uses nurturing soil as the foundation to build a complete carbon sequestration industry chain through a full circular economy approach. The students expressed excitement and curiosity, noting it was their first time seeing a paper production line and touching the raw materials used in textbooks and reference books. The paper produced at the Hualien Plant is used not only for cultural purposes but also to "replace plastic with paper." For example, CHP's CircuWell series offers fully recyclable, plastic-free paper products for food safety, systematically addressing the waste and environmental problems caused by single-use plastic containers and achieving the full circular benefits of reducing carbon emissions, plastic, and waste.



Teachers and students from Hualien High School take a group photo with the woodchip pile at the Hualien Plant

Environmental Education Certification Integrating Circular Economy Education into Curricula

Chung Hwa Pulp has long been an advocate of the circular economy, optimizing the pulp and paper production process while promoting the reuse of by-products. In 2023, Chung Hwa Pulp officially signed a partnership agreement with Hualien Girls' High School to promote environmental education. This valuable collaboration will bring new possibilities to environmental education in the Hualien region.

Both parties will work together to promote a series of environmental education activities, including factory visits for teachers and students to gain in-depth understanding of the pulp and paper production process and the practical implementation of the circular economy. The signing of this agreement will inject new momentum into local environmental education. Through this collaboration, Chung Hwa Pulp aims to become a model for certified environmental education sites in the Hualien region's manufacturing industry, further promoting green industrial development.



The signing ceremony of the Environmental Education Partnership Agreement

Neighborhood Inclusiveness and Community Care

Healthy Paper, Caring for the Earth

CIn celebration of Earth Day on April 22 and International Workers' Memorial Day on April 28, Chung Hwa Pulp and Hualien Tzu Chi Hospital signed the "Carbon Reduction for Earth, Promoting Workplace Health and Safety" partnership agreement on April 20, 2023. As part of this event, coleus plants were planted, and both parties jointly announced the "Healthy Paper, Caring for the Earth" declaration, working together to create an inclusive and friendly workplace. Chung Hwa Pulp's Hualien Plant and Hualien Tzu Chi Hospital are committed to providing a friendly

working environment, continuously investing resources to nurture local youth and give back to the community. Their shared vision of environmental sustainability and love for the Earth serves as a stabilizing force for more than 4,000 families in the Hualien region. This event also expressed gratitude to Hualien Tzu Chi Hospital for providing a garden where hospital staff, patients, and their families can relax, enjoy the scenery, and find peace. The garden uses eco-friendly organic fertilizers produced by Chung Hwa Pulp. Additionally, the hospital's rooftop garden, which had been temporarily closed during the COVID-19 pandemic, was reopened. This col-

laboration marks the beginning of a shared effort towards sustainability, injecting new energy into the environment and offering a brighter future for the Hualien community.



Hualien Tzu Chi Hospital and Chung Hwa Pulp's Hualien Plant signed the "Carbon Reduction for Earth, Promoting Workplace Health and Safety" partnership agreement

Public-Private Collaboration: Road Maintenance

In fulfilling its corporate social responsibility and maintaining a clean environment, Chung Hwa Pulp has long been committed to volunteering in environmental maintenance activities both inside and outside its Plants. Since 2012, the Hualien Plant has participated in the Hualien County Environmental Protection Bureau's Adopt-a-Zone program for air quality purification areas. These "air quality purification areas" refer to any location where plant greening is prioritized or simple facilities are installed to improve air quality, enhance living conditions, provide leisure, ecology, and environmental education, and promote sustainable resource use.

The Hualien Plant assists in the weekly maintenance of the "Rice Fragrance Road" section in Ji'an Township (from 197 km to 198.5 km on Provincial Highway 9). Activities include plant care, road cleanliness, and the removal of trash and waste from grass and drainage ditches. The Jiutang Plant also contributes 16 hours of greening maintenance monthly, adopting the grass areas of Longmu, Jiuqu, Dashu, and Xingtian Elementary Schools. The Taitung Plant and Dingfeng Plant contribute volunteers monthly to clean surrounding roads. In 2023, Chung Hwa Pulp dedicated over 400 manpower hours and nearly 1,500 hours of service time. Through collaboration with local governments, Chung Hwa Pulp aims to increase tree planting and

green coverage on bare, idle land to enhance air quality purification. These efforts align with the company's vision of achieving net-zero carbon emissions and building sustainable cities.education, and inspire students to pursue careers in scientific research. This, in turn, would help elevate Taiwan's technological standards, industrial production techniques, and foster the development of related industries.



Chief of Hualien Plant received 2022 Outstanding Adopter of Air Quality Zone award
Hualien Plant performed road cleaning on the adopted area

Chung Hwa Pulp's Mid-Autumn Festival Charity: Spreading Warmth to Bethesda

Every year during the Ghost Festival, Chung Hwa Pulp upholds tradition, with Chairman Hwang and General Manager Chen leading all employees and collaborating partners in participating in prayers for peace, good weather, smooth factory operations, and the health and well-being of families. The company also supports the Environmental Protection Bureau's initiative to reduce energy consumption and carbon emissions by minimizing the burning of paper offerings, thereby promoting environmental sustainability. Following the festival, the offerings meticulously prepared by the

staff, including rice, noodles, vermicelli, cooking oil, canned food, and dry goods, were donated to Bethesda Home. Chung Hwa Pulp hopes to inspire compassionate individuals from all sectors to care for the disadvantaged communities. Director Dai Mengzhen of Bethesda expressed deep gratitude for Chung Hwa Pulp's generous acts, praising the company's commitment to caring for the children at the home year after year. Chung Hwa Pulp remains steadfast in fulfilling its corporate social responsibility, actively participating in various charitable activities, promoting local employment and economic development, and continuously seeking more ways to give back to society and protect the environment. The company

is dedicated to building a better, more inclusive, and sustainable future.



Chung Hwa Pulp's Mid-Autumn Festival Charity: Spreading Warmth to Bethesda

National Chung Hsing University Forest Week x CircuWell Series

Forest Week is an annual event held every May by the Department of Forestry at National Chung Hsing University, organized by students to promote forest conservation, sustainable forestry practices, and green products. Given the nature of the industry, many Chung Hwa Pulp employees are alumni of NCHU. In response to the university's invitation, Chung Hwa Pulp gladly donated 1,000 CircuWell paper cups for use during the event, promoting eco-friendly products and enhancing public awareness of Chung Hwa Pulp's green initiatives.



National Chung Hsing University Forest Week Certificate of Appreciation



CHP Donates 1,000 CircuWell Paper Cups, Collaborating with NCHU to Promote Eco-Friendly Green Products (Photo provided by NCHU Department of Forestry Student Association)

Appendix

Appendix 1. 2023 Global Initiative Reporting (GRI) Standards Comparison Table

Statement of use	Chung Hwa Pulp Corporation has reported in accordance with the GRI Standards for the period from January 1 to December 31, 2023.
GRI 1 Used	GRI 1 Foundation2021
Applicable GRI Sector Standards	N/A

GRI Standard	Disclosure	Chapters	Pages	Note
GRI 2: General Disclosures 2021				
Organization and reporting	2-1 Organization details	2.1 About CHP	26	
	2-2 Entities included in the organization's sustainability reporting	2.1 About CHP About this Report	26 02	
	2-3 Reporting period, frequency and contact point	About this Report	02	
	2-4 Restatements of information	About this Report	02	
	2-5 External assurance	Appendix 7	134	
Activities and workers	2-6 Activities, value chain and other business relationships	2.1 About CHP 3.4 Supply Chain and Customer Services	26 67	
	2-7 Employees	5.1 Talent Recruitment & Career Development	92	
	2-8 Workers who are not employees	5.1 Talent Recruitment & Career Development	92	
Governance	2-9 Governance structure and composition	2.1 About CHP 2.2 Board of Directors	26 33	
	2-10 Nomination and selection of the highest governance body	2.2 Board of Directors	33	
	2-11 Chair of the highest governance body	2.2 Board of Directors	33	
	2-12 Role of the highest governance body in overseeing the management of impacts	2.2 Board of Directors 2.4 Risk Management	33 40	
	2-13 Delegation of responsibility for managing impacts	2.2 Board of Directors	33	
	2-14 Role of the highest governance body in sustainability reporting	1.1 Sustainable Development Strategy	14	
	2-15 Conflicts of interest	2.2 Board of Directors	33	
	2-16 Communication of critical concerns	2.3 Operations and Governance 19 major announcements were released in 2023.	38	
	2-17 Collective knowledge of the highest governance body	Please refer to the 2023 annual report.		
	2-18 Evaluation of the performance of the highest governance body	2.2 Board of Directors	33	
	2-19 Remuneration policies	2.2 Board of Directors	33	
	2-20 Process to determine remuneration	2.2 Board of Directors	33	
	2-21 Annual total compensation ratio	5.1 Talent Recruitment & Career Development	92	

GRI Standard	Disclosure	Chapters	Pages	Note
Strategy, policies and practices	2-22 Statement on sustainable development strategy	Message from the Chairman About this report 1.1 Sustainable Development Strategy	06 02 14	
	2-23 Policy commitments	3.4 Supply Chain and Customer Services 5.2 Employee Care	67 97	
	2-24 Embedding policy commitments	3.4 Supply Chain and Customer Services 5.2 Employee Care	67 97	
	2-25 Processes to remediate negative impacts	2.4 Risk Management 5.2 Employee Care	40 97	
	2-26 Mechanisms for seeking advice and raising concerns	5.2 Employee Care	97	
	2-27 Compliance with laws and regulations	3.2 Green Economy 4.5 Environmental Protection Investments and Regulatory Compliance 5.3 Occupational Safety and Health Management	62 89 104	
	2-28 Membership associations	2.1 About CHP	26	
	2-29 Approach to stakeholder engagement	1.2 Stakeholder Engagement	16	
	2-30 Collective bargaining agreements	-	-	CHP has corporate union at plants, and although a collective agreement has not yet been signed, discussions and negotiations are ongoing.

GRI Standard	Disclosure	Chapters	Pages	Note
GRI 2: General Disclosures 2021				
GRI 3: 2021	3-1 Process to determine material topics	1.3 Materiality Identification	19	
	3-2 List of material topics	1.3 Materiality Identification	19	
	3-3 Management of material topics	1.3 Materiality Identification	19	
Material Topic: Corporate Governance				
GRI 201: Economic Performance 2016				
202-1	Direct economic value generated and distributed	2.1 About CHP	26	
GRI 205: Anti-corruption 2016				
205-1	Operations assessed for risks related to corruption	2.3 Operations and Governance	38	
Material Topic: Sustainable Supply Chain and Green Procurement				
GRI 204: Procurement Practices 2016				
204-1	Proportion of spending on local suppliers	3.3 Green Procurement	66	
GRI 301: Material 2016				
301-1	Materials used by weight or volume	3.4 Supply Chain and Customer Services	67	
301-2	Recycled input materials used	3.2 Green Economy	62	
GRI 414: Supplier Social Assessment 2016				
414-1	New suppliers that were screened using social criteria	3.4 Supply Chain and Customer Services	67	
Material Topic: Promotion of Green Consumption (Green Products)				
GRI 416: Customer Health and Safety 2016				
416-1	Assessment of the health and safety impacts of product and service categories	3.2 Green Economy	62	
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	3.2 Green Economy	62	
Material Topic: Green Manufacturing				
GRI 302: Energy 2016				
302-1	Energy consumption within the organization	4.1 Energy Management	75	
302-3	Energy intensity	4.1 Energy Management	75	
302-4	Reduction of energy consumption	4.1 Energy Management	75	
GRI 306: Waste 2020				
306-3	Waste generated	4.4 Reuse of Resource	87	
306-4	Waste diverted from disposal	4.4 Reuse of Resource	87	
306-5	Waste directed to disposal	4.4 Reuse of Resource	87	

GRI Standard	Disclosure	Chapters	Pages	Note
Material Topic: Circular Economy				
GRI 306: Waste 2020				
306-3	Waste generated	4.4 Reuse of Resource	87	
306-4	Waste diverted from disposal	4.4 Reuse of Resource	87	
306-5	Waste directed to disposal	4.4 Reuse of Resource	87	
Material Topic: Energy Management				
GRI 302: Energy 2016				
302-1	Energy consumption within the organization	4.1 Energy Management	75	
302-3	Energy intensity	4.1 Energy Management	75	
302-4	Reduction of energy consumption	4.1 Energy Management	75	
Material Topic: Greenhouse Gas and Air Pollutant Management				
GRI 305: Emissions 2016				
305-1	Direct (Scope 1) GHG emissions	4.2 Emissions Management	79	
305-2	Energy indirect (Scope 2) GHG emissions	4.2 Emissions Management	79	
305-4	GHG emissions intensity	4.2 Emissions Management	79	
305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	4.2 Emissions Management	79	
Material Topic: Climate Action				
GRI 201: Economic Performance 2016				
201-1	Direct economic value generated and distributed	2.1 About CHP	26	
Material Topic: Water Resource Management				
GRI 303: Water and Effluents 2018				
303-2	Management of water discharge-related impacts	4.3 Water Resource Management	84	
303-3	Water withdrawal	4.3 Water Resource Management	84	
303-4	Water discharge	4.3 Water Resource Management	84	
303-5	Water consumption	4.3 Water Resource Management	84	
Material Topic: Occupational Health and Safety				
GRI 403: Occupational Health and Safety 2018				
403-3	Occupational health services	5.3 Occupational Safety and Health Management	104	
403-4	Worker participation, consultation, and communication on occupational health and safety	5.3 Occupational Safety and Health Management	104	
403-5	Worker training on occupational health and safety	5.3 Occupational Safety and Health Management	104	
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	5.3 Occupational Safety and Health Management	104	
403-8	Workers covered by an occupational health and safety management system	5.3 Occupational Safety and Health Management	104	
403-9	Work-related injuries	5.3 Occupational Safety and Health Management	104	

GRI Standard	Disclosure	Chapters	Pages	Note
Custom Topic				
Material Topic: Risk Management and Opportunities				
GRI 3: Material Topics 2021				
3-3	Management of material topics	2.4 Risk Management	40	
		2.5 Task Force on Climate-Related Financial Disclosures (TCFD)	45	
		3.1 Products and Market	52	
		4.5 Environmental Protection Investments and Regulatory Compliance	89	
Material Topic: Innovative Technology				
GRI 3: Material Topics 2021				
3-3	Management of material topics	4. Green Production	72	
Material Topic: Carbon Footprint Management				
GRI 3: Material Topics 2021				
3-3	Management of material topics	3.2 Green Economy	62	

Appendix 2. United Nations Global Compact (UNGC) Comparison Table

Category	Principles	Corresponding Chapter	Page Number(s)
Human Rights	Businesses should support and respect the protection of internationally proclaimed human rights ; and	5.2 Employee Care	97
	make sure that they are not complicit in human rights abuses.	5.2 Employee Care	97
Labour	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;	5.2 Employee Care	97
	the elimination of all forms of forced and compulsory labour;	5.2 Employee Care	97
	the effective abolition of child labour; and	5.2 Employee Care	97
	the elimination of discrimination in respect of employment and occupation.	5.2 Employee Care	97
Environ-ment	Businesses should support a precautionary approach to environmental challenges;	2.4 Risk Management 3. Products and Market	40 52
	undertake initiatives to promote greater environmental responsibility; and	1.1 Sustainable Develop-ment Strategy 3.2 Green Economy	14 62
	encourage the development and diffusion of environmentally friendly technologies.	3.2 Green Economy 4. Green Production	62 72
Anti-Cor-ruption	Businesses should work against corruption in all its forms, including extortion and bribery.	2.3 Operations and Governance	38

Appendix 3. United Nations Sustainable Development Goals (SDGs) Comparison Table

Sustainable Development Goals			Corresponding Targets	Corresponding Chapter	Page Number(s)
Goal 4		Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	4.1 / 4.2 / 4.5	6. Social Caring and Inclusiveness	113
Goal 6		Ensure availability and sustainable management of water and sanitation for all	6.3 / 6.6a	4.3 Water Resource Management	84
Goal 7		Ensure access to affordable, reliable, sustainable and modern energy for all	7.2 / 7.3 / 7.3a	4.1 Energy Management	75
Goal 8		Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	8.2 / 8.5 / 8.6 / 8.7 / 8.8	5. Friendly Workplace	92
Goal 9		Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation	9.1 / 9.4	1.1 Sustainable Development Strategy 3.1 Products and Market 4.Green Production	14 52 72
Goal 10		Reduce inequality within and among countries	10.2 / 10.3	5.2 Employee Care 6. Social Caring and Inclusiveness	97 110
Goal 11		Make cities and human settlements inclusive, safe, resilient and sustainable	11.2 / 11.3 / 11.4 / 11.6	3.1 Products and Market 4. Green Production 6. Social Caring and Inclusiveness	52 72 113
Goal 12		Ensure sustainable consumption and production patterns	12.2 / 12.4 / 12.5 / 12.6 / 12.8	1.1 Sustainable Development Strategy 3.2 Green Economy 4. Green Production 4.4 Resource of Reuse	14 62 72 87
Goal 13		Take urgent action to combat climate change and its impacts	13.1 / 13.2 / 13.3	3.2 Green Economy 2.4 Risk Management 4. Green Production	62 40 72
Goal 15		Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss	15.1 / 15.2 / 15.4 / 15.5	3.2 Green Economy 3.1 Products and Market 6. Social Caring and Inclusiveness	62 52 113
Goal 16		Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels	16.5	2. Corporate Governance	26
Goal 17		Strengthen the means of implementation and revitalize the Global Partnership for Sustainable Development	17.14 / 17.16	2. Corporate Governance 3.1 Products and Market	26 52

Appendix 4. ISO26000 Social Responsibility Guidance Comparison Table

Item	Article	Corresponding Chapter	Page Number
1. Organizational governance			
1.1	Decision-making processes and structures	1.1 Sustainable Development Strategy	14
		2.2 Board of Directors	33
2. Human rights			
2.1	Due diligence	5.2 Employee Care	97
2.2	Human rights risk situations	5.2 Employee Care	97
2.3	Avoidance of complicity	2.3 Operations and Governance	38
2.4	Resolving grievances	5.2 Employee Care	97
2.5	Discrimination and vulnerable groups	5.1 Talent Recruitment and Career Development	92
		5.2 Employee Care	97
2.6	Civil and political rights	5.2 Employee Care	97
2.7	Economic, social and cultural rights	5.2 Employee Care	97
2.8	Fundamental principles and rights at work	5.2 Employee Care	97
3. Labor practices			
3.1	Employment and employment relationships	5.1 Talent Recruitment and Career Development	92
3.2	Conditions of work and social protection	5.2 Employee Care	97
3.3	Social dialogue	1. Sustainability	14
3.4	Health and safety at work	5.2 Employee Care	97
3.5	Human development and training in the workplace	5.2 Employee Care	97
4. The environment			
4.1	Prevention of pollution	4. Green Production	72
4.2	Sustainable resource use	4.3 Water Resource Management	84
		4.4 Reuse of Resource	87
4.3	Climate change mitigation and adaptation	4.1 Energy Management	75
		4.2 Emissions Management	79
4.4	Protection of the environment, biodiversity and restoration of natural habitats	6. Social Caring and Inclusiveness	113

Item	Article	Corresponding Chapter	Page Number
5. Fair operating practices			
5.1	Anti-corruption	2.3 Operations and Governance	38
5.2	Responsible political involvement	Remain neutral, never participated in political contributions or activities	-
5.3	Fair competition	2.3 Operations and Governance	38
5.4	Promoting social responsibility in the value chain	3.4 Supply Chain and Customer Services	67
5.5	Respect for property rights	2.3 Operations and Governance	38
6. Consumer issues			
6.1	Fair marketing, factual and unbiased information and fair contractual practices	2.3 Operations and Governance	38
6.2	Protecting consumers' Health and safety	3.2 Green Economy	62
6.3	Sustainable consumption	3.4 Supply Chain and Customer Services	67
6.4	Consumer service, support, and complaint and dispute resolution	3.4 Supply Chain and Customer Services	67
6.5	Consumer data protection and privacy	1.2 Stakeholder Engagement	16
6.6	Access to essential services	3.4 Supply Chain and Customer Services	67
6.7	Education and awareness	3.4 Supply Chain and Customer Services	67
7. Community involvement and development			
7.1	Community involvement	6. Social Caring and Inclusiveness	113
7.2	Education and culture	6. Social Caring and Inclusiveness	113
7.3	Employment creation and skills development	3.4 Supply Chain and Customer Services	67
7.4	Technology development and access	3.1 Products and Market	52
7.5	Wealth and income creation	6. Social Caring and Inclusiveness	113
7.6	Health	6. Social Caring and Inclusiveness	113
7.7	Social investment	6. Social Caring and Inclusiveness	113

Appendix 5. Heating Value Comparison Table

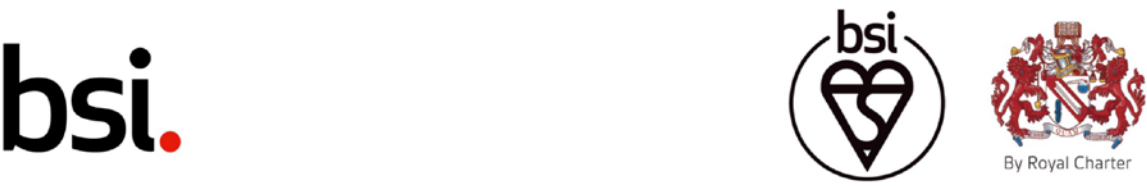
Type of Energy	Heating Value	Unit of Measure
Fuel Oil	9,521	kcal/L
Diesel Fuel Oil	8,399	kcal/L
Natural Gas (NG)	9,247	kcal/m ³
Liquefied Petroleum Gas(LPG)	8,407	kcal/kg
Steam Coal	4,724	kcal/kg
Solid Recovered Fuel (SRF)	4,988	kcal/kg
Waste Tires	6,054	kcal/kg
Pulp Sludge	496	kcal/kg
Bark	1,535	kcal/kg
Waste Wood	3,515	kcal/kg
Lignin Biomass Fuel	3,177	kcal/kg
Electricity	860	kcal/kWh

Appendix 6. Sustainability Accounting Standards Board (SASB) Comparison Table

Topic	SASB Code	SASB Index	Unit	CHP	Corresponding Chapter	Page Number
Greenhouse Gas Emissions	RR-PP-110a.1	Gross global Scope1 emissions	metric tons CO ₂ -e	740,886	4.2 Emissions Management	79
	RR-PP-110a.2	Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	-	-	4.2 Emissions Management 2.4 Risk Management	79 40
Air Quality	RR-PP-120a.1	(1) Oxides of nitrogen (NOx)	metric tons	633	4.2 Emissions Management	79
		(2) Oxides of sulfur (SO ₂)	metric tons	559		
		(3) Volatile organic compounds (VOCs)	metric tons	41		
		(4) Particulate matter (PM)	metric tons	145		
		(5) Hazardous air pollutants (HAPs)	metric tons	0		

Topic	SASB Code	SASB Index	Unit	CHP	Corresponding Chapter	Page Number
Energy Management	RR-PP-130a.1	(1) Total energy consumed	GJ	17,764,307	4.1 Energy Management	75
		(2) Percentage grid electricity	%	43%		
		(3) Percentage from biomass	%	47%		
		(4) Percentage from other renewable energy	%	0.01%		
		(5) Total self-generated energy	GJ	16,320,979		
		(6) Coefficients which data conversion are based upon	-	-	Appendix 5. Heating Values for Energy Calculation Comparison Table	
Water Management	RR-PP-140a.1	(1) Total water withdrawn	1000 m ³	28,159	4.3 Water Resource Management	84
		(2) Total water consumption	1000 m ³	Please refer to 4.3 Water Resource Management.		
		(3) Total water withdrawn, percentage of each in regions with High or Extremely High Baseline Water Stress	-	-		
		(4) Total water consumed, percentage of each in regions with High or Extremely High Baseline Water Stress	%	0%		
		(5) Water consumed in locations with high or extremely high baseline water stress as a percentage of the total water consumed	%	0%		
Supply Chain Management	RR-PP-140a.2	Description of water management risks and discussion of strategies and practices to mitigate those risks	-	Please refer to 2.4 Risk Management and 4.3 Water Resource Management.	2.4 Risk Management 4.3 Water Resource Management	40 84
	RR-PP-430a.1	(1) Percentage of wood fibre sourced from third-party certified forestlands and percentage to each standard	%	66%	3.2 Green Economy 3.4 Supply Chain and Customer Services	62 67
		(2) Percentage of wood fiber that meets other fibre sourcing standards and percentage to each standard	%	34%		
	RR-PP-430a.2	Amount of recycled and recovered fibre procured	metric tons	140,318		
Activity Metric	RR-PP-000.A	Pulp production	metric tons	368,660	2.1 About CHP	26
	RR-PP-000.B	Paper production	metric tons	500,418		
	RR-PP-000.C	Total wood fibre sourced	metric tons	757,764	Sum of the procurement volumes for wood chips, pulp, and recycled paper	

Appendix 7. Third-Party Opinion Statement



Conformity Statement

Climate related Financial Disclosure

This is to conform that Chung Hwa Pulp Corporation 中華紙漿股份有限公司
12F 臺灣
No. 51, Sec. 2, Chung Ching S. Rd. 台北市
Taipei City 重慶南路2段51號
100409 12樓
Taiwan 100409

Holds Statement Number < CFD 783672>

As a result of carrying out conformity check process based on TCFD requirement, BSI declares that:

- Chung Hwa Pulp Corporation follows Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) to disclose climate-related financial information which is clear, comparable and consistent about the risks and opportunities and its financial impact. The disclosures cover four core elements and have been prepared by seven principles for effective disclosures.
- The maturity model for the Climate-related Financial Disclosures is **Level-5: Excellence** grade.

For and on behalf of BSI

Managing Director BSI Taiwan, Peter Pu

Latest issue: 2023-03-20

Expiry date: 2024-03-19

Page 1 of 2

...making excellence a habit.™

The British Standards Institution is independent to the above named client and has no financial interest in the above named client. This Conformity Statement has been prepared for the above named client only for the purposes of verifying its statements relating to its climate related financial disclosures more particularly described in the scope. It was not prepared for any other purpose. The British Standards Institution will not, in providing this Conformity Statement, accept or assume responsibility (legal or otherwise) or accept liability for or in connection with any other purpose for which it may be used or to any person by whom the Conformity Statement may be read. Any queries that may arise by virtue of this Conformity Statement or matters relating to it should be addressed to the above name client only.
Taiwan Headquarters: 2nd Floor, No. 37, Ji-Hu Rd., Nei-Hu Dist., Taipei 114700, Taiwan, R.O.C.
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Statement number: <CFD 783672>

Location:

Chung Hwa Pulp Corporation
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中華紙漿股份有限公司
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Conformity Check Overall Result:

The maturity model for the Climate-related Financial Disclosures is **Level-5: Excellence** grade.

Latest issue: 2023-03-20

Expiry date: 2024-03-19

Page 2 of 2

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INDEPENDENT ASSURANCE OPINION STATEMENT

Chung Hwa Pulp 2023 Sustainability Report

The British Standards Institution is independent to Chung Hwa Pulp Corporation (hereafter referred to as CHP in this statement) and has no financial interest in the operation of CHP other than for the assessment and verification of the sustainability statements contained in this report.

This independent assurance opinion statement has been prepared for the stakeholders of CHP only for the purposes of assuring its statements relating to its sustainability report, more particularly described in the Scope below. It was not prepared for any other purpose. The British Standards Institution will not, in providing this independent assurance opinion statement, accept or assume responsibility (legal or otherwise) or accept liability for or in connection with any other purpose for which it may be used, or to any person by whom the independent assurance opinion statement may be read.

This independent assurance opinion statement is prepared on the basis of review by the British Standards Institution of information presented to it by CHP. The review does not extend beyond such information and is solely based on it. In performing such review, the British Standards Institution has assumed that all such information is complete and accurate.

Any queries that may arise by virtue of this independent assurance opinion statement or matters relating to it should be addressed to CHP only.

Scope

The scope of engagement agreed upon with CHP includes the followings:

- 1. The assurance scope is consistent with the description of Chung Hwa Pulp 2023 Sustainability Report.
- 2. The evaluation of the nature and extent of the CHP's adherence to AA1000 AccountAbility Principles (2018) in this report as conducted in accordance with type 1 of AA1000AS v3 sustainability assurance engagement and therefore, the information/data disclosed in the report is not verified through the verification process.
- 3. The assessment of disclosure to be in conformance with the applicable SASB industry standard(s) in this report as conducted in accordance with type 1 of AA1000AS v3 sustainability assurance engagement.

This statement was prepared in English and translated into Chinese for reference only.

Opinion Statement

We conclude that the Chung Hwa Pulp 2023 Sustainability Report provides a fair view of the CHP sustainability programmes and performances during 2023. The sustainability report subject to assurance is free from material misstatement based upon testing within the limitations of the scope of the assurance, the information and data provided by the CHP and the sample taken. We believe that the performance information of Environment, Social and Governance (ESG) are fairly represented. The sustainability performance information disclosed in the report demonstrate CHP's efforts recognized by its stakeholders.

Our work was carried out by a team of sustainability report assurers in accordance with the AA1000AS v3. We planned and performed this part of our work to obtain the necessary information and explanations we considered to provide sufficient evidence that CHP's description of their approach to AA1000AS v3 and their self-declaration in accordance with GRI Standards and SASB Standard(s) were fairly stated.

Methodology

Our work was designed to gather evidence on which to base our conclusion. We undertook the following activities:

- a review of issues raised by external parties that could be relevant to CHP's policies to provide a check on the appropriateness of statements made in the report.
- discussion with managers on approach to stakeholder engagement. However, we had no direct contact with external stakeholders.
- 6 interviews with staffs involved in sustainability management, report preparation and provision of report information were carried out.
- review of key organizational developments.
- review of the findings of internal audits.
- review of supporting evidence for claims made in the reports.
- an assessment of the organization's reporting and management processes concerning this reporting against the principles of Inclusivity, Materiality, Responsiveness, and Impact as described in the AA1000AP (2018).
- an assessment of the organization's use of metrics or targets of SASB Standard(s) to assess and manage topic-related risks and opportunities.

Conclusions

A detailed review against the Inclusivity, Materiality, Responsiveness, and Impact of AA1000AP (2018), GRI Standards and SASB Standard(s) is set out below:

Inclusivity

This report has reflected a fact that CHP has continually sought the engagement of its stakeholders and established material sustainability topics, as the participation of stakeholders has been conducted in developing and achieving an accountable and strategic response to sustainability. There are fair reporting and disclosures for the information of Environment, Social and Governance (ESG) in this report, so that appropriate planning and target-setting can be supported. In our professional opinion the report covers the CHP's inclusivity issues.

Materiality

CHP publishes material topics that will substantively influence and impact the assessments, decisions, actions and performance of CHP and its stakeholders. The sustainability information disclosed enables its stakeholders to make informed judgements about the CHP's management and performance. In our professional opinion the report covers the CHP's material issues.

Responsiveness

CHP has implemented the practice to respond to the expectations and perceptions of its stakeholders. An Ethical Policy for CHP is developed and continually provides the opportunity to further enhance CHP's responsiveness to stakeholder concerns. Topics that stakeholder concern about have been responded timely. In our professional opinion the report covers the CHP's responsiveness issues.

Impact

CHP has identified and fairly represented impacts that were measured and disclosed in probably balanced and effective way. CHP has established processes to monitor, measure, evaluate, and manage impacts that lead to more effective decision-making and results-based management within the organization. In our professional opinion the report covers the CHP's impact issues.

GRI Sustainability Reporting Standards (GRI Standards)

CHP provided us with their self-declaration of in accordance with GRI Standards 2021 (For each material topic covered in the applicable GRI Sector Standard and relevant GRI Topic Standard, comply with all reporting requirements for disclosures). Based on our review, we confirm that sustainable development disclosures with reference to GRI Standards' disclosures are reported, partially reported, or omitted. In our professional opinion the self-declaration covers the CHP's sustainability topics.

SASB Standards

CHP provided us with their self-declaration of in accordance with SASB Standard(s) (Pulp & Paper Products Sustainability Accounting Standard, version 2023-12). Based on our review, we confirm that the sustainability disclosure topics & accounting metrics of SASB Standard(s) (Pulp & Paper Products Sustainability Accounting Standard, version 2023-12) are reported, partially reported, or omitted. In our professional opinion the self-declaration covers disclosure topics, associated accounting metrics and activity metrics for applicable SASB industry standard(s).

Assurance level

The moderate level assurance provided is in accordance with AA1000AS v3 in our review, as defined by the scope and methodology described in this statement.

The moderate level assurance provided is in accordance with AA1000AS v3 in our review of SASB Standard(s).

Responsibility

The sustainability report is the responsibility of the CHP's chairman as declared in his responsibility letter. Our responsibility is to provide an independent assurance opinion statement to stakeholders giving our professional opinion based on the scope and methodology described.

Competency and Independence

The assurance team was composed of auditors experienced in relevant sectors, and trained in a range of sustainability, environmental and social standards including AA1000AS, ISO 14001, ISO 45001, ISO 14064, and ISO 9001. BSI is a leading global standards and assessment body founded in 1901. The assurance is carried out in line with the BSI Fair Trading Code of Practice.

For and on behalf of BSI:


Peter Pu, Managing Director BSI Taiwan



Statement No: SRA-TW-789453
2024-08-12

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