

# 2022 Sustainability Report



Inherit the papermaking craftsmanship Sustain the ecological environment and prosper together



中華紙漿  
Chung Hwa Pulp

# About this Report

GRI 2-2/2-42-3/2-5/3-2

This is the 9th 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 carbon neutrality 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 Standards: Core Option
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

## Scope and Boundaries

The report discloses information relevant to CHP for the year 2022 (from January 1, 2022 to December 31, 2022), 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 Chiutang, Hualien, Taitung, and Taoyuan Kuanyin plants), and overseas subsidiaries (Guangdong Dingfeng Pulp and Paper Co., Ltd. and Zhaoqing Dingfeng Forestry Co., Ltd.). The main difference between the reporting boundary of this year and last year was the addition of the yearly complete data of Taoyuan Kuanyin Plant, which commenced operations in July 2021.

## 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 June every year and is available on the company’s website.

- Previous issue (2021): June 2022
- Current issue (2022): June 2023
- Next issue (2023): June 2024

## Cover Story

Forests are abundant and diverse natural resources that play a crucial ecological role in stabilizing the climate, purifying and conserving water sources, and providing habitats for humans, animals, and plants. CHP is committed to promoting sustainable forest management, utilizing biomass materials to develop green energy, green production, and green products. Simultaneously, our company is dedicated to conserving biodiversity, emphasizing soil and water conservation, and regulating forest carbon balance, allowing for a harmonious coexistence of economic development and environmental friendliness.

## 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 Standards’ Core Option 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>).

## For any queries, please contact us at:

**esgoffice.chp@yfy.com**  
**Telephone:** 02-2396-2998  
**Address:** 12F, No. 51, Chongqing S. Road Sec. 2, Taipei City (ESG Office)  
**Note:** FSC™ CoC verification (License Code: FSC™-C016878, FSC™-C012657, FSC™-C118028)



CHP Website



CHP YouTube

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# Message from the Chairman

📄 GRI 2-22

## Environmental Sustainability and Green Persistence

In the year 2022, as global vaccination rates increased, the overall impact of the pandemic was brought under control, leading to a revival of economic activities. However, the outbreak of the Russia-Ukraine conflict led to a shortage of timber supply and a substantial surge in international pulp prices, putting a mounting load on the downstream virgin paper manufacturers. In the global supply chain, the natural fiber resources are valuable and scarce, and the long-term upward trend in prices remains challenging to reverse. Despite these extreme fluctuations, CHP managed to achieve stable operational results.

## Environmental Sustainability and Green Persistence

Having traversed 56 years, CHP possesses over 30,000 hectares of forest that serve as carbon sink resources on both sides of the Taiwan Strait. As the only forest-pulp-paper integrated company in Taiwan with operations from afforestation to paper-making, we have constructed a sustainable industrial chain of "carbon sequestration". Leveraging our strengths, we are driving "carbon emission negative growth", aspiring to not only address the demands of climate change but also serve as a provider of green products.

As a driving force behind "Decarbonization", CHP is dedicated to advancing a diversified portfolio of renewable energy initiatives, increasing the utilization of green energy resources, implementing intelligent energy management models such as AI, AOI smart manufacturing, digital transformation, and optimizing process equipment to elevate productivity. We are committed to achieving energy savings and carbon reduction. Concurrently, we are progressively reducing coal consumption year by year, bolstering energy utilization efficiency, and expanding the adoption of biofuels. Across our mills, we leverage our local advantages and equipment capabilities to integrate renewable power sources, including

biomass, biogas, solar energy and other renewable power generation sources and produce biofuels and organic fertilizers to create a sustainable cycle. In 2022, our renewable and green energy sources accounted for 32% of our total energy mix, and with a target to reach 60% by 2030. We are steadfastly committed to realizing carbon neutrality and embodying the principles of environmental responsibility.

## Sustainable Forests for a Sustainable Life and Breaking New Ground in Circular Economy

CHP is committed to achieving net-zero carbon emissions through the utilization of bio-based materials. We will continue to expand our portfolio of green fiber materials, enhance the application of green energy, and prioritize the development of sustainable and circular green products. In addition to adopting the concept of circular economy in the production process, CHP is actively developing a wide range of "fully-recycled and low-carbon" products, that find their way into everyday aspects of life, such as food, clothing, housing, and transportation. By effectively driving zero-carbon emissions through a circular economy approach, we aim to minimize ecological impact and establish a sustainable industry with a high carbon storage capacity in natural systems. This endeavor promotes a harmonious and enduring relationship between agriculture, forestry, and paper production, contributing to long-lasting sustainability.

## A Sustainable Operation with People at the Core

As a listed company, CHP upholds the principles of integrity, fairness, and transparency. We operate on the premise of providing optimal services to our customers and assuming absolute responsibility to our shareholders. To show our appreciation for the trust that our investors have in us, we work continuously to maximize value for shareholders, employees, customers, and other stakeholders. With a "people-first" mindset, we value employees' rights and development, establish an adequate compensation and benefit system, and recruit talents with diverse and interdisciplinary backgrounds, which contribute to sustainable operations. We emphasize both theory and

practice so that everyone can confidently assume responsibilities and solve problems, thereby enabling CHP to break new ground. The Company offers comprehensive benefits that ensure a healthy work-life balance as well as a safe and welcoming workplace for all employees.

Sustainable development has always been the guiding principle of CHP's business operations. With the core strategy of "3R" (Recycle, Reclaim and Regenerate) circularity, we strive to integrate forest, pulp, and paper manufacturing processes while realizing the circular economy roadmap in stages. Looking ahead, CHP will adhere to the principle of prudent operation with a distinct focus on the green path and will continue to achieving the three goals of green energy, green manufacturing, and green products, as we move forward.

## Safeguarding Neighbors and Supporting Local Communities

Through the pursuit of Transmitting Knowledge and Perpetuating Culture, CHP has been engaging in supporting community development for over fifty years. Based on the principle of "Sourcing from Society, Serving Society," we have long been committed to caring for our neighborhoods, actively contributing as a supportive and positive force in societal growth, spreading warmth. CHP has devoted years of effort to popular science and environmental education, particularly in Kaohsiung, Hualien, and Taitung, where our mills are located with strong local ties. We promote educational accessibility, ensure efficient resource allocation, and strive to bridge urban-rural disparities. In the future, we will continue to collaborate extensively with diverse public welfare organizations, expanding the depth and breadth of our contributions to social services.

*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



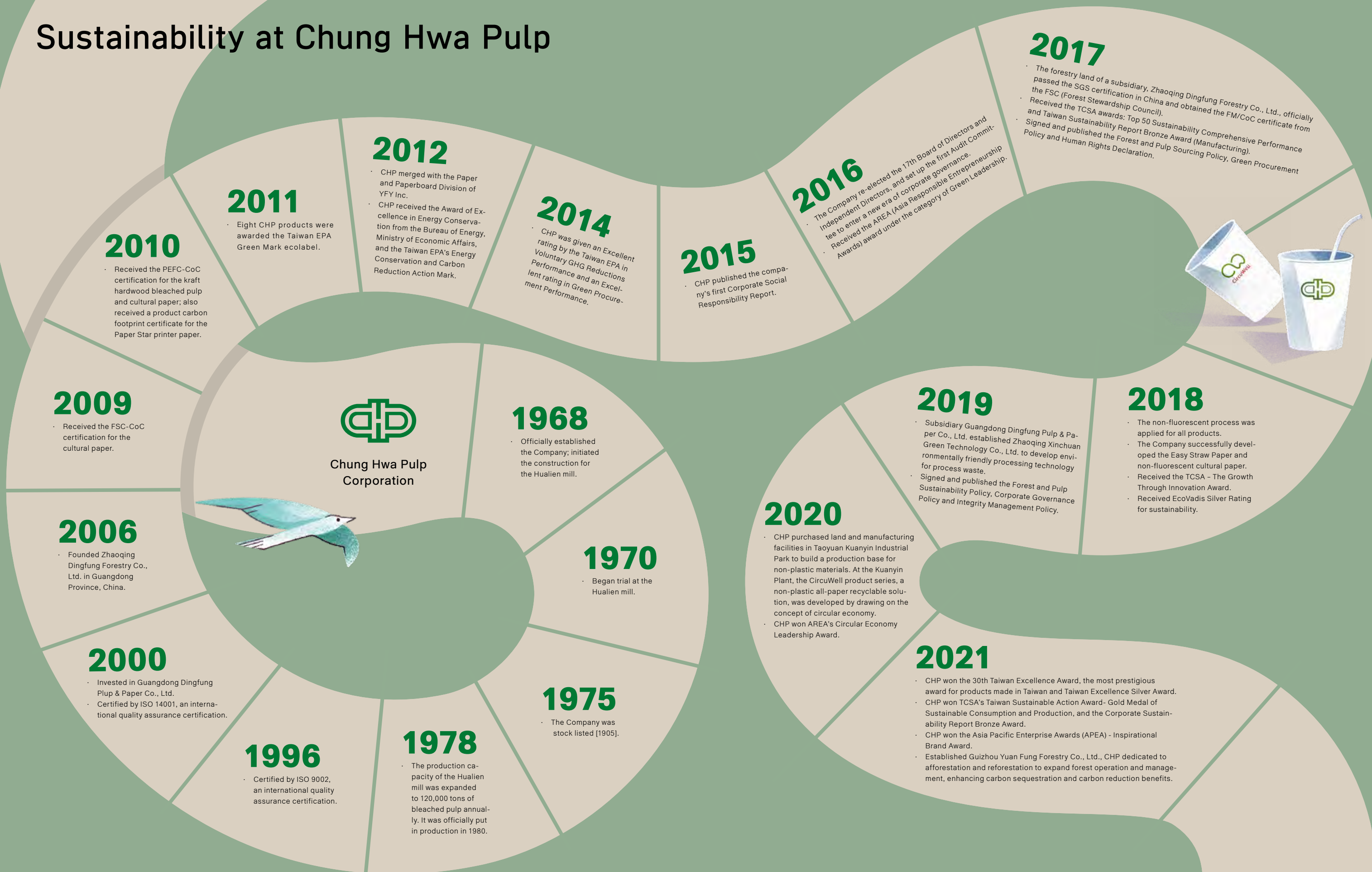
Lastly, we express our grateful to all CHP colleagues for their dedication and to all the unwavering support from various stakeholders. Without the support of our team, CHP would not be where it is today. Observing the global trends in addressing climate change, as a leading player in Taiwan paper industry, CHP is committed to being a practitioner of carbon neutrality and a trailblazer in the circular economy by forging ties with employees, shareholders, and every member of society and complying with the UN SDGs to build a strong and sustainable business. Together, we unite our strengths, incorporating aspects of corporate governance, environment, economy, and society, and build upon a foundation of sustainability to fully realize our ESG-driven sustainable vision.

Thank you and best wishes to you all.





# Sustainability at Chung Hwa Pulp



# Awards and Recognition

## 2022



- Won the 6th Taipei Golden Eagle Micro-Movie Festival - The Top 10 "Sustainability Micro Movie of the Year"
- Won the Asia Responsible Enterprise Awards 2022 (AREA) Circular Economy Leadership Award
- Won the Asia Pacific Enterprise Awards' 2022 (APEA) Corporate Excellence Award
- Won the TCSA's Top 100 Taiwan Corporate Sustainability Awards and the Corporate Sustainability Report Sliver Award
- Received the "Resource Circulation Cornerstone Award" from the Environmental Protection Administration, Executive Yuan, for the 2022 Waste Recycling and Treatment Industry Evaluation Program. (CHP Taitung mill)
- 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)
- Awarded the "Outstanding Air Quality Improvement Zone Adoption Unit" for the 2022 by the Hualien County Environmental Protection Bureau. (CHP Hualien mill)

### International Rating

Climate Disclosure Management-Level Company		Sustainability Award and Recongniation		The Task Force on Climate-Related Financial Disclosures, Level 5 Excellence	
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### Sustainability Award and Recongniation

	Asia Responsible Enterprise Awards 2022 (AREA) Circular Economy Leadership Award		Asia Pacific Enterprise Awards 2022 (APEA) Corporate Excellence Award		TCSA's Top 100 Taiwan Corporate Sustainability Awards
TCSA's the Corporate Sustainability Report Sliver Award		The 6th Taipei Golden Eagle Micro-Movie Festival Top 10 "SustainabilityMicro Movie of the Year"			

### Governmental Official Rating

The "Resource Circulation Cornerstone Award" from Taiwan EPA, Executive Yuan.		The "Outstanding Greenhouse Gas Emission Reduction Company Award" from the Ministry of Economic Affairs, Industrial Development Bureau.		The Environmental Excellence Award from the Environmental Protection Administration, Executive Yuan, for 20 consecutive years.	
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### Green Certification

	Certification of Forest Stewardship Council (FSC)		Programme for the Endorsement of Forest Certification (PEFC)		Taiwan EPA, Carbon Footprint Label
German Institute of Standardization Certification Center (DIN CERTCO)		American Institute of Biodegradable Products (BPI)		German Institute of Standardization Certification Center (seedling mark)	

- Received the Two-Star Excellence performance in "Resource Circulation Award" from Taiwan EPA (2021)
- Won the 30th Taiwan Excellence Award, the most prestigious award for products made in Taiwan and Taiwan Excellence Silver Award (2021)
- Won TCSA's Taiwan Sustainable Action Award- Gold Medal of Sustainable Consumption and Production, and the Corporate Sustainability Report Bronze Award (2021)
- Won the Asia Pacific Enterprise Awards (APEA) - Inspirational Brand Award (2021)
- Received Enterprise Asia's Asia Responsible Enterprise Awards' Circular Economy Leadership Award (2020)
- Received Taiwan Technical Textiles Association's Taiwan Technical Textiles Achievement Award (2020)
- Recognized as Benchmark Private Business/Group in Green Purchasing by the Taipei City Government Department of Environmental Protection for two consecutive years (2019 & 2020)
- Nine-time recipient of "Excellent" rating in Green Procurement Performance by the Executive Yuan Environmental Protection Administration (2001-2005, 2007 & 2008, 2020 & 2021)
- Three-time recipient of the "Excellent" rating in Green Procurement Performance by the Kaohsiung City Government Department of Environmental Protection (2003-2005)
- Recognized as an Air Quality Purification Zone adoptee for five consecutive years (2017-2021)
- Received Taiwan EPA's Energy Conservation and Carbon Reduction Action Mark for two consecutive years (2001 & 2002)



# Sustainability & Corporate Governance

7

Board Members

Including

3

Independent Members    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)



Active Participation in **CDP**, Carbon Disclosure Project **EcoVadis**, Global Supply Chain Assessment



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

**Annual Revenue Growth of 7.3%**

# Sustainability



## Sustainable Development Strategy

GRI 2-22/2-14/3-3



### 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.

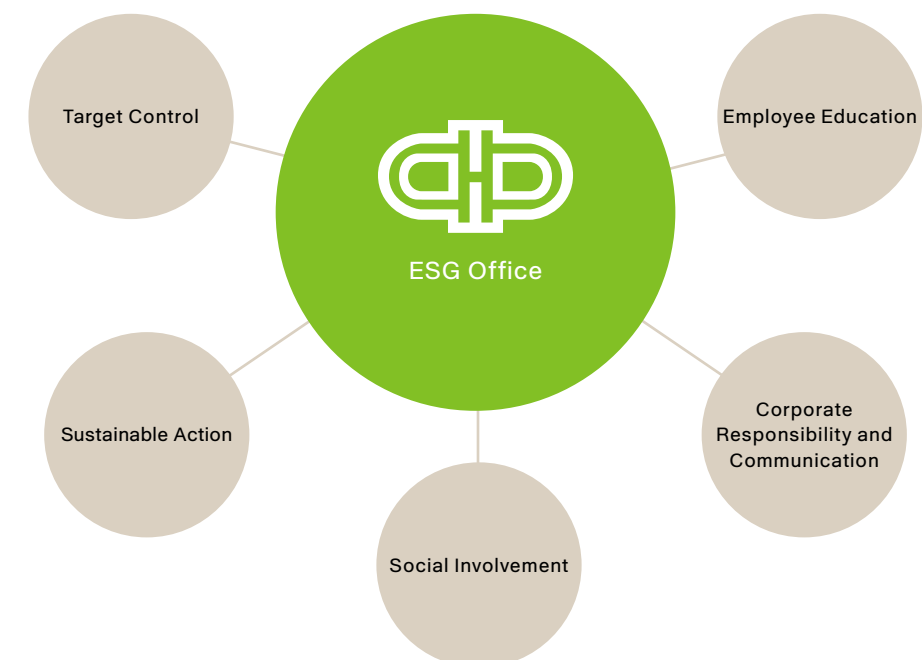


“Co-prosperity in society” is an inherent principle that we abide by to fulfill our social responsibility.

### 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.





Dimension	Strategic Goals	Performance in 2021	Corresponding SDGs	Performance
<b>Governance Eco-Service</b>	<ul style="list-style-type: none"> <li>Increase information transparency and actively participate in corporate governance evaluations to safeguard the rights and interests of investors.</li> <li>Publish annual sustainability report to maintain communication with stakeholders.</li> <li>Respond to global advocacy and issues relevant to sustainable development.</li> <li>Uphold the core values of business integrity, strengthen corporate governance, and establish ethical management mechanisms.</li> </ul>	<ul style="list-style-type: none"> <li>Consolidated revenue of NT\$23.65 billion.</li> <li>Ranked top 21~35% in TWSE Corporate Governance Evaluation.</li> <li>Active participation in carbon disclosure project (CDP) and EcoVadis the global supply chain assessments.</li> <li>Adopted SASB sustainable accounting standards.</li> <li>Implementation of TCFD (Task Force on Climate-related Financial Disclosures) Framework and obtained the highest-ranked Level 5 Excellence certification of the third-party assessment of compliance.</li> </ul>	    	<p>the highest-ranked (Level 5 Excellence) certification.</p> 
<b>Environment Eco-System Eco-Economy</b>	<ul style="list-style-type: none"> <li>Improve energy efficiency, reduce dependence on fossil fuels, and invest in renewable energy.</li> <li>Increase resource re-utilization rate, reduce waste generation, and advance toward zero waste goal.</li> <li>Invest in projects that involve environmental protection and production optimization, reduce the use of energy resources, and improve productivity.</li> <li>Disclose financial information according to TCFD.</li> <li>Make plans to adopt the SBTi initiative.</li> </ul>	<ul style="list-style-type: none"> <li>Invested NT\$145 million in environment-related projects in 2022.</li> <li>Green procurement of plants in Taiwan amounted to NT\$5.5 billion.</li> <li>Investment in renewable fuels has increased by 36% (compared with year 2021).</li> <li>Reduced coal fuel consumption by 7% (compared with 2021).</li> <li>32% of our power structure comes from renewable energy sources (alternative fuels and biomass energy).</li> <li>Achieved a 4% reduction of CHP global GHG emissions (Scope1+2) compared to the 2018 baseline year.</li> <li>The Taitung Mill and Chiutang Mill have completed the construction of rooftop solar photovoltaics facilities by the end of 2022 with a capacity of 1187 kWp and 810 kWp, respectively.</li> </ul>	      	<p>Replaced coal with renewable energy Equivalent to an annual reduction of</p> <p><b>95,000</b> tons, CO<sub>2</sub>e , equivalent to</p> <p><b>244</b> Da'an Forest Parks</p>
<b>Economy Eco-System Eco-Economy</b>	<ul style="list-style-type: none"> <li>Establish partnerships with suppliers.</li> <li>Conduct customer satisfaction surveys.</li> <li>Continue to engage in R&amp;D and innovation, focusing on the development of fiber technologies and innovative pulp and paper applications.</li> </ul>	<ul style="list-style-type: none"> <li>Developed sustainable materials</li> <li>Increasing AI Intelligent transformation.</li> <li>Building a supply chain that offers full-paper recyclable solutions.</li> <li>Invested 149.5 million in R&amp;D.</li> <li>Commenced operation in Taoyuan KuanYin Plant, which specializes in the development of low-carbon tape technologies.</li> </ul>	 	<p>Continuously expanding the development of sustainable materials And low-carbon products</p>
<b>Society Eco-Friendly</b>	<ul style="list-style-type: none"> <li>Conduct employee satisfaction surveys.</li> <li>Strengthen occupational safety training and contractor management system.</li> <li>Establish volunteer system.</li> <li>Create a healthy, safe, friendly work environment in which human rights are protected.</li> <li>Continue to be a sponsor of rural education programs and an advocate of environmental, science, and social education/issues.</li> </ul>	<ul style="list-style-type: none"> <li>Trained 13,129 trainees for a total of 39,326 hours (an increase of 804 trainees and 2,168 hours compared with 2021).</li> <li>CHP employs 44 persons with disabilities (statutory quota: 28), 118 indigenous employees, and 80 foreign employees.</li> <li>Nearly 100% of the senior managers in factories are local residents.</li> <li>Provide over 1,000 job opportunities in Hualien and Taitung, area of Taiwan east coast.</li> <li>Sponsored the Chemistry in Rural Areas, a popular science education initiative organized by the Center for Science Education of Tamkang University which benefited over hundred students.</li> <li>Funded the participation of 2,000 students in the Yuan T. Lee Foundation Science Education for All nationwide tournament.</li> <li>Facilitated the promotion of AI education in rural areas, offered AI courses to 6 rural elementary schools in Taitung, and hosted a national Coding summer camp program for elementary students which garnered the participation of over 100 teachers and students.</li> <li>Sponsored the Keng Sheng Daily News Mathematic Competition which garnered the participation of 1,500 elementary and high school students from Hualien and Taitung.</li> <li>Participated in the Environmental Protection Agency's Air Quality Zone adopter program for 11 consecutive years and received the highest honor, Outstanding Adopter of Air Quality Zone, for 6 consecutive years.</li> </ul>	  	<p>Received the highest honor Outstanding Adopter of Air Quality Zone Awarded by the Environmental Protection Agency For</p> <p><b>6</b> consecutive years</p>

\*The carbon sequestration of Da'an Forest Park is 384.6 tons/year (source: Environmental Information Center); therefore, a reduction of 96,000 tons CO<sub>2</sub>e in 2021 is equivalent to the carbon sequestration of 250 Da'an Forest Parks.



## 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.





## 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, 176 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

### 176 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 200 employees and outside organizations completed the ESG questionnaire; the results were used to analyze impact on company operations.

### 12 Material Issues

- A materiality matrix was produced on the basis of the questionnaire results, and material issues were selected after discussions among internal committee members.

## Responsiveness

Determine disclosure boundary  
Review disclosure content

5

6

### 4 Aspects of Concern

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

### 11 Topics

- CHP identified 12 material issues that correspond to 11 topics in GRI Standards, and these topics were prioritized for disclosure according to the reporting direction and requirement for each topic.

## 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.



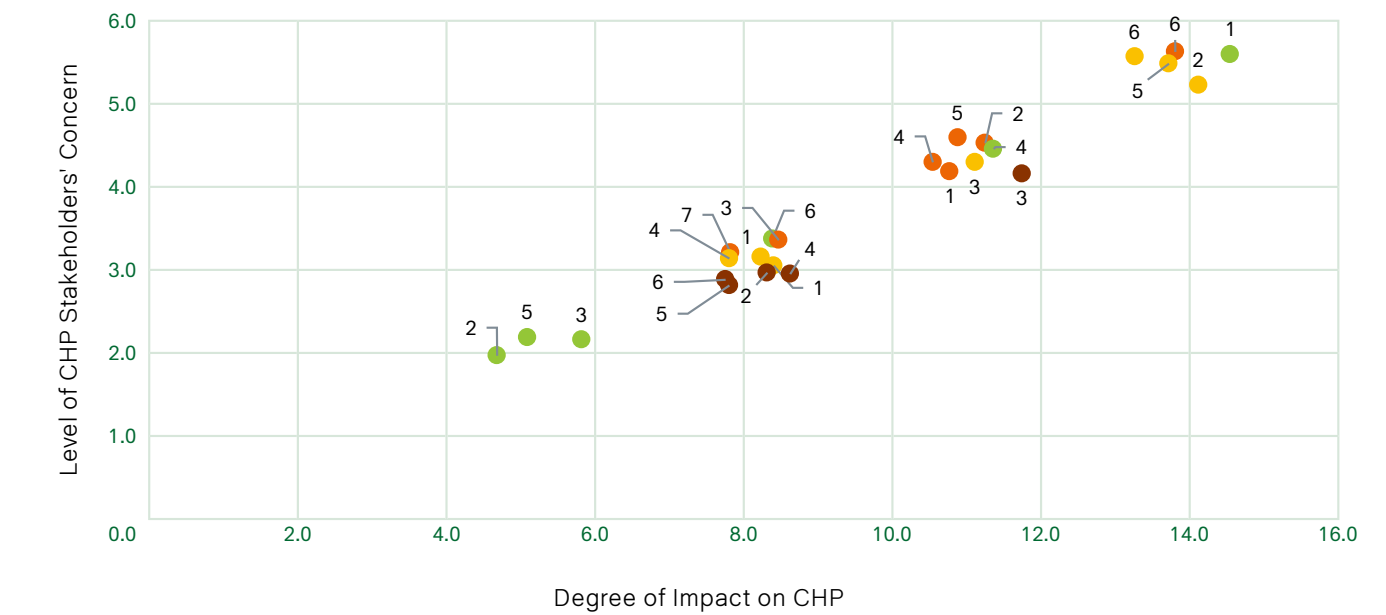
Significance of Material Issues to CHP

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.

- Governance Aspect**
  - Sustainable operations (ESG)
  - Dividend policy
  - Operational and financial performance
  - Risk management and opportunities
  - Information disclosure and transparency
  - Regulatory compliance (environmental, economic, social)
- Economic Aspect**
  - Technological innovation
  - Circular Economy
  - Product quality
  - Green procurement
  - Green manufacturing
  - Green products (green consumption promotion)
  - Customer relations and service
- Environmental Aspect**
  - Materials management
  - Energy management
  - Water resources management
  - Biodiversity and forest conservation
  - Greenhouse gas and air pollution management
  - Carbon footprint management
- Social Aspect**
  - Labor-management communication
  - Talent recruitment, retention, and development
  - Occupational safety and health
  - Employee rights, diversity, and equality
  - Community communication and care
  - Social innovation strategy and application



CHP Materiality Matrix



Stakeholder	Issues of Concern	Communication Method/Frequency
Employees	<ul style="list-style-type: none"><li>Occupational safety and health</li><li>Employee rights, diversity, and equality</li><li>Talent recruitment, retention, and development</li><li>Labor-management communication</li></ul>	<ul style="list-style-type: none"><li>Employee complaint mailbox/real-time</li><li>Board of supervisor meetings (employee feedback issues)/quarterly (also ad hoc meetings as needed)</li><li>Meetings of Safety Operations Management Committee/every 2 months</li><li>Interviews with human resources/as needed</li><li>Employee Welfare Committee meetings/quarterly</li><li>Labor Safety Committee meetings/quarterly</li><li>Labor-management meetings/quarterly</li><li>Company newsletter/monthly</li></ul>
Customers	<ul style="list-style-type: none"><li>Green consumption promotion (green products)</li><li>Product quality</li><li>Customer relations and service</li></ul>	<ul style="list-style-type: none"><li>Customer satisfaction survey/annually</li><li>Product launch events or exhibitions/as needed</li><li>Market research, visits to customers/as needed</li><li>Technical analysis or guidance/as needed</li><li>Customer Service section on company website/as needed</li></ul>
Suppliers	<ul style="list-style-type: none"><li>Supply chain management</li><li>Green procurement</li><li>Regulatory compliance (environment, economy, society)</li></ul>	<ul style="list-style-type: none"><li>Meetings by phone, in-person business meetings, email correspondence/as needed</li><li>Supplier assessments/every 4 months</li></ul>
Shareholders/Investors	<ul style="list-style-type: none"><li>Sustainable operations</li><li>Risk management and opportunities</li><li>Technology innovations</li><li>Operational and financial performance</li><li>Information disclosure and transparency</li><li>Dividend policy</li></ul>	<ul style="list-style-type: none"><li>Investor conferences/quarterly</li><li>Annual general meeting/annually</li><li>Disclosure of financial information on company website/updated as needed</li><li>MOPS/updated as needed</li><li>Visits to investors/multiple times yearly</li></ul>
Government Agencies	<ul style="list-style-type: none"><li>Energy management</li><li>Greenhouse gas and air pollution management</li><li>Water resource management</li><li>Regulatory compliance (environment, economy, society)</li></ul>	<ul style="list-style-type: none"><li>Monitoring of regulatory amendments and compliance with government laws/real-time</li><li>Audits by government agencies/as needed</li><li>Labor inspections/regularly</li><li>Attendance at policy meetings/as needed</li></ul>
Community	<ul style="list-style-type: none"><li>Community communication and care</li></ul>	<ul style="list-style-type: none"><li>Organization and assistance with community charitable activities/as needed</li><li>Documentation of and responses to the opinions of community residents/real-time</li><li>Volunteer activities/as needed</li></ul>
NGOs	<ul style="list-style-type: none"><li>Green procurement</li><li>Community communication and care</li><li>Biodiversity and forest conservation</li></ul>	<ul style="list-style-type: none"><li>Communication with news media/as needed</li><li>Hosting or support of community activities/as needed</li></ul>

Taking into consideration international policy trends, industry characteristics, experiences of peers, and national legal regulations, we examine various significant considerations to evaluate the impact of CHP operations on economic, environmental, and social sustainability issues. We identify positive and negative impacts, both actual and potential. In accordance with GRI Standards, we define the boundaries of information disclosure and address stakeholders' concerns related to CHP. The 2021 Sustainability Report has already incorporated the latest GRI guidelines. Following an assessment through questionnaires, the significant issues covered in this year's (2022) Sustainability Report remain consistent with those of 2021.

Aspect	Stakeholder	Internal Boundary		External Boundary						Impact Identification				Chapter in Report	Corresponding GRI Standards	Management Approaches
		CHP	Subsidiaries	Shareholders/Investors	Customers	Suppliers	Government Agencies	NGOs	Community							
		Degree of Impact and Involvement ● Direct ◎ Indirect ○ Business								Positive	Negative	Actual	Potential			
Governance	Sustainability Strategy	●	●	●	○	○	◎			V		V		1.1 Sustainable Development Strategy	GRI 201 Economic Performance	<ul style="list-style-type: none"><li>Place people and the natural environment at the core of our business operations.</li><li>Use the “R”<sup>3</sup> core strategy as our circular economy roadmap to facilitate resource recycling and regeneration and value creation.</li><li>Develop non-plastic materials to achieve a complete circular economy.</li><li>Increase the depth of AI transformation to strengthen digital manufacturing.</li><li>Respond to the 17 UN SDGs.</li></ul>
	Risk Management and Opportunities	●	●	●	○	○	◎			V		V	V	2.4 Risk Management 4.5 Environmental Protection Investments and Regulatory Compliance	GRI 416 Customer Health and Safety GRI 417 Marketing and Labeling	<ul style="list-style-type: none"><li>Implementation of TCFD (Task Force on Climate-related Financial Disclosures) framework and obtained the highest-ranked Level 5 Excellence certification of the third-party assessment of compliance.</li><li>Reduce operational risks by setting up related management systems.</li><li>Identify risks with the help of the Risk Management Committee.</li><li>Assess future risks and formulate counterstrategies with the assistance of the Sustainability Committee.</li></ul>
Economic	Green Procurement	●	●	◎	○	○	◎	◎	◎	V		V	V	3.1 Products and Market 3.4 Supply Chain and Customer Service	GRI 301 Materials	<ul style="list-style-type: none"><li>Carefully select suppliers.</li><li>Control the sources of raw materials and ensure that sources are approved by local governments and certified by FSC/PEFC.</li><li>Actively support the government's green procurement policies.</li><li>Give priority to green-certified products.</li></ul>
	Green Products (Green Consumption Promotion)	●	●	◎	○	◎	◎			V		V	V	3.1 Products and Market 3.2 Green Economy	GRI 301 Materials GRI 302 Energy GRI 306 Waste GRI 416 Customer Health and Safety	<ul style="list-style-type: none"><li>Invest NT\$149.5 million in technological R&amp;D to develop papers and fibers as well as recyclable materials and increase the scope of application of these materials.</li><li>Ramp up efforts to promote CircuWell, the company's all-paper recyclable brand, expand its presence in domestic and foreign markets, and raise environmental awareness of paper recyclability.</li><li>Establish product footprint and environmental labels to meet market trends and customer needs.</li><li>Ensure that CHP sells sustainable products with environmental certification (e.g., FSC, carbon footprint, and other environmental marks).</li><li>Impose strict controls on materials procurement, afforestation, and production/manufacturing processes, and ensure that these processes meet responsible procurement and production certification requirements.</li><li>Improve manufacturing efficiency and satisfy the needs of customers and consumers.</li></ul>
	Green Manufacturing	●	●	◎	○		◎	◎	◎	V		V	V	4. Green Production	GRI 301 Materials GRI 302 Energy GRI 303 Water and Effluents GRI 306 Waste GRI 416 Customer Health and Safety	<ul style="list-style-type: none"><li>Comply with domestic and local environmental protection laws.</li><li>Formulate short-, medium-, and long-term goals for energy conservation and carbon reduction.</li><li>Pursue zero waste and zero emissions goals by recycling and reusing resources and reducing waste gas generation.</li><li>Adopt environmental risk and carbon management systems.</li><li>Adopt ISO management systems.</li></ul>
	Technological Innovation	●	●	◎	○	◎	◎			V		V	V	4. Green Production	GRI 302 Energy GRI 303 Water and Effluents GRI 306 Waste	<ul style="list-style-type: none"><li>Keep abreast of technological changes and technical difficulties.</li><li>Actively develop green energy.</li><li>Develop new sustainable materials through industry-academia collaborations.</li><li>Obtain patents for green products developed by the company.</li></ul>
	Energy Management	●	●	◎	○	○	◎			V		V	V	4.1 Energy Management	GRI 302 Energy	<ul style="list-style-type: none"><li>Develop energy-savings strategies.</li><li>Increase the use of renewable energy.</li></ul>
Environmental	Circular Economy Strategy	●	●	◎	○		◎	◎	◎	V		V	V	3.3 Green Economy 4.4 Resource Reuse	GRI 306 Waste	<ul style="list-style-type: none"><li>Pursue zero waste and zero emissions goals by seeking out, recycling, and reusing all leftover materials from production processes or using them as raw materials for recycled materials.</li><li>Build a closed-loop supply chain with upstream and downstream sectors.</li></ul>
	Greenhouse Gas and Air Pollution Management	●	●	◎			◎	◎	◎		V	V	V	4.2 Emissions Management	GRI 302 Energy GRI 305 Emissions	<ul style="list-style-type: none"><li>Adopt ISO 14064 management system, and conduct plant inspections every year.</li><li>Continue to introduce new air pollution control facilities and carbon reduction management strategies to meet regulatory emissions standards.</li><li>Adopt ISO 50001 energy management system and set energy-savings targets.</li><li>Actively expand the use of biomass and renewable energy and reduce the use of fossil fuels.</li></ul>
	Carbon Footprint Management	●	●	◎	○	○	◎	◎		V		V	V	3.2 Green Economy	GRI 302 Energy GRI 305 Emissions	<ul style="list-style-type: none"><li>Establish carbon footprint information according to market and customer needs.</li><li>Monitor EU's carbon border tariffs and the carbon fee policies of various countries, perform carbon risk assessment of CHP's products, and formulate corresponding management strategies.</li></ul>
	Water Resource Management	●	●	◎			◎	◎	◎	V			V	4.3 Water Resource Management	GRI 303 Water and Effluents	<ul style="list-style-type: none"><li>Comply with national environmental regulations and discharge standards.</li><li>Implementing CHP Water Conservation and Reuse Goals: Process water intake is consistently maintained below 30,000 million liters.</li></ul>
	Occupational Safety and Health	●	◎	◎		◎	◎			V		V	V	5.3 Occupational Safety and Health Management	GRI 403 Occupational Health and Safety	<ul style="list-style-type: none"><li>Established the Occupational Health and Safety Platform in 2021 which is dedicated to the effective and specialized implementation of occupational health and safety management policies.</li><li>Achieved ISO 45001 Occupational Health and Safety Management System Certification.</li><li>Comply with national labor safety laws and regulations.</li></ul>

Note: The topic boundaries of where the impacts of a material topic occur and CHP's involvement with these impacts are described according to GRI Standards. The boundary of impact is based on stakeholders in the value chain. CHP's involvement with the impacts of a topic is characterized by whether CHP has caused the impacts or contributed to the impacts through other units, or is directly linked to the impacts through its business relationships.



# 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 carbon neutrality 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\$23.65 billion (2022)
Address	12F, No. 51, Chongqing S. Road Sec. 2, Taipei City
Chairperson	Kirk Hwang
General Manager and Spokesperson	Ray Chen, General Manager of Fibrous Materials Division
General Manager	Yoshihiro Akiyama, General Manager of Special Materials Division
Telephone	(02)2396-2998

GRI 2-1/2-2/2-6/2-9/2-28/201-1/301-3

## Production and Service Locations

Chung Hwa Pulp Corporation		Chung Hwa Pulp Corporation	
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

2022					
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		Chinese National Association of Industry and Commerce	V	
Taiwan Digital Publishing Forum	V		Taiwan Institute for Sustainable Energy	V	Director
Taipei Paper Commercial Association	V		Taiwan Technical Textile Association	V	Chairman
Taichung City Industrial Association	V		Taiwan Institute of Chemical Engineers	V	
Taichung Paper Commercial Association	V		Taiwan Institute of Directors	V	
Tainan Paper Commercial Association	V		Taiwan Hydrogen Industrial Development Alliance	V	
Kaohsiung Paper Commercial Association	V		Taiwan Regional Association of Adhesive Tape Manufacturers (Honorary Member)	V	Honorary Member
Taiwan Acid and Alkali Industries Association	V			V	

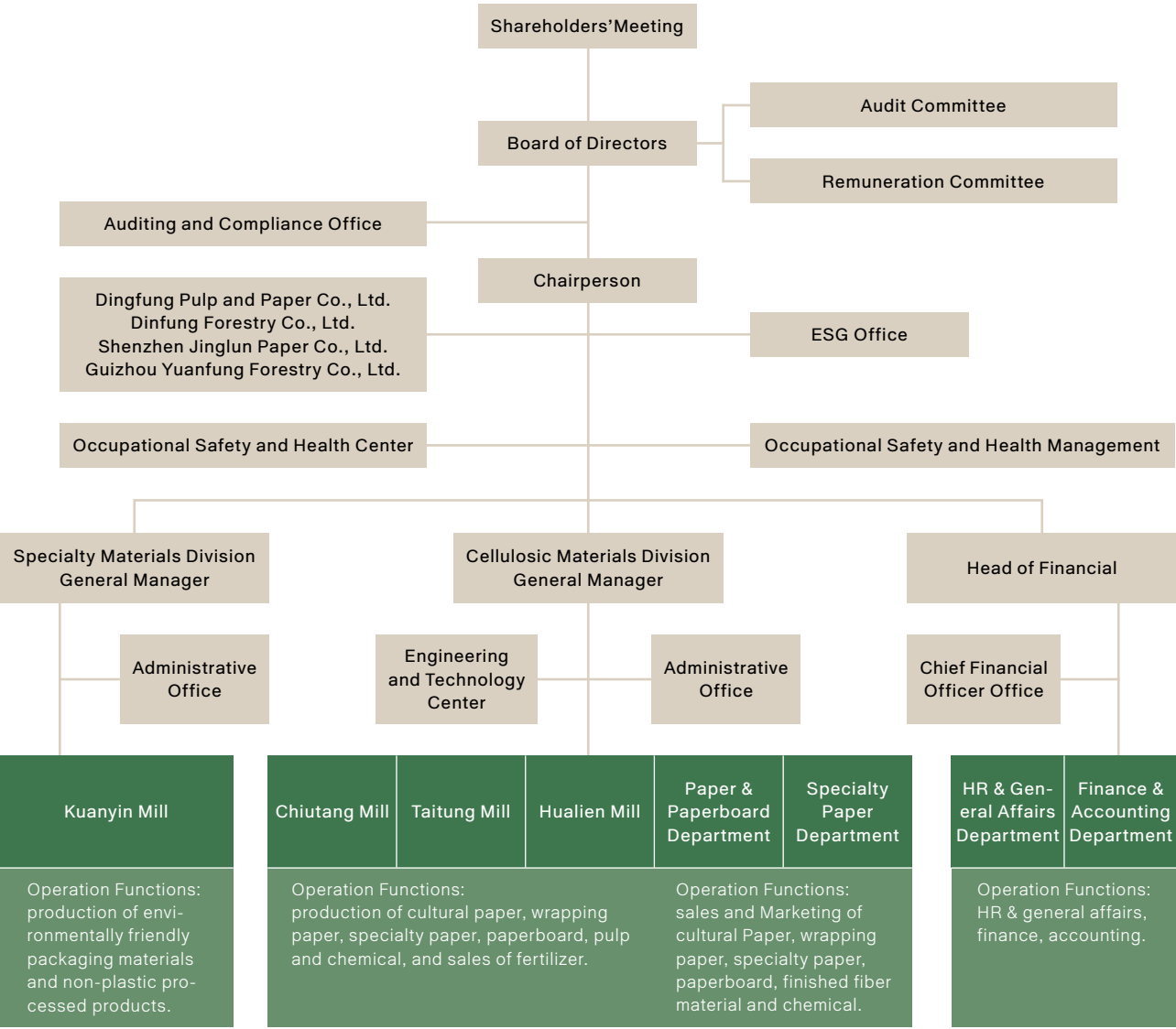
Overview of Affiliates

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\$5,000	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	RMB10,000	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. Our Chief Corporate Governance Officer completed the minimum number of hours of continuing education courses within the specified time period after their appointment to that position. Details regarding the continuing education courses are provided on the company's website ([http://www.chp.com.tw/about\\_3](http://www.chp.com.tw/about_3)) under Information on the Chief Corporate Governance Officer. Note: Kuanyin Paper Mill commenced operations in July, 2021.





Overview of Operations

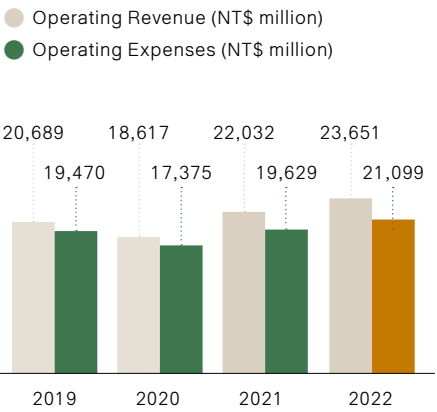
CHP's consolidated operating income for 2022 amounted to approximately NT\$23.65 billion, which is an increase of approximately NT\$1.62 billion from NT\$22.03 billion in 2021. The net profit after tax attributable to the Company in 2022 is approximately NT\$450 million, which, a decrease of about NT\$40 million compared to the net profit of NT\$490 million in 2021. In 2023, despite ongoing uncertainties in the global economy post-pandemic, Huapaper will continue to enhance product quality, stabilize raw material sources, prices, and supply, expand product application markets, strengthen services, and enhance market competitiveness.

2022 Major Business Operation				
	Produc- tion(MT)	Local (MT)	Export (MT)	Subtotal (MT)
Pulp	381,178	74,490	84,255	158,745
Paper	386,153	204,857	230,038	434,895
Paper-board	124,852	133,622	34,145	167,767

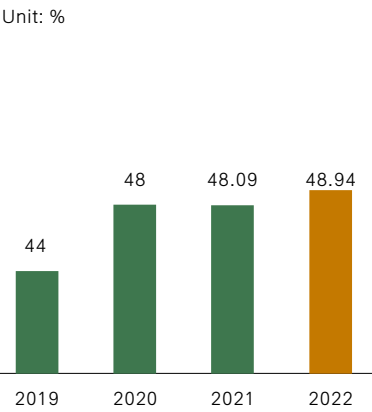
Item	2019	2020	2021	2022
Operating revenue (NT\$ thousands)	20,689,397	18,616,694	22,031,850	23,651,129
Number of Employees (people)	2,642	2,614	2,723	2,865
Sales per employee (NT\$ thousands)	7,831	7,122	8,091	8,307
Total assets (NT\$ thousands)	31,098,417	32,670,233	33,968,456	35,429,171
Current liabilities (NT\$ thousands)	11,116,249	12,035,465	13,203,844	6,343,318
Non-current liabilities (NT\$ thousands)	2,587,144	3,649,014	3,131,048	11,001,243
Equity attributable to shareholders of the parent (NT\$ thousands)	15,117,231	14,784,979	15,469,412	15,784,442
Equity Attributable To Former Owner Of Business Combination Under Common Control	-	-	-	-
Non-controlling interest	2,277,793	2,200,775	2,164,152	2,310,168
Capital Stock (in thousands)	11,028,353	11,028,353	11,028,353	11,028,353
Book Value per Share (NT\$ thousands)	13.71	13.51	14.23	14.52
Return on total assets (%)	-0.73	-0.74	1.61	1.89
Return on equity (%)	-1.97	-2.09	2.68	3.02
Pre-tax income to capital (%)	-3.29	-2.75	4.76	4.94
Profit Margin (%)	-1.46	-1.68	2.1	2.28
Earnings per share, EPS (NT\$ )	-0.22	-0.18	0.45	0.41
Cash Dividend (NT\$ )	-	-	0.4	0.3
Average Stock Price Per Share	9.62	8.8	21.33	18.96
Price-to-Book Ratio (P/B Ratio)	0.70	0.65	1.50	1.31

2022	
Direct Economic Value (NT\$ thousands)	
Operating revenue	23,651,129
Distributed Economic Value (NT\$ thousands)	
Operating Costs	19,171,185
Employee Compensation and Benefits	2,162,632
Payments to Shareholders	586,619
Payments to Government	5,244
Community Investment	4,334
Retained Economic Value (NT\$ thousands)	
	1,721,115

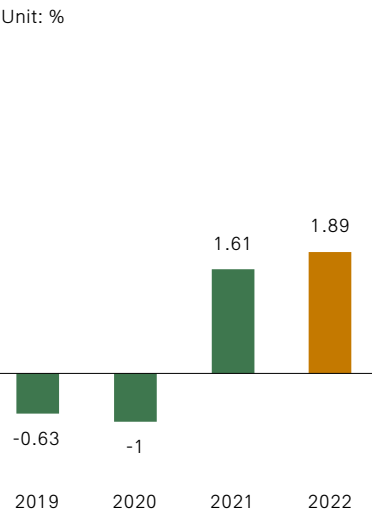
Operating Revenue and Expenses



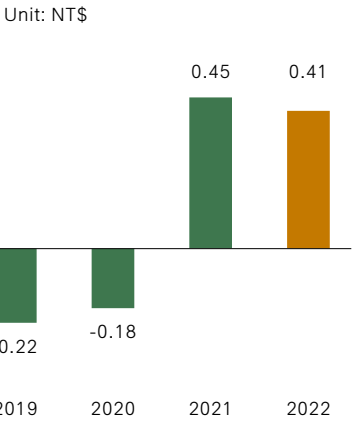
Liabilities to Assets Ratio



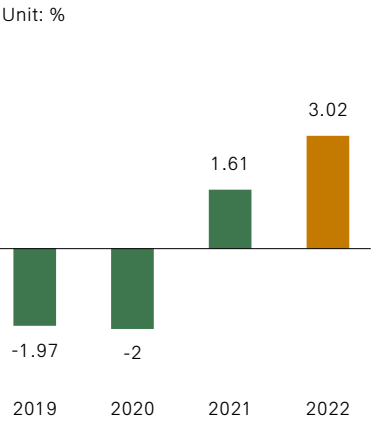
Return on Assets (ROA)



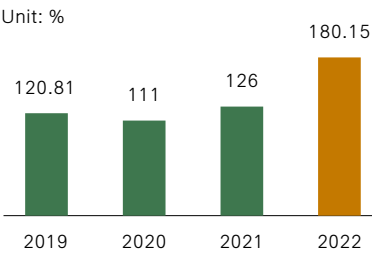
Earnings Per Share (EPS)



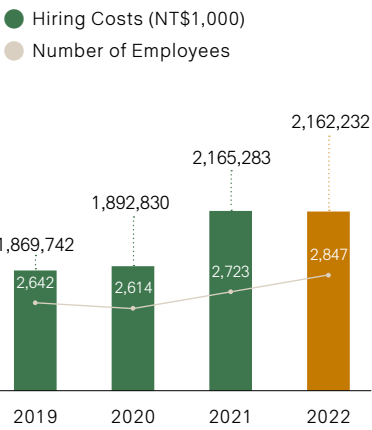
Return on Equity (ROE)



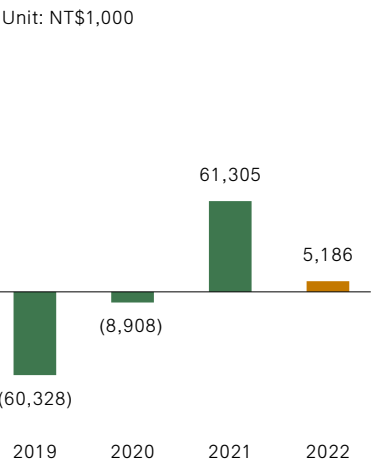
Long-Term Fund to Fixed Assets Ratio



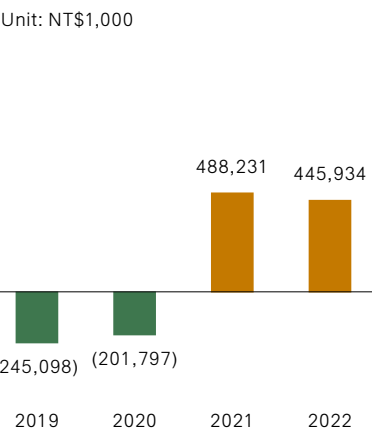
Hiring Costs and Number of Employees



Income Tax



Net Income after Tax



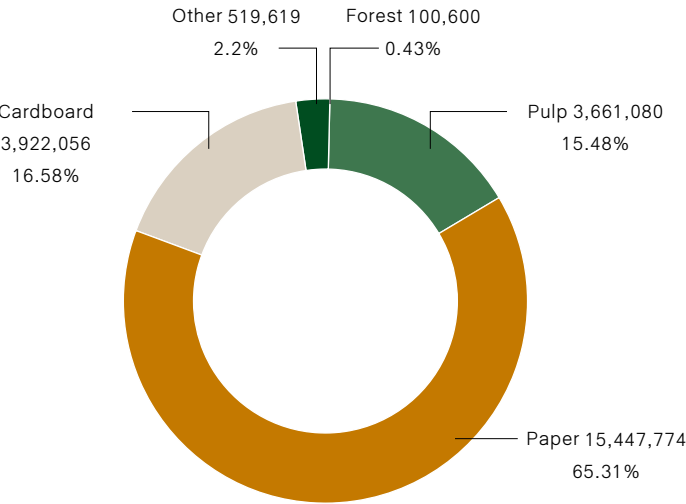
Overview of Affiliates

Unit: NT\$1,000

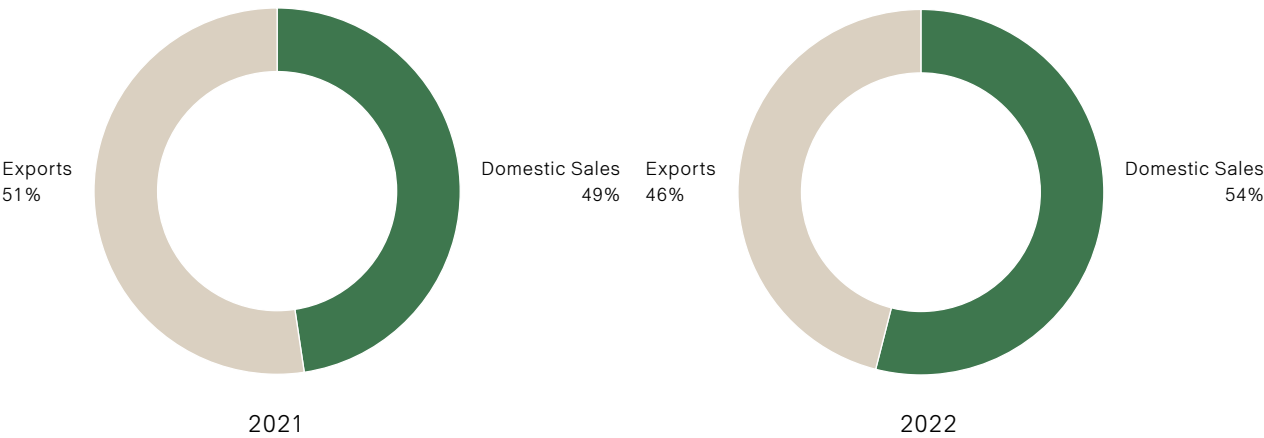
Product	Total Sales in Year 2022 (NT\$ thousands)	(%) of Total Sales
Forest	100,600	0.43
Pulp	3,661,080	15.48
Paper	15,447,774	65.31
Cardboard	3,922,056	16.58
Other	519,619	2.20
Total	23,651,129	100.00

Operating Revenue in 2021

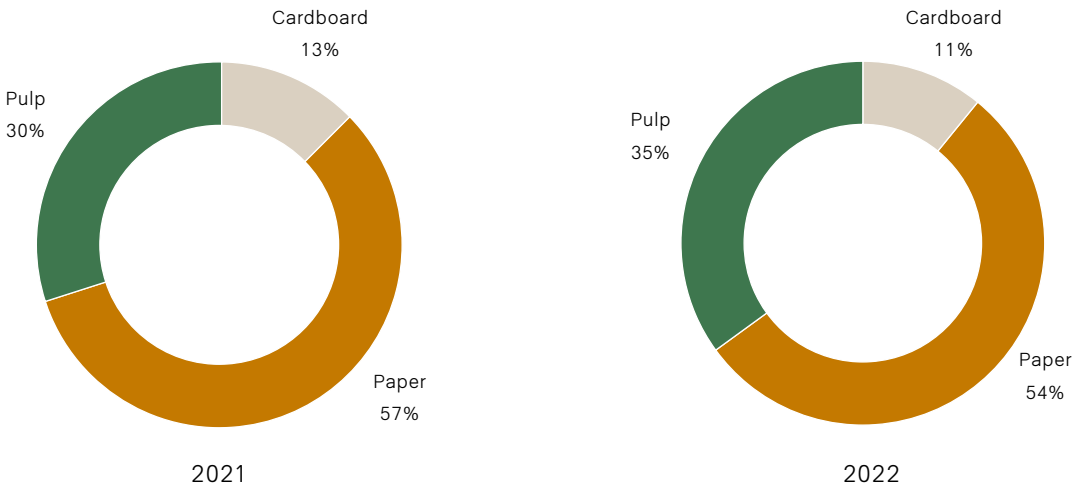
Unit: NT\$1,000



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 and the compensation 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			Director office term			Accounting and financial analysis	Transnational operations	Paper industry	Material research and development	Risk management
			< 50 years old	50-70 years old	70 and above	< 3 years	3-9 years	9 years and above					
Kirk Hwang	Male				V			V	V	V	V	V	V
Jean Liu	Female			V		V			-	V	-	-	V
Guu-Fong Lin	Male	V			V			V	V	V	V	-	V
Ray Chen	Male	V		V			V		※	V	V	※	V
Donald Chang	Male				V		V		V	V	-	-	V
Hsiao-Kan Ma	Male				V	V			※	※	-	-	V
Wan-Yu Liu	Female		V			V			V	-	V	-	V

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.

Remuneration of the President and Vice Presidents Unit: NT\$ thousands

Title	Name	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
		The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company		Companies in the consolidated financial statements		The company	Companies in the consolidated financial statements	
								Cash	Stock	Cash	Stock			
President of Cellulosic Materials Division	Ray Chen	8,685	9,213	216	216	6,973	7,799	8	0	8	0	15,882 3.56%	17,036 3.87%	146
President of Specialty Materials Division	Yoshihiro Akiyama													
CFO	Guu-Fong Lin													

Note 1: Relevant expenses such as company car rental fees have been listed. The total expenses were approximately NT\$1,061 thousand.  
Note 2: Number of resolutions passed by the Board of Directors on 3/15/2023.

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.

Functional Committees of the Board of Directors

CHP is committed to ensuring fairness and real-time access to transparent information on the corporate governance and financial status of the company. To improve and strengthen operational mechanisms, we established the Audit Committee and Remuneration Committee, both of which report to the Board of Directors. To further strengthen corporate governance, the Company established the Sustainable Development Committee and the Business Development and Strategy Committee, both of which are independent of the Board of Directors.

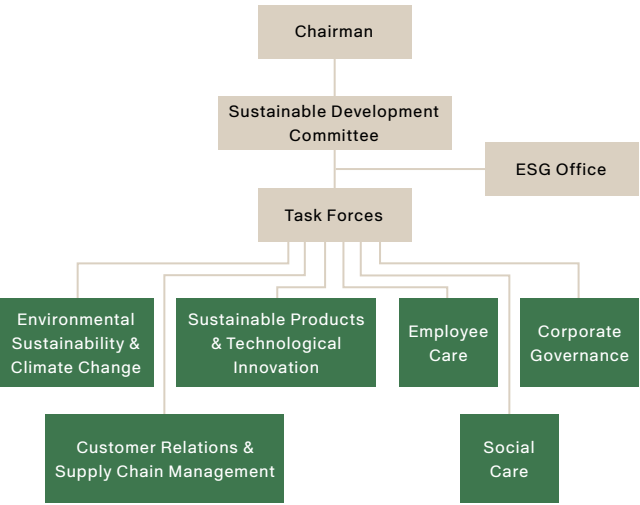
Audit Committee

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 2022, the Audit Committee convened four meetings. The attendance rate of independent directors was 100%.

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 2022, the Remuneration Committee convened two meetings. The attendance rate of committee members was 100%.



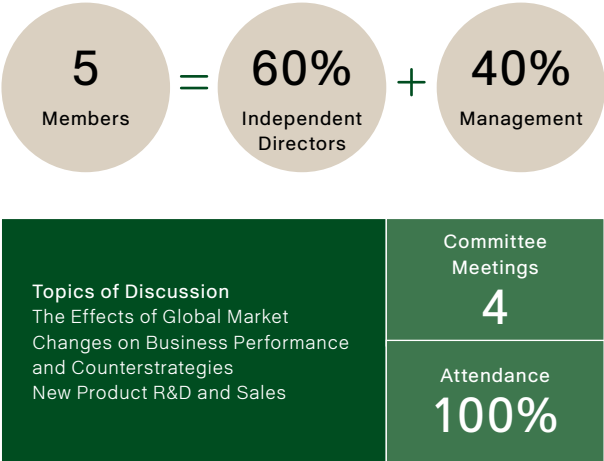


Sustainable Development Committee

The Sustainable Development Committee is charged with promoting environmental sustainability policies, devising and implementing resource reutilization and improvement plans, communicating and promoting policies, organizing education and training programs, and reporting to the Chairman and General Manager. On November 6, 2018 and November 8, 2018, the Sustainability and Social Responsibility Guidelines were approved by the Audit Committee and Board of Directors, respectively, thus providing a set of guidelines for handling matters related to corporate social responsibility (CSR) and sustainable development. After the Financial Supervisory Commission (FSC) promulgated the Corporate Governance 3.0-Sustainable Development Roadmap, CHP renamed the CSR Office as the ESG Office and reorganized the organizational tasks of the Sustainable Development Committee. In 2021, the Sustainable Development Committee set up six task forces: Environmental Sustainability and Climate Change, Sustainable Products and Technological Innovation, Corporate Governance, Customer Relations and Supply Chain Management, Employee Care, and Social Care. Each task force is supervised by various department heads, and the ESG Office assists the task forces with horizontal communication and sustainable development work.

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). In 2022, the company entrusted the Taiwan Investor Relations Association, an external organization, to conduct an evaluation. The assessment results were submitted to the 5th meeting of the 19th Board of Directors on March 15, 2023. The performance of both the overall "Board of Directors" and the "Functional Committees" for the fiscal year 2022 were evaluated as "Excellent." This demonstrates that all directors (including independent directors) have given positive evaluations of the efficiency and effectiveness of the board, board members, and the operation of 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 2021, 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	22 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	F. Internal system	36 evaluation indicators	Excellent
	A. Board composition and professional development		
	B. Understanding of duties and responsibilities of the audit committee		
	C. Improvements to the quality of the committee's decision making		
	D. Internal Control and Risk Management		
Remuneration Committee	E. The degree of Board of Directors' involvement in corporate social responsibility	25 evaluation indicators	Excellent
	A. Understanding of and recommendations for Company operations		
	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 2-16/205-1/205-2/205-3

### 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.



The 2022 annual shareholders meeting of CHP

### 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 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. In 2021, the Company found no major corruption incidents, which is a testament to CHP's long-term commitment to the values and goals of our anti-corruption efforts.

### 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.

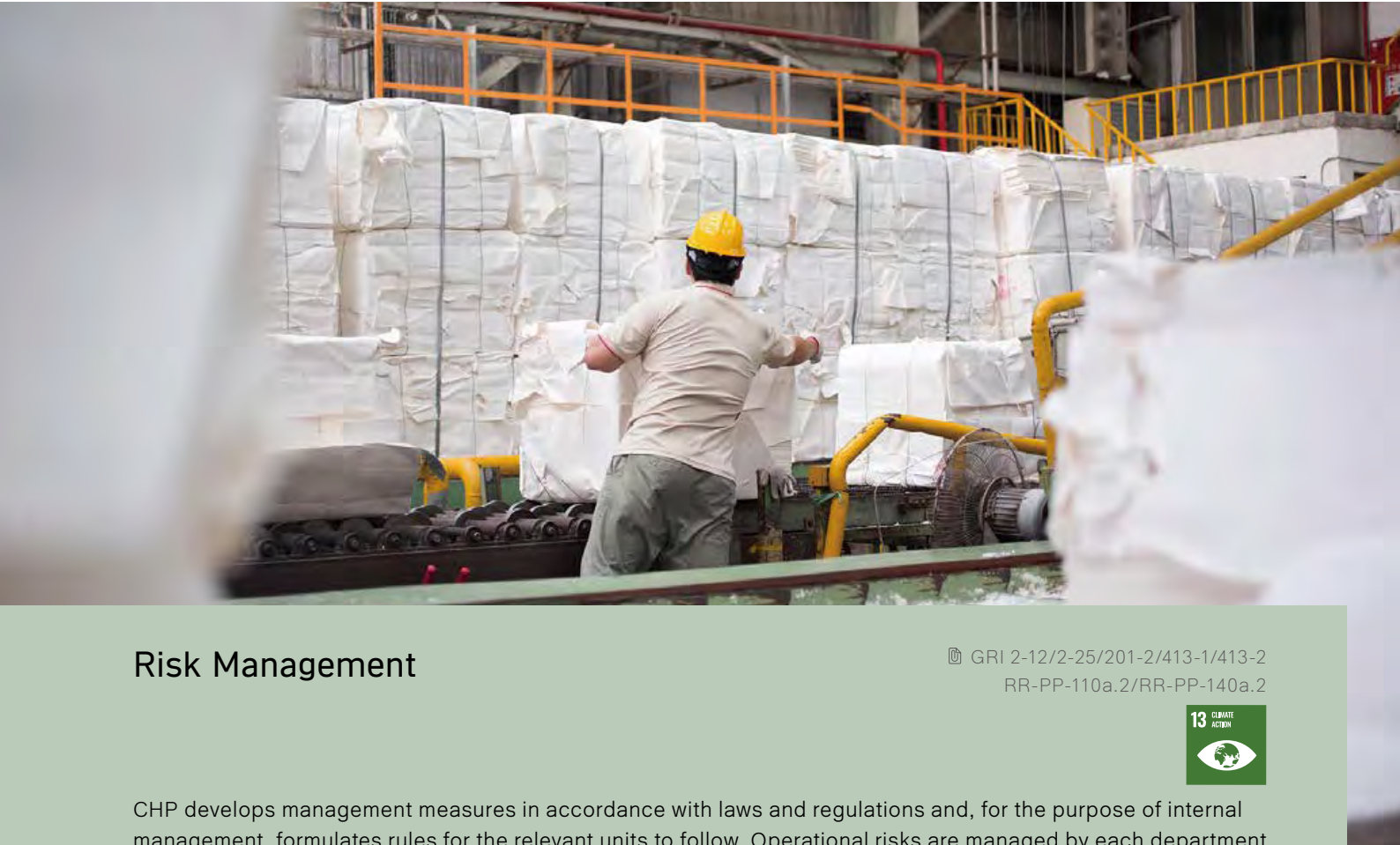
### Information Disclosure

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 2021, 22 items of material information were published. For access, visit [http://www.chp.com.tw/news/list?news\\_type=4](http://www.chp.com.tw/news/list?news_type=4)).



CHP management team is in collaborative response to International initiatives and support the United Nations Sustainable Development Goals (SDGs)





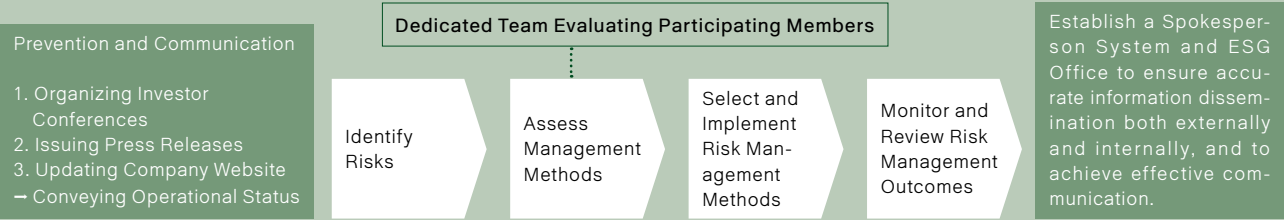
Risk Management

GRI 2-12/2-25/201-2/413-1/413-2  
RR-PP-110a.2/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 2022, 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"><li>· 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.</li><li>· 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.</li><li>· 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.</li></ul>
Changes in corporate image	<ul style="list-style-type: none"><li>· 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.</li><li>· 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.</li><li>· 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.</li><li>· 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.</li></ul>
Technological and industrial changes	<ul style="list-style-type: none"><li>· We continuously introduce technological innovations to diversify fibrous material applications.</li><li>· We introduce new technological tools to improve operational and managerial efficiency and adopt assistive tools to keep pace with the rapidly changing market.</li><li>· We promote circular economy to maintain our sustainable competitiveness.</li></ul>
Purchases	<ul style="list-style-type: none"><li>· 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.</li><li>· 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.</li></ul>
Sales	<ul style="list-style-type: none"><li>· 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.</li></ul>



Financial Risk

Risk Item	Impacts and Risks	Mitigation Strategies
Interest Rate	<ul style="list-style-type: none"><li>Due to the outbreak of the Russo-Ukrainian War in February 2022, global supply chain bottlenecks intensified, leading to a surge in international prices of raw materials and energy. Uncontrolled inflation forced the Federal Reserve to accelerate its interest rate hikes, totaling 17 basis points in 2022, resulting in a rapid increase in market interest rates.</li><li>Similarly, Taiwan also faced upward inflationary pressures. In addition to raising interest rates by a total of 2.5 basis points in 2022, the Central Bank of Taiwan also increased the reserve requirement ratio by 2 basis points, contributing to an uptick in the local currency market interest rates.</li></ul>	<ul style="list-style-type: none"><li>Although there are signs of a global economic slowdown, central banks worldwide continue to prioritize inflation control as a primary management objective. Market expectations for this year lean towards a tightening of market funds. Our company will regularly and flexibly assess various debt positions and financing policies to maintain ample liquidity and effectively reduce interest expense.</li></ul>
Exchange Rate	<ul style="list-style-type: none"><li>In 2022, the persistently high inflation in the United States prompted the Federal Reserve to accelerate its rate hikes, leading to a stronger international US dollar exchange rate. Major non-US currencies such as the Euro, Japanese Yen, and Australian Dollar depreciated simultaneously. In Mainland China, the economic impact of a declining real estate sector and the dynamic "zero-COVID" policy led to a significant depreciation of the Renminbi.</li><li>In Taiwan in 2022, the substantial rate hikes by the Federal Reserve resulted in significant capital outflows, which also caused a depreciation of the New Taiwan Dollar exchange rate. Our company's major exchange rate risk exposure lies in offshore borrowings in Mainland China. In 2022, we continued to dynamically adjust the Renminbi hedging ratio and implemented measures to control hedging costs, aiming to reduce overall foreign exchange gain/loss volatility.</li></ul>	<ul style="list-style-type: none"><li>Looking ahead to 2023, the global economy and financial markets will continue to face significant volatility risks due to the uncertainty surrounding tightening monetary policies by central banks worldwide. The foreign exchange rate trends remain highly variable.</li><li>Our company will simultaneously consider exchange rate risks and hedging costs, implementing appropriate financial and hedging strategies to mitigate the negative impact of exchange rate fluctuations on the overall operation of the company.</li></ul>
Inflation	<ul style="list-style-type: none"><li>Due to the outbreak of the Russo-Ukrainian War, the surge in energy prices such as crude oil and natural gas occurred, resulting in severe inflationary pressures for European and American countries in the first three quarters of 2022. Fortunately, the warm winter effects this year led to reduced demand, coupled with global central banks' efforts to tighten monetary policies to control inflation, which eased global inflation pressures starting from the fourth quarter.</li><li>In Taiwan, there were also inflationary pressures in 2022. The overall Consumer Price Index (CPI) for 2022 was 2.95%, and the core CPI (excluding energy and fresh fruits and vegetables) was 2.61%, both reaching the highest levels in 14 years.</li></ul>	<ul style="list-style-type: none"><li>Looking ahead to 2023, the Central Bank of Taiwan has indicated that as global supply chain bottlenecks gradually ease, international freight rates decrease, and raw material prices like crude oil experience a downturn, international inflationary pressures are expected to gradually decrease. The central bank forecasts a year-on-year CPI growth rate of 1.88% and a core CPI growth rate of 1.87% for 2023.</li><li>As of the publication date of the annual report, it appears that inflation may not significantly impact our company. However, factors such as global decarbonization efforts, competition between China and the United States, the ongoing effects of the pandemic on global logistics and supply chains, geopolitical tensions, and substantial fluctuations in raw material prices pose potential risks. Continued close monitoring of these factors and their associated risks is warranted.</li></ul>

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"><li>Discharge volume and water quality control</li><li>Lignin concentration in effluent</li><li>Impact of extreme climate, water shortages</li></ul>	<ul style="list-style-type: none"><li>Take inventory of water consumed, continue to implement water-savings plans, reduce water consumption, strengthen water quality monitoring, and formulate preventive measures.</li><li>Introduce artificial wetlands to promote ecological restoration.</li></ul>
Energy Resources	<ul style="list-style-type: none"><li>Global carbon reduction policies and government policies</li><li>Risk of outsourced electricity and power shortages</li><li>Risk of power outages</li></ul>	<ul style="list-style-type: none"><li>Propose energy-savings plans and equipment improvement measures.</li><li>Increase the use of biomass energy and improve energy efficiency.</li><li>Build green electricity generation facilities: Increase the capacity of power generators that use lignin-based biomass energy.</li></ul>
Production Byproduct	<ul style="list-style-type: none"><li>Increase in the stringency of laws and regulatory control</li><li>Rise in outsourcing costs</li></ul>	<ul style="list-style-type: none"><li>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</li></ul>
Emissions	<ul style="list-style-type: none"><li>National carbon reduction plans aimed at achieving net zero emissions by 2050.</li><li>International carbon border tax trends</li><li>Implementation of new laws and regulations</li></ul>	<ul style="list-style-type: none"><li>Form emissions reduction plans and set targets.</li><li>Regularly service, repair, and replace machinery and equipment.</li><li>Improve energy-saving measures for production facilities and power generation systems.</li><li>Develop emission pollutant reduction plans.</li></ul>

Our Commitment

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



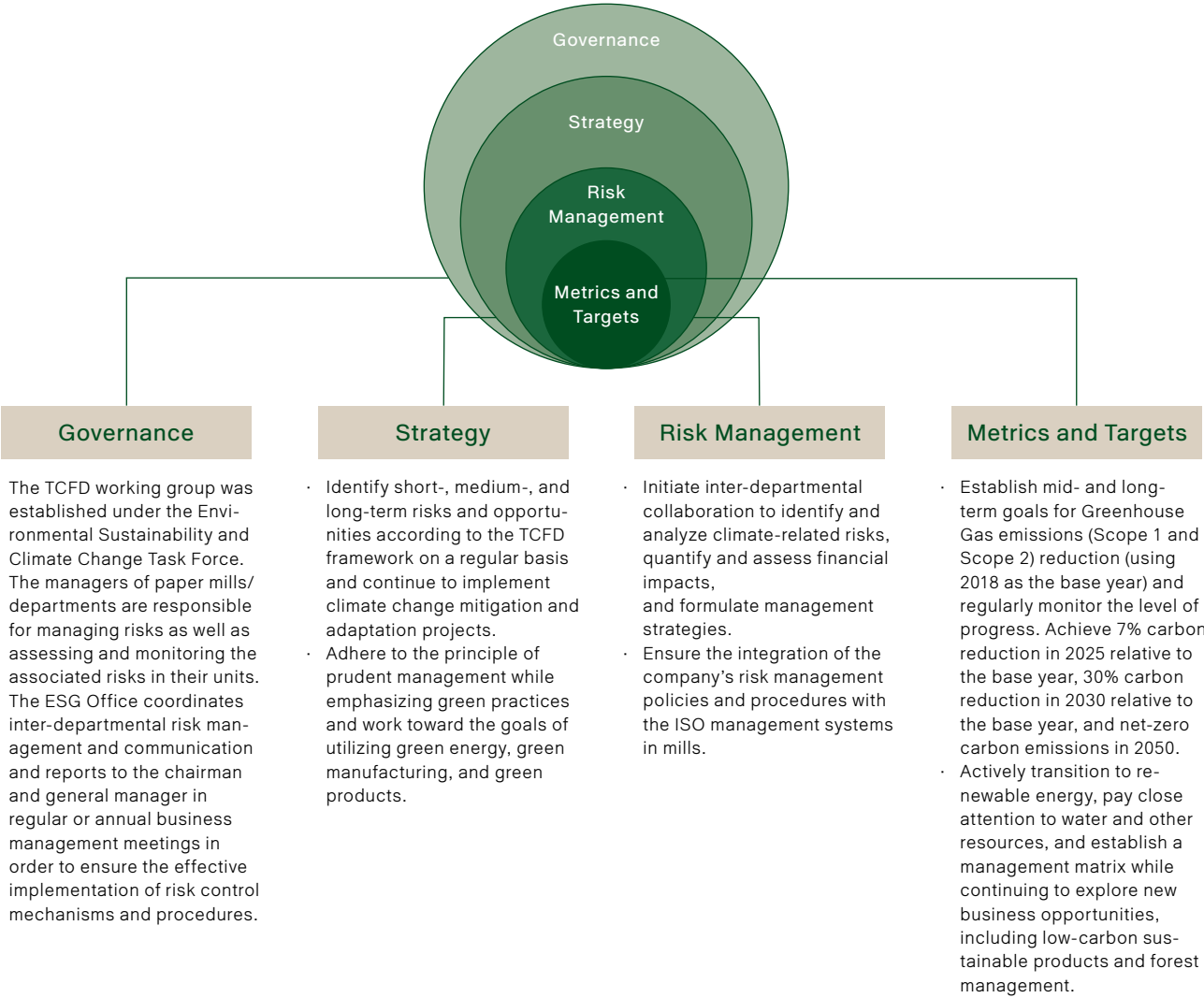


Managing Climate Change Risks and Opportunities  
Task Force on Climate-Related Financial Disclosures (TCFD)

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.



CHP hosted the thematic lecture on Internal Carbon Pricing and Practices

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

Hosting Training Programs and Thematic Lectures

In the past year, we have hosted one workshop and two thematic lectures. To train the participants in identifying risks and opportunities, speakers of the workshop suggested the historical impacts of climate and environmental events that affect businesses externally and internally as examples of risk and opportunity assessment. Professor Lee, Chien Ming of the Institute of Natural Resources Management at National Taipei University was invited to deliver two lectures on net-zero management and internal carbon pricing respectively, elaborating carbon risk management (TCFD assessment and ESG comprehensive performance), internal carbon pricing (carbon reduction investment, change in corporate culture), and carbon credit management (opening carbon credit accounts, enhancing carbon credit management, narrowing the gap toward net-zero emissions).



CHP hosted the thematic lecture on Climate Risk Assessment and Establishing Corporate Internal Carbon Pricing



Risk Management

CHP's TCFD working group conducted a back-ground 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.

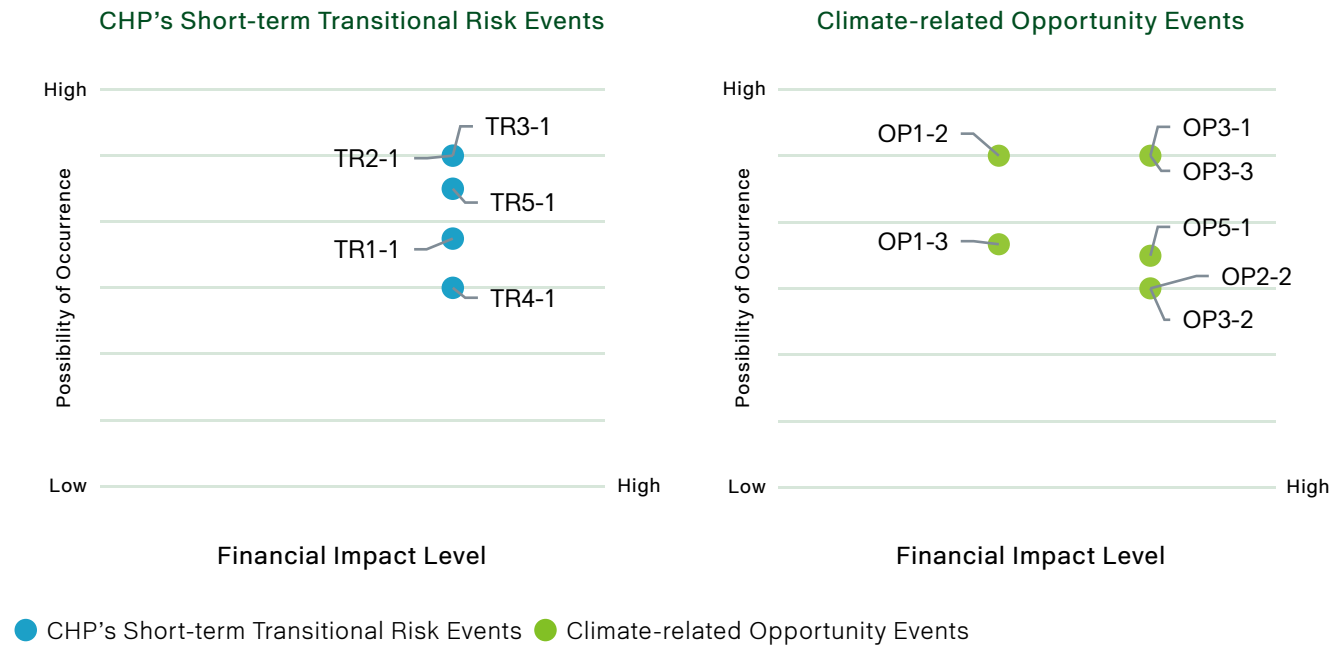


CHP management team took ESG training course- Internal Carbon Pricing (ICP)

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).



TCFD Risks, Opportunities, and Response Strategies

	Topics	Description of Events and Impacts	Response Strategies and Management Measures
	TR1 Domestic and in-ternational carbon pricing systems	TR1-1 Increased costs resulting from carbon tax	<ul style="list-style-type: none"><li>Short-term: Company mills have started to conduct inventory on greenhouse gas and product carbon emissions.</li><li>Medium- and long-term: Adopt low-carbon technology and transform energy structure to reduce the impact of carbon pricing system.</li></ul>
	TR2 Energy-related regulations and policies and the transition of energy consumption struc-ture	TR2-1 Energy transition aligned with the national goal of net zero carbon emissions	<ul style="list-style-type: none"><li>Short-term: Improve the operational efficiency of energy equip-ment.</li><li>Medium- and long-term: Focus on coal substitution and con-tinue to expand the employment of biomass fuels, alternative fuels, and renewable energy.</li></ul>
	TR3 Renewable Energy Trends and Regula-tions	TR3-1 Increase in operating and capital expendi-tures to meet energy efficiency and energy structure transition requirements	<ul style="list-style-type: none"><li>Short-term: Conduct inventory on the geographical character-istics of each location and the structure of each mill, evaluate the inclusion of renewable sources such as solar energy, bio-gas, alternative fuels, etc.</li><li>Medium and long-term: Decide on self-use or transaction pur-poses based on demands of the renewable energy market.</li></ul>
	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"><li>Short-term: Maintain and strengthen water recycling.</li><li>Medium- and long-term: Set goals for water conservation.</li></ul>
	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"><li>Short-term: Initiate internal planning on installing additional prevention and control equipment in compliance with relevant regulations.</li><li>Medium- and long-term: Continuously evaluate clean fuel sources and obtain and maintain optimal boiler operation tech-nology.</li></ul>
	Topics	Description of Events and Impacts	Response Strategies and Management Measures
	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.  OP1-3 Employ more efficient and energy-saving manufacturing equipment.	<ul style="list-style-type: none"><li>Incorporated into TR2 response measures.</li><li>Incorporated into TR2, TR5 response measures.</li></ul>
	OP2 Participate in inter-national 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"><li>Short-term: Actively obtain biomass energy generation certi-ficates.</li><li>Medium- and long-term: Continue to expand the development of biomass fuels and renewable energy and incorporate renew-able energy certificates to SBT target-setting.</li></ul>
	OP3 Develop and pro-mote low-carbon sustainable prod-ucts and acquire relevant certifica-tions	OP3-1 Promote the research and development of all-paper recycling green products to increase market share.  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.	<ul style="list-style-type: none"><li>Short-term: Continue to develop and promote recyclable low-car-bon products.</li><li>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 mar-kets (CBAM, etc.)</li></ul>
	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"><li>Short-term: Continue to maintain the Forest Stewardship Council (FSC) certification.</li><li>Medium- and long-term: Expand recyclable low-carbon product certification projects, increase communication with consumers, and enhance market positioning.</li></ul>

Risk Management

CHP employs metrics such as GRI 302-1~5 (energy), GRI 303 (water resources), and GRI 305-1~7 (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)		2021	2022	Topics			Description	
			Achievement Status	Achievement Status	Short-term	Mid-term	Long-term		
Net-zero Emissions	GHG emissions (base year: 2018)		-3%	-4%	-7%	-30%	Net-Zero Emissions	In 2022, greenhouse gas emissions totaled 994,000 metric tons, a 4% decrease from the base year of 2018 (1.03 million metric tons), on track with the annual reduction roadmap	
					2025	2030	2050		
	Proportion of fossil fuel		Base year	26%	30%	50%	100%	Actively improve low- carbon and biofuels usage percentage.	
					2025	2030	2050		
	substitution (base year: 2021)		29%	32%	30%	60%	100%	In 2022, the percentage of power generation from renewable energy sources was 32%, achieving the short- term target.	
					2025	2030	2050		
	Air quality and emis- sion man- agement (Base year: 2021)		SO <sub>x</sub>	1,009 metric tons	768 metric tons	Enforce rigorous monitoring and control in company mills to comply with applicable municipal and county regulations.			A reduction of 241 metric tons in 2022, compared to 2021.
				717 metric tons	637 metric tons				A reduction of 80 metric tons in 2022, compared to 2021.
				203 metric tons	163 metric tons				A reduction of 40 metric tons in 2022, compared to 2021.
Focus on wa- ter resources	Process water consumption (base year: 2018)		28,578 million liters	29,029 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.	
	Acquisition of renewable energy certificates (base year: 2021)		Base year	Acquiring re- newable ener- gy certificates	In process	130,000 certificates	150,000 certificates	The first batch of Green electricity certificates was acquired in June 2023.	
		2023			2025	2030			
Low Carbon and Sustain- ability	Acquisition of af- forestation carbon credits (base year: 2021)		Base year	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)		Base year	-7%	-1%	-4%	-9%	In 2022, the emission intensity per unit of product was 1.27 t CO2e/t, which was 7% lower than the baseline. The short- and medium-term targets have been met.	
					2022	2025	2030		
	Percentage of green product sales (base year: 2021)		Base year	23%	23%	25%	30%	An annual increase of 1% relative to the base year.	
					2022	2025	2030		

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





# Environmental Friendly & Circular Economy

Investment in environmental protection amounts to

**NT\$145**  
million



R&D Investment on Sustainable Materials amounts to

**NT\$149**  
million



2022 Green procurement amounted to

**NT\$5.5** billion

Consecutive 20 years of receiving environmental Green Mark



Investment in renewable fuels has increased by

**36%**

(compared with year 2021), which is an annual reduction of

**95,000** tons

CO<sub>2</sub>e, equivalent to 244 Da'an Forest Parks



**32%**

of our power structure comes from renewable energy sources (alternative fuels and biomass energy)



In the energy-saving project of 2022, the total carbon reduction amounted to

**45,810**  
metric tons of CO<sub>2</sub>e



The factory's wastewater undergoes a wetland purification process, nurturing wetland ecology and restoring biodiversity



Continuously driving product structural transformation through the research and development of 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 proportion 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.

In response to the changing global market, CHP continues to be proactive in the process of transformation. In 2021, we expanded our business in special materials by setting up two new business units: the

Fibrous Material Business Unit and Special Material Business Unit. We also opened a new paper mill in Taoyuan Kuanyin, where R&D work is focused on developing fiber technologies, turning paper and pulp into fibrous materials, innovating pulp and paper applications, developing eco-friendly, recyclable fibrous materials, and steering the company’s development toward a circular economy. Our paper mill in Hualien also expanded its pulp and paper product applications and introduced a new pulp production line. In 2022, the Company began expanding into new product markets and services to reinforce our competitiveness, and is seeking ways to reduce packaging materials and develop a product life cycle (design, production, manufacturing, packaging, and transportation) that is in line with green design concepts. In 2022, recycled products and usage of packaging materials accounted for 1.3% of total products.

GRI 3-3/201-4/301-2/304-1/304-2/  
304-4/416-1/416-2/417-1/417-2/417-3  
RR-PP-000.A /RR-PP-000.B/RR-PP-000.C



\*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.

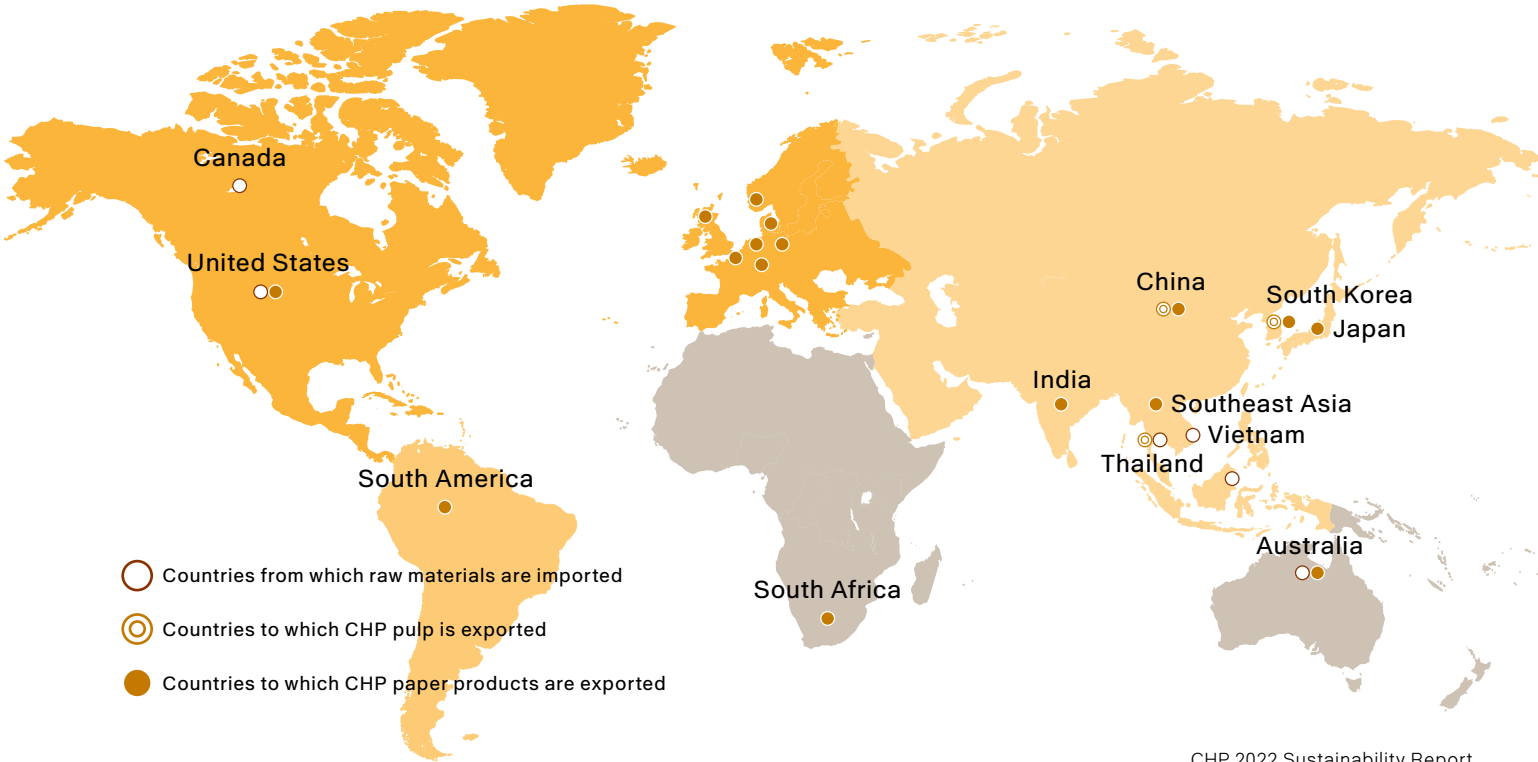
In 2022, the sales value of pulp, paper, and paperboard were NT\$3.66 million, NT\$15.45 million, and NT\$3.92 million respectively. The sales volume for pulp, paper, and paperboard were 158,745 metric tons, 434,895 metric tons, and 167,767 metric tons respectively.

Foresee 2023, it is anticipated that the impact of the COVID-19 pandemic will be managed, leading to global economic growth. With a focus on epidemic prevention, we will continue to monitor international developments and changes in the pandemic situation, ensuring smooth operation of production lines and fully preparing for raw material production while enhancing product competitiveness.

Short-Term Plan	<ul style="list-style-type: none"><li>Actively improve manufacturing processes and management, and enhance transformational capacity.</li><li>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.</li><li>Vertically integrate the supply chain, forge stronger ties with downstream processing plants, and increase the competitiveness of the entire industry.</li><li>Strengthen information integration, make use of big data analytics, and improve procurement and production/sales processes.</li><li>Provide customers with innovative payment and logistics services and strengthen our ability to keep abreast of market conditions.</li></ul>
Medium/Long-Term Plan	<ul style="list-style-type: none"><li>Develop environmentally friendly, sustainable, and high value-added fiber-based products, and continue to promote the transformation in product composition.</li><li>Commit to sustainable recycling, using the R<sup>3</sup> cycle (recycle, reclaim, regenerate) to maximize material utilization rate and diversify product portfolios.</li><li>Implementing a talent development plan and establishing a successor team to elevate ourselves into the ranks of world-class materials companies.</li></ul>

## 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>In 2022, global economic performance faced significant challenges due to the impacts of the Russo-Ukrainian conflict, mutant viruses, and high inflation. In response to rising inflation, most countries implemented tight monetary policies, resulting in a trifecta of negative effects from inflation, policy tightening, and financial pressures that led to a sluggish global economy. In the international paper industry, Russia, a major exporter of wood and energy, saw a surge in international pulp prices due to the outbreak of the Russo-Ukrainian conflict. In the realm of wood chips, rising environmental awareness globally led to increased usage of wood chips for power generation in countries like the UK, Hokkaido, and numerous power plants, driving long-term demand and pushing prices to historic highs. Raw materials with natural fiber characteristics have become increasingly valuable resources in the global supply chain, and while short-term demand may experience significant fluctuations, the overall upward trend remains unchanged. Despite these extreme changes, CHP continues to adapt and strive for stable operational outcomes.</p>
Strategies	<p><b>Strategy 1: Digital transformation and smart management</b> Introduce automated equipment to save labor and energy resources and increase production efficiency.</p> <p><b>Strategy 2: Customized services</b> 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><b>Strategy 3: Integrated forest, pulp, and paper production</b> 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"><li>· 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.</li><li>· In 2021, 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.</li></ul>
Strategies	<ul style="list-style-type: none"><li>· 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.</li><li>· 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.</li><li>· 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.</li><li>· Proceed with application for ISO22000 certification to keep pace with global trends in food safety development.</li></ul>

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"><li>· 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.</li><li>· 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.</li></ul>
Strategies	<ul style="list-style-type: none"><li>· 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.</li><li>· 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.</li></ul>

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>	
Agriculture Material Industry	<p>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.</p> <p>*Product: organic fertilizers</p> <p>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.</p> <p>*Product: "Richland" farmland paper</p>	 

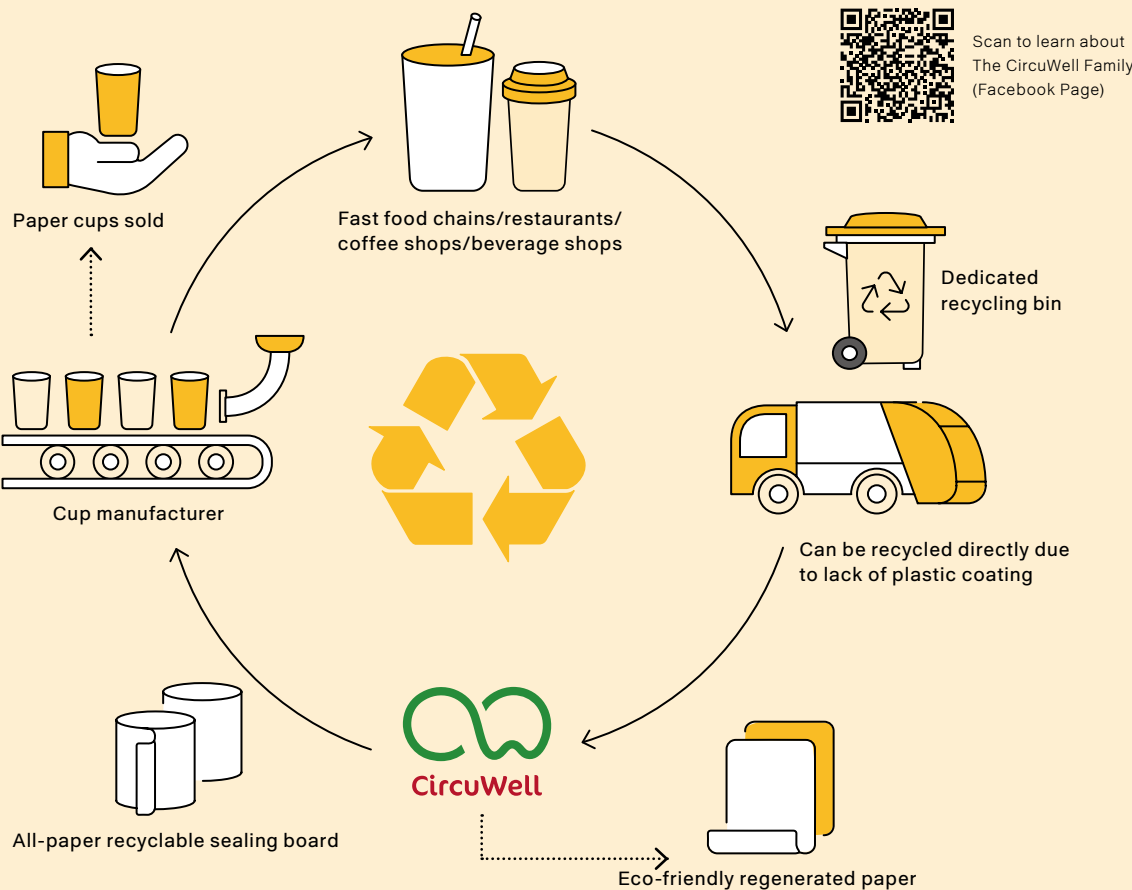


# A Revolution in Sustainable Materials:

## 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.

## CircuWell –CHP's All-Paper Recycling Food Container Solution

<IGEM 2022 Malaysia> the Taiwan Excellence Award, CircuWell

The Malaysia International Green Technology and Eco Products Exhibition (IGEM 2022) serves as a crucial platform for green and energy-efficient enterprises to expand into the ASEAN market. Led by the Bureau of Foreign Trade, Ministry of Economic Affairs, and the Taiwan External Trade Development Council (TAITRA), ten award-winning Taiwanese boutique manufacturers participated in the event. Under the theme "A Green Future," a Taiwan Excellence Pavilion was set up. CHP showcased its innovation in sustainable materials through the "CircuWell Beneficial All-Paper Recyclable Container Solution." As a representative of Taiwan's food safety containers, we highlighted the creative sustainable value of Taiwanese manufacturers on the global stage. We look forward to collaborating with the government to explore more promising opportunities in the New Southbound markets.



the opening ceremony of the Taiwan Excellence Pavilion, with CHP representing Taiwan at the exhibition

### <Action Go!> Responding to the United Nations' Ten Immediate Actions fpr Green

In August 2022, CHP was invited to participate in the "Action Go! Green Lifestyle Festival" organized by the magazine "今周刊" (Business Weekly), responding to the United Nations' Ten Immediate Actions from a corporate perspective. CHP General Manager shared how CHP leverages its industry strengths to achieve efficient carbon reduction. Our company has also used technological design to overcome product limitations and create a fully recyclable paper cup, contributing to the creation of a new generation of paper products in line with the concept of sustainability.



CHP General Manager represented to join the "Action Go! Green Lifestyle Festival"

### <Sponsoring Fully Recycling Paper Cups for International Ironman Triathlon Races> with 160 kilograms of CO<sub>2</sub> reducing

In April 2022, the CHALLENGE FAMILY International Ironman Triathlon event's Taiwan took place in Taitung, becoming one of the largest triathlon events in both the international and Taiwanese contexts. CHP collaborated with the event organizers to introduce low-carbon fully recyclable paper cups throughout the entire race. Compared to traditional cups, this initiative resulted in saving the equivalent of plastic material used in 2,500 plastic bottles (600ml per bottle), contributing to a reduction of approximately 160 kilograms of CO<sub>2</sub> emissions for the event.





## 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

In 1980, the government implemented a 20-year policy to encourage comprehensive regional development in Eastern Taiwan. In response, CHP began promoting afforestation in Eastern Taiwan. To date, the Company owns five forest land sites and has planted approximately two million tree species.

The main tree species found in forest lands in Taitung Country include Acacia confusa, Taiwan Zelkova, and Eucalyptus. For years, CHP has collaborated with forestry research institutes and forestry departments of domestic universities to cultivate a botanical garden in Guanshan's Dianguang Forest that is home to hundreds of tree species native to Taiwan, including two of the four relict species from Taiwan, Cycas taitungensis and Phoenix loureiroi, as well as a rich diversity of animal species such as the Reeves's muntjac, ferret-badgers, the collared scops owl, and the Taiwan blue magpie.

CHP's subsidiary, Dingfeng, operates a forestry business in mainland China. It grows and maintains forest land that supplies raw materials for paper-making. Dingfeng currently owns 501 forest compartments or 434,000 mu (28,933 ha) of forest land stretched across 9 counties and 52 townships in Guangxi and Guangdong Provinces. The subsidiary has built two plant nurseries of more than 100 mu (6.67 h) in area, where 1.75 million government-approved seedlings are planted annually to provide the seedlings needed for afforestation. Due to growing ecological awareness in recent years, CHP has been working hard to preserve ecological diversity and has accumulated 1.33 million m<sup>3</sup> of growing stock according to a forestry survey.

Forestry provides economic benefits. Afforestation for the purpose of supplying raw materials for papermaking is meaningful in that it not only replenishes regional forest resources and enriches regional ecosystems, but it also raises our ability to develop a local wood supply and enables us to protect and

preserve the ecosystems that live within these forests. Intensive management and purposeful cultivation of forested areas improves the quality of forest stands and strengthens forest ecology. The most prominent ecological benefits of afforestation are environmental greening, water conservation, soil and water maintenance, air purification, and ecological barriers to farming and animal husbandry activities.

To promote harmony between forest lands and neighboring regions, all of our forests are managed through manual labor, which requires a large workforce. We hire locally, giving priority to residents who live near our forests. We also prioritize local contractors and local farmers and workers when contracting our work. Before carrying out forestation work in culturally significant areas, we ascertain whether there are areas under special management (e.g., cultural relics, culturally significant landscapes, etc.). If such areas exist, we mark them on the map, reserve a buffer zone around the area, and ban any forestation activities in that zone, so as to preserve the original landscape of the area.

Our forestry operations in mainland China conform with the principles of reasonable logging and sustainable use. Our annual logging volume is based on the resources in our existing production base in order to scientifically and rationally manage our forest resources and ensure the reasonable consumption of wood materials. Ecological logging is a core aspect of our operations. We implement a gradient management system that facilitates structural adjustments and the optimization of forest resources, the quantification of wood production, biodiversity protection, and soil and water conservation and maintenance and adjustment of the forest carbon sink balance in forested catchment areas, all of which are conducive to minimizing the impacts of deforestation on the environment.



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.

The Landscape of CHP Hualien Forest Farm



### 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, then integrate ecology with daily life, constructing green areas that harmonize with nature. Through symbiosis, coexistence, and inclusiveness, we strive to achieve our sustainable environmental goals.

A total of 52,060 kgs of organic fertilizer were sponsored to HuaLien Guanghua Elementary School for Green beautification, Guanghua Small Farm, Ji'an Township Office, and the Community Development Association. By connecting production and ecology and integrating ecology with daily life, we aim to create green zones that blend seamlessly with nature, promoting a harmonious coexistence and working towards a sustainable and environmentally friendly future.



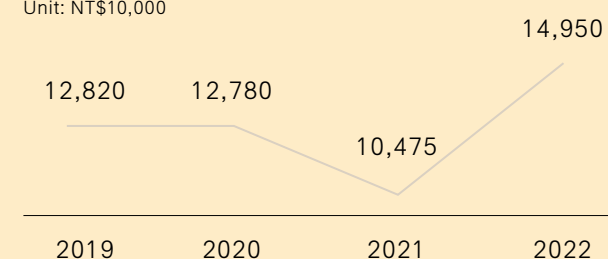
The Landscape of CHP Taiping Forest Farm

### 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.

### R&D Expenses

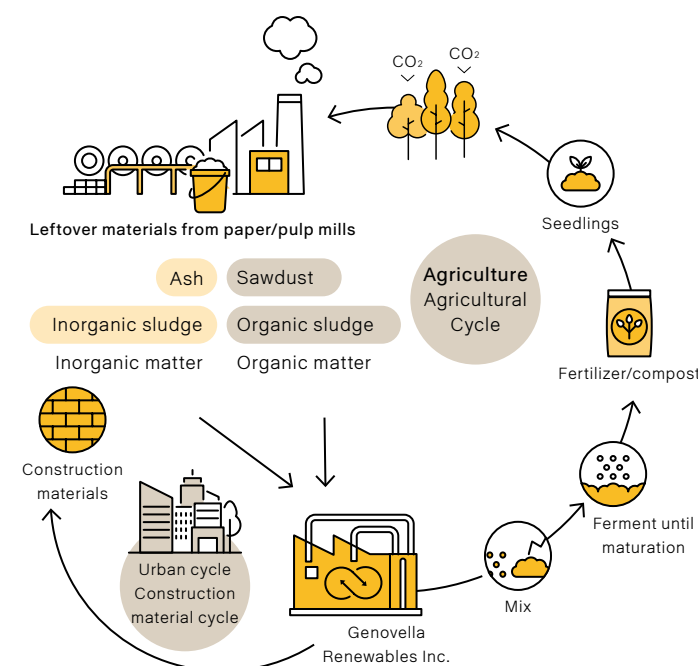
Unit: NT\$10,000



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.



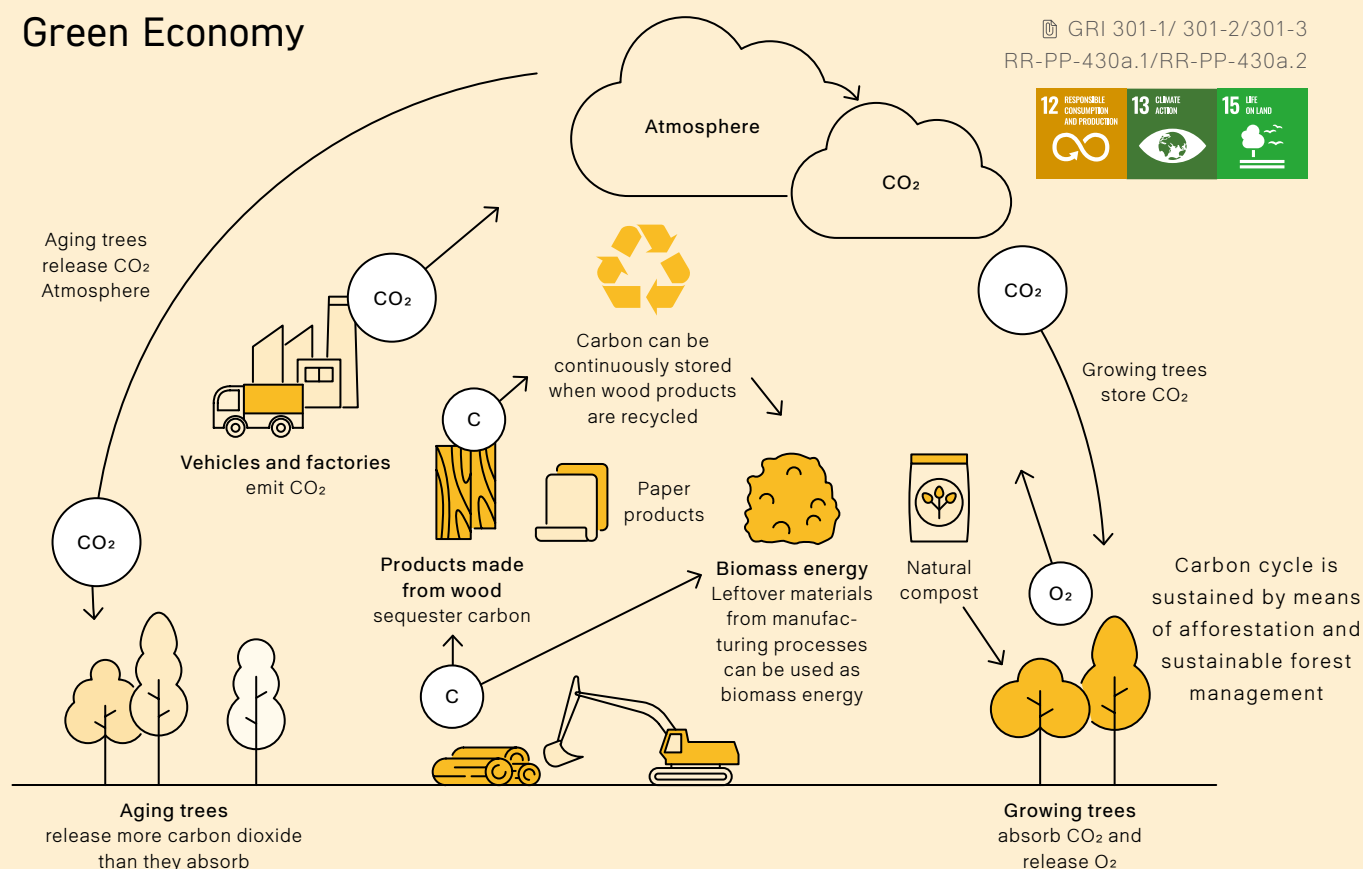
### Technology Research and Development

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.

In terms of financial support from government agencies, the total amount for the year 2022 was 2.145 million NT dollars (Industrial Bureau's Blockchain Supply Chain Financial Platform Innovation Optimization Project). Research and development expenses for the year 2022 totaled approximately 149.5 million NT dollars, representing a 43% increase compared to 2021. For the year 2023, it is projected that research and development expenses will amount to approximately 110 million to 130 million NT dollars.



## Green Economy



### Sustainable Forests for a Sustainable Life

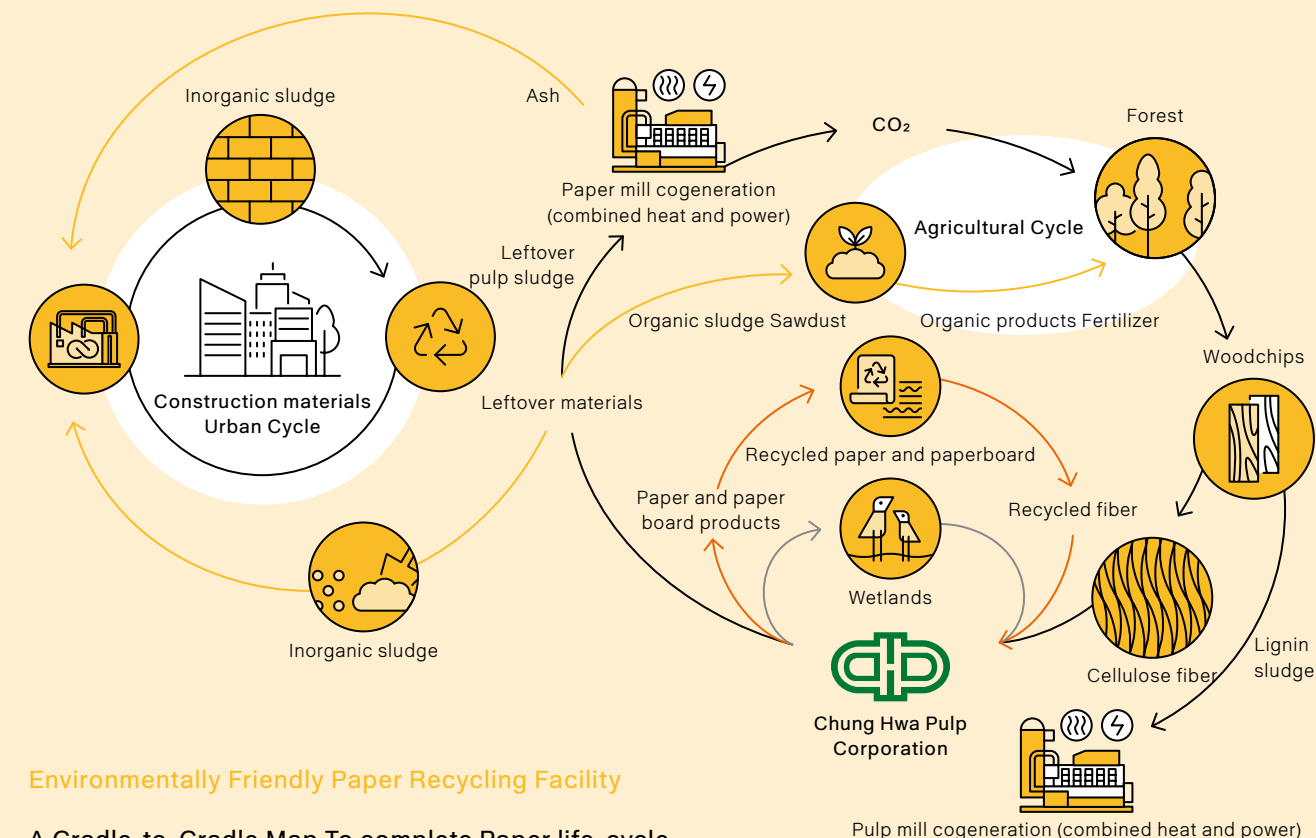
Paper is made from the cellulose found in wood. Wood is supplied by natural forests. Forests nurture human civilization and also capture carbon dioxide. However, forest resources are limited. If a tree can be recycled repeatedly and play different roles and have differing functions, then the demand for wood can be reduced, which indirectly reduces the felling of trees. Trees can be planted manually on a large scale. If trees are grown and used in a systematic and regulated manner, they can satisfy humanity's demand for wood and also sequester carbon in the atmosphere, thus obtaining maximum benefits from limited land to sustain the natural 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 waste and enter the paper recycling system to be converted into raw materials for papermaking.

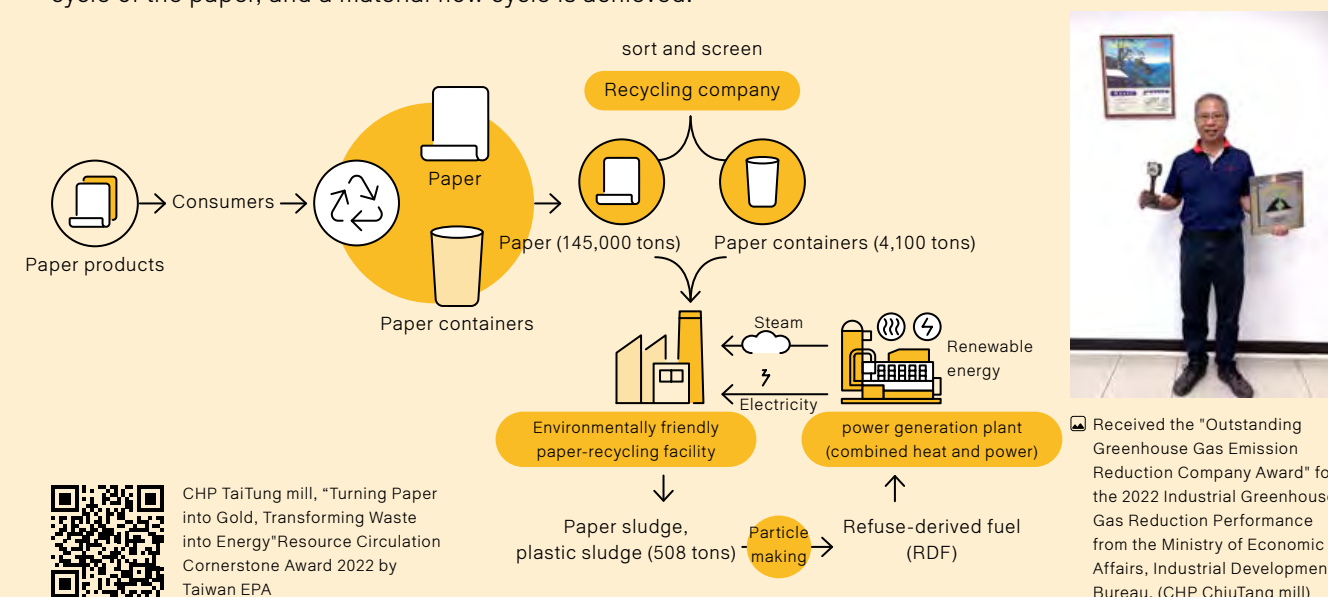
## The Circular Economy of Pulp



### Environmentally Friendly Paper Recycling Facility









#### A Cradle-to-Cradle Map To complete Paper life-cycle

Our environmentally friendly paper-recycling facility, TaiTung mill, is charged with sorting and separating paper containers and types of recycled paper. In 2022, we recycled 160,800 tons of waste paper, 6,200 tons of discarded paper containers, which in total 167,000 tons of recycled fibrous products, accounting for 33% of our total raw materials procurement. Commercially available paper containers are plastic-coated and contain a mixture of plastic materials. When recycled paper containers are processed in a pulping machine along with general paper waste, the pulping process takes longer and produces more impurities that affect the quality of the regenerated pulp. At CHP, we remove the PE coating on discarded containers and packaging film on used paper, and have converted it into 9,876 tons of solid fuel, 1,109 tons of which was derived from discarded containers. The fuel generates electricity and steam that powers our paper mill operations (e.g., drying paper). This extends the life cycle of the paper, and a material flow cycle is achieved.





Products with Environmental Certification

	<b>FSC certified products</b>	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.
	<b>PEFC certified products</b>	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.
	<b>Carbon footprint certified products</b>	CHP launched Paper Star Printing Paper, the first carbon footprint-certified office paper. A life cycle assessment has been performed on this product, including an inventory of its raw materials and transportation, pulp-making, papermaking, packaging, consumer use, and recycling processes. This is the first EPA carbon mark that we have applied for our printing papers.
	<b>Eco-friendly recycled photocopy papers</b>	Our Hyacinth series photocopy paper is made of 60% recycled paper to save forest resources.
	<b>Plastic-free paperboard</b>	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.
	<b>DIN CERTCO certified products</b>	CircuWell Easy Seal Board obtained certification in June 2021.  CircuWell Pulp-molded products obtained certification in Dec. 2021.
	<b>International Biodegradable Products Institute (BPI) certified products</b>	CircuWell Easy Seal Board obtained certification in Oct. 2021.  CircuWell Pulp-molded products obtained certification in Jan. 2022.
	<b>Certified products with Seedling Mark</b>	CircuWell Pulp-molded products obtained certification in Jun. 2022.

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

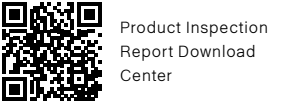
Products with the Green Mark

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

All of our production bases in Taiwan and overseas have received FSC Chain of Custody (CoC) certification and PEFC certification, and have conducted an inventory of their carbon footprint to implement carbon management. Products manufactured by CHP have passed green product, food safety, and medical device certifications, which are regularly renewed to ensure that our products comply with relevant regulations. The Company has installed a Finished Product

Quality Control Management System that features a distributed control system (DCS), quality control system (QCS), online stain detector equipment, and color sensor, to manage and check the quality of our paper products in real time and ensure that the paper we produce is printable and of good quality.



	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	o	
Biodegradable Industrial Compost				o	

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

## 綠色採購 及綠色消費推廣績優單位 頒獎典禮



CHP received the Outstanding Enterprise in Green Procurement, which was awarded by the EPA, Taiwan Executive Yuan

Environmental protection and sustainable development are issues of global concern, and the papermaking industry is viewed as a sector that is friendly to the environment. Given our corporate responsibility, CHP cares deeply about environmental issues. By practicing green procurement and purchasing green products (e.g., raw materials, production equipment, and office supplies with environmental labels, energy-saving marks, and FSC certification) CHP seeks to reduce environmental impacts and achieve sustainability, and thereby transform the papermaking industry into a sector that contributes socioeconomic benefits as well as greater value to all of society.

### Green Procurement

As a member of the global green supply chain, we purchase locally and encourage our suppliers to supply locally made products. Apart from cost savings considerations, support for local industries is another reason why we purchase locally. For example, 92% of our recycled paper is sourced from local suppliers. CHP's production bases are located in rural areas. For repair and maintenance work, we purchase equipment and materials from domestic or local suppliers as much as possible. This practice boosts local development, supports industrial transformation in Taiwan, and creates more job opportunities for locals, thereby achieving regional population equilibrium and

steady industrial development. CHP supports green procurement by taking part in the government's green procurement programs and purchasing raw materials and general materials with green labels. In 2022, green procurement at our plants in Taiwan total amounted NT\$5.5 billion. Among this, the procurement of green wood chips and green pulp from third-party certified forests accounted for 50% of the total procurement (which was 910,211 metric tons). The percentage conforming to standards for other fiber sources was also 50%. The quantity of purchased recycled paper was 137,702 metric tons

## Supply Chain and Customer Services

### Raw Materials Procurement

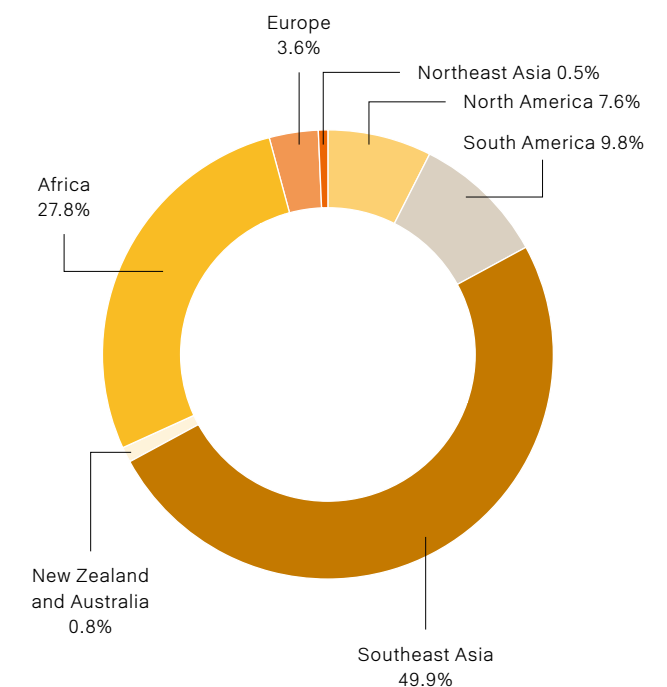
CHP imports woodchips and paper pulp to make paper; therefore, our production costs are susceptible to international market fluctuations. In 2022, the Company imported approximately 550,000 tons of raw materials (woodchips and pulp) from Australia, Chile, Brazil, Vietnam, Thailand, Indonesia, Malaysia, South Africa, Canada, the United States, and Europe. We closely monitor the volatility of raw material prices, keep abreast of changes in market supply and demand, and monitor the quality of sources to ensure stability in the cost of raw materials. The raw materials purchased by CHP are all government-approved or certified products and 100% renewable. The traceability of raw materials must be ensured in order to provide responsible products. Our product information is registered with international environmental protection alliances for approval to provide customers with transparent information and fulfill our corporate social responsibility.

### Supply Chain Management

Supply chain management is particularly important in a world filled with environmental issues and social challenges. Because CHP relies on natural resources to operate its business, we have an obligation to fulfill our social responsibility. To do so, supply chain management is a major challenge that we must tackle. Because illegal logging occurs frequently around the world, we are extremely particular about who we purchase our raw materials from. To avoid impacting the rainforest ecosystem, we only work with suppliers who are internationally certified and comply with local regulations. Our mission is to be a sustainable and responsible company that purchases and uses raw materials responsibly and endeavors to develop more environmentally friendly technologies to protect earth's resources. We have developed a Procurement Policy that demonstrates our commitment to protecting ancient and endangered forests, peatlands, and high carbon stock (HCS), high conservation value (HCV) areas. We ensure that our operations and procurement practices promote sustainable forestry. With respect to human rights regulations, CHP requires its suppliers to declare their commitment to responsible purchasing and human rights protections and to comply with local labor safety and human rights regulations. We also prohibit any form of discrimination as well as the use of child labor or forced labor.

GRI 2-6/2-23/3-3/301-1/  
407-1/408-1/414-414-2/  
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### Sources of Raw Materials



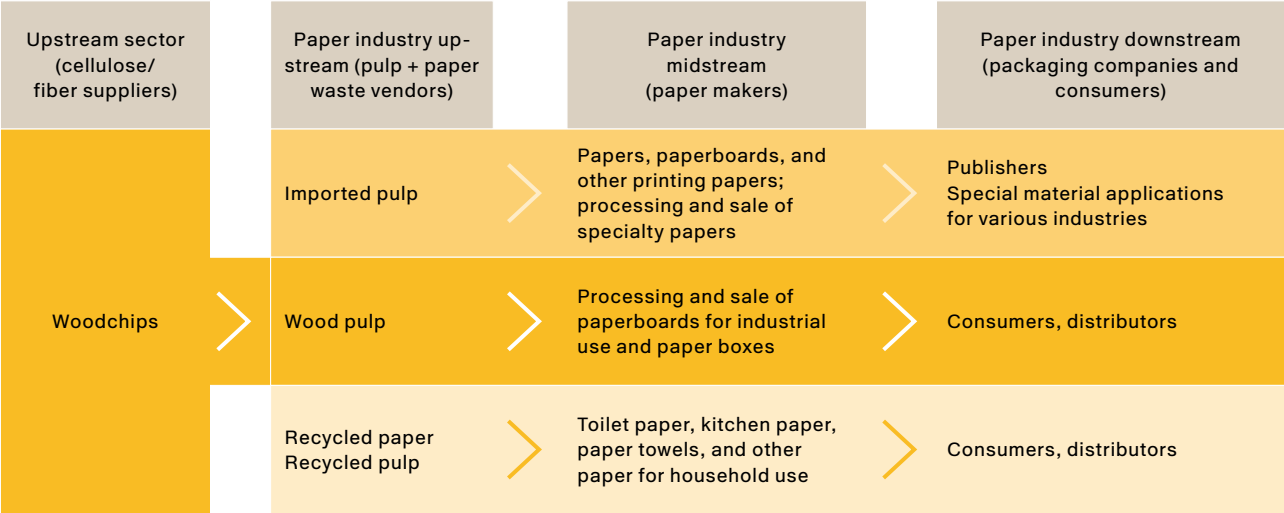
### Procurement Policy

#### 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

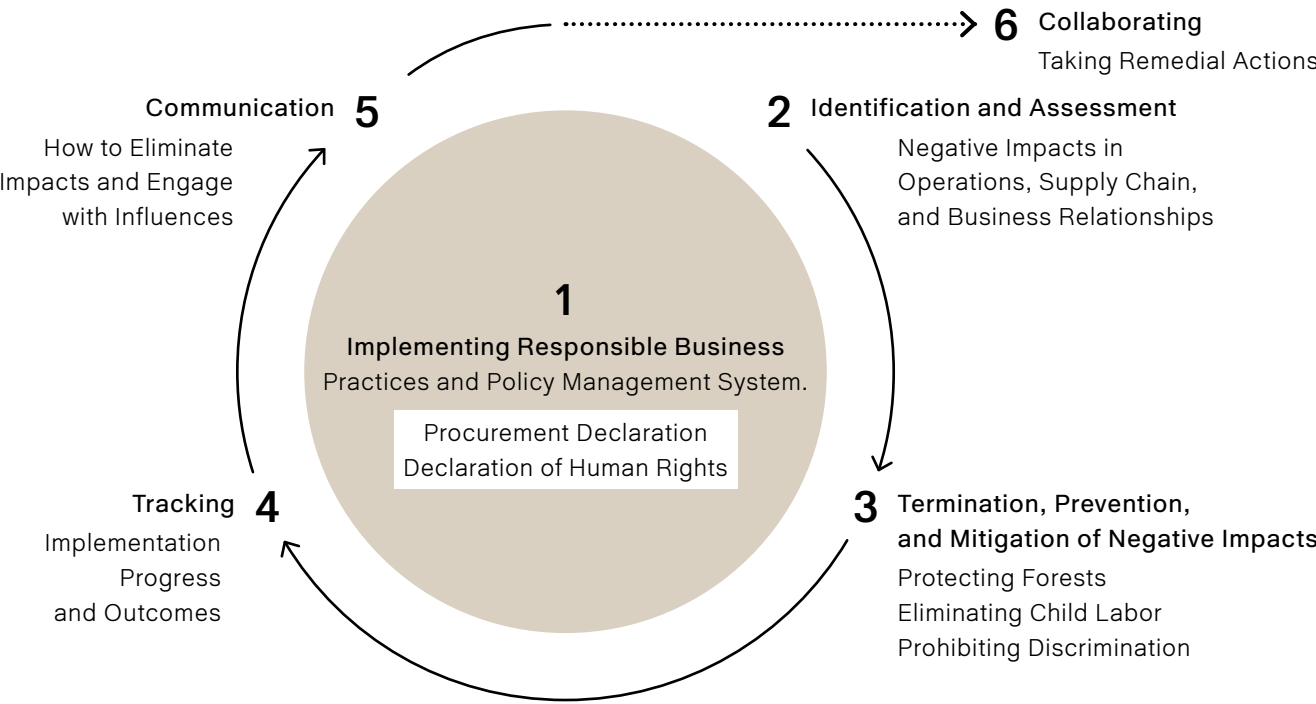


New Supplier Selection and Evaluation

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

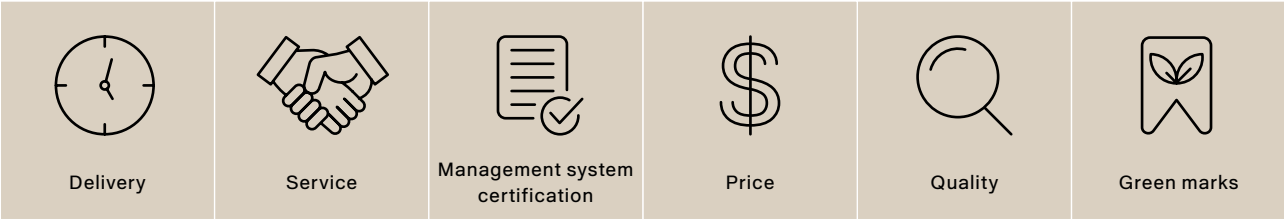
stipulated in this declaration and ensure that our suppliers do the same. For example, the declaration includes a statement of commitment to compliance with labor laws enforced in the location or country where the business is registered, the prohibition of child labor, and an adherence to the spirit 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 2022, a total of 733 supplier assessments were conducted (349 in the first half and 484 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 2022, CHP distributed 90 satisfaction questionnaires and retrieved 46 valid samples, for a retrieval rate of 51.1%.

The satisfaction survey consisted of six dimensions, each with a total score of 5. In 2022, the respondents were on average "satisfied" (ave. score at 4.11) with the services of CHP. The scores and satisfaction rate were slightly improved compared with 2021. In general, customers were relatively more satisfied with our product information, order processing, and transportation services.

In terms of product information services, customers have identified their top four essential information needs as product samples, product material specifications, comparative quality information of competing products, and updates on new products. Additionally, 35% of customers expressed satisfaction with Hua Paper's product information services due to the "excellent service attitude."

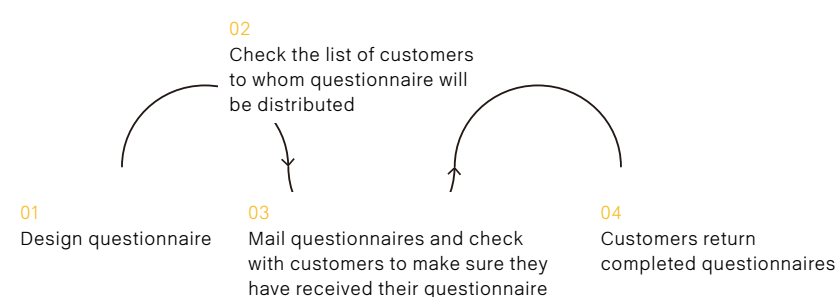
In the area of order services, customers have expressed satisfaction with the promptness and accuracy of Hua Paper's service personnel in responding to their inquiries. Additionally, the satisfaction level regarding order accuracy has noticeably increased compared to the year 2021.

As for transportation services, in 2022, 87% of the surveyed participants expressed satisfaction or high satisfaction with the transportation services provided by various factories and transfer stations. This satisfaction rate is slightly higher than the 75% satisfaction rate recorded in 2021. Despite the ongoing pandemic situation, Hua Paper has invested in a GPS management system to ensure smoother vehicle traffic and operations.

For product quality related, the introduction of new equipment has been aimed at enhancing quality control and inspection processes. Approximately 59% of the surveyed participants expressed satisfaction with the quality of products such as copperplate paper, imitation paper, and paperboard. However, there is still a portion of customers who hope for even greater stability in product quality. Regarding technical assistance services, CHP currently provides assistance that exactly aligns as needed.

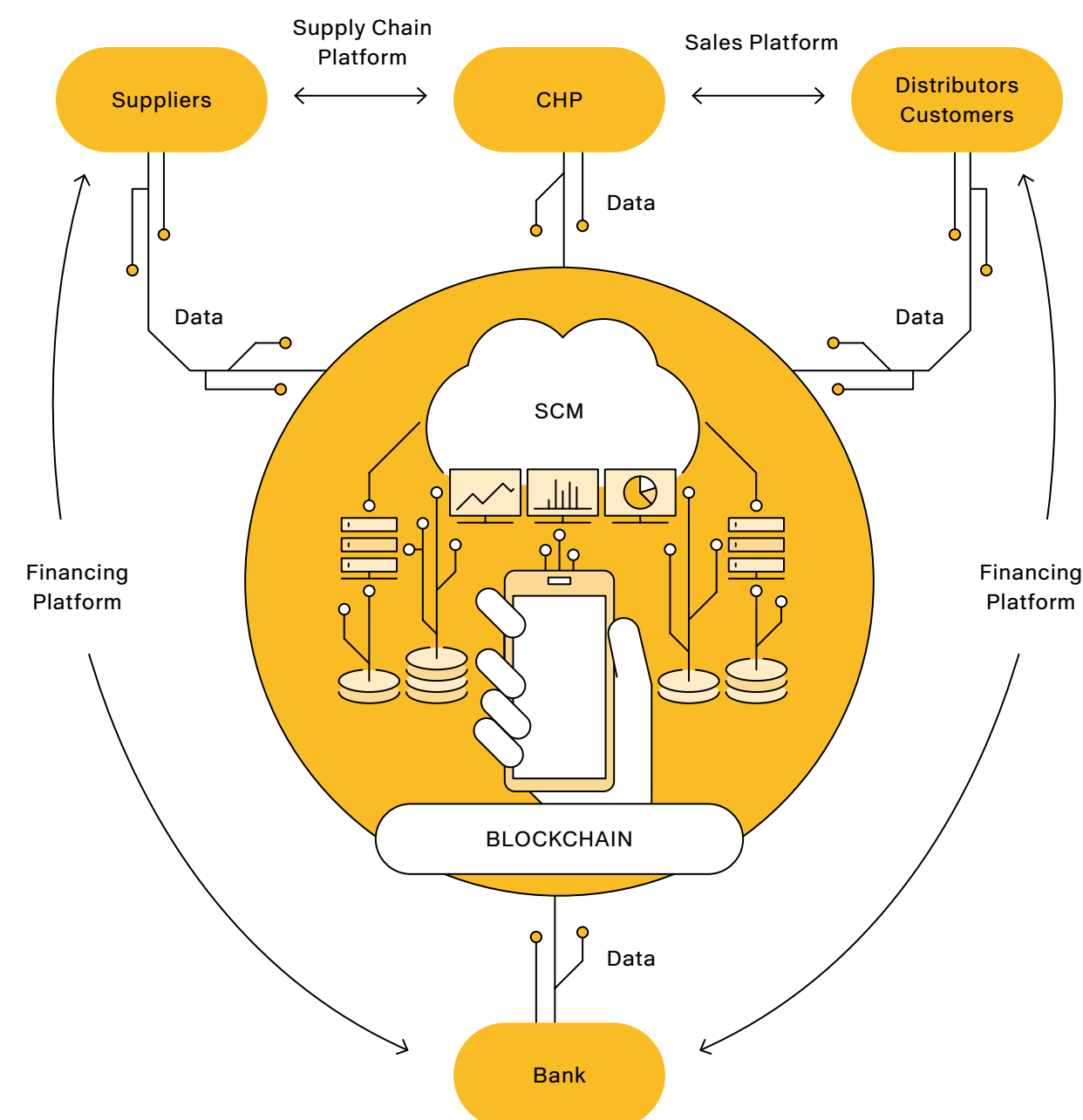
### Research Process

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
2021	3.65	3.68	3.75	3.53	3.78	3.80
2022	4.11	3.87	4.11	3.93	4.13	4.15

## Digital Development for Triple Win Outcomes



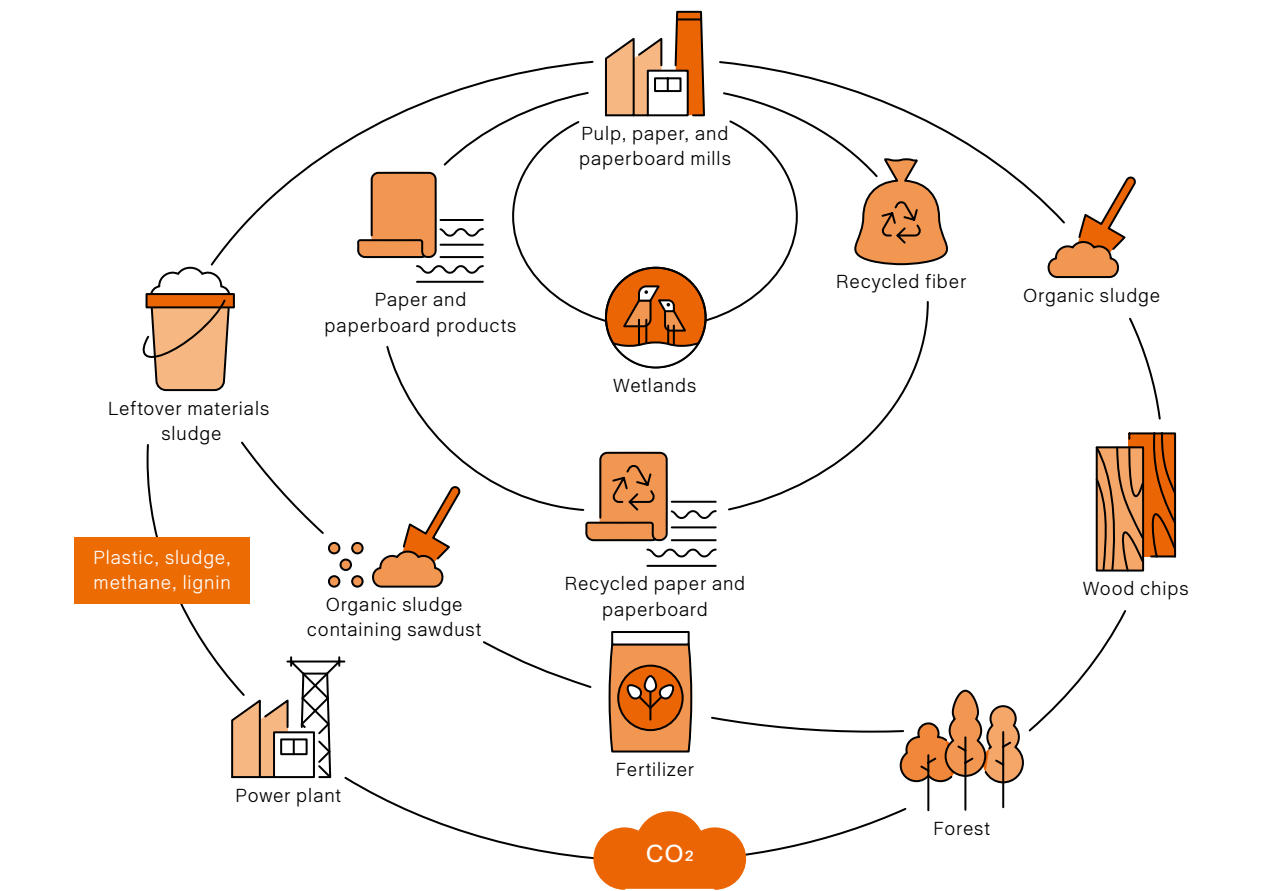
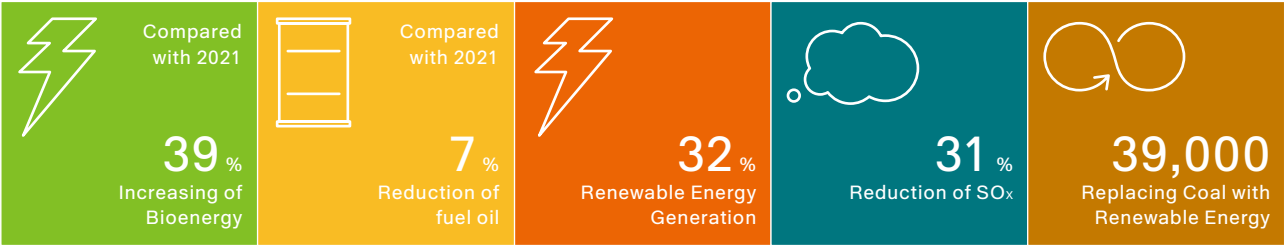
In 2018, CHP joined the group's supply chain management project to develop and install and SCM platform and engage in training. To date, 139 suppliers have been incorporated into the system, and this project will be continuously improved. CHP greatly values supply chain management; therefore, the supply chain management project was rigorously implemented to maximize benefits. Through the supplier management platform, we connected upstream and downstream partners, enhanced overall competitiveness, and achieved outcomes that benefited all involved.

In August 2022, the blockchain supply chain financial platform was officially launched with CHP being one of the domains within the group. The supply chain finance leverages blockchain technology to facilitate the sharing of funds, risks, and information among upstream and downstream parties (suppliers, customers) and banks. By the end of 2022, the platform had assisted 8 suppliers and 6 customers in securing financing totaling NT\$140 million, aiding small and medium-sized enterprises in resolving funding issues, enhancing operational efficiency, reducing risks, and thereby promoting long-term business development.



# Green Production

GRI 3-3/302-3/302-5

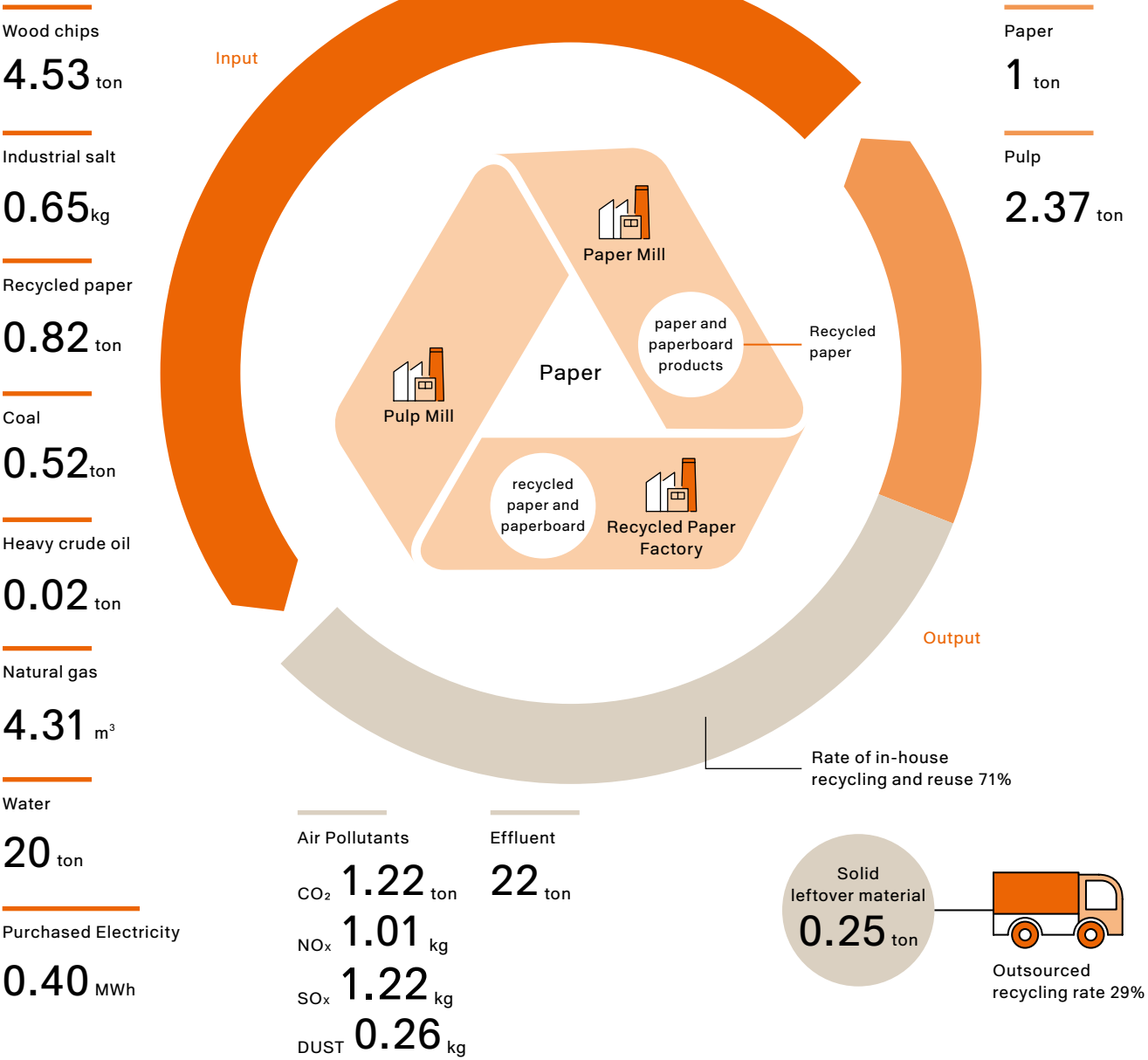


Environmental protection and sustainable development issues have garnered attention worldwide. It is the corporate responsibility of the papermaking industry to address these issues. The key to sustainable growth is transforming a linear economy that traditionally relies on the use of resources into a circular economy. Speeding up the adoption of an innovative circular bio-economic model is the challenge that will determine the

sustainability of the papermaking industry. The papermaking industry is an environmentally friendly sector that gives a positive green corporate image. In future manufacturing processes, the carrying capacity of natural ecosystems must be adequately considered when introducing or making improvements to new production concepts. Natural resources must be conserved and utilized as efficiently as possible.

Resources must be efficiently used at the source and throughout the production process, so that every production step is hazard-free and characterized by minimal input, minimal emissions (waste), and maximum (resource) utilization. In doing so, green industries such as papermaking can be transformed into a sector that contributes socioeconomic benefits as well as greater value to the entire society.

## Energy Input and Output



Note: In 2022, compared to 2021, there were reductions in the usage of coal by 0.48 metric tons, heavy oil by 0.03 metric tons, water by 1 metric ton, and purchased electricity by 0.25 kilowatt-hours per unit of product.

In line with global sustainability policies, CHP has voluntarily implemented a series of clean production plans in an effort to improve our water and energy efficiency, thus bringing us one step closer to our zero waste and zero emissions goals.

Cutting Energy Costs and Transportation Costs and Reducing Water Wastage	
Past	<b>Type of pulp: Dry pulp</b> <ul style="list-style-type: none"><li>Paper pulp must be properly stored during transportation to ensure quality. Finished products must be dried before selling them to a paper mill. To make paper, pulp must be diluted before use.</li></ul>
Present	<b>Type of pulp: Semi-wet pulp or liquid-pumped pulp</b> <ul style="list-style-type: none"><li>Semi-wet pulp can be used directly to make paper. It does not need to be pre-processed (e.g., drying and diluting), which saves energy (e.g., steam), water, and labor.</li><li>If a paper mill is adjacent to the pulp mill, semi-wet pulp can be transported directly via a pipeline, which greatly reduces the cost of pulp digestion, processing, packaging, and transportation.</li></ul>

Management Systems

CHP has set up a committee that is in charge of managing ISO-based quality standards, the environment, workplace safety, and FSC and PEFC certifications. In addition, quality, environment, safety, and health policies and commitments have been established. In addition to being continuously involved in community development, we ask our suppliers and vendors to commit to, comply with, and fulfill their environmental and integrity obligations. In terms of management and implementation, we have adopted a bottom-up management model in which environmental considerations are put forward by employees and regularly meet up with the management committee to communicate environmental information to senior management. We identify material environmental aspects and regularly meet up with relevant committees to review the implementation status of these aspects and evaluate laws, regulations, and other rules and requirements. Subsequently, we put procedural controls into place or implement improvement projects after studying technical trade-offs, finances, operations, business activity, and stakeholders' views. CHP has obtained the following management system certifications:

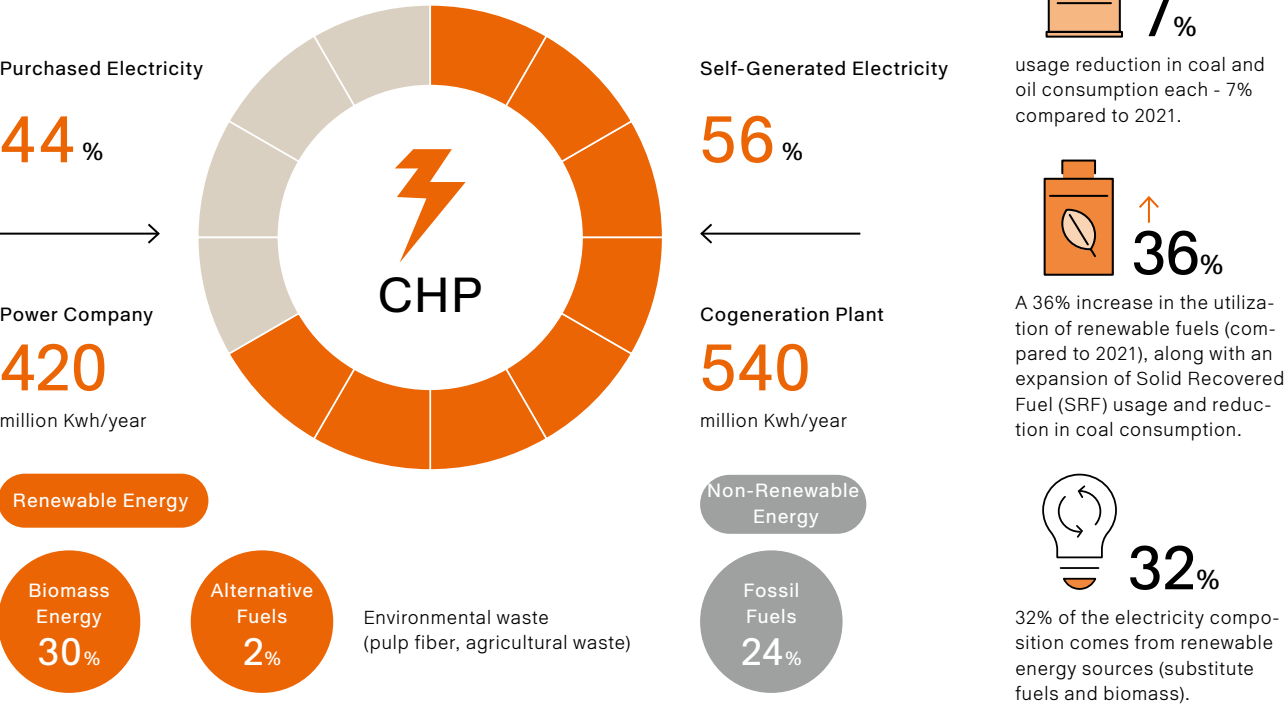
	ISO 9001	ISO 14001	ISO 14064-1 (Note 3)	ISO 50001	ISO 45001	ISO 22000	HACCP	FSC™ CoC certificate (Note 1)	PEFC certificate (Note 1)	Level 3 Safety Production Standardized Enterprise (China)	FSC™ FM certificate (Note 2)	High-Tech Enterprise (China)
Pulp/Paper Mill (Hualien)	2023.05 (Note 4)	2025.04	2022.08	-	2024.06	2025.04	2025.04	2023.08	2025.09	-	-	-
Paper Recycling Mill (Taitung)	2023.12	2025.12.	2022.07	-	2025.12.	-	-	2023.10	-	-	-	-
Specialty Paper Mill (Chiotang)	2025.05	2023.06	2022.07	2023.12	2023.06	2024.10	2024.10	2027.12	-	-	-	-
Paper Product Mill (Kuanyin)	2025.05	2025.05	-	-	-	2026.03	2026.03	-	-	-	-	-
China Paper Mill (Dingfung)	2023.07	2023.08	-	-	-	-	-	2024.08	-	2026.02	2027.02	2024.12

Note 1: FSC™ CoC (License Code: FSC™ -C016878, FSC™ -C012657, FSC™ -C118028); PEFC (Certificate SGS-PEFC/COC-1176).  
Note 2: FSC™ FM (Forest Management) Certification.  
Note 3: ISO14064-1 This is the verification pass time, with verification being conducted annually on a fixed schedule.  
Note 4: The publication of the report is nearing the effective date, while the renewal verification process is still underway.

Energy Management

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

CHP's Energy Structure



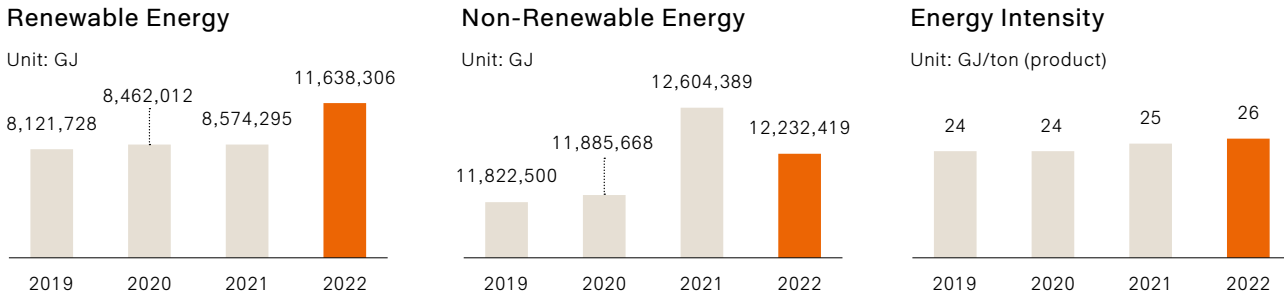
CHP's power is generated by a cogeneration system that supplies 50%–90% of the electricity required to run operational activities and provides electricity during off-peak hours to balance the pressures of regional power consumption. Combined heat and power, also known as cogeneration, is characterized by its ability to generate both thermal and electrical energy. Unlike traditional power generation methods that emit waste heat into the atmosphere, the fuel costs invested in a cogeneration system can be transformed into both power and useful thermal energy, effectively reducing waste heat emissions and reliance on fossil fuels while increasing energy efficiency. The gross heating value of CHP's cogeneration system is sourced from coal, biomass, pulp sludge, and mixed recycled plastic. Through rational power distribution, we are able to maximize our energy efficiency.

In 2022, the total internal energy consumption within the organization amounted to 23,870,725 gigajoules (GJ), with approximately 11,385,360 GJ being self-generated. Among this, the usage of renewable energy sources accounted for 11,638,306 GJ, consti-

tuting 49% of the total internal energy consumption. This substantial increase in renewable energy usage can be attributed mainly to the greater input of woody biomass.

On the non-renewable energy front, the consumption for 2022 was 12,232,419 GJ, marking a significant decrease compared to the previous year. This reduction is primarily attributed to the decreased usage of fuel oil and fuel media.

Since the baseline year of the Task Force on Climate-related Financial Disclosures (TCFD) in 2018, CHP has undergone changes in its product portfolio, engaged in continuous transformation, and expanded its operational presence. These factors have contributed to alterations in energy intensity. In 2022, the energy intensity per unit of product stands at 26 gigajoules (GJ). This metric reflects the amount of energy required to produce a single unit of product, showcasing the organization's efforts towards optimizing energy efficiency and aligning with its sustainability objectives.







## 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 2021, 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 CO<sub>2</sub>e in carbon emissions.

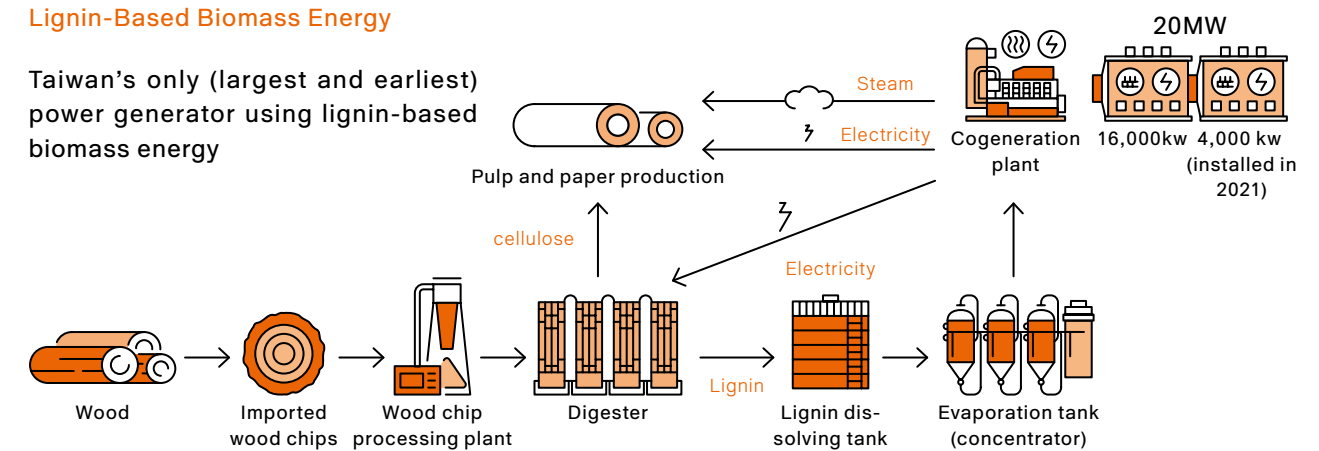
### Energy Conservation Project

CHP Energy Conservation Project encompassed categories such as waste heat recovery, energy efficiency enhancement, and equipment replacement. The total carbon reduction for the year 2022 amounted to 45,810 metric tons of CO<sub>2</sub>e (carbon dioxide equivalent).

2022 Energy Conservation Project	Waste heat recovery	Energy efficiency enhancement	Equipment replacement	Fuel Substitution
Project Items	Boiler Flue Gas Heat Recovery	Upgrading to High-Efficiency Motors, Changing Aeration Blowers to Frequency Control	Replacement of Old Air Compressors and Debarking Machines, and Replacement of Mercury Lamps with LED Lights	Conversion from Coal to Biomass System
Number of Projects (Cases)	1	7	6	1
Energy Savings	125 gallons of Fuel Oil	8,961 kwh of Electricity Consumption	5,053 kwh of Electricity Consumption	18,847 metric tons of Coal Reduction
Carbon Emission Reduction (metric tons of CO <sub>2</sub> e)	387	4,659	3,257	37,506
Subtotal (metric tons of CO <sub>2</sub> e)			45,810	

### Lignin-Based Biomass Energy

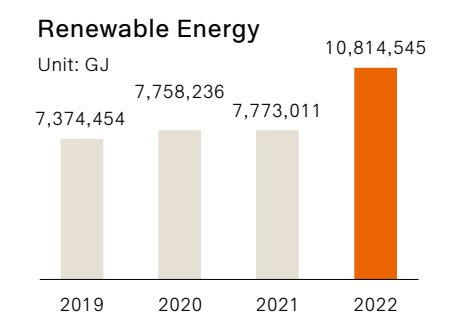
Taiwan's only (largest and earliest) power generator using lignin-based biomass energy



At CHP, pulp is produced by digesting wood chips to extract cellulose that is used to make pulp and paper. The resulting solution (also called black liquid) contains lignin as well as other organic substances, such as wood essential oils, pectin, starch, hemicellulose, and trace amounts of cellulose. The solution is concentrated in an evaporation tank to produce 63%–70% lignin concentrate, which is transferred to a recycling furnace for combustion to produce steam that replac-

es heavy oil and then processed in a cogeneration system to provide steam and electricity for manufacturing processes. CHP has a complete set of guidelines to manage gas emissions resulting from the combustion of biomass energy. Emissions are processed in a dust collector to prevent air pollution. Due to fluctuating raw material prices, biomass fuel may be affected by procurement and financial management risks.

Lignin-based biomass energy provides 93.2% of the self-generated electricity through power generation in our Hualien integrated pulp and paper mill. In 2022, the calorific value of CHP biomass energy reached 1.08 million GJ, with an increase of 2.8 metric tons in the input of Lignin-based biomass compared to the previous year, leading to a 39% increase in calorific value. CHP is actively investing in biomass energy technology and aims to expand its renewable energy generation capacity in 2023 to contribute to the national net-zero carbon emission target.



Item	Description
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. SO <sub>x</sub> and NO <sub>x</sub> 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.

### Renewable Energy

CHP is committed to recycling and reuse. Sludge, wood materials, bark, and plastic residue from recycled paper are materials that neither be reused in the production line nor regenerated into usable products. These materials are crushed, sieved, and granulated to form fuel for use as a substitute for coal, and as an alternative fuel for multi-fuel-fired boilers and also for the cogeneration system to supply the electricity required for operations.

Among CHP paper mills, Hualien, Taitung, and Chiutang plants each has co-generation system, aiming for net-zero transformation by progressively increasing the proportion of renewable energy in their power generation, derived from plant heat values. In the first quarter of 2023, Hualien mill will acquire cer-

tification for 20,000 kW of renewable energy power generation equipment. Taitung mill and Chiutang mill completed the installation of solar photovoltaic systems on their rooftops by the end of 2022, with solar capacity of 1,187 kWp and 810 kWp respectively. They have also significantly increased the use of solid renewable fuels (SRF) and bioenergy, achieving significant carbon reduction effects. Furthermore, the liquefied natural gas equipment at the Kuanyin Plant is expected to be completed by the end of 2023, with plans for a comprehensive replacement of heavy oil.

Alternative Fuels	Amount of Coal Replaced (In terms of Heating Value)
Sludge	5,000 tons/year
Slag, SRF, RDF	20,000 tons/year
Discarded wood/bark	14,000 tons/year

Emissions Management

GHG Management

To provide more eco-friendly products, we engage in continuous GHG reduction planning with a focus on seeking more efficient production models and technologies. CHP’s boundary for GHG reporting encompasses paper mills and production plants in Taiwan and China. Our goal is to reduce carbon emissions by 7% by 2025 (in 2022, we reduced our emissions by 36,000 tons which is about 4%, compared to 2018).

Management Approach

CHP has set up a GHG Reduction Task Force that is responsible for taking an inventory of GHGs emitted from our production bases and formulating reduction measures. Inventory results are verified by a reputable third-party agency and subsequently registered on the national GHG registration platform (for production bases in Taiwan) and disclosed in our sustainability reports. In accordance with the Greenhouse Gas Reduction and Management Act promulgated by the Environmental Protection Administration (EPA), Executive Yuan in 2015, the pulp and paper industry participates in the Voluntary GHG Emissions Reduction scheme, a program launched by the Industrial Development Bureau of the Ministry of Economic Affairs.

Management Performance

Inventory of Scope 1 and 2 Emissions

Inventories of GHG emissions from CHP’s production bases are conducted in accordance with international and domestic regulations, including Taiwan’s ISO/CNS 14064-1, the GHG Protocol, the Greenhouse Gas Reduction and Management Act, and the latest regulations stipulated on Taiwan’s GHG Registry platform, as well as China’s laws for addressing climate change. The Global Warming Potential (GWP) figures were obtained from the IPCC Fourth Assessment Report (Clim

GRI 3-3/305-1/305-2/305-3/305-4/305-5/305-6/305-7  
RR-PP-110a.1/RR-PP-110a.2/RR-PP-120a.1

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

In 2005, CHP’s GHG emissions totaled 1.02 million tons CO<sub>2</sub>e (the Kuanyin paper mill was not included in this boundary).

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.

mate Change 2007: Impacts, Adaptation, and Vulnerability). The emissions factors are based on the GHG Emissions Factor Management Table Version 6.0.4 announced by the EPA. After the inventory results are generated, the information required to support our results is provided to third-party verification agencies such as SGS and DNV, then registered on the EPA’s GHG inventory platform and disclosed in our sustainability report.

Pathway to Net Zero Carbon Emissions for CHP

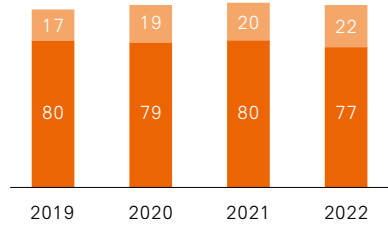
CHP is progressively reducing coal consumption year by year, enhancing energy utilization efficiency, and expanding the application of biomass fuels. Each plant leverages equipment and local advantages, integrating renewable energy sources such as bioenergy, biogas, and solar power to develop biofuels. This concerted effort is aimed at achieving the net-zero carbon emissions goal for 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.

Greenhouse Gas Emissions

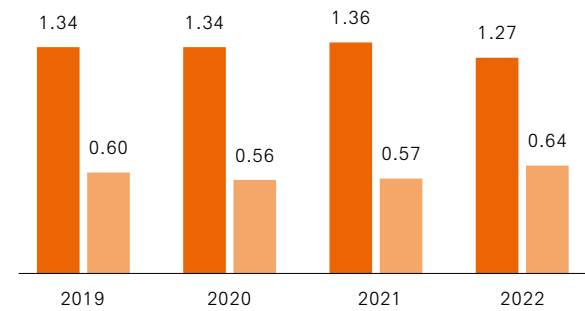
Scope 1 emissions (768,837 tons CO<sub>2</sub>e)      Unit: 10,000 tons CO<sub>2</sub>e  
Scope 2 emissions (225,373 tons CO<sub>2</sub>e)



- Notes:
1. GHGs include carbon dioxide (CO<sub>2</sub>), methane (CH<sub>4</sub>), nitrous oxide (N<sub>2</sub>O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulfur hexafluoride (SF<sub>6</sub>), and nitrogen trifluoride (NF<sub>3</sub>).
  2. Scope 2 emissions were based on the carbon emissions factors announced by the Bureau of Energy.
  3. Emission intensity only covers Scope 1 and 2 GHG emissions.
  4. The production base in Kuanyin commenced operation on July 1, 2021; therefore, the scope of boundary was changed, which affected our emissions reduction performance in 2022.

Emission Intensity of Pulp and Paper Products

Paper products      Unit: tons CO<sub>2</sub>e/ton (of product)  
Pulp products



Inventory of Scope 3 Emissions

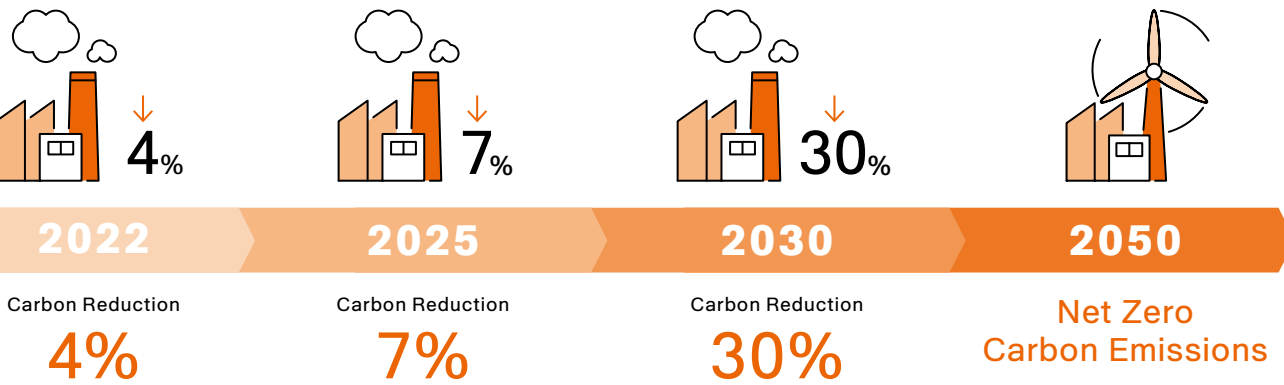
According to our Scope 3 GHG emissions in 2022, the total GHG emissions resulting from the transportation of upstream raw materials, including domestic and overseas procurement of wood chips, pulp and recovery paper, was estimated to be 30,043 tons CO<sub>2</sub>e (Scope 3 emissions have not been verified by a third party).

\*Calculation was based on the emissions factors provided on the Carbon Footprint Calculation Platform.

Carbon Reduction Performance

CHP is voluntarily working to reduce carbon emissions. Besides upgrading our production facilities and motor performance, we have also adopted energy-saving measures such as taking an inventory of our electricity and steam consumption. In recent years, we have installed energy-saving pulp-making machinery and recovered thermal energy (from steam/flue gas) to reduce heat dispersion, effectively improving our energy efficiency and lowering our fuel oil demand. Additionally, the installation of wood lignin concentration equipment has been increased to improve

the power generation efficiency of bioenergy. In 2021 and 2022, the usage of fuel oil was 1,138,774 GJ and 1,062,169 GJ respectively, resulting in a 7% reduction in fuel oil consumption. For the same years, the usage of fuel media was 8,093,331 GJ and 7,511,523 GJ respectively, leading to a 7% reduction in fuel media consumption. The combined efforts resulted in a total reduction of 75,000 metric tons of CO<sub>2</sub>e emissions.





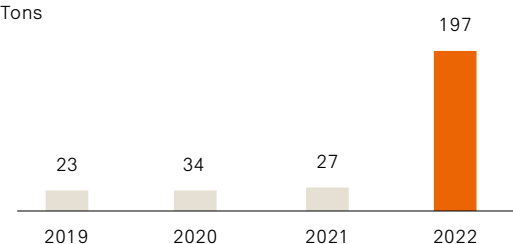
## Air Quality Management

CHP adheres to government regulations for air quality management, evaluates and improves technologies, and does not emit harmful air pollutants. In recent years, CHP has been replacing equipment, which not only contributes to carbon reduction goals but also led to a decrease in total emissions of NOx, SOx, and particulate matter in 2022 compared to 2021, with reductions of 13%, 31%, and 25% respectively.

With the addition of the Kuanyin Plant's operations

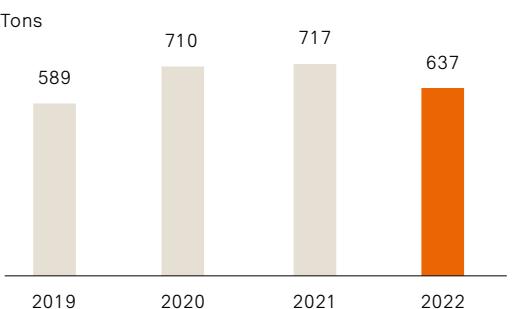
### Emissions of VOCs

Unit: Tons



### Emissions of NOx

Unit: Tons



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

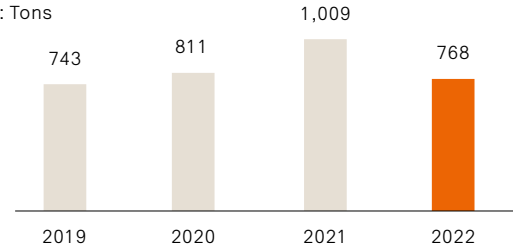
## Odor Prevention

The paper production process can generate foul-smelling gases containing hydrogen sulfide, methanethiol, and methyl disulfide. These substances have differing calorific values, and the sulfur element in the composition is essential for the production process. We employ an odor-collection system to transfer foul-smelling gases into a recovery boiler for

combustion. Heat from the recovery boiler reacts with the chemicals to convert the foul-smelling gases into process chemicals, which are then introduced into the laminate combustion system in the recovery boiler for improvement to deodorize the pulp-making and water treatment processes while reducing fuel oil and GHG emissions.

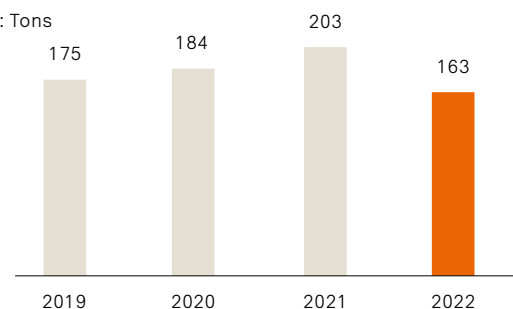
### Emissions of SOx

Unit: Tons

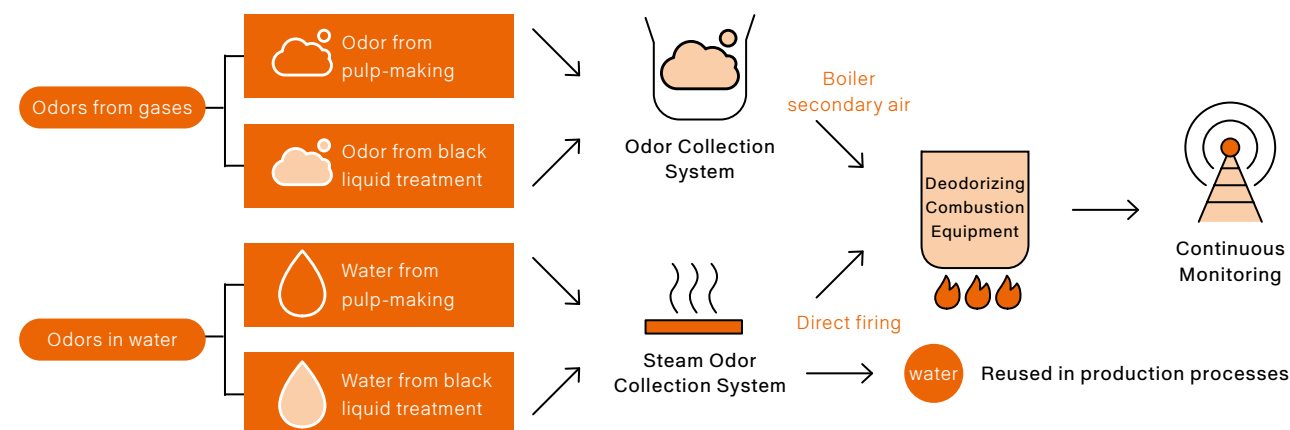


### Total Particulate Matter Emissions (Dust)

Unit: Tons



## Odor Prevention Process



In pulp and paper production, a considerable volume of water is consumed for the washing, dissolving, and transportation processes. Water resources are a major environmental consideration at CHP. Our production bases have an abundance of groundwater resources and are not located in geologically sensitive groundwater recharge areas. For our production processes, we use groundwater from groundwater wells. We have applied for permission to use each well. We monitor the water levels from time to time to ensure that they are within the safe range. Discharged effluents flow into nearby river/stream mouths or estuaries (surface water). According to a review of hydrologi-

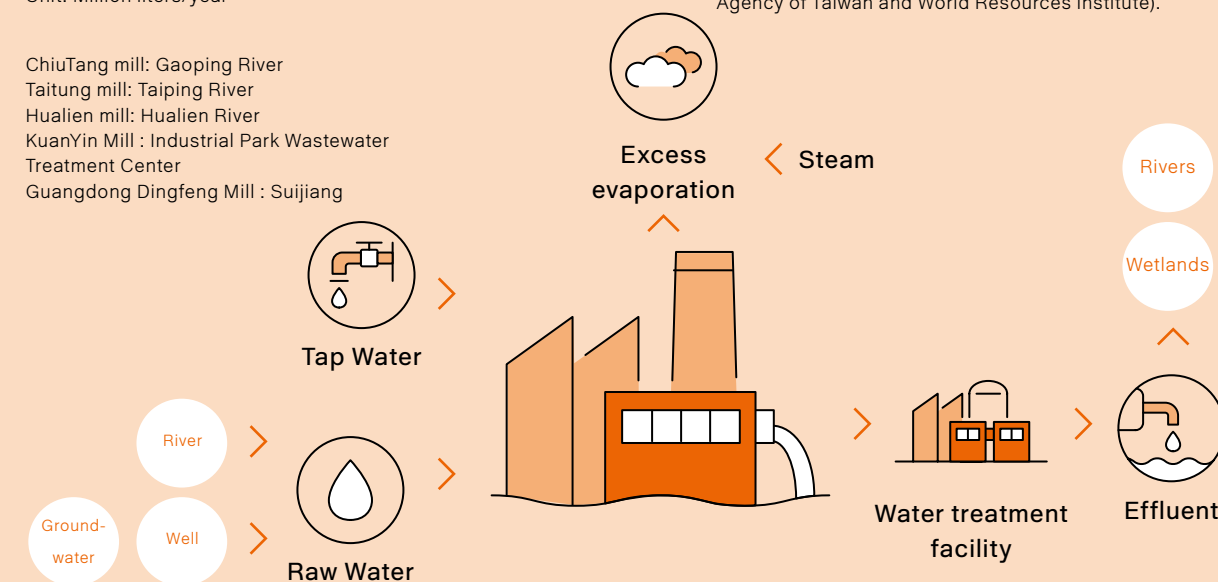
cal data, water quality and dynamic and static water levels do not influence the bodies of water or stratum subsidence. We attach importance to the management of water resources. The efficient use of water in production processes and water conservation are crucial topics in water management. Effluents are discharged into wetlands for ecological conservation, thereby creating an ecological chain. In response to the unequal distribution of water resources in Taiwan, we have set a target for the total process water intake to be less than 30,000 million liters, aiming to increase water recycling rates. This is crucial for ensuring the sustainability of water resources.

\*In 2022, CHP water consumption amounted to 176.4 million liters.  
\*Our production bases are located in areas with a low level of water stress (Source: information published by the Water Resources Agency of Taiwan and World Resources Institute).

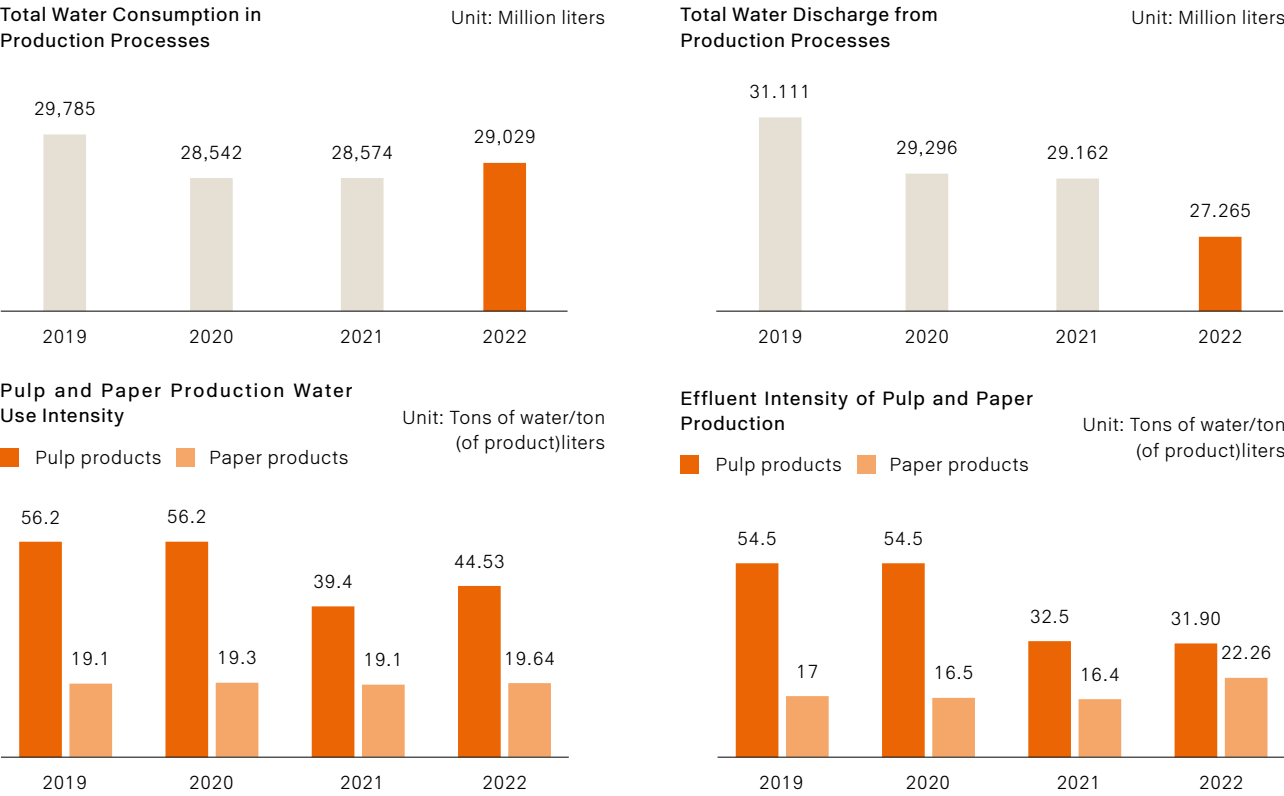
## Water Resources

Unit: Million liters/year

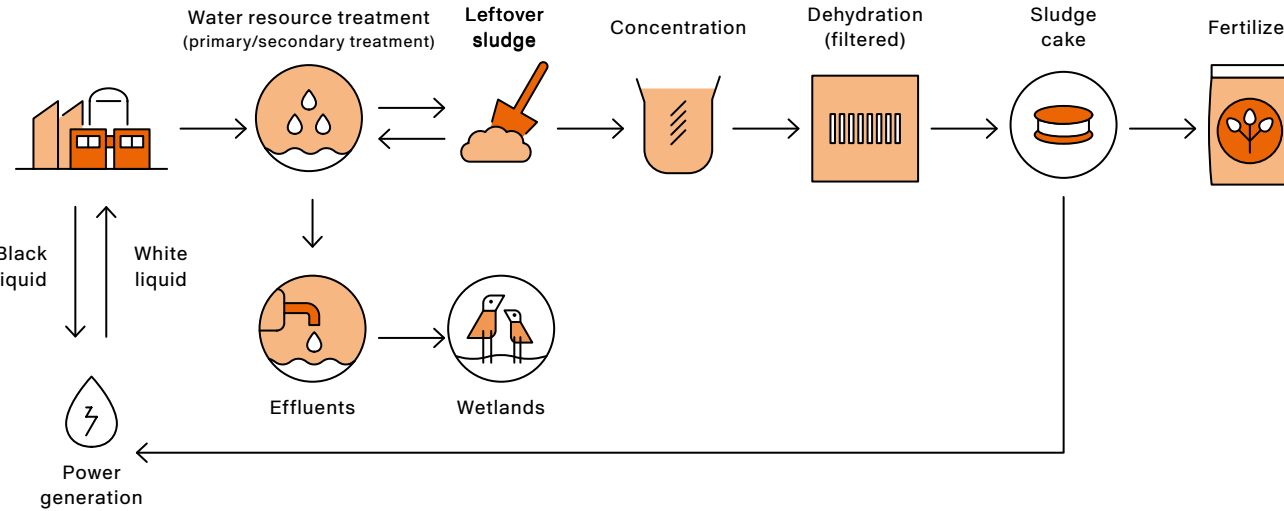
ChiuTang mill: Gaoping River  
Taitung mill: Taiping River  
Hualien mill: Hualien River  
KuanYin Mill: Industrial Park Wastewater Treatment Center  
Guangdong Dingfeng Mill: Suijiang



\*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 our effluents, we have strengthened source control and installed primary chemical coagulation and sedimentation facilities and secondary biological treatment facilities. In these systems, chemical coagulants are used to precipitate suspended particles in water, which are then decomposed by aerobic microorganisms in a biological treatment pond to yield chemical oxygen demand (COD) and biochemical oxygen demand (BOD). White water is reused to reduce the discharge of effluents and use of chemicals. Wastewater is discharged only after it has been treated until it meets the regulatory standards. The discharged water serves as a source of water for wetlands, thereby mitigating environmental impacts while 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 long-term goals using 2018 as the base year, has planned and is implementing water resource management.	
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 m³ 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.

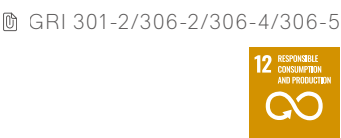
Annual Average Quality of Effluents Discharged by CHP						
Item	Unit of Measure	Hualien Mill	Chiutang Mill	Taitung Mill	Kuanyin Mill	Dingfeng, China
Water Temperature	°C	33.0	30.1	30.0	25.0	29.0
pH	-	7.8	7.4	7.7	7.7	6.9
Suspended solids (SS)	mg/L	16.5	8.1	6.2	20.5	16.0
Chemical oxygen demand (COD)	mg/L	112.0	41.9	77.2	89.6	48.0
Biochemical oxygen demand (BOD)	mg/L	9.1	4.9	4.5	16.8	4.2
ADMI color value	-	246	<25	55.3	<25	8

Effluent Quality Standards						
Item	Unit of Measure	Hualien Mill	Chiutang Mill	Taitung Mill	Kuanyin Mill	Dingfeng, China
Water Temperature	°C	<35	<35	<35	<35	<30
pH	-	6~9	6~9	6~9	6~9	6~9
Suspended solids (SS)	mg/L	<50	<30	<30	<30	<100
Chemical oxygen demand (COD)	mg/L	<150	<100	<160	<100	<250
Biochemical oxygen demand (BOD)	mg/L	<30	<30	<30	<30	<70
ADMI color value	-	<550	-	-	<300	<20

\*China uses a different standard to that of Taiwan when measuring the color of wastewater effluent.



Resource 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 “R<sup>3</sup>” strategy.

Leftover materials from CHP’s manufacturing processes are not hazardous and are, therefore, disposed through recovery and reuse, turning them into compost and fertilizer, using them as alternative fuels, and incinerating them. Combustible leftover materials are processed into alternative fuels, raw materials for reuse in products, and compost/fertilizers, or are recycled by recycling vendors for reuse.

Waste Component	Quantity (metric tons)	Turned into Usable Resource	Incinerated (including energy recovery)
Biomass sludge	22,154	71%	29%
Pulp sludge	59,290		
Fly ash/bottom ash	64,559		
Inorganic sludge	97,295		
Plastic waste compounds	9,926		
Wood waste	1,893		
Leftover fibrous waste	269		
Domestic waste	291		
Waste oil	54		
Non-hazardous combustible mixture	36		
Total	255,767	100%	

General Waste (Non-hazardous)	Onsite (metric tons)	Offsite (metric tons)
Preparation for reuse	-	-
Recycling	175,355	25,068
Recovery	5,604	49,740
Total amount	255,767	

General Waste	Onsite (metric tons)	Offsite (metric tons)
Incinerated (including energy recovery)	67,512	-
Incinerated	1,807	291
Turned into usable resources	111,640	74,517
Total amount of waste directly disposed of	255,767	

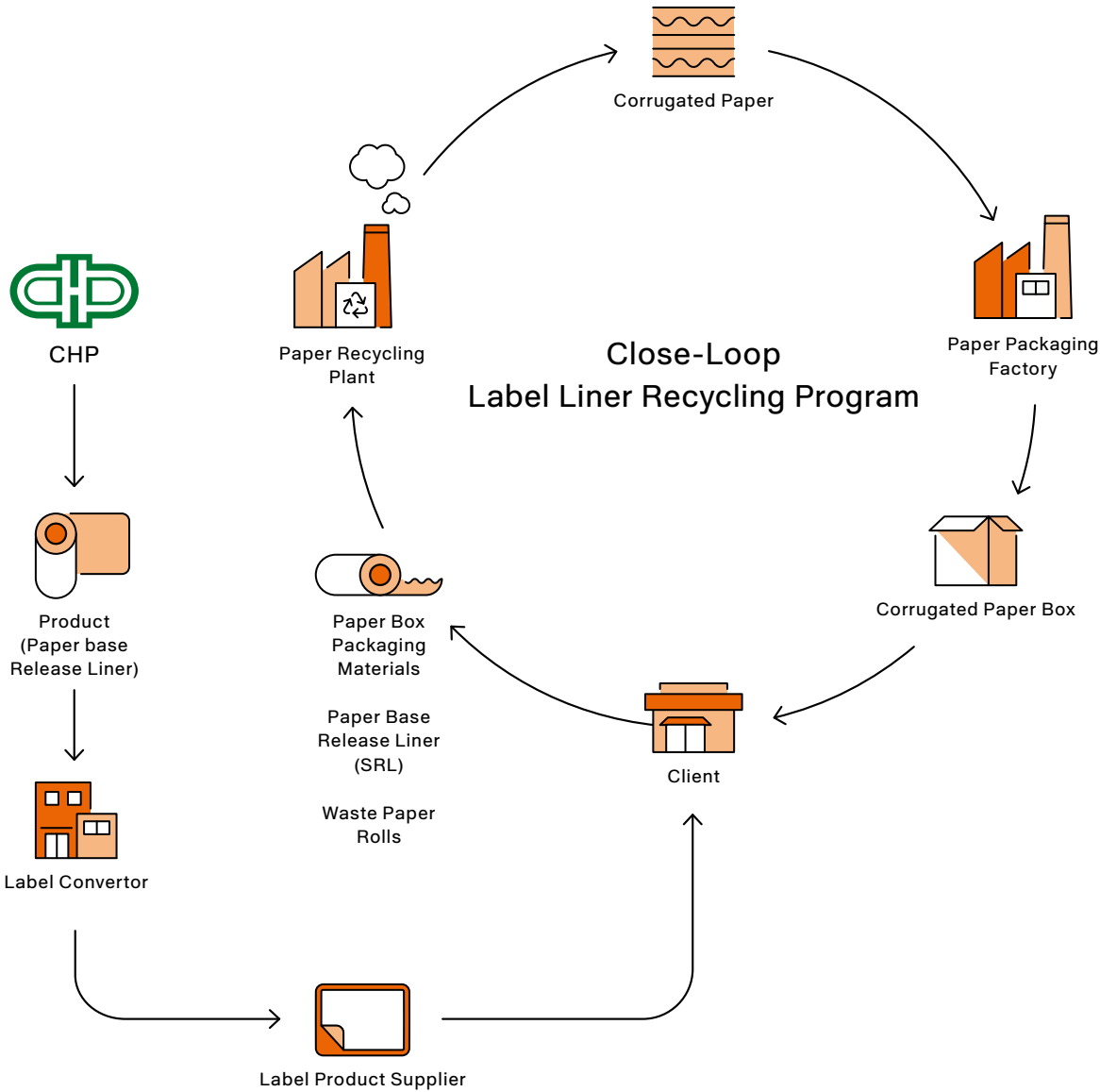
### Label Liner Recycling Program: Forging Sustainable Partnerships

Since 2014, we have been consistently implementing this for 9 years. Every ton of label liner recycled conserves 116 trees.

\*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.







## Environmental Protection Investment and Regulatory Compliance

### Environmental Protection Investment

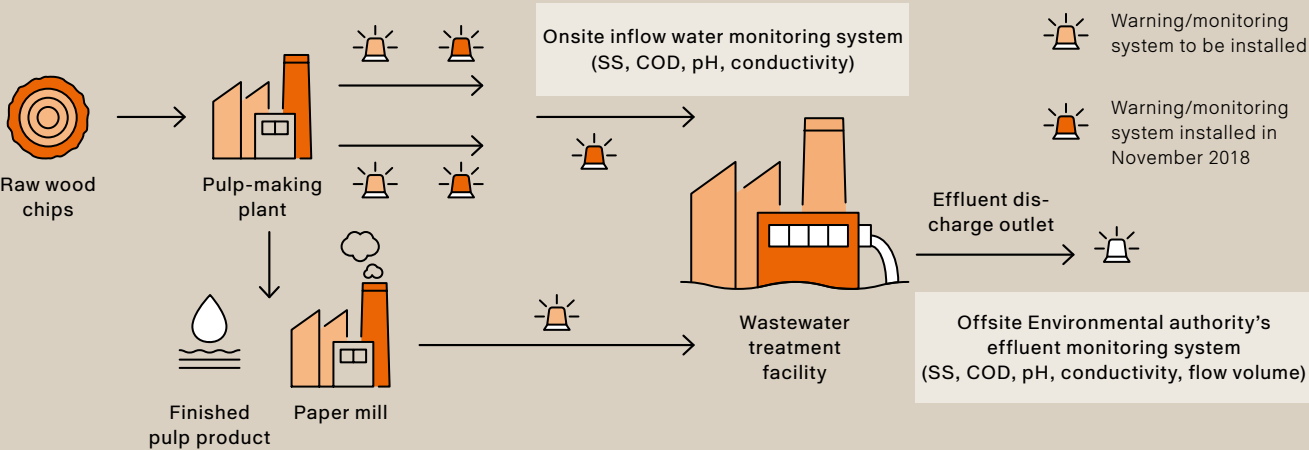
The environmental risks of climate change far outweigh the benefits of sacrificing the environment and people's health. Each year, CHP identifies risks and develops improvement plans through frequent inventories, evaluations, and environmental assessments. In 2022, the Company invested approximately NT\$1.45 billion in environmental protection initiatives, which mainly include water resource treatment and air quality control.



GRI 2-27/3-3/413-1



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



During the reporting period, CHP was fined a total of NT\$4.97 million for environmental violations. Our corrective actions included strengthening inspections and emergency response training, installing real-time monitoring and warning systems in multiple parts of the production process, and implementing real-time procedures for handling problems at the source. In addition, we voluntarily increased the transparency of our environmental information by setting up a real-time effluent and air pollution control observation platform on the company's official website. The platform is accessible to stakeholders at all times.

Laws Violated	Total Fine (NT\$)	No. of Cases	Corrective Action
Water Pollution Control Act	NT\$795,000	2	Corrective action has been taken. The improvement report was approved by the competent authority and filed for future reference.
Air Pollution Control Act	NT\$4,176,000	4	Corrective action has been taken. The improvement report was approved by competent authority and filed for future reference.



# Friendly Workplace & Social Caring and Inclusiveness

Employee on-job training totaled

**13,129**

participants, with a combined duration of

**39,326** hours

Safety and Health (EHS) training reached a total of

**2,329**

participants in 2022

Nearly

**100%**

of the senior managers in factories are local residents



Participating consecutively in Taiwan EPA's air quality purification zone adoption campaign for **11 years**, and receiving the highest honor of "Exemplary Adoption Unit for Air Quality Purification Zone" for **6 consecutive years**. CHP Hualien mill contributed a total of **432 hours** to road adoption activities annually.



Promoting Baesed-Science, Mathematics, and Environmental Education mainly in Hualien and Taitung, CHP neighborhood area.

Over 100 rural students benefited from the Chemistry in Rural Areas popular science education initiative.

CHP co-hosted Keng Sheng Daily News Mathematics Competition, with the participation of **1,500** elementary and high school students from

Hualien and Taitung. Each year, **2,000** students participate in the Yuan T. Lee Foundation Science Education for All nationwide tournament.

Sponsored 2022 CHP National Coding Competition & Summer Camp in Hualien which garnered the participation of **over 100** teachers and students.



Epidemic Prevention Carel

A total of

**4,329** liters

of sodium hypochlorite water were donated to our neighboring communities.



Community care

Sponsored

**52,060** kilograms

of organic fertilizers to Guang Hua Elementary School and Guang Hua Mini Farm, Ji-An Township Office, and Ji-An Community Development Association.





# Friendly Workplace

GRI 3-3



## Talent Recruitment and Career Development

GRI 2-7/2-8/2-21/3-3/202-1/202-2/  
401-1/401-3/405-1/405-2

### 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. 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 28 persons with disabilities. In 2022, we employed 44 employees with disabilities, far more than the number required of us. CHP has 2,865 employees in total (2,122 in Taiwan and 743 overseas), including 118 indigenous peoples and 80 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 nearly 100% of the high-level management positions (local residents refer to individuals residing in the counties or cities where the factories are located). In 2022, the number of non-employees at CHP was 6,206 (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	2020	2021	2022
numbers (people)	5,930	5,880	6,206

## Workforce Structure

Category		Men		Women		Total	
		No. of Employees	%	No. of Employees	%	No. of Employees	%
Position	Senior Executives	14	0.57%	0	0.00%	14	0.49%
	Managers	132	5.41%	15	3.53%	147	5.13%
	Professionals	442	18.11%	254	59.76%	696	24.29%
	Technicians	1,778	72.87%	124	29.18%	1902	66.39%
	Subtotal	2,366	96.97%	393	92.47%	2759	96.30%
	Part-time/ Contract/Interns	74	3.03%	32	7.53%	106	3.70%
	Subtotal	74	3.03%	32	7.53%	106	3.70%
	Total	2,440	100.00%	425	100.00%	2,865	100.00%
Region	Taiwan	1,862	76.31%	260	61.18%	2,122	74.07%
	Overseas	578	23.69%	165	38.82%	743	25.93%
	Total	2,440	100.00%	425	100.00%	2,865	100.00%
Age	< 30	265	10.86%	47	11.06%	312	10.89%
	30-50	1,608	65.90%	263	61.88%	1871	65.31%
	> 50	567	23.24%	115	27.06%	682	23.80%
	Total	2,440	100.00%	425	100.00%	2,865	100.00%
Education	PhD	2	0.08%	1	0.24%	3	0.10%
	Master's	142	5.82%	27	6.35%	169	5.90%
	Bachelor's	1,003	41.11%	156	36.71%	1,159	40.45%
	High School/Vocational School	1,293	52.99%	241	56.71%	1,534	53.54%
	Total	2,440	100.00%	425	100.00%	2,865	100.00%
Total by Gender		2,440	85.88%	425	14.12%	2,865	100.00%
Total Number of Employees		2,865					

Note: Temporary employees are employed full-time.



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 2022, CHP hired 440 new employees, and 358 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 13.1%. 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 2022, 27 employees were eligible for unpaid parental leave. Ten employees (6 men and 4 women) with application rate 37% (22% of eligible men and 18% of women) applied for unpaid parental leave. The ten employees (6 men and 4 women) should have returned to work after the leave period, and 6 men, 3 women returned, resulting in a reinstatement rate of 100% for male employees and 75% for female employees.

In terms of retention rates, 1 women and no men were reinstated in 2021; the 1 woman employee (0 men and 1 woman) who were reinstated in 2021 both continued to work for more than 12 months after their leave period ended, resulting in a retention rate of 100% (0% for men and 100% for women)

New Employees							
Category		2020		2021		2022	
		No. of Employees	%	No. of Employees	%	No. of Employees	%
Gender	Men	278	12.49%	334	14.41%	378	15.49%
	Women	39	10.74%	49	13.21%	62	14.59%
Age	< 30	151	38.42%	107	25.88%	165	52.88%
	30-50	150	9.21%	216	13.82%	243	12.99%
	> 50	16	2.82%	38	5.33%	32	4.69%
Region	Taiwan	293	15.03%	361	17.53%	356	16.78%
	Overseas	24	3.75%	22	3.49%	84	11.31%
Total		317	12.24%	383	14.41%	440	15.35%

Note 1: Percentages were calculated by dividing the number of new employees in each category for the year by number of employees in that category at the end of the year.

Recruitment and Employment Process							
Category		2020		2021		2022	
		No. of Employees	%	No. of Employees	%	No. of Employees	%
Gender	Men	323	14.51%	260	11.22%	303	12.42%
	Women	47	12.95%	28	7.55%	55	12.94%
Age	< 30	139	35.37%	79	19.11%	87	27.88%
	30-50	175	10.75%	136	8.70%	197	10.53%
	> 50	56	9.86%	73	10.24%	74	10.85%
Region	Taiwan	327	16.78%	269	13.06%	284	13.38%
	Overseas	43	6.72%	19	3.02%	74	9.96%
Total		370	14.29%	288	10.71%	358	9%

Note 1: Percentages were calculated by dividing number of departed employees in each category for the year by the number of employees in that category at the end of the year.

Unpaid Parental Leave and Retention Rate										
Category	Number of Employees Entitled to Unpaid Parental Leave		Number of Employees Taking Unpaid Parental Leave		Number of Employees Reinstated after Unpaid Parental Leave		Reinstatement Rate		Retention Rate	
	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women
2020	32	5	2	2	0	2	0.00%	100%	--	100%
2021	36	9	2	1	0	1	0.00%	100%	--	100%
2022	21	6	6	4	6	3	100%	75%	--	100%

Note: The main reason for employees not returning to work after unpaid parental leave was that they found another job during their unpaid leave period.

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.

Regarding the compensation statistics for CHP, The ratio of the annual total compensation of the highest individual earner to the median annual total compensation of other employees (excluding the highest individual earner) is 3.68. The ratio of the percentage increase in the annual total compensation of the highest individual earner to the median percentage increase in the annual total compensation of other employees (excluding the highest individual earner) is -1.55. In 2022, the ratio of basic salary between non-supervisory employees and basic salary is 2.43. Based on gender reporting, the ratio of the average salary for women to the lowest salary is 2.27, and for men, it is 2.45.

Average and Median Compensation for Full-Time Employees in Non-Managerial Roles					
Category	2018	2019	2020	2021	2022
No. of full-time employees in managerial roles	11	11	11	13	12
No. of full-time employees in non-managerial roles	1,923	1,867	1,890	1,923	2,001
The average salary for non-supervisory employees. (NT\$1,000)	673	671	693	769	735
The median salary for non-supervisory employees (NT\$1,000)	-	611	639	708	678
The average salary ratio for non-supervisory employees (%)	90.97%	91.86%	95.48%	93.78%	92.65%
The ratio of the average salary for non-supervisory employees to the lowest salary	2.55	2.42	2.43	2.67	2.43

Notes:  
1. The above information is calculated based on information reported by the Taiwan Stock Exchange.  
2. Data for "Median Compensation" were utilized for the first time in 2019.  
3. The definitions of supervisors and non-supervisors can be referred to in the instructions provided in the "Salary Information Checklist for Non-Supervisory Full-Time Employees."

Employee Care

GRI 2-23/2-24/2-25/2-26/2-27/2-30/201-3/401-2/403-6/403-10/404-1/404-2/404-3/406-1/407-1/408-1



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 2022, 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.

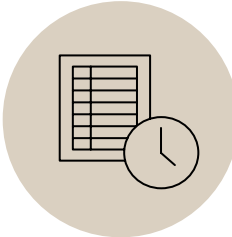


To protect human rights, CHP's orientation training includes an introduction to the company's Code of Conduct and human rights and labor laws and regulations. We pay attention to the human rights management at each of our business locations. Regarding employees' health and work-life balance, we perform 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 2022, no CHP production bases were reported for human rights commitment violations, nor did they receive any human rights complaints.

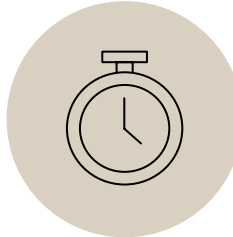
CHP as adopted the following requirements in accordance with its Human Rights Declaration and Employee Code of Conduct:




Develop administrative guidelines and management regulations.



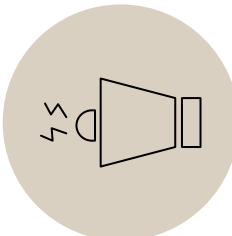
Monitor how human rights are managed at business locations and by suppliers, review overtime status, ask department heads to rearrange employee workloads or find ways to improve the work process, and provide overtime pay or days off as necessary.




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"><li>Our plants are equipped with first aid kits, which are clean and stocked at all times, as well as automated external defibrillators (AEDs).</li><li>A full-time medical officer is stationed at each plant to provide health care, health consultations, and emergency treatment.</li><li>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.</li></ul>
Health Examinations and Consultation	<ul style="list-style-type: none"><li>Employees are given regular health and follow-up examinations.</li><li>Manager or higher positions receive biennial health checkups (which are usually reserved for senior executives), in addition to the annual health examination.</li><li>Follow-up counseling is provided.</li><li>Detailed descriptions of health tests and health information are enclosed in health examination reports.</li><li>We assess possible occupational disease risks; however, we have not identified any high risk factors for occupational diseases.</li><li>In 2022, 419 employees (In Taiwan sites) underwent special health examinations.</li></ul>
Health Courses	<p>We work with YFY Inc. to organize various types of health courses that cover topics such as the following:</p> <ul style="list-style-type: none"><li>Workplace hazard prevention</li><li>Common Post-COVID Sequelae and Traditional Chinese Medicine Health Care</li><li>Workplace Psychological Crisis Response and Resource Introduction</li><li>Effective Parent-Child Communication Techniques</li><li>Smart Eating for Effective Exercise - Nutrition Course</li></ul>

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 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 2022, CHP allocated approximately NT\$7.58 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"><li>• Management seminars</li><li>• Interdepartmental meetings with senior executives</li><li>• Management associate (MA) training</li></ul>	<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"><li>• Orientation training</li><li>• ESG courses (ICP, TCFD)</li></ul>	<ul style="list-style-type: none"><li>• Overseas study</li><li>• On-the-job training, credit courses</li><li>• Vocational training and skills certification</li></ul>



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 2022, we organized both in-house and external education and training programs for our employees; in total, 13,129 employees completed 39,326 hours of training, averaging 13.73 hours per person.

Breakdown By Course Category				
Course Category	No. of Sessions	Total Attendance	Total Training Hours	Total Cost (NT\$ Thousand)
Professional Competencies	433	8,294	28,649	2,370
Management and General Knowledge	104	4,488	9,179	206
Cultural Competence for New Employees	41	344	1,234	8
On-the-Job Training	36	3	264	150
Total	614	13,129	39,326	2,734

Average Hours of Training Per Person			
Statistical Category		Total Hours	Per-Person Average
Position	Managerial	1,615	16.82
	Non-Managerial	17,711	13.85
Gender	Men	34,639	14.36
	Women	4,687	11.52
Total		39,326	13.73

\*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 2022, 100% of managers, non-managers, males, and females who have been employed at CHP for over six months participated in performance evaluations.



Annual Professional Education and Training



Theme-based Educational Training Activities in the mill

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
2,311	81%

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



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

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](mailto:servicedesk.chp@yfy.com)



## Occupational Safety and Health Management

GRI 2-27/403-1/403-2/403-3/403-4/403-5/403-6/403-7/403-8/403-9

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 (Dingfeng)
Effective	2024.06	2025.12	2023.06	In process	Safety Production Standardization Certificate (Issued by the Management Association of Zhaoqing City, Guangdong, China)

\*C.

### 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"><li>• Organizing the formation of labor safety and health teams in each plant</li><li>• Regular reviews of plant status</li><li>• Establishment of cross-plant resource sharing platform</li><li>• Sharing experience with occupational safety and health management</li><li>• Integrating and operating occupational safety and health management systems</li></ul>



ISO45001:2018 Occupational Health and Safety Management System Audit Meeting

### 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.

2022 Statistics on Disaster Prevention Education and Training		
Training Category	Frequency	No. of People Trained
Safety and Health Training	At least twice a year	2,329
Emergency Response Training/Drills	Twice a year	293
Disaster Prevention Training/Drills	Twice a year	720
First Aid Training/Drills	Once a year	259
Machine Work Safety Courses	Twice a year	908
Confined Space Work Education and Training	Once a year	220



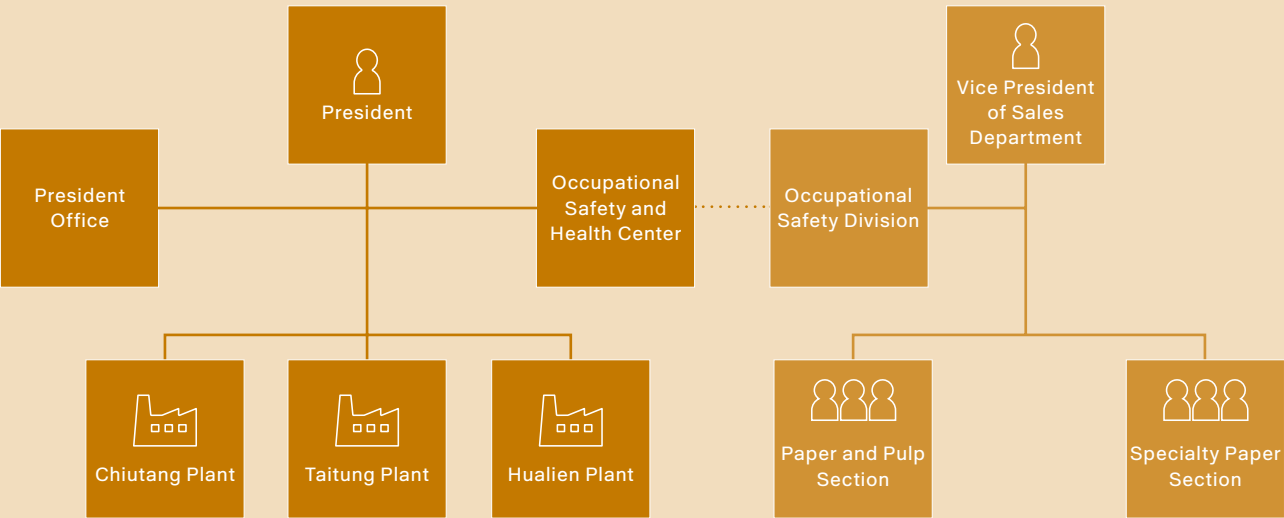
Contractor Occupational Safety Education

2022 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 every two months	Plant Manager
Occupational Safety Platform Meeting (three plants)	Once every two months	Manager of Occupational Safety and Health Center
Safety Operation and Zero Hazard Promotion Task Force Meeting	Once every two months	Plant Manager



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"><li>Promote and manage health</li><li>Incorporate job safety analysis (JSA) risk assessment tools</li><li>Integrate contractor management</li><li>Implement machinery entanglement hazard prevention and fall prevention measures</li></ul>	<ul style="list-style-type: none"><li>Develop health management system and health risk classification management</li><li>Integrate JSA into operational risk control</li><li>Develop contractor management system</li><li>Organize education and training for all workers, and implement inspections and operational controls</li><li>Arrange weekly occupational safety and health activities (for employees and non-employees; examples include health examinations and blood donation)</li></ul>
Medium-Long-Term (3-5 years)	<ul style="list-style-type: none"><li>Build a safety culture</li><li>Encourage investments in workplace safety</li><li>Introduce disaster prevention technologies</li></ul>	<ul style="list-style-type: none"><li>Develop and launch mechanisms for incident prevention, classification, and management</li><li>Launch workplace safety incentives that include safety performance management indicators</li><li>Develop an AI inspection system</li></ul>

2022 Occupational Safety and Health Implementation Outcomes

Systematic Management	<ul style="list-style-type: none"><li>Completely adopted the contractor management system across our production bases to implement operational and access control, thereby controlling in-plant operational risks.</li><li>Regularly invite contractors to participate in safety inspections and practice inspection operations, which can in turn strengthen their ability to identify hazards.</li><li>Assisted contractors in building an occupational safety and health system to improve their self-management capability.</li><li>Use electronic billboards to display occupational safety and health information in the form of animation or videos to replace the printed information traditionally used to raise awareness of occupational hazards.</li></ul>
Performance Indicator Design	<ul style="list-style-type: none"><li>Incorporated activities that encourage safety practices to create a zero-harm workplace.</li><li>Encourage investments in workplace safety and have applied safety indicators to indicate the workplace safety climate.</li></ul>
Improvement Management Plan	<ul style="list-style-type: none"><li>Completed our plan to improve the Chiutang Plant's occupational safety and health management, and developed mechanisms for incident prevention, classification, and management.</li><li>Hold regular meetings with the plant's Workplace Safety Disciplinary Committee to implement weekly supervisor cross-inspection plans.</li><li>Expanded our occupational hazard elimination and improvement plan and launched an occupational safety and health self-management plan.</li></ul>
Access Control System	<ul style="list-style-type: none"><li>Continued to improve our access control system by incorporating facial recognition and installing it at every entry point to the plant to effectively control in-plant activity, and integrated it with our contractor management system to manage all contractors working onsite.</li></ul>
	<ul style="list-style-type: none"><li>Organized workplace safety exercises and training for all plant employees to raise their safety awareness.</li><li>Trained in-plant employees and contractors on a specific workplace safety topic each month to ensure operational safety.</li><li>Actively participated in the 2022 National Workplace Safety and Health Week activities organized by the Ministry of Labor's Occupational Safety and Health Administration; our achievements were recognized by the Administration. -CHP Chiutang mill has obtained the Health Activation Badge -CHP Huiien mill completed participation in National Workplace Safety and Health Week Activities Implementation</li></ul>



ISO45001:2018 Occupational Health and Management System Audit Meeting



ISO45001:2018 Occupational Health and Management System Audit Meeting

7S Management



Shaping a 7S Culture

Using Incentives to Elicit a Sense of Pride in our Employees

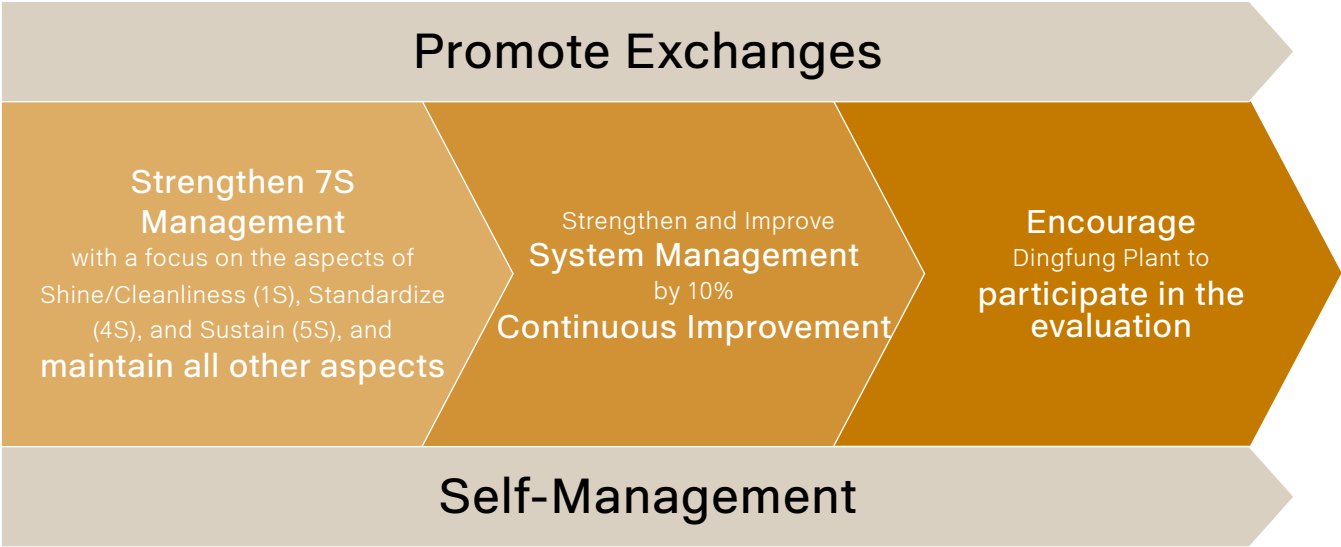
- Organized a 7S competition activity using motivational approaches, integrated into the factory's occupational safety and health performance evaluation in the autonomous management category. This initiative is combined with zero-accident incentive measures and involves assessing the autonomous safety 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.



ISO45001:2018 Occupational Health and Management System Audit Meeting



ISO45001:2018 Occupational Health and Management System Audit Meeting



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	2022 Performance
Entanglement	Paper formers, winding machines, rolling machines, burnishers, feeders and loaders are all sources of entanglement hazards.	<ul style="list-style-type: none"><li>• Installed protective shields, protective fences, and emergency brake devices.</li><li>• Installed protective nets or cases over rotating shafts and flywheel devices on conveyor belts, as well as a bridge or cover.</li><li>• Ensure that operators wear protective clothing.</li></ul>	<ul style="list-style-type: none"><li>• There was 1 occurrence of a roller-pinch accident.</li><li>• Implementing execution of educational training, operational safety observations, occupational safety re-education, and simultaneous implementation of rewards and penalties strategies.</li></ul>
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"><li>• Use low-noise machinery and parts to keep noise at a minimum.</li><li>• 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.</li><li>• Ensure that workers wear hearing protection (e.g., earplugs, earmuffs).</li><li>• Reduced noise from loud machines that produce strong vibration by using noise cancellation devices, vibration isolators, buffer damping, inertia blocks, and sound absorbers.</li><li>• Conduct regular environmental testing and evaluate workers' exposure.</li></ul>	<ul style="list-style-type: none"><li>• Noise-intensive workspaces require the use of noise-cancelling protective gear.</li><li>• Implementation of annual specialized health examinations for noise-induced hazards.</li><li>• We organized special health examinations (hearing tests); 307 employees received general physical examinations 2022.</li></ul>
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"><li>• We set up appropriate construction scaffolding and/or workstations for high-elevation operations, and we ensure that operators wear safety belts during operations.</li><li>• Ladders, trestle ladders, or step stools are not used on scaffolds.</li><li>• Secured railings at the edges/openings of work areas that are two meters above ground, and installed safe elevated walkways for high-elevation operations.</li></ul>	<ul style="list-style-type: none"><li>• There was 1 occurrence of a visitor fall accident.</li><li>• Prior to visitor entry, hazard notifications are provided, and a designated individual leads to ensure safety maintenance.</li></ul>
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"><li>• Focused on points of origin, routes of transmission, and points of exposure: (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.</li><li>• Practice administrative management by appointing a dedicated supervisor to manage dangerous operations, and implemented labelling system management.</li><li>• Provide emergency medical care.</li></ul>	<ul style="list-style-type: none"><li>• We achieved zero incidents involving lack of oxygen.</li><li>• Confined space operations require mechanical workers to retest gas levels for compliance and approval before entering the workspace.</li><li>• In 2022, we began distributing self-contained breathing apparatuses (SCBAs) to increase safety at production sites.</li></ul>



Absence and Disabling Injury Statistics																	
	Item	Entan- glement	Falls	Burns	Electro- cution	Cuts/ Abra- sions	Sprains	Noise	Traffic Acci- dents	Object Falling	Colli- sion	Pres- sure Injury	Human Fac- tors	Punc- ture Wound	Chem- ical Splash	Slip	Total
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
2019	Employees	4	3	0	0	5	0	0	6	0	3	2	0	0	2	4	29
	Contractors	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

Employee Occupational Injury Statistics	2021							
	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	5	0	1	0	0	0
No. of Disabling Injuries	1	0	1	0	1	0	0	0
Disabling Injury Severity Rate (SR)	17		5817		47		0	
Disabling Injury Frequency Rate (FR)	0.23		0.96		0.90		0	
No. of Deaths	0	0	1	0	0	0	0	0
Injury Rate (IR)	0.78		0.97		0.18		0	
Lost Day Rate (LDR)	8.97		1163.43		9.4		0	
Total Work Hours	4,345,617		1,031,432		1,111,638		99,155	
No. of Workdays Lost	72		6,000		52		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 2022				
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	1	150,000	When employees and contractors jointly engage in work, it is essential to implement necessary measures to establish coordina- tion and adjustments in their tasks, along with conducting regular inspections of the workplace.
	Northern Occupational Safety and Health Center, Occupational Safety and Health Administration, Ministry of Labor	1	100,000	For situations where the initiation of machinery poses a potential risk to workers, it is imperative to establish standardized signals and des- ignate a supervisory personnel responsible for directing the process.
Taitung Plant	Southern Occupational Safety and Health Center, Occupational Safety and Health Administration, Ministry of Labor	4	390,000	· Installed protective covers/shields to ensure machinery safety · Installed interlocks for error prevention · When operating machinery, ensure the use of a safety harness and possess the required certification
Total		3	640,000	

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 employ-ees with the proper methods to respond to and handle emergencies. We have established emergency proce-dures for major incidents, slurry leakages, wastewater treatment, gas leakages, suspicious odors, significant chemical spills, major industrial safety incidents, pow-er 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 man-agement and formulated a fire protection plan for our plants that includes a detailed self-defense fire-fight-ing 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 coop-eration 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 indi-cators depending on their environmental safety and health management strategies. In 2019, we completely adopted active performance indicators (active mon-itoring, potential hazard identification, and safety improvement rates) to ramp up efforts to prevent inci-dents, eliminate hazards, ensure a safe work environ-ment, 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 pro-duction 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.

Hazardous Substances and Chemical Management

CHP strictly inspects all raw materials and products for prohibited substances. We comply with interna-tional requirements and refer to the candidate list of 223 Substances of Very High Concern (SVHC) pub-lished by REACH (Registration, Evaluation, Authori-

sation 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 tox-ic 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 con-struction work by establishing detailed guidelines for system implementation, control processes, and emer-gency response. Our requirements and standards for contractors are the same as those for all CHP employ-ees. 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 haz-ards 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.

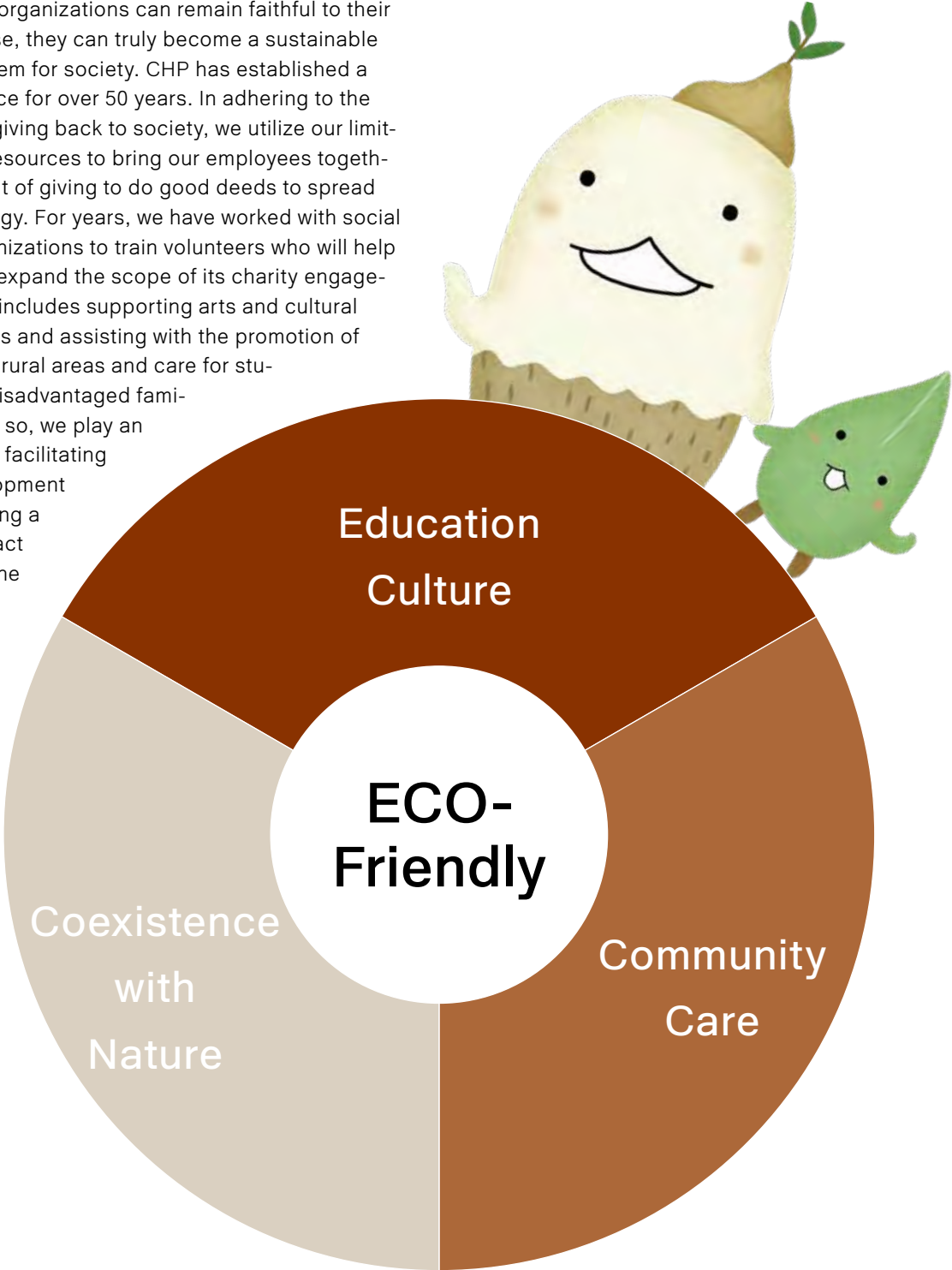


CHP employees took CPR and AED educational training



# 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.



Meet your Ecological Friends: Dashed Old Railway Bridge Wetland Park - Wetland lecture and field study trip sponsored by Kaohsiung Public Library and CHP

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

CHP and Kaohsiung Public Library have collaborated to promote environmental sustainability education by hosting a series of parent-child reading activities titled "Sustainable Forests for a Sustainable Life." Since its founding in Jiuqutang, Dashu County in 1950, CHP Chiuatang Mill has engaged in efforts to promote cultural heritage and knowledge transfer, cultivating local communities in a variety of ways over the past 72 years. Chiuatang Mill and Kaohsiung Public Library started their partnership with the construction of the second



CHP collaborated with Kaohsiung Public Library to host Sustainable Forests for a Sustainable Life parent-child reading activities

Dashu Library 25 years ago when Chiuatang Mill contributed NT\$ 3 million to the library project.

In 2022, Kaohsiung Public Library and Chiuatang Mill continued their collaboration by jointly hosting the Sustainable Forests for a Sustainable Life summer reading camp, which features wetland tours, handmade paper workshops, and lectures on corporate and community co-prosperity and environmental sustainability, among other activities. The handmade paper workshops symbolize CHP's innovative spirit. The waste paper is soaked and formed into boards, which are then imprinted with images of local landmarks such as the Old Bridge, Jiuqutang Wetland, Tso Kong Tsun (canal), San-he Tile Kiln, Gushan Warehouse, Fo Guang Shang, the cable-stayed bridge on National Freeway 3, and jacanas birds.

In addition to holding handmade paper workshops, the second Dashu Library provides a mobile library vehicle resembling a transformer robot with two extended wings. The above Sustainable Forests for a Sustainable Life summer reading camp gave CHP employees and their families an opportunity to engage and interact with community members, demonstrating CHP's commitment to establishing its local presence and fostering community co-prosperity.



CHP colleagues interacted with young children in a hand-made paper workshop





2022 National CHP Cup Coding Scratch PK Finals and Summer Camp



campaign video

## Cultivating Popular Science Education in Hualien and Taitung

Since 2019, CHP has collaborated with Coding Nations, a non-profit organization, to promote basic programming education in Hualien and Taitung. CHP has sponsored six elementary schools with twice-weekly Scratch programming courses. The promotion of popular science education by CHP is consistent with the founding philosophy of Coding Nations; thus, the two organizations collaborate to lay the groundwork for information education in Hualien and Taitung, including the training of teachers and the provision of training courses.

With the assistance of National Dong Hwa University and Coding



Handmade Paper Workshop

Nations, we collaborated with the Hualien County Government in 2022 to co-host the Hualien County 2019 Annual CHP Charity Cup Scratch Inter-School PK Competition and Summer Camp. The eight winning teams from the sub-regional two-legged tie race gathered in Hualien for the final. In addition to the Scratch PK competition, the HOC-PK competition was held, in which twelve-person teams divided tasks among themselves and competed in a strategic competition which emphasized teamwork, programming knowledge, and the ability to observe and solve problems in predetermined scenarios. Students are encouraged to continue their learning through a variety of AI summer camp activities and courses, such as AV/VR metaverse exploration, drones, technology makers (hand launch glider maker, computational thinking and weav-

ing), Young Paper Sculpture Maker, Bicycle Riding and Repair, and Handmade Paper, among others. Teachers and students from across the country are invited to experience the enchantment of self-made digital creations through the interdisciplinary integration of different cultures as well as the diverse characteristics of the joyful city life in Hualien to create lovely memories. CHP establishes its presence in Hualien deeply, supports coding education in primary schools, and trains science and technology education instructors, achieving the goal of learning and benefiting together. We will continue to advocate for smart education and collaborate with public and private organizations in order to provide children with equal access to the future and opportunities to explore their potential.



Taiwan Photographers Exchange Association and CHP volunteers

## Grow up with the Dream project

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 2022 Growing Up with You project, the Taiwan Photographers Exchange Association



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

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.

Wanrung Elementary School, Wanrung Township, Hualien: 5 sixth-grader graduates.  
Mingli Elementary School, Wanrung Township, Hualien: 6 sixth-grader graduates and 11 kindergarten graduates.  
Jianqing Elementary School, Wanrung Township, Hualien: 4 sixth-grader and 11 kindergarten graduates.  
Mayuan Elementary School, Wanrung Township, Hualien: 9 sixth-grader graduates.  
Xilin Elementary School, Wanrung Township, Hualien: 12 sixth-grader and 9 kindergarten graduates.  
Hongye Elementary School, Wanrung Township, Hualien: 10 sixth-grader and 11 kindergarten graduates.  
Dongqing Elementary school and kindergarten, Lanyu Township, Taitung: 5 kindergarten graduates.



# 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.

Now in its twenty-eighth year, the annual science education tournament is driven by the mission to inspire creation among young people, foster innovative ideas, cultivate the spirit of team problem-solving, and encourage learning. The Science Education Camp has spread to many schools in Hualien and Taitung, benefiting nearly two thousand children annually. The course objectives are aligned with that of the Ministry of Education's "Inquiry and Practice" curriculum, which emphasizes students' ability to "discover and solve problems," as well as CHP's mission of "knowledge transformation and culture continuation."



The group photo shows students from Daoshiang Elementary School, Hualien County participating in the Science Education Camp (photo provided by: Yuan T. Lee Foundation)



Feedback forms from the students of Shoufeng Junior High School (left) and Daoshiang Elementary School (right)

## 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 2022, the mobile science vehicles visited Ruisui, Guangfu, and Fenglin Junior High Schools in Hualien County, with over a hundred students participating in the activities. We are honored to be a partner of the program and hope to put corporate social responsibility into practice by providing opportunities for students to access popular science knowledge.



Students from Guangfu Junior High School, CHP employees, and volunteers from Tamkang University took a group photo in front of the Mobile Lab



Hand-made Paper Workshop

## Competition for Mathematical Whizzes

Mathematics is considered the mother of all sciences. To cultivate students' mathematical capabilities in Hualien and Taitung and enhance young people's enthusiasm for mathematics, CHP so-hosted the 18th annual Keng Sheng Daily News Mathematics Competition with Keng Sheng Daily News which garnered the participation of 1,500 elementary and high school students from Hualien and Taitung.

CHP is committed to promoting mathematics and science learning in communities and keen to contribute to the education of students in Hualien and Taitung. We encourage children to explore the joy of mathematics and cultivate mathematical talents in order to lay a solid foundation for the mathematics and science education in Hualien and Taitung. We also encourage exceptional students to stay in their hometowns after completing their education and join us in facilitating the "circular economy."



Awarding ceremony for 2022 Keng Sheng Daily News Mathematics Competition—Hualien



Awarding ceremony for 2022 Keng Sheng Daily News Mathematics Competition—Taitung

## 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 Mill 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



## Neighborhood Inclusiveness and Community Care

Hualien Mill has participated in the Air Quality Zone adopter program for 11 consecutive years and was awarded the 2022 Outstanding Adopter of Air Quality Zone honor

CHP Hualien Mill has participated in the Environmental Protection Bureau of Hualien County's Air Quality Zone adopter program for eleven consecutive years, beginning in 2012, in an effort to fulfill its social responsibility and preserve the environment. Air Quality Zone refers to spaces that host simple actions, such as tree-planting, that aim to improve air quality and living environment, provide recreational, ecological, and environmental education, and promote the sustainable use of resources. Our Hualien Mill is responsible for maintaining the Daoxiang Road section in Ji'an Township (197 km to 198.5 km of

Provincial Highway 9). The duties associated with adoption include plant maintenance, road sweeping, waste removal from the grass and ditches, waste collection and removal, etc. In addition to Provincial Highway 9, CHP also adopts sections of Provincial Highway 11 and other coastal roads for maintenance. The adoption work was performed for a total of 432 hours in 2022. Furthermore, CHP has collaborated with the Hualien County Government to increase tree planting and green coverage on unused land to improve air quality and carbon sequestration, thereby realizing the goals of net-zero carbon emissions and sustainable cities.



Chief of Hualien Mill received 2022 Outstanding Adopter of Air Quality Zone award



Hualien Mill performed road cleaning on the adopted area

Taitung Mill responded to the TFCF's charity initiative by contributing to the Education for Poverty Alleviation scholarship

In early 2022, the Chief of CHP Taitung Mill and his colleagues participated in the charitable event organized by the Taiwan Fund for Children and Families (TFCF). Upholding the spirit of valuing the relationship with the people and the land, our colleagues in the Taitung Mill sponsored scholarships, collected brand-new household items for charity sales, and raise funds for TFCF's Educational Poverty Alleviation scholarship program. As a long-time partner of the TFCF, our Taitung Mill has participated in the volunteer reading program for elementary school children since 2015 and provided additional scholarships for two consecutive years to support the "Educational Poverty Alleviation" project since 2021 to maximize the results of education investment and poverty alleviation.



CHP Taitung Mill contributed to TFCF's charitable initiative



Chief of CHP Taitung Mills donated to TFCF's Education for Poverty Alleviation scholarship

Donating Epidemic Prevention Paper Products and Caring for Seniors

In an effort to give back to the community, CHP Hualien Mill donated 2,000 packs of toilet paper to the Senior Service Station of Ji'an Township to maintain the hygiene of the elderly and support the Township Office's efforts to provide care for the health and well-being of the community's senior members. We have a long history of active collaboration with the public sector to provide community services, regularly distributing free organic fertilizer and soil and working with the Township Office to promote community farms. During the pandemic. We also provided sodium hypochlorite solution for free and assisted the Township Office in launching a community station to provide easy access to disinfection supplies for households. CHP hopes to become a paradigm for giving back to and caring for the community by increasing local employment opportunities, promoting economic growth, and striving for net-zero carbon emissions and environmental protection.



CHP donated pandemic prevention paper products to show our care for the neighborhood community



CHP provided sodium hypochlorite solution to communities across in Taiwan to counter the pandemic

Donating Blood & Fostering Enduring Compassion

Every year, our Hualien Mill conducts on-site blood drives. Blood donation centers in Taiwan experienced a blood shortage crisis as a result of the pandemic. In September 2022, in response to the Chief of Hualien Mill's call, our employees and contracted vendors rolled up their sleeves and joined the blood drive. During the process, strict pandemic prevention measures were enforced and all participating personnel wore masks and waited in the rest area until called to enter the blood donation vehicle. A total of 156 bags containing 39,000 cc of warm blood were donated that day, achieving the goal of donating blood to preserve lives and fostering enduring compassion. CHP adheres to the principle of "taking from the society and using it for the society" by maximizing our limited resources and enlisting the support of our colleagues to make a positive impact through acts of kindness. We will continue to provide community care and services to Hualien with concrete actions.



donating blood to foster enduring compassion



Chief of Hualien Mill and employees responded enthusiastically to the blood drive



Hualien Mill and employees actively participated in blood donation

# Appendix

Appendix 1. 2022 Global Initiative Reporting (GRI) Standards Comparison Table

GRI 2 General Disclosures 2021				
	Item	Disclosure Title	Report Section Reference	Page Number(s)
1. The organization and its reporting practices				
	2-1	Organization details	2.1 About CHP	24
	2-2	Entities included in the organization's sustainability reporting	2.1 About CHP About this Report	24 02
	2-3	Reporting period, frequency and contact point	About this Report	02
	2-4	Restatement of information	About this Report	02
	2-5	External assurance	About this Report	02
2. Activities and workers				
	2-6	Activities, value chain and other business relationships	2.1 About CHP 3.4 Supply Chain and Customer Services	24 67
	2-7	Employees	5.1 Talent Recruitment and Career Development	90
	2-8	Workers who are not employees	5.1 Talent Recruitment and Career Development	90
3. Governance				
	2-9	Governance structure and composition	2.1 About CHP 2.2 Board of Directors	24 31
	2-10	Nomination and selection of the highest governance body	2.2 Board of Directors	31
	2-11	Chair of the highest governance body	2.2 Board of Directors	31
	2-12	Role of the highest governance body in overseeing the management impacts	2.4 Risk Management	38
	2-13	Delegation of responsibility for managinf impacts	2.2 Board of Directors	31
	2-14	Role of the highest governance body in sustainability reporting	1.1 Sustainable Development Strategy	14
	2-15	Conflicts of interests	2.2 Board of Directors	31
	2-16	Communication of critical concerns	2.3 Operations and Governance 27 items of material informa- tion were published in 2022.	36
	2-17	Collective knowledge of the highest governance body	Please refer to the Board's Training Status on pages 28-29 of the annual report.	-
	2-18	Evaluation of the performance of the highest gover- nance body	2.2 Board of Directors	31
	2-19	Remuneration policies	2.2 Board of Directors	31
	2-20	Process to determine remuneration	2.2 Board of Directors	31
	2-21	Annual total compensation ratio	5.1 Talent Recruitment and Career Development	90

	Item	Disclosure Title	Report Section Reference	Page Number(s)
4. Strategy, policies and practices				
	2-22	Statement on sustainable development strategy	Message from the Chairman About this report 1.1 Sustainable Development Strategy	06 14
	2-23	Policy commitments	3.4 Supply Chain and Customer Services	67
	2-24	Embedding policy commitments	5.2 Employee Care	95
	2-25	Processes to remediate negative impacts	2.4 Risk Management 5.2 Employee Care	38 95
	2-26	Mechanisms for seeking advice and raising cncerns	5.2 Employee Care	95
	2-27	Compliance with laws and regulations	5.2 Employee Care 5.3 Occupational Safety and Health Management 4.5 Environmental Protection Investments and Regulatory Compliance	95 102 86
	2-28	Membership associations	2.1 About CHP	24
5. stakeholder engagement				
	2-29	Approach to stakeholder engagement	1.2 Stakeholder Engagement	17
	2-30	Collective bargaining agreement	5.2 Employee Care	95
GRI 3 Material Topics 2021				
	3-1	Process to determine material topics	1.3 Material Topics	19
	3-2	List of materials topics	1.3 Material Topics	19
GRI 3 Material Topics 2021	3-3	Management of materials topics	2.1 About CHP	24
			TCFD	42
			3. Products	50
			3.1 Products and Markets	50
			3.2 Green Economy	62
			3.4 Supply Chain and Customer Services	67
			4. Green Production	72
			4.1 Energy Management	75
			4.2 Emissions Management	78
			4.3 Water Resource Management	81
			4.4 Resource Reuse	84
			5. Friendly Workplace	90
			5.2 Employee care	95
			5.3 Occupational Safety and Health Management	102



Topic-specific Disclosures				
GRI 200: Economic Disclosures				
	Item	Disclosure Title	Report Section Reference	Page Number(s)
Material issues	GRI 201: Economic Performance 2016			
	201-1	Direct economic value generated and distributed	2.1 About CHP	24
	201-2	Financial implications and other risks and opportunities due to climate change	TCFD	42
	201-3	Defined benefit plan obligations and other retirement plans	5.2 Employee Care	95
	201-4	Financial assistance received from government	3.1 Products and Markets	50
	GRI 202: Market Presence 2016			
Material issues	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	5.1 Talent Recruitment and Career Development	90
	202-2	Proportion of senior management hired from the local community	5.1 Talent Recruitment and Career Development	90
	GRI 205: Anti-corruption 2016			
	205-1	Operations assessed for risks related to corruption	2.3 Operations and Governance	36
	205-2	Communication and training about anti-corruption policies and procedures	2.3 Operations and Governance	36
	205-3	Confirmed incidents of corruption and actions taken	2.3 Operations and Governance	36
Topic-specific Disclosures				
GRI 300: Environmental Disclosures				
	Item	Disclosure Title	Report Section Reference	Page Number(s)
Material issues	GRI 301: Materials 2016			
	301-1	Materials used by weight or volume	3.2 Green Economy 3.4 Supply Chain and Customer Services	62 67
	301-2	Recycled input materials used	3.2 Green Economy	62
	301-3	Reclaimed products and their packaging materials	2.1 About CHP 3.2 Green Economy	24 62
	GRI 302: Energy 2016			
	302-1	Energy consumption within the organization	4.1 Energy Management	75
Material issues	302-3	Energy intensity	4.1 Energy Management	75
	302-4	Reduction of energy consumption	4.1 Energy Management	75
	302-5	Reductions in energy requirements of products and services	4.1 Energy Management	75

	Item	Disclosure Title	Report Section Reference	Page Number(s)
Material issues	GRI 303: Water and Effluents 2018			
	303-1	Interactions with water as a shared resources	4.3 Water Resource Management	81
	303-3	Management of water discharge-related impacts	4.3 Water Resource Management	81
	303-4	Water withdrawal	4.3 Water Resource Management	81
	303-5	Water discharge	4.3 Water Resource Management	81
	303-6	Water consumption	4.3 Water Resource Management	81
Material issues	GRI 304: Biodiversity 2016			
	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	3.1 Products and Markets	50
	304-3	Habitats protected or restored	3.1 Products and Markets	50
	304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	3.1 Products and Markets	50
Material issues	GRI 305: Emissions 2016			
	305-1	Direct (Scope 1) GHG emissions	4.2 Emissions Management	78
	305-2	Energy indirect (Scope 2) GHG emissions	4.2 Emissions Management	78
	305-3	Other indirect (Scope 3) GHG emissions	4.2 Emissions Management	78
	305-4	GHG emissions intensity	4.2 Emissions Management	78
	305-5	Reduction of GHG emissions	4.2 Emissions Management	78
	305-6	Emissions of ozone-depleting substances (ODs)	4.2 Emissions Management	78
	305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	4.2 Emissions Management	78
Material issues	GRI 306: Waste 2020			
	306-1	Waste generation and significant waste-related impacts	4.3 Water Resource Management	81
	306-2	Management of significant waste-related impacts	4.4 Resource Reuse	84
	306-3	Waste generated	4.4 Resource Reuse	84
	306-4	Waste diverted from disposal	4.4 Resource Reuse	84
	306-5	Waste directed to disposal	4.4 Resource Reuse	84

Topic-specific Disclosures				
GRI 400: Social Disclosures				
	Item	Disclosure Title	Report Section Reference	Page Number(s)
Material issues	GRI 401: Employment 2016			
	401-1	New employee hires and employee turnover	5.1 Talent Recruitment and Career Development	90
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	5.2 Employee care	95
	401-3	Parental leave	5.1 Talent Recruitment and Career Development	90
	GRI 402: Labor/Management Relations 2016			
	402-1	Minimum notice periods regarding operational changes	No group negotiation contract signed. Complying with the requirements of the Labor Standards Act.	-
	GRI 403: Occupational Health and Safety 2018			
	403-1	Occupational health and safety management system	5.3 Occupational Safety and Health Management	102
	403-2	Hazard identification, risk assessment, and incident investigation	5.3 Occupational Safety and Health Management	102
	403-3	Occupational health services	5.3 Occupational Safety and Health Management	102
	403-4	Worker participation, consultation, and communication on occupational health and safety	5.3 Occupational Safety and Health Management	102
	403-5	Worker training on occupational health and safety	5.3 Occupational Safety and Health Management	102
	403-6	Promotion of worker health	5.2 Employee care 5.3 Occupational Safety and Health Management	95 102
	403-7	Prevention and mitigation of occupational health and safety	5.3 Occupational Safety and Health Management	102
	403-8	Workers covered by an occupational health and safety	5.3 Occupational Safety and Health Management	102
	403-9	Work-related injuries	5.3 Occupational Safety and Health Management	102
	403-10	Work-related ill health	5.2 Employee care	95
	GRI 404: Training and Education 2016			
	404-1	Average hours of training per year per employee	5.2 Employee care	95
	404-2	Programs for upgrading employee skills and transition assistance programs	5.2 Employee care	95
	404-3	Percentage of employees receiving regular performance and career development reviews	5.2 Employee care	95
Material issues	GRI 405: Diversity and Equal Opportunity 2016			
	405-1	Diversity of governance bodies and employees	5.1 Talent Recruitment and Career Development	90
	405-2	Ratio of basic salary and remuneration of women to men	5.1 Talent Recruitment and Career Development	90
Material issues	GRI 406: Non-discrimination 2016			
	406-1	Incidents of discrimination and corrective actions taken	5.2 Employee care	95
	GRI 407: Freedom of Association and Collective Bargaining 2016			
	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	3.4 Supply Chain and Customer Services 5.2 Employee care	67 95

	Item	Disclosure Title	Report Section Reference	Page Number(s)
	GRI 408: Child Labor 2016			
	408-1	Operations and suppliers at significant risk for incidents of child labor	3.4 Supply Chain and Customer Services 5.2 Employee care	67 95
	GRI 413: Local Communities 2016			
	413-1	Operations with local community engagement, impact assessment, and development programs	2.4 Risk Management 4.5 Environmental Protection Investments and Regulatory Compliance 6. Social Caring and Inclusiveness	38 86 110
	413-2	Operations with significant actual and potential negative impacts on local communities	2.4 Risk Management 6. Social Caring and Inclusiveness	38 110
	GRI 414: Supplier Social Assessment 2016			
	414-1	New suppliers that were screened using social criteria	3.4 Supply Chain and Customer Services	67
	414-2	Negative social impacts in the supply chain and actions taken	3.4 Supply Chain and Customer Services	67
Material issues	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 issues	GRI 417: Marketing and Labeling 2016			
	417-1	Requirements for product and service information and labeling	3.1 Products and Markets	50
	417-2	Incidents of non-compliance concerning product and service information and labeling	3.1 Products and Markets	50
	417-3	Incidents of non-compliance concerning marketing communications	3.1 Products and Markets	50

Appendix 2. 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 <sub>2</sub> -e	768,837	4.2 Emissions Management	78
	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	78 38
Air Quality	RR-PP-120a.1	(1) Oxides of nitrogen (NO <sub>x</sub> )	metric tons	637	4.2 Emissions Management	78
		(2) Oxides of sulfur (SO <sub>2</sub> )	metric tons	768		
		(3) Volatile organic compounds (VOCs)	metric tons	197		
		(4) Particulate matter (PM)	metric tons	163		
		(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	23,870,725	4.1 Energy Management	75
		(2) Percentage grid electricity	%	44%		
		(3) Percentage from biomass	%	30%		
		(4) Percentage from other renewable energy	%	2%		
		(5) Total self-generated energy	GJ	*11,385,360		
		(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 <sup>3</sup>	29,029	4.3 Water Resource Management	81
		(2) Total water consumption	1000 m <sup>3</sup>	1,763		
		(3) Analysis of all operations for water risks and identification of activities that withdraw and consume water in locations with high or extremely high baseline water stress	-	-		
		(4) Water withdrawn in locations with high or extremely high baseline water stress as a percentage of the total water withdrawn	%	0%		
		(5) Water consumed in locations with high or extremely high baseline water stress as a percentage of the total water consumed	%	0%		
	RR-PP-140a.2	Description of water management risks and discussion of strategies and practices to mitigate those risks	-	-	2.4 Risk Management	38
Supply Chain Management	RR-PP-430a.1	(1) Percentage of wood fiber from third-party certified forest land and percentages under each standard	%	50%	3.2 Green Economy 3.4 Supply Chain and Customer Services	62
		(2) Percentage of wood fiber that meets other sourcing standards and percentages under each standard	%	50%		67
	RR-PP-430a.2	Amount of recycled and recovered fiber procured	metric tons	137,702		
Activity Metric	RR-PP-000.A	Pulp production	metric tons	381,178	3.1 Products and Market	50
	RR-PP-000.B	Paper production	metric tons	511,005		
	RR-PP-000.C	Total wood fiber sourced	metric tons	910,211		

\* Note: Including the energy consumption of electricity and steam

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	110
Goal 6		Ensure availability and sustainable management of water and sanitation for all	6.3 / 6.6a	4.3 Water Resource Management	81
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	90
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 50 72
Goal 10		Reduce inequality within and among countries	10.2 / 10.3	5.2 Employee Care 6. Social Caring and Inclusiveness	95 110
Goal 11		Make cities and human settlements inclusive, safe, resilient and sustainable	11.2 / 11.3 / 11.4 / 11.6	3.Products 4. Green Production 6. Social Caring and Inclusiveness	50 72 110
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 Reuse	14 62 72 84
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 38 72
Goal 15		Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt 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 50 110
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	24

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	31
2. Human rights			
2.1	Due diligence	5.2 Employee Care	95
2.2	Human rights risk situations	5.2 Employee Care	95
2.3	Avoidance of complicity	2.3 Operations and Governance	36
2.4	Resolving grievances	5.2 Employee Care	95
2.5	Discrimination and vulnerable groups	5.1 Talent Recruitment and Career Development	90
		5.2 Employee Care	95
2.6	Civil and political rights	5.2 Employee Care	95
2.7	Economic, social and cultural rights	5.2 Employee Care	95
2.8	Fundamental principles and rights at work	5.2 Employee Care	95
3. Labor practices			
3.1	Employment and employment relationships	5.1 Talent Recruitment and Career Development	90
3.2	Conditions of work and social protection	5.2 Employee Care	95
3.3	Social dialogue	1. Sustainability	14
3.4	Health and safety at work	5.2 Employee Care	95
3.5	Human development and training in the workplace	5.2 Employee Care	95
4. The environment			
4.1	Prevention of pollution	4. Green Production	72
4.2	Sustainable resource use	4.3 Water Resource Management	81
		4.4 Resource Reuse	84
4.3	Climate change mitigation and adaptation	4.1 Energy Management	75
		4.2 Emissions Management	78
4.4	Protection of the environment, biodiversity and restoration of natural habitats	6. Social Caring and Inclusiveness	110

Item	Article	Corresponding Chapter	Page Number
5. Fair operating practices			
5.1	Anti-corruption	2.3 Operations and Governance	36
5.2	Responsible political involvement	Remain neutral, never participated in political contributions or activities	-
5.3	Fair competition	2.3 Operations and Governance	36
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	36
6. Consumer issues			
6.1	Fair marketing, factual and unbiased information and fair contractual practices	2.3 Operations and Governance	36
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	17
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	110
7.2	Education and culture	6. Social Caring and Inclusiveness	110
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	50
7.5	Wealth and income creation	6. Social Caring and Inclusiveness	110
7.6	Health	6. Social Caring and Inclusiveness	110
7.7	Social investment	6. Social Caring and Inclusiveness	110






Appendix 5. 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	95
	make sure that they are not complicit in human rights abuses.	5.2 Employee Care	95
Labour	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;	5.2 Employee Care	95
	the elimination of all forms of forced and compulsory labour;	5.2 Employee Care	95
	the effective abolition of child labour; and	5.2 Employee Care	95
	the elimination of discrimination in respect of employment and occupation.	5.2 Employee Care	95
Environ-ment	Businesses should support a precautionary approach to environmental challenges;	2.4 Risk Management 3. Products	38 50
	undertake initiatives to promote greater environmental responsibility; and	1.1 Sustainable Develop-ment Strategy	14
		3.2 Green Economy	62
	encourage the development and diffusion of environmentally friendly technologies.	3.2 Green Economy	62
		4. Green Production	72
Anti-Cor-ruption	Businesses should work against corruption in all its forms, including extortion and bribery.	2.3 Operations and Governance	36

Appendix 6. Heating Value Comparison Table

Type of Energy	Heating Value	Unit of Measure
Fuel Oil	9,800	kcal/L
Diesel Fuel Oil	8,400	kcal/L
Natural Gas (NG)	8,803	kcal/m³
Steam Coal	5,374	kcal/kg
Purchased Electricity	2,070	kcal/kWh
SRF (CT mill)	4,749	kcal/kg
SRF (DF mill)	1,514	kcal/kg
Recycled Paper Waste (RDF)	5,859	kcal/kg
Paper/Pulp Sludge (CT mill)	714	kcal/kg
Paper/Pulp Sludge (TT mill )	319	kcal/kg
Paper/Pulp Sludge (DF mill)	480	kcal/kg
Paper/Pulp Sludge (HL mill)	600	kcal/kg
Tree Bark (DF mill)	1,431	kcal/kg
Wood Waste	3,758	kcal/kg
Lignin Biomass Fuel (HL mill)	3,567	kcal/kg
Lignin Biomass Fuel (DF mill)	2,900	kcal/kg

Appendix 7. Third-Party Assurance Statement



By Royal Charter

## INDEPENDENT ASSURANCE OPINION STATEMENT

### Chung Hwa Pulp 2022 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 2022 Sustainability Report.
2. The evaluation of the nature and extent of the CHP's adherence to AA1000 AccountAbility Principles (2018) and assessment of sustainability 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 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 2022 Sustainability Report provides a fair view of the CHP sustainability programmes and performances during 2022. 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 assurors 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 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.
- 10 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) and GRI Standards 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). Based on our review, we confirm that the sustainability disclosure topics & accounting metrics of SASB Standard(s) (Pulp & Paper Products Sustainability Accounting Standard) 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 Lead 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



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Taiwan Headquarters: 2nd Floor, No. 37, Ji-Hu Rd., Nei-Hu Dist., Taipei 114, Taiwan, R.O.C.

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中華紙漿股份有限公司  
Chung Hwa Pulp Corporation