

2024 Sustainability Report

Inherit the papermaking craftsmanship
Sustain the ecological environment
and prosper together



中華紙漿
Chung Hwa Pulp

About this Report

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

This is the 11th Sustainability Report of Chung Hwa Pulp Corporation (hereinafter referred to as “CHP”). For years, CHP has fully adhered to the principles of ESG (Environmental: being environmentally friendly & promoting circular economy; Social: employee well-being and co-prosperity with the environment; Governance: integrity and fairness) and steered toward achieving sustainability with Net-zero carbon emissions as the final goal. This report describes in detail the ESG-related efforts and achievements of CHP. We hope that the Sustainability Report enables all our stakeholders to better understand and build greater trust in our performance and practices in ESG and sustainability.

Report Writing Principles

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

Date of Issue and Reporting Cycle

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

- Previous issue (2023): June 2024
- Current issue (2024): August 2025
- Next issue (2025): August 2026

Scope and Boundaries

The report discloses information relevant to CHP for the year 2024 (from January 1, 2024 to December 31, 2024), including management guidelines, material issues, and performance outcomes. The reporting scope includes environmental, social, and economic issues. The reporting boundary includes our Taipei Headquarters, all operational sites of CHP, production plants (the Kaohsiung Jiutang, Hualien, Taitung, and Taoyuan Guanyin plants), and overseas subsidiaries (Syntax Communication Shanghai Representative Office, Shenzhen Jinglun Paper Co., Ltd., Syntax Communication (HK) Ltd., Guangdong Dingfung Pulp & Paper Co., Ltd., Zhaoqing Dingfung Forestry Co., Ltd., and Guizhou Yuanfung Forestry Co., Ltd.). There were no significant changes in the organization's size and structure during the reporting period. If any information has been restated within specific sections, it will be noted in the relevant paragraph or below the charts. For more detailed information regarding affiliated companies, please refer to CHP's "2024 Annual Report." The Materiality Identification is primarily based on the parent company’s papermaking operations, as pulp, paper, and paperboard account for over 90% of total revenue.

Cover Story

A Paper-Based Commitment to a Greener Future

CHP has long been rooted in an integrated forestry-to-paper system , which has established a strong foundation for the development of green materials and the circular economy. To meet the needs of a new generation, CHP is expanding paper applications, from recyclable food packaging and natural fiber textiles to eco-bricks and organic fertilizers made from byproducts.

CHP is also accelerating its green energy transition by upgrading cogeneration, adopting biomass fuels, and enhancing smart energy management. From materials to energy, every step reflects CHP’s ongoing commitment to a more sustainable future.

Review and Verification

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

Contact Information

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

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CHP Website



CHP YouTube

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Message from the Chairman

Greetings to all supporters of Chung Hwa Pulp!

In 2024, the global political and economic landscape remained turbulent. Geopolitical conflicts, industrial strikes in Europe and the U.S., and mounting tensions in global trade presented significant challenges to the paper industry. Among them, a reduction in global wood chip supply drove up pulp prices, and the rise of digitalization further pressured paper demand. Amidst this climate, CHP remains steadfast in its core value of transmitting humanistic knowledge. We are committed to preserving forest and land resources for their carbon sequestration value and promoting a circular economy that maximizes resource use and reuse to achieve low-carbon operations. Simultaneously, we continue to invest in R&D for green materials and innovative applications, aiming for high value-added products. By integrating sustainability into everyday needs—food, clothing, housing, and transportation—we are forging new business models and advancing into international markets to secure long-term competitiveness.

Clean Energy and Circular Economy – Toward Net Zero Emissions

The global push for decarbonization has accelerated industrial transformation. CHP follows a sustainable development roadmap with a diversified strategy encompassing green energy and circular economy. As Taiwan's only pulp-producing enterprise, CHP utilizes wood chips to extract cellulose for pulp production and further concentrates the lignin byproduct into fuel for use in our combined heat and power (CHP) systems. This self-sufficient energy model earned recognition from the Energy Administration as Taiwan's only lignin-based renewable energy facility, generating highly valued green electricity. To enhance the credibility and global alignment of this achievement, we obtained third-party LCA verification for our green electricity, along with ISO 14067 carbon footprint and Taiwan's first ISO 13065 sustainable electricity certification. These efforts have attracted leading international brands and support supply

📄 GRI 2-22

chain partners in achieving RE100 goals.

Through equipment upgrades, our mills apply a range of green energy sources, transforming unrecyclable process residues—such as pulp sludge, waste wood, paper scraps, and SRF solid fuels—into alternative fuels. By utilizing their calorific value and fiber characteristics, CHP has already surpassed 50% green energy use across production sites. Compared to the base year 2018, CHP achieved an 9.8% reduction in total greenhouse gas emissions by 2024. Our decarbonization progress has earned recognition from Business Weekly's Top 100 Carbon Competitiveness rankings and the CommonWealth Magazine's 1.5°C Climate Action Badge, laying a solid foundation toward net-zero emissions.

Green Innovation Driving Low-Carbon Transformation through AI Smart Production and Lignin-Based Textile Fibers

CHP is proactively advancing precision manufacturing by introducing AI and automation technologies to modernize traditional industries. We developed and implemented a fully automated Virtual Measurement (AVM) system, combining AI-driven analytics with process data forecasting to detect product defects and anomalies early. This innovation not only enhances production efficiency and quality but also significantly reduces energy and water consumption, minimizes labor resource waste, and positions CHP as a leader in green manufacturing within the paper industry.

To meet growing consumer demand for eco-friendly, low-carbon products, CHP continues to innovate and expand market influence through “green products” that drive sustainability. In recent years, we have mass-produced the fully recyclable CircuWell All-Paper Packaging and low-carbon kraft paper tape, providing green alternatives to conventional plastics. In 2024, we proudly announced the launch of Taiwan's first lignin-based fiber spinning pilot line—transforming wood fibers into high-value, recyclable textile materials and offering a new choice for sustainable fashion aesthetics.

Environmental Education and Social Inclusion – Rooted in Local Care

With over 50 years of deep-rooted presence in Taiwan, CHP upholds the spirit of “giving back to society.” We actively promote environmental education and public welfare initiatives to extend our corporate social impact. We care for our local communities and support education in remote areas. In the Hualien and Taitung regions, we have long collaborated with government agencies and non-profits to provide science education and sustainability curricula. In 2024, we officially launched the Chung Hwa Pulp Environmental Education Park, becoming the first certified environmental education site in Hualien's manufacturing sector. Targeting junior high school students, the park showcases CHP's commitment to circular economy and low-carbon operations, fulfilling our mission to “transmit knowledge and preserve culture.”

People-Centered Values – Building a Platform for Shared Growth and a Sustainable Future

CHP is founded on principles of integrity, fairness, and transparency, creating long-term value for shareholders, employees, customers, and all stakeholders. We prioritize employee rights and career development by offering comprehensive compensation, benefits, and a safe, friendly work environment to support work-life balance. Facing the challenges of digital transformation, CHP emphasizes the philosophy of “teaching people to fish.” Through expert mentoring and hands-on training, we empower each employee with new skills and foster internal talent development. This facilitates knowledge sharing and cross-generational learning, propelling collective growth toward a sustainable future.

Looking ahead, CHP will continue to center its core strategy on the “3R” circular economy approach—Recycle, Reclaim, and Regenerate—to deepen diversified and independent development across forestry, pulping, and papermaking. At the same time, we will pursue continuous innovation, implementing smart, low-carbon manufacturing and zero-waste circular solutions. By fostering cross-industry collaboration, we aim to expand the supply of sustainable materials for everyday life—from food and clothing to housing and mobility—working hand in hand with all employees to advance our ESG vision through steady operations and forward-looking innovation.

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

“CHP is entering a new phase—shifting from an integrated pulp and paper model to diversified development in forestry, pulping, and papermaking. Guided by circular economy principles, we are advancing sustainable materials and green energy to enhance carbon value and long-term competitiveness.”

Chairman

Kirk Hsu



Sustainability at Chung Hwa Pulp



Chung Hwa Pulp Corporation

2014

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

2012

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

2011

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

2010

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

2009

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

2006

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

2000

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

1996

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

1978

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

1975

- The Company was stock listed [1905].

1970

- Began trial at the Hualien mill.

1968

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

2015

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

2016

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

2017

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

2018

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

2019

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

2020

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

2021

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

2022

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

2023

- CHP won the TCSA's Top 100 Sustainable Model Companies, and Silver Award for Sustainability Report
- CHP won the 7th Taipei Golden Eagle Microfilm Festival - Best Environmental Resource Microfilm, Gold Prize
- CHP won the Golden Pin Design Award by the Taiwan Design Research Institute - Golden Pin Design Mark (Integrated Design Category)
- CHP was recognized by the Occupational Safety and Health Administration, Ministry of Labor - Top 10% Outstanding Company for proactive performance in occupational health and safety disclosure in sustainability reports

- CHP was recognized by the Industrial Development Bureau, Ministry of Economic Affairs - Outstanding Factory for Greenhouse Gas Reduction
- CHP won the Harvard Business Review Ding Ge Awards - Model Award for Manufacturing Industry, ESG Special Award

Awards and Recognition



CDP
Climate Change, Water
Security and Forests
Management "Triple B"
Management-Level Company



EcoVadis
Sustainability Rating
Bronze Medal
The only company in
Taiwan's papermaking
industry



CommonWealth Magazine
1.5 °C Temperature
Control Label
Leading the industry



BCCT Better Business
Awards
Highly Commended in
Corporate Contribution



2024
Carbon Competitiveness
100
Recognized twice
among Business
Weekly's Top
100 Carbon
Competitiveness
Companies



TCSA Taiwan Corporate
Sustainability Award
· Sustainability Report, Category 1- Silver
· Taiwan Sustainability Excellence Award
TSAA Taiwan Sustainability Action Awards
· SDG4 TOP3 Gold Award
· SDG12 TOP6 Gold Award



Department of
Education, Kaohsiung
City Government
"Social Education
Contribution Award"



Environmental
Protection
Administration
Outstanding Unit for
Green Procurement
TOP3

Governance		Eco-Certification	
《CDP》	Climate Change, Water Security and Forests Management "Triple B" Management-Level Company	The first paper manufacturer in Taiwan to obtain FSC® (Forest Stewardship Council) certification.	
《EcoVadis》	Bronze Medal	Obtained PEFC (Programme for the Endorsement of Forest Certification) certification since 2010.	
《National Taxation Bureau of the Northern Area, Ministry of Finance》	Outstanding Business Entity Award	Launched "PAPER STAR" office paper--the first product certified with a carbon footprint label by the Ministry of Environment.	
《Taiwan Institute for Sustainable Energy (TAISE)》	CHP has been honored six times with the TCSA	In 2024, obtained ISO 14067 Product Carbon Footprint Certification for green electricity products.	
	· TCSA - Sustainability Report Awards- Silver Award · TCSA - Overall Performance: Outstanding Sustainable Corporate Award · TSAA - SDG 4 Top 3 Gold Award · TSAA - SDG 12 Top 6 Gold Award	Achieved Taiwan's first ISO 13065 certification for electricity sustainability (Standard for Sustainability of Bioenergy).	
Environment		CircuWell Easy Seal Board & Pulp-molded products certification:	Industrial Compostability Certified Product (DINCERTCO)
《Environmental Protection Administration》	Outstanding Unit for Green Procurement TOP3, awarded 12 times (2001-2005, 2007-2008, 2020-2024)		International Biodegradable Products Institute certified products (BPI)
《Ministry of Economic Affairs》	"Outstanding Greenhouse Gas Emission Reduction Company Award"		Australasian Bioplastics-Industrial Compostable verification programme (ABA)
《Commonwealth Magazine》	1.5 °C Temperature Label-Excellent		Australasian Bioplastics-Home Compostable Verification Programme (ABA)
《Business Weekly》	Top 100 Carbon Competitiveness Companies		Home Compostable and Biodegradable Certified Product (DINCERTCO)
Social		CircuWell Pulp-molded products certification:	Industrial Compostability Product (Seedling Mark)
Consistent Award Wins		 Left: Hualien Plant recognized with the Joint Defense Support Contribution Award by the Ministry of Environment Right: Recognized at the 2024 TSAA Taiwan Sustainability Action Awards	
《BCCT》	Better Business Awards Highly Commended in Corporate Contribution		
《Ministry of Labor》	All sites actively participated in the National Workplace Safety and Health Week		
《Ministry of Health and Welfare》	Both the Hualien Mill and Jiutang Mill were awarded the Health Promotion Label		
《Ministry of Environment》	Hualien Plant recognized with the Joint Defense Support Contribution Award		
《Department of Education, Kaohsiung City Government》	Social Education Contribution Award		
		· Awarded 12 times by the Environmental Protection Administration, Executive Yuan, as an "Outstanding Unit for Green Procurement" (2001-2005, 2007-2008, 2020-2024) · Awarded for 6 consecutive years by TCSA Taiwan Corporate Sustainability Awards (2017, 2018, 2021-2024) · Awarded for 6 consecutive years by the Environmental Protection Administration, Executive Yuan, as an "Outstanding Adopted Unit of Air Quality Purification Zones" (2017-2022)	

Sustainability & Corporate Governance

7

Board Members

Including

3

Independent 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)



Adopted **IFRS** (the International Financial Reporting Standards) **S1&S2** Applied the Sustainable Economic Activity Recognition Guidelines



CDP Climate Change, Water Security and Forests Management **"Triple B" Leadership-Level** Company



EcoVadis, Global Supply Chain Assessment **Bronze Medal**

Sustainability



Sustainable Development Strategy

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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. This vision also reflects our dedication to cultural heritage, communication, education, commitment, harmony, and sustainability, highlighting CHP’s deep commitment to sustainable development.

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

Stakeholder Engagement

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.



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Stakeholder	Issues of Concern	Communication Method/Frequency	Response Strategies	Engagement Performance
Employees	Improve employee retention and reduce turnover · Occupational safety and health · Employee rights, diversity, and equality · Talent recruitment, retention, and development · Labor-management communication	· Employee complaint mailbox / real-time · Board of supervisor meetings (employee feedback issues) / quarterly (also ad hoc meetings as needed) · Meetings of Safety Operations Management Committee / every 2 months · Interviews with human resources / as needed · Employee Welfare Committee meetings / quarterly · Labor Safety Committee meetings / quarterly · Labor-management meetings / quarterly · Company newsletter / monthly	· We adopt a well-established compensation system, employee benefits, and performance management mechanism, upholding the principle of sharing achievements with employees to attract and retain talent. · Occupational safety seminars and health promotion activities are organized to cultivate a safe and healthy corporate culture, and to strengthen employees' ability to identify and respond to workplace risks. · We follow the principles and spirit of the United Nations Universal Declaration of Human Rights, the UN Global Compact, the ILO Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy, and the OECD Guidelines for Multinational Enterprises.	The employee turnover rate reached 11.79%, slightly higher than in 2023, with the following measures taken in response: · Salary adjustments have been carried out for three years (2022-2024), with increases accounting for 2-3% of total payroll. · ESG awareness and training programs were held, covering occupational safety, compliance, human rights, and environmental topics. In 2024, a total of 7,402 participants received 1,676.5 training hours. · All plants have obtained ISO 45001 certification and adopted the PDCA cycle to operate occupational health and safety management systems, serving as a foundation for sustainable business development.
Customers	Enhancing Customer Satisfaction · Green Products · Product Quality · Customer Relations and Service · Sustainable Supply Chain and Green Procurement · Innovative Technologies	· Customer satisfaction survey / annually · Product launch events or exhibitions / as needed · Market research, visits to customers / as needed · Technical analysis or guidance / as needed · Customer Service section on company website / as needed	· We have strengthened our customer service system by establishing dedicated hotlines and email channels to ensure timely responses. · Low-carbon and recycled paper products are being developed as part of our commitment to sustainability. · Certified product information and inquiry services are provided in accordance with international standards such as FSC, PEFC, and ISO.	· In the 2024 satisfaction survey, the average score reached 4.03, classified as "satisfactory" and higher than in 2023. · In collaboration with Kang Xuan Educational Publishing Group, books were collected for recycling and reproduced into paper used for printing assistive teaching materials, demonstrating a sustainable customer partnership model.
Suppliers	Building a Sustainable Supply Chain · Green Procurement · Regulatory Compliance	· Meetings by phone, in-person business meetings, email correspondence / as needed · Supplier assessments / every 4 months	· Supplier review and collaboration guidelines have been established to ensure proper qualification of new suppliers, using tools such as supplier questionnaires, integrity commitment statements, and codes of conduct. · Based on an internal scoring system, supplier evaluations are conducted twice a year, with improvement suggestions provided—or partnerships terminated—if a supplier fails to meet requirements. · Green procurement (e.g., FSC /PEFC certifications) and sustainability policies related to human rights are promoted to strengthen supply chain responsibility.	· In 2024, no violations of workers' freedom of association or collective bargaining rights were identified across Chung Hwa Pulp's operations or among its suppliers. · A total of 586 supplier evaluations were conducted in 2024, with a 100% compliance rate. · The proportion of green procurement continued to rise, reaching 66% in 2023, 78% in 2024, with a target of 82% for 2025. · Measures have been taken to actively comply with EUDR requirements by enhancing supply chain transparency and traceability. · Participated in the internationally recognized EcoVadis sustainability rating and received a Bronze Medal.
Shareholders/ Investors	Enhancing Information Transparency and Strengthening Investor (Shareholder) Confidence · Corporate Governance · Operational and Financial Performance · Risk Management and Opportunities · Information Security · Transparency in Information Disclosure	· Investor conferences / quarterly · Annual general meeting / annually · Disclosure of financial information on company website / updated as needed · MOPS / updated as needed · Visits to investors / multiple times yearly	· Institutional investor conferences are held to foster proactive and effective communication, ensuring transparent disclosure of financial and operational information. · The TCFD framework has been adopted to analyze climate-related risks, enabling identification and management of potential impacts and reducing operational disruptions.	· Four institutional investor conferences were held in 2024, with information disclosed simultaneously through the company website and press releases to enhance sustainability transparency. · An English-language website was launched to help foreign investors stay informed about company developments and ESG progress. · In 2023, a TCFD compliance assessment was completed, with the company receiving the highest rating Level 5 "Excellent" from BSI.
Government Agencies	Regulatory Compliance · Material Management · Energy Management · Water Resource Management · Greenhouse Gas Management · Air Pollutant Management	· Monitoring of regulatory amendments and compliance with government laws / real-time · Audits by government agencies / as needed · Labor inspections / regularly · Attendance at policy meetings / as needed	· Compliance with relevant laws and regulations, including energy reporting, is actively maintained. · The company also participates in government programs on water conservation, energy saving, and the circular economy, including the Ministry of Economic Affairs' Self-determined Reduction Plans.	· In 2024, energy-saving projects achieved a total carbon reduction of 24,724 metric tons of CO ₂ e. · Greenhouse gas emissions in 2024 totaled 920,732 metric tons of CO ₂ e, representing an 9.8% reduction compared to the base year (2018). · The total amount of solid residuals in 2024 was 170,300 tons, marking a 33% reduction over the past three years (2022-2024).
Community	Enhancing the positive image of CHP in the Communities · Community communication and care	· Organization and assistance with community charitable activities / as needed · Documentation of and responses to the opinions of community residents / real-time · Volunteer activities / as needed	· The company has long been committed to promoting science education in rural areas, organizing volunteer teams and engaging in social welfare initiatives to embody its corporate spirit of local cultivation and shared prosperity with the community.	· Established the Chung Hwa Pulp Environmental Education Park, with 200 participants in 2024. · Focused on delivering science education in rural areas, benefiting nearly 10,000 students to date.
NGOs	Increasing Positive Exposure · Transparency in Information Disclosure · Community communication and care · Biodiversity and forest conservation	· Communication with news media / as needed · Hosting or support of community activities / as needed	· Information disclosure and media exposure have been strengthened through the proactive and ongoing release of company policies and product news.	· Responded to and actively committed to the SBTi science-based emission reduction targets. · Promoted a demonstration afforestation carbon credit project in Taiwan.

Material Issues

📄 GRI 3-1/3-2/3-3

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, 166 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

166 Questionnaires

- Issues in the questionnaire were categorized into five levels of concern.
- Questionnaires were completed by internal/external stakeholders and approximately 166 department heads participated in the ESG questionnaire to analyze the impact on the company's operations.

10 Material Issues

- Through the participation of representatives from various subcommittees of the CHP Sustainability Development Committee, managers, and stakeholders, an impact assessment on sustainability issues was conducted via questionnaires. These results were compared with key topics from sustainability assessments and standards related to the paper industry. Discussions with experts helped identify both negative/positive, actual/potential impacts on relevant issues. The outcome was the 2024 Materiality Analysis Matrix, which will be used to effectively manage the impact of these material topics.

Responsiveness

Determine disclosure boundary
Review disclosure content

5

6

4 Aspects of Concern

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

Corresponding Standards

- The 10 identified material topics are aligned with the GRI Standards and disclosed according to the reporting requirements of each topic's direction.

Impact

Formulate long-term goals
Assessing influence

7

8

Review/Adjust Goals

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

Monitor Goals and Performance

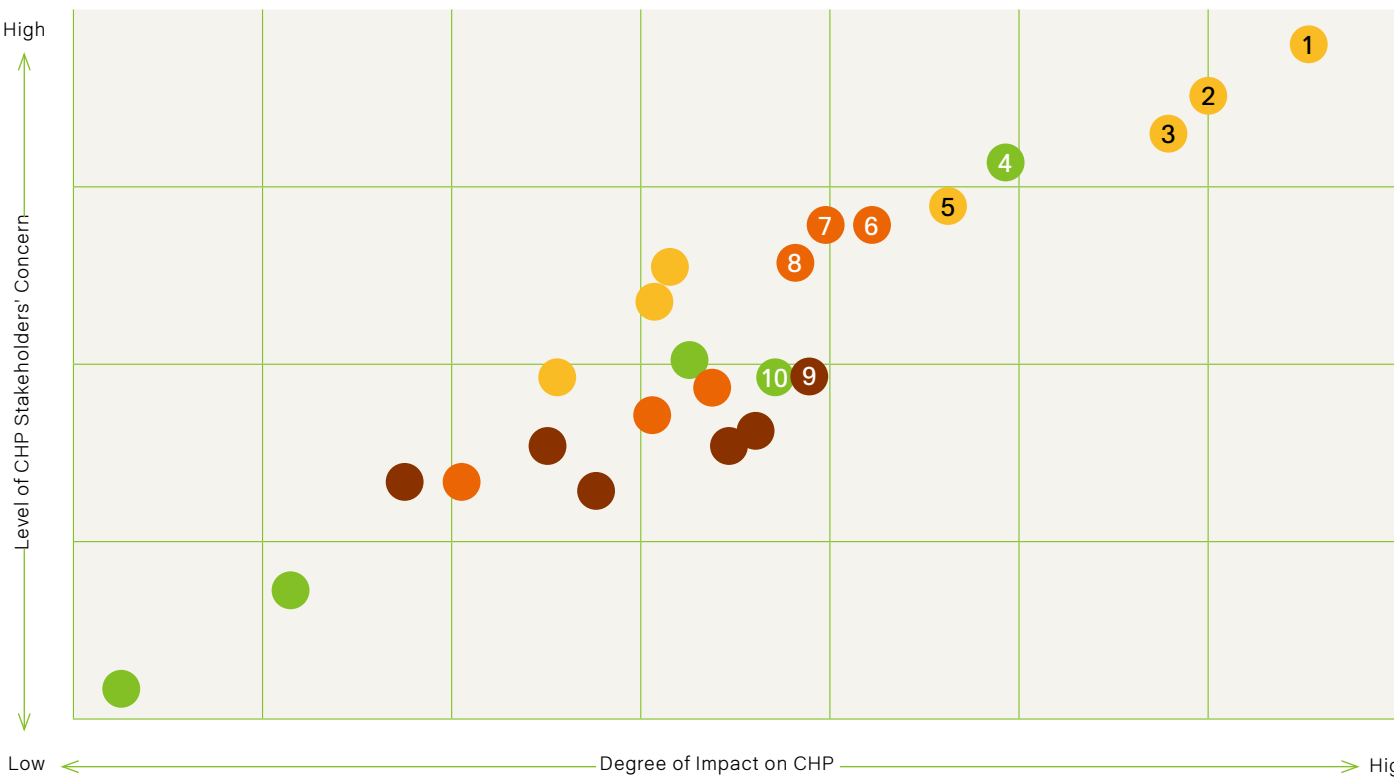
- Sustainability Committee meetings were held during which the ESG Office presented a progress and performance report.

Significance of Material Topics to CHP

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



CHP Materiality Matrix (Circle numbers indicate 2024 "Material Topic Ranking")



Governance Aspect		Economic Aspect		Environmental Aspect		Social and Human Rights Aspect	
1	Corporate Governance	1	Technological Innovation	1	Green Manufacturing	1	Customer Relations and Service
2	Operational and Financial Performance	2	Circular Economy	2	Materials Management	2	Labor-Management Communication
3	Risk Management and Opportunities	3	Product Quality	3	Energy Management	3	Talent Development and Training
4	Information Disclosure	4	Sustainable Supply Chain and Green Procurement	4	Water Resources Management	4	Occupational Safety and Health
5	Information Transparency	5	Green Products	5	Biodiversity and Forest Conservation	5	Employee Rights, Diversity, and Equality
6	Regulatory Compliance			6	Air Pollution Management	6	Community Communication and Care
				7	Greenhouse Gas Management		

Considering international policy trends, industry characteristics, peer experiences, and national regulations, CHP reviewed major considerations and assessed impacts both within and outside the organization, aligning them with the GRI Standards. This process helped define the boundaries for information disclosure and respond to CHP's stakeholders. The 2021 Sustainability Report incorporated the latest GRI Standards, and following a questionnaire evaluation, the 2024 Sustainability Report identifies 10 material topics. This year, the material topic "Green Consumption Promotion (Green Products)" was renamed to "Green Products" and "Talent Recruitment, Retention, and Development" was renamed to "Talent Development and Training". Additionally, the topic "Greenhouse Gas and Air Pollution Management" was split into two separate topics: "Air Pollution Management" and "Greenhouse Gas Management."

Material Topic Ranking

Differences	Material Topics	2024 Ranking	Increase/Decrease
	Corporate Governance	4	▲
	Risk management and opportunities	10	▲
	Regulatory Compliance	6	▲
	Circular Economy	7	▲
Renaming	Green Products	8	▼
Renaming	Talent Development and Training	9	▲
	Energy Management	3	▼
	Water Resource Management	5	▲
Renaming	Air Pollutant Management	2	-
Renaming	Greenhouse Gas Management	1	▲

Aspect	Material Topic	Impact Description	Internal Boundary		External Boundary						Impact Identification				Impact Identification Description
			CHP	Subsidiaries	Shareholders/ Investors	Customers	Suppliers	Government	NGOs	Communities					
			Degree of Impact and Involvement ● Direct ◎ Indirect ○ Business-related								Positive	Negative	Actual	Potential	
Governance	Corporate Governance	A sound governance structure and key decision-making processes strengthen stakeholder trust and enhance the company's operations	●	●	●	○	○	◎			V		V		Board members possess expertise and experience in energy, forestry and paper industry management, enhancing the company's governance performance.
	Risk Management and Opportunities	Energy consumption contributes to climate change, driving policy and market shifts. By actively managing these changes, the company seeks to seize transition opportunities and mitigate potential impacts	●	●	●	○	○	◎				V		V	Transition and physical risks may result in operational losses.
	Regulatory Compliance	Ensuring that all facilities comply with relevant laws and regulations helps reduce compliance risks and maintain stable operations	●	●		○	○	●				V		V	Stricter government regulations and changes in applicable laws may lead to operational losses.
Economic	Green Products	Developing low-carbon and recyclable products strengthens green competitiveness.	●	●	◎	○	◎	◎			V		V	V	Measures such as using FSC-certified materials, introducing biomass energy, and adopting carbon reduction technologies have shown positive results in environmental labeling and product carbon footprint indicators.
	Circular Economy	Promoting resource regeneration and full-cycle utilization supports value maximization	●	●	◎	○		◎	◎	◎	V		V	V	By reusing raw materials, repurposing by-products from the production process, and designing recyclable products, the company is creating sustainable product value and reducing waste.
Environmental	Energy Management	Improving energy efficiency and adopting renewable energy help reduce operating costs and lower carbon emissions	●	●	◎	○	○	◎			V		V	V	Promoting the use of low-carbon fuels and renewable energy has effectively reduced energy consumption and operating costs.
	Greenhouse Gas Management	Responding to net-zero targets and carbon pricing policies enables the company to reduce climate-related risks	●	●	◎			◎	◎	◎		V		V	Global requirements for greenhouse gas management are becoming more stringent. In Taiwan, carbon fees will be formally introduced in 2025, adding to operational costs.
	Air Pollutant Management	Controlling emissions from production processes helps protect employee health and the surrounding communities	●	●	◎			◎	◎	◎		V		V	Tighter air quality regulations may require additional capital expenditures and government fees.
	Water Resource Management	Enhancing water conservation and reuse reduces the company's impact on natural water systems	●	●	◎			◎	◎	◎		V		V	Potential increases in water usage fees and stricter water quality standards may lead to additional investment in equipment and regulatory compliance costs.
Social and Human Rights	Talent Development and Training	Building professional capabilities and sustainability awareness among employees supports long-term competitiveness	●	●	◎			◎	◎		V		V		Enhancing employees' professional skills, sustainability awareness, and productivity.

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

Aspect	Material Topic	Report Chapter	Corresponding GRI Standards	Objectives	2024 Performance	SDGs Alignment
Governance	Corporate Governance	2. Corporate Governance	GRI 201-1 GRI 205-1	- With the “R” core strategy, the company promotes resource recovery, regeneration, and value creation. - Annual publication of sustainability reports to maintain communication with stakeholders. - Support for global sustainability-related initiatives.	- No major legal violations. - Recognized as an Outstanding Business Entity for 2024 by the Northern Taiwan National Taxation Bureau, Ministry of Finance. - Recognized as a “Management” level company with a triple B rating in both climate change, water and forest evaluations by the international Carbon Disclosure Project (CDP). - Introduced SASB Sustainability Accounting Standards. - Invested NT\$198 million in environmental protection initiatives.	
	Risk Management and Opportunities	2.4 Risk Management 2.5 Climate Change Risk Management and Opportunities (TCFD)	GRI 201-2 GRI 3-3	- Implementation of the TCFD framework to reduce operational risks through management systems. - Risk identification and countermeasures established by the Risk Management Committee.	- Implemented the TCFD Climate-Related Financial Disclosures framework, with an audit rating of “Level 5: Excellent,” the highest level. - Established the “IFRS Sustainability Disclosure Standards Task Force.”	
	Regulatory Compliance	4.5 Environmental Protection Investments and Regulatory Compliance	GRI 2-27	- Comply with corporate governance, environmental, and social and human rights regulations set by national or local governments. - Integrate legal compliance and internal audit functions, and implement employee training programs.	- ISO 9001, ISO 14001, ISO 45001, and ISO 50001 management systems implemented in production. - No major violations of laws or regulations.	
Economic	Green Products	3.2 Green Economy	GRI 416-1 / 416-2	- Promote sustainable processes and product innovation through industry-academia collaboration and investment in low-carbon technologies. - In line with net-zero goals, increase the proportion of green product sales and actively obtain multiple environmental certifications. - Strictly control raw material sourcing, afforestation, and production processes to ensure compliance with responsible sourcing and manufacturing standards.	- Develop sustainable materials products such as fully recyclable paper containers, low-carbon kraft paper tape, and Ecocell. - Continuously obtain environmental product certifications, including FSC certification and carbon footprint labels. - Establish and continually improve product carbon footprint labeling to meet market trends and customer needs. - Green product revenue accounted for 43.6% of total revenue this year.	
	Circular Economy	3.2 Green Economy 4.4 Resource Reuse	GRI 306-3~5	- Continue to develop innovative fiber technologies and explore new applications of pulp and paper. - Strive toward “zero waste and zero emissions” by fully recycling and reusing residual materials, moving toward full resource circularity.	- Invest NT\$163 million in materials research and development. - Achieve a 99% resource recovery rate of production residuals and energy recovery through incineration. Combustible residuals with heating value are reused as alternative fuels, remanufactured into new materials, composted, or processed through external recycling channels. - Establish a closed-loop recycling supply chain with upstream and downstream partners.	
Environmental	Energy Management	4.1 Energy Management	GRI 302-1 / 302-3 / 302-4	- Improve energy efficiency and reduce reliance on fossil fuels, with alternative fuels accounting for over 30% of the power structure. - Promote energy initiatives such as equipment replacement, efficiency upgrades, and waste heat recovery to reduce energy consumption. - Introduce low-carbon and renewable energy sources (e.g., increased use of biomass fuels and solar power) to lower carbon emissions.	30.6% of the energy mix is sourced from alternative fuels, with a continued reduction in fossil fuel consumption. - Acquired 126,158 renewable energy certificates (RECs). - Energy-saving projects have achieved a total carbon reduction of 24,724 tCO₂e. - Natural gas systems at the Guanyin Plant were completed, fully replacing heavy oil.	
	Greenhouse Gas Management	4.2 Gas Emissions Management	GRI 305-1 / 305-2 / 305-4	- ISO 14064 management standards introduced, with annual audits conducted at each plant. - Internal carbon pricing introduced, with commitments to SBTi science-based carbon reduction targets. - Monitoring of the EU's carbon border tax and carbon tax policies worldwide to assess CHP's product carbon risks and develop corresponding management strategies.	- In 2024, greenhouse gas emissions were reduced by 9.8% compared to the 2018 baseline, achieving the short-term target ahead of schedule (7% reduction by 2025). - Introduced internal carbon pricing and committed to SBTi science-based carbon reduction targets. - Disclosed climate-related financial information in line with the TCFD framework.	
	Air Pollutant Management	4.2 Gas Emissions Management	GRI 305-7	Continuously expand air pollution control equipment and maintain strict monitoring in compliance with local government regulations at each facility.	In 2024, compared to the 2021 baseline year, total emissions of NO, SO₂, and VOCs were reduced by 19%, 47%, and 28%, respectively.	
	Water Resource Management	4.3 Water Resource Management	GRI 303-2~5	- Following water-saving goals to improve process water recycling rates and reduce water waste. - Strengthen the management of discharged wastewater.	While maintaining production output and meeting regulatory standards, the company achieved approximately 90% water recycling efficiency in its paper mills.	
Social and Human Rights	Talent Development and Training	5.1 Talent Recruitment & Career Development 5.2 Employee Care	GRI 401-1~3 / 404-1~3	Established an internal training platform to encourage employee participation in internal and external professional development programs.	- A total of 14,132 employee training sessions were conducted in 2024, with 36,965 training hours delivered—averaging 12.9 hours per employee. - The employee performance evaluation completion rate reached 100%.	

Corporate Governance



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

About CHP

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

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

Chung Hwa Pulp Corporation	
Date of Establishment	July 5, 1968
Capital	NT\$11 billion
Operating Revenue	NT\$20.77 billion (2024)
Address	12F, No. 51, Chongqing S. Road Sec. 2, Taipei City
Chairperson	Kirk Hwang
General Manager and Spokesperson	Ray Chen, General Manager
Telephone	(02)2396-2998

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

Production and Service Locations

Taiwan		China	
Location	Nature of Business	Location	Nature of Business
1 Hualien Paper Mill	Integrated Pulp and Paper Mill	8 Syntax Communication Shanghai Representative Office	Service Location
2 Kaohsiung Jiutang 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 Guanyin Paper Mill	Non-Plastic Materials Production Base	11 Guangdong Dingfung Pulp & Paper Co., Ltd.	Integrated Pulp and Paper Mill
5 Taipei Branch	Service Location	12 Zhaoqing Dingfung Forestry Co., Ltd.	Reforestation and Afforestation
6 Taichung Branch	Service Location	13 Guizhou Yuanfung Forestry Co., Ltd.	Reforestation and Afforestation
7 Tainan Branch	Service Location		

Association Memberships

2024					
Association Memberships	member	management role	Association Memberships	member	management role
Taiwan Paper Industry Association	V	Director/Chairman	Taiwan Stock Affairs Association	V	
Taiwan Technical Association of the Pulp & Paper Industry	V	Director	Taiwan Carbon Capture Storage and Utilization Association (TCCSUA)	V	Director
Media Business Association of Taipei	V		TUCA Taiwan-US Carbon Capture, Utilization, and Storage (CCUS) Industry Promotion Alliance	V	
Taipei Paper Commercial Association	V		Chinese National Association of Industry and Commerce	V	
Kaohsiung Industrial Association	V		Taiwan Institute for Sustainable Energy	V	Director
Taichung Paper Commercial Association	V		Taiwan Technical Textile Association	V	Chairman
Tainan Paper Commercial Association	V		Taiwan Institute of Chemical Engineers	V	
Kaohsiung Paper Commercial Association	V		Taiwan Regional Association of Adhesive Tape Manufacturers	V	
Taiwan Acid and Alkali Industries Association	V				

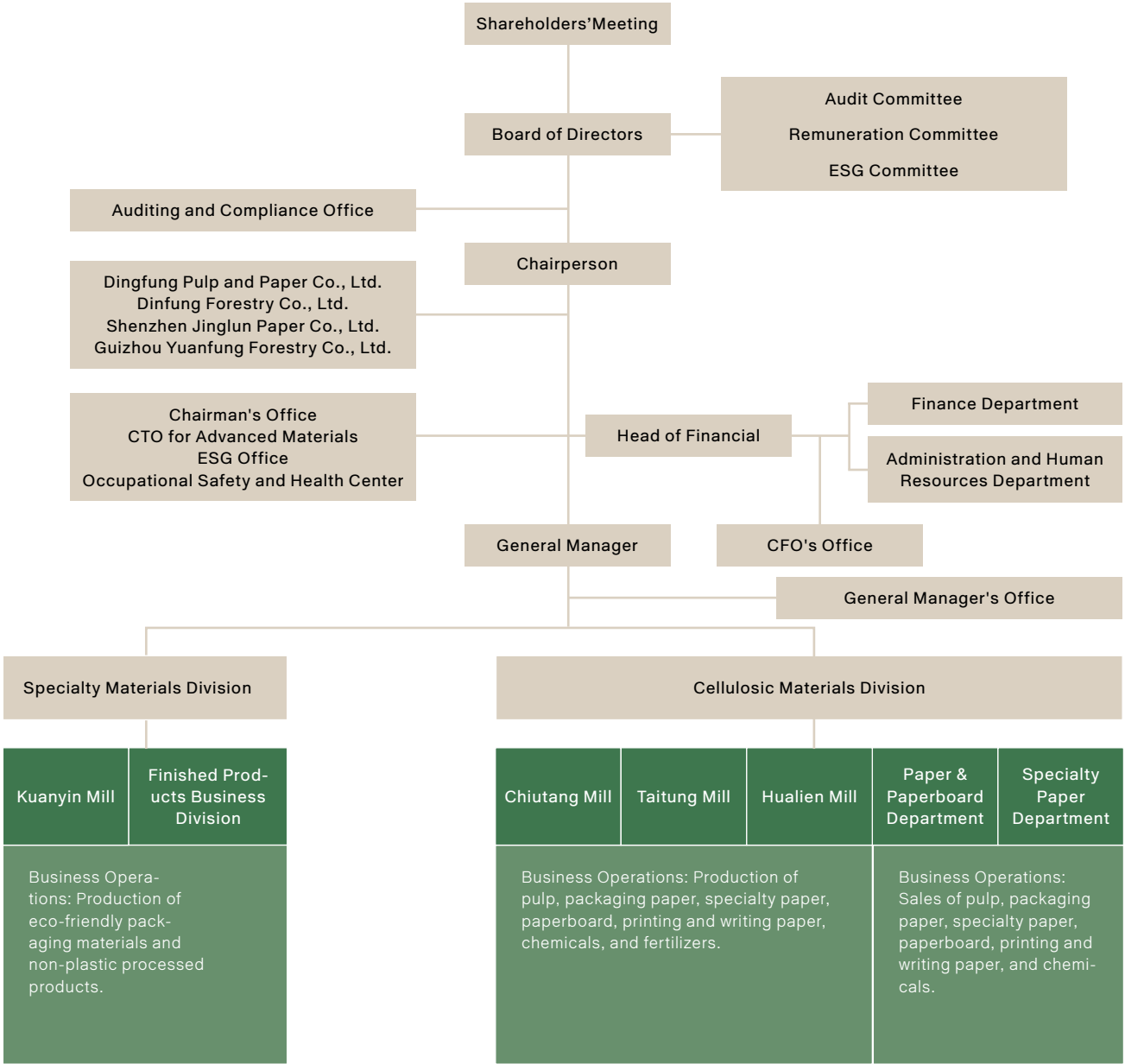
Overview of Affiliates

Name	Date of Establishment	Address	Paid-In Capital (NT\$ Thousand)	Main Business or Production Items
CHP INTERNATIONAL (BVI) CORP.	March 15, 1990	Citco Building, P.O.BOX 662, Road Town, Tortola, British Virgin Islands	US\$61,040	Investment
Hwafeng Investment Ltd.	February 4, 1994	12F, No. 51, Chongqing S. Road Sec. 2, Taipei City	NT\$66,000	Investment
Genovella Renewables Inc.	August 30, 2010	No. 100, Guanghua St, Ji'an Township, Hualien County	NT\$14,000	Fertilizer, retail sale of food products and groceries, growing of crops etc., refractory materials manufacturing, cement and concrete products manufacturing, wholesale and retail sale of building materials and refractory materials, manpower services, wholesale and retail sale of chemistry raw materials
Guangdong Ding fung Pulp and Paper Co., Ltd.	August 18, 2000	Shouyue Village, Nanjie Town, Guangning County, Zhaoqing City, Guangdong Province	US\$85,630	Production and sales of pulp, writing and printing paper, and wood-free paper
Zhaoqing Ding fung Pulp and Paper Co., Ltd.	April 1, 2006	Shouyue Village, Nanjie Town, Guangning County, Zhaoqing City, Guangdong Province	US\$21,880	Cultivation and sale of seedlings, afforestation, logging, and sale and processing of timber
Shenzhen Jing Lun Paper Co., Ltd.	June 24, 2008	Rm. 1705, 17F Tongxing Building, No. 5020, Binhe Boulevard, Futian District, Shenzhen City, Guangdong Province	RMB3,200	Paper sales and import/export of goods or technology
Syntax Communication (HK) Ltd.	May 31, 1985	2F, Sha-Tin Industrial Building, No. 22-28, Wo Sui Street, New Territories, Hong Kong	HK\$34,088	Trade, printing, and sales of paper products, and management of paper and associated businesses
Zhaoqing Xinchuan Green Technology Ltd.	September 19, 2019	Shouyue Village, Nanjie Town, Guangning County, Zhaoqing City, Guangdong Province	RMB2,000	Environmental protection equipment and technology R&D; construction of wastewater, waste gas, noise, solid waste treatment facilities; solid waste treatment and water purification projects; installation and operation of environmental protection equipment; environmental technology consulting; sale of environmental protection equipment and chemical raw materials; import/export of goods and technology
Guizhou Yuanfung Forestry 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	RMB50,000	Cultivation and sale of seedlings, afforestation, logging, and sale, processing, and transportation of timber and other forest products

Organizational Structure

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

Officer works in conjunction with staff members from the CFO, Legal, Stock Affairs, Accounting, Auditing, and ESG Offices to handle corporate governance, including matters related to board meetings and shareholders meetings, assisting in the continuing education of directors, furnishing information required by directors for business execution, and assisting directors with legal compliance, as well as other matters set out in the Articles of Incorporation or contracts, and establishing rules and procedures for board of directors performance assessments. The board members have completed the required sustainability-related training hours within the designated timeframe. The information regarding the training courses is disclosed on page 28 of the 2024 CHP Annual Report.



Overview of Operations

In 2024, CHP's consolidated net revenue reached approximately NT\$20.77 billion, representing a decrease of about NT\$1.9 billion from NT\$20.96 billion in 2023. The company recorded a net loss of approximately NT\$250 million attributable to the parent company for 2024. In 2024, the pulp and paper market was significantly impacted by macroeconomic conditions and policy changes. Traditional industries, including the pulp and paper sector, were heavily affected by China's economic stagnation and overcapacity, leading to a slower-than-expected recovery. Looking ahead to 2025, global economic and geopolitical uncertainties remain. In response, CHP upholds its commitment to environmentally friendly product development and continues moving toward a green, low-carbon path. The company actively promotes energy conservation,

2024 Major Business Operation				
	Produc- tion(MT)	Local (MT)	Export (MT)	Subtotal (MT)
Pulp	342,491	59,326	70,898	130,224
Paper	358,633	168,532	222,495	391,027
Paper-board	122,260	122,084	36,558	158,643

Financial Summary (Year)

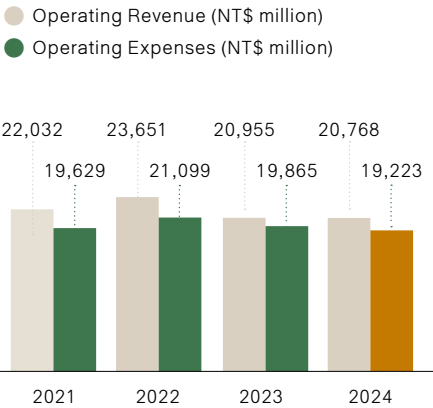
Item	2021	2022	2023	2024
Operating revenue (NT\$ thousands)	22,031,850	23,651,129	20,955,451	20,767,530
Number of Employees (people)	2,723	2,865	2,862	2,876
Sales per employee (NT\$ thousands)	8,091	8,307	7,312	7,221
Total assets (NT\$ thousands)	33,968,456	35,429,171	35,429,227	38,617,733
Current liabilities (NT\$ thousands)	13,203,844	6,343,318	14,362,527	16,058,702
Non-current liabilities (NT\$ thousands)	3,131,048	11,001,243	3,582,806	4,366,325
Equity attributable to shareholders of the parent (NT\$ thousands)	15,469,412	15,784,442	15,165,486	15,698,077
Equity Attributable To Former Owner Of Business Combination Under Common Control	-	-	-	-
Non-controlling interest	2,164,152	2,310,168	2,318,408	2,494,629
Capital Stock (in thousands)	11,028,353	11,028,353	11,028,353	11,028,353
Book Value per Share (NT\$ thousands)	14.23	14.52	13.95	14.44
Return on total assets (%)	1.61	1.89	-1.03	0
Return on equity (%)	2.68	3.02	-3.12	-1.25
Pre-tax income to capital (%)	4.76	4.94	-6.34	-2.78
Profit Margin (%)	2.1	2.28	-2.65	-1.07
Earnings per share, EPS (NT\$)	0.45	0.41	-0.53	-0.23
Cash Dividend (NT\$)	0.4	0.3	-	-
Average Stock Price Per Share	21.33	18.96	22.40	21.99
Price-to-Book Ratio (P/B Ratio)	1.50	1.31	1.61	1.52

carbon reduction, and eco-friendly production practices, working to enhance its green manufacturing system and ensure steady, sustainable corporate governance and growth.

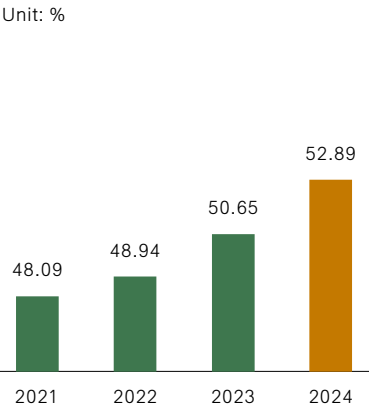
2024	
Direct Economic Value (NT\$ thousands)	
Operating revenue	20,767,530
Distributed Economic Value (NT\$ thousands)	
Operating Costs ^{Note1}	17,288,829
Employee Compensation and Benefits	2,184,453
Payments to Shareholders	280,272
Payments to Government	1,113
Community Investment	8,036
Retained Economic Value (NT\$ thousands)	
1,004,827	

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

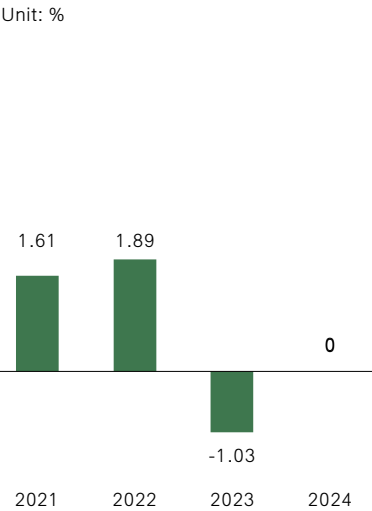
Operating Revenue and Expenses(NT\$)



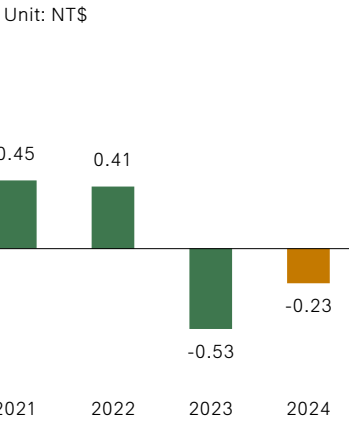
Liabilities to Assets Ratio



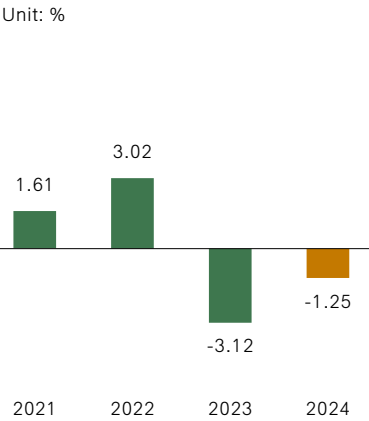
Return on Assets (ROA)



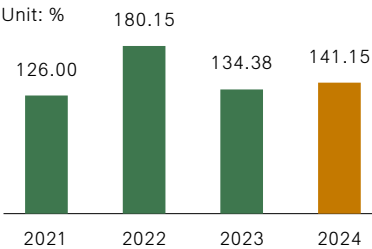
Earnings Per Share (EPS)



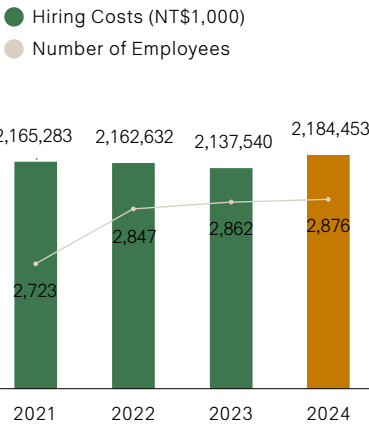
Return on Equity (ROE)



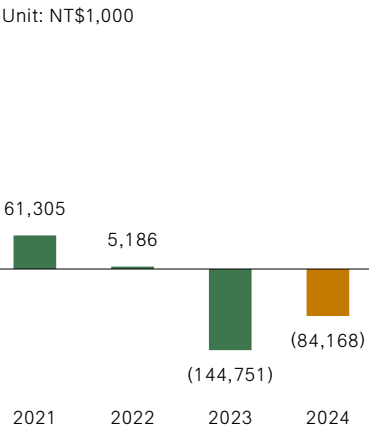
Long-Term Fund to Fixed Assets Ratio



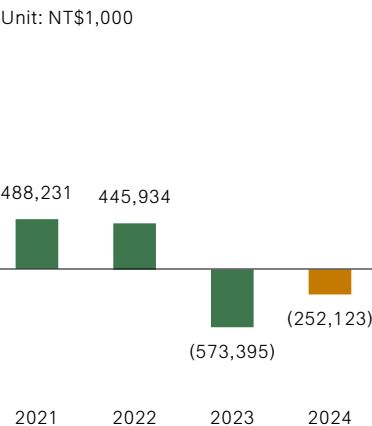
Hiring Costs and Number of Employees



Income Tax



Net Income after Tax



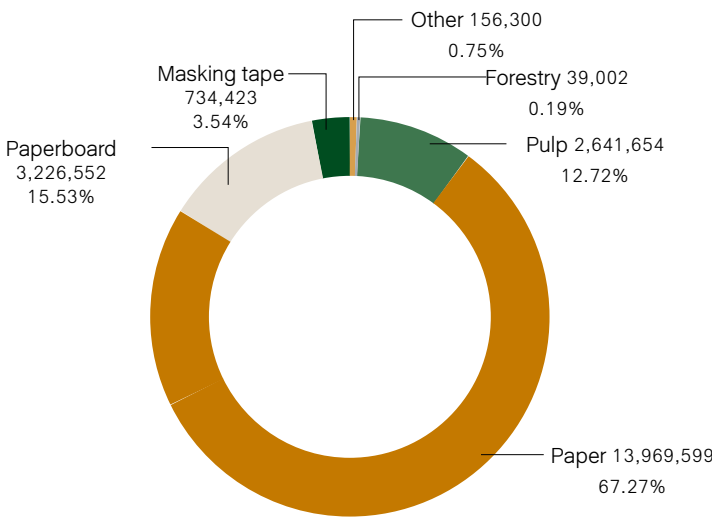
Overview of Affiliates

Unit: NT\$1,000

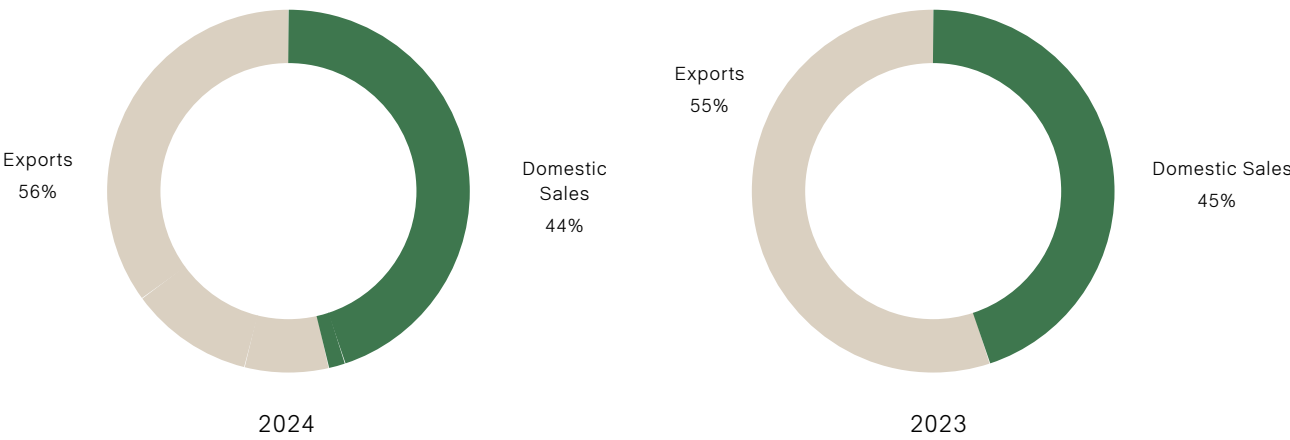
Major Divisions	Total Sales in Year 2024 (NT\$ thousands)	(%) of Total Sales
Forestry	39,002	0.19
Pulp	2,641,654	12.72
Paper	13,969,599	67.27
Paperboard	3,226,552	15.53
Masking tape	734,423	3.54
Other	156,300	0.75
Total	20,767,530	100.0

Operating Revenue in 2024

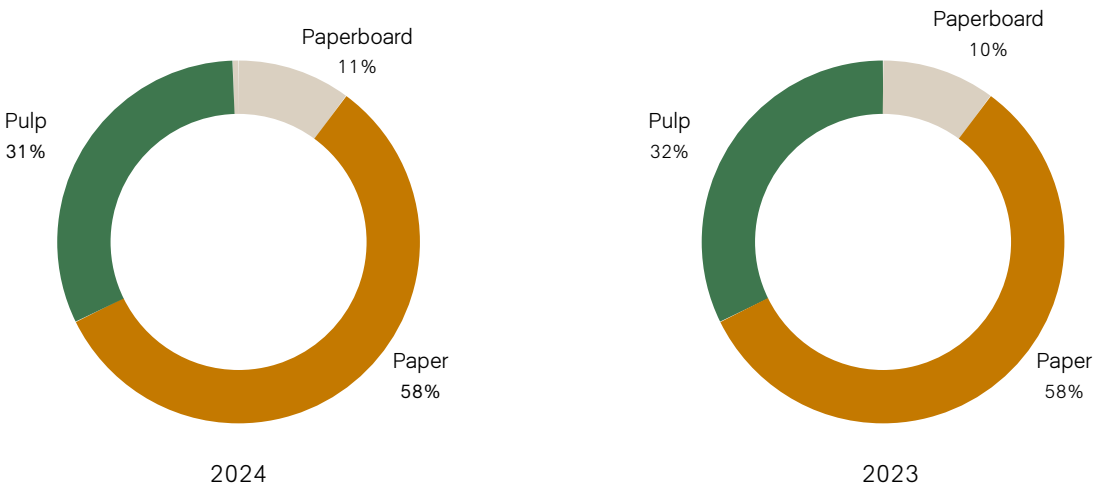
Unit: NT\$1,000



Domestic Sales/Exports in Past 2 Years



Output Distribution in Past 2 Years



Board of Directors

GRI 2-9~2-13/2-15/2-17~2-20

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

The nomination and selection of board members are carried out in accordance with the “Chung Hwa Pulp Co., Ltd. Board Election Procedures.” At present, the ability to oversee ESG impacts has not yet been included as a criterion in the nomination and selection process.

In the fiscal year 2024, a total of 5 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. As part of this, due to the re-election of the Chairperson of YFY Inc. in June 2024, Director Jean Liu was replaced by Huey-Ching Yeh as the new representative director. As a result, the composition of CHP’s Board of Directors changed from five male and two female members in the first half of the year to six male and one female member in the second half. CHP remains committed to promoting gender diversity on the board and continues to implement gender equality policies, with a target of one-third female representation in the next round of board nominations.

Members of the Board of Directors include the Company’s senior managers, university professors, directors of listed companies, and managers of reputable multinational enterprises. Their expertise aligns closely with this report’s material topics, such as energy management, greenhouse gas management, corporate governance, green products, and the circular economy. Director Kirk Hwang has expertise in materials development and innovation. Director Huey-Ching Yeh has in-depth knowledge of public-sector energy policy and carbon management. Directors Guu-Fong Lin and Ray Chen each have many

years of experience in the pulp and paper industry. Among the independent directors, Donald Chang has a solid business management background and extensive international market experience. Hsiao-Kang Ma is a leading expert in combustion and heat transfer in Taiwan, with deep research in renewable energy and environmental issues. Wan-Yu Liu specializes in environmental topics such as climate change and the circular economy in agriculture and forestry.

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 greater participation of female directors in decision-making.

It is hoped that leveraging their extensive academic and professional backgrounds, these directors can contribute their relevant experiences to the company’s significant operational decision-making and long-term strategic planning. As of now, the board of directors operates in conjunction with the establishment of the audit committee, ESG committee and the Remuneration Committee. Through specialized roles and staggered meeting times, the board’s scope is expanded. The board aims to understand the company through various means and enhance its involvement in the company’s operations. The goal is to implement effective corporate governance and propel Hua Paper towards becoming an exemplar in industry governance.

Members of the Board of Directors

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

1: ※Indicates partial capability
2:The Chairperson and the President of the Company are not the same person.

Employee, Director, and Supervisor Remuneration

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

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

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

CHP Manager Performance Evaluation Criteria

1.Financial Indicators	2.Non-Financial Indicators		
- Operating Profitability. - Achievement of Operational Targets - Operational Growth Rate - Profitability Metrics	Environmental Protection (E) - Environmental Sustainability Participation - Energy Efficiency in Water Conservation - Benefits of Circular Economy - Achievement of Carbon Reduction Targets	Social Responsibility (S) - Occupational Safety/Accident-Free Incidents - Prevention of Corruption and Ethical Compliance	Corporate Governance (G) - Operational Management Capability - Achievement of Legal Compliance

Remuneration of the President and Vice Presidents

Unit: NT\$ thousands

Title	shareholding	Salary(A)	Severance Pay (B)	Bonuses and Allowances (C) (Note 1)	Employee Compensation (D) (Note 2)	Ratio of total compensation (A+B+C+D) to net income (%)	Remuneration from ventures other than subsidiaries or from the parent company
	number of shares	Companies in the consolidated financial statements	Companies in the consolidated financial statements	Companies in the consolidated financial statements	Companies in the consolidated financial statements	Companies in the consolidated financial statements	
General Manager	45	9,217	216	11,282	0	20,716 (8.21%)	0
CFO	49,132						
CTO for Advanced Materials	-						

Note 1: Includes expenses related to vehicle rental, amounting to approximately NT\$858 thousand.
Note 2: Refers to the figures approved by the Board of Directors on March 11, 2025.

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. For details, please refer to pages 8-9 of CHP’s 2024 Annual Report. These roles have been reviewed and are not deemed to hinder the fulfillment of their duties. The Board of Directors submits proposals to the shareholders’ meeting to obtain approval for lifting the non-competition restriction on the directors and the institutional entities they represent. This process serves as a preliminary approach to addressing issues related to competition and conflicts of interest. For any agenda item in which a director or the juristic person they represent has a conflict of interest, the director shall abstain from both discussion and voting. As for cross-shareholding with other stakeholders, or disclosures regarding controlling shareholders and related parties, please refer to pages 52-54 of the 2024 Annual Report. Information on related party transactions and outstanding balances is available in the “Related Party Transactions” section of the company website.

Board Performance Evaluations

To improve corporate governance and the performance of the Company’s Board of Directors, the Rules for Board Performance Evaluations were approved at the 3rd meeting of the 18th Board of Directors on November 13, 2019 (Revision on November 12,2020). The 2024 evaluation was conducted through an internal self-assessment, and the results were reported to the company's 19th Board of Directors during its 14th meeting on March 14, 2025. The overall performance evaluation of the "Board of Directors" and the "Functional Committees" for 2024 was rated as "Excellent." This indicates that all directors (including independent directors) provided positive feedback on the efficiency and effectiveness of the operations of the Board, its members, and the functional committees. At present, the evaluation dimensions do not include ESG oversight capabilities. The detailed dimensions are presented in the table below.

Evaluation Scope	Evaluation Factors	Indicators	Evaluation Results
Board as a Whole	A. Understanding of and recommendations for Company operations	45 evaluation indicators	Excellent
	B. Improvements to the quality of the board's decision making		
	C. Composition and structure of the board of directors		
	D. Election and continuing education of the directors		
	E. Internal system		
Individual Directors	A. Understanding of company goals and missions	23 evaluation indicators	Excellent
	B. Director's understanding of their duties and responsibilities		
	C. Understanding of and recommendations for Company operations		
	D. Internal relations management and communication		
	E. Directors' professionalism and continuing education		
Audit Committee	F. Internal system	22 evaluation indicators	Excellent
	A. Understanding of and recommendations for Company operations		
	B. Understanding of duties and responsibilities of the audit committee		
	C. Improvements to the quality of the committee's decision making		
	D. Composition of audit committee and election/appointment of members		
Remuneration Committee	E. Internal system	19 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		
ESG Committee	A. Understanding of and Recommendations for Company Operations	17 evaluation indicators	Excellent
	B. Awareness of the Responsibilities of the ESG Committee		
	C. Enhancing the Decision-Making Quality of the ESG Committee		
	D. Composition and Selection of Members of the ESG Committee		

Functional Committees of the Board of Directors

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

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 2024, the Audit Committee convened 6 meetings. The attendance rate of independent directors was 100%.

Key Focus Areas of the Audit Committee in 2024

Review of Financial Reports
The Audit Committee reviewed the Company’s 2023 annual financial report, 2023, and 2024 Q1–Q3 interim financial reports, as well as the 2023 impairment assessment. The committee found no irregularities. The 2023 annual financial statements were audited and attested by the CPA firm Crowe (TW) CPAs, and the committee acknowledged and reported the results.
Evaluation of the Effectiveness of Internal Control Systems
The committee reviewed the Company’s internal control policies and procedures, including operations, risk management, information security, and legal compliance. It also assessed the effectiveness of internal audits, financial reporting processes, and periodic updates on internal control systems, including adherence to applicable laws and regulations.
Approval of the Change of Certified Public Accountants
The Company changed its CPA firm from PwC Taiwan (Hsu and Huang) to Crowe CPAs (Lin and Hsu) due to internal reassignments. The committee approved the change to ensure audit continuity and quality.
Evaluation of the Independence and Suitability of CPAs
The committee assessed the independence and competency of PwC Taiwan’s CPAs (Hsu and Huang) and found no conflicts of interest. Their independence and audit scope met professional standards, and communication with the CPAs remained open and appropriate.
Approval of Internal Control Procedures for “Sustainable Knowledge Management”
The committee reviewed and approved the establishment of internal control procedures for the Company’s “Sustainable Knowledge Management” program, as part of updates to internal control documentation and compliance practices.
Approval of the Allocation of Repurchased Treasury Shares to Non-Managerial Employees
In accordance with the Financial Supervisory Commission’s directive and resolutions passed by the Board of Directors, the Audit Committee approved the allocation of shares under the Company’s third treasury stock repurchase program (second round of employee subscriptions) to employees who do not hold managerial positions.
Approval of Personnel Changes in Chief Financial Officer and Chief Auditor Positions
The Company’s former Chief Financial Officer and Chief Auditor both resigned due to personal reasons. In accordance with Article 14-5 of the Securities and Exchange Act, the appointment and dismissal of these positions must be approved by the Audit Committee.

Remuneration Committee

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 is responsible for reviewing the performance and remuneration policies and system of directors, senior executives, and managers, as well as employee incentives and bonuses.

Pursuant to the Remuneration Committee Charter, the Remuneration Committee convenes at least two meetings every year. In 2024, the Remuneration Committee convened 2 meetings. The attendance rate of committee members was 100%. The Remuneration

Committee regularly reviews the Company’s remuneration policies and plans to ensure the attraction, motivation, and retention of the professional talent needed by the Company. Authorized by the Board of Directors, the Committee annually reviews and determines director remuneration. At CHP, director remuneration is based on each director’s responsibilities, level of independence, and roles such as serving as the convener of Board committees.

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.

Remuneration structure of the highest governance body

	Salary	Transportation Allowance	Severance Pay	Pension / Retirement / Termination Benefits	Other Incentive Plans
Regular Directors	Variable remuneration (linked to Company performance; total director compensation doesn't exceed 2% of pre-tax net income)	V	-	-	-
Independent Directors	Fixed remuneration	V	-	-	-
Senior Management	Fixed and variable remuneration (linked to Company performance)	-	In accordance with the Labor Standards Act	In accordance with the Labor Standards Act	Employee Bonus Distribution and Stock Options (ESOs)

Not yet linked to ESG impact oversight performance.

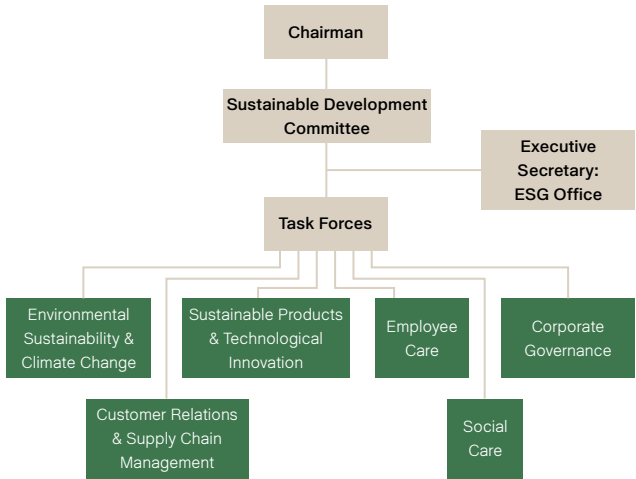
2024 Remuneration Committee Implementation Summary

Date	Attendance	Main Topics	Resolutions	Follow-up Actions
Feb. 27, 2024 (5th Committee, 4th Meeting)	100%	1. Distribution of 2023 Directors' Remuneration 2. Distribution of 2023 Employee Bonuses	Approved unanimously by all attending members; submitted to the Board for resolution and reported to the Annual General Meeting	Submitted to the Board on Mar. 11, 2024 and reported at the AGM on Jun. 26, 2024.
Nov. 8, 2024 (5th Committee, 5th Meeting)	100%	1. Report on Annual Employee Salary Adjustments 2. Report on 2023 Remuneration for Key Executives 3. Report on the Third Share Repurchase and Second Employee Stock Subscription	1. Acknowledged by all attending members. 2. Acknowledged by all attending members. 3. Approved unanimously by all attending members; submitted to the Board for resolution.	1. Salary adjustments took effect on Jul. 1, 2024. 2. Not applicable. 3. Not applicable.
Dec. 16, 2024 (5th Committee, 6th Extraordinary Meeting)	100%	List of Managerial Employees Participating in the Third Share Repurchase and Second Employee Stock Subscription Program	Approved unanimously by all attending members; submitted to the Board for resolution.	Not applicable.

ESG Committee

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

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



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

2024 ESG Committee Implementation Summary

Date	Attendance Rate	Key Topics	Resolutions	Follow-up Actions
May 3, 2024 (1st committee, 1st meeting)	100%	Each group reports on the implementation of this year's plan.	1. For the Corporate Governance Evaluation, clear improvement targets and policies must be established. A top-down strategy should be adopted to incorporate relevant performance indicators into managerial KPIs to continuously improve rankings. 2. Enhance information disclosure and media exposure; proactively release updates on corporate policies and products. In particular, highlight CHP's efforts in biofuel applications, carbon credits, and carbon sequestration.	Submitted to the Board of Directors on November 13, 2024.
August 7, 2024 (1st committee, 2nd meeting)	100%	1. 2023 Sustainability Report presentation. 2. Change in the head of the ESG Committee.	1. Approved the two reports presented. 2. Future reports from each ESG group should present clear goals, current implementation status, and future plans to facilitate progress tracking and support.	Submitted to the Board of Directors on November 13, 2024.
November 8, 2024 (1st committee, 3rd meeting)	100%	1. Year-end progress reports from ESG groups. 2. Secretariat's progress report on ESG projects.	1. Sustainable Development Roadmap: Reference ESG roadmaps from international corporations to enhance stakeholder communication. 2. Governance Evaluation: Review unachieved evaluation indicators and pursue improvements in ranking. 3. Supply Chain Management: Promote cross-industry recycling programs and consider donating recycled books to amplify ESG impact. 4. New Product Introduction : Accelerate product development cycles, define sustainability value, apply for patents, and enhance long-term value creation. 5. Energy and Power Efficiency: Quantify carbon reduction per energy-saving measure and reflect results in the Sustainable Development Roadmap.	Submitted to the Board of Directors on November 13, 2024.

Adoption of International Financial Reporting Standards S1 and S2

To ensure the successful adoption of IFRS S1 and S2 in compliance with regulatory requirements and to enhance corporate information transparency, CHP follows the roadmap for aligning with IFRS Sustainability Disclosure Standards announced by the Financial Supervisory Commission (FSC) on August 17, 2023. According to the FSC's designated path for listed companies, as outlined in the "IFRS Sustainability Disclosure Standards Section," CHP—classified as a listed company with paid-in capital exceeding NT\$10 billion, is required to adopt IFRS S1 and S2 beginning in the 2026 fiscal year.

In addition, referring to the sample plan announced by the Taiwan Stock Exchange on July 3, 2024, titled "International Financial Reporting Standards (IFRS) Implementation Plan for Company", CHP has formed a cross-departmental task force responsible for driving the adoption of IFRS S1 and S2. The task force has also developed an implementation roadmap and timeline. The implementation progress is to be reported to the Board of Directors at least on a quarterly basis for oversight.

IFRS Planning and Implementation Plan

Goals and Expectations: In accordance with Taiwan Stock Exchange regulations, CHP aims to advance the implementation of IFRS S1 and S2 by completing the identification of material risks and opportunities as well as the collection of relevant financial information. Scope: CHP Corporation and subsidiaries within the consolidated financial reporting boundary.				
Implementation Phase	Analysis & Planning	Design & Execution	Implementation	Adjustment & Optimization
Planned Schedule	Q4 2024 to Q2 2025	Q2 2025 to Q1 2026	Q2 2026 to Q4 2026	From Q1 2027 onward
Execution focus	1. Establish a cross-departmental IFRS task force 2. Conduct a preliminary gap analysis between current sustainability disclosures and IFRS requirements 3. Consult with external advisors	1. Host material sustainability risk and opportunity identification workshops 2. Build and revise internal processes including financial and non-financial reporting, information systems, supply chain management, internal control mechanisms, and departmental operations	1. Draft trial versions of the sustainability disclosure section 2. Update or create relevant operation manuals	Disclose IFRS information in the sustainability chapter of the 2026 annual report
Expected Key Deliverables	1. Task force formation, role assignments, and meeting records 2. Gap analysis and recommended adjustments 3. Implementation roadmap	1. Identification of material sustainability-related risks, opportunities, and value chain boundaries; financial impact analysis 2. Written records of internal workflow revisions and meetings	1. Initial draft of the sustainability disclosure section 2. IFRS-related internal control manuals and training plans with progress updates	Public disclosure and submission of the sustainability chapter alongside the 2026 financial statements



IFRS Training and Strategy Form Completion Instruction Meeting



Formation of a Cross-Departmental Task Force for IFRS Sustainability Disclosure Standards

Sustainability Economic Activities

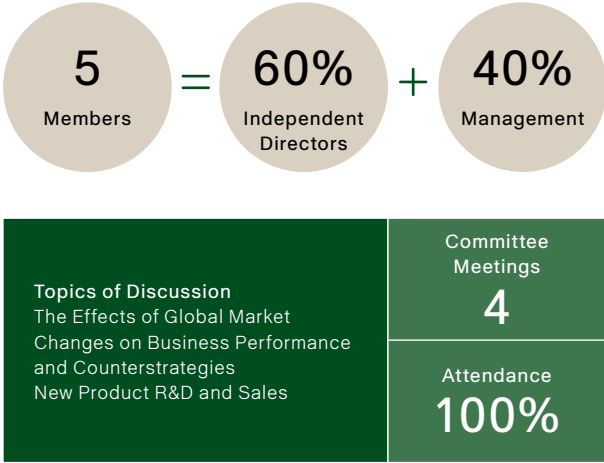
To enhance sustainable operations and information disclosure, CHP conducted a preliminary self-assessment of its core business activities in accordance with the second edition of the Reference Guidelines for Sustainable Economic Activities issued by the Financial Supervisory Commission (FSC). The assessment reviewed the relevance of the company’s operations to environmental objectives such as climate change adaptation and mitigation, resource circulation, and pollution prevention. This evaluation was based on the six environmental objectives and recognition principles outlined in the guidelines, aiming to determine whether CHP’s operational activities meet the basic criteria of “substantial contribution to environmental goals” and “no significant harm to other objectives.”

Taking into account its current operations, process characteristics, and product applications, CHP identified three activities that have positive sustainability impacts. For areas that do not yet fully meet the guideline criteria, the company has proposed future improvement directions and promotion strategies. The preliminary assessment results are disclosed in this report as a foundation for advancing green transformation and strengthening sustainability governance in the future.

Primary Economic Activity	Papermaking	Lignin-Based Renewable Energy Generation	By-product Circular Economy
Share of Total Revenue in the Past Year	>80%	<10%	<10%
Category under the Guidelines for Sustainable Economic Activities	General Economic Activity (Manufacturing)	Enabling Economic Activity (Renewable Energy Generation)	General Economic Activity (Waste Reuse)
Compliance with the Guidelines			
Criterion 1: Substantial Contribution to Environmental Objectives	Partially Aligned (Climate Change Mitigation) The unit GHG emissions of pulp, paperboard, printing & writing paper, and specialty paper products produced in Taiwan partially meet the technical screening criteria.	Aligned (Climate Change Mitigation) Investment in renewable energy generation equipment as defined in the Renewable Energy Development Act. Activities that support the development of technologies or solutions contributing to any of the six environmental objectives can be considered as having substantial contribution.	Aligned (Transition to Circular Economy) Reutilization of industrial waste into organic fertilizers, alternative fuels, and sustainable construction materials.
Criterion 2: No Significant Harm to Other Environmental Objectives	Aligned No major violations or penalties related to environmental regulations.	Aligned No major violations or penalties related to environmental regulations.	Aligned No major violations or penalties related to environmental regulations.
Criterion 3: No Significant Harm to Social Safeguards	Aligned No major violations or penalties related to labor, human rights, or social regulations.		Aligned No major violations or penalties related to labor, human rights, or social regulations.
Transition Plan in Place?	Yes	Yes	Yes
Overall Sustainability Assessment	Partially Aligned	Aligned, but with limited revenue contribution	Aligned, but with limited revenue contribution
Future Improvement Directions and Strategies	1. Measure energy consumption and carbon emissions across all product lines 2. Implement voluntary emission reduction plans 3. Expand adoption of smart papermaking technologies	1. Increase installed capacity of renewable energy systems 2. Establish green syndicated loan financing	1. Enhance brand awareness 2. Invest in new equipment and apply for government subsidy programs to boost revenue

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 2024, 4 committee meetings were held, and the attendance rate was 100%.



2024 Business Development and Strategy Committee Implementation Summary

Date	Participants	Topics Discussed	Outcomes
2024/2/27	Attendees: Chairman Kirk Hwang, Independent Directors Donald Chang, Hsiao-Kan Ma, and Wan-Yu Liu, GM of Fiber Materials Business Division Ray Chen In Attendance: CFO Guu-Fong Lin	Report on the impact of recent market changes on business performance and corresponding response strategies.	Independent directors provided recommendations to the management team for reference.
2024/5/3	Attendees: Chairman Kirk Hwang, Independent Directors Donald Chang, Hsiao-Kan Ma, and Wan-Yu Liu, GM of Fiber Materials Business Division Ray Chen In Attendance: CFO Guu-Fong Lin	Report on the impact of recent market changes on business performance and corresponding response strategies.	Independent directors provided recommendations to the management team for reference.
2024/8/7	Attendees: Chairman Kirk Hwang, Independent Directors Donald Chang, Hsiao-Kan Ma, and Wan-Yu Liu, GM of Fiber Materials Business Division Ray Chen In Attendance: CFO Guu-Fong Lin	Report on the impact of recent market changes on business performance and corresponding response strategies.	Independent directors provided recommendations to the management team for reference.
2024/11/8	Attendees: Chairman Kirk Hwang, Independent Directors Donald Chang, Hsiao-Kan Ma, and Wan-Yu Liu, GM of Fiber Materials Business Division Ray Chen In Attendance: CFO Guu-Fong Lin	1.Report on the impact of recent market changes on business performance and corresponding response strategies. 2.Presentation of the 2025 business plan	Independent directors provided recommendations to the management team for reference.

Operations and Governance

GRI 2-16/2-25~27/205-1

Ethics and Integrity

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

In addition, the Employee Code of Conduct clearly states the principles and measures for the prevention of unethical conduct as well as detailed information on disciplinary action and reporting systems. The Company has set up an Unethical Conduct Reporting Mechanism to provide a channel for employees or any whistleblowers with relevant evidence to report financial, legal, or ethical irregularities. Should an employee find or suspect a breach of regulations, he/she must report it immediately to either their supervisor or the functioning head of human resources. No material or critical events occurred in 2024.

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. In addition to strengthening the Company's commitment to ethical conduct, a whistleblowing mechanism has also been established to allow both internal and external parties to report suspected violations of the integrity management policy.

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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.

Year	Total Number of Violations	Total Amount of Fines (NTD)
2024	18	2,363,000
2023	16	2,010,000

For monetary penalties, a single fine of NT\$1 million or more is considered a major violation. For non-monetary penalties, actions such as government-ordered suspension of operations, business closure, or revocation of pollution-related permits are considered major violations.
In 2024, there were zero major violations meeting the above criteria in both monetary and non-monetary categories.

Anti-Corruption and Anti-Bribery Policy

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

New employees(100% Employee Sign-off) are informed of the company's anti-corruption policies by the Human Resources and Administration Department, and are required to sign an agreement on integrity and honesty. Should the company obtain proof of corruption, we convene a meeting with the ombudsman committee and take disciplinary action according to the materiality of the event and the position of the parties involved. If a corruption incident involves a criminal offence, the company's legal officers will forward the case to a court of justice for subsequent handling. CHP conducts corruption risk assessments covering all operational sites. In 2024, no major corruption incidents were identified. For a long time, anti-corruption has been a core value and a key objective of Chung Hwa Pulp.

Privacy Protection

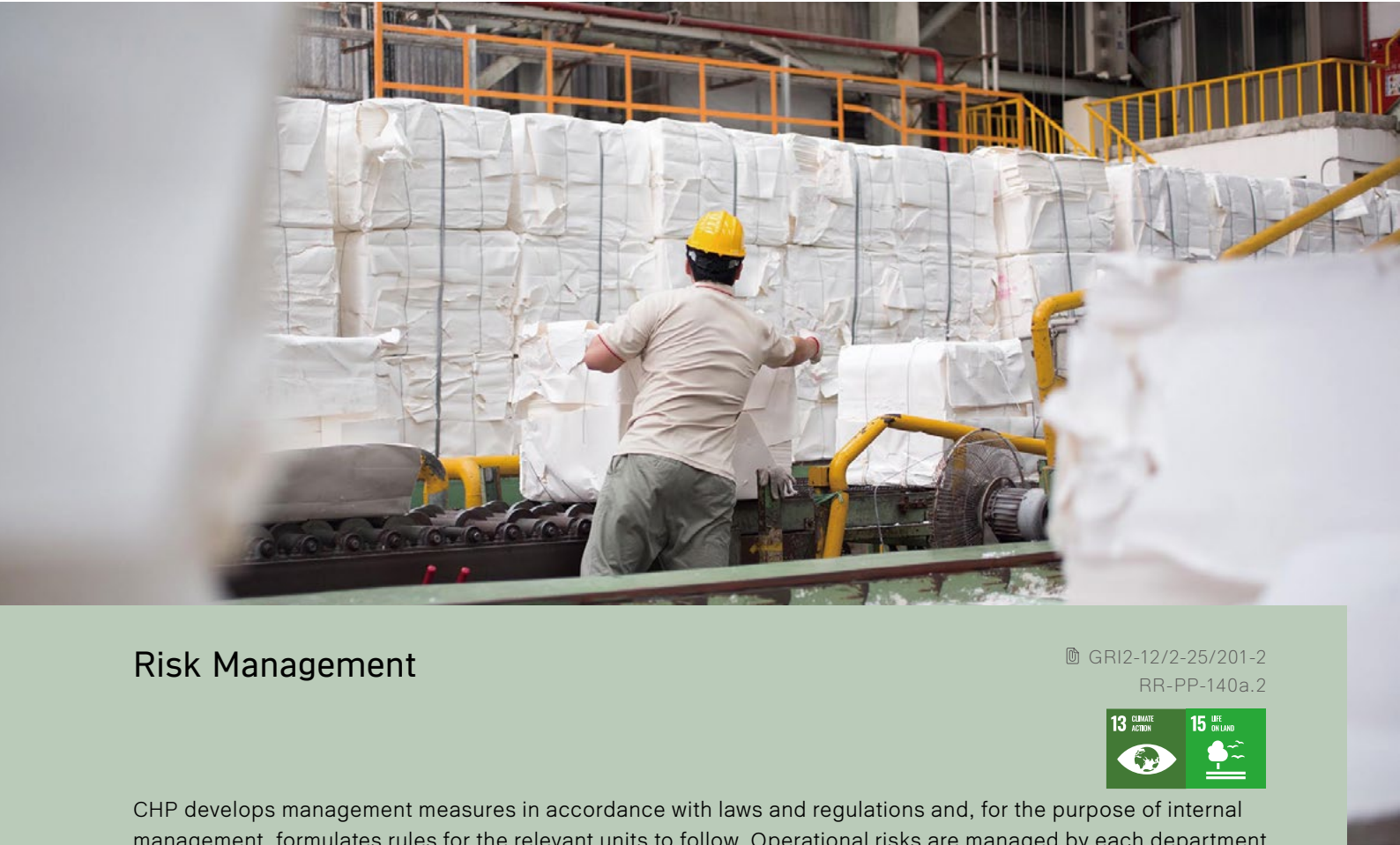
Trade secrets in business dealings are protected. Any data containing personal information are also protected under the Personal Data Protection Act and other laws and regulations. Confidentiality rules must be strictly adhered to in the protection of customer privacy. Apart from the signing of confidentiality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

Information Disclosure

CHP complies with all applicable laws and regulations, the Procedures for Verification and Disclosure of Material Information of Companies with Listed Securities, and the Procedures for Press Conferences Concerning Material Information of Listed Companies. The Company's Chairman discloses material information on MOPS and on the company's website to increase information transparency. Investor conferences are held at least once every quarter. Pursuant to law, relevant information is disclosed on the company's website for investors to access (In 2024, 23 items of material information were published. For access, visit http://www.chp.com.tw/news/list?news_type=4).



News Center



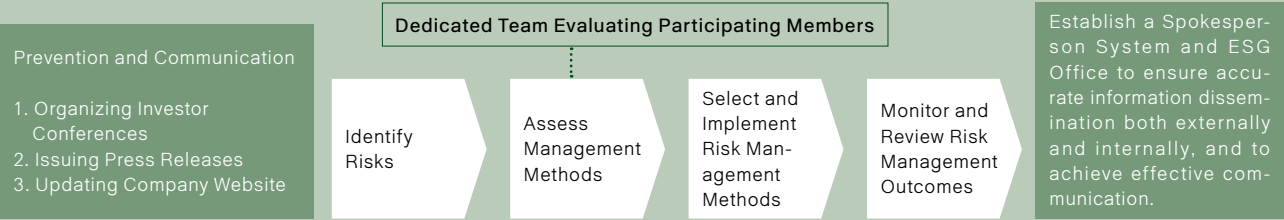
Risk Management

GRI2-12/2-25/201-2
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 2024, 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	· The Company has signed a legal services contract with the Legal Department of YFY Inc. and employed an external legal consultant to assist in handling matters related to the management of risks involving changes in law. · When important policy and legislative changes have an impact on the Company’s finances or business operations, the responsible departments cooperate with the Legal Department to devise mitigation measures or revise the company’s rules and operating procedures in compliance with new laws promulgated by the government. · Following the implementation of amendments to the Labor Standards Act, the Company revised its regulations and work rules, and also convened labor-management meetings every three months to discuss and communicate response measures. In addition, we adjusted working hours and shift arrangements, and granted employees special annual leave or payment in lieu of unused leave to comply with relevant laws and regulations.
Changes in corporate image	· Our management team considers sustainability to be of the utmost importance and forges a prosperous relationship with stakeholders by upholding the values of putting people first, encouraging community mutual assistance, and protecting the environment. · We have worked proactively to establish a positive corporate culture by organizing talent development programs, encouraging community members to participate in charitable activities, and contributing to local communities. · In terms of supply chain management, we include environmental protection and labor safety standards in our regulations and agreements and require our suppliers to comply. · To protect labor rights and interests, we continuously improve workplace standards to create a work environment that ensures the safety and health of our employees. Effective internal communication channels are provided as well to promote our business philosophy and employee well-being initiatives.
Technological and industrial changes	· We continuously introduce technological innovations to diversify fibrous material applications. · We introduce new technological tools to improve operational and managerial efficiency and adopt assistive tools to keep pace with the rapidly changing market. · We promote circular economy to maintain our sustainable competitiveness.
Information Security	· Policy & controls. Our information security policy focuses on technology enablement and governance, balancing people/machines and software/hardware to build a robust security management framework. We implement controls such as firewalls, data center management, user and site security, and enforce established policies. Each year, IT teams from all mills meet to discuss issues, trends, and enhancements; training is provided to raise awareness. · Governance & risk management. The IT Management & Services function oversees group-wide InfoSec governance, planning, supervision, and policy rollout. It identifies and evaluates risks, engages external experts when needed, issues regular risk management reports, and conducts semiannual reviews of policies and action plans. Ad hoc onsite checks and coaching at production facilities strengthen defense and awareness. · Audit & reporting. Internal audit units at the Company and subsidiaries regularly audit information security in accordance with legal requirements to ensure policies are sound and implemented; results are reported to senior management on a scheduled basis. · Compliance & continuous improvement. We comply with government regulations and internal rules and carry out day-to-day security management to minimize IT operational risk for the Company and its subsidiaries.
Purchases	· When purchasing raw materials for our products, we choose suitable suppliers and flexibly adjust our inventory period based on supplier quality, price, delivery date, and the potential for global shortages. · We have maintained long-standing, positive relationships with more than two suppliers of our main raw materials. Currently, the Company is not at risk of centralized procurement.
Sales	· The Company endeavors to develop new pools of customers to expand and diversify its sources of revenue. CHP does not have customer concentration risk because we have maintained a sales ratio of 10% or less to any single customer for the past three years.

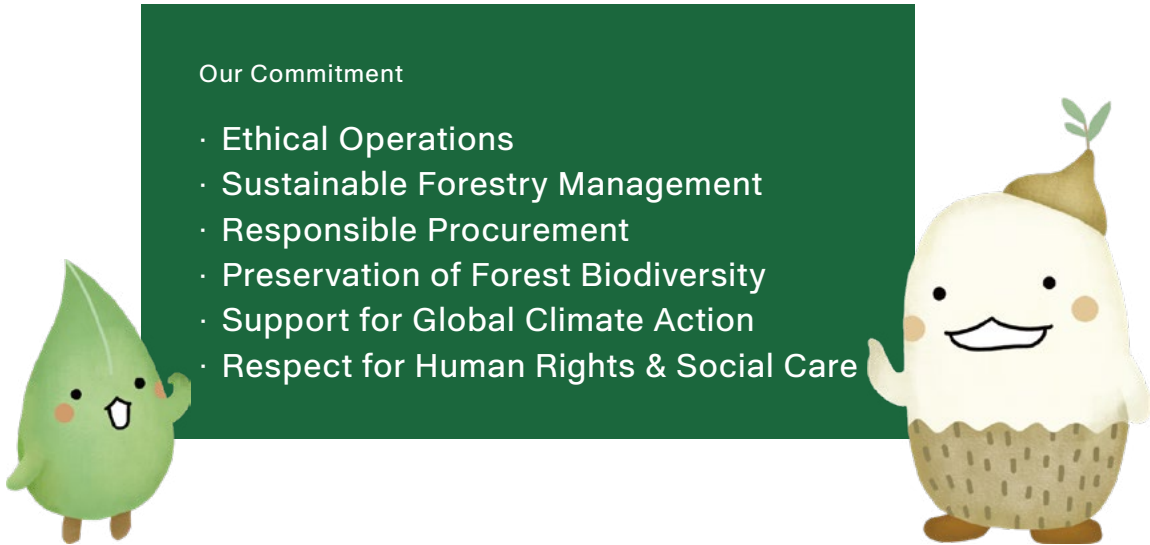
Financial Risk

Risk Item	Impacts and Risks	Mitigation Strategies
Interest Rate	In 2024, global inflationary pressures eased further compared to 2023. The European Central Bank took the lead by initiating rate cuts in June 2024, followed by the Bank of England in August. Subsequently, the U.S. Federal Reserve officially began its rate-cutting cycle in October 2024, implementing a total reduction of 100 basis points in the fourth quarter, leading to a moderate decline in U.S. dollar market interest rates. In contrast, Taiwan did not follow the global trend of declining rates due to limited progress in curbing inflation. The Central Bank of Taiwan raised interest rates by 12.5 basis points in March 2024. Additionally, overheating in the real estate market led to concerns about excessive concentration of credit risk in property lending. As a result, the central bank introduced further real estate control measures and increased the reserve requirement ratio. These actions caused NTD market interest rates to continue rising throughout 2024, diverging from the downward trend observed in international markets.	As markets anticipate that the U.S. Federal Reserve and other major central banks will continue to lower interest rates, overall global liquidity is expected to improve further in 2025. However, in Taiwan, the limited decline in inflation and the ongoing implementation of real estate control policies by the central bank suggest that short-term interest rates for the New Taiwan Dollar may have limited room to decrease. In response, the Company will continue to conduct regular and flexible assessments of its debt portfolio and financing strategies to ensure sufficient liquidity and effectively reduce interest expenses.
Exchange Rate	In 2024, the U.S. economy outperformed earlier market expectations, causing the Federal Reserve to delay its rate-cutting timeline and reduce the extent of rate cuts compared to initial projections. With former President Trump re-elected, markets are concerned that his potential tariff policies upon taking office in 2025 may disrupt financial markets. This contributed to the continued appreciation of the U.S. dollar throughout 2024. Meanwhile, the Chinese renminbi continued its depreciation trend, reflecting persistent weakness in the real estate sector, sluggish domestic demand, and unresolved overcapacity issues, all of which weighed on China's overall economic performance. Although Taiwan's central bank did not follow the rate-cutting actions of Western central banks, the New Taiwan Dollar also depreciated due to linkage with international currency markets. CHP's primary foreign exchange exposure stems from export-related U.S. dollar and renminbi accounts receivable. In 2024, the Company actively adjusted its hedging ratios and managed hedging costs dynamically to reduce overall foreign exchange volatility.	Looking ahead to 2025, the fiscal, economic, and international trade policies of the incoming Trump administration are expected to bring further uncertainty to the global economy and inflation outlook, which may influence the monetary policy direction of central banks worldwide. In response, CHP will continue to consider both foreign exchange risks and hedging costs in adopting appropriate financial and risk management strategies to mitigate the impact of currency fluctuations on overall business operations.
Inflation	Although global central banks continued to tighten monetary policy to rein in inflation, global inflationary pressures in 2024 eased compared to 2023, albeit at a modest pace. In Taiwan, inflationary pressure persisted but showed signs of improvement. The annual Consumer Price Index (CPI) dropped from 2.50% in 2023 to 2.18% in 2024, while the core CPI (excluding energy and vegetables/fruits) declined from 2.58% to 1.90%.	Looking ahead to 2025, although increases in minimum wage and public sector salaries, as well as the implementation of carbon fees, may exert upward pressure on costs, inflation is expected to ease further globally. Taiwan's central bank forecasts CPI to decline to 1.89% in 2025, falling below the 2% alert threshold. However, changes in U.S. trade and economic policies, along with differing paces of monetary adjustments across major economies, will continue to add uncertainty to interest rate trends. As of the publication date of this report, inflation is not considered a material factor affecting CHP's operations. Nevertheless, ongoing developments, such as global decarbonization efforts, U.S.-China tensions, and geopolitical instability—continue to disrupt global logistics and supply chains, posing potential risks of raw material price volatility. The Company will remain vigilant in monitoring and managing related risks.

Environmental Risks

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

Risk Item	Impact and Risks	Mitigation Measures
Water Resources	- Discharge volume and water quality control - Lignin concentration in effluent - Impact of extreme climate, water shortages	- Track water use and enhance conservation efforts; continue monitoring and establish preventive responses - Introduce constructed wetlands to support ecological restoration - Continue R&D and implementation of lignin recovery technologies
Energy Resources	- Global carbon reduction policies and government policies - Risk of outsourced electricity and power shortages - Risk of power outages	- Propose energy-savings plans and equipment improvement measures. - Increase the use of biomass energy and improve energy efficiency. - Build green electricity generation facilities: Increase the capacity of power generators that use lignin-based biomass energy. - Enhancement of production equipment efficiency and deployment of smart meters
Production Byproduct	- Increase in the stringency of laws and regulatory control - Rise in outsourcing costs	- Development and application of fiber-based materials: From pulping and papermaking to sustainable circular materials for food, clothing, housing, and transportation - Promote circular economy: By recycling leftover materials from manufacturing processes and using technology to transform them into usable materials; develop a diverse array of materials; strive toward the goal of zero waste and zero emissions
Emissions	- National carbon reduction plans aimed at achieving net zero emissions by 2050. - International carbon border tax trends - Implementation of new laws and regulations - Implementation of new regulations (e.g., carbon fee mechanism)	- Form emissions reduction plans and set targets. - Regularly service, repair, and replace machinery and equipment. - Improve energy-saving measures for production facilities and power generation systems. - Establishment of an internal carbon disclosure management platform



Auditing System

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

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

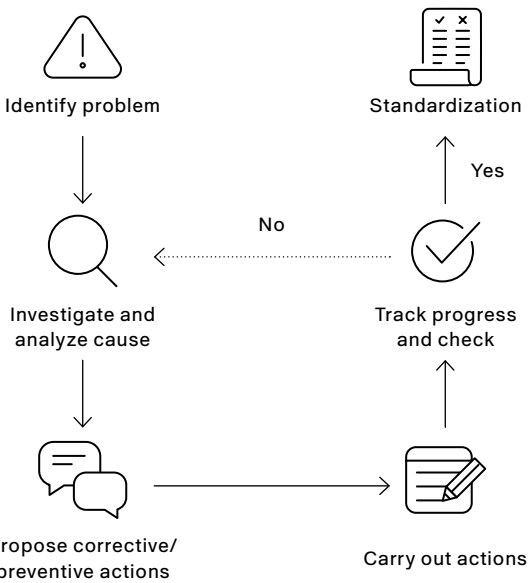
The management and operating system is used to develop working papers, integrate auditing methods, and implement special audits and risk audit mechanisms. The purpose of these systems is to ensure the quality of audits, including risk auditing, improved sampling models and computer assisted auditing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

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

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

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

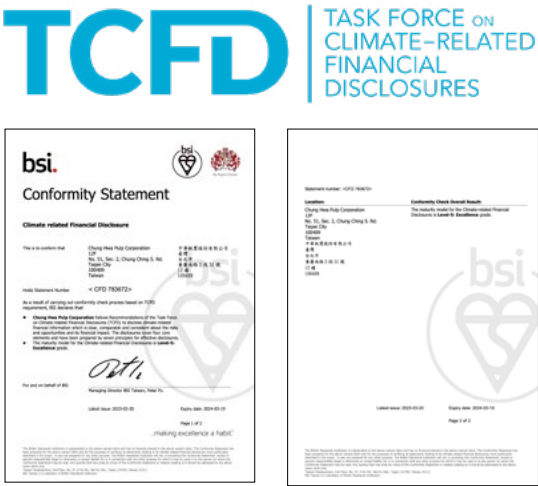
Emphasis on Preventive Measures



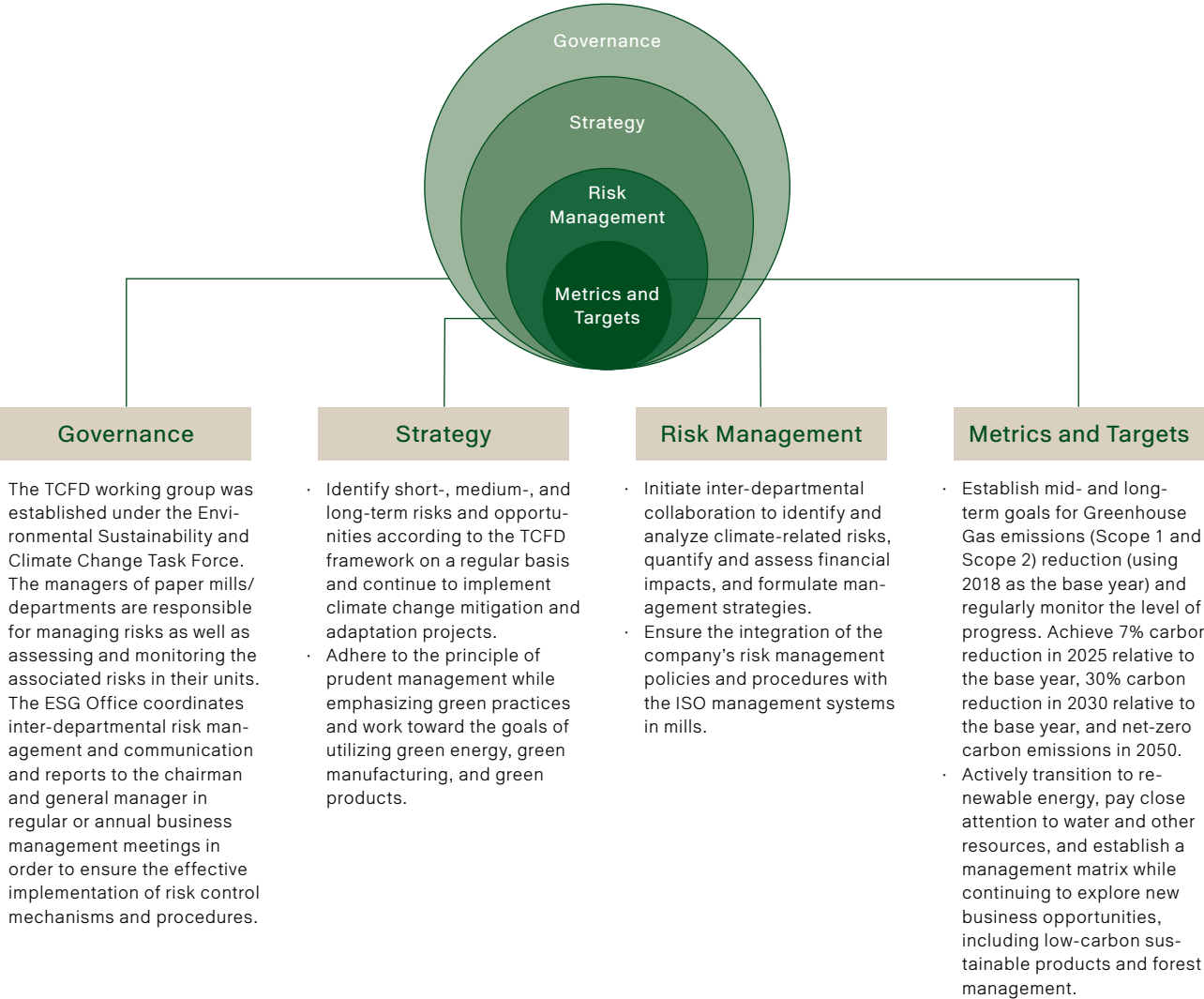
Managing Climate Change Risks and Opportunities
Task Force on Climate-Related Financial Disclosures (TCFD)

GRI 201-2/3-3

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



Four Major Aspects of TCFD Implementation Summary



Governance

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

Hosting Training Programs and Thematic Lectures

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



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

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

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



CHP "Internal Carbon Pricing and Implementation Practices" Special Lecture

Strategy

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

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

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

Risk Management

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



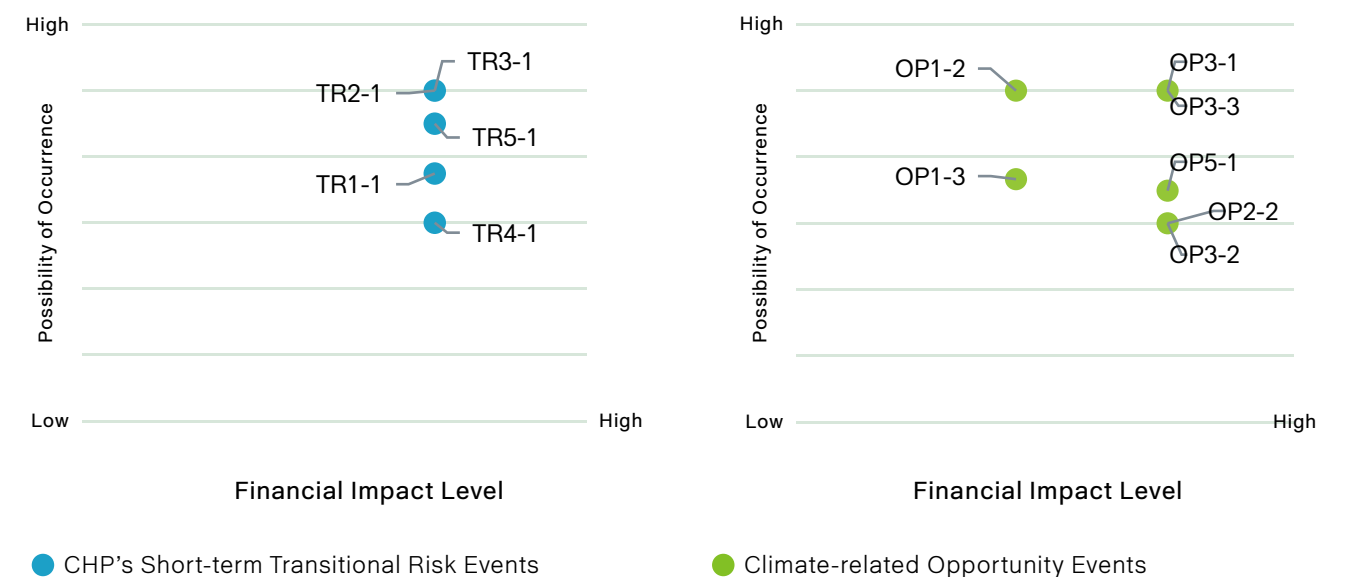
CHP management team took ESG training course- Internal Carbon Pricing (ICP)

Climate Change Risk and Opportunity Materiality Assessment

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

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

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



TFCD Risks, Opportunities, and Response Strategies

Financial Impact: Reduction of 0.31%~11.68% per year (Increased Operating Costs: 0.04%~1.18% per year, Increased Capital Expenditure: 0.09%~8.45% per year, Reduced Revenue/Output: 0.18%~2.05% per year)			
	Topics	Description of Events and Impacts	Response Strategies and Management Measures
Transitional Risks	TR1 Domestic and international carbon pricing systems	TR1-1 Increased costs resulting from carbon tax	- Short-term: Company mills have started to conduct inventory on greenhouse gas and product carbon emissions. - Medium- and long-term: Adopt low-carbon technology and transform energy structure to reduce the impact of carbon pricing system.
	TR2 Energy-related regulations and policies and the transition of energy consumption structure	TR2-1 Energy transition aligned with the national goal of net zero carbon emissions	- Short-term: Improve the operational efficiency of energy equipment. - Medium- and long-term: Focus on coal substitution and continue to expand the employment of biomass fuels, alternative fuels, and renewable energy.
	TR3 Renewable Energy Trends and Regulations	TR3-1 Increase in operating and capital expenditures to meet energy efficiency and energy structure transition requirements	- Short-term: Conduct inventory on the geographical characteristics of each location and the structure of each mill, evaluate the inclusion of renewable sources such as solar energy, biogas, alternative fuels, etc. - Medium and long-term: Decide on self-use or transaction purposes based on demands of the renewable energy market.
	TR4 Regulations related to water resources or groundwater	TR4-1 Increased spending on water treatment equipment and water consumption	- Short-term: Maintain and strengthen water recycling. - Medium- and long-term: Set goals for water conservation.
	TR5 Tightened Air pollution quality and total quantity control	TR5-1 Increased spending on air pollution prevention and control equipment and pollutant discharge	- Short-term: Initiate internal planning on installing additional prevention and control equipment in compliance with relevant regulations. - Medium- and long-term: Continuously evaluate clean fuel sources and obtain and maintain optimal boiler operation technology.
Financial Impact: Increase of 1.59%~11.27% per year (Reduced Operating Costs: 0.05% per year, Increased Revenue: 0.54%~10.22% per year, Increased Asset Value: 1% per year)			
	Topics	Description of Events and Impacts	Response Strategies and Management Measures
Climate-related Opportunities	OP1 Promotion of low-carbon production and low-carbon energy transition	OP1-2 Promote low-carbon fuel substitution and transition, reduce the use of fossil fuels and air pollution, and adapt to the reduced demand in the air quality zone in the future.	Incorporated into TR2 response measures.
		OP1-3 Employ more efficient and energy-saving manufacturing equipment.	Incorporated into TR2, TR5 response measures.
	OP2 Participate in international renewable energy initiatives and green power trading	OP2-2 Participate in renewable energy (carbon credit offsets) trading market to increase operating income.	- Short-term: Actively obtain biomass energy generation certificates. - Medium- and long-term: Continue to expand the development of biomass fuels and renewable energy and incorporate renewable energy certificates to SBT target-setting.
	OP3 Develop and promote low-carbon sustainable products and acquire relevant certifications	OP3-1 Promote the research and development of all-paper recycling green products to increase market share.	- Short-term: Continue to develop and promote recyclable low-carbon products. - Medium- and long-term: The market positioning of low-carbon products will be included in internal carbon pricing system as evaluation metrics, which is conducive to targeting export markets (CBAM, etc.)
		OP3-2 Obtain relevant environmental labels for products to expand green business opportunities.	
		OP3-3 Aligned with global efforts to reduce plastic consumption and ensure food safety, low-carbon and low-plastic food safety products are advantageous for developing new markets and enhancing corporate image.	
	OP5 Corporate goodwill and brand value	OP5-1 Strengthen low-carbon green energy manufacturing, obtain FSC international forest certification, adopt virgin pulp reduction and other circular economy/low-carbon transition strategies, and actively communicate with stakeholders to improve industry image and change customer behavior.	- Short-term: Continue to maintain the Forest Stewardship Council (FSC) certification. - Medium- and long-term: Expand recyclable low-carbon product certification projects, increase communication with consumers, and enhance market positioning.

Metrics and Targets

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

Strategy	Metrics (Base Year)		2023	2024	Targets			Description	
			Achievement Status	Achievement Status	Short-term	Mid-term	Long-term		
Net-zero Emissions	GHG emissions (base year: 2018)		-7.6%	-9.8%	-7%	-30%	Net-Zero	In 2024, greenhouse gas emissions totaled 920,732 metric tons, representing a 9.8% reduction compared to the baseline year of 2018 (1.02 million metric tons), achieving the planned annual reduction pathway.	
					2025	2030	2050		
	Proportion of fossil fuel substitution (base year: 2021)		49%	48%	30%	50%	100%	Actively increase the proportion of low-carbon and biomass fuel usage.	
					2025	2030	2050		
	Percentage of power generation from renewable energy sources (base year: 2018)		29%	29%	30%	60%	100%	In 2024, the share of renewable energy generation reached 29%, in line with the short-term target pathway.	
					2025	2030	2050		
	Air quality and emission management (Base year: 2021)		SO ₂	559 metric tons	540 metric tons	Enforce rigorous monitoring and control in company mills to comply with applicable municipal and county regulations.			19% reduction in 2024 compared to the baseline year
			NO _x	633 metric tons	578 metric tons				47% reduction in 2024 compared to the baseline year
			TSP	145 metric tons	147 metric tons				28% reduction in 2024 compared to the baseline year
Focus on water resources	Process water consumption (base year: 2018)		28,159 million liters	28,655 million liters	<30,000 million liters			In recent years, the target water intake of manufacturing processes has been less than 30,000 million liters. Continue to maintain and improve water recovery rates.	
Low Carbon and Sustainability	Acquisition of renewable energy certificates (base year: 2021)		115,789 REC	126,158 REC	Acquiring renewable energy certificate	130,000 certificates	150,000 certificates	The first batch of Green electricity certificates was acquired in June 2023. A total of 73,676 RECs were transferred in 2024.	
					2023	2025	2030		
	Acquisition of afforestation carbon credits (base year: 2021)		Establishing a task force		A demonstration of afforestation carbon credits project has been planned in eastern Taiwan.				
	Emission intensity per unit of product (base year: 2021)		1.5%	-5.7%	-1%	-4%	-9%	In 2024, the emission intensity per unit of product was 1.04 t CO ₂ e/t.	
					2022	2025	2030		
	Percentage of green product sales (base year: 2021)		36%	43.6%	23%	25%	30%	An annual increase of 1% relative to the base year.	
2022					2025	2030			

Note 1: The green product categories were reassessed to include products made from FSC-certified, PEFC-certified, eco-labeled, recycled paper, and fully recyclable CircuWell materials.

Environmental Friendliness & Circular Economy

Investment in environmental protection amounts to

NT\$198
million



R&D Investment on Sustainable Materials amounts to

NT\$163
million



2024 Green Procurement amounted to

NT\$4.5

billion Consecutively
Awarded Green Product
Environmental Certifications



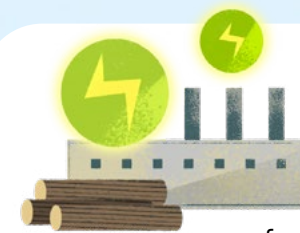
Energy Conservation and Green Energy Expansion Share of alternative energy in total input heat value:

48%

Non-renewable energy input heat value reduced by

26%

(compared to 2021).



30.6%

of self-generated electricity is sourced from renewable energy and alternative fuels.



2024 energy-saving projects resulted in a total carbon reduction of

24,724
tons of CO₂e

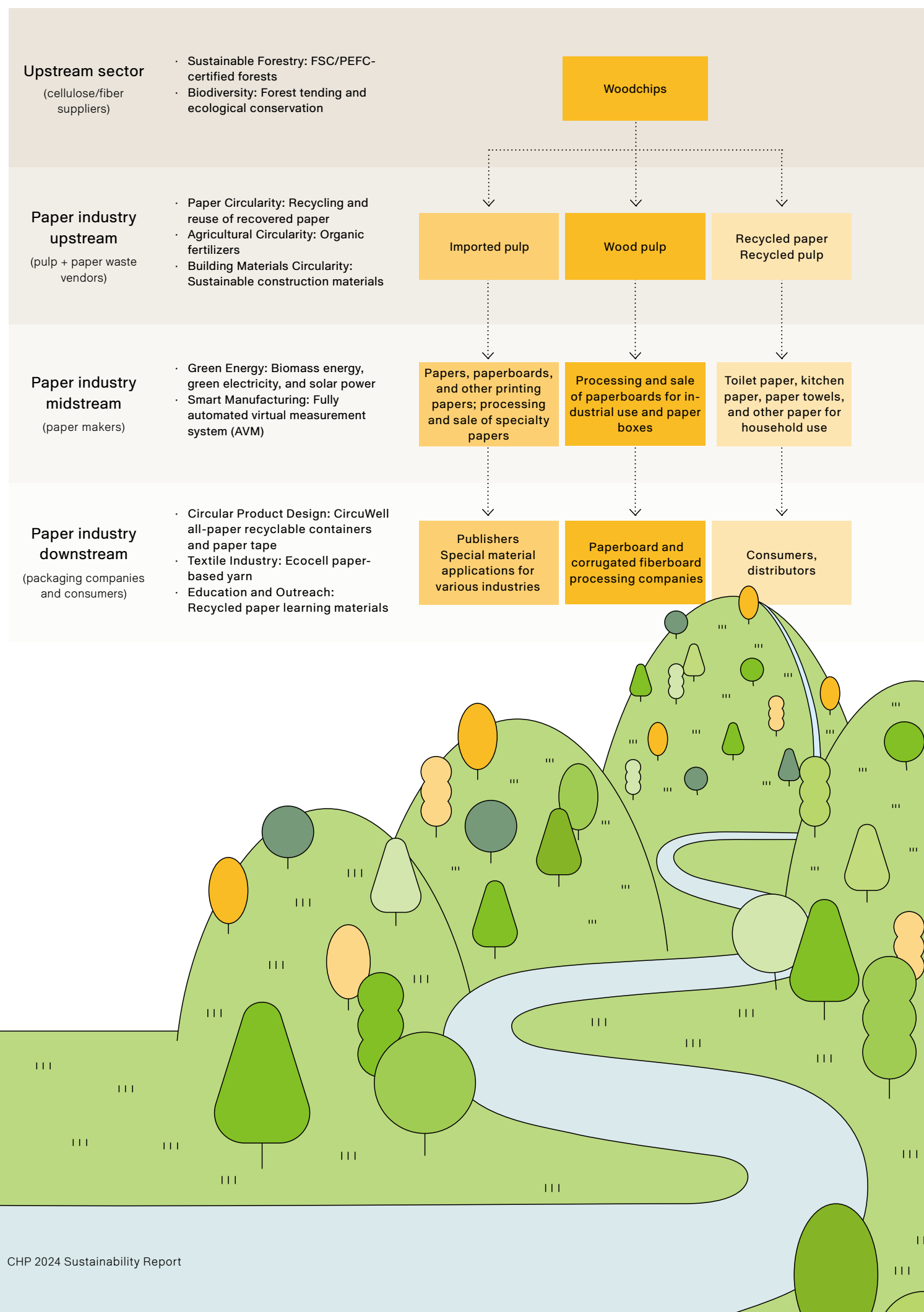


The effluent from CHP undergoes a wetland purification process, nurturing the wetland ecosystem and restoring biodiversity.



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

The "Full Paper Recycling, Low Carbon" paper tape leads in eco-friendly packaging. CircuWell "Fully Recyclable Food Paper Container" enhances recycling efficiency and increases the 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.

Facing global market changes, CHP continues its active transformation. In 2021, the company established the 'Fiber Materials Division' and 'Specialty Materials Division.' The expanded Specialty Materials Division added the Guanyin plant in Taoyuan, focusing on fiber technology research and development, fiber materialization of pulp, and

the creation of innovative applications for pulp and paper, driving development toward environmentally friendly and fully recyclable 'fiber materials' in the circular economy.

Additionally, the Hualien plant expanded the applications of pulp products and introduced a new pulp-to-plastic production line, expanding the market and services for these products in 2022 to enhance competitiveness. Consideration is given to the product life cycle, including design, production, packaging, and transportation, all in line with the concept of green design, while exploring ways to reduce packaging materials. In 2023, the company further advanced its application and development strategy for specialty materials, continuing to invest in R&D resources to accelerate the development of high-performance and eco-friendly fiber materials, thereby enhancing product added value. In 2024, CHP reported no incidents of non-compliance with regulations related to the health and safety of products and services, nor any violations of laws regarding product marketing, communication, information, or labeling.



*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 2024, sales values for pulp, paper, and paperboard reached NT\$264 million, NT\$1,397 million, and NT\$322 million, respectively, with sales

volumes of 130,224 metric tons, 391,027 metric tons, and 158,643 metric tons, respectively. Looking ahead to 2025, according to the World Economic Situation and Prospects (WESP) report released by the United Nations in January 2025, the forecast for global economic growth has been slightly revised upward to 2.8%. However, Taiwan continues to face uncertainties in international trade stemming from geopolitical tensions and protectionism, compounded by consumption and investment-related impacts on the economies of both the United States and China.

CHP will continue to monitor international developments, ensure smooth production line operations, and promote sustainable low-carbon development in the industry. CHP will also focus on securing raw materials for production and enhancing product competitiveness.

Short-Term Plan	- Actively improve manufacturing processes and management, and enhance transformational capacity. - Strengthen the research and development of niche products, develop fiber-based and fully recycling products, and gain a firm foothold in the eco-friendly product market. - Vertically integrate the supply chain, forge stronger ties with downstream processing plants, and increase the competitiveness of the entire industry. - Strengthen information integration, make use of big data analytics, and improve procurement and production/sales processes. - Provide customers with innovative payment and logistics services and strengthen our ability to keep abreast of market conditions.
Medium/Long-Term Plan	- Develop environmentally friendly, sustainable, and high value-added fiber-based products, and continue to promote the transformation in product composition. - Commit to sustainable recycling, using the R3 cycle (recycle, reclaim, regenerate) to maximize material utilization rate and diversify product portfolios. - Implementing a talent development plan and establishing a successor team to elevate ourselves into the ranks of world-class materials companies.

Sale/Supply of Main Products

Our pulp is exported to mainland China, 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	In 2024, global merchandise trade showed a gradual recovery trend. Taiwan benefited from the continued growth of emerging technology industries, with export and investment performance exceeding expectations. However, the pulp and paper market remained subject to economic and policy fluctuations, particularly due to the slow recovery of the Chinese economy and persistent overcapacity, which dampened market rebound momentum. Both domestic and international pulp and paper industries faced significant challenges. In response, industry players have not only focused on safeguarding their core business but have also actively advanced strategies for low-carbon manufacturing and smart transformation. In terms of international pulp prices, the first half of the year saw an upward trend driven by higher production costs at pulp mills and labor strikes in certain regions. However, in the second half, weak global economic conditions, subdued end-market demand, and the gradual release of new capacity in China and South America eroded market confidence, leading to price declines during the traditional off-season. Amid increasing market volatility and intensified competition, Chung Hwa Pulp continued to promote the development of eco-friendly products and enhance energy efficiency and carbon-reduction measures in its production processes. The company remains firmly committed to advancing toward a green, low-carbon manufacturing system, persisting in its efforts despite the challenges ahead.
Strategies	Strategy 1: Digital Transformation and Intelligent Management By introducing automated equipment, CHP enhances production efficiency, reduces labor, saves energy, and boosts overall productivity. Strategy 2: Customized Services Be the first provider of product customized services in Asia, develop customized pulps and products that meet the various needs of customers and differentiate CHP from other competitors. Strategy 3: Integrated forest, pulp, and paper production Equip paper mills with both paper-making machinery and technologies to make paper directly without having to go through intermediary processes (digesting, drying), thereby saving costs and reducing carbon emissions.

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	- With respect to the sale and development of specialty papers, global trends in plastic reduction and the impacts of COVID-19 have resulted in increased demand for medical supplies and packaging paper. In addition, the demand for paper food safety products has grown substantially, as people switch to online shopping and delivery services in an effort to minimize outdoor activities. - CHP actively promoted a non-plastic food packaging paper that has no plastic coating and is completely recyclable, so as to achieve the three goals of plastic reduction, carbon reduction, and waste reduction.
Strategies	- Focus on the development of specialized paper products, and gradually realize the plan to transform our product portfolio of printing papers into specialty materials for industrial use in packaging, food products, electronic products, etc. - Continue to refine product quality, strengthen control over the stability of raw material and import supplies, expand product applications, and improve local services. - Continue to strengthen expansion plans for non-plastic food safety papers and paper straws, etc. to take advantage of our pulp-making processes to produce fully recyclable products and develop a circular economy. - Proceed with application for ISO22000 certification to keep pace with global trends in food safety development.

Specialty Materials Business

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

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

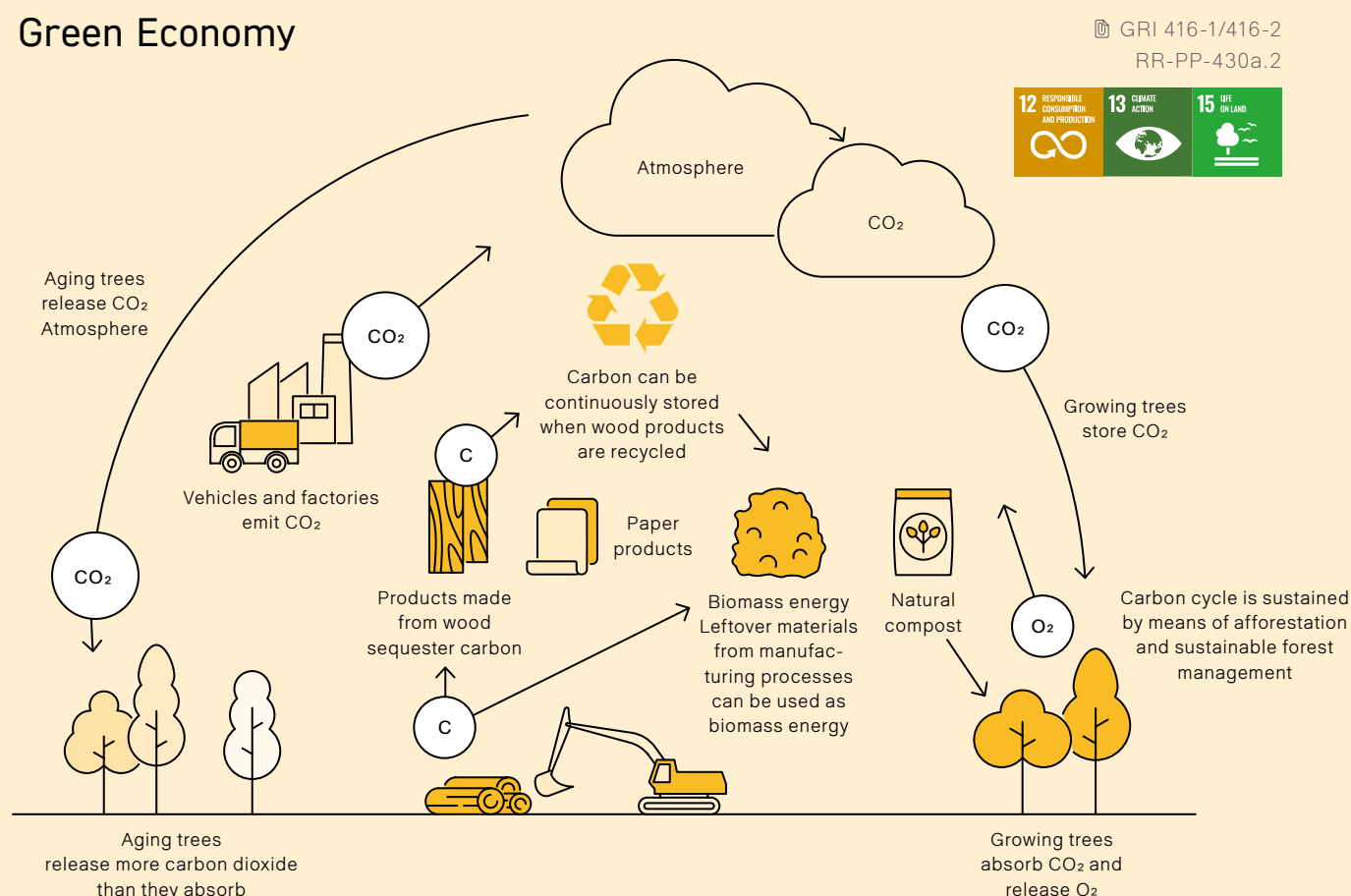
a low-carbon material development base. In addition to retaining the production of OPP tape and masking tape, CHP continues to broaden product applications, increase the added-value of its products, and improve customer service by capitalizing on its long-term advantages in the circular paper manufacturing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

Current Status	- Masking paper tape is currently the main production item at Guanyin mill. Simultaneously, active collaboration with the CHP paper manufacturing domain knowledge is underway to develop base papers with various functionalities. This effort aims to achieve vertical integration advantages within the supply chain and further enhance stability in raw material supply. - CHP actively promotes low-carbon products, such as full-paper recyclable food paper and kraft paper tape that can be tossed into the paper recycling system, to strengthen global connections, accommodate SDGs requirements, and achieve the three goals of plastic reduction, carbon reduction, and waste reduction.
Strategies	- Utilize the Group's advanced technology to develop low-carbon kraft paper tape made from recycled fibers for packaging applications. The product will be used for logistics transportation and general sealing purposes. It provides eco-friendly packaging materials in the booming e-commerce and packaging markets, offering innovative solutions and simultaneously expanding its presence in the international market. - Continue to strengthen product deployment such as all-paper recyclable and food safety paper, leverage our advantages in pulp manufacturing to produce full-circular end products and focus on the development of circular economy.

Cross-Industry	Features	Product Applications
Food packaging industry CircuWell All-paper Recyclable food safety paper	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.. *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.	
Label industry	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. *Products: Glassine, Clay Coated Kraft (CCK), release base paper for PE-lamination, one-sided coated papers.	
Adhesive Tape Industry	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. *Products: masking tape base paper (crepe), latex-impregnated masking tape paper, and kraft paper tape.	

Cross-Industry	Features	Product Applications
Medical Industry	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. *Products: Hi Lead and Hi Peak series, both in compliance with EN868 and ISO11607 standards.	
Specialized Applications in Industry	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.	
Interior Decorating Industry	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. *Product: Saturating Kraft paper	
Textile Industry	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. *Product: Ecocell	

Green Economy



Forests, for a Sustainable Life

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

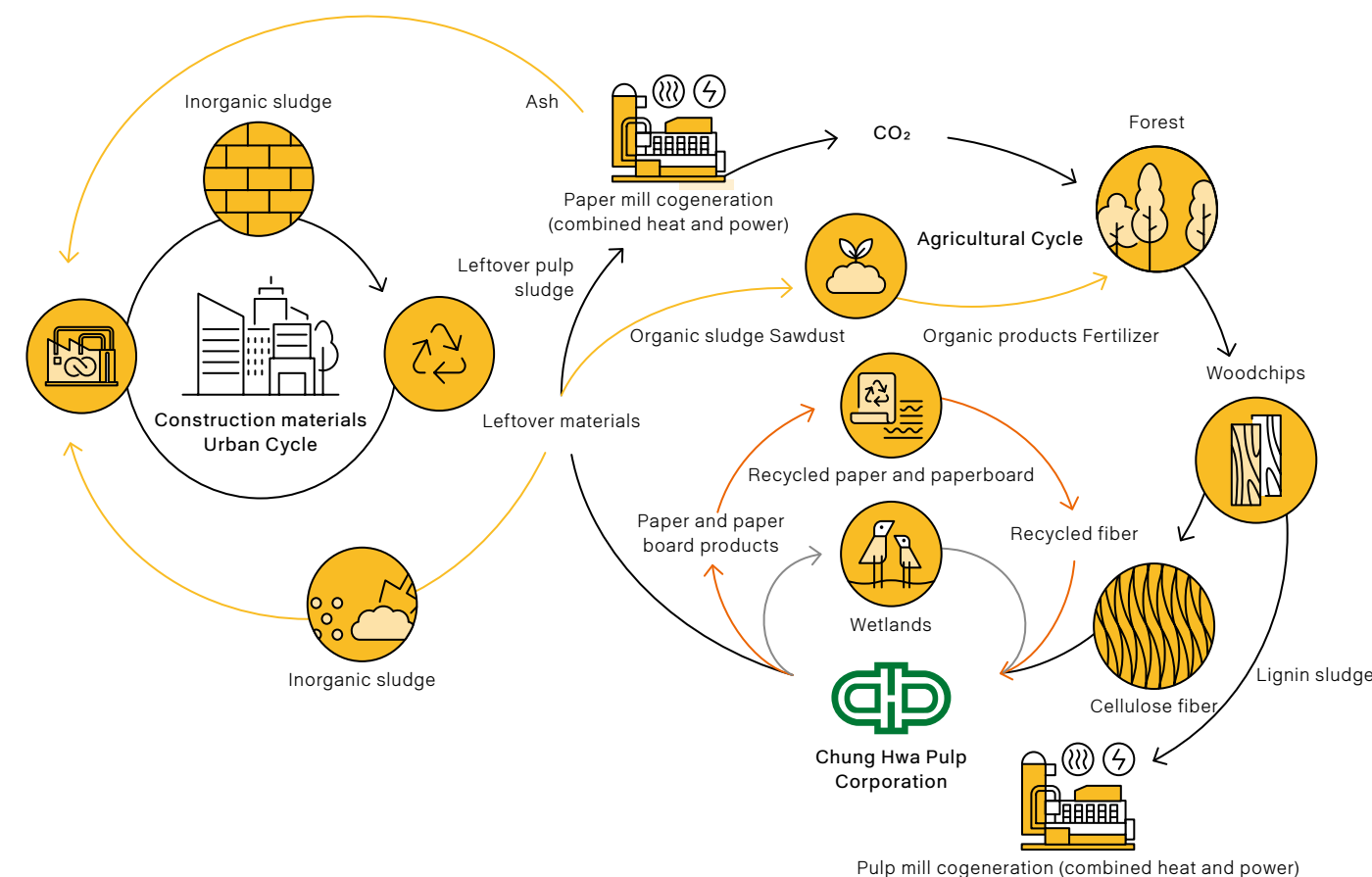
However, forest resources are not inexhaustible. If the role of a tree can be cycled multiple times, serving different functions, the demand for timber can be reduced, indirectly leading to fewer trees being cut down. Natural forests can be cultivated on a large scale through artificial means, and under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

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

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

Pulp and Paper Circular Economy

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



Eco-friendly Building Material – Circular Bricks

The Hualien Mill makes effective use of Leftover materials from paper/pulp mills ash, and inorganic sludge generated from its cogeneration system to develop “circular bricks” through a cold-pressing process. This circular reuse solution was initiated and led by CHP internally, in collaboration with domestic universities to conduct material science experiments. The project successfully transformed residual materials into recycled products, effectively improving raw material reuse rates while significantly reducing the energy consumption and carbon emissions associated with traditional high-temperature firing, embodying the core circular economy concept of “resource regeneration and zero waste.”

Circular bricks not only set a new benchmark for the building materials industry in terms of “low-carbon manufacturing,” “local recycling,” and “green upgrading,” but have also been practically applied in the entrance landscape design of CHP’s Hualien Mill. This integration brings sustainable materials into everyday urban architecture, becoming an important bridge between industrial development and environmental sustainability.



Circular Bricks Wall at the Hualien Mill Entrance

Organic Fertilizer– HwaFeng NO. 7

CHP sends secondary raw materials to Genovella Renewables Inc. for redevelopment and design, giving them a new product life cycle and creating economic value. Residual wood chips are blended with organic materials and rice bran to produce a natural organic fertilizer that replaces soil for cultivation. Experiments show that land using organic-based fertilizer stores more carbon than regular soil.

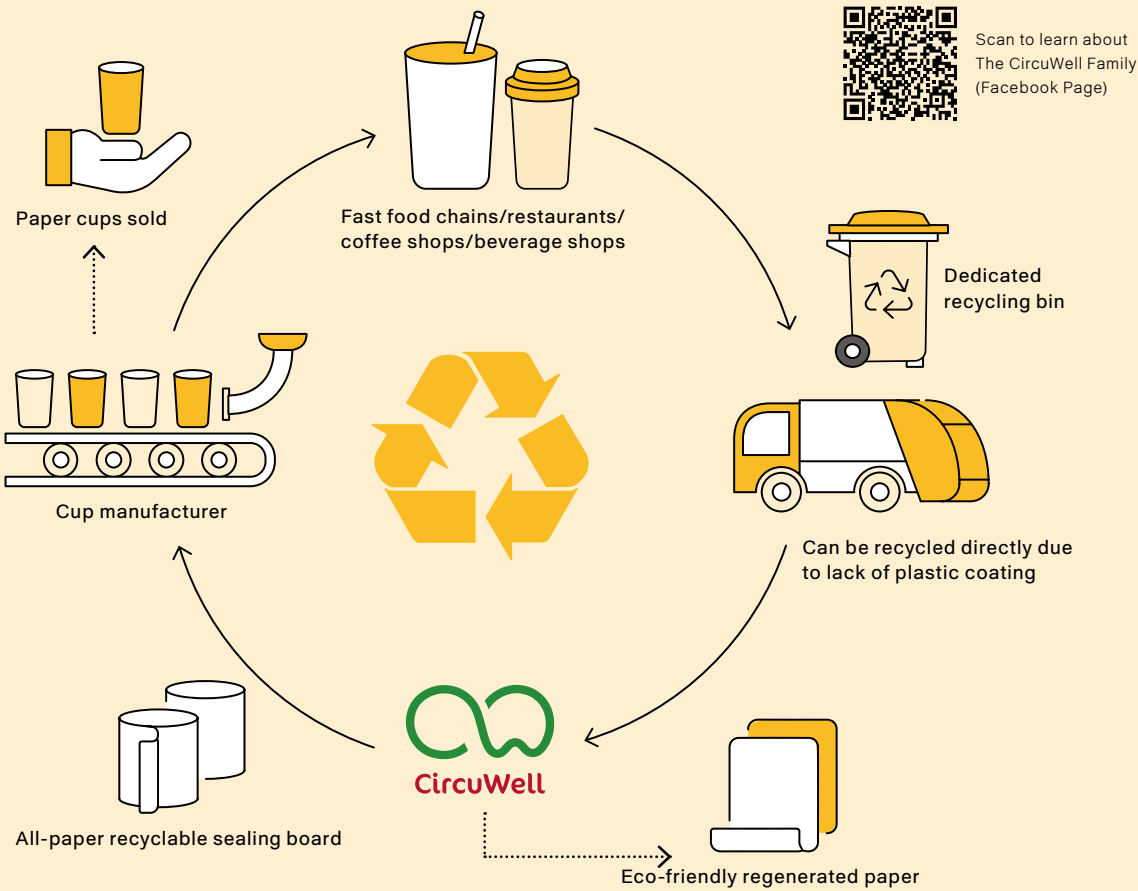


Organic Fertilizer–HwaFeng NO.7

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 Guanyin Mill has completed the installation of a special coating machine. Investment has been made in producing kraft paper tape and masking tape using recycled fiber.
2023/05	The national team for fully recyclable paper container supply chain has been established, gaining the support of four major breakfast chain stores, which began adopting Plastic-Free recyclable meal boxes starting in May.



Technology Research and Development

In response to the rapid growth of the global technology industry, CHP has consistently invested in innovative R&D to break away from the traditional framework of paper products and develop diversified applications. In addition, we have invested in the development of resource-based products to enhance material utilization efficiency and collaborated with academia on joint research projects.

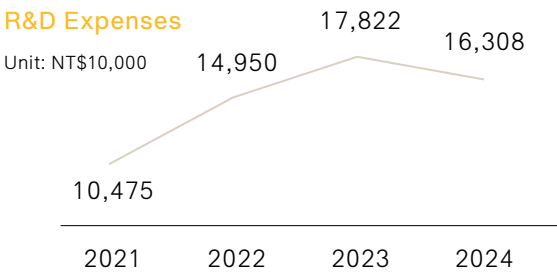
Regarding financial assistance from government agencies, the total amount received in 2024 was NT\$12.932 million (Industrial Upgrading and Innovation Platform Guidance Program under the Ministry of Economic Affairs' Technology R&D Project). R&D expenditures in 2024 totaled approximately NT\$163.08 million, representing an 8% decrease compared to 2023. In 2025, planned R&D investment is expected to be in the range of NT\$110 million to NT\$130 million.

Eco-Friendly Recycled Paper Mill

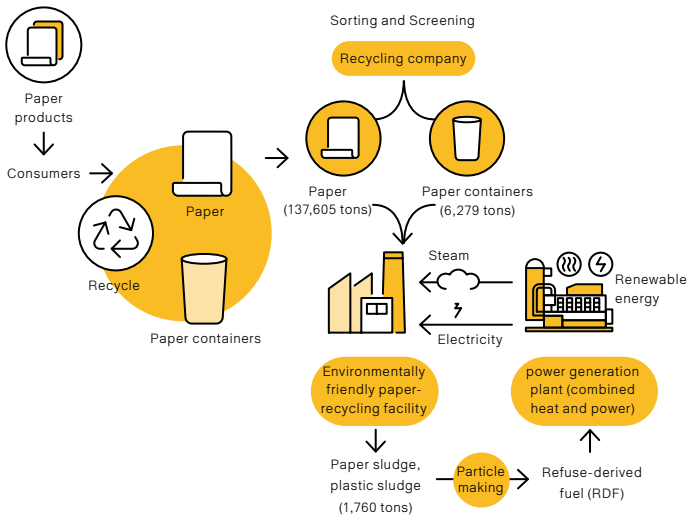
Complete Paper life-cycle from Cradle-to-Cradle Map

Taitung Mill is an eco-friendly recycled paper mill that processes paper containers and recycled paper separately. In 2024, the mill recycled 137,605 tons of waste paper and 6,279 tons of waste paper containers, totaling 143,884 tons of recycled fiber raw materials, which accounted for 91% of the total raw material usage at the Taitung Mill. Most commercially available paper containers are coated with plastic, which includes mixed plastic materials. When these containers are mixed with general waste paper in the pulping machine during paper recycling, the longer pulping time and higher amount of impurities filtered out can negatively affect the quality of recycled pulp. CHP separates the PE coating on paper containers and the packaging films on paper from waste paper containers and general waste paper. This process

produced 9,508 tons of solid fuel, of which 1,760 tons came from waste paper containers, and it is used as an alternative fuel for power generation. The electricity and steam generated are used to operate the paper mill and dry the paper. As a result, the life cycle of the paper is extended, achieving the goal of a circular economy for material flow.

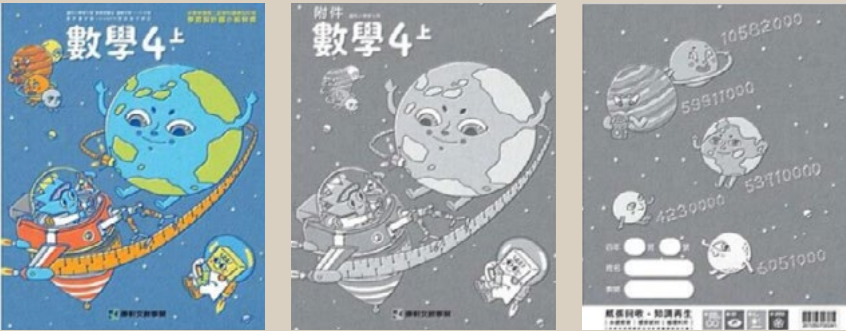


Pulp Products	Our pulp products are developed with a focus on reducing energy consumption and stabilizing production efficiency.
Paper Products	We employ new technologies to develop multi-purpose, high value added specialty paper products can be applied in multiple fields. We have also developed food-safe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



Case Study

CHP has long been committed to circular economy and sustainable innovation. In partnership with Kang Hsuan Educational Publishing, the company participated in the "Recycled Books Circular Regeneration - Green Supply Chain Project." Through collection and paper recycling processes, Kang Hsuan's returned textbooks were transformed into card paper used for elementary school mathematics workbooks, realizing the circular reuse of educational resources.



Kang Hsuan Elementary School Mathematics Workbook Cards

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

Principles of Sustainable Development and Utilization – Operating Sustainable Forestry

Since 1980, in line with the government's 20-year Eastern Region Comprehensive Development Plan, CHP began promoting afforestation in eastern Taiwan. Today, the company operates five forest farms in Taiwan. In addition to eucalyptus, tree species introduced over time include *Calocedrus formosana*, *Michelia compressa*, *Machilus thunbergii*, *Acacia confusa*, *Melia azedarach*, and *Zelkova serrata*. CHP has planted about 2 million trees across nearly 1,000 hectares, managing its forests with a long-term focus on conservation, sustainability, and a diversified forest economy.

Taiwan has adopted digital forest management, building a resource survey database and promoting biodiversity monitoring. Using GPS, GIS, and satellite tools, periodic surveys collect comprehensive growth data to support forest management, climate adaptation, and carbon sequestration assessments.

CHP's forest management supports local economies and livelihoods, especially in indigenous and mountain communities. By respecting indigenous ecological culture, promoting local economic development, and providing jobs, the company fosters strong community partnerships central to its sustainable forestry efforts.

Zhaoqing Dingfung Forestry's subsidiary, manages 433,000 mu (28,867 ha) of raw material forests in mainland China and operates a 25-mu nursery producing 1.4 million seedlings annually. With rising ecological awareness, it has enhanced biodiversity

conservation, with total growing stock exceeding 1.35 million m³.

Species Conservation: Safeguarding Mountain Forest Life

Guanshan Forest Farm in Taitung hosts a native plant garden preserving nearly 100 Taiwanese native and endangered tree species, including the endemic *Cycas taiwaniana* and the rare *Phoenix loureiroi* Kunth. Its well-maintained habitat also shelters rare wildlife such as the critically endangered Chinese pangolin, endangered Taiwan blue magpie, and near-threatened Mikado pheasant, highlighting the farm's importance for biodiversity conservation.

Sustainable Raw Material Forest Management and Ecological Value in Practice

The company's raw material forests not only provide economic benefits but also enhance regional forest resources and ecological value. Through sustainable management and silviculture, it improves forest quality, boosts timber supply, and strengthens water conservation, carbon sequestration, and other ecosystem services. In mainland China, operations follow sustainable harvest principles, applying ecological logging and phased management to optimize forest structure, protect biodiversity and watersheds, maintain carbon balance, and minimize environmental impact.



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

Agriculture

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

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

Agriculture
Material
Industry

CHP sends process residues rich in organic matter, along with surplus wood chips from pulping, to Genovella Renewables Inc. . Using biological fermentation technology, these materials are co-fermented to produce a pure, natural organic fertilizer that is both effective and environmentally friendly. The product has obtained subsidies and certification from the Agriculture and Food Agency and is widely used in agriculture and forestry seedling cultivation, earning strong approval from farmers.
Product : HwaFeng NO. 7 fertilizer

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

The Landscape of CHP Hualien Forest Farm

Products with Environmental Certification

	FSC™ certified products	CHP was the first papermaking company in Taiwan to be certified by the Forest Stewardship Council in 2007, and began producing FSC-certified paperboard in 2008.
	PEFC certified products	CHP was verified by the Programme for the Endorsement of Forest Certification (PEFC) in 2010, when the company launched our PEFC-certified eco-friendly paperboard. These products can be used for carton packaging or in books.
	Carbon footprint certified products	CHP launched the first office paper with carbon footprint certification, "PAPER STAR Copy Paper." The product underwent a full life cycle assessment, from raw material acquisition, transportation, pulping, papermaking, packaging, to consumer use and recycling. It also applied for the first carbon label for copy paper from the Environmental Protection Administration.
	Eco-friendly recycled photocopy papers	Our Hyacinth series photocopy paper is made of 60% recycled paper to save forest resources.
	Industrial Compostability Certification Product (DINCERTCO)	CircuWell Easy Seal Board obtained certification in June 2021.
		CircuWell Pulp-molded products obtained certification in Dec. 2021.
	International Biodegradable Products Institute (BPI) certified products	(1) CircuWell Easy Seal Board obtained certification in Oct. 2021.
		(2) CircuWell Pulp-molded products obtained certification in Jan. 2022.
	Industrial Compostability Certification Product (Seedling Mark)	CircuWell Pulp-molded products obtained certification in Jun. 2022.
	Australasian Bioplastics-Industrial Compostable verification programme(ABA)	(1) CircuWell Easy Seal Board obtained certification in Nov. 2023.
		(2) CircuWell Pulp-molded products obtained certification in Nov. 2023.
	Home Compostable and Biodegradable Certified Product (DINCERTCO)	(1) CircuWell Easy Seal Board obtained certification in May. 2023.
		(2) CircuWell Pulp-molded products obtained certification in Sep. 2023.
	Australia's Home Compostable and Biodegradable Certified Product (ABA)	(1) CircuWell Easy Seal Board obtained certification in Jul. 2023.
		(2) CircuWell Pulp-molded products obtained certification in Nov. 2023.

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

Products with the Green Mark

Mark No	Product Name	Specifications and Standards/Environmental Appeal
1972	Clear Lotus series recycled paper (for office automation)	Recycled paper for office automation (OA)
6004	Hyacinth series photocopy paper	
16873	Clear Lotus series wood-free paper	Stationery and writing paper made of recycled paper
16874	Recycled Kraft paper (wrapping paper and paper bags)	
16875	Clear Lotus series recycled paper board	Packaging products made of recycled paper
16880	Chip board	
23009	Clear Lotus Recycled Two Sides Coated Solid Board	
23010	Coated Duplex Board With White Back	
23011	Coated Duplex Board With Grey Back	
23012	Chip Board	
23013	Core Board	
23014	Kraft Top Liner	

Product Responsibility and Quality Management

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

We place great importance on product safety. All

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



	Pulp	Printing Paper	Packaging Paper	Specialty Paper
PEFC-CoC	o	o	o	o
FSC™-CoC	o	o	o	o
FSC™-Recycled		o	o	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	
Carbon Footprint Mark		o	o	
Industrial Compostable and Biodegradable				o
Home Compostable and Biodegradable				o

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

Green Procurement

As a member of the global green supply chain, CHP prioritizes local suppliers in its procurement processes and encourages suppliers to increase the proportion of locally sourced products. This not only helps to reduce costs but also supports local industries. For all raw materials used by CHP, taking recycled paper as an example: 72% of recycled paper procurement expenditure comes from Taiwan's local supply chain, of which local recycled paper accounts for 88% of the total recycled paper procurement expenditure, promoting the circular use of resources in Taiwan and reducing reliance on imported materials. Additionally, many of CHP's production sites are located in remote areas. As much as possible, the equipment and materials required for maintenance are sourced domestically or locally, which not only drives local industrial development and the upgrading of domestic industries but also increases local employment opportunities, contributing to balance and stable regional population and industrial growth. CHP supports green procurement, incorporating environmentally certified materials into procurement guidelines and actively participating in government green procurement initiatives. In 2024, the green procurement amount at Taiwan's plants reached NT\$ 4.5 billion, with green wood chips and green pulp from third-party certified forests accounting for 78% of the total procurement volume (which was 650,625 tons in total). The percentage of other fiber sources meeting standards was 22%, and

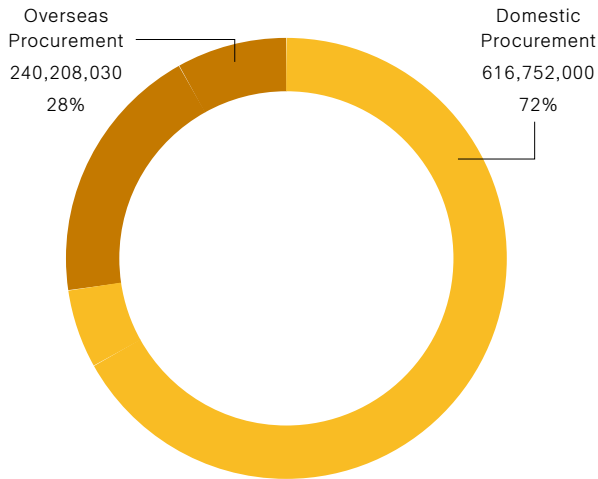
the quantity of recycled paper procured amounted to 143,884 tons. (Domestic procurement accounts for 91%, while overseas procurement accounts for 9%.) With global environmental protection and green sustainable development gaining widespread attention, the paper industry is inherently seen as an eco-friendly sector with a green image. As part of its corporate responsibility, CHP is even more committed to addressing these issues. The company has achieved outstanding results in promoting green procurement, actively prioritizing the purchase of eco-labeled, energy-saving labeled, and FSC™ internationally certified green products for raw materials, in-factory facilities, and office supplies. Reducing environmental impact is key to CHP's pursuit of sustainable growth, and the company strives to position the paper industry not only as one that provides socio-economic benefits but also as a value-added industry that makes even greater contributions to society as a whole.



CHP being honored with the Ministry of Environment's Outstanding Unit for Green Procurement and Green Consumption Promotion award, as well as Taipei City's Outstanding Green Procurement Award for Private Enterprises and Organizations.

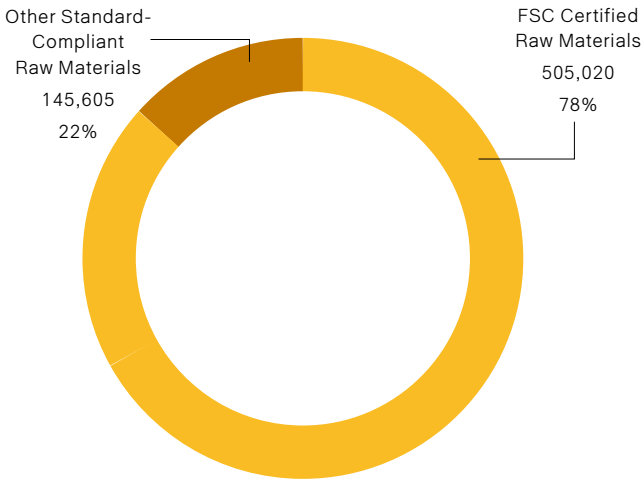
Proportion of Expenditure on Recycled Paper Procurement

Unit: NTD



Raw Material Procurement Categories

Unit: Tons



1.Domestic procurement refers to the Taiwan region.
2.Key operating locations include the Taipei headquarters, various operational sites, Jiutang Mill, Hualien Mill, Taitung Mill, Guanyin Mill, as well as overseas subsidiaries Dingfong Pulp & Paper Co., Ltd. and Dingfong Forestry Co., Ltd.

Supply Chain and Customer Services

Raw Materials Procurement

CHP relies on imports for wood chips and pulp needed for papermaking, making production costs susceptible to fluctuations in the international market. In 2024, approximately 525,000 tons of raw materials were imported, with the top three sources of wood chips and pulp being Southeast Asia (62.9%), New Zealand and Australia (15.6%), and North America (8.2%). To manage the volatility in raw material prices, CHP continuously monitors market supply and demand changes and closely monitors the quality of sources to stabilize raw material costs. All raw materials procured by CHP are certified or legally sourced from the local governments of the exporting countries, ensuring 100% renewable materials. Additionally, to provide responsible products, traceability of raw materials is a crucial task, and all relevant information is registered with internationally recognized environmental alliances, providing customers with full transparency and fulfilling corporate social responsibility.

Supply Chain Management

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

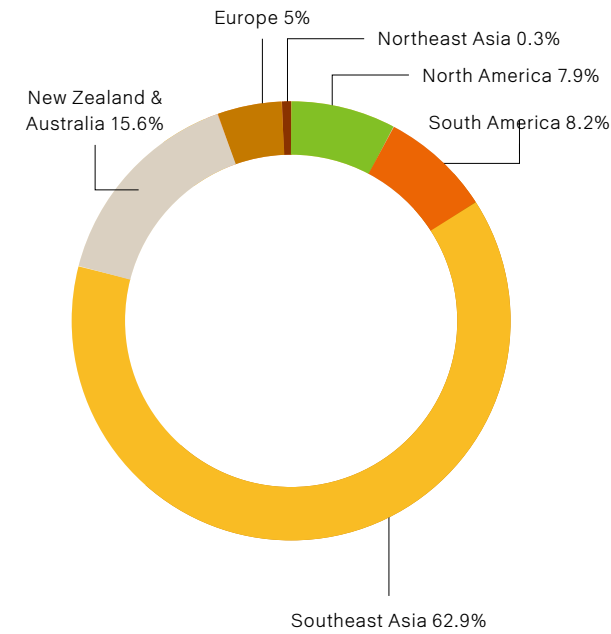
Our mission as a sustainable and responsible company is to responsibly source and use raw materials, while continuously developing more environmentally friendly technologies to protect global forest resources. We have established a "Procurement Policy" for raw materials, committing to the protection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

In terms of human rights standards, CHP regulates supplier management through the "Procurement Declaration" and the "Human Rights Declaration." We require suppliers to commit to complying with labor safety and human rights regulations established by local governments, prohibiting discrimination, child labor, and forced labor. After a due diligence process in 2024, none of CHP's operational sites or suppliers were found to be in violation of workers' rights to freedom of association or collective bargaining.

GRI 2-6/2-23/2-24



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



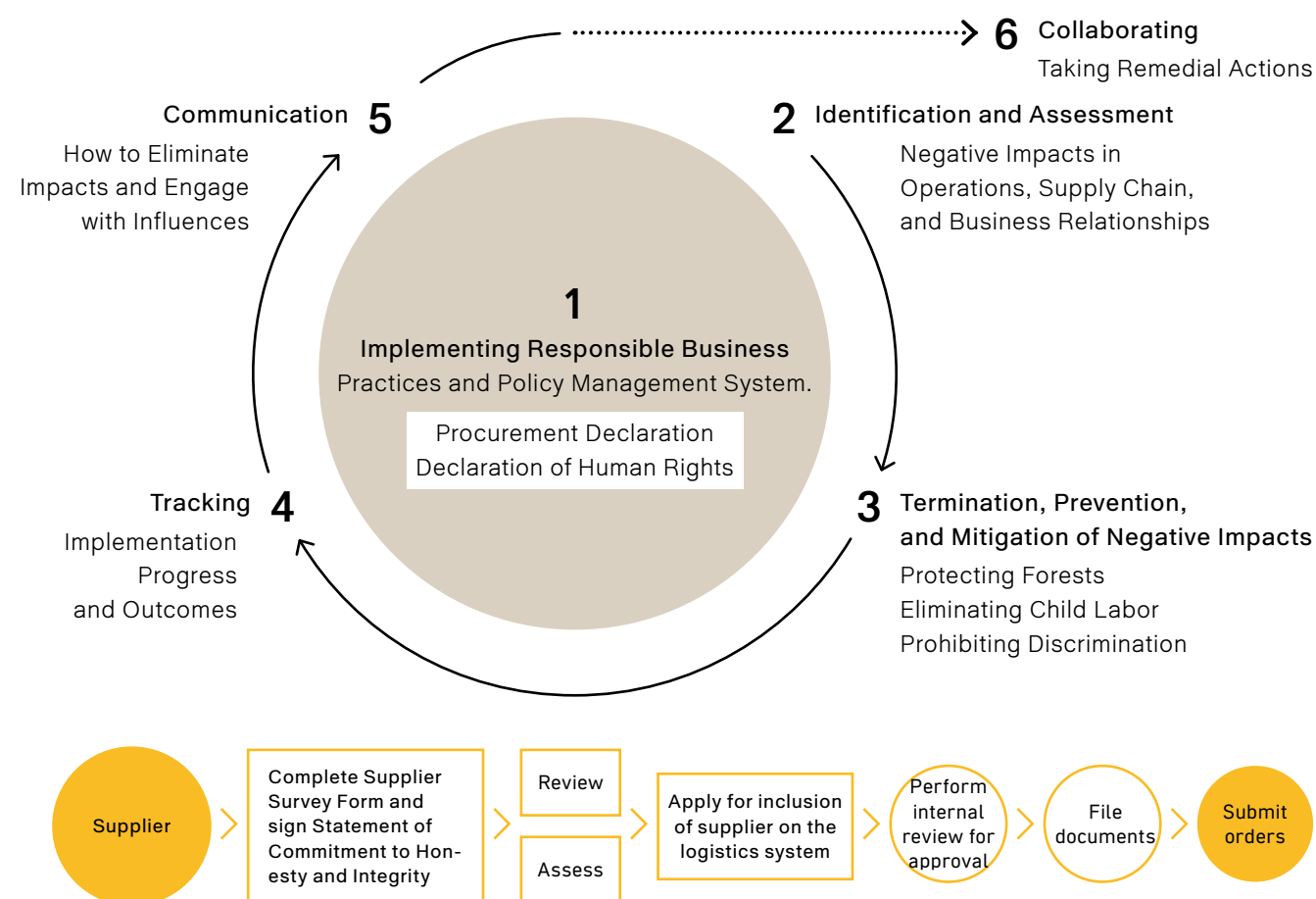
Participated in the ESG supplier conference to exchange carbon reduction best practices.

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

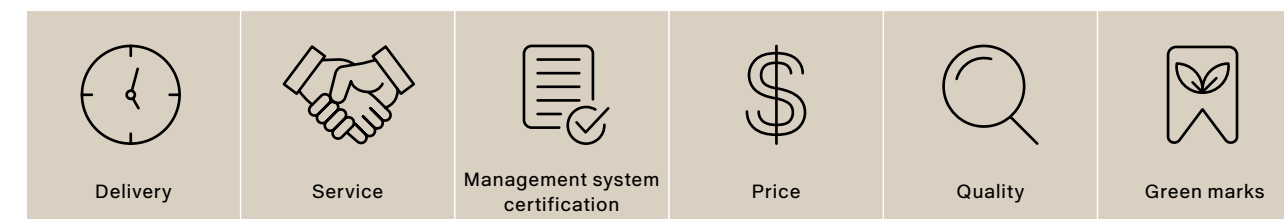
stipulated in this declaration and ensure that our suppliers do the same. For example, the declaration includes a statement of commitment to compliance with labor laws enforced in the location or country where the business is registered, the prohibition of child labor, and an adherence to the spirit 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 2024, a total of 586 supplier assessments were conducted (274 in the first half and 312 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, Taiwan's largest producer of cultural paper and paperboard, enhances competitiveness by developing unique products and maintaining a strong brand image. We regularly engage with customers to gather feedback, adjust sales strategies, and provide product briefings with technical support. Digital services, such as an online ordering system and CRM, improve efficiency and service quality. Looking ahead, CHP will continue innovating, strengthening product differentiation, advancing digital transformation, and delivering tailored solutions to maintain market leadership and provide superior products and services.

On-Time Delivery

To ensure on-time delivery, CHP has fully implemented an electronic order management system. Customers can place orders online, while the production team plans and schedules production based on order volume and delivery dates, providing confirmed timelines through the system. Once delivery dates are set, customers can check real-time inventory, arrange logistics, and manage shipments the same day, ensuring smooth supply and improved customer satisfaction.

Customer Feedback

Taiwan's paper industry has reached a mature stage. While CHP remains the largest producer of cultural paper and paperboard in Taiwan, it also faces global competition. In addition to developing unique products, the company enhances market competitiveness by maintaining a strong brand image. To ensure alignment between the intended brand message and customer perception, CHP conducts satisfaction surveys across various service stages as a key reference for improvement. In 2024, CHP distributed 82 satisfaction questionnaires and retrieved 40 valid samples, for a retrieval rate of 48.8%.

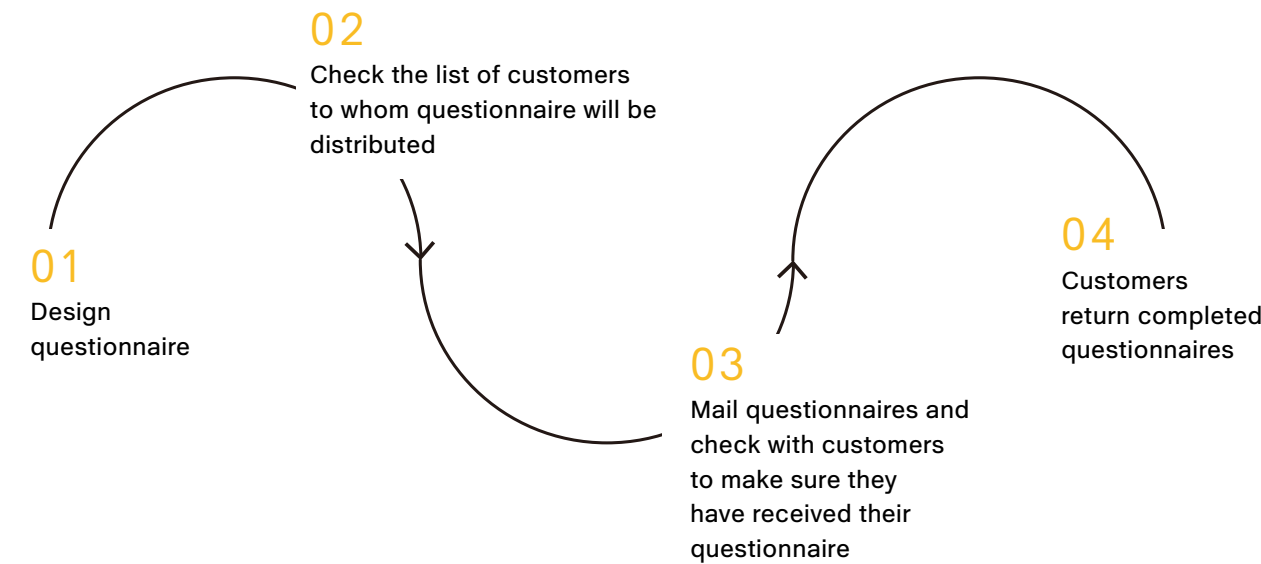
The satisfaction survey was divided into six categories, each with a maximum score of 5 points. In 2024, respondents rated CHP's overall service satisfaction as "satisfied" (average score of 4.03), showing a slight increase compared to 2023 in both score and satisfaction rate. Overall, the highest satisfaction levels were seen in product information, order processing, and technical assistance services. In terms of product information services, customers indicated the top four most-needed items were: paper samples, new prod-

uct information, quality comparisons with competing products, and product application scope. Additionally, 40% of customers said their satisfaction with product information services was due to "good service attitude." For order services, although satisfaction slightly declined compared to 2023, customers were satisfied with the promptness and accuracy of staff responses. For transportation services, overall satisfaction reached 4.08, with delivery staff receiving a high satisfaction score of 4.48. A total of 74% of respondents felt satisfied to very satisfied with overall transportation services. Regarding product quality, 60% of respondents were satisfied with the quality of products such as coated paper, woodfree paper, and paperboard. Overall product quality satisfaction reached 3.95, slightly higher than 2023 (3.86).

Lastly, in technical assistance services, 86% of respondents were satisfied or very satisfied, indicating that CHP's current support meets their needs, with no respondents expressing dissatisfaction or strong dissatisfaction.

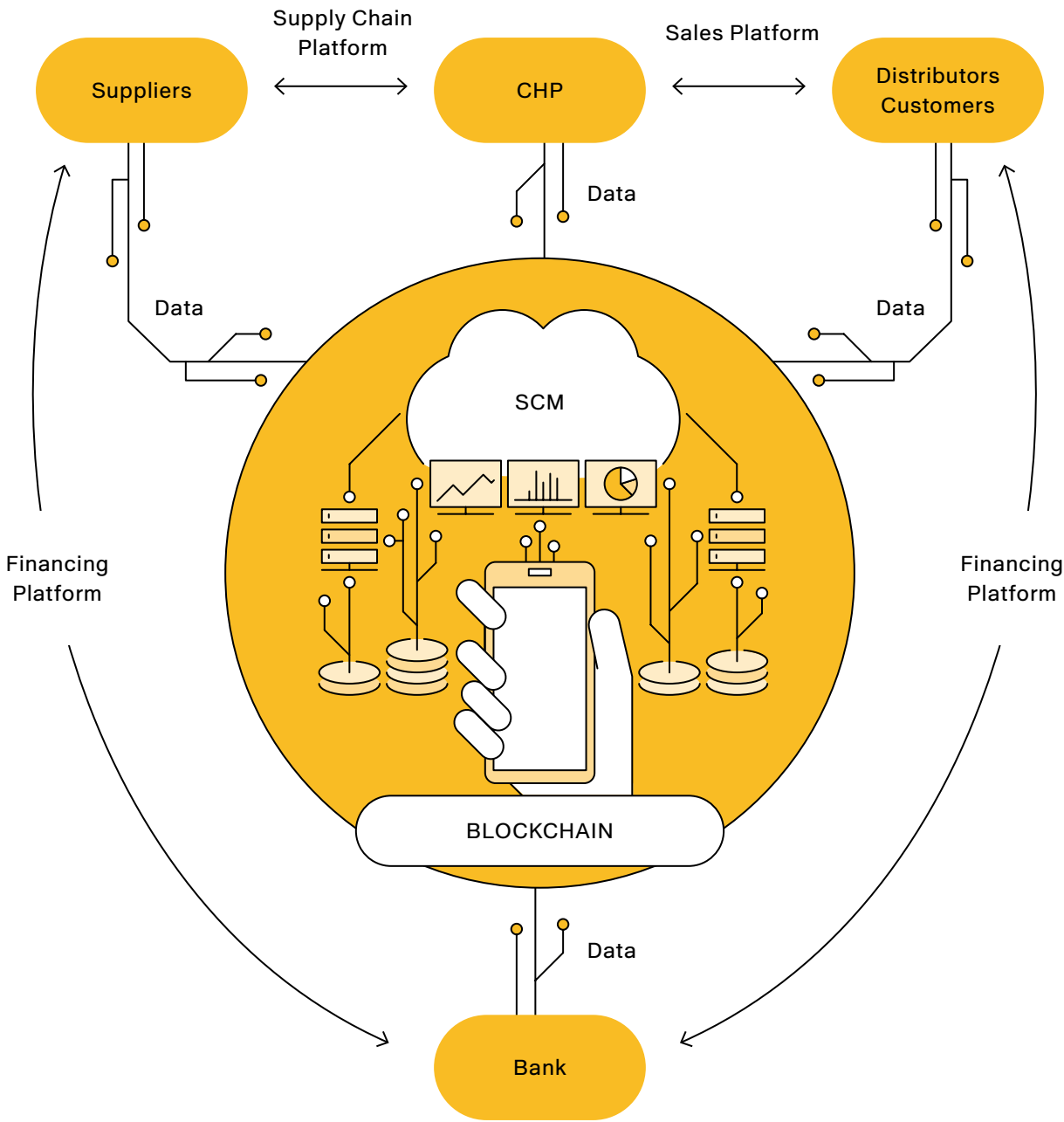
Research Process

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.



Item	Overall Satisfaction	Technical Assistance	Product Information	Product Quality	Order Processing	Transport Services
2023	3.98	3.91	4.27	3.86	4.15	4.14
2024	4.03	4.11	4.25	3.95	4.10	4.08

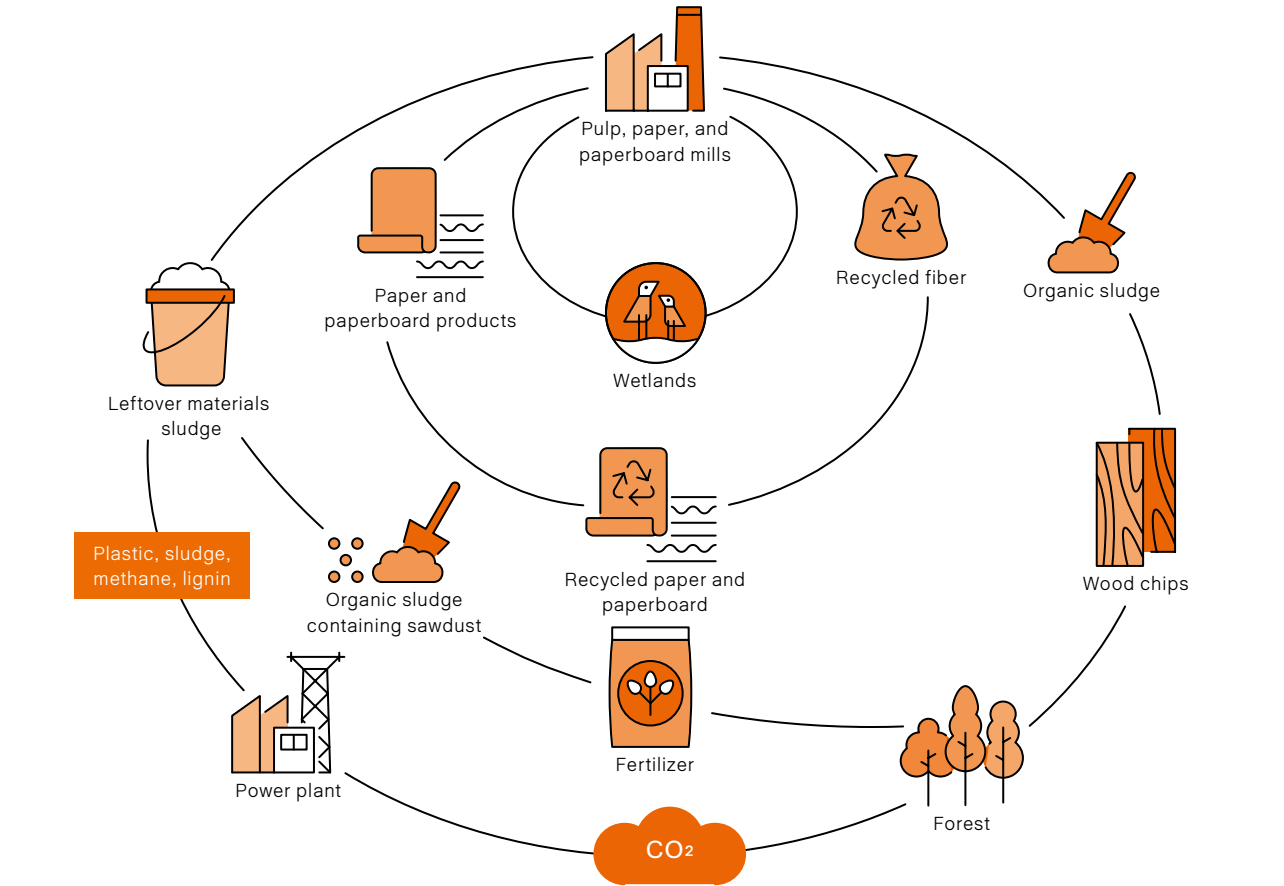
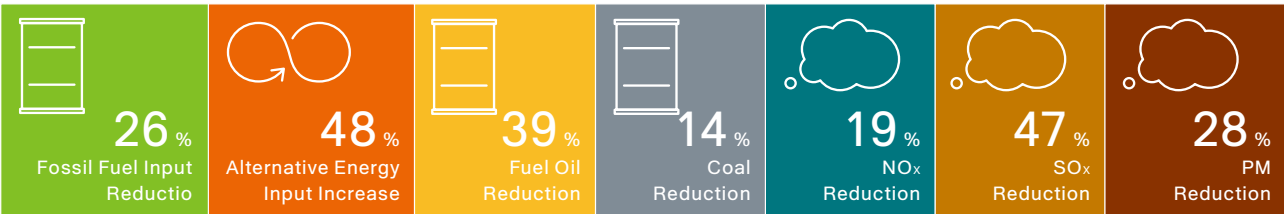
Digital Development for Triple Win Outcomes



Since 2018, CHP has joined the group's supply chain management project and established the SCM (Supply Chain Management) platform to optimize the digitalization of supply chain processes. Currently, 1,388 suppliers have been integrated into the platform, promoting collaboration and communication between the upstream and downstream supply chain, thereby enhancing the efficiency and quality of cooperation.

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

Green Production

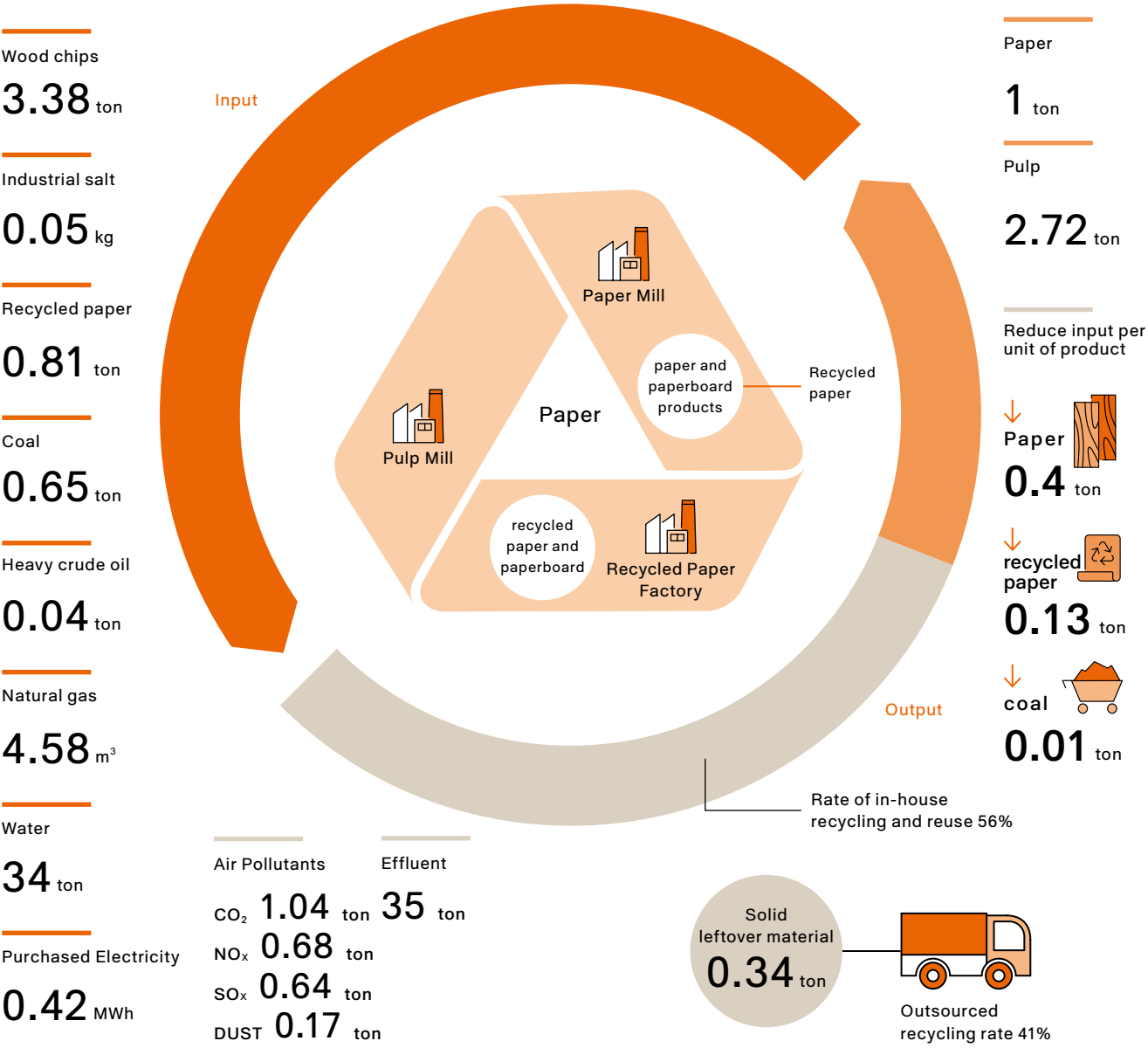


With global environmental protection and green sustainable development gaining the attention of countries around the world, the paper industry, driven by corporate responsibility, is naturally more concerned with these issues. The key to CHP's pursuit of sustainable growth lies in transitioning from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

The paper industry inherently has a green image as an environmentally friendly sector. In future production processes, introducing and strengthening

new production concepts will require full consideration of the carrying capacity of natural ecosystems. It is essential to conserve natural resources as much as possible, continuously improve the efficiency of resource utilization, and fully utilize resources from the very beginning and throughout the entire production process. This approach aims to achieve low input, low emissions, and high efficiency in every step of production, minimizing waste, maximizing resource use, and ensuring harmless disposal. In addition to its socio-economic benefits, the paper industry as a green industry can further position itself as a value-added sector that contributes even more to society as a whole.

Energy Input and Output



Note: Compared to 2023, in 2024 the per-unit product consumption decreased by 0.4 tons of wood chips, 0.13 tons of recycled paper, and 0.01 tons of coal

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

Save energy costs, reduce transportation costs, and minimize water waste	
Past	Type of pulp: Dry pulp Long-distance transportation of pulp requires ensuring quality and ease of preservation, so the finished product must be dried before being sold to paper mills. When paper mills use the pulp, additional water must be added to dilute it before it can be used.
Present	Type of pulp: Semi-wet pulp or liquid-pumped pulp - When semi-wet pulp is directly transported to paper mills, there is no need to spend additional energy and steam for drying, and the paper mill does not need to use excessive water to disperse the pulp, resulting in water and energy savings. - When the paper mill is adjacent to the pulp mill, pipelines can be used for direct transportation, significantly reducing the costs associated with pulp pressing, processing, packaging, and transportation.

Management Systems

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

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

	ISO 9001	ISO 14001	ISO 14064-1 (Note 3)	ISO 50001	ISO 45001	ISO 22000	HACCP	FSC™ CoC certificate (Note 1)	PEFC certificate (Note 1)	Level 3 Safety Production Standardized Enterprise (China)	FSC™ FMcertificate (Note 2)	High-Tech Enterprise (China)
Pulp/ Paper Mill (Hualien)	2026.05	2028.04	2025.08	-	2027.06	2028.04	2028.04	2028.08	2025.09	-	-	-
Paper Re-cycling Mill (Taitung)	2026.12	2025.12.	2025.08	2026.11	2025.12	-	-	2028.10	-	-	-	-
Specialty Paper Mill (Jiutang)	2028.05	2026.06	2025.08	2026.12	2023.06	2024.10	2024.10	2027.12	-	-	-	-
Paper Product Mill (Guanyin)	2028.05	2028.05	2025.08	-	-	2026.03	2026.03	2028.09	-	-	-	-
China Pulp & Paper Mill (Dingfung)	2026.07	2026.08	-	-	-	-	-	2029.08	-	2027.01	2027.02	2024.12

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

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

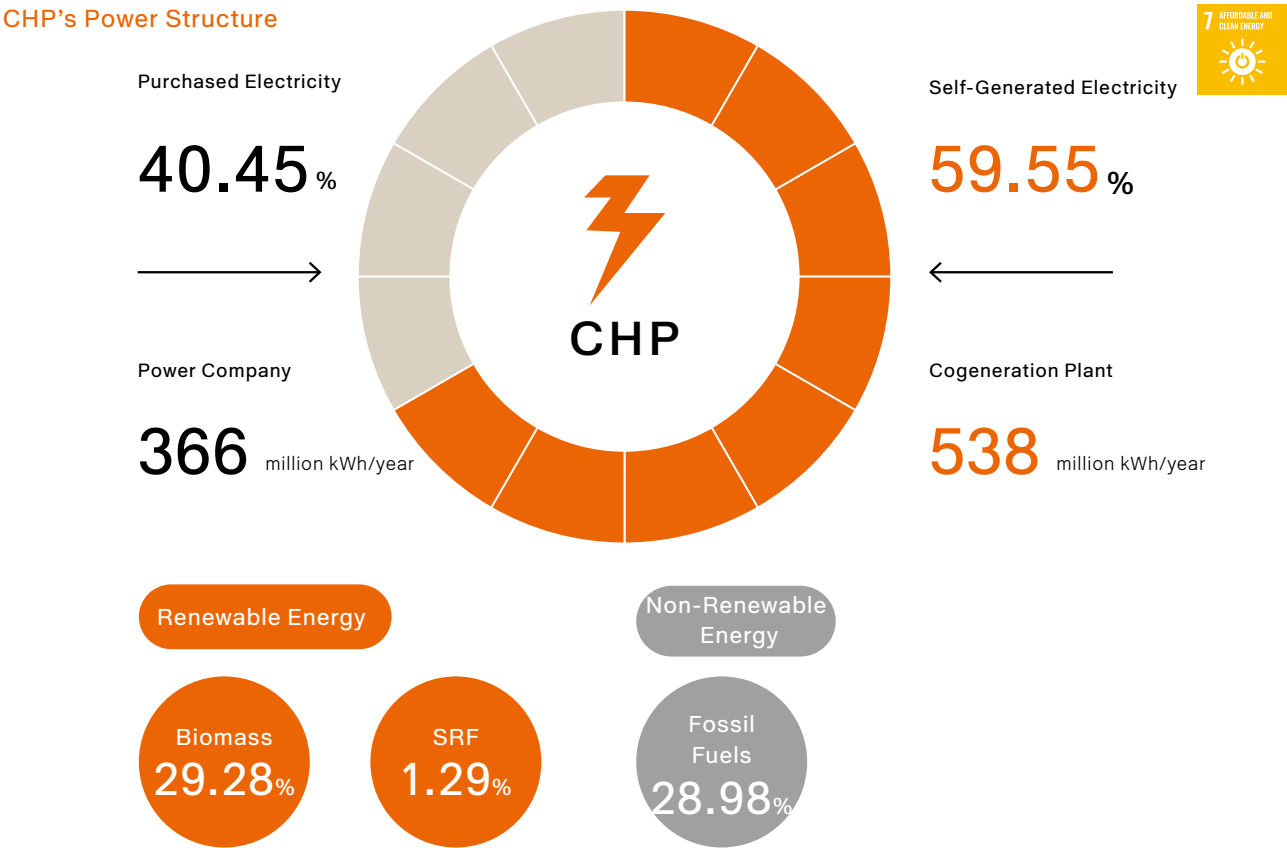
Note 3: ISO 14064-1 refers to the verification approval date, and verification is conducted annually on a fixed schedule.

Energy Management

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



CHP's Power Structure



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

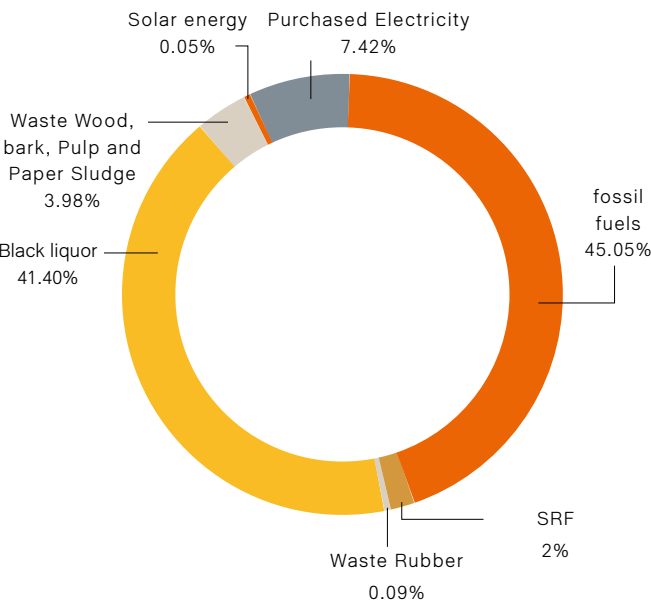
CHP Energy Usage

In 2024, the total energy consumption within the organization amounted to 17,737,248 GJ, of which purchased electricity accounted for 1, 316,787 GJ, and self-generated steam and electricity consumption was 16,420,461 GJ. Biomass energy represented 45.38%(8,050,536 GJ) of the internal energy consumption, and solar energy (other renewable energy sources) accounted for 0.05%. CHP actively promotes energy conservation and the expansion of green energy. In terms of self-generated and self-consumed energy within the organization, alternative energy accounted for 47.53% of total energy input, representing an increase of 7.04% compared to the 2021 baseline ratio of 40.49%. Total fossil fuel input was 9,307,007 GJ, a significant reduction of 26.16% from 12,604,389 GJ in the base year.

In addition to the primary use of lignin as a substitute, the company also complies with government policies by utilizing solid recovered fuel (SRF) and recycled waste, which together account for approximately 6% of the organization's internal energy consumption. These efforts serve as one of the key measures to replace traditional fossil fuels at sites without access to natural gas pipelines.

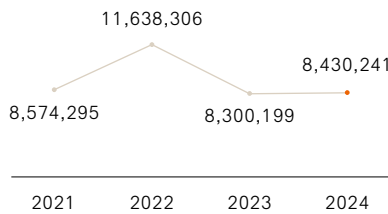
In terms of energy intensity, the figure for the year was 21 GJ per metric ton of product, showing a slight increase compared to the previous year. This was mainly due to the higher frequency of earthquakes in 2024, which led to increased energy consumption caused by equipment start-ups and shutdowns during safety inspections.

Management Systems

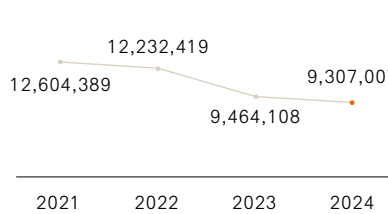


CHP is committed to recycling and reusing materials by processing residual sludge, wood, bark, and plastic residue mixtures filtered from recycled paper that cannot be reintroduced into the production line. These materials are crushed, sorted, and pelletized to produce SRF solid fuel, which can replace coal as an alternative fuel for co-firing in boilers, supplying power to the cogeneration system. The use of alternative fuels in 2024 was equivalent to replacing 42,341.05 metric tons of coal, corresponding to an energy input of 204,169 GJ. CHP's Hualien, Taitung, and Jiutang factories have each installed cogeneration systems. In pursuit of net-zero transformation, the company is gradually increasing the proportion of renewable energy as a thermal energy source for power generation. In 2023, the Hualien mill obtained certification for a 20,000 kW renewable energy power generation facility, allowing the electricity produced to qualify for green power certificates. Through industrial cooperation and trading, the mill works towards mutual carbon reduction goals.

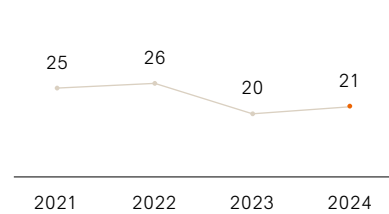
Renewable Energy
Unit: GJ



Non-Renewable Energy
Unit: GJ



Energy Intensity
Unit: GJ/ton (product)



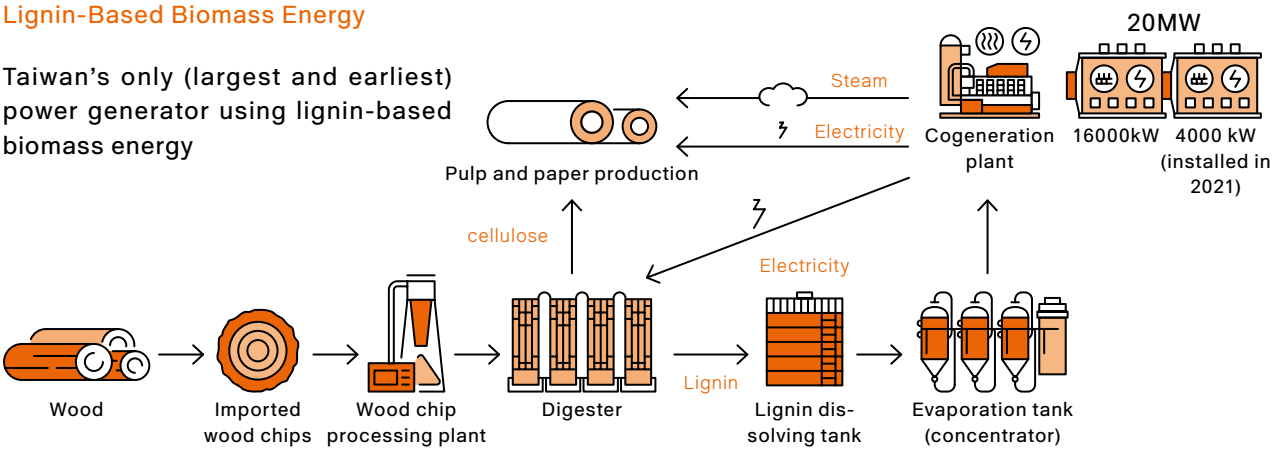
Category	Input (GJ)	Proportion
fossil fuels	7,990,220	45.05%
SRF	355,629	2.00%
Waste Rubber	15,748	0.09%
Black liquor	7,343,792	41.40%
Waste Wood, bark, Pulp and Paper Sludge	706,743	3.98%
Solar energy	8,329	0.05%
Purchased Electricity	1,316,787	7.42%
Total	17,737,248	100%

The Taitung and Jiutang mills completed the installation of solar photovoltaic systems on their rooftops at the end of 2022, with installed capacities of 1,187 kWp and 810 kWp, respectively. These facilities have significantly increased the use of solid recovered fuel and biomass energy, achieving notable carbon reduction results. Additionally, the Guanyin mill Invested in the installation of liquefied natural gas (LNG) facilities, which were commissioned at the end of 2023 to fully replace heavy fuel oil and enable low-carbon production

Alternative Fuel	Coal replacement (calculated by calorific value)
Pulp and Paper Sludge	4,424.84 tons/year
SRF	6,554.21 tons/year
Waste Rubber	780.05 tons/year
Waste Wood, bark	30,581.95 tons/year
Total	42,341.05 tons/year

Lignin-Based Biomass Energy

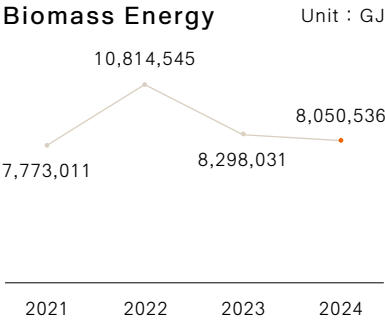
Taiwan's only (largest and earliest) power generator using lignin-based biomass energy



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

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

Since 2021, CHP's Hualien integrated pulp and paper mill has undergone a low-carbon transformation into a biomass energy generation system, with lignin accounting for 88% of the mill's self-generated electricity. In 2024, CHP's total biomass energy fuel input had a thermal value of 8,050,536 GJ, representing a 4% increase in biomass input compared to the baseline year for fossil fuel substitution (2021). CHP is actively planning to invest in the development of biomass energy technologies and aims to expand its renewable energy generation capacity in 2025, contributing to the national goal of achieving net-zero carbon emissions.



Energy Saving Project

In 2024, CHP implemented energy-saving projects, which can be categorized into waste heat recovery, energy efficiency improvement, equipment replacement, and other measures. The total carbon reduction for 2024 amounted to 24,724 tCO₂e.

The energy-saving benefits are calculated as the difference between the energy consumption of the equipment before the project and the estimated energy consumption after the project. Carbon reduction calculations in 2024 were based on the weighted average of the company's own emission factors.

The emission factor for electricity was 0.576 kg CO₂e per kWh, and for steam, it was 0.1812 metric tons CO₂e per metric ton.

2024 Energy Saving Project	Waste heat recovery	Energy efficiency enhancement	Equipment replacement	Other
Project Items	Dryer cylinder and hood improvements, and heat recovery	Upgrading to high-efficiency motors, pumps, impellers, and optimizing operating parameters	Replacement of aging air compressors, refiners, dewatering equipment, and vacuum pumps	Improvements in lighting systems, electrical losses, and variable frequency drive (VFD) control
Energy Savings	Steam savings: 21,730 metric tons	Electricity savings: 2,270 MWh	Electricity savings: 21,385 MWh	Electricity savings: 14,413 MWh
Carbon Emission Reduction (metric tons of CO ₂ e)	1,096	1,604	11,713	10,310
Subtotal (metric tons of CO ₂ e)	24,724			



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 2024, approximately 490 tons of hydrogen byproducts with 95% purity were produced.* By utilizing clean energy technologies as auxiliary energy supply for the lime kiln, there was a substitution of 1,460 gallons of heavy oil and lead to a reduction of 4,542 metric tons CO₂e in carbon emissions.

Carbon Reduction Performance

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

In 2024, fuel oil consumption was 693,509 GJ, with a reduction performance of 39% compared to the 2021 (baseline year). The average calorific value of fuel oil across all production sites was 9,479 kcal per liter. In 2024, the total fuel coal consumption was 6,995,988 GJ, representing a 14% reduction compared to the 2021 baseline year. The average calorific value of fuel coal across production sites was 4,822 kcal per metric ton, based on a weighted calculation using calorific values published in third-party inspection certificates.

Emissions Management

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

GHG Management

To provide more environmentally friendly products, greenhouse gas reduction initiatives must remain an ongoing effort. CHP is dedicated to seeking high-efficiency production models and technological advancements. The emission reduction boundary covers both Taiwan and China production sites, with a target to achieve a 7% carbon reduction by 2025. As of 2024, compared to the 2018 baseline year, emissions have already been reduced by 10,000 tons, achieving a 9.8% reduction, thus meeting the 2025 target ahead of schedule.

Management Approach

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

house gas registration platform (for Taiwan mills). These results are also disclosed in the sustainability report.

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



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

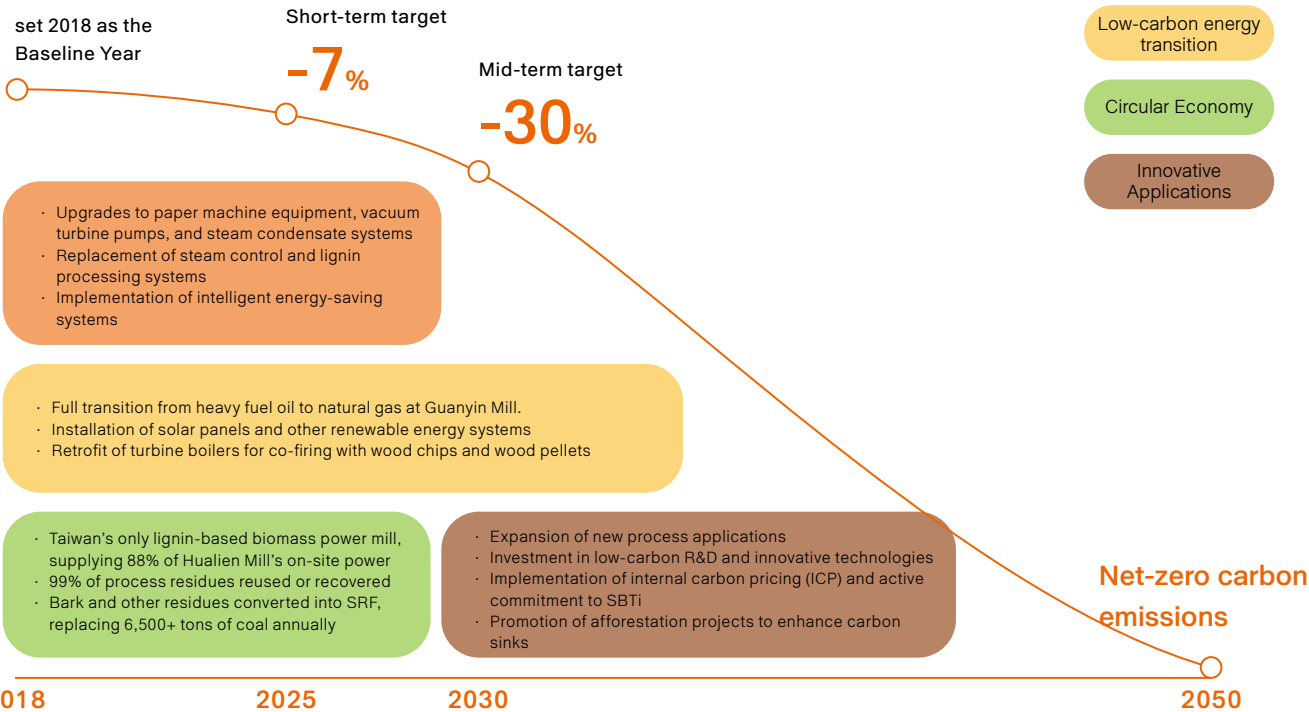
Reduced use of fossil fuels, increased use of alternative fuels, and investment in biomass fuels.



Forestry Management

Afforestation, reforestation, and forest management to achieve carbon storage and carbon fixation functions to increase carbon reduction.

CHP's Net-Zero Carbon Pathway



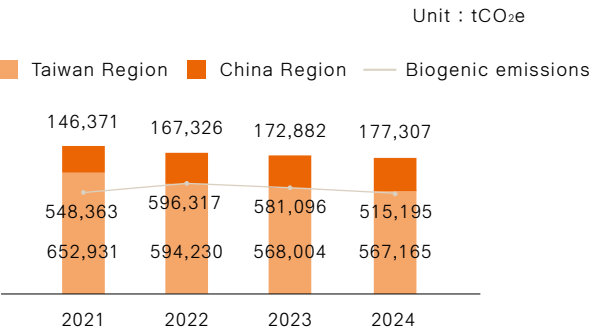
Scope 1 and Scope 2 Inventory

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

announced by the Ministry of Environment, Executive Yuan, on February 5, 2024.

In 2024, direct and indirect emissions in Taiwan decreased by 11.3% compared to the baseline year, while global direct and indirect emissions were reduced by 9.8% compared to the baseline year. The inventory results have been verified by third-party certification bodies such as SGS and DNV, ensuring compliance with regulations. These results have been reported to the Climate Change Office's Greenhouse Gas Emission Disclosure Platform and are also disclosed in the sustainability report.

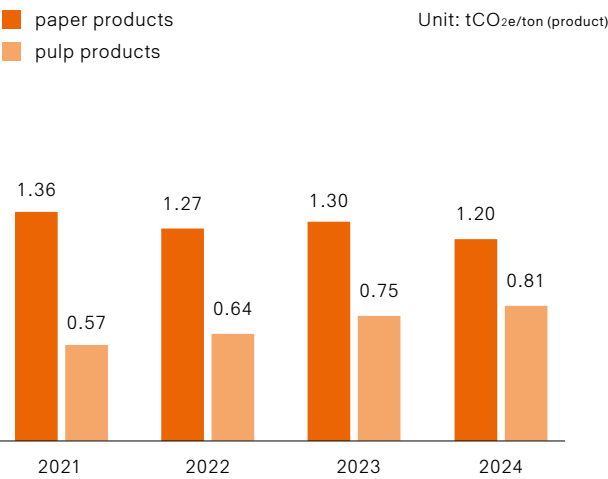
Global Scope 1 Emissions



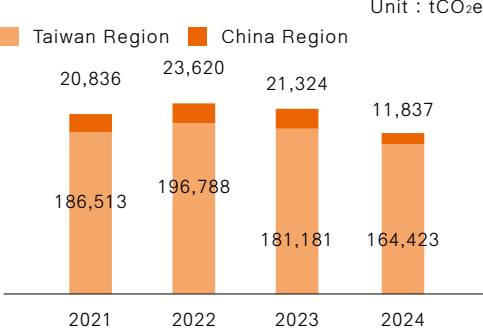
note 1 : Scope 2 greenhouse gas emissions are calculated using the location-based method.

note 2 : The annual Scope 2 emission data from 2020 to 2024 are based on the following emission factors:
Taiwan region: Electricity emission factors published annually by the Energy Administration (factor varies by year)
Mainland China: The national average electricity emission factor of 0.536 kgCO₂/kWh (2022)

CO₂ emission intensity of pulp and paper products



Global Scope 2 Emissions



Note 1: Greenhouse gas quantification includes the following seven gases: carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulfur hexafluoride (SF₆), and nitrogen trifluoride (NF₃). CHP does not emit ozone-depleting substances (ODS).

Note 2: The annual Scope 2 emission data from 2020 to 2024 are based on the following emission factors:
Taiwan region: Electricity emission factors published annually by the Energy Administration (factor varies by year)
Mainland China: The national average electricity emission factor of 0.536 kgCO₂/kWh (2022)

Note 3: Emission intensity includes only greenhouse gas emissions from Scope 1 and Scope 2.

Scope 3 Inventory

In 2024, CHP's Scope 3 greenhouse gas emissions included carbon emissions from upstream raw materials (wood chips, pulp, and recovered paper) and downstream transportation of exported products via sea and land. Estimated emissions from maritime transport were 11,176 metric tons of CO₂e, and land transport accounted for 15,604 metric tons of CO₂e, resulting in a total of 26,780 metric tons of CO₂e for upstream and downstream logistics.

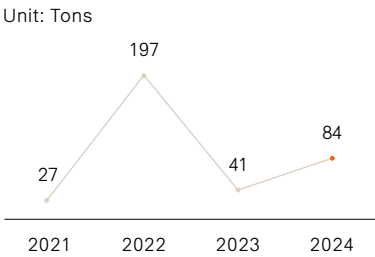
These figures were estimated using the Evergreen Marine Corp. carbon calculator and emission factors provided by the Automotive Research & Testing Center (ARTC). The data has not yet been verified by a third party. External energy use and other Scope 3 categories are included in the company's mid- to long-term inventory plan, and efforts will continue to enhance data completeness and strengthen the foundation for managing indirect emissions.

Air Quality Management

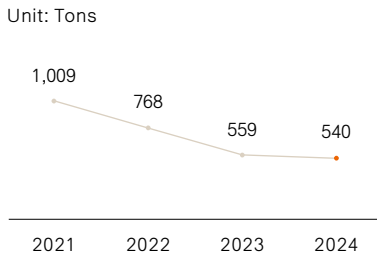
CHP's air quality management complies with government regulations while also evaluating and improving technology to ensure that no harmful air pollutants are emitted. In recent years, CHP has replaced outdated equipment, which not only supports the achievement of carbon reduction goals but also led to a reduction in total emissions of NO_x, SO_x, and particulate matter in 2024 compared to the 2021 baseline year, with reductions of 19%, 47%, and 28%, respectively. The Guanyin mill began operations in July 2021, and due to the specific characteristics of the products produced there (such as OPP tape, impregnated paper, and non-plastic coated card stock), VOCs emissions increased in 2022. However, after process improvements, VOCs emissions were reduced to 41 tons in

2023. In the third quarter of 2024, due to product coating characteristics and equipment adjustments, VOCs emissions increased. Improvements to the VOCs recovery system were completed in the fourth quarter of 2024. CHP continues to strictly monitor air quality and prevent odor leakage from production processes. While adhering to regulatory emission controls, the company remains committed to reducing air pollution emissions. To assess the impact of operations on air quality, the company continues to enhance the control of particulate matter (PM) emissions, including PM_{2.5} and PM₁₀. Emission intensity, expressed as tons of PM per ton of product, is used as a key indicator to track and evaluate improvement performance.

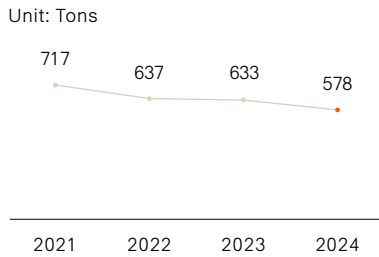
VOC_s



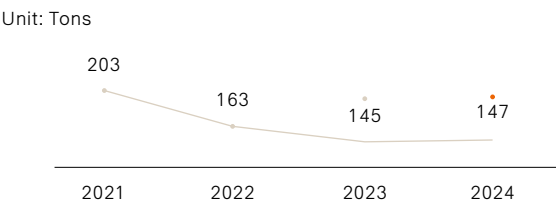
SO₂



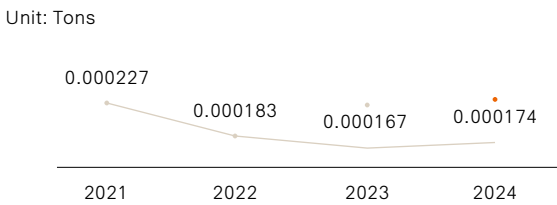
NO_x



PM



Emission intensity (tons of PM per ton of product)



*Source: Cumulative values based on real-time monitoring from in-mill flow meters.

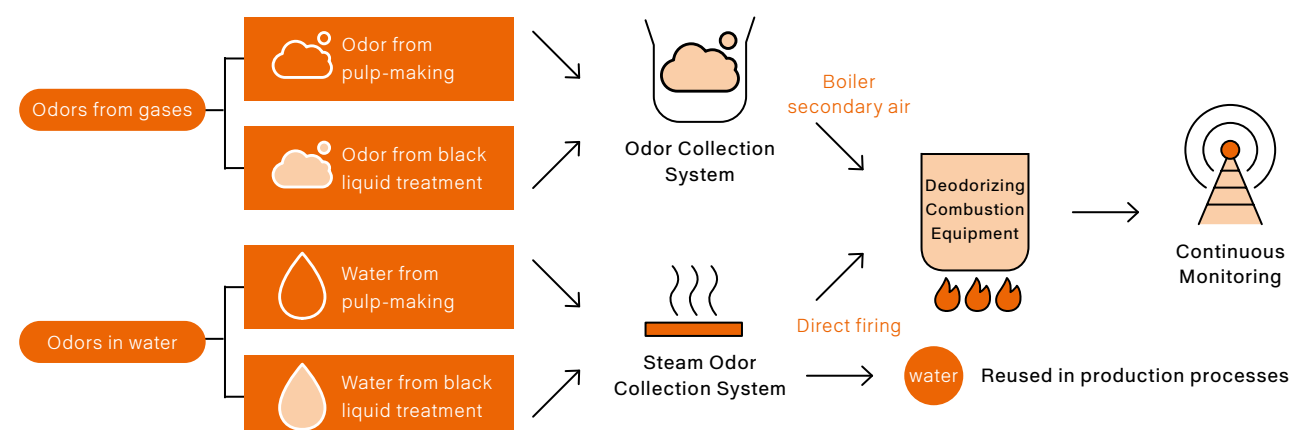
Item	Description
Black Liquid Recovery	After pulp washing, the diluted black liquid is concentrated and then transferred to a recycling furnace for combustion. The concentrate reacts with sulfur to form sodium sulfide, which is subsequently used in the manufacturing process. SOX and NOX emissions are lower than that found in ordinary furnaces.
Combustion in Lime Kiln	The lime kiln uses heat from oil combustion to convert sludge into lime. Because the chemicals in the sludge have sulfur and nitrogen fixation functions, sulfur oxide and nitrogen oxide emissions are reduced.
Dust Collection System Upgrade	In 2025, the primary control measure will focus on equipment upgrades, including the installation of high-efficiency dust collection systems. In some facilities, combined heat and power (CHP) units will be equipped with electrostatic precipitators and bag filters. Regular maintenance and optimized operation will be conducted to reduce particulate emission intensity per unit of output.

Odor control

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

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

Odor Prevention Process



Install gas detectors for monitoring and continuously invest in odor improvement

CHP's Hualien mill, with the guidance of the county government, has installed hydrogen sulfide detectors along the perimeter for monitoring and has implemented intelligent inspections within the mill to enhance management. Experts and scholars with expertise in air pollution control have been invited to the mill to provide guidance. They conducted in-depth discussions on the sources of odors generated in the production process and on how to strengthen air pollution control measures, proposing key strategies for effectively addressing odor issues. Since 2010, CHP's Hualien mill has invested a total of NT\$1.604 billion in improvement efforts, significantly reducing the emission of gases from the production process. In addition to achieving "zero carbon," CHP is also moving towards "zero odor," aiming to reduce odors, improve the quality of life for local residents, and achieve environmental sustainability and economic prosperity.

Water Resource Management



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

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

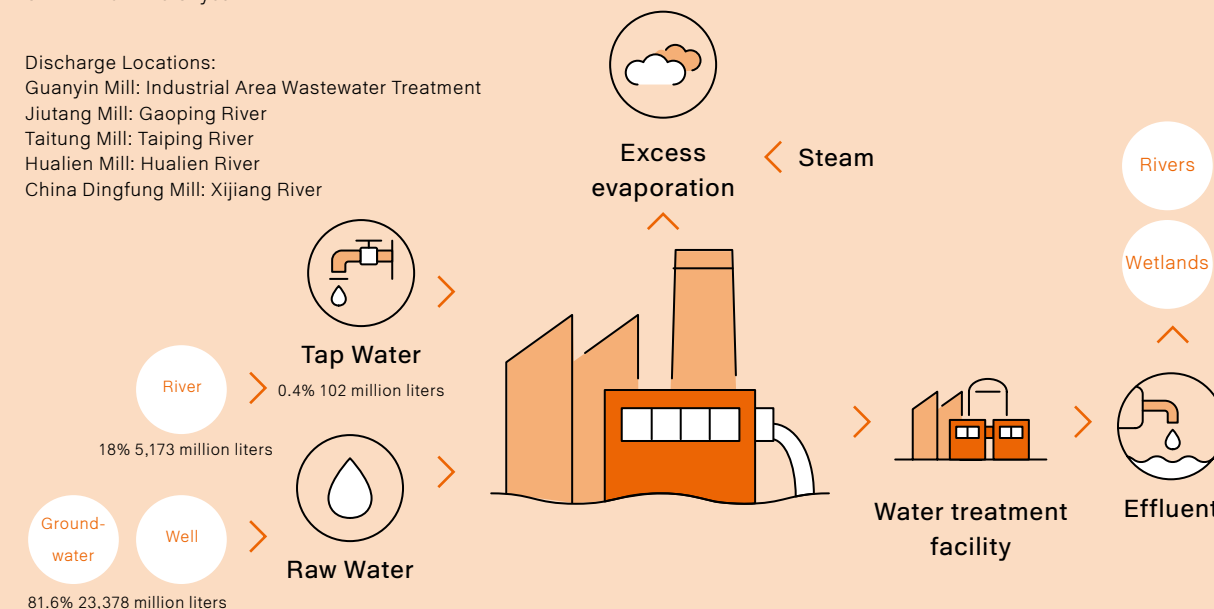
below 30,000 million liters and aim to increase water recycling rates for sustainability.

Due to the convergence of agricultural irrigation runoff (averaging approximately 5.8 million liters per day) from areas outside certain production sites into the facility and its subsequent discharge through the effluent outlets, the measured discharge volume exceeds the actual water intake for production. In accordance with the "Regulations for Water Pollution Control Measures and Testing Reporting Management," flow meters for effluent must be installed at the end or outlet of the discharge channel. As a result, the reported water consumption for the year, based on actual water meter readings, was 72.33 million liters.

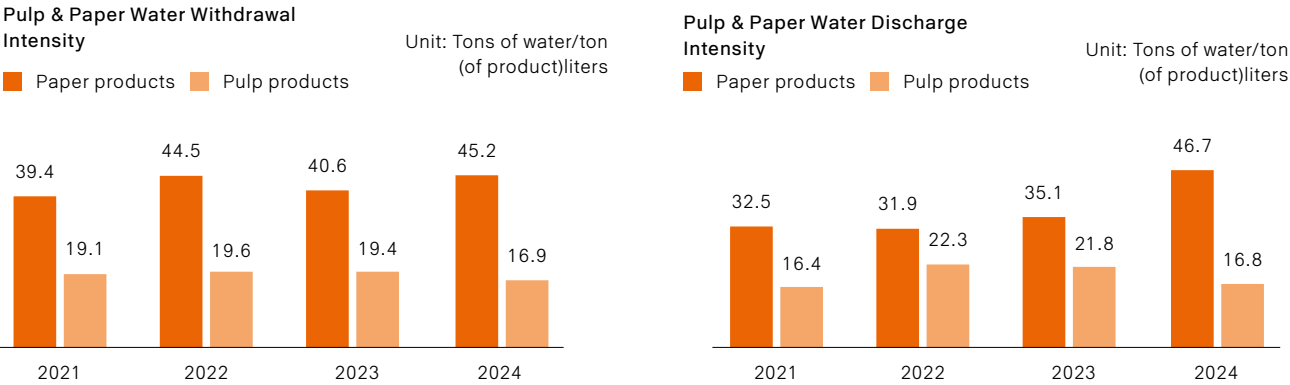
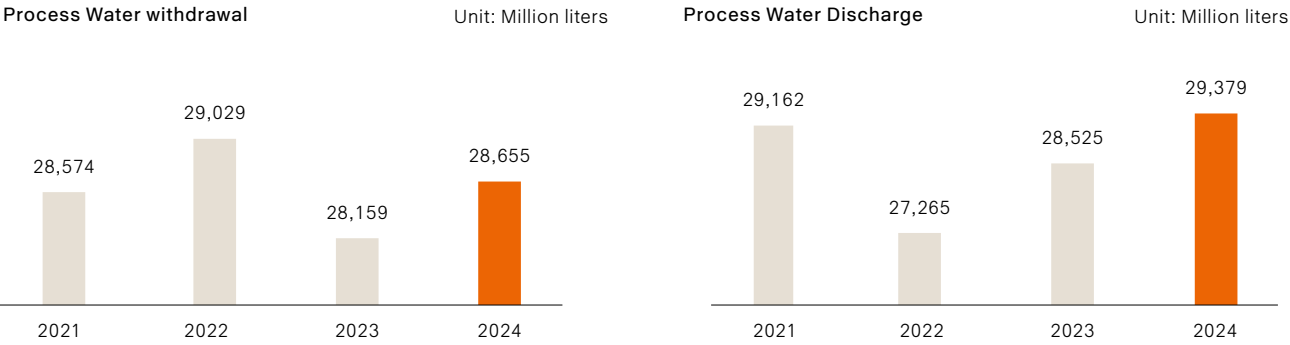
*According to the water risk assessment conducted in Q4 2024 using the World Resources Institute (WRI) Aqueduct Water Risk Atlas, all four Taiwan sites are located in low-to-medium water stress areas, while only the Dingfung Mill is situated in a medium-to-high water stress region.

Water Resource Diagram

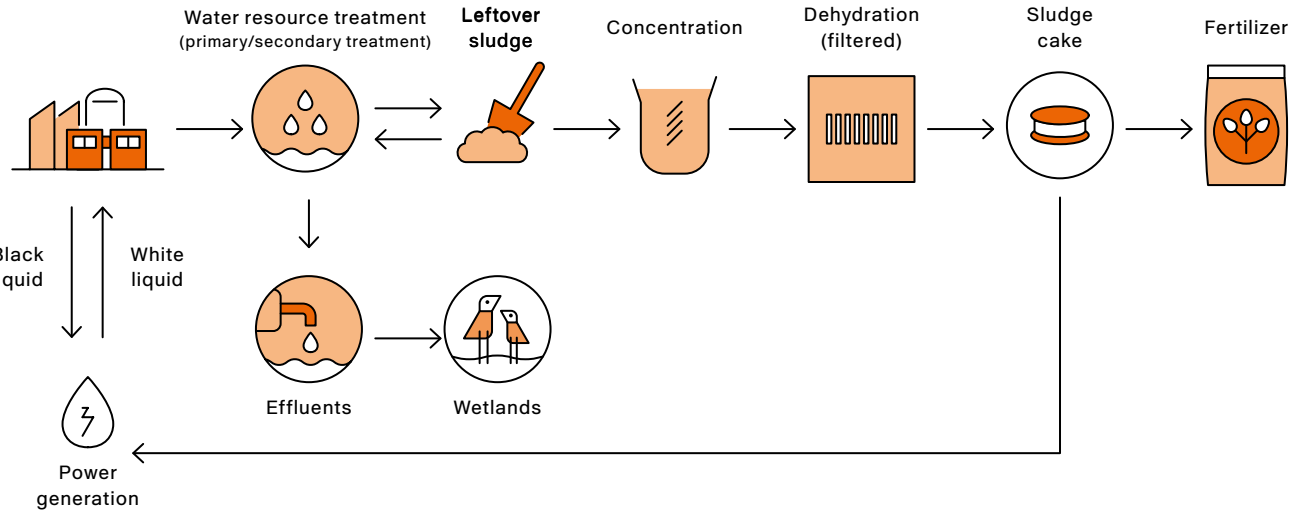
Unit: Million Liters/ year



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



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



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

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

Annual Average Quality of Effluents Discharged by CHP							
Item		Unit of Measure	Hualien Mill	Jiutang Mill	Taitung Mill	Guanyin Mill ^{note 1}	Dingfung, China
Suspended solids (SS)	Measured Value	mg/L	6.3	9.8	10.9	18.1	21.0
	Regulatory Standards		<50	<30	<30	<25	<50
Chemical oxygen demand (COD)	Measured Value	mg/L	103.9	44.2	75.1	50.4	44.6
	Regulatory Standards		<150	<100	<180	<80	<72
Biochemical oxygen demand (BOD)	Measured Value	mg/L	10.4	6.2	5.4	8.6	6.1
	Regulatory Standards		<30	<30	<30	<25	<20
ADMI color value	Measured Value	-	258.5	<25	76.0	36.0	10.2
	Regulatory Standards		<400	<400	<400	<400	<50 ^{note 2}

Note1: The Guanyin mill is located within the Guanyin Industrial Park. After preliminary treatment in the mill, the effluent is discharged to the park's sewage treatment mill for further purification. This complies with the sewer discharge water quality limits set within the industrial park.
Note2: China uses a different standard to that of Taiwan when measuring the color of wastewater effluent.

GRI 306-3-5



Reuse of Resource

Forest trees are the primary natural resource on which CHP relies and also a vital asset of human civilization. After the manufacturing process, there are often unused parts or materials left over, such as bark, sawdust, inorganic sludge from water treatment, and organic sludge. To reduce waste and maintain the community environment, we endeavor to seek different methods of recovering and reusing leftover materials and creating more value with these materials.

We are committed to improving our manufacturing technology and production efficiency to continuously move toward our reduction goals. Apart from increasing our use of alternative fuels as a substitute for heavy oil and coal, we have also developed technologies to recover and reuse leftover materials and generate less waste. Waste from the pulp/paper-making industry is largely fibrous materials that can be regenerated into new products, which is in keeping with our “R³” strategy.

Most of the process residues generated by CHP

are fibrous in nature and classified as non-hazardous waste. Based on treatment methods, these residues are categorized into three types: (1) Turned into Usable Resource (2) incineration with energy recovery, and (3) incineration without energy recovery. The company prioritizes on-site resource utilization and waste-to-energy practices. Combustible residues with calorific value are used as alternative fuels, while sludge is recycled through composting or turned into innovative products. Some off-site process residues are repurposed as raw materials for cement production.

To ensure proper handling and traceability of waste streams, CHP carefully selects licensed contractors for waste removal, treatment, and recycling. The company continues to strengthen vendor audits and maintain rigorous tracking and management of waste flows to ensure compliance and environmental responsibility.

Waste Composition	Quantity (metric tons)	Turned into Usable Resource	Incinerated (including energy recovery)	Incinerated (without energy recovery)
Biomass sludge	19,906	62.2%	36.8%	1.0%
Pulp sludge	56,002			
Fly ash/bottom ash	72,691			
Inorganic sludge	8,916			
Plastic waste compounds	9,996			
Waste wood	2,360			
Waste Fiber Residue	25			
Domestic waste	287			
Waste oil	53			
Non-Hazardous Combustible Mixtures	102			
Total	170,339		100%	

General Waste (Non-hazardous)	On-site (metric tons)	Off-site (metric tons)
Preparation for reuse	-	-
Recycling	32,971	73,010
Recovery	62,419	1,939
Total amount	170,339	

*Recycling: The process of reprocessing products or components that have become waste to create new materials.
*Recovery: The preparation of products, components, or materials that are about to become waste through any operational method, so they can be used to replace new products, components, or materials intended for the same purpose.

General Waste (Non-hazardous)	On-site (metric tons)	Off-site (metric tons)
Incinerated (including energy recovery)	62,419	314
Incinerated	-	1,625
Turned into reuse resources	32,971	73,010
Total amount of directly disposed waste	170,339	

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

GRI 306-3-5

Environmental Protection Investment and Regulatory Compliance

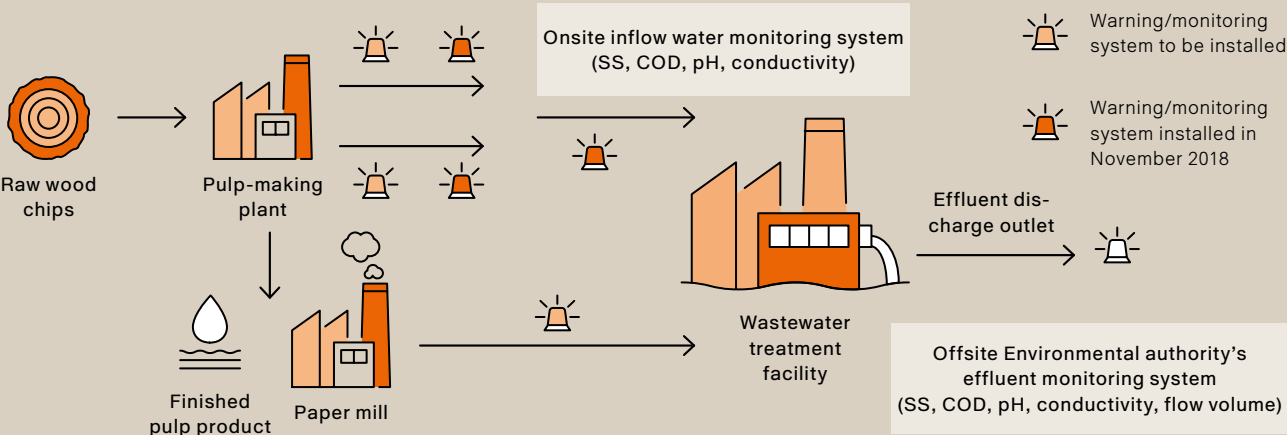
GRI 2-27

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 2024, the Company invested approximately NT\$198 million in environmental protection initiatives, which mainly include water resource treatment and air quality control.



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



The following table shows the environmental penalties imposed on CHP during the reporting period, with each individual penalty not exceeding NT\$1,000,000. CHP has strengthened inspections and emergency response training, installing multiple real-time monitoring and alarm systems in the production process to address abnormalities at the source. Additionally, CHP has proactively enhanced transparency in environmental information by establishing a real-time monitoring platform for effluent and air pollution control on the company's official website, allowing stakeholders to access real-time data.

2024 Penalty Cases			
Violation of Regulations	Penalty Amount (NT\$)	Number of Cases	Corrective Measures
Water Pollution Control	618,000	3	Improvements have been completed, including upgrades to water treatment facilities, along with ongoing enhancements in water quality control, sampling and testing, and personnel training.
Waste Management	30,000	3	Improvements have been completed, with continued efforts to strengthen personnel training, as well as on-site waste labeling, modification, and reporting practices.
Air Pollution Control	705,000	3	Improvements have been completed. Ongoing efforts are being made to strengthen process management and odor control to ensure compliance with regulatory requirements.

Note1: The definition of a major violation is based on the criteria for "major penalties" outlined in the Sustainable Economic Activities Recognition Guidelines, referring to any single incident with cumulative fines amounting to NT\$1 million or more.
Note2: A total of three air pollution control violations were reported. Although the incidents occurred in 2023, the penalty notices were received in 2024 and are therefore disclosed in this year's report.

Friendly Workplace & Social Caring and Inclusiveness

Employee on-job training totaled

14,132

participants, with a combined duration of

36,965 hours



Diverse Composition: Employing **40** disabled employees, **109** indigenous employees, and **240** foreign employees.



Occupational Safety Special Health Examination,

361

participants in 2024



100%

of the senior managers in factories are local residents



Promoting Science Education

The 4th and 5th "CHP Charity Cup": **700** students in Hualien County for AI computational thinking competitions.

"Dating with Books for Students in Coastal Regions" program has been running for **10** years, with nearly **4,500** hours of support provided

"Growing with You Dream Project" has been implemented for 4 years, benefiting a total of **235** students and teachers

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

"Yuan T. Science Camp" has been running for 11 years, benefiting nearly **4,000** students

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

"Keng Sheng Daily News Mathematics Competition" attracted nearly **1,000** students from Hualien and Taitung

"Tamkang Chemistry Outreach Program" has been running for 8 years, benefiting nearly **100** students annually

Friendly Workplace



Talent Recruitment and Career Development

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

Diversity and Gender Equality

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

All CHP sites adhere to the Universal Declaration of Human Rights. We treat all employees with kindness and respect, endeavor to reduce risks related to work, and strictly abide by labor laws and regulations. Since our establishment, we have only employed workers over 18 years old in accordance with the law. We ask employees to provide identity documents on the day they report for duty so as to ensure legal compliance.

According to Article 38 of the Persons with Disabilities Rights Protection Act, CHP is required to employ 21 persons with disabilities. In 2024, we employed 40 employees with disabilities, far more than the number required of us. CHP has 2,876 employees in total (2,123 in Taiwan and 753

overseas), including 109 indigenous peoples and 240 foreigners. We respect their cultural practices; equality and anti-discrimination principles have always been at the core of our approach to treating employees from different cultures.

Among CHP factory sites employ local residents for 100% of the high-level management positions (local residents refer to individuals residing in the counties or cities where the factories are located). In terms of educational background, the company has employed 2 PhD holders and 174 master's degree holders to enhance overall organizational knowledge.

non-employees	2022	2023	2024
Taiwan (people)	6,206	5,740	5,289
China (people)	82	93	105

In 2024, the number of non-employees in CHP's Taiwan operations was calculated based on total annual headcount. Non-employees refer to individuals working for the organization without a direct employment relationship, such as outsourced personnel from contractors, including cleaning staff, security guards, and agency-dispatched workers. Due to the completion of several engineering projects in recent years, the overall number showed a declining trend.

In Mainland China, the number of non-employees was calculated based on the headcount of contractor personnel participating in annual health examinations. Compared to 2023, there was no significant change in the number of such personnel working on-site.

Master's and Doctorate Employment Statistics Table

Degree	Number of Employees	Percentage (%)	Number of People	2022	2023	2024
Doctorate	2	0.07%	People with Disabilities	44	40	40
Master's	174	6.05%	Indigenous People	118	118	109
			Foreign Employees	80	130	240

2024 CHP Employee Composition (Classified by Employment Type and Contract Type)

Regional Distribution		Taiwan		Overseas		Total	
Number of Employees		2,123		753		2,876	
Gender (Number of Employees)		Male	Female	Male	Female	Male	Female
		1,867	256	600	153	2,467	409
Employment Type (Number of Employees)	Full-time	1,865	256	600	152	2,465	408
	Part-time	2	0	0	1	2	1
Contract Type (Number of Employees)	Permanent	1,599	244	560	132	2,159	376
	Contract /Temporary	268	12	40	21	308	33

- Data Scope: Employees from Taiwan's Taipei Operations Headquarters, various business locations, Kaohsiung Jiutang Mill, Hualien Mill, Taitung Mill, Taoyuan Guanyin Mill, as well as employees from the overseas subsidiaries, including Guangdong Dingfung Paper and Zhaoqing Dingfung Forestry.
- "Permanent" refers to employees who have signed an indefinite employment contract with CHP.
- "Contract" refers to employees who have signed a fixed-term employment contract with CHP.
- "Full-time" refers to employees who work 40 or more hours per week.
- "Part-time" refers to employees who work fewer than 40 hours per week.
- Refers to employees in service as of December 31, 2024.

Distribution of Total Permanent Employees (by Age Group)

Year		2022		2023		2024	
Gender (Number of Employees)		Male	Female	Male	Female	Male	Female
		2,440	425	2,437	425	2,467	409
Under 30 Years Old	Number	265	47	305	44	346	44
	Percentage	10.86%	11.06%	12.52%	10.35%	14.03%	10.76%
30-50 Years Old	Number	1,608	263	1,580	267	1,566	269
	Percentage	65.90%	61.88%	64.83%	62.82%	63.48%	65.77%
Over 50 Years Old	Number	567	115	552	114	555	96
	Percentage	23.24%	27.06%	22.65%	26.82%	22.50%	23.47%

- Data Scope: Employees from Taiwan's Taipei Operations Headquarters, various business locations, Kaohsiung Jiutang Mill, Hualien Mill, Taitung Mill, Taoyuan Guanyin Mill, as well as employees from the overseas subsidiaries, including Guangdong Dingfung Paper and Zhaoqing Dingfung Forestry.
- Percentage Calculation: (Number of employees in that category / Total number of male or female employees) X 100%.

Management Level Ratio

Region	Taiwan				Overseas				Total
Gender	Male		Female		Male		Female		
Level	Managerial roles	Non-Managerial roles	Managerial roles	Non-Managerial roles	Managerial roles	Non-Managerial roles	Managerial roles	Non-Managerial roles	
Number of Employees (people)	122	1,745	17	239	39	561	5	148	2,876
Percentage (%)	4.24%	60.67%	0.59%	8.31%	1.36%	19.51%	0.17%	5.15%	100%

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

Management Positions are divided into three categories:

- Junior Level: 7th grade management positions with personnel responsibility.
- Mid-Level: 8th to 10th grade management positions with personnel responsibility.
- Senior Level: 11th grade and above management positions with personnel responsibility.

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

Recruitment and Employee Selection Policy

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

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

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

In 2024, CHP hired 332 new employees, and 339 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 11.79%. 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 2024, 40 employees were eligible for unpaid parental leave. 15 employees (8 men and 7 women) with application rate 37.5% (20% of eligible men and 17.5% of women) applied for unpaid parental leave. The 14 employees (8 men and 6 women) should have returned to work after the leave period, and 8 men, 5 women returned, resulting in a reinstatement rate of 100% for male employees and 83% for female employees.

Regarding retention rates, in 2023, 6 males and 3 females returned to work. Of those, the number of males and females who returned in 2023 and remained employed for over 12 months by 2024 was 2 males and 3 females. Therefore, the retention rate was 33% for males and 100% for females.

New Employees							
Category		2022		2023		2024	
		No. of Employees	%	No. of Employees	%	No. of Employees	%
Gender	Male	378	15.50%	243	9.97%	282	11.43%
	Female	62	14.60%	49	11.53%	50	12.22%
Age	< 30	165	52.88%	139	39.83%	169	43.33%
	30-50	243	12.99%	141	7.63%	152	8.28%
	> 50	32	4.69%	12	1.80%	11	1.69%
Region	Taiwan	356	16.80%	225	11.31%	267	12.58%
	Overseas	84	11.30%	67	7.68%	65	8.63%
Total		440	15.40%	292	10.20%	332	11.54%

Data Scope: Employees from Taiwan's Taipei Operations Headquarters, various business locations, Kaohsiung Jiutang Mill, Hualien Mill, Taitung Mill, Taoyuan Guanyin Mill, as well as employees from the overseas subsidiaries, including Guangdong Dingfung Paper and Zhaoqing Dingfung Forestry.
Percentage Calculation Formula: (Number of new hires during the year / Number of employees in that category at the end of the year).

Recruitment and Employment Process							
Category		2022		2023		2024	
		No. of Employees	%	No. of Employees	%	No. of Employees	%
Gender	Male	303	12.42%	246	10.09%	275	11.15%
	Female	55	12.94%	49a	11.53%	64	15.65%
Age	< 30	87	27.88%	91	39.83%	75	19.23%
	30-50	197	10.53%	146	7.63%	179	9.75%
	> 50	74	10.85%	58	8.71%	85	13.06%
Region	Taiwan	284	13.38%	228	11.46%	254	11.96%
	Overseas	74	9.96%	67	7.68%	85	11.29%
Total		358	12.50%	295	10.31%	339	11.79%

Data Scope: Employees from Taiwan's Taipei Operations Headquarters, various business locations, Kaohsiung Jiutang Mill, Hualien Mill, Taitung Mill, Taoyuan Guanyin Mill, as well as employees from the overseas subsidiaries, including Guangdong Dingfung Paper and Zhaoqing Dingfung Forestry.
Percentage Calculation Formula: (Number of resignations during the year / Number of employees in that category at the end of the year).

2024 Maternity/Paternity Leave Data (for Males and Females)		Male	Female
Employees eligible for parental leave in 2024		30	10
Employees who actually used parental leave in 2024		8	7
Employees expected to return after parental leave (A)		8	6
Employees who actually returned to work (B)		8	5
Employees who returned to work after parental leave in 2023 (C)		6	3
Employees who remained employed for 12 months after returning from parental leave in 2023 (D)		2	3
Return Rate (B/A)		100%	83%
*Retention Rate (D/C)		33%	100%

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

Salary and Benefits

Under the principles of responding to external business conditions and ensuring internal fairness, the company adopts a comprehensive compensation system, employee benefits, performance management, and a leave policy that exceeds legal requirements. Upholding the philosophy of profit-sharing with employees, the company aims to attract, retain, develop, and motivate talent.

Current employee compensation and benefits are benchmarked against industry and market salary surveys, and salaries are determined based on education, work experience, skills, and job position. Salary adjustments are made upon promotion, regardless of gender or age. In 2024, the average monthly starting salary for new university graduates was 31% higher than the statutory minimum wage, with a female-to-male ratio of 1:1—demonstrating no gender-based differences.

Average and median salary of full-time employees (Taiwan region)

Average and Median Compensation for Full-Time Employees in Non-Managerial Roles				
Item	2022	2023	2024	Growth rate
No. of full-time employees in non-managerial roles	2,001	2,002	1,994	-0.40%
The average salary for non-managerial employees. (NT\$1,000)	735	727	743	2.20%
The median salary for non-managerial employees (NT\$1,000)	678	673	691	2.67%

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

note 2 : Definitions for managerial and non-managerial roles can be found in the "Non-Managerial Full-Time Employee Salary Information Review Form."

note 3 : These statistics are not governed by GRI standards but are based on the "Guidelines for Preparing and Submitting Corporate Social Responsibility Reports" as stipulated by the Taiwan Stock Exchange's regulations, Article 4, Paragraph 4. The requirements include reporting the number of non-managerial full-time employees, the average and median salary of non-managerial full-time employees, and the difference from the previous year for these figures.

Gender Pay Gap

In accordance with Taiwan Stock Exchange regulations, the company regularly discloses the number of full-time employees not in managerial positions, along with their average and median salaries, to calculate the gender pay gap.

In 2024, the company had a total of 2,066 full-time non-managerial employees (1,824 male and 242 female), with a median annual salary of NT\$691,269. While male employees had higher average and median salaries, female employees had higher average and median bonuses.

In 2024, the salary ratio of female to male employees

was 1:0.93 for managerial positions and 1:0.96 for non-managerial positions.

Over the past three years (2022-2024), the company has conducted annual salary adjustments, amounting to 2%-3% of total employee salaries. According to the company's Articles of Incorporation, if there is annual profit, at least 1% must be allocated to employee compensation. Bonuses are distributed based on company performance and employees' job grades and achievements, aligning with market levels and designed to motivate and reward contributions.

In 2024, the ratio of the total annual compensation of the highest-paid individual to the median of total annual compensation for all other employees was 3.66. The percentage increase in total annual compensation for the highest-paid individual compared to the median percentage increase for all other employees was -0.50.

2024 Gender Pay Gap Analysis	
Indicator	Gender Pay Gap (%)
Average salary gap	5.3%
Median salary gap	6.9%
Average bonus gap	-17.4%
Median bonus gap	-6.4%

Note: Data refers to employees in Taiwan.

Gender pay gap is calculated as:
[(Male employee salary - Female employee salary) / Male employee salary] × 100%

Employee Care

GRI 2-23-26/401-2/404-1-3



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 2024, 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 2024, no CHP production bases were reported for human rights commitment violations, nor did they receive any human rights complaints. In 2024, 3 violation of the Labor Standards Act was found during a labor inspection, resulting in a fine of NT\$110,000.

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



Develop administrative guidelines and management regulations.



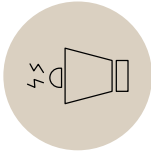
Monitor how human rights are managed at business locations and by suppliers, review overtime status, ask department heads to rearrange employee workloads or find ways to improve the work process, and provide overtime pay or days off as necessary.



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



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



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



Act upon employee feedback or human rights complaints.

Health Management

In accordance with the Regulations Governing Labor Health Protection, we arrange general physical and health examinations for general employees, and special annual health examinations for workers who are involved in tasks involving potential health hazards (e.g., tasks involving noise, dust, ionizing radiation, etc.). Health examinations are provided by medical institutions that are designated by the Ministry of Labor and Ministry of Health and Welfare. Examination results are compiled into a health report, which is then mailed to the employee and filed by our administration unit. Employees’ health reports are retained for 10 years. If an employee receives an abnormal examination result, the hospital immediately contacts our responsible unit, which then notifies the employee concerned and assists with subsequent matters (e.g., further checkups and treatment) until employee fully recovers. Our other health prevention and safety promotion measures are as follows:

Health Promotion Scheme	Description
Medical Care	- Our plants are equipped with first aid kits, which are clean and stocked at all times, as well as automated external defibrillators (AEDs). - A full-time medical officer is stationed at each plant to provide health care, health consultations, and emergency treatment. - AED suppliers are invited to teach employees during work shifts how to use an AED so as to strengthen their ability to perform first aid and respond to medical emergencies.
Health Examinations and Consultation	- Employees are given regular health and follow-up examinations. - Manager or higher positions receive biennial health checkups (which are usually reserved for senior executives), in addition to the annual health examination. - Follow-up counseling is provided. - Detailed descriptions of health tests and health information are enclosed in health examination reports. - We assess possible occupational disease risks; however, we have not identified any high risk factors for occupational diseases. - In 2024, 361 employees (In Taiwan sites) underwent special health examinations.
Health Courses	Conducting a variety of health and hygiene seminars in collaboration with YFY Inc. that cover topics such as the following: - Workplace hazard prevention - Common Post-COVID Sequelae and Traditional Chinese Medicine Health Care - Workplace Psychological Crisis Response and Resource Introduction - Effective Parent-Child Communication Techniques - Smart Eating for Effective Exercise - Nutrition Course

Vibrant Workplace

To promote employees’ physical and mental well-being and foster a vibrant workplace, YFY Group organized two “Healthy Steps Together” walking events in 2024. By using a pedometer platform to track daily steps, the program combined team competitions with individual challenges to encourage regular exercise habits. This initiative not only enhanced employees’ awareness of self-health management, but also fostered cross-departmental communication and team cohesion, gradually building a culture of health in the workplace.



2024 “Healthy Steps Together” Walking Activity

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.
- Subsidies for self-empowerment activities

Retirement Care

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



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

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

of Labor launched the new pension system in July 2005, we asked our employees which pension system (old or new) they wished to select. For employees who switched to the new system and for new employees, 6% of their monthly salary is contributed to their pension fund and deposited to their individual account. Seniority under the old system is reserved, and pensions are distributed upon retirement. In 2024, CHP allocated approximately NT\$6.04 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	
This type of training is focused on professional competencies, business competencies, and individual performance development. 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.	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. • Management seminars • Interdepartmental meetings with senior executives • Management associate (MA) training	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. • Orientation training • ESG courses (ICP, TCFD)	• Overseas study • On-the-job training, credit courses • Vocational training and skills certification

Education and Training

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

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

Education and Training Statistics

In 2024, we organized both in-house and external education and training programs for our employees; in total, 14,132 employees completed 36,965 hours of training, averaging 12.9 hours per person.

Breakdown By Course Category					
Course Category	Course Descriptions	No. of Sessions	Total Attendance	Total Training Hours	Total Cost (NT\$ Thousand)
Professional Competencies	Includes functional skill certification, competency assessments, and overseas training opportunities.	593	10,445	28,290	4,130.96
Management and General Knowledge	Management development programs for senior managers, reserve cadre management/technical/financial education, both internal and external training, as well as general knowledge courses for all staff.	541	3,378	6,447	805.73
Cultural Competence for New Employees	Orientation programs that introduce new employees to the plant, environment, and relevant courses.	64	308	2,192	8.09
On-the-Job Training	Opportunities for applying to on-the-job educational programs.	12	1	36	42.00
Total		1,210	14,132	36,965	4,986.78



Annual Training Hours and Programs

Average Hours of Training Per Person			
Statistical Category		Total Hours	Per-Person Average
Position	Managerial	2,042	21.1
	Non-Managerial	34,923	12.6
Gender	Men	32,730	13.3
	Women	4,235	10.4
Total		36,965	12.9

*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 2024, 100% of managers, non-managers, males, and females who have been employed at CHP for over six months participated in performance evaluations.

Co-Prosperity in Labor Management

At CHP, we place strong emphasis on harmonious labor-management relations. Our mills in Jiutang, Hualien, and Taitung have each established their own labor union and Employee Welfare Committee. Each mill’s labor union is composed of member representatives elected by the mill’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 mills and assist with in-mill activities such as employee trips and occupational safety inspections. Union members also attend the meetings of the Safety and Health Committee. Every quarter, management and elected labor representatives hold direct two-way communication to reach consensus on labor issues. Given this mechanism, no formal collective agreement has been signed.

Union Participation Rate	
No. of Union Members	Percentage
2,288	79.6%

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



Jiutang 7S Sharing Session

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 mill. 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 mill 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

Occupational Safety and Health Management

GRI 2-27

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-mill employees and long-term contractors (security guards and forklift operators). CHP Guanyin Mill 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.



On-site influenza vaccination



Four major cancer screenings

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

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

Occupational health services provided at the CHP's sites					
Item	Jiutang Mill	Taitung Mill	Guanyin Mill	Hualien Mill	Dingfung Mill
Occupational Health Services	- On-site services by occupational physicians - Plant-wide health education and promotion - Pre-employment hearing health education for new foreign workers - Return-to-work assessments after occupational injuries	- On-site services by occupational health specialists - Chemical splash incidents and response - First aid personnel training - Heat hazard prevention awareness - Mental health education and promotion	- On-site services by occupational health physicians - CPR and AED training - On-site services by occupational health nurses	- On-site services by occupational health physicians - CPR and AED training - Tobacco hazard prevention seminar - Mental health awareness seminar - Stress relief workshop	- An on-site licensed physician assistant provides basic medical treatment and preventive care - Occupational disease prevention seminars (e.g., noise-induced hearing loss, pneumoconiosis) - CPR and AED training - Mental health awareness seminar
Number of participants	126	610	145	480	595
Health Promotion Activities	- On-site influenza vaccination - Hepatitis B and C screening	- Four major cancer screenings - Basic pulmonary function screening - Blood donation campaign	- Hypertension and gout health education - CPR and AED training - Ergonomic safety seminar	- Health consultations - Health quiz with prizes - Healthy eating promotion - Physical activity promotion for chronic disease prevention - Maternity protection and support - Mindfulness and stress relief seminar - Blood donation campaign - Weight loss and metabolic health improvement program (targeting the "three highs": hypertension, hyperglycemia, hyperlipidemia)	- Health seminar conducted by physicians from the Centers for Disease Control (CDC) - Commissioned external experts to assess occupational disease risks and provide recommendations - Health tourism activities to relieve work-related stress
Number of participants	95	160	40	480	595

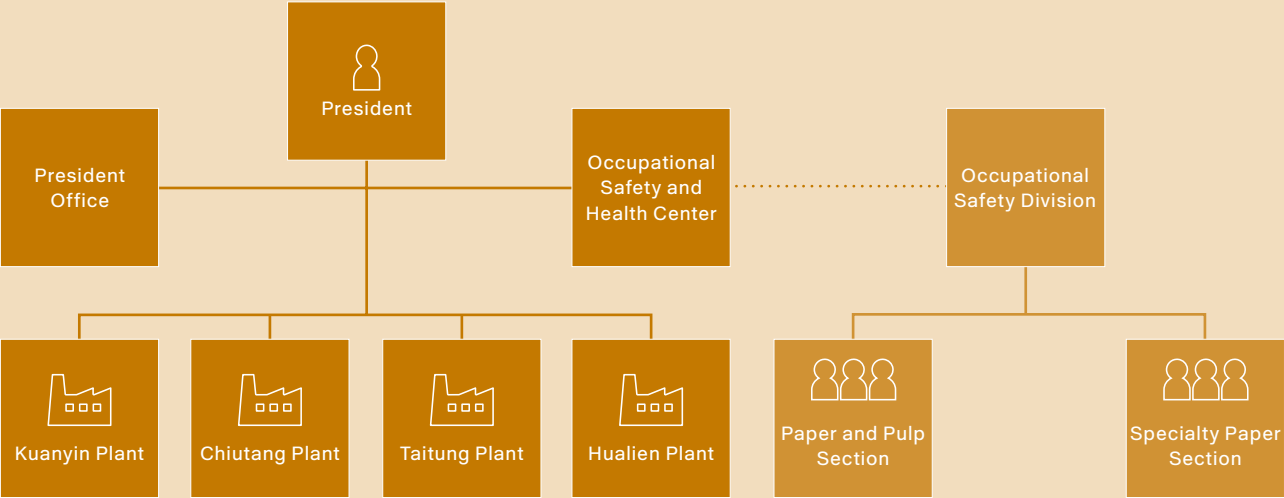
Occupational Safety and Health Committee

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 77 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 mill 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-mill equipment operations, work environments, personnel, and operational standards to seek improvements and build a safer workplace environment.

Occupational Safety and Health Committee	
Purpose	To promote communication on and experience in safety issues
Functions	- Organizing the formation of labor safety and health teams in each mill - Regular reviews of mill status - Establishment of cross-mill resource sharing platform - Sharing experience with occupational safety and health management - Integrating and operating occupational safety and health management systems

Chung Hwa Pulp Corporation Occupational Safety and Health Management Organizational Chart



2024 Statistics on Disaster Prevention Education and Training		
Training Category	Frequency	No. of People Trained
Safety and Health Training	Once a year	4,529
Emergency Response Training/Drills	Once a year	452
Disaster Prevention Training/Drills	Twice a year	1,948
First Aid Training/Drills	Third years a time	118
Machine Work Safety Courses	Once a year	1,002
Confined Space Work Education and Training	Once a year	196

2024 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	Mill Manager
7S competition activity	Once or twice a year	Mill Manager
Occupational Safety Platform Meeting (4 mills)	Once a month	Manager of Occupational Safety and Health Center
Safety Operation and Zero Hazard Promotion Task Force Meeting	Once every two months	Mill Manager

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.



Contractor Safety and Health Meeting



Invite contractors to jointly declare a safety commitment pledge

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

	Goal	Approach
Short-Term (1-3 years)	- Promote and manage health - Incorporate job safety analysis (JSA) risk assessment tools - Integrate contractor management - Implement machinery entanglement hazard prevention and fall prevention measures	- Develop health management system and health risk classification management - Integrate JSA into operational risk control - Develop contractor management system - Organize education and training for all workers, and implement inspections and operational controls - Arrange weekly occupational safety and health activities (for employees and non-employees; examples include health examinations and blood donation)
Medium-Long-Term (3-5 years)	- Build a safety culture - Encourage investments in workplace safety - Introduce disaster prevention technologies	- Develop and launch mechanisms for incident prevention, classification, and management - Continue promoting the 7S competition to foster a strong corporate safety culture - Ongoing implementation of AI-based intelligent systems to enable early warnings and eliminate potential hazards

2024 Occupational Safety and Health Implementation Outcomes		
Systematic Management	- Contractor Management System: Fully implemented throughout the mill, including operational control and access card management for entry, to ensure proper management of operational risks in the mill. - Regular Safety Inspections: Contractors are regularly invited to participate in workplace safety inspections to enhance their hazard identification abilities through practical inspections. - Assisting Contractors: Help resident contractors establish occupational safety and health systems to improve their self-management capabilities. - Electronic Safety Bulletin Board: Present safety messages through animations and videos, replacing traditional paper-based occupational accident announcements. - Safety Meetings: Organize safety discussion meetings with resident contractors, emphasizing that safety is non-negotiable.	
Performance Indicator Design	- Zero Accident Safety Incentive Program: Integrating mill-wide initiatives to encourage zero accidents in the workplace. - Encouraging Investment in Safety: Implement safety indicators (safety signals) to reflect the safety atmosphere in the mill.	
Improvement Management Plan	- Improved Occupational Safety Plan: Completed the Mill's occupational safety and health management improvement plan, establishing a tiered accident prevention management system. - Regular Safety Discipline Committee Meetings: Hold regular safety discipline committee meetings at the mill, implementing cross-supervisor weekly inspection plans. - Enhancing Occupational Accident Elimination Plans: Promote self-management plans for occupational safety and health. - Continuously implementing improvement plans: Prevent accidents involving migrant workers.	
Access Control System	- Access Control System Improvement: Continued to improve the access control system, integrating facial recognition at all mill entry points for better personnel control, and including all contractors in the management system. - Surrounding Wall Improvements: Further improvements to the surrounding wall to prevent unauthorized personnel and animals from entering the mill.	
Education and Awareness-Raising	- Annual Safety Re-education Training: Provide annual re-education on safety for all mill employees to raise safety awareness and strengthen the 7S self-management program. - Monthly Safety Topics: Conduct monthly safety education training for mill employees and contractors to maintain operational safety. - Participation in National Workplace Safety Week: Actively participated in the Ministry of Labor's National Workplace Safety and Health Week activities for the year 113. Both the Hualien and Jiutang Mills received recognition from the Ministry of Health and Welfare with the "Health Activation Mark." - Safety Re-education for Violators: Provide re-education on safety for violating employees (including contractors) to prevent repeat offenses.	



Hualien Mill: Awarded the "Health Activation Mark" by the Ministry of Health and Welfare.



Jiutang Mill: Awarded the "Health Activation Mark" by the Ministry of Health and Welfare.



Certificate of Participation in the 113th Year Hualien Mill Workplace Health Week



Certificate of Participation in the 113th Year Taitung Mill Workplace Health Week



Certificate of Participation in the 113th Year Jiutang Mill Workplace Health Week



Certificate of Participation in the 113th Year Guanyin Mill Workplace Health Week



The Environmental Protection Bureau and Fire Department join hands with CHP's Taitung Mill to promote fire safety

Taitung Environmental Protection Bureau and Taitung Fire Department collaborated with CHP's Taitung Mill to promote fire safety and enhance disaster response capabilities.

Taitung County Environmental Protection Bureau, Taitung Fire Department, and Chung Hwa Pulp Taitung Mill have collaborated to organize the "Organized a "Fire Prevention Training and Practical Drill for Recycling Storage Sites," along with regulatory briefings for recycling and waste management operators, and a solar photovoltaic (PV) system awareness session. This event focuses on site safety, operation of fire-fighting equipment, and simulated fire scenarios. The goal is to help personnel from the recycling and processing industries become more proficient in using firefighting equipment, enhancing their fire prevention and emergency response capabilities.



Fire equipment operation drills were conducted to enhance fire safety awareness among plant personnel

7S Management



Shaping a 7S Culture

Using Incentives to Elicit a Sense of Pride in our Employees

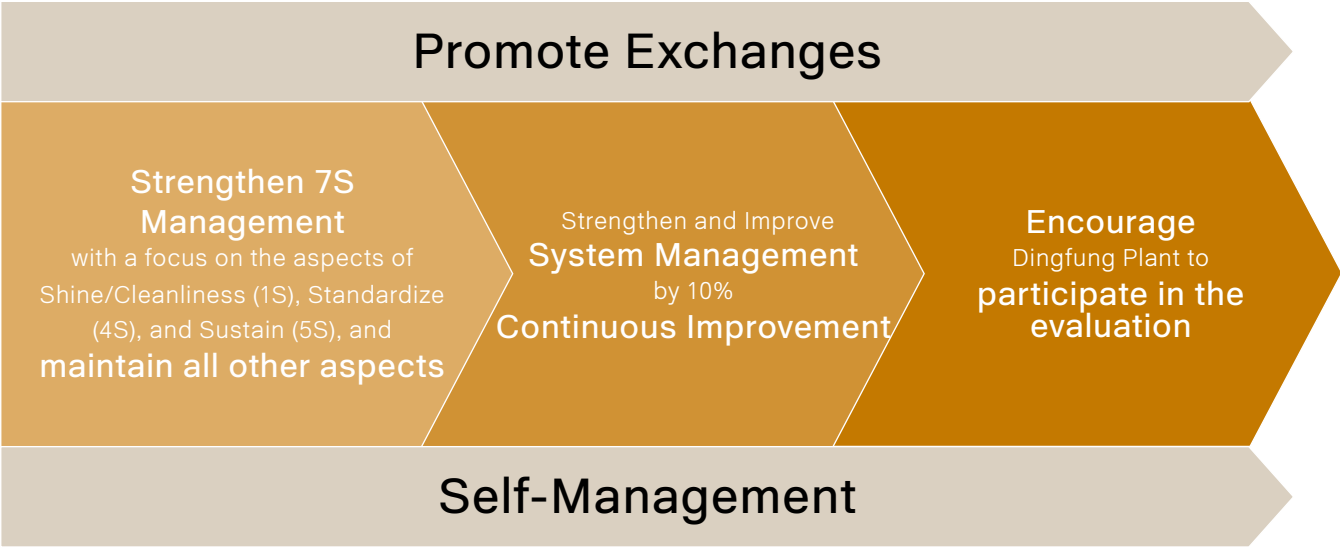
- Organized a 7S competition activity using motivational approaches, integrated into the factory's occupational safety and health performance evaluation in the autonomous management category. This initiative is combined with zero-accident incentive measures and involves assessing the autonomous safety 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
- Conducted internal self-assessments and carried out cross-mill peer evaluations.



The 2024 Jiutang Mill 7S Competition



Occupational Safety and Health Incident Awareness Seminar for Migrant Workers



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	2024 Performance
Entanglement	Paper formers, winding machines, rolling machines, burnishers, feeders and loaders are all sources of entanglement hazards.	- Installed protective shields, protective fences, and emergency brake devices. - Installed protective nets or cases over rotating shafts and flywheel devices on conveyor belts, as well as a bridge or cover. - Ensure that operators wear protective clothing.	- In 2024, through education and training, and safety observations, 4 entanglement incidents occurred. - Annual re-education for all employees is implemented, along with monthly themed training sessions conducted by department units. - Daily inspections identify equipment deficiencies, and emails or abnormal notification forms are issued to urge the responsible units to make improvements.
Noise	High-power heavy machinery is used in the production process. Noise-induced hearing loss during operations can gradually occur with increased exposure. Machinery operations are associated with contact-induced vibration hazards.	- Use low-noise machinery and parts to keep noise at a minimum. - Put up noise hazard warning signs in workplaces where workers are exposed to noise that exceeds 90 dBA for over 8 hours a day, and adopted engineering control to reduce workers' noise exposure time. - Ensure that workers wear hearing protection (e.g., earplugs, earmuffs). - Reduced noise from loud machines that produce strong vibration by using noise cancellation devices, vibration isolators, buffer damping, inertia blocks, and sound absorbers. - Conduct regular environmental testing and evaluate workers' exposure.	- Established a Hearing Conservation Program to protect employees' hearing health. - Noise-exposed workplaces require the use of hearing protection equipment. - An annual special health check for noise-related hazards is implemented. - A total of 261 people underwent the noise-related special health check.
Falls	Railings barricading the edges and openings in some work areas are rusting and are not strong enough; elevated walkways in work areas that are two meters above ground are potentially unsafe.	- We set up appropriate construction scaffolding and/or workstations for high-elevation operations, and we ensure that operators wear safety belts during operations. - Ladders, trestle ladders, or step stools are not used on scaffolds. - Secured railings at the edges/openings of work areas that are two meters above ground, and installed safe elevated walkways for high-elevation operations.	In 2024, one fall incident occurred. The work procedures have since been improved, and additional working platforms have been installed.
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.	- 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. - Practice administrative management by appointing a dedicated supervisor to manage dangerous operations, and implemented labelling system management. - Provide emergency medical care.	- We achieved zero incidents involving lack of oxygen. - Confined space operations require mechanical workers to retest gas levels for compliance and approval before entering the workspace.

Absence and Disabling Injury Statistics																	
	Item	Entanglement	Falls	Burns	Electrocution	Cuts/Abrasions	Sprains	Noise	Traffic Accidents	Object Falling	Collision	Pressure Injury	Human Factors	Puncture Wound	Chemical Splash	Slip	Total
2024	Employees	5	3	1	0	3	0	0	9	1	2	4	0	0	3	1	32
	Contractors	0	1	0	0	0	0	0	0	0	0	1	0	0	0	0	2
2023	Employees	2	2	2	0	3	0	0	11	2	4	2	0	0	0	4	32
	Contractors	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2022	Employees	1	0	1	1	1	1	0	8	0	2	6	0	1	3	1	25
	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

Employee Occupational Injury Statistics	2024							
	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	19	0	1	0	0	0	0	0
No. of Disabling Injuries	10	0	1	0	4	1	1	0
Disabling Injury Severity Rate (SR)	30.82		39.52		67.73		14.29	
Disabling Injury Frequency Rate (FR)	2.25		1.13		3.34		4.76	
No. of Deaths	0		0		0		0	
Injury Rate (IR)	0.85		0.23		1.17		0.95	
Lost Day Rate (LDR)	6.16		7.9		13.55		2.86	
Total Work Hours	4,445,835		885,548		1,196,000		210,000	
No. of Workdays Lost	137		35		81		3	

* 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

Occupational Safety Incident Penalty Issued by the Occupational Safety and Health Administration (OSHA), Ministry of Labor in 2024				
Category	Number of Cases	Total Penalty Amount (Thousands)	Cause of Incident	Corrective Actions
Deficiencies in working at height management	1	100	· Failure to properly secure safety harness during work at height	· Strengthen inspections and review of the work environment, facilities, and processes, and complete standard operating procedure (SOP) training for all employees.
Deficiencies in coordination and contractor management	2	270	· Inadequate inspection of material storage · Incomplete execution of incident reporting procedure	· Review the incident response and reporting mechanisms, and reinforce awareness and follow-up measures.
Deficiencies in equipment safety management	1	200	· Equipment not labeled with maximum operating pressure · Safety protection devices removed, and improper operating behavior observed	· Conduct regular on-site inspections and ensure proper equipment labeling. · Strengthen training on safe operating procedures and on-site supervision, and require formal approval before removing any safety protection devices.
Personal protective equipment (PPE)	2	430	· Inadequate use of personal protective equipment (PPE) during nighttime abnormal procedure handling · Non-compliance with standard safety operating procedures during construction activities	· Additional lighting has been installed on-site, and personnel are continuously required to wear personal protective equipment (PPE) before performing abnormal operations. · A designated supervisor has been assigned to oversee specific chemical operations, and the standard operating procedure (SOP) for the safe dismantling of sulfuric acid pipelines has been revised.

* Enhance inspection and review of the work environment, equipment, and processes, and ensure all employees complete training on standard operating procedures (SOPs)

Disaster Prevention Management

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

Safety and Health Performance Management

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

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



CHP conducted a joint fire drill involving employees and contractors to strengthen emergency response capabilities

Hazardous Substances and Chemical Management

CHP strictly inspects all raw materials and products for prohibited substances. We comply with international requirements and refer to the candidate list of 240 Substances of Very High Concern (SVHC) published by REACH (Registration, Evaluation, Authorisation and Restriction of Chemicals) on January 23, 2024. We require our suppliers to submit raw material test reports and conduct regular inspections and management of their production mills. The toxic chemicals used in our manufacturing processes include chlorine gas and sodium dichromate; we have obtained licenses for both substances and regularly report them. In addition, we appropriately manage chemicals with environmental and safety concerns to prevent or mitigate environmental pollution and ensure worker safety. All of our chemicals, including priority management chemicals, hazardous substances, and toxic substances, are subjected to chemical control banding (CCB) and management pursuant to law.

Contractor Safety Management

CHP cares deeply about the safety of our contractors; therefore, we manage the safety of contracted construction work by establishing detailed guidelines for system implementation, control processes, and emergency response. Our requirements and standards for contractors are the same as those for all CHP employees. In 2019, we introduced a contractor management system that includes construction control and access control management. We use the system to review the qualifications of our contractors; ensure that each contractor has been informed of and trained on hazards in the mill; 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 mill.

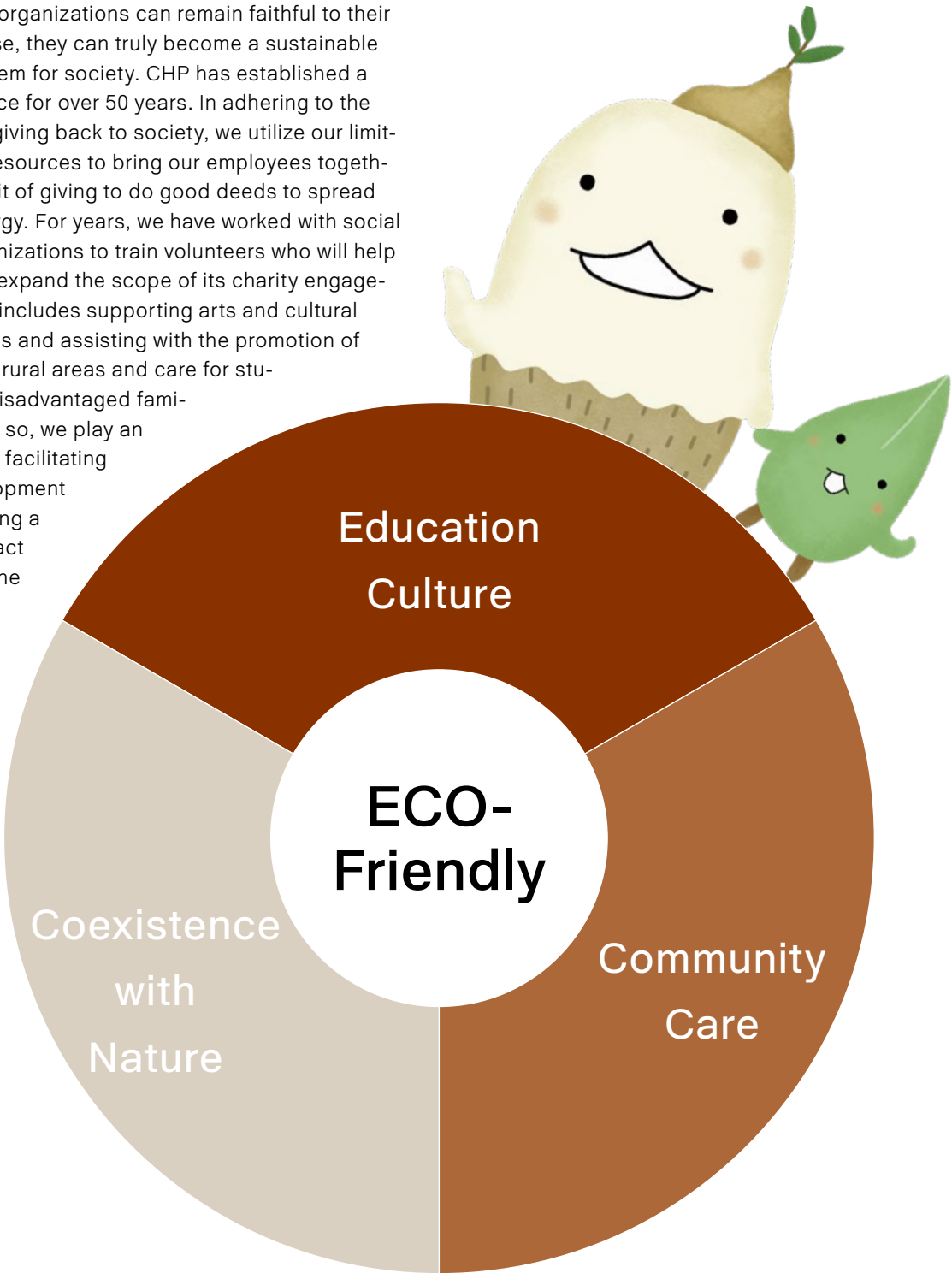


CHP employees took CPR and AED educational training

Social Caring and Inclusiveness



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





CHP established a “Hi-Read Thematic Reading Corner” at Dashu Library, donating bookshelves and curated books to benefit schoolchildren in the Dashu District

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

Since its establishment in 1950 at Jiutang in Dashu, CHP Jiutang Mill has been deeply rooted in the local community and expanded in various directions. The partnership between CHP Jiutang Mill and the Kaohsiung Public Library began 26 years ago during the construction of the second Dashu Library, where Chung Hwa Pulp donated 3 million NTD to support the project.

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

Cultivating Local Reading Culture: Hi-Read Thematic Reading Corner

In 2024, CHP established the “Hi-Read Thematic Reading Corner” at Dashu Library, donating bookshelves and themed book collections to benefit students from nine elementary schools in the Dashu District. By supporting local library resources and building connections between the company and the community, the initiative aims to strengthen the foundation of reading education.



Director Hou of the Jiutang Management Office attended the donation ceremony for the “Hi-Read Thematic Reading Corner.”



Comic Love the Earth: Storytelling Mother's Theatrical Performance

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



Children and adults alike participated in the Storytelling Mother's Theatrical Performance

Hands-On Fun: Handmade Paper Workshop

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



CHP volunteers guided children and adults in a hands-on handmade paper activity

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

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



Old Iron Bridge Wetland Walking Tour Activity

Animal Forest Library AR Technology Reading

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



Animal Forest Library AR Technology Reading: 'Ocean Conservation Battle



Chung Hwa Pulp Charity Cup National Drone Computational Thinking Competition

Cultivating Popular Science Education in Hualien and Taitung

CHP Public Charity Cup AI Robot Car Competitiong

In line with its commitment to promoting basic science education, CHP launched the Charity Cup in 2019, it has continued for five years to date. The 4th CHP Public Charity Cup AI Robot Car Competition was co-hosted by CHP and the Hualien County Government. The event was held in May 2024 at National Hualien Industrial High School and brought together over 400 teachers and students from across eastern Taiwan, aligning with the rise of the AI era.

This year's competition featured AI programming as its central theme, with events such as "Maze Defender," "Sumo Showdown," "Track-Following Relay," and "AI Intelligent Sumo Battle," allowing participants to experience the integration of artificial intelligence with educational innovation.

As a locally rooted enterprise, CHP has long supported community

co-prosperity initiatives and actively collaborated with the Hualien County Government to promote educational policies that encourage programming skills and computational thinking among young students. The company aims to provide a high-quality smart learning environment for local youth in Hualien.

During the competition, a team of CHP volunteers participated enthusiastically by setting up industry-related science posters and interactive photo props, creating a fun and educational experience for both children and adults. Through employee engagement and meaningful interactions with students and teachers, the company demonstrated its commitment to public welfare by connecting industry, government, and academia—contributing to a positive cycle of sustainable business operations and regional development.

AI technology is sweeping the globe and transforming the way we live. The competition guided students in explor-

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



In the "Maze Defender" challenge, participants must program autonomous vehicles to navigate through a maze while avoiding obstacles, demonstrating strategy and agility

CHP Charity Cup National Drone Computational Thinking Competition

Co-hosted by CHP and the Hualien County Government, the 5th CHP Charity Cup National Drone Computational Thinking Competition was held in December 2024 at Yuli Junior High School. The event gathered 310 students across 101 teams from five counties, showcasing creativity, AI skills, and high-speed drone operations.

Over 15 CHP volunteers supported the event by setting up a handmade paper experience zone and an environmental education area, allowing participants to explore sustainability through interactive learning.

The competition promoted real-world applications of drone technology in forestry, agriculture, and disaster response, while encouraging youth to apply innovative thinking in the tech-driven era. CHP remains committed to supporting STEM education and fostering positive collaboration among industry, government, and academia.



Participants were required to pilot drones through the competition course

Coding Scratch Programming Language Course

Since 2019, CHP has collaborated with the Coding Nations to promote basic programming education in Taitung for six consecutive years. This year, CHP supported 6 elementary schools, including Fengnian, Fushan, Sanjian, Chenggong, Taiping, Fuyuan, Ruiyuan Elementary School, a total of 161 schoolchildren participated, by offering two weekly classes on Scratch programming language.

The promotion of programming education not only supports student learning but also addresses teacher shortages in rural areas. CHP partnered with the Coding Nations to provide structured courses, teacher training, and instructional support, enhancing local teaching capacity.

In 2024, an online joint showcase featured learning progress from seven schools, highlighting the impact of grassroots tech education. CHP remains committed to empowering rural students with AI-era skills and building a strong foundation for future tech talent.



The Coding Scratch Programming Language Course at Fengnian Elementary School

Making Science Popular in Rural Areas

Exploring Science and Constructing Logic

CHP has been a sponsor of the Science Education Tournaments and Science Education Camp organized by the Yuan T. Lee Foundation: Science Education for All for 11 consecutive years. Since 2013, CHP has collaborated with the foundation to sponsor science education activities that aim to decrease the urban-rural gap and popularize science and mathematics education together, the foundation and CHP strive to create opportunities for the next generation to explore science, hoping to discover future stars in the scientific community.

The program has now reached more than 20 schools across Hualien and Taitung, including Taichang Elementary School, and Changbin Junior High School, benefiting nearly 2,000 children annually. The courses focus on practical activities related to science and mathematics, aligning with the Ministry of Education's curriculum on "Inquiry and Practical Implementation", helping students develop skills in discovery and problem-solving. This also reflects CHP's mission to "pass on knowledge and sustain culture."



Beipu Elementary School Feedback Form



Beipu Elementary School Feedback Form



CHP's employees engaged in joyful interactions with students from Taichang Elementary School.

Chemistry for Everyone

Chemistry on the Go is a popular science activity organized by Tamkang University Center for Science Education. Over the past 11 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 2024, the team visited Guangfu Junior High School and Fenglin Junior High School in Hualien County, where more than 100 students participated. The event kicked off with a "Chemical Magic Show", combining chemical experiments with entertaining talk-show style performances. Using the principles of acid-base indicators, par-

ticipants were guided into the colorful and vibrant world of chemistry experiments, exploring the dazzling spectrum presented by various indicators. Subsequent course activities included the saponification reaction in "My Own Hand Soap," the principle of coating in "Colorful Easter Eggs," and an introduction to fibers and hydrogen bonding through handmade paper in "The Paper Story."

CHP is honored to be a partner in this initiative and hopes to fulfill its corporate social responsibility by providing students with opportunities to engage with scientific knowledge. The goal is to promote scientific literacy, bridge the gap between urban and rural education, and inspire students to pursue careers in scientific research. This, in turn, would help elevate Taiwan's technological standards, industrial production techniques, and foster the development of related industries.



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

Science Train: An Island-wide Journey

Organized by the National Science and Technology Council (NSTC), the "2024 Taiwan Science Island Tour Train" embarked on a six-day scientific journey from October 21 to 26. Starting at Taipei Main Station, the train traveled across 17 counties and 30 stations, linking unique science activities throughout Taiwan. On October 25, the train arrived at Hualien Station, where, in addition to onboard science learning, a science fair featuring 22 interactive booths was held at the "Hualien Whale Square."

CHP was invited to host a booth themed "You Can Be Cai Lun Too," introducing the papermaking process and the circular economy practices related to production residues. The activity aimed to help participants understand the company's efforts and role in environmental sustainability and carbon reduction.

Colleagues from the Technical Services Department guided students through hands-on paper-making experiences. Through steps such as "pulp dipping," "pressing," "drying," and "stamping," participants were able to create their own handmade paper. Fully engaged throughout the process, they carefully completed each step and proudly stamped their favorite designs onto their paper, enjoying a surprising and fulfilling learning experience.



"The 2024 Taiwan Science Island Tour Train" connected science activities unique to cities and counties across the island



CHP was invited to set up a booth with the theme "You Can Be Cai Lun Too"

Competition for Mathematical Whizzes

The annual Keng Sheng Daily News Mathematics Competition is more than just a contest—it's a much-anticipated "Math Day" for students in the Hualien and Taitung regions. The 20th edition in 2024 was grandly held at Tzu Chi University Affiliated High School, drawing 1,006 participants across Hualien and Taitung: 365 elementary, 317 junior high, 243 senior high, and 81 vocational high school students. All gathered to challenge their logic and mathematical abilities. Since 2021, CHP has sponsored the event for four consecutive years. Deeply rooted in eastern Taiwan, the company shares a common vision with Keng Sheng Daily in supporting local education. Together, they aim to provide a quality platform that encourages students to discover their interest and confidence in math.

This competition not only celebrates students' efforts and progress but also reflects the company's commitment to education. CHP will continue investing resources to accompany more students on their learning journey—ensuring the potential of Hualien and Taitung youth is recognized and realized.



Awarding ceremony for 2024 Keng Sheng Daily News Mathematics Competition

Grow up with the Dream project

Since Taiwan’s rapid economic growth in the 1970s–80s, urban-rural disparities in cultural resources have widened, leaving many rural children without a personal record of their school years. To change this, CHP and the Taiwan Photographers Exchange Association launched the “Growing Up with You project” in 2022, offering free custom graduation photo albums to students from seven remote schools in Hualien, Taitung, and Lanyu. As of 2024, the project has reached 235 students.

Due to small graduating classes, many rural schools can't afford traditional albums. Leveraging its papermaking and printing expertise, CHP, along with corporate and

photographer volunteers, creates personalized yearbooks that preserve childhood memories and Indigenous culture.

The project also gained support from National Taichung University of Science and Technology’s Commercial Design Department, whose student volunteers assist with design and layout. Now in its third year, participating schools include Wanrung, Mingli, Jianqing, Mayuan, Xilin, Hongye (Hualien), and Dongqing Kindergarten (Lanyu). Over ten CHP employees volunteered in 2024 to join the photo shoots and accompany the children—turning paper, design, and photography into meaningful keepsakes of their youth.



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

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 4,500 hours reading to 55 children. The reading program has existed for 10 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.

The project also includes an annual “Reunion Day,” inviting children from Taitung to explore beyond their communities. Through long-term engagement, CHP volunteers and the Taiwan Fund for Children and Families (TFCF) have built a bridge of support, using reading as a source of confidence and inspiration for the children's future.



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



Teachers and students from Hualien Girls' High School visited the ecological pond at the Hualien Mill

Environmental Education Site Certification: Integrating Circular Economy into Learning

CHP’s Environmental Education Park: Turning Paper into a Pathway for Sustainability

Dong Hwa University faculty and students visited the Hualien Mill and took a group photo in front of the woodchip pile.

Recognizing the vital role of education in driving circular economy and decarbonization, CHP established the Environmental Education Park at its Hualien Mill—transforming decades of papermaking and sustainability experience into an immersive, open learning space that blends industry, ecology, and education.

Rather than keeping environmental knowledge confined to textbooks, the park offers students hands-on experiences—from biomass reuse and by-product recycling to wetland conservation and carbon sequestration. It aims to turn ideas into action and foster public understanding of sustainability.

Since 2022, CHP has collaborated with schools and universities to co-develop lesson plans and experiential learning modules. Partnerships include:

- Hualien Girls' High School and Hualien Vocational High School for curriculum planning,
- National Dong Hwa University for service-learning projects,

- National Cheng Kung University for circular brick R&D,
- National Chung Hsing University for soil carbon sequestration methodology,
- And Hualien Wild Bird Society for wetland biodiversity surveys.



Students and teachers from Hualien Girls' Senior High School visited the Hualien Mill

Together, these efforts strengthen the park's educational value and promote real-world learning rooted in circular economy and environmental sustainability.

Students and teachers from Hualien Girls' Senior High School visited the Hualien Mill.

In 2024, CHP's Hualien Mill became the first manufacturer in Hualien County to be certified as an Environmental Education Facility by the Ministry of Environment, setting a new benchmark for Taiwan's paper industry.

Over 200 students from schools such as Hualien

1.Power from Wood

Itudents learn how wood is transformed into biomass energy through the pulping process and explore the principles of cogeneration. The course emphasizes full resource utilization and encourages energy-saving actions in daily life.



3.Turning Sludge into Bricks

Students explore how pulping residues are repurposed into eco-bricks, learning about circular design and waste-to-resource innovation.



CHP believes that when a company's site becomes a nurturing ground for knowledge, and when every participant builds a connection with nature through hands-on experience, sustainability is no longer just a goal—it becomes a lived part of everyday life.

Girls' High School, Hualien Vocational High School, and National Dong Hwa University have participated. Through hands-on experiences like touring the paper production line and conducting sustainability experiments, students gained a deeper understanding of environmental protection and circular economy.

The facility offers four themed courses that integrate papermaking, resource reuse, and environmental science, connecting industry knowledge with everyday life.

2.Soil and Sustainability

This course introduces the reuse of organic by-products—wood chips, rice bran, and biosludge—into organic fertilizers used in local farms and green spaces, helping students understand soil restoration and resource recycling.



4.Be Like Cai Lun

Students trace the history of papermaking and engage in a hands-on recycled paper activity to understand fiber reuse and paper product life cycles, promoting environmental awareness and sustainable choices.



CHP Supports NCHU Forest Week: Donates Eco-friendly CircuWell Paper Cups

Promotes Green Products CHP supported National Chung Hsing University's annual Forest Week by donating 600 eco-friendly "CircuWell" paper cups and green products for event use. With many CHP employees as NCHU alumni, the company has long backed the school's efforts in forest conservation and green living. Through real action, CHP promotes sustainable choices in daily life and will continue supporting green initiatives to deepen public understanding of its eco-conscious values.



CHP donated 600 "CircuWell" paper cups and collaborated with National Chung Hsing University to promote eco-friendly green products

Let the Land Breathe Again: Donating Organic Fertilizer to Support Campus and Community Greening

CHP produces natural organic fertilizer that can be used for growing vegetables, gardening, and improving soil quality. This initiative promotes diverse applications and fosters the creation of green spaces. By connecting production with ecology, and ecology with everyday life, CHP aims to build eco-friendly campuses and communities that live in harmony with nature—coexisting, co-thriving, and co-integrating to realize sustainable environmental goals.

In 2024, CHP donated a total of 78.12 metric tons of organic fertilizer to Zhonghua Elementary School, Guanghua Elementary School, Guanghua Mini Farm, and Ji'an Township Office, supporting school greening, local farming, and environmental beautification efforts. Through these contributions, CHP embodies the vision of integrating corporate operations with ecological sustainability.



CHP Donates Organic Fertilizer to Support School and Community Greening

Turning Crisis into Safety: CHP Mobilizes Emergency Response Following Hualien Earthquake

On the morning of April 3, 2024, following a major earthquake in Hualien, CHP Hualien Mill promptly initiated internal inspections and environmental restoration. Simultaneously, the mill dispatched trained hazardous chemical emergency response personnel and equipment to assist in extinguishing a fire that had broken out at National Dong Hwa University's chemistry laboratory.

Throughout the response, CHP's team remained on-site to monitor for flammable or toxic gases, continuing their efforts until 7:00 a.m. the next day, when the site was declared clear

of fire and smoke. Only then, and upon instruction from the incident commander, did the team return home to restore their own households—demonstrating a strong commitment to joint disaster response and effective resource-sharing in times of crisis.

Given the limited availability of professional chemical response teams and equipment in eastern Taiwan, CHP's Hualien Mill has long invested in developing such capacity. In partnership with the Chemical Incident Response Association of the Republic of China (CIRA), the mill has become a trusted force in local environmental disaster management. It actively supports the Hualien Environmental Protection Bureau by participating in annual toxic chemical emergency drills and demon-

stration events. This incident once again underscored CHP's ongoing commitment to community safety and collaboration. It also provided invaluable practical experience in responding to compound disasters, enhancing awareness among employees of the need to prioritize personal safety and implement robust emergency response protocols for both chemical and fire-related incidents.



Implementing Joint Emergency Response: Hualien Mill Honored with the Environmental Protection Administration's 'Joint Defense Support Contribution Award'

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

CHP Hualien Mill has upheld a 20-year tradition of donating festival offerings after its annual Ghost Festival ceremony. On August 15, 2024, supplies such as rice, noodles, canned food, and oil were given to Bethesda Social Welfare Foundation to support people with disabilities. In the wake of recent earthquakes and typhoons in Hualien, many welfare organizations faced reduced external support and disrupted supplies. Bethesda, which helps residents build life skills and find employment in tourism-related services, was also affected. With job opportunities diminished, CHP reaffirmed its commitment to stand with the community, continuing donations and calling on the public to support vulnerable groups during these challenging times.



CHP Hualien Mill Makes Heartwarming Donation to Bethesda Home for the Disabled

Supporting Dreams on Solid Ground:

CHP Taitung Mill sponsors the Fengtian Junior High School soccer team, founded in 2016 and composed mostly of Indigenous students from remote areas. Due to limited family finances and high costs of equipment, food, and travel, the team often struggles to fund tournament participation. As a local enterprise, CHP provides ongoing support to ensure the team's continued development and help cultivate future national soccer talent from Taitung.



CHP's Taitung Mill provides annual sponsorship to support the sustainable development of Fongtian Junior High School's soccer team

Together We Rebuild: Sweet Melons, Sweeter Solidarity

In 2024, the devastating April 3rd earthquake in Hualien caused severe disruptions to transportation, tourism, and the delivery of local produce. As a locally rooted enterprise, CHP recognized its social responsibility and took action during the peak watermelon season. CHP directly purchased 100 watermelons from the Hualien County Vegetable Marketing Cooperative and donated them to local organizations and frontline disaster response teams—supporting both the community's recovery and local farmers' livelihoods.



CHP took action to support the recovery of local fruit farmers and revitalize the regional economy

Appendix

Appendix 1. 2024 (GRI) Standards Disclosure Index

Statement of use	Chung Hwa Pulp Corporation has reported in accordance with the GRI Standards for the period from January 1 to December 31, 2024.
GRI 1 Used	GRI 1: Foundation2021
Applicable GRI Sector Standards	N/A

GRI Standard	Disclosure	Chapters	Pages	Note
GRI 2: General Disclosures 2021				
Organization and reporting	2-1 Organization details	2.1 About CHP	26	
	2-2 Entities included in the organization's sustainability reporting	2.1 About CHP About this Report	26 02	
	2-3 Reporting period, frequency and contact point	About this Report	02	
	2-4 Restatements of information	About this Report	02	
	2-5 External assurance	Appendix 7	02 137	
Activities and workers	2-6 Activities, value chain and other business relationships	2.1 About CHP 3.4 Supply Chain and Customer Services	26 71	
	2-7 Employees	5.1 Talent Recruitment & Career Development	94	
	2-8 Workers who are not employees	5.1 Talent Recruitment & Career Development	94	
Governance	2-9 Governance structure and composition	2.1 About CHP 2.2 Board of Directors	26 33	
	2-10 Nomination and selection of the highest governance body	2.2 Board of Directors	33	
	2-11 Chair of the highest governance body	2.2 Board of Directors	33	
	2-12 Role of the highest governance body in overseeing the management of impacts	2.2 Board of Directors 2.4 Risk Management	33 44	
	2-13 Delegation of responsibility for managing impacts	2.2 Board of Directors	33	
	2-14 Role of the highest governance body in sustainability reporting	1.1 Sustainable Development Strategy	14	
	2-15 Conflicts of interest	2.2 Board of Directors	33	
	2-16 Communication of critical concerns	2.3 Operations and Governance 23 major announcements were released in 2024.	42	
	2-17 Collective knowledge of the highest governance body	2.2 Board of Directors	33	
	2-18 Evaluation of the performance of the highest governance body	2.2 Board of Directors	33	
	2-19 Remuneration policies	2.2 Board of Directors	33	
	2-20 Process to determine remuneration	2.2 Board of Directors	33	
	2-21 Annual total compensation ratio	5.1 Talent Recruitment & Career Development	94	

GRI Standard	Disclosure	Chapters	Pages	Note
Strategy, policies and practices	2-22 Statement on sustainable development strategy	Message from the Chairman	06	
		About this report	02	
		1.1 Sustainable Development Strategy	14	
	2-23 Policy commitments	3.4 Supply Chain and Customer Services	71	
		5.2 Employee Care	99	
	2-24 Embedding policy commitments	3.4 Supply Chain and Customer Services	71	
	2-25 Processes to remediate negative impacts	2.3 Operations and Governance	42	
		2.4 Risk Management	44	
		5.2 Employee Care	99	
	2-26 Mechanisms for seeking advice and raising concerns	2.3 Operations and Governance	42	
Stakeholder engagement	2-27 Compliance with laws and regulations	2.3 Operations and Governance	42	
		4.5 Environmental Protection Investments and Regulatory Compliance	91	
		5.3 Occupational Safety and Health Management	106	
	2-28 Membership associations	2.1 About CHP	26	
	2-29 Approach to stakeholder engagement	1.2 Stakeholder Engagement	16	
Stakeholder engagement	2-30 Collective bargaining agreements	-	-	CHP has corporate union at mills, and although a collective agreement has not yet been signed, discussions and negotiations are ongoing.

GRI Standard	Disclosure	Chapters	Pages	Note
Material Topics				
GRI 3 : 2021	3-1 Process to determine material topics	1.3 Materiality Identification	18	
	3-2 List of material topics	1.3 Materiality Identification	18	
	3-3 Management of material topics	1.3 Materiality Identification	18	
Material Topic: Corporate Governance				
GRI 201: Economic Performance 2016				
201-1	Direct economic value generated and distributed	2.1 About CHP	26	
GRI 205: Anti-corruption 2016				
205-1	Operations assessed for risks related to corruption	2.3 Operations and Governance	42	
Material Topic: Risk Management and Opportunities				
GRI 201: Economic Performance 2016				
201-2	Financial implications and other risks and opportunities due to climate change	2.4 Risk Management	44	
		2.5 Task Force on Climate-Related Financial Disclosures (TCFD)	49	
GRI 3: Material Topics 2021				
3-3	Management of material topics	2.5 Task Force on Climate-Related Financial Disclosures (TCFD)	49	
Material Topic: Regulatory compliance (environmental, economic, social)				
GRI 2: General Disclosures				
2-27	Compliance with laws and regulations	2.3 Operations and Governance	42	
		4.5 Environmental Protection Investments and Regulatory Compliance	91	
		5.3 Occupational Safety and Health Management	106	
Material Topic: Green Products				
GRI 416: Customer Health and Safety 2016				
416-1	Assessment of the health and safety impacts of product and service categories	3.2 Green Economy	62	
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	3.2 Green Economy	62	
Material Topic: Circular Economy				
GRI 306: Waste 2020				
306-3	Waste generated	4.4 Resource of Reuse	90	
306-4	Waste diverted from disposal	4.4 Resource of Reuse	90	
306-5	Waste directed to disposal	4.4 Resource of Reuse	90	
Material Topic: Energy Management				
GRI 302: Energy 2016				
302-1	Energy consumption within the organization	4.1 Energy Management	79	
302-3	Energy intensity	4.1 Energy Management	79	
302-3	Reduction of energy consumption	4.1 Energy Management	79	

GRI Standard	Disclosure	Chapters	Pages	Note	
Material Topic: Greenhouse Gas and Air Pollutant Management					
GRI 305: Emissions 2016					
305-1	Direct (Scope 1) GHG emissions	4.2 Emissions Management	83	The total emissions of the parent and subsidiary companies amount to 920,732 tCO ₂ of which the parent company's office accounts for 66.1 tCO ₂ , and the combined emissions from the subsidiary offices (Syntax Communication (HK) Ltd. and Shenzhen Jing Lun Paper Co., Ltd.) total 5.9 tCO ₂ . These office emissions are based on self-reported data and are scheduled for third-party verification in 2025.	
305-2	Energy indirect (Scope 2) GHG emissions	4.2 Emissions Management	83		
305-4	GHG emissions intensity	4.2 Emissions Management	83		
Material Topic: Air Pollution Management					
GRI 305: Emissions 2016					
305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	4.2 Emissions Management	83		
Material Topic: Water Resource Management					
GRI 303: Water and Effluents 2018					
303-2	Management of water discharge-related impacts	4.3 Water Resource Management	87		
303-3	Water withdrawal	4.3 Water Resource Management	87		
303-4	Water discharge	4.3 Water Resource Management	87		
303-5	Water consumption	4.3 Water Resource Management	87		
Material Topic: Talent Development and Training					
GRI 401: Employment 2016					
401-1	New employee hires and employee turnover	5.1 Talent Recruitment & Career Development	94		
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	5.2 Employee Care	99		
401-3	Parental leave	5.1 Talent Recruitment & Career Development	94		
GRI 401: Employment 2016					
404-1	Average hours of training per year per employee	5.2 Employee Care	99		
404-2	Programs for upgrading employee skills and transition assistance programs	5.2 Employee Care	99		
404-3	Percentage of employees receiving regular performance and career development reviews	5.2 Employee Care	99		

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

Category	Principles	Corresponding Chapter	Page Number(s)
Human Rights	Businesses should support and respect the protection of internationally proclaimed human rights ; and	5.2 Employee Care	99
	make sure that they are not complicit in human rights abuses.	5.2 Employee Care	99
Labour	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;	5.2 Employee Care	99
	the elimination of all forms of forced and compulsory labour;	5.2 Employee Care	99
	the effective abolition of child labour; and	5.2 Employee Care	99
	the elimination of discrimination in respect of employment and occupation.	5.2 Employee Care	99
Environ-ment	Businesses should support a precautionary approach to environmental challenges;	2.4 Risk Management 3. Products and Market	44 57
	undertake initiatives to promote greater environmental responsibility; and	1.1 Sustainable Develop-ment Strategy 3.2 Green Economy	14 62
	encourage the development and diffusion of environmentally friendly technologies.	3.2 Green Economy 4. Green Production	62 76
Anti-Cor-ruption	Businesses should work against corruption in all its forms, including extortion and bribery.	2.3 Operations and Governance	42

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	115
Goal 6		Ensure availability and sustainable management of water and sanitation for all	6.3 / 6.6a	4.3 Water Resource Management	87
Goal 7		Ensure access to affordable, reliable, sustainable and modern energy for all	7.2 / 7.3 / 7.3a	4.1 Energy Management	79
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	94
Goal 9		Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation	9.1 / 9.4	1.1 Sustainable Development Strategy	14
				3.1 Products and Market	57
				4.Green Production	76
Goal 10		Reduce inequality within and among countries	10.2 / 10.3	5.2 Employee Care 6. Social Caring and Inclusiveness	99 115
Goal 11		Make cities and human settlements inclusive, safe, resilient and sustainable	11.2 / 11.3 / 11.4 / 11.6	3.1 Products and Market 4. Green Production 6. Social Caring and Inclusiveness	57 76 115
Goal 12		Ensure sustainable consumption and production patterns	12.2 / 12.4 / 12.5 / 12.6 / 12.8	1.1 Sustainable Development Strategy 3.2 Green Economy 4. Green Production 4.4 Resource of Reuse	14 62 76 90
Goal 13		Take urgent action to combat climate change and its impacts	13.1 / 13.2 / 13.3	2.4 Risk Management 3.2 Green Economy 4. Green Production	44 62 76
Goal 15		Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss	15.1 / 15.2 / 15.4 / 15.5	3.2 Green Economy 3.1 Products and Market 6. Social Caring and Inclusiveness	62 57 115
Goal 16		Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels	16.5	2. Corporate Governance	26
Goal 17		Strengthen the means of implementation and revitalize the Global Partnership for Sustainable Development	17.14 / 17.16	2. Corporate Governance 3.1 Products and Market	26 57

Appendix 4. ISO26000 Social Responsibility Guidance Comparison Table

Item	Article	Corresponding Chapter	Page Number
1. Organizational governance			
1.1	Decision-making processes and structures	1.1 Sustainable Development Strategy	14
		2.2 Board of Directors	33
2. Human rights			
2.1	Due diligence	5.2 Employee Care	99
2.2	Human rights risk situations	5.2 Employee Care	99
2.3	Avoidance of complicity	2.3 Operations and Governance	42
2.4	Resolving grievances	5.2 Employee Care	99
2.5	Discrimination and vulnerable groups	5.1 Talent Recruitment and Career Development	94
		5.2 Employee Care	99
2.6	Civil and political rights	5.2 Employee Care	99
2.7	Economic, social and cultural rights	5.2 Employee Care	99
2.8	Fundamental principles and rights at work	5.2 Employee Care	99
3. Labor practices			
3.1	Employment and employment relationships	5.1 Talent Recruitment and Career Development	94
3.2	Conditions of work and social protection	5.2 Employee Care	99
3.3	Social dialogue	1. Sustainability	14
3.4	Health and safety at work	5.2 Employee Care	99
3.5	Human development and training in the workplace	5.2 Employee Care	99
4. The environment			
4.1	Prevention of pollution	4. Green Production	76
4.2	Sustainable resource use	4.3 Water Resource Management	87
		4.4 Reuse of Resource	90
4.3	Climate change mitigation and adaptation	4.1 Energy Management	79
		4.2 Emissions Management	83
4.4	Protection of the environment, biodiversity and restoration of natural habitats	6. Social Caring and Inclusiveness	115

Item	Article	Corresponding Chapter	Page Number
5. Fair operating practices			
5.1	Anti-corruption	2.3 Operations and Governance	42
5.2	Responsible political involvement	Remain neutral, never participated in political contributions or activities	-
5.3	Fair competition	2.3 Operations and Governance	42
5.4	Promoting social responsibility in the value chain	3.4 Supply Chain and Customer Services	71
5.5	Respect for property rights	2.3 Operations and Governance	42
6. Consumer issues			
6.1	Fair marketing, factual and unbiased information and fair contractual practices	2.3 Operations and Governance	42
6.2	Protecting consumers' Health and safety	3.2 Green Economy	62
6.3	Sustainable consumption	3.4 Supply Chain and Customer Services	71
6.4	Consumer service, support, and complaint and dispute resolution	3.4 Supply Chain and Customer Services	71
6.5	Consumer data protection and privacy	1.2 Stakeholder Engagement	16
6.6	Access to essential services	3.4 Supply Chain and Customer Services	71
6.7	Education and awareness	3.4 Supply Chain and Customer Services	71
7. Community involvement and development			
7.1	Community involvement	6. Social Caring and Inclusiveness	115
7.2	Education and culture	6. Social Caring and Inclusiveness	115
7.3	Employment creation and skills development	3.4 Supply Chain and Customer Services	71
7.4	Technology development and access	3.1 Products and Market	57
7.5	Wealth and income creation	6. Social Caring and Inclusiveness	115
7.6	Health	6. Social Caring and Inclusiveness	115
7.7	Social investment	6. Social Caring and Inclusiveness	115

Appendix 5. Heating Value Comparison Table

Type of Energy	Heating Value	Unit of Measure
Fuel Oil	9,479	kcal/L
Diesel Fuel Oil	8,404	kcal/L
Natural Gas (NG)	8,951	kcal/m³
Liquefied Petroleum Gas(LPG)	6,635	kcal/kg
Steam Coal	4,822	kcal/kg
Solid Recovered Fuel (SRF)	4,850	kcal/kg
Waste Tires	6,057	kcal/kg
Pulp Sludge	587	kcal/kg
Bark	1,535	kcal/kg
Waste Wood	3,445	kcal/kg
Lignin Biomass Fuel	3,178	kcal/kg
Electricity	860	kcal/kWh

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

Topic	SASB Code	SASB Index	Unit	CHP	Corresponding Chapter	Page Number
Greenhouse Gas Emissions	RR-PP-110a.1	Gross global Scope1 emissions	metric tons CO ₂ e	744,472	4.2 Emissions Management	83
	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	83
Air Quality	RR-PP-120a.1	(1) Oxides of nitrogen (NOx)	metric tons	578	4.2 Emissions Management	83
		(2) Oxides of sulfur (SO ₂)	metric tons	540		
		(3) Volatile organic compounds (VOCs)	metric tons	84		
		(4) Particulate matter (PM)	metric tons	147		
		(5) Hazardous air pollutants (HAPs)	metric tons	0		

Topic	SASB Code	SASB Index	Unit	CHP	Corresponding Chapter	Page Number
Energy Management	RR-PP-130a.1	(1) Total energy consumed	GJ	17,737,248	4.1 Energy Management	79
		(2) Percentage grid electricity	%	40%		
		(3) Percentage from biomass	%	44% (net of sold green electricity)		
		(4) Percentage from other renewable energy	%	0.05%		
		(5) Total self-generated energy	GJ	16,420,461		
		(6) Coefficients which data conversion are based upon	-	-	Appendix 5. Heating Values for Energy Calculation Comparison Table	135
Water Management	RR-PP-140a.1	(1) Total water withdrawn	1000 m ³	28,655	4.3 Water Resource Management	87
		(2) Total water consumption	1000 m ³	Please refer to 4.3 Water Resource Management.		
		(3) Total water withdrawn, percentage of each in regions with High or Extremely High Baseline Water Stress	%	0%		
		(4) Total water consumed, percentage of each in regions with High or Extremely High Baseline Water Stress	%	0%		
	RR-PP-140a.2	Description of water management risks and discussion of strategies and practices to mitigate those risks	-	Please refer to 2.4 Risk Management and 4.3 Water Resource Management.	2.4 Risk Management 4.3 Water Resource Management	44 87
Supply Chain Management	RR-PP-430a.1	(1) Percentage of wood fibre sourced from third-party certified forestlands and percentage to each standard	%	78%	3.3 Green Procurement	70
		(2) Percentage of wood fiber that meets other fibre sourcing standards and percentage to each standard	%	22%		
	RR-PP-430a.2	Amount of recycled and recovered fibre procured	metric tons	143,884	3.2 Green Economy	62
Activity Metric	RR-PP-000.A	Pulp production	metric tons	342,491	2.1 About CHP	26
	RR-PP-000.B	Paper production	metric tons	480,893		
	RR-PP-000.C	Total wood fibre sourced	metric tons	650,625		
					Sum of the procurement volumes for wood chips, pulp, and recycled paper	

Appendix 7. Third-Party Opinion Statement



Conformity Statement

Climate related Financial Disclosure

This is to conform that

Holds Statement Number

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

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

For and on behalf of BSI

Managing Director BSI Taiwan, Peter Pu

Latest issue: 2023-03-20

Expiry date: 2024-03-19

Page 1 of 2

...making excellence a habit.™

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

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Conformity Check Overall Result:

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

Latest issue: 2023-03-20

Expiry date: 2024-03-19

Page 2 of 2

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INDEPENDENT ASSURANCE OPINION STATEMENT

Chung Hwa Pulp 2024 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 2024 Sustainability Report.
- 2. The evaluation of the nature and extent of the CHP's adherence to AA1000 AccountAbility Principles (2018) in this report as conducted in accordance with type 1 of AA1000AS v3 sustainability assurance engagement and therefore, the information/data disclosed in the report is not verified through the verification process.
- 3. The assessment of disclosure to be in conformance with the applicable SASB industry standard(s) in this report as conducted in accordance with type 1 of AA1000AS v3 sustainability assurance engagement.

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

Opinion Statement

We conclude that the Chung Hwa Pulp 2024 Sustainability Report provides a fair view of the CHP sustainability programmes and performances during 2024. The sustainability report subject to assurance is free from material misstatement based upon testing within the limitations of the scope of the assurance, the information and data provided by the CHP and the sample taken. We believe that the performance information of Environment, Social and Governance (ESG) are fairly represented. The sustainability performance information disclosed in the report demonstrate CHP's efforts recognized by its stakeholders.

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

Methodology

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

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

Conclusions

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

Inclusivity

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

Materiality

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

Responsiveness

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

Impact

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

GRI Sustainability Reporting Standards (GRI Standards)

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

SASB Standards

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

Assurance level

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

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

Responsibility

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

Competency and Independence

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

For and on behalf of BSI:


Peter Pu, Managing Director BSI Taiwan



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