



CHANG HORING RUBBER



2024

CHANG HORING RUBBER CO., LTD.

ESG Report

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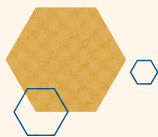
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Editorial Policy

◆ To the Readers

We are very pleased to have you read the fifth report — Environmental Social Governance (ESG) Report — issued by Chang Horing Rubber Co., Ltd. (hereinafter referred to as “CHR”) (the previous report is a corporate social responsibility report). This Report is compiled in accordance with the standards published by the Global Reporting Initiative (GRI). In addition, the Report has other relevant international guidance and standards, including the UN Sustainable Development Goals (SDGs), SASB Standards, TCFD and TNFD, as references.

◆ Reporting Period (GRI 2-3)

This is the fifth issue of the Report. Its reporting period is January 1, 2023 to December 31, 2024. Our report is issued every two years. This Report was issued in August 2025, while the previous one was issued in August 2023. the next report will be issued in August 2027. Since this Report is disclosed voluntarily, the disclosure period is different from that of the financial reports.

◆ Restatements of Information (GRI 2-4)

There are no restatements of information in this Report.

◆ Quality of the Report (GRI 2-5, GRI 2-14)

◆ Complete verification

Verification Basis	Verification Body	Taiwan Factory		Thailand Factory	
		2023	2024	2023	2024
Financial reports	Deloitte & Touche	◆	◆	◆	◆
ISO 9001	TUV NORD / ACS	◆	◆	◆	◆
IATF 16949	TUV NORD	◆	◆		Verification in August 2025
ISO 14001	SGS / ACS	◆	◆		◆
ISO 45001	SGS	◆	◆		Verification in August 2025
ISO 50001	SGS	◆	◆		
ISO 14064-1	TUV NORD	◆	Verification in August 2025	◆	Verification in August 2025
ISO / IEC 17025	TAF	◆	◆		
ESG Report	TUV NORD		◆		◆

To ensure the quality of this Report, the accuracy of its contents and information was audited by the ESG Committee and the senior manager of each department of CHR, and has received external assurance from TUV NORD Taiwan Co., Ltd. This Report was finally approved by the Chairman and released accordingly. This report has been assured in accordance with the AA1000 Assurance Standard V3, Type 2, with moderate assurance.

◆ Unit Responsible for the Report and Contact Information

(GRI 2-3)

This Report is managed and compiled by the CHANG HORING RUBBER CO., LTD. President's Office. If you have any questions or suggestions, please don't hesitate to contact us:

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ESG Section:

◆ Scope and Boundary of the Report

(GRI 2-2)

This Report discloses the achievements of corporate sustainability in the management and performance of CHR's key operating locations. The disclosure covers the economic, environmental, and social aspects and shows the information related to material issues during the past two years. Internally, the boundary of the Report covers CHR Factories 1, 2 and 3 in Taiwan. Externally, it consists of the value chains related to material topics. The difference from the previous version is that the Thailand Factory is incorporated as the report boundary.

ESG	Issue and Disclosure	Taiwan		Thailand	
		2023	2024	2023	2024
Environment (E)	TCFD		◆		◆
	TNFD		◆		◆
	SBTi		◆		◆
	CDP		◆		◆
	Energy and low-carbon transition	◆	◆	◆	◆
	Waste	◆	◆		
	Water and sewage	◆	◆	◆	◆
	Environmental regulations	◆	◆	◆	◆
Society (S)	Employee information	◆	◆	◆	◆
	Talent development	◆	◆		
	Human Rights Survey		◆		◆
	Occupational Safety and Health	◆	◆		
	Labor Regulations	◆	◆	◆	◆
Governance (G)	Economic performance	◆	◆	◆	◆
	Green product	◆	◆		
	Association / trade association	◆	◆	◆	◆
	Supply Chain Management	◆	◆	◆	◆
	Marketing and Labeling	◆	◆	◆	◆
	Customer Health and Safety	◆	◆	◆	◆
	Customer Satisfaction	◆	◆	◆	◆

◆ Full disclosure ◆ Partial disclosure



Words from the Chairman

GRI 2-22

The business environment has faced unprecedented challenges in recent years. In 2023, extreme climate events occurred more frequently and exacerbated the instability of the supply chain and caused raw material fluctuations. The EU's CBAM (Carbon Border Adjustment Mechanism) officially came into effect, symbolizing a new era of internalized carbon costs around the world. The rapid evolution of the technologies such as GenAI drove companies to accelerate digitalization and smart manufacturing processes. At the same time, the international community required more responsibility for corporate human rights protections. These changes not only redefine the core of corporate competitiveness, but also drive us to reexamine our own value chain and sustainability strategy.

We uphold the belief of “Sharing Common Good with the World” and address external challenges from the perspective of risk management. We introduced the TCFD and TNFD frameworks proactively to comprehensively assess operational risks and opportunities from the perspectives of climate and natural capital. We carried out the ISO 14064-1 greenhouse gas inventory and obtained the recognition of our SBTi commitments in 2024, and

received a B- rating in our first participation in CDP carbon disclosure. This indicates that we have taken a key step towards climate governance. In addition, we carried out EPDM carbon footprint verification, planned different carbon reduction projects based on the result of the inventory, and increased green raw materials and product lines to accelerate our low-carbon transition.

As for people and social responsibilities, we implement human rights due diligence and set specific goals for workplace safety, health promotion, and talent development. We were recognized with the “TTQS Gold Medal” of the Ministry of Labor in 2023, demonstrating our efforts in the creation of a safe, growth-centered, and friendly workplace culture. We also place importance on the physical and mental balance of employees by continuously investing in health grading management, building fitness spaces, and organizing fat-reduction activities. From 2023 to 2024, we organized 10 charitable activities, removed 1,664 kilograms of garbage, and donated more than NT\$1 million through the Happiness and Love Club and public trust fund to realize inclusion and co-prosperity of the Company and local communities.

As for governance, we enhanced the functions of the ESG Committee and transferred the opinions of the stakeholders into specific action plans through a cross-departmental collaboration mechanism. The Company won the TCSA Corporate Sustainability Report - Platinum Award again in 2023, showing our strong commitment to information disclosure and governance transparency. In addition, we continue to promote digital transformation with the rise of the GenAI and Industry 4.0. From 2023 to 2024, we implemented 50 digitization improvement projects to improve operational efficiency by more than 17,780 hours and steadily boosted operating revenue.

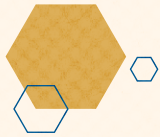
Looking ahead, we will continue to act in line with international sustainability standards; deepen the core issues such as development of low-carbon products, management of climate risks, and human rights governance; and integrate digital technology to promote upgrading the industry to create a new model for the rubber compound business featuring resilience, innovation and shared value. We will work with employees, suppliers, customers and all sectors of the society to march toward a low-carbon, sustainable and co-prosperous future.

CHANG HORING RUBBER CO., LTD.

Chairman

廖正義





Performance Highlights in 2023-2024

Governance aspect

- ◆ In 2023, we earned the TCSA Corporate Sustainability Report – Traditional Manufacturing Platinum Award.
- ◆ In 2023, we won the TCIA Self-improvement Group Bronze Tower Award.
- ◆ Customer satisfaction: 95.3% in 2023; 98.8% in 2024.
- ◆ From 2023 to 2024, we received a total of 121 certificates for drinking water, food, and natural gas.
- ◆ From 2023 to 2024, we completed 26 digital transformation projects to reduce operating time by 10,505 hours.
- ◆ From 2023 to 2024, 56 environment-friendly material research projects have been completed and the revenue from development of low-carbon products totaled NT\$72 million.

Environmental aspect

- ◆ The ISO 14064-1 greenhouse gas inventory was completed in 2024.
- ◆ No DINP or lead tetroxide was used to improve environmental friendliness.
- ◆ The SBTi short-term target commitments were completed in favor of marching toward science-based carbon reduction goals.
- ◆ The TCFD (Task Force on Climate-Related Financial Disclosures) was implemented.
- ◆ The TNFD (Taskforce on Nature-related Financial Disclosures) was implemented.
- ◆ We participated in the CDP (Carbon Disclosure) Project B- for the first time in 2024.

Social aspect

- ◆ We won the “Gold Medal” for Talent Quality-management System granted by the Ministry of Labor in 2024.
- ◆ We help disadvantaged groups through a public trust fund; in total, NT\$335,000 was donated from 2023 to 2024.
- ◆ The Happiness and Love Club is donated to charitable activities. It organized 10 events from 2023 to 2024, with a total of 325 participants, to improve the environment by removing 1,664 kilograms of garbage.
- ◆ From 2023 to 2024, digital competency courses have been provided for 271 participants for a total of 303 hours. They covered topics including RPA and AI tools to enhance digital applications and team effectiveness.
- ◆ We have provided educational training for employees and strengthened their competency development. On average, 23 and 18 training hours were arranged for each person in 2023 and 2024, respectively.
- ◆ Employee satisfaction: 64% in 2023 and 67% in 2024.
- ◆ The workplace health promotion certificate was obtained in 2023.
- ◆ The implementation rate of employee health grading management was 100%.
- ◆ Human rights due diligence was implemented.



Our Business Philosophy and Sustainability Strategy

◆ Business Philosophy

Our vision

We aim to become the Asian manufacturer of rubber compounds that is most capable of growing together with customers and pursue the leading position in service and professionalism.

Core values

- Find the root cause
- Be diligent and simple
- Ensure customer first
- Be credible and proactive



Our mission

We will reach out to the global market from Asia and provide all kinds of customized rubber compounds. We will give professional assistance to various industries to meet their demands for rubber. We seek to become a long-term and trustworthy provider of technologies and capabilities.

Core competitiveness

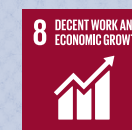
We seek to quickly provide effective and comprehensive solutions to customers' problems through team cooperation and professional service capability.

◆ Sustainable development strategies and action plans (GRI 2-22)

Aspect	Governance	Environment	Society
Sustainability strategy	» Corporate governance » Sustainability link	» Green sustainability » Compliance with laws and regulations	» Happy career » Social inclusion
Sustainable goal	» Continued revenue growth » Increase of customer value » Regular assessment of risks » Development of sustainable products » Sound supply management	» Improvement of environmental resilience » Compliance with environmental regulations	» Enhancement of talent development » Implementation of human rights protection » Reduction of occupational safety risks » Improvement of employee satisfaction » Regular social care

2030 Sustainable Development Goals

(GRI 2-22)



ESG	Sustainable goal	Sustainable Action	2023-2024 Goals	Year	Actual performance	Achievement	2025-2026 Goals (Short-term)	2027-2030 Goals (Mid- to Long-term)
Governance	Continued revenue growth	Expand operating scale	Revenue of NT\$3.6 billion	2023	NT\$2.609 billion		Revenue of NT\$3.6 billion	Revenue of NT\$4.5 billion
				2024	NT\$2.556 billion			
	Increase of customer value	Improvement of customer satisfaction	Keep customer satisfaction ≥ 98%	2023	95.3%		Keep customer satisfaction ≥ 98%	Keep customer satisfaction ≥ 98%
				2024	98.8%	V		
	Development of sustainable products	Develop green raw materials	Quantity (new goal)	2023	24	New Goal	Develop 10 environment-friendly materials every year	Develop 10 environment-friendly materials every year
				2024	32	New Goal		
		Develop green products	Revenue in NT\$ (new goal)	2023	NT\$104 million	New Goal	Green product revenue grows 20% annually	Green product revenue grows 20% annually
				2024	NT\$149 million	New Goal		
		Percentage of products that contain (GHS) Category 1 and 2 Health and Environmental Hazardous Substances	0%	2023	0%	V	0%	0%
				2024	0%	V		
	Sound supply management	Proportion of raw material suppliers holding the ISO 9001 certificate	62%	2023	64%	V	68%	70%
				2024	67%	V		
		Proportion of material shortage risk	< 2%	2023	To be implemented	-	1.8%	1.6%
				2024	1.9%	V		
		Improvement implementation rate for supplier audits	100%	2023	100%	V	Implementation rate 100%	Implementation rate 100%
				2024	100%	V		
	Regular assessment of risks	Operational risk assessment	Implementation rate 100%	2023	100%	V	Implementation rate 100%	Implementation rate 100%
				2024	100%	V		



ESG	Sustainable goal	Sustainable Action	2023-2024 Goals	Year	Actual performance	Achievement	2025-2026 Goals (Short-term)	2027-2030 Goals (Mid- to Long-term)
Environment	Improvement of environmental resilience	Reduction of energy intensity.	With 2020 as the base year, down 3% by 2024.	2023	2.44 (up 15%)		With 2024 as the base year, down 14% by 2026.	With 2024 as the base year, down 42% by 2030.
				2024	2.43 (up 15%)			
		Reduce greenhouse gas intensity	With 2020 as the base year, down 3% by 2024.	2023	0.36 (up 22%)		With 2024 as the base year, down 14% by 2026.	With 2024 as the base year, down 42% by 2030.
				2024	0.34 (up 19%)			
		Waste recycle rate	Recycling rate 45%~ 50%	2023	40.70%		Recycling rate 45%~ 50%	Recycling rate 45%~ 50%
				2024	48.60%	√		
		Water consumption (million liters)	Reduced by 5% compared with baseline in 2023	2023	25.02		Reduced by 5% compared with baseline	Reduced by 5% compared with baseline
				2024	24.40 (down 5%)	√		
		Sewage (million liters)	< 6.8 million liters	2023	5.17	√	< 6.5 million liters	< 5.8 million liters
				2024	6.09	√		
		CDP rating	Completed once	2023	-	√	B+	A
				2024	B-	√		
		Continue to be certified to ISO 14001	Maintain certification	2023	be certified	√	Maintain certification	Maintain certification
				2024	be certified	√		
		Continue to be certified to ISO 50001	Maintain certification	2023	be certified	√	Maintain certification	Maintain certification
				2024	be certified	√		
	Compliance with environmental regulations	Periodical identification of environmental compliance.	100% compliance with regulations	2023	100%	√	100% compliance with regulations	100% compliance with regulations
				2024	100%	√		



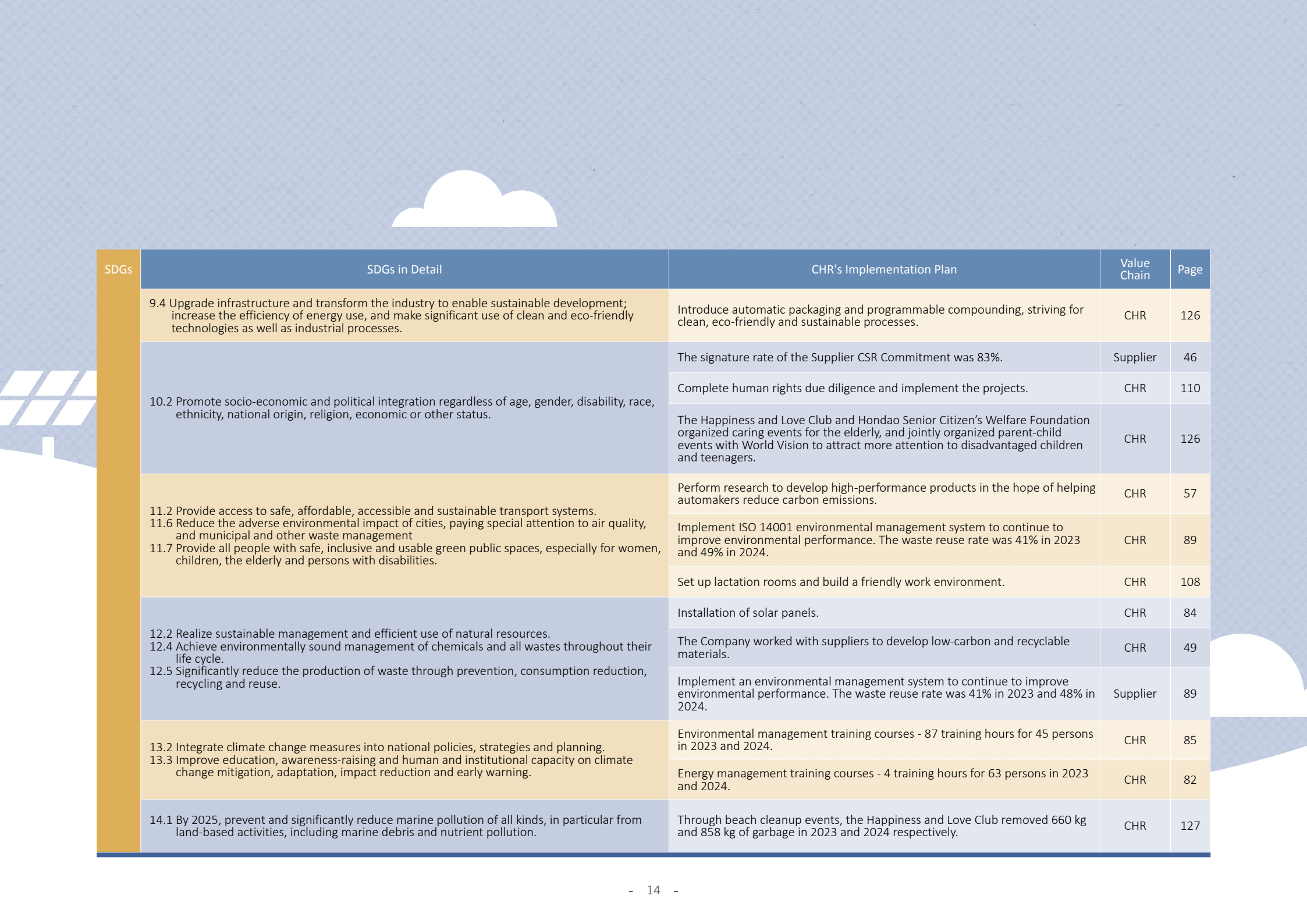
ESG	Sustainable goal	Sustainable Action	2023-2024 Goals	Year	Actual performance	Achievement	2025-2026 Goals (Short-term)	2027-2030 Goals (Mid- to Long-term)
Society	Enhancement of talent development	TTQS assessment	Gold Medal	2023	Gold Medal (within validity period)	√	Gold Medal	Gold Medal
				2024	Gold Medal	√		
		Complete talent cultivation center	HC ROI > 2.2	2023	2.33	√	HC ROI > 2.8	HC ROI > 3.5
				2024	2.51	√		
		Continuous educational training	Training hours per capita >= 6 hours	2023	23.12	√	Training hours per capita >= 6 hours	Training hours per capita >= 6 hours
				2024	18.62	√		
	Implementation of human rights protection	Human rights due diligence	100% completed	2023	Completed	√	100% completed	100% completed
				2024	Completed	√		
		No confirmed gender and discrimination cases	No confirmed cases	2023	0	√	No confirmed cases	No confirmed cases
				2024	0	√		
		Compliant with labor laws and regulations	No incompliance	2023	2 cases		Compliant with labor laws and regulations	Compliant with labor laws and regulations
				2024	2 cases			
	Reduction of occupational safety risks	Implement occupational safety and health	No major industrial accidents	2023	0	√	No major industrial accidents	No major industrial accidents
				2024	0	√		
		Pass ISO 45001 continuously	Maintain certification	2023	be certified	√	Maintain certification	Maintain certification
				2024	be certified	√		
	Improvement of employee satisfaction	Improvement of employee satisfaction	Employee satisfaction 72%	2023	64%		Employee satisfaction 74%	Employee satisfaction 75%
				2024	66%			
		Promotion of work-life balance.	Implement employee health grading management	2023	100%	√	Keep the workplace health promotion label	Obtain the workplace health promotion label
				2024	100%	√		
	Regular social care	Happiness and Love Club activities	4 activities are implemented every year	2023	4	√	4 activities are implemented every year	4 activities are implemented every year
				2024	4	√		
		Donation through the public trust fund	Continue to plan and execute care projects	2023	NT\$515,000 280 beneficiaries	√	Continue to plan and execute care projects	Continue to plan and execute care projects
				2024	NT\$490,000 360 beneficiaries	√		

CHR's Responses to Sustainable Development Goals (SDGs)

(GRI 2-22)

Regarding sustainable development as our responsibility, CHR has been dedicated to the implementation of Sustainable Development Goals (SDGs). We have started activities for different aspects with the enhancement of the overall value chain as our consideration, and carried out the corporate social responsibility.

SDGs	SDGs in Detail	CHR's Implementation Plan	Value Chain	Page
	1.2 Reduce the number of men, women and children in poverty at all ages by half.	A public trust fund has been established to help disadvantaged groups, including children and the elderly, with accumulated donations of NT\$2,309,000.	CHR	126
	3.2 Eliminate preventable newborn and under-five mortality. 3.3 Eliminate AIDS, pulmonary tuberculosis, malaria and neglected tropical diseases and combat hepatitis, waterborne illness and other infectious diseases. 3.9 Substantially reduce the number of deaths and illnesses from hazardous chemicals and air, water and soil pollution and other contamination.	In 2021, the registration document of the toxic chemical DINP was officially canceled. DINP has not been used since. The use of lead tetroxide was stopped in 2023	Supplier	
			CHR	
		Implement supplier assessment	Supplier	48
		Suppliers are required to sign the Supplier CSR Commitment which requests that they reduce pollutants, toxic substances and waste. The signature rate was 83%.	Supplier	46
		In 2021, a hepatitis B test was added to the employee health check-up for early identification and treatment.	CHR	118
	4.1 Ensure all students complete free, fair and high-quality primary and secondary education. 4.3 Ensure equal access for all to affordable quality technical, vocational and tertiary education. 4.4 Increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship	A total of NT\$469,000 was distributed as scholarships for children in 2023 and 2024.	CHR	107
		A public trust fund has been established to help disadvantaged groups, including children and the elderly, with accumulated donations of NT\$2,309,000.	CHR	126
		Comprehensive professional functions - training was conducted according to each function of duties. Training hours per capita: 23 hours in 2023 and 18 hours in 2024.	CHR	99
	5.2 Eliminate all forms of violence against women in public and in private.	Conduct a human rights survey and relevant training and dissemination, and prepare sexual harassment prevention measures, regulations for complaint and punishment to reduce all forms of violence.	CHR	110
	6.1 Achieve universal and equitable access to safe and affordable drinking water for all.	Acquire product certifications for drinking water and food.	Customer CHR	59
	7.2 Significantly increase the sharing of renewable energy around the globe.	Lease the roofs of the factories for the installation of solar panels, generating a total of 1,127,341 kWh of electricity in 2024.	CHR	84
	8.2 Achieve higher levels of productivity of economies through diversification. 8.5 Achieve full and productive employment and decent work for all, including for young people and persons with disabilities, and equal pay for work of equal value. 8.6 Substantially reduce the proportion of youth not in employment, education or training. 8.8 Protect labor rights and promote safe and secure working environments for all workers.	Continue to upgrade automation equipment to reduce labor load and protect employee safety.	CHR	53
		A complete employee welfare system	CHR	106



SDGs	SDGs in Detail	CHR's Implementation Plan	Value Chain	Page
	9.4 Upgrade infrastructure and transform the industry to enable sustainable development; increase the efficiency of energy use, and make significant use of clean and eco-friendly technologies as well as industrial processes.	Introduce automatic packaging and programmable compounding, striving for clean, eco-friendly and sustainable processes.	CHR	126
	10.2 Promote socio-economic and political integration regardless of age, gender, disability, race, ethnicity, national origin, religion, economic or other status.	The signature rate of the Supplier CSR Commitment was 83%.	Supplier	46
		Complete human rights due diligence and implement the projects.	CHR	110
		The Happiness and Love Club and Hondao Senior Citizen's Welfare Foundation organized caring events for the elderly, and jointly organized parent-child events with World Vision to attract more attention to disadvantaged children and teenagers.	CHR	126
	11.2 Provide access to safe, affordable, accessible and sustainable transport systems. 11.6 Reduce the adverse environmental impact of cities, paying special attention to air quality, and municipal and other waste management 11.7 Provide all people with safe, inclusive and usable green public spaces, especially for women, children, the elderly and persons with disabilities.	Perform research to develop high-performance products in the hope of helping automakers reduce carbon emissions.	CHR	57
		Implement ISO 14001 environmental management system to continue to improve environmental performance. The waste reuse rate was 41% in 2023 and 49% in 2024.	CHR	89
		Set up lactation rooms and build a friendly work environment.	CHR	108
	12.2 Realize sustainable management and efficient use of natural resources. 12.4 Achieve environmentally sound management of chemicals and all wastes throughout their life cycle. 12.5 Significantly reduce the production of waste through prevention, consumption reduction, recycling and reuse.	Installation of solar panels.	CHR	84
		The Company worked with suppliers to develop low-carbon and recyclable materials.	CHR	49
		Implement an environmental management system to continue to improve environmental performance. The waste reuse rate was 41% in 2023 and 48% in 2024.	Supplier	89
	13.2 Integrate climate change measures into national policies, strategies and planning. 13.3 Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning.	Environmental management training courses - 87 training hours for 45 persons in 2023 and 2024.	CHR	85
		Energy management training courses - 4 training hours for 63 persons in 2023 and 2024.	CHR	82
	14.1 By 2025, prevent and significantly reduce marine pollution of all kinds, in particular from land-based activities, including marine debris and nutrient pollution.	Through beach cleanup events, the Happiness and Love Club removed 660 kg and 858 kg of garbage in 2023 and 2024 respectively.	CHR	127



01

Sustainability Topic Management

- 1.1 Corporate Sustainability Committee
- 1.2 Milestones in the development and implementation of corporate sustainability
- 1.3 Policy of and commitment to corporate sustainability
- 1.4 Operation of the Corporate Sustainability Committee
- 1.5 Identification of material topics



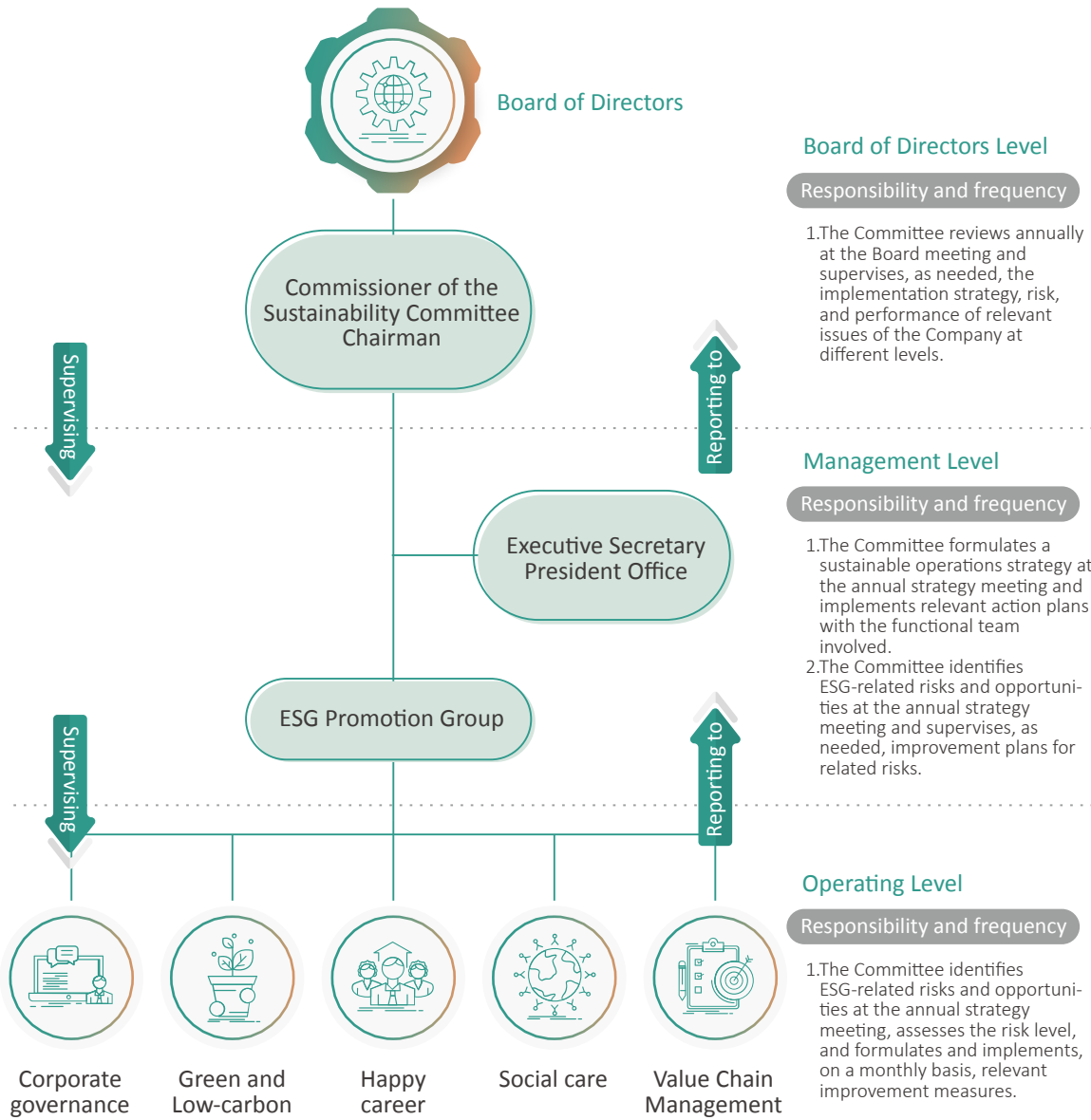
1.1 Corporate Sustainability Committee

(GRI 2-9, GRI 2-12, GRI 2-13, GRI 2-14)

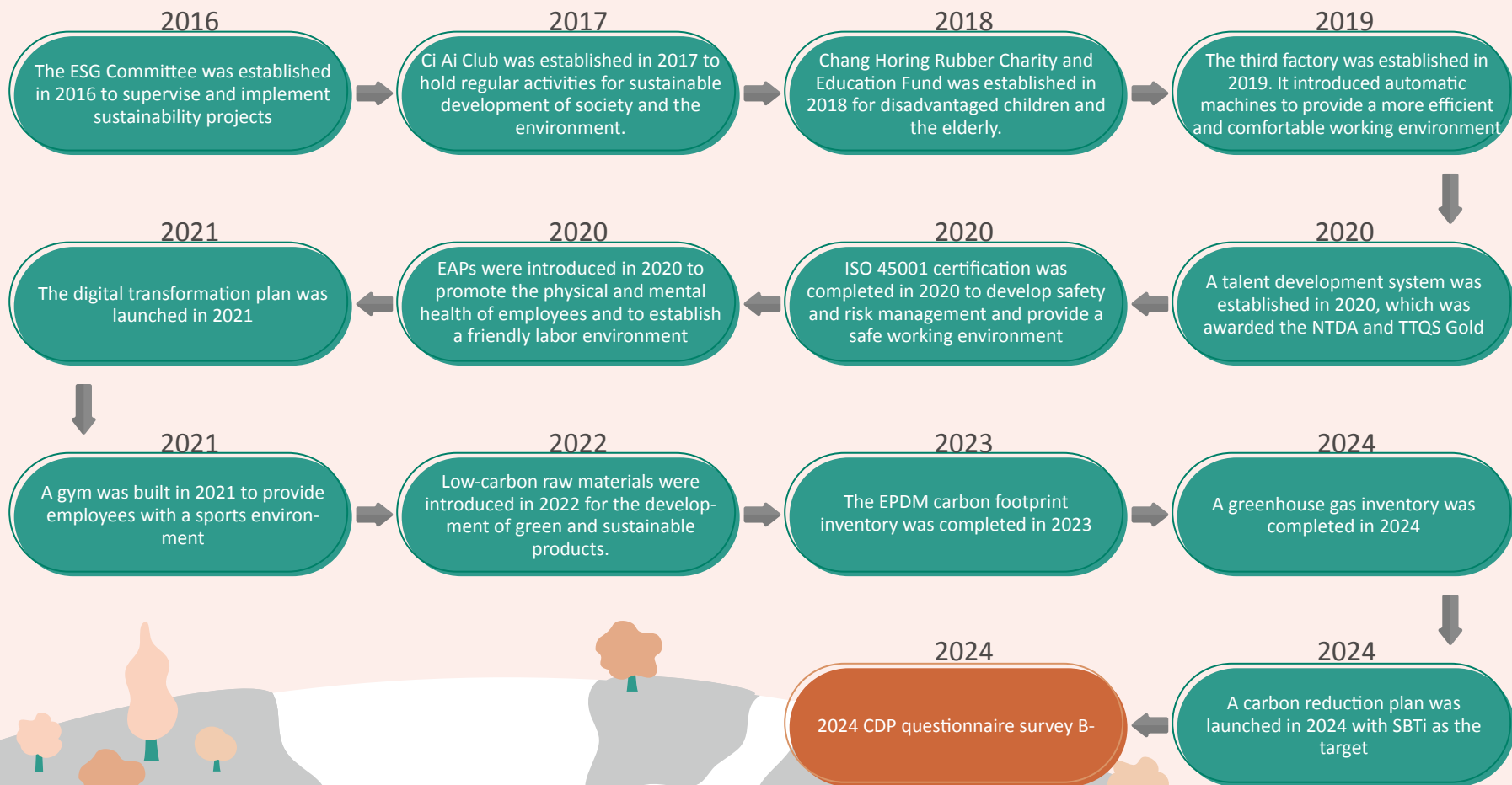
To implement sustainable development, CHR established a functional Corporate Sustainability Committee (ESG Committee) in 2016 upon authorization by the Chairman. The Chairman serves as the Commissioner of the ESG Committee, and the President’s Office acts as its staff and executive unit responsible for the operations of the Committee, project coordination, and information collection. We also report the actual performance of implementation to the Chairman along with projects for the next year at the strategy conference in Q3 every year. The ESG Committee is comprised of the heads and executives of the departments. It is the highest corporate sustainable development organization of CHR.

Members	Responsible Department	Responsibilities
Commissioner	Chairman	Approval of all policies, commitments, and tasks concerning the corporate sustainability of CHR.
Executive Secretary	President Office	ESG Committee operations, compilation and management of reports, and contact with stakeholders.
Team for Corporate Governance	President’s Office, Finance Department, Production Department, R&D Center	Risk management, operational performance, smart manufacturing, and internal regulations and systems of CHR.
Team for Green and Low-carbon	Administration Department	Energy, water and effluents, waste, and improvement and management of emissions.
Team for Happy Career	Administration Department	Protection of human rights, maintenance of labor-management relations, educational training, and improvement of occupational safety.
Team for Social Care	Happiness and Love Club	External sustainable development including charitable activities and environmental protection.
Team for Value Chain Management	Business Department, Procurement Department, R&D Center	Management of the upstream green supply chains, development of green products, and promotion of green and sustainable products.

• The functions of the Corporate Sustainability Committee



1.2 Milestones in the development and implementation of corporate sustainability



1.3 Policy and commitment to corporate sustainability

(GRI 2-22, GRI 2-23, GRI 2-24)

To enhance ESG quality, the ESG Committee will discuss and draft relevant policies which will be formally published as CSR policies after they are approved by the Chairman. The CSR Committee regards such policies as the highest guiding principles and commitments and will implement them thoroughly.

1.4 Operation of the Corporate Sustainability Committee

(GRI 2-12)

The ESG Committee considers the management pattern of “P-D-C-A” (Plan-Do-Check-Action) in its operations. It regularly identifies stakeholders and collects and examines the issues which stakeholders are concerned with. It also formulates relevant policies and action plans. To ensure implementation of the material issues and achievement of the goals, the ESG Committee holds quarterly discussions of the material topics to review the status of achievement of the action plans and proposes the future directions. Its executive staff will compile the results of stakeholder engagement, suggestions regarding the economy, environment, and society, and ESG Report for final review and confirmation by the Commissioner.

• Corporation sustainability policy

長泓膠業股份有限公司 企業社會責任政策

本公司為提升勞動人權，除致力恪遵台灣「勞動基準法」及相關法令外，並參考 ISO 26000 企業社會責任指引，訂定工作規則、性騷擾防治、申訴程序、員工從業道德行為守則等內部辦法，並設立管理機制，以保障同仁權益。

為使員工意見充分表達，公司各廠區皆設有「申訴信箱」，並建立個人資料保護機制，避免當事人遭受不公平對待，致力維持良好勞資關係。

本公司承諾：

- ◆ 不聘用未滿16歲之童工，
- ◆ 禁止任何形式的強迫勞動。
- ◆ 禁止任何形式的歧視、騷擾與仇恨行為。
- ◆ 提供合理的薪資福利。
- ◆ 提供多元溝通管道，維持勞資和諧。
- ◆ 提供安全舒適的工作環境，並建立防範措施。

在環境安全衛生方面，為善盡環境保護責任與永續經營的前提，本公司承諾透過以下措施，致力降低環境衝擊：

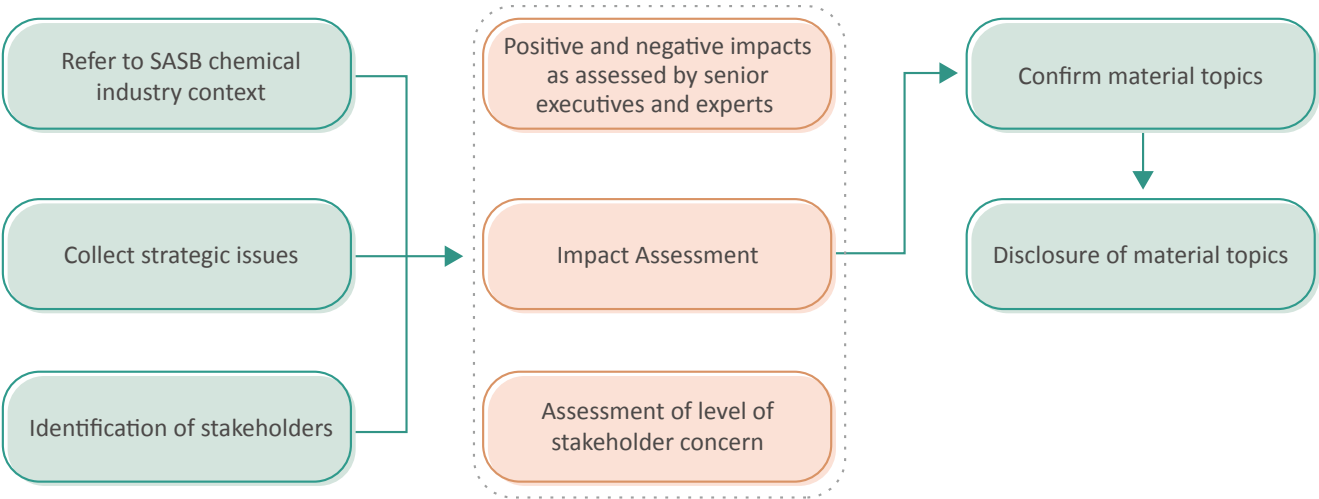
- ◆ 戮力遵守法規
- ◆ 建立及持續改善環安能源管理系統
- ◆ 生產及確保永續產品
- ◆ 廢棄物管理與污染源防治
- ◆ 提升能源效率降低溫室氣體排放

董事長簽名：



1.5 Identification of material topics

(GRI2-12, GRI 3-1, GRI 3-3)



◆ 1.5.1 Identification process of material topics

In this Report, the process of material topic analysis is used as the method to identify the material topics of sustainability that the stakeholders are concerned with and which have an impact on the organization. They serve as the reference basis for information disclosure to achieve the objective of effective communication.

◆ 1.5.2 Survey of Material Topics

The identification process of material topics is based on the GRI Standards and guided by the reporting principles and defined report contents. Since the scope of sustainability topics is wide, we not only referred to the GRI Standards but also collected issues of concern regarding customers and international trends (e.g. the SDGs). We confirmed relevant topics through discussions at the Committee. In 2024, upon sorting and summarization, the ESG Committee integrated and adjusted the 23 topics into 15 items.



◆ 1.5.3 Identification of stakeholders

(GRI 2-29)

In 2024, the Company convened the “Corporate Sustainability Committee” (ESG Committee) to identify and determine seven categories of employees, shareholders, customers, the Public, partners, government agencies, and suppliers as the main stakeholders based on the six principles of responsibility, influence, proximity, dependence, representativeness, and policy and strategic intent. This adjustment combines raw material suppliers and equipment suppliers into “suppliers” because there are no significant differences between the two under the six principles; both fall within the scope of supply chain management and are subject to the same ESG policies. We will continue to deepen sustainable development, enhance communication with stakeholders, and jointly promote the achievement of ESG goals in the future.

◆ 1.5.4 Extent of stakeholder concern

To understand the level of stakeholder concern with the 15 topics identified by CHR, we collected the scores of stakeholder concern with the sustainability topics through a survey using questionnaires. A total of 195 valid questionnaires were retrieved, and the ESG Committee used the AA 1000 SES principles to measure the importance of the stakeholders and calculate the weighted average of the score of concern and degree of relationship for each topic to understand the level of stakeholder concern.

◆ 1.5.5 Identification of impacts

The ESG Committee assessed the positive and negative impacts of the aforementioned 15 topics on finance, environment, society, people, and human rights. The Committee further referred to the AA Accountability Principle to redefine the scoring method for materiality and measure the level of each impact.

◆ 1.5.6 Identification and assessment of positive / negative and actual / potential impacts

In order to understand the positive, negative, actual and potential impacts of CHR on each topic, four scenarios including “Internal Management”, “Regulations Relevant Matters”, “Direct Financial Impacts” and “Social and Community Scenarios” were designed. Furthermore, high-level supervisors (experts) were convened to identify the impacts of each topic in different scenarios.

◆ 1.5.7 Identification of material topics

We confirmed the matrix of material topics based on the levels of concern of stakeholders, including employees, customers, partners, communities and the public, suppliers, government agencies and shareholders, and on the impacts on the sustainability topics identified by the ESG Committee. To cover all material topics, those whose sustainability impact and financial impact are greater than the top one-third are defined as material topics. Decisions of whether topics not covered in this scope shall be disclosed will be made depending on needs. After an analysis of

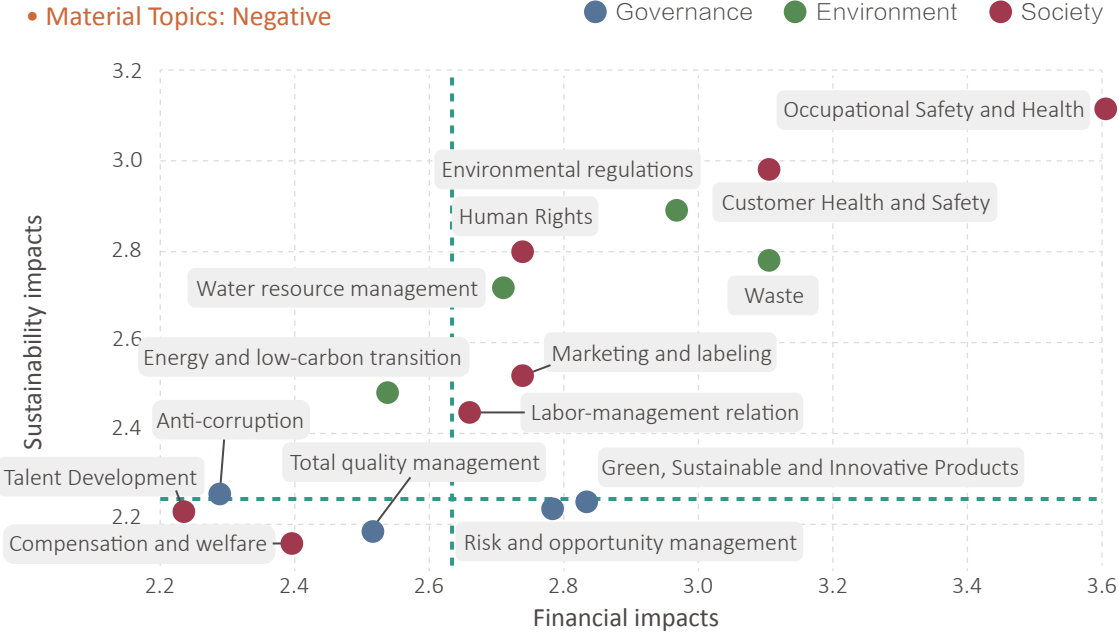
the materiality matrix was conducted and the ESG Committee met to examine the completeness of the material topics, a total of 12 material topics were identified: 2 governance topics, 4 environmental topics, and 6 social topics.

◆ 1.5.8 Non-material topics and review and approval of the material topics for their completeness

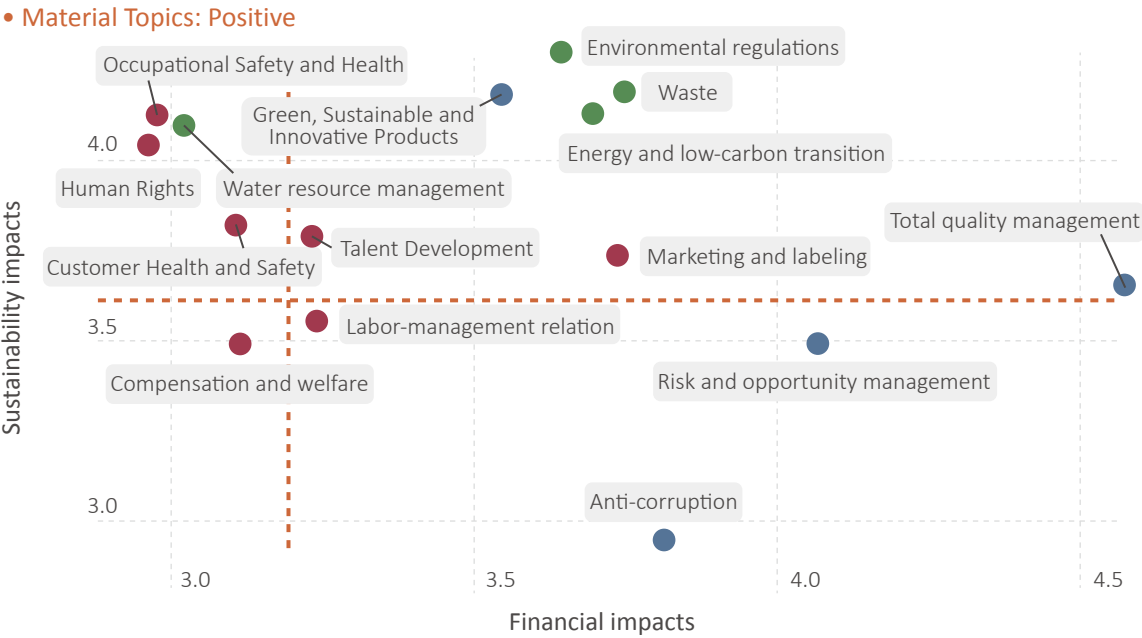
(GRI 2-14, GRI 3-2)

Topics determined as non-material upon assessment include anti-corruption, risk and opportunity management, and compensation and welfare. Among the material topics identified, “labor-management relations” is not included in the material topics as discussed by the committee members because there is no labor union or collective bargaining agreement and significant operational changes do not occur frequently. It will be removed from the next compilation of topics. “Human rights” is not included in the material topics as discussed by the committee members because it is a disclosure item in the GRI. It will be removed from the next compilation of topics. The ESG Committee summarized the information about relevant material topics and submitted the result to the ESG Commissioner for review and approval. A total of 10 material topics were finally determined: 2 governance topics, 4 environmental topics and 4 social topics.

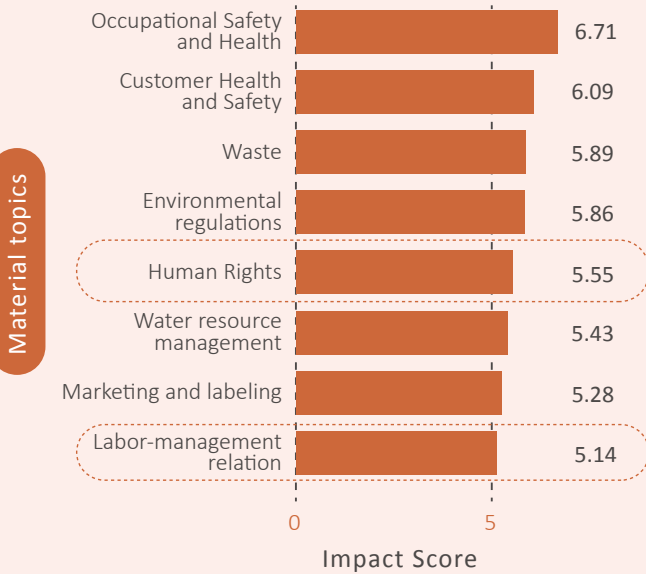
• Material Topics: Negative



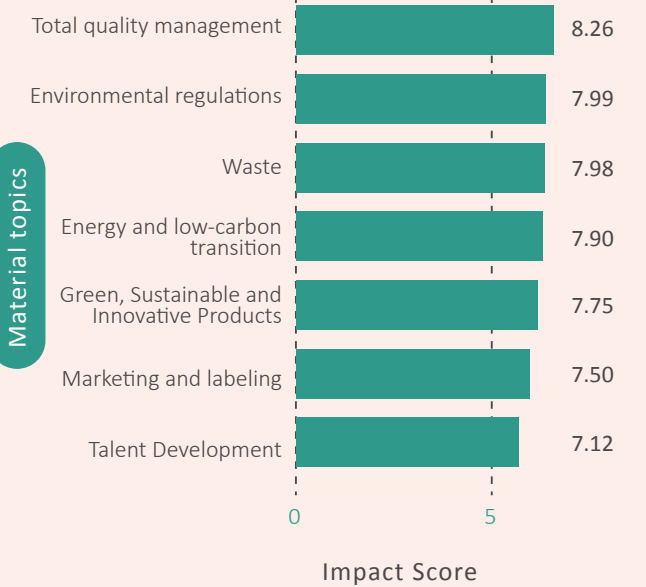
• Material Topics: Positive



• Negative Impacts Ranking



• Positive Impacts Ranking



◆ 1.5.10 Management of material topics
(GRI 2-22, GRI 2-25, GRI 3-2, GRI 3-3)

Rank	Topic	Changes from the Previous Version	Meaning	Policy	Commitment / System	Validation
1	Waste	None	Proper disposal of waste helps reduce environmental burden, respond to expectations of the public regarding corporate responsibility, and improve resource utilization efficiency and operational benefits.	Doing our best to perform eco-friendly production to reach the goal of sustainable operations.	» Continuous Promotion of ISO 14001 Energy Management System	We perform environmental management review annually to make sure that the targets are reached and take coping measures for adjustment.
2	Environmental regulations	None	Ensuring compliance with regulations helps protect environmental quality, enhance corporate trust and the foundation for lawful operations, and avoid legal risks and negative perception among the public.	Complying with relative regulations and requirements.	» Continuous Promotion of ISO 14001 Energy Management System	We perform environmental management review annually to make sure that the targets are reached and take coping measures for adjustment.
3	Occupational Safety and Health	None	Establishing a safe workplace can protect the health of the employees, enhance the image of the Company in social responsibility, and reduce the risk and cost of operational disruptions due to industrial accidents.	Conducting risk management and health promotion, observing relevant statutory requirements, and providing a safe working environment.	» Promoting the ISO 45001 occupational safety and health management system. Achieving a zero-accident working environment and protecting the safety and health of employees.	We perform occupational safety and health management review every year.
4	Customer Health and Safety	None	Providing safe and compliant products is a basic guarantee for customer rights and interests. This is not only related to legal compliance and corporate reputation, but also directly affects market trust and long-term development.	Provision of products that meet the customer requirements regarding health and safety regulations, with the organization culture of “customers first”	» Customer relationship management mechanism	Customer satisfaction survey
5	Total quality management	None	Systematic quality control can improve product consistency and customer satisfaction, reduce waste of resources and customer disputes, enhance corporate competitiveness, and improve the foundation of sustainable operations.	Enable all the employees to take part in the quality improvement of different aspects of the business operations to satisfy our customers’ demand and enhance corporate competitiveness.	» Submitting improvement plans to the management unit through quality improvement activities such as QCC and QIT.	The reliable references of the business quality improvement were reviewed based on the standard of National Quality Award
6	Energy and low-carbon transition	Combined energy and emissions	Energy conservation and carbon reduction can help mitigate climate change in response to the emission reduction requirements of the public. These can also enhance corporate resilience and strengthen competitiveness in domestic and overseas markets.	Doing our best to perform eco-friendly and energy-saving production, purchase energy-saving products, and achieve the goal of sustainable management	» Continuous Promotion of ISO 50001 Energy Management System » Continuous Promotion of ISO 14001 Energy Management System	We perform energy and environmental management review annually to make sure that the targets are reached and take appropriate measures for adjustment.
7	Marketing and Labeling	None	Correct labeling and honest marketing can protect consumers’ right to know, avoid misleading and legal risks, and establish a transparent and credible brand image.	We commit ourselves to explicitly disclosing required information with labels attached to every batch of products for the customer.	» We commit ourselves to explicitly disclosing required information with labels attached to every batch of products for the customer.	Customer satisfaction survey
8	Green, Sustainable and Innovative Products	None	We promote environment-friendly and innovative products to meet sustainable market demands, reduce environmental impact, and explore new business opportunities, and enhance product differentiation.	Production of green innovative products and implementation of green marketing through procurement of green materials in line with technology development	» We commit ourselves to explicitly disclosing required information with labels attached to every batch of products for the customer.	Customer satisfaction survey
9	Water resource management	None	Effective water management can reduce the stress on local water resources in response to the concerns of communities, and may ensure stable operation of the process in favor of long-term business operations.	Doing our best to be eco-friendly and performing energy-saving production to reach the goal of sustainable management.	» Increase water source efficiency and continuously improve water utilization performance	Follow-up of water consumption on a monthly basis
10	Talent Development	None	Investing in employee learning and career development can enhance talent retention and organization capabilities. With this, we respond to society’s expectations of a good employer and support the long-term growth momentum of the Company.	Train employees with required knowledge, skills and attitude for their work in consideration of the policy and objective of the company. Build learning-oriented organizations, arouse employee’s potential versatily, improve the quality of manpower, and enhance the competitiveness.	» We implement the TTQS Talent Quality-management System.	The Workforce Development Agency of the Ministry of Labor evaluates the Talent Quality Management System (TTQS) once every two years. Talent Quality-management System.

◎ Material topic ○ Additional disclosure / ▲ Positive impact ▼ Negative impact / ● Actual impact ○ Potential impact

Rank	Topic	GRI / SASB Refer to the index in the appendix for details	Material topics	Positive/ Negative Impact	Description	Value Chain			Society / Environment	Management Approach
						Upstream	CHR	Downstream		
1	Waste	GRI 306 RT-CH-150a.1	◎	▲	Proper waste recycling can reduce cleanup costs and increase recycling revenue		●		○	» Waste management and improvement plan
				▼	Failure to recycle waste may result in increased disposal costs and greenhouse gas emissions.		○	○	○	
2	Environmental regulations	RT-CH-530a.1	◎	▼	Failure to comply with environmental regulations may cause environmental pollution, affect corporate reputation, and incur fines.		●		○	» Monitoring of environmental detection values
3	Occupational Safety and Health	GRI 403 RT-CH-320a.1 RT-CH-320a.2	◎	▼	Failure to implement occupational safety and health management may bring about employee injuries, and even the risk of stoppage and impact on the customer.		●	○		» Identification and improvement of high-risk working environments » Ongoing education and training on occupational safety and health
4	Customer Health and Safety	GRI 416 RT-CH-410b.1	◎	▼	Failure to properly assess may affect life, reputation and profit.		○	○	○	» Ongoing identification and classification of chemical hazards
5	Total quality management	Customize themes	○	▲	Proper management of quality in all aspects of the business can help improve the operational performance of the Company and assist customers with growth.		●	●		» Identification of problems and making improvements on an ongoing basis under the PDCA principles
6	Energy and low-carbon transition	GRI 302 GRI 305 RT-CH-110a.1 RT-CH-110a.2 RT-CH-120a.1 RT-CH-130a.1	◎	▲	Energy conservation and carbon reduction measures have the potential to reduce the operating costs of the Company and the environmental impact, and there is an opportunity to obtain big orders from international leading customers.	○	●	○	○	» Implementation of carbon reduction plans
7	Marketing and labeling	GRI 417 RT-CH-410b.1	◎	▲	Providing specific product labels and documents can help customers understand the features of the product and enhance their trust.		●	●		» Continuous provision of product test reports as well as REACH and RoHS compliance consulting
				▼	Failure to provide product related documents may lead to the inability of customers to manufacture products properly, and may cause damage to them.		○	○		
8	Green, sustainable and innovative products	RT-CH-410a.1 RT-CH-410b.1 RT-CH-410b.2	◎	▲	Developing green and innovative products can improve environmental sustainability and ensure friendliness to end users.	○	●	●	●	» Ongoing search for new sustainable materials » Ongoing development of green and sustainable products
9	Water resource management	GRI 303 RT-CH-140a.1 RT-CH-140a.2 RT-CH-140a.3	○	▼	Failure to manage water resources properly may increase environmental impact and costs		○		○	» Monitoring water consumption and sewage
10	Talent development	GRI 404	○	▲	Periodical performance interviews are conducted and training courses are arranged every year to fill competency gaps and help develop talent.		●	●		» Planning training courses on an ongoing basis according to the targets of the Company, laws and regulations, and competency gaps

◆ 1.5.11 Stakeholder communication

(GRI 2-29, RT-CH-210.1)

In addition to maintaining all types of interactions with the stakeholders through daily business, we also utilize different channels including telephone communication, meetings, satisfaction surveys, visits, and other ways to conduct stakeholder engagement. Regarding the issues of concern raised by the stakeholders, responses will be issued through the relevant units and the CSR Report to the material topics which the stakeholders are concerned with.

Stakeholders	Meaning to CHR	Issues of Concern	Corresponding Chapter	Communication Achievement 2023-2024	Method / Frequency of Communication
 Employee	Employees are the most important cornerstone of CHR and the impetus for the sustainable development of the Company.	Occupational Health and Safety	116	1. Four employee complaint cases were handled. 2. The cleaning method of the Kenader mixer was developed according to the employee satisfaction survey to reduce dust dissipation. 3. The employee satisfaction survey showed that employees expected communication and coordination courses. A total of four training sessions for a duration of nine hours were held in the last two years.	» Employee satisfaction survey / twice a year » Human rights due diligence / once a year » Employee education and training / 20 sessions per year » Employee complaint / irregularly » Employee suggestion box / irregularly » Bulletin board system / irregularly
		Environmental regulations	93		
		Talent development	99		
 Shareholder	Support from shareholders brings positive benefits to our sustainability management.	Talent development	99	1. TCFD and TNFD were implemented 2. 2 shareholders' meetings were held	» Shareholders' meetings / once a year » Email / irregularly
		Marketing and labeling	55		
		Environmental regulations	93		
 Customer	Customer support helps CHR establish a leading position in the rubber compounding industry, and good partnership helps us grow sustainably.	Customer Health and Safety	56	1. The Company actively looks for low-carbon materials and develops low-carbon formulas; we proactively discussed with customers to promote the use of environment-friendly materials. A total of 184 low-carbon formulas were developed in 2023 and 2024.	» Customer satisfaction survey / once every six months » Audits by customers / irregularly » Visits to our factories / irregularly » Exchange of R&D technology / irregularly » Visit to customers / irregularly
		Marketing and labeling	55		
		Total quality management	37		
 Partner	Diverse perspectives help CHR carry out development in all aspects and enhance the foundation for our sustainable operations.	Green, sustainable and innovative products	56	1. We discussed with audit experts about the optimization of the greenhouse gas inventory method.	» Visits to our factories / irregularly » External audit / 4 audits per year
		Water resource management	90		
		Energy and low-carbon transition	82		
 The public	Improving social welfare and creating co-prosperity together are our important sustainable responsibilities.	Waste	88	1. We have been concerned about the issue of education for the elderly and children for many years. After discussing with Hondao Senior Citizen's Welfare Foundation, we promoted activities to help the elderly by caring for vulnerable elderly people who live alone every year on a regular basis. 2. The Company contacted the cleaning units of Lukang Township and Fuxing Township to understand the environmental requirements in these areas. We organized four street sweeping and beach cleanup events to remove 1.66 tons of garbage. 3. After conducting an exchange with World Vision, we planned and organized a corporate parent-child day in 2024 to enhance awareness about the issue of disadvantaged children and youth among employees and their families. A total of 21 volunteers participated in this event.	» Charitable activity / once a quarter » Corporate website / irregularly » Activities with the neighborhood / irregularly » Environmental education / irregularly
		Environmental regulations	93		
		Total quality management	37		
 Government agency	Complying with laws and regulations and cooperating with the government during the audit can ensure compliance management and operations.	Environmental regulations	93	1. We support the policy of the government to promote social and environmental sustainability. Nine employees of the Company participated in lectures on "gender equality, labor safety, energy saving and carbon reduction," etc. We also implemented slogan activities on energy saving and carbon reduction; 23 teams participated in these events. 2. In addition to participating in a course briefing conference held by the Workforce Development Agency of the Ministry of Labor, we enhanced our internal training strategy, improved employee competence and the resilience of the organization, and implemented corporate sustainability with "a sustainable, digital, and friendly workplace" as the core. A total of 568 hours of training were provided from 2023 to 2024 for 461 participants.	» Official documents / irregularly » Briefings by the government / irregularly » Visit for inspection / irregularly
		Total quality management	37		
		Green, Sustainable and Innovative Products	56		
 Supplier	Stable suppliers can improve manufacturing and R&D capabilities, enhance competitive strength, and ensure sustainable operations.	Environmental regulations	93	1. We continue to maintain active communication and exchanges on environmental protection and new materials. During 2023 and 2024, a total of 28 exchange meetings were held, with 56 environment-friendly materials and 73 new materials tested, contributing to improved product performance and added value.	» Supplier Appraisal / irregularly » Visit to suppliers / irregularly » Commitments / irregularly
		Green, Sustainable and Innovative Products	56		
		Total quality management	37		

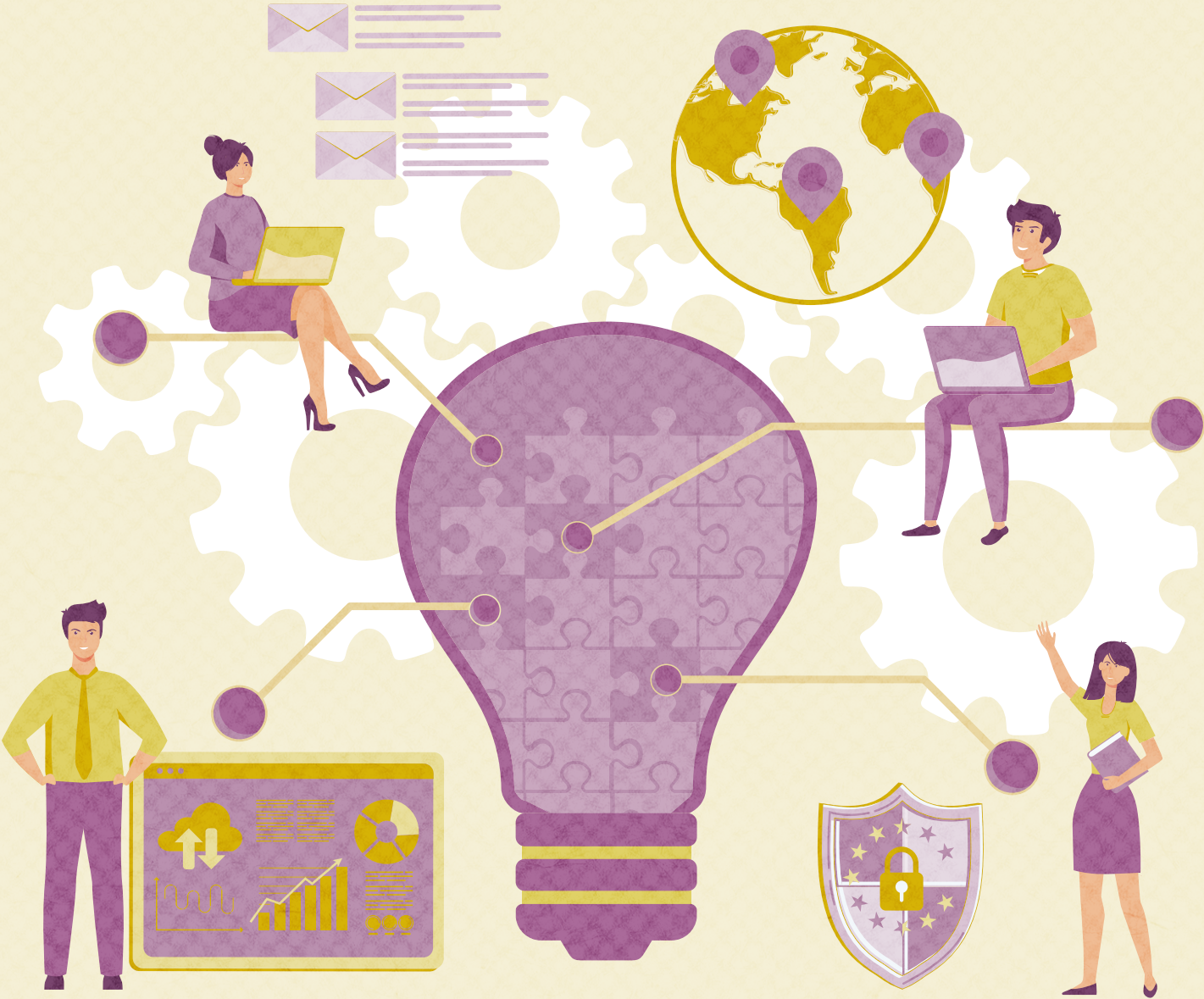
02

Robust Corporate Governance

- 2.1 Company Profile
- 2.2 Structure and operation of the Board of Directors
- 2.3 Risks management and opportunities
- 2.4 Ethics and integrity (GRI 2-25 、 GRI 2-26)
- 2.5 Total quality management
- 2.6 Digital transformation



◆ Material topics

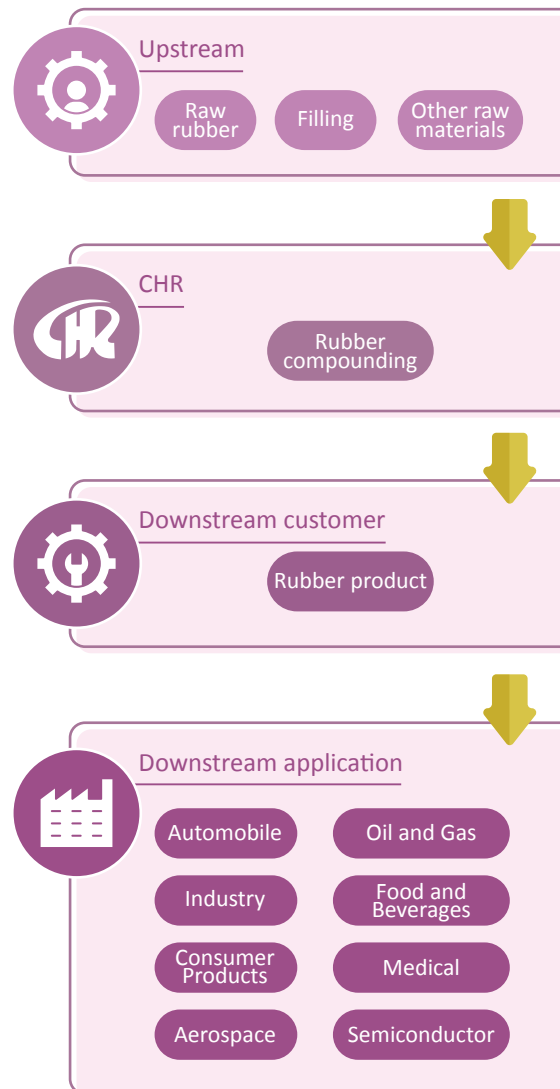


2.1 Company Profile

◆ 2.1.1 Company overview

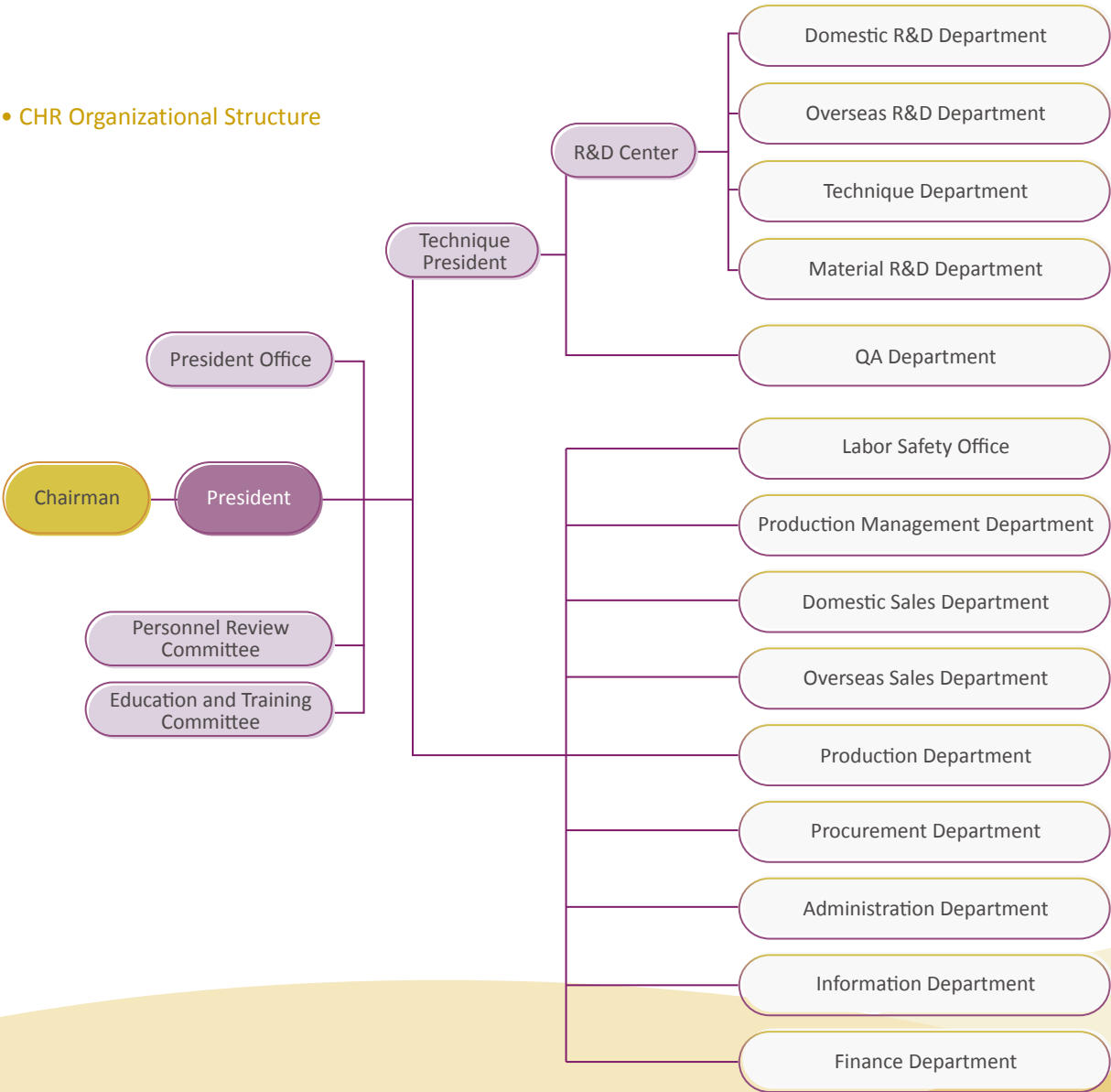
(GRI 2-1, GRI 2-6, GRI 2-9, GRI 2-11)

Founded in Taiwan in 1995, Chang Horing Rubber Co., Ltd. is a company dedicated to the R&D and production of rubber materials for various special purposes. We have long collaborated with world-famous chemical manufacturers around the world to build our development territories and become a widely recognized rubber compounding manufacturer in the Asia-Pacific region and the largest rubber compounding company in Taiwan. Through continuous R&D, CHR provides the most professional and quickest services and the rubber materials with a wide range of applications including in the high-tech electronics, electrical machinery, medical care, food, drinking water, automobiles, traditional industries and petrochemical industry. It also supplies domestic and overseas rubber companies for manufacturing of various rubber products such as O-rings, valve seals, gaskets, rubber tubes, and sealing parts. In the future, CHR will continue to develop high-value-added rubber materials in combination with new technologies. It seeks to use Southeast Asia as a springboard for further internationalization. Chang Horing established a Rubber Laboratory accredited by the TAF (Taiwan Accreditation Foundation); in addition to carrying out accreditation tasks and professional researches based on different requirements of global customers, as well as specifications of ASTM, MIL, UL, AMS, DIN, JIS, etc., we also provide technical services complying with international standards.



Company Name	CHANG HORING RUBBER CO., LTD.
Number of Employees	Taiwan Factory: 297; Thailand Factory: 116
Capital	NT\$460 million
Establishment Date	July 14, 1995
Main products and services	R&D, production, and sales of compounded rubber materials.
CEO and President	Hubert Liao
HQ Address	No. 38, Lugong S. 3rd Rd., Lukang Township, Changhua County 505, Taiwan (R.O.C.)
Location of Operation	Lukang Factories 1, 2 and 3 in Taiwan Chonburi Factory in Thailand
Net Sales	NT\$2.77 billion
Consolidated Financial Report Tangible	CHANG HORING RUBBER CO., LTD.

• CHR Organizational Structure



◆ 2.1.2 Association / trade association and collective bargaining agreements
(GRI 2-28, GRI 2-30)

CHR joins associations as a member, including: Changhua County Industrial Association, Taiwan Rubber & Elastomer Industries Association, Manufacturers Association in Changhua Coastal Industrial Park, Lukang Township, Changhua County. The Company does not have a labor union or sign any collective bargaining agreements.



2.2 Structure and operation of the Board of Directors

◆ 2.2.1 Structure of the Board of Director

(GRI 2-10, GRI 2-11, GRI 2-17)

As a non-public company, CHR appoints 5 directors and 1 supervisor in accordance with the Company Act and the Articles of Incorporation. The directors include 3 male members (accounting for 60%), and female 2 members (accounting for 40%). All directors are over 50 years of age; 60.4 is the average (with an age range of 55–69). There are no apparent differences in the gender ratio of the governance unit members. CHR’s Board of Directors is the highest decision-making unit. The Chairman serves as the Chair of the Board, and is also responsible for the duties of the senior management of the Company, supervising the overall operations and management of CHR. In 2024, the Board of the

Company held a total of three meetings with an actual attendance rate of 100%. The average term of a director is 15 years. An “ESG Committee” has been established under the Board to review and discuss important proposals regarding sustainable development. The Board holds a meeting at least once a year to monitor the content of the business under CHR’s management, make decisions on significant business, and ensure the compliance of the Company with laws and regulations as well as the transparency of the business and financial information. In order to effectively implement the independent monitoring and countervailing mechanism, all proposals are reported to the Board

of Directors for discussion. This Report is submitted to the Chairman for approval and released after being approved.

◆ 2.2.2 Education of the Board of Directors

(GRI 2-17)

To enhance the ability of the Board of Directors to understand and make decisions on sustainable development issues, the Company has established a continuing education system for Board members and provides the Chairman with periodical and professional updates of ESG issues. The President's Office summarizes the latest domestic and international ESG trends, changes in regulations, rating criteria, and practice cases of the industry on a quarterly basis and makes briefings and explanations to the Chairman to help him understand the development trend of sustainable governance in a real-time manner, and enhance his knowledge base and risk awareness of ESG issues, thereby providing an important reference for the strategic direction and decisions of the Company.

• Composition of the Board of Directors

Title	Name	Actual Number in Attendance	Actual Attendance Rate (%)	Educational Background	Professional Knowledge and Competency			
					Industry Knowledge	Operating & Management	Leadership & Decision	Finance & Accounting
Chairman	Hubert Liao	3	100%	Department of Chemical Engineering, Feng Chia University	V	V	V	V
Director	Kuo-hsien Wu	3	100%	-	V	V	V	V
Director	Shu-hui Chen	3	100%	-	V			V
Director	Mei-hui Wu	3	100%	-	V	V	V	V
Director	Mao-Chun Wu	3	100%	Department of Chemical Engineering, National Cheng Kung University	V	V	V	V

Year	2023	2024
Course	» Carbon footprint » Major revisions of the GRI Standards » TCFD scenario simulation » ESG Report results	» Significance of green products » Greenhouse gas inventory » About CDP & SBTi » About ECOVadis

◆ 2.2.3 Board of Director recusal

(GRI 2-15)

If matters discussed in the meeting relate to the interests of a director or the legal person he/she represents, he or she shall explain the key content of the interests at the current Board of Directors meeting. If there are possible conflicts with the Company’s interests, the director shall not participate in the discussion and voting, during which he or she shall announce the recusal, and shall not vote on behalf of another director. If the spouse, a blood relative within the second degree of kinship of a director, or any company which has a controlling or subordinate relation with a director has interests in the matters under discussion in the meeting, such director shall be deemed to have a personal interest in the matter. In terms of the directors’ recusal in proposals involving their interests and status of employment on other boards, there were no conflicts of interest as above-mentioned between 2000 and 2024.

◆ 2.2.4 Evaluation of Board performance

(GRI 2-18)

The Company places importance on the governance effectiveness of the Board of Directors and establishes a performance evaluation system for the Board of Directors to improve its governance effectiveness continuously. The Company conducts an annual performance evaluation of the Board of Directors through internal self-assessment. The evaluation is carried out with the support of the President Office. All directors participate in the evaluation procedure.

The Board of Directors has appropriate collective knowledge, skills and experiences and can perform its supervisory responsibilities effectively. The result of the performance evaluation in 2024 shows that the Board of Directors performed well in general (4.1 /5 .0). We will continue to improve the evaluation mechanism and enhance the areas to be improved to ensure that the Board of Directors can continue supervising the corporate governance and sustainable development effectively.

• Summary of the evaluation results

Evaluation Aspect	2023		2024		Major Findings	Improvement Focus
	Score	Level	Score	Level		
Composition and structure of the Board of Directors	3.8 / 5.0	Good	4.0 / 5.0	Good	There is a wide range of professional backgrounds; the diversity can be further enhanced	Enhancement of the professional training program for directors
Awareness and implementation of Board duties	4.2 / 5.0	Good	4.4 / 5.0	Good	The operational efficiency is outstanding; the legal compliance needs to be enhanced	Establishment of a periodical review mechanism for legal compliance
Monitoring of sustainable development issues	4.0 / 5.0	Good	4.0 / 5.0	Good	ESG awareness is improved; the institutionalization can be further enhanced	Increase of the involvement in formulation of ESG policies

◆ 2.2.5 Remuneration policy for directors and managers

(GRI 2-19, GRI 2-20)

The annual remuneration for directors is determined in accordance with Article 19 of the Articles of Incorporation. It requires that no more than 5% of the annual final profit shall be allocated as remuneration to directors and supervisors. The remuneration to senior managers, including salary, bonus, and separation pay, is determined in accordance with the “Salary Management Regulations.” In addition to the remuneration to senior managers, other benefits and the retirement system for all employees are the same and handled in accordance with laws and regulations

• CHR Group’s Consolidated Finances

Unit: Millions of NT Dollars

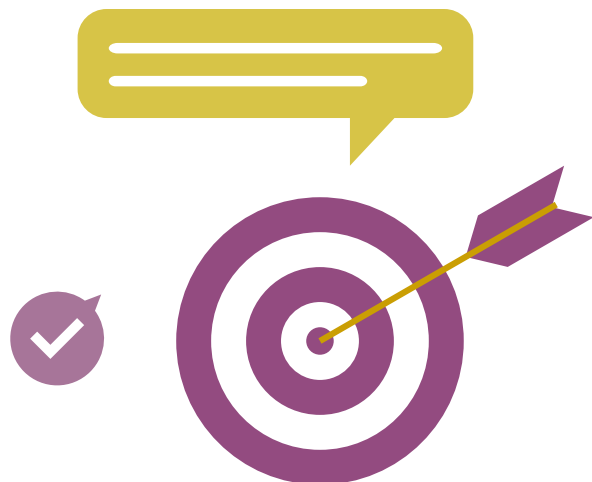
	2021	2022	2023	2024
Revenue	3,243	3,502	2,420	2,331
Net profit after tax	+	+	+	+
Total tax paid	152	164	73	71
Employee welfare	370	393	343	372
Tax-to-revenue ratio	4.69%	4.68%	3.00%	3.05%

Note: 「+」 indicates profit

◆ 2.2.6 Identification and communication mechanism of critical concerns

(GRI 2-16)

We have established a clear and systematic identification and reporting mechanism for critical concerns to enhance corporate risk management and immediate response capabilities. The purpose of this mechanism is to ensure that management and responsible personnel are informed about the material incidents that affect the operations, finances, legal compliance or sustainability performance (ESG) of the Company at the very beginning and formulate response strategies accordingly to mitigate potential impacts effectively.



Definition of incidents and identification criteria

The Company has established quantitative criteria to identify critical concerns based on the potential impact of the incident.

- ◆ Financial aspect: A single incident causes a loss amounting to 1% of the paid-in capital or NT\$5 million or more.
- ◆ Operational aspect: The main production line is disrupted for 8 hours or more.
- ◆ Legal compliance aspect: The amount of the fine imposed by a competent authority reaches NT\$500 thousand or more.
- ◆ Occupational safety and health aspect: An occupational safety accident results in death or serious injury to three people or more.

Communication and response process

Once a critical concern that meets the aforementioned criteria occurs, the unit involved shall report it and take response measures within the following time frame:

- ◆ Conduct initial reporting to the President within 4 hours after occurrence of the incident.
- ◆ Make initial assessment of the incident within 24 hours.
- ◆ Submit a formal report to the responsible person and the management within 48 hours.
- ◆ Depending on the nature of the incident, the unit involved shall disclose the handling status and improvement measures to all shareholders and stakeholders in a timely manner.

• Critical concerns in 2023 and 2024

Year	Incident	Legal Basis	Type	Reporting & Handling	Improvement Measures & Follow-up Actions
2023	One occupational accident	Article 37, Paragraph 2, Subparagraph 3 of the Occupational Safety and Health Act	Operational aspect	Reporting and initial assessment have been completed in accordance with internal regulations and a report has been submitted to the management team and responsible person within the time frame.	5.3.5 Compliance with labor and occupational safety regulations (GRI 2-27)
2024	One occupational accident	Article 37, Paragraph 2, Subparagraph 3 of the Occupational Safety and Health Act	Operational aspect	Reporting and initial assessment have been completed in accordance with internal regulations and a report has been submitted to the management team and responsible person within the time frame.	5.3.5 Compliance with labor and occupational safety regulations (GRI 2-27)

2.3 Risks management and opportunities

◆ 2.3.1 Internal control system and internal audit

Our internal control focuses on an internal control system oriented towards risk management and implemented throughout all operations with an IT system. Strict audit management procedures have been established to optimize the internal control system to ensure that our business operations are compliant with laws and relevant internal regulations, and to improve operational efficiency and lower risks, thereby demonstrating our outstanding risk management skills to our customers and stakeholders.

The internal audit unit reviews the appropriateness of the internal control system in accordance with the “Internal Audit Implementation Rules” and ensures the implementation of all particulars through ongoing and project-based checking. The audit scope extends to all the operating activities of the Company and subsidiaries. The audit unit develops the annual audit plan based on the result of the risk assessment. The plan is implemented after the Chairman gives his/her approval. The audit report is submitted to the Chairman for review every month. Follow-up actions are taken until improvements are made for the deficiencies identified. In addition, the audit unit holds review meetings with the audited units on a quarterly basis to discuss the control of the process and ensure the effective implementation of the internal control system.

Our President’s Office has an independent professional audit team. Employees in all organizations and at all levels must review their compliance on their own through an internal control self-appraisal every year and take the audit results and improvement suggestions from the audit team to ensure business performance.

	Item	Contents
Internal control framework	Control concept	An internal control mechanism with risk management as the core
	Execution method	Implementation in all operational aspects through IT systematization
	Management objective	» To ensure the compliance of operations with laws and internal regulations » Improvement of operational efficiency » Reduction of operational risks » Enhancement of the image in risk management
Internal audit framework	Legal basis	Internal Audit Implementation Rules
	Audit scope	» All the operating activities of the Company » All the operating activities of the subsidiaries
	Audit type	» Ongoing checking » Project-based checking

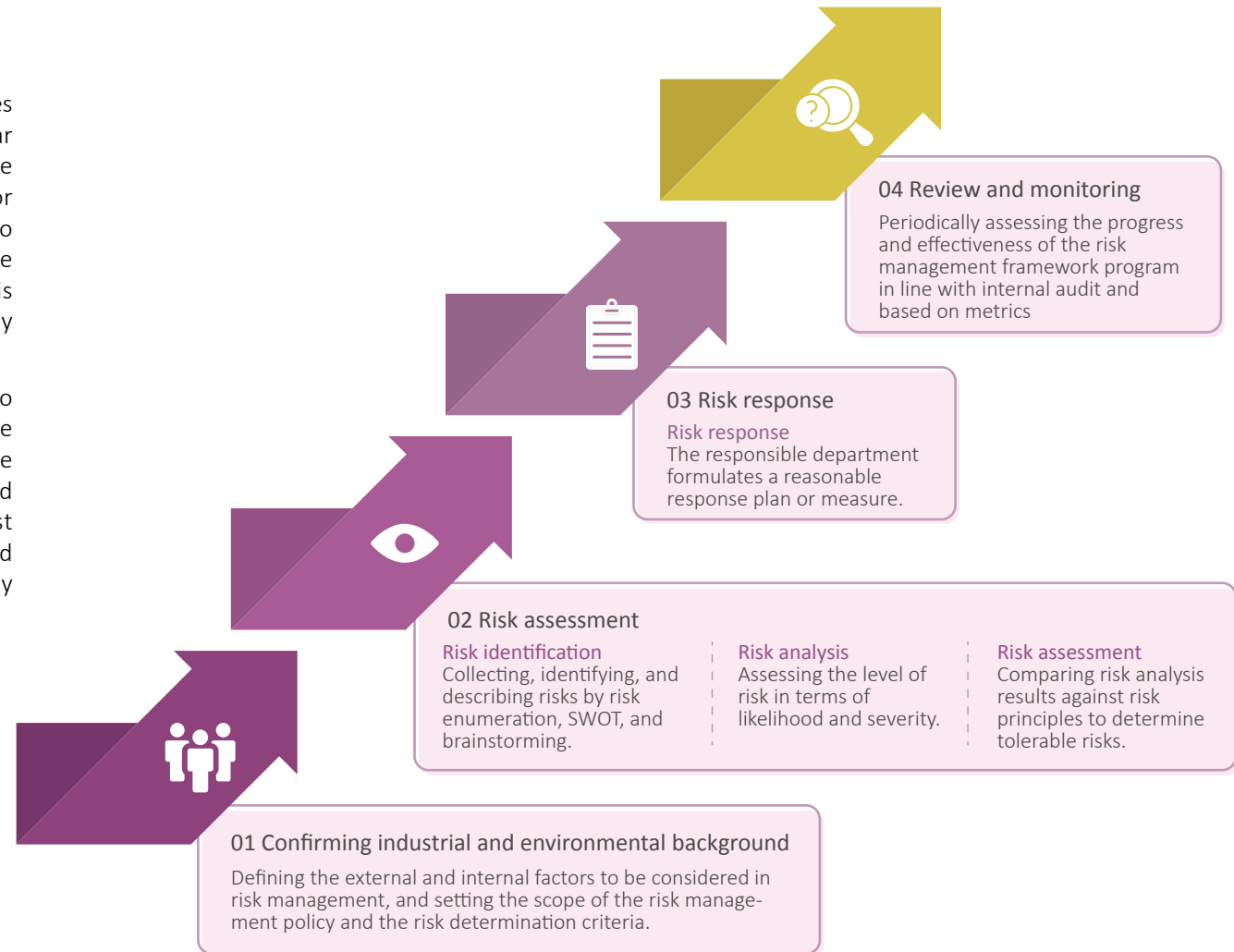
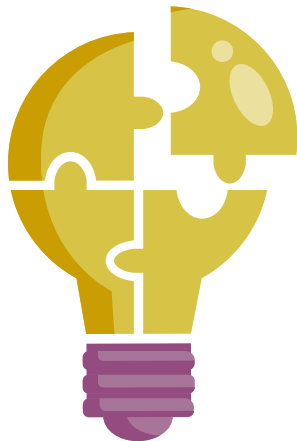
◆ 2.3.2 Audit process

Stage	Implementation	Schedule
Planning	» Risk assessment » Formulation of the annual audit plan	Year
Approval	Chairman’s review and approval	-
Implementation management	» Implementation of checking » Preparation of an audit report	Ongoing
Follow-up management	» Follow-up of improvements » Follow-up until completion of the improvement	Ongoing
Review & improvement	Holding review meetings with the audited unit	Quarterly
Submission system	Submission of the audit report to the Chairman for review	Quarterly

◆ 2.3.3 CHR's business opportunities and risks

We pay close attention to the risks and opportunities we are facing through the annual strategic seminar and irregular internal audit, and we are able to take preventive actions and grasp the opportunities for improvement of the operational model thanks to comprehensive risk management and appropriate handling of crises. Long-term risk management is realized by implementing corporate sustainability strategies.

Risks and opportunities are assessed according to the probability of the occurrence, severity of the risk, and the benefits generated from the occurrence of the event. These will be identified and scored to determine the highly, moderately, and least concerned risks and opportunities. The risks and opportunities that we identified to be moderately and highly concerned about are described below.



• Identification and Mitigation Measures of CHR's Operational Risks

Aspect	Risk Category	Risk	Risk Levels	Mitigation Measures
Governance	Information Security	Malware	High risk	Periodical updates of operating systems as well as virus detection and prevention for security vulnerabilities.
Governance	Information Security	Phishing	High risk	Drills for social engineering and educational training for information security awareness.Deploy antivirus and EDR, enable MFA, monitor abnormal logins and data access, and conduct penetration testing with regular patching.
Governance	Revenue	Geopolitical factors, transfer of customer’s production capacities, looking for overseas second suppliers, decrease in revenue.	High risk	1. Additional overseas capacities 2. Optimization of product quality
Environment	Climate change	Please refer to Chapter 4 “TCFD Report” for details.		
Environment	Environmental protection	Environmental pollution due to excessive use of PE bags	Moderate risk	1. Use of POF bags that can be added in the product. 2. Checking the reasonableness of packaging and selecting appropriate packaging specifications
Environment	Energy	Profitability affected by rising energy costs	Moderate risk	1. Setting public electricity usage guidelines 2. Replacement with variable frequency motors for electrical devices 3. Auto start and stop function for water chillers
Environment	Environmental regulations	Non-compliance with environmental laws and regulations	Low risk	Periodical confirmation of the correctness of regulations and actual compliance with regulations.
Society	Human rights issues	Please refer to Chapter 5 “Human Rights Report” for details.		
Society	Occupational Safety	Occurrence of major occupational injuries.	High risk	1. Training and dissemination of occupational safety and health 2. Checking and maintenance of equipment 3. Continuous improvement of active protection equipment
Society	Talent development	Employee competencies fail to meet the Company’s developmental needs.	Low risk	Implementing the competency gap analysis annually and periodically; developing an annual enhancement and training plan to confirm learning results.
Society	Labor regulations	Violation of labor regulations	Moderate risk	Periodical confirmation of the correctness of regulations and actual compliance with regulations.



2.4 Ethics and integrity

(GRI 2-25, GRI 2-26)

We uphold the core values of “Get to the Bottom of Everything”, “Be Diligent and Simple”, “Customers First”, and “Be Honest and Proactive,” regard integrity as an integral part of our corporate culture, and put it into practice in our daily operations and internal governance. We can earn the long-term trust and support of our stakeholders and promote the sustainable development of the Company only by adhering to ethical principles and acting with integrity.

To implement the principle of integrity, we have established a comprehensive integrity policy and code of conduct. Relevant systems are announced after being approved by the Chairman to demonstrate the emphasis of the top management on the corporate ethics and its commitment thereto. In addition, we enhance the awareness and implementation of ethical culture among employees through education, training and internal dissemination to ensure that every business decision complies with ethical and legal standards.



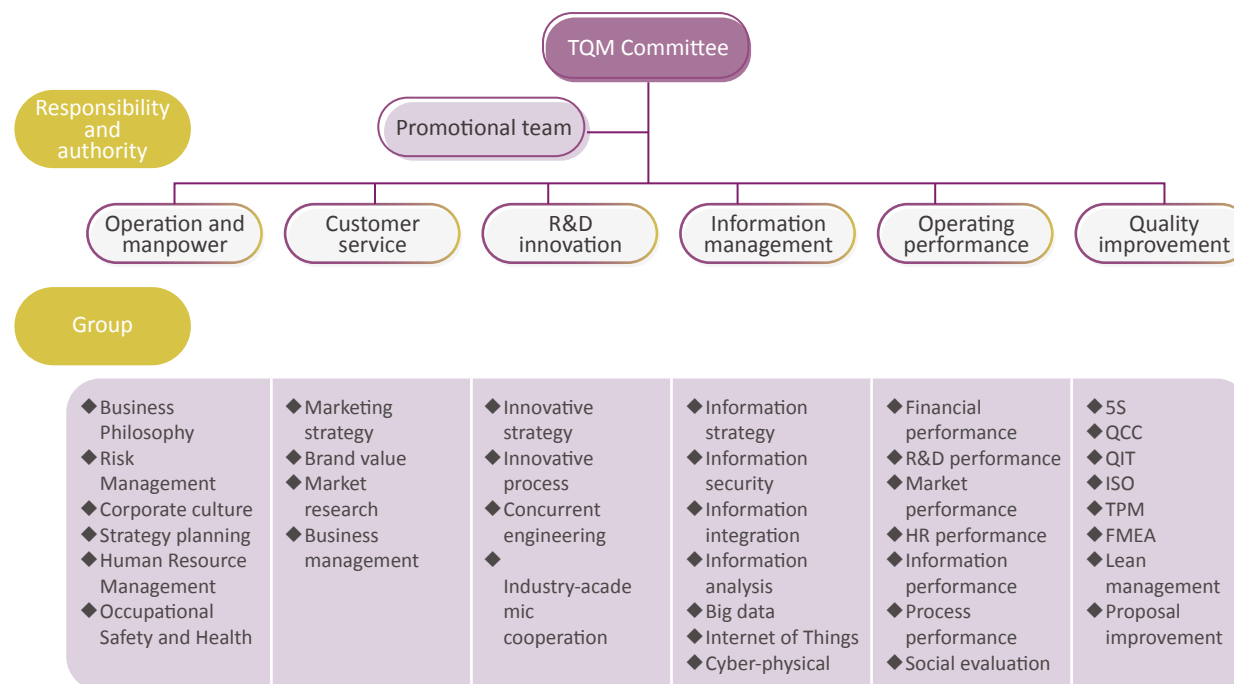
Relevant systems	Abstract
Employee Code of Conduct	Article 3 Principle of good faith » All CHR employees on duty shall respect the spirit of teamwork, get rid of departmental egoism, observe the principle of integrity, be aggressive, and maintain a serious and responsible attitude. Article 6 The following behaviors are prohibited to avoid conflict of interests and pursuit of private benefits: » 6.1 Taking advantage of the position with respect to the business under management or supervision to earn profits directly or indirectly to acquire inappropriate interest or engage in other corrupt practices; » 6.2 Taking advantage of the authority, opportunity, or status to make profits with respect to the business not under management or supervision; » 6.3 Fraudulently acquiring the property of others under cover of legal authority; » 6.4 Illegally occupying or stealing the equipment or assets of the Company; » 6.5 Transferring the resources or interests to oneself or any relative. For example, “submission of a proposal that may be beneficial privately and for the Company” to the Chairman for approval and implementation; » 6.6 Reporting expenses or overtime hours falsely.
Employee Complaints Handling Regulations	Article 1 Objectives » Employee complaint management regulations are established to provide them with a communication channel, and help them solve their problems in loss of personal rights, bad working environment, and unfair treatment. Article 3 Complaint approach » 3.1 Any employee whose rights and interests are damaged or who has any other opinions may complete the “Employee Complaint Form” for application. The contents of the Form must be objective, and supporting documents must be detailed. Applications made anonymously or for the purpose of aspersion or containing any poison-pen letters or insulting words will not be accepted. » 3.2 An employee may, depending on his/her needs, express his/her opinions by mail, e-mail, or dropping an application form into an employee suggestion box. There are four employee suggestion boxes inside the Company. We will check whether there are any application forms in the boxes every two weeks. E-mails should be sent to the dedicated address: csr@chr.com.tw. Physical mail shall be sent to the assistant manager of the Administration Department at No. 38, Lugong S. 3rd Rd., Lukang Township, Changhua County 505, Taiwan (R.O.C.)
Regulations Governing Sexual Harassment Prevention Measures, Complaints, and Disciplines have been established	Article 3 » The Administration Department is responsible for implementing sexual harassment prevention measures and handling complaint and discipline matters. The telephone number and e-mail address of the Administration Department will be announced separately and made public on the website of the company to demonstrate the decision of CHR in the prevention of sexual harassment.

2.5 Total quality management

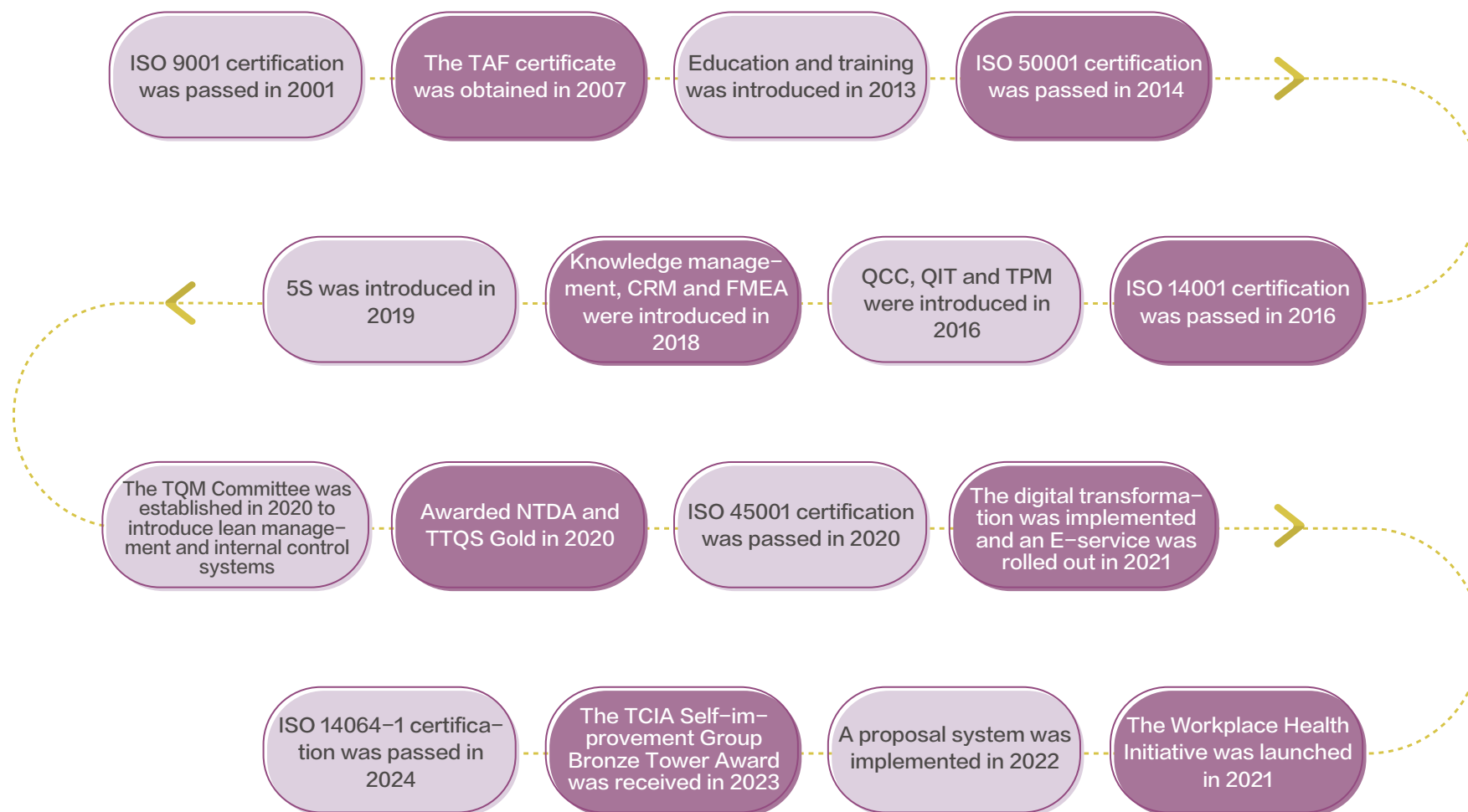
“Total Quality Management” is an important cornerstone for CHR to make progress towards excellence and sustainable development. Through full involvement of the employees and continuous improvement, we systematically improve the operational processes and results to achieve our mission and vision.

◆ 2.5.1 Total Quality Management Committee and Its Responsibilities

To pursue excellence in management, strengthen our management structure, improve the quality of each aspect of management, and enhance the competitiveness of the organization, we established the “TQM Committee”:

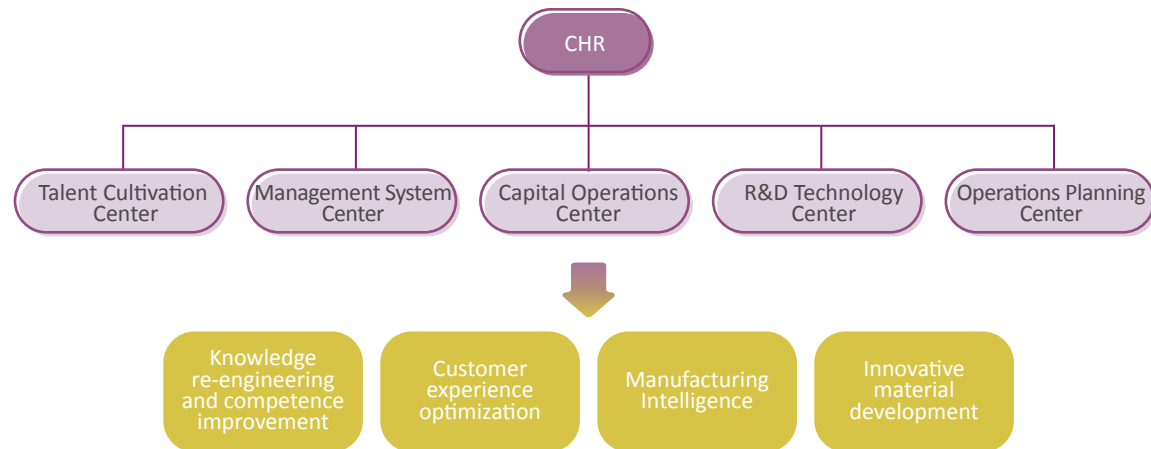


◆ 2.5.2 TQM promotion milestone



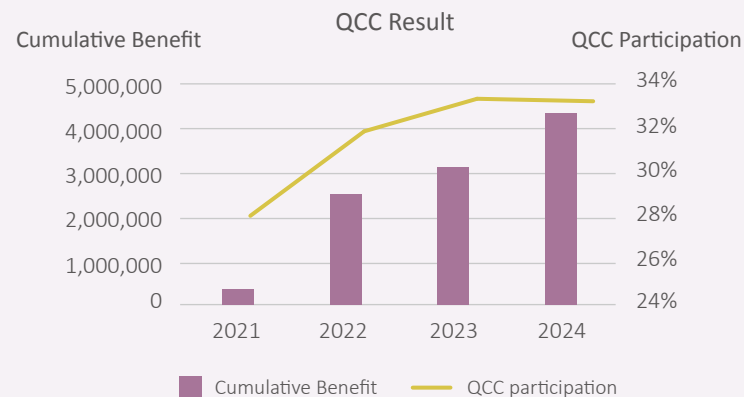
◆ 2.5.3 TQM promotion vision

We will form five main centers responsible for the planning and management of the Group and progressively enhance our business functions.



◆ 2.5.4 QCC result

The Company has continuously encouraged employees to participate in quality improvement since the introduction of the Quality Control Circle (QCC) under the Total Quality Management (TQM) in 2016. It was initially introduced on a small scale and then extended to multiple departments throughout the factory after years of internal review and experience sharing, as well as optimization of the implementation mechanism, to deepen the awareness of quality among the employees and enhance their problem-solving capabilities. In 2023, we participated in the “Taiwan Continuous Improvement Awards (TCIA)” and won the Self-improvement Group Bronze Tower Award, thereby demonstrating our concrete achievements in continuous improvement and independent innovation and enhancing our commitments to the improvement of operational efficiency and sustainable development.



2.6 Digital transformation

◆ 2.6.1 Strategies for Transformation

Ideas about corporate sustainable development are changing in the face of global challenges and technological innovation. In addition to traditional environmental protection and social responsibility, modern enterprises must take digital measures to enhance internal efficiency, promote innovation, and deepen the value proposition to stakeholders. Digital transformation is not only a technological innovation, but also an important strategic pillar that enterprises need to accomplish their ESG goals. We know very well the key role of digital technology in the achievement of sustainable operations. Not merely actively implementing digital transformation, we incorporate it into our overall sustainability strategy. We focus on the following two critical transformation strategies in the continuous evolution of the business:



Strategy	Objective	Project	Purpose	Results
Automated process	Improvement of efficiency	RPA project	Automated process to save time	2,313 hours are saved every year
		Automated retrieval and archiving of supplier documents	Less retrieval and search time of supplier information	492 hours are saved every year
		Invoice recognition and automatic checkup	Improvement of check speed	48 hours are saved every year
		Automatic generation of cure chart & COA	Less data processing time	652 hours are saved every year
Integration of technology resources	Improvement of formula development efficiency and accuracy	Integration of technology resources	Query of historical product information	Rapid understanding of product characteristics, advantages and disadvantages
		Mapping of standards	Quick recommendation of products based on standards	Under modification and testing
		BOM comparison	Integration of different BOM research results	200 hours are saved every year
		Color matching	Matching colors accurately and quickly with reference to the previous color matching ratios and AI color matching functions	25% improvement of color matching efficiency
		Rubber property prediction	Improvement of development speed	6,800 hours are saved every year NT\$1.28 million is saved every year

◆ 2.6.2 Information security

Information Security Prevention Mechanism	Information Security Detection and Response Mechanism	Maintenance and Account Protection Mechanism
1.1 Information security awareness education and internal reinforcement » The Company provides at least two sessions of information security education and training courses every year on a regular basis. Topics include social engineering, password strength, fraud prevention awareness, and internal threats. The total number of participants over the past three years exceeded what was expected. Periodical simulation training of phishing email, along with quizzes, is provided to enhance employees' information security awareness and cultivate information security culture. 1.2 Network security control mechanism » We established a standardized firewall rules review procedure and enhance the boundary defense using the application control, intrusion prevention system, and website filtering provided under the next-generation firewall. Both VPN and RDP (Remote Desktop Protocol) use encryption protocols and multi-factor authentications to ensure remote access security. The firewall, in combination with a security analysis platform, can trace abnormal events instantly and thus improve incident investigation efficiency. It integrates with the threat detection platform to import threat intelligence for real-time risk analysis and joint defense. 1.3 Protection of terminal devices » Employee computers have anti-virus and EDR (Endpoint Detection and Response) systems installed that can detect, block, and respond to malicious activities proactively. The device performs virus signature updates and security patches automatically every day to improve zero-day defense capabilities. MDR supports automatic isolation of suspicious endpoints and behavior-based malware analysis to improve overall incident processing timeliness. 1.4 Audit and log monitoring » The audit logs of the firewall, EDR, Windows Server, and other systems are reviewed periodically (monthly) for analysis of abnormal login and data access behaviors.	2.1 Penetration testing and vulnerability patching » A third-party penetration test is performed at least once a year, covering websites, application systems, and internal network segments. Patching and authentication are implemented for moderate and high risk items. Automated vulnerability scanning tools are used continuously for vulnerability management of internal servers and systems. There were five moderate risks in 2024 and improvement was made for all of them. 2.2 Multi-layered email defense » An email gateway is set up and multi-layered filtering is performed for viruses, malicious links, phishing emails, etc. SPF/DKIM/DMARC authentication is used to prevent forged emails and the sandbox technology is used to analyze whether an attachment is a zero-day threat.	3.1 Account and permission control » The principle of least privilege is implemented for core systems. The Information Department has a dedicated person to control accounts and permissions. Accounts and permissions are checked every six months, including account usage, abnormal login records, and account cleanup after leaving the office. 3.2 Intranet WIFI user verification » The 802.1X authentication mechanism is used in conjunction with personal account login and usage scope setting; access logs are provided for the information security audit. Wireless access points are used for segmented control and differentiated access permissions to prevent unauthorized access to intranet resources. 3.3 Two-factor authentication » One-time Password Authentication is introduced for remote management and login in critical systems. Mobile device authentications are integrated to enhance security and integration.

03

Sustainable Value Chain

- 3.1 Sustainable supply chain management
- 3.2 Products and services
- 3.3 Development of green, sustainable, and innovative products
- 3.4 Customer relationship maintenance



◆ Material topic



Value chain management is an important approach for CHR to spread the idea of sustainability. It covers suppliers, CHR, and customers. We encourage suppliers to increase the proportion of green raw materials and enhance their awareness of social responsibility through the supplier appraisal system and Supplier CSR Commitment. In addition, we work with customers to develop sustainable products and obtain international certifications by implementing customer relationship management to jointly promote the applications of green value products. We are dedicated to the research and development of green materials and setup of dedicated production lines to extend our green corporate culture to the

entire value chain, enhance sustainable synergies on both supply and demand ends, and achieve the synergistic benefit of “1+2 > 3”. To ensure the effectiveness of value chain management, we continue implementing supplier appraisal and perform customer satisfaction surveys. We plan to introduce more diverse measurement aspects in the future, including process management, collaboration models, information integration, and response speed. This can help us respond to the rapidly changing external environment and enhance the sustainability, resilience, and benefit of the value chain.



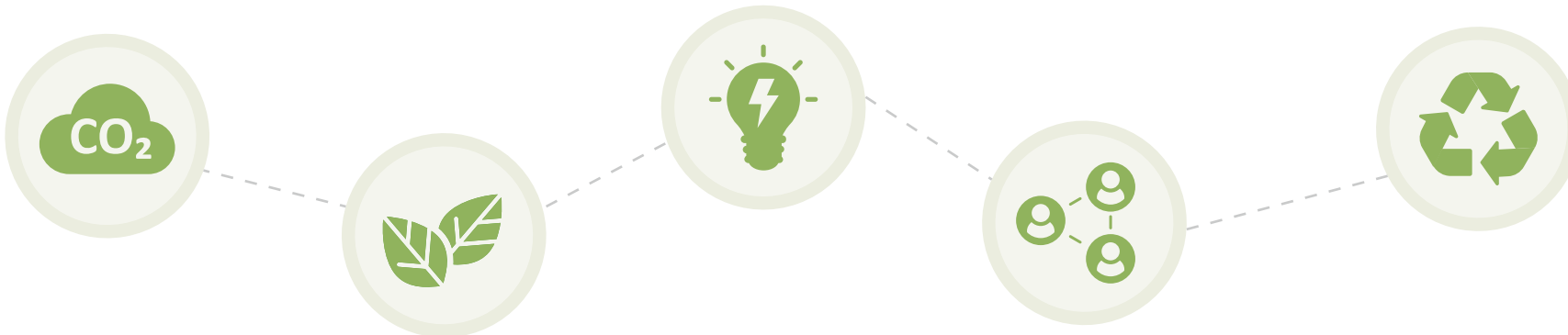
3.1 Sustainable supply chain management

Suppliers are part of our essential business partners, especially raw material and equipment suppliers. We attach great importance to the overall sustainability values of our supply chains. To improve the sustainability and supply capability of the suppliers, we have implemented the supplier appraisal system and strengthened supply chain management to enhance the quality and green capability of the supply chains.

◆ 3.1.1 Sustainable supply chain strategies

As the global supply environment becomes more complex and climate risks continue to rise, companies can respond to these changes robustly and achieve their vision of sustainability only by building a resilient supply chain. With the “enhancement of supply resilience” as the core strategy, we conduct material shortage risk assessment proactively, deepen the technical collaboration with suppliers, promote the development of low-carbon and special materials, and ensure a stable supply through regular assessment.

Core Strategy	Implementation Plan	Approach	Results
Enhancement of supply resilience	Periodic supplier appraisal	Appraisal is conducted against metrics such as quality and delivery time every six months. Two suppliers are selected randomly for supply audit and improvement is required for deficiencies to reduce risks.	3.1.2.1 Management process 3.1.3.2 On-site audit of suppliers
	Technical exchange with suppliers	We share the latest materials on the market and the regional supply trends with suppliers through technical exchange to enhance supply connections and respond to market changes rapidly.	3.1.4.1 Technical exchange with suppliers
	Material shortage risk assessment	The system sets a material shortage risk reminder to ensure responding in advance.	3.1.3.1 Risk management
	Development of low-carbon and special materials	We focus on the acquisition and application of green and low-carbon materials. The R&D department develops low-carbon products.	3.1.4.2 Collaboration with suppliers for improvement



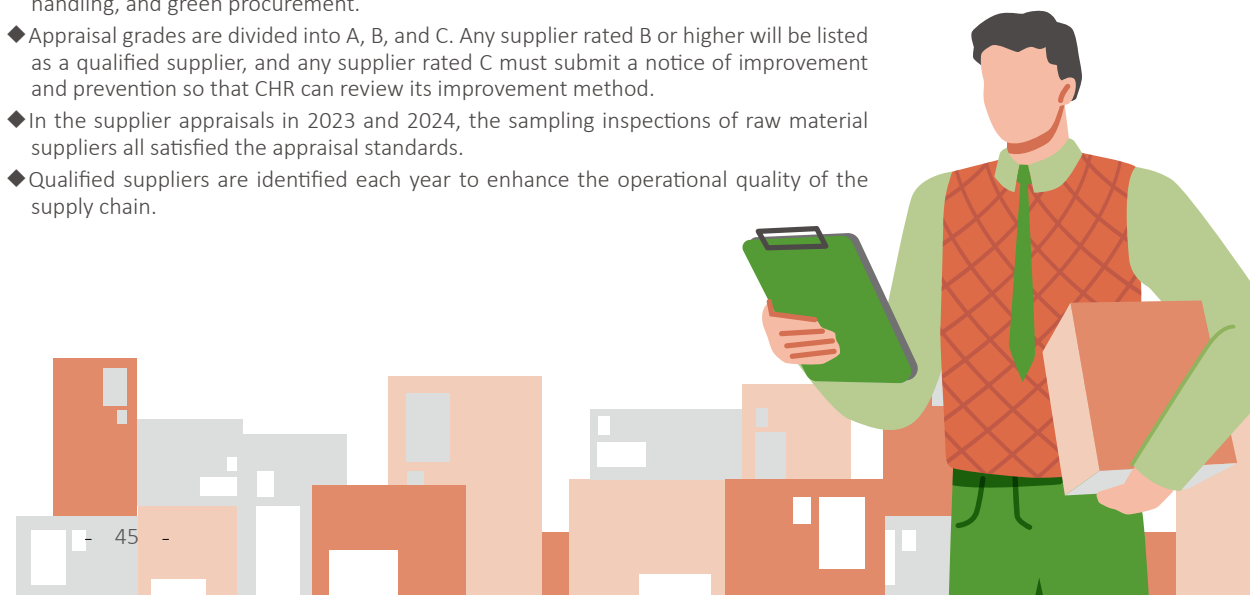
◆ 3.1.2 Sustainable supply chain management

◇ 3.1.2.1 Management process

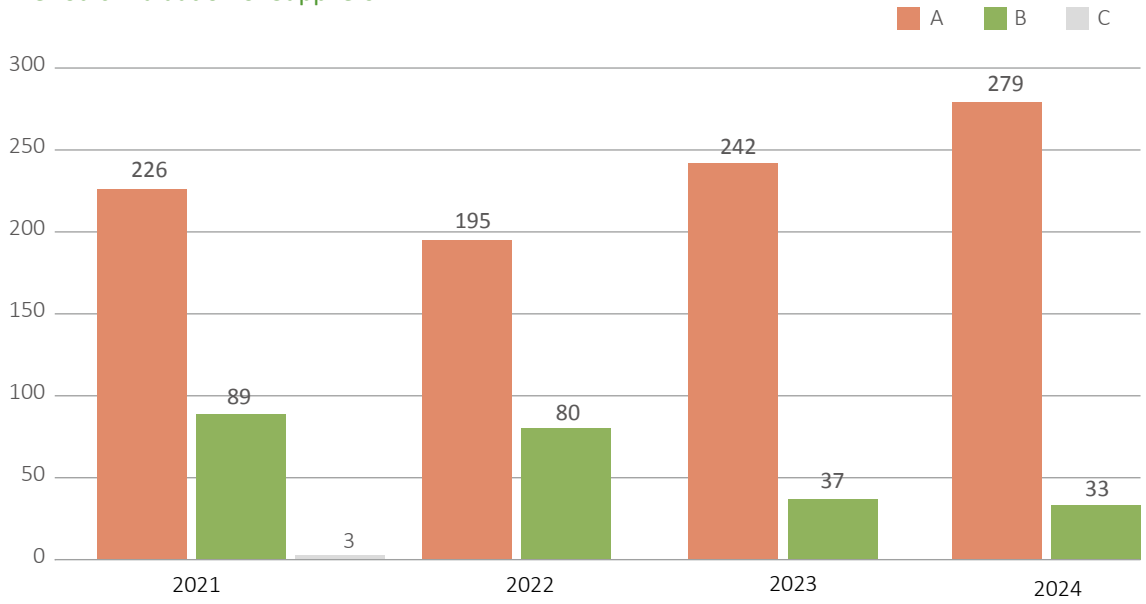
The main purpose of the supplier evaluation is to ensure the quality of our raw materials and stable production. We conduct supplier evaluations on a regular basis and require the suppliers that fail to meet the criteria to make improvements. During these years, with the spirit of sustainable development, CHR has implemented the supplier appraisal system and qualified supplier management mechanism to strengthen the supplier capability.

In the supplier appraisal, written self-evaluations are selectively given for the main manufacturers and important products, and on-site evaluations are carried out if necessary. Those with records of postponement of delivery, poor quality or violation against any industrial safety regulations are considered as the first-to-be-appraised suppliers. The supplier appraisal does not only apply to the existing suppliers. We also adopt the system for the review of new suppliers, and those meeting the relevant standards can also become qualified suppliers.

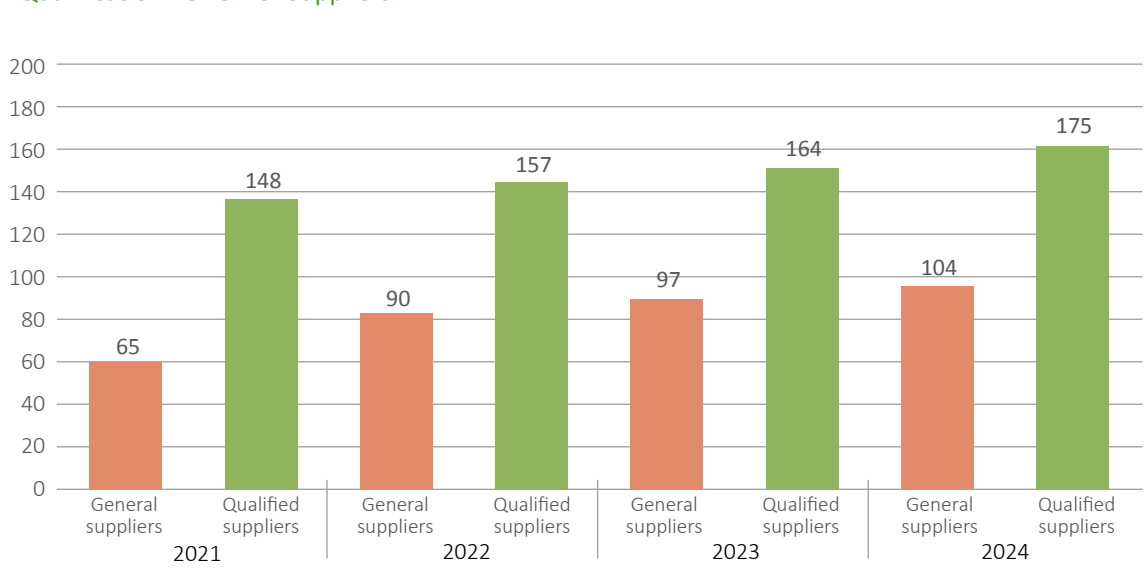
The features of CHR’s suppliers are divided into raw material suppliers, equipment suppliers, outsourcers for construction and maintenance of factories, waste handling suppliers, human resource outsourcers and service outsourcers. When determining key suppliers, suppliers that have a significant impact on the quality and delivery of the products manufactured by the Company, or whose procurement amount reaches a certain number or percentage, are listed as important suppliers that must be managed.



Periodic Evaluation of Suppliers



Qualification Review of Suppliers



3.1.3 Supplier CSR Commitment
(GRI 2-23, GRI 2-24)

CHR has entered into the “Supplier CSR Commitment” with the suppliers, asking the suppliers to have commitments on the code of ethics regarding labor rights and human rights, environmental protection and business integrity to carry out the CSR of suppliers. This is also one of the required criteria of the supplier appraisal. In 2023 and 2024, 188 and 209 Supplier CSR Commitments were distributed, and 153 and 169 signed Commitments were retrieved. The rate of signature in these two years was 81.38% and 80.86% respectively. After the strategy meeting in 2024, we will enhance the ESG appraisal in response to the current concept of sustainable supply chain and implement it in 2025.

Management aspect	
Environment	» Environmental regulations » Hazardous substances » Disposal of waste and toxic substances
Society	» Child labor » Salary regulations » Forced labor » Occupational Safety » Discrimination » Freedom of association
Governance	» Confidentiality » Fair trade » Ethical management

Supplier CSR Commitment Form

CHANG HORING RUBBER CO., LTD.

Supplier Name: _____

Signature: _____

Date: _____

◇ 3.1.3.1 Risk management

The Company conducts assessment in three aspects of “operational risk,” “work risk,” and “material shortage risk” to enhance supply chain resilience and sustainable management and fully understand the risk status of the suppliers. When the assessment result shows a higher risk, the supplier improvement mechanism will be launched, including project consultation, supplier audit, and goods replenishing mechanism, to ensure stable operation of the supply chain and achieve the sustainable development goals of the Company.

Risk Source	Identification Timing	Risk Identification	Responsive Measures
Operational risk	Year-end strategy	Prohibition of low-molecular-weight fluoride, which may affect the quality of the product, is planned according to EU PFAS regulations.	The R&D Center launches an improvement project for adjustment of the formula and communicates the effect with customers.
Work risk	Supplier evaluation performed every six months	None	
Material shortage risk	As needed	Single supply and rationing issues	Future order forecasts are confirmed and the inventory level is increased accordingly.

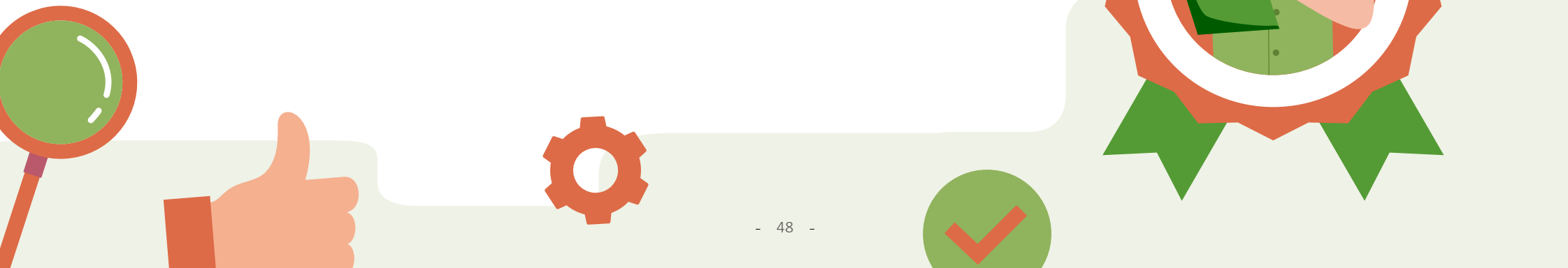


◇ 3.1.3.2 On-site audit of suppliers

We have established a complete supplier audit system to ensure that suppliers act in line with the sustainable development goals of the Company, and, through document review and on-site audit, we conduct comprehensive assessment of their manufacturing processes, material management, abnormality handling, environmental protection, labor safety, and accident prevention.

We performed a total of four on-site audits between 2023 and 2024, with two major deficiencies identified in 2023. We have assisted suppliers in proposing improvement plans and followed up on their implementation continuously. The result of the audit in 2024 has been summarized and incorporated in the supply chain sustainability management mechanism to improve the overall ESG performance of the supply chain.

Year	Category to Be Improved	Item to Be Improved	Supplier’s Improvement Measures
2023	Manufacturing process	The process temperature exceeded control standards	Incorporation into employee education and training
	Abnormality handling	Conforming and nonconforming products were mixed in storage	Separate storage areas for conforming and nonconforming products
2024	Equipment maintenance	The refilling standards of machine lubricant was not clear	Incorporation of lubricant model and refilling amount standards in the procedure



◆ 3.1.4 Collaboration in supply

◇ 3.1.4.1 Technical exchange with suppliers

The Procurement Department contacts with suppliers for technical exchange with low-carbon products as the core and discusses the features and trends of raw materials. A total of 15 and 13 exchange sessions were held in 2023 and 2024 respectively, and 3 and 1 research reports were published internally afterwards. The results were successfully applied in the formulas of new products.

◇ 3.1.4.2 Collaboration with suppliers for improvement

Improvement Project	Collaboration	Actual Benefit
Improvement of EVA-based POF bags	To reduce the disposal amount of discarded plastic bags in the factory, we cooperated with suppliers to develop EVA-based POF bags that are suitable for our application scenarios. These not only reduce the plastic waste effectively, but are also used in packaging materials of agent packets.	7,209 kg of plastic wastes are reduced every year.
Improvement of anti-sticking agent	To reduce the use of raw materials and improve the on-site working environment, we cooperated with suppliers to develop anti-sticking agents that are suitable for our application scenarios and used them in the on-site operations.	Currently, the test result shows that the appearance is cleaner and the anti-sticking effect is better. However, the product is under testing and the project has not been closed yet.
Improvement of low-carbon materials	To reduce external carbon emissions and achieve the goal of green and sustainable products, we exchanged technology with suppliers to develop low-carbon materials that meet our needs, on the premise that they will not compromise the quality of the product, thereby ensuring carbon reduction at the product end and sustainable development at the end of the supply chain.	» 83,183 kgCO₂e of carbon were reduced in 2023 and 2024. » A total of six low-carbon materials were developed and applied to 176 formulas in 2023 and 2024, creating revenue of NT\$44 million.



3.2 Products and services

◆ 3.2.1 Product features and industrial applications

(GRI 2-6)

We focus on the research, development and sale of rubber compounds and provide customized formulas to meet customers' standards and needs. Rubber materials are widely used in industries including semiconductor, aerospace, electrical machinery, medical care, food, drinking water, automobile, and petroleum. We participate in customer product development and process optimization to help them improve their product competitiveness.



Semiconductor Industry

We provide FFKM, FKM, AFLAS, FVMQ, and other rubber materials for production of the Bonding Slit Valve Door and O-rings used in the semiconductor industry.

Pharma

All of our silicone rubber materials have passed the USP Class VI test.

Consumer Products

We provide a wide selection of consumer products such as kitchenware, keyboards, and watch straps.

Aerospace Industry

We provide rubber and material that are resistant to high/low temperature and aviation fuel such as FVMQ and FKM.

Rail Transportation

We are close to becoming a provider of comprehensive solutions for the rail transport industry including the braking system and transmission system.



Automotive Industry

Our products are in compliance with various standards for automotive materials including DBL, FORD, GMW, and VW2.8.1.



Oil and Gas

We provide products that meet the RGD H2S requirements for application in the oil drilling industry.



Chemical Industry

We provide rubber materials with excellent chemical resistance, such as FFKM, AFLAS, ETP, FKM, EPDM.



Heavy Industry Products

Our products have been used in the manufacturing of excavators and forklifts. They have also been widely used by our customers in high-pressure-resistant oil seals and V-rings.



Food and Beverages

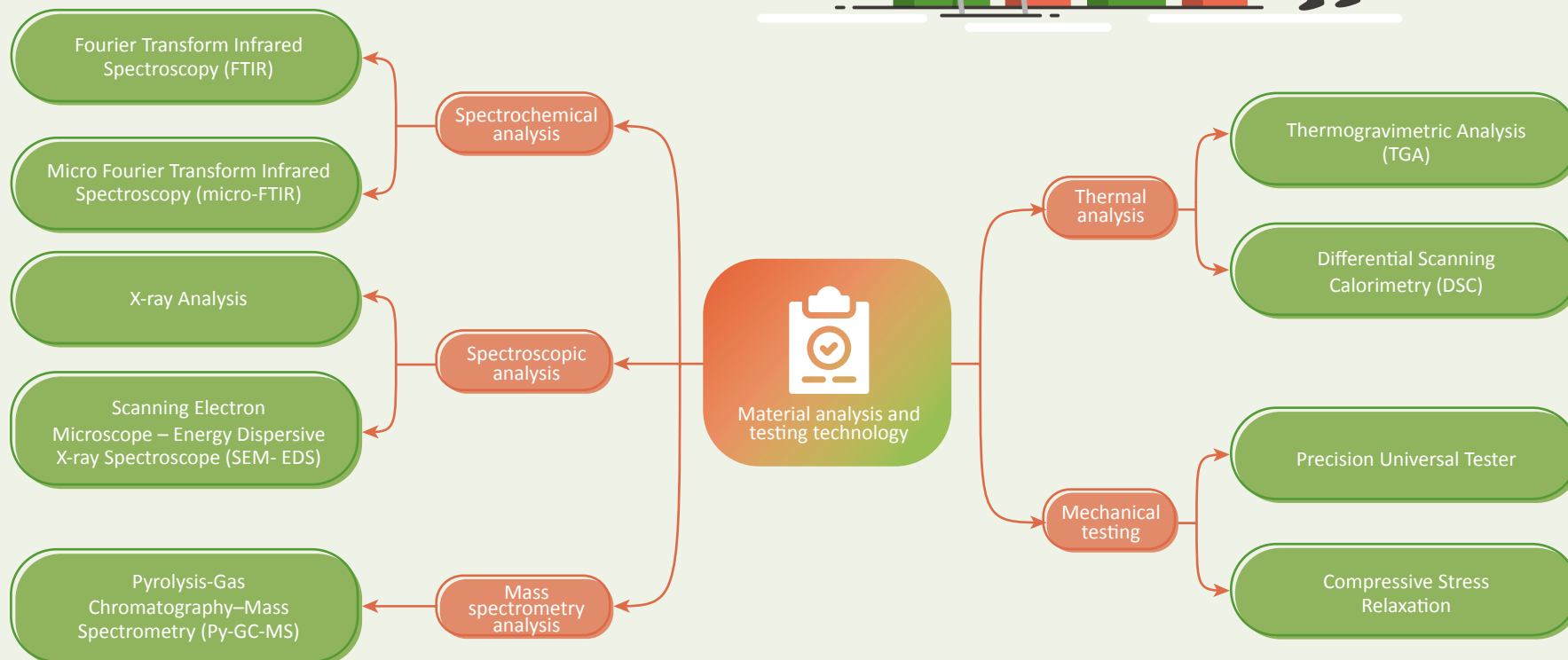
We provide products that have met the FDA requirements for food and received national certificates for drinking water such as WRAS, KTW, ACS, KIWA, and NSF.



Product Line	Features	Applications
Nitrile Butadiene Rubber (NBR)	Resistant to wear, oil, water, and solvents	Automobile, machinery, petroleum
Ethylene Propylene Diene Monomer (EPDM)	Resistant to ozone and sunlight, insulating, good elasticity at low temperature, chemical resistant	Brake fluid system, sealing element, drinking water
Hydrogenated Nitrile Rubber (HNBR)	With the characteristics of NBR, resistant to heat and ozone, chemically and mechanically resistant	Automobile, refrigeration
Fluorocarbon Rubber (FKM/FPM)	Resistant to high temperature, oxidation, ozone, weather, aromatic compounds	Automobile, chemical engineering, aerospace, petroleum
Perfluoroelastomer (FFKM)	Strongest resistance to chemicals, high temperature, ozone, acid, alkali, mineral oil, and fuel oil	Semiconductor, chemical engineering, aerospace, petroleum
Fl-silicone Rubber (FL-Silicone)	With the characteristics of silicone rubber, better weather resistance and dielectric features, non-flammable, no color or smell.	Automobile, aerospace, food, electronics
Silicone	Resistant to heat, ozone, sunlight chemicals, and solvents	Automobile, aerospace, food, electronics
Polyacrylate Rubber (ACM)	Resistant to high temperature, lubricants, weather, and ozone	Automotive sealing element
Ethylene-Acrylic Rubber (AEM)	Resistant to heat, mineral oil, fluid, and weather, low compression set	Auto parts, substitute for HNBR and FKM
Chloroprene Rubber (CR)	Resistant to sunlight, ozone, and seawater	Automobile, cable
Butyl Rubber (IIR)	Resistant to chemicals, polar fluids, and ozone, insulation	Capsule, cable, shock absorption
Carboxylated-Nitrile (XNBR)	With the characteristics of NBR, better wear resistance	Wipers, rubber rollers
Polyurethane Rubber (AU/EU)	Resistant to lubricant fuel oil and solvents, high elasticity, high wear resistance	Machinery
Epichlorohydrin Rubber (ECO)	Resistant to lubricants and fuel oil, low softness, weather resistant	Automobile fuel parts, industry

◆ 3.2.2 Advanced R&D equipment

We place much importance on research and development. In addition to actively investing in advanced R&D and analysis equipment and conducting vertical integration of upstream and downstream raw materials, we have professional R&D teams that work together to develop high-performance rubber materials and create higher value for every customer.



◆ 3.2.3 TAF accredited laboratory

The CHR owns a professional lab that is TAF (ISO/IEC 17025) certificated. We have excellent testing equipment that meet the rubber standards of ASTM (USA), ISO (EU), JIS (Japan), and DIN (Germany). With credible data, we assist our customers to meet the strict demands of their international customers in shorter time. We provide our customers with most trusted technical information of all sorts.

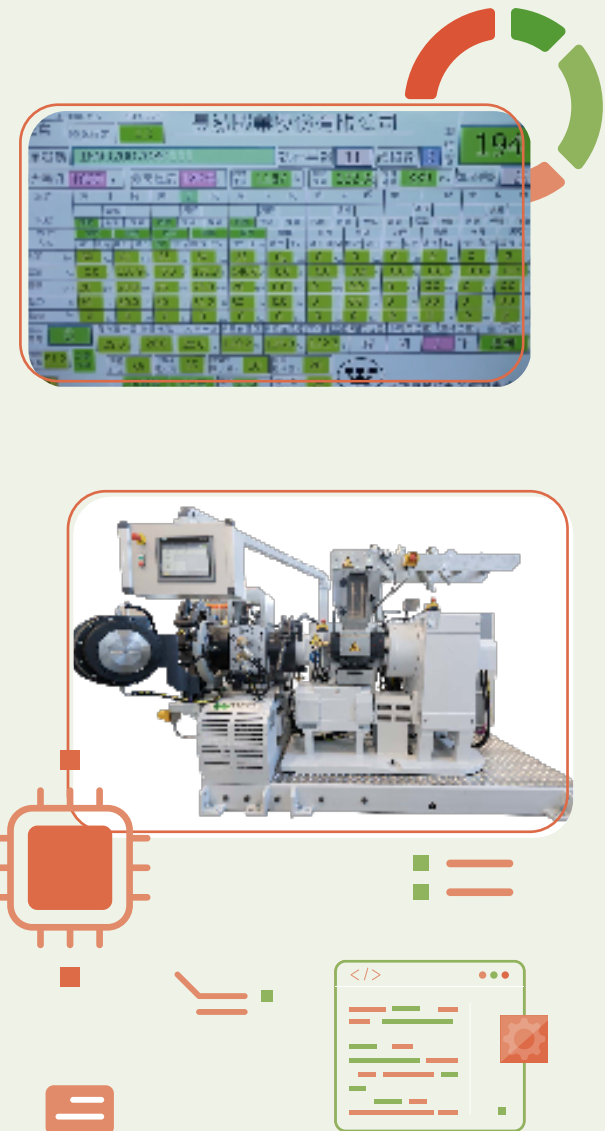


◆ 3.2.4 CHR smart manufacture

To get the utmost out of the supply chain, we have integrated customer and supply chain benefits and applied them to our manufacturing process to create a product traceability system, automated warehousing, and smart manufacturing. We are active in purchasing the most advanced production equipment and increasing production capacities to meet the needs of customers and achieve the goals of sustainable development.

◇ 3.2.4.1 Advanced automated production machines

In response to the increasing needs of customers and in consideration of the Company's long-term development, we continue to increase the production capacity and actively introduce advanced equipment for overall upgrade of the rubber compounding process. We have currently two German HF Banbury mixers and seven VMI filters. Their excellent cooling efficiency and high-precision temperature control capabilities facilitate significant improvement of the compounding quality and stability. They work in conjunction with the automatic control system developed jointly with equipment providers and can feed materials automatically and start the automatic production process simply by scanning the QR code and pressing the start button, thereby reducing the burden of the workers, optimizing the working environment, and achieving a traceable intelligent production process of high efficiency and quality. The introduction of these advanced facilities can strengthen our process competitiveness and lay a solid foundation for sustainable operations.

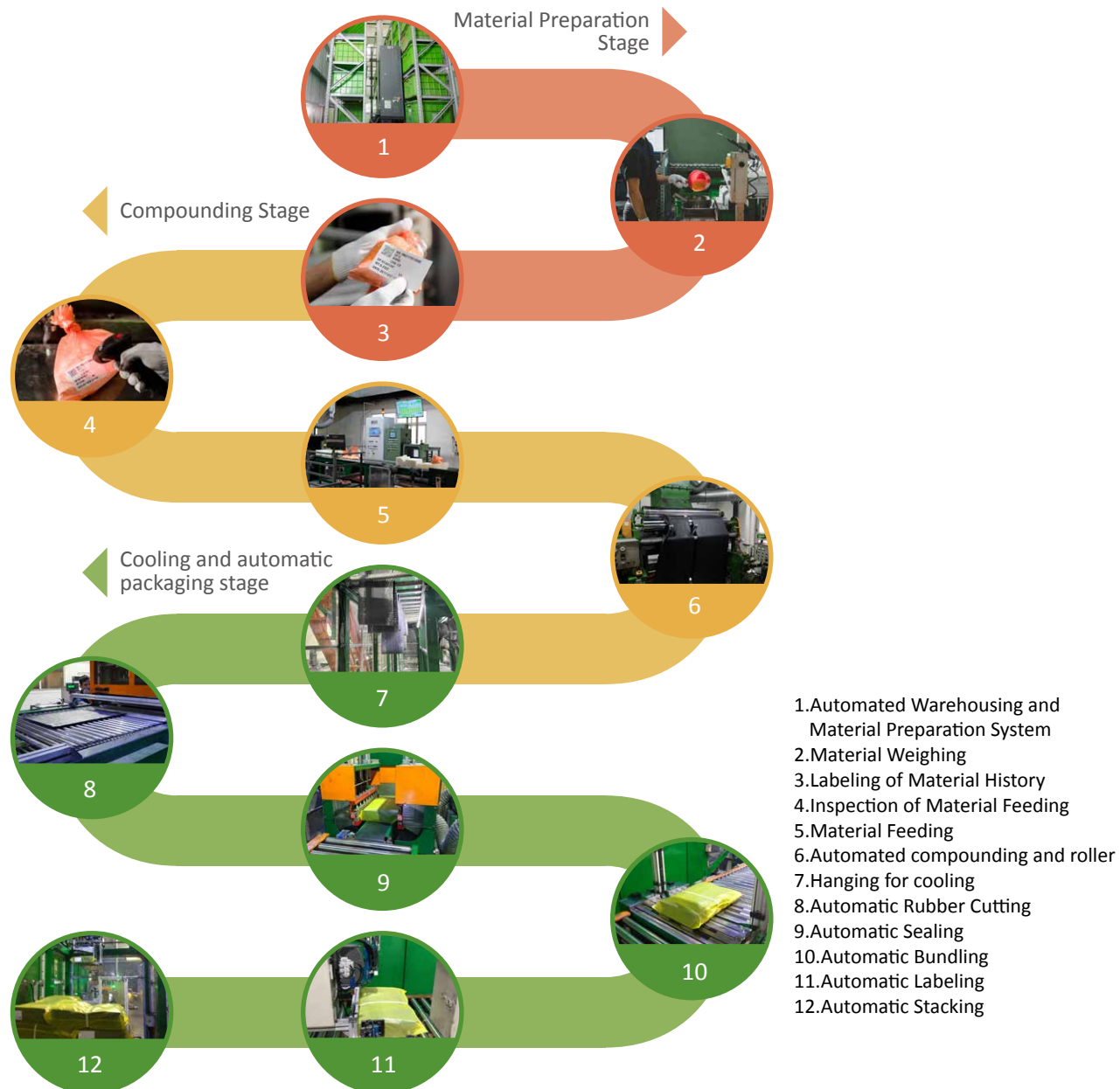


◇ 3.2.4.2 Intelligent production

With the aim of Industry 4.0, CHR has been planning manufacturing automation engineering and pursuing improvement on a continuous basis to move toward a smart factory. In the last five years, we have been dedicated to automatic warehousing, measuring systems, rollers, hanging for cooling, sealing and bundling, attachment of labels, and stacking. As of 2024, the percentage of automation in the model production line had reached 75%.

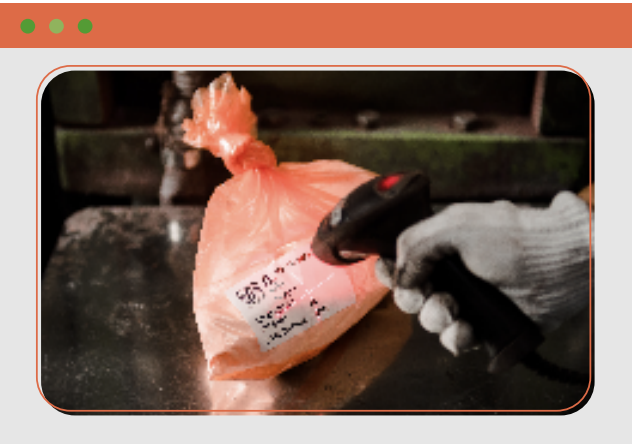
Material preparation phase: The system executes a program-based review and records the material reweighing process before production to make sure that the weight and type of the recycled raw materials are correct. Then, the system executes the agent feeding process formally to ensure the correctness and consistency of the raw materials used.

Compounding phase: The operator scans the QR code on the work order and the system automatically retrieves the parameter settings needed for each process stage from the database, including the oil and powder measurement data needed for the compounding process and the number of thinning in the subsequent roll process. All the parameters are automatically transmitted to the corresponding equipment. The operator only needs to start the equipment to perform automated production according to system commands. This can reduce human errors effectively and improve the process stability and the precision of the operation.

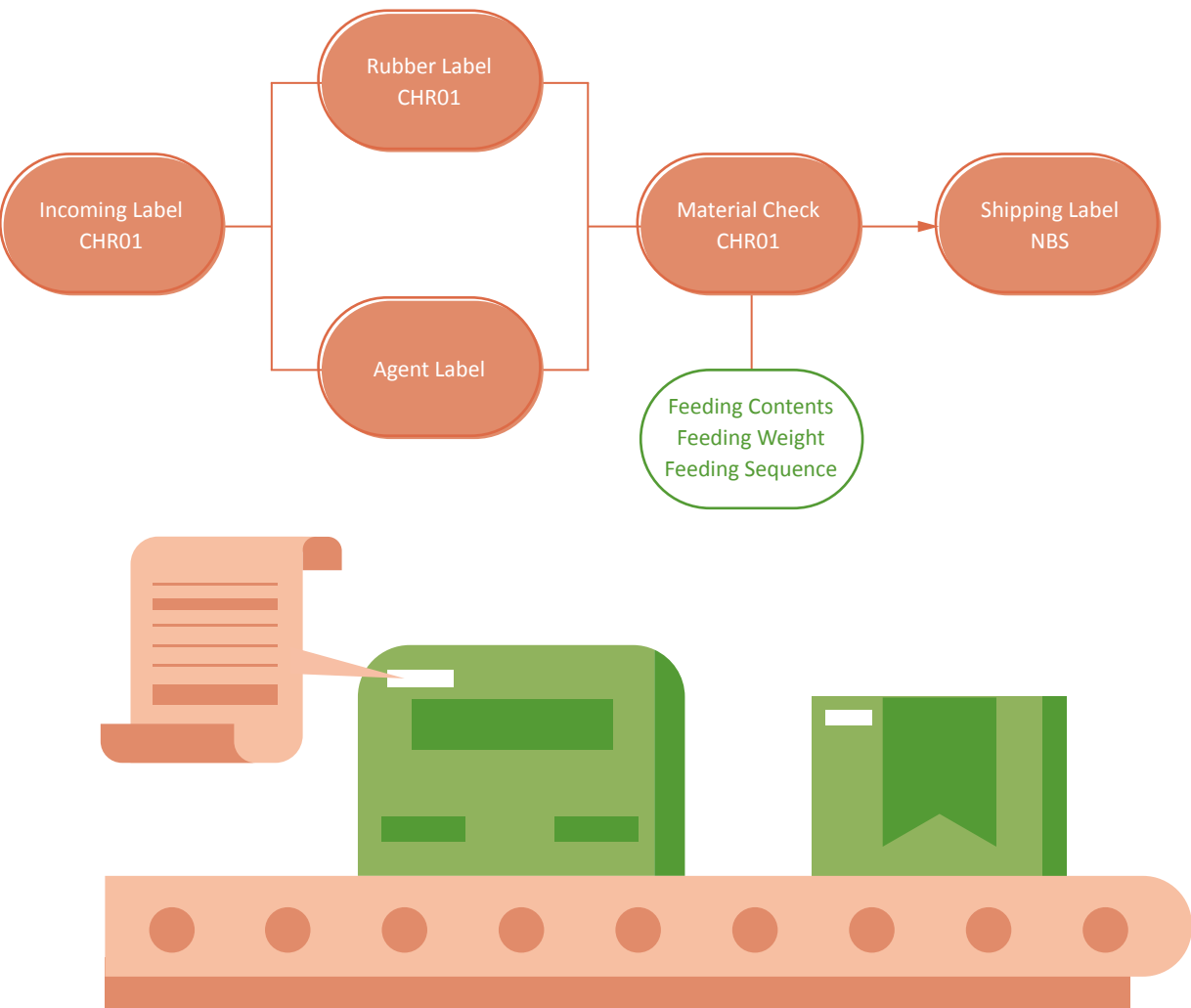


◇ 3.2.4.3 Establishment of the production history system
(GRI 417-2, GRI 417-3)

We have established a complete electronic management process and introduced an electronic labeling system for the entire process from the purchase of raw material to the shipment of finished products, thereby converting complex production information into a simple and clear operation method. The user only needs to scan the label to retrieve the complete product information immediately, including the production history, supplier information, and expiration date. Each product has its own unique “ID card”, which records the people, matter, time, place, object, and quantity in detail to allow instant query and full traceability. From the foundation of the Company to 2024, there has been no violation of the regulations related to product information and labeling, as well as marketing and dissemination.



• CHR production history system



3.3 Development of green, sustainable, and innovative products

(GRI 416-1, GRI 416-2, SASB RT-CH-410a.1, SASB RT-CH-410b.2)

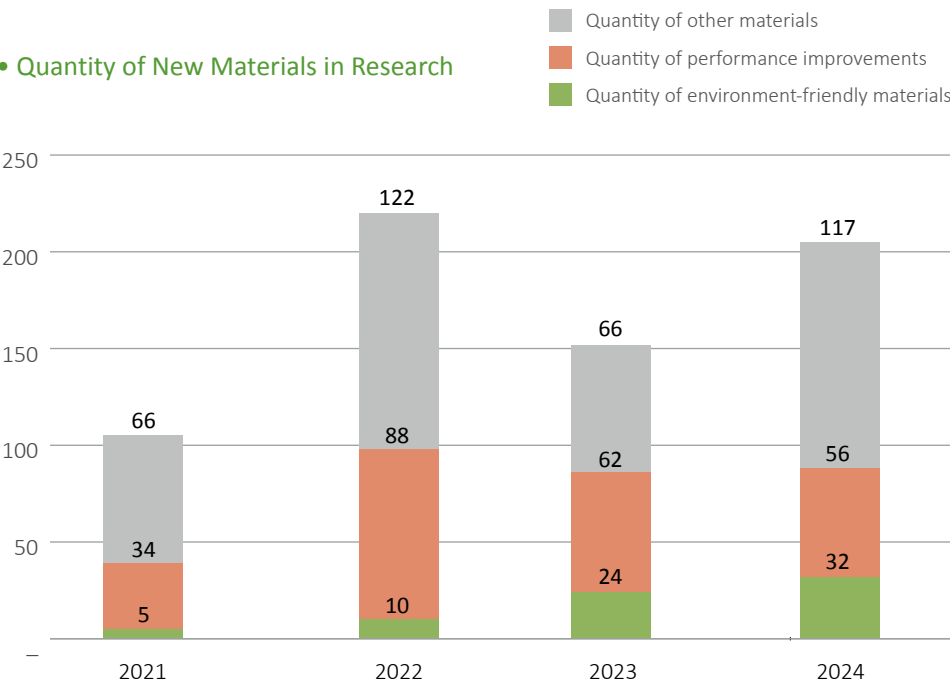
We continue to deepen the “R&D of green, sustainable and innovative products” strategy to achieve the goals of corporate sustainable development. CHR conducts comprehensive innovation from the source of materials to the product life cycle, and is dedicated to reducing environmental impact while creating product value and market competitiveness. For this, all products shipped from CHR are subjected to safety assessment; no legal violations have occurred to date. The following two actions are taken under this strategy.



◆ 3.3.1 Action 1: Research on green sustainable materials

We are actively dedicated to the research of new materials with a focus on materials with low carbon emissions. Innovative materials are incorporated in the product design through scientific experiments and various tests.

• Quantity of New Materials in Research



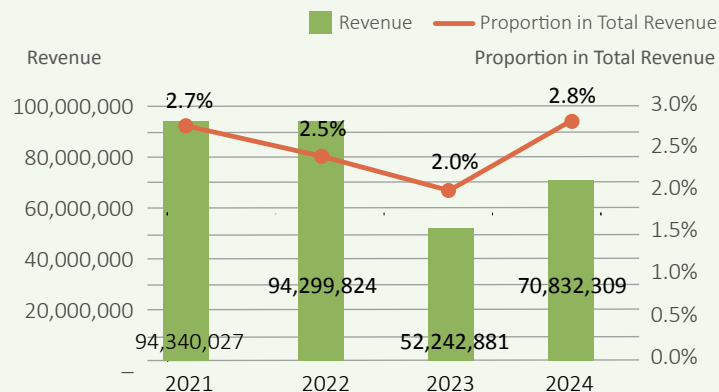
Quantity of new materials in research: The quantity of research conducted on environment-friendly and performance-improved materials within the statistical year.

◆ 3.3.2 Action 2: Development of green sustainable products

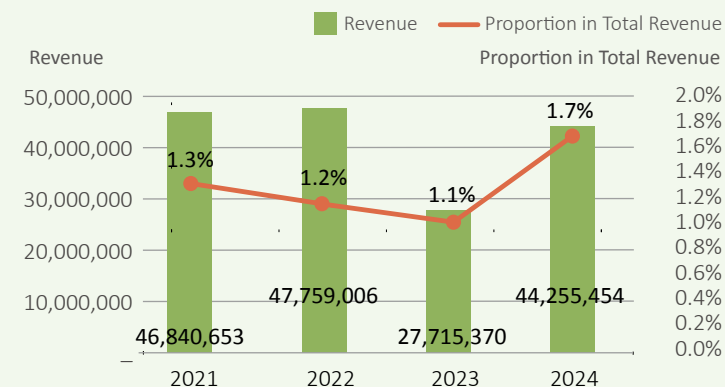
We are dedicated to the systematic development of green products on the basis of material research and incorporating design principles, such as low carbon and improvement of product performance. Furthermore, we actively introduce certified materials that meet the sustainability standards to expand the green product market.

- **Revenue from development of certified materials:** Statistics of sales income from use of products that have passed the certification of environmental protection or sustainability.
- **Revenue from low-carbon products:** Measurement of the proportion and trend of the revenue generated from low-carbon design products (e.g., products with a smaller carbon footprint).
- **Revenue from improvement of product service life:** Extension of the product life cycle through improvement of durability and maintainability design, and follow-up on the sales performance of such products.

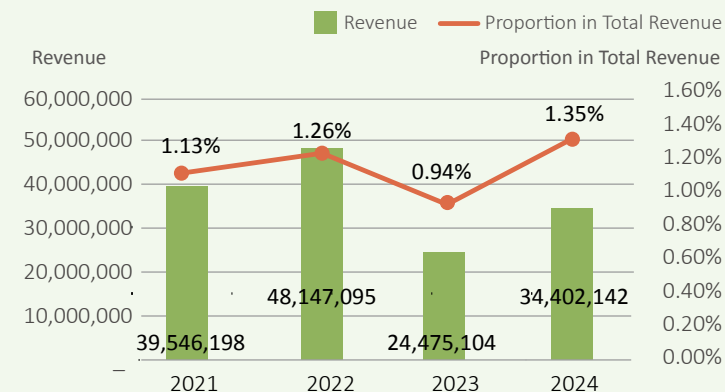
• Revenue from Improvement of Product Service Life



• Revenue from Low-carbon Products



• Revenue from Certified Products



◆ 3.3.3 Multiple certifications

(GRI 2-6)

We are dedicated to developing rubber materials that meet international certification standards; providing professional formula design and independent production line services in fields including drinking water, automobiles, food, and sealing elements; and assisting customers with the improvement of product competitiveness and expansion of the international market.

◇ 3.3.3.1 Drinking water certification

Drinking water related materials must meet strict safety standards to protect public health. Most of the developed countries, such as the United States, the United Kingdom, Germany and France, have set up certification bodies for drinking water equipment and accessories (e.g. NSF, WRAS, KTW, and ACS) We have professional rubber formulation technology and can provide materials that meet these standards.

Considering the potential health risk of nitrosamines, we exclude the accelerant that contains nitrosamines at the formula design stage. We have set up a dedicated drinking water rubber production line to avoid cross-contamination that may be caused by sharing a production line with other products to ensure product safety and stable quality.

◇ 3.3.3.2 Automobile application certification

To meet the high standards of the automotive industry in environmental protection, safety, and legal compliance, we provide rubber formulas that meet multiple international auto manufacturing and material safety standards, including DBL6038, VW, FORD, and VOLVO standards. We can give support to pass the UL 94V0 flame retardant grade tests, FMVSS 302 automobile interior flame retardant standards, and UL 157 automobile gasket and seal safety certifications.

CHR can assist customers with assessment of material compliance, provide complete formula development and certification support, improve product safety, and enhance order receiving capability in the market.

◇ 3.3.3.3 Food-grade certification

Food safety is relevant to the health of people. Rubber materials that come into contact with food must be non-toxic and stable without releasing harmful substances. We develop rubber materials that comply with US FDA regulations (21CFR) and Chinese GB standards (such as GB 4806.11 and GB 9685), and have the ability to assist customers with acquisition of the NSF 51 food-grade certification.

To prevent industrial products from contaminating the materials for food use, we have established an independent food-grade production line to ensure a clean manufacturing process and stable quality that can meet the needs of customers for immediate supply and high-quality materials.

◇ 3.3.3.4 Certification of seals

Rubber seals play a key role in mechanical and automotive equipment. Their performance directly affects the durability and safety of the product. Through advanced formula design, we can develop sealing materials that pass the German EN 549 natural gas and gas equipment standards and help customers obtain the DVGW certification.

These materials have excellent air tightness and durability that can reduce the risk of leakage effectively, extend the service life, and enhance the competitiveness and export opportunities of the products in the European market.

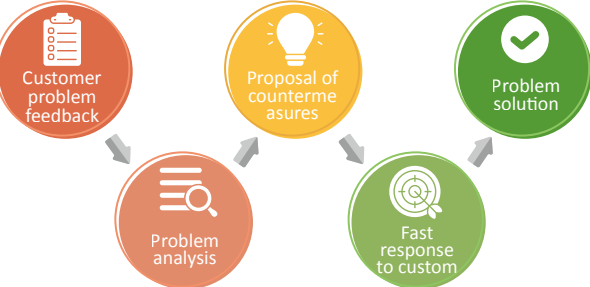


◆ 3.3.3.5 Certification items and materials

Certification Item	LOGO	Detail	Description
Certification of rubber contact with drinking water		NSF (USA)	NSF is a certificate issued by the US National Sanitation Foundation according to the NSF/ANSI/CAN 61 standard for drinking water system components. The compliance testing and evaluation of drinking water contact materials are performed by US laboratories.
Certification of rubber contact with drinking water		WRAS (UK)	WRAS is a certificate issued by WRC-NSF, UK, according to BS6920, the standard for the applicability of non-metallic materials for use in contact with water for human consumption and their impact on water quality. The compliance testing and evaluation of drinking water contact materials are performed by UK laboratories.
Certification of rubber contact with drinking water		KTW (Germany)	DVGW is a certificate issued by the Deutscher Verein des Gas- und Wasserfaches according to the initial material list in the KTW-BWGL, which governs non-metallic and organic materials, Appendix D (Elastomer) and the DIN EN 16421 microbial growth analysis standard. The compliance testing and evaluation of drinking water contact materials are performed by TZW DVGW-Technologiezentrum Wasser laboratories.
Certification of rubber contact with drinking water		ACS (France)	ACS is a certificate issued by the Attestation de Conformité Sanitaire according to DGS/V54 n° 2000/232 of 27/04/2000. What are referred to in the guide are a list of allowed substances that should be observed for the materials to be certified and the test method for the materials that are used in contact with drinking water and meet the requirements of the XP P41-251 standard.
Certification of food equipment materials		NSF (USA)	NSF is a certificate issued by the US National Sanitation Foundation according to the NSF/ANSI/CAN 51 sanitation and safety requirements for food equipment materials. This standard covers many intended applications of food equipment. The compliance testing and evaluation of the composition, structure, and color of food equipment materials are performed by U.S. laboratories to ensure that the materials will not contaminate the food.
Applications of rubber contact with food		FDA (USA)	FDA is the abbreviation of Food and Drug Administration. It is subordinated to the Department of Health, Education and Welfare (USA) and responsible for review and approval of drugs, food, biological products, cosmetics, and medical devices to ensure the safety of products.
Applications of rubber contact with food		GB (China)	The National Health Commission of the PRC integrates current standards of food containers, packaging materials and other related products according to the classification of food related products and the catalog of food safety standards to set up a unified foundation for food contact materials and a product standard system.
Certification of gas seals		DVGW (Germany)	DVGW is a certificate issued by the Deutscher Verein des Gas- und Wasserfaches. It mainly establishes a series of basic standards of physical property, compression set, heat resistance, oil resistance, gas resistance and ozone resistance according to EN549. The compliance testing and evaluation of rubber materials are performed by EBI German Gas Laboratory.
Applications of rubber seal reliability		Product RGD	Products are verified by undergoing Rapid Gas Decompression (RGD) in accordance with ISO 23936-2 after being exposed to a high-pressure gas environment.
Consultation on toxic chemical substances		REACH (EU)	Registration, evaluation, authorization, and prohibition and restriction (control) of chemicals.
		REACH SVHC (EU)	With registration of chemicals as the basis, chemical substances that are carcinogenic, toxic to reproduction, or highly persistent in the environment, and bioaccumulative are listed as Substances of Very High Concern (SVHC) after evaluation and subjected to enhanced control and management.
Consultation on toxic chemical substances		RoHS (EU)	The purpose of the EU RoHS Directive is to prohibit the use of hazardous substances in electrical and electronic products for the protection of health and the environment.
Consultation on toxic chemical substances		PAHs (Germany)	Commonly found in rubber and petrochemical products, such as plastics, the material has potential health risks and is controlled under US EPA, EU REACH, German LFGB, GS Mark and GADSL standards and regulations.
Consultation on toxic chemical substances		UL (USA)	As an independent product safety certification and testing service body, it assess the risks of products and materials to life and property, thereby ensuring the health of people and the safety of property.

3.4 Customer relationship maintenance

Upholding the tradition of helping customers and growing with them, CHR develops sustainable products along with customers and sees the growth of customers as the Company’s own growth. Thus, customers are the first priority of CHR. We take customers’ thoughts very seriously, and in addition to learning the real requirements of customers through customer relationship management, we provide a smooth customer communication channel as well as great customer complaint handling process to solve customer problems in no time. With our extraordinary technology and ability, we can earn the customer’s trust.



◆ 3.4.1 Customer technology information exchange and lectures

CHR’s rubber technology and decades of experience are the fruits of the long-term information exchange and discussion with the customers. Our professional R&D and business teams, with the spirit of growing with customers, help customers to develop the rubber materials they need together and exchange technology information. When customers require training, CHR’s internal instructors are assigned to give lectures to help with the sustainable operations of our customers.

◆ 3.4.2 Implementation of customer relationship management

CHR has formulated an integrated information strategy to provide comprehensive quality marketing. We regularly visit the customers, and the Chairman personally leads the team to brainstorm for the customers’ development requirements. We analyze the current conditions of the customers through the management of the information system and identify the real customer needs based on the systematic statistical data, so as to constantly optimize the service quality to the customers, strengthen customer loyalty, and improve customer satisfaction.

◆ 3.4.3 Sales markets of CHR’s products (GRI 2-6)

Up to the end of 2024, 71% of our rubber compound products were sold domestically, and 29% thereof was exported to Europe, America, Japan, and other developed countries.





◆ 3.4.4 Customer satisfaction survey

To quantify how our customers feel, we conduct a comprehensive customer satisfaction survey every 6 months. The questionnaire is designed elaborately. It includes 13 critical aspects such as product delivery, stability, technology and ability, responsiveness, customer complaint handling, etc. The target for us is to reach an average of 95% (a metric of excellent service) out of the Very Satisfied and Satisfied items. We make in-depth analysis of the items that did not reach the standard and conduct systematic improvement.

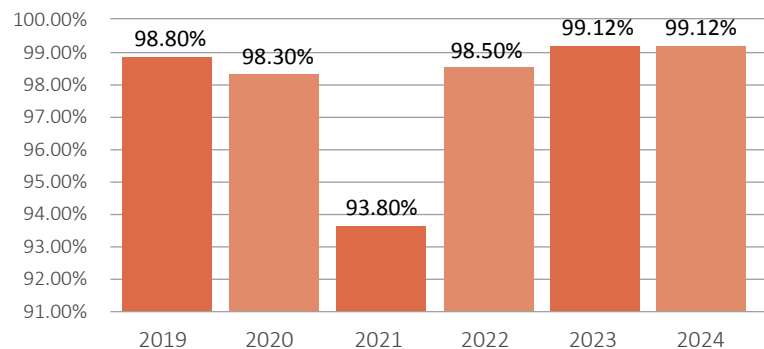
Although we faced the impact of the global epidemic and supply chain challenges in 2021, customer satisfaction rebounded quickly from the low point thanks to our accurate market insights and flexible response strategies. In 2023 and 2024, customer satisfaction continued to rise to a

historical high of 99.12%. This not only significantly exceeds the benchmark in the industry, but also demonstrates the outstanding operational resilience and continuous optimization capability of the Company in a changing market environment.

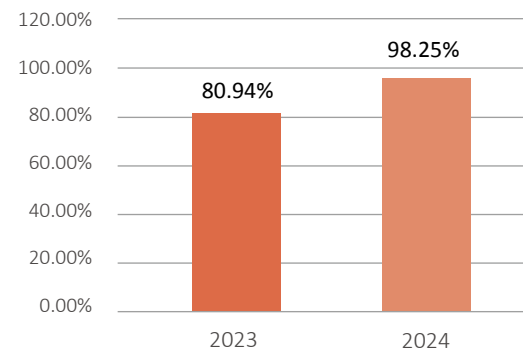
Particularly commendable is the implementation of the comprehensive improvement project in response to the challenges brought about by the relocation of the new factory in Thailand and inadequate experience of the new employees. By enhancing the three weak areas of delivery punctuality, product processing, and quality stability, we successfully increased customer satisfaction in Thailand from 80.94% in 2023 to 98.25% in 2024, with a significant annual increase of 17.31 percentage points.

This achievement demonstrates our organizational capability in crisis management and solution of problems, and reflects the ability of the Company to recover from the adaptation period of the factory relocation and exceed the original service level. Effective personnel training and production process optimization enabled the Company to successfully overcome the challenges encountered at the early stage of the new factory. This fully demonstrates our “customer first” corporate culture and our persistence in maintaining consistent high-quality service in the world.

• Taiwan



• Thailand



04

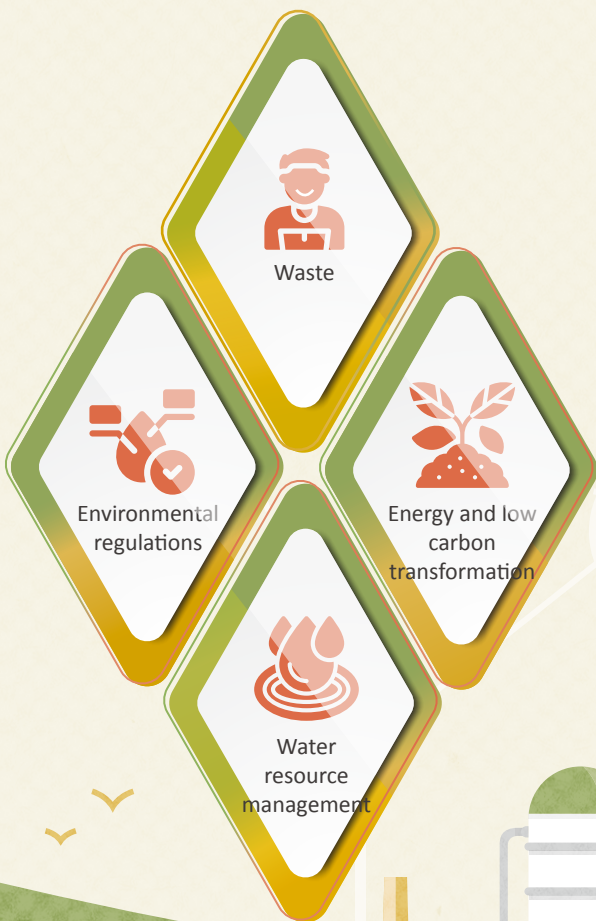
Low Carbon Green Environment

4.1 Task Force on Climate and Nature Related
Financial Disclosures (TCNFD)

4.2 Energy management and carbon reduction



◆ Material topic



Economic development has continuously caused climate change and the greenhouse effect, ozone depletion, acid rain, smog, disappearance of rainforests, desertification and other global environmental issues since the Industrial Revolution. These issues force people to realize that using energy and resources in an unrestrained manner for economic growth certainly will endanger the balance between nature and humanity, and that sustainable development cannot be achieved unless ecological stability can be ensured.



4.1 Task Force on Climate and Nature Related Financial Disclosures (TCNFD)

CHR places importance on the impact of climate change on the environment and enterprises. Based on the four pillars of a management framework advocated by the TCFD, since 2022, CHR has extended the identification of climate-related risks and opportunities as well as the assessment of financial impacts. We have also developed mitigation and remedy measures to improve CHR’s resilience to climate change. The TNFD assessment was added in 2024 to publish the TCNFD Report.

◆ 4.1.1 Climate governance (GRI 2-18)

◇ 4.1.1.1 Board of Directors monitoring of climate and nature related risks and opportunities

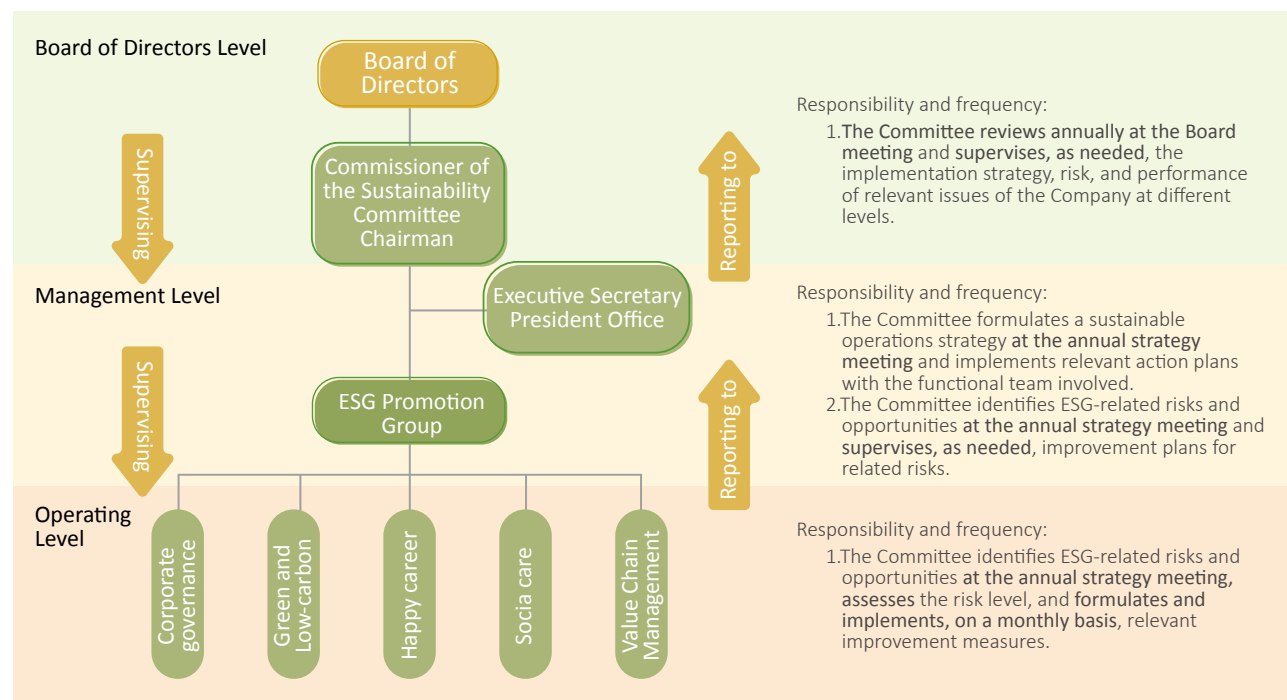
CHR has been sticking to sustainable development. Starting in 2016, the functional Corporate Sustainability Committee (ESG Committee) established under the Chairman’s authorization has been dedicated to the promotion of corporate governance, green sustainability, social welfare and social care in order to realize sustainability and inclusion. The ESG Committee has also been authorized to assist in monitoring sustainable and climate change management actions related to the Company. Every implementation group under the ESG Committee shall report the progress and implementation performance of each activity to a managerial officer, and the management unit shall make a further report to the Board of Directors.

◇ 4.1.1.2 The role of the managerial officers in the assessment and management of climate-related risks and opportunities

The ESG Committee established by CHR is the highest corporate sustainable development organization of CHR. The Chairman serves as the Commissioner of the ESG Committee, and the President Office acts as its staff and executive unit responsible for the operations of the Committee,

project coordination, and data collection. The ESG promotion team, on the other hand, is formed by the heads of the departments concerned. It shall, depending on the nature of each department, lead participation in strategy development, risk identification, risk assessment and improvement activities related to the sustainability and climate actions taken by the functional teams.

● CHR climate governance structure



◆ 4.1.2 Climate and nature strategies

◇ 4.1.2.1 Climate-related

▽ 4.1.2.1.1 Collection of climate-related risks and opportunities

Risk and Opportunity Description	Risk and Opportunity Category	Impact Duration
Frequent typhoon disasters resulting from climate abnormalities	Physical risk - Immediate	Short
Flood	Physical risk - Immediate	Short
Rising average temperature	Physical risk- long term	Long
Rising sea level	Physical risk- long term	Long
Solar power generation	Opportunity - energy source	Long
Promotion of low-carbon products and services	Opportunity - products and services	Long
Increasing customers' carbon reduction awareness with low-carbon products as a purchase criterion	Transition risk - market	Moderate
Imposition of a carbon fee or tax	Transition risk - policy and regulations	Moderate

▽ 4.1.2.1.2 Assessment of physical risks (climate scenario analysis)

By referring to the IPCC AR6 SSP5-8.5 scenarios, a physical risk analysis is conducted regarding typhoon disaster, flood, and rising temperature and sea level with Taiwan CHR and Thailand CHR, respectively as the targets.

Physical risk	Definition of Impact	Taiwan Factory	Thailand Factory
Typhoon	1. Only strong typhoons have significant impact. 2. Impact path to the factory	According to TCCIP data, the occurrence rate of strong typhoons is about 20%. According to TCCIP statistics, there are five types of typhoon paths that may affect Central Taiwan, with an occurrence probability of 49%. Hence, the probability of strong typhoons impacting Central Taiwan is 9.8% in terms of the path. The risk level is low as assessed	There is no impact of typhoon and the risk level is low
Flood	The significance is determined with 200 mm / 24 hours on a heavy raining day as the basis.	According to TCCIP's SSP5 scenario simulation data, the annual maximum daily rainfall in the medium team is 176 mm, the number of days with heavy rain is 0.5, and the probability of heavy rain is 0. The risk level is low as assessed.	According to Worldbank's SSP5 scenario simulation data, the annual maximum daily rainfall in the medium team is 58 mm, the maximum five-day average cumulative rainfall is 134 mm, and the probability of heavy rain is 0. The risk level is low as assessed.
Temperature	According to the announcement of the Central Weather Administration, Only a temperature at 36°C or above in Taiwan has significant impact. According to the local definition in Thailand, only a heat index of 33°C or above has significant impact.	In contrast with TCCIP's SSP5 scenario simulation data, the mid-term maximum daily temperature reached over 36°C to the yellow light level. The HWDI shows 65 days, accounting for 71% of the summer days. The risk level is moderate as assessed.	In contrast with Worldbank's SSP5 scenario simulation data, the probability of the mid-term heat index reaching over 35 is 74% to the yellow light level; the probability of reaching over 41 is 23% to the orange and red light levels. The risk level is moderate as assessed.
Sea level	The impact is determined based on whether the factory building is flooded.	Based on the Google Earth measurement, Taiwan Factory is located at an altitude of 5.22 meters. According to Worldbank's SSP5 scenario simulation data, the sea level in Taiwan's economic zone rises by of 0.44 meters at maximum. According to the announcement of the Central Weather Administration, the maximum tidal height in Taichung is 2.96 meters, and the sum of both is 3.4 meters, which is lower than the altitude in the place where Taiwan Factory is located. Hence, the impact probability of the rising sea level is zero, and the risk level is low as assessed.	Based on the Google Earth measurement, Thailand Factory is located at an altitude of 91.36 meters. According to Worldbank's SSP5 scenario simulation data, the sea level in Thailand's economic zone rises by of 0.49 meters at maximum. According to the tide-forecast data, the maximum tidal height is 1.2 meters, and the sum of both is 4.39 meters, which is lower than the altitude in the place where Thailand Factory is located. Hence, the impact probability of the rising sea level is zero, and the risk level is low as assessed.

▽ 4.1.2.1.3 Assessment of the transition risk

The transition risk is assessed with reference to the IPCC AR6 SSP1-1.9 scenarios. The risk faced by enterprises is analyzed assuming that both government and the company are very actively implementing low-carbon transformation.

Transition risk 1: Increasing customers' carbon reduction awareness with low-carbon products as a purchase criterion

This transition risk is what enterprises are facing. Some customers have selected low-carbon products as one of their purchase criteria. Under the pressure of carbon taxes or fees to be burdened by 2030, demand will begin to increase gradually and the impact is expected to account for 4.7% of the total revenue. The risk level is moderate as assessed.

Transition risk 2: Imposition of a carbon fee or tax

Country	Criteria	Scenario
Taiwan	Assuming that a carbon fee of NT\$300 per ton of carbon is imposed on emissions of more than 25,000 tons.	Taiwan Factory's emissions are approximately 5,330 tons, far less than the imposition criteria. Assuming that the government lowers the tax-free threshold to 5,000 tons in 2030, the carbon fee imposed will be far less than 0.1% of the turnover. The risk level is low as assessed.
EU	The fee is imposed based on the steel, aluminum, cement, fertilizer, hydrogen, and electricity industries, at a rate of about NT\$2,500 per ton of carbon.	If the carbon tax is levied in 2030, the amount levied is far less than 0.1% of CHR's turnover as calculated based on our carbon footprint and the products sold in Europe. The risk level is low as assessed.
The USA	In addition to EU-regulated industries, those related to fossil fuels, refined petroleum products, glass, and pulp are included and a charge of about NT\$1,800 per ton of carbon is imposed.	If the carbon tax is levied in 2030, the amount levied is far less than 0.001% of CHR's turnover as calculated based on our products sold in the USA. The risk level is low as assessed.



▽ 4.1.2.1.4 Assessment of opportunities

The items that have a moderate or higher level of physical or transition risk are selected for opportunity assessment. Internal feasibility and benefit assessments are then conducted from the perspective of improvement.

Opportunity Category	Opportunity	Feasibility Score	Benefit Score	Opportunity Level
Opportunity - energy source	Solar power generation	4	5	Moderate
Opportunity - products and services	Promotion of low-carbon products and services	3	10	Moderate

▽ 4.1.2.1.5 Analysis on the financial impact of climate change and response measures

Risk Category	Physical risk	Transition risk - market
Climate risk	Rising temperature	Increasing customers' carbon reduction awareness with low-carbon products as a purchase criterion
Impact on CHR	Rising temperature results in increased power consumption for refrigeration and rising electricity expenses and carbon emissions.	Orders will be lost if there are no related low-carbon products.
Impact of risk on finance	Negative financial impact accounts for 0.097% of the revenue	Negative financial impact accounts for 0.03% of the revenue
Opportunity category	Opportunity - energy source	Opportunity - products and services
Climate opportunity	Solar power generation	Promotion of low-carbon products and services
Impact of opportunity on finance	Positive financial impact accounts for 0.22% of the revenue	Positive financial impact accounts for 4.7% of the revenue
Net financial impact	Net financial impact is positive and accounts for 0.123% of the revenue	Net financial impact is positive and accounts for 4.67% of the revenue
Countermeasure	Replacement with equipment that is more energy-efficient, repurchase of solar power, and promotion of energy-saving activities throughout the factory	Development of low-carbon related materials and formulas

◇ 4.1.2.2 Nature-related

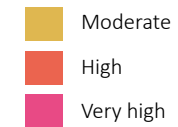
▽ 4.1.2.2.1 Locate

- **L1: Scope definition:** The scope of CHR’s value chain is divided into suppliers, CHR and customers. Since raw rubber and filling agent are CHR’s main raw materials used, both are incorporated in the scope of the assessment. As for main facilities, we have two manufacturing bases in Taiwan and one in Thailand. As for customers, the main sector is the rubber product manufacturing industry; customers that create significant revenue for us are selected as the main assessment targets.

Value Chain Scope	Assessment Scope
Supplier	Raw rubber and filling agent supplier
CHR	Taiwan CHR and Thailand CHR
Customer	Customers whose cumulative revenue in domestic and overseas markets accounts for 50% or more

• L2: Screening by dependency and impact

With reference to the ENCORE database to identify the potential moderate and high nature dependency and impact within the scope of the value chains.



Value Chain Scope	Main Industry	Dependency							Impact					
		Water supply	Rainfall pattern regulation service	Soil and sediment retention service	Water purification service	Water flow regulation service	Flood control service	Storm mitigation service	Interference	GHG emissions	Non-GHG emissions	Solid waste	Water / soil pollution	Water consumed
Supplier	Primary plastics and synthetic rubber	D1	D2	D3	D4	D5	D6	D7	M1	M2	M3	M4	M5	M6
	Production of refined petroleum products	D1	D2	D3	D4	D5	D6	D7	M1	M2	M3	M4	M5	M6
CHR	Manufacturing of rubber products	D1	D2	D3	D4	D5	D6	D7	M1	M2	M3	M4	M5	M6
Customer														

Dependency

D1: Water supply

The manufacturing industry depends on the water supply services that an ecosystem provides to ensure sufficient quantity and quality for cooling and cracking chemical substances.

D2: Rainfall pattern regulation service

The common types of plastics and synthetic rubber products are produced in dependence of ecosystem-based rainfall pattern regulation to ensure water supply from rivers and other sources and mitigate the flooding and loss risks of facilities.

D3: Soil and sediment

The common types of plastics and synthetic rubber products are produced in dependence of soil and sediment retention to provide a stable substrate, erosion control, and infrastructure for mitigation of landslides.

D4: Water purification service

The common types of plastics and synthetic rubber products are produced in dependence of ecosystem-based water purification to protect the chemical composition of the water needed for cooling and cracking purposes, as well as ensure detoxification of potential wastewater and other critical stages throughout the production process.

D5: Water flow regulation service

Manufacturing locations are subjected to water flow regulations to reduce the risk of flooding and damage. Some processes of the chemical production depend on water and, thus, the ability of the ecosystem to regulate and maintain water flows.

D6: Flood control service

The common types of plastics and synthetic rubber products are produced in dependence of ecosystem-based flood control services to protect manufacturing plants and other infrastructure from the impact of flood.

D7: Storm mitigation service

The common types of plastics and synthetic rubber manufacture produced in dependence of ecosystem-based storm mitigation services to protect manufacturing plants and other infrastructure from the impact of wind, sand, and storm.

Impact

M1: Interference

Since the operation of the machine and the production area need adequate lighting, manufacturing may generate noise and light pollution and thus may bring about negative impact on different species

M2: GHG emissions

Production and manufacturing need energy and this may generate a large amount of greenhouse gas emissions.

M3: Non-GHG emissions

VOC, PM2.5, HAP.

M4: Solid waste

Solid waste generated includes chemicals, by-products, packaging materials, and processing residues.

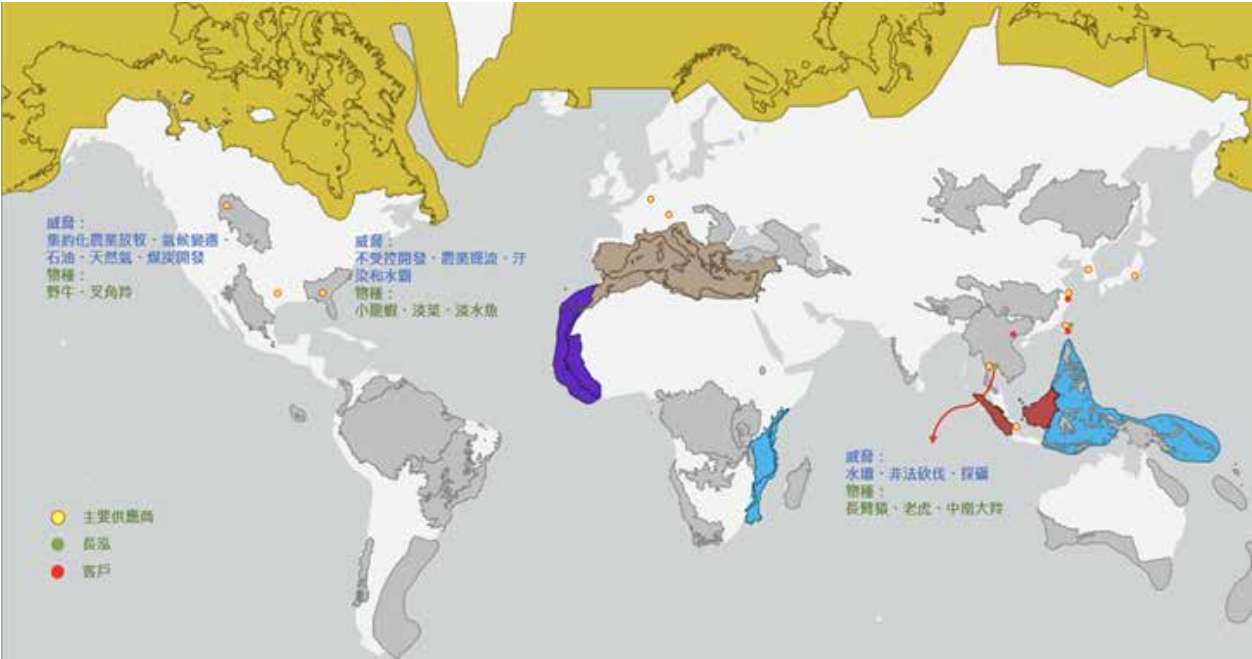
M5: Water / soil pollutio

Discharge of chemicals and improper disposal of waste may cause toxic substances to contaminate soil and water.

M6: Water consumed

The manufacturing process needs a large amount of water to cool equipment and clean the surface of raw materials needed for processing, thereby affecting local water supply and ecological habitats.

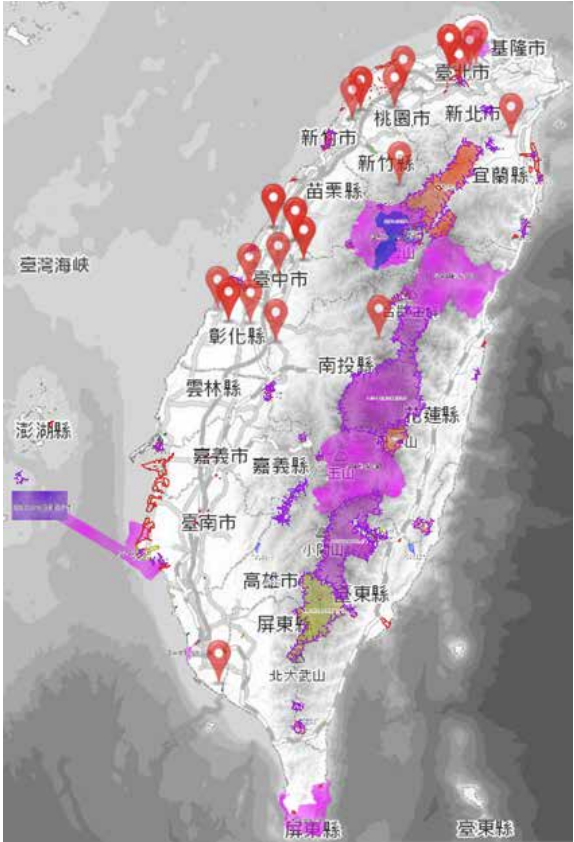
• L3: Interfacing with nature



Refer to the WWF Priority Ecoregions map data for “threats” and “species,” respectively, and refer to Taiwan’s National Land Surveying and Mapping Center overlays for “national parks,” “wildlife sanctuaries,” and “Wetlands.” The locations of important suppliers, customers and CHR factories in the value chain are located on the map for analysis. As analyzed, the natural sensitivity ratio in the entire value chain is 12.2%, 0% in Taiwan, and 31.3% in non-Taiwan regions. The sensitive regions in the value chain are shown in the following table.

Value Chain	Location	Quantity	Sensitive Region	Respective Sensitivity Ratios in the Value Chain	Total Sensitivity Ratio
Supplier	Taiwan	4	0	17.65%	12.20%
	Overseas	13	3		
CHR	Taiwan	1	0	50%	
	Thailand	1	1		
Customer	Taiwan	20	0	45.45%	
	Overseas	2	1		

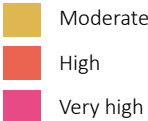
Assessment of the Interface in Taiwan’s Naturally



Value Chain	Location	Quantity	Threat	Species
Supplier	Canada	1	Agriculture and grazing, climate change, oil, natural gas, coal	Wild ox, pronghorn
	The USA	1	Uncontrolled development, agricultural runoff, pollution, dam	Crayfish, mussel, freshwater fish
	Thailand	1		
CHR	Thailand	1	Dam, illegal logging, mining	Gibbon, tiger, saola
Customer	Vietnam	1		

•L4: Interfacing with sensitive locations

Based on the assessment result of L3 “interfacing with nature,” in combination with assessment result of L2 “dependency and impact,” the sensitive locations are identified as follows:



Value Chain	Industry	Location	L3 Interfacing with Nature		L2 Dependency and Impact											
			Threat	Species	Dependency						Impact					
Supplier	Production of refined petroleum products	The USA	Uncontrolled development, agricultural runoff, pollution, dam	Crayfish, mussel, freshwater fish	D1	D2	Moderate	High	Moderate	Moderate	Moderate	Very high	Moderate	High	Moderate	Very high
		Canada	Intensive agriculture and grazing, climate change, oil, natural gas, coal developed	Wild ox, pronghorn			Moderate	High	Moderate	Moderate	Moderate	Very high	Moderate	High	Moderate	Very high
	Primary plastics and synthetic rubber	Thailand	Dam, illegal logging, mining	Gibbon, tiger, saola	D1	D2	Moderate	Moderate	Moderate	Moderate	Moderate	Very high	Moderate	Moderate	Moderate	High
CHR	Manufacturing of rubber products	Thailand	Dam, illegal logging, mining	Gibbon, tiger, saola	D1	D2	D3	D4	D5	D6	D7	M1	M2	M3	M4	M5
Customer		Vietnam														

Dependency

D1: Water supply

The manufacturing industry depends on the water supply services that an ecosystem provides to ensure sufficient quantity and quality for cooling and cracking chemical substances.

D2: Rainfall pattern regulation service

The common types of plastics and synthetic rubber products are produced in dependence of ecosystem-based rainfall pattern regulation to ensure water supply from rivers and other sources and mitigate the flooding and loss risks of facilities.

D3: Soil and sediment

The common types of plastics and synthetic rubber products are produced in dependence of soil and sediment retention to provide a stable substrate, erosion control, and infrastructure for mitigation of landslides.

D4: Water purification service

The common types of plastics and synthetic rubber products are produced in dependence of ecosystem-based water purification to protect the chemical composition of the water needed for cooling and cracking purposes, as well as ensure detoxification of potential wastewater and other critical stages throughout the production process.

D5: Water flow regulation service

Manufacturing locations are subjected to water flow regulations to reduce the risk of flooding and damage. Some processes of the chemical production depend on water and, thus, the ability of the ecosystem to regulate and maintain water flows.

D6: Flood control service

The common types of plastics and synthetic rubber products are produced in dependence of ecosystem-based flood control services to protect manufacturing plants and other infrastructure from the impact of flood.

D7: Storm mitigation service

The common types of plastics and synthetic rubber manufacture produced in dependence of ecosystem-based storm mitigation services to protect manufacturing plants and other infrastructure from the impact of wind, sand, and storm.

Impact

M1: Interference

Since the operation of the machine and the production area need adequate lighting, manufacturing may generate noise and light pollution and thus may bring about negative impact on different species.

M2: GHG emissions

Production and manufacturing need energy and this may generate a large amount of greenhouse gas emissions.

M3: Non-GHG emissions

VOC, PM2.5, HAP.

M4: Solid waste

Solid waste generated includes chemicals, by-products, packaging materials, and processing residues.

M5: Water / soil pollution

Discharge of chemicals and improper disposal of waste may cause toxic substances to contaminate soil and water.

M6: Water consumed

The manufacturing process needs a large amount of water to cool equipment and clean the surface of raw materials needed for processing, thereby affecting local water supply and ecological habitats.



▽ 4.1.2.2.2 Evaluate

- E1 Dependency and impact path / E2 Identification of dependency and impact / E3 Measurement of dependency and impact / E4 Assessment of impact materiality

Given that the availability of data is limited at this stage and the large scale of the comprehensive assessment could affect the overall assessment quality, this assessment is made based on the ENCORE database and prioritizes factors with moderate or higher dependency and impact in the assessment result. Then, based on the actual situation, the relevance and impact of these factors are assessed based on the actual situation to further screen out factors with a moderate or higher impact level. Finally, subsequent data collection and field assessment are conducted based on the selected key dependency and influencing factors to find out their actual impact on the natural environment and the level of the impact.

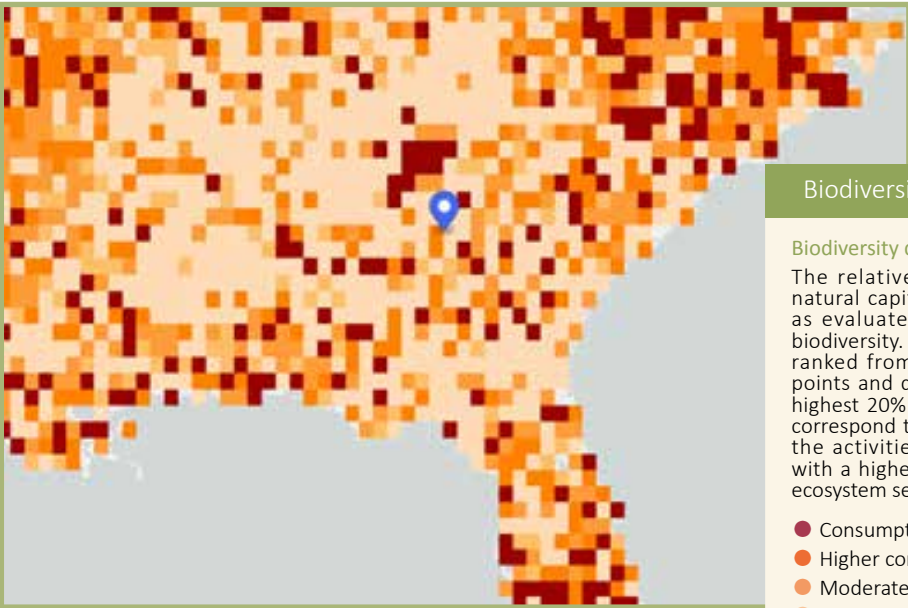
The Factors of Moderate and High Dependency and Impact in ENCORE			
Industry	Value Chain	L2 Dependency and Impact	
		Dependency	Impact
Primary synthetic rubber Industry	Supplier	Water supply / rainfall pattern regulation service / soil and sediment / water purification service / water flow regulation service / flood control service / storm mitigation service	Interference / GHG emissions / non-GHG emissions / solid waste / water & soil pollution
Refined petroleum product	Supplier	Soil and sediment / water purification service / water flow regulation service / flood control service / storm mitigation service	Interference / GHG emissions / non-GHG emissions / solid waste / water & soil pollution / water consumed
Rubber product (compounding)	CHR	Water purification service / water flow regulation service / flood control service / storm mitigation service	Interference / GHG emissions / non-GHG emissions / solid waste / water & soil pollution

The Dependency and Influencing Factors of Moderate and High Impact Identified by CHR					
Industry	Value Chain	Dependency / Impact	Factor	Description	Impact Level
Primary synthetic rubber Industry	Supplier	Dependency	Water supply	Rubber synthesis requires a large amount of water resources. Production is impossible if water is not supplied sufficiently.	High
		Impact	Air pollution	Nitrogen oxides (NOx), particulate matters (PARs) and volatile organic compounds (VOCs) are produced during manufacturing.	Moderate
Refined petroleum product	Supplier	Impact	Air pollution	The finished product is carbon black. This has a small particle size and light texture, can float in the air easily, and causes air pollution.	Moderate and high
Rubber product (compounding)	CHR and customer	Impact	Solid waste	Rubber residues are produced easily during the production and inspection of rubber compounds and products. This may generate excessive solid waste and, if not disposed of properly, affect the natural environment.	Moderate

• Supplier A

Industry: refined petroleum product; Influencing factor: air pollution; Location: The United States

According to the map data provided by ENCORE, the PM2.5 concentration in the air of the region is not high and the biodiversity depletion risk is at the lowest level. Overall, the air pollution factor does not cause significant harm to the region and the supplier has no significant impact on the natural capital and biodiversity.



Biodiversity depletion

Biodiversity depletion

The relative consumption rate of the natural capital, in terms of biodiversity, as evaluated through the integrity of biodiversity. The consumption values are ranked from the highest to the lowest points and divided into 5 quantiles. The highest 20% relative consumption values correspond to hotspots. In these regions, the activities of people are associated with a higher loss or degradation risk of ecosystem services.

- Consumption hotspot (value up to 20%)
- Higher consumption
- Moderate consumption
- Lower consumption
- Lowest consumption



PM2.5 concentration

Global environmental air pollution PM2.5

The average concentration of particulate matter with a diameter of less than 2.5 mm for the most recent reporting year. The marks of the selected city and region will be displayed. Larger dots indicate higher concentration of particulate matters. Smaller dots indicate lower concentration of particulate matters. The color of the dot indicates the change of the concentration from the first reporting year to the most recent reporting year. The change in negative indicates a decrease of the concentration, while the change in positive indicates an increase of the concentration.

- Less than -67 ug / m³
- 67 ug / m³ to -16 ug / m³
- 16 ug / m³ to -3 ug / m³
- 3 ug / m³ to 16 ug / m³
- More than 16 ug / m³

• Supplier B

Industry: refined petroleum product; Influencing factor: air pollution; Location: Canada

According to the map data provided by ENCORE, the PM2.5 concentration the air of the region is not high and the biodiversity depletion risk is “moderate.” Overall, the air pollution factor does not cause significant harm to the region and the supplier has no significant impact on the natural capital as assessed. As for biodiversity, however, the initial assessment shows that the supplier has a moderate impact. Nevertheless, the supplier is not located in a protected area according to Canada's map data of statutory ecological protection areas. According to the subsequent reassessment, the impact of the supplier on the biodiversity is adjusted to “low”.



PM2.5 concentration

Global environmental air pollution PM2.5

The average concentration of particulate matter with a diameter of less than 2.5 mm for the most recent reporting year. The marks of the selected city and region will be displayed. Larger dots indicate higher concentration of particulate matters. Smaller dots indicate lower concentration of particulate matters. The color of the dot indicates the change of the concentration from the first reporting year to the most recent reporting year. The change in negative indicates a decrease of the concentration, while the change in positive indicates an increase of the concentration.

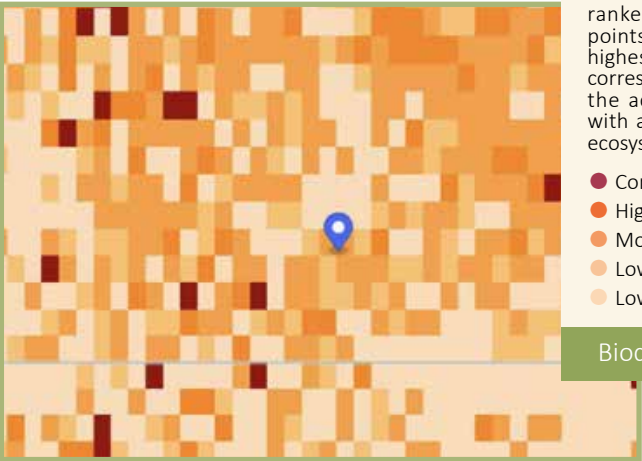
- Less than -67 ug / m³
- -67 ug / m³ to -16 ug / m³
- -16 ug / m³ to -3 ug / m³
- -3 ug / m³ to 16 ug / m³
- More than 16 ug / m³

Biodiversity depletion

The relative consumption rate of the natural capital, in terms of biodiversity, as evaluated through the integrity of biodiversity. The consumption values are ranked from the highest to the lowest points and divided into 5 quantiles. The highest 20% relative consumption values correspond to hotspots. In these regions, the activities of people are associated with a higher loss or degradation risk of ecosystem services.

- Consumption hotspot (value up to 20%)
- Higher consumption
- Moderate consumption
- Lower consumption
- Lowest consumption

Biodiversity depletion



Canadian government’s statutory ecological protection area



• **Supplier C**
Industry: Primary plastics and synthetic rubber;
Dependency factor: Water supply; **Influencing factor:** Air pollution; **Location:** Thailand
 According to the map data provided by ENCORE, the PM2.5 concentration the air of the region is not high, the water resource dependency factor shows that the annual variation is medium to low, and the water supply situation is stable. The biodiversity depletion risk is at the moderate to high level. Overall, the dependency and influencing factors in the region do not cause significant harm and the supplier has a moderate to high impact on biodiversity. Nevertheless, the supplier is not located in a protected area according to Thailand's map data of statutory ecological protection areas. Thus, the impact of the supplier on the biodiversity can be reassessed as “low”.

PM2.5 concentration

Global environmental air pollution PM2.5

The average concentration of particulate matter with a diameter of less than 2.5 mm for the most recent reporting year. The marks of the selected city and region will be displayed. Larger dots indicate higher concentration of particulate matters. Smaller dots indicate lower concentration of particulate matters. The color of the dot indicates the change of the concentration from the first reporting year to the most recent reporting year. The change in negative indicates a decrease of the concentration, while the change in positive indicates an increase of the concentration.

- Less than -67 ug / m³
- 67 ug / m³ to -16 ug / m³
- 16 ug / m³ to -3 ug / m³
- 3 ug / m³ to 16 ug / m³
- More than 16 ug / m³

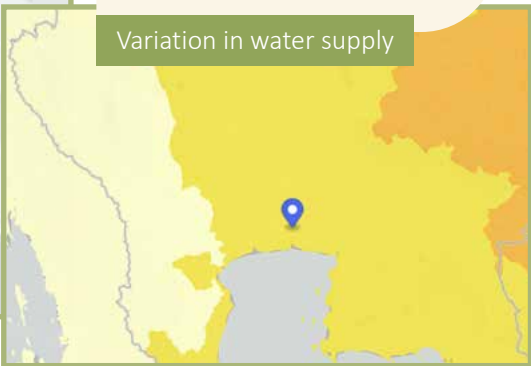


Inter-annual variation in water supply

The inter-annual variation evaluates the average of the inter-annual changes in available water supply, including reclaimed surface water and groundwater supply. The higher value indicates a greater change in the available inter-annual supply.

Low High

Variation in water supply

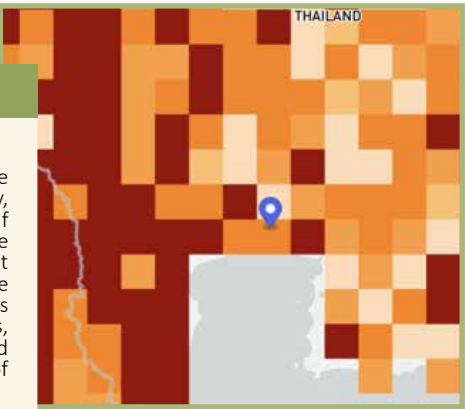


Biodiversity depletion

Biodiversity depletion

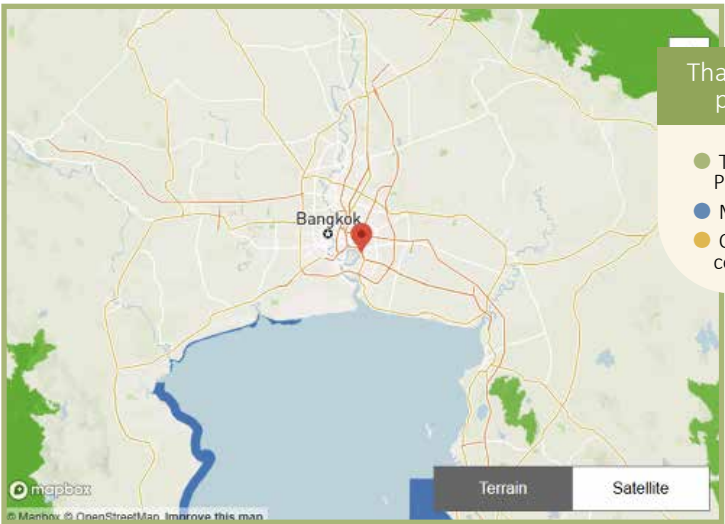
The relative consumption rate of the natural capital, in terms of biodiversity, as evaluated through the integrity of biodiversity. The consumption values are ranked from the highest to the lowest points and divided into 5 quantiles. The highest 20% relative consumption values correspond to hotspots. In these regions, the activities of people are associated with a higher loss or degradation risk of ecosystem services.

- Consumption hotspot (value up to 20%)
- Higher consumption
- Moderate consumption
- Lower consumption
- Lowest consumption



Thailand's ecological protection area

- Terrestrial and Inland Waters Protected Areas
- Marine Protected Areas
- Other effective area-based conservation measures



• CHR Thailand

Industry: manufacturing of rubber products;

Influencing factor: solid waste; Location: Thailand

According to the map data provided by ENCORE, the impact of the solid waste in Thailand is moderate to low and the biodiversity depletion is “no depletion.” Overall, the influencing factor does not cause significant harm to the region and the supplier has and no significant impact on the natural capital and biodiversity as assessed.



Solid waste in each country / region

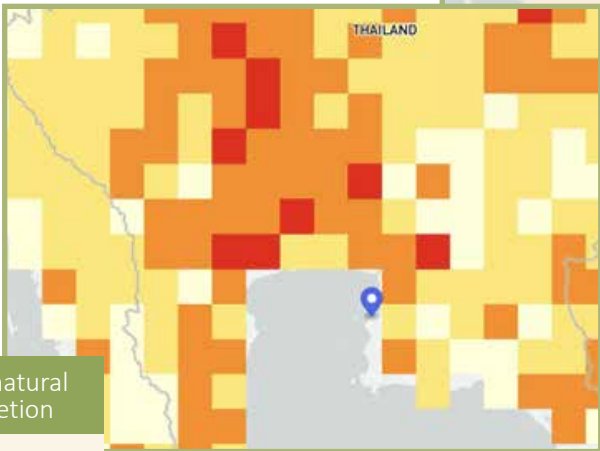
The amount of solid waste generated. High means a greater amount of solid waste. Low means a lower amount of solid waste.



Low

High

Solid waste



Hotspots of natural capital depletion

Hotspots of natural capital depletion

Overlapping hotspots of asset stock depletion in terms of natural capital (atmosphere, water, soil and sediment, biodiversity) in the terrestrial environment. The hotspots correspond to the top 20% of the consumption values. In these regions, the activities of people are associated with a higher loss or degradation risk of ecosystem services.

- 4 hotspots
- 3 hotspots
- 2 hotspots
- 1 hotspot
- No hotspots



Biodiversity depletion

Biodiversity depletion

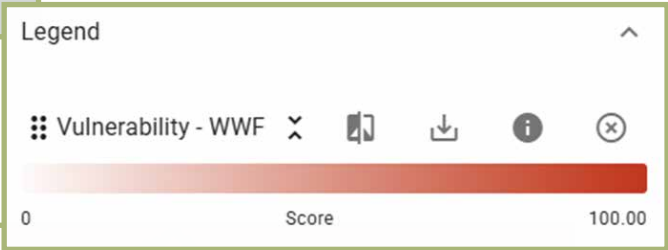
The relative consumption rate of the natural capital, in terms of biodiversity, as evaluated through the integrity of biodiversity. The consumption values are ranked from the highest to the lowest points and divided into 5 quantiles. The highest 20% relative consumption values correspond to hotspots. In these regions, the activities of people are associated with a higher loss or degradation risk of ecosystem services.

- Consumption hotspot (value up to 20%)
- Higher consumption
- Moderate consumption
- Lower consumption
- Lowest consumption

• Customer A

Industry: manufacturing of rubber products;
Influencing factor: solid waste; Location: Vietnam

According to the map data provided by ENCORE, the impact of the solid waste in Vietnam is moderate to low and this environmental factor does not cause significant harm to the local area. In spite of the severe impact as shown at the consumption hotspots in terms of the biodiversity in the place of the customer, the biophysical vulnerability in the region is low according to the Earth Map data. As the comprehensive assessment shows, the impact on the biodiversity in the place of the customer is not significant.

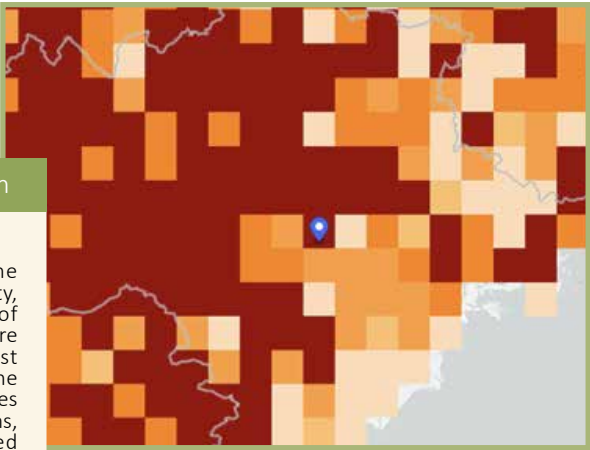


Biodiversity depletion

Biodiversity depletion

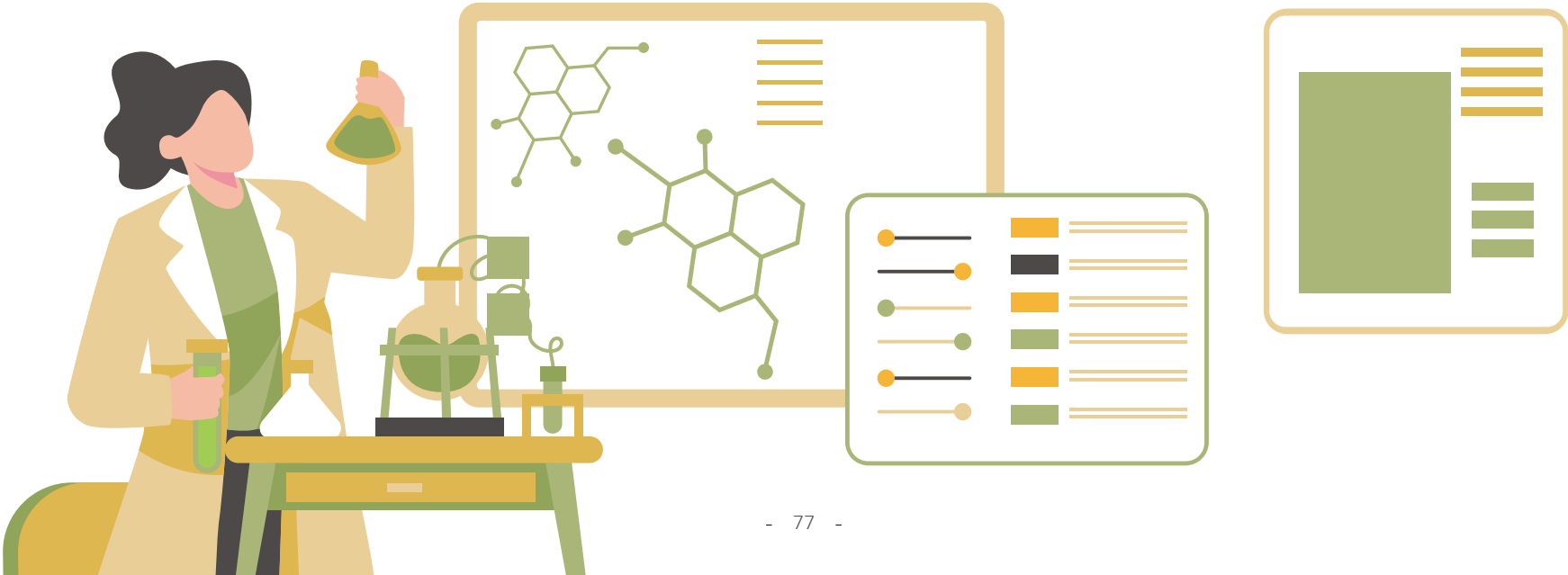
The relative consumption rate of the natural capital, in terms of biodiversity, as evaluated through the integrity of biodiversity. The consumption values are ranked from the highest to the lowest points and divided into 5 quantiles. The highest 20% relative consumption values correspond to hotspots. In these regions, the activities of people are associated with a higher loss or degradation risk of ecosystem services.

- Consumption hotspot (value up to 20%)
- Higher consumption
- Moderate consumption
- Lower consumption
- Lowest consumption



Biodiversity vulnerability

Assessment on the Substantial Impact of Dependence and Influencing Factors on Biodiversity						
Industry	Value Chain	Dependency / Impact	Factor	Impact Level	Dependency / Impact - Substantial	Biodiversity Impact
Primary synthetic rubber Industry	Supplier	Dependency	Water supply	High	Moderate and low	Low
		Impact	Air pollution	Moderate	Low	Low
Refined petroleum product	Supplier	Impact	Air pollution	Moderate and high	Low	Low
Rubber product (compounding)	CHR and customer	Impact	Solid waste	Moderate	Moderate and low	Low



▽ 4.1.2.2.3 Assess

The following risks and opportunities are identified according to the evaluation result

Risk and Opportunity Description	Risk and Opportunity Category	Impact Duration
Drought	Physical risk - acute	Short
Flood	Physical risk - acute	Short
Stricter policy and regulations	Transition risk - policy and regulations	Long
Enhancement of the waste recycling mechanism	Sustainable opportunities - sustainable utilization of natural resources	Long



The results of risk and opportunity assessment and financial evaluation are as follows:

Risk and Opportunity Description	Impact on CHR	Risk and Opportunity Category	Impact Duration	Level of Impact	Financial Impact
Drought	If a drought occurs and the production volume of rubber decreases, the purchase cost will rise or the supply will be in shortage as a result.	Physical risk - acute	Short	Low	Total impact < 0.1% of the revenue
Flood	If a Flood occurs and the production volume of rubber decreases, the purchase cost will rise or the supply will be in shortage as a result.	Physical risk - acute	Short	Low	Total impact < 0.1% of the revenue
Stricter policy and regulations	Enhancement of environmental supervision and restriction on greenhouse gases, air pollutants, and solid waste forces companies to adjust their operational models and increase their operational costs.	Transition risk - policy and regulations	Long	Low	Total impact < 0.1% of the revenue
Enhancement of the waste recycling mechanism and increase of natural sustainability	Continuous recycling of waste can reduce environmental damage and operational costs	Sustainable opportunities - sustainable utilization of natural resources	Long	Moderate	Positive benefits accounting for 0.26% of the revenue

▽ 4.1.2.2.4 Prepare

• Strategy 1: Improvement of waste recycling rate.

For the factors with a moderate or higher impact as shown in the assessment result, the Company enhances the waste recycling mechanism with increased sustainable utilization of natural resources as the primary goal.

Specific Practice	Result
» Identify waste items that have recycling potential. » Make improvement in priority for the waste with the highest disposal costs. » Optimize the recycling process to increase the overall recycling rate.	» Recycling of high-volume release paper of high usage (improved in 2023): Reduction of usage by 72%. » Recycling of waste materials (improved in 2024): A waste recycling rate of 23%

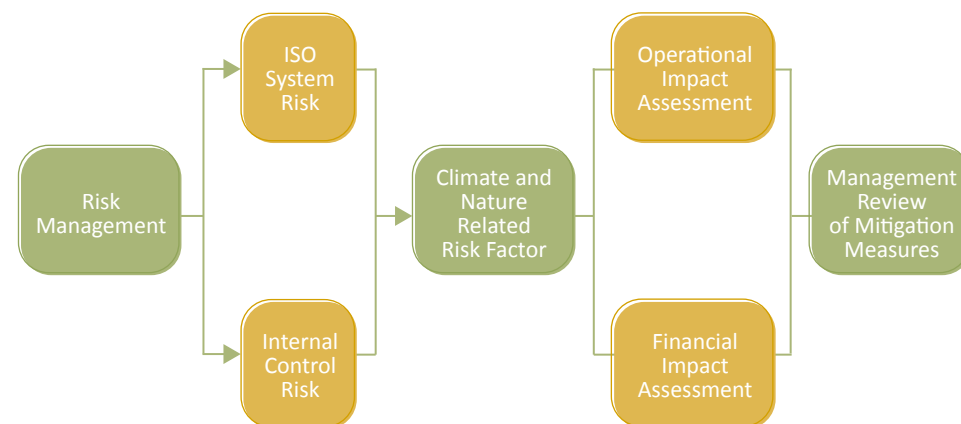
• Strategy 2: Enhancement of supply chain connections

The Company takes the following measures to reduce supply chain risks and promote sustainable transformation of the supply chain:

Specific Practice	Result
» Sign the “Supplier CSR Committee” with suppliers to march together toward the goals of supply chain sustainability. » Establish a supplier appraisal system and a regular communication mechanism to identify potential risks and make improvements. » Work with suppliers to develop EVA-based POF bags and reduce plastic waste.	» More than 80% of the suppliers sign the commitment. » Material shortage risk rate < 2%. » 7,209 kg of plastic wastes are reduced every year.

◆ 4.1.3 Climate and nature related risk management

CHR has integrated the identification, assessment and management processes of climate and nature related risks in the risk management system, and implemented systematic management under the internal control structure and the introduced ISO management system. The President's Office regularly leads risk identification work to identify transition and physical risks through cross-departmental collaboration. A risk matrix is developed and financial impact assessment is conducted with reference to the likelihood and impact of the risks to formulate risk mitigation and avoidance measures. The results are provided to the Board of Directors and the senior management for regular review and used as a basis for making decisions in a timely manner, thereby ensuring effective response to the uncertainties brought about by climate and nature related changes and further enhancing corporate resilience.



◆ 4.1.4 Climate and nature related metrics and goals

Metric	Reference	2024 Goals	Actual Performance In 2024	2026 Goals	2030 Goals
Energy Intensity (GJ / ton)	4.2.1	With 2020 as the base year, down 3% by 2024.	2.43 (up 15%)	With 2024 as the base year, down 3% by 2026.	With 2024 as the base year, down 3% by 2030.
GHG emission intensity (tCO ₂ e / ton)	4.2.2.1	With 2020 as the base year, down 3% by 2024.	0.34 (up 19%)	With 2024 as the base year, down 3% by 2026.	With 2024 as the base year, down 3% by 2030.
Waste recycle rate	4.2.2.3	Recycling rate 45%	Recycling rate 48%	Recycling rate 46%	Recycling rate 48%
Water consumed (million liters / year)	4.2.2.4	Reduced by 5% compared with baseline	24.40 million liters / year (down 5%)	Reduced by 5% compared with baseline	Reduced by 5% compared with baseline



◆ 4.1.5 Participation in climate action related initiatives

◇ 4.1.5.1 SBTi

To support global carbon reduction actions and enhance our climate governance commitments, the Company officially joined the Science Based Targets initiative (SBTi) in 2024 and committed ourselves to formulating a carbon reduction plan in line with the temperature control goals of the Paris Agreement. We plan to carry out SBTi target verification by 2026 and, with 2024 as the base year, set a mid-term reduction goal of greenhouse gas emissions by 42% before 2030 compared to the base year. We set specific goals and paths scientifically and are dedicated to the achievement of net zero transformation to demonstrate our long-term commitment to climate risk management and sustainable operations.

◇ 4.1.5.2 CDP

To increase transparency in climate governance and act in line with international sustainability disclosure trends, we participated in the CDP (Carbon Disclosure Project) carbon disclosure survey for the first time in 2024 to demonstrate our concern about the issue of climate change and our positive attitude toward information disclosure. We received a B- (Management Level) rating this time, showing that we have owned the capability of identifying and managing climate risks and opportunities. We will continue to improve our climate risk management mechanism, strengthen carbon reduction actions, and enhance the completeness of data disclosure to achieve A (Leadership Level) and demonstrate a higher level of climate governance maturity and our commitment to sustainable operations.

Chang Horing Rubber Co., LTD.

Taiwan, Province of China, Asia

COMMITTED

Corporate

View less ^

SBTi ID: 40006209

Organization type: Corporate

Sector: Chemicals

Temperature alignment (based on scope 1 and 2 targets): NA

DOWNLOAD ALL DATA AS XLS

TARGETS / COMMITMENTS

ACTION	COMMITMENT TYPE	STATUS	TARGET	SCOPE	TARGET CLASSIFICATION	BASE YEAR	TARGET YEAR	DATE PUBLISHED
Commitment	Standard	Active						2024-09-19

Company Name	Climate change
CHANG HORING RUBBER CO., LTD.	B-



4.2 Energy management and carbon reduction

◆ 4.2.1 Energy management

(GRI 302-1, GRI 302-3, GRI 302-4, GRI 302-5, SASB RT-CH-130a.1)

The greenhouse effect leads to aggravation of extreme climate events, and climate change continues to be an issue that people are concerned about. Hence, implementation of energy conservation and carbon reduction is a no-regret policy, and the most important part in the promotion of a green environment and the vision of sustainability for an enterprise. We have been aware of the importance of energy management as well as energy saving and carbon reduction, and thus we use the ISO 50001 energy management system to improve energy performance on a continuous basis.



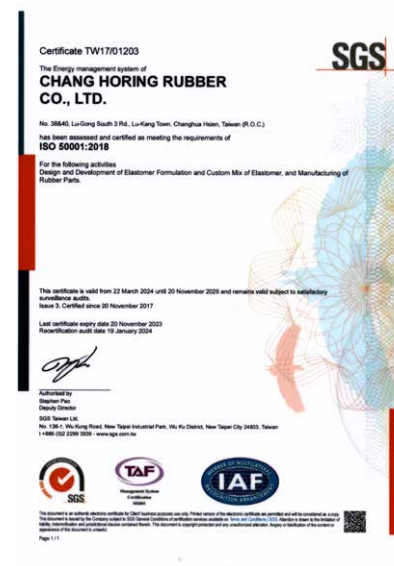
CHR has the cross-department Energy Management Promotion Committee with the Chairman being the Commissioner. Meanwhile, we set up environmental, safety, health and energy policies and also plan and implement energy targets and energy conservation plans annually. We improve the AC system, air compressor, process equipment, and other energy consuming facilities step by step. With systematic methods and daily energy management, energy performance is consistently improved. In addition, this is beneficial to the reduction of energy costs and GHG emissions.

Both Taiwan Factory and Thailand Factory primarily use purchased electricity, diesel, and gasoline as

energy, wherein purchased electricity is the most important energy source and is supplied to the production equipment and auxiliary facilities of the factory. Diesel and gasoline are mainly used for factory vehicles, machines, and emergency generators. Overall, the energy structure is simple. The usage and proportion of each factory is shown in the figure below.

In addition, the Thailand Factory was relocated from Rayong to Chonburi in mid-2023 and generated a full set of data in 2024 after its formal operation. Thus, 2024 is set as the new base year of energy usage for the purpose of comparison and follow-up on energy-saving effectiveness. 2022 remains the base year for the factories in Taiwan. With this as the basis, the factories in Taiwan are expected to achieve the energy intensity reduction goal of 6% in 2026 compared to the base year. We will continue to implement various energy-saving measures in the future to improve overall energy efficiency and management effectiveness.

However, due to the overall decline in production in 2023 and 2024, it is difficult to reduce the electricity consumption of the fixed public and auxiliary facilities accordingly, resulting in more energy consumption per unit of product and an increase in average energy intensity of about 13% in comparison with 2020, as shown in the following table. For this, we have formulated improvement plans to reduce energy intensity and improve the overall energy efficiency.



Energy Consumption (GJ) and Energy Intensity of the Factories in Taiwan and Thailand												
Factory	Taiwan Factory								Thailand Factory			
Year	2021		2022		2023		2024		2023		2024	
Energy Type	Value	Percentage	Value	Percentage	Value	Percentage	Value	Percentage	Value	Percentage	Value	Percentage
Purchased Electricity (kwh / year) GJ	34,724.56	76%	31,237.57	74%	28,008.41	77%	28,604.65	77%	5,367.59	76%	12,358.09	74%
Consumption from Refrigeration (kwh / year) GJ	9,234.35	20%	9,016.04	21%	5,736.66	16%	5,858.78	16%	1,099.39	15%	2,531.17	15%
Diesel (kl / year) GJ	856.53	2%	918.03	2%	911.56	3%	969.69	3%	347.18	5%	1,283.77	8%
Gasoline (kl / year) GJ	1,097.87	2%	1,111.64	3%	1,760.74	5%	1,708.66	5%	282.75	4%	451.56	3%
Consumption from Renewable Fuels (kl / year) GJ	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%
Energy Sold (kwh / year) GJ	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%
Total Energy Consumption (GJ)	45,913.31	100%	42,283.28	100%	36,417.37	100%	37,141.78	100%	7,097.00	100%	16,625.00	100%
Production Volume of Finished Rubber Products (ton)	23,096.00		19,972.00		14,907.00		15,261.00		1,269.00		3,432.00	
Energy Intensity (GJ/ton)	1.99		2.12		2.44		2.43		5.59		4.85	

Base Year

Energy consumption statistics and energy intensity

Note 1: 1 kwh = 3.6 * 10⁶ joule (J); 1 kl of diesel = 3.517 * 10¹⁰ joule (J); 1 kl of gasoline = 3.266 * 10¹⁰ joule (J) (Data Sources: Energy Statistics Handbook 2021, Bureau of Energy, Ministry of Economic Affairs).

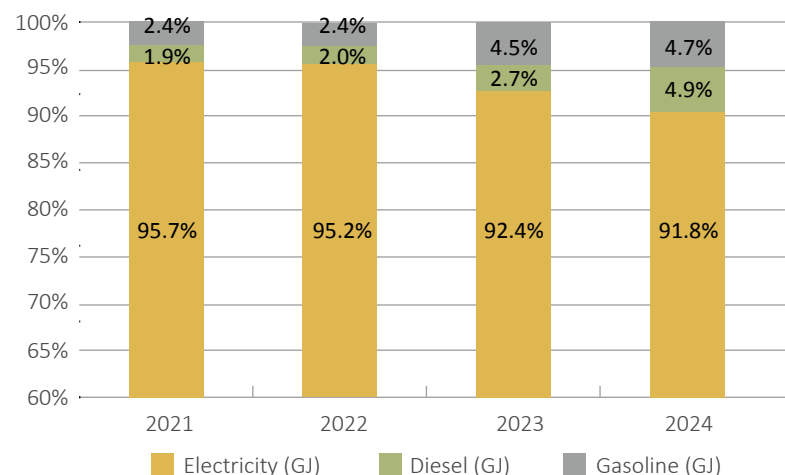
Note 2: Energy intensity (GJ/ton) = Total energy consumption / Total finished rubber.

Note 3: Energy intensity includes fuels, electricity and refrigeration within the organization.

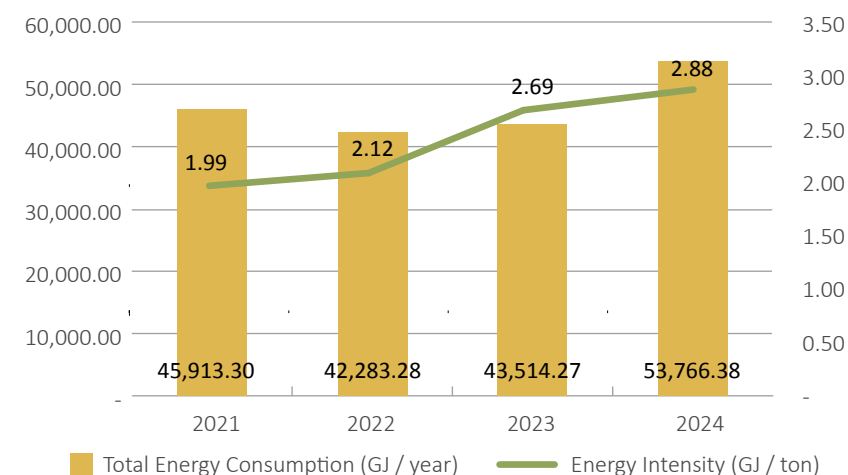
Note 4: This table represents the energy consumed within the Company (excluding that used for heating and steaming). Energy consumed outside the Company (sold electricity, heat, refrigeration and steam) is not included.

Note 5: Since the Thailand Factory was launched in mid-2023, the Group's baseline is reset to 2024

Proportion of CHR's Energy Consumption



CHR's Energy Consumption and Energy Intensity



In 2020, in response to the government’s green energy policy, Taiwan Factory leased the roofs of our factories for installation of 2,992 photovoltaic panels covering 56% of the total roof space (an area of 5,006 m²). 945.19 kWp of photovoltaic panels were installed in 2021, while in 2024, a total of 1,127,341 kWh power was generated and 534.36 tCO₂e were reduced. Factory 2 had a solar power system incorporated into the grid in the factory to give priority to green power for production. At the same time, the installation of photovoltaic panels effectively lowered the indoor temperature by 1-2°C and reduced the electricity consumption of air conditioning systems.



Since 2014, CHR has continuously implemented energy conservation action plans; 4 plans were carried out in 2023 and 2024. Three of them were related to the improvement of process equipment; these three improvement plans were implemented by replacing filters, conveyor belts, and air compressors with energy-saving equipment. As a result of the persistent promotion of energy conservation action plans from 2023 to 2024, we saved 130,031 kWh (468GJ) of electricity in all factories and, for GHG emissions, we have accumulated a reduction of 64.24 tCO₂e.

We organized an energy-saving slogan competition in 2024 to enhance the awareness of energy saving and carbon reduction among employees. 23 teams and a total of 41 participants, accounting for 14% of the total number of employees, participated in the competition, and 172 employees (accounting for 60% of the total number of employees) participated in the voting. This event received enthusiastic support from the employees and enhanced their awareness. We hope that they can have a positive influence on each other and implement the awareness in their daily lives and at the workplace.

Energy-saving Action Plan Implemented in Taiwan Factory			
Year	Name of the Action Plan	Implementation	Benefit kWh (GJ)
2023	Filter replacement for BB2 production line	Replacement of old and power-consuming equipment	61,479 kWh (221.32 GJ) recognized in 2023 5,589 kWh (20.12 GJ) recognized in 2024
	Replacement of seven-layer cooling conveyor belts for BB2 production line		43,686 kWh (157.27 GJ) recognized in 2023 3,971 kWh (14.30 GJ) recognized in 2024
2024	Air compressor replacement for BB2 production line		15,306 kWh (55.10 GJ) recognized in 2024
	Energy-saving slogan competition event	Enhancement of employees' energy saving awareness through competition	Enhancement of awareness to reduce unnecessary waste-

◆ 4.2.2 Environmental Management

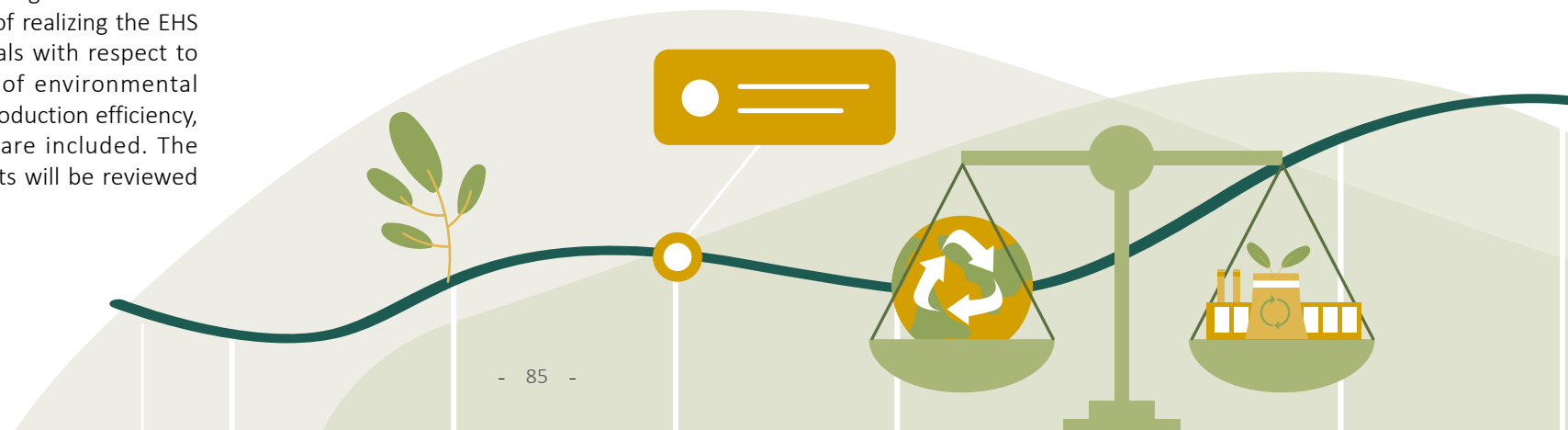
In view of the enhanced awareness of environmental protection among the public and the increasingly strict regulations in recent years, the concept of source management and pollution prevention and control technologies must be promoted to catch up with international trends and ensure compliance with relevant environmental laws and regulations.

In order to fulfill our corporate society responsibility and realize the goal of sustainable operation, CHR introduced the ISO14001 Environmental Protection System in 2016. We dedicate ourselves to environmental management matters and improvement of environmental performance. Air, water, waste, toxicant, noise, and other factors that may be harmful to the environment and personnel are well monitored and controlled. To provide the Company with consistent implementation guidelines, we established the EHS and energy policies in the hope of practicably using them in the related matters of the Company.

Every department sets annual targets and action plans every year with the spirit of realizing the EHS and energy policies. All proposals with respect to the improvement or upgrade of environmental performance of the Company, production efficiency, and management mechanism are included. The achievement status of the targets will be reviewed on a regular basis..

• 2020-2024 environmental action measures

Year	Environmental measures
2021	A 5% increase in the pallet recovery rate.
2022	Reduction and recovery of PE bags by 10%.
2023	Green energy and plastic reduction, reducing waste by 220% (PE film recycling)
2024	85% recycling of collection ash from BB2 Banbury mixer production line
	Recycling of collection ash from BK production line in combination with rubber residues (defective products) on the scale plate of the roller for BB production line to make scrap materials 22%



◇ 4.2.2.1 GHG emissions

(GRI 305-1, GRI 305-2, GRI 305-4, GRI 305-5, GRI 305-6, SASB RT-CH-110a.1, SASB RT-CH-110a.2)

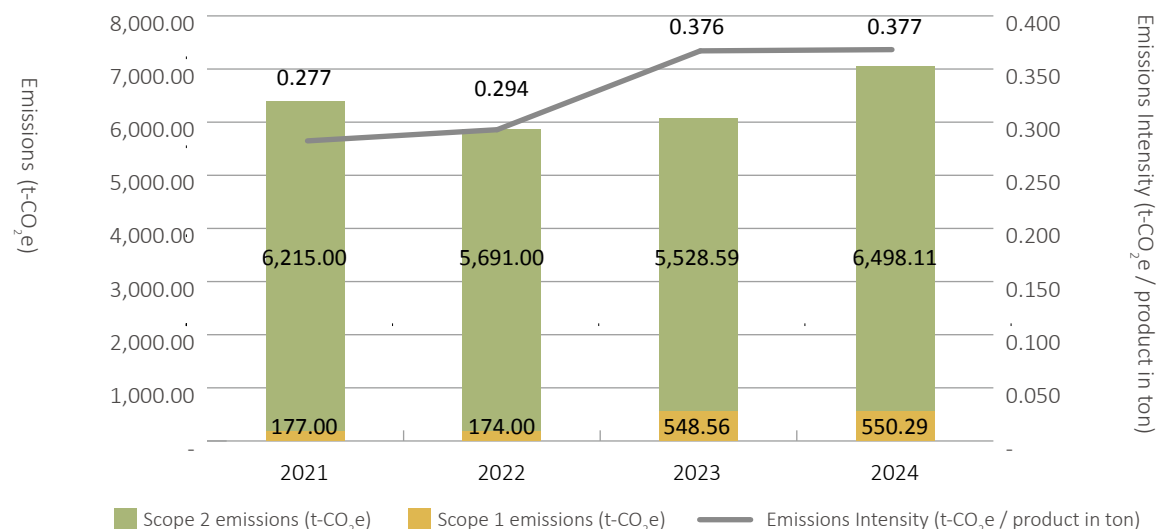
We adopt ISO 14064-1 for inventory and identification, which require the calculation of the following seven emissions: carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulfur hexafluoride (SF₆), and nitrogen trifluoride (NF₃). The greenhouse gases emitted include carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), and hydrofluorocarbons (HFCs). No biomass fuel is burned. Since the Company uses a single energy source (i.e. electricity), the amount of electricity consumed directly affects the intensity of greenhouse gas emissions. Only the refrigerant R-22 affects the ozone layer, with a total of 320.43 kilograms used by the factories in Taiwan and Thailand.

CHR's development of management strategies and plans corresponding to GHG emissions		
	Scope 1	Scope 2
2026 Goals	A 2% reduction compared with 2024.	A 1% reduction compared with 2024.
2030 Goals	A 3% reduction compared with 2024.	A 7% reduction compared with 2024.
Actual Performance	A 1.7% reduction of emission intensity.	A 1.2% power saving rate.
Improvement Strategy	Optimization of truck routes.	Replacement of new manufacturing equipment and disposal of the old ones; adjustment of the production process.

Seven Greenhouse Gas Emissions in Scope 1 (unit: tCO ₂ e)																
Factory	7 emission sources	CO ₂		CH ₄		N ₂ O		HFC _s		PFC _s		SF ₆		NF ₃		Total emissions
	Year	Value	Percentage	Value	Percentage	Value	Percentage	Value	Percentage	Value	Percentage	Value	Percentage	Value	Percentage	
Taiwan Factory	2023	186.1657	55%	26.1164	8%	4.6916	1%	119.1338	35%	0.0000	0%	0.0000	0%	0.0000	0%	336.1075
	2024	181.6382	55%	26.6271	8%	4.4575	1%	119.1338	36%	0.0000	0%	0.0000	0%	0.0000	0%	331.8566
Thailand Factory	2023	128.3746	60%	8.9846	4%	0.0000	0%	75.0913	35%	0.0000	0%	0.0000	0%	0.0000	0%	212.4505
	2024	131.5389	60%	11.8033	5%	0.0000	0%	75.0913	34%	0.0000	0%	0.0000	0%	0.0000	0%	218.4335

Energy saving and carbon reduction measures were implemented continuously in 2023 and 2024. The emissions intensity increased in 2023 and 2024 mainly because the production capacity could not be filled due to the decline in production while the overall electricity consumption of public and auxiliary facilities remained unchanged.

• CHR's GHG Emissions and Emissions Intensity



- Note 1: The GWP value provided in IPCC AR6 is used.
- Note 2: The inventory checking principles, calculation methods and factors provided by ISO 14064-1 were used for calculation. For the source of the factors, refer to “IPCC AR6”, “thaicarbonlabel.TGO”, and “GHG Emission Coefficients Management Table, ver. 6.0.4.”
- Note 3: The electricity factor used for the factories in Taiwan comes from the electricity carbon emission factor announced by the Bureau of Energy of the Ministry of Economic Affairs: 0.494 kg CO₂e / kWh is used for 2023 and 0.474 kg CO₂e / kWh is used for 2024.
- Note 4: The Thailand Factory use 0.499 kg CO₂e / kWh for both 2023 and 2024 with reference to “thaicarbonlabel.TGO.”
- Note 5: Scope 3 (Other Indirect Emissions) is temporarily not included in this Report.
- Note 6: Since the Thailand Factory was launched in mid-2023, 2024 is set as the new base year of the Group.

CHR's GHG Emissions Statistics						
Factory	Taiwan Factory				Thailand Factory	
Year	2021	2022	2023	2024	2023	2024
Scope 1 emissions (t-CO ₂ e)	177.00	174.00	336.11	331.86	212.45	218.43
Scope 2 emissions (t-CO ₂ e)	6,215.00	5,691.00	4,630.57	4,537.69	898.01	1,960.42
Total Scope 1 and 2 emissions (t-CO ₂ e)	6,392.00	5,865.00	4,966.68	4,869.54	1,110.46	2,178.85
Scope 1 emissions ratio	3%	3%	7%	7%	19%	10%
Scope 2 emissions ratio	97%	97%	93%	93%	81%	90%
Production volume of finished products (t)	23,096.00	19,971.54	14,906.50	15,260.53	1,268.94	3,431.61
Emissions intensity (tCO ₂ e / product in ton)	0.277	0.294	0.333	0.319	0.875	0.635

◇ 4.2.2.2 Air quality
(GRI 305-7, SASB RT-CH-120a.1)

VOCs (Volatile Organic Compounds) are produced during the production of rubber in Taiwan Factory, and the source of the emission is the raw rubber. There are no other emissions of pollutants. We declare the air pollution control fee according to the law every quarter and calculate the VOC emissions volume according to the SCC CODE approved by the Ministry of Environment of the Executive Yuan.

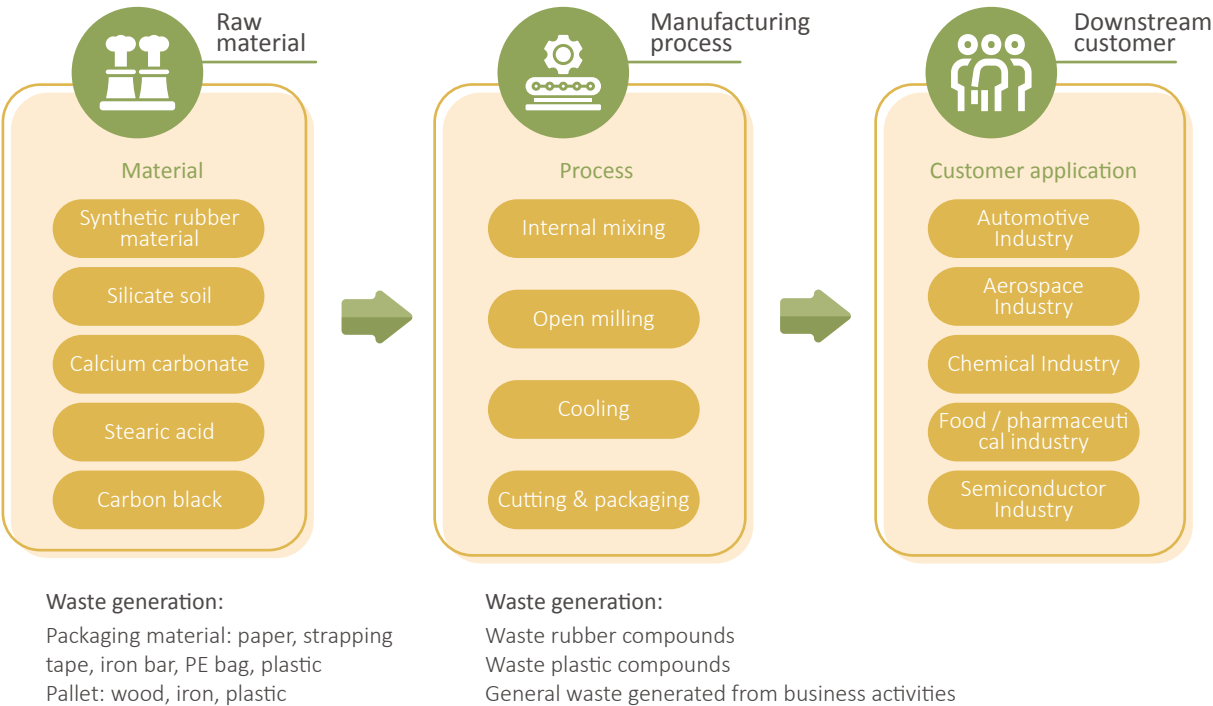
◇ 4.2.2.3 Waste management
(GRI 306-1, GRI 306-2, GRI 306-3, GRI 306-4, GRI 306-5, SASB RT-CH-150a.1)

Only general industrial waste such as waste rubber mixtures, waste plastic mixtures, damaged wooden pallets, and household garbage as well as recyclable waste paper, waste iron and waste plastics are produced during the production of our rubber products in Taiwan Factory. We do not generate hazardous industrial waste. Not only is the waste simple in terms of type and nature, it is also generated in a small quantity. The waste accounting for the largest proportion is drawn from household garbage.

• Air Pollution and Emissions Statistics(Unit: KG)

Air Pollution Source	2021	2022	2023	2024
VOCs	23,944	20,578	15,377	15,765
NOx	0	0	0	0
SOx	0	0	0	0
POP	0	0	0	0
HAPs	0	0	0	0
ODS	0	0	0	0
Par	3.46	3	2.23	2.3

Note: The emission of the factory (Kg VOCs)
= Total volume of synthetic rubber *
emission factor (2.036Kg VOCs / Kg
synthetic rubber)
Source: Air Pollution Control Fee Declaration



In addition to reducing the defect rate of rubber products and minimizing the generation of waste rubber mixtures at the source, we place a strong emphasis on waste management. In 2024, we implemented waste rubber recycling and reuse, recovering a total of 14 tons over the year, which not only reduced garbage disposal expenses but also increased recycling income.

A waste storage area is set up in the factory and a qualified waste treatment vendor is authorized to remove and dispose the waste and carry out the online waste reporting procedure. We follow the information and suggestions provided by the vendor for waste treatment, and the waste is disposed of according to its professional suggestions

Disposal of Waste (ton)		2021	2022	2023	2024
Method	Transfer				
Recycle	Off-site	114	147	129	140
Recycle	On-site	0	0	0	20
Incineration	Off-site	119	176	188	169
Curing	Off-site	-	-	-	1
Total		233	323	317	330
Waste recycle rate		49%	45%	41%	48%

Note 1: Total volume of the general business waste includes the volume of waste rubber compounds, waste plastic compounds, waste wood pallets, and household garbage.

Note 2: Waste reuse rate % = the recycle volume / (the recycle volume + total volume of general business waste) * 100.

Note 3: Except for those that can be recycled, all waste in the factory is disposed of off-site.

Note 4: Due to the recovery of the production capacity, the amount of waste increased in 2024.

Note 5: The products that have been subjected to the curing process are counted starting from 2024

Note 6: Incineration includes energy recovery



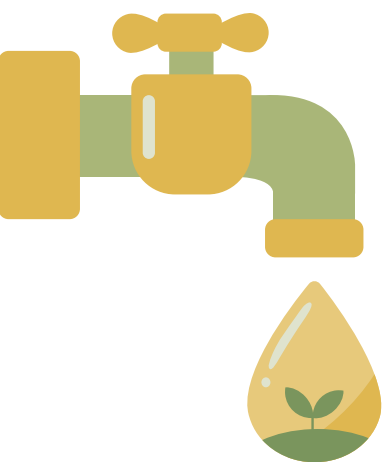
◇ 4.2.2.4 Water resource management

▽ 4.2.2.4.1 Risk management and strategy of water resources

(GRI 303-1, SASB RT-CH-140a.3)

Referring to the chapter of hydrological application in TCCIP’s Climate Change Atlas, in the IPCC AR5 RCP8.5 scenario, there is a tendency for wet seasons to become wetter and dry seasons drier. Due to the terrain in Taiwan, it is not easy to sustain water resources as the rainfall in wet seasons can hardly be sustained for use in dry seasons. Therefore, the risk of water shortage in dry seasons in the future will increase rapidly, peaking in the period between March and April.

CHR uses water for two major demands: “domestic water for employees” and “process water.” The types of water resource treatment can be categorized into “drawn into sewage pipes” and “circulation and reuse of reservoir water.” Risks that we may incur are as follows:



Water Demand	Type of Water Resource Treatment	Risk Factor	Risk Analysis
Domestic water for employees	Drawn into sewage pipes	Broken sewage pipes	CHR’s process water is used for cooling and does not have direct contact with products, meaning that only domestic sewage is generated. Thus, we make sewage discharge declaration under the category “general industry”. If the sewage leaks, it will not cause any significant pollution. Since the establishment of CHR’s factories, there has been only one incidence of broken sewage pipes, so the accident is highly unlikely to occur.
Process water	Water recycling in reservoir	Increased water intake volume resulting from excessive evapotranspiration	After calculation based on the IPCC AR5 RCP8.5 scenario along with the Thornthwaite potential evapotranspiration, we use the mid-century as the target and implement assessment, obtaining a potential annual evapotranspiration of about 112mm, which is around 7.47 tons of water transpired from CHR’s reservoir. This only accounts for 0.026% of the water intake volume in 2022 (29,065 tons), so there is no significant impact.

• Risk assessment

Risk Factor	Impact on CHR	Risk Levels	Feedback to Last Execution
Water scarcity in dry seasons	Stopping water supply will result in inoperability of machines.	Low	Completed building a water storage facility with a 48-ton capacity in 2021.
Negative impact of the water intake volume on residents nearby	Excessive water intake volume affects the volume of domestic water for local residents, further creating a negative impression.	Low	-
Broken sewage pipes	Broken sewage pipes will lead to sewage flowing into the groundwater and affecting the health of the citizens who use the groundwater. This is a serious case of nonconformance with relevant regulations and can cause stoppages.	Low	-
Hazardous substances flowing into the groundwater	Where hazardous substances flow into the groundwater, the groundwater will be polluted and the health of the citizens who use the groundwater will be affected. This is a serious case of nonconformance with relevant regulations and can cause stoppages.	Low	-



▽ 4.2.2.4.2 Water resource withdrawal

(GRI 303-1, GRI 303-3, SASB RT-CH-140a.1)

Taiwan is a country lacking water resources due to natural conditions. In particular, the river monitoring data of the Ministry of Environment shows increasingly worse river pollution that makes many rivers unusable due to bad water quality, and thus the more deficient water resources. Consequently, groundwater is over-pumped everywhere for a long time and this overdraft brings about a serious problem of land subsidence. We are very concerned about the environmental problem of groundwater overdraft and, thus, only use the tap water that Taiwan Water Corporation provides. The source of the tap water (fresh water ($\leq 1,000$ mg / L TDS)) is the Liyutan Reservoir in Miaoli. CHR is located in Changhua Coastal Industrial Park, Changhua County. As the official website of the industrial park shows, the Liyutan Reservoir supplies about 700 million liters (700 thousand tons) of water every day, and 15 million liters (15 thousand tons) are supplied to Changhua Coastal Industrial Park. The average daily water consumption of the industrial park occupies 2% of the daily water supply of the reservoir. CHR’s average daily water consumption in the recent three years takes up 1% of the water supply of Changhua Coastal Industrial Park. The average daily water consumption only takes up 0.02% of the daily water supply of the reservoir. The water intake and the water intake volume have no prominent negative impact on the Liyutan Reservoir and nearby residents. We are always frugal in water resources and limit the use of water to the daily life of the employees and cooling of the process equipment. The total water withdrawal in 2024 was 24,395 tons/

year. From 2020 to 2022, Factory 1 of CHR began to find that the pipes for tap water had cracked. After repairs and the dissemination of water conservation

awareness to the employees, tap water usage has declined significantly since 2023.

CHR's Water Intake / Discharge / Consumption Statistics (Unit: million liters)						
Water Usage	Source / End Point	Factory	2021	2022	2023	2024
Water intake	Water from a third party (Tap water)	Taiwan Factory 1	11.63	7.67	6.22	5.96
		Taiwan Factory 2	6.65	5.27	3.79	4.56
		Taiwan Factory 3	15.95	16.18	15.01	13.88
		Subtotal	34.23	29.12	25.02	24.4
		Thailand Factory	-	-	8.42	20.74
	Total water withdrawn		34.23	29.12	33.44	45.14
	Total water withdrawn (t)		34,230	29,113	33,436	45,138
Discharge	Water from a third party (Sewage treatment plant)	Taiwan Factory 1	5.10	4.10	3.11	3.51
		Taiwan Factory 2	1.27	1.87	0.81	1.05
		Taiwan Factory 3	6.38	5.98	3.92	4.56
		Subtotal	12.75	11.95	7.84	9.12
		Thailand Factory	-	-	6.73	16.59
	Total water discharged		12.75	11.96	14.57	25.71
	Total water discharged (t)		12,750	11,956	14,569	25,706
Water consumption	Taiwan Factory subtotal		21.48	17.17	17.18	15.28
	Thailand Factory subtotal		-	-	1.69	5.46
	Total water consumed		21.48	17.17	18.87	20.74
	Total water consumed (t)		21,480	17,157	18,866	19,432

▽ 4.2.2.4.3 Sewage discharge
(GRI 303-2, GRI 303-4, SASB RT-CH-140a.1, SASB RT-CH-140a.2)

If the sewage produced during the process is discharged into rivers without treatment, this will cause a serious impact on the environment and may be harmful to the habitat of creatures, environment and food chain. The best way to protect the environment is to reduce the pollutant and emission at the source to avoid pollution of the environment.

We are located in the Changhua Coastal Industrial Park, Changhua County, and only produce domestic sewage. Since no process wastewater is produced, there is no need to set up wastewater treatment facilities. All the wastewater is collected to the wastewater treatment plant of the industrial park through enclosed pipes. The collected wastewater undergoes physical and aerobic treatments and then is discharged through the Lunwei Channel to ensure that the quality of the discharged water meets the requirements of the effluent standard.

According to the data provided by the wastewater treatment plant of Changhua Coastal Industrial Park, Changhua County, our COD (Chemical Oxygen Demand) and SS (Suspended Solid) values from 2021 to 2024 complied with the management standards. Since the wastewater treatment plant of the industrial park does not incorporate BOD (Biochemical Oxygen Demand) in the test, it is not indicated in the table.

In addition, the wastewater and sewage produced by CHR enters the sewage system. The water discharged from the wastewater treatment plant in the Changhua Coastal Industrial Park contained 25-45 mg / L of COD, 5-10 mg / L of SS, and 4-12 mg / L of BOD. All the values were well below the threshold specified by the effluent standards. The wastewater discharged from our factories was currently not reused by other organizations



Quality of the raw wastewater to be collected to the wastewater treatment plant of Changhua Coastal Industrial Park (Unit: mg / L)						
Wastewater Sent to the Treatment Plant in the Industrial Park (before treatment)		Standards	2021	2022	2023	2024
Average Chemical Oxygen Demand mg / L (COD)	Factory 1	< 600	168.0	235.6	141.0	99.9
	Factory 2		104.0	129.5	147.5	139.6
	Factory 3		123.0	134.5	85.3	78.7
	Average		131.6	166.5	124.6	106.0
Average Suspended Solids mg / L (SS)	Factory 1	< 300	35.2	54.2	62.5	22.3
	Factory 2		27.3	23.0	19.6	13.7
	Factory 3		57.4	42.7	21.3	13.8
	Average			39.9	34.4	16.6

Note 1: All water withdrawn by CHR in Taiwan is from Taiwan Water Corporation (water from a third party).
 Note 2: All water withdrawn by CHR in Thailand is from
 Note 3: 1 million liters = 1 thousand tons.
 Source: Taiwan Water Corporation

◇ 4.2.2.5 Environmental compliance
(GRI 2-27, RT-CH-530a.1)

Taiwan Factory places great importance on environmental protection and fully observes relevant governmental environmental regulations in the implementation of various environmental management matters. We introduced the ISO 14001 environmental management system in 2016 and formulated “EHS and energy policies” to ensure systematic implementation of environmental management. The management is committed to promoting these policies and implementing them together with all departments. We set annual environmental goals and objectives and carry out action plans according to these policies, including specific measures for energy saving and carbon reduction, pollution prevention, effective use of resources, and reduction of waste, and implement the mechanism of continuous improvement.

For the implementation of ISO 14001, we periodically identify and assess environmental considerations and operational activities to discover potential material environmental issues and risks. We have established a regulation identification and update procedure to collect applicable environmental regulations and related amendment information, and communicate these to relevant departments through an internal communication mechanism. Standard operating procedures (SOPs) are formulated for different operations, such as waste sorting and removal and factory noise monitoring. Records are made and management performance is monitored according to the procedures.

In addition, we perform an internal audit every year to review the effectiveness and system compliance of environmental management conducted by each department. A third party is commissioned to implement periodical external audits. Audit results are incorporated in the agenda of the management review meeting and used as a basis for revision of policies and allocation of resources to ensure continuous improvement of the management system for its effectiveness and performance.

As for environmental monitoring, the factory mainly generates domestic sewage and performs inspection and maintenance of sewage discharge facilities on a regular basis. The factors that have an impact on wastewater discharge are mainly related to the number of the employees and the overtime hours. We conduct test reporting and self-management of water quality in accordance with regulations to ensure that the quality of the discharged water meets statutory standards.

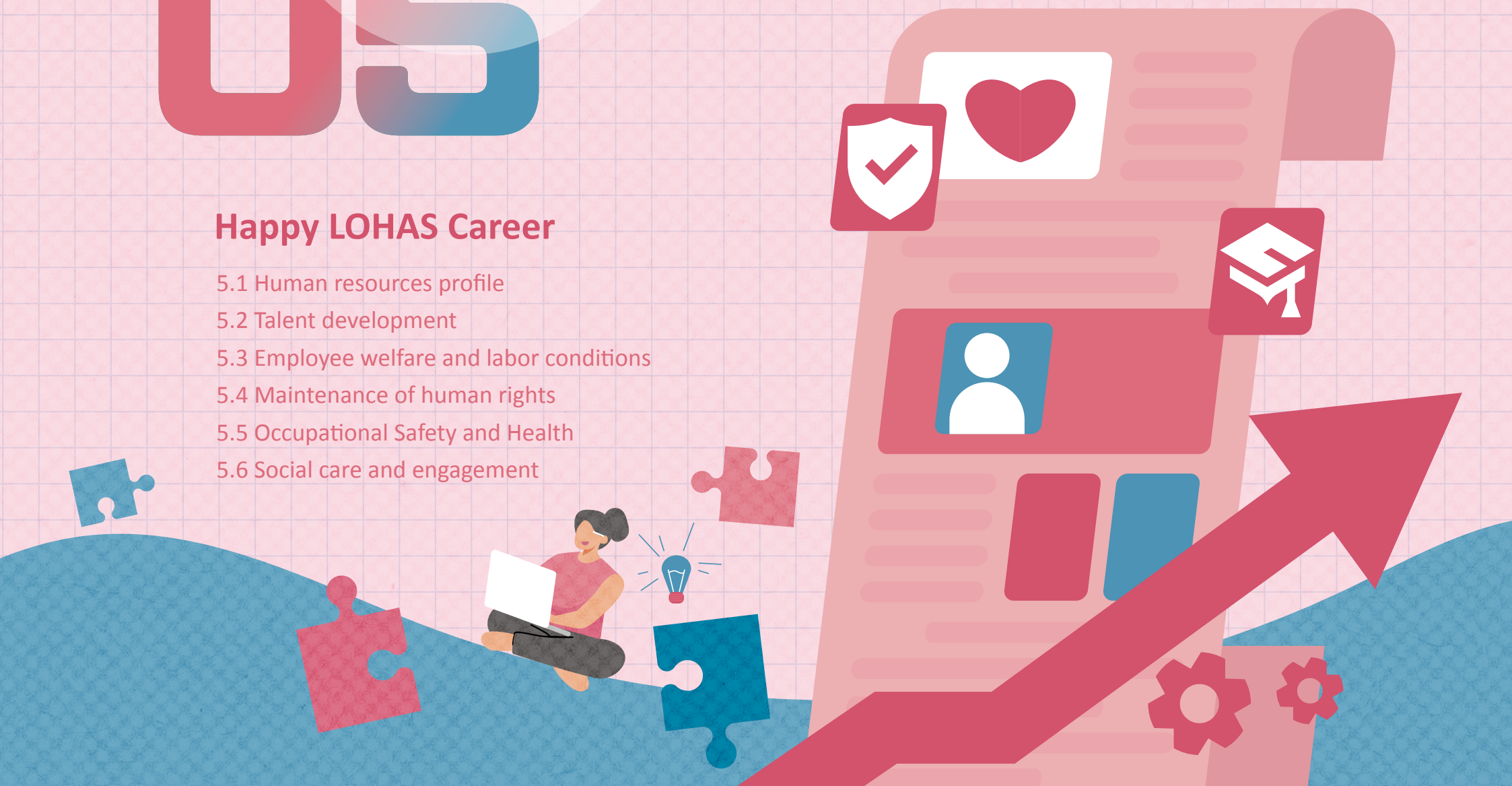
The Company did not have any records of violation of environmental regulations in 2023 and 2024, demonstrating our commitment to the implementation of legal compliance, risk control and environmental responsibility. In the future, we will continue to optimize the environmental management system to achieve the sustainable goal of coexisting and co-prospering with the environment.



05

Happy LOHAS Career

- 5.1 Human resources profile
- 5.2 Talent development
- 5.3 Employee welfare and labor conditions
- 5.4 Maintenance of human rights
- 5.5 Occupational Safety and Health
- 5.6 Social care and engagement



◆ Material topic



CHR believes that only with sound and solid employment relations can the Company create a good working environment. In addition, it can have employees be dedicated to the production activities and boost productivity. As such, CHR treats all employees fairly and respects them, eliminates workplace discrimination, and complies with labor laws. This allows our employees to feel secure at work and motivates them to bring the greatest benefits to the Company.



5.1 Human resources profile

◆ 5.1.1 Diverse employee recruitment (GRI 2-7)

CHR respects and follows domestic labor laws and basic international human rights principles, and implements a fair and transparent recruitment system in our business locations all over the world. We strictly adhere to the employment principles of “no child labor,” “prohibition from any form of discrimination,” and “employment open to all talents” to ensure labor rights and equal treatment.

The Company has established and made public an “employee handbook” to clearly specify the matters such as employment, salary structure, performance evaluation, employee welfare measures, retirement system, and reward and punishment regulations. The promotion rating is deliberated by the Personnel Review Committee to ensure that the system operates in a “fair, just, and open” manner, thereby

facilitating harmony and mutual trust between labor and management.

To protect the personal data of job seekers and employees, new employees are required to sign a personal information protection statement at the interview stage. After onboarding, the Company arranges new employee training and competence-oriented courses to help employees become familiar with the systems and regulations as soon as possible, including corporate culture, operational safety, and information security.

Up to the end of 2024, the Company had a total of 297 full-time employees in Taiwan; there was no significant turnover compared to 291 employees in 2023. Employees aged between 31 and 50

accounted for 74%. Most of the employees were male, accounting for 83%. Due to the nature of the industry, male employees of the subsidiary in Thailand accounted for 63%. This demonstrates the gender ratio and structure commonly seen in traditional manufacturing industries. No matter where the manufacturing base is located, we establish personnel management systems in accordance with the law and persist in the principle of no discrimination against any employee based on their gender, age, nationality, religion, political views, or any other status differences. We are dedicated to creating a diverse and inclusive working environment where human rights are respected.

Number of Employees														
Factory	Category	Group	2023						2024					
			Female		Male		Subtotal (person)	Percentage (%)	Female		Male		Subtotal (person)	Percentage (%)
			Number of People	Percentage	Number of People	Percentage			Number of People	Percentage	Number of People	Percentage		
Taiwan	Age	Under 30	6	2%	48	16%	54	19%	4	1%	43	14%	47	16%
		31-50	39	13%	180	62%	219	75%	38	13%	183	62%	221	74%
		Over 50	2	1%	16	5%	18	6%	7	2%	22	7%	29	10%
	Nationality	Foreign country	0	0%	81	28%	81	28%	0	0%	89	30%	89	30%
		Taiwan	47	16%	163	56%	210	72%	49	16%	159	54%	208	70%
Thailand subsidiary	Age	Under 30	31	34%	31	34%	62	69%	29	25%	44	38%	73	63%
		31-50	10	11%	18	20%	28	31%	14	12%	29	25%	43	37%
		Over 50	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%

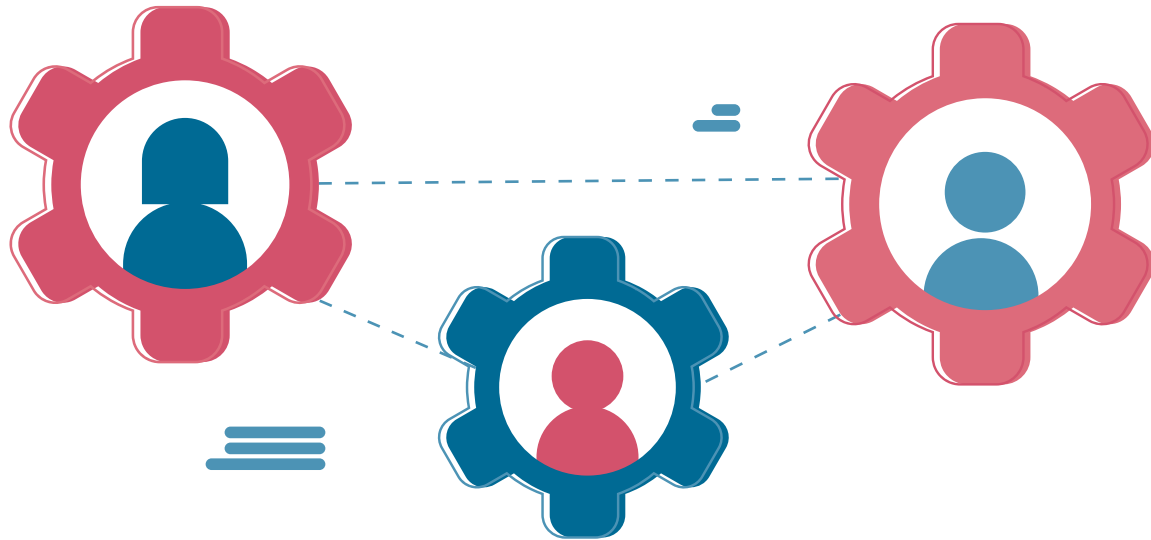
Note 1: The total number of employees is acquired based on the average number of employees calculated at the end of the current month.

Note 2: All employees in 2023 and 2024 were full-time employees and there were no temporary or part-time workers. All personnel playing key roles (managers, professional personnel, and employees at the basic level) are directly hired by CHR. All of the managerial personnel were Taiwanese.

◆ 5.1.2 Healthy personnel structure

(GRI 401-1)

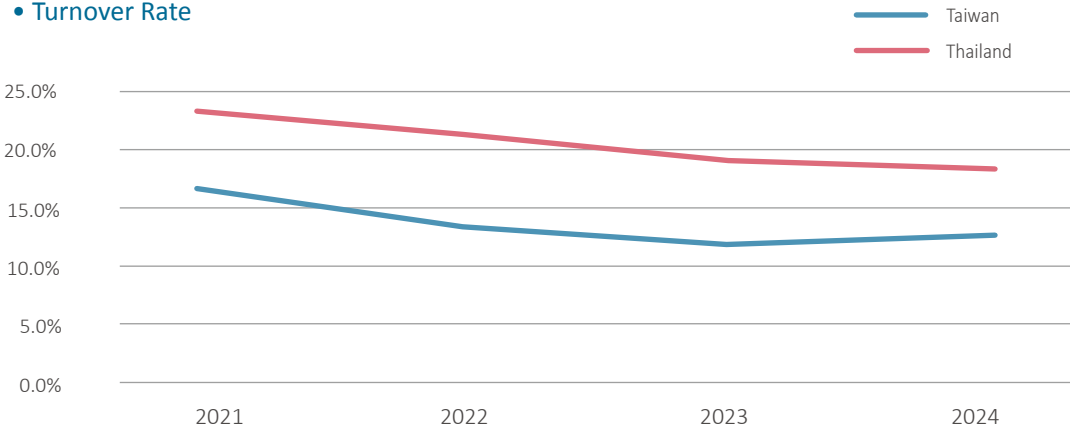
Healthy employee turnover brings the Company vigor and creativity. In Taiwan and Thailand, we hired a total of 44 and 76 new employees, respectively, in 2024 (a total of 120 new employees) to fill vacancies and increase production power. Most of the new employees in Taiwan were aged between 31 and 50 (61%), followed by the age group of below 30 years in Thailand (63%).



Statistics of New Employees														
Factory	Category	Group	2023						2024					
			Female		Male		Subtotal (person)	Percentage (%)	Female		Male		Subtotal (person)	Percentage (%)
			Number of People	Percentage	Number of People	Percentage			Number of People	Percentage	Number of People	Percentage		
Taiwan	Age	Under 30	1	3%	16	48%	17	52%	1	2%	16	36%	17	39%
		31-50	1	3%	15	45%	16	48%	4	9%	23	52%	27	61%
		Over 50	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%
	Nationality	Foreign country	0	0%	19	58%	19	58%	0	0%	20	45%	20	45%
		Taiwan	2	6%	12	36%	14	42%	5	11%	19	43%	24	55%
Thailand subsidiary	Age	Under 30	22	31%	29	41%	51	73%	13	17%	35	46%	48	63%
		31-50	9	13%	10	14%	19	27%	8	11%	20	26%	28	37%
		Over 50	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%

We initiated an employee assistance project in 2018 to continue to provide our employees with care and to understand their reasons for resignation. When employees submit a resignation application, we talk to them to understand their reasons for resignation and have good communication with them in order to ascertain problems to be addressed in the future. Starting in 2020, we have been promoting a workplace health promotion plan and introducing on-site medical services to raise employee awareness about health. For employee resignation, 42 employees resigned in Taiwan in 2024, a turnover rate of 12.6%. Most of them were employees of the Production Department. Through an analysis of exit interview data, we found that repetitive activities for long periods of time was the main reason for their resignation. Overall, the turnover rate remained below 13%.

• Turnover Rate



Number of Resignations														
Factory	Category	Group	2023						2024					
			Female		Male		Subtotal (person)	Percentage (%)	Female		Male		Subtotal (person)	Percentage (%)
			Number of People	Percentage	Number of People	Percentage			Number of People	Percentage	Number of People	Percentage		
Taiwan	Age	Under 30	1	2%	9	22%	10	24%	1	2%	13	31%	14	33%
		31-50	1	2%	29	71%	30	73%	5	12%	22	52%	27	64%
		Over 50	0	0%	1	2%	0	0%	0	0%	1	2%	1	2%
	Nationality	Foreign country	0	0%	24	59%	24	59%	0	0%	12	29%	12	29%
		Taiwan	2	5%	15	37%	17	41%	6	14%	24	57%	30	71%
Thailand subsidiary	Age	Under 30	19	37%	21	41%	40	78%	11	22%	20	40%	31	62%
		31-50	5	10%	6	12%	11	22%	7	14%	12	24%	19	38%
		Over 50	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%

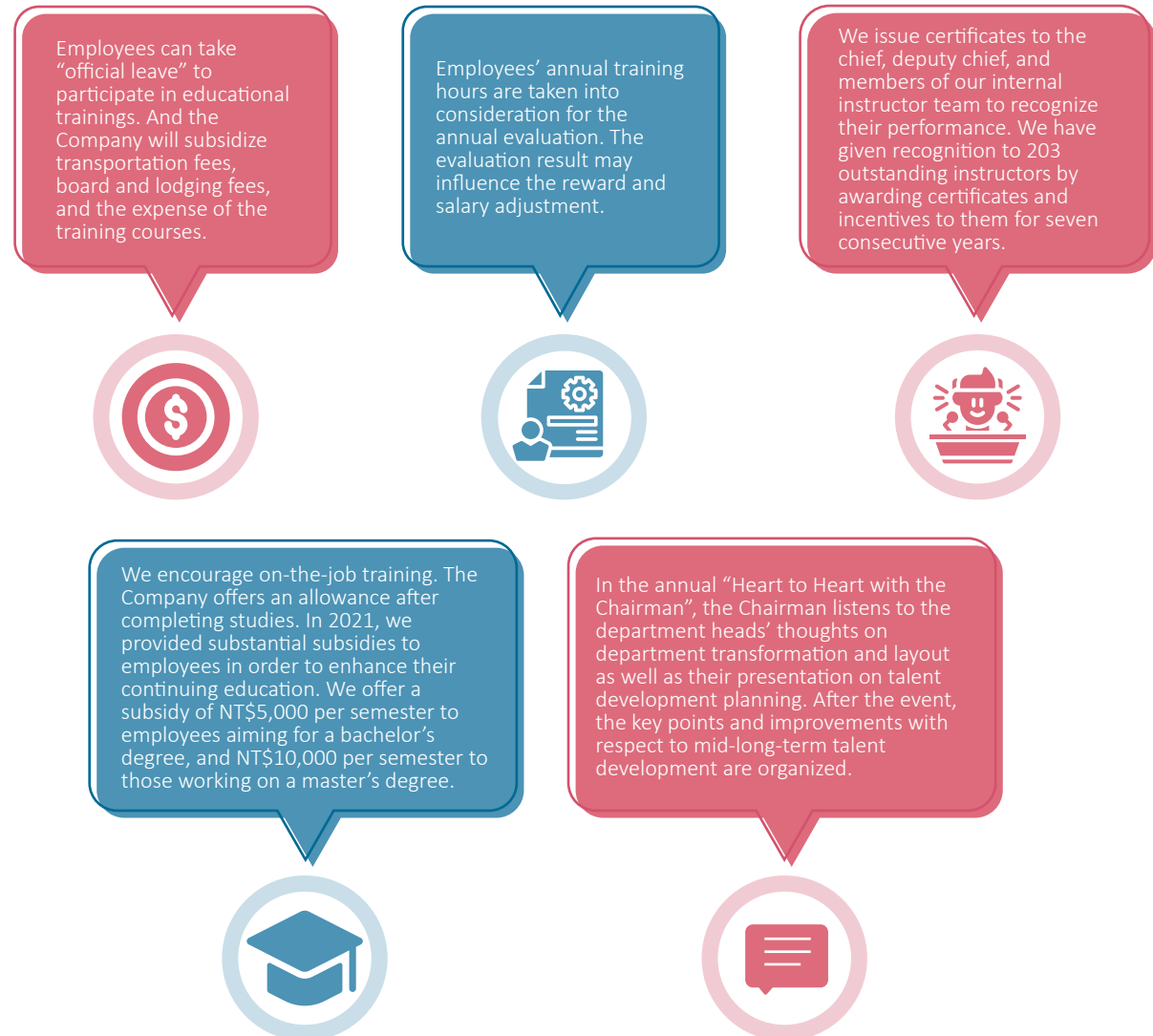
5.2 Talent development

◆ 5.2.1 High-level supervisors’ focused attention on talent development

To facilitate the sustainable management of CHR, persistent talent cultivation should be set as a long-term goal; it is also a consensus reached in CHR. As a result, the job description for high-level supervisors specifies that executives are responsible for cultivating their subordinates. The Chairman is aware of the importance of talent development. In several meetings, he talked about inheritance from his point of view and stated that only with “inheritance” can an organization proceed with its business. He also encouraged the heads of departments to take on challenges, lead and thoroughly implement the plans established by their subordinates, and pay close attention to the management and growth of whole teams. Employees and department heads discuss together at the end of each year to formulate the development and learning items for the future. These will be integrated into an annual training plan to ensure follow-up and evaluation of learning effectiveness.



◆ 5.2.2 Chairman’s promises

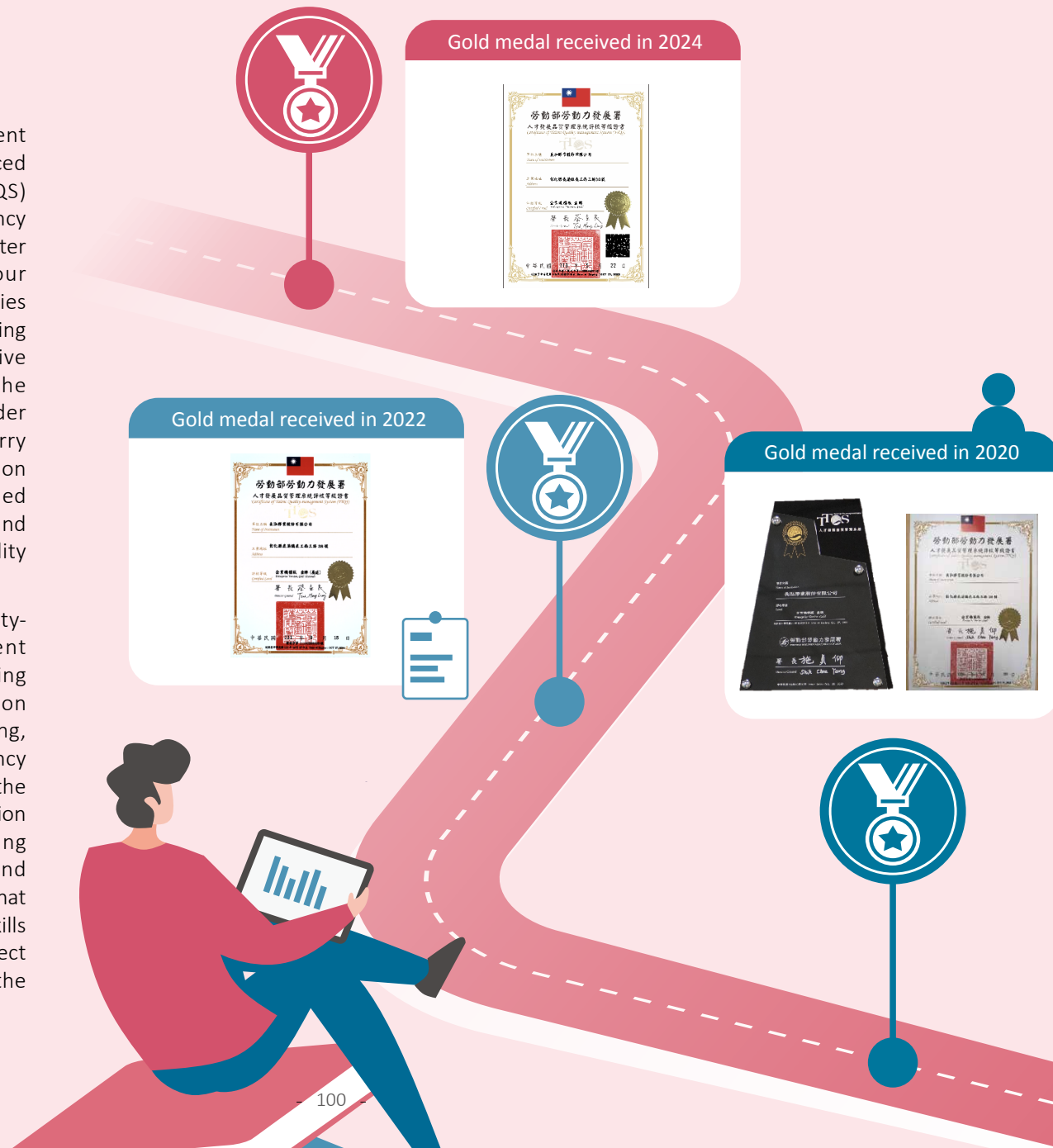


◆ 5.2.3 Performance highlights

• Talent Quality-management System (TTQS)

To promote employee training and development and to improve the quality thereof, we introduced the Talent Quality-management System (TTQS) developed by the Workforce Development Agency of Ministry of Labor, Executive Yuan, in 2014. After 10 consecutive years of stable operations, our corporate philosophy and organizational strategies have been gradually incorporated into our training program. In addition, we also integrate the five dimensions of PDDRO and 19 indicators in the procedure of organizing training courses in order to enhance the overall training quality and carry out an effectiveness assessment. In the evaluation of the extension eligibility in 2024, we continued to receive the “Gold Medal” in the enterprise and institution group to recognize our training quality and dedication to talent development.

We will continue to invest in the “Talent Quality-management System (TTQS)” and implement training quality management through consulting services and evaluation mechanisms. In addition to continuously improving the quality of training, we review and update the employee competency gap on a regular basis, and periodically adjust the annual training plan at the meeting of the Education and Training Committee to ensure that training resources are focused on the development and improvement of critical competences. We hope that our employees can improve their professional skills effectively through planned training, reach project goals, achieve the management objectives of the organization, and earn equivalent rewards.



◆ 5.2.4 Organizational structure for talent development

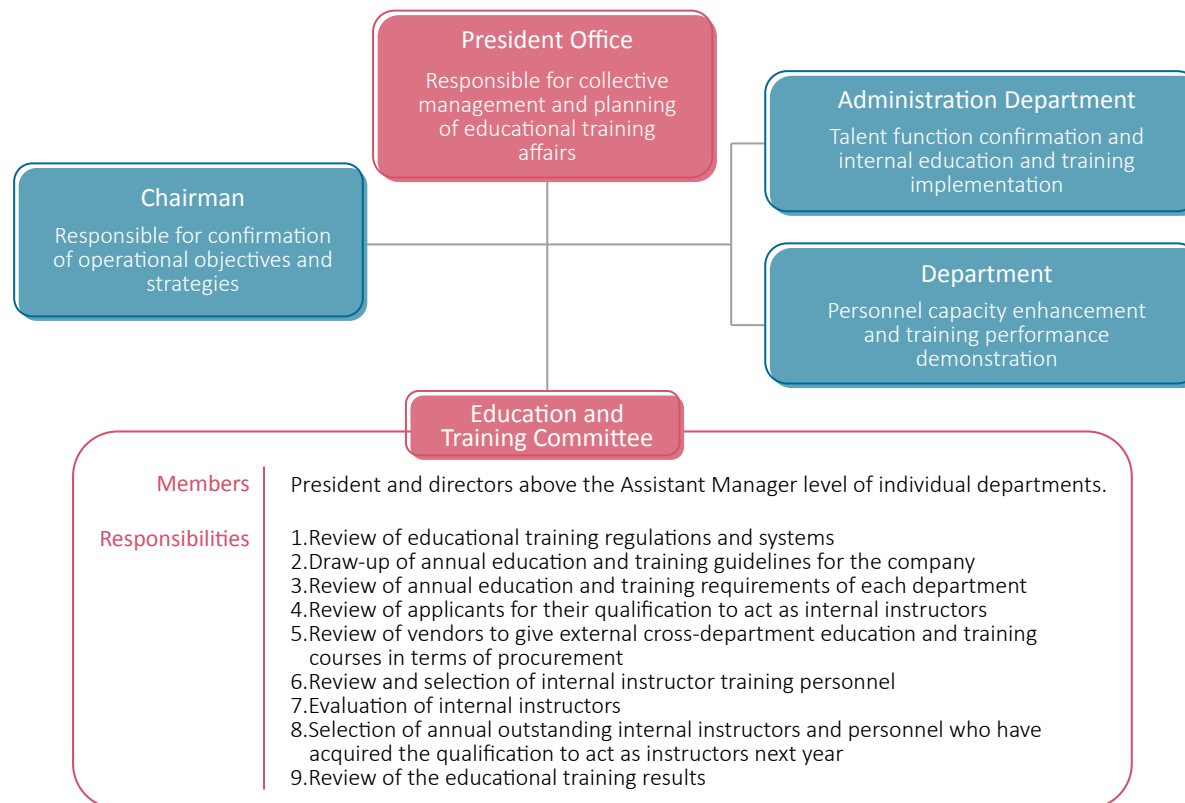
• Establishment of Education and Training Committee

In view of the importance of talent cultivation to the organization, we established the Education and Training Committee in 2013 to implement talent cultivation and create a culture of learning. In addition, we participate in and monitor the training development process to improve the quality of education and training.

• Forming an internal instructor team to pass on the DNA of CHR

Since 2013, we have endeavored to cultivate our instructors. Employees possessing important knowledge and skills are selected and then evaluated to serve as professional instructors. We also formed an internal instructor team and established the articles of association in 2014 to regularly review the quality of training courses, improve instruction skills, and share and exchange the experience among instructors. Currently, our internal instructors account for 20% of the total employees, so as to provide our employees with sufficient on-the-job training (OJT) and off-the-job training (Off-JT). We have recorded micro-courses to encourage online learning activities, including preparation of digital teaching materials and recording techniques. Internal instructors are allowed to produce online courses based on their personal teaching expertise.

Since CHR upholds the mission and vision of mutual growth with our customers to serve as a reliable long-term rubber partner for them, our instructors design courses and assist customers in talent training based on their requirements. According to the statistics, between 2020 and 2024, a total of 13 courses were held totaling 26.5 hours and 136 trainees.



• Statistics of internal lectures

Year	Number of Courses	Hours	Number of Trainees
2021	11	24	272
2022	14	31.5	436
2023	21	61	548
2024	23	50	424
Total	193	431.5	4052

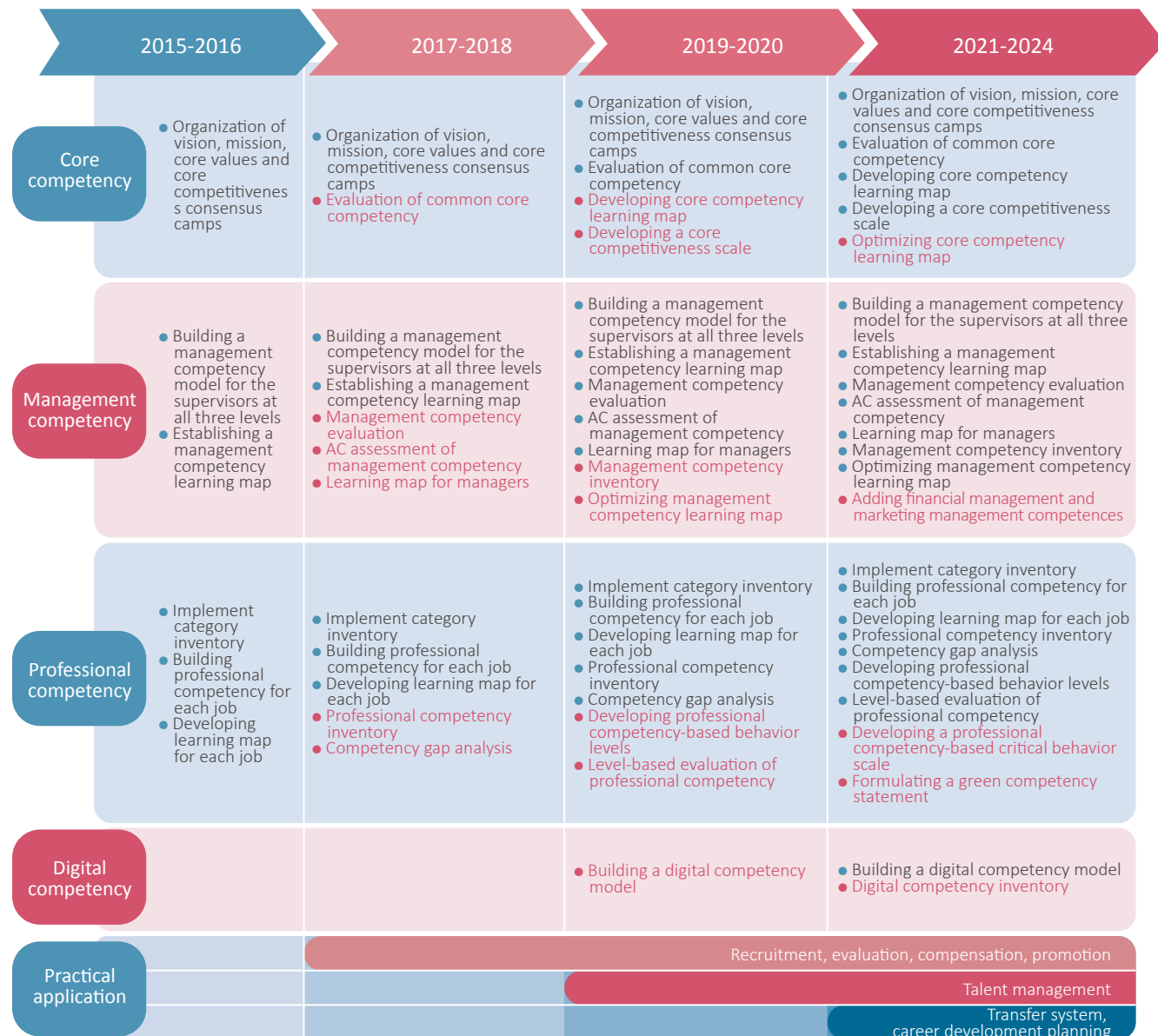
• Competency Development Schedule

◆ 5.2.5 Improvement of employee competence

(GRI 404-2)

To improve the professional competency of employees concretely and obviously, we have introduced a competency system since 2015 to develop common core competency, management competency, and professional competency as well as digital and green competency (added in 2020 and 2021 respectively) models, and established a competency learning map. These are used to build a basis for the development of talent and are applied to the recruitment, selection and evaluation of employees, and for their compensation and promotion general competency, management competency, professional competency. The applications will be extended to the transfer system and career planning for key talents in the future. The improvement will be made every year to make the learning map complete for individual functions. Employees are expected to develop their abilities under the guidance of the learning map to meet the requirements of the tasks that they are carrying out.

In 2020, we promoted the digital transformation plan, built digital competency models for general employees, primary-level supervisors and medium- and high-level supervisors, and set up the capabilities required. Please refer to 4.3.8 Digital transformation plan.



◆ 5.2.6 Core training category

(GRI 2-17, GRI 404-2)

We plan systematic training categories that meet the requirements of the Company based on the development of competencies. There are five categories comprised of professional competency training, management competency training, general training, instructor training, and digital competency. At the end of each year, annual training plans are developed for all employees including members of the ESG Committee to enhance competencies in various aspects.

• Complete Training Category

(GRI 404-1)

After the probation and adaption period ends and the new employees start their learning journey as planned, they learn general and professional knowledge and skills in the hope of arousing their potential. In addition to techniques for the assigned

tasks, they learn about other professional branches to improve their labor quality and competitive strength. At CHR, the Education and Training Committee and internal instructor team plan and provide different courses every year to meet the training requirements of the Company. The courses are open to all the employees to ensure provision of equal and complete educational training.

The average training hours of the female supervisors (section level) in 2023 was 41.7. The head of the Information Department participated in a digital transformation training program for a total of 120 hours, and led employees to participate in digital transformation courses. The training is planned step by step along the transformation path from data collection and summarization, statistical analysis of data, visualized tools, predictive models to artificial intelligence. The use of digital tools is arranged

in a step-by-step manner. The employees from each department with relevant capabilities and potential participated in the training and conducted discussion of the issues within the department after the course. After the participants showed their learning results and put them into practice, the training was extended to all the employees of the Company.

The average training hours of the basic (direct) female employees in 2023 and 2024 were 11.3 and 15.6, respectively. Employees continue to participate in digital transformation courses and courses on green and sustainable products to facilitate accurate prediction of the capacity and implementation of carbon inventory projects on an ongoing basis

• 2021–2024 Training Hours per Capita

Employee Category	Supervisor (section)		Professional (indirect)		Primary-level (direct)	
	Male	Female	Male	Female	Male	Female
2021	28.8	29	17.6	8.3	4.4	3.2
2022	44.6	51.1	32.8	18.2	5.4	16.5
2023	27.6	41.7	21.6	18.8	2.0	11.3
2024	19.8	20.2	15.0	14.2	3.0	15.6

Note 1: (Direct) means the direct employees of the Company and the non-managerial employees of the Production Department and QC Section.

Note 2: (Indirect) means the indirect employees of the Company and the non-managerial employees other than those of the Production Department and QC Section.

Note 3: The training hours per capita does not include OJT training hours.

• Core Training Category

Title	OTJ	Professional competency						Management competency	General training				Internal training of instructors	Digital competency	
Assistant manager and above	Implemented as needed	Business marketing training	R&D and innovation training	Production and Manufacturing Training	Quality management training	Information management training	Business management training	Green, sustainable Training	High-level supervisor	General knowledge	Occupational Safety and Health	International standard program	Common core competency	Teaching perception and skills Teaching knowledge and practices	Data-based strategy application and planning
(Vice) Manager level									Mid-level supervisor						Data computing capability
Section level									Primary-level supervisor						Data analysis capability
Group level															
Employees															
New employees	Personnel regulations, information security, occupational safety and health, new employee training plans														

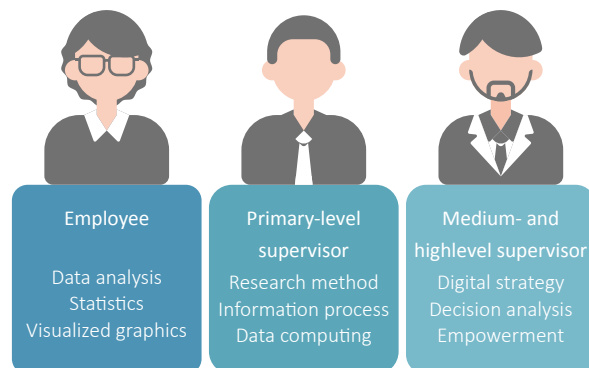


◆ 5.2.7 Digital competence training

• Digital transformation plan

Nowadays, the commercial environment changes rapidly with factors including globalization, information transparency, and intensified competition affecting the development of enterprises. As environmental sustainability issues rise, enterprises not only face the pressure of competition in the market, but also bear the burdens of social responsibility and the environment. Hence, enterprises need to keep innovating, adopting digital transformation strategies, and achieving a balance between commercial value and sustainable development to satisfy dynamic market demands and social expectations.

To improve the capabilities of each department to quickly integrate information with digital technology and enhance analytical skills, and to provide the Group with strategic decisions for the future, we established the talent development approach, “Building a Digital Culture and Improving Employee Digital Competency”, in 2020. Furthermore, we set up a digital functions model to specify the capabilities that personnel at each level shall develop.



Digital Competence Relevant Training					
Category	Year	Training Hours	Number of Trainees	Course	Results
AI	2023	144	27	Industrial AI Class (Smart Manufacturing)	2.6.1 Strategies for Transformation
				Rapid Miner Machine Learning Implementation	
	2024	13	45	Generative AI xChatGPT Practices	
				ChatGPT Combined with Office Work Practices	
Data analysis	2023	16	44	Introduction to Data Analysis Process	
				Introduction to Data Analysis Algorithm	
	2024	9	18	Power BI Advanced	
Digital tools	2023	9	41	RPA Software Operation: Power Automate	
	2024	9	28	Notion Production Tips - Getting Started	
				Short Video Production Practices	
Development Practice	2023	23	2	Basic EEP Education and Training	
				Penetration Testing	
	2024	95	4	Basic DevOps Practices	
				Advanced Microsoft SQL Server Database Design and Development Practices	
				JavaScript Programming Language Getting Started and Web Applications	
				Python-Pauto and Python for Automatic Management of Network Devices	

Starting in 2020, a digital functions inventory has been implemented for employees according to their corresponding levels. Functions include, for general employees, statistical and digital analytics capabilities as well as the skills to visualize and present analysis results; for primary-level supervisors, the ability to control the Company’s processes, understand how to improve process efficiency and product quality through digitalization, and implement effective controlling methods; for medium- and high-level supervisors, the capability to continuously learn about and understand new business models, market trends and competition status, as only by controlling the latest information can they develop strategies and plans that better meet market demand and corporate goals, and then lead teams to gain competitive advantages. The completeness of the 2022 functional inventory was 33.5%. Training plans and remedy measures were set up to improve the digital competency of employees. Training included courses on digital tool applications from data collection and summarization, statistical analysis of data, visualized tools, predictive models to artificial intelligence. Between 2023 and 2024, a total of 16 sessions of

digital courses were opened, accumulating 311 hours of training with 200 trainees. According to the implementation results in 2024, the digital competency inventory increased by 12% and the completeness of digital function reached 37.6%.

◆ 5.2.8 Smooth promotion channel and performance evaluation system (GRI 404-3)

Performance management is one of the most important management behaviors and tools. We always take employees’ promotion opportunities seriously and have established the “Performance Management Regulations” to build a consistent, open, and transparent system for the measurement of cross-functional career level and talent. We provide a performance evaluation form annually for all employees (including migrant workers) to evaluate their personal performance based on their work goals and individual performance. The evaluation rate in both 2023 and 2024 was 100%. The evaluation form is used as a reference for pay raises. Special pay raises and smooth promotion opportunities will be granted to employees who perform excellently. Ability and competency as well

as reasonableness are used as the only criteria for promotion to drive the sustainable development and management of the Company. We introduced an interview mechanism for department performance (for Taiwanese employees completing probation only) in 2020 to provide heads and employees with a mutual communication channel using performance interview forms along with the annual performance evaluation results. A total of 720 interview records were collected. Internal promotion is a good way to motivate employees and build their cohesion as well as one of our talent development strategies. Our employees’ capability can be reviewed through their setting of annual performance goals with their heads and the execution of the Company’s semi-annual performance evaluation. With our promotion system, our employees can align their future career planning with CHR’s overall development to have more opportunities to develop themselves based on their abilities and needs. CHR offers employee a diverse learning platform to improve their capacity and cultivate talent that meet the development requirements of the Company. A total of 22 employees were promoted to managerial positions in 2023 and 2024.

• Completeness of digital function from 2020 to 2024

	2020	2021	2022	2023	2024
Completeness of digital functions	25.2%	27.2%	33.5%	33.6%	37.6%

5.3 Employee welfare and labor conditions

◆ 5.3.1 Robust salary levels

Wages and welfare provided by CHR not only meet legal requirements, they are higher than the statutory basic wage. We also provide insurance and pensions for all full-time employees as required by laws and regulations. To achieve sustainable operation for the Company, we raise the level of employee wages while continuing to grow and gain benefits. General employee wages are determined based on the “Salary Management Regulations”, their educational background, experiences, professional knowledge and techniques as well as personal performance. Every year, we review the Salary Management Regulations periodically with reference to the recommendations of high-level supervisors; the Chairman shall be responsible for the final approval of changed matters. In 2021, a language allowance has been approved to be added as an additional encouragement of the Company’s policy of global market training for talent with foreign language skills.

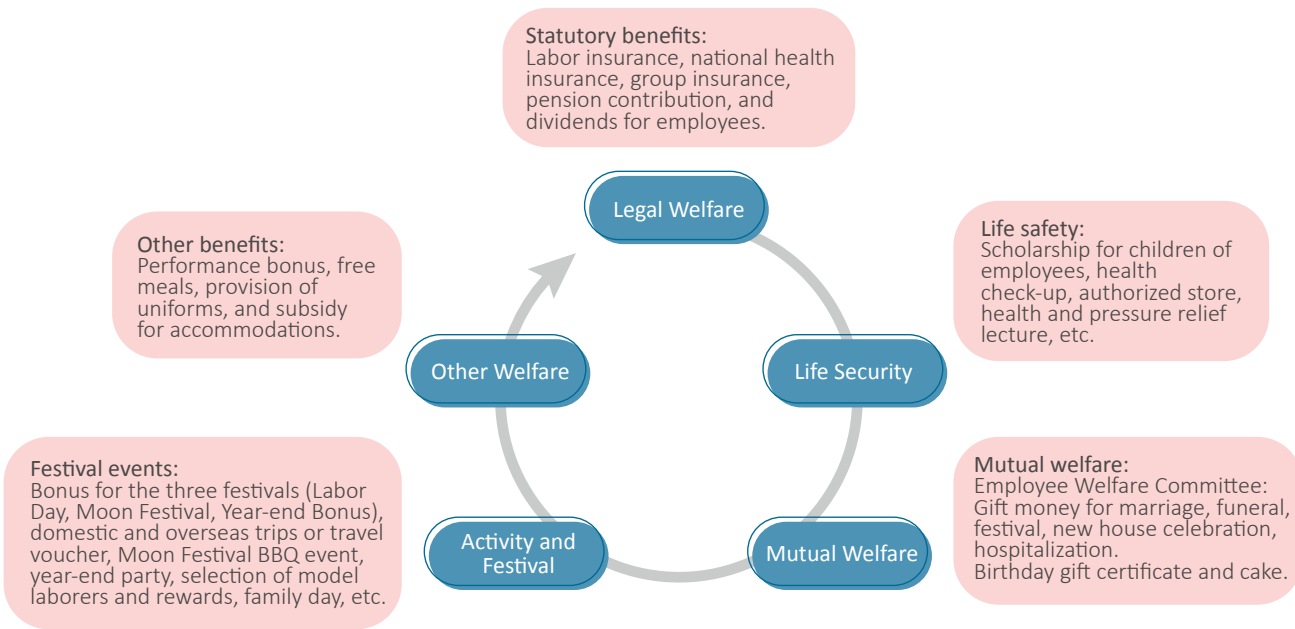
◆ 5.3.2 Gender equality

The Company’s salary policy is systematically planned according to the management and the direct or indirect personnel, and does not show any discrimination based on the employees’ gender, race, religion, political views, or other factors. There is no obvious difference in the salary level of female and male staff, with an average ratio of 0.95 : 1.

◆ 5.3.3 An Outstanding and Diverse Welfare System

In addition to providing basic benefits, such as parental leave and pensions, in accordance with the law, we provide group insurance, regular health checkups, free meals, scholarships for the children of employees, performance bonuses and employee remuneration. As for remuneration to employees, the Articles of Association provides in Article 19 that the Company must appropriate more than 1% of the surplus, if any, in the annual accounts as compensation for employees. The Board of Directors has decided to make the payment in cash to ensure stable employee welfare. In short, we

share our operational results with the employees and, in this way, promote their physical and mental health and retention of talent. We plan family days, topic days, health lectures, exercise classes, and self-resting activities to improve work-life balance. The Employee Welfare Committee is established to provide domestic company trips and annual festival events. Subsidies have been provided for employee club activities since 2021. The Gym and Audio-visual Activity Center was launched in the same year to support diverse recreational development.

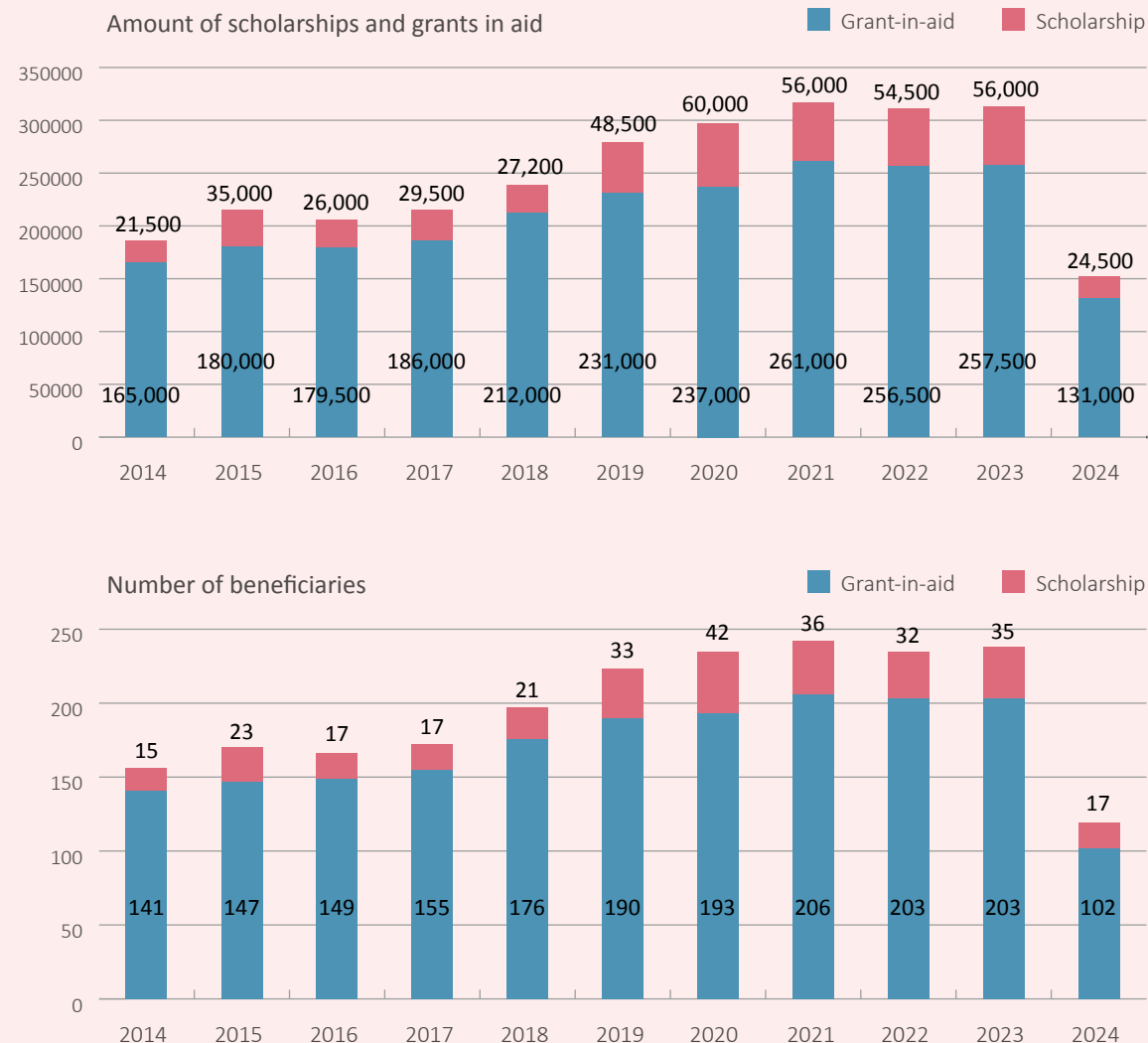


◇ 5.3.3.1 Scholarships and grants-in-aid for children of employees

We place importance on the education of the next generation and provide scholarships and grants-in-aid for the children of employees every year to encourage their learning and cultivate talent for the development of society in the future. Comprehensive and good education for the children is the cornerstone for the advancement of our nation. To encourage the employees to pay attention to the education of their children, CHR provides scholarships and grants-in-aid for their children. We want to motivate them to be dedicated to their studies and have faith and hope in their future.

- Note 1: Scholarship: Students from junior high school to college / university with 80 marks or more in academic subjects and conduct performance are qualified for application.
- Note 2: Grant-in-aid: Students after compulsory education are qualified for application.
- Note 3: Only applications in the first half of 2024 are calculated. Applications in the second half of the year are handled in 2025 and therefore are not calculated here.
- Note 4: Standards for Granting the Scholarship: Primary and Secondary School: NT\$1000; High School / Vocational School: NT\$1500; College / University: NT\$2000.

• Payment of scholarships and grants-in-aid for children of employees



◇ 5.3.3.2 Chang Horing Culture Award - model election for the corporate culture award

Aiming to boost staff morale and exert team spirit by encouraging and publicly commending employees who contribute to their work, the Company set up CHR's own corporate culture award: the Chang Horing Culture Award in 2021. The Award can be divided into three categories: Rookie of the Year, Corporate Culture and Senior Employee. The Corporate Culture category can be further divided into four awards, which are "Get to the Bottom of Everything", "Be Diligent and Simple", "Customers First", and "Be Honest and Proactive". Elected employees shall be provided with incentives as per their awards, and then commended and interviewed at the major event of the Company: the year-end party. This shall be announced publicly to set the elected employees as models for all staff to learn from. The employee who wins Rookie of the Year is qualified to participate in the selection of model employees organized by the Changhua Coastal Park Service Center and Changhua County Government, respectively.



◆ 5.3.4 Good employment relations and labor-management relations

To protect the employees' rights and help them understand relevant laws and regulations, we hold labor-management meetings regularly and provide a complaint channel to protect their rights and ensure that any damage to their rights and interests can be dealt with immediately. CHR creates a friendly labor-management relationship that the employees can trust in to prevent the violation of laws and occurrence of disputes. This way, we can create friendly and stable employment relations.

For labor-management relation, we definitely specify the severance-related regulations in the Employee Handbook according to the Labor Standards Act. The employees who select the old system have the right to a pension. In addition, we appropriate

6% of the monthly insurance amount for pension according to the "Labor Pension Act" every month in favor of employees who selected the new system.

To fully create a happy workplace with a friendly environment, the Company has established lactation rooms to provide a private and warm space for nursing mothers. In addition, the Company and the Employee Welfare Committee have entered into a contract with a quality childcare institution nearby for discounts. Employees can apply for parental leave without pay according to the Act of Gender Equality in Employment and the regulations in the employee handbook to protect female and maternal workers.

Number of People Applying for Parental Leave without Pay over the Past Years								
Year	2021		2022		2023		2024	
Gender	Male	Female	Male	Female	Male	Female	Male	Female
Number of employees qualified for unpaid parental leave	17	3	17	3	17	5	14	4
Number of applicants	0	0	0	0	1	0	0	1
Number of reinstated employees	0	0	0	0	0	0	0	0
Reinstatement rate	0	0	0	0	0	0	0	0
Number of employees retained	0	0	0	0	0	0	0	0
Survival rate	0	0	0	0	0	0	0	0

Note 1: Calculation of the number of employees qualified to apply for unpaid parental leave: According to the statistics, this shall be the number of employees who have applied for maternity and paternity leave in the most recent three years, and who remain in their positions at the end of the year.

Note 2: Formula for the reinstatement rate: Actual number of employees reinstated from parental leave in the year / number of employees who should be reinstated from parental leave in the year * 100%.

Note 3: Formula for the retention rate: Actual number of employees remaining in their positions 12 months after being reinstated from parental leave / number of employees reinstated from parental leave in the year * 100%.

◆ 5.3.5 Compliance with labor and occupational safety regulations (GRI 2-27)

Any single penalty case that reaches the amount of more than NT\$500,000 is considered a major violation. There were no major violations in 2023 and 2024.

Year	Number of Cases	Description	Fine (NTD)	Countermeasure
2023	3	» Violation of labor laws: 2 cases » Violation of occupational safety and health laws: 1 case	245,000	» Enhance management of the information system to ensure compliance with applicable labor laws to avoid recurrence of similar events. » Provide on-the-job safety education and training to enhance employees' safety awareness and response capabilities.
2024	3	» Violation of labor laws: 2 cases » Violation of occupational safety and health laws: 1 case	190,000	» Optimize management systems, request departments to conduct periodical inspection of legal compliance, and enhance internal dissemination and auditing. » Enhance employee education and training to enhance their safety and health knowledge and capability and implement operating standards and audit mechanisms.

◆ 5.3.6 Employee Satisfaction Survey

To improve the sense of identity and team cohesion of employees, CHR has designed a satisfaction survey of six categories with 38 issues which employees are concerned about. Paper questionnaires were distributed to employees to fill out freely. The satisfaction rate is shown below. Generally speaking, 66% of employees were satisfied, 31% of employees held a neutral attitude, and 3% of employees were not satisfied. Overall, the proportion of dissatisfied employees shows a decrease of 25% compared to the result in 2023.

Since 2020, the Company has divided the questions on the employee satisfaction questionnaire into four categories: communication and coordination, environment and equipment, management system, and welfare. CHR, caring about what the employees are thinking, has held discussions with the supervisors from different departments on managerial meetings to determine proper solutions, and officially responded to the employees' opinions through announcement letters. The overall response rate to the opinions was 100%, with a 54% improvement rate in opinions. The suggestions that arose from the unfamiliarity with the Company's regulations or those that could not be improved right away were explained one by one to employees.

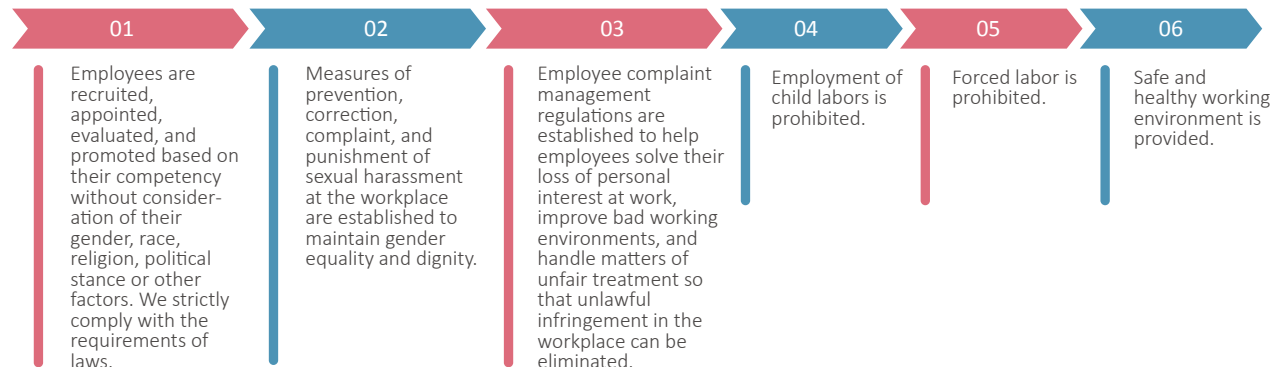
Year	Number of Questionnaires Distributed	Number of Effective Questionnaires	Satisfied and Above	Neutral Attitude	Dissatisfied and Below
2023	261	236	64%	32%	4%
2024	269	252	66%	31%	3%

5.4 Maintenance of human rights

(GRI 2-23, GRI 2-24)

In the hope of protecting the basic human rights of all employees, CHR spares no effort in creating a good working environment. CHR has developed a human rights policy respecting and complying with local regulations and requirements as well as specifications and principles of human rights that are recognized internationally, including the core labor standards of the Universal Declaration of Human Rights, the United Nations Global Compact and the International Labour Organization’s fundamental conventions.

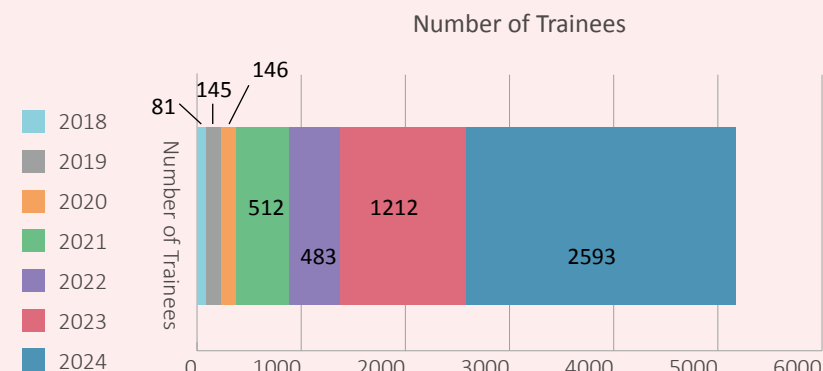
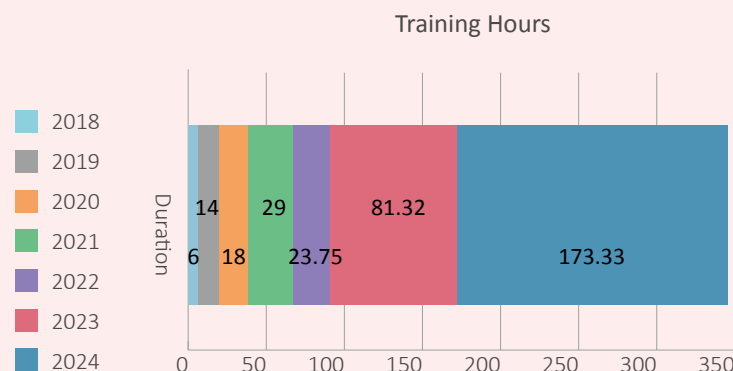
◆ 5.4.1 Human rights policy



◆ 5.4.2 Status of participation in human rights policy relevant training

Since 2018, the Company has irregularly arranged internal training courses on occupational safety, communication and coordination, and unlawful infringement in the workplace as well as training for new employees and daily dissemination. We have also enhanced the complaint and communication channel through feedback on the employee satisfaction questionnaire. Status of participation in human rights policy relevant training: As of 2024, there were a total of 173.33 course hours with 2593 trainees.

• Status of human rights training courses





◆ 5.4.3 Complaint channel and mechanism

(GRI 2-25, GRI 2-26)

◇ 5.4.3.1 Smooth communication channels

The Company established the “Employee Complaints Handling Regulations” to provide employees with smooth communication channels, and to help them solve their problems in the event of loss of work-related rights, bad working environment, or unfair treatment. Any employee who suffers damage to his/her rights or who has any opinions may complete the complaint form and submit it to the Administration Department. After accepting the complaint, the Administration Department shall take responsibility for handling the complaint, giving a reply, and closing the case within one month, and shall ensure confidentiality of the information to protect the rights of the complainant.

The Company has established the “Regulations Governing Sexual Harassment Prevention Measures, Complaints, and Discipline” to prevent sexual harassment incidents and ensure gender equality. An employee who suffers sexual harassment may submit the complaint application form as soon as possible. The Administration Department shall accept the complaint, and take responsibility for handling the complaint, giving a reply, and closing the case within one month after the acceptance date, and ensure confidentiality of the information. Education and dissemination for the prevention of sexual harassment are the responsibility of the training department.

Currently, the Company provides multiple complaint and communication channels, including:

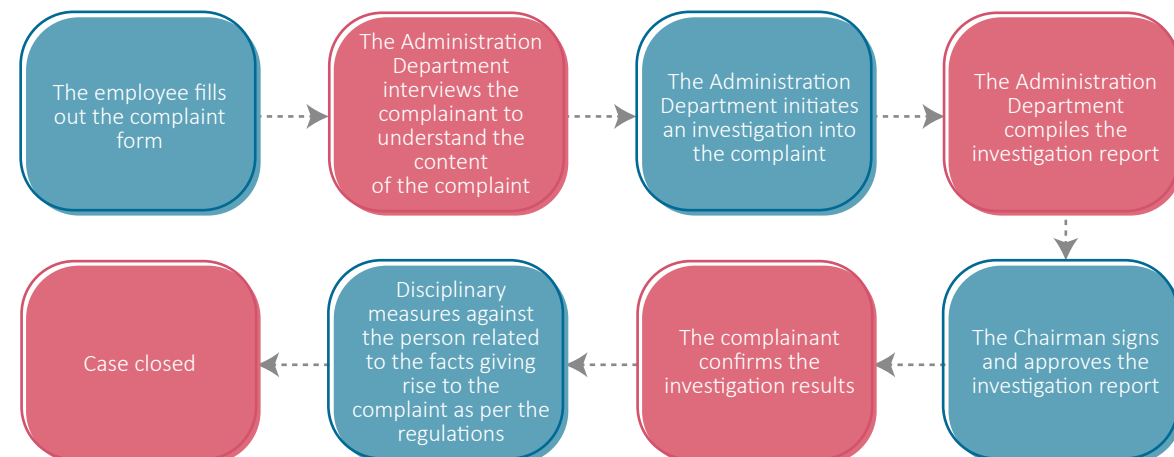
1. Employee Complaints Handling Regulations
2. Employee suggestion box
3. Annual performance interview
4. Employee satisfaction questionnaire

◇ 5.4.3.2 Complaint system and process

Employees may choose a proper communication channel based on their needs, and express their opinions. There are two methods to file a complaint, which are described below:

1. Employee suggestion box: The Company has set up a total of four internal employee suggestion boxes. We check for application forms in the boxes every two weeks. Employees may fill out the application form and decide whether to submit anonymously.
2. Mail or e-mail:
 - A. Dedicated email account: csr@chr.com.tw
 - B. Mail: To the manager of the Administration Department at No. 38, Lugong S. 3rd Rd., Lukang Township, Changhua County 505, Taiwan (R.O.C.)

• Process:



◇ 5.4.3.3 Employee complaint and recommendation

Regarding the investigation results of human rights complaints, a total of 4 complaints were received in 2023, 3 of which were the issues related to interactions with migrant workers. All of the complaints have been handled appropriately. Two human rights complaint cases were received in 2024. Both of them have been handled and follow-up actions have been taken. We have enhanced the friendly workplace atmosphere through communication and improvement measures. The annual satisfaction surveys and performance interviews are incorporated in observation metrics of human rights to ensure expression of opinions through multiple channels. Overall, the Company continues optimizing the complaint handling process and enhancing the response mechanism to provide an important basis for the mitigation of human rights risks.

Communication channel	Employee complaint		Employee suggestion box		Annual performance interview		Employee satisfaction questionnaire	
Year	Number of complaints	Number of addressed complaints	Number of feedback	Number of addressed complaints	Number of feedback	Number of addressed complaints	Number of feedback	Number of addressed complaints
2021	0	0	0	0	3	3	2	2
2022	0	0	0	0	2	2	4	4
2023	4	4	0	0	0	0	1	1
2024	2	2	0	0	2	2	2	0

◆ 5.4.4 Human rights survey

In order to implement the human rights policy and ensure its effectiveness, we have conducted human rights due diligence every two years since 2021 to identify potential human rights issues and make a risk assessment. In addition, we have designed corresponding mitigation and compensation measures to fulfill our commitment and responsibility for the protection of human rights.

We ensure effective fulfillment of our human rights protection responsibilities through a complete due diligence process, including issue identification, risk assessment, mitigation measures and continuous improvement.

1. Issue identification: We collect, identify and confirm human rights related issues, including basic human rights and working environment health and safety.
2. Risk assessment: Through risk assessment tools, we assess the level of risk with respect to each human rights issue.
3. Mitigation measures: We investigate and describe the status of addressing or preventing the occurrence of high-risk issues, and then develop mitigation measures in order to reduce the impact.
4. Information disclosure: Every two years, we review and publicly disclose the results of the due diligence to effectively manage human rights and comply with laws and regulations.

◇ 5.4.4.1 Identification of human rights issues

According to the UN Guiding Principles on Human Rights, we establish a list of potential human rights issues and implement risk assessment in line with likelihood and severity. Finally, human rights due diligence is conducted.

Human Rights Issues	Condition of Occurrence
Privacy protection	Failing to properly manage employees’ personal data and information, or customers’ personal information when having a commercial interaction with them, resulting in data theft, breaches or misuse as well as the inability to delete or adjust relevant information in accordance with the employees’ or customers opinions.
Personal freedom, safety and health	1. Workplace bullying or harassment (e.g. sexual harassment) that endangers the personal safety of the employees or suppliers, or which has a negative impact on their physical or mental health. 2. Failing to provide workers with adequate operational training and safety knowledge or statutory health-related measures, or employees working excessive hours in high-stress environments, resulting in negative physical or mental impacts.
Guarantee of work and labor conditions	1. Working environments or conditions failing to meet the legal requirements, which results in the inability to protect employees’ basic rights at work (e.g. working hours, wages, health and safety, and equal treatment), or deprivation of employees’ needs for legitimate work by unreasonably using other labor contracts (e.g. a large number of contracted employees, dispatched workers, or foreign workers). 2. Keeping workers in a situation of forced labor through improper demands or threats (e.g. wages and physical or mental violence), such as mandatory overtime and requirements of underreporting work hours.
Freedom of speech and expression	No established safe and effective channel for employees to express their opinions, or control and suppression of speeches with extreme methods, e.g. threatening the life, work or livelihood of a person who expresses his/her opinions through litigation, intimidation, and threats.
Employment of child labors is prohibited.	Failing to check if a newly hired person has lied about his/her age, leading to the employment of a child worker under 12.
Non-discrimination	Unfair actions irrelevant to work performance when recruiting, promoting and treating employees.
Right to family life	Difficulty in earning an opportunity from the workplace to take care of family members. For example, an employee cannot apply for parental or maternity leaves, or the Company does not provide lactation rooms, support for parenting or other measures.

◇ 5.4.4.2 Human rights risk assessment

1. Investigation method: We convene the happy workplace promotion team to investigate via questionnaires and then perform an assessment.
2. Assessment method: We assess and rank the risks depending on the probability of occurrence of human rights issues, as well as severity.
3. In accordance with CHR's medium risk and opportunity assessment mechanism under the internal control system, the happy workplace promotion team assesses the level of risks and opportunities based on the likelihood and the degree of impact. Then, it defines medium- and high-level risks and opportunities and draws up corresponding mitigation measures. The likelihood and levels of impact are defined as follows: risks with 35 points or above shall be high-level; those with a score between 18 and 34 shall be medium-level; and those having 17 points or below shall be low-level.

In accordance with the results of the questionnaire for interviewees, the risk and opportunity score as well as the matrix of human rights risks are shown below:

Human Rights Issues	Condition of Occurrence	Likelihood of Occurrence	Level of Impact	Risk Score
Privacy protection	Failing to properly manage employees' personal data and information, or customers' personal information when having a commercial interaction with them, resulting in data theft, breaches or misuse as well as the inability to delete or adjust relevant information in accordance with the employees' or customers opinions.	2	3	6
Personal freedom, safety and health	1. Workplace bullying or harassment (e.g. sexual harassment) that endangers the personal safety of the employees or suppliers, or which has a negative impact on their physical or mental health. 2. Failing to provide workers with adequate operational training and safety knowledge or statutory health-related measures, or employees working excessive hours in high-stress environments, resulting in negative physical or mental impacts.	4	5	20
Guarantee of work and labor conditions	1. Working environments or conditions failing to meet the legal requirements, which results in the inability to protect employees' basic rights at work (e.g. working hours, wages, health and safety, and equal treatment), or deprivation of employees' needs for legitimate work by unreasonably using other labor contracts (e.g. a large number of contracted employees, dispatched workers, or foreign workers). 2. Keeping workers in a situation of forced labor through improper demands or threats (e.g. wages and physical or mental violence), such as mandatory overtime and requirements of underreporting work hours.	2	3.5	7
Freedom of speech and expression	No established safe and effective channel for employees to express their opinions, or control and suppression of speeches with extreme methods, e.g. threatening the life, work or livelihood of a person who expresses his/her opinions through litigation, intimidation, and threats.	2	4	8
Employment of child labors is prohibited.	Failing to check if a newly hired person has lied about his/her age, leading to the employment of a child worker under 12.	1	1	1
Non-discrimination	Unfair actions irrelevant to work performance when recruiting, promoting and treating employees.	1.5	3.5	5.25
Right to family life	Difficulty in earning an opportunity from the workplace to take care of family members. For example, an employee cannot apply for parental or maternity leaves, or the Company does not provide lactation rooms, support for parenting or other measures.	1.5	3.5	5.25

◇ 5.4.4.3 Human rights risks and continuous improvement

We place great importance on the protection of human rights for our employees and conduct human rights risk assessment on an ongoing basis. The Company will periodically review the human rights control mechanism to control human rights risks and assess the effectiveness of mitigation measures. In addition, we will continue to prevent workplace risks and create a friendly working environment through system optimization, education and training, and enhancement of the communication mechanism.

We continued the identification and assessment of human rights issues in 2024. The result was

consistent with the previous one with the same major concern of “personal freedom and safety” (moderate risk). As for the four complaints occurring in 2023, three of them were related to communication and interaction with foreign migrant workers. The two complaints occurring in 2024 were classified into this category, too. In addition to having intervened in the investigation and handled the complaints appropriately, we will continue enhancing the prevention and response mechanisms.

Human Rights Issues	Human Rights Risk Assessment	Mitigation Measures
Personal freedom, safety and health	Moderate risk	1. Dissemination of CHR’s human rights policy and implementation of occupational safety education and training when a new employee takes office to ensure legal compliance. 2. Organization of periodical safety training courses to enhance the awareness of safety and reduce the likelihood of risks. 3. Implementation of diverse communication mechanisms and establishment of both named and anonymous complaint channels to ensure responsiveness and confidentiality and eliminate unlawful infringement in the workplace. 4. Establishment of on-site medical services and employee assistance programs (EAPs), provision of physical and psychological counseling services for employees, and setup of an employee care hotline. 5. Promotion of workplace friendliness and anti-bullying policies and enhancement of human rights awareness. 6. Enhancement of care and cross-cultural understanding for foreign migrant workers, improvement of dormitory conditions, appointment of a dormitory management person, and arrangement of regular meetings to promote good interactions and culture integration.



5.5 Occupational Safety and Health

◆ 5.5.1 Establishment of an occupational safety and health management system and a committee

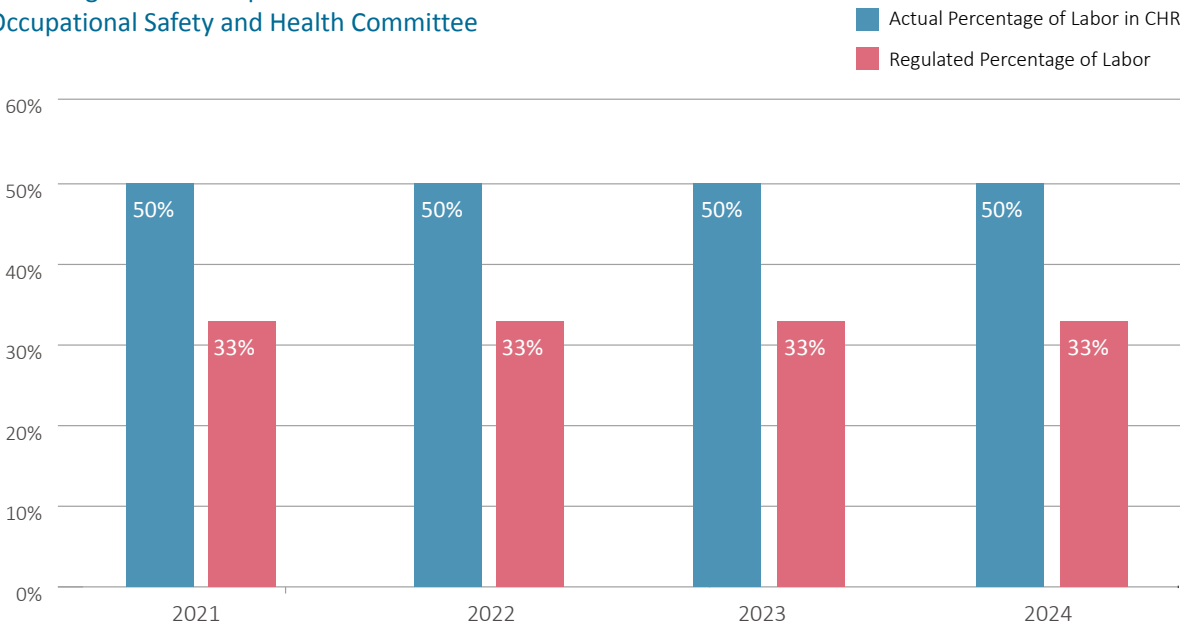
(GRI 403-1, GRI 403-4)

We know very well that occupational safety and health is an important issue of long-term concern to stakeholders, especially employees and their families. Therefore, we introduced the OHSAS 18001 occupational safety and health management system in 2018 to create a healthy and safe working environment and completed the transition to ISO 45001 in 2020. Various safety management measures are implemented and have operated smoothly to date. To further enhance the two-way communication and decision-making mechanism, we have established the Occupational Safety and Health Committee in accordance with Article 23 of the Occupational Safety and Health Law. There are 10 members on the Committee. The Chairman serves as the Commissioner and makes the final decision on the resolution of the meeting. The Commissioner designates an executive secretary and an Occupational Safety and Health person. The members of the Committee include Occupational Safety and Health personnel, department heads, R&D personnel, and personnel from the production department. According to the laws and regulations, labor representatives should be no less than 1/3 of the Committee. Our Committee has five labor representatives chosen by employees and they take up 1/2 of the Committee. All resolutions of the Committee will be made with a high priority on employees.

CHR Factories 1 and 2 have completed the verification of occupational safety and health management systems. In addition to maintaining effective operation of these systems, they continue to improve and optimize. Factory 3 has implemented and operated the management system of both Factories 1 and 2, and is dedicated to developing in compliance with the occupational safety and health standards. We treat all employees equally regardless of nationality, provide them with a safe working environment and a complete set of protective gear

and devices in accordance with the law, and reduce risks through periodic safety education and training and appropriate personal protective equipment. For contractors, we clearly explain the hazards that may occur during construction before they enter the site, and require that all operations comply with laws and regulations. The Thailand Factory will introduce ISO 45001 in 2025; the system is expected to be launched in September. With this, the occupational safety and health management can operate in line with the standards of the headquarters.

• Percentage of Labor Representatives on the Occupational Safety and Health Committee



Note: Percentage of labor representatives = number of labor representatives / number of committee members * 100%

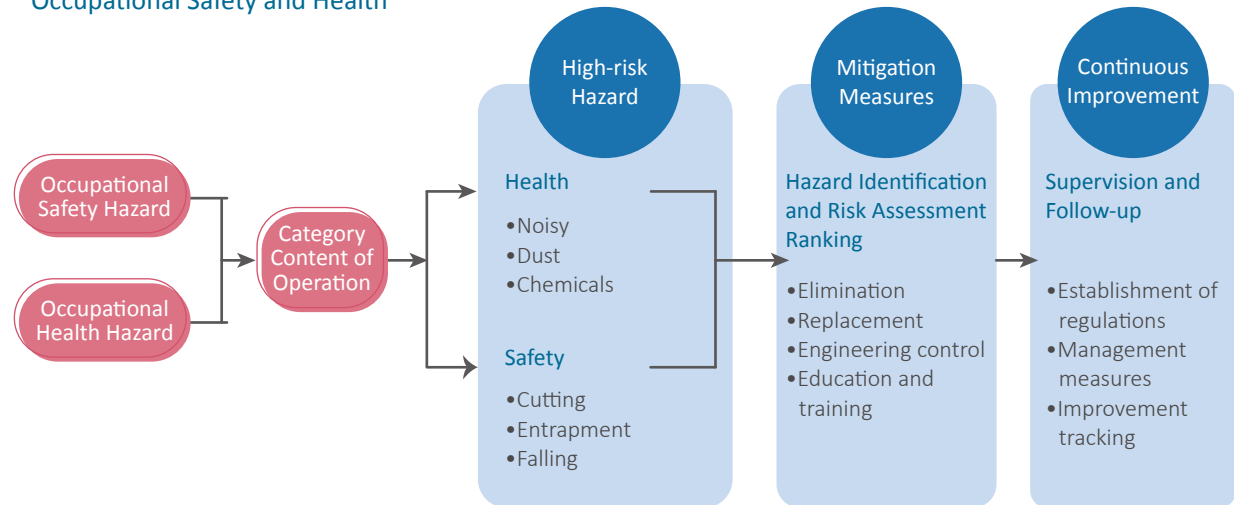
◆ 5.5.2 Attachment of importance to occupational safety and health

(GRI 2-8, GRI 403-3, GRI 403-5, GRI 403-8, GRI 403-9, GRI 403-10, SASB RT-CH-320a.1)

We place great importance on occupational safety and health issues and conduct hazard identification and risk assessment in accordance with the Occupational Safety and Health Act. The types of the high risks in Taiwan Factory are mainly noise, dust, and entrapment. The Company has improved occupational safety and health management measures for employees as shown in the following table.



• Hazard Identification and Risk Assessment for Occupational Safety and Health



High Risk	Taiwan Factory Improvement Measures
Noise	Electric fan cooling units are gradually replaced with closed air conditioned rooms to reduce noise.
Dust	The suction power of the duct collectors is completely improved to effectively reduce the escape of dust.
Entrapment	1. In 2022, an employee suffered a work-related injury when using a rubber cutting machine. All of the rubber cutting machines in the factory were equipped with closed safety doors in 2023. 2. In 2023, an employee suffered a work-related injury when using a Kneader mixer. After discussion and assessment, all of the Kneader mixers in the factory were equipped with active safety light curtains in 2024. 3. In 2024, an employee suffered a work-related injury when using a slitting machine. In the same year, all of the slitting machines in the factory were equipped with protective covers below the rollers, in addition to the existing covers on the top.



◆ 5.5.3 Employee health promotion and management
(GRI 401-3, GRI 403-2, GRI 403-3, GRI 403-6, GRI 403-7, SASB RT-CH-320a.2)

According to the requirements of ISO 45001 Occupational Safety and Health Management System, CHR has carried out hazard identification and risk assessment for the whole factory area. The results show that CHR has a high-risk working environment as a dusty environment and a noisy environment. We have implemented solutions according to the occupational safety and health regulations by providing employees with regular physical examinations and personal protective equipment. We do everything we can for the health of Company employees to prevent any employee from being physically harmed at work and to avoid any infringement of worker rights. In addition, if an employee encounters danger during educational training, he or she has the right of withdrawal as per Article 18 of the Occupational Safety and Health Act. After withdrawing to a safe location, the employee shall report to the manager in charge of the operation.

◇ 5.5.3.1 Health checkup

The health of the employees is the foundation of corporate sustainability and the responsibility of the Company. We provide free health checkups that exceed what the law requires every year; the items of the health checkup have a value three times the statutory minimum standard. We have commissioned a health consulting company to classify employee health, conduct interviews,

and establish a health care service record for all employees in accordance with the Occupational Safety and Health Act. The data are only used to assess workplace safety and risk and shall not be used for other purposes. The data shall be kept in confidence by the Labor Safety Office. For non-employee workers, we inform contractors that they have to conduct health checkups or special health checkups for their employees in accordance with the Occupational Safety and Health Act. Also, we proactively require the catering service provider to conduct health checkups in accordance with regulations and implement hygiene status checks and supporting inspections.



2024 Health Management Statistics of Special Health Hazards						
Factory	Hazard Category	Health Management Grade				4-Grade Improvement Program
		Grade 1	Grade 2	Grade 3	Grade 4	
Factory 1	Dust	58	4	0	0	Implemented according to the hearing protection plan
	Noise	33	26	0	3	
Factory 2	Dust	7	1	0	0	Implemented according to the hearing protection plan
	Noise	6	1	0	1	
Factory 3	Dust	27	0	0	0	Implemented according to the hearing protection plan
	Noise	15	11	0	1	

◇ 5.5.3.2 Maternal health protection, ergonomics, overload, protection of unlawful infringement in the workplace

The Company established the “Maternal Health Protection Plan” and provides relevant hazard assessment forms for employees to complete during on-site services. After medical service personnel conduct an assessment and give health consultation, appropriate work arrangements and adjustments are performed based on the result to ensure the safety and health of maternal employees. We have also implemented the “Ergonomic Hazard Prevention Plan” and “Abnormal Workload Prevention Plan”; we conduct risk assessments and needs surveys using a standardized scale, set up a database for systematic management and follow-ups, and provide appropriate treatment (health consultation) for employees who are potentially at risk. To prevent unlawful infringement in the workplace, we continue arranging relevant education and training to enhance the protection awareness among all employees and create a healthy, safe and friendly working environment.

◇ 5.5.3.3 Health promotion activities

As the 2022 employee health checkup report shows, the waistline was listed as one of the top three abnormal items for the first time, reflecting the health impacts of sedentary lifestyle and a lack of exercise. For this, we formulated the health promotion programs of Waist Slim Station and Special Waist Slim Training Class for improvement of the waistline and body shape. Through the “7,000 steps a day, three days a week” event, we continued promoting a three-month health action to help employees control their waistline, weight and body

shape. A total of 19 employees participated in the event. Fifteen of the participants achieved the goal successfully and reduced the size of their waistline by more than 2cm after the event. This campaign demonstrated good health promotion results and the participation willingness of the employees.

In addition to continuously paying attention to the physical health of the employees, we incorporated mental health into workplace wellness initiatives in 2024 by promoting mindfulness exercises and inner care, assisting employee in stabilizing their minds, and improving their concentration and self-care capabilities. We invited teachers from the National Changhua University of Education to guide employees in a gentle and inspiring way to open the door to their inner awareness through eating meditation and self-reflection exercises. This event is one of a series of spiritual care events. We will further formulate more mental health promotion courses for employees in the future.



◇ 5.5.3.4 Creation of a healthy workplace and being recognized with the national health promotion label

We received the “Health Promotion Label” certification from the Health Promotion Administration, Ministry of Health and Welfare, in 2024, as a recognition of our efforts in the promotion of a smoke-free environment, creation of a friendly workplace, and implementation of other specific health activities. We will continue to move toward the goal of building a sustainable and healthy workplace.



◇ 5.5.3.5 Employee Assistance Program (EAP)

We introduced the Employee Assistance Program (EAP) in 2018 and worked with the EAP Center of Taoyuan Lifeline Association to implement humanistic care and improve employee service performance. We will make adjustment in response to the employee relation trends. The Employee Assistance Program has a multi-faceted consultation service system, including psychological counseling, legal counseling, and health counseling.

Diverse consultation services



◆ 5.5.4 EHS operation management

(SASB RT-CH-410b.1)

◇ 5.5.4.1 Safety management of chemicals

The Chemical Hazard Communication Plan of the Company is established in accordance with Article 10 of the Occupational Safety and Health Act and Article 17 of the Regulations for the Labeling and Hazard Communication of Hazardous Chemicals.

Chemicals are managed as follows:

1. Source control: When requesting the purchase of chemicals, the applying unit shall request the supplier to provide hazard labels and a safety data sheet (SDS). The same shall apply when data are changed.
2. For incoming of chemicals, the purchase requesting unit shall conduct acceptance inspection according to the SDS and relevant regulations.
3. A hazard label shall be attached to chemicals. The SDS shall be placed at locations of use and storage.
4. Chemicals shall be subject to Chemical Control Banding (CCB). Relevant engineering improvement and risk mitigation measures shall be taken.
5. Working environment monitoring and special health checkups shall be implemented on a regular basis. Follow-up actions shall be taken to ensure the health of employees.
6. A qualified service provider shall be commissioned in accordance with regulations to remove and dispose of waste and containers.

◇ 5.5.4.1 Working environment monitoring

We hired an environmental testing organization to perform working environment monitoring in 2024. The results show that it complies with the legal standards. The description of the results is as follows:

Monitoring Item (Unit)	Legal Standard	2023			2024		
		Factory 1	Factory 2	Factory 3	Factory 1	Factory 2	Factory 3
The fourth category of dust (Inhalable dust) mg / m ³	5	≤ 0.04	≤ 0.03	The fourth category of dust (Inhalable dust) mg / m ³	5	≤ 0.04	≤ 0.03
The fourth category of dust (Total dust) mg / m ³	10	≤ 0.6	≤ 0.07	The fourth category of dust (Total dust) mg / m ³	10	≤ 0.6	≤ 0.07
Noise dBA	90	≤ 89.3	≤ 85.2	Noise dBA	90	≤ 89.3	≤ 85.2
Ethanol ppm	1000	-	≤ 1.561	Ethanol ppm	1000	-	≤ 1.561

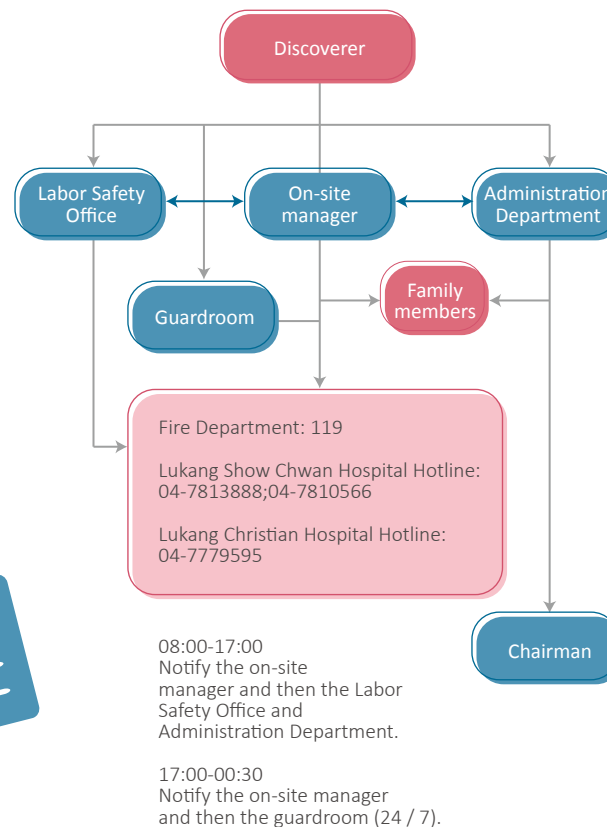
◆ 5.5.5 Reporting of occupational safety and health events

(GRI 2-8, SASB RT-CH-320a.1)

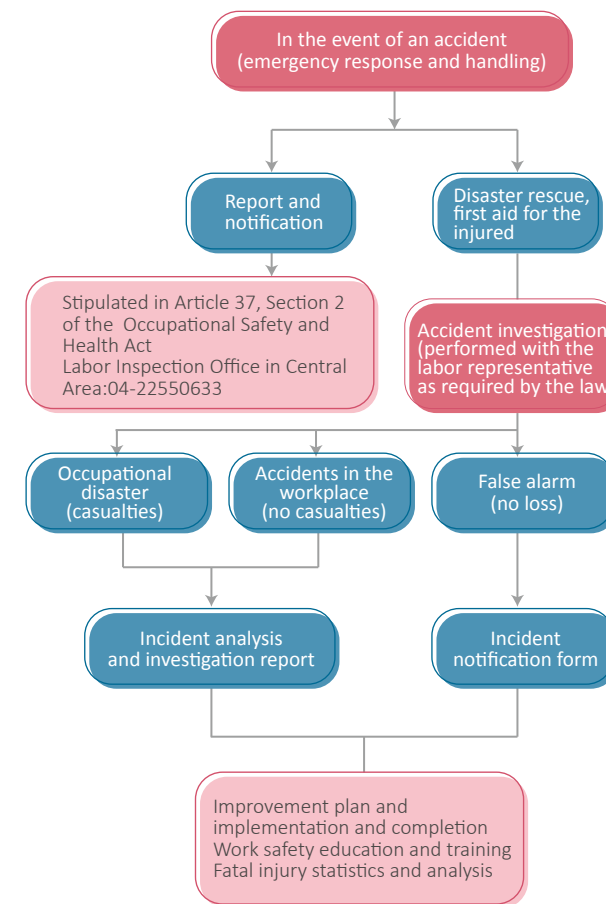
The Company established an occupational safety and health incident reporting process. Any incident will be reported as per the rules, and an incident investigation will be conducted. Incidents are divided into actual incidents and false alarm incidents. For the latter, the Company encourages employees to make reports actively. A report can be made by the manager of the employee who found or caused the incident or by the employee himself/herself. Whether an incident investigation shall be carried out will be decided according to the situation of the occurrence.



• Report Process of Occupational Safety and Health Events



• Incident Investigation Process



The scene may not be damaged unless for first aid and rescue purposes
Notification and analysis of investigation reports are submitted to the Labor Safety Office for compilation and retention

We compile statistics on the number of non-employee workers, including contractors for non-periodic projects, such as utility maintenance, equipment replacement, machinery maintenance, etc. All of them are incorporated in the occupational safety and health management system. The number of non-employee workers in 2023 and 2024 is shown in the following table. Their work is planned and carried out according to the types of the projects. No non-employee workers were excluded.

• Changes in the Number of Non-employee Workers at CHR in the Past Two Years

Factory	Taiwan Factory		Thailand Factory	
Category	2023	2024	2023	2024
Security guard	8	8	3	3
Contractor	71	86	Not disclosed for this period	Not disclosed for this period
Total	79	94	3	3

Note 1: Contractors are not directly employed by the Company, but they are commissioned by the Company to do work. The main tasks are maintenance and repair of equipment and water / electricity facilities, catering, etc.

Note 2: There are three permanent and one mobile security guard for two factories in Taiwan, for a total of eight security guards.

Note 3: There are two permanent and one mobile security guard for one factory in Thailand, for a total of three security guards.

Note 4: There are no statistics for Thailand Factory in 2023 and 2024. These are expected to be disclosed in the next report

From 2021 to 2024, the factories in Taiwan made all reports to the “Occupational Accident Online Reporting System” on time in accordance with the regulations. According to the annual health checkup of all workers and employees, the number of work-related ill health incidents determined by doctors to be work-related is 0. There were no work-related death events and no accidents such as illness, injury, disability or death occurring among contractors due to work activities. In March 2024, a production line employee misjudged an abnormality of the slitting machine conveyor belt and tried to

eliminate the abnormality by climbing the machine without cutting off the power and reporting to the manager. His finger was injured by the running chain. Consequently, the Company was punished by the Central Occupational Safety and Health Center. We conducted internal review and implemented engineering improvements for this work-related injury. In addition to the existing protective cover above the chain, another protective cover was installed below the chain. Other equipment of the same model was also improved in parallel.

Category / Occupational Accident Statistics		2021			2022			2023			2024		
		ROIR (%)	SOIR (%)	OIMR (%)	ROIR (%)	SOIR (%)	OIMR (%)	ROIR (%)	SOIR (%)	OIMR (%)	ROIR (%)	SOIR (%)	OIMR (%)
CHR employees	1 million working hours	7.39	0	0	7.37	1.84	0	7.40	0	0	9.02	0	0
	200 thousand working hours	1.48	0	0	1.47	0.37	0	1.48	0	0	1.80	0	0
	Total hours worked	540,936			542,656			540,776			554,304		
Contractors (non-employees)		0	0	0	0	0	0	0	0	0	0	0	0

Note 1: Recordable occupational injury rate (ROIR %) = number of recordable occupational injuries / working hours * [200,000 or 1,000,000].

Note 2: Serious Occupational Injury Rate (SOIR %) = number of severe occupational injuries(excluding deaths) / working hours * [200,000 or 1,000,000].

Note 3: Occupational Injury Mortality Rate (OIMR %) = number of deaths resulted from occupational injuries / working hours * [200,000 or 1,000,000].

Note 4: Serious occupational injury refers to a work-related injury that cannot be cured within 6 months.

Note 5: Recordable occupational injury does not include a work-related injury caused by commuting to and from work

Note 6: Since the start of data collection in 2017, there have been no employee or non-employee deaths resulting from occupational diseases

◆ 5.5.6 Continuous improvement of occupational safety and health

In 2024, all the factories in Taiwan install photoelectric brake systems on all of their Kneader mixers, one of the critical pieces of production equipment. (One work-related injury occurred in 2023.) If a person enters the sensing area when the equipment is running, it will stop automatically; this helps to further ensure the safety of the operation. The Company deems operational safety our first priority to build a safe, healthy and happy enterprise, protecting our employees and helping them to feel that working at CHR is happy, safe, and worry-free.

2021-2024 Occupational Safety and Health Plans	
Year	Name of the Action Plan
2021	Installation of active photoelectric braking systems for Kneader mixers (in Production Lines BK2, BK3, BK4 and BF1)
	Single-phase restoration engineering for bumpy floors in the central passageway
2022	Installation of active photoelectric braking systems for Kneader mixers (in Production Lines KF1 and KF2)
	Installation of active photoelectric braking systems for material tippers (in Production Line KF3)
	Single-phase installation of fall protection iron panels on skylights to prevent people from stepping through them and falling
	Improvement of facilities throughout the material supplement and feeding area that produces black smoke on 2F in the Production Line BB1
2023	Installation of safety doors on all automatic rubber cutting machines in the factory
2024	Installation of active photoelectric braking systems for Kneader mixers (in Production Lines 45L, 55L and 75L)
	Installation of active photoelectric braking systems for material tippers (in Production Line KF)

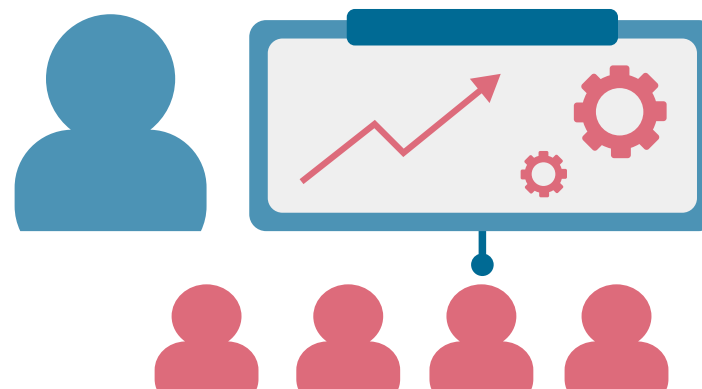
◆ 5.5.7 Education and training of occupational safety and health

We attach great importance to employee education and training. According to the Occupational Safety and Health Act, employees shall receive education and training related to occupational safety and health. The training statistics for 2023 and 2024 are stated in the table below:

Unit: person

Course	2023	2024
Occupational Safety and Health Regulations	99	19
Education and training for new employees	33	43
Work safety education and training (OJT)	882	2334
Retraining for license and certificate	24	18

Note : The occupational safety and health regulations include general training or specific work hazard training.



5.6 Social care and engagement

(SASB RT-CH-210a.1)

◆ 5.6.1 Social Sustainability Actions

We uphold the business philosophy of “corporate sustainability and contribution to society”, and are dedicated to actively fulfilling our corporate social responsibilities while pursuing operational growth. Through internal formulation of the sustainable development goals, we continue to integrate public welfare strategies with our core values to extend our positive influence on society and fulfill our commitments to sustainable development.

According to the internal risk and impact assessment, we have not caused significant environmental impacts on the community in terms of water resources, carbon emissions, or

air pollution (referring to CH3 Water Resource Management, CH3 Greenhouse Gas Emissions, and SASB Index Metrics). However, we still contribute to public welfare in an active manner and continue to pay attention to the needs of disadvantaged groups in society, extend our influence to all aspects of the communities, and fulfill our responsibilities as a corporate citizen.

As for the contribution to public welfare, we established the “CHR Ci-Ai Club” with the belief that “helping others is the foundation of happiness”. By combining the power of employees and their families, we are actively engaged in

the care of disadvantaged people, protection of the environment, and public welfare services in communities, in the hope to spread warmth and kindness to every corner of society. To deepen the long-term influence of public welfare and implement public welfare actions in a systematic manner, we further established the “CHANG HORING Charity and Education Trust Fund” to assist local advantaged people, participate in local education and development, and care for disadvantaged children and elderly people on a long-term basis, thereby fulfilling our commitment to making contributions to society.

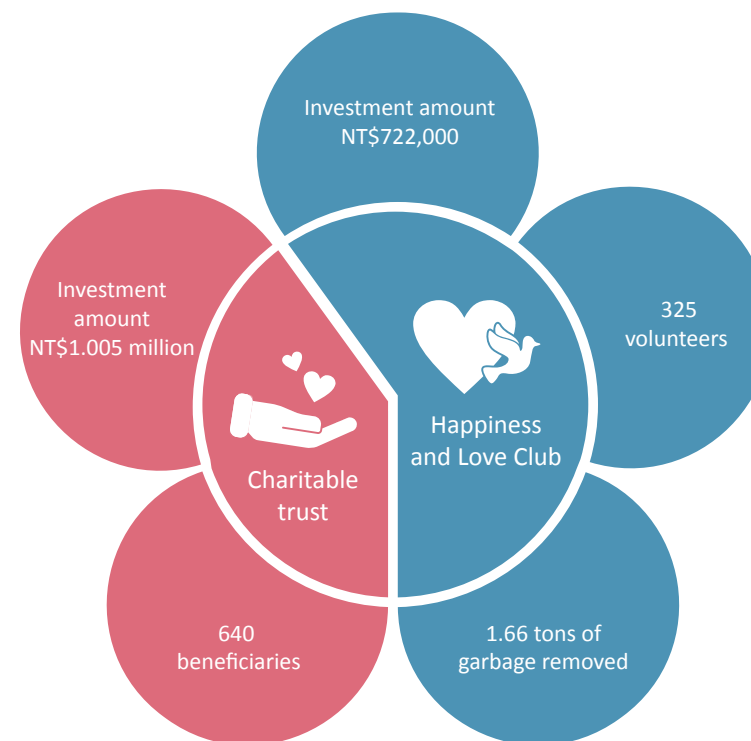
Business Philosophy	We focus on rubber mixing as our core business, show our professional capability, and grow together with customers to facilitate the continuous development of the Company. Employees will be encouraged to learn and grow continuously to create high added value and make contributions to society.		
Vision	We aim to become the Asian manufacturer of rubber compounds that is most capable of growing together with customers and pursue the leading position in service and professionalism.		
Social Sustainability Goals	1 NO POVERTY 3 GOOD HEALTH AND WELL-BEING 4 QUALITY EDUCATION 6 CLEAN WATER AND SANITATION 10 REDUCED INEQUALITIES 12 RESPONSIBLE CONSUMPTION AND PRODUCTION 14 LIFE BELOW WATER		
Social Sustainability Actions	Direction	Action	
	People	1. Establishment of a charitable trust fund to assist children and the elderly. 2. Provision of scholarships for the Department of Chemical Engineering, Feng Chia University, to train talent for the industry. 3. Hondao’s caring event for the elderly in winter and spreading warmth through actions to achieve social inclusion. 4. World Vision’s parent-child events to attract more attention to disadvantaged families.	
	Environment	1. Organization of street sweeping and beach cleanup events to protect the local environment and marine ecology. 2. Collaboration with the supply chain to develop green materials and reduce environmental load.	

◆ 5.6.2 Social engagement and communication

Activity	Partner	Communication Result
Scholarships for the Department of Chemical Engineering, Feng Chia University	Feng Chia University	The total amount of scholarship donations reaches NT\$200,000 each year
Hondao's caring event for elderly in the winter	Hondao Senior Citizen's Welfare Foundation	We have been concerned about the issue of education for the elderly and children for many years. After discussing with Hondao Senior Citizen's Welfare Foundation, we hold a periodical activity every year to accompany disadvantaged elders to purchase merchandise for the Chinese Lunar New Year. This enables volunteers to have a warm interaction with the elders during the cold winter.
World Vision's parent-child event	World Vision	After conducting an exchange with World Vision, we planned and organized a corporate parent-child day in 2024 to enhance awareness about the issue of disadvantaged children and youth among employees and their families. A total of 21 volunteers participated in this event.
Street sweeping and beach cleanup event	Cleaning units of Lukang Township and Fuxing Township	The Company contacted the cleaning units of Lukang Township and Fuxing Township to understand the environmental requirements in these areas. We organized four street sweeping and beach cleanup events to remove 1.66 tons of garbage.
Development of green materials	Supplier	3.1.5.2 Collaboration with suppliers for improvement

◆ 5.6.3 Social engagement

We always believe that the growth of an enterprise requires the support of society and making long-term contributions to local public welfare activities. Since the establishment of the Company, we have focused on the development of our core business and actively contributed to various public welfare activities to make the power of good happen in every corner. Social engagement in 2023 and 2024 is shown in the figure on the right side.



◆ 5.6.4 Charitable trust

The purpose of the charitable trust is to promote welfare for socially or economically disadvantaged groups such as children and youths, elderly, and disabled people in Changhua County, and to improve women’s rights. A total of NT\$2,309,000 was donated for 1,526 beneficiaries from 2021 to 2024.

Year	Contents	Amount	Number of Beneficiaries
2019	Hondao’s caring event for the elderly in winter	120,000	150
2020	Donation to the Li family in Shengang	20,000	1
2020	Hondao’s caring event for the elderly in winter	120,000	40
2020	World Vision’s domestic financial assistance program for students	75,000	10
2021	Donation to the Changhua County Government for emergency relief of severe coronavirus disease 2019 (COVID-19) in Changhua County	200,000	200
2021	Donation to World Vision Taiwan Central Office's domestic families of special needs and their digital learning program	159,000	35
2021	Hondao’s caring event for the elderly in winter	200,000	218
2022	Donation to the World Vision Taiwan for children's education in Changhua and special proposals	210,000	14
2022	Hondao’s caring event for the elderly in winter	200,000	218
2023	Business Today’s blood donation program	90,000	50
2023	Donation to the World Vision Taiwan for children's education in Changhua and special proposals	225,000	15
2023	Hondao’s caring event for the elderly in winter	200,000	215
2024	Sponsorship for Pingpengcao Children's Theatre’s charity performance	50,000	150
2024	Donation to the World Vision Taiwan for children's education in Changhua and special proposals	240,000	10
2024	Hondao’s caring event for the elderly in winter	200,000	200
	Total	2,309,000	1,526

◆ 5.6.5 CHANG HORING Ci Ai Club

◇ 5.6.5.1 Parent-child charity: Small Behaviors with Great Love

We encourage employees to bring their children to charity activities. If they participate in more than two activities in a year, they will receive gifts and be praised publicly. By doing so, parents can act as a role model for their children and implement the concept of educational entertainment to pass on the awareness of good from generation to generation.



◇ 5.6.5.2 Beach cleaning and street sweeping activities for the protection of local culture

Since 2019, the CHR Ci-Ai Club has held street sweeping events around Lukang Osmanthus Alley Artist Village in Changhua, with a total of 6 sessions and 371 participants so far. The street sweeping areas included the Osmanthus Alley Artist Village, Xiaolu Park, the local library, Lukang Assembly Hall, and the streets nearby. Through the joint efforts of parents and their children, the cultural spots are kept clean and the cultural atmosphere of Lukang is continued.

Since 2018, the CHR Ci-Ai Club has held beach cleanup events. Seven beach cleanups have taken place so far, with 478 participants in total and 5 tons of garbage collected. As residents living by the coast, we should definitely take responsibility for keeping the coast clean! Through on-site cleanup and competition, we increase participation and educational significance, extend the concept of marine protection to families and communities, and demonstrate our commitment to the local environment.



◇ 5.6.5.3 Blood donation event

Show your passion and share your passion. We called on volunteers to join blood donation activities over the past two years. So far, a total of 4 sessions have been organized to mitigate the blood shortage. We will continue to participate in these activities in the future and make more contributions to social welfare.



◇ 5.6.6 Scholarships for the Department of Chemical Engineering, Feng Chia University

Continually cultivating talent for the industry, the Company has provided scholarships for the Department of Chemical Engineering, Feng Chia University since 2012. These scholarships are awarded to five students each semester, amounting to NT\$ 200,000 every year, to help disadvantaged students with their education.



Thank-you letters from Feng Chia University students receiving the scholarships



06

Appendix

GRI General Disclosures

GRI Material Topics

SASB Index : CHEMICALS

TCFD Task Force on Climate Related Financial Disclosures

IFRS S1 and S2

Reference Guidelines for Identification of Sustainable Economic Activities

AA1000 Independent Third Party Assurance Statement



◆ GRI Statement of Use

Statement of use	CHR has reported in accordance with the GRI Standards for the period January 1 to December 31, 2024.
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard	N/A; Reference SASB Chemicals

◆ GRI 2 General Disclosures 2021

	GRI Standard	Disclosure	Chapter or other explanations	Omitted explanation	Pages
The organization and its reporting practices	2-1	Organizational details			28
	2-2	Entities included in the organization's sustainability reporting			05
	2-3	Reporting period, frequency and contact point			05
	2-4	Restatements of information	No information recompiled		04
	2-5	External assurance			04
Activities and workers	2-6	Activities, value chain and other business relationships			28 50 58 60
	2-7	Employees			96
	2-8	Workers who are not employees			121
Governance	2-9	Governance structure and composition			17 28
	2-10	Nomination and selection of the highest governance body			30
	2-11	Chair of the highest governance body			28 30
	2-12	Role of the highest governance body in overseeing the management of impacts			17 19
	2-13	Delegation of responsibility for managing impacts			17
	2-14	Role of the highest governance body in sustainability reporting			04 17 21
	2-15	Conflicts of interest			31
	2-16	Communication of critical concerns			32

	GRI Standard	Disclosure	Chapter or other explanations	Omitted explanation	Pages
Governance	2-17	Collective knowledge of the highest governance body			30
	2-18	Evaluation of the performance of the highest governance body			31
	2-19	Remuneration policies			31
	2-20	Process to determine remuneration			31
	2-21	Annual total compensation ratio		Confidentiality regulations restrict company confidential information.	-
Strategy, policies and practices	2-22	Statement on sustainable development strategy			06 09 13 19 23
	2-23	Policy commitment			19 46 96
	2-24	Embedding policy commitments			19 46 96
	2-25	Processes to remediate negative impacts			23 36 111
	2-26	Mechanisms for seeking advice and raising concerns			36 111
	2-27	Compliance with laws and regulations			93 109
	2-28	Membership associations			29
	2-29	Approach to stakeholder engagement			21 25
Stakeholder engagement	2-30	Collective bargaining agreements			29

◆ GRI 3: Material Topics 2021

GRI Standard	Disclosure	Chapter or other explanations	Pages
3-1	Process to determine material topics	CH1	20
3-2	List of material topics	CH1	21-22
3-3	Management of material topics		23-24

Material Topics			
GRI 3: Material Topics 2021	Disclosure	Chapter or other explanations	Pages
Energy and low carbon transition			
3-3 Management of material topics			23-24
GRI 302 Energy 2016	302-1 Energy consumption within the organization	CH4	82
	302-3 Energy intensity	CH4	83
	302-4 Reduction of energy consumption	CH4	84
	302-5 Reductions in energy requirements of products and services	CH4	84
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	CH4	86
	305-2 Energy indirect (Scope 2) GHG emissions	CH4	86
	305-4 GHG emissions intensity	CH4	87
	305-5 Reduction of GHG emissions	CH4	87
	305-6 Emissions of ozone-depleting substances (ODS)	CH4	88

GRI 3: Material Topics 2021	Disclosure	Chapter or other explanations	Pages
GRI 305: Emissions 2016	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	CH4	88
Water Resource Management			
3-3 Management of material topics			23-24
GRI 303 Water and Effluents 2018	303-1 Interactions with water as a shared resource	CH4	90
	303-2 Management of water discharge-related impacts	CH4	90
	303-3 Water withdrawal	CH4	91
	303-4 Water discharge	CH4	91
	303-5 Water consumption	CH4	91
Waste			
3-3 Management of material topics			23-24
GRI 306 Waste 2020	306-1 Waste generation and significant waste-related impacts	CH4	88
	306-2 Management of significant waste-related impacts	CH4	88
	306-3 Waste generated	CH4	89
	306-4 Waste diverted from disposal	CH4	89
	306-5 Waste directed to disposal	CH4	89

GRI 3: Material Topics 2021	Disclosure	Chapter or other explanations	Pages
Occupational Health and Safety			
3-3 Management of material topics			23-24
GRI 403 Occupational Health and Safety 2018	403-1 Occupational health and safety management system	CH5	116
	403-2 Hazard identification, risk assessment, and incident investigation	CH5	118
	403-3 Occupational health services	CH5	118
	403-4 Worker participation, consultation, and communication on occupational health and safety	CH5	116
	403-5 Worker training on occupational health and safety	CH5	116
	403-6 Promotion of worker health	CH5	118
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	CH5	118
	403-8 Workers covered by an occupational health and safety management system	CH5	117
	403-9 Work-related injuries	CH5	117
	403-10 Work-related ill health	CH5	117
Talent development			
3-3 Management of material topics			23-24
GRI 404 Training and Education 2016	404-1 Average hours of training per year per employee	CH5	103
	404-2 Programs for upgrading employee skills and transition assistance programs	CH5	103
	404-3 Percentage of employees receiving regular performance and career development reviews	CH5	105

GRI 3: Material Topics 2021	Disclosure	Chapter or other explanations	Pages
Customer Health and Safety			
3-3 Management of material topics			23-24
GRI 416 Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	CH3	56
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	CH3	56
Marketing and Labeling			
3-3 Management of material topics			23-24
GRI 417 Marketing and Labeling 2016	417-2 Incidents of non-compliance concerning product and service information and labeling	CH3	55
	417-3 Incidents of non-compliance concerning marketing communications	CH3	55
Total Quality Management			
3-3 Management of material topics			23-24
Custom		CH2	36
Environmental Regulations			
3-3 Management of material topics			23-24
Custom		CH4	93
Green sustainable innovative products			
3-3 Management of material topics			23-24
Custom		CH3	56-57

◆ SASB Index: CHEMICALS

Topics	Code	Content of indicators	2023	2024	Explanations	Pages
Greenhouse Gas Emissions	RT-CH-110a.1	Scope 1 GHG emissions (tonne CO ₂ e)	548.5580	550.2901	According to the current laws and regulations of Taiwan and Thailand, Changhong is not within the scope of regulation.	86
		Scope 1 GHG emissions are regulated by emissions restriction regulations at a percentage (%).	0%	0%		-
	RT-CH-110a.2	Management strategies or plans for Scope 1 GHG emissions, including emission reduction targets, performance analysis, etc.	Reference CH4			86
Air quality	RT-CH-120a.1	Nitrogen oxides(NO _x) (t)	0	0	In-plant monitoring (data does not include the Thailand plant)	88
		Sulfur oxides(SO _x) (t)	0	0		
		Volatile organic compounds(VOCs) (t)	15.38	15.77		
		Hazardous air pollutants(HAPs) (t)	0	0		
		Dust (mg / m ³)	2.230	2.300		
Energy management	RT-CH-130a.1	Total energy consumed (GJ)	43,514.370	53,766.780		83
		Percentage of energy consumption from grid (%)	100%	100%		
		Percentage of renewable energy use (%)	0%	0%		
		Energy generated in-house (GJ)	0	0		
Water management	RT-CH-140a.1	Total water withdrawal (t)	33,435.75	45,138.00		91
		Total water consumption (t)	18,866.35	19,431.60		
		Operating locations located in areas with "High" or "Very high" deficiency in water and the percentage compared with (1) and (2).(%)	0%	0%		
	RT-CH-140a.2	Number of cases of violations of water quality-related discharge permits, standards and regulations.	0	0		92
	RT-CH-140a.3	Describe water management risks and strategies, as well as risk mitigation practices.	Reference CH3			90
Hazardous waste management	RT-CH-150a.1	The total amount of hazardous waste generated.(t)	0	0		88
		The percentage of amount recycled. (%)	0%	0%		
Community relations	RT-CH-210a.1	The processes involved in discussion of managing risks and opportunities related to community interests.	Reference CH4			124
Occupational health and safety	RT-CH-320a.1	Total Recordable Incident Rate (TRIR)	1.48%	1.80%	Nothing but employees and workers.	121
		Mortality rate (%)	0%	0%		
	RT-CH-320a.2	For employees and non-employees (to reduce long-term/chronic exposure), health risk assessment, and description of monitoring.	Reference CH5			118
Product design contributing to the efficiency mprovement in the use phase	RT-CH-410a.1	Product revenue that can improve resource efficiency during the use phase.(NTD)	52,242,881	70,832,309		56



Topics	Code	Content of indicators	2023	2024	Explanations	Pages
"Chemical safety and environmental management"	RT-CH-410b.1	The percentage of product revenue (%) of products containing chemical substances classified as Type 1 and 2 health and environmental hazards by the GHS hazard categories (%)	0	0		120
		The percentage (%) of relevant products that have undergone hazard analysis.	100%	100%		
	RT-CH-410b.2	Strategies for the development of chemicals of high concern and alternative products that reduce human and environmental impact.	Reference CH3			56
Genetically modified organism	RT-CH-410c.1	The proportion of genetically modified products (GMO) in total revenue.	0%	0%	Our company products are non-GMO products.	-
Legal and monitoring management	RT-CH-530a.1	The Company's position on government regulation and policy planning on environmental and social issues.	Reference CH3,4,5			-
Process safety and emergency response	RT-CH-540a.1	Process safety incident counts (PSIC)	0	0	Refer to the definition of PROCESS SAFETY LEADING AND LAGGING MARTICS in CCPS.	-
		Process safety total incident rate (PSTIR)	0%	0%		-
		Process safety incident severity rate (PSISR)	0%	0%		-
	RT-CH-540a.2	Number of transportation incidents	0	0		-
Operating Activity Indicators	RT-CH-000.A	The production volume of mixed rubber (t)	16,175	18,692		-

◆ TCFD Task Force on Climate Related Financial Disclosures

Core Elements	TCFD Recommended Disclosures	TNFD Recommended Disclosures	Chapter	Pages
Governance	Board's oversight of climate-related risks and opportunities	LEAP Methodology	CH3	64
	Management's role in assessing and managing climate-related risks and opportunities		CH3	
Strategy	The climate-related risks and opportunities the organization has identified over the short, medium, and long-term		CH3	65-79
	The impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning		CH3	
	The Company scenario analysis (including a 2° C or lower scenario)		CH3	
Risk Management	The organization's processes for identifying and assessing climate-related risks		CH3	79
	The organization's processes for managing climate-related risks		CH3	
	How processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management		CH3	
Metrics and Targets	The metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process		CH3	80
	Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks	-	CH3	
	Management targets and related performances		CH3	

IFRS S1 and S2



In response to the global trend of sustainable financial information disclosure, we proactively disclose this information with reference to the International Financial Reporting Standards (IFRS) Sustainability Disclosure Standards S1 “General Requirements for Disclosure of Sustainability-Related Financial Information” and S2 “Climate-Related Disclosures.” With the main users of the general financial reports (shareholders) as the core starting point and by referring to the result of the 2024 double materiality analysis, we focus on the two major topics of “Energy and Low-Carbon Transformation” and “Green, Sustainable and Innovative Products” to disclose the sustainability and climate-related risks and opportunities that have a significant impact on the Company's future development.

IFRS S1 and S2 - Strategy								
Risk / Opportunity	Description	Topic	Standard	Impact Duration	Impact on CHR	Short-term Financial Impact	Mid-term Financial Impact	Countermeasure
Transition risk	Increasing customers' carbon reduction awareness with low-carbon products as a purchase criterion	Green, Sustainable and Innovative Products	S1	Moderate	Orders will be lost if there are no related low-carbon products.	» Negative financial impact accounts for 0.03% of the revenue » Net financial impact is positive and accounts for 4.67% of the revenue		Development of low-carbon materials and products
Physical risk	Rising average temperature	Energy and low-carbon transition	S2	Long	Rising temperature results in increased power consumption for refrigeration and rising electricity expenses and carbon emissions.		» Negative financial impact accounts for 1.6% of the revenue » Net financial impact is positive and accounts for 0.134% of the revenue	Replacement with equipment that is more energy-efficient, repurchase of solar power, and promotion of energy-saving activities throughout the factory
Opportunity	Solar power generation	Energy and low-carbon transition	S2	Long	Reduction of electricity costs and carbon emissions		» Positive financial impact accounts for 0.22% of the revenue » Net financial impact is positive and accounts for 0.13% of the revenue	Solar power generation
Opportunity	Promotion of low-carbon products and services	Green, Sustainable and Innovative Products	S1	Long	Increase in sales opportunities to boost revenue	» Positive financial impact accounts for 4.7% of the revenue » Net financial impact is positive and accounts for 4.67% of the revenue		Development of the low-carbon related materials and formulas that meet the requirements of laws

Other descriptions

1. For governance, refer to 4.1.1 Climate governance (GRI 2-18) of this Report
2. For risk management, refer to 4.1.3 Climate and nature related risk management of this Report
3. For metrics, refer to 4.1.4 Climate and nature related metrics and goals of this Report

Reference Guidelines for Identification of Sustainable Economic Activities

As assessed by the Company, there are currently no economic activities that fall within the scope of the “Reference Guidelines for Identification of Sustainable Economic Activities.” However, in response to the domestic and international sustainable development trends and supply chain requirements, and for enhancement of the Company’s sustainable competitiveness, we formulated a transformation plan with reference to the framework provided by the Guidelines and the “Recommended Matters to be Incorporated in the Transformation Plan,” in the hope to march toward goals that meet sustainable conditions and continue to create long-term value through systematic carbon emissions improvement and resource transformation.

Identification and Assessment of Sustainable Economic Activities	
Assessment Step	Assessment Result Based on R&D of Rubber Compounds and Production Industry Categories
(1) Identifying the revenue ratio of major economic activities	100%
(2) Identifying whether major economic activities are subject to the Guidelines	Voluntary disclosure, industry category not applicable
(3) Whether Condition 1 meets the [technical screening standards]	Voluntary disclosure, industry category not applicable
(4) Whether Condition 2 meets the [no significant harm to the six environmental objectives]	Compliance with legal requirements, no significant harm
(5) Whether Condition 3 meets the [no significant harm to the society protection]	Compliance with legal requirements, no significant harm
(6) Whether there is a transformation plan	Yes
Assessment result	Voluntary disclosure, industry category not applicable

Transformation Plan	
Vision	In response to the domestic and international sustainable development requirements and the Financial Supervisory Commission's policy for continuous improvement of the “sustainable economic activities,” we are dedicated to ensuring that all economic activities comply with the standards of the “Reference Guidelines for Identification of Sustainable Economic Activities” in the future. For this, we will continue to strengthen our environmental resilience, actively promote improvement of energy efficiency and carbon emissions, and focus on the development of green and innovative products that meet the requirements of low carbon and high performance to improve our overall sustainable competitiveness and make steady progress toward green transformation.
Implementation strategy and action plan	1. Research on green sustainable materials (3.3.1 Action 1: Research on green sustainable materials) 2. Development of green sustainable products (3.3.2 Action 2: Development of green sustainable products) 3. Implementation of energy-saving competitions within the Company (4.2.1 Energy management (GRI 302-1,GRI 302-3,GRI 302-4,GRI 302-5,SASB RT-CH-130a.1))
Metrics and Targets	Refer to 2030 Sustainable Development Goals (GRI 2-22) of this Report
Governance	Refer to 4.1.1 Climate governance (GRI 2-18) of this Report



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