



Tung Ho Steel Enterprise Corporation

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2025 Annual Report

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Company Website: www.tunghosteel.com



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IV. Names of certified accountants, address, website, and telephone number of the accounting firm auditing the Company's latest financial report

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V. Name of the exchange house where overseas eligible securities are traded and the method of inquiry on the mentioned securities

Exchange House for Trading on Global Depositary Receipts (GDR): Bourse de Luxembourg

Website for Information Query on Global Depositary Receipts (GDR): mops.twse.com.tw

VI. Company Website: www.tunghosteel.com

Table of Contents

Chapter 1.	Letter to Shareholders	6
Chapter 2.	Corporate Governance	11
I.	Information of Directors, President, Vice President, Assistant Vice President, and Managers of Departments and Divisions	11
II.	Remuneration Paid to Directors, President, and Vice President in the Most Recent Fiscal Year.....	23
III.	Corporate Governance Practices.....	29
IV.	Information on fees to CPA	179
V.	Information on Replacement of CPAs.	179
VI.	The Company’s Chairman, President, Chief Financial Officer, or managers in charge of its financial and accounting operations who served in the firm of the CPAs or its affiliates in the most recent fiscal year.	179
VII.	Share Transfer by Directors, Managers, and Shareholders Holding More Than 10% Equity and Changes to Share Pledging by Them in the Most Recent Fiscal Year and up to the Publication Date of this Annual Report.....	180
VIII.	Information on the Relationship Between Any of the Top Ten Shareholders (Related Party, Spouse, or Kinship within the Second Degree).....	183
IX.	The shareholding of the Company, directors, management and an enterprise that is directly or indirectly controlled by the Company in the invested company.....	184
Chapter 3.	Fund-raising Conditions.....	185
I.	Capital and Shares.....	185
II.	Corporate bond issuance status.....	189
III.	Issuance of preferred shares.....	190
IV.	Issuance of global depositary receipts (GDR)	190
V.	Issuance of employee stock warrants and new restricted employee shares.....	191
VI.	Issuance of new shares in connection with the merger or acquisition of other corporations.....	191
VII.	Implementation status of the capital utilization plan	191
Chapter 4.	Business Overview of the Company and Its Subsidiaries.....	192
I.	Business content.....	192
II.	Status of Market and Sales.....	202
III.	Number of employees, average years of service, average age, and education of employees for the last two years until the public date of this report.....	215
IV.	Environmental protection expenditures	216
V.	Labor-management relations	219

	VI.	Information Security Management	222
	VII.	Significant contracts between parent company and subsidiary	225
Chapter 5.		Financial Position and Financial Performance Review Analysis and Risk Assessments.....	226
	I.	Financial summary	226
	II.	Financial performance	228
	III.	Cash flows.....	230
	IV.	The effects that significant capital expenditures have on financial operations in the recent year	231
	V.	Investment Policy in the Most Recent Fiscal Year, Profit/Loss Analysis, Improvement Plan, and Investment Plan for the Coming Year.....	231
	VI.	Risk issues and analysis evaluation	231
	VII.	Other critical matters.....	245
Chapter 6.		Special Disclosure.....	246
	I.	Information of the Company’s Affiliates	246
	II.	The Company’s private placement of securities in the most recent fiscal year and up to the publication date of this annual report.....	251
	III.	The Company’s shares held or sold by the Company’s subsidiaries in the most recent fiscal year and up to the publication date of this annual report.....	251
	IV.	Other necessary supplemental information.....	251
Chapter 7.		Corporate events with material impact on shareholders' equity or stock prices as set forth in Subparagraph 2, Paragraph 3, Article 36 of the Securities Exchange Act in the most recent fiscal year and up to the publication date of this annual report.....	251

Chapter 1. Letter to Shareholders

The year 2025 was marked by significant global political and economic turbulence. Following his inauguration, U.S. President Donald Trump initiated a tariff war and announced a shift toward a reciprocal tariff-based trade strategy. This policy aimed to revitalize domestic manufacturing, promote fair trade, and ultimately strengthen the U.S. economy, increase employment opportunities, and counter unfair trade practices by other countries. Although overall inflation in the United States has declined this year, it remains above the long-term target. As tariffs are expected to be gradually passed on to consumers and momentum in the labor market slows, these factors are likely to further increase uncertainty surrounding the Federal Reserve's monetary policy. Inflationary pressures in the euro area have eased markedly, while prices in Japan have risen again, and deflationary concerns in China remain unresolved. Diverging monetary policies among major economies may trigger significant capital flows in global financial markets, thereby affecting financial stability. Elevated tariffs and uncertainty surrounding trade policies are dampening consumption, investment, and trade, and may weigh on global economic growth momentum in the coming years.

Taiwan's economy has benefited from sustained robust demand driven by opportunities in high-performance computing and AI applications. This has boosted shipment momentum for related technology products and supported continued growth in external trade. Exports of electronic products have performed strongly, with exports to the United States reaching a new high. The domestic economy has maintained steady growth, price trends have remained relatively stable, and consumer sentiment has remained cautious. As emerging technologies such as AI and high-performance computing continue to expand at an accelerated pace, demand for infrastructure, including data centers, is increasing. Together with the ongoing rollout of new technology products, this is expected to support Taiwan's export momentum.

The year 2025 represented a trough for global steel demand, reflecting the impact of factors such as the macroeconomic environment, monetary policy adjustments, and geopolitical risks. As inflationary pressures gradually ease, signs of a loosening in the high interest rate environment have begun to emerge in some major economies. Coupled with continued government investment in public infrastructure, energy transition, and industrial upgrading, global steel demand is showing a trend of cautious recovery. Meanwhile, weak domestic demand in China and the substantial export of low-priced steel have kept steel prices subdued, resulting in continued sluggish market performance. Toward the end of the year, China announced that, starting in 2026, a licensing system will be implemented for steel product exports. This measure is expected to help alleviate oversupply conditions and support an increase in steel prices.

Domestic demand for steel products has been supported by public infrastructure projects and construction related to commercial office buildings and industrial facilities in the electronics sector. However, amid adjustments to government real estate policies, demand from private construction has become more conservative. In addition, facing challenges such as fluctuations in international steel prices, competition from imported steel products, changes in raw material and energy costs, and uncertainties in the global economic environment, market competition has intensified, placing pressure on overall operations.

Against the aforementioned market backdrop, the Company's bar and structural steel products maintained stable operations in 2025 through enhanced coordination between production and sales, improved production efficiency, and the effective implementation of cost control measures. By prudently managing the balance between volume and pricing across sales, procurement, and production, overall performance recorded modest growth compared to 2024. Meanwhile, the Company continued to invest in automation, environmental equipment enhancements, and the adoption of AI, thereby improving process efficiency and operational flexibility. This has enabled the Company to maintain stable overall operations and a solid level of profitability amid a relatively conservative economic environment and fluctuations in steel prices. In addition, the Company's investee, Tung Ho Steel Enterprise Corporation, continued to benefit from demand in the construction and commercial building markets in 2025 and sustained its engagement in large-scale steel structure projects, maintaining a stable overall scale of production and sales. However, due to changes in project mix, market competition, and related cost factors, its level of profitability declined compared to 2024, although it remained profitable. Tung Ho Steel Vietnam has continued to deepen its presence in the local market, aligning with Vietnam's industrial development and infrastructure demand. While steadily advancing its existing operations, it has also maintained a stable supply of steel billets to Taiwan. In addition, through the optimization of its financing plans, it has effectively reduced financing costs. Other investee businesses have also demonstrated increasingly stable operating performance, making positive contributions to the Company's overall profitability.

The consolidated operations and results of the Company and its main investees in 2025 are as follows:

I. Results of Production and Sales

Unit: Thousands of New Taiwan Dollars

	Production value			Sales value		
	2025	2024	Growth rate	2025	2024	Growth rate
Billet	34,477,099	39,885,746	-13.56%	0	3,165	-100.00%
Rebar	26,262,772	29,901,065	-12.17%	29,810,749	32,208,234	-7.44%
H-Beam	9,338,186	10,007,069	-6.68%	10,598,914	11,467,683	-7.58%
Steel plate (self-made)	2,336,669	2,160,149	8.17%	1,036,118	1,029,433	0.65%
Steel plate (transaction)	0	0	0.00%	7,027	1,756	300.17%
Channel	710,304	1,032,936	-31.23%	799,255	1,160,545	-31.13%
I-Beam	30,173	36,018	-16.23%	45,396	45,872	-1.04%
Steel structure	12,356,813	10,404,740	18.76%	13,958,017	12,554,093	11.18%
Environmental protection processing	488,891	423,135	15.54%	488,891	422,993	15.58%
Steel sheet piles	7,733	45,402	-82.97%	8,674	58,222	-85.10%
Construction revenues	912,866	912,866	0.00%	796,755	879,325	-9.39%
Others	424,313	487,518	-12.96%	305,639	331,676	-7.85%
Total	87,345,819	95,296,644	-8.34%	57,855,435	60,162,997	-3.84%

II. Profitability Analysis

Unit: Thousands of New Taiwan Dollars

	2025	2024	Growth rate
Operating revenue	57,855,435	60,162,997	-3.84%
Operating costs	49,278,447	51,772,427	-4.82%
Gross profit	8,576,988	8,390,570	2.22%
Operating expenses	2,730,050	2,685,629	1.65%
Net operating profit	5,846,938	5,704,941	2.49%
Net profit before tax	5,917,433	5,724,786	3.37%
Net profit after tax	4,757,984	4,525,713	5.13%

III. Financial Structure and Profitability Analysis

Analysis item		Year	2025	2024	
Financial structure	Debt-to-assets ratio (%)		33.72	40.30	
	Long-term fund to fixed assets ratio (%)		200.14	192.65	
Profitability	Return on assets (%)		9.26	8.63	
	Return on shareholder's equity (%)		14.16	14.16	
	Paid-in capital ratio (%)	Operating income		80.07	78.13
		Income before tax		81.04	78.40
	Net profit margin (%)		8.22	7.52	
	Earnings per share (NT\$)		6.47	6.13	

IV. Overview of Technology and R&D

The Company's research and development expenses for 2025 was NT\$46,905,660, equivalent to 0.11% of the revenue. Key R&D achievements in steelmaking include: the development of high-cleanliness and high-toughness steel billets; the development of 50 mm-thick SM570 steel plates; the development of high-strength reinforcing bars; a project on electric arc furnace (EAF) off-gas detection and dynamic control between in-furnace burners and carbon injection; research on organic Rankine cycle (ORC) power generation technology for waste heat recovery from EAF exhaust gas; the development of low-carbon, green steelmaking process technologies for EAFs; an EAF low-carbon simulation, validation, and related component life extension technologies; and experimental studies on replacing fossil-based carbon with biomass-derived carbon for carbon injection in furnaces. Key R&D achievements in rolling include: the development of new specialized rolling techniques for H-shaped steel using universal edging technology; the development of an intelligent combustion control system for reheating furnaces; research on rolling processes for large-diameter round bars of special steel using universal rolling mills; the development of a domestically exclusive and innovative parallel flange channel steel process; and the development of ultra-high-strength steel. Other R&D achievements include: the application of AI technologies and the

development of smart factory technologies; comprehensive and innovative solutions for the circular economy in the steel industry; planning studies for renewable energy, including solar, wind, and biogas power generation; research on the application of carbon capture, utilization, and storage (CCUS) technologies; research on hydrogen energy applications; the implementation of an industrial big data-based energy management system; and the development of integrated software for steel plate production, as well as solutions to enhance automation in finished goods warehousing and inventory management. The Company's major R&D projects for 2026 include: 1. the development of automated equipment for steel billet ID marking and tracking; 2. the development of automated robotic systems for continuous casting machines; 3. research on the application of biomass-derived carbon in metallurgical processes; 4. the development of power generation processes utilizing residual heat from air cooling; 5. the development of online automatic dimensional measurement and surface quality inspection systems for H-shaped steel and steel plates; 6. the development of thermoelectric power generation systems; and 7. research on the production of biochar using hydrothermal carbonization.

The Company's operational development strategy is to continue actively enhancing its technological capabilities, improving management efficiency, reducing production costs, and strengthening coordination among production, sales, and procurement, thereby reinforcing its competitive advantage in the domestic market. Advance dual transformation in AI and decarbonization to strengthen international sustainability competitiveness. Actively expand into new international markets and develop new customers; advance the R&D of new steel products and applications; deepen key technologies to build advanced manufacturing processes; promote environmental protection and reduce GHG emissions to respond to low-carbon trends; cultivate a cross-generational workforce; and drive the upgrade of smart manufacturing, thereby establishing a solid foundation for sustainable operations.

Looking ahead to 2026, U.S. tariff policies, the Russia–Ukraine conflict, and tensions in the Middle East may all weigh on global trade and investment. Rising trade barriers and the ongoing reconfiguration of supply chains have become long-term challenges that companies must address. Extreme climate events and carbon pricing policies are driving the transition toward sustainability, while also increasing costs for enterprises. The global steel industry continues to be influenced by factors such as economic cycles, geopolitical developments, energy prices, and climate policies. Structural demand arising from public infrastructure, industrial investment, and the energy transition helps sustain underlying demand momentum in the steel market. Nevertheless, market competition and cost fluctuations remain uncertain. In response to the trends of low-carbon transition and environmental regulations, energy efficiency, process optimization, and carbon management capabilities have become key determinants of competitiveness in the steel industry. The Company will continue to monitor developments in the steel market and prudently adjust its operational strategies. Through enhanced coordination between production and sales, strengthened cost control, and improved operational efficiency, the Company aims to maintain operational stability. In terms of sustainable development, the Company will align with regulatory requirements and industry trends by continuing to promote energy conservation and carbon reduction, equipment upgrades, and the use of renewable energy. The Company will also incorporate climate change risks into its overall operations and

risk management framework. The management team will uphold Tung Ho Steel's core values of discipline, intellectual curiosity, and optimism, while strengthening competitiveness, reducing costs, and enhancing management efficiency. The Company will also be committed to developing new markets and new products, with the aim of creating long-term and sustainable value for shareholders.

Best wishes to all shareholders

May you be blessed with good health and good luck

Chairman: Henry C. T. Ho

Chapter 2. Corporate Governance

I. Information of Directors, President, Vice President, Assistant Vice President, and Managers of Departments and Divisions

(I) Director information - 1

March 23, 2026

Title	Nationality or registered place	Name	Gender Age	Date of taking office	Office term	Date first elected	Shares held upon appointment		Number of shares held currently		Shares held by spouse and underage children currently		Shareholding by nominee arrangement		Main experiences (educational background)	Concurrent duties in the Company and in other companies	Spouse or relatives of second degree or closer acting as Supervisors or other department heads			Remarks
							Shares	Shareholding percentage (%)	Shares	Shareholding percentage (%)	Shares	Shareholding percentage (%)	Shares	Shareholding percentage (%)			Title	Name	Relationship	
Corporate director	Taiwan	Mao Sheng Investment Inc.	N/A	2023.05.30	3 years	2017.06.16	64,918,877	8.89	65,122,877	8.92	N/A	N/A	0	0	N/A	Supervisor, Katec R&D Corporation	N/A	N/A	N/A	None
Chairman	R.O.C.	Mao Sheng Investment Inc. Representative: Henry C. T. Ho	Male 51-60 years old	2023.05.30	3 years	2002.06.27	95,425	0.01	3,678,533	0.50	0	0	0	0	Department of Economics, Harvard University	Chairman of Tung Kang Steel Structure Co., Ltd. Chairman of Tung Kang Wind Power Co., Ltd. Director of Tung Kang Engineering & Construction Co., Ltd. Chairman of Dung Tang Energy Service Co., Ltd. Chairman of Far East Steel Inc. Chairman of Eternity Corp. Director of Katec Creative Resources Corp. Director of Katec R&D Corporation Chairman of Earle Ho and Sons, Ltd. Chairman of Mao Sheng Investment Inc. Chairman of Wan Nian Department Stores Co., Ltd. Director of Ho Jao Investment Inc.. Director of Shang Fu Industrial Inc. Tung Ho Steel Vietnam Corp. Director of Ltd. Director of Goldham Development Ltd. Director of 3 Oceans International Inc. Director of Tung Yuan International Corp. Director of Fujian Sino-Japan Metal Corp. Chairman of THIS Foundation Director of Tung Ho Steel Cultural Foundation was established Director of Mingtai Yule Co., Ltd. Chairman of An Yao Interior Decoration Co., Ltd. Chairman of He Chuan Industrial Co., Ltd.	Vice Chairman	George Y. S. Ho	Brother	None
Director	R.O.C.	Mao Sheng Investment Inc. Representative: Joshua P.H. Tung	Male 61-70 years old	2023.05.30	3 years	2020.05.19	15,665	0	15,665	0	0	0	107,200	0.01	Master's degree in Business Management from the Business Institute, National Chengchi University	Chairman of Hou Te Enterprise Corporation Goldham Development Ltd. Director	None	None	None	None
Corporate director	Taiwan	Ho Jao Investment Inc.	N/A	2023.05.30	3 years	2023.05.30	62,595,750	8.57	62,835,750	8.61	N/A	N/A	0	0	N/A	None	N/A	N/A	N/A	None
Vice Chairman	R.O.C.	Ho Jao Investment Inc. Representative: George Y. S. Ho	Male 51-60 years old	2023.05.30	3 years	1996.05.23	6,700	0	3,589,809	0.49	0	0	0	0	Department of Environment and Visual Arts, Harvard University, USA	Director of Earle Ho and Sons, Ltd. Director of Mao Sheng Investment Inc. Chairman of Ho Jao Investment Inc.. Director of He Xing Investment Co., Ltd. Director of Eternity Corp. Director of Far East Steel Inc. Director of An Yao Interior Decoration Co., Ltd. Director of He Chuan Industrial Co., Ltd.	Chairman	Henry C. T. Ho	Brother	None
Corporate director	Taiwan	Han Lei Investment Co.	N/A	2023.05.30	3 years	2014.06.18	3,387,285	0.46	3,387,285	0.46	N/A	N/A	0	0	N/A	N/A	N/A	N/A	N/A	None

Title	Nationality or registered place	Name	Gender Age	Date of taking office	Office term	Date first elected	Shares held upon appointment		Number of shares held currently		Shares held by spouse and underage children currently		Shareholding by nominee arrangement		Main experiences (educational background)	Concurrent duties in the Company and in other companies	Spouse or relatives of second degree or closer acting as Supervisors or other department heads			Remarks
							Shares	Shareholding percentage (%)	Shares	Shareholding percentage (%)	Shares	Shareholding percentage (%)	Shares	Shareholding percentage (%)			Title	Name	Relationship	
Director	R.O.C.	Han Lei Investment Co. Representative: Chih-Ming Huang	Male 61-70 years old	2023.05.30	3 years	1988.08.18	324,505	0.04	324,505	0.04	0	0	0	0	MBA, California State University, USA	Head of Han Lei Investment Co. Supervisor of Far East Steel Inc. Head of Yutai Investment Inc. Supervisor of Hsie Ho Refractory Industrial Co., Ltd.	None	None	None	None
Corporate director	Taiwan	Liang Cheng Investment Co., Ltd.	N/A	2023.05.30	3 years	2014.06.18	7,494,602	1.03	7,494,602	1.03	N/A	N/A	0	0	N/A	N/A	N/A	N/A	N/A	None
Director	R.O.C.	Liang Cheng Investment Co., Ltd. Representative: Pao-He Chen	Male 61-70 years old	2023.05.30	3 years	1988.08.18	719,047	0.10	119,047	0.02	3,421	0	0	0	Royal Roads University MBA	Chairman of Liang Cheng Investment Co., Ltd. Chairman of He-cheng Investment Co., Ltd. Chairman of Chi-cheng Investment Co., Ltd. Chairman of Jian-qing Construction Co., Ltd. Chairman of Shuizhiyuan Bio-Technology Co., Ltd. Director of Chin Chun Industrial Inc. Director of Hsu Ching Energy Application Co., Ltd. President of Zhucheng Construction Co., Ltd.	None	None	None	None
Director	R.O.C.	Yen-Liang Ho	Male 51-60 years old	2023.05.30	3 years	1999.05.23	4,434,894	0.61	2,819,936	0.39	0	0	4,200,000	0.58	EMBA at Aalto University, Finland	Chairman of Orion Investment Co., Ltd. Chairman, Enzen GS Chemical Co., LTD. Chairman of Link Win Technology Co., Ltd. Chairman, Sensuous Biotech Co., Ltd Director, Apply Information Service Corp., Ltd Director, Rui He Ting Construction Development Co., Ltd.	None	None	None	None
Independent Director	R.O.C.	Der-Ming Lieu	Male Over 70 years old	2023.05.30	3 years	2017.06.16	0	0	0	0	0	0	0	0	Ph.D. in Economics, The Ohio State University, USA	Independent Director, Lasertek Taiwan Co., Ltd.	None	None	None	None
Independent Director	R.O.C.	Jih-Gang Liu	Male Over 70 years old	2023.05.30	3 years	2023.05.30	0	0	0	0	0	0	0	0	Ph.D. in Accounting National Taiwan University	None	None	None	None	None
Independent Director	R.O.C.	Chia-Wen Liu	Female 51-60 years old	2023.05.30	3 years	2023.05.30	0	0	0	0	0	0	0	0	Ph.D. in Accounting National Taiwan University	None	None	None	None	None

Table 1: Major shareholders of corporate shareholders

March 23, 2026

Name of Corporate Shareholder (Note 1)	Major Shareholders of Corporate Shareholder (Note 2)
Mao Sheng Investment Inc.	Henry C. T. Ho 77.86%, George Y. S. Ho 5.76%
Ho Jao Investment Inc.	George Y. S. Ho 77.85%, Earle Ho and Sons, Ltd. 16.39%
Han Lei Investment Co.	Zheng Mei Chu 47.10%, Huang Yun Xuan 24%, Huang Yu Xuan 24%, Chih-Ming Huang 4.80%
Liang Cheng Investment Co., Ltd.	British Virgin Island JUSTIN investment management 100%

Note 1: Directors who represent corporate shareholders should indicate the corporate names they represent.

Note 2: Enter the names of the major shareholders of the corporate shareholders (the top ten in terms of shareholding) and their respective shareholding ratios. If the major shareholders are corporate shareholders, the following Table 2 should be completed.

Table 2: Table 1 Major shareholders who are corporate shareholders and their major shareholders

March 23, 2026

Name of Corporate Shareholder	Major Shareholders of Corporate Shareholder
N/A	None

Director information - 2

I. Disclosure of Professional Qualifications of Directors and Independence of Independent Directors:

Condition Name	Professional qualifications and experience	Independence	Number of companies the person serves as an independent director
Mao Sheng Investment Inc. Representative: Henry C. T. Ho	Henry C. T. Ho graduated from the Department of Economics at Harvard University. Current Chairman of Tung Ho Steel Enterprise Corporation Mr. Ho joined Tung Ho Steel Enterprise Corporation in 1997 and has served in the Finance and Accounting, Materials, and Sales and Production departments. Mr. Ho assumed the role of President in 2009, and has been serving as Chairman since 2014. Mr. Ho deeply involved in the operation and planning of the Company's internal management, raw material procurement, sales services, and production technology. Mr. Ho is a key person in the Company's planning for future development and corporate sustainability. Mr. Ho has the work experience required by the Company's business operations and the core abilities required by the Board of Directors, including business judgment, accounting and financial analysis, operational management, international market	N/A	0

Name \ Condition	Professional qualifications and experience	Independence	Number of companies the person serves as an independent director
	<p>perspective, crisis management, industry knowledge, leadership, decision-making, sustainable management (energy transition and carbon management; stakeholder engagement; industry expertise and market insights), risk management, and climate change management.</p> <p>Does not meet the criteria listed in any Sections of Article 30 of the Company Act.</p>		
<p>Ho Jao Investment Inc. Representative: George Y. S. Ho</p>	<p>George Y. S. Ho graduated from the Department of Environment and Visual Arts at Harvard University, USA.</p> <p>Mr. Ho has been serving as a director of the Company since 1996. Mr. Ho has the work experience required for the Company's business operations and the core abilities required by the Board of Directors, including business judgment, international market perspective, leadership, decision-making, sustainable management, and risk management.</p> <p>Does not meet the criteria listed in any Sections of Article 30 of the Company Act.</p>	<p>N/A</p>	<p>0</p>
<p>Mao Sheng Investment Inc. Representative: Joshua P.H. Tung</p>	<p>Joshua P.H. Tung has a Bachelor of Economics from National Taiwan University and an EMBA from National Chengchi University.</p> <p>Mr. Tung joined the Company in 1987 and retired in 2022. During this period, he has worked in the Finance and Accounting, Trading, and Investment departments and assumed the position of Vice President of Finance & Accounting Division in 2009, and has been serving as the Chairman of the Company since 2020. Mr. Huang has the work experience required by the Company's business operations and the core abilities required by the Board of Directors, including business judgment, accounting and financial analysis, operational management, international market perspective, crisis management, industry knowledge, leadership, decision-making, sustainable management, and risk management.</p> <p>Does not meet the criteria listed in any Sections of Article 30 of the Company Act.</p>	<p>N/A</p>	<p>0</p>

Name \ Condition	Professional qualifications and experience	Independence	Number of companies the person serves as an independent director
Han Lei Investment Co. Representative: Chih-Ming Huang	<p>Chih-Ming Huang has an MBA from California State University, USA.</p> <p>Mr. Huang is the head of Episil Holding Incorporation. Mr. Huang joined the Company's Board of Directors as a director in 1988. Mr. Huang has the work experience required by the Company's business operations and the core abilities required by the Board of Directors, including business judgment, accounting and financial analysis, operational management, international market perspective, crisis management, industry knowledge, leadership, decision-making, sustainable management, and risk management.</p> <p>Does not meet the criteria listed in any Sections of Article 30 of the Company Act.</p>	N/A	0
Liang Cheng Investment Co., Ltd. Representative: Pao-He Chen	<p>Pao-He Chen has an MBA from Royal Roads University, Canada.</p> <p>Mr. Chen currently serves as the President of Chu Cheng Construction. Mr. Chen joined the Company's Board of Directors as a director in 1988, and has the work experience required for the Company's business operations and the core abilities required by the Board of Directors, including business judgment, accounting and financial analysis, operational management, crisis management, leadership, decision-making, sustainable management, and risk management.</p> <p>Does not meet the criteria listed in any Sections of Article 30 of the Company Act.</p>	N/A	0
Yen-Liang Ho	<p>Yen-Liang Ho has an EMBA from Aalto University, Finland.</p> <p>Current Chairman, Enzen GS Chemical Co., LTD.</p> <p>Mr. Ho joined the Company's Board of Directors as a director in 1999, and has the work experience required for the Company's business operations and the core abilities required by the Board of Directors, including business judgment, accounting and financial analysis, operational management, crisis management, leadership, decision-making, sustainable management, and risk management.</p> <p>Does not meet the criteria listed in any Sections of Article 30 of the Company Act.</p>	N/A	0

Name \ Condition	Professional qualifications and experience	Independence	Number of companies the person serves as an independent director
Independent Director: Der-Ming Lieu	<p>Der-Ming Lieu holds a Ph.D. in Economics from Ohio State University, USA, and currently works as Adjunct Professor (Honorary Professor) of Department of Finance at National Sun Yat-sen University, and serves as an Independent Director of Laser Tek Taiwan CO., Ltd. Mr. Lieu is currently serving the third term as the Company's Independent Director. Mr. Lieu specializes in international finance, investment, derivative financial products and financial engineering, corporate financial management, and risk measurement and control of investment portfolio, and has the work experience required for the Company's business operations and the core abilities required by the Board of Directors, including business judgment, accounting and financial analysis, operational management, crisis handling, industry knowledge, international market understanding, leadership skills, decision-making, sustainability management (environmental protection and circular economy; corporate governance and climate change management; industry expertise and market insights), risk management, and climate change management. Does not meet the criteria listed in any Sections of Article 30 of the Company Act.</p>	<p>Serve as an Independent Director and meet the independence requirements:</p> <ol style="list-style-type: none"> 1. including, but not limited to, that the person or the spouse or any relative of the person within the second degree of kinship is not a director, supervisor, or employee of the Company or any of its affiliate; 2. the person or the spouse or any relative of the person within the second degree of kinship does not hold more than 1% of the Company's issued shares; 	1
Independent Director: Jih-Gang Liu	<p>Chi-Kang Liu graduated from the Department of Mechanical Engineering at National Taiwan University. Mr. Liu serves as the President of China Steel Corporation and has reached retirement age, and has the work experience required for the Company's business operations and the core abilities required by the Board of Directors, including business judgment, operational management, crisis management, industry knowledge, international market perspective, leadership, decision-making, sustainable management (energy transition and carbon management; stakeholder engagement; industry expertise and market insights), risk management, and climate change management. Does not meet the criteria listed in any Sections of</p>	<ol style="list-style-type: none"> 3. the person is not a director, supervisor, or employee of the Company or any of its affiliates; 4. the person has not received any remuneration for providing business, legal, financial, or accounting services to the Company or any of its affiliates in the last two fiscal years; 5. the person has not 	0

Name \ Condition	Professional qualifications and experience	Independence	Number of companies the person serves as an independent director
	Article 30 of the Company Act.		
Independent Director: Chia-Wen Liu	Chia-Wen Liu holds a Ph.D. in Accounting from National Taiwan University, and formerly worked as Professor of Department of Accounting at National Taiwan University, and serves as an Independent Director of Taiwan Power Company. Ms. Liu specializes in auditing and financial accounting, and has the work experience required for the Company's business operations and the core abilities required by the Board of Directors, including accounting and financial analysis, business management, crisis management, leadership, decision-making, sustainable management, and risk management. Does not meet the criteria listed in any Sections of Article 30 of the Company Act.	served as an Independent Director of the Company for more than 3 terms.	0

II. Diversity and Independence of the Board of Directors:

(I) Diversity of the Board of Directors:

1. Diversity policy of the Board of Directors:

In accordance with Article 22 of the “Corporate Governance Best Practice Principles”, the Company shall strengthen the functions and regulations of the Board of Directors, consider diversity in the composition of the Board of Directors, and formulate appropriate diversity guidelines for its operations, business model, and development needs, including but not limited to the following two major criteria:

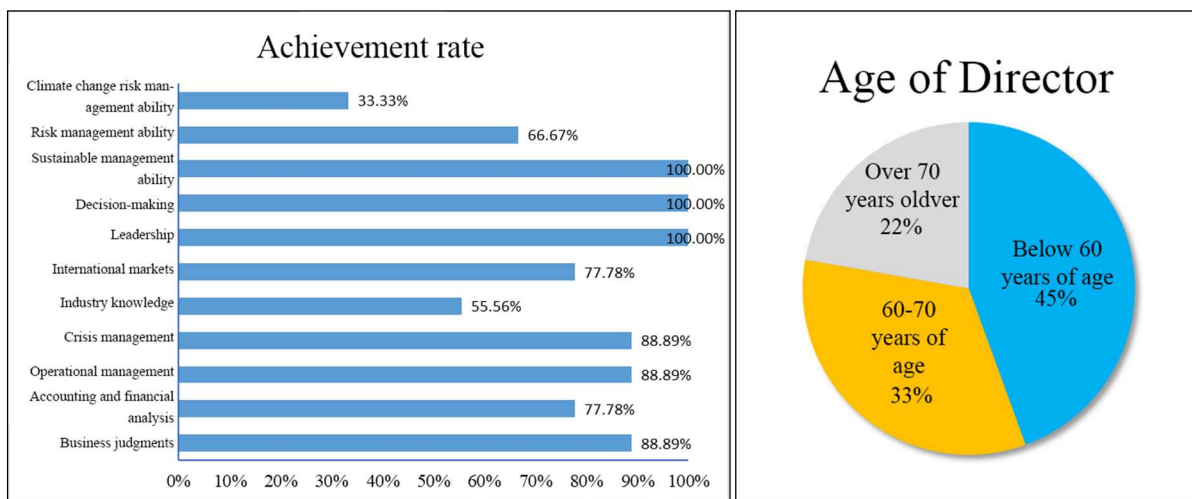
- (1) Basic conditions and values include gender, age, nationality, and culture, among others.
- (2) Professional knowledge and skills: Professional background (e.g. legal, accounting, industry, finance, marketing, or technology), professional skills and industry experience, etc.

Each Board member shall have the necessary knowledge, skill, and ability. In accordance with the Company’s “Corporate Governance Best Practice Principles”, the Board as a whole must have abilities that include: Business judgment, accounting and financial analysis, operational management, crisis management, industry knowledge, international market perspective, leadership, decision-making, sustainable management, risk management, and climate change management.

2. Board of Directors Diversity Specific Management Objectives and Progress in Diversity:

Management Objectives	Achievement Situations
1. Strengthening the Board structure and enhancing gender diversity	The Company plans to increase one independent director seat and add one female director position during the full re-election of the Board at the 2026 Annual Shareholders' Meeting, with the aim of enhancing the Board's independence and diversity.
2. More than two-thirds of the Board members should have core competencies such as business judgment, operation management and crisis management	Achieved
3. Independent director has not served more than three terms	Achieved
4. The number of directors concurrently serving as managerial officers of the Company shall be less than one-third of the total number of Board seats.	Achieved

Name of Director	Nationality	Gender	Whether or not the Director is also an Employee of the Company	Age of Director			Independent Director's term of office	Core item															
				Below 60 years of age	60-70 years of age	Over 70 years old		Business judgments	Accounting and financial analysis	Operational management	Crisis management	Industry knowledge	International markets	Leadership	Decision-making	Sustainable management	Risk management	Climate change management					
Henry C. T. Ho	R.O.C.	Male		√				√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	
George Y. S. Ho	R.O.C.	Male		√				√					√	√	√	√	√	√					
Joshua P. H. Tung	R.O.C.	Male			√			√	√	√	√	√	√	√	√	√	√	√	√	√			
Chih-Ming Huang	R.O.C.	Male			√			√	√	√	√	√	√	√	√	√	√	√	√	√			
Pao-He Chen	R.O.C.	Male			√			√	√	√	√			√	√	√	√	√					
Yen-Liang Ho	R.O.C.	Male		√				√	√	√	√		√	√	√	√	√	√					
Der-Ming Lieu	R.O.C.	Male				√	3rd term	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√
Jih-Gang Liu	R.O.C.	Male				√	1st term	√		√	√	√	√	√	√	√	√	√	√	√	√	√	√
Chia-Wen Liu	R.O.C.	Female		√			1st term		√	√	√			√	√	√	√	√	√	√	√	√	√



(II) Independence of the Board of Directors:

1. According to the Company's "Articles of Incorporation", the election of directors and independent directors adopts a candidate nomination system. Shareholders who hold a certain number of shares or more may propose a list of candidates. The review of candidates' qualifications and compliance with Article 30 of the Company Act are conducted in accordance with the laws and regulations of the competent authorities in order to protect the rights and interests of shareholders, prevent monopoly of nomination, and maintain the independence of nomination.
2. Currently the Board of Directors consists of 9 directors, including 3 independent directors, which meets the requirement of Corporate Governance 3.0 - Sustainable Development Roadmap that mandates the presence of independent directors to be at least one-third of the total number of directors. In accordance with relevant laws and regulations, through the power and duties of the Audit Committee, Independent Directors review and supervise the Company's management and control of existing or potential risks to ensure effective implementation of internal control. Independent Directors also assist in the selection (dismissal) of CPAs, review of CPA Independence, and preparation of financial statements.
3. There are 2 relatives within the second degree of kinship (less than half of the total number), which meets the requirements of Paragraph 3 of Article 26-3 of the Securities and Exchange Act.
4. According to the provisions of the Articles of Association of the Company, independent directors may not serve more than three consecutive terms in order to stay independent. The three current independent directors have not served more than three terms.

(II) Information of President, Vice President, Assistant Vice President, and Managers of Departments and Divisions

March 23, 2026

Title	Nationality	Name	Gender	Date of taking office	Shareholding		Shares held by spouse and underage children		Shareholding by nominee arrangement		Main experiences (educational background)	Other positions in other companies held currently	Has a spouse or a relative within the second degree of kinship who are the Company's managers			Remarks
					Shares	Shareholding percentage (%)	Shares	Shareholding percentage (%)	Shares	Shareholding percentage (%)			Title	Name	Relationship	
President	R.O.C.	Bing-Hua Huang	Male	2022.01.01	4,317	0	0	0	720,250	0.10	Master degree from Material Development Institute of National Cheng Kung University	Chairman of Tung Ho Steel Vietnam Corp., Ltd. Director of Dongjiing Investment Co., Ltd. Director of Tung Ho Steel Cultural Foundation was established Director of Tung Kang Wind Power Co., Ltd. Director of Tung Yuan International Corp.	None	None	None	None
Production Vice President	R.O.C.	Ming-Tsung Liu	Male	2022.01.01	0	0	0	0	0	0	Master's in Materials Science and Engineering, National Taiwan University	Director of Taiwan Steel United Inc.	None	None	None	None
Head of Corporate Governance and Vice President of the Management Department	R.O.C.	Juyu Ho	Female	2022.01.01	4,690	0	0	0	0	0	Master degree in Business Administration from Institute of Business, Chung Yuan Christian University	Director of Katec R&D Corporation Supervisor of Katec Creative Resources Corp. Supervisor of Tung Kang Wind Power Co., Ltd.	None	None	None	None
Investment Division Vice President	R.O.C.	J. B. Chiu	Male	2023.11.01	3,368	0	0	0	0	0	Mechanical Engineering Major, United Engineering Professional School	Director of Goldham Development Ltd. President of Tung Kang Steel Structure Co., Ltd. Director of Tung Kang Steel Structure Co., Ltd. Director, Li-Yu Venture Capital Inc. Director, Li-Shi Venture Capital Inc. Director of Tung Ho Steel Cultural Foundation was established	None	None	None	None
Assets and Trade Department Vice President	R.O.C.	Yi-Chih Hsu	Male	2023.11.01	1,255	0	0	0	0	0	EMBA, Tsinghua University Master degree from Material Development Institute of National Cheng Kung University	Director of Duc Hoa International J. S. C. Director of Katec Creative Resources Corp.	None	None	None	None

Title	Nationality	Name	Gender	Date of taking office	Shareholding		Shares held by spouse and underage children		Shareholding by nominee arrangement		Main experiences (educational background)	Other positions in other companies held currently	Has a spouse or a relative within the second degree of kinship who are the Company's managers			Remarks
					Shares	Shareholding percentage (%)	Shares	Shareholding percentage (%)	Shares	Shareholding percentage (%)			Title	Name	Relationship	
Assistant Manager of Accounting Department and Investment Department	R.O.C.	Shu-chu Huang	Female	2022.04.01	0	0	0	0	0	0	International Trade Major, School of Continuing Education, National Taipei University of Commerce	None	None	None	None	None
Assistant manager of the operations department	R.O.C.	Flora Fan	Female	2009.11.01	0	0	0	0	0	0	International Trade Major, International Business Professional School	Director of Tung Kang Steel Structure Co., Ltd.	None	None	None	None
Assistant manager of the operations department	R.O.C.	Jay Chiang	Male	2021.08.19	2,022	0	0	0	0	0	Department of International Trade, Soochow University	Director of Tung Kang Steel Structure Co., Ltd. Director of Fujian Sino-Japan Metal Corp.	None	None	None	None
Assistant manager of IT Department	R.O.C.	Sheng-Feng Weng	Male	2024.05.01	2,237	0	0	0	0	0	Master degree from Electrical Engineering Institute of National Cheng Kung University	None	None	None	None	None
Assistant manager of the investment division	R.O.C.	Chun-Sheng Chien	Male	2009.11.01	582	0	0	0	0	0	M.S., College of Technology Management, Tsinghua University Industrial Engineering Major, Taipei Engineering Professional School	Chairman of Duc Hoa International J. S. C.	None	None	None	None
Assistant manager of the investment division	R.O.C.	Wu-Sheng Ho	Male	2023.07.31	20,575	0	0	0	0	0	Department of Mechanical and Electro-Mechanical Engineering, National Sun Yat-sen University	President of Tung Ho Steel Vietnam Corp. Ltd.	None	None	None	None
Assistant Manager of Work Safety Center	R.O.C.	Hsing-Yu Su	Male	2024.05.01	0	0	0	0	0	0	Department of Public Relations & Advertising, Shih Hsin University	None	None	None	None	None
General Manager of Taoyuan Works	R.O.C.	Tseng-Lu Tsai	Male	2023.06.30	0	0	22,546	0	0	0	Department of Mechanical Engineering, National Taiwan University of Science and Technology	None	None	None	None	None
General Manager of Miaoli Works	R.O.C.	Yao-ying Hsiao	Male	2022.01.01	6,700	0	0	0	0	0	Taipei Engineering Professional School, Mining	Director of Taiwan Steel United Inc. Director of Tung Kang Steel Structure Co., Ltd.	None	None	None	None

Title	Nationality	Name	Gender	Date of taking office	Shareholding		Shares held by spouse and underage children		Shareholding by nominee arrangement		Main experiences (educational background)	Other positions in other companies held currently	Has a spouse or a relative within the second degree of kinship who are the Company's managers			Remarks
					Shares	Shareholding percentage (%)	Shares	Shareholding percentage (%)	Shares	Shareholding percentage (%)			Title	Name	Relationship	
General Manager of Kaohsiung Works	R.O.C.	Jung-Chien Tseng	Male	2024.05.01	14	0	0	0	0	0	Department of Information Management, Nanya Institute of Technology	None	None	None	None	None
Legal Affairs Office Senior Manager	R.O.C.	Albert Chao	Male	2021.11.01	3,563	0	0	0	0	0	Department of Law, Chinese Culture University	None	None	None	None	None
Deputy Manager of Auditing Office	R.O.C.	Kuan-Wen Chen	Male	2026.03.01	0	0	0	0	0	0	M.S., Department of Accounting, Chinese Culture University	None	None	None	None	None

(III) If the Chairman of the Board of Directors and the General Manager or other person of equivalent rank (top manager) are the same person or they are related to each other as spouses or first degree relatives, the reasons, rationality, necessity, and corresponding measures should be explained: Not applicable.

II. Remuneration Paid to Directors, President, and Vice President in the Most Recent Fiscal Year

(I) Remuneration Paid to Directors (including Independent Directors)

December 31, 2025

Title	Name	Directors' remuneration (NT\$)								Total Remuneration (A+B+C+D) as a (%) of Net Income		Remuneration received as the Company's employee (NT\$)								Total Remuneration (A+B+C+D+E+F+G) as a (%) of Net Income after Tax		Amount of remuneration received from non-subsidiary investee companies or parent company
		Remuneration (A)		Resignation/retirement pension (B)		Director remuneration (C)		Business execution expenses (D)				Salaries, bonuses, and special allowances (E)		Resignation/retirement pension (F)		Employee remuneration (G)						
		The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report	The Company		All companies in the financial report		The Company	All companies in the financial report			
Chairman	Mao Sheng Investment Inc. Representative: Henry C. T. Ho	3,000,000	19,314,099	0	0	25,843,020	25,843,020	50,000	98,000	0.61	0.96	0	0	0	0	0	0	0	0	0.61	0.96	0
Director	Mao Sheng Investment Inc. Representative: Joshua P. H. Tung	600,000	600,000	0	0	25,843,020	25,843,020	35,000	35,000	0.56	0.56	0	0	0	0	0	0	0	0	0.56	0.56	0
Vice Chairman	Ho Jao Investment Inc. Representative: George Y. S. Ho	1,200,000	1,200,000	0	0	49,870,817	49,870,817	35,000	35,000	1.08	1.08	0	0	0	0	0	0	0	0	1.08	1.08	0
Director	Han Lei Investment Co. Representative: Chih-Ming Huang	600,000	600,000	0	0	2,688,385	2,688,385	30,000	30,000	0.07	0.07	0	0	0	0	0	0	0	0	0.07	0.07	0
Director	Liang Cheng Investment Co., Ltd. Representative: Pao-He Chen	600,000	600,000	0	0	5,948,237	5,948,237	35,000	35,000	0.14	0.14	0	0	0	0	0	0	0	0	0.14	0.14	0
Director	Yen-Liang Ho	600,000	600,000	0	0	5,571,509	5,571,509	35,000	35,000	0.13	0.13	0	0	0	0	0	0	0	0	0.13	0.13	0
Independent Director	Der-Ming Lieu	960,000	960,000	0	0	0	0	90,000	90,000	0.02	0.02	0	0	0	0	0	0	0	0	0.02	0.02	0
Independent Director	Jih-Gang Liu	960,000	960,000	0	0	0	0	105,000	105,000	0.02	0.02	0	0	0	0	0	0	0	0	0.02	0.02	0
Independent Director	Chia-Wen Liu	960,000	960,000	0	0	0	0	90,000	90,000	0.02	0.02	0	0	0	0	0	0	0	0	0.02	0.02	0
Total		9,480,000	25,794,099	0	0	115,764,988	115,764,988	505,000	553,000	2.66	3.01	0	0	0	0	0	0	0	0	2.66	3.01	0

1. Please describe the policy, system, criteria and structure for the remuneration of independent directors, and the relevance to the amount of remuneration paid based on the responsibilities, risks and time commitment:

- (1) Independent directors receive monthly fixed remuneration and do not participate in the distribution of earnings, and are paid attendance fees in accordance with the actual number of meetings attended.
- (2) The above fixed remuneration is based on each independent director's participation in and contribution to the Company's operations and the value of their contributions to the Company. It is proposed to the Board of Directors after evaluation and discussion by the Remuneration and Nomination Committee, taking into account the payout to listed companies in the same industry and related industries.
- (3) If concurrently serving as a member of functional committees of the Company, the independent director shall be paid a fixed monthly remuneration as an independent director and a member of the functional committees, as well as attendance fees in accordance with the actual number of meetings attended.

2. Except as disclosed in the table above, the remuneration received by the directors of the Company for services (e.g. as consultants to the parent company/non-employees of all companies in the financial report/the reinvestment business, etc) in the most recent year: None.

(Note): Remuneration paid to the driver assigned to the Chairman in 2025 was NT\$1,178,576.

(II) Remuneration Paid to the President and Vice President

December 31, 2025

Title	Name	Compensation (A) (NT\$)		Resignation/retirement pension (B) (NT\$)		Bonuses and Allowances, etc. (C) (NT\$)		Employee remuneration amount (D) (NT\$)				Total Remuneration (A+B+C+D) as a (%) of Net Income		Amount of remuneration received from non- subsidiary investee companies or parent company
		The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report	The Company		All companies in the financial report		The Company	All companies in the financial report	
								Cash Amount	Stock Amount	Cash Amount	Stock Amount			
President	Bing-Hua Huang	17,527,709	17,527,709	1,424,829	1,424,829	22,898,233	22,898,233	2,460,874	0	2,460,874	0	0.94	0.94	None
Senior Vice President	Kuan-Ren Guu (Note 2)													
Senior Vice President	Chi-Hsieh Lin (Note 2)													
Production Vice President	Ming-Tsung Liu													
Vice President	Juyu Ho													
Vice President	J. B. Chiu													
Vice President	Yi-Chih Hsu													
Vice President	Che-Chung Lin (Note 3)													

Note 1: Remuneration paid to the driver assigned to the President in 2025 was NT\$941,000.

Note 2: On February 1, 2025, Senior Vice President Kuan-Ren Guu and Senior Vice President Chi-Hsieh Lin retired.

Note 3: Vice President Che-Chung Lin retired on May 10, 2025.

Remuneration scale table

Levels of remuneration paid to General Manager and Vice General Manager of the Company	Name of President and Vice President	
	The Company	All companies in the financial report
Less than NT\$1,000,000	None	None
NT\$1,000,000 (inclusive)-NT\$2,000,000 (exclusive)	Kuan-Ren Guu (Note 1), Chi-Hsieh Lin (Note 1)	Kuan-Ren Guu (Note 1), Chi-Hsieh Lin (Note 1)
NT\$2,000,000 (inclusive)-NT\$3,500,000 (exclusive)	Che-Chung Lin (Note 2)	Che-Chung Lin (Note 2)
NT\$3,500,000 (inclusive)-NT\$5,000,000 (exclusive)	None	None
NT\$5,000,000 (inclusive)-NT\$10,000,000 (exclusive)	Ming-Tsung Liu, Juyu Ho, Yi-Chih Hsu, J. B. Chiu	Ming-Tsung Liu, Juyu Ho, Yi-Chih Hsu, J. B. Chiu
NT\$10,000,000 (inclusive)-NT\$15,000,000 (exclusive)	Bing-Hua Huang	Bing-Hua Huang
NT\$15,000,000 (inclusive)-NT\$30,000,000 (exclusive)	None	None
NT\$30,000,000 (inclusive)-NT\$50,000,000 (exclusive)	None	None
NT\$50,000,000 (inclusive)-NT\$100,000,000 (exclusive)	None	None
Over NT\$100,000,000	None	None
Total	8 persons	8 persons

Note 1: On February 1, 2025, Senior Vice President Kuan-Ren Guu and Senior Vice President Chi-Hsieh Lin retired.

Note 2: Vice President Che-Chung Lin retired on May 10, 2025.

(III) Compare the ratio of the total remuneration paid to the Company's Directors, President, and Vice Presidents in the most recent two years to the net income after tax in the financial report by the Company and all companies in the consolidated statements, and explain the policies, standards and combinations of remuneration payment, the procedures for determining remuneration, and the relevance with business performance and future risks.

1. Remuneration paid by the Company and all the consolidated entities to the Company's directors, president and vice president as a percentage to the income of the individual financial statement.

Remuneration of the Company's directors, president, and vice president as a percentage to the net income (%) of the individual financial statement.	2025		2024	
	The Company	All companies in the financial report	The Company	All companies in the financial report
	3.60	3.95	3.95	3.95

2. The policy, criteria and composition of remuneration payments, the procedures for determining remuneration, and the correlation with operating performance and future risks

(1) (Professional) Manager remuneration

- a. The (Professional) manager's remuneration is determined based on the overall market position of the Company, the results of salary surveys in related industries, and the individual work performance of the managers, such as: the achievement of the manager's goals, contributions, and other correlated considerations.

- b. The (Professional) manager's remuneration includes a fixed salary, supervisor's bonus, fuel subsidy, work bonus (or sales bonus), various allowances, bonuses, year-end bonus, and employee remuneration.
- c. Performance evaluations are conducted in accordance with the Company's "Employee Performance Evaluation Policy," and the results serve as a reference basis for the allocation of bonuses for (Professional) managers. The evaluation criteria include organizational goal setting and achievement, planning and execution capabilities, problem analysis and resolution capabilities, leadership and communication and coordination, as well as ESG participation and promotion.
With respect to sustainable development performance, the evaluation assesses the extent to which (professional) managers actively participate in, promote, and implement the Company's sustainable development policies, as well as their performance in formulating and executing strategies for material ESG issues. This component accounts for 10% of the overall evaluation.
- d. The (Professional) manager's remuneration is determined in accordance with the Company's relevant rules and regulations, and the Remuneration and Nomination Committee periodically evaluates the reasonableness of the remuneration.

(2) Directors' remuneration:

- a. In accordance with Article 28 of the Company's Articles of Incorporation, up to 2% of the Company's profit for the year may be allocated as remuneration to the Company's directors for the year, and the amount shall be allocated based on the results of the performance evaluation of each director for the year.

In accordance with Article 10 of the "Board of Directors' Performance Evaluation Guidelines", the performance evaluation results of individual directors shall be used as a reference when determining their individual remuneration.

The Board of Directors previously resolved at the 18th meeting of the 23rd session on December 31, 2019 to approve the method of calculating the remuneration of directors, taking into account the results of the performance evaluation of directors:

Directors' remuneration = Distributable directors' remuneration × Proportion of shares held by individual directors to the number of shares held by all directors × Payout ratio from the performance evaluation of the directors,

Among them, the distribution ratio based on director performance evaluation shall be calculated according to the Article 9 of "Rules for Performance Evaluations of the Board of Directors": For those who are "superior to the standard" or "above the standard", the distribution rate is 100%; For those who "meet the standard", the distribution rate is 90%; For those who "fail to meet the standard", the distribution rate is 80%, and for those who "need to make improvement", the distribution rate is 70%.

For the performance evaluation results of the Board of Directors in 2025, the self-evaluation

of various evaluation indicators by the directors is between 5 points of "strongly agreed" and 4 points of "agreed", indicating that the directors have a positive evaluation of the efficiency and effectiveness of the operation of various indicators. The scores of each aspect are shown in the table below, and the self-assessment results of each director are rated as "above standard" and "excellent above standard":

6 major aspects of self-evaluation	Number of questions	Average score
A. Familiarity with the goals and missions of the company	5	5.00
B. Awareness of the duties of a director	5	4.98
C. Participation in the operation of the company	10	4.91
D. Management of internal relationship and communication	4	4.89
E. The director's professionalism and continuing education	3	4.56
F. Internal control	3	4.85
Total/average score	30	4.86

- b. In addition to the existing performance evaluation items, the Board of Directors provided the following explanation of concrete performance in management and sustainable development:
- (a) Operational Performance: In 2025, gross profit, operating income, and income before tax increased by 7.50%, 10.27%, and 5.77%, respectively, compared with the prior fiscal year; return on equity also rose by 0.03%. Overall operational performance continued to improve.
 - (b) Sustainable Development and Net Aero Planning: The Company was honored with the 2025 "Net Zero Industry Competitiveness" Steel Industry Excellence Award. To achieve the 2050 Net-Zero Emissions target, the Company has proactively deployed renewable energy initiatives, established a decarbonization roadmap, and set pragmatic interim targets for 2030, including a 30% reduction in carbon emissions and achieving RE30 (30% renewable energy usage). The Company continues to implement sustainability policies centered on Energy Saving and Carbon Reduction, and is committed to maintaining industry leadership among electric arc furnace operators through lower carbon emission intensity. The Company actively responds to stakeholder expectations to ensure its long-term sustainable development.
 - (c) Corporate Governance Performance: In the 11th Corporate Governance Evaluations, the Company was once again ranked among the top 5% of TWSE-listed companies and placed in the top 10% of non-financial, non-electronics companies with a market capitalization exceeding NT\$10 billion—the highest

distinction in the evaluation—demonstrating the Company’s continued commitment to and effectiveness in advancing and implementing corporate governance.

- (d) Under the supervision of the Board of Directors, the growth rates of operating revenue and profit before tax in 2025 both increased significantly. Overall operational performance exceeded that of the prior year, and sustainability policies were effectively implemented. Based on the principle of linking Director remuneration to performance, Director remuneration increased by approximately 5.77% compared with the prior year, representing approximately 0.3% of net profit after tax for 2025, in line with the spirit of corporate governance and performance-oriented principles.
 - c. In accordance with Article 22-1 of the Company's Articles of Incorporation, the Remuneration and Nomination Committee shall recommend a fixed monthly remuneration with reference to the standards of relevant industries and listed companies, and the responsibilities assumed by the directors, and shall submit it to the Board of Directors for approval.
 - d. In addition to the fixed monthly remuneration, the Directors shall receive a monthly attendance fee in accordance with the actual number of meetings attended.
 - e. If concurrently serving as a member of functional committees of the Company, the Director shall be paid a fixed monthly remuneration as a Director and a member of the functional committees, as well as attendance fees in accordance with the actual number of meetings attended.
- (3) Independent directors' remuneration:
- a. Independent Directors receive monthly fixed remuneration and do not participate in the distribution of earnings, and are paid attendance fees in accordance with the actual number of meetings attended.
 - b. The above fixed remuneration is based on each independent Director's participation in and contribution to the Company's operations and the value of their contributions to the Company. It is proposed to the Board of Directors after evaluation and discussion by the Remuneration and Nomination Committee, taking into account the payout to listed companies in the same industry and related industries.
 - c. If concurrently serving as a member of functional committees of the Company, the independent Director shall be paid a fixed monthly remuneration as an independent Director and a member of the functional committees, as well as attendance fees in accordance with the actual number of meetings attended.

III. Corporate Governance Practices

(I) 1. Board of Directors Operation Status

In the last year, Board meetings were held 7 (A) times. The attendance status is as follows:

Title	Name	Number of actual attendee (participant) (B)	Attendance by proxy	Actual attendance (participation) rate (%) [B/A]	Remarks
Chairman	Mao Sheng Investment Inc. Representative: Henry C. T. Ho	7	0	100	None
Vice Chairman	Ho Jao Investment Inc. Representative: George Y. S. Ho	7	0	100	None
Director	Mao Sheng Investment Inc. Representative: Joshua P.H. Tung	7	0	100	None
Director	Han Lei Investment Co. Representative: Chih-Ming Huang	6	0	85.7	None
Director	Liang Cheng Investment Co., Ltd. Representative: Pao-He Chen	7	0	100	None
Director	Yen-Liang Ho	7	0	100	None
Independent Director	Der-Ming Lieu	7	0	100	None
Independent Director	Jih-Gang Liu	7	0	100	None
Independent Director	Chia-Wen Liu	7	0	100	None

Other matters that should be recorded:

- I. The operation of the Board of Directors' meeting shall state the date and period of the Board meeting, the content of the motion, the opinions of all independent directors and the Company's handling of the opinions of the independent directors if any of the following circumstances apply:
 - (I) Matters listed in Article 14-3 of the Securities and Exchange Act: The Company has established an audit committee, which is not applicable.
 - (II) In addition to the above items mentioned, other matters resolved by the Board of Directors with the objection or reservation of the independent directors that are recorded or stated in writing: None.
- II. The directors' avoidance of interest motion should indicate the names of the directors, content of the motion and reasons of avoidance of interest as well as the involvement in voting.

Date and Time	Content of motion	Reason for recusal of conflicts of interest	Voting participation
2025.02.25 14th meeting of the 25th Board	Contribution to the 2025 activities and operational expenses of the Tung Ho Steel Cultural Foundation	The Chairman of the Board, Henry C. T. Ho, is a director of the Tung Ho Steel Cultural Foundation and the Vice Chairman, George Y. S. Ho, is a second degree relative of the Chairman, Henry C. T. Ho.	The case was discussed and voted on by Joshua P.H. Tun, the acting chairman of the Board; except for the above-mentioned directors who were recused due to their interest involvement, the rest of the directors passed the

			case without objection.
2025.04.25 15th meeting of the 25th Board	The subsidiary, Tung Kang Steel Structure Co., Ltd., obtained right-of-use assets of real estate from the Company	The Chairman of the Board, Henry C. T. Ho, is the Chairman of Tung Kang Steel Structure Co., Ltd. and is a second-degree relative of Vice Chairman George Y. S. Ho.	The case was discussed and voted on by Joshua P.H. Tun, the acting chairman of the Board; except for the above-mentioned directors who were recused due to their interest involvement, the rest of the directors passed the case without objection.
	Provision of endorsements and guarantees for the short-term credit facilities to be obtained by the associate, Fujian Sino-Japan Metal Corp., from financial institutions	The Chairman of the Board, Henry C. T. Ho, is a director of Fujian Sino-Japan Metal Corp. and the Vice Chairman, George Y. S. Ho, is a second degree relative of the Chairman, Henry C. T. Ho.	The case was discussed and voted on by Joshua P.H. Tun, the acting chairman of the Board; except for the above-mentioned directors who were recused due to their interest involvement, the rest of the directors passed the case without objection.
2025.05.20 16th meeting of the 25th Board	Changes to the leased area of part of the factory buildings and offices at the Kaohsiung plant leased by Far East Steel Inc.	The Chairman of the Board, Henry C. T. Ho, is a director of Far East Steel Inc., the Vice Chairman, George Y. S. Ho, is a second degree relative of the Chairman, George Y. S. Ho, and the director Chih-Ming Huang is a supervisor of Far East Steel Inc.	The case was discussed and voted on by Joshua P.H. Tun, the acting chairman of the Board; except for the above-mentioned directors who were recused due to their interest involvement, the rest of the directors passed the case without objection.
	The short-term credit facility application by the subsidiary, Tung Ho Steel Vietnam Corp., Ltd., to the Company.	The Chairman of the Board, Henry C. T. Ho, is a director of Tung Ho Steel Vietnam Corp., Ltd. and the Vice Chairman, George Y. S. Ho, is a second degree relative of the Chairman, Henry C. T. Ho.	The case was discussed and voted on by Joshua P.H. Tun, the acting chairman of the Board; except for the above-mentioned directors who were recused due to their interest involvement, the rest of the directors passed the case without objection.
2025.07.29 17th meeting of the 25th Board	The short-term credit facility application by the subsidiary, Tung Ho Steel Vietnam Corp., Ltd., to the Company.	The Chairman of the Board, Henry C. T. Ho, is a director of Tung Ho Steel Vietnam Corp., Ltd. and the Vice Chairman, George Y. S. Ho, is a second degree relative of the Chairman, Henry C. T. Ho.	The case was discussed and voted on by Joshua P.H. Tun, the acting chairman of the Board; except for the above-mentioned directors who were recused due to their interest involvement, the rest of the directors passed the case without objection.
	The endorsement/guarantee	The Chairman of the Board, Henry C. T. Ho, is a director	The case was discussed and voted on by Joshua P.H. Tun,

	for the subsidiary, Tung Ho Steel Vietnam Corp., Ltd., for the renewal of credit facilities with financial institutions.	of Tung Ho Steel Vietnam Corp., Ltd. and the Vice Chairman, George Y. S. Ho, is a second degree relative of the Chairman, Henry C. T. Ho.	the acting chairman of the Board; except for the above-mentioned directors who were recused due to their interest involvement, the rest of the directors passed the case without objection.
	Provision of endorsements and guarantees for the short-term credit facilities to be obtained by the associate, Fujian Sino-Japan Metal Corp., from financial institutions	The Chairman of the Board, Henry C. T. Ho, is a director of Fujian Sino-Japan Metal Corp. and the Vice Chairman, George Y. S. Ho, is a second degree relative of the Chairman, Henry C. T. Ho.	The case was discussed and voted on by Joshua P.H. Tun, the acting chairman of the Board; except for the above-mentioned directors who were recused due to their interest involvement, the rest of the directors passed the case without objection.
2025.10.18 18th meeting of the 25th Board	The subsidiary, Tung Kang Steel Structure Co., Ltd., obtained right-of-use assets of real estate from the Company	The Chairman of the Board, Henry C. T. Ho, is the Chairman of Tung Kang Steel Structure Co., Ltd. and is a second-degree relative of Vice Chairman George Y. S. Ho.	The case was discussed and voted on by Joshua P.H. Tun, the acting chairman of the Board; except for the above-mentioned directors who were recused due to their interest involvement, the rest of the directors passed the case without objection.
	The subsidiary, Tung Kang Wind Power Co., Ltd., leased the Company's factory rooftops for the installation of solar photovoltaic systems	The Chairman of the Board, Henry C. T. Ho, is the Chairman of Tung Kang Wind Power Co., Ltd. and is a second-degree relative of Vice Chairman George Y.S. Ho.	The case was discussed and voted on by Joshua P.H. Tun, the acting chairman of the Board; except for the above-mentioned directors who were recused due to their interest involvement, the rest of the directors passed the case without objection.
	The short-term credit facility application by the subsidiary, Tung Ho Steel Vietnam Corp., Ltd., to the Company.	The Chairman of the Board, Henry C. T. Ho, is a director of Tung Ho Steel Vietnam Corp., Ltd. and the Vice Chairman, George Y. S. Ho, is a second degree relative of the Chairman, Henry C. T. Ho.	The case was discussed and voted on by Joshua P.H. Tun, the acting chairman of the Board; except for the above-mentioned directors who were recused due to their interest involvement, the rest of the directors passed the case without objection.
	The endorsement/guarantee for the subsidiary, Tung Ho Steel Vietnam Corp., Ltd., for the renewal of credit facilities with financial	The Chairman of the Board, Henry C. T. Ho, is a director of Tung Ho Steel Vietnam Corp., Ltd. and the Vice Chairman, George Y. S. Ho, is a second degree relative of the Chairman, Henry C. T.	The case was discussed and voted on by Joshua P.H. Tun, the acting chairman of the Board; except for the above-mentioned directors who were recused due to their interest involvement, the rest

	institutions.	Ho.	of the directors passed the case without objection.
2025.12.30 20th meeting of the 25th Board	The 3 subsidiaries, Tung Kang Steel Structure Co., Ltd., Tung Kang Wind Power Co., Ltd., and Tung Kang Engineering & Construction Co., Ltd., obtained right-of-use assets of real estate from the Company	The Chairman of the Board, Henry C. T. Ho, is the Chairman of Tung Kang Steel Structure Co., Ltd. and Tung Kang Wind Power Co., Ltd., and is a second-degree relative of Vice Chairman George Y.S. Ho.	The case was discussed and voted on by Joshua P.H. Tun, the acting chairman of the Board; except for the above-mentioned directors who were recused due to their interest involvement, the rest of the directors passed the case without objection.

III. Listed companies should disclose information on the periodicity and duration, scope, method and content of the evaluation of the self (or peer) evaluation by the board of directors. Please see Chapter 2 for more information on the implementation of the board evaluation.

IV. Programs this year and in the recent year in strengthening the functionality of the Board (for example, set up an auditing committee, improve transparency, etc.) and execution evaluation:

- (I) At the time of the full re-election of the 26th Board of Directors, the Company adjusted the composition of the Board by adding 1 independent director seat and 1 female director seat, in order to enhance the Board's independence and diversity.
- (II) Conduct regular Board Performance Evaluation in accordance with its "Board Performance Evaluation Guidelines." In 2025, an external professional institution was also engaged to conduct the Board Performance Evaluation, with a view to continuously enhancing the effectiveness of Board operations.
- (III) Encourage directors to participate in training programs related to corporate governance, ESG, risk management, and relevant regulations, and to engage in continuing education to enhance their professional knowledge and decision-making quality. In 2025, in addition to arranging relevant education courses according to the needs of individual directors, two further education courses for directors are planned, namely, "Global Trends in Carbon Pricing Mechanisms" and "Corporate Digital Transformation in the AI Era". The information on the directors' training is disclosed on the Company's website and the Market Observation Post System.
- (IV) Through the Audit Committee, the Sustainable Development Committee, and the Remuneration and Nomination Committee, the Board is assisted in performing its oversight functions. These committees convene meetings on a regular basis to review relevant proposals and report to the Board.
- (V) The Board continues to monitor the Company's progress in promoting sustainable development and regularly receives relevant reports, thereby strengthening corporate governance and sustainable corporate operations.
- (VI) The Board regularly receives reports on internal audit and risk management and supervises the effective operation of the Company's internal control system and risk management mechanisms.
- (VII) The Company has taken out the "Directors' and Supervisors' and Key Employees' Liability Insurance" to mitigate the risk of directors' legal liability and enhance corporate governance. After completing the renewal of Directors' and Supervisors' and Key Employees' Liability Insurance for 2025, the Company has submitted the report of the 18th meeting of 25th Board of Directors' Meeting on October 28, 2025.
- (VIII) The Company's important rules and regulations and corporate governance-related regulations are disclosed on the Company's website or on the Market Observation Post System in accordance with regulations.
- (IX) Succession planning for Board members and key management personnel:
The company must, in accordance to its own development direction and goals, plan for a successor who possess not only professional ability, but also the personality traits of honesty and integrity and one who

holds values that are consistent with the Company.

1. Succession planning for Board of Directors:

Re-election of directors was carried out on 26th shareholders' regular meeting in 2023, with 11 directors (including 4 independent directors) determined at the 21th meeting of 25th Board meeting on January 23, 2026. After comprehensive consideration by the Remuneration and Nomination Committee, the following matters were reviewed and approved on February 10, 2026. The proposed candidates for directors were submitted for resolution at the 22th meeting of the 25th term of the Board on February 26, 2026.

- (1) Whether the director candidates possess the professional background, industry experience, and other diverse attributes required for the Company's operations.
- (2) The independent director candidate's qualifications, professionalism, independence, integrity, and concurrent positions held at other companies, in accordance with the requirements of the Securities and Exchange Act, the Regulations Governing Appointment of Independent Directors and Compliance Matter for Public Companies, and other relevant rules and regulations of the Taiwan Stock Exchange.
- (3) Whether the director candidate meets the qualifications and requirements set forth in Article 30 of the Company Act, and the nomination shall also be handled in accordance with Article 192-1 of the Company Act.

2. Management succession plan:

- (1) The Company regularly reviews and identifies high-potential talent at all levels, establishes a talent pool, and proactively plans succession candidates while initiating training programs. The training programs cover professional competencies, management capabilities, individual development plans, and cross-departmental job rotations, with the aim of cultivating employees' diverse perspectives and professional skills. Through participation in target-setting meetings, management meetings, and project assignments, employees enhance their decision-making and problem-solving capabilities. Senior management also conducts regular performance evaluation and provides guidance on individual development.
- (2) Regularly convene "Expanded Management Meetings" to promote cross-departmental communication and interaction among the senior management team, thereby strengthening team cohesion and broadening managerial perspectives. In addition, the Company provides training programs for intermediate supervisors, covering topics such as problem-solving, work improvement, communication skills, and subordinate development. Through learning methods such as case studies and role-playing, these programs further strengthen managerial capabilities and leadership skills.
- (3) Establish a comprehensive training records and regularly review its talent development programs, and dynamically adjust them in accordance with organizational needs. Through cross-functional or cross-departmental (plant-level) job rotations, execution of project assignments, concurrent appointments, or secondments to investee companies, the Company enhances managerial skills and broadens international perspectives. Meanwhile, the Company encourages middle and senior level talents to proactively propose further education, training, or internship programs, and provides resource support and job adjustments to enhance the diversity and resilience of its human capital.

2. Board of Directors' Evaluation of Implementation Status

Evaluation Cycle	Evaluation Period	Evaluation Scope	Evaluation Method	Evaluation Content
Performed once three years	August 1, 2024 to July 31, 2025	This includes the Board of Directors, individual Board members, and functional committees (Remuneration Committee, Audit Committee, and Corporate Governance Committee).	<p>(I) An open-ended questionnaire approach is adopted, with the Company conducting a self-assessment in advance.</p> <p>(II) Anonymous questionnaires were distributed to all Board members, covering a total of 30 sub-items across five key dimensions of Board operational effectiveness—namely, Board composition and division of responsibilities; Board guidance and oversight; Board delegation and risk management; Board communication and collaboration; and Board self-discipline and continuous improvement—to solicit each director’s level of agreement on the respective sub-items under each dimension.</p> <p>(III) The evaluators conducted a documentary review of the relevant materials provided by the Company. Subsequently, on September 9, 2025, 4 evaluators appointed by the association conducted an on-site assessment and interviews with the Company’s Chairman, all independent directors, the President, and the Corporate Governance Officer.</p>	<p>According to the provisions of the Company's “Board of Directors' Performance Evaluation Guidelines”, the performance evaluation of the Board of Directors shall be conducted at least every three years by an external professional and independent organization or a team of external experts and scholars.</p> <p>The external evaluation institution for the Board Performance Evaluation in 2025 was the Taiwan Corporate Governance Association. The association and the experts conducting the evaluation have no business relationships with the Company and are therefore independent.</p> <p>The evaluation results were submitted to the 18th meeting of the 25th Board of Directors on October 28, 2025 for acknowledgment.</p> <p>The external Board performance evaluation report has been disclosed on the Company’s website: https://www.tunghosteel.com/investors/resolution</p>

Evaluation Cycle	Evaluation Period	Evaluation Scope	Evaluation Method	Evaluation Content
Performed once a year	January 1, 2025 to December 31, 2025	Including Board of Directors, individual Board members, and functional committees (Remuneration and Nomination Committee, Audit Committee, and Sustainable Development Committee).	<p>(I) The performance of Board members is self-evaluated by all Board members.</p> <p>(II) The performance of Functional Committee is evaluated by the convener of each functional committee.</p> <p>(III) The performance of Board of Directors is evaluated by the Head of Corporate Governance.</p>	<p>(I) The evaluation aspects of Board members include: There are 30 items in 6 major categories: mastery of corporate goals and tasks, awareness of directors' responsibilities, participation in corporate operations, internal relations and communication, professionalism and continuing education of directors, as well as internal control.</p> <p>(II) The evaluation aspects of each functional committee include: There are 20-23 items in 5 major categories: participation in the Company's operation, awareness of functional committee responsibilities, improvement of the quality of functional committee decisions, composition and selection of functional committee members, and internal control.</p> <p>(III) The evaluation aspects of Board of Director include: There are 47 items in 5 major categories: participation in company operations, improving the quality of Board decisions, Board composition and structure, selection and continuing education of directors, and internal control.</p> <p>The evaluation results were sent to the 12th meeting of the 5th Remuneration and Nomination Committee for review on February 24, 2026, and the review results will be submitted to the 22nd meeting of the 25th Board of Directors' meeting report on February 26, 2026, as the basis for review and improvement.</p> <p>The internal Board performance evaluation report has been disclosed on the Company's website: https://www.tunghosteel.com/investors/resolution</p>

(II) Audit Committee Operation Status

In the last year, audit committee meetings were held 8 (A) times. The attendance status of independent directors is as follows:

Title	Name	Actual attendance number (B)	Attendance by proxy	Actual attendance rate (%) (B/A)	Remarks
Convener Independent Director	Chia-Wen Liu	8	0	100	None
Independent Director	Der-Ming Lieu	8	0	100	None
Independent Director	Jih-Gang Liu	8	0	100	None

Other matters that should be recorded:

I. When one of the following situations has occurred to the operations of the Audit Committee, state the date, term, content of proposals as well as any objections, reservations, or major recommendations of the independent directors, along with the results of resolutions by the Audit Committee and the Company's actions in response to the resolutions.

(I) Matters listed in Article 14-5 of the Securities and Exchange Act:

Date and Time	Content of motion	Audit Committee Resolution result	The Company's handling of the audit committee review opinions
2025.02.25 13th meeting of the 3rd Board	1. KPMG intends to change the Company's certified public accountants	No objections and the proposal was then submitted to the Board of Directors for resolution.	The resolution of the Board of Directors was approved as written.
	2. The 2024 business report and financial report		
	3. Surplus allocation proposal for 2024		
	4. Issuance of the "Statement of Internal Control" for the year 2024		
	5. Partial amendments to the "Regulations Governing the Acquisition and Disposal of Assets"		
	6. Contribution to the 2025 activities and operational expenses of the Tung Ho Steel Cultural Foundation		
	7. The short-term credit facility application by the subsidiary, Tung Ho Steel Vietnam Corp., Ltd., to the Company.		
	8. The endorsement/guarantee for the subsidiary, Tung Ho Steel Vietnam Corp., Ltd., for credit facilities to be obtained from financial institutions.		
2025.04.25 14th meeting of the 3rd Board	1. Quarter 1 consolidated financial reports for 2025	No objections and the proposal was then submitted to the Board of Directors	The resolution of the Board of Directors was approved as

			for resolution.	written.
		2. The Company entered into an “Agreement for Entrusted Construction of Buildings and Implementation of Urban Renewal” with Pu Hui Construction Co., Ltd., participating in the urban renewal project through a self-land entrusted construction model.	Agreed to participate in the urban renewal project through a self-land entrusted construction model; however, certain provisions of the agreement remain subject to revision. It is proposed that the relevant amendments be confirmed and approved by the Board at its next meeting before the agreement is executed, and the matter is hereby submitted to the Board for resolution.	The Board of Directors agreed to proceed in accordance with the suggestion of the Audit Committee by resolution.
		3. The subsidiary, Tung Kang Steel Structure Co., Ltd., obtained right-of-use assets of real estate from the Company	No objections and the proposal was then submitted to the Board of Directors for resolution.	The resolution of the Board of Directors was approved as written.
		4. Provision of endorsements and guarantees for the short-term credit facilities to be obtained by the associate, Fujian Sino-Japan Metal Corp., from financial institutions		
	2025.05.19 15th meeting of the 3rd Board	1. Changes to the leased area of part of the factory buildings and offices at the Kaohsiung plant leased by Far East Steel Inc.	No objections and the proposal was then submitted to the Board of Directors for resolution.	The resolution of the Board of Directors was approved as written.
		2. The Company plans to engage in over-the-counter steel billet exchange trading in derivative products		
		3. The short-term credit facility application by the subsidiary, Tung Ho Steel Vietnam Corp., Ltd., to the Company.		
	2025.07.28 16th meeting of the 3rd Board	1. Quarter 2 consolidated financial reports for 2025	No objections and the proposal was then submitted to the Board of Directors for resolution.	The resolution of the Board of Directors was approved as written.
		2. The short-term credit facility application by the subsidiary, Tung Ho Steel Vietnam Corp., Ltd., to the Company.		
		3. The endorsement/guarantee for the subsidiary, Tung Ho Steel Vietnam		

		Corp., Ltd., for the renewal of credit facilities with financial institutions.		
		4. Provision of endorsements and guarantees for the short-term credit facilities to be obtained by the associate, Fujian Sino-Japan Metal Corp., from financial institutions		
	2025.10.27 17th meeting of the 3rd Board	1. Quarter 3 consolidated financial reports for 2025	No objections and the proposal was then submitted to the Board of Directors for resolution.	The resolution of the Board of Directors was approved as written.
		2. Accountant public expenses proposal for 2025		
		3. Amendments to the Internal Control System and Guidelines for the Implementation of Internal Audits	Agreed to amend some articles and then submitted to the Board of Directors for resolution.	The Board of Directors agreed to proceed in accordance with the suggestion of the Audit Committee by resolution.
		4. The subsidiary, Tung Kang Steel Structure Co., Ltd., obtained right-of-use assets of real estate from the Company	No objections and the proposal was then submitted to the Board of Directors for resolution.	The resolution of the Board of Directors was approved as written.
		5. The subsidiary, Tung Kang Wind Power Co., Ltd., planned to lease the Company's factory rooftops for the installation of solar photovoltaic systems		
		6. The endorsement/guarantee for the subsidiary, Tung Ho Steel Vietnam Corp., Ltd., for the renewal of credit facilities with financial institutions.		
	2025.11.07 18th meeting of the 3rd Board	1. The Company plans to engage in the monthly quota for over-the-counter steel billet exchange trading in derivative products	No objections and the proposal was then submitted to the Board of Directors for resolution.	The resolution of the Board of Directors was approved as written.
		2. Proposal for 2026 Audit Plan		
	2025.12.29 19th meeting of the 3rd Board	1. Non-conviction services is expected to be provided by KPMG International Cooperative in 2026	No objections and the proposal was then submitted to the Board of Directors for resolution.	The resolution of the Board of Directors was approved as written.
		2. The 3 subsidiaries, Tung Kang Steel Structure Co., Ltd., Tung Kang Wind Power Co., Ltd., and Tung Kang Engineering & Construction Co., Ltd., planned to lease the Company's		

	premises		
	3. The short-term credit facility application by the subsidiary, Tung Ho Steel Vietnam Corp., Ltd., to the Company.		
	4. Provision of endorsements and guarantees for the short-term credit facilities to be obtained by the associate, Fujian Sino-Japan Metal Corp., from financial institutions		

(II) In addition to the above mentioned items, other resolutions not approved by the Audit Committee but approved by two-thirds or more of the Company's directors: None.

II. The independent directors' avoidance of interest motion should indicate the names of the independent directors, content of the motion and reasons of avoidance of interest as well as the involvement in voting: None.

III. Independent directors' communication with internal auditors and accountants (for example, methods and results of communication over the Company's financial and business status, etc.):

(I) Communication status between independent directors and accountants:

Prior to the annual review of the financial statements, the independent directors and the certified public accountants will discuss and communicate the scope and manner of the review, and the key audit issues. The certified public accountant communicates with the independent directors at the audit committee meetings on a quarterly basis regarding the review results or financial statement audits of the Company and its subsidiaries, and has reached consensus on relevant matters through adequate and excellent communication. The accountant will explain and communicate with the independent directors on an irregular basis regarding the update of relevant regulations and whether the amendment of laws and regulations affects the way of accounting.

Summary of communication for 2025:

Date	Communication content	Handling and implementation results
2025.01.07 Audit Committee	Pre-audit discussion and communication regarding the scope of audit, audit approach, and key audit issues for the 2024 financial report.	No inconsistency of opinion.
2025.02.25 Audit Committee	To communicate and discuss the results of the 2024 individual and consolidated financial report audit.	No inconsistency of opinion.
2025.04.25 Audit Committee	To communicate and discuss the results of the 2025 Quarter 1 individual and consolidated financial report audit.	No inconsistency of opinion.
2025.07.28 Audit Committee	To communicate and discuss the results of the 2025 Quarter 2 individual and consolidated financial report audit.	No inconsistency of opinion.
2025.10.27 Separate Communication Symposium (Before the Audit Committee Meeting)	Other communication matters regarding the Quarter 3 consolidated financial reports for 2025	No recommendations.
2025.10.27 Audit Committee	To communicate and discuss the results of the 2025 Quarter 3 individual and consolidated financial report audit.	No inconsistency of opinion.

(II) Communication between independent directors and internal auditors:

The Company's head of internal audit sends monthly audit reports and tracking report related information to the independent directors for review, who will provide guidance to the internal audit unit through this communication mechanism.

The head of internal audit attends and presents business reports at the Board of Directors and audit committee meetings.

Summary of communication for 2025:

Date	Communication content	Communicate situation and results	The Company's handling of the independent directors' opinions
2025.02.25 Audit Committee	1. Audit Report for December 2024 to January 2025.	No objections, submission to the Board of Directors.	Acknowledged by the Board of Directors.
	2. Issuance of the Company of "Statement of Internal Control" for the year of 2024.	No objections and the proposal was then submitted to the Board of Directors for resolution.	The resolution of the Board of Directors was approved as written.
2025.04.25 Audit Committee	Audit Report for February-March 2025.	No objections, submission to the Board of Directors.	Acknowledged by the Board of Directors.
2025.05.19 Audit Committee	Audit Report for April 2025.		
2025.07.28 Audit Committee	Audit Report for May-June 2025.		
2025.10.27 Audit Committee	Audit Report for July-September 2025.		
2025.10.28 Separate Communication Symposium (post-board meeting)	The Audit Supervisor communicated separately with the independent Directors on the formulation of the 2026 Annual Audit Plan and related matters.	No recommendations.	Not applicable.
2025.11.07 Audit Committee	Proposal for 2026 Audit Plan.	No objections and the proposal was then submitted to the Board of Directors for resolution.	The resolution of the Board of Directors was approved as written.
2025.12.29 Audit Committee	Audit Report for October-November 2025.	No objections, submission to the Board of Directors.	Acknowledged by the Board of Directors.
2025.12.30 Internal Control Seminar (post-board meeting)	The Audit Office held a discussion on internal control system review with Directors (including independent Directors) after the board meeting. The contents of the discussion were as follows:	The independent Directors present at the meeting communicated with and provided guidance to the Audit Office on relevant issues.	The Directors present at the meeting communicated with and provided guidance to the Audit Office on relevant issues.

		1-1 Adoption and amendment of internal control policies and procedures 1-2 Report on annual audit performance 1-3 Identified deficiencies and the status of improvement (corrective action plans) 1-4 Endorsements/guarantees, loan of funds and circumstances		
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IV. Audit Committee 2025 Work Agenda:

1. Review the appropriateness of the annual financial report and quarterly reports.
2. Review the business report and the distribution of earnings.
3. Review the independence and suitability of the accountant and the accountant's fee.
4. Review the operating procedures related to the internal control system.
5. Review of the amendments to the “Regulations Governing the Acquisition and Disposal of Assets.”
6. Review the annual audit plan.
7. Assessment of the effectiveness of the internal control system.
8. Review major investment cases.
9. Review the capital expenditure budget cases
10. Review the subsidiary's plan of obtaining right-of-use assets of real estate from the Company
11. Review the annual contribution to the Tung Ho Steel Cultural Foundation
12. Review of derivative transactions, major capital loans, and provision of endorsements and guarantees.

(III) Differences and Reasoning for the Status of Corporate Governance and Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies

Assessed areas	Operations			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary	
I. Does the Company establish and disclose its corporate governance principles in accordance with the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies?	✓		The "Corporate Governance Best Practice Principles" was approved by the 23rd session (12th meeting) Board of Directors' Meeting on March 26, 2019, and the 3rd amendment was made on February 22nd, 2023. It is subsequently posted on the Company's website. Please refer to the Company's website/Investor Services/Corporate Governance/Important Regulations of the Company (https://www.tunghosteel.com/investors/norm).	No difference.
II. Company Stock Equity Structure and Shareholders' Rights (I) Did the Company establish internal procedures for addressing shareholder suggestions, doubts, disputes, and litigation matters and implement the procedures accordingly? (II) Does the Company have in possession the list of major shareholders that have actual control over the Company as well as the list of major shareholders with final control? (III) Did the Company establish and execute risk control mechanism for	✓		(I) The company has formulated the Spokesperson Policy and appointed a spokesperson and an acting spokesperson accordingly. They shall represent the Company to make public announcements of the Company's major news and updates as well as to respond to any questions and inquiries the media or investors may have. (II) The Company has a dedicated contact window for various external stakeholders, which is posted on the Company's website to receive notifications, suggestions, complaints and reports on the Company, and assigns dedicated personnel to handle and reply to such feedback. (III) The Company is in possession of the list of its major shareholders who control the Company substantially as well as the ultimate controller of these major shareholders. (IV) Guarantee endorsement and financing for affiliated enterprises are subjected to strict internal regulations. The "Procedures for Financial and Business Transactions Between Related Parties" have been established to improve the financial transactions between the Company and its related companies and to prevent non-conventional transactions or improper transfer of benefits. (V) In accordance with Article 6 of the Company's Critical Internal Material Information	No difference.

Assessed areas	Operations		Summary	Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No		
<p>affiliates, and firewall methods?</p> <p>(IV) Did the Company establish internal regulations stipulating that employees shall not use undisclosed information to engage in the transaction of marketable securities?</p>			<p>Processing Procedures, internal personnel are subject to stock trading controls as of the date they are informed of the Company's financial or related results, including, but not limited to, directors not trading in the Company's stock 30 days prior to the publication date of the annual financial report and 15 days prior to the publication date of the quarterly financial report. The Company has publicized laws and regulations related to insider trading by email and will continue to remind all personnel by email before the aforementioned stock trading closure period. And insiders shall be reminded via email before the aforementioned stock trading closure period.</p>	
<p>III. Board compositions and responsibilities</p> <p>(I) Does the Board of Directors formulate and implement diversified policies and specific management objectives?</p> <p>(II) Does the Company voluntarily establish other functional committees in addition to remuneration committee and audit committee?</p> <p>(III) Does the Company have a set of Board of Directors performance evaluation guidelines and its evaluation method, conduct performance evaluation annually and regularly, and report the results of performance evaluation to the Board of Directors to serve as reference of individual director's remuneration and nomination for reappointment?</p>	✓		<p>(I) Refer to the section on Diversity and Independence of the Board of Directors on page 17.</p> <p>(II) The Company also has a Sustainable Development Committee, in addition to the Remuneration and Nomination Committee and Audit Committee.</p> <p>(III) Our company develops a performance evaluation method for the Board of Directors, and reviews and revises it in a rolling manner year after year, and conducts regular performance evaluation for the Board of Directors every year.</p> <p>1. External evaluation: According to the provisions of the Company's "Board of Directors' Performance Evaluation Guidelines", the performance evaluation of the Board of Directors shall be conducted at least every three years by an external professional and independent organization or a team of external experts and scholars. The 2025 Board Performance Evaluation was conducted by an external professional</p>	No difference.

Assessed areas	Operations		Summary	Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No		
			<p>independent institution, the Taiwan Corporate Governance Association. The association and the experts conducting the evaluation have no business relationships with the Company and are therefore independent.</p> <p>The evaluation was conducted using an open-ended questionnaire approach, with the Company first carrying out a self-assessment. A total of 30 sub-items were designed across five key dimensions of Board operational effectiveness—namely, Board composition and division of responsibilities; Board guidance and oversight; Board delegation and risk management; Board communication and collaboration; and Board self-discipline and continuous improvement. Anonymous questionnaires were then distributed to all Board members to collect their levels of agreement on the respective dimensions and sub-items. Furthermore, the evaluators conducted a documentary review of the relevant materials provided by the Company. Subsequently, on September 9, 2025, 4 evaluators appointed by the association conducted an on-site assessment and interviews with the Company’s Chairman, all independent directors, the President, and the Corporate Governance Officer.</p> <p>The evaluation results were submitted to the 18th meeting of the 25th Board of Directors on October 28, 2025 for acknowledgment. The relevant evaluation content, methodologies, implementation status, and results have been disclosed on the Company’s website (Company Website / Investor Services / Corporate Governance / Operations / Board Performance Evaluation / 2025 / External Board Performance Evaluation Report for 2025: https://www.tunghosteel.com/investors/resolution), and are also presented in the annual report (the implementation status of the relevant Board evaluation for 2025 is also listed in the Table 2 of the annual report under the section "Board of Directors Operation Status").</p> <p>2. 2025 Board of Directors Performance Evaluation Results:</p>	

Assessed areas	Operations			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the Reasons																				
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			<p>2025 “Net Zero Industry Competitiveness” Steel Industry Excellence Award. To achieve the 2050 Net-Zero Emissions target, the Company has proactively deployed renewable energy initiatives, established a decarbonization roadmap, and set pragmatic interim targets for 2030, including a 30% reduction in carbon emissions and achieving RE30 (30% renewable energy usage). The Company continues to implement sustainability policies centered on Energy Saving and Carbon Reduction, and is committed to maintaining industry leadership among electric arc furnace operators through lower carbon emission intensity. The Company actively responds to stakeholder expectations to ensure its long-term sustainable development.</p> <p>Corporate Governance Performance: In the 11th Corporate Governance Evaluations, the Company was once again ranked among the top 5% of TWSE-listed companies and placed in the top 10% of non-financial, non-electronics companies with a market capitalization exceeding NT\$10 billion—the highest distinction in the evaluation—demonstrating the Company’s continued commitment to and effectiveness in advancing and implementing corporate governance.</p> <p>3. In accordance with Article 10 of the "Board of Directors’ Performance Evaluation Guidelines", the performance evaluation results of individual directors shall be used as a reference when determining their individual remuneration. In addition, the individual performance evaluation results of each Director will serve as a reference for determining their individual salary compensation. The Board of Directors previously resolved at the 18th meeting of the 23rd session on December 31, 2019 to approve the method of calculating the remuneration of directors, taking into account the results of the performance evaluation of directors:</p> <p>Directors' remuneration = Amount of distributable directors' remuneration x The ratio of shares held by some directors to shares held by all directors x The distribution ratio based on</p>	

Assessed areas	Operations		Summary	Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the Reasons
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(IV) Does the Company evaluate the independence of CPAs on a regular basis?	✓		<p>director performance evaluation.</p> <p>Under the supervision of the Board of Directors, the growth rates of operating revenue and profit before tax in 2025 both increased significantly. Overall operational performance exceeded that of the prior year, and sustainability policies were effectively implemented. Based on the principle of linking Director remuneration to performance, Director remuneration increased by approximately 5.77% compared with the prior year, representing approximately 0.3% of net profit after tax for 2025, in line with the spirit of corporate governance and performance-oriented principles.</p> <p>The aforementioned results of the Board Performance Evaluation were submitted to the 12th meeting of the 5th Remuneration and Nomination Committee on February 24, 2026 for review, and subsequently reported to the 22nd meeting of the 25th Board of Directors on February 26, 2026 as a reference for director nominations and reappointments. The relevant evaluation content, methodologies, implementation status, and results have been disclosed on the Company's website (please refer to: Company Website / Investor Services / Corporate Governance / Operations / Board Performance Evaluation / 2025 / 2025 Board Internal Performance Evaluation Report (https://www.tunghosteel.com/investors/resolution)), and also to the section on the Board Operations on page 29.</p> <p>(IV) In accordance with the "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies", the Company evaluates the independence and suitability of the appointed accountants once a year. The audit certification work for the financial statements of our company for the fiscal year 2026 was undertaken by CPAs Chao-Wen Chang and Hsin-I Kuo from the KPMG International Cooperative. The assessment of the independence and suitability of the appointed accountants in 2026, based on the Audit Quality Indicators (AQIs), was reviewed by the Audit Committee during its 21st meeting of the 3rd term on February 26, 2026. It was subsequently submitted and approved by the 22th meeting of the</p>	

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			<p>25th term of the Board on February 26, 2026. Referring to the audit quality disclosure framework with 5 major dimensions and 13 audit quality indicators provided by KPMG, the audit quality evaluation of the firm and the audit team is as follows:</p> <table border="1"> <thead> <tr> <th>Five Major</th> <th>Thirteen Indicators</th> <th>Evaluation</th> </tr> </thead> <tbody> <tr> <td rowspan="4">Professionalism</td> <td>1-1 Audit Experience</td> <td>Fair</td> </tr> <tr> <td>1-2 Training hours</td> <td>Fair</td> </tr> <tr> <td>1-3 Mobility Rate</td> <td>Fair</td> </tr> <tr> <td>1-4 Professional Support</td> <td>Good</td> </tr> <tr> <td rowspan="4">Quality Control</td> <td>2-1 Accountant's Load</td> <td>Good</td> </tr> <tr> <td>2-2 Audit Input</td> <td>Good</td> </tr> <tr> <td>2-3 Case Quality Control Review Situation</td> <td>Fair</td> </tr> <tr> <td>2-4 Quality Control Support Capability</td> <td>Fair</td> </tr> <tr> <td rowspan="2">Independence</td> <td>3-1 Non-audit Service</td> <td>Good</td> </tr> <tr> <td>3-2 Customer Awareness</td> <td>Fair</td> </tr> <tr> <td rowspan="2">Supervision</td> <td>4-1 External Inspection Failure and Magic Score</td> <td>Fair</td> </tr> <tr> <td>4-2 Improvement by letter from the competent</td> <td>Good</td> </tr> <tr> <td>Innovation</td> <td>5-1 Innovation plan or initiative</td> <td>Good</td> </tr> </tbody> </table>	Five Major	Thirteen Indicators	Evaluation	Professionalism	1-1 Audit Experience	Fair	1-2 Training hours	Fair	1-3 Mobility Rate	Fair	1-4 Professional Support	Good	Quality Control	2-1 Accountant's Load	Good	2-2 Audit Input	Good	2-3 Case Quality Control Review Situation	Fair	2-4 Quality Control Support Capability	Fair	Independence	3-1 Non-audit Service	Good	3-2 Customer Awareness	Fair	Supervision	4-1 External Inspection Failure and Magic Score	Fair	4-2 Improvement by letter from the competent	Good	Innovation	5-1 Innovation plan or initiative	Good	
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Assessed areas	Operations		Summary	Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No		
IV. Does the listed company have a suitable and appropriate number of corporate governance personnel and does the company designate a corporate governance officer to be responsible for corporate governance related matters (including but not limited to providing information necessary for directors and supervisors to perform their operational duties, assisting directors and supervisors to comply with laws and regulations, conducting board and shareholders' meeting related matters in accordance with the law, and preparing minutes of board and shareholders' meetings, etc.)?	✓		<p>The Administration Division is responsible for the Company's corporate governance related affairs, whose main responsibilities include coordinating the meeting of the Board of Directors and functional committees, preparing meeting minutes and related matters, assisting directors in their onboarding and continuing education, providing directors with information required for business execution, assisting directors in complying with laws and regulations, registering Company changes, and other matters stipulated in the Company's Articles of Incorporation or contracts, etc.; the convening of the shareholders' meeting and the recording of the shareholders' meeting minutes are the responsibilities of the Finance and Accounting Division.</p> <p>At the 23rd session (12th meeting) of the Board of Directors on March 26, 2019, Assistant Vice President Juyu Ho, having more than three years of experience in the Company's internal audit as well as in managing units of corporate governance related affairs, Assistant Vice President Ms. Juyu Ho was appointed the Head of Corporate Governance.</p> <p>(I) The corporate governance affairs mentioned in the preceding paragraph include at least the following items:</p> <ol style="list-style-type: none"> 1. Handle matters related to Board meetings and shareholders' meetings according to law. 2. Prepare minutes for Board meetings and shareholders' meetings. 3. Assist directors and supervisors in their appointment and continuing education. 4. Provide directors and supervisors with the information necessary to execute their duties. 5. Assist directors and supervisors in complying with decrees. 6. Report to the Board of Directors the review results on whether the qualifications of independent directors comply with relevant laws and regulations at the time of nomination, election and tenure. 7. Handle matters related to the change of directors. 8. Other matters set out in the Articles of Incorporation or contracts. 	No difference.

Assessed areas	Operations		Summary	Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No		
			<p>(II) Business execution in 2025:</p> <ol style="list-style-type: none"> 1. Handle matters related to the convention of Board meetings and shareholders' meetings according to law. 2. Responsible for promoting the achievement of Corporate Governance Evaluations 3. Assisted in the review and submission of the Board of Directors performance evaluation. 4. Arranged for external evaluation institutions to conduct the Board Performance Evaluation. 5. Arranged Board members to participate in continuing education courses. 6. Report to the Board of Directors the review results on whether the qualifications of independent directors comply with relevant laws and regulations at the time of tenure. 7. Actively promoted corporate governance and assisted the Board of Directors in revising relevant rules and regulations to strengthen Board functions and enhance management mechanisms. 8. Confirmed the progress of the completion schedule for greenhouse gas inventory and verification, and reporting to the Board of Directors. <p>(III) Training of Cooperate Governance Managers: The total number of continuing professional training hours in 2025 was 20 hours and met the requirement set forth in Paragraph 2 of Article 24 of the Operation Directions for Compliance with the Establishment of Board of Directors by TWSE Listed Companies and the Board's Exercise of Powers, which requires current chief corporate governance officers to complete a minimum of 12 continuing professional education (CPE) hours per year.</p>	

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V. Does the company establish communication channels (including but not limited to shareholders, employees, customers and suppliers, etc.) and build a designated section on its website for stakeholders, and properly respond to corporate social responsibility issues of concern to the stakeholders?	✓		<p>The Company places great importance on the rights and opinions of its stakeholders and has established open and direct communication channels to facilitate engagement and interaction with all stakeholders. The Company prepares and publishes an ESG Report annually. In addition to disclosing Tung Ho Steel's corporate social responsibility-related information, the Company identifies material issues of concern to stakeholders and continuously reviews and enhances its performance in corporate social responsibility and sustainable development.</p> <p>(I) Shareholder communication channel:</p> <ol style="list-style-type: none"> 1. The shareholders' meeting is held in the second quarter of each year and motions are voted on a case-by-case basis. Shareholders can exercise their voting rights through electronic means and fully participate in the voting process. 2. The annual report of the shareholders' meeting is issued annually for investors. 3. The Company holds corporate meetings on an irregular basis. 4 corporate meetings were held in 2025. 4. The shareholders' area of the Company's website (https://www.tunghosteel.com/shareowner/shareholders) discloses information related to shareholders' meetings, announces revenue and significant information, the contact window for the Company's spokesperson, proxy spokesperson, as well as stock transfer agent and stock transfer agent. Shareholders can express their opinions or provide feedback by phone or email. <p>(II) Community: Participate in local activities from time to time to listen to the opinions of the residents; designate a person responsible for handling the suggestions or reactions of the residents to ensure adequate communication and to establish good relations.</p> <p>(III) Customers: Hold monthly dealer meetings and conduct regular customer satisfaction surveys. Our sales staff visit customers from time to time to gain an in-depth understanding of customer needs and obtain customer feedback.</p>	No difference.

Assessed areas	Operations		Summary	Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No		
			<p>(IV) Employees: Employees may file complaints and reports in writing, by e-mail, verbally or by telephone to the unit supervisor or to the management of each plant. If the Company receives complaints or reports via designated units or personnel, the Company will make a report and notify the independent directors in writing if significant violations are found or if there is a risk of significant harm to the Company; if any violations by directors or managers are substantiated after investigation, the Company will immediately disclose the relevant information on the Market Observation Post System. The Company shall endeavor to protect the identity and safety of the whistleblower against retaliation and any form of threats. An employee can also fully express his/her opinions through the Company's labor union or regular labor meetings.</p> <p>(V) A Stakeholders section has been set up on the Company's website (go to CSR > Sustainable Development > Stakeholders, English website: https://www.tunghosteel.com/CSR/mp_investment.html), providing a contact window for each stakeholder and a complaint mailbox at:</p> <ol style="list-style-type: none"> 1. Tungho mailbox: tungho@tunghosteel.com <ol style="list-style-type: none"> (1) Employees: Ms. Ding (02) 2551-1100 Ext. 531/dingyuj@tunghosteel.com (2) Client: Ms. Weng (02) 2551-1100 Ext. 702/emilytcon@tunghosteel.com (3) Shareholder and media: Mr. Chen (02) 2551-1100 Ext. 588/i00kcc@tunghosteel.com (4) Suppliers: Mr. Pan (02) 2551-1100 Ext. 604/pcm@tunghosteel.com 2. Email addresses of Independent Directors <ul style="list-style-type: none"> Der-Ming Lieu: dmlieu@hotmail.com Jih-Gang Liu: csc.039958@gmail.com Chia-Wen Liu: acliu@ntu.edu.tw 	

Assessed areas	Operations		Summary	Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No		
VI. Does the Company designate a professional shareholder service agency to deal with shareholder affairs?	✓		The Company's shareholders' meeting will be handled by Yuanta Securities Co., Ltd's stock agent department. Address: B1, No. 67, Sec. 2, Dunhua S. Rd., Da'an Dist., Taipei City Tel: (02)2586-5859 (Representative code) Website: https://www.yuanta.com	No difference.
VII. Information disclosure (I)Has the Company established a corporate website to disclose information regarding the Company's financial, business and corporate governance status? (II)Did the Company adopt other information disclosure methods (such as establishing English websites, assign dedicated personnel to collect and disclose company data, implement the spokesperson system, upload the investor conference processes to the Company's website, etc.)? (III)Did the Company announce and report the annual financial report within two months after the end of the fiscal year? Did the Company announce and report the first, second, and third quarter financial reports and the monthly operating conditions well in advance of the required deadline?	✓		(I) The Company has set up a website to disclose the important rules and regulations of the Company, as well as the related information and execution of financial, business and corporate governance. (II) The Company's information is disclosed in the following manner: 1. We have set up a website in English and Chinese, and appointed dedicated staff to collect and disclose relevant information. 2. Designated a spokesperson and an acting spokesperson. 3. The Company's financial information is disclosed to public investors through the Company's website and the Market Observation Post System. 4. Information and presentation materials related to the corporate meeting are announced on the Company's website for investors' reference. (III) The financial reports for the first, second and third quarters of 2025 as well as the operating results for each month were announced and reported within the prescribed time limits. The financial report for 2025 was announced and reported on February 26, 2026.	No difference.

Assessed areas	Operations			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary	
VIII. Is there any other important information to facilitate a better understanding of the Company's corporate governance practices (including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, continuing education of directors and supervisors, the implementation of risk management policies and risk evaluation standards, the implementation of customer relations policies, and purchasing insurance for directors and supervisors)?	✓		<p>(I) Employee Rights:</p> <ol style="list-style-type: none"> 1. The Company has established labor unions at all business offices, and held employer-employee meetings on a regular basis. Union members may elect labor representatives through the enterprise union to participate in labor-management meetings, facilitating communication between labor and management, coordinating labor relations, and promoting cooperation between both parties. 2. The Company respects and supports internationally recognized human rights norms and principles, including the Universal Declaration of Human Rights, the UN Global Compact, and the International Labor Organization's Declaration on Fundamental Principles and Rights at Work, and complies with the laws and regulations of the jurisdiction where the Company is located. In accordance with the United Nations Guiding Principles on Business and Human Rights, the Company has formulated workplace diversity and human rights policy. 3. The Company provides diverse communication mechanisms and platforms to ensure the establishment of harmonious and mutually beneficial labor-management relations. Through regular labor-management meetings, Occupational Safety and Health Committee meetings, and communication and consultation with the enterprise union, the Company provides employees with adequate channels to express their opinions, thereby ensuring smooth communication between labor and management. 4. Employees may submit opinions or grievances to their unit supervisors or management units at various plant locations in accordance with the "Employee Grievance and Reporting Regulations". This can be done through written communication, email, verbally, or by phone, allowing them to reflect work-related issues at any time in order to protect their own equity and express their views, ensuring that relevant matters are properly addressed. 	No difference.

Assessed areas	Operations			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary	
			<p>5. To prevent and address incidents of sexual harassment or other infringements of rights that employees or other personnel may encounter in the workplace, the Company has publicly declared a “Written Statement on the Prohibition of Workplace Violence” and established “Regulations for the Prevention and Handling of Sexual Harassment.” These measures apply to all workplaces and workspaces of the Company and provide channels for complaints and assistance.</p> <p>6. The Miaoli Branch and its enterprise union have signed a collective agreement.</p> <p>(II) Friendly Workplace:</p> <p>1. The Company has formulated a retirement policy for employees in accordance with the Labor Standard Act and the Labor Pension Act as well as set up a Retirement Reserve Fund Supervisory Committee, which holds regular meetings and makes precise pension calculations for employees under the old Labor Pension system. For employees subject to the new pension scheme, retirement contributions are made on a monthly basis to each employee’s individual pension account in accordance with applicable regulations and based on their salary grade.</p> <p>2. An Employee Welfare Committee has been established to plan and promote various employee welfare programs and activities, as well as to provide related subsidies.</p> <p>3. The Company has implemented an Occupational Health and Safety Management System and conducts regular training on labor safety and health to strengthen employees’ safety awareness and safeguard workplace health and safety.</p> <p>4. The Company buys group insurance for its employees (including foreign labors), including life insurance, accidental injury, occupational accident, and overseas business travel insurance in order to enhance the protection of employees' work and life.</p> <p>5. In accordance with the Occupational Safety and Health Act and the Regulations for Labor Health Protection Regulations, the Company has established employee health</p>	

Assessed areas	Operations		Summary	Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No		
			<p>service programs to promote labor health protection and workplace safety and health measures. In addition, occupational health specialists provide integrated health services to support employees' physical and mental well-being.</p> <p>6. To fulfill its responsibility for the living management of foreign employees, the Company has established the "Regulations for the Management of Foreign Workers" and regularly organizes a variety of welfare activities, such as forums, employee gatherings, birthday celebrations, and group travel. In addition, awards are presented to employees upon completion of three years of service as a form of recognition and encouragement. To address differences in dietary preferences among foreign employees, kitchen facilities are provided in dormitories to allow them to prepare meals suited to their native cuisines. In cases where foreign employees experience health issues, the plant management unit arranges transportation to assist them in seeking medical care, thereby ensuring their well-being. Through these care initiatives, the Company aims to balance the living experience of foreign employees, enrich their quality of life, and enhance their sense of belonging. With respect to the labor rights of foreign employees, the Company has progressively implemented a "Zero-Fee Policy" since 2025, under which the Company bears the monthly service fees payable by foreign employees. This initiative reduces their financial burden, ensures they can work with peace of mind without additional economic pressure, and fosters a fair and friendly workplace environment.</p> <p>(III) Investor relations: The Company promotes shareholder activism and makes electronic voting available for shareholders to exercise their voting rights at the shareholders' meeting. The Company also tries to avoid extempore motions at the shareholders' meeting to protect the rights and interests of the shareholders who vote electronically.</p>	

Assessed areas	Operations		Summary	Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No		
			<p>(IV) Supplier relations: The Company urges our suppliers to jointly implement environmental protection, information disclosure in response to the impact of climate change and on labor human rights, in order to fulfill our social responsibility and to grow together with our suppliers for mutual benefit and to establish a long-term stable supply chain. Continue to require suppliers to sign a Supplier CSR Commitment Letter (Responsible Business Conduct Commitment), which covers labor rights and human rights, environmental protection, climate change mitigation and adaptation, as well as honest management and ethical standards. In 2023, the Company launched a Supplier Carbon Reduction Agreement Program and organized briefings on GHG inventory as well as hands-on workshops. Looking ahead, the Company aims to leverage its influence to lead its suppliers in collaborative carbon reduction efforts and jointly work toward the 2050 net-zero target.</p> <p>(V) Rights of stakeholders: The Company respects the rights and interests of stakeholders and makes every effort to understand their expectations and needs through appropriate communication channels. The Company also strives to appropriately respond to stakeholders' needs and expectations by incorporating them into the Company's decision-making in order to create and share sustainable business results with stakeholders.</p> <p>(VI) Directors' continuing education: The Company arranges for directors to participate in various continuing education courses every year. In 2025, the hours of continuing education courses for directors have amounted to 69 hours, with an average of 7.67 hours per person. The total director training hours fully met the requirements set forth in the Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies. For</p>	

Assessed areas	Operations		Summary	Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No		
			<p>more details about continuing education for directors, please visit the Company’s website (go to Investor Services > Corporate Governance > Operations > Continuing Education: https://www.tunghosteel.com/investors/resolution).</p> <p>(VII) The implementation of risk management policies and risk evaluation standard: Risk management operations for 2025 were conducted in accordance with the Company’s “Risk Management Policy and Operating Procedures.” Reviewed and improved the prior year’s risk assessment process, and evaluated whether any risk items should be revised based on current conditions. The scope of this year’s assessment covers four major categories—operational, financial, operational process, and environmental—comprising a total of 25 risk factors. Analyses of the urgency and financial impact level of each risk factor reveal that the most significant risk factors are "talent gap," "talent shortage," "tropical cyclone," “continued housing market control policies,” and "increases in carbon fees." Other factors with moderate impact levels are currently under appropriate control or have less urgency, requiring only continued monitoring. The Audit Office will prepare annual audit plans based on the risk evaluation results to ensure the effective implementation of relevant control procedures. The implementation details have been reported at the 20th meeting of the 25th Board of Directors on December 30, 2025.</p> <p>(VIII) The implementation of customer relations policies: The Company regularly holds dealer meetings in order to understand customers' opinions and feedback and actively conducts customer satisfaction surveys every year. In response to the problems reported by customers, the Company reviews them carefully and constantly makes necessary improvements to ensure customers the best service quality. The Company respects customer information confidentiality and privacy. In order to effectively manage customer information and ensure security, the Company has formulated the “Guidance for Information Security Management”. The Company has established the</p>	

Assessed areas	Operations		Summary	Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No		
			<p>firewall, encrypting file system, and electronic personal data storage platform to control and check access rights and access records of relevant personnel in order to protect and secure customer information.</p> <p>(IX)The company has purchased liability insurances for directors to reduce and disperse the risks of directors from causing major damages to the Company and its shareholders due to illegal actions; After the policy was renewed for the year 2025, it was submitted to the 18th meeting of 25th Board of Directors on October 29, 2025.</p>	
<p>IX. Please describe the improvements that have been made based on the corporate governance evaluation released by the Corporate Governance Center of the Taiwan Stock Exchange Corporation in the most recent year, and propose priorities and measures to enhance areas that have not yet been improved.</p> <p>The following is a description of the evaluation indicators based on the results of the Company's 11th Corporate Governance Review, for which the Company did not achieve the required scores but has made improvements: None</p>				

(IV) If the Company has established a remuneration committee or nomination committee, the committee's composition and operations must be disclosed.

1. Remuneration and Nomination Committee Member Information

Identity	Name	Professional qualifications and experience	Independence	Also served as a member of remuneration committees for how many other companies
Convener Independent Director	Jih-Gang Liu	Please refer to (I) the Director Information - 2 Table on Page 11-12 for more details of the Directors.	Please refer to (I) the Director Information - 2 Table on Page 11-12 for more details of the Directors.	0
Independent Director	Chia-Wen Liu	Please refer to (I) the Director Information - 2 Table on Page 11-12 for more details of the Directors.	Please refer to (I) the Director Information - 2 Table on Page 11-12 for more details of the Directors.	0
Others	Chengming Zhu	<p>Chengming Zhu holds a Ph.D. in Business from National Taiwan University and is currently a professor in the Department of Applied Economics and Management of National Ilan University, specializing in business management, human resource management, organizational behavior, salary management, and performance management.</p> <p>Chengming Zhu is a highly experienced and skilled professional who has served as the Chairman of the Department of Business Administration at Chung Yuan Christian University, the Dean of the College of Business at Chung Yuan Christian University, an adjunct professor of the Graduate Institute of Human Resource Management at National Central University, an adjunct professor of NTU School of Professional Education and Continuing Studies, and the Dean of the College of Humanities and Management at National Ilan University.</p>	<p>The requirements for independence are met, including, but not limited to not, that the person or the spouse or any relative of the person within the second degree of kinship is not a director, supervisor, or employee of the Company or any of its affiliate; the person or the spouse or any relative of the person within the second degree of kinship does not hold any of the Company's issued shares; the person is not a director, supervisor, or employee of any of the Company's affiliates; the person has not received any remuneration for providing business, legal, financial, or accounting services to the Company or any of its affiliates in the last two fiscal years.</p>	0

2. Remuneration and Nomination Committee Operation Status

- (1). The Remuneration and Nomination Committee comprised 3 members.
- (2). Current term for the members: From June 19, 2023, when the Board of Directors passed this appointment, until the expiration of the 25th term of the Board of Directors, the latest Remuneration and Nomination Committee has held 3 meetings (A); member qualifications and attendance records are as follows:

Title	Name	Actual attendance number (B)	Attendance by proxy	Actual attendance rate (%) (B/A)	Remarks
Convener Independent Director	Jih-Gang Liu	3	0	100	None
Committee Member Independent Director	Chia-Wen Liu	3	0	100	None
Committee Member	Chengming Zhu	3	0	100	None

Other matters that should be recorded:

- I. If the Board meeting does not adopt or revise the Remuneration and Nomination Committee's proposals, the Board meeting's date, period, motion contents, and resolution decisions as well as the method in which the Company handles the Remuneration and Nomination Committee's opinions shall be disclosed in detail (e.g. if the salary rate adopted by the Board committee is superior to that proposed by the remuneration committee, the differences and reasons shall be explained): None.
- II. If there are objections or reservations by the members that have been recorded in writing during the Remuneration and Nomination Committee resolution, the Remuneration and Nomination Committee meeting's date, period, motion content, the opinions of all of the members, and treatment of the member's opinions must be disclosed in detail: None.

3. Sustainable Development Committee Information and Operation Status

- (1) Specify the qualifications and responsibilities of the Sustainable Development Committee Information members.

The Sustainable Development Committee shall consist of at least 3 directors (hereinafter referred to as members). Members must possess professional knowledge and capabilities in corporate sustainability, and half of whom shall be independent directors, appointed by the resolution of the Board of Directors. Responsibilities include:

- To establish, monitor, and review environmental sustainability (climate change management, water stewardship, and energy resource management) systems and objectives.
- To formulate, monitor, and review sustainable development policies, systems, or management policies related to Corporate Social Responsibility and human rights.
- To establish, monitor and review relevant policies and management mechanisms related to corporate governance, integrity management, and risk management.
- Oversight of sustainability information disclosure matters.
- Other matters as directed by the Board of Directors.

(2) Professional qualifications and experience of the committee members and operation status of the committee:

1. The Company's Sustainable Development Committee consists of 3 members.
2. Current term for the members: The third term of the Sustainable Development Committee will last from June 19, 2023, until May 29, 2026, the expiry of the 25th Board of Directors as resolved by the Board on the date of approval of this appointment. The latest Sustainable Development Committee held 3 meetings (A). The professional qualifications and experience of the members, attendance, and discussion items are as follows:

Title	Name	Professional qualifications and experience	Actual attendance number (B)	Attendance by proxy	Actual attendance rate (%) (B / A) (Note)	Remarks
Convener Chairman	Henry C. T. Ho	Please refer to (I) the Director Information - 2 Table on Page 11-12 for more details of the Directors.	3	0	100.00	None
Committee Member Independent Director	Der-Ming Lieu	Please refer to (I) the Director Information - 2 Table on Page 11-12 for more details of the Directors.	3	0	100.00	None
Committee Member Independent Director	Jih-Gang Liu	Please refer to (I) the Director Information - 2 Table on Page 11-12 for more details of the Directors.	3	0	100.00	None

Other matters that should be recorded:

The Sustainable Development Committee's meeting date, term, content of proposals, suggestions or objections of the committee members, resolution results of the committee, as well as the Company's handling of the committee's opinions should all be recorded in detail.

Date and Time	Content of motion	Resolutions of the Sustainable Development Committee	Handling of the Opinions of the Sustainable Development Committee
2025.04.07 4th meeting of the 3rd Board	Establishment of the Group's 2035 carbon reduction targets and renewable energy usage targets.	All members present agreed to approve the proposal and submit it to the Board of Directors for resolution.	All the directors present passed the resolution without objection.

	Issuance of the 2024 ESG Report and stakeholder communication activities	All members present agreed to approve the proposal and submit it to the Board of Directors for resolution.	All the directors present passed the resolution without objection.
	Establishment of the "Modern Slavery Statement."	All members present agreed to approve the proposal and submit it to the Board of Directors for resolution.	All the directors present passed the resolution without objection.
2025.05.13 5th meeting of the 3rd Board	Formulation of greenhouse gas management strategies, reduction targets and plans.	All members present agreed to approve the proposal and submit it to the Board of Directors for resolution.	All the directors present passed the resolution without objection.
	Issuance of the 2025 Sustainability and Climate-related Financial Disclosures Report (IFRS S1 & S2).	All members present agreed to approve the proposal and submit it to the Board of Directors for resolution.	All the directors present passed the resolution without objection.
2025.12.29 6th meeting of the 3rd Board	Amendment to the "Sustainable Development Committee Organizational Charter."	All members present agreed to approve the proposal and submit it to the Board of Directors for resolution.	All the directors present passed the resolution without objection.
	Establishment of the "2025 Modern Slavery Statement."	All members present agreed to approve the proposal and submit it to the Board of Directors for resolution.	All the directors present passed the resolution without objection.
	Establishment of the "Personal Data Protection Policy."	All members present agreed to approve the proposal and submit it to the Board of Directors for resolution.	All the directors present passed the resolution without objection.
	Establishment of the "Customer Rights Policy."	All members present agreed to approve the proposal and submit it to the Board of Directors for resolution.	All the directors present passed the resolution without objection.

(V) 1. Implementation of Sustainable Development and Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies with Reasons

Promoted items	Status of implementation			Discrepancy with industry standards in sustainable development practices and reasons
	Yes	No	Summary	
I. Does the Company have a governance structure for promoting sustainable developments and exclusively (or concurrently) dedicated units to be in charge of proposing and enforcing sustainable development, and let the Board of Directors entrust the high-ranking management with the implementation and supervise the status?	✓		<p>1. Governance structure to promote sustainable development In order to improve the functions of the Board of Directors and strengthen the management mechanism, the Company has established relevant functional committees in accordance with the Company's Articles of Incorporation. The Sustainable Development Committee is a non-statutory functional committee. It consists of units such as environmental sustainability, corporate social responsibility, and corporate governance, with the heads of relevant units designated by the President of the Company or its subsidiaries to oversee each group's responsibilities and execute related operational plans.</p> <p>2. Sustainable Development Unit Operation Status</p> <p>(1) Professional Unit: The Company's Sustainable Development Committee is responsible for the promotion of sustainable development. It was established upon approval by the 23rd session (16th meeting) Board of Directors on September 26, 2019. To strengthen the functions of the Board of Directors, the shareholders' meeting approved the amendment to the Company's Articles of Incorporation on July 15, 2021, and the Corporate Governance Committee was renamed to Corporate Governance and Nominating Committee. On June 19, 2023, the 2nd meeting of the 25th Board of Directors passed the amendment to the "Corporate Governance and Nominating Committee Charter," renaming it as the "Sustainable Development Committee Charter." The Corporate Governance and Nominating Committee was renamed as the Sustainable Development Committee.</p> <p>(2) Composition and Operations: The Sustainable Development Committee holds at least two meetings a year, with a total of three members and the Chairman of the Board serving as the convener, and more than half of</p>	No difference.

Promoted items	Status of implementation			Discrepancy with industry standards in sustainable development practices and reasons										
	Yes	No	Summary											
			<p>the members are independent directors with relevant professional capabilities.</p> <table border="1"> <thead> <tr> <th>Title</th> <th>Name</th> <th>Gender</th> <th>Education</th> <th>Professional competence</th> </tr> </thead> <tbody> <tr> <td>Convener Chairman</td> <td>Henry C. T. Ho</td> <td>Male</td> <td>Department of Economics, Harvard University</td> <td>Business judgment capabilities, accounting and financial analysis, operational management, crisis management, industry knowledge, international market, leadership, decision-making, sustainable management (energy transition and carbon management, environmental protection and circular economy, corporate governance and regulatory compliance, stakeholder engagement, industry knowledge and market insight), risk management, and climate change management.</td> </tr> </tbody> </table>	Title	Name	Gender	Education	Professional competence	Convener Chairman	Henry C. T. Ho	Male	Department of Economics, Harvard University	Business judgment capabilities, accounting and financial analysis, operational management, crisis management, industry knowledge, international market, leadership, decision-making, sustainable management (energy transition and carbon management, environmental protection and circular economy, corporate governance and regulatory compliance, stakeholder engagement, industry knowledge and market insight), risk management, and climate change management.	
Title	Name	Gender	Education	Professional competence										
Convener Chairman	Henry C. T. Ho	Male	Department of Economics, Harvard University	Business judgment capabilities, accounting and financial analysis, operational management, crisis management, industry knowledge, international market, leadership, decision-making, sustainable management (energy transition and carbon management, environmental protection and circular economy, corporate governance and regulatory compliance, stakeholder engagement, industry knowledge and market insight), risk management, and climate change management.										

Promoted items	Status of implementation						Discrepancy with industry standards in sustainable development practices and reasons	
	Yes	No	Summary					
				Committee Member Independent Director	Der-Ming Lieu	Male	Ph.D. in Economics, The Ohio State University, USA Mr. Lieu specializes in international finance, investment, derivative financial products and financial engineering, corporate financial management, and risk measurement and control of investment portfolio, and has the work experience required for the Company's business operations and the core abilities required by the Board of Directors, including business judgment, accounting and financial analysis, operational management, crisis handling, industry knowledge, international market understanding, leadership skills, decision-making, sustainability management (environmental protection and circular	

Promoted items	Status of implementation						Discrepancy with industry standards in sustainable development practices and reasons
	Yes	No	Summary				
							economy; corporate governance and legal compliance; industry expertise and market insights), risk management, and climate change management.
				Committee Member Independent Director	Jih-Gang Liu	Male	Department of Mechanical Engineering, National Taiwan University Business judgment capabilities, operational management, crisis management, industry knowledge, international market, leadership, decision-making, sustainable management (energy transition and carbon management, environmental protection and circular economy, corporate governance and regulatory compliance, stakeholder engagement, industry knowledge and market insight), risk management, and climate change management.

Promoted items	Status of implementation			Discrepancy with industry standards in sustainable development practices and reasons
	Yes	No	Summary	
			<p>(3) Responsibilities:</p> <ul style="list-style-type: none"> • To establish, monitor, and review environmental sustainability (climate change management, water stewardship) systems and objectives. • To formulate, monitor, and review sustainable development policies, systems, or management policies related to Corporate Social Responsibility and human rights. • To establish, monitor and review relevant policies and management mechanisms related to corporate governance, integrity management, and risk management. • Oversight of sustainability information disclosure matters. • Other matters as directed by the Board of Directors. <p>(4) The execution of the Sustainable Development Committee in the current year:</p> <p>The Environmental Sustainability Team is established under the Sustainable Development Committee, with the President serving as the convener. This team is responsible for evaluating and managing sustainability- and climate-related risks and opportunities, as well as formulating related strategies and targets, and conducting ongoing analysis and control. Its implementation status is reported annually to the Sustainable Development Committee.</p> <p>The Sustainable Development Committee convenes meetings at least twice a year, with resolutions and decisions regularly reported to the Board of Directors. Reports are submitted to the Board at least twice annually.</p> <p>A total of 3 meetings were held in 2025, with a member attendance rate (excluding proxy attendance) of 100%. 3 Reports were submitted to the Board of Directors three times.</p>	

Promoted items	Status of implementation			Discrepancy with industry standards in sustainable development practices and reasons						
	Yes	No	Summary							
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Date/Term	Summary	Date/Term of reporting to the Board of Directors								
2025.04.07 4th meeting of the 3rd Board	<ul style="list-style-type: none"> • Report on newly added indicators in the 2025 Corporate Governance Evaluation • In response to global trends and Taiwan's 2050 net zero emissions target, the Company has established phased targets for the Group for 2035: <ol style="list-style-type: none"> 1. Carbon reduction of 30%: total carbon emissions in 2035 will be reduced by 30% compared to 2021. 2. RE30: 30% of total electricity consumption in 2035 will be sourced from renewable energy. • Issuance of the 2024 ESG Report and stakeholder communication activities <ol style="list-style-type: none"> 1. Communication with the stakeholders 2. Explanation regarding the issuance of the 2024 ESG Report • Establishment of the "Modern Slavery Statement" 	2025.04.25 15th meeting of the 25th Board of Directors								

Promoted items	Status of implementation			Discrepancy with industry standards in sustainable development practices and reasons
	Yes	No	Summary	
			<p>2025.05.13 5th meeting of the 3rd Board</p> <ul style="list-style-type: none"> • Report on Corporate Governance Promotion • Report on the inventory and schedule planning of greenhouse gas • Report on the performance of environmental sustainability team • Formulation of greenhouse gas management strategies, reduction targets and plans <ol style="list-style-type: none"> 1. Information on inventory and reduction of greenhouse gas in 2024 2. Greenhouse gas management strategies, reduction targets and plans • Issuance of the 2025 Sustainability and Climate-related Financial Disclosures Report (IFRS S1 & S2) 	2025.05.20 16th meeting of the 25th Board of Directors
			<p>2025.12.29 6th meeting of the 3rd Board</p> <ul style="list-style-type: none"> • Report on Corporate Governance Promotion <ol style="list-style-type: none"> 1. Develop intellectual property management plans that are linked to operational objectives 2. Program to prevent dishonest behavior and insider trading 3. Risk management 4. Information Security Management 5. Environmental sustainability 	2025.12.30 20th meeting of the 25th Board of Directors

Promoted items	Status of implementation			Discrepancy with industry standards in sustainable development practices and reasons				
	Yes	No	Summary					
			<ul style="list-style-type: none"> • Report on the inventory and schedule planning of greenhouse gas • Work plan for sustainable information disclosure • Implementation status of the IFRS Sustainable Disclosure Standards adoption plan • Identification results of sustainability- and climate-related risks and opportunities under IFRS • Amendment to the “Sustainable Development Committee Organizational Charter” • Establishment of the "2025 Modern Slavery Statement" • Establishment of the “Personal Data Protection Policy.” • Establishment of the "Customer Rights Policy." 					
			<p>3. Supervision of sustainable development by the Board of Directors: In order to implement sustainable development and facilitate economic, environmental, and social progress, the specific promotion plans of policies, systems, or related management guidelines for sustainable development have been approved by the Board of Directors. The supervision in 2025 is as follows:</p> <table border="1"> <thead> <tr> <th>Date/Term of Board meeting</th> <th>Content of motion</th> </tr> </thead> <tbody> <tr> <td>2025.02.25 14th meeting of the 25th Board</td> <td> <ul style="list-style-type: none"> • Report on the inventory and schedule planning of greenhouse gas. • Disclosure reports under IFRS S1 and S2. </td> </tr> </tbody> </table>	Date/Term of Board meeting	Content of motion	2025.02.25 14th meeting of the 25th Board	<ul style="list-style-type: none"> • Report on the inventory and schedule planning of greenhouse gas. • Disclosure reports under IFRS S1 and S2. 	
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Promoted items	Status of implementation			Discrepancy with industry standards in sustainable development practices and reasons
	Yes	No	Summary	
			<ul style="list-style-type: none"> Approved the proposal of the scope of grassroots employees. Approved the Tung Ho Steel Cultural Foundation's refining programs and related activities as well as the allocation of funds for association affairs. 	
			<p>2025.04.25 15th meeting of the 25th Board</p> <ul style="list-style-type: none"> Approved the establishment of the Group's 2035 carbon reduction and renewable energy targets: (1) Carbon reduction of 30%: total carbon emissions in 2035 will be reduced by 30% compared to 2021; (2) RE30: 30% of total electricity consumption in 2035 will be sourced from renewable energy. Approved the issuance of the 2024 ESG Report and the communication with stakeholders. Approved the establishment of the "Modern Slavery Statement." 	
			<p>2025.05.20 16th meeting of the 25th Board</p> <ul style="list-style-type: none"> Report on the inventory and schedule planning of greenhouse gas. Passed the formulation of greenhouse gas management strategies, reduction targets and plans. Approved the issuance of the 2025 Sustainability and Climate-related Financial Disclosures Report (IFRS S1 & S2) 	
			<p>2025.07.29 17th meeting of the 25th Board</p> <ul style="list-style-type: none"> Report on the inventory and schedule planning of greenhouse gas. 	

Promoted items	Status of implementation			Discrepancy with industry standards in sustainable development practices and reasons
	Yes	No	Summary	
			<p>2025.10.28 18th meeting of the 25th Board</p> <ul style="list-style-type: none"> • Approved the proposal for the formulation of the Company’s “Corporate Value Enhancement Plan.” • Approved the capital expenditure budget for the main motor replacement project of the Rolling Mill Division at the Miaoli Plant. • Approved the proposal for the subsidiary, Tung Kang Wind Power Co., Ltd., to lease the Company’s factory rooftops for the installation of solar photovoltaic systems 	
			<p>2025.11.07 19th meeting of the 25th Board</p> <ul style="list-style-type: none"> • Approved the capital expenditure budget for the addition and upgrade of the dust collection system at the Taoyuan Plant. 	
			<p>2025.12.30 20th meeting of the 25th Board</p> <ul style="list-style-type: none"> • Report on Corporate Governance Promotion <ol style="list-style-type: none"> 1. Develop intellectual property management plans that are linked to operational objectives 2. Program to prevent dishonest behavior and insider trading 3. Risk management 4. Information Security Management 5. Environmental sustainability • Report on the inventory and schedule planning of greenhouse gas. • Work plan for sustainable information disclosure • Implementation Status of the IFRS Sustainable Disclosure Standards • Results of Identifying Sustainability and Climate-Related Risks and Opportunities under IFRS 	

Promoted items	Status of implementation			Discrepancy with industry standards in sustainable development practices and reasons
	Yes	No	Summary	
			<ul style="list-style-type: none"> • Amendment to the “Sustainable Development Committee Organizational Charter” • Establishment of the "2025 Modern Slavery Statement" • Establishment of the “Personal Data Protection Policy.” • Establishment of the "Customer Rights Policy." 	
II. Does the Company conduct risk assessment of environmental, social and corporate governance issues related to the Company's operations in accordance with the materiality principle, and formulate relevant risk management policies or strategies?	✓		<ol style="list-style-type: none"> 1. The Sustainable Development Committee is chaired by the Chairman of the Board, with over half of its members being independent directors. It includes a Corporate Governance Unit responsible for establishing, monitoring, and reviewing policies and management mechanisms related to risk management. The committee reports on the overall execution of risk management to the Board of Directors at least once a year. The committee consists of three members, all of whom possess relevant professional expertise. 2. The risk management policy was approved at the 3rd meeting of the 24th Board of Directors in June 2020. The policy is to "effectively identify, prevent, and control risks through systematized and institutionalized management modes to maintain normal operation and achieve sustainable operation of the Company”, and "Risk Management Policy and Operating Procedures" is formulated. According to the principle of significance, risk assessment is conducted on environmental, social, and corporate governance issues, and relevant departments carry out risk identification, risk measurement, risk response, and risk monitoring on the basis of their responsibilities. They shall be submitted annually to the Sustainable Development Committee for discussion and implementation, and regularly reviewed annually. Through risk management meetings, potential risks related to various departments have been identified, including 25 risk factors in four major categories: operational, financial, processing, and environmental. Each department assess the possibility of various risk factors and degree of impact based on their functions, taking necessary measures, 	No difference.

Promoted items	Status of implementation			Discrepancy with industry standards in sustainable development practices and reasons
	Yes	No	Summary	
			<p>assuring proper management of various risks, and evaluating the likelihood and impact level. In 2025, analyses of the urgency and financial impact level of each risk factor reveal that the most significant risk factors are "talent gap," "talent shortage," "tropical cyclone," "continued housing market control policies," and "increases in carbon fees." Other factors with moderate impact levels are currently under appropriate control or have less urgency, requiring only continued monitoring. The Audit Office will prepare annual audit plans based on the risk evaluation results to ensure the effective implementation of relevant control procedures. The status of such implementation was reported to the 20th meeting of the 25th Board of Directors on December 30, 2025.</p> <p>3. Information Security Management</p> <p>In accordance with its internal control system, the Company has established a dedicated information security unit and appointed an information security officer to oversee the planning and execution of company-wide information security management. In addition, a cross-functional information security task force has been formed under the direction of the President to be responsible for promoting information security policies, managing risks, and tracking improvement actions.</p> <p>(1) Information Security Management Systems and Measures</p> <ul style="list-style-type: none"> • Information Security Policy and Risk Management: The Company has established information security policies and related management regulations, and conducts rolling reviews of management measures based on risk levels to mitigate potential information security risks. • External Collaboration and Threat Intelligence Sharing: The Company has joined the Taiwan CERT/CSIRT Alliance as a member and leverages real-time information security intelligence sharing mechanisms to reduce information security risks. <p>(2) 2025 Information Security Resource Investment and Implementation Results</p>	

Promoted items	Status of implementation			Discrepancy with industry standards in sustainable development practices and reasons
	Yes	No	Summary	
			<ul style="list-style-type: none"> • Endpoint and System Protection: The Company continues to inventory and phase out systems and equipment that have reached End of Support (EOS), while continuously enhancing protection mechanisms such as firewalls, email security, and Endpoint Detection and Response (EDR). • Vulnerability Scanning and Patch Management: Regular vulnerability scans and assessments are conducted. For items identified as high risk or above, remediation measures are planned and implemented based on their risk levels. • Professional Training and Capability Enhancement: Relevant personnel attended external professional training courses during the year, totaling 9 participant attendances and 139 training hours, contributing to the enhancement of the overall maturity of information security protection and management. • Business Continuity Management and Disaster Recovery Drills: Tests and drills were conducted for the Information Technology Business Continuity Plan (BCP) and information security incident response plans. • Implementation of Multi-Factor Authentication (MFA): MFA has been introduced for VPN remote access. By combining account credentials with a second authentication factor, identity verification security is strengthened. <p>(3) Effectiveness of Information Security Education, Training, and Drills</p> <ul style="list-style-type: none"> • Information Security Education and Training: During the year, 7 information security training course videos were developed and made available on the Company’s learning platform, allowing employees to select and complete at least four courses based on their needs. The course completion rate reached 81.82%. • Email Social Engineering Drill: In August, a company-wide email social engineering drill was conducted, with a total of 1,109 	

Promoted items	Status of implementation			Discrepancy with industry standards in sustainable development practices and reasons
	Yes	No	Summary	
			<p>employees participating in the test. Employees who opened phishing emails were required to undergo enhanced information security training on social engineering email awareness.</p> <p>(4) Information Security Management System and Certification Has implemented the ISO 27001/CNS 27001 Information Security Management System (ISMS), establishing a systematic framework for information security governance and management processes. The certification is valid from October 16, 2025 to April 3, 2026, and recertification procedures are being continuously carried out to ensure the continuity of the information security management system. The implementation details have been reported at the 20th meeting of the 25th Board of Directors on December 30, 2025.</p> <p>4. Develop intellectual property management plans that are linked to operational objectives The company conducted the inventory of intellectual property on October 14, 2025, including trade secrets, patents, and trademarks. Trade secrets include the storage method, storage location, access department, management personnels, file borrowing process and retention period of confidential documents. The inventory results indicate a total of 2 patents, including 1 newly added patent this year, the “Rebar Quantity Calculation System.” There are 86 valid trademark rights (73 in Taiwan and 13 in China), consistent with the verification results of the Intellectual Property Office of the Ministry of Economic Affairs and the China National Intellectual Property Administration. Through regular monitoring and management, the Company strengthens awareness and understanding of intellectual property protection and identifies related risks at an early stage to enable timely prevention. The implementation details have been reported at the 20th meeting of the 25th Board of Directors on December 30, 2025.</p> <p>5. Strategies Related to Biodiversity and Natural Carbon Sinks (1) Biodiversity conservation contributes to climate change mitigation and</p>	

Promoted items	Status of implementation			Discrepancy with industry standards in sustainable development practices and reasons
	Yes	No	Summary	
			<p>adaptation. The Company places importance on engagement with the surrounding ecology and neighboring communities of its plant sites. Each production facility conducts quarterly environmental impact monitoring, covering air quality, noise and vibration, surface water quality, groundwater, and soil. In 2025, all monitoring results complied with relevant environmental regulations. The Company’s Longgang Industrial Park is located within a hotspot of leopard cat activity. To avoid potential impacts on leopard cats resulting from development activities, infrared camera traps have been installed within the park to continuously monitor their ecology. In areas designated for national land conservation where leopard cats are frequently observed, no tree felling or other development activities are carried out.</p> <p>(2) Tung Ho Steel has long been committed to promoting the circular economy. Through its investment in Tung Sugar Energy Service Co., Ltd., the Company has developed emerging green energy businesses, improved domestic environmental quality, and provided waste treatment solutions for the food industry. Tung Sugar Energy Service Co., Ltd. is an energy service company engaged in the production of energy from biomass. It collects biodegradable biomass materials (such as plant-based residues) and processes them through anaerobic fermentation to produce biogas, digestate solids, and digestate liquids. The biogas is converted into electricity through biogas generators; the digestate solids, after appropriate treatment, can be used as organic fertilizer; and the digestate liquids can be utilized as liquid fertilizer. In addition to developing renewable energy, the Company also implements the “Key Strategic Action Plan for Taiwan’s 2050 Net-Zero Transition—Natural Carbon Sinks,” specifically the initiative of “2-3 Establishing Negative-Carbon Farming Practices: promoting the reuse of agricultural residual resources and the application of microorganisms to increase soil organic matter.” The “Tung Sugar No. 1 Organic Fertilizer” produced by Tung</p>	

Promoted items	Status of implementation			Discrepancy with industry standards in sustainable development practices and reasons
	Yes	No	Summary	
			Sugar Energy contains 80% organic matter and is suitable for root crops. Approximately 1,000 metric tons are produced annually. The Company also continues to promote the use of organic fertilizers among surrounding communities to reduce the application of chemical fertilizers.	
<p>III. Environmental issues</p> <p>(I) Did the Company establish an appropriate environmental management system based on its industry characteristics?</p>	✓		<p>1. All of the Company's plants have obtained certifications for the Environmental Management System (ISO 14001), Greenhouse Gas Inventory (ISO 14064-1), Quality Management System (ISO 9001), and Energy Management System (ISO 50001). In 2025, the Taoyuan Plant and Miaoli Plant obtained certification for the Water Resource Management System (ISO 46001).</p> <p>In addition, special units have been set up by each plant to ensure compliance with relevant laws and regulations. Compliance audits are done monthly, and annual compliance assessments are conducted in January of each year to ensure the applicability of relevant environmental protection policies at the plant, followed by annual internal and external audits. The Company has effectively managed waste gas, wastewater, and waste, with continual investment for better pollution prevention equipment. It also adopts the Best Available Control Technology (BACT) to implement pollution prevention, reduce industrial waste, and strengthen water saving, wastewater recycling and reuse in compliance with environmental protection laws and regulations. Strictly control waste production, storage and disposal processes, and establish an independent waste audit system.</p> <p>2. Relevant international standards are as follows:</p> <p>(1) ISO 9001 Quality Management System Certification (Valid from December 8, 2024 to December 7, 2027)</p> <p>(2) ISO 14001 Environmental Management System Certification (Valid from June 1, 2023 to May 31, 2026)</p> <p>(3) ISO 46001 Water Resource Management System Certification (Valid from October 3, 2025 to October 2, 2028)</p>	No difference.

Promoted items	Status of implementation			Discrepancy with industry standards in sustainable development practices and reasons
	Yes	No	Summary	
			<p>(4) ISO 50001 Energy Management System Certification (Valid from December 1, 2023 to November 30, 2026)</p> <p>(5) Type III Product Environmental Declaration (EPD) Certificate Certification (Valid from December 19, 2025 to December 19, 2030)</p>	
(II) Is the Company committed to improving usage efficiency of energy use renewable resources with reduced environmental impact?	✓		<p>In response to the development of the national greenhouse gas reduction strategies as well as the sustainable energy development goals of resource efficiency, energy conservation, and environmental protection, the Company has successively launched the ISO 50001 energy management system, ISO 14064-1 greenhouse gas inventory, ISO 14067 product carbon footprint certification, and Type III Product Environmental Declaration (EPD) Certificate Certification. At the same time, capital expenditures and related manpower and material resources are invested in various energy-saving solutions in order to control production costs and utilize energy efficiently and appropriately. On February 22, 2023, the 25th meeting of the 24th Board of Directors approved Tung Ho Steel's 2030 phased targets, which include a 30% reduction in total carbon emissions compared to 2005 levels. The Company's long-term carbon reduction targets are aligned with the national 2050 net-zero pathway, and it has also set a target for 30% of total electricity consumption to be sourced from renewable energy (RE30) by 2030.</p> <p>Tung Ho Steel's total energy consumption amounted to 5,961,912 GJ and 5,783,575 GJ in 2024 and 2025, respectively. Approximately 3% and 18% of total electricity consumption in 2024 and 2025, respectively, were sourced from renewable energy. Going forward, the Company will continue to target RE30 and invest in clean energy. The Company continues to implement energy-saving and carbon reduction initiatives on an annual basis and cooperates with Taiwan Power Company's planned electricity reduction measures during the summer months. In 2025, the total energy-saving and carbon reduction across all plants amounted to approximately 40,749 metric tons of CO₂e.</p> <p>The Company's main raw material is scrap steel. Iron resources are reusable, remanufactured and have the highest recycling rate, therefore playing an</p>	No difference.

Promoted items	Status of implementation			Discrepancy with industry standards in sustainable development practices and reasons
	Yes	No	Summary	
			<p>important role in the recycling process. The Company has established the ISO 9001 management system and formulated standards for scrap steel inspection and electric furnace operation, conducting reviews of implementation results and target. PDCA effectiveness evaluation for emission management is carried out every year in order to be in sync with the domestic and foreign scrap steel market, improve the recovery rate of steelmaking, reduce the consumption of raw materials and energy, and reduce the impact on the environment.</p> <p>Furthermore, the Company set targets for using low-carbon materials. Starting from 2023, we will no longer procure cast iron with higher carbon emissions. By 2027, we aim to use 100% scrap steel and discontinue the use of cast iron as a raw material for electric furnace steelmaking.</p>	
(III) Does the Company assess the potential risks and opportunities brought by changes on the Company, both for the time being and for the future, and take measures to respond?	✓		<p>The Company pays close attention to global climate changes and international response trends, includes climate change as one of the major issues and critical risk items for corporate sustainability, continues to analyze and manage climate change, and is committed to greenhouse gas emission adaptation and mitigation. The issuance of Tung Ho Steel's 2025 Sustainability and Climate-related Financial Disclosures (IFRS S1 & S2) Report was reported to the 9th meeting of the 25th Board of Directors on May 24, 2025 and subsequently released, further strengthening governance-level oversight and participation in climate change management.</p> <p>The Company refers to the Task Force on Climate-related Financial Disclosures (TCFD), and convenes a meeting where representatives from different departments and divisions discuss sustainability and various climate change scenarios, define short-, middle-, and long-term risks and opportunities, determine corresponding strategies, as well as assess financial impact. How products and services, supply chains, adaptation and mitigation activities, R&D investments, and business operations (including business types and locations of facilities) may affect the Company's business and strategies are also taken into consideration.</p> <p>In 2026, five risks and two opportunities were identified. The risks include</p>	No difference.

Promoted items	Status of implementation			Discrepancy with industry standards in sustainable development practices and reasons																		
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			<p>“low-carbon technology transition,” “changes in customer behavior,” “tropical cyclone,” “changes in average rainfall and rainwater management,” and “changes in extreme temperatures.” The opportunities include “recycling and reuse” and “incentives from financial institutions.” For further details, please refer to Table 2-2-3.</p> <p>2026 climate change-related risks, opportunities, necessary measures, and targets of related issues are disclosed in the “2026 Tung Ho Steel Sustainability and Climate-related Financial Disclosures (IFRS S1 & S2) Report” to be issued in July. (https://www.tunghosteel.com/CSR/report)</p>																			
(IV) Does the Company count the amount of greenhouse gas emissions, water consumption and total weight of waste for the past two years? Are any policies pertaining to greenhouse gas reduction, reduction of water consumption, or other waste management policies formulated accordingly?	✓		<p>1. The statistics on Tung Ho Steel's greenhouse gases, water consumption, and waste in the past two years are as follows:</p> <p>(1) Greenhouse gases (ISO 14064:2018):</p> <table border="1"> <thead> <tr> <th>Item</th> <th>2024</th> <th>2025</th> </tr> </thead> <tbody> <tr> <td>Category I</td> <td>211,948</td> <td>208,249</td> </tr> <tr> <td>Category II</td> <td>547,191</td> <td>443,118</td> </tr> <tr> <td>Category I + Category II</td> <td>759,139</td> <td>651,367</td> </tr> <tr> <td>Category I + Category II Intensity (total greenhouse gas emissions/total billet production)</td> <td>0.412</td> <td>0.365</td> </tr> <tr> <td>Categories III to VI (The scope of the inventory covers a total of 15 items, such as transportation, products of an organization, use of products of an organization, etc.)</td> <td>1,584,014</td> <td>1,616,557</td> </tr> </tbody> </table> <p>(Note: The greenhouse gas data for the year 2024 has been verified by Bureau Veritas, Taiwan. The 2025 data is based on internal audits as the verification process was not completed at the time of the annual report. The data published in the sustainability report is considered primary.)</p>	Item	2024	2025	Category I	211,948	208,249	Category II	547,191	443,118	Category I + Category II	759,139	651,367	Category I + Category II Intensity (total greenhouse gas emissions/total billet production)	0.412	0.365	Categories III to VI (The scope of the inventory covers a total of 15 items, such as transportation, products of an organization, use of products of an organization, etc.)	1,584,014	1,616,557	No difference.
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			<p>(2) Water consumption:</p> <table border="1"> <thead> <tr> <th>Item</th> <th>2024</th> <th>2025</th> </tr> </thead> <tbody> <tr> <td>Total Company Water Consumption (Unit: million liters)</td> <td>2,245.992</td> <td>2,161.331</td> </tr> <tr> <td>Intensity (total water consumption/total billet production)</td> <td>1.220</td> <td>1.211</td> </tr> </tbody> </table> <p>(Note: The ESG Report for 2024 has been verified. The data of 2025 is planned to be verified by BSI (British Standards Institution) in April 2026. The data will primarily be based on the Sustainability Report for publication.)</p> <p>(3) Waste Disposal Volume (Unit: metric tons):</p> <table border="1"> <thead> <tr> <th>Item</th> <th>2024</th> <th>2025</th> </tr> </thead> <tbody> <tr> <td>Hazardous business waste</td> <td>33,334</td> <td>31,566</td> </tr> <tr> <td>Non-hazardous business waste</td> <td>297,908</td> <td>296,252</td> </tr> <tr> <td>Total weight of company waste</td> <td>331,241</td> <td>327,818</td> </tr> </tbody> </table> <p>(Note: The ESG Report for 2024 has been verified. The data of 2025 is planned to be verified by BSI (British Standards Institution) in April 2026. The data will primarily be based on the Sustainability Report for publication.)</p> <p>2. Policies on Greenhouse Gas Reduction, Water Conservation, and Other Waste Management</p> <p>(1) Greenhouse Gas Reduction</p> <p>Since 2003, we have been conducting greenhouse gas emission inventories, participating in voluntary reduction programs, and proactively disclosing greenhouse gas management information. Since 2003, we have been conducting greenhouse gas emission inventories, participating in voluntary reduction programs, and proactively disclosing greenhouse gas management information. At the 25th meeting of the</p>	Item	2024	2025	Total Company Water Consumption (Unit: million liters)	2,245.992	2,161.331	Intensity (total water consumption/total billet production)	1.220	1.211	Item	2024	2025	Hazardous business waste	33,334	31,566	Non-hazardous business waste	297,908	296,252	Total weight of company waste	331,241	327,818	
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			<p>24th Board of Directors Meeting held on February 22, 2023, the Company released its phased goal for 2030 to reduce 30% of carbon emissions compared with 2005; a long-term carbon reduction target aligned with the mainland's 2050 net zero path, and a target that 30% of total electricity consumption in 2030 will come from renewable energy sources (RE30). The Group has set 2035 as its short- to medium-term target year for greenhouse gas reduction, aiming to achieve a 30% reduction in emissions compared to the 2021 base year, and to reach 30% renewable energy usage across the Group by 2035.</p> <p>(2) Water Management Strategies and Reduction Targets The company attaches great importance to water resources and continues to take various water-saving measures. In addition to adopting the best available technology (BAT) and direct hot feed rolling process in Taoyuan Plant, which can effectively reduce unit water consumption, it also reuses industrial water (cooling water and process water), finds ways to recycle and reuse cooling water, soft water, process water, etc. until the water quality that can not be reused and then discharge to the recovery pool for secondary water use. This can reduce the demand for supplementary water outside the area and use water resources effectively, such as: Process drainage and domestic wastewater, are collected in a recycling tank after proper treatment and used as a secondary water source for non-potable and non-bodily contact water in the form of mid-water or direct use, including: The use of miscellaneous water such as green field watering, storage area sprinkling, furnace cooling water, landscape refill water, road dust prevention and car washing to reduce overall water consumption. The Company values water resource management and has established water management strategies along with short- to medium-term reduction targets. It has set a goal of achieving zero wastewater discharge at its three plants by 2030, in order to reduce water consumption and waste and promote the sustainable use of water</p>	

Promoted items	Status of implementation			Discrepancy with industry standards in sustainable development practices and reasons
	Yes	No	Summary	
			<p>resources. The action plan includes reducing wastewater discharge, increasing rainwater recycling and reuse, lowering water withdrawal intensity, and implementing a water resource management system. In 2025, the Taoyuan Plant and Miaoli Plant implemented the ISO 46001 Water Resource Management System. Through regular reviews and evaluations, the Company aims to improve water resource efficiency and reduce costs.</p> <p>(3) Waste Management All of the Company's plants have implemented the ISO 14001 Environmental Management System and established an independent waste inspection and audit system at each of the plants. All inspection and audit results are recorded in writing for monitoring and improvement as well as incorporated into future inspections and audits. Each plant is required to sort and store waste by category. Prior to outsourcing removal and treatment, waste must be handled in accordance with the approved "Waste Disposal Plan," and entrusted to qualified and licensed contractors. It is necessary for the Company to verify whether such providers are qualified to provide services, have obtained all required licenses from the competent authorities, and have properly declared through the Internet the output, storage, removal, and treatment of all business waste. Any information and documents submitted with the online declaration should be kept for three years. The Company appoints specific personnel to oversee waste outputs as well as inspect the service provider's operation and management of waste storage, removal, treatment, and reuse. The inspection results are also recorded in writing for future reference. In 2025, the waste resource recovery (recycling and reuse) rate reached 98.3%.</p> <p>To reduce the consumption of raw materials and energy, maximize resource reuse, and minimize environmental impact, the Company remelts rolling trim losses (head and tail cuts) and scrap steel within its</p>	

Promoted items	Status of implementation			Discrepancy with industry standards in sustainable development practices and reasons
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			plants. In 2025, the re-melting ratios of rolling trim losses or scrap were 1.67% for rebar products and 4.99% for structural steel products.	
IV. Society (I) Has the Company set up management policy and procedures according to related laws and regulations and the International Bill of Human Rights?	✓		<p>The Company respects and supports internationally recognized human rights norms and principles, including the Universal Declaration of Human Rights, the UN Global Compact, and the International Labor Organization's Declaration on Fundamental Principles and Rights at Work, and complies with the laws and regulations of the jurisdiction where the Company is located. In accordance with the United Nations Guiding Principles on Business and Human Rights, the Company has formulated workplace diversity and human rights policy. The Company's human right policy applies to the Company's subsidiaries, foundations to which the Company's cumulative direct or indirect contribution of funds exceeds 50 percent of its endowment, and other institutions or juristic persons that are effectively controlled by the Company (hereinafter referred to as "group enterprises and organizations").</p> <p>The Company's Sustainable Development Committee is responsible for formulating, overseeing, and reviewing human rights-related management policies. It also regularly reviews the compliance of operational procedures in accordance with relevant laws and regulations and makes necessary revisions as required. Workplace Diversity and Human Rights Policy are as follows:</p> <p>1. Diversity, Inclusion, and Equal Opportunity</p> <p>(1) In accordance with all national labor laws, the Company prohibits child labor and forced labor and does not tolerate discrimination. The Company strives to create a diverse, open, equal, coexistence, and harassment-free work environment and provides an effective and appropriate grievance system to protect the rights and interests of its employees.</p> <p>(2) Employment is based on professional abilities and experience, and discrimination based on race, nationality, class, language, ideology, religion, party affiliation, place of origin, place of birth, gender, sexual orientation, gender identity and expression, age, marriage, pregnancy,</p>	No difference.

Promoted items	Status of implementation			Discrepancy with industry standards in sustainable development practices and reasons
	Yes	No	Summary	
			<p>appearance, facial features, disability, zodiac sign, blood type, or previous union membership is prohibited in recruitment, selection, assignment, training, assessment, promotion, remuneration, and benefits; where otherwise provided for in other laws, such provisions shall prevail.</p> <p>2. Safe and Healthy Work Environment</p> <p>(1) The Company is committed to providing a safe and healthy work environment as well as necessary health and first aid measures to eliminate any factor that may be hazardous to the health and safety of its employees in the work environment, reducing the risk of occupational disasters.</p> <p>(2) The Company regularly provides labor safety related education and training, annual employee health checks, and various health promotion activities, in order to take care of the physical and mental health of its employees.</p> <p>3. Freedom of Assembly</p> <p>The Company respects the rights of employees to form and join various social organizations. Diversified communication systems and platforms are provided for employees to ensure a harmonious and win-win labor-management relationship.</p> <p>Each year, the Company identifies 22 sustainability topics by referencing the GRI Topic Standards, the SASB Standards for the Steel Producers industry, IFRS Sustainability Disclosure Standards (IFRS S1 and S2), and the United Nations Sustainable Development Goals (SDGs), as well as incorporating stakeholder feedback. These topics encompass the four major sustainability dimensions: corporate governance, economic, environmental, and social (including human rights). To enhance stakeholder engagement, the Company conducts annual surveys through questionnaire distribution to identify topics of concern to various stakeholders. The results serve as a reference basis for human rights due diligence and management. In 2025, a total of 46 employee questionnaires and 39 supplier questionnaires were collected. Based on the</p>	

Promoted items	Status of implementation			Discrepancy with industry standards in sustainable development practices and reasons						
	Yes	No	Summary							
			<p>consolidated analysis, employee human rights issues include talent retention (remuneration, working hours, and benefits), occupational safety and health, labor–management relations, and training and education; while the human rights issue identified for suppliers is occupational safety and health.</p> <p>I. Employees</p> <table border="1"> <thead> <tr> <th>Issue</th> <th>Mitigation and Remedial Measures</th> </tr> </thead> <tbody> <tr> <td>Talent Retention Labor-management relations</td> <td> <ul style="list-style-type: none"> Cooperate with relevant laws and regulations, take inventory of company related forms and documents, and review the legality of various operation processes. Continuously review and adjust work rules, internal regulations, and remuneration systems on a rolling basis, while providing a comprehensive remuneration and benefits framework. Has established labor unions at all business offices, and held employer-employee meetings on a regular basis. Regularly convene labor–management meetings, Occupational Safety and Health Committee meetings, and Welfare Committee meetings. Employees may submit opinions or grievances to their supervisors or plant management units through the “Employee Complaint and Reporting Procedures (Whistleblower Protection Policy)” via written submissions, mail (including email), verbal communication, or telephone. </td> </tr> <tr> <td>Occupational Health and Safety</td> <td> <ul style="list-style-type: none"> Implemented ISO 45001, TOSHMS, and the “Safety and Health Improvement Proposal System,” and regularly conduct hazard identification, risk assessment, and control for workplace environments and operational activities. Conduct annual employee health </td> </tr> </tbody> </table>	Issue	Mitigation and Remedial Measures	Talent Retention Labor-management relations	<ul style="list-style-type: none"> Cooperate with relevant laws and regulations, take inventory of company related forms and documents, and review the legality of various operation processes. Continuously review and adjust work rules, internal regulations, and remuneration systems on a rolling basis, while providing a comprehensive remuneration and benefits framework. Has established labor unions at all business offices, and held employer-employee meetings on a regular basis. Regularly convene labor–management meetings, Occupational Safety and Health Committee meetings, and Welfare Committee meetings. Employees may submit opinions or grievances to their supervisors or plant management units through the “Employee Complaint and Reporting Procedures (Whistleblower Protection Policy)” via written submissions, mail (including email), verbal communication, or telephone. 	Occupational Health and Safety	<ul style="list-style-type: none"> Implemented ISO 45001, TOSHMS, and the “Safety and Health Improvement Proposal System,” and regularly conduct hazard identification, risk assessment, and control for workplace environments and operational activities. Conduct annual employee health 	
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			<ul style="list-style-type: none"> • Conduct occupational safety and health training courses and assist contractors in promoting safety and health management practices. • Cross-plant joint on-site inspections are conducted quarterly. Starting from 2025, additional inter-plant inspections have been implemented (outside the quarterly inspection schedule), conducted once per month for a total of 8 times, thereby increasing the frequency of safety and health inspections. • Utilize AI-based image detection, panoramic recognition monitoring and alert systems, and AI-enabled interlocking automatic protection mechanisms. When personnel are detected entering hazardous machinery or equipment areas, operations are immediately halted, warnings are issued, or broadcast systems are activated to prompt evacuation, thereby enhancing on-site safety and health management. <p>In order to protect the rights and interests of employees and to follow the rules for reporting improper violations of the Company's interests, the Company has established the "Employee Grievance and Reporting Rules" and has set up a grievance box in each factory, where stakeholders can submit complaints and reports to the unit manager or the management of each factory through the grievance box or email, verbally or by phone.</p> <p>To foster a safe, diverse, and inclusive workplace environment, the Company is committed to promoting gender equality and safeguarding workplace human rights, while respecting and supporting internationally recognized human rights standards and principles. To enhance the awareness of supervisors at the section level and above regarding various forms of unlawful workplace conduct, and to strengthen their understanding of the associated legal risks, the Company conducted a "Workplace Misconduct and Sexual Harassment" training program</p>	

Promoted items	Status of implementation			Discrepancy with industry standards in sustainable development practices and reasons
	Yes	No	Summary	
			<p>in 2025. A total of 157 participants attended, with an aggregate of 471 training hours. The Company continues to prevent workplace sexual harassment and other unlawful infringements through ongoing education and training. It also cultivates qualified investigators with relevant expertise and establishes an internal talent pool for handling and responding to such incidents.</p> <p>Additionally, to safeguard the labor rights of foreign employees, the Company has progressively implemented an "Employment Zero-Fee Policy" since 2025. In the first phase, the Company fully bears the monthly service fees payable by foreign employees to recruitment agencies, thereby reducing their financial burden and enabling them to work and live in Taiwan with peace of mind.</p> <p>Through these concrete actions, the Company responds to the United Nations "Sustainable Development Goals (SDGs): Reducing inequality and promoting peace and justice," and demonstrates its commitment to the protection of human rights.</p>	
(II) Does the Company formulate and implement reasonable employee benefits measures (including compensation, days-off, and other benefits, etc.), and appropriately link the operating performance or results to employee compensation?	✓		<p>1. Employee Welfare</p> <p>(1) Remuneration System</p> <p>In order to provide comprehensive care of our employees and their living conditions, and to provide reasonable and competitive remuneration to attract, retain and motivate talents for the long-term development of the Company and to achieve business objectives, the Company formulated remuneration policies, paying salaries based on stable remuneration, and also pays flexible remuneration by taking into account the content of respective duties, the responsibilities undertaken, the degree of contribution and the performance of each individual.</p> <p>The Company links the remuneration of top-level executives such as the President and Vice President to ESG (Environmental, Social, and Governance) performance. ESG participation and promotion initiatives constitute 10% of the overall performance evaluation, aiming to continually drive sustainable objectives. To incentivize senior managerial officers to actively participate in and promote ESG objectives, and to</p>	No difference.

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			<p>enhance the Company’s sustainable competitiveness, the Company has established the “Senior Managerial Officer ESG Bonus Policy.” The evaluation metrics include short- to medium-term targets such as “renewable energy usage ratio (30%),” “absolute carbon emissions target (30%),” “direct carbon emission intensity (5%),” “environmental penalty records at plant sites (5%),” “number of major occupational accidents (5%),” “number of injury incidents (5%),” and “corporate governance evaluation (20%).” ESG bonuses are awarded based on the degree of alignment between each department and the evaluation metrics, as well as the achievement rate of the targets. The policy was approved at the 6th meeting of the 5th Remuneration and Nomination Committee on May 14, 2024, and at the 9th meeting of the 25th Board of Directors on May 24, 2024, and was implemented with its first issuance in 2025.</p> <p>(2) Employee Welfare</p> <p>Through the establishment of the Joint Employee Welfare Committee in each factory, the Company organizes various employee welfare activities and subsidies, such as: gifts for festivals, birthday gifts, labor day bonuses, wedding and funeral subsidies, maternity subsidies, education scholarships for employees' children, employee travel opportunities, community subsidies and retirement subsidies, etc.</p> <p>To foster a family-friendly workplace and support employees’ caregiving responsibilities, the Company has established nursing (lactation) rooms at its plants, providing a private and secure space for breastfeeding employees. For employees with childcare needs, the Company offers unpaid parental leave, as well as childbirth subsidies and educational scholarships for employees’ children. In 2025, a total of 106 scholarships were awarded, with total subsidies amounting to NT\$461,000.</p> <p>The Company provides a sick leave policy that exceeds the requirements of the Labor Standards Act, extending the number of half-pay sick leave days from the statutory 30 days to 45 days. This allows employees to</p>	

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			<p>have more adequate time for rest and recovery when ill or physically unwell, thereby supporting their physical and mental well-being.</p> <p>(3) Labor-Management Communication</p> <p>To foster a friendly workplace and enhance labor–management communication channels, the Company conducted its first employee satisfaction survey in 2025. The survey was administered by the Administration Department through an online questionnaire using a five-point scale. The assessment covered six key dimensions: work support, learning and development, leadership and management, collaboration and communication, job satisfaction and stability, and engagement and retention intention. From October 23 to November 14, 2025, a total of 400 questionnaires were distributed, and 280 responses were collected, representing a response rate of 70%. The overall results indicated a high level of satisfaction, with average scores exceeding 4 across all six dimensions. Among them, “work support” and “engagement and retention intention” received the highest scores. The Company will continue to offer workplace communication and coordination training programs and expand diverse learning channels to foster harmonious labor–management relations.</p> <p>The Company has established labor unions at its business offices, and held employer-employee meetings on a regular basis. Union members can participate in labor-management meetings through enterprise union elections to elect labor representatives, facilitating communication between labor and management, coordinating labor-management relations, and promoting cooperation. Additionally, representatives elected by the enterprise union serve as members of the "employee welfare committees" and the "retirement reserve fund supervisory committee" to oversee and safeguard the rights and interests of employees.</p> <p>To stabilize labor relations, promote labor–management harmony, and</p>	

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			<p>enhance employee welfare, the Company commenced negotiations in September 2023 with the Miaoli Plant enterprise union for the renewal of the collective agreement. Both parties engaged in discussions on matters including labor conditions, welfare measures, occupational safety, employee grievance mechanisms, union operations and activities, and the use of company facilities. After six rounds of negotiations, the new collective agreement was signed on May 8, 2024. The collective agreement is valid for a period of three years, from the date of signing until May 7, 2027.</p> <p>(4) Workplace Diversity and Equality The Company aims to create a harmonious, friendly, and healthy work environment. In accordance with the Labor Standards Act, Act of Gender Equality in Employment, and Occupational Safety and Health Act, employment at the Company is based on professional abilities and experience, and the Company has never treated anyone differently in any form based on race, ideology, religion, party affiliation, place of origin, place of birth, gender, age, sexual orientation, marriage, appearance, physical and mental disabilities, zodiac sign, blood type, etc. As of the end of 2025, the Company had a total of 2,147 employees, including 1,849 full-time employees and 298 temporary employees. Of these, 1,964 (91.5%) were male and 183 (8.5%) were female. The Company employs 62 Indigenous employees (accounting for 2.89% of the total workforce) and 23 employees with disabilities (accounting for 1.07%), exceeding the statutory employment quota of 1% stipulated under the People with Disabilities Rights Protection Act.</p> <p>(5) Retirement System and Implementation Status The Company has formulated retirement policy for employees in accordance with the Labor Standard Act and Labor Pension Act and was approved to set up a "retirement reserve fund supervisory committee." Calculate the labor pensions under the old system year by year (the</p>	

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			<p>contribution rate is 7% from 2008 to 2017 and 10% from 2018), and hold regular meetings to protect the rights and interests of employees. The pension fund as of the end of 2025 will be sufficient to pay for the retirement benefits of eligible employees in the following year. Employees who are eligible for the new pension system will contribute 6% monthly to their individual pension accounts according to their pension brackets.</p> <p>2. Operational Performance and Employee Remuneration Based on the principle of profit-sharing, the Company has established a remuneration policy and related remuneration, bonuses and performance appraisal methods to effectively link performance with individual remuneration. The Company has also formulated a remuneration policy and distributes earnings to employees according to the operational performance of the Company. Article 28 of the Company's Articles of Incorporation stipulates that when the Company generates profits in a given year, no less than 2.5% shall be allocated as employee remuneration. Of the total employee remuneration, it is proposed that no less than 50% be distributed to grassroots employees. The distribution plan for employee remuneration and directors' remuneration for 2025 was approved at the 20th meeting of the 25th Board of Directors on December 30, 2025.</p>	
(III) Has the Company provided employees with a safe and healthy work environment as well as conducted regular classes on health and safety?	✓		<p>1. Measures for safe and healthy work environment, education policies, and their implementation: In order to provide a safe and healthy working environment for employees, an Occupational Safety and Health Committee is formed in each plant, with the plant manager serving as the chairman and the head of the Labor and Safety Center as the management representative. The committee convenes a meeting once a month to review potential safety and health risks, discuss and track safety and health issues, give instructions on safety and health related issues, and invite representatives of contractors/consultants to attend. In</p>	No difference.

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	Yes	No	Summary	
			<p>addition to communication, coordination and resolution of health and safety issues with workers through occupational safety and health committee meetings, the Company also performs monthly work safety inspections, safety observations, safety interviews, annual health inspections, health management, and occasional work safety promotion meetings and occupational disaster prevention promotions by the Labor Inspection Division. To prevent the harm caused by unsafe behaviors and a dangerous environment, each plant has started to introduce AI image auto-detection, environment recognition monitoring and alarm, AI interlock auto-protection, immediately stopping operation upon detection of personnel entering, warning or broadcasting to expel intruders, according to the respective hazardous equipment and equipment areas informed by the three plants to control (manage) the unsafe behaviors or environment in order to enhance on-site safety and health management.</p> <p>Each plant arranges monthly health consultation for colleagues performed by occupational medicine specialists, and performs arranges health seminars and individual doctor consultation for level 2 (and above) staff who perform special operations. Moreover, to prevent the risks associated with obesity and metabolic syndrome, the Company organizes health seminars such as “Metabolic Syndrome Prevention—Weight Loss and Fasting Strategies” and “Dietary Control for Metabolic Conditions and Obesity,” and promotes weight management programs. The Company also collaborates with medical institutions to provide influenza and COVID-19 vaccinations, thereby enhancing immune protection for high-risk groups and reducing the risk of severe complications and mortality. In addition, employees identified as being at risk of metabolic conditions through annual health examinations are provided with health consultations, and follow-up is conducted as appropriate to monitor their medical visits and medication adherence. In 2025, a total of 917 health consultations were conducted under the four major health programs, including tiered health management and initiatives</p>	

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			<p>related to obesity and metabolic conditions. In 2025, there were 1,848 general health check-ups and 1,785 special health check-ups, with examination fees totaling approximately NT\$4.04 million, representing a 5.4% increase compared to the previous fiscal year. In 2025, approximately NT\$2.25 million was invested in on-the-job safety and health training across all plants, with total participation reaching 25,422 person-hours.</p> <p>2. The Company's plants implement safety and health management practices in accordance with the PDCA cycle under the Occupational Health and Safety Management System. In March 2025, the Kaohsiung Works-Daye successfully passed and obtained ISO 45001 Occupational Health and Safety Management System certification. All production plants have obtained ISO 45001 certification (valid from March 21, 2025 to March 20, 2028). The scope and applicability of this system cover all operational areas within each plant and all personnel, while contractors and subcontractors are governed in accordance with the provisions of their respective contracts.</p> <p>3. Number and ratio of work accidents and improvement In 2025, a total of 12 injury incidents were recorded, representing a decrease of 9 cases compared to 2024 and accounting for 0.56% of the total workforce. All plants have implemented remedial preventive measures, including reexamining potential hazards in the work areas, installing additional safety protection measures, enhancing or revising safety operation standards for the relevant tasks, conducting safety awareness training and educational training for employees, and implementing a three-month safety observation period. The observation records are submitted to the Labor and Safety Center for record-keeping. Additionally, hazard identification and risk assessments are carried out again for tasks where injuries have occurred. In 2025, 4 fire incidents occurred with no injuries reported. The corrective and preventive measures included comprehensive inspections, replacement of deteriorated or damaged oil and gas pipelines, inspection of electrical equipment and wiring, and the enhancement of protective barriers to prevent</p>	

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			oil and water infiltration, in order to prevent recurrence.	
(IV) Has the Company established effective career and competence development and training plans?	✓		<p>The Company organizes career development and training programs according to operational needs and planning for various positions and functions:</p> <ul style="list-style-type: none"> • New Employee Training: Orientation programs and occupational health and safety training are provided for new hires to enhance their awareness of workplace safety and health, as well as their emergency response capabilities, thereby ensuring workplace safety. • Professional Competency Training Programs: Tailored training content is developed for different job functions, with a primary focus on internal training supplemented by external programs, to enhance employees' professional skills. In addition to function-specific training, programs also include occupational safety and health training and certification courses, aimed at strengthening safety awareness and emergency response capabilities to ensure workplace safety. • Human Rights and Sustainable Development-related Training: Training programs include courses on human rights and corporate social responsibility, as well as ESG and sustainable development. These cover topics such as integrity management, anti-corruption, and sexual harassment prevention measures, strengthening employees' awareness of human rights and sustainability concepts. • Diverse Learning Curriculum: language, humanities, and art courses, to help improve the employees' language abilities and cultivate their life through extensive learning. The Company provides subsidies for language courses and incentives for language certifications to encourage employees to improve their language skills. • Management training programs for supervisors include labor-related regulations, leadership and management, interviewing and communication skills, project management, and business management. In addition, to strengthen alignment among supervisors regarding the Company's operations and development, quarterly management meetings are convened for medium- 	No difference.

Promoted items	Status of implementation			Discrepancy with industry standards in sustainable development practices and reasons
	Yes	No	Summary	
			<p>to senior-level executives to discuss the Company’s development strategies, current financial and economic conditions, and global steel industry trends. Every year, the Company expands the operation and management meeting through visiting related industries, physical activities, keynote speeches and others to build consensus. In 2025, a total of 216 relevant managers and colleagues from Tung Ho Steel participated.</p> <p>In 2025, the total training hours for the entire company amounted to 47,555 hours. On average, each participant received 22 hours of training.</p>	
(V) Does the Company comply with relevant laws and international standards in relation to customer health and safety, customer privacy, marketing, and labeling of products and services, and has it established relevant consumer or customer protection policies and grievance procedures?	✓		<p>1. Personal Data Protection Policy "Tung Ho Steel places great importance on the protection of personal data security and personal privacy, and has established the 'Guidance for Information Security Management.' To ensure that the collection, processing, and use of personal data comply with relevant laws and regulations, the Company has established the “Personal Data Protection Policy.” The Company has established a Personal Data Protection Task Force, composed of designated personnel from various departments, to promote and implement matters related to personal data protection. This policy applies to the Company’s customers, employees, and stakeholders, in order to ensure personal data protection. "</p> <p>The Company’s “Personal Data Protection Policy” was approved at the 20th meeting of the 25th Board of Directors on December 30, 2025. Each department conducts an annual inventory of personal data files, maintaining records and performing reviews. The inventory for 2025 was completed in September. In addition, the Legal Department provides training to personnel involved in business operations, while the IT Department has implemented firewalls, electronic file encryption systems, and a centralized electronic personal data storage platform to control and audit user access and activity logs, thereby ensuring the protection of customer data. No breaches of customer privacy and losses of customer data in 2025.</p> <p>2. Customer Rights Policy</p>	No difference.

Promoted items	Status of implementation			Discrepancy with industry standards in sustainable development practices and reasons
	Yes	No	Summary	
			<p>“To safeguard customer rights, Tung Ho Steel is committed to providing high-quality and safe structural steel, upholding and adhering to the principles of ‘Quality First, Credibility First, Customer First,’ and continuously enhancing product quality. All steel products manufactured by the Company are subject to strict inspection through radiation detection systems, ensuring that 100% of products are free from radioactive contamination. The Company enhances service quality through customer satisfaction surveys and has established the “Customer Complaint Handling Procedures,” along with a dedicated customer grievance mailbox and hotline, to properly address issues related to delivery or product quality. In addition, to ensure information security throughout the transaction process, the Company has established the “Guidance for Information Security Management” to provide comprehensive protection of customer rights and interests. ”</p> <p>The Company’s “Customer Rights Policy” was approved at the 20th meeting of the 25th Board of Directors on December 30, 2025. To ensure the effective implementation of the quality assurance system, each plant has established a Quality Management Committee and a quality control laboratory. We actively value the feedback of our customers in order to provide them with excellent products and satisfactory services. In addition to dedicating staff to provide procurement services, consultation and advice, we also have a dedicated email address to handle and respond to customer comments and suggestions. When there are discrepancies in the shipping process or quality of products with our customers, Tung Ho Steel will handle the situation in accordance with the "Regulations for Handling Customer Complaints." After receiving the customer complaint, the business unit will actively assign staff to understand the situation and fill in the Customer Complaint Handling Form to investigate the cause. Handling plans will be deliberated in no time to respond to our customers for a solution. Customers with complaints may also submit their concerns through the Company’s dedicated complaint mailbox or the independent directors’ mailbox.</p>	

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	Yes	No	Summary	
(VI) Does the Company formulate a supplier management policy that requires suppliers to follow relevant regulations on environmental protection, occupational safety and health, or labor rights, and how well are those policies implemented?	✓		<p>The Company's supplier management policy: Tung Ho Steel views our suppliers as important operation partners. In addition to ensuring the quality, cost, delivery and service capability of our suppliers, the Company also urges our suppliers to jointly implement environmental protection, information disclosure in response to the impact of climate change and on labor human rights, in order to fulfill our social responsibility and to grow together with our suppliers for mutual benefit and to establish a long-term stable supply chain.</p> <p>(1) The Company views economic, environmental and social aspects as the core of our common development and urge suppliers to comply with laws and regulations in order to achieve sustainable development and create a win-win situation.</p> <p>(2) We safeguard the rights and interests of stakeholders, and include social responsibility, labor safety, human rights and environmental protection issues as the basis for management decisions and implementation.</p> <p>(3) Business ethics and morality, equality of opportunity and fair trade are the highest guiding principles of supply chain interaction, eliminating illegal interests and severely punishing illegal acts.</p> <p>(4) We will work together to strengthen the response and disclosure of information on the impact of climate change and take action on greenhouse gas emissions</p> <p>The Company has established the "Regulations for the Selection and Evaluation of Suppliers of Raw Materials, By-products and Materials" to establish basic information on suppliers and to effectively manage the selection and evaluation of suppliers. At the same time, the integration of suppliers of by-products includes guiding them to take into account of product quality, energy-saving and environmental protection requirements. For example, the selected suppliers should pass ISO 9001 quality management system certification and conduct greenhouse gas inventory, ISO 14001 environmental management system certification, use environmental labels for products, use environmentally friendly and recyclable packaging methods and materials, and comply with our</p>	No difference.

Promoted items	Status of implementation			Discrepancy with industry standards in sustainable development practices and reasons
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			<p>environmental policy and related industrial waste reduction, energy conservation, pollution prevention, and environmental protection laws and regulations; in addition, suppliers should be urged to pay attention to labor rights, workplace safety and hygiene, and improve unfavorable labor conditions. To strengthen human rights management within the supply chain, the Company requires suppliers to complete a self-assessment questionnaire titled the “Self-Assessment Questionnaire for Preventing Modern Slavery Risks and Enhancing Ethical Procurement.” The assessment covers potential risks related to modern slavery, including child labor, forced labor, and discriminatory practices. Through this self-assessment mechanism, the Company enhances the identification and management of human rights risks within its supply chain. Additionally, suppliers are evaluated semiannually in accordance with the “Supplier Evaluation Criteria,” covering assessment items such as quality reliability, delivery quantity, price level, handling of customer quality improvement issues, corporate social responsibility, and climate-related responsibilities. Based on the evaluation results, the Company works with suppliers to identify root causes of deficiencies, formulate improvement plans, and track the effectiveness of corrective actions to ensure proper remediation. Suppliers who sign contracts with the Company are required to sign a corporate social responsibility pledge, which covers labor rights and human rights, environmental protection, climate change mitigation and adaptation, as well as honest management and ethical standards. By 2025, a total of 1002 companies have signed the pledge. In the event of actual or foreseeable significant poor environmental, labor conditions, human rights, social or other impacts on existing suppliers, they will be obliged to improve or terminate the contract immediately.</p>	

Promoted items	Status of implementation			Discrepancy with industry standards in sustainable development practices and reasons
	Yes	No	Summary	
V. Does the Company make reference to international standards or guidelines for the preparation of reports, such as corporate sustainability reports that disclose non-financial information about the Company? Did you obtain confirmation or assurance from a third-party verifier for your report?	✓		<p>1. International standards or guidelines for the preparation of non-financial information reports</p> <p>The content structure of the Company's "2024 Corporate Social Responsibility Report" issued in 2025 is based on the GRI Standards of the Global Reporting Initiative (GRI) and supplemented with the G4 Sector Disclosures –Mining and Metals, and also referred to the guidelines and framework listed in the Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TWSE Listed Companies and the United Nations Sustainable Development Goals (SDGs), the SASB Standards for the Iron & Steel Producers industry issued by the International Sustainability Standards Board (ISSB), and the IFRS S1 "General Requirements for Disclosure of Sustainability-related Financial Information" and IFRS S2 "Climate-related Disclosures." The report is prepared in line with the aforementioned guidelines and frameworks, and, based on reporting principles, discloses Tung Ho Steel's strategies, targets, and specific actions in relation to its material sustainability topics. The Company's 2024 ESG Report was approved for issuance at the 15th meeting of the 25th Board of Directors on April 25, 2025, and has been uploaded to the Market Observation Post System and the Company's website.</p> <p>The Company has issued four reports on climate-related financial disclosures. In 2025, it referenced the General Requirements for S1 "Disclosure of Sustainability-related Financial Information" and the S2 "Climate-related Disclosures" standards published by the IFRS Foundation under the ISSB to prepare the "2025 Sustainability and Climate-related Financial Disclosure (IFRS S1 & S2) Report." This report is the first to reference the IFRS Sustainability Disclosure Standards and reports on the scope of both individual and consolidated financial statements. It adheres to the four core elements of climate-related financial disclosures: "governance," "strategy," "risk management," and "metrics and targets." A risk framework</p>	No difference.

Promoted items	Status of implementation			Discrepancy with industry standards in sustainable development practices and reasons
	Yes	No	Summary	
			<p>is established to identify material risks and opportunities that may impact operations, along with relevant response strategies. The issuance was approved by the 16th meeting of the 25th Board of Directors on May 20, 2025. (https://www.tunghosteel.com/CSR/report)</p> <p>2. Third-party assurance or accreditation for non-financial information reports The Company's CSR Report 2024 published in 2025 has been verified by British Standards Institution (BSI), a third-party impartial organization and meets the requirements of AA1000AS Type 1 Medium Assurance Level and the disclosure requirements of the latest version of GRI Standards. The report is publicly disclosed in the Sustainability section of the website on https://www.tunghosteel.com/CSR/report. The climate financial disclosure section of the "2025 Sustainability and Climate-related Financial Disclosures (IFRS S1 & S2) Report" has been verified by the independent and credible British Standards Institution (BSI). According to BSI, the maturity model for the Report is Level 5: Excellence grade.</p>	
<p>VI. If the Company has established sustainable development principles based on Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, please describe any discrepancy between the principles and their implementation: No difference.</p>				
<p>VII. Other key information useful for explaining the status of sustainable development implementation:</p> <p>(I) For three consecutive years, the Company has been recognized in the CDP questionnaire with a Climate Change rating of “Leadership Level (A-)” and a Water Management rating of “Management Level (B)”: Tung Ho Steel completed the CDP Climate Change questionnaire for 2023–2025 and was awarded a “Leadership Level (A-)” rating. It also received a “Management Level (B)” rating in the CDP Water Management questionnaire. These recognitions demonstrate the Company’s strong performance in the transparency of climate-related disclosures, the setting and execution of emission reduction targets, and its integrated approach to water resource management, reflecting its commitment to environmental sustainability.</p> <p>(II) For two consecutive evaluation cycles, Tung Ho Steel has been ranked among the top 5% of listed companies in the Corporate Governance Evaluation conducted by the Taiwan Stock Exchange. The Company was also recognized among the top 10% of non-financial, non-electronics companies with a market capitalization exceeding NT\$10 billion in both the 10th and 11th evaluations, the highest honor in the assessment, demonstrating the Company’s achievements in advancing corporate governance.</p>				

Promoted items	Status of implementation			Discrepancy with industry standards in sustainable development practices and reasons
	Yes	No	Summary	
(III) The Company was awarded an ESG rating of "2" from Sustainable Fitch in 2025. Tung Ho Steel has received an ESG rating of "2" from Sustainable Fitch (with ratings ranging from 1 to 5, where 1 is the highest), reflecting strong performance among globally rated companies. Sustainable Fitch is a specialized ESG ratings provider under Fitch Group, applies a cross-industry standardized rating methodology. Its assessments focus on whether a company's performance and targets are aligned with industry benchmarks and ESG trends. This rating indicates that the Company has integrated ESG into its operations, strategy, and management, with a focus on promoting environmental improvement.				
(IV) Awarded the "Net Zero Industrial Competitiveness" Steel Industry's Highest Honor Award of Excellence for two consecutive years. The Company was awarded the 2024 and 2025 "Net Zero Industrial Competitiveness" Steel Industry's Highest Honor Award of Excellence. To achieve net-zero carbon emissions by 2050, the Company has proactively invested in renewable energy and formulated a carbon reduction pathway. We have set practical interim targets for 2030, aiming to achieve a 30% reduction in carbon emissions and ensure that 30% of our energy comes from renewable sources. These efforts reflect our commitment to sustainable business practices and our ultimate goal of achieving net-zero carbon emissions and ultimately promoting energy conservation and environmental protection.				
(V) The Company has been honored with inclusion in the "2025 Top 100 Taiwan Companies Selected by Foreign Investors," standing out among more than 2,000 companies in Taiwan's capital market and gaining strong recognition from foreign investors.				
(VI) Type III Environmental Product Declaration (EPD) Certification: All of the Company's products have obtained Type III Environmental Product Declaration (EPD) certification. Obtaining EPD certification can help our customers obtain higher grade of certification in green building rating. At the same time, it is also an important reference for consumers to buy eco-friendly products and to better understand the impact of products on the environment.				
(VII) Our company is concerned about social issues and actively participates in public welfare. The Company donated a total amount of NT\$22.48 million to charities in 2025, and an amount of NT\$6.10 million for Community development and neighborhood sponsorship.				
(VIII) Awarded the Corporate Sustainability Report Platinum Award for Traditional Manufacturing Industry of TCSA Taiwan Corporate Sustainability Award year after year, which is the highest award in the manufacturing industry, showing that we have taken actions to fulfill our commitment to sustainability reporting, to demonstrate our corporate social responsibility and the implementation of sustainability issues, and to drive our company toward sustainable development.				
(IX) Tung Ho Steel has long been committed to supporting social welfare initiatives and actively promoting cultural and artistic activities in Taiwan. In 2012, the Company established the Tung Ho Steel Foundation with the purpose of promoting cultural and artistic qualities, actively cultivating artistic talents, promoting artistic education, promoting the development of cultural and creative industries, and organizing or sponsoring cultural and artistic activities with the focus on promoting the integration of the steel industry with culture. Since its establishment, the foundation has held "Tung Ho Steel International Artist-in-Residence Program", inviting artists to reside in the plant area to create steel sculptures, becoming one of the most important cases of collaboration between Taiwanese enterprises and the arts community. In 2022, the Company launched the "Refinement Project," establishing an experimental platform that brings together professionals in design, construction, and structural engineering to facilitate exchange and collaboration. Through this initiative, the Company explores diverse possibilities in steel-based construction, enhances the performance of steel components, and contributes to the improvement of the built environment. In 2025, the second "Refinement Project" invited KHAA and Hsu-Yuan Kuo Architects & Associates to collaborate on a steel structure installation titled "As Above, So Below", presented at the Tung				

Promoted items	Status of implementation			Discrepancy with industry standards in sustainable development practices and reasons
	Yes	No	Summary	
			<p>Ho Steel Miaoli Steel Research and Development Center. The project explores the multiple possibilities of steel architecture in practice. Following the presentation, a series of guided visits was organized, with participating groups including Zhonghe Elementary School in Miaoli, community residents from Nangang associated with Chi Ming Elementary School, Chi Shin Junior High School, Xihu Junior High School, Xihu Elementary School, the Taichung Architects Association, the Taiwan Structural Engineers Association, the NTU EMBA Class of 2025, and faculty and students from Shih Chien University, among others, with total attendance reaching nearly 700 visitors. In 2025, Tung Ho Steel sponsored cultural and artistic programs of the Tung Ho Steel Foundation with total funding of NT\$6 million, and additionally donated steel materials valued at approximately NT\$330,000.</p> <p>(X) Tung Ho Steel has joined the Ministry of Environment’s “Green Growth Alliance” as one of its founding members, and will work in collaboration with the Ministry and fellow alliance members to advance the achievement of the nation’s new carbon reduction targets.</p> <p>(XI) Obtained certification from the Steel Sustainability Australia (SSA) program. The Company has obtained certification from SSA, becoming a certified supplier under the program. This demonstrates that the Company meets the program’s sustainability standards in areas including carbon emissions management, water resource recycling, human rights protection, and labor conditions, reflecting its commitment to and effectiveness in advancing and implementing ESG initiatives.</p> <p>(XII) Won the 2026 Taiwan Excellence Silver Award for being among the Top 100 AI Innovations. In response to the development trend of smart manufacturing, the Company has promoted the adoption of AI applications, collecting and analyzing data related to manufacturing processes, and collaborating with on-site personnel to optimize production workflows. In addition, the Company has deployed AI-based image recognition systems tailored to different production environments to assist personnel in real-time assessment of production conditions, thereby enhancing operational efficiency.</p>	

2. Climate-related information for TWSE/TPEX Listed Companies - Implementation of climate related information

Item	Status of implementation
<p>I. State the Board's managers oversight and governance of climate related risks and opportunities.</p>	<p>The Company's board of directors is responsible for the review and guidance of climate change strategies, action plans and annual objectives, with regular monitoring on the implementation status and review of GHG reduction targets and achievements on an annual basis.</p> <p>The Company has established the Sustainable Development Committee under the Board of Directors. The committee consists of three members appointed by resolution of the Board of Directors, among which more than 50% of the members are independent directors. The Company's Chairman is appointed as the committee's convener (chairperson), and is responsible for issues related to climate change, including environmental sustainability, as well as the establishment, monitoring and review of company objectives. Sustainable Development Committee meetings are held at least twice a year, and climate change-related issues are reported to the Board of Directors every year. The environmental sustainability team is set up under the Sustainable Development Committee, which is composed of dedicated personnel from relevant departments appointed by the President of the Company or its subsidiaries, with the Production Vice President as the Chairperson who is responsible for evaluating and managing climate-related risks and opportunities, as well as goal and strategy formulation. The Environmental Sustainability Team reports its implementation status to the Sustainable Development Committee on a regular basis. In 2025, the Company established group-wide interim targets for 2035, including a 30% reduction in total carbon emissions compared to 2021 levels and achieving 30% of total electricity consumption from renewable energy by 2035. These targets were approved at the 15th meeting of the 25th Board of Directors on April 25, 2025.</p> <p>To incentivize senior managerial officers to actively participate in and drive ESG objectives, and to enhance the Company's sustainable competitiveness, Tung Ho Steel has established the "ESG Incentive Program for Senior Managerial Officers." The evaluation metrics include short- to medium-term targets such as "renewable energy usage ratio (30%)," "absolute carbon emissions target (30%)," "direct carbon emission intensity (5%)," "environmental penalty records at plant sites (5%)," "number of major occupational accidents (5%)," "number of injury incidents (5%)," and "corporate governance evaluation (20%)." The policy was approved at the 6th meeting of the 5th Remuneration and Nomination Committee and the 9th meeting of the 25th Board of Directors in May, 2024.</p>
<p>II. Describe how the identified climate risks and opportunities affect the business, strategy, and finance (short-term, medium-term and long-term) of the enterprise.</p>	<p>The reporting entity of the Group comprises Tung Ho Steel Enterprise Corporation (the parent company) and its consolidated subsidiaries, including Tung Ho Steel Structure Co., Ltd., Tung Kang Engineering & Construction Co., Ltd., Tung Kang Wind Power Co., Ltd., Katec Creative Resources Corp., Tung Ho Steel Vietnam Co., Ltd., and Duc Hoa International J.S.C. Through climate change risk and opportunity identification meetings convened by members of the Environmental Sustainability Committee, the Company identified a total of 5 material</p>

Item	Status of implementation										
	<p>climate-related risks and 2 material climate-related opportunities in 2025. The time horizons are defined as short-term (2026), medium-term (2027–2030), and long-term (2031–2050).</p> <p>I. Climate risks</p> <p>Risk 1: Transition to Low-Carbon Technologies (Transition Risk)</p> <table border="1" data-bbox="571 389 1501 1671"> <tr> <td data-bbox="571 389 722 987">Impact</td> <td data-bbox="722 389 1501 987"> <ol style="list-style-type: none"> Short-term: A carbon fee rate of NT\$300 per ton of CO₂e, along with requirements under the Renewable Energy Development Act. Medium-term: The carbon fee rate is expected to be adjusted to NT\$1,000 per ton of CO₂e by 2030, together with compliance requirements under the Renewable Energy Development Act and the implementation of greenhouse gas emission quotas by the Vietnamese government. Long-term: The carbon fee rate is expected to be adjusted to NT\$1,500 per ton of CO₂e by 2040, together with compliance requirements under the Renewable Energy Development Act and the implementation of greenhouse gas emission quotas by the Vietnamese government. </td> </tr> <tr> <td data-bbox="571 987 722 1429">Strategy</td> <td data-bbox="722 987 1501 1429"> <p>The Company mitigates the impact of climate-related regulations through strategies such as upgrading to high-efficiency electric arc furnaces, investing in renewable energy generation, procuring renewable energy certificates, implementing low-carbon steelmaking process transformations, improving equipment energy efficiency, applying for voluntary reduction programs, and adopting carbon capture, utilization, and storage (CCUS) technologies, thereby transforming these challenges into future financial opportunities for the Company’s operations.</p> </td> </tr> <tr> <td data-bbox="571 1429 722 1671">Financial Impact</td> <td data-bbox="722 1429 1501 1671"> <p>Capital expenditures in the medium to long term will be funded primarily by the Company’s internal funds, with a portion financed through bank borrowings. No significant cash flow risk is expected, and there will be no material impact on financing availability or the cost of capital.</p> </td> </tr> </table> <p>Risk 2: Changes in Customer Behavior (Transition Risk)</p> <table border="1" data-bbox="571 1742 1501 2098"> <tr> <td data-bbox="571 1742 722 1984">Impact</td> <td data-bbox="722 1742 1501 1984"> <p>In the short term, government procurement entities, in order to comply with net-zero emission policies, require suppliers to provide product carbon footprint disclosures. In the medium to long term, government procurement entities and private enterprises may further require suppliers to provide low-carbon products.</p> </td> </tr> <tr> <td data-bbox="571 1984 722 2098">Strategy</td> <td data-bbox="722 1984 1501 2098"> <p>The Group has established comprehensive carbon management capabilities and extends such practices, including GHG inventory, product carbon footprinting,</p> </td> </tr> </table>	Impact	<ol style="list-style-type: none"> Short-term: A carbon fee rate of NT\$300 per ton of CO₂e, along with requirements under the Renewable Energy Development Act. Medium-term: The carbon fee rate is expected to be adjusted to NT\$1,000 per ton of CO₂e by 2030, together with compliance requirements under the Renewable Energy Development Act and the implementation of greenhouse gas emission quotas by the Vietnamese government. Long-term: The carbon fee rate is expected to be adjusted to NT\$1,500 per ton of CO₂e by 2040, together with compliance requirements under the Renewable Energy Development Act and the implementation of greenhouse gas emission quotas by the Vietnamese government. 	Strategy	<p>The Company mitigates the impact of climate-related regulations through strategies such as upgrading to high-efficiency electric arc furnaces, investing in renewable energy generation, procuring renewable energy certificates, implementing low-carbon steelmaking process transformations, improving equipment energy efficiency, applying for voluntary reduction programs, and adopting carbon capture, utilization, and storage (CCUS) technologies, thereby transforming these challenges into future financial opportunities for the Company’s operations.</p>	Financial Impact	<p>Capital expenditures in the medium to long term will be funded primarily by the Company’s internal funds, with a portion financed through bank borrowings. 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Strategy	<p>The Group has established comprehensive carbon management capabilities and extends such practices, including GHG inventory, product carbon footprinting,</p>										

Item	Status of implementation	
		Environmental Product Declarations (EPDs), and carbon reduction disclosures, to all subsidiaries. In addition to its core steel business, the Group’s subsidiaries, Katec Creative Resources Corp., which operates in the circular economy sector, and Tung Kang Wind Power Co., Ltd., which is engaged in renewable energy generation, support the Group’s strategy in responding to customer demand for low-carbon products.
	Financial Impact	Applying for third-party verification of carbon management entails additional manpower and verification costs; however, it may also create opportunities for business growth. The Company will proactively respond to customer requirements for carbon footprint disclosures and low-carbon products in the future. No capital expenditure-related cash outflows are expected in the short, medium, or long term. Accordingly, no cash flow risk is anticipated, and a positive impact on financing availability and the cost of capital is expected in the medium term.
	Risk 3: Tropical Cyclones (Acute Physical Risk)	
	Impact	The Group assumes that extreme weather events, such as typhoons and floods causing damage, will occur once per year in the short to medium term and twice per year in the long term, resulting in financial impacts from property damage and operational disruptions across all manufacturing plants.
	Strategy	All of the Group’s operating sites are equipped with fundamental typhoon and flood resilience planning and structural safeguards, along with established typhoon response measures, effectively mitigating the impacts of such events. All operating sites have secured natural disaster insurance coverage to mitigate the financial impact of potential property losses.
	Financial Impact	To address the potential financial impacts of increasingly severe typhoons in the future, the Group will transfer such risks by procuring relevant insurance coverage, thereby mitigating the financial impact on the Company. No capital expenditure-related cash outflows are expected in the short, medium, or long term. Accordingly, no cash flow risk is anticipated, and there will be no material impact on the Group’s financing availability or cost of capital.
	Risk 4: Changes in Average Precipitation and Water Management (Chronic Physical Risk)	
	Impact	The Group assumes that the plant experienced a 7-day water supply interruption, resulting in decreased revenue

Item	Status of implementation	
		and increased costs, causing financial impact. On the other hand, government regulations on wastewater discharge are expected to become increasingly stringent, and failure to meet discharge standards may result in fines or even enforced suspension of operations.
	Strategy	All of the Group's operating sites have strengthened water resource recycling and implemented a zero wastewater discharge policy. Measures include the installation of water storage tanks, cooling water recovery systems, and rainwater recovery systems, effectively enhancing water recycling and reuse efficiency. Certain plant sites are equipped with groundwater wells, which can serve as backup water sources during water supply interruptions by the municipal water utility. The Group will also continue to advance water recycling and reuse, as well as its zero wastewater discharge policy. In the long term, in the event of water supply disruptions caused by drought conditions, the Company plans to use water trucks to maintain operations at the plant during water supply interruptions. While this strategy may increase the cost of water trucking, it will help mitigate the financial impact of decreased revenue and increased costs resulting from water supply interruptions.
	Financial Impact	Cash outflows for capital expenditures in the short, medium, and long term will be funded by internal resources. No cash flow risk is anticipated, and there will be no material impact on the Group's financing availability or cost of capital.
Risk 5: Extreme Temperature Changes (Acute Physical Risk)		
	Impact	The Group assumes that extreme high temperatures in Taiwan and Vietnam may lead to power restrictions, resulting in operational disruptions of approximately 5 days in the short term, 10 days in the medium term, and 20 days in the long term. This would result in financial impacts through reduced revenue and increased costs.
	Strategy	The Group's invested subsidiary, Tung Kang Wind Power Co., Ltd., is engaged in renewable energy generation, and, together with the rental of diesel generators, can supply a portion of its own electricity demand. On another note, a flexible workforce scheduling and compensatory leave system can help mitigate labor cost losses associated with anticipated operational disruptions. In response to potential power rationing or outages caused by extreme high temperatures, Tung Kang Steel Structure Co., Ltd. and Duc Hoa International J.S.C. will lease diesel generators to supply part of their electricity needs. Meanwhile, Tung

Item	Status of implementation	
		Ho Steel, Katec Creative Resources Corp., and THSVC will adopt flexible workforce scheduling and compensatory leave arrangements as mitigation measures to reduce labor cost impacts.
	Financial Impact	Cash outflows for capital expenditures in the short, medium, and long term will be funded by internal resources. No cash flow risk is anticipated, and there will be no material impact on the Group's financing availability or cost of capital.
	II. Climate Opportunity	
	Opportunity 1: Recycling and Reuse	
	Impact	The strategy of recycling and reusing waste in the circular economy will become increasingly important, and the recycling and reuse industry can also gain significant financial opportunities.
	Strategy	The Group is committed to advancing waste resource utilization policies across its production sites and has also invested in related resource recycling businesses, which will support the Company's long-term sustainable operation strategy. The Group Invests in Taiwan Steel Union Co., Ltd and Katec Creative Resources Corporation, providing an opportunity to generate stable income.
	Financial Impact	Following the implementation of these strategies, a positive impact on financing availability and the cost of capital is expected across the short, medium, and long term.
	Opportunity 2: Financial Institution Awards	
	Impact	Financial institutions will link their credit and investment decisions to the Company's ESG management and climate change management performance. Companies with strong performance in these areas will have the financial opportunity to lower their loan interest costs.
	Strategy	By continuing to invest in climate change management and performance assessments, and by establishing a Group-wide net-zero pathway and carbon reduction targets, the Company is expected to enhance its access to financial opportunities, such as credit facilities, preferential interest rate loans, and financing from the capital markets, thereby positively contributing to the Group's financing availability and cost of capital.
	Financial Impact	Following the implementation of these strategies, a positive impact on financing availability and the cost of capital is expected across the short, medium, and long term.

Item	Status of implementation
<p>III. Describe the financial impacts of extreme climate events and transformational actions.</p>	<p>I. Extreme Climate Events</p> <p>The extreme climate events identified through the climate risk and opportunity assessment meetings include typhoons and floods caused by tropical cyclones, water supply disruptions resulting from changes in average precipitation, and operational suspensions due to power restrictions arising from extreme high temperatures.</p> <p>1. Tropical Cyclone:</p> <p>According to the presentation “National Climate Change Science Report 2024: Phenomena, Impacts, and Adaptation – Key Scientific Findings from Chapters 1 to 3” issued by the National Science and Technology Council and the Ministry of Environment, the annual maximum one-day rainfall intensity in Taiwan shows an increasing trend. By the mid- and late 21st century, the average annual maximum one-day rainfall intensity is projected to increase by approximately 20% and 41.3%, respectively. By the mid- and late 21st century, the number of typhoons affecting Taiwan is projected to decrease by approximately 15% and 55%, respectively, while the proportion of intense typhoons is expected to increase by about 100% and 50%. Typhoon-related precipitation is projected to rise by approximately 20% and 35%. Similar typhoon trends are anticipated for the Vietnam region. The Group assumes that extreme weather events, such as typhoons and floods causing damage, will occur once per year in the short to medium term (2026-2030) and twice per year in the long term (2031-2050), resulting in financial impacts from property damage and operational disruptions across all manufacturing plants.</p> <p>All of the production facilities at the Group’s operating sites are equipped with fundamental typhoon and flood resilience planning and structural safeguards, along with established typhoon response measures, effectively mitigating the impacts of such events. On the other hand, all operating sites of the Group have secured natural disaster insurance coverage to mitigate the financial impact of potential property losses.</p> <p>2. Change in average precipitation:</p> <p>Under the worst-case global warming scenario (SSP5-8.5) in the IPCC Sixth Assessment Report, total annual precipitation in Taiwan is projected to increase by 15% over the long term; however, the number of consecutive dry days is also expected to increase by 5.5%. This may lead to water supply interruptions by the municipal water utility, resulting in a 7-day suspension of water supply to plant sites and causing financial impacts through reduced revenue and increased costs.</p> <p>All of the Group’s operating sites have strengthened water resource recycling and a zero wastewater discharge policy. Measures include the installation of water storage tanks, cooling water recovery systems, and rainwater recovery systems, effectively enhancing water recycling and reuse efficiency. On another note, certain plant sites are equipped with groundwater wells, which can serve as</p>

Item	Status of implementation
	<p>backup water sources during water supply interruptions by the municipal water utility.</p> <p>3. Extreme changes in temperature Under the worst-case global warming scenario (SSP5-8.5) as outlined in the IPCC Sixth Assessment Report, the extreme high temperatures in Taiwan may lead to power restrictions, resulting in operational disruptions of approximately 5 days in the short term, 10 days in the medium term, and 20 days in the long term. This would result in financial impacts through reduced revenue and increased costs.</p> <p>The Group’s invested subsidiary, Tung Kang Wind Power Co., Ltd., is engaged in renewable energy generation, and, together with the rental of diesel generators, can supply a portion of its own electricity demand. On another note, a flexible workforce scheduling and compensatory leave system can help mitigate labor cost losses associated with anticipated operational disruptions.</p> <p>II. Transition Actions</p> <p>1. Low-Carbon Technology Transition The National Development Council announced the “Taiwan's Pathway to Net-Zero Emissions in 2050” in March 2022, and in 2023, the "Climate Change Response Act" was passed on third reading, formally enshrining the 2050 net-zero greenhouse gas emissions target into law. In August 2024, the government announced the three subsidiary regulations governing carbon fees, marking Taiwan’s formal entry into the carbon pricing era. Enterprises with total annual greenhouse gas emissions of 25,000 metric tons of CO₂e or more at a single site will be subject to carbon fees starting in 2026. In 2024, it was announced that enterprises with annual electricity consumption of 10 million kWh or more at a single site, or with total annual greenhouse gas emissions of 10,000 metric tons of CO₂e or more, will be required to conduct greenhouse gas inventories and reporting starting in 2026, with carbon fees to be imposed beginning in 2031. In October 2024, the government announced the “Carbon Fee Rate,” setting a standard rate of NT\$300 per metric ton of CO₂e. The rate will be gradually increased in the future, and after 2031, it will be adjusted to NT\$1,800 per metric ton of CO₂e. In addition, the exemption threshold of 25,000 metric tons of CO₂e will be eliminated. In addition, the Renewable Energy Development Act requires large electricity consumers to install renewable energy generation facilities equivalent to at least 10% of their contracted capacity; otherwise, they are required to pay a substitute fee. Meanwhile, the Vietnamese government will conduct a national greenhouse gas inventory, implement greenhouse gas emission quotas from 2026 to 2030, and launch the operation of a carbon market in 2028.</p> <p>In response to increasingly stringent requirements related to renewable energy regulations, carbon fees, emissions caps, low-carbon transition services, and low-carbon products and services,</p>

Item	Status of implementation
	<p>and to achieve the Group’s 2050 net-zero emissions target, the Group will adopt strategies such as upgrading to high-efficiency electric arc furnaces, investing in renewable energy generation, procuring renewable energy certificates (integrated energy certificate), implementing low-carbon steelmaking process transformations, improving equipment energy efficiency, applying for voluntary reduction programs, and adopting carbon capture, utilization, and storage (CCUS) technologies. These measures are intended to mitigate the impact of climate-related regulations and transform them into future financial opportunities for the Company’s operations.</p> <p>2. Customer Behavior Changes</p> <p>The Group’s principal products and services include reinforcing bars, structural steel, steel structure engineering, construction engineering, and waste treatment. In the short term, government procurement entities, in alignment with the government’s 2050 net-zero emissions policy, will begin requiring suppliers to provide carbon footprint disclosures for their products and services. The Executive Yuan Public Works Committee has begun requiring bidding contractors to disclose carbon content on the Government e-Procurement System and to incorporate carbon intensity as a consideration in public construction tenders. On the other hand, the Public Works Department of the New Taipei City Government has introduced Building Information Modeling (BIM), and it is expected that carbon emission assessment templates within such models will be incorporated into public construction contract specifications in the future. It is also expected that, in the medium to long term, in addition to requirements for carbon footprint disclosures in procurement by government entities and private enterprises, demand for low-carbon products is likely to increase. The Group has established comprehensive carbon management capabilities and has extended such practices, including ISO 14064-1 organizational GHG inventories, ISO 14067 product carbon footprinting, Environmental Product Declarations (EPDs), and carbon reduction disclosures, to all subsidiaries. In addition to its core steel business, the Group’s subsidiaries, Katec Creative Resources Corp., which operates in the circular economy sector, and Tung Kang Wind Power Co., Ltd., which is engaged in renewable energy generation, support the Group’s strategy in responding to customer demand for low-carbon products.</p>
<p>IV. Describe how the climate risk identification, assessment, and management processes are integrated into the overall risk management system.</p>	<p>The Company has established the Sustainable Development Committee under the Board of Directors, covering the environmental sustainability, corporate social responsibility, corporate governance, of which the corporate governance team is in charge of establishing, monitoring and reviewing relevant policies and management mechanisms related to corporate governance, integrity management, and risk management. And responsible for coordinating relevant departments in risk identification, evaluation, management and supervision, and regularly reporting the</p>

Item	Status of implementation						
	<p>implementation status to the Sustainable Development Committee. The Sustainable Development Committee is responsible for reporting the overall risk management implementation status to the Board of Directors at least once a year. Each department assess the possibility of various risk factors and degree of impact based on their functions, taking necessary measures, and assuring proper management of various risks. Additionally, the Audit Office is responsible for preparing annual audit plans based on the risk management policies and risk evaluation results, conducting systems auditing based on the plan, and assisting the Board of Directors in supervision and management of the potential risks in decision-making, in order to ensure effective implementation of relevant control procedures. The 2025 implementation details have been reported in the 20th meeting of the 25th Board of Directors Meeting on December 30, 2025.</p> <p>The Environmental Sustainability Committee convened climate change risk and opportunity identification meetings, and each department will evaluate the response measures and financial impacts of the main short, medium and long term risks and opportunities identified in the meeting, while considering the impact of products and services, supply chain, adaption and mitigation activities, R&D investment, and business operations (including business types and facility location) on the Group's businesses and strategies. Among them, the identification and evaluation of climate-related Transition risks and physical risks include the impact on business operations, the probability of occurrence, and the vulnerability when it occurs. As for the identification and evaluation of climate-related opportunities, it covers the degree of impact on business operations and the probability of occurrence.</p> <p>After Matrix analysis, ESG members discuss, finally identify significant climate change risks and opportunities, then ESG convenes climate risk and opportunity response strategy discussion meeting to decide the future climate change related countermeasures of the Company, then the Sustainable Development Committee reviews climate-related risks and opportunities and their strategies and goals, and finally the Board of Directors is responsible for reviewing and guiding climate change strategies, action plans and annual goals, and regularly supervising the implementation and reviewing greenhouse gas reduction goals and achievements every year.</p>						
<p>V. If situational analysis is used to assess the resilience to climate change risks, describe the contexts, parameters, assumptions, analysis factors, and key financial implications.</p>	<p>I. Climate-related risks and opportunities affect the Group's strategy and financial planning. Accordingly, the Group assesses the resilience of its sustainability and climate strategies by analyzing the worst-case scenarios across three risk categories, namely transition, regulatory, and physical risks, as well as sustainability- and climate-related opportunities.</p> <table border="1" data-bbox="512 1823 1485 2092"> <thead> <tr> <th data-bbox="512 1823 799 1946">Climate-related Types of risks and opportunities</th> <th data-bbox="799 1823 1139 1946">The context of the Group's evaluation strategy</th> <th data-bbox="1139 1823 1485 1946">Scenario content</th> </tr> </thead> <tbody> <tr> <td data-bbox="512 1946 799 2092"> <ul style="list-style-type: none"> • Transition risks • Legal risks </td> <td data-bbox="799 1946 1139 2092"> <ul style="list-style-type: none"> • 1.5 degree scenario • Taiwan 2050 Net Zero Emission Path and Strategy </td> <td data-bbox="1139 1946 1485 2092"> <p>Amid the global transition toward net-zero emissions by 2050, and in alignment with</p> </td> </tr> </tbody> </table>	Climate-related Types of risks and opportunities	The context of the Group's evaluation strategy	Scenario content	<ul style="list-style-type: none"> • Transition risks • Legal risks 	<ul style="list-style-type: none"> • 1.5 degree scenario • Taiwan 2050 Net Zero Emission Path and Strategy 	<p>Amid the global transition toward net-zero emissions by 2050, and in alignment with</p>
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Item	Status of implementation	
		<ul style="list-style-type: none"> • Net Zero Emission Scenario (NZE) • Taiwan's Climate Change Response Act <p>Taiwan’s “Taiwan's Pathway to Net-Zero Emissions in 2050” the four major transition strategies and two governance foundations place stringent controls on greenhouse gas emissions. The National Development Council has also announced the phased targets and key strategies for the 2050 net-zero transition. In addition, at the end of 2024, the Ministry of Environment declared that national net greenhouse gas emissions should be reduced by 28% ±2% by 2030 compared to 2005 levels, with further targets of a 32% ±2% reduction by 2032 and a 38% ±2% reduction by 2035.</p>
	<ul style="list-style-type: none"> • Physical risks 	<ul style="list-style-type: none"> • Worst Scenarios of Global Warming in the Sixth IPCC Scientific Assessment Report (SSP5-8.5) <p>Under the context of extremely high greenhouse gas emissions(SSP5-8.5), climate change will aggravate the changes of future average temperature, extremely high temperature, annual total rainfall, annual maximum 1-day rainstorm intensity, annual maximum continuous no-rainfall days and strong station ratio, which have an operational impacts on the Company and its value chains.</p>

Item	Status of implementation
	<p data-bbox="507 197 1406 309">II. Description of the projected scenarios under the 1.5°C scenario, Taiwan's Pathway to Net-Zero Emissions in 2050, and Taiwan's Climate Change Response Act.</p> <div data-bbox="576 309 1501 1635" style="border: 1px solid black; padding: 5px;"> <ol style="list-style-type: none"> <li data-bbox="587 315 1490 987">1. In August 2024, the government announced the three subsidiary regulations governing carbon fees, marking Taiwan's formal entry into the carbon pricing era. Enterprises with total annual greenhouse gas emissions of 25,000 metric tons of CO₂e or more at a single site will be subject to carbon fees starting in 2026. In 2024, it was announced that enterprises with annual electricity consumption of 10 million kWh or more at a single site, or with total annual greenhouse gas emissions of 10,000 metric tons of CO₂e or more, will be required to conduct greenhouse gas inventories and reporting starting in 2026, with carbon fees expected to be imposed beginning in 2031. In October 2024, the government announced the "Carbon Fee Rate," setting a standard rate of NT\$300 per metric ton of CO₂e. The chargeable emissions are calculated as (annual emissions – 25,000 metric tons of CO₂e). The rate is expected to be gradually increased in the future, with an anticipated adjustment to approximately NT\$1,500–2,000 per metric ton of CO₂e after 2031. <li data-bbox="587 987 1477 1111">2. In response to the 2030 Nationally Determined Contribution (NDC) emission reduction targets, electricity tariffs of Taiwan Power Company are projected to increase by 20% every 5 years. <li data-bbox="587 1111 1465 1234">3. In response to the 2050 net-zero transition target, the electricity emission factor of Taiwan Power Company is expected to decline annually. <li data-bbox="587 1234 1437 1391">4. In accordance with the Renewable Energy Development Act, large electricity consumers is required to install renewable energy generation facilities equivalent to at least 10% of their contracted capacity. <li data-bbox="587 1391 1453 1514">5. In the medium to long term, certain customers may require the Group's products to be accompanied by carbon neutrality certification. <li data-bbox="587 1514 1485 1637">6. Under the Climate Change Response Act, enterprises are eligible for subsidies related to carbon reduction, renewable energy, energy storage system, and carbon capture. </div> <p data-bbox="507 1682 1477 1760">III. Description of Worst Scenarios of Global Warming in the Sixth IPCC Scientific Assessment Report (SSP5-8.5)</p> <div data-bbox="576 1760 1501 2072" style="border: 1px solid black; padding: 5px;"> <ul style="list-style-type: none"> <li data-bbox="587 1767 1453 1957">• Temperatures across Taiwan are projected to continue rising in the future. Under the worst-case global warming scenario (SSP5-8.5), the average annual temperature is projected to increase by more than 1.8°C by the mid-21st century and by more than 3.4°C by the end of the century. <li data-bbox="587 1957 1485 2072">• In future extreme heat events, the number of days with temperatures exceeding 36°C is expected to increase across regions. Under the worst-case scenario (SSP5-8.5), the increase is </div>

Item	Status of implementation	
		<p>projected to be approximately 8.5 days by the mid-21st century and 48.1 days by the end of the century.</p> <ul style="list-style-type: none"> • Total annual precipitation in Taiwan is projected to show an increasing trend in the future. Under the worst-case scenario (SSP5-8.5), Taiwan’s average annual total precipitation is projected to increase by approximately 15% by the mid-21st century and 31% by the end of the century. • The annual maximum one-day rainfall intensity in Taiwan shows an increasing trend. Under the worst-case scenario (SSP5-8.5), the average annual maximum one-day rainfall intensity is projected to increase by approximately 20% and 41.3%, respectively by the mid- and late 21st century. • The maximum number of consecutive dry days per year shows an increasing trend across regions. Under the worst-case scenario (SSP5-8.5), the average increase is projected to be approximately 5.5% by the mid-21st century and 12.4% by the end of the century. • Under the worst-case scenario (RCP 8.5), the number of typhoons affecting Taiwan is projected to decrease by approximately 15% and 55%, respectively, while the proportion of intense typhoons is expected to increase by about 100% and 50%. Typhoon-related precipitation is projected to rise by approximately 20% and 35% by the mid- and late 21st century.
<p>VI. If there is a transformation plan for managing climate related risks, describe the plan and the metrics and targets used to identify and manage physical and Transition risks.</p>	<p>I.</p> <p>II.</p>	<p>Greenhouse gas emission targets and renewable energy use targets</p> <p>Tung Ho Steel has established absolute emission reduction targets, with reference to the reduction targets outlined in Taiwan's Pathway to Net-Zero Emissions in 2050. Since 2003, we have been conducting greenhouse gas emission inventories, participating in voluntary reduction programs, and proactively disclosing greenhouse gas management information. At the 25th meeting of the 24th Board of Directors Meeting held on February 22, 2023, the Company released its phased goal for 2030 to reduce 30% of carbon emissions compared with 2005; a long-term carbon reduction target aligned with the mainland's 2050 net zero path, and a target that 30% of total electricity consumption in 2030 will come from renewable energy sources (RE30).</p> <p>On April 25, 2025, the 15th meeting of the 25th Board of Directors approved the Group’s interim 2035 targets, including a 30% reduction in carbon emissions and the achievement of RE30—namely, a 30% reduction in total carbon emissions by 2035 compared to the 2021 base year, and 30% of total electricity consumption sourced from renewable energy by 2035.</p> <p>The use of low-carbon energy targets</p> <p>The Company has ceased procuring pig iron since 2023 and expects to fully utilize its remaining inventory by the end of 2026, after which pig iron will no longer be used as a raw material for electric arc furnace steelmaking. (Note: The greenhouse gas emissions in the raw material stage of cast iron are much higher than those of scrap steel.)</p>

Item	Status of implementation
<p>VII. If internal carbon pricing is used as a planning tool, the basis for the pricing should be described.</p>	<p>In order to promote climate change adaptation and mitigation actions, Tung Ho Steel actively manages carbon risks, and formulates operating procedures and methods such as climate-related financial disclosure and internal carbon pricing. The internal carbon pricing of the Company adopts nationally determined carbon price, so as to facilitate the set greenhouse gas reduction target and promote the clean energy transformation in the future. To advance climate change adaptation and mitigation actions, the 20th meeting of the 24th Board of Directors in August 2022 approved the “Regulations Governing the Appropriation and Utilization of Special Reserves for Climate Change Adaptation and Mitigation.” The reserve is calculated based on an internal carbon pricing mechanism and the total of Scope 1 and Scope 2 emissions identified through internal inventories for the year. It is designated for expenditures related to climate adaptation and mitigation initiatives, including energy-saving equipment or efficiency upgrades, research and development of conservation technologies, and the development of low-carbon products. The utilization of this reserve is subject to approval by the Board of Directors and ratification by the shareholders’ meeting. In 2025, NT\$156 million was appropriated to this special reserve. Expenditures included the establishment of a big data-based energy management system, fuel conversion projects for heating furnaces, improvements to hydro turbines, procurement of variable frequency air compressors, centrifugal air compressors, and variable frequency water-cooled packaged units, as well as the adoption of renewable energy such as wind and optoelectronics.</p>
<p>VIII. If climate related targets are set, the activities covered, the scope of greenhouse gas emissions, the planning period, and the annual progress of achievement should be stated; and if carbon offsets or renewable energy certificates (RECs) are used to achieve the relevant targets, the source and quantity of carbon credits to be offset or the quantity of renewable energy certificates (RECs) should be stated.</p>	<p>Tung Ho Steel has established absolute emission reduction targets. The Company released its phased goal for 2030 to reduce 30% of carbon emissions compared with 2005; a long-term carbon reduction target aligned with the mainland's 2050 net zero path, and a target that 30% of total electricity consumption in 2030 will come from renewable energy sources (RE30). In terms of sustainable development goals, purchasing renewable energy certificates is one of the important measures for Tung Ho Steel to achieve this objective. Approximately 73% of our company's total Scope 1 and Scope 2 greenhouse gas emissions come from electricity consumption. This approach helps reduce reliance on fossil fuels, lower energy costs, and meet national requirements for renewable energy, thereby embodying our corporate responsibility and mission. In 2025, Tung Ho Steel purchased 210,944,812 renewable energy certificates (integrated energy certificate) from our subsidiary Tung Kang Wind Power and other external units, which is equivalent to approximately 18.46% of our electricity consumption for the year.</p> <p>Additionally, we are drafting a 1.5°C low-carbon transformation plan, which focuses on decarbonization pathways for electricity consumption, given its higher proportion of greenhouse gas emissions. The Company's current carbon reduction path and estimated carbon reduction objectives include:</p> <ul style="list-style-type: none"> I. Reduce the use of electricity: Shifts to decarbonized technologies and transformation of electric furnace, procurement of renewable energy II. Implementation of energy saving and carbon reduction scheme: Improve energy efficiency, process improvement

Item	Status of implementation
	III. Other carbon reduction paths: Stop using cast iron, use low-carbon fuels flexibly, reduce the use of carburants
IX. Greenhouse Gas Inventory, Confirmation, Reduction Targets, Strategies, and Specific Action Plans (please refer to 3.).	

3. Greenhouse Gas Inventory and Confirmation

(1) Greenhouse gas inventory information

A. Greenhouse gas inventory information

Explanation of the greenhouse gas emissions for the past two years (in metric tons CO₂e), density (in metric tons CO₂e per million dollars), and the scope of data coverage.

Item		2024 (ISO 14064:2018)		2025 (ISO 14064:2018)	
		Emissions (tons CO ₂ e)	Intensity (tons CO ₂ e/NT\$ million in revenue)	Emissions (tons CO ₂ e)	Intensity (tons CO ₂ e/NT\$ million in revenue)
The Company	Category I Direct GHG emissions	211,948	/	208,249	/
	Category II Indirect GHG emissions	547,191		443,118	
	Subtotal (Category I + Category II)	759,139		651,367	
Consolidated Financial Statements Subsidiary	Category I Direct GHG emissions	130,879		108,106	
	Category II Indirect GHG emissions	209,181		185,413	
	Subtotal (Category I + Category II)	340,059		293,518	
Total		1,099,198	18.27	944,885	16.33

		2024	2025
The Company	Category III	255,656	256,587
	Category IV	1,170,589	1,214,187
	Category V	157,770	145,784
	Category VI	0	0
	Subtotal (Categories III to VI)	1,584,014	1,616,557
Consolidated Financial Statements Subsidiary	Category III	161,425	129,241
	Category IV	429,410	440,718
	Category V	37,769	38,058
	Category VI	0	0
	Subtotal (Categories III to VI)	628,603	608,017
Total		2,212,617	2,224,574

(Note: The data for the year 2024 has been verified by Bureau Veritas, Taiwan. The 2025 data is based on internal audits as the verification process was not completed at the time of the annual report. The data published in the sustainability report is considered primary.)

B. Greenhouse gas confirmation information

Explanation of the confirmed situation for the two most recent fiscal years as of the date of printing of the annual report, including the scope of confirmation, confirming institutions, criteria for confirmation, and confirmation opinions.

Data for 2024 covers Tung Ho Steel Enterprise Corporation (the parent company), including its headquarters, Taoyuan Plant, Miaoli Plant, Kaohsiung Works – Jiaying, Kaohsiung Works – Daye, Taichung Port Logistics Center, and Taoyuan Processing Center; as well as its subsidiaries: Tung Kang Steel Structure Co., Ltd., Tung Kang Engineering & Construction Co., Ltd., Tung Kang Wind Power Co., Ltd., Katec Creative Resources Corp., Tung Ho Steel Vietnam Co., Ltd. (THSVC) and Duc Hoa International J.S.C., among others, has been assured by Bureau Veritas Taiwan Co., Ltd. (BV) in accordance with ISO 14064-1:2018, with assurance opinions issued at a reasonable assurance level and without unqualified opinion.

Data for 2025 covers Tung Ho Steel Enterprise Corporation (the parent company), including its headquarters, Taoyuan Plant, Miaoli Plant, Kaohsiung Works – Jiaying, Kaohsiung Works – Daye, Taichung Port Logistics Center, and Taoyuan Processing Center; as well as its subsidiaries: Tung Kang Steel Structure Co., Ltd., Tung Kang Engineering & Construction Co., Ltd., Tung Kang Wind Power Co., Ltd., Katec Creative Resources Corp., Tung Ho Steel Vietnam Co., Ltd. (THSVC) and Duc Hoa International J.S.C.'s internal inventory data is planned to be assured by Bureau Veritas Taiwan Co., Ltd. (BV) in accordance with ISO 14064-1:2018 by June 2026.

(2) Greenhouse Gas Reduction Targets, Strategies, and Specific Action Plans

Explanation of the greenhouse gas reduction base year and its data, reduction targets, strategies, specific action plans, and the achievement of reduction targets.

1. Greenhouse Gas Reduction Base Year and Reduction Targets:

The Company has established absolute reduction targets based on the national net zero path in 2050 and the Nationally Determined Contribution (NDC) emission reduction target announced in December 2022. Tung Ho Steel uses 2005 as the base year and has set a medium-term target of a 30% reduction in emissions by 2030. Its long-term decarbonization target aligns with the national 2050 net-zero pathway. In addition, at the 15th meeting of the 25th Board of Directors on April 25, 2025, the Group's greenhouse gas reduction targets were approved, establishing 2021 as the base year and setting a medium-term target of a 30% reduction in emissions by 2035.

2. Greenhouse Gas Reduction Strategies and Specific Action Plans

The Company closely monitors global climate change trends and international response directions, and has incorporated climate change as a material issue in its sustainable development agenda and a critical material risk. To achieve net-zero emissions, the Company has adopted 2005 as the base year and formulated a 1.5°C low-carbon transition plan, initially focusing on decarbonization pathways for electricity consumption, which represents a significant share of its greenhouse gas emissions. Since 2022, the Company has promoted the optimization and technological upgrading of electric arc furnace equipment, holding regular project meetings on furnace retrofitting and continuously introducing low-carbon production technologies and equipment. It has also established targets for the use of low-carbon raw materials, and plans to cease the use of pig iron as a raw material for electric arc furnace steelmaking after 2027.

To promote adaptation and mitigation actions for climate change, the Company has established and approved the "Appropriation and Application of Special Surplus Reserve for Climate Change Adaptation and Mitigation" in 2022. The special reserve will be used for projects or plans related to climate change adaptation and mitigation, such as upgrading energy-saving equipment or improving the energy efficiency of equipment, research and development of energy-saving technologies, and development of low-carbon product technologies.

In terms of green energy development, the subsidiary Tung Kang Wind Power continues to expand renewable energy generation, including solar and wind power, and supplies such electricity to Tung Ho Steel. In addition, through the procurement of external renewable energy certificates (integrated energy certificate), the Group aims to achieve a target of sourcing 30% of its total electricity consumption from renewable energy by 2035.

To strengthen the planning and implementation of its decarbonization strategy, the Company has established a "Voluntary Reduction Program Task Force" to conduct research and evaluation of various energy-saving and carbon reduction initiatives. In addition, internal study groups are organized to review key literature and the latest international journals. Through professional discussion and knowledge exchange, the Company identifies

effective decarbonization solutions and dynamically adjusts its voluntary reduction programs. Looking ahead, the Company will continue to implement concrete measures in alignment with the 2050 net-zero emissions pathway, including the adoption of decarbonization technologies and the expansion of renewable energy deployment. It will also regularly review the progress and effectiveness of its targets, with the aim of progressively reducing greenhouse gas emissions.

Year	Greenhouse gas reduction target for Tung Ho Steel (metric tons CO ₂ e)	Carbon reduction percentage (%)
2005 (base year)	831,012	-
2025	651,367	21.62
2030 (Short to Medium-term Goals)	581,708	30
2050 (Long-term Goal)	0	100

Year	Greenhouse gas reduction target for the Group (metric tons CO ₂ e)	Carbon reduction percentage (%)
2021 (base year)	1,278,233	-
2025	944,885	26.08
2035 (Short to Medium-term Goals)	894,763	30
2050 (Long-term Goal)	0	100

Note:

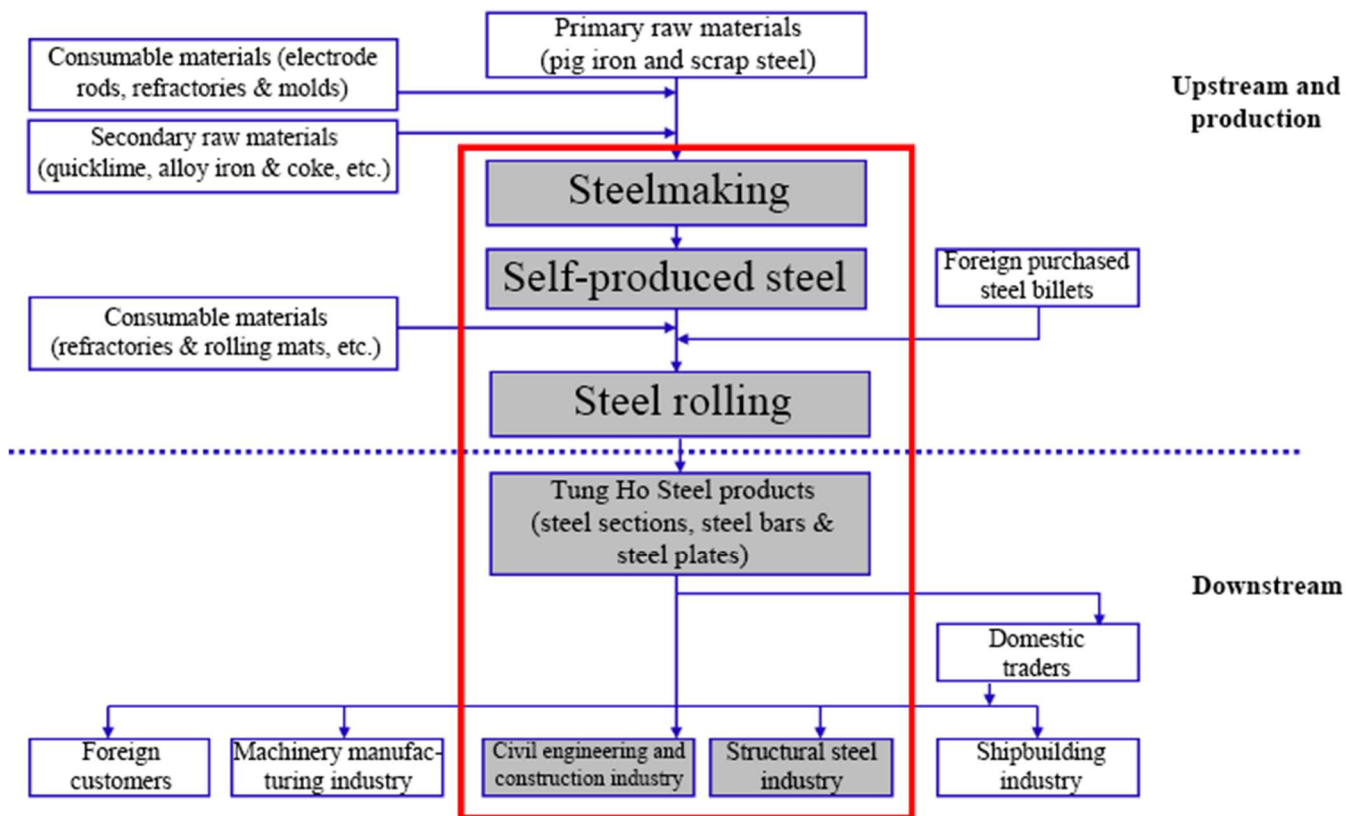
1. The Company has set a target to reduce carbon emissions by 30% by the year 2030 compared to the levels in 2005, in accordance with Taiwan's nationally determined contribution (NDC) targets announced in December 2022.
2. Greenhouse gas emissions include Scope 1 and Scope 2 emissions combined.

4. Disclosure of Sustainability- and Climate-Related Financial Information

(1) Disclosure of Sustainability- and Climate-Related Financial

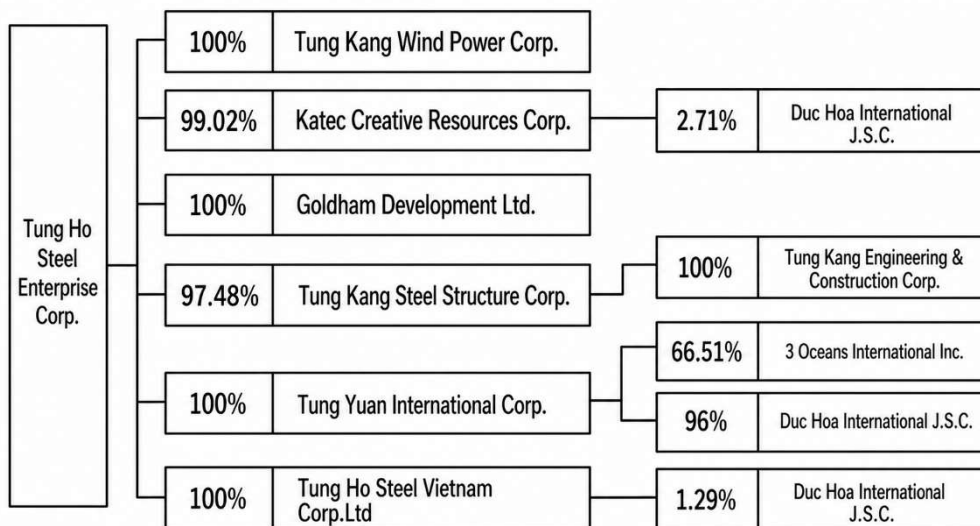
A. Regarding the Tung Ho Steel Group [S1.2]

Tung Ho Steel Enterprise Corporation (hereinafter referred to as the “Company” or “Tung Ho Steel”) was incorporated in May 1962 in accordance with the Company Act and was officially listed on July 13, 1988 (stock code: 2006). It is the largest manufacturer of H-shaped steel and reinforcing bars in Taiwan. The Company is headquartered in Taipei, with its primary production and operating bases located at the Taoyuan, Miaoli, and Kaohsiung plants. Its principal products include reinforcing bars and structural steel. In addition, the Company operates a logistics center at Taichung Port and a processing center in Taoyuan to provide reinforcing bar processing services, thereby strengthening its supply chain and customized processing capabilities. Tung Ho Steel occupies a medium- to upstream position within Taiwan’s steel industry. The distribution of its upstream and downstream value chain is outlined as follows:



Note: Inside the red box indicates the

The organizational structure of the Tung Ho Steel Group is illustrated as follows:



B. Disclosure Boundary [S1.20, S1.B38]

To enable primary users of general-purpose financial reports to understand material information related to sustainability- and climate-related risks and opportunities, the reporting entity of this report is consistent with that of the Group’s consolidated financial statements and includes the following companies:

Company Name	Main businesses or production items
Tung Ho Steel Enterprise Corporation (parent company)	Steel industry
Tung Kang Steel Structure Co., Ltd.	Steel structure engineering professional construction
Tung Kang Engineering & Construction Co., Ltd.	Synthesis Construction
Tung Kang Wind Power Co., Ltd.	Electric power supply
Katec Creative Resources Corp.	General waste clearance and disposal operations
Tung Ho Steel Vietnam Corp., Ltd. (THSVC)	Steel industry
Duc Hoa International J.S.C.	Quicklime plant

C. Compliance Statement [S1.17, S1.55, S1.72, S2.2, S2.12, S2.23].

To enhance the quality of sustainability information disclosure, the Group has prepared this report with reference to the Regulations Governing the Contents of Annual Reports of Public Companies and the IFRS Sustainability Disclosure Standards (hereinafter referred to as the “IFRS Sustainability Disclosure Standards”) as endorsed and promulgated by the Financial Supervisory Commission (FSC). From the perspective of primary users of general-purpose financial reports—including existing and potential investors, lending banks, and other creditors—the Group has referred to IFRS S1 “General Requirements for Disclosure of Sustainability-related Financial Information”, IFRS S2 “Climate-related Disclosures”, the Industry-based Implementation Guidance – Steel Producers, and the Industry-based Implementation Guidance – Engineering & Construction Services. In addition, the Group has adopted the SASB Sustainability Accounting Standards – Steel Producers and Engineering & Construction Services to identify sustainability- and climate-related risks and opportunities that could reasonably be expected to affect the Group’s prospects, and to disclose material information relating to such risks and opportunities. The 2026 Sustainability- and Climate-related Financial Disclosures (IFRS S1 & S2) represent the Group’s second report prepared with reference to the IFRS Sustainability Disclosure Standards. Unless otherwise specified, the financial impact amounts disclosed herein are consistent with those presented in the Group’s consolidated financial statements and are expressed in the functional currency, New Taiwan Dollars (NTD). The implementation status of the IFRS Sustainability Disclosure Standards adoption plan, along with the identification results of sustainability- and climate-related risks and opportunities, were reported in December 2025 to the 6th meeting of the 3rd Sustainable Development Committee and the 20th meeting of the 25th Board of Directors.

D. Application of Exemption Provisions [S1.E3-E6, S2.C3-C5]

Exemption Items	Description	Corresponding Sections of the IFRS Sustainability Disclosure Standards
Business sensitive information	When the conditions set out in paragraph B35 of IFRS S1 are met, business sensitive information related to sustainability-related opportunities may be omitted.	IFRS S1.B34-B36
Use of alternative methods for measuring greenhouse gas emissions	If an entity, in whole or in part, is required by a competent authority in a jurisdiction or by its listing exchange to use a different method for measuring its greenhouse gas emissions, the entity may apply such method for the portion subject to those requirements during the applicable period, instead of using the “Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004).” The greenhouse gas inventory is conducted in accordance with ISO 14064-1:2018.	IFRS S2.29(a)(ii), B24

(2) Sustainability- and Climate-related Governance and Risk Management

A. The Board of Directors is responsible for governance and oversight of sustainability- and climate-related matters, as well as the development of related competencies.

【S1.27(a)(i)、S1.27(a)(iii)、(a)(iv)、S1.27(b)(ii)、S2.6(a)(i)、S2.6(a)(iii)、S2.6(b)(ii)、(a)(iv)】

The Company’s Board of Directors comprises 9 members (including 1 female director and 3 independent directors), all of whom are citizens of the Republic of China. Their term of office runs from May 30, 2023 to May 29, 2026, and none of the independent directors has served more than three consecutive terms. Members of the Board of Directors possess extensive experience in business operations and management, with relevant professional backgrounds and the necessary knowledge, skills, and competencies to perform their duties. Among the 11 core areas of diversity, the Company places particular emphasis on four key dimensions—operational judgment, business management, crisis management, and sustainability management—with more than two-thirds of the directors possessing competencies in these core areas. The Board of Directors is responsible for the review and guidance of climate change strategies, action plans and annual objectives, with regular monitoring on the implementation status and review of GHG reduction targets and achievements on an annual basis.

The Board of Directors has established the Sustainable Development Committee (functional committee) under the Board of Directors. The committee consists of three members appointed by resolution of the Board of Directors, among which more than 50% of the members are independent directors. The Company’s Chairman is appointed as the committee’s convener (chairperson), and is responsible for issues

related to sustainability and climate change, including environmental sustainability, as well as the establishment, monitoring and review of company objectives. The Sustainable Development Committee convenes at least twice annually and regularly reports to the Board of Directors on sustainability- and climate change-related matters. In addition, quarterly reports on greenhouse gas inventories and related timelines are presented to the Board. On December 30, 2025, the 20th meeting of the 25th Board of Directors approved the implementation status of the IFRS Sustainability Disclosure Standards adoption plan, as well as the identification results of sustainability- and climate-related risks and opportunities.

The Company places strong emphasis on the disclosure of sustainability-related information, including environmental, social, and governance (ESG) matters. On October 29, 2024, the 12th meeting of the 25th Board of Directors approved the inclusion of sustainability information management procedures within the internal control system. These procedures have also been incorporated into the annual audit plan, in compliance with the Regulations Governing Establishment of Internal Control Systems by Public Companies, to ensure that the management and disclosure of sustainability information are accurate, complete, and consistent.

B. The Board of Directors' capability of governing sustainability- and climate-related matters

Since 2021, the Group has engaged external instructors on an annual basis to conduct training programs on sustainability and climate change-related topics. Participants include all members of the Board of Directors and senior executives. The training program in 2025 focused on “Global Trends in Carbon Pricing Mechanisms.” From 2021 to 2025, directors have completed a total of 287 person-hours of sustainability-related training.

Course Schedule	Education and Training Programs on Sustainability and Climate Change-related Topics	Hours	Participants
May 11, 2021	2021 corporate governance guidelines – corporate climate governance and TCFD disclosure practices	3 hours	All members of the Board and senior executives
May 5, 2022	Risks and opportunities of climate change and net-zero policies for business operations	3 hours	All members of the Board and senior executives
March 8, 2023	The development and planning of energy storage systems	4 hours	All members of the Board
August 8, 2023	Corporate climate governance and TCFD disclosure practices	3 hours	All members of the Board and senior executives
April 30, 2024	Carbon management trends and response strategies for achieving net-zero emissions	3 hours	All members of the Board and senior executives
July 30, 2024	Gender equality in corporate governance and sustainable development	3 hours	All members of the Board and senior executives
April 25, 2025	Global Trends in Carbon Pricing Mechanisms	3 hours	All members of the Board and senior executives

The Board of Directors actively engages in dialogues between government and industry on corporate-related issues and participates in climate-related initiatives, adopting a pragmatic and forward-looking approach to addressing the challenges that climate change poses to sustainable development.

Trade Association Name	Position	Representative
Chinese National Federation of Industries	Vice Chairman	Chairman
Taiwan Steel & Iron Industries Association	Executive Director	Chairman

Name of Climate-related Initiatives	Date of Signature	Representative
CNFI Carbon Neutrality Alliance (Taiwan Steel & Iron Industries Association)	April 2022	Chairman
Ministry of Agriculture "Agricultural Net Zero ESG Projects"	August 2022	Chairman
National Central University "Environmental Green Energy and Carbon Reduction Initiative"	November 2022	Chairman
Global Steel Climate Council-Supporting Member	February 2023	Chairman
Join the "Hydrogen Combustion Industrial Application and High-Pressure Storage/Transportation Technology Alliance"	March 2023	Chairman
Ministry of Environment "Green Growth Alliance"	May 2025	Chairman
CNFI "Industrial Carbon Neutrality Alliance"	August 2025	Chairman

C. The representative for sustainability- and climate-related matters established under the Board level **【S1.27(b)(i), S2.6(b)(i)】**

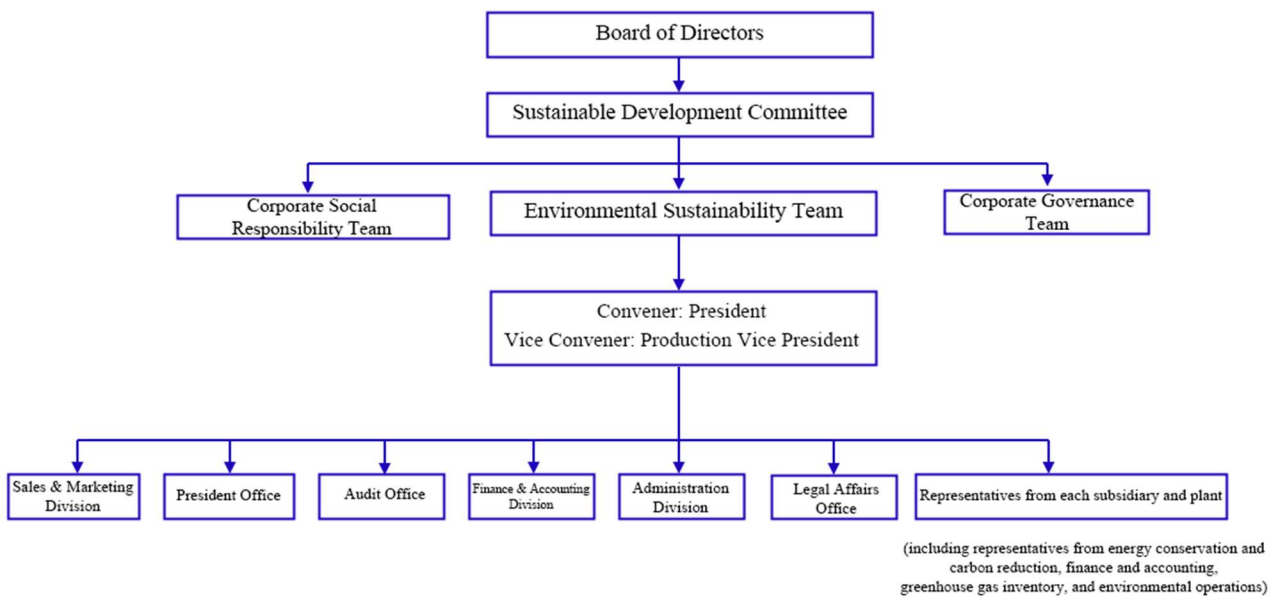
The environmental sustainability team is set up under the Sustainable Development Committee of the Board of Directors, which is composed of dedicated personnel from relevant departments of the Group, with the Production Vice President as the Chairperson who is responsible for evaluating and managing sustainability and climate-related risks and opportunities, as well as goal and strategy formulation. The Environmental Sustainability Team reports its implementation status to the Sustainable Development Committee on a regular basis.

The Environmental Sustainability Team continued in 2025 to convene project meetings for the retrofit of scrap preheating electric arc furnaces, as well as planning meetings for energy conservation and carbon reduction initiatives. The Team also identified sustainability- and climate-related risks and opportunities, and formulated corresponding action plans and targets. With the carbon fee regime coming into effect on January 1, 2025, the Environmental Sustainability Team established a "Voluntary Reduction Plan Task Force." As of mid-March 2026, the task force had convened 10 review meetings and has been actively formulating 53 company-wide reduction measures, with the aim of securing preferential fee rates through the

implementation of concrete voluntary reduction plans. The Environmental Sustainability Team will continue to be responsible for the implementation of these measures and the monitoring of their effectiveness.

To align with international energy conservation and carbon reduction technologies, the Environmental Sustainability Team has introduced Elsevier's "ScienceDirect full-text database" and conducts internal study sessions to review key literature and the latest international journals. A total of 11 study sessions were convened in 2025. Through professional knowledge sharing and discussions, the Team identifies effective carbon reduction solutions and dynamically adjusts the Voluntary Reduction Plan accordingly.

Tung Ho Steel Organizational Structure of Sustainability and Climate-Related Governance



Organizational Hierarchy	Member	Convener	Sustainability- and Climate-related Governance Task
Board of Directors	9 members, including 3 independent directors	Chairman	Responsible for the review and guidance of climate change strategies, action plans and annual objectives, with regular monitoring on the implementation status and review of GHG reduction targets and achievements on an annual basis.
Sustainable Development Committee	3 members, including 2 independent directors	Chairman	Responsible for climate change-related matters, including the formulation, oversight, and review of environmental sustainability frameworks and targets, and providing regular reports on climate-related issues to the Board of Directors
Environmental Sustainability Team	Composed of representatives from relevant departments	President Production Vice President	Responsible for the assessment and management of climate-related risks and opportunities, as well as the formulation of related action plans and targets, with regular reporting on implementation progress to the Sustainable Development Committee.

D. Incentive Mechanisms for Sustainability and Climate-Related Matters 【S1.27(a)(v), S2.6(a)(v)】

To incentivize senior managerial officers to actively participate in and drive ESG objectives, and to enhance the Company’s sustainable competitiveness, Tung Ho Steel has established the “ESG Incentive Program for Senior Managerial Officers.” The evaluation metrics include short- to medium-term targets such as “renewable energy usage ratio (30%),” “absolute carbon emissions target (30%),” “direct carbon emission intensity (5%),” “environmental penalty records at plant sites (5%),” “number of major occupational accidents (5%),” “number of injury incidents (5%),” and “corporate governance evaluation (20%).” ESG incentives are awarded based on the degree of linkage between each department and the evaluation indicators, as well as the extent of target achievement. The evaluation indicators and the relevant policy were approved at the 6th meeting of the 5th Remuneration and Nomination Committee and the 9th meeting of the 25th Board of Directors in May 2024, and ESG bonuses for senior managerial officers have been granted starting from 2025.

(3) Sustainability- and Climate-related Risk and Opportunity Management

A. Risk and Opportunity Management Process 【S1.30(c), S1.44(a)(vi), S1.44(c), S1.B11-B12, S2.10(d), S2.25(a)(vi), S2.25(c)】

The Board of Directors of Tung Ho Steel has established a Sustainability Development Committee, under which three teams have been formed: the Environmental Sustainability Team, the Corporate Social Responsibility Team, and the Corporate Governance Team. Among these, the Corporate Governance Team is responsible for the formulation, oversight, and review of policies and management mechanisms related to corporate governance, ethical management, and risk management. And responsible for coordinating relevant departments in risk identification, evaluation, management and supervision, and regularly reporting the implementation status to the Sustainable Development Committee. The Sustainable Development Committee is responsible for reporting the overall risk management implementation status to the Board of Directors at least once a year. Each department assess the possibility of various risk factors and degree of impact based on their functions, taking necessary measures, and assuring proper management of various risks. The Audit Office is responsible for preparing annual audit plans based on the risk management policies and risk evaluation results, conducting systems auditing based on the plan, and assisting the Board of Directors in supervision and management of the potential risks in decision-making, and timely provide suggestions for improvement.

The Group conducts an annual process for the identification and assessment of risks and opportunities. However, in the event of significant incidents or material changes in circumstances, such as major changes in the Group’s value chain, business model,

or exposure to sustainability-related risks and opportunities, the scope will be promptly reassessed to ensure that the governing bodies and management are apprised of sustainability-related risks and opportunities that may affect the Company's outlook. No modifications were made to the identification and assessment process during the reporting year.

The Environmental Sustainability Team under the Sustainability Development Committee serves as the dedicated unit responsible for climate change-related management. Review and develop an understanding of the content of various international sustainability and climate change-related initiatives and organizations, and incorporate the key focus areas and evaluation criteria of such initiatives. The Group classifies the expected time horizons for the occurrence of sustainability- and climate-related risks and opportunities into the short term, medium term, and long term:

Period	Definition	Alignment with the timeline for strategic decision-making and planning
Short-term	2026	This period is aligned with the Group's budgeting cycle and the planning horizon for capital expenditure decisions.
Medium-term	2027-2030	The first-phase target year set under the Voluntary Reduction Plan is 2030.
Long-term	2031-2050	In alignment with the national "2050 net-zero emissions pathway" and policies related to sustainability risks and opportunities, the Group plans to achieve net-zero emissions by 2050.

- B. Process for the Identification, Assessment, and Management of Sustainability-Related Risks and Opportunities 【 S1.30(c), S1.41, S1.42, S1.44(a)(i), S1.44(a)(ii), S1.44(a)(iii), S1.44(a)(iv), S1.44(a)(v), S1.44(b), S1.55(a), S1.59, S1.74, S1.75(a)–(b)】
- The Sustainable Development Committee convenes meetings to identify sustainability-related risks and opportunities. Based on the GRI Topic Standards, the Taiwan Stock Exchange's "Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies," the GRI G4 Mining and Metals Sector Disclosures, the SASB Standards—Sustainability Accounting Standards for Iron & Steel Producers and for Engineering & Construction Services, and the United Nations Sustainable Development Goals (SDGs), as well as with reference to stakeholder input, the Group has identified 25 sustainability topics relevant to its operations. These topics cover 4 key sustainability dimensions: corporate governance, economic, environmental, and social (people and human rights). Relevant departments and subsidiaries then formulate corresponding strategies and conduct financial impact assessments based on the key short-, medium-, and long-term risks and opportunities identified in these meetings. In doing so, the Group also considers the impacts on its business and strategy in areas including products and services, the supply chain,

adaptation and mitigation activities, research and development investments, and business operations (including business types and the locations of facilities). The identification and assessment of sustainability-related risks and opportunities encompass the actual and potential negative impacts and positive effects of each sustainability topic across corporate governance, economic, environmental, and social (people and human rights) dimensions, as well as their significance to the Company's sustainable operations and the level of stakeholder concern. The Group conducts climate-related scenario analysis and, based on the results, further identifies climate-related risks and opportunities that were not identified in the aforementioned stages. Scenario analysis is not applied to the identification of other sustainability-related risks and opportunities.

Following the matrix analysis after identification, the Sustainable Development Committee reviews and discusses the results to finalize and prioritize material sustainability-related risks and opportunities. The Environmental Sustainability Team then convenes meetings to deliberate response strategies for sustainability- and climate-related risks and opportunities, and determines the Company's corresponding sustainability strategies. These risks and opportunities, along with the related strategies and targets, are subsequently submitted to the Sustainable Development Committee for review and approval. Ultimately, the Board of Directors is responsible for reviewing and providing guidance on sustainability transition strategies, action plans, and annual targets, and conducts regular annual oversight of implementation, as well as reviews of targets and achievement levels.

C. Process for the Identification, Assessment, and Management of Climate-Related Risks and Opportunities 【 S2.10(d), S2.12, S2.25(a)(i), S2.25(a)(ii), S2.25(a)(iii), S2.25(a)(iv), S2.25(a)(v), S2.25(b) 】

Members of the Environmental Sustainability Team convene meetings to identify climate change-related risks and opportunities. Based on categories such as transition risks, physical risks, and opportunity lists, and with reference to the Sustainability Accounting Standards Board (SASB) Standards for Iron & Steel Producers and for Engineering & Construction Services (hereinafter referred to as the "SASB Standards"), the IFRS S2 Industry-based Implementation Guidance Volume 9—Iron & Steel Producers (hereinafter referred to as "IFRS S2 Industry-based Implementation Guidance Volume 9"), and Volume 33—Engineering & Construction Services (hereinafter referred to as "IFRS S2 Industry-based Implementation Guidance Volume 33"), relevant departments and subsidiaries formulate corresponding strategies and conduct financial impact assessments based on the key short-, medium-, and long-term risks and opportunities identified in these meetings. In doing so, the Group also considers the impacts on its business and strategy in areas including products and

services, the supply chain, adaptation and mitigation activities, research and development investments, and business operations (including business types and the locations of facilities). Among them, the identification and evaluation of climate-related transition risks and physical risks include the impact on business operations, and the probability of occurrence. As for the identification and evaluation of climate-related opportunities, it covers the degree of impact on business operations and the probability of occurrence. The Group conducts climate-related scenario analysis and, based on the results, further identifies climate-related risks and opportunities that were not identified in the aforementioned stages.

Following the matrix analysis after identification, the Environmental Sustainability Team reviews and discusses the results to finalize and prioritize material climate change-related risks and opportunities. The Team then convenes meetings to deliberate response strategies for such risks and opportunities and determines the Company's corresponding climate-related strategies. These risks and opportunities, together with the related strategies and targets, are subsequently submitted to the Sustainable Development Committee for review and approval. Ultimately, the Board of Directors is responsible for reviewing and providing guidance on climate change strategies, action plans, and annual targets, and conducts regular annual oversight of implementation, including reviews of greenhouse gas reduction targets and their achievement.

(4) Sustainability- and Climate-related Strategy

A. Application of Climate-Related Scenarios 【S2.9(e), S2.22(a)(ii), S2.22(b)(i)(1), S2.22(b)(i)(5), S2.22(b)(i)(6), S2.22(b)(i)(7), S2.22(b)(i)(2), S2.22(b)(iii), S2.B11】

Climate-related risks and opportunities are expected to affect the Group's strategy and financial planning. Accordingly, the Group assesses the resilience of its sustainability and climate strategies based on a worst-case scenario analysis of climate-related transition risks, physical risks, and opportunities.

The Group conducts climate scenario analysis on an annual basis and, based on the results, assesses its resilience in responding to climate-related risks. The analysis process draws on international scientific reports and domestic policy reports to assess the impacts of climate-related physical and transition risks on the Group. The Group utilizes documents from two sources, the IPCC and the IEA, to conduct scenario analysis of climate-related physical and transition risks (as well as related opportunities) under a worst-case scenario.

For physical risks, the Group adopts the high-emissions scenario (SSP5-8.5) proposed in the Sixth Assessment Report (AR6) of the Intergovernmental Panel on Climate Change (IPCC). For transition risks and opportunities, taking into account the regulatory direction set forth in the National Development Council's "Taiwan 2050 Net Zero Emission Path and Strategy," as well as the Group's strategic objective of achieving "net-

zero emissions and low-carbon transition by 2050,” the Group adopts the Net Zero Emissions by 2050 (NZE) scenario proposed by the International Energy Agency (IEA).

Climate-related Types of risks and opportunities	The context of the Group's evaluation strategy	Scenario content
<ul style="list-style-type: none"> Transition risks Climate Opportunity 	<ul style="list-style-type: none"> 1.5 degree scenario Taiwan 2050 Net Zero Emission Path and Strategy Net Zero Emission Scenario (NZE) Taiwan's Climate Change Response Act 	<p>Amid the global transition toward net-zero emissions by 2050, and in alignment with Taiwan’s “Taiwan's Pathway to Net-Zero Emissions in 2050” the four major transition strategies and two governance foundations place stringent controls on greenhouse gas emissions. The National Development Council has also announced the phased targets and key strategies for the 2050 net-zero transition. In addition, the Ministry of Environment declared that national net greenhouse gas emissions should be reduced by 28% ±2% by 2030 compared to 2005 levels, and a 32% ±2% reduction by 2032 and a 38% ±2% reduction by 2035. In addition, environmental protection regulations and Occupational Safety and Health Regulations are becoming increasingly stringent. The above scenarios are expected to have operational impacts on the Group and its value chain.</p>
<ul style="list-style-type: none"> Physical risks 	<ul style="list-style-type: none"> Worst Scenarios of Global Warming in the Sixth IPCC Scientific Assessment Report (SSP5-8.5) 	<p>Under the context of extremely high greenhouse gas emissions (SSP5-8.5), climate change will aggravate the changes of future average temperature, extremely high temperature, annual total rainfall, annual maximum 1-day rainstorm intensity, annual maximum continuous no-rainfall days and strong station ratio, which will have an operational impacts on the Group and its value chains.</p>

Description of the projected scenarios under the 1.5°C scenario, Taiwan's Pathway to Net-Zero Emissions in 2050, and Taiwan’s Climate Change Response Act.

<p>In August 2024, the government announced the three subsidiary regulations governing carbon fees, marking Taiwan’s formal entry into the carbon pricing era. Enterprises with total annual greenhouse gas emissions of 25,000 metric tons of CO₂e or more at a single site will be subject to carbon fees starting in 2026. In 2024, it was announced that enterprises with annual electricity consumption of 10 million kWh or more at a single site, or with total annual greenhouse gas emissions of 10,000 metric tons of CO₂e or more, will be required to conduct greenhouse gas inventories and reporting starting in 2026, with carbon fees expected to be imposed beginning in 2031. In October 2024, the government announced the “Carbon Fee Rate,” setting a standard rate of NT\$300 per metric ton of CO₂e. The chargeable emissions are calculated as (annual emissions – 25,000 metric tons of CO₂e). The rate is expected to be gradually increased in the future, with an anticipated adjustment to approximately NT\$1,500–2,000 per metric ton of CO₂e after 2031.</p>
<p>In response to the 2030 Nationally Determined Contribution (NDC) emission reduction targets, electricity tariffs of Taiwan Power Company are projected to increase by 20% every 5 years.</p>
<p>In response to the 2050 net-zero transition target, the electricity emission factor of Taiwan Power Company is expected to decline annually.</p>
<p>In accordance with the Renewable Energy Development Act, large electricity consumers is required to install renewable energy generation facilities equivalent to at least 10% of their contracted capacity.</p>
<p>In the medium to long term, certain customers may require the Group’s products to be accompanied by carbon neutrality certification.</p>
<p>Under the Climate Change Response Act, enterprises are eligible for subsidies related to carbon reduction, renewable energy, energy storage system, and carbon capture.</p>

Description of Worst Scenarios of Global Warming in the Sixth IPCC Scientific Assessment Report (SSP5-8.5)

Temperatures across Taiwan are projected to continue rising in the future. Under the worst-case global warming scenario (SSP5-8.5), the average annual temperature is projected to increase by more than 1.8°C by the mid-21st century and by more than 3.4°C by the end of the century.
In future extreme heat events, the number of days with temperatures exceeding 36°C is expected to increase across regions. Under the worst-case scenario (SSP5-8.5), the increase is projected to be approximately 8.5 days by the mid-21st century and 48.1 days by the end of the century.
Total annual precipitation in Taiwan is projected to show an increasing trend in the future. Under the worst-case scenario (SSP5-8.5), Taiwan’s average annual total precipitation is projected to increase by approximately 15% by the mid-21st century and 31% by the end of the century.
The annual maximum one-day rainfall intensity in Taiwan shows an increasing trend. Under the worst-case scenario (SSP5-8.5), the average annual maximum one-day rainfall intensity is projected to increase by approximately 20% and 41.3%, respectively by the mid- and late 21st century.
The maximum number of consecutive dry days per year shows an increasing trend across regions. Under the worst-case scenario (SSP5-8.5), the average increase is projected to be approximately 5.5% by the mid-21st century and 12.4% by the end of the century.
Under the worst-case scenario (RCP 8.5), the number of typhoons affecting Taiwan is projected to decrease by approximately 15% and 55%, respectively, while the proportion of intense typhoons is expected to increase by about 100% and 50%. Typhoon-related precipitation is projected to rise by approximately 20% and 35% by the mid- and late 21st century.

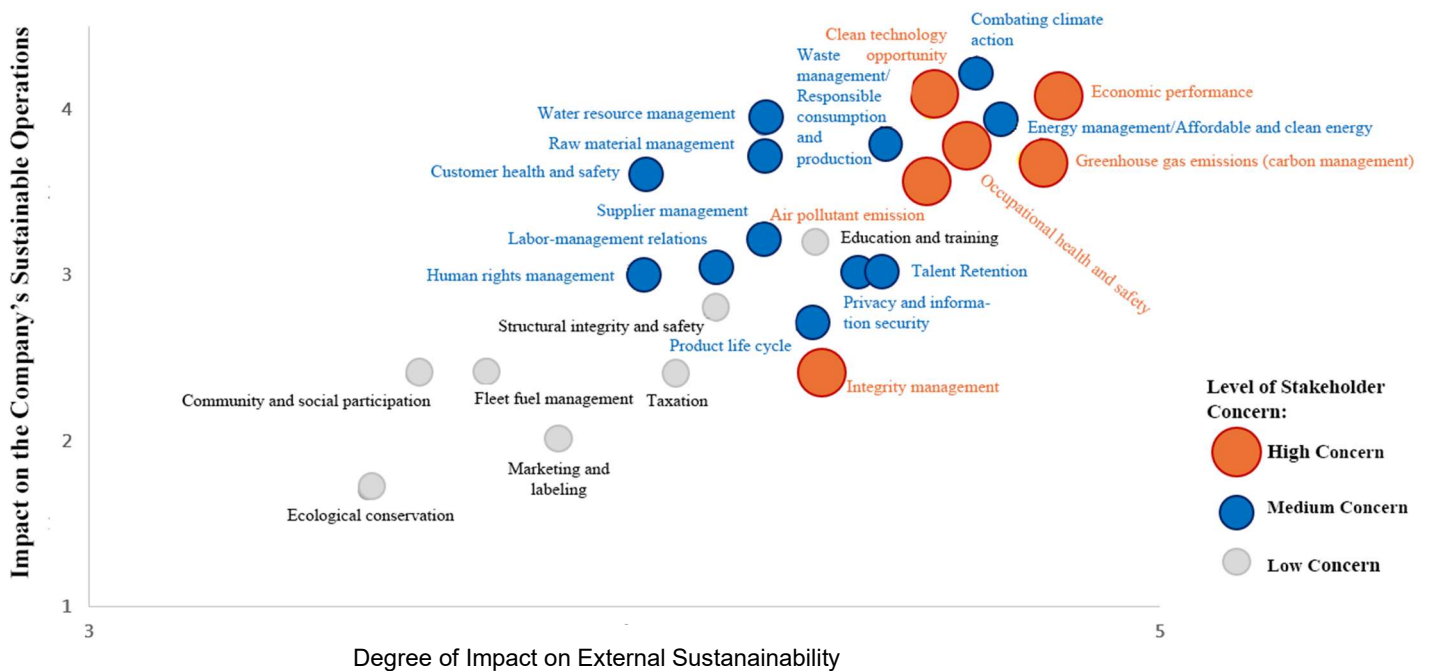
The scenario analysis adopts the same time horizons as those used for climate-related risks and opportunities, defining the short term as 2026, the medium term as 2027–2030, and the long term as 2031–2050. The scope of analysis is focused on the Group’s major operating locations. In conducting the climate resilience assessment, different key areas of uncertainty are considered under different scenarios. Under the high-emissions scenario (SSP5-8.5), key areas of uncertainty include the frequency and intensity of extreme weather events. Such uncertainties arise from the high variability inherent in climate projections, as well as the continuously evolving nature of climate models and weather patterns, which may lead to unforeseen changes in extreme weather conditions. Under the Net Zero Emissions by 2050 (NZE) scenario, key areas of uncertainty include changes in net-zero policies, including the setting and future trends of carbon fee rates and related preferential rate mechanisms. The results of the scenario analysis conducted in 2026 are as follows:

Physical Risk Scenario Analysis: Risk Levels under Different Scenarios				
Climate-Related Physical Risks	Physical Risk Scenario Analysis			
	Scenario	SSP5-8.5		
	Time Horizon	Short-term	Medium-term	Long-term
The severity of flooding caused by extreme weather events, such as typhoons and heavy rainfall, continues to intensify.	Risk Level	Medium	Medium	High
Changes in precipitation patterns and variations in average rainfall levels		Medium	High	High
Increased frequency of extreme heat events		Medium	Medium	High

Physical Risk Scenario Analysis: Risk Levels under Different Scenarios				
Climate-related Transition Risk and Opportunity	Transition Risk and Opportunity Scenario Analysis			
	Scenario	SSP5-8.5		
	Time Horizon	Short-term	Medium-term	Long-term
The imposition of carbon fees on greenhouse gas emissions under regulatory controls	Risk and Opportunity Level	High	High	High
Customer Behavior Changes		Medium	High	High
Financial institutions offer sustainability-linked preferential terms		High	High	High

B. Results of the Identification of Sustainability-Related Risks and Opportunities
【S1.30(a), S1.30(b), S1.30(c), S1.32(b), S1.44(a)(iv), S1.44(b), S1.74, S1.75(a)】

Through sustainability risk and opportunity identification meetings convened by members of the Sustainable Development Committee, and based on the recommended frameworks of GRI and SASB—taking into account the actual and potential negative impacts and positive effects of each sustainability topic across corporate governance, economic, environmental, and social (people and human rights) dimensions, as well as their significance to the Company’s sustainable operations and the level of stakeholder concern—a total of 4 material sustainability-related risks and opportunities were identified. Financial impact (NTD/year) is defined as the average value for each period, with the short term referring to 2026, the medium term to 2027–2030, and the long term to 2031–2050. The classification of financial impact levels is based on Tung Ho Steel’s risk management policies and operating procedures.



Description of Identified Material Sustainability-Related Risks and Opportunities							
Risk Ranking	Name of Sustainability-related Risks and Opportunities	Boundaries of the Impacts of Risks and Opportunities on the Business Model and Value Chain			Time Horizon		
		Upstream	The Group	Downstream	Short-term	Medium-term	Long-term
Risk 1	Climate-related Risk and Opportunity Combating climate action	⊙	<u>Taiwan</u> Tung Ho Steel, Tung Kang Steel Structure, Tung Kang Engineering & Construction,	⊙	⊙	⊙	⊙
Risk 2	[Sustainability Risk] Waste management	⊙	Tung Kang Wind Power, Katec Creative	-	⊙	⊙	⊙
Risk 3	[Sustainability Risk] Occupational health and safety	⊙	<u>Vietnam</u> THSVC ∙ Duc Hoa International J.S.C.	-	⊙	⊙	⊙
Risk 4	[Sustainability Risk] Air pollution emission	-	<u>Taiwan</u> Tung Ho Steel, Tung Kang Steel Structure, Tung Kang Engineering & Construction, Katec Creative <u>Vietnam</u> THSVC ∙ Duc Hoa International J.S.C.	-	⊙	⊙	⊙
Risk 5	[Sustainability Risk] Structural integrity and safety	⊙	<u>Taiwan</u> Tung Kang Steel Structure, Tung Kang Engineering & Construction	-	⊙	⊙	⊙
Risk 6	[Sustainability Risk] Ecological impacts of project development	⊙	<u>Taiwan</u> Tung Ho Steel, Tung Kang Engineering & Construction, Tung Kang Wind Power, Katec Creative	-	⊙	⊙	⊙
Risk 7	[Sustainability Risk] Business ethics	⊙	<u>Taiwan</u> Tung Ho Steel, Tung Kang Steel Structure, Tung Kang Engineering & Construction, Tung Kang Wind Power, Katec Creative <u>Vietnam</u> THSVC ∙ Duc Hoa International J.S.C.	⊙	⊙	⊙	⊙
Risk 8	[Sustainability Risk] Human rights management	⊙	<u>Taiwan</u> Tung Ho Steel, Tung Kang Steel Structure, Tung Kang Engineering & Construction, Katec Creative	⊙	⊙	⊙	⊙

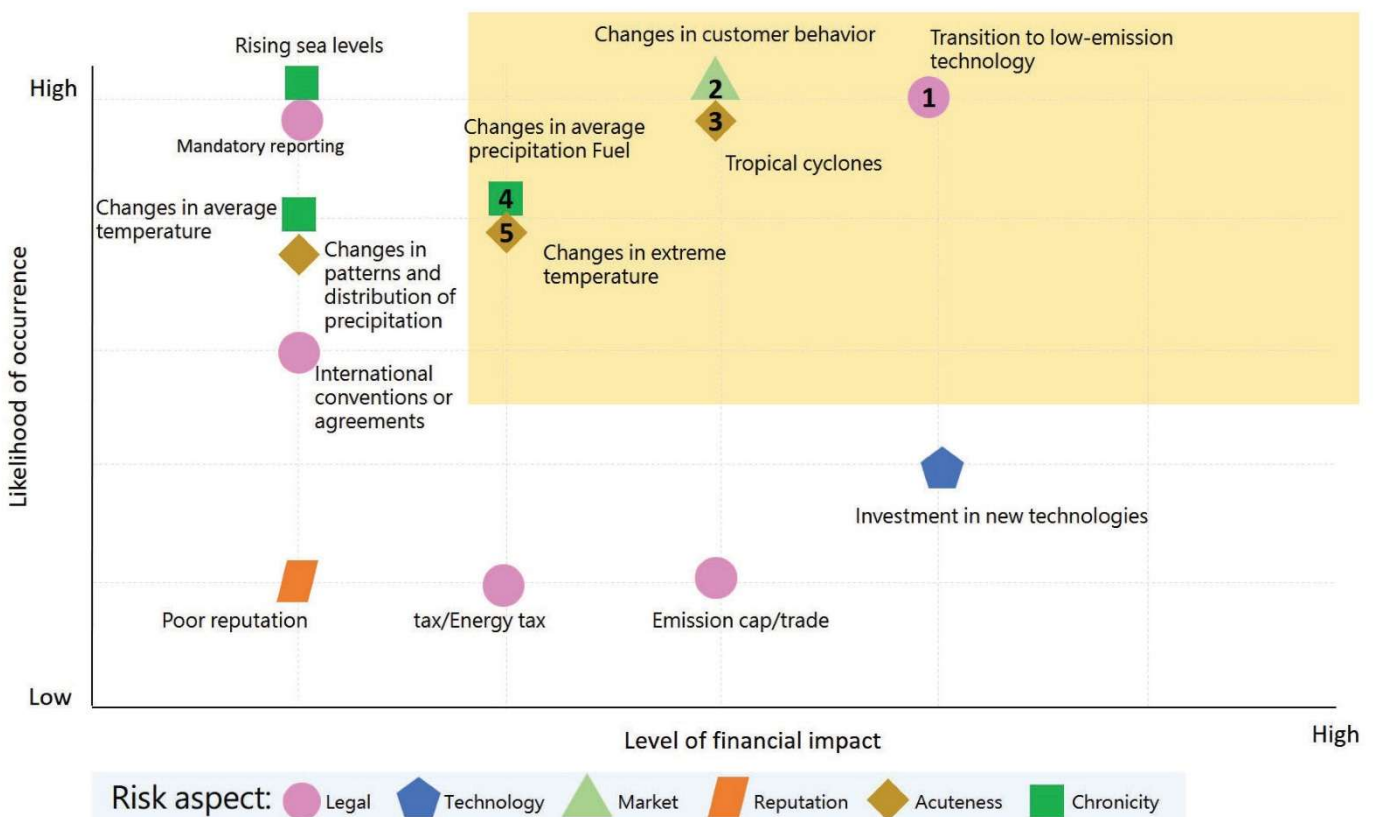
Note: Combating climate action includes energy management, greenhouse gas emissions management, clean technology opportunities, water resource management, low-carbon technology transition, and climate-related physical risks.

C. Results of the Identification of Climate-Related Risks and Opportunities 【S2.10(a), S2.10(b), S2.10(c), S2.10(d), S2.13(b), S2.25(a)(iv), S2.25(b)】

Through climate change risk and opportunity identification meetings convened by members of the Environmental Sustainability Team, and based on the recommendations of the climate-related financial disclosure framework, where items with a combined score of impact severity and likelihood exceeding 8 are classified as material, a total of 5 material climate-related risks and 2 material climate-related opportunities were identified. Financial impact (NTD/year) is defined as the average value for each period, with the short term referring to 2026, the medium term to 2027–2030, and the long term to 2031–2050. The classification of financial impact levels is based on Tung Ho Steel’s Risk Management Policy and Operating Procedures.

In 2025, the strategic scenarios used for assessing climate-related risks and opportunities included the 1.5°C scenario, the Taiwan's Pathway to Net-Zero Emissions in 2050, the worst-case global warming scenario (SSP5-8.5) from the IPCC Sixth Assessment Report, and Taiwan’s 2030 Nationally Determined Contribution (NDC) emission reduction targets. Compared with 2025, the material climate-related risks and opportunities remained unchanged in 2026.

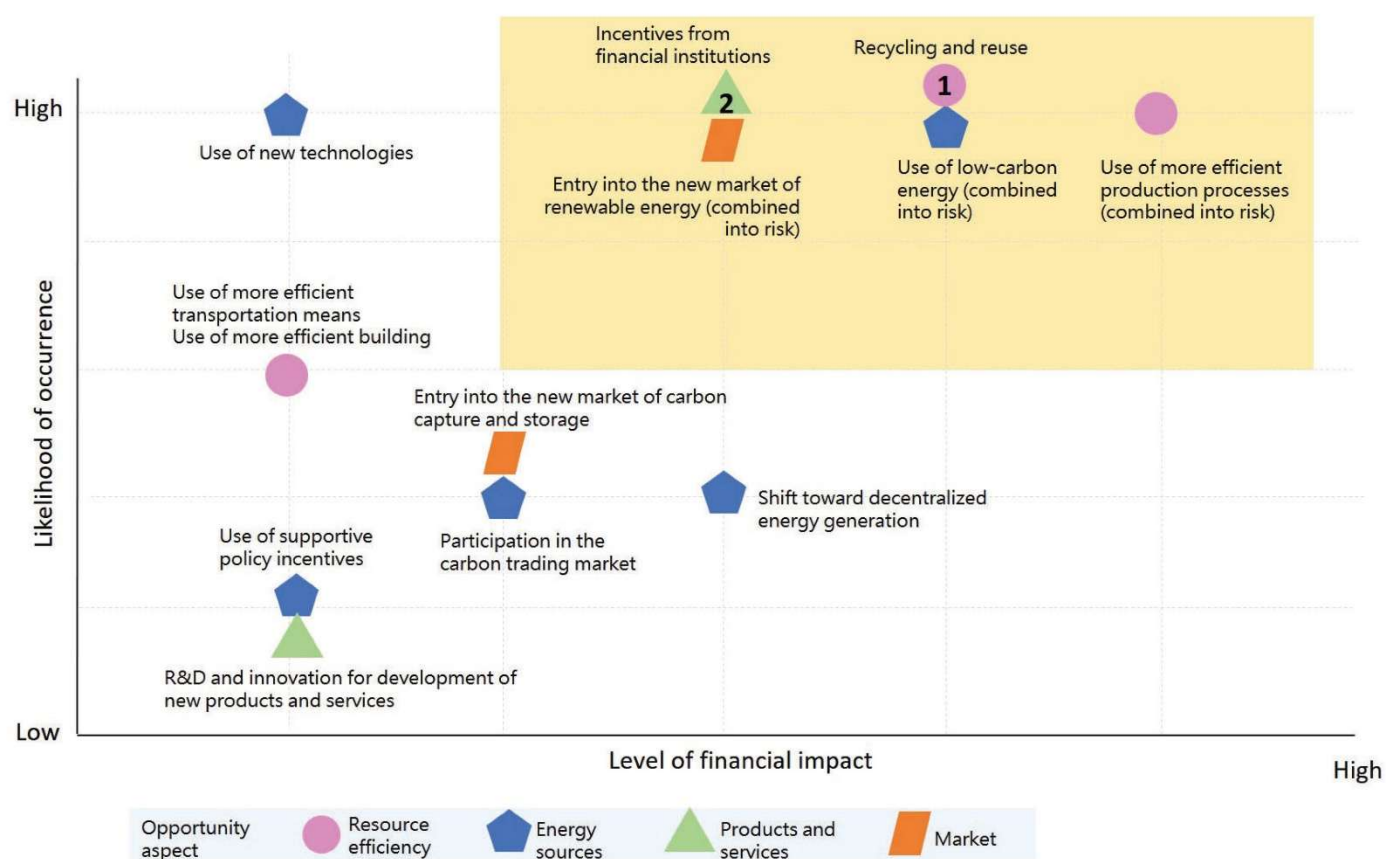
Climate-Related Risk Matrix of Tung Ho Steel Group



Description of Identified Material Climate-Related Risks							
Risk Ranking	Name of Climate-related Risks	Boundaries of the Impacts of Climate-related Risks on the Business Model and Value Chain			Time Horizon		
		Upstream	The Group	Downstream	Short-term	Medium-term	Long-term
Risk 1-1	[Transition Risk and Opportunity] Low-carbon technologies	⊙	<u>Taiwan</u> Tung Ho Steel, Tung Kang Steel Structure, Tung Kang Engineering & Construction, Tung Kang Wind Power, Katec Creative <u>Vietnam</u> THSVC 、Duc Hoa International J.S.C.	⊙	⊙	⊙	⊙
Risk 1-2	[Transition Risk] Changes in customer behavior	-	<u>Taiwan</u> Tung Ho Steel, Tung Kang Steel Structure, Tung Kang Engineering & Construction, Katec Creative <u>Vietnam</u> THSVC	⊙	-	⊙	⊙
Risk 1-3	[Acute Physical Risk] Tropical cyclone	⊙	<u>Taiwan</u> Tung Ho Steel, Tung Kang Steel Structure, Tung Kang Engineering & Construction, Tung Kang Wind Power, Katec Creative <u>Vietnam</u> THSVC 、Duc Hoa International J.S.C.	-	⊙	⊙	⊙
Risk 1-4	[Chronic Physical Risk] Changes in average precipitation and water management	⊙	<u>Taiwan</u> Tung Ho Steel, Tung Kang Engineering & Construction, Katec Creative <u>Vietnam</u> THSVC	-	-	-	⊙
Risk 1-5	[Acute Physical Risk] Extreme temperature changes	⊙	<u>Taiwan</u> Tung Ho Steel, Tung Kang Steel Structure, Katec Creative <u>Vietnam</u> THSVC 、Duc Hoa International J.S.C.	-	⊙	⊙	⊙

Note: Low-carbon technology transition includes increased pricing of greenhouse gas emissions, renewable energy regulations, demand for low-carbon products and services, the use of low-carbon energy, entry into new renewable energy markets, and the adoption of more efficient production processes.

Tung Ho Steel Climate-Related Opportunity Matrix



Description of Identified Material Climate-Related Opportunities							
Opportunity Ranking	Name of Climate-related Risks	Boundaries of the Impacts of Climate-related Risks on the Business Model and Value Chain			Time Horizon		
		Upstream	The Group	Downstream	Short-term	Medium-term	Long-term
Opp 1	[Resource efficiency] Recycling and reuse	-	Taiwan Tung Ho Steel,	-	⊙	⊙	⊙
Opp 2	[Market] Financial institution awards	⊙	Taiwan Tung Ho Steel, Vietnam THSVC	-	⊙	⊙	⊙

D. Strategic Assessment of Material Climate-Related Risks 【S2.9(c), S2.10(a)(b)(c)(d), S2.13(a)(b), S2.14(a)(b)(c), S2.16(a)(b)(c)(d), S2.22(a)(b)】

After identifying material climate-related risks, the Group conducts cross-departmental discussions to assess financial exposure. The Finance and Accounting Department is involved in evaluating such exposure, as well as the costs and benefits of related strategies, and, in accordance with the Company’s accounting policies and IFRS requirements, assists in defining the relevant line items in the income statement, balance sheet, and cash flow statement. In alignment with its business strategy development and financial planning, the Company defines the time horizons for climate-related risks and strategic planning as the short term (2026), the medium term (2027–2030), and the long term (2031–2050).

Risk 1-1: Transition to Low-Carbon Technologies (Transition Risk and Opportunity)
 (Risks include: increased pricing of greenhouse gas emissions; renewable energy regulations; demand for low-carbon products and services; use of low-carbon energy; entry into new renewable energy markets; and adoption of more efficient production processes)

<p>Current and Anticipated Impacts of Risks on the Business Model and Value Chain</p>	<p>The implementation of carbon trading schemes, carbon taxes, or carbon fees across various countries is increasing costs in the steel industry, thereby affecting the Group’s own operations as well as downstream customers in the construction and steel processing industries. This may pose a risk of declining profitability for the Group or lead to increased procurement costs for downstream customers. On the other hand, the promulgation of the Climate Change Response Act and renewable energy–related regulations is expected to increase market demand for renewable energy equipment and low-carbon electricity, thereby driving revenue growth for upstream suppliers of renewable energy equipment and low-carbon power.</p>
<p>Resilience</p>	<p>Scenario: 1.5°C Scenario, Taiwan's Pathway to Net-Zero Emissions in 2050, Vietnam NDC</p> <p>Taiwan</p> <ul style="list-style-type: none"> • Legalization of Net-Zero Emissions: In March 2022, the National Development Council announced the “Taiwan's Pathway to Net-Zero Emissions in 2050,” and in 2023, the “Climate Change Response Act” was enacted, incorporating the 2050 net-zero greenhouse gas emissions target into law. This elevates net-zero emissions to a legal requirement and demonstrates a strong commitment to its implementation. • Establishment of a Carbon Fee Collection Schedule: In August 2024, the three subsidiary regulations governing carbon fees framework were promulgated. Starting in 2026, carbon fees will be levied on enterprises whose annual greenhouse gas emissions at a single site reach or exceed 25,000 metric tons of CO₂ equivalent. In 2024, it was announced that enterprises with annual electricity consumption of 10 million kWh or more at a single site, or with total annual greenhouse gas emissions of 10,000 metric tons of CO₂e or more, will be required to conduct greenhouse gas inventories and reporting starting in 2026, with carbon fees expected to be imposed beginning in 2031. • Gradual Increase in Carbon Fee Rates: In October 2024, the government announced the “Carbon Fee Rate,” setting a standard rate of NT\$300 per metric ton of CO₂e. The chargeable emissions are calculated as (annual emissions – 25,000 metric tons of CO₂e). The rate is expected to be gradually increased in the future, with an anticipated adjustment to approximately NT\$1,800 per metric ton of CO₂e after 2031, along with the removal of the 25,000 metric tons of CO₂ equivalent exemption threshold. • Impacts of the Renewable Energy Development Act: The Renewable Energy Development Act requires large electricity consumers to install renewable energy generation facilities equivalent to at least 10% of their contracted capacity; otherwise, they are required to pay a substitute fee. <p>Vietnam</p> <ul style="list-style-type: none"> • Phased Implementation of the Greenhouse Gas Emissions Management System: In accordance with Decree No. 06/2022/ND-CP, the government will promote the establishment of a greenhouse gas emissions inventory pursuant to Article 11, Paragraph 4. During the period from 2026 to 2030, a greenhouse gas emissions quota system will be implemented in accordance with Article 7, Paragraph 4, serving as the basis for establishing a carbon trading market and controlling total emissions. In accordance with Article 17, Paragraph 2, the carbon market will commence operations in 2028. <p>Adaptive Capacity: The Group has a sound governance structure that enables timely strategic planning and decision-making in response to climate-related regulations across the short, medium, and long term. In</p>

	<p>addition, its solid financial position provides the capacity to support transition-related investments and the anticipated increase in cash flow requirements. In addition to its core steel business, the Group's subsidiaries operate in areas including the circular economy and renewable energy generation, providing greater flexibility to adapt to climate-related regulatory and market developments.</p>
Strategy and Decision Response	<p>In response to increasingly stringent requirements related to renewable energy regulations, carbon fees, emissions caps, low-carbon transition services, and low-carbon products and services, as well as to achieve the Group's 2050 net-zero emissions target, the Group plans to adopt strategies such as upgrading to more efficient electric arc furnaces, investing in renewable energy generation, procuring renewable energy certificates (integrated energy certificate), retrofitting low-carbon steelmaking processes, improving equipment energy efficiency, applying for voluntary reduction plans, and deploying carbon capture, utilization, and storage (CCUS) technologies. These measures are intended to mitigate the impacts of climate-related regulations and transform them into future financial opportunities for the Group's operations.</p>
Basis of Impact of Risks on Existing Profitability (Controlled)	<p>In addressing the risks and opportunities associated with low-carbon technology transition, the Group expects that, over the short, medium, and long term, it will face cash outflow risks arising from increased costs, including government-imposed carbon fees, payments of surcharges under the Renewable Energy Development Act, and the purchase of carbon allowances under emissions cap regulations. The Group will respond through strategies including applying for voluntary reduction plans, implementing self-generation and self-consumption of solar power, procuring renewable energy certificates (integrated energy certificate), enhancing equipment energy efficiency, and undertaking process optimization and transformation initiatives.</p> <p>Following the implementation of these strategies, the expected impact on financial performance is as follows: in the short term, the decline in profitability is projected to improve from a reduction of NT\$460 million to NT\$220 million; in the medium term, the average annual decline in profitability is expected to improve from NT\$740 million to NT\$270 million; and in the long term, the impact is projected to improve from an average annual reduction of NT\$1.27 billion to an average annual increase of NT\$740 million.</p> <p>Capital expenditures in the medium to long term will be funded primarily by the Company's internal funds, with a portion financed through bank borrowings. No significant cash flow risk is expected, and there will be positive impact on financing availability or the cost of capital.</p>

Risk 1-2: Changes in Customer Behavior (Transition Risk)

Current and Anticipated Impacts of Risks on the Business Model and Value Chain	<p>Amid the global push toward the 1.5°C target and net-zero emissions by 2050, clients of public infrastructure projects have begun to incorporate the carbon footprint of construction and materials, as well as low-carbon certifications, into procurement requirements. It is further anticipated that private-sector clients, in pursuit of higher-level green building certifications and compliance with Science Based Targets initiative (SBTi) requirements, will demand carbon footprint verification and the procurement of low-carbon goods and services for Scope 3 emissions, particularly in purchased goods and services. If the products and services provided by the Group fail to meet customers' carbon management requirements, this may result in declines in business volume, revenue, and profitability.</p>
Resilience	<p>Scenario: 1.5°C Scenario, Taiwan's Pathway to Net-Zero Emissions in 2050, Vietnam NDC</p> <ul style="list-style-type: none"> The Group's principal products and services include reinforcing bars, structural steel, steel structure engineering, construction engineering, and waste treatment. As the 2050 net-zero emissions target and related policies become increasingly stringent, Tung Ho Steel, Tung Kang Steel Structure, Tung Kang Engineering & Construction, Katec Creative, and THSVC are expected, in the short term, to face specific requirements from government procurement entities regarding carbon footprint information. In the medium to long term, procurement requirements from both government and private-sector clients are expected to evolve beyond carbon footprint disclosures to include demands for products and services with low-carbon attributes. The Public Works Committee of the Executive Yuan has required bidding suppliers to disclose the

	<p>carbon content of their products on the Government e-Procurement System and has incorporated “carbon intensity” as one of the evaluation criteria for public infrastructure project tenders. On the other hand, the Public Works Department of the New Taipei City Government has introduced Building Information Modeling (BIM), and it is expected that carbon emission assessment templates will be incorporated into public construction contract specifications in the future.</p> <p>Adaptive Capacity: The Group has established comprehensive carbon management capabilities for its products and services, and has extended such practices, including ISO 14064-1 organizational GHG inventories, ISO 14067 product carbon footprinting, Environmental Product Declarations (EPDs), and carbon reduction disclosures, to all subsidiaries. Otherwise, in addition to its core steel business, the Group’s subsidiaries operate in the circular economy sector (Katec Creative), and renewable energy generation (Tung Kang Wind Power), support the Group’s strategy in responding to customer demand for low-carbon products.</p>
Strategy and Decision Response	<p>In response to customers’ requirements for carbon footprint verification and low-carbon products across the short, medium, and long term, the Group will take timely actions to meet such demands. Currently, Tung Ho Steel has obtained third-party verified declarations for product carbon footprints and Environmental Product Declarations (EPDs), while Katec Creative has been awarded carbon labels issued by the Ministry of Environment. Although applying for third-party verification statement of carbon management entails additional manpower and verification costs; however, it may also create opportunities for the Group's business growth.</p>
Basis of Impact of Risks on Existing Profitability (Controlled)	<p>In response to transition risks arising from changes in customer behavior, the Group expects that, over the short, medium, and long term, clients—including listed companies in the technology sector, public infrastructure agencies, leading construction contractors, manufacturing enterprises, and international brand clients in Vietnam seeking LEED green building certification for new facilities—will require Tung Ho Steel, Tung Kang Steel Structure, Tung Kang Engineering & Construction, Katec Creative, and THSVC to provide product carbon footprint disclosures and certifications for low-carbon products. Failure to meet such requirements may adversely affect business volume and revenue. The Group will proactively respond to customer requirements for product or service carbon footprint disclosures and low-carbon products. Following the implementation of these strategies, the expected impact on financial performance is as follows: in the short term, profitability is projected to improve from a decrease of NT\$500 million to an increase of NT\$11 million; in the medium term, the average annual impact is expected to improve from a decrease of NT\$960 million to an increase of NT\$350 million; and in the long term, the impact is projected to improve from an average annual decrease of NT\$1.8 billion to an increase of NT\$17 million. The implementation of these strategies does not result in capital expenditure-related cash outflows in the short, medium, or long term. Accordingly, no cash flow risk is anticipated, and a positive impact on financing availability and the cost of capital is expected in the medium term.</p>

Risk 1-3: Tropical Cyclones (Acute Physical Risk)

Current and Anticipated Impacts of Risks on the Business Model and Value Chain	<p>The Group’s primary production sites are located in Taiwan and Vietnam, where typhoons accompanied by heavy rainfall frequently occur between June and October each year. Such events may cause damage to production or transportation equipment, resulting in disaster-related losses and operational disruption costs. The impacts of typhoons and flooding are expected to intensify in the future. Insurance products for natural disasters provided by the Group’s partnering property insurance companies will serve as an available risk transfer strategy.</p>
Resilience	<p>Scenario: SSP 5~8.5</p> <ul style="list-style-type: none"> According to the presentation “National Climate Change Science Report 2024: Phenomena, Impacts, and Adaptation – Key Scientific Findings from Chapters 1 to 3” issued by the National Science and Technology Council and the Ministry of Environment, the annual maximum one-day rainfall intensity in Taiwan shows an increasing trend. By the mid- and late 21st century, the

	<p>average annual maximum one-day rainfall intensity is projected to increase by approximately 20% and 41.3%, respectively. By the mid- and late 21st century, the number of typhoons affecting Taiwan is projected to decrease by approximately 15% and 55%, respectively, while the proportion of intense typhoons is expected to increase by about 100% and 50%. Typhoon-related precipitation is projected to rise by approximately 20% and 35%. Similar typhoon trends are anticipated for the Vietnam region.</p> <ul style="list-style-type: none"> The Group assumes that extreme weather events, such as typhoons and floods causing damage, will occur once per year in the short to medium term (2025-2030) and twice per year in the long term (2031-2050), resulting in financial impacts from property damage and operational disruptions across all manufacturing plants. <p>Adaptive Capacity: All of the production facilities at the Group's operating sites are equipped with fundamental typhoon and flood resilience planning and structural safeguards, along with established typhoon response measures, effectively mitigating the impacts of such events. On the other hand, all operating sites of the Group have secured natural disaster insurance coverage to mitigate the financial impact of potential property losses.</p>
Strategy and Decision Response	To address the potential financial impacts of increasingly severe typhoons in the future, the Company will transfer such risks by procuring relevant insurance coverage, thereby mitigating the financial impact on the Company.
Basis of Impact of Risks on Existing Profitability (Controlled)	Across the short, medium, and long term, the Group's companies face risks of increased operating costs and cash outflows due to disaster-related losses from severe typhoons, as well as losses arising from operational costs, including fixed electricity charges, plant depreciation, and labor costs. The Group's companies adopt insurance coverage for natural disasters, such as typhoons and flooding, as a risk mitigation strategy. This is expected to result in cash outflows for insurance premium expenses, as well as cash inflows from insurance claims. Following the implementation of these strategies, the expected impact on financial performance is as follows: in the short term, the decline in profitability is projected to improve from NT\$250 million to NT\$210 million; in the medium term, the average annual decline in profitability is expected to improve from NT\$250 million to NT\$210 million; and in the long term, the impact is projected to improve from an average annual decline of NT\$500 million to NT\$420 million. The implementation of these strategies does not result in capital expenditure-related cash outflows in the short, medium, or long term. Accordingly, no cash flow risk is anticipated, and there will be no material impact on the Group's financing availability or cost of capital.

Risk 1-4: Changes in Average Precipitation and Water Management (Chronic Physical Risk)

Current and Anticipated Impacts of Risks on the Business Model and Value Chain	Water is an indispensable cooling resource in the Group's steelmaking processes. Water shortages resulting from drought conditions may lead to plant shutdowns, thereby affecting production and sales plans. As climate change is expected to intensify drought conditions in the future, the adaptive capacity of upstream water utilities will be critical. In addition, the availability of backup water resources and the supply of water tanker services will also affect the Group's drought response capabilities across its operating sites.
Resilience	<p>Scenario: SSP 5~8.5</p> <ul style="list-style-type: none"> Under the worst-case global warming scenario (SSP5-8.5) in the IPCC Sixth Assessment Report, total annual precipitation in Taiwan is projected to increase by 15% over the long term; however, the number of consecutive dry days is also expected to increase by 5.5%. This may lead to water supply interruptions by the municipal water utility, resulting in a 7-day suspension of water supply to plant sites and causing financial impacts through reduced revenue and increased costs. Government regulations on wastewater discharge are expected to become increasingly stringent, and failure to meet discharge standards may result in fines or even enforced suspension of

	<p>operations.</p> <p>Adaptive Capacity: All of the Group’s operating sites have strengthened water resource recycling and a zero wastewater discharge policy. Measures include the installation of water storage tanks, cooling water recovery systems, and rainwater recovery systems, effectively enhancing water recycling and reuse efficiency. On another note, certain plant sites are equipped with groundwater wells, which can serve as backup water sources during water supply interruptions by the municipal water utility.</p>
Strategy and Decision Response	The Group will continue to promote water resource recycling and reuse, as well as a zero-discharge wastewater policy. In the long term, in the event of water supply disruptions caused by drought conditions, the Company plans to use water trucks to maintain operations at the plant during water supply interruptions. While this strategy may increase the cost of water trucking, it will help mitigate the financial impact of decreased revenue and increased costs resulting from water supply interruptions.
Basis of Impact of Risks on Existing Profitability (Controlled)	<p>Tung Ho Steel, Tung Kang Engineering & Construction, Katec Creative, and THSVC are expected to incur losses from a seven-day operational shutdown due to drought-induced water shortages.</p> <p>However, there are no anticipated risks of regulatory fines or forced shutdowns resulting from wastewater discharge violations. The Group will adopt response strategies including enhancing water recycling and reuse, implementing a zero-discharge water policy, and securing water tanker supply. These measures are expected to result in cash outflows from capital expenditures and water tanker rental costs, but will help offset the risks of increased costs due to operational disruptions and generate cost savings from reduced wastewater treatment fees.</p>

Risk 1-5: Extreme Temperature Changes (Acute Physical Risk)

Current and Anticipated Impacts of Risks on the Business Model and Value Chain	Electricity is an indispensable source of energy for the Group’s steelmaking and other production operations. Power rationing or outages caused by extreme heat may lead to plant shutdowns, thereby affecting production and sales plans. As climate change is expected to intensify extreme heat events in the future, the adaptive capacity of upstream power utilities will be critical. In addition, the availability of backup generator rental services will also affect the Group’s ability to respond to power outages across its operating sites.
Resilience	<p>Scenario: SSP 5~8.5</p> <p>Under the worst-case global warming scenario (SSP5-8.5) as outlined in the IPCC Sixth Assessment Report, the extreme high temperatures in Taiwan may lead to power restrictions, resulting in operational disruptions of approximately 5 days in the short term, 10 days in the medium term, and 20 days in the long term. This would result in financial impacts through reduced revenue and increased costs.</p> <p>Adaptive Capacity: The Group’s invested subsidiary, Tung Kang Wind Power Co., Ltd., is engaged in renewable energy generation, and, together with the rental of diesel generators, can supply a portion of its own electricity demand. On another note, a flexible workforce scheduling and compensatory leave system can help mitigate labor cost losses associated with anticipated operational disruptions.</p>
Strategy and Decision Response	In response to potential power rationing or outages caused by extreme high temperatures, Tung Kang Steel Structure Co., Ltd. and Duc Hoa International J.S.C. will lease diesel generators to supply part of their electricity needs. Meanwhile, Tung Ho Steel, Katec Creative Resources Corp., and THSVC will adopt flexible workforce scheduling and compensatory leave arrangements as mitigation measures to reduce labor cost impacts.
Basis of Impact of Risks on Existing Profitability (Controlled)	Tung Ho Steel, Tung Kang Steel Structure, Katec Creative, THSVC, and Duc Hoa International J.S.C. may incur operational losses due to power rationing or outages caused by extreme heat. The Group will adopt response measures including the use of diesel generators to maintain operations and flexible workforce arrangements to mitigate part of the labor cost impact. These measures are not expected to result in capital expenditures but will lead to cash outflows for generator rental and fuel

	<p>costs. However, they are expected to partially offset the risks of increased costs arising from operational disruptions due to power outages. Following the implementation of these strategies, the expected impact on financial performance is as follows: in the short term, the decline in profitability is projected to improve from NT\$98 million to NT\$54 million; in the medium term, the average annual decline in profitability is expected to improve from NT\$100 million to NT\$59 million; and in the long term, the impact is projected to improve from an average annual decline of NT\$210 million to NT\$150 million. The cash outflows associated with the implementation of these strategies over the short, medium, and long term will be funded by internal resources. No material cash flow risk is expected, and there will be no significant impact on the Group’s access to financing or cost of capital.</p>
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E. Strategic Assessment of Material Climate-Related Opportunities【S2.9(c), S2.10(a)(b)(c)(d), S2.13(a)(b), S2.14(a)(b)(c), S2.16(a)(b)(c)(d), S2.22(a)(b)】

After identifying material climate-related opportunities, the Group conducts cross-departmental discussions to assess financial exposure. The Finance and Accounting Department is involved in evaluating such exposure, as well as the costs and benefits of related strategies, and, in accordance with the Company’s accounting policies and IFRS requirements, assists in defining the relevant line items in the income statement, balance sheet, and cash flow statement. In alignment with its business strategy development and financial planning, the Company defines the time horizons for climate-related opportunities and strategic planning as the short term (2026), the medium term (2027–2030), and the long term (2031–2050).

Opportunity 1: Recycling and reuse (Resource Efficiency)

Current and Anticipated Impacts of Opportunities on the Business Model and Value Chain	<p>Enterprises generally generate waste, which must be handled by upstream waste treatment service providers. In the future, an increasing number of downstream customers are expected to require the use of recycled and reused raw materials in order to reduce carbon emissions. Waste recycling and reuse will become an important trend in mitigating the impacts of climate change. The Group’s diversified investments in the circular economy sector have already generated significant financial benefits.</p>
Resilience	<p>Scenario: 1.5°C Scenario, Taiwan's Pathway to Net-Zero Emissions in 2050 Taiwan has announced the “Taiwan's Pathway to Net-Zero Emissions in 2050,” which outlines twelve key strategic initiatives. Among these, the net-zero strategy for the manufacturing sector incorporates circular economy practices, with the aim of reducing industrial waste and promoting local participation in circular economy initiatives by 2030. This approach is intended to foster cross-sector collaboration and advance environmental sustainability through concrete actions and targeted partnerships. Amid the global trend of climate change risk management, the strategy of recycling and reusing waste in the circular economy will become increasingly important, and the recycling and reuse industry can also gain significant financial opportunities.</p> <p>Adaptive Capacity: The Group is committed to advancing resource recovery policies for waste generated within its manufacturing operations and has also invested in related resource recycling businesses, which will support the Company’s long-term sustainable operation strategy.</p>
Strategy and Decision Response	<p>The Group invests in Taiwan Steel Union Co., Ltd and Katec Creative Resources Corporation, providing an opportunity to generate stable income.</p>

Impact of Opportunity Strategies on the Existing Profitability Base	The Group has continuously invested in sustainability-related transition initiatives over the years and has invested in recycling and reuse businesses such as Taiwan Steel Union and Katec Creative. Following the implementation of these strategies, the Group expects to increase profitability by an average of approximately NT\$250 million per year in the short and medium term, and by approximately NT\$270 million per year in the long term. Overall, this is expected to be beneficial to the Group’s access to financing and cost of capital.
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Opportunity 2: Financial Institution Awards (Market)

Current and Anticipated Impacts of Opportunities on the Business Model and Value Chain	In the context of corporate sustainable operation, financial institutions serve as the primary source of funding for enterprises, and well-established financing channels and favorable funding costs enable more flexible strategic execution. Financial institutions encourage and support the funding needs of sustainable enterprises. Through financial mechanisms, they not only promote corporate attention to and implementation of ESG practices, but also generate stable economic returns for themselves and help build a comprehensive sustainable finance ecosystem.
Resilience	<p>Scenario: 1.5°C Scenario, Taiwan's Pathway to Net-Zero Emissions in 2050</p> <p>Amid the global trend toward sustainable finance, to promote the effective operation of Taiwan’s green finance market and advance the comprehensive development of sustainable finance, the Financial Supervisory Commission (FSC) launched the “Green Finance Action Plan 3.0” in 2022. Under this framework, financial institutions’ lending and investment decisions are linked to companies’ ESG and climate change management performance. Companies with strong sustainability performance may obtain financial benefits in the form of reduced borrowing costs, while those with weaker performance may face challenges in terms of access to financing and higher funding costs.</p> <p>Adaptive Capacity:</p> <p>The Group has a sound governance structure and has continuously invested in sustainability-related transition initiatives over the years. In 2025, it received a CDP rating of “Leadership Level A-” for Climate Change and “Management Level B” for Water Security. The Group also continues to promote sustainable development through the establishment of group-wide sustainability policies and employee education and training programs.</p>
Strategy and Decision Response	The Company will continue to invest in climate-related financial disclosures, CDP reporting, and other climate change–related management reporting and assessments. It will also establish a Group-wide net-zero pathway and carbon reduction targets. These efforts are expected to enhance the Company’s ability to obtain credit facilities, access lower-interest financing, and secure funding opportunities in the financial markets, thereby generating positive impacts on the Group’s access to financing and cost of capital.
Impact of Opportunity Strategies on the Existing Profitability Base	The Group has a sound governance structure and has continuously invested in sustainability-related transition initiatives over the years. In 2025, it received a CDP rating of “Leadership Level A-” for Climate Change and “Management Level B” for Water Security. In the context of the Financial Supervisory Commission’s “Green Finance Action Plan 3.0” launched in 2022 to promote the effective operation of Taiwan’s green finance market and advance the comprehensive development of sustainable finance, the Group expects that, following the implementation of its sustainable operation and disclosure strategies, profitability will slightly decrease in the short and medium term by an average of approximately NT\$120,000 per year, while in the long term, profitability is expected to increase by an average of approximately NT\$38 million per year. Overall, this is expected to be beneficial to the Group’s access to financing and cost of capital.

F. Strategic Assessment of Material Sustainability-Related Risks and Opportunities
【S1.15(a) (b), S1.29(c), S1.30(a)(b)(c)(d), S1.32(a)(b)(c), S1.33(a)(b)(c)(d), S1.34(a)(b), S1.35(a)】

After identifying material sustainability-related risks and opportunities, the Group conducts cross-departmental discussions to assess financial exposure. The Finance and Accounting Department is involved in evaluating such exposure, as well as the costs and benefits of related strategies, and, in accordance with the Company’s accounting policies and IFRS requirements, assists in defining the relevant line items in the income statement, balance sheet, and cash flow statement. In alignment with its business strategy development and financial planning, the Company defines the time horizons for sustainability-related risks and strategic planning as the short term (2026), the medium term (2027–2030), and the long term (2031–2050).

Sustainability Risk 2: Waste management

Current and Anticipated Impacts of Risks on the Business Model and Value Chain	All of the Group’s business units generate waste that must be handled by upstream waste treatment service providers. Waste reduction and the lowering of waste management costs are therefore key issues for the Group, as they directly affect operating costs and profitability.
Resilience	<p>Scenario: Environmental Protection Regulations Environmental protection regulations in Taiwan and Vietnam are expected to become increasingly stringent. In addition to rising waste treatment costs, there is also a risk of regulatory fines or even enforced operational shutdowns in cases of non-compliance.</p> <p>Adaptive Capacity: Tung Ho Steel has implemented the ISO 14001 Environmental Management System and is committed to waste reduction and resource recovery.</p>
Strategy and Decision Response	The Group mitigates financial risks associated with waste management through strategies such as process optimization, enhanced waste segregation, and on-site waste treatment.
Basis of Impact of Risks on Existing Profitability (Controlled)	Across its business units, the Group may face financial risks in the short, medium, and long term arising from waste treatment costs, regulatory fines, and losses due to enforced operational shutdowns. Following the implementation of its waste management strategies, cash outflows related to waste management costs are expected to decrease. Overall, the Group’s waste management costs are estimated to average approximately NT\$260 million per year across the short, medium, and long term. It is anticipated that there will be no material impact expected on financing availability or the cost of capital.

Sustainability Risk 3: Occupational health and safety

Current and Anticipated Impacts of Risks on the Business Model and Value Chain	If a major occupational safety incident occurs in any business unit, it may result in enforced operational shutdowns and associated losses in production and sales. On the other note, certain business units outsource portions of their processes to contractors; therefore, the occupational safety and health management of on-site contractor personnel is of critical importance. Future strategies aimed at reducing occupational safety and health risks (such as the introduction of robotic systems and automated welding equipment) will be closely linked to the technology and cost of equipment supplied by vendors.
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Resilience	<p>Scenario: Occupational Health and Safety Regulations</p> <p>Occupational safety and health regulations in Taiwan and Vietnam are expected to become increasingly stringent. From an operational perspective, in addition to rising costs associated with implementing occupational health and safety management systems, there is also a risk of workforce cost losses due to occupational injuries, regulatory fines, and even enforced operational shutdowns.</p> <p>Adaptive Capacity:</p> <p>Tung Ho Steel, Tung Kang Steel Structure, and THSVC have implemented the ISO 45001 Occupational Health and Safety Management System, and have carried out on-site process improvements and automation initiatives. The policy and awareness of zero occupational accidents have also been embedded into the daily operations of each business unit.</p>
Strategy and Decision Response	The Company will mitigate occupational safety and health risks through strategies such as on-site process improvements and the introduction of robotic systems at designated workstations, as well as automated welding equipment.
Basis of Impact of Risks on Existing Profitability (Controlled)	<p>The Group's occupational safety and health risks include cash outflows arising from regulatory fines, labor costs associated with injury-related leave, and increased costs resulting from the implementation of occupational safety and health management systems. No instances of enforced operational shutdowns have occurred.</p> <p>Tung Ho Steel and THSVC have introduced robotic systems at designated workstations, while Tung Kang Steel Structure has implemented automated welding equipment and on-site process improvement initiatives. In addition to incurring equipment depreciation costs, these measures have resulted in reductions in regulatory fines and labor costs associated with injury-related leave.</p> <p>Overall, following the implementation of these strategies, the expected impact on financial performance is as follows: in the short term, the decline in profitability is projected to increase from NT\$19 million to NT\$22 million; in the medium term, the average annual decline in profitability is expected to increase from NT\$19 million to NT\$29 million; and in the long term, the impact is projected to improve from an average annual decline of NT\$19 million to NT\$8.6 million.</p> <p>The cash outflows for capital expenditures and operating costs associated with the implementation of these strategies over the short, medium, and long term will be funded by internal resources. No material cash flow risk is expected, and there will be no significant impact on the Group's access to financing or cost of capital.</p>

Sustainability Risk 4: Air pollution emission

Current and Anticipated Impacts of Risks on the Business Model and Value Chain	Air pollution control measures across the Group's business units not only affect air pollution fee costs but are also a key area of stakeholder concern. Non-compliance with regulatory requirements may adversely impact operations and could even result in enforced operational shutdowns.
Resilience	<p>Scenario: Environmental Protection Regulations</p> <p>Environmental protection regulations in Taiwan and Vietnam are expected to become increasingly stringent. From an operational perspective, in addition to air pollution fee costs, there is also a risk of regulatory fines and even enforced operational shutdowns in cases of non-compliance.</p> <p>Adaptive Capacity:</p> <p>Tung Ho Steel has implemented the ISO 14001 Environmental Management System and is committed to reducing air pollutant emissions and ensuring compliance with regulatory requirements.</p>
Strategy and Decision Response	The Group reduces air pollution fees and fuel costs through furnace retrofitting, and strengthens its air emission management systems to achieve a zero non-compliance objective.
Basis of Impact of Risks on Existing Profitability (Controlled)	The Group's business units are expected to incur cash outflows for air pollution fee costs across the short, medium, and long term. Katec Creative has experienced an incident of enforced operational

Profitability (Controlled)	shutdown due to non-compliance with air emission regulations. Following the retrofit of the reheating furnace at the Daye Plant of Tung Ho Steel's Kaohsiung facility, cash outflows for air pollution fees and fuel costs have been reduced by an average of approximately NT\$47 million per year. Overall, following the implementation of these strategies, the financial impact of air emission management across the Group in the short, medium, and long term is expected to improve from an average annual cost increase of NT\$26 million to an average annual cost reduction of approximately NT\$25 million to NT\$35 million. It is anticipated that there will be no impact expected on financing availability or the cost of capital.
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Sustainability Risk 5: Structural Integrity and Safety

Current and Anticipated Impacts of Risks on the Business Model and Value Chain	<p>The structural integrity and safety risks faced by Tung Kang Steel Structure and Tung Kang Engineering & Construction in the course of their operations have had a substantive impact on their business models and value chains. Amid intensifying extreme climate conditions, increasing variability in material quality, frequent construction safety incidents, and increasingly stringent regulatory requirements, the Group must continue to allocate additional resources to quality control, third-party inspections, site safety management, and supplier due diligence. This, in turn, is expected to increase operating costs and extend project execution timelines. These challenges also drive the Group to further enhance engineering efficiency and structural reliability, thereby strengthening its market competitiveness.</p> <p>Looking ahead, as government requirements for public safety, building resilience, and net-zero transition continue to intensify, structural safety will become a core issue within value chain collaboration. Companies that maintain transparent material traceability mechanisms and collaborate with suppliers to enhance safety and quality standards will gain a competitive advantage in large-scale public infrastructure projects, international supply chains, and the green building market. Failure to effectively manage structural safety risks may expose the Company to higher compliance costs, increased insurance premiums, reputational damage, and project delays. Structural integrity and safety are not only sources of risk, but also key opportunities to drive industry upgrading in the construction and steel structure sectors and to create differentiated value.</p>
Resilience	<p>Scenario: Building and Engineering Quality Regulations Regulations related to building and engineering quality in Taiwan are expected to become increasingly stringent. From an operational perspective, in addition to the risk of regulatory fines, companies may also face potential liabilities arising from litigation and compensation claims.</p> <p>Adaptive Capacity: Tung Kang Steel Structure and Tung Kang Engineering & Construction maintain professional engineering quality management teams and have implemented engineering quality management systems. Through these adaptation strategies, the Group is able not only to mitigate the impact of structural safety risks on its operations, but also to gain a competitive advantage in a high-standard market environment, demonstrating forward-looking sustainability resilience.</p>
Strategy and Decision Response	The Group will continue to invest in the implementation of engineering quality management systems, while strengthening structural safety quality control inspections and professional training for personnel, with the aim of effectively reducing compliance risks and creating differentiated value in the future.
Basis of Impact of Risks on Existing Profitability (Controlled)	Tung Kang Steel Structure and Tung Kang Engineering & Construction are expected to incur losses in the short, medium, and long term arising from non-compliance with building safety regulations in construction projects. Following the continued implementation of engineering quality management systems by Tung Kang Steel Structure and Tung Kang Engineering & Construction, along with strengthened structural safety quality control inspections and professional training for personnel, the Group is expected to offset the risk-related costs arising from non-compliance with building and engineering quality regulations. However, on the other hand, the implementation of these strategies will also increase costs and result in cash outflows. Overall, following the implementation, the Group

	expects to control structural integrity and safety risks across the short, medium, and long term at an approximate additional cost of NT\$18 million per year, funded by internal resources, with no anticipated impact on access to financing or cost of capital.
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Sustainability Risk 6: Ecological Impacts of Project Development

Current and Anticipated Impacts of Risks on the Business Model and Value Chain	During project development, ecological impacts are increasingly becoming a key factor influencing the Company's business model and the resilience of its value chain. As biodiversity issues gain prominence, land use regulations become more stringent, and stakeholder expectations for environmental protection increase, the risks and opportunities faced by enterprises are expanding concurrently. Non-compliance with regulatory requirements may adversely affect operations and could even result in enforced operational shutdowns.
Resilience	<p>Scenario: Environmental Protection Regulations</p> <p>Environmental protection regulations concerning ecological conservation in Taiwan and Vietnam are expected to become increasingly stringent. From a corporate operations perspective, in addition to the costs associated with environmental impact assessments and monitoring, there is also the risk of incurring penalties for regulatory violations and even being ordered to suspend operations.</p> <p>Adaptive Capacity:</p> <p>Tung Ho Steel has implemented the ISO 14001 Environmental Management System and is committed to ecological assessment and monitoring to ensure compliance with regulatory requirements.</p>
Strategy and Decision Response	Comply with applicable laws and regulations by investing in ecology-related assessments and monitoring, with the objective of achieving zero violations, and further strengthens community engagement and neighborhood relations initiatives.
Basis of Impact of Risks on Existing Profitability (Controlled)	Comply with applicable laws and regulations by investing in ecology-related assessments and monitoring, with the objective of achieving zero violations, and further strengthens community engagement and neighborhood relations initiatives. It is estimated that Tung Ho Steel will incur annual cash outflows of approximately NT\$9.38 million to NT\$13.0 million for investments in ecology-related assessments and monitoring, as well as for strengthening community engagement and neighborhood relations initiatives. Such expenditures are to be funded by internal resources. No incidents of suspension of operations due to violations of ecological conservation regulations have occurred, and therefore there has been no impact on financing availability or the cost of capital.

Sustainability Risk 7: Business ethics

Current and Anticipated Impacts of Risks on the Business Model and Value Chain	Business ethics has become a core issue influencing the quality of corporate governance, the level of trust across the value chain, and overall market competitiveness. With the strengthening of government regulation, rising stakeholder expectations, and increasingly stringent international supply chain requirements for integrity and transparency, enterprises are concurrently facing expanding ethical risks and transformation opportunities. The risk aspects encompass fraud risks in procurement and tendering processes, integrity and compliance risks within the supply chain, inadequate transparency in information disclosure, and insufficient ethical awareness among employees. The opportunity aspects include strengthening corporate governance and enhancing market trust, improving competitiveness in bidding processes, establishing a responsible supply chain, and attracting talent while fostering a strong corporate culture.
Resilience	<p>Scenario: Environmental Protection Regulations</p> <p>Business ethics has begun to influence corporate procurement processes, supply chain management, engineering quality control, and approaches to information disclosure. Over the next 3 to 5 years, as international standards (such as OECD guidelines, the UN Guiding Principles on Business and Human Rights (UNGPs), and anti-corruption regulations) and domestic regulatory enforcement continue to strengthen, enterprises will be required to adopt more systematic ethical risk management mechanisms. These include supply chain due diligence, transparent tendering systems, the application</p>

	<p>of digital monitoring tools, and the implementation of employee ethics training and anonymous reporting mechanisms. Overall, business ethics is not only a matter of regulatory compliance, but also a critical foundation for enterprises to build long-term trust, enhance value chain resilience, and create sustainable competitive advantages.</p> <p>Adaptive Capacity: Tung Ho Steel has established the Ethical Corporate Management Best Practice Principles and related business ethics policies.</p>
Strategy and Decision Response	The Company continues to invest in the establishment and enhancement of its internal regulations, including Ethical Corporate Management Best Practice Principles and related business ethics policies, and implements relevant employee training and awareness programs.
Basis of Impact of Risks on Existing Profitability (Controlled)	Continue to invest in the establishment and enhancement of its internal Ethical Corporate Management Best Practice Principles and related business ethics policies, and implements comprehensive employee training and awareness programs. The associated annual cash outflow is approximately NT\$0.5 million, which is funded by internal resources and has no impact on financing availability or the cost of capital. It is expected to mitigate potential cash outflows arising from litigation costs related to business ethics issues, as well as to prevent reductions in the Company's profitability.

Sustainability Risk 8: Human rights management

Current and Anticipated Impacts of Risks on the Business Model and Value Chain	<p>In labor-intensive sectors such as the steel and construction industries—characterized by cross-border supply chains and a high degree of outsourcing—human rights management has become a core issue in corporate governance and value chain resilience. As global regulations on forced labor become increasingly stringent, coupled with rising stakeholder expectations regarding labor rights, the treatment of migrant workers, and safe working conditions, enterprises are concurrently facing expanding risks and transformation opportunities.</p> <p>From risk aspects, these include heightened risks of forced labor within the supply chain, increasingly stringent regulatory and market restrictions, risks related to construction site safety and labor conditions, as well as reputational and investment risks.</p> <p>In terms of opportunities, this includes establishing a responsible supply chain and enhancing market trust, improving the competitiveness of bids, optimizing the experience of employees and migrant workers to increase retention rates, and further expanding into global markets in accordance with international standards.</p>
Resilience	<p>Scenario: Occupational Health and Safety Regulations</p> <p>Human rights management has begun to influence corporate procurement policies, contractor management, construction site safety systems, and migrant worker management processes. Over the next 3 to 5 years, as global forced labor regulations accelerate, enterprises will need to adopt more systematic approaches, including human rights due diligence, supply chain transparency, third-party audits, migrant worker protection mechanisms, and grievance channels. Overall, human rights management is not only a matter of regulatory compliance, but also a critical foundation for enterprises to build a responsible value chain, enhance international competitiveness, and establish a sustainable brand.</p> <p>Adaptive Capacity: The Group has implemented the ISO 45001 Occupational Health and Safety Management System and has established relevant policies for the management and protection of migrant workers.</p>
Strategy and Decision Response	It is anticipated that the Responsible Business Alliance (RBA) system will be implemented and verified externally, with a comprehensive zero-recruitment policy for foreign migrant workers planned for implementation in 2030.
Basis of Impact of Risks on Existing Profitability	It is anticipated that overseas customers will require the completion of human rights due diligence as a prerequisite for shipment. Failure to pass such assessments may result in a reduction in operating revenue. In the short-, medium-, and long-term, Tung Ho Steel, Tung Kang Steel Structure, Tung

(Controlled)	<p>Kang Engineering & Construction, and Katec Creative are expected to implement policies under which foreign migrant workers are exempted from paying domestic service fees, medical examination fees, and documentation processing fees. They will also adopt a zero recruitment fee policy for newly hired migrant workers, reimburse recruitment-related expenses for both current employees and those who have left within the past 5 years, and begin introducing the RBA framework along with external verification. Overall, following the implementation of these strategies, the short-term impact is expected to improve from an annual profit reduction of NT\$110 million to an annual cost increase of approximately NT\$7 million. In the medium term, the impact is projected to improve from an annual profit reduction of NT\$110 million to an annual cost increase of approximately NT\$52 million, while in the long term, it is expected to improve to an annual cost increase of approximately NT\$17 million. The cash outflows associated with the implementation of these strategies over the short, medium, and long term will be funded by internal resources. No material cash flow risk is expected, and there will be no significant impact on the Group's access to financing or cost of capital.</p>
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G. Overall Assessment of Material Sustainability- and Climate-Related Risks, Opportunities, and Strategies

- (a) In the absence of effective risk mitigation, changes in customer behavior would have the most significant impact on the Group's profitability.

In the absence of the implementation of control strategies, the impacts arising from the transition to low-carbon technologies and changes in customer behavior are expected to be more significant across the short, medium, and long term. Among these, changes in customer behavior would have the greatest impact on the Company's profitability. The anticipated impact on financial performance is a reduction in profit of approximately NT\$500 million in the short term, an average annual reduction of approximately NT\$960 million in the medium term, and an increase to an average annual reduction of approximately NT\$1.8 billion in the long term. These impacts are expected to have a negative effect on financing availability and the cost of capital.

- (b) Following the implementation of control strategies, the transition to low-carbon technologies is expected to generate the most significant increase in profitability in the long term (2031–2050).

Following the implementation of control strategies, the Group's sustainability- and climate-related risks and opportunities are expected to show significant improvement in financial impacts across the short, medium, and long term. Among these, the transition to low-carbon technologies is projected to shift to a profit-enhancing factor in the long term, with the most pronounced impact. In the short term, the impact on financial performance is expected to improve from a reduction in profit of NT\$460 million to a reduction of NT\$220 million. In the medium term, the average annual impact is projected to improve from a reduction of NT\$740 million to a reduction of NT\$270 million. In the long term, the impact is expected to improve from an average annual reduction in profit of NT\$1.3

billion to an average annual increase in profit of NT\$740 million. Capital expenditures in the medium to long term will be funded primarily by the Company's internal funds, with a portion financed through bank borrowings. No significant cash flow risk is expected, and there will be positive impact on financing availability or the cost of capital.

(c) Impact on Profitability from Implementing Strategies to Manage Sustainability- and Climate-Related Risks and Opportunities

Following the implementation of control strategies, the Group's sustainability- and climate-related risks and opportunities are expected to show significant improvement in financial impacts across the short, medium, and long term. In aggregate, the impact on financial performance is projected to improve in the short term from a reduction in profit of NT\$2.06 billion to a reduction of NT\$510 million. In the medium term, the average annual impact is expected to improve from a reduction of NT\$2.8 billion to a reduction of NT\$280 million. In the long term, the impact is projected to improve from an average annual reduction in profit of NT\$4.55 billion to an average annual increase in profit of NT\$220 million. Capital expenditures in the medium to long term will be funded primarily by the Company's internal funds, with a portion financed through bank borrowings.

(5) Sustainability- and Climate Change-Related Metrics and Targets 【S1.50, S1.51, S2.33, S2.34, S2.36, S2.29(iii)】

A. Greenhouse gas emissions targets and energy transition targets of Tung Ho Steel

Tung Ho Steel adopts the Science Based Targets initiative (SBTi) as the foundation for evaluating its climate change-related metrics and targets. At the monthly target review meetings, the President monitors and reviews the variance between actual greenhouse gas emission intensity and targets for each plant, and formulates the necessary measures accordingly. To align with global trends and Taiwan's 2050 net-zero emissions target, Tung Ho Steel has incorporated climate change as a material issue in its sustainable development strategy. The Company approved the 2030 interim targets under its "2050 Net Zero Emissions" commitment in the 25th meeting of 24th Board of Directors as follows:

(a) Carbon reduction of 30%: total carbon emissions in 2030 will be reduced by 30% compared to 2005.

Using 2005 as the base year, Tung Ho Steel has set a medium-term target of a 30% reduction in emissions by 2030, with its long-term decarbonization targets aligned with the Taiwan's Pathway to Net-Zero Emissions in 2050. For relevant greenhouse gas inventory data, please refer to the Table 2-2-3 under "Greenhouse Gas Inventory and Assurance Information for TWSE/TPEX Listed Companies."

Year	Based on General Description of Net Zero Emission Path and Strategy in 2050, the Company has formulated its carbon emissions (measured in metric tons of CO₂e)	Carbon reduction percentage (%)
2005 (base year)	831,012	-
2030 (Short to Mid-term Goals)	581,708	30%
2050 (Long-term Goal)	0	100%

Note 1: The Group has set a target to reduce carbon emissions by 30% by the year 2030 compared to the levels in 2005, in accordance with Taiwan's nationally determined contribution (NDC) targets announced in December 2022.

Note 2: Greenhouse gas emissions include Scope 1 and Scope 2 emissions combined.

- (b) RE30: 30% of total electricity consumption in 2030 will be sourced from renewable energy.

Approximately 73% of the Group's Scope 1 and Scope 2 greenhouse gas emissions are attributable to electricity consumption. In pursuing its sustainable development objectives, the procurement of renewable energy certificates represents one of the key measures adopted by Tung Ho Steel to achieve these goals. This initiative demonstrates the Company's commitment to environmental stewardship, reduces reliance on fossil fuels, lowers energy costs, and supports national renewable energy requirements, while also reflecting the Group's corporate responsibility and mission. However, given Taiwan's current renewable energy generation capacity, it may not be practical for all major carbon emitters to participate in RE100. After a pragmatic assessment, Tung Ho Steel considers RE30 to be an achievable medium-term target. In 2025, the Company purchased 210,944,812 renewable energy certificates (integrated energy certificate) from our subsidiary Tung Kang Wind Power and other external units, which is equivalent to approximately 18.46% of our electricity consumption for the year, gradually advancing the RE30 target.

B. Greenhouse Gas Inventory Quantification Method

The Group's greenhouse gas emissions are calculated in accordance with ISO 14064-1 using the operational control approach. Emissions are quantified based on the emission factor method, with the calculation formula as follows: Emissions (CO₂e) = Activity Data x Emission Factor x GWP. The emission factors are sourced from the Environmental Protection Administration's Greenhouse Gas Emission Factor Management Table (Version 6.0.4), while the Global Warming Potential (GWP) values are based on the Intergovernmental Panel on Climate Change 2021 (AR6) report standards. Emissions are expressed in units of metric tons of CO₂e per year. The relevant calculation details are as follows:

(a) Direct Emission Source Calculation

Emission Category	Emission Source	Calculation Method
Purchased Electricity	Electricity supplied by Taipower	Electricity consumption × electricity emission factor
Stationary Combustion	Natural gas, LPG, acetylene, and diesel	Activity data × (CO ₂ + CH ₄ × GWP + N ₂ O × GWP)
Process Emissions	Steelmaking process	(scrap steel × carbon content + auxiliary materials × carbon content) – (billets × carbon content)
Mobile Combustion	Company vehicles, forklifts, etc.	Fuel consumption × (CO ₂ + CH ₄ × GWP + N ₂ O × GWP)
Fugitive Emissions	Refrigerants, Fire Suppression CO ₂ , and SF ₆	Charge or refill amount × GWP

(b) Transportation-related emissions

Emission Category	Calculation Method
Upstream Transportation	Raw material weight × transportation distance × transportation factor
Downstream Transportation	Shipment volume × transportation distance × emission factor
Employee Commute	Distance × number of employees × annual working days × transportation factor
Business Travel	Distance × number of Business Travelers × emission factor
Customer Visitor	Distance × number of business travelers × emission factor

(c) Product- and Service-Related Emissions

Emission Category	Calculation Method
Purchase of Goods	Procurement volume × life cycle emission factor
Energy Life Cycle	Energy consumption × carbon footprint coefficient
Capital Equipment	Procurement volume × life cycle emission factor
Waste Disposal	Weight of waste × treatment coefficient
Asset Utilization	Electricity consumption × electricity carbon footprint coefficient
Other Services	Number of service instances × emission factor

(d) Product Use and End-of-Life Emissions

Emission Category	Calculation Method
Downstream Leased Assets	Electricity consumption × electricity carbon footprint coefficient
Product Lifecycle Termination	Shipment volume × scrap steel recycling treatment coefficient

In managing emission factors, priority is given to values derived from measurement or mass balance calculations, followed by nationally published

factors, and then internationally recognized factors (such as those issued by the IPCC). With respect to quantification methodologies, any changes require recalculation and disclosure of the differences. There have been no changes to the quantification methodologies or emission factors in the current year. The Global Warming Potential (GWP) values are based on the IPCC 2021 (AR6) standards.

C. Group-wide Greenhouse Gas Reduction Targets and Renewable Energy Targets

To align with global trends and Taiwan’s 2050 net-zero emissions target, the Company’s Board of Directors approved the establishment of the Group’s 2035 interim targets in the 15th meeting of 25th term, which are as follows:

- (a) Carbon reduction of 30%: total carbon emissions in 2035 will be reduced by 30% compared to 2021

Using 2021 as the base year, the Group’s total Scope 1 and Scope 2 greenhouse gas emissions amounted to 1,278,233 metric tons of CO₂e in 2021. Among these, Tung Ho Steel accounted for the highest share, with emissions of 882,399 metric tons of CO₂e, representing 69% of the Group’s total emissions. The Group has set 2035 as the target year for its short- and medium-term greenhouse gas reduction goals, with total Group emissions projected to reach 894,763 metric tons of CO₂e, representing a 30% reduction compared to the base year. During the period from 2025 to 2035, the Group’s companies will progressively implement decarbonization initiatives, including electric arc furnace upgrades and the procurement of renewable electricity, in order to gradually achieve the 30% emissions reduction target.

The Group’s long-term decarbonization targets are aligned with the national pathway to net-zero emissions in 2050. To achieve the goal of zero emissions by 2050, in addition to continuing investments in energy efficiency improvements, process optimization, and the procurement of renewable electricity, the Group will also introduce carbon capture, utilization, and storage (CCUS) technologies as a final net-zero strategy once such technologies become mature and economically viable at both the international and domestic levels.

Names of the Parent Company and Subsidiaries within the Group	Scope 1 and Scope 2 Emissions (metric tons of CO ₂ e) in 2021 (Base Year)	Emission Proportion
Tung Ho Steel	882,399	69.0%
Tung Kang Steel Structure	9,056	0.7%
Tung Kang Engineering & Construction	1,108	0.1%
Tung Kang Wind Power	1,134	0.1%
Katec Creative	31,570	2.5%
THSVC	199,672	15.6%
Duc Hoa International J.S.C.	153,294	12.0%
Total	1,278,233	100%

- (b) RE30: 30% of total electricity consumption in 2035 will be sourced from renewable energy.

The Group, Tung Ho Steel, has continued to procure renewable electricity in 2024 supplied through wheeling from Tung Kang Wind Power. Other subsidiaries within the Group will also continue to invest in the installation of self-generated renewable energy facilities and the purchase of external renewable energy certificates (bundled with electricity). The Group targets achieving 30% renewable electricity usage across the entire Group by 2035.

D. The use of low-carbon raw material targets

As global attention to climate change continues to intensify, the importance of corporate social responsibility has become increasingly prominent. In light of this, Tung Ho Steel has adopted a production approach that does not utilize pig iron, transitioning toward more environmentally friendly low-carbon steel products. The use of low-carbon raw materials is one of Tung Ho Steel's key decarbonization objectives. In traditional steelmaking processes, pig iron is an essential raw material; however, the greenhouse gas emissions generated during the upstream stages of iron ore mining and refining are significantly higher than those associated with scrap steel. Accordingly, investing in the research and development of production technologies that do not rely on pig iron represents an important pathway for the steel industry to produce low-carbon steel products. The research and development of this production technology reduces reliance on natural resources in steel production and lowers the ecological footprint, enabling the Company to balance environmental protection with maintaining competitiveness and meeting market demand. Accordingly, by overcoming technical challenges in steelmaking to eliminate the need for pig iron and by identifying alternative types of scrap steel, the Group has ceased procuring pig iron since 2023. Existing inventory is expected to be fully consumed by the end of 2026, after which pig iron will no longer be used as a raw material in electric arc furnace steelmaking. Through innovation in production technologies that eliminate the use of pig iron, the steel industry is advancing toward a more environmentally friendly and sustainable future.

E. Other Sustainability- and Climate-Related Metrics and Targets: Short- and Medium-Term Targets

Sustainability and Climate risks	Metrics and Short- and Medium-Term Targets
[Sustainability Risk] Waste management	<p>For the Miaoli Plant of Tung Ho Steel, in conjunction with electric arc furnace upgrades, the adoption of the oxidizing slag air granulation process, and the reducing slag recycling process, the short-term targets are set for 2030 with an oxidizing slag air granulation rate of 40% and a reducing slag recycling rate of 80%. The medium-term targets for 2035 are an oxidizing slag air granulation rate of 70% and a reducing slag recycling rate of 90%.</p> <p>For THSVC, a scrap steel drum screening machine is scheduled to be installed in 2026 to enhance steel recovery rates, with an expected reduction of approximately 10% in scrap steel impurity waste. In addition, a waste refractory brick crushing system will be installed to convert discarded refractory bricks into auxiliary raw materials for steelmaking, replacing dolomite. This initiative is expected to reduce the annual volume of waste refractory bricks requiring disposal by approximately 30%.</p>
[Sustainability Risk] Occupational health and safety	<p>[Tung Ho Steel] 6 robotic arms will be newly introduced in 2026.</p> <p>[Tung Kang Steel Structure] A pilot program will be conducted for an AI-based unsafe behavior recognition system in 2026.</p> <p>[Katec Creative] In 2027, following improvements to dust collection systems, the feasibility of introducing robotic arms into on-site operations will be evaluated to mitigate operational risks associated with slag tapping and pig iron tapping.</p> <p>[THSVC] A billet tracking system has been installed on the continuous casting production line in 2025. In 2026, monitoring and adjustments will continue to ensure the accuracy of system operations.</p>
[Sustainability Risk] Air pollution emission	[Katec Creative] The improvement of dust collection systems is expected to be completed in 2026.
[Sustainability Risk] Ecological impacts of project development	[Tung Ho Steel] The Taoyuan Plant continues to conduct annual monitoring of dioxins in soil and ambient air.
[Sustainability Risk] Business ethics	[Tung Ho Steel] One anti-corruption training session on business ethics is conducted annually.
[Sustainability Risk] Human rights management	[Tung Ho Steel] Beginning in 2027, the Company will bear the agency fees incurred by newly hired foreign migrant workers prior to their arrival in Taiwan, in order to reduce their initial employment burden. The Company fully covers the necessary expenses incurred by foreign migrant workers during their employment in Taiwan, thereby enhancing their employment protection.

Sustainability and Climate risks	Metrics and Short- and Medium-Term Targets
[Transition Risk] Changes in customer behavior	[Tung Ho Steel] In 2026, all products will be certified under UL 2809, with ongoing updates to EPDs and carbon footprint data for rebar and structural steel. [THSVC] UL 2809 certification will be introduced in 2026, and updates to the EPD certification for rebar will continue through 2028.
[Acute Physical Risk] Tropical cyclone	By 2026, all entities within the Group will have obtained typhoon insurance coverage.
[Chronic Physical Risk] Changes in average precipitation and water management	[Tung Ho Steel] The Taoyuan Plant, Miaoli Plant, and Jiaxing Plant are expected to achieve zero discharge of wastewater by 2030.
[Acute Physical Risk] Extreme temperature changes	The Group aims to ensure that shipments are not affected by power outages, achieving zero customer complaints.
[Resource efficiency] Recycling and reuse	[Tung Ho Steel] In 2026, the Group will continue to invest in the circular economy sector.
[Market] Financial institution awards	[Tung Ho Steel] The Company aims to maintain a top 5% ESG rating in 2026 and achieve a CDP rating of A-.

(6) Emission Reduction Action

To align with the national greenhouse gas reduction strategy while balancing resource efficiency, energy conservation, and environmental protection in pursuit of sustainable energy development, Tung Ho Steel has progressively implemented the ISO 50001 Energy Management System, ISO 14064-1 greenhouse gas inventory, and ISO 14067 product carbon footprint certification. Meanwhile, through various energy-saving initiatives, the Company has committed capital expenditures as well as related human and material resources to better manage production costs and ensure efficient and appropriate energy use. In 2025, the combined energy-saving and carbon reduction across all plants amounted to approximately 40,749 metric tons of CO₂e. For energy-saving and carbon reduction initiatives at each plant, please refer to Section 4-2 “Energy and Resource Use” of the 2025 ESG Report.

(7) Low Carbon Products

The Group’s steel products are classified as low-carbon products. The method used to distinguish products as low-carbon is based on emission intensity. During the reporting year, revenue derived from low-carbon products accounted for 100% of total revenue. Through electric arc furnace steelmaking, scrap steel is melted to produce steel products. Compared with steel produced using blast furnace raw materials, this process can reduce CO₂ emissions by approximately 1.5 metric tons per ton of crude steel, thereby providing an environmental competitive advantage.

In response to net-zero targets, the Group invested in 2025 in the R&D project titled “Low-

Carbon Electric Arc Furnace Simulation Design, Validation, and Collaborative Research on Extending the Service Life of EAF Peripheral Components.” This project is conducted in collaboration with the Industrial Technology Research Institute and focuses on the design and validation of low-carbon electric arc furnace smelting process technologies. Through four key processes—electric arc furnace system simulation, injection optimization, thermodynamic analysis of chemical reactions, and validation of decarbonization processes—the project provides a basis for process adjustments, with the objective of achieving a 10% reduction in energy consumption. This project also includes a component life extension program for electric arc furnace peripherals. Through the application of thermal spraying technology to rapidly develop high-temperature-resistant, multifunctional thermal interface materials, the program aims to extend the service life of components by 20%.

(8) 1.5°C Low-Carbon Transition Plan

The Group pays close attention to global climate changes and international response trends, includes climate change as one of the major issues and critical risk items for corporate sustainability, continues to analyze and manage climate change, and is committed to greenhouse gas emission adaptation and mitigation. In formulating the 1.5°C low-carbon transition plan, priority is given to developing decarbonization pathways for electricity consumption, which accounts for a significant proportion of greenhouse gas emissions. Carbon capture, utilization, and storage (CCUS) technologies will then be applied to achieve the 2050 net-zero target. The current decarbonization pathways and the corresponding estimated reduction targets are as follows:

- A. Reduce the use of electricity: Shifts to decarbonized technologies and transformation of electric furnace, procurement of renewable energy
- B. Implementation of energy saving and carbon reduction scheme: Improve energy efficiency, process improvement
- C. Other carbon reduction paths: Stop using cast iron, use low-carbon fuels flexibly, reduce the use of carburants

(9) Future Outlook

A. Climate-Related Engagement with the Supply Chain

In March 2023, the Company revised its “Supplier Evaluation Criteria,” incorporating “climate-related responsibilities” into the assessment framework. This aims to incentivize suppliers to complete greenhouse gas inventory and verification processes at an early stage. In addition, the Company has developed a “Collaborative Decarbonization Agreement” with value chain partners and distributed questionnaires to upstream suppliers, downstream construction contractors, and transportation companies to assess their willingness to participate in collaborative decarbonization efforts. In 2024, the Company organized a series of “Greenhouse Gas Reduction

Briefings” and “Greenhouse Gas Inventory Workshops” for supply chain partners. A total of three sessions of the Greenhouse Gas Reduction Briefings were held, with 167 participants, while three sessions of the Greenhouse Gas Inventory Workshops were conducted, with 56 participants. Subsequently, energy consumption baseline measurements and carbon inventory guidance were conducted for 12 supply chain partners. The Company also assisted these partners in analyzing energy efficiency improvement opportunities for key process equipment and in collecting data for the identification of emission sources. Through the above initiatives, the Company seeks to connect supply chain partners in jointly advancing substantive carbon reduction and collectively implementing the transition to a low-carbon economy.

B. Internal Carbon Pricing and Allocation of Decarbonization Funds

In order to promote climate change adaptation and mitigation actions, the Group actively manages carbon risks, and formulates operating procedures and methods such as climate-related financial disclosure and internal carbon pricing. The internal carbon pricing of the Group adopts nationally determined carbon price, so as to facilitate the set greenhouse gas reduction target and promote the clean energy transformation in the future.

To advance climate change adaptation and mitigation actions, the Board of Directors approved the “Regulations Governing the Allocation and Utilization of Special Earnings Reserves for Climate Change Adaptation and Mitigation” at the 20th meeting of the 24th term in August 2022. Under this framework, a provision is made at NT\$200 per metric ton, based on the total Scope 1 and Scope 2 carbon emissions identified through the Company’s internal inventory for the year, to allocate a special earnings reserve for climate change adaptation and mitigation. The special surplus reserve were used for projects or planned expenditures related to climate change adaptation and mitigation, such as energy-saving equipment or energy efficiency upgrading of equipment, energy-saving technologies R&D, and low-carbon product development technologies. In 2025, NT\$156 million was appropriated to this special reserve. Expenditures included the establishment of a big data-based energy management system, fuel conversion projects for heating furnaces, improvements to hydro turbines, procurement of variable frequency air compressors, centrifugal air compressors, and variable frequency water-cooled packaged units, as well as the adoption of renewable energy such as wind and optoelectronics.

(VI) Compliance with the Code of Conduct for Honest Management and Differences from the Code of Conduct for Listed Companies and Reasons

Assessed areas	Operations		Summary	Deviation from "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies" and reasons for deviation
	Yes	No		
<p>I. Formulate ethical corporate management policies and programs</p> <p>(I) Has the Company established an ethical corporate management policy approved by the Board of Directors, and has the policy and practice of ethical corporate management been stated in the bylaws and external documents? Is there commitment from the Board of Directors and the senior management to actively implement the management policy?</p> <p>(II) Has the Company established a mechanism to assess the risk of dishonest acts, regularly analyzed and evaluated the business activities within the scope of business that have a higher risk of dishonest acts, and formulated a corresponding plan to prevent dishonest acts. Does the plan cover the preventive measures for the acts mentioned in Article 7, Paragraph 2 of the "Code of Conduct for Listed Companies with Integrity"?</p>	✓		<p>(I) The Company's integrity management policy is to treat all stakeholders based on the principles of fairness, integrity, honesty, and faithfulness. The Company has also established the Ethical Corporate Management Best Practice Principles and the Ethical Corporate Management Operating Procedures and Code of Conduct, which have been approved by the Board of Directors, implemented and publicly disclosed on the Company's website. In order to implement the ethical corporate management policy, we have established the "Commitment to Ethical Conduct", which is signed by the management and employees, as well as the "Declaration of Compliance", which is signed by the directors, to implement the ethical corporate management best practice principles.</p> <p>(II) In order to prevent unethical behavior in business activities, the Company's code of conduct for ethical corporate management stipulates the prohibition of unethical behavior, benefits and attitudes. Additionally, it has established the "Procedures and Conduct Guidelines for Ethical Corporate Management," which encompasses preventive measures for various behaviors outlined in Article 7, Section 2, of the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies," to specifically regulate and prevent unethical behavior. The Company also conducts risk assessment and prepares necessary preventive measures annually when each department performs self-evaluation of its</p>	No difference.

Assessed areas	Operations			Deviation from "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies" and reasons for deviation
	Yes	No	Summary	
(III) Has the Company established policies to prevent unethical conduct with relevant procedures, guidelines of conduct, punishment for violation, rules of appeal clearly stated in the policies? Has the Company implemented the policies and regularly reviewed and amended the said policy?			<p>internal control system. The Company has established stringent behavioral norms, ethical standards and regulations relating to appeal, reward and punishment systems in the Company's "Board of Directors' Meeting Procedure", "Ethical Code of Conduct for Directors, Supervisors and Managers", "Critical Internal Material Information Processing Procedures" and "Work Rules". On December 1, 2025, the Company conducted integrity risk assessments across all departments. The consolidated results of the overall assessment indicated a low-risk level. For items assessed as medium risk within individual departments, the necessary prevention plans and measures have been formulated.</p> <p>(III) In accordance with the code of conduct for ethical corporate management, the Company has established the "Procedures and Guidelines for Ethical Corporate Management" to prevent unethical behavior, and has regularly reviewed the procedures, guidelines, disciplinary actions, complaint system, and has established the "Employee Rotation Regulations". In addition, in order to protect the rights and interests of employees or other activities against the interests of The Company, The Company has formulated the The Company's "Employee Grievance and Whistleblower Policy" (whistleblower protection policy), and each factory has a complaint box, through which colleagues can lodge complaints and report to the unit supervisor or the factory management unit through e-mail, orally or by telephone.</p>	

Assessed areas	Operations		Summary	Deviation from "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies" and reasons for deviation
	Yes	No		
<p>II. Implement Ethical Corporate Management</p> <p>(I) Has the Company evaluated the ethical records of parties it does business with and stipulated ethical conduct clauses in business contracts?</p> <p>(II) Does the Company have a dedicated unit under the Board of Directors to promote ethical corporate management, and report regularly (at least once a year) to the Board of Directors on its ethical management policies and plans to prevent unethical practices and monitor their implementation?</p>	✓		<p>(I) The company appoints its General manager's office to provide customer credit surveys during the Company's external business activities and designates Legal Affairs Office to review and execute contract terms. In accordance with Article 20 of the Company's "Ethical Corporate Management Operating Procedures and Code of Conduct," when the Company enters into a contract with another party, the Company shall fully understand the other party's integrity ethical corporate management status and include compliance with ethical corporate management in the contract terms. Starting from May 2020, the Company requires that the terms of ethical corporate behavior be stipulated in procurement and business contracts, and requests credit units to include ethical corporate behavior in the credit history and credit evaluation criteria.</p> <p>(II) The dedicated unit of the Company's ethical corporate management is the Sustainable Development Committee, which is responsible for formulating and supervising the implementation of integrity management policies and prevention plans. It meets at least twice a year with three members, more than half of whom are independent directors. The implementation status of integrity management is reviewed annually by the Sustainable Development Committee and subsequently reported to the Board of Directors. On December 1, 2025, the Company conducted integrity risk assessments across all departments. The consolidated results of the overall assessment indicated a low-risk level. For items assessed as medium risk within</p>	No difference.

Assessed areas	Operations			Deviation from "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies" and reasons for deviation
	Yes	No	Summary	
<p>(III) Did the Company establish policies that prevent conflict of interests, provide appropriate channels for filing related complaints and implement such policies and channels?</p> <p>(IV) Has the Company established an effective accounting system and internal control system for the implementation of ethical corporate management, and has the internal audit unit prepared an audit plan based on the evaluation results of the risk of unethical acts? Has the Company checked the compliance of the unethical act prevention plan accordingly, or appointed an accountant to perform the audit?</p>			<p>individual departments, the necessary prevention plans and measures have been formulated. The implementation of the 2025 Unethical Corporate Practices Prevention Program was reported to the 20th meeting of the 25th Board of Directors Meeting on December 30, 2025.</p> <p>(III) In order to prevent conflicts of interest, the Company has set forth the principles of preventing conflicts of interest in the "Rules of Procedure for the Board of Directors' Meetings", "Ethical Corporate Management Operating Procedures and Code of Conduct", "Code of conduct for Ethical Corporate Management, "Code of Ethical Conduct for Directors and Managers" and other relevant regulations. The Company also announces on its website that it accepts notifications, suggestions, complaints and reports on the Company, and has set up mailbox for internal and external stakeholders to voice their complaints.</p> <p>(IV) The Company has established an effective accounting system and prepared financial statements in accordance with the "Guidelines Governing the Preparation of Financial Reports by Securities Issuers" and the "International Financial Reporting Standards, IFRS" in order to properly present its operating results and financial position. Through each unit's annual internal control system self-evaluation, the Company also reviews and amends the system constantly to ensure that the design and implementation of the system continues to be effective in response to changes in the Company's internal and external environment. Based on the risk evaluation results, the audit office will include the higher risk operation</p>	

Assessed areas	Operations			Deviation from "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies" and reasons for deviation
	Yes	No	Summary	
(V) Did the Company periodically provide internal and external training programs on ethical corporate management?			<p>items in the annual audit plan to review the actual implementation of the operation. Statement of Financial Accounting Standards issued by the accountant in 2025: "In the course of this audit, no doubts about the integrity of management were raised and no fraud was found to have been committed by management. "</p> <p>(V) From time to time, the Company promotes the principles of integrity management in its internal magazines, official websites, or at major meetings, and asks its employees to comply to these principles. On December 1, 2025, the Company conducted an online insider trading related law promotion on the Company's internal platform, targeting all employees of the Company and related companies. On November 24, the "Case Analysis and Perspectives on Anti-Corruption Prevention" training course was held for 246 participants, totaling 492 hours, including all company and affiliated companies' supervisors at or above the division level, sales staff, IT/information personnel, finance and accounting personnel, and purchasing personnel. In 2025, there were 7 reminders given to directors and managers regarding the relevant regulations of the Securities and Exchange Act, as well as common patterns of insider trading in the Company's stock. In 2024, the Company's managers participated in the 2025 Prevention of Insider Trading training course hosted by the Taiwan Stock Exchange. A total of 5 people participated for a total of 15 hours.</p>	
III. Operation of the Company's whistle-blowing system (I) Did the Company establish a	✓		(I) In order to protect the rights and interests of employees and to follow the rules for reporting improper violations of the company's interests,	No difference.

Assessed areas	Operations			Deviation from "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies" and reasons for deviation
	Yes	No	Summary	
specific whistle-blowing, reward and punishment system, set up a convenient complaint channel and assign designated personnel to handle the reported complaint?			<p>the Company has established the "Employee Grievance and Reporting Rules" and has set up a grievance box in each factory, where employees can submit complaints and reports to the unit manager or the management of each factory through the grievance box or email, verbally or by phone. When handling a report, the Management Department, the Audit Office, the Legal Office, and the relevant department heads as necessary will form an investigation team to conduct a factual investigation. In addition, the "Code of Ethical Conduct for Directors and Managers" has been established to encourage employees to report to the directors, audit committee members, managers, internal audit supervisors or the head of the management department with sufficient evidence if they discover any violation of laws and regulations or violation of the Code of Ethical Conduct by a director or manager. The Company will reward the whistleblowing employee in accordance with relevant regulations if the report is substantiated. When material violations or concerns involving material impairment to the Company come to their awareness upon investigation, the dedicated personnel or unit handling the whistle-blowing system shall immediately prepare a report and notify the independent directors or supervisors in writing.</p> <p>To protect customer equity, the Company enhances service quality through customer satisfaction surveys and has established the "Customer Complaint Handling Procedures," along with a dedicated customer grievance mailbox and hotline, to properly address issues related to delivery or product quality. In addition, to ensure information security</p>	

Assessed areas	Operations			Deviation from "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies" and reasons for deviation
	Yes	No	Summary	
<p>(II) Does the Company have standard operating procedures for investigation of whistleblower matters, follow-up measures to be taken after the completion of the investigation and the related confidentiality mechanism?</p> <p>(III) Did the Company adopt measures for protecting the whistle-blower against improper treatment or retaliation?</p>			<p>throughout the transaction process, the Company has established the “Guidance for Information Security Management” to provide comprehensive protection of customer rights and interests.</p> <p>(II) The Company's "Employee Grievance and Whistleblower Policy" (whistleblower protection policy) provides for the following grievance handling procedures: Preliminary hearings, fact-finding, findings and resolutions. The relevant personnel responsible for handling the complaint (prosecution) shall maintain absolute confidentiality and shall not disclose it to the public. If the case information is leaked due to intentional negligence, the responsible personnel will be punished in accordance with the relevant regulations corresponding to the severity of the leak.</p> <p>(III) According to the nature of the reported case and the situation of the whistle-blower, the Company adopts necessary protective measures for keeping the whistle-blower's identity confidential to prevent the possibility of double jeopardy for the whistle-blower.</p>	
<p>IV. Strengthen information disclosure Did the Company disclose the content and effectiveness of its integrity management principles on the Company's website and the Market Observation Post System?</p>	✓		<p>The Company has established the Ethical Corporate Management Policy, the Ethical Corporate Management Operating Procedures and Code of Conduct, which have been publicly disclosed on the Company's website and annual report. The Company has also regularly reported on the progress of prevention of unethical conduct to the Board of Directors. On November 24, 2025, the "Case Analysis and Perspectives on Anti-Corruption Prevention" training course was held for 246 participants, totaling 492 hours, including all company and affiliated companies' supervisors at or above the division level, sales staff, IT/information</p>	No difference.

Assessed areas	Operations		Summary	Deviation from "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies" and reasons for deviation
	Yes	No		
			personnel, finance and accounting personnel, and purchasing personnel.	
V. The company shall establish its own Code of Business Integrity based on the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies" and clearly articulate the differences between its operations and the established code: No difference.				
VI. Other critical information conducive to understanding the operation of the Company's integrity management: (e.g., review/revision of the Company's integrity corporate management principles)				
(I) Suppliers who sign contracts with the Company onwards are required to sign a corporate social responsibility pledge, which covers labor rights and human rights, environmental protection, climate change mitigation and adaptation, as well as honest management and ethical standards. In 2025, a total of 982 suppliers signed the pledge.				
(II) The "Rules of Procedure for the Board of Directors' Meetings" clearly describes that a director shall recuse himself or herself when matters that involve his or her interests arise. If his or her participation is likely to damage the interest of the Company, the concerned person may not participate in discussion of or voting on the proposal and shall recuse himself or herself from the discussion or the voting. He or she may not exercise voting rights as a proxy for another director. The company's directors uphold a high level of self-discipline. If a motion involves the interests of the directors themselves, the directors shall adhere to the principles of recusal and abstain from participation.				
(III) The company has established Critical Internal Material Information Processing Procedures, which mandates that the Company's directors, supervisors, managers and employees shall exercise due administrative diligence and duty of loyalty, undertake business activities according to the procedures and may not disclose important internal information to other parties.				

(VII) Critical information that can enhance the understanding of the Company's corporate governance practices shall be disclosed

Operations relevant to the Company and its subsidiaries' corporate governance and material information, for example: the Company's crucial regulations, Board of Directors nomination and election methods, continuing education of directors and supervisors, key resolutions of the Board of Directors, and corporate governance practices are all disclosed in the corporate sustainability report and on the Company's website (<https://www.tunghosteel.com/investors/>).

(VIII) The internal control system implementation status shall disclose the following matters

1. Internal Control System Statement

Tung Ho Steel Enterprise Corporation

Internal Control System Statement

Date: February 26, 2026

Based on the results of self-evaluation, the Company's 2025 internal control system hereby declares the following:

- I. The Company acknowledges that the Company's Board of Directors and managers are responsible for the implementation and maintenance of the internal control system, and that the Company has already established such a system. The objective is to provide reasonable assurances that the goals of operational effectiveness and efficiency (including profitability, performance, asset security, etc.), financial report reliability, timeliness, transparency, and regulatory compliance will be achieved.
- II. Internal control regulations possess inherent shortcomings. Regardless of its design, an effective internal control system can only provide reasonable assurance of the three objectives as mentioned above. Furthermore, its effectiveness may change due to changes in the Company's environment and circumstances. However, self-supervision measures were implemented within the Company's internal control policies to facilitate immediate rectification once procedural flaws have been identified.
- III. The Company shall determine the effectiveness of the internal control system design and execution based on the internal control system effectiveness review items as provided by the "Regulations Governing Establishment of Internal Control Systems by Public Companies" (hereafter "Handling Regulations"). The criteria introduced by the "Governing Regulations" cover the process of management control and consist of five major elements, each representing a different stage of internal control: 1. Control environment, 2. Risk assessment, 3. Control operations, 4. Information and communication, and 5. Monitoring operations. Each component also comprised several items. Please refer to "Governing Regulations" for details.
- IV. The company has already adopted the aforementioned internal control system judgment items to inspect the effectiveness of the internal control system design and implementation.
- V. Based on the aforementioned evaluation results, the Company believes that the design and execution of its December 31, 2025 internal control system (including those adopted for supervision and management of subsidiary branches) are effective in terms of understanding of operational effectiveness, level of efficiency fulfillment, financial reporting reliability, timeliness, transparency, and regulatory compliance-related internal control system items; and that the Company can reasonably achieve the aforementioned goals.
- VI. This statement will be the main content of the Company's annual report and public statement, and will be made available to the public. Should any of the aforementioned disclosure contents be fictitious or concealed in an illegal manner, the Company shall bear legal responsibilities pursuant to Articles 20, 32, 171, and 174 of the Securities Exchange Act.
- VII. This declaration statement has been authorized by the Board of Directors on February 26, 2026, and all **nine** attendees of the Board have approved the contents of the declaration statement.

Tung Ho Steel Enterprise Corporation

Chairman: Henry C. T. Ho

President: Binghua Huang

2. If the internal control system review is conducted by commissioned accountants, the said accountant review's report shall be disclosed: None.

(IX) Critical resolutions made during shareholders and Board of Directors' meetings in recent years and up to the publication date of this annual report

Date	Meeting	Critical resolution matters	Board of Directors (Shareholder's meeting) Resolution result
2025.02.25	14th meeting of the 25th Board	<ol style="list-style-type: none"> 1. 2024 Board of Directors Internal Performance Evaluation Report. 2. Report on the inventory and schedule planning of greenhouse gas. 3. Disclosure reports under IFRS S1 and S2. 4. Passed the proposal to change the Company's certified public accountants, as audited by KPMG. 5. Passed the independence and suitability evaluation of the accountant. 6. Passed the distribution of employee and director remuneration for 2024. The total employee remuneration was NT\$136,813,089, and the total remuneration to directors was NT\$109,450,472. 7. The 2024 business report and financial report. 8. Passed the Company's 2024 earnings appropriation of cash dividend at NT\$4 per share. 9. Established the baseline date for distribution of cash dividends and issue date in 2024. 10. Approved the proposal of the scope of grassroots employees. 11. Passed the Amendment of the "Articles of Incorporation." 12. Passed the proposal of the amendments to the "Procedures Governing the Acquisition and Disposal of Assets". 13. The proposal to convene the Annual Shareholders' Meeting for the year 2025 and to accept proposals from shareholders holding more than 1% of the shares has been approved. 14. Approved the Tung Ho Steel Cultural Foundation's refining programs and related activities as well as the allocation of funds for association affairs. 15. Through its subsidiary Tung Ho Steel Vietnam Corp., Ltd., it is proposed that the Company apply for a short-term financing limit. 16. Passed the endorsement/guarantee for the subsidiary Tung Ho Steel Vietnam Corp., Ltd. for the renewal of the short term credit obligation in Yuanta Commercial Bank. 17. Passed the endorsement/guarantee for the subsidiary Tung Ho Steel Vietnam Corp., Ltd. for the renewal of the short term credit obligation in Cathay United Bank. 	The entire Board adopted without objection.

Date	Meeting	Critical resolution matters	Board of Directors (Shareholder's meeting) Resolution result
2025.04.25	15th meeting of the 25th Board	<ol style="list-style-type: none"> 1. Passed the Company's Quarter 1 consolidated financial reports for 2025. 2. Passed the establishment of the Group's 2035 carbon reduction targets and renewable energy usage targets: <ol style="list-style-type: none"> (1) Carbon reduction of 30%: total carbon emissions in 2035 will be reduced by 30% compared to 2021. (2) RE30: 30% of total electricity consumption in 2035 will be sourced from renewable energy. 3. Approved the issuance of the 2024 ESG Report and the communication with stakeholders. 4. Approved the establishment of the "Modern Slavery Statement." 5. Passed the proposal to participate in an urban renewal project through a self-owned land joint construction arrangement. 6. Passed the proposal for the subsidiary Tung Kang Steel Structure Co., Ltd. to obtain right-of-use assets of real estate from the Company. 7. Passed the guarantee endorsement application short term credit obligation case with the Mizuho Bank for the subsidiary Fujian Sino-Japan Metal Corp. 8. Passed the guarantee endorsement application short term credit obligation case with the MUFG Bank for the subsidiary Fujian Sino-Japan Metal Corp. 	The entire Board adopted without objection.
2025.05.20	Shareholder's meeting	<p>Important resolutions of the 2025 annual shareholders' meeting and the implementation status:</p> <ol style="list-style-type: none"> 1. Ratifications: <ol style="list-style-type: none"> (1) The 2024 business report and financial report. Status of implementation: Proposal passed. (2) Passed the Company's 2024 earnings appropriation. Status of Implementation: At the Company's 2025 Annual General Meeting, the other items in the profit distribution table were approved, including the appropriation of legal reserve, the reversal of special reserve for equity deductions, the allocation of special reserve for climate change adaptation and mitigation, and the remeasurement of defined benefit plans for the current period. (Distribution of cash dividends of NT\$2,920,855,272 was approved by the Board of Directors on 2025.02.25, with dividend per share of NT\$4.0. On the same day, the Board of Directors has approved on setting the ex-dividend date on March 26, 2025, and the distribution of cash dividends was completed on April 23, 2025). 2. Matters for Discussion: 	After the chairman consulted all the shareholders present, the case was passed.

Date	Meeting	Critical resolution matters	Board of Directors (Shareholder's meeting) Resolution result
		<p>(1) Proposal of the amendments to the "Articles of Incorporation". Status of implementation: Adopt the amendment of some provisions and announce them on the company website (website: https://www.tunghosteel.com, Investor Services > Corporate Governance > Major Internal Policies > Articles of Incorporation).</p> <p>(2) Proposal of the amendments to the "Procedures Governing the Acquisition and Disposal of Assets". Status of implementation: Adopt the amendment of some provisions and announce them on the company website (website: https://www.tunghosteel.com, Investor Services > Corporate Governance > Major Internal Policies > Regulations Governing the Acquisition and Disposal of Assets).</p>	
2025.05.20	16th meeting of the 25th Board	<ol style="list-style-type: none"> 1. Report on the inventory and schedule planning of greenhouse gas. 2. Passed the formulation of greenhouse gas management strategies, reduction targets and plans. 3. Approved the issuance of the 2025 Sustainability and Climate-related Financial Disclosures Report (IFRS S1 & S2) 4. Through its subsidiary Tung Ho Steel Vietnam Corp., Ltd., it is proposed that the Company apply for a short-term financing limit. 	The entire Board adopted without objection.
2025.07.29	17th meeting of the 25th Board	<ol style="list-style-type: none"> 1. Report on the inventory and schedule planning of greenhouse gas. 2. Qualification review report of independent directors during their term of office. 3. Passed the Company's Quarter 2 consolidated financial reports for 2025. 4. Passed the proposal for the replacement and upgrade of overhead cranes at the Miaoli Plant and the related capital expenditure budget. 5. Passed the proposal for the subsidiary Tung Ho Steel Vietnam Corp., Ltd. to apply for a short-term financing facility from the Company. 6. Passed the endorsement/guarantee credit obligation case with the Vietcombank for the subsidiary Tung Ho Steel Vietnam Corp., Ltd. 7. Passed the endorsement/guarantee credit obligation renewal case with the CTBC Bank for the subsidiary Tung Ho Steel Vietnam Corp., Ltd. 8. Passed the endorsement/guarantee short term credit obligation renewal case with Mega International 	The entire Board adopted without objection.

Date	Meeting	Critical resolution matters	Board of Directors (Shareholder's meeting) Resolution result
		<p>Commercial Bank for the subsidiary Tung Ho Steel Vietnam Corp., Ltd.</p> <p>9. Passed the endorsement/guarantee short term credit obligation renewal case with Taipei Fubon Bank for the subsidiary Tung Ho Steel Vietnam Corp., Ltd.</p> <p>10. Passed the endorsement/guarantee for the subsidiary Tung Ho Steel Vietnam Corp., Ltd. for the renewal of the short term credit obligation in Hua Nan Bank.</p> <p>11. Passed the endorsement/guarantee for the subsidiary Tung Ho Steel Vietnam Corp., Ltd. for the renewal of the short term credit obligation in Mizuho Bank.</p> <p>12. Passed the guarantee endorsement application short term credit obligation case with the Chang Hwa Commercial Bank Ltd. for the subsidiary Fujian Sino-Japan Metal Corp.</p>	
2025.10.28	18th meeting of the 25th Board	<p>1. Board of Directors' Performance External Evaluation Report</p> <p>2. Passed the liability insurance report of directors, supervisors and major staff.</p> <p>3. Passed the Company's Quarter 3 consolidated financial reports for 2025.</p> <p>4. Passed the accountant public expenses review proposal for 2025.</p> <p>5. Approved the proposal for the formulation of the Company's "Corporate Value Enhancement Plan."</p> <p>6. Passed the Amendment of the "Articles of Incorporation."</p> <p>7. Approved the capital expenditure budget for the main motor replacement project of the Rolling Mill Division at the Miaoli Plant.</p> <p>8. Passed the proposal for the subsidiary Tung Kang Steel Structure Co., Ltd. to obtain right-of-use assets of real estate from the Company.</p> <p>9. Passed the proposal for the subsidiary Tung Kang Wind Power to lease the Company's factory rooftops for the installation of solar photovoltaic systems</p> <p>10. Passed the proposal for the subsidiary Tung Ho Steel Vietnam Corp., Ltd. to apply for a short-term financing facility from the Company.</p> <p>11. Passed the proposal to provide an endorsement and guarantee for the subsidiary Tung Ho Steel Vietnam Corp., Ltd. in connection with its application to Mega International Commercial Bank to adjust its credit facility to US\$15 million.</p> <p>12. Passed the endorsement/guarantee short-term credit obligation renewal case with Taishin International Bank for the subsidiary Tung Ho Steel Vietnam Corp., Ltd.</p>	The entire Board adopted without objection.

Date	Meeting	Critical resolution matters	Board of Directors (Shareholder's meeting) Resolution result
		13. Passed the endorsement/guarantee for the subsidiary Tung Ho Steel Vietnam Corp., Ltd. for the renewal of the short term credit obligation in First Commercial Bank, Hanoi Branch 14. Passed the endorsement/ guarantee short term credit obligation renewal case with the Standard Chartered Bank (Vietnam) Limited - Ho Chi Minh City Branch for the subsidiary Tung Ho Steel Vietnam Corp., Ltd.	
2025.11.07	19th meeting of the 25th Board	Approval of the capital expenditure budget for the installation and renovation of the dust collection system at the Taoyuan plant.	The entire Board adopted without objection.
2025.12.30	20th meeting of the 25th Board	1. Report on Corporate Governance Promotion: (1) Develop intellectual property management plans that are linked to operational objectives (2) Program to prevent dishonest behavior and insider trading (3) Risk management (4) Information Security Management (5) Environmental sustainability 2. Report on the inventory and schedule planning of greenhouse gas. 3. Work plan report for sustainable information disclosure. 4. Result Report of Identifying Sustainability and Climate-Related Risks and Opportunities under IFRS. 5. Implementation Status Report of the IFRS Sustainable Disclosure Standards. 6. Passed the proposal to lease real property to 3 subsidiaries, including Tung Kang Steel Structure Co., Ltd., Tung Kang Wind Power Co., Ltd., and Tung Kang Engineering & Construction Co., Ltd. 7. Passed the establishment of the “Personal Data Protection Policy.” 8. Passed the establishment of the "Customer Rights Policy." 9. Passed the proposal for the allocation ratios of directors’ and employees’ remuneration for 2025, with 2.5% allocated for employees’ remuneration and 2% for directors’ remuneration, to be distributed in cash. Of the aforementioned employees’ remuneration, it is expected that no less than 50% will be allocated to frontline employees. 10. Passed the proposal for the subsidiary Tung Ho Steel Vietnam Corp., Ltd. to apply for a short-term financing facility from the Company. 11. Passed the proposal to provide an endorsement and guarantee for the associate enterprise Fujian Sino-Japan Metal Corp. in connection with its application for a short-	The entire Board adopted without objection.

Date	Meeting	Critical resolution matters	Board of Directors (Shareholder's meeting) Resolution result
		term credit facility from Cathay United Bank (China) Co., Ltd., Shenzhen Branch.	
2026.01.23	21st meeting of the 25th Board	<ol style="list-style-type: none"> 1. Passed the Amendment of the "Articles of Incorporation." 2. Passed the proposal for the re-election of the Company's 26th Board of Directors, with 11 directors to be elected (including 4 independent directors). 3. Passed the proposal to convene the Company's 2026 Annual General Meeting and to handle matters related to proposals and director nominations submitted by shareholders holding more than 1% of the Company's shares. 	The entire Board adopted without objection.
2026.02.26	22nd meeting of the 25th Board	<ol style="list-style-type: none"> 1. 2025 Board of Directors Internal Performance Evaluation Report. 2. Report on the inventory and schedule planning of greenhouse gas. 3. Passed the proposal to change the Company's certified public accountants, as audited by KPMG. 4. Passed the independence and suitability evaluation of the accountant. 5. Passed the distribution of employee and director remuneration for 2025. The total employee remuneration was NT\$144,706,234, and the total remuneration to directors was NT\$115,764,988. Of this amount, the estimated allocation to frontline employees is NT\$93,844,530, representing approximately 64.9% of the total employees' remuneration. 6. The 2025 business report and financial report. 7. Passed the Company's 2025 earnings appropriation of cash dividend at NT\$4.3 per share. 8. Passed the 2026 ex-dividend schedule. 9. Passed the nomination for the 26th term of directors (including independent directors) of the Company 10. Passed the lifting of the non-competition restriction of the new directors of the Company. 11. Passed the capital expenditure budget for lathe equipment at the Miaoli Plant. 12. Passed the appointment and dismissal of the Audit Supervisor. Due to a position adjustment, Mr. Kuan-Wen Chen, Assistant Manager of the Internal Audit Office, has been appointed as the new Audit Supervisor. 13. Passed the contribution to the 2026 activities and operational expenses of the Tung Ho Steel Cultural Foundation 14. Passed the proposal for the subsidiary Tung Ho Steel Vietnam Corp., Ltd. to apply for a short-term financing facility from the Company. 	The entire Board adopted without objection.

Date	Meeting	Critical resolution matters	Board of Directors (Shareholder's meeting) Resolution result
		15. Passed the endorsement/guarantee for the subsidiary, Tung Ho Steel Vietnam Corp., Ltd., for the renewal of short-term credit facilities with financial institutions.	

(X) The primary content of directors who have dissented on critical resolutions passed by the Board of Directors, where such dissents have been recorded or documents in recent years up to the annual report publication date: None.

IV. Information on fees to CPA

(I) Disclosure of audit fees, non-audit fees, and details of non-audit services:

Unit: NT\$ thousands

Name of the accounting firm	CPA name	Audit period	Public expenses for audit	Non-public expenses for audit					Total	Remarks
				System design	Business registration	Human Resources	Others	Subtotal		
KPMG International Cooperative	Tzu-Hui Lee, Chao-Wen Chang	2025.01~2025.12	6,540	0	0	0	1,578	1,578	8,118	(1) Transfer pricing three-tier documentation report for 2025: NT\$1,110 thousand. (2) R&D and smart machinery investment in 2025 amounted to NT\$348,000. (3) VAT direct offset method audit report for 2025: NT\$120 thousand.

(II) If the accounting firm has been changed and the annual audit public expenses were lower for the year of the firm change compared to that of the previous year, then audit public expenses before and after the changes and the reason for such changes should be disclosed: Not applicable.

(III) If the audit public expense has been decreased by over 10% compared to the previous year, the amount, ratio, and reason of the public expense reduction shall be disclosed: Not applicable.

V. Information on Replacement of CPAs: None.

VI. The Company's Chairman, President, Chief Financial Officer, or managers in charge of its financial and accounting operations who served in the firm of the CPAs or its affiliates in the most recent fiscal year: None.

VII. Share Transfer by Directors, Managers, and Shareholders Holding More Than 10% Equity and Changes to Share Pledging by Them in the Most Recent Fiscal Year and up to the Publication Date of this Annual Report

(I) Share equity change status for directors, managers, and major shareholders

Title	Name	2025		As of March 23, 2026	
		Number of shares held added (subtracted) (Shares)	Numbers of pledged shares added (subtracted) (Shares)	Number of shares held added (subtracted) (Shares)	Numbers of pledged shares added (subtracted) (Shares)
Director	Mao Sheng Investment Inc.	0	0	0	0
Director	Mao Sheng Investment Inc. Representative: Henry C. T. Ho	0	0	0	0
Director	Mao Sheng Investment Inc. Representative: Joshua P.H. Tung	0	0	0	0
Director	Ho Jao Investment Inc.	0	0	0	0
Director	Ho Jao Investment Inc. Representative: George Y. S. Ho	0	0	0	0
Director	Liang Cheng Investment Co., Ltd.	0	0	0	0
Director	Liang Cheng Investment Co., Ltd. Representative: Pao-He Chen	0	0	(600,000)	0
Director	Han Lei Investment Co.	0	0	0	0
Director	Han Lei Investment Co. Representative: Chih-Ming Huang	0	0	0	0
Director	Yen-Liang Ho	0	0	0	0
Independent Director	Der-Ming Lieu	0	0	0	0
Independent Director	Jih-Gang Liu	0	0	0	0
Independent Director	Chia-Wen Liu	0	0	0	0
Chairman	Henry C. T. Ho	0	0	0	0

Title	Name	2025		As of March 23, 2026	
		Number of shares held added (subtracted) (Shares)	Numbers of pledged shares added (subtracted) (Shares)	Number of shares held added (subtracted) (Shares)	Numbers of pledged shares added (subtracted) (Shares)
President	Bing-Hua Huang	0	0	0	0
Operations Department Senior Vice President	Kuan-Ren Guu (Note 1)	0	0	0	0
Assets and Trade Department Senior Vice President	Chi-Hsieh Lin (Note 2)	0	0	0	0
Production Vice President	Ming-Tsung Liu	(300)	0	0	0
Head of Corporate Governance and Vice President of the Management Department	Juyu Ho	0	0	0	0
Assets and Trade Department Vice President	Yi-Chih Hsu	0	0	0	0
Investment Division Vice President	J. B. Chiu	0	0	0	0
Vice President of IT Department	Che-Chung Lin (Note 3)	0	0	0	0
Assistant manager of the operations department	Flora Fan	(7,370)	0	0	0
Assistant manager of the operations department	Jay Chiang	0	0	0	0
Assistant Manager of Accounting Department	Shu-chu Huang	0	0	0	0

Title	Name	2025		As of March 23, 2026	
		Number of shares held added (subtracted) (Shares)	Numbers of pledged shares added (subtracted) (Shares)	Number of shares held added (subtracted) (Shares)	Numbers of pledged shares added (subtracted) (Shares)
Manager of Accounting Department	Kuei-Hua Liu	0	0	0	0
Assistant manager of the investment division	Tony Chen (Note 4)	0	0	0	0
Assistant manager of the investment division	Chun-Sheng Chien	0	0	0	0
Assistant manager of the investment division	Yong-Zhi Chen (Note 5)	0	0	0	0
Assistant manager of the investment division	Wu-Sheng Ho	0	0	0	0
Assistant manager of IT Department	Sheng-Feng Weng	0	0	0	0
General Manager of Taoyuan Works	Tseng-Lu Tsai	0	0	0	0
General Manager of Miaoli Works	Yao-ying Hsiao	0	0	0	0
General Manager of Kaohsiung Works	Jung-Chien Tseng	(10,000)	0	(12,000)	0
Major shareholders holding more than 10% of the shares	Earle Ho and Sons	0	0	0	0

Note 1: Mr. Kuan-Ren Guu retired and was relieved of his duties on February 1, 2025.

Note 2: Mr. Chi-Hsieh Lin retired and was relieved of his duties on February 1, 2025.

Note 3: Mr. Che-Chung Lin retired and was relieved of his duties on May 10, 2025.

Note 4: Mr. Tony Chen retired and was relieved of his duties on April 8, 2025.

Note 5: Mr. Yong-Zhi Chen retired and was relieved of his duties on May 29, 2025.

(II) Share equity transfer information for directors, managers, and shareholders with the shareholding ratio of 10% or greater: None.

(III) Equity pledge information for directors, managers, and shareholders with the Shareholding percentage of 10% or greater: None.

VIII. Information on the Relationship Between Any of the Top Ten Shareholders (Related Party, Spouse, or Kinship within the Second Degree)

March 23, 2026

NAME	PERSONAL SHAREHOLDING		SHARES HELD BY SPOUSE AND UNDERAGE CHILDREN		TOTAL SHAREHOLDING BY NOMINEE ARRANGEMENT		SHAREHOLDERS WITH THE TOP 10 SHAREHOLDING RATIOS WHO ARE RELATED, OR THEIR SPOUSES AND SECOND-DEGREE RELATIVES' NAMES AND THEIR RESPECTIVE RELATIONSHIPS		REMARKS
	Shares (Shares)	Shareholding percentage (%)	Shares (Shares)	Shareholding percentage (%)	Shares (Shares)	Shareholding percentage (%)	Name (or full name)	Relationship	
Earle Ho and Sons, Ltd.	108,715,999	14.89	N/A	N/A	0	0	None	None	None
Mao Sheng Investment Inc.	65,122,877	8.92	N/A	N/A	0	0	None	None	None
Mao Sheng Investment Inc. Representative: Henry C. T. Ho	3,678,533	0.50	0	0	0	0	Ho Jao Investment Inc. Representative: George Y. S. Ho	Brother	None
Mao Sheng Investment Inc. Representative: Joshua P.H. Tung	15,665	0	0	0	107,200	0.01	None	None	None
Ho Jao Investment Inc.	62,835,750	8.61	N/A	N/A	0	0	None	None	None
Ho Jao Investment Inc. Representative: George Y. S. Ho	3,589,809	0.49	0	0	0	0	Mao Sheng Investment Inc. Representative: Henry C. T. Ho	Brother	None
Yuanda Taiwan High Dividend Fund Special Account	34,127,906	4.67	N/A	N/A	0	0	None	None	None
Bank of Taiwan is entrusted with the trust fund account of Yuanta Taiwan High Dividend Low Volatility ETF	14,224,000	1.95	N/A	N/A	0	0	None	None	None
Yu Tai Investment Co., Ltd. Representative: Chih-Ming Huang	12,985,399	1.78	N/A	N/A	0	0	None	None	None
Yu Tai Global Investment Co., Ltd. Representative: Chih- Hao Huang	8,650,520	1.18	N/A	N/A	0	0	None	None	None
Public Service Pension Fund Management Committee	7,901,737	1.08	N/A	N/A	0	0	None	None	None
Chi-cheng Investment Inc. Representative: Pao-He Chen	7,580,433	1.04	N/A	N/A	0	0	None	None	None
Liang Cheng Investment Co., Ltd. Representative: Pao-He Chen	7,494,602	1.03	N/A	N/A	0	0	None	None	None

IX. The shareholding of the Company, directors, management and an enterprise that is directly or indirectly controlled by the Company in the invested company

December 31, 2025

Reinvestment business	Investment by the Company		Investments by directors, supervisors, managers and directly or indirectly controlled enterprises		Comprehensive investment	
	Number of shares (thousands)	Shareholding percentage (%)	Number of shares (thousands)	Shareholding percentage (%)	Number of shares (thousands)	Shareholding percentage (%)
Tung Yuan International Corporation	0.08	100.00	0	0	0.08	100.00
Goldham Development Ltd.	1,274	100.00	0	0	1,274	100.00
Tung Kang Steel Structure Corp.	201,121	97.48	3,537	1.71	204,658	99.20
3 Oceans International Inc.	0	0	572	66.51	572	66.51
Tung Kang Engineering & Construction Corp.	0	0	25,000	100.00	25,000	100.00
Katec Creative Resources Corp.	61,392	99.02	0	0	61,392	99.02
Tung Kang Wind Power Corp.	65,500	100.00	0	0	65,500	100.00
Tung Ho Steel Vietnam Corp.Ltd	0	100.00	0	0	0	100.00
Duc Hoa International J.S.C.	0	0	8,494	100.00	8,494	100.00
Taiwan Steel Union Co.,Ltd.	24,829	22.31	0	0	24,829	22.31
Katec R&D Corporation	5,646	46.19	0	0	5,646	46.19
Tung Sugar EnergynServices Co., Ltd.	8,884	42.30	0	0	8,884	42.30
FUJIAN SINO-JAPAN METAL CORP.	0	0	0	35.00	0	35.00

Chapter 3. Fund-raising Conditions

I. Capital and Shares

(I)Source of capital

1. Type of shares

March 23, 2026

Type of shares	Authorized capital			Remarks
	Shares issued and outstanding	Unissued shares	Total	
Listed ordinary shares	730,213,818	769,786,182	1,500,000,000	None

2. Formation of capital

Year and month	Par value per share (NT\$)	Authorized capital		Paid-up capital		Source of capital	Remarks	
		Number of shares	Amount (NT\$)	Number of shares	Amount (NT\$)		Offset share amount with assets other than cash	Others
2007.01	10	1,000,000,000	10,000,000,000	824,347,119	8,243,471,190	Converted corporate bonds of NT\$243,601,360	None	Jing-Shou-Shang-Zi No. 09601012140 issued on January 18, 2007
2007.05	10	1,000,000,000	10,000,000,000	884,130,387	8,841,303,870	Converted corporate bonds of NT\$597,832,680	None	Jing-Shou-Shang-Zi No. 09601100430 issued on May 9, 2007
2007.07	10	1,200,000,000	12,000,000,000	911,739,989	9,117,399,890	Converted corporate bonds of NT\$276,096,020	None	Jing-Shou-Shang-Zi No. 09601181070 issued on July 30, 2007
2007.10	10	1,200,000,000	12,000,000,000	937,447,345	9,374,473,450	Converted corporate bonds of NT\$257,073,560	None	Jing-Shou-Shang-Zi No. 09601254410 issued on October 17, 2007
2007.12	10	1,200,000,000	12,000,000,000	943,812,404	9,438,124,040	Converted corporate bonds of NT\$63,650,590	None	Jing-Shou-Shang-Zi No. 09601310120 issued on December 19, 2007
2009.01	10	1,200,000,000	12,000,000,000	873,812,404	8,738,124,040	Canceled treasury stock of NT\$700,000,000	None	Jing-Shou-Shang-Zi No. 09801010110 issued on January 16, 2009
2009.09	10	1,200,000,000	12,000,000,000	900,017,836	9,000,178,360	Capitalization of profits of NT\$262,054,320	None	Jing-Shou-Shang-Zi No. 09801200710 issued on September 7, 2009
2009.10	10	1,200,000,000	12,000,000,000	944,517,836	9,445,178,360	Cash increase of NT\$445,000,000	None	Jing-Shou-Shang-Zi No. 09801234430 issued on October 12, 2009
2009.11	10	1,200,000,000	12,000,000,000	947,072,482	9,470,724,820	Converted corporate bonds of NT\$28,526,460 Canceled treasury stock of NT\$2,980,000	None	Jing-Shou-Shang-Zi No. 09801265140 issued on November 13, 2009
2010.04	10	1,200,000,000	12,000,000,000	950,189,593	9,501,895,930	Converted corporate bonds of NT\$31,171,110	None	Jing-Shou-Shang-Zi No. 09901076350 issued on April 20, 2010
2010.05	10	1,200,000,000	12,000,000,000	970,079,690	9,700,796,900	Converted corporate bonds of NT\$198,900,970	None	Jing-Shou-Shang-Zi No. 09901100840 issued on May 18, 2010

Year and month	Par value per share (NT\$)	Authorized capital		Paid-up capital		Remarks		
		Number of shares	Amount (NT\$)	Number of shares	Amount (NT\$)	Source of capital	Offset share amount with assets other than cash	Others
2010.07	10	1,200,000,000	12,000,000,000	976,178,411	9,761,784,110	Converted corporate bonds of NT\$60,987,210	None	Jing-Shou-Shang-Zi No. 09901150550 issued on July 12, 2010
2011.05	10	1,200,000,000	12,000,000,000	976,295,900	9,762,959,000	Converted corporate bonds of NT\$1,174,890	None	Jing-Shou-Shang-Zi No. 10001098990 issued on May 18, 2011
2011.11	10	1,200,000,000	12,000,000,000	980,929,084	9,809,290,840	Converted corporate bonds of NT\$46,331,840	None	Jing-Shou-Shang-Zi No. 10001272260 issued on November 30, 2011
2012.09	10	1,200,000,000	12,000,000,000	980,949,968	9,809,499,680	Converted corporate bonds of NT\$208,840	None	Jing-Shou-Shang-Zi No. 10101193050 issued on September 14, 2012
2012.11	10	1,200,000,000	12,000,000,000	987,498,693	9,874,986,930	Converted corporate bonds of NT\$65,487,250	None	Jing-Shou-Shang-Zi No. 10101236480 issued on November 14, 2012
2013.03	10	1,200,000,000	12,000,000,000	991,771,203	9,917,712,030	Converted corporate bonds of NT\$42,725,100	None	Jing-Shou-Shang-Zi No. 10201046600 issued on March 18, 2013
2013.06	10	1,200,000,000	12,000,000,000	998,146,821	9,981,468,210	Converted corporate bonds of NT\$63,756,180	None	Jing-Shou-Shang-Zi No. 10201103060 issued on June 3, 2013
2013.09	10	1,200,000,000	12,000,000,000	998,202,069	9,982,020,690	Converted corporate bonds of NT\$552,480	None	Jing-Shou-Shang-Zi No. 10201181010 issued on September 3, 2013
2014.12	10	1,200,000,000	12,000,000,000	998,221,448	9,982,214,480	Converted corporate bonds of NT\$193,790	None	Jing-Shou-Shang-Zi No. 10301251470 issued on December 5, 2014
2017.12	10	1,200,000,000	12,000,000,000	1,000,224,069	10,002,240,690	Converted corporate bonds of NT\$20,026,210	None	Jing-Shou-Shang-Zi No. 10601165320 issued on December 5, 2017
2017.12	10	1,500,000,000	15,000,000,000	1,004,060,608	10,040,606,080	Converted corporate bonds of NT\$38,365,390	None	Jing-Shou-Shang-Zi No. 10701033630 issued on March 28, 2018
2020.12	10	1,500,000,000	15,000,000,000	1,016,790,163	10,167,901,630	Converted corporate bonds of NT\$127,295,550	None	Jing-Shou-Shang-Zi No. 10901227680 issued on December 18, 2020
2021.04	10	1,500,000,000	15,000,000,000	1,089,871,370	10,898,713,700	Converted corporate bonds of NT\$730,812,070	None	Jing-Shou-Shang-Zi No. 11001062940 issued on April 27, 2021
2021.10	10	1,500,000,000	15,000,000,000	730,213,818	7,302,138,180	Handling of cash reduction proposal. A total of 359,657,552 issued shares were canceled, with a par value of NT\$10 per share, amounting to NT\$3,596,575,520, representing a capital reduction ratio of 33%.	None	Jing-Shou-Shang-Zi No. 11001185940 issued on October 21, 2021

(II)List of major shareholders: Shareholders with equity ratio of more than 5% or the names of the top 10 shareholders as well as their shareholding amount and ratio

March 23, 2026

Name of the major shareholders	Shares	Number of shares held (Shares)	Shareholding ratio (%)
Earle Ho and Sons		108,715,999	14.89
Mao Sheng Investment Inc.		65,122,877	8.92
Ho Jao Investment Inc.		62,835,750	8.61
Yuanda Taiwan High Dividend Fund Special Account		34,127,906	4.67
Bank of Taiwan is entrusted with the trust fund account of Yuanta Taiwan High Dividend Low Volatility ETF		14,224,000	1.95
Yu Tai Investment Co., Ltd.		12,985,399	1.78
Yu Tai Global Investment Co., Ltd.		8,650,520	1.18
Public Service Pension Fund Management Committee		7,901,737	1.08
Chi-cheng Investment Inc.		7,580,433	1.04
Liang Cheng Investment Co., Ltd.		7,494,602	1.03
Total		329,639,223	45.14

(III)Dividend policy and implementation status

1. Dividend policy:

The Company's dividend policy is formulated by resolution of the Board of Directors, taking into account the Company's operating conditions, changes in the overall environment and shareholder interests. Without considering other special circumstances, the amount of earnings distributed for the current year shall be no less than 50% of net profit.

In accordance with the Articles of Incorporation, annual surpluses concluded by the Company are first subject to taxation and reimbursement of previous losses, followed by a 10% provision for legal reserves, and provision or reversal of special reserves, as the Company operation or laws may require. The residual balance is then added to undistributed earnings carried from previous years and may be distributed as earnings.

The Company's operational life span has reached a positive, stable, and mature stage. With regard to earnings distribution, cash dividends shall be no less than 80% of total dividends, and stock dividends shall be no higher than 20%.

2. The Board of Directors' Meeting resolved the dividend distribution: The 22th Meeting of the 25th Board of Directors resolved to distribute cash dividends of NT\$4.3 per share, for a total cash dividend amount of NT\$3,139,919,417, based on the number of shares available for distribution of 730,213,818 shares, and authorized the Chairman to adjust the amount of cash dividends if, in the future, there are any other reasons that may affect the number of outstanding shares and the rate of stock dividend distribution.

(IV)The effects of the stock dividends proposed by the shareholders' meeting on the Company's business performances and earnings per share: Not applicable.

(V)Remuneration of employees and directors

1. Percentages or ranges of remuneration of employees and directors under the Articles of Incorporation:

In accordance with the Articles of Incorporation, if the Company sustains profit for the current year, 2.5% or more of the income shall be set aside as remunerations to employees, and 2% or less of the income shall be distributed as director remuneration. The distribution shall be resolved by the Board of Directors and reported in the shareholder's meeting. However, an amount shall be set aside first to compensate cumulative losses, if any. The allocation of employee remuneration does not include the employees of the Company's affiliates.

If employee remuneration is distributed in the form of new stock, employee stock shall be calculated based on the closing price of the day before the Board of Directors' meeting.

2. Basis for estimating the amount of remuneration of employees and directors, basis for calculating the number of shares to be distributed as employee remuneration, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated amount, for the current period:

On February 26, 2026, the Board of Directors resolved to allot cash remuneration to employees and remuneration to directors for the year 2025 in accordance with the Company's Articles of Incorporation. In the event that there is a discrepancy between the above estimated amount and the actual amount to be paid, the discrepancy will be accounted for as a change in accounting estimate and adjusted to the accounts in the year in which the payment is made.

3. Remuneration proposals passed by the Board of Directors:

- (1) Employee and director remuneration will be distributed in cash or stocks:

Unit: New Taiwan Dollars

Item	Board resolution (February 26, 2026)
Director remuneration (cash)	115,764,988
Employee remuneration (cash)	144,706,234

- (2) If the amount is different than the estimated annual expense amounts, the discrepancy amount, reason, and disposal status shall be disclosed:

There was no discrepancy with estimated annual expense amounts.

- (3) Amount of employee remuneration distributed in stock and as a percentage of total net profit after tax and total employee remuneration for the current period in the parent company only financial statements: The Company did not propose to distribute stock dividends to its employees, and therefore, this is not applicable.

4. Any discrepancy between actual distribution of remuneration of employees and directors (including the number of shares, the amount and stock price) and the recognized remuneration of employees and directors and disclosure of the differences, reasons and responses:

Item	Actual allocation amount	Board resolution (February 25, 2025)	Difference
Director remuneration (cash)	109,450,472	109,450,472	None
Employee remuneration (cash)	136,813,089	136,813,089	None

(VI) Status of company share buy back: None.

II. Corporate bond issuance status

(I) Corporate bond issuance status

The 7th domestic unsecured convertible bond has been suspended listing at Taipei Exchange on March 8, 2021.

Company bond type	The 7th domestic unsecured convertible bonds	
Issuance (processing) date	2018.05.14	
Face value	NT\$100,000	
Location of issuance and transactions	Taipei Exchange	
Issuing price	Issued based on face value	
Total	NT\$2,000,000,000	
Interest rate	0%	
Duration	Five-year maturity date: May 14, 2023	
Guarantee institution	None	
Trustee	Trust Department of Fubon Commercial Bank Co., Ltd.	
Underwriting institution	Taishin Securities Co., Ltd.	
Visa attorney	Yi-Cheng Peng	
CPA	Hui-Zhi Kou and Hsin-Ying Kuo	
Repayment method	Repayment of principal by cash on due date except otherwise for matters related to conversion regulations, exercise of selling rights, early redemption, or repurchase and cancellation.	
Outstanding principal	NT\$0	
The terms of redemption or prepayment	The convertible bonds shall be redeemed at 100.75% face value after three years of issuance, and redeemed at 101.00% face value after four years of issuance.	
Restriction clause	None	
The credit rating institution's name, date of rating, and corporate bond rating results	N/A	
Other rights attached	Converted to ordinary (exchange or subscription) shares, global depository receipts, or other marketable securities as of the date of this annual report	The 7th series convertible bonds were converted to Tung Ho Steel's common shares at NT\$858,107,620.
	Issuance and conversion (exchange or subscription) method	Omitted
Issuance and conversion, exchange or subscription methods, and the condition of issuance that may dilute share equity and affect equity rights for the existing shareholders	None	
Name of the commissioned custodian institution for the exchange bid	None	

(II) Convertible bond data

The 7th domestic unsecured convertible bond has been suspended listing at Taipei Exchange on March 8, 2021.

Unit: New Taiwan Dollars

Company bond type		The 7th domestic unsecured convertible bonds		
Year		2019	2020	From this year to March 5, 2021 (Note 3)
Item				
Market price of the convertible bond	Highest	106.50	173.00	156.00
	Lowest	100.00	100.50	153.00
	Average	102.86	120.00	154.66
Conversion price		24.80 (Note 1)	23.30 (Note 2)	23.30
Issuance date and conversion price during issuance		Issuance date: May 14, 2018; conversion price during issuance: NT\$27.80	Issuance date: May 14, 2018; conversion price during issuance: NT\$27.80	Issuance date: May 14, 2018; conversion price during issuance: NT\$27.80
Method of conversion		Issuance of new shares	Issuance of new shares	Issuance of new shares

Note 1: The conversion price of the 7th domestic unsecured convertible bond was adjusted to NT\$24.80 due to distribution of cash dividend on July 22, 2019.

Note 2: The conversion price of the 7th domestic unsecured convertible bond was adjusted to NT\$23.30 due to distribution of cash dividend on June 20, 2020.

Note 3: The 7th domestic unsecured convertible bond has been suspended listing at Taipei Exchange on March 8, 2021.

III. Issuance of preferred shares: None.

IV. Issuance of global depository receipts (GDR)

March 23, 2026

Item	Issuance (processing) date
	September 22, 1994
Issuance (processing) date	1994.09.22
Location of issuance and transactions	Bourse de Luxembourg
Total amount issued	USD103,200,000
Issue price per GDR	USD17.20
Units issued	6,000,000 units
Underlying securities	Common shares of Tung Ho Steel Enterprise Corporation
Common shares represented	66,187,923 shares
Rights and obligations of the GDR holders	Enjoy the same rights and obligations as those of Tung Ho Steel Enterprise Corporation's shareholders
Trustee	The Bank of New York Mellon
Depository bank	The Bank of New York Mellon
Custodian bank	Mega International Commercial Bank
Outstanding balance	491,919 units
Allocation method for the related expenses during the issuance and subsisting periods	The issuance expenses shall serve as capital reserve reduction, and the subsisting period expenses shall serve as current expenses
Terms and conditions for depository and custodial contracts	The depository institution shall exercise the voting rights of the original securities attached to the depository receipts in accordance with the instructions provided by the deposit receipt holders as well as the depository contract and the laws and regulations of the Republic of China

Item		Issuance (processing) date	September 22, 1994
Market price per unit	2024	Highest	25.27
		Lowest	20.71
		Average	22.80
	2025	Highest	23.96
		Lowest	18.11
		Average	21.14
	2026 as of March 23	Highest	26.31
		Lowest	20.40
		Average	22.96

V. Issuance of employee stock warrants and new restricted employee shares: None.

VI. Issuance of new shares in connection with the merger or acquisition of other corporations: None.

VII. Implementation status of the capital utilization plan

The 7th domestic unsecured convertible bond has been suspended listing at Taipei Exchange on March 8, 2021.

(I)The total amount of funds required for this project: NT\$2.5 billion.

(II)Source of funds: The 7th domestic unsecured convertible bonds of 20,000 units, with denomination of NT\$100,000, have been issued at 100.5% face value, which raised total funds of NT\$2.01 billion. The coupon rate is 0% under a bond duration of five years. If the requirement is deemed to be insufficient, it shall be covered by the Company's own funds.

(III)Plan project, expected progress, and the expected possible benefits

Project item	Expected completion date	Total amount of capital required (Unit: Thousands of New Taiwan Dollars)	Expected capital spending schedule
			2nd quarter of 2018
Repayment of bank loans	2nd quarter of 2018	2,512,500	2,512,500
Total		2,512,500	2,512,500
Expected benefits	Repaying the bank loans can save NT\$22,070,000 in interest expenses for 2018, and can save NT\$37,835,000 in interest expenses each year starting from 2019.		

(IV)Actual achievement of projected benefits: For the fundraising plan, NT\$2,010,000,000 was for the repayment of bank borrowings. Up to the 2nd quarter of 2018, the actual amount spent was NT\$2,010,000,000. Meanwhile, the Company has saved interest expenses of NT\$20,583,000 in 2018, and is expected to save interest expenses of NT\$35,286,000 in the following fiscal years. As of the 2nd quarter of 2018, the funding progress and its implementation complies with the original schedule, and there has been no significant difference between the estimated and actual benefits.

(V)Status of implementation: As of the 2nd quarter of 2018, the scheduled amount of expenditure was NT\$2,010,000,000; the actual amount spent was NT\$2,010,000,000 and the repayment of bank loans was completed at 100.00% in accordance with the scheduled progress of fund utilization, which is in line with the progress of the original plan to repay bank loans, with no significant abnormalities. The execution of the project was completed according to the original plan and reported to the Taiwan Stock Exchange in July 2018.

Chapter 4. Business Overview of the Company and Its Subsidiaries

I. Business content

(I) Scope of business

1. Main content:

Company		Main business item	Main contents and the current product (service) lineup
Parent company	Tung Ho Steel Enterprise Corporation		(1) Manufacturing processing and sales of re-bar, flat iron, angle iron, channel iron, plate element, and other steel products. (2) Manufacturing processing and sales of steel and alloy steel, tool steel, high carbon steel, and other special steel. (3) Processing and trading of iron and steel industrial raw materials, hardware, machinery, iron electrical materials, and light metal manufacturing. (4) Iron and steel smelting, rolling, heat treatment, painting, plating, and processing operations. (5) Manufacturing, processing, and trading of steel plates, bars, and rails. (6) Design, manufacture, processing, and trading of various structural steel, steel materials, and mechanical bodies.
Subsidiary	Tung Yuan International Corp.		Foreign investments
	Tung Kang Steel Structure Corp.		Steel structure engineering professional construction
	Goldham Development Ltd.		Foreign investments
	Katec Creative Resources Corp.		General waste clearance and disposal operations
	Tung Kang Wind Power Corp.		Development, production, distribution and sales of wind power
	Tung Ho Steel Vietnam Corp., Ltd.		Production and sales of billets, re-bar, small steel, and wire rods
	3 Oceans International Inc.		Foreign investments
	Duc Hoa International J.S.C.		Quicklime manufacturing
	Tung Kang Engineering & Construction Corp.		Civil engineering and construction

2. Revenue breakdown

Products \ Item	As a percentage of cumulative operating revenue for 2025 (%)	As a percentage of cumulative operating revenue for 2024 (%)
Rebar	51.53	53.53
Section (Note 1)	21.60	22.88
Billet	0.00	0.01
Others (Note 2)	26.87	23.58
Total	100	100

Note 1: The section beams include H-beams, plates, channels, I-beams, and steel sheet piles.

Note 2: Other principal subsidiaries are steel structures, engineering revenues, fixed-size and formed rebar processing, environmental treatment, sale of pig iron, sale of coupler materials and quicklime.

3. New merchandise to be developed

- (1) **Steelmaking:** Development of high cleanliness and high toughness billets; development of SM570 steel plates with a thickness of 50 mm; development of high-strength reinforcing bars; testing of various consumables and refractory materials; research projects on electric arc furnace (EAF) off-gas monitoring and dynamic control between in-furnace burners and carbon injection; research on ORC power generation technology for EAF waste heat recovery; development of low-carbon green EAF process technologies; research on continuous scrap preheating and charging processes for EAF; introduction of oxygen-enriched combustion technology for ladle preheaters; development of closed-loop carbon reduction technologies for EAF by-products; development of billet ID marking and tracking automation equipment; development and application of high-temperature, multifunctional thermal interface design and material technologies; development of automation equipment for continuous casting machine robotic arms and LD sliding gate maintenance; research on the application of bio-carbon, bio-coke, and bio-char in metallurgical processes; development of air quenching waste heat power generation processes; experimental research on replacing fossil carbon with bio-carbon for EAF carbon injection; and development of robotic equipment for automatic cleaning of EAF tapping ports.
- (2) **Steel Rolling:** Development of an intelligent combustion control system for reheating furnaces; development of online automatic dimensional measurement and surface quality inspection systems for H-beams and steel plates; introduction of oxygen-enriched combustion technology for reheating furnaces; R&D project on new rolling technologies for producing H-beams with a B-dimension ≥ 300 mm using Universal Edging; development project for rolling large round bar special steels using a universal rolling mill, pioneered by Tung Ho Steel; domestic first-of-its-kind development project for an innovative parallel channel steel rolling process; development of ultra-high-strength steels; development of automated finished product marking equipment; development of new rolling technology for producing W6×6×25 sections from 150×150 billets; and development of automated sampling robots for the cooling bed area.
- (3) **Others:** The application of artificial intelligence technologies and the development of smart factory solutions; integrated and innovative circular economy solutions for the steel industry; feasibility studies on renewable energy (including solar, wind, and biogas power); research on carbon capture, utilization, and storage (CCUS) technologies; research on hydrogen energy applications; implementation of an industrial big data energy management system; development of integrated software for steel plate production; development of enhanced automation solutions for finished goods warehousing and inventory management, development of thermoelectric power generation systems; and research on the production of biochar through hydrothermal carbonization, among other initiatives.

(II) Industry overview

1. Current status and development of the industry

In 2025, Tung Ho Steel reported consolidated revenue of NT\$57.855 billion, representing a decrease of 3.84% from NT\$60.163 billion in 2024. Although consolidated revenue declined in line with the downward trend in international steel prices, overall performance remained superior to that of the global steel market. Tung Ho Steels consolidated net profit after tax increased against the market trend from NT\$4.526 billion in 2024 to NT\$4.758 billion in 2025, representing a year-on-year growth of 5.13%. Consolidated EPS increased from 6.13 in 2024 to 6.47 in 2025, representing the second-highest level on record, following the 2023 consolidated EPS of 6.48. Despite the dual adverse impacts in 2025—namely, the continued global economic slowdown, particularly in China, affecting Taiwan’s construction sector and fixed asset investment, and the imposition of reciprocal tariffs on a global scale by the Trump administration in the United States—Tung Ho Steel maintained counter-cyclical growth in its overall operating performance. In addition to the continued stable performance of the Company and its investee Tung Kang Steel Structure, the improvement was primarily attributable to a significant reduction in losses at its overseas investment, Tung Ho Steel Vietnam, and the turnaround to profitability of Fujian Sino-Japan. Among these, the Kaohsiung Plant – Daye, which commenced operations in January 2023, has supported Tung Ho Steel Vietnam, in maintaining the utilization rate of its core steelmaking facilities, while also ensuring a stable supply of billets required by the Kaohsiung Plant – Daye. This has not only enhanced Tung Ho Steel’s competitiveness and market share in Taiwan’s rebar market, but also provided a stable baseline production volume for Tung Ho Steel Vietnam, effectively reducing unit production costs and strengthening its overall competitiveness.

Since 2023, global steel prices have continued to trend downward gradually. However, under the impact of reciprocal tariffs imposed by U.S. President Trump, coupled with persistently weak economic conditions in China leading to continued low-priced steel dumping, China’s export volume reached a record high of 119 million tons. As a result, international steel prices have declined sharply since the second half of 2025, further exacerbating the already subdued conditions in the steel industry. In addition, global geopolitical instability remained unresolved in 2025. The Russia–Ukraine war has yet to be settled, the situation in the Gaza Strip remains uncertain, and tensions in the Taiwan Strait and the Korean Peninsula persist. These ongoing uncertainties have made global economic recovery increasingly challenging. However, on February 28, 2026, the United States and Israel launched attacks on Iran, and the conflict has shown signs of prolonged escalation similar to the Russia–Ukraine war. The Strait of Hormuz, which accounts for over 20% of global energy exports, has been blockaded by Iran, triggering a surge in war-driven inflation across the globe. Amid these developments, issues such as the constitutionality of U.S. reciprocal tariffs, the activation of Section 122 temporary surcharges by President Trump, and continued export dumping driven by China’s economic

slowdown have become secondary concerns. The key issue now lies in whether the United States and Iran can reach a negotiated settlement to end the conflict, and whether global energy supply can remain stable.

Tung Ho Steel Vietnam is Tung Ho Steel's first overseas investment production base integrating electric arc furnace steelmaking and steel rolling operations. Its rebar brand has gradually gained recognition and acceptance in the Vietnamese market, with the brand price differential having nearly been eliminated. Against the backdrop of an environment in Vietnam where inventory management and foreign exchange hedging mechanisms remain underdeveloped, Tung Ho Steel has fundamentally adjusted the operating strategy of Tung Ho Steel Vietnam by prioritizing risk management. Enhanced risk control mechanisms have been implemented at both ends of the value chain, including finished product sales and raw material procurement. In conjunction with the strategic deployment following the commencement of operations at the Kaohsiung Plant – Daye in Taiwan, which ensures a stable supply of billets, losses have been significantly reduced since 2023. Although the subsidiary remained in a loss position in 2025, it has achieved positive cash flow for three consecutive years, and recorded modest profits in both the third and fourth quarters, marking a turnaround to profitability. Looking ahead to 2026, with the Vietnamese government increasing public spending on infrastructure, the market outlook remains optimistic. The Company will continue to prioritize minimizing uncertain losses and controlling deficits as its core operating strategy, with the aim of sustaining the return to profitability. Over the long term, it is expected to make a positive and meaningful contribution to the parent company's operating performance.

Tung Kang Steel Structure continues to experience strong order momentum. Following a record-high revenue in 2024, its 2025 revenue reached a new peak, with annual sales volume and value increasing by 16.1% and 12.1%, respectively, compared to 2024. Order intake remains highly robust, with the 2026 order book fully secured and order visibility extending to the third quarter of 2027. Operating performance continues to remain stable and is expected to make a positive contribution to the parent company's overall performance.

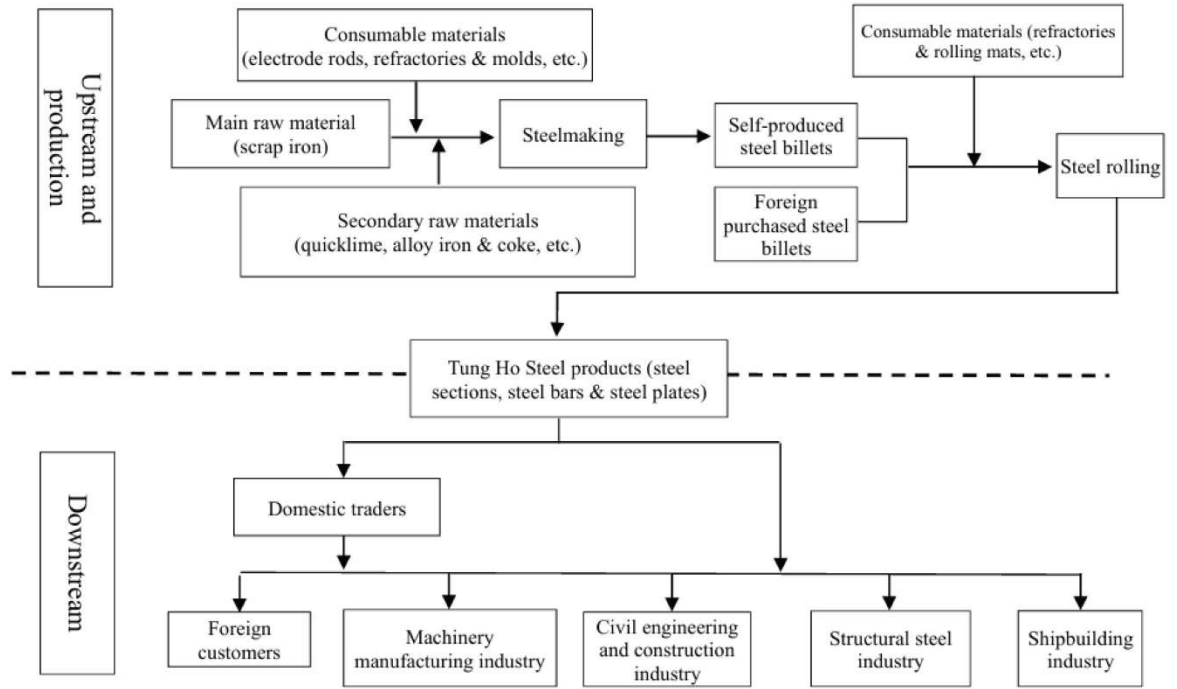
In the past, Tung Ho Steel has been actively involved in reinvesting in renewable energy and environmental protection. The invested companies include Tung Kang Wind Power Corp., Dung Tang Energy Service Co., Ltd., Katec Creative Resources Corp., Katec R&D Corporation, Taiwan Steel Union Inc. and Taiwan Steel Resources Co., Ltd. Tung Ho Steel's investment in the two businesses are currently at the seeding stage. These two industries are closely related to Tung Ho's primary business and are key to determining the future competitiveness of steel businesses. In the future, green energy saving, waste reduction, emission reduction and resource regeneration will become the core competitiveness of the iron and steel industry, which is the long-term investment plan of Tung Ho Steel focusing on the sustainable development of the enterprise. In addition, the "Climate Change Response Act" has been amended and finalized by the end of 2022. The global climate change goal is to achieve carbon neutrality by 2050. In 2020,

Tung Ho Steel has actively participated in international initiatives related to the environment and climate change, including Environmental Product Declaration (EPD), Task Force on Climate-related Financial Disclosures (TCFD), and Carbon Disclosures Project (CDP). In 2021, it has actively participated in Sustainability Accounting Standards Board (SASB). In 2023, it has participated in the CDP Water Disclosure Project. Under the ESG framework of the Sustainability Report, Tung Ho Steel has constructed a net-zero carbon emission blueprint for sustainable development with full participation of all employees in 2022, and formally declared two “30” carbon reduction targets for 2030 in 2023: the first “30” is RE30, which means that the whole Company will use 30% renewable energy, and the second “30” is to reduce carbon by 30% based on the total amount of carbon emissions in 2005. To proactively secure its targeted offshore wind renewable energy capacity by 2030, Tung Ho Steel, at its Board meeting in February 2025, to acquire an equity stake in the quasi-governmental power sales platform Taiwan Smart Electricity & Energy Co., Ltd.

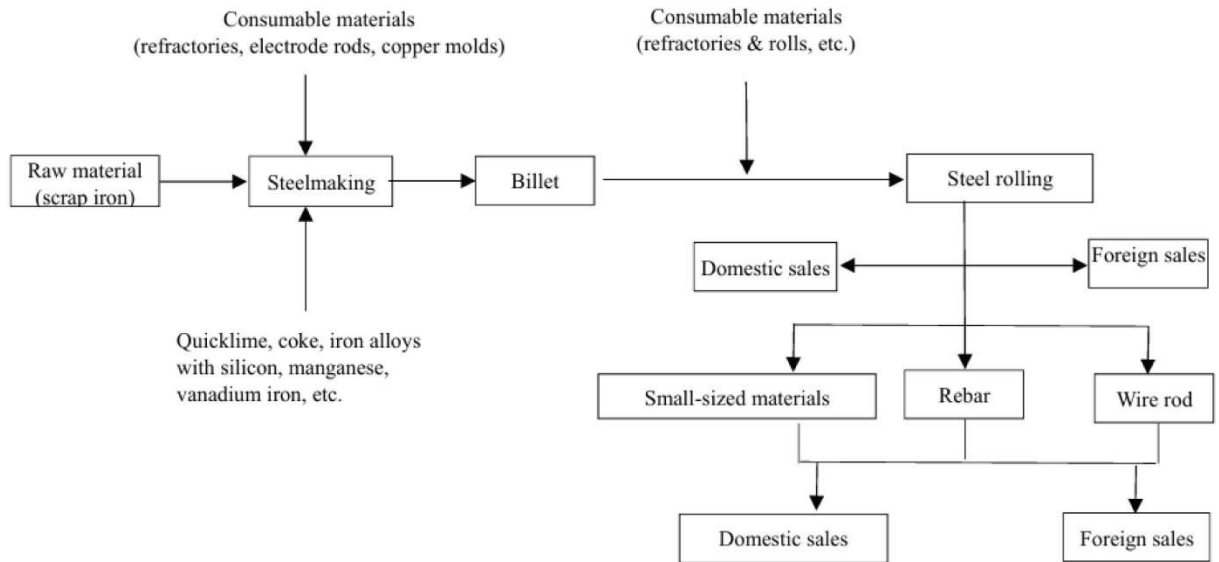
The TCFD was discontinued as of December 31, 2022, and has been succeeded by the IFRS S1 and S2 Sustainability Disclosure Standards. IFRS S1 covers disclosures of sustainability-related financial information on risks and opportunities, while IFRS S2, building on the TCFD framework, continues to focus on climate-related financial disclosures. The scope of disclosure is not limited to the Company but also includes all subsidiaries within the consolidated financial statements. Tung Ho Steel initiated the adoption of the IFRS S1 and S2 Sustainability Disclosure Standards in 2024, expanding its sustainability management from the Company itself to encompass all subsidiaries included in the consolidated financial statements. This initiative aims to align with global disclosure requirements across the four core pillars of governance, strategy, risk management, and metrics and targets related to sustainability.

In addition, Tung Ho Steel is actively cooperating with the industry, government and academia in CCUS, energy storage system related applications, and research on hydrogen combustion and hydrogen transportation and storage technologies, in order to plan a positive carbon reduction path to achieve net zero carbon emissions.

2. The status of the upper, middle, and downstream relationships for the industry
 - (1) Tung Ho Steel



(2) Tung Ho Steel Vietnam Corp. Ltd.



(III) Overview of Technology and R&D

1. R&D plan for the last two fiscal years

Item	2026 R&D program	2025 R&D program
(1) Steelmaking	<ul style="list-style-type: none"> a. Development of billets with high steel cleanliness and high toughness. b. Development of SM570 steel plate of 50mm thickness. c. Development of high-strength re-bar. d. Testing of various supplies and refractory materials. e. Research on off-gas detection of electric furnaces and dynamic control of burners and combustion chambers. f. Research on ORC power generation technology for electric furnace waste heat recovery. g. Development of low-carbon and green manufacturing technology for electric furnace. h. Electric furnace scrap preheating continuous feeding process research. i. Introduction of oxy-fuel combustion technology for ladle preheater. j. Development of closed-cycle carbon reduction technology for electric furnace by-products. k. Design of high-temperature resistant multi-heat interfaces and development of material technology applications. l. Development of automated equipment for ID marking and tracking of steel billets. m. Development of automatic arm for continuous casting machine and automated equipment for LD sliding gate maintenance. n. Research on the application of biogenic carbon materials, including bio-carbon, bio-coke, and bio-char, in the metallurgical sector. 	<ul style="list-style-type: none"> a. Development of billets with high steel cleanliness and high toughness. b. Development of SM570 steel plate of 50mm thickness. c. Development of high-strength re-bar. d. Testing of various supplies and refractory materials. e. Research on off-gas detection of electric furnaces and dynamic control of burners and combustion chambers. f. Research on ORC power generation technology for electric furnace waste heat recovery. g. Development of low-carbon and green manufacturing technology for electric furnace. h. Electric furnace scrap preheating continuous feeding process research. i. Introduction of oxy-fuel combustion technology for ladle preheater. j. Development of closed-cycle carbon reduction technology for electric furnace by-products. k. Design of high-temperature resistant multi-heat interfaces and development of material technology applications. l. Low-carbon simulation, validation, and development of life-extension technologies for peripheral components of electric arc furnaces.

	<ul style="list-style-type: none"> o. Development of a power generation process utilizing air-quenched waste heat. p. Testing and research on substituting fossil-based carbon with biogenic carbon for carbon injection in electric arc furnaces. q. Development of an automated robotic system for cleaning the tap hole of electric arc furnaces. r. Development of automated gunning equipment for refractory materials in the tundish. 	<ul style="list-style-type: none"> m. Testing and research on substituting fossil-based carbon with biogenic carbon for carbon injection in electric arc furnaces.
(2) Steel rolling	<ul style="list-style-type: none"> a. The R&D plan of universal edging, a new special rolling technology for the production of H-beams with B value of more than 300mm. b. Development of H-beam/steel plate on-line size automatic measurement and surface quality inspection system. c. Development of smart combustion control system for heating furnace. d. A pioneering R&D program by Tung Ho Steel for the rolling of large-diameter round bars of specialty steel using a universal rolling mill. e. A domestically exclusive R&D program for an innovative parallel flange channel steel manufacturing process. f. Development of ultra-high-strength steel. g. Introduction of oxygen-enriched combustion technology for the heating furnace. h. Development of automated equipment for finished product labeling. i. Development of a new rolling technology for producing W6×6×25 sections from 150×150 billets. j. Development of an automated sampling robot for the cooling bed area. 	<ul style="list-style-type: none"> a. The R&D plan of universal edging, a new special rolling technology for the production of H-beams with B value of more than 300mm. b. Development of smart combustion control system for heating furnace. c. A pioneering R&D program by Tung Ho Steel for the rolling of large-diameter round bars of specialty steel using a universal rolling mill. d. A domestically exclusive R&D program for an innovative parallel flange channel steel manufacturing process. e. Development of ultra-high-strength steel. f. Introduction of oxygen-enriched combustion technology for the heating furnace. g. Development of automated equipment for finished product labeling.
(3) Others	<ul style="list-style-type: none"> a. Development of AI applications and smart chemical process technology. b. Comprehensive and innovative solutions to promote a circular economy in the steel industry. c. Planning study on renewable energy (solar, wind, biogas). d. CCUS technology application research. e. Hydrogen technology application research. f. Industrial big data energy management system construction project. g. Integrated software development for steel plate production. h. Development of automation solutions for finished goods warehousing and management. i. Development of a thermoelectric power generation system. j. Research on the production of biochar using the hydrothermal carbonization process. 	<ul style="list-style-type: none"> a. Development of AI applications and smart chemical process technology. b. Comprehensive and innovative solutions to promote a circular economy in the steel industry. c. Planning study on renewable energy (solar, wind, biogas). d. CCUS technology application research. e. Hydrogen technology application research. f. Industrial big data energy management system construction project. g. Integrated software development for steel plate production. h. Development of automation solutions for finished goods warehousing and management.

2. R&D expenditure in most recent years up to the date of publication of annual report

Year	2025	2024
Item		
Taoyuan Plant R&D Fee (NT\$)	3,178,402	16,082,577
Miaoli Plant R&D Fee (NT\$)	30,283,510	28,474,429
Kaohsiung Works - Jiaxing R&D Fee (NT\$)	13,443,748	8,747,406
Kaohsiung Works - Daye R&D Fee (NT\$)	0	1,315,047
Total R&D Fee (NT\$)	46,905,660	54,619,459
Ratio of total R&D expenditure to net sales (%)	0.08	0.09

(IV) Long- and short-term business development plans:

1. Short-term development plan - marketing business strategies:

- (1) Will the global economy be able to avoid falling into another inflation crisis in 2026? This depends on when the United States and Iran can initiate substantive and meaningful negotiations. At present, the global economy remains overshadowed by uncertainty regarding the continued stability of energy supply. The costs associated with order acquisition and the risks related to contract performance should be prudently evaluated and effectively controlled.
- (2) Following President Donald Trump’s inauguration, his administration adhered to the two principal policy pillars of “America First” and “reciprocal tariffs,” introducing significant uncertainty into the global economic recovery in 2025. After several months of protracted bilateral negotiations between countries and the United States, and just as most variables appeared to have become largely settled, the U.S. Supreme Court ruled that the reciprocal tariff policy was unconstitutional, seemingly returning the situation to a state of uncertainty once again. Accordingly, 2026 remains a year fraught with uncertainties. In the face of ongoing global economic developments, a prudent and vigilant approach is essential. Further efforts should be made to strengthen order visibility, enhance control over accounts receivable risks, and carefully manage both the volume and timing of raw material procurement.
- (3) The U.S.–China trade conflict has led to intense rivalry between the two major powers, with neither side willing to yield. What began as a trade war has expanded into a technology war and further into a contest over rare earth resources, exerting profound and far-reaching impacts on the global landscape. Countries around the world are increasingly erecting tariff barriers, and the intensifying standoff in global trade protectionism is likely to further exacerbate geopolitical instability. In particular, tensions in the Taiwan Strait have a critical impact on Taiwan’s economic development. The global supply chain’s risk diversification trend of “China plus Taiwan plus one” has intensified, and Taiwan should therefore adopt a more rigorous approach in assessing both the opportunities and risks associated with global economic developments.

- (4) China's steel exports reached a record high of 111 million tons in 2024 and rose further to a new high of 119 million tons in 2025. The severe oversupply in China's steel industry is driven by the continued weakness of its domestic economy, coupled with uncertainty over whether the global economy can achieve a gradual recovery. As a result, the imbalance between supply and demand in China's steel market is unlikely to be resolved in the short term. President Donald Trump of the United States initiated a global trade war in steel and aluminum tariffs, prompting countries around the world to erect tariff barriers in order to protect their domestic steel industries. Taiwan's steel industry should follow the European Union in initiating safeguard investigations and implementing a global import quota system, and also urge the government to provide full support. Otherwise, Taiwan's steel market risks becoming a haven for global dumping.
- (5) In response to the government initiative COP26 Glasgow Agreement, the National Development Council at the end of last year set the country's 2030 NDC: a 24±1% reduction in total carbon emissions from 2005; Tung Ho Steel announced last year that its carbon reduction target for 2030 would be a 30% reduction in greenhouse gas emissions based on the total emissions in 2005. In response to the first year of carbon fee implementation, additional carbon charges will be levied, and a voluntary emissions reduction plan will be proposed in accordance with industry-specific reduction rates to actively advance decarbonization efforts.
- (6) In 2026, domestic electricity and natural gas prices will continue to face significant upward pressure until the conclusion of peace negotiations between the United States and Iran. As a result, the electric arc furnace steel industry remains exposed to the risk of substantial cost increases. Only through early and effective implementation of energy-saving and carbon reduction measures can cost fluctuations be properly managed. Building on its prior efforts, Tung Ho Steel will continue to advance its initiatives in response to the global demand for net-zero carbon emissions.
- (7) Observing the impact of continuous steel capacity expansion of emerging countries on the global steel market, especially in India and Southeast Asian countries. India's crude steel production increased from 150 million metric tons in 2024 to 165 million metric tons in 2025, making it the world's second-largest steel producer. At present, Indian steel mills are selling low-priced steel products globally, which has become the biggest price competitor of Chinese steel mills, and its subsequent growth is very strong, with crude steel production reaching 300 million metric tons in the near future.
- (8) Strengthen the monitoring of raw material and steel product international price volatility trends to disperse the sources of raw material procurement.
- (9) Urge the government to pass the CNS international standard verification and registration system for various types of steel products as soon as possible.
- (10) Implement the industry and marketing project involving order-based productions and

deepen cost-control project productions.

- (11) Strengthen and integrate domestic and foreign sales channels.
2. Long-term development plan-marketing business strategies:
 - (1) Develop new markets for high value added products.
 - (2) Respond to the market supply/demand and competition relationship changes, and reintegrate Tung Ho Steel's market position and product orientation.
 - (3) Prudently develop measures and the possibility to eliminate market trade barriers in developing countries, and strengthen the practical overseas investment feasibility evaluations.
 - (4) Tapping into the Vietnam and ASEAN markets, and strengthening the knowledge of local legal affairs and taxation, with local market analysis and relevant investments.
 - (5) Based on the wind power generation, we will actively invest in the procurement of renewable energy and energy storage systems, application technology research, and related investments.

II. Status of Market and Sales

(I) Market analysis

1. Sales region for the main products.

Region \ Year		2025		2024	
		Amount (NT\$ thousand)	Net sales ratio (%)	Amount (NT\$ thousand)	Net sales ratio (%)
Foreign sales	Asia	2,547,779	4.40	3,038,025	5.05
	America	210,948	0.37	71,459	0.12
	Others	1,341,991	2.32	2,207,604	3.67
Subtotal		4,100,718	7.09	5,317,088	8.84
Domestic sales		53,754,717	92.91	54,845,909	91.16
Total		57,855,435	100.00	60,162,997	100.00

2. Domestic market share of the Company's main products

Item \ Year		Unit: metric tons	
		2025	2024
H-beam	Taiwan Apparent Consumption	1,008,424	1,002,666
	The Company	462,132	454,080
	Estimated Market Share (%)	45.83	45.29
Rebar	Taiwan Apparent Consumption	6,440,669	6,470,034
	The Company	1,350,015	1,362,620
	Estimated Market Share (%)	20.96	21.06

Source: Taiwan Steel & Iron Industries Association

3. Supply and Demand for the future market

Looking ahead to 2026, Tung Ho Steel has secured a rebar order backlog exceeding one million metric tons compared with 2024, with approximately 1.2 million metric tons currently

on hand. The Company's steel structure business also has order visibility extending to the third quarter of 2027. Nevertheless, the key determinant of overall operating performance will remain market demand and order intake conditions in the second half of the year. Among these factors, the outcome of U.S.–Iran peace negotiations is of paramount importance, as the continued stability of energy supply will be the decisive factor in this year's operating performance.

In addition, whether China's economy can successfully emerge from its downturn and achieve a gradual recovery—particularly in the real estate sector—as well as the future direction of U.S. President Donald Trump's tariff policies, will all be critical factors influencing the global economic outlook. Three key areas warrant close observation: 1. Whether the Chinese government's pro-growth economic policies can effectively stimulate economic development? China accounts for more than half of the world's steel production. Whether or not China's economy can recover smoothly and slowly is crucial to the global steel industry. In short: If China's economy is not good, the global steel market will not be good. 2. Whether the United States, having again fallen into an inflationary risk following its attack on Iran, will see its previously well-paced interest rate cut cycle fully disrupted, and when the phase of elevated funding costs and high interest rates can come to an end? This will affect the pace of investment promotion and economic growth. Following President Donald Trump's inauguration, his administration adhered to the two principal policy pillars of “America First” and “reciprocal tariffs.” After several months of protracted bilateral negotiations between countries and the United States in 2025, and just as most variables appeared to have become largely settled, the U.S. Supreme Court ruled that the reciprocal tariff policy was unconstitutional, seemingly returning the situation to a state of uncertainty once again. President Trump himself represents the greatest source of uncertainty, and such uncertainty is the primary impediment to economic recovery. 3. In addition to the currently most critical U.S.–Iran conflict, when will geopolitical risks slow down or be effectively controlled? The Russo-Ukrainian War, the Gaza Strip, and the tensions in the Taiwan Strait and Korea are the key risk management variables for the successful recovery of the global economy.

To summarize, 2026 is still a year full of uncertainties, and we must be cautious and not take this year's global economic development lightly. In addition, rising energy costs and the implementation of carbon fees will remain ongoing challenges, and are also an inevitable pathway toward achieving the global net-zero carbon emissions target by 2050. The future market demand for low-carbon steel products and carbon-neutral steel products will come rapidly. Under the ESG framework of the Sustainability Report, Tung Ho Steel has constructed an all-employee, net-zero carbon emission blueprint for sustainable development in 2022, and formally announced two “30” short- and medium-term carbon reduction targets for 2030 in 2023, with the first “30” being RE30, which is to utilize 30% renewable energy across the entire company, and the second “30” being a 30% reduction of carbon emissions based on the total carbon emissions in 2005. Only by adopting effective energy saving and carbon reduction

measures can we effectively control cost changes. Based on the efforts made in the past, Tung Ho Steel will continue to work hard to meet the international demand for net-zero carbon emissions and strengthen the international competitiveness of our products.

Currently, Taiwan's overall economic development is significantly better than the global environment, mainly due to Taiwan's key role in the global supply chain, especially the semiconductor and AI industries have received global attention. However, the concomitant demand for talent and industrial crowding out effect has also had a significant impact on Taiwan's construction, iron and steel, and traditional industries, with the rapid aging of the working population and the reluctance of the younger generation to join the "3D" industry. The labor shortage problem is becoming more and more serious, and will seriously affect the overall economic development in the long run. Tung Ho Steel will comprehensively launch a 5-year program to introduce robotic automation and AI-enabled smart manufacturing, alongside initiating further investments in improving and upgrading the plant working environment, with the aim of addressing the increasingly severe challenges in talent recruitment and development.

The global steel overcapacity problem should still be focused on India and Southeast Asia. India has surpassed Japan in 2018 to become the second only country after China in global crude steel production, and its crude steel production has reached 165 million metric tons in 2025. Recently, low-priced steel products from Indian steel mills are dumped all over the world, which is like the biggest price competitor of China's steel mills, and China Iron and Steel Association estimated that its steel production capacity will reach 300 million metric tons in 2030. In addition, the steel capacity of Southeast Asian countries will also increase rapidly to 150 million tons in the next few years. These emerging countries could replace China on influencing the global steel market, and exacerbate the problem of excess capacity in the global steel industry.

4. Competitive niche

(1) Long years of industry experience

Since its establishment in 1962, the Company has specialized in steel rolling and steelmaking for more than 50 years, and its senior management also served in the Company for more than a decade, with high professional familiarity in the steel industry, and lead the Company in formulating effective competitive strategies in response to industrial changes.

(2) Excellent product quality

In view of fierce competition in the steel industry, the Company adheres to improving product quality to maintain its competitiveness. The Miaoli, Taoyuan, and Kaohsiung plants have obtained ISO certification, while the Company has maintained stable relationships downstream customers over the years on the back of stable steel quality.

(3) R&D excellence

In the past year, the Company's R&D achievements were abundant. Significant R&D achievements in steelmaking include the development of steel billets for high-strength bars, the development of ultra-high-strength steels, the development of reduction-ballasted hot-

ballasted furnace technology, and the development of furnace stone reuse technology, etc. Significant R&D achievements in rolling include the development of high-strength threaded rebars, the development of connectors for high-strength threaded rebars, the development of U-shape steel sheet piles, the development of steel billets inductively-heated process, the development of extra-thick dimensional H-sections and the development of steels in different sizes and shapes, etc., which will allow for the diversification of products and the enhancement of technological capabilities, and increase the Company's revenues and profitability. Ongoing R&D programs: Research on off-gas detection of electric furnaces and dynamic control of burners and combustion chambers, development of billets with high steel cleanliness and high toughness, R&D for low-energy direct rolling of ultra-high-strength re-bar, development of billet welding and endless rolling technology, R&D for tandem reciprocating universal edging round profiled material rolling technology, development of low-alloy ultra-high-strength steel plate, and development of restored melted slag recycling process.

5. Favorable and unfavorable factors for the development

(1) Favorable factors

- a. Since the Tung Ho Steel Taoyuan Plant was officially put into production on October 31, 2010, its energy conservation and carbon reduction based environmental friendly production process can reduce production costs by approximately 30% to 40% compared to that of the traditional steel plants. The second production line officially commenced production in the 4th quarter of 2017, which will aid Tung Ho Steel to further implement an environmental protection process for energy conservation and carbon reduction, and its contributions to Tung Ho Steel's overall operating performance materialized in the past two years. Looking forward, we expect the second production line to strengthen Tung Ho Steel's competitive advantage in the domestic re-bar market.
- b. Taiwan plays an important role in the global supply chain.
- c. The global warming and greenhouse gas emission issues have received great attention. "Carbon customs tax", "carbon and energy taxes", and "carbon trading" will be common problems that the global industry must face together. Tung Ho Steel's electric arc furnace production process has a competitive advantage compared to that of the blast furnace process, and its investment in energy conservation and carbon reduction equipment is also ahead of its peers.
- d. Actively invest in energy-saving and carbon reduction development and investment, and take early action to respond to future measures such as the imposition of carbon fee, carbon tax, and the control of total carbon emissions.
- e. The Neihu MRT's steel medium-capacity rails and guide rails developed and produced by Tung Ho Steel enables Tung Ho Steel to become the only steel

manufacturer in the entire Asia with medium-capacity steel rail projects, which is conducive to the Company's expansion to the United States, China, and Southeast Asia export markets.

f. Tapping into the Vietnam and ASEAN markets with active deployment.

(2) Unfavorable factors

- a. Will the global economy be able to avoid falling into another inflation crisis in 2026? This depends on when the United States and Iran can initiate substantive and meaningful negotiations. At present, the global economy remains overshadowed by uncertainty regarding the continued stability of energy supply.
- b. The Chinese real estate market has experienced a collapse in housing prices and a stagnation in transactions, which has subsequently led to the collapse of Chinese steel prices. Chinese steel products dumped at low prices due to sluggish domestic demand, causing great pressure on the downward revision of global steel prices.
- c. The trade war between the two major powers, the United States and China, has resulted in the confrontation between totalitarian countries and democratic countries has surfaced, and the opening of the new Cold War era will lead to the turbulence of the world geopolitical situation.
- d. Taiwan's water resource in response to global climate change.
- e. The National Development Council announced the 2050 carbon-neutral target power structure, which is still based on thermal power generation + CCUS 20%-27% as the stabilizing base load, resulting in our industry having to pay higher costs for carbon reduction compared to other advanced countries, which is completely different from the power structure plan of advanced countries, such as Japan, which will reduce the proportion of thermal power generation to a minimum in 2050, and use nuclear power generation as the stabilizing base load. While advanced countries around the world have been investing in the research of Small Modular Reactor (SMR), nuclear power generation is an untouchable issue in Taiwan.
- f. Renewable energy issues continue to fever. The domestic tariff structure has been unreasonable for a long time, and although there have been several tariff increases, the long-term tariff distortion has not been solved, which has a very unfavorable long-term impact on Taiwan's long-term development of renewable energy and energy storage systems, and will weaken the international competitiveness of the domestic industry in the long run.
- g. The presence of high-cost renewable energy will further exacerbate the pressure of operating cost control.
- h. Labor shortage in Taiwan's construction industry due to aging population and unwillingness of youth to participate in the "3D" industries.
- i. Export businesses are facing more severe challenges given rising steel production

capacity in developing countries, especially in Southeast Asia and India, as well as the prevalence of trade protectionism.

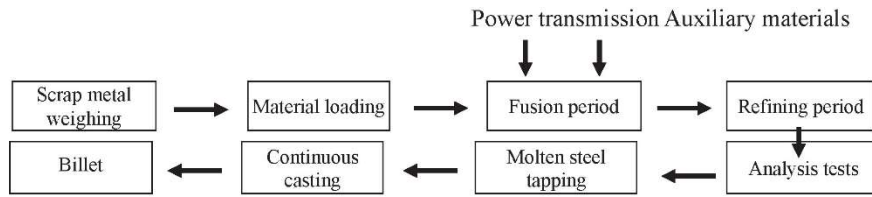
- (3) The external environmental issues:
 - a. The energy crisis arising from the U.S.–Iran conflict
 - b. Policy uncertainty since President Donald Trump assumed office in the United States.
 - c. Difficulties in the development of China's economy.
 - d. Turbulence in the world's geopolitical situation.
 - e. The steel production capacity of developed countries and rising steel production capacity of emerging countries.
 - f. Renewable energy issues continue to fever and the domestic electricity price structure is unreasonable.
 - g. Taiwan's water resource management in response to global climate change.
 - h. Labor shortage in Taiwan's construction industry due to aging population and unwillingness of youth to participate in the "3D" industries.

(II) Major product manufacturing processes

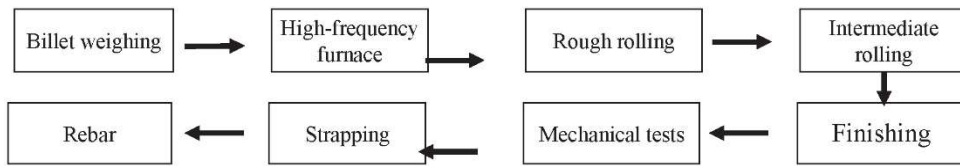
1. Product use
 - (1) Reinforcing steel: Civil engineering and construction steel material.
 - (2) Billet: Production of steel, steel bars, wire rods, H-beams, channel steel, steel semi-finished products.
 - (3) H-Beam: Structural steel base material for steel construction and civil engineering.
 - (4) Universal steel plate: Structural steel materials for assembly type steel such as welded H-beams, box columns, and truss columns.
 - (5) Large steel channel: Structural steel materials for steel construction, mechanical and electrical equipment, etc.
 - (6) U-shaped steel sheet pile: Broadly used in retaining walls, piers, dams and levees, and other projects. Moreover, it can be recycled and reused, with evident effects of protecting the environment. U-beam steel sheet piles are characterized by high strength, light weight, good waterproofing, durability, and easy of construction.
 - (7) Steel structure: Plant, high-rise buildings, span building, civil construction, construction steel materials and consolidated construction.
 - (8) Environmental protection business-restored steel: Sold to steel refining plants for use as raw materials for steel refining.
 - (9) Environmental protection business-crude zinc oxide: Sold to Zn metal refining plants for use as raw materials.
 - (10) Environmental protection business-Slag products: Used as subbase material and aggregates.
 - (11) Wind power generation: The electricity generated is sold to TPC and delivered to users.
 - (12) Quicklime: Steel refining auxiliary materials.

2. Production process

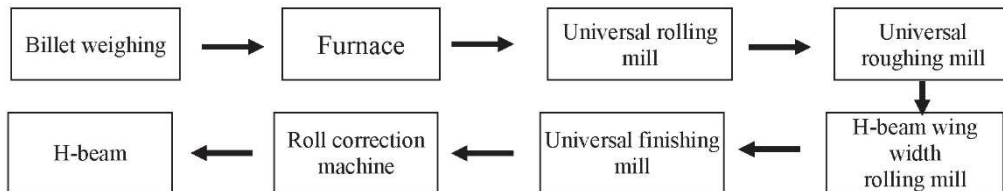
(1) Billet refinement



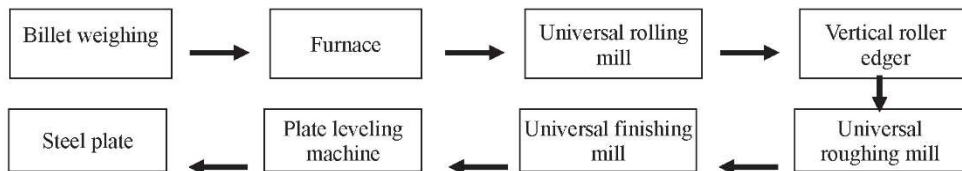
(2) Rolling steel



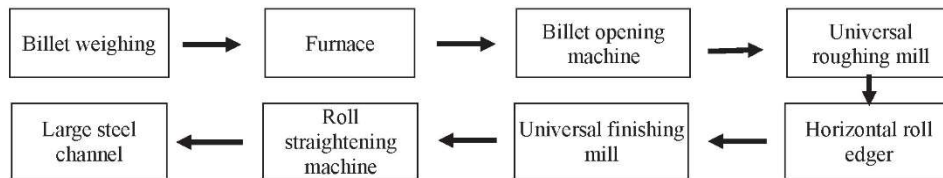
(3) Rolling of H-shaped steel sections



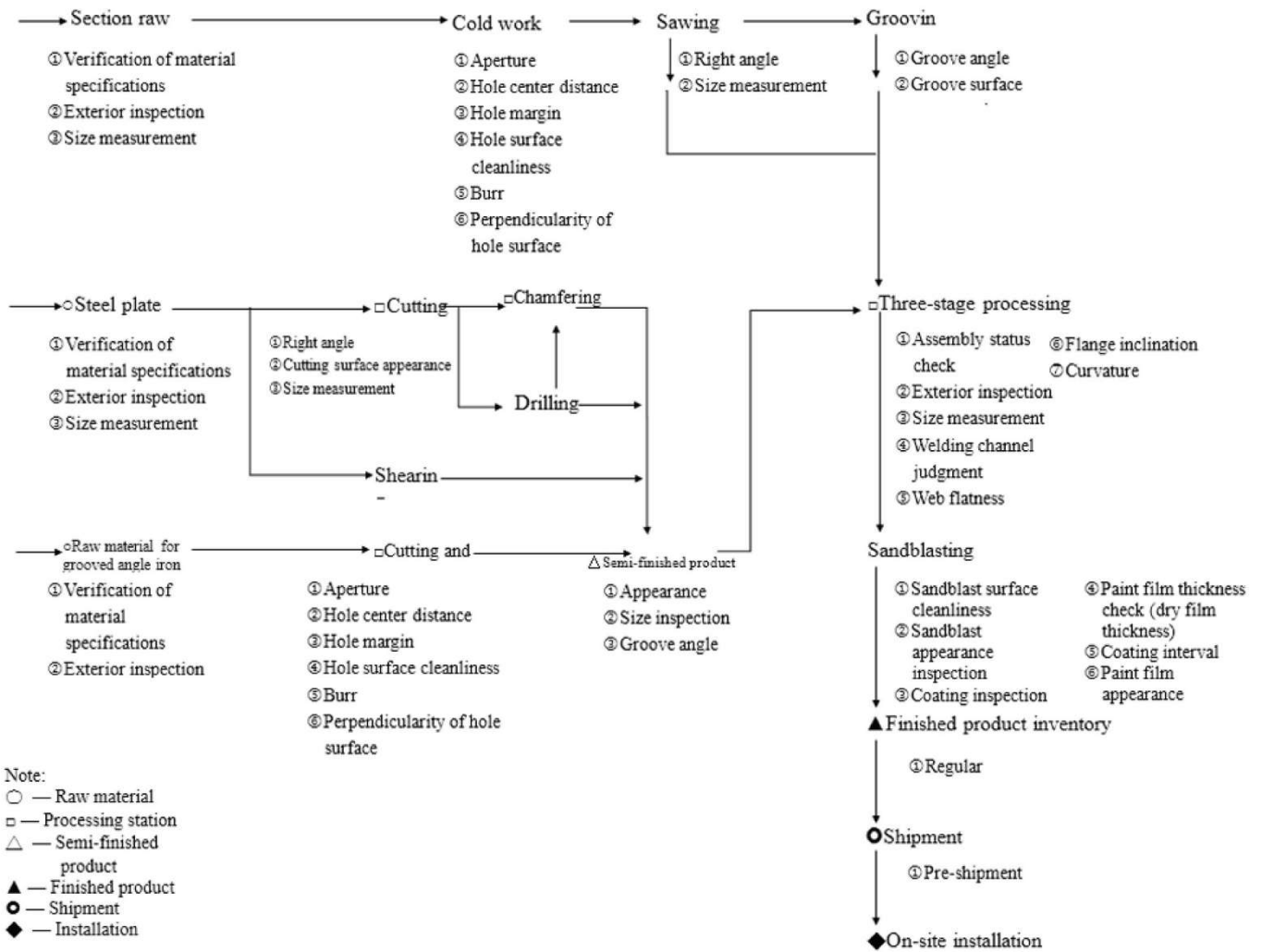
(4) Universal plate rolling



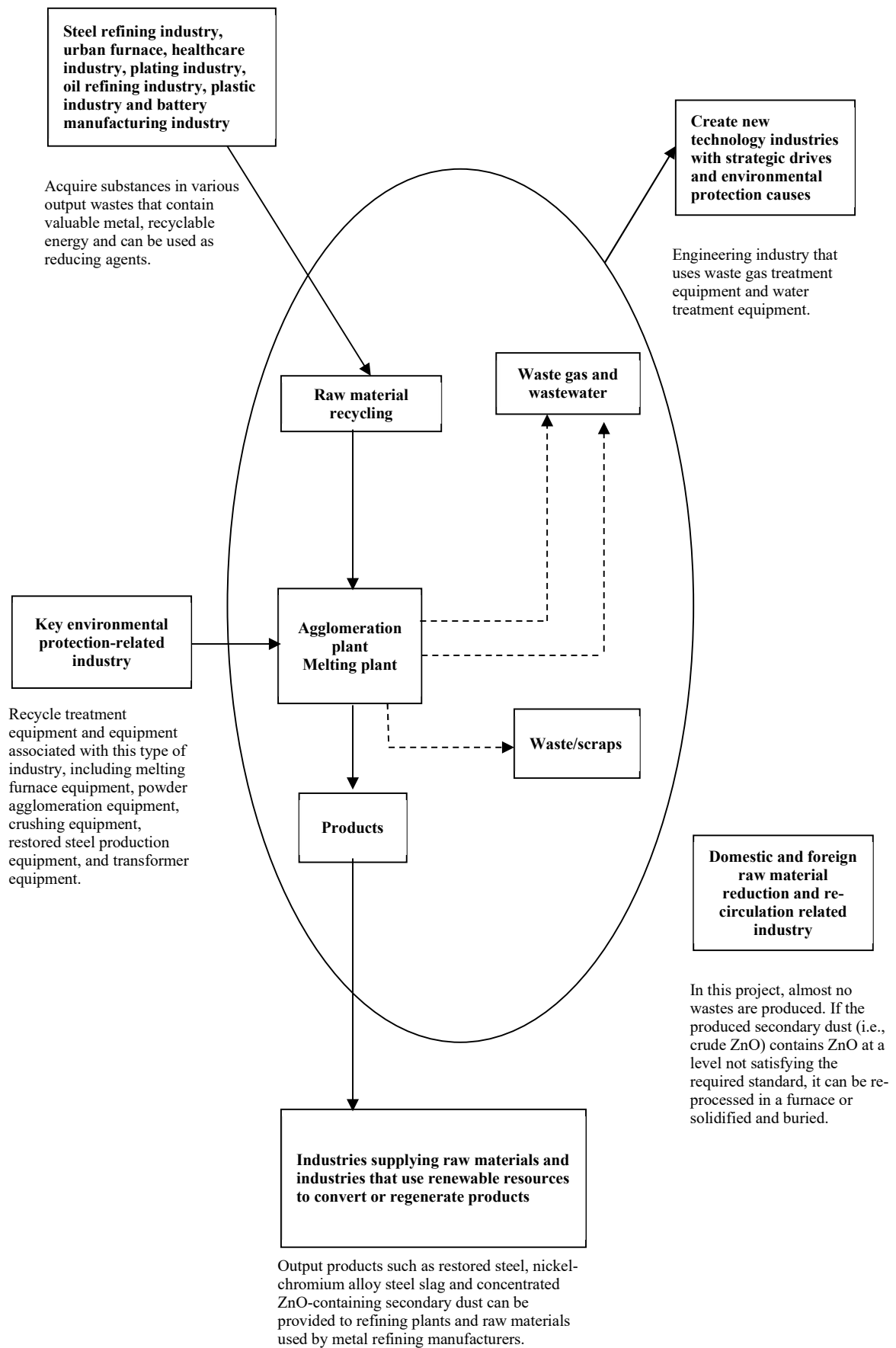
(5) Large channel section rolling



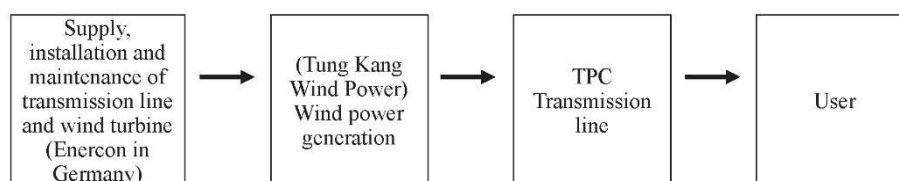
(6) Steel structure manufacturing



(7) Environmental protection process



(8) Wind power generation



(III) Main raw material supply of the parent company and subsidiaries

1. Purchase of main raw materials in 2025

Unit: metric tons

Company	Product name	Quarter	First quarter	Second quarter	Third quarter	Fourth quarter	Total
		Quantity					
Tung Ho Steel	Scraps	Domestic	243,125	271,614	267,575	285,195	1,067,509
		Foreign	189,213	200,686	235,369	189,991	815,259
	Pig iron	Domestic	0	0	0	0	0
		Foreign	0	0	0	0	0
	Billet	Domestic	0	0	0	0	0
		Foreign	84,383	120,526	63,515	64,500	332,924
Tung Kang Steel Structure Co., Ltd.	Section beam	Domestic	13,894	16,756	12,759	9,702	53,111
		Foreign	0	0	0	0	0
	Steel plate	Domestic	40,885	30,782	25,805	30,668	128,140
		Foreign	4,194	2,569	990	3,583	11,336
Tung Ho Steel Vietnam Corp., Ltd.	Scraps	Domestic	33,925	24,979	34,999	30,905	124,808
		Foreign	91,900	117,992	72,172	81,424	363,488
	Pig iron	Domestic	0	0	0	0	0
		Foreign	0	0	0	0	0
Katec Creative Resources Corp.	Dust collection	Domestic	1,002	977	839	992	3,810
		Foreign	0	0	0	0	0
	Medical wastes	Domestic	24	18	23	18	83
		Foreign	0	0	0	0	0
	Other waste/scraps	Domestic	2,909	4,616	3,433	3,628	14,586
		Foreign	0	0	0	0	0
Duc Hoa International J.S.C.	Limestone	Domestic	31,636	29,674	32,716	8,890	102,916
		Foreign	0	0	0	0	0
	Blind Coal	Domestic	1,764	3,118	1,883	976	7,741
		Foreign	0	0	0	0	0

2. Primary importing regions for raw materials and the supply status

Company	Product name	Primary importing regions for raw materials	Supply status
Tung Ho Steel	Scrap and billet	USA, South & Central America, Japan, Vietnam	Good
Tung Ho Steel Vietnam Corp., Ltd.	Scraps	United States	Good
Tung Kang Steel Structure Co., Ltd.	Steel plate, section beam	Japan	Good
Duc Hoa International J.S.C.	Limestone, blind coal	Purchased in Vietnam	Good

(IV) Names of customers who accounted for more than 10% of the sales in any of the last two years, sales as a percentage of total sales, and the reasons for addition or reduction changes.

1. Customer name for those whose sales volume are more than 10% of the total in any given year for the last 2 years

2025				2024			
Name	Amount (Unit: Thousands of New Taiwan Dollars)	Net sales ratio (%)	Relationship with the issuer	Name	Amount (Unit: Thousands of New Taiwan Dollars)	Net sales ratio (%)	Relationship with the issuer
Others	57,855,435	100	None	Others	60,162,997	100	None
Net sales	57,855,435	100	N/A	Net sales	60,162,997	100	N/A

Note 1: The consolidated company's sales targets are less concentrated, and the amount sold per single target has not exceeded 10% in 2025 and 2024.

2. The top 10 customer name with the highest total sales for the last 2 years.

2025				2024			
Name	Amount (Unit: Thousands of New Taiwan Dollars)	Total annual net sales ratio (%)	Relationship with the issuer	Name	Amount (Unit: Thousands of New Taiwan Dollars)	Total annual net sales ratio (%)	Relationship with the issuer
TSMC	3,641,538	6.29	Customer of the subsidiary Tung Kang Steel Structure Co., Ltd.	Lih Dar Steel Co., Ltd.	2,957,273	4.91	Parent company's customer
Lih Dar Steel Co., Ltd.	2,862,502	4.95	Parent company's customer	San-Ching Engineering	2,097,594	3.49	Customer of the Parent Company and Subsidiaries: Tung Kang Steel Structure
Chung-Lin General Contractors Ltd.	2,151,918	3.72	Customer of the Parent Company and Subsidiaries: Tung Kang Steel Structure	SANWA PTY LTD	1,980,515	3.29	Customer of the Parent Company and Subsidiaries: Tung Ho Steel Vietnam
San-Ching Engineering	1,688,934	2.92		Taiwan Kumagai	1,803,557	3.00	Customer of the Parent Company and Subsidiaries: Tung Kang Steel Structure
Cheng Gang Industry	1,538,983	2.66	Parent company's customer	TSMC	1,616,246	2.69	Customer of the subsidiary Tung Kang Steel Structure Co., Ltd.
SANWA PTY LTD	1,370,944	2.36	Customer of the Parent Company and	Yulishing Building Utilities	1,441,072	2.39	Parent company's customer

2025				2024			
Name	Amount (Unit: Thousands of New Taiwan Dollars)	Total annual net sales ratio (%)	Relationship with the issuer	Name	Amount (Unit: Thousands of New Taiwan Dollars)	Total annual net sales ratio (%)	Relationship with the issuer
			Subsidiaries: Tung Ho Steel Vietnam				
Taiwan Kumagai	1,338,844	2.31	Customer of the Parent Company and Subsidiaries: Tung Kang Steel Structure	Cheng Gang Industry	1,411,506	2.35	
Yulishing Building Utilities	1,330,411	2.30	Parent company's customer	CÔNG TY TNHH THƯƠNG MẠI DỊCH VỤ CCM CCM . TRADING SERVICE CO., LTD	1,366,203	2.27	Vietnamese customer of the subsidiary Tung Kang Steel Structure Co., Ltd.
Gir Gai Trading Co., Ltd.	1,229,548	2.13		Gir Gai Trading Co., Ltd.	1,220,639	2.03	Parent company's customer
Continental Engineering Corporation	978,769	1.69	Customer of the Parent Company and Subsidiaries: Tung Kang Steel Structure	CÔNG TY TNHH CƠ KHÍ CÔNG NGHIỆP ĐẠI NGHĨA	1,034,671	1.72	Vietnamese customer of the subsidiary Tung Kang Steel Structure Co., Ltd.
Subtotal	18,132,391	31.34		Subtotal	16,325,391	26.54	
Others	39,723,044	68.66		Others	45,180,258	73.46	
Total	57,855,435	100		Total	61,505,649	100.00	

3. Primary supplier information for the recent two years

Period Item	2025				2024			
	Name	Amount (Unit: Thousands of New Taiwan Dollars)	Total annual net purchase ratio (%)	Relationship with the issuer	Name	Amount (Unit: Thousands of New Taiwan Dollars)	Total annual net purchase ratio (%)	Relationship with the issuer
1	Others	33,143,290	100.00	None	Others	39,642,325	100.00	None
Total	Net Purchases	33,143,290	100.00	N/A	Net Purchases	39,642,325	100.00	N/A

(Note): The consolidated company's suppliers of goods in 2025 and 2024 are relatively decentralized, and there is no single supplier of goods with an amount greater than 10%; therefore, the name is classified as "Others".

4. Name of top 10 suppliers with the highest total import volume for the last 2 years

2025			2024		
Name	Amount (Unit: Thousands of New Taiwan Dollars)	Total annual net purchase ratio (%)	Name	Amount (Unit: Thousands of New Taiwan Dollars)	Total annual net purchase ratio (%)
Heng Yu Steel	2,078,993	6.27	SIMS	3,055,260	7.71
CSC	2,066,528	6.24	Heng Yu Steel	2,197,622	5.54
SIMS	1,637,876	4.94	CSC	2,086,546	5.26
SD	1,347,821	4.07	ALCO	1,635,629	4.13
METALC	1,152,178	3.48	SD	1,196,442	3.02
ALCO	1,096,920	3.31	METALC	860,413	2.17
DAEHAN STEEL	710,388	2.14	CMC	832,975	2.10
THÉP SÔNG HẬU	547,086	1.65	HANWA	739,722	1.87
CMC	475,122	1.43	DAEHAN STEEL	623,096	1.57
Hong Ruen	440,609	1.33	DIEN LUC PM	566,042	1.43
Total	11,553,521	34.86	Total	13,793,747	34.80
Others	21,589,769	65.14	Others	25,848,578	65.20
Net Purchases	33,143,290	100.00	Net Purchases	39,642,325	100.00

Note 1: If a customer's name or counterparty is an individual and not a related party, the customer's name may be used as a code number because it is prohibited by contract.

Note 2: The above top ten customers are final suppliers, not agents.

III. Number of employees, average years of service, average age, and education of employees for the last two years until the public date of this report

Year		2025	2024
Number of employees (persons)	Head office	190	194
	Kaohsiung Plant - Jiaxing (Note 1)	0	323
	Kaohsiung Plant - Daye (Note 1)	0	118
	Kaohsiung Plant (Note 1)	443	441
	Taoyuan Plant	611	599
	Miaoli Plant	599	596
	Temporary	6	5
	Foreign employees	298	291
	Total - parent company	2,147	2,126
	Subsidiary (including foreign employees)	1,006	989
	Total	3,153	3,115
Average age (Note 2)		42.71	42.73
Average years of services (Note 2)		12.36	12.33
Degree distribution ratios (%) (Note 2)	Doctorate	0.05	0.05
	Master	6.85	6.81
	University/College	59.38	58.80
	High school	19.33	19.57
	Senior High School and below	14.39	14.77

Note 1: Effective January 1, 2025, the former “Kaohsiung Plant – Jiaxing” and “Kaohsiung Plant – Daye” underwent an organizational restructuring and were consolidated into a single entity, the “Kaohsiung Plant.” Accordingly, from 2025 onward, the employee headcount for the “Kaohsiung Plant” has been presented on a combined basis.

Note 2: Average age, average years of service, and degree distribution ratios refer to those of formal employees, and excluding those of temporary employees and foreign employees.

Note 3: In addition, there are 5 employees without guaranteed working hours.

IV. Environmental protection expenditures

(I) Losses suffered by the company in the most recent 2 fiscal years and up to the annual report publication date due to labor disputes (including any violations of the Labor Standards Act found in labor inspection, specifying the disposition dates, disposition reference numbers, the articles of law violated, the substance of the legal violations, and the content of the dispositions), and disclosing an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken:

Contents of Environmental Protection Penalty Cases		Environmental violations	Punishment	Countermeasures (improvement and preventive measures)
Company				
Parent company	None	None	None	None
Subsidiary	Katec Creative Resources Corp.	2025.03.21 (Sanction number: Fu-Huan-Ji-Zi No. 1140210056) In violation of Article 24, Paragraph 2 of the Air Pollution Control Act, and subject to penalties imposed pursuant to Article 62, Paragraph 1, Subparagraph 5 of the same Act. Environmental education training was imposed in accordance with Article 23, Subparagraph 2 of the Environmental Education Act.	Fine of NT\$160,000 + 4 hours of environmental lectures.	Increase personnel inspections to prevent equipment damage.
		2025.06.17 (Sanction number: Fu-Huan-Ji-Zi No. 1140236939) In violation of Article 32, Paragraph 1, Subparagraph 1 of the Air Pollution Control Act, and subject to penalties imposed pursuant to Article 67, Paragraph 1 of the same Act. Environmental education training was imposed in accordance with Article 23, Subparagraph 2 of the Environmental Education Act.	Fine of NT\$150,000 + 2 hours of environmental lectures.	Enhance fume and dust collection measures and commission the installation of additional dust collection equipment for slag and hot metal discharge, in order to prevent fugitive emissions.
		2025.07.15 (Sanction number: Fu-Huan-Ji-Zi No. 1140256570) In violation of Article 32, Paragraph 1, Subparagraph 1 of the Air Pollution Control Act, and subject to penalties imposed pursuant to Article 67, Paragraph 1 of the same Act. Environmental education training was imposed in accordance with Article 23, Subparagraph 2 of the Environmental Education Act.	Fine of NT\$300,000 + 4 hours of environmental lectures.	Enhance fume and dust collection measures and commission the installation of additional dust collection equipment for slag and hot metal discharge, in order to prevent fugitive emissions.
		2025.08.08 (Sanction number: Tao-Huan-Hai-Xun--Zi No. 1140079203) In violation of Article 31, Paragraph 1, Subparagraph 2 of the Waste Disposal Act, and Article 3, Paragraph 3, Subparagraph 3, Item 3 of the Declaratory Format, Event, Content and Frequency Making Mandatory Online Report on Waste Generation, Storage, Clearance, Treatment, Reuse, Export and	Fine of NT\$18,000 + 2 hours of environmental lectures.	Reported in accordance with Article 18, Paragraph 1 of the Waste Disposal Act.

Company	Contents of Environmental Protection Penalty Cases	Environmental violations	Punishment	Countermeasures (improvement and preventive measures)
		Import; penalties were imposed pursuant to Article 53, Subparagraph 1 of the Waste Disposal Act. Environmental education training was imposed in accordance with Article 23, Subparagraph 2 of the Environmental Education Act.		
		2025.09.09 (Sanction number: Fu-Huan-Ji-Zi No. 1140296587) In violation of Article 24, Paragraph 2 of the Air Pollution Control Act, and subject to penalties imposed pursuant to Article 62, Paragraph 1, Subparagraph 5 of the same Act. Environmental education training was imposed in accordance with Article 23, Subparagraph 2 of the Environmental Education Act.	Fine of NT\$160,000 + 4 hours of environmental lectures.	Proceed in accordance with the operating permit.
		2025.09.25 (Sanction number: Fu-Huan-Kong-Zi No. 1140304651) In violation of Article 23, Paragraph 2 of the Air Pollution Control Act, and subject to penalties imposed pursuant to Article 62, Paragraph 1, Subparagraph 4 of the same Act. Environmental education training was imposed in accordance with Article 23, Subparagraph 2 of the Environmental Education Act.	Fine of NT\$165,000 + 2 hours of environmental lectures.	In accordance with regulations, transport equipment is sealed, and vehicles entering and exiting the plant are washed when noticeable color differences are observed.
		2025.09.25 (Sanction number: Fu-Huan-Kong-Zi No. 1140317727) In violation of Article 24, Paragraph 2 of the Air Pollution Control Act, and subject to penalties imposed pursuant to Article 62, Paragraph 1, Subparagraph 5 of the same Act. Environmental education training was imposed in accordance with Article 23, Subparagraph 2 of the Environmental Education Act.	Fine of NT\$240,000 + 4 hours of environmental lectures.	Pursuant to Huan-Bu-Fa-Zi No. 1150000287 dated March 4, 2026, the original administrative disposition in this case was revoked.

(II) Environmental protection expenditure for this company from the most recent fiscal year to the publication date of this annual report:

The company not only continues to enhance product quality and customer service, but also dedicated efforts in pollution prevention and control, industrial waste reduction, and environmental protection. To fulfill corporate social responsibility, the Company also invested on relevant environmental protection activities. In 2025, the parent company's environmental protection expenditure (depreciation) was approximately NT\$69,370,000 and the running expense was approximately NT\$589,203,000, which bring about a total of NT\$658,573,000. Environmental protection expenditure for the parent company and its subsidiaries from the most recent fiscal year to the publication date of this annual report:

Environmental protection expenditures		Environmental protection expenditures (Unit: Thousands of New Taiwan Dollars)		
		Item	2025	2024
Company				
Parent company	Taoyuan Plant	Environmental protection expenditures (depreciation)	50,616	50,541
		Running expenses for environmental protection	304,815	321,775
	Taoyuan Plant Subtotal		355,431	372,316
	Miaoli Plant	Environmental protection expenditures (depreciation)	16,265	13,488
		Running expenses for environmental protection	270,751	242,205
	Miaoli Plant Subtotal		287,016	255,693
	Kaohsiung Works - Jiaying	Environmental protection expenditures (depreciation)	0	0
		Running expenses for environmental protection	11,915	14,114
	Kaohsiung Works - Jiaying Subtotal		11,915	14,114
	Kaohsiung Works - Daye	Environmental protection expenditures (depreciation)	2,489	2,489
		Running expenses for environmental protection	1,722	1,594
	Kaohsiung Works - Daye Subtotal		4,211	4,083
	Total - parent company		658,573	646,206
	Subsidiary	Tung Kang Steel Structure Co., Ltd.	Environmental protection expenditures (depreciation)	0
Running expenses for environmental protection			913	633
Tung Kang Wind Power		Environmental protection expenditures (depreciation)	0	0
		Running expenses for environmental protection	1,039	128
Tung Ho Steel Vietnam Corp., Ltd.		Environmental protection expenditures (depreciation)	10,735	10,407
		Running expenses for environmental protection	6,586	8,554
Katec Creative Resources Corp.		Environmental protection expenditures (depreciation)	3,370	2,147
		Running expenses for environmental protection	2,029	1,899
Duc Hoa International J.S.C.		Environmental protection expenditures	579	304
Total - subsidiaries		25,251	24,072	
Total		683,824	670,278	

(III) Estimated major environmental protection expenditures in the next two years

1. The Company has set extremely high environmental protection standards for plant operations, which fully comply with environmental protection regulations, and can reduce the risk of irregularities.

No major pollution has occurred in recent years, and thus improvements had not affected the Company's earnings, competitiveness and capital expenditures.

2. The Company has always invested on equipment and staff training for minimizing industrial pollution, and has obtained ISO-14001 Environmental Management System certification, with continual investments according to improvements and the pollution status.

V. Labor-management relations

(I) The company's employee benefits, continuing education, training, retirement systems, and the status of their implementation, as well as the status of agreements between labor and management, and all measures aimed at preserving the rights and interests of employees:

1. Employee welfare:

The Company firmly believes that its employees are the cornerstone of its operations and the core driving force behind its sustainable development. Accordingly, we are committed to providing comprehensive welfare facilities and health services. In addition to enrolling employees into labor insurance and national health insurance, the Company also buys group insurance for its employees (including foreign labors), including term life insurance, accidental injury, occupational accident, travel insurance for cases of business travel to overseas, in order to protect employees' safety. Other welfare benefits:

- (1) Establish a joint employee welfare committee

The Company has set up a joint employee welfare committee through each important operation location (Head Office, Taoyuan Plant, Taoyuan Processing Center, Miaoli Plant, Logistics Center at Taichung Port, and Kaohsiung Plant) to handle various employee welfare activities and subsidies, such as employee trips, subsidies for social group events, group insurance, subsidy for education of employees' children, three festive bonuses, wedding, funerals and other celebratory event subsidies, and retirement subsidies. Employees are encourage to create social clubs including hiking, softball, golf, badminton, and health-walk clubs and hold club events at a nonperiodic interval. The company also motivates employees to partake in health-promotion activities such as health-walking, healthy exercise, and aerobic exercise.

- (2) Establish employee canteen to ensure a healthy diet for employees.
- (3) Establish employee dormitory to offer accommodation to employees who live in remote areas or in areas where transport is inconvenient.
- (4) Regular health check-up

Each year, health examinations superior to those required by law are provided to existing

employees, including general checkups and health examinations for employees involved in special operations, and assistance on self-health care management is afforded to employees.

(5) Build an integrated occupational medical health service for employees

Physicians are invited to visit the plants and provide individual consultations services and evaluations to employees (including suitability and reinstatement assessments).

Physicians, safety and health professionals, and qualified nurses are gathered to offer preventive medical services in the workplace both remotely and onsite, thus ensuring workplace health and safety. The service content includes medical advices, referrals, health education, occupational injury and disease consultation, diagnosis and prevention, health-promotion planning, safety training, health examinations, health management, survey on the quality of health institutions, and health management of contagious disease.

(6) Nonperiodic provision of medical-related information and hosting of health education activities

Vocational doctors publish health and hygiene periodicals, provide health and hygiene information such as prevention and treatment of infectious diseases, international travel prescription, etc., organize health seminars, and collaborate with local health bureaus to administer influenza vaccines and other activities.

(7) Employee remuneration

In accordance with the Company's Articles of Incorporation, if there are profits in a given fiscal year, no less than 2.5% of such profits shall be appropriated as employee remuneration for that year. Of the total employee remuneration, no less than 50% shall be allocated to frontline employees, thereby sharing the Company's operating results with its workforce.

(8) Employee stock options: During capital increase, a portion of new outstanding stocks is retained for purchase by employees.

2. Continuing education

Training is based on the principles of career development. Based on business requirements and career planning each year, training programs, internal or external courses are developed and provided to enhance employees' knowledge and skills, cultivate positive work attitudes in employees, promote employee career development, recruit various management and professional talents and encourage employees to improve themselves, thereby enhancing the human resource quality in the organization and developing highly competitive human resources.

3. Retirement System

The Company has formulated retirement policy for employees in accordance with the Labor Standard Act and Labor Pension Act and was approved to set up a "retirement reserve fund supervisory committee." In addition to calculating old labor pension fund for each year and convening regular meetings to protect employee rights and interests, the retirement reserve funds as of the end of 2025 are sufficient to cover the pensions of retired employees in the following

year. The new labor pension scheme refers to voluntary pension contributions by employees that are subject to the new labor retirement system, which means that the employees can deposit 6% of the employees' monthly wages into their individual labor pension account according to the pension range.

4. Status of Industrial Relations Agreement

The Company has established labor unions at its business offices, and held employer-employee meetings on a regular basis. Union members can participate in labor-management meetings through enterprise union elections to elect labor representatives, facilitating communication between labor and management, coordinating labor-management relations, and promoting cooperation. Additionally, representatives elected by the enterprise union serve as members of the "employee welfare committees" and the "retirement reserve fund supervisory committee" to oversee and safeguard the rights and interests of employees. To stabilize labor relations, promote labor-management harmony, and enhance employee welfare, the Company commenced negotiations in September 2023 with the Miaoli Plant enterprise union for the renewal of the collective agreement. Both parties engaged in discussions on matters including labor conditions, welfare measures, occupational safety, employee grievance mechanisms, union operations and activities, and the use of company facilities. After six rounds of negotiations, the new collective agreement was signed on May 8, 2024. The collective agreement is valid for a period of three years, from the date of signing until May 7, 2027.

5. Grievance system

The Company attaches great importance to labor-management relations, and regularly holds employer-employee meetings, in order to promote collaborative labor-management relations and improve work efficiency. In addition to employer-employee meetings, the Company has formulated the "Regulations Governing Employee Complaints and Grievances". Employees may submit an appeal for any unfair treatment or unreasonable discrimination in the Company, or any incomplete matters or negligence on the Company's system, rules, or regulations which will damage the rights and interests of employees.

6. Sexual harassment prevention

In the aim to protect its employees from sexual harassment and create a friendly working environment, the Company formulated the "Regulations Governing the Prevention of Sexual Harassment". This involves providing regular education and training, and strengthening the advocacy of sexual harassment prevention and complaint channels through websites and bulletin boards. The company also established a Sexual Harassment Complaint Committee, which shall be objective, impartial and professional in dealing with sexual harassment complaints, and adopting prevention measures to create a harassment-free working environment.

(II) Disclose the losses suffered due to industrial relation disputes in recent years up to the publication date of this annual report as well as estimations for similar losses in the future and coping measures:

There is no such industrial relation dispute related losses in recent years up to the publication date of this annual report. The company's management system will continue to improve staff welfare and pursue industrial relation unity, and no losses are expected to occur due to labor disputes.

VI. Information Security Management

(I) Information Security Risk Management Framework

1. Organizational Structure and Responsibilities of the Company

In accordance with its internal control system, the Company has established a dedicated information security unit and appointed an information security officer to oversee the planning and execution of company-wide information security management. In addition, a cross-functional information security task force has been formed under the direction of the President to be responsible for promoting information security policies, managing risks, and tracking improvement actions.

2. Oversight by Senior Management

Information security policies, material risks, incident response status, and the effectiveness of improvement measures are regularly reported to the Sustainable Development Committee and the Board of Directors, ensuring that information security issues are incorporated into the Company's corporate governance and overall operational risk management framework.

(II) Information Security Policy

1. Information Security Policy and Risk Management

The Company has established and continues to maintain information security policies and related management procedures, covering areas such as risk assessment, access control, incident reporting, and response handling. Management measures are reviewed and adjusted on a rolling basis in accordance with risk levels to mitigate potential information security risks.

2. External Collaboration and Threat Intelligence Sharing

The Company has joined the Taiwan CERT/CSIRT Alliance as a member and, through real-time information security threat intelligence sharing mechanisms, enhances threat identification and response capabilities to mitigate information security risks. As of the end of Nov.2025, approximately 450 information security intelligence alerts had been received in total, of which 101 were identified as relevant to the Company. Of these, 63 cases have been resolved, while the remaining 38 cases are under continuous monitoring and remediation.

(III) Specific management measures and resources invested in information security management

1. Endpoint and System Protection

Continue to inventory and phase out systems and equipment that have reached end-of-support (EOS) status from original vendors to reduce potential information security risks. At the same

time, the Company continuously optimizes protection mechanisms, including firewalls, email security, and endpoint detection and response (EDR), to strengthen real-time detection of malicious activities and incident response capabilities, thereby enhancing the overall level of endpoint and system protection.

2. Vulnerability Scanning and Patch Management

Regular vulnerability scans and assessments are conducted. For items identified as high risk or above, remediation measures are planned and implemented based on their risk levels. Through continuous patching and enhancement of protective measures, the overall quality of information security protection is improved.

3. Professional Training and Capability Enhancement

Plan and continue to invest in professional training for information security and system personnel to strengthen both management and technical capabilities. During the current year, relevant personnel in systems, networks, and information security participated in external professional training programs, totaling 9 participant attendances and 139 training hours, contributing to the enhancement of the overall maturity of information security protection and management.

4. Business Continuity Management and Disaster Recovery Drills

The Company conducts testing and drills for its Information Technology Business Continuity Plan (BCP) and information security incident response plan. Through scenario-based simulations, it evaluates the appropriateness of response procedures, notification mechanisms, and roles and responsibilities, ensuring that contingency measures can be promptly activated in the event of an incident and minimizing the risk of operational disruption.

This drill was conducted under the scenario of “a fire occurring at the Taipei data center resulting in facility damage.” In accordance with the BCP, off-site backup operations were activated at the Miaoli data center, and restoration of IIS services and critical systems was completed, thereby validating the effectiveness of system recovery and business continuity.

5. Introduction of Multi-Factor Authentication (MFA) Mechanism

A multi-factor authentication (MFA) mechanism has been implemented for VPN remote access. By combining account credentials with a second authentication factor, identity verification security is enhanced and the risk of account compromise is reduced. Login records and anomalous connection activities are continuously monitored to ensure that remote access remains auditable, thereby enhancing overall operational resilience and information security protection.

(IV) Effectiveness of Information Security Education, Training, and Drills

1. Information Security Education and Training

During the current year, seven information security training course videos were planned and provided, covering topics such as social engineering prevention, personal computer protection practices, ransomware, backdoor Trojan attacks, information security threats and sources,

antivirus software management, and information security protection policies. These courses were made available on the Company's learning platform, with employees required to complete at least four courses based on their needs.

During the current year, a total of 1,078 employees participated in the training, of whom 882 completed the courses, resulting in a completion rate of 81.82%. This represents an increase of approximately 10 percentage points compared with 70.97% in the previous year, indicating that the training program has achieved significant effectiveness.

2. Email-Based Social Engineering Drills

In August 2025, a company-wide email-based social engineering drill was conducted, with a total of 1,109 employees participating in the test. Among them, 235 employees opened the test emails (including clicking on links or opening attachments), resulting in an opening rate of approximately 21%.

For the 227 high-risk employees who had opened phishing emails (including some who have since left the Company), enhanced social engineering email information security training was promptly arranged, resulting in a significant increase in the course completion rate to 90.31%. In addition, observations indicate that employees have begun to proactively report suspicious emails to the IT department, demonstrating that information security training has been progressively internalized into daily work practices.

(V) Information Security Management System and Certification

The Company has implemented the ISO 27001/CNS 27001 Information Security Management System (ISMS), establishing a systematic framework for information security governance and management processes. The certification remains valid through April 3, 2026, covering the fiscal year 2025. In accordance with applicable requirements, the Company continues to conduct internal and external audits and implement improvement measures to ensure the effectiveness of the system and its ongoing compliance with operational and regulatory requirements.

(VI) Overall Effectiveness Assessment and Future Improvement Directions

1. Overall Effectiveness

Through continuous investment in policies, technologies, and personnel training, the Company's information security governance framework has been effectively maintained. Capabilities in identifying and responding to information security risks have been progressively enhanced, while employees' awareness of information security and reporting behaviors have shown marked improvement. Overall, the maturity of the Company's information security protection continues to advance.

2. Future Improvement Directions

Going forward, the Company will continue to optimize its information security governance and Board oversight mechanisms, deepen risk-based management and technical protection capabilities, and further strengthen overall organizational resilience in information security through ongoing training and drills. The Company will continue to adhere to applicable

regulations and international standards, implement robust information security governance and management practices, mitigate information security risks, ensure stable operations, and safeguard the interests of stakeholders.

(VII) Losses suffered as a result of significant information and communication security incidents in recent years and up to the printing date of the annual report, possible impacts and countermeasures: None.

VII. Significant contracts between parent company and subsidiary

Company		Important contracts	Nature of the contracts	Contracting parties	Start and end dates of the contract	Content	Restriction clause
Parent company	Taoyuan Plant	Capital expenditure		WuXi City DongFang Design & Research Institute of Environmental Engineering Co., Ltd.	Finalization of the design shall be completed within 75 days from December 27, 2025, and equipment delivery shall be completed within 6 months thereafter.	Dust collection system retrofit	Advance Payment: 20% Design Fee: 10% Equipment Shipment: 55% Acceptance: 15%
	Miaoli Plant			Ramon Science & Technology	2025.02.07~2028.02.06	AI-enabled project equipment	Advance Payment: 30% Equipment Payment: 55% Acceptance: 10% Warranty: 5%
Subsidiary	Tung Kang Steel Structure Corp.	Capital expenditure		Supplier: O.R.E.C. Engineering Holdings Pty. Ltd.	2024.01.08~2025.12.11	Procurement of tower cranes	None
				Supplier's Authorized Agent in Taiwan: Oriental Rigging & Equipment Corporation	2024.01.08~2026.03.03		
					2024.06.04~2026.07.30		
	For a period of one year from the date of acceptance (February 13, 2025)						
	Arckling Welding Technology Co., Ltd.	For a period of one year from the date of acceptance (December 10, 2025)	Procurement of H-beam cutting machine				
Ho Lung Power Engineering Co., Ltd.	From October 27, 2025, until project completion. (to be executed in accordance with the progress schedule as instructed by the Company)	Plant expansion					
Tung Kang Wind Power	Capital expenditure		Gigastorage Corporation	2025.11~2027.01	Construction of a new solar optoelectronics system	None	
Katec Creative Resources Corp.	Capital expenditure		Yoding Resources Co., Ltd.	2025.02.15~119.12.31	Contract for the operation of fly ash washing, detoxification, and recycling services	1. The service fee for a five-year operation shall be amortized, with a unit price of NT\$2,250 per metric ton. 2. Amortization may be based on either a fixed volume of 600 metric tons per month or upon reaching a cumulative total of 36,000 metric tons.	
			WuXi City DongFang Design & Research Institute of Environmental Engineering Co., Ltd.	2025.11.25~2027.12.31	Furnace dust collection system retrofit project	Advance Payment: 20% Design Fee: 10% Equipment Payment: 55% Acceptance: 15%	

Chapter 5. Financial Position and Financial Performance Review Analysis and Risk Assessments

I. Financial summary

(I) Comparative analysis of financial status - consolidated

Unit: Thousands of New Taiwan Dollars

Item	Year	2025	2024	Difference	
				Amount	%
Current assets		28,467,305	31,108,048	(2,640,743)	(8.49)
Long-term investments		2,260,740	2,114,009	146,731	6.94
Property, plant and equipment		18,152,919	18,782,636	(629,717)	(3.35)
Intangible assets		156,779	164,019	(7,240)	(4.41)
Investment properties		1,977,879	1,974,279	3,600	0.18
Other assets		981,587	737,626	243,961	33.07
Total assets		51,997,209	54,880,617	(2,883,408)	(5.25)
Current liabilities		15,662,886	18,695,482	(3,032,596)	(16.22)
Long-term liabilities		1,871,977	3,423,039	(1,551,062)	(45.31)
Other liabilities		0	0	0	0
Total liabilities		17,534,863	22,118,521	(4,583,658)	(20.72)
Share capital		7,302,138	7,302,138	0	0.00
Capital surplus		7,745,045	7,742,308	2,737	0.04
Retained earnings		19,702,932	17,851,792	1,851,140	10.37
Other equity		(404,143)	(256,750)	(147,393)	57.41
Total equity attributable to parent company owners		34,345,972	32,639,488	1,706,484	5.23
Non-controlling interest		116,374	122,608	(6,234)	(5.08)
Total equity		34,462,346	32,762,096	1,700,250	5.19

Description of items with significant changes (change ratio greater than 20% or change amount greater than NT\$10,000 thousand):

- Other assets increased by NT\$243,961 thousand compared to the previous year, mainly due to the payment of natural gas security deposits and equipment purchases, resulting in increases of NT\$50,109 thousand in guarantee deposits paid and NT\$53,747 thousand in prepaid equipment payments, respectively. In addition, due to gains in the pension fund assets, net defined benefit assets increased by NT\$106,144 thousand.
- Long-term liabilities decreased by NT\$1,551,062 thousand compared to the previous year, and total liabilities also declined by NT\$4,583,658 thousand. This was primarily attributable to increased cash inflows from operating activities during the current year compared with the prior year, which were used to repay bank borrowings. As a result, long-term borrowings decreased by NT\$1,591,324 thousand, while short-term borrowings (including the long-term borrowings which would be due within one year) also decreased by NT\$2,846,178 thousand compared to the previous year.
- Other equity decreased by NT\$147,393 thousand compared to the previous year, mainly due to the depreciation of the Vietnamese dong, which resulted in increased losses from exchange differences from the translation of financial statements of foreign operations.

(II) Comparative analysis of financial position - individual

Unit: Thousands of New Taiwan Dollars

Item \ Year	2025	2024	Difference	
			Amount	%
Current assets	20,198,151	21,849,120	(1,650,969)	(7.56)
Long-term investments	10,633,807	10,917,746	(283,939)	(2.60)
Property, plant and equipment	12,739,289	12,987,018	(247,729)	(1.91)
Intangible assets	0	0	0	0
Investment properties	1,977,879	1,974,279	3,600	0.18
Other assets	517,759	291,277	226,482	77.75
Total assets	46,066,885	48,019,440	(1,952,555)	(4.07)
Current liabilities	10,039,221	12,166,894	(2,127,673)	(17.49)
Long-term liabilities	1,681,692	3,213,058	(1,531,366)	(47.66)
Other liabilities	0	0	0	0
Total liabilities	11,720,913	15,379,952	(3,659,039)	(23.79)
Share capital	7,302,138	7,302,138	0	0
Capital surplus	7,745,045	7,742,308	2,737	0.04
Retained earnings	19,702,932	17,851,792	1,851,140	10.37
Other equity	(404,143)	(256,750)	(147,393)	57.41
Total equity	34,345,972	32,639,488	1,706,484	5.23

Description of items with significant changes (change ratio greater than 20% or change amount greater than NT\$10,000 thousand):

1. Other assets increased by NT\$226,482 thousand compared to the previous year, mainly due to the payment of natural gas security deposits and equipment purchases, resulting in increases of NT\$63,348 thousand in guarantee deposits paid and NT\$10,168 thousand in prepaid equipment payments, respectively. In addition, due to gains in the pension fund assets, net defined benefit assets increased by NT\$106,144 thousand.
2. Long-term liabilities decreased by NT\$1,531,366 thousand compared to the previous year, and total liabilities also declined by NT\$3,659,039 thousand. This was primarily attributable to increased cash inflows from operating activities during the current year compared with the prior year, which were used to repay bank borrowings. As a result, long-term borrowings decreased by NT\$1,557,000 thousand, while short-term borrowings (including the long-term borrowings which would be due within one year) also decreased by NT\$1,889,084 thousand compared to the previous year.
3. Other equity decreased by NT\$147,393 thousand compared to the previous year, mainly due to the depreciation of the Vietnamese dong, which resulted in increased losses from exchange differences from the translation of financial statements of foreign operations.

II. Financial performance

(I) Comparative analysis of operating performance - consolidated

Unit: Thousands of New Taiwan Dollars

Item	Year		Amount increase (decrease)	Percentage of change (%)
	2025	2024		
Total operating income	58,351,897	60,647,037	(2,295,140)	(3.78)
Less: Sales returns	1,024	5,557	(4,533)	(81.58)
Sales discounts	495,438	478,483	16,955	3.54
Net operating income	57,855,435	60,162,997	(2,307,562)	(3.84)
Operating costs	49,278,447	51,772,427	(2,493,980)	(4.82)
Gross profit	8,576,988	8,390,570	186,418	2.22
Operating expenses	2,730,050	2,685,628	44,422	1.65
Net operating profit	5,846,938	5,704,942	141,996	2.49
Non-operating income and expenditure	70,495	19,844	50,651	255.25
Net profit before tax	5,917,433	5,724,786	192,647	3.37
Less: Income tax expenses	1,159,449	1,199,072	(39,623)	(3.30)
Net profit from continuing operations	4,757,984	4,525,714	232,270	5.13
Discontinued unit profits	0	0	0	0
Net profit of the term	4,757,984	4,525,714	232,270	5.13
Other comprehensive income (net income after-tax)	(95,237)	176,059	(271,296)	(154.09)
Total comprehensive income for the period	4,662,747	4,701,773	(39,026)	(0.83)

Description of items with significant changes (change ratio greater than 20% or change amount greater than NT\$10,000 thousand):

1. Non-operating income and expenditure: Increased by NT\$50,651 thousand compared to the previous year. This increase can be attributed to the following factors:
 - (1) The scale of borrowings decreased, resulting in a reduction of NT\$105,675 thousand in finance costs.
 - (2) Due to the strong operating performance of investee companies, the share of profit or loss of associates recognized under the equity method increased by NT\$72,202 thousand.
 - (3) Revenue from the sale of scrap increased by NT\$24,202 thousand.
 - (4) Income from directors' and supervisors' remuneration increased by NT\$17,860 thousand.
 - (5) Affected by exchange rate fluctuations and stock market volatility, losses on financial assets and exchange losses increased by NT\$135,155 thousand.
 - (6) Due to equipment replacement and the disposal of plant facilities, losses on disposal increased by NT\$63,525 thousand.
2. Other comprehensive income (net income after tax) decreased by NT\$271,296 thousand compared to the previous year. This increase can be attributed to the following factors:
 - (1) Affected by fluctuations in the U.S. dollar and the Vietnamese dong, exchange differences arising from the translation of the financial statements of foreign operations decreased by NT\$169,798 thousand in one year and increased by NT\$62,761 thousand in the other, resulting in a net change of NT\$232,559 thousand.
 - (2) The welfare program reassessment led to a reduction of NT\$33,732 thousand.

(II) Comparative analysis of operating performance - individual

Unit: Thousands of New Taiwan Dollars

Item	Year			Amount	Percentage of
		2025	2024	increase (decrease)	change (%)
Total operating income		43,637,010	45,459,501	(1,822,491)	(4.01)
Less: Sales returns		304	1,719	(1,415)	(82.32)
Sales discounts		293,203	279,919	13,284	4.75
Net operating income		43,343,503	45,177,863	(1,834,360)	(4.06)
Operating costs		37,379,134	39,656,363	(2,277,229)	(5.74)
Gross profit		5,964,369	5,521,500	442,869	8.02
Less: Unrealized gains from sales		92,276	69,152	23,124	33.44
Plus: Realized sales profit		69,152	74,620	(5,468)	(7.33)
Gross profit		5,941,245	5,526,968	414,277	7.50
Operating expenses		2,076,848	2,022,596	54,252	2.68
Net operating profit		3,864,397	3,504,372	360,025	10.27
Total non-operating income and expenses		1,663,381	1,721,888	(58,507)	(3.40)
Net profit (loss) before tax		5,527,778	5,226,260	301,518	5.77
Less: Income tax expenses		806,844	746,423	60,421	8.09
Net profit (loss)		4,720,934	4,479,837	241,097	5.38
Other comprehensive income (net income after-tax)		(94,318)	175,711	(270,029)	(153.68)
Total comprehensive income for the period		4,626,616	4,655,548	(28,932)	(0.62)

Description of items with significant changes (change ratio greater than 20% or change amount greater than NT\$10,000 thousand):

1. Realized sales profit: Increased by NT\$23,124 thousand compared to the previous year. This decrease can be attributed to the difference in inventory sold by the Company to its subsidiary, Tung Steel Construction, which had not yet been put into production at the respective year-end dates.
2. Other comprehensive income (net income after tax) decreased by NT\$270,029 thousand compared to the previous year. This increase can be attributed to the following factors:
 - (1) Affected by fluctuations in the U.S. dollar and the Vietnamese dong, exchange differences arising from the translation of the financial statements of foreign operations decreased by NT\$168,879 thousand in one year and increased by NT\$62,420 thousand in the other, resulting in a net change of NT\$231,299 thousand.
 - (2) The welfare program reassessment led to a reduction of NT\$32,983 thousand.

III. Cash flows

(I) 1. Liquidity analysis for the last two years -consolidated

Item	Year	2025	2024	Increase (decrease) ratio (%)
	Cash flow ratio (%)		55.18	39.47
Cash flow adequacy ratio (%)		85.54	95.24	(10.18)
Cash reinvestment ratio (%)		8.56	6.58	30.09

The cash flow ratio increased to 55.18% and the cash reinvestment ratio rose to 8.56%, mainly due to a year-on-year increase of NT\$1,262,386 thousand (up 17.11%) in net cash inflows from operating activities. This also led to a decrease in current liabilities by NT\$3,032,596 thousand (down 16.22%) compared to the previous year.

2. Cash flow analysis for the coming year - consolidated

Unit: Thousands of New Taiwan Dollars

Cash balance at beginning of year	Annual net cash from flow operation activities	Cash outflow for the entire year	Cash surplus (shortage) amount	Cash surplus at the end of the period	Cash shortfall remedy measures	
					Investment plan	Financing plan
1,267,035	6,305,910	(2,976,079)	(4,285,609)	311,257	N/A	N/A

1. Analysis of Cash Flow Changes for the Current Year:

- (1) Cash inflows from operating activities amount to approximately 6.3 billion: primarily comprising net profit after tax and depreciation and amortization expenses.
- (2) Cash outflow from investing activities is approximately 3 billion, mainly due to the acquisition of property, plants, and equipments.
- (3) The cash outflow from fundraising activities is approximately 4.3 billion: primarily attributed to cash dividends and repayments of bank borrowings.

2. Cash shortfall remedy measures and liquidity analysis: N/A.

3. Cash flow analysis for the coming year - N/A.

(II) 1. Liquidity analysis for the last two years-individual

Item	Year	2025	2024	Increase (decrease) ratio (%)
	Cash flow ratio (%)		77.44	58.67
Cash flow adequacy ratio (%)		90.40	100.27	(9.84)
Cash reinvestment ratio (%)		7.88	6.72	17.26

The cash flow ratio increased to 77.44%, mainly due to a year-on-year increase of NT\$636,682 thousand (up 8.92%) in net cash inflows from operating activities. This also led to a decrease in current liabilities by NT\$2,127,673 thousand (down 17.49%) compared to the previous year.

2. Cash flow analysis for the coming year - Individual

Unit: NT\$ thousand

Cash balance at beginning of year	Annual net cash from flow operation activities	Cash outflow for the entire year	Cash surplus (shortage) amount	Cash surplus at the end of the period	Cash shortfall remedy measures	
					Investment plan	Financing plan
485,623	5,793,612	(1,671,520)	(4,039,919)	567,796	N/A	N/A

1. Analysis of Cash Flow Changes for the Current Year:

- (1) Cash inflows from operating activities amount to approximately 5.8 billion: primarily comprising net profit after tax and depreciation and amortization expenses.
- (2) Cash outflow from investing activities is approximately 1.7 billion, mainly due to the acquisition of property, plants, and equipments.
- (3) The cash outflow from fundraising activities is approximately 4 billion: primarily attributed to cash dividends and repayments of bank borrowings.

2. Cash shortfall remedy measures and liquidity analysis: N/A.

3. Cash flow analysis for the coming year - N/A.

IV. The effects that significant capital expenditures have on financial operations in the recent year: None.

V. Investment Policy in the Most Recent Fiscal Year, Profit/Loss Analysis, Improvement Plan, and Investment Plan for the Coming Year:

(I) Investment policy in the past year

The Company's investment policy involves management of domestic and foreign investments and deployment in upstream and downstream industries to meet business needs. The investment management is in accordance with the Procedures for Acquisition and Disposal of Assets and Rules for Management of Investee Companies, in order to keep track of the financial and business conditions of investee companies, and supervise that it is implemented or handled in accordance with laws and regulations to optimize operating performance.

(II) Profit/loss analysis, improvement plan, and investment plan for the coming year: None

VI. Risk issues and analysis evaluation

(I) Impact of interest rate and exchange rate changes and inflation on Company's profit and response measures:

Unit: Thousands of New Taiwan Dollars; %

Item	2025	2024
Net operating income	57,855,435	60,162,997
Net interest gains (losses)	(207,093)	(309,902)
Net exchange gains (losses)	(4,674)	(47,586)
Ratio of net interest gains (losses) to net sales	(0.36)	(0.52)
Ratio of net exchange gains (losses) to net sales	(0.008)	(0.08)

1. Interest rate changes

Interest rate risk pertains to the potential for the fair value or future cash flows of financial instruments to fluctuate as a result of changes in market interest rates. The Company's interest rate risks arise from the liabilities and financial investments of operating activities. Given that the Company's interest income and expenses are affected by interest rate changes in Taiwan and the U.S., the Company's funding needs are mainly from cash inflow from operating activities, long-term and short-term borrowings to reduce interest rate risks, while some are from long-term bonds with fixed interest rates. In terms of financial investment, the Company mainly focus on short-term fixed-income securities with high liquidity and high rating to preserve capital and maintain liquidity. However, the hedging only offset part of the financial impact that arise from interest rate fluctuations.

The cost of capital for the operations of the consolidated company will be determined based on the level of cooperation with banks and current interest rate trends. This will ensure that the consolidated company obtains the most favorable financing. The proportion of net interest income to net operating income is not significant and the fluctuation of interest rates has not had a significant impact on the consolidated company. In addition, the consolidated entity maintains constant communication with banks and closely monitors market changes in order to secure more favorable loan interest rates. The consolidated company has closely monitored changes in market interest rates and has raised funds in a timely manner through the issuance of convertible bonds. This strategy is designed to lock in interest costs and reduce the Company's overall interest expense. In addition, significant capital expenditures are thoroughly evaluated and compared from various perspectives to identify lower cost financing options.

2. Foreign exchange rate changes

Exchange rate risk pertains to the potential for the fair value or future cash flows of financial instruments to fluctuate as a result of changes in foreign exchange interest rates. The consolidated company is exposed to exchange rate risk due to sales, purchases, and borrowing transactions denominated in non-functional currencies.

The Company's primary products include rebar and structural steel. The majority of our customers for rebar sales are domestic and are priced in NTD. In 2025, the ratio of domestic to international sales of structure steel is approximately 92:8. The total export amount accounts for approximately 3% of the total sales. The export amount in 2025 is about NT\$1.34 billion. In 2025, the ratio of domestic to international structural steel sales of the consolidated company was 89:11. The total export amount accounts for approximately 7% of the total sales. The export amount in 2025 was about NT\$1.34 billion. The primary currency for export and import quotations is the US dollar. Foreign currency receipts and payments for purchases and sales in US dollars are offset from each other. 50% of the main raw material scrap steel is also purchased domestically in NT dollars. Hence, there were no foreign exchange rate risks. The export of products and 50% import of raw materials are mainly denominated in US dollars. The gap

between foreign currency gains and losses is affected by foreign exchange rate fluctuations. As such, sharp fluctuations in NTD/USD exchange rate will have evident impact on the Company's financial status. In 2025, the Company recognized net exchange loss of NT\$4,674 thousand, which accounted for 0.008% and 0.08% of annual operating revenue and operating profit, respectively, exerting limited impact on the Company's annual sales and profits.

In order to avoid the risk of exchange rate change, the main exchange rate hedging tool is long-term foreign exchange, and the fair value changes of derivative financial instruments are listed in profit and loss, and the following specific measures are taken to avoid exchange risks:

- (1) Collect exchange rate movement related information daily to have a full grasp on the exchange rate, and convert currency or retain foreign currency loans at the optimal time. And also consult with the bank's foreign exchange department for hedging strategies, and decide on foreign currency positions according to the actual funding needs and foreign exchange rates.
- (2) In terms of FX budgeting, the exchange of foreign currency claims and liabilities can have a natural hedging effect through regular export and import trade.
- (3) It also consult with the bank's foreign exchange department for hedging strategies, and decide on foreign currency positions according to the actual funding needs and foreign exchange rates.

3. Inflation, deflation and overall market volatility

Any sudden change in market consensus for inflation and deflation will often affect the global economy. Market efficiency may be reduced for both high inflation or deflation, which influence consumers in making investment decisions, and tend to negatively effect the macro and micro economy. In recent years, the political turmoil among the world's major economies and ultra-loose monetary policies have exacerbated the effect of market consensus for inflation or deflation on market volatility. The market fluctuations caused by policy changes have no direct impact on the Company, but may indirectly affect the willingness of countries for capital investments on national construction, which will thereby affect the medium and long-term steel demand.

In 2025, Taiwan's moderate inflation (based on the average consumer price index of the Directorate General of Budget, Accounting and Statistics) had an average increase of 1.66% throughout the year, which has no material impact on the Company's sales. Nonetheless, the Company cannot guarantee that there will be no major changes in nature, extent or scope of inflation or deflation in the future, which may adversely affect the Company's sales.

(II) The primary reasons for gain or loss and future response measures for high-risk and high-leveraged investments, loans to others, guarantee endorsements, and derivative transaction policy:

1. The Company has not engaged in high-risk, high-leveraged financial investments in 2025. The primary reason for buying U.S. Dollar and engaging in long-term foreign exchange is to circumvent exchange rate and interest rate fluctuations and stabilize sales costs and capital costs. The company has not suffered any significant losses from engaging in derivative transactions in 2025. In addition, the Company's derivative transaction policy is based on the actual hedging demand, and the relevant operations are handled based on the Company's "Policies and Procedures for Financial Derivatives Transactions."
2. As of the end of 2025, the Company had provided short-term financing to its subsidiary, Tung Ho Steel Vietnam Corp., Ltd., to support its operational working capital needs, with an actual amount drawn of NT\$2,042,950 thousand. The maximum amount of the Company's loan is 20% of the net value; The credit limit for a single enterprise is 10% of net worth, the Company's loaning of funds to others are handled in accordance with the "Procedures for Extending Loans to Others" of the Company and its subsidiaries.
3. As of the end of 2025, in connection with bank financing for its subsidiaries, the Company had provided endorsement and guarantees for the borrowings of its subsidiary, Tung Ho Steel Vietnam Corp., Ltd., and its investee, Fujian Zhongrida Metal Co., Ltd. The actual amounts utilized under such guarantees were NT\$1,445,183 thousand and NT\$756,394 thousand, respectively. The subsidiary Tung Yuan International Corp. has provided endorsements/guarantees for the investment in Fujian Sino-Japan Metal Corp. The actual disbursement amount of endorsements/guarantees is NT\$165,008 (Thousands of New Taiwan Dollars). The Company endorses to a maximum of 50% of the net value; An endorsement guarantee for a single business is limited to 50% of net worth, the endorsements/guarantees by the Company and its subsidiaries are handled in accordance with the "Procedures for Endorsements and Guarantees" of the Company and its subsidiaries.

(III) Future R&D projects and estimated R&D expenditure:

1. Steelmaking: Development of high cleanliness and high toughness billets; development of SM570 steel plates with a thickness of 50 mm; development of high-strength reinforcing bars; testing of various consumables and refractory materials; research projects on electric arc furnace (EAF) off-gas monitoring and dynamic control between in-furnace burners and carbon injection; **research on ORC power generation technology for EAF waste heat recovery**; development of low-carbon green EAF process technologies; research on continuous scrap preheating and charging processes for EAF; development of automation equipment for continuous casting machine robotic arms and LD sliding gate maintenance; development of air quenching waste heat power generation processes; experimental research on replacing fossil carbon with bio-

carbon for EAF carbon injection; and development of robotic equipment for automatic cleaning of EAF tapping ports.

2. Steel Rolling: R&D initiatives include the development of new rolling technologies for producing H-shaped steel with a flange width (B) \geq 300 mm using Universal Edging techniques; Tung Ho Steel's pioneering program for rolling large-diameter round bars of specialty steel using a universal rolling mill; development of an online automatic dimensional measurement and surface quality inspection system for H-shaped steel and steel plates; development of an intelligent combustion control system for reheating furnaces; a domestically exclusive innovative parallel flange channel steel manufacturing process; development of ultra-high-strength steel; development of automated product marking equipment; introduction of oxy-fuel combustion technology in reheating furnaces; and development of an automated sampling robot for the cooling bed area. These initiatives aim to diversify products, enhance technological capabilities, and increase the Company's revenue and profitability.
3. Others: The application of artificial intelligence technologies and the development of smart factory solutions; integrated and innovative circular economy solutions for the steel industry; feasibility studies on renewable energy (including solar, wind, and biogas power); planning and research on Energy Storage System Planning; research on carbon capture, utilization, and storage (CCUS) technologies; research on hydrogen energy applications; implementation of an industrial big data energy management system; development of enhanced automation solutions for finished goods warehousing and inventory management, development of thermoelectric power generation systems; and research on the production of biochar through hydrothermal carbonization, among other initiatives.
4. The company is expected to invest another NT\$100 million for R&D.

(IV) The affect that domestic and international policies and law changes have on the Company's financial operations as well as the responding measures:

The Company has kept close track of policies and regulations that may affect the Company's business operations, and formulated relevant risk management procedures. As of 2025 and 2026 up to the date of publication of the annual report, the Company's major changes in law in regard to business operations:

1. The "Implementation Regulations Governing Renewable Energy Certificates," as amended and promulgated on May 26, 2025, revised all 11 articles in full. In parallel, the Bureau of Standards, Metrology and Inspection (BSMI) of the Ministry of Economic Affairs revised the relevant subsidiary regulations and, on June 4, 2025, newly issued the "Directions for the Accreditation of Inspection Bodies for Renewable Energy Generation Facilities." Key amendments include the introduction of an accreditation system for inspection bodies to enhance administrative efficiency and accelerate site inspections. In the future, inspections of generation facilities will be conducted by inspection bodies accredited by the BSMI. A graded management mechanism for generation facilities has also been adopted, allowing qualified applicants to first submit a

self-assessment report and obtain certification upon passing document review, with the requirement to supplement the inspection report issued by an accredited inspection body within a specified period. It is further stipulated that, where periodic inspections cannot be accommodated or where major deficiencies are identified upon inspection, the accumulation of electricity generation shall be suspended. Only after the applicant has applied to an inspection body and the generation facility has been verified as compliant may the accumulation of electricity generation resume. Electricity generated during the suspension period shall not be counted toward the certified electricity volume. This regulatory amendment was made to align with the government's requirements for strengthening the management of the renewable energy trading market. While operational procedures need to be adjusted in accordance with the new framework, there has been no material impact on the Company's financial position or shareholders' equity.

2. On July 24, 2025, Articles 31 and 35 of the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" were amended and promulgated. In consideration of the principle of materiality in information disclosure and to allow companies to more effectively utilize their operating funds, the thresholds for public announcement and reporting were relaxed for companies with paid-in capital of NT\$50 billion or more when acquiring or disposing of "equipment for operational use" and "government bonds, corporate bonds, and general financial bonds not involving equity interests" from or with non-related parties. In line with the foregoing amendments, the method for calculating the 5% of paid-in capital threshold and the NT\$50 billion paid-in capital criterion has also been clarified for companies with no par value shares or with a par value per share other than NT\$10. The Company has accordingly revised its relevant internal procedures to ensure compliance with applicable regulations.

(V) The affect that technological changes (including information security risk) and industrial changes have on the Company's financial operations as well as the responding measures:

1. Our Company's Information Security Risk Assessment:
In accordance with relevant laws and regulations, the Company shall take into account company goals to conduct information security risk assessment, determine various information security requirements, and adopt necessary information security measures to ensure continual operations and minimize operating losses.

2. Information Security and Network Risk Analysis - Information Asset Risk Analysis:

Name of the asset	Risk event		Existing control measures
	Weakness	Threat	
Server	System vulnerabilities	System hacked	Routinely fix system vulnerabilities
	No system backup	Difficult system recovery	System virtualization and backup on different hosts
	No data backup	Data corruption	Duplicate hard disk backup and tape backup
	No strict control over the account	Unauthorized access Information was stolen	The account password must meet complexity requirements and changed regularly
	Natural disaster	System crash	Set up remote backup system
PC	System vulnerabilities	System hacked	Install Windows Server Update Services (WSUS) for system security updates
	Computer virus	Malware infection	Establish a centralized antivirus system to cyber security monitoring and incident exclusion.
Application system	No periodic authorization checks	Unauthorized access to information	Annual review of user permissions
	No stringent program testing	Data error	Program modification for rigorous operation processes
Employees	Lack of cyber security awareness	Computer is infected Stolen account and data	Advocacies on information security on an irregular basis

3. The impact of information systems malfunction on the Company's business and countermeasures:

- (1) The Company will gradually establish a high availability remote host and data backup mechanism for the information system structure based on its risk level to ensure uninterrupted services.
- (2) The backup media will be sent for remote storage, strengthening the system backup and recovery drills to ensure normal operations of the information system and data preservation, and thereby lowering the risk of system interruption caused by unexpected natural disasters and human negligence, while ensuring that the recovery time is in line with expectations.
- (3) According to the recent cyber threat analysis, the source of threat mostly comes from external hacks, followed by human negligence and lack of information security awareness of internal employees, while the root causes behind these information security incidents are due to system vulnerabilities or execution of unknown malware. Therefore, we will subsequently attach more importance on task executions. Although we have a backup and recovery mechanism for the last line of defense after information security incidents, losses from information security incidents may be greatly reduced if precautions are taken.

4. Industry changes:

In 2025 and as of the publication date of the annual report, the Company's operational strategies include continuous efforts in improving our technical capability and management efficiency, lowering production costs, and ramping up collaboration of production and sales so that we can raise the Company's competitive advantages in the domestic market. We will also carry out aggressive expansion of our overseas market and customer base simultaneously. Another important strategy of the Company is the continual research and development of new steel products and applications, to further expand and consolidate the Company's operational foundation.

The steel products market has the feature of always being deeply affected by changes in the business cycle, which exerted an impact on steel product manufacturing services. Since most of the Company's customers are from industries such as the public construction, automotive, machinery manufacturing, and electronic parts and accessories, the Company's sales and profits are also affected by order fluctuations.

The steel products industry is facing great recession and excess capacity in China. Since the Company's current and future business operations are contributed by customers in the steel products industry, it may be dragged down along with the overall steel manufacturing industry due to the aforementioned industrial recession and excess capacity in the supply chain. As such, the Company's revenue, profits and profitability would be affected if the Company cannot effectively offset the decline in demand through cost reduction or other measures.

In response to continuous industrial and technological changes for steel products, and strengthening the Company's competitive advantage of precision processing would enable it to produce more advanced steel products. If the Company has not developed the vision for technological improvement and rapidly establish innovative business models, or if competitors unexpectedly obtained more advanced technology, the Company's competitiveness may not be strong enough to win more orders. Although the Company has dedicated efforts in maintaining its R&D advantages, its competitiveness may weaken without the support of leading technologies or business models.

(VI) The effects that enterprise image change have on enterprise crisis management as well as the responding measures:

The company has always maintained the operation principles of professionalism, quality, and integrity as well as emphasized on corporate image and risk management. There are currently no foreseeable crisis matters.

(VII) Expected benefits and potential risks of merger and acquisition and response measures:

There have been no mergers and acquisitions in 2025 and up to the date of publication of the annual report. However, the changes in market supply/demand and prices in the global steel market will affect the Company's sales and profits. Therefore, the Company will kept close track of the changes

in market supply and demand for the adjustment in sales strategies, and continue to add value to products in order to mitigate potential risks.

(VIII) The expected benefits and possible risks of plant expansion as well as the responding measures:

There have been no plant expansions in 2025 and up to the date of publication of the annual report. However, the changes in market supply/demand and prices in the global steel market will affect the Company's sales and profits. Therefore, the Company will kept close track of the changes in market supply and demand for the adjustment in sales strategies, and continue to add value to products in order to mitigate potential risks.

(IX) Risks faced by concentrated sales or purchasing as well as the responding measures:

1. The Company has thousands of customers in Taiwan. The total net sales of the top ten customers of the consolidated subsidiary in 2025 accounted for approximately 31.34% of the net sales, of which the largest customer accounted for approximately 6.29%, so there was no sales concentration.
2. In 2025, the top ten suppliers of the Company consolidated its subsidiaries accounted for 34.86% of the consolidated net purchases. Considering that some of the Company's raw materials that were purchased according to company features are from single suppliers, we suspect that demands could not be met if there is no alternative source of supply. We expect the Company's sales and profits to decline if the Company cannot timely obtain the required raw materials, or upon surging raw material prices with rising costs unable to be passed on to customers. Therefore, the Company is committed to purchasing raw materials from different suppliers, or suppliers from different regions, in order to ensure safe raw materials supply, and reduce the risk of concentrated purchasing.

(X) The effects that large share equity transfers by directors or major shareholders holding more than 10% of the Company shares have on the Company as well as risk and responding measures:

The Company's existing shareholders have not engaged in sales of large number of common shares. In 2025 and as of the publication date of the annual report, directors or major shareholders holding more than 10% of the Company shares have no risks of large share equity transfers or replacements that may affect the Company's normal operations.

(XI) The effects that change in management has on the Company as well as risk and responding measures:

There have been no risks from change in management in 2025 and up to the date of publication of the annual report.

(XII) In terms of litigation or non-litigation matters, the Company and the Company's directors, general managers, actual responsible person, shareholders holding more than 10% of the Company shares, and affiliated companies, who are involved in a major lawsuit of a subsidiary company that has either been decided or is still pending whereby the results of the case may have a significant impact to shareholder interests or securities prices, must be specified. The status of the disputed facts, bid amount, litigation commencement date, and the primary parties involved in such litigations up to the publication date of this annual report shall be disclosed:

1. There have been no major lawsuits 2025 and up to the date of publication of the annual report.
2. The directors, general managers, actual responsible person, shareholders holding more than 10% of the Company shares, and affiliated companies were not involved in major litigations in 2025 and as of the publication date of the annual report, and there are currently no major litigations still pending.

(XIII) Other critical risks and response measures:

1. Risk management

The Board of Directors has established a Corporate Governance Unit under the Sustainable Development Committee. The unit is responsible for establishing, monitoring, and reviewing policies and management mechanisms related to risk management. The committee reports on the overall execution of risk management to the Board of Directors at least once a year. The Company has implemented risk management policies and operating procedures to facilitate the risk management process for 2025. The risk management policy is as follows: "By applying systematic and institutionalized management methods, we aim to effectively identify, prevent and control risks to ensure smooth operations and achieve sustainable business". Through risk management meetings, potential risks related to various departments have been identified, including 25 risk factors in four major categories: operational, financial, processing, and environmental.

Each department assess the possibility of various risk factors and degree of impact based on their functions, taking necessary measures, assuring proper management of various risks, and evaluating the likelihood and impact level. Analyses of the urgency and financial impact level of each risk factor reveal that the most significant risk factors are "talent gap," "talent shortage," "tropical cyclone," "continued housing market control policies," and "increases in carbon fees." Other factors with moderate impact levels are currently under appropriate control or have less urgency, requiring only continued monitoring. The Audit Office will prepare annual audit plans based on the risk evaluation results to ensure the effective implementation of relevant control procedures. The implementation details have been reported at the 20th meeting of the 25th Board of Directors on December 30, 2025.

Risk items and risk management	
Operations	
Corporate governance risks	In order to ensure the legal compliance of directors, managers and employees, the Company formulated internal regulations including the "Ethical Corporate Management Best Practice Principles" and "Code of Ethical Conduct for Directors and Managers" have been established, and the business precautions are stipulated in the "Ethical Corporate Management Operating Procedures and Code of Conduct" to regulate all employees. In addition, to implement ethical corporate management policy, the "Commitment to Ethical Conduct" shall be signed by directors, managers and employees, with advocacies on ethical concepts and the prohibition of unethical behaviors via internal publications and meetings. The Board members were recused for conflict of interests from Board meetings in order to prevent unethical behaviors. The Company also provides liability insurance for directors, in order to reduce potential liability risks that arise from the directors' execution of duties.
Reputational risks	The Company's Sustainable Development Committee is responsible for the formulation, supervision and review of the ethical corporate management policies and prevention programs, and upholds the spirit of "trustworthiness in relation to all stakeholders" as moral guidelines for business activities in the pursuit of positive value and quality assurance.
Strategic risks	The Company's president and senior managers attend group meetings several times a week for detailed research and analysis on aspects such as business, finance, production and procurement, and make appropriate decisions with consideration of the Company's competitive advantages, current and future market conditions, and environmental conditions. To ensure operational stability and mitigate risks, the decisions will be revised in response to environmental changes.
Operating risks	The inter-departmental meetings for management by objectives review the production and sales performance, and establish objectives to achieve the Company's business goals. Production and Marketing Meetings enables smooth coordination on production, procurement, and sales, and thereby ensure smooth supply and lower inventory risks. The procurement of raw materials, materials matches the volume and price of orders, which will enable stable operations and avoid losses that arise from transaction price. Except for economic performance, the Company also understands community concerns through community participation and care, and conducts regular environmental monitoring to build harmonious relationship and recognition.
Human resource risks	The Company has formulated workplace diversity and human rights policies, compensation policies, and internal regulations such as: Work rules and regulations on employee performance appraisal, education and training, and employee job rotation, with inventory of company documentations on a regular basis, and reviewing the legality of operating procedures to comply with the amendment of relevant laws and regulations. In order for smooth communication channels, the Company's plants held employer-employee meetings, occupational safety committee meetings, and employee welfare committee meetings on a regular basis. Employees are allowed to express their opinions according to procedures stipulated in the

	Regulations Governing Employee Complaints and Grievances. In order to meet industrial development needs, the Company regularly review its staffing capacity, and recruit new employees, and cultivate professional talents.
The impact of major domestic and foreign policies and legal changes on corporate sustainability.	In response to major domestic and foreign policies and laws, the Company pays attention to daily newspapers and the media, conduct annual or monthly meetings with analysis and discussions on future policy and legal changes, and formulate necessary countermeasures in order to reduce negative impact on the Company's future operations.
Finance	
Financing risks	The Finance and Accounting Department is responsible for evaluating cash flows generated from operations and, based on projected changes and surpluses or shortfalls, determining appropriate financing measures. It also maintains close relationships with domestic and international financial institutions, renews bank credit facilities in advance of their maturity each year, and carries out such activities within the scope authorized by the Board of Directors.
Investment risks	The Company formulated management procedures suitable for different investment types, including the Procedures for Acquisition and Disposal of Assets and Rules for Management of Investee Companies, which are controlled by different authority levels.
Liquidity risks	The Company regularly controls the percentage between assets including current and non-current assets, as well as current and non-current liabilities, and regulates the solvency to meet maturing obligations to reduce liquidity risks.
Foreign exchange risks	Collect exchange rate movement related information daily to have a full grasp on the exchange rate, and convert currency or retain foreign currency loans at the optimal time. In terms of FX budgeting, the Company's rights and obligations were offset given natural hedging between foreign exchange income from current imports and exports. The Company also consult with the bank's foreign exchange department for hedging strategies, and decide on foreign currency positions according to the actual funding needs and foreign exchange rates.
Interest rate risks	Margin trading with financial institutions is performed within the scope of authorization of the Board of Directors, and the Company's financing costs are controlled by negotiating favorable funds rate with reference to market interest rates. In addition to transactions with financial institutions, the Company will also carefully assess other financing tools with lower cost in case of major capital expenditures.
Risks of loaning of funds to others	The Company has established the Procedures for Extending Loans to Others, with limitations on borrowers and loan conditions. It also set standards for the total guarantee amount and individual credit limits, and investigate and evaluate the borrower's operating conditions, financial status, solvency, credit status, profitability and the purpose of borrowing, which shall be reported to the Board of Directors as the basis for risk evaluation. The Company and requires appropriate terms of guarantee, and the extending of loans shall be approved by resolution of the Board of Directors.
Endorsement/guarantee risks	The Company has established the Procedures for Extending Loans to Others, with limitations on borrowers and loan conditions. It also set

	standards for the total guarantee amount and individual credit limits, which shall be reviewed in advance by the Finance and Accounting Division, and the credit limit shall be approved and signed by the Chairman, and submitted for resolution by the Board of Directors. Subsequently, the Company's internal auditors perform regular auditing on the Procedures for Endorsements and Guarantees with regard to the endorsement/guarantee items, borrowers, amount and other relevant information.
Derivatives trading risks	The Company has established the Procedures for Engaging in Financial Derivative Transactions and the principles and types of transactions, while the authorized managers of the Board of Directors is in charge for handling relevant matters in consideration of financial trends and business needs. Set standards for the total guarantee amount and individual credit limits. The Finance and Accounting Division is responsible for collection and provision of relevant information, transaction instructions, evaluating the position of derivatives, creating the evaluation cycle, and submitting the evaluation report to the Chairman or authorized manager as reference for management, while the transaction status and profit/loss assessment are reported to the Board of Directors.
Financial decision-making risks	The Company's financial decision-making includes acquisitions and disposals, loaning of funds, endorsements/guarantees, derivatives transactions, and reinvestment business management. Related regulations have been established in compliance with laws and regulations, and are authorized according to different authority levels, while the audit unit performs regular audits on related operating procedures, in order to minimize the possibility of risks.
Operations	
Compliance with laws and regulations Risk	Ethical management and legal compliance are the basic guidelines and requirements for company operations. As such, the management department and accounting department timely revise the labor, operational, and financial regulations to comply with the laws and regulations issued by the competent authority. The plant's responsible units conduct monthly inspections related to safety and health, and the environment (air pollution, water pollution, soil pollution, waste disposal, and greenhouse gas emissions), and revise any deficiencies or formulate relevant operating procedures in order to reduce the risk of violation.
Information security risks	In order to implement information security management, the Company has formulated "Guidance for Information Security Management" and enforcement rules, and the information work plans are implemented accordingly. It also formulated the "Regulations Governing the Security and Maintenance of Personal Data" for stringent management of data usage and security maintenance, and established the firewall, encrypting file system, and electronic personal data storage platform to control employees' access rights and access records. Meanwhile, the Company improved its endpoint security for servers and privileged account management, in order to prevent the occurrence of information security incidents. The Company established the system backup mechanism, with annual disaster recovery drills to ensure data preservation and that systems will resume normal operations, lowering the risk of system interruption caused by unexpected natural disasters and human negligence. To strengthen information security management, the Company has

	<p>implemented the ISO 27001 Information Security Management System (ISMS), establishing a systematic framework for information security governance and management processes. The certification is valid from October 16, 2025 to April 3, 2025, and recertification efforts are continuously undertaken to ensure the continuity of the information security management system. This approach aligns with the latest developments in information security regulations, technologies, organizational practices, and operational requirements, and aims to safeguard the confidentiality, integrity, and availability of the Company's information assets, while preventing risks such as unauthorized use, disclosure, alteration, or destruction.</p>
<p>Occupational safety and health management risks</p>	<p>The Company has set up a Safety Protection Center in the head office and each plant for health and safety coordination. In response to the new Occupational Safety and Health Management System (ISO/CNS 45001: 2018), each plant amended the "Safety and Health Management Manual" and other relevant regulations, and obtained certification to ensure the effectiveness and compliance of the system. To ensure employee safety and health, we continue to implement safety and health management, improve manufacturing processes and equipment, identify risks, and eliminate or mitigate hazards. Since 2020, we have been conducting joint audits on inter-plant safety and health, improvement of deficiencies, zero-disaster activities on a periodic basis, while the major occupational accident unit conducts project audits every year to increase the frequency and intensity of audit coverage, in the aim to reduce various risks that arise from occupational safety and health management.</p>
<p>Fraud risks</p>	<p>Based on the annual evaluation plan for the Company's internal control system, each department conducts self-assessment on its implementation status of the current systems, rules and regulations, and suggest improvements on internal control deficiencies discovered by the internal audit, with amendments to procedures or regulations in order to reduce fraud risks. In addition, the Company strengthened the legal education for employees, and established effective communication channels to reduce the occurrence of fraud risks.</p>
<p>Environment</p>	
<p>Climate change risks</p>	<p>The Company has started to understand the sustainability and climate change content of various international initiatives/organizations, with the aim to cover the international initiatives and evaluation criteria in formulating environmental and GHG policies, keep in line with international development trends, and strengthen the Company's ability to respond to climate change. Since the Company's Sustainable Development Committee is responsible for environmental management, it shall identify and evaluate the impact of Transition risks, physical risks, and opportunities on business operations, as well as the probability of occurrence according to TCFD's framework of climate-related risks and opportunities. Please refer to "Tung Ho Steel Enterprise Corporation 2025 Climate-related Financial Disclosure Report" for details.</p>
<p>Environmental pollution liability risks</p>	<p>The Company has set up a dedicated unit to effectively manage waste gas, wastewater and waste by use of the ISO 14001 environmental management system, with continual investment for better pollution prevention equipment. It also adopt the Best Available Control Technology (BACT) to</p>

	implement pollution prevention, reduce industrial waste, and strengthen water saving, wastewater recycling and reuse in compliance with environmental protection laws and regulations. Strictly control waste production, storage and disposal processes, and establish an independent waste audit system.
Natural disaster risks	The Company has formulated emergency response measures or procedures for each plant to prevent natural disasters, so that effective response measures can be immediately taken when natural disasters occur, which thereby reduce worker injuries, equipment and property losses. In addition, the Company purchased property insurance for offices, factories, instruments, and furniture and fixtures to mitigate damages caused by disasters.
Major external hazard risks	In addition to changes in global trends, industrial policies or laws and regulations, the major external hazard risk is the Ukrainian-Russian War. The Company has set up the emergency response team and network for advanced preparation of business continuity management plans (including human resource, equipment, information systems, raw materials, transportation, finance, and backup plans) for key businesses.

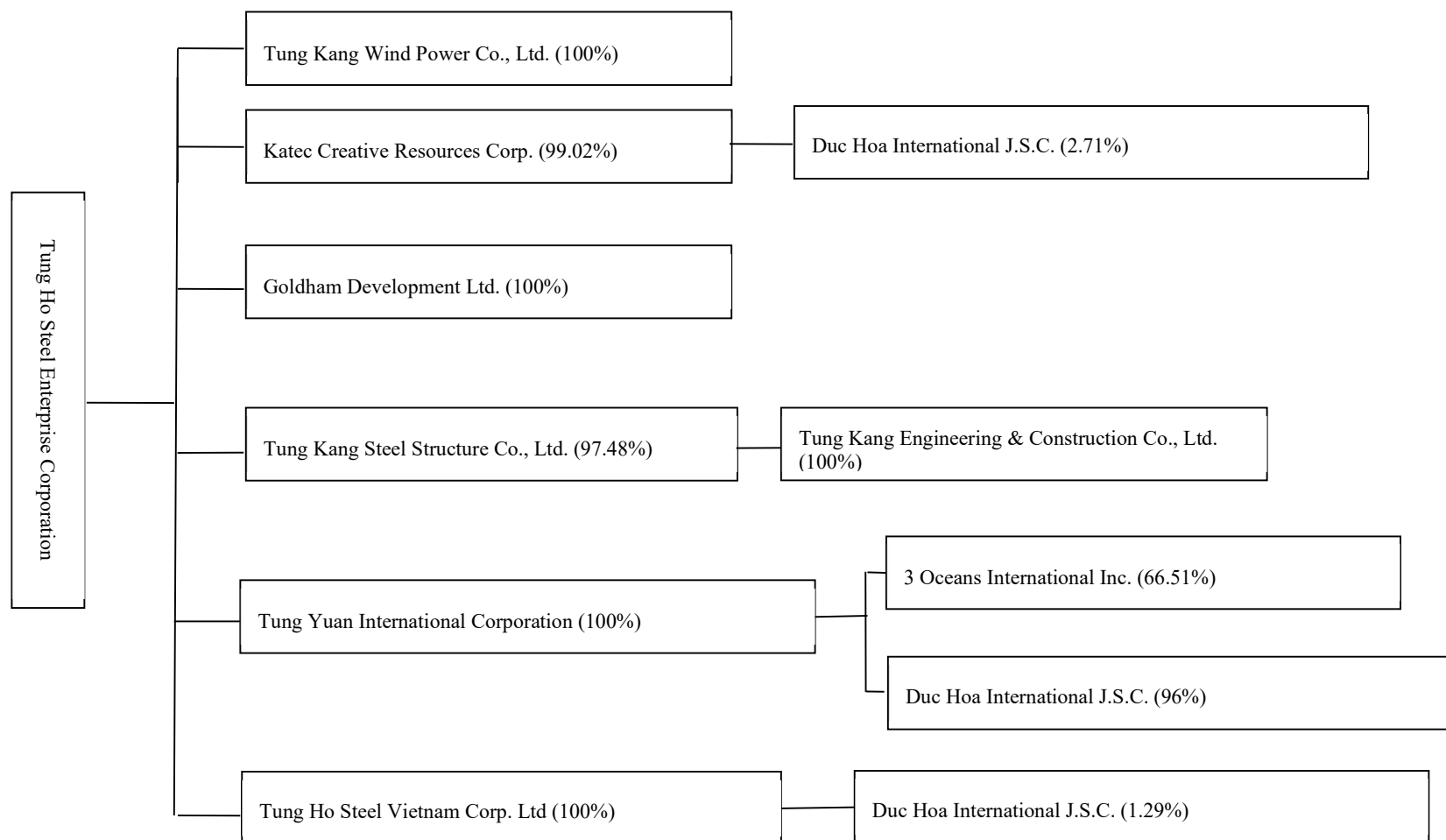
VII. Other critical matters: None.

Chapter 8. Special Disclosure

I. Information of the Company's Affiliates

(I) Consolidated business reports of the affiliated enterprises

1. Organization chart for the affiliated enterprises



2. Basic information of the various affiliated enterprises

December 31, 2025

Enterprise name	Date of establishment	Address	Paid-in capital (Unit: Thousands of New Taiwan Dollars)	Main businesses or production items
Tung Yuan International Corporation	1992.11	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands.	2,577	Foreign investments
Goldham Development Ltd.	1997.11	1st Floor,Lake Building, Wickhams Cay 1, Road Town, Tortola,British Virgin Islands	40,042	Foreign investments
Tung Kang Steel Structure Corp.	1993.07	6F, No. 9, Sec. 1, Chang'an East Road, Taipei City	2,063,105	Steel structure engineering professional construction
3 Oceans International Inc.	2004.3	Acclime Chambers, Suite 5, Global Travel House, Saleufi Street, Apia, Samoa	27,030	Foreign investments
Tung Kang Engineering & Construction Corp.	1991.09	9F, No. 9, Sec. 1, Chang'an East Road, Taipei City	250,000	Civil engineering and construction
Katec Creative Resources Corp.	1995.08	No. 231, Huanke Rd., Guanyin District, Datan Vil, Taoyuan City, Taiwan	620,000	General waste clearance and disposal operations
Tung Kang Wind Power Corp.	2009.10	9F, No. 9, Sec. 1, Chang'an East Road, Taipei City	655,000	Electric power supply
Tung Ho Steel Vietnam Corp., Ltd. (Note 1)	2007.04	Phu My Ward, Phu My II Industrial Zone, Ho Chi Minh City, Vietnam	6,407,467	Steel industry
Duc Hoa International J.S.C.	2009.10	Residential Area Luu Ky 1, Luu Kiem Ward, Hai Phong City, Vietnam	141,435	Quicklime plant

Note 1: This date is the original establishment date of Fuco Steel.

3. Presumed as the same shareholder information for those who have control and subordinate relationships: None.

4. Information for director, supervisor, and general manager of affiliated companies

December 31, 2025

Enterprise name	Title	Name or representative	Shareholding	
			Shares (Shares)	Shareholding ratio (%)
Tung Yuan International Corporation	Director Director Director	Henry C. T. Ho Chi-Hsieh Lin Bing-Hua Huang	82	100.00
Goldham Development Ltd.	Director Director Director	Henry C. T. Ho Joshua P. H. Tung J. B. Chiu	1,274,000	100.00
Tung Kang Steel Structure Corp.	Chairman Director Director Director Director Supervisor President	Representative of Tung Ho Steel Enterprise Corporation: Henry C. T. Ho Representative of Tung Ho Steel Enterprise Corporation: Yao-Ying Hsiao Representative of Tung Ho Steel Enterprise Corporation: J. B. Chiu Representative of Tung Ho Steel Enterprise Corporation: Flora Fan Representative of Tung Ho Steel Enterprise Corporation: Jay Chiang Earle Ho and Sons J. B. Chiu	201,121,339	97.48
3 Oceans International Inc.	Director Director	Henry C. T. Ho Chi-Hsieh Lin	572,000	66.51
Tung Kang Engineering & Construction Corp.	Chairman Director Director Supervisor	Representative of Dong Gang Steel Structure Co., Ltd.: Kuan-Ren Guu Representative of Dong Gang Steel Structure Co., Ltd.: Henry C. T. Ho Representative of Dong Gang Steel Structure Co., Ltd.: Yu-Chen Liang Representative of Dong Gang Steel Structure Co., Ltd.: Chih-Ling Lai	25,000,000	100.00

Enterprise name	Title	Name or representative	Shareholding	
			Shares (Shares)	Shareholding ratio (%)
	President	Pi-Tung Chen		
Katec Creative Resources Corp.	Chairman	Representative of Tung Ho Steel Enterprise Corporation: Wen-Hung Peng	61,391,933	99.02
	Director	Representative of Tung Ho Steel Enterprise Corporation: Henry C. T. Ho		
	Director	Representative of Tung Ho Steel Enterprise Corporation: Yong-Zhi Chen		
	Director	Representative of Tung Ho Steel Enterprise Corporation: Zhang-Qing Ho		
	Director	Representative of Tung Ho Steel Enterprise Corporation: I-Chih Hsu		
	Supervisor President	Representative of Katec R&D Corporation: Ju-Yu Ho Chun-Hsien Li		
Tung Kang Wind Power Corp.	Chairman	Representative of Tung Ho Steel Enterprise Corporation: Henry C. T. Ho	65,500,000	100.00
	Vice Chairman	Representative of Tung Ho Steel Enterprise Corporation: Chuang-Hsi Chang		
	Director	Representative of Tung Ho Steel Enterprise Corporation: Bing-Hua Huang		
	Supervisor President	Representative of Tung Ho Steel Enterprise Corporation: Ju-Yu Ho Min-Ta Hsieh		
Tung Ho Steel Vietnam Corp., Ltd.	Chairman	Bing-Hua Huang	0	100.00
	Director	Henry C. T. Ho		
	Director	Chi-Hsieh Lin		
	President	Wu-Sheng Ho		
Duc Hoa International J.S.C.	Chairman	Chun-Sheng Chien	8,154,419	96.00
	Director	Chi-Hsieh Lin		
	Director	Yi-Chih Hsu		
	Supervisor	Wen-Hung Peng		
	President	Kuan-Chung Chiu		

5. Status of operation for various affiliated companies

December 31, 2025

Enterprise name	Paid-in capital (Unit: Thousands of New Taiwan Dollars)	Total assets (Unit: Thousands of New Taiwan Dollars) (Note 1)	Total liabilities (Unit: Thousands of New Taiwan Dollars) (Note 1)	Net worth (Thousands of New Taiwan Dollars) (Note 1)	Operating revenue (Unit: Thousands of New Taiwan Dollars) (Note 2)	Operating net (loss) profit (Unit: Thousands of New Taiwan Dollars) (Note 2)	Current net (loss) profit (Unit: Thousands of New Taiwan Dollars) (Note 2)	Earnings per share (New Taiwan Dollars)
Tung Yuan International Corporation (Note 3)	2,577	637,420	220	637,200	0	(317)	2,771	33,799
Goldham Development Ltd. (Note 4)	40,042	20,109	0	20,109	0	(224)	7,069	5.55
Tung Kang Steel Structure Co., Ltd.	2,063,105	8,590,468	4,241,209	4,349,260	14,230,773	1,740,608	1,421,112	6.89
3 Oceans International Inc. (Note 4)	27,030	17,001	141	16,860	2,011	894	1,096	1.27
Tung Kang Engineering & Construction Corp.	250,000	495,509	206,205	289,303	854,476	7,894	8,900	0.36
Katec Creative Resources Corp.	620,000	787,271	66,614	720,657	522,436	76,152	88,846	1.43
Tung Kang Wind Power Corp.	655,000	969,046	228,848	740,198	259,984	100,044	79,874	1.22
Tung Ho Steel Vietnam Corp.Ltd	6,407,467	6,060,149	3,541,143	2,519,007	7,285,740	25,844	(65,729)	N/A
Duc Hoa International J.S.C.	141,435	143,833	13,702	130,130	240,454	(7,545)	(5,389)	(0.63)

Note 1: The average USD to NTD exchange rate on December 31, 2025 was USD 1: NTD 31.43; the average CNY to NTD exchange rate was CNY 1: NTD 4.496; and the average VND to NTD exchange rate was VND 1: NTD 0.001188.

Note 2: The average USD to NTD exchange rate in 2025 was USD 1: NTD 31.18; the average CNY to NTD exchange rate was CNY 1: NTD 4.333; and the average VND to NTD exchange rate was VND 1: NTD 0.001188.

Note 3: Par value of US\$1,000 per share.

Note 4: Par value of US\$1 per share.

- II. The Company's private placement of securities in the most recent fiscal year and up to the publication date of this annual report: None.**
- III. The Company's shares held or sold by the Company's subsidiaries in the most recent fiscal year and up to the publication date of this annual report: None.**
- IV. Other necessary supplemental information: None.**
- Chapter 9. Corporate events with material impact on shareholders' equity or stock prices as set forth in Subparagraph 2, Paragraph 3, Article 36 of the Securities Exchange Act in the most recent fiscal year and up to the publication date of this annual report: None.**