

2023 Continental Holdings Corporation Sustainability Report

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About This Report

Scope of This Report

This report discloses information covering material topics related to corporate sustainability and corporate social responsibility (CSR) concerns of Continental Holdings Corporation (hereinafter referred to as "CHC" or "the Company") from January 1, 2023, to December 31, 2023. The content of the report includes Continental Holdings Corporation, Continental Consulting Limited Company, and its key subsidiaries (Continental Engineering Corporation, Continental Development Corporation, and HDEC Corporation).

This report is compiled with the group as the main focus, covering the actions of key subsidiaries included in the consolidated financial statements. It primarily discloses operations in Taiwan, presenting CHC Group's business philosophy, goals, determination towards sustainable development, and efforts and achievements in corporate social responsibility practices.

Reporting Principles

This report's information disclosure has been prepared in accordance with the GRI Universal Standards 2021, as published by the Global Reporting Initiative (GRI). The GRI Standards Disclosure Index Table is attached at the end of the report for reference.

Financial information in this report is presented in New Taiwan Dollars (NTD) as the currency unit. Relevant statistical figures are calculated based on international standards and are rounded to the nearest whole number. "Local" refers to the Taiwan region.

Release Date

This report is the 8th annual sustainability report of CHC, disclosing corporate sustainable development and corporate social responsibility practices. The compilation is overseen by the ESG Committee, chaired by the CEO of CHC, with the Finance Department serving as the Executive Secretary. The committee comprises five sub-groups: Corporate Governance, Customer and Community Service, Employee Care, Environmental Sustainability, and Occupational Health and Safety. The preparation process follows the Global Reporting Initiative (GRI) Universal Standards, involving stakeholder analysis and communication, as well as analysis and response to materiality. After the identification of relevant materiality

by decision-making executives, the report is drafted. The results of the analysis and the compilation process are regularly reported to the executive secretary and released after confirmation by the ESG Committee Chairman.

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This Report Release Time: Sept. 2024

Next Report Expected to Release Time: Aug. 2025

Contact Information

For any feedback or suggestions regarding the content of this report, please contact:

Continental Holdings Corporation - Finance Department

Address: No. 95 Dun Hua S. Road, Sec 2, Taipei, Taiwan

Website: <https://www.continental-holdings.com/en>

Phone: +886-2-3701-2000

Fax: +886-2-3701-2999

CEO's Message

The CHC Group focuses its business development on "Sustainable Urbanization," with its three major entities actively involved in projects related to sustainable urbanization such as rail transportation, urban renewal/aging building reconstruction, water resources, and renewable energy. In 2023, the proportion of revenue linked to the United Nations Sustainable Development Goals (SDGs) accounted for 66% of total revenue. By the end of 2023, the revenue backlog linked to SDGs had exceeded 80%.

In terms of sustainable living, we are actively developing safe and convenient transportation infrastructure in line with urban renewal and the policy of rebuilding old and unsafe buildings. We are also promoting the design and construction of green and smart buildings, adding a new low-carbon and environmentally friendly appearance to our cities. In 2023, we were involved in the development of the "Public-Led Urban Regeneration Project of Taipei Daan District Xuefu Section". Our focus was on constructing low-carbon green buildings and implementing concepts such as eco-cities, carbon reduction, and green energy. Additionally, we designed public open spaces to promote community sharing and create a safe and inviting environment for public activities.

In terms of environmental sustainability, we are actively expanding our water recycling business, developing waste-to-energy business, and making every effort to minimize the negative environmental impact during our operations. In 2023, CHC initiated the "Kaohsiung Ciaotou Wastewater Reclamation Plant BTO project" to establish the fourth regeneration water plant within the Group. Additionally, we entered the waste treatment and renewable energy market through the "Tainan Chengxi Incinerator Plant BOT project." To minimize the environmental impact of our operations, we have implemented various energy and resource recycling management measures. We have made significant advancements in energy conservation, carbon reduction, renewable energy production and utilization, biogas

recovery and reuse, recycled water supply, and sludge reduction. Furthermore, we have expanded our efforts in greenhouse gas management, enhancing our ability to address climate risks and opportunities.

In terms of social sustainability, we prioritize occupational health and safety as a core mission of the Company. We are fully committed to contributing to social welfare. CEC, the Group's subsidiary, promoted a safety culture program, earning recognition as the Best Benchmark Enterprise for "Leading Enterprise in Sustainable Health Workforce" by the Ministry of Labor in 2023. Additionally, we have consistently invested in social engagement, community development, and environmental education activities, achieving double-digit growth in related investment amounts and service participation in 2023.

In terms of the Group's sustainable operations, recognizing the increasing global information security threats, we obtained ISO 27001 certification in 2023, establishing a comprehensive information security management system to enhance risk control. Additionally, we continuously promote diversity, equality, and inclusion measures within the Group, addressing the diverse needs of various employee groups through multifaceted employee assistance and support programs.

Looking ahead, the CHC Group will continue to play a key role in sustainable urban development. Leveraging our core business, we will actively promote the sustainable development of residential living, the environment, and society. By collaborating with stakeholders to create shared value, we aim to achieve sustainable growth for the Company and foster mutual prosperity with society and the environment.






Cindy Chang

Chief Executive Officer

Awards and Honors

Awards Categories	Awarded Company/ Project	Awarded (Received) Year	Awarding Organization	
The 21st Golden Thumb Awards For PPP <hr/> Private Agency Awards Excellent Award	HDEC Corp New Taipei City Tamsui Area Sewerage System BOT Project	2023	Ministry of Finance	
The 21st Golden Thumb Awards For PPP <hr/> Private Agency Awards Excellent Award	HDEC Corp Linhai Wastewater Treatment Plant and Reclaimed Water BTO Project	2023	Ministry of Finance	
Leading Enterprise in Sustainable Health Workforce <hr/> Annual Building Material and Construction - Best Benchmark Enterprise	Continental Engineering Corporation	2023	Occupational Safety and Health Administration, Ministry of Labor	
Corporate Sustainability Report Disclosure of Occupational Health and Safety Indicators Initiative <hr/> Building Material and Construction Industry - Outstanding Listed Companies	Continental Holdings Corporation	2023	Occupational Safety and Health Administration, Ministry of Labor	

Awards Categories	Awarded Company/ Project	Awarded (Received) Year	Awarding Organization	
The 12nd New Taipei City Occupational Safety and Health Award <hr/> Workplace Sustainable Health and Safety Award Excellence	Continental Engineering Corporation	2023	Labor Affairs Department, New Taipei City Government	
The 2022 LinkedIn Talent Awards <hr/> Diversity Champion	Continental Engineering Corporation	2023	LinkedIn	
The 12nd Kaohsiung House Green Building Award <hr/> Public Construction Category Honorable Mention Award	HDEC Corp Linhai Wastewater Treatment Plant and Reclaimed Water BTO Project	2023	Public Works Bureau of Kaohsiung City Government	



I. Operations Management



1-1 About CHC



1-2 Sustainable Practices



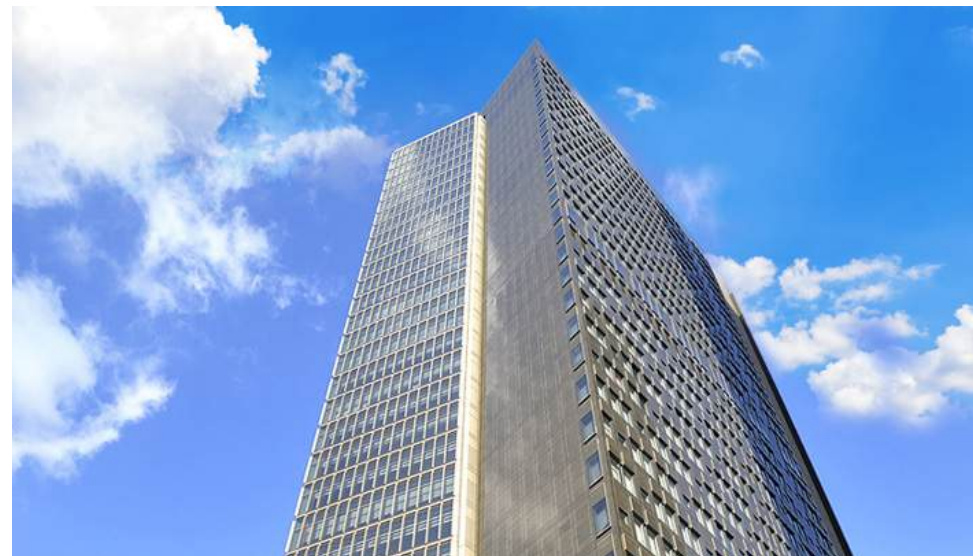
1-3 Stakeholder Communication and
Materiality Analysis



1-1 About CHC

Key Participants in Sustainable Cities

Continental Holdings Corporation (hereinafter referred to as CHC) is Taiwan's first investment holding company integrating construction engineering, real estate development, environmental project development and water treatment. It is also one of the earliest privately-owned enterprises to expand construction engineering and real estate development businesses overseas. Its subsidiaries include Continental Consulting Limited Company (hereinafter referred to as CCLC), Continental Engineering Corporation (hereinafter referred to as CEC), Continental Development Corporation (hereinafter referred to as CDC), and HDEC Corporation (hereinafter referred to as HDEC Corp), collectively known as the CHC Group. As a key participant in Taiwan's sustainable urban development, the CHC Group actively responds to the United Nations Sustainable Development Goals (SDGs). We are committed to creating livable and sustainable living environments through our involvement in urban infrastructure, secure housing, water resources and waste management, renewable energy, and other facets. Since the establishment of its first member company, CEC, in 1945, CEC has been involved in numerous significant domestic construction projects in Taiwan. Notable achievements include the Taiwan High-Speed Rail, contributing resilient and robust public infrastructure and urban rail transportation systems to society. Through subsequent reorganization and the establishment of new member companies, the Group has further expanded its business into urban renewal, aging building reconstruction, public housing, water resources management, waste management, and renewable energy. This effort aims to construct inclusive, safe, and sustainable living environments for the people of Taiwan, enhancing the sustainable use of water resources and reducing reliance on traditional energy sources.



CHC (2023)**Company Name**

Continental Holdings Corporation

**Date of Establishment**

April 8, 2010

**Headquarters Location**No. 95 Dun Hua S. Road, Sec 2,
Taipei, Taiwan**Industry**

Investment / Construction

**Main Business**Civil Engineering, Building Construction,
Mechanical and Electrical Engineering,
Real Estate Development, Water Treatment,
Waste Management and Renewable Energy**Revenue Breakdown**Construction Engineering: 61%;
Real Estate Development: 23%;
Environmental Project Development &
Water Treatment: 16%**Number of Employees**

2,510

**Global Expansion**Subsidiaries Overseas: Hong Kong,
Malaysia, India, and the United States**Engineering Experience**

78 Years

**Consolidated Revenue**

NT\$30.607 billion

**Capitalization**

NT\$8,232,160 thousand

Core Business and Companies of the Group Member

| Continental Holdings Corporation

CHC specializes in investment management, primarily engaged in portfolio management. We are responsible for formulating the group's overall development strategy, leveraging the advantages of centralized resources to assist subsidiaries in focusing on core businesses to enhance competitiveness. We provide robust financial foundations for subsidiaries and lead the group in continuously delivering optimal services and products to clients. Our environment fosters professional development for employees while creating maximum sustainable value for stakeholders.

Mechanical and Electrical Engineering

- Integration of BIM system tools
- Mechanical and electrical engineering of Hospital/ Large hotel/ Shopping mall/Factory office/Corporate headquarters building

Water, power and environmental work of Taipei MRT Circular Line South Section Contract CF670A



Building Construction

- Residential building
- Large commercial complex building
- Public housing

Jiantan MRT Transit Facility Utilized for Multi-Purpose Design Build Project



Civil Engineering

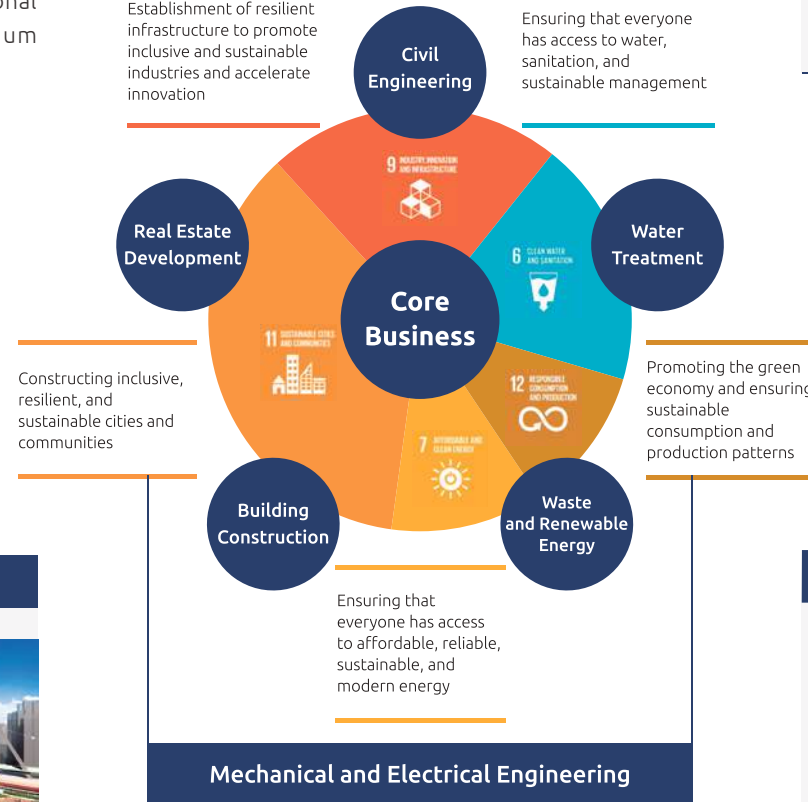
- National infrastructure, such as bridges, tunnels, highways, and public transportation systems
- Metropolitan area MRT system integration
- High-speed rail design-build project
- Elevated railway and underground conversion project

Taipei MRT Circular Line South Section Contract CF670A



Establishment of resilient infrastructure to promote inclusive and sustainable industries and accelerate innovation

Ensuring that everyone has access to water, sanitation, and sustainable management



Real Estate Development

- Integrated real estate product planning and marketing communications
- Property rental
- After-sales service

Belle Époque/ Urban Regeneration Project of Taipei Daan District Xuefu Section



Water Treatment

- Water engineering
- Wastewater treatment
- Reclaimed water treatment

Kaohsiung Ciaotou Wastewater Reclamation Plant BTO project



Waste and Renewable Energy

- Waste treatment
- Renewable energy engineering and production

Tainan Chengxi Incinerator Plant BOT project



Main Services of the CHC Group

| Continental Engineering Corporation

CEC is the oldest member company of the CHC Group, specializing in civil engineering, building construction, and mechanical and electrical engineering. With outstanding construction techniques and excellent engineering quality, it responds to the goals of SDG 9 (Industry, Innovation, and Infrastructure) and SDG 11 (Sustainable Cities and Communities). CEC actively participates in promoting resilient national infrastructure projects and sustainable urban developments. One of its notable achievements includes the Taiwan High-Speed Rail, one of the world's largest BOT projects, which has established CEC as a leader in rail transportation engineering.

| Continental Development Corporation

CDC originated from the property development business sector of CEC and was established through the separation of CEC in 2010. CDC specializes in real estate development, focusing on planning capability, aesthetic quality, excellent craftsmanship, and efficient after-sales service as core values. CDC actively engages in sustainable urban planning and advocacy actions, such as urban renewal and aging building reconstruction. Through green building, smart building, and universal design initiatives, CDC continues to respond to SDG 11 (Sustainable Cities and Communities). CDC has collaborated with world-renowned architects such as Richard Meier, Cesar Pelli, Antonio Citterio, and Benedetta Tagliabue to complete several landmark projects. CDC aims to become Taiwan's leading construction company in brand value creation and innovation. Currently, CDC has real estate development projects in Taiwan, Malaysia, and the United States.

| HDEC Corporation

HDEC Corp was established in 2006 with the aim of providing innovative and energy-efficient environmental engineering solutions to clients and communities through its expertise. By continuously achieving results in water treatment, it responds to SDG 6 (Clean Water and Sanitation). HDEC Corp has not only established Taiwan's first water reclamation plant but also promotes the safety and stability of industrial and domestic water supply in Taiwan through technologies such as municipal wastewater treatment and industrial wastewater zero discharge. HDEC Corp currently operates seven wastewater treatment plants and three reclaimed water plants. In recent years, HDEC Corp has successfully expanded into waste-to-energy business. By providing waste-to-resource solutions, it responds to SDG 7 (Affordable and Clean Energy) and SDG 12 (Responsible Consumption and Production). HDEC Corp is also actively involved in the fields of renewable energy and circular economy.

| Continental Consulting Limited Company

CCLC provides functional resource services for the Group. It offers general administration, human resources, information technology, legal, and quality management services to CHC and the three aforementioned member companies. CCLC adheres to the Group's business philosophy, striving to provide excellent services. It assists CHC in strengthening support for each member company, enhancing the Group's operational resilience, and creating maximum value.

Operating Performance











Continuous profitability is one of the essential conditions for sustainable business development. In 2023, the CHC Group's three major business entities—Construction Engineering (CEC), Real Estate Development (CDC), and Environmental Engineering and Water Treatment (HDEC Corp)—demonstrated a more balanced contribution to profitability and business development. This has laid a solid foundation for the stable development of the Group. In 2023, the consolidated revenue was NT\$30.607 billion, with a consolidated operating profit of NT\$2.173 billion. The net profit after tax was NT\$1.717 billion, resulting in an earnings per share of NT\$2.09.

In 2023, the construction engineering business secured new projects, including the "Taipei MRT Circular Line South Section Contract CF670A" and the "Jiantan MRT Transit Facility Utilized for Multi-Purpose Design Build Project." The business continued to strengthen its Building Information Modeling (BIM) capabilities and technological applications, as well as implement measures to reduce carbon emissions and improve energy efficiency. The real estate development business completed significant urban renewal projects in Nangang and Daan Districts of Taipei City, continuously integrating green building and smart building planning while promoting diversified product development. The environmental engineering and water treatment business successfully entered the waste treatment and renewable energy industries, continuously expanding the scale of reclaimed water operations, leading to long-term and stable revenue growth.

The CHC Group focuses on the United Nations Sustainable Development Goals (SDGs) 6, 7, 9, 11, and 12. Relevant

project types include rail transportation civil engineering, urban renewal projects, urban renewal and public housing projects, water treatment projects, waste treatment, and renewable energy projects. In 2023, SDG-related business accounted for 66% of the total revenue, and by the end of 2023, SDG-related revenue backlog accounted for over 80% of the total revenue backlog. The Group continues to provide engineering solutions and project operations to assist cities in achieving sustainable development.

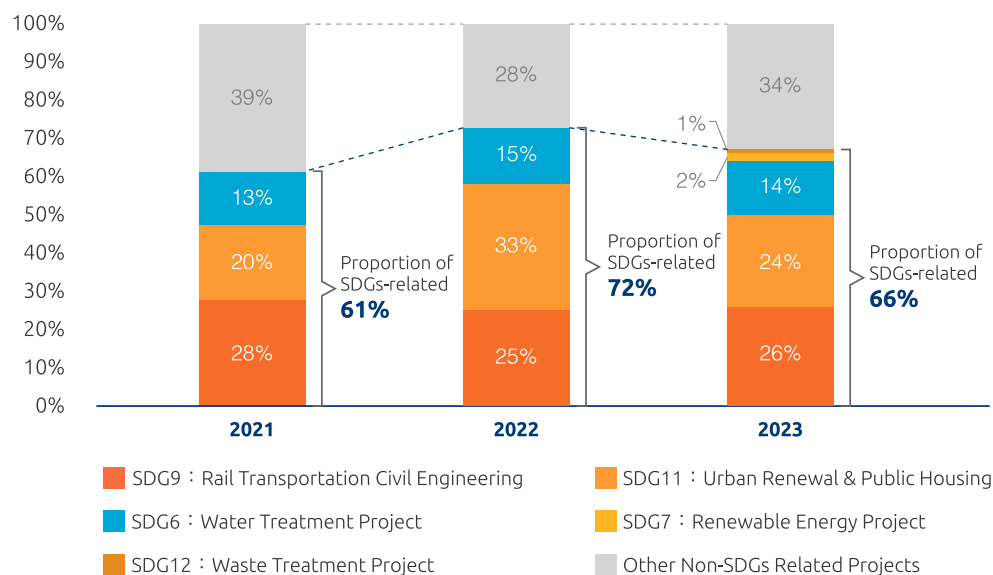
In the CommonWealth Magazine Top 2000 Enterprises survey for 2023, CHC ranked 64th in the service industry. CEC, CDC, and HDEC Corp ranked 100th, 241st, and 386th in the service industry, respectively.

Economic Value Statistics				
				Unit: NT\$ thousand
	2021	2022	2023	Percentage Change Compared to the Previous Year.
 Operating revenues	26,844,308	32,145,603	30,606,844	(4.79)
 Revenue from SDGs-related business (Note 2)	16,290,574	23,094,417	20,236,375	(12.38)
 Operating costs and expenses	24,540,951	28,888,039	28,434,245	(1.57)
 Operating profit	2,303,357	3,257,564	2,172,599	(33.31)
 Income tax expenses	318,803	228,570	379,875	66.20
 Net income, attributable to owners of parent	1,826,298	2,888,392	1,716,736	(40.56)
 Employee salary and benefits	2,205,707	2,498,675	2,981,965	19.34
 Cash dividends	1,383,003	2,058,040	1,234,824	(40.00)
 Gross margin	14.49%	15.72%	13.97%	(1.75) ^(Note 3)
 Earnings per share (NTD)	2.22	3.51	2.09	(40.46)

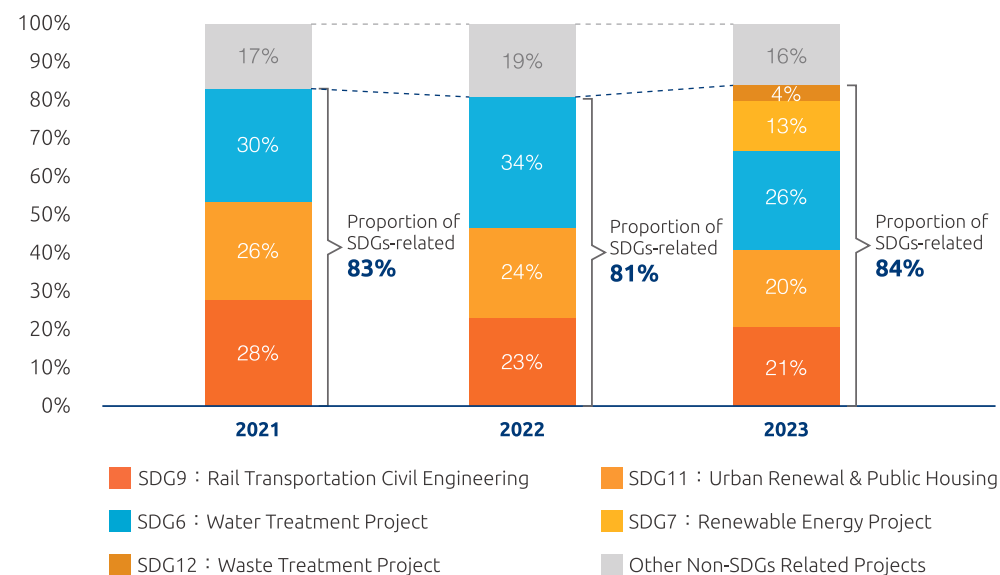
Note:

- For detailed operational and financial performance, as well as consolidated financial statements, please refer to the Market Observation Post System (MOPS).
- SDGs-related business categories include rail transportation civil engineering, urban renewal and redevelopment projects, public housing projects, water treatment projects, waste treatment and renewable energy projects.
- The gross margin for 2023 decreased by 1.75 percentage points compared to the previous year.

Trend Chart for Composition of Revenue



Trend Chart for Composition of Revenue Backlog



1-2 Sustainable Practices

The Company upholds integrity and responsibility, leveraging core capabilities and resources to pursue revenue and profit growth. Simultaneously, we are committed to corporate governance, talent development, social engagement, and various sustainability initiatives. Facing the ongoing risks and opportunities arising from social, economic, and environmental factors, we promote sustainable business operations and governance through robust risk management and precise opportunity capture. We are committed to continuously creating positive value, exerting a positive influence, and responsibly meeting stakeholders' expectations.

Sustainable Development Promotion Organization

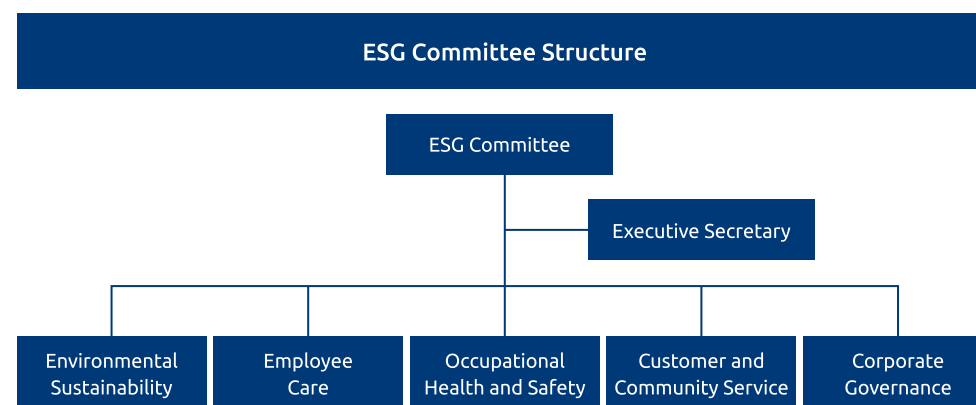
The ESG Committee serves as the highest governance body for sustainability affairs within the CHC Group. Led by the CEO of CHC, it includes the CEOs of the three major business entities and heads of functional departments. The committee comprises members with diverse cultural backgrounds, expertise, and experiences. Annually, it identifies risks and opportunities across the environmental, social, and governance (ESG) dimensions based on material principles. Quarterly meetings are held to discuss and formulate sustainability strategies, review short, medium, and long-term ESG plans and goals, assess annual implementation progress, and drive concrete actions for the sustainable development of the Group.

The Board of Directors serves as the highest governing body of the Company, overseeing the ESG Committee in the Company's sustainability strategy and governance aspects, and ensuring governance and oversight through the following actions:

1. Establishing an authorization system to clearly delineate responsibilities and ensure effective implementation through its establishment and management
2. Through regular and ad-hoc reports provided by the management team to understand the operational status and risks

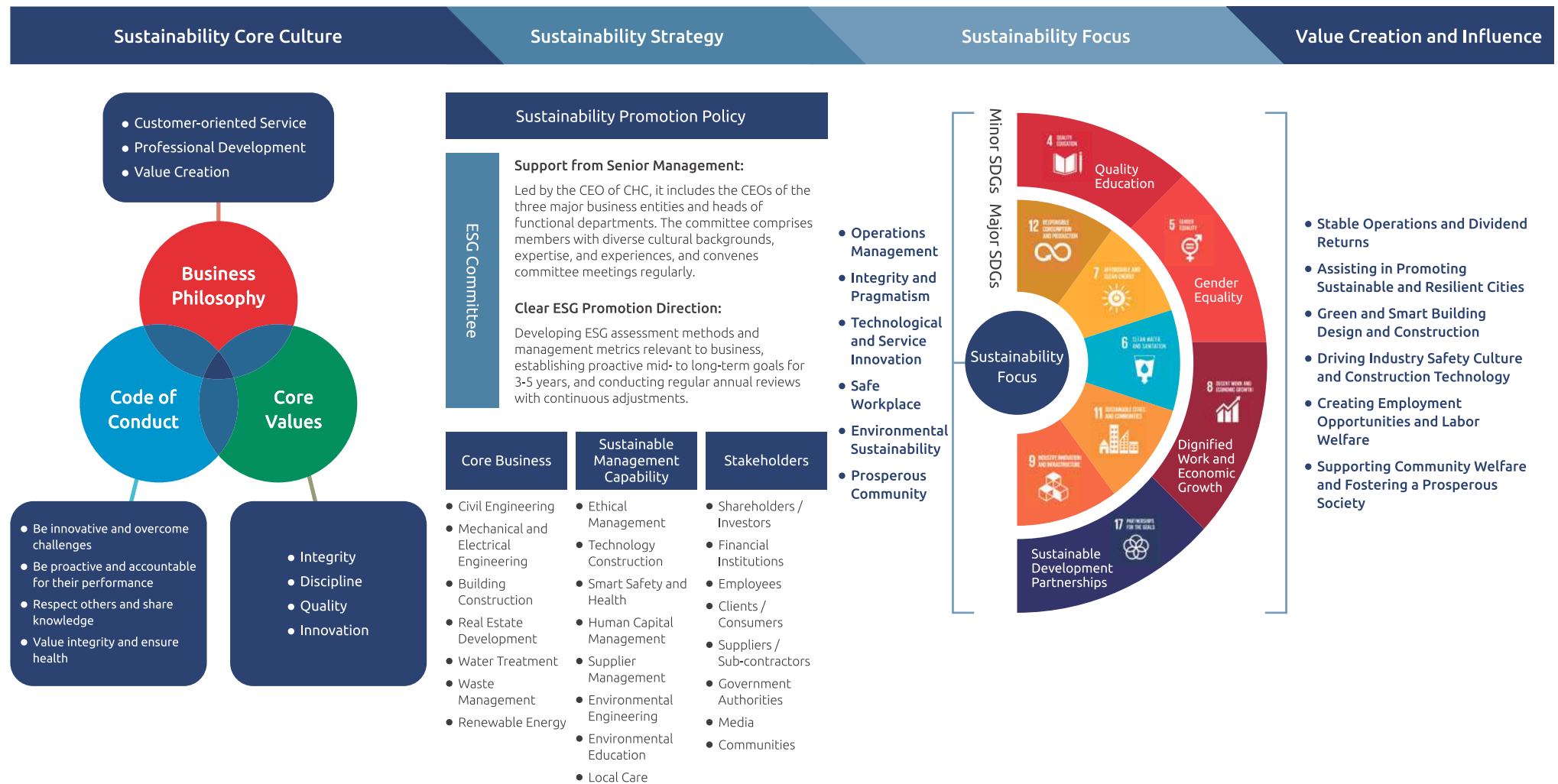
3. Monitoring the Company's risk profile through internal control systems and continuously tracking risk response or improvement measures. Taking into account the Company's operational activities and relevant legal requirements, design and diligently implement internal control systems. Regularly review these systems to adapt to changes in the internal and external environment, ensuring the continued effectiveness of their design and execution
4. Supervising the work of the ESG Committee, regularly receiving updates on the Group's ESG plans, and providing guidance and recommendations

The ESG Committee will report to the Board of Directors quarterly on the Group's ESG management affairs. In 2023, reports were scheduled for March 10, May 5, August 1, November 10, and December 15, covering updates on the latest sustainability regulatory trends and the Group's corresponding action plans.




Sustainable Management Framework and Strategy

The Company has established the ESG Committee as the core to build a sustainable management framework. This committee focuses on formulating sustainable development guidelines and promoting directions. Through enhancing the oversight and management mechanisms of subsidiaries, the Company continuously monitors the financial, operational, and ESG performance across various business areas within the Group. Additionally, we align our operational blueprint and development strategies with the United Nations Sustainable Development Goals (SDGs), connecting international imperatives with our own actions to realize a vision of sustainable global practices.



Sustainability Focus and SDGs

The Company adopts a "focusing on material topics and promoting from top to bottom" approach to enhance management mechanisms and establish specific assessment indicators. We have also developed the CHC Group's ESG Plan, integrating our initiatives and annual objectives into daily management practices with continuous monitoring and improvement. Quarterly, semi-annual, and annual reviews assess the progress of each initiative, ensuring the fulfillment of the Group's corporate social commitments. At the same time, we regularly provide the public with updates on our sustainable development goals and accomplishments. The aim is to ensure that stakeholders have a clear understanding of the CHC Group's efforts and contributions across various aspects of ESG. For detailed information on ESG management indicators and annual goals, please refer to the respective chapters.

Core Business	Responding to SDGs		SDGs Action Strategy
Civil Engineering Mechanical and Electrical Engineering			Following the principles of "expanding into new business areas and entering emerging markets; innovative strategic thinking and diverse contracting models," and "steadiness and prudence, careful selection of targets", we continue to undertake engineering projects in rail transportation and circular economy to deliver high-quality, reliable, sustainable, and resilient infrastructure, as well as affordable and sustainable transportation systems.
Real Estate Development Building Construction			In response to the trends of sustainable urbanization and aging housing, we actively engage in urban renewal integration and the redevelopment of aging buildings. We promote and provide engineering services that focus on green buildings, smart buildings, and well-designed functional housing products. Our goal is to create safe and resilient communities and cities with excellent engineering quality, ensuring integrated and sustainable residential environment planning and management.
Water Treatment			Continuously cultivating the wastewater treatment and water reuse markets, deepening research and application of water treatment technologies to optimize the quality and efficiency of water treatment in Taiwan. We are committed to promoting environmental education by combining our core capabilities in water treatment with sustainable environmental issues. Additionally, we advocate for the importance of water resource conservation through experiential activities organized by our Environmental Education Center.
Waste and Renewable Energy			Continuing to pursue affordable Waste to Energy solutions, maximizing the value of waste and ensuring sustainable energy production to promote green economic development.

Sustainable Performance

The Company continues to facilitate cross-functional communication and leverage resources to integrate ESG principles into our daily operations and decision-making processes. This ensures the appropriate functioning of management measures, the implementation of risk assessment systems, and complementary and balanced decision-making processes. Across all facets of sustainability, we demonstrate the operational resilience and adaptive capabilities of the Group. The Group's sustainable governance performance in 2023 is as follows:

Governance Economy

- The percentage of female members on the Board of Directors was 43%, which was much higher than the percentage of female directors of all public offering companies in Taiwan (16.79%)
- In 2023, the signing rates of the Conflict of Interest Disclosure Questionnaire and Statement for directors, the Business Ethics Compliance Commitment Statement and Questionnaire for employees, as well as the business ethics statement and the conflict of interest questionnaire for newly contracted suppliers were all 100%
- In 2023, 100% of the Group's employees participated in the ethical management education and training
- In 2023, the total training hours for human rights education reached 2,250 hours, representing a growth of 57% compared to the previous year. The total training hours for information security amounted to 3,818 hours, which is a growth of more than five times compared to the previous period
- Obtained ISO 27001:2022 Information Security Management System certification in 2023
- CEC obtained ISO 19650-2 BIM International Standard verification in 2023
- CDC participated in the "Public-Led Urban Regeneration Project of Taipei Daan District Xuefu Section," aiming to develop low-carbon commercial office buildings
- Successfully developed a water resources center operations management platform and an e-procurement management platform in 2023

Environmental Sustainability

- CHC and Linhai Water Resource Center obtained ISO 14064-1:2018 Greenhouse Gas Verification Statement through third-party verification
- Linhai Water Resource Center obtained ISO 9001 Quality Management System, ISO 14001 Environmental Management System, and ISO 50001 Energy Management System certifications
- In 2023, the Group's energy-saving and carbon-reduction actions reduced a total of 1,046.86 metric tons of CO₂e, a growth rate of 33%
- In 2023, the Group's biogas reuse reached 814,407 m³, representing a 19% increase compared to the previous year, equivalent to approximately 1,860,508 kWh of electricity
- In 2023, the Group produced a total of 17,221GJ of renewable energy, with an approximate consumption of 17,013GJ
- In 2023, the Group reduced a total of 5,363.77 tons of sludge, an annual growth rate of 54%
- In 2023, the Group's reclaimed water supply amounted to 34,917,270 metric tons, representing an increase of nearly 32% compared to the previous year

Social Inclusion

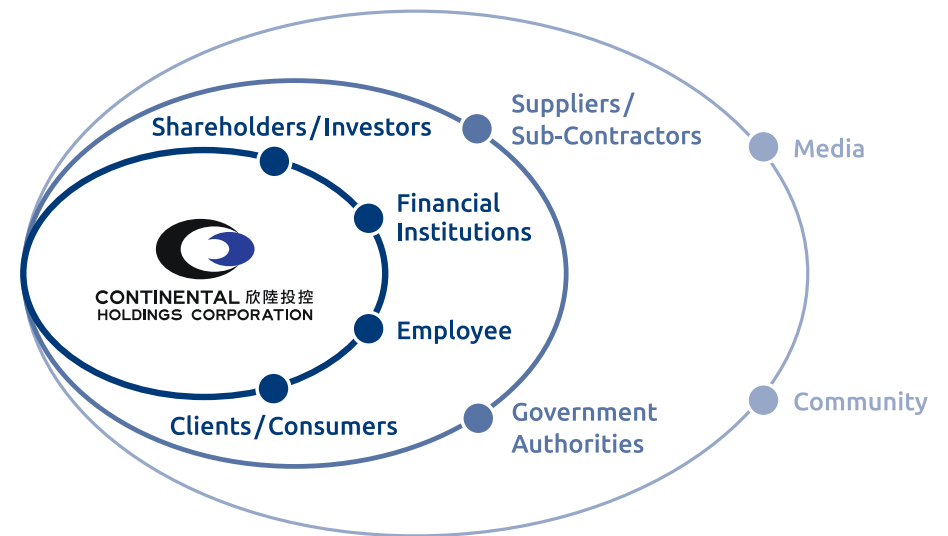
- Throughout the different stages of the project, a total of 279 community activities were organized, with an investment of over NT\$10.03 million and 10,320 hours of manpower, representing an increase of 52% and 27% respectively compared to the previous year
- The Group held a total of 143 environmental education sessions in 2023, serving 4,308 participants, which represents a 136% increase compared to the previous year. Since 2019, the total number of participants served has reached 15,476
- CEC has been awarded the **Best Benchmark Enterprise** in the 2023 "Leading Enterprise in Sustainable Health Workforce" by the Ministry of Labor
- CEC has been awarded the "Workplace Sustainable Health and Safety" - **Excellence Award** at the 2023 New Taipei City Occupational Safety and Health Award
- There were no major occupational accidents in 2023
- In 2023, the reinstatement rate of employees with childcare leave without pay was 100%
- The training hours per person were approximately 9.9 hours for men and 12.13 hours for women in 2023. The allocation of learning resources showed no differences based on gender or job level
- 84 internship positions were provided in 2023, representing a 35% increase compared to the previous year, with 45% of the interns being converted to full-time employees

1-3 Stakeholder Communication and Materiality Analysis

Stakeholder Engagement

The CHC Group identifies stakeholders according to the Sustainable Reporting Standards released by the Global Reporting Initiative (GRI) and references the AA1000 SES standard. Stakeholders are categorized into three main groups based on five assessment dimensions: Responsibility, Influence, Tension, Diversity Perspectives, and Dependence. These groups include operational stakeholders such as shareholders/investors, financial institutions, employees, and clients/consumers; collaborative stakeholders such as suppliers/sub-contractors and government authorities; and community prosperity stakeholders such as communities and media.

The primary objective of the Company's stakeholder engagement is to facilitate communication and collaboration with stakeholders, aiming to enhance our direction towards ESG practices to promote sustainable development and positive impact. Through industry surveys and communication efforts, we aim to understand the level of stakeholder concern regarding sustainability issues across different categories. We have identified the material topics that stakeholders are particularly concerned about and have prioritized our responses and improvements accordingly. Our goal is to maintain open and ongoing communication with all stakeholders, actively seeking their feedback to make timely adjustments to our operational decisions and daily business actions. By doing so, we can achieve a win-win situation where both corporate sustainability and important issues receive the attention. **The communication status with various stakeholders for 2023 was reported to the Board of Directors on December 15, 2023.**



Communication with Stakeholders

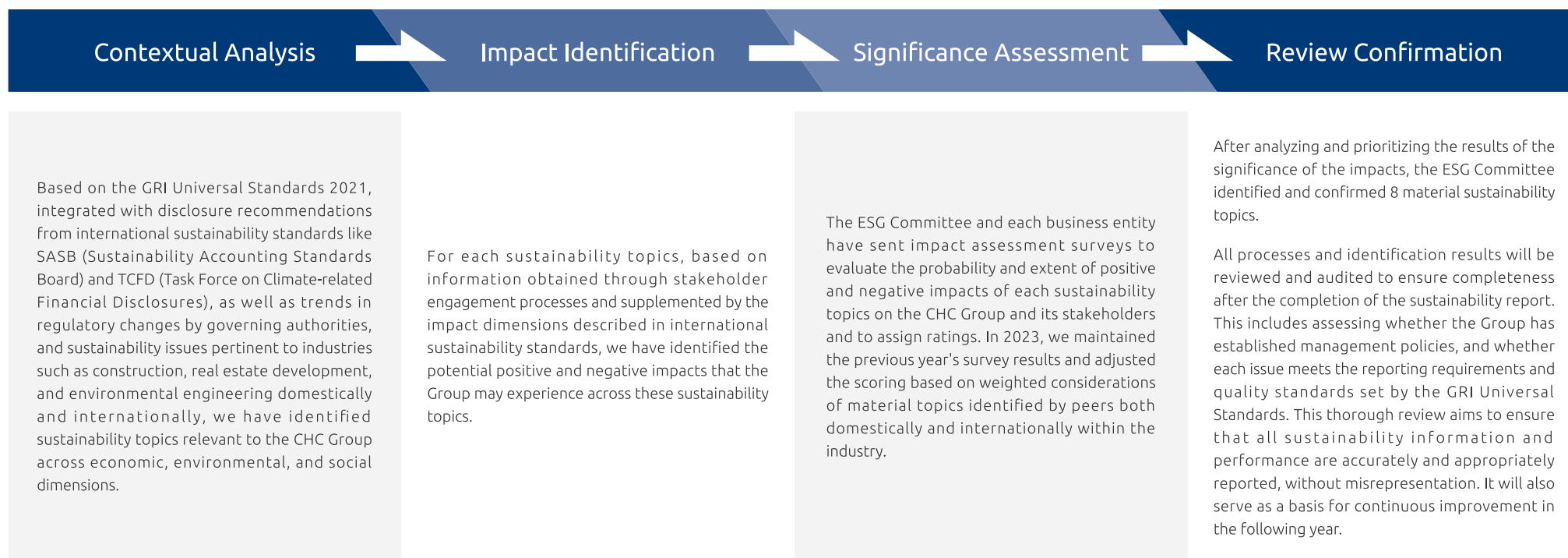
Stakeholder	Topic	Engagement Type and Frequency	2023 Major Engagement Activities
Shareholders/ Creditors/ Financial Institutions/ Investment Institutions	<ul style="list-style-type: none"> Sustainability Strategy Corporate Governance Financial Performance Risk Management 	<ul style="list-style-type: none"> Convene general shareholder's meeting annually Publish annual report, sustainability report, and quarterly results report on time Host quarterly results online conference call and participate in invited corporate briefings on an irregular basis Publish monthly revenue result press release and quarterly result press release Interact with investors through phone calls, emails, and/or meetings on an irregular basis Participate in ESG performance evaluations from domestic and international rating agencies 	<ul style="list-style-type: none"> Convened 1 AGM and 6 investor meetings (includes invited sessions) Published around 110 material information and nearly 25 press releases Participated in 4 ESG performance evaluations
Employee	<ul style="list-style-type: none"> Labor Relations and Benefits Workplace Safety Career Development and Training 	<ul style="list-style-type: none"> Hold labor relation meetings on quarterly basis to enhance employee-employer relations and to protect labor rights Setup diversified communication channels to provide employees with a transparent internal voice communication system Arrange Occupational Health and Safety training and construction worksite visits to create safety awareness within worksites Comprehensive talent development plan; Introduce online learning platform (iLearn) for learning without time and/or location restrictions Conduct employee engagement survey annually and employee interviews on an irregular basis 	<ul style="list-style-type: none"> Retrieved 91% of sent employee engagement survey Held various events such as Consensus Camps, Birthday Celebration, and Team Building Sessions, and implement Employee Engagement Plan and Employee Assistant Plan to maintain interaction and communication between Group employees Conducted a series of courses on crisis management and stakeholder communication to enhance employees' crisis management and response capabilities
Clients/ Consumers	<ul style="list-style-type: none"> Quality and Safety of Products and Services Personal Information Protection Marketing and Labeling 	<ul style="list-style-type: none"> Satisfaction survey and after-sales services <ul style="list-style-type: none"> ※ Conduct satisfaction survey for contractors ※ Conduct satisfaction survey at contract signing, handovers, and maintenance for home-buying customers Conduct house inspections and hold product and service seminars on an irregular basis Present the project progress to the clients through meetings 	<ul style="list-style-type: none"> Completed satisfaction survey and interview for contractors, covering civil, building, M&E of Construction Engineering Business and projects of Environmental Project Development and Water Treatment Business Completed satisfaction survey for home-buying customers, including projects for sale, handovers, and after-sales services this year Held community events featuring themes such as tea art, coffee, art, and building design for clients and their friends and family; a total of 135 people participated

Communication with Stakeholders

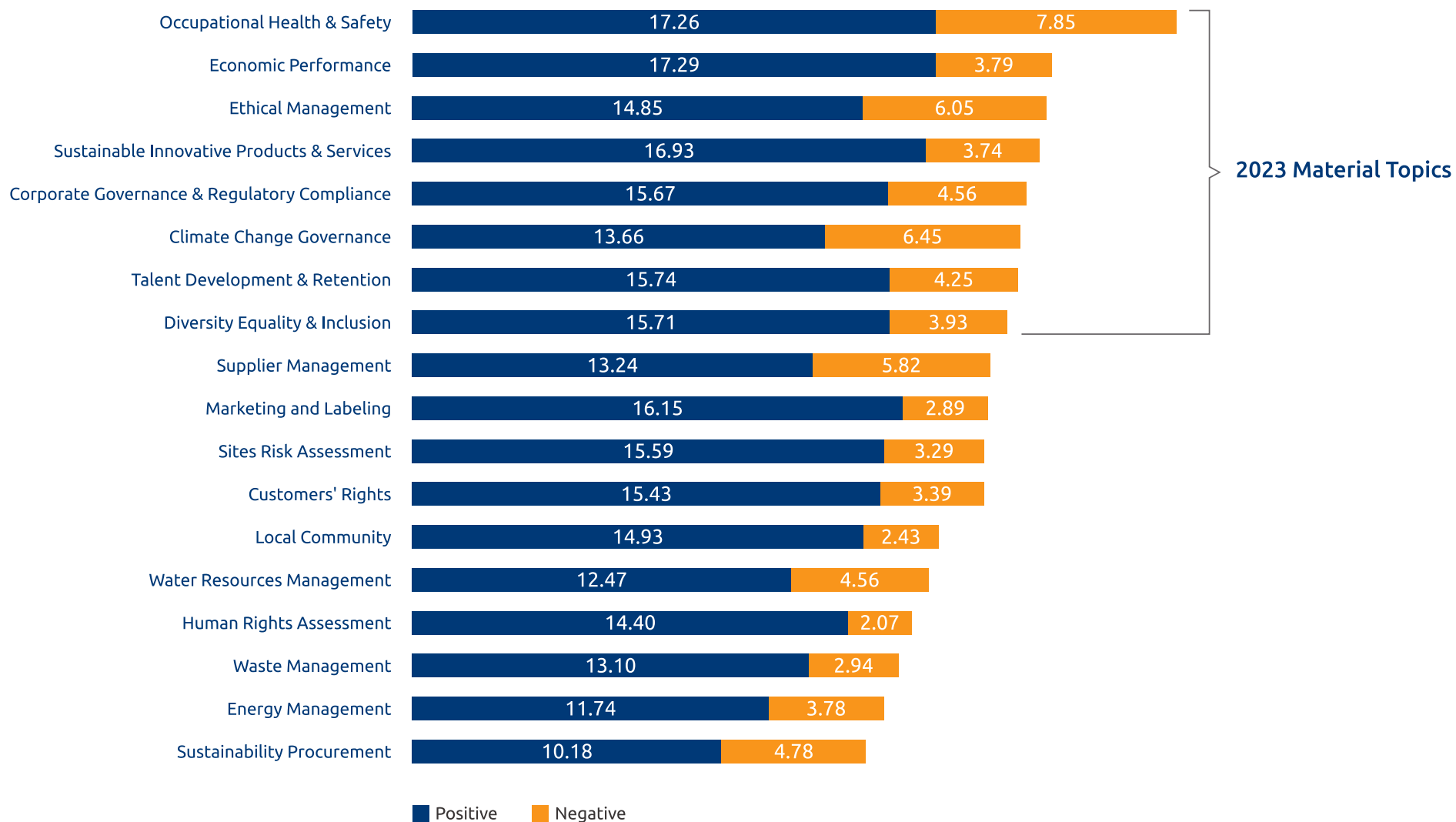
Stakeholder	Topic	Engagement Type and Frequency	2023 Major Engagement Activities
Suppliers/ Sub-Contractors	<ul style="list-style-type: none"> Supplier Evaluation Standard Safe and Healthy Work Environment Business Ethics and Integrity 	<ul style="list-style-type: none"> Hold education training and advocacy events on a regular basis Conduct site visits, phone interviews, and written communications on an irregular basis Hold seminars for suppliers on an irregular basis 	<ul style="list-style-type: none"> Completed annual supplier assessment evaluation Held excellence supplier evaluation event Held information sessions and actively communicate Occupational Health and Safety issues with suppliers
Government Authorities	<ul style="list-style-type: none"> Workplace Safety Regulatory Compliance Product Risks 	<ul style="list-style-type: none"> File petitions through associations for authorities' consideration Actively participate in authorities-hosted meetings and evaluations 	<ul style="list-style-type: none"> Group member companies joined a total of 40 associations Actively participated and exchanged opinions during authorities-held meetings Construction Engineering Business (CEC) has been selected as OHS SDGs Leading Corporate by Occupational Safety and Health Administration, Ministry of Labor, and has been invited to share practices in promoting workplace safety and health for employees
Media	<ul style="list-style-type: none"> Major Business and/or Financial Updates 	<ul style="list-style-type: none"> Hold at least 1 press conference or media gatherings per year Arrange media interviews and provide relevant information on an irregular basis 	<ul style="list-style-type: none"> 88 media interacted from holding media events or interviews by Group Member Companies; topic mainly focused on updates for Group business operations, wellbeing initiatives, and building design highlights During 1Q-3Q 2023, a total of 7,628 media exposure counts towards CHC Group members, and a total of 24,023 media exposure counts towards ongoing projects As of the end of September, the official website of CHC Group has reached a total of 2,044,595 visits; a total of 33,824 followers on social media, with bi-weekly interactions with followers
Community	<ul style="list-style-type: none"> Community Service Environmental Protection and Ecological Conservation 	<ul style="list-style-type: none"> Hold at least 1 open information session during environment assessment evaluation Hold construction milestone events, site visits, and information sessions, and participate in community services activities on an irregular basis Provide environmental and ecological education and maintain interactions with local residents through educational centers within operating sites 	<ul style="list-style-type: none"> Educational centers owned by Environmental Project Development and Water Treatment Business had held 143 environmental education sessions, with nearly 4,308 people participated

Identification Process of Material Topics

The Company follows the GRI Universal Standards 2021 edition, utilizing four main procedures—"Contextual Analysis, Impact Identification, Significance Assessment, and Review Confirmation"—to identify material topics. These processes involve analyzing global sustainability trends, relevant domestic and international industries, and sustainability issues of high concern to stakeholders. We identify potential positive and negative impacts of these issues, assess the probability and extent of impacts through internal investigations, and filter them into an annual list of material topics. Confirmation and decisions are made by the ESG Committee. The Company identified 18 sustainability issues and established 8 material sustainability topics in 2023. These topics serve as the basis for compiling and disclosing this report, aiming to comprehensively assess the effectiveness of the Group's sustainable operational governance.



Analysis Results for Material Topics



Impact Sources of Material Topics and Scope of Influence

Materiality	Topics	Importance of the Topic		Source of Impact			Scope of Influence					GRI Specific Indicator Topics	Corresponding Chapters
		Positive	Negative	Operations	Products and Services	Value Chain	CHC Group	Supplier/ Sub-Contractor	Client/ Consumer	Community	Environment		
Material	Economic Performance	✓		✓			✓	✓	✓			201 Economic Performance	I. Operations Management
Material	Corporate Governance & Regulatory Compliance	✓	✓	✓			✓	✓	✓	✓	✓	2 General Disclosure 2-27 Compliance with laws and regulations 417 Marketing and Labeling	II. Integrity and Pragmatism
Material	Ethical Management	✓	✓	✓		✓	✓	✓				205 Anti-corruption	II. Integrity and Pragmatism
Material	Sustainable Innovative Products and Services	✓		✓	✓	✓	✓	✓	✓		✓	416 Customer Health and Safety	III. Technological and Service Innovation
Material	Occupational Health and Safety	✓	✓	✓		✓	✓	✓				403 Occupational health and safety	IV. Safe Workplace
Material	Talent Development and Retention	✓		✓			✓					404 Training and Education	IV. Safe Workplace
Material	Diversity, Equality, and Inclusion	✓		✓			✓	✓		✓		401 Employment 405 Diversity and Equal Opportunity	IV. Safe Workplace
Material	Climate Change Governance		✓	✓	✓	✓	✓			✓	✓	305 Emissions	V. Environmental Sustainability

Sustainability Focus and Material Topic Management

Category	Aspect	Management Strategy/ Implementation Policy	Evaluation Mechanism	Goals Set for 2023	Achievements in 2023	Short-to-Mid Term Goals
Operations Management	Economic Performance*	<ul style="list-style-type: none"> Up-to-date financial risk assessment are conducted monthly to ensure that the company's operating and economic performance goals are achieved 	<ul style="list-style-type: none"> Monthly performance reports related to financial risk assessment are presented and discussed at the high-level management meetings 	<ul style="list-style-type: none"> Achieve annual operating goals 	<ul style="list-style-type: none"> The consolidated revenue in 2023 was NT\$30,607 million, the consolidated operating profit was NT\$2,173 million, the consolidated net profit was NT\$1,717 million with EPS of NT\$2.09 	<ul style="list-style-type: none"> Achieve annual operating goals
Integrity and Pragmatic	Corporate Governance* Ethical Management*	<ul style="list-style-type: none"> Audit Committee and Remuneration Committee are set up under the Board of Directors to assist the Board in performing their duties and supervisory functions Protect shareholders' rights and interests with transparent information disclosure Set various corporate governance-related standard operating procedures (SOPs) for compliance purposes 	<ul style="list-style-type: none"> Independent audit unit are set up and supervises the Group's various operating activities using internal audit code Conduct annual evaluation regarding Board performance to improve corporate governance effectiveness 	<ul style="list-style-type: none"> Continue with transparent disclosure of information and strengthen communication and interaction with stakeholders 100% of Group employees to sign Compliance Commitment Statement 100% of Group employees to participate in Business Ethics courses 100% of the newly contracted suppliers in the year to sign the business ethics statement and the conflict of interest questionnaire Improve risk control 	<ul style="list-style-type: none"> Stakeholder communication efforts were reported to the Board on December 15th, 2023 100% of Group employees signed Compliance Commitment Statement in 2023 100% of the Group's employees participated in the ethical management education and training this year 100% of the newly contracted suppliers this year signed the business ethics statement and the conflict of interest questionnaire This year, ISO 27001:2022 Information Security Management System certification was obtained. The Group had no information security incidents this year 	<ul style="list-style-type: none"> Continue with transparent disclosure of information and strengthen communication and interaction with stakeholders 100% of Group employees to sign Compliance Commitment Statement each year 100% of Group employees to participate in Business Ethics courses 100% of the newly contracted suppliers each year to sign the business ethics statement and the conflict of interest questionnaire Improve risk control continuously
	Regulatory Compliance*	<ul style="list-style-type: none"> Treat all stakeholders with integrity and honesty, as well as comply with the law and uphold the principle of fair competition. Require employees to treat the company's customers, competitors, and other workers with fairness For matters related to the provisions of laws and regulations, Legal Department shall research and provide recommendations according to laws and regulations, and shall consult external legal advisers when necessary The constructions or real estate projects should pass the environmental impact assessment according to laws and regulations, and are executed as planned 	<ul style="list-style-type: none"> Supervision is performed by the competent authority and other law enforcement units in accordance with the law Each company unit reports violations to the Legal Department for compilation, and later conduct statistics and evaluations of violations accordingly 	<ul style="list-style-type: none"> Major violation cases: 0 	<ul style="list-style-type: none"> The Group received no penalties or violations of laws or regulations related to marketing communications, information and labeling, customer safety, or customer privacy. Penalties were incurred for 40 cases involving occupational safety and waste, with a total fine of NT\$7,838,000, none of which met criteria for major violations. The main reason for the violations was flaws in protective measures and maintenance of the operating environment, all of which have been corrected 	<ul style="list-style-type: none"> Major violation cases: 0

Note: * is Material Topics for CHC Group in 2023.

Category	Aspect	Management Strategy/ Implementation Policy	Evaluation Mechanism	Goals Set for 2023	Achievements in 2023	Short-to-Mid Term Goals
Technological and Service Innovation	Sustainable Innovative Products & Services*	<ul style="list-style-type: none"> ● Increase the proportion of green building and smart building certification products, as well as to enhance building materials and equipment for a living space that is healthy and environmental-friendly ● Increase the adoption rate of green building materials in order to increase the proportion of green building material usage ● Focus on environmental protection and energy-saving design to improve the energy efficiency of new construction ● Residential products are equipped with electric vehicle charging systems to promote the symbiosis, co-prosperity and sustainable development of people, architecture, and the environment ● Expand the use of BIM technology in the project life cycle to ensure the implementation of product design and improve construction service efficiency ● Continuously develop innovative solutions to expand the application of low-carbon materials, construction methods, and equipment 	<ul style="list-style-type: none"> ● Review the proportion of applications for Green Building Candidate Certificate or those obtaining Green Building Label each year ● Check the number of certified products, including but not limited to green buildings, smart buildings, structure accreditation building, and barrier-free residential accreditation, etc ● Regularly review the proportion of green building materials used by the project ● Examine BIM technology implementation status during building design and construction stage ● Regularly review the feasibility and implementation status of innovative solutions 	<ul style="list-style-type: none"> ● 100% of building permit applications for properties on the 5th floor and above (inclusive) are to apply for Green Building Candidate Certificates ● At least 1 real estate development project acquires Smart Building Candidate Certificate each year ● For projects obtained building permit this year with lot size more than 1,653m², electric vehicle charging systems shall be installed in public parking spaces, and wiring space for charging station shall be reserved for customer's parking space ● The indoor green building material usage ratio for new building permit applications is 66%, while the outdoor ratio is 21% ● At least 1 building planning and design project is designed using BIM technology ● Identify and test an innovative solution 	<ul style="list-style-type: none"> ● One Green Building Candidate Certificates were acquired this year, with an achievement rate of 75%. As of the end of 2023, a total of 7 Green Building Candidate Certificates have been acquired so far, and the coverage rate of green building projects has reached 78% ● The achievement rate for this year was 100%, with 1 real estate development project acquiring Smart Building Candidate Certificate each year ● The achievement rate for this year was 100%. For all projects obtained building permit this year with lot size more than 1,653m², electric vehicle charging systems were installed in public parking spaces, and wiring space for charging station were reserved for customer's parking space ● This year, all newly applied building permit projects achieved a 100% rate of 66% indoor green building material usage and 21% outdoor usage ● The Group continued to use BIM technology in architectural design as well as construction planning and review, and the application covered different types of projects such as civil engineering and building construction ● This year, at least one innovative solution has been identified and tested, covering construction methods, materials, equipment, etc 	<ul style="list-style-type: none"> ● 100% of building permit applications for properties on the 5th floor and above (inclusive) are to apply for Green Building Candidate Certificates ● At least 1 real estate development project acquires Smart Building Candidate Certificate each year ● For projects obtained building permit this year with lot size more than 1,653m², electric vehicle charging systems shall be installed in public parking spaces, and wiring space for charging station shall be reserved for customer's parking space ● The indoor green building material usage ratio for new building permit applications is 70%, while the outdoor ratio is 23% ● Continuously expanding the application of BIM in the design, construction, and operational phases ● Continuously identifying and testing innovative solutions
	Customer Satisfaction	<ul style="list-style-type: none"> ● Perform regular satisfaction surveys on construction, handover, and maintenance ● Establish customer interactive groups to develop customer satisfaction standards, and design questionnaires ● Continuously developing digital community services to enhance the quality of customer service ● Implementing a building portfolio to uphold commitments and responsibilities to customers 	<ul style="list-style-type: none"> ● Satisfaction survey results and tracking ● Continuously conducting feasibility assessments of building portfolios, regularly reviewing customer feedback, and making improvements ● Continuously tracking the coverage rate of community service apps in newly handed-over residential communities 	<ul style="list-style-type: none"> ● Level of satisfaction regarding handovers: the company's actual performance is better than customer's expectations ● Level of satisfaction on maintenance: satisfaction > 4 points (out of 5 points) ● Level of satisfaction on construction: client NPS > 30 ● The community of newly handed-over properties is fully equipped with a community service app system ● Upon completion and handover in the project of Timeless and Modern Expression, we provide a building portfolio 	<ul style="list-style-type: none"> ● Level of satisfaction regarding handovers: average achievement rate of 100.6% ● Level of satisfaction on maintenance: 4.41 points on average ● Level of satisfaction on construction: client NPS of 71 ● In 2023, during the handover phase, 100% of the Timeless and Modern Expression and Drawing the Dream Life projects successfully implemented the community service app, achieving a 100% completion rate ● In 2023, the Timeless and Modern Expression project has successfully implemented and executed the building portfolio 	<ul style="list-style-type: none"> ● Level of satisfaction regarding handovers: the company's actual performance is better than customer's expectations ● Level of satisfaction on maintenance: satisfaction > 4.1 points (out of 5 points) ● Level of satisfaction on construction: client NPS > 60 ● The community of newly handed-over properties shall be fully equipped with a community service app system ● Each building portfolio shall be provided upon completion and handover of each project

Note: * is Material Topics for CHC Group in 2023.

Category	Aspect	Management Strategy/ Implementation Policy	Evaluation Mechanism	Goals Set for 2023	Achievements in 2023	Short-to-Mid Term Goals
Technological and Service Innovation	Marketing and Labeling	<ul style="list-style-type: none"> Conduct regular sales satisfaction surveys Adhere to the ethical business practice, the Group provides customers with products and services that comply with laws and regulations and are transparently labeled 	<ul style="list-style-type: none"> Satisfaction survey results and tracking Regularly check whether any complaints related to marketing and labeling have been received Regularly review the major penalties related to marketing and communications 	<ul style="list-style-type: none"> Level of satisfaction on sales: the company's actual performance is better than customer's expectations The pre-sale advertisements, architectural models, and model houses are 100% double-checked by the project manager and legal personnel before launch 	<ul style="list-style-type: none"> Level of satisfaction on sales: Average achievement rate of 102.7% Achievement rate of 100% as pre-sale advertisements, architectural models, and model houses are 100% double-checked by the project manager and legal personnel before launch 	<ul style="list-style-type: none"> Level of satisfaction on sales : the company's actual performance is better than customer's expectations The pre-sale advertisements, architectural models, and model houses are 100% double-checked by the project manager and legal personnel before launch
Safe Workplace	Diversity, Equality, and Inclusion*	<ul style="list-style-type: none"> Design a diversified welfare system and practice the core value of caring for employees Provide a salary plan that is internally fair and market competitive Promote the diversity, equality, and inclusion within the organization, and strengthen the understanding and respect for gender equality and different generations 	<ul style="list-style-type: none"> Conduct employee satisfaction surveys annually, and set up improvement plans accordingly Conduct regular salary market surveys to respond to changes in the external labor market in a timely manner Annual feedback on the diversity, equality, and inclusion week events 	<ul style="list-style-type: none"> Employee satisfaction survey response rate is over 80% Organize the "Diversity, Equality and Inclusion Week" events Conduct salary and welfare market surveys and competitive analysis Implement employee recognition program Offer flexible options for employee group insurance 	<ul style="list-style-type: none"> The employee satisfaction survey response rate was 91% in 2023 Completed the "Diversity, Equality and Inclusion Week" online events Completed salary market survey and competitive analysis Implemented employee recognition program 100% participation rate for employee group insurance 	<ul style="list-style-type: none"> Employee satisfaction survey response rate is over 80% Organize the "Diversity, Equality and Inclusion Week" events annually Conduct salary and welfare market surveys and competitive analysis annually Implement employee recognition program annually Offer flexible options for employee group insurance
	Talent Development and Retention*	<ul style="list-style-type: none"> Develop multiple recruitment channels, organize in-person/on-line recruitment activities, and recruit outstanding new talents Encourage young students to develop practical skills and enhance employment competitiveness through university collaboration and talent development programs Provide a variety of courses and resources through a digital learning management platform and create learning channels for internal experience and knowledge transfer Establish a creative and flexible learning environment, support and encourage the growth and development of every employee, and provide and maintain equal opportunities for employees Promote cross-team learning mechanism to cultivate, explore, and retain talents with potential 	<ul style="list-style-type: none"> The number of student internship opportunities provided and the number of scholarship winners each year Regularly review the frequency of platform usage, the number/quality of courses offered, and the popularity of the courses, as well as consider the employees' feedback on the platform functions and courses Review the implementation of the mentor program and the Young Engineers Conference annually to understand the quality and commitment of cross-team learning 	<ul style="list-style-type: none"> Provide 10 prizes for the Young Talents Scholarship Provide 40 student internships A total of 1,100 courses within online learning platform Achievement rate of more than 75% for annual training program 20 matches for mentors and trainees within the mentor program Continuous operation of the Young Engineers Conference, and complete annual plan 	<ul style="list-style-type: none"> 10 people awarded the Young Talent Scholarship Provided 84 student internship opportunities, an increase of 35% annually A total of 1,322 courses within online learning platform Achievement rate of more than 87% for this year's training program Completed 18 matches for mentors and trainees within the mentor program Achievement rate of 100% for the Young Engineers Conference 	<ul style="list-style-type: none"> Provide 25 prizes for the Young Talents Scholarship Provide 40 student internships A total of 1,200 courses within online learning platform Achievement rate of more than 75% for annual training program 20 matches for mentors and trainees within the mentor program Continuous operation of the Young Engineers Conference, and complete annual plan

Note: * is Material Topics for CHC Group in 2023.

Category	Aspect	Management Strategy/ Implementation Policy	Evaluation Mechanism	Goals Set for 2023	Achievements in 2023	Short-to-Mid Term Goals
Safe Workplace	Occupational Health and Safety*	<ul style="list-style-type: none"> Develop IT application tools to strengthen the health and safety management of the workplace Improve the convenience of individual's health management through the health information management platform Establish a road map for physical and mental balance development, and develop employees' physical and mental balance assistance programs, to promote the physical and mental balance of employees Maintain the certification of the ISO 45001 occupational safety and health management system, and continue to optimize the intensity of on-site safety and health management Organize safety and health promotion activities regularly to strengthen the workers' safety awareness and increase their adaptability in the construction environment Promote the safety culture program and integrate safety into management practices by strengthening the leadership of senior managers, enhancing the safety and health management of contractors, improving the safety and health management capabilities of mid-level managers, and encouraging the participation of all employees in the program 	<ul style="list-style-type: none"> Establish safety and health performance measurement standards, including goals such as the frequency of disabling injuries, safety commitments from supervisors, and OHS awareness for all employees Whether there are any incidents that may interrupt operations ISO/CNS 45001 validity 	<ul style="list-style-type: none"> Inspections by supervisors of construction units: CEC \geq 4.7 times, HDEC Corp \geq 4.6 times Average improvement on flaws: CEC \geq 4 times, HDEC Corp \geq 6 times Disability injury frequency rate (DIFR) : CEC \leq 0.74, HDEC Corp \leq 0.78 Maintain the validity of ISO/CNS 45001 certification Develop 1 OHS technology management equipment or technique 	<ul style="list-style-type: none"> Inspections by supervisors of construction units: CEC = 8.1 times, HDEC Corp = 4.6 times Average improvement on flaws: CEC = 13.3 times, HDEC Corp = 10.6 times In 2023, the disability injury frequency rate (DIFR) of the Group's employees was 0.70, and the total disability injury frequency rate (DIFR) including non-employees was 0.79 ISO/CNS 45001:2018 certification remained valid in 2023 Successfully developed 1 OHS technology management equipment –Automated equipment for preventing thermal hazards 	<ul style="list-style-type: none"> Inspections by supervisors of construction units: CEC \geq 5.7 times, HDEC Corp \geq 4.8 times Average improvement on flaws: CEC \geq 6 times, HDEC Corp \geq 12 times Disability injury frequency rate (DIFR) : CEC \leq 0.68, HDEC Corp \leq 0.74 Maintain the validity of ISO/CNS 45001 certification Develop 1 OHS technology management equipment or technique each year

Note: * is Material Topics for CHC Group in 2023.

Category	Aspect	Management Strategy/ Implementation Policy	Evaluation Mechanism	Goals Set for 2023	Achievements in 2023	Short-to-Mid Term Goals
Environmental Sustainability	Climate Change Governance*	<ul style="list-style-type: none"> Replace and upgrade equipment, with a priority on purchasing models equipped with variable frequency control to enhance energy efficiency Implement an energy management system and actively optimize the energy-saving operational mode of the operating plant Develop the Group's carbon management strategies and action plans Evaluate the investment in renewable energy related businesses Evaluate the biogas power generation and reuse options Increase the generation and utilization of renewable energy Continuously refine the establishment standards of energy-saving site offices and gradually optimize energy efficiency 	<ul style="list-style-type: none"> Regularly monitor energy usage, track and improve energy efficiency Regularly review the effectiveness of the reduction in electricity consumption for wastewater treatment and reclaimed water treatment Regularly monitor the biogas production Regularly track the implementation progress of biogas power generation and biogas reuse plans Regularly review equipment energy efficiency and track improvements Regularly calculate the production and usage of renewable energy Regularly track the implementation of the Group's carbon management action plans 	<ul style="list-style-type: none"> Each water resource center achieves biogas production and reuse annual target Each water resource center achieves the annual target of electricity consumption per unit of wastewater treatment Each water resource center achieves the annual target of electricity consumption per unit of reclaimed water treatment Each work station implements an annual energy-saving plan and establishes reduction targets for the coming year Review the implementation effectiveness of electricity management in each project and setting improvement goals Continue to conduct the performance verification as well as review and adjust the construction standards for energy-saving site offices According to the group's greenhouse gas inventories and verification plan, complete the annual greenhouse gas inventory and verification, and continuously improve the greenhouse gas emission management mechanism 	<ul style="list-style-type: none"> Each water resource center achieved the 2023 target of biogas production, and the Group's achievement rate of biogas production was 128.67%; the Group's biogas reuse rate was 61.33%, an achievement rate of 135.06% The Group's electricity consumption per unit of wastewater treatment was 0.33 kWh/metric ton, which was better than the annual target. However, the electricity consumption for wastewater treatment per unit at the Anping Water Resource Center was slightly higher than the target The Group's electricity consumption per unit of reclaimed water treatment was 0.79 kWh/metric ton, which was better than the annual target In the year 2023, the group's site offices' energy-saving plan collectively saved 18,132 kWh of electricity The assessment of electricity management effectiveness for each project has been completed, and improvement goals for the following year have been set. Continuous optimization of energy management is ongoing This year, continuous performance verification of energy-saving site offices was conducted, and plans for the following year are being developed The Group's headquarter building and Linhai Water Resource Center obtained the ISO 14064-1:2018 greenhouse gas verification statement, which were verified by SGS 	<ul style="list-style-type: none"> Each water resource center achieves biogas production and reuse annual target Each water resource center achieves the annual target of electricity consumption per unit of wastewater treatment Each water resource center achieves the annual target of electricity consumption per unit of reclaimed water treatment Each work station implements energy-saving improvements annually Each project annually reviews the effectiveness of electricity management and sets improvement goals for the following year Continue to conduct the performance verification for energy-saving site offices Complete the annual greenhouse gas inventory and continue to improve the greenhouse gas emission management mechanism in accordance with the ISO 14064-1:2018 standard

Note: * is Material Topics for CHC Group in 2023.

Category	Aspect	Management Strategy/ Implementation Policy	Evaluation Mechanism	Goals Set for 2023	Achievements in 2023	Short-to-Mid Term Goals
Environmental Sustainability	Circular Economy and Resource Management	<ul style="list-style-type: none"> ● Apply formwork system construction method to optimize the construction process, improve the efficiency of resource utilization, and reduce the negative impact towards environment ● Promote green procurement by introducing products and services that embrace circular economy principles and modular design ● Promote waste classification, recycling, and reduction actions ● Use technology to develop and design a low-consumption, high-efficiency operation model ● Use the best available technology to treat Taiwan's domestic and industrial wastewater to promote sustainable usage for water resource ● Develop reclaimed water recycling schemes to improve water use efficiency 	<ul style="list-style-type: none"> ● Regularly review the adoption rate of formwork system ● Review the annual green procurement implementation status ● Regularly inspect the ammonia nitrogen treatment efficiency in effluent treatment and reclaimed water processes ● Regularly review the recycling rate of reclaimed water ● Regularly review the performance of waste reduction 	<ul style="list-style-type: none"> ● The adoption rate of formwork system for projects meets annual target ● Each water resource center meets the sludge reduction annual target ● Each water resource center meets the wastewater ammonia nitrogen treatment annual target ● Each water resource center meets the recycling rate of reclaimed water annual target ● Each water resource center meets the annual targets for reclaimed water supply volume and reclaimed water system recovery rate 	<ul style="list-style-type: none"> ● This year, the adoption rate of formwork system has been continuously promoted based on construction progress. However, delays in the progress of certain projects have resulted in the adoption rate of formwork system not meeting expectations ● The Group's sludge reduction totaled 5,363.77 metric tons, with an achievement rate of 118%. Among all water resource centers, Anping Water Resource Center failed to meet the annual target due to equipment malfunction ● This year, Ciaotou and Anping Water Resource Centers did not meet the set targets for ammonia nitrogen treatment. However, the efficiency of ammonia nitrogen treatment still exceeds legal requirements ● The Group's recycling rate of reclaimed water was 54% in 2023, an increase of 20 percentage points compared to the previous year ● The Group achieved a 116.14% attainment rate for recycled water supply, with a recycling rate of 65.53% for the recycled water system 	<ul style="list-style-type: none"> ● Continuously increase the use of formwork system ● Each water resource center meets the sludge reduction annual target ● Each water resource center meets the wastewater ammonia nitrogen treatment annual target ● Each water resource center meets the recycling rate of reclaimed water annual target ● Each water resource center meets the annual targets for reclaimed water supply volume and reclaimed water system recovery rate
	Local Community	<ul style="list-style-type: none"> ● Actively participate in community care and establish a good channel for community interaction ● Organize site visits and exchange engineering experience and technical know-how with industry peers, authorities, and academia ● Hold briefing sessions to allow nearby residents to understand the situation regarding construction and supporting measures ● Promote community service plans and encourage employee participation 	<ul style="list-style-type: none"> ● Establish a record of related activities, keep track of the input and output and feedback, and regularly review the implementation results 	<ul style="list-style-type: none"> ● Continue to promote and enhance local care, implement annual community participation plan, and review the results from the previous year ● Participate in adoption of sidewalks around the Group's projects 	<ul style="list-style-type: none"> ● A total of 279 community activities were held in 2023, with a cumulative investment of over NT\$ 10.03 million dollars and 10,320 hours of manpower, growing by 52% and 27% respectively compared to the previous year ● Adopted 2 sidewalks in 2023, with achievement rate of 100%; As of end of 2023, the Group adopted 5 sidewalks 	<ul style="list-style-type: none"> ● Continue to promote and enhance local care, implement annual community participation plan, and review the results from the previous year ● Participate in adoption of sidewalks around the Group's projects
Prosperous Community	Environmental Education	<ul style="list-style-type: none"> ● Promote environmental education and certification for environmental educational facilities, incorporate the concept of water resources protection into local education 	<ul style="list-style-type: none"> ● Count the number of environmental education sessions and the number of visitors, collect feedback from the event to plan/adjust the content of the event accordingly 	<ul style="list-style-type: none"> ● Plan for the Linhai Water Resource Center to pass the Environmental Education Facility Certification ● Hold a total of at least 65 events related to environmental education 	<ul style="list-style-type: none"> ● The planning for the Linhai Water Resource Center to pass the Environmental Education Facility Certification was completed, and the certification application process started ● The Group hosted 143 sessions of environmental education activities in 2023 	<ul style="list-style-type: none"> ● Continue to promote the Environmental Education Facility Certification for water resource centers ● Hold a total of at least 99 events related to environmental education

Note: * is Material Topics for CHC Group in 2023.



II. Integrity and Pragmatism



The proportion of female board members in the Company is 43%, which is higher than the average proportion of female directors in all TWSE listed companies, which is 16.79%



Results of the Board's internal performance evaluation: The performance of the Board, Functional Committees, and Individual Board Members all met expectations



In 2023, the completion rate for the "Conflict of Interest Disclosure Questionnaire and Statement" among board members, the "Business Ethics Compliance Commitment Statement and Questionnaire" among group employees, and the "Declaration of Compliance & Questionnaire (Supplier)" for newly contracted suppliers reached **100%**



The participation rate in ethical management education training in 2023 for the Group's employee has reached **100%**



In 2023, the total training hours for human rights education reached 2,250 hours, representing a growth of 57% compared to the previous year. The total training hours for information security amounted to 3,818 hours, which is a growth of more than five times compared to the previous period



Obtained ISO 27001:2022 Information Security Management System certification in 2023



The Group did not experience any information security incidents, nor did it receive any complaints regarding customer privacy violations in 2023



The Group did not experience any significant violations in economic, social, or environmental aspects in 2023

2023 Goals

100% signing rate for the Group employees' "Business Ethics Compliance Commitment Statement and Questionnaire"

100% participation rate in ethical management courses for the Group employees

0 cases for major violations

100% signing rate for Declaration of Compliance & Questionnaire (Supplier) for newly contracted

2023 Achievements

Achieved

Achieved

Achieved

Achieved

2024 Goals

100% signing rate for the Group employees' "Business Ethics Compliance Commitment Statement and Questionnaire"

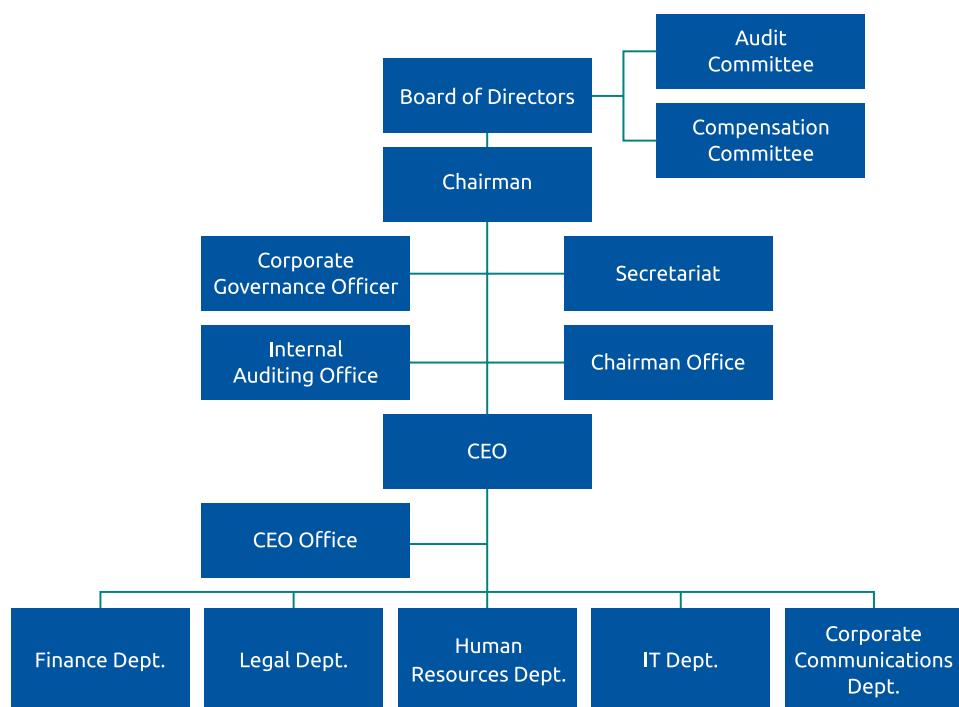
100% participation rate in ethical management courses for the Group employees

0 cases for major violations

100% signing rate for Declaration of Compliance & Questionnaire (Supplier) for newly contracted

2-1 Operational Governance

Corporate Governance Structure



The Company adheres to the principles of integrity in business operations and prioritizes safeguarding the rights and interests of stakeholders. We have implemented effective governance structures and robust regulatory frameworks to strengthen corporate governance.

To strengthen the decision-making and oversight functions of the Board of Directors, Audit and Compensation Committees composed of independent directors have been established under the board. These committees assist the board in fulfilling its duties and monitoring functions. The Audit Committee, along with independent directors, may also exercise the powers of supervisors as stipulated in Article 14-4 of the Securities and Exchange Act.

The Company continuously enhances information disclosure and establishes communication channels for stakeholders to safeguard the rights and interests of stakeholders. This ensures timely and appropriate disclosure of information that may affect stakeholders' decision-making.

The management team of the Company is fully authorized by the Board of Directors to drive various operational activities and achieve business objectives, thereby enhancing the overall value of the enterprise. In addition, the Company utilizes an internal control system to ensure that internal regulations comply with the guidelines for establishing internal control systems for publicly traded companies. Furthermore, CHC operates in accordance with laws, [internal regulations, and systems](#) to effectively manage financial and operational risks.

The Company has established a "Corporate Governance Principles," approved by the Board of Directors, which upholds the principles of integrity and transparency in operations, aiming to strengthen board functions, protecting shareholders' rights, and respecting stakeholders' interests, thereby enhancing the corporate governance system. In 2023, in compliance with the "Corporate Governance Principles for TWSE Listed Companies," CHC revised the corporate governance relationships with related parties. This included clarifying regulations governing financial transactions or dealings between the company and related parties or shareholders, and simultaneously updating the scope of conflict of interest avoidance.



Related Regulations

- Articles of Incorporation
- Corporate Governance Principles
- Code of Conduct
- Code of Ethics and Business Conduct
- Group Risk Management Policy
- Group Information Technology Policy
- Group Occupational Health and Safety Policy
- Rules of Procedure for Shareholders Meetings
- Rules for the Election of Directors
- Rules of Procedure for Board of Directors Meeting
- Regulation of Self-Evaluation of the Board of Directors
- Charter of Audit Committee
- Charter of Compensation Committee
- Group Guidelines for Handling Whistleblowing Cases
- Group Guideline for Anti-Insider Trading Management
- Procedures for Asset Acquisition and Disposal
- Procedures for Loaning of Funds to Others and Making of Endorsements / Guarantees

Operation of Board of Directors

| Succession Planning for Board Members

The Board of Directors has established a comprehensive, rigorous, and transparent succession planning process for board members. The selection of directors, unless otherwise specified by laws or regulations, follows the Company's director election procedures to ensure the continuity of expertise and experience within the board. The sources and selection methods for board member candidates are as follows:

- Engage external organizations or consultants to recommend suitable board candidates
- Corporate shareholders and current directors recommend suitable candidates

- Nomination and recommendation of director candidates by shareholders holding 1% or more of shares
- Selection of suitable candidates based on the Company's operational development direction
- Refer to the independent directors' talent database to search for suitable candidates for board membership in the Company
- Use board performance evaluation results as basis for nominating directors for reappointment

Compile the list of director candidates obtained through the aforementioned methods into the Company's director talent database, as a reference for succession planning. Coordinate with the director nomination schedule and submit for board review.

The election of directors of the Company, in addition to being conducted in accordance with laws, regulations, or the Articles of Incorporation, and the Company's "Rules for the Election of Directors", is also based on the Company's board diversity policy to select director candidates. Candidates for members of the Board of Directors are selected based on their required professional background and expertise, taking into account company needs, diversity policies, and succession planning discussions. Nominees are proposed for election by the shareholders' meeting upon resolution by the Board of Directors.

| Board Members Diversity

The 5th term of the Board of Directors of the Company consists of seven directors, including three independent¹ directors. All three independent directors have served less than three terms. The Company places a strong emphasis on the diversity of industry backgrounds and personal attributes among Board members. Article 21 of Corporate Governance Principles stipulates that the composition of the Board of Directors should consider diversity, taking into account the company's business operations, business model, and developmental needs to formulate appropriate diversity principle. Specific objectives are set to:

Note1: Please refer to pages 12-13 of the Annual Report 2023 for information on the Board of Directors, or visit the Board of Directors section on the Company's website at <https://www.continental-holdings.com/zh/investor-relations/corporate-governance/board-of-directors/>

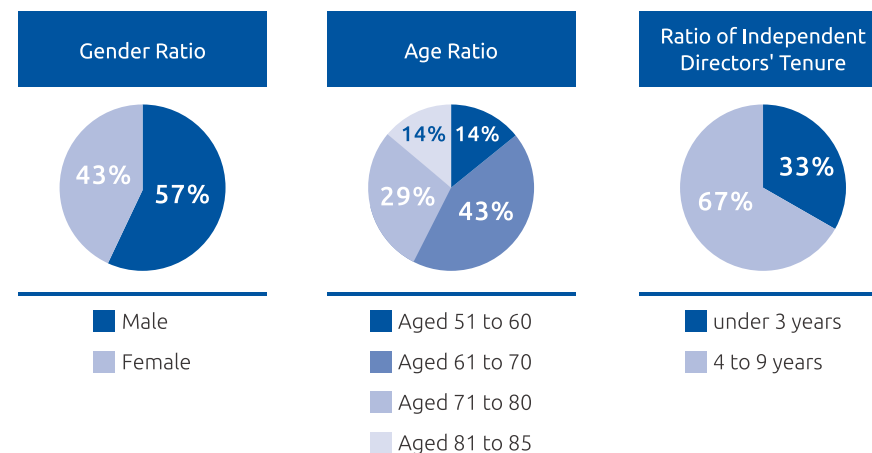
1. The Board of Directors is composed of experts with backgrounds in industries, finance, accounting, and management. Members of the Board possess expertise in investment holding, business, construction, and finance and accounting, with 60% of the seats in these respective professional fields.
2. There are at least two independent directors whose tenure does not exceed three terms.
3. Maintain or increase the number of female directors to at least three seats, with one of them serving as an independent director.

In the future, the diversity policy for Board members will be extended from the existing framework. In addition to professional backgrounds and expertise in company operations and business planning, candidates will also be selected based on their alignment with the company's strategic development needs.

The current members of the Board of Directors possess diverse professional backgrounds including accounting, business, financial holding, law, finance, financial management, multinational enterprise management, and construction. They each bring expertise in operational judgment, financial analysis, business administration, crisis management, international market perspective, and leadership decision-making capabilities, all of which contribute to the effective functioning of the Board. The Company also values gender equality in the composition of the Board of Directors. Currently, there are three female members on the Board, representing 43% of the Board composition. This percentage exceeds the proportion of female directors of TWSE listed companies², demonstrating our Board's commitment to gender equality through concrete actions.

The members of Board of Directors do not concurrently hold positions as employees of the Company. In 2023, a total of 5 board meetings were held, with all directors personally attending each meeting. The attendance rate reached 100%.

Note2: According to the Financial Supervisory Commission's 2023 public disclosure on corporate board gender analysis, as of the end of 2023, there were 2,899 female directors (including independent directors), accounting for 16.79%. This proportion is lower compared to male directors, totaling 14,365 (83.21%). The gender ratio of female to male directors is approximately 1:4.96.



Diversity		Professional Background and Ability											
Name		Law	Technology	Accounting	Financial Holding	Commerce	Construction	Operational Judgment	Financial Analysis	Business Administration	Crisis Management	International Market Perspective	Leadership & Decision-making
Nita Ing	Chairman				✓	✓	✓	✓	✓	✓	✓	✓	✓
Helena Kuo	Director			✓	✓	✓		✓	✓	✓	✓	✓	✓
Hsiung Chiang	Director					✓	✓	✓	✓	✓	✓	✓	✓
John Huang	Director			✓		✓		✓	✓	✓	✓	✓	✓
Frank Juang	Independent Director	✓	✓	✓		✓		✓	✓	✓	✓	✓	✓
Allen Lee	Independent Director			✓		✓		✓	✓	✓	✓	✓	✓
Jolien Shu	Independent Director			✓		✓		✓	✓	✓	✓	✓	✓

| Management Status of Conflicts of Interest among Board Members

To implement the CHC Group's Code of Conduct, the "Conflict of Interest Disclosure Questionnaire and Statement" was established in 2021. All board members complete the questionnaire and sign the declaration annually to ensure the identification, prevention, and management of conflicts of interest. In the event that a director has a conflict of interest, the matter shall be handled in accordance with the applicable regulations.

In 2023, all directors signed the "Conflict of Interest Disclosure Questionnaire and Statement," agreeing to strictly comply with the Company Act, the Securities and Exchange Act, and the company's internal regulations regarding the avoidance of directors' conflicts of interest. **None of the directors had any conflicts of interest concerning the company's business in 2023.**

| Continuing Education / Training of Directors

In response to changes in internal and external environments and development needs, the Company provides directors with resources for further education and regularly organizes training sessions to enhance their professional knowledge. The management team is also invited to participate in these training sessions, which cover social, economic, and environmental aspects. Topics include regulatory updates, corporate governance, economic and technological development trends, risk management, corporate social responsibility, climate change, and sustainability development. In 2023, the training focused on global economic trends and sustainable business governance, as detailed below:

1. The role and responsibilities of the board of directors in ESG and climate governance/ Rikki Stancich, Director, Deloitte New Zealand.
2. Recent developments in Taiwanese civil criminal litigation cases regarding the fiduciary duty of directors and managers/ Marc Meng, Lawyer, K&L Gates.

In 2023, all directors completed more than six hours of training, fully complying with the required training hours stipulated in the Guidelines for the Implementation of Continuing Education for Directors and Supervisors of TWSE/TPEX Listed Companies. For detailed information on the training, please refer to pages 24 and 25 of Annual Report 2023 of the Company.

| Board Performance Evaluation

To enhance corporate governance and the effectiveness of the Board of Directors, the Company

has established the "Regulation of Self-Evaluation of the Board of Directors," which ensures that at least one internal board performance evaluation is conducted annually, and an external performance evaluation is conducted at least once every three years. The evaluation scope includes the overall board, individual board members, and functional committees

· External Board Performance Evaluation

The Company's most recent external board performance evaluation was conducted in September 2022 by "EY Business Advisory Services Inc.", which assessed the performance of the Company's Board. The firm's experts have no business dealings with and maintain independence. The board performance evaluation report was issued in November 2022. The overall performance of the Company's Board of Directors was assessed as "benchmark" according to the evaluation results, which were reported to the Board in December 2022. For details on the implementation and improvement suggestions provided to the Board, please visit the "Corporate Governance" section on the Company's official website.

· Internal Board Performance Evaluation

The Company conducts internal board performance evaluations using various assessment indicators across different dimensions to gauge directors' alignment with the assessment criteria and provides recommendations for each evaluation facet. Emphasis is placed on assessing whether the overall Board of Directors, Functional Committees, and individual directors meet expected performance levels, as well as identifying key areas for continuous improvement and recommendations. The evaluation results are presented to the Compensation Committee and the Board of Directors. The Board uses these results to continuously enhance board effectiveness and director nominations.

In 2023, the assessment results for the Board of Directors, Functional Committees (Audit Committee and Compensation Committee), and individual board members met expectations.

Board of Directors' Performance Evaluation	Individual Board Members' Performance Evaluation	Functional Committees' Performance Evaluation
Evaluation Indicators: <ul style="list-style-type: none"> • Degree of Involvement in Company Operations. • Enhancement of the quality of the Board's decision-making. • Composition and responsibility awareness of the Board of Directors. • Election and continuing knowledge development of Board Members. • Internal control. 	Evaluation Indicators: <ul style="list-style-type: none"> • Managing Company's goals and tasks. • Awareness of directors' duties and responsibilities. • Degree of Involvement in Company Operations. • Internal relationship management and communication. • Directors' expertise and continuing knowledge development. • Internal control. 	Evaluation Indicators: <ul style="list-style-type: none"> • Degree of Involvement in Company Operations. • Enhancement of the quality of Functional Committees' decision-making. • Composition and responsibility awareness of Functional Committees. • Election and continuing knowledge development of Committee Members. • Internal control.

> Overall Board Performance

The entire Board of Directors highly appreciates the Board's commitment to enhancing decision-making quality. All resolutions have been thoroughly discussed, and directions for operational improvement as well as risks to be mindful of have been provided to the management team. All directors affirmed the chairman's suitability in conducting proceedings, managing agenda items, and fostering member interactions. Independent directors are assured of freedom from undue interference and potential pressures, enabling them to express opinions freely and exercise their duties independently. Overall, the Company's board of directors system is well-established, information transparency complies with laws and regulations, the composition of members is diverse and complementary, enabling the board to function effectively. The overall performance of the Board of Directors meets directors' expectations.

> Functional Committees Overall Performance

Independent directors acknowledge the effective functioning of the Audit Committees and Compensation Committees, fulfilling the anticipated roles of their committee members. Independent directors expect that amidst significant environmental risk variables, senior

management will proactively provide deeper analysis of the company's operational conditions. This approach will enable the Audit Committee to gain a more thorough understanding of potential risks to the company.

> Individual Board Members' Overall Performance

All directors highly acknowledge their responsibilities as directors and the regulations they should adhere to, emphasizing supervision and implementation across all aspects of internal control systems. They also place significant importance on continuous development of their professional knowledge. All board members affirmed the Board's well-established operational system and transparency of information. They also acknowledge that all board members fully comply with the regulations governing the exercise of their duties. The composition of the Company's board of directors encompasses diverse professional backgrounds, allowing each member to provide different perspectives relevant to their respective fields during board discussions and decision-making processes.

| Corporate Governance Officer

To enhance the corporate governance framework and strengthen the functions of the Board of Directors, the Company established a Corporate Governance Officer in 2021, who reports directly to the Chairman. The Corporate Governance Officer is the highest executive responsible for corporate governance affairs. Their main responsibilities include, but are not limited to, handling legal matters related to the board of directors and shareholders' meetings, assisting directors in appointment and continuing education, ensuring directors' compliance with laws and regulations, reporting to the board on the eligibility of directors under relevant laws and regulations during nomination, election, and tenure, and handling other matters stipulated in the Articles of Incorporation or contracts. Additionally, they coordinate with the secretariat and relevant departments to further strengthen the corporate governance framework based on existing company practices and in reference to corporate governance standards and best practices, thereby advancing the planning and execution of corporate governance activities. There were 12 hours of training in 2023, covering topics such as corporate sustainability, corporate governance, risk management, regulatory revisions, and climate governance.

Functional Committees

| Audit Committee

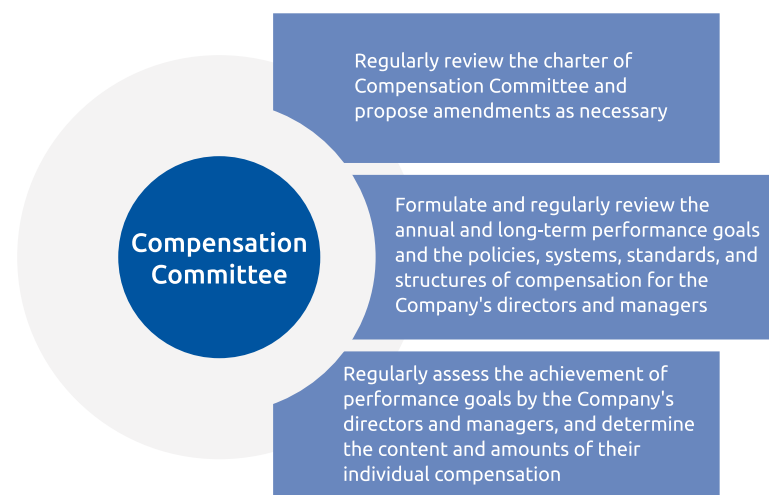
The Audit Committee of the Company consists of three independent directors. For the 5th term of the Audit Committee, all members elected Allen Lee Independent Director as the convener. In addition to adhering to the Company Act, Securities and Exchange Act, and other guidelines and regulations issued by regulatory authorities, the Company has established Charter of Audit Committee, primarily for the purpose of overseeing the following matters:



The Audit Committee held a total of 5 meetings with a 100% attendance rate from all Audit Committee members in 2023.

| Compensation Committee

The Compensation Committee of the Company is composed of three independent directors. In the 5th term of the Compensation Committee, all members elected Frank Juang Independent Director as the convener. The committee operates in accordance with legal requirements and Article of Incorporation, and the Company has established charter of Compensation Committee. Its primary responsibilities are as follows:



The Compensation Committee held a total of 4 meetings, with a 100% attendance rate from all committee members in 2023.

2-2 Ethical Management

Ethical Management Policy and Commitment

The Company has established the "Code of Ethics and Business Conduct," "Code of Conduct," and "Group Guideline for Anti-Insider Trading Management," all of which have been approved by the Board of Directors, defining the standards and precautions that employees at all levels of the group must adhere to while carrying out various business activities. They clearly stipulate that directors, supervisors, managers, and all employees should uphold the principles of honesty and integrity, comply with professional standards, and strictly adhere to laws related to insider trading prevention and handling of confidential business information. In 2023, the "Code of Group Ethics and Business Conduct" was renamed to the "Code of Ethics and Business Conduct," with the inclusion of scenarios for conflict of interest avoidance and related conflict of interest management mechanisms. The "Group Guidelines for Handling Whistleblowing Cases" were revised to centralize the management of whistleblowing channels, enhancing the effectiveness and transparency of the whistleblowing system. Additionally, the "Code of Conduct" was amended to adjust the principles for handling conflicts of interest and to establish regulations for managing conflicts of interest. The Employee Work Rules also require avoiding conflicts of interest, complying with insider trading prevention regulations, and prohibit engaging in fraud, accepting bribes, or soliciting kickbacks. Additionally, the CHC Group requires its suppliers to adhere to its integrity management policy. The audit unit regularly conducts audits of the promotion and management of the integrity management policy, including internal and external advocacy and communication, requirements and management of business counterparts, and other related activities to understand and evaluate the implementation and effectiveness of the ethical management policy.

The Company requires all group employees to sign a "Business Ethics Compliance Commitment Statement and Questionnaire" annually. This mandates that all employees adhere to the Code of Ethics and Business Conduct and the Code of Conduct, uphold principles of honesty

and integrity, and comply with professional standards in their business conduct. Any illegal or dishonest behavior is strictly prohibited. Annually, the Company conducts a survey to determine if group employees are involved in potential conflicts of interest. All employees are required to proactively inform the company of any such situations and to handle them or abstain in accordance with regulations through appropriate measures. This approach effectively prevents, manages, and prevents improper influence. If there is a potential conflict of interest situation, it will be handled according to the related party transaction management regulations and avoided accordingly. **In 2023, a total of 1,865 employees of the group signed the Business Ethics Compliance Commitment Statement and Questionnaire, achieving a signing rate of 100% and meeting the annual target.**

Communication of Ethical Management Philosophy

In accordance with Article 17 of the Code of Ethics and Business Conduct, the Company has designated the ESG Committee - Corporate Governance as the dedicated unit responsible for ethical management within the CHC Group. This committee is convened by the Vice President of the Legal Department and is tasked with promoting and overseeing the Group's ethical management policies and action plans. The committee regularly reports to the Board of Directors and its main responsibilities include:

1. Assist in integrating integrity and ethical values into company business strategies, and collaborating on policy development to establish anti-fraud measures.
2. Assist each department in embedding measures to prevent dishonest conduct into their management mechanisms and procedures.
3. Plan internal organizational department to establish supervisory and control mechanisms for business activities with higher risks of dishonesty.

4. Promote and coordinate integrity policy advocacy and training activities.
5. Plan a whistleblowing and reporting system to ensure the implementation of ethical management policies.
6. Assist in assessing the effectiveness of preventive measures, discuss improvement plans, and prepare relevant documentation on policy implementation effectiveness and compliance status.

The ethical management dedicated unit reported to the Board of Directors on November 10, 2023, regarding the implementation status of ethical management for the 2023.

To ensure that all employees fully understand the Group's ethical management principles and implement them in their daily business activities, the following training courses were conducted in 2023:

Topic of Course	Contents	Targets	Hours
Ethical Management, Anti-Corruption, and Corporate Governance (physical classroom)	Creating a culture of Ethical Management, patterns and responsibilities of dishonest behavior, concepts and key points of Anti-Corruption	Asst. Vice President and above in Taiwan region of the Group, including department heads in operations, procurement, finance (including accounting), and the highest responsible individuals in site offices	One hour
Ethical Management, Anti-Corruption, and Corporate Governance (online classroom)		All employees excluding the aforementioned course participants	One hour
Introduction to legal functions and ethics integrity, along with key company standard operating procedures (SOP)	Fundamental concepts of Ethical Management and Detailed explanation of case studies	New employees	0.6 hours



Photo of ethical management education and training

As of the end of 2023, the participation rate of group employees in ethical management training reached 100%, achieving the annual goal. The total training hours for 2023 amounted to 2,056.8 hours, with a total of 2,216 participants.

The Company regularly shares ethical management case studies with group employees through education and training sessions, newsletters, and other means to strengthen overall integrity awareness. Additionally, governance and ethical management concepts are periodically communicated through meetings. In 2023, topics such as "Ethical Management Principles," "Conflict of Interest Avoidance," and "Prevention of Insider Trading" were specifically advocated to all employees. The Company's ethical management practices and achievements in 2023 are publicly disclosed on the company's [website](#).

I Integrity in the Supply Chain

To establish an environment of integrity in transactions and prevent dishonest behavior, the Company completed the formulation of Ethical Management Terms in our standard supplier contracts in 2021. These terms explicitly outline requirements for suppliers to adhere to anti-corruption practices, conflict of interest avoidance, protection of intellectual property, and confidentiality obligations. Ethical management commitments are incorporated as essential criteria in supplier assessment, evaluation, and management processes. The Company developed the "Declaration of Compliance & Questionnaire (Supplier)," which includes: whether the supplier has established regulations and procedures related to integrity management, incidents of unlawful or dishonest behavior involving internal personnel, potential conflicts of interest with the Company. The Company continues to promote the signing of the "Declaration of Compliance

& Questionnaire (Supplier)" by all suppliers within the Group, as well as conducting ethical management assessments of suppliers. We have also established a supplier consultation channel and provided instructional videos for completing the questionnaire, actively assisting suppliers in gaining a deeper understanding of the Group's ethical management principles. Additionally, we have modified our procurement regulations to include ethical management commitments as one of the evaluation criteria for supplier management. In 2023, the Company continues to promote and strengthen the implementation of these measures. **As of the end of 2023, a total of 2,175 Declaration of Compliance & Questionnaire (Supplier) were collected, achieving a response rate of 100% and meeting the annual goal.**

| Whistleblower Channel

In 2023, the "Procedures for Handling Reports of Unlawful, Unethical, or Dishonest Behavior" was renamed to "Group Guidelines for Handling Whistleblowing Cases." The revisions included updating the acceptance and investigation procedures and specifying the permanent retention of relevant records, aiming to enhance the whistleblower channel and investigation process outcomes. The CHC Group has established a whistleblower mailbox, committing to ensure the protection of whistleblowers' identities and the confidentiality of their reports. The policy adheres to accepting reports under real names as a principle, with anonymous reports considered only if accompanied by specific evidence for investigation. Whistleblowing cases are investigated according to regulations, with proposed measures for handling related discussions. Progress reports are regularly submitted to the Chairman, and cases involving senior management or members of the board are handled by the Board of Directors or the Audit Committee.

In 2023, the CHC Group received 3 complaints, but none of them involved illegal activities, violations of Code of Conduct, or Code of Ethics and Business Conduct. Therefore, no cases were filed, and there were no penalties imposed by regulatory authorities or negative impacts resulting from corruption-related incidents.

Whistleblower Mailbox: WB.Box@continental-holdings.com

Mailing Address: 23F, No. 95, Sec. 2, Dunhua S. Road, Taipei City 106, Taiwan

Handling Unit: • Reporting Group Employees: CEO Office

• Reporting Directors or CEO of the Company: Secretariat



2-3 Human Rights and Employee Communication

Human Rights Policy

The CHC Group adheres to internationally recognized human rights standards and firmly believes that only through a diverse, inclusive, and mutually respectful work environment can colleagues unleash their full potential and dedicate themselves to their work. Therefore, we are committed to safeguarding the fundamental human rights of our employees and promoting diversity, equality, and inclusiveness within our organization.

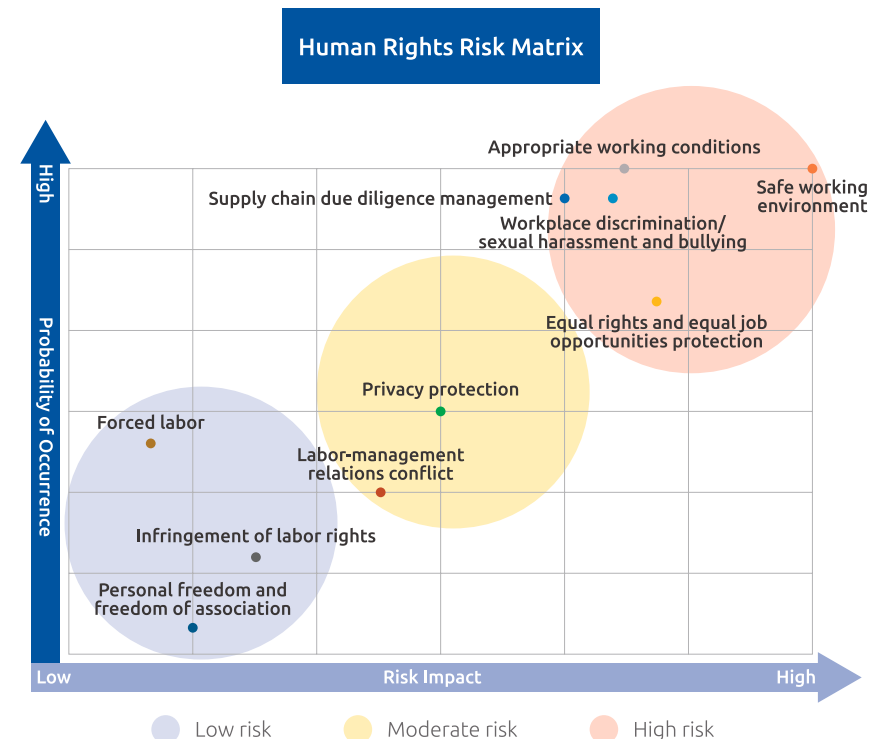
The "CHC Human Rights Policy" was approved by the Board of Directors in 2018. It aims to create a non-discriminatory, equal, and inclusive work environment that provides a workplace accommodating the religious and cultural beliefs of international migrant workers. We treat workers of different nationalities fairly and strive to foster a physically and mentally healthy and safe work environment. Our focus extends not only to every member and employee within the group but also to our business partners.

CHC Human Rights Policy

- CHC adheres to internationally recognized human rights standards, ensuring that all employees receive fair and dignified treatment.
- We uphold the fundamental human rights of employees based on internationally recognized standards.
- We adhere to the labor laws and regulations of our operational locations, committed to continuously improving the work environment to promote the physical and mental health and safety of our employees.
- We foster a diverse and inclusive work environment without discrimination based on gender, sexual orientation, marital status, race, nationality, religion, political affiliation, socioeconomic status, age, family status, appearance, disability, or other factors.
- We respect the human rights of international migrant workers by providing a work environment that respects their religious and cultural beliefs. We ensure fair treatment of migrant workers by employing reputable manpower agencies.
- We regularly review and evaluate our relevant systems and practices.

| Human Rights Risk Evaluation

The CHC Group conducts human rights risk assessments based on the probability of occurrence and the potential impact, categorizing risks into high, medium, and low levels based on overall exposure. Description of the 2023 Group Human Rights Risk Matrix, related risk mitigation, and compensation measures is as follow:



Human Rights Issues	Target	Risk Assessment Methods	Risk Mitigation Measures	Compensation Measures	Corresponding Chapters
Safe workplace environment	All employee Sub-contractors	Number of occupational injuries and occupational diseases / Deficiency in improvement value	<ul style="list-style-type: none"> Continuously implement the Group's occupational health and safety policy, conducting regular hazard identification and risk assessments Regularly conduct workplace safety and hygiene audits and inspections Regularly conduct occupational health and safety education, training, and promotion Continuously improve and implement systems and mechanisms to address identified deficiencies 	<ul style="list-style-type: none"> Implement employee assistance program Provide post-disaster psychological counseling 	4-4 Safe Working Environment
Equal rights and equal job opportunities protection	All employee	Number of complaints and employee engagement survey	<ul style="list-style-type: none"> Continuously implement the "Human Rights Policy," and regularly assess related systems and actions Continuously implement diversity, equity, and inclusion initiatives, promoting equality Maintain diverse and open employee communication channels, and implement timely response management Implement and continually improve migrant-friendly measures and welfare programs 	<ul style="list-style-type: none"> Conduct annual talent assessment and salary market surveys, continuously offering competitive compensation and improving human resource development plans Propose compensation improvement plans 	4-1 Diversity, Equality, and Inclusion
Prevent discrimination, sexual harassment, and workplace bullying	All employee Business partners	Number of complaints and employee engagement survey	<ul style="list-style-type: none"> Continuously implement "Guideline for Sexual Harassment Prevention, Complaint Grievance and Punishment" Regularly conduct sexual harassment prevention awareness and educational training 	<ul style="list-style-type: none"> Provide psychological counseling, medical assistance, and legal support 	2-3 Human Rights and Employee Communication
Assist employees in well-being	All employee	Number of annual tracking of employees at high health risk and employee engagement survey	<ul style="list-style-type: none"> Continuously enhance the employee wellbeing plan, offering health promotion and support resources tailored to meet the needs of employees Implement a mechanism for tracking work hours and regularly review employees' workload Identify high-risk health groups and provide health promotion and support resources Implement an employee recognition program, and organize health promotion activities 	<ul style="list-style-type: none"> Representatives from both labor and management meet regularly to discuss and improve employee rights and benefits Provide overtime compensation plans Provide unused annual leave compensation plans 	4-3 Workplace Health Promotion
Supply chain due diligence management	Supplier Sub-contractors	Supplier evaluation results	<ul style="list-style-type: none"> Suppliers who receive an unsatisfactory evaluation must complete improvements within a specified deadline. Failure to do so will result in convening a review meeting to discuss inclusion on the non-compliant list Promote suppliers to annually sign a Declaration of Compliance & Questionnaire Continuously improve the supplier selection and evaluation system 	<ul style="list-style-type: none"> Supervise suppliers in executing compensation measures 	3-5 Sustainable Supply Chain

| Implementation Actions for Human Rights Policy

The Group continues to assess and review its human rights management system and practices, such as compliance policies and procedures, labor-management meetings, employee engagement surveys, grievance hotlines, and communication channels. This ensures that employees receive equal opportunities and treatment in terms of compensation and benefits, learning and development opportunities, performance evaluations, and career advancement, regardless of gender, sexual orientation, marital status, race, nationality, religion, political affiliation, socioeconomic status, age, family status, appearance, disability, or any other factor. To ensure the implementation of the human rights policy, we assess its effectiveness through annual employee engagement survey results, information received via employee communication and feedback channels, and employee interviews. The management team also conducts periodic audits of management practices concerning key human rights issues. **In 2023, none of the Group's operational locations or suppliers used child labor or forced labor, and no complaints regarding violations of gender equality were received.**

We actively promote concepts such as equality, sexual harassment prevention, prevention of employment discrimination, and respect and understanding of cultural differences through learning courses, games, and interactive activities. We implement comprehensive equality measures, such as providing breastfeeding hours, paternity leave, and family care leave. In terms of talent recruitment, we actively promote equal employment opportunities and strengthen support for disadvantaged groups. In 2023, we employed 22 individuals with disabilities and 12 employees from minority groups (Indigenous people).

Additionally, the Group periodically assigns personnel to attend labor/human rights courses to stay updated on important trends and changes in human rights regulations. The Group continues to enhance the quality and quantity of human rights education and training, regularly conducting a series of human rights training sessions covering topics such as gender equality, diversity and inclusion, a friendly workplace, and intergenerational communication. **In 2023, a total of 759 participants attended human rights training sessions, with the total training hours reaching 2,250, representing a 57% increase compared to 2022.**



Photos of the Human Rights Training Sessions

Diverse Employee Communication Channels



The CHC Group values the feelings and opinions of each employee, establishing diverse communication channels such as labor-management meetings, the internal website platform Connect for employee feedback, the Idea Box, employee engagement surveys, and CEO lunch. These channels ensure that employees' voices and suggestions are effectively conveyed to management team. Through these communication avenues, employee feedback receives proper attention, leading to problem resolution and fostering a constructive two-way communication cycle within the organization.

| Labor-Management Meeting

The Group sets up labor-management meetings, convening at least quarterly to discuss topics such as company benefits measures, updates on labor laws, labor relations coordination, fostering cooperation between labor and management, employee health care, and workplace safety. In 2023, a total of 22 labor-management meetings were held, facilitating bilateral communication to safeguard the rights and interests of both labor and management. These meetings aimed to enhance harmonious labor relations and foster a mutually beneficial outcome for both.

| Engagement Survey

In 2023, we continued to conduct engagement surveys among all group employees using anonymous online questionnaires. We systematically collected employees' thoughts and levels of identification with the company across various dimensions including health and safety, growth and development, wellbeing, work quality, and innovation. Actively listening to each employee's feedback, we deeply analyzed and observed trends and performance across different indicators within each member company, serving as crucial reference points for ongoing improvement and development in the future³.

Note 3: For more information, please refer to [4-1 Diversity, Equality, and Inclusion](#).

| Sexual Harassment Prevention Measures

To provide a harassment-free environment for employees, applicants, and business partners, we have established the "Guideline for Sexual Harassment Prevention, Complaint Grievance and Punishment." These guidelines outline appropriate preventive, corrective, disciplinary, and handling measures for incidents of sexual harassment. They are designed to safeguard the rights and privacy of all parties involved. In 2023, gender equality, respect, and sexual harassment prevention courses were incorporated into the annual mandatory training curriculum, with enhanced advocacy. Complaints of sexual harassment may be submitted verbally or in writing. Upon receiving such complaints, the dedicated unit responsible for handling sexual harassment within the Group will establish a Sexual Harassment Complaints Handling Committee within the statutory time frame. The committee conducts investigations based on principles of objectivity, fairness, and professionalism, while ensuring the protection of the privacy and dignity of all parties involved. The Company continues to ensure smooth operation of the complaint channels. As of **December 31, 2023, the Company has not received any sexual harassment complaints.**

Complaint Hotline Number: (02) 3701-6610

Dedicated Complaint Fax Number: (02) 6638-8168

Dedicated Complaint Email: HR@continental-holdings.com

| CEO Lunch

The CHC Group continues to organize lunch events with the CEO, providing opportunities for non-management staff to interact directly and communicate with the CEO of the Group. This platform allows employees to express their observations and expectations directly to the CEO, while the CEO shares insights into senior management initiatives and considerations. This initiative demonstrates the company's commitment to valuing non-management staff, facilitating early identification of potential concerns. **In 2023, the Group held a total of 43 CEO lunch, with a combined participation of 100 employees.**

| Idea Box



The Idea Box initiative aims to continuously expand our sources of creativity by encouraging the Group employees to nominate great ideas from their peers. This initiative promotes and cultivates a culture of innovative thinking within the group. In 2023, a total of 9 proposals were submitted through the Idea Box initiative, out of which 4 were approved for implementation following review. Particularly noteworthy were initiatives such as "Utilization of electric wire rope hoist installed on support frames decks and specialized bending hook components" and "DIY solar energy storage equipment" (referenced in [4-4 Safe Working Environment](#) and [5-2 Energy Management](#)).



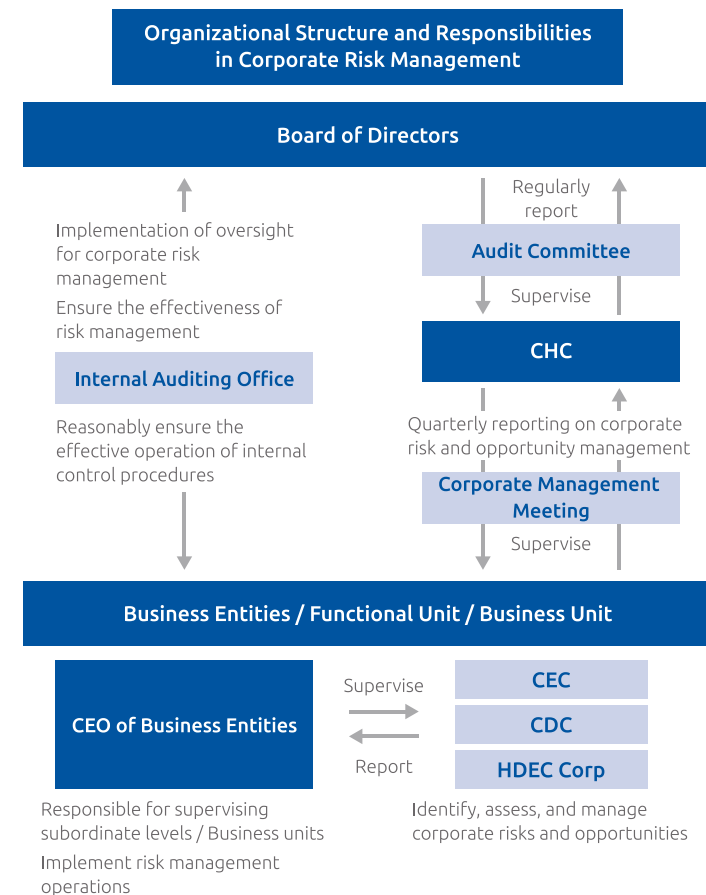
2-4 Risk Management

Risk Policy and Management

The **"Group Risk Management Policy"** serves as the overarching principle for risk management within the CHC Group. It clearly defines the risk management framework, scope of risks, steps in the risk management process, implementation practices, and supervisory mechanisms. The policy includes specific provisions for monthly and quarterly internal risk item reports, and mandates that comprehensive assessments and preparations for all risks must be conducted by the review committee or designated units prior to participating in any project bidding or land development plans. This approach aims to mitigate uncertainties that may hinder the achievement of objectives as much as possible.

In addition, given the increasing occurrence and probability of emerging risks, we have developed **"Group Emergency Management Guideline"** to establish assessment, classification, mobilization, notification, and handling principles for specific emergency events. This framework includes 14 categories of significant risks and crisis events such as natural disasters, health hazards, political risks, occupational safety, information security threats, human infringements, and reputation risks. These risks are classified and managed based on their potential impact on the group's operations, finances, or reputation. We have also established mechanisms for convening emergency response teams and setting up action teams to enhance both horizontal communication between organizations and vertical mobilization mechanisms, enabling timely and effective responses to major risk events.

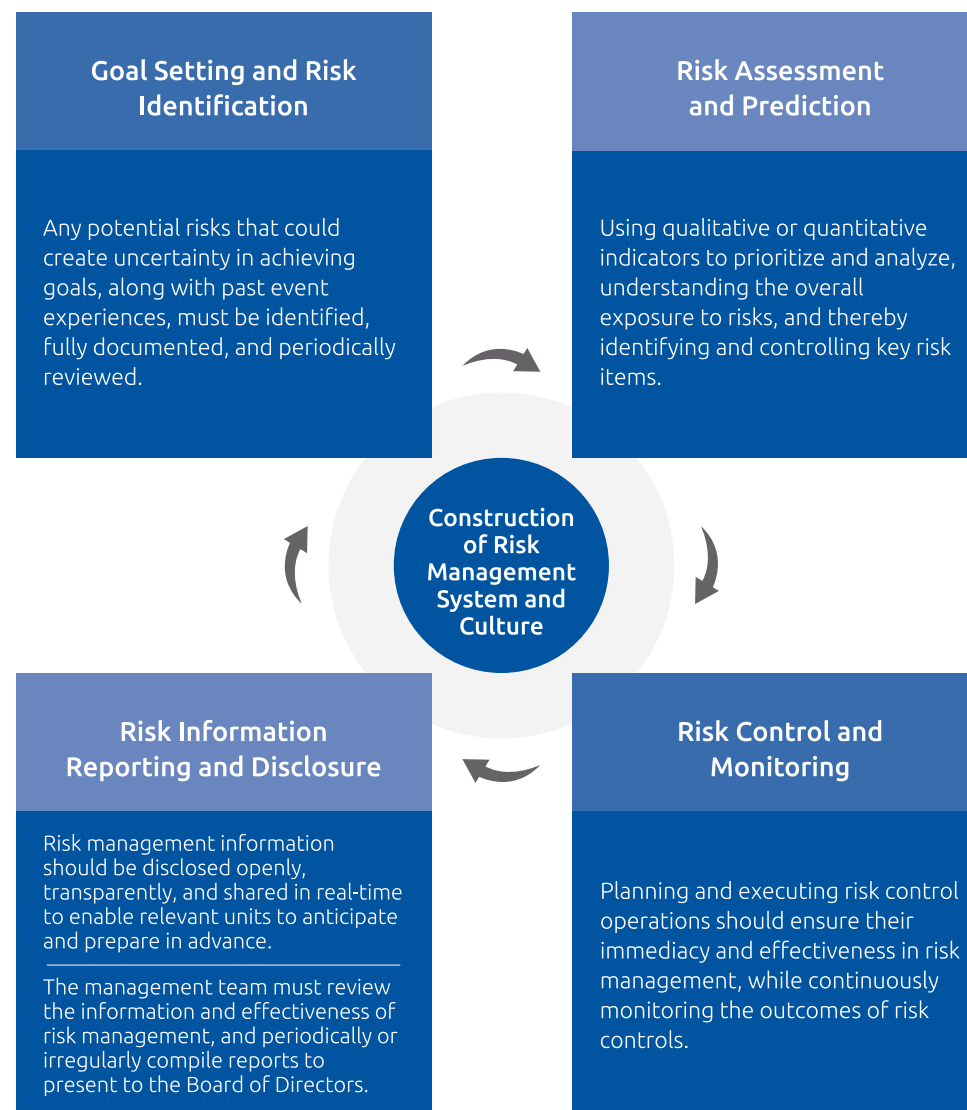
The Company's Board of Directors serves as the highest authority for risk management, overseeing the execution of risk management and holding ultimate responsibility for it. The CEO is responsible for supervising the implementation of risk management operations across all levels and business units, and for reporting on the execution of risk management to the Board of Directors and relevant stakeholders. Each functional and business unit serves as a



fundamental unit for risk management execution, with unit heads overseeing the execution of risk identification, assessment, control, and other risk management activities. They are also responsible for consolidating risk management information and reporting to the next level of management. The Internal Auditing Office operates as an independent unit under the Board of Directors, responsible for assisting the Board and management in fulfilling their responsibilities for internal controls, auditing the execution of risk management within various units, and ensuring the effective operation of the risk management system. The CEO of the Company provides an annual report to the Board of Directors during the third quarter on the operational status of group risk management. **For 2023, the report was issued on August 1. Key issues identified include succession planning for critical positions, increases in raw material prices and electricity costs, fluctuations in interest rates and exchange rates, and compliance with ESG-related regulations.** Regarding the aforementioned issues, the management team utilizes monthly reports, meetings, and other management mechanisms to continuously monitor key risk items and discuss response strategies.

| Risk Scope and Items

The Company faces risks across six major risk categories. Through continuous review of our operational objectives, changes in the business environment, and the interrelationships between risk items and internal control systems, we identify short, medium, and long-term risks that may impact our business, operations, or finances. Based on these assessments, we implement corresponding management measures. Additionally, we closely monitor emerging risks that could potentially impact the company, proactively identifying and managing potential risks to enhance the operational resilience and adaptability of the CHC Group.





Evaluation of Internal Control and Risk Management Effectiveness

The effective operation of internal controls and risk management relies not only on each department's diligent execution but also on timely audits conducted by independent and objective audit units to provide reasonable assurance. The Internal Auditing Office of CHC is an independent unit under the Board of Directors, assisting the Board of Directors and management in examining and reviewing deficiencies in internal control systems, assessing the effectiveness and efficiency of operations, and providing timely improvement recommendations. This ensures the continuous and effective implementation of the company's internal control systems and serves as the basis for reviewing and revising internal control systems as needed. The mission of internal audit is to enhance and protect the organization's value by providing risk-based, objective assurance, recommendations, and insights. The Internal Auditing Office employs systematic and rigorous methods to assess and improve the effectiveness of governance, risk management, and control processes, thereby assisting the company in achieving its objectives.

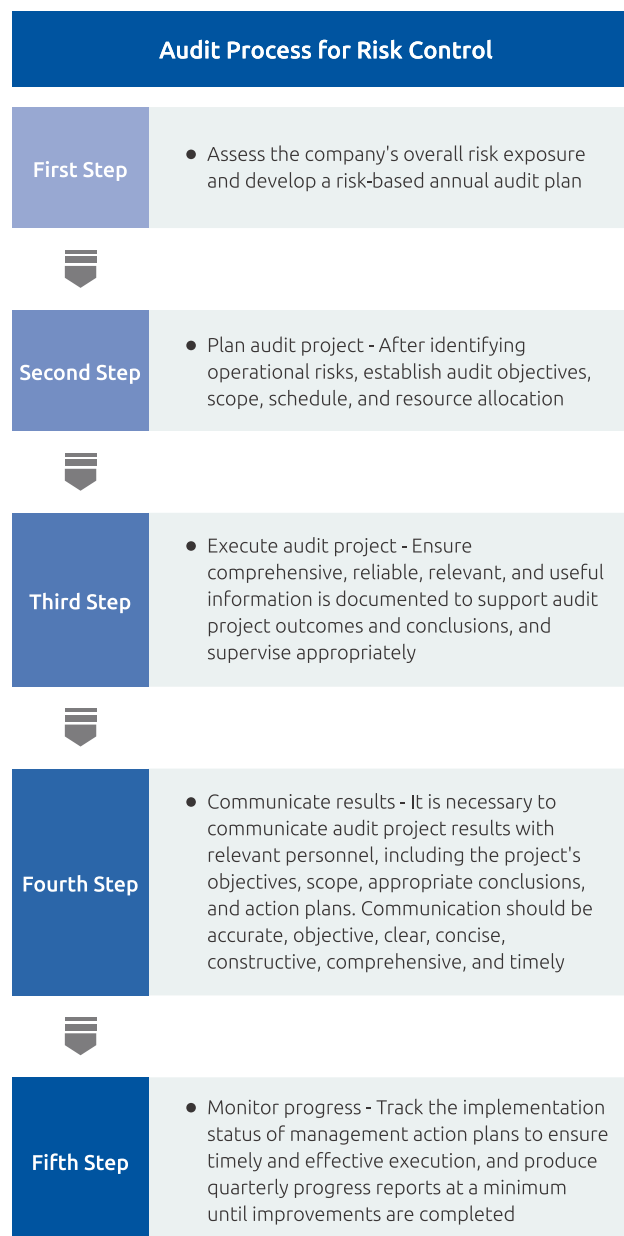
| Risk Control Audit Operations

The Internal Auditing Office conducts a risk assessment operation in the fourth quarter annually. Based on this assessment, they propose a risk-based audit plan for the following year. This plan is presented to and approved by the Board of Directors before implementation. Throughout the year, the Internal Auditing Office continuously evaluates risks, taking

into account changes in the external environment and within the Group's internal business, operations, and systems. They adjust the annual audit plan as necessary to ensure its alignment with the organization's strategic and operational objectives. The Internal Auditing Office may also, as requested by the Board of Directors, oversee the effectiveness of risk management in various units. Additionally, the Audit Committee supervises the overall risk management of the company to ensure the implementation and adherence to risk management practices.

Before conducting audit operations, the Internal Auditing Office must first confirm the audit project's objectives, scope, risk management, and management systems to plan verification methods and steps effectively. Upon completion of on-site audit operations, the Internal Auditing Office communicates the audit project's findings with relevant personnel. Following verification, they issue an audit report. Subsequently, they track the progress of management's action plans until improvements are completed to ensure effective risk management and control. Regular reports on audit activities are then submitted to the Audit Committee and the Board of Directors.

The Internal Auditing Office has completed the audit operations according to the 2023 annual audit plan. Overall, each functional/business unit has established business-relevant management processes and operational procedures to manage risks effectively. No significant anomalies were found.



Information Security

| Information Security Management Policy

The CHC Group prioritizes the security of digital assets to prevent potential threats. The CHC Group has established Information Security Management System Principle, implemented an information security management system, set information security objectives and management indicators, and continuously optimizes various information security management mechanisms. **In 2023, CHC and CCLC successfully implemented the ISO 27001:2022 Information Security Management System and obtained third-party certification.** The certification is valid until November 7, 2026, enhancing the effectiveness of our information and communication security management system to ensure information security protection. In the future, the CHC Group plans to expand the ISO 27001 Information Security Management System to its other member companies, continuously enhancing the Group's information security management system.

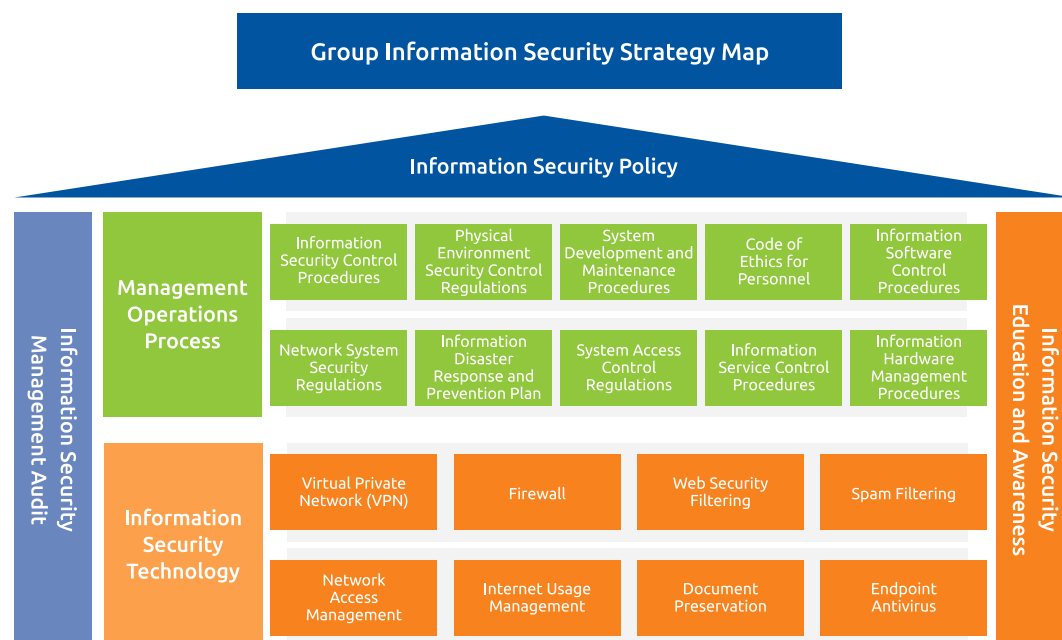
Information Security Policy

The company must protect its information resources securely in response to identified risks and security standards. Key points of information security include but are not limited to:

- All information systems must be monitored for potential security vulnerabilities to protect information resources from virus or other malicious software intrusions.
- Only authorized users may access or use company information resources, and relevant permissions should be granted based on necessary considerations of the information required to perform business operations.
- It is necessary to maintain the physical security of company premises to prevent unauthorized individuals from entering or accessing buildings and data centers.
- It is necessary to maintain an information security incident management plan to promptly respond to and periodically report information security incidents.
- Adhere to all regulations from relevant information security authorities, company policies, and contractual obligations.

Information Security Management Framework

The CHC Group approaches information security through four main aspects: Protection, Response, Governance, and Education. The IT Department of CHC is responsible for information security management within the CHC Group. Their duties include formulating information security policies, establishing operational procedures, and providing regular reports to the Board of Directors. The most recent report to the Board of Directors was submitted on November 10, 2023. In 2023, the Company completed the establishment of dedicated units and personnel for information security, developed a comprehensive strategy for information security initiatives, and unified the management of organizational information security risk assessment and control efforts. This initiative aims to enhance the efficiency and effectiveness of information security protection, safeguard company information assets, improve our response to information security incidents, and reduce the risk of business disruptions.



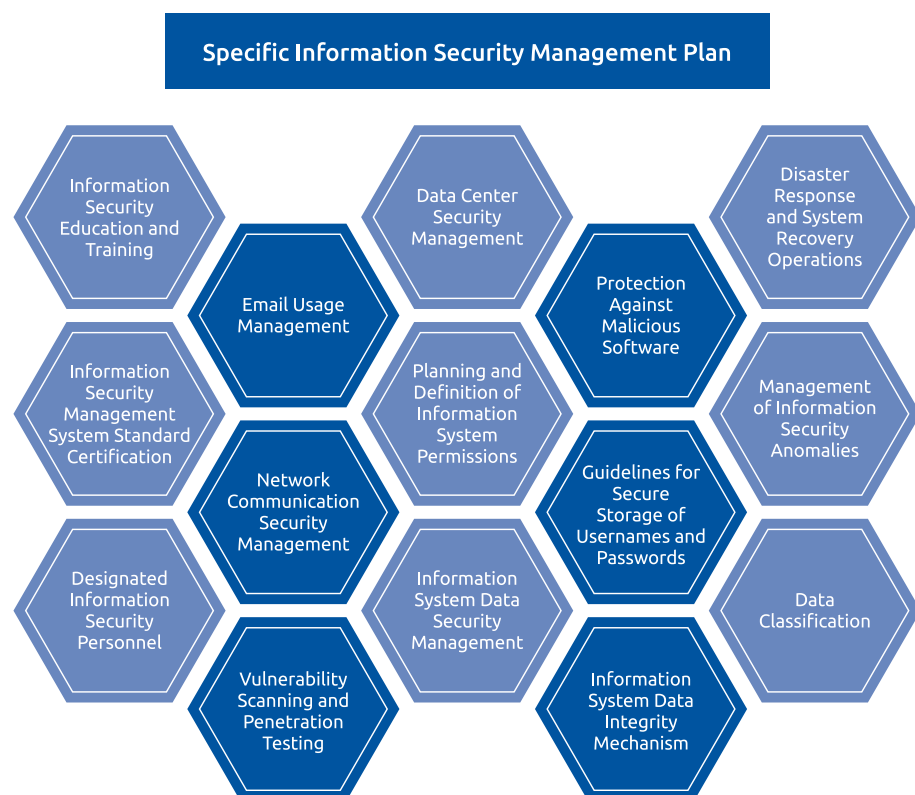
The CHC Group will continue to strengthen its information security management through activities such as asset inventory, risk assessment, prevention and response planning, review and enhancement of security protocols, implementation of annual drills, development of disaster recovery plans, establishment and maintenance of incident reporting mechanisms, and comprehensive staff education and training. These efforts are aimed at enhancing the overall level of information security management.

Information Security Management Measures

The Group promotes information security management through five aspects: endpoint management, application system management, server and host management, security equipment and services, and information security awareness education. This approach aims to establish protective mechanisms to enhance overall information security, safeguard intellectual property, and ensure the company's uninterrupted operations.

Endpoint management involves deploying software and mechanisms on endpoint devices such as antivirus protection, VPN remote encryption connections, asset management, multi-factor authentication, and mobile device security management to mitigate information security threats from any user activity and endpoint device. For application system management, aligning with the software development process includes establishing corresponding information security control mechanisms across stages like development, testing, deployment, and operations. This includes code inspection and version control, independent development and testing environments, backup and redundancy, and monitoring system resource and database access. Regular vulnerability scanning and penetration testing are conducted to continuously verify

and assess the security of information systems and hardware, ensuring all systems and services are protected from potential internal and external threats. Server host management involves implementing backup and restoration mechanisms, remote backup, and conducting regular disaster recovery drills for core systems. Physical protection and access control mechanisms are also established for computer rooms to safeguard physical security. In the information security equipment and services segment, besides basic firewall and antivirus software, "zone defense" and "defense in depth" mechanisms are established. These are complemented by third-party monitoring services (Security Operation Center) to consolidate various security information, effectively manage information security alerts, conduct real-time log and traffic analysis. Any anomalies and zero-day attacks are promptly reported for quick analysis and execution of corresponding solutions.



Information Security Education and Training

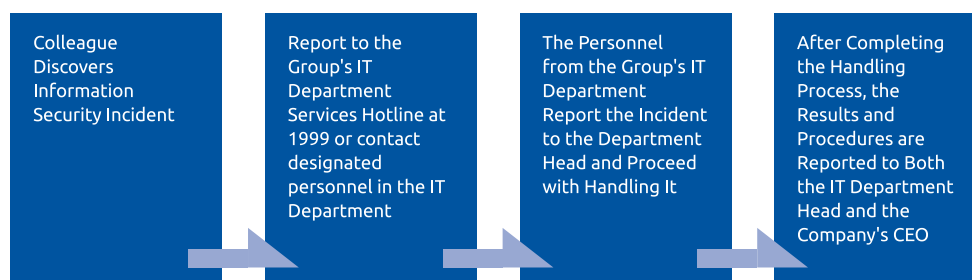
All employees are required to participate in at least 2 hours of information security education training annually to ensure continuous acquisition of new information security knowledge and to enhance awareness of security protection among employees. Additionally, at least one social engineering exercise must be conducted each year. Furthermore, individuals involved in triggering events during the social engineering exercise are required to undergo an additional half-hour of social engineering education training. **In 2023, a total of 2,173 individuals participated in group information security-related education and training courses, accumulating a total training time of 3,818 hours. The Group did not experience any information security incidents in 2023.**

Information Security Course	Targets	Number of Participants	Hours
Information Security Awareness Course	All employee of the Group	1,741	2 hours
Social Engineering Education Training	Personnel involved in triggering events during social engineering exercises	360	0.5 hours
ISO 27001:2022 Standard Introduction	Company employees in verification scope	36	2.5 hours
Information Security Management System Policy Awareness Course	Company employees in verification scope	36	1.8 hours

Information Security Emergency Response

CHC Group's Information Security Emergency Response Plan facilitated a swift and effective response to a potential information security incident. In 2023, the Company experienced a potential information security incident, where external parties impersonated company employees and sent emails requesting actions from colleagues. One employee noticed the anomaly and promptly reported it to the IT Department. The IT Department immediately initiated the information security incident response procedures, investigated potential security vulnerabilities, and took swift action to mitigate the incident's progression and reduce information security risks. Thanks to the quick activation and effective execution of the response process, the incident was resolved promptly. Following a thorough inspection of security equipment by the security team, no abnormal activities or risks were found. The company issued an information notice the day after the incident, emphasizing the importance of vigilance against unfamiliar emails and phishing attempts. It provided all employees with relevant advice and guidance on how to address information security risks effectively.

CHC Group Information Security Incident Reporting Process



Customer Privacy Protection

The Company has established the "Personal Data Protection Policy," and each of our three business entities has developed "Personal Data File Security Maintenance Program and Rules for Handling Personal Data upon Cease of Business." We strictly adhere to operational regulations under the Personal Information Protection Act (PIPA) and require our suppliers to comply with personal data and information security standards. This ensures the appropriate handling and

security of customer privacy and personal data. In 2023, the Group continued to promote the Personal Data Protection Policy, which includes educating on principles regarding the collection, processing, and utilization of personal data. Additionally, to enhance information security governance capabilities, Group member companies phased in the ISO 27001 Information Security Management System to strengthen the protection for information assets, and the operation of risk assessment and management mechanisms. **In 2023, the Group did not receive any grievances or experience any violations regarding the infringement of customer privacy.**



2-5 Regulatory Compliance

To stay abreast of significant regulatory changes, our legal department collects and tracks progress and directions related to regulatory amendments pertinent to the Group's operations on a weekly basis. This involves identifying how new or revised regulations may impact the Group's business entities and operations. The legal team then communicates these findings to relevant departments responsible for oversight and evaluation. This proactive approach ensures early awareness of regulatory updates that could have significant financial implications for our company. We adjust internal regulations accordingly to ensure compliance with the latest regulatory requirements in all business operations.

The Company conducts preliminary screening based on 50% of the maximum penalty amount stipulated by applicable regulations. We then analyze the identified penalty cases to assess whether they could have significant impacts on our business or finances. Cases deemed to have substantial violations are categorized as major non-compliance incidents. In 2023, the Group did **not** incur any penalty incidents violating regulations related to marketing communications, information and labeling, customer safety, or customer privacy. However, there were a total of 40 penalty cases related to occupational safety and waste disposal, amounting to a total fine of NT\$7.838 million. **None** of these cases met the criteria for major non-compliance incidents. We have actively reviewed and immediately improved upon each deficiency identified by regulatory authorities. This includes enhancing and adjusting corresponding protective measures, replacing construction equipment, and consistently reminding contractors and workers to use protective gear correctly and dispose of waste properly. We are addressing both hardware infrastructure upgrades and behavioral changes among workers to strengthen overall occupational safety and environmental management within the Group and across our supply chain. For detailed information on occupational safety-related optimization management, please refer to [4-4 Safe Working Environment](#).

Aspects	Number of Penalty Cases	Number of Major Non-Compliance Cases
Governance	0	0
Environment	5	0
Society	35	0





III. Technological and Service Innovation

-  CEC obtained ISO 19650-2 BIM International Standard verification in 2023
-  CDC participated in the "Public-Led Urban Regeneration Project of Taipei Daan District Xuefu Section," aiming to develop low-carbon commercial office buildings
-  In 2023, the customer satisfaction survey results showed a Net Promoter Score (NPS) of 73 out of 100, demonstrating a strong willingness among customers to recommend CHC Group
-  **100%** signing rate for Declaration of Compliance & Questionnaire (Supplier) for newly contracted within the Group in 2023
-  Successfully developed a water resources center operations management platform and an e-procurement management platform in 2023 and continued to drive innovation and technological applications across various sectors within the Group



2023 Goals

100% of building permit applications for properties on the 5th floor and above (inclusive) are to apply for Green Building Candidate Certificates

The indoor green building material usage ratio for new building permit applications is 66%, while the outdoor ratio is 21%

At least 1 real estate development project acquires Smart Building Candidate Certificate each year

At least 1 building planning and design project is designed using BIM technology

For projects obtained building permit this year with lot size more than 1,653m², electric vehicle charging systems shall be installed in public parking spaces, and wiring space for charging station shall be reserved for customer's parking space

Identify and test an innovative solution

The community of newly handed-over properties is fully equipped with a community service app system

The pre-sale advertisements, architectural models, and model houses are 100% double-checked by dual departments before launch

Level of satisfaction on sales and handovers: the company's actual performance is better than customer's expectations. Level of satisfaction on maintenance: satisfaction > 4 points (out of 5 points)

2023 Achievements

- Achieved
- Achieved
- Achieved
- Achieved
- Achieved
- Achieved
- Achieved
- Achieved
- Achieved

2024 Goals

100% of building permit applications for properties on the 5th floor and above (inclusive) are to apply for and obtain Green Building Candidate Certificates

The indoor green building material usage ratio for new building permit applications is 68%, while the outdoor ratio is 22%

At least 1 real estate development project acquires Smart Building Candidate Certificate each year

Continuously expanding the application of BIM in the design, construction, and operational phases

For projects obtained building permit this year with lot size more than 1,653m², electric vehicle charging systems shall be installed in public parking spaces, and wiring space for charging station shall be reserved for customer's parking space

Continuously identifying and testing innovative solutions

The community of newly handed-over properties is fully equipped with a community service app system

The pre-sale advertisements, architectural models, and model houses are 100% double-checked by dual departments before launch

Level of satisfaction on sales and handovers: the company's actual performance is better than customer's expectations. Level of satisfaction on maintenance: satisfaction > 4.05 points (out of 5 points)

3-1 Concept of Smart and Sustainability

Responding to the Transformation towards Green Low-Carbon Cities

The construction industry is one of the major industries globally responsible for energy consumption and greenhouse gas emissions. The transformation towards low-carbon cities is a key strategy for the construction sector to address climate change issues. The practice of low-carbon cities primarily focuses on four key areas: circular economy, urban energy management, energy-efficient buildings, and green transportation. The CHC Group continues to promote the realization of low-carbon cities through various initiatives, such as participating in the reconstruction of old and urban renewal buildings, constructing rail transportation infrastructure and green buildings, as well as water resource and waste management, and renewable energy projects.

Responding to the transformation towards green low-carbon cities, the CHC Group has set goals in real estate development, construction engineering, environmental project development and water treatment, and is steadily progressing towards these objectives. In the field of real estate development, since 2020, the CHC Group has set goals to promote green building design and the use of green building materials, increasing the proportion of green building design projects each year. Starting in 2023, all new construction applications apply for and obtain a Green Building Candidate Certificate, focusing on optimizing building energy efficiency through energy, air, and water resource designs. The CHC Group is also committed to the reconstruction of old and dangerous buildings, injecting new vitality into the city and reducing building carbon emissions. In the field of construction engineering, the CHC Group actively promotes environmentally friendly and technologically innovative construction methods, building urban transportation infrastructure and residential spaces to create livable cities conducive to practicing low-carbon lifestyles. In the field of environmental project development and water treatment, given Taiwan's

unstable water conditions and the increasing demand for renewable energy, the CHC Group is enhancing environmental resilience through wastewater treatment, reclaimed water production, circular economy practices, and waste incineration power generation.¹

The CHC Group continues to enhance healthy living environments and the quality of sustainable communities through environmentally friendly building designs and construction methods and extends the principles of the circular economy and sustainable design to various areas, including real estate development, construction engineering, environmental engineering, water resources, and waste treatment and renewable energy. Representative projects for 2023, such as "Belle Époque," "Metropolitan Village" and the "Public-Led Urban Regeneration Project of Taipei Daan District Xuefu Section," are concrete demonstrations of the Group's efforts in promoting the transformation to green low-carbon cities.²

Integrating Technology into Quality Management

The CHC Group has always maintained strict quality control over its products and services. The key principles and practices of the Group's quality policy are integrated into daily business work guidelines. The Group employs the DMAIC quality improvement process, project execution management, and engineering satisfaction surveys to implement quality management. Additionally, innovative technologies are consistently utilized to enhance the efficiency of quality management.

Note 1: For more examples, please refer to [5-3 Circular Economy and Resource Management](#).

Note 2: For related examples, please refer to [3-2 Sustainable Design](#).

| Group Quality Policy

Adhering to the spirit of "doing things right the first time and precisely achieving every set goal," the CHC Group has continuously refined standardized operations since 2002, internalizing quality management as an integral part of its corporate culture. The Group's quality policy is based on three key principles and practices, which establish the guidelines for business execution and shape the core values of the company.

CHC Group Quality Policy	Emphasizing on customer-focused and process-oriented target, properly planning goals and plans, and establishing measurement mechanisms to ensure the quality of products and services. It also encourages continuous innovation and improvement in the pursuit of excellence in quality.
 Implementation and Execution of Quality Management	Set quality objectives that align with the company's strategic direction in order to motivate employees to continuously improve quality requirements. Establish standardized procedures to ensure that operations are conducted according to consistent standards, resulting in consistent operational quality.
 Quality Assurance	Every year, quality audits are conducted to ensure the effectiveness of management processes and to enhance employees' awareness of quality management. The Company has established an evaluation system for supplier management to assess the quality and performance capabilities of suppliers, ensuring the quality standards of the products and services provided by the company.
 Continuous Innovation and Improvement	Based on the performance of comprehensive quality objectives, audit results, customer satisfaction, and other information and feedback, we constantly strive to identify opportunities for quality improvement. We also encourage our colleagues to continuously explore and adopt the most effective operating models, stay current with industry trends, exceed customer expectations, and progressively enhance the company's level of quality.

· Project Execution Management

All construction projects adhere to contract provision, with construction plans, drawings, and progress schedules submitted for owner review and approval before commencing on-site construction. During the construction process, monthly review meetings are held to manage project progress and quality. The Company collaborates with the owner to conduct material inspections and construction checks. After project completion and acceptance, a warranty maintenance team is established according to the contract's warranty terms. This team regularly maintains equipment and instruments, holding quarterly maintenance work seminars to explain the execution of tasks and gather user feedback. Before the warranty period expires, inspections are completed and approved, officially disbanding the warranty maintenance team.

· Innovative Technology Management

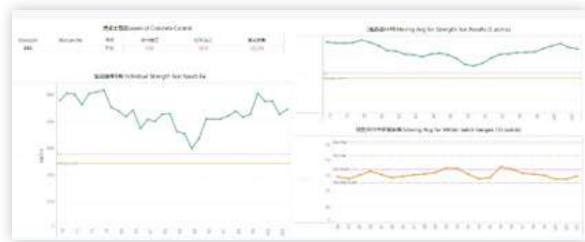
The CHC Group continuously integrates digital technologies such as BIM and automated inspection, the water resources center operations management platform, the e-procurement management platform, automated equipment for preventing thermal hazards, and collision warning devices for transportation equipment. Through these technological tools, the CHC Group enhances work efficiency, improves management effectiveness, achieves project goals, and strengthens construction quality.

The CHC Group is one of the pioneering construction companies in Taiwan to invest in Building Information Modeling (BIM) applications. By utilizing data analysis, the CHC Group enhances the lifecycle value of buildings and continues to develop practical BIM applications, such as automated inspection tools, leveraging technology to improve engineering efficiency. The Company has a team dedicated to operating drones, regularly conducting aerial operations for project progress inspections, measurements, and photogrammetry. Additionally, 3D laser scanning technology is employed for project completion acceptance. With the increasing maturity of VR technology, the CHC Group uses virtual reality for employee safety and health training, enhancing the efficiency of workplace safety education. Automated equipment for preventing thermal hazards and collision warning devices for transportation equipment further enhance safety management effectiveness on construction sites.³

Note 3: For more examples of technology tool applications, please refer to [3-3 Smart Construction and Operations](#). For information on the application of occupational safety technology, please refer to section [4-4 Safe Working Environment](#).

· OnSite Cloud Project Quality Management Platform

The Group's self-developed "OnSite Cloud Project Quality Management Platform" helps construction site personnel optimize workflow using handheld mobile devices. It enhances document handling, approval efficiency, and facilitates more immediate and effective communication.

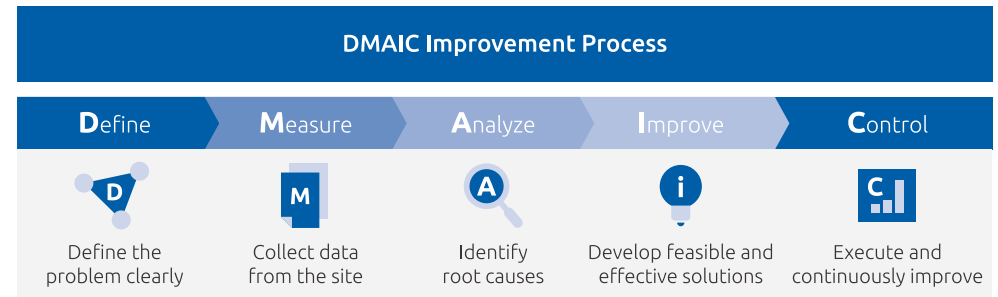


In 2023, the quality reporting feature of the OnSite platform facilitated the optimization of concrete material quality checks, applied across all projects within the Group. Each site office uploads concrete compressive strength related information to the OnSite platform. The system references international standards like ACI to determine concrete quality grades and automatically generates control charts. If there is a trend indicating quality degradation, the system issues alerts to notify managers to take immediate strengthening measures early. In 2023, the OnSite platform issued a total of 46 alerts for material degradation, which covered 18 engineering projects. Furthermore, 5 meetings were held to review the quality of concrete materials, successfully preventing the use of non-compliant materials.

The Group continues to utilize the OnSite platform for collecting and analyzing construction management information from construction sites throughout Taiwan. This enables the establishment of cross-project risk alerts, making engineering risk management operations and decisions more real-time and comprehensive.

· DMAIC Quality Improvement Process

Since 2016, the Group has been implementing quality improvement projects using the DMAIC improvement process: Define the problem clearly, collect data from the site, identify root causes, develop feasible and effective solutions, and execute and continuously improve. Each year, quality audits are conducted to strive for goals that better meet customer needs, while also seeking opportunities for refinement to achieve higher quality outcomes and uphold the spirit of quality management.



· Survey of Construction Satisfaction

The Group conducts satisfaction surveys for construction contract clients, covering indicators such as project progress management, personnel coordination and communication, quality control, safety and health, and professional capabilities. The results of these satisfaction surveys are used as quality objectives for continuous improvement. Satisfaction surveys were conducted for construction contract projects and water treatment projects in 2023, including 10 civil projects, 19 building projects, 1 mechanical and electrical project, and 4 environmental projects. The survey results showed **an overall Net Promoter Score (NPS) of 73 out of 100, surpassing the annual target.**

In addition to interviewing customer on-site representatives, we also conducted interviews with representatives from customer-appointed supervision units in a total of 4 cases, aiming to gather feedback from different perspectives. Based on feedback received, customer concerns in 2023 included the development of new personnel skills, progress management, quality management, efficiency of outsourcing operations, interaction between site personnel and customers, safety and health management, and issues related to labor and material shortages. These issues will be incorporated into follow-up tracking and solution development initiatives.

In 2023, ongoing interviews were conducted with key client senior executive, involving a total of 7 senior executives across 17 projects. Among them, 4 senior executives emphasized the Group's control over quality and progress, while 2 owners affirmed the Group's dedicated technical unit's ability to provide professional planning and technical services. The Net Promoter Score (NPS) analysis resulted in a high satisfaction score of 86 out of 100, indicating strong satisfaction levels.

3-2 Sustainable Design

Safety Design and Green Building

The CHC Group is committed to providing products and services that prioritize customer health and safety. The CHC Group integrates green and smart building designs, incorporating features such as floor and ceiling sound insulation, seismic design, air quality sensing, water recycling, and smart control applications for public facilities like pumps, lighting, and centralized surveillance systems. These measures aim to create buildings that are healthier, safer, and more sustainable. To implement the Group's policies on green and smart buildings, we have established indicators for green building design and the use of green building materials since 2020. Each year, we will progressively increase the number of green building certification cases, with the ultimate objective of attaining 100% application and acquisition of Green Building Candidate Certificates for all newly constructed projects annually.

Considerations for Building Projects

1

Before applying for a construction license, the work instruction book and the approved design drawings should be reviewed to ensure compliance with regulations and green building material design. The review should be approved by government authorities.

2

Based on the case planning and design requirements, apply for the necessary certifications or safety designs, such as obtaining Green Building Candidate Certificates or installing seismic columns, dampers, etc., to reduce earthquake and wind impacts, enhancing the building's safety design.






















































3


In the sales purchase contract, specify that the structural and building material warranties exclude any radiation steel bars, asbestos, untreated sea sand, or similar materials that pose risks to building safety or human health.


2023 Achievement of Safety Design and Green Building


Achievement	Review of Green Building Special Chapter in Construction Permits, and Review of Green Building Material Design	Green Building Candidate Certificates or Label	Seismic Design or Seismic Resilience Label	Floor Soundproofing and Noise Reduction Design
Coverage Ratio	100%	75%	44%	78%
Representative Cases	Drawing the Dream Life, Timeless and Modern Expression, Tianjin Street Project, Sensuous Garden, Prologue Eternal, Duan Mei, Metropolitan Village, Belle Époque, Green Utopia	Drawing the Dream Life, Timeless and Modern Expression, Tianjin Street Project, Sensuous Garden, Prologue Eternal, Belle Époque	Timeless and Modern Expression, Sensuous Garden, Metropolitan Village, Green Utopia	Drawing the Dream Life, Timeless and Modern Expression, Tianjin Street Project, Prologue Eternal, Metropolitan Village, Belle Époque, Green Utopia


Status of Green Building Certifications Obtained in 2023


Project	Certificate Level	Green Building Indicators
Drawing the Dream Life	Gold Label	       
Sensuous Garden	Gold Candidate Certificate	       
Timeless and Modern Expression	Silver Candidate Certificate	      
Tianjin Street Project	Silver Candidate Certificate	       
Prologue Eternal	Silver Candidate Certificate	       
Belle Époque	Bronze Candidate Certificate	     
Green Utopia	Silver Candidate Certificate (Expected to be obtained in 2024)	       


 Greenery


 Soil Water Retention


 Daily Energy Saving

 CO₂ Reduction

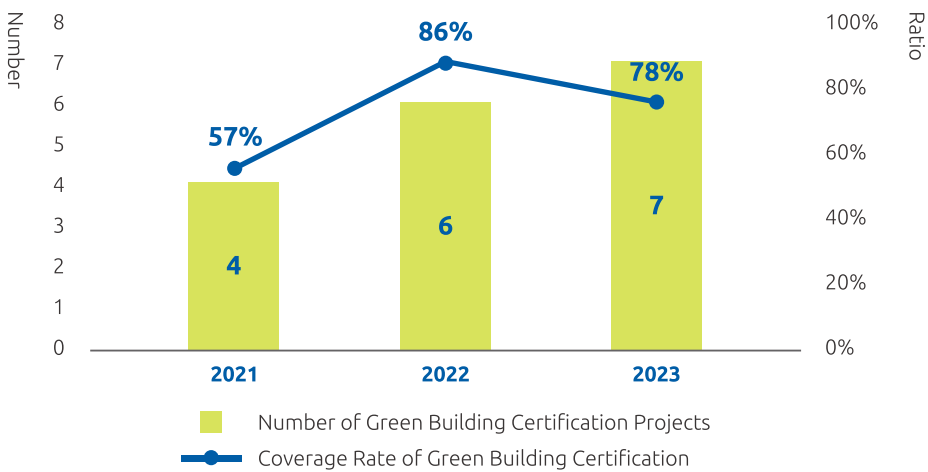
 Waste Reduction

 Indoor Environment

 Water Resources

 Sewage Garbage

Trend Chart of Green Building Certification Results





Smart Buildings and Environmentally Friendly Design



Modern expectations for buildings go beyond safety, health, and aesthetics. There is a growing emphasis on sustainable resilience, and alignment with the environment. Practices such as energy efficiency, resource conservation, and incorporating smart concepts into residential and office spaces are becoming trends in architectural design.



Referencing green building standards, integrating form coefficient, lightweight design, durability design, and green building materials into planning helps reduce carbon emissions during construction. Considerations include energy efficient in building design, HVAC and lighting efficiency, fixed energy- consumption equipment, water-saving equipment, and rainwater harvesting facilities. Material selection prioritizes environmentally certified and circular economy-compliant materials. For example, using recycled green building materials like compressed concrete paving units not only enhances aesthetics but also effectively mitigates environmental impacts. In daily building operations, implementing energy-efficient, water-saving equipment, and renewable energy installations reduces energy and water demand. Examples include




installing solar panels and heat pumps to increase renewable energy use. In 2023, all ongoing projects exceeded the promised percentage of green building material use for both interior and exterior applications as stated in their construction license applications, achieving 100% compliance with the established goals.



In response to the smart homes trend, most project plans now incorporate a central smart control system in the public facilities area. This system manages the electricity supply for ventilation, lighting, and air conditioning equipment, and also monitors the operation of generators, tap water pumps, and wastewater pumps. Responding to carbon reduction needs, the projects include electric vehicle charging facilities in communal parking spaces, with reserved wiring space for electric vehicles in private parking spaces for residents.

Items	Description	Photo
Use of Recycled Building Materials	<p>Using environmentally certified building materials (such as fired recycled materials like ceramic tiles) or recycled green building materials (such as compressed concrete paving units) for outdoor flooring or driveways complies with material recycling and reuse, reducing environmental impact</p> <p>Representative projects: Drawing the Dream Life, Timeless and Modern Expression, Tianjin Street Project</p>	 <p>Recycled green building materials - Compressed concrete paving units</p>
Use of Water Retention Pavement Materials	<p>The landscape pavement is designed with either permeable pavement or grass brick permeable pavement</p> <p>Representative projects: Drawing the Dream Life, Tianjin Street Project, Timeless and Modern Expression, Sensuous Garden, Prologue Eternal, Belle Époque, Metropolitan Village, Green Utopia</p>	 <p>Soil water retention pavement materials</p>

Items	Description	Photo
Use of Renewable Energy	<p>Installing solar-powered garden landscape lights, solar panels, and solar clothes drying racks to reduce energy consumption, carbon emissions, and the heat island effect</p> <p>Representative projects: Sensuous Garden, Belle Époque, Green Utopia</p>	 <p>Installation of solar energy equipment</p>
Reduction of the Carbon Dioxide Emissions of the Building Structure	<p>Using lightweight partition plates and thermal insulation mortar to reduce the building load and achieve cooling effects, thereby lowering carbon emissions during the construction and use phases</p> <p>Representative projects: Drawing the Dream Life, Tianjin Street Project, Timeless and Modern Expression, Sensuous Garden, Bountiful Journey, Prologue Eternal, Duan Mei, Metropolitan Village, Belle Époque, Green Utopia</p>	 <p>Applying thermal insulation mortar mixed with cement to building walls achieves excellent cooling and fireproofing effects, effectively conserving energy and reducing carbon emissions</p>

Items	Description	Photo
Daily Energy Savings	<p>Energy-saving double-layer hollow glass is used, along with frequency conversion air conditioning units in public areas and high-power, high-efficiency lighting fixtures with independent control. These measures are implemented through a two-wire centralized control system, which automatically schedules the operation based on time to reduce energy resource consumption and the frequency of daily maintenance</p> <p>Representative projects:</p> <p>Drawing the Dream Life, Tianjin Street Project, Timeless and Modern Expression, Sensuous Garden, Bountiful Journey, Prologue Eternal, Duan Mei, Metropolitan Village, Belle Époque</p>	 <p>The energy-saving glass design has a low visible light reflectance, which can block the heat energy from infrared radiation in sunlight and reduce the penetration of ultraviolet rays. Due to the high visible light transmission, a large amount of visible light enters, allowing for natural lighting indoors. During the summer, it blocks the heat from the sun, and in the winter, it effectively prevents indoor heat from escaping to the outside</p>
Management of the Central Control System	<p>Centralized monitoring and management of public facilities is achieved through a two-wire centralized control system for public area lighting, which operates on a scheduled basis</p> <p>Representative projects:</p> <p>Drawing the Dream Life, Tianjin Street Project, Timeless and Modern Expression, Sensuous Garden, Prologue Eternal, Duan Mei, Metropolitan Village, Belle Époque, Green Utopia</p>	 <p>Public facilities such as electricity, pumps, lighting, security, and surveillance cameras are centrally monitored to ensure efficient scheduling and management</p>

Items	Description	Photo
Improvement in Water Resource Use Efficiency	<p>By implementing rainwater harvesting systems, detention basins, and installing water-saving equipment in public spaces, the efficiency of water resource utilization is improved</p> <p>Representative projects:</p> <p>Drawing the Dream Life, Tianjin Street Project, Timeless and Modern Expression, Sensuous Garden, Bountiful Journey, Prologue Eternal, Metropolitan Village, Belle Époque, Green Utopia</p>	 <p>Rainwater from the building site is first discharged to an underground raft foundation rainwater recovery tank. After filtration to remove chlorine, it can be used for garden irrigation, achieving rainwater reuse functionality</p>
Healthy Living Environment	<p>Adopting Healthy Green Building Materials</p> <p>Representative projects:</p> <p>Drawing the Dream Life, Tianjin Street Project, Timeless and Modern Expression, Sensuous Garden, Bountiful Journey, Prologue Eternal, Duan Mei, Metropolitan Village, Belle Époque, Green Utopia</p>	 <p>Using eco-label paints reduces harmful chemicals to the environment and human health, thereby enhancing indoor environmental quality</p>
Design of Electric Vehicle Charging for Parking Spaces	<p>Installing charging equipment in public parking spaces or resident parking spaces, or reserving space for the installation of car charging equipment</p> <p>Representative projects:</p> <p>Drawing the Dream Life, Tianjin Street Project, Timeless and Modern Expression, Sensuous Garden, Bountiful Journey, Prologue Eternal, Duan Mei, Belle Époque, Green Utopia</p>	 <p>Electric vehicle charging equipment is installed in public parking spaces, and wiring space is reserved for residents' parking spaces, making it convenient for residents to install charging stations and cables according to their future needs</p>

Items	Description	Photo
Air Quality Management	<p>Installing a heat recovery ventilator or reserving space for a heat recovery ventilator in the exhaust air ducts. Installing carbon monoxide detectors in parking areas to maintain good indoor air quality</p> <p>Representative projects: Drawing the Dream Life, Tianjin Street Project, Timeless and Modern Expression, Sensuous Garden, Bountiful Journey, Prologue Eternal, Duan Mei, Metropolitan Village, Belle Époque, Green Utopia</p>	 <p>Install an energy recovery ventilation or reserve space for an energy recovery ventilation in the exhaust air ducts to each unit, allowing customers to customize their indoor space for piping and equipment installation. This setup enables outdoor fresh air intake while expelling indoor stale air, thereby maintaining indoor air quality</p>
Water Quality Improvement	<p>Installation of a tap water filter</p> <p>Representative projects: Drawing the Dream Life, Tianjin Street Project, Timeless and Modern Expression, Sensuous Garden, Bountiful Journey, Prologue Eternal, Duan Mei, Metropolitan Village, Belle Époque, Green Utopia</p>	 <p>Install a water filtration device before filling the water tank in the basement with tap water, allowing for initial filtration of water before tap water enters the tank</p>

Universal Design

Universal design refers to product designs that can be used by everyone without the need for modification or special design. American designer Ronald L. Mace advocated for the seven basic principles of "universal design," ensuring that everyone can use a space safely and comfortably, with appropriate dimensions and sufficient operational space. According to statistics from the National Development Council, Taiwan officially entered the "Aged Society" in 2018, with the population aged 65 and above exceeding 14%. It is estimated that by 2025, the population aged 65 and above will reach 20%, marking the transition into a "Super-Aged Society". Consequently, the importance of universal design is gradually being emphasized.

The CHC Group has incorporated the concept of universal design, enhancing the accessibility and safety of communal areas in the projects. This includes maintaining appropriate dimensions at building entrances, indoor and outdoor pathways, installing accessible elevators, stairs, and restrooms, among other conveniences. They also ensured that residents' private spaces include sufficient bathroom dimensions, meeting the needs of elderly residents and supporting multi-generational living. This approach aims to create spaces that are safe, attractive, and sustainable, catering to residents of all ages for their living and growth.



2023 Representative Projects

Belle Époque



Located in Taichung City's 7th Redevelopment Zone, "Belle Époque" adopts a design concept based on green plant aesthetics. It features a 27-story residential steel structure with 6 basement levels and a 5-story commercial office. The residential architecture, landscaping, and public spaces are designed by the French architectural firm RDAI, known for their work with Hermès. The commercial office section is a collaboration between Japanese architect Tokujin Yoshioka and architect Wei-Chih, Hsu.

The project received the Bronze-level Green Building Candidate Certificate in 2023. It incorporates energy-saving designs for the exterior, air conditioning, and lighting, as well as lightweight designs. The green area spans 496m² and includes features such as rainwater collection tanks and wastewater treatment equipment, meeting the green building criteria for greenery, daily energy conservation, and water resources. Healthy green building materials, such as paint and water-permeable pavement, are used in both indoor and outdoor environments. These materials exceed the required regulations. The design also incorporates electric vehicle charging stations and solar-powered landscape lighting. The surrounding sidewalks are well-maintained, and outdoor artworks are installed, showcasing a dedication to community sustainability and enhancing residents' quality of life.

Metropolitan Village



"Metropolitan Village" is located in the Xinyi Anhe block area of Taipei City. It is a collaboration between CDC and OMA, one of the world's most influential architectural firms, to construct a 23-story steel-framed residential building with 5 basement levels. The building facade of this project uses high-quality aluminum panels paired with large areas of glass, creating a durable, easy-to-maintain exterior with a transparent and bright visual effect. The residential units feature Low-E energy-saving double-glazed glass, providing excellent thermal insulation to reduce the energy consumption of the building.

This project aims to achieve green building certification by planning to increase greenery, incorporate daily energy-saving designs, reduce carbon dioxide emissions and waste, and improve water resources and sewage management. It has already obtained seismic design approval and continues to implement special supervision for seismic certification to ensure the structural stability and safety of the building. In terms of material selection, the project aims to increase the proportion of green building materials used indoors and outdoors, surpassing regulatory requirements. Additionally, there are plans to adopt and maintain the surrounding sidewalks adjacent to the site.

Public-Led Urban Regeneration Project of Taipei Daan District Xuefu Section



CDC has been rated as the top applicant for this project, collaborating with the National Housing and Urban Regeneration Center to develop the "Public-Led Urban Regeneration Project of Taipei Daan District Xuefu Section" This project is a collaboration between the Italian architectural firm ACPV and the Taiwanese architectural firm, HCCH & Associates Architects Planners & Engineers, drawing inspiration from Taiwan golden-rain tree. It is scheduled to be completed in 2028.

CDC aims for green, smart, and healthy building standards in this project. We plan to achieve domestic certifications like Gold-level green building, Gold-level smart building, Level 3 Low Carbon Building (LEBR), and seismic design certification. We also aim for international certifications such as LEED Gold and WELL Gold. The project targets an annual carbon reduction of 6.3 million tons, equivalent to the carbon absorption of 52,500 trees planted annually.

In addition, the ground floor of this project will feature public facilities including a community activity center, sheltered workshops, and a public-private partnership childcare center. It will offer amenities such as weekend lecture halls, neighborly terraces, and shared underground electric vehicle parking spaces. Within the community, there will be recycled lighting fixtures, public art installations, and curated events that preserve historical and cultural memories. The aim is to create public open spaces shared with the community, fostering regional interactions, public services, and neighborhood leisure activities.

This project integrates commercial, public welfare, and community interfaces through urban renewal. CDC introduces concepts such as ecological cities, carbon reduction, and green energy to create a space where people can live and prosper together in harmony.

3-3 Smart Construction and Operation

The CHC Group is a pioneer in integrating digital technology into the construction industry, committed to promoting technology adoption in construction, driving digital optimization and smart transformation. The Group's digital applications span across both construction and operations. In construction, we continuously develop technology tools, introduce innovative techniques, and refine methods to enhance construction efficiency, improve project management effectiveness, and strengthen construction quality and safety. In operations, the Group has developed multiple digital management platforms to increase information transparency and real-time updates. This enhances communication efficiency between frontline staff and operational management personnel, assists management in optimizing internal controls and decision-making, thereby improving operational management efficiency.

Smart Construction

Smart construction involves enhancing traditional construction practices by incorporating innovative technology and improved engineering techniques to optimize the construction and management processes. Implementing solutions tailored to different stages of the building lifecycle enhances project management, integrating smart applications from planning and design through construction simulation to actual execution.

The Building Information Modeling (BIM) system serves as the core of CHC group's smart construction strategy. The BIM team utilizes integrated digital building information within a single platform to enhance the lifecycle value of buildings. We extensively employ the BIM system in design planning and construction phases, continually developing new BIM applications to improve work quality, efficiency, and resource utilization. During project execution, we incorporate new technologies and tools such as image modeling and 3D aids to enhance project efficiency and safety. Furthermore, we've established a digital project management platform to extend digital technology to daily management across all engineering projects within the Group.

This comprehensive digitization of project sites simplifies communication processes and enables precise management.

| The Diverse Applications of BIM (Building Information Modeling) Technology

The development, adoption, and application of BIM technology are essential trends in the global engineering industry. BIM uses parameterized 3D modeling techniques to integrate different designs into a single visual model. It simulates various operations and scenarios throughout the lifecycle of an engineering project. BIM employs visualization, collaborative work, and management modes to proactively identify and resolve issues before construction, thereby improving the overall efficiency and effectiveness of the project.

The CHC Group has more than 10 years of experience in BIM research and development and has the capability to provide solutions for engineering applications related to BIM. Through the BIM Cloud platform developed by the Group, on-site engineers can scan QR codes to view and compare the completed construction surfaces. They can also quickly access the latest version of construction drawings. The supervisory unit can use it for on-site inspections to verify the accuracy of the construction. The participation of CEC in the Contract E of the Guanci Po-Ai Park Public Housing Development Project is a concrete example that showcases the Group's capabilities in BIM technology. The BIM team's extensive application and development achievements in the construction of the Guanci project have also earned them the 2021 BIM Digital Application Innovation Award. Furthermore, CEC successfully passed the ISO 19650-2 BIM standard verification in 2023, demonstrating the Company's dedication and proficiency in digitalization.

· Application of BIM Technology in Engineering

In 2023, the Group continued to explore the potential applications of BIM (Building Information Modeling) in various aspects to enhance the quality and efficiency of construction work:

1. Automated Detection of Clearance Height

The Group successfully developed an automated clearance height detection program to check if the building design space has sufficient clearance height before construction. By setting the required clearance height volume, the program can automatically detect the clearance height of driveways, indoor spaces, and stairways. In 2023, this program was applied to 10 building projects, conducting a total of 292 inspections. There were 47 instances where the detection results indicated potential interference, identifying a total of 68 issues early, thereby reducing the risk of subsequent construction errors.

2. Assisting with the Pre-Assembly Planning of Electromechanical System

The development of the BIM-based electromechanical pipeline pre-fabrication and modularization tool allows for its utilization in the planning of modular construction for electromechanical systems. This tool automatically calculates pipe dimensions, quantities, and lengths, thereby improving project efficiency and minimizing material waste. This tool was implemented in actual projects starting in 2023. It is based on modular production and aims to optimize the routing and cutting of pipelines for fire systems, water supply systems, and air conditioning ducts. Continuous evaluation and testing are currently underway.

3. Structural, Electrical and Mechanical (SEM) Beam Sleeve Tool

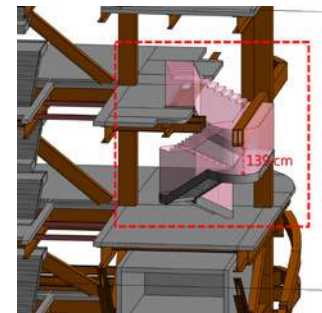
The completed beam sleeve program optimizes the efficiency of producing structural opening diagrams, enhances the accuracy of opening locations, verifies compliance with regulatory requirements for beam penetrations, and identifies any unnecessary openings. This effectively improves project quality and reduces risks of errors and rework.

4. Overlay of Combined Service Drawing (CSD) and Structural, Electrical and Mechanical (SEM)

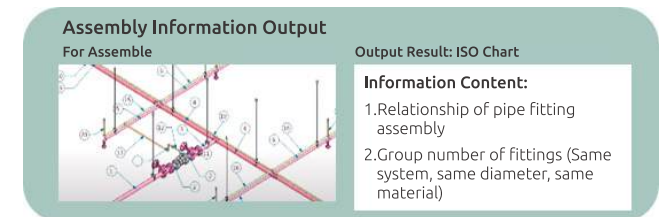
Completion of the development of related drawing output assistance program allows for the integration and output of collision review information, effectively reducing blind spots and human errors that cannot be identified using traditional drawing methods. This drawing service has been applied in practical civil engineering projects to enhance the efficiency of reviewing schedules required for integrating various building systems.

5. Engineering Quantity Calculation

In the demonstration project, BIM's information modeling capabilities are utilized for quantity calculations, including templates, concrete, steel structures, and interior decoration, as well as for verifying these engineering quantities.



Automated Detection of Clearance Height



Assisting with the Pre-Assembly Planning of Electromechanical System

6. Engineering ESG Management

The application of BIM technology enhances process speed, cost control, and environmental data, resulting in increased operational efficiency and a competitive advantage. It also helps in achieving the company's ESG goals. BIM technology provides valuable information that facilitates the management of various aspects of ESG, such as improving energy efficiency in building design, reducing waste, enhancing social quality of life, and strengthening governance.

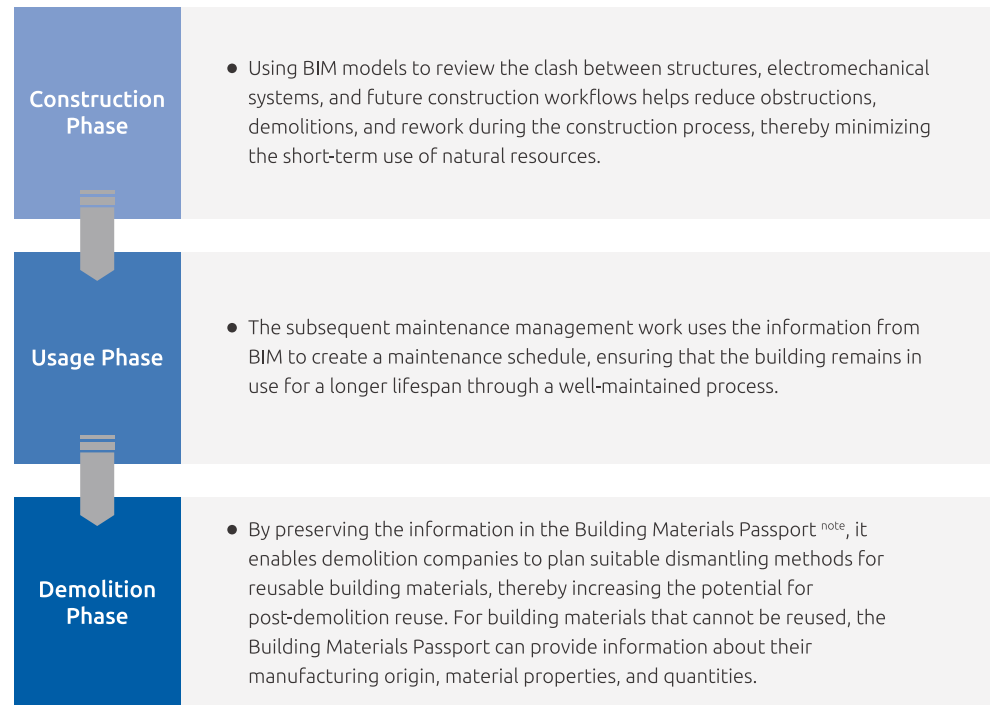
BIM Technology in Comprehensive ESG Management

Environment (E)	Society (S)	Governance (G)
<ul style="list-style-type: none"> Energy consumption analysis Carbon emission calculation Material management and tracking Reducing on-site waste generation 	<ul style="list-style-type: none"> On-site occupational safety management Enhancing building safety 	<ul style="list-style-type: none"> Information transparency and real-time Cost control Time management

· BIM Technology and the Circular Economy

In response to the circular economy features of the Nangang Depot Public Housing, we utilize BIM models as a platform to establish a building materials database. By leveraging BIM technology, we can achieve a circular economy by modeling various building material information and preserving information from all stages of the project's life cycle. This information can be utilized for application and management during the operation and maintenance phase, as well as for future reference, thereby extending the lifespan of materials and providing a foundation for recycling and reuse.

The Group continues to utilize BIM technology for project planning, design, construction simulation, interface conflict review, engineering information documentation, and management. This enables us to derive benefits at every stage of the project life cycle. Through the diverse applications and expanded scope of BIM, it is expected to bring standardization in construction practices, reduce interface conflicts, enhance communication efficiency across teams, enable accurate cost estimation, minimize construction errors, and reduce material waste. These contributions are aimed at maintaining the Group's industry-leading position.



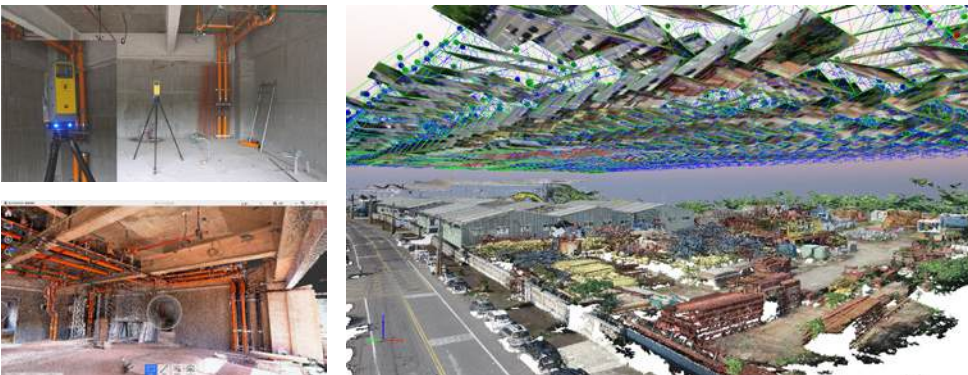
Note: The Building Materials Passport consists of digital data, detailing the components of construction materials and their raw material compositions.

| Engineering New Technology

· 3D Image Modeling

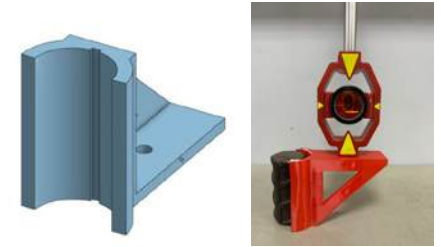
CEC utilizes BIM combined with UAV aerial photography of project site scenes and through image-based automatic modeling software to generate high-quality and measurable 2D images and 3D model information. This effectively reduces on-site measurement workload, saves time and manpower costs, and allows for more comprehensive and accurate geographic information. By overlaying the building BIM model onto the 3D virtual model constructed from aerial images, the construction team can better understand project planning and review construction feasibility, simulate potential conflicts during the construction process, enhance coordination and communication within and outside the construction team, and bridge the gap between imagination and reality. The retained 3D model history during the construction process can serve as a database for future review, improvement, or learning reference.

The Group has also implemented laser scanning technology to aid in the completion inspection. To ensure consistency between the delivered digital as-built model and the on-site construction information, 3D laser scanning technology was utilized at the Nangang Depot Public Housing site to generate point cloud data. This data was then compared with the BIM model and the construction site environment to streamline the completion acceptance process and provide a reference for enhancing construction management and making modifications to the as-built BIM model in the future.



· 3D Printing Development Engineering Aids

Due to the challenge of marking the elevation reference point on reinforced concrete columns using traditional planar aids, we have utilized 3D printing technology and referenced the original planar aid design and the dimensions of the reinforced concrete columns. Through the implementation of a unique magnetic groove design, we have developed an engineering aid that securely fits and provides a stable grip. This aid enables engineering surveyors to operate with one hand, and it is anticipated to greatly reduce the time and frequency of adjustments by engineering personnel, resulting in a fourfold increase in work efficiency and improved operational safety.



| Digital Management Tools

The CHC Group is actively promoting digital project management, making progress in both process digitization and project management digitization. In terms of process digitization, we are working towards fully digitizing and automating various workflow processes to improve document transmission efficiency and streamline communication between the headquarters and project sites. For project management digitization, we use project management platform tools to visualize and quantify the management requirements of each engineering project, including risk assessment and construction progress, in order to ensure real-time and accurate information transmission. Additionally, we maintain a database of project historical data to support analysis and decision-making.

· Project Dashboard

The Group has developed a project management platform tool called Project Dashboard, which is designed to meet the needs of project management and incorporates data analysis software from Business Intelligence. Through this tool, various progress, safety, and financial data collected from project sites can be utilized with the system's internal data analysis capabilities. This consolidates the data into project charts that are easy to read, understand, and manage, enabling management teams and project site managers to instantly grasp project status for guidance, decision-making, and scheduling. Project managers can proactively respond to risk warning indicators identified ahead of time, addressing issues before they escalate and formulating preventive strategies promptly.



Smart Operation

With the expansion of the Group's business, we have also replicated the successful experience of digitally managing engineering operations in our operational business, resulting in a more efficient operating model. By integrating advanced technologies such as data analysis and artificial intelligence with a comprehensive analysis of the entire business operations workflow, the Group has developed a range of operational management tools. Through data analysis, it can monitor the real-time operational status of the business, anticipate potential issues during operations, and take prompt action as needed. Furthermore, in order to incorporate market conditions for raw materials, procurement operations, and supply chain management, we have developed an e-procurement management platform to improve supplier management and facilitate the development of procurement strategies in a digitalized manner.

| Water Resources Center Operations Management Platform

With business expansion and the challenges posed by extreme weather conditions, traditional management methods are no longer effective in meeting the management needs of multiple water resource centers. HDEC Corp has developed an operational management platform to enhance management efficiency and ensure the smooth operation of water treatment services. By integrating vast amounts of raw data, classifying and highlighting information critical to managers, and utilizing data analysis techniques to filter and analyze the raw data, valuable information for stakeholders is extracted. This effectively aids in decision-making and execution.

The operation and management platforms of Anping, Fengshan and Linhai Water Resource Center were launched successively in 2023. Through the operation management platform, real-time updates and management of the water quality and quantity monitoring system can be achieved every 5 minutes per unit. This improves the previous issues of easy transcription errors and long consolidation time. The operation management platform also allows for accurate monitoring of drug addition, membrane pressure difference, and energy use. With the assistance of AI, optimal operating parameters can be determined, leading to reduced operating costs. Additionally, this platform enables personnel to remotely understand the on-site situation in real-time, provides preventive information, enhances operational stability, and serves as an effective personnel training platform.

The establishment of the operational management platform enhances operational efficiency and creates a database for data management, serving as a crucial foundation for big data analysis. This will aid in achieving objectives such as reducing energy consumption, optimizing chemical dosing, and improving equipment maintenance rates. Consequently, it will enhance the efficiency and quality of water treatment, thereby increasing the group's competitive advantage in the water treatment market.

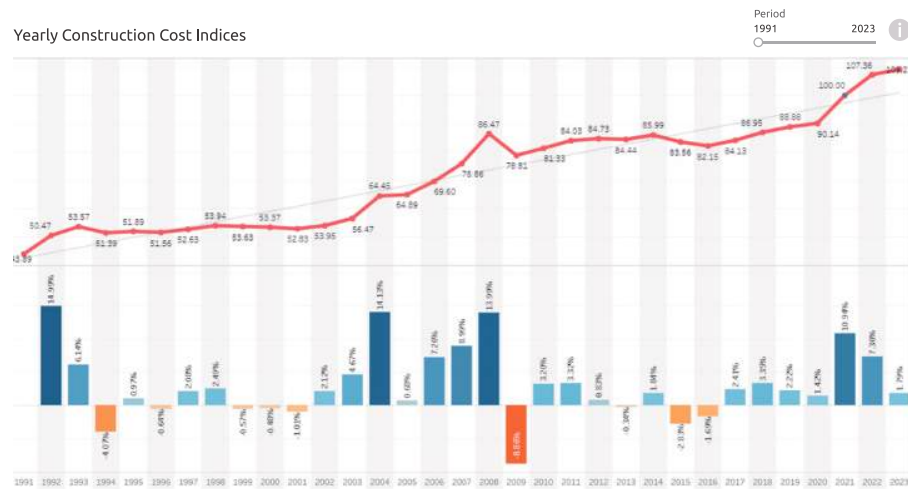
| E-Procurement Management Platform

The Group's e-procurement management platform integrates information on raw material market trends, procurement activities, and supply chain management. It also incorporates visual technology to present important information more intuitively, helping to respond to market changes and enhance the real-time nature of management information.

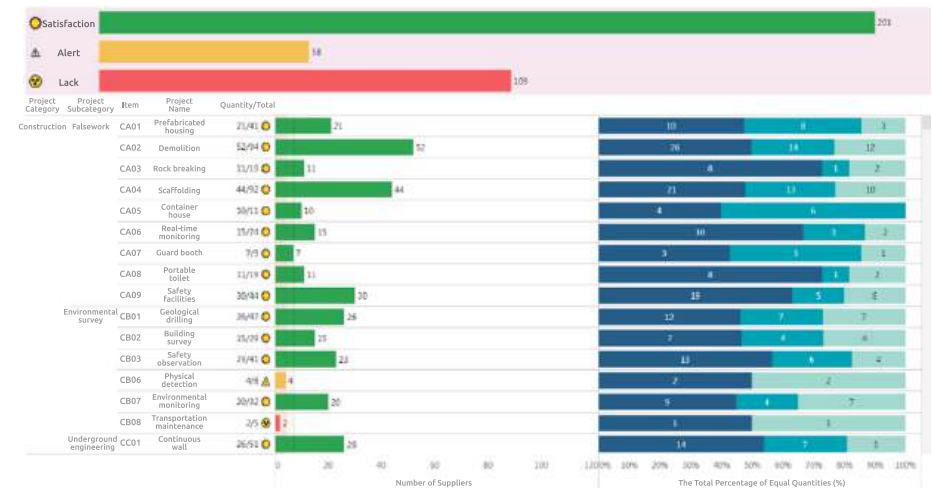
This system utilizes process robots to continuously capture data and convert it into visual displays and queries, allowing for real-time market trend monitoring. This eliminates the need for personnel to regularly query market changes and compile monthly reports, thereby enhancing work efficiency and enabling swift adjustments to procurement strategies in response to market changes.

In terms of supplier management, suppliers can streamline the management process by utilizing online registration and review. Visualized information aids in evaluating the performance of different types of suppliers, enabling effective response and strategic planning. Moving forward, we will further enhance the supply chain management module to improve the efficiency of supplier management and strategic development.

Construction Cost Index (CCI)



Supply Chain Vendor Status Analysis Chart



3-4 Happy Home

Protecting Customer Rights and Listening to Customer Needs

| Transparency in Product and Service Information

"Be proactive and accountable" is the code of conduct upheld by the CHC Group. We thoroughly evaluate advertising materials using stringent standards and review processes to ensure that we deliver transparent and compliant products and services to our customers.

The Group ensures transparency in external marketing tools (such as perspective drawings, manuals, furniture layout recommendations, and floor plans), and advertising materials (including POP, newspaper and magazine ads, manuals, and Facebook posts), all of which undergo dual departmental review and confirmation. Reception centers, model houses including displayed videos, electronic dashboards, models, engineering halls, building material display areas, and design team introductions are also subject to on-site checks to prevent false advertising, upholding the commitment to safeguard customer rights. Additionally, the Group is progressively implementing digital labeling of product information in phases. The sales contracts for the Group's construction projects that were inspected by government agencies in 2023 have all successfully passed the government's inspection, with no violations found.

CHC Group's Advertising Material Verification Process

Marketing Materials Design → Content Proofreading → Review for Approval → Revised Proofreading → Document Filing

2023 CHC Group's Advertising Material Verification Status

Project Name	Marketing Materials / Types	Quantity of Marketing Materials	Double-Reviewing Ratio
Duan Mei	Electronic dashboard, outdoor billboard POP, sales promotion DM, text message, invitation letter, official website, digital media and advertising, sales model, product manual, video, model house	32	100%
Metropolitan Village		8	100%
Sensuous Garden		27	100%
Belle Époque		84	100%

| After-sales Service: Community Services

The Group continues to maintain convenient and efficient customer communication channels and implements response time management to deliver high-quality after-sales and community services. We offer a community service app that enables residents to conveniently access notifications, community announcements, and make reservations for community facilities. This enhances communication and improves service efficiency. The community service apps for the Drawing the Dream Life and Timeless and Modern Expression communities, which entered the handover phase in 2023, are already live and operational, successfully achieving the objective of implementing the community service app system for 100% of the newly handed-over communities.

In addition, we organize a range of community activities to celebrate special festivals such as the Mid-Autumn Festival, Christmas, Halloween, and the Lantern Festival for residents like La Bella Vita and Drawing the Dream Life. We arrange activities such as barbecues, band performances, and writing couplets. In 2023, the number of participants and serviced individuals in community activities reached 407, enhancing the residents' living and service experience.



Mid-Autumn Festival in Drawing the Dream Life



Christmas Music Feast in Drawing the Dream Life



Christmas Event in La Bella Vita



Christmas Event in La Bella Vita



Lantern Festival in La Bella Vita



Halloween Event in La Bella Vita

Project Satisfaction Survey

In order to gain a better understanding of customer needs and to surpass their expectations, we have launched a customer satisfaction survey. This survey is designed to gather customer feedback and serve as a benchmark for ongoing improvement. The survey is administered through questionnaires, with a specific emphasis on areas where satisfaction levels are low. We will carefully evaluate these areas and make the necessary enhancements.

The Group conducts satisfaction surveys for sales, delivery, and maintenance of all projects to ensure high-quality service at every stage. The sales satisfaction survey assesses various aspects such as service attitude, professionalism, level of detail in explanations, completeness of sales information, advertising materials, sales models, internal house planning, and public facility environment. The handover satisfaction survey evaluates the house inspection process, efficiency of improvement for deficiencies, professional competence, handover procedures, document explanations, service attitude, and user manuals. The maintenance satisfaction survey rates service attitude, professionalism, construction quality, and timeliness of repairs, with a maximum score of 5 for each indicator.

In 2023, satisfaction surveys were conducted for the Belle Époque, Timeless and Modern Expression, Drawing the Dream Life, and Bountiful Journey projects. The customer satisfaction scores for each project exceeded 4.41, indicating the approval of homebuyers. The customer service team continues to gather customer feedback, hold discussions, generate review reports, and suggest specific enhancements to deliver more comprehensive service and the ultimate living experience to customers.

Distribution Statistics of the 2023 Satisfaction Survey

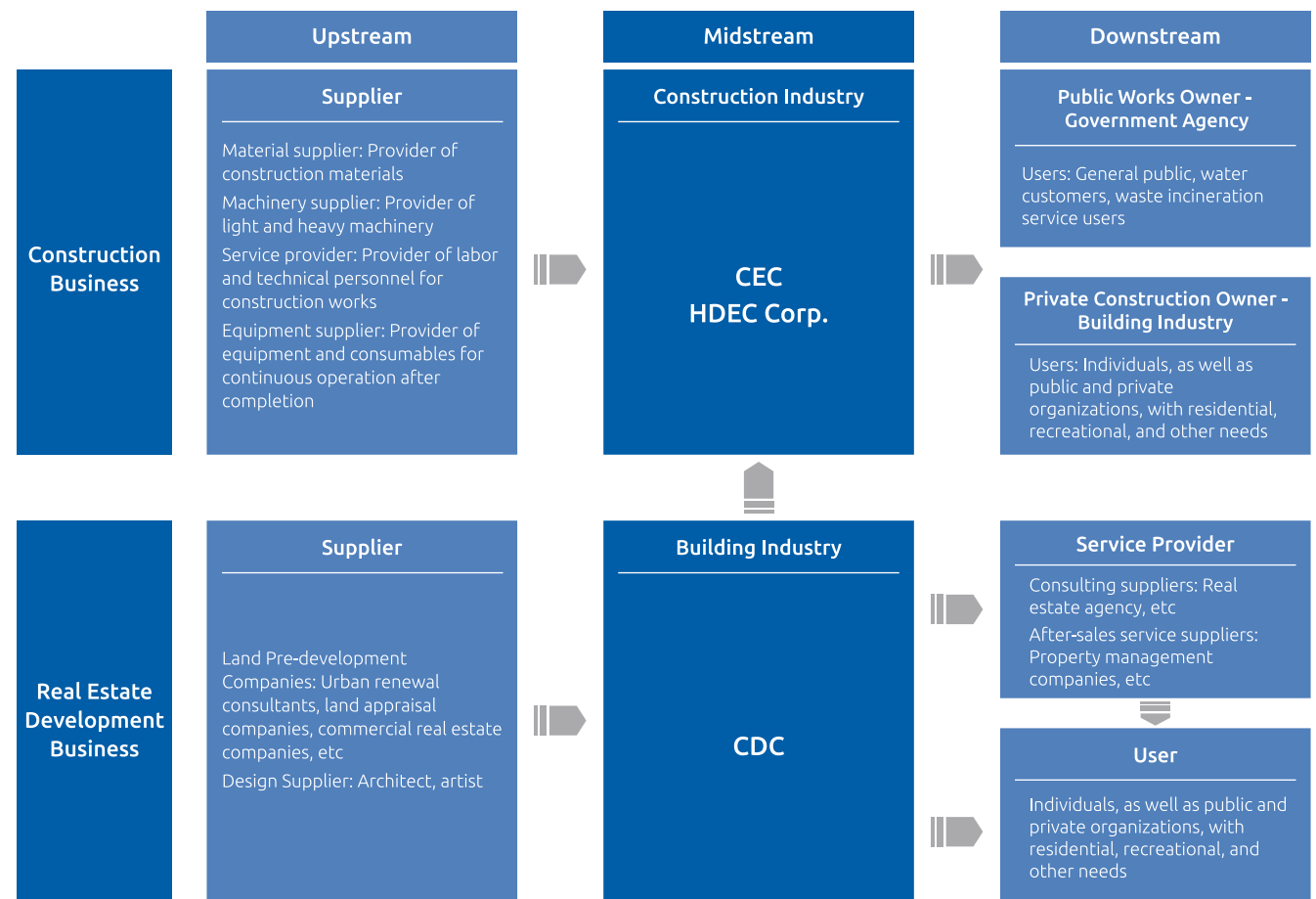
	Sales Satisfaction Survey	Handover Satisfaction Survey	Maintenance Satisfaction Survey
Number of Distributed	10	112	21
Number of Collected	10	94	21
Response Rate	100%	83.9%	100%

In addition, the Group is promoting the comprehensive documentation of building life cycle information. This includes details such as construction teams, structures that guarantee the absence of sea sand and radiation-free steel bars, and related drawings and data that have been verified by third-party units. This process is being implemented in stages, starting with the Timeless and Modern Expression project as a case study. The introduction and implementation of this process were successfully completed in 2023, **achieving the goal of providing a construction resume upon completion and delivery.** In the future, each project will also adopt a construction resume to provide customers with transparent and detailed records of digitized building products.

3-5 Sustainable Supply Chain

Group Supply Chain

The CHC Group's business encompasses real estate development and diversified construction. The supply chain is divided into real estate development supply chain and construction supply chain. Real estate development relies on professional service providers and teams for various stages of work, including land acquisition, house sales, and property management. From a construction perspective, it involves the procurement of machinery, equipment, and materials, as well as the engagement of sub-contractors for business support. The diagram below illustrates the relationships among the upstream, midstream, and downstream of the industry supply chain:



| Construction Supply Chain

The construction supply chain, from planning and design to contracting, raw material procurement, equipment installation, construction, completion, and operational use, heavily relies on the close collaboration of subcontractors involved in materials, equipment, labor, and facilities. The supply of various materials and the installation of equipment are closely connected to the construction schedule. The Group continues to monitor the scheduling and coordination of each stage of the project, improving the smooth operation of the project and enhancing the control of the project delivery schedule.

Categories of Construction Suppliers			
Material Suppliers		Machinery Suppliers	
Providing public construction materials, building materials, and foundation materials Material supplies: Concrete, reinforcement bars (rebar), etc		Providing light and heavy machinery required for construction work Machinery supplies: Forklifts, excavators, tunnel boring machines, etc	
Service Providers		Equipment Suppliers	
Providing labor and technical personnel required for construction work Labor supplies: Construction workers and personnel with professional skills or licenses		After completion, the equipment must be installed on-site and kept operational to ensure the facility functions properly Equipment supplies: Sewage treatment facilities and power generation equipment	

| Real Estate Development Supply Chain

This supplier offers support for pre-project planning, mid-term execution coordination, and post-delivery maintenance services. Compared to construction suppliers, real estate development supply chain enter earlier, provide services for a longer duration, and conclude their services later. While they may not be directly involved in construction work, they have a significant impact on the project's quality. The Group continues to monitor the overall risk and ensure the smooth operation of the real estate development supply chain, in order to ensure that the quality of the building products meets expectations.

Categories of Building Suppliers

Land Pre-Development	Consulting Suppliers
Providing land development services, which include searching for, recommending, and appraising suitable land Suppliers: Urban renewal consultants, land appraisal companies, large-scale commercial real estate companies, etc	Assisting in formulating, recommending, and implementing product sales strategies Suppliers: Sales agencies, advertising and marketing firms
Design Suppliers	After-Sales Service Suppliers
Providing pre-construction planning, architectural design, and artistic landscaping integration with local textures Suppliers: Architects, artists	Providing post-sales services related to property promotion and assisting in maintaining customer relationships Suppliers: Property management companies

Sustainable Supplier Management

| Supplier Management Policy

In order to improve procurement efficiency and quality, the Company has implemented a group procurement policy that defines our procurement principles and values. This policy serves as a guide for our procurement personnel, enabling them to carry out their duties effectively and create maximum value for the company while also fostering positive relationships with our suppliers. The Company has also implemented a supplier management code of conduct that mandates adherence to ethical behavior and business execution standards. Additionally, suppliers are required to comply with applicable standards and regulations regarding environmental protection, occupational safety, human rights, and labor rights. Leveraging its business influence, the Company collaborates with supply chain partners to collectively uphold corporate social responsibility. The audit results for the implementation of the Group's procurement policy in 2023 indicate that there were no significant violations and no instances of suppliers violating relevant regulations.

| Supply Chain Ethical Management

The CHC Group is promoting the signing of a Declaration of Compliance & Questionnaire by its suppliers to evaluate the effectiveness of supply chain ethical management. This initiative aims to improve communication and engagement with suppliers in order to uphold integrity and foster a sustainable business environment. Since the implementation of the Ethical Management clauses in the Supplier Standard Contract in 2021, the Group has continuously enhanced these provisions. This includes investigating potential conflicts of interest between suppliers and the Group. Additionally, channels for consulting on ethical management with suppliers have been established, along with resources such as instructional videos for filling out questionnaires. These efforts aim to help suppliers gain a deeper understanding of the Group's ethical management principles.⁴ In 2023, all newly contracted suppliers signed the CHC Group's Declaration of Compliance & Questionnaire (Supplier), achieving a signing rate of 100%.

In order to ensure that suppliers fully understand and adhere to the Group's principles of ethical management and human rights, the procurement unit first communicates the Group's business philosophy, operational standards, code of ethics and business conduct, and policies and regulations on occupational health and safety to the relevant parties before signing the contract. They are then requested to sign and confirm their agreement to comply. The Group also considers the supplier's sustainability performance, including human rights, employee care, occupational safety measures, waste management, energy-saving measures, and integrity, when managing suppliers and evaluating their performance. Outstanding suppliers can earn additional points in the evaluation and increase their chances of winning bids, thereby promoting sustainability management throughout the supply chain.

Note 4: Please refer to section 2-2 Ethical Management.

| Supplier Screening and Evaluation System

Supplier Registration	Supplier Qualification Assessment	Supplier Evaluation
<ul style="list-style-type: none"> ● Supplier Information Card ● Five-Year Contract Performance Record ● Receipt and Confirmation of Communication: <ul style="list-style-type: none"> ◆ Corporate Culture Declaration ◆ Business Execution Standards ◆ Occupational Health and Safety Policy 	<ul style="list-style-type: none"> ● Contract Agreement Record ● Performance Credit Evaluation Status ● Interview with the Responsible Person ● Financial Condition ● On-site Survey ● Regulations for the Management of Safety and Health on Construction Sites ● Risk Identification Label ● Peer Reviews 	<p>During the Project, the Construction Unit Conducts Initial and Re-Evaluations of Suppliers:</p> <p>A Grade - Recognized as a trustworthy and excellent supplier</p> <p>B Grade - Recognized as a trustworthy supplier</p> <p>C Grade - Suppliers requiring improvement and guidance</p> <p>D Grade - Suppliers classified as non-cooperative and placed under observation</p>

· Supplier Registration

Suppliers are required to fill out a Supplier Information Card and a Five-Year Contract Performance Record according to the Supplier Screening Process and New Supplier Registration Agreement. The procurement unit verifies the information provided by the suppliers, communicates the company's corporate culture declaration, business execution standards, code of ethics and business conduct, and occupational health and safety policies. Once the verification is complete and the basic information is confirmed by the supplier's signature, the supplier is registered into the system.

· Supplier Qualification Assessment

For potential suppliers under consideration for contracts, the procurement unit will conduct risk identification operations based on company regulations and key risk management in various aspects of ESG (Environmental, Social, Governance). If the supplier is involved in major projects or

raises safety and health concerns, due diligence investigations and site visits may be conducted as necessary, possibly in collaboration with relevant departments. ESG factors related to suppliers will be included in the selection assessment criteria.

· Supplier Evaluation

During project execution, suppliers undergo assessment conducted by the site manager for initial evaluation. The project department supervisor performs a comprehensive review and final assessment, approving the evaluation results, which are then recorded in the supplier database system. We assess individual suppliers for financial capability, quality issues, safety and health deficiencies, project delays, non-performance risks, contract disputes within the supply chain, price fluctuations, shortages of goods and services, among other risks. We also emphasize human rights management, especially in occupational health and safety. If a supplier receives a D grade in safety and health assessments, they are required to complete improvements within a specified timeframe. Failure to meet these improvement deadlines will prompt the company to convene a review meeting to consider placing the supplier on a non-cooperation list.

In 2023, the supplier assessment results show that there were a total of 1,703 reliable and excellent supplier partners (A Grade) and reliable supplier partners (B Grade), accounting for 92.6% of the total. This percentage slightly increased compared to last year. Suppliers needing improvement and guidance (C Grade) accounted for 7.2%, while suppliers with poor performance (D Grade) accounted for 0.3%. For C and D grade suppliers, we have already placed them under management and provided assistance for improvement. If there is a cumulative history of unsatisfactory evaluation in contract fulfillment or poor financial conditions, they will be placed on a non-cooperation list. We conduct quarterly tracking and evaluation of the managed list. As of the end of 2023, there were 17 businesses on the suspended cooperation list, managed through a grading and control mechanism to mitigate supply chain risk factors.

2023 Supplier Evaluation Results				
Evaluation Result	A Grade	B Grade	C Grade	D Grade
Number of Suppliers	25	1,678	132	5
Proportion	1.4%	91.2%	7.2%	0.3%

| Process and Results of Excellent Vendor Implementation

To identify excellent and reliable partners and cultivate long-term stable relationships with them, we hold an annual Excellent Vendor Selection event in the fourth quarter of each year. This event evaluates various site offices based on aspects such as safety management and construction quality performance for major projects.

The selected annual excellent vendors will enjoy benefits such as a 50% reduction in retention funds for the following year, relaxed performance guarantee conditions, and priority rights for contract awards. This helps establish a mutually beneficial and stable partnership. We also analyze the contracting performance of previous year's excellent vendors in the first quarter each year, providing reference for the selection process in the following year. In 2023, a total of 37 vendors were selected as excellent vendors, marking an increase of 10 vendors compared to the previous year.

| Digital Supply Chain Management

To enhance our ability to respond swiftly to market changes, the CHC Group has developed a procurement E-management platform. This platform is used to track market trends, manage procurement operations, and monitor key information across the supply chain. This digital management platform helps streamline procurement operations by simplifying management processes. It collects real-time data, analyzes it, and presents management information visually. This assists managers in quickly reviewing the current progress of procurement activities, the composition of suppliers by category, and the performance of individual suppliers, thereby enhancing management and decision-making efficiency.⁵

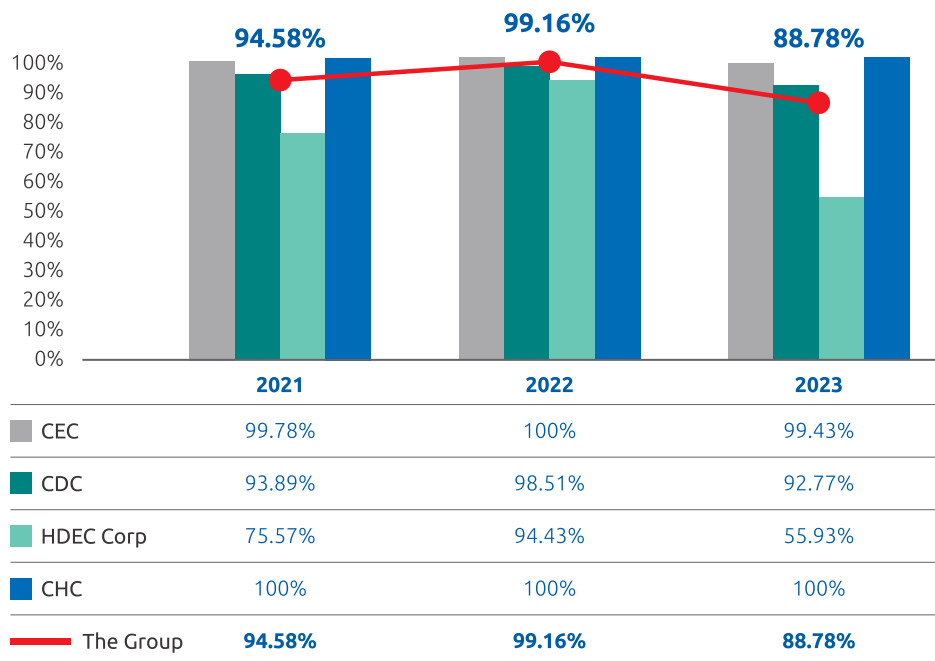
| Local Procurement

To enhance procurement efficiency, the CHC Group consolidates material requirements across its construction sites for integrated procurement. This strategy aims to reduce purchasing costs, enhance economic benefits, and improve the efficiency of procurement operations. Furthermore, to maximize procurement benefits, the Group collaborates with other companies based on demand, engaging in joint procurement of necessary materials. This approach strengthens bargaining power and reduces costs such as freight and storage expenses.

Note 5: Please refer to section 3-3 Smart Construction and Operation.








Supporting local procurement is a cornerstone of CHC Group's sustainability efforts. The Group prioritizes local procurement to stimulate local industry development and reduce carbon emissions generated by the supply chain. While the environmental project development business heavily relies on foreign suppliers for water treatment equipment, efforts are made to increase the proportion of local procurement. In 2023, the CHC Group achieved an overall local procurement rate of 88.78%. Specifically, CEC, CDC, and HDEC Corp achieved local procurement rates of 99.43%, 92.77%, and 55.93%, respectively.

CHC Group's Local Procurement Ratio Trend Chart





IV. Safe Workplace

-  CEC has been awarded the **Best Benchmark Enterprise** in the 2023 "Leading Enterprise in Sustainable Health Workforce" by the Ministry of Labor
-  CEC has been awarded the "Workplace Sustainable Health and Safety" -**Excellence Award** at the 2023 New Taipei City Occupational Safety and Health Award
-  CEC has successfully developed the "Automated Equipment for Preventing Thermal Hazards" and the "Collision Warning Devices for Construction Equipment"
-  There were no major occupational accidents in 2023
-  The reinstatement rate of employees with childcare leave without pay was **100%** in 2023
-  The training hours per person were approximately 9.9 hours for men and 12.13 hours for women in 2023. The allocation of learning resources showed no differences based on gender or job level
-  84 internship positions were provided in 2023, representing a 35% increase compared to the previous year, with 45% of the interns being converted to full-time employees

2023 Goals

- Each member company has achieved the annual target for average improvement on flaws
- Each member company has achieved the annual target for the Disability Injury Frequency Rate (DIFR)
- Develop one occupational safety and health technology management equipment or technology annually
- Maintain and enhance the operation and certification effectiveness of the ISO 45001 and CNS 45001 Occupational Health and Safety Management Systems
- The response rate for the employee engagement survey in the Group reach 80%
- The online learning platform has a total of 1,100 teaching materials
- Conduct a market survey of salaries and benefits and perform a competitive analysis
- Implementation of employee assistance program and employee recognition program
- Continue operation of the Young Engineers Conference and complete the annual plan

2023 Achievements 2024 Goals

- Achieved
- Partly achieved
- Achieved
- Achieved
- Achieved
- Achieved
- Achieved
- Achieved
- Achieved

- Each member company has achieved the annual target for average improvement on flaws
- Each member company has achieved the annual target for the Disability Injury Frequency Rate (DIFR)
- Develop one occupational safety and health technology management equipment or technology annually
- Maintain and enhance the operation and certification effectiveness of the ISO 45001 and CNS 45001 Occupational Health and Safety Management Systems
- The response rate for the employee engagement survey in the Group reach 80%
- The online learning platform has a total of 1,150 teaching materials
- Conduct a market survey of salaries and benefits and perform a competitive analysis
- Implementation of employee assistance program and employee recognition program
- Continue operation of the Young Engineers Conference and complete the annual plan

4-1 Diversity, Equality, and Inclusion

Sustainable Talent Initiatives

Diversity, Equality, and Inclusion (DEI) are key focus areas of the CHC Group. Since 2020, the Group has been implementing a Diversity & Inclusion (D&I) initiative. Starting in 2022, it has adopted an equitable approach and established a people-centric management strategy. Alongside its pursuit of revenue and profit growth, the Group actively promotes diverse talent sustainability efforts.

Since 2022, the CHC Group has joined a member of the "TALENT, in Taiwan, Talent Sustainability Action Alliance". The Group is committed to advocating for and promoting talent sustainability through its continuous efforts and practices in the six key indicators of talent sustainability.

Diversity, Equality, and Inclusion Policies

The Group firmly believes that employees are the cornerstone of business growth. We implement multiple dimensions to realize diversity, equality, and inclusiveness policies, including recruiting diverse talents, promoting trust and communication, driving equal development, and creating an inclusive environment. This creates a workplace environment that respects diversity and psychological safety, enabling employees to freely showcase their unique talents, unleash their potential, and create value for the organization.

The Group organizes an annual Diversity, Equality and Inclusion Week with the objective of fostering understanding of diversity, equality, and inclusion among employees. This is achieved through a range of interactive activities, learning courses, knowledge quizzes, lectures, and information sharing. The primary goal is to increase awareness of unconscious biases that may arise in both personal and professional settings, encouraging individuals to transition from bystanders to advocates and empowering employees to actively promote positive and

inclusive relationships. In the 2023 activities, we launched a series of courses on psychological safety through the online learning platform iLearn, under the section of "Diversity, Equality and Inclusion". These courses aimed to enhance understanding of the elements of psychological safety and encourage individuals to freely and confidently express their thoughts and feelings. The goal was to create a diverse and inclusive work environment and workplace culture, which, in turn, would promote innovative problem-solving and teamwork. A total of 359 participants took part in these courses in 2023, with a post-course satisfaction rating of 4.5.

In addition, team collaboration is built on trust. In 2023, CHC organized an event titled "Building Trust Equation for Effective Teams", where they discussed the various aspects of trust in team collaboration and the challenges teams face when trust is broken. The event systematically analyzed the things that should be continuously optimized (Start), stopped (Stop), and continued (Continue) in team work, both in terms of tasks and interpersonal relationships. The goal was to raise awareness among colleagues that trust is established and weakened through small actions. Using the Start-Stop-Continue model, individuals continuously evaluate and reassess their own behaviors and habits, thereby enhancing team collaboration efficiency. A total of 99 people participated in this event, with an attendance rate of 85%.



Indicator		CHC's Focus	
<ul style="list-style-type: none"> Inspiring mission and vision; demonstrating corporate social responsibility Communicating the purpose and significance of work to make employees feel the value of their jobs Encouraging employee participation in decision-making and empowering them fully, while promoting accountable behavior 		<p>The CHC Group is actively involved in promoting resilient national infrastructure and sustainable urban development. We advocate for environmentally friendly building design and technology-driven construction services. In addition, we have expanded our operations to include urban renewal, revitalization of aging buildings, and waste/renewable energy businesses, offering affordable and innovative solutions.</p>	

Indicator	CHC's Focus	Indicator	CHC's Focus
<ul style="list-style-type: none"> Considering the physical and mental well-being of employees and implementing appropriate measures Providing a safer environment compared to the Labor Standards Act Providing flexible work arrangements, such as flexible working hours, remote work, and special leave, can be beneficial in helping employees balance their family roles 	Implementing and continuously optimizing the Employee Well-being Plan, which offers health promotion and support resources tailored to the needs of employees. These resources include work-life coaching, stress management seminars, nutrition seminars, and more.	<ul style="list-style-type: none"> Actively recruiting employees from diverse groups Advocating for a diverse, equal, and inclusive culture through systems, education and training, and activity design Setting specific strategic indicators: The ratio of male to female executives, pay equity, and diverse benefit measures 	More than 30% of the employees hired by the Group come from diverse ethnic backgrounds, including foreign employees, indigenous people, and individuals with disabilities. The distribution of employees across different age groups is well-balanced, with women making up 20% of the workforce and holding 11% of the managerial positions. The Group is dedicated to promoting diversity in recruitment and consistently improving the diversity of its talent pool.

Indicator	CHC's Focus	Indicator	CHC's Focus
<ul style="list-style-type: none"> Cultivating and developing employee and managerial skills to assist employees in enhancing their resilience Assisting employees in fully realizing their individual potential and providing them with a clear career development path Building a diverse talent development pipeline while reducing gender, age, and ethnic disparities 	The CHC Group enhances the transfer of experience and the quality of learning resources to ensure that the investment in training resources aligns with the needs of various employee groups and their job requirements.	<ul style="list-style-type: none"> Balancing fairness and competitiveness in salary and rewards Providing a range of benefit measures that consider the diverse needs and value preferences of employees Effective utilization of non-monetary incentives, such as public recognition and career advancement opportunities 	The CHC Group conducts annual salary market surveys to optimize compensation strategies. Implement appropriate performance management systems to ensure that compensation levels reflect job performance. Provide flexible group insurance plans and diverse health check-up programs. Implement employee recognition and encouragement programs to publicly commend employees and teams who have made outstanding contributions in various fields.

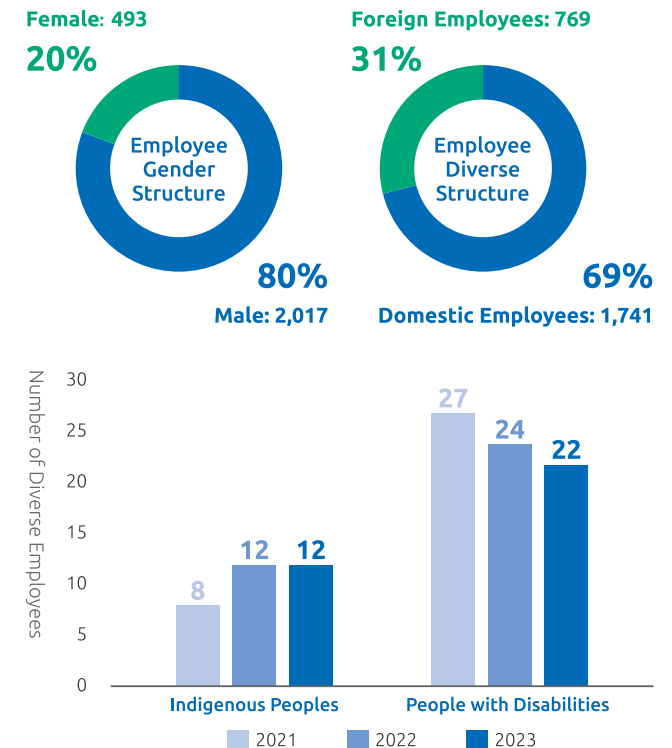
Indicator	CHC's Focus
<ul style="list-style-type: none"> Implementing an employee experience listening mechanism to gain insight into the genuine voices and suggestions of employees Establishing a creative internal communication platform to facilitate the exchange of diverse opinions Establishing a culture of trust and respect, while also maintaining employee security and a sense of belonging 	Every year, the CHC Group conducts an employee engagement survey to anonymously gather employees' opinions on the work environment and experience. We maintain various channels for employee communication , encourage employee suggestions and feedback, and ensure prompt response management.

Note: Actions related to Diversity, Equality, and Inclusion are indicated in bold text.



| Diverse Hiring

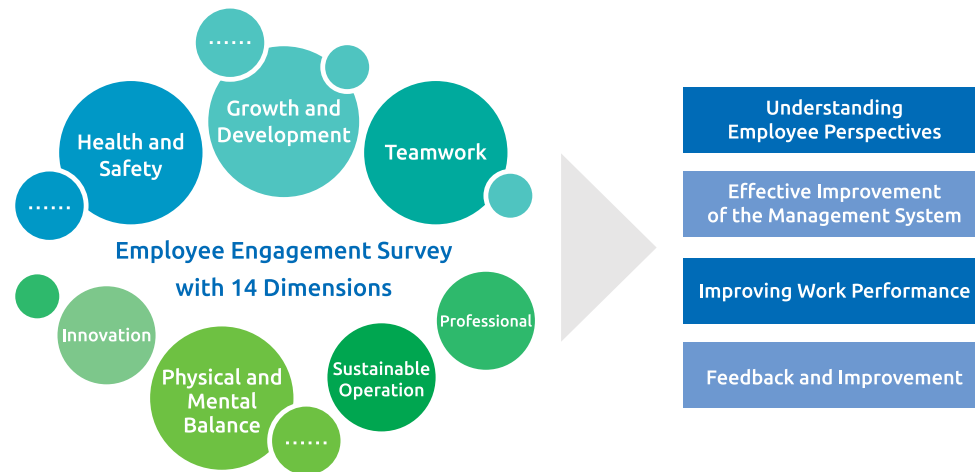
We fully integrate the principles of diversity, equality, and inclusion into all human resources management measures. This includes promoting internal communication and trust, providing a friendly and inclusive environment, enhancing employee benefits, and ensuring fair compensation. These efforts support the suitable development of employees from diverse backgrounds and conditions. As of 2023, over 30% of the Group's employees are from diverse ethnic backgrounds, including foreign employees, indigenous people, and individuals with disabilities. Among them, the number of employees with disabilities hired is almost meeting the legal requirement of 23 people.



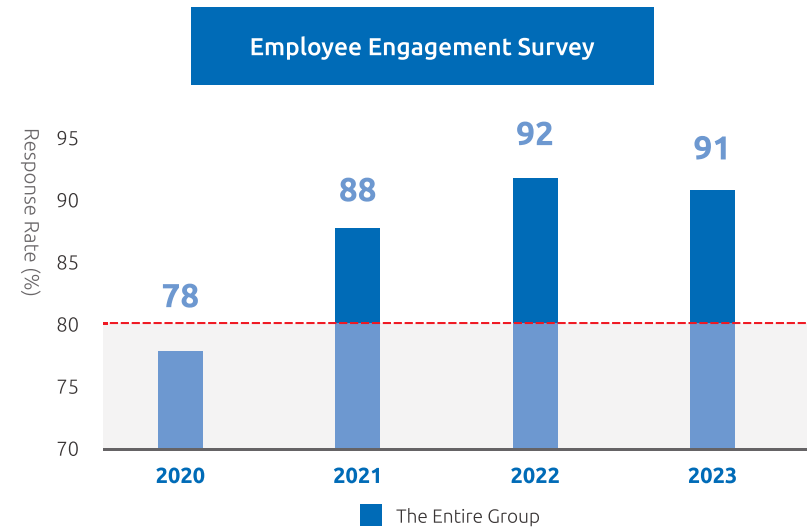
Trustworthy Communication

The Group continues to provide employees with diverse and accessible communication channels, actively listening to their thoughts and expectations as an important reference for continuous improvement. For information on the CHC Group's human rights policy, actions, and employee communication channels, please refer to Section 2-3 Human Rights and Employee Communication.

| Employee Engagement Survey



Since 2020, the Group has been conducting an annual employee engagement survey to gather anonymous feedback from colleagues regarding the current work environment and experience. The survey covers 14 indicators, including health and safety, work-life balance, growth and development, innovation, teamwork, diversity, equality and inclusion, sustainable operations, and corporate responsibility. The survey is administered through an online anonymous questionnaire, and the trends for each indicator are consistently monitored. **In 2023, there has been an increase in employee satisfaction rates with regards to health and safety, as well as participation in two key indicators. Moving forward, we aim to foster more opportunities for communication and collaboration within and across departments to enhance teamwork. Over the past three years, the response rate to the employee engagement survey has consistently exceeded the annual target of 80%, demonstrating a high level of trust among employees in this communication channel.**



Each member company of the Group and each department within the member companies submits their respective company improvement action plans and department improvement action plans based on the annual results of employee engagement survey. The Group also conducts briefing sessions to help managers review the report, identify areas for improvement, communicate and share the report results with the team, and establish action plans to track the implementation results. Every employee in the Group has the opportunity to propose ideas and contribute to the development of action plans. By working together, we can create a work environment and experience that align with everyone's expectations. Each member company will align their annual goals with this action plan and consistently monitor the progress of its implementation.









Questionnaire Collection	Result Summary	Hold a Briefing Session	Submit Action Plan
Employees complete online anonymous questionnaire	Management units consolidate survey results	A briefing is held to assist unit managers in formulating action plans	Invite each employee to participate in formulating action plans; Group member companies and departments within member companies submit their respective action plans




A Friendly and Inclusive Environment




The construction industry is labor-intensive and commonly employs migrant workers, who are primarily engaged in on-site construction work. Migrant workers are a major concern for the Group's human rights issues. As of the end of 2023, they made up approximately 30% of the Group's workforce. Each year, the Group implements at least one project to improve the welfare of migrant workers, considering the local customs and traditions of their hometowns to provide suitable accommodation, recreational areas, and amenities to meet their needs. Additionally, a dedicated space is set up for religious rituals and prayers based on their religious customs. In 2023, we will further enhance the safety of dormitory environments by installing smoke detectors, properly arranging power outlets, and providing high-quality extension cords to improve electrical safety.

We recognize that migrant workers may require additional support in their social and daily lives due to language and cultural barriers. As a result, we have implemented a 24-hour on-site life counseling service with trained personnel who regularly check on their adjustment to life and work. All written materials, such as contract documents, bulletin board notices, and signage, are available in multiple languages. Additionally, voice alerts and broadcasts are provided in multiple languages to facilitate the smooth integration of migrant workers into life in Taiwan. In 2023, efforts were made to promote targeted harassment prevention and education. A bilingual informational document was created to help migrant workers understand the educational content, and a seminar was conducted.

To protect the rights and interests of migrant workers, we offer several communication channels. These include monthly migrant worker forums, a feedback mailbox, on-site visits to address their needs, and a dedicated human resources service window. Additionally, we utilize broadcasting, promotional materials, and communication groups to consistently raise awareness among migrant workers. We inform them that they can utilize these channels to voice their concerns or seek advice from the corporate headquarters.

Type	Items / Description	Photo
Facility Optimization	Improvement of Dormitory Planning <p>The room is equipped with air conditioning and a blood pressure monitor. The restaurant is equipped with satellite TV. The bathroom includes a washing machine. The entrance features a designated area for rain shoes and a shoe cabinet. A dedicated space for Buddhist worship is available. Sports facilities and entertainment equipment are provided based on the available space and individual preferences. We are constantly working on improving the layout and design of the dormitory. By 2023, smoke detectors were installed.</p>	 
	Recreational Facilities <p>Provide sports facilities such as basketball courts, billiard rooms, sepak takraw courts, and fitness equipment, as well as entertainment equipment like archery games, chess sets, and televisions. Additionally, develop farm areas for raising chickens or cultivating spices such as chili peppers and lemongrass.</p>	 
Care and Support	Life Counseling Assistance <p>Periodically monitor the living and working conditions of migrant workers and provide assistance, such as healthcare, end-of-probation support, and support for participating in significant family events upon their return home.</p>	 

Type	Items / Description	Photo
Care and Support	Life Support Services <p>Interpreters provide 24-hour life support services, assisting with tasks such as tax refunds, banking transactions, medical appointments, and more. They also offer transportation options, including bicycles, and can arrange daily shuttle services for commuting.</p>	
	Promotion of Safety and Health <p>Regularly conduct environmental disinfection to support migrant workers in accessing medical treatment; periodically implement safety and health promotion and traffic safety education.</p>	
Labor-Management Communication	Friendly Language Communication <p>Consider that most migrant workers are not proficient in Chinese, bulletin notices, documents, and signs are presented in multiple languages, and broadcasts and voice messages are also provided in multiple languages.</p>	

Type	Items / Description	Photo
Labor-Management Communication	Multiple Communication Channels <p>Monthly symposiums for migrant workers are held, an employee feedback mailbox is established, a dedicated human resources opinion service window is set up, and site visits are conducted to address the needs of migrant workers.</p>	
	Satisfaction Survey of Sanitation, Catering, and Meals <p>Regularly convene Food Committee meetings, conduct random meal inspections, and administer satisfaction surveys to ensure food hygiene and meet the needs of migrant workers. In 2023, the meal satisfaction rate reached 89%. Implemented a monthly fruit day activity to promote a balanced diet.</p>	
Promotion of Physical and Mental Balance	Festivals and Celebration Activities <p>During the Lunar New Year, Mid-Autumn Festival, and Water Splashing Festival, festive bonuses or gifts are provided. Additionally, celebratory activities such as sepak takraw competitions, darts competitions, and coin tossing competitions are organized. Furthermore, monthly/quarterly birthday parties are held, and birthday vouchers are distributed. Supervisors personally deliver birthday cards to enhance camaraderie and communication.</p>	

Comprehensive Employee Benefits

The Group values employee benefit and has established regulations for managing employee benefits. In addition to setting up an Employee Welfare Committee to provide various welfare subsidies, recreational activities, and facilities, the Group also plans for flexible working hours, health check-ups, insurance plans, and a comprehensive vacation and retirement system. All employees in the Group have the right to request different types of leave according to the labor leave regulations. Additionally, employees in higher positions are entitled to full-pay personal leave, full-pay family care leave, and full-pay sick leave, which are more generous than the leave system outlined in the Labor Standards Act.

We prioritize employee-centered design of various welfare measures. In addition to legally depositing retirement reserve funds, the retirement pension system commissions actuarial consultants to conduct annual actuarial calculations to ensure full coverage. Apart from statutory labor insurance and national health insurance, the Group employees have the right to participate in "Employee Group Insurance¹," fully funded by the company. This insurance includes regular life insurance, accident insurance, accident medical insurance, hospitalization medical insurance, cancer medical insurance, and other benefits. We regularly review the Group insurance budget and optimize insurance plans to allow colleagues to flexibly choose insurance options that meet their needs based on their life stages. In 2023, the participation rate in the group employee insurance within the Group was 100%.

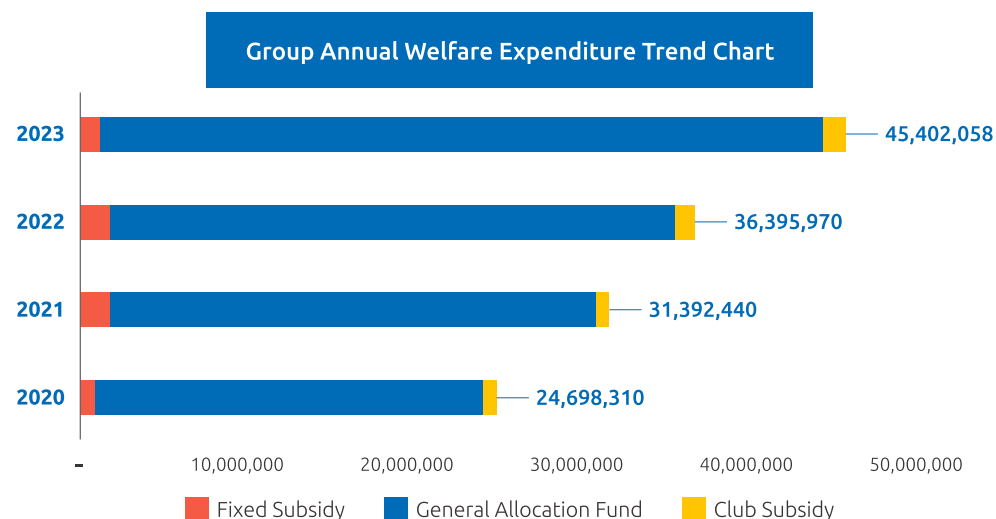
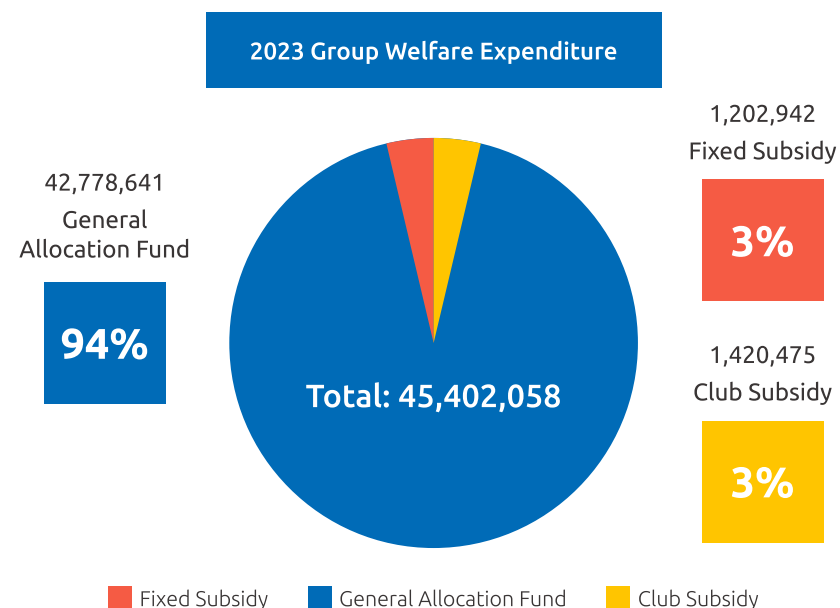
| Benefit Expenses

The Group sets aside an annual budget for emergency assistance, providing financial support to employees during times of crisis. The actual expenditure for 2023 amounted to NT\$1,202,942, with a budget execution rate of approximately 40%. The Group's total cost of employee benefits² in 2023 was NT\$45,402,058.

Type	Items	Description
Fixed Subsidy	Funeral Subsidy	In the event of emergencies, the company offers financial assistance to employees to overcome any difficulties
	Hospitalization Condolence Payments	
	Major Disaster Relief Subsidies	
Club Subsidy		Sponsor various clubs to encourage employees to cultivate leisure hobbies, enhance their physical and mental health, and foster camaraderie among employees
General Allocation Fund	Holiday Bonus for Three Chinese Festival	Holiday bonuses are distributed during the Lunar New Year, Labor Day, and Mid-Autumn Festival

Note 1: Migrant workers are covered under separate planning schemes.

Note 2: Excluding the scheme for migrant workers and direct employees.



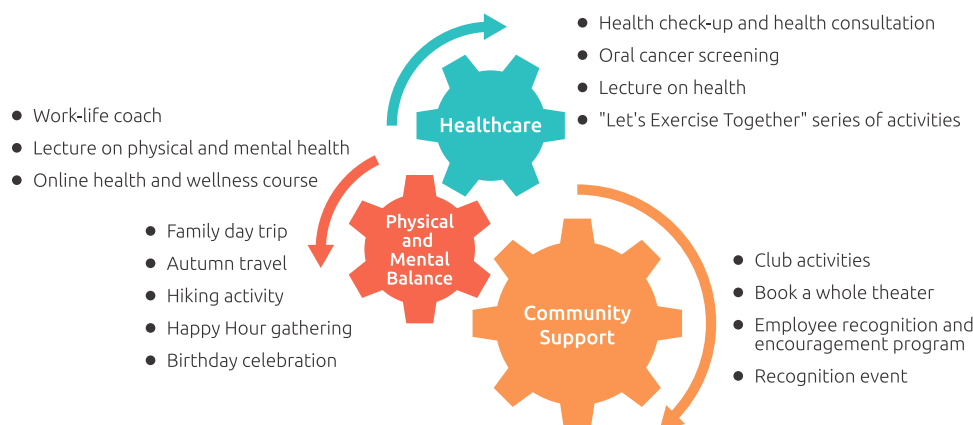
Note: Starting from 2023, flexible welfare funds have been incorporated into the general allocation fund, with historical years adjusted accordingly.

| Benefit Activities and Measures

The Group offers a range of employee benefits, focusing on promoting well-being and engagement in three key areas: community support, healthcare, and physical and mental balance.

The Group encourages and supports employees to form societies and sponsors the operation of various clubs. In addition, the Group hosts an annual employee recognition ceremony to commend exceptional performance, workplace health and safety, and teams that excel in achieving work-life balance. The ceremony also provides an opportunity to express gratitude for the long-term commitment of senior colleagues. Moreover, we have established an employee recognition and encouragement program to encourage adherence to the company's code of conduct and cultivate a culture of peer appreciation.

Starting in 2021, we have introduced an Employee Assistance Program to enhance the physical and mental well-being of our employees. This program offers five professional counseling services per year to all employees and their dependents. Its objective is to support our colleagues in developing effective coping strategies when confronted with different environmental changes and challenges. Regularly conduct health seminars to enhance employees' awareness of physical and mental well-being. In 2023, there were four seminars and one workshop, covering topics such as communication, smart financial management, and parenting. The total number of participants exceeded 300. For information about the Group's concept of physical and mental balance and actions for healthcare, please see section [4-3 Workplace Health Promotion](#).



Book a Whole Theater



Hiking Activity



Autumn Travel



Lecture on Physical and Mental Health



Recognition Event

| Unpaid Parental Leave for Raising Children

The Group provides employees with parental leave and unpaid leave benefits in accordance with the law, as specified in the "Employees Employment and Dismissal Procedure". In 2023, a total of 11 employees applied for parental leave, and all of them returned to work. However, the retention rate has decreased because some colleagues reapplied for leave or resigned during the year for family reasons.

Items	Male	Female	Total
A: Total Number of Applications for Unpaid Parental Leave for Raising Children in 2023	3	8	11
B: Number of People Returning to Work in 2023	3	6	9
C: Actual Number of People Returning to Work in 2023	3	6	9
D: Number of People Expected to Return to Work in 2023 who Applied for an Extension	0	0	0
E: Number of Employees who Remain Employed for One Year after Parental Leave in 2022	1	3	4
F: Number of People who Returned to Work after Parental Leave in 2022	2	4	6
Return to Work Rate (%) = C / (B-D)	100%	100%	100%
Retention Rate (%) = E / F	50%	75%	67%

Note 1: Return to work rate = (Total number of employees who returned to work after parental leave / Total number of employees expected to return to work after parental leave) × 100%.

Note 2: Retention rate = (Total number of employees still employed twelve months after returning to work from parental leave / Total number of employees who returned to work after completing parental leave during the previous reporting period) × 100%.

Fair Compensation

The Company has established a Compensation Committee to develop compensation policies and guidelines in line with the company's development and human resources strategy. In addition, we value fairness and competitiveness and are committed to providing competitive compensation overall. We conduct annual salary market surveys and engage professional consulting teams to conduct research and analysis, which serves as an important reference for our compensation strategy. The Group has conducted annual salary adjustments for six consecutive years, and the

average salary increase rate has consistently exceeded both the inflation rate and the market average salary increase rate.

Starting from 2024, the Group's senior executives' Key Performance Indicators (KPIs) formally included ESG (Environmental, Social, Governance) indicators, linking them to annual performance targets across various responsibilities within member companies and even to employees. This integration of ESG indicators into executive compensation aims to drive organizational strategy and action changes from the top down.

| Board of Directors' Remuneration Policy

The payment of director's remuneration is conducted in accordance with the principles outlined in the Company's Articles of Incorporation and the Charter of Compensation Committee. The Compensation Committee is responsible for formulating and regularly reviewing the company's policies, systems, standards, and structures regarding director and executive compensation. It also evaluates the directors' and executives' performance targets and determines the content and amounts of individual compensation for submission to the Board of Directors for approval. The Company adopts a fixed remuneration system for directors, distinguishing between independent directors and general directors. Independent directors receive reasonable compensation, taking into account their participation in Audit and Compensation Committees, director performance evaluations, company operational performance, and industry benchmarks. Executive compensation includes both fixed remuneration and variable bonuses. Fixed remuneration is salary distributed monthly, considering job responsibilities, skills, market salary levels, and company performance. Variable bonuses are based on the annual operating performance and executive contributions for that year, assessed post company operations review. For detailed information regarding remuneration, please refer to the CHC's 2023 annual report.

| Employee Remuneration Policy

Salaries for personnel at all levels within CHC Group are not differentiated by gender. The determination of salary payments is based on job position requirements, individual work capabilities, and performance. To encourage continuous pursuit of excellence among employees, the Company has established a performance bonus scheme, disbursing bonuses based on annual performance evaluations of both the company and individuals. In 2023 annual statistical comparison of basic salaries between men and women, with women as the benchmark,

male supervisory earn approximately 0.96 times the salary, while male non-supervisory earn approximately 1.07 times the salary. The remuneration ratios for male executives and male non-executives are 0.95 and 1.06, respectively.

2023	Pay Ratio by Gender	Male (multiple)	Female (multiple is 1)
Supervisory Position	Salary Ratio	0.96	1.00
	Remuneration Ratio	0.95	1.00
Non-Supervisory Position	Salary Ratio	1.07	1.00
	Remuneration Ratio	1.06	1.00

Note:

1. The statistics exclude part time workers, migrant workers, chairman of the board, and direct labor workers.
2. Supervisory positions refers to an officer who is in charge of one or more staff.
3. Non-supervisory positions: Non-supervisory professional, engineering, and general administrative staff as defined above.
4. Comparison is based on the median to avoid the influence of extreme values.

According to the salary information for non-supervisory full-time employees, the total salary amount in 2023 was NT\$1,647,193 thousand, an increase of 21% compared to the previous year. The average and median salaries were NT\$914 thousand and NT\$824 thousand, respectively, with annual growth rates of 3.3% and -0.1%, respectively.

Year	Number of Full-Time Employees	Total Salary Amount for Full-Time Employees	Total Salary Average Amount for Full-Time Employees	Total Salary Median Amount for Full-Time Employees
2022	1,538	1,361,561	885	825
2023	1,802	1,647,193	914	824

Note:

1. "Non-supervisory full-time employees" refers to employees who are not defined as managers according to No. Taiwan-Finance-Securities (III)-920001301, and whose working hours meet the company's designated normal full-time hours.
2. Including the consolidated entities that meet the requirements of the "Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountant" as "significant subsidiaries" (including both head and branch offices), excluding employees of overseas branches.






4-2 Human Capital Management

The CHC Group has long-term investments in human capital. This starts from the source of talent and expands through cooperation with campuses. We actively develop industry-academia collaboration relationships and create a friendly, open, and respectful work environment. This is achieved through continuous improvement of diverse talent recruitment, professional training, and performance evaluation systems.

Diverse Talent Recruitment Channels

The Group continues to attract exceptional talent through various recruitment channels. Internally, we have a talent recommendation system, while externally, utilize job fairs, employment service agencies, job websites, and campus activities to attract potential candidates.

	Recruitment Method	Description	2023 Results
Internal	Employee recommendation program  	<p>The employee recommendation program for 2023 expanded to include all affiliated companies. It was prominently displayed on the Group's portal homepage and internal job vacancy listings. Job openings was promoted through Hot Job mail, and there's a dedicated LINE group for answering questions. The program offered generous bonuses along with incentives like lucky draws and movie tickets to increase employee referral enthusiasm. Currently, there are approximately 240 employees in the LINE group.</p>	<p>The Group recommended a total of 190 candidates and successfully invited 104 of them to join</p>

	Recruitment Method	Description	2023 Results
External-Online	Social media exposure 	<p>For job seekers with experience in the construction industry, the Company actively promotes job openings on the homepage, app, and through EDM on 104 Job Bank. It proactively introduces the company's core competencies and benefits. The Company has been voted as the "Happiest Company of the Year" by 1111 Job Bank users for four consecutive years. Additionally, through LinkedIn's social media community, the Company shares information about its core values, landmark projects, breakthrough technologies, and more to over 700 million global users. This strategy not only enhances recruitment channels but also attracts young talents and industry leaders.</p>	<p>The number of proactive applicants increased from 100 to 300. The number of ad views ranged from 4,000 to 9,000. The number of LinkedIn followers exceeded 12,000</p>
	Online expo 	<p>From March to May 2023, the Company participated in the Engineering and Manufacturing themed hall at the 104 Online Freshman Job Fair, showcasing corporate brand videos and recruitment advertisements. We also announced the 2023 campus recruitment schedule during this event. Introduce new recruits to the company's core competencies and benefits through the sharing of experiences by senior colleagues.</p>	<p>The number of ad views was 7,860, the number of job vacancy views was 2,494, and approximately 100 people actively applied</p>

Recruitment Method		Description	2023 Results
External-Entity	Campus recruitment 	<p>In 2023, the Company participated in 5 campus job fairs to recruit fresh talent in construction; actively attended internship briefings at civil engineering, construction, safety and health, electrical engineering departments, expanding campus recruitment channels. Engineers and students were invited to interact and share career experiences, providing students with valuable insights for career planning.</p>	<p>Organized 5 campus job fairs and received 493 responses to the recruitment questionnaires. Additionally, conducted 17 internship briefings and received 160 resume applications</p>
	Job service expo 	<p>In order to recruit senior engineers in occupational safety and health and management associates, we partnered with the Construction Site Supervisors Association in 2023 to exchange practical BIM experience and engage with participants. The participants responded with great enthusiasm and expressed their desire for ongoing involvement. Furthermore, by including advertisements in the training materials for labor safety certification, the Company can enhance its image and attract potential job seekers.</p>	<p>A total of 50 construction site supervisors participated in the practical sharing session</p>

High-Quality Industry-Academia Learning Environments

The CHC Group is expanding its collaboration with campuses to foster long-term development of professionals in engineering fields such as civil, building, construction, mechanical and electrical, and environmental engineering. The CHC Group aims to actively establish connections with students by significantly increasing the number of scholarships under the "Young Talents Scholarship" and expanding the scale of internship programs. Additionally, the CHC Group is proactively signing memorandums of understanding with schools for industry-academic cooperation. It welcomes students from relevant departments to visit construction sites and water resource centers. In 2023, the "One-Day Engineer" event for college students was continually held, with 27 students from 11 different schools participating in site visits and practical experiences. This event allowed more students to experience construction site operations firsthand, strengthening the connection and visibility between the company and

educational institutions. The goal is to create a symbiotic relationship between industry needs and academic expertise, fostering mutual growth and collaboration.



National Yang Ming Chiao Tung University Visited the Metro Construction Project



China University of Technology Visited Fengshan Water Resource Center

Young Talents Scholarship

Group member CEC has been running the "Young Talents Scholarship" since 2020, and HDEC Corp since 2022, providing young students from domestic construction and environmental engineering departments with early opportunities to experience the workplace environment. The scholarship recipients also serve as campus ambassadors for the Company. They assist and participate in campus brand promotion activities from a student perspective by getting involved in campus events and promoting on social media platforms. In 2023, the number of scholarships increased from 7 in 2022 to 10. The LINE group established for scholarship recipients has grown to 26 members. We periodically share industry-related information and campus event topics, providing a platform for inter-grade, inter-school, and inter-disciplinary exchange. In 2023, three scholarship recipients joined CEC after graduation. The scholarship program will continue to be promoted in the future in order to create opportunities for attracting more talent to the construction and environmental engineering industry.

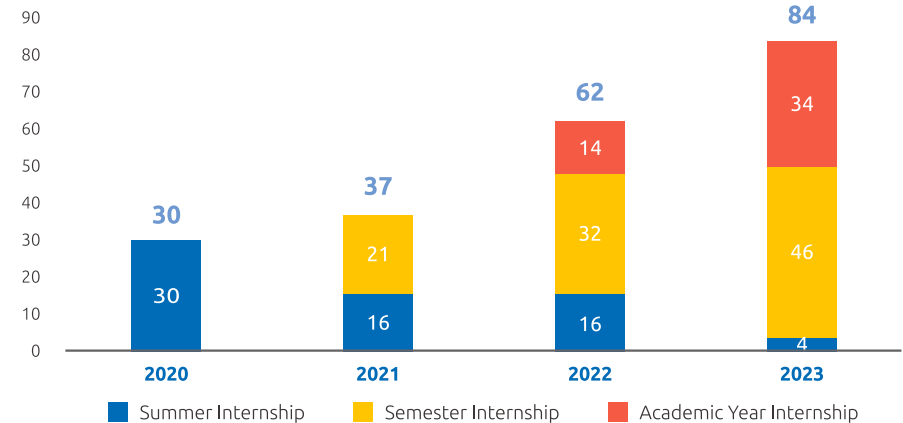


| Internship Program

The Group is continuing to implement the internship program, providing a total of 84 positions for 2023. This includes 46 semester internships, 4 summer internships, and 34 academic year internships. The number of positions has increased by 35% compared to the previous year. Under the guidance of experienced mentors, students have the opportunity to gain practical experience in various internship areas that align with the project's characteristics. This includes working with engineering logs, managing engineering quality, conducting site inspection processes and procedures, coordinating schedules and communication with work crews, and observing construction work on-site. During the internship period, a session will be organized to facilitate the sharing and exchange of interns' experiences. The purpose of this session is to encourage mutual communication and discussion regarding the challenges encountered and the corresponding solutions. The closing ceremony provides participating students with an opportunity to showcase their internship achievements, while supervisors can share their own career plans, thereby inspiring students to consider their future career paths. Most students responded with great enthusiasm. According to the internship satisfaction survey, 97% of students would recommend their juniors to intern in CEC, and 78% have plans to pursue a career in the construction industry after the internship. In 2023, a total of 38 interns join the CEC after graduation.



The Trend Chart of Internship Amount in the Group



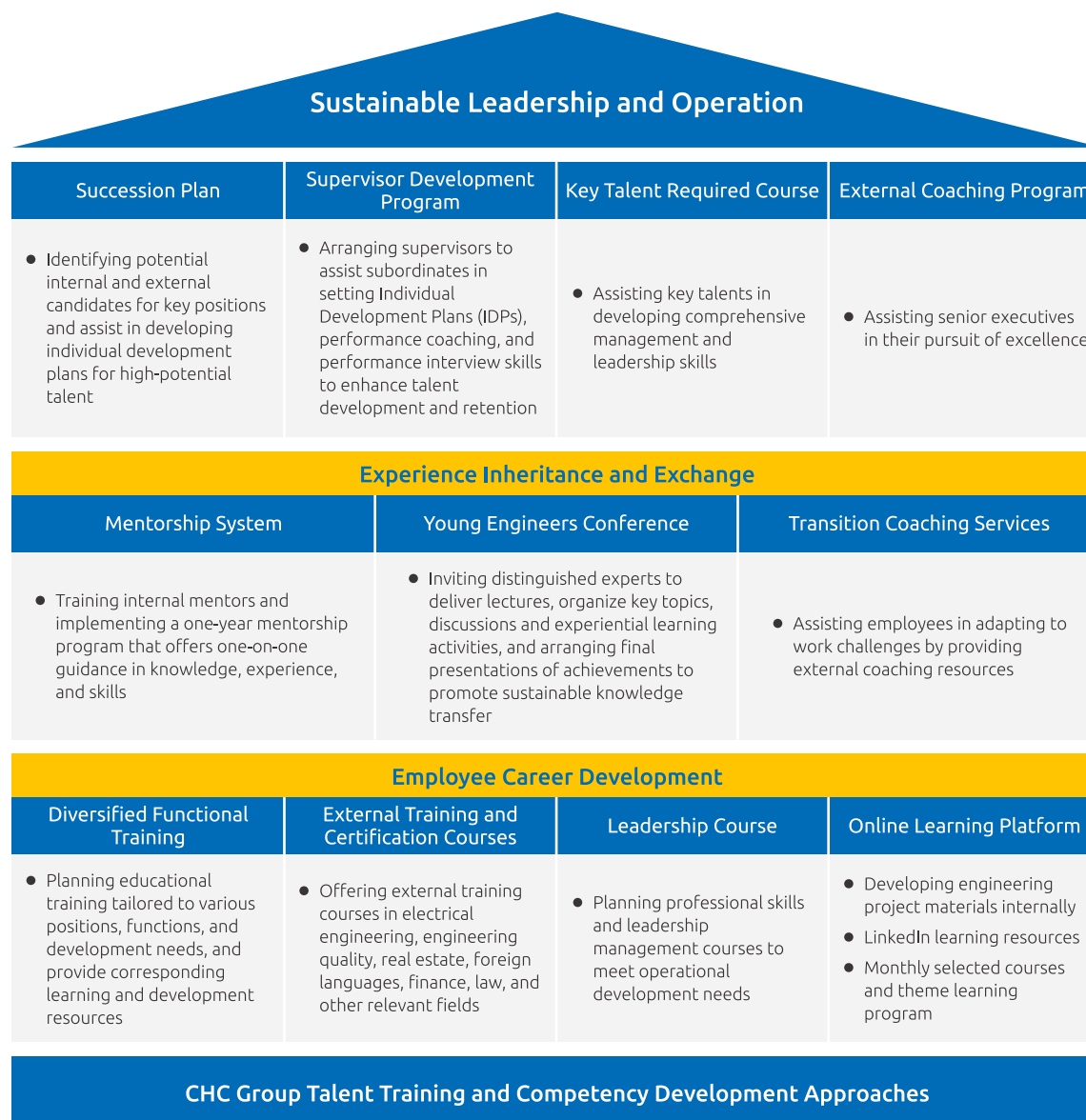
| Collaboration with Colleges and Universities

The Group has been committed to the development of construction management technology and talent cultivation for a long time. In 2023, it signed a memorandum of understanding for cross-disciplinary talent cultivation with the Department of Civil and Disaster Prevention Engineering at National United University. Additionally, it renewed the memorandum with the Department of Occupational Safety and Health at Chang Jung Christian University. The cooperation includes professional technical exchanges, lectures by industry experts, continuing education for employees, and student internship programs, continually exploring diverse ways to integrate industry needs with academic expertise.

The Group actively promotes diverse collaborations with campuses, annually hosting visits for students from construction-related departments to construction sites and for environmental engineering students to water resource centers. Project personnel are arranged to provide explanations and answer questions, giving students a broader understanding of the engineering industry. In 2023, a total of 20 visits were organized. Additionally, the Group sponsored the 2023 Civil Engineering Technology Exhibition held by the Department of Civil Engineering at Tamkang University, helping to promote the development of cutting-edge technology in Taiwan's civil engineering industry.

Talent Training and Skill Development

Talent cultivation and development are key objectives for the CHC Group's growth. We have created a comprehensive blueprint for talent training and skill development, which offers resources for employees at various stages of their careers. This includes employee competency development, experience sharing and exchange, sustainable leadership and management. We have also established multiple channels for transferring knowledge and experience, and we encourage colleagues to continuously learn and improve their skills. Additionally, we are currently implementing talent development and succession plans to foster and utilize talent competency development.



| Employee Career Development

The Group plans educational training courses tailored to various positions, functions, and development needs, utilizing the 70-20-10 Learning Model. Focusing on the learner, it continually develops diverse learning resources and channels such as on-the-job training, job rotation, site visits, formal training courses, live-streamed courses, forums, seminars, and blended learning methods. Every year, we offer a wide range of external training and certification courses, covering topics such as labor safety and health, first aid, electrical engineering, engineering quality, real estate, finance, and law.

We have also developed professional and leadership management courses for various target groups in order to meet the needs of business development and employees. In 2023, we offered Project Management Courses, introducing an Engineering Practice Training Programs, and organizing Win-Win Two-Way Communication Courses for new employees. Additionally, we implemented Leadership Enhancement Programs for new supervisors. The Group's annual training plan for 2023 has an execution rate of 87%.

The 70-20-10 Learning Model

10%



Learning from
formal courses

20%



Learning from
colleagues' guidance,
observation,
and feedback

70%



Learning from
practical work experience
and challenges






Program	Target Audience and Content	Benefits and Impacts on the Company	Achievement
Project Management Course	Conducting project management courses for Group employees to participate in freely.	By learning the fundamentals, processes, and practical exercises of project management, employees gain the knowledge and skills to effectively plan and manage both internal and external projects. This project management perspective ensures the smooth execution of projects.	Three sessions were conducted, totaling 21 hours. A total of 99 participants attended, resulting in a 100% attendance rate. The average satisfaction rating was 4.8.
Engineering Practice Training Program	For project engineers and potential engineers in training, a one-year architectural professional course is planned. This course includes professional lectures and real case studies on topics such as interior finishing, reinforcement engineering, and steel structure engineering, aimed at enhancing employees' professional knowledge and capabilities.	Through internal instructor sharing, provide a comprehensive explanation and practical examples of the entire system to enable engineers to gain a deeper understanding of their profession and enhance their professional knowledge.	Three sessions were conducted, totaling 240 hours. A total of 18 participants attended, resulting in a 100% attendance rate. The average satisfaction rating was 4.97.
Win-Win Two-Way Communication Course	As a newly converted full-time engineer, establish a self-identity and understand the roles of stakeholders, while learning communication skills, workplace etiquette, and how to respect colleagues and supervisors.	Promoting intergenerational communication, reducing friction caused by generational differences, and enhancing communication efficiency and work effectiveness within the organization.	A total of 36 participants attended the event, achieving a 100% attendance rate. The average satisfaction rate was 98%, and the completion rate of post-event assignments reached 94%.
Leadership Enhancement Program	Planning a five-month course for newly promoted construction unit supervisors, providing necessary support and resources to help them adapt to their new roles.	Strengthening the leadership of new managers, improve team productivity, and effectively reduce organizational turnover.	There were 16 participants, with an average satisfaction rating of 4.89.

Online Learning

Since 2019, the Group has successfully implemented the iLearn online learning management platform. Each year, we strive to enhance the content by curating knowledge in different formats, developing a wide range of course themes, and incorporating gamification into the learning process. This approach creates a relaxed and enjoyable learning environment, promoting a culture of self-directed learning.

In 2023, the Group's online learning platform offered a total of 1,322 teaching materials, which included 14 newly developed engineering project materials. The learning resources covered various subjects such as BIM, building construction, civil engineering, environmental engineering, legal and business contracts, procurement, finance and accounting, construction projects, and quality management.

The Group launches at least 1,000 online courses annually, and since 2022, has integrated over ten thousand courses from LinkedIn Learning. In 2023, the Group established three major sections: new employees, new supervisors, and critical skills, recommending courses based on the specific needs of each group.

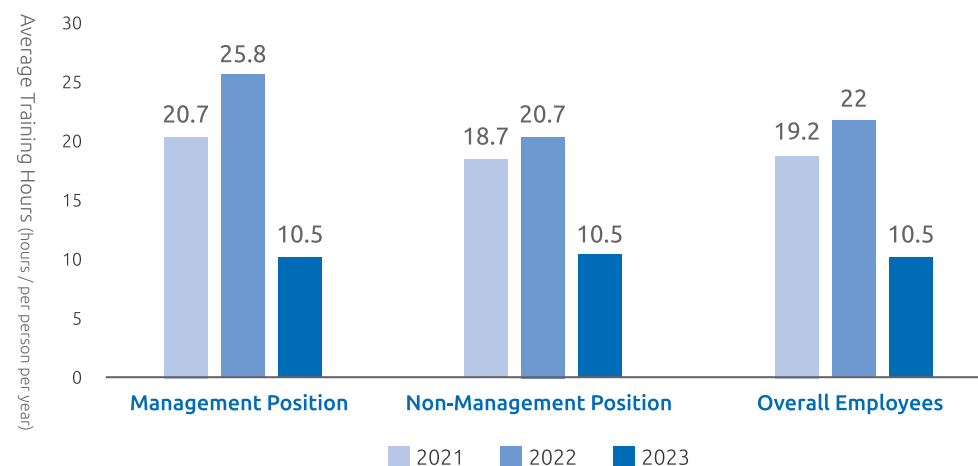
New Employee Section	Important information for new employees, including a brief introduction to the company's intranet, organized learning resources, and recommended online courses, is provided to help them become familiar with the work environment and their responsibilities.	
New Supervisor Section	Important information required by supervisors to assist new supervisors in smoothly adapting to their new roles includes performance management, team growth and development, and course recommendations.	
Critical Skills Section	Various themed courses, such as flexible thinking, communication and negotiation, management and leadership, and popular skills, are available to help employees develop key skills.	

In 2023, the "Flipped Learning Wonderland" online learning activity was launched with the aim of promoting autonomous learning through game-based missions. The "Critical Skills" incorporates a range of popular topics, covering diverse equality and inclusion issues. Additionally, a bingo card learning promotion activity has been implemented to promote concept advocacy and encourage autonomous learning. iLearn continues to offer various themed sections, introducing monthly featured courses and thematic learning programs. In 2023, the average investment in online learning per group employee was 7.2 hours, resulting in a total online learning time of 12,597 hours and a 100% utilization rate of the online learning platform.






Total Training Hours

In 2023, the Group invested a total of NT\$8,234,159 in internal and external training courses, which represents a 42% growth compared to the previous year. The total training hours for all employees amounted to 19,732 hours, with an average of approximately 9.90 hours per male employee and 12.13 hours per female employee.



| Experience Inheritance and Exchange


We have implemented a comprehensive system for on-the-job counseling and development, offering transformation coaching services to help employees adjust to environmental changes and overcome challenges. Additionally, we encourage intergenerational communication and knowledge sharing through events like the Young Engineers Conference, professional sharing lectures, and mentorship programs. In 2023, the Young Engineers Conference organized a Win-Win Two-Way Communication Course aimed at assisting participants in establishing self-positioning, understanding their roles with stakeholders, enhancing communication skills, and fostering workplace etiquette. This initiative aimed to reduce intergenerational friction and promote effective communication within the organization.

Program / Description	Photo
<p>Group Mentoring Program</p> <p>In 2023, the Group successfully paired 18 mentor-mentee pairs from different units or work locations without direct reporting relationships for a year-long mentorship program. Through experience sharing and skill transfer, the program provides psychological support and career assistance to participants, while enhancing intercompany and interdepartmental communication within the Group. At various mentoring stages, mentors receive training in coaching techniques and are recommended learning resources. In 2023, the retention rate of mentors and students was 100%, and two mentors have been promoted.</p>	
<p>Transition Coaching Services</p> <p>Providing external counseling resources, offering a total of five hours of consultations over a three-month period. These consultations can address various topics such as career planning, stress management, and interpersonal relationships. In cases of employee maladjustment, supervisors can also make proactive referrals.</p>	
<p>Young Engineers Conference</p> <p>Since 2019, the Young Engineers Conference has been held annually, inviting esteemed senior professors from diverse fields to deliver courses and impart their expertise. The 2023 Annual Young Engineers Conference Project achieved a 100% success rate. This included 1 keynote speech, 3 panel discussions, 1 experiential learning session, 3 site visits, 1 outdoor activity, and 1 final presentation. The attendance rate of the members was 52%.</p>	

| Sustainable Leadership and Operation

The Group's management team actively implements succession plan and talent development programs every year. They identify the essential competencies and personality traits required for key internal positions based on the company's development strategy. They predict talent leadership potential through an objective and scientific assessment system. Potential talents are supported in developing their individual development plans (IDPs) with the help of assessment reports. In 2023, 265 potential talents were selected and developed through the Individual Development Plan (IDP), achieving a completion rate of 96%. A total of 38 individuals have been promoted, resulting in a promotion rate of 14%. The Succession plan for supervisors has accumulated a training completion rate of 77%, with a total of 1,032 hours of training provided to potential talents.

An effective employee cultivation and development plan can help key talents achieve growth objectives. The Group is committed to promoting the cultivation and development of sustainable leadership talents through Group-required courses and external coaching programs, aiming to assist senior-level employees in establishing strong management and leadership capabilities. At the same time, we also assist senior-level staff in establishing foundation concepts for employee development. This includes helping them conduct performance discussions, providing daily guidance, assisting subordinates in creating individual development plan, and monitoring the progress. Our aim is to continuously foster the growth of both supervisors and employees in their personal and professional journeys. In 2023, a leadership enhancement program was held to provide necessary support and resources for newly promoted construction unit managers, helping them adapt to their new roles.

Program / Description	Photo
<p>Group-required Course</p> <p>To support the development of key talents in building management and leadership skills, the course content covers a range of essential management functions. These include business acumen, personnel management and communication, relationship management, strategic thinking and problem-solving, and critical leadership management abilities. The aim is to enhance cross-department collaboration and facilitate strategic decision-making.</p>	

Program / Description

Photo

External Coaching Program

The cultivation of senior executives is the top priority for the CHC Group. Considering the extensive professional knowledge and management experience of senior executives, standard training courses may not fully meet their needs. Since 2021, the Group has actively established an external coaching pool to assist senior executives in continuously pursuing excellence.

**Performance Management Courses**

A performance management course for managerial-level personnel has been held annually, focusing on assisting subordinates in setting SMART goals aligned with business needs, providing performance guidance, delivering timely feedback, and driving team members to unleash their full potential. The course attracted 32 participants with a attendance rate of 67%, achieving a satisfaction rating of 4.8.

**Assist Subordinates in Developing Individual Development Plans (IDPs) for Training Courses**

Leading subordinates in developing their development plans is a crucial skill for supervisors. In 2023, three courses were conducted, attracting a total of 86 participants with a 62% attendance rate. The course received a satisfaction rating of 4.6.



Column

Training Series on Crisis Management and Stakeholder Communication

In 2023, the Group organized a series of crisis management training courses. The courses included explanations, on-site drills, reviews, and high-level executive workshops. Simulated scenarios were also filmed and broadcasted to closely simulate real crisis situations. The training focused on the principles, processes, and communication skills for dealing with stakeholders during a crisis.

Training courses are tailored to different groups: This includes arranging training courses for supervisors of relevant functional units at headquarters and local supervisors to participate in crisis management and stakeholder communication courses. The training incorporates scenario setting, simulated media interviews, and video material production to encourage colleagues to develop on-site contingency measures and share principles of reputation management and crisis management cases. Additionally, member company CEOs and headquarters functional executives attend senior executive seminars to explore opportunities for optimizing group crisis management principles. Field exercises and reviews are conducted for the crisis response teams of site offices, CEC, and CHC. These exercises are designed to identify any shortcomings in the current contingency measures and are carried out in both site offices and headquarters. Furthermore, headquarters functional executives and local supervisors participate in crisis management principle and media response exercises, which include teaching basic oral expression skills and providing speech training to enhance colleagues' ability to express themselves under media pressure. Excluding cross-location drills and senior executive workshops, the physical attendance for this series of courses reached 94 participants, with 39 participants joining online. The course satisfaction rate was 99%.

Performance Management Systems

Aligned with the Group's annual overall business strategy and goals, we implement performance-oriented human resources policies, adopting an appropriate performance management system. By setting annual goals at the beginning of the year, conducting mid-year performance progress checks and adjustments, and conducting year-end performance interviews and evaluations, we promote real-time performance feedback and communication. This ensures that employee performance is aligned with organizational goals, ultimately enhancing overall operational performance. In 2023, the performance evaluation process for each company in the Group was streamlined according to organizational levels. Additionally, a briefing was conducted to acquaint supervisors and colleagues with the new operational procedures of the performance system.

In 2023, the Group evaluated the performance of its employees and fully implemented the annual performance evaluation process. We utilize performance evaluation results as a benchmark for managing overall compensation and job adjustments. This ensures that the salary level adequately reflects job performance and provides motivation. Additionally, it serves as a reference for planning employee learning and development needs.



| Courses for Supervisor Evaluation

A good performance management system relies on supervisors and subordinates reaching a consensus on goal setting and how to achieve those goals. Therefore, the Group has planned a performance management course for managerial-level personnel, which all supervisory position are required to attend. The course aims to establish a thorough understanding of performance management for managers and enhance their knowledge in goal setting, performance guidance, performance review processes, and skills. The cumulative completion rate for performance management-related courses in 2023 reached 87%.



2023	Male			Female		
	Supervisory Position	Non-Supervisory Position	Total	Supervisory Position	Non-Supervisory Position	Total
Number of Employees under Performance Evaluation	353	770	1,123	51	389	440
Number of Employees Required to Take Performance Evaluation	353	770	1,123	51	389	440
Proportion of Employees Required to Take Performance Evaluation	100%	100%	100%	100%	100%	100%

Note:

1. Employees who are currently employed and have completed their probationary period as of the assessment reference date are included, with the exception of the Chairman, Directors, domestic and foreign direct labor employees, and fixed-term contract employees.
2. The number of employees who are currently employed and meet the assessment criteria mentioned in the first point as of December 31, 2023.

4-3 Workplace Health Promotion

Concept of Physical and Mental Balance

The CHC Group has initiated a five-year Wellbeing program in 2021, with a focus on five dimensions: physical and mental balance, health and safety, recognition and respect, growth and development, and diversity, equality and inclusion. The program is executed through four dimensions: cognition and training, tracking and inspection, execution and promotion, and certification and approval. Its objective is to establish a model for maturity path and set goals for the physical and mental balance of the Group's employees.



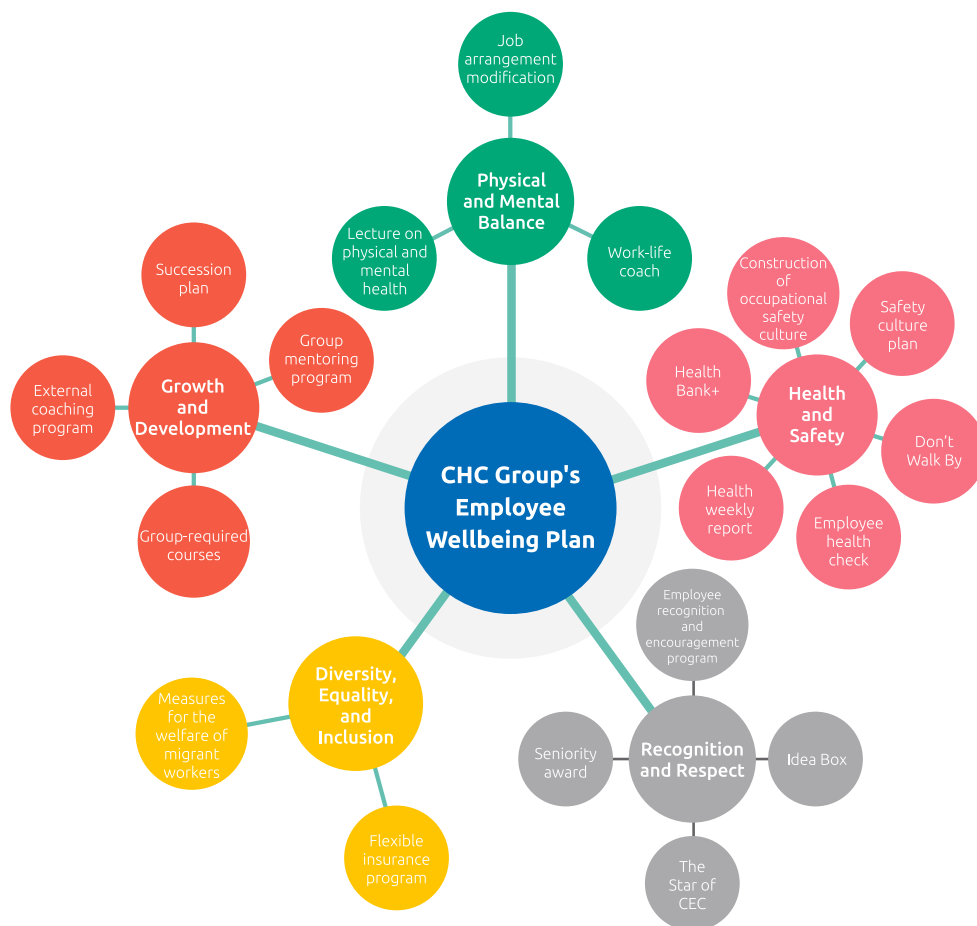
Wellbeing extends beyond work-life balance, it is also built upon a safe environment where adequate rest is possible, a supportive, respectful, and recognized community, and a workplace that fosters continuous potential development and is friendly and inclusive. The Group's Employee Wellbeing Plan focuses on employees' overall physical and mental health,

planning related measures including specific aspects like mental health care, work-life balance, occupational safety and health, promoting employee recognition through encouraging public commendation activities, professional training and development, financial wellness, and creating a diverse and friendly workplace environment. This plan benefits not only the employees of the Group but also extends to foreign migrant workers and subcontractors. It includes health check-ups for subcontractors and oral cancer screenings.

The Group has always prioritized occupational health and safety issues. We have consistently invested in engineering technology, improved construction methods, and implemented construction technology applications to enhance construction safety. At the same time, we are dedicated to improving risk management in the construction process and encouraging the involvement of all staff in the Don't Walk By (DWB) program. The objective is to enhance safety and health management, foster effective communication with contractors, identify and mitigate potential risks, and ensure on-site safety. Our ultimate goal is to ensure that everyone returns home safely every day. Starting in 2022, we have been implementing a safety culture program to strengthen our safety and health management in several areas. This program focus on senior executive leadership, contractor safety management, enhancing the safety and health management skills of middle-level managers, and encouraging the participation of all employees. For more information on CHC Group's occupational safety policy and initiatives, please see section [4-4 Safe Working Environment](#).

The Group also aims to improve labor welfare. As of 2021, certain scheduled working days have been changed to rest days, giving on-site personnel a two-day weekend. We offer health promotion and support resources tailored to the needs of our employees, including stress management and nutrition lectures. Additionally, we have established an employee assistance program that provides professional counseling services to help employees cope with life stress, family responsibilities, and legal and financial matters. The Group's member companies, CEC, CDC, and HDEC Corp, have all received the Accredited Healthy Workplace from the Health Promotion Administration, Ministry of Health and Welfare. In 2023, CDC also received the iSports Enterprise Certificate from the Sports Administration, Ministry of Education.

WELLBEING



Measures to Promote Mental and Physical Balance

Items / Description

Photo

Job Arrangement Modification

In the construction industry, project durations are typically calculated in calendar days. Therefore, large construction companies also schedule holidays using shift arrangements. According to labor laws regarding working hours, construction site supervisors are allowed to adjust some holidays to working days through mutual agreement on work schedule adjustments. Starting in 2021, the Group has made adjustments to certain scheduled workdays, designating them as rest days. This change enables employees to achieve a better work-life balance.



Work-Life Coach

Providing unlimited telephone consultations and 5 face-to-face consultations per year for colleagues and their families. These consultations are conducted by professional and confidential external consultants, offering counseling services. The topics covered include career planning, stress management, conflict management, job adaptation, interpersonal relationships, personnel management, self-exploration and communication, friendship and marriage, mental health, parenting and family, law and finance, and other diverse aspects. Our aim is to assist colleagues in finding appropriate coping methods when facing various challenges.



Employee Recognition and Encouragement Program

Through employee nominations, we promote a culture of respect and positive recognition. In 2023, a total of 224 individuals were nominated, with 24% receiving peer nominations.





Lecture on Physical and Mental Health

Regularly conduct special lectures to promote employees' awareness of physical and mental health. In 2023, there were 4 special lectures and 1 workshop covering topics such as upward management, smart finance, and parenting, with participation exceeding 300 attendees.



Actions for Healthcare

The Group cares about employee health and safety. Through a health information management platform, we provide employees with health care and management information services. We analyze employees' health check results based on risk classification, offer individual health counseling sessions, and provide referral information as needed. Each year, we identify high-risk employees and arrange one-on-one interviews with occupational specialists for personalized health education to assist in self-health management. This information also guides the design of annual health promotion activities and health education campaigns. In 2023, we continued to upgrade our health screening program, increasing the overall budget and collaborating with occupational physicians to tailor and optimize health check-up programs specifically for the construction industry. We designed and refined screening options based on age and job category to better meet the needs of our employees. **In 2023, the Group achieved an overall health examination participation rate of 98%. The participation rate of domestic personnel directly involved in the examination reached 100%. The total investment amount exceeded NT\$4.03 million.**

Items / Description	Photo
<h3>Health Care Notice</h3> <p>In 2023, a total of 34 health promotion notices were issued. Furthermore, evaluation results of medical institutions in different regions and a healthy food map for each county and city were made available. These were sent via email and also uploaded to the health management information platform for easy access at any time. CDC issues a weekly health bulletin and enhances employees' awareness of self-health management through the "Health Bank+" app.</p>	
<h3>Health Check-up and Health Consultation</h3> <p>Colleagues can schedule appointments through the health management information platform reservation system. They can select medical institutions, health check plans, and examination times based on their individual needs. After the health check-up, the contracted hospital offers individual consultations to employees in the north, central, and south Taiwan to discuss their health check-up results and assist them in managing their own health.</p>	

Items / Description	Photo
<h3>Occupational Specialist Physician Rounds</h3> <p>Throughout 2023, there were a total of 11 on-site physician service sessions. These sessions focused on providing health care and job suitability assessments for high-risk employees (such as maternity protection, abnormal workloads, human factor hazards, and COVID-19 prevention), offering individual health counseling sessions.</p>	
<h3>Health Check Vendor Evaluation</h3> <p>In 2023, visits and selection of health screening medical institutions included: Taipei Municipal Wanfang Hospital, Taichung Hospital of Health and Welfare Department, Kaohsiung Yuan's General Hospital, and Cathay Healthcare Management Consulting Centers (NEI-HU and DUN-NAN, Taipei, and TAI-NAN). Contracts for health screening were signed with these four medical institutions.</p>	
<h3>Lecture and Activity on Health</h3> <p>In 2023, there were a total of 7 health lectures and 3 health consultation activities. The topics covered included healthy eating, prevention of muscle soreness, stress reduction, and achieving physical and mental balance.</p>	
<h3>Oral Cancer Screening</h3> <p>In 2023, there were a total of 7 oral cancer screenings conducted, with the participation of 295 individuals. This marked the fourth consecutive year of promoting oral cancer screening activities in the workplace. The screening targets include both employees and contracted workers, and the examinations are conveniently conducted by doctors stationed in the workplace, allowing workers to undergo the check-up without taking leave.</p>	
<h3>Long-COVID Case Tracking</h3> <p>The Long-COVID case care program was launched in October 2022. It offers symptom consultation and health guidance, and arranges consultations with professional physicians for severe cases. As of the end of 2022, there have been a total of 7 reports. In July 2023, 2 new cases were added, primarily involving chronic cough, dizziness, abnormal taste and smell, and respiratory wheezing. Currently, all 9 cases have been resolved and closed.</p>	

Column

CEC and CDC Collaborate to Foster a Healthy Workplace

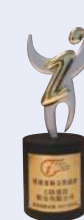
To enhance employee focus on physical and mental health, CEC continued its Wellbeing Week in 2023. Activities included health seminars and offering nutritious meal options to promote the importance of healthy eating. According to historical data from the Ministry of Health and Welfare, it was found that the obesity-related indicators were higher compared to the previous year's health examination results. Colleagues were educated about balanced nutrition, dietary choices, and the relationship between unhealthy foods and diseases through the Healthy Meal Box lecture. They were also encouraged to share photos of their "Healthy Meal Box + Hand". Three colleagues were selected to receive vouchers.



In 2023, CEC organized the annual Safety, Health, and Wellbeing Recognition Event to acknowledge the outstanding performance of different construction units, safety and health personnel, and construction unit personnel in safety and health matters. Awards were based on comparisons of annual health check-up results, workloads, health burdens, lifestyle habits, and participation in health promotion activities compared to the previous year. A panel of healthcare professionals selected three colleagues as "Models of Self-Health Management."

In 2023, CDC actively engaged in actions for healthcare by conducting workplace environmental assessments and implementing improvements. Following the Occupational Health Protection Plan, they conducted surveys to assess the likelihood of occupational diseases. Professional nursing staff were commissioned to analyze employees' health check results and provide individual health counseling based on risk assessments. For employees showing signs of musculoskeletal symptoms with potential harm, one-on-one interviews and professional health education were provided by physical therapists.

Additionally, CDC publishes a weekly health bulletin, utilizes the "Health Bank+" app for health promotion, and organizes health seminars and occupational safety education training to enhance employees' awareness of self-managed health. In 2023, CDC continued its "Let's Exercise Together" series of events, including hiking, family day trips, and autumn excursions, to promote work-life balance among employees. As a result of these efforts, CDC received iSports Enterprise Certificate from the Ministry of Education.



4-4 Safe Working Environment

Occupational Safety and Health Management

Occupational safety and health are highly prioritized issues for the CHC Group, with annual improvements in worker education and training and continuous development of technological innovations. Since 2022, CEC has initiated a safety culture program, comprehensively reviewing and strengthening safety management, and gradually implementing relevant policies and systems.

The Group is a leader in introducing innovative engineering technologies, improving project efficiency, and enhancing construction safety through the use of construction technology. Additionally, it actively shares innovative safety practices through domestic and international seminars, participation in public associations, and industry-academia cooperation, thereby exerting a positive influence. In 2023, the Group was recognized with several safety and health awards, including: "Leading Enterprise in Sustainable Health Workforce Selection" awarded by the Occupational Safety and Health Administration, Ministry of Labor, as the annual best benchmark enterprise, "Active Evaluation of Corporate Sustainability Report Disclosure of Occupational Health and Safety Indicators" recognizing outstanding company in the building materials and construction industry, "New Taipei City Labor Safety and Health Award - Occupational Sustainable Health and Safety Award" presented by the New Taipei City Labor Standards Inspection Office. In 2023, the CEC shared its practical experience in occupational safety and health at the "OHS Sustainable Development Conference" organized by the Occupational Safety and Health Administration. The presentation aimed to enhance the construction industry's comprehension of safety and health management through discussions on overall development strategies, resource integration, and specific actions.

Since 2019, CEC has served as the President of the COSHPA. Since 2010, he has been the Vice President of the CNTOSHA for Occupational Safety and Health Management System in Taiwan. He actively mobilizes the strength of members, promotes the direction and capacity of disaster reduction in the organization, integrates resources across agencies, assists in improving the quality of inspections and supervision, and utilizes technological tools to help prevent hazards on construction sites, ensuring the occupational safety and health of construction workers. In addition, we have actively participated in various associations and initiatives, including the Occupational Safety and Health Promotion Association for the construction industry in the north, central, and south Taiwan, the ISHA, and the CSHM. These engagements aim to facilitate the exchange of safety and health information in the construction industry, as well as mutual support in site visits, learning, and accident response.



| Occupational Health and Safety Management System

The CHC Group implements its occupational safety and health management policies through various platforms. CEC uses the "Occupational Safety and Health Committee," while HDEC Corp employs labor-management meetings for communication and coordination. Both CEC and HDEC Corp have 12 committee members each, including 5 labor representatives, accounting for more than one-third of the committee, which exceeds legal requirements. Quarterly meetings are held to review management performance and adjust occupational safety and health policies as necessary. In addition, consultations and communications are conducted with workers during the monthly occupational health and safety agreement organizational meeting, providing a seamless communication channel for labor.

Both CEC and HDEC Corp have passed ISO/CNS 45001:2018 Occupational Health and Safety Management System Certification. The certification encompasses the Group's development, contracting, construction, and technical research and development activities related to building construction, civil engineering, and environmental engineering projects. It also includes the investment, planning, design, procurement, construction, and operation of environmental engineering businesses. We are constantly identifying potential occupational hazards that may arise from materials, machinery, equipment, work environment, and personnel behavior. We take proactive steps to enhance occupational safety and health measures.

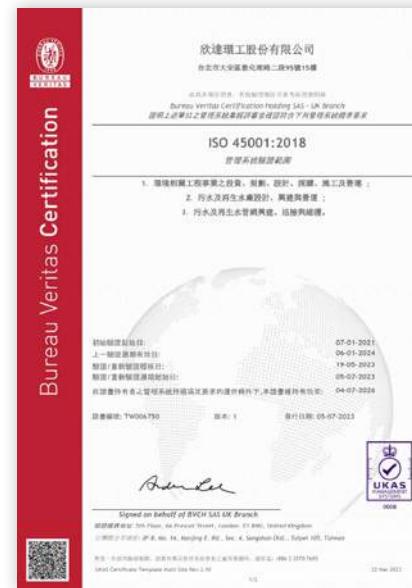
The Group's occupational safety and health management system encompasses 2,271 employees, which accounts for 90% of the total workforce. Additionally, it includes 4,260 non-employee workers, representing 100% of this category.³



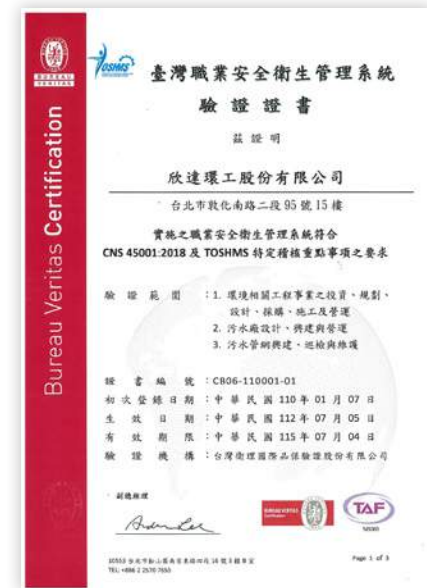
CEC - ISO 45001:2018 Certificate



CEC - CNS 45001:2018 Certificate



HDEC Corp - ISO 45001:2018 Certificate



HDEC Corp - CNS 45001:2018 Certificate

Note 3: The CHC Group has a total of 2,510 employees, not including non-employee contract workers such as the Chairman and consultants. The construction unit oversees the non-employee workers, who consist of regular or temporary, intermittent or seasonal, and informal or part-time workers. This includes individuals in top management, managerial positions, and non-managerial staff.

| Construction of Occupational Safety Culture

The CHC Group has ingrained occupational safety and health into its corporate culture. Safety and health audits are not solely the responsibility of safety and health personnel, but also an important aspect in which all employees should participate to improve. To enhance safety awareness, CEC has proposed a safety culture plan for 2022. This plan focuses on four aspects: the leadership of senior executives, the safety and health management of contractors, the safety and health management of middle-level supervisors, and the participation of all employees. Its objective was to promote a culture of occupational safety throughout the organization. The plan included 12 objectives and 32 action plans, as well as the establishment of relevant policies and systems. In 2023, the plan continued to be implemented, and external occupational safety consultants were hired to conduct safety assessments. Additionally, safety and health issues were addressed during the procurement selection process. Contractors and subcontractors with occupational incidents were monitored and provided with guidance, thereby expanding contractor management efforts.





The Don't Walk By (DWB) program encourages on-site workers to report safety and health incidents using a mobile application. It acknowledges exceptional safety and health performance on a monthly and quarterly basis and includes proposal performance in the annual performance evaluation of employees and contractors. Furthermore, the improvement deficit serves as one of the management indicators in the Group's ESG plan.







The Group employs a dual approach of rewards and penalties through the "Construction Unit Safety and Health Rewards and Penalties Regulations." Each year, the effectiveness of safety and health management is evaluated. Safety and health performance of engineers, contractors, and workers is assessed using a safety and health points tool, which serves as the basis for monthly evaluations, rewarding compliance or implementing penalties as necessary. This system encourages on-site personnel to prioritize safety and health regulations and independently improve their safety and health performance. An annual safety and health award has been established, considering the performance reported on safety and health points forms, external award recognitions, and the number of hazard-free hours at each site. This award recognizes responsible engineers, vendors, construction units, and safety and health personnel, promoting concrete actions to maintain workplace safety.

The Group has established multiple site safety promotion measures and conducts various safety and health activities and training sessions. These include pre-work toolbox meetings, site inspections, site observations, and high-risk operation reporting, aimed at enhancing workers' safety awareness and response capabilities. In 2023, the Group completed two on-the-job training sessions for safety and health management personnel and one for construction safety assessment personnel. The "Safety and Health Personnel Promotion Association" facilitates mutual exchange, learning, and improvement in safety and health operations. Additionally, each project member is required to set at least one occupational health and safety-related goal in their annual performance objectives, achieving a 90% goal-setting completion rate for 2023.

Items	Description	Frequency for 2023
Site Safety and Health Audits		
	Conducting safety and health audits at construction sites. If the assessed risks are too high, increase the frequency of audits per month to address any deficiencies.	CEC: ≥1/ month HDEC Corp: 1/ month

Items	Description	Frequency for 2023
Safety and Health Supervision and Promotion 	<p>The Pre-work toolbox meetings emphasizing the Four Check, Four Handover^{Note} protocol for all workers.</p> <p>Note: Four Check are: 1. Physical condition 2. Mental state 3. Suitability of personal protective equipment 4. Facility inspection before work; Four Handover are: 1. Job tasks 2. Hazard risks 3. Safety precautions 4. Rest and shelter</p>	<p>Toolbox meeting: Daily</p> <p>Safety and health promotion: 1/ quarter</p>
Significant High-Risk Operation Declaration System 	<p>For conducting "major high-risk operations," prior application must be submitted and approved before commencing the operation. After the operation, it is required to upload the operation permit form, site photos, and inspection forms to ensure continuous monitoring and inspection of personnel throughout the operation process.</p>	<p>Irregular; a total of 12,144 feedback records</p>
Senior Executive Inspection  	<p>The highest-ranking executive of the construction unit conducts a collaborative safety and health inspection. If any safety and health deficiencies are identified, they are promptly reported to the DWB system, which automatically notifies the responsible engineer for further action.</p> <p>The highest executive of the Construction Office conducts a safety and health inspection, conveying the company's safety philosophy and determination, and engaging in interaction and discussion regarding safety and health implementation issues.</p> <p>In 2023, unannounced safety inspections were conducted for senior executives to assess the actual conditions at construction sites and develop appropriate safety and health management measures.</p>	<p>CEC: 8.08 / month</p> <p>HDEC Corp: 4.6 / month</p> <p>CEC: 15 sessions / year</p> <p>HDEC Corp: Irregular</p> <p>CEC: 12 / year</p>

Items	Description	Frequency for 2023
Safety and Health Points Reporting Forms and Contractor Management 	<p>Designing safety and health point submission form submitted to engineers, contractors, and workers. Based on safety and health performance, points will be added or deducted. Each month, awards will be given to contractors, workers, or engineers who demonstrate excellent safety and health performance. Those with subpar safety and health performance will not be considered for evaluation as excellent vendors during the annual settlement.</p>	<p>1/ month</p>
Don't Walk By 	<p>Open to all on-site workers (foremen, laborers, migrant workers, and stakeholders, etc.), using mobile phones to report occupational safety and health issues in real-time, promoting improvement of safety and health concerns, and recognizing exemplary safety practices at the workplace.</p>	<p>A total of 148,814 proposals were received</p>
Improvement System for Deficiencies in the Site Offices 	<p>Encouraging frontline personnel to report hazards and take proactive measures using the Don't Walk By mobile application.</p>	<p>The average improvement on flaws is 13.34 times</p>
Safety and Health Personnel Promotion Meetings 	<p>Regularly conducting safety and health personnel promotion meetings to enhance business communication opportunities and promote new measures, legal regulations, and other company-related information. This will strengthen the competence and capabilities of the safety and health personnel.</p>	<p>2 sessions in total</p>

| Occupational Safety Education and Training

To ensure employees understand the nature of their job roles, potential hazards in their environment, and how to prevent occupational accidents, the Group organizes regular occupational safety education and training sessions. These sessions employ methods such as random quizzes and online assessments to deepen employees' understanding of hazardous scenarios and educational content. In 2023, a total of 85 training sessions were conducted, with a total of 2,130 participants. The objective was to cultivate a strong sense of safety awareness among frontline personnel, ensuring their proficiency in operational tasks and their capacity to respond autonomously.

Items	Target	Time / Frequency	Session	Number of Participants
New Employee General Safety and Health Education Training (Initial Training)	New employee	3 hours	2	46
Safety and Health Management Personnel Education and Training (Refresher Training)	Personnel holding health and safety personnel and business supervisor licenses	6 hours per year	2	75
Construction Safety Assessment Personnel Education and Training (Refresher Training)	Personnel responsible for conducting construction safety assessments	Every 2 years, 6 hours of refresher training	1	39
Occupational Safety Leadership Training for Taiwan Business Administration Engineering Units	Personnel of the construction unit	Every year	33	891
VR Learning Experience	Personnel of the construction unit	Irregular	2	40
Taiwan Occupational Safety and Healthy Card (Initial Training)	Personnel of construction units and contractor workers	Irregular	24	706
Traffic Safety Seminar	Personnel of the construction unit	Irregular	19	317
Occupational Safety and Health Education Training	Office staff	Irregular	2	16



Staff Training in Group Headquarters



Traffic Safety Seminar



New Employee Safety and Health Education Training



Safety and Health Management Personnel Education and Training

Column

The CEC Awarded "Leading Enterprise in Sustainable Health Workforce" Annual Best Benchmark Enterprise



For the construction industry, workplace safety is particularly crucial. The CEC has deeply focused on occupational health and safety management, initiating a safety culture plan in 2022. Under the leadership of the CEO, there has been a comprehensive top-down reform, integrating existing practices and adding multi-level controls. In 2023, efforts continue to advance the establishment of relevant policies and systems. CEC has been chosen as the **Best Benchmark Enterprise** in the 2023 Occupational Safety and Health Administration's "Leading Enterprise in Sustainable Health Workforce" selection. As a result, they have been invited to present their innovative occupational health and safety initiatives and accomplishments at the "OHS Sustainable Development Conference."

The CEC places a high emphasis on the personal involvement of senior executives. For many years, they have implemented a system where the highest executive of engineering units conducts monthly inspections, and the highest executive of construction departments conducts semi-annual inspections. Starting in 2022, vice presidents and above lead monthly safety leadership tours as part of their duties. In 2023, an external occupational safety consultant was hired to conduct a work safety assessment. The consultant provided independent and objective recommendations to reduce operational hazards and improve the implementation of safety and health measures. Additionally, the CEO conducts monthly supervisory inspections to monitor the progress of improvements following any accidents that occur on construction sites.

In terms of personnel training and management, all visitors entering the premises are required to undergo safety and health education and training. Additionally, new employees receive safety and health education training and are required to pass a test, which is also included in the annual performance evaluation. At the same time, it is important to ensure that all employees fulfill the necessary training hours to obtain the Taiwan Occupational Safety and Healthy Card. Additionally, engineers, site supervisors, and middle-level managers should acquire the appropriate safety qualifications.



In terms of sub-contractor management, communication and negotiation regarding occupational safety and health issues have been integrated since the procurement and vendor selection stage. This includes incorporating safety and health requirements and expectations during the quotation stage, as well as implementing safety and health control checkpoints in each billing cycle. Technological tools, such as electronic fences, are utilized to enhance site supervision. The 2023 Excellent Vendor Commendation Conference hosted a Health and Safety Forum. Government agencies, sub-contractors, and their management teams were invited to participate and share their annual priorities for occupational safety and health implementation, management strategies, proposals from outstanding vendors in safety and health, and their execution experiences.

In terms of middle-level managers, it is crucial to maintain consistent safety standards among on-site management. We have made adjustments to the execution method of toolbox meetings and now conduct regular discussions to evaluate operational risks and determine appropriate measures for the upcoming three months. Additionally, contractors are obligated to submit a safety and health risk report and complete a hazard identification checklist prior to commencing construction. In addition, every quarter, middle-level managers are invited to participate in the Construction Site Safety Observation Meeting to exchange ideas and enhance their knowledge.



Occupational Accident and Occupational Disease Prevention

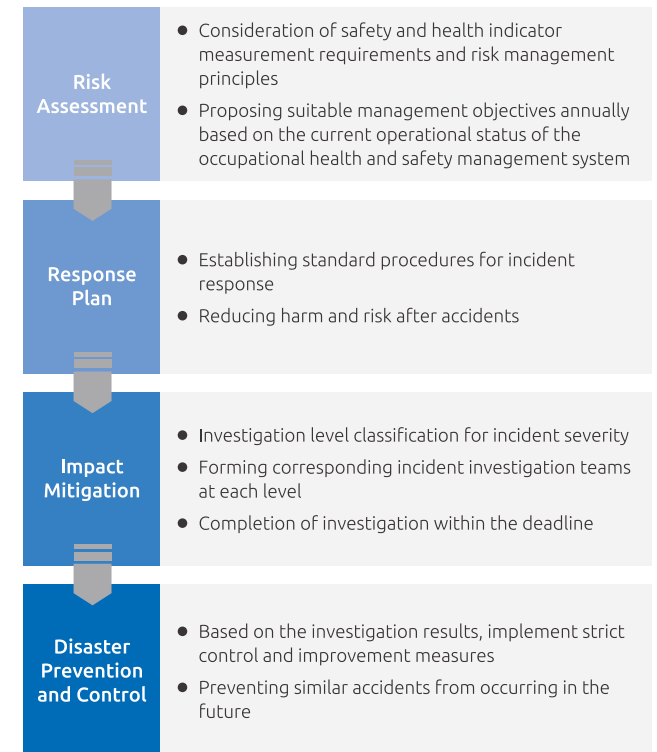
| Hazard Identification and Risk Assessment

The CHC Group adheres to the "Group Occupational Health and Safety Policy" and actively promotes the identification of occupational hazards and the assessment of risks and opportunities. Routine assessments are conducted annually for the main operational activities of each unit or project. Non-routine assessments are performed in the event of significant changes in construction methods, major occupational accidents, substantial revisions to occupational health and safety policies, or the expansion of the scope of the occupational health and safety management system.

The risk assessment process involves breaking down operational procedures, inspecting operational conditions, and identifying, conducting preliminary hazard analysis, analyzing risks, and evaluating various types of hazards, including human, physical, chemical, and biological hazards. It also considers the effectiveness of current management controls and protective facilities, the functionality and utilization of personal protective equipment, and determines the risk level based on assessment criteria. When the risk level is determined to be high risk or above, it is necessary to develop control measures simultaneously. These measures include formulating target management plans, implementing and monitoring the effectiveness of these plans, reviewing their implementation, and establishing modular and standardized management systems. The goal is to reduce the risk level to moderate risk or below.

The implementation of safety and health risk assessments is continuously expanding, with the addition of a new level of significant high risk. Twelve types of operations, including bridge installation, dismantling of construction scaffolding, material handling with work platform carts, and dismantling of support scaffolding, are classified as significant high-risk items. Construction units must submit an application in advance if they intend to carry out "significant high-risk operations". Only after obtaining permission can the operations begin. Inspections and supervision must be conducted throughout the operations. After the operations, the operation permit form, on-site photos, and inspection forms must be uploaded.

In response to the occupational accidents that occurred last year, safety measures for working at heights have been prioritized. These measures are part of the hazard identification and risk assessment items, as well as the occupational health and safety management plan. By analyzing the causes of the incidents, planning hazard control, developing safe operating procedures, implementing access control and automated inspection operations, and managing contractor performance, evaluations have been conducted in various aspects. Corresponding improvement measures have been proposed, including prohibiting the use of wooden covers for open excavations, regulating high-altitude work requirements, and providing reinforcement protection measures. Efforts have also been made to strengthen contractor management, implement responsibility zone inspections, and enhance stepladder equipment management. As a result, the risk level has been reduced to a manageable range.



| Occupational Accident and Occupational Disease Prevention Management Measures

The CHC Group has implemented occupational accident and occupational disease prevention management measures, including operational environment monitoring. This encompasses hazard identification for preventing workplace misconduct, risk assessment, workplace environmental inspections, appropriate staffing and job design checks, and assessments for maternal health protection in the workplace. The assessment results indicate no specific hazardous operations at present, so no special health checkups have been arranged.

In terms of hazard alerts, we continue to remind the Group workers that if they encounter an immediate risk while performing their duties, they may stop operations and retreat to a safe location without endangering other workers' safety. They should promptly report the situation to their immediate supervisor. Furthermore, according to the DWB proposal, if the project supervisor verifies an imminent hazard at the construction site, the operation will be promptly suspended.

We continue to promote four major health protection programs: maternal health protection, repetitive task management, abnormal workload management, and prevention of workplace misconduct. We provide onsite services by professional physicians, conducting a total of 11 sessions in 2023. This included health assessments and care for 12 high-risk cases due to abnormal workload, 7 cases related to personal risk factors, 7 maternal protection cases, and 3 cardiovascular risk cases. Additionally, we introduced assessments for musculoskeletal symptoms among employees. Occupational specialists conducted one-on-one interviews with employees suspected of having musculoskeletal hazards, providing individualized health education and assisting in self-care management.

To understand employee health conditions for occupational disease prevention and health management, the Group conducts regular health examinations. Each year, based on the examination results, we perform risk classification management. This is complemented by lifestyle surveys and workload assessments. Using the Ministry of Labor's Occupational Health Service Management System (WeCare), we calculate cardiovascular disease risks, screen high-risk

cases, and provide continuous monitoring. Occupational nurses conduct health interviews, and occupational specialists provide consultations for those at higher risk, helping colleagues improve lifestyle risk factors and referring them to relevant departments as needed. The healthcare team assessed and identified high-risk employees using the data provided above, leading to a significant improvement in the health conditions of 12 employees.

· Sustainable Health Value Chain

The contractor is an important partner and a key element in the implementation of safety management. To enhance the overall safety awareness of contractors, since 2022, the Group has annually invited major contractors to participate in a Contractor Safety Leadership Forum. During the bidding phase, we plan safety and health project budgets, and conduct discussions on safety and health issues. Contractors who do not participate in safety and health meetings are included in assessments. The Group continues to communicate its safety and health expectations and engage in ongoing discussions with contractors.

Throughout the contracting process, we consistently assess the safety and health performance of the contractor on the construction site. Every quarter, updates are provided by contractors and feedback is given to the company's procurement unit to serve as an indicator for monitoring qualified vendors. For contractors involved in occupational accidents, measures such as suspending all contracting sites for one year and placing the contractor under supervision are implemented. To encourage excellent safety performance among vendors, we have added safety and health awards to our outstanding vendor selection program. Selected outstanding vendors will receive benefits such as a 50% reduction in retention funds, relaxed performance bond conditions, and priority contracting rights for the following year.

| Occupational Injuries and Occupational Diseases

In 2023, there were no cases of occupational diseases among employees in the Group. There were 4 incidents of general occupational injuries among Group employees and 8 incidents among contracted workers. No serious occupational injuries occurred. After an incident occurs, the Company immediately conducts a disaster review, formulates preventive measures and corrective actions, and strengthens the safety management responsibilities of vendors from the source. The Group also offers resources for post-disaster psychological counseling support to assist employees who have encountered occupational disasters in overcoming their challenges.

During construction work on sites, activities such as cutting and welding, which involve the use of open flames, can easily lead to fire incidents. In 2023, the Group experienced two fire incidents, fortunately without any casualties. We regularly promote correct concepts of electrical and fire safety, constantly reminding colleagues of important precautions. For hot work operations, strict controls are in place. Before starting such tasks, flammable materials in the vicinity must be cleared away. After completing the work, it is essential to ensure that all flames are completely extinguished before leaving. Before leaving the site, it is necessary to inspect the workplace for any remaining sparks and to ensure that all electrical equipment is turned off or unplugged.

Type of Hazard	Occupational Accident	Corrective Measures
Caught-in Injuries	<ul style="list-style-type: none"> Injury caused by collision during machinery hoisting operations Entanglement injury by machinery during waste wood shredding operations Injured by being caught in the conveyor belt during cleaning operations in the brine machine room Pinching injury during rebar bending operations 	<ul style="list-style-type: none"> Safety promotion for hoisting operations Strengthening on-site personnel's safety awareness and education training Revising the related hazard notification sheet Revising operational procedures and safety and health equipment standards, and enhance awareness and training
Fall, Rolling Fall, Fall over	<ul style="list-style-type: none"> Personnel injured due to falls and rolling Personnel fall down while walking on the stairs 	<ul style="list-style-type: none"> Implementing daily inspections and promptly restore any dismantled safety protection facilities and equipment During the daily toolbox meeting, confirming the adequacy of personal protective equipment and ensuring its proper use Encourage using handrails and walking slowly to enhance stair safety
Object Collapse	<ul style="list-style-type: none"> Personnel injured due to improper securing of stacked materials resulting in collapse 	<ul style="list-style-type: none"> Planing the material stacking area and securing stacked materials

| Occupational Injury Statistics

Items	Employees	Workers who are not Employees	Group Total
a. Total Working Hours	5,673,800	9,607,749	15,281,549
b. Number of General Occupational Injury	4	8	12
c. Number of Serious Occupational Injury	0	0	0
d. Number of Fatalities	0	0	0
Total Number of Recorded Occupational Injury (b + c + d)	4	8	12
Fatalities Rate Caused by Occupational Injury	0	0	0
Serious Occupational Injury Rate	0	0	0
Recordable Occupational Injury Rate	0.70	0.83	0.79

Note:

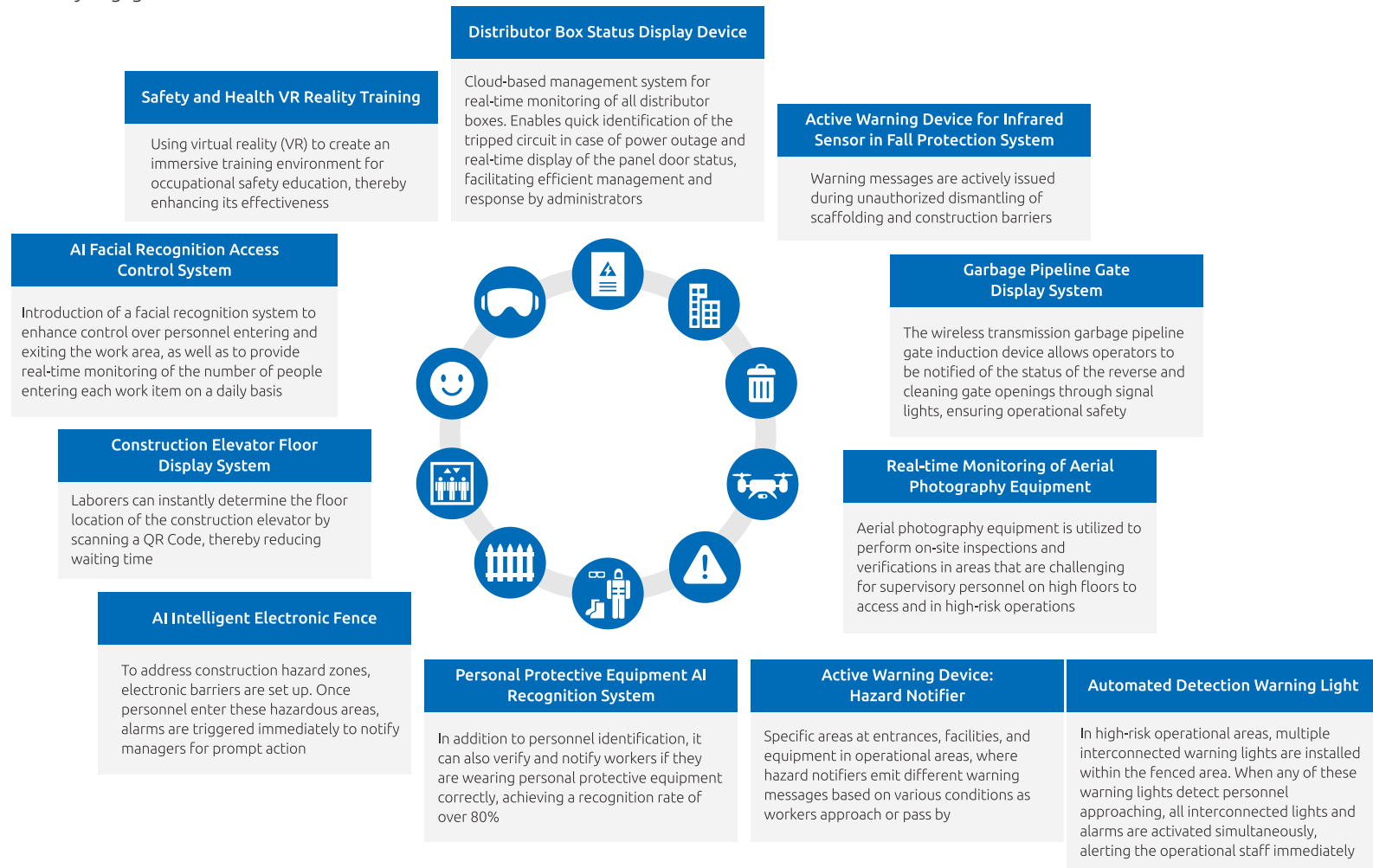
- The total cumulative working hours experienced by all employees and workers up to December 31, 2023.
- General occupational injury: Cases resulting in less than 180 days of lost work.
- Serious occupational injury: Cases resulting in more than 180 days of lost work.
- Fatalities rate caused by occupational injury = Number of fatalities \times 1,000,000/ Total working hours
- Serious occupational injury rate = Number of serious occupational injuries \times 1,000,000/ Total working hours
- "Disability Injury Frequency Rate (FR)," which is calculated as the total number of recordable occupational injury 1,000,000/ Total working hours, as defined by the Ministry of Labor.

| Fire Statistics



Items	Employees	Workers who are not Employees	Group Total
Number of Fire Incidents in 2023		2	2
a. Number of Fatalities	0	0	0
b. Number of injuries	0	0	0
c. Number of People Included in the Statistic	2,510	4,260	6,770
Proportion of fatalities and injuries (a+b)/ c	0	0	0

Innovative Occupational Safety Technology

The Group actively adopts smart technologies and technological application devices, investing annually in developing applications, digital tools, or cloud management platforms. This investment is aimed at enhancing construction safety and project efficiency, as well as ensuring the workplace safety and the physical and mental health of workers. Over the years, CEC has successfully developed more than ten construction technology applications or equipment. In 2023, the development of the "Automated Equipment for Preventing Thermal Hazards" and the "Collision Warning Devices for Construction Equipment" was completed. These smart technology applications are used to instantly identify and warn based on the working environment and individual conditions, effectively preventing harm to personnel caused by negligence.



2023 Annual Occupational Safety Technology Research and Development Items

Items	Research and Development Objectives	Achievement	Photo
Automated Equipment for Preventing Thermal Hazards	Due to abnormally high temperatures in the summer caused by climate change, the heat hazard situation for outdoor workers has become increasingly severe. The development of "Automated Equipment for Preventing Thermal Hazards" aims to effectively prevent heat hazards among outdoor workers.	The Automated Equipment for Preventing Thermal Hazards includes a "Thermal Hazard Notifier" and an "Automatic Controller". The "Thermal Hazard Notifier" is equipped with temperature and humidity sensors to detect the temperature and humidity of the work environment. It displays four risk levels through indicator lights and provides real-time voice alerts to personnel on site. The "Automatic Controller" activates cooling equipment when high-temperature hazard levels are reached, achieving automated temperature control.	
Collision Warning Devices for Construction Equipment (under testing)	To prevent accidents such as overturning and falls resulting from collisions involving personnel riding equipment, the collision warning devices for transportation equipment is being developed.	When the equipment approaches a collision object, the "Detection Main Unit" emits a distance warning to notify the personnel riding it. Simultaneously, the "Receiving Subunit" in the cockpit receives the signal and activates the alarm device to alert the driver to pay attention to the equipment's condition, ensuring personnel safety.	

Column

Utilization of Electric Wire Rope Hoist Installed on Support Frames Decks and Specialized Bending Hook Components



Innovation Proposal from Idea Box








Given the 20-meter height difference between the bottom and decks of underground station construction sites, and to facilitate the handling of small materials on site, we are planning fixed bracket types and bending hook components to securely mount electric wire rope winch on the construction platform, ensuring safe and effective installation.

The proposal suggests that employees use the weight and bent hook components of the deck to install the fixed frame. The assembly time is approximately 10 minutes. The bending hook components can also serve as a safety application during open operations. For instance, they can be used to quickly install guardrails for temporary openings and function as hooks for safety harnesses. This not only meets economic efficiency but also reduces safety deficiencies and operational hazards.

The content of this proposal has been calculated by a dedicated technician and checked for stability by the Technology Department of CEC. It has been confirmed that the proposed solution meets the required standards. However, due to variations in equipment materials and on-site conditions, any subsequent applications related to this proposal must undergo design verification and calculation to ensure safety prior to installation and use.



V. Environmental Sustainability

-  CHC (standalone) and Linhai Water Resource Center obtained ISO 14064-1:2018 Greenhouse Gas Verification Statement through third-party verification
-  Linhai Water Resource Center obtained ISO 9001 Quality Management System, ISO 14001 Environmental Management System, and ISO 50001 Energy Management System certifications
-  The Group's energy-saving and carbon-reduction actions reduced CO₂e emissions by a total of 1,046.86 metric tons in 2023, with a growth rate of 33%
-  The Group's biogas reuse reached 814,407 m³ in 2023, representing a 19% increase compared to the previous year, equivalent to approximately 1,860,508 kWh of electricity
-  The Group produced a total of 17,221GJ of renewable energy in 2023, with an approximate consumption of 17,013GJ
-  The Group achieved a total reduction of 5,363.77 metric tons of sludge in 2023, representing a growth of approximately 54% compared to the previous year
-  The Group's reclaimed water supply amounted to 34,917,270 metric tons in 2023, representing an increase of nearly 32% compared to the previous year



2023 Goals

The adoption rate of project-specific formwork system meets the annual target

Evaluation of electricity management performance for each project and establishment of improvement goals

Each site offices implements energy-saving programs and establishes reduction targets for the upcoming year

Continuing the verification of energy efficiency by the Energy Saving Site Office and reviewing and adjusting the establishment standards of the Energy Saving Site Office

Developing technological tools for environmental management and establishing standards for energy, greenhouse gas, and waste management, with a focus on continuous improvement

Each water resources center successfully achieves annual target of biogas production

Each water resources center successfully achieves annual biogas reuse utilization rate target

Each water resources center successfully achieves annual target of electricity consumption per unit of wastewater treatment

Each water resources center successfully achieves annual target of electricity consumption per unit of reclaimed water treatment

Each water resources center successfully achieves annual target of sludge reduction

Each water resources center achieves annual target of wastewater ammonia nitrogen treatment

Each water resources center achieves annual target for reuse of reclaimed water from wastewater treatment plant

Each water resources center achieves annual target for reclaimed water supply and recovery rate

According to the Group's greenhouse gas inventory and verification plan, complete annual greenhouse gas inventory and verification, and continuously improve greenhouse gas emission management mechanisms

2023 Achievements

Partly achieved

Partly achieved

Achieved

In progress

In progress

Partly achieved

Partly achieved

Partly achieved

Achieved

Partly achieved

Partly achieved

Achieved

Achieved

Achieved

2024 Goals

The adoption rate of project-specific formwork system meets the annual target

Evaluation of electricity management performance for each project and establishment of improvement goals

Each site offices implements energy-saving programs and establishes reduction targets for the upcoming year

Continuing the verification of energy efficiency by the Energy Saving Site Office and reviewing and adjusting the establishment standards of the Energy Saving Site Office

Continuously developing and utilizing the technological environmental management tools to optimize energy, greenhouse gases, and waste management

Each water resources center successfully achieves annual target of biogas production

Each water resources center successfully achieves annual biogas reuse utilization rate target

Each water resources center successfully achieves annual target of electricity consumption per unit of wastewater treatment

Each water resources center successfully achieves annual target of electricity consumption per unit of reclaimed water supply

Each water resources center successfully achieves annual target of sludge reduction

Each water resources center achieves annual target of wastewater ammonia nitrogen treatment

Each water resources center achieves annual target for reuse of reclaimed water from wastewater treatment plant

Each water resources center achieves annual target for reclaimed water supply and recovery rate

According to the Group's greenhouse gas inventory and verification plan, complete annual greenhouse gas inventory and verification, and continuously improve greenhouse gas emission management mechanisms

5-1 Climate Change Governance

Climate Risk and Opportunity Management

At the 26th Conference of the Parties to the United Nations Framework Convention on Climate Change (COP26) in 2021, representatives from various countries established the goal of achieving "Net Zero Carbon Emissions by 2050" in response to the escalating impact of climate change and extreme weather. They also agreed to conduct the first Global Stocktake at the 28th conference (COP28) in 2023. The objective is to limit the temperature increase to 1.5 degrees Celsius, requiring a reduction of global greenhouse gas emissions by 43% and 60% by 2030 and 2035, respectively. The Taiwanese government released the Taiwan 2050 Net Zero Emissions Pathway and Strategy in 2022. In 2023, it enacted a series of policy plans, including the Climate Change Response Act, to enhance the disclosure and oversight of greenhouse gas emissions and climate-related information in business operations. Furthermore, the government plans to introduce a carbon fee and carbon tax collection system to guide various industries in achieving green transformation.

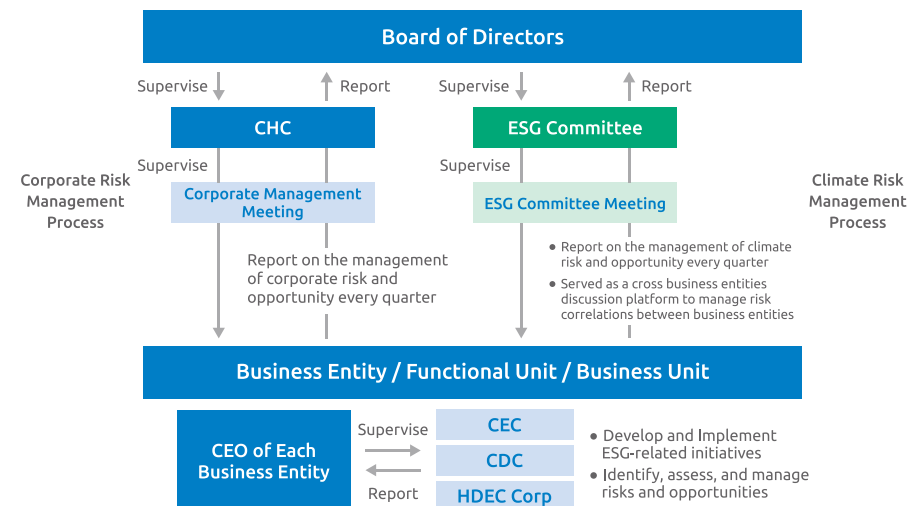
The CHC Group relies on the Task Force on Climate-related Financial Disclosures (TCFD) to manage climate issues, addressing the management and implementation of climate risks and opportunities through the following aspects: "Governance," "Strategy," "Risk Management," and "Metrics and Targets."

Governance

"ESG Committee" (refer to section 1-2 Sustainable Practices) functions as the central decision-making body for climate issues within the CHC Group. The committee consists of the CEO of CHC, the heads of functional units, and the CEOs of the three major business entities. Its responsibilities include developing the Group's sustainable development strategy, evaluating ESG plans and objectives, and overseeing climate risk and opportunity management for each business entity. CHC Group convenes quarterly meetings of the ESG Committee to effectively manage climate risks and opportunities. These meetings facilitate cross-business and cross-departmental discussions and communication, enabling CHC Group to incorporate climate issues into the formulation of strategies and considerations for management decisions across all aspects.

The Board of Directors is responsible for overseeing and guiding the corporate sustainability management, ESG promotion strategies, and actions (including climate change). The ESG Committee reports to the Board of Directors on the Group's ESG management affairs quarterly.

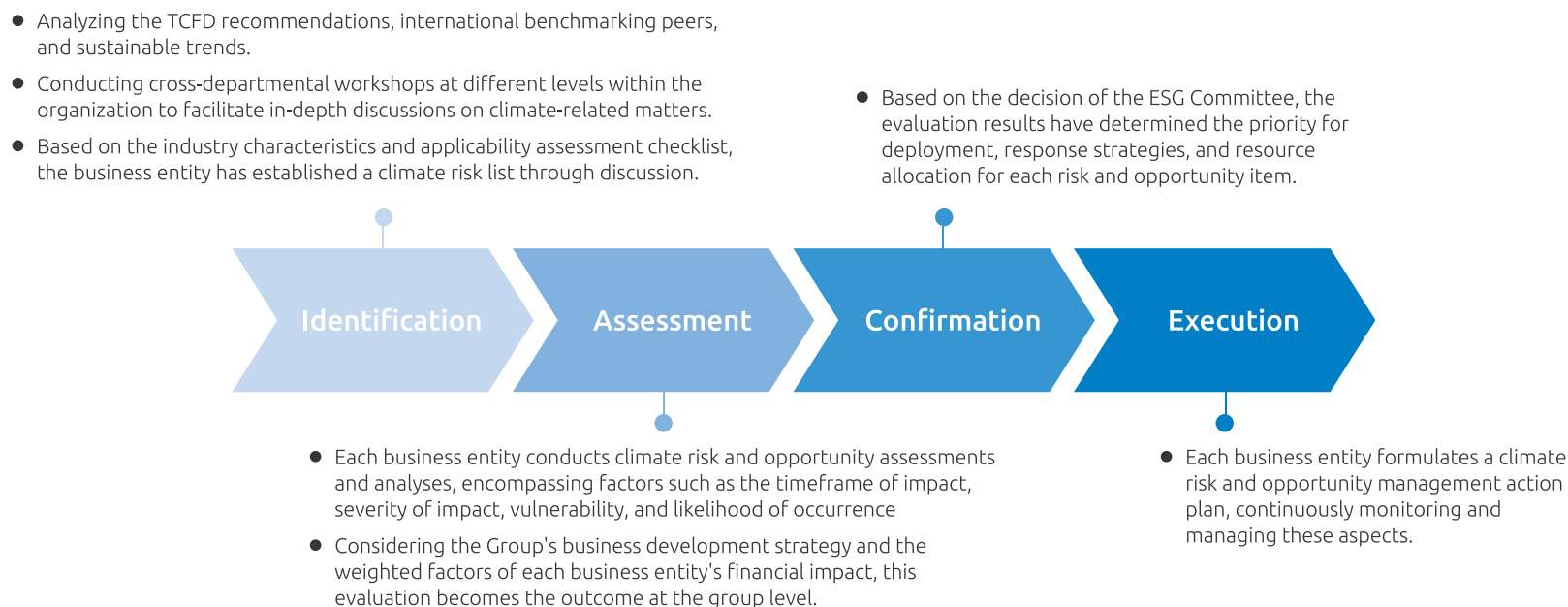
Each business entity identifies and assesses climate risks and opportunities, as well as their impact. Based on the assessment results, management responsibilities are assigned to corresponding units. They develop management action plans and annual goals, under the supervision of the CEO, to continuously track the implementation effectiveness of the plans and optimize the climate risk management mechanism. This ensures that climate issues are managed in line with the company's strategy and objectives. Every quarter, they report to CHC following the company's enterprise risk management process and report to the ESG Committee following the climate risk management process.



| Risk Management

Following the TCFD guidelines, the Group continuously monitors and manages climate risks and opportunities through four major procedures: "Identification," "Assessment," "Confirmation," and "Execution." By researching international sustainability trends and benchmarking against industry best practices, the Group convenes cross-departmental workshops at various levels to thoroughly discuss potential climate risk issues and their relevance, thereby establishing the Group's climate risk list.

Each business unit conducts climate risk and opportunity assessments and analyses, identifying the timeframe of impact on business operations, strategy, and finances, and categorizing these as short-term (within 5 years), medium-term (5-10 years), and long-term (over 10 years). The assessment includes factors such as impact severity, vulnerability, and likelihood of occurrence, covering both upstream and downstream value chains. This process also considers the Group's business development strategies and the financial impact on each business entity. Based on these factors, a risk matrix is created and reviewed by the ESG Committee to establish the priority and response strategies for each risk and opportunity. Action plans are then formulated, and scenario analysis models are initiated to measure potential financial impacts, integrating these into daily management and monitoring.



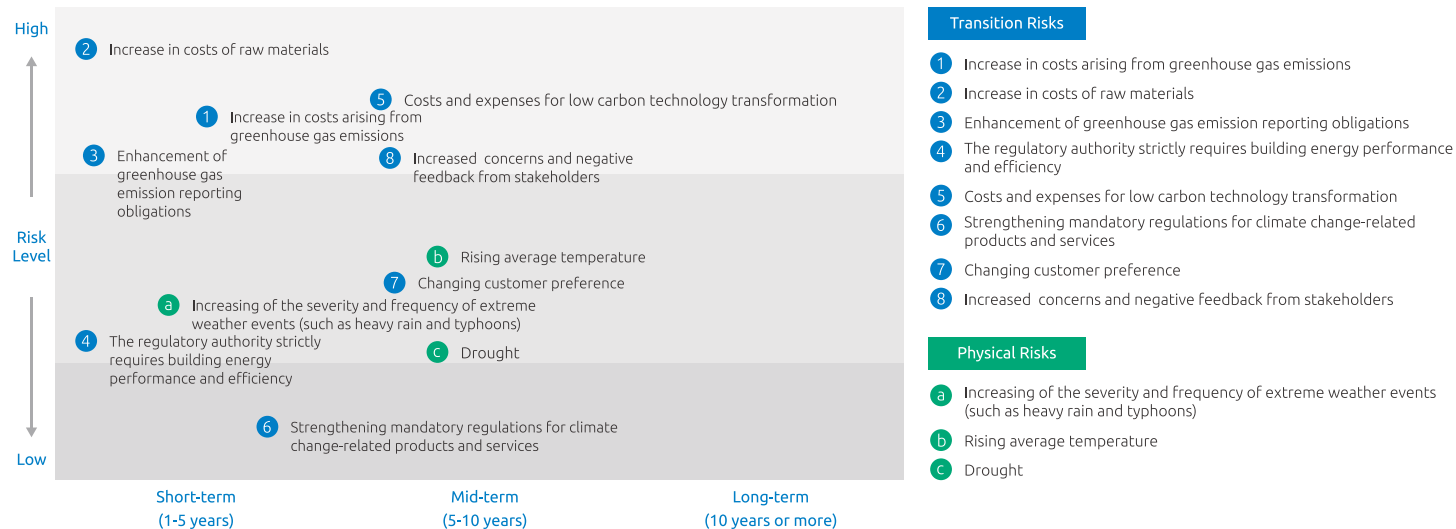
Based on the identification results, the timeframe for climate risks to significantly impact the Group's business, strategy, and finances falls within the short-term (within the next 5 years) and medium-term (the next 5-10 years). There are five transition risks and one physical risk, including increased raw material costs, increased greenhouse gas emission costs, enhanced greenhouse gas emission reporting obligations, costs and expenses for transitioning to low-carbon technologies, increased concerns and negative feedback from stakeholders, and rising average temperatures.

After evaluating the current business strategies, business models, and contract mechanisms in each business entity, some level of protection and mitigation can be provided for the identified significant climate risk items. In the short term, major climate risk projects will impact business activities such as raw material procurement, product design, service provision, and greenhouse gas emission management. The need for related resource development will lead to increased operating costs and expenses. However, initiatives such as value engineering, enhancing operational resilience, and increasing demand for green buildings, resilient infrastructure, and reclaimed water will mitigate the cost increase and contribute to business revenue. In the medium term, the transition to low-carbon technology, innovative products, and services will benefit business development. However, the potential increase in average temperature may pose challenges and increase the difficulty and cost of scheduling outdoor workforce.

In terms of strategy, the Group is actively integrating ESG issues into decision-making and business models, optimizing procurement and business strategies, enhancing digital innovation, improving and implementing heat hazard prevention and equipment investment, and regularly disclosing ESG management practices and results. These efforts aim to strengthen communication and engagement with stakeholders.

The Group's transition action encompasses various aspects, including design and delivery of sustainable products and service, construction technologies and methods, material selection and usage, energy consumption, waste management, greenhouse gas emissions, and water resource recycling. This action will have both positive and negative financial implications on operating revenue, operating costs, and operating expenses.

On the other hand, extreme weather events can cause project delays and present challenges to construction operations. They can also impact the procurement of raw materials, thereby affecting revenue, operating costs, and operating expenses. **Nevertheless, CHC Group did not encounter significant negative financial effects as a result of extreme weather events in 2023.** The Group closely monitors changes in risk and adjusts its risk appetite to ensure the continuous effectiveness of risk control.



| Strategy

Based on the identification and evaluation of climate risks and opportunities, the Group has developed management action strategies for significant climate risk projects as outlined below:

Type	Items of Climate Risk	Financial Impact	Management Action Strategy	Opportunity
Transition Risk	Increase in costs of raw materials	<ul style="list-style-type: none"> ● Increase in operating costs 	<ul style="list-style-type: none"> ● Improve research and advance planning related to raw material procurement, enhance raw material identification, management, and contingency plans, as well as optimize procurement and business strategies 	<ul style="list-style-type: none"> ● Value engineering
	Increase in costs arising from greenhouse gas emissions Costs and expenses for low carbon technology transformation	<ul style="list-style-type: none"> ● Increase in operating expenses ● Increase in capital expenditure 	<ul style="list-style-type: none"> ● Step up efforts to integrate technology into construction operations and develop digital tools, adjust product designs and service models, as well as increase energy and resource utilization efficiency ● Continue to develop products and service solutions in compliance with the principles of the circular economy ● Carry out R&D of innovative technologies and construction methods ● Strengthen industry-government-academia collaboration to share technology, knowledge, and best practices 	<ul style="list-style-type: none"> ● Value engineering ● Workforce evolution ● Increased use of reclaimed water and renewable energy ● Development of new sustainable services and products
	Enhancement of greenhouse gas emission reporting obligations	<ul style="list-style-type: none"> ● Increase in operating expenses 	<ul style="list-style-type: none"> ● Continue to carry out greenhouse gas inventories according to ISO 14064-1, and regularly disclose information on greenhouse gas emissions 	<ul style="list-style-type: none"> ● Increase in stakeholders' positive feedback and recognition ● Strengthen monitoring of climate and energy risks and enhance operational resilience
	Concerns and negative feedback from stakeholders	<ul style="list-style-type: none"> ● Decrease in operating revenues ● Increase in costs of capital 	<ul style="list-style-type: none"> ● Continue to integrate ESG issues into decision-making processes and business models to create sustainable value ● Regularly disclose ESG management efforts and results, as well as reinforce communication and interaction with stakeholders on an ongoing basis 	<ul style="list-style-type: none"> ● Enhance brand value and elevate company reputation ● Increase stakeholders' positive feedback and recognition ● Expansion of corporate influence
Physical Risk	Rising average temperatures	<ul style="list-style-type: none"> ● Decrease in operating revenues ● Increase in operating costs ● Increase in operating expenses 	<ul style="list-style-type: none"> ● Continue to improve and implement heat hazard prevention measures and equipment investment, as well as enhance heat hazard awareness and response training among employees ● Step up assessment of climate trends in CHC's operating locations and refine resource allocation and response planning ● Bolster research on emerging building materials, as well as enhance performance verification and assessment 	<ul style="list-style-type: none"> ● Design and construction of green buildings ● Construction of resilient infrastructure ● Increase use of reclaimed water and renewable energy

| Metrics and Targets

The Group utilizes key indicators to measure and manage climate-related risks and opportunities. These indicators include design and delivery of sustainable products and service, construction technologies and methods, material selection and use, energy use, waste, greenhouse gas emissions, water resource recovery and reuse, and more. They are integrated into the Group's ESG plan, and annual goals are established for continuous management and improvement. For information on the short- to medium-term goals of these key indicators and their implementation status in 2023, please refer to chapters [1-3 Stakeholder Communication and Materiality Analysis](#) and the corresponding chapters in the sustainability report.

Indicator	Items	Sustainability Report Chapters
Design and Delivery of Sustainable Products and Service	<ul style="list-style-type: none"> ● Green Building Design and Construction ● Smart Building Design and Construction ● Reclaimed Water Supply ● Circular Economy 	Chapter 3 Chapter 5
Construction Technologies and Methods	<ul style="list-style-type: none"> ● Design and Construction Applications of BIM ● Implementation of System Formwork ● Circular Economy ● Modular MEP 	
Material Selection and Use	<ul style="list-style-type: none"> ● Green Building Materials Usage ● Green Procurement 	
Energy and Renewable Energy	<ul style="list-style-type: none"> ● Establishment, Monitoring, and Improvement of Energy Usage Benchmarks ● Planning, Design, and Performance Verification of the Energy Saving Site Office ● Introduction to Energy Management Systems and Tools ● Production and Utilization of Renewable Energy 	Chapter 5
Waste	<ul style="list-style-type: none"> ● Waste Reduction, Classification, Recycling, and Reuse ● Circular Economy ● Implementation of Formwork System 	
Greenhouse Gas Management	<ul style="list-style-type: none"> ● ISO 14064-1 - Greenhouse Gas Inventory ● Production and Utilization of Renewable Energy ● Improvement of Energy Efficiency 	
Water Resource Recovery and Reuse	<ul style="list-style-type: none"> ● Recovery and Reuse of Reclaimed Water from Wastewater Treatment Plant ● Recovery Rate of Reclaimed Water System 	
Stakeholder Communication	<ul style="list-style-type: none"> ● Promotion of Communication and Collaboration with Stakeholders 	Chapter 1

Greenhouse Gas Management

The CHC Group is committed to implementing climate risk and opportunity management, enhancing the integration of climate risk and operational strategies. Each business entity formulates greenhouse gas management plans based on its industry characteristics and business model. These plans include (but not limit to) setting annual targets for continuous management and improvement, such as establishing mechanisms for quantifying greenhouse gas emissions, researching decarbonization solutions, investing in renewable energy development, and enhancing energy management efficiency. The goal is to progressively achieve low-carbon operations.

To monitor the Group's greenhouse gas emissions and facilitate setting carbon reduction targets, the phased implementation of ISO 14064-1:2018 greenhouse gas inventory standards began in 2021. This move is aimed at eventually extending the scope to include consolidated financial reporting company boundaries. As of the end of 2023, CHC (standalone), CCLC (standalone), and major operational sites completed greenhouse gas inventories. CHC (standalone) and Linhai Water Resource Center obtained greenhouse gas verification statements for 2022 from Bureau Veritas Certification (BV) and SGS Taiwan Ltd., respectively. CHC (standalone) and CCLC (standalone) successfully completed the greenhouse gas emissions verification for 2023 conducted by Bureau Veritas Certification (BV) on April 3, 2024.

In addition, the Group actively develops and implements digital tools to measure and record information on greenhouse gas emissions sources. This approach addresses the challenges of time-consuming traditional inspections, high maintenance

costs, and difficult data flow control. The Group regularly monitors and promptly identifies problems, allowing for the adoption of response strategies. It also establishes appropriate benchmarks for future performance management and goal setting.



CHC (standalone)



Linhai Water Resource Center

Greenhouse Gas Emissions

The Group is actively working towards the goal of reducing greenhouse gas emissions. Each business entity has successfully implemented the carbon inventory management system in phases. They regularly review energy consumption and greenhouse gas emissions to analyze emission trends and improve energy efficiency.

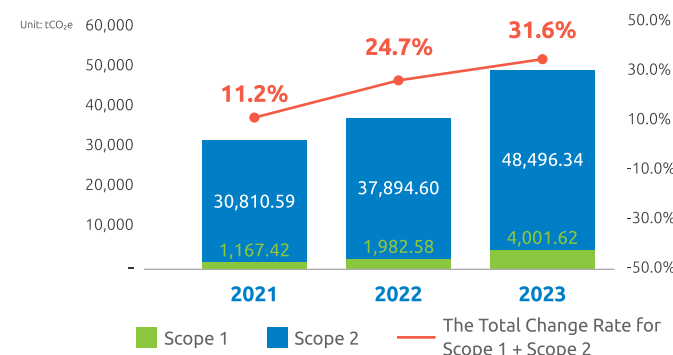
Scope 1 and Scope 2

In 2023, CHC Group's total Scope 1 and Scope 2 greenhouse gas emissions amounted to 52,497.96 metric tons CO₂e, representing a 31.6% increase compared to the previous year. This increase primarily reflects the Group's expanded operational scale, including the commencement of projects such as the operation of Ciaotou Water Resource Recycle Center, and construction of HDEC(Chengxi) Energy and HDEC(Ciaotou). Direct greenhouse gas emissions (Scope 1) for 2023 were 4,001.62 metric tons CO₂e, up 101.8% from the previous year, while indirect greenhouse

gas emissions (Scope 2) were 48,496.34 metric tons CO₂e, up 28%. Combined Scope 1 and Scope 2 emissions in 2023 amounted to approximately 1.72 metric tons CO₂e per million dollars of revenue, a 38.3% increase from 1.24 metric tons CO₂e per million dollars in the previous year.

Based on the greenhouse gas emissions data of the Group over the past three years, it is evident that indirect greenhouse gas emissions (Scope 2) are the primary source of emissions, accounting for over 90% each year. These emissions are solely attributed to purchased electricity. The Group's expanding business operations have resulted in a significant increase in greenhouse gas emissions over the past three years, with the Environmental Project Development & Water Treatment Business being the main contributors. Specifically, the newly operating HDEC (Ciaotou) water resource center in 2023 and the frequent opening and closing of the Anping water resource center's sewage diversion station due to rainfall have contributed to the rise in Scope 2 emissions in the Group's 2023 emissions. On the other hand, the Construction Engineering Business experiences notable fluctuations depending on the number of projects, project stages, and construction progress each year.

CHC Group's Greenhouse Gas Emissions Status



Note:

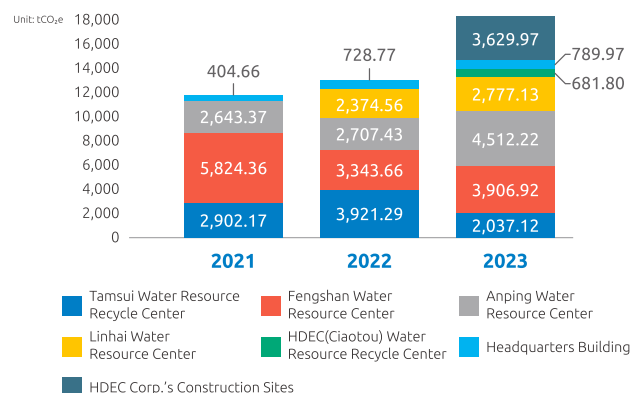
- The emission factor for the electricity grid is calculated using the "Electricity Carbon Emission Factor for 2023" announced by the Energy Administration, Ministry of Economic Affairs, on April 26, 2024.
- Adopt the greenhouse gas emission factor management table (version 6.0.4) and the IPCC Sixth Assessment Report's GWP (Global Warming Potential) 100-year average value as the basis for calculating carbon dioxide.
- The greenhouse gas emission factors for Scope 1: Diesel - Mobile sources: 2.6472 kg CO₂e/ liter, Diesel - Stationary sources: 2.6147 kg CO₂e/ liter, Gasoline - Mobile sources: 2.3572 kg CO₂e/ liter, Gasoline - Stationary sources: 2.2712 kg CO₂e/ liter, Natural gas: 1.8809 kg CO₂e/ cubic meter.

4. The 2021 inventory boundary: Headquarters Building of CHC Group (CHC, CEC, CDC, and HDEC Corp), CEC's construction sites, HDEC Corp.'s operational bases (Tamsui, Fengshan, and Anping), HDEC Corp.'s construction sites (Puding, Tongluo, Linhai and Anping Water Reclamation Project). The Headquarters Building and HDEC Corp.'s construction sites (Anping) were verified by SGS Taiwan Ltd. in 2022.
5. The 2022 inventory boundary: Headquarters Building of CHC Group (CHC, CEC, CDC, HDEC Corp, and CCLC), CEC's construction sites, HDEC Corp.'s operational bases (Tamsui, Fengshan, Anping and Linhai), HDEC Corp.'s construction sites (Puding, Tongluo, and Anping Water Reclamation Project). CHC (standalone) and Linhai Water Resource Center were verified by Bureau Veritas Certification (BV) and SGS Taiwan Ltd. (SGS) in 2023, with retrospective adjustment of inventory data.
6. The 2023 inventory boundary: CHC (standalone), CCLC (standalone), CDC (standalone), Headquarters Building (CEC and HDEC Corp), CEC's construction sites, HDEC Corp.'s operational bases (Tamsui, Fengshan, Anping, Linhai and Ciaotou) and HDEC Corp.'s construction sites (Puding, Tongluo, Chengxi, Ciaotou and Anping Water Reclamation Project); CHC (standalone) and CCLC (standalone) were verified by Bureau Veritas Certification (BV) on April 3, 2024. Emissions data for other companies/ locations for 2023 were estimated based on inventory data and updated on the company's website sustainability section after ISO 14064-1:2018 certification.

· Scope 3

The Group conducted a comprehensive assessment of indirect greenhouse gas emissions in accordance with ISO 14064-1:2018, gradually including operational water resources centers, the headquarters building, and engineering projects. The assessment identified upstream emissions from purchased energy sources, waste treatment services, electricity usage of downstream leased assets, employee business travel, and bulk material procurement as significant other indirect emission sources (Scope 3). The quantification results for Scope 3 emissions for 2021-2023 are presented below:

CHC Group's Greenhouse Gas Emissions Status (Scope 3)



GHG Protocol Classification

Carbon Dioxide Equivalent
(in metric tons CO₂e)

Category 1: Procurement of Goods and Services	3,479.64
Category 3: Fuel and Energy-Related Activities	8,190.26
Category 5: Waste Generated in Operations	6,039.55
Category 6: Business Travel	8.30
Category 13: Downstream Leased Assets	617.37

Note: Quantification in scope 3 is

1. Upstream emissions from purchased energy (Boundary: headquarters building, water resources centers, HDEC Corp.'s construction sites)
2. Waste treatment services (Boundary: headquarters building, water resources centers, HDEC Corp.'s construction sites)
3. Electricity usage of downstream leased assets (Boundary: headquarters building - CEC)
4. Employee business travel (Boundary: water resources centers, HDEC Corp.'s construction sites)
5. Emissions from bulk material procurement (Boundary: HDEC Corp.'s construction sites)

| Greenhouse Gas Emission Reduction Actions

Based on the industry characteristics of each business entity, corresponding decarbonization policies and action plans are established. These are regularly reviewed and adjusted through a rolling process. The main reduction of GHG emissions strategies include:

- Implementing the ISO 50001 Energy Management System in operational sites to establish an energy baseline and conduct energy-saving control and management
- Optimizing energy efficiency by regularly analyzing equipment energy consumption and replacing inefficient, high-energy-consuming equipment
- Implementing green procurement practices by prioritizing equipment models with advanced energy-saving specifications and low-carbon recycled materials
- Promoting biogas recovery and reuse, while continuously planning the adoption of wind and solar power generation equipment to reduce reliance on fossil fuels
- During the architectural design phase, focusing on enhancing energy efficiency during the operational stage of buildings by incorporating energy-saving design considerations such as green building envelopes, lighting, and equipment

- Creating safe, healthy, comfortable, efficient, environmentally friendly, and low-impact living spaces throughout each stage of the building lifecycle, using methods that conserve energy, minimize resource use, and reduce waste. This approach aims to achieve symbiosis and sustainable development among people, buildings, and the environment
- Enhancing technology integration in construction and developing digital tools, while adjusting product designs and service models, to improve resource utilization efficiency
- Developing products and service solutions that adhere to the principles of the circular economy
- Research and development of innovative technologies and methods
- Transitioning towards electrification of transportation

In 2023, the quantifiable greenhouse gas emission reduction achieved by the Group amounted to 1,046.86 metric tons of CO₂e, showing a growth of 32.6% compared to the previous year's 789.32 metric tons of CO₂e. The most significant energy-saving effect was attributed to biogas recovery and reuse, followed by the solar power generation system. In the future, the Group will continue to promote the installation and use of renewable energy systems, monitor various types of energy consumption and greenhouse gas emissions, refine carbon management strategies, and drive greenhouse gas reduction initiatives.

2023 Annual Energy Saving and Carbon Reduction Performance of CHC Group

Program	Type of Resources	Energy Saving Effectiveness	Unit	Carbon Reduction Amount (tCO ₂ e)
Reuse of Biogas	Fuel	488,644	m ³	919.0908
Solar Power Generation System	Electricity	239,578	kWh	118.3515
Wind Power Generation System	Electricity	936	kWh	0.4624
Replace LED Lighting Fixtures	Electricity	10,012	kWh	4.9459
Replace Inverter Air Conditioner	Electricity	3,000	kWh	1.4820
Enhance Indoor Air Circulation through Interior Renovation	Electricity	5,120	kWh	2.5293
Paper Reduction through Digitalization	Paper	300	Sheet	0.0002
Total				1,046.86

Note:

1. The energy-saving effectiveness of biogas recovery and reuse is presented in terms of natural gas volume, based on 60% natural gas content.
2. Natural gas: 1 m³ = 1.8809 kg CO₂e; Electricity: 1 kWh = 0.494 kg CO₂e.
3. A pack of A4 paper (500 sheets) = 0.36 kg CO₂e; Each sheet of paper = 0.00072 kg CO₂e.



5-2 Energy Management

Energy Resource Management Policy

The Group continues to optimize its energy resource management policies to mitigate the risks and seize opportunities related to climate change. It has established management mechanisms and action plans focusing on five key areas: "Environmental conservation and energy efficiency in office buildings," "Green initiatives at business locations," "Green buildings and smart buildings," "Engagement in renewable energy," and "Enhancing of water resource treatment efficiency." The Group focuses primarily on indirect emissions from purchased electricity (Scope 2) in its greenhouse gas emissions profile, making energy management a key component of its low-carbon transformation strategy. We have implemented digital tools to establish energy baselines and real-time monitoring systems to effectively manage energy consumption. Additionally, efforts are directed towards optimizing energy management and resource utilization, integrating the lifecycle impacts of products into building design and operational site planning, aiming to achieve dual goals of reducing energy consumption and greenhouse gas emissions.

Energy Management

| Energy Consumption

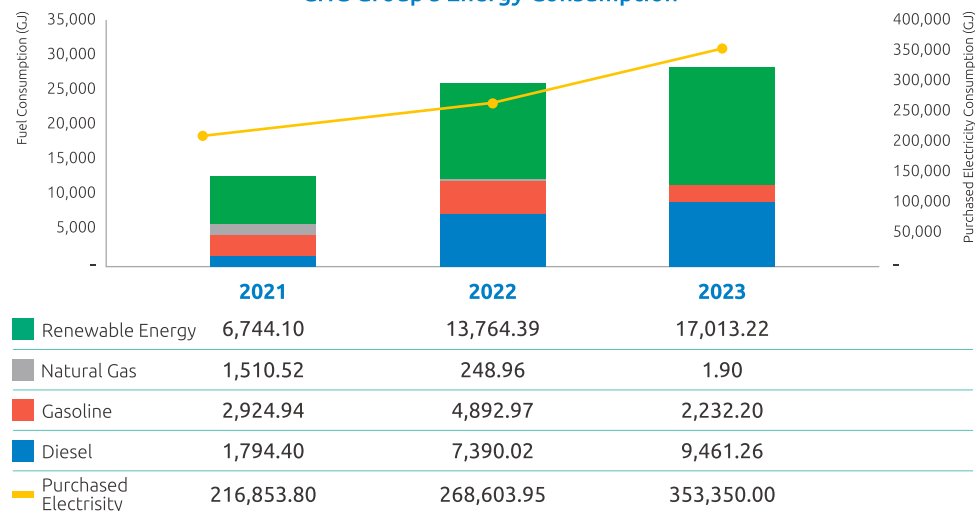
The Group conducts regular audits of energy usage at various locations, covering purchased electricity, gasoline, diesel, (liquefied) natural gas, and renewable energy consumption. The energy consumption for 2023 was 382,058.58 GJ, reflecting a 29.6% increase compared to the previous year, primarily due to the continuous expansion of Environmental Project Development & Water Treatment Business, as well as the smooth progress and commencement of new project executions. In 2023, the Group's usage of electricity, diesel, and renewable energy showed an increasing trend. The increase in diesel usage, in particular was primarily due to the Group's ongoing expansion of investments in sludge reduction initiatives. Natural gas and gasoline usage showed a declining trend, primarily due to increased biogas reuse replacing natural gas,

Group's Energy Resource Management Strategy

Aspects	Management Strategy
Environmental Conservation and Energy Efficiency in Office Buildings	<ul style="list-style-type: none"> ● Implementing green procurement policies, transitioning to electrification of transportation, and adopting high-efficiency equipment ● Paperless workflows and smart monitoring and control ● Conducting energy diagnosis and improvement ● Implementation of an energy efficiency improvement program for rental properties
Green Initiatives at Business Locations	<ul style="list-style-type: none"> ● Optimizing construction engineering efficiency through the use of BIM technology ● Implementing system formwork construction methods, optimizing construction processes and reducing material consumption ● Optimizing the efficiency of energy resource utilization through context-specific integrated management strategies ● Promoting the Energy Saving Site Office, implementing the Energy Management Platform, and introducing energy storage equipment to enhance energy management and achieve greater energy savings
Green Buildings and Smart Buildings	<ul style="list-style-type: none"> ● Modularization of equipment and room types ● Optimization of native tree species green belts ● Implementation of ecological methods and permeable green pavement design ● Energy efficient in building envelope design ● Building energy efficiency assessment ● Product life cycle extension ● Design of electric vehicle charging stations ● Water-saving devices and rainwater harvesting ● Principles of circular economy design ● Enhancing the use of green building materials
Engagement in Renewable Energy	<ul style="list-style-type: none"> ● Recovery and reuse of biogas ● Establishing solar and wind power generation systems ● Investing in renewable energy projects ● Increasing the use of renewable energy sources
Enhancing of water resource treatment efficiency	<ul style="list-style-type: none"> ● Improving the efficiency of wastewater and Reclaimed water treatment ● Smart meter monitoring for real-time electricity usage ● ISO 14001 Environmental Management System and ISO 50001 Energy Management System Certifications ● Improving electricity management efficiency

leading to a 99.2% decrease in natural gas usage compared to the previous year. Additionally, the Group's shift towards electrification of vehicles contributed to a 54.4% decrease in gasoline usage. Overall, 92.5% of the electricity used was purchased externally, with renewable energy accounting for 4.5% as the second source.

CHC Group's Energy Consumption



Note:

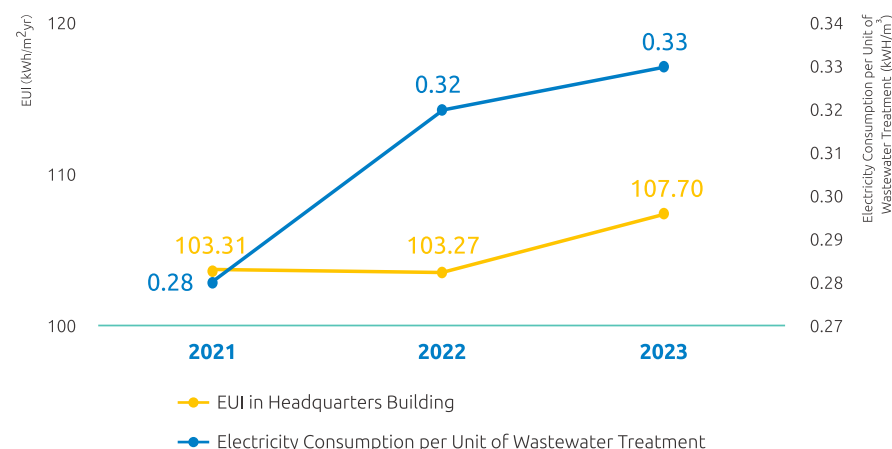
- External purchased electricity is converted based on 3.6 GJ/ kWh. The conversion for gasoline, diesel, and natural gas follows the "Heat Content of Energy Products" announced by the Energy Administration, Ministry of Economic Affairs in 2023.
- The 2021 inventory boundary: Headquarters Building of CHC Group (CHC, CEC, CDC, and HDEC Corp), CEC's construction sites, HDEC Corp.'s operational bases (Tamsui, Fengshan, and Anping), HDEC Corp.'s construction sites (Puding, Tongluo, Linhai and Anping Water Reclamation Project).
- The 2022 inventory boundary: Headquarters Building of CHC Group (CHC, CCLC, CEC, CDC, and HDEC Corp), CEC's construction sites, HDEC Corp.'s operational bases (Tamsui, Fengshan, Anping, and Linhai), HDEC Corp.'s construction sites (Puding, Tongluo, and Anping Water Reclamation Project); In 2022, CCLC officially commenced operations at its headquarters building; The Linhai Water Resources Center was also inaugurated, becoming part of HDEC Corp.'s operational bases.
- The 2023 inventory boundary: CHC (standalone), CCLC (standalone), CDC (standalone), Headquarters Building (CEC and HDEC Corp), CEC's construction sites, HDEC Corp.'s operational bases (Tamsui, Fengshan, Anping, Linhai and Ciaotou) and HDEC Corp.'s construction sites (Puding, Tongluo, Chengxi, Ciaotou and Anping Water Reclamation Project); The Ciaotou Water Resource Recycle Center was inaugurated by the Group in 2023.

| Energy Intensity

Although total energy usage has increased due to business growth, the Group is committed to enhancing energy efficiency. Simultaneously, it is actively transitioning to lower-emission energy sources to manage energy intensity indicators. The total amount of electricity purchased from external sources for the headquarters building in 2023 increased by almost 4.3% compared to the previous year. The Energy Use Intensity (EUI) was 107.70 kWh/m².

In terms of water treatment, the Group achieves a unit energy consumption of 0.33 kWh/ m³ of wastewater treatment, which is superior to annual target. However, in 2023, Taiwan faced frequent water shortages and implemented water restrictions, resulting in a 3.25% decrease in total wastewater treatment compared to the previous year. Unit electricity consumption for wastewater treatment increased by 3.13% compared to the previous year. The Group will continue to enhance energy efficiency in water resource management through optimization of operational practices and improvements in energy-efficient equipment.

Group Energy Intensity



Note: The EUI value in the headquarters building in 2022 was retrospectively adjusted in accordance with the greenhouse gas verification results for the same building in 2023.

Energy Conservation and Pollution Prevention

I Environmental Conservation and Energy Efficiency in Office Buildings

The Group has implemented the "Office Environmental Protection and Energy Saving Goals and Implementation Regulations" by introducing high-efficiency equipment, digital tools, and paperless workflows. This is accompanied by regular energy-saving campaigns and continuous improvement in management mechanisms to control greenhouse gas emissions, paper usage, water consumption, and waste generation. The aim is to mitigate the environmental impact of office buildings. By 2023, the assessment and planning for energy-saving and carbon reduction in the headquarters building was completed, and an energy diagnosis program was initiated to analyze the power consumption of key electrical equipment.

Headquarters Building Energy Saving Measures and Action Plan

Key Measures



Implementation of a High-Quality Building Energy Saving Program

On the north-facing sides, using fully transparent curtains to increase daylighting, and reducing the aperture ratio on the south-facing sides to minimize heat from summer solar radiation, combined with neighboring building shading effects, achieves building's energy-saving effects



Adoption of Advanced Energy-Saving Equipment

Power supply:

- Adopting the cast resin transformer and implementing low-voltage selective distribution

Air conditioning:

- Adoption of the variable frequency energy-saving AHU-VAV air conditioning system

Public facilities:

- Reducing carbon dioxide levels in parking garages through induced ventilation systems
- Implementing zone-based energy-saving control for elevators
- Public parking facilities equipped with electric vehicle charging stations, encouraging employees and visitors to use electric vehicles

Headquarters Building Energy Saving Measures and Action Plan

Key Measures

Action Plan



Enhancement of Energy Management Measures

- Adopting smart monitoring systems
- Contract capacity discussion and formulation
- Power variable frequency (ABB) energy-saving control
- Two-wire lighting energy-saving control
- The office area lights are scheduled to be turned off at lunchtime by the control room
- Office staircase lighting reduction
- Air conditioning system adjustment
- The office area's air conditioning is set to 26 degrees Celsius; management of air conditioning use during holidays and after working hours
- Adjustment of floor and parking lot lighting equipment usage areas
- Initiating energy diagnosis and improvement
- Installing time control devices on water dispensers to reduce electricity consumption for heating during off-hours
- Floor supply/ exhaust air monitoring AUTO/MAN-time control
- Parking ventilation/ exhaust monitoring adopts variable frequency control and automatically turns on/off according to time
- Sensor-operated water-saving faucets for restroom use
- Installation of water-saving devices on the faucet in the pantry
- A third-party organization conducts quarterly indoor environmental monitoring (CO₂ and water quality testing)
- Setting computers to automatically switch to sleep mode after 30 minutes of idle time
- Lighting replacement with LED fixtures



Energy-saving promotion

- Encouraging turning off lights, air conditioning, and other electrical devices when leaving work
- Before extended holidays, remind to power off appliances and unplug them
- Promotion of electricity and energy conservation, water conservation, and reducing the use of disposable tableware
- Policy declaration on electrification of transportation

| Green Initiatives at Business Locations

The CHC Group focuses on enhancing energy efficiency, reducing energy resource consumption, and minimizing environmental impact across all construction sites and operational bases. They implement energy-saving and carbon reduction measures rigorously, addressing potential impacts such as air, water, and noise during construction engineering and water treatment processes. Additionally, they strengthen environmental and safety management at operational sites, striving for optimal energy management in projects and operations while achieving reduction of GHG emissions targets.

Furthermore, to improve indoor air quality in site offices environments, following the guidelines from the Environmental Protection Administration's "Handbook on the Application and Management of Indoor Air Purifying Plants," the CHC Group places 2 pots of plants per square meter indoors to enhance dust retention, thereby reducing negative health impacts from volatile organic compounds. They also plant climbing plants to reduce sunlight exposure, regulate temperature, and increase oxygen levels in the environment. Various energy-saving and pollution prevention measures are listed as follows:

Energy Conservation and Pollution Prevention Measures		Methods and Effectiveness
Energy Conservation and Carbon Reduction	Digitization of daily operations	<ul style="list-style-type: none"> Adopting digital forms to replace paper checklists reduces paper usage, prevents form misuse, and enhances work efficiency and convenience All procurement cases are processed through an electronic digital system for application and approval workflows, reducing paper usage and enhancing work efficiency Cross-regional and cross-department meetings are conducted via online video conferencing to enhance meeting efficiency
	Electrification of official vehicles	<ul style="list-style-type: none"> Selection of electric vehicles for company business use to reduce direct consumption of fossil fuels
	Energy efficient in lighting	<ul style="list-style-type: none"> New construction site lighting uses 100% LED fixtures; gradual replacement of old fixtures with LED lighting Using solar-powered warning/illumination devices that absorb sunlight during the day to store energy and activate lighting and warning functions at night without external power connection. This approach reduces potential hazards from electrical wires and lines in the construction environment Using photo-sensing automatic lighting switches

Energy Conservation and Pollution Prevention Measures		Methods and Effectiveness
Energy Conservation and Carbon Reduction	Energy efficient in equipment	<ul style="list-style-type: none"> Using first-tier energy-efficient heat pumps in dormitories Using high-efficiency water pumps and regularly maintaining drainage motors Using insulated pipes for hot water to reduce energy consumption and water resource wastage Setting fixed daily power supply times to reduce unnecessary equipment standby
	Energy efficient in air conditioning	<ul style="list-style-type: none"> Using inverter air conditioners with energy-saving labels Installing automatic temperature-adjusting ventilation fans on the roof and enhancing indoor air circulation through interior renovations Using air conditioning and fans together to enhance indoor air circulation Regularly cleaning air conditioner filters and maintaining equipment Implementing automatic time-based control for air conditioning switches
	Project-specific electricity management	<ul style="list-style-type: none"> Regularly tracking project-specific electricity intensity metrics and continuously improving them
	Introducing sunshade nets at the construction site	<ul style="list-style-type: none"> Reducing direct sunlight radiation and heat absorption, effectively lowering outdoor work area temperatures, and helping prevent sunburn for personnel
	Energy saving site office	<ul style="list-style-type: none"> Implementing energy efficient measures in building envelope, equipment, and management, integrating real-time electricity monitoring systems to issue alerts when power demand exceeds set limits
	Renewable energy and energy storage	<ul style="list-style-type: none"> Recovering and utilizing biogas generated from wastewater treatment processes to reduce direct environmental impacts from biogas emissions and decrease reliance on purchased external energy sources Installing solar energy and wind power generation systems Installing energy storage systems / active storage cabinets

Energy Conservation and Pollution Prevention Measures		Methods and Effectiveness
Pollution Prevention	Noise pollution control	<ul style="list-style-type: none"> Installing vibration-damping pads, noise-reducing energy bricks, and soundproof cotton covers on blowers at the construction site Using noise-reducing soundproof cotton for excavation equipment and installing rubber on the tracks Avoiding using in-vehicle loudspeakers and advocating for reducing the volume of personnel and other audio equipment Increasing the height of construction fences or installing soundproof canvas Installing soundproof covers on blowers to reduce noise levels by 11%
	Water pollution control	<ul style="list-style-type: none"> Installing wheel wash stations, spill containment bases, or interceptor ditches to prevent wastewater from flowing out All wash water from wheel wash equipment and concrete operations, as well as stabilizing fluids from foundation excavation, must be settled and filtered before being discharged into the sewer system Installing sedimentation tanks at drainage system outlets and constructing stormwater diversion systems
	Air pollution control	<ul style="list-style-type: none"> Planting indoor vegetation to capture dust, purify air quality, and reduce indoor carbon dioxide concentration Reducing dust emissions: using packaged soil during construction, regularly watering exposed surfaces and entry/exit roads, covering mud and soil piles with dust nets or tarps, laying steel plates/concrete/asphalt on vehicle routes, installing fences, and placing transparent tarps at road corners Electrification of company motor scooter Installing particulate filters on construction machinery Participating in road adoption programs and cleaning the roads around the construction site <p>Installation of deodorizing equipment:</p> <ul style="list-style-type: none"> Installing deodorizing equipment at wastewater treatment plants to prevent the escape of common odors such as volatile organic compounds, hydrogen sulfide, methyl mercaptan, and ammonia during wastewater treatment processes After drying, the moisture from sludge contains dust and odors. Installing odor control equipment can reduce the odor and dust in the moisture <p>Installing desulfurization equipment:</p> <ul style="list-style-type: none"> Setting up an alkaline scrubber tower for desulfurization processes to treat corrosive gases like sulfuric acid produced during boiler combustion, thereby preventing air pollution and corrosion of boilers and pipelines, and extending equipment lifespan Capable of reducing hydrogen sulfide content in biogas to below 200 mg/L and achieving a removal efficiency of over 95%

Column

Energy Saving Site Office

The Group has long been invested in the design and research of energy saving site office, using BIM systems to simulate optimal energy-saving design solutions. It focuses on three main aspects: Energy efficient in building envelope, energy efficient in equipment and energy efficient in management. The specific details are as follows:

Energy Efficient in Building Envelope

When the environmental temperature reaches the set threshold, the roof's exhaust fan will activate, removing hot air from the roof cavity to enhance indoor air circulation and reduce air conditioning energy consumption.

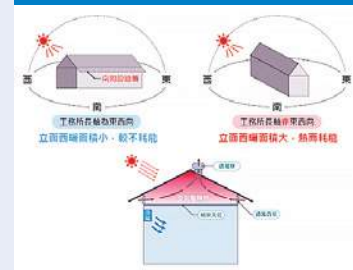
Energy Efficient in Equipment

Prioritize the initial setup and procurement of energy-saving products, such as using high-efficiency LED or solar lighting fixtures for illumination; air conditioning and booster pumps equipped with energy-saving variable frequency characteristics; electrical appliances, heat pumps, and restroom facilities using Grade 1 energy-saving and water-saving certified equipment; and acquiring company electric motor scooters and other energy-saving measures. In future equipment procurement plans, we will continue to adhere to the initial setup principles by purchasing energy-efficient specifications. We also plan to introduce Enertainers to replace traditional diesel generators for power supply. These can accurately supply electricity according to demand, achieving benefits such as reducing fuel consumption, lowering noise levels, and mitigating air pollution.

Energy Efficient in Management

We implement a power monitoring system to monitor real-time electricity consumption from different areas, such as lighting and air conditioning, through sub-metering. This system aims to achieve remote monitoring of peak demand fluctuations and manage electricity usage within preset target ranges. When electricity consumption reaches a critical threshold, the system will send notifications to administrators to promptly adjust on-site electricity usage to meet management goals. In the future, we will continue to use the power monitoring system to consistently gather electricity usage data, analyze and validate energy-saving benefits, and timely implement responsive measures as needed.

Energy-Saving Principles in Facade Design for Energy Saving Site Office



Energy Monitoring System for Energy Saving Site Office

CF680C 標智慧工地-能源管理系統					
南側台電			北側台電		
契約 電錶值	70	台電 契約值	80	契約 電錶值	25
功因 電錶值	0.9 PF	功因 電錶值	0.9 PF	功因 電錶值	0.9 PF
外籍宿舍		員工宿舍		工務所	
10,208.8 kWh		5,099.2 kWh		31,521.4 kWh	
/	1,387 m2	/	644 m2	/	1,442 m2
= 7.3		= 7.9		= 21.8	

Column

Green Research and Development Thinking

The Group promotes sustainable innovation through the "Idea Box" initiative, seeking innovation explorers to encourage employees to integrate their expertise and innovative ideas into daily operations to implement environmental sustainability principles. In 2023, employees of the Group proposed a DIY solar energy storage device, successfully developing an integrated energy management system and storage device. The DIY solar energy storage device has been tested for feasibility in practical applications and the Group plans to continue expanding its implementation in the future.

DIY Solar Energy Storage Device

Research and Development Background:

In response to the Group's engineering project energy management goals, and to effectively control electricity usage and reduce undue losses, this energy storage device was designed and developed to distribute peak electricity demand.

Benefits:

- (1) The application of energy management, which involves charging during off-peak hours and discharging during peak hours to take advantage of time-of-use electricity prices, can help reduce contract capacity and electricity expenses.
- (2) By integrating solar photovoltaic and energy storage applications, we effectively reduce electricity consumption and decrease greenhouse gas emissions.

Extended Applications:

In track engineering, where power supply is challenging due to narrow and elongated work zones, deploying mobile energy storage cabinets for potential temporary power needs, coupled with charging tools, reduces related costs like power line installations. It also avoids energy consumption and pollution from using diesel generators.

Installation of Solar Energy Equipment



Energy Storage Equipment Component



| Green Buildings and Smart Buildings

The Group continues to increase the proportion of green and smart building certification products, enhancing the use of eco-friendly and energy-efficient building materials. Taking a lifecycle perspective, we apply the concept of circular economy to construct green buildings, focusing on environmentally friendly and energy-saving designs to improve the energy efficiency of new construction. In product design, the focus is on characteristics such as reducing carbon dioxide emissions, increasing native tree greenery, soil and water conservation on site, energy efficient in building envelope, and effective resource utilization. This approach aims to create safe, healthy, comfortable, efficient, environmentally friendly, and low-impact living and working spaces (see section [3-2 Sustainable Design](#)).

| Enhancing of Water Resource Treatment Efficiency

The water resource center has implemented the ISO 14001 Environmental Management System, ISO 50001 Energy Management System, and installed smart meters. These meters enable remote monitoring of real-time electricity usage for devices and units. They examine and analyze electricity consumption and specific usage units, using the energy baseline defined by ISO 50001 for energy management and control. Continuously, effective management of electricity usage across all water resource centers aims to reduce unit energy consumption in wastewater treatment and reclaimed water treatment, thereby enhancing energy efficiency in water treatment processes.

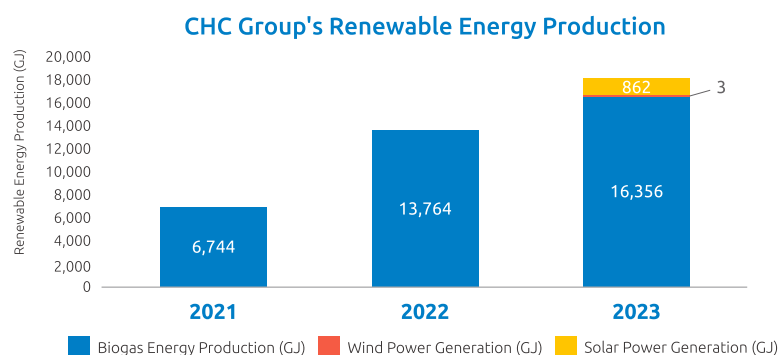
The Group uses electricity consumption per unit of wastewater treatment and unit electricity consumption for reclaimed water treatment as efficiency management indicators for water resource processing. Each water resource center sets annual targets and conducts daily monitoring and management to achieve these goals. In 2023, the Group achieved a unit electricity consumption of 0.33 kWh per ton of wastewater treatment, representing a 6% improvement over the set target. However, the Anping Water Resource Center experienced slightly increased electricity consumption due to frequent operation of diversion stations caused by increased rainfall, resulting in a minor deviation from its annual target. In 2023, the Group achieved a unit electricity consumption of 0.79 kWh per ton of reclaimed water treatment. The Anping Reclaimed Water Plant, which officially started supplying water in 2023, performed better than the annual target across all water resource centers.

Renewable Energy

Renewable Energy Production

The Group continues to invest in renewable energy development, actively recycling biogas generated during wastewater treatment processes for reuse as alternative boiler fuel. We also maintain ongoing assessments of renewable energy projects. As of 2023, HDEC Corp has completed the installation of solar or wind power generation systems at the Fengshan, Linhai, and Tamsui Water Resource Centers. The generated electricity is partly used internally and partly sold. Additionally, the project for the Tainan Chengxi Incineration Plant commenced in 2023 and is expected to be completed by 2026. Once operational, the project will become a power plant providing a renewal energy with efficiency exceeding 25%, effectively managing waste while increasing the supply of renewable energy. The Group is also actively evaluating biogas reuse and power generation schemes with the aim of reducing dependence on fossil fuels.

CHC Group's Renewable Energy Production		
Type	2023	Equivalent Energy (GJ)
Biogas Energy Production (m ³)	814,407	16,356
Solar Power Generation (kWh)	239,578	862
Wind Power Generation (kWh)	936	3
Total		17,221



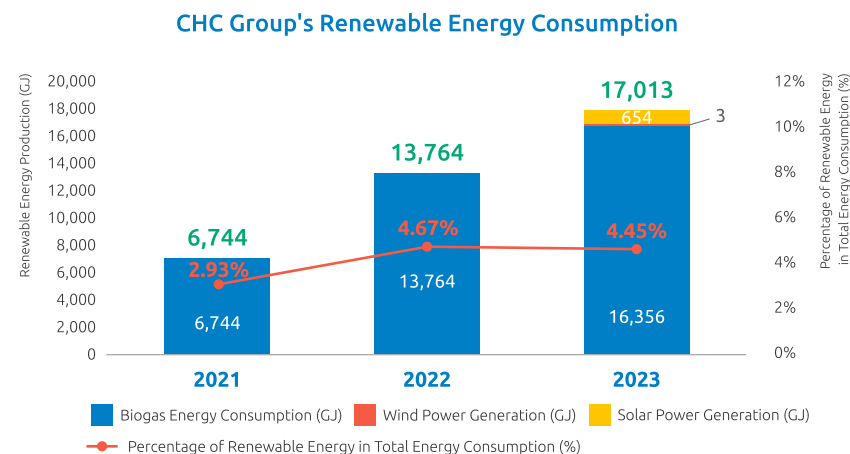
Renewable Energy Consumption

In 2023, biogas usage increased by 19% compared to the previous year, totaling 814,407 m³, which is approximately equivalent to 1,860,508 kWh of electricity. The electricity generated from wind and solar power systems for self-consumption amounted to 182,590 kWh. Altogether, the Group's renewable energy usage amounted to 2,043,098 kWh of electricity benefit.

CHC Group's Renewable Energy Consumption			
Type	2021	2022	2023
Biogas Energy Consumption (m ³)	335,808	685,369	814,407
Biogas Equivalent Electricity Generation (kWh)	744,544	1,562,558	1,860,508
Wind Power Generation (kWh)	-	-	936
Solar Power Generation (kWh)	-	-	181,654
Biogas Equivalent Energy (GJ)	6,744	13,764	16,356
Wind Power Generation Equivalent Energy (GJ)	-	-	3
Solar Power Generation Equivalent Energy (GJ)	-	-	654
Total Renewable Energy Consumption (kWh)	744,544	1,562,558	2,043,098
Total Renewable Energy Consumption Equivalent Energy (GJ)	6,744	13,764	17,013
Percentage of Renewable Energy in Total Energy Consumption (%)	2.93%	4.67%	4.45%

Note:

- The electricity and energy from biogas in the table are converted based on the equivalent natural gas volume, considering biogas with 60% methane content.
- Natural gas: 1 m³ = 1.8809 kg CO₂e; Electricity in 2021: 1 kWh = 0.509 kg CO₂e, Electricity in 2022: 1 kWh = 0.495 kg CO₂e, Electricity in 2023: 1 kWh = 0.494 kg CO₂e.
- Regarding the data on biogas equivalent electricity production for 2021-2022, there was an error, which has been identified and corrected retrospectively.



5-3 Circular Economy and Resource Management

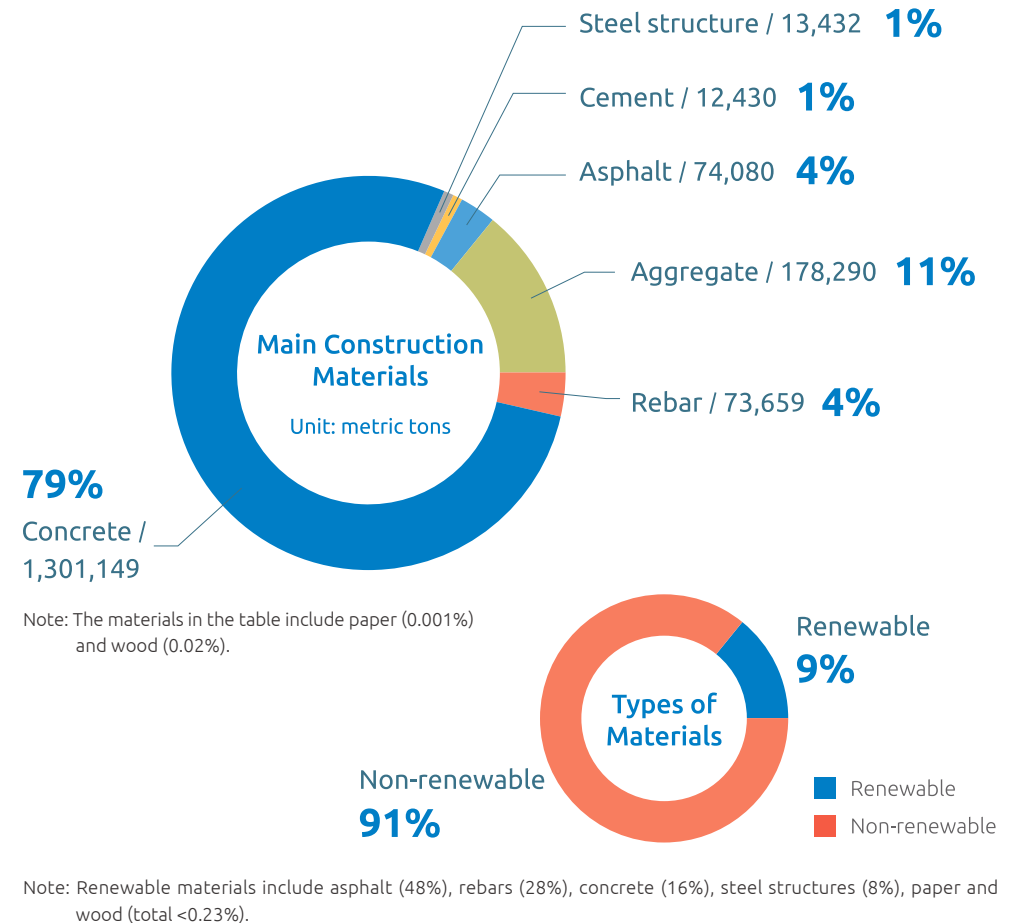
Raw Material Resource Management Policy

The Group continues to strengthen raw material resource management to reduce reliance on and impact on natural resources. The raw material resource management strategy includes:

- Statistical tracking of raw material use: Utilizing digital tools to manage raw material procurement, regularly tracking changes in the raw material market, and staying informed about emerging trends in building materials development, making adjustments as needed.
- Application and development of a circular economy model: Building upon the practical experience of implementing BS 8001 Circular Economy in the social housing project at Nangang Depot Public Housing base, developing applications for circular economy initiatives.
- Research and development of new construction methods and optimization of operational models: Enhancing resource efficiency, reducing material wastage, and minimizing waste generation through innovative construction methods, operational model improvements, and service process enhancements.
- Tracking and management of waste: All types of waste are carefully planned for reduction, sorting, reuse, and recycling measures. Waste disposal is entrusted to government-registered waste management contractors, who handle waste disposal in accordance with the law and track its subsequent flow.
- Reuse of water resources: Regularly monitor water usage behavior and water efficiency at each operational site; deepen expertise in water treatment and continuously enhance water treatment capabilities.

| Statistics on Material Usage

CHC Group primarily uses construction materials. In 2023, we utilized a total of 1,653,393.19 metric tons, with renewable materials comprising 9%. The top three material types were concrete (79%), aggregate (11%), and rebars (4%). The usage of raw materials varies annually based on the types and quantities of construction projects and their respective phases.



| Green Procurement and Green Building Materials

The CHC Group is committed to creating environmentally friendly residential spaces that benefit the health of residents while ensuring safety and comfort. The Group strictly adheres to building regulations and design standards, promising a higher usage ratio of green building materials than required by law. Additionally, environmental and social considerations are integrated into procurement decisions to enhance the effectiveness of the Group's green procurement initiatives.

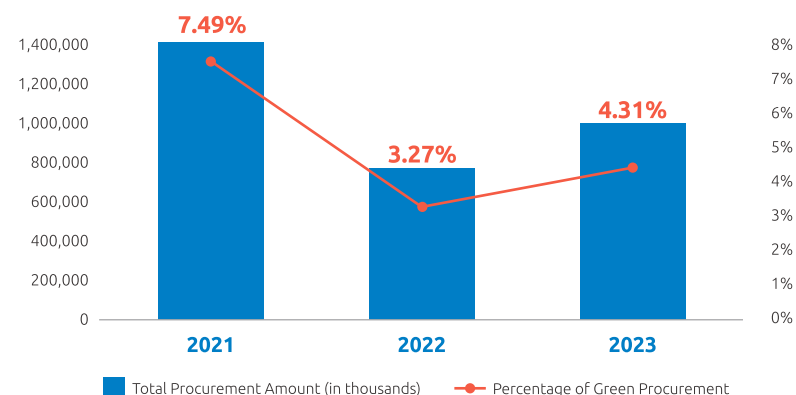
In addition to using building materials that meet legal regulations and are certified as green building materials, we also select equipment that is harmless to humans, renewable, high-performance, energy-efficient, and environmentally certified. In terms of design specifications and usage performance, we strictly require the quality of green building materials, ensuring that their materials and strength meet building design standards. For residential equipment, we prioritize models with energy-saving and environmental certifications. Considering the building's life cycle, we aim to provide an energy-efficient, comfortable, and easy-to-maintain living environment, ensuring efficient use of resources during future occupancy and maintenance. In addition to the green building materials procured for construction, the Group's green procurement scope also extends to operational equipment, office equipment, and supplies. This includes selecting environmentally certified products such as electric scooters, paper, and computer equipment.

Type	Description	Items
Healthy Materials	Use of low-toxicity, low-hazard risk building materials that have passed formaldehyde and total volatile organic compounds tests	<ul style="list-style-type: none"> Environmentally-friendly paint Calcium silicate board / Gypsum board / Puna board and other panel materials
Recycled Materials	Materials remanufactured using recycled materials, with strict quality and strength requirements to meet design standards	<ul style="list-style-type: none"> Recycled concrete and asphalt Recycled paper Compressed concrete paving units
Site Water Retention Materials	Selecting outdoor paving materials with high porosity and permeability to ensure good water infiltration for surface runoff, achieving the goal of site water retention	<ul style="list-style-type: none"> Permeable pavement

Type	Description	Items
High-Performance Energy-Saving Materials	Innovative materials with properties that effectively prevent outdoor heat from entering buildings, achieving energy efficiency and improving quality of life	<ul style="list-style-type: none"> Roof insulation board Heat-insulating mortar Double-glazed glass
Environmental Labeling Equipments/Materials	Prioritizing products that are high-performance, low-energy consumption, recyclable, or water-efficient	<ul style="list-style-type: none"> Energy-efficient lighting fixtures Bathroom equipments Variable frequency air conditioning Electric vehicle FSC certified products
Smart Devices	Automatic power on/ off detection	<ul style="list-style-type: none"> Automatic lighting equipment Sensor faucet Automatic rain shutdown irrigation equipment

The Group's green procurement amount fluctuates with business content and volume variations. In 2023, the total green procurement amounted to NT\$1,030,304 thousand, representing 4.31% of the total procurement. Procurement items included engineering construction materials, office administrative supplies, and operational equipment, accounting for 92%, 5.3%, and 2.7% respectively.

Results of Group's Green Procurement



| Biodiversity

The World Economic Forum (WEF) stated in the "2023 Global Risk Report" that biodiversity loss is ranked second only to climate change in terms of risk, making it one of the most significant threats to the planet in the next 10 years. Considering the impact on and dependence of biodiversity by enterprises, the Group employs biodiversity surveys and monitoring of operational site environments, along with biodiversity environmental education, as the foundation for implementing biodiversity management within the Group.

Biodiversity Surveys and Monitoring at Construction and Operational Sites

Considering the priority order of ecological conservation strategies such as avoidance, minimization, mitigation, and compensation, the Group avoids projects located in ecologically sensitive areas during site selection and contracting phases. Environmental surveys and impact assessments are conducted based on project content and status to ensure that construction and operational sites are not situated in ecologically sensitive areas. During project execution, environmental monitoring and analysis are carried out, with specific annual targets set for monitored parameters to ensure that operational activities do not adversely affect the natural environment.

- **Monitoring items:**

Construction site: Considerations include air quality, construction noise and vibration, low-frequency construction noise, effluent water quality, environmental noise and vibration, river water quality, traffic flow, ecological species, and cultural assets, tailored based on specific project conditions.

Operational site: Considerations include river water quality and effluent water quality, tailored based on specific project conditions. In line with the characteristics of wastewater treatment operations, annual monitoring indicators for effluent water ammonia nitrogen quality are established (details available in [Water Treatment Achievements](#)).

- **Monitoring targets: Water and terrestrial ecosystems near construction and operational sites, encompassing roadside trees and migratory birds.**

Case study (1): The environmental monitoring period for the Taoyuan Metro Green Line project starts from the commencement of construction and continues until the entire planned route is completed and operational. The monitoring frequency is a regular quarterly survey, and the monitoring includes surveys on terrestrial plant ecology, terrestrial animal ecology, and aquatic ecology. To ensure that trees are not adversely affected by construction activities, most roadside trees along construction routes are relocated to other locations before construction begins. Monitoring is then conducted to assess the growth status of the remaining roadside trees. The monitoring results indicate that there are no significant differences compared to the background survey results conducted prior to the construction. The monitoring data is primarily used to confirm the extent of air quality, noise, and water pollution caused by construction, as well as to predict and warn of changes in the surrounding ecological environment, providing a scientific basis for relevant major decisions. **There were no significant changes observed in the ecological environment near the construction site in 2023.**

Case study (2): Although in 2023 the Group's ongoing projects were not located near or adjacent to ecologically sensitive areas, ecological surveys, effluent water testing, construction noise and vibration measurements, and environmental noise and vibration measurements were still conducted for key civil engineering projects. To assess potential impacts on biodiversity from projects, the group conducted a species survey including mammals, birds, amphibians, reptiles, insects, and vegetation near the construction site. According to the survey results, no culturally significant endangered plants listed under conservation laws, nor any particularly rare or valuable wild plant species or populations, were found. If any precious and rare protected wild animals are detected, they should be recorded, and their population or individual should be monitored in subsequent investigations.



Illustration of Aquatic Ecological Survey



Illustration of Terrestrial Ecological Survey



Ecological Survey Area Zoning and Water Sampling Station Planning

Environmental Education on Biodiversity

Since 2018, the CHC Group has been collaborating with the Jane Goodall Institute Taiwan to establish "Green Thumb Garden" near elementary schools close to construction sites, with the aim of promoting the cultivation of native Taiwanese plants. In 2023, the CHC Group established a "Green Thumb Garden" at Wuhua Elementary School in Sanchong District, New Taipei City. Biodiversity experts and group volunteers conducted a preliminary survey of the school's plant and environmental conditions to plan and discuss the planting areas for native plants.

The planting activity centered around nectar plants, with foliage and flowering plants serving as supplements. The children were instructed to employ appropriate ecological greening methods to establish an environment that aligns with the local biological habitat. They were also educated on the significance of native plants to the ecological environment, as well as the concept and implementation of habitat creation. A total of 231 native plants from Taiwan, consisting of 20 different species, were planted during this activity. The Green Thumb Garden area has been fully developed and will be maintained by the school's Root and Shoot team. With regular guidance and monitoring, we aim to achieve sustainable ecological management. As of 2023, the Green Thumb Root and Shoot Program of the Group has planted a total of 2,760 native Taiwanese plants, with the participation of 622 individuals.

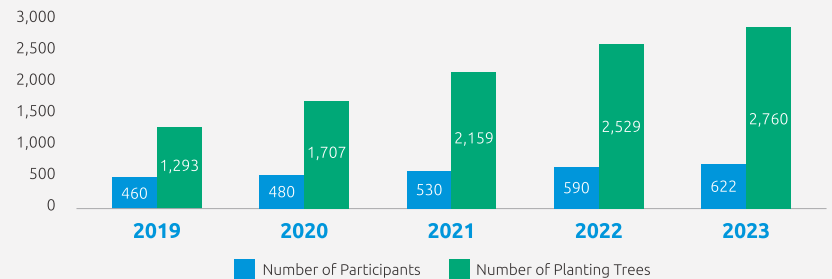


Explanation of Cultivating Native Plants



CEC's Volunteers Actively Participating

Accumulated Results of Green Thumb Root and Shoot Activities



Circular Economy

The Group participates in Taipei City Government's "Nangang Depot Public Housing" turnkey project, integrating the 3R (Reuse, Reduce, Recycle) concept and promoting circular economy and sustainable innovation in construction planning and development of social housing. This project marks Taiwan's first circular economy residential development, having previously passed the BS 8001:2017 Circular Economy Model conformity assessment and obtained the BS 8001 Circular Economy Certification Candidate Certificate. As of 2023, the project is in its completion phase, with estimated calculations showing that approximately 47% of the project cost contributes to the circular economy, surpassing the set specific target of 20%. Currently, the project is undergoing the second stage of conformity assessment for BS 8001:2017 Circular Economy Model, and certification is expected in 2024.

The Nangang Depot Public Housing project adopts a lifecycle perspective in practicing circular economy, primarily through the integration of intelligent simulation systems during the design phase and the implementation of sustainable building materials and construction methods during the construction phase.

• Design Phase:

By fully implementing BIM, we achieve practical applications such as generating 2D design drawings from 3D models, optimizing room designs, reviewing MEP systems, coordinating ICT interfaces, and assessing pipeline penetrations. These BIM practices aim to effectively minimize construction material waste during the construction phase.

- **Construction Phase - Construction Materials:**

The project prioritizes the selection of recycled materials or future reusable building materials that balance both circularity and safety considerations. For instance, it utilizes domestically sourced steel from factories that recycle 100% of scrap iron into self-recycling rebars, ensuring that dismantled steel can be entirely recycled and remanufactured into new steel products. In public spaces, high-pressure bricks with a 100% replacement rate of recycled materials are used, which can be fully reclaimed and reused by manufacturers in the future. Additionally, landscape design incorporates environmentally friendly materials such as recycled plastic wood and decorative pieces made from discarded glass. By increasing the proportion of recycled materials and employing green building materials, the project significantly reduces natural resource costs associated with construction, thereby creating economic benefits through circular economy practices.

- **Construction Phase - Construction Process:**

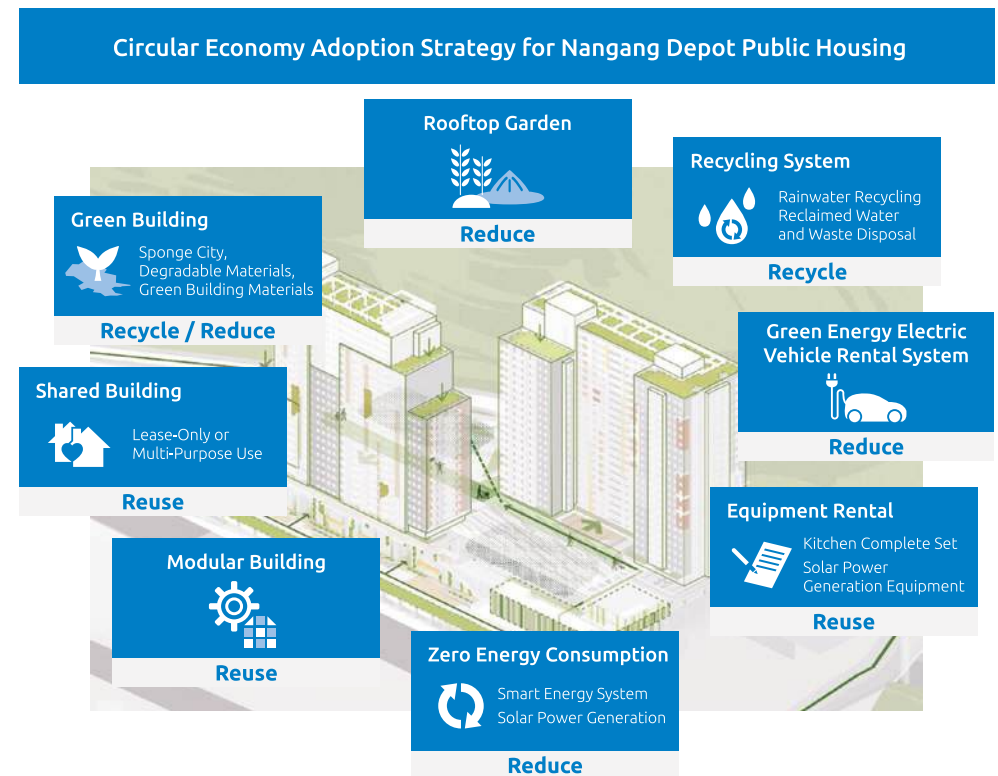
The project adopts a lease-to-own model for facilities and equipment, including worker dormitories and offices. It introduces an innovative immersive BIM (Building Information Modeling) system to assist owners in selecting furniture and finishes. This 3D simulation provides a realistic environment, preventing misjudgments due to limited information during selection and reducing resource waste from subsequent changes.

- **Construction Phase - Construction Methods:**

Utilizing prefabrication, preassembly, and similar construction methods while considering the reuse of waste materials after building demolition. Standardizing and modularizing building components to enhance flexibility in assembly or disassembly, thereby increasing the potential for resource reuse. The project establishes a building materials passport using BIM models as a database, providing owners with operational maintenance information to extend the lifespan of materials.

- **Usage Phase:**

In this project, the main axis of circular economy strategies focuses on the building envelope, structure, piping, partitions, and furniture systems. Strategies include implementing recycling systems, rooftop gardens, electric vehicle leasing systems, kitchen equipment leasing, and solar energy installations to reduce natural resource costs during the use phase.



Structure System

Standardized Steel Reinforcement: Minimizing Waste, Lightweight Design, and Durable Structures

The main structure system not only meets the requirements of seismic code inspections but also emphasizes performance, material quality, durability, and lightweight design. In this case, all steel reinforcements are pre-processed according to drawings in a factory setting, requiring only assembly and tying on-site. This approach reduces steel waste, lowers risks associated with manual cutting operations, and enhances maintenance of the work environment. The total reduction in rebar consumption in this case ranges from 707 to 1,060 metric tons.

Partition System

Modular Lightweight Partition

Adopting dry lightweight partition design reduces wall load-bearing by 1/3 and decreases material usage by 50 kilograms per square meter. The dry lightweight partition panels utilize green building materials that are fire-resistant and free from harmful substances like asbestos.

Envelope System

Energy Efficient in Building Design of Green Building

Taiwan is located in the subtropics, so the design of building exteriors is centered around cooling. Key elements of energy-efficient design include window-to-wall ratio, external shading for openings, building orientation, avoiding fully glazed curtain walls, and roof insulation treatments. The project complies with the applicable regulations regarding the design of the openings, the visible light reflectance of the glass, and the transmittance of roof heat insulation. The EEV value is 0.47, providing the building with advantages in terms of lighting and ventilation.

Piping System

Modular FRP Rainwater Storage Tanks

In terms of water resource recycling, a 5,228-ton water resource storage system is being constructed to store rainwater during normal times and regulate peak flow during heavy rainfall, ensuring efficient water resource circulation. Utilizing modular, detachable FRP water tanks not only reduces concrete usage by 6,220 metric tons but also allows for future dismantling and reuse flexibility.

Modular Power Busbars

Modular Main Power Busbar System reduces the volume of plastic packaging materials, lowers electrical transmission impedance, and enhances safety and maintainability. Additionally, 22 regenerative elevators recover kinetic energy and convert it into electricity stored in the building's power system, supplying power for building equipment. This initiative is expected to save approximately 100,000 kWh annually, equivalent to the annual carbon sequestration of about 142 Daan Forest Park.

Solar Power Generation System

The rooftop of the social housing is equipped with solar panels to provide electricity for public spaces and connect to a smart system. The system automatically allocates power during peak or off-peak periods, reducing reliance on external power supply.

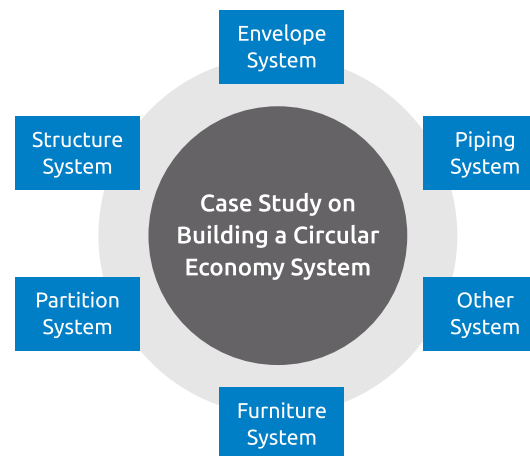
Furniture System

Furniture for Rent-to-Own

Utilizing modular, detachable system cabinets to create future reuse value; partnering with suppliers for furniture and appliances selection, employing various leasing models to maximize utility value while reducing costs for residents; and adopting 18,703 energy-efficient light fixtures to reduce electricity demand.

Other Systems

The PU running track provided for residents' recreational use is designed for recyclability. When the surface layer naturally degrades due to sunlight exposure, it can be removed and crushed into particles to be used as coating material for the base layer of the track, demonstrating resource utilization from waste.



Application of System Formwork Construction Method

Traditional timber formwork methods are time-consuming, labor-intensive, and prone to increased workload due to repetitive rework. Poor construction or planning can also lead to safety hazards for project personnel. Wooden formwork, being susceptible to damage and difficult to recycle, often increases material usage during unit dimension cutting, resulting in environmental pollution at the worksite and generating substantial construction waste. Since 2019, the Group has adopted the system formwork construction method and tracked its effectiveness, continuously refining its application and construction processes. The actual use of system formwork has shown a steady increase over the years.

Public transportation infrastructure projects serve as prime examples of system formwork utilization. Projects such as metro tunnels, railway underground works, and bridges, characterized by uniform structural elements and elongated configurations, are ideally suited for modularization using system formwork. By employing prefabricated components for both assembly and dismantling, construction periods are shortened while maintaining operational safety. The high controllability of system formwork operations improves personnel scheduling and construction efficiency by 30% to 40%, leading to reduced material wastage and cost-effective outcomes in cost management.

The Group is gradually expanding the use of the system formwork construction method to building construction projects. Given the highly customized nature of building projects, introducing this method involves high upfront planning and technical thresholds. Training periods for construction crews are longer, and considerable time is

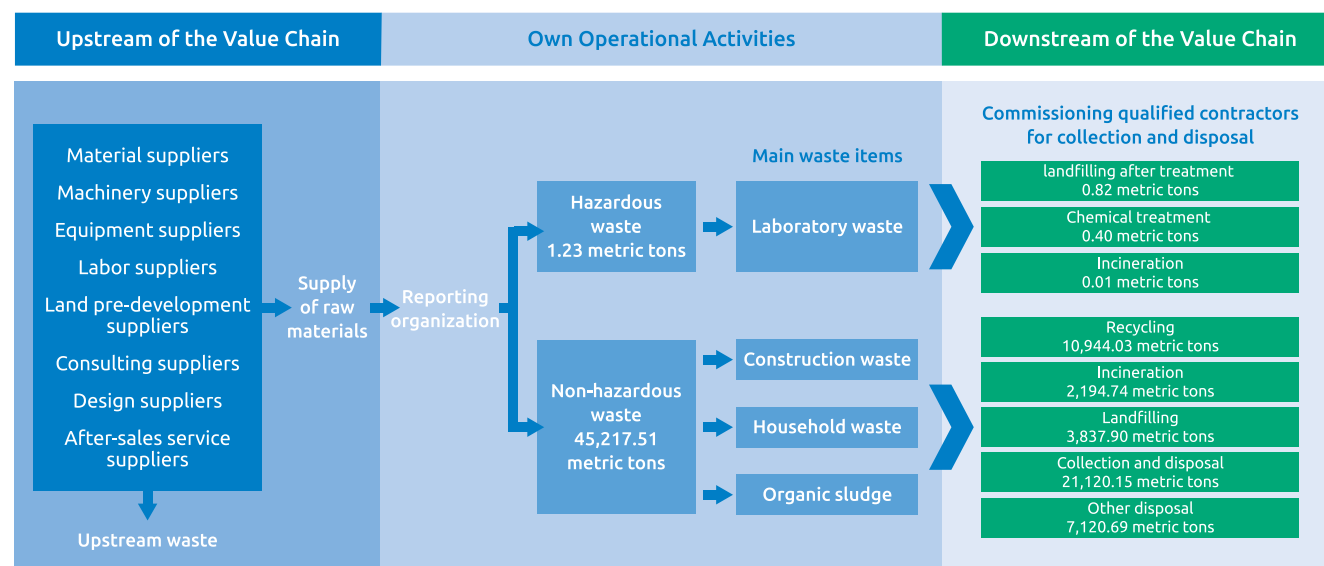
spent on design planning and communication with clients. In 2023, the system formwork construction method was successfully introduced to building construction projects. Currently, construction planning and design operations are underway, leveraging the advantages of system formwork, such as systematic operation, enhanced personnel scheduling and construction efficiency, waste reduction, shortened construction periods, and cost savings.

Project Content	Cost-Saving Effectiveness	As of the End of 2023, Cumulative Progress in Implementation
Underground Station and Tunnel Structures	System formworks account for 95% of the total template area	92.01%
Tunnel Structures	System formworks account for 87% of the total template area	60%



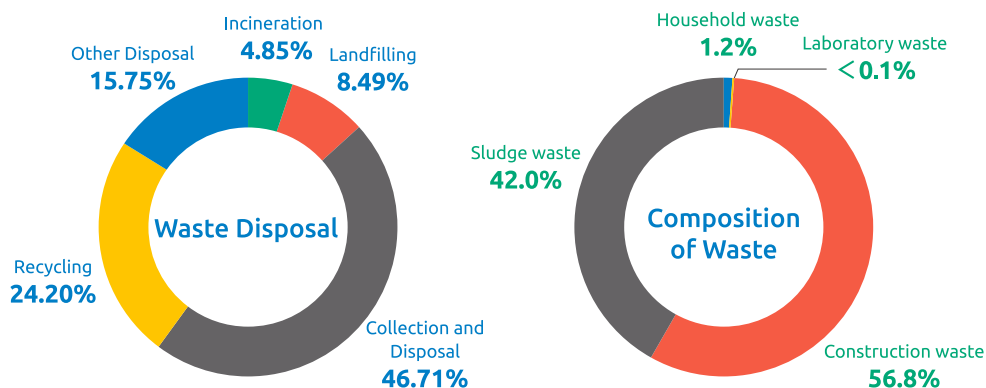
System Formwork Assembly

Waste Management



| Waste Statistics

Waste is categorized into hazardous waste and non-hazardous waste. The CHC Group primarily generates non-hazardous waste, which includes construction waste, household waste, and organic sludge from wastewater treatment processes. The total amount of waste generated in 2023 is 45,218.75 metric tons. We are committed to reducing resource consumption at the source to minimize waste generation. We systematically classify all types of waste and implement measures for proper categorization, reuse, recycling, and recovery. Additionally, we engage government-registered waste management contractors for disposal. In 2023, all waste was disposed of off-site, and the movement of waste was monitored in compliance with the law. Around 46.71% of the total waste in 2023 were collected and disposed of, with 24.2% being recycled, 15.75% undergoing alternative disposal methods, 8.49% being sent to landfills, and the remaining 4.85% being incinerated. No incidents of waste pollution occurred within the Group in 2023.



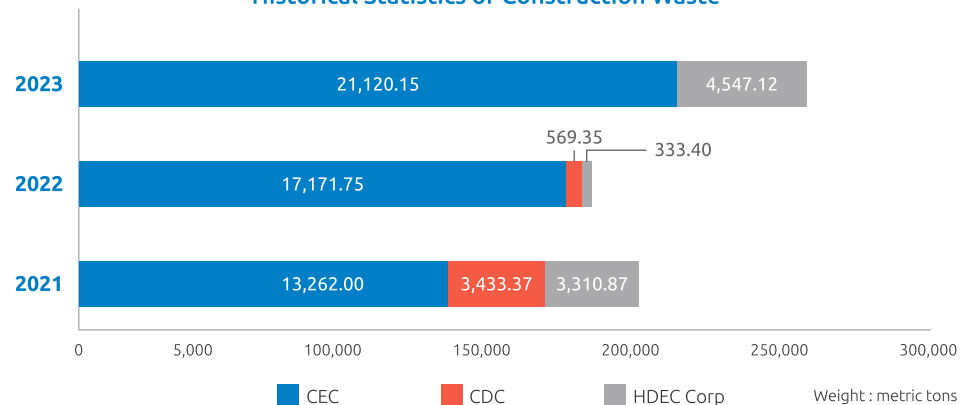
Note:

1. The waste inventory boundary includes the Group's headquarters building, CEC's construction sites, ongoing construction projects in CDC, HDEC Corp.'s operational bases, and construction sites.
2. The Group delegates 100% of waste disposal to government-certified waste treatment/transport contractors, who handle the waste in accordance with the triplicate waste collection, tracking its subsequent flow.
3. Other disposal include physical treatment, biological treatment, thermal treatment, and more.

The Group regularly collects statistics on the generation of different types of waste and supporting information as reference benchmarks for tracking and formulating waste management indicators. In 2023, there was a total of 25,667.27 metric tons of construction

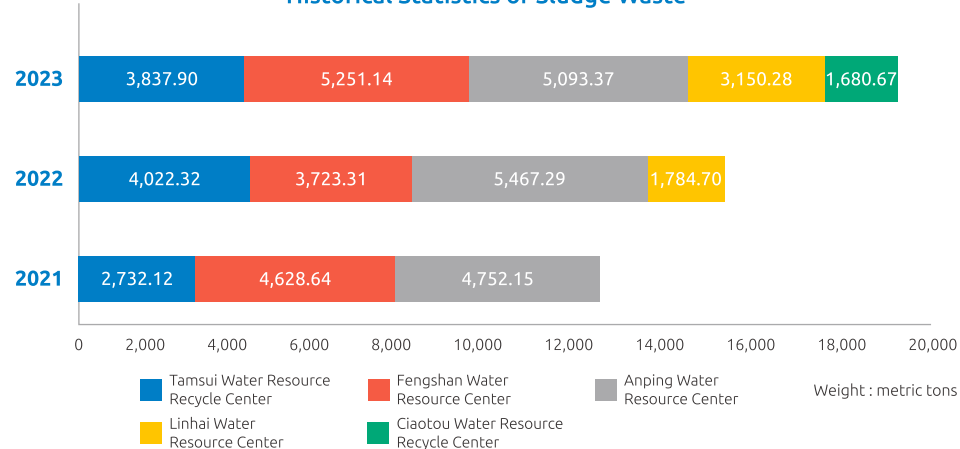
waste, 536.88 metric tons of household waste, and 19,013.36 metric tons of organic sludge waste. The increase in sludge waste compared to the previous year is attributed to the Group's operation of the Ciaotou Water Resource Recycle Center in 2023.

Historical Statistics of Construction Waste



Note: The amount of construction waste fluctuates based on annual volume of contracted projects and distribution across construction phases.

Historical Statistics of Sludge Waste



Note: The Linhai Water Resource Center was commissioned in 2022, and the Ciaotou Water Resource Recycle Center commenced operations in 2023.

| Waste Reduction Initiative

Construction waste accounts for the majority at 56.8% among the waste generated by the Group's operations. In 2023, an assessment was conducted for the implementation of automated smart scales equipped with wireless bluetooth and cloud functionalities. This allowed on-site staff to easily operate waste weighing and upload data for verification, thereby reducing manual transcription errors and enhancing waste data management and analysis. Additionally, the Group's contracted project, Fubon Zhongxiao Huaishen, achieved UL2799 Zero Waste to Landfill Gold Certification.

In 2023, the "Guidelines for Construction Industry Waste and Household Waste Treatment, Reduction, and Reuse Management" were issued. All construction sites across Taiwan are required to rigorously implement waste management measures as stipulated, and undertake waste reduction actions according to predefined targets. The waste management actions for 2023 are outlined as follows:

Waste Management Actions	
Program	Description
Recycling and Reuse of Scrap Materials	<ul style="list-style-type: none"> Standardizing the use of fixed-length materials for rebar processing to avoid on-site cutting operations Requiring subcontractors to recycle and reuse construction scrap materials Collecting and centrally managing scrap rebar materials
Improvement of Painting Techniques and Material Selection	<ul style="list-style-type: none"> Improving traditional painting methods by adopting dry-mix and bagged materials, which facilitate better control over quantity and quality, thus reducing waste generation
Assuming Reuse of Construction Equipment	<ul style="list-style-type: none"> Renting safety fences, scaffolding, safety supports, and construction platforms, and recycling them for reuse upon completion of construction
Increasing the Use and Proportion of Prefabricated Components and Modular Construction	<ul style="list-style-type: none"> Introducing new construction methods and equipment, enhancing early-stage planning to reduce waste generation Using system formworks to increase the number of times templates are reused
Enhancement of Waste Management Practices and Data Quality	<ul style="list-style-type: none"> Implementing smart scale devices to accurately record weights of household waste and recycled materials, among other relevant information Waste removal and processing contractors must provide supporting documentation such as the net weight of waste materials handled Implementing management measures for waste classification, recycling, and reuse, and regularly reviewing the effectiveness of waste reduction efforts
Selection and Negotiation of Waste Management Contractors	<ul style="list-style-type: none"> Choosing qualified waste management providers equipped with efficient equipment for sorting and recycling, thereby increasing resource recovery rates in the initial processing stages to reduce the volume of waste destined for incineration or landfill By conducting supplier visits and implementing regular assessment mechanisms, reviewing the effectiveness of resource recovery rates at waste management facilities

Column

Fubon Zhongxiao Huaishen Project Achieved UL2799 Zero Waste to Landfill Gold Certification

The Zhongxiao Huaishen (The Jardin) new construction project awarded by CEC has set a goal of achieving zero landfill for demolition waste. CEC managed, inspected, and audited the disposal of all demolition waste flows in this project to ensure proper recycling, reuse, and transformation.

The project achieved a recycling and transformation rate of 99.65%, earning UL2799 Gold Certification.

CEC has made advanced plans for the demolition project and its waste management. Temporary waste storage areas have been established on-site based on the current conditions of the construction area. Waste transportation and storage areas, along with appropriate signage, have been set up to facilitate on-site operations and management. The objective of achieving zero landfill waste has also been integrated into the supply chain management, requiring that subcontractors, waste transportation and disposal contractors involved in the demolition project strictly adhere to this objective.

The waste generated from the demolition operation was classified and screened on-site based on its characteristics, and temporarily stored in the waste transportation areas waiting removal. Before and after transporting waste, the vehicles were weighed to accurately document the weight of each type of waste. The photos, weigh tickets, and records were maintained in both paper and electronic formats. Afterwards, a valid calibration report issued by the weighbridge was obtained.

The waste in this project was categorized into seven main types: aluminum, iron, plastic, wood, construction mixed waste (flammable), construction mixed waste (non-flammable), and reinforced concrete (RC). The methods for handling various types of waste are explained as follows:

- Aluminum, Iron: Melting and casting for remanufacturing
- Plastic: Shredded for raw material use or recycled as fuel
- Wood: Shredded and used for renewable recovery in furnaces
- Construction mixed waste (Flammable): Incineration
- Construction mixed waste (Non-flammable): Landfilling
- Reinforced concrete (RC): Crushed and reused

The waste recycling and transformation rate in this project is 99.65%, with a landfill rate of 0.35% and an energy generation proportion of 1.11%.

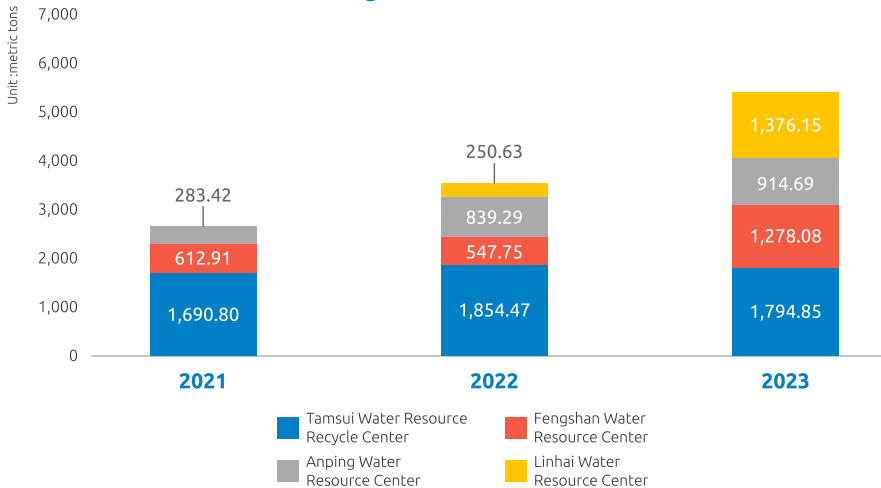
· Sludge Reduction Performance

The Group continues to annually refine sludge reduction technologies and regularly track the effectiveness of sludge reduction. We achieve this through processes such as concentration, digestion, dewatering, and drying to minimize the volume of sludge produced. In 2023, the Group achieved a total sludge reduction of 5,363.77 metric tons, marking a 53.6% improvement over the previous year. Among the water resource centers, only the Anping Water Resource Center did not meet its annual sludge reduction target due to equipment failure in the sludge drying process. Subsequent improvements have been made to the equipment, along with regular maintenance, to enhance the system's operational stability.

Group's Sludge Reduction Performance in 2023

Total Sludge Reduction	Sludge Reduction Achievements	Sludge Reduction Goals	Achievement Rate
Unit: metric tons	5,363.77	4,560.00	118%

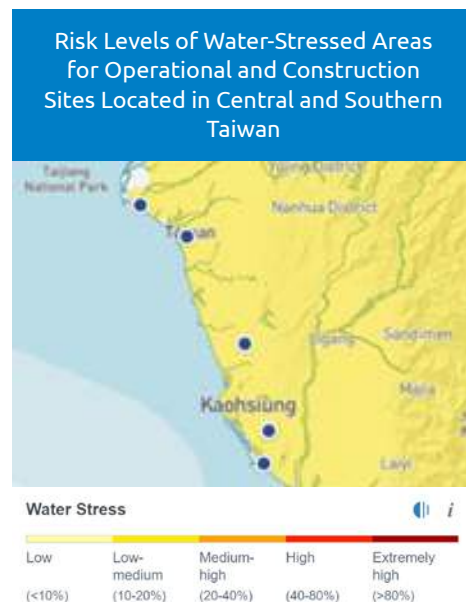
Sludge Reduction Performance



Note: Starting from 2022, the sludge reduction statistics for the Linhai Water Resource Center have been included.

Water Resources Management

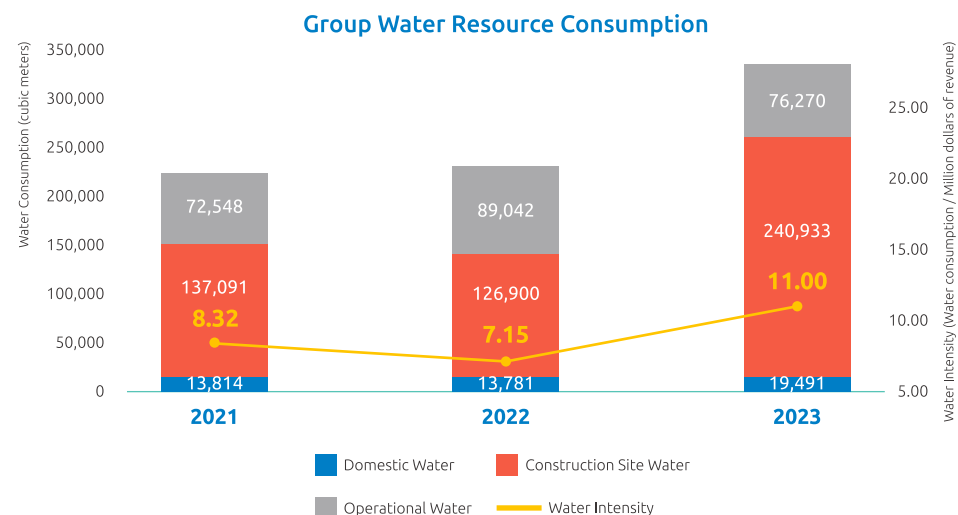
The Group focuses on changes in water environments and places a high priority on water resource management across all operational sites. When utilizing water resources, we integrate considerations of policy regulations, environmental risks, and business needs, aiming to effectively schedule and allocate water resources, while continuously enhancing water resource efficiency through the use of water-saving equipment, water supply adjustment, recycling, and water conservation advocacy. The Group's office locations and operational sites, including water resource centers and construction sites, receive water supply from Taiwan Water Corporation. We utilize the World Resources Institute's Aqueduct Water Risk Atlas to assess water risks in these areas. The assessment shows that the water stress levels for the headquarters building, water resource centers, and construction project's site offices are categorized as low to medium (10-20%). As of the report's release date, none of the sites are located in areas with high or extremely high baseline water stress.



Group Water Resource Consumption

In order to strengthen water resource management, the Group keeps records of water usage behavior, types of water sources, water consumption, and water discharge at each site. In 2023, the Group's total water consumption amounted to 336,694 cubic meters, with approximately 72% used for construction purposes, while operational uses for water treatment accounted for 23%. The total water consumption increased by 47% compared to the previous year, with a 54% rise in water intensity. This increase was primarily due to the addition of several new construction projects and an expansion in manpower, resulting in higher consumption for both domestic and construction purposes, which leads to a substantial overall rise in water consumption. However, operational water usage decreased by 14.3% compared to the previous year.

The Group primarily discharges wastewater from general domestic sewage, construction runoff, and effluent from wastewater treatment. The domestic sewage from the headquarters building is legally discharged into the municipal sewerage system under the management of the Taipei City Government. Runoff wastewater from construction sites is discharged into waterways following approval by relevant authorities as per project plans. Treated effluent from the water resource center is legally discharged into designated receiving water bodies, contributing to the water cycle.

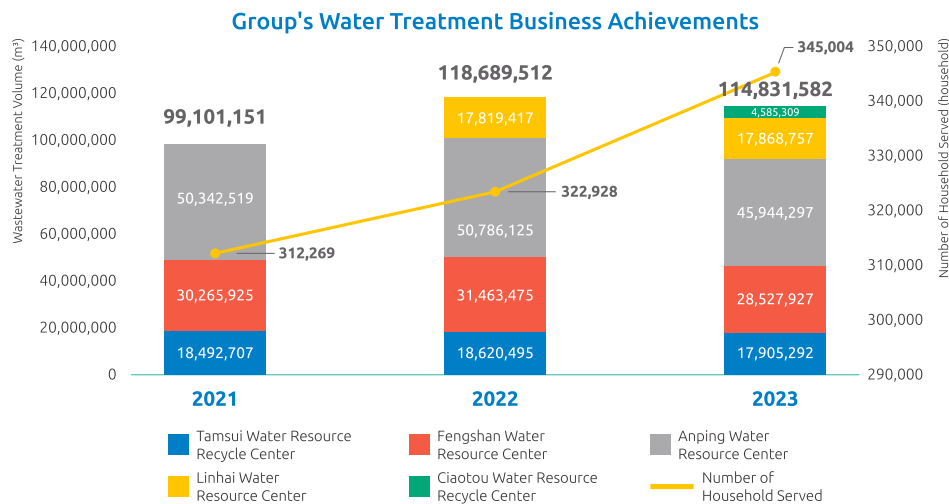


Note: The inventory boundary 2021 to 2023 includes the Group's headquarters building, CEC's construction sites, HDEC Corp.'s operational bases, and construction sites.

| Water Treatment Business

Taiwan is a country that receives abundant rainfall. However, in recent years, due to the intensification of climate change, there has been an increase in the uneven distribution of rainfall across different time periods, locations, and regions, resulting in frequent water shortages. The CHC Group possesses core technologies in water treatment, continually undertaking sewerage system and drainage system projects across various counties and cities, as well as effluent recycling and reuse initiatives. The water treatment business extend to domestic sewage, industrial wastewater, and reclaimed water areas, providing affordable and reliable water resources for industrial use.

In terms of water treatment capacity, in 2023, the designed capacity for wastewater treatment reached 400,600 cubic meters per day, marking a 5.25% increase from 2022. By the end of 2023, the total number of households served by wastewater treatment reached 345,004, showing a growth of 6.84%. For details on the service coverage area, please refer to section 6-2 Environmental Education. The designed capacity for reclaimed water treatment remained at 115,500 cubic meters per day. In 2023, the total wastewater treatment by the Group amounted to 114,831,582 cubic meters, which represents a decrease of 3.25% compared to the previous year. This reduction was primarily due to Taiwan facing frequent water shortages and implementing water restriction measures throughout 2023, resulting in significant decreases in inflow sewage volumes and treatment quantities. On the other hand, the supply of reclaimed water totaled 34,917,270 cubic meters in 2023, marking a growth of 31.83% compared to the previous year. This increase was mainly attributed to the Anping Water Resource Center starting to supply reclaimed water and expanding the water supply in response to water shortages in southern Taiwan.



· Water Treatment Quality Management

The Group operates its water treatment business to high standards, setting effluent quality targets that exceed regulatory requirements. We closely monitor and track the quality of effluent, marine water, sediment, and other monitoring results to manage the environmental impact of water discharge. Additionally, we regularly report monitoring results to regulatory authorities and promptly develop and implement corrective actions in response to any abnormalities.

Best Management and Monitoring	<ul style="list-style-type: none"> Development of the operation and maintenance manual The operators regularly test the water quality of the inflow, effluent, various treatment facility units, and the biological community of the treatment system Analyzing the water quality in real-time and making the necessary adjustments accordingly
Waste Collection and Disposal	<ul style="list-style-type: none"> Designated storage areas are set up for sludge and waste Regular inspections of storage spaces conducted by designated personnel to prevent overflow Qualified waste removal and disposal organizations are responsible for the disposal, and the transportation vehicles are covered and sealed All waste removals are conducted in accordance with legal requirements for reporting on sludge production
Control of Toxic Substances	<ul style="list-style-type: none"> Obtained a laboratory toxic chemical operation permit in accordance with the law The liquid waste is temporarily stored in a designated area equipped with leak prevention facilities Entrusted qualified removal and disposal to handle the cleanup and transportation Annual reporting of operational records for toxic chemicals
Suppression of Water Treatment-Derived Pollution	<ul style="list-style-type: none"> The sewage treatment facilities employ closed, odor-control systems to extract waste gases, preventing their release into the environment The waste removed by the processing unit is promptly compressed and disposed of The sludge is stabilized using an anaerobic system. After dewatering, regular cleaning operations are performed

· Water Treatment Achievements

To prevent high levels of ammonia nitrogen in water bodies that can lead to biological oxygen demand and harm river ecosystems, the Group has set stricter targets for ammonia nitrogen concentrations in the effluent of each water resource center. These targets are more stringent than the statutory effluent standards (e.g., 30 mg/L for public sewage systems and 75 mg/L for other industrial park sewage systems), aiming to minimize impacts on the ecosystem. In 2023, all Group water resource centers except for Anping and Ciaotou did not achieve their annual targets. The remaining centers met their annual goals, with average ammonia nitrogen treatment efficiency significantly exceeding target values. The Group took over operations of the Ciaotou Water Resource Recycle Center in 2023, where inadequate airflow in existing facilities resulted in lower-than-expected efficiency in ammonia nitrogen treatment. Currently, efforts are underway to procure equipment and gradually optimize operations in the future.

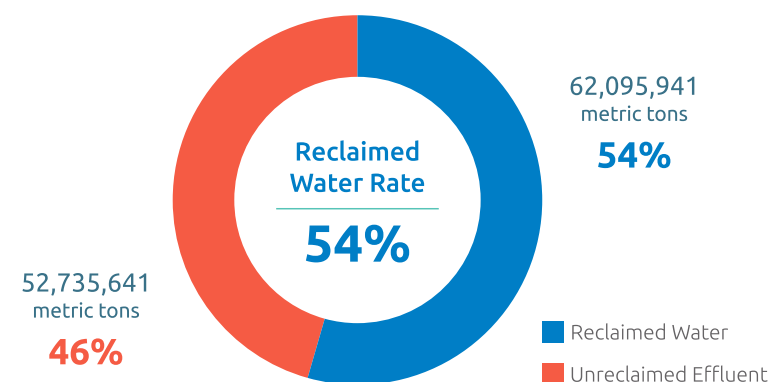
Group's Water Treatment Efficiency				
Water Resources Center	Ammonia Nitrogen Water Quality Achievement Rate	Average Results of Ammonia Nitrogen Treatment (mg/L)	2023 Goals	Achievement Status
Tamsui Water Resource Recycle Center	Below 10mg/L 100%	2.50	100%	✓
Fengshan Water Resource Center	Below 10mg/L 100%	0.86	100%	✓
	Below 5mg/L 99%		70%	✓
Anping Water Resource Center	Below 10mg/L 99%	1.30	100%	✗
	Below 5mg/L 98%		90%	✓
Linhai Water Resource Center	Below 10mg/L 100%	0.32	100%	✓
	Below 5mg/L 100%		90%	✓
Ciaotou Water Resource Recycle Center	Below 10mg/L 100%	9.18	100%	✓
	Below 5mg/L 0%		90%	✗

Note:

1. The efficiency of ammonia nitrogen treatment = (days meeting ammonia nitrogen treatment standards / total treatment days).

2. According to the standards set by the Ministry of Environment for effluent, the limit for ammonia nitrogen in wastewater from public sewage systems (with a flow rate greater than 250 cubic meters per day) outside the protected zone for tap water quality and quantity is 30 mg/L. For effluent from dedicated sewage systems in other industrial areas outside the protected zone for tap water quality and quantity, the limit for ammonia nitrogen is 75 mg/L.
3. The Group's water treatment business sets more stringent tolerance targets for ammonia nitrogen in discharged water, exceeding regulatory requirements.

| Recovery and Reuse of Reclaimed Water from Wastewater Treatment Plant



Note: Reclaimed water rate = Amount of reclaimed water / Total amount of wastewater treated.

CHC Group implements water resource recycling and reuse. Reclaimed water is primarily used for operational equipment use and cleaning, inflow water for reclaimed water treatment, water for wastewater treatment pools, environmental cleaning, dust suppression in construction projects, wetland replenishment, and roadside tree irrigation, among other purposes. In case of a malfunction in the operational site's water boosting system, reclaimed water is also used for equipment shaft sealing to reduce the site's own water resource consumption. Additionally, it is provided to external entities such as residents, businesses, and organizations for washing, street cleaning, or irrigating roadside trees.

In 2023, all water resource centers of the Group achieved their targets for reclaimed water reuse, totaling 62,095,941 metric tons of reclaimed water. This represents a growth of approximately 55% compared to the previous year. The reclaimed water rate reached 54%, an increase of about 20 percentage points from 2022, effectively enhancing water resource utilization efficiency.

Water Consumption within Water Resource Center



De-foaming Water from Aeration Tank



De-foaming Water from Secondary Clarifier



Cleaning of Filter Cloth in Sludge Dewatering Machine



Wetland Replenishment

External Unit Usage



| Water Conservation Actions

During construction engineering involving excavation for basements and soil retention works, groundwater may seep due to geological conditions. Continuous pumping is necessary to keep the groundwater level below the excavation surface, ensuring a safe working environment. In response to the dewatering operations during this construction process, CEC employs technology analysis and integrates automated monitoring equipment with pumping control systems. This approach ensures precise control over the amount of water pumped and electricity usage, preventing excessive groundwater extraction and resource waste. The Group also recycles the extracted groundwater for various purposes, including construction activities, road cleaning, equipment cleaning, plant care, and toilet flushing. In 2023, the Group's measurable water-saving actions resulted in a total reduction of 41,493 metric tons of water consumption, representing a significant increase of 189% compared to 2022.



Water Saving Actions

Program	Description
Water Reuse from Well Points	<ul style="list-style-type: none"> In 2023, a total of 40,673 metric tons of water were used for construction purposes such as for intermediate piles, diaphragm walls, environmental cleaning at the construction site, cleaning water for vehicles, equipment, and washing platforms, and irrigation.
Equipment with Water-Saving Label	<ul style="list-style-type: none"> Adopting water-saving certified equipment such as water closets, urinals, faucets, and other devices with water-saving labels, gradually increasing the proportion of water-saving certified equipment each year.
Rainwater Harvesting	<ul style="list-style-type: none"> Installing rainwater harvesting towers or storage tanks to collect rainwater for reuse in environmental cleaning and flushing toilets. In 2023, a total of 730 metric tons were recycled and reused.
Enhanced Advocacy for Water Conservation	<ul style="list-style-type: none"> Posting a slogan for water conservation. Setting dormitory washing machines to use appropriate water levels can save 90 metric tons of water annually.
Enhanced Water Pipeline Maintenance	<ul style="list-style-type: none"> Weekly inspection of pipes and water fixtures to reduce leaks.



VI. Prosperous Community

The CHC Group, while operating in the Construction Engineering, Real Estate Development, Environmental Project Development & Water Treatment, actively cares about social welfare and public wellbeing, and is committed to reducing the impact on the environment. In addition to dedicating effort and resources to providing social services, the CHC Group actively participates in public welfare activities, maintains communication and interaction with stakeholders, and fulfills its corporate social responsibility to create a safe, friendly, and harmonious society.

-  In 2023, a total of 279 community events were held at different stages of the project, with an investment of over NT\$10.03 million and 10,320 hours of manpower. This represents a 52% and 27% increase compared to the previous year
-  The Group held environmental education sessions in 2023, serving 4,308 participants, which represents a **136%** increase compared to the previous year. Since 2019, the total number of participants served has reached 15,476



2023 Goals

- Linhai Water Resource Center obtained environmental education facility certification
- The Group conducted at least 65 environmental education activities

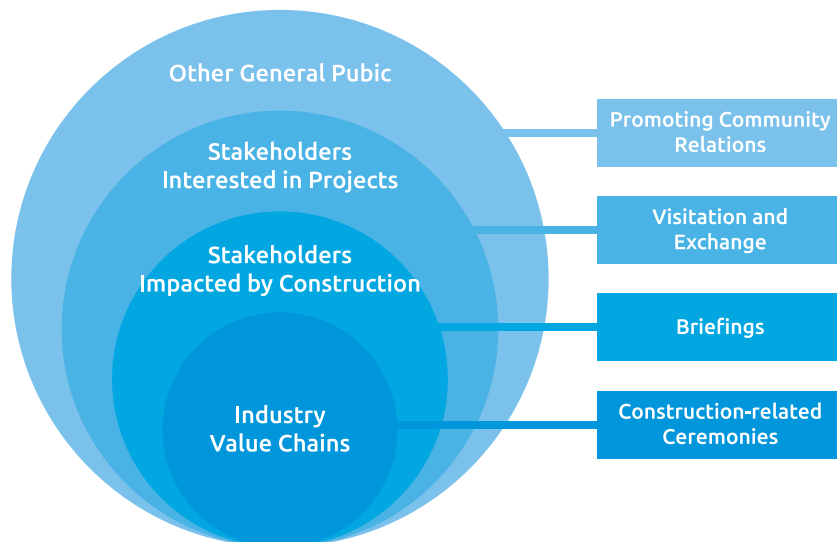
2023 Achievements 2024 Goals

- Achieved
- Achieved

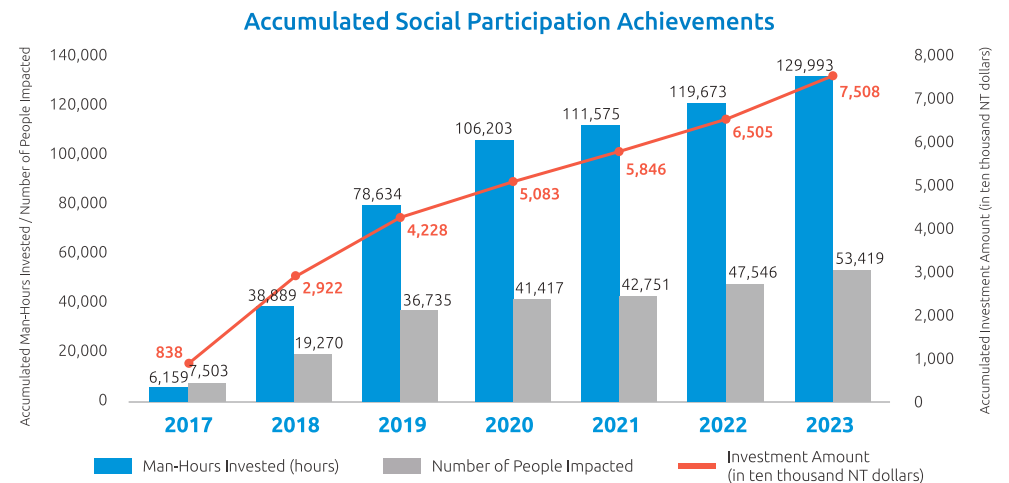
- Continuously promote environmental education facility certification for the water resource center
- The Group conducted at least 95 environmental education activities

6-1 Local Care

While conducting business operations at construction sites throughout Taiwan, the Group not only ensures a strong control over project progress but also strives to minimize disruptions to the local community. Additionally, the Group is committed to making a positive impact on the local community. Therefore, we consider every interaction with stakeholders as a valuable opportunity to engage in proactive communication and knowledge sharing. By thoroughly understanding local needs and efficiently utilizing resources, we aim to provide timely feedback to the community. Our goal is to collaborate with stakeholders to contribute to the community's development and harmony. Based on the scope of impact, the activities organized by the Group and the main communication targets are categorized into four major types as follows:



The CHC Group continues to annually invest in maintaining good and harmonious relationships with local residents. Through detailed communication and explanations, sharing construction engineering experiences, and assisting in improving the local public environment, the Group promotes the shared development of the community. These efforts not only contribute to the project's progress but also cultivate recognition and support from the residents for the Group. In 2023, the Group organized a total of 279 events through both formal and informal channels, with a total investment of over NT\$10.03 million and 10,320 hours of manpower. This represents a 52% increase and a 27% increase compared to the previous year, respectively, and reached approximately 5,873 stakeholders across various levels. Since 2017, the cumulative investment has exceeded NT\$75.08 million and nearly 130,000 hours of manpower in organizing over a thousand events and reaching over 50,000 stakeholders. This has had a significant and meaningful impact on society.



Construction-related Ceremonies

Type	Form	Benefits	Number of Events	Investment Amount	Man-Hours Invested (hours)	Number of People Impacted
Construction-related Ceremonies	<ul style="list-style-type: none"> • Groundbreaking Ceremony • Topping-Out Ceremony • Completion Ceremony • Inauguration Ceremony 	<ul style="list-style-type: none"> • Introduction to Projects Milestones and Vision • Value Delivery and Brand Enhancement 	13	NT\$6.15 million	2,870	1,123

During construction, establishing good and harmonious relationships with contractors, clients, local community leaders, and residents not only helps fulfill project contracts but also facilitates the quick resolution of potential conflicts in a cooperative atmosphere, thereby smoothly advancing project schedules. Therefore, for each project from inception to completion, including contract signing, groundbreaking, topping out, completion, tunnel breakthroughs, and commissioning, the Group organizes various ceremonies at key milestones. These ceremonies serve as a communication channel with stakeholders. In 2023, projects such as the Kaohsiung Ciaotou Wastewater Reclamation Plant BTO project, as well as the Tainan Chengxi Incineration Plant BOT project, commenced consecutively. The Group conducted groundbreaking ceremonies to publicly explain project plans, including construction scope, project design capacity, and other information. This initiative helped local residents understand potential and actual impacts during construction, related mitigation measures, and anticipated benefits upon completion.

Additionally, construction-related ceremonies for construction projects serve as important channels for the general public to understand the advancements of the projects. In 2023, the elevated section construction of the Taoyuan MRT Green Line Contract GC01, specifically the Nankan River Arched Bridge, achieved a significant milestone with the completion of steel structure hoisting and integration. This arched bridge marks the third and final arch bridge on the Green Line GC01 elevated section, symbolizing a major step towards the completion and opening of the Taoyuan MRT Green Line elevated section. The butterfly-shaped design of this scenic bridge not only serves as a critical transportation link in Taoyuan's Dayuan District but also promises to become a new landmark for the Green Line and Taoyuan Aerotropolis. The CHC Group continues to foster communication and engagement with local residents, the general public, and other stakeholders through various activities. These efforts aim to enhance trust and foster a sense of belonging towards the Group's member companies' brands.



Press Conference for the Contract Signing of the Jiantan MRT Transit Facility Utilized for Multi-Purpose Design Build Project



Groundbreaking Ceremony for the Ciaotou Wastewater Reclamation Plant



Groundbreaking Ceremony for the Tainan Chengxi Incineration Plant



Completion and Inauguration Ceremony of Phase One of the Taoyuan Puding Water Resource Recycle Center



The Bridge Completion Ceremony of the Taoyuan MRT Green Line Contract GC01 Elevated Section Project for the Bridge Spanning the Nankan River

Briefings

Type	Form	Benefits	Number of Events	Investment Amount	Man-Hours Invested (hours)	Number of People Impacted
Briefings	<ul style="list-style-type: none"> Construction Briefings Business Promotion Briefings 	<ul style="list-style-type: none"> Explanation of Project Situation, Potential Impacts, and Supporting Measures Promoting Understanding of Projects Scope and Benefits Surrounding Neighborhoods Raising Public Awareness of Environmental Issues 	15	NT\$80,000	617	844

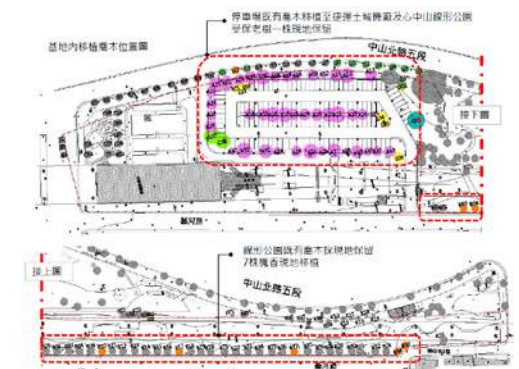
Large-scale public projects or significant national constructions are crucial to national interests and economic development, and the potential impacts or consequences to the surrounding environment must be carefully assessed. In addition to minimizing the impact on the local community during the construction process, the Group is also dedicated to achieving a harmonious coexistence with the natural ecology.

In 2023, the CEC undertook the Jiantan MRT Transit Facility Utilized for Multi-Purpose Design Build Project, requiring the transplantation of 70 existing trees within the construction site area. After assessing 145 trees within the construction site area based on species, health conditions, and considerations such as the smooth flow of project phases, entrance and exit pathways, and optimization of plant growth environments, the following strategy was adopted to maximize the retention of mature trees on-site: 63 trees were transplanted to other locations, 7 trees were transplanted within the site, and the remaining trees, including a protected banyan tree, were preserved in their current locations. To ensure the survival of transplanted trees, the Group conducted soil and water surveys at the transplantation sites before moving them. We scheduled pruning, root cutting, and transplantation in batches according to the appropriate seasons for each tree species. We also carefully evaluated and selected planting locations for each tree. For the protected old trees, measures include designing construction access routes away from their growth environments and using wooden fences to protect their trunks, ensuring they are not affected by construction equipment. In addition, the Group conducted a tree transplantation briefing to provide comprehensive information about the tree transplantation plan to the nearby residents, with the aim of addressing their concerns.

In response to potential concerns during the construction process, the Group adopts proactive communication and provides sincere explanations and responses. We organize informational meetings to gather feedback and actively listen to local opinions, aiming to garner support and approval from residents. In the 2023 construction of Taipei MRT Circular Line South Section Contract CF670A project, considering its proximity to the Taipei Zoo, we not only briefed the zoo management on the layout and impact areas during the maintenance phase but also assisted in planning desensitization training for the animals to mitigate the effects of construction noise. Additionally, a two-way communication channel was established for real-time communication and responses. From planning and design to execution, the Group strives to balance professionalism, public interest, and public opinion, aiming to bring positive and mutually beneficial outcomes to the community.



"Taipei MRT Circular Line South Section CF670A Contract" Information Session at Taipei Zoo



"Jiantan MRT Transit Facility Utilized for Multi-Purpose Design Build Project" Tree Transplantation Briefing: Map of Tree Transplantation Locations

Visitation and Exchange

Type	Form	Benefits	Number of Events	Investment Amount	Man-Hours Invested (hours)	Number of People Impacted
Visitation and Exchange	<ul style="list-style-type: none"> Government Agency Visits Peer-to-Peer Visits Academic and Research Institution Visits 	<ul style="list-style-type: none"> Exchange of Construction Experience and Technology with Industry, Government, and Academia Sharing the Current Status of Domestic Industry Development, Showcasing the Capabilities, and Striving for Resources Promoting an Education Model that Prepares Students for Both Academic Study and Employment 	41	NT\$200,000	1,577	1,540

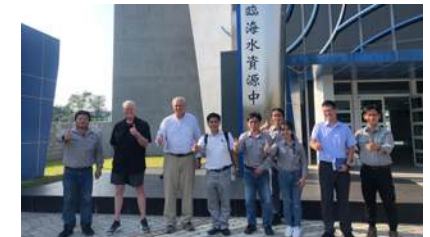
The CHC Group is committed to sharing professional knowledge and specialized expertise. In addition to ensuring local residents have access to project-related information during the construction process, we actively promote exchanges among industry, government, and academia. We share engineering experiences with domestic and international organizations, exchange professional opinions, and foster the mutual development of civil, building, and environmental construction fields. In 2023, CEC achieved significant progress in the elevated section construction of the Taoyuan MRT Green Line Contract GC01, successfully achieving the first domestic installation of a steel structure unit for a continuous curved bridge spanning high-speed rail tracks. As a key contractor for this landmark project in Taiwan, CEC was invited to share this valuable engineering experience at the Taoyuan MRT Green Line Engineering Seminar & Achievements Presentation, and the Department of Rapid Transit Systems, Taipei City Government's technical observation activities in 2023.

The Group's several landmark projects have garnered international attention and recognition. In 2023, we not only facilitated visits during the Sino-Japanese Engineering Technology Symposium and the Tripartite Seminar on Geotechnical Engineering among Taiwan, Hong Kong, and Malaysia, but were also selected as designated subjects for observation and exchange by various organizations and groups. The U.S. Army Corps of Engineers (USACE), the International Water Association (IWA), and a Canadian delegation from the water resources industry visited the Group's operational water resource center. Additionally, a construction industry delegation from Indonesia and representatives from Mahidol University in Thailand visited the Group's ongoing metro construction site. We also welcome students from all educational levels to visit our business and operational sites. Whether through on-site engineers sharing their experiences in executing railway undergrounding and metro engineering projects, or environmental education staff introducing wastewater and reclaimed water treatment processes, we aim to help young visitors understand the crucial role of engineering professionals in advancing national infrastructure development.

In addition, since 2020, CEC has continuously participated in the "Growing Up with Construction Site" and "Growing Up with Architecture" series of activities organized by the CMP Pujen Foundation for Arts and Culture. These initiatives lead children into construction sites, providing them with firsthand experiences of construction sites. In 2023, CEC participated in guided tours of engineering sites for children served by the Maria Social Welfare Foundation. Through activities such as building occupational awareness, touching construction materials, and participating in hands-on artistic workshops, children were given opportunities to experience and accumulate knowledge in various external environments.



Visit by Tripartite Seminar on Geotechnical Engineering among Taiwan, Hong Kong, and Malaysia



Visit by the U.S. Army Corps of Engineers (USACE)



Visit by the Indonesian Construction Industry



Site Tour for Maria Social Welfare Foundation



Visit by Mahidol University in Thailand



The Premier Inspects the Construction Site of the Metro Wanda Line

Promoting Community Relations

Type	Form	Benefits	Number of Events	Investment Amount	Man-Hours Invested (hours)	Number of People Impacted
Promoting Community Relations	<ul style="list-style-type: none"> Assisting with Traffic Management During Student Arrival and Dismissal Participating in Community Social Gatherings Providing Art Sponsorship 	<ul style="list-style-type: none"> Maintaining Good Relationships with Local Residents Reducing Disruptions to Local Residents by Construction Activities 	210	NT\$3.6 million	5,256	2,366

The CHC Group carefully considers the local natural environment's carrying capacity and sustainability in every project. We understand the expectations and needs of the local residents regarding the construction. In addition to focusing on responsibly completing projects on schedule and minimizing the impact of construction on stakeholders, the CHC Group also conducts regular meetings with local residents during the project period to ensure smooth communication. Furthermore, we actively engage in community service initiatives such as assisting in cleaning the surroundings of schools near the construction site, providing traffic management assistance during student arrival and dismissal, helping to clear community drainage systems, trimming roadside trees, repairing uneven road and broken sidewalk tiles, and periodically conducting environmental disinfection. These efforts aim to enhance the quality of life for local residents. In 2023, for the Taipei MRT Circular Line South Section Contract CF670A project near the Taipei Zoo, the CHC Group prioritized communication and engagement with the Zoo. Before commencing construction, we engaged in discussions with the Zoo regarding the setup and impact areas of traffic maintenance along the road section from Maokong Gondola Taipei Zoo Station to Wenhua Line Taipei Zoo Station, towards the direction of the Zoo. We established a dual communication channel to facilitate real-time feedback and address issues promptly. In addition, the Group actively participates in the adoption and maintenance of sidewalks, parks, and other areas adjacent to the project site, ensuring that residents benefit from well-planned public facilities and a comfortable, safe green environment.



Cleaning and Organizing the Surroundings of the Construction Site



Preventive Mosquito Control Treatment in Street Gutter of Adjacent Communities



Repair Work for the Damaged Sidewalk in front of the Elementary School



Assisting with the Installation of Lighting Fixtures at Bus Stops



Assisting in Managing and Directing Traffic during Student Arrival and Dismissal Times



Repairing the Anti-Collision Strip on the Elementary School Playground

On the other hand, the Group also strongly supports community health, environmental initiatives, and cultural and artistic activities. Since 2012, HDEC Corp has been an annual sponsor of the Tamsui Arts Festival. Tamsui, a river port nestled in the hills, boasts a unique landscape that fosters a rich cultural atmosphere. The Tamsui Environmental Art Festival, held every October, is a much-anticipated cultural event for the residents of Tamsui, attracting participation from government agencies, local artists, schools, and community organizations. The festival's main attraction is the art parade, which draws inspiration from the distinctive features of Tamsui. The 2023 Arts Parade, themed around the diverse arts and local characteristics of Tamsui, showcased the town's rich culture. Through the collaboration and participation of artists and community residents, elements from Tamsui's history, legends, local customs, and contemporary life were transformed into creative expressions displayed during the parade. The Group's Water Resources Center also develops and maintains parks and sports fields every year. Some examples include the Pipe Park located next to the Tamsui Water Resource Recycle Center, the croquet court and playground facilities near the Linhai Water Resource Center, and the fitness facilities adjacent to the Ciaotou Water Resource Recycle Center, Kaohsiung. These facilities offer an excellent opportunity for the public to unwind, admire the bay view, and participate in family activities.

Danshui Pipe Park



In 2009, a pipe park was established near the Tamsui Water Resource Recycle Center. Regular pruning of plants, maintenance of facilities, and environmental cleaning are conducted. The park and roadside trees are irrigated using reclaimed water treated by the Water Resources Center. The Pipe Park faces Guanyin Mountain to the southeast, the Datun Mountain Range to the east, and offers distant views of the Lover's Bridge at Fisherman's Wharf to the south. A path from the park leads to Shalun Beach, providing exceptional views of the surrounding mountains and riverbank. The park nurtures a rich ecological environment, with fireflies visible on summer nights, making it a must-visit spot for firefly watching over the years.

The Outdoor Facilities of the Kaohsiung Linhai Water Resource Center



In 2021, the surroundings of the Kaohsiung Linhai Water Resource Center were renovated to include amenities such as a croquet court, slides, and other facilities. Regular maintenance activities such as trimming vegetation and repairing facilities were carried out to provide local residents with a spacious and comfortable recreational area, enhancing the quality of community living in the area.

The Outdoor Facilities of the Ciaotou Water Resource Recycle Center



In 2023, around the Ciaotou Water Resource Recycle Center, fitness facilities and lighting equipment were added to the park. Regular maintenance and upkeep of these facilities were also conducted to provide residents with a safe and enjoyable environment for exercise.

Column

Sustainability in Action— From Beach Cleanups, Street Cleaning, and Second-hand Markets to Animal Conservation



In 2023, the CHC Group remains committed to actively participating in sustainable citizenship initiatives from various angles.

The HDEC Corp continues to support beach and street cleanup activities. The Tainan Chengxi Incineration Plant supports the Tainan Chengxi Community Development Association's beach cleanup activities at the mouth of the Zengwen River. HDEC Corp sponsor necessary materials and expenses for these activities, demonstrating their commitment to addressing marine environmental issues and mitigating ecological damage in the ocean. The Tamsui Water Resource Recycle Center has organized multiple beach cleanup events at Shalun Beach, Tamsui. In 2023, HDEC Corp responded to the Shalun village's street cleaning efforts twice, once at the beginning and once at the end of the year. HDEC Corp encouraged local residents to participate in cleaning the streets of their own community under the motto "Clean Your Home, Keep It Clean," promoting concepts such as responsible dog ownership, leashing dogs, and recycling resources to foster environmental awareness. Through these activities, HDEC Corp aimed to raise awareness among residents about the impact of littering on the environment and ecological systems and also encouraged their employees to actively engage in environmental protection initiatives.



In addition, in 2023, the Tamsui Water Resource Center organized two eco-friendly and recycling-themed flea markets. These events featured a variety of second-hand goods exchange and handicraft booths, integrating cultural and artistic themes with the concept of sustainable living. The markets aimed to promote concepts of "reduce, reuse, and recycle."

Sustainable action goes beyond environmental protection and extends to caring for all life on this land. The growing population of stray animals poses a threat to the natural habitat of local wildlife. The solution to this issue lies in fostering a greater sense of responsibility among pet owners. In 2023, members of the Group's Young Engineers Conference organized a public welfare activity. They volunteered for a day at the Banqiao Animal Shelter, which houses the Mao Baobei Life Education Park. By providing hands-on care, spending time with the animals, and participating in interactive activities, they gained an appreciation for the importance of respecting life and showing empathy towards animals. They also learned about the ongoing commitment to care for animals and the operational significance of animal shelters.

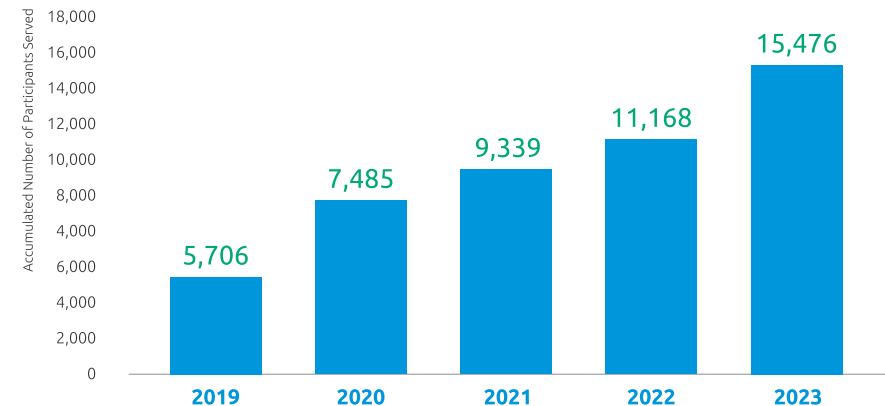


6-2 Environmental Education

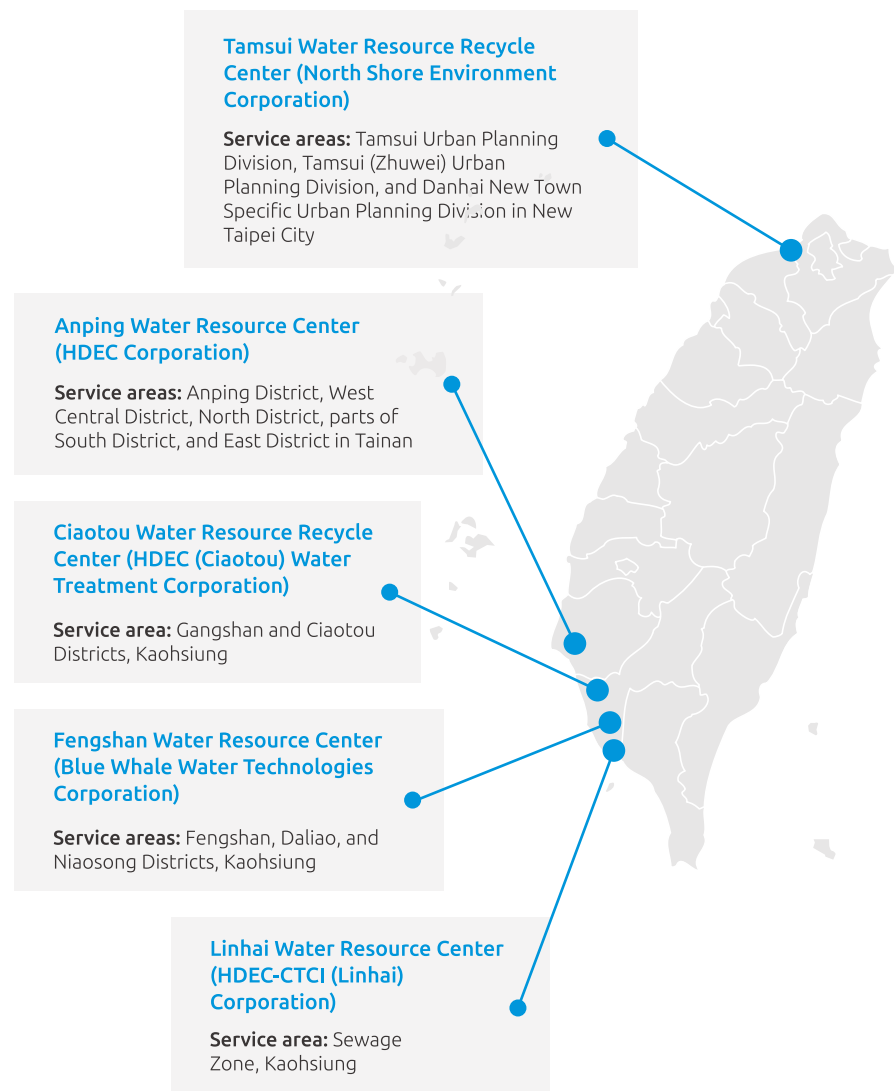
The HDEC Corp, a member company of the Group, specializes in environmental project development and water treatment. They provide services such as reclaimed water production, municipal and industrial wastewater treatment, and turnkey project for water engineering projects. In recent years, they have undertaken various BOT (Build-Operate-Transfer) projects for sewerage systems across counties and cities, as well as BTO (Build-Transfer-Operate) projects for wastewater treatment plants and reclaimed water plants. Through the implementation of the "Act for Promotion of Private Participation in Infrastructure Projects," they have accumulated extensive experience from planning, design, construction to operation and maintenance phases. They continue to contribute significantly to the sustainable development of Taiwan's water resources and environmental protection efforts. HDEC Corp has been recognized for its operational efficiency and service quality. In 2022, the Linhai Water Resources Center was honored with the National Sustainable Development Award. In 2023, both the Tamsui and Linhai Water Resource Centers received the Ministry of Finance's the 21st Golden Thumb Awards For PPP for outstanding achievement.

HDEC Corp actively facilitates positive interactions between industry, government, and academia. They promote expertise in water treatment, showcase technologies in wastewater treatment and reclaimed water production, and share experiences in water engineering. This effort aims to cultivate talent in environmental engineering and water treatment professions. Through organizing experiential events and visitation activities, they advocate for the importance of water resources, enhancing public awareness of current practices, technologies, and trends in water resource management. In 2023, a total of 143 environmental education activities were conducted, serving a total of 4,308 participants, which represents a significant increase of 136% compared to the previous year. Since 2019, these initiatives have reached a cumulative total of 15,476 individuals.

Accumulated Number of Participants Served
in CHC Group's Environmental Education



Water Resource (Recycle) Center Service Locations



Fengshan Water Resource Center

Wastewater Treatment Districts	Design Processing Capacity (cubic meters/ day)	Number of Household Served	Waterbody for Effluent
Fengshan, Daliao, and Niasong Districts, Kaohsiung	Wastewater treatment: 109,600 Reclaimed water: 45,000	105,740	Fongshan River

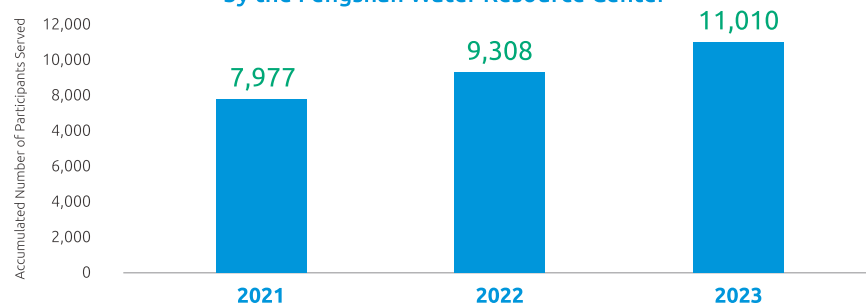
The Fengshan Water Resource Center is one of the six wastewater treatment demonstration plants in the country. It processes an average of 109,600 tons of wastewater per day, with a maximum capacity of 130,000 tons. It provides wastewater treatment services to a total of 105,740 households in the Fengshan, Daliao, and Niasong Districts of Kaohsiung City. The Fengshan Water Resource Center is the first wastewater recycling BTO project to be operational. It provides 45,000 tons of reclaimed water to the Linhai Industrial Park every day, significantly improving the reliability and flexibility of water resource allocation. This project represents a significant milestone in domestic water resource recycling and reuse.

| Environmental Education and Visitation Activities

The Fengshan Water Resource Center is the first environmental education park in Taiwan that focuses on water resource regeneration. Its landscape design is integrated with the surrounding wetland park and river corridor, creating a harmonious scene of water resources and ecological environment. In 2020, it was certified as an environmental education facility. The Water Technology Education Center in the park integrates innovative audio, visual, and digital technologies to provide the public with an immersive experience of the preciousness of water

resources in Taiwan, thereby enhancing awareness and fostering conservation efforts. Through various visit activities, we have consistently promoted environmental education programs and increased environmental awareness. In 2023, a total of 60 environmental education and visit activities were organized, with a total participation of 1,702 individuals. By the end of 2023, the cumulative number of participants served reached 11,010.

Accumulated Number of Participants Served by the Fengshan Water Resource Center



In 2023, the Fengshan Water Resource Center continued to promote sustainable education activities. They not only actively shared their successful experience in obtaining environmental education facility certification but also established an environmental education partnership alliance with nine representative environmental education sites in the Kaohsiung area. The aim is to foster cross-domain cooperation and promote environmental education through diverse collaborative efforts.

In addition, the center has participated in the Kaohsiung Smart City Summit and Expo for two consecutive years to share its experience and achievements in water treatment. It also attended the 9th IWA-ASPIRE Conference and Exhibition to showcase advanced technologies and intelligent management in water treatment. The Fengshan Water Resource Center is the first in Taiwan to establish an intelligent monitoring system for sewage drainage systems. It utilizes an Internet of Things architecture to create a monitoring and warning system. Additionally, it is equipped with a floating debris collection system to prevent oil pollution from entering the biological treatment tank, thereby ensuring the operational efficiency of the biological system. This achievement marks a significant milestone in intelligent water resource management.



Documentation of Elementary School Environmental Education Sessions



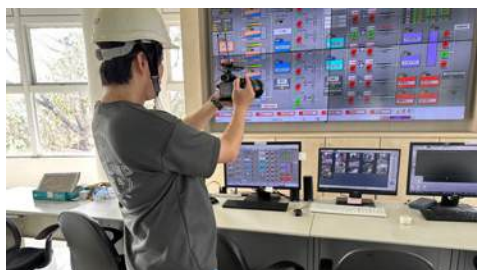
Visit from Colleges and Universities



Participation in the 2023 Kaohsiung Smart City Summit and Expo



Participation in the IWA-ASPIRE Exhibition



Visit from Media



Visit from Canadian Water Resources Industry Delegation



Successful Experience Sharing of Fengshan Water Resource Center's Application for Environmental Education Site Certification



Signing Ceremony for the Environmental Education Partnership Alliance



Tamsui Water Resource Recycle Center

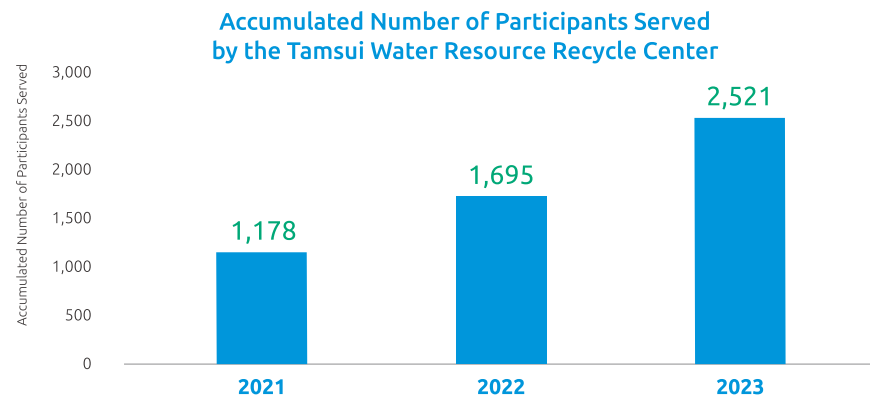
Wastewater Treatment Districts	Design Processing Capacity (cubic meters/ day)	Number of Household Served	Waterbody for Effluent
Tamsui Urban Planning Division in New Taipei City Tamsui (Zhuwei) Urban Planning Division in New Taipei City Danhai New Town Specific Urban Planning Division in New Taipei City	Wastewater treatment: 56,000	94,684	Linzih River

The Tamsui Water Resource Recycle Center processes 56,000 tons of domestic wastewater daily, serving the Tamsui Urban Planning Division, Tamsui (Zhuwei) Urban Planning Division, and Danhai New Town Specific Urban Planning Division. In 2023, it was honored with the Golden Thumb Awards For PPP for excellence. The sewage pipeline network, with a length of 52.7 kilometers, has been completed, surpassing the planned target for the number of households served. It has improved the sewerage penetration in the Tamsui area and consistently treats wastewater to an effluent quality that exceeds regulatory requirements, contributing to a better living environment and waterfront space.

Environmental Education and Visitation Activities

The Tamsui Water Resource Recycle Center has achieved the Green Building Silver Certification. It has met various green building indicators such as water conservation, energy saving, carbon reduction, and waste reduction. In 2021, it received certification as an environmental education facility, demonstrating its commitment to "coexisting with the environment" and "integrating with nature." The center continuously promotes water resources and environmental education programs, offering a range of courses tailored to elementary school children of different ages. These courses include "Protecting Tamsui's Water Resources" and "Water's Health Check", effectively conveying accurate concepts to participants. In 2023, the Tamsui Water Resource Recycle Center continued to support the New Taipei City Environmental Season's "New Taipei iGreen Tour, Exploring New Taipei in a Green Way" initiative. They advocated for environmentally educational tourism, encouraging the public to adopt environmental actions and embrace green lifestyles. Additionally, through sewer promotion activities and tours of the center's green buildings, they actively promoted environmental sustainability concepts. In 2023, a total of 27 environmental education and visitation events were held, with a combined participation of 826 individuals. By the end of 2023, the cumulative number of participants served reached 2,521.

Course / Content	Photo
<p>Protecting Tamsui's Water Resources</p> <p>Describing the discharge of domestic wastewater and the generation of water pollution in Tamsui across different time periods through a narrative. Through the sensory experience, participants can observe the level of turbidity caused by various impurities in water and the dissolution and dispersion of different types of toilet paper in water. Additionally, they tour different wastewater treatment units to understand the purification process that transforms wastewater from being turbid and dirty to becoming clear.</p>	
<p>Water's Health Check</p> <p>Acting as an inspector learning basic water quality testing and analysis to determine suitable discharge standards, ensuring river water quality remains unaffected. The participants visited inflow station, outflow station, and discharge points along the Linzih River, observing samplers collecting water samples from various locations and conducting basic water quality tests.</p>	



"New Taipei iGreen Tour, Exploring New Taipei in a Green Way" - Green Tourism Group Visit



Visit from S.C. Cub Chorus



Set up a Booth to Promote Sewer Construction and Wastewater Treatment at the Junior High School Soccer Invitational and Fair - Far Eastern Lions Footprint Cup



Explanation of the Wastewater Treatment Process and Effluent Standards



Explaining the Green Building Design Project



Anping Water Resource Center

Wastewater Treatment Districts	Design Processing Capacity (cubic meters/ day)	Number of Household Served	Waterbody for Effluent
Anping District, West Central District, North District, parts of South District, and East District in Tainan	Wastewater treatment: 160,000 Reclaimed water: 37,500	127,489	Anping Inland Sea

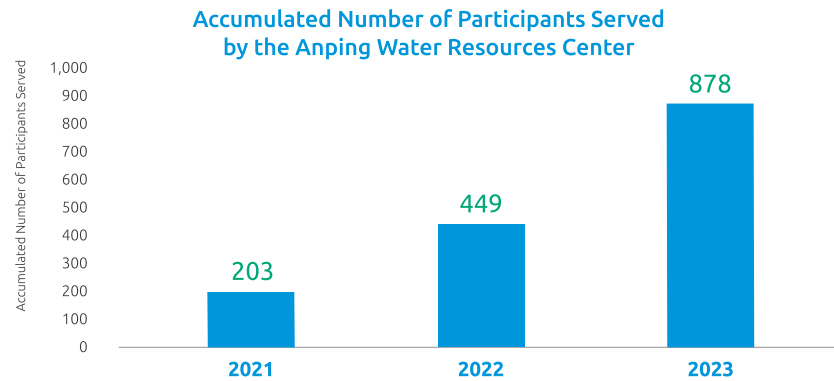
The Anping Water Resources Center has a designed wastewater treatment capacity of 160,000 tons per day, with an average daily treatment of 125,000 tons of domestic wastewater. It serves Anping District, West Central District, North, and parts of South and East District in Tainan City, totaling 127,489 households. The designed reclaimed water treatment capacity is 37,500 tons per day. It has successfully achieved the second phase reclaimed water supply target ahead of schedule, providing 37,500 tons of reclaimed water per day to the Southern Taiwan Science Park. This stabilizes the water source for Tainan's high-tech industries and helps alleviate the water supply pressure in the Tainan area.

The Anping Reclaimed Water Plant designed, constructed, and operated by HDEC Corp, was established to fulfill the water needs of high-tech companies in the Tainan Science Park for their advanced manufacturing processes. The water quality requirements must adhere to the

standards for ultrapure water used in manufacturing processes, which include the control of 21 water quality parameters, including urea. Currently, there are few achievements in the treatment of urea in domestic municipal or industrial wastewater treatment systems. The Anping Water Resources Center needs to reduce the high concentration of urea commonly found in domestic wastewater to meet the standards for water used in the technology industry. Additionally, considering the inflow of wastewater sources, including the diversion water from the Anping Canal in Tainan and seawater intrusion, there is a particularly high requirement for the stability of water treatment technology and system operation. This demonstrates the exceptional stability of HDEC Corp in the process of reclaimed water treatment, water quality control, water supply volume, and system equipment.

| Visitation Activities

The Anping Water Resources Center has obtained certifications for the ISO 14001 Environmental Management System and the ISO 50001 Energy Management System. The architectural structure of the reclaimed water plant has been awarded both the Smart Building Candidate Certificate and the Green Building Candidate Certificate. The exterior design is themed around water and features a metallic facade, creating a sense of technological advancement for the water plant. The surrounding mangrove conservation landscape is also integrated into the design. Diverse facilities and green beautification landscapes have been established, and an environmental education center is currently being prepared. The center is planned to be a place that combines environmental education, community leisure, and urban tourism functions. Through community service participation and visitation activities, it aims to continuously create a positive impact. In 2023, the Center has started planning for the certification of environmental education facilities. In conjunction with the construction progress of the Environmental Education Center, the Center was gradually implementing the design and planning of environmental education courses and guided tour activities. In 2023, a total of 22 water treatment site visit events were held, with 429 participants. By the end of 2023, the cumulative number of people served reached 878.



Documentation of Enterprise Visit



Documentation of University Department Visit



Linhai Water Resource Center

Wastewater Treatment Districts	Design Processing Capacity (cubic meters/ day)	Waterbody for Effluent
Collecting wastewater from the main sewer pipe on old Kaisyuan Road in the Sewage Zone, Kaohsiung	Wastewater treatment: 55,000 Reclaimed water: 33,000	CPC Open Channel

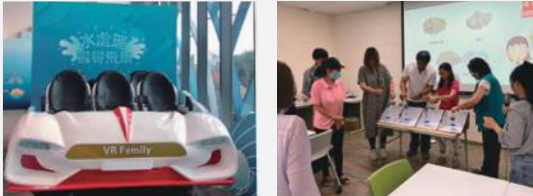
The Linhai Water Resource Center is Taiwan's first demonstration project for the simultaneous construction of both a wastewater treatment plant and a reclaimed water treatment plant. It is also the second Build-Transfer-Operate (BTO) project for public wastewater treatment and reuse in Kaohsiung City. The plant processes wastewater from the main sewer line on Kaixuan 4th Road in the Qianzhen District of Kaohsiung, thereby sharing the processing capacity of the Sewage Zone. The Linhai Water Resources Center has the capacity to process 55,000 tons of wastewater per day, producing 33,000 tons of reclaimed water for the Linhai Industrial Park. This guarantees a reliable and cost-effective water supply for industrial purposes. Moreover, the center includes detention ponds and functions as an environmental education facility. It was recognized with the National Sustainable Development Award in 2022 and received the Excellent Award for the 22nd Golden Thumb Awards For PPP in 2023.


The Linhai Water Resource Center has implemented an intelligent management and monitoring model to optimize operations, reduce energy consumption, conserve resources, and enhance processing efficiency. It utilizes the advanced Membrane Filtration Method MBR, which greatly improves the quality and quantity of wastewater recycling, effectively promoting a circular economy and addressing the water shortage issue in southern Taiwan. Additionally, the center has developed an emergency response plan to enhance service stability, and its operational efficiency and service quality have been acknowledged by external entities.

| Environmental Education and Visitation Activities

During the construction phase, the Linhai Water Resources Center implemented AR technology to integrate Building Information Modeling (BIM), which reduced duplicate construction and resource consumption. The main building achieved the Green Building Silver Certification and was awarded the 2023 Kaohsiung House Green Building Award. The park offers amenities such as an ecological pond, a croquet court, and an environmental education center. The water for the landscape pool is sourced from recycled water within the center. The roof features solar panels and wind power generation systems, and energy recovery devices are also installed.

The Linhai Water Resources Center received certification as an environmental education facility in October 2023. The center is equipped with interactive experiential facilities that cover various topics, including renewable energy, the current state of water resources in Taiwan, wastewater treatment processes, physical model displays, and water cycle exhibits. Additionally, it offers environmental education programs and activities for school-age children and the general public, including static, dynamic, virtual interactive, and hands-on courses.

Course / Content	Photo
Wastewater Turnaround Suitable for 5th and 6th grade elementary school students, the course uses VR (virtual reality) interactive facilities to allow children to become water molecules and experience the process of wastewater being gradually purified into reclaimed water.	

Course / Content	Photo
Let's Climate Roll Introducing climate change mitigation solutions that integrate green building design, solar photovoltaic systems, wind power generation, and systems for energy recovery from reclaimed water unit systems and effluent for reuse, to raise awareness among visitors that everyone can contribute to environmental conservation efforts.	



Visit Record of the Water Resources Agency,
Ministry of Economic Affairs



Enterprise Visit Record



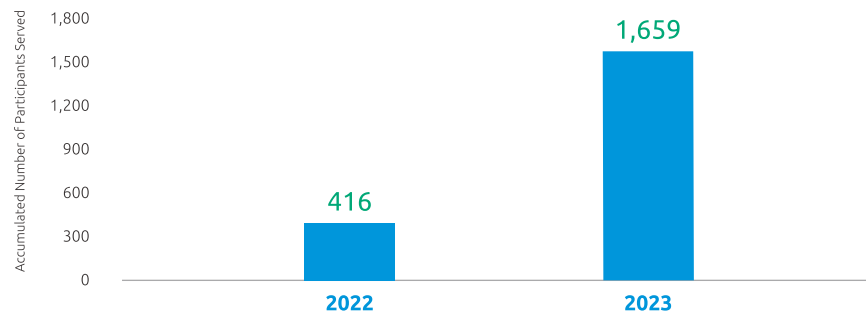
Colleges and Universities Visit Record



Industrial-Academic Cooperation Kaohsiung
Inspection Delegation Visit

In 2023, the Linhai Water Resources Center actively participated in sustainable education activities, representing a prominent case of diversified water resource development in Kaohsiung City. They set up booths on the plaza outside the National Science and Technology Museum on Earth Day to promote environmental education. They also participated in the 2023 Kaohsiung Smart City Summit and Expo and the 9th IWA-ASPIRE Conference and Exhibition, where they showcased water resource treatment technologies and smart management systems. They engaged in facilitated exchanges with international experts and scholars on water resource management practices worldwide and fostered discussions on innovative solutions for water resource treatment. Additionally, the International Water Association (IWA) visited the Linhai Water Resource Center, actively promoting dialogue and sharing experiences in water treatment. In 2023, the Linhai Water Resources Center, in collaboration with the Fengshan Water Resources Center and nine other environmental education facilities, established the Environmental Education Partnership Alliance. The primary objective of this alliance is to promote environmental education through interdisciplinary collaboration. In 2023, a total of 30 environmental education visit events were held, with a combined participation of 1,243 participants. By the end of 2023, the cumulative number of people served reached 1,659.

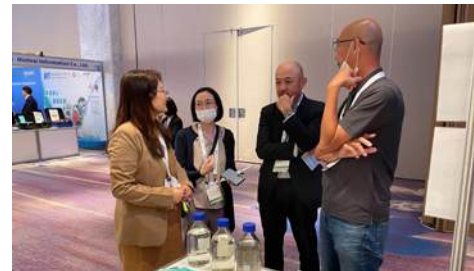
Accumulated Number of Participants Served
by the Linhai Water Resource Center



Participation in the 2023 Kaohsiung Smart City Summit and Expo



Setting up a Booth outside the National Science and Technology Museum on Earth Day



Participation in the 9th IWA-ASPIRE Conference and Exhibition



Visit of the International Water Association (IWA) to the Linhai Water Resources Center



Ciaotou Water Resource Recycle Center

Wastewater Treatment Districts	Design Processing Capacity (cubic meters/ day)	Number of Household Served	Waterbody for Effluent
Gangshan and Ciaotou Districts, Kaohsiung	Wastewater treatment: 20,000	17,091	Dianbao River

The Ciaotou Water Resource Recycle Center, formerly the Gangshan Ciaotou Wastewater Treatment Plant, currently has a processing capacity of 20,000 tons per day. It serves the catchment areas of Gangshan District and Ciaotou District in Kaohsiung City, treating municipal wastewater from households through its wastewater treatment system. In response to the severe water shortage crisis in southern Taiwan and the future water demand for high-tech industries, the Kaohsiung Ciaotou Wastewater Reclamation Plant BTO project was initiated in 2023 and was projected to be finished by the end of 2025. This will be the inaugural reclaimed water plant in northern Kaohsiung and the third planned reclaimed water plant in Kaohsiung City. After completion, the wastewater treatment capacity will be increased from 20,000 tons to 50,000 tons, enabling the provision of 30,000 tons of reclaimed water daily to the TSMC Nanzih Plant. This will greatly alleviate water pressure and supply burden in the Greater Kaohsiung area.

Environmental Education and Visitation Activities

The existing Gangshan Ciaotou Wastewater Treatment Plant holds a Gold-level green building certification. It features rainwater harvesting systems, landscape ponds, and is currently constructing a recycled water park with a design focused on creating water-themed imagery and enhancing water retention capabilities. The design includes bright open-window designs to enhance ventilation and reduce energy consumption. New facilities will integrate with the surrounding landscape, increasing green spaces, incorporating aquatic ecological landscapes, and planning educational areas for water recycling, aiming to create a sustainable, low-carbon park area.

Considering that the construction area would impact visitation activities, the Ciaotou Water Resources Recycle Center opened for visitation starting in the third quarter of 2023. The activities primarily involved touring the wastewater treatment process and presenting the planning and vision of the reclaimed water plant. The Ciaotou Water Resources Center is actively developing environmental education programs with the aim of becoming a certified water resource environmental education site. By the end of 2023, a total of four wastewater treatment process visit activities were conducted, with a total of 108 participants.



Visit from the National Land Management Agency, Ministry of the Interior



Interview with Best Radio

Appendix

ISO and Other Certificated Items

ISO Certificated Items			
Items	Name	Scope of Certification	Certification Validity / Issue Date
ISO 9001:2015	Quality Management System	CHC, CEC, CDC, HDEC Corp	2021.02.16 ~ 2024.02.15 2024.02.16 ~ 2027.02.15
ISO 27001:2022	Information Security Management System	CHC, CCLC	2023.11.07 ~ 2026.11.07
ISO/CNS 45001:2018	Occupational Health and Safety Management System	CEC	2021.06.02 ~ 2024.06.01
ISO/CNS 45001:2018	Occupational Health and Safety Management System	HDEC Corp, North Shore Corp, Blue Whale Corp, Linhai Water Resource Center	2021.01.07 ~ 2023.07.04 2023.07.05 ~ 2026.07.04
ISO 14001:2015	Environmental Management System	HDEC Corp - North Shore Corp (Tamsui Water Resource Recycle Center)	2022.02.02 ~ 2025.02.02
ISO 9001:2015	Quality Management System	HDEC Corp - Blue Whale Corp (Fengshan Water Resource Center)	2020.01.17 ~ 2023.01.16 2023.01.17 ~ 2026.01.16
ISO 14001:2015	Environmental Management System		2020.01.13 ~ 2023.01.12 2023.01.13 ~ 2026.01.12
ISO 50001:2018	Energy Management System		2020.01.13 ~ 2023.01.12 2023.01.13 ~ 2026.01.12
ISO 9001:2015	Quality Management System	HDEC Corp - Anping Water Resource Center	2022.09.12 ~ 2025.09.11
ISO 14001:2015	Environmental Management System		2022.09.12 ~ 2025.09.11
ISO 50001:2018	Energy Management System		2021.10.08 ~ 2024.10.07
ISO 45001:2018	Occupational Health and Safety Management System		2022.09.12 ~ 2025.09.11
ISO/IEC 17025:2017 CNS 17025:2018	Laboratory Quality Management System		2022.07.28 ~ 2025.07.27
ISO 9001:2015	Quality Management System		2023.08.22 ~ 2026.08.21
ISO 14001:2015	Environmental Management System	HDEC Corp - HDEC-CTCI (Linhai) Corp (Linhai Water Resource Center)	2023.08.22 ~ 2026.08.21
ISO 50001:2018 CNS 50001:2020	Energy Management System		2023.06.21 ~ 2026.06.20
ISO 19650-2:2018	BIM (Building Information Modeling) Standards	CEC	2023.04.20~2024.04.19
ISO 14064-1:2018	Greenhouse Gas Inventory Standards	CHC; Verification Year: 2022	2023.08.30
ISO 14064-1:2018	Greenhouse Gas Inventory Standards	HDEC Corp - HDEC-CTCI (Linhai) Corp (Linhai Water Resource Center); Verification Year: 2022	2023.09.18

Other Certificated Items		
Items	Scope of Certification	Certification Validity / Issue Date
Environmental Education Facility and Venue	HDEC Corp - Fengshan Water Resource Center	2020.12.21 ~ 2025.12.20
Environmental Education Facility and Venue	HDEC Corp - Tamsui Water Resource Recycle Center	2021.07.06 ~ 2026.07.05
Environmental Education Facility and Venue	HDEC Corp - Linhai Water Resource Center	2023.11.06 ~ 2028.11.05
Badge of Accredited Healthy Workplace	CEC - Administrative Building, CDC, HDEC Corp	2023.01.01 ~ 2025.12.31
iSports Enterprise Certificate	CDC	2023.11.01 ~ 2026.10.31

Detailed Sustainability Performance Statistics

HR Structure							
Items	Classification	Male		Female		Subtotal and Percentage by Group	
		Number	Percentage of that category	Number	Percentage of that category	Number	Percentage of that category
Type of Contract	Permanent	1,965	97.4%	481	97.6%	2,446	97.5%
	Temporary	52	2.6%	12	2.4%	64	2.5%
Type of Employment	Full-time	2,007	99.5%	485	98.4%	2,492	99.3%
	Part-time	10	0.5%	8	1.6%	18	0.7%
Type of Job	Supervisor	364	18.0%	55	11.2%	419	16.7%
	Non-Supervisor	1,653	82.0%	438	88.8%	2,091	83.3%
Age	Under 35	505	25.0%	188	38.1%	693	27.6%
	35 to 45	466	23.1%	138	28.0%	604	24.1%
	Above 45	1,046	51.9%	167	33.9%	1,213	48.3%
Minority Group	People with disabilities	19	86.4%	3	13.6%	22	0.9%
	Indigenous peoples	6	50.0%	6	50.0%	12	0.5%
	Foreign employees	768	99.9%	1	0.1%	769	30.6%
Total		2,510					

Note:

1. The total number of employee as of the reporting period end date (December 31, 2023).
2. Temporary employees include contract employees and employees with no guaranteed hours; employees with no guaranteed hours are defined as daily wage/hourly wage workers, totaling 17 people; part-time employees are those who work irregular hours or shorter hours.
3. Supervisory roles: Employees responsible for managing others, excluding the chairman. Non-supervisory roles: Employees without managerial responsibilities over others.

New Hires and Turnover Rates of Employees					
Category	Group	New Employee		Departed Employees	
		Number	Percentage of that category	Number	Percentage of that category
Gender	Male	603	83.5%	348	89.0%
	Female	119	16.5%	43	11.0%
Age	Under 35	284	39.3%	86	22.0%
	35 to 45	207	28.7%	94	24.0%
	Above 45	231	32.0%	211	54.0%
Proportion of Full-Time Employees		29.5%		16.0%	

Note: Calculated based on the total number of full-time employees as of the end of the reporting period (December 31, 2023).

Greenhouse Gas Emissions

Business	2022			2023		
	Scope 1	Scope 2	Scope 3	Scope 1	Scope 2	Scope 3
CHC	14.60	68.82	13.30	9.40	70.50	17.41
CCLC	0.32	170.35	32.73	9.21	241.11	53.83
CEC	27.48	6,633.09	653.27	22.33	7,169.71	680.53
CDC	6.42	95.59	18.48	10.30	184.66	22.93
HDEC Corp	1,933.75	30,926.75	12,357.93	3,950.37	40,830.37	17,560.42
Total Emissions	1,982.58	37,894.60	13,075.71	4,001.62	48,496.34	18,335.12

Unit: metric tons of CO₂e

Note:

1. The emission factor for the electricity grid is calculated using the "Electricity Carbon Emission Factor for 2023" announced by the Energy Administration, Ministry of Economic Affairs, on April 26, 2024.
2. Adopt the greenhouse gas emission factor management table (version 6.0.4) and the IPCC Sixth Assessment Report's GWP (Global Warming Potential) 100-year average value as the basis for calculating carbon dioxide.
3. The greenhouse gas emission factors for Scope 1: Diesel - Mobile sources: 2.6472kg CO₂e/ liter, Diesel - Stationary sources: 2.6147 kg CO₂e/ liter, Gasoline - Mobile sources: 2.3572 kg CO₂e/ liter, Gasoline - Stationary sources: 2.2712 kg CO₂e/ liter, Natural gas: 1.8809 kg CO₂e/ cubic meter.
4. Please refer to pages 116-117, Chapter 5, for the inventory boundary in the fiscal year 2022-2023. In 2022, the greenhouse gas emissions of CHC (standalone) and Linhai Water Resource Center (standalone) were verified by Bureau Veritas Certification (BV) and SGS Taiwan Ltd. (SGS). In 2023, the greenhouse gas emissions of CHC (standalone) and CCLC (standalone) were verified by Bureau Veritas Certification (BV) on April 3, 2024. Emissions for other companies/locations in 2023 were estimated based on inventory electricity and fuel data, pending third-party verification, and will be updated on the company's website in the corporate sustainability section.

Energy Consumption

Unit: GJ	2021	2022	2023
CHC	641.83	696.32	636.54
CCLC	-	1,240.20	1,869.13
CEC	54,560.59	48,503.54	52,546.68
CDC	915.91	771.57	1,450.52
HDEC Corp	173,709.43	243,688.66	325,555.70
Total	229,827.76	294,900.29	382,058.58

Unit: GJ		2021	2022	2023
CHC	Electricity	491.98	500.49	512.72
	Gasoline	149.85	195.83	123.82
CCLC	Electricity	-	1,238.93	1,753.49
	Gasoline	-	1.27	115.64
CEC	Electricity	54,017.53	48,142.31	52,256.09
	Gasoline	538.49	356.95	285.40
	Diesel	4.57	4.28	5.19
CDC	Electricity	682.55	695.25	1,345.71
	Gasoline	233.36	76.33	104.81
HDEC Corp	Electricity	161,661.74	218,026.97	297,481.99
	Gasoline	2,003.24	4,262.59	1,602.53
	Diesel	1,789.83	7,385.74	9,456.06
	Liquefied natural gas (LNG)	1,510.52	248.96	1.90
	Renewable energy	6,744.10	13,764.39	17,013.22
Total		229,827.76	294,900.29	382,058.58

Note:

1. External purchased electricity is converted based on 3.6 GJ/ kWh. The conversion for gasoline, diesel, and natural gas follows the "Heat Content of Energy Products" announced by the Energy Administration, Ministry of Economic Affairs in 2023.
2. The 2021 inventory boundary: Headquarters Building of CHC Group (CHC, CEC, CDC, and HDEC Corp), CEC's construction sites, HDEC Corp.'s operational bases (Tamsui, Fengshan, and Anping), HDEC Corp.'s construction sites (Puding, Tongluo, Linhai and Anping Water Reclamation Project).
3. The 2022 inventory boundary: Headquarters Building of CHC Group (CHC, CCLC, CEC, CDC, and HDEC Corp), CEC's construction sites, HDEC Corp.'s operational bases (Tamsui, Fengshan, Anping, and Linhai), HDEC Corp.'s construction sites (Puding, Tongluo, and Anping Water Reclamation Project); In 2022, CCLC officially commenced operations at headquarters building; The Linhai Water Resources Center was also inaugurated, becoming part of HDEC Corp.'s operational bases.
4. The 2023 inventory boundary: CHC (standalone), CCLC (standalone), CDC (standalone), Headquarters Building (CEC and HDEC Corp), CEC's construction sites, HDEC Corp.'s operational bases (Tamsui, Fengshan, Anping, Linhai and Ciaotou) and HDEC Corp.'s construction sites (Puding, Tongluo, Chengxi, Ciaotou and Anping Water Reclamation Project); The Ciaotou Water Resource Recycle Center was inaugurated by the Group in 2023.

Waste

Non-Hazardous Waste - Domestic Waste									
Site	Type	Final Disposal Method	Unit	2021		2022		2023	
				Weight	Total	Weight	Total	Weight	Total
Headquarters Building	Paper	Recycling	Kilograms	7,167.99	9,253.01	7,728.10	10,342.00	7,154.62	9,671.07
	Steel and aluminum cans			170.52		82.54		143.75	
	Plastic bottles			342.73		416.36		474.90	
	Kitchen waste			1,571.77		2,115.44		1,897.81	
	Office waste	incineration		12,920.00	12,920.00	31,490.00	31,490.00	38,503.09	38,503.09
HDEC Corp	Paper	Recycling		720.48	1,622.59	5,123.94	9,145.00	6,022.01	13,136.00
	Steel and aluminum cans			7.60		1,137.90		2,705.00	
	Plastic bottles			94.71		2,105.16		3,863.92	
	Waste batteries			1.96		76.00		7.07	
	Kitchen waste			182.84		180.00		360.00	
	Scrap iron			500.00		332.00		178	
	Stainless steel scrap			20.00		57.00		-	
	PVC scrap			95.00		132.00		-	
	Copper wire scrap			-		1.00		-	
	Office waste	incineration		339,650.00	339,650.00	316,540.00	316,540.00	475,570.00	475,570.00
CEC	Paper	Recycling		-	-	1,634.20	72,200.74	-	-
	Steel and aluminum cans			-		305.20		-	
	Plastic bottles			-		1,061.34		-	
	Scrap iron			-		69,200.00		-	
Total			Metric ton	-	363.45	-	439.72	-	536.88

Note: 100% of domestic waste is disposed of off-site by qualified waste management facilities.

Non-Hazardous Industrial Waste

Business	Type	Disposal Method	Unit	2021	2022	2023
				Total Amount	Total Amount	Total Amount
CEC	Construction waste	As reused for other purposes	Metric ton	13,262.00	6,388.13	-
			Cubic meter	22,720.00	9,925.00	-
		Collection and disposal	Metric ton	-	6,032.02	21,120.15
			Cubic meter	-	7,911.00	-
		Landfill disposal	Metric ton	-	4,751.60	-
			Cubic meter	-	956.00	-
	Construction surplus soil	As reused for other purposes	Cubic meter	-	16,632.00	-
CDC	Construction waste	As reused for other purposes	Metric ton	3,433.37	569.35	-
			Cubic meter	2,800.00	-	-
HDEC Corp	Construction waste	As reused for other purposes	Metric ton	3,310.87	200.68	113.40
			Cubic meter	83.00	-	-
		Physical disposal	Metric ton	-	-	305.72
		Collection and disposal	Metric ton	-	132.72	-
	Construction surplus soil	Recycling	Metric ton	-	-	4,128.00
	Organic sludge	Landfill disposal	Metric ton	12,112.91	14,997.62	3,837.90
		Biological disposal	Metric ton	-	-	921.31
		Reuse	Metric ton	-	-	6,679.82
		Temporary storage	Metric ton	-	-	5,061.65
		Incineration disposal	Metric ton	-	-	1,680.67
Thermal disposal		Metric ton	-	-	832.01	
Total			Cubic meter	25,603.00	35,424.00	-
			Metric ton	32,119.15	33,072.12	44,680.63

Note:

- Industrial waste is 100% entrusted to qualified waste management facilities for off-site disposal, and the subsequent flow is tracked according to the triplicate waste collection receipt.
- In practice, construction waste is typically measured in cubic meters, so the information is disclosed separately. Depending on the project type and its phase each year, there can be significant fluctuations in the volume of construction waste generated.

Hazardous Industrial Waste

Business	Type	Disposal Method	2021	2022	2023
			Total Amount (metric tons)		
HDEC Corp	Liquid acid waste	Landfill disposal	0.12	0.98	0.82
	Other corrosive industrial waste	Landfill disposal	0.46	0.47	-
		Chemical disposal	-	-	0.40
	Other flammable industrial waste	Landfill disposal	0.04	0.01	-
		Incineration disposal	-	-	0.01
	Total		0.62	1.46	1.23

Note: Hazardous industrial waste refers to laboratory waste, which is 100% entrusted to qualified laboratory waste disposal contractors. The disposal process follows the tracking of the triplicate waste collection receipt to monitor subsequent flows.

Water Resources Utilization

Business Unit	Water Consumption Method	Water Source	Water Withdrawal (cubic meters)		
			2021	2022	2023
Headquarters Building	Domestic water	Tap water	9,764	9,794	10,184
CEC	Construction site water	Tap water	125,528	123,843	190,978
HDEC Corp	Domestic water	Tap water	4,050	3,987	9,308
	Construction site water	Tap water	11,563	3,057	49,955
	Commercial water	Tap water	72,548	89,042	76,270
Total			223,453	229,723	336,694

Participation of Associations and External Organizations

Company	Name of Association	Participation Status
CHC	Chinese National Association of Industry and Commerce, Taiwan (CNAIC)	Group member
	BCSD-Taiwan	Permanent member
CDC	FIABCI-Taiwan	Member
	International Real Estate Federation (affiliated FIABCI-Taiwan)	Member
	The Real Estate Development Association of Taipei	Member
	Taichung Real Estate Development Association	Member
HDEC Corp	Taiwan Environmental Engineering Association	Group member
	Taiwan Underground Pipeline Engineering Association	Group member
	Taiwan Electrical Contractors Association	Group member
	The Chinese Institute of Environmental Engineering	Group member
	Taiwan Regional Engineering Contractors Association	Group member
CEC	Chinese Institute of Civil and Hydraulic Engineering	Group member
	China Road Federation	Group member
	Construction Management Association of the Republic of China	Group member
	Chinese Taipei Tunnelling Association	Group member
	Taiwan Regional Engineering Contractors Association	Group member
	Taiwan BIM Alliance	Group member
	Chinese Society of Structural Engineers	Group member
	Taiwan Geotechnical Society	Group member
	Taiwan Concrete Institute	Group member
	Value Management Institute of Taiwan	Group member
	Rail Engineering Society of Taiwan	Group member
	Industrial Safety and Health Association (ISHA) of the R.O.C.	Group member
	Labor Safety & Health Management Society R.O.C.	Group member
	Construction OSH Promotion Association (COSHOA)	Group member
	TOSHMS Promotion Associations in Northern	Group member
	Construction North of Taiwan Occupational Safety and Health Association (C.N.T.O.S.H.A)	Group member
	Construction Middle of Taiwan Occupational Safety and Health Association (C.M.T.O.S.H.A)	Group member

Company	Name of Association	Participation Status
CEC	Occupation Safety and Health Protection Council of Southern Taiwan Construction	Group member
	TCSMSA	Group member
	Taiwan Electrical Contractors Association, R.O.C.	Group member
	Taiwan Water Pipe Engineering Industries Association	Group member
	Taiwan Refrigerating and Air-Conditioning Engineering Association of R.O.C	Group member
	Taiwan Society for Circular Economy	Group member
	Taiwan Arbitration Association	Group member
	Chinese Arbitration Association, Taipei	Group member
	The Real Estate Development Association of Taipei	Group member
	HRGROUP (Human Construction Industry Association)	Group member

Note: The associations listed in the above are excerpted.

GRI Standards Disclosure Index Table

GRI Standards Disclosure Index	
Statement of Use	CHC Group has reported in accordance with the GRI Standards for the period from January 1, 2023 to December 31, 2023.
GRI 1 Used	GRI 1 Foundation 2021
Applicable GRI Sector Standard	N/A

GRI Standards Disclosure

GRI Standards	Disclosure	Page	Supplementary Note
General Disclosures			
GRI 2 General Disclosures (2021)	2-1 Organizational details	8	
	2-2 Entities included in the organization's sustainability reporting	3	
	2-3 Reporting period, frequency and contact point	3	
	2-4 Restatements of information	-	No restatements occurred
	2-5 External assurance	-	External assurance was not conducted this year
	2-6 Activities, value chain and other business relationships	8、70	
	2-7 Employees	158	
	2-8 Workers who are not employees	100	
	2-9 Governance structure and composition	30-33	
	2-10 Nomination and selection of the highest governance body	31-32	
	2-11 Chair of the highest governance body	32	
	2-12 Role of the highest governance body in overseeing the management of impacts	13	
	2-13 Delegation of responsibility for managing impacts	13	
	2-14 Role of the highest governance body in sustainability reporting	13	
	2-15 Conflicts of interest	33	
	2-16 Communication of critical concerns	-	No critical concern was communicated during the year

GRI Standards Disclosure

GRI Standards	Disclosure	Page	Supplementary Note
GRI 2 General Disclosures (2021)	2-17 Collective knowledge of the highest governance body	31-32	
	2-18 Evaluation of the performance of the highest governance body	33-34	
	2-19 Remuneration policies	84-85	
	2-20 Process to determine remuneration	84	
	2-21 Annual total compensation ratio	-	The annual total compensation of the highest-paid individual may vary due to their role, annual performance, and the company's profitability. To avoid misleading disclosures, salary-related information is disclosed in accordance with the requirements of the MOPS's information disclosure
	2-22 Statement on sustainable development strategy	4、13-14	
	2-23 Policy commitments	36、39	
	2-24 Embedding policy commitments	36-38、41	
	2-25 Processes to remediate negative impacts	37-38 42-43	
	2-26 Mechanisms for seeking advice and raising concerns	38、42-43	
	2-27 Compliance with laws and regulations	51	
	2-28 Membership associations	162	
	2-29 Approach to stakeholder engagement	17-19	
	2-30 Collective bargaining agreements	42-43	The Company regularly holds meetings to gather employee feedback, provides channels for complaints, and establishes whistleblowing procedures to safeguard employee rights

GRI Standards Disclosure

GRI Standards	Disclosure	Page	Supplementary Note
Material Topics			
GRI 3 Material Topics (2021)	3-1	Process to determine material topics	20
	3-2	List of material topics	21
Economic Performance			
GRI 201 Economic Performance (2016)	3-3	Management of material topics	23
	201-1	Direct economic value generated and distributed	11
	201-2	Financial implications and other risks and opportunities due to climate change	113-114
Corporate Governance & Regulatory Compliance			
GRI 2 General Disclosures (2021)	3-3	Management of material topics	23
	2-9	Governance structure and composition	30-33
	2-10	Nomination and selection of the highest governance body	31-32
	2-11	Chair of the highest governance body	32
	2-12	Role of the highest governance body in overseeing the management of impacts	13
	2-13	Delegation of responsibility for managing impacts	13
	2-14	Role of the highest governance body in sustainability reporting	13
	2-27	Compliance with laws and regulations	51
GRI 417 Marketing and Labeling (2016)	417-2	Incidents of non-compliance concerning product and service information and labeling	51
	417-3	Incidents of non-compliance concerning marketing communications	51
Ethical Management			
GRI 205 Anti-corruption (2016)	3-3	Management of material topics	23
	205-2	Communication and training about anti-corruption policies and procedures	36-38
	205-3	Confirmed incidents of corruption and actions taken	38

GRI Standards Disclosure

GRI Standards	Disclosure	Page	Supplementary Note
Sustainable Innovative Products and Services			
GRI 416 Customer Health and Safety (2016)	3-3	Management of material topics	24
	416-1	Assessment of the health and safety impacts of product and service categories	56-58
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	51
Occupational Health and Safety			
GRI 403 Occupational Health and Safety (2018)	3-3	Management of material topics	26
	403-1	Occupational health and safety management system	99-100
	403-2	Hazard identification, risk assessment, and incident investigation	105-106
	403-3	Occupational health services	105-106
	403-4	Worker participation, consultation, and communication on occupational health and safety	100
	403-5	Worker training on occupational health and safety	103
	403-6	Promotion of worker health	95-98
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	101-109
	403-8	Workers covered by an occupational health and safety management system	100
	403-9	Work-related injuries	107
	403-10	Work-related ill health	107
Talent Development and Retention			
GRI 404 Training and Education (2016)	3-3	Management of material topics	25
	404-1	Average hours of training per year per employee	91
	404-2	Programs for upgrading employee skills and transition assistance programs	88-93
	404-3	Percentage of employees receiving regular performance and career development reviews	94

GRI Standards Disclosure

GRI Standards	Disclosure	Page	Supplementary Note
Diversity, Equality, and Inclusion			
GRI 401 Employment (2016)	3-3 Management of material topics	25	
	401-1 New employee hires and employee turnover	159	
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	80-83	
	401-3 Parental leave	84	
GRI 405 Diversity and Equal Opportunity (2016)	3-3 Management of material topic	25	
	405-1 Diversity of governance bodies and employees	31-32、78、158	
	405-2 Ratio of basic salary and remuneration of women to men	84-85	
Climate Change Governance			
GRI 305 Emissions (2016)	3-3 Management of material topics	27	
	305-1 Direct (Scope 1) GHG emissions	116-117	
	305-2 Energy indirect (Scope 2) GHG emissions	116-117	
	305-3 Other indirect (Scope 3) GHG emissions	116-117	
	305-4 GHG emissions intensity	116-117	
	305-5 Reduction of GHG emissions	117-118	
Other Topics			
GRI 200 : Economic			
GRI 204 Procurement Practices (2016)	204-1 Proportion of spending on local suppliers	73-74	
GRI 300 : Environmental			
GRI 301 Materials (2016)	301-1 Materials used by weight or volume	126	
	301-2 Recycled input materials used	126	
GRI 302 Energy (2016)	302-1 Energy consumption within the organization	119-120、125	
	302-3 Energy intensity	120	
	302-4 Reduction of energy consumption	121-125	

GRI Standards Disclosure

GRI Standards	Disclosure	Page	Supplementary Note
GRI 303 Water and Effluents (2018)	303-1 Interactions with water as a shared resource	136	
	303-2 Management of water discharge-related impacts	136-139	
	303-3 Water withdrawal	136	
	303-4 Water discharge	136-137	
GRI 306 Waste (2020)	306-1 Waste generation and significant waste-related impacts	132	
	306-2 Management of significant waste-related impacts	133-135	
	306-3 Waste generated	133	
	306-4 Waste diverted from disposal	133	
	306-5 Waste directed to disposal	133	
GRI 308 Supplier Environmental Assessment (2016)	308-1 New suppliers that were screened using environmental criteria	71-73	In partial disclosure, the Company has established a group procurement policy and supplier management procedures, ensuring that suppliers are informed of our corporate culture, human rights, and ethical clauses. Additionally, we require suppliers to manage aspects such as occupational health and safety, business execution, and risk identification as part of supplier assessments
	308-2 Negative environmental impacts in the supply chain and actions taken	71-73	
GRI 400 : Social-Communities			
GRI 406 Non-discrimination (2016)	406-1 Incidents of discrimination and corrective actions taken	-	No incidents occurred this year
GRI 408 Child Labor (2016)	408-1 Operations and suppliers at significant risk for incidents of child labor	-	No incidents occurred this year

GRI Standards Disclosure

GRI Standards	Disclosure	Page	Supplementary Note
GRI 409 Forced or Compulsory Labor (2016)	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	-	No incidents occurred this year
GRI 411 Rights of Indigenous Peoples (2016)	411-1 Incidents of violations involving rights of indigenous peoples	-	No incidents occurred this year
GRI 413 Local Community (2016)	413-1 Operations with local community engagement, impact assessments, and development programs	141-147	
GRI 414 Supplier Social Assessment (2016)	414-1 New suppliers that were screened using social criteria	71-73	In partial disclosure, the Company has established a group procurement policy and supplier management procedures, ensuring that suppliers are informed of our corporate culture, human rights, and ethical clauses. Additionally, we require suppliers to manage aspects such as occupational health and safety, business execution, and risk identification as part of supplier assessments
	414-2 Negative social impacts in the supply chain and actions taken	71-73	
GRI 418 Customer Privacy (2016)	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	50	No incidents occurred this year

TCFD Climate-related Information Disclosure Index Table

CHC Group's Climate Risk and Opportunity Management

	Items	Corresponding Chapters	Page
1	The board of directors' and management's oversight and governance of climate-related risks and opportunities	5-1 Climate Change Governance - Climate Risk and Opportunity Management - Governance	111
2	How the identified climate risks and opportunities affect the business, strategy, and finances of the business (short, medium, and long term)	5-1 Climate Change Governance - Climate Risk and Opportunity Management - Risk Management and Strategy	112-114
3	The financial impact of extreme weather events and transformative actions	5-1 Climate Change Governance - Climate Risk and Opportunity Management - Risk Management	112-114
4	How climate risk identification, assessment, and management processes are integrated into the overall risk management system	5-1 Climate Change Governance - Climate Risk and Opportunity Management - Governance and Risk Management	111-114
5	If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors and major financial impacts used should be described	5-1 Climate Change Governance - Climate Risk and Opportunity Management - Risk Management: Initiate the development of scenario analysis models	112-113
6	If there is a transition plan for managing climate-related risks, describe the content of the plan, and the indicators and targets used to identify and manage physical risks and transition risks	1-3 Stakeholder Communication and Analysis of Material Topics - Sustainability Focus and Material Topic Management 5-1 Climate Change Governance - Climate Risk and Opportunity Management - Metrics and Targets	23-28、115
7	If internal carbon pricing is used as a planning tool, the basis for setting the price should be stated	Not using internal carbon pricing tools	-
8	If climate-related targets have been set, the activities covered, the scope of greenhouse gas emissions, the planning horizon, and the progress achieved each year should be specified. If carbon credits or renewable energy certificates (RECs) are used to achieve relevant targets, the source and quantity of carbon credits or RECs to be offset should be specified	1.3 Stakeholder Communication and Analysis of Material Topics - Sustainability Focus and Material Topic Management 5.1 Climate Change Governance - Climate Risk and Opportunity Management - Metrics and Targets	24、27-28、115

Greenhouse gas inventory and assurance status and reduction targets, strategy, and concrete action plan
1-1 Greenhouse Gas Inventory and Assurance Status for the Most Recent 2 Fiscal Years

1-1-1 Greenhouse Gas Inventory Information

Items	2022	2023
Inventory Boundary	The Company and its main consolidated subsidiaries	The Company and its main consolidated subsidiaries
Scope 1 (metric tons CO ₂ e)	1,982.58	4,001.62
Scope 2 (metric tons CO ₂ e)	37,894.60	48,496.34
Total Scope 1 and Scope 2 (metric tons CO ₂ e)	39,877.18	52,497.96
Intensity (metric tons CO ₂ e/ million dollars of revenue)	1.24	1.72

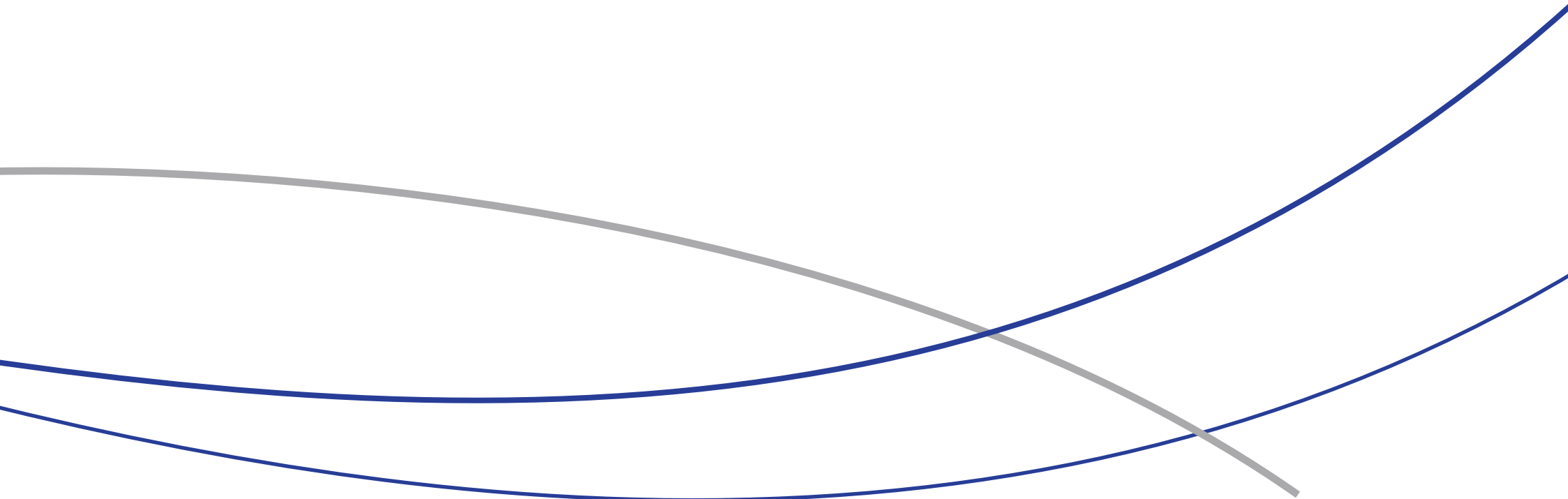
For detailed information, please refer to Chapter 5 (p.116-117) and the Appendix (p.159)

1-1-2 Greenhouse Gas Assurance Information

9

Items	2022	2023
Scope of Assurance	The Company (standalone) and HDEC-CTCI (Linhai) Corp	The Company (standalone) and CCLC (standalone)
Assurance Institutions	Bureau Veritas Certification (BV) SGS Taiwan Ltd. (SGS)	Bureau Veritas Certification (BV)
Assurance Standards	ISO 14064-3	ISO 14064-3
Assurance Opinion	Category 1 and 2: Reasonable assurance level Category 3 to 6: Limited assurance level	Category 1 and 2: Reasonable assurance level Category 3 to 6: Limited assurance level
Remark	-	Other companies/locations are scheduled to undergo external verification of their 2023 emissions in the second half of 2024

1-2 Greenhouse Gas Reduction Targets, Strategy, and Concrete Action Plan
Please refer to 5.1 Climate Change Governance – Greenhouse Gas Management (p.115-p.118)



CONTINENTAL 欣陸投控
HOLDINGS CORPORATION