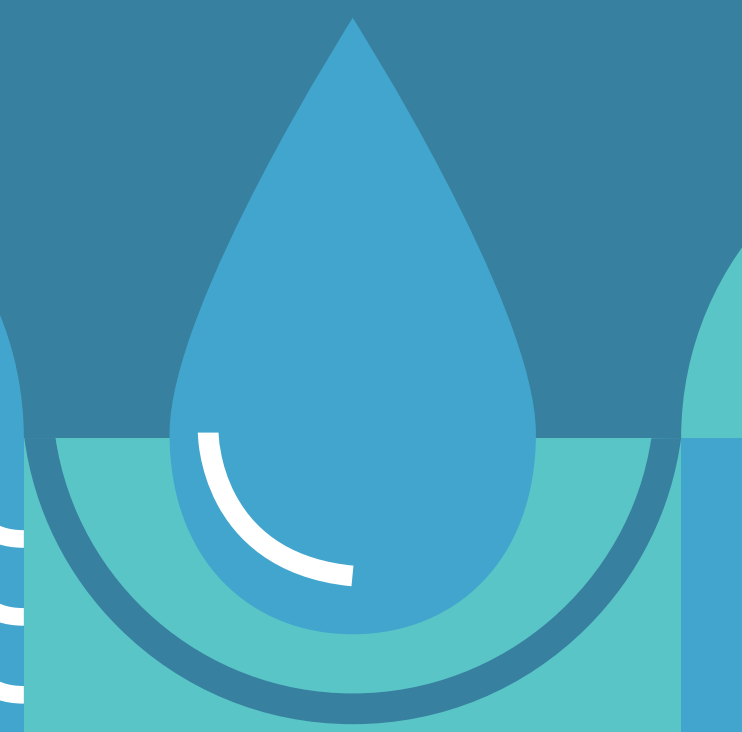




KUO TOONG  
INTERNATIONAL CO., LTD

# 2024 ESG Report of KUO TOONG

## Sustainability Report





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## Words From Learders

In recent years, Taiwan's steady socio-economic development has led to an improved quality of life for its citizens. This progress has also driven a growing demand for water in both industrial and domestic sectors. However, the distribution of water resources in Taiwan is uneven. Coupled with the impact of extreme climate conditions, rainfall across the northern, central, and southern regions is also unevenly distributed, resulting in water shortages in certain areas. As economic development becomes increasingly concentrated, water demand in certain regions has risen sharply, highlighting the growing importance of water resource development and management.

In response to evolving market demands and environmental challenges, Kuo Toong actively engages in hydraulic engineering and environmental protection, integrating energy conservation, carbon reduction, and circular economy principles into all of its engineering projects. We utilize low-carbon construction methods to minimize energy consumption throughout the building process. In addition, we reduce the use of chemical agents and implement innovative techniques to prevent secondary pollution, significantly lowering our overall environmental impact. At the same time, Kuo Toong promotes an energy and resource management system by actively introducing renewable energy technologies to facilitate environmentally friendly upgrading throughout the process.

In 2024, the Company secured several major engineering contracts, including the "Cross-River Water Discharge Section of the Shimen Reservoir to Hsinchu Interconnection Pipeline Project" and the "Turnkey Project for the Water Supply Pipeline and Receiving Pool of the Hsinchu Seawater Desalination Plant." The Company also obtained multiple contracts for the supply of piping materials, further contributing to the development of Taiwan's water distribution infrastructure. Through the construction of new reservoir interconnection pipelines, replacement of aging infrastructure, and optimization of node design, we are enhancing the flexibility of domestic water resource management. In addition, we are steadily implementing smart water management systems to build a modern, resilient water network.

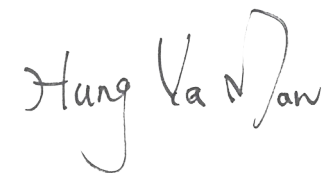
In the field of desalination, Kuo Toong established its first privately operated seawater desalination plant in Penghu in 2004. Since then, the Company has participated in the construction and operation of five other desalination plants in Taiwan. In 2024, we successfully completed the construction and initial operation of the Hsinchu Emergency Seawater Desalination Unit. Additionally, we secured the first phase of the Tainan Seawater Desalination Plant, the largest seawater

desalination facility in the country, which will have a daily water production capacity of 100,000 CMD (cubic meters per day), significantly boosting the nation's freshwater supply capacity. After years of hands-on experience in factory operations, we have successfully integrated domestic desalination technologies. At Kuo Toong, we have developed a proprietary seawater desalination system specifically designed to address Taiwan's increasingly critical freshwater shortage.

In terms of social responsibility, Kuo Toong comply to the principle of "Taking from Society and Giving back to Society" and actively contributes to the community. We have consistently supported the KH Diving Team by improving training resources for its athletes. We support My Hong Te, which promotes the use of clean water and energy conservation to reduce carbon emissions. We work with World Vision to support the education of children in rural areas. We also donate used computers to Africa to promote educational equality. In addition, we actively participate in beach clean-up initiatives to help protect the marine environment and are developing the Magong Seawater Desalination Plant Education Park to raise public awareness about environmental conservation. Kuo Toong is dedicated to technological innovation and sustainable management, striving to be a trusted partner to its employees, collaborators, and the broader society.

Looking ahead, Kuo Toong will actively participate in forward-looking initiatives such as the "Strings of Pearl Project" and closely follow the Water Resource Agency, MOEA's ten-year strategy for water resources development, which involves an investment of NT\$160 billion. The Company will fully participate in national-level engineering projects, including water reclamation plants, artificial lakes and regional distribution pipelines. We will prioritize technological innovation and professional excellence as our foundation, positioning ourselves as a driving force in water resource management amid increasingly extreme climate conditions, while supporting Taiwan in achieving its vision for sustainable water development.

Chairman





## About this Report

Kuo Toong International Co., Ltd. (hereinafter referred to as "the Company") specializes in products and services related to water resource management. Committed to promoting sustainable development, the Company regularly evaluates its operational environment and associated risks to implement effective sustainability strategies. The information related to the 2024 Sustainability Report (hereinafter referred to as "this report") is as follows:



### Disclosure Scope

This report focuses on Kuo Toong's operations in Taiwan, which include Kuo Toong's Kaohsiung headquarters, its Xinyuan Complex and its subsidiary, Kuo Yang Environment Technology Co. (hereinafter referred to as "Kuo Yang") and various local engineering offices (hereinafter collectively referred to as "Kuo Toong"). It does not include all the related companies included in the consolidated financial statements of Kuo Toong. In particular, the contract for the Penghu Seawater Desalination Plant expired in February 2023 and is no longer part of Kuo Toong's scope of operations. As a result, there will be changes in the disclosure scope of the 2024 Sustainability Report, which will be detailed in the relevant sections.

This Report covers the period from January 1, 2024 to December 31, 2024 (the "reporting period") and provides a comprehensive disclosure of performance across the economic, environmental, and demographic (including human rights) dimensions. Due to data collection challenges over the past three years, some information is limited to 2024 data only.

Kuo Toong issues an annual Corporate Sustainability Report once a year.

Last report issued in August, 2024

Current report issued in May, 2025



### Regulation Compliance

Follow the UK AccountAbility Organization AA1000 Stakeholder Engagement Standards, AA1000 (SES) to conduct stakeholder Identification and implement the relevant information compilation procedures based on the AA1000 v3 standard formulated on accountability. Moreover, it is in accordance with GRI Standards disclosure released by The Global Reporting initiative (GRI Standards 2021), carrying out management procedures for material sustainability issues.

To consider the trend of sustainability disclosure and the measurement of investor's expectations, regarding Sustainability Accounting Standards Board (SASB) as the core disclosure information of the report, also the engineering and construction service industry standards in the infrastructure field of SASB are used as the basis for the preparation of the report. In addition, refer to the relevant trend and assessment of sustainability, some supplementary issues will be disclosed.



### Management Method

To finalize this Report, data and information were provided by the relevant departments to the Management Department for compilation. The completed draft was then submitted to department heads and the Corporate Governance Supervisor for accuracy confirmation. Next, the draft underwent a preliminary review by the Sustainable Development Committee before being presented to the Board of Directors for final review and approval, completing the internal review process.

In accordance with the "Sustainability Report Preparation and Verification Procedures" established by Kuo Toong in March 2023, the Company's internal audit personnel will periodically review the processes for preparing and verifying the sustainability report. They will document their findings in an audit report to ensure the transparency and compliance of sustainability information.



### External Assurance

The financial data presented in this Report is derived from the annual financial statements audited by Ernst & Young. All figures are expressed in TWD, and the data is disclosed in accordance with IFRS. The remaining data in the Report has been independently compiled and statistically analyzed using widely accepted methods, with figures rounded to the nearest whole number.

In addition, this Report has been commissioned to Legendary & Steadfast Accountancy who performed a Limited Assurance procedure in accordance with TWSAE 3000's "Assurance Engagements Other than Audits or Reviews of Historical Financial Information". The assurance report is disclosed in the appendix of this report and is published on the official website.



### Contact Information

If you have any questions about the report or any opinions for Kuo Toong, please feel free to contact us via the following methods.

Address: No. 400, Mazu Rd., Xinyuan Township, Pingtung County

Tel: 07-5573755

Email: IR@kti.com.tw

Website: www.kti.com.tw



## Sustainability Highlights in 2024

### Governance



During the reporting period, consolidated revenue was NT\$5.245 billion, representing a 26.94% increase compared to the same period last year.



The proportion of female directors is 22%, above the average of 17.98% for listed companies and 18.65% for OTC companies in 2024. This indicates a proactive effort to promote diversity and gender equality on the Board.



The Zengwen-Nanhua Interconnection Pipeline Turnkey Project A2 has been honored with the 2024 Public Construction Quality Award by the Ministry of Economic Affairs. It has also received the 24th Golden Quality Award from the Public Construction Commission of the Executive Yuan, recognizing its outstanding engineering quality and professional excellence.

### Environment



Over the past three years, an average of 52.81% of raw materials used have been recycled, actively supporting resource circulation and sustainability.



Successfully completed the ISO 14064-1:2021 greenhouse gas inventory and passed third-party verification for four consecutive years.



The project development engineering case has not incurred any penalties from the competent authority for environmental pollution incidents, demonstrating compliance with environmental protection standards and a strong commitment to sustainability.

### Demographic

#### Including human rights



There have been no work-related fatalities in the past three years. In 2024, there were no cases of disability-related injuries or occupational diseases, demonstrating a strong commitment to workplace safety and employee health.



There have been no instances of rework relating to defects or safety in project development engineering cases, thereby ensuring the quality and safety of the work.



With a gender pay gap ratio of just 5.9%, the Company demonstrates its commitment to salary equity and gender equality.



Five individuals with disabilities and six indigenous individuals were promoted, exceeding the legally required minimum of four. This initiative actively promotes employment equity and cultivate a diverse and inclusive workplace.

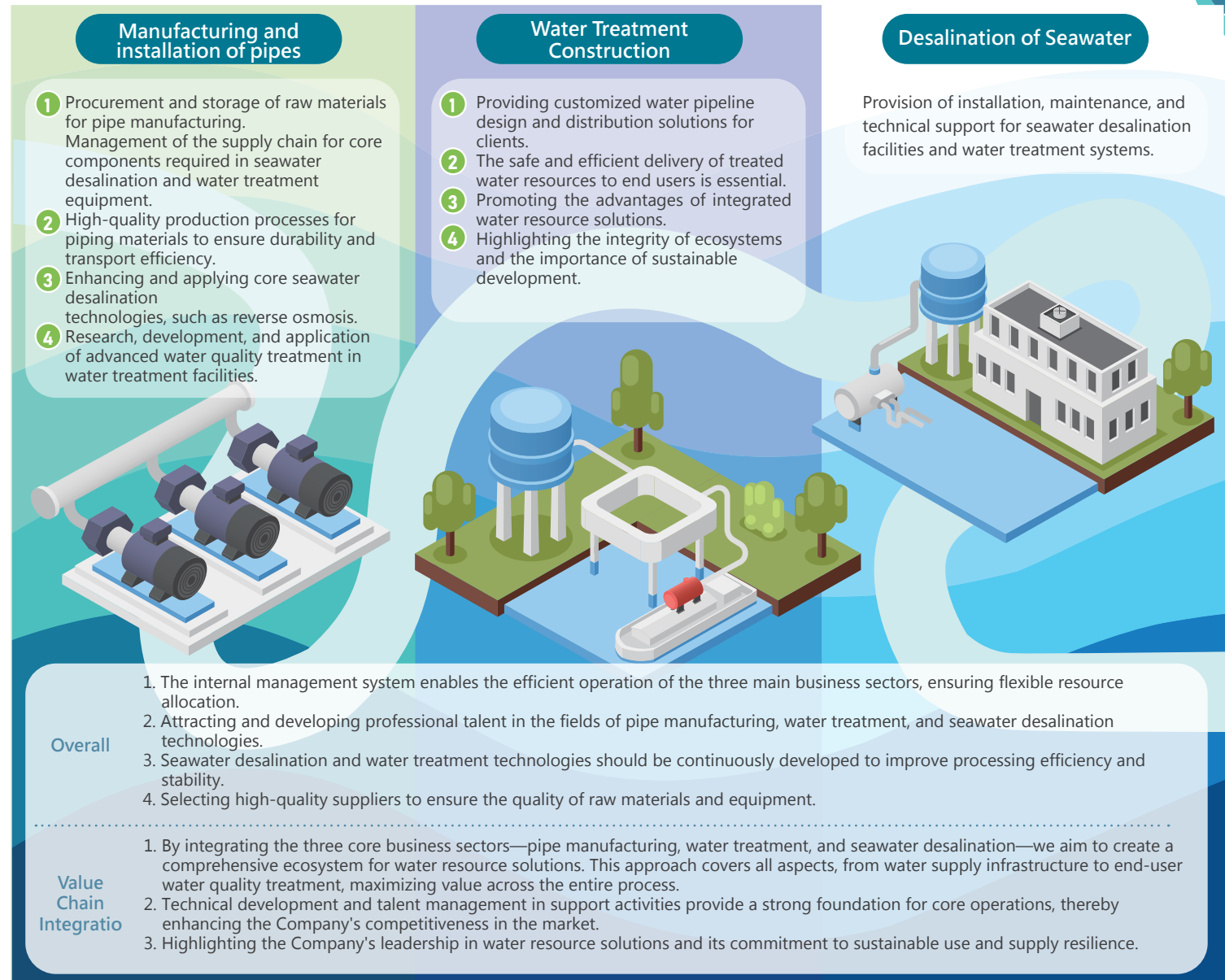


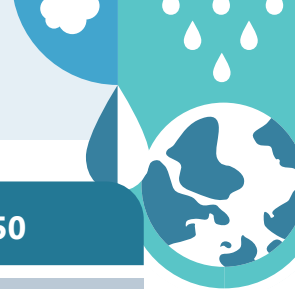


## Sustainable Value Chain

As a leading water treatment engineering company, Kuo Toong is engaged in three highly interrelated business areas: pipe manufacturing, water treatment, and seawater desalination. By leveraging our manufacturing expertise in Ductile Iron Pipes (DIP) and Coated Steel Pipes (SP) for water transportation, we provide comprehensive water resource solutions encompassing sediment removal, pipeline conveyance, water purification, seawater desalination, and wastewater recycling. This integrated approach supports the sustainable use and resilient supply of water resources.

Our Company's high-quality pipes play a vital role in water treatment and seawater desalination facilities, ensuring the efficient and safe delivery of desalinated water to end users. Kuo Toong's advanced water treatment technology and seawater desalination operations carefully process desalinated seawater to meet drinking and industrial water quality standards. This is a prime example of our water treatment capabilities.

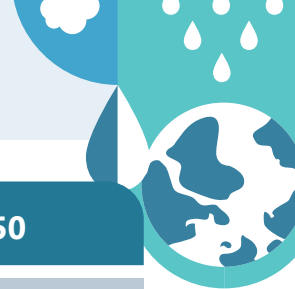




| Sustainable development strategy                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Short-term 2025-2028                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | Mid-term 2030                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Long-term 2050                                                                                                                                                            |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>G: Establish an efficient and transparent management system to promote comprehensive corporate governance.</p> <p><b>1.Ethics and Integrity in Business Operations</b></p> <ul style="list-style-type: none"> <li>♦ Strictly comply to government regulations and labor standards to ensure legal and compliant operations.</li> <li>♦ Prohibit environmentally and socially harmful procurement practices while strengthening supply chain management.</li> <li>♦ We conduct courses on legal compliance and information security, covering topics such as integrity in business operations and personal data management. These courses aim to strengthen compliance awareness and enhance information security consciousness.</li> </ul> <p><b>2.Efficient and Transparent Management Mechanism</b></p> <ul style="list-style-type: none"> <li>♦ Continuously optimize corporate governance to ensure efficient and transparent decision-making operations.</li> <li>♦ Enhance internal review processes and improve information disclosure to maintain and strengthen stakeholder trust.</li> <li>♦ Systematically manage risks and opportunities while actively responding to the impacts of climate change.</li> </ul> | <p><b>Ethics and Integrity in Business Operations</b></p> <ol style="list-style-type: none"> <li>(1) 100% of suppliers have signed the Supplier Integrity and Anti-Corruption Commitment Letter</li> <li>(2) The completion rate for colleagues' integrity management training is 90%</li> <li>(3) Each director is required to complete six hours of training or fulfill regulatory requirements</li> <li>(4) Four information security training sessions were conducted to continuously reinforce employee education and awareness, thereby enhancing overall information security consciousness</li> </ol> <p><b>Efficient and Transparent Management Mechanism</b></p> <ol style="list-style-type: none"> <li>(1) An annual corporate sustainability report is published, outlining ESG performance and future goals.</li> <li>(2) Conducting regular annual risk assessments</li> </ol> | <p><b>Ethics and Integrity in Business Operations</b></p> <ol style="list-style-type: none"> <li>(1) 100% of suppliers have signed the Supplier Integrity and Anti-Corruption Commitment Letter</li> <li>(2) The completion rate for colleagues' integrity management training is 100%</li> </ol> <p><b>Efficient and Transparent Management Mechanism</b></p> <ol style="list-style-type: none"> <li>(1) Ensure that the Board of Directors undergoes an annual performance evaluation. In future, external experts will conduct evaluations every three years, and a policy will be implemented to align the performance of directors and managers with sustainability outcomes.</li> <li>(2) Enhancing the Company's governance evaluation standards</li> </ol> | <p>Continuously strengthen corporate governance, improve information transparency, and uphold the rights of shareholders and stakeholders with respect and integrity.</p> |



| Sustainable development strategy                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | Short-term 2025-2028                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | Mid-term 2030                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Long-term 2050                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>E: Promote sustainable resource use and environmental sustainability in order to achieve a low-carbon circular economy.</p> <p><b>1. Carbon Reduction and Circular Economy</b></p> <ul style="list-style-type: none"> <li>The innovative use of low-carbon construction methods aims to strengthen the resilience and sustainability of the supply chain.</li> <li>Introducing smart technology and digitalization to construction project management enhances resource utilization efficiency.</li> <li>Minimize resource and energy consumption while maximizing the recyclability and reuse of products.</li> </ul> <p><b>2. Pollution Prevention and Resource Management</b></p> <ul style="list-style-type: none"> <li>Minimize the emissions of pollutants, toxic substances, and waste, while ensuring proper waste disposal management.</li> <li>To prevent pollution of water, air, and land, the most effective pollution control technologies should be utilized.</li> </ul> <p><b>3. Ecological Protection and Environmentally Friendly Actions</b></p> <ul style="list-style-type: none"> <li>Promote sustainable procurement practices and create an environmentally friendly supply chain.</li> <li>Support initiatives that promote afforestation, reduce carbon emissions, conserve the marine environment, and protect land.</li> </ul> | <p><b>Energy Conservation, Carbon Reduction, and Circular Economy</b></p> <ol style="list-style-type: none"> <li>Unit energy consumption (kWh/metric ton) decreased by 0.5% per year.</li> <li>Annual water consumption decreased by 1%.</li> <li>The defect rate of the product has been reduced to 3%.</li> <li>The factory's original mercury lamps have been replaced by LED fixtures.</li> </ol> <p><b>Pollution Prevention and Resource Management</b></p> <ol style="list-style-type: none"> <li>Reduce waste and emissions to create a low-carbon environment</li> <li>Make sure that all waste disposal practices comply with environmental regulations.</li> <li>Waste generation has been reduced by 0.5% annually</li> </ol> <p><b>Ecological Protection and Environmentally Friendly Actions</b></p> <ol style="list-style-type: none"> <li>Ensure that at least 70% of all raw material and product procurement is sourced from environmentally responsible suppliers.</li> <li>Integrate biodiversity and natural habitat conservation considerations into the planning and operation of water treatment facilities and construction projects.</li> </ol> | <p><b>Energy Conservation, Carbon Reduction, and Circular Economy</b></p> <ol style="list-style-type: none"> <li>Unit energy consumption (kWh/metric ton) decreased by 0.5% per year.</li> <li>Annual water consumption decreased by 1%.</li> <li>The product defect rate is maintained at less than 3%.</li> </ol> <p><b>Ecological Protection and Environmentally Friendly Actions</b></p> <ol style="list-style-type: none"> <li>Ensure that at least 80% of all raw material and product procurement is sourced from environmentally responsible suppliers.</li> </ol> <p><b>Environmentally Friendly Actions</b></p> <ol style="list-style-type: none"> <li>Product carbon pricing plan</li> </ol> | <p><b>Carbon Reduction and Circular Economy</b></p> <ol style="list-style-type: none"> <li>Comprehensive reconfiguration and renovation of the entire plant's production process layout</li> <li>Advancing toward carbon neutrality to achieve net-zero emissions</li> </ol> <p><b>Ecological Protection and Environmentally Friendly Actions</b></p> <ol style="list-style-type: none"> <li>Join the RE100 (International Renewable Energy Initiative)</li> </ol> |



| Sustainable development strategy                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Short-term 2025-2028                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Mid-term 2030                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Long-term 2050                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>S: Cultivate top talent, promote employee well-being, and actively respond to social needs.</p> <p><b>1. Health and Safety</b></p> <ul style="list-style-type: none"> <li>◆ To provide a safe and healthy working environment.</li> <li>◆ Continuously improve the working environment and sanitary conditions to reduce the risk of occupational hazards.</li> <li>◆ Ensure employees have access to the necessary health and first aid equipment.</li> </ul> <p><b>2. Talent Development and Employee Well-Being</b></p> <ul style="list-style-type: none"> <li>◆ Promote a diverse workplace culture that respects and embraces differences.</li> <li>◆ Provide health check-ups and diverse benefits to create a happy and fulfilling work environment.</li> </ul> <p><b>3. A Fair and Inclusive Work Environment</b></p> <ul style="list-style-type: none"> <li>◆ Provide equal employment opportunities without discrimination based on gender, race, age, religion, or other differences.</li> <li>◆ Respect human rights in the workplace, eliminate child labor and forced labor, and foster harmonious labor-management relations.</li> </ul> <p><b>4. Social Welfare and Community Contributions</b></p> <ul style="list-style-type: none"> <li>◆ Leverage local economic resources to address housing challenges faced by rural and underprivileged families.</li> </ul> | <p><b>Health and Safety:</b></p> <ol style="list-style-type: none"> <li>(1) 0 major occupational safety incidents</li> <li>(2) The Company conducted four internal health seminars</li> <li>(3) Annual employee family day event</li> </ol> <p><b>Talent Development, Retention, and Growth, and Employee Well-being:</b></p> <ol style="list-style-type: none"> <li>(1) Turnover Rate &lt; 30%</li> </ol> <p><b>A Fair and Inclusive Work Environment</b></p> <ol style="list-style-type: none"> <li>(1) Provide equal employment opportunities, ensuring that the number of employees with disabilities and from indigenous communities exceeds regulatory requirements.</li> <li>(2) No child labor</li> <li>(3) Human rights and gender equality education reached &gt; 240 minutes</li> </ol> <p><b>Social Welfare and Community Contributions</b></p> <ol style="list-style-type: none"> <li>(1) In partnership with World Vision, we support the education of 20 children</li> <li>(2) The seawater desalination plant received certification for its environmental education facility. This certification improves awareness of the importance of water resources through educational initiatives.</li> </ol> | <p><b>Health and Safety:</b></p> <ol style="list-style-type: none"> <li>(1) 0 major occupational safety incidents</li> <li>(2) The Company conducted five internal health seminars</li> </ol> <p><b>Talent Development, Retention, and Growth, and Employee Well-being:</b></p> <ol style="list-style-type: none"> <li>(1) Turnover Rate &lt; 20%</li> </ol> <p><b>A Fair and Inclusive Work Environment</b></p> <ol style="list-style-type: none"> <li>(1) Provide equal employment opportunities, ensuring that the number of employees with disabilities and from indigenous communities exceeds regulatory requirements.</li> <li>(2) No child labor</li> <li>(3) Human rights and gender equality education reached &gt; 240 minutes</li> </ol> <p><b>Social Welfare and Community Contributions</b></p> <ol style="list-style-type: none"> <li>(1) In partnership with World Vision, we support the education of 20 children</li> <li>(2) Long-term volunteer program for social welfare and community contribution</li> </ol> | <p><b>Health and Safety:</b></p> <ol style="list-style-type: none"> <li>(1) 0 major occupational safety incidents</li> <li>(2) The Company conducted five internal health seminars</li> </ol> <p><b>Talent Development, Retention, and Growth, and Employee Well-being:</b></p> <ol style="list-style-type: none"> <li>(1) Turnover Rate &lt; 10%</li> </ol> <p><b>A Fair and Inclusive Work Environment</b></p> <ol style="list-style-type: none"> <li>(1) Provide equal employment opportunities, ensuring that the number of employees with disabilities and from indigenous communities exceeds regulatory requirements</li> <li>(2) No child labor</li> <li>(3) Human rights and gender equality education reached &gt; 240 minutes</li> </ol> <p><b>Social Welfare and Community Contributions</b></p> <ol style="list-style-type: none"> <li>(1) In partnership with World Vision, we support over 20 sponsored children's education</li> <li>(2) The long-term volunteer program for social welfare and community contribution encourages colleagues to support disadvantaged groups in various ways. It also extends the scope of Family Day activities to social welfare organizations.</li> </ol> |





## Stakeholder Engagement Stakeholders and Material Topics

Kuo Toong complies with the AA1000 Stakeholder Engagement Standards, which outlines six primary categories of stakeholders. The Company effectively manages sustainability issues and evaluates the significant impacts of various sustainability topics on its operations through the three stages of collection, identification, and analysis. We continuously review and discuss sustainability issues through the assessment of our products' operational activities and the surrounding environment. We consider the level of concern expressed by key stakeholders when making decisions. We regularly update the impact analysis of various sustainability issues and use the results to formulate policies, management guidelines, and objectives. This process promotes sustainable development at Kuo Toong and helps us meet stakeholder expectations.



### Step 1 Identification of Important Stakeholders

The key department heads of the Kuo Toong conducted a stakeholder assessment in reference to the five characteristics of the AA1000 Stakeholder Engagement Standards (AA1000 SES): dependency, accountability, influence, diverse perspectives, and concern tension. Senior management subsequently validated this assessment through discussions, identifying six categories of important stakeholders.



### Step 2 Identification and Collection of Sustainability Issues

To understand the concerns and expectations of key stakeholders regarding the Kuo Toong's various sustainability initiatives, we referenced global sustainability trends, such as the United Nations' Sustainable Development Goals (SDGs), national sustainability policies (including the 2050 Net Zero Emissions Policy Pathway Blueprint), and renewable energy development. We also examined sustainability reports from benchmark enterprises, both domestic and international. Since 2021, Kuo Toong has conducted surveys on sustainability issues to identify important topics.

We re-evaluated the results of the materiality surveys conducted from 2021 to 2023 to analyze key sustainability issues during the reporting period. This analysis helps identify emerging trends and monitor the progress of long-term sustainability goals that matter to our stakeholders. Throughout this period, Kuo Toong has engaged with stakeholders via various communication channels to understand and address their suggestions. At the same time, the Kuo Toong Sustainability Development Committee has been actively implementing sustainability strategies and commitments.

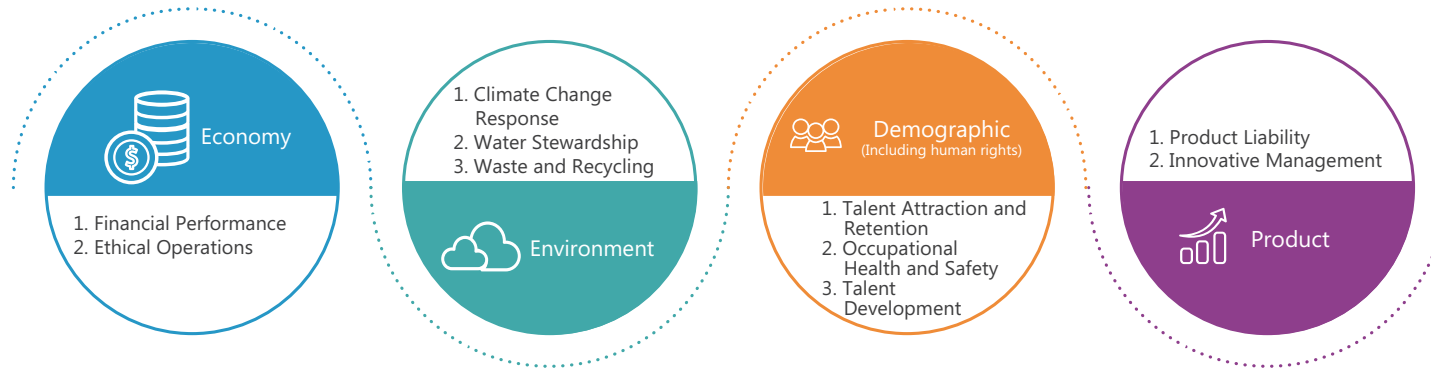


### Step 3 Analysis of Key Sustainability Issues

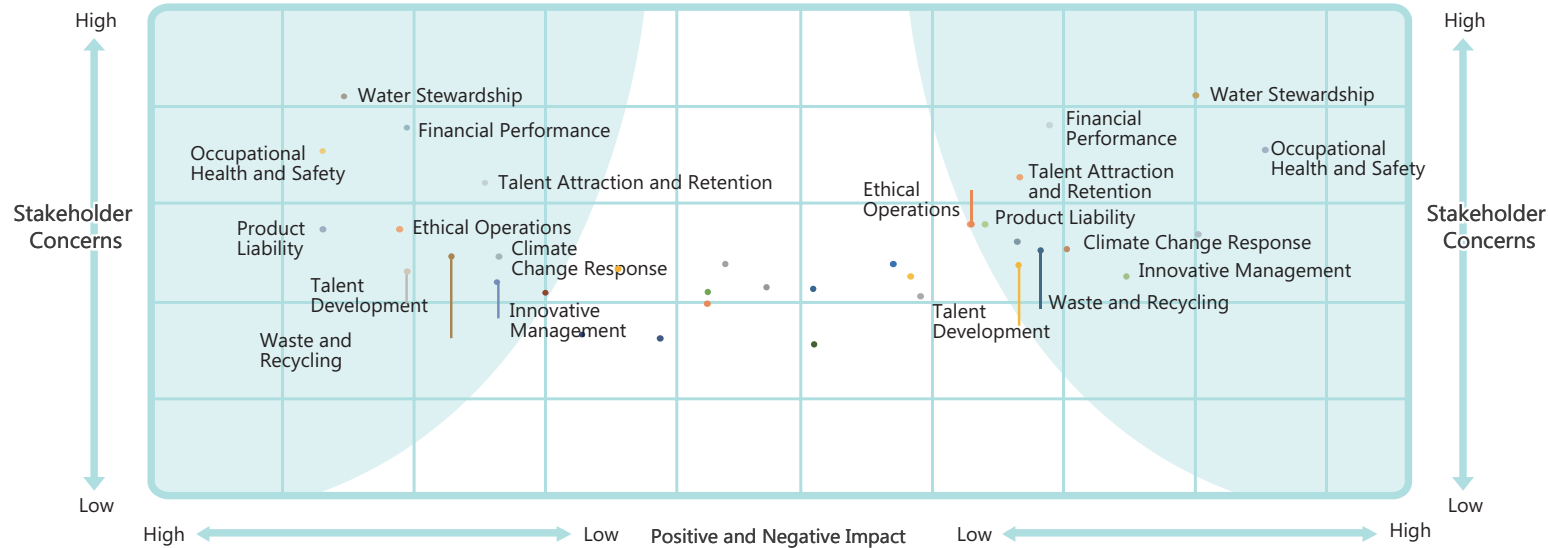
To understand stakeholders' key concerns regarding sustainability issues, Kuo Toong analyzed the "Kuo Toong Stakeholder Sustainability Issues Survey" questionnaire, which was distributed to stakeholders over the past three years. The analysis considers the level of concern among stakeholder groups regarding these issues, as well as the degree of positive and negative impact, to identify significant issues affecting stakeholders. Based on the analysis of the significant issues mentioned above, senior management will conduct evaluations and make decisions to identify the 10 most important sustainability topics for the 2024 Kuo Toong Sustainability Report.



## List of Material Topics



## Positive and Negative Impact Matrix of Material Topics (To be redesigned by the graphic design team)





## Channels and Frequency of Stakeholder Communication

Kuo Toong effectively communicates and interacts with stakeholders through various channels, taking a transparent approach to regularly promoting its business activities. Kuo Toong continuously assesses and adjusts its strategies and directions concerning sustainable operations through stakeholder feedback and active participation. The Company incorporates the concerns and expectations of its stakeholders into this process, working together to develop and implement a blueprint for sustainable development. The communication channels with key stakeholders in 2024 are summarized in the table below:

| Key Stakeholders                                                                                                  | Significance of Kuo Toong                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Channels                                                                 | Frequency                      | Explanation of 2024                                                                                      |
|-------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------|--------------------------------|----------------------------------------------------------------------------------------------------------|
| <br><b>Customers</b>             | The main customers of the services provided by Kuo Toong are Taiwan Water Corporation and water work institutions, which provided relevant services of water resources. The policies and needs of the target customer are the important measurement aspects of Kuo Toong in promoting its business strategy. Therefore, continuing to obtain two-way communication and cooperation through various engagement channels is an important factor in satisfying customer service and creating operational value. | ■ Visiting, Con-call                                                     | ■ Ad-hoc                       | ■ Achieved at least one new customer per quarter in 2024.                                                |
|                                                                                                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | ■ Email                                                                  | ■ Anytime                      | ■ The customer satisfaction survey had reached a score of 91 in 2024                                     |
|                                                                                                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | ■ Project meeting                                                        | ■ Ad-hoc                       | ■ Hold a project meeting in response to the needs of new projects, and handle its affairs.               |
|                                                                                                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | ■ Customer Satisfaction Survey                                           | ■ Every Year                   | ■ Conduct annual surveys to understand the status of customers, as a reference for next year's business. |
| <br><b>Competent Authorities</b> | Under the climate change circumstances, water resources management is an extremely important environmental issue and a key project of government governance. Therefore, fully communicating with the competent authorities, cooperating with national policy promotion, and undertaking government public constructions are also the achievements of Kuo Toong to demonstrate the value of sustainable development.                                                                                          | ■ Coordination Organization Meeting                                      | ■ Before Start of Construction | ■ Discussion on occupational safety and project overview.                                                |
|                                                                                                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | ■ Construction Meeting                                                   | ■ Ad-hoc                       | ■ Coordination of construction operations based on project progress.                                     |
|                                                                                                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | ■ Competent Authorities Inspection                                       | ■ Ad-hoc                       | ■ Inspection of project execution status and project quality.                                            |
|                                                                                                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | ■ Construction Inspection                                                | ■ Ad-hoc                       | ■ Evaluation of project execution performance                                                            |
| <br><b>Employees</b>           | Comprehensive manpower recruitment, talent retention and cultivation are the key for Kuo Toong to provide stable service quality. It is the direction of our continuous efforts to provide employees with remuneration and benefits that meet the quality of life in the place of operating locations.                                                                                                                                                                                                       | ■ Occupational Health and Safety Committee                               | ■ Every Quarter                | ■ Held 4 meetings in 2024.                                                                               |
|                                                                                                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | ■ Labor-Management Meeting                                               | ■ Every Quarter                | ■ Held 4 meetings in 2024.                                                                               |
|                                                                                                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | ■ Employee's Welfare Committee                                           | ■ Every Quarter                | ■ Held 4 meetings in 2024.                                                                               |
|                                                                                                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | ■ Suggestion Box, Sexual Harassment/Workplace Bullying Grievance Mailbox | ■ Anytime                      | ■ No relevant complaints were received this year.                                                        |





| Key Stakeholders                                                                                   | Significance of Kuo Toong                                                                                                                                                                                                                                                                                                                                                                                                                        | Channels                               | Frequency       | Explanation of 2024                                                                                                                                                                                                                            |
|----------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------|-----------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <br>Supplier      | The promotion of sustainable development of supply chain management has become the current trend. Kuo Toong used to focus on quality management in the supply chain management. However, it will gradually implement the supplier's code of conduct and sustainable promotion from the process of upstream and downstream coordination to reduce the risks faced by sustainable development in the future.                                       | ■ New Supplier Evaluation              | ■ Ad-hoc        | ■ The verification and audit of new materials and alternative materials are required to attach hazardous substance reports.                                                                                                                    |
|                                                                                                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                  | ■ Supplier Audit                       | ■ Every Year    | ■ A targeted audit was conducted on first-tier raw material suppliers. In 2024, six manufacturers were randomly selected for inspection, and the results confirmed that all will continue to be sourced.                                       |
|                                                                                                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                  | ■ Environmental Safety Risk Assessment | ■ Ad-hoc        | ■ Conduct safety and health, and environmental protection matters assessment for suppliers involved in on-site construction or services, all passed in 2024.                                                                                   |
| <br>Bank          | International ESG evaluations and initiatives emphasize that the financial industry must incorporate ESG into its operation decisions of investment and lending. Therefore, banks have begun to require enterprises to perform in sustainable development, and continuously communication with financial institutions to understand their sustainable finance policies. This will be a crucial consideration in the future when seeking funding. | ■ Phone Call/Email                     | ■ Ad-hoc        | ■ The promotion of the "Sustainability-Linked Loan" has been approved, which establishes a connection between credit conditions and sustainability-related indicators. If the verification indicators are met, interest rates will be reduced. |
|                                                                                                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                  | ■ Visiting by Bank Executives          | ■ Ad-hoc        | ■ To understand the greenhouse gas reduction measures, Kuo Toong has conducted annual audits and certification procedures with third-party professional organizations since 2022                                                               |
| <br>Shareholder | Responsible investment is gradually being valued. Sustainable management and information transparency are also the focus of Kuo Toong's development at this stage. We continue to communicate with investors about Kuo Toong's actions in the process of promoting corporate governance and operating strategies, so as to meet investors' expectations for incorporating ESG into investment decisions.                                         | ■ Hold Annual General Meeting          | ■ Every Year    | ■ Regularly hold shareholders' meetings every year according to the Company Act and the Articles of Association. The annual shareholders' meeting is scheduled for June 18, 2024.                                                              |
|                                                                                                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                  | ■ Hold the Board Meeting               | ■ Every Quarter | ■ Regularly hold the Board meetings every quarter, and hold additional board meetings according to the actual needs. In 2024, a total of 6 board meetings were held                                                                            |
|                                                                                                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                  | ■ Annual Report                        | ■ Every Year    | ■ Disclose information consistently regarding financial matters, business operations, and corporate governance.                                                                                                                                |
|                                                                                                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                  | ■ Earnings Call                        | ■ Every Year    | ■ In 2024, two earnings call were held, with video links uploaded to provide investors with updates on the Company's operational performance.                                                                                                  |



# 2024 ESG Report of KUO TOONG

## About Kuo Toong

### 1

- |                              |    |
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| 1.1 Corporate Overview       | 15 |
| 1.2 Main Business Activities | 19 |
| 1.3 Operational Overview     | 27 |



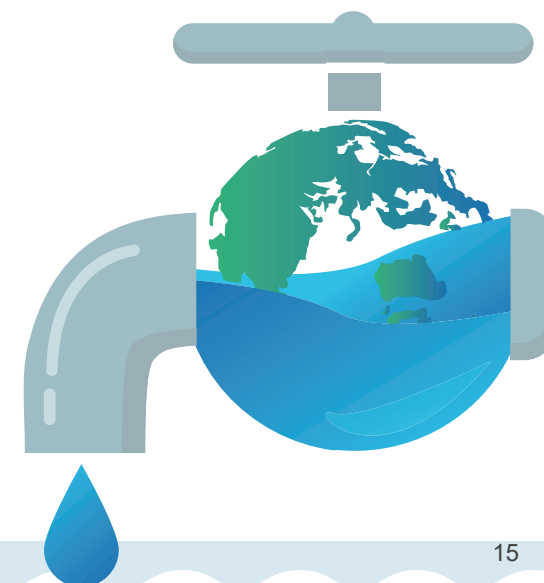


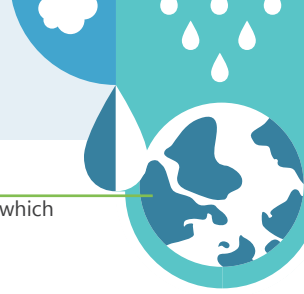
## 1.1 Sustainable Governance

|                     |                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|---------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Company Name        | Kuo Toong International Co., Ltd.                                                                                                                                                                                                                                                                                                                                                                                                       |
| Establishment Date  | 1978/07/15                                                                                                                                                                                                                                                                                                                                                                                                                              |
| Date of Listing     | 2002/09/09                                                                                                                                                                                                                                                                                                                                                                                                                              |
| Stock No.           | 8936                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| Type                | Other Industries                                                                                                                                                                                                                                                                                                                                                                                                                        |
| Address             | No. 400, Mazu Rd., Xinyuan Township, Pingtung County                                                                                                                                                                                                                                                                                                                                                                                    |
| Location            | Taiwan                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| Chairman            | Hong, Ya-Man                                                                                                                                                                                                                                                                                                                                                                                                                            |
| General Manager     | Hong, Ya-Man                                                                                                                                                                                                                                                                                                                                                                                                                            |
| Capital             | NT\$2.487 billion (as of December 31, 2024)                                                                                                                                                                                                                                                                                                                                                                                             |
| Revenue             | NT\$5.245 billion (2024)                                                                                                                                                                                                                                                                                                                                                                                                                |
| Number of Employees | Total of 470 employees (as of December 31, 2024)                                                                                                                                                                                                                                                                                                                                                                                        |
| Main Business       | <ol style="list-style-type: none"> <li>1. Manufacture and sale of large size prestressed concrete pipes, steel pipes, ductile iron pipes.</li> <li>2. Installation of water pipes, including open cut, jacking method, shield pipelines and tunneling pipelines constructions.</li> <li>3. Establishment and operation of seawater desalination, water purification plant, sewage treatment plant and water recycling plant.</li> </ol> |

### Company History

Kuo Toong International Co., Ltd., established in 1978, initially focused on the design, manufacturing, and assembly of large-diameter water distribution pipelines. Its core product offerings include two main categories: steel pipe products and ductile iron pipes. Over the years, the Company has expanded its capabilities to include pipeline water monitoring and management, trenchless construction, tunnel pipeline engineering, shield tunneling projects, and the development of specialized construction equipment. In addition, Kuo Toong has strategically diversified into the design, construction, and operational management of comprehensive systems for seawater desalination, as well as water and wastewater treatment.





## 1978

Kuo Toong Cement Products Co., Ltd was established, engaged in the design, manufacture and assembly of concrete products, etc., with a capital of NT\$ 2 million dollars.

## 1979

Build a factory by purchase land in Xinyuan and officially produced prestressed concrete non-cylinder pipes and fittings of coated steel pipes for water service (SP accessory ).

## 1981

Obtain the necessary qualifications to become a plumbing contractor and officially begin producing Reinforced Concrete Pipes (RCPs), Jointed Concrete Pipes (JCPs), and Steel Jointed Concrete Pipes (SJCPs) for sewer construction methods.

## 1998

Passed ISO 9002 International Quality Assurance by Bureau of Standards, Metrology and Inspection, MOEA

## 1999

Changed the Company's name into "Kuo Toong International Co., Ltd."

## 2002

The stock was officially listed on the Taipei Exchange.

## 2004

Set up the first private seawater desalination plant in Penghu.

## 2005

Invested in Hsiyu Seawater Desalination Co., Ltd., whose main business are water operator and piping engineering etc.

## 2008

The joint venture Xinjiang Kuo Toong Pipeline Co., Ltd., was officially listed on the A-share market (code: 002205) in Shenzhen in December.

## 2009

Participated in the "Promote Private Participation in the Construction and Operation Transfer Plan of Toufen, Miaoli County (including Toufen Interchange of Expressway) sewage sewer system" of Miaoli government. Also invested in Kuo Yang Environment Technology Co., Ltd., whose main business are construction of Toufen sewage sewer system and its subsequent operation and maintenance. Officially produced the ductile iron pipes (DIP).

## 2014

Prepared subsidiary's establishment of Fujian Taiming Cast Pipe Technology Co., Ltd. which specialize in Ductile Iron Pipes development in China.

## 2017

Used the world's first elephant trunk diversion steel pipe method on "Zengwen Reservoir Anti-silt tunnel project" and received the Public Construction Prime Quality Awards by Ministry of Economic Affairs.

## 2018

"Dashu Section Second Pipeline Project of Nanhua Gaoping Leveling Pipeline" was received the Excellent Construction Award by Water Resources Agency.

## 2019

"Kinmen Seawater Desalination Plant Improvement and Expansion Project" was received the Excellent Construction Award by Water Resources Agency.

## 2021

To meet the water shortage in Taiwan, Kuo Toong joined drought-resistant national team to complete Hsinchu emergency seawater desalination 3,000 CMD unit and Taichung construction site of emergency groundwater well treatment project.

Kuo Toong and its subsidiary "Kuo Yang Environment Technology Co., Ltd. "won the Private Team Award and Charity Award of "The 19th Golden Thumb Awards For PPP."

## 2022

Obtained the "Zengwen River Tidal Reach Water Resources Utilization Modeling Plant Construction Project" and engaged in government-led water source development initiatives.

## 2023

The "Zengwen Nanhua Interconnected Pipeline Project, Section A2" was awarded the Excellent Engineering Golden Safety Award by the Ministry of Labor.

The "Zengwen Nanhua Interconnected Pipeline Project, Section A2" received the Special Excellence Award from the Chinese Taipei Society for Trenchless Technology.

The "Taichung City Futian Water Resource Recycling Center Effluent Water Recycling Project" was awarded the Excellence Award by the Chinese Taipei Society for Trenchless Technology.

## 2024

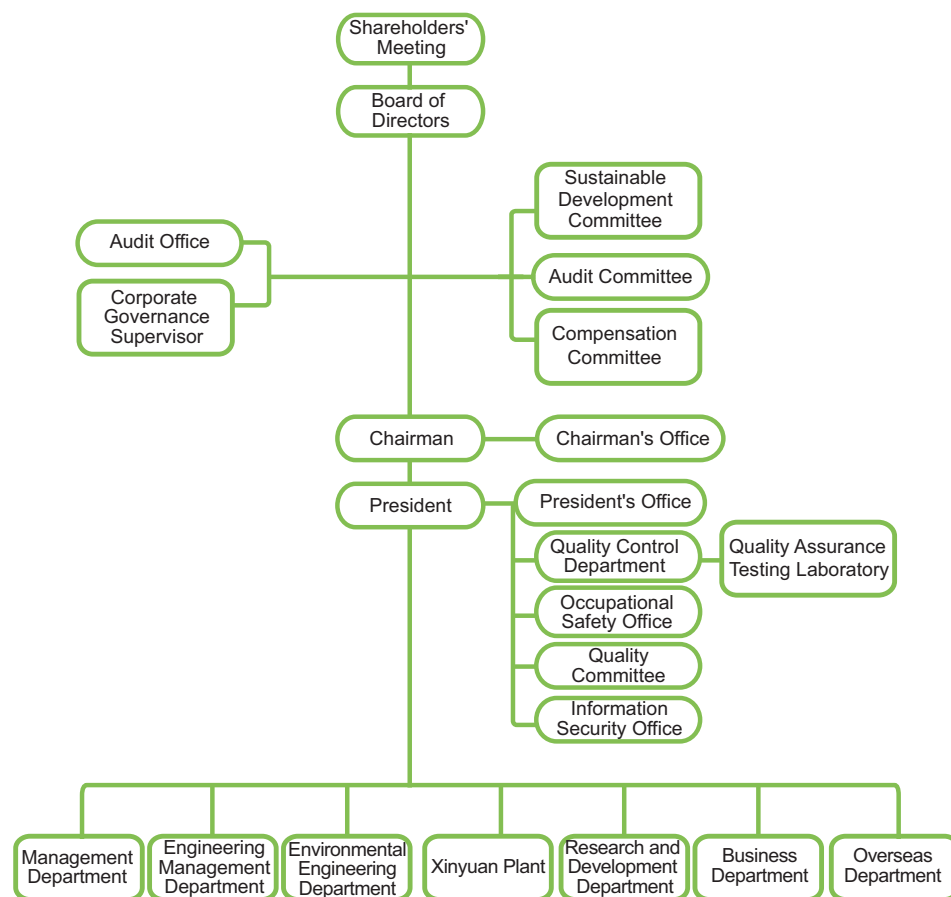
Obtain the contract for the "Tainan Seawater Desalination Plant Turnkey Project (Phase I) and Operation and Maintenance Services."

The Zengwen Nanhua Interconnected Pipeline Project, Section A2 has been awarded the 2024 "Public Construction Quality Award" by the Ministry of Economic Affairs.

The Zengwen Nanhua Interconnected Pipeline Project, Section A2 has been awarded the 24th Golden Quality Award from the Public Construction Commission of the Executive Yuan

## Organizational Structure and Responsibilities

Kuo Toong possesses a comprehensive operating structure which divides the rights and responsibilities very clearly of organizations. The Board of Directors make business decisions of the Company, and the general manager is responsible for managing the overall execution. The subordinates are subdivided into different departments and arrange senior executives to supervise daily operations for implementing the decentralized management and dedicated assignment.



| Department                                                                                                     | Responsibilities                                                                                                                                                                                    |
|----------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <br>Chairman's Office       | Formulate the Company's operating philosophy, strategy, and goal                                                                                                                                    |
|                                                                                                                | Approval and supervision of investment business                                                                                                                                                     |
|                                                                                                                | Planning and supervising various operations of corporate governance                                                                                                                                 |
|                                                                                                                | Maintain public relations and corporate image                                                                                                                                                       |
| <br>President's Office      | Implement the operating goal                                                                                                                                                                        |
|                                                                                                                | Assessment and execution of investment business                                                                                                                                                     |
|                                                                                                                | Assessment, analysis and improvement of Company's operating performance                                                                                                                             |
|                                                                                                                | Implementation of goal management and hierarchical accountability, including rewards and penalties                                                                                                  |
|                                                                                                                | Supervise the execution of Company's quality, environmental safety and health plans                                                                                                                 |
| <br>Audit Office            | Formulate information security policies and implementation plans                                                                                                                                    |
|                                                                                                                | Planning, execution and improvement of auditing internal control system                                                                                                                             |
|                                                                                                                | Ensure all operations comply with the laws and Company's interior regulations and assist in improving operational performance                                                                       |
|                                                                                                                | General administrative affairs                                                                                                                                                                      |
| <br>Management Department | Company-related stock affairs                                                                                                                                                                       |
|                                                                                                                | Operation and discussion of the Audit Committee and the Board of Directors                                                                                                                          |
|                                                                                                                | Comprehensive management of HR regulations, recruitment, compensation, labor and health insurance, organizational development, education and training and labor relations and other related affairs |
|                                                                                                                | Procurement of bulk raw materials and fixed assets and setting contracts to control                                                                                                                 |
|                                                                                                                | Analyze the accounting affairs and manage abnormal operations                                                                                                                                       |
|                                                                                                                | Financial funds division and management                                                                                                                                                             |
|                                                                                                                | Integrate Information system, information security training and maintenance, management and maintenance for machines                                                                                |



Engineering  
Management  
Department

Construction assessment and supervision of undertaking relevant projects

Relevant affairs of construction business development, expansion, planning and construction drawing manual

Comprehensive management of construction quotation, contract, quality, progress, cost, contract out and tender

Cost control and construction quality audit, assessment of various construction methods and account management results

Annual budget assessment and immediate revision  
 A. Project planning and design,  
 B. project cost estimation, and  
 C. project bidding operations are key components of the process.  
 D. Construction management (construction planning, project budgeting, construction methods, scheduling, subcontracting, material procurement, payment review, cost control, construction quality, site management, billing assessment, etc.)



Business  
Department

Collect and analyze market information

Sales development, expansion, and planning

Manage quotation, signing, sale contracts, tracking raw materials and finished product delivery, controlling customer payment methods and accounts receivable

Analysis of market cost, competitiveness and sales cost

Annual budget assessment and immediate revision



Research and  
Development  
Department

Research and development of raw materials, products, production process, methods, production equipment and mechanical equipment

Assist each department to implement research results

Training Company's interior personnel



Xinyuan  
Complex

Product manufacturing control, quality control, production management, raw material purchase control, factory affairs management, access control

Purchase, management, and maintenance of the factory, office and production equipment

Control the labor cost and material cost, formulate and analyze the cost structure

Safety and sanitary protection

ISO system maintenance and improvement

Production line planning improvement



Overseas  
Department

Overseas business development, expansion and planning

International trade business

Control overseas investment business and subsidiaries



Environmental  
Engineering  
Department

Relevant affairs of environmental engineering business development, expansion and planning

Comprehensive management of environmental engineering quotation, contract, purchase, quality, progress, cost, construction, contract out and tender

In charge of water plant's construction maintenance, supervision and monitoring related business

Operate and supervise the seawater desalination plants and sewage treatment plants

Comprehensively manage water affairs design, construction supervision, construction and professional technology development, technology research and development, assessment and execution of introduction and other related development affairs.

Cost control and construction quality audit, assessment of various account management results

Manage and assign on-site personnel





## Participation of Associations and External Organizations

Kuo Toong strengthens understanding of industrial trends, market information, and laws by participating in industry associations to communicate with peers, enhancing cooperation with other organizations to promote service competitiveness and industry influence. Participated associations in 2024 are listed as follows:

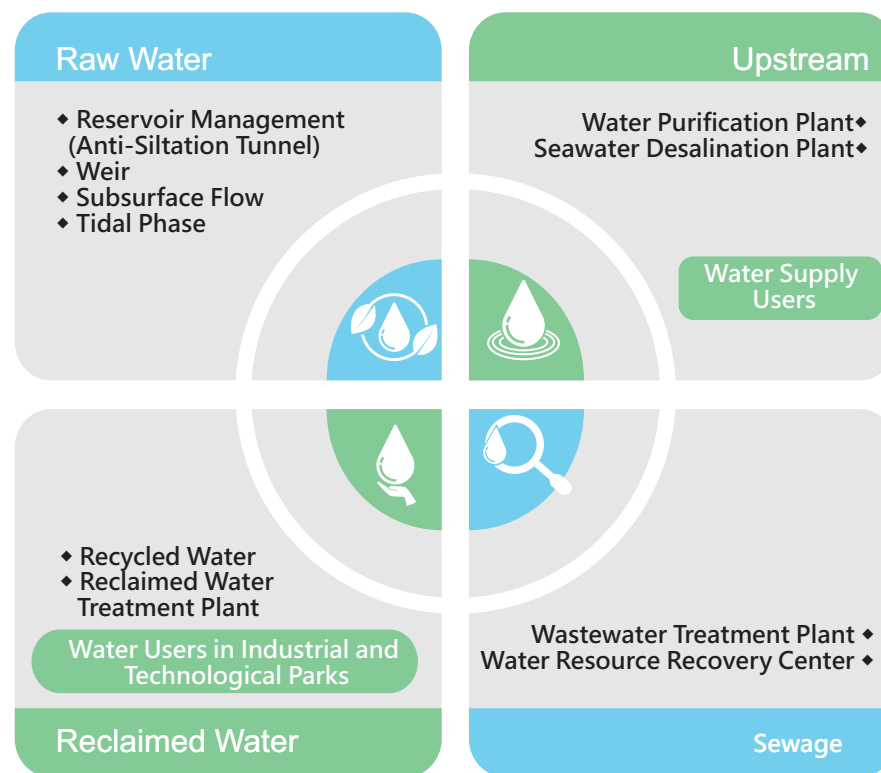
### Association

|                                                                                               |
|-----------------------------------------------------------------------------------------------|
| Taiwan Underground Pipeline Engineering Association                                           |
| Taiwan Water Pipe Engineering Industries Association                                          |
| Taiwan Electrical Contractors Association                                                     |
| Taiwan Environmental Engineering Association                                                  |
| Chinese Taipei Society for Trenchless Technology                                              |
| Taiwan Sewerage Association                                                                   |
| Water Industry Development and Promotion Association                                          |
| Kaohsiung Chamber of Industry                                                                 |
| Taiwan Association of Machinery Industry                                                      |
| Taiwan Foundry Society(SH269)                                                                 |
| Pingtung Chamber of Commerce                                                                  |
| Chinese Taiwan Water Works Association                                                        |
| Northern Taiwan Occupational Safety and Health Promotion Association of Construction Industry |
| Southern Taiwan Occupational Safety and Health Promotion Association of Construction Industry |
| Central Taiwan Occupational Safety and Health Promotion Association of Construction Industry  |
| Water Affairs Organization Taiwan (WAOT)                                                      |

## 1.2 Main Business Activities

### Product and Types of Service

Kuo Toong's products and services span the full spectrum of water resource management, including surface water dredging, water delivery via pipelines, water purification through filtration systems, seawater desalination, wastewater treatment, and reclaimed water recycling. With strong technical expertise, the Company has built a comprehensive industrial framework, playing a vital role in public infrastructure, environmental protection, and economic development. As such, it serves as a key driver of national sustainable development. For information regarding product liability and innovation management, please refer to Section 5. Product Value Section.





## 1. Manufacturing and installation of pipes

Kuo Toong specializes in designing, manufacturing, and selling a wide variety of piping materials, including concrete, ductile iron, and steel pipes. The pipe installation business covers the installation and contracting of water supply systems, hydraulic transport systems, industrial water diversion systems, and sewage and stormwater drainage systems. With strong R&D capabilities in pipe and fitting development and a portfolio of patents, the Company leverages these strengths to execute turnkey pipeline projects—providing both labor and materials—which has helped establish a distinct competitive advantage. At the same time, we are one of the few professional companies in the country with the capability to both manufacture and install large-diameter water transmission and distribution pipes. This allows us to fully leverage our vertically integrated strengths in pipe manufacturing and project execution, delivering comprehensive services. With a comprehensive industrial layout and strong technical capabilities, we have become a key partner in infrastructure development.



Ductile iron products - Type K ductile iron pipe



Ductile iron products - Type U ductile iron pipe



Ductile iron products - Fittings



Ductile iron products - Fittings



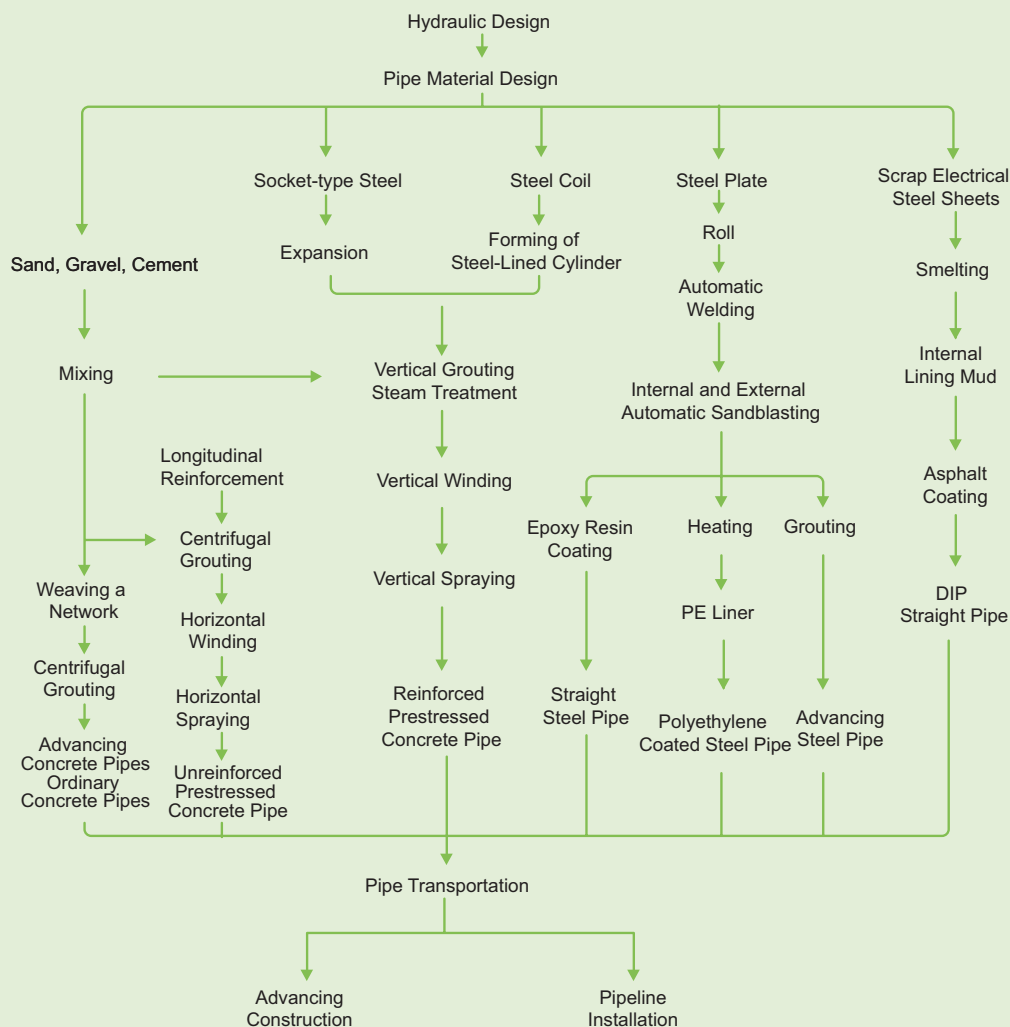
Connector pipe



Pipe fittings



## Pipe Material Manufacturing Process Flowchart



## 2. Water Treatment Construction

As civilization advances, human demands for living conditions have become more stringent, and a well-developed sewage and drainage system has become a crucial benchmark. When assessing national competitiveness, the IMD World Competitiveness Ranking utilizes the "public sewage and drainage coverage rate" as an indicator of "health and environment." Therefore, enhancing the overall sewage treatment rate contributes to elevating the country's image and competitiveness.

Since 1992, the Ministry of the Interior has consistently introduced "Sewage and Drainage Six-Year Construction Plans," to systematically promote the development of public wastewater sewer systems. In July 2020, the Executive Yuan approved the Sixth Phase Construction Plan for 2021 to 2026, which outlines two key strategies: "Continuing the Construction of Public Sewage Systems" and "Establishing Sustainable and Intelligent Systems." The plan aims to systematically and progressively develop a comprehensive, next-generation sewage recycling system. In addition, the Reclaimed Water Promotion Plan for Public Sewage Treatment Plants (2021–2026) will further define the development of reclaimed water systems, with the goal of enhancing the nation's capacity to utilize reclaimed water. By the end of 2026, the number of households connected to the public sewage system is expected to reach 4.07 million, achieving a coverage rate of 46% and an estimated sewage treatment rate of 72%.

Kuo Toong specializes in the design, construction, and operational management of water treatment systems, including those for potable water, wastewater, and reclaimed water. The scope of services includes the construction of water treatment plants, sewage treatment plants, reclaimed water systems, and related pipeline engineering. This encompasses not only the core components of the treatment facilities but also the installation of connecting pipelines and the execution of subsequent operational management.





**Zhunan Toufen Water Resources Recycling Center**



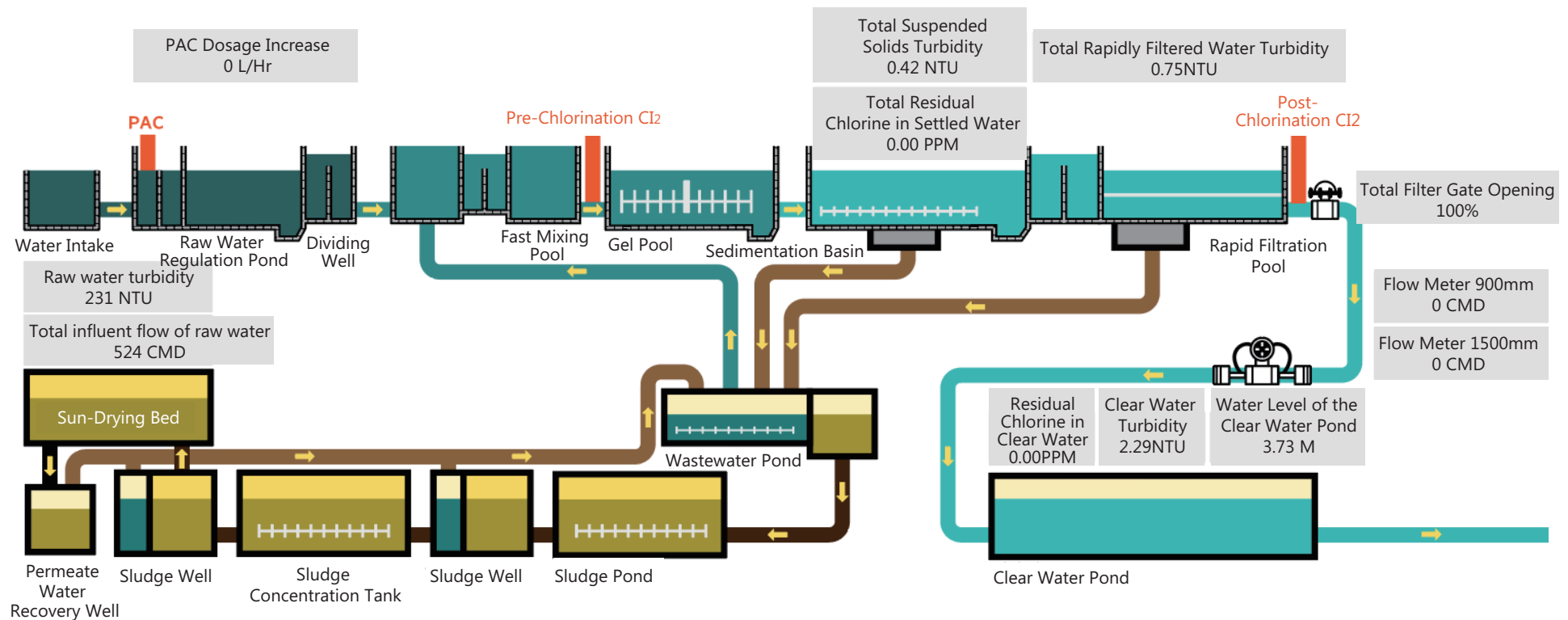
**Zhunan Toufen Water Resources Recycling Center (Secondary Clarifier)**



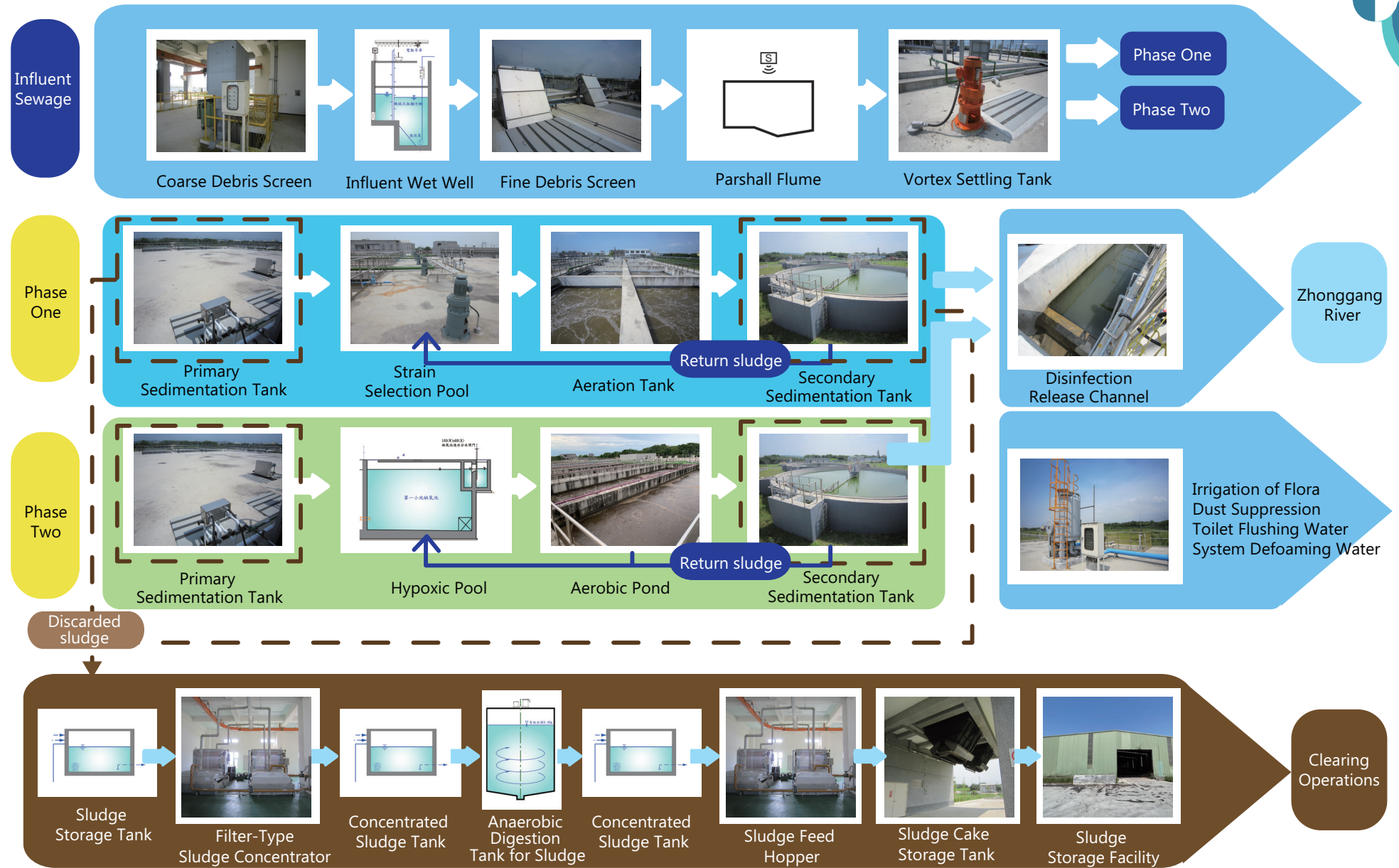
**Houlong Water Resources Recycling Center**



**Houlong Water Resources Recycling Center (Oxidation Ditch)**



▲ **Water Purification Flowchart**



▲ Processing System Flowchart





### 3. Desalination of Seawater

Taiwan's geographical location and climatic conditions result in an uneven distribution of water resources, with some regions experiencing severe shortages, especially during the dry season. Desalination has emerged as a crucial technology for ensuring a stable water supply and addressing the water resource crisis. As climate change intensifies, rainfall patterns shift, and the population grows, the demand for seawater desalination facilities is expected to increase steadily, making them a key strategy for ensuring water supply security.

Kuo Toong brings over 30 years of experience in water supply and distribution pipeline systems. In seawater desalination projects, we manage every critical aspect of intake and discharge pipelines—including route planning, construction methods, pumping systems, and outfall design—while ensuring a balance between operational efficiency and ecological preservation. Our tailored solutions are flexibly adapted to regional water quality and demand. In collaboration with international equipment manufacturers, we have developed proprietary energy-saving technologies that enable low-energy water production. Our process is chemical-free and resistant to scaling, significantly extending the lifespan of RO membranes. By converting seawater into high-quality freshwater, we meet the water needs of industrial, agricultural, and domestic sectors, effectively lowering operational costs and enhancing overall economic value.



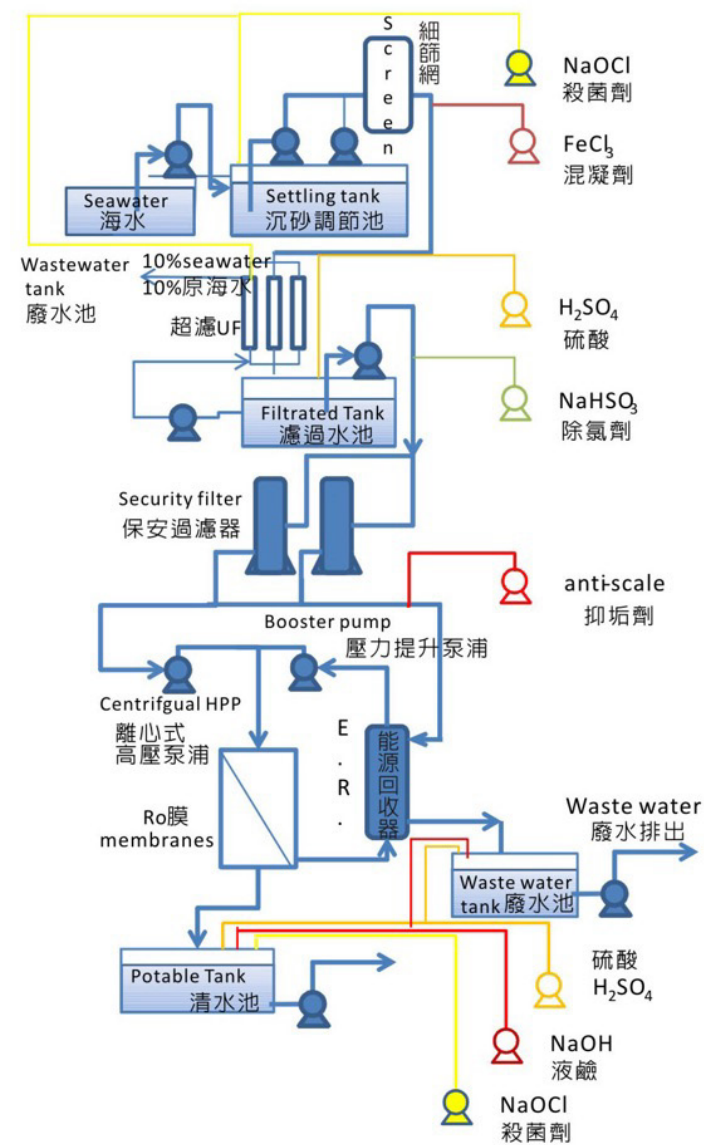
**Magong Plant 2 (4000 CMD) Seawater Desalination Plant**



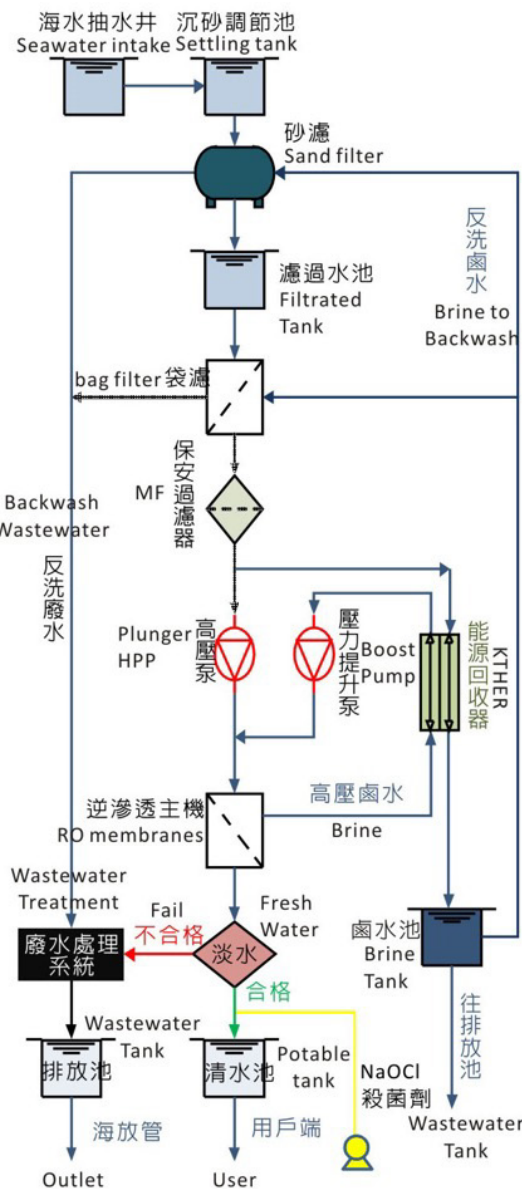
**Project of Tainan Seawater Desalination (Aerial View)**



**Kinmen (4000 CMD) Seawater Desalination Plant**



Desalination Process Flowchart



## Management System

Kuo Toong has implemented the ISO quality management system since 1998 and, in 2019, passed the ISO 9001:2015 certification, valid until June 2025. An update is planned for 2025, with ongoing internal and external ISO 9001 audits to maintain the effectiveness of the management system. This ensures alignment with organizational strategies and fosters continuous improvement to achieve set goals.



▲ ISO 9001 Certification Certificate

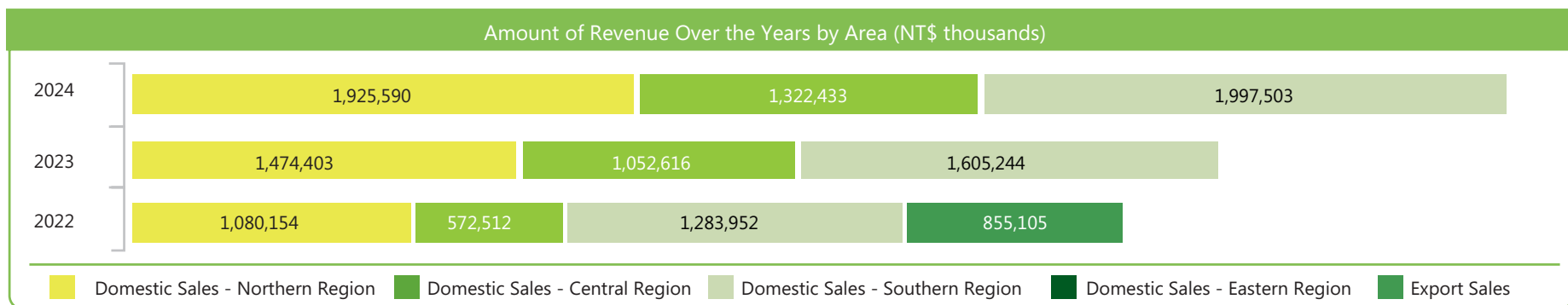
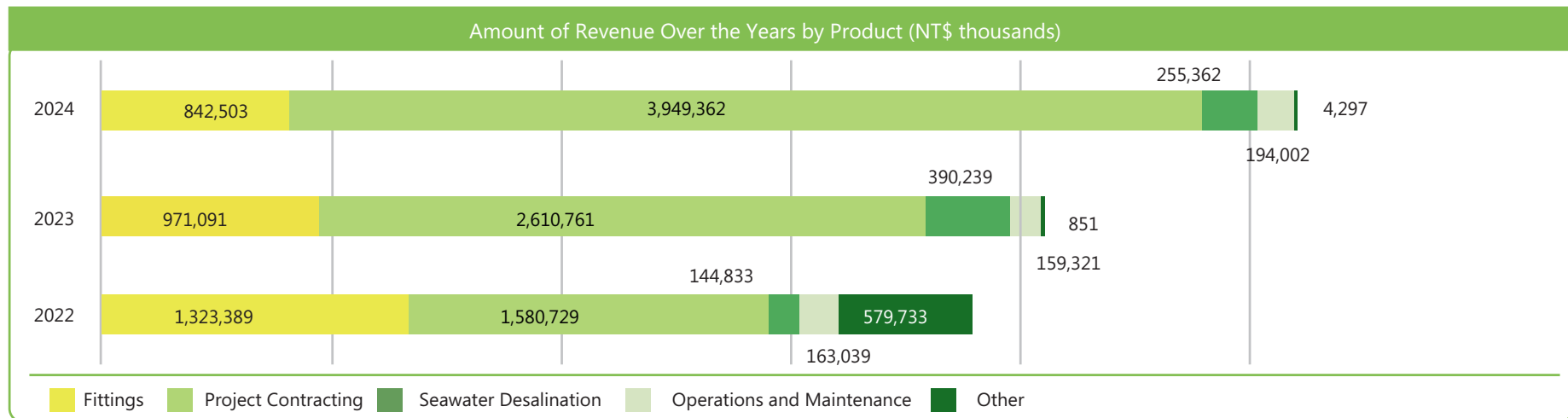




## Sales District

Kuo Toong's primary sales targets are public institutions engaged in water resource construction projects, as well as private contractors and engineering firms. The revenue reported in the consolidated financial statement includes sales from all subsidiaries, which differs from the scope outlined in the sustainability report. Please refer to the section on the scope of disclosure within About this Report for further details.

Starting in 2022, Kuo Toong ceased consolidating its financial statements with its subsidiary, Fujian Taiming Cast Pipe Technology Co., Ltd., due to a reduction in shareholding, as well as the loss of control over Xiamen Guoxin Century Technology Co., Ltd. As a result, these changes have led to a significant decline in sales revenue from mainland China. The revenue figures by region over the years are as follows:





## 1.3 Operational Overview

### Operational Performance

In the area of pipe sales, Kuo Toong secured several major contracts in 2024, including the "Shimen Reservoir to Hsinchu Interconnection Tunnel Connection Project" and the "Civil Engineering and Track Turnkey Project for the KRT Gangshan–Luzhu Extension Line, Contract RKC02." On the project contracting front, we successfully won bids for the "Cross-River Water Discharge Section of the Shimen Reservoir to Hsinchu Interconnection Pipeline Project" and the "Turnkey Project for the Water Supply Pipeline and Receiving Pool of the Hsinchu Seawater Desalination Plant," both part of the Water Resources Agency's "Strings of Pearl" initiative under the Ministry of Economic Affairs. Upon completion, these projects are expected to ensure a stable daily supply of up to 100,000 CMD (cubic meters per day) of desalinated water to three receiving reservoirs in Hsinchu. The water will then be efficiently distributed through the existing Hsinchu Second Water Purification Plant and integrated into the current pipeline network, thereby enhancing the stability of the regional water supply.

In the field of water treatment engineering, Kuo Toong has been awarded the contract for the "Promote Private Participation in the Construction and Operation Transfer Plan of Toufen, Miaoli County sewage sewer system." The Company is primarily responsible for the construction and operation of the sewage system in the Zhunan and Toufen areas of Miaoli

County. The second phase of the Water Resource Recovery Center was completed in 2020 and is currently in operation.

In the area of seawater desalination, Kuo Toong has been actively involved for many years in the construction and commissioned operation of desalination plants in Penghu, Kinmen, and Hsinchu. The Company currently continues to operate three seawater desalination plants in the Penghu and Kinmen regions: the Penghu Xiyu Seawater Desalination Plant, the Magong Plant 2 (4000 CMD) Seawater Desalination Plant, and the Kinmen (4000 CMD) Seawater Desalination Plant. In 2024, in collaboration with BES Engineering, we successfully secured the bid for the largest desalination plant in the country—the Project of Tainan Seawater Desalination (200,000 CMD). This project includes the construction and operational management for the first phase, with an operational management period of 15 years. The daily water production is expected to reach up to 100,000 CMD.

The operational activity disclosure items for Kuo Toong in 2024 are as follows: As of December 31, 2024, Kuo Toong has signed contracts with an unrecognized engineering revenue (total backlog) of approximately NT\$ 16.92 billion.

### Number of Construction Projects Initiated and Completed in the Past Three Years





**Expansion of the Magong 4,000-ton Seawater Desalination Plant (Phase I of the Magong Second Seawater Desalination Plant) - New Construction and Entrusted Operation and Maintenance**

**Improvement and Expansion Project of the Kinmen Seawater Desalination Plant**

**1. Shihmen Dam to Hsinchu Pipeline Tunnel - Road Burial Section Project  
2. Second Phase of the Expansion Project for the Zengwen Water Treatment Plant**



## Financial Performance

In 2024, Kuo Toong's consolidated revenue reached NT\$5.245 billion, reflecting a 26.94% increase from the consolidated revenue of NT\$4.132 billion in 2023. The relevant information on the financial performance of Kuo Toong over the years is as follows:

Unit: NT\$ thousands

|                                  | 2020      | 2021      | 2022      | 2023      | 2024      |
|----------------------------------|-----------|-----------|-----------|-----------|-----------|
| Revenue                          | 3,708,311 | 4,621,035 | 3,791,723 | 4,132,263 | 5,245,526 |
| Cost                             | 2,866,660 | 3,552,571 | 2,686,939 | 2,563,423 | 3,901,383 |
| Gross Profit                     | 841,651   | 1,068,464 | 1,104,784 | 1,568,840 | 1,344,143 |
| Expense                          | 474,835   | 472,657   | 304,601   | 238,261   | 246,653   |
| Net Profit                       | 366,816   | 595,807   | 800,183   | 1,330,579 | 1,097,490 |
| Non-operating Income and Expense | -149,553  | -104,644  | 30,914    | -226,742  | 32,815    |
| Net Profit Before Tax            | 217,263   | 491,163   | 831,097   | 1,103,837 | 1,130,305 |
| Tax Expense                      | 102,438   | 164,126   | 209,095   | 290,089   | 221,155   |
| Net Profit After Tax             | 114,825   | 327,037   | 622,002   | 813,748   | 909,150   |
| Other Comprehensive Income       | 9,661     | -12,244   | 66,890    | -158,420  | 162,302   |
| Total Comprehensive Income       | 124,486   | 314,793   | 688,892   | 655,328   | 1,071,452 |
| Earnings Per Share (Basic)       | 0.5       | 1.81      | 2.52      | 2.88      | 3.37      |
| Employee Wages and Benefits      | 426,255   | 468,899   | 366,836   | 331,243   | 377,628   |
| Dividend and Interest Expenses   | 143,181   | 160,208   | 183,232   | 265,136   | 389,430   |



## Customer Service

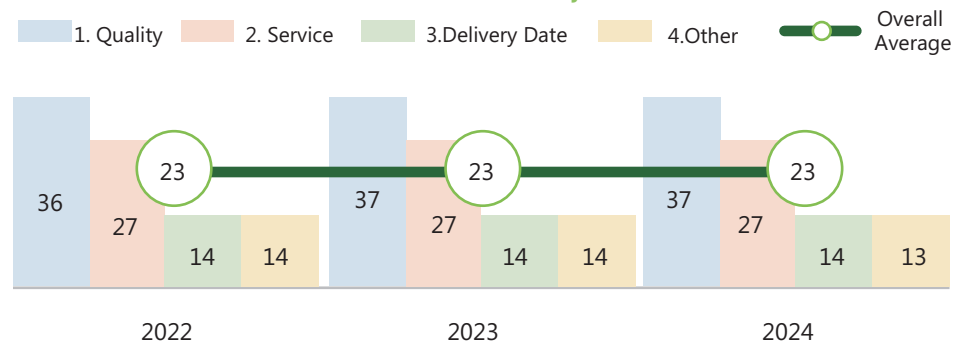
Kuo Toong adheres to the management philosophy of providing products that meet customer requirements, continuous improvement of quality, effective reduction of cost control, and efforts of all employees in environmental safety. All employees aim at "meeting requirements and satisfying customers" to ensure that the diversified needs of customers can be effectively realized, thereby continuously improving customer satisfaction.

Customer relationship management is a key component of a Company's long-term sustainability. To gather valuable customer feedback, Kuo Toong's sales department follows up with clients after completing piping projects, encouraging them to fill out the "Customer Satisfaction Survey." The collected data is then compiled, reviewed, and approved by the relevant supervisor and subsequently sent to the management department for consolidation. Through the "Customer Satisfaction Survey" after the pipe project is ended to facilitate customers' direct feedback, and summarizes customer concerns on an ad-hoc basis to ensure their needs are addressed. The customer satisfaction survey is investigated in 4 items, including quality, service, delivery date and others. In 2024, we got a score of 91 on customer satisfaction survey.

Orders for Kuo Toong have been steadily increasing, reflecting our strong resilience and adaptability in cost control. In addition to holding regular monthly factory quality meetings, we review product yields and vendor issue responses across departments. We focus on enhancing equipment reliability, boosting production volume, and maintaining high-quality standards. The differences in survey items compared to previous years are minimal, indicating that stable management in recent years has enabled us to consistently meet customer requirements and expectations.

Furthermore, we are actively participating in the 2024 Taiwan International Water Week to pursue business opportunities in both domestic and international markets and to build strong relationships with potential clients. Kuo Toong participated in the exhibition under the theme "Innovative Water Resources," showcasing a seawater desalination device utilizing reverse osmosis technology. This system transforms saline water into freshwater suitable for human consumption, thereby enhancing the domestic water supply and providing an effective solution to water scarcity.

## Historical Customer Satisfaction Survey Trends





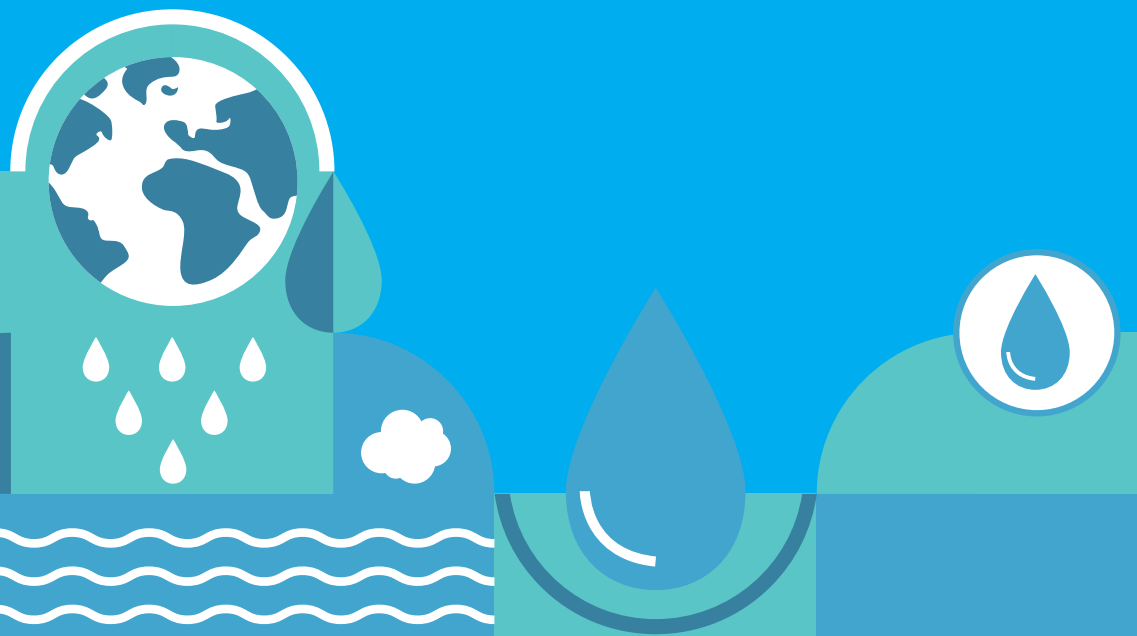


# 2024 ESG Report of KUO TONG

## Sustainable Governance

### 2

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## 2. Sustainable Governance

### 2.1 Corporate Governance

Kuo Toong regards ethical corporate management as the basic Governance Structure spirit of corporate governance, established a good governance system, and ensures a comprehensive development of Company's operations. By strengthening the functions of the Board of Directors and exerting supervision of functional committees, it has not only protected the shareholders' rights, but also respect the stakeholder's equity. Also, we are committed to sustainable development and strive to promote a transparent corporate governance.

The Company is dedicated to improve information transparency and disclosure timeliness. With the establishment of a corporate governance executive approved by the Board of Directors, the Company's corporate governance has greatly boosted the ranking for three consecutive years. Additionally, in 2022, the company formulated the "Corporate Governance Practice Principles" and "Codes of Ethical Corporate Management" to establish a reference framework for good business operations, and will continue to strengthen the structure and operation of the Board of Directors and implement corporate social responsibility to achieve the goal of sustainable co-prosperity.

#### Governance Structure

The highest decision-making body of the Company is the Board of Directors, which is responsible for formulating business policies and key strategies. Under the Board, three functional committees have been established: (1) the Audit Committee, (2) the Remuneration Committee, and (3) the Sustainability Development Committee. These committees assist the Board by: (1) overseeing the quality and integrity of the Company's accounting, auditing, financial reporting, and internal controls; (2) implementing and assessing the Company's overall compensation and benefits policies; and (3) formulating strategies and objectives related to corporate social responsibility and sustainable development, while regularly reviewing performance and progress toward related goals.

#### Operations of the Board of Directors

The Board of Directors of Kuo Toong adopts a candidate nomination system in accordance with the "Company's Articles of Association" and "Method for Election of Directors". The shareholders' meeting selects people from the list of director candidates, it will be 5 to 9 directors are established with a term of 3 years. They are elected by the shareholders meeting with legal capacity, and can be reelected. Among the aforementioned number of directors, there shall be no less than 2 independent directors and no less than 1/5 of the number of directors. The "Board Meeting Principles" stipulates the mechanism for avoiding conflicts of interest. If any director or a juristic person represented by a director is an interested party with respect to any agenda item, the director shall state the important aspects of the interested party relationship at the respective meeting. When the relationship

is likely to prejudice the interests of the Company, the director may not participate in discussion or voting on that agenda item, and further, shall enter recusal during discussion and voting on that item and may not act as another director's proxy to exercise voting rights on that matter.

The Board of Directors consists of 9 directors, including 4 independent directors. Among the members of the Board of Directors, there are 7 male members and 2 female members (accounting for 22% of female directors); 2 directors are between 40 and 50 years old, and 7 directors are over 50 years old. In 2024, a total of 6 board meetings were held, and the average attendance rate of all directors of the Board as 100%.





## Overview of Board Members

| Title                | Name             | Gender | Age   | Main (Educational) Experience                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | Actual Attendan | Attendance by Proxy | Actual Attendance Rate |
|----------------------|------------------|--------|-------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|---------------------|------------------------|
| Chairman             | Hong, Ya-Man     | Female | 51-60 | <ul style="list-style-type: none"> <li>■ Master of Civil Engineering and Disaster Mitigation Technology, National Kaohsiung University of Science and Technology</li> <li>■ Chairman of Kuo Toong Co., Ltd, Kuo Toong Int LLC., Kuo Yang Environment Technology Co., Ltd., Marvel Line Co., Ltd., Ding Teng Co., Ltd., Tong Chuang Industrial Co., Ltd.</li> <li>■ Director of Xiyu Seawater Desalination Co., Ltd, Jie Mao International Co., Ltd., and Kuo Hsin Technology Co., Ltd.</li> </ul>                                                                                                                                                                                                                                                                                                        | 6               | 0                   | 100%                   |
| Director             | Lo, Wei-Jer      | Male   | 41-50 | <ul style="list-style-type: none"> <li>■ Master of Accountancy, National Taiwan University</li> <li>■ Head Accountant of Legendary &amp; Steadfast Accountancy</li> <li>■ Independent Director of Hong Ho Precision Textile Co., Ltd.</li> <li>■ LSA Grace Consulting Co.,Ltd /Chairman</li> <li>■ Assistant Vice President of the Audit Department of Deloitte Taiwan</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                        | 6               | 0                   | 100%                   |
| Director             | Pan, Jin-Chih    | Male   | 61-70 | <ul style="list-style-type: none"> <li>■ Department of Finance and Taxation, National Chung Hsing University</li> <li>■ Chief of Sanmin Branch, Kaohsiung National Tax Bureau</li> <li>■ Chief Secretary of Kaohsiung City National Tax Bureau</li> <li>■ Consultant of the Golden Right Management Consultant Corp., Taiwan Branch (B.V.I.)</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                  | 6               | 0                   | 100%                   |
| Director             | Chou, Huang-Tsan | Male   | 61-70 | <ul style="list-style-type: none"> <li>■ PHD of Engineering in Civil Engineering, National Taiwan University of Science and Technology</li> <li>■ Professional qualification as a Civil Engineering Technician</li> <li>■ Director of the Department of Civil and Engineering Information, Cheng Shiu University of Science and Technology, Director of Construction Technology Center, Director of the Graduate Institute of Construction Engineering</li> <li>■ Associate Professor at Kinmen University</li> <li>■ Consultant for the Taiwan Construction Engineering Association</li> <li>■ Chief Engineer of Kuan-Sheng Construction Engineering Co., Ltd.</li> </ul>                                                                                                                               | 6               | 0                   | 100%                   |
| Director             | Hsu Cheng-Che    | Male   | 41-50 | <ul style="list-style-type: none"> <li>■ Masters of Business Management, National Sun Yat-sen University</li> <li>■ General Manager of Triocean Industrial Corporation Co., Ltd.</li> <li>■ Chairman of Shang-Ting Construction Co, Ltd.</li> <li>■ Chairman of Tri Ocean Textile (Thailand) Co., Ltd</li> <li>■ Chief Financial Officer of STL Technology Co., Ltd.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                          | 6               | 0                   | 100%                   |
| Independent Director | Wang, Sen-Rong   | Male   | 51-60 | <ul style="list-style-type: none"> <li>■ PHD of International Law, China University of Political Science and Law</li> <li>■ Head Attorney of Classic and Superior Attorneys at Law</li> <li>■ Director of Biopik Technology, Inc.</li> <li>■ Independent Director of Taiwan Tea Corporation</li> <li>■ Independent Director of Xxentria Technology Materials Co., Ltd.</li> <li>■ Director of Governance and Chief Legal Officer of Solar Applied Materials Technology Corp.</li> <li>■ Director of LC Creative Limited</li> <li>■ Chairman of Sheng Ge Investment Co., Ltd.</li> <li>■ Supervisor at ProSperity Aerospace Co., Ltd.</li> <li>■ Prosecutors from the Prosecutors Office of Kaohsiung and Tainan District Courts</li> <li>■ Independent Directors of Efun Technology Co., Ltd.</li> </ul> | 6               | 0                   | 100%                   |



| Title                | Name              | Gender | Age   | Main (Educational) Experience                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Actual Attendan | Attendance by Proxy | Actual Attendance Rate |
|----------------------|-------------------|--------|-------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|---------------------|------------------------|
| Independent Director | Cheng, Shuenn-Ren | Male   | 51-60 | <ul style="list-style-type: none"> <li>■ PHD of Business Studies, Manuel L.Q University, PHD Program in Technology Management, Chung Hua University</li> <li>■ Vice Principle of Cheng Shiu University</li> <li>■ Independent Director of Top High Image Corp.</li> <li>■ Independent Director of Nan Ren Lake Leisure Amusement Co., Ltd.</li> <li>■ Independent Director of Daily Polymer Corp.</li> <li>■ Director of Yuansheng Holding Company</li> <li>■ Corporate Director Representative of King House CO., Ltd.</li> </ul>                                                                                               | 6               | 0                   | 100%                   |
| Independent Director | Wu, Yen-Chiu      | Female | 61-70 | <ul style="list-style-type: none"> <li>■ Department of Business Administration, Providence University</li> <li>■ Special Assistant to the Chairman of Chant World International Co., Ltd.</li> <li>■ Accounting Manager of Twoway Communications, Inc.</li> <li>■ Chief Financial Officer of Unicap Electronics Industrial Corp</li> <li>■ Deputy General Manager of Take Well Engineering Inc.</li> <li>■ Consultant and Supervisor of Ejia Bio-Tech Co., Ltd.</li> <li>■ Independent Directors and Members of the Remuneration Committee of Axis Corporation</li> <li>■ Independent Director of Afastor Corporation</li> </ul> | 6               | 0                   | 100%                   |
| Independent Director | Chen, Thung Kun   | Male   | 51-60 | <ul style="list-style-type: none"> <li>■ Master of Construction Engineering Technology, National Taiwan Institute of Technology</li> <li>■ Master of Law, College of Law, National University of Kaohsiung</li> <li>■ Senior Engineer and Chairman of the Union, Bes Engineering Corporation</li> <li>■ Real Estate Appraiser, Urban-Rural Real Estate Appraisal Firm (Resigned)</li> <li>■ Chief Engineer of Ying Shun Construction Co., Ltd.</li> </ul>                                                                                                                                                                        | 6               | 0                   | 100%                   |

The Board members cover various professional fields including finance and accounting, law, management, and technology management. They possess the necessary professional knowledge, experience, and qualities to fulfill their duties, capable of adapting to changes in the economic, environmental, and social aspects. In accordance with the "Guidelines for Continuing Education for Directors and Supervisors of Listed and OTC Companies," the board members have undergone relevant training to enhance their understanding of emerging issues and continuously improve the effectiveness of corporate governance. In 2024, all Board members completed the required training hours, with each director completing at least 6 hours of training.

In order to continuously strengthen the operational efficiency of the Board of Directors, the "Board of Directors Performance Evaluation Policy" has been formulated, and the evaluated scope includes the performance of the overall Board of Directors, individual director members and functional committees. It shall implement the Board of Directors performance evaluation once a year, and shall be carried out by an external professional independent institution or external team of expert scholars at least once every three years. The internal performance evaluation of the Board of Directors for the year 2023 was completed in Q1 of 2024. The evaluation results indicate that the Board's operations are functioning effectively, and a report was submitted to the Board in March of the same year. The external evaluation of the Board was conducted in December 2023, and the results of this evaluation were presented during the 13th meeting of the 15th Board of Directors on January 24, 2024. For the aforementioned performance evaluation reports, please refer to the public report section in the investor area of the Kuo Toong website.





## Continuing Education of the Board of Directors

| Title                | Name              | Organizer                                                   | Course Title                                                                                           | Training Hours |
|----------------------|-------------------|-------------------------------------------------------------|--------------------------------------------------------------------------------------------------------|----------------|
| Chairman             | Hong, Ya-Man      | Taiwan Corporate Governance Association                     | Prevention and Response Strategies for Insider Trading                                                 | 3              |
|                      |                   | Taiwan Corporate Governance Association                     | Understanding Related Party Transactions and Irregular Transactions Through Practical Case Studies     | 3              |
| Director             | Lo, Wei-Jer       | Accounting Research and Development Foundation              | 2024 ESG Summit: Comprehensive Net Zero for a Sustainable Future                                       | 6              |
| Director             | Pan, Jin-Chih     | Taipei Exchange                                             | Internal Equity Promotion Seminar for OTC Listed Companies - Kaohsiung Session                         | 3              |
|                      |                   | Taiwan Corporate Governance Association                     | Understanding Related Party Transactions and Irregular Transactions Through Practical Case Studies     | 3              |
| Director             | Chou, Huang-Tsan  | Taipei Exchange                                             | Internal Equity Promotion Seminar for OTC Listed Companies - Kaohsiung Session                         | 3              |
|                      |                   | Taiwan Corporate Governance Association                     | Prevention and Response Strategies for Insider Trading                                                 | 3              |
|                      |                   | Taiwan Corporate Governance Association                     | Understanding Related Party Transactions and Irregular Transactions Through Practical Case Studies     | 3              |
| Director             | Hsu Cheng-Che     | Securities and Futures Institute                            | Sustainable Disclosure Practice Workshop                                                               | 9              |
|                      |                   | Securities and Futures Institute                            | 2024 Insider Trading Prevention Seminar                                                                | 3              |
| Independent Director | Wang, Sen-Rong    | Taiwan Corporate Governance Association                     | Prevention and Response Strategies for Insider Trading                                                 | 3              |
|                      |                   | Securities and Futures Institute                            | The Development and Challenges of the Precision Care Industry Amid the Downward Wave of Sustainability | 3              |
|                      |                   | Securities and Futures Institute                            | Key Financial and Tax Issues for 2024                                                                  | 3              |
| Independent Director | Cheng, Shuenn-Ren | Taiwan Investor Relations Institute                         | Steering the Voyage of Corporate Wisdom: Corporate Governance Leading the Way                          | 3              |
|                      |                   | Taiwan Institute of Directors                               | Legal Responsibilities of Directors and Supervisors of Public Companies                                | 3              |
|                      |                   | Taiwan Institute of Directors                               | The Real Value Created by Circularity and Low Carbon: Understanding Circular Economy and Governance    | 3              |
|                      |                   | Taiwan Corporate Governance Association                     | Prevention and Response Strategies for Insider Trading                                                 | 3              |
| Independent Director | Wu, Yen-Chiu      | Corporate Operating and Sustainable Development Association | Challenges and Management Mindset of Taiwanese Enterprises in a Time of Turbulence                     | 3              |
|                      |                   | Taiwan Corporate Governance Association                     | Prevention and Response Strategies for Insider Trading                                                 | 3              |
|                      |                   | Taiwan Corporate Governance Association                     | Understanding Related Party Transactions and Irregular Transactions Through Practical Case Studies     | 3              |
| Independent Director | Chen, Thung Kun   | Taipei Exchange                                             | Internal Equity Promotion Seminar for OTC Listed Companies - Kaohsiung Session                         | 3              |
|                      |                   | Taiwan Corporate Governance Association                     | Prevention and Response Strategies for Insider Trading                                                 | 3              |
|                      |                   | Taiwan Corporate Governance Association                     | Understanding Related Party Transactions and Irregular Transactions Through Practical Case Studies     | 3              |

## Functional Committee

In 2017, the Company established an Audit Committee to replace the Supervisory system, aiming to strengthen the oversight function of the Board of Directors. The Audit Committee is responsible for overseeing the accurate presentation of the Company's financial statements, the appointment and dismissal of auditors, auditor independence and performance, the effectiveness of internal controls, compliance with applicable laws and regulations, and the management of existing or potential risks. In addition, the Company established a Remuneration Committee in 2011. This committee evaluates the compensation policies and systems for directors and managers from a professional and objective standpoint. It provides recommendations to the Board of Directors to support informed decision-making, aligning the Company's compensation structure with organizational goals and enhancing the overall quality of corporate governance. The members of the functional committees and their meeting attendance for 2024 are as follows:

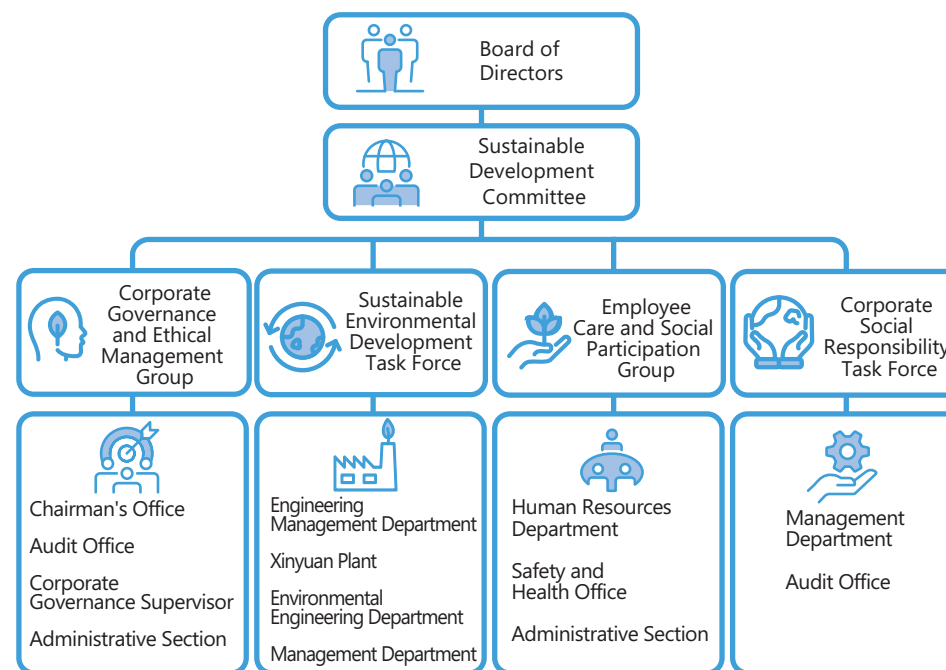
### Operations of the Functional Committees

|                                                                                                                          | Title                | Name              | Expected Attendance | Actual Attendance | Attendance by Proxy | Actual Attendance Rate |
|--------------------------------------------------------------------------------------------------------------------------|----------------------|-------------------|---------------------|-------------------|---------------------|------------------------|
| <br>Audit Committee                     | Independent Director | Cheng, Shuenn-Ren | 4                   | 4                 | 0                   | 100%                   |
|                                                                                                                          | Independent Director | Wang, Sen-Rong    | 4                   | 4                 | 0                   | 100%                   |
|                                                                                                                          | Independent Director | Wu, Yen-Chiu      | 4                   | 4                 | 0                   | 100%                   |
|                                                                                                                          | Independent Director | Chen, Thung Kun   | 4                   | 4                 | 0                   | 100%                   |
| <br>Compensation Committee             | Independent Director | Cheng, Shuenn-Ren | 4                   | 4                 | 0                   | 100%                   |
|                                                                                                                          | Independent Director | Wang, Sen-Rong    | 4                   | 4                 | 0                   | 100%                   |
|                                                                                                                          | Independent Director | Wu, Yen-Chiu      | 4                   | 4                 | 0                   | 100%                   |
| <br>Sustainable Development Committee | Chairman             | Hong, Ya-Man      | 2                   | 2                 | 0                   | 100%                   |
|                                                                                                                          | Independent Director | Wang, Sen-Rong    | 2                   | 2                 | 0                   | 100%                   |
|                                                                                                                          | Independent Director | Cheng, Shuenn-Ren | 2                   | 2                 | 0                   | 100%                   |
|                                                                                                                          | Independent Director | Wu, Yen-Chiu      | 2                   | 2                 | 0                   | 100%                   |
|                                                                                                                          | Vice General Manager | Huang, Fu-Zhen    | 2                   | 2                 | 0                   | 100%                   |
|                                                                                                                          |                      |                   |                     |                   |                     |                        |

## Sustainable Development Committee

To fulfill our corporate social responsibility and drive progress in economic, environmental, and social dimensions toward achieving sustainable development goals, the Company has established the "Sustainable Development Practice Guidelines" and the "Sustainable Development Committee Organizational Regulations." In June 2022, the Board of Directors approved the formation of the Sustainable Development Committee, which consists of five members: the Chairman, independent directors, and the Vice General Manager. The committee is required to meet at least twice a year. The responsibilities of the Sustainable Development Committee include: (1) promoting and strengthening the organization and system of corporate governance; (2) advocating and implementing integrity management initiatives; (3) advancing and developing corporate social responsibility policies and sustainable management practices; and (4) executing other related tasks as determined by the Board of Directors.

### Organizational Chart of the Sustainable Development Committee



To implement the sustainable business policy, the Sustainable Development Committee has established four task forces: "Corporate Governance and Ethical Business," "Sustainable Environmental Development," "Employee Well-being and Social Engagement," and



"Corporate Social Responsibility Information Disclosure." These groups are responsible for executing the specific tasks related to Kuo Toong's annual sustainable development goals. Each executive team is required to hold at least two meetings annually, during which they will report to the Sustainable Development Committee on the progress and results of the current year's initiatives. Additionally, at the end of the year, each team will present their execution plan for the following year, which will then be submitted by the Sustainable Development Committee to the Board of Directors.

The Sustainability Development Committee of Kuo Toong held two meetings in 2024 and reported its execution status to the Board of Directors on May and August in 2024. This report encompassed various aspects, including the preparation of the sustainability report, social care initiatives, greenhouse gas inventory, and external verification. The Board of Directors reviewed the execution effectiveness and provided necessary guidance and adjustments to ensure the implementation of sustainable business directions and strategies.

### Internal Audit

The internal control system of Kuo Toong is based on the "Regulations Governing Establishment of Internal Control Systems by Public Companies" stipulated by the Financial Supervisory Commission. It is a management process approved by the Board of Directors and implemented by the Board of Directors, managerial officers and other employees. Its purpose is to promote the sound operation of the Company, so as to reasonably ensure the achievement of operational effectiveness and efficiency, the reliability, timeliness, and transparency of information reporting, and compliance with relevant laws and regulations.

Kuo Toong has established an internal audit unit - Audit Office, which is affiliated to the Board of Directors, and is equipped with full-time audit supervisors. Together with the audit committee, it assists the Board of Directors and managerial officers to inspect and review the deficiency of internal control systems and measure the effectiveness and efficiency of operations, and timely provide improvement suggestion to ensure the continuous and effective implementation and serve as a basis for reviewing and revising the internal control system.

Every year, the audit unit requires each unit to conduct self-assessment on risk, assess and identify the possibility of risk occurrence item by item, to confirm the implementation effect; if deficiencies and abnormalities are founded on the self-assessment, the improvement measures should be proposed, and each unit submits a conclusion report on whether it is effective or not according to the implementation. Next, the audit unit will conduct the review operation based on the self-assessment results of each unit. In addition, the audit unit will implement inspections related to ethical corporate management according to the annual audit plan every year, and summarizes the results quarterly and reports to the ethical dedicated units to carry out the effectiveness of ethic.

The Audit Office executes various audit operations in accordance with the annual audit plan approved by the Board of Directors, discloses the discovered deficiencies and abnormalities of internal control system in the audit report, and will keep tracking after the report is reviewed. Then, make a follow-up reports at least every quarter to determine that the relevant units have taken appropriate improvement measures in time until it has improved, and the audit supervisor monthly reports the implementation results of audit plan to the independent directors, the Audit Committee and the Board of Directors in attendance to submit audit business reports, and regularly holds meetings with independent directors to report on the Company's internal audit implementation and internal control operation, so as to carry out the audit effectiveness.

## 2.2 Regulatory Compliance

Kuo Toong attaches great importance to comply with laws and regulations. In addition to conducting internal training to strengthen employees' awareness of compliance, it also implements internal audits to ensure that all operations comply with laws and the Company's internal regulations, and prevent operating risks. The violations incurred by Kuo Toong over the past three years are summarized in the table below. These were primarily related to penalties for non-compliance with the Environmental Impact Assessment Act, the Occupational Safety and Health Act, and the Water Pollution Control Act. For each incident, Kuo Toong has conducted comprehensive internal reviews and proactively formulated improvement plans.

The violation of the Environmental Impact Assessment Act was due to not conducting environmental monitoring according to the schedule. To address this, the Company will pay closer attention to the deadlines for environmental monitoring in the future. Regarding violations of the Water Pollution Control Act, the Company will be more mindful of construction deadlines to avoid failing to report runoff wastewater pollution reduction measures before construction begins. To address violations of the Occupational Safety and Health Act, Kuo Toong has enhanced worker safety education and training, safety awareness, and safety audits to reduce future legal violations.

For related training and measures in 2024, please refer to Section 4.4: Occupational Safety and Health. Kuo Toong maintains a strong commitment to construction quality and process integrity. In the 2024 engineering project, there were no incidents during either the construction phase or the warranty period that required rework due to structural defects or safety concerns. Consequently, no rework costs were incurred, and no legal disputes arose from defects or safety-related issues. For environmental impact assessment and construction quality control, please refer to Section 5. Content of the Product Value Section.

### Statistical Analysis of Regulatory Violations Over the Past Three Years

| Category                                             | 2022                |         | 2023                |         | 2024                |         |
|------------------------------------------------------|---------------------|---------|---------------------|---------|---------------------|---------|
|                                                      | Number of Penalties | Amount  | Number of Penalties | Amount  | Number of Penalties | Amount  |
| Violation of the Environmental Impact Assessment Act | 1                   | 340,000 | 0                   | 0       | 3                   | 203,000 |
| Violation of the Occupational Safety and Health Act  | 3                   | 310,000 | 2                   | 210,000 | 4                   | 360,000 |
| Violation of the Water Pollution Control Act         | 1                   | 30,250  | 0                   | 0       | 0                   | 0       |
| Total                                                | 5                   | 680,250 | 2                   | 210,000 | 7                   | 563,000 |

## 2.3 Business Ethics

Kuo Toong formulated the "Codes of Ethical Conduct," which was approved by the Board of Directors to provide the basis for directors, the managerial officers and all employees to follow on business operation and implementation of their duties. In order to maintain fair trade and prevent corruption and bribery, all employees are strictly required not to demand, promise, deliver, or accept the behaviors such as gifts, entertainment, kickbacks, and bribes for the benefit of themselves or others when performing their duties.

Kuo Toong upholds the spirit of compliance with the law to carry out professionalism and ethic. In order to ensure fair trade and prevent unfair competition, monopoly, market distribution and concerted price manipulation, whether it is an external engineering tender or an internal outsourcing procurement, we must abide by the spirit and laws of fair trade. In 2024, there were no relevant legal actions arising from breach of bribery, corruption and anti-competitive practices.

Kuo Toong has adopted the "Code of Ethics for Business Integrity" and "Code of Conduct and Operational Procedures for Business Integrity" on January 17, 2022, through its Board of Directors. These guidelines are applicable to all subsidiary companies as well. All relevant matters are executed in accordance with these guidelines, which serve as a commitment to actively implement the Company's operational policies by the Board of Directors and management. In addition to establishing an audit unit under the Board of Directors, the Company has designated the management department and legal department to jointly serve as the responsible units for business integrity. In May and June, 2024, an educational campaign on "Corporate Integrity and Insider Trading Regulations and Practices" was conducted for all employees. This ensured effective communication of anticorruption policies and prevention procedures to relevant personnel. Furthermore, an "Employee Grievance Policy" has been established, allowing all employees to express their concerns or issues through email or suggestion boxes to the Chairman, General Manager, supervisors, and audit personnel. In 2024, there were no complaints received involving violations of the "Code of Ethical Conduct" or corruption incidents.

In addition, to prevent corruption incidents originating from external sources, suppliers are required to sign an "Integrity and Cleanliness Commitment Letter." This commitment emphasizes the joint responsibility of suppliers to uphold values of integrity and cleanliness in business. The commitment letter is updated annually. As of 2024, the Company's operational bases providing services such as pipeline manufacturing and installation, water treatment, and seawater desalination are located in Taiwan and China. No projects have been undertaken in countries listed within the bottom 20 ranks of the Transparency International's Corruption Perceptions Index (Note).

### Note:

The 2024 Corruption Perceptions Index (CPI), compiled by Transparency International, is based on 13 original data sources collected over the past two years from 12 international organizations. It assesses the level of public sector corruption in 180 countries around the world.

## 2.4 Information Security

### Information Security Policy:

To ensure the integrity of information security and safeguard both operational data and customer information, we have established the Information Security Management Measures. Additionally, comprehensive Information Security Policies have been formulated as follows:

- The Company's various information security management regulations must comply with relevant government laws and regulations (such as the Cyber Security Management Act, Criminal Code, Classified National Security Information Protection Act, Patent Act, Trademark Act, Copyright Act, Personal Data Protection Act, etc.).
- Establish a dedicated information security management unit responsible for the creation and promotion of information security systems.
- Regularly conduct information security education and training to disseminate information security policies and related implementation regulations.
- Develop a management mechanism for the use of hosts and networks to centrally allocate and utilize resources.
- Prior to the deployment and launch of new systems and equipment, consider risk and security factors to prevent situations that could compromise information security.
- Implement physical and environmental security measures for the information server room, with regular maintenance and upkeep.
- Clearly define the permissions for network systems to prevent unauthorized access
- Establish an internal audit plan for the information security management system, regularly reviewing the usage of personnel and equipment within the scope of the information security management system, and drafting and implementing corrective and preventive measures based on audit reports.
- Develop and conduct drills for business continuity management, backup, and recovery to ensure the continuous operation of the Company's business.
- All Company personnel are responsible for maintaining information security and must comply with the company's information security management regulations.
- If an outsourced vendor requires subcontracting while performing outsourced tasks for the Company, they should evaluate the information security risks related to subcontracting. Additionally, the outsourced vendor must appropriately supervise and manage the subcontractor in accordance with relevant information security regulations.
- In the management of internal and external projects, clearly specify and state all information security requirements related to the projects. This ensures the confidentiality, integrity, and availability of internal and external project information, thereby reducing the risk of sensitive information (including personal data) leakage and legal violations.
- The evaluation and review of the information security policy should be conducted at least once a year to reflect the latest developments in management policies, government regulations, new technologies, and Company operations. This ensures the feasibility and effectiveness of the information security management system, maintaining operational continuity and the ability to provide appropriate services.





## Information Security Operation Status:

To ensure the confidentiality, integrity, and availability of the Company's business information and to comply with the Financial Supervisory Commission's "Guidelines for Establishing Internal Control Systems for Public Companies," the Company established the Information Security Office on December, 2023. The office includes one dedicated information security supervisor and two information security personnel. We have formulated an "Information Security Policy" based on ISO/IEC 27001 to regulate the Company's information security management system, enhance the security of network equipment and communications, and effectively reduce the risks of information assets being stolen, misused, leaked, tampered with, or destroyed due to human error, intentional acts, or natural disasters.

### Specific Information Security Operations in 2024

|                                                                                     |                                |                                                                                                                                        |
|-------------------------------------------------------------------------------------|--------------------------------|----------------------------------------------------------------------------------------------------------------------------------------|
|    | Recovery Drills                | Conducted disaster recovery drills once a year. Regularly backed up data to ensure business continuity.                                |
|    | Information Security Diagnosis | Conducted social engineering drills twice a year. Replaced outdated servers, totaling 23 units.                                        |
|   | Information Security Awareness | Conducted group information security training two times a year. Held information security meetings four times a year.                  |
|  | Information Security Email     | Conducted employee-wide information security awareness campaigns twice. Issued notifications regarding phishing email incidents twice. |

## 2.5 Supply Chain Management

### New Supplier Management

Kuo Toong conducts new supplier evaluation according to the Supplier Management Operating Procedures to meet the standards of the ISO 9001 quality management system. An evaluation team under the General Manager's Office composed of the Quality Control Section and the Procurement Section implements factory inspections on the supplier's site. Each aspect is assessed individually based on the quality system, product quality, delivery schedule, after-sales service, shipping price, and cooperation level, among other factors. After a supplier passes the evaluation and receives approval from the General Manager, they will be added to the list of qualified suppliers.

Historically, supplier evaluations have primarily focused on product quality and safety. To further integrate corporate social responsibility into the supply chain, the Company began requiring all new suppliers to sign the "Supplier Integrity Pledge" starting in 2024. Existing suppliers are also included in the tracking and management process, working alongside the company to fulfill corporate citizenship responsibilities. In 2024, a total of 47 suppliers signed this commitment.

### Supplier Account/Counselling

Kuo Toong also implements the management of existing suppliers according to the Supplier Management Operating Procedures, and evaluates the supplier's delivery accuracy, quality defect rate and compatibility once a year. The management standards are divided into four grades: A, B, C, D. The suppliers listed as A, B, C, are evaluated as continuous procurement suppliers. If they are listed as D, they will be eliminated. For suppliers whose evaluation results need to be strengthened, they will also be required to plan and implement improvement. At present, supplier evaluation has not been carried out in terms of environment, society, governance, etc. However, Kuo Toong requires upstream suppliers to attach non-radioactive pollution certificates with the goods when purchasing steel plates, and is committed to requiring suppliers to comply with relevant laws and regulations such as environmental protection and industrial safety.

In order to deepen and implement the sustainable management of suppliers, and grow stronger together with partners, Kuo Toong is expected to start planning the supplier management mechanism, and gradually require suppliers to sign the Supplier Integrity Pledge to enhance suppliers' cognition, consider the supplier risk to formulate supplier classification standards, and incorporate environmental, social, and governance aspects into the scope of supplier audits. It is expected that through this way, Kuo Toong and its supply chain partners can exert their corporate social influence and promote sustainable economic, social and environmental development.



## Local Procurement

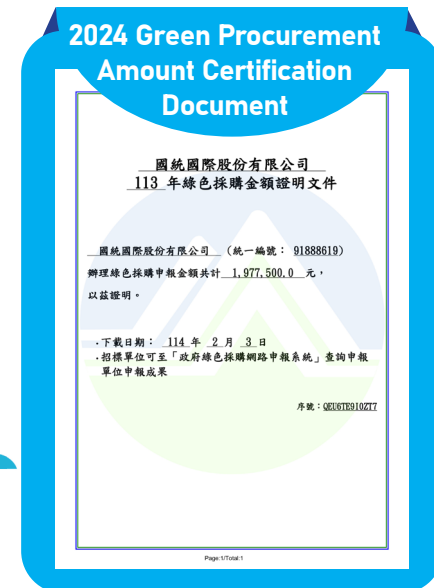
We actively collaborate with our supplier partners to promote sustainable business operations and long-term growth. In addition, we are committed to local procurement practices that support the local economy and help reduce energy consumption from transportation. In pipe manufacturing, only certain product additives—such as nodulizers and inoculants—are sourced from abroad, while all major raw materials are procured from domestic suppliers. In 2024, local procurement accounted for 97.61% of total purchases. Going forward, we will continue to strengthen our relationships with local suppliers and foster mutual growth with our local partners.

### Local Procurement Amount and Proportion Over the Past Three Years

|                                       | 2022                 | 2023                 | 2024                 |
|---------------------------------------|----------------------|----------------------|----------------------|
| Local Procurement Amount              | NT\$866,228 thousand | NT\$534,693 thousand | NT\$529,020 thousand |
| Total Procurement Amount for the Year | NT\$882,335 thousand | NT\$550,534 thousand | NT\$541,979 thousand |
| Proportion of Local Procurement       | 98.17%               | 97.12%               | 97.61%               |

## Green Procurement

We are committed to green procurement principles and actively promote environmentally responsible purchasing within our organization. Priority is given to products with eco-labels that reflect sustainability, energy and water efficiency, and carbon reduction. We also regularly evaluate and improve the proportion of green procurement to minimize carbon emissions and resource consumption throughout the production, transportation, and disposal processes. In 2024, our Company invested a total of NT\$1,977,500 in green procurement, which includes government vehicles, air conditioning equipment, and various office equipment that bear environmental certification labels. This information has been registered in the Environmental Protection Administration's "Government Green Procurement Online Reporting System." In the future, we will continue to actively support green procurement and promote sustainable consumption as a catalyst for broader change, encouraging all supply chain partners to work together toward an environmentally sustainable future.



# 2024 ESG Report of KUO TOONG

## Sustainable Environment

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## 3 Sustainable Environment

### 3.1 Climate Change

#### Adapting to the Impact of Climate Change

Kuo Toong fully recognizes the far-reaching impact of climate change on business operations, including risks such as infrastructure damage caused by extreme weather events, supply chain disruptions, and rising energy and operational costs. In addition, climate change may also exacerbate social and economic issues such as the spread of diseases and food shortages.

To lower the impacts of climate-related disasters, we have disclosed relevant climate information in a dedicated section, in compliance with the regulations outlined by the Taipei Exchange's "Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies." This disclosure follows the framework set by the Task Force on Climate-related Financial Disclosures (TCFD), addressing the financial risks posed by climate change, as detailed in the framework below.

| Key Factors         | Content                                                                                                                           | Actions                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|---------------------|-----------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Governance          | Disclosure of the Company's governance of climate-related risks and opportunities.                                                | <ul style="list-style-type: none"> <li>Climate change issues are integrated into the Company's comprehensive risk management framework. Appointed by the Company's highest governance body, the Board of Directors assigns the Sustainable Development Committee to continuously monitor and track climate-related developments. The committee is responsible for setting relevant operational goals and plans, overseeing the execution and performance of the management team, and regularly reporting climate-related matters to the Board of Directors.</li> <li>The General Manager serves as the highest authority responsible for managing climate-related issues. They regularly convene department heads to identify key risks and discuss appropriate countermeasures, which are then reported to the Sustainable Development Committee.</li> </ul> |
| Strategy            | Disclosure of actual and potential impacts of climate related issues on the Company's business, strategy, and financial planning. | <ul style="list-style-type: none"> <li>In accordance with the TCFD framework, we will identify climate-related risks and opportunities, develop solutions, and implement five key management strategies to address these challenges. Our goal is to reduce the operational and financial impacts of climate change while enhancing the organization's climate resilience.</li> <li>Climate Change Mitigation</li> <li>Climate Change Adaptation</li> <li>Resilient and Low-Carbon Supply Chain</li> <li>Green Innovation and Finance</li> <li>Governance and Capacity Building</li> </ul>                                                                                                                                                                                                                                                                     |
| Risk Management     | Disclosure of how the organization identifies, assesses, and manages climate-related risks.                                       | <ul style="list-style-type: none"> <li>In addition to implementing management operations in line with the risk management policies approved by the Board of Directors, each department integrates key project components to create an effective climate action mechanism. This mechanism is embedded within the operational processes of each project, following the established risk management procedures.</li> <li>Strengthen the ability of various departments to identify risks and opportunities, while raising awareness of climate change risks throughout the organization.</li> <li>Establish procedures for identifying, measuring, monitoring, and reporting risk assessment and managing high-risk climate issues.</li> </ul>                                                                                                                   |
| Metrics and Targets | Disclosure of the metrics and targets used to assess and manage significant climate-related issues.                               | <ul style="list-style-type: none"> <li>Each year, the Board of Directors establishes relevant risk and opportunity indicators and plans based on the results of the Company's environmental policies and risk management processes. These plans include annual targets for electricity consumption, water usage, and waste reduction.</li> <li>Each year, the Company discloses greenhouse gas emissions data in the sustainability report and strives to reduce emission density to achieve the goal of low-carbon services.</li> </ul>                                                                                                                                                                                                                                                                                                                      |

Kuo Toong has established a framework to assess climate risks and opportunities. By fostering collaboration across internal departments and consulting with external experts, the Company consistently identifies potential climate risks and opportunities within its value chain. Additionally, it evaluates the impact of various climate change scenarios on business operations and financial performance through scenario analysis. For the full details of the 2024 climate change response actions, please refer to Appendix (Climate-Related Information Implementation Items for Listed Companies (Appendix 2)) in this report.





## Identification, Assessment, and Management Processes of Climate Risks



To increase Kuo Toong's awareness and understanding of climate change, we conducted a 27-hour TCFD training for the Sustainable Development Committee in 2024, with a total of 9 participants. Our Company conducts the identification, assessment, and prioritization of climate-related risks and opportunities in accordance with the TCFD framework. We also take into account government and industry research reports. The General Manager regularly convenes various departments to identify key risks. Through internal discussions on climate change risks and response measures, we aim to identify potential crises and opportunities. After cross-departmental discussions and evaluations, our Company has identified three physical risks, three transition risks, and significant climate-related opportunities, in line with the TCFD framework. These findings have been integrated into our corporate decision-making and financial management processes.

### Analysis Parameters and Assumptions

To strengthen Kuo Toong's resilience in addressing climate change risks, the Company has conducted scenario analysis to assess the financial impacts under various climate change scenarios. The analysis parameters and assumptions are as follows:

Based on the Intergovernmental Panel on Climate Change (IPCC) and recommendations from international organizations, we assess the impact of both low-carbon transition scenarios (1.5°C/2°C) and high-emission scenarios (4°C) on our business operations.



## Risks and Opportunities of Climate Change

As climate change intensifies, extreme weather events are becoming more frequent and severe. Alongside the global shift toward carbon neutrality and the tightening of environmental regulations, businesses are facing growing operational and financial risks. Extreme weather can lead to facility damage, supply chain disruptions, and operational shutdowns, all of which may increase maintenance costs and negatively impact financial performance. Furthermore, international initiatives like TCFD disclosures, combined with Taiwan's environmental regulations on carbon emissions, energy management, and carbon taxation, have increased compliance costs and operational pressures for businesses.

At the same time, market and societal demands for sustainable development are growing stronger. Failing to meet stakeholder expectations can damage corporate reputation and reduce market competitiveness, potentially leading to public backlash and increased operational risks. To address these challenges, businesses must strengthen climate resilience, optimize supply chain management, and proactively adapt to regulatory and market changes to ensure long-term sustainability and financial stability.

| Category          | Item                     |                                                                                          | Climate Risk Issues                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|-------------------|--------------------------|------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Physical Risk     | Immediate                | Extreme Weather – Fewer instances of heavy rainfall or typhoons, but increased intensity | <ul style="list-style-type: none"> <li>■ This could lead to damage to the Company's internal infrastructure, equipment, information security, transportation, and personnel safety, resulting in operational disruptions and property losses.</li> <li>■ Damage to power and water supply infrastructure, resulting in operational disruptions.</li> <li>■ During the execution of various projects, work interruptions and equipment damage have resulted in property losses and contractual risks.</li> <li>■ Heavy rainfall hampers drainage, increasing the risk of flooding, which can lead to property damage or operational disruptions.</li> </ul> |
|                   | Immediate                | Extreme Weather - High temperatures                                                      | <ul style="list-style-type: none"> <li>■ The rising number of extremely high-temperature days each year, combined with increasing electricity prices, has resulted in higher electricity costs.</li> <li>■ High temperatures have caused power supply instability, leading to operational disruptions.</li> <li>■ The rise in employee illness rates presents a risk to employee health and affects the Company's ongoing operations.</li> </ul>                                                                                                                                                                                                           |
|                   | Long-term                | Extreme Weather: Uneven Rainfall                                                         | <ul style="list-style-type: none"> <li>■ The dry seasons are becoming drier, while the wet seasons are becoming wetter. The increasing likelihood of droughts during the dry season heightens the risk of water shortages for industries, disrupts supply chains, and raises operational costs.</li> </ul>                                                                                                                                                                                                                                                                                                                                                 |
| Transitional Risk | Policies and Regulations | International Conventions and Initiatives                                                | <ul style="list-style-type: none"> <li>■ In line with international conventions and initiatives, such as the TCFD information disclosure, our Company is committed to implementing appropriate measures to address climate change risks and responses.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                          |
|                   | Policies and Regulations | Updates to Laws and Regulations                                                          | <ul style="list-style-type: none"> <li>■ Formulation of related environmental laws and policies in Taiwan, such as mandatory disclosure of greenhouse gas emissions and the introduction of energy management issues.</li> <li>■ Imposition of carbon taxes or carbon fees.</li> <li>■ The proportion of renewable energy usage needs to be increased.</li> <li>■ Increase in raw material prices</li> </ul>                                                                                                                                                                                                                                               |
|                   | Market/ Reputation       | Changes in Customer Behavior/Public Awareness and Environmental Requirements             | <ul style="list-style-type: none"> <li>■ The progress of low-carbon technology advancements has not met expectations, failing to fulfill stakeholder demands, which has impacted the Company's reputation and trust.</li> <li>■ In the future, clients and stakeholders will have a growing demand for sustainability certification and verification.</li> <li>■ Stakeholder protests impact construction.</li> </ul>                                                                                                                                                                                                                                      |

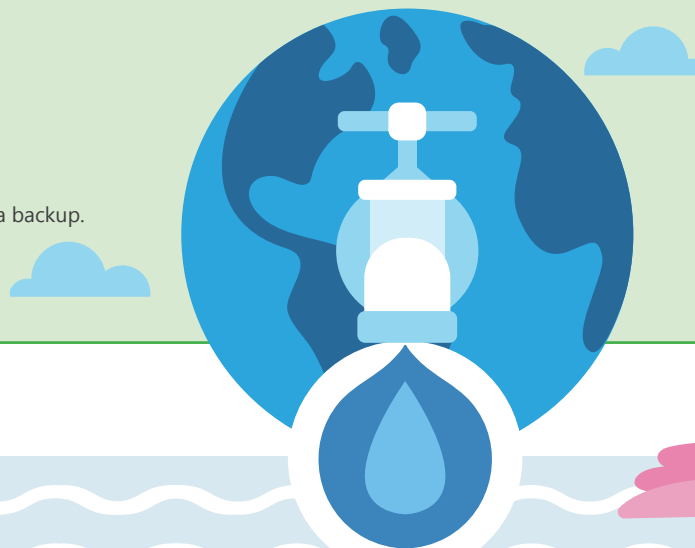


## Assessment of Physical Risk

| Item                           | Extreme Weather – Fewer instances of heavy rainfall or typhoons, but increased intensity                                                               |                         | Extreme Weather - High temperatures                                                                                                                                                     |                         | Extreme Weather: Uneven Rainfall                                                                                                          |                         |
|--------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|-------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|
|                                | Risk Event                                                                                                                                             | Risk Assessment Results | Risk Event                                                                                                                                                                              | Risk Assessment Results | Risk Event                                                                                                                                | Risk Assessment Results |
| Management Center Building     | <ul style="list-style-type: none"> <li>■ Increased likelihood of flooding</li> <li>■ Increased risk of property loss</li> </ul>                        | Low Risk                | <ul style="list-style-type: none"> <li>■ Increase electricity consumption results in higher costs</li> </ul>                                                                            | Low Risk                | <ul style="list-style-type: none"> <li>■ The likelihood of water shortages due to droughts during the dry season is increasing</li> </ul> | Low Risk                |
| Plant                          | <ul style="list-style-type: none"> <li>■ Increased risk of plant damage</li> <li>■ The risk of damage to electrical equipment is increasing</li> </ul> | Medium Risk             | <ul style="list-style-type: none"> <li>■ Increase in electricity costs</li> <li>■ The likelihood of power outages or an unstable electricity supply has risen.</li> </ul>               | High Risk               | <ul style="list-style-type: none"> <li>■ The likelihood of water shortages due to droughts during the dry season is increasing</li> </ul> | Low Risk                |
| Construction Site/ Work Office | <ul style="list-style-type: none"> <li>■ Construction suspended</li> </ul>                                                                             | Low Risk                | <ul style="list-style-type: none"> <li>■ High temperatures can lead to heatstroke, heat exhaustion, and other health risks, posing a significant threat to worker well-being</li> </ul> | Low Risk                | <ul style="list-style-type: none"> <li>■ The likelihood of water shortages due to droughts during the dry season is increasing</li> </ul> | Low Risk                |

### Physical Risk Adaptation Methods

- Regularly review the operational status of the factory and electrical equipment.
- Conduct disaster drills annually and establish emergency response measures.
- Formulate a strategy to prevent thermal fatigue.
- The factory is equipped with emergency power generation systems.
- Develop plans and objectives for energy conservation and electricity savings.
- The factory employs a water resource recycling system and utilizes groundwater as a backup.





## Transformation Risk Assessment

| Risk Event                                                                                           | Operational and Financial Impact                                                              |                                                                                 |                                      | Response Plan/Measures                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------|--------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                                                      | Supply Chain                                                                                  | Organization                                                                    | Client/Owner                         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| Imposition of carbon taxes or carbon fees                                                            | Increase in procurement costs                                                                 | Increase in operating costs                                                     | Increase in product or service costs | <ul style="list-style-type: none"> <li>■ Implementing an Energy Management System (EMS) to enable real-time monitoring of energy consumption and to develop targeted energy-saving strategies.</li> <li>■ Equipment replacement and energy conservation renovation</li> <li>■ Develop low-carbon products and use low-carbon fuels.</li> <li>■ Assessment of Internal Carbon Pricing (ICP) in enterprises</li> <li>■ Purchase of carbon credits</li> <li>■ Appropriately pass on part of the costs to customers</li> </ul> |
| The proportion of renewable energy usage needs to be increased                                       | Increase in procurement costs                                                                 | Increase in operating costs and rise in capital expenditures                    | Increase in product or service costs | <ul style="list-style-type: none"> <li>■ Self-established renewable energy equipment</li> <li>■ Purchase of green electricity</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                   |
| Increase in raw material prices                                                                      | Increase in procurement costs                                                                 | Increase in operating costs                                                     | Increase in product or service costs | <ul style="list-style-type: none"> <li>■ Searching for low-carbon alternative suppliers</li> <li>■ Establish long-term supply contracts with compliant suppliers to reduce the impact of raw material price fluctuations</li> <li>■ Appropriately pass on part of the costs to customers</li> <li>■ Assist potential supply chain partners in implementing energy-saving and carbon reduction measures</li> <li>■ Development of a circular economy model</li> </ul>                                                       |
| International conventions or initiative guideline requirements, such as TCFD information disclosures | Increase in procurement costs                                                                 | Rising operating costs, increasing financing expenses, and fluctuating revenues | Increase in product or service costs | <ul style="list-style-type: none"> <li>■ Employee training to enhance internal ESG knowledge and awareness</li> <li>■ Implement climate risk management and conduct TCFD scenario analysis</li> </ul>                                                                                                                                                                                                                                                                                                                      |
| Slower-than-expected progress in low-carbon technology improvements                                  | A decline in competitiveness has led to an inability to secure orders and a loss of customers | Increase in operating costs                                                     | Increase in product or service costs | <ul style="list-style-type: none"> <li>■ Establishing research and development plans to continuously enhance production technology</li> <li>■ Inefficient equipment replacement</li> </ul>                                                                                                                                                                                                                                                                                                                                 |



## Opportunities Brought about by Climate Change

|  Opportunity                                                                                                                                                           |  Response Measures                                                                                                                                                               |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>In response to climate change, the government is rolling out the "National Climate Change Action Guidelines" in stages. This plan outlines key measures to ensure a stable supply of water resources, along with the expected budget allocation.</p> | <p>Continuously monitor the government's water resource budgets and actively pursue water resource projects</p>                                                                                                                                                   |
| <p>Establish terms for large water users to encourage businesses to use recycled water, desalinated water, and other water sources.</p>                                                                                                                 | <p>The Company has incorporated the "Development of Core Competitiveness in Large-Scale Seawater Desalination and Reclaimed Water" into its business strategy, focusing on talent development and building a strong track record to secure project contracts.</p> |

As carbon emission costs rise, the government's requirements for renewable energy usage have also intensified. The increased volatility of energy and raw material prices has added further strain on the supply chain. This may lead our partner manufacturers to address rising costs, which could impact delivery stability and drive up procurement expenses. If the advancement of low-carbon technology does not meet expectations or fails to timely address market demands for a green supply chain, it may undermine brand competitiveness and impact collaboration with key suppliers, owners, and customers.

For Kuo Toong, the transformation process may require adjustments to the operational model, reallocation of human resources, and upgrading of employee skills, all of which could increase internal adaptation and management challenges. At the client level, growing awareness of environmental protection and increasing demand for corporate sustainability are prompting owners and clients to set higher standards for low-carbon products and services. Failing to meet these carbon reduction expectations may negatively impact order acquisition and market competitiveness.

As global demand for green products and low-carbon services grows, we can leverage this opportunity to strengthen research and development and drive product innovation. By developing products and services that meet environmental standards, we can tap into the low-carbon market and explore new market opportunities. By actively participating in voluntary agreements, developing green finance, and engaging in ESG investments, coupled with transparent ESG information disclosure and sustainable development strategies, we aim to enhance corporate value, mitigate financial risks, and attract greater interest from sustainable capital and investors.

## 3.2 Greenhouse Gas Inventory

Kuo Toong is classified as a company with a capital not exceeding NT\$5 billion. In line with the sustainable development roadmap for listed companies and the relevant legal provisions set by the competent authority, our Company is required to disclose the individual audit status of the parent company for the year 2025 by 2026. To proactively manage carbon emissions and enhance information transparency, Kuo Toong launched a greenhouse gas inventory project in 2021. In accordance with the ISO 14064-1:2018/CNS 14064-1:2021 inventory standards, the Company has carried out greenhouse gas inventory operations and voluntarily disclosed the results.

The Company has designated 2022 as the base year for its greenhouse gas inventory. Additionally, in 2023, it obtained a third-party assurance report for the first time to verify the accuracy and reliability of its greenhouse gas emissions inventory. In the future, Kuo Toong will continue to conduct annual greenhouse gas inventories to assess reduction efforts, regularly update management policies, and work towards establishing a low-carbon workplace.

This report presents greenhouse gas emission data for the year 2024, showing a total of 14,469.4510 metric tons of carbon dioxide equivalent (tonnes-CO<sub>2</sub>e) in emissions. These emissions are categorized as follows: Category 1 emissions, originating from fixed and mobile sources, primarily consist of CO<sub>2</sub>, CH<sub>4</sub>, and N<sub>2</sub>O. Fugitive emissions include hydrofluorocarbons (HFCs) from refrigerants, CH<sub>4</sub> from water and fertilizers, and CO<sub>2</sub> from fire extinguishers. Category 2 relates to purchased electricity, while Category 4 encompasses the upstream production of purchased energy, as well as the transportation and disposal of waste.

During the reporting period, the indirect emissions from Category 2 amounted to 9,553.9829 metric tons of CO<sub>2</sub>e, accounting for 66.03% of the Company's total greenhouse gas emissions. This increase is primarily due to the establishment of a sludge drying area by Kuo Yang Company in 2024. The drying process reduces both the volume and weight of the sludge, resulting in lower treatment and storage costs, as well as a decrease in pathogens and harmful substances, which benefits sludge recovery. However, this process has led to higher electricity consumption, contributing to the rise in total greenhouse gas emissions for 2024.







## Greenhouse Gas Emissions Over the Past Three Years

 Unit: Metric tons CO<sub>2</sub>e

| Category of Greenhouse Gases                                                                 | 2022        | 2023        | 2024        |
|----------------------------------------------------------------------------------------------|-------------|-------------|-------------|
| Category 1: Direct GHG Emissions and Removals                                                | 5,697.4101  | 2,628.3423  | 2,444.1244  |
| Category 2: Indirect GHG Emissions from Imported Energy                                      | 10,337.1140 | 9,347.8817  | 9,553.9829  |
| Category 3: Indirect GHG Emissions from Transportation                                       |             |             |             |
| Category 4: Indirect GHG Emissions from Products Used by Organization                        |             |             |             |
| Category 5: Indirect GHG Emissions Associated with the Use of Products from the Organization | 2,186.4970  | 2,510.5009  | 2,471.3437  |
| Category 6: Indirect GHG Emissions from Other Sources                                        |             |             |             |
| Total                                                                                        | 18,221.0211 | 14,486.7249 | 14,469.4510 |



**Sludge Reduction Equipmen**

## Organizational Boundaries Explanation

| Operating Location                    | Description of Operating Locations                                                                          | Review | Verify | Exclude |
|---------------------------------------|-------------------------------------------------------------------------------------------------------------|--------|--------|---------|
| Parent Company: Kuo Toong Corporation | Individual units of Kuo Toong International Co., Ltd. including the Kaohsiung headquarters, Xinyuan Complex | ●      | ●      |         |
| Subsidiary: Kuo Yang Corporation      | Kuo Yang Environment Technology Co., Ltd.                                                                   | ●      | ●      |         |

## 2024 Emissions Statistics Table for Each Gas Type in Category

 Unit: Metric tons CO<sub>2</sub>e

| Gas Type                             | CO <sub>2</sub> | CH <sub>4</sub> | N <sub>2</sub> O | HFCs    | Total      |
|--------------------------------------|-----------------|-----------------|------------------|---------|------------|
| Emissions (tonnes-Co <sub>2</sub> e) | 1,722.2661      | 636.0559        | 3.7947           | 82.0077 | 2,444.1244 |

### Note :

- 1.The scope of the inventory adopts the Operation Control Method, and the inventory boundary is limited to the Kaohsiung Headquarter, Xinyuan Complex of Kuo Toong and Kuo Yang Corporation (excluding contracted projects and Penghu Wukan Seawater Desalination Plant, which ceased operations in February 2023).
- 2.The electricity emission factor is based on the electricity emission factor announced by the Bureau of Energy, and the electricity emission factor in 2024 was 0.474kg CO<sub>2</sub>e/thousand kWh.
- 3.Fuel and refrigerant emission factor refer to the summary research of the Environmental Protection Administration's GHG emissions - ver. 6.0.4 of the GHG Emissions Factor Management Chart or Material Balance
- 4.The Global Warming Potential (GWP) factor is based on the data from the IPCC Sixth Assessment Report (2021).



### 3.3 Energy Management

Kuo Toong places strong emphasis on energy efficiency, striving to make energy conservation more than just a slogan. The Company is committed to integrating energy-saving and carbon reduction measures into its corporate social responsibility through concrete and actionable initiatives. Kuo Toong regularly conducts environmental awareness campaigns for its employees, encouraging practices such as turning off unused lights, conserving water and electricity, and recycling paper. These efforts help embed energy-saving and carbon-reduction habits into daily work routines. In addition, the Company continually enhances its energy management by promoting paperless operations, performing regular greenhouse gas inventories, adopting energy-efficient equipment, and increasing the use of renewable energy. Through these initiatives, Kuo Toong actively supports environmental protection and sustainable development, working toward a greener workplace.

#### Overview of Energy Consumption in the Past Three Years Unit: GJ

| Energy Category               | 2022       | 2023      | 2024       |
|-------------------------------|------------|-----------|------------|
| Liquefied Natural Gas (LNG)   | 22,761.05  | 25,747.87 | 26,706.24  |
| Liquefied Petroleum Gas (LPG) | 3.78       | -         | 6.93       |
| Automotive Gasoline           | 2,930.91   | 1,750.56  | 2,813.14   |
| Diesel                        | 735.63     | 750.40    | 1,418.87   |
| Non-Renewable Electricity     | 75,912.73  | 70,584.05 | 106,298.27 |
| Total                         | 102,344.10 | 98,832.88 | 137,243.45 |

**Note:**

1. The conversion coefficient is derived from the Environmental Protection Administration's Gas Emission Coefficient Management Table 6.0.4 Edition, which provides the calorific value of fuels.

2. Heat value conversion to joules: 1 cal = 4.18 J Electricity: 3,600 kJ/kWh Gasoline: 32,604 kJ/L Diesel: 35,112 kJ/L Liquefied Natural Gas (LNG): 37,620 kJ/m<sup>3</sup> Liquefied Petroleum Gas (LPG): 27,734 kJ/L.

### Energy Consumption

Kuo Toong primarily utilizes liquefied natural gas, gasoline, diesel, and purchased electricity as its main energy sources. After converting all energy consumption into gigajoules (GJ), the total energy usage for 2024 amounts to 137,243.45 GJ. Purchased electricity represents the largest share at 77.45%, followed by liquefied natural gas at 19.46%. Compared to the total energy consumption of 98,832.88 GJ in 2023, Kuo Toong's energy use in 2024 increased by 38.86%. This rise is primarily driven by the establishment of a sludge drying area, which led to higher electricity consumption. Additionally, the Xinyuan Complex significantly increased its diesel procurement in response to business demands and stable raw material prices. The following outlines Kuo Toong's energy management statistics for the year 2024.

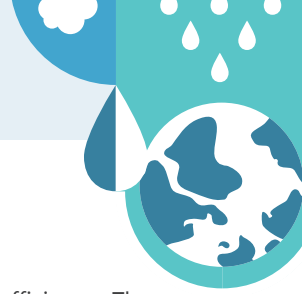
We actively respond to the energy transition policy. Our Company Yang Corporation have installed a 4,530.36 m<sup>2</sup> of solar power generation equipment on the rooftops of buildings—(221 m<sup>2</sup> at the Xinyuan Complex 4,309.36 m<sup>2</sup> at Kuo Yang Corporation)—and 2023, respectively.

In addition to self-consumption, the solar power generation facility has entered into a power purchase agreement with Taiwan Power Company. In 2024, Kuo Toong generated a total of 400,548 kWh (1,441.97 GJ) of solar power for its own use, providing green energy to support its production and operations. Additionally, the Company sold 436,326.70 kWh (1,570.78 GJ) of electricity to the Taiwan Power Company, contributing stable renewable energy to the national grid and demonstrating its active commitment to promoting green electricity.

#### Table: Solar Power Generation Capacity for the Past Three Years

Unit: kWh

|                             | 2022     | 2023     | 2024       |
|-----------------------------|----------|----------|------------|
| Renewable Energy (Self Use) |          |          | 400,548.00 |
| Renewable Energy (Sale)     | 7,198.00 | 3,458.00 | 436,326.70 |
| Total                       | 7,198.00 | 3,458.00 | 836,874.70 |



Kuo Yang Solar Panels



Xinyuan Solar Panels

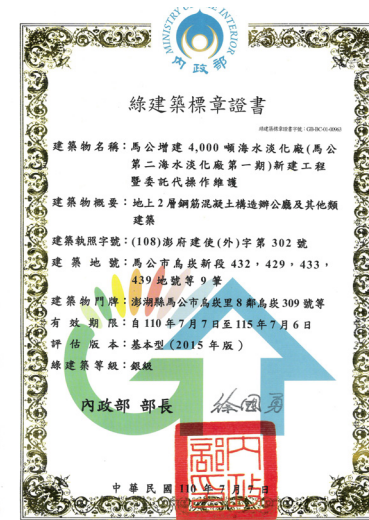
## Green Building

To implement effective energy management, Kuo Toong prioritizes building energy efficiency. The Company is committed to developing green buildings that minimize energy consumption and waste generation while incorporating features that promote ecology, energy efficiency, health, and sustainability. In accordance with Taiwan's Green Building Certification (EEWH) standards, assessments are conducted based on nine indicators: biodiversity, foliage, water soil content, energy savings, CO emissions reduction, construction waste reduction, indoor environmental quality, water conservation, and waste and sewage management. Among these, energy savings and water conservation are mandatory indicators, designed to minimize environmental impact during building design and construction.

The construction projects undertaken and completed by Kuo Toong that have received the EEWH (include the 2020 "Phase I Construction (Follow-up Project) of the Houlong Township Water Resource Recycling Center in Miaoli County" and the 2021 (Magong Seawater Desalination Plant 4000-ton Expansion (Phase I of the Magong Second Seawater Desalination Plant) New Construction with Operation and Maintenance Services).



EEWH Certificate for Houlong Water Resources Recycling Center



EEWH Certificate for the Magong Seawater Desalination Plant 4000-ton Expansion



In 2024, we plan to promote the "New Construction of Sewage Treatment Plant Phase I at the Second Kaohsiung Science Park of Southern Taiwan Science Park" and the "Tainan Seawater Desalination Plant Turnkey Project (Phase I) and Operation and Maintenance Services." The management center for these projects aims to achieve EEWB certification at the qualified and silver levels. Consequently, these projects will integrate ecological considerations, energy conservation, waste reduction, and health-oriented design. Key features include the installation of solar panels and thermal insulation tiles on the roof to reduce temperature, the use of recycled tiles with environmental labels, natural lighting and ventilation to minimize energy consumption for lighting and air conditioning, the adoption of LED lighting fixtures and zoned control systems to improve energy efficiency, the implementation of water-saving devices, and the planning of rainwater and domestic wastewater recycling systems, as well as the use of high-efficiency equipment and variable frequency operations.



**New construction of sewage treatment plant phase I at the Second Kaohsiung Science Park of Southern Taiwan Science Park, South Taiwan Science Park**



**Project of Tainan Seawater Desalination (Perspective Diagram)**

Kuo Toong actively embraces green building standards, incorporating sustainable design and efficient management practices to create environmentally friendly, energy-efficient, and high-quality facilities. We closely monitor market demand for environmental protection and energy conservation, considering green building to be a crucial direction for future development. Kuo Toong aims to undertake projects that complies to green building standards in order to further promote sustainable development. Each project will be incorporated into a long-term sustainability blueprint, thereby creating greater value for both the environment and society.

### 3.4 Water Resource Management

The Kuo Toong Kaohsiung headquarters is located within a commercial building. Domestic water is provided by the Taiwan Water Corporation, and wastewater is discharged into the municipal sewage system. Water used in the manufacturing process at the Xinyuan Complex is sourced from freshwater and is primarily utilized for cement lining. The wastewater generated is collected and directed to a sedimentation tank, where it is 100% recycled for cleaning equipment and surrounding road surfaces. With the exception of losses due to evaporation, the water is continuously reused, successfully achieving the goal of zero discharge.

### Water Consumption Statistics for the Past Three Years

Unit: Million Liters (ML)

| Water Withdrawal                                                            | 2022     | 2023     | 2024     |
|-----------------------------------------------------------------------------|----------|----------|----------|
| Seawater - Other categories                                                 | 3,130.89 | 376.19   | 0(Note)  |
| Third party - Tamsui                                                        | 13.9     | 12.60    | 26.64    |
| Third party - Others                                                        | 7,115.64 | 7,229.45 | 7,726.62 |
| Classification of Discharge Volume Based on Discharge Terminals             | 2022     | 2023     | 2024     |
| Surface water                                                               | 6,492.36 | 6,506.51 | 6,957.34 |
| Seawater                                                                    | 2,017.57 | 244.19   | 0(Note)  |
| Third party water (Total volume)                                            | 2.19     | 5.70     | 2.63     |
| Classification of Discharge Volume Based on Water Quality                   | 2022     | 2023     | 2024     |
| Freshwater                                                                  | 6,494.55 | 6,512.21 | 6,959.97 |
| Other (Not Tamsui)                                                          | 2,017.57 | 244.19   | 0(Note)  |
| Discharge Volume Categorized by Level of Water Treatment                    | 2022     | 2023     | 2024     |
| Primary processing                                                          | 2,017.57 | 244.19   | 0        |
| Secondary treatment                                                         | 6,494.55 | 6,512.21 | 6,959.97 |
| Water Consumption                                                           | 2022     | 2023     | 2024     |
| Product (Volume of water supplied to the Taiwan Water Corporation)          | 1,113.32 | 132.00   | 0(Note)  |
| Consumption (Water intake - Water discharge -Product usage - Waste mixture) | 634.99   | 729.84   | 793.28   |



**Note:** The Penghu Wukan Seawater Desalination Plant, which is directly operated by the Kuo Toong, ceased operations in 2023. Other desalination plants operate under a management model and are not included in the water usage statistics of the National Water Corporation.



Kuo Yang Corporation is responsible for managing the domestic wastewater of residents in the Zhunan-Toufen area. With the exception of tap water used at the washbasins within the facility, all other water used has been recycled and treated. In addition to being reused within the factory, the recycled water is also made available to the public and local businesses in accordance with county government policy. Members of the general public may follow county government announcements and collect water for free on their own. If companies or businesses have a need, they may submit a formal application to the county government. Upon approval, they may also collect the water free of charge for uses such as road surface cleaning and green space irrigation. Through the promotion and diverse applications of recycled water, the efficiency of water resource circulation and reuse has been significantly improved.

The discharge of effluent from all operational sites of Kuo Toong complies to the standards set by the Environmental Protection Administration concerning the quality parameters and limit values for effluent released into the public sewer system. There were no violations in 2024.

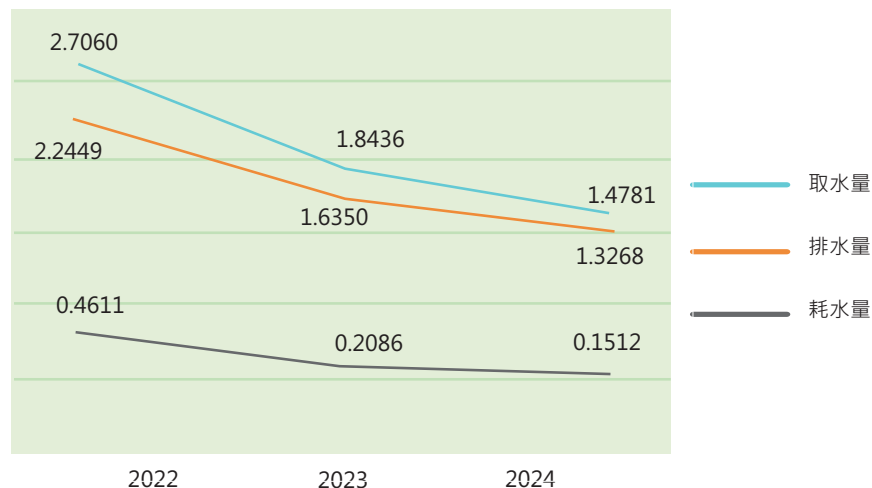


**Kuo Yang – Reclaimed Water Utilization**



### Water Intensity Over the Years

Unit: Million Liters/Revenue in NT\$ Million



## 3.5 Recycling and Reusing Materials

### Raw Materials

The main production processes at Kuo Toong's Xinyuan Complex are ductile iron pipes and steel pipes. The primary raw materials for ductile iron pipes include black iron, sand, gravel, and others (cement, additives, etc.). Steel pipes primarily use steel plates as raw materials. Among them, black iron is sourced from recycled raw materials, with an average composition of approximately 52.81% over the past three years. The table below shows the main raw materials used over the last three years.

### The Use of Main Raw Materials in the Past Three Years

Unit: Kilograms

| Raw Materials                        | 2022          | 2023          | 2024          |
|--------------------------------------|---------------|---------------|---------------|
| Black Iron (Recycled Raw Materials)  | 15,263,529.20 | 17,302,526.50 | 16,929,130.00 |
| Sand                                 | 3,724,839.00  | 3,911,601.00  | 3,639,840.00  |
| Gravel                               | 1,961,952.00  | 1,916,626.00  | 1,654,360.00  |
| Others                               | 7,646,158.10  | 10,101,877.51 | 9,726,693.50  |
| Total                                | 28,596,478.30 | 33,232,631.01 | 31,950,023.50 |
| Proportion of Recycled Raw Materials | 53.38%        | 52.06%        | 52.99%        |

### Scrap Iron

The black iron used by Kuo Toong is 100% recycled raw materials which are cutting steel scraps and recycled steel purchased from steel mills and scrap iron factories. After obtaining recycled raw materials, add additives and other raw materials through smelting, and then pass nodularizing treatment of graphite to make the required pipe fittings. Scrap iron accounts for about 92% of the finished pipe fittings.

### Waste Casting Sand

Kuo Toong uses 100% recycled casting sand for the sand molds in pipe and fitting production. After the casting process is complete, the broken sand mold pieces are transported to a sand recovery machine for crushing and sieving, and then they are reused.

### Silica Sand

Desalination plants need to go through a pre-treatment before performing seawater desalination. The pre-treatment is to implement through sand filtration, bag filtration first, and finally through security filters. The silica sand used in the sand filter is 100% recycled and reused. We purchased crushed silica sand made from recycled glass bottles cleaned by the waste treatment plant and use it as a filter material for desalination.





### 3.6 Waste Management

In 2024, Kuo Toong generated a total of 6,538.92 tons of waste, achieving a recycling and reuse rate of 75.27%. The largest portion consisted of non-hazardous inorganic sludge (D-0902), totaling 1,504.20 tons, primarily treated through incineration, thermal treatment, and other disposal methods. Recyclable foundry sand (R-1201) accounted for 1,018.24 tons and was processed using sand recovery machines through crushing and screening. Additionally, 2,973.14 tons of organic sludge (D-0901) and 928.47 tons of electric arc furnace slag (R-1204) were also recovered via incineration or thermal treatment as part of other recycling processes.

#### Weight of Waste Generated Over the Past Three Years

Unit: Tons

| Waste Category       | Hazardous Waste | Non-hazardous Waste |                 |                     |                            | Total    |
|----------------------|-----------------|---------------------|-----------------|---------------------|----------------------------|----------|
| Disposal Category    | Direct Disposal | Direct Disposal     |                 | Recycling and Reuse |                            |          |
| The Ways of Disposal | Landfill        | Landfill            | Other Disposals | Recycling and Reuse | Other Recycling Operations |          |
| 2024                 | 0.11            | 112.57              | 1,504.21        | 1,948.89            | 2,973.14                   | 6,538.92 |
| 2023                 | 0.13            | 22.14               | 0.00            | 2,276.71            | 3,281.16                   | 5,580.13 |
| 2022                 | 0.10            | 18.02               | 0.00            | 1,889.99            | 2,687.00                   | 4,595.11 |



**Note:**

- 1.The data in this table reflects the production of various types of waste. Compared to previous years, adjustments have been made in alignment with updates introduced in this year's report.
- 2.The waste generation data does not include figures from Kuo Toong's various engineering project offices.



# 2024 ESG Report of KUO TOONG

## Social Inclusion

### 4

|                                    |    |
|------------------------------------|----|
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## 4. Social Inclusion

### 4.1 Talent Development

#### Education and Training Management

Starting from 2022, the heads of each department at Kuo Toong submitted applications based their needs or after receiving information of external courses. This was done to establish effective professional training plans for employees, thereby strengthening their career development capabilities. In compliance with Article 21, Section 1 of the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, we have implemented an employee training and development program designed to enhance employees' career capabilities. Through employee career development training, we aim to enhance colleagues' professional skills, strengthen leadership and management capabilities, and build team alignment to cultivate outstanding talent. Kuo Toong will conduct a series of training and development programs from May to June 2024, focusing on educating employees about laws related to integrity in business operations. The sessions will highlight corporate integrity management and the legal regulations and practices surrounding insider trading. The total training duration will be 240 minutes, with participation from 214 employees.

#### Employee Training and Development Program for Enhancing Career Skills in 2024

| Core Objectives and Expected Outcomes                    |                                                                                                                                                                                                                                                       | Course Title                                                       | Implementation Status |                                                             |                      |
|----------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------|-----------------------|-------------------------------------------------------------|----------------------|
|                                                          |                                                                                                                                                                                                                                                       |                                                                    | Hours                 | Participants at the Managerial Level and Above Participants | Tota of Participants |
| 1.Enhancing Competitiveness – Strengthen employee skills | and professional capabilities to improve overall performance. Foster effective communication with clients regarding product applications, quality expectations, and process management to reduce misunderstandings and enhance customer satisfaction. | 7S Management Practices                                            | 6                     | 10                                                          | 26                   |
|                                                          |                                                                                                                                                                                                                                                       | Professional Presentation Planning and Communication Skills        | 2                     | 11                                                          | 19                   |
|                                                          |                                                                                                                                                                                                                                                       | Common Issues in Material Management and Their Solutions           | 6                     | 5                                                           | 69                   |
|                                                          |                                                                                                                                                                                                                                                       | Production and Sales Coordination and On-Time Delivery Fulfillment | 6                     | 5                                                           | 25                   |
|                                                          |                                                                                                                                                                                                                                                       | Effective Practices for OKRs and KPIs                              | 6                     | 2                                                           | 15                   |
|                                                          |                                                                                                                                                                                                                                                       | Mind Map                                                           | 12                    | 17                                                          | 70                   |
|                                                          |                                                                                                                                                                                                                                                       | Standard Operating Procedure (SOP) Training                        | 3                     | 4                                                           | 57                   |
|                                                          |                                                                                                                                                                                                                                                       | Procurement Strategies and Cost Reduction Practices                | 3                     | 3                                                           | 8                    |
|                                                          |                                                                                                                                                                                                                                                       | Internal Control Management Practices                              | 3                     | 4                                                           | 24                   |
| 2.Complying with regulatory requirements                 | while also strengthening the management and leadership capabilities of supervisors to enhance managerial performance and demonstrate execution effectiveness.                                                                                         | Principle of Integrity                                             | 2                     | 16                                                          | 84                   |
|                                                          |                                                                                                                                                                                                                                                       | Insider Trading                                                    | 2                     | 18                                                          | 130                  |
|                                                          |                                                                                                                                                                                                                                                       | Human Rights Education                                             | 2                     | 17                                                          | 141                  |
|                                                          |                                                                                                                                                                                                                                                       | Gender Equality                                                    | 2                     | 10                                                          | 58                   |
|                                                          |                                                                                                                                                                                                                                                       | Information Management Skills                                      | 8                     | 24                                                          | 84                   |
| 3. Fostering team consensus                              | to develop an efficient and exceptional team                                                                                                                                                                                                          | Group Consensus - Accountability                                   | 6                     | 8                                                           | 71                   |

 **Note:**Please note that the courses outlined above in the employee training and development program are integral components of Kuo Toong's annual education and training initiatives.



## Overview of Allocations Invest in Education and Training Over the Years

In addition to the aforementioned training and development programs, Kuo Toong provides orientation courses for new employees, covering the Company's management systems, an introduction to the work environment, and occupational safety and health education, all delivered by experienced senior staff. Moreover, the Company has applied for the Ministry of Economic Affairs' Enterprise Human Resource Upgrade Program to offer comprehensive training for all employees. These courses include topics such as corporate social responsibility, time management, and business process improvement.

In 2024, the total investment in education and training expenses is approximately NT\$1.1663 million. A total of 1,389 participants will receive training, amounting to a cumulative training duration of 7,115 hours. When categorized by gender, the average training hours were 12.35 hours for male employees and 27.97 hours for female employees. By job level, the average training hours were as follows: 27.90 hours for middle and senior management, 28.77 hours for lower-level management, 16.30 hours for engineering personnel, 26.89 hours for administrative staff, and 5.45 hours for entry-level employees.

|                                        | 2022            | 2023            | 2024            |
|----------------------------------------|-----------------|-----------------|-----------------|
| Annual Education and Training Expenses | NT\$374,460     | NT\$1,393,545   | NT\$1,166,317   |
| Total Annual Training Hours            | 1,845 hours     | 4,603 hours     | 7,115 hours     |
| Number of Employees for the Year       | 303 individuals | 414 individuals | 470 individuals |
| Average Training Cost per Person       | NT\$1,236       | NT\$3,366       | NT\$2,482       |
| Average Training Hours per Person      | 6.09 hours      | 11.12 hours     | 15.14 hours     |



**Principles of Integrity Course**



**Gender Equality Curriculum**



**ISO 14001 Internal Auditor Course**



**Information and Communication Security Course**



## Performance Appraisal

Except for employees on unpaid leave and those who have been with the Company for less than three months, all employees of Kuo Toong are required to undergo performance evaluations (currently, the General Manager is concurrently held by the Chairman, and the performance self-assessment and external evaluation of the overall Board of Directors, individual Board members, and functional committees are integrated). The evaluation consists of two types: "Mid-year Review" and "Annual Review." The heads of each department conduct performance interviews with their employees, and submit the Mid-year Review to the HR unit at the end of May every year, implement the Annual Review before the end of the year. Meanwhile, employees will receive the Self-assessment Form and Annual Assessment Form from Financial & Administrative Department to fill out, and return it within a week. Thus, the Financial & Administrative Department will transfer those forms with Mid-year Assessment Form to the heads of each department for reviewing. The review shall be conducted by the direct supervisor or the person designated by the superior of the employee (who is under the review) for initial review and second review.

For employees whose performance appraisal's score is lower than 60, the Human Resource Evaluation Committee will notify the improvement verbally first. If it is not improved within a month, the Human Resource Evaluation Committee will issue a performance improvement notice within a deadline of three months to improve. In case of the improvement still cannot be seen, the Financial & Administrative Department will hold an appraisal meeting that the employees shall be attended, and ruled by Human Resource Evaluation Committee for assigning an appropriate position. The employees who should be taken the performance appraisal in 2024 were 100% carried out according to the annual performance appraisal operation. The appraisal results are used as the basis for calculating yearend bonuses, education and training, job transfers and promotions, etc. In addition, Xinyuan Complex would evaluate work performance every month as the basis for issuing production bonuses.



## 4.2 Diversity and Inclusivity

### Recruitment Policy

Kuo Toong recruits new personnel through an open recruitment, and the supervisor selects the person who are suitable for the Company based on their knowledge, experience, characteristic and work experience. In addition, we do not hire employees under 16 years old and have forced or compulsory labor existed abide by relevant labor laws and regulations. If there is a major impact on manpower demand caused by operational changes, we will strictly follow relevant laws to arrange the employees, and properly communicate with them before the legal advance notice period.

In order to promote relevant affirmative action, through education and training to publicize concepts such as equality, prevention of sexual harassment, prevention of employment discrimination, respect and understanding of cultural differences, etc.; Implement and extend relevant affirmative action measures, for examples, providing working hours for breastfeeding, paternity leave, family care leave, etc., to strengthen employees' understanding and respect for equality in the workplace. Let all employees understand the Company's determination to implement human rights protection. In terms of talent recruitment, we promote equal employment opportunities through actions, and strenuously take care of underprivileged groups. By the end of 2024, we had employed five people with disabilities and 6 individuals of indigenous background, exceeding the legal requirements.

### Employment of Vulnerable Groups

|                                                                                 | 2022 | 2023 | 2024 |
|---------------------------------------------------------------------------------|------|------|------|
| Number of Disabled Employees                                                    | 5    | 5    | 5    |
| Indigenous Employees                                                            | 4    | 6    | 6    |
| Laws and Regulations related to the Employment of Individuals with Disabilities | 2    | 3    | 4    |





## Manpower Overview

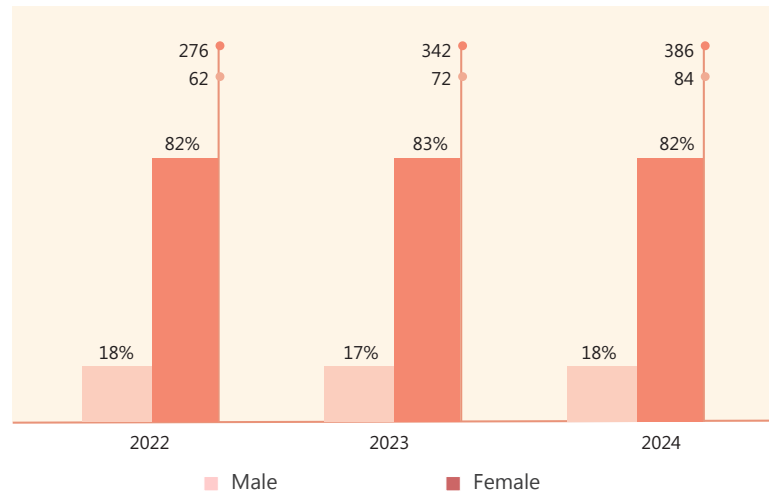
Kuo Toong has a predominantly male workforce due to the nature of the industry. As of the end of 2024, the total number of employees was 470, which represents an increase of 56 people (increased by 14%)



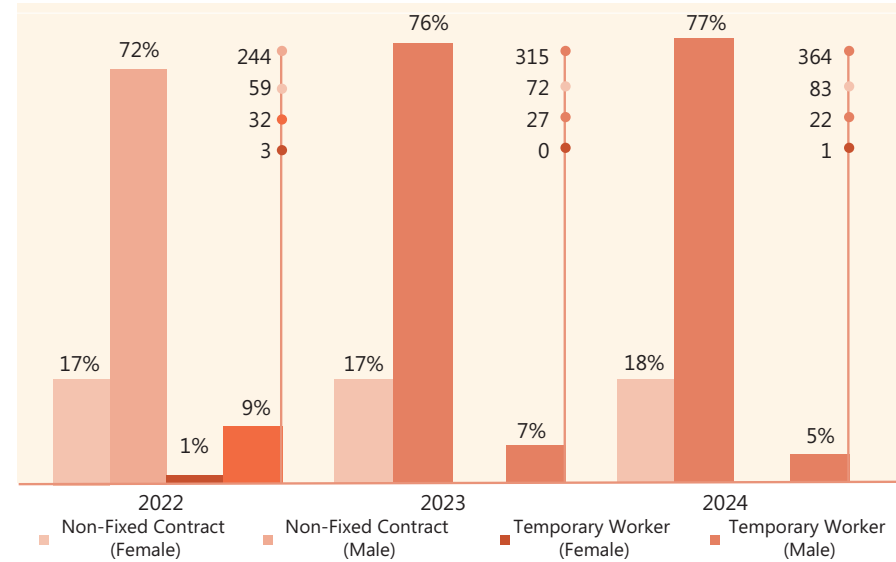
As of the end of 2024, there were 84 females (accounting for 18%) among the total number of employees, with little difference in gender ratio in the past three years; there were 130 employees under 30 years old, which represents an increase of 18 people (increased by 16%) compared with 2023. The in-service employees had the highest proportion of 31-50 years old, of which were 280 people (accounting for 60%).

In 2024, there were 69 employees in supervisory positions. Among all supervisors, females accounted for 28% of the total. In the category of executives, females made up 29% of the total, which is higher than the overall female representation of 18% among all employees.

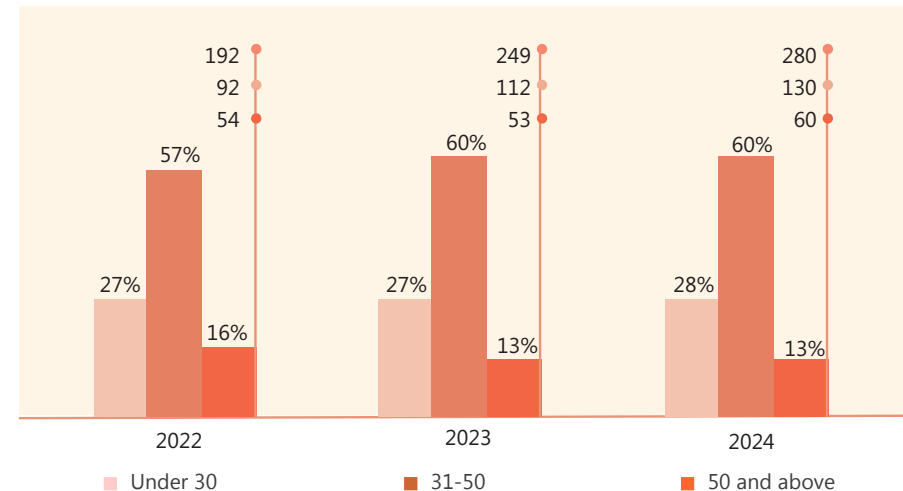
## Number of Hired Employees Over the Years and Proportions (by Gender)



## Number of Hired Employees Over the Years (by Employment Contract)

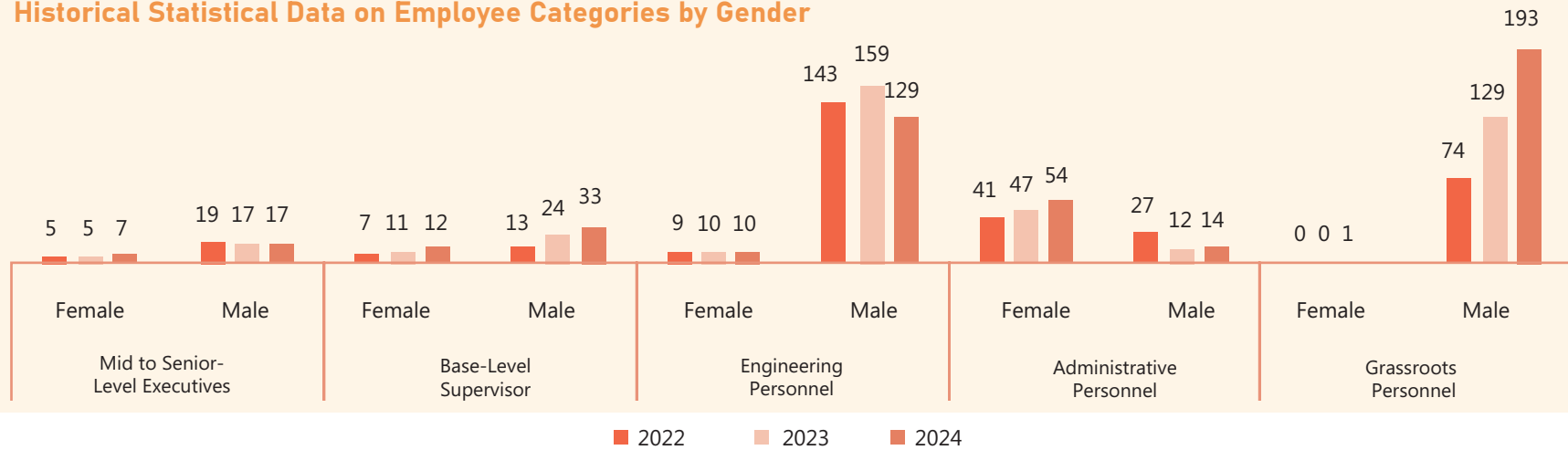


## Number of Hired Employees Over the Years and Proportions (by Age Group)

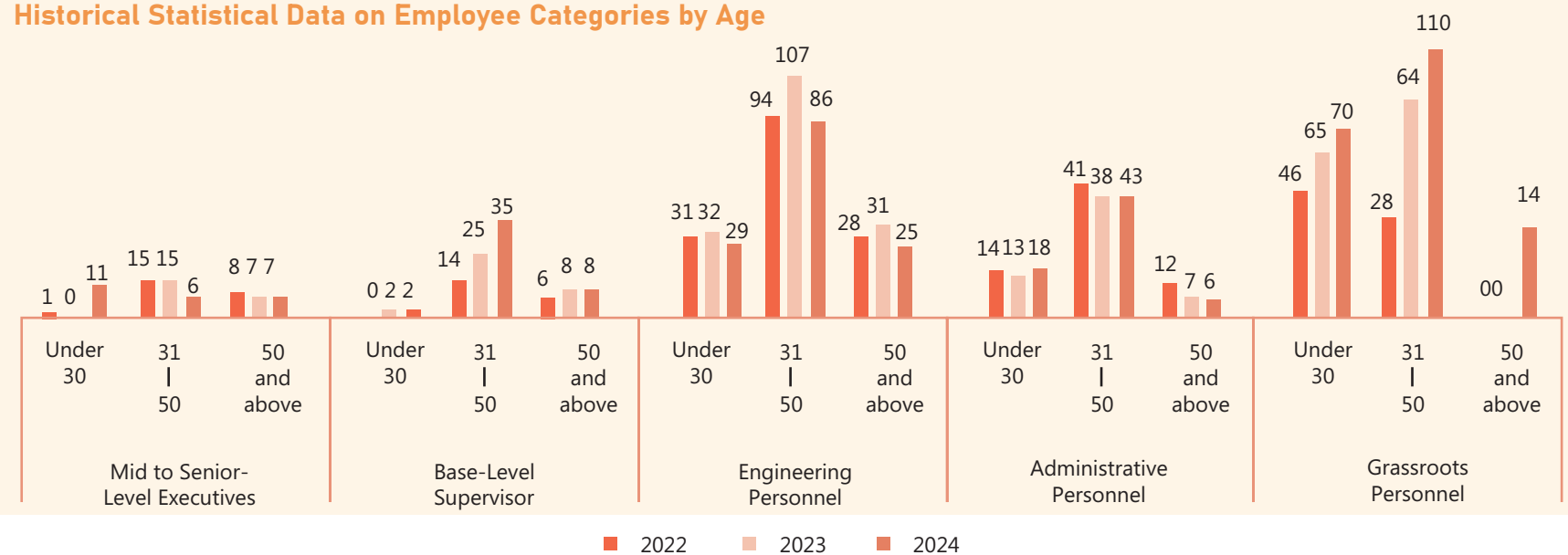




### Historical Statistical Data on Employee Categories by Gender



### Historical Statistical Data on Employee Categories by Age

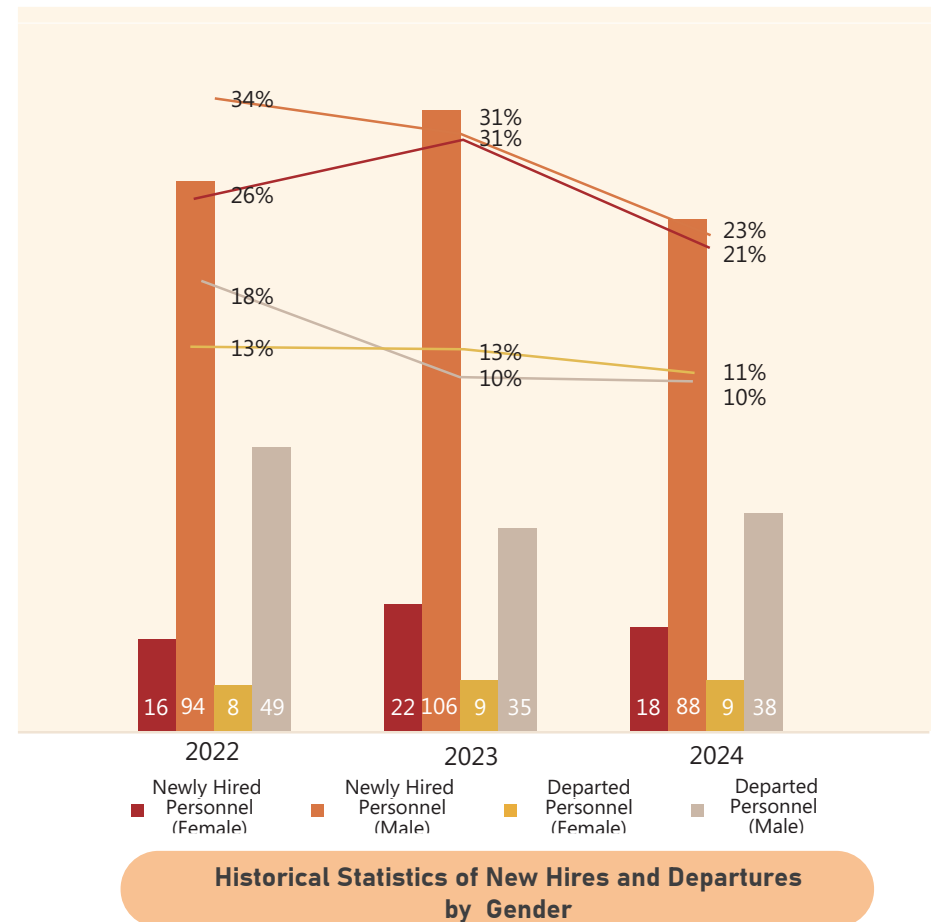
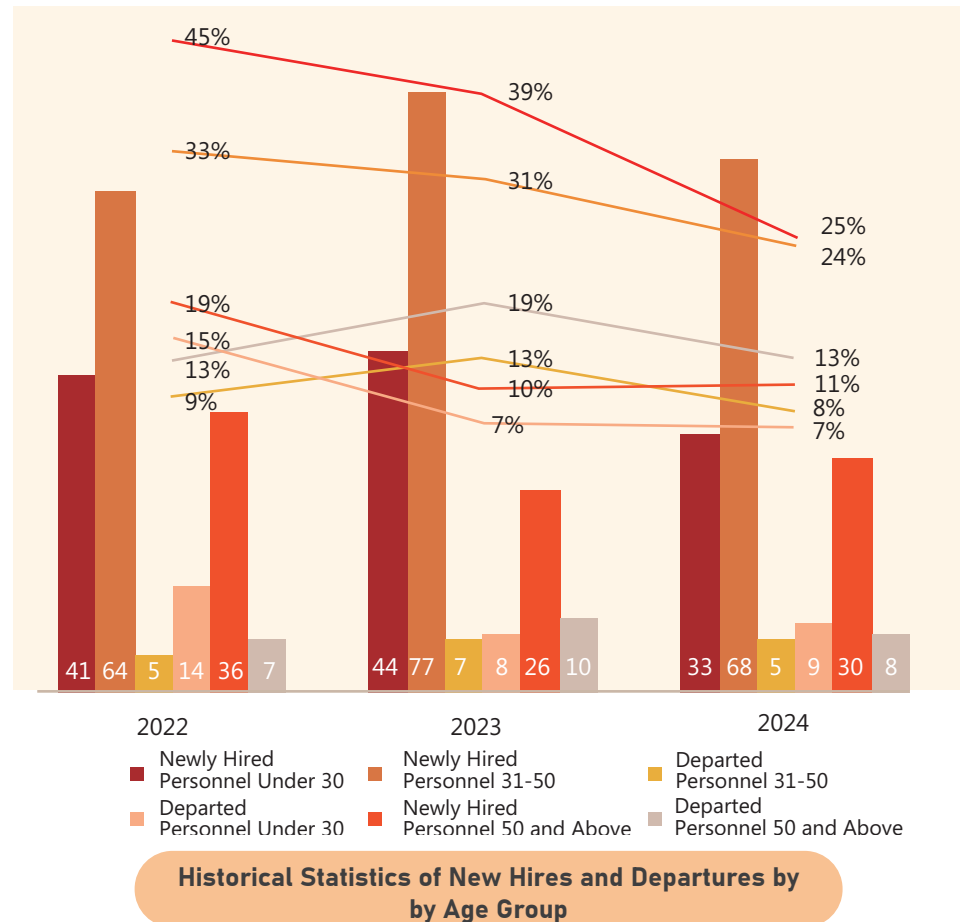




## Employee Turnover

In 2024, a total of 106 new employees were recruited, of which were 18 females (new recruiting rate of 21%) and 88 males (new recruiting rate 23%). Divided by the age, there were 33 new employees in 2024 (new recruiting rate of 25%) under 30 years old, 68 new employees (new recruiting rate of 24%) between 31-50 years old, and 5 new employees (new recruiting rate of 8%) over 51 years old.

In 2024, a total of 47 employees were resigned, of which were 9 females (turnover rate of 11%) and 38 males (turnover rate of 10%) Divided by the age, In 2024, 9 employees under 30 years old left the Company (turnover rate of 7%), 30 employees between 31 and 50 years old left (turnover rate of 11%), and 8 employees over 50 years old left (turnover rate of 13%).



**Note :** New Recruiting (Turnover) Rate= Number of new hires (departures) in the category during the year ÷ Total number of employees in the category at the end of the year.



## Human Rights Protection

To uphold and protect the fundamental human rights of its employees, Kuo Toong has established "Sustainable Development Guidelines," supports and adheres to international human rights conventions, such as gender equality, labor rights, and non-discrimination. To fulfill its responsibility to safeguard human rights, the Company shall establish relevant management policies and procedures, including:

- I. Formulating the Company's human rights policy or statement.
- II. Assessing the impact of the Company's operational activities and internal management on human rights and establishing corresponding procedures.
- III. Periodically reviewing the effectiveness of the corporate human rights policy or statement.
- IV. When human rights violations are involved, disclosing the procedures for addressing the interests of relevant stakeholders.

Kuo Toong fully endorses and complies to the principles and spirit of international human rights conventions, including the Universal Declaration of Human Rights, the United Nations Global Compact, and the ILO Declaration on Fundamental Principles and Rights at Work. These principles encompass freedom of association, the right to collective bargaining, support for disadvantaged groups, the prohibition of child labor, the elimination of all forms of forced labor, and the eradication of employment and occupational discrimination. The Company further affirms that its human resource policies are free from discrimination based on gender, race, socioeconomic status, age, marital status, or family circumstances. Kuo Toong is committed to ensuring equality and fairness in all aspects of employment practices, including recruitment, hiring, compensation, benefits, training, performance evaluation, and promotion opportunities.

As part of our efforts to prevent human rights violations, we promote education and awareness. In 2024, we conducted 240 minutes of training on human rights and gender equality, with a total of 199 participant attendances. Please refer to Section 4.1, Talent Development – Education and Training Management.



Human Rights Education Course

## Communication and Complaints

Kuo Toong conducts quarterly labor-management meetings to address various topics, including the annual work calendar, election of labor-management representatives, and adjustments to extended working hours. In 2024, a payroll system malfunction resulted in a delay in overtime wage payments over a three-month period. The system has since been updated, and all outstanding wages have been promptly settled to ensure compliance with labor regulations and safeguard employee rights. Communication with foreign workers is facilitated through interpreters provided by the manpower agency. This ensures smoother information delivery and allows foreign workers to fully express their opinions. We will continue to enhance employee benefits and maintain harmonious labor-management relations to prevent labor disputes in the future.

To address issues that may impact labor rights, Kuo Toong has established effective and appropriate grievance mechanisms, including an "Employee Complaint Policy." Employees can submit their concerns or complaints anonymously through a designated email address accessible by senior management, or by placing written submissions in a suggestion box. The Audit Office will submit the complaints, depending on the situation, to the general manager for instructions, or directly inform the supervisor of the relevant units after receiving them, and regularly reports the progress of the grievances to the general manager every month, so as to provide a smooth communication channel for all employees to lodge and thus to improve the blind spots of the corporate management. For the past three years, the Audit Office has not received any grievances.

The "Measures and Disciplinary Procedures for Preventing Sexual Harassment" established by Kuo Toong stipulate that the complaint process for sexual harassment cases is similar to that of general complaint cases. However, upon receiving relevant complaints, a Sexual Harassment Complaints Handling Committee shall be formed confidentially, and an investigation procedure shall be initiated. This committee must consist of at least 50% female colleagues. Complaints should be resolved within two months from the date of filing. If the investigation confirms the allegations, disciplinary actions are taken in accordance with relevant regulations and employment policies. In 2024, we did not receive any related complaints.



## 4.3 Remuneration and Benefits

### Salary of Non-supervisory Full-time Employees

The remuneration policy of Kuo Toong is based on individual employee capabilities, the level of contribution to the Company, and performance outcomes, which are closely linked to overall business performance. The salary adjustment mechanism is based on the results of the annual performance evaluation. Heads of department submit salary adjustment requests for their team members, taking into account individual performance and organizational outcomes. This ensures that the compensation system is fair, motivating, and aligned with both individual contributions and overall organizational performance.

According to the regulations outlined in the Taiwan Stock Exchange's "Instructions for Reporting Salary Information of Full-Time Employees in Non-Supervisory Positions," Kuo Toong provides the following salary information for full-time employees who do not hold managerial positions: In 2024, the total salary amounted to NT\$233.867 million, with an average salary of NT\$624 thousand and a median salary of NT\$558 thousand. Compared to 2023, the average salary and median salary for full-time employees in 2024 decreased by 11.2% and 3.8%, respectively. This decline is primarily due to the increased recruitment of approximately 100 foreign migrant workers during the reporting period, driven by the demand for engineering projects and the difficulty in hiring local employees. This shift in workforce composition led to changes in the overall salary structure, which impacted both the average and median salaries.

### Salary of Non-supervisory Full-time Employees (NT\$ thousands)

| Year                                             | 2022       | 2023       | 2024       |
|--------------------------------------------------|------------|------------|------------|
| Number of Full-time Employees                    | 238 people | 261 people | 375 people |
| Total Salary of Full-time Employees              | 162,948    | 183,593    | 233,867    |
| Average Salary of Full-time Employees            | 685        | 703        | 624        |
| Median Salary of Full-time Employees             | 566        | 580        | 558        |
| Average Salary of Employees in the Same Industry | 687        | 677        | 695        |

Kuo Toong values the salary rights of its junior employees. In addition to adhering to the regulations of the "Labor Standards Act," the Company applies the same salary standards for both men and women, which are higher than the government-mandated minimum wage. Furthermore, as indicated in the table below, the gender pay gap ratio at

Kuo Toong is 5.9%, which is significantly lower than the 14.7% reported by the Ministry of Labor. This underscores our continued commitment to addressing this issue.

|                              | Male      | Female    | Average   |
|------------------------------|-----------|-----------|-----------|
| Average Salary               | 38,735.00 | 41,021.00 | 39,147.00 |
| Number of Employees          | 327       | 72        | 399       |
| Percentage of Employees      | 81.95%    | 18.05%    |           |
| Male/Female Salary Gap Ratio | -5.9%     |           |           |

**Note :** 1. The Gender Pay Gap = (Average Salary for Men - Average Salary for Women)/Average Salary for Men \* 100%.  
 2. This statistic excludes employees who have not been employed for a minimum of six months as of December 31, 2024

Kuo Toong's annual total remuneration consists of a base monthly salary and variable bonuses. To ensure accuracy in calculating salary growth rates—particularly for new hires in 2023—and to avoid distortions caused by employees who did not receive a full year's remuneration (e.g., those who joined mid-2023 or left mid-2024), we will exclude individuals who were not employed for the full duration of both 2023 and 2024. This approach helps align the median statistical results more closely with the actual remuneration trends.

### Annual Total Compensation Ratio

| Item                                                                                                                                                                                                                                       | Ratio |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------|
| The ratio of the annual total remuneration of the highest-paid individual in 2024 to the median annual total remuneration of other employees (excluding the highest-paid individual)                                                       | 28.65 |
| The ratio of the percentage increase in the annual total remuneration of the highest-paid individual in 2024 to the median percentage increase in the annual total remuneration of other employees (excluding the highest-paid individual) | -1.08 |



## Employee Benefits

Kuo Toong strictly complies with all relevant labor regulations and has established comprehensive workplace rules and personnel management policies. These policies cover basic wages, working hours, leave entitlements, pension benefits, labor and health insurance, and compensation for occupational injuries. In addition, the Company offers a range of insurance options, including group insurance and employee accident insurance, to safeguard employees' fundamental rights. To promote work-life balance, Kuo Toong organizes reasonable production schedules that ensure adequate rest and leave for employees. The Company also provides educational subsidies to support employees' children. In addition, we have well-prepared dormitories for migrant workers to stay and use with peace of mind.

| Type             | Item                                                                                                                                     |
|------------------|------------------------------------------------------------------------------------------------------------------------------------------|
| Fixed Subsidy    | birthday cash gift/marriage subsidy/childbirth subsidy/funeral subsidy/child education subsidy/relocation assistance/retirement souvenir |
| Flexible Subsidy | Company trip/bonus or gift of Labor Day, Spring Festival, Dragon Boat Festival, Moon Festival                                            |

Set up an Employee's Welfare Committee through employee elections in accordance with the law to coordinate the implementation of various welfare matters. Moreover, we have formulated the Workplace Health and Safety Rules, and regularly held health examinations, labor safety publicity, fire prevention lectures and drills for employees to maintain the safety and health of them. Providing employer's liability insurance coverage for all employees, including temp workers, enhancing group insurance to improve employee protection.

## Pension Appropriation

The employees in Taiwan who choose to apply Unpaid Parental Leave the "Labor Pension Act" will be provided with 6% of their monthly salary to the individual labor pension accounts of the Bureau of Labor Insurance to protect their rights and interests. Those who choose to continue to apply the "Retirement Mechanism Prescribed in the Labor Standards Act" or choose to apply the pension system of the Act while retaining their seniority under the old labor retirement system will be provided pension funds and deposited in an account at the Bank of Taiwan in the name of the Labor Pension Reserve Supervision Committee. At the end of each year, according to the insufficient balance of the actuarial report of the pension, the difference will be allocated before the end of March of the following year. As of December 31, 2024, the amount of defined benefit plan is a net defined benefit liability of NT\$798,000.

### Unit: NT\$ thousands

|                                               |     |        |
|-----------------------------------------------|-----|--------|
| Present Value of a Defined Benefit Obligation | >>> | 43,824 |
| Fair Value of Plan Assets                     | >>> | 43,026 |
| Net Defined Benefit Asset                     | >>> | 0      |
| Net Defined Benefit Liability                 | >>> | 798    |

## Unpaid Parental Leave

In 2024, two employees applied for parental leave. Five employee who had taken parental leave in the previous year returned to work, and the five employees remained employed for 12 months after returning, resulting in a retention rate of 100%.

| Year                                                                             | 2022   |      | 2023   |      | 2024   |      |
|----------------------------------------------------------------------------------|--------|------|--------|------|--------|------|
| Gender                                                                           | Female | Male | Female | Male | Female | Male |
| Number of eligible employees for unpaid parental leave (A)                       | 4      | 1    | 6      | 7    | 6      | 6    |
| Number of applications for unpaid parental leave (B)                             | 1      | -    | 4      | 1    | 2      | -    |
| Number of employees who are estimated to reinstate in the year (C)               | -      | -    | -      | -    | 1      | 1    |
| Actual number of reinstated employees (D)                                        | -      | -    | 1      | -    | 5      | 1    |
| Number of employees who are still employed 12 months after returning to work (E) | -      | -    | 1      | -    | 5      | 1    |
| Reinstatement rate for expiry of unpaid leave (D)/(C)                            | -      | -    | -      | -    | 500%   | 100% |
| Retention rate for 12 months after reinstatement (E)/(D of the previous year)    | -      | -    | -      | -    | 100%   | 100% |



**Note:** : The calculation basis of the number of eligible people for unpaid parental leave is the number of people who have worked for more than 6 months and whose children have not reached the age of 3 in the year.



## Employee Care and Activities

### Year-End Celebration

The year-end celebration is an annual grand event and an excellent opportunity to foster team spirit among employees. Through this gathering, communication quality between departments can be enhanced, and employees can better understand each other's joys and challenges at work. It also serves as a chance for employees to relieve stress in an appropriate manner. We also hope to take this opportunity to express our gratitude to all employees for their hard work over the past year. While recognizing their contributions to the Company, we aim to acknowledge the pressures they face and extend our heartfelt appreciation for their dedication. We also view this grand event as an opportunity to recharge and renew—both professionally and personally—by reflecting on the past year, organizing our thoughts, and reassessing our goals for the year ahead.

### Employee Benefits

To stabilize employees' morale and foster a sense of belonging to the company, we strive to provide various employee benefits and create a happy workplace and a happy company. This allows employees to contribute their talents in a safe, healthy, and stable environment, while also aligning with the sustainable goal of decent work. Our employee benefits include:

- (1) Employee Bonuses: To encourage all employees to work together in creating profits, the Company distributes bonuses if there is a surplus at the end of the fiscal year. After covering previous years' losses and setting aside the statutory reserve, at least 2% of the remaining surplus is allocated as bonuses for all employees. For the fiscal year 2024, approximately NT\$50,319 thousand will be allocated as employee bonuses based on the results of mid-term and annual performance evaluations according to the Company's "Performance Evaluation Management Measures."
- (2) Employee Insurance and Health Care System and Its Implementation:
  - A. In accordance with government regulations, the Company ensures proper enrollment and withdrawal procedures for labor and health insurance for all employees.
  - B. To provide group insurance for all employees, thereby enhancing employee protection and welfare.
  - C. Regular complimentary health check-ups are provided in partnership with qualified medical institutions to monitor employees' health, ensure job suitability, and identify potential health risks that could affect operations at an early stage.
- (3) Employee Welfare Committee
  - A. The Company has established an Employee Welfare Committee in accordance with the law to organize various employee welfare activities. Funds for these activities are allocated according to legal requirements, and any shortfall is supplemented by the company.
  - B. Birth gifts for employees.
  - C. Marriage and bereavement allowances: All employees are eligible for these allowances.
  - D. Domestic and international travel subsidies: All employees are eligible for these subsidies.

E. Other benefits: Employees receive appropriate gifts for occasions such as the Dragon Boat Festival, Mid-Autumn Festival, and birthdays. The Company also has policies for educational scholarships and grants for employees' children.

### Employee Family Day

The company, in addition to focusing on work, also hopes employees can achieve a harmonious life both physically and mentally. Therefore, the company regularly organizes employee activities to not only help employees enjoy their work, but also allow them to refresh their minds through outdoor activities, which, in turn, enhances work efficiency and the balance between work and life.

The company will hold Employee Family Day events on June 29, 2024, and December 14, 2024, with a one-day trip to Keziliao and Meinong. Employees' family members will join in the activities, fostering interaction among colleagues and helping family members empathize more with the company. This strengthens employee cohesion while also showing care for employees' family lives and work conditions.



Employee Family Day



Year-End Celebration



## 4.4 Occupational Health and Safety

To comprehensively enhance the quality of workplace safety management, Kuo Toong has obtained ISO 45001 certification for its Occupational Health and Safety Management System. Through institutionalized and systematic management mechanisms, the Company effectively identifies and controls occupational safety risks. To enhance employee safety awareness and reduce workplace risks, Kuo Toong has established the Safety and Health Work Rules in accordance with the Occupational Safety and Health Act. These rules clearly stipulate that all individuals entering the factory premises—including contractors—must strictly comply with relevant safety standards.

The industrial safety unit regularly conducts daily factory inspections. If any abnormalities are found or do not conform to the established procedures of the operation, it would immediately require the execution to modify. Besides that, there are also irregular inspections, if any defects are found, they will be recorded in the inspection form to confirm the on-site occupational safety risks. The defects will be issued to all supervisors and the industrial safety promotion contact of each department after reviewing, thereby drawn up an improvement plan to be implemented by the competent unit. For the management of emergency response, all departments are required to fill in the record form to report the near-misses that occurred in working environment as a basis for subsequent review and improvement.

Added key points such as maintenance and inspection of machinery, equipment or appliances and safety rules for various operations to prevent occupational accidents, ensure the safety and health of all employees, and carry out automatic inspection effectiveness.

The automatic inspection execution unit implements the "Occupational Safety and Health Automatic Inspection Plan", and the inspectors select the appropriate method according to the inspection items to carry out "regular inspection" and "key inspection". If outsourced regular inspection or overall inspection is required, the manufacturer's standard inspection form shall include the essential inspected items according to the regulations, and have a reinspection and signature by the supervisor or agent of the inspection unit to make it an effective automatic inspection record.

For the safety management of suppliers, Kuo Toong arranges contractors to participate safety education and training 1 to 2 days before entering the site, inform them of hazards and industrial safety risks, and conducts on-site inspections under the construction of contractors entering the factory to check whether they have worn protective gear or not, also require a self-inspection after leaving the site. The construction site

requires the on workers (including contractors) to follow the sponsor institution's occupational safety and health regulations and requires the supervisory unit to conduct irregular audits as well. In the past three years, KuoToong has no industrial safety accident happened of contractors.

### Strengthen Industrial Safety Awareness

The noise of the production line of Kuo Toong is a potential hazard affecting employees. In order to prevent major occupational disasters, education and training and health examinations are carried out regularly. Eliminate potential hazards through autonomous management mechanisms, and publicize standard operating procedures for industrial safety accidents to reduce injuries and losses. We have held and attended various safety-related courses every year to promote employees' safety awareness and implementation of work safety behaviors in the factory. In 2024, there were 16 training programs implemented in total, and 271 people have completed the training.



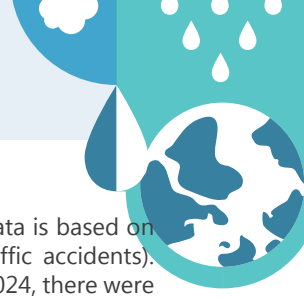
**ISO 45001 Certification Certificate**



**Occupational Safety and Health Training Courses**



**Training for International Colleagues**



## 2024 Occupational Safety-Related Courses

| Course Type                                                                                                     | Number of Trainees in 2024 |
|-----------------------------------------------------------------------------------------------------------------|----------------------------|
| ISO14001                                                                                                        | 155                        |
| Site Supervisor                                                                                                 | 2                          |
| General Construction Industry Safety and Health Education Training (Taiwan Occupational Safety and Health Card) | 13                         |
| Construction Industry Occupational Safety and Health Business Supervisor                                        | 7                          |
| Occupational Safety and Health Business Supervisor                                                              | 8                          |
| Occupational Safety Management Personnel                                                                        | 7                          |
| Operational Supervisor Safety Education and Training                                                            | 5                          |
| Aerial Work Platform Operator                                                                                   | 9                          |
| Forklift Operator                                                                                               | 17                         |
| Fixed Crane Operator                                                                                            | 27                         |
| Quality Management Education and Training for Public Works                                                      | 8                          |
| First Aider                                                                                                     | 2                          |
| Fire Safety Manager                                                                                             | 1                          |
| Water Utility Technicians                                                                                       | 1                          |
| Specialized Personnel for Wastewater Treatment                                                                  | 4                          |
| Occupational Health Service Nurses and Related Occupational Health Personnel                                    | 1                          |
| Operation and Maintenance of Sewer Facilities                                                                   | 1                          |
| Confined Space Operation Hazard Prevention                                                                      | 1                          |
| Class C Industrial Wiring                                                                                       | 1                          |
| Class C Interior Wiring                                                                                         | 1                          |
| Total                                                                                                           | 271                        |

## Disabling Injury Overview Over the Years

The statistics of disabling injuries of Kuo Toong over the years are as follows: The data is based on the monthly declaration of occupational accident statistics (excluding commuting traffic accidents). There have been no occupational injury and fatality incidents in the past three years. In 2024, there were no disabling injuries and no instances of occupational disease were reported.

|                                         | Disabling Injury Related Data          | 2022      | 2023      | 2024      |
|-----------------------------------------|----------------------------------------|-----------|-----------|-----------|
| Employees Disabling Injury Related Data | Annual Working Hours                   | 551,935.4 | 634,042.9 | 855,833.9 |
|                                         | Number of Deaths                       | -         | -         | -         |
|                                         | Number of Severe Disabling Injuries    | -         | -         | -         |
|                                         | Number of Near Miss Injuries           | -         | -         | -         |
|                                         | Number of Loss Workdays                | -         | -         | -         |
|                                         | Number of Recordable Incidents         | -         | -         | -         |
| Employees Disabling Injury Indicators   | Fatality Rate of Occupational Injuries | -         | -         | -         |
|                                         | Disabling Injury Severity Rate         | -         | -         | -         |
|                                         | Total Recordable Incident Rate (TRIR)  | -         | -         | -         |
|                                         | Near Miss Frequency (NMFR)             | -         | -         | -         |
|                                         | Lost Workday Incidence Rate            | -         | -         | -         |
|                                         | Disabling Injury Frequency Rate (FR)   | -         | -         | -         |
|                                         | Disabling Injury Severity Rate (SR)    | -         | -         | -         |

**Note1** : The calculation of the indicators does not include traffic injury incidents, which is in accordance of the "Regulations of the Examination of Injuries and Diseases Resulting from the Performance of Duties by the Insured Person of Labor Insurance." The disabling injuries do not include minor injuries that should be notified within 8 hours.

**Note2** : Fatality Rate of Occupational Injuries= Number of Deaths Caused by Occupational Injuries × 200,000 ÷ Annual Working Hours

**Note3** : "Number of Severe Occupational Injuries" refers to injured workers are not able to be recovered (e.g., amputation) or not able to be recovered within six months to the health status before injured.  
 Disabling Injury Severity= Number of Severe Occupational Injuries × 200,000 ÷ Annual Working Hours

**Note4** : Total Recordable Incident Rate (TRIR)= Number of Recordable Occupational Injuries × 200,000 ÷ Annual Working Hours

**Note5** : "Number of Lost Workdays" refers to the number of days that injured workers are temporarily (or permanently) unable to return to work, excluding the day of injury and the day of returning to work, but should include the number of days in between(Sundays, holidays or shutdown days of business unit) and the number of days of any inability to work due to the disaster after resumption of work; "Number of Recordable Incidents" refers to the number of people covered by the statistics of the aforementioned injured people (those who lost more than 8 hours of work)

**Note5** : Near Miss Frequency Rate (NMFR)= Number of Near Miss Injuries × 200,000 ÷ Annual Working Hours



## Physical and Mental Health

Kuo Toong is committed to providing employees with a safe and comfortable working environment. We regularly promote health information and provide employees with accurate health education. In compliance with occupational safety regulations, we employ contract medical personnel to offer on-site health services for 2 to 4 hours per week. These services include health management, occupational disease prevention, and health promotion activities to protect workers' health. According to regulations, we conduct high-standard health checkups regularly and fully subsidize these check-ups for employees. New employees are also subsidized for an initial basic health check-up. Additionally, we offer one-on-one health consultations to safeguard the physical and mental well-being of construction workers.

After obtaining health check-up reports, our medical personnel manage employees based on the results. Currently, employees identified as medium to high risk suffer mainly from the "three highs" (high cholesterol, high blood pressure, and high blood sugar). Our medical staff continuously monitor these employees, arrange consultations, and provide regular health education to help improve their health.

In 2024, four health education promotion courses will be conducted, comprising a total of 157 instructional hours and accommodating 134 participants.

## Implementation of Statutory Labor Health Services

Kuo Toong complies with regulations to implement health protection and promotion measures, following the guidelines set by the Ministry of Labor. For the protection of female employees' health, we assess the impact of their work on maternal health during pregnancy, assisting them with health interviews and related health education information. Additionally, our facilities are equipped with nursing rooms for female employees who need them.

Implementing occupational safety and health measures and preventing disasters has always been Kuo Toong's goal. We aim to create a "safe, comfortable, healthy, and high-quality" work environment for our workers, achieving the occupational safety management goal of "Safety First, Zero Occupational Accidents." In 2024, Kuo Toong received the "Public Construction Quality Award" from the Ministry of Economic Affairs and the "24th Golden Quality Award" from the Public Construction Commission of the Executive Yuan for its outstanding performance on the Zengwen-Nanhua Interconnected Pipeline Project, Section A2. This recognition reflects the Company's strong commitment to occupational safety, achieved through the rigorous implementation of safety and health management systems, enhanced risk assessment mechanisms at construction sites, the adoption of smart monitoring technologies to improve real-time alert capabilities, and the proactive promotion of safety education and training.



24th Golden Quality Award from the Public Construction Commission



Recipient of the 2024" Public Construction Quality Award" by the Ministry of Economic Affairs





## 4.5 Charity Investment

With "steady and sustainable operation" as our core philosophy, we actively fulfill our corporate social responsibility and leverage our professional expertise to promote a variety of public welfare initiatives. From supporting local sports teams and promoting social and environmental education to participating in rural assistance programs and environmental initiatives, we demonstrate a well-rounded commitment to society, the environment, and the economy—closely reflecting the principles of the United Nations Sustainable Development Goals (SDGs). Through these tangible actions, we not only enhance the social value of the Company but also promote sustainable development, contributing to the creation of a more harmonious and greener future. In 2024, the Company's total donations amounted to NT\$1.74 million.

### Support for the Kaohsiung Diving Team



Our Company headquarters, located in Kaohsiung, has long served as a hub for the development of diving in Taiwan, fostering numerous outstanding athletes in the sport. Kuo Toong has consistently supported diving as a way to highlight the importance of water resources, providing athletes with internationally compliant training equipment to enhance their performance. This initiative reflects our commitment to SDG 3: Good Health and Well-Being, by promoting sports development, supporting physical and mental wellness, and helping to raise the region's level of athletic competitiveness. To help more people understand the significance of water as a vital resource, we invited the Kaohsiung Diving Team to visit our Company. Chairperson Ms. Hong, Ya-Man personally accompanied the coaches, athletes, and their parents throughout the visit to deepen their knowledge and appreciation of water resources.

### Water Refill Activity



We promote the use of clean water by encouraging the adoption of drinking water machines in various locations, aiming to support the sustainable utilization of water resources. By providing concrete data, we demonstrate the initiative's effectiveness in reducing carbon emissions, advancing energy conservation, and promoting responsible resource management—ultimately enhancing public environmental well-being. This initiative has been implemented in locations such as the Taichung Ai Jia Bei Care Association Dajia Base, MLD Food Court, and Carrefour Ai He Store. A water consumption statistics dashboard is installed on the drinking water machines to track total water intake, which is then converted into the equivalent number of 600ml plastic bottles saved. By the end of 2024, the "Water Refill Activity" initiative has successfully reduced the use of PET bottles by 75,863 units, resulting in a total carbon reduction of 11,607.05 kilograms, which is equivalent to the annual carbon absorption of 967.25 trees.



Water Refill Activity Impact Report

### World Vision's Rural Education Assistance Initiative



Since 2021, we have partnered with World Vision to support the World Vision Scholarship Program by visiting disadvantaged families in Hualien. This initiative aims to ensure that children in rural areas can attend school with peace of mind. By providing educational resources, we seek to bridge the urban-rural gap, offering stable learning opportunities for underprivileged students while also indirectly raising awareness of water resource education in rural communities.

### Kaohsiung Coding Education Association Delivers Support to Africa



Kuo Toong supports the donation of 200 sets of old computers to Africa through the Kaohsiung Coding Education Association. The initiative involves removing original labels from the computers, followed by dust cleaning using a heat gun, wiping, and an 8-hour burn-in test to ensure the equipment is functioning properly. After these processes, the computers are carefully packed and sent, providing local children with greater access to information and educational opportunities. This initiative not only promotes educational equity but also encourages responsible consumption and production by recycling used items.

## Zihguan Kezailiao Harbor Beach Cleanup



In 2024, Kuo Toong will partner with the Taiwan Organic Living Environment Education Promotion Association to host a series of environmental seminars and beach cleanup activities, aimed at raising awareness of the importance of "Green Earth, Environmental Protection, and Organic Living." Through beach clean-up efforts and seminar activities, we aim to reduce water pollution, preserve ecosystem health, demonstrate our commitment to protecting the water environment, and raise employees' awareness of environmental conservation. Kuo Toong organized a beach cleanup at Kezailiao Harbor in Zihguan, Kaohsiung, led by Chairman Hong, Ya-Man, alongside employees and their families. The team successfully collected approximately 48.5 kilograms of marine debris from the coastline during the event.



**Zihguan Kezailiao Harbor Beach Cleanup**

## Magong Seawater Desalination Plant Environmental Education Park



To expand advocacy and enhance educational functions, the Kuo Toong has been actively developing the first phase of the environmental education curriculum for the Phase I of the Magong Seawater Desalination Plant since 2022. This initiative reflects the Company's commitment and expertise in environmental education, combining seawater desalination knowledge with educational resources to raise public awareness of water resource management and conservation, thus facilitating knowledge transfer and promoting impactful action. After extensive efforts and the integration of various software and hardware resources, Kuo Toong applied to the Environmental Protection Administration of the Ministry of the Environment for certification of its environmental education facility. The certification was officially granted in October 2024, marking a new chapter for environmental education in the Penghu region.

Currently, the environmental education program at the seawater desalination plant is led by professional environmental education instructors from Kuo Toong. Through interactive teaching and on-site experiential activities, the program enhances public understanding of the desalination process and raises awareness of water resource utilization and water-saving lifestyles. The course is designed to be accessible and suitable for participants of all age groups, encouraging them to reflect on the connection between environmental protection and their daily lives.



**Certification Certificate for Environmental Education Facilities at the Magong Seawater Desalination Plant.**

**Magong Seawater Desalination Plant Environmental Education Park**

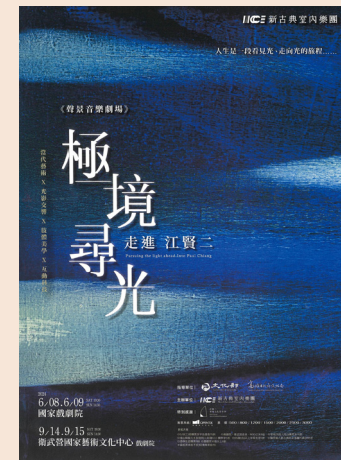
## Support for Local Activities



Kuo Toong is dedicated to supporting local community groups and residents, fostering positive neighborhood relations, promoting community development, and advocating for the disadvantaged. For example, Kuo Toong International actively participates in cultural and artistic initiatives through donations and co-organizing events. The Company is committed to nurturing local musical theater talent by taking concrete steps, such as hosting the soundscape musical theater production "Pursuing the Light Ahead – Into Paul Chiang" in 2024. Kuo Toong aims to further advance the development of local musical theater talent and actively promote contemporary Taiwanese art on the international stage, sharing Taiwan's unique and vibrant artistic energy with the world. Promoting social inclusion and supporting agricultural activities, Kuo Toong procures Meinong white jade radishes to bolster local agriculture, enhance farmers' welfare, and further integrate water resource management with agricultural sustainability.



Agricultural Support Radish Harvesting Activity



Soundscape Documentary Music Theatre "Pursuing the Light Ahead – Into Paul Chiang"





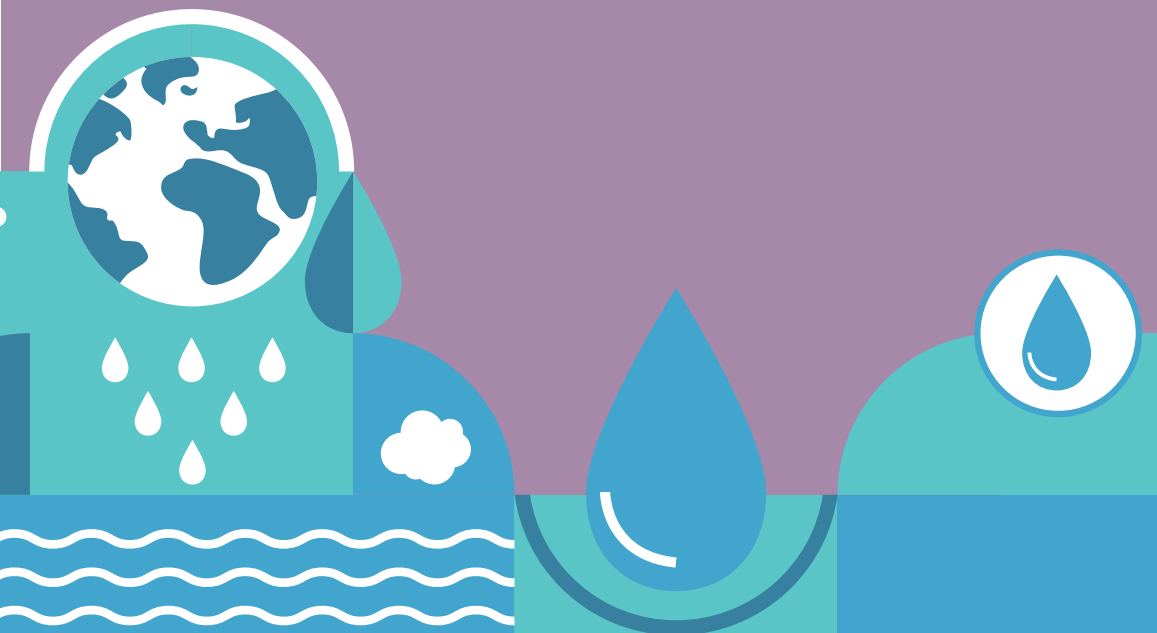


# 2024 ESG Report of KUO TOONG

## Product Value

### 5

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## 5 Product Value

### 5.1 Product Certification

According to the characteristics of each project contract, the quality management standards of construction works established by Kuo Toong serves as the basis for carrying out the quality control, thereby the project can be implemented in accordance with regulations. The content of the quality management standards of construction works includes construction and management items, management standards and records, inspection timing, method and frequency, unqualified handling. Each content has a detailed definition and description, so that the quality control of each construction stage is clearly complied. The overall quality management can be mainly divided into material inspection and construction inspection:

#### 1. Material Inspection

The design and manufacture of pipes in Kuo Toong are 100% complied with each standard of the Republic of China (CNS standards). They must undergo testing and certification by laboratories accredited under CNS 17025 (ISO/IEC 17025) before they can be used. CNS has a regulation for specific size and materials of pipes due to the consideration for product safety, and only allows 2% difference. In order to reduce the use of materials, the pipe structure cannot be improved on our own or the compositions of production process cannot be adjusted to change its product life. After reviewing and evaluating the test report, the supervisory unit will inform contractors to cooperate with the follow-up works, and notify sponsor institution for future reference as proof of acceptance.

#### Types of Pipes and Their CNS Standards

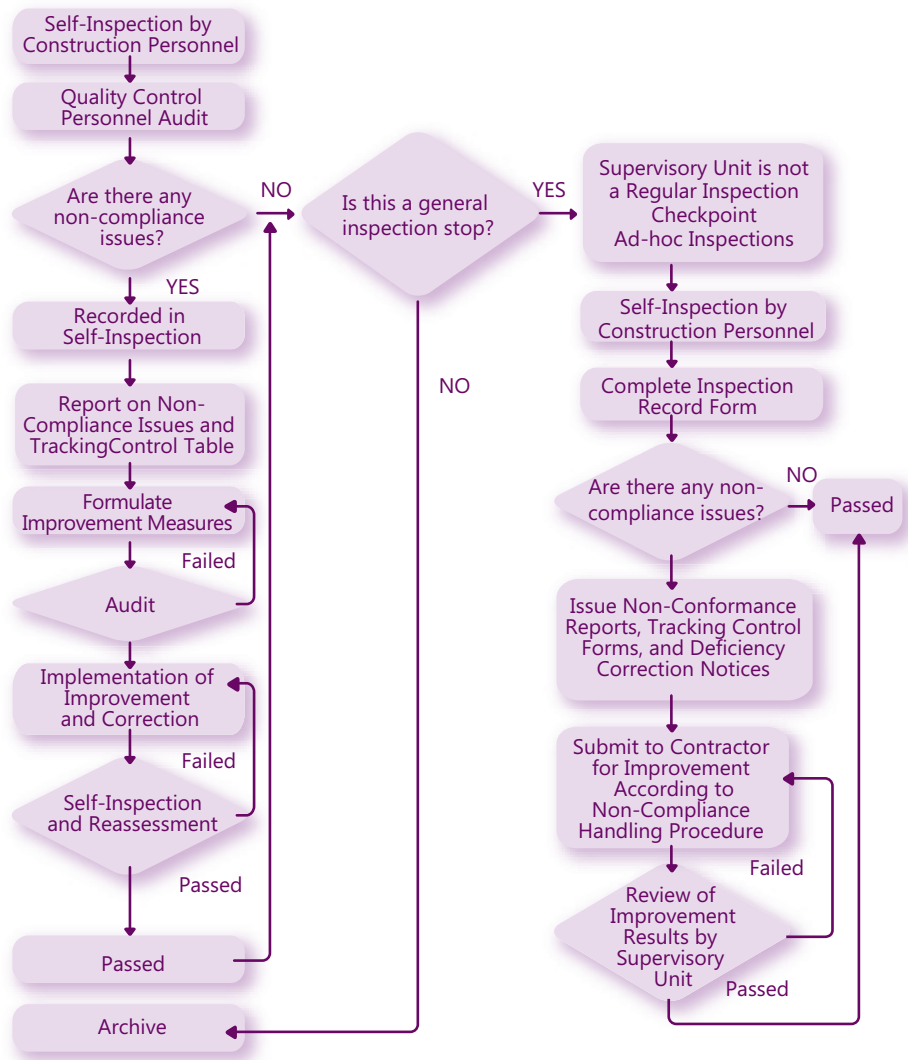
| Category                | CNS Standards |
|-------------------------|---------------|
| Cast Iron Pipe          | CNS 10808     |
| Cast Iron Pipe Fittings | CNS 13272     |
| Steel Pipe              | CNS 6568      |
| Steel Pipe Fittings     | CNS 6666      |

#### 2. Construction Inspection

The key items of construction quality inspection include construction quality control planning, self-inspection procedures and self-inspection operating contents. Construction's quality inspection standards are implemented in accordance with the quality management standards complied in the contract. While the construction plan is approved by the engineering division, the field director will cooperate with the quality control personnel to implement self-inspection under the construction by quality control methods such as checking, measurement, metering and monitoring. It should be filed an application for construction inspection when the partial works of a single project are completed, so that quality control engineer would handle the inspection with the engineering division together on the arranged date. Based on the inspection results, the supervisory unit will determine and report whether there are defects in the ongoing or completed project that need to be improved, then evaluate and review by the sponsor institution again to fixed the defects before the subsequent construction work can be carried out.



## Construction Inspection Procedure Diagram



## 5.2 Innovative Method

Kuo Toong's patented technology is primarily applied in seawater desalination plants. Its pre-treatment bag filter system, combined with a chemical-free processing method, allows filter bags to be reused 4 to 5 times. This significantly reduces filter bag consumption—by approximately 75% to 80% compared to conventional systems—thereby lowering the energy required for producing filter materials and promoting recycling and reuse of resources. In addition, desalination adopts physical methods for reverse osmosis without adding any chemicals, which reduces the impact on marine ecology. The RO membrane in the reverse osmosis machine can prolong its service life from 5~6 years to 8 ~9 years under proper operation. It has also achieved the effect of waste reduction.

When abnormal energy consumption is identified, we review and optimize the production process to address the issue. For instance, at the desalination plant, the energy recovery system experienced a water hammer effect due to brine discharge, causing excessive pipeline vibration. This led to more frequent equipment maintenance and reduced equipment reliability, as reflected by shorter intervals between unplanned shutdowns. To address this issue, the Company has adopted pressure storage tanks made of FRP (Fiber-Reinforced Plastic), which effectively reduce vibration and enhance overall system stability. The improvement measures have significantly enhanced the equipment's availability and operational efficiency without compromising overall water production efficiency and maintenance operations.

## 5.3 Patent Maintenance

Kuo Toong encourages innovation. By applying new technologies, we can not only effectively improve operational efficiency but also potentially create new business opportunities through the acquisition of patented technologies. In 2022, Kuo Toong obtained a domestic patent for the "non-assembled bolted flexible pipe," which is applied in steel pipes used in pipeline construction. This innovation is particularly valuable in scenarios where pipelines may be susceptible to damage or leakage due to factors like earthquakes or ground movements. The flexible pipe is designed to absorb vibrations and accommodate pipeline displacement caused by such factors. In the future, Kuo Toong will continue to invest in research and development of patented technologies, not only in pipe-related design and manufacturing but also in enhancing water treatment and seawater desalination technology capabilities. As of the end of 2024, there are 12 valid patent cases in existence.

### Patent Applications, Approvals, and Active Cases Over the Years

|                                                      | 2022 | 2023 | 2024 |
|------------------------------------------------------|------|------|------|
| Number of Applications in the Current Year           | 1    | 0    | 0    |
| Number of Approvals in the Current Year              | 1    | 0    | 0    |
| Number of Currently Active Cases in the Current Year | 12   | 12   | 12   |



## 5.4 Innovative Research and Development

Kuo Toong actively promotes innovative research and development through industry-academia collaboration. Since 2023, the Company has partnered with National Kaohsiung University of Science and Technology (NKUST) to conduct research projects aimed at improving the performance of ultrafiltration (UF) and reverse osmosis (RO) systems in reclaimed water treatment plants. To address performance issues caused by organic salts, impurities, and biofilm formation, this study introduces the use of functional fungi as an innovative alternative to traditional physical and chemical treatment methods, aiming to reduce negative environmental impacts. In 2024, the research project initiated in 2023 continues with the addition of functional fungi to the system, and related experiments are being conducted to verify its stability. During the research process, participating graduate and project students compiled their experimental results into theses and presented them at relevant academic seminars, where their work received widespread recognition. At the same time, the research project plans to apply for a patent jointly owned by Kuo Toong and NKUST. This initiative aims to establish new directions for innovative reclaimed water technologies and sustainable water resource management.

## 5.5 Accountability Management

### Environmental Impact Assessment

Kuo Toong undertakes government contracts only after environmental assessments have been approved. Furthermore, the application documents are prepared in compliance with the tender requirements, detailing the construction procedures. Before submitting a bid, please review the tender documents carefully to confirm performance responsibilities and obligations. Additionally, evaluate the nature of the tender, your contracting capabilities, project duration, market conditions, and the feasibility of subcontracting. After confirming the bid, the construction team conducts an on-site inspection and submits a report. If necessary, additional support may be dispatched from other departments. After winning the bid, inspection points must be submitted for approval during the construction period, and the contracting authority will regularly review quality. If there are discrepancies between the construction process and the approved environmental impact assessment, an environmental impact comparative analysis table must be submitted for verification.

One of the awarded projects for 2024 is the "Tainan Seawater Desalination Plant Turnkey Project (Phase I) and Operation and Maintenance Services." Prior to the bidding process, the owner applied for an environmental assessment in accordance with environmental assessment regulations. An environmental assessment organization was commissioned to conduct the assessment, which included evaluations of the living environment, natural environment, social environment, as well as economic, cultural, and ecological factors. After review by committee members, experts, scholars, and professional judgments from various stakeholders, it was determined that there were no concerns related to the situations listed

in the "Environmental Impact Assessment Act." Subsequently, the Kuo Toong obtained the contract and proceeded with construction in accordance with the stipulations outlined in the environmental impact statement.

The aforementioned engineering project collaborates with the owner to conduct relevant testing during the construction of the model plant and the water production process. This includes the establishment of a membrane washing area to address the frequent offline cleaning of reverse osmosis (RO) membranes, thereby extending their service life. Additionally, wastewater treatment facilities have been implemented to direct backwash water from the ultrafiltration (UF) system into the northern wastewater sedimentation unit of the sludge treatment unit. This ensures that the treated effluent meets the standard (less than 50 mg/L) and mitigates the impact of discharges on the surrounding marine environment's water quality. During the construction process, a biological extraction survey of the water intake facilities will be conducted every six months to assess fishery resources and gather background data on local fish species and fishing resources. Additionally, a carbon inventory will be carried out during the construction phase to obtain external verification. Advanced pollution control technologies will be implemented, utilizing automated and efficient spraying methods for moisture and dust control to minimize air pollution. In the past five years, Kuo Toong has not been fined for environmental pollution incidents except for cases where administrative procedures were inadvertently violated, resulting in violations of the Environmental Impact Assessment Act and the Water Pollution Control Act.



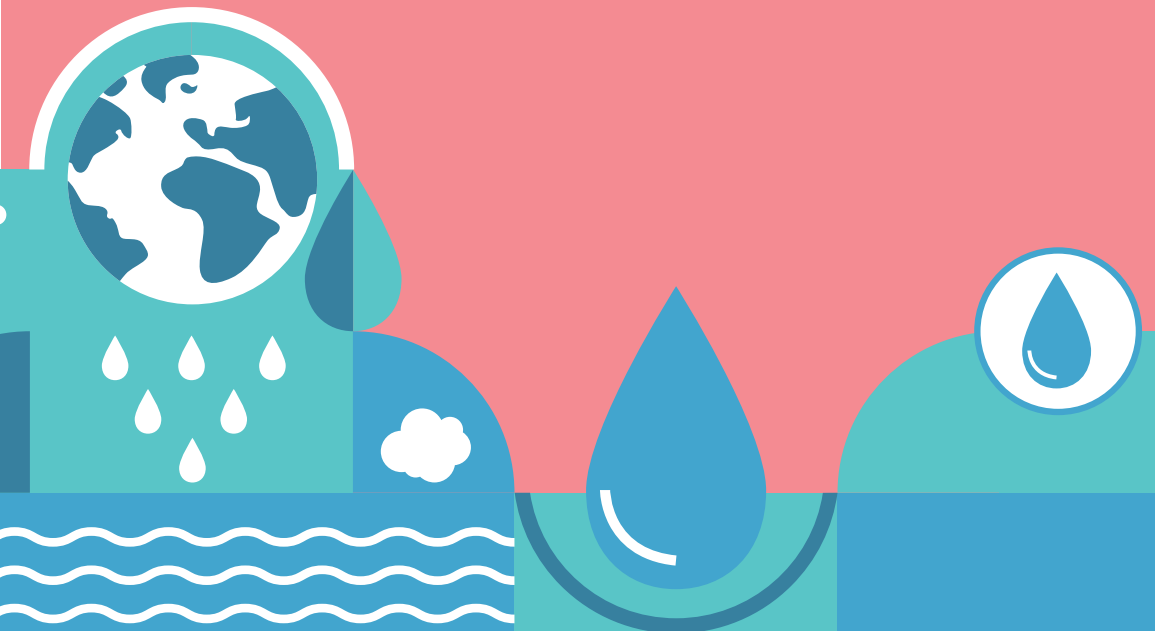


# 2024 ESG Report of KUO TOONG

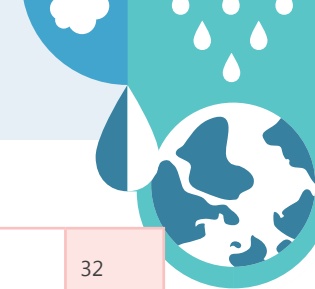
## Appendix

### 6

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| GRI Index                | 76 |
| General Disclosure 2021  | 76 |
| Material Topics 2021     | 77 |
| SASB Comparison Table    | 80 |
| Auditor Assurance Report | 84 |







## 6 Appendix

### GRI Index

#### GRI 2 : General Disclosure 2021

| Indicator                                    | Disclosure Item                                                  | Reference Chapter/Description/ Ellipsis                     | Page     |
|----------------------------------------------|------------------------------------------------------------------|-------------------------------------------------------------|----------|
| The Organization and its Reporting Practices |                                                                  |                                                             |          |
| 2-1                                          | Organizational details                                           | 1.1 Corporate Overview                                      | 15       |
| 2-2                                          | Entities included in the organization's sustainability reporting | About this Report                                           | 4        |
| 2-3                                          | Reporting period, frequency and contact point                    | About this Report                                           | 4        |
| 2-4                                          | Restatements of information                                      | There was no such occurrence in the 2024 report             |          |
| 2-5                                          | External assurance                                               | Auditor Assurance Report                                    | 84       |
| Activities and Workers                       |                                                                  |                                                             |          |
| 2-6                                          | Activities, value chain and other business relationships         | 1.2 Main Business Activities<br>2.5 Supply Chain Management | 19<br>39 |
| 2-7                                          | Employees                                                        | 4.2 Diversity and Inclusivity                               | 57       |
| 2-8                                          | Workers who are not employees                                    | 4.2 Diversity and Inclusivity                               | 57       |
| Governance                                   |                                                                  |                                                             |          |
| 2-9                                          | Governance structure and composition                             | 2.1 Corporate Governance                                    | 32       |

|                                  |                                                                               |                                                           |          |
|----------------------------------|-------------------------------------------------------------------------------|-----------------------------------------------------------|----------|
| 2-10                             | Nomination and selection of the highest governance body                       | 2.1 Corporate Governance                                  | 32       |
| 2-11                             | Chair of the highest governance body                                          | 2.1 Corporate Governance                                  | 32       |
| 2-12                             | Role of the highest governance body in overseeing the management of impacts   | 2.1 Corporate Governance                                  | 32       |
| 2-13                             | Delegation of responsibility for managing impacts                             | 2.1 Corporate Governance                                  | 32       |
| 2-14                             | Role of the highest governance body in sustainability reporting               | About this Report<br>2.1 Corporate Governance             | 4<br>32  |
| 2-15                             | Conflicts of interest                                                         | 2.1 Corporate Governance                                  | 32       |
| 2-16                             | Communication of critical concerns                                            | Stakeholder Engagement                                    | 10       |
| 2-17                             | Collective knowledge of the highest governance body                           | 2.1 Corporate Governance                                  | 32       |
| 2-18                             | Evaluation of the performance of the highest governance body                  | 2.1 Corporate Governance                                  | 32       |
| 2-19                             | Remuneration policies                                                         | 2.1 Corporate Governance<br>4.3 Remuneration and Benefits | 32<br>62 |
| 2-20                             | Process to determine remuneration                                             | 2.1 Corporate Governance<br>4.3 Remuneration and Benefits | 32<br>62 |
| 2-21                             | Annual total compensation ratio                                               | 4.3 Remuneration and Benefits                             | 62       |
| Strategy, Policies and Practices |                                                                               |                                                           |          |
| 2-22                             | Statement on sustainable development strategy                                 | Word From Leaders                                         | 3        |
| 2-23                             | Policy commitments (responsible business practices, respect for human rights) | 2.3 Business Ethics<br>2.1 Corporate Governance           | 38<br>32 |

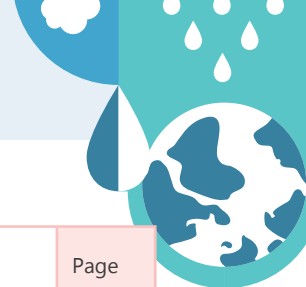


| Indicator                        | Disclosure Item                                    | Reference Chapter/Description/<br>Ellipsis       | Page |
|----------------------------------|----------------------------------------------------|--------------------------------------------------|------|
| Strategy, Policies and Practices |                                                    |                                                  |      |
| 2-24                             | Embedding policy commitments                       | 2.3 Business Ethics                              | 38   |
| 2-25                             | Processes to remediate negative impacts            | Stakeholder Engagement                           | 10   |
| 2-26                             | Mechanisms for seeking advice and raising concerns | Stakeholder Engagement                           | 10   |
| 2-27                             | Compliance with laws and regulations               | 2.2 Regulatory Compliance                        | 37   |
| 2-28                             | Membership associations                            | 1.1 Corporate Overview                           | 15   |
| Stakeholder Engagement           |                                                    |                                                  |      |
| 2-29                             | Approach to stakeholder engagement                 | Stakeholder Engagement                           | 10   |
| 2-30                             | Collective bargaining agreements                   | No collective agreement signed with labor union. |      |

### GRI 3 : Material Topics 2021

| Indicator       | Disclosure Item                      | Reference Chapter/Description/<br>Ellipsis | Page |
|-----------------|--------------------------------------|--------------------------------------------|------|
| 3-1             | Process to determine material topics | Stakeholder Engagement                     | 10   |
| 3-2             | List of material topics              | Stakeholder Engagement                     | 10   |
| Material Topics |                                      |                                            |      |

| Indicator                           | Disclosure Item                                             | Reference Chapter/Description/<br>Ellipsis | Page |
|-------------------------------------|-------------------------------------------------------------|--------------------------------------------|------|
| GRI 200 : Economic Topics           |                                                             |                                            |      |
| GRI 201 : Economic Performance 2016 |                                                             |                                            |      |
| 3-3                                 | Management approach                                         | 1.3 Operational Overview                   | 27   |
| 201-1                               | Direct economic value generated and distributed             | 1.3 Operational Overview                   | 27   |
| 201-3                               | Defined benefit plan obligations and other retirement plans | 4.3 Remuneration and Benefits              | 62   |
| GRI 205 : Anti-Corruption 2016      |                                                             |                                            |      |
| 3-3                                 | Management approach                                         | 2.3 Business Ethics                        | 38   |
| 205-3                               | Confirmed incidents of corruption and actions taken         | 2.3 Business Ethics                        | 38   |
| GRI 300 : Environmental Topics      |                                                             |                                            |      |
| GRI 301 : Materials 2016            |                                                             |                                            |      |
| 3-3                                 | Management approach                                         | 3.5 Recycling and Reusing Materials        | 52   |
| 301-1                               | Materials used by weight or volume                          | 3.5 Recycling and Reusing Materials        | 52   |
| 301-2                               | Recycled input materials used                               | 3.5 Recycling and Reusing Materials        | 52   |
| GRI 303 : Water and Effluent 2018   |                                                             |                                            |      |



| Indicator                | Disclosure Item                                        | Reference Chapter/Description/<br>Ellipsis | Page |
|--------------------------|--------------------------------------------------------|--------------------------------------------|------|
| 303-1                    | Interactions with water as a shared resource           | 3.4 Water Resource Management              | 51   |
| 303-2                    | Management of water discharge-related impacts          | 3.4 Water Resource Management              | 51   |
| 303-3                    | Water withdrawal                                       | 3.4 Water Resource Management              | 51   |
| 303-4                    | Water discharge                                        | 3.4 Water Resource Management              | 51   |
| 303-5                    | Water consumption                                      | 3.4 Water Resource Management              | 51   |
| GRI 305 : Emissions 2016 |                                                        |                                            |      |
| 3-3                      | Management approach                                    | 3.2 Greenhouse Gas Inventory               | 47   |
| 305-1                    | Direct (Scope 1) GHG emissions                         | 3.2 Greenhouse Gas Inventory               | 47   |
| 305-2                    | Energy indirect (Scope 2) GHG emissions                | 3.2 Greenhouse Gas Inventory               | 47   |
| 305-3                    | Other indirect (Scope 3) GHG emissions                 | 3.2 Greenhouse Gas Inventory               | 47   |
| GRI 306 : Waste 2020     |                                                        |                                            |      |
| GRI 306 : Waste 2020     |                                                        |                                            |      |
| 3-3                      | Management approach                                    | 3.6 Waste Management                       | 53   |
| 306-1                    | Waste generation and significant waste-related impacts | 3.6 Waste Management                       | 53   |

| Indicator                               | Disclosure Item                                                                                    | Reference Chapter/Description/<br>Ellipsis                     | Page     |
|-----------------------------------------|----------------------------------------------------------------------------------------------------|----------------------------------------------------------------|----------|
| 306-2                                   | Management of significant waste-related impacts                                                    | 3.6 Waste Management                                           | 53       |
| 306-3                                   | Waste generated                                                                                    | 3.6 Waste Management                                           | 53       |
| 306-4                                   | Waste diverted from disposal                                                                       | 3.6 Waste Management                                           | 53       |
| 306-5                                   | Waste directed to disposal                                                                         | 3.6 Waste Management                                           | 53       |
| GRI 307 : Environmental Compliance 2016 |                                                                                                    |                                                                |          |
| 3-3                                     | Management approach                                                                                | 2.2 Regulatory Compliance                                      | 37       |
| 307-1                                   | Non-compliance with environmental laws and regulations                                             | 2.2 Regulatory Compliance                                      | 37       |
| GRI 400 : Social Topics                 |                                                                                                    |                                                                |          |
| GRI 401 : Employment 2016               |                                                                                                    |                                                                |          |
| 3-3                                     | Management approach                                                                                | 4.2 Diversity and Inclusivity<br>4.3 Remuneration and Benefits | 57<br>62 |
| 401-1                                   | New employee hires and employee turnover                                                           | 4.2 Diversity and Inclusivity                                  | 57       |
| 401-2                                   | Benefits provided to full-time employees that are not provided to temporary or part-time employees | 4.3 Remuneration and Benefits                                  | 62       |
| 401-3                                   | Parental leave                                                                                     | 4.3 Remuneration and Benefits                                  | 62       |



| Indicator                                     | Disclosure Item                                                                                               | Reference Chapter/Description/<br>Ellipsis                                                                                                                                                                                                                                  | Page |
|-----------------------------------------------|---------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------|
| GRI 402 : Labor/Management Relations 2016     |                                                                                                               |                                                                                                                                                                                                                                                                             |      |
| 3-3                                           | Management approach                                                                                           | 4.2 Diversity and Inclusivity                                                                                                                                                                                                                                               | 57   |
| 402-1                                         | Minimum notice periods regarding operational changes                                                          | Kuo Toong adheres to the provisions of Article 16 of the Labor Standards Act and explicitly stipulates the notice period in the company's work rules when significant changes in Company operations may affect labor rights, in order to safeguard the rights of employees. |      |
| GRI 403 : Occupational Health and Safety 2018 |                                                                                                               |                                                                                                                                                                                                                                                                             |      |
| 3-3                                           | Management approach                                                                                           | 4.4 Occupational Health and Safety                                                                                                                                                                                                                                          | 65   |
| 403-1                                         | Occupational health and safety management system                                                              | 4.4 Occupational Health and Safety                                                                                                                                                                                                                                          | 65   |
| 403-2                                         | Hazard identification, risk assessment, and incident investigation                                            | 4.4 Occupational Health and Safety                                                                                                                                                                                                                                          | 65   |
| 403-3                                         | Occupational health services                                                                                  | 4.4 Occupational Health and Safety                                                                                                                                                                                                                                          | 65   |
| 403-4                                         | Worker participation, consultation, and communication on occupational health and safety                       | 4.4 Occupational Health and Safety                                                                                                                                                                                                                                          | 65   |
| 403-5                                         | Worker training on occupational health and safety                                                             | 4.4 Occupational Health and Safety                                                                                                                                                                                                                                          | 65   |
| 403-6                                         | Promotion of worker health                                                                                    | 4.4 Occupational Health and Safety                                                                                                                                                                                                                                          | 65   |
| 403-7                                         | Prevention and mitigation of occupational health and safety impacts directly linked by business relationships | 4.4 Occupational Health and Safety                                                                                                                                                                                                                                          | 65   |

| Indicator                                               | Disclosure Item                                                                      | Reference Chapter/Description/<br>Ellipsis                | Page     |
|---------------------------------------------------------|--------------------------------------------------------------------------------------|-----------------------------------------------------------|----------|
| 403-8                                                   | Workers covered by an occupational health and safety management system               | 4.4 Occupational Health and Safety                        | 65       |
| 403-9                                                   | Work-related injuries                                                                | 4.4 Occupational Health and Safety                        | 65       |
| 403-10                                                  | Work-related ill health                                                              | 4.4 Occupational Health and Safety                        | 65       |
| GRI 404 : Training and Education 2016                   |                                                                                      |                                                           |          |
| 3-3                                                     | Management approach                                                                  | 4.1 Talent Development                                    | 55       |
| 404-1                                                   | Average hours of training per year per employee                                      | 4.1 Talent Development                                    | 55       |
| 404-3                                                   | Percentage of employees receiving regular performance and career development reviews | 4.1 Talent Development                                    | 55       |
| GRI 405 : Employee Diversity and Equal Opportunity 2016 |                                                                                      |                                                           |          |
| 3-3                                                     | Management approach                                                                  | 2.1 Corporate Governance<br>4.2 Diversity and Inclusivity | 32<br>57 |
| 405-1                                                   | Diversity of governance bodies and employees                                         | 2.1 Corporate Governance<br>4.2 Diversity and Inclusivity | 32<br>57 |
| 405-2                                                   | Ratio of basic salary and remuneration of women to men                               | 4.3 Remuneration and Benefits                             | 62       |
| GRI 419 : Socioeconomic Compliance 2016                 |                                                                                      |                                                           |          |
| 3-3                                                     | Management approach                                                                  | 2.2 Regulatory Compliance                                 | 37       |
| 419-1                                                   | Non-compliance with laws and regulations in the social and economic area             | 2.2 Regulatory Compliance                                 | 37       |





## SASB Comparison Table

### Primary Industry: Infrastructure

### Sub-industry: Engineering and Construction Services

| Topics                                      | Code         | Accounting Indicators                                                                                                                                                                | Exposed Information in 2024                                                                                                                                                                                                                                                                                                                                                                                             | Chapter                            |
|---------------------------------------------|--------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------|
| Environmental Impact of Project Development | IF-EN-160a.1 | Number of incidents of noncompliance with environmental permits, standards, and regulations                                                                                          | Kuo Toong had no record of being fined for environmental pollution incidents of the project development in 2024.                                                                                                                                                                                                                                                                                                        | 2.2 Regulatory Compliance          |
|                                             | IF-EN-160a.2 | Discussion of processes to assess and manage environmental risks associated with project design, siting, and construction                                                            | The tenders undertaken by Kuo Toong are all inviting tenders from the government. The tender party will according to the estimated demands of cases to confirm whether to conduct an environmental assessment or not. The cases need to be assessed will be bidding only after passing the environmental assessment. Therefore, the tenders undertaken by Kuo Toong are all passing the environmental assessment first. | 2.2 Regulatory Compliance          |
| Structural Integrity and Safety             | IF-EN-250a.1 | Amount of defect- and safety-related rework costs                                                                                                                                    | There were no defect-and safety related rework instances in 2024.                                                                                                                                                                                                                                                                                                                                                       | 2.2 Regulatory Compliance          |
|                                             | IF-EN-250a.2 | Total amount of monetary losses as a result of legal proceedings associated with defect and safety-related incidents                                                                 | There were no legal proceedings associated with defect- and safety related incidents in 2024.                                                                                                                                                                                                                                                                                                                           | 2.2 Regulatory Compliance          |
| Workers' Health and Safety                  | IF-EN-320a.1 | Indicator Code: IF-EN-320a.1<br>(a)Total Recordable Incident Rate (TRIR) for Direct Employees<br>(b) Total Recordable Incident Rate (TRIR) for Contract Employees (TRIR)<br>Fatality | (a)TRIR for Direct Employees: 0<br>(b)TRIR for Contract Employees: 0<br>Fatality Rate: 0%                                                                                                                                                                                                                                                                                                                               | 4.4 Occupational Health and Safety |

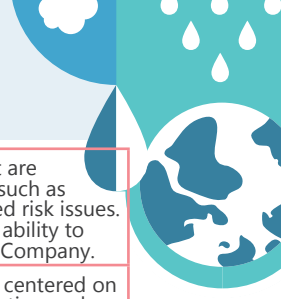


| Topics                                          | Code         | Accounting Indicators                                                                                                                                              | Exposed Information in 2024                                                                                                                                                                                                                                                            | Chapter                  |
|-------------------------------------------------|--------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|
| Lifecycle Impacts of Buildings & Infrastructure | IF-EN-410a.1 | (1) Number of commissioned projects certified to a third-party multi-attribute sustainability standard<br>(2) Number of active projects seeking such certification | (1) None<br>(2) In 2024, two ongoing projects are seeking green building certification.                                                                                                                                                                                                | 3.3 Energy Management    |
|                                                 | IF-EN-410a.2 | Discuss incorporating energy and water efficiency during the operational phase into project planning and design                                                    | All projects awarded or in progress in 2024 are water transmission pipeline projects and do not involve operation or maintenance phases. Therefore, planning and design related to energy and water efficiency are not applicable                                                      | 3.3 Energy Management    |
| Climate Impact                                  | IF-EN-410b.1 | Total value of fossil fuel and renewable energy projects under construction                                                                                        | In 2024, Kuo Toong had no related engineering projects.                                                                                                                                                                                                                                |                          |
|                                                 | IF-EN-410b.2 | Amount of canceled fossil fuel projects under construction                                                                                                         | In 2024, Kuo Toong had no related engineering projects.                                                                                                                                                                                                                                |                          |
|                                                 | IF-EN-410b.3 | Total value of non-energy projects under construction related to climate change reduction                                                                          | In 2024, Kuo Toong had no related engineering projects.                                                                                                                                                                                                                                |                          |
| Business Ethics                                 | IF-EN-510a.1 | Number of active projects and backlog in countries that have the 20 lowest rankings in Transparency International's Corruption Perception Index                    | There was no project in countries that have the 20 lowest rankings in the Corruption Perceptions Index of 2024. Refer to Transparency International's 2023 Corruption Perception Index <a href="https://www.transparency.org/en/cpi/2022">https://www.transparency.org/en/cpi/2022</a> | 2.3 Business Ethics      |
|                                                 | IF-EN-510a.2 | Total amount of monetary losses as a result of legal proceedings associated with charges of (1) bribery or corruption and (2) anticompetitive practices            | There were no relevant legal proceedings associated with charges of (1) bribery or corruption and (2) anticompetitive practices in 2024.                                                                                                                                               | 2.3 Business Ethics      |
|                                                 | IF-EN-510a.3 | Description of policies and practices for prevention of (1) bribery and corruption, and (2) anti-competitive behavior in the project bidding processes             | Formulate codes of ethical conduct and employee's grievance policy, assist all personnel implement their duties in accordance with ethics                                                                                                                                              | 2.3 Business Ethics      |
| Activity Indicators                             | IF-EN-000.A  | Number of Ongoing Construction                                                                                                                                     | 19                                                                                                                                                                                                                                                                                     | 1.3 Operational Overview |
|                                                 | IF-EN-000.B  | Number of Completed Construction                                                                                                                                   | 3                                                                                                                                                                                                                                                                                      | 1.3 Operational Overview |
|                                                 | IF-EN-000.C  | Value of Ongoing Construction Projects                                                                                                                             | NT\$16.92 billion                                                                                                                                                                                                                                                                      | 1.3 Operational Overview |



## Climate-Related Information Implementation Items for Listed Companies (Appendix 2)

| Climate-Related Information Implementation Items                                                                                                                         | Implementation Status                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1. Describe the Board's and management's oversight and governance of climate-related risks and opportunities                                                             | <ul style="list-style-type: none"> <li>■ Climate change issues are integrated into the Company's comprehensive risk management framework. Appointed by the Company's highest governance body, the Board of Directors assigns the Sustainable Development Committee to continuously monitor and track climate-related developments. The committee is responsible for setting relevant operational goals and plans, overseeing the execution and performance of the management team, and regularly reporting climate-related matters to the Board of Directors.</li> <li>■ In 2024, the Sustainability Development Committee has convened twice, primarily to discuss Kuo Toong's overall sustainability plan. This includes, but is not limited to, the preparation of the sustainability report, social outreach initiatives, and greenhouse gas inventory and external verification. The committee reported on the implementation status to the Board of Directors in May and August 2024.</li> <li>■ The General Manager serves as the highest authority responsible for managing climate-related issues. They regularly convene department heads to identify key risks and discuss appropriate countermeasures, which are then reported to the Sustainable Development Committee.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| 2. Explain how the climate risks and opportunities identified may affect the business, strategy, and financials (short-term, medium-term, and long-term) of the Company. | <ul style="list-style-type: none"> <li>■ Kuo Toong has adopted the climate-related financial disclosure framework (TCFD) to identify and thoroughly analyze the short-term, medium-term, and long-term climate-related risks and opportunities it faces. Based on this analysis, the Company has formulated five key management strategies to address these challenges, aiming to reduce operational and financial impacts from climate change and strengthen the organization's climate resilience. For related content, please refer to Section 3.1 on Climate Change.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| 3. The impact of extreme climate events and transition actions on finances.                                                                                              | <ul style="list-style-type: none"> <li>■ The growing frequency of extreme weather events may present risks that affect financial performance, including business interruptions, increased costs, and property damage. Climate-related risks can be further categorized into physical risks and transition risks as follows:</li> </ul> <p><b>Physical Risk</b></p> <ol style="list-style-type: none"> <li>1. Damage to building facilities, equipment, information security, transportation, and personnel safety, leading to operational disruptions and property losses.</li> <li>2. Damage to power and water supply infrastructure, resulting in operational disruptions.</li> <li>3. During the implementation of the project, interruptions and equipment damage lead to property loss and contract risks.</li> <li>4. Heavy rainfall hampers drainage, increasing the risk of flooding, which can lead to property damage or operational disruptions.</li> <li>5. The rising number of extremely high-temperature days each year, combined with increasing electricity prices, has resulted in higher electricity costs.</li> <li>6. High temperatures have caused power supply instability, leading to operational disruptions.</li> <li>7. High temperatures lead to an increased incidence of employee illness, jeopardizing employee health and impacting operations.</li> <li>8. The dry seasons are becoming drier, while the wet seasons are becoming wetter. The increasing likelihood of droughts during the dry season heightens the risk of water shortages for industries, disrupts supply chains, and raises operational costs.</li> </ol> <p><b>Transitional Risk</b></p> <ol style="list-style-type: none"> <li>1. The regulations and requirements of international conventions or initiatives, such as TCFD information disclosure, require the Company to establish climate change risk management and response measures.</li> <li>2. The formulation of Taiwan's environmental regulations and policies, such as mandatory greenhouse gas emission disclosures and the implementation of energy management systems.</li> <li>3. Imposition of carbon taxes or carbon fees.</li> <li>4. The proportion of renewable energy usage needs to be increased.</li> <li>5. Increase in raw material prices.</li> <li>6. The progress of low-carbon technology advancements has not met expectations, failing to fulfill stakeholder demands.</li> <li>7. In the future, clients and stakeholders will have a growing demand for sustainability certification and verification.</li> <li>8. Stakeholder protests impact construction.</li> </ol> <ul style="list-style-type: none"> <li>■ Kuo Toong actively identifies short-term, medium-term, and long-term climate change risks and opportunities, and formulates specific action plans through five key strategies to adapt to climate-related risks. For related content, please refer to Section 3.1 on Climate Change.</li> </ul> |



|                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
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| <p>4. How Kuo Toong's climate risk identification, assessment, and management process is integrated into the overall risk management system.</p>                                                                                                                                                                                                                                                                                          | <ul style="list-style-type: none"> <li>■ The identification and assessment of climate risks are regularly convened by the General Climate risk identification and assessment are regularly conducted by the General Manager's office, which gathers relevant departments to collect internal and external topics such as policy regulations, market trends, internal objectives, and sustainability survey results. These are then organized into climate-related risk issues. The potential risks and their possible impact are analyzed, while training programs are implemented to enhance the departments' ability to identify risks and opportunities. This process aims to increase internal awareness and emphasis on climate change risks within the Company.</li> <li>■ Based on the identification and assessment results described above, the Company has formulated a sustainable development plan centered on five key strategic directions: Climate Change Mitigation, Climate Adaptation, Resilient and Low-Carbon Supply Chain, Green Innovation and Finance, and Governance and Capacity Building. This plan will be submitted to the Sustainability Development Committee for review and approval and will serve as a guiding framework for implementing initiatives focused on energy conservation, carbon reduction, water savings, and waste minimization.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <p>5. When conducting scenario analysis to assess resilience to climate change risks, it is essential to clearly define the scenarios, parameters, assumptions, analytical factors, and key financial impacts involved.</p>                                                                                                                                                                                                               | <ul style="list-style-type: none"> <li>■ Scenario Setting: Based on the Intergovernmental Panel on Climate Change (IPCC) and recommendations from international organizations, we assess the impact of both low-carbon transition scenarios (1.5°C/2°C) and high-emission scenarios (4°C) on our business operations.</li> <li>■ Main Parameters and Assumptions: <ul style="list-style-type: none"> <li>• Extreme Weather – Fewer instances of heavy rainfall or typhoons, but increased intensity</li> <li>• Extreme Weather - High temperatures</li> <li>• Extreme Weather: Uneven Rainfall</li> <li>• International conventions or initiative guidelines (e.g., TCFD information disclosure)</li> <li>• Updates to national laws and regulations (e.g., implementation of carbon taxes or fees, increased requirements for the use of renewable energy)</li> <li>• Changes in customer behavior/Increased public environmental awareness and expectations (growing demand for sustainability audits and verification)</li> </ul> </li> <li>■ Key financial impact: <ul style="list-style-type: none"> <li>• Increase in operating costs: The implementation of carbon taxes, carbon fees, and renewable energy requirements has increased energy and raw material costs. Furthermore, the rising expenses related to supplier transitions may result in higher procurement prices.</li> <li>• Increase in capital expenditure: Investment is required in energy-saving and carbon-reduction technologies, equipment upgrades and green supply chain management. Participation in carbon credit trading may also be necessary, which would result in increased initial capital expenditure.</li> <li>• Increasing financing expenses: Higher carbon emissions compared to industry peers or slower progress in transition may result in higher loan interest rates or stricter review standards.</li> <li>• Fluctuating revenues: Developing low-carbon products can open new markets and enhance competitiveness. Conversely, failure to transition may lead to the loss of key customers and orders, negatively affecting revenue.</li> </ul> </li> </ul> |
| <p>6. If transformation plans have been established to address climate-related risks, please describe these plans in detail, including the indicators and targets used to identify, monitor, and manage both physical and transition risks.</p>                                                                                                                                                                                           | <ul style="list-style-type: none"> <li>■ Building on the risk management policy approved by the Board of Directors, a comprehensive climate action mechanism has been established by integrating project-specific elements. Risk management procedures are embedded into the project's operational and management processes, with clearly defined indicators and targets for the identification and management of both physical and transition risks.</li> <li>■ In response to the net-zero emissions target, the Company will advance sustainable development initiatives across all departments in 2024, setting specific goals related to energy conservation, carbon reduction, and overall environmental performance. <ol style="list-style-type: none"> <li>1. Energy Conservation: Electricity consumption per unit of production (kWh/ton) to be reduced by 0.5% annually</li> <li>2. Water conservation: Water consumption reduced by 1%</li> <li>3. Waste Reduction: The percentage of waste foundry sand and slag in molten iron decreases by 0.5% annually.</li> </ol> </li> <li>■ To ensure the achievement of objectives and to establish short-, medium-, and long-term implementation plans, the Sustainable Environmental Development Task Force under the Sustainable Development Committee will continue to lead and advance these initiatives.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <p>7. If internal carbon pricing is utilized as a planning tool, the rationale for price determination should be clearly articulated.</p>                                                                                                                                                                                                                                                                                                 | <ul style="list-style-type: none"> <li>■ There are currently no related plans in place</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <p>8. If climate-related targets have been set, the following details should be provided: the activities included, the scope of greenhouse gas emissions, the planned timeline, and the annual progress toward meeting these goals. If carbon offsets or Renewable Energy Certificates (RECs) are used to meet these targets, the source and quantity of the offset carbon reductions or the number of RECs should also be specified.</p> | <ul style="list-style-type: none"> <li>■ Climate-related Targets <ul style="list-style-type: none"> <li>Energy Conservation: Electricity consumption per unit of production (kWh/ton) to be reduced by 0.5% annually</li> <li>Water conservation: Water consumption reduced by 1%</li> <li>Waste Reduction: The percentage of waste foundry sand and slag in molten iron decreases by 0.5% annually.</li> </ul> </li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <p>9. Greenhouse gas inventory and assurance status, along with reduction targets, strategies, and specific action plans</p>                                                                                                                                                                                                                                                                                                              | <ul style="list-style-type: none"> <li>■ Continuously disclose key greenhouse gas emission data in the sustainability report and continue to reduce emission intensity to achieve the development goal of low-carbon services. The 2024 Sustainability Report, greenhouse gas inventory operations, and various assurance tasks have been completed, and the schedule for related activities in 2025 has been planned</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |



## Auditor Assurance Report



### INDEPENDENT AUDITORS' LIMITED ASSURANCE REPORT

The Board of Directors and Stockholders  
Kuo Toong International Co., Ltd.

We have undertaken a limited assurance engagement on the disclosed performance indicators in the Sustainability Report ("the Report") of Kuo Toong International Co., Ltd. ("the Company") for the year ended December 31, 2024.

#### Subject Matter Information and Applicable Criteria

See Appendix 1 for the Company's disclosed performance indicators ("the Subject Matter Information") and applicable criteria.

#### Responsibilities of Management

The management of the Company is responsible for the preparation of the Subject Matter Information in accordance with Taipei Exchange Rules Governing the Preparation and Filing of Sustainability Reports by TPEx Listed Companies, Universal Standards, and Topic Standards published by the Global Reporting Initiative (GRI), and for such internal control as management determines is necessary to enable the preparation of the Subject Matter Information that are free from material misstatement resulted from fraud or error.

#### Auditors' Responsibilities

Our responsibility is to plan and conduct our limited assurance engagement in accordance with Standard on Assurance Engagement 3000 "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" issued by the Accounting Research and Development Foundation of the Republic of China to issue a limited assurance report on whether the Subject Matter Information (see Appendix 1) is free from material misstatement. The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement and, therefore, a lower assurance level is obtained than a reasonable assurance.

We based on our professional judgment in the planning and conducting of our work to obtain evidence supporting the limited assurance. Because of the inherent limitations of any internal control, there is an unavoidable risk that even some material misstatements may remain undetected. The procedures we performed include, but not limited to:

1. Inquiring of management and the personnel responsible for the Subject Matter Information to obtain an understanding of the policies, procedures, internal control, and information system relevant to the Subject Matter Information to identify areas where a material misstatement of the subject matter information is likely to arise.
2. Selecting sample items from the Subject Matter Information and performing procedures such as inspection, re-calculation, re-performance, observation, and analytical procedures to obtain evidence supporting limited assurance.

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傳承 / 堅定 / 當責

Legend & Steadfast Accountancy

#### Inherent Limitations

The Subject Matter Information involved non-financial information, which was subject to more inherent limitations than financial information. The information may involve significant judgment, assumptions and interpretations by the management, and the different stakeholders may have different interpretations of such information.

#### Independence and Quality Control

We have complied with the independence and other ethical requirements of the Norm of Professional Ethics for Certified Public Accountant in the Republic of China, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies Standard on Quality Management 1 "Quality Management for Public Accounting Firms" issued by the Accounting Research and Development Foundation of the Republic of China, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

#### Conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Subject Matter Information is not prepared, in all material respects, in accordance with the applicable criteria.

#### Other Matters

We shall not be responsible for conducting any further assurance work for any change of the Subject Matter Information or the applicable criteria after the issuance date of this report.

The engagement partner on the limited assurance report is Chiu-Ling Wu.

Legend & Steadfast Accountancy  
Tainan, Taiwan  
Republic of China  
May 9, 2025

#### Notice to Readers

*For the convenience of readers, the independent auditors' limited assurance report and the accompanying summary of subject matter information have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' limited assurance report and summary of subject matter information shall prevail.*

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## Auditor Assurance Report

### APPENDIX 1

#### SUMMARY OF SUBJECT MATTER INFORMATION

| #  | Subject Matter Information    |                           |                            | Corresponding Section          | Applicable Criteria                                         |
|----|-------------------------------|---------------------------|----------------------------|--------------------------------|-------------------------------------------------------------|
| 1. | Kuo Toong and Kuo Yang        |                           | 2024<br>Energy consumption | 3.3 Energy Management          | GRI 302-1 : 2016 Energy consumption within the organization |
|    | Liquefied natural gas (LNG)   |                           | 26,706.24GJ                |                                |                                                             |
|    | Liquefied petroleum gas (LPG) |                           | 6.93GJ                     |                                |                                                             |
|    | Motor gasoline                |                           | 2,813.14GJ                 |                                |                                                             |
|    | Diesel                        |                           | 1,418.87GJ                 |                                |                                                             |
|    | Non-renewable electricity     |                           | 106,298.27GJ               |                                |                                                             |
|    | Total                         |                           | 137,243.45GJ               |                                |                                                             |
| 2. | Kuo Toong and Kuo Yang        |                           | 2024<br>Water withdrawal   | 3.4 Water Resources Management | GRI 303-3 : 2018 Water withdrawal                           |
|    | By source                     | Seawater (Others)         | 0ML                        |                                |                                                             |
|    |                               | Third-party (fresh water) | 26.64ML                    |                                |                                                             |
|    |                               | Third-party (others)      | 7,726.62ML                 |                                |                                                             |
| 3. | Kuo Toong and Kuo Yang        |                           | 2024<br>Water discharge    | 3.4 Water Resources Management | GRI 303-4 : 2018 Water discharge                            |
|    | By destination                | Surface water             | 6,957.34ML                 |                                |                                                             |
|    |                               | Seawater                  | 0ML                        |                                |                                                             |
|    |                               | Third-party water         | 2.63ML                     |                                |                                                             |
|    | By quality                    | Fresh water               | 6,959.97ML                 |                                |                                                             |
|    |                               | Others                    | 0ML                        |                                |                                                             |
|    | By treatment level            | Primary treatment         | 0ML                        |                                |                                                             |
|    |                               | Secondary treatment       | 6,959.97ML                 |                                |                                                             |

(Continued)

| #  | Subject Matter Information      |                                |               | Corresponding Section              | Applicable Criteria                                                                                                   |
|----|---------------------------------|--------------------------------|---------------|------------------------------------|-----------------------------------------------------------------------------------------------------------------------|
| 4. | Kuo Toong and Kuo Yang          |                                | 2024          | 3.4 Water Resources Management     | GRI 303-5 : 2018 Water consumption                                                                                    |
|    | Water consumption               |                                |               |                                    |                                                                                                                       |
|    | By consumption category         | Products                       | 0ML           |                                    |                                                                                                                       |
|    |                                 | Others                         | 793.28ML      |                                    |                                                                                                                       |
| 5. | Kuo Toong and Kuo Yang          |                                | 2024          | 3.6 Waste                          | GRI 306-3 : 2020 Waste generated                                                                                      |
|    | Total weight of waste generated |                                | 6,538.92 Tons |                                    |                                                                                                                       |
|    |                                 |                                |               |                                    |                                                                                                                       |
| 6. | Kuo Toong and Kuo Yang          |                                | 2024          | 4.1 Talent Development             | GRI 404-1 : 2016 Average hours of training per year per employee                                                      |
|    | Average hours of training       |                                |               |                                    |                                                                                                                       |
|    | By gender                       | Female                         | 27.97         |                                    |                                                                                                                       |
|    |                                 | Male                           | 12.35         |                                    |                                                                                                                       |
|    | By position                     | Executives                     | 27.90         |                                    |                                                                                                                       |
|    |                                 | Supervisors                    | 28.77         |                                    |                                                                                                                       |
|    |                                 | Engineers                      | 16.30         |                                    |                                                                                                                       |
|    |                                 | Administration personnel       | 26.89         |                                    |                                                                                                                       |
|    |                                 | Grassroots personnel           | 5.45          |                                    |                                                                                                                       |
| 7. | Kuo Toong and Kuo Yang          |                                | 2024          | 4.4 Occupational Health and Safety | SASB IF-EN-320a.1 Total recordable incident rate (TRIR) and fatality rate for direct employees and contract employees |
|    | Direct employees                | Total recordable incident rate | 0             |                                    |                                                                                                                       |
|    |                                 | Fatality rate                  | 0             |                                    |                                                                                                                       |
|    | Contract employees              | Total recordable incident rate | 0             |                                    |                                                                                                                       |
|    |                                 | Fatality rate                  | 0             |                                    |                                                                                                                       |
|    |                                 |                                |               |                                    |                                                                                                                       |

(Concluded)



KUO TOONG INTERNATIONAL CO., LTD

