2025

Kuo Toong International Co., Ltd
ESG Report of KUO TOONG
Sustainability Report

Stock Code: 8936



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Message from the Management

In an era marked by intensifying global climate change and mounting pressure on water resources, water has become a critical factor influencing social development and industrial resilience. Since its founding in 1978, Kuo Toong International Co., Ltd. has been committed to providing stable, safe, and sustainable water resource solutions. The Company has consistently focused on core areas such as water supply and distribution pipelines, water treatment engineering, and desalination, gradually establishing a comprehensive water infrastructure engineering service system. Leveraging decades of accumulated engineering experience and technical expertise, Kuo Toong has transformed from a traditional pipe manufacturing company into a professional enterprise integrating water infrastructure construction with operational services.

In terms of core technologies and industry development, Kuo Toong continues to deepen the integration of the water resource value chain, offering comprehensive solutions spanning water resource development, transmission, and reuse. These solutions cover the full spectrum from pipeline manufacturing and water transmission and distribution system construction to water purification, wastewater treatment, and desalination. The Company has long been engaged in the construction, operation, and maintenance of desalination plants on offshore islands and has also led large-scale desalination projects to support industrial and domestic water demand in southern Taiwan. By enhancing regional water supply resilience, Kuo Toong contributes its professional expertise to the development of national water infrastructure.

While ensuring steady corporate growth, Kuo Toong has integrated corporate social responsibility into its business philosophy. The Company continues to strengthen corporate governance, ethical business practices, and occupational health and safety management, striving to create a safe and healthy working environment. Through talent development and systematic management, Kuo Toong promotes long-term and stable corporate development. In 2025, the Company also actively participated in social welfare and post-disaster reconstruction initiatives. In response to the "Tainan Region Post-Disaster Repair Plan" promoted by the Water Resources Agency of the Ministry of Economic Affairs and Taiwan Water Corporation, Kuo Toong mobilized professional personnel and integrated internal resources to support the repair of multiple damaged households affected by Typhoon Danas. Through these concrete actions, the Company assisted affected families in restoring safe and stable living environments and supported local communities in returning to normal life, demonstrating its commitment to corporate social responsibility and community engagement.

In light of the global transition toward net-zero emissions and the broader sustainability agenda, Kuo Toong has incorporated environmental management and energy conservation into its operational strategy. The Company continues to promote greenhouse gas inventories, energy efficiency improvements, and resource recycling, while embedding environmental protection principles into its operations and management. These efforts reflect the Company's commitment to meeting stakeholder expectations for corporate sustainability.

Looking ahead, as climate change and extreme weather events become increasingly frequent, water resource management is expected to remain a critical issue for global infrastructure and sustainable development. Kuo Toong will continue to uphold its business philosophy of "Professionalism, Integrity, and Sustainability," while deepening engineering expertise, strengthening governance systems, and actively investing in water infrastructure and innovative technology development. The Company remains committed to becoming a key contributor to the advancement of sustainable water resources in Taiwan.

The Company believes that long-term corporate value is derived not only from strong operational performance but also from its responsibility and commitment to society and the environment. Moving forward, Kuo Toong will continue to work together with employees, partners, and stakeholders to build a more resilient and sustainable water resource environment, creating long-term value for society and contributing to a more sustainable future for the next generation.

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 2025 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 the Company's Kaohsiung Headquarters, Xinyuan Plant, and its subsidiary, Kuo Yang Environmental Technology Co., Ltd. (hereinafter referred to as "Kuo Yang"). It also encompasses various project sites under contracted engineering works, including field offices and seawater desalination plants (collectively referred to as "Kuo Toong"). The reporting boundary does not include all affiliated companies consolidated in Kuo Toong's consolidated financial statements; therefore, the scope of disclosure differs from that of the consolidated financial reporting scope. Any changes in the scope of disclosure for specific information are explained in the relevant sections of this Report.

This Report covers the period from January 1, 2025 to December 31, 2025 (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 2025 data only.

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

Last report issued in May, 2025　Current report issued in May, 2026

Regulation Compliance

This report has been prepared in accordance with the AA1000 Stakeholder Engagement Standard (AA1000 SES) issued by AccountAbility, which is applied to the identification and engagement of stakeholders based on the principle of accountability. The AA1000 v3 standard is also adopted as the basis for relevant information preparation processes. In addition, the Global Reporting Initiative (GRI) Standards 2021 are referenced to guide the identification and management of material sustainability topics.

In response to evolving sustainability disclosure trends and investor expectations, the Sustainability Accounting Standards Board (SASB) Standards are incorporated as a core reference for disclosure. In particular, the Engineering & Construction Services industry standard under the Infrastructure sector is adopted as the primary framework for preparing this Report. Furthermore, additional disclosures are made with reference to relevant sustainability trends and ESG rating requirements.

Management Method

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

In accordance with the "Sustainability Report Preparation and Verification Procedures" established by Kuo-Toong in March 2023, internal audit personnel conduct periodic reviews of the report preparation and verification processes. The findings are documented in internal audit reports to ensure the transparency, integrity, and compliance of sustainability disclosures.

External Assurance

The financial data presented in this Report is derived from the audited consolidated financial statements issued by Ernst & Young Taiwan. All figures are expressed in New Taiwan Dollars (TWD) and are prepared in accordance with the International Financial Reporting Standards (IFRSs). Other non-financial data in this Report are independently compiled and statistically analyzed by the Company using generally accepted methodologies, with figures rounded to the nearest whole number.

In addition, this Report has been subject to a limited assurance engagement conducted by Legendary & Steadfast Accountancy in accordance with the Standard on Assurance Engagements No. 3000 (ISAE 3000 Revised), "Assurance Engagements Other than Audits or Reviews of Historical Financial Information." The independent assurance statement is disclosed in the appendix of this Report and is also published on the Company's 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.

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Sustainability Highlights in 2025

G Governance

During the reporting period, consolidated revenue was NT$6.310 billion, representing a 20.31% increase compared to the same period last year.

The proportion of female directors is 33%, above the 2025 average level of listed and OTC companies in Taiwan (Note), reflecting the Company's commitment to board diversity and gender equality.

The Zengwen–Nanhua Interconnection Pipeline Turnkey Project A2 received the "2025 2nd Water Industry Golden Quality Award" presented by the Water Affairs Organization · Taiwan.

E Environment

Over the past three years, an average of 54.80% of raw materials used has been recycled, reflecting the Company's commitment to resource circularity and sustainability.

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

The value of green procurement increased by 132.92%.

S Demographic (Including human rights)

There have been no work-related fatalities in the past three years. In 2025, there were no cases of disabling injuries or occupational diseases, demonstrating a strong commitment to workplace safety and employee health.

There have been no instances of rework due to defects or safety issues in project development and construction works, ensuring construction quality and safety.

Five individuals with disabilities and seven indigenous individuals were employed. This initiative actively promotes employment equity and cultivates a diverse and inclusive workplace.

From supporting local sports teams and promoting social and environmental education to participating in educational assistance programs in remote areas and environmental protection initiatives, the Company's charitable donations totaled NT$5.099 million in 2025.

(Note) : In 2025, the proportion of female directors was 20.08% for listed companies and 21.15% for OTC-listed companies. Source: Corporate Governance Center of the Taiwan Stock Exchange (TWSE), "Gender Representation on Corporate Boards of Directors."

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.

Manufacturing and installation of pipes



1. Procurement and storage of raw materials for pipe manufacturing. Management of the supply chain for core components required in seawater desalination and water treatment equipment.
2. High-quality production processes for piping materials to ensure durability and transport efficiency.
3. Developing integrated pipeline network layouts, the Company provides integrated design and execution for water and power pipeline projects, including the installation, construction, and turnkey execution of large-diameter pipeline systems.

Water Treatment Construction



1. Providing customized water pipeline design and distribution solutions for clients.
2. The safe and efficient delivery of treated water resources to end users is essential.
3. Promoting the advantages of integrated water resource solutions.
4. Highlighting the integrity of ecosystems and the importance of sustainable development.

Desalination of Seawater



1. Provision of installation, maintenance, and technical support for seawater desalination facilities and water treatment systems.
2. Five seawater desalination plants have been built across Taiwan, delivering cumulative water production exceeding 30 million CMD.
3. Taiwan' s only provider with fully integrated capabilities in desalination equipment manufacturing, construction, and O&M (operation and maintenance).
4. Over 20 years of proven experience in desalination project construction and operations.
5. Eco-friendly, chemical-free treatment technologies that contribute to sustainable environmental goals.
6. Proprietary in-house R&D and manufacturing capabilities for core equipment.

Overall

1. The internal management system enables the efficient operation of the three main business sectors, ensuring flexible resource allocation.
2. Attracting and developing professional talent in the fields of pipe manufacturing, water treatment, and seawater desalination technologies.
3. Seawater desalination and water treatment technologies should be continuously developed to improve processing efficiency and stability.
4. Selecting high-quality suppliers to ensure the quality of raw materials and equipment.

Value Chain Integratio

1. By integrating the three core business sectors—pipe manufacturing, water treatment, and seawater desalination—we aim to create a comprehensive ecosystem for water resource solutions. This approach covers all aspects, from water supply infrastructure to end-user water quality treatment, maximizing value across the entire process.
2. Technical development and talent management in support activities provide a strong foundation for core operations, thereby enhancing the Company's competitiveness in the market.
3. Highlighting the Company's leadership in water resource solutions and its commitment to sustainable use and supply resilience.

Sustainable Development Strategies and Short-, Medium-, and Long-term Objectives

Sustainability Dimensions	Strategic Dimension	Short-term (2026-2028) : Establishment and implementation of systems	Mid-term (2030-2040) : System maturity and performance improvement	Long-term (2050) : Industry leadership and sustainable transformation
G Establish an efficient and transparent governance system to ensure sustainable corporate operations.	Ethics and Integrity in Business Operations	1. Ensure that board members possess sufficient knowledge of corporate governance and regulatory requirements, with each director receiving at least 6 hours of training per year or complying with applicable regulatory requirements. 2. Foster a corporate culture with strong compliance and risk management awareness, achieving a 90% completion rate for employees' integrity training. 3. Four information security training sessions were conducted to continuously strengthen employee cybersecurity awareness and training, thereby enhancing overall information security awareness.	1. Establish a policy linking the performance of directors and managers with sustainability performance. 2. Achieve a 100% completion rate for employees' integrity training, conduct annual risk identification, and strengthen the risk management framework by incorporating emerging risks into identification, assessment, and monitoring mechanisms, thereby enhancing management effectiveness.	1. Establish a highly transparent, traceable, and data-driven governance and management system aligned with international best practices. 2. Deepen the integration of sustainability strategies by closely integrating risk management with corporate decision-making to continuously enhance corporate resilience. Through collaboration with key suppliers, build a sustainable supply chain ecosystem to strengthen overall supply chain resilience. 3. Steadily create long-term corporate value while balancing the interests of shareholders and stakeholders to achieve sustainable business operations.
	Efficient and Transparent Management Mechanism	1. Ensure the independence, effectiveness, and continuous improvement of Board operations, with regular completion of Board performance self-assessments and external evaluations. 2. Conduct annual risk identification and establish an internationally aligned sustainability risk management framework, with progressive implementation of IFRS Sustainability Disclosure Standards. 3. Enhance the transparency and reliability of ESG information by publishing an annual sustainability report and obtaining third-party assurance.	1. Implement a Board performance evaluation system with annual performance assessments. In the future, external expert evaluations will be conducted every three years, and a policy will be established linking the performance of directors and executives with sustainability performance. 2. Align governance systems with international standards (e.g., ISSB) to enhance corporate governance practices and evaluation standards.	
	Supply Chain Management	1. Ensure supplier compliance with corporate integrity standards, achieving a 100% signing rate of the "Supplier Integrity and Anti-Corruption Commitment Statement" within the reporting year. 2. Establish a standardized and auditable Supplier Management Policy and Code of Conduct. 3. Incorporate sustainability performance into key supplier evaluations and provide sustainability management support to five suppliers.	1. Achieve a 100% signing rate of the annual "Supplier Integrity and Ethics Pledge" ; continue to conduct sustainability performance evaluations for key suppliers; and provide guidance on sustainable management practices to 6–10 suppliers.	
E Sustainable Resource Use and Low-Carbon Circular Economy.	Energy Conservation, Carbon Reduction, and Circular Economy	1. Unit energy consumption (kWh per metric ton) decreased by 0.5% annually, thereby reducing energy and resource consumption in production activities. 2. Annual water consumption decreased by 1%. 3. The defect rate of the product has been reduced to 3%. 4. The factory' s original mercury lamps have been replaced by LED fixtures.	1. Continuously promote energy and resource reduction, with electricity intensity per unit of output decreasing by 0.5% annually. 2. Annual water consumption decreased by 1%. 3. The product defect rate is maintained at less than 3%.	1. Promote waste source reduction and process optimization to reduce energy and resource consumption. 2. Establish a comprehensive green supply chain and natural capital management system to minimize the environmental impact of operations and generate positive environmental value.
	Pollution Prevention and Resource Management	1. Achieve a 0.5% annual reduction in waste generation to lessen the environmental impact of production activities. Waste generation has been reduced by 0.5% annually. 2. Ensure that 100% of discharged wastewater complies with regulatory discharge standards.	1. Reduce the environmental impact of production activities and exceed basic regulatory requirements by achieving a 1% annual reduction in waste generation. 2. Ensure that wastewater effluent levels at each facility remain below applicable regulatory discharge limits.	
	Ecological Conservation and Environmental Protection Initiatives	1. Enhance the environmental sustainability of procurement processes, with green procurement accounting for 8% of total procurement. 2. Integrate biodiversity and natural habitat conservation into the planning and operation of water treatment facilities and construction projects.	Gradually expand the scope of sustainable supply chain management, enhance the environmental sustainability of procurement processes, achieve a 10% green procurement ratio, and systematically integrate environmental and biodiversity considerations into procurement and supplier evaluation processes.	

Sustainability Dimensions	Strategic Dimension	Short-term (2026-2028)：Establishment and implementation of systems	Mid-term (2030-2040)：System maturity and performance improvement	Long-term (2050)：Industry leadership and sustainable transformation
S Social Cultivate talent, promote employee well-being, and respond to social needs.	Health and Safety	1. Continuously maintain the effectiveness of the TOSHMS system and self-management practices, achieving 0 major occupational safety incidents. 2. Enhance employee health awareness and engagement by organizing at least four health promotion activities annually and conducting surveys to assess their effectiveness. 3. Annual employee family day event.	1. Continuously maintain the effectiveness of the TOSHMS system and self-management practices, achieving 0 major occupational safety incidents. 2. Improve the depth of employee engagement and satisfaction in health promotion activities by conducting at least five health promotion activities per year. 3. Enhance contractor safety management by integrating a standardized evaluation mechanism.	1. Strengthen a diverse talent development and retention system to shape an internationally competitive and sustainability-oriented talent strategy. 2. Establish a strong safety and health culture, continuously enhance the occupational safety and health management system, expand contractor safety influence, and strive for zero-incident operations. 3. Build a long-term ecosystem of public welfare and community partnerships, continuously strengthen the social impact of environmental education initiatives, and embed employee volunteerism as an organizational value.
	Talent Development and Retention	1. Maintain the employee turnover rate below 30%. 2. Achieve an average of 10 training hours per employee per year.	1. Maintain the employee turnover rate below 20%. 2. Achieve an average of 10 training hours per employee per year.	
	Fair and Inclusive Workplace	1. Establish and maintain effective employee grievance and communication mechanisms to strengthen mutual trust in labor-management relations. 2. Provide equal employment opportunities, with employment levels of persons with disabilities and indigenous peoples exceeding regulatory requirements. 3. No child labor is employed. 4. Human rights and gender equality training exceeds 240 minutes.	1. Enhance the effectiveness and transparency of communication and grievance mechanisms; continue to provide equal employment opportunities that exceed legal requirements; promote workforce diversity; and foster an inclusive and open team environment. 2. The proportion of managers from diverse backgrounds, including female managers, has reached 15%. 3. No child labor is employed. 4.Human rights and gender equality training exceeds 240 minutes.	
	Social Welfare and Community Engagement	1. In partnership with World Vision, we support the education of 20 children 2. Establish at least two long-term public welfare partnerships each year. 3. The desalination facility aims to obtain certification as an environmental education site and enhance public awareness of the importance of water resources through educational programs.	1. In partnership with World Vision, we support the education of 20 children 2. Maintain a minimum of five long-term public welfare partnerships annually and raise the employee volunteer participation rate to 5%. 3. Maintain the certification of seawater desalination facilities as environmental education sites, reflecting the company's commitment to social responsibility.	
P Product Enhance Product and Service Value to Drive Innovation and Foster Customer Trust	Product Quality and Responsibility	1. Enhance customer satisfaction with products and services, achieving a satisfaction rate of 85% or above. 2. Establish a product quality issue reporting and improvement process to ensure the integrity of material and construction inspection processes.	1. Increase customer satisfaction to 90% or above and implement a systematic data analytics mechanism.	1. Establish a customer-centric quality and innovation management system by integrating product lifecycle management and data analytics capabilities, and increasing investment in research and development. 2. Promote source reduction and process optimization to reduce energy and resource consumption.
	Innovation and Sustainable Transformation	1. Strengthen technological competitiveness, with R&D expenditure accounting for at least 0.4% of revenue. 2. Plan to implement product carbon footprint accounting as a basis for evaluating low-carbon manufacturing processes and environmentally friendly technologies.	Continuously increase R&D investment to at least 0.5% of revenue and strengthen capabilities in sustainable technology and process innovation.	

Stakeholder Engagement

Stakeholders and Material Topics

Kuo Toong Corporation adopts the AA1000 Stakeholder Engagement Standard (AA1000 SES) to define six key stakeholder groups. Through a structured process of stakeholder identification, data collection, and analysis, the Company manages sustainability issues and assesses their material impacts.

By considering the operational and product context, the Company continuously reviews and discusses sustainability issues, taking stakeholder concerns into account as an important reference. Regular materiality assessments are conducted to evaluate the impact status of each sustainability issue.

Based on the results, policies, management approaches, and objectives are formulated to support the Company’ s sustainable development and meet stakeholder expectations.



Step 1

Identification of Important Stakeholders

In accordance with the AA1000 Stakeholder Engagement Standard (AA1000 SES), Kuo Toong Corporation adopts five assessment principles—dependency, accountability, influence, diverse perspectives, and tension—to evaluate stakeholder groups. Key department heads jointly identify and assess stakeholder groups, which are subsequently reviewed and confirmed by senior management. This process results in the identification of six key stakeholder groups, which serve as the primary targets for subsequent engagement and materiality assessments.



Step 2

Identification and Collection of Sustainability Issue

To identify key stakeholders’ expectations and concerns regarding sustainability issues, Kuo Toong Corporation establishes its sustainability issue inventory by referencing global sustainability trends, including the United Nations Sustainable Development Goals (SDGs), national sustainability policies such as the 2050 Net-Zero Emissions Pathway and renewable energy development initiatives, as well as sustainability reports from domestic and international industry benchmarks.

Based on the ten material sustainability issues identified in the previous year, the Company re-engaged stakeholders through questionnaire surveys to reassess their levels of concern and evaluate the positive and negative impacts of each issue, thereby analyzing changes in materiality over time.

The Company also continuously collects stakeholder feedback through multiple communication channels, and the Sustainability Committee regularly reviews relevant issues and feedback to ensure the ongoing implementation of the Company’ s sustainability strategies and commitments.



Step 3

Analysis of Key Sustainability Issues

Kuo Toong Corporation consolidates the results of the current-year stakeholder sustainability issue survey, analyzing each stakeholder group’ s level of concern regarding sustainability issues, as well as the extent of positive and negative impacts. The results are compared with prior-year surveys to track changes in issue materiality and impact significance over time.

Based on the analysis results, senior management conducts further review and decision-making, ultimately confirming ten material sustainability issues, which serve as the key focus areas for disclosure and management in the 2025 Kuo Toong Sustainability Report.

List of Material Topics

Compared with 2024, the ranking of material sustainability issues has undergone slight adjustments in the current year. Overall, stakeholders have shown increasing concern for corporate governance and employee-related issues.

Notably, "Occupational Safety and Health," "Integrity Management," and "Talent Development" have risen significantly in ranking, reflecting Kuo Toong Corporation's continued emphasis on employee safety, ethical governance, and talent development, as well as its focus on organizational sustainability.

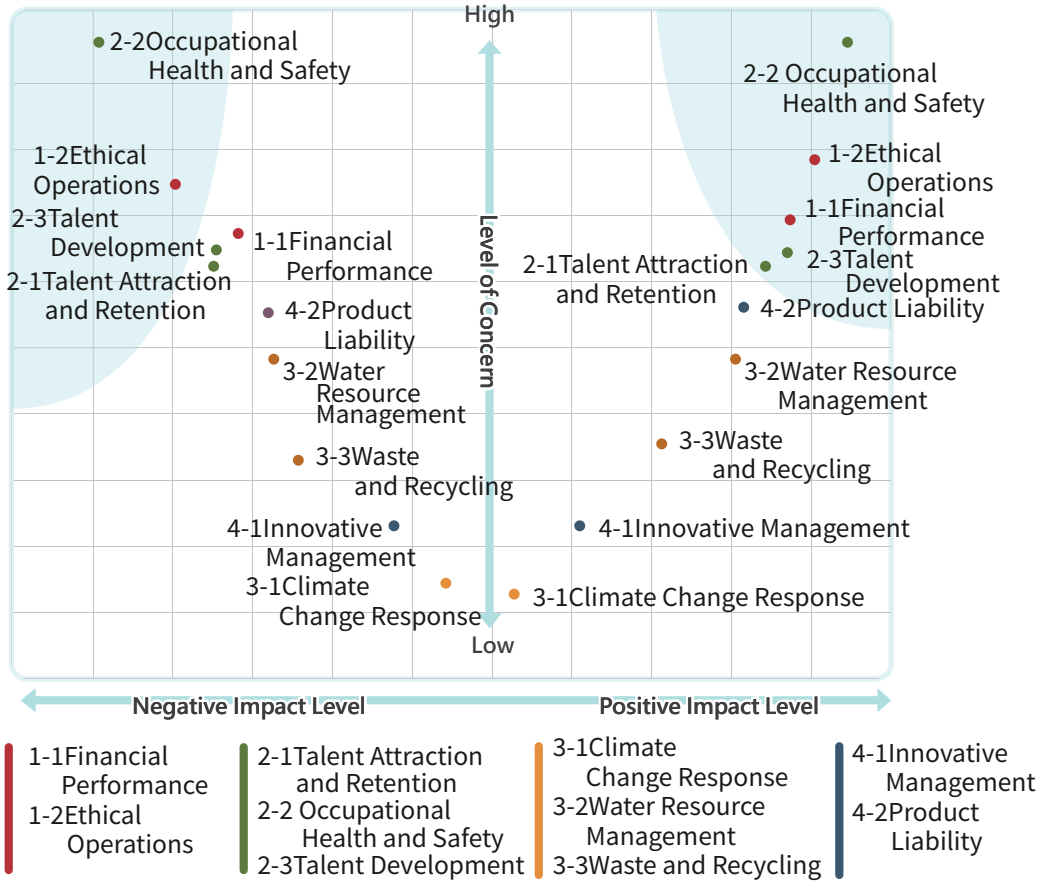
Regarding environmental issues, "Water Resource Management" and "Climate Change Response" have slightly declined in ranking; however, they remain critical to the Company's operations and sustainable development. The Company will continue to implement relevant management measures to strengthen environmental management and resource efficiency, thereby addressing stakeholders' expectations for environmental sustainability. For details, please refer to the section "Value Chain Involvement in Material Topics and Management Approach."

Sustainable Governance	2024 Ranking		2025 Ranking	
1-1 Financial Performance	2	→	3	▼ 1
1-2 Ethical Operations	5	→	2	▲ 3

Social Inclusion	2024 Ranking		2025 Ranking	
2-1 Talent Attraction and Retention	4	→	5	▼ 1
2-2 Occupational Health and Safety	3	→	1	▲ 2
2-3 Talent Development	9	→	4	▲ 5

Environmental Sustainability	2024 Ranking		2025 Ranking	
3-1 Climate Change Response	7	→	10	▼ 3
3-2 Water Resource Management	1	→	7	▼ 6
3-3 Waste and Recycling	8	→	8	—

Product Value	2024 Ranking		2025 Ranking	
4-1 Innovative Management	10	→	9	▲ 1
4-2 Product Liability	6	→	6	—



Channels and Frequency of Stakeholder Communication

Kuo Toong Corporation engages with stakeholders through diverse communication channels and a transparent approach as part of its daily operations, maintaining effective communication and interaction. Through stakeholder feedback and active participation, the Company continuously evaluates and refines its sustainability strategies and direction, integrating the concerns and expectations of various stakeholder groups to jointly develop and achieve its sustainability vision.

The communication channels with key stakeholder groups in 2025 are summarized in the table below:

Key Stakeholders	Significance of Kuo Toong	Key Issues	Channels	Frequency	Explanation of 2025
 Customers	Kuo Toong primarily provides water resource–related services to the Taiwan Water Corporation and government water management authorities. The policies and needs of its target clients are key considerations in shaping the Company's operational strategy. Therefore, Kuo Toong continues to maintain two-way communication and collaboration through various stakeholder engagement channels, which are essential to meeting client expectations, enhancing service quality, and creating operational value.	■Ethical Operations ■Financial Performance ■Occupational Health and Safety ■Water Resource Management ■Product Liability	■Visiting, Con-call	■Ad-hoc	■Achieved at least three new customers per quarter in 2025.
			■Project meeting	■Ad-hoc	■Multiple project meetings were held in response to new project requirements to facilitate project execution.
			■Customer Satisfaction Survey	■Every Year	■Achieved a customer satisfaction score of 87 in 2025.
 Competent Authorities	Under climate change conditions, water resource management has become a critical environmental issue and a key priority in government policy. Therefore, maintaining close communication with competent authorities, aligning with national policy initiatives, and undertaking public infrastructure projects are important ways in which Kuo Toong demonstrates its commitment to sustainable development and creates long-term value.	■Ethical Operations ■Financial Performance ■Climate Change Response ■Water Resource Management ■Waste and Recycling	■Coordination Meetings	■Before Start of Construction	■Discussion on occupational safety and project status.
			■Construction Progress Meetings	■Ad-hoc	■Coordination of construction activities in accordance with project progress.
			■Inspections by Competent Authorities	■Ad-hoc	■Inspection of construction execution status and quality.
			■Construction Audits	■Ad-hoc	■Evaluation of project execution performance.
 Employees	A comprehensive approach to talent recruitment, retention, and development is essential for Kuo Toong to deliver stable and consistent service quality. The Company remains committed to providing employees with compensation and benefits that are aligned with the cost of living and quality of life at each operational location.	■Ethical Operations ■Financial Performance ■Occupational Health and Safety ■Talent Attraction and Retention ■Talent Development	■Occupational Safety and Health Committee	■Every Quarter	■Held 4 meetings in 2025.
			■Labor-Management Meetings	■Every Quarter	■Held 4 meetings in 2025.
			■Employee Welfare Committee	■Every Quarter	■Held 4 meetings in 2025.
			■Anonymous Suggestion Boxes and Grievance Hotlines (for Sexual Harassment and Workplace Bullying)	■Anytime	■No related complaints were received during the reporting year.

Key Stakeholders	Significance of Kuo Toong	Key Issues	Channels	Frequency	Explanation of 2025
 Supplier	The promotion of sustainable supply chain management has become a prevailing trend. While Kuo Toong has historically focused on quality management as the cornerstone of its supplier management approach, the Company will progressively implement supplier codes of conduct and sustainability initiatives. Through collaboration with upstream and downstream partners, Kuo Toong aims to mitigate sustainability-related risks across its value chain.	■Ethical Operations ■Financial Performance ■Occupational Health and Safety ■Innovative Management ■Product Liability	■New Supplier Evaluation	■Ad-hoc	■Verification and review of new and alternative materials require the submission of hazardous substance reports.
			■Supplier Audit	■Every Year	■Key audits were conducted on Tier 1 raw material suppliers. In 2025, six suppliers were selected for spot checks, and all were approved for continued procurement.
			■Environmental Safety Risk Assessment	■Ad-hoc	■Suppliers providing on-site construction or services were evaluated on occupational safety, health, and environmental protection requirements, and all passed the assessment in 2025.
 Bank	International ESG ratings and initiatives emphasize that financial institutions must integrate ESG factors into their investment and lending decisions. As a result, banks are increasingly requiring companies to disclose their sustainability performance. Maintaining ongoing communication with financial institutions to understand their sustainable finance policies will therefore be a key focus of stakeholder engagement in future financing processes.	■Ethical Operations ■Climate Change Response ■Water Resource Management ■Waste and Recycling ■Occupational Health and Safety ■Product Liability	■Phone Call/Email	■Ad-hoc	■Receiving information and briefings on sustainability-linked loans, which align credit terms with sustainability-related performance indicators. Example: In accordance with the 2024 ESG Report, the NT$1.6 billion syndicated loan arranged by Taishin Bank met five criteria (Note), resulting in a 0.03% reduction in the interest rate margin.
			■Visiting by Bank Executives	■Ad-hoc	■Understanding greenhouse gas reduction initiatives. Since 2022, Kuo Toong has conducted annual greenhouse gas inventories and undergone third-party verification by professional certification bodies.
 Shareholder	Responsible investment is gaining increasing attention, and sustainable business practices and information transparency are key priorities in Kuo Toong' s current development. The Company continues to engage with investors to communicate its initiatives in advancing corporate governance and implementing operational strategies, thereby meeting investors' expectations of integrating ESG factors into their investment decisions.	■Ethical Operations ■Financial Performance ■Occupational Health and Safety	■Hold Annual General Meeting	■Every Year	■Annual General Shareholders' Meetings are held in accordance with the Company Act and the Company' s Articles of Incorporation. The 2025 Annual General Shareholders' Meeting was held on May 28.
			■Hold the Board Meeting	■Every Quarter	■The Board of Directors meets on a quarterly basis, with additional meetings convened as needed. A total of nine Board meetings were held in 2025. ◦
			■Annual Report	■Every Year	■Financial, operational, and corporate governance information is regularly disclosed.
			■Investor Conference	■Every Year	■In 2025, two investor conferences were held, with video recordings made available online to provide investors with updates on the Company' s operational performance.

(Note) Sustainability issues relevant to stakeholders in the banking sector primarily relate to environmental and governance aspects. On the environmental side, focus is placed on resource intensity indicators, such as greenhouse gas emissions, waste management, and water consumption. On the governance side, key considerations include whether ISO 9001 and ISO 45001 management system certifications have been obtained, as well as board gender diversity—specifically, whether female directors (including independent directors) account for at least 20% of total board seats.

Value Chain Involvement in Material Topics and Management Approach

Material Issues	GRI Standards	Scope of Impact (Note 1)	Impact Boundary (Note 2)	Management Approach	Management Indicators	2025 Performance	2026 Targets
Financial Performance	GRI 201 ：Economic Performance	Internal and External	Upstream Suppliers, Midstream Operations, and Downstream Customers	Through sound business strategies and effective cost control, profitability is ensured while transparency is maintained through the regular disclosure of financial statements, thereby creating value for shareholders and stakeholders.	◆Operational Performance ◆Financial Stability ◆Economic Value Creation	◆Revenue Growth Rate: 20.29% ◆Operating Profit Margin: 26.02% ◆Earnings Per Share (EPS): NT$4.08	◆Continue strengthening economic value creation and distribution mechanisms (GRI 201-1) ◆Enhancing operational efficiency and financial resilience ◆Reinforcing long-term value creation and sustainable business capabilities
Ethical Operations	GRI 2-27 ：Compliance with Laws and Regulations GRI 205 ：Anti-corruption	Internal and External	Impacts Across the Entire Value Chain	An integrity-based governance framework has been established to promote a culture of integrity from the Board of Directors to employees and suppliers. Through training programs, codes of conduct, and external commitment mechanisms, the foundation of ethical management across the organization continues to be strengthened.	◆Total Training Hours for Directors ◆Completion Rate of Integrity Management Training for Employees ◆Supplier Integrity Declaration Signing Rate (%)	◆Total Training Hours for Directors: 72 hours ◆Completion Rate of Integrity Management Training for Employees: 100% ◆Supplier Integrity Declaration Signing: 72 suppliers	◆Total Training Hours for Directors: 72 hours ◆Completion Rate of Integrity Management Training for Employees: 100% ◆Supplier Integrity Declaration Signing: 80 suppliers
Climate Change Response		External	Primarily Impacts Upstream Suppliers and Midstream Manufacturing Operations	Energy-saving and consumption-reduction initiatives are implemented through the adoption of high-efficiency equipment, such as LED lighting, and the monitoring of energy consumption per unit of production output, with the aim of gradually advancing low-carbon production models.	◆Greenhouse Gas Emissions Intensity (Scope 1 & 2) ◆Green Procurement Ratio (%)	◆Greenhouse Gas Emissions Intensity (Scope 1): 0.4993 tCO_2e / million NT$ ◆Greenhouse Gas Emissions Intensity (Scope 2): 1.6122 tCO_2e / million NT$ ◆Green Procurement Ratio: 8.1%	◆Disclosure of GHG Emissions Intensity (Scope 1) ◆Disclosure of GHG Emissions Intensity (Scope 2) ◆Green Procurement Ratio: 10%
Water Resource	GRI 303 ：Water and Effluents	Internal and External	Impacts All Stages of the Value Chain, Particularly Production Processes and Community Water Usage	Process water usage is optimized, and water recycling and reuse are promoted to reduce raw water consumption, while ensuring that wastewater discharge quality complies with or exceeds regulatory standards.	◆Water Consumption Reduction Rate (%) ◆Compliance Rate of Effluent Discharge with Regulatory Standards	◆Total Water Consumption: 8,625 million liters (↑ 11.24%) ◆Effluent Discharge Compliance (2025): 100% (no violations)	◆1% annual reduction in water consumption ◆Effluent Discharge Compliance (2026): 100% (no violations)

Waste and Recycling	GRI 306 ：Effluents and Waste	Internal and External	Production Processes and Supply Chain Operations Across the Upstream, Midstream, and Downstream Value Chain	Waste reduction and reuse initiatives are promoted to minimize waste generation. Production yield is also enhanced to reduce scrap materials, and legally compliant waste disposal procedures are strictly managed.	◆Waste Reduction Rate (%) ◆Recycled Material Utilization Rate (%) ◆Emissions Compliance Rate (%)	◆Total Waste Generation: 9,223.24 metric tons (↑ 41%) ◆Recycled Material Utilization Rate: 59.35% ◆Emission Non-compliance Rate: 3.37%	◆0.5% year-on-year reduction in waste generation ◆50% recycled material utilization rate ◆100% compliance with regulatory emission standards
Talent Attraction and Retention	GRI 401 ：Employment GRI 405 ：Diversity and Equal Opportunity	Internal	Midstream Operations and Management	Competitive compensation and benefits, together with a supportive and friendly workplace environment, are provided to employees. Effective labor-management communication channels are also maintained to reduce employee turnover.	◆Number of Employees with Disabilities and Indigenous Employees ◆Employee Turnover Rate (%)	◆5 employees with disabilities and 7 indigenous employees ◆Male turnover rate: 7%; Female turnover rate: 10%	◆5 employees with disabilities and 7 indigenous employees, exceeding regulatory requirements. ◆Male turnover rate: 10%; Female turnover rate: 10%
Occupational Health and Safety	GRI 403 ：Occupational Health and Safety	Internal	Midstream Production and Operational Processes	In compliance with occupational safety regulations, workplace safety inspections and health promotion activities are promoted to achieve the goal of zero occupational accidents.	◆Total Recordable Incident Rate (TRIR) ◆Number of Health Promotion Activities Conducted ◆Occupational Safety and Health Training Hours and Participants	◆Total Recordable Incident Rate (TRIR): 0 ◆Health Promotion Activities Conducted: 4 sessions ◆Occupational Safety and Health Training: 1,311 training hours; 359 participants	◆Total Recordable Incident Rate (TRIR): 0 ◆At least 4 health promotion activities conducted
Talent Development	GRI 404 ：Training and Education	Internal	Midstream Departments and Management	A systematic training and development framework has been established to support employees' career development and professional competencies, while providing diverse learning resources.	Average Training Hours per Employee (hours/person)	◆Average Training Hours per Employee: 13.20 hours/year	◆Average Training Hours per Employee: 10 hours/year
Product Liability	GRI 416 ：Customer Health and Safety	External	Midstream and Downstream Customers and End Users	Strict quality control and customer health and safety management measures are implemented to ensure that products comply with international standards and customer requirements, thereby safeguarding brand reputation.	◆Customer Satisfaction Rate (%) ◆Number of Product Safety Regulatory Violations	◆Customer Satisfaction Score: 87 points ◆Product Safety Regulatory Violations: 0 cases	◆Customer satisfaction score of 90 or above ◆Product Safety Regulatory Violations: 0 cases
Innovative Management	GRI 2：General Disclosures	Internal and External	Research, Development, and Manufacturing Across the Entire Value Chain	Research and development resources are invested in environmentally friendly manufacturing processes and new technology development to enhance industrial competitiveness and sustainable value.	◆R&D Expenditure as a Percentage of Revenue (%)	◆R&D Expenditure as a Percentage of Revenue: 0.32%	◆R&D Expenditure as a Percentage of Revenue: 0.40%

(Note 1) The extent to which the issue impacts the Company' s internal and external value chain.
(Note 2) The extent to which the issue impacts the upstream, midstream, and downstream stages of the value chain.

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1. About Kuo Toong
1.1 Corporate Overview

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	Hung, Ya-man
General Manager	Hung, Ya-man
Capital	NT$2.481 billion (as of December 31, 2025)
Revenue	NT$6.310 billion (2025)
Number of Employees	Total of 463 employees (as of December 31, 2025)
Main Business	(1) Manufacture and sale of large-diameter prestressed concrete pipes, steel pipes, and ductile iron pipes. (2) Water pipeline installation services, including open-cut, pipe jacking, microtunneling (shield tunneling), and tunnel pipeline construction. (3) Construction, operation, and management of seawater desalination plants, water treatment plants, wastewater treatment plants, and water reclamation (reuse) facilities.

Company History

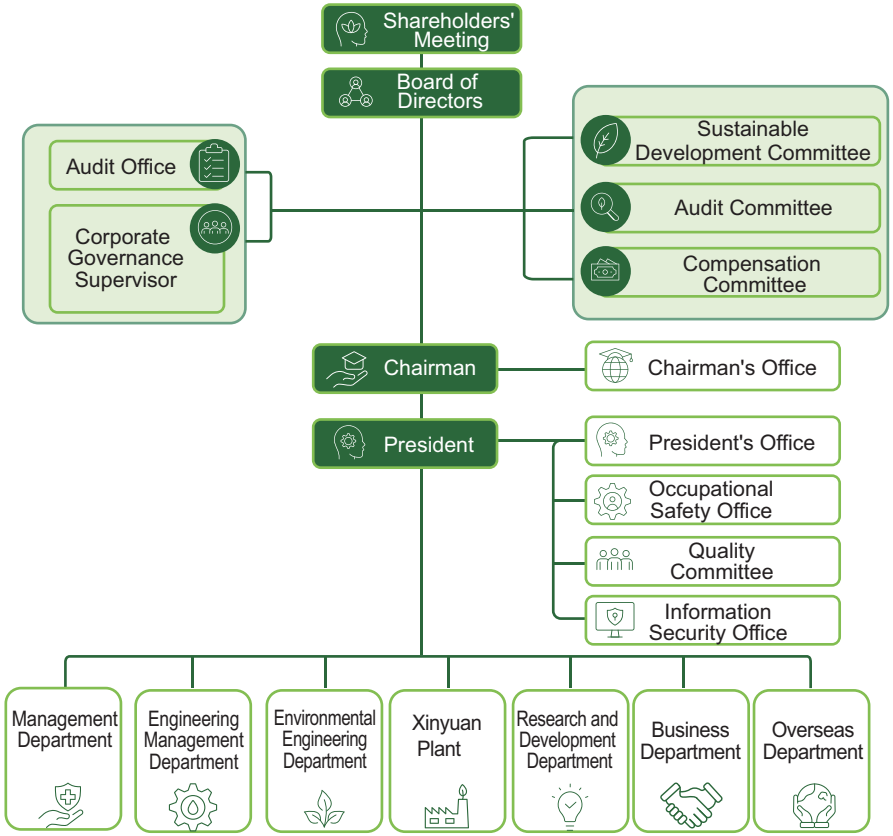
Kuo Toong International Co., Ltd., established in 1978, initially focused on the design, manufacturing, and assembly of large-diameter water transmission and distribution pipelines. Its core product offerings comprised two main categories: steel pipes and ductile iron pipes. Over the years, the Company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



1978	Kuo Toong Cement Products Co., Ltd. was founded with a capital of NT$2 million, specializing in the design, manufacturing, and assembly of concrete products.
1979	Acquired land in Xinyuan Township and constructed a manufacturing plant, commencing production of prestressed concrete non-cylinder pipes (PSCP) and coated steel pipe fittings for water transmission (SP fittings).
1981	Obtained qualification as a pipeline contractor and commenced production of reinforced concrete pipes (RCP), jacking concrete pipes (JCP) for sewer construction, and steel-jointed jacking concrete pipes (SJCP).
1998	Obtained ISO 9002 certification from the Bureau of Standards, Metrology and Inspection (BSMI), Ministry of Economic Affairs.
1999	The Company changed its name to Kuo Toong International Co., Ltd.
2002	The stock was officially listed on the Taipei Exchange.
2004	Established the first privately operated seawater desalination plant in Penghu.
2005	Invested in Hsiyu Seawater Desalination Co., Ltd., which is primarily engaged in water supply operations and piping engineering services.
2008	The invested subsidiary Xinjiang Kuo Toong Pipeline Co., Ltd. was officially listed and commenced trading on the Shenzhen Stock Exchange (A-share market) in December (Stock Code: 002205).
2009	Participated in the Miaoli County Government' s BOT project for the Zhunan–Toufen sewerage system (including the Toufen Interchange area) through investment in Kuo yang Environmental Technology Co., Ltd., which oversees the construction, operation, and maintenance of the system. The Company also commenced full-scale production of ductile iron pipes (DIP).
2014	Established a subsidiary, Fujian Taiming Ductile Iron Pipe Technology Co., Ltd., to drive the development of the ductile iron pipe market in Mainland China.
2017	The Zengwen Reservoir Anti-silt Tunnel Project developed and applied the world' s first elephant trunk-inspired water diversion steel pipe method and received the Public Construction Quality Award from the Ministry of Economic Affairs.
2018	The Dashu Section (Second Pipeline) of the Nanhua–Gaoping Interconnection Pipeline was awarded the Outstanding Engineering Award by the Water Resources Agency (WRA).
2019	"Kinmen Seawater Desalination Plant Improvement and Expansion Project" was received the Excellent Construction Award by Water Resources Agency.
2021	Mobilized with the national drought response team to mitigate water scarcity in Taiwan, delivering a 3,000 CMD emergency desalination unit in Hsinchu and an emergency groundwater treatment project for construction sites in Taichung. Kuo Toong and its subsidiary, Kuoyang Environmental Technology Co., Ltd., were awarded the Excellence Award and Public Welfare Award at the 19th Private Participation in Infrastructure Awards.
2022	Participated in government-led water resources development program through Zengwen River Tidal Reach Water Resources Utilization Pilot Plant Construction Project.
2023	The Zengwen Nanhua Interconnection Pipeline Project (Section A2) was awarded the Excellence Award of the Golden Safety Award presented by the Ministry of Labor. The Zengwen–Nanhua Interconnection Pipeline Project (Section A2) was awarded the Special Excellence Award by the Chinese Taipei Society for Trenchless Technology. The Taichung Futian Water Resources Recovery Center Effluent Reuse Turnkey Project was awarded the Excellence Award by the Chinese Taipei Society for Trenchless Technology.
2024	Awarded the contract for the "Tainan Seawater Desalination Plant Phase I Turnkey Project and Operation and Maintenance Services." The Zengwen Nanhua Interconnected Pipeline Project (Section A2) was awarded the 2024 "Public Construction Quality Award" by the Ministry of Economic Affairs. The Zengwen Nanhua Interconnected Pipeline Project (Section A2) was awarded the Excellence Award at the 24th Public Construction Golden Quality Award by the Public Construction Commission, Executive Yuan.
2025	Awarded the contract for the "Fengyuan Water Treatment Plant Phase I & II Upgrade Turnkey Project." The Zengwen–Nanhua Interconnection Pipeline Turnkey Project A2 received the "2nd Water Industry Golden Quality Awards 2025" presented by the Water Affairs Organization · Taiwan.

Organizational Structure and Delegation of Authority

Kuo Toong has a well-established and comprehensive organizational structure with clearly defined roles and responsibilities. The Board of Directors is responsible for strategic decision-making, while the President oversees the overall execution of business operations. The organization is further divided into functional departments, each supervised by senior executives responsible for daily operations, thereby implementing a decentralized management system with specialized functions.



Department	Responsibilities
Chairman's Office	Formulating the Company's business philosophy, strategies, and operational objectives
	Approving and overseeing investments in affiliated businesses and subsidiaries
	Planning and supervising corporate governance operations and compliance practices
	Managing public relations and corporate image
President's Office	Execution of the Company's operational goals
	Assessment and execution of investment projects and subsidiaries
	Evaluation, analysis, and improvement of corporate operating performance
	Implementation of management by objectives, hierarchical accountability, and reward and penalty mechanisms
	Supervision of company-wide quality, environmental, and occupational health and safety (EHS) planning and execution
	Formulation and implementation of information security policies and action plans
Audit Office	Planning, execution, and improvement of internal audit and internal control systems
	Ensuring compliance of all operations with applicable laws, regulations, and internal company policies, and supporting improvements in operational performance
Management Department	General affairs and corporate administrative management
	Handling of shareholder-related matters and services
	Administration of Board of Directors and Audit Committee meetings and related procedural operations
	Comprehensive human resources management, including policy formulation, recruitment, compensation and benefits, social insurance, pension systems, organizational development, training, and labor relations
	Procurement management for bulk raw materials and fixed assets, including contract administration and control
	Accounting, financial analysis, and exception management of operational performance deviations
	Treasury management, including financial resource allocation and liquidity management
	Information system integration, information security training, server management, and system maintenance

Engineering Management Department	Evaluation of engineering contracts and supervision of construction management
	Business development, expansion, planning, and management of engineering design and drawings
	Integrated management of quotations, contracts, procurement, quality control, scheduling, cost control, subcontracting, and tendering processes
	Evaluation of construction methods and auditing of construction quality and financial performance
	Annual budget planning, review, and real-time adjustments Comprehensive construction management, including project planning, budgeting, material procurement, cost verification, site management, and accounts receivable verification
	Mobilization and management of on-site personnel
Business Department	Collection, organization, and analysis of market intelligence
	Strategic development, expansion, and planning of sales activities
	Management of quotations, contract negotiation, and sales contract administration. Monitoring of raw material and finished goods delivery schedules, and management of customer payment terms and accounts receivable
	Analysis of market costs, competitiveness, and sales cost structures
	Annual budget planning, review, and real-time adjustments
Research and Development Department	Research and development of raw materials, products, manufacturing processes, construction methods, production equipment, and construction machinery
	Support for the implementation and integration of R&D outcomes across all departments
	Training and development of internal technical talent and expertise
Xinyuan Plant	Management of manufacturing operations, quality control, production scheduling, raw material procurement, plant administration, and access control
	Procurement, management, and maintenance of plant facilities, offices, and production machinery and equipment
	Cost control of labor and materials, including cost structure analysis and formulation
	Occupational safety, health, and environmental management
	Maintenance and continuous improvement of ISO management systems
	Strategic production line planning and process optimization
Overseas Department	Strategic development, expansion, and planning of overseas business operations
	Management of international trade operations and logistics
	Supervision and management of overseas investments, joint ventures, and subsidiaries
Environmental Engineering Department	Strategic development, expansion, and planning of environmental engineering and water-related business
	Integrated management of environmental engineering projects, encompassing quotations, contracts, procurement, quality assurance, scheduling, cost control, subcontracting, and tendering processes
	Operations and maintenance (O&M) management, monitoring, and supervision of water treatment facilities
	Operational management and supervision of seawater desalination and wastewater treatment plants
	Planning, design, construction supervision, and execution of water utility projects, as well as evaluation and implementation of R&D initiatives and introduction of advanced technologies
	Cost control, construction quality auditing, and evaluation of financial and operational performance outcomes
	Mobilization, deployment, and management of site personnel

Participation in Industry Associations and External Organizations

Kuo Toong Co., Ltd. actively participates in 16 professional associations and organizations across three major sectors: engineering technology, the water industry, and occupational safety. These memberships strengthen the Company's capabilities in industry exchange, policy monitoring, and market intelligence gathering.

In the fields of water utilities and underground pipelines, the Company is a member of the Taiwan Underground Pipeline Engineering Association, the Chinese Taipei Society for Trenchless Technology, the Taiwan Water Industry Development and Promotion Association, the Taiwan Sewerage Association, and the Chinese Water Works Association. These organizations primarily focus on water resource engineering, pipeline technology, and water management. This long-term engagement reflects the Company's sustained commitment to water infrastructure and its ability to monitor industry trends and technological developments through professional collaboration.

In the engineering and manufacturing sectors, the Company participates in the Taiwan Water Pipe Engineering Industry Association, the Taiwan Electrical Engineering Association, the Taiwan Association of Machinery Industry (TAMI), and the Taiwan Foundry Society. This broad involvement highlights the Company's diversified business scope, encompassing mechatronics integration, equipment manufacturing, and engineering applications. Through collaboration with upstream and downstream partners, the Company promotes technical cooperation and resource integration, thereby enhancing its end-to-end engineering solution capabilities.

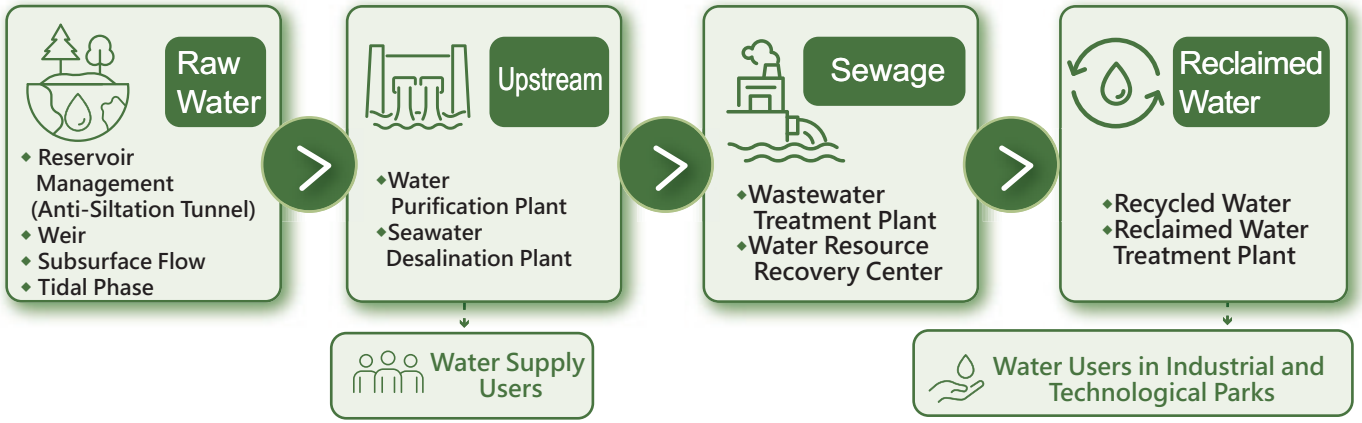
Furthermore, the Company places strong emphasis on occupational safety and local industry engagement through its participation in the Northern, Central, and Southern Regional Occupational Safety and Health Promotion Associations, as well as the Industrial Association of Kaohsiung and the Pingtung County Chamber of Commerce. Notably, the Company plans to support the establishment of the "Pingtung County Occupational Safety and Health Family" in 2026. Through collaboration with government agencies and local enterprises, this initiative aims to promote the sharing of safety management best practices and provide training programs, thereby enhancing the safety management capabilities of contractors and SMEs while fostering a stronger occupational safety culture across the supply chain and local industries.

List of Professional Associations and Organizations Participated in by Kuo Toong Co., Ltd. in 2025 is as follows:

Associations
Taiwan Underground Pipeline Engineering Association (UEPC)
Taiwan Water Pipe Engineering Industry Association(TWPEA)
Taiwan Electrical Contractors Association (TECA)
Taiwan Environmental Engineering Association (TEEA)
Chinese Taipei Society for Trenchless Technology (CTSTT)
Taiwan Sewerage Association (TSA)
Water Industry Development and Promotion Association, Taiwan (WIDPA)
Industrial Association of Kaohsiung
Taiwan Association of Machinery Industry, TAMI
Taiwan Foundry Society
Pingtung County Chamber of Commerce
Chinese Water Works Association(CTWWA)
Northern Regional Occupational Safety and Health Promotion Association
Southern Regional Occupational Safety and Health Promotion Association
Central Regional Occupational Safety and Health Promotion Association
Water Affairs Organization, Taiwan (WAOT)

1.2 Main Business Activities

Product and Types of Service



Kuo Toong' s products and services encompass the entire water lifecycle, including reservoir dredging, water transmission pipelines, water purification and filtration systems, seawater desalination, wastewater treatment, and water reclamation and reuse. Leveraging its strong technical expertise, the Company has established a comprehensive water infrastructure portfolio, playing a pivotal role in public infrastructure development, environmental protection, and economic growth. Through its integrated water solutions,

Kuo Toong serves as a key contributor to sustainable national development. Kuo Toong Co., Ltd. was honored with the Excellence Award in the Infrastructure Category at the 2nd Water Industry Golden Quality Awards 2025 for its "Zengwen Nanhua Interconnection Pipeline Project (Section A2)." Organized by the Taiwan Water Industry Development Association, this prestigious recognition underscores the Company' s exceptional engineering capabilities and innovation in the water sector. For further details on product responsibility and innovation management, please refer to Section 5: Product Value.





2nd Water Industry Golden Quality Awards 2025

1. Pipe manufacturing and installation

Kuo Toong specializes in the design, manufacturing, and distribution of a diverse portfolio of piping solutions, including reinforced concrete, ductile iron, and steel pipes. Its contracting expertise encompasses the installation of water transmission, hydraulic conveyance, industrial water supply, as well as wastewater and stormwater drainage systems.

With robust R&D and manufacturing capabilities for pipes and fittings, supported by an extensive patent portfolio, the Company undertakes integrated supply-and-install projects, establishing a distinct competitive advantage.

Notably, Kuo Toong is one of the few professional providers in Taiwan capable of both producing and installing large-diameter water transmission and distribution pipelines. This seamless vertical integration of material manufacturing and engineering execution enables the Company to deliver comprehensive, end-to-end services.



Ductile Iron Products – K-Type Ductile Iron Pipes



Ductile Iron Products – U-Type Ductile Iron Pipes



Ductile iron products - Fittings



Ductile iron products - Fittings

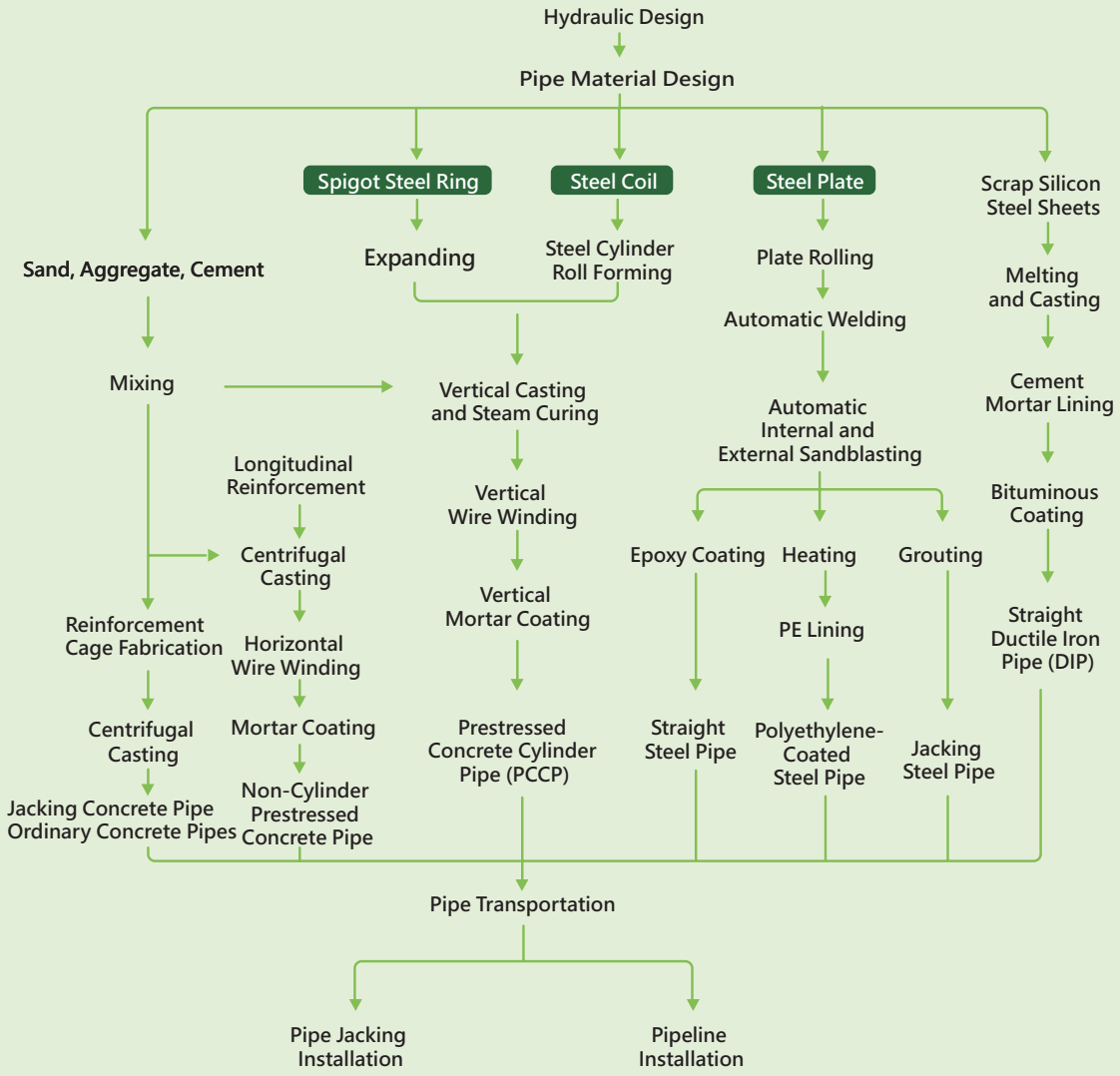


Connector pipe



Pipe fittings

Pipe Material Manufacturing Process Flowchart



2.Water Treatment Construction

Since 1992, the Ministry of the Interior has systematically advanced public sewerage infrastructure through successive "Six-Year Development Plans for Sewerage Systems." In July 2020, the Executive Yuan approved the Sixth Phase Construction Plan (2021–2026), prioritizing the "Continuous Development of Public Sewerage" and the "Establishment of Sustainable and Smart Systems." This initiative aims to build a comprehensive, next-generation wastewater recycling framework. Simultaneously, the "Public Wastewater Treatment Plant Reclaimed Water Promotion Plan (2021–2026)" was established as a dedicated program to enhance reclaimed water utilization.

As of 2025, the national domestic wastewater treatment rate has reached approximately 71%, with a public sewer connection rate of 43%. By the end of 2026, connected households are projected to reach 4.07 million, raising the connection rate to 46% and the overall treatment rate to an estimated 72%.

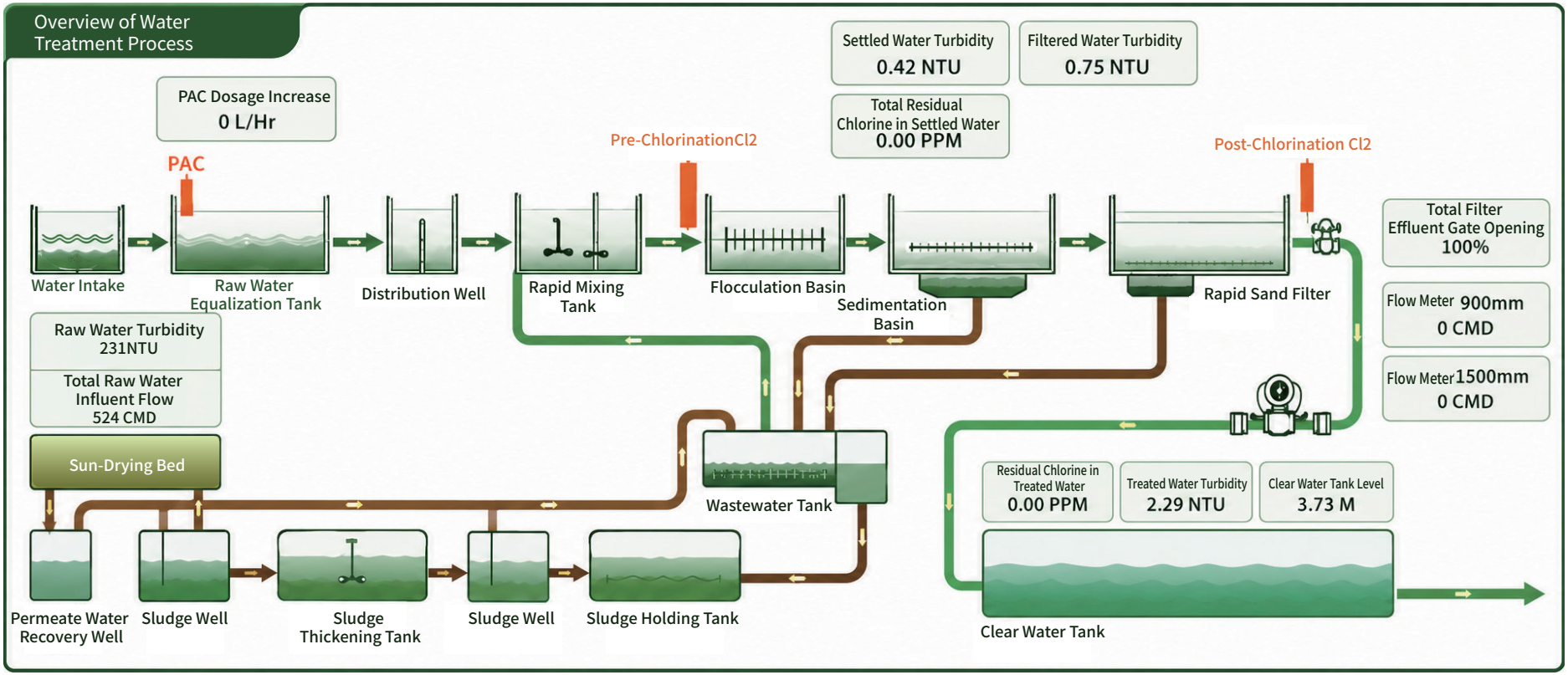
Kuo Toong is engaged in integrated solutions for the design, construction, and operations and maintenance (O&M) of water purification, wastewater, and reclaimed water systems. Beyond treatment facilities, its expertise extends to connecting pipeline networks and long-term facility management, supporting the efficiency and reliability of national water infrastructure.

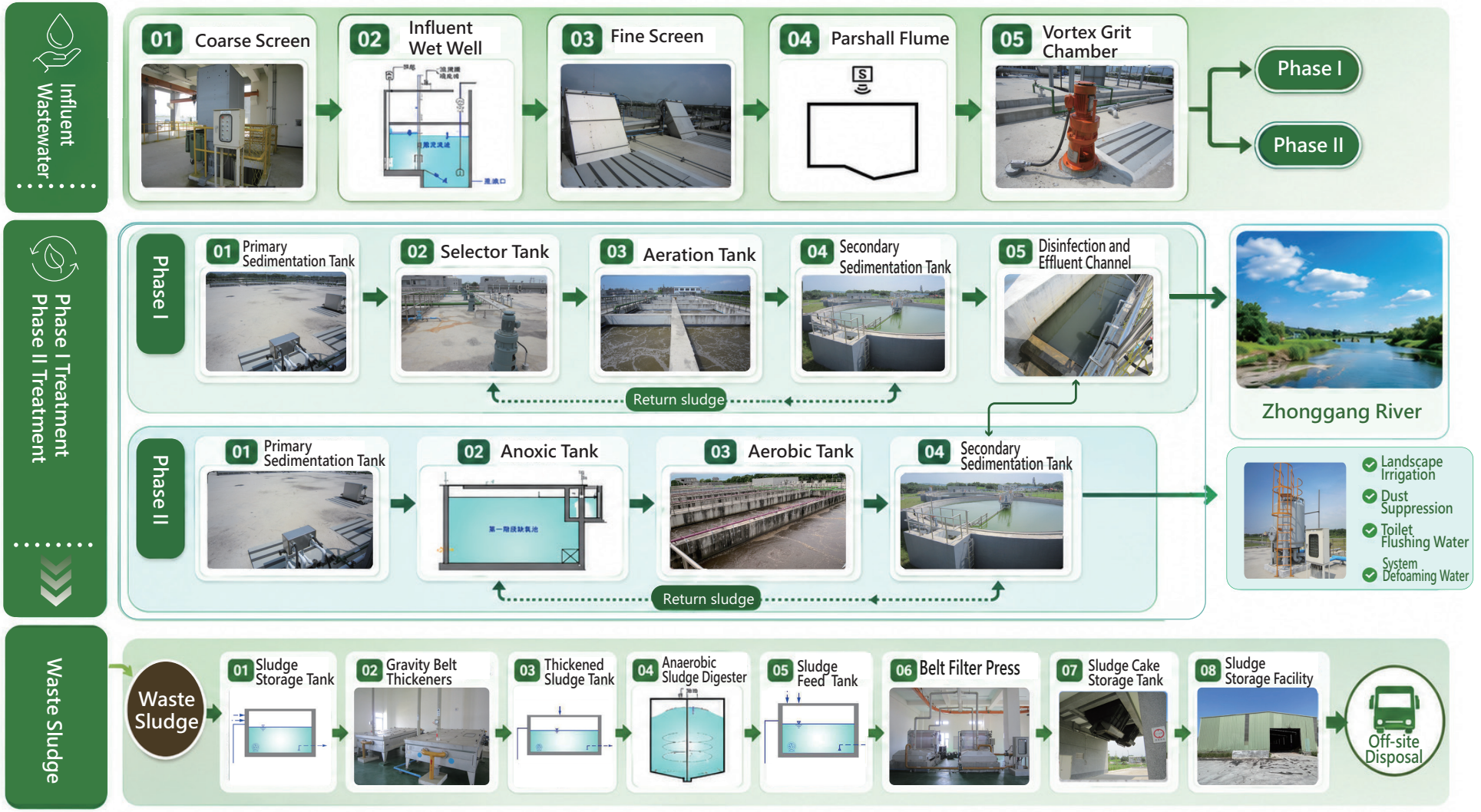

Zhunan Toufen Water Resource Recovery Center


Zhunan Toufen Water Resource Recovery Center (Secondary Sedimentation Tank)


Houlong Water Resource Recovery Center


Houlong Water Resource Recovery Center (Oxidation Ditch)




Influent Wastewater
01 Coarse Screen
02 Influent Wet Well
03 Fine Screen
04 Parshall Flume
05 Vortex Grit Chamber
Phase I
Phase II
Phase I Treatment
Phase II Treatment
Phase I
01 Primary Sedimentation Tank
02 Selector Tank
03 Aeration Tank
04 Secondary Sedimentation Tank
05 Disinfection and Effluent Channel
Return sludge
Phase II
01 Primary Sedimentation Tank
02 Anoxic Tank
03 Aerobic Tank
04 Secondary Sedimentation Tank
Return sludge
Zhonggang River
Landscape Irrigation
Dust Suppression
Toilet Flushing Water
System Defoaming Water
Waste Sludge
Waste Sludge
01 Sludge Storage Tank
02 Gravity Belt Thickeners
03 Thickened Sludge Tank
04 Anaerobic Sludge Digester
05 Sludge Feed Tank
06 Belt Filter Press
07 Sludge Cake Storage Tank
08 Sludge Storage Facility
Off-site Disposal

3. Desalination of Seawater

Taiwan’s geographic location and climatic conditions result in uneven water resource distribution, with certain regions facing severe shortages, particularly during dry seasons. Desalination has emerged as a critical technology for stabilizing water supply and addressing water resource challenges. As climate change intensifies and population growth continues, demand for desalination facilities is projected to rise steadily, making desalination a key strategic pillar for safeguarding water security.

Drawing on more than three decades of expertise in water transmission and distribution pipeline systems, Kuo Toong possesses comprehensive capabilities in the intake and outfall pipelines essential to desalination facilities. The Company adopts a holistic approach encompassing pipeline routing, construction methods, pumping mechanisms, and discharge locations to balance operational efficiency with ecological conservation. Its tailored solutions are flexibly adapted to regional water quality conditions and specific customer requirements, while proprietary energy-saving technologies co-developed with international partners significantly reduce power consumption during water production. In addition, the desalination process minimizes chemical usage and reduces scaling, thereby extending the service life of RO membranes. By converting seawater into high-quality freshwater suitable for industrial, agricultural, and municipal use, the Company effectively lowers operating costs while enhancing overall economic efficiency.

As of 2025, five desalination plants have been commissioned, with a cumulative water production capacity exceeding 3,000 CMD. The Company was also awarded the Phase I project of the Tainan Desalination Plant—the largest of its kind in Taiwan—with a total contract value of NT$9.5 billion, including 15 years of operation and maintenance (O&M) services. In 2025, the Company further collaborated with the Industrial Technology Research Institute (ITRI) to develop technologies to recover calcium and magnesium resources from desalination brine, advancing the high-value utilization of by-products. (Please refer to Section 5.4: Innovation and R&D for further details.)



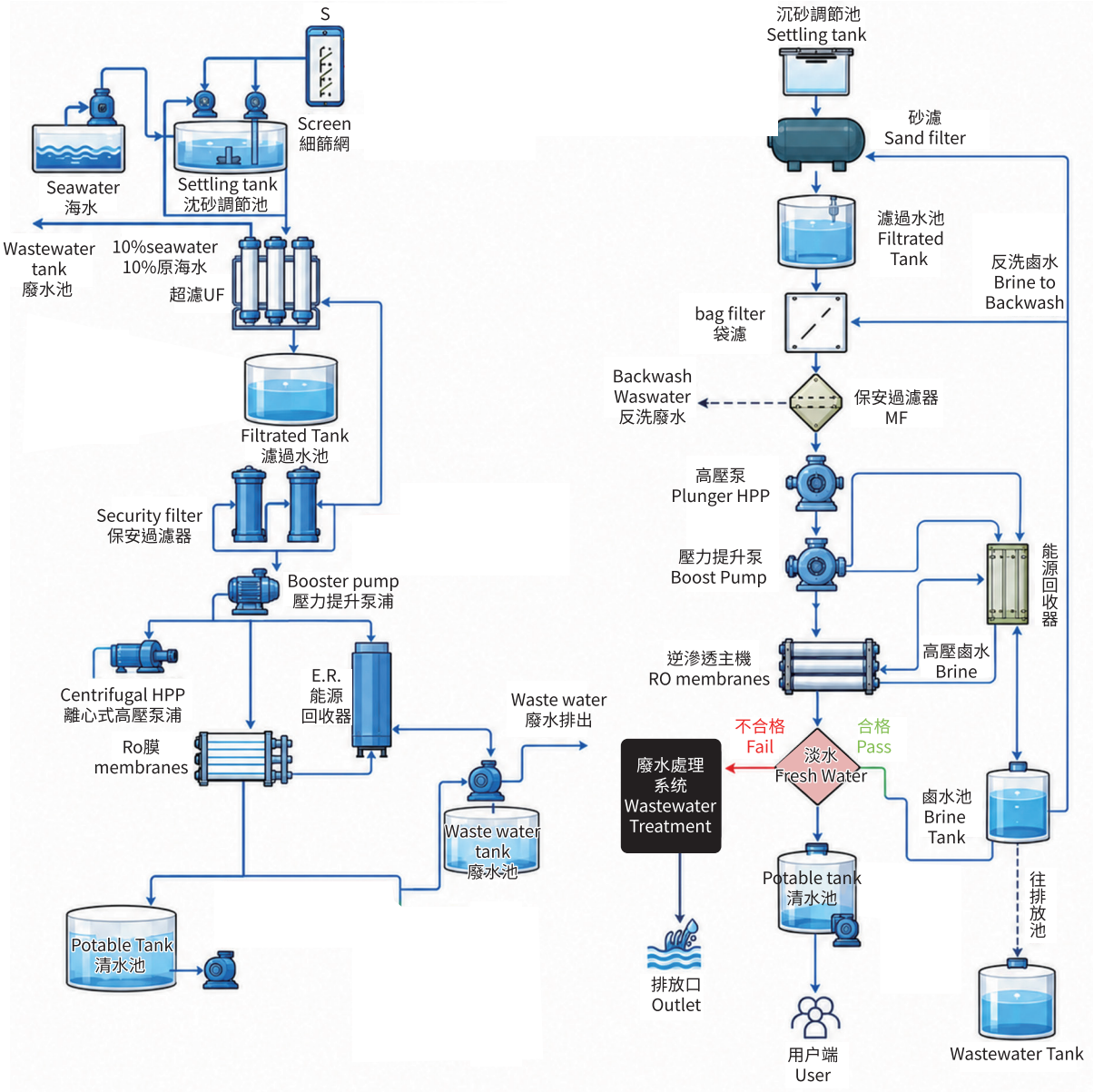
Magong Seawater Desalination Plant II (4,000 CMD)



Tainan Seawater Desalination (Aerial View)



Greater Kinmen Seawater Desalination Plant (4,000 CMD)



Management System

Kuo Toong has implemented the ISO quality management system since 1998 and has consistently passed all stages of audits. The latest ISO 9001:2015 recertification was successfully completed in 2025, with the certificate valid through June 2028.

Through the continuous execution of internal and external audits, the Company ensures the effectiveness and compliance of its management system, aligns it with organizational strategic objectives, and fulfills its commitment to continuous improvement.


證書 TW10/00278 / Certificate TW10/00278

SGS

國統國際股份有限公司
KUO TOONG INTERNATIONAL CO., LTD.

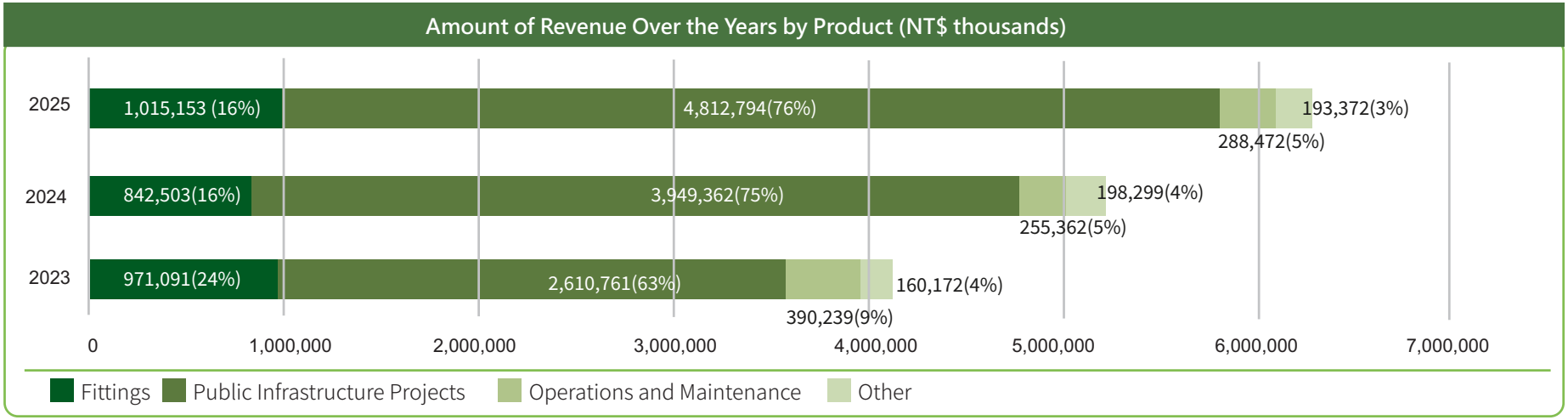
ISO 9001:2015

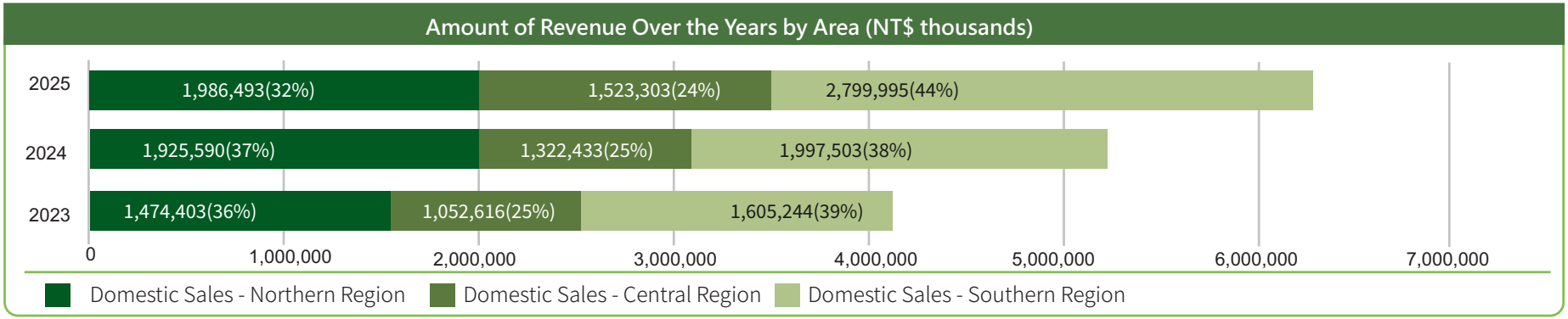
Manufacture of coated steel pipes for water service and ductile iron pipes.

ISO 9001 Certification Certificate

Sales District

Kuo Toong primary customers consist of government agencies engaged in public water resource infrastructure projects, as well as construction contractors and engineering firms in the private sector. The revenue reported in the consolidated financial statements encompasses the sales of all subsidiaries, which differs in scope from the information presented in this Sustainability Report. For details regarding the reporting boundary, please refer to the section "Scope of This Report." Historical revenue by region is presented as follows:





1.3 Operational Overview

Operational Performance

In terms of pipe sales, Kuo Toong continues to participate in key domestic infrastructure projects and steadily supplies various types of water transmission and distribution pipes in line with project schedules. In addition to the ongoing supply of piping materials for major public works such as the "Shimen Reservoir to Hsinchu Interconnection Pipeline Tunnel Section Project" and the "Kaohsiung Metropolitan Mass Rapid Transit System Gangshan–Luzhu Extension Line RKC02 Civil Engineering and Track Design-Build Project," these projects continued to progress in 2025, contributing to sustained pipe deliveries and revenue growth. The Company also continued to supply water transmission pipeline materials in alignment with the overall construction progress of the "Shimen Reservoir to Hsinchu Interconnection Pipeline Project," supporting government policies aimed at enhancing regional water resource allocation and backup water supply resilience.

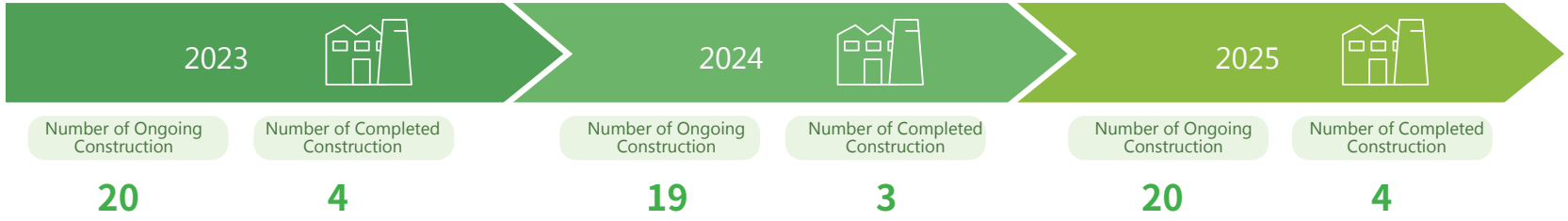
In the engineering contracting segment, the Company continues to advance projects under the Water Resources Agency's "Pearl Chain Project," including the "Shimen Reservoir to Hsinchu Interconnection Pipeline – River Crossing and Water Discharge Section Project," the "Shimen Reservoir to Hsinchu Interconnection Pipeline – Roadway Buried Section Project," and the "Da'an–Dajia Interconnection Pipeline – Dajia River Transmission Pipeline Package 3 EPC Project." In addition, the Company has successfully advanced the "Hsinchu Desalination Plant Water Transmission Pipeline and Receiving Reservoir EPC Project." The project is designed with a daily water conveyance capacity of up to 100,000 CMD. The pipeline will be constructed along existing roadways and connected to three receiving reservoirs. Upon completion, the project will support coordinated water dispatch operations with the existing Hsinchu Second Water Treatment Plant, enhancing overall water supply stability and industrial water resilience in the Hsinchu region.

In the water treatment engineering segment, the subsidiary Kuo Yang continues to operate the "Public-Private Partnership (PPP) Project for the Construction and Operation of the Zhunan Toufen Sewerage System in Miaoli County," responsible for the construction and operational management of the sewerage systems in the Zhunan and Toufen areas. The Phase II Water Resources Recycling Center under this project was completed in 2020 and entered operation, and has continued stable operations in 2025, contributing to improved regional wastewater treatment capacity and enhanced water quality conditions.

In the seawater desalination business, Kuo Toong has long been dedicated to the construction, operation, and maintenance (O&M) of desalination plants, ensuring a stable water supply for offshore islands. The Company is currently responsible for the operation and maintenance of three facilities: the Xiyu Plant (Penghu), the Magong Seawater Desalination Plant II (4,000 CMD), and the Greater Kinmen Seawater Desalination Plant (4,000 CMD), safeguarding water security for these regions. Regarding large-scale infrastructure, the "Tainan Desalination Plant Phase I EPC and O&M Contract," a joint venture with BES Engineering Corporation, continues to progress. As one of Taiwan's largest desalination facilities, Phase I is designed to provide 100,000 CMD upon completion. The project team will also manage 15 years of O&M services, supporting both industrial and municipal water needs in southern Taiwan.

Driving Growth through Resilience: As the government continues to promote water infrastructure and regional water resilience, Kuo Toong further strengthened its portfolio of large-scale public works in 2025. As of December 31, 2025, the Company's contract backlog (contracted revenue yet to be recognized) reached approximately NT$13.87 billion, providing a robust foundation for future growth.

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







Extension of the Magong 4,000 CMD Seawater Desalination Plant (Magong Seawater Desalination Plant II, Phase I) – New Construction and O&M Services





Greater Kinmen Seawater Desalination Plant Improvement and Expansion Project



Shimen Reservoir to Hsinchu Interconnection Pipeline – Road Pipeline Trenching Section



Zengwen Water Treatment Plant Expansion Project – Phase II



Fengyuan Water Treatment Plant No. 1 Phase I & II Purification Facilities Renewal EPC Contract



Fengyuan Water Treatment Plant No. 1 Phase I & II Purification Facilities Renewal EPC Contract

Financial Performance

In 2025, Kuo Toong's consolidated revenue amounted to NT$6.310 billion, representing a 20.31% increase year-on-year compared with NT$5.245 billion in 2024. The Company's historical financial performance is presented as follows:

Unit: NT$ thousands

Item	2023	2024	2025
Total Assets	11,830,567	13,374,884	14,069,557
Total Liabilities	4,447,810	5,322,493	5,517,638
Total Shareholders' Equity	7,382,757	8,052,391	8,551,919
Operating Revenue	4,132,263	5,245,526	6,309,791
Operating Costs	2,563,423	3,901,383	4,668,111
Gross Profit	1,568,840	1,344,143	1,641,680
Selling Expenses	2,241	4,616	4,478
Administrative Expenses	205,239	213,320	229,015
Research and Development Expenses	30,674	28,717	20,031
Other Expenses	107	-	-
Operating Income	1,330,579	1,097,490	1,388,156
Non-operating Income and Expenses	- 226,742	32,815	- 6,958
Net Income Before Tax	1,103,837	1,130,305	1,381,198
Income Tax Expense	290,089	221,155	293,881
Net Income for the Year	813,748	909,150	1,087,317
Other Comprehensive Income	- 158,420	162,302	- 49,141
Total Comprehensive Income for the Year	655,328	1,071,452	1,038,176
Earnings Per Share (Basic)	2.88	3.37	4.08

Customer Service

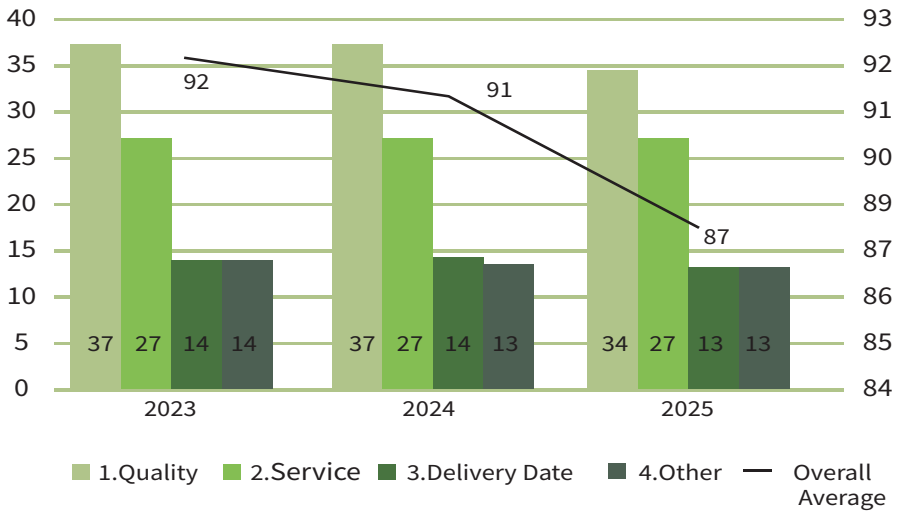
Kuo Toong is committed to its core management philosophy of delivering products that meet customer requirements, continuously enhancing quality standards, optimizing cost structures, and ensuring environmental and occupational safety through the collective efforts of its workforce. Guided by the principle of "Meeting Requirements and Achieving Customer Satisfaction," the Company is dedicated to fulfilling diverse customer needs. By continuously optimizing its product offerings and service quality, Kuo Toong strives to enhance overall customer satisfaction and create long-term partnership value.

Customer Relationship Management (CRM) is a vital component of sustainable business operations. To understand customer feedback and requirements, Kuo Toong's sales units track and collect "Customer Satisfaction Survey" forms upon the completion of piping projects. The gathered data is statistically analyzed, reviewed by authorized supervisors, and consolidated by the Administration Department. This mechanism allows customers to provide direct feedback, which is regularly compiled to identify key areas of concern and serves as a critical reference for enhancing products and services.

The survey evaluates four key indicators: Quality, Service, Delivery, and Others. In 2025, the combined score across these indicators was 87 points, representing a slight fluctuation compared to 2023 and 2024. While the Service indicator remained consistent with the previous year, the Quality and Delivery indicators saw minor adjustments. This was primarily due to several large-scale projects entering peak construction phases, leading to increased order volumes and intensive delivery schedules, which in turn raised customer expectations regarding technical quality details and lead-time management. Overall, these fluctuations remained within a limited range, and performance levels stayed stable.

To drive continuous improvement, Kuo Toong regularly convenes Factory Quality Meetings to review product yield rates and supplier feedback while strengthening equipment reliability and capacity management to boost production efficiency and ensure quality. Moving forward, the Company will continue to leverage its quality management and service optimization mechanisms to strengthen customer partnerships and elevate overall service performance.

Historical Customer Satisfaction Survey Trends



Customer Satisfaction	2023	2024	2025
1.Quality	37	37	34
2.Service	27	27	27
3.Delivery Date	14	14	13
4.Other	14	13	13
Total Score	92	91	87

We actively participated in the 2025 Taiwan International Water Week (TIWW) to capitalize on domestic and international market opportunities and foster meaningful engagement with potential clients. Notably, Kuo Toong was honored with the inaugural "AquaImpact Sustainability Water Label," a recognition that underscores our corporate spirit of "water sustainability and shared social prosperity."

Our exhibition featured key projects, including the Magong Seawater Desalination Plant II and the "Zengwen River Tidal Reach Water Resource Utilization Pilot Plant Project," developed in collaboration with the Southern Region Water Resources Branch of the Water Resources Agency. Furthermore, we showcased models of patented piping technologies, demonstrating our comprehensive and integrated expertise in water resources and our commitment to delivering tangible, actionable solutions to water scarcity challenges.

In addition, Kuo Toong introduced its in-house developed "Desalination Technology Interactive Platform." By integrating science education resources with interactive design, the platform enhances public understanding of the importance of water resources while raising awareness of water source protection and conservation.

Following the exhibition, the platform was donated to the National Science and Technology Museum (NSTM) as part of the Company's commitment to social responsibility and its contribution to environmental education in Taiwan.



Taiwan International Water Week (TIWW)

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2. Sustainable Governance
2.1 Corporate Governance

Kuo Toong International Co., Ltd. places ethical management at the core of its corporate governance and has established a robust framework to ensure sound and stable long-term development. By strengthening the functions of the Board of Directors and leveraging the supervisory roles of functional committees, the Company safeguards shareholders' rights while respecting stakeholder interests. The Company remains committed to fostering a culture of transparency and sustainable growth. The Company' s remuneration policy is stipulated in its Articles of Incorporation. For details regarding the remuneration of the highest governance body and senior management, please refer to "Remuneration Paid to Directors and Managers" on page 14 of KTI' s 2025 Annual Report.

The Company is dedicated to enhancing information transparency and the timeliness of disclosures; accordingly, the Board has approved the appointment of a Corporate Governance Officer. In the past two years, Kuo Toong has consistently ranked within the 21st–35th percentile among TPEx-listed companies in the Corporate Governance Evaluation, reflecting stable performance. To provide a structural framework for business operations, the Company has enacted the "Corporate Governance Best Practice Principles" and the "Ethical Management Best Practice Principles." Looking ahead, the Company will continue to refine its Board structure and operations while fulfilling its corporate social responsibility to achieve its vision of corporate sustainability.

Governance Structure

The Board of Directors serves as the highest decision-making body of the Company' s operations and 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 Committee.

These committees assist the Board in performing its duties in the following areas: (1) overseeing the quality and integrity of the Company' s accounting, auditing, financial reporting processes, and internal financial controls; (2) executing and evaluating the Company' s overall compensation and benefit policies; and (3) coordinating the formulation of strategies and objectives for corporate social responsibility and sustainable development, while regularly reviewing sustainability performance and the achievement of related targets.

Operations of the Board of Directors

In accordance with the "Articles of Incorporation" and the "Regulations on the Election of Directors," the Board of Directors adopts a candidate nomination system, under which directors are elected by the shareholders' meeting from a list of nominated candidates. The Board consists of five to nine directors, each serving a term of three years and eligible for re-election. Directors are elected by the shareholders' meeting from among individuals with legal capacity. Among the aforementioned seats, there shall be no fewer than two independent directors, and independent directors shall account for no less than one-fifth of the total Board membership.

The "Rules of Procedure for Board Meetings" establish a conflict-of-interest avoidance mechanism. Where a director has a material interest in a matter under discussion, whether personally or through a represented legal entity, the director shall disclose the nature of such interest at the relevant Board meeting. If such interest is deemed to potentially prejudice the Company' s interests, the director shall recuse himself/herself from discussion and voting on the matter and shall not exercise voting rights on behalf of other directors.

The Board of Directors comprises nine members, including four independent directors. The current Board consists of six male and three female directors, with women accounting for 33% of Board membership. Regarding age distribution, three directors are between 40 and 50 years old, and six are over 50. This mix of extensive industry expertise and cross-generational perspectives enhances the robustness and forward-looking nature of the Board' s decision-making.

In 2025, the Board convened nine meetings with a 100% average attendance rate. This perfect attendance underscores the directors' proactive engagement in corporate governance and strategic oversight, ensuring the effectiveness and quality of Board resolutions.



Overview of Board Members

Title	Name	Gender/ Age	Main (Educational) Experience	Actual Attendan	Attendance by Proxy	Actual Attendance Rate	Remarks
Chairman	Hung Ya-Man	Female 51-60 years old	■ Chairman, KUO TOONG INTERNATION AL CO.,LTD. ■ Chairman, Hsiyu Seawater ■ Chairman, Ding Teng Co., Ltd. ■ Chairman, Kuo Yang Environment Technology Co., Ltd. ■ K Chairman, KUO TOONG INT LLC. ■ Chairman, MARVEL LINE CO.,LTD. ■ Director, KUO HSIN TECHNOLOGY CO., LTD ■ Chairman, Tong-Chuan Industrial Co., Ltd. ■ National Kaohsiung University of Science and Technology Master Program of Civil and Disaster Prevention Engineering	9	0	100%	
Director	Lo Wei-Jer	Male 41-50 years old	■ Chief Accountant, Legendary & Steadfast Accountancy ■ Independent Director, Hung Ho Precision Textile Corporation ■ Chairman, Kuang Che Management Consulting Co., Ltd. ■ Chairman, Chin En Management Consultants Co., Ltd. ■ Supervisor, iPASS Corporation ■ Assistant Audit Manager, Audit Department, Deloitte＆Touche ■ National Taiwan University Master of Professional Accountancy	9	0	100%	
Director	Pan Jin-Chih	Male Over 70 years old	■ Consultant, Golden Right Management Consultant Corp. Taiwan Branch (B.V.I.) ■ Director, Sanmin Branch, National Taxation Bureau of Kaohsiung ■ Chief Secretary, National Taxation Bureau of Kaohsiung ■ National Chung Hsing University Department of Finance	9	0	100%	
Director	Chou Huang- Tsan	Male Over 70 years old	■ Chief Engineer, Guan-Yang Construction Engineering Ltd. ■ Director, Graduate Institute of Construction Engineering, Cheng Shiu University ■ Department Chair, Department of Civil Engineering and Geomatics, Cheng Shiu University ■ Advisory Consultant, Taiwan Construction Engineering Association ■ National Taiwan University of Science and Technology Department of Construction Engineering Doctor of Philosophy Ph.D	9	0	100%	
Director	Chiang Feng-Yun	Female 41-50 years old	■ Special Assistant to the Chairman, Sanyo Vessel Co., Ltd. ■ Chairman, Chuan Yu Investment Co., Ltd. ■ Chairman, Hung Ting Construction Co., Ltd. ■ Chairman, Wu Ming Coffee Enterprise Co., Ltd. ■ Specialist (Level II), Business Management Office, San Fang Chemical Industry Co., Ltd. ■ Department of Data Processing, Li-Chih Senior Industrial & Commercial Vocational High School	6	0	100%	Term Commencement: May 28, 2025
Director	Hsu Cheng-Che	Male 41-50 years old	■ General Manager, TRIOCEAN INDUSTRIAL CORPORATION CO., LTD. ■ Chairman, Shang Ting Construction Co., Ltd. ■ Chairman, Sanyo Spinning (Thailand) Co., Ltd. ■ M.B.A., National Sun Yat-sen University	3	0	100%	Term expired on May 28, 2025

Title	Name	Gender/ Age	Main (Educational) Experience	Actual Attendan	Attendance by Proxy	Actual Attendance Rate	Remarks
Independent Director	Wang Shen- Lung	Male 51-60 years old	■ Chief Attorney, CLASSIC AND SUPERIOR ATTORNEYS AT LAW ■ Director, Bioptik Technology Inc. ■ Independent Director, Taiwan Tea Corporation ■ Corporate Governance Officer and General Counsel, Solar Applied Materials Technology Corp. ■ Supervisor, ProSperity Aerospace Co., Ltd. ■ Director, LC Creative Limited ■ Chairman, Shengge Investment Co., Ltd. ■ Prosecutor, Tainan and Kaohsiung District Prosecutors Offices ■ Independent Director, EFUN Technology Co., LTD. ■ Independent Director, Xxentria Technology Materials Co., Ltd. ■ China University of Political Science and Law Doctor of Laws	9	0	100%	
Independent Director	Cheng Shuenn- Ren	Male 61-70 years old	■ Vice President, Cheng Shiu University ■ Independent Director, Top High Image Corp. ■ Independent Director, Daily-Polymer Corp. ■ Corporate Director's Representative, King House CO., Ltd. ■ Independent Director, National Petroleum Co., Ltd. ■ Municipal Advisor, Kaohsiung City Government ■ Visiting Professor, School of International Studies, Peking University ■ Independent Director, S-Tech Corp. ■ Director, Yuansheng Holding Company ■ Independent Director, Nan Ren Lake Leisure Amusement Co., Ltd. ■ Doctor of Business Administration (DBA), Manuel L.Q University ■ Master of Business Administration(MBA), New York St. John University ■ Chung Hua University Institute of Technology Management Doctoral	9	0	100%	
Independent Director	Wu Yan-Chiu	Female 61-70 years old	■ Independent Director, Afastor Corporation ■ Advisor and Supervisor, Fanja Co., Ltd. ■ Consultant and Supervisor, Ejia Biotechnology Co., Ltd. ■ Director, SynCore Biotechnology Co., Ltd. ■ Supervisor, Gallen Bioscience Co., Ltd. ■ Special Assistant to the Chairman, Chant World International Co., Ltd. ■ Accounting Manager, Aclima Co., Ltd. ■ Financial Controller, Unicap Electronics Industrial Corp. ■ Vice President, TAKE WELL ENGINEERING INC. ■ Independent Director, Axis Corporation ■ Department of Commerce, Providence College for Women Arts and Science	9	0	100%	
Independent Director	Chen Thung- Kun	Male 51-60 years old	■ Chief Technician, YING SHUN CONSTRUCTION CO., LTD. ■ Senior Engineer, Manager of Legal Department, and Chairman of Labor Union, BES Engineering Corporation ■ Real Estate Appraiser, CCIS Real Estate Joint Appraisers Firm ■ Master, Department of Civil and Construction Engineering, National Taiwan University of Science and Technology ■ Master, Department of Law, National University of Kaohsiung	9	0	100%	

The professional expertise of Board members encompasses financial accounting, law, business administration, and technology management. Each director possesses the professional knowledge, experience, and competencies required to perform his or her duties and respond effectively to evolving economic, environmental, and social developments. To stay abreast of emerging issues and further enhance corporate governance effectiveness, all directors participate in continuing education programs in accordance with the "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE/TPEx Listed Companies." In 2025, all directors completed the required training hours, with each director undertaking no fewer than six hours of continuing education.

To continuously strengthen Board effectiveness and operational efficiency, the Company has established the "Rules for Performance Evaluation of the Board of Directors." The scope of evaluation covers the overall Board, individual directors, and functional committees. Internal evaluations are conducted annually, while external evaluations by independent professional institutions or expert academic teams are conducted at least once every three years.

The 2025 internal Board performance evaluation was completed in the first quarter of 2026. The results indicated that both the Board and its functional committees operated effectively, and the evaluation report was presented to the Board in March 2026. Regarding external evaluations, the most recent assessment was conducted in December 2023, and the next evaluation is scheduled for December 2026. These objective external assessments serve as an important reference for the continuous enhancement of Board functions and operations.

For further details regarding Board performance evaluation reports, please refer to the "Corporate Governance" section under the Investor Relations area of the Company's official website. Going forward, the Company will continue to strengthen Board functions and governance practices based on evaluation results to further enhance corporate governance effectiveness.

Continuing Education of the Board of Directors

Title	Name	Organizer	Course Title	Training Hours
Chairman	Hung Ya-Man	Taiwan Investor Relations Institute	Future-Oriented Strategic Planning	3
		Taiwan Corporate Governance Association	IFRS 18: Presentation and Disclosure in Financial Statements	3
		Taiwan Corporate Governance Association	Trends and Risk Management in Digital Technology and Artificial Intelligence (AI)	3
Director	Lo Wei-Jer	Accounting Research and Development Foundation	Analysis of Internal Control Management Practices for Corporate Greenhouse Gas (GHG) Inventory	6
		The Institute of Internal Auditors, R.O.C.	Analysis of Sustainability Reports and Auditing Practices for Sustainability Information	6
Director	Pan Jin-Chih	Taiwan Corporate Governance Association	IFRS 18: Presentation and Disclosure in Financial Statements	3
		Taiwan Corporate Governance Association	Trends and Risk Management in Digital Technology and Artificial Intelligence (AI)	3
Director	Chou Huang-Tsan	Taiwan Corporate Governance Association	IFRS 18: Presentation and Disclosure in Financial Statements	3
		Taiwan Corporate Governance Association	Trends and Risk Management in Digital Technology and Artificial Intelligence (AI)	3
Director	Chiang Feng-Yun	Taiwan Corporate Governance Association	Key Financial Decisions for Directors and Supervisors	3
		Taiwan Corporate Governance Association	IFRS 18: Presentation and Disclosure in Financial Statements	3
		Taiwan Corporate Governance Association	Trends and Risk Management in Digital Technology and Artificial Intelligence (AI)	3
		Taiwan Corporate Governance Association	Ensuring Corporate Sustainability: A Board's Perspective on Talent Identification and Development	3
Independent Director	Wang Shen- Lung	Taiwan Corporate Governance Association	Duties and Roles of the Corporate Governance Officer	3
		Taipei Financial Research and Development Foundation	Corporate Governance and FinTech: Practices and the Future of Blockchain through Stablecoins	3

Independent Director	Cheng Shuenn- Ren	Taiwan Corporate Governance Association	Case Analysis of Short-Swing Trading and Insider Trading Practices	3
		Taiwan Corporate Governance Association	Corporate Governance and Securities Regulations	3
Independent Director	Wu Yan-Chiu	Taiwan Corporate Governance Association	IFRS 18: Presentation and Disclosure in Financial Statements	3
		Taiwan Corporate Governance Association	Trends and Risk Management in Digital Technology and Artificial Intelligence (AI)	3
Independent Director	Chen Thung- Kun	Taipei Exchange	2025 Insider Equity Compliance Seminar for TWSE/TPEx and Emerging Stock Companies	3
		Taiwan Corporate Governance Association	IFRS 18: Presentation and Disclosure in Financial Statements	3
		Taiwan Corporate Governance Association	Trends and Risk Management in Digital Technology and Artificial Intelligence (AI)	3

Functional Committee

In 2017, Kuo Toong established the Audit Committee to replace the supervisory system, thereby strengthening the Board's oversight capabilities. The Committee is responsible for overseeing the fair presentation of the Company's financial statements, the appointment, dismissal, independence, and performance of external auditors, the effectiveness of internal control systems, compliance with applicable laws and regulations, and the management of existing or potential risks.

Furthermore, the Remuneration Committee was established in 2011. From a professional and objective standpoint, the Committee evaluates the compensation policies and systems for directors and managerial officers, providing recommendations to the Board to support informed decision-making. This helps ensure that compensation structures align with the Company's overall interests and further enhances the robustness of corporate governance.

The composition of the functional committees and their meeting attendance records for 2025 are summarized below:

Operations of the Functional Committees

Audit Committee

Title	Name	Expected Attendance	Actual Attendance	Attendance by Proxy	Actual Attendance Rate
Independent Director	Cheng Shuenn-Ren	5	5	0	100%
Independent Director	Wang Shen-Lung	5	5	0	100%
Independent Director	Wu Yan-Chiu	5	5	0	100%
Independent Director	Chen Thung-Kun	5	5	0	100%

Remuneration Committee

Title	Name	Expected Attendanc	Actual Attendance	Attendance by Proxy	Actual Attendance Rate
Independent Director	Cheng Shuenn-Ren	4	4	0	100%
Independent Director	Wang Shen-Lung	4	4	0	100%
Independent Director	Wu Yan-Chiu	4	4	0	100%

Sustainable Development Committee

Title	Name	Expected Attendanc	Actual Attendance	Attendance by Proxy	Actual Attendance Rate
Chairman	Hung Ya-Man	2	2	0	100%
Independent Director	Wang Shen-Lung	2	2	0	100%
Independent Director	Cheng Shuenn-Ren	2	2	0	100%
Independent Director	Wu Yan-Chiu	2	2	0	100%
Independent Director	Chen Thung-Kun (Note)	0	0	0	-
Vice General Manager	Huang Fu-zhen	2	2	0	100%

Note：Independent Director Chen Thung -Kun was appointed as a member of the Second Sustainability Committee on May 28, 2025. As no meetings of the Second Sustainability Committee had been convened as of December 31, 2025, there was no attendance record during the reporting period.

Sustainable Development Committee

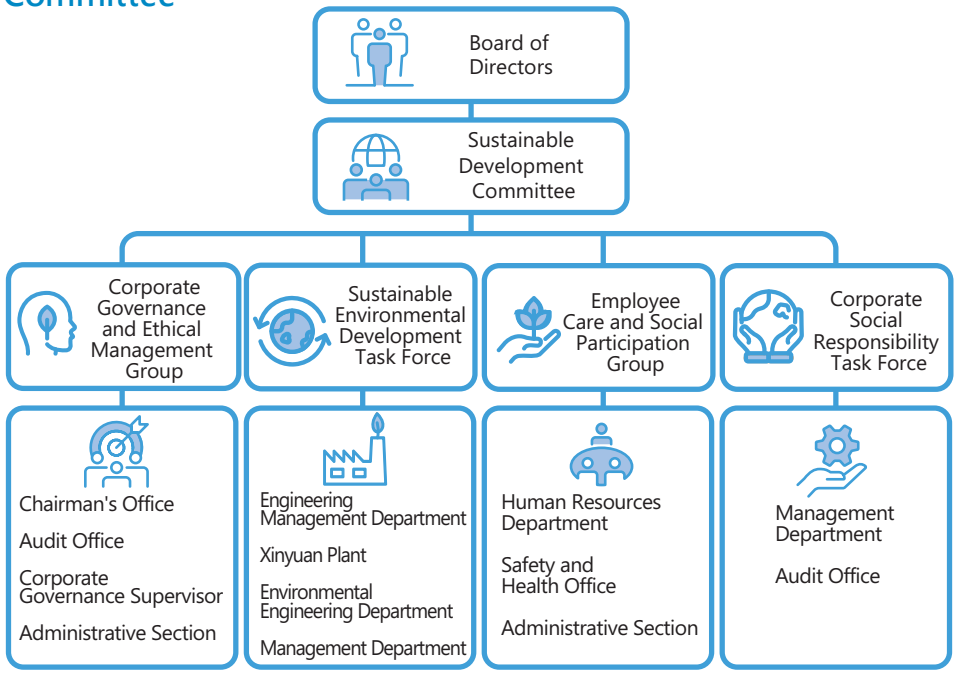
To fulfill its corporate social responsibility and promote balanced development across economic, environmental, and social dimensions, the Company has established the "Sustainable Development Best Practice Principles" and the "Charter of the Sustainability Committee." In June 2022, the Board of Directors approved the establishment of the Sustainability Committee.

The Second Sustainability Committee (term: June 19, 2026 to May 27, 2028) comprises six members, including the Chairman, four independent directors, and one Vice President. Independent Director Wu Yan-Chiu serves as the Convener and is responsible for coordinating the operations of the Committee.

The Committee convenes at least twice annually. Its primary responsibilities include:

(1) enhancing and strengthening corporate governance structures and systems;
(2) promoting and implementing ethical management initiatives;
(3) developing and advancing corporate social responsibility policies and sustainability initiatives; and
(4) executing other matters resolved by the Board of Directors.

A Organizational Chart of the Sustainable Development Committee



To ensure the implementation of its sustainable development policies, the Sustainability Committee has established four working groups: "Corporate Governance and Ethical Management," "Sustainable Environmental Development," "Employee Care and Social Engagement," and "Sustainability Disclosure." These groups are responsible for executing specific initiatives aligned with Kuo Toong's annual sustainability objectives.

Each working group regularly reviews progress and holds meetings to consolidate annual results and formulate action plans for the following year. These outcomes are submitted to the Sustainability Committee for deliberation before being reported to the Board of Directors.

In 2025, the Sustainability Committee convened two meetings, reporting to the Board in March and May. Key reporting items included the preparation of the Sustainability Report, social engagement initiatives, and greenhouse gas (GHG) inventory and external verification. The Board reviewed the effectiveness of these efforts and provided guidance and adjustments to ensure continued alignment of sustainability strategies with long-term objectives.

Internal Audit

Kuo Toong's internal control system is established based on the "Regulations Governing Establishment of Internal Control Systems by Public Companies" issued by the Financial Supervisory Commission (FSC). Approved by the Board of Directors and implemented by management and employees, this framework aims to promote sound operations and reasonably ensure the achievement of operational effectiveness and efficiency, the reliability, timeliness, and transparency of reporting, and compliance with applicable laws and regulations.

The Company has established an Internal Audit Office reporting directly to the Board of Directors and staffed with a dedicated Chief Internal Auditor. In collaboration with the Audit Committee, the office assists the Board and management in reviewing internal control deficiencies and evaluating operational efficiency, while providing timely recommendations to ensure the continuous effectiveness of the system.

The Internal Audit Office executes its duties in accordance with an annual audit plan approved by the Board. Identified deficiencies and irregularities are documented in audit reports and followed up at least quarterly until rectification is completed. The Chief Internal Auditor reports monthly to independent directors, attends Audit Committee and Board meetings, and regularly communicates with independent directors regarding internal audit execution and internal control status to ensure effective audit implementation.

On an annual basis, all departments conduct risk self-assessments to evaluate the likelihood and impact of key risks. Where deficiencies are identified, improvement measures are required and consolidated into effectiveness reports. The Internal Audit Office reviews the results of these self-assessments. In addition, it conducts annual audits related to ethical management and reports the findings quarterly to the dedicated integrity unit to reinforce a culture of integrity.

2.2 Regulatory Compliance

Kuo Toong places a strong emphasis on regulatory compliance. Beyond providing internal training to enhance employees' awareness of legal requirements, the Company implements rigorous internal audits to ensure that all operations comply with applicable laws and internal policies, thereby mitigating operational risks.

Over the past three years, instances of regulatory non-compliance have primarily been related to the Environmental Impact Assessment Act, the Occupational Safety and Health Act, and the Water Pollution Control Act. For each case, Kuo Toong has conducted thorough internal reviews and formulated systematic improvement plans.

In the current reporting year, the Company received administrative penalties related to environmental and occupational safety management. In terms of environmental management, non-compliance was identified where exhaust emission collection systems did not fully conform to operating permit requirements, and where reporting on the progress of pollution control equipment was not completed within the prescribed timeframe under the Air Pollution Control Act. In addition, certain administrative and reporting procedures in waste management required enhancement in accordance with the Waste Disposal Act. (Please refer to Section 3.6 "Waste" for detailed corrective actions.)

Regarding occupational health and safety, a violation of the Occupational Safety and Health Act was identified due to the absence of compliant Earth Leakage Circuit Breakers (ELCBs) on high-voltage mobile electrical equipment. Relevant corrective measures are detailed in Section 4.4 "Occupational Health and Safety."

In response to the aforementioned findings, Kuo Toong promptly reviewed its internal management systems and implemented a series of corrective actions. These include the installation of additional exhaust collection piping above the electric furnaces and a subsequent investment of approximately NT$9.6 million to enhance the efficiency of the dust collection equipment. Furthermore, the Company has strengthened the management and monitoring of pollution control equipment, enhanced waste management and reporting procedures, and reinforced equipment safety inspections along with occupational safety and health training. The Company continues to leverage internal audits and management systems to ensure the effective implementation of these measures, thereby improving environmental and occupational safety performance and strengthening regulatory compliance. (For details on the 2025 training and initiatives, please refer to Section 4.4 "Occupational Safety and Health.")

Kuo Toong maintains a stringent approach to construction quality and project execution. In 2025, the Company recorded zero incidents of structural defects or safety-related issues requiring rework during either the construction or warranty periods. Consequently, no rework-related expenses were incurred, and no litigation or legal disputes arose from such issues. Environmental impact assessments and construction quality control practices are detailed in Section 5 "Product Value."

Statistical Analysis of Regulatory Violations Over the Past Three Years

Category	2023		2024		2025	
	Number of Penalties	Amount	Number of Penalties	Amount	Number of Penalties	Amount
Violation of the Environmental Impact Assessment Act	0	0	3	203,000	2	518,000
Violation of the Occupational Safety and Health Act	2	210,000	4	360,000	8	218,900
Total	2	210,000	7	563,000	10	736,900





Exhaust collection piping

2.3 Business Ethics

Kuo Toong has enacted the "Code of Ethical Conduct," approved by the Board of Directors, to serve as the compliance framework for directors, managerial officers, and all employees. To uphold fair trade and prevent corruption and bribery, all personnel are strictly prohibited from soliciting, promising, offering, or accepting gifts, hospitality, kickbacks, or bribes for personal or third-party benefit during the performance of their duties.

Guided by a commitment to lawful and professional business practices, the Company ensures fair competition and prevents anti-competitive behaviors such as monopolies, market allocation, or price-fixing. Whether in external engineering tenders or internal procurement, the Company strictly adheres to fair trade principles. In 2025, the Company recorded zero legal cases or litigation related to bribery, corruption, or anti-competitive conduct.

On January 17, 2022, the Board approved the "Ethical Management Best Practice Principles" and the "Procedures for Ethical Management and Guidelines for Conduct," which extend to all subsidiaries. These policies represent the commitment of the Board and management to proactive ethical governance. Furthermore, the Company has designated the Administration Department and Legal Department to jointly serve as the dedicated ethical management units, in coordination with the Internal Audit Office, to ensure robust oversight.

The Company places a strong emphasis on ethical management and the prevention of insider trading risks. The Company has established comprehensive management policies and anti-fraud mechanisms and conducts regular training to strengthen employees' awareness of legal compliance.

In 2025, the Company delivered six hours of training on ethical management and insider trading regulations to all employees. A total of 207 participants completed the program, achieving a 100% coverage rate. The training ensured effective communication of anti-corruption policies and related procedures, while also enhancing employees' ability to identify and manage compliance risks.

Furthermore, the "Employee Grievance Procedures" provide all employees with channels to raise concerns to the Chairman, General Manager, or Internal Audit Office via email or suggestion boxes. No grievances related to violations of the "Code of Ethical Conduct" or corruption incidents were received in 2025.

To mitigate external corruption risks, the Company requires all suppliers to sign a "Supplier Integrity and Anti-Corruption Pledge," which is renewed annually to reinforce shared ethical business values. In 2025, all operating sites for pipe manufacturing, water treatment, and desalination were located in Taiwan. The Company did not undertake any projects in jurisdictions ranked among the bottom 20 countries of the Corruption Perceptions Index (CPI).

Note: **The 2025 Corruption Perceptions Index (CPI), published by Transparency International, assesses perceived levels of public sector corruption across 182 countries and territories worldwide.**

2.4 Information Security

Information Security Policy:

To ensure information security integrity and safeguard both operational information and customer data, the Company has established the "Cybersecurity Management Regulations" and the Company's Cybersecurity Policy. Information security management is structured around three core dimensions: Strengthening Cybersecurity Governance, Enhancing Information Systems and Operations Management, and Fostering an Organization-Wide Cybersecurity Culture.

1. Strengthening Cybersecurity Governance

- All of the Company's cybersecurity management regulations comply with applicable laws and regulations, including the Cyber Security Management Act, Criminal Code, Classified National Security Information Protection Act, Patent Act, Trademark Act, Copyright Act, and Personal Data Protection Act.
- A dedicated cybersecurity management unit has been established to lead the formulation and implementation of the Company's cybersecurity policies and initiatives.
- The Company has established an internal audit plan for its cybersecurity management system to regularly review the utilization of personnel and information assets within its scope. Corrective and preventive actions are implemented based on audit findings.
- The Cybersecurity Policy is reviewed and evaluated at least annually to address changes in management policies, regulatory requirements, emerging technologies, and business development needs, thereby ensuring the ongoing effectiveness of the cybersecurity management system.

2. Enhancing Information Systems and Operations Management

- Establish a management mechanism for server and network usage to centrally allocate and utilize information system resources.
- Incorporate risk and security considerations prior to the deployment and launch of new systems and equipment to prevent potential information security incidents.
- Implement physical and environmental security measures for server rooms, with regular maintenance and upkeep to ensure system stability.
- Clearly define access permissions for network systems to prevent unauthorized access.
- Formulate and conduct business continuity, backup, and recovery drills to ensure uninterrupted business operations.
- Specify cybersecurity requirements in both internal and external project

management processes to ensure the confidentiality, integrity, and availability of project information, and to mitigate the risk of sensitive data (including personal data) leakage and legal non-compliance.

3. Fostering an Organization-Wide Cybersecurity Culture

- Conduct regular cybersecurity awareness and training programs to promote understanding of information security policies and related implementation requirements.
- All personnel are responsible for maintaining information security and are required to comply with the Company's cybersecurity management regulations.
- Where outsourced service providers engage subcontractors in the course of business operations, cybersecurity risks shall be assessed, and appropriate oversight and management of subcontractors shall be exercised in accordance with applicable cybersecurity regulations.

Information Security Operation Status:

To ensure the confidentiality, integrity, and availability of operational information and comply with the "Regulations Governing Establishment of Internal Control Systems by Public Companies" issued by the Financial Supervisory Commission (FSC), Kuo Toong Co., Ltd. (the Company) continues to strengthen its cybersecurity management system and related protective mechanisms.

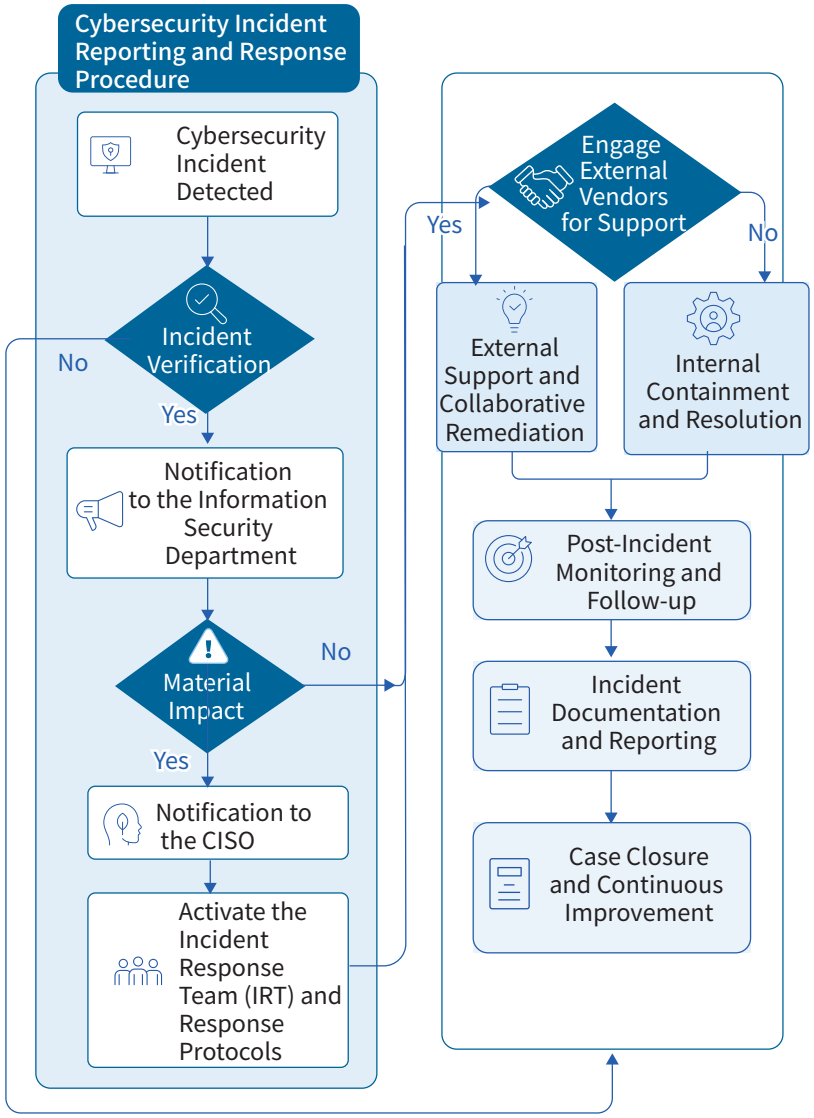
In December 2023, the Company established a dedicated Information Security Office. Headed by a Vice President and staffed with two dedicated personnel, the office is responsible for cybersecurity policy implementation, risk management, incident reporting, and training and awareness programs, thereby overseeing the Company's overall cybersecurity management operations.

In terms of system development, the Company has established its cybersecurity management system with reference to the ISO/IEC 27001 framework. The Company continuously enhances the security of its information systems, network infrastructure, and communication environments to mitigate risks of theft, unauthorized access, leakage, tampering, or destruction of information assets arising from human error, malicious attacks, or natural disasters. Through institutionalized management and continuous monitoring mechanisms, the Company has progressively strengthened its overall cybersecurity defense and risk management capabilities. No material cybersecurity incidents occurred in 2025, ensuring the stability of operations and information security.

Throughout 2025, the Company steadily advanced its cybersecurity management measures, strengthening system defenses through regular data backups, social engineering drills, IT infrastructure upgrades, and cybersecurity training. In addition, regular cybersecurity meetings and a dedicated reporting mailbox were established to enhance employee awareness and ensure timely reporting, thereby safeguarding the security and stability of operational information.

Specific Information Security Operations in 2025

Recovery Drills	Conducted one disaster recovery drill to ensure business continuity. Regularly performed data backups to safeguard operational continuity.
Information Security Diagnosis	Conducted social engineering drills twice to strengthen employee cybersecurity awareness. Continuously upgraded IT infrastructure, with a total of 23 servers replaced and modernized.
Information Security Awareness	Conducted cybersecurity training programs three times. Held information security management meetings four times.
Information Securit Email	Established a dedicated cybersecurity reporting mailbox to provide employees with a channel for reporting cybersecurity incidents and suspicious emails. Conducted company-wide cybersecurity awareness communications four times to strengthen employee security awareness.



2.5 Supply Chain Management

New Supplier Management

The Company conducts new supplier evaluations in accordance with the "Supplier Management Operating Procedures" to comply with the ISO 9001 Quality Management System standards. An evaluation team established under the General Manager's Office, comprising the Quality Control Section and the Procurement Section, conducts on-site factory audits of suppliers. Suppliers are assessed based on multiple criteria, including quality management systems, product quality, delivery performance, after-sales service, pricing, and cooperation effectiveness. Suppliers that pass the evaluation and are approved by the General Manager are subsequently added to the list of qualified suppliers.

In the past, supplier evaluations primarily focused on product quality and safety. To further strengthen corporate social responsibility (CSR) within the supply chain, the Company has, since 2024, incorporated the "Supplier Integrity and Anti-Corruption Pledge" as a mandatory requirement for procurement contracts, requiring all newly contracted suppliers to sign the pledge.

In 2025, a total of 72 suppliers completed the signing process. The mechanism has been fully institutionalized and integrated into the Company's supplier onboarding and management framework.

Supplier Account/Counselling

The Company manages existing suppliers in accordance with the "Supplier Management Operating Procedures," conducting annual evaluations based on on-time delivery performance, defect rates, and operational cooperation. Suppliers are classified into four performance tiers: Grades A, B, C, and D. Suppliers rated A, B, or C are approved for continued procurement, whereas those rated D are subject to disqualification. Suppliers identified as having areas for improvement are required to develop and implement corrective action plans.

While current supplier evaluations do not explicitly incorporate environmental, social, and governance (ESG) criteria, the Company requires upstream suppliers to provide radiation-free certifications with each delivery of steel plates and strictly requires all business partners to comply with relevant environmental protection, occupational safety, and health regulations.

To further strengthen sustainable supply chain management and collaborate with business partners, the Company is developing a comprehensive supplier management roadmap. Key initiatives include progressively expanding the implementation of the "Supplier Integrity and Anti-Corruption Pledge," establishing risk-based supplier classification standards, and gradually integrating ESG criteria into supplier audit processes.

Through these initiatives, the Company aims to enhance its corporate social impact jointly with supply chain partners and advance sustainable economic, social, and environmental development.

Local Procurement

The Company actively collaborates with supply chain partners to foster sustainable operations and stable growth. The Company continues to prioritize local procurement to stimulate regional economic development and reduce carbon emissions and energy consumption associated with transportation.

Regarding raw materials for pipe manufacturing, the vast majority of key inputs are sourced from domestic suppliers, with the exception of specific specialized additives that are procured from overseas suppliers. In 2025, local procurement accounted for 92.30% of total procurement expenditure, reflecting the Company's continued commitment to a local-first sourcing strategy.

Local Procurement Amount and Proportion Over the Past Three Years

	2023	2024	2025
Total Procurement Expenditure (NT$ '000)	1,621,437	2,689,473	3,270,098
Local Procurement Expenditure (NT$ '000)	1,600,224	2,583,177	3,018,059
Percentage of Local Procurement (%)	98.69%	96.05%	92.30%
Green Procurement Expenditure (NT$ '000)	0(Note)	1,977	264,769
Percentage of Green Procurement (%)	0(Note)	0.07%	8.10%

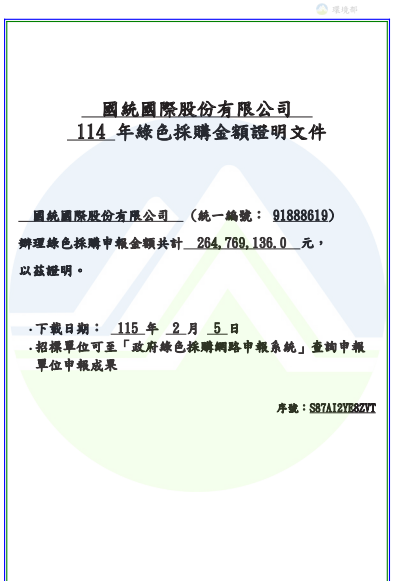
Note:The Company has implemented the collection of green procurement-related data since 2024.

Green Procurement

The Company is committed to the principles of green procurement and actively promotes environmental awareness and sustainable practices internally. Since 2024, we have prioritized products bearing official environmental labels, including energy-saving, water-saving, and low-carbon certifications. The Company regularly reviews and increases its green procurement ratio to minimize carbon emissions and resource consumption across production, transportation, and disposal processes.

In 2025, the Company's green procurement expenditure reached NT$264,769,136, covering air conditioning systems and various office appliances certified with eco-labels. These achievements have been officially registered in the Green Procurement Reporting System of the Ministry of Environment.

Looking forward, the Company remains committed to expanding green procurement and promoting sustainable consumption, encouraging supply chain partners to collectively advance environmental sustainability.



國統國際股份有限公司
114 年綠色採購金額證明文件

國統國際股份有限公司 (統一編號： 91888619)
辦理綠色採購申報金額共計 264,769,136.0 元，
以茲證明。

·下載日期： 115 年 2 月 5 日
·招標單位可至「政府綠色採購網路申報系統」查詢申報單位申報成果

序號：S87AI2YE8ZYT

Certificate of Green Procurement Expenditure, 2025

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3 Sustainable Environment

3.1 Climate Change

Adapting to the Impacts of Climate Change

As global attention to climate change intensifies, the rising frequency and severity of extreme weather events exert multifaceted impacts on the corporate operating environment and industrial development. These include infrastructure damage, disruptions to engineering projects and supply chains, escalating energy and operational costs, and risks associated with climate policies and regulatory transitions. Concurrently, driven by global trends toward net-zero emissions and low-carbon transformation, enterprises face heightened expectations from markets, governments, and stakeholders regarding climate governance and data transparency. Consequently, systematically identifying and managing climate-related risks and opportunities, alongside enhancing disclosure transparency, has become a cornerstone for sustainable operations and organizational resilience.

In accordance with the "Regulations Governing the Preparation and Filing of Sustainability Reports by TWSE/TPEx Listed Companies" issued by the Taipei Exchange (TPEx), Kuo Toong Co., Ltd. (the Company) discloses climate-related information in a dedicated chapter of its Sustainability Report. This disclosure strictly aligns with the framework recommended by the Task Force on Climate-related Financial Disclosures (TCFD), articulating the potential impacts of climate change on the Company's operations and finances, as well as our management strategies and adaptation measures, across four core pillars: Governance, Strategy, Risk Management, and Metrics and Targets.

Furthermore, in response to the evolving landscape of international sustainability disclosures, the Company references "IFRS S2 Climate-related Disclosures" issued by the International Sustainability Standards Board (ISSB). Developed from the foundation of the TCFD framework, IFRS S2 further requires enterprises to enhance disclosures regarding the financial implications of climate-related risks and opportunities. Building upon our existing TCFD disclosure foundation, the Company will progressively enrich its climate scenario analysis, financial impact assessments of climate risks, and key performance indicator (KPI) management. We remain committed to aligning our disclosure practices with the IFRS S2 standard, thereby enhancing the completeness and comparability of climate-related information while reinforcing our long-term climate resilience.

TCFD Framework Summary

Core Pillar	Disclosure Requirement	Management & Practices
Governance	Disclosure of the Company' s governance of climate-related risks and opportunities.	■ Climate change issues are fully integrated into the Company' s enterprise risk management (ERM) framework, with the Board of Directors responsible for overseeing the management of climate-related risks and opportunities. ■ The Sustainable Development Committee, established under the Board of Directors, regularly reviews climate risk assessment results and corresponding response strategies, and reports its findings to the Board. ■ The Board of Directors reviews climate-related risk and opportunity assessments at least once a year and supervises the implementation and effectiveness of relevant management strategies. ■ The General Manager serves as the highest-level executive responsible for climate-related issues. The General Manager regularly convenes heads of all departments to identify key risks and discuss corresponding response strategies, which are then reported to the Sustainability Development Committee.

Core Pillar	Disclosure Requirement	Management & Practices
Strategy	Disclosure of the potential impacts of climate-related risks and opportunities on the Company' s businesses, strategy, and financial planning.	■ In accordance with the TCFD framework, the Company identifies climate-related risks and opportunities and formulates corresponding solutions. Based on this assessment, five core management strategies have been established to mitigate the operational and financial impacts of climate change, while enhancing the Company' s overall climate resilience. 1. Climate Change Mitigation 2. Climate Change Adaptation 3. Supply Chain Resilience and Low-Carbon Transition 4. Green Innovation and Sustainable Products 5. Governance & Capacity Building ■ The Company progressively introduces climate scenario analysis to enhance its climate risk management capabilities and assess the potential operational and financial impacts under different climate pathways. Climate Scenario Analysis ● The Company conducts scenario analysis based on recommendations from the Intergovernmental Panel on Climate Change (IPCC) and international climate research institutions to evaluate how future climate change may affect its operations and financial performance. ● In the next phase, the Company will incorporate scenarios developed by the Network for Greening the Financial System (NGFS) and the IPCC to strengthen the scientific foundation of its analysis and progressively assess the potential financial impacts of climate change on operating costs, energy consumption, and capital expenditure (CapEx) planning.
Risk Management	Disclosure of the Company' s Processes for Identifying, Assessing, and Managing Climate-related Risks.	■The Company integrates climate-related actions into project operations. In addition to adhering to Board-approved risk management policies across all departments, climate-related considerations are embedded into project management processes through the establishment of structured climate action mechanisms. ■The Company strengthens the capacity of each department to identify climate-related risks and opportunities, enhances internal awareness of climate change, and establishes a structured risk management process covering risk identification, assessment, monitoring, and reporting of material climate-related issues. ■The Company' s climate risk management process under the TCFD framework is as follows: →Establish a climate-related risk and opportunity inventory →Identify climate-related risks and opportunities →Assess the impacts of identified risks and opportunities →Formulate response strategies and action plans ■In future phases, the Company will introduce a climate risk assessment matrix to evaluate both the likelihood and impact of climate-related risks, thereby strengthening its quantitative risk management capabilities.
Metrics and Targets	Disclosure of the metrics and targets used to assess and manage significant climate-related issues.	■The Company, on an annual basis, sets climate-related risk and opportunity indicators and action plans in accordance with its environmental policies and risk management processes, including targets for electricity consumption, water usage, and waste reduction. ■The Company discloses greenhouse gas (GHG) emissions data in its Sustainability Report each year and remains committed to reducing emissions intensity in pursuit of low-carbon operations. ■In the next phase, the Company will progressively strengthen its climate-related key performance indicators (KPIs), including: 1. Continuous improvement in energy efficiency 2. Evaluation of renewable energy usage ratio 3. Enhancement of greenhouse gas emissions management ■The Company will also progressively assess the feasibility of setting mid- to long-term carbon reduction targets and continue to enhance climate-related disclosures to address stakeholders' growing concerns regarding climate change.

To strengthen its understanding and identification of climate-related issues, the Company conducted TCFD awareness and training programs in 2025 for the four executive working groups under the Sustainability Development Committee. A total of 54 participants attended the training, with an average of 3 training hours per person.

The Company has established a climate risk and opportunity assessment mechanism. Through cross-departmental collaboration and consultation with external experts, the Company continuously identifies potential climate-related risks and opportunities across its value chain. Scenario analysis is applied to assess the potential operational and financial impacts under different climate change scenarios.

For detailed information on the Company's 2025 climate change response initiatives, please refer to Appendix 2 of this report: "Climate-related Disclosure Implementation Items for Listed Companies."

Climate-related Risk Identification, Assessment, and Management Process



The Company conducts the identification, assessment, and prioritization of climate-related risks and opportunities in accordance with the TCFD framework, incorporating government publications and industry research reports into its analysis.

To spearhead this initiative, the General Manager regularly convenes departmental heads to identify key climate-related risks. Through internal consultations on climate-related threats and response strategies, the Company identifies both potential risks and emerging opportunities.

Following cross-departmental evaluations, the Company has identified three physical risks, three transition risks, and three material climate-related opportunities aligned with the TCFD framework. These findings have been fully integrated into the Company's decision-making and financial management considerations.

Analysis Parameters and Assumptions

To strengthen the Company's climate resilience, the Company has introduced climate scenario analysis to assess the potential financial impacts under various climate change scenarios. The analysis parameters and assumptions are outlined below:

Scenario Assumptions	Key Parameters and Assumptions
Based on recommendations from the Intergovernmental Panel on Climate Change (IPCC) and international organizations, the Company assesses the potential impacts of both low-carbon transition scenarios (1.5°C/2°C scenarios) and high-carbon-emission scenarios (4°C scenario) on its operations and financial performance.	■ Extreme Weather – Reduced Frequency but Increased Intensity of Heavy Rainfall and Typhoons ■ Extreme Weather – Rising Temperatures ■ Extreme Weather – Uneven Rainfall Distribution ■ International Climate Initiatives and Disclosure Requirements (e.g., TCFD-related Disclosures) ■ Updates to National Climate-related Regulations (e.g., Carbon Taxes/Fees and Increased Renewable Energy Requirements) ■ Changes in Customer Behavior and Growing Public Environmental Awareness (e.g., Increasing Demand for Sustainability Assurance and Verification)

Climate-related Risks and Opportunities

As climate change intensifies, the frequency and severity of extreme weather events continue to escalate. Coupled with the global drive toward carbon neutrality and increasingly stringent environmental regulations, enterprises face multifaceted operational and financial risks. Extreme weather can cause asset damage, supply chain disruptions, and operational shutdowns, subsequently escalating maintenance costs and eroding financial performance.

Furthermore, international disclosure frameworks such as the TCFD, alongside Taiwan's regulatory requirements on carbon emissions, energy management, and carbon pricing, collectively drive up compliance costs and heighten operational pressures. Concurrently, evolving market and societal demands for sustainability are intensifying; failure to meet stakeholder expectations may compromise corporate reputation and reduce market competitiveness, potentially triggering public opposition and legal risks.

To navigate these challenges, the Company must strengthen climate resilience, optimize supply chain networks, and proactively adapt to regulatory and market dynamics, thereby safeguarding the Company’ s long-term sustainability and financial stability.

Risk Category	Sub-item	Climate-related Risk Factors	
Physical Risk	Immediate	Extreme Weather – Reduced Frequency but Increased Intensity of Heavy Rainfall and Typhoons	■This may result in damage to the Company’ s buildings, facilities, equipment, information systems, transportation systems, and personnel safety, leading to operational disruptions and property losses. ■Damage to power and water supply infrastructure may further cause operational interruptions. ■During project execution, work interruptions and equipment damage may lead to financial losses and contractual risks. ■Increased intensity of heavy rainfall may hinder drainage capacity, raising flood risks and resulting in property damage or operational disruptions.
	Immediate	Extreme Weather – High Temperatures	■The increasing number of extreme high-temperature days, coupled with rising electricity prices, has led to higher energy costs. ■High temperatures may cause power supply instability, resulting in operational disruptions. ■Increased employee illness rates may pose occupational health risks and affect business continuity.
	Long-term	Extreme Weather – Uneven Rainfall Distribution	■The intensification of seasonal extremes, where dry seasons become drier and wet seasons become wetter, increases the likelihood of drought conditions. This may heighten water scarcity risks for industrial operations, disrupt supply chains, and increase operational costs.
Transitional Risk	Policies and Regulations	International Conventions and Initiatives	■In alignment with international conventions and initiatives such as TCFD-aligned disclosures, the Company is committed to implementing appropriate measures to address climate-related risks and impacts.
	Policies and Regulations	Updates to Laws and Regulations	■The Company is subject to evolving environmental regulations in Taiwan, including mandatory greenhouse gas emissions disclosure and the introduction of energy management requirements. ■Potential implementation of carbon taxes or carbon fees may increase operational costs. ■Increasing requirements for the use of renewable energy may raise compliance and transition pressures. ■Rising raw material prices may further increase production costs.
	Market / Reputation	Changes in Customer Behavior and Increasing Environmental Expectations	■Delays in low-carbon technology development may hinder the Company’ s ability to meet stakeholder expectations, thereby affecting corporate reputation and trust. ■Customers and project owners are expected to place increasing demand on sustainability certification and verification. ■Stakeholder opposition or protests may affect construction activities and project execution.

Physical Risk Assessment Results

Sub-item	Extreme Weather – Reduced Frequency but Increased Intensity of Heavy Rainfall and Typhoons		Extreme Weather – High Temperatures		Extreme Weather – Uneven Rainfall Distribution	
	Risk Event	Risk Level	Risk Event	Risk Level	Risk Event	Risk Level
Management Center Building	■Increased likelihood of flooding ■heightened risk of property loss	Low	■Increased electricity consumption and operating costs	Low	■Increased likelihood of drought-induced water shortages during dry seasons	Low
Plant	■Increased risk of facility damage ■Heightened risk of electrical infrastructure failure	Medium	■Rising electricity costs ■Increased likelihood of power curtailment or grid instability	High	■Increased likelihood of drought-induced water shortages during dry seasons	Low
Construction Site / Work Office	■Suspension of construction activities	Low	■Increased risk of heatstroke and heat-related illness affecting worker health and safety	Low	■Increased likelihood of drought-induced water shortages during dry seasons	Low

Physical Risk Adaptation Measures
■Regularly review the operational status of factory facilities and electrical equipment.
■Conduct annual disaster preparedness drills and establish emergency response procedures.
■Develop a heat stress prevention plan to mitigate occupational health risks.
■Install emergency power generation systems at manufacturing facilities.
■Establish energy conservation and energy efficiency targets and implementation plans.
■Implement water recycling systems in plants and utilize groundwater as a backup water source.

Transitional Risk Assessment Results

Risk Event	Operational and Financial Impact			Response 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	●Implement an Energy Management System (EMS) to enable real-time energy monitoring and develop energy efficiency measures. ●Upgrade equipment and implement energy-saving retrofits. ●Develop low-carbon products and adopt low-carbon fuels. ●Evaluate the implementation of Internal Carbon Pricing (ICP). ●Purchase carbon credits. ●Pass through part of the increased costs to customers where appropriate.
Increasing Renewable Energy Requirements	Increase in procurement costs	Increase in operating costs and capital expenditures	Increase in product or service costs	●Install in-house renewable energy systems. ●Procure renewable electricity (green power).

Increase in Raw Material Prices	Increase in procurement costs	Increase in operating costs	Increase in product or service costs	●Identify low-carbon alternative suppliers. ●Establish long-term contracts with qualified suppliers to reduce price volatility. ●Pass through part of cost increases to customers where appropriate. ●Support supply chain partners in implementing energy-saving and carbon-reduction initiatives. ●Develop circular economy models.
International Conventions and Disclosure Requirements (e.g., TCFD)	Increase in procurement costs	Rising operating costs and financing costs; potential revenue fluctuations	Increase in product or service costs	●Provide employee training to enhance ESG awareness and competencies. ●Implement climate risk management systems and conduct TCFD scenario analysis.
Slower-than-Expected Development of Low-Carbon Technologies	Reduced competitiveness leading to potential order loss and customer attrition	Increase in operating costs	Increase in product or service costs	●Establish R&D programs to continuously enhance production technologies. ●Replace inefficient equipment.

Climate-related Opportunities

Opportunity	Response Measures
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.	Continuously monitor the government’ s water resource budgets and actively pursue water resource projects
Establish terms for large water users to encourage businesses to use recycled water, desalinated water, and other water sources.	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.

As carbon emission costs increase and government requirements for renewable energy usage become more stringent, volatility in energy and raw material prices has intensified, placing additional pressure on the supply chain. This may lead suppliers to adjust to rising costs, potentially affecting delivery stability and increasing procurement expenses. If the development of low-carbon technologies falls short of expectations or fails to meet emerging demand for green supply chains in a timely manner, this may weaken competitiveness and affect relationships with key suppliers, project owners, and customers.

For Kuo Toong Co., Ltd., the transition process may involve adjustments to operational models, workforce reallocation, and employee upskilling, thereby increasing internal adaptation and management complexity. At the customer level, growing environmental awareness and increasingly stringent sustainability requirements are driving higher expectations for low-carbon products and services. Failure to meet such expectations may adversely affect order acquisition and market competitiveness.

At the same time, the growing global demand for green products and low-carbon services presents strategic opportunities. The Company may leverage this trend to enhance research and development and drive product innovation. By developing products and services that comply with environmental standards, the Company can expand its presence in the low-carbon market and explore new business opportunities. The Company actively participates in voluntary initiatives, develops green finance opportunities, and engages in ESG-related investment activities. Together with transparent ESG disclosures and sustainable development strategies, these initiatives are expected to enhance corporate value, mitigate financial risks, and attract sustainability-oriented capital and investors.

3.2 Greenhouse Gas Inventory

As a company with paid-in capital below NT$5 billion, Kuo Toong Co., Ltd. (the Company) is required, under the Sustainable Development Roadmap for TWSE/TPEx Listed Companies and relevant regulatory requirements, to disclose its parent-company-only GHG inventory for 2025 in 2026. Nevertheless, to proactively strengthen carbon management and enhance disclosure transparency, the Company initiated its GHG inventory program in 2021. The inventory is conducted in accordance with ISO 14064-1:2018 and CNS 14064-1:2021 standards on a voluntary basis, and the results are disclosed accordingly.

The Company established 2022 as the base year for GHG inventory and obtained its first third-party assurance report in 2023, confirming the accuracy and reliability of emissions data. For subsidiary operations, Kuo Yang Co., Ltd., which primarily operates public wastewater treatment facilities, conducts its inventory in accordance with the Operational Guidelines for Greenhouse Gas Inventory Management in Public Wastewater Treatment Plants issued by the National Land Management Agency, Ministry of the Interior, and is expected to obtain third-party verification by October 2026. Other operating units, including the Kaohsiung Headquarters and the Xinyuan Plant, maintain third-party assurance mechanisms (refer to Appendix for details). The Company will continue conducting annual GHG inventories to monitor emissions performance, refine management practices on a rolling basis, and support the development of a low-carbon operating environment.

For the reporting year, total GHG emissions in 2025 amounted to 16,222.7183 tCO2e, compared with 14,469.4510 tCO2e in 2024. The increase was primarily driven by higher emissions in Category 1 and Category 2.

In terms of emission structure, Category 2 (indirect emissions from purchased electricity) remained the primary source, 10,172.8576 tCO2e or 62.71% of total emissions in 2025, reflecting an increase compared with the previous year. Category 1 (direct emissions) amounted to 3,150.2795 tCO2e, also showing an upward trend. These changes were mainly attributable to increased electricity demand and adjustments in fuel consumption structure; further details are provided in Section 3.3 Energy Management. Category 3–6 (other indirect emissions) totaled 2,899.5812 tCO2e in 2025, representing a slight increase compared with 2024, primarily due to variations in operational activities.

In summary, the increase in GHG emissions in 2025 was primarily driven by changes in operational scale and energy consumption patterns. The Company will continue to enhance energy efficiency and emissions management and implement targeted measures to gradually reduce environmental impact.



Sludge Reduction Equipmen

Greenhouse Gas Emissions Over the Past Three Years

Unit: Metric tons CO2e

Category of Greenhouse Gases	2023	2024	2025
Category 1: Direct GHG Emissions and Removals	2,628.3423	2,444.1244	3,150.2795
Category 2: Indirect GHG Emissions from Imported Energy	9,347.8817	9,553.9829	10,172.8576
Category 3: Indirect GHG Emissions from Transportation Category 4: Indirect GHG Emissions from Products Used by the Organization Category 5: Indirect GHG Emissions Associated with the Use of the Organization’ s Products Category 6: Other Indirect GHG Emissions	2,510.5009	2,471.3437	2,899.5812
Total Emissions	14,486.7249	14,469.4510	16,222.7183

Category of Greenhouse Gases	2023	2024	2025	Unit
Total GHG Emissions	14,486.7249	14,469.4510	16,222.7183	tCO2e
Operating Revenue	4,132.26	5,245.53	6,309.79	NT$ Million
Category 1 Emissions Intensity	0.6361	0.4659	0.4993	tCO2e / NT$ Million
Category 2 Emissions Intensity	2.2622	1.8214	1.6122	tCO2e / NT$ Million

2025 Emissions Statistics Table for Each Gas Type in Category

Unit: Metric tons CO2e

GHG Type	Inventory Scope	CO2	CH4	N2O	HFCs	Total
Emissions (tonnes-CO2e)	Kaohsiung Headquarters and Xinyuan Plant	2,370.5323	7.6362	3.2760	18.9377	2,400.3822
	Kuo Yang Co., Ltd.	41.3722	356.9443	348.0063	3.5745	749.8973

Note:

1. The inventory boundary is defined using the Operational Control Approach. The organizational boundary is limited to the operational sites of Kuo Toong Co., Ltd. (Kaohsiung Headquarters and Xinyuan Plant) and Kuo Yang Co., Ltd., excluding outsourced construction projects and seawater desalination plants.
2. The electricity emission factor is based on the coefficients announced by the Energy Administration, Ministry of Economic Affairs (MOEA). The applied emission factor is 0.474 kg CO2e/kWh.
3. Emission factors for fuels and refrigerants are referenced from the Greenhouse Gas Emission Factor Management Table (Version 6.0.4) published by the Ministry of Environment (MOENV), or derived using mass balance methodology where applicable.
4. The Global Warming Potential (GWP) coefficients are referenced from the data in the IPCC Sixth Assessment Report (2021).

3.3 Energy Management

Kuo Toong Co., Ltd. (the Company) places strong emphasis on energy efficiency and is committed to embedding energy conservation into operational practices as part of its corporate responsibility for carbon reduction.

The Company periodically conducts environmental awareness initiatives to encourage employees to adopt energy-saving behaviors, including switching off unused lighting, conserving water and electricity, and reusing paper. These measures aim to integrate sustainability principles into daily workplace operations.

In addition, the Company continuously enhances its energy management framework through systematic improvements. Key initiatives include promoting paperless operations, conducting regular greenhouse gas (GHG) inventories, deploying energy-efficient equipment, and expanding the use of renewable energy. Through these measures, the Company seeks to strengthen energy efficiency and support the transition toward a more sustainable and low-carbon operating environment.

Energy Consumption

The Company' s primary energy sources include natural gas, motor gasoline, diesel, and purchased electricity. After conversion into energy units, total energy consumption in 2025 amounted to 138,841.05 GJ. Purchased electricity accounted for the largest share of consumption (76.39%), followed by natural gas (20.78%).

Compared to 2024, total energy consumption increased slightly by 3.4%, primarily due to the addition of a sludge drying facility by Kuo Yang Co., Ltd. in 2024, which led to increased electricity demand.

Liquefied petroleum gas (LPG) is primarily used for sand core drying at the Xinyuan Plant and cooking in the migrant worker dormitory. In 2025, following the renovation of the migrant worker dormitory and the addition of new kitchen facilities, cooking demand increased, resulting in higher LPG consumption.

Gasoline and diesel are primarily used for on-site operational vehicles and truck transportation for product deliveries. In 2025, reduced travel by personnel and vehicles between the plant and construction sites resulted in lower gasoline and diesel consumption.

Overview of Energy Consumption in the Past Three Years

Unit: GJ

Energy Source	2023		2024		2025	
	Kaohsiung Headquarters, Xinyuan Plan and Kuo Yang Co., Ltd	field offices and seawater desalination plants	Kaohsiung Headquarters, Xinyuan Plan and Kuo Yang Co., Ltd	field offices and seawater desalination plants	Kaohsiung Headquarters, Xinyuan Plan and Kuo Yang Co., Ltd	field offices and seawater desalination plants
Natural Gas	23,245.58	-	23,738.88	-	28,854.98	-
Liquefied Petroleum Gas(LPG)	-	-	6.93	-	105.21	-
Motor gasoline	938.82	813.04	1,101.16	1,711.98	899.83	1,661.96
Diesel	660.91	88.42	1,266.19	152.68	1,197.74	62.60
Purchased Electricity	68,122.21	2,462.63	72,561.90	33,736.37	77,251.48	28,807.25
Total	92,967.52	3,364.09	98,675.06	35,601.03	108,309.25	30,531.81
Total Energy Consumption		96,331.61		134,276.09		138,841.05

Restatement of Information: In the previous reporting period, the energy category was incorrectly labeled as "Liquefied Natural Gas (LNG)." This has been corrected to "Natural Gas" in the current reporting year, together with a corresponding revision of the calorific value conversion factors. The related historical data have also been restated to ensure consistency and accuracy in disclosure. This restatement is limited to adjustments in energy classification and conversion methodologies. It does not affect the Company's energy management framework or actual energy consumption patterns.

Note:
1. For the 2023 and 2024 reporting periods, energy conversion factors were calculated based on Version 6.0.4 of the "Greenhouse Gas Emission Factor Management Table" issued by the Environmental Protection Administration (EPA). The applied thermodynamic conversion factors are as follows: electricity at 3,600 kJ/kWh; gasoline at 32,604 kJ/L; diesel at 35,112 kJ/L; natural gas at 33,440 kJ/m³; and liquefied petroleum gas (LPG) at 27,734 kJ/L.
2. For the 2025 reporting year, conversion factors were updated in accordance with the "Heating Values for Motor Gasoline, Diesel, Liquefied Petroleum Gas, and Natural Gas for Fiscal Year 2025," issued by the Climate Change Administration, Ministry of Environment (MOENV). The applied conversion factors include electricity at 3,600 kJ/kWh. The following lower heating values (LHV) are applied: 7,586 kcal/L for motor gasoline; 8,636 kcal/L for diesel; 5,993 kcal/L for LPG; and 8,728 kcal/m³ for natural gas (NG2), converted using 1 cal = 4.18 J.

Electricity Consumption over the Past Three Years

Item	2023	2024	2025	Unit
Electricity Consumption	19,606.90	29,527.30	29,460.76	MWh
Operating Revenue	4,132.26	5,245.53	6,309.79	NT$ Million
Electricity Intensity	4.7448	5.6290	4.6691	MWh / NT$ Million

The Company actively supports Taiwan's national energy transition policy and continues to enhance energy utilization efficiency. In 2025, the Company's electricity intensity was 4.6691 MWh per NT$ million of revenue, representing an improvement compared to the previous year and demonstrating gradual optimization in energy efficiency despite operational growth.

In addition, the Kaohsiung Headquarters, Xinyuan Plant, and Kuo Yang Co., Ltd. have installed rooftop solar photovoltaic (PV) systems since 2014 and 2023, respectively. The total installation area reached 4,515.58 m², including 206.22 m² at the Xinyuan Plant and 4,309.36 m² at Kuo Yang Co., Ltd. In addition to supporting on-site electricity demand, the generated electricity is also supplied to the national grid under power purchase agreements signed with Taiwan Power Company.

In 2025, self-generated solar power utilized by the Kaohsiung Headquarters, Xinyuan Plant, and Kuo Yang Co., Ltd. totaled 431,168 kWh (1,552.20 GJ), providing renewable energy support for operational and production activities. In the same year, a total of 1,173,502 kWh (4,224.61 GJ) of electricity was supplied to Taiwan Power Company, contributing renewable energy to the national power grid and demonstrating the Company's continued commitment to renewable energy development.



Kuo Yang Solar Panels



Xinyuan Solar Panels

Solar Power Generation Capacity for the Past Three Years

Unit: kWh

	2023	2024	2025
Renewable Energy (Self Use)		400,548.00	431,168.00
Renewable Energy (Sale)	3,458.00	436,326.70	1,173,502.00
Total	3,458.00	836,874.70	1,604,670.00

Green Building

To strengthen energy management practices, the Company recognizes building energy efficiency as a critical component of sustainable development. Kuo Toong Co., Ltd. is committed to developing green buildings that minimize energy consumption and waste generation while incorporating ecological, energy-saving, health, and waste-reduction features.

In alignment with Taiwan' s EEWH Green Building Certification System, building projects are evaluated across nine indicators, including biodiversity, greenery, site water retention, daily energy conservation, carbon dioxide reduction, waste reduction, indoor environmental quality, water resource management, and sewage and waste improvement. Among these, the daily energy conservation and water resource indicators are mandatory criteria aimed at minimizing environmental impacts throughout the building design and construction process.

Projects undertaken and completed by the Company that have obtained EEWH Green Building Certification include the 2020 "Phase I Follow-up Construction Project of the Houlong Township Water Resource Recycling Center in Miaoli County" and the 2021 "Magong 4,000-ton Seawater Desalination Plant Expansion Project (Phase I of the Second Magong Seawater Desalination Plant) and Operation & Maintenance Services."


綠建築標章證書

內政部 部長 劉世芳

EEWH Certificate for Houlong Water Resources Recycling Center


綠建築標章證書

內政部 部長

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

Beginning in 2024, the Company has also planned to promote green building certification for the management centers of the "Phase I Construction Project of the Wastewater Treatment Plant at the Southern Taiwan Science Park Kaohsiung Second (Qiaotou) Park" and the "Tainan Seawater Desalination Plant Turnkey Project (Phase I) and Operation & Maintenance Services," targeting Qualified-level and Silver-level EEWH certification.

Accordingly, these projects incorporate ecological, energy-saving, waste-reduction, and health-oriented design concepts, including rooftop solar photovoltaic systems and heat-insulating roof tiles to reduce heat accumulation; the use of recycled tiles with environmental certifications; natural lighting and ventilation systems to reduce lighting and air-conditioning energy consumption; LED lighting and zoned control systems to improve electricity efficiency; water-saving fixtures and rainwater and domestic wastewater recycling systems; as well as high-efficiency equipment and variable-frequency operation technologies.

The Company actively incorporates green building standards through sustainable design and efficient management practices to develop environmentally friendly and energy-efficient facilities. As market demand for environmental protection and energy conservation continues to grow, the Company regards green building development as an important strategic direction for future projects. Moving forward, Kuo Toong Co., Ltd. will continue integrating green building principles into project planning and execution, embedding each project within its long-term sustainability blueprint to create greater environmental and social value.



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)

3.4 Water Resource Management

The Kaohsiung Headquarters of Kuo Toong Co., Ltd. is located within a commercial building. Domestic water is supplied by Taiwan Water Corporation, while wastewater is discharged into the municipal sewer system.

At the Xinyuan Plant, process water is sourced from freshwater and is primarily used for cement lining operations. Wastewater generated during the process is collected and directed to a sedimentation tank, where it is fully recycled for equipment cleaning and surrounding road washing purposes. Except for minor losses caused by evaporation, the water is continuously reused through a closed-loop recycling mechanism, achieving the objective of near-zero wastewater discharge.

Kuo Yang Co., Ltd. is responsible for treating domestic wastewater in the Zhunan and Toufen areas. Except for tap water used at washbasins within the facility, all other operational water demand is supplied through treated reclaimed water. In addition to internal reuse, reclaimed water is also made available to the public and enterprises in accordance with county government policies. Members of the public may collect reclaimed water free of charge in accordance with government announcements, while companies and organizations may apply to the county government for approved usage, including road cleaning and landscape irrigation purposes. Through the promotion and diversified utilization of reclaimed water, the Company continues to improve water recycling efficiency and strengthen circular water resource management.

The seawater desalination plants and wastewater treatment plants are engineering construction or operation and maintenance (O&M) projects undertaken by Kuo Toong Co., Ltd., and are classified as part of the Company's engineering and water service offerings. The associated water consumption is primarily required for facility processes and system operations, and is therefore considered operational water usage attributable to project facilities rather than water consumption generated by the Company's own operational sites. Accordingly, such water usage is excluded from the Company's water consumption inventory boundary.

Effluent discharge from all operational sites complies with the "Effluent Quality Items and Standards for Public Sewerage Systems" stipulated by the Ministry of Environment. No violations related to effluent discharge were recorded in 2025.



Kuo Yang - Reclaimed Water Utilization

Water Consumption Statistics for the Past Three Years

Unit: Million Liters (ML)

Category	Item		2023		2024		2025	
			Kaohsiung Headquarters, Xinyuan Plan and Kuo Yang Co., Ltd	field offices	Kaohsiung Headquarters, Xinyuan Plan and Kuo Yang Co., Ltd	field offices	Kaohsiung Headquarters, Xinyuan Plan and Kuo Yang Co., Ltd	field offices
Water Withdrawal	Total Water Withdrawal by	Seawater – Other Water	-	376	-	-	-	-
		Third-party Water – Freshwater	11	2	26	0	34	1
		Third-party Water – Other Water	7,229	-	7,400	327	8,214	376
	Total Water Withdrawal		7,240	378	7,426	327	8,248	377

Water Discharge	Water Discharge by Destination	Surface Water	6,507	-	6,639	319	7,782	358
		Seawater	-	244	-	-	-	-
		Third-party Water (Total)	6	-	3	0	6	6
	Water Discharge by Water Quality (All)	Freshwater	6,512	-	6,641	319	7,788	364
		Other Water (Non-freshwater)	-	244	-	-	-	-
	Water Discharge by Level of Treatment	Primary Treatment	-	244	-	-	-	-
		Secondary Treatment	6,512	-	6,641	319	7,788	364
	Total WaterConsumption		6,512	244	6,641	319	7,788	364
Water Consumption	Total WaterConsumption		728	134	785	8	460	13

Note: Water consumption associated with seawater desalination plants and wastewater treatment plants is categorized as process water required for project facility operations, rather than water usage generated by the Company' s own operational sites. Accordingly, such consumption is excluded from the Company' s water consumption inventory boundary and is classified as product-related water use and associated losses. In addition, the water consumption statistics for Kuo Yang Co., Ltd. include only operational water usage and exclude wastewater products and related losses.

3.5 Recycling and Reusing Materials

Raw Materials

The Xinyuan Plant of Kuo Toong Co., Ltd. primarily operates two major production processes: ductile iron pipe manufacturing and steel pipe manufacturing. The principal raw materials used in ductile iron pipe production include pig iron, sand, gravel, and other materials such as cement and additives, while steel plates are the primary raw material for steel pipe production.

Among these materials, pig iron is entirely sourced from recycled raw materials. Over the past three years, recycled raw materials accounted for an average of approximately 54.80% of total raw material usage. The table below presents the major raw materials utilized during the most recent three-year period.

The Use of Main Raw Materials in the Past Three Years

Unit: Kilograms

Raw Materials	2023	2024	2025
Pig Iron (Recycled Raw Materials)	17,302,527	16,929,130	19,031,890
Sand	3,911,601	3,639,840	5,395,620
Gravel	1,916,626	1,654,360	3,218,165
Others	10,101,878	9,726,694	4,419,734
Total	33,232,631	31,950,024	32,065,409
Percentage of Recycled Raw Materials	52.06%	52.99%	59.35%

Scrap Steel (Recycled Raw Materials)

The black iron used by Kuo Toong is composed of 100% recycled raw materials, primarily sourced from steel scrap and recycled steel purchased from steel mills and scrap processing facilities.

The recycled materials are melted and combined with additives and other raw materials, followed by a nodularization process to produce ductile iron pipe fittings.

Scrap steel accounts for approximately 92% of the finished pipe products。

Waste Foundry Sand

Kuo Toong utilizes 100% recycled foundry sand for molding in pipe and fitting production.

After the casting process, used sand molds are crushed and transported to a sand reclamation system, where they are screened and processed for reuse。

Recycled Glass Sand (Seawater Desalination Plants)

Seawater desalination plants require pre-treatment prior to operation, including sand filtration, bag filtration, and cartridge (security) filtration.

The silica sand used in the sand filtration process is 100% recycled material, produced from crushed and cleaned waste glass bottles processed by waste treatment facilities.

These recycled glass sand materials are reused as filtration media in Seawater Desalination Plants.

3.6 Waste

Kuo Toong Co., Ltd. (the Company) generated a total of 9,223.24 metric tons of waste in 2025, of which 58.45% was recycled and reused. The Company continues to classify, treat, and recycle various waste streams in accordance with its waste management system.

Non-hazardous inorganic sludge (D-0902), which is designated for direct disposal, accounted for 3,457.00 metric tons. The waste was primarily treated through incineration, thermal treatment, and physical treatment processes.

Recyclable waste foundry sand (R-1201) totaled 1,105.71 metric tons and was recovered through sand reclamation systems, including crushing and screening processes, for reuse in production activities.

Organic sludge (D-0901) and induction furnace slag (R-1204), both recoverable through recycling processes, amounted to 3,187.01 metric tons and 1,072.57 metric tons respectively. These materials were treated through incineration or thermal recovery processes to enable resource recovery.

In 2025, deficiencies were identified in waste recording and reporting practices. Certain waste streams, including sandblasting waste, scrap iron mixtures, and inorganic sludge, were not fully included in the Industrial Waste Management Plan. In addition, discrepancies were identified in mass balance data for waste storage quantities. Relevant penalties and regulatory matters are disclosed in Section 2.2 Regulatory Compliance.

To strengthen management performance, the Company has implemented the following measures:

1. Strengthening Pre-Reporting and Plan Management Mechanisms

The Industrial Waste Management Plan has been comprehensively reviewed and revised to ensure that all generated, stored, and recycled waste streams are fully included within the management scope. The principle of "management prior to reporting" has been strictly enforced.

2. Enhancing Data Consistency and Inventory Control

A regular reconciliation mechanism has been established for waste generation, storage, and disposal. Key waste streams are subject to enhanced cross-checking to ensure consistency between recorded data and actual physical flows.

3. Improving Weighing and Measurement Control

All fixed weighbridges have been calibrated, and a regular inspection and maintenance mechanism has been implemented to ensure the accuracy of waste measurement data.

4. Enhancing Reporting Accuracy and Personnel Competency

Targeted training programs have been conducted for responsible personnel to strengthen waste classification and reporting capabilities, thereby reducing the risk of misreporting.

5. Institutionalizing Management and Continuous Improvement

Waste management processes, including generation, storage, collection, and reporting, have been incorporated into standard operating procedures (SOPs). Continuous improvement is ensured through internal audits and periodic reviews.

Through these measures, The Company continues to enhance waste management efficiency and resource recovery performance, demonstrating its commitment to environmental protection and sustainable development.

Weight of Waste Generated Over the Past Three Years

Unit: Tons

Waste Category	Hazardous Waste	Hazardous WasteDirected to DisposalLandfill					Total
Disposal Category	Directed to Disposal	Directed to Disposal			Diverted from Disposal		
Disposal Method	Landfill	Incineration	Landfill	Other Disposal Operations	Preparation for reuse	Other Recovery Operations	
2023	0.13	-	22.14	-	2,276.71	3,281.16	5,580.13
2024	0.11	0.00	112.57	1,504.21	1,948.89	2,973.14	6,538.92
2025	0.08	0.00	377.02	3,454.85	2,204.28	3,187.01	9,223.24

Note: The waste generation data does not include field offices of Kuo Toong Co., Ltd. or seawater desalination plants.



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經濟部標準檢驗局高雄分局
Kaohsiung Branch, Bureau of Standards, Metrology and Inspection, Ministry of Economic Affairs

度量衡器檢定合格證書
Verification Certificate of Measuring Instruments

申請者／地址 (Applicant／Address)：國統國際股份有限公司 屏東縣新園鄉新園村碼頭路400號
持有者／安裝地點 (Owner／Site of Installation)：國統國際股份有限公司 屏東縣新園鄉新園村碼頭路400號
器名 (Type of Measuring Instrument)：固定地秤
廠牌 (Manufacturer)：正公平
型號 (Model)：EX-2001
器號 (Serial Number)：A19102280
最大秤量 (Max) (Maximum Capacity)：60 t
最小秤量 (Min) (Minimum Capacity)：400 kg
檢定標尺分度值(e) (Verification Scale)：20 kg
檢定合格單號碼 (Number of Verification Label)：F0BC1401489
案號 (Application Number)：10BC1470000829
檢定日期 (Verification Date)：114年11月21日
有效期限 (Expiration Date)：115年11月30日

上列器具經本局檢定在法定公差內。
(Kaohsiung Branch, Bureau of Standards, Metrology and Inspection, Ministry of Economic Affairs hereby certifies that the errors of the instrument meet the requirements of related technical specifications for verification and inspection.)
其他 (Others):
經本局檢定合格之固定地秤，應依本檢定合格證書所記載事項使用。
(This fixed weighbridge shall be used under the conditions of this verification certificate.)

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中華民國 114年 11月 21日

Verification Certificate for Measuring Instruments



Enhanced Training on Regulatory Reporting

4 Social Inclusion

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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 Co., Ltd. (the Company) have submitted training applications based on operational needs or upon receiving information about external training programs. This mechanism is designed to establish effective professional training plans for employees and strengthen their career development capabilities.

In compliance with Article 21, Paragraph 1 of the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, the Company has implemented an employee training and development program aimed at enhancing employees' career competencies.

Through systematic training programs, the Company seeks to enhance employees' professional skills, strengthen leadership and management capabilities, and foster team alignment, thereby cultivating a high-quality talent pool.

2025 Employee Training and Development Program for Career Competency Enhancement

Core Training Category	Course Title	Training Hours
Sustainable Development and ESG Practices In response to global sustainability trends and regulatory requirements, this pillar strengthens capabilities in corporate governance, social responsibility, and environmental management, thereby enhancing overall corporate sustainability performance.	Corporate Governance: Principles of Integrity	6
	Corporate Governance: Insider Trading Prevention	6
	Social Responsibility: Human Rights Awareness	6
	Social Responsibility: Gender Equality	6
	Environmental Management: Green Procurement	15
	Environmental Management: Introduction to ISO 14064-1 Practices	24
Advancement in Corporate Governance and Operational Management This pillar enhances information governance systems and corporate management mechanisms, strengthening institutionalized management capabilities and improving operational efficiency to ensure stable organizational performance.	Information Management Practices for TWSE/TPEx-Listed Companies	6
	Introduction to Information Systems and ISO Quality Management	30
	Process Improvement in Corporate Governance	36
Talent Development and Competency Enhancement Through systematic training planning and problem-solving-oriented programs, this pillar develops employees' logical thinking, communication, coordination, and practical application capabilities, thereby strengthening organizational competencies, execution effectiveness, and talent development outcomes.	Setting Training Performance Objectives	12
	Lean Training Process Management	12
	Training Needs Analysis	12
	Measuring Training Effectiveness	12

Core Training Category	Course Title	Training Hours
Talent Development and Competency Enhancement Through systematic training planning and problem-solving-oriented programs, this pillar develops employees' logical thinking, communication, coordination, and practical application capabilities, thereby strengthening organizational competencies, execution effectiveness, and talent development outcomes.	Curriculum Design Techniques	12
	Problem Definition	12
	Problem-Solving Thinking	12
	Communication and Coordination	12
	Solution Validation	12

Note: The above-listed training courses represent only a portion of Kuo Toong Co., Ltd.' s annual employee training and development program.

In addition to the aforementioned training and development programs, Kuo Toong Co., Ltd. provides orientation programs for new employees, covering the Company' s management systems, workplace environment introduction, and occupational health and safety training. These programs are conducted with the guidance of experienced senior staff.

In addition, the Company has participated in the Ministry of Economic Affairs' Enterprise Human Resource Development Program to deliver comprehensive training for all employees. The training courses cover topics such as corporate social responsibility, time management skills, and business process improvement.

In 2025, the Company invested approximately NT$1,014,410 in overall employee training. The program recorded 1,943 training participations (person-times), with total training hours reaching 6,111.5 hours.

By gender, the average training hours were 10.32 hours for male employees and 26.17 hours for female employees. By employee category, the average training hours were 17.98 hours for management (mid-to-senior level), 30.22 hours for first-line supervisors, 15.21 hours for engineering personnel, and 27.51 hours for administrative staff.

The variation in average training hours is primarily due to the concentration of training programs within specific job functions, particularly administrative roles, where female employees account for a higher proportion. In contrast, onsite operational personnel, who are predominantly male, experienced lower participation opportunities due to operational requirements and shift schedules, resulting in differences in overall average training hours.

Moving forward, the Company will continuously review training needs and accessibility across all job categories and further optimize its training framework to foster equitable and balanced employee development.

Overview of Allocations Invest in Education and Training Over the Years

	2023	2024	2025
Annual Training Expenses	NT$1,393,545	NT$1,166,317	NT$1,014,410
Total Training Hours	4,603 hours	7,115 hours	6,111.5 hours
Total Number of Employees	414 individuals	470 individuals	463 individuals
Average Training Cost per Employee	NT$3,366	NT$2,482	NT$2,191
Average Training Hours per Employee	11.12 hours	15.14 hours	13.20 hours

Note: : The above education and training expenditure includes field offices of Kuo Toong Co., Ltd. and seawater desalination plants.

Category Type	Average Training Hours	2023		2024		2025	
		Kaohsiung Headquarters, Xinyuan Plan and Kuo Yang Co., Ltd	field offices and seawater desalination plants	Kaohsiung Headquarters, Xinyuan Plan and Kuo Yang Co., Ltd	field offices and seawater desalination plants	Kaohsiung Headquarters, Xinyuan Plan and Kuo Yang Co., Ltd	field offices and seawater desalination plants
Employee Category	Mid-to-Senior Management	26.79	180.00	27.13	30.80	15.95	25.70
	First-line Supervisors	30.01	31.90	26.57	32.75	22.96	46.09
	Engineering Staff	9.81	10.64	9.50	26.68	6.07	26.95
	Administrative Staff	16.16	8.43	24.14	30.82	27.54	27.44
	Operational Personnel	-	-	8.88	-	-	-
Gender	Male	7.19	13.89	11.37	13.94	6.71	15.96
	Female	25.23	9.20	26.73	29.98	22.34	33.07



Integrity and Ethical Conduct Course



Gender Equality Course



Insider Trading Prevention Training



Human Rights Training

Performance Evaluation Management

Except for employees on unpaid leave and those who have been employed for less than three months, all employees of the Company are subject to performance evaluations. (The General Manager position is currently held concurrently by the Chairman; accordingly, the performance self-assessment and external evaluation of the Board of Directors, individual directors, and functional committees are conducted as part of the overall Board evaluation mechanism.)

The performance evaluation is conducted in two stages: the Mid-year Review and the Annual Review. Department heads conduct performance interviews with their respective employees. The Mid-year Review forms are submitted to the Human Resources unit by the end of May each year, while the Annual Review is completed before the end of the year.

For employees with performance scores below 60, the Human Resources Evaluation Committee (the "HR Committee") will first issue a verbal notification requesting improvement. If no improvement is observed within one month, a formal Performance Improvement Notice will be issued, requiring improvement within three months. If performance remains unsatisfactory, the HR Committee will convene a formal review meeting with the employee in attendance and determine appropriate job placement.

In 2025, 100% of employees subject to performance evaluation completed the annual appraisal process. The results are used as a basis for year-end bonus calculations, training arrangements, job transfers, and promotion decisions. In addition, the Xinyuan Plant conducts monthly performance evaluations as the basis for production bonus distribution.

4.2 Diversity and Inclusivity

Human Rights and Equal Employment Practices

The Company recruits employees through open and transparent recruitment processes. Hiring decisions are based on candidates' academic background, work experience, competencies, and personal attributes.

The Company strictly complies with applicable labor laws and regulations and does not employ child labor (below the legal working age of 16) or engage in any form of forced or compulsory labor. Where workforce adjustments are required due to operational changes, the Company ensures compliance with applicable labor regulations and provides communication to employees within the statutory notice period.

To promote workplace equality, the Company provides training on equal employment opportunity, prevention of sexual harassment, prohibition of employment discrimination, and respect for cultural diversity. Supporting measures include breastfeeding breaks, paternity leave, and family care leave to reinforce awareness of workplace equality and human rights.

The Company promotes equal employment opportunities and supports disadvantaged groups. As of the end of 2025, the Company employed 5 employees with disabilities and 7 employees of indigenous background, exceeding statutory requirements.

Employment of Underrepresented Groups

	2023	2024	2025
Employees with Disabilities	5	5	5
Indigenous Employees	6	6	7
Statutory Employment Requirement for Persons with Disabilities	3	4	4

Workforce Overview

Number of Employees by Employment Contract Over the Years

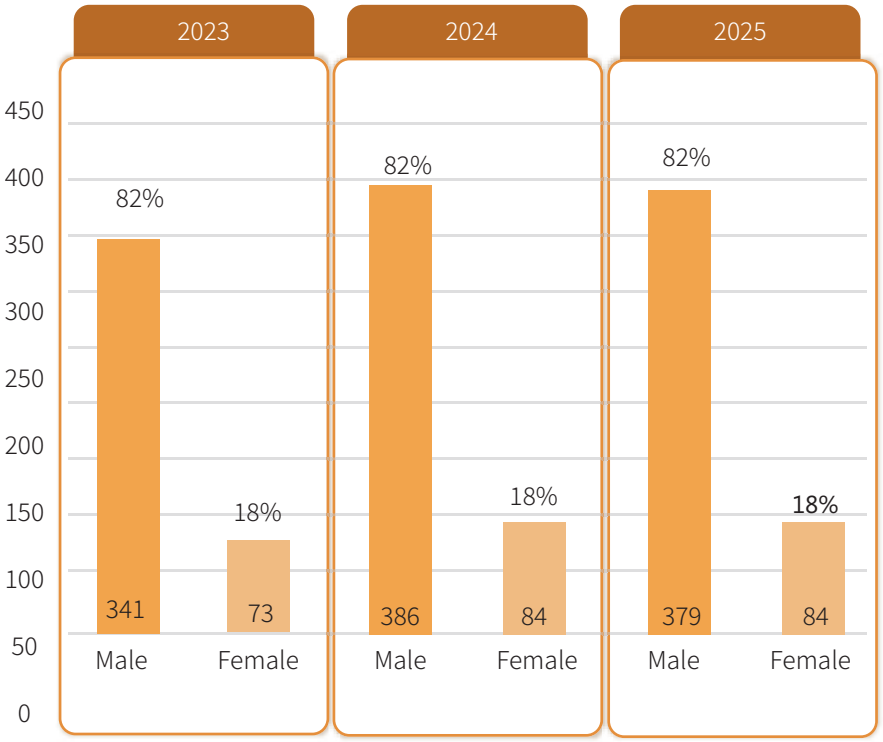
Category	2023		2024		2025	
	Male	Female	Male	Female	Male	Female
Permanent Employees	315	72	364	83	361	84
Dispatch Workers	27	0	22	1	18	0

All employees of KTI are based in Taiwan. The Company has no employees working overseas. As of the end of 2025, the Company had a total of 463 employees. Due to the labor-intensive nature of its operations, the majority of frontline employees are male. Female employees accounted for 84 employees, representing 18% of the total workforce. The gender distribution has remained relatively stable over the past three years.

In terms of age distribution, 104 employees (22%) were under 30 years old. The majority of employees, 298 individuals (64%), were aged between 31 and 50, while 61 employees (13%) were over 50 years old.

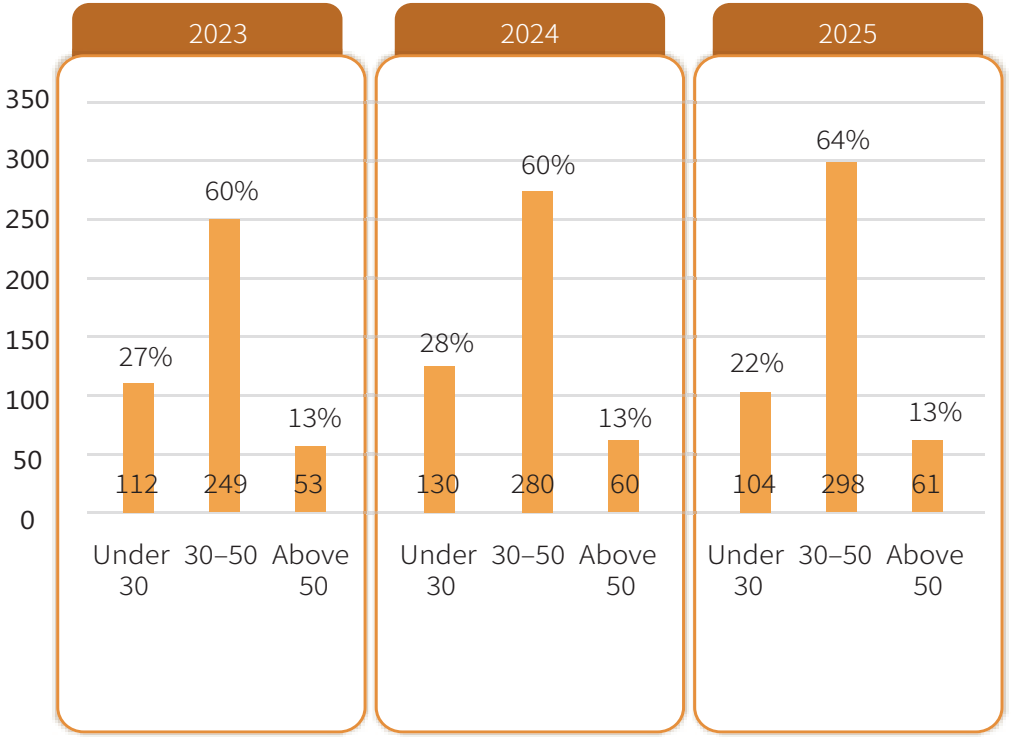
As of 2025, there were 75 employees at the level of first-line supervisors and above. Female representation among all managerial positions was 25%, while female representation in mid-to-senior management positions was 21%, both higher than the overall female workforce ratio of 18%.

Number and Percentage of Employees by Gender Over the Years



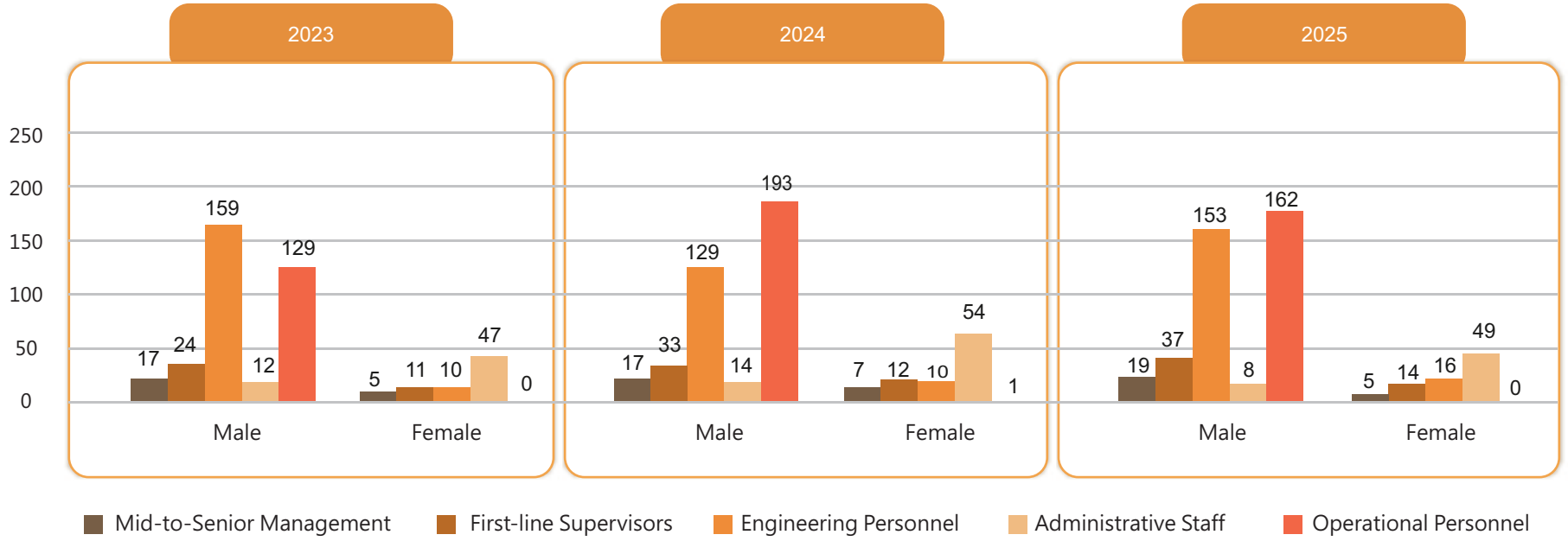
Category	2023		2024		2025	
	Male	Female	Male	Female	Male	Female
Number of Employees	341	73	386	84	379	84
Percentage (%)	82%	18%	82%	18%	82%	18%

Number and Percentage of Employees by Age Group Over the Years



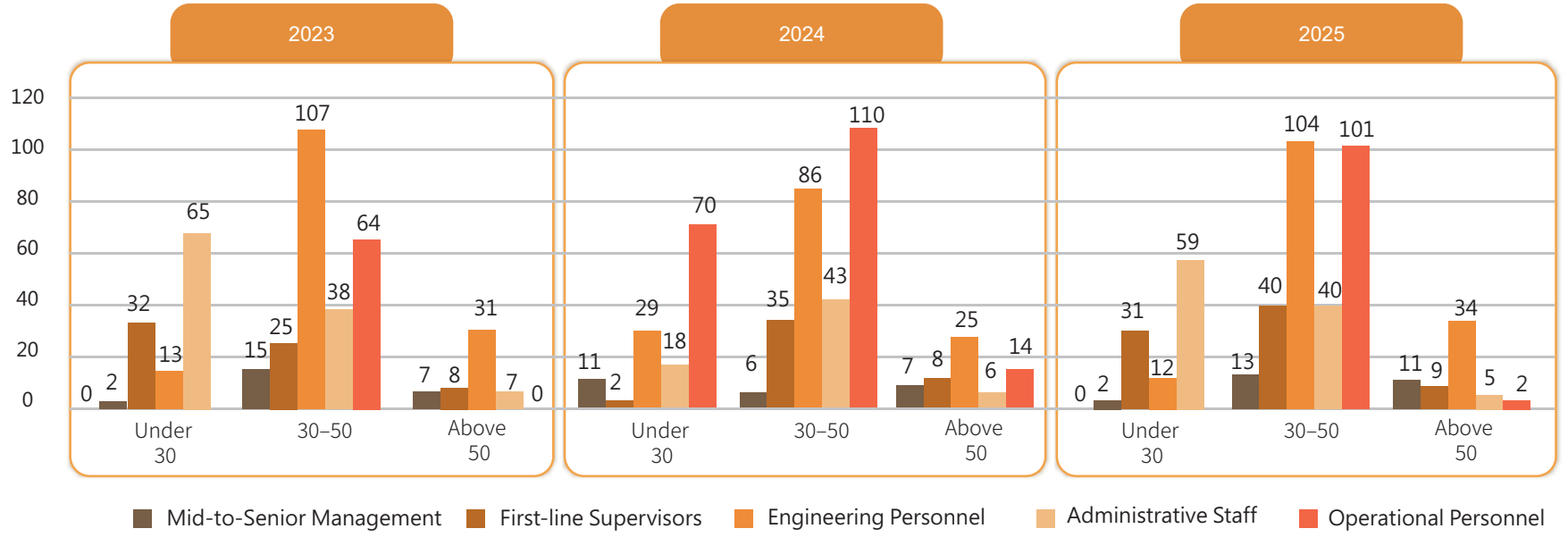
Category	2023			2024			2025		
	Under 30	30–50	Above 50	Under 30	30–50	Above 50	Under 30	30–50	Above 50
Number of Employees	112	249	53	130	280	60	104	298	61
Percentage (%)	27%	60%	13%	28%	60%	13%	22%	64%	13%

Employee Composition by Job Category and Gender Over the Years



Category	2023		2024		2025	
	Male	Female	Male	Female	Male	Female
Mid-to-Senior Management	17	5	17	7	19	5
First-line Supervisors	24	11	33	12	37	14
Engineering Personnel	159	10	129	10	153	16
Administrative Staff	12	47	14	54	8	49
Operational Personnel	129	0	193	1	162	0

Employee Composition by Job Category and Age Group Over the Years



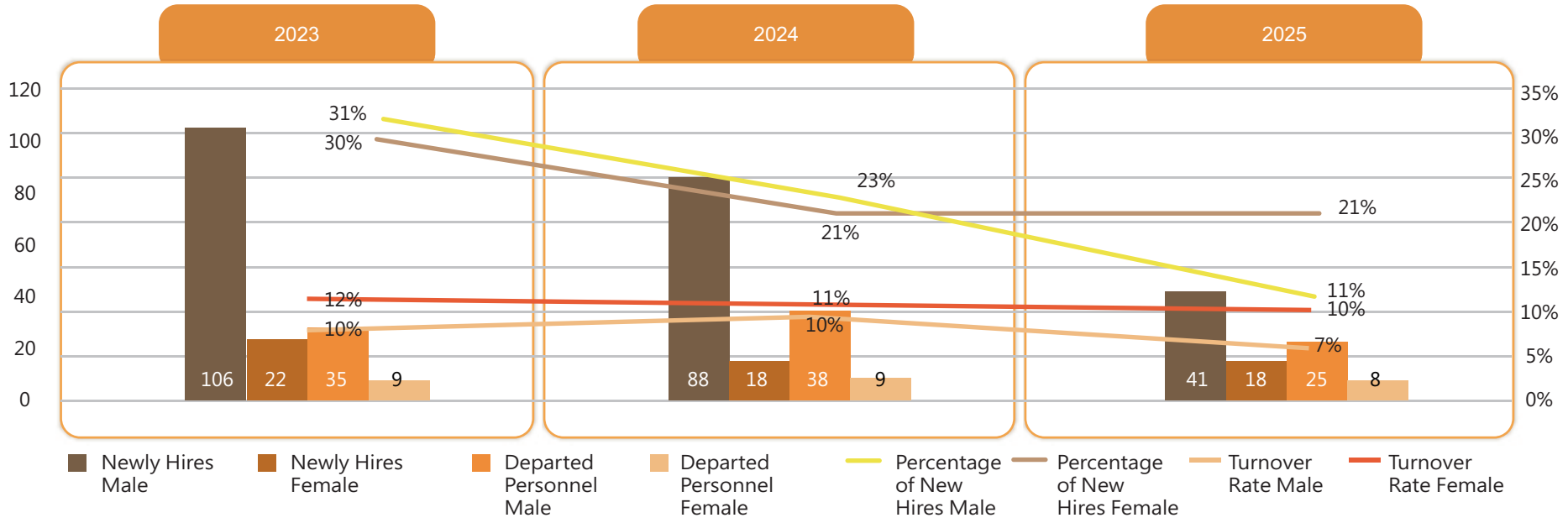
Category	2023			2024			2025		
	Under 30	30–50	Above 50	Under 30	30–50	Above 50	Under 30	30–50	Above 50
Mid-to-Senior Management	0	15	7	11	6	7	0	13	11
First-line Supervisors	2	25	8	2	35	8	2	40	9
Engineering Personnel	32	107	31	29	86	25	31	104	34
Administrative Staff	13	38	7	18	43	6	12	40	5
Operational Personnel	65	64	0	70	110	14	59	101	2

Employee Turnover and Recruitment

In 2025, the Company recorded 59 new hires, comprising 18 females (21%) and 41 males (11%). By age group, 27 employees were under 30 years old (26%), 26 were aged between 31 and 50 (9%), and 6 were over 50 years old (10%).

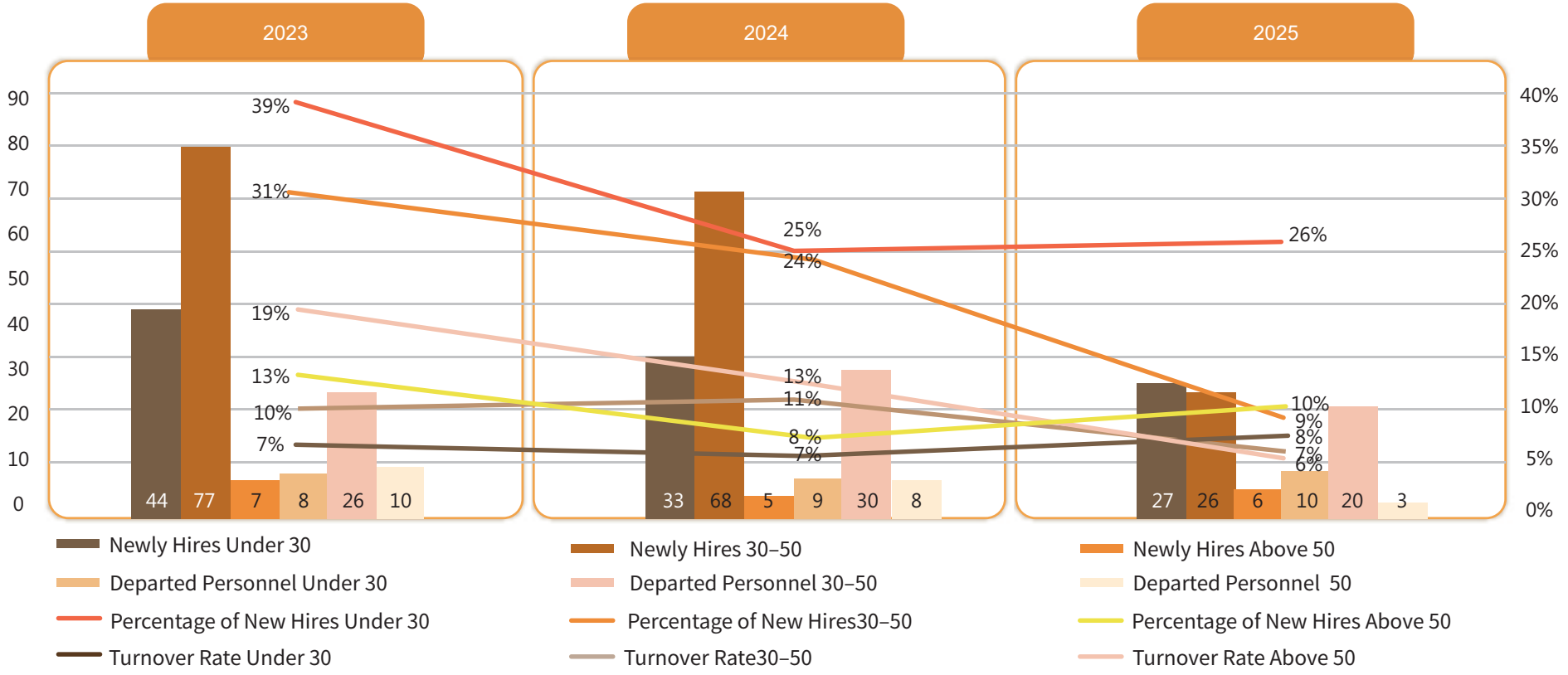
During the same year, 33 employees left the Company, including 8 females (10%) and 25 males (7%). By age group, 10 employees were under 30 years old (8%), 20 were aged between 31 and 50 (7%), and 3 were over 50 years old (6%).

New Hire and Turnover Statistics by Gender Over the Years



Category	2023		2024		2025	
	Male	Female	Male	Female	Male	Female
New Hires	106	22	88	18	41	18
Percentage of New Hires	31%	30%	23%	21%	11%	21%
Employees Leaving the Company	35	9	38	9	25	8
Turnover Rate	10%	12%	10%	11%	7%	10%

New Hire and Turnover Statistics by Age Group Over the Years



Category	2023			2024			2025		
	Under 30	30–50	Above 50	Under 30	30–50	Above 50	Under 30	30–50	Above 50
New Hires	44	77	7	33	68	5	27	26	6
Percentage of New Hires	39%	31%	13%	25%	24%	8%	26%	9%	10%
Employees Leaving the Company	8	26	10	9	30	8	10	20	3
Turnover Rate	7%	10%	19%	7%	11%	13%	8%	7%	6%

Note: The rate is calculated as the number of new hires (or employees leaving) divided by the year-end headcount of the respective category.

Human Rights Protection

To uphold and protect the fundamental human rights of employees, the Company has established its Sustainable Development Guidelines and adheres to international human rights conventions, including gender equality, labor rights, and non-discrimination principles.

To fulfill its responsibility to safeguard human rights, the Company has established relevant policies and procedures, including:

- Formulating the Company's human rights policy or statement.
- Assessing the impacts of business operations and internal management on human rights and establishing corresponding mitigation procedures.
- Periodically reviewing the effectiveness of human rights policies or statements.
- Disclosing procedures for addressing human rights-related incidents involving relevant stakeholders.

The Company supports and aligns with internationally recognized human rights standards, including the Universal Declaration of Human Rights, the United Nations Global Compact, and the International Labour Organization's Declaration on Fundamental Principles and Rights at Work. These principles cover freedom of association, the right to collective bargaining, support for vulnerable groups, prohibition of child labor, elimination of forced labor, and prevention of employment discrimination.

The Company ensures that its human resources practices are free from discrimination based on gender, race, socioeconomic status, age, marital status, or family status, and is committed to fairness and equality in recruitment, employment, compensation, benefits, training, performance evaluation, and promotion. For details regarding the Company's human rights protection policy and related measures, please refer to "Human Rights Protection" in the "Sustainability" section of KTI's official website.

(https:/www.kti.com.tw/files/ugd/efc2db.341b6fb7eb134b09864a50f29bacd9e8.pdf)

As part of its human rights risk prevention measures, the Company promotes related training and awareness programs. In 2025, a total of 87 participant attendances were recorded in human rights and gender equality training, with an average training duration of 6 hours per participant. Please refer to Section 4.1 Talent Development – Education and Training Management.

Communication and Grievance Mechanism

The Company holds quarterly labor-management meetings to discuss key topics including the annual work calendar, election of labor-management representatives, and adjustments to overtime arrangements, ensuring compliance with labor regulations while safeguarding employee rights.

Communication with foreign workers is facilitated through interpreters provided by manpower agencies to ensure effective information delivery and enable employees to fully express their opinions. The Company will continue to enhance employee welfare and maintain harmonious labor relations to prevent labor disputes.

To address potential labor rights concerns, the Company has established formal grievance mechanisms, including the Employee Complaint Policy. Employees may submit complaints anonymously via a designated email account accessible to senior management or through a physical suggestion box.

All complaints are handled by the Audit Office, which may escalate cases to the General Manager or forward them to relevant departments for action. The Audit Office also reports grievance status to the General Manager on a monthly basis, thereby ensuring effective communication channels and continuous improvement of internal management processes. No grievance cases have been received in the past three years.

The Company has established the "Sexual Harassment Prevention and Disciplinary Measures," under which sexual harassment complaints are handled through a confidential investigation process conducted by a dedicated committee. The committee shall comprise at least 50% female members. All cases are required to be concluded within two months. Where violations are confirmed, disciplinary actions are taken in accordance with internal regulations. No sexual harassment complaints were received in 2025.

4.3 Remuneration and Benefits

Compensation of Non-managerial Full-time Employees

The Company's remuneration policy is structured around employees' competencies, contributions, and performance, and is closely aligned with overall corporate operating results.

Salary adjustments are based on annual performance appraisal results. Department heads may propose salary adjustments according to assessment outcomes to ensure a fair and incentive-driven compensation system that reflects both individual and organizational performance.

In accordance with the Taiwan Stock Exchange (TWSE) Guidelines for Reporting Compensation Information of Full-time Non-managerial Employees, the Company discloses the following information:

Total compensation in 2025 amounted to NT$268,494 thousand. The average salary was NT$697 thousand, representing an 11.70% year-on-year increase, while the median salary was NT$587 thousand, representing a 5.20% year-on-year increase.

The increase in compensation was primarily driven by the annual salary adjustment implemented in early 2025, as well as higher bonus and employee profit-sharing payouts compared to the previous year.

Compensation of Non-managerial Full-time Employees (NT$ thousand)

Year	2023	2024	2025
Number of Full-time Employees	261	375	385
Total Compensation of Full-time Employees	183,593	233,867	268,494
Average Compensation of Full-time Employees	703	624	697
Median Compensation of Full-time Employees	580	558	587
Average Compensation of Peer Companies	677	695	Note

Note: The average employee compensation of peer companies is disclosed via the Market Observation Post System (MOPS) at the end of June each year.

The Company prioritizes the compensation rights of frontline employees. In strict compliance with the Labor Standards Act, it implements a unified salary structure across all genders, with wage levels consistently above the statutory minimum wage.

Furthermore, the Company maintains a relatively small gender pay gap, reflecting its ongoing commitment to gender pay equity.

Category	Base Salary		Base Salary and Total Compensation	
	Male	Female	Male	Female
Mid-to-Senior Management	0.41	1	0.36	1
First-line Supervisors	1.14	1	1.14	1
Engineering Personnel	1.05	1	1.06	1
Administrative Staff	1.22	1	1.24	1
Operational Personnel	1	-	1	-

1. Base Salary refers to the monthly fixed recurring salary, including basic salary and meal allowance.
2. Compensation refers to the total annual remuneration, including performance bonuses, year-end bonuses, and employee profit sharing.
3. The calculation is based on employees who remain in service as of December 31 of the reporting year. Factors such as tenure, professional skills, and job responsibilities are included in the overall assessment and statistical coverage.
4. The monthly fixed salary for December of the reporting year is used as the basis for calculation.

The Company' s annualized total compensation comprises base monthly salary and variable bonuses. To avoid distortions in the analysis—such as negative growth rates for employees who did not complete a full year of service (e.g., those hired during 2024 or who left during 2025), and the inability to calculate growth rates for 2024 new hires—employees who were not continuously employed throughout both 2024 and 2025 are excluded from the analysis.

This approach ensures comparability of the results and allows median indicators to more accurately reflect underlying compensation trends.

Total Annual Compensation Ratio

Item	2025
Median of Annual Total Compensation of All Employees (excluding the highest-paid individual)	522,848
Percentage Change in Annual Total Compensation of the Highest-paid Individual	0.07%
Percentage Change in Median Annual Total Compensation of All Employees (excluding the highest-paid individual)	0.09%
Total Annual Compensation Ratio	28.12%
Year-on-Year Change in Total Compensation Ratio	0.77%

Employee Benefits

The Company complies with applicable 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. The Company also provides group insurance programs and employee accident insurance to safeguard employees' fundamental rights.

To promote work-life balance, the Company implements well-planned production schedules to ensure adequate rest and leave for employees. Educational subsidies are provided to support employees' children. For migrant workers, the Company provides well-equipped dormitory facilities to ensure a safe and stable living environment.

Type	Items	2025	
		Number of Recipients	Amount Disbursed
Fixed Allowances	Birthday gift, employee marriage allowance, employee maternity allowance, bereavement allowance, children' s education subsidy, housing completion allowance, and retirement commemorative gifts.	462	368,600
Flexible Allowances	Employee outings, Labor Day benefits, and festival bonuses or gifts (Spring Festival, Dragon Boat Festival, and Mid-Autumn Festival).	1,290	3,138,000

The Company establishes an Employee Welfare Committee through employee elections in accordance with applicable laws to coordinate and implement various employee welfare programs, and has also established Workplace Health and Safety Rules. The Company regularly conducts employee health examinations, labor safety education, fire safety training, and emergency drills to safeguard employee safety and health.

In addition, the Company provides employer' s liability insurance and group insurance coverage for all employees, including dispatched workers, to enhance overall employee protection.

Pension Contributions

Employees in Taiwan who opt to apply the Labor Pension Act contribute 6% of their monthly salary to individual pension accounts administered by the Bureau of Labor Insurance to safeguard employee retirement benefits.

Employees who choose to remain under the Labor Standards Act pension scheme, or those who retain prior service years under the old system while transitioning to the new scheme, have pension contributions deposited into a labor pension reserve fund account at Bank of Taiwan under the supervision of the Labor Pension Reserve Supervisory Committee.

At the end of each fiscal year, any funding shortfall identified in the actuarial valuation is fully funded by the end of March of the following year, and as of December 31, 2025, the defined benefit plan recorded a net defined benefit asset of NT$8.514 million.

Present Value of Defined Benefit Obligation	+	Fair Value of Plan Assets	=	Net Defined Benefit Asset
-39,374		47,888		8,514

Unit:
NT$ thousands

Parental Leave

In 2025, a total of three employees applied for parental leave, and two employees returned to work from parental leave in the previous year. As of the reporting date, 3 employees who returned from parental leave in different years remained in service for more than 12 months after resumption, indicating stable retention performance.

Year	2023		2024		2025	
Gender	Male	Female	Male	Female	Male	Female
Employees Eligible for Parental Leave (A)	7	6	6	6	6	4
Employees Applying for Parental Leave (B)	1	4	-	2	2	1
Employees Scheduled to Return to Work During the Year (C)	-	-	1	1	2	-
Employees Returning to Work During the Year (D)	-	1	1	5	2	-
Employees Remaining Employed 12 Months After Returning to Work (E)	-	1	1	5	2	1
Return-to-Work Rate Upon Expiration of Parental Leave (D)/(C)	-	-	100%	500%	100%	-
Retention Rate 12 Months After Returning to Work (E)/ Previous Year' s Employees Returning to Work (D)	-	-	-	500%	200%	20%



Note: The number of employees eligible for parental leave refers to employees who have been employed for more than six months during the reporting year and have children under three years of age.

Employee Care and Engagement Activities

1.Year-End Celebration

The Company organizes an annual year-end celebration as an important employee engagement activity to strengthen team cohesion and enhance interaction among employees across different departments.

Through the gathering and related activities, employees are encouraged to communicate and share workplace experiences, helping to foster mutual understanding and relieve work-related stress.

The event also serves as an opportunity for the Company to express appreciation for employees' contributions and dedication throughout the year. In addition, the gathering encourages employees to reflect on past achievements and prepare for future goals in both their professional and personal lives.




Year-End Celebration

2.Employee Benefits

The Company is committed to maintaining employee morale and strengthening employees' sense of belonging by providing comprehensive employee welfare programs and fostering a supportive and positive workplace environment. This enables employees to contribute their professional capabilities in a safe, healthy, and stable working environment, while aligning with the Sustainable Development Goal of decent work.

The Company's employee benefits include:

(1)Employee Bonuses

To encourage employees to work collectively toward profitability, the Company distributes bonuses based on annual operating results. After covering accumulated losses and appropriating the statutory reserve in accordance with applicable regulations, at least 2% of the remaining surplus is allocated as employee bonuses. For the fiscal year 2025, approximately NT$62,474 thousand in employee compensation was allocated based on the results of mid-year and annual performance evaluations under the Company's Performance Evaluation Management Measures.

(2)Employee Insurance and Health Care System and Its Implementation

A. In accordance with applicable government regulations, the Company ensures proper enrollment in and withdrawal from labor insurance and national health insurance for all employees.

B. The Company provides group insurance coverage for all employees to enhance employee protection and welfare.

C. The Company provides regular complimentary health examinations in collaboration with qualified medical institutions to monitor employees' health conditions, ensure job suitability, and identify potential health risks that may affect operations at an early stage.

(3)Employee Welfare Committee

A. The Company has established an Employee Welfare Committee in accordance with applicable laws to organize and manage various employee welfare programs. Welfare funds are allocated in compliance with legal requirements, and any shortfall is supplemented by the Company.

B. The Company provides maternity gifts for employees.

C. The Company provides marriage and bereavement allowances for all eligible employees.

D. The Company provides subsidies for domestic and international travel programs for employees.

E. Additional welfare benefits include gifts for festivals such as the Dragon Boat Festival, Mid-Autumn Festival, and employee birthdays. The Company also provides educational scholarships and subsidies for employees' children.




Employee Travel Programs

4.4 Occupational Health and Safety

To comprehensively enhance workplace safety management, the Company has obtained ISO 45001 certification for its Occupational Health and Safety Management System. Through a systematic and institutionalized management framework, the Company effectively identifies and controls occupational safety risks. In accordance with the Occupational Safety and Health Act, the Company has established the Safety and Health Work Rules, which clearly require all personnel entering the premises, including contractors, to comply with relevant occupational safety regulations in order to strengthen safety awareness and reduce workplace risks.

The Company' s occupational safety unit conducts daily site inspections. In the event of any abnormalities or non-compliance with operational procedures, immediate corrective actions are required, and all findings are recorded in inspection logs. For issues identified during periodic inspections, records are issued and reported to relevant supervisors and safety contacts of each department, and improvement measures are formulated and implemented by responsible units. For emergency management, all departments are required to report near-miss incidents occurring in the workplace and complete formal documentation as a basis for subsequent review and continuous improvement.

To prevent occupational accidents, the Company has established maintenance and inspection standards for machinery, equipment, and tools, as well as safety procedures for all operational tasks, to ensure employee safety and health and to strengthen the effectiveness of self-inspection practices. The Occupational Safety and Health Self-Inspection Plan is implemented to ensure inspection effectiveness. Inspectors select appropriate inspection methods based on inspection items, including regular inspections and focused inspections. Where necessary, outsourced inspections are conducted. Inspection reports cover all legally required items, and records are validated through review and signature by supervisors or authorized representatives.

In 2025, the Company was penalized for non-compliance with the Occupational Safety and Health Act due to the absence of compliant residual-current devices on high-voltage mobile electrical equipment. Please refer to Section 2.2 Regulatory Compliance for further details. In response, the Company has strengthened equipment safety inspections, enhanced occupational safety and health training programs, and reinforced safety audits and internal management systems to continuously improve occupational health and safety performance.



CERTIFICATE

Certification No : 08037/KUO4SU
Initial Certification Date : 06.07.2023
Recertification Date : -
Issue Date : 30.06.2025
Expiration Date : 05.07.2026
Revision Date / No : 30.06.2025/02

This is to certify that the Management System of:

國統國際股份有限公司
高雄市左營區大順一路91號8樓之5

has been assessed and found to be in accordance with the requirements of:

ISO 45001:2018
Occupational Health and Safety Management Systems

Scope: 管道及淨污水等相關工程。

General Manager
Chris Markopolo

ISO 45001 Certification Certificate



For contractor safety management, the Company requires contractors to undergo safety education and training one to two days prior to site entry, during which occupational hazards and safety risks are communicated. During construction activities, on-site inspections are conducted to ensure contractors wear appropriate personal protective equipment and comply with occupational safety and health requirements. Contractors are also required to perform self-inspections after completing work prior to leaving the site.

Site supervisors and inspection personnel conduct periodic audits to ensure compliance with occupational safety regulations. Over the past three years, the Company has recorded no contractor-related occupational injury incidents.

Strengthening Occupational Safety Awareness

Noise generated from the Company' s production lines represents a potential occupational hazard for employees. To prevent serious occupational accidents, the Company conducts regular training programs and health examinations. Through a self-management mechanism, potential hazards are identified and mitigated in advance. Standard operating procedures for occupational safety incident response are also communicated to reduce potential injuries and losses.

The Company organizes and participates in various occupational safety and health training courses annually to enhance employees' safety awareness and strengthen safe working behaviors within the workplace. In 2025, the Company conducted a total of 17 occupational safety and health training programs, with 137 participants completing the training.






Occupational Health and Safety Training Programs

Occupational Safety-Related Training Courses in the Past Two Years

Safety-Related Training Programs	2024 Attendance (Participants)	2025 Attendance (Participants)
ISO 14001 Environmental Management System Training	155	59
Site Supervisor Certification Training	2	2
General Occupational Safety and Health Training for Construction Industry Taiwan Occupational Safety Card	13	2
Occupational Safety and Health Supervisor Training Construction Industry	7	3
Occupational Safety and Health Supervisor Training	8	4
Occupational Safety Management Personnel Training	7	12
Work Supervisor Safety Training	5	7
Forklift Operator Training	17	6
Mobile Crane Operator Training	27	11
Public Construction Quality Management Training	8	6
First Aid Training	2	12
Fire Safety Management Training	1	3
Wastewater Treatment Operator Training	4	1
Kaohsiung Pipeline Excavation Project Management Training	0	2
Sewer System Operation and Maintenance Training	1	2
Acetylene Handling Training	0	4
Boiler Operator Training	0	1
Total	257	137

Note: In 2024, training participation was higher due to ISO 14001 certification implementation and auditor qualification training, which involved broad participation across relevant personnel. In 2025, ISO 14001-related training was primarily targeted at operational units with actual implementation responsibilities, resulting in a decrease in total training participation compared to the previous year.

Disabling Injury Overview Over the Years

The Company's historical statistics on disabling injuries are presented in the table below. The data is based on monthly occupational accident reporting records and excludes commuting-related traffic accidents. There have been no occupational fatalities in the past three years. In 2025, no disabling injuries or occupational disease cases were reported.

	Disabling Injury and Occupational Safety Performance Indicators	2023	2024	2025
Employee Disabling Injury Data	Annual Working Hours	634,043	855,834	937,835.5
	Number of Occupational Fatalities	-	-	-
	Number of Serious Disabling Injuries	-	-	-
	Number of Near-Miss Incidents	-	-	-
	Lost Workdays	-	-	-
	Number of Recordable Occupational Injuries	-	-	-
Employee Disabling Injury Indicators	Occupational Fatality Rate	-	-	-
	Serious Occupational Injury Rate	-	-	-
	Total Recordable Incident Rate (TRIR)	-	-	-
	Near-Miss Frequency Rate (NMFR)	-	-	-
	Lost Workday Incidence Rate	-	-	-
	Disabling Injury Frequency Rate (FR)	-	-	-
	Disabling Injury Severity Rate (SR)	-	-	-

Note1: The calculation of indicators excludes traffic-related injuries and is in accordance with the "Regulations of the Examination of Injuries and Diseases Resulting from the Performance of Duties by Insured Persons under Labor Insurance." Disabling injuries exclude minor injuries that are reported within 8 hours.
Note2: Occupational Fatality Rate = Number of Occupational Fatalities × 200,000 ÷ Annual Working Hours
Note 3: Serious Occupational Injury refers to cases in which the injured worker suffers irreversible impairment (e.g., amputation) or is unable to recover to pre-injury health status within six months.
Serious Occupational Injury Rate = Number of Serious Occupational Injuries × 200,000 ÷ Annual Working Hours
Note 4: Total Recordable Incident Rate (TRIR) = Number of Recordable Occupational Injuries × 200,000 ÷ Annual Working Hours
Note5: Lost Workdays refer to the number of days an injured employee is temporarily or permanently unable to work, excluding the day of injury and the day of return to work, but including intervening calendar days (including weekends, holidays, and shutdown periods) and any additional days of inability to work caused by the injury after resumption of work. Number of Recordable Occupational Injuries refers to cases involving injuries resulting in more than 8 lost work hours.
Note6: Near-Miss Frequency Rate (NMFR) = Number of Near-Miss Incidents × 200,000 ÷ Annual Working Hours

Physical and Mental Health Management

The Company is committed to providing employees with a safe and comfortable working environment and regularly promotes health-related information to enhance employees' health awareness and knowledge.

In compliance with occupational safety and health regulations, the Company employs contracted occupational health medical personnel to provide on-site health services for 2 to 4 hours per week. These services include health management, occupational disease prevention, and health promotion activities to safeguard employee health. The Company conducts regular comprehensive health examinations in accordance with regulatory requirements and fully subsidizes employee health check-ups. New employees are also provided with subsidies for basic health examinations. In addition, one-on-one health consultations are offered to support employees' physical and mental well-being.

Following health examinations, occupational health personnel classify employees based on their health conditions for management purposes. Currently, employees identified as medium to high risk are primarily affected by metabolic syndrome conditions, including hyperlipidemia, hypertension, and hyperglycemia. Occupational health personnel continuously monitor these employees, arrange follow-up consultations with medical professionals, and provide periodic health education to support health improvement and risk reduction.

In accordance with the Occupational Safety and Health Act, employees engaged in special operations involving dust, high temperature, and noise are required to undergo periodic health examinations as stipulated by regulations. In 2025, the Company completed health examinations for employees engaged in high-temperature operations (39 person-times), noise-related operations (50 person-times), and dust-related operations (103 person-times), ensuring compliance with occupational safety requirements and safeguarding employee health.

In 2025, the Company conducted occupational safety and health training programs with a total of 1,311 training hours and 359 participant attendances, averaging 3.65 training hours per employee. Health promotion and management training programs recorded a total of 141 training hours and 198 participant attendances, with an average of 0.71 training hours per employee.

Implementation of Statutory Occupational Health Services

The Company implements occupational health protection and promotion measures in accordance with applicable regulations and the guidelines issued by the Ministry of Labor.

With regard to the health protection of female employees, the Company assesses potential occupational impacts on maternal health during pregnancy and provides health consultations as well as relevant health education resources. In addition, nursing rooms are provided within the Company's facilities to support the needs of female employees.

In addition to continuously strengthening its internal occupational health and safety management system, the Company actively participates in external professional exchanges and learning activities to enhance overall occupational safety management capability.

The Company is a member of occupational safety and health promotion associations in the northern, central, and southern regions of Taiwan and regularly participates in safety

promotion seminars and benchmarking activities organized by these associations. In 2025, the Company participated in 11 sessions with a total of 25 attendances. Through practical benchmarking and experience sharing, the Company continues to enhance its occupational safety management practices and on-site safety measures.

The implementation of occupational health and safety measures and the prevention of workplace accidents have long been key priorities of the Company. The Company is committed to creating a safe, comfortable, healthy, and high-quality working environment for all employees and construction personnel.

The Company is dedicated to achieving the occupational safety management goal of "Safety First" and "Zero Occupational Accidents." In addition, the Company continuously promotes occupational safety and health awareness among all construction personnel and strives to foster a workplace culture based on "Safety, Security, and Stability."

4.5 Social Engagement and Investment

Guided by the principle of stable and sustainable operations, the Company actively fulfills its corporate social responsibility and leverages its core expertise to promote a wide range of social engagement initiatives.

These initiatives include supporting local sports teams, promoting social and environmental education, participating in rural education support programs, and engaging in environmental protection activities. Through these efforts, the Company demonstrates its commitment to society, the environment, and economic development, aligning with the principles of the United Nations Sustainable Development Goals (SDGs).

Through these practical actions, the Company enhances its social value while contributing to sustainable development and helping create a more harmonious and environmentally responsible future. The Company's donations included funding for housing repair projects for low-income households affected by Typhoon Danas in Tainan. In 2025, the Company's total charitable donations amounted to NT$5,099 thousand.

Educational Support for Remote Areas in Collaboration with World Vision Taiwan



Since 2021, the Company has collaborated with World Vision Taiwan to support educational assistance programs for underprivileged students in remote areas. Through field visits to disadvantaged families in Hualien, the Company contributes to the "World Vision Child Sponsorship Program," aiming to provide children in rural areas with stable access to education.

By continuously investing in educational resources, the initiative seeks to reduce the educational gap between urban and rural regions and promote equal learning opportunities. In 2025, the Company continued its partnership with World Vision Taiwan, supporting 20 sponsored children and helping to ensure consistent access to education for students in need.

Through this initiative, the Company also contributes to the broader awareness of sustainable development issues, including environmental and water resource education, within remote communities.

Support for Coding Education Initiative in Africa



The Company supports the donation of 200 used computers to Africa through the Kaohsiung Coding Education Association. The initiative aims to enhance educational access for children in underserved regions by providing functional computing equipment. Prior to donation, the computers undergo refurbishment, including cleaning, testing, and quality assurance procedures to ensure proper operation before shipment.

This initiative promotes educational equity and supports responsible consumption and production through the reuse and recycling of electronic equipment.

Supporting the Kaohsiung Diving Team



Kaohsiung, home to the Company's headquarters, has long been a key hub for the development of diving sports in Taiwan and has nurtured many outstanding athletes.

The Company maintains a long-term commitment to aquatic sports and collaborates with the Kaohsiung City Health and Sports Development Association to promote local sports development. Through annual financial sponsorships, the Company provides athletes with training equipment that meets international standards, supporting improvements in training quality and competitive performance. This initiative also highlights the importance of water resources.

In alignment with Sustainable Development Goal 3: Good Health and Well-Being, the Company actively contributes to the promotion of physical and mental health and the enhancement of local sports development.

Water Refill Initiative

The Company promotes the use of clean drinking water through the installation and adoption of water refill stations at various locations, supporting the sustainable use of water resources.

The initiative has been implemented at locations including the Taichung Ai Jia Bei Care Association Dajia Base, MLD Food Court, and Carrefour Ai He Store. Water consumption is monitored through digital tracking systems installed on the stations, enabling the calculation of total water usage and its conversion into the equivalent number of 600 ml plastic bottles avoided.

As of the end of 2025, the Water Refill Initiative has reduced the use of 103,004 plastic bottles, resulting in a total carbon reduction of 15,759.6 kg, equivalent to the annual carbon sequestration of approximately 1,313 trees.



Water Refill Activity Impact Report

Magong Seawater Desalination Plant Environmental Education Park

To expand outreach and enhance educational functions, the Company has been actively developing environmental education programs for Phase I of the Magong Seawater Desalination Plant since 2022. This initiative reflects the Company's commitment and expertise in environmental education by integrating seawater desalination technologies with educational resources, thereby enhancing public awareness of water resource management and water conservation and promoting knowledge transfer and behavioral change.

After extensive preparation and integration of both software and hardware resources, the Company obtained certification for its environmental education facility from the National Environmental Research Academy under the Ministry of Environment in October 2024, marking a new milestone for environmental education in the Penghu region.

Currently, the environmental education program at the seawater desalination plant is conducted 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 promotes awareness of water resource management and conservation. The course is designed to be accessible to participants of all age groups, fostering awareness of the connection between environmental protection and daily life.



Certification of Environmental Education Facility Site, Magong Seawater Desalination Plant

Support for Local Community Activities

The Company actively engages with neighboring communities and stakeholders to maintain strong local relationships and contribute to community development and support for underprivileged groups.

Through donations and co-organized initiatives, the Company participates in cultural and artistic activities and supports the New Classical Chamber Ensemble. These efforts aim to cultivate local performing arts talent and contribute to the development and international exposure of Taiwan's contemporary arts.

In 2025, the Company supported the production "Music Circus Theater: Bangka's colorful sarong." In addition, in line with its commitment to social inclusion, the Company donated performance tickets to the Social Affairs Bureau of the Kaohsiung City Government and the Taiwan Fund for Children and Families, enabling families and children from disadvantaged backgrounds to experience live theater and artistic engagement.



Appreciation Letter from Music Circus Theater – Taiwan Fund for Children and Families



Appreciation Letter from Music Circus Theater – Social Affairs Bureau,Kaohsiung City Government

Winter Charity Initiative

In 2025, the Company participated in the "People with Love, Hands United" winter charity initiative organized by the Chiayi County Council to fulfill its corporate social responsibility and care for disadvantaged groups in local communities. The initiative integrated resources from both public and private sectors to provide support to persons with disabilities, low-income families, and economically vulnerable households. Beneficiaries of the donation included Genesis Social Welfare Foundation, Ruo-Chu' er Intellectual Development Center, Chiayi County Private Chiayi Training Institute, Foundation of Private Chia Huey Nursing Institution in Chiayi County, and Sacred Heart Home.

Through participation in charitable activities, the Company supports the local social welfare system and contributes to improving living security and social support for vulnerable groups. The Company will continue to address local needs and strengthen its social engagement to generate long-term positive social impact.



Winter Charity Initiative



Appreciation Letter for Winter Charity Initiative

Typhoon Danas Post-Disaster Housing Restoration Initiative

To assist residents affected by Typhoon Danas in restoring their homes and resuming normal lives as quickly as possible, Kuo Toong International Co., Ltd. responded to the call from the Water Resources Agency, Ministry of Economic Affairs, and Taiwan Water Corporation by actively participating in the "Tainan Post-Disaster Housing Restoration Program." Guided by the spirit of "Restoring Communities with Care; Rebuilding Together for a Better Future," the Company swiftly mobilized professional personnel and integrated internal resources to undertake repair works for multiple damaged homes, providing practical assistance to help affected families restore safe and stable living environments while safeguarding their quality of life.

The Company's dedicated efforts in supporting post-disaster recovery across the Yunlin, Chiayi, and Tainan regions were publicly recognized by the Public Construction Commission, Executive Yuan, in acknowledgment of its professional contributions to disaster response, post-disaster recovery, and local reconstruction efforts. This recognition demonstrates the Company's commitment to fulfilling its corporate social responsibility through the effective application of its engineering expertise.

The Company has long been committed to sustainable development and social engagement. Looking ahead, it will continue to leverage its core expertise to actively participate in public–private partnership initiatives in response to extreme weather events and other emergencies. By collaborating with industry partners and stakeholders, the Company aims to strengthen disaster preparedness and recovery capabilities, foster safer and more resilient communities, and create long-term sustainable value for society.



Post-Disaster Housing Initiative in Tainan



Restoration



Recognition Ceremony for Disaster Recovery Partner Contractors



Yunlin–Chiayi–Tainan Post-Disaster Recovery Support Contractors Appreciation Tea Reception

Promoting Sustainable Water Resource Education

Given its industry characteristics and core business operations, the Company has long focused on water resource and energy sustainability issues and continues to invest in technological development and public education initiatives.

In 2025, the Company participated in the "2025 Taiwan Sustainable Energy Creative Expo" and sponsored seawater desalination educational kits. Through simplified processes and visualized designs, the kits demonstrate the engineering principles of seawater desalination and allow participants to better understand the process of converting seawater into usable water resources, thereby enhancing public awareness of water recycling, energy conservation, and carbon reduction concepts.

The educational kits will continue to be featured in educational outreach and touring exhibition programs to further expand public engagement. By supporting educational institutions and science museum initiatives, the Company aims to strengthen younger generations' understanding of sustainable water management topics, including seawater desalination and reclaimed water.

These efforts align with Sustainable Development Goal 6: Clean Water and Sanitation and reflect the Company's commitment to promoting sustainable water resource management. Moving forward, the Company will continue leveraging its professional expertise to advance public awareness of sustainable water management and fulfill its corporate social responsibility toward sustainable water development.



Seawater Desalination Educational Kit



Taiwan Sustainable Energy Creative Expo

5 Product Value

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5.5 Accountability Management 84



5 Product Value

5.1 Product Certification

According to the characteristics of each project contract, the Company establishes construction quality management standards as the basis for quality control implementation to ensure that projects are executed in accordance with relevant specifications and requirements.

The construction quality management standards cover construction items, management items, management standards, inspection timing, inspection methods, inspection frequency, non-conformance handling, and management records. Each item is clearly defined and documented to ensure that quality management procedures are consistently followed throughout every stage of construction.

Overall quality management is primarily divided into material inspection and construction inspection.

1. Material Inspection

The pipes designed and manufactured by the Company fully comply with the applicable national standards of the Republic of China (CNS standards). All materials must undergo inspection and testing by laboratories accredited in accordance with CNS 17025 (ISO/IEC 17025) before they can be approved for use.

Due to product safety considerations, CNS standards specify detailed requirements for the dimensions and materials of different types of pipes and permit only limited tolerances of up to 2%. Therefore, the Company may not arbitrarily modify pipe structures or alter material compositions and manufacturing processes in ways that could affect product performance or service life for the purpose of reducing material usage.

After reviewing and confirming the accuracy of the test reports, the supervisory unit notifies the contractor to proceed with subsequent work items and submits the relevant documentation to the project owner for record and acceptance verification.

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

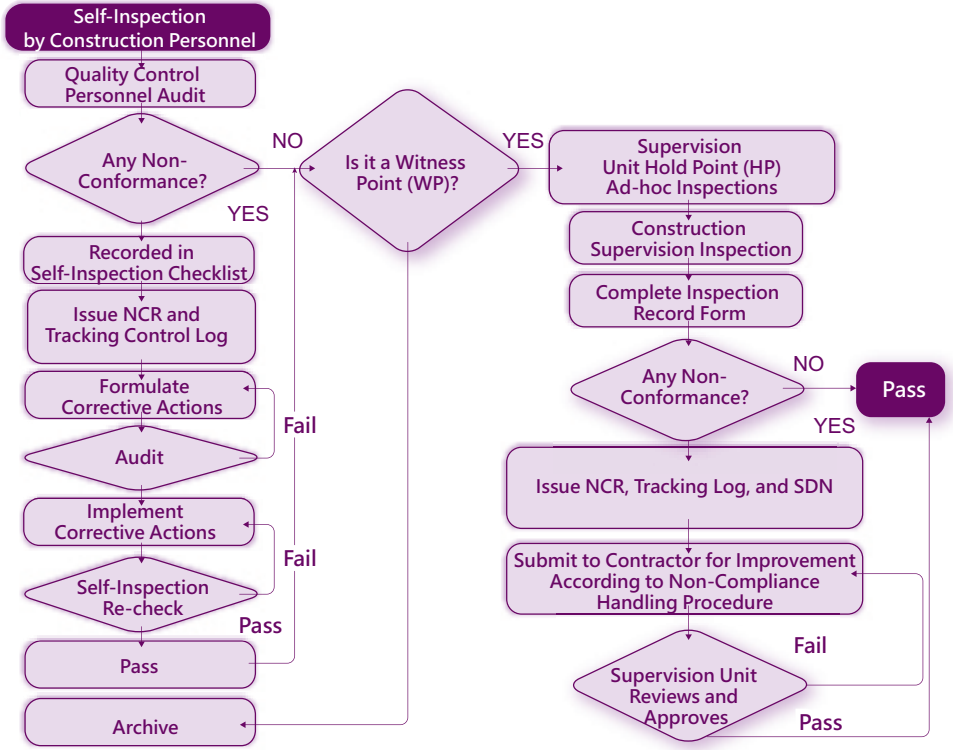
2. Construction Inspection

The key items of construction quality inspection include construction quality control planning, self-inspection procedures, and self-inspection execution contents.

Construction inspection standards are implemented in accordance with the quality management requirements stipulated in the contract. Once the construction plan is approved by the supervising engineer, the site manager, in coordination with quality control personnel, conducts in-process self-inspection during construction through inspection, measurement, metering, and monitoring activities.

When a portion of the works under a single project is completed and ready for inspection, the contractor submits a construction inspection request. On the scheduled inspection date, the quality control engineer, together with the supervising engineer, conducts the inspection. Based on the inspection results, the supervisory unit determines whether any defects exist in the ongoing or completed works that require correction.

The supervisory unit then reports the findings to the project owner for review and approval. Upon approval, corrective actions for identified deficiencies are implemented before subsequent construction activities proceed.



5.2 Innovative Method

The Company's patented technologies are primarily applied in seawater desalination plants. The pre-treatment bag filtration system, combined with a chemical-free process, enables filter bags to be reused four to five times. This reduces filter bag consumption by approximately 75% to 80% compared with conventional filtration systems, thereby lowering material production energy consumption and promoting resource recycling and reuse.

In addition, the seawater desalination process adopts a physical reverse osmosis method without the use of chemical additives, thereby minimizing potential impacts on marine ecosystems. With proper operation, the service life of reverse osmosis (RO) membranes can be extended from 5–6 years to 8–9 years, further contributing to waste reduction.

When abnormal energy consumption is identified, the Company reviews and optimizes the process to implement improvements. For example, at the seawater desalination plant, the energy recovery system experienced water hammer effects caused by brine discharge, resulting in excessive pipeline vibration. This not only increased maintenance frequency but also reduced equipment availability, defined as the interval between unplanned shutdowns.

To address this issue, the Company adopted a pressure accumulator made of fiber-reinforced plastic (FRP), effectively mitigating vibration and improving system stability. The improvement has significantly enhanced equipment availability and operational efficiency without affecting overall water production capacity or maintenance operations.

5.3 Patent Maintenance

The Company encourages innovation and the application of new technologies, which not only enhance operational efficiency but also create potential business opportunities through the development and acquisition of patented technologies.

In 2022, the Company obtained a domestic patent for the "non-assembled bolted flexible pipe." This technology is applied to steel pipelines used in pipeline engineering. It is designed to address situations where pipelines may be affected by earthquakes, ground settlement, or other geotechnical movements that could result in damage or leakage. The flexible pipe is capable of absorbing vibration and accommodating pipeline displacement to improve system resilience and operational reliability.

The Company will continue to invest in research and development of patented technologies, focusing not only on pipe-related design and manufacturing but also on enhancing capabilities in water treatment and seawater desalination technologies.

As of the end of 2025, the Company holds 12 valid patents.

5.4 Innovative Research and Development

The Company actively promotes innovation and research and development, continuously allocating resources to product optimization and technological upgrades to strengthen market competitiveness and enhance long-term operational performance.

In 2025, research and development expenses amounted to NT$20,031 thousand, representing 0.32% of revenue.

Research and development expenditures over the past three years are as follows:

Research and Development Investment

(NT$ thousand)

Item	2023	2024	2025
Research and Development Expenses (a)	30,674	28,717	20,031
Revenue (b)	4,132,263	5,245,526	6,309,791
R&D Expense Ratio (c)=(a)/(b)	0.74%	0.55%	0.32%

The Company has engaged in an industry–academia collaboration project with National Kaohsiung University of Science and Technology (NKUST) since 2023, focusing on improving the performance of ultrafiltration (UF) and reverse osmosis (RO) units in reclaimed water treatment systems.

The study addresses operational challenges such as organic fouling, salt impurities, and biofilm formation that may affect system efficiency. As an innovative approach, the project introduced functional fungal-based treatment mechanisms as an alternative to conventional physical and chemical processes, with the aim of reducing environmental impacts.

Building on the 2023 research outcomes, the Company successfully completed key validation tests of the fungal-based system in 2024, marking an important milestone in the development of reclaimed water treatment technologies.

The project also contributed to talent development by training professionals in advanced water treatment technologies, reflecting the Company's belief that sustainability is achieved not only through technological advancement but also through knowledge transfer.

Although the project has been temporarily suspended since 2025 in line with overall planning adjustments, the accumulated research outcomes and technical achievements have established a solid foundation for future low-carbon water treatment technologies.

Salt Brine Calcium and Magnesium Resource Recovery Technology Collaboration

The Company continues to optimize its research and development portfolio to ensure strong alignment between technological innovation and core business operations. In May 2025, the Company signed a contract with the Industrial Technology Research Institute (ITRI) to initiate a joint development project on a brine calcium and magnesium resource recovery technology derived from seawater desalination processes.

This collaboration marks an extension of the Company's focus from conventional water treatment toward resource circularity and reuse, while also reflecting its capabilities in seawater desalination technology development.

The project aims to develop an advanced process within the next two years to recover valuable minerals such as calcium and magnesium from desalination brine through crystallization technology. This approach is expected to reduce brine discharge, mitigate environmental impacts, and promote resource recycling and carbon reduction, thereby supporting sustainable water resource management.

The initiative also represents a strategic technological reserve for future large-scale desalination projects, such as the Tainan seawater desalination plant, with the goal of developing low-carbon and environmentally friendly solutions.

Through this collaboration, the Company seeks to integrate its engineering expertise and R&D capabilities to drive practical innovation in water resource circularity, enhance competitiveness in domestic and international markets, and reduce the environmental impact of infrastructure development, achieving a balance between economic value and environmental sustainability.



Collaboration on Resource Recovery Technology for Calcium and Magnesium from Seawater Desalination Brine

Taiwan–Japan Trenchless Technology Exchange and Collaboration

To strengthen professional exchange and cooperation in the field of trenchless engineering between Taiwan and Japan, the Company donated the Guidelines and Practical Case Studies on Trenchless Technology to the Taiwan Branch of the Japan Society of Civil Engineers. This initiative aims to support knowledge transfer and the development of specialized engineering expertise.

During the event, representatives from the Taiwan Society for Trenchless Technology were also invited to participate. Through professional dialogue and practical experience sharing, the exchange facilitated cross-border collaboration and enhanced mutual understanding of the latest developments, engineering applications, and environmental sustainability considerations in trenchless technology.

This initiative highlights the Company's commitment to the dissemination of professional knowledge and provides a platform for collaboration between industry and academia. It also contributes to improving the technical standards and overall competitiveness of the underground pipeline engineering sector.

Through such professional engagement, the Company continues to fulfill its corporate social responsibility and promotes long-term industry development through knowledge sharing and international cooperation, supporting advancements in engineering innovation, environmental sustainability, and talent development between Taiwan and Japan.



Taiwan–Japan Trenchless Technology Exchange and Collaboration

5.5 Accountability Management

Tendering and Contract Performance Management

The Company has long participated in public infrastructure projects and adheres to the principles of legal compliance, integrity in contract performance, and responsible management. A comprehensive tender evaluation and contract performance management mechanism has been established.

Prior to bidding, each project is reviewed in accordance with the requirements of tender documents. The assessment includes key aspects such as contractual obligations, construction capability, schedule planning, market conditions, and subcontracting feasibility. Relevant departments jointly review project characteristics and resource allocation to ensure a prudent assessment of project execution capability.

After the decision to submit a bid, the construction unit conducts on-site investigations and prepares evaluation reports. When necessary, cross-functional resources from engineering, technical, and environmental management teams are integrated to ensure the feasibility and regulatory compliance of project planning.

For projects subject to environmental impact assessment (EIA) requirements, construction activities are carried out in accordance with applicable laws and approved EIA documentation. Where construction conditions differ from the original EIA assumptions, an environmental impact difference analysis is prepared and submitted to the competent authority for review, ensuring compliance with environmental regulations throughout project execution.

Upon award of the contract, the Company implements contract performance management in accordance with government procurement regulations and internal quality management systems. The Company also cooperates with project owners in inspection point submissions and quality audits to ensure compliance with relevant construction quality and safety requirements.

Engineering Environmental Management and Sustainable Practices

During project execution, the Company continuously integrates environmental management and sustainable engineering principles into its operations. Through pollution prevention measures, resource management practices, and environmental monitoring, the Company seeks to minimize the environmental impacts associated with construction activities.

Taking the "Tainan Seawater Desalination Plant Turnkey Project (Phase I) and Operation & Maintenance" awarded in 2024 as an example, the project completed the environmental impact assessment (EIA) process prior to tendering in accordance with the Environmental Impact Assessment Act. The assessment covered key dimensions including the living environment, natural ecology, socio-cultural conditions, and economic development. The project proceeded to tendering only after review and approval by the competent authority and relevant experts.

Upon project award, the Company implements environmental management measures in accordance with the approved Environmental Impact Assessment documentation. These measures include the establishment of membrane cleaning facilities to extend equipment service life, the installation of wastewater treatment systems to ensure effluent compliance with discharge standards, and periodic marine ecological monitoring at intake facilities to assess potential impacts on marine ecosystems and fisheries resources.

In addition, during the construction phase, the Company implements environmental protection and monitoring measures, including the use of automated dust suppression systems to reduce particulate emissions. A construction-stage carbon inventory is also conducted, with third-party assurance obtained to enhance transparency and credibility in environmental performance management.

For the "Fengyuan Water Treatment Plant Phase I and Phase II Renovation Turnkey Project" awarded in 2025, the competent authority determined that the project constituted an upgrade of existing facilities and therefore did not meet the development thresholds under the Environmental Impact Assessment Act. As a result, the project was granted exemption from EIA requirements. Nevertheless, the Company continues to incorporate sustainable engineering principles throughout both planning and construction phases. During the design stage, green building measures were integrated with the objective of achieving a Silver-level Green Building Certification. Key initiatives include solar photovoltaic systems, rooftop rainwater harvesting, on-site water retention, and permeable pavement, all aimed at improving energy efficiency and enhancing water resource management performance.

In construction management, the Company follows the 3R principles of construction waste management—Reduce, Recycle, and Reuse—to promote resource circularity. For example, surplus excavated soil is prioritized for backfilling or reused in construction material production. On-site recycling facilities are also utilized for sorting and crushing materials, thereby reducing the volume of waste transported off-site and minimizing the environmental impacts associated with waste disposal.

In addition, for construction activities that may generate environmental impacts, such as excavation, demolition, and renovation works, the Company has established corresponding pollution prevention and construction waste management measures. These measures are implemented to minimize the environmental impacts of construction activities on surrounding areas.

Management Refinement and Improvement Measures

Upholding the principles of regulatory compliance and continuous improvement, the Company systematically reviews all findings from inspections conducted by competent authorities and implements appropriate corrective and preventive actions.

In 2025, during the operation and management of air emission control facilities and waste management practices, regulatory inspections identified certain areas for improvement in operational procedures. These included the management of exhaust gas collection systems and pollution control equipment operations, as well as the execution of waste reporting and documentation procedures. Relevant information regarding regulatory compliance and penalties is disclosed in Section 2.2 "Regulatory Compliance" of this report.

Looking ahead, the Company will continue to enhance environmental risk management and regulatory compliance through strengthened governance systems and internal control mechanisms. The Company remains committed to improving environmental management performance and ensuring responsible and compliant business operations.

6 Appendix

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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	16
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	3.3 Energy Management	53
2-5	External assurance	Auditor Assurance Report	94
Activities and Workers			
2-6	Activities, value chain and other business relationships	1.2 Main Business Activities 2.5 Supply Chain Management	20 42
2-7	Employees	4.2 Diversity and Inclusivity	64
2-8	Workers who are not employees	4.2 Diversity and Inclusivity	64
Governance			
2-9	Governance structure and composition	2.1 Corporate Governance	33
2-10	Nomination and selection of the highest governance body	2.1 Corporate Governance	33
2-11	Chair of the highest governance body	2.1 Corporate Governance	33
2-12	Role of the highest governance body in overseeing the management of impacts	2.1 Corporate Governance	33
2-13	Delegation of responsibility for managing impacts	2.1 Corporate Governance	33
2-14	Role of the highest governance body in sustainability reporting	About this Report 2.1 Corporate Governance	4 33
2-15	Conflicts of interest	2.1 Corporate Governance	33
2-16	Communication of critical concerns	Stakeholder Engagement	9
2-17	Collective knowledge of the highest governance body	2.1 Corporate Governance	33
2-18	Evaluation of the performance of the highest governance body	2.1 Corporate Governance	33
2-19	Remuneration policies	2.1 Corporate Governance 4.3 Remuneration and Benefits	33 70
2-20	Process to determine remuneration	2.1 Corporate Governance 4.3 Remuneration and Benefits	33 70
2-21	Annual total compensation ratio	4.3 Remuneration and Benefits	70
Strategy, Policies and Practices			
2-22	Statement on sustainable development strategy	Message from the Management	3
2-23	Policy commitments (responsible business practices, respect for human rights)	2.3 Business Ethics 2.1 Corporate Governance	40 33
2-24	Embedding policy commitments	2.3 Business Ethics	40
2-25	Processes to remediate negative impacts	Stakeholder Engagement	9
2-26	Mechanisms for seeking advice and raising concerns	Stakeholder Engagement	9
2-27	Compliance with laws and regulations	2.2 Regulatory Compliance	39
2-28	Membership associations	1.1 Corporate Overview	16
Stakeholder Engagement			
2-29	Approach to stakeholder engagement	Stakeholder Engagement	9
2-30	Collective bargaining agreements	No collective agreement signed with labor union.	

GRI 3: Material Topics 2021

Indicator	Disclosure Item	Reference Chapter/Description/ Ellipsis	Page
3-1	Process to determine material topics	Stakeholder Engagement	9
3-2	List of material topics	Stakeholder Engagement	9
Material Topics			
GRI 200: Economic Topics			
GRI 201: Economic Performance 2016			
3-3	Management approach	1.3 Operational Overview	28
201-1	Direct economic value generated and distributed	1.3 Operational Overview	28
201-3	Defined benefit plan obligations and other retirement plans	4.3 Remuneration and Benefits	70
GRI 205: Anti-Corruption 2016			
3-3	Management approach	2.3 Business Ethics	40
205-3	Confirmed incidents of corruption and actions taken	2.3 Business Ethics	40
GRI 300: Environmental Topics			
GRI 301: Materials 2016			
3-3	Management approach	3.5 Recycling and Reusing Materials	57
301-1	Materials used by weight or volume	3.5 Recycling and Reusing Materials	57
301-2	Recycled input materials used	3.5 Recycling and Reusing Materials	57
GRI 303: Water and Effluent 2018			
3-3	Management approach	3.4 Water Resource Management	56
303-1	Interactions with water as a shared resource	3.4 Water Resource Management	56
303-2	Management of water discharge-related impacts	3.4 Water Resource Management	56
303-3	Water withdrawal	3.4 Water Resource Management	56
303-4	Water discharge	3.4 Water Resource Management	56
303-5	Water consumption	3.4 Water Resource Management	56
GRI 305: Emissions2016			
3-3	Management approach	3.2 Greenhouse Gas Inventory	51
305-1	Direct (Scope 1) GHG emissions	3.2 Greenhouse Gas Inventory	51
305-2	Energy indirect (Scope 2) GHG emissions	3.2 Greenhouse Gas Inventory	51
305-3	Other indirect (Scope 3) GHG emissions	3.2 Greenhouse Gas Inventory	51
GRI 306: Waste 2020			
3-3	Management approach	3.6 Waste	58
306-1	Waste generation and significant waste-related impacts	3.6 Waste	58
306-2	Management of significant waste-related impacts	3.6 Waste	58
306-3	Waste generated	3.6 Waste	58
306-4	Waste diverted from disposal	3.6 Waste	58
306-5	Waste directed to disposal	3.6 Waste	58
GRI 307: Environmental Compliance 2016			
3-3	Management approach	2.2 Regulatory Compliance	39
307-1	Non-compliance with environmental laws and regulations	2.2 Regulatory Compliance	39
GRI 400: Social Topics			
GRI 401: Employment 2016			
3-3	3-3 Management approach	4.2 Diversity and Inclusivity 4.3 Remuneration and Benefits	64 70

401-1	New employee hires and employee turnover	4.2 Diversity and Inclusivity	64
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	4.3 Remuneration and Benefits	70
401-3	Parental leave	4.3 Remuneration and Benefits	70
GRI 402: Labor/Management Relations 2016			
3-3	Management approach	4.2 Diversity and Inclusivity	64
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	74
403-1	Occupational health and safety management system	4.4 Occupational Health and Safety	74
403-2	Hazard identification, risk assessment, and incident investigation	4.4 Occupational Health and Safety	74
403-3	Occupational health services	4.4 Occupational Health and Safety	74
403-4	Worker participation, consultation, and communication on occupational health and safety	4.4 Occupational Health and Safety	74
403-5	Worker training on occupational health and safety	4.4 Occupational Health and Safety	74
403-6	Promotion of worker health	4.4 Occupational Health and Safety	74
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	4.4 Occupational Health and Safety	74
403-8	Workers covered by an occupational health and safety management system	4.4 Occupational Health and Safety	74
403-9	Work-related injuries	4.4 Occupational Health and Safety	74
403-10	Work-related ill health	4.4 Occupational Health and Safety	74
GRI 404: Training and Education 2016			
3-3	Management approach	4.1 Talent Development	61
404-1	Average hours of training per year per employee	4.1 Talent Development	61
404-3	Percentage of employees receiving regular performance and career development reviews	4.1 Talent Development	61
GRI 405: Employee Diversity and Equal Opportunity 2016			
3-3	Management approach	2.1 Corporate Governance 4.2 Diversity and Inclusivity	33 64
405-1	Diversity of governance bodies and employees	2.1 Corporate Governance 4.2 Diversity and Inclusivity	33 64
405-2	Ratio of basic salary and remuneration of women to men	4.3 Remuneration and Benefits	70
GRI 419: Socioeconomic Compliance 2016			
3-3	Management approach	2.2 Regulatory Compliance	39
419-1	Non-compliance with laws and regulations in the social and economic area	2.2 Regulatory Compliance	39

SASB Comparison Table

Primary Industry: Infrastructure
Sub-industry: Engineering and Construction Services

Topics	Code	Accounting Indicators	Exposed Information in 2025	Chapter
Environmental Impact of Project Development	IF-EN-160a.1	Number of incidents of noncompliance with environmental permits, standards, and regulations	In 2025, the Company had one record of environmental penalty associated with its project development activities.	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 projects undertaken by the Company are all government procurement tenders. Before tendering, the competent authority evaluates project plans to determine whether an environmental impact assessment (EIA) is required. For projects subject to EIA regulations, tendering is only initiated after EIA approval has been obtained. As a result, all projects awarded to the Company have completed the required environmental impact assessment procedures prior to the bidding stage.	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 2025.	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 2025.	2.2 Regulatory Compliance
Workers' Health and Safety	IF-EN-320a.1	Indicator Code: IF-EN-320a.1 (1) (a) Total Recordable Incident Rate (TRIR) for Direct Employees (b) Total Recordable Incident Rate (TRIR) for Contract Employees (TRIR) (2) Fatality	(1) (a) TRIR for Direct Employees: 0 (b) TRIR for Contract Employees: 0 (2) Fatality Rate: 0%	4.4 Occupational Health and Safety
Lifecycle Impacts of Buildings & Infrastructure	IF-EN-410a.1	(1) Number of commissioned projects certified to a third-party multi-attribute sustainability standard (2) Number of active projects seeking such certification	(1) None (2) In 2025, 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 2025 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 2025, the Company had no related engineering projects.	
	IF-EN-410b.2	Amount of canceled fossil fuel projects under construction	In 2025, the Company had no related engineering projects.	
	IF-EN-410b.3	Total value of non-energy projects under construction related to climate change reduction	In 2025, the Company had no related engineering projects.	

Topics	Code	Accounting Indicators	Exposed Information in 2025	Chapter
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	In 2025, the Company did not undertake any projects in countries ranked among the bottom 20 in Transparency International' s Corruption Perceptions Index (CPI). Source: Transparency International, Corruption Perceptions Index 2025 (https://www.transparency.org/en/cpi/2025)	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	In 2025, the Company had no legal proceedings related to violations of laws and regulations concerning bribery, corruption, or anti-competitive behavior.	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	The Company has established a Code of Ethical Conduct and Employee Grievance Policy to provide employees with ethical guidelines in the performance of their duties.	2.3 Business Ethics
Activity Indicators	IF-EN-000.A	Number of Ongoing Construction	20	1.3 Operational Overview
	IF-EN-000.B	Number of Completed Construction	4	1.3 Operational Overview
	IF-EN-000.C	Value of Ongoing Construction Projects	NT$13.87 billion	1.3 Operational Overview

Climate-related Disclosure Implementation Iteams for Listed Companies (Appendix 2)

Climate-Related Information Implementation Items	Implementation Status
1. Description of the Board of Directors' and management' s oversight and governance of climate-related risks and opportunities.	■ The Company has incorporated climate change issues into its overall risk management framework, with the Board of Directors responsible for overseeing the management of climate-related risks and opportunities. Under the Board, the Sustainability Development Committee has been established to regularly review climate risk assessment results and corresponding response strategies, and report the implementation status to the Board of Directors.
	■ The Board of Directors reviews climate-related risks and opportunities, including assessment results and management strategies, at least once annually and oversees the effectiveness of related management measures.
	■ At the management level, the President serves as the highest executive responsible for climate-related matters. The President regularly convenes department heads to identify climate-related risks and opportunities, formulate response measures, and submit the relevant outcomes to the Sustainability Development Committee for review.

2. Description of how identified climate-related risks and opportunities may affect the Company' s business, strategy, and financial planning over the short, medium, and long term.	■ The Company identifies and analyzes short-, medium-, and long-term climate-related risks and opportunities in accordance with the Task Force on Climate-related Financial Disclosures (TCFD) framework, and formulates corresponding response measures. Further details are provided in Section 3.1 Climate Change.
	■ To enhance corporate climate resilience, the Company has developed five key strategic pillars based on the analysis results, including:
	1. Climate Change Mitigation
	2. Climate Change Adaptation
	3. Resilient and Low-Carbon Supply Chain
	4. Green Innovation and Products
	5. Governance and Capacity Building
	■ These strategies will be progressively integrated into the Company' s operations management and investment planning in order to mitigate potential financial and operational impacts arising from climate change.
3. Description of the financial impacts of extreme climate events and climate transition actions.	■ With the increasing frequency and intensity of extreme climate events, the Company may be exposed to risks such as operational disruptions, equipment damage, and increased operating costs, which may consequently impact financial performance. Climate-related risks are categorized into physical risks and transition risks. Further details are provided in Section 3.1 Climate Change.
	Physical Risks
	1. Damage to buildings, facilities, equipment, and transportation systems caused by extreme weather events, leading to operational disruption or asset losses.
	2. Damage to electricity and water supply infrastructure, resulting in operational interruption risks.
	3. Project delays or equipment damage during construction due to extreme weather conditions.
	4. Increased risk of flooding and heavy rainfall, leading to operational disruption or property damage.
	5. Rising number of high-temperature days, resulting in increased energy demand and higher electricity costs.
	6. Heat stress affecting employee health and productivity, increasing operational risk.
	Transition Risks
	1. Strengthening of international climate governance and disclosure requirements, such as TCFD-aligned reporting.
	2. Changes in government regulations and policies, including greenhouse gas disclosure and energy management requirements.
	3. Introduction of carbon pricing mechanisms, such as carbon fees or carbon taxation.
	4. Increasing policy requirements for renewable energy adoption.
	5. Volatility in raw material prices and increased supply chain transition costs.
	6. Growing stakeholder expectations for low-carbon products and sustainability disclosures.

4. Description of how climate-related risk identification, assessment, and management processes are integrated into the Company' s overall risk management framework.	■ The Company has integrated climate-related risk management into its overall risk management framework. The President' s Office regularly convenes relevant departments to collect information on policy and regulatory developments, market trends, and internal operational data to identify and assess climate-related risks and opportunities.
	■ The Company has established a structured climate risk management process, which includes:
	→ Establishment of a climate risk inventory
	→ Identification of climate-related risks and opportunities
	→ Assessment of their potential impacts
	→ Development of corresponding mitigation measures and action plans
	■ In the future, the Company plans to gradually introduce a climate risk assessment matrix to enhance quantitative management of climate risks through the analysis of likelihood and impact severity.
5. If scenario analysis is applied, description of the resilience of the Company' s strategy under different climate-related scenarios, including key assumptions, parameters, analytical factors, and financial impacts.	■ The Company is progressively implementing climate scenario analysis to assess the potential impacts of different climate futures on its operations and financial performance.
	Scenario settings are developed with reference to the Intergovernmental Panel on Climate Change (IPCC) and international climate research institutions, covering low-carbon transition scenarios (1.5°C and 2°C pathways) as well as a high-emission scenario (4°C pathway).
	The key analytical factors include:
	· Extreme weather events (e.g., heavy rainfall, rising temperatures, and changes in precipitation patterns)
	· Climate-related policies and international initiatives
	· Domestic climate policies and carbon pricing mechanisms
	· Market demand shifts and increasing customer sustainability requirements
	■ In the future, the Company will further incorporate scenarios developed by the Network for Greening the Financial System (NGFS) and the IPCC to strengthen the scientific foundation of scenario analysis, and to assess potential financial impacts on operating costs, energy consumption, and investment planning.

6. If applicable, description of transition plans established to manage climate-related risks, including the indicators and targets used to monitor physical and transition risks.	■ The Company has established a climate action mechanism in accordance with the risk management policy approved by the Board of Directors, and has integrated risk management procedures into the operational processes of various project developments.
	■ Based on the results of climate-related risk and opportunity analysis, the Company has developed five strategic sustainability directions, serving as the basis for initiatives in energy conservation and carbon reduction, water resource efficiency, and waste management.
	■ Relevant performance indicators will be progressively strengthened, including improvements in energy efficiency, assessment of renewable energy adoption, and greenhouse gas emissions management.
7. If internal carbon pricing is adopted as a planning tool, description of the methodology and application approach.	The Company has not yet adopted an internal carbon pricing mechanism. Going forward, the Company will continue to monitor global and domestic carbon pricing developments and evaluate the feasibility of its implementation as part of its climate-related management strategy.
8. If climate-related targets have been established, description of the scope of activities, greenhouse gas emissions covered, target timeline, annual progress, and the use of carbon offsets or Renewable Energy Certificates (RECs), if applicable.	■ The Company has established environmental management-related targets, including:
	· Energy conservation and carbon reduction: reducing electricity consumption per unit of production by 0.5% annually.
	· Water conservation: reducing water consumption by 1% annually.
	· Waste reduction: gradually reducing the proportion of waste foundry sand and slag content in molten iron.
	■ The Company will also progressively assess the feasibility of setting medium- to long-term greenhouse gas reduction targets.
9. Greenhouse gas inventory and assurance status, as well as reduction targets, strategies, and action plans.	■ The Company discloses greenhouse gas emissions data annually in its Sustainability Report and continues to implement emissions management and reduction initiatives.
	■ The Company has completed greenhouse gas inventory and third-party assurance for the year 2025, and continues to plan for subsequent annual inventories and disclosure mechanisms to enhance climate-related information transparency.

Auditor Assurance Report

秉承聯合會計師事務所
Legendary & Steadfast Accountancy

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, 2025.

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 form 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.

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.

Legendary & Steadfast Accountancy
Tainan, Taiwan
Republic of China
May 12, 2026

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.

APPENDIX 1

SUMMARY OF SUBJECT MATTER INFORMATION

Reporting Scope and Boundary of the Sustainability Indicator Statement
1. Kaohsiung Headquarter of Kuo Toong International Co., Ltd. (hereinafter referred to as " Kaohsiung Headquarter ") : (1) 5 F.-3, 7F.-4, 7F.-5, 8F.-4, and 8F.-5, No. 91, Dashun 1st Rd., Zuoying Dist., Kaohsiung City 813328, Taiwan (R.O.C.) (2) 1 F., No. 93, Dashun 1st Rd., Zuoying Dist., Kaohsiung City 813328, Taiwan (R.O.C.)
2. Xinyuan Complex of Kuo Toong International Co., Ltd. (hereinafter referred to as " Xinyuan Complex ") : (1) No. 400, Mazu Rd., Xinyuan Township, Pingtung County 932019, Taiwan (R.O.C.) (2) 1F.~3F., No. 408-1, Mazu Rd., Xinyuan Township, Pingtung County 932019, Taiwan (R.O.C.)
3. Kuo Yang Environment Technology Co., Ltd. (hereinafter referred to as " Kuo Yang ") : No. 83-30, Zhunan Township, Miaoli County 350, Taiwan (R.O.C.)

#	Subject Matter Information		Corresponding Section	Applicable Criteria
1.	Kaohsiung Headquarter, Xinyuan Complex and Kuo Yang	2025 Energy consumption	3.3 Energy Management	GRI 302-1: 2016 Energy consumption within the organization
	Natural gas	28,854.98GJ		
	Liquefied petroleum gas (LPG)	105.21GJ		
	Motor gasoline	899.83GJ		
	Diesel	1,197.74GJ		
	Non-renewable electricity	77,251.48GJ		
	Renewable electricity (self-consumed)	1,552.20GJ		
	Total	109,861.44GJ		
	Kaohsiung Headquarter, Xinyuan Complex and Kuo Yang	2025 Energy consumption		
	Renewable electricity (sold)	4,224.61GJ		

(Continued)

Auditor Assurance Report

#	Subject Matter Information	Corresponding Section	Applicable Criteria
2.	Kaohsiung Headquarter, Xinyuan Complex and Kuo Yang: 2025 Water withdrawal Total water withdrawal: Seawater (others) 0ML; Third-party (fresh water) 34ML; Third-party (others) 8,214ML	3.4 Water Resource Management	GRI 303-3: 2018 Water withdrawal
3.	Kaohsiung Headquarter, Xinyuan Complex and Kuo Yang: 2025 Water discharge By destination: Surface water 7,782ML; Seawater 0ML; Third-party water 6ML By quality: Fresh water 7,788ML; Others 0ML By treatment level: Primary treatment 0ML; Secondary treatment 7,788ML	3.4 Water Resources Management	GRI 303-4: 2018 Water discharge
4.	Kaohsiung Headquarter, Xinyuan Complex and Kuo Yang: 2025 Water consumption Total water consumption 460ML	3.4 Water Resources Managemnt	GRI 303-5: 2018 Water consumption
5.	Kaohsiung Headquarter, Xinyuan Complex and Kuo Yang: 2025 Total weight of waste generated 9,223.24 Tons	3.6 Waste	GRI 306-3: 2020 Waste generated
6.	Kaohsiung Headquarter, Xinyuan Complex and Kuo Yang: 2025 Average hours of training By position: Executives 15.95; Supervisors 22.96; Engineers 6.07; Administration personnel 27.54; Grassroots personnel 0 By gender: Male 6.71; Female 22.34	4.1 Talent Development	GRI 404-1: 2016 Average hours of training per year per employee

(Continued)

#	Subject Matter Information	Corresponding Section	Applicable Criteria
7.	Kaohsiung Headquarter, Xinyuan Complex and Kuo Yang: 2025 Direct employees: Total recordable incident rate 0; Fatality rate 0 Contract employees: Total recordable incident rate 0; Fatality rate personnel 0	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

(Concluded)

KUO TOONG
INTERNATIONAL CO., LTD

