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CHENG LOONG



2025
SUSTAINABILITY REPORT

Love Paper & Our Earth

CONTENTS

Preface 3

Message from Top Management 3

CLC Sustainability Transformation Milestones 4

ESG Goals & Results 5

Honors & Recognition 8

Sustainable Practice Management 9

Sustainability Practice 9

Strategy and Objectives 14

Sustainability Committee 15

Identification of Material Issues and Stakeholders' Engagement 17

1

Robust Governance Commitment 22

1.1 Operational Performance 24

1.2 Governance Structure 31

1.3 Risk Management 36

1.4 Information Security Management 39

1.5 Integrity Management 41

2

Sustainable Low-carbon Transition 43

2.1 Sustainable Products and Development 45

2.2 Product Responsibility and Customer Service 55

2.3 Digital Transformation 61

3

Responsible Supply Partnerships 64

3.1 Supply Chain Management 66

3.2 Green Procurement 73

4

Climate Resilience Management 77

4.1 Climate Change Actions 82

4.2 Energy Management 90

4.3 Water Resource Management 94

4.4 Air Quality Management 98

4.5 Waste Resource Utilization 100

4.6 Natural TNFD and Biodiversity 102

5

Diverse and Inclusive Culture 106

5.1 Diversity and Equal Opportunity 108

5.2 Talent Cultivation and Development 116

5.3 Healthy Workplace 122

6

Social Value Co-Creation 128

6.1 Social Co-creative Action 131

6.2 Love Paper & Our Earth 134

Appendix 139

GRI Standards Index 139

SASB Index 142

International Financial Reporting Standards, IFRS 143

ESG Information Tables 145

About this Report 157

Independent Assurance Statement 158



Message from Top Management

To all partners who care about CLC's sustainable development:

In 2025, the global political and economic landscape remained characterized by heightened volatility. Rising geopolitical risks, shifts in inflation and interest rate cycles, and the uncertainties surrounding "Trump 2.0" policies—specifically their impact on international trade, energy strategy, and sustainable development—are accelerating the reshaping of the global industrial map and corporate long-term decision-making. Facing the dual challenges of a new tariff landscape and supply chain restructuring, we firmly believe that only by integrating sustainability deeply into our business strategy and risk governance through a macroscopic and systemic lens can we move forward steadily amidst change.

At this critical juncture of transformation, CLC has adopted a dual-axis strategy of "Low-carbon Intelligence" and "Green Energy Generation," continuing to drive our sustainability roadmap from "Papermaking" to "S.M.A.R.T. Papermaking". Therefore, we are actively looking beyond our core papermaking business to integrate digital technology, energy transition, and circular innovation to shape new competitive advantages. By cooperating with diverse sustainability partners, we advance green production, responsible manufacturing, and inclusive growth, internalizing sustainability as the core momentum for the company's continuous progress. Key milestones in 2025 include:

- Centered on our **"3R PLUS Low-carbon Manufacturing Value Chain,"** we integrated **climate governance** with **Science Based Targets (SBTi)** to drive decarbonization across our operations and value chain. These efforts earned us the prestigious **"Double A"** recognition from **CDP for both Climate Change and Supplier Engagement Assessment**.
- Accelerated Phase 3 of the Binh Duong Paper Mill in Vietnam and expanded corrugated containers' capacity across North and South Vietnam. By building a **"Million-ton, Low-carbon & Green Energy, and Total Circular"** next-generation paper production hub, we have deepened our localized presence to effectively respond to global tariff challenges.
- In collaboration with Valmet (Finland), we commissioned **Taiwan's largest biomass cogeneration system** at our flagship Houli Mill. This project upgrades our circular value of "Waste Reduction, Energy Creation, and Green Empowerment," generating an annual **48,000 tCO_2e emission reduction** for Taiwan.
- Launched a **digital operational transformation** to interconnect our entire value system through digital applications. Data governance and intelligent systems have been utilized to enhance decision-making precision and resource efficiency.
- From recycling solutions for waste food paper containers to the Ministry of Agriculture-certified **100% recovered weed control paper** and **low-carbon eco-friendly tissue**, extending sustainable innovation to everyday product applications, deepening the practice of the circular economy.
- As a **TNFD (Taskforce on Nature-related Financial Disclosures) Early Adopter**, strengthened our nature-related risk governance. Furthermore, partnered with National Chung Hsing University on **a forest restoration project for fire-damaged lands**, implementing long-term ecological monitoring and native species reforestation to achieve a "triple-win" for the environment, society, and the enterprise.

Looking ahead, we remain convinced that sustainability is the key to long-term strategic positioning and competitiveness. Consequently, while continuing to promote low-carbon transition and information transparency, CLC has systematically incorporated the disparities between international and local environmental regulations, AI energy management, supply chain resilience, and labor human rights into our core decision-making and risk management frameworks, further strengthening the depth of our ESG governance.

Simultaneously, CLC has always regarded **"Talent" as the heart of sustainability**. In response to an aging society and rapidly changing labor structures, we adhere to a people-centric philosophy, striving to create a cross-generational, equitable, and inclusive workplace. By listening to employee feedback, refining institutional frameworks, and cultivating specialized talent, we ensure that professionals of different generations and backgrounds can contribute with peace of mind, realize their potential, and grow alongside the company, laying a solid foundation for organizational resilience.

Looking forward to 2026, by adopting **"Smart Capacity, Sales Breakthrough; Resilient Risk Control, Secure Sustainability."** Through intelligence-led and data-driven innovation, we will continue to enhance production efficiency and market competitiveness while steadily advancing toward our 2050 Carbon Neutrality. At this pivotal moment of global paper industry transition and supply chain reshaping, we will continue to play a leadership role through institutionalized governance and cross-sector collaboration, to create multi-win value for our industrial partners and society.



Chairman

CLC Sustainability Transformation Milestones

2000 Green Transformation

- 2003
  Asia's largest and Taiwan's 1st onshore wind power facility
- 2005
  The world's 1st ISO 14064-1 certificate
- 2008
  Issued Taiwan's 1st international VCS carbon credit certificate
- 2010
  Taiwan's 1st Carbon Footprint Label for household

2020 Sustainability Value-Addition

- 2013
  Established the CSR Committee (renamed to "Sustainability Committee" in 2021), and published the industry's 1st sustainability report
- 2015
  Implemented ISO 50001 company-wide
- 2019
  Celebrated the 60th anniversary; launched the "3R PLUS Total Circulation" strategy and mapped out the roadmap

2050 Net-Zero Smart Paper

▼ 2021
- Established the "Climate Change and Circular Economy Office"
- Achieved the highest TCFD rating in the paper industry

▼ 2022
- Vietnam Binh Duong Paper Mill obtained the local industry's 1st ISO 14064-1 certificate

▼ 2023
- Implemented ISO 27001 information security management
- Established a Board-level Sustainability Committee

▼ 2024
- Recognized as a global TNFD Early Adopter
- Launched "CLC IFRS Sustainability Disclosure Standards Project"
- Piloted Internal Carbon Pricing (ICP, with implementation in 2025)
- Completed consolidated GHG inventory, with assurance by 2027

▼ 2025
- Obtained 64,000 tonnes of carbon reduction credits from the Ministry of Environment
- Received approval for the Ministry of Environment's "GHG Voluntary Reduction Plan"
- Conducted Human Rights Due Diligence (HRDD), with the report disclosure by 2026

▼ 2026
- Official adoption of IFRS S1/S2 standards, with a dedicated sustainability chapter to be released in 2027

International Trends

1997 | Signing of the Kyoto Protocol (COP3)
2000 | GRI Releases 1st Global Sustainability Reporting Guidelines
2004 | UN-led ESG assessment initiated ("Who Cares Wins" Report)
2011 | Sustainability Accounting Standards Board (SASB) established
2015 | COP21 Paris Agreement (limiting warming to 1.5-2°C)
2015 | UN adopted the 17 SDGs
2017 | TCFD released final recommendations for climate-related financial disclosures
2021 | Taskforce on Nature-related Financial Disclosures (TNFD) established
2023 | EU implemented Corporate Sustainability Reporting Directive (CSRD)
2024 | ISSB released 《IFRS Sustainability Disclosure Standards》S1/S2
2026 | EU CBAM & TISFD implemented
2027 | EU Forced Labour Regulation & CSDDD implemented

Taiwan Regulations

2014 | Mandatory CSR reporting for specific industries
2015 | Passed the Greenhouse Gas Reduction and Management Act
2020 | Launched "Corporate Governance 3.0 - Sustainable Development Roadmap (2021-2023)."
2023 | 《Climate Change Response Act》came into effect
2026 | Official Carbon Fee collection; planned pilot cap-and-trade system；Launched 1st ESG Evaluation；Implementation of HRDD
2027 | Listed companies with capital over NTD 100 billion required to complete consolidated GHG inventory and assurance
2030 | National GHG emissions to be reduced by 28% ± 2% by 2030, 32% ± 2% by 2032, and 38% ± 2% by 2035 vs. 2005 baseline, reaching Net Zero by 2050.

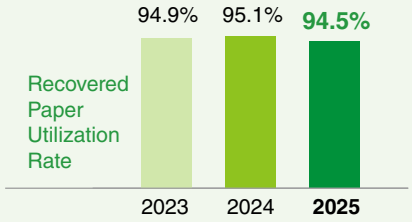
Sustainability Goals & Results

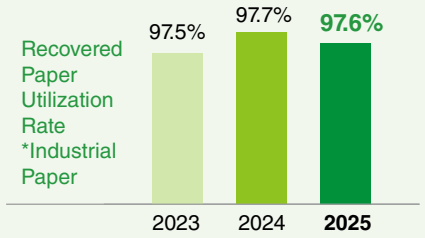
Aspects / SDGs	Material Issues	Target	Scope	2025 Result	2026 Goals	2030 Goal
Environment	Climate Change Action	GHG Emission (Base Year: 2018)	Taiwan	-19.52%	-7%	-20%
	Waste-to-Resources	Waste-to-Resources Ratio	Taiwan	99.4%	> 97%	> 97%
			Vietnam Binh Duong Mill	98.3%	> 95%	> 95%
		Reduction in Unit Corrugated Container Waste (Base Year: 2024)	Taiwan & Vietnam	-4.5%	-2%	-6%
	Sustainable Products and Development	Recovered Paper Utilization Rate *Industrial Paper	Taiwan	97.6%	> 97%	> 97%
			Vietnam Binh Duong Mill	95.7%	> 94%	> 94%
	Biodiversity	FSC™ Pulp Ratio	Taiwan	95.3%	> 98%	> 98%
	Energy Management	Alternative Energy Ratio	Taiwan	18.65%	21%	25%
			Vietnam Binh Duong Mill	13.09%	> 15%	> 15%
		Unit Product Energy Consumption (Base Year: 2019)	Taiwan	-3.33%	-6%	-10%
	Water Resources Management	Unit Product Water Consumption *Containerboard Division (Base Year: 2019)	Taiwan	-15.3%	-6%	-10%
	Green Procurement	Green Procurement Ratio	Taiwan	49.6%	> 50%	> 50%
	Air Quality Management	NO_x Reduction (Base Year: 2019)	Taiwan	-50.1%	-21%	-33%
Social	Talent Cultivation and Development	Training Hours per Employee	Consolidated Company	43.9 hrs	> 44 hrs	> 48 hrs
	Social Inclusion	Social Welfare Investment	Taiwan	NTD 52.46 million	> NTD 10 million	> NTD 10 million
		Paper Library	Taiwan	34	> 2 (per year)	> 2 (per year)
	Supply Chain Management	Local Procurement Ratio	Taiwan	71.7%	> 73%	> 75%
	Healthy Workplace	Health Promotion Participants	Taiwan	2,028 participants	2,100 participants	2,500 participants
Governance	Product Responsibility and Customer Service	Customer Satisfaction Score	Consolidated Company	91.6	89	90
	Supply Chain Management	On-site Supplier Audit	Taiwan	87% completed (20 suppliers added)	90% completed	100% completed
	Risk Management	Material Violation Incidents [Note]	Taiwan	0	0	0

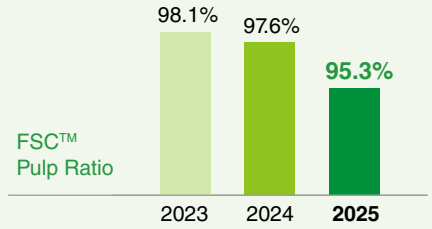
Note: Cases involving cumulative administrative fines of NTD 1 million or more for a single incident.

Historical Key Sustainability Results (Taiwan Parent Company)

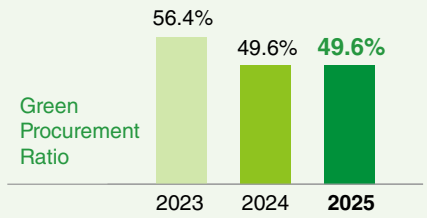
Environment



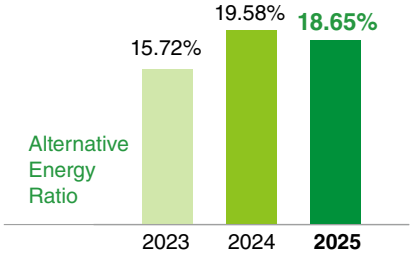




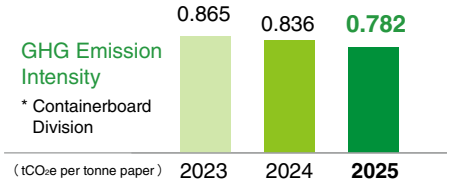
Note: Global FSC™ supply shortages price volatility led to a strategic increase in local alternative materials.

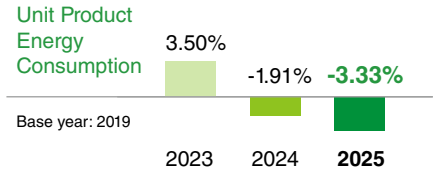


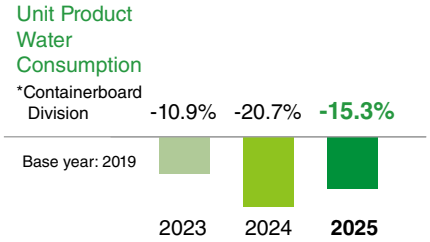
Note: Adjusted procurement strategy to align with market trends, reducing FSC™ pulp purchases.

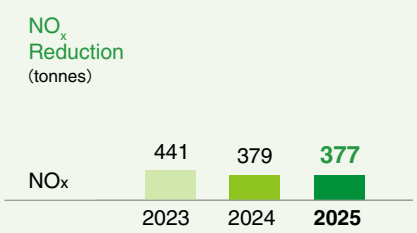


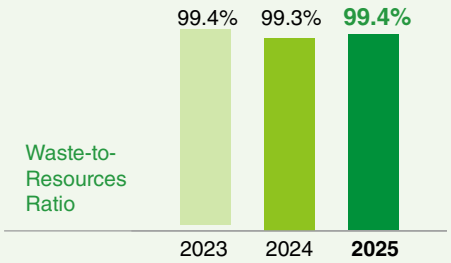
Note: Decreased use of alternative energy due to scheduled boiler maintenance.

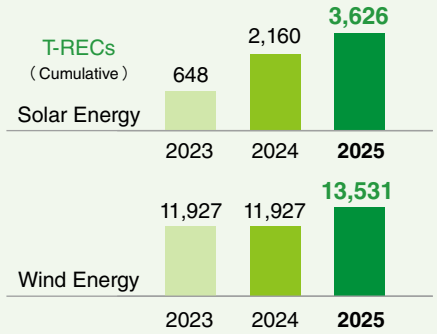




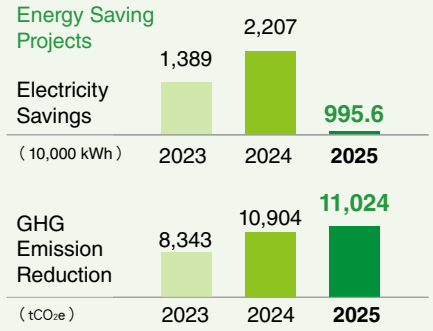






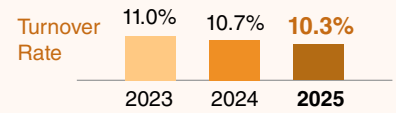


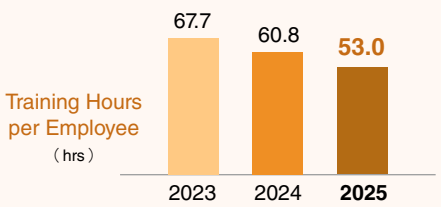
Note : The wind power facility at Chupei Mill was damaged in 2022, causing delay of post-pandemic maintenance, and was restored in 2025.

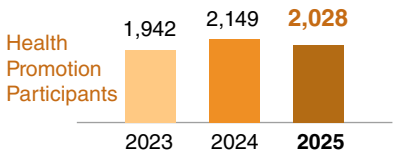


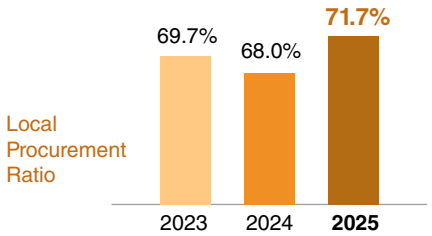
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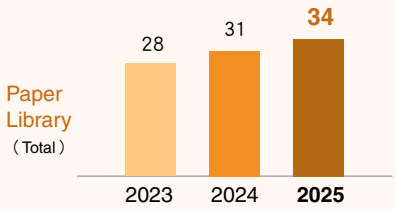
Social

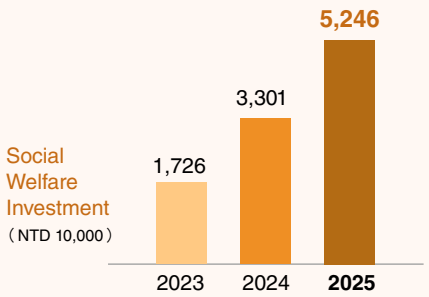




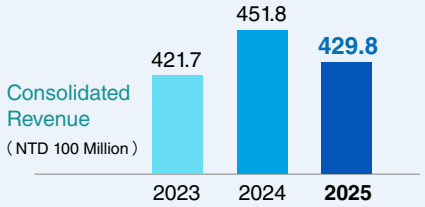


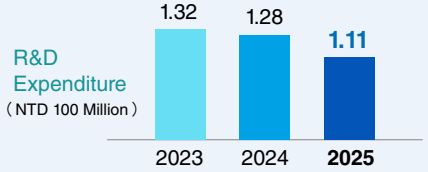


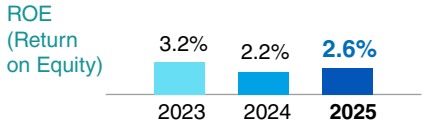


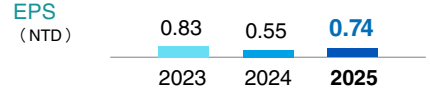


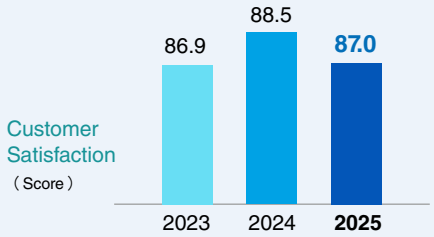
Governance

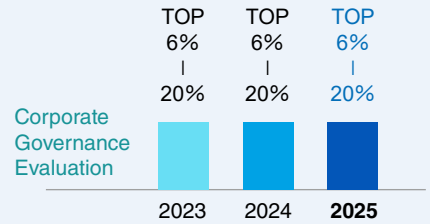












Honors & Recognition

《CDP》
Climate Change, Supplier Engagement Assessment (SEA) Achieved Double A



《National Sustainable Development Commitee》
National Sustainable Development Award - Tayuan Mill



《CommonWealth》
12-Time Honoree
"The Excellence in CSR Award"
No. 10, Large Manufacturing



《Vietnam Chamber of Commerce and Industry（VCCI）》
4-Time Winner
"CSI TOP 100 Sustainable Enterprises"
- Binh Duong Mill



《Green Growth Institute》& 《VACNE》
"National Green ESG Enterprise"
- Binh Duong Mill

Environment

《Ministry of Environment》	Won "National Green Procurement Excellence" for 5 consecutive years, listed No.2 in Large Manufacturing Group
《21st Century Foundation》,《Center for Taiwan's Economic Development at NCU》	"Net-zero Industrial Competitiveness Excellence Award"
《Department of Water Quality Protection, Ministry of Environment》	The 2nd "Clean Water Sustainability Award" - Tayuan Mill
《Resource Circulation Administration, Ministry of Environment》	"Circular Economy Excellence Enterprise" - Resource Circulation - Silver Award - Tayuan Mill
《Taoyuan City》	"2025 Taoyuan Net-zero Living Sustainability Award" (River Adoption Excellence Award, Green Procurement Excellence Award)
《Economic Develop Bureau, Taoyuan City》	"Taoyuan City Enterprise Sustainability A+ Action" - Elite Award – Houli Branch
《Environmental Protection Bureau, Taichung City》	Won "Public and Private Premises Air Pollutant Reduction Incentive Scheme" bonis for 3 consecutive years – Houli Branch

Social

《1111 Job Bank》	Won "1111 Happy Enterprise" - Gold Award for 6 times
《Ministry of Health and Welfare》	10 mills/ plants nationwide received "Health Workplace Certification"
《Taiwan Index plus Corporation》	Listed in "Employment 99 Index" for 15 consecutive years
《Ministry of Economic Affairs》	Listed in "iPAS — Application Model Enterprise"
《Sports Administration》	Received "iSports Certification" for 3 times
《Labor Affairs Bureau, Taichung》	Selected for "2025 Taichung City Happy Workplace" - Happiness Creativity Award – Houli Branch

Governance

《CommonWealth》	"Excellence in Family-Friendly Workplace" & "Talent Sustainability Award" Listed at Corporate Carbon Reduction Thermometer which in line with the Paris Agreement's 1.5° C temperature control for 3rd time
《TAISE》	"TCSA" — TOP 100 Sustainable Model Enterprises & Sustainability Report Platinum
《Taiwan Stock Exchange》	TOP 6%~20% in "Corporate Governance Evaluation" for 6 consecutive years
《Taipei University》	"SEED Taiwan Sustainability Rating" AA
《Taoyuan City》	"Taoyuan 1.5° C Model Enterprise" - Tayuan Mill
《Ho Chi Minh City Union of Business Associations (HUBA)》	Listed in "2025 Green Enterprise" - Vietnam Binh Duong Mill



Sustainability Practice

ESG：Net Zero Supply Chain

CLC Global Sustainable Ecosystem Summit: Advancing Low-carbon S.M.A.R.T. Manufacturing and Collective Growth with 500 Partners

Addressing the global net-zero transition and rising demand for industrial collaboration, CLC expanded its supply chain initiatives by hosting the "CLC Global Sustainable Ecosystem Summit" in 2025. Under the vision of "Global Value Chain Co-creation," the summit connected domestic and international suppliers, customers, and experts to foster high-level dialogue among stakeholders. Centered on "Low-Carbon Intelligence" and "Green Energy Generation," the event blueprinted the industry's evolution toward smart papermaking.



Sustainability in Practice × Global Connectivity: Building A Platform for Value Chain Synergy by 7 Keynotes

Under the theme "Together for a Sustainable Future," the summit convened 500+ partners and featured an immersive AI-and-fiber exhibition. For the first time, CLC unified its 3 major business divisions—Containerboard, Corrugated Packaging, and Household Products and Paperboard—alongside supply chain partners, green finance institutions, and consultants to build a shared value platform.

In the opening address of Mr. Ching-Piao Chang, General Manager of CLC, he reaffirmed the company's commitment to "Low-carbon Smart Paper" and value-chain resilience through global cooperation. The conference also invited distinguished speakers, including Dr. Niven Huang, Managing Director of KPMG Sustainability Consulting, who shared insights on "Sustainability Resilience under Net-zero Trends," and Mr. Chang-Hsin Juan, Vice President of Da Fon Environmental Technology, who introduced practical experiences in "AI Sorting and Low-carbon Circular Applications." CLC executives also shared keynotes on ESG, AI applications, cybersecurity, human rights, and integrity, fostering cross-disciplinary knowledge exchange.

5 Strategic Actions: Driving Net-zero Transition and Deeping Value Chain Resilience

Leveraging an "AI × Green Energy" dual-axis strategy, CLC is upgrading traditional manufacturing facilities into smart, low-carbon hubs via AI-driven management and Smart Papermaking 4.0. Concurrently, it develops diverse renewable energy sources—including wind, solar, biogas power, and biomass cogeneration—tailored to the geographic and operational features of each mill, forming a robust green energy portfolio of "Wind, Solar, Biogas, and Biomass."

Toward its vision of becoming a "World-Class Green Papermaking Enterprise," CLC proposed **five key sustainability actions** to empower the entire value chain and elevate its ESG governance:

Action 1	Aligning with international sustainability governance and AI-powered production and sales, we leverage S.M.A.R.T. high-efficiency manufacturing to enhance decision-making precision and optimize resource allocation.
Action 2	Integrating cross-sector agricultural and forestry residues to innovate the "3R PLUS low-carbon manufacturing value chain," fostering new models for sustainable circularity.
Action 3	Driving a comprehensive low-carbon transition through scientific methodology and carbon asset management, while harnessing R&D capabilities to provide nature-based sustainable solutions for both the industry and society.
Action 4	Focusing on the 4 strategic pillars—"Low-carbon, Digital, Incentive, and Empowerment"—to construct a net-zero value chain and deepen overall supply chain resilience.
Action 5	Advancing social well-being and talent sustainability by fostering an equitable workplace and co-cultivating next-generation sustainability professionals; meanwhile, promoting sustainability education and the "Love Paper & our Earth" innovative initiatives to deepen social inclusion.

A Leader in Climate Governance: CLC Honored with CDP Double "A" Recognition

Through the concrete actions of our "3R PLUS Low-carbon Manufacturing Value Chain," CLC continues to spearhead the sustainable transformation of the industry. Following our exemplary performance across climate strategy, emission reduction targets, risk management, Scope 3 emissions, and supplier engagement, we have been awarded the highest honor from the CDP (Carbon Disclosure Project)—the "A List" for Climate Change—as well as the "A List" for Supplier Engagement Assessment (SEA).

Since 2021, CLC has established a dedicated TCFD (Task Force on Climate-related Financial Disclosures) Taskforce to strengthen our decision-making resilience. We have proactively collected carbon footprint data and engaged with core suppliers of wood pulp and waste paper, successfully transforming the pressure of decarbonization into a catalyst for industrial upgrading. Furthermore, by hosting the annual Sustainability Value Chain Conference, conducting supply chain climate surveys, and launching the paper industry's 1st Carbon Neutrality Alliance, we have effectively extended climate risk management across the entire industry chain, moving collectively toward a net-zero future.





Launching Taiwan's Largest Biomass Cogeneration System and Green Finance: Accelerating Supply Chain Decarbonization

To strengthen energy resilience, CLC deployed biomass cogeneration at Chupei Mill, repurposing manufacturing by-products like wood chips and pulp residue into fuel. Scaling this strategic footprint, CLC partnered with Finland's Valmet to construct Taiwan's largest biomass cogeneration system at the flagship Houli Mill. Featuring a 120-tonne Circulating Fluidized Bed (CFB) boiler and steam turbine generator, the system is projected to generate 128 million kWh of power and reduce carbon emissions by 48,000 tonnes of CO_2e annually. The project integrates European low-pollution design with Valmet's Automation and Big Data Platform, leveraging IIoT and remote connectivity to optimize operational efficiency and smart management.

To drive supply chain decarbonization, CLC collaborated with First Bank to launch the "CLC Supply Chain ESG Net-Zero Preferential Financing Program." This green finance mechanism encourages partners to adopt energy-saving technologies and elevate ESG performance. By aligning Technology, Finance, and Governance, CLC is accelerating industry-wide decarbonization toward a net-zero future.

CLC Sustainability Result Video：

2025 CLC Global Sustainable Ecosystem Summit Video：



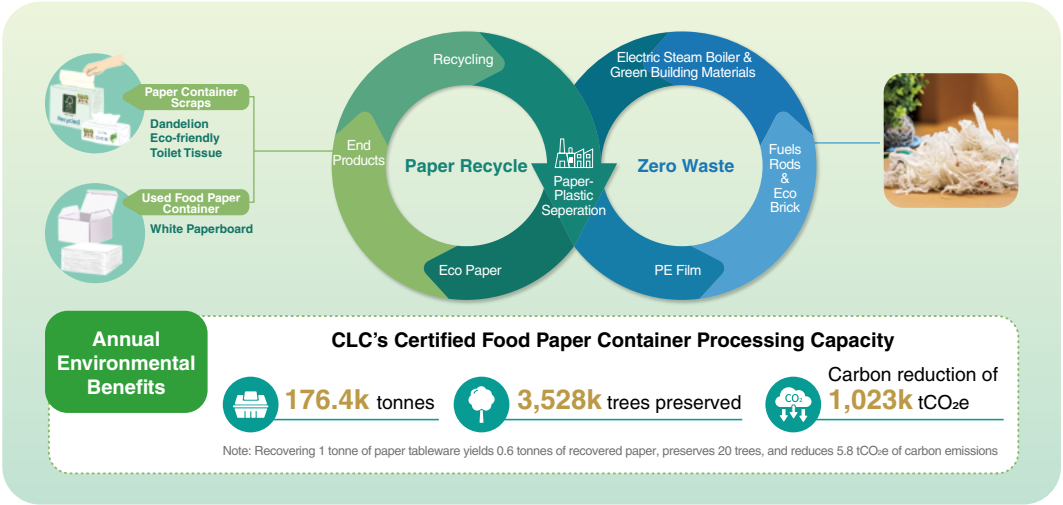
ESG：Paper toward Net Zero

Innovative Paper-plastic Separation: A New Solution for Food Paper Container Recycling

In response to over 8 billion of waste food paper containers discarded annually in Taiwan, CLC has established the world's largest integrated solutions for food paper container recycling. Through innovative process technology, we have achieved high-efficiency paper-plastic separation, converting recovered containers into recovered bleached pulpline. Simultaneously, the surface PE (Polyethylene) lamination is repurposed into green fuel. This breakthrough in circular economy applications creates high-value-added green business opportunities that replace imports and significantly reduce carbon footprints.

Breaking the "Food Paper Container Waste Dilemma" through Circularity and Building a Sustainable Value Chain

While food paper containers, which require paper-plastic separation at professional factories, are designated as mandatory recyclable items by the Ministry of Environment. However, the lack of public awareness and specialized recycling capacity often leads to improper disposal and resource waste. Committed to resource regeneration, CLC has invested in innovative circular applications for food paper containers since 2018. At Chupei Mill, we established Taiwan's 1st total integrated recycling line for food paper containers. By implementing advanced paper-plastic separation technology, we transform waste food containers into industrial coated cardstock, while clean trimmings are recycled into eco tissue. The remaining impurities and plastic coatings are processed into green energy fuel or eco-friendly building materials, establishing a sustainable business model that achieves both waste reduction and value creation.





Scaling up! Making the waste food paper containers to low-carbon products

To continuously scale our recycling capacity, CLC invested NTD 1.5 billion in 2023 to add a 66,000-tpa Recovered Bleached Pulpline at our Tayuan Mill. This expansion brings the Group's total processing capacity for waste paper containers to 176,000 tpa, ranking among the top globally. This infrastructure allows us to process over 50% of Taiwan's waste paper containers, contributing to an indirect carbon reduction of 1.02 million CO_2e while reducing our reliance on imported virgin pulp and natural resources.

Furthermore, CLC has spearheaded the "Recycling Supply Chain Transformation and Upgrade" initiative. We collaborated with recycling operators to build Taiwan's 1st dedicated recovery system for paper meal boxes. Through equipment upgrades, standardized sorting protocols, and on-site guidance, we have helped 167 recycling suppliers improve quality at the source, reducing paper residue by nearly 40% (compared to the base year 2017). To date, our network of partner recyclers has grown to 56 companies, a 56-fold increase since 2018.

Deepening Environmental Awareness: Sustainable Teacher Training Workshops Rooting Sustainability in Education

As our circular ecosystem matures, we are extending its value to education and the community. In 2021, CLC partnered with Tetra Pak and the Future Parenting Learning Platform to launch the "Sustainable Cycle of Paper" curriculum. This initiative provides free resources, including picture books, animations, and card games, to schools and community libraries. Our "Sustainable Teacher Workshops" have successfully integrated recycling knowledge into grassroots education, impacting over 27,000 children.

Opening the Factory: Integrating Sustainability into Daily Life

We believe that every dialogue is an opportunity for change. Each year, CLC mills/plants host representatives from government, industry, media, and academia to share our sustainability philosophy. In 2025, the Tayuan Mill opened its doors to teachers from our workshops and hosted the 1st "Regeneration Family Camp." Participants were able to touch the recycled pulp and witness firsthand how discarded resources are transformed into low-carbon products. By connecting industry with society, CLC's recycling facilities have evolved beyond production bases into Environmental Education Sites, extending the spirit of circularity from a single production line to the entire island.

Note：For more details, please refer to Ch6.1 in this report.





Setting an industry benchmark for sustainable transition: CLC Tayuan Mill's world-class waste food paper container recycling line demonstrates triple value and wins the 2025 National Sustainable Development Award.

Featured Media Coverage: TVBS The World in Transition | Sustainable Transformation and Decarbonization in the Paper Industry – CLC Builds a 3R PLUS Low-carbon Manufacturing Value Chain

ESG：Nature-based

From Paper to Field: CLC's "Smart Sustainable Agriculture" Empowers Cross-sector Climate Adaptation

In alignment with the Group's vision of "Nature Sustainability, Paper toward Net-zero," CLC expanded its reach into the agricultural sector in 2025 by launching the "CLC Academy: Smart Sustainable Agriculture Series." By integrating recycled material innovation with professional agricultural expertise, we systematically support the enhancement of Taiwan's climate resilience through Nature-based Solutions (NbS). These pioneering efforts in cross-sector sustainability were recognized with the 2025 CommonWealth "Excellence in CSR" Award.



"CLC Academy" Supporting Sustainable Farming: A New Model for Natural Crop Management Model

Emphasizing "Natural Sustainability," CLC has extended its material innovation and sustainable educational initiatives from the paper industry to agriculture. In 2023, we introduced a 100% recovered, low-basis-weight eco weed control paper to replace traditional plastic mulching films. This innovation addresses long-standing issues in Taiwanese agriculture, such as plastic residue, soil degradation, and ecological burden, laying a solid foundation for soil health and climate adaptation while fulfilling our corporate responsibility toward local food security.

To further deepen the momentum of agricultural transformation, CLC collaborated in 2025 with Professor Emeritus Tung-Tsuan Tsai from the Department of Plant Pathology at National Chung Hsing University to launch the "Smart Sustainable Agriculture Series" at our Houli Mill. This integrated learning platform combines theoretical knowledge with field practice, focusing on "Standardized Crop Cultivation Management" and disease risk control. By promoting rational fertilization, precise pesticide use, and natural pest control, we assist farmers in maintaining yield and quality while reducing chemical dependency. This initiative drives Taiwan's agriculture toward the high standard of "Non-detected" (ND) pesticide levels, achieving a "double-win" for farmers' livelihoods and ecological protection.



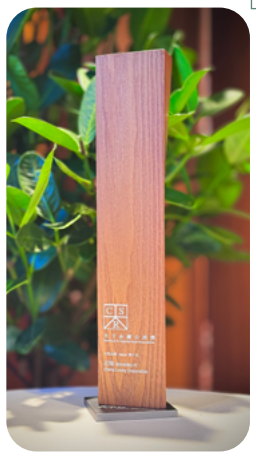
CLC's Chemical Research specialist discussed weed control paper planting techniques with program participants. For more on our weed control paper, please refer to P.48 in this report.

Advancing Nature Positive: A Strategic Move in Natural Risk Management

Faced with the rising risks of extreme weather, biodiversity loss, and food insecurity, strengthening agricultural resilience has become a vital global strategy for achieving Net-zero and a Nature Positive future. As a member of the world's 1st cohort of TNFD Early Adopters, CLC has placed nature-related issues at the heart of our sustainability governance. Our management team emphasizes that becoming "Nature Positive" is both a corporate responsibility and a transformative opportunity. CLC will continue to advance toward the goal of "Nature Sustainability, Paper toward Net-zero," redefining the paper industry's role in coexisting with nature. By creating replicable and scalable nature-based solutions across sectors, we aim to drive the triple-win benefits of environmental restoration, ecological balance, and social prosperity.

Recognized for Cross-sector Influence: CLC Continues its Streak in the CommonWealth "Excellence in CSR" Award, Breaking into the Manufacturing TOP 10!

In 2025, CLC was named to the CommonWealth "Excellence in CSR" Award list for the 12th time. Notably, the company ascended into the TOP 10 of the Large-scale Enterprise (Manufacturing) Category for the 1st time. The jury specifically commended CLC's outstanding performance in the "Social Involvement" dimension. The panel highlighted the company's success in linking the value of recovered paper with local agriculture through the development of 100% biodegradable eco weed control paper, effectively extending the "Secondary Forest" philosophy into agricultural practice. By integrating agricultural and forestry residues with the 3R PLUS strategy, CLC provides farmers with effective climate adaptation alternatives while expanding the reach of circular economy values into the fields of agriculture and education—delivering substantive contributions to ecological conservation and social inclusion.



Strategy and Objectives

ESG Policy

With "Green Energy & Innovation, and Sustainable Inclusion" as the main axis of our sustainable development, CLC proactively links our value chain with the United Nations' Sustainable Development Goals (SDGs). We incorporate SDGs into the core of our corporate operations, reviewing the relevance of SDGs to our business activities, operational processes, and the upstream and downstream sectors in the value chain. By doing so, we aim to expand our positive impact and work hand in hand with stakeholders to achieve sustainable development goals.

VISION

Green Energy
Innovation
Sustainable Inclusion

PACKAGING, PEOPLE & PLANET

MISSION

- Robust Governance Commitment
- Sustainable Low-Carbon Transition
- Responsible Supply Partnerships
- Climate Resilience Management
- Diverse and Inclusive Culture
- Social Value Co-Creation

VALUES

Governance | Co-Creation |

Environment | Common Good |

Social | Inclusion |

Build Diverse Carbon-reduction Strategies towards "Carbon Neutrality by 2050"

Actively responding to international regulations and frameworks, we develop 4 scientific carbon-reduction pathways to drive a comprehensive low-carbon transition and steadily achieving our net-zero goal.

Develop Nature-based Sustainable Low-Carbon Solutions to Support Society Decarbonization

Uphold the "Less is More" concept, deepen Total-Circulation technologies and innovate with paper-based materials to develop high-sustainability products and services, promote both eco and society decarbonization.

Implement S.M.A.R.T.[Note] Papermaking Strategy to Scale up Recycling and Circular Efficiency

Establish global recycling circular sites and introduce AI Tech to manage and optimize 3R PLUS Total Resource Circulation for raw materials, energy, water and agriculture and forestry, achieving large-scale circular benefits.

Lead the Industry in Co-creating a Net-Zero Ecosystem

Focus on 4 key initiatives—Low Carbon, Digitalization, Incentives, and Empowerment, collaborate with upstream and downstream supply chain partners to construct a resilient and sustainable ecosystem.

Cultivate Well-Rounded Talent for ESG Sustainability Practices

Value Diversity and equality, provide comprehensive compensation and welfare to build happy workspace while nurturing core professionals with sustainability awareness and expertise.

"CLC: Love Paper & Our Earth". Use Various Ways to Achieve Goodness

Focus on 4 core aspects: "Secondary Forest", "Care for Children", "Social Participation", and "Emergency Assistance", fulfill the cycle of positive value through action.

Note: Subtraction, Material, AI, Recycling, Technologies

Note: For full details on the UN SDGs and CLC sustainability goals, please refer to the CLC website – CSR Strategy and Commitee

Sustainability Committee

Sustainable Development Governance Structure

CLC's BoD serves as the highest decision-making and supervisory body for consolidated company sustainability matters and has established a Sustainability Committee to review sustainability management operations and implementation progress, reporting regularly to the BoD. The Committee comprises six members (including two Directors and three Independent Directors), with Independent Directors representing 50%, and is chaired by the President. All members possess professional backgrounds in business management, financial analysis, risk management, and circular economy, are well-versed in corporate sustainability issues, and meet the Committee's professional requirements.

At the execution level, CLC has established the "Sustainability Department" as the dedicated unit, with the department head serving as Executive Secretary of the Sustainability Committee, responsible for coordinating related matters. The Committee oversees seven task forces, including Corporate Governance and Integrity, Environmental Sustainability, Employee Care, Supply Chain Management, Industry Services, Social Inclusion, and Information Security. These groups are composed of department heads and senior staff from relevant departments, who are responsible for assigning ESG-related tasks based on departmental functions, and extending these responsibilities to subsidiaries. The task forces track execution results monthly, with the Executive Secretary consolidating reports for quarterly submission to the BoD for supervision and decision-making.

The Committee has also established "the Office of Climate Change and Circular Economy", with the President serving as the convener and the Research and Development Director as the deputy convener, coordinating climate risk adaptation, mitigation, and low-carbon transition related actions, while actively consulting external professional institutions. To enhance directors' sustainability management expertise and continuously update knowledge, the Board arranges annual participation in corporate sustainability-related continuing education courses for directors.

Note: For details on continuing education courses, refer to the 2025 Company Annual Report, P.46~55

Sustainable Management

1. Identifying material sustainability issues and developing action plans in response
2. Tracking the implementation performance of sustainability issues across various areas and coordinating resource integration
3. Focusing on communication and engagement with stakeholders
4. At least two meetings are held each year, with quarterly reports on performance and work plans submitted to the Board of Directors

2025 Sustainability Issues Reported to the BoD

(1) Enhancing net-zero transition resilience and carbon risk management;

(2) Establishing medium- to long-term ESG goals and sustainability promotion results;

(3) Group greenhouse gas inventory and assurance progress tracking;

(4) Ministry of Environment voluntary reduction program implementation status;

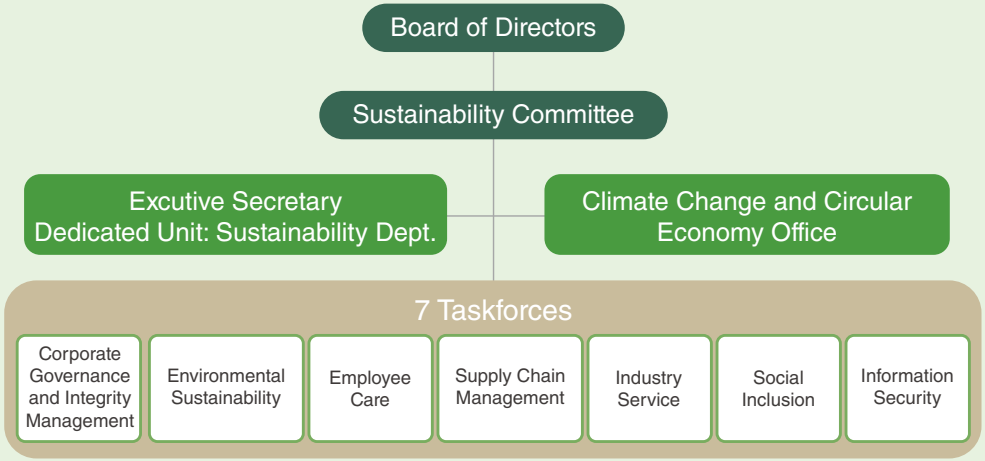
(5) Progress on adopting international IFRS Sustainability Disclosure Standards (S1/S2);

(6) Performance in domestic and international benchmark ESG ratings;

(7) Submission of 2024 Sustainability Report;

(8) Stakeholder engagement and communication status;

(9) Amendment of "Sustainable Development Best Practice Principles.



Note: Senior and executive staff served as members of 7 major Taskforce groups

Aligning with IFRS Sustainability Disclosure Standards S1 and S2

Aligning with IFRS S1 & S2: Enhancing Information Quality and Financial Resilience

Aligned with the Financial Supervisory Commission roadmap for 2026 first-batch listed companies, CLC initiated Phase 1 in 2024 H2. Key actions included establishing a cross-functional IFRS Taskforce (finance, R&D, procurement, IT, legal), engaging external consultants, aligning reporting entity boundaries with consolidated statements, and completing gap analysis alongside the implementation roadmap.

Advancing to Phase 2 (Design and Implementation) in 2025 under IFRS S1/S2 and Double Materiality, CLC targeted 6 topics: Climate Change Action, Energy Management, Waste-to-Resources Recovery, Sustainable Products and Development, Supply Chain Management, and Talent Cultivation. The evaluation mapped 51 risks and 12 opportunities—pinpointing 4 material risks and 1 material opportunity—while quantifying potential financial statement impacts. Optimized internal controls, strengthened audit processes, and quarterly Board reporting collectively enhanced sustainability and operational resilience.

★ Phase 2: Design and Implementation

1. Identification of Sustainability-related Risks, Opportunities, and Financial Impact

Using a dedicated IFRS Risk/Opportunity Register, CLC identified 4 material risks (GHG restrictions/ rising emission costs, tightening low-carbon energy regulations, stricter pollutant emissions regulations, and economic/financial/currency market volatility) and 1 material opportunity (policy incentives for low-carbon innovation). Responsive actions were inventoried, with their impacts on financial statement line items systematically assessed.

No.	Sustainability Risks/ Opportunities	Responsive Strategic Actions	Financial Impact Assessment
R-01	**Economic, Financial & Market Currency Volatility**	Track markets, lock in optimal rates, and hedge financial risks.	No immediate impact
R-02	**Stricter Pollutant Emissions Regulations**	Same as R-04	
R-03	**GHG Restrictions/Rising Emission Costs**	1. Track Group GHG inventory. 2. Optimize paper mill pelletizing equipment. 3. Build biomass cogeneration systems. 4. Optimize paper machine line efficiency.	• ↑ Costs, Inventories, Liabilities, and PP&E • ↓ Cash
R-04	**Tightening Low-carbon Energy Regulations**	1. Install dioxin control facilities. 2. Build FGD systems to cut SO_x.	• ↑ Costs, Inventories, Liabilities, and PP&E • ↓ Cash
O-01	**Policy Incentives for Low-carbon Innovation**	1. Install biogas power generation facilities. 2. Build biomass cogeneration (benefits). 3. Drive paper machine efficiency (benefits).	• ↓ Costs and PP&E • ↓ Cash Outflows (lower production cost) • ↑ Revenue and Cash • ↑ Non-op Income

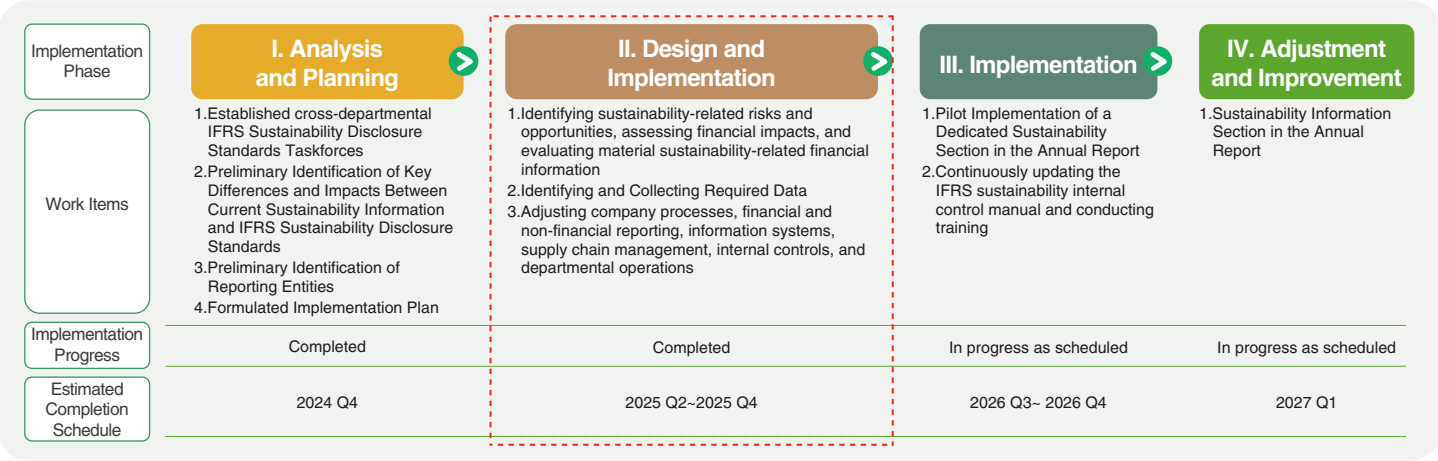
2. Data Identification and Collection

Identified and compiled the inventory of required data sources for the dedicated sustainability section of the annual report, clarifying responsible units, personnel, and supervising managers across chapters to establish the **"Annual Report Sustainability Section Disclosure Control Table."**

3. Aligning Corporate Processes, Reporting, Systems, Supply Chains, Internal Controls, and Operations

Convened the "Discussion Meeting on Amendments to Internal Control Systems for IFRS Sustainability Disclosure Standards Adoption" (November 13, 2025) to comprehensively review governance processes, risk management policies and procedures, sustainability information management guidelines, and related operational procedures. Additionally, launched the "IFRS Sustainability Information Digital Platform Project" and conducted multiple development sessions to enhance the collection, tracking, and control of sustainability-related financial information.

CLC Sustainability Disclosure Standards Implementation Timeline



Identification of Material Issues and Stakeholders' Engagement

CLC's senior management and the Sustainability Committee Taskforce annually identify stakeholders and material issues, following GRI Standards (2021) and the EU Double Materiality principle to determine issues with significant impacts on both CLC and external economic, environmental, and social factors. Stakeholder scoring references the AA1000 Stakeholder Engagement Standard 2015, applying the principles of dependency, responsibility, tension/concern, influence, and diverse perspectives. The Taskforce conducts interviews with the Chairperson, President, and management, and completes stakeholder identification questionnaires to identify 6 main stakeholder groups: (1)employees, (2)customers, (3)shareholders/investors/financial institutions, (4)suppliers/contractors, (5)government/industry associations, and (6)society (media, neighboring communities, non-profit organizations, academic institutions). CLC engages these stakeholders through multiple channels, both regularly and project-based, to gather expectations serving as the core information source for our sustainability issue and impact assessments.

Material Issues Identification Flowchart

Issue Identification

Referencing international standards and reports (WEF, SDGs, GRI, SASB, OECD Due Diligence Guidance), industry benchmarks, stakeholder input, and CLC TCFD climate risk and opportunity assessment results

Summary of **20** **sustainability issues**

Materiality Assessment

The materiality assessment questionnaire was distributed, and the Sustainability Team consolidated material issues

- Sustainability Committee Taskforce
- External: 6 Key Stakeholders (employees, customers, shareholders, financial institutions, suppliers, contractors)
- Total questionnaires collected: 381

Consolidate **12** **material issues**

Analysis of Positive and Negative Impacts of Material Issues

1. Defined positive and negative impact events for 12 material issues
2. Impact assessment was conducted by 18 senior executives and sustainability team members
3. The sustainability team consolidated stakeholder perspectives, company sustainability policies, and external consultant input to identify material issues with significant impacts, and submitted them to the Board of Directors for approval

Focusing on **6** **material issues with significant positive and negative impacts**

Regular Review

- Establish management policies and action plans for material issues with significant impacts; review progress annually at the sustainability committee
- Other significant material issues are disclosed through relevant indicators under current management processes and measures

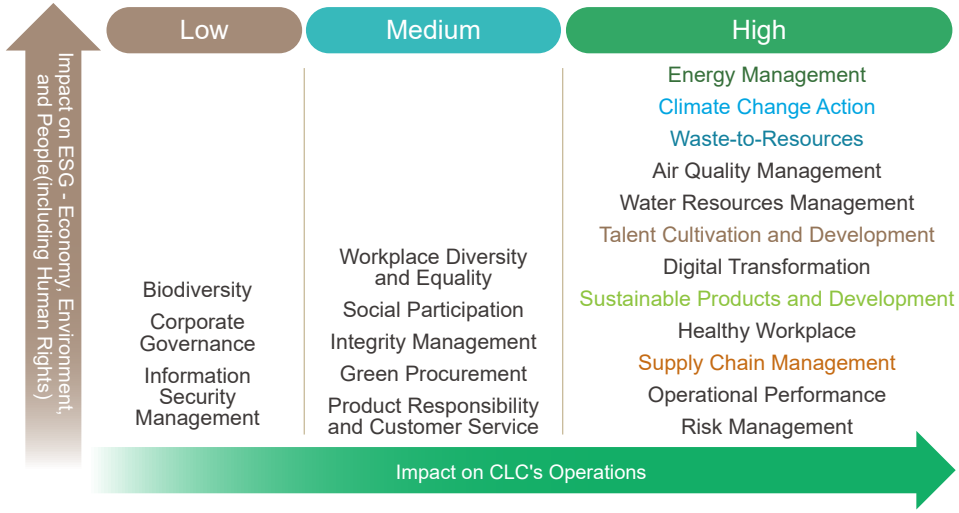
Annual review and analysis of material issues and processes

Material Issues Identification and Impact Analysis

CLC is committed to practicing proactive stakeholder communication and dynamic issues management. In 2024, we implemented a comprehensive materiality identification process, conducting in-depth assessments of 20 issues through surveys distributed to internal and external stakeholders. **Topics with significant influence on both "CLC" and the "economy, environment, and people" were defined as "Highly Material Issues". Following rigorous analysis, 12 highly material issues were selected to form our "Materiality Matrix**". Subsequently, our sustainability team, in collaboration with external experts, identified positive and negative impact events associated with each highly material issue across economic, environmental, and people (including human rights) dimensions. Additionally, Senior management and members of the Sustainability Taskforce evaluated these impacts based on their Scale, Scope, and Likelihood: **Positive Impacts**: Focus on enhancing financial and operational efficiency. **Negative Impacts**: Focus on rigorously assessing potential financial impairments or operational risks.

Ensuring the stability and continuity of management to the material issues, CLC conducts a full-scale survey every 2 years. Consequently, our work in 2025 focused on **"Issue Re-assessment and Dynamic Maintenance"**. After a comprehensive review of international industry trends and environmental shifts by the sustainability taskforces and external consultants, it was confirmed during the annual ESG implementation meeting that the 2024 identification results and impact analyses still accurately reflect the key risks and opportunities which CLC currently faced. For 2025, we continue to prioritize **6 highly material issues: Climate Change Action, Energy Management, Waste-to-Resources, Sustainable Products and Development, Supply Chain Management, Talent Cultivation and Development.** The related analysis, management strategies, and results have been reviewed and approved by the BoDs, underscoring our commitment to deep-rooted sustainability management and organizational resilience.

CLC Material Issues Matrix



CLC Material Issues Assessment: Major Positive and Negative Impacts

For 6 highly material issues with significant positive or negative impacts, CLC establishes systematic management policies, formulates action strategies, sets quantitative indicators, and regularly tracks results. Other material issues are disclosed to stakeholders through existing management systems and internal control measures to continuously monitor and disclose relevant indicators to our stakeholders. This high level of transparency ensures that stakeholders can comprehensively understand CLC's sustainability performance across various dimensions. Our goal is to maximize our positive industry impact while steadily advancing toward our long-term sustainability objectives.

⊕ : Positive Impact ⊖ : Negative Impact

Material Issues	Value Chain Impact Assessment			Impact Assessment (1~5)						Key Positive and Negative Impacts	CLC Action	Response Section
	Upstream	CLC	Downstream	Economy		Environment		Human Rights				
	Supply Chain		Customer	Positive	Negative	Positive	Negative	Positive	Negative			
Climate Change Action	V	V	V	**4.1**	**4.4**	**4.2**	**3.9**	-	-	⊕ Sustainable Smart Papermaking for emission cuts ⊕ Climate framework alignment for carbon management ⊖ Carbon-neutral biomass shortages limiting emission cuts ⊖ Net-zero transition increases operating costs	• Smart low-carbon production and sales transition • Circular low-carbon fuel expansion • Cross-domain carbon-negative innovation • Internal Carbon Pricing (ICP) implementation	4.1. Climate Change Action
Waste-to-Resources	V	V	-	**4.0**	3.1	**3.9**	2.7	-	-	⊕ Lower fossil fuel reliance mitigating impacts ⊕ Residual waste-to-energy utilization cutting costs ⊖ Waste flow mismanagement causing pollution ⊖ Ineffective waste disposal damaging reputation	• 3R PLUS Total Resource Circulation • Innovation in waste food paper container recovering • Biomass cogeneration system installation • Waste flow audit and management	4.5. Waste-to-Resources
Sustainable Products and Development	V	V	V	3.7	**3.6**	3.8	2.9	3.8	-	⊕ Paper-based Natural Solutions for low-carbon market ⊕ Carbon footprint tracking fostering green living ⊖ Under-innovation failing market demands ⊖ Consumer behavior shifts reducing paper consumption	• Sustainable paper material R&D investment • Diverse low-carbon product development • Product carbon footprint inventory expansion • Digital transformation for operational efficiency	2.1. Sustainable Products and Development
Energy Management	V	V	-	**4.1**	**3.6**	**4.0**	3.2	-	-	⊕ Energy tracking driving energy efficiency ⊕ Renewable energy deployment creating new business ⊖ Renewable energy additions raising operating costs ⊖ Renewable energy investments impacting ecosystems	• Energy-saving and emission reduction efficiency projects • Renewable energy development and certificate applications	4.2. Energy Management
Supply Chain Management	V	V	V	3.8	**3.7**	3.8	**3.3**	-	-	⊕ Robust supplier oversight ensuring continuity ⊕ Green procurement powering industry growth ⊖ Poor recovered paper quality raising costs ⊖ Geopolitical instability fueling supply and price volatility	• Local recovered paper supply chain optimization • Supplier Audit System enhancement • Set responsible and sustainable procurement goals • Industry Chain Carbon Neutrality Alliance established	3.1. Supply Chain Management
Talent Cultivation and Development	V	V	-	3.6	**3.4**	-	-	3.4	2.8	⊕ Sound talent training and job rotation systems ⊕ Competitive pay and cultivation frameworks ⊖ Inadequate training impeding staff growth ⊖ Recruitment bottlenecks causing talent gaps	• 10-Year Talent Development Plan • CLC Talent Academy system refinement • Global talent cultivation • Build a diverse and inclusive workplace	5.2. Talent Cultivation and Development

Note: The average impact score for positive events was 3.84; for negative events, 3.25. Events in **bold** had impact scores above the average.

2025 CLC Stakeholder Engagements

Communication Channels, Frequency, and Key Engagements

CLC addressed material issues of 6 key stakeholders in this report and disclosed relevant information through the official website and multiple platforms to facilitate stakeholder engagement.

"Engaging stakeholders through multiple channels enables CLC to better understand expectations and respond to social needs, supporting continuous improvement."

Significance to CLC	Communication Channels and Frequency	Material Issues	CLC's Response	2025 Key Engagements
Employee We embrace a people-oriented philosophy, recognizing that employees are our most valuable assets and the primary creators. We are committed to fostering an environment where our staf's professional growth and the company's success are mutually reinforcing.	【Regularly】 • Employee feedback survey/ every 2 years • Enterprise union/ annually • Outlook meeting/ annually • Welfare committee/ semiannually • Labor-management meetings/ quarterly • CLC bimonthly Journal/ every 2 months • Plant affairs meeting/ monthly • Department meeting/ weekly 【ad hoc】 • EIP, Grievance mailbox, etc. • Excellent Proposals Mechanism • Education and training, safety seminars, HSE talks & health promotion activities	Operational Performance Talent Development Healthy Workplace	→ Providing competitive compensation and benefits, reviewing our salary structure annually based on operational and ESG performance to share the sustainable business results with our employees. → Establishing a 10-year sustainable talent development plan to refine international talent cultivation and next-generation succession strategies, having set a group goal to reach an average of 48 training hours per employee by 2030. → Build a diverse and inclusive workplace and conduct Human Rights Due Diligence (HRDD) to identify key risks and implement proactive prevention and mitigation measures. → Foster our corporate culture of health and safety by organizing OH&S seminars and health promotion activities. → Continuously constructing and expanding dormitories with integrated living and recreational facilities.	→ Salaries adjusted for 19 consecutive years (1%–3% annually), up 7.6% from 2020; average welfare expenditure reached NTD 38,000 per person. → 341 internal instructors trained to date; average annual training hours per employee reached 43.9 for the Consolidated Company. → Cultivated green-collar AI skills by promoting training for AutoML and other digital tools. → Initiated HRDD (7 key issues rated low risk); conducted employee satisfaction survey focusing on new hires with < 5 years of service. → Average OH&S training was 33.3 hours per person; 2,028 in-person participants in health promotion activities. → Dormitory reconstruction at Panchiao Box Plant and Tayuan Paper Mill scheduled for completion in 2026.
Customer Driven by market trends and customer needs, we strive to create exceptional value for our clients. This (customer-centric approach) serves as the foundation of CLC's long-term competitive advantage.	【Regularly】 • Instant customer service hotline/ instant • Real-time customer complaint E-management system/ instant • Customer satisfaction surveys / annually 【ad hoc】 • Innovative technologies and business exchange description • Business and related assessments • Customer meetings	Sustainable Products and Development Operational Performance Digital Transformation	→ Ongoing low-carbon transition and innovative R&D, focusing on diverse low-carbon products and services. With Paper-based Solutions (PbS), we extend green innovation into sectors, securing numerous patents and certifications. → Establish the **"3R PLUS Low-carbon Manufacturing Value Chain"** through cross-sector collaboration, setting a new benchmark for decarbonization. → Establish Excellent Proposals Mechanism to encourage employee innovation. → Implementing AI into our production and sales processes to enhance global logistics and customer services, setting a customer satisfaction score goal of 90 by 2030. → Established an Information Security Center to strengthen risk management and foster an information security culture.	→ Invested NTD 111 million in R&D; 100% recovered eco weed control paper certified as organic agricultural material by the Ministry of Agriculture for 3 consecutive years. → Excellent proposals generated a profit of NTD 150 million. → Houli Mill planning biogas power and Taiwan's largest biomass cogeneration system, set for 2026 and 2029; Binh Duong Mill Phase 3 and Ben Cat Plant Line 2 set for 2026 production. → Continued promoting smart papermaking with over 30 smart transformation projects implemented to date. → Conducted customer satisfaction surveys; the consolidated company achieved an overall score of 91.6. → Completed ISO 27001 annual audit and certification to strengthen information security.

Significance to CLC	Communication Channels and Frequency	Material Issues	CLC's Response	2025 Key Engagements
Shareholders, Investors, Financial Institutions Our management team is dedicated to fulfilling its fiduciary duty by delivering sustainable investment returns. We view the interests of our financial stakeholders as the core of our robust corporate governance framework.	【Regularly】 • Spokesperson and stock affairs / instant • Shareholders' meeting / annually • None-financial report/ annually • Investor conference/ semiannually • Financial reports / quarterly 【ad hoc】 • Investment institution seminars, investor meetings, and conference calls • Company website • Email • Market Observation Post System (MOPS)	Risk Management Operational Performance	→ Emphasize stable operations and legal governance by continuously establishing rigorous regulations and conducting employee training. → Established the Risk Management Committee under the BoD to enhance our risk management systems and identify and manage various operational risks. → In response to the "Corporate Governance 3.0 - Blueprint for Sustainable Development" and the IFRS Sustainability Disclosure Standards, we formed a taskforce to drive the implementation plan and deeply embed a culture of sustainable governance. → Focusing on the dual-axis strategy of "Low-carbon Intelligence" and "Green Energy Generation," expanding our circular economy operations. → Maintain robust operational performance to ensure positive investment returns to investors.	→ A total of 410 participants attended the Integrity Management and Anti-corruption Education and Training series, held both online and in person. → Two risk management meetings were held to approve the risk assessment results and implementation status. → The CLC IFRS Sustainability Disclosure Standards Taskforce identified 4 major sustainability risks and 1 major opportunity, with regular reports to the BoD. → Arranged a NTD 7.7 billion sustainability-linked syndicated loan to support the low-carbon smart papermaking layout. → EPS reached NTD 0.74 in 2025, with a cash dividend of NTD 0.45 per share; two online investor conferences were held (Mar 21 and Aug 22). Note: Investor presentations, videos, and meeting minutes are available on the CLC website - Stakeholders section
Suppliers and Contractor We view our suppliers and contractors as strategic partners. Through collaboration and mutual growth, we aim to build a stable and sustainable supply chain ecosystem.	【Regularly】 • Real-time supplier management system/ instant • On-site supplier audit/ annually • Supplier self-assessment questionnaire/ annually • Sustainable Ecosystem Summit/ annually • Supplier EHS communication and training/regularly 【ad hoc】 • Supplier visits • Supplier ethics advocacy • Supplier guidance • GHG Inventory Training	Supply Chain Management Waste-to-Resources Energy Management Sustainable Products and Development	→ Focusing on the 4 Resilience Pillars of "Low-carbon, Digitalization, Incentives, and Empowerment," regularly hosting Sustainable Summits and training to deepen collaboration with suppliers and co-construct a sustainable value chain. → Assist 2 local recovered paper companies annually in upgrading transformation to drive industry chain advancement. → Supply Chain Audit Target: Set a 100% on-site supplier audit goal by 2030. → Promoting circular low-carbon fuels, set 2030 goals: waste-to-resources utilization rate > 97% (Taiwan) and > 95% (Binh Duong Mill); 6% reduction in unit corrugated container waste from 2024 base year (Taiwan & Vietnam); alternative energy ratio of 25% (Taiwan) and 15% (Binh Duong Mill). → Ensure all waste is properly managed or reused in compliance with regulations. → Committed to total resource recycling, with annual goals for the recycled rate of recovered paper in industrial paper to exceed 97% and for FSC™ pulp ratio to exceed 98% (Taiwan) by 2030.	→ Hosted the 6th CLC Global Sustainable Ecosystem Summit (formerly Supply Chain Conference), expanding invitations to overseas suppliers and customers. → Implemented Supply Chain HRDD; all 7 key issues were rated as low risk with steady management. → Expanded GHG Inventory Training for key suppliers, training 10 companies (18 participants) and securing 63.9% effective carbon data. → Supported 16 recycling paper suppliers in upgrading; accumulated a total of 56 food paper container suppliers. → Conducted on-site evaluations for 20 new major suppliers, totaling 271 companies (87% completion rate). → Waste-to-Resources ratio: 99.4% (Taiwan); 98.3% (Binh Duong Mill); unit corrugated container waste decreased by 4.5% from base year (Taiwan & Vietnam). → Alternative Energy Ratio: 18.65% (Taiwan); 13.09% (Binh Duong Mill). → Recovered Paper Utilization (Industrial Paper): 97.6% (Taiwan); 95.7% (Binh Duong Mill). FSC™ Pulp Procurement Ratio: 95.3% (Taiwan).

Significance to CLC	Communication Channels and Frequency	Material Issues	CLC's Response	2025 Key Engagements
Government, Industry Associations We comply with regulations and actively participate in industry initiatives. By providing constructive policy recommendations, we foster prosperity between CLC and the broader industry.	【ad hoc】 • Official correspondence and visits • Face-to-face interviews, phone calls to provide industry experience and advice • Meetings (briefing, public hearing, symposium, seminar, networking event) • Public association communication platform	Risk Management Climate Change Action Energy Management Water Management	→ Aligning with international sustainable governance frameworks and continuously strengthen environmental sustainability, energy efficiency, and resilience in accordance with ISO standards. → Collaborating with local environmental protection bureaus to support disadvantaged individual recyclers. → Actively participated in government and industry initiatives promoting Net-zero, renewable energy, and circular economy regulations to help build a Net-zero Island. → Established the "Climate Change and Circular Economy Office" to manage climate change and biodiversity issues. → Implementing digital ISO 50001 systems, and set 2030 goal: a 10% reduction in unit product energy consumption (Taiwan) from 2019 base year. → Water Resource are managed through circulation, recycling and reuse. The goal is to reduce unit water consumption for industrial paper by 10% (Taiwan) by 2030 (2019 base year).	→ Ranked in the TOP 6%~20% in the Corporate Governance Evaluation for 6 consecutive years. → A total of 146 site inspections were conducted by the Ministry of Environment, OSHA, local environmental protection bureaus, fire departments, and other OH&S stakeholders. → GHG emissions in Taiwan decreased by 19.52% from the 2018 base year. → Obtained the "A List" top honor in the CDP Climate Change assessment. Continued the Huisun Forest fire-damaged land restoration project to restore natural carbon sink value. → Unit product energy consumption decreased by 3.33% from the base year. → Unit product water consumption in containerboard division for industrial paper decreased by 15.3% from the base year.
Society (Media, local, communities, non-profit organizations, academic institutions) Our social engagement is multifaceted: we view the Media as vital communicators of our values; we prioritize Local Communities as the primary focus of our social contributions; and we value the diverse insights (and innovation potential) provided by NGOs and Academic Institutions.	【Regularly】 • E-newsletter/ quarterly 【ad hoc】 • Local community activities • Cheng Huo-Tien Charity Foundation • CLC Children's Foundation • Face-to-face, email, telephone interviews • Press conferences, advertisements, press releases • Seminar • Factory Visits • ESG section on company website	Sustainable Products and Development Air Quality Management	→ The "CLC: Love Paper & Our Earth" Vision promoting 4 primary philanthropic pillars: Secondary Forest, Care for Child, Social Participation, and Emergency Assistance. → Social Innovation and Environmental Education: Actively bridging resources across industry, government, academia, and research sectors. Through 3 major social innovation initiatives—"Paper Libraries," "Sustainability Teacher Workshops," and "Green Factory Tours"—we advocate for the circular economy and resource regeneration while deepening public environmental awareness. → Committed to enhancing the quality of air emissions by introducing innovative technologies and equipment to reduce air pollution.	→ Invested NTD 52.46 million in social welfare, including NTD 30 million for the relief and reconstruction of the Mataian River barrier lake overflow in Hualien. → Annual volunteer services reached 1,021 instances, totaling 2,688.5 hours. → Enhanced information disclosure quality with 40 website press releases, 16 media messages, and 7 media interviews. → NO_x emission concentration decreased by 50.1% from the 2019 base year, with no fines for air pollution or odor violations.

※For additional stakeholder communications, please refer to the CLC website.



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Robust Governance Commitment

Grounded in sincerity and trustworthiness, we uphold ethical standards, comply with laws and international initiatives, maintain robust management systems, and pursue dual-track domestic and international strategies to achieve sustainable growth.

1.1 Operational Performance

1.2 Governance Structure

1.3 Risk Management

1.4 Information Security Management

1.5 Integrity Management

2025 Highlights

Building Vietnam's Largest Low-carbon Smart Papermaking Hub

Vietnam Binh Duong Mill

Scaling to **Million-Ton Capacity** in 2026

Ascending to Become a Global Sustainability Leader

Four-time **Clean 200 ™**

honored by Corporate Knights, and 1st listed in the **Asia-Pacific 50 Most Sustainable Corporations**



Continue to promoting **Product Innovation**

Obtained **4 Patents** (worldwide)



Completed NTD **25.3 billion**

low-carbon smart papermaking transformation loan (2022~2025)

Accelerating **low-carbon Transition**

Taiwan's No. 1 and Asia's Leading Fully Circular Recovered Paper Enterprise

Paper & Paperboard: **2.502 million** tonnes

Corrugated Container: **1,992 million** m^2

Recovered Bleached Pulp: **66k** tonnes



Corporate Governance Evaluation

ranked in the Top **6%~20%** for 6 consecutive years

Stable market share growth

(Taiwan area)

Industrial Paper **> 40%**

Corrugated Container **> 30%**

Household Paper **20%**



Implemented **Information Security Management**

Completed **ISO 27001** annual certification

1.1 Operational Performance

Material Issue Operational Performance

Strategy Strengthen Taiwan operations and pursue dual domestic and international strategies to become a low-carbon green energy paper company and achieve sustainable growth.

2030 Goals	2026 Goals	2025 Goals and Results
• Expand green and low-carbon production sites to establish the circular economy benchmark in Asia's paper industry	• Establish global circular economy sites ➡ Phase 3 construction at Vietnam Binh Duong Paper Mill (BM23)went into operation in H1 ➡ The 2nd Corrugated Container production line was completed at Ben Cat Plant in H1; Started to construct the 2nd Ninh Binh Plant in Northern Vietnam	• Establish circular economy sites domestically and internationally ➡ Utilized 2.285 million tonnes of recovered paper (Group), contributing carbon reduction by 13.253 million tCO_2e ➡ Houli Mill: Biogas power system tested; 120-ton biomass cogeneration planned (128 million kWh/year; expected online in 2029) ➡ Consolidated revenue reached NTD 42.98 billion，Net Profit After Tax was NTD 0.799 billion，+21.65% YoY
• Promote resource recycling through technological R&D to achieve a low-carbon green energy transition	• Advance green energy transition ➡ Planning an NTD 9 billion sustainability-linked syndicated loan	• Advance green energy transition ➡ Secured a NTD 7.7 billion sustainability-linked syndicated loan to advance low-carbon smart papermaking

About CLC

CLC: Low-carbon Green Energy Paper Company

Paper is essential to daily life and a core circular economy industry. Since 1959, adhering to the philosophy of "Prospering Together with Nature", CLC has adopted the 3R strategy—Recycle, Reduce, Reuse—to optimize resource and energy circulation, delivering sustainable products and comprehensive paper packaging solutions.

CLC ranked among the world's TOP 100 paper companies and served as a green supply chain partner for international brands. The company continues to expand its sustainable investments, driving growth through low-carbon transition. As the only one which activated the response to Climate Change Questionnaire and listed at :"A list" launched by《Global environmental NPO - CDP》in the paper industry；four-time listed "Clean 200™" (2022–2024, 2026), and jumped to "Asia-Pacific 50 Most Sustainable Corporations" held by Corporate Knights , to demonstrate achievements in low-carbon and circular transition.

Advancing S.M.A.R.T. Low-carbon Paper for 3R PLUS Total Resource Circulation

CLC implements the S.M.A.R.T. Low-carbon Papermaking Strategy—Subtraction is Addition, Waste to Material, AI leads in Digital Transformation, Recycling drives Circulation, and Technologies innovate Manufacture—to integrate "product, energy, and water" cycles. CLC expands the use of plant fibers, biomaterials, and biofuels. The company continuously strengthened green energy applications and smart manufacturing capabilities, has transformed factories into S.M.A.R.T. regenerative plants/mills by establishing the "3R PLUS Low-carbon Manufacturing Value Chain". Additionally, CLC promotes low-carbon design and green product development, and provides paper packaging solutions that balance eco friendliness and functionality, to help clients decrease their carbon footprints, cooperating with suppliers toward sustainable transformation.

CLC Develops 3R PLUS Total Resource Circulation Model, Builds the Low-carbon Manufacturing Value Chain through Cross-industry Collaboration

CLC expands the use of local recycled materials and reduces reliance on imports, and has integrated product, energy, and water resource cycles with agricultural and forestry cycles to build the low-carbon manufacturing value chain. Upholding the spirit of co-prosperity with nature, we aim to build an industrial value chain transitioning from "Near-zero Papermaking" to "Net-zero Smart-papermaking". By leveraging circular regeneration as a niche, we are upgrading the carbon neutrality capabilities of local industries.

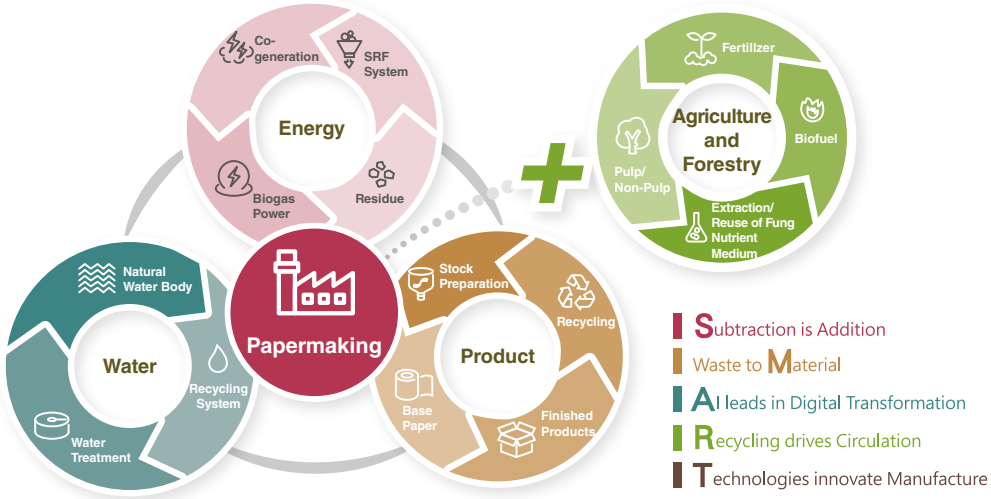
Recycle ∞ Regenerate! Planting the seeds of sustainable forests for our planet.

A single sheet of paper from CLC is more than just a green choice that's closer to nature and rich in value; it is an extension of the trees themselves. By protecting virgin forests and choosing recovered paper, every usage helps cultivate Taiwan's "Secondary Forests" through circular regeneration.

In 2025, there are 2.285 million tonnes of annual group recovered paper regeneration, contributing nearly 13.253 million tonnes of carbon reduction, equivalent to preserving 7,617 Daan Forest Parks, we protect nature through resource circulation and create sustainable forests.

*Note 1: Based on CLC's actual production data, every tonne of recovered paper utilized reduces carbon emissions by approximately 5.8 tCO_2e. Furthermore, according to international estimation standards, this is equivalent to preserving about 20 trees (actual values vary by paper grade and manufacturing process).

*Note 2: The baseline for one Daan Forest Park is defined as 6,000 trees.



Product Circularity

2030 Goal

Industrial Paper Recovered Paper Utilization Rate > 97%

Our low-carbon, sustainable industrial paper originates from used containers that are returned to our mills and transformed into new raw materials, initiating a second life cycle for the product.

By continuously upgrading advanced green manufacturing processes and driving supply chain transformation, CLC has achieved a recovered industrial paper utilization rate of over 97%, firmly establishing its leadership in the industry. Furthermore, we collaborate with partners across the value chain to create the most comprehensive circular economy business model, navigating the final mile of carbon reduction together.

Energy Circulation

2030 Goal

Alternative Energy Ratio 25%

By leveraging site-specific geographical conditions and the unique characteristics of our papermaking lines, CLC is transforming traditional manufacturing plants into low-carbon sites.

CLC established Taiwan's earliest onshore wind power systems, the industry's 1st solar power installation, and a model biogas mill. We also operate the largest high-efficiency biomass cogeneration system. Furthermore, we have deepened our Coal-to-Energy reduction strategy by launching the industry's 1st "Agro-forestry Resource Task force" to expand the recovery and utilization of SRF and agricultural/forestry residues.

Water Circulation

2030 Goal

10% Reduction in Unit Product Water Consumption (containerboard division)

Through the PDCA management mechanism a, Water Conservation and tiered water management are implemented to enhance production water reuse efficiency. Each drop of water can be reused up to 26 times, with a water recycling rate exceeding 96%.

Additionally, Compliant effluent is supplied to streams and wetlands to support biodiversity, carbon sequestration, and greenhouse gas mitigation.

Agricultural and Forestry Cycles

2030 Goal

Waste-to-Resources Ratio > 97%

CLC actively promotes the repurposing of agricultural and forestry residues, deepening the regeneration of plant fibers and the high-value application of biomaterials. Simultaneously, we consolidate expertise from industry, government, academia, and research institutions to develop natural carbon sinks, enhancing climate adaptation and carbon reduction.

Concurrently, we channel resources back into agriculture by utilizing 100% local recovered paper to develop eco-friendly "weed control paper". This sustainable alternative to traditional plastic mulch promotes nature-friendly farming practices.

* Note: The goal setting scope is the Taiwan Parent Company.

CLC Integrity & Prosperity

Business Philosophy

Sincerity and Trustworthiness (Loyalty to Shareholders, Honesty in Business, Pursuit of Improvement, Dedication to Excellence)

Vision

Caring for Life, Utilizing Resources Wisely, and Contributing to Society

Mission

New Low-carbon & Green Energy Paper Company in Asia

Name	Cheng Loong Corporation (CLC)
Total employees (2025.12)	Worldwide: 6,740 Taiwan: 3,549
Established Date	February 4, 1959
Main Products and Services	Industrial Paper ／ Corrugated Container ／ Household Product ／ Business Paper Products
Chairman	Jen-Ming Cheng
President	Ching-Piao Chang
Headquarters	No. 1, Sec. 1, Minsheng Rd., Banqiao District, New Taipei City, Taiwan (R.O.C.)
Operational Coverage	Taiwan, Mainland China, and Vietnam



Laying Foundation

- 1959 Establishment of the CLC.
- 1961 Integrating manufacturing and product marketing.
- 1971 Listed on the TWSE. (Stock code 1904TW)
- 1993 Entering the fine paper and household tissue markets.
- 1995 Completion of CLC Headquarters: CLC Plaza Building.

Overseas Expansion

- 2002~2010 Establishing sales points in Vietnam and China.
- 2008 Establishment of "Chung Loong Paper Holdings Limited" to administer all companies invested in China.
- 2011 Introducing low-carbon paper manufacturing machinery in Houli Mill. (BM10)
- 2015 Expanding household tissue operations in Chupei Mill. (TM16)
- 2018 Completion of Binh Duong Paper Co., Ltd. in Vietnam, Expanding in ASEAN

Innovation and Value Addition

- 2019 Launching Smart Papermaking 4.0: focusing on innovation, circularity, and green energy to become a leader in the new low-carbon paper industry.
- 2022 Build 3R PLUS Resource Circulation.
- 2024 Sustaining Nature, moving towards Net Zero! Launching the Milestone Year for AI Applications.
- **2025 Deepening the dual-track strategy of "Low-carbon Intelligence" and "Energy Creation & Green Expansion"**

Corporate Structure

The organizational structure comprises headquarters, containerboard division, packaging division, and household products and paperboard division, with affiliated companies in domestic and international locations. Headquarters manages administration, finance, accounting, R&D, IT, and information security, and coordinates quality, production and sales, technology, strategic planning, and subsidiary governance.

*Note: Please refer to the CLCwebsite.

Membership of Associations

CLC advances industry sustainability by serving as directors, supervisors, and members of professional committees in industry associations.

*Note: For complete information, please refer to the CLC List of Participating Organizations

Global Circular Expansion: Strengthening Competitiveness in Low-carbon Smart Papermaking

Headquartered in New Taipei City, Taiwan, and committed to deepening circular economy and sustainable development, CLC is one of Asia's leading enterprises in recovered paper regeneration. CLC operates 5 paper mills and 18 box plants in Taiwan, Mainland China, and Vietnam, with an annual capacity of 2.502 million tonnes of paper and paperboard, 1.992 billion m^2 of box products, and 66k tonnes of recovered bleached pulp.

With circular regeneration as our core strategy, CLC continues to strengthen our advantages in low-carbon green energy and smart papermaking. By scaling up our global recovered paper cycles and refining our international operations, we create sustainable growth momentum that integrates green economic value with renewable energy benefits.

Taiwan's Low-carbon Smart Papermaking: Integrating Circularity with Intelligent Production and Sales

Chupei Paper Mill achieved full operation of its biomass CFB boiler system in 2024, continuously improving energy efficiency and reducing carbon emission. Tayuan Paper Mill's recovered bleached pulp line began in 2023 and continues to optimize waste food paper container recycling performance. We process recovered waste food paper containers into local recovered bleached pulp and convert PE coating into green energy fuel. This high-value circular application effectively reduces carbon footprints and replaces a portion of imported raw materials.

As an industry pioneer, CLC has implemented a smart production and sales system that integrates data analytics, AI scheduling, and intelligent cogeneration to continuously enhance capacity efficiency and energy performance, driving low-carbon operations. Furthermore, the biogas green energy system at our Houli Mill is scheduled to commence operations in 2026, further expanding our green energy performance. At the end of 2025, the company also announced a partnership with **Valmet**, the Finnish leader in pulp and paper technology, to build Taiwan's largest 120-tonne biomass cogeneration system. Expected to be operational by 2029, this project will significantly upgrade our circular benefits in "waste reduction, energy creation, and green expansion".

Establishing a million-ton low-carbon circular base in Vietnam to capture the Southeast Asian market

Since entering the Vietnam market in 2005, CLC has continuously deepened local investment, establishing an integrated production system for industrial paper and corrugated container. Currently, the company operates one paper mill and 5 box plants in Vietnam, with the Binh Duong Mill designated as the core base for a five-phase development plan. Following the completion of the Phase 3 expansion in 2026 H1, annual industrial paper capacity has increased from 700,000 to 1 million tonnes. This will establish the mill as the region's largest low-carbon smart papermaking hub, supporting the growth of Southeast Asia's electronics, manufacturing, and consumer packaging markets.

Regarding corrugated containers' expansion, a 2nd production line at the Ben Cat Plant in Southern Vietnam is set to begin operations in 2026 H1. Furthermore, plans are underway for a 6th box plant in Ninh Binh Province, Northern Vietnam, with an annual capacity of 120 million m^2, expected to go on stream in H1 2027. Upon completion, our total packaging capacity in Vietnam will exceed 1 billion m^2. This scale will fully meet the demands of global tech giants, enhancing order stability, operational agility, and regional supply chain competitiveness.

25.3 Billion ESG Loans for 4 Years, Advancing Low-carbon Transformation

As the 1st papermaking company in Taiwan to implement AI intelligence, CLC continues to drive low-carbon transformation and expand its global green operational presence. In 2025, CLC completed a NTD 7.7 billion sustainability-linked syndicated loan with Hua Nan Bank and other banks, to support AI-driven low-carbon smart papermaking and the **3R PLUS** Total Circulation layout by leveraging sustainability performance indicators for interest and fee rate reductions. From 2022 to 2025, CLC secured NTD 25.3 billion in ESG loans. The company will continue to integrate smart manufacturing, green energy applications, and overseas capacity expansion to steadily advance low-carbon transformation and global presence. In 2026, CLC will launch an NTD 9 billion ESG loan to continue to strengthen green investments and advance low-carbon intelligent paper transformation.

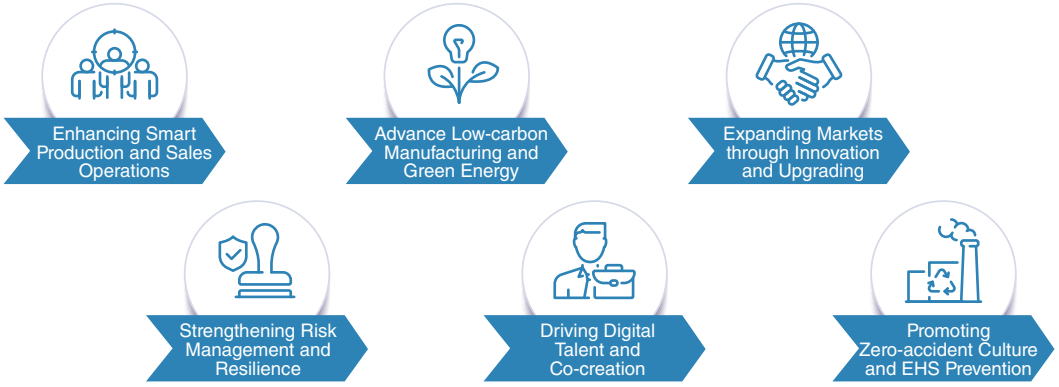


CLC and Hua Nan Bank completed a NTD 7.7 billion ESG low-carbon syndicated loan. (2025.8.4)

Smart Operations and Precision Risk Management: Driving Global Sustainable Development

Looking ahead to 2026, in the face of global economic and industrial uncertainties, CLC will deploy its strategy with forward-looking thinking and prudence. We are committed to strengthening risk identification and precision management to ensure safety and operational stability. Guided by our core strategy—"**Smart & Innovative Capacity, Market-sales Leap; Resilient Risk Control, Safe & Sustainable Operations**"—we have implemented 6 business plans. These focus on driving smart manufacturing and data-driven management to enhance production efficiency and operational resilience, while fostering market expansion and supply chain collaboration. CLC will continue to optimize its operational health and global footprint, aiming to solidify our long-term competitiveness and create steady, enduring value.

6 Key Business Guidelines in 2026



Sustainable Economic Activities (Taiwan Taxonomy)

CLC adopts a resource circular business model centered on low-carbon paper, paperboard, and corrugated container manufacturing, processing, and services. Green and sustainable revenue accounting for 97% of total revenue, providing diverse eco-friendly paper solutions to the market. Through continuous sustainable investment, CLC achieved outstanding sustainable revenue performance in 2025. Our core business is highly aligned with the circular economy and low-carbon development. With Four-time Clean 200™, and 1st listed in the Asia-Pacific 50 Most Sustainable Corporations honored by Corporate Knights, ascending to the Global Sustainability Leaders [Note].

Note: Related report please refer to CLC Website – News.

According to the Taiwan Taxonomy-Sustainable Economic Activities Recognition Reference Guideline (2nd Edition), CLC produced paper and paperboard through a circular economy model, meeting the criteria under the General Economic Activities category. In 2025, CLC reported revenue of NTD 27.33 billion in Taiwan, with 54.64% both applicable to and compliant with Taiwan Taxonomy. This covered the production of low-carbon industrial paper (linerboard and corrugated medium) and household paper (including toilet tissue made from virgin pulp). All activities met 3 criteria: substantial contribution to at least one environmental objective, no significant harm to any of the 6 environmental objectives—climate change mitigation, climate change adaptation, sustainable use and protection of water and marine resources, transition to circular economy, pollution prevention and control, and protection and restoration of biodiversity—and no significant harm to social safeguards. CLC actively addresses climate change, enhances resource circulation efficiency, and minimizes environmental impact and air quality management to truly realize a sustainable circular economy.

CLC 2025 Compliance with the 2nd Edition of Taiwan Taxonomy

Item	Revenue (Unit:NTD thousand)		Total Applicability Ratio		Overall Compliance Rate
Parent Company	27,334,687		54.64%		54.64%
Applicable Categories	**General Economic Activities Manufacturing- Industrial Paper and Household Paper**				
Assessment Results					
Compliance of Economic Activities with Guidelines	✅				
❶ Substantial Contribution to Environmental Objectives	✅				
Environmental Objectives	TSC (Technical Screening Criteria)	Unit	Product Categories Industrial Paper (linerboard and corrugated medium)		Household Tissue (Including toilet tissue produced from virgin pulp)
Climate Change Mitigation	GHG Emissions per Unit Product (S1 + S2)	tCO_2e/Adt	0.782		0.906
	Unit Energy Consumption	Mcal/Adt	Linerboard	2,022	3,587
			Corrugated medium	1,844	
Transition to Circular Economy	Unit Consumption of Virgin and Recycled Raw Materials	Adt/ton	Linerboard	0.89	0.96
			Corrugated medium	0.87	
	Industrial Waste Recycling Rate	%	99.41%		99.96%
Pollution Prevention and Control	Industrial Waste per Unit of Product	ton/Adt	0.23		0.04
	Unit COD Generation per Product	kg/Adt	0.86		0.13
❷ No Significant Harm to 6 Environmental Objectives	✅				
❸ No Major Adverse Impact on Social Security	✅				

*Note: Calculation boundary is the parent company (Taiwan area).

Green Low-carbon Products and Services

CLC delivers Total Low-carbon Paper & Packaging Solutions through vertical integration of papermaking and paper converting. Core products include industrial paper, paper containers, household products, and paper packaging materials. CLC provides low-carbon and diverse paper and packaging services to meet customer needs. Facing the rapid changes in the global economic environment, CLC enhances product differentiation and market competitiveness through integrated production and a comprehensive product line, and serves as a sustainable packaging partner for international brands.



Industrial Paper

Including linerboard, white linerboard, corrugated medium, coated white paperboard, and paper tube board, etc.



Corrugated Container

Corrugated sheetboard, corrugated container, decorative corrugated container, waterproof corrugated container, and paper pallet are supplied leading global brands.



Household Products

Toilet tissue, facial tissue, kitchen paper towels, hand towels, diapers, personal and household cleaning products.

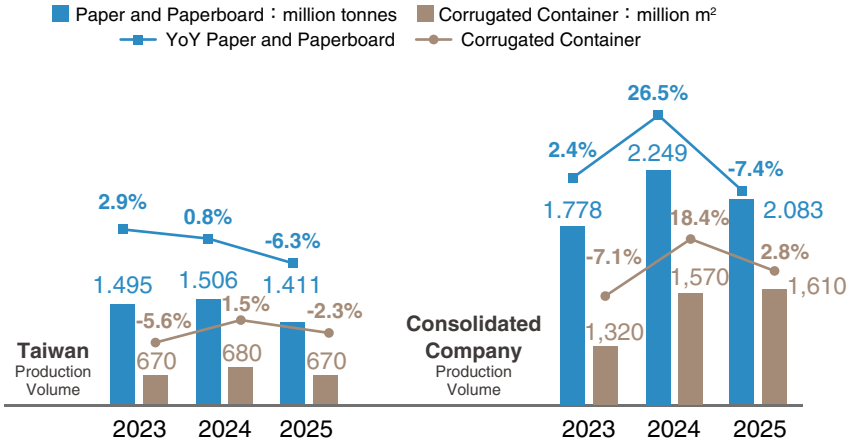


Business Paper Products

Include credit card slips, computer printouts, gift certificates, invoices, prescription bags, labels, and specialized office paper and packaging materials.

2025 Production Volume and Market Share

Product Category	Unit	Taiwan	Consolidated Company	Market Share (Taiwan)
Paper and Paperboard	million tonnes	1.411	2.083	Industrial paper >40% Household paper 20%
YoY	%	-6.3%	-7.4%	
Corrugated Container	million m²	670	1,610	>30%
YoY	%	-2.3%	2.8%	



Leading Integrated Industrial Paper and Corrugated Container Producer in Taiwan and Asia
60th Largest Global Paper Company Worldwide



Production and Sales Locations

5 paper mills

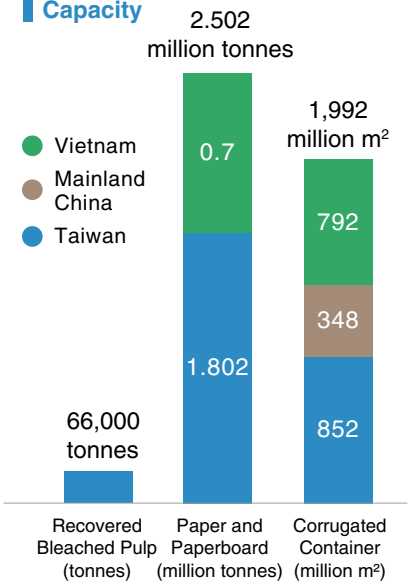
Taiwan 4 Tayuan, Hsinchu, ChuPei, Houli
Vietnam 1 Binh Duong

18 box plants

Taiwan 7 Banqiao, Tayuan（2）, Miaoli, Taichung, Talin, Yenchao
Mainland China 6 Shanghai, Kunshan, Suzhou, Dongguan（2）, Chengdu
Vietnam 5 Binh Duong, Ben Cat, Dong Nai, Long An, Bac Giang

*Note: Tayuan area includes Tayuan Box Plant 1 and 2; Dongguan area includes CLC Guangdong Paper and Dongguan Ming Long Paper

Production Capacity

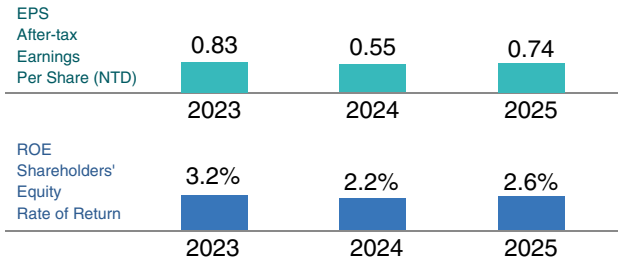


Financial Performance

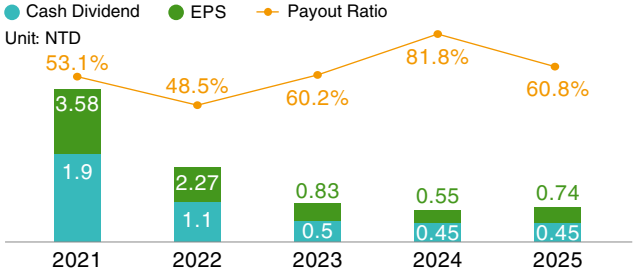
In 2025, the global paper market continued to face challenges from oversupply, further compounded by international geopolitical instability, tariff uncertainties, and exchange rate fluctuations. In response to these external shifts, CLC has consistently strengthened the flexible layout of its domestic and overseas operations, keeping steady management at its core.

Consolidated revenue reached NTD 42.98 billion (-4.85% YoY), with NTD 27.33 billion (-11.03% YoY) from the Taiwan area. Through the team's dedicated efforts to drive operational optimization, coupled with the recovery in market demand and improvements in cost structures during the Q4, net profit after tax was NTD 799 million (+21.65% YoY), and after-tax earnings per share were NTD 0.74 (+34.54% YoY).

Looking ahead to 2026, global markets continue to face geopolitical and demand uncertainties. CLC will remain focused on enhancing operational efficiency and deepening its smart manufacturing footprint. Simultaneously, we are advancing our capacity expansion in Vietnam, expecting that as new capacity gradually comes online, we will optimize regional production and sales allocation, thereby strengthening our overall competitiveness and operational momentum.



Shareholders receive annual earnings as dividends. In 2025, a cash dividend of NTD 0.45 per share will be distributed.



Financial Performance

Unit: NTD thousand

Item	2023	2024	**2025**
Total Assets	56,265,139	56,081,697	**56,545,238**
Debt Ratio	48.7%	47.3%	**48.2%**
Equity Ratio	51.3%	52.7%	**51.8%**
Direct Economic Value			
Operating Revenue	29,125,870	30,724,013	**27,334,687**
Economic Value Distribution			
Operating Costs	23,267,891	25,090,429	**22,100,411**
Employee Compensation and Benefits	3,757,943	3,700,201	**3,776,524**
Payment to Investors	1,477,376	917,657	**881,767**
Government Payments	377,335	495,700	**362,149**
Community Investment	7,996	14,050	**20,654**
Retained Economic Value	237,329	505,976	**193,182**

*Note: CLC entity (Taiwan area); information is consistent with annual report disclosures.

Unit: NTD thousand

Item	2023	2024	**2025**
Total Assets	70,626,797	72,509,633	**71,983,295**
Debt Ratio	57.9%	58.0%	**58.3%**
Equity Ratio	42.1%	42.0%	**41.7%**
Direct Economic Value			
Operating Revenue	42,165,465	45,177,687	**42,984,601**
Economic Value Distribution			
Operating Costs	34,505,351	37,811,195	**35,255,978**
Employee Compensation and Benefits	5,069,533	5,072,516	**5,182,686**
Payment to Investors	2,148,281	1,566,625	**1,351,439**
Government Payments	1,252,501	849,260	**717,997**
Community Investment	8,717	14,892	**21,151**
Retained Economic Value	(818,918)	(136,801)	**455,350**

*Note: Consolidated Company; information aligns with the annual report.

Tax Policy and Governance

CLC formulates tax policies and management procedures to ensure effective tax governance and compliance. The Accounting Department oversees tax matters, submits required filings in accordance with regulations, and obtains necessary approvals. CLC supports government policies on innovation, R&D, and tax incentives, and is committed to transparent tax information.

CLC addresses tax compliance risks by enhancing tax expertise through continuous professional training. For unfamiliar tax matters, CLC consults tax authorities and external experts to ensure compliance with tax laws and reporting requirements, thereby reducing the risk of legal penalties, financial loss, and reputational damage. CLC fulfills tax obligations in accordance with the law.

Income Tax Information

Unit: NTD thousand

	2023	2024	**2025**
Taiwan Region	187,069	163,888	**188,155**
Mainland China	151,359	126,596	**83,901**
Southeast Asia	69,360	27,131	**42,358**
Total Income Tax Expense (A)	407,788	317,615	**314,414**
Net Profit Before Tax (B)	1,340,751	974,520	**1,113,544**
Effective Tax Rate (C = A/B)	30.41%	32.59%	**28.24%**

*Note: Information is consistent with annual report disclosures.

1.2 Governance Structure

Material Issue Corporate Governance

Strategy Commit to ethical conduct and integrity through top-down management mechanisms to ensure effective and efficient operations.

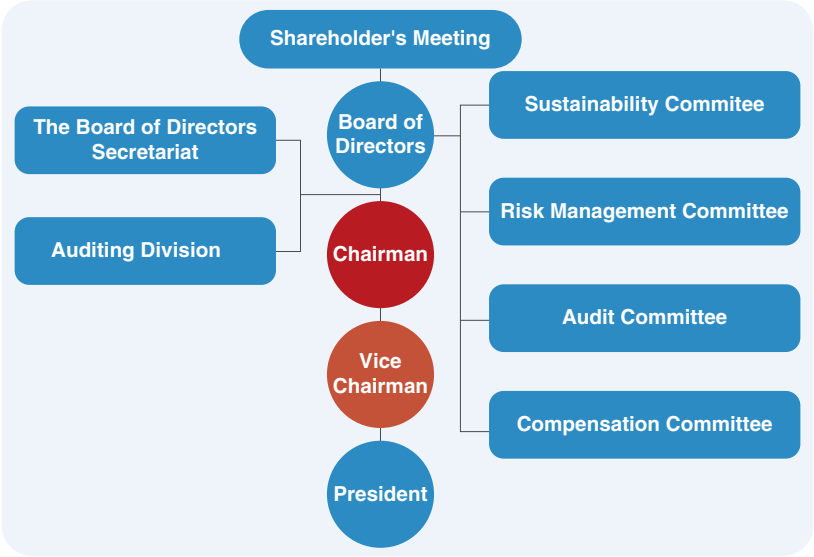
2030 Goals	2026 Goals	2025 Goals and Results
• Strengthen Board functions to advance corporate sustainability value	• Conduct board performance evaluations ➡ Completed the 2026 BoD performance internal evaluation and reported to the Board in Q1 2027 • Strengthen corporate governance regulations	• Conduct BoD performance evaluations ➡ Completed the 2025 BoD performance internal evaluation and reported to the Board in Q1 2026 ➡ 2025 BoD performance external evaluation conducted by Taiwan Institute of Ethical Business, and reported to the Board in Q1 2026 • Strengthen corporate governance regulations ➡ Revised the "Articles of Incorporation", "Procedures for the Acquisition or Disposal of Assets", "Sustainable Development Best Practice Principle", and so on
• Advance corporate governance	• Strengthen corporate governance and establish ethical management mechanisms • Strengthen anti-corruption education, training, and information disclosure	• Strengthen corporate governance and establish ethical management mechanisms ➡ A total of 410 participants attended the Integrity Management and Anti-Corruption Education and Training series through online and in-person courses • No corruption cases were reported in 2025 ➡ 0 case
• Enhance information disclosure quality • Continuous improvement of Corporate Governance Evaluation performance	• Enhance information disclosure quality • Enhance Corporate Governance Evaluation performance	• Enhance information disclosure quality ➡ Held 2 online investor conferences on March 21 and August 22 • Enhance Corporate Governance Evaluation results ➡ Corporate Governance Evaluation results ranked in the TOP 6%~20% for 6 consecutive years ➡ 2025 Sustainalytics ESG Risk Rating was 17.11, the best in the industry ➡ S&P Global Rating: 37 points ➡ FTSE4Good Taiwan ESG Index score reached 3.5 out of 5 ➡ National Taipei University SEED Taiwan Sustainability Evaluation AA

Enhancing Corporate Governance Structure: Four Functional Committees Strengthen Resilience

CLC adheres to sound governance and legal compliance, with an organizational structure that includes the Audit Office, Audit Committee, and Compensation Committee under the BoD to strengthen oversight and transparency. In 2023, the Board established the Sustainability Committee and Risk Management Committee to advance sustainability strategies and enhance resilience to uncertainties.

CLC established performance goals to enhance board efficiency, conducted board performance evaluations, promoted board diversity, and appointed a corporate governance officer. Directors' liability insurance was secured to clarify responsibilities and protect shareholder interests. Directors with conflicts of interest recused themselves from discussions and voting, and did not serve as proxies. Cross-shareholding and related party disclosures were published on the Market Observation Post System, the company website, and in the 2025 Annual Report (p. 35~55).

Organizational Structure



Enhance Compliance Mechanisms and Information Transparency

The BoD oversees management and governance to ensure stable operations and sustainable growth. In 2025, CLC amended its Articles of Incorporation to refine compensation distribution principles, balancing entry-level employee welfare with long-term corporate development. Additionally, internal regulations—including the Procedures for the Acquisition or Disposal of Assets and Sustainable Development Best Practice Principles—were optimized to enhance overall governance efficiency.

The CLC BoD convened 7 times in 2025, achieving a 98% attendance rate. The 19th Board's term is from May 29, 2025 to May 28, 2028.

CLC Key Regulations

Strengthening ESG and Risk Management for Sustainable Competitiveness

The Chairman of CLC serves on the management team and leads monthly management meetings, overseeing management reports, operational strategies, and ESG issues such as climate change, risk management, and economic development. The Chairman regularly evaluates investment projects to ensure CLC maintains competitiveness in sustainable development, low-carbon upgrading, talent development, and smart production and marketing, supporting long-term growth.

Board Performance Evaluation

CLC establishes performance goals and conducts regular board evaluations in accordance with the Board Performance Evaluation Measures. Results serve as a reference for director selection and nomination.

Internal Evaluation (annually)

Since 2021, internal board performance evaluations have covered the board, individual directors, and functional committees (Audit Committee, Compensation Committee, Sustainability Committee, and Risk Management Committee), with results reported to the board. The 2025 evaluation was submitted on March 10, 2026.

External Evaluation (every 3 years)

CLC will conduct an external board performance evaluation every 3 years by strengthening governance and decision-making. In 2025, CLC commissioned the Taiwan Institute of Ethical Business to evaluate the BoD, Audit Committee, and Compensation Committee. Results and improvement plans were reported at board meetings on March 10, 2026, with related information disclosed on the company website.

Board Diversity Enhances Decision-making Efficiency

The BoD of CLC consists of **9 directors**, including **3 independent directors**, who are elected through a candidate nomination system at the Annual General Meeting for a **three-year** term. The 19th Board members (including independent directors) serve from May 29, 2025, to May 28, 2028. In terms of expertise, 3 members possess professional backgrounds in finance and accounting (33%), while 6 members have practical management experience in papermaking and the circular economy (67%). 5 members hold employee status (56%). Regarding the age distribution, one member is aged 41–50, one is 51–60, three are 61–70, and 4 are aged 71 and above. Among the 3 independent directors (33%), their tenures are distributed as follows: one has served 1–3 years, one 4–6 years, and one over 9 years. Additionally, considering the nature of the industry, there is currently one female director, representing 11% of the board. The company will continue to review the board's composition and prudently plan the promotion of gender diversity.

Enhancing Board Competence for Excellence Governance

CLC advances board diversity by establishing policies based on operational and development needs, ensuring governance integrates experience and innovation to enhance competitiveness.

- **Basic Criteria and Values:** Gender, Age, Nationality, Culture.
- **Professional Knowledge and Skills:** The board's background in law, accounting, industry, finance, marketing, or technology. With their extensive experience in industry and business management, they provide professional insights and oversight on critical issues, including operational judgment, strategic decision-making, financial analysis, risk control, crisis management, and industry trends.

To continuously enhance Board functions and implement sound corporate governance, members of the CLC Board regularly participate in internal and external training and continuing education. Topics encompass critical issues such as risk management, corporate governance, corporate sustainability (ESG), blockchain, anti-money laundering, information security, and emerging technologies. Through ongoing training, the Board stays abreast of changes in regulations and international trends, strengthening its risk identification and oversight capabilities to further elevate overall corporate governance effectiveness.

19th CLC Board Members

Name	Job Title	Gender	Age				Professional Competence							
			41-50	51-60	61-70	71-80	Operational Judgment	Accounting and Financial Analysis	Business Management	Crisis Management	Industry Knowledge	International Market Insight	Leadership	Decision-making
Jen-Ming Cheng	Chairman	♂	●				✓	✓	✓	✓	✓	✓	✓	✓
Su-Yun Cheng	Vice Chairman	♀		●			✓	✓	✓	✓	✓	✓	✓	✓
Yen-Hao Chen	Director	♂				●	✓		✓	✓		✓		
Mu-Hsiang Peng	Director	♂			●		✓		✓	✓	✓	✓	✓	✓
Ching-Huei Yu	Director	♂				●	✓		✓	✓	✓	✓	✓	✓
Ching-Biao Chang	Director	♂				●	✓		✓	✓	✓	✓	✓	✓
Fu-Hsing Chang	Independent Director	♂			●		✓	✓	✓			✓		
Feng-Chih Huang	Independent Director	♂			●		✓	✓	✓			✓		
Chung-Lin Chou	Independent Director	♂				●	✓	✓	✓		✓	✓		

*For details on board diversity implementation in the 19th term, refer to the CLC website – Board of Directors
*Board Members' Experience and Professional Qualifications: Refer to the 2025 Annual Report, p.4~7, or the CLC website
*In 2025, all directors completed the required training hours in accordance with the Guidelines for the Continuing Education of Directors and Supervisors of Listed and OTC Companies. Refer to the 2025 Annual Report, p. 25~26

Corporate Governance Operations

CLC appointed Kun-Ming Yang, Vice President of the Finance Department, as Corporate Governance Officer on June 24, 2022, to support directors and safeguard shareholder rights. In 2025, the Corporate Governance Officer completed the required 15-hour corporate governance training, further enhancing governance capabilities. For details on CLC's 2025 corporate governance practices, refer to the CLC website.

Enhancing Corporate Governance and Disclosure Quality

CLC emphasizes corporate governance and information transparency. Annual cross-departmental reviews of evaluation results establish optimization strategies and track progress to strengthen governance practices and enhance overall governance quality. In response to the new and revised indicators of the 12th Corporate Governance Evaluation in 2025, CLC has implemented relevant optimization measures to consistently uphold its evaluation ranking. From 2020 to 2025, CLC ranked in the TOP 6%~20% in Corporate Governance Evaluation.

Achievements in Strengthening the 12th Corporate Governance Evaluation Indicators (2025)

- Enterprise Value Enhancement: Completed strategy formulation and reported to the BoD; disclosed on the "Enterprise Value Enhancement Plan" section of the MOPS.
- Implementation of "Personal Data Protection Policy": Completed the refinement and disclosure in accordance with existing policies.
- Consumer Rights: Formulated the Consumer Rights Protection Policy and Grievance Procedures; completed disclosure requirements.

Proactively Strategizing for the ESG Evaluation Transformation

For years, CLC has utilized the "Corporate Governance Evaluation" mechanism established by the Taiwan Stock Exchange (TWSE) to conduct cross-departmental self-assessments. By refining various governance indicators, we have successfully transformed these standards into a driving force for operational efficiency. In response to the 2026 transition from the Corporate Governance Evaluation to the "ESG Evaluation", CLC launched its response strategy in 2026 Q1. We aim to deepen the quality and transparency of our sustainability disclosures through the following concrete actions:

- Cross-functional Coordination: Led by the Sustainability Department, we integrate information across all responsible units to enhance communication efficiency and ensure data consistency.
- Inventory and Optimization of Key Indicators: Systematically reviewing new and revised indicators, evaluating and refining management mechanisms.
- Implementation of Digital Applications: Integrating ESG data and workflows to reinforce real-time monitoring and decision-making.

Enhancing Information Disclosure and Stakeholder Communication

To enhance information disclosure and stakeholder engagement, CLC held two online investor conferences in 2025 (March 21 and August 22), where the President, business unit heads, and spokesperson presented operations, investment plans, business outlook, Sustainable strategies, risk management, and Action Results to investors and media. CLC also participated in major domestic and international ESG evaluations to review and improve disclosure quality, ensuring transparent communication and stakeholder trust.

- ★ 2025 12th Corporate Governance Evaluation results ranked in the **TOP 6%~20%**
- ★ 2025 Sustainalytics ESG Risk Rating was **17.11**, the best in the industry
- ★ S&P Global Rating: **37** points
- ★ FTSE4Good Taiwan ESG Index score reached **3.5** out of 5
- ★ National Taipei University SEED Taiwan Sustainability Evaluation **AA**

Protecting Shareholder's Rights

CLC's corporate governance system safeguards shareholder rights and ensures fair treatment for all shareholders. Shareholders are granted rights to information, participation, and decision-making on major corporate matters in accordance with legal requirements. These measures are defined in the Corporate Governance Best Practice Principles to encourage active shareholder engagement.

2025 Annual Shareholders' Meeting: Strengthening Resilience Amid Challenges

CLC held its 2025 Annual General Meeting of Shareholders on May 29, chaired by Chairman Jen-Ming Cheng, who presented operational results and future plans, alongside the election of the 19th Board of Directors.

In 2024, despite moderating inflation and green tech growth, geopolitical risks and weak domestic demand weighed on global recovery. Facing paper industry headwinds from soft demand and destocking, CLC boosted production-sales efficiency and digital transformation—maintaining stable Taiwan operations, expanding in Vietnam, and demonstrating steadfast operational resilience.

Navigating geopolitical uncertainties, U.S. tariff dynamics, and slow demand recovery, CLC continues optimizing cross-border production allocations. Addressing Taiwan's new carbon fee system and surging plastic-free opportunities, CLC anchors growth in "Net-Zero Smart Manufacturing." Propelled by AI-driven decisions and smart operations, CLC strengthens low-carbon competitiveness to capture market shifts, build long-term value, and safeguard shareholder rights.



Sustainability Committee

To advance corporate social responsibility and sustainable development, the CLC BoD established the Sustainability Committee at the end of 2023. The committee consists of 6 members, chaired by the President. President Ching-Piao Chang (convener) and members Mu-Hsiang Peng and Tseng-Fu Hou possess expertise in business management, financial analysis, risk management, and the circular economy, fulfilling the committee's professional requirements. The committee convenes at least twice annually to perform its designated duties.

1. **Formulation of sustainability policies, goals, and implementation plans.**
2. **Promote and develop corporate sustainability.**
3. **Supervise other sustainability matters resolved by the Board of Directors.**

In 2025, 3 meetings achieved 100% attendance (including attendance by proxy). Key topics included "2024 ESG performance, revision of medium- and long-term goals", and "progress on sustainability initiatives and FSC climate-related actions".

Risk Management Committee

To enhance risk assessment and management, the CLC BoD established the Risk Management Committee at the end of 2023, comprising 6 members and chaired by the President. President Ching-Piao Chang (convener) and members Mu-Hsiang Peng and Tseng-Fu Hou possess expertise in business management, financial analysis, risk management, the circular economy, and corporate sustainability. The committee convenes at least once annually to perform its duties.

1. **Review risk management policies, procedures, and framework.**
2. **Strengthen risk management and monitor the implementation of all risk control measures.**
3. **Supervise other risk management tasks resolved by the BoD.**

In 2025, 3 meetings achieved 100% attendance (including attendance by proxy), focusing on the "2025 risk assessment results" and "risk management implementation status" to ensure effective mechanism execution.

Audit Committee

The Audit Committee supported the BoD in fulfilling supervisory duties and exercising powers required by the Securities and Exchange Act, the Company Act, and related regulations. The Committee regularly communicated with certified public accountants and reviewed their appointment, independence, and performance. The head of internal audit submitted reports according to the annual audit plan. The Committee convened at least once per quarter, holding 8 meetings in 2025 with 100% attendance (including attendance by proxy).

The 4th Audit Committee of CLC consists of three independent directors: Fu-Hsing Chang (convener), Feng-Chih Huang, and Chung-Lin Chou. Fu-Hsing Chang holds a Ph.D. in Accounting from National Chengchi University, passed the Senior Professional and Technical Examination for Accountants. Feng-Chih Huang holds an MBA from the State University of New York and previously served as Senior Executive Vice President of International Banking at CTBC Bank and General Manager of Asia-Pacific International Business at HSBC Bank (China) Company Limited. Independent director, Chung-Lin Chou, previously served as the company's Chief Financial Officer for many years, bringing extensive and profound practical expertise to the Board.

Compensation Committee

The Compensation Committee regularly reviews performance evaluation and compensation policies, systems, standards, and structure for directors and managers, holding at least 2 meetings per year. Following the reelection of the BoD in 2025, the Board resolved on July 22, 2025, to appoint 3 independent directors as members of the 6th Compensation Committee, with Fu-Hsing Chang (convener). In 2025, the Committee held 3 meetings with 100% attendance (including attendance by proxy).

Board Remuneration Policy

Director remuneration is determined in accordance with the CLC Articles of Incorporation and Board of Directors Performance Evaluation Measures, based on industry conditions and individual director participation and contributions. The Remuneration Committee reviews proposals and submits them to the Board of Directors for resolution to ensure compliance with corporate governance principles and maintain industry competitiveness.

Linking Senior Management Compensation to Sustainability Performance

CLC conducts annual performance evaluations based on its salary structure and adjustment mechanism. Evaluation indicators and assessment systems are established in accordance with the Annual Performance Evaluation Regulations for senior managers to ensure alignment between compensation and company objectives. Compensation components and evaluation criteria are as follows:

- **Salary structure:** includes fixed monthly salary, merit bonus, year-end bonus, and incentive bonus.
- **Evaluation criteria include:** 1. Company performance, 2. Individual performance and contribution, 3. Sustainability performance indicators (15% of total evaluation), covering governance, circular economy, energy and resource integration, sustainable supply chain, social responsibility, and workplace well-being.

The Human Resources Department drafts the compensation plan, which is reviewed by the Compensation Committee and approved by the BoD. Industry benchmarks are referenced to ensure market competitiveness and alignment with corporate sustainability goals.

* Note: For details, refer to the CLC website – Functional Committees.

1.3 Risk Management

Material Issue Risk Management

Strategy Establish a risk management strategy and culture to enhance transparency and protect employee and shareholder rights.

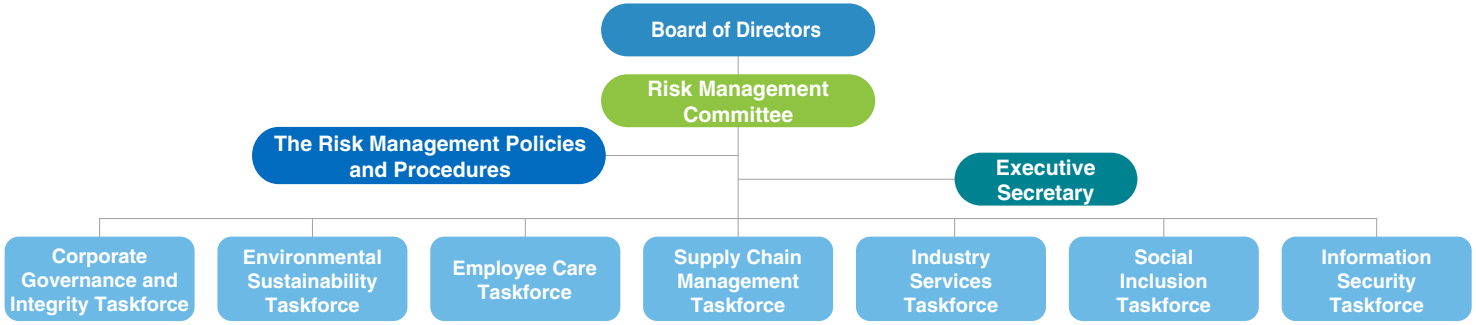
Risk Management

Implementing the risk management system and its operations is the essential foundation for ensuring CLC's steady management and corporate resilience. We have established a Board-level "Risk Management Committee" supported by seven specialized taskforces and follow the Risk Management Policies and Procedures. Through this systematic mechanism, we comprehensively identify environmental, social, governance (ESG), and emerging risk issues. By gathering intelligence on international trends, regulatory changes, and stakeholder concerns, we proactively identify potential challenges that could impact our operations.

CLC's risk assessment scope primarily encompasses consolidated entities in Taiwan, Mainland China, and Vietnam. Risk levels are determined by analyzing both severity and likelihood; these factors are used to calculate risk ratings and prioritize management efforts. Furthermore, we establish Key Risk Indicators (KRIs) alongside short-, medium-, and long-term prevention and response plans, integrating cross-departmental resources for effective mitigation. Our risk management system comprises four stages—identification, control, tracking, and improvement—and through regular review and adjustment, we continuously enhance our protective capabilities and business continuity.

In 2025, 3 Risk Management Committee meetings were held and reported to the BoD. Relevant risk assessment results and implementation status are reported to the BoD in accordance with procedures and integrated into the company's governance and decision-making oversight mechanisms.

Risk Management Framework

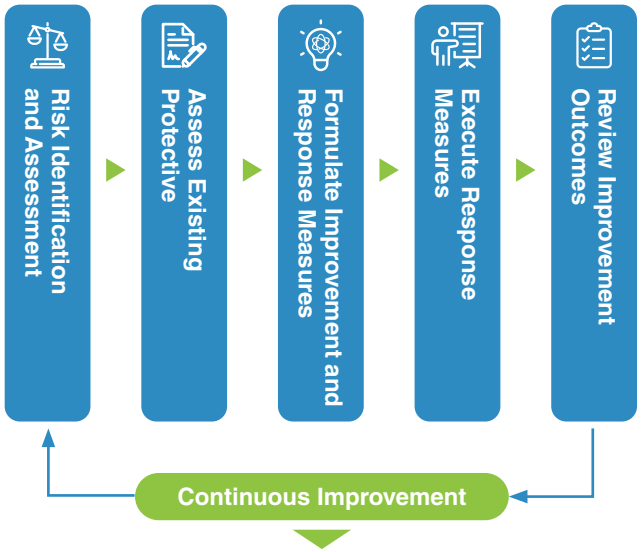


Operating Mechanism

CLC's risk management is a collaborative effort involving the BoD, the Risk Management Committee, the Executive Secretary, and specialized taskforces. This structure integrates risk identification and control with strategic decision-making. Through regular reviews and adjustments (at least once annually), we continuously strengthen corporate resilience and the capacity for sustainable development.

Board of Directors	Risk Management Committee	Executive Secretary	7 Taskforces
Risk Management Highest Authority	Under the BoD		
• Approve risk management policies, procedures, and framework • Ensure alignment between operational strategy and risk management policy • Supervise the overall operation and allocate adequate resources • Establish and maintain the risk management culture	• Review risk management policies and procedures, and regularly assess their effectiveness and operational performance • Approve risk appetite and management priorities to guide resource allocation • Ensure the risk management mechanism is integrated into daily operations • Approve risk control priorities and risk levels • Review the implementation of risk management, and report annually to the BoD	• Establish risk management policy, procedures, and risk appetite measurement standards • Analyze and identify company risk sources • Assist various departments in implementing risk management and facilitate cross-departmental collaboration • Regularly consolidate and report the implementation • Conduct risk management training to enhance risk awareness	• Responsible for risk identification, analysis, assessment, and response • Establish crisis management mechanisms when necessary • Regularly report risk management information, and ensure effectively implements the control procedures

Risk Management Procedures



The 7 taskforces under the Risk Management Committee implement the Risk Management Policy and Procedures to identify, analyze, and assess internal and external ESG risks. Risk levels are determined by severity and likelihood. Each taskforce reviews whether existing protective measures are sufficient to prevent or mitigate risks. When necessary, they formulate response strategies, ensure their effective implementation, and continuously track the results of these improvements. The following are CLC risk management implementation Status in 2025:

- 2025.07.03 Convened the 1st Corporate Sustainability and Risk Management Implementation Meeting.
- 2025.08.12 The Risk Management Committee approved the risk assessment results and reported to the BoD.
- 2025.11.13 Convened the 2nd Corporate Sustainability and Risk Management Implementation Meeting.
- 2025.12.23 The Risk Management Committee approved the Risk Management Implementation Status and reported to the BoD.

Key Risks and Response Strategies

In 2025, 6 key risk issues were identified based on the company's risk appetite. Mitigation plans were formulated for 19 key risk factors, with progress and improvement outcomes reviewed on a regular basis.

Key Risks	Risk Factors	Risk Management and Opportunity Development
Finance and Compliance	• Interest Rate • Exchange Rate • Financing • Bad Debt / Credit Risk • Compliance & Internal Control • Concerted Actions	1. Recognize gains from derivative (hedging) instruments to offset interest expenses. 2. Execute timely FX transactions to minimize foreign exchange exposure. 3. Flexibly adjust financing utilization based on operational needs to maintain sufficient liquidity and credit lines. 4. Implement credit control and periodic reviews of credit limits to monitor aging receivables; initiate negotiations as needed to mitigate bad debt risks and enhance employee risk awareness. 5. Conduct legal advocacy and enforce internal controls to reduce compliance risks. 6. Ensure executives adherence to free-market principles; strengthen legal advocacy and internal control mechanisms to minimize regulatory and legal risks.
Talents	• Labor Shortage and Talent Gap	1. Flexibly adjust night shift and certification allowances and compensation packages to reduce turnover risks. 2. Create a friendly workplace and expand recruitment channels to strengthen talent acquisition and retention. 3. Promote industry-academic collaboration to expand domestic and international talent sourcing and cultivation pipelines.
Raw Materials	• Price Manipulation and Supply Concentration • Pulp Supply	1. Conduct multi-supplier bidding and negotiations for annual equipment procurement; sign contracts with diverse suppliers. 2. Develop new suppliers and alternative raw material sources to mitigate supply risks.
Operations	• Inventory Management • Market Competition • Investment Risk • Customer Concentration • Geopolitical Trade Risks (U.S. Tariff Policies)	1. Compile monthly group-wide inventory performance analyses to support management decision-making. 2. Monitor industry and market trends; track equipment investment, pricing, channel promotions, and new product development to integrate marketing resources and boost brand sales. 3. Track market shifts and control CAPEX; prudently evaluate major investment projects according to equipment investment policies and optimize evaluation models. 4. Adhere to transaction guarantee standards to strictly manage customer credit limits and ensure payment security. 5. Establish multi-customer risk monitoring mechanisms to adjust strategies in real-time and maintain operational stability.
Information Security	• Cybersecurity Compliance • Cyberattacks • Confidential Data Leakage	1. Maintain ISO 27001 certification and continue implementing the Information Security Management System. 2. Continue the deployment of Security Operations Center (SOC) platforms across all operational sites. 3. Completed two social engineering drills.
Climate Change and Energy	• Carbon Fee Imposition • Low-carbon Energy & Emissions Compliance	1. Prioritize fuel switching for carbon reduction; submitted a voluntary emission reduction plan to the Ministry of Environment to apply for preferential carbon fee rates. 2. Invested in air pollution control equipment such as bag filters and FGD for low-carbon boilers (SRF, wood pellets) to effectively suppress dioxin generation.

Intellectual Property Management

To refine the intellectual property management system and ensure continuous improvement, CLC has established a dedicated unit for intellectual property management to protect R&D results, mitigate operational risks, and promote employee innovation, serving as the basis for decision-making and execution across all departments.

CLC has formulated an intellectual property management plan aligned with its strategic business objectives and its execution, reporting to the BoD annually. The details of the 2025 report are outlined below and are simultaneously disclosed on the website; will also be included in the Annual Report in compliance with the regulations:

I. Patent Protection Measures

To optimize product competitive advantage and ensure operational stability, CLC is committed to building a comprehensive intellectual property (IP) management system. By integrating cross-unit resources and formulating robust patent strategies, we not only strictly protect our R&D achievements and mitigate operational risks but also uphold the principle of respecting the intellectual property of others through standardized decision-making and execution guidelines. Regarding brand value protection, we actively pursue trademark registrations for our core brands and key commercial logos based on their marketing scope, ensuring comprehensive protection for both tangible and intangible assets. Furthermore, to deeply embed a culture of innovation, the company has established "Inventor Incentive Measures" to encourage employees to pursue technological breakthroughs, thereby enhancing both the quality and quantity of our patents and transforming innovative momentum into core corporate competitiveness.

Driving product innovation, CLC secured 2 global patents in 2025, bringing its global portfolio to 19 granted patents (Taiwan: 15, China: 3, Vietnam: 1), with 1 pending. Key recent patents include:

- Taiwan: Plastic-Free Paper Wrap, Preparation Method and Application (I850081, 2024); Eco Non-Wax Water-Resistant Coating Preparation and Applied Paper Products (I862907, 2024).
- China: Double-Layered Handle Packaging Box (CN115806101B, 2025).
- Vietnam: Double-Layered Handle Packaging Box (1-2021-07876, 2025).



Double-layered handle packaging box

II. Trademark Protection Measures

We submit trademark registration applications for the company's major brands in various countries to secure the protection of exclusive trademark rights internationally. As our markets and product lines expand or evolve, we continuously review and implement corresponding registration positioning.

As of the end of 2025, CLC has established a trademark presence in Taiwan, China, and Vietnam; the number of existing trademark rights is as follows: As of 2025, CLC held 134 trademarks in Taiwan, 27 in China, and 9 in Vietnam. Additionally, there is one additional trademark application.

III. Trade Secret Protection Measures

(I) Confidential Information Management: To strengthen the company's information security management mechanism, the Information Security Center is established to classify and grade confidential information, implement protection measures, strengthen information security controls, and set appropriate employee access rights.

(II) Employee Management: Establish employment contracts and confidentiality declarations for departing employees.

(III) Education and Training: Conducted courses and seminars on the Trade Secrets Act.

*Note: About "2025 Intellectual Property Management and Results", please refer to the website.



1.4 Information Security Management

Material Issue Information Security Management

Strategy Enhance employee information security awareness, optimize risk early warning, and ensure business continuity.

2030 Goals	2026 Goals	2025 Goals and Results
• Implement ongoing information security training and corporate security measures to reduce the risk of human-related data breaches • Implement cybersecurity AI tools to enhance attack detection and incident investigation	• Build and expand Security Operation Center coverage, comprehensively enhancing cybersecurity integrity and resilience	• Continually implementing the Information Security Management System ➡ Completed the ISO 27001 annual audit and certification to ensure the effective operation of Information Security Management System • Establish the Security Operation Center (SOC) ➡ Mills/Plants in Taiwan completed, and continue to expand to overseas
• Establish Zero Trust Security Architecture	• Continually strengthening employee cybersecurity awareness and training, while optimizing social engineering drills	• Deepening employee cybersecurity awareness while advancing training and security advocacy ➡ 2 social engineering drills were conducted, and information security training courses were held with open rates (-2.2 percentage points) ➡ The information security section of Internal EIP Website and Information Security Insights Network, with 436 notices were published ➡ Shared CLC's cybersecurity strategies and practical operations with over 500 clients and supply chain partners to strengthen collective cybersecurity defense capabilities
• Pursue zero major information security incidents	• Prevent major information security incidents and protect information assets	• No major information security incidents were reported ➡ 0 Case

Build Comprehensive Information Security to Ensure Operational Resilience

In response to the acceleration of digital transformation, CLC places emphasizes on the critical role of cybersecurity in maintaining operational stability and stakeholder trust. We have established a dedicated cybersecurity department and appointed a Chief Information Security Officer (CISO) to advance our Information Security Management System (ISMS) in accordance with our "Cybersecurity Standard Operating Procedures". By leveraging a cross-departmental and multi-site protection framework, we have established network perimeter defenses and incident reporting mechanisms. In our daily operations, we continue to conduct real-time risk monitoring, vulnerability assessment, and patch management to mitigate the impact of malicious attacks and anomalies on our business continuity.

To ensure operational security and maintain stakeholder trust, CLC consistently invests resources annually in upgrading cybersecurity hardware, software, and monitoring capabilities to strengthen overall defense resilience. Simultaneously, we promote cybersecurity education and training to enhance the entire workforce's ability to identify and respond to phishing scams, social engineering, and information risks. The company has also established concrete management measures and internal control mechanisms to ensure that information assets are effectively protected across confidentiality, integrity, availability, and continuity. We remain committed to mitigating the impact of cybersecurity risks on our operations and governance.

In 2025, CLC experienced no major cybersecurity incidents, demonstrating the effectiveness and commitment of our cybersecurity investments.

2025 CLC Information Security Priorities

I. Strengthening Information Security Management

1. CLC implemented the ISO 27001 Information Security Management System (ISMS) in 2023 and transitioned to the **ISO 27001:2022** version in June 2024. Through system optimization, regular audits, and management review mechanisms, we consistently monitor risks and enhances performance. Furthermore, we undergo annual external audits by the British Standards Institution (BSI); our certification was most recently renewed in June 2025, ensuring continued compliance with international standards.
2. In December 2023, CLC established the Sustainability Committee and the Risk Management Committee under the BoD, alongside a dedicated "Cybersecurity Taskforce." The Taskforce is responsible for identifying cybersecurity risks, evaluating defenses, and driving improvements, with operational results reported regularly to the BoD via both committees. This governance structure ensures cybersecurity resilience, compliance, and operational stability amid evolving threats.

II. Establishing Cybersecurity Joint Defense

In 2025, CLC **established a Security Operations Center (SOC) platform** across all Taiwan mills/plants, integrating IT and OT endpoint data with centralized logging. By leveraging AI for real-time detection and automated recovery, the SOC enhances infrastructure resilience and visibility. To strengthen global defenses, we are currently evaluating SOC expansion. Additionally, CLC employs **Managed Detection and Response (MDR)** for 24/7 external monitoring against malicious attacks, while staying aligned with industry trends through cybersecurity alliances.

III. Fostering a Corporate Information Security Culture

In response to the rapid development of generative AI and evolving AI-era threats, CLC has conducted at least two social engineering drills annually since 2023. In 2025, the average phishing email open rate dropped to 4.6%, with a 2.2 percentage points decrease from the previous year (6.8%). For employees who fail these drills, we provide targeted training on fraud protection and sensitive data handling. Leveraging PowerBI, our Cybersecurity Center identifies high-risk groups across all operation sites for differentiated management. Additionally, we publish detailed phishing email analyses and maintain a dedicated cybersecurity section on the internal EIP website and "Insights Network", publishing 436 security updates in 2025 (averaging 36 monthly) to ensure real-time threat awareness.

2024-2025 Social Engineering Drills Results

	Emails Sent	Link Clicks	Email Open Rate
2024 1st	3,638 Units	280 Persons	7.7%
2024 2nd	3,614 Units	215 Persons	5.9%
2025 1st	3,598 Units	128 Persons	3.6%
2025 2nd	3,542 Units	200 Persons	5.6%

2024 Annual Average Open Rate **6.8%** 2025 Annual Average Open Rate **4.6%** ↓ **2.2 percentage points YoY**

Cybersecurity Co-creation and Strengthening across the Industrial Chain

CLC is committed to continuously elevating the cybersecurity capabilities of our industrial chain. In 2024, the company collaborated with the Ministry of Economic Affairs to launch the "CLC iPAS Supply Chain Training Program." The curriculum covered smart manufacturing and Industrial Control System (ICS) security, with a focus on the IEC 62443 standard. This initiative enhanced security awareness on production lines, ensured suppliers meet cybersecurity requirements, and fostered in-depth exchange with equipment manufacturers to strengthen mutual defense cooperation throughout the industrial chain.

In 2025, we further shared our cybersecurity defense strategies and practical operations at the "CLC Global Sustainable Ecosystem Summit". Through this exchange of expertise, we continue to reinforce supply chain resilience and cybersecurity defense capabilities, jointly addressing rapidly evolving digital threats and challenges.



1.5 Integrity Management

Material Issue Integrity Management

Strategy Upholding integrity and legal compliance, we enforce clear regulations, provide training and reporting channels, and foster a culture of professional ethics.

2030 Goals	2026 Goals	2025 Goals and Results
• Strengthen compliance management and establish a robust compliance culture	• Continue to notify all directors and senior management of blackout periods and ensure compliance with trading restrictions to prevent regulatory violations • Continuously enhancing employees' compliance awareness • Publish 3 legal column	• Continue to notify all directors and senior management of blackout periods and ensuring compliance with trading restrictions to prevent regulatory violations ➡ Enforced the Regulations for the Prevention of Insider Trading by notifying all directors and senior executives 30 / 15 days prior to the announcement of the annual report or financial statements • Integrity and Anti-Corruption Training: Online and In-Person Courses ➡ Completed with 410 participants • Publish 3 legal column ➡ Completed
• 100% of key suppliers to complete anticorruption education and training	• Continue to provide anti-corruption training and awareness programs for suppliers	• Conduct anti-corruption training and awareness programs for suppliers ➡ 100% of CLC suppliers signed the Supplier Code of Conduct and the Integrity Provisions
• Pursuing Zero Violations	• 0 major violations	• No major violations (single incident with cumulative fines reaching NTD 1 million) ➡ 0 case

CLC emphasizes sound management, legal compliance, and anti-corruption. The "Procedures and Guidelines for Ethical Business Conduct" are in place, with the sustainability committee overseeing the Corporate Governance and Ethical Business Conduct Taskforce (refer to the Organization Structure on P.15 at this report) to promote ethical business practices.

Sincerity and trustworthiness are core values at CLC, guiding employee conduct. All employees comply with relevant regulations. CLC provides training for new hires and conducts regular courses on integrity, fairness, and anti-corruption, promoting conflict of interest avoidance, protection of company assets, client confidentiality, and offering channels for reporting illegal or unethical conduct to ensure integrity in daily operations. In 2025, the company received zero reports of unethical conduct.

CLC follows the Procedures and Guidelines for Ethical Business Conduct and the Code of Ethical Conduct. The Corporate Governance and Ethical Business Conduct Taskforce submits annual reports to the BoD on ethical business implementation.

CLC Personnel Misconduct Handling - (Reporting Channels)

Supplier Ethics Standards

CLC requires all suppliers to sign the "Supplier Code of Conduct and Integrity Provisions" in project and purchase contracts, and in 2025, the company promotes these standards through actively promoted the "CLC Ethical Management and Equal & Friendly Workplace" theme through platforms such as the annual Global Sustainable Ecosystem Summit and on-site factory audits, in order to ensure alignment with CLC's business ethics and legal compliance.

*Note: For details about the supply chain management, please refer to CH3.1 Supply Chain Management at this report.

At the 2025 CLC Global Sustainable Ecosystem Summit, Mr. Pang-Yen Cheng, Manager of the Legal Affairs Department, delivered a keynote speech on "CLC Ethical Management and a Equal & Friendly Workplace". The event attracted over 500 participants both online and offline, including suppliers and clients from Taiwan, Mainland China, and Vietnam, effectively strengthening the compliance resilience across the entire value chain.

(2025.10.30)



CLC 2025 Integrity Management Progress

1. Implemented the Regulations for the Prevention of Insider Trading by **prohibiting directors from trading company stock before financial report announcements** and notifying all directors and senior management of the blackout period to prevent violations.
2. No corruption cases were reported through the employee dishonesty reporting channel in 2025.
3. A total of 410 participants attended online and in-person integrity management and anti-corruption training sessions.

Regulatory Compliance and Company-wide Training

Compliance with laws and ethical standards is fundamental to CLC's operations. There was no major violations in 2025 (no single incident with cumulative fines reaching NTD 1 million). CLC maintains clear work regulations and delivers legal training through online and in-person courses, the company website, internal publications, and meetings to strengthen legal awareness. The Legal Department monitors compliance across all units to ensure effective implementation.

CLC emphasizes employees' legal literacy. In 2025, the Legal Department published legal columns in internal publications, covering topics ranging from employment practices to civil disputes, using practical cases to explain legal knowledge and strengthen legal education for employees. In response to the rampant issue of fraud in Taiwan in recent years, CLC has been actively cooperating with government initiatives to combat fraud. In 2024, CLC issued anti-fraud statements and collaborated with police on awareness campaigns to protect employees and the community. Our Information Security unit also conducts irregular social engineering drills (phishing emails) to enhance employees' anti-fraud awareness, serving as a robust line of defense for both our employees and the local community.



Sustainable Low-carbon Transition

Promoting the circular economy by implementing paper-based Nature Sustainability solutions, applying digitalization to enhance low-carbon green energy production and sales, and establishing a new model for circular sustainability.

2.1 Sustainable Products and Development

2.2 Product Responsibility and Customer Service

2.3 Digital Transformation

2025 Highlights

NTD 111 million invested in R&D
Process optimization, reduced annual costs by
> NTD 35 million

Eco Weed Control Paper
Received **organic agricultural material certification**
for 3 consecutive years

Green Packing Solutions
Develop **100%-paper** transit packaging for bicycle, which adopted by international brands

Resource Recycling, Largest Scale in Taiwan
1.564 million tonnes of recovered paper
Group: **2.285** million tonnes



The only company in the industry with **6** household paper products
certified with carbon footprint labels

Document Destruction
Recycling in Practice, with cumulative carbon reduction reached **91,715** tCO_2e and preserved **316,000** trees

ESG Excellent Proposals
over 1,000 proposals were submitted, generated nearly
NTD 1.35 billion in profit over the past 5 years

Smart Papermaking 4.0
Has implemented **> 30** projects to advance low-carbon, sustainable, and smart papermaking



Optimizing Customer Service
Driving global adoption of the E-complaint System

Customer satisfaction score
(Consolidated Company)
91.6
Continuously refining service quality



Tayuan Box Plant obtained
FSSC 22000 food safety management system certification again

Note: Data covers Taiwan Parent Company, except where consolidated entity is specified.

2.1 Sustainable Products and Development

Material Issue **Sustainable Products and Development**

Strategy **Adhering to the 3R principles—Reduce, Reuse, Recycling—to achieve full resource recycling, advance R&D of diverse low-carbon products and services, and generate sustainable value from each sheet of paper.**





2030	2026	2025
Goals	**Goals**	**Goals and Results**
• Recovered paper utilization rate for industrial paper: > 97% in Taiwan; > 94% in Vietnam	• Recovered paper utilization rate for industrial paper: > 97% in Taiwan; > 94% in Vietnam	• Recovered paper utilization rate for industrial paper: > 97% in Taiwan; > 94% in Vietnam ➡ Industrial paper 97. 6%, all paper grades 94.5% (Taiwan); industrial paper 95.7% (Vietnam)
• Invest continuously in innovation and R&D to advance sustainable solutions	• Invest continuously in innovation and R&D to advance sustainable solutions ➡ Continue expanding the application scope of CLC eco weed control paper ➡ Collaborate with clients to develop all-paper products, deepening the application of sustainable paper materials	• Invest NTD 111 million in innovation and R&D for sustainable solutions ➡ Optimized processes and improved quality, reducing costs by over NTD 35 million ➡ "Wang Long" Eco weed control paper certified as organic agricultural material for 3 consecutive years ➡ Developed all-paper packaging for international bicycle brand (Patent pending) ➡ Obtained multiple patents and certifications globally ➡ Andante Gift Box Wins the Ministry of Environment's "Eco Gift Box" Silver Award
• Innovate diverse low-carbon household paper products to expand sustainable consumption value	• Innovate diverse low-carbon household products to expand sustainable consumption value ➡ Expand carbon footprint inventory to 12 items ➡ Develop plastic-reduced packaging for toilet tissue ➡ Dandelion laundry capsules to apply for Green Mark (2026.4 received) ➡ Develop premium SILLACE products to capture the high-end market	• Innovate diverse low-carbon household products to expand sustainable consumption value ➡ Held 6 items with carbon footprint labels, the only one in the industry ➡ Drove brand loyalty for Andante's 30th anniversary via Andante Cat packaging redesign and multi-channel marketing ➡ Reduced plastic usage by launching high-capacity (450 sheets) Andante hanging tissue ➡ "Dandelion" Jumbo-bundle eco-tissue utilizes eco monochrome printing
	• Continue to expand innovation in the circular economy ➡ Drive the digital optimization and innovation project for Document Destruction Services	• Innovation in the circular economy ➡ First built Document Destruction Services, contributing 91,715 tCO_2e of carbon reduction since 2013 ➡ 48 ESG Excellent Proposals were selected, generating nearly NTD 146 million in profit (5-year cumulative: NTD 1.35 billion)
	• Expand the scope of carbon footprint verification for industrial paper to enhance carbon information transparency	

Sustainable Products and Development

The Group reused 2.285 million tonnes of recovered paper, preserving 45.7 million trees

Paper products are derived from recovered paper and sustainable forest fibers—making them recyclable, biodegradable, and low-impact. As sustainability gains priority, paper has become the preferred low-carbon alternative to traditional materials across packaging, logistics, and consumer goods.

As an industry leader focused on nature-based solutions, CLC is committed to a circular business model that balances environmental friendliness with market demand. By optimizing processes, adopting advanced eco-equipment, and implementing smart production and sales management, CLC maximizes paper recycling, enhances product quality, and cuts carbon emissions to drive a low-carbon transition for the paper industry.

In 2025, CLC's Taiwan Parent Company utilized 1.564 million tonnes of recovered paper, achieving an overall utilization rate of 94.5% and reaching 97.6% for industrial paper (exceeding the 97% target). The Vietnam Binh Duong Mill used 721,000 tonnes, with its industrial paper utilization rate reaching 95.7%, surpassing the 94% target. Overall, CLC utilized 2.285 million tonnes of recovered paper groupwide, which preserving 45.7 million trees and expanding the sustainable impact of "secondary forests."

*Note: Based on international estimating standards, 1 tonne of recovered paper pulp is roughly equivalent to saving 20 trees (actual values vary by paper grade and manufacturing process)

Less is More!

CLC Diverse Low-carbon Products: Maximizing Value with Minimal Resources

Global demand for paper packaging has grown steadily due to the plastic-reduced trend and the development of emerging economies. Increased consumer focus on sustainability has raised the penetration rate of eco household paper made from 100% recovered paper, and willing to pay more. During the pandemic, demand for household cleaning products increased due to greater attention to hygiene, establishing it as a long-term consumer trend.

CLC applies the **"Less is More"** principle to maximize product value with minimal resources, continuously developing diverse low-carbon and renewable products to meet global demand for sustainable packaging and daily necessities, contributing to a net-zero future.

Investing NTD 100M+ Annually in Sustainable R&D Innovation

CLC focuses on green sustainability and niche product development by refining processes and implementing digital intelligence. Integrating our Design-in 3D platform with AI sales forecasting allows us to capture market trends and embed sustainable design from the initial development stage, reducing full-lifecycle carbon footprints while boosting production efficiency.

Since pioneering Taiwan's 1st household tissue carbon footprint label in 2010, CLC has steadily deepened its carbon management framework. In 2023, we completed the paper industry's 1st industrial paper carbon footprint verification, backing "CLC Low-carbon Containerboard" with data to meet global decarbonization trends. In 2026, CLC will expand these verifications across more industrial paper lines to enhance carbon transparency.

In 2025, CLC's R&D expenses, excluding capital expenditures and equipment costs, totaled NTD 111 million, with the following outcomes:

1. **Driving domestic and overseas low-carbon energy-saving and technology R&D:** including implementation of the high-efficiency energy-saving Turbo Blower project at Tayuan Mill, optimization of biomass cogeneration system operation and paper towel production line expansion at Chupei Mill; planning of the press section shoe press retrofit project, biogas power generation system and biomass fuel co-firing in pulverized coal boilers at Houli Mill, and planning for construction of the Phase 3 industrial paper machine and corrugated container production line expansion in Vietnam.
2. **Introduction of new material:** enhanced process, generating annual cost savings exceeding NTD 0.92 million.
3. **Process optimization and quality improvement:** reduced annual costs by over NTD 35 million.
4. **New product development:**
   (1) Industrial packaging: e-commerce warehouse shelf dividers, bike 100% paper packaging, paper for instant noodle cup sleeves, low temperature preservation cartons.
   (2) Household paper products: 1-second grab & go pocket tissue, large packaging hanging toilet tissue; health foods, and household cleaning products including pet anti-mite products, deodorizing products
   (3) Lifestyle paper creations: eco weed control paper (rice and dryland crops), eco desk calendar; Paper Studio — Bear Cabinets and Elephant Bookshelf
5. **Collaboration with the Academy of Circular Economy, National Chung Hsing University:** development of bioactive materials and preservative antibacterial coatings.
6. **Patent and certification achievements:**
   (1) Taiwan: Eco weed control paper received organic material certification from the Ministry of Agriculture (No. 112016, valid till 2026.12.31); Household paper plastic reducing packaging bags obtained invention patent No. I850081 in 2024; the preparation method for eco non-wax water-resistant coating and its application to paper products was granted invention patent No. I862907 in 2024.
   (2) China: Double-wall packaging box with integrated handles (CN115806101B)
   (3) Vietnam: Double-wall packaging box with integrated handles (1-2021-07876)

CLC leading Low-carbon and Creative Sustainable Packaging Solutions

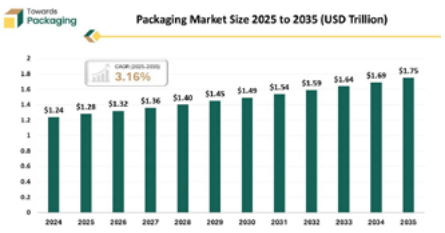
As a Total Packaging Solution Provider, CLC integrates 3R design thinking (Recycle, Reduce, Reuse) into every paper application. From material innovation and structural design to process optimization, we continuously provide customers with sustainable packaging solutions that comply with regulations, balance carbon reduction with functionality, and ensure packaging remains lightweight and compact without compromising protection.

CLC Sustainable Packaging Solutions

Key Features	Reducing resource use without compromising packaging protection
	Multipurpose packaging to extend product lifecycle
	Fully recyclable materials allow direct recycling after use
Benefits	Achieve the 3 major goals of **plastic reduction, carbon reduction, and waste reduction**

Seizing the Low-carbon Packaging Revolution, Creating Green Warehousing Solutions

Expanding global consumer markets continue driving packaging industry growth. Consulting firm Towards Packaging forecasts the market will grow from USD 1.28 trillion in 2025 to USD 1.75 trillion by 2035 (3.16% CAGR), fueled by steady industrial demand and e-commerce retail momentum. Taiwan's Ministry of Environment estimates local single-use e-commerce packaging will hit 490 million sets by 2030, underscoring market expansion and waste reduction challenges in e-commerce logistics.



Source：Towards Packaging

Addressing market and environmental challenges, CLC drives sustainable e-commerce solutions at the source. Partnering with clients, we increase the Recovered Paper Utilization Rate, optimize structural and graphic design for lightweight and single-material packaging, adopt water-based inks (reducing color and print coverage), and introduce tape-free boxes to minimize overall environmental footprint.

Meeting cross-border transport and large e-commerce warehousing needs, CLC engineered innovative eco-dividers and packaging adopted by major global e-commerce and bicycle brands. These solutions cut resource consumption, reduce reliance on plastics, metals, and non-sustainable materials, accelerate supply chain decarbonization, and align with global green warehousing trends to build a more competitive sustainable logistics system.

E-commerce Green Warehousing Solutions:

CLC developed paper-based Partition and Pick-to-box featuring rapid assembly and flexible sizing, reducing resource consumption and plastic use in warehouse management.

- 100% recovered paper, fully recyclable
- Adhesive-free, easy assembly
- Multi-groove structure enabling flexible width and size adjustments
- Replace traditional plastic/metal dividers, balancing eco protection and warehousing efficiency



Paper-based Partition

Bike 100% low-carbon paper packaging:

To meet cross-border shipping demands for high-value products, CLC developed a revolutionary all-paper packaging solution for the bicycle industry. Traditional bicycle packaging relies on bubble wrap, EPE foam, and nylon cable ties, failing to comply with the EU's latest plastic restrictions. Without integrated securing features, these materials increase the risk of transit damage while requiring labor-intensive wrapping. Addressing these challenges, CLC provides global brand customers with green packaging solutions that comply with environmental regulations while balancing decarbonization, product protection, and functional performance.

Modular All-paper Packaging System
Rapid Assembly,
Cutting Labor Hours by 40%

Secured Top & Bottom Covers
Mini Transit Shifting

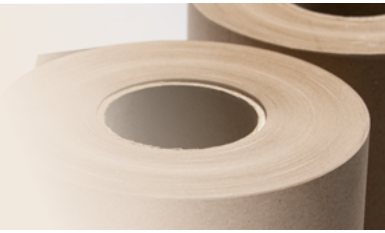
100% Recyclable Corrugated Paper:
Fully Compliant with EU All-paper Environmental Regulations

Multi-size Universal Cushioning Kits (9 Models for Adult, Children & Road Bikes):
Optimizing Material Management



Empowering Sustainable Agriculture through a Single Sheet of Paper

Addressing traditional agriculture's transformation needs, CLC leverages its papermaking expertise and a Nature-based ethos to deliver concrete climate adaptation solutions—safeguarding food security, protecting ecosystems, and enhancing soil carbon sinks. Since 2022 Q4, CLC has advanced agricultural application research, using 100% Taiwan recovered corrugated paper to develop pest and weed control materials. In 2023 Q2, CLC developed Taiwan's 1st low-basis-weight, biodegradable Eco Weed Control Paper for paddy rice. Certified as an organic agriculture input by the Ministry of Agriculture for 3 consecutive years (2023–2025), it remains Taiwan's sole control material for sustainable agriculture.



Nature-Based Solutions: 4-Stage Pathway for Sustainable Agriculture

Challenge 1
The Plastic Crisis Burdens Soil Ecosystems

Challenge 2
Escalating Climate Change

Challenge 3
An Aging Agricultural Population

Challenge 4
Rising Food Safety Awareness

Stage 1: R&D Initiative
Conducted field trials to develop Taiwan's 1st low-basis-weight, biodegradable Eco Weed Control Paper tailored for paddy rice.

Stage 2: Mass Production & Expansion
Expanded mass production, broadened field applications, and securing organic input certification to accelerate market growth.

Stage 3: Application Proliferation
Broadened multi-crop adaptability, perfected full low-to-high basis weight line, and deepening brand and market channel deployment.

Stage 4: Mutual Benefit & Common Good
Built a sustainable agricultural value chain—integrating cross-sector resources and driving policy advocacy to co-create a net-zero agricultural ecosystem.

Anticipating the Global Plastics Treaty, and aligning with 4 UN SDGs to advance healthy, sustainable, and organic agriculture— creating safe farmlands and dining tables

Replacing Plastic with Paper
Restoring the Eco-environment
Reducing Waste, Plastic, and Carbon

Nurturing the Earth
Circular Economy & Biodegradability
Nature-based Solutions for Sustainable Agriculture

7 Advantages: Creating a New Paradigm for Sustainable Agriculture





Certified as an organic agriculture input by the Ministry of Agriculture

Item	CLC "'Wang Long" Eco Weed Control Paper	Conventional Plastic Mulch
Breathability	Regulates Soil Surface Temperature ✓	Non-breathable
Moisture-permeable	Excellent permeability ✓	Non-breathable
Material	100% Recycled Plant Fibers ✓	PE、PP、PVC、EVA
Tensile Strength	Medium	Excellent ✓
Thickness	approx. 0.13~0.3mm	approx.0.08~0.12mm ✓
Weight	90~150g/M²	10~20g/M² ✓
Eco Convenience	Naturally Biodegradable, with No Post-harvest Removal Required ✓	Non-biodegradable; fragments into plastic debris and require manual recovery
Soil Environmental Hazard	Non-hazardous, converting into organic matter utilized by insects and microbial communities ✓	Hazardous; hinders plant growth and forms microplastics that infiltrate crops

Beginning in May 2025, CLC partnered with Dr. Tung-Tsuan Tsai, Emeritus Professor of the Department of Plant Pathology at NCHU, to launch the monthly "CLC Academy—Smart & Sustainable Agriculture Course." As of July 2026, 15 sessions have been held, training 584 farmer-attendees.



In 2025, CLC attended the "AI Smart Agriculture Capacity Building Workshop," jointly organized by the Ministry of Foreign Affairs, the Ministry of Agriculture, and Tunghai University. During the event, we demonstrated the application of our eco weed control paper to participants from 18 countries.



Finalizing Brand Marketing Toolkits: CLC Develops the registration, logo, and key visual identity for the weed paper brand "Wang Long" to accelerate sales and promotion.

旺隆 環保抑草紙

*Note: For more details about the Eco Weed Control Paper, please refer to Sustainability Practice – Nature-based in this report , CLC website – Agricultural Paper Mulch Page.

Cultural Creativity Goes Green: From Playful Design to Sustainable Living

Paper Studio, Play the eco way

Since 2013, CLC's Paper Studio brand has engineered child-friendly furniture and pet toys using 100% recovered paper—combining aesthetics and structural design for eco-friendly living.

In 2025, Paper Studio expanded the Paper Library initiative into healthcare settings, using 100% paper-based materials to design family-friendly waiting spaces integrating storage and interactive learning. Combining a "Dr. Woodpecker" themed tree, "Paper Studio Bear Cabinets," and "Animal Adventure Memory Match Game Table Covers," the setup fosters interactive play and reading while raising environmental sustainability awareness.



100% paper-based - "Paper Studio Bear Cabinets"



Paper Teaching Tools - "Animal Adventure Memory Match Game Table Covers"

Natural Sustainability Series Products

Minimalist Packaging Aesthetics: Andante Gift Box Wins Silver Eco-craftsmanship Award

Guided by resource circulation principles, CLC crafted the Andante Hair & Body Care Gift Box—adopting a single-material, single-color, and single-layer design for 100% paper recyclability. In October 2025, it earned the Silver Award at the "Eco-craftsmanship Sustainable Gift Box Competition" hosted by the Resource Circulation Administration, Ministry of Environment.

- **Sustainability Highlights:**
  - **Maximized Waste Reduction:** Developed a "plastic-free, staple-and-glue-free" structure utilizing recovered paper, paired with eco water-based monochrome printing.
  - **Structural Innovation:** Features a high-strength paper handle that double-locks the outer lid, along with guided tear-tabs to optimize consumer recycling.

*Note: For details, please refer CLC website – News.



2026 Eco Desk Calendar

- 100% paper materials, no mixed-material binding
- Eco Desk Calendars reduced carbon emissions by 0.0039 kgCO_2e per unit compared to plastic coil calendars. In 2026, CLC distributed over 28,500 Eco Calendars, achieving a total carbon reduction of 111.2 kgCO_2e.(Note)

*Note: According to the MoENV product carbon footprint database, reducing 1 kg of polypropylene coil results in approximately 1.95 kgCO_2e carbon reduction. Each coil calendar uses about 2 g of plastic.



Recyclable Paper Exhibition Modules

In 2025, the CLC built a commercial exhibition module for a globally renowned Japanese lifestyle brand, featuring a "10-person hotpot base" and a "Christmas tree + reindeer" series.

- **100% Recyclable Paper Materials:** Enables zero-waste single-use exhibitions.
- **Lightweight Modular Structure:** Simplifies assembly, disassembly, and transport.
- **Circular Efficiency:** Directly addresses high-turnover exhibition waste and disposal costs to maximize recycling value.



CLC Household Products: Pamper Your Loved Ones with Love and Tenderness

"For 30 years, Andante has developed high-quality products for families and loved ones, with a soft and refined texture to support daily care."

CLC entered Taiwan's household paper market in 1993 and launched Andante brand in 1995. Following the 2004 acquisition of Baolong paper mill, CLC introduced the Lover, Dandelion, and Snow Soft —building a comprehensive product line covering toilet tissue, facial tissue, kitchen towels, and hand towels. The core manufacturing base, Chupei Paper Mill, integrated automated warehousing, wind power, and biomass cogeneration system to drive process decarbonization and high-value product development.

Celebrating Andante's 30th anniversary in 2025, CLC expanded market reach through cross-industry partnerships with brands like Hong Yeh Cake and EasyCard. Driven by consumer needs and sustainability, Andante will continue to accompany every consumer with gentle care as it steps into the next 30 years.

30th Anniversary：Cross-boundary Marketing and Sensory Resonance

Hong Yeh Cake Co-branded Collaboration

Partnered with heritage brand Hong Yeh Cake to mirror the product's signature softness in the cake's fluffy texture. Designed for sustainability, the cake box easily converts into a DIY tissue dispenser, extending the packaging lifecycle.



"Andante Cat" Plush EasyCard

Transformed original IP "Andante Cat" into a plush EasyCard, extending sustainable companionship into daily commutes. Meanwhile, active social media management of the IP successfully boosted engagement with younger demographics.



Short-form Video Series

Leveraged 20-second "Sincere Companionship, Protecting Your Loved Ones" stories, featuring baseball games and birthdays, to showcase Andante's daily presence and align with new-gen viewing habits, amassing nearly 10 million views .



StreetVoice Co-branded Playlist

Partnered with music platform StreetVoice to launched a curated playlist titled "Andante 30: A Softness Called Companionship" — using 30 curated tracks and social interaction to celebrate the brand's 30-year journey.



Product Innovation: Niche Market and Market Leadership

★ Andante SILLACE 3-ply Toilet Tissue

Engineered with a 3-ply heavy-duty structure to elevate tactile comfort and strength, this product meets the 6-second toilet flushability standard—balancing luxury and eco-friendliness. Multi-channel marketing, cross-industry partnerships, and media campaigns continue driving product visibility and reinforcing Andante's premium market positioning.



★ Andante Hanging Tissue: Bulk Capacity with Plastic Reduction

In 2025, Andante introduced a 450-sheet "Hanging" tissue that reduces plastic packaging by 13.66g per pack(Note)—aligning with global plastic reduction trends. The hanging design saves counter space and enables smooth downward dispensing for practical, eco-friendly living.

Note: Baseline 100-sheet/10-pack 3-ply tissue uses 61.48g plastic [0.06148g/sheet], totaling ~27.66g for 450 sheets. The new hanging pack uses ~14g, saving ~13.66g per pack.



★ Market No.1! One-second Pop-up Kitchen Towel

Pioneering HACCP food-grade certified home kitchen towels in 2014, Andante introduced the "One-Second Pop-up Kitchen Towel"—safe for direct contact with food and tableware. Kantar data shows it ranked No. 1 in interleaved kitchen towel sales for 3 consecutive years (2020~2023). In 2025, its debut 3-ply edition on TV shopping channels garnered strong market reception.



Sustainable Regeneration, Enabling the Virtuous Cycle

Dandelion Eco Household Products：From Single-use to Circular Economy



As a top daily necessity in Taiwan, single-use, non-recyclable tissue heavily consumes natural resources. Committed to driving the circular economy and responsible consumption, CLC not only uses FSC™-certified pulp for its household paper products, but also invests in developing eco-tissue made from recovered paper. Launched in 2009, the "Dandelion" eco-friendly series is made from 100% recovered paper and delivers quality comparable to virgin pulp, transforming tissue from a single-use consumable into an integral part of the circular economy.

Taiwan's Only Consumer Tissue Brand to Achieve Triple Green Certification

"Zero Deforestation" is our concrete realization of the circular value chain.

We look forward to seeing the sustainability philosophy of "Enabling the Virtuous Cycle" take root and flourish in communities across regions. Dandelion is Taiwan's 1st and the only household paper brand to receive **Green Mark, carbon footprint, and FSC™ Recycled certifications.** Leading the market in green consumption, Dandelion uniquely integrates **wind energy** into production. Aligning with Taiwan's "Net-Zero Green Lifestyle" strategy, Dandelion has served as the designated tissue for major national events, including the International Flora Exposition, National Day Fireworks Festival, and Taiwan Lantern Festival.



"Dandelion" Jumbo-bundle eco-tissue utilizes eco monochrome printing

Dandelion Eco Multipurpose Bag: Cutting Plastic by 45,000 kg

Dandelion Eco Multipurpose Bag: Cutting Plastic by 45,000 kg

Responding to global plastic-reduction trends, CLC introduced the "Dandelion Eco Multipurpose Bag" in 2014—combining outer packaging with official dual-metropolitan (Taipei & New Taipei) trash bags to redefine conventional packaging. Loved by consumers and retail channels, it expanded into PX Mart in 2025. Cumulative sales reached nearly 1.25 million bundles, reducing plastic use by over 45,000 kg and carbon emissions by over 93,000 kgCO_2e(Note).



Note: According to the New Taipei City Environmental Protection Bureau, reducing the use of one New Taipei designated garbage bag achieves a Carbon Reduction of 0.075 kgCO_2e.

Expanding Eco Product Lines: Diverse "Green Shopping Basket"

To meet consumers' multifaceted eco-demands, CLC expanded beyond Dandelion tissue by launching sub-brand "Clean Generation"—driving a 1.4% YoY sales increase for eco-series products in 2025. Extending sustainability beyond paper, CLC launched the Dandelion Eco Detergent series in 2022, upgraded packaging to 100% PCR (post-consumer recycled) plastic bottles in 2023, and earned the Green Mark certification for Dandelion Laundry Capsules in April 2026, providing consumers with a broader spectrum of sustainable consumption options.



Dandelion Eco Household Products Website

Dandelion FB

Scalable Green Consumption Impact: Integrating Sustainability into Everyday Life

Scalable Green Consumption Impact: Integrating Sustainability into Everyday Life

Choosing Dandelion means choosing a virtuous cycle. Evolving from a single product to a comprehensive green portfolio, Dandelion centers on recycled fiber utilization and circular packaging—bridging supply-chain carbon reduction with consumer education to enable direct participation in green consumption. Supporting Taiwan's Green Lifestyle policy, Dandelion launched convenient-pack eco toilet tissue exclusively at PX Mart in 2023, and developed a 3-ply pack with 20% more sheets for Carrefour. In 2024, updated carbon-footprint packaging further enhanced CLC's sustainability messaging. Driven by these initiatives, Dandelion sales exceeded 38 million packs annually from 2024 to 2025, demonstrating scalable green impact.



Embedding Green Scenarios: Partnering with 100 Restaurants on the "Green Dining Table"

"Green Our Future ！ Sustainability is about preserving what we love for longer."

Recognizing that everyday F&B essentials (tissues, cleaners, packaging) are major sources of hidden carbon emissions, Dandelion partnered with the Green Dining Guide (GDG) in 2025. Dandelion spoke on "Hidden Carbon Reduction Power in F&B" at the 2025 International Green Dining Annual Conference and earned the "Green Dining Outstanding Partner Award". Deploying Dandelion eco-tissues, hand washes, and dish detergents across 100 GDG member restaurants, the "Green Dining Table" initiative delivers a 360-degree low-carbon lifestyle spanning dining to daily use.







Digital Community Engagement: "Sustainable Living Guide" Combats Eco-fatigue

Recognizing that rigid eco-standards often trigger eco-fatigue, Dandelion launched the LINE "Sustainable Living Guide" in 2025 to make green choices effortless. The interactive tool features receipt lottery rewards, a 100-restaurant directory, and cross-promotions with parent company CLC. By turning micro-habits into daily routines, it seamlessly drives business exposure for eco-friendly dining while creating a mutually beneficial green ecosystem.



Face-to-face Communication: Tangible Experiences Deepen Local Sustainability Identity

Dandelion prioritizes direct consumer dialogue through offline experiences. In 2025, Dandelion joined the New Taipei City Circular Design Exhibition and debuted at Shin Kong Mitsukoshi's 1st "ReAction Green Circular Lifestyle Exhibition," targeting 20–35-year-olds with green lifestyle proposals. To embed sustainability into daily routines, Dandelion actively participated in the EPB Green Point 10th Anniversary Market, Banqiao Mega City clothing drive, Huisun Forest Wood Culture Festival, and FNAC 24-hour Photography Marathon. These initiatives locked in the brand's core association with "low carbon, recycling, and eco-friendliness," inspiring consumers to transform green choices into daily habits.

Circular Economy Innovation – Recycling in Practice

CLC's Household Paper Manufacturing Base: Chupei Mill

In 2003, CLC's Chupei Paper Mill introduced Taiwan's 1st MW-level Asia's largest onshore wind turbine, remaining Taiwan's only paper mill to earn Wind T-RECs since 2017. Housing Taiwan's largest high-efficiency biomass cogeneration system, the mill generates 126 million kWh annually, equivalent to 35,200 households, cutting carbon emissions by 33,595 tCO_2e per year. As the green heart of CLC's household paper production, Chupei Mill spearheads product carbon footprint management as the industry's sole facility producing 6 certified Carbon Footprint Label products, earning consistent national recognition:

National-level Sustainability Recognition by the Ministry of Environment

- 2017：Dandelion Hand Towel - Low-carbon Product Excellent Award
- 2018：Chupei Mill – Waste Resource Circulation Economy Evaluation "Outstanding Two-star Award (Highest Rating)"
- 2019：Chupei Mill - National Enterprise Environmental Protection Award Silver Award; Dandelion Eco Toilet Tissue - Low-carbon Product Excellent Award
- 2020：Andante Toilet Tissue - Low-carbon Product Excellence Award – the highest honor, Carbon Footprint Coefficient Contribution Award
- 2022：Chupei Mill - Resource Circulation Prospective Certification
- 2021~2025：Chupei Mill – and "Outstanding Unit for green procurement" by Ministry of Environment and Hsinchu EPB



CLC Document Destruction Technologies Enable Recycling: Cutting 91,715 tCO_2e & Preserving 316,000 Trees

"Advancing the Virtuous Cycle, CLC leverages industry innovation to drive company-led green transformation, connecting government, the papermaking industry, business partners, and consumers through initiatives such as document destruction services and food paper container recycling."

Since 2013, CLC has utilized existing pulp dispersion equipment to provide free confidential document destruction services. Over several years, CLC assisted nearly 400 partners—including government agencies, listed companies, financial and insurance firms, and defense units—by converting 15,813 tonnes of confidential documents into various recycled paper products, driving all-around benefits.

| 3 Key Features| ▶ Maximizing Resource Utilization for a Circular Economy, End-to-end Confidentiality and Security, Complimentary Service Provision

| Environmental Benefits | ▶ Converting **15,813** tonnes | Cummulative carbon reduction reached **91,715** tCO_2e | Preserved **316k** trees | Equivalent to the annual carbon absorption of **236** Daan Forest Parks

Note 1: Based on CLC's operational data, recycling 1 tonne of recovered paper contributes to approx. 5.8 tCO_2e in carbon reduction, equivalent to preserve 20 trees (varies by paper grade and process). Additionally, per Ministry of Agriculture baselines, Daan Forest Park (25.9 ha) sequesters about 389 tCO_2e annually (15 t/ha/yr).

Note 2: The details about the service, please refer to the CLC's Document Destruction Service.

Prioritizing Product Carbon Footprint Management for Societal Carbon Reduction

The only in the Industry: 6 Household Paper Products Awarded Carbon Footprint Label

In 2010, CLC pioneered Taiwan's 1st household carbon footprint label for its Dandelion Eco Hand Towels. Leading the industry with 6 certified carbon footprint label household paper products, CLC plans to expand this to 12 items (+100% YoY), which including 7 100% recovered paper eco-friendly items, in 2026 H2, providing consumers with more low-carbon green choices.

Year/Items	 Dandelion Hand Towel 200 sheets	 Dandelion Toilet Tissue 100 sheets (200mm*180mm)	 Andante Toilet Tissue 110 sheets (100mm x 195mm)	 Andante Toilet Tissue 130 sheets (200 mm × 195 mm)	 Andante Toilet Tissue 100 sheets (200 mm × 180 mm)	 Andante Toilet Tissue 110 sheets (200 mm × 180 mm)
2012	750g	260g	340g	-	-	-
2015	750g	320g	380g	-	-	-
2018	750g	280g	400g	-	-	-
Since 2022	750g	300g	400g	500g	360g	380g

Carbon Footprint:

Note: Carbon footprint unit: gCO_2e/pack

Note: Carbon label emissions are calculated using the emission factors of the reporting year

Note:
* Regular carbon footprint inventory was conducted, with the most recent year in 2022. Certificate validity: August 21, 2022 to August 20, 2027. (The validity period was extended from 3 years to 5 years starting March 16, 2022.)
* The carbon footprint inventory calculates total greenhouse gas emissions, converted to carbon dioxide, across all stages of the Product Lifecycle, including material acquisition, transportation, production, logistics, sales, consumer use, and final recycling or disposal. Annual carbon emissions may vary due to changes in production processes.
* Please refer to relevant environmental management certificates CLC Website – Download

Driving ESG Innovation & Embedding Sustainable DNA

"When every employee becomes an agent of change, the company builds strong resilience to navigate low-carbon and digital transformation. Through empowerment and bottom-up proposals, CLC fosters an all-hands innovation culture—generating hundreds of millions in operational value and significant carbon reductions while embedding sustainable innovation into its corporate DNA."



Excellent Proposals Mechanism: Fostering Employee Insights to Drive Collaborative ESG Innovation

Building on a proposal mechanism established in 1980, CLC launched its Excellent Proposals Improvement and Management Mechanisms in 2008 by integrating evaluation and reward systems. Moving beyond process and technology optimization, the initiative covers sustainable transformation, digital applications, and customer service, which bridging frontline production with top management, while fostering healthy competition through rewards. Since 2021, CLC has expanded this mechanism to overseas sites to drive ongoing group-wide optimization.

ESG Excellent Proposals Selection Process

Goals: ESG, Zero-carbon Transition, AI Digital Innovation, Process Optimization, Customer Satisfaction

April	August	September~ October	November	December	
Preparation	Initial Review	Application Review	Final Review	Proposal Presentation	Benchmarking
	> 1,000 proposals	197 proposals	48 proposals	10 proposals	
Topic Selection: Innovation Profit Creation, Quality, Energy Conservation, Carbon Reduction, Waste Reduction, Equipment Improvement, Process Optimization, Research Projects	Each mill/plant completed the initial review and submitted A and B Excellent Proposals for evaluation	Each mill/plant submits proposals, with 20~25% of top rated proposals selected for the final review	Three-in-One Final Review • Excellent Proposals Enhancement • Industrial Waste Reduction • 2nd Prize and above Proposals	Presentations and commendations were held at business outlook meetings and performance review meetings at each mill/plant	The top 3 improvement proposals from the papermaking, paper products, and administrative groups were uploaded to the E-Learning platform

Scope: Taiwan area

Over 1,000 proposals generated nearly NTD 150 million in profit in 2025 (Totaling NTD 1.35 Billion over 5 Years)

In 2025, employees submitted over 1,000 proposals, with 48 shortlisted for the finals: 10 from Administration, 22 from Papermaking, and 16 from Paper Products. Estimated to generate nearly NTD 150 million in profit, these proposals deliver measurable outcomes in production synergy, sales quality, energy saving, carbon reduction, service innovation, and operational efficiency.

Public Presentation of Outstanding Proposal to Foster Benchmarking and Knowledge Sharing

Annually shortlisted cases are publicly presented, honored, and awarded bonuses at mill/plant's outlook meetings and company-wide reviews. Case studies are published on CLC's E-Learning platform and internal publications to promote knowledge sharing. Furthermore, CLC encourages employees to participate in external platforms—such as the Chinese Total Productive Maintenance Association (CTPM), sharing sustainability achievements to drive collective industry growth.

Feature Case

Chupei Mill Tissue Production Line Improvement Project

Purpose and Approach

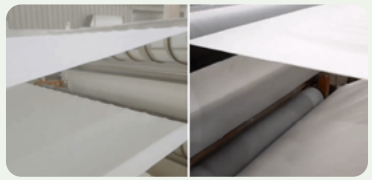
- Core Objective: Resolve the process waste bottleneck on Tissue Production 3-line folding machine web roller, which was caused by poor paper web unfolding.
- Expert Solution: Implemented a low-cost, high-efficiency modification—installing a bowed roller and O-rings to ensure the paper web unfolds smoothly and flatly.

Benefits

- Resource Waste Reduction: Cut average monthly paper web waste from 2,400 kg to 520 kg **(a 78% reduction)**.
- Economic Value: Generated over **NTD 5.39 million** in annual benefits, with plans **to replicate** the solution across all plants machinery.
- External Recognition: Won the Grand Prize at the CTPM Annual Awards.



▲ Improper paper web unfolding causes uneven surface in finished products



▲ Paper web unfolds smoothly and flatly

Note: For the details, please refer to the CLC website – News.

2.2 Product Responsibility and Customer Service

Material Issue **Product Responsibility and Customer Service**

Strategy **Leverage the recyclability of paper products by integrating green design and green production at all life cycle stages to reduce environmental impact, and ensure customer privacy and product responsibility.**

2030	2026	2025
Goals	**Goals**	**Goals and Results**
• All products comply with international environmental standards	• Product testing results comply with regulatory requirements	• Product testing results comply with regulatory requirements ➡ Obtained hazardous substance test reports complying with regulatory requirements ➡ Required supplier compliance; 28 suppliers submitted hazardous substance reports
• Expand hazardous substance risk management to overseas operations	• Execute annual chain of custody management	• Annual chain of custody management is being implemented ➡ Tayuan Box Plant obtained FSSC 22000 certification ➡ Completed ISO 9001 quality management system and FSC™ third-party verification
	• Continuously optimize the Hazardous Substance Process Management (HSPM) system, including the HSPM system audit at the Houli Mill	• Continuously optimize the Hazardous Substance Process Management (HSPM) system ➡ Added CLC's "Declaration of Non-use" covering EU's latest 251 SVHCs; integrated global hazardous substance regulations into internal management measures
• Leverage digital intelligence to optimize customer service	• Build a digitalized quality management process (Quality 4.0) • E-Customer Complaint System Optimization (Industrial Paper - Paperboard Production line) • Implement smart quality inspection	• Overseas subsidiaries implement electronic recurrence prevention forms for customer complaints ➡ The prevention system at the Vietnam and China were officially launched • E-Customer Complaint System Optimization ➡ Implemented across all paper mills (Taiwan, Vietnam) and box plants (Taiwan, China, Vietnam)
• Customer satisfaction score: 90 (Taiwan Parent Company, Consolidated Company) • Maintain strong customer partnerships for mutual growth	• Customer satisfaction score: 89 (Taiwan Parent Company, Consolidated Company)	• Customer satisfaction score: 89 (Taiwan Parent Company, Consolidated Company) ➡ 87.0 (Taiwan Parent Company), 91.6 (Consolidated Company). Taiwan Parent Company, which missed target due to increased industrial paper and box complaints; corrective measures fully implemented
• Phase out traditional film entirely • Continuously promote the recycling and reuse of raw material waste from suppliers • Implement digital platemaking to reduce process waste and enhance the recycling and reuse of packaging waste	• Increase inkjet film utilization to 30% to replace traditional film • Continuously promote the recycling and reuse of raw material waste from suppliers	• Increase inkjet film utilization to 15% to replace traditional film ➡ 19.5% (Target met) • Continuously promote the recycling and reuse of raw material waste from suppliers ➡ Suppliers continued supporting plastic container recycling and reuse

Quality Policy: Total Participation, Quality Management, Customer Satisfaction

Quality is essential to sustainable operations. CLC has implemented the ISO 9001 quality management system at all domestic and overseas sites, utilizing the PDCA cycle to continuously elevate quality and customer satisfaction. In 2025, the Quality Control Department held 9 specialized courses covering hazardous substance management, digitalized QC, production technologies, and environmental regulation enhancing professional competencies. At the annual Sustainable Ecosystem Summit, CLC also communicated policies on hazardous substances and raw material quality management.

To navigate market challenges, CLC accelerates product R&D and production upgrades, partnering with supply chain peers to recycle used products into circular manufacturing. CLC operates 4 paper mills and 7 box plants in Taiwan. Paper mills primarily utilize recovered paper and virgin wood pulp, while box plants convert mill paper into corrugated container products.

Aligning with global sustainability trends, CLC relies on recovered paper to lower carbon emissions and preserve forests, while actively procuring sustainably managed wood pulp. In 2025, the FSC™ Pulp Ratio reached 95.3% of total virgin pulp procurement in the Taiwan, achieving other significant results:

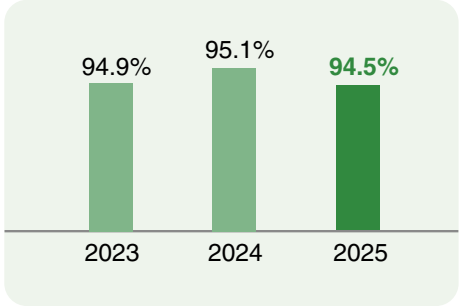
- **Recovered paper utilization rate 94.5%**

  Used 1.564 million tonnes of recovered paper, with over two-thirds sourced domestically, strengthening the domestic recovered paper ecosystem.

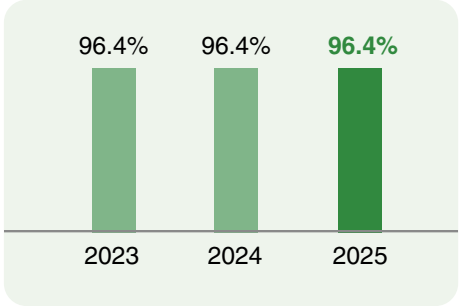
- **Renewable raw material utilization rate 96.4%**

  1.144 million tonnes of domestic recovered paper, 0.42 million tonnes of imported recovered paper, nearly 91,000 tonnes of virgin pulp, and other plant based materials such as starch and tapioca starch were used, totaling 1.656 million tonnes of renewable raw material. Non-renewable raw materials, including papermaking chemical additives, totaled 64,000 tonnes.

2023~2025 Recovered Paper Utilization Rate

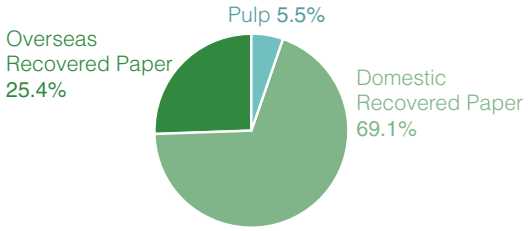


2023~2025 Renewable Raw Material Utilization Rate



Note: Taiwan area

2025 Proportion of Materials Consumption



Note: Taiwan area



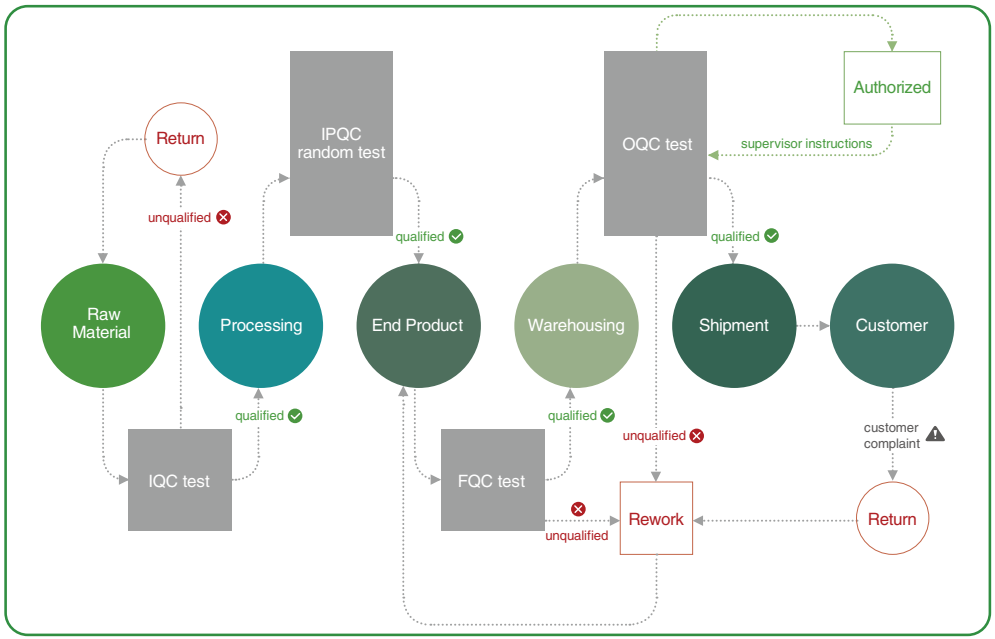
CLC was honored with the "Supplier Evaluation - Sustainability Excellence Award" at the 2nd Annual CTBC's Supplier Awards in 2025.

Product Health and Safety

CLC focuses on industrial paper and enforces strict product safety controls. Comprehensive management standards cover raw material procurement, production, and shipment. Dedicated IQC personnel conduct quantitative sampling and adjust frequency based on pass rates. The process is transitioning to supplier management, requiring hazardous substance test reports to replace incoming inspections. If nonconformities are detected, batch-by-batch sampling is implemented to ensure material safety. During production and shipment, production and shipping staff manage quality autonomously, while quality control personnel inspect finished products and warehouse entries and exits at set intervals. Dual control by on-site and quality control staff ensures product compliance and quality.



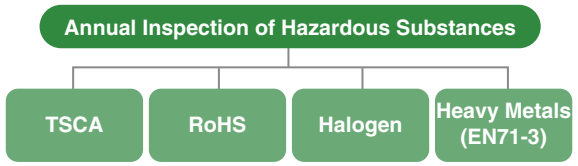
Product Processing Quality Control Workflow



Industrial Paper Inspection Specifications

CLC's industrial paper undergoes annual third-party hazardous substance testing aligned with global standards, including EU RoHS, halogen limits, and EU EN71-3 heavy metal restrictions. In 2025, all products met regulatory requirements, and Tayuan Box Plant maintained its FSSC 22000 food safety certification, providing higher quality and safe Paper Packaging Solutions.

To address EU REACH (SVHC) expansion to 251 substances (+9 YoY), CLC annually updates its "Declaration of Non-use" and "Hazardous Substance Mitigation and Management Measures" to integrate global regulations. Since 2021, the company has implemented the Full Material Declaration (FMD) source management system for source transparency—replacing finished-product testing to boost efficiency. Suppliers must submit regular hazardous substance reports; in 2025, 28 suppliers submitted reports, achieving 100% compliance.



Note: For certificates, please refer to the CLC website – Download Center

CLC Tayuan Box Plant Upgrading Equipment, Received FSSC 22000 Certification Again



As Taiwan's paper leader and top corrugated container supplier, CLC continuously elevates product quality and management. To meet rising food safety standards, Tayuan Box Plant upgraded its facilities and earned the rigorous FSSC 22000 certification in 2024, securing recertification in 2025. This milestone underscores CLC's expertise in food-grade packaging and delivers safe, reliable solutions to global clients.

Tayuan Box Plant continuously optimizes facilities, workflows, and customer management:

- **Facility upgrading:**Installed insect-proof and dust-proof systems to elevate hygiene standards, adding advanced mobile dust extraction equipment in 2026 to ensure food-grade packaging quality.
- **Management processes optimizing and training:** Redesigned operational routes to ensure high efficiency and international food safety compliance.
- **Expanding the Food-grade Customers:** Continued acquiring food-grade clients to create added value and unlock new market opportunities.

Note: For certificates, please refer to the CLC website – Download Center

Household Paper Inspection Specifications

Chupei Mill obtained ISO 22000/HACCP food safety management system certification. All products were tested by accredited institutions for total bacterial count, Escherichia coli count, and migration of fluorescent agents as required by customers, with results meeting standards. Eco-friendly toilet tissue and hand towels produced by Chupei Mill underwent annual bisphenol A (BPA) testing, with zero detected in 2025.

Packaging Design and Certification

To ensure transport safety, packaging structure design incorporates compression resistance and drop tests. All package structure design files are reviewed by SGS to ensure compliance with the Commodity Labeling Act. The FSC™ certification mark is labeled on packaging according to specified position and size requirements for product traceability.

Printing and Plate Making: Waste Reduction and Energy Saving

In recent years, printing plate production across box plants has prioritized eco-friendly waste reduction. Prepress centers fully digitized draft designs to lower paper and ink usage, while streamlining registration marks and plate spacing to cut material loss, energy, and labor costs.

Beginning in 2024, select plants added inkjet film printers to reduce reliance on traditional chemical-developed film. The utilization rate of Inkjet film reached 19.5% in 2025, surpassing the 15% annual target, toward a full phaseout by 2030. To optimize water-based ink applications, CLC also held "Water-based Ink Printing Suitability Courses" with expert suppliers to elevate printing quality.

Driving Plastic Containers Reduction across the Supply Chain toward Zero Waste

CLC's Corrugated Container Division integrated resources through its Technology Center to address the environmental burden of single-use 200 kg plastic barrels from water-based ink resin suppliers. Previously, these plastic barrels frequently became waste after processing due to cleaning difficulties, imposing an added burden on the environment.

Following usage audits and active supplier engagements focused on transport durability and circularity, CLC successfully facilitated a transition to steel barrels. Steel barrels offer superior strength and reusability, eliminating plastic waste and reducing hidden value-chain environmental costs. Meanwhile, CLC continues to promote the recycling of supplier raw material waste to boost overall supply chain sustainability.



Product and Service Labeling

All household products manufactured and sold by CLC obtained the CNS Mark and passed annual certification by the Bureau of Standards, Metrology and Inspection, meeting CNS requirements for product quality and labeling. Some products provided QR codes for consumers to access SGS test reports. In 2025, no cases of non-compliance with product specifications or labeling occurred.

Paper Studio's children's board games, including Amusement Park Paper Pinball, and Animal Adventure Memory Match Game, and Paper Studio DIY were certified by the Bureau of Standards, Metrology and Inspection and met toy safety standards.

Safer with SGS

Industry 1st Scan QR Code for Instant Access to SGS inspection reports ！

Customer Privacy Protection

CLC established mechanisms to protect and manage customer data, including enhanced employee training on "customer data" and "information security", and required confidentiality in business operations. In 2025, there were no complaints regarding customer privacy infringement or data loss.

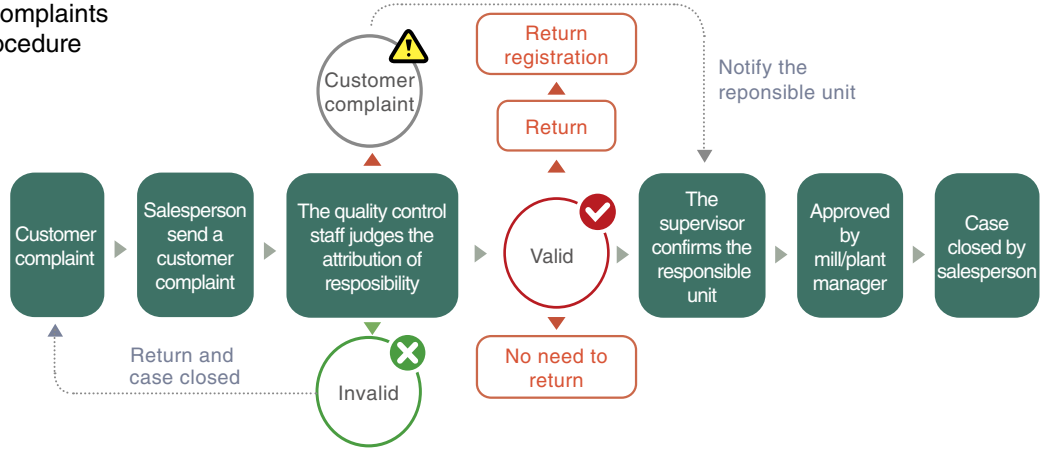
Customer Relationship

Prioritizing product quality and sustainability, all domestic and overseas mills/plants maintain ISO 9001 quality management system and FSC™ sustainable forestry certifications. Additionally, all products comply with CNS national standards and SGS testing, while ISO 27001 information security management is implemented to safeguard client interests.

To optimize service quality, CLC manages feedback via its "Customer Rights Policy and Grievance Procedures," and conducts annual customer satisfaction surveys. Customers can communicate through multi-channel avenues, including the official website, AeSHOP, the Whistleblowing Mailbox, and the 0800 toll-free hotline. Furthermore, the Household Products Division has established a nationwide customer service network for real-time responsiveness. In 2025, CLC's Household Products Division was honored with the "Best House Label Business Partner Award" by Watsons.



Customer Complaints Handing Procedure



To effectively manage customer complaints and product returns, CLC has established a robust management mechanism and standardized procedures. The Quality Control (QC) department evaluates anomalies and manages client communications, while the production and relevant accountable units analyze root causes and implement preventive measures to prevent recurrence. In recent years, CLC has fully digitized its customer complaint management process to boost handling efficiency. Key milestones of the digitized customer service system include:

I. Customer Relationship Digitalization (since 2021)

The Household Products Division launched SalesForce CRM to integrate client data, optimize service efficiency, and enhance demand tracking.

II. Quality Management Standardization (since 2022)

The Corrugated Container Division, covering Taiwan, Mainland China, and Vietnam, has standardized machine management to enhance quality consistency, production efficiency, and operational safety.

III. E-complaint and Quality Abnormality System (since 2022)

Vietnam Binh Duong Paper Mill digitized quality abnormality reports in 2022, expanding to other overseas sites in 2023 and introducing digital recurrence prevention forms in 2024.

In 2025, CLC optimized E-customer complaint system across the Industrial Paper Divisions (Taiwan, Vietnam) and the Corrugated Container Divisions (Taiwan, Mainland China, Vietnam), with plans to cover Taiwan paperboard sector in 2026.

Customer First! Extending Taiwan's Customer Satisfaction Management Model Overseas

To drive continuous service enhancement, CLC conducts annual customer satisfaction surveys and addresses low-scoring items. Building on Taiwan's model, CLC expanded the system to overseas operations, particularly in key growth markets like Vietnam. In 2024, CLC established medium- and long-term targets for both the Taiwan Parent and Consolidated Company: 89 points by 2025 and 90 points by 2030. In 2025, customer satisfaction scores reached 87.0 for the Taiwan Parent Company, 91.2 for Vietnam, 96.6 for Mainland China, and 91.6 for the Consolidated Company overall.

While our Taiwan Parent Company fell short of its 2025 customer satisfaction goal—mainly due to a dip in industrial paper satisfaction and higher corrugated container complaints—our plants have launched comprehensive corrective actions. Key measures include minimizing surface defects, tightening self-QC in rewinding, and optimizing adhesive formulas for better bonding, guaranteeing that products with cosmetic anomalies are never warehoused as acceptable stock. CLC will continue to enhance customer service, improve production performance, and advance digitalization management to achieve these customer satisfaction goals.

Customer Satisfaction Score

Region\Year	2023	2024	2025		2026 Goals	2030 Goals
			Achievements	Goals		
Taiwan Parent Company	86.9	88.5	87.0	89	89	90
Vietnam Region	-	90.0	91.2	-	-	-
Mainland China	-	88.9	96.6	-	-	-
Consolidated Company	-	89.1	91.6	89	89	90

Note 1: Taiwan Parent Company customer satisfaction score = industrial paper score × industrial paper sales coefficient + paperboard score × paperboard sales coefficient + household products score × household products sales coefficient + corrugated container score × corrugated container sales coefficient

Note 2: The sales coefficient represents the proportion of sales revenue from industrial paper, paperboard, household products, and corrugated container to total sales revenue (industrial paper: 0.41; paperboard: 0.03; household products: 0.15; corrugated container: 0.41)

Note 3: The consolidated company satisfaction score is calculated as the average of Taiwan, Vietnam, and Mainland China

Customer Complaints per Unit by Region

Region\Year	Explanation	2023	2024	2025
Taiwan Parent Company	Complaints (items)	432	522	780
	YoY (items)	64	90	258
	YoY (%)	17.4%	20.8%	49.4%
	Customer Complaints per Unit (items/total sales volume)	0.75	1.01	2.37
Vietnam	Customer Complaints per Unit (items/total sales volume)	-	7.18	5.67
Mainland China	Customer Complaints per Unit (items/total sales volume)	-	20.03	20.03

Note: Customer Complaints per Unit is calculated as complaints divided by total sales volume (all products)

Product-specific Customer Complaints per Unit (Taiwan Parent Company)

Category/Year	2023	2024	2025		2026 Goals
			Achievements	Goals	
Industrial Paper	0.34	0.37	0.38	< 0.33	< 0.34
Household Products	0.63	0.86	0.66	< 0.58	< 0.63
Corrugated Container	1.27	1.79	6.06	< 0.61	< 1.27
Average	0.75	1.01	2.37	-	-

Note 1: Customer complaints per unit are calculated as complaints divided by sales volume (million tonnes or million m^2)

Note 2: Annual goals are set based on the best performance from the past 3 years

Customer Complaint Management and Digital Optimization

CLC's Taiwan Parent Company set product-specific complaint targets for 2025: industrial paper < 0.33 cases/ 10,000 tonnes, household products < 0.58 cases/ 10,000 tonnes, and corrugated container < 0.61 cases/ million m^2. Actual rates were 0.38 cases/ 10,000 tonnes for industrial paper, 0.66 cases/ 10,000 tonnes for household products, and 6.06 cases/ million m^2 for corrugated containers. Total complaints reached 780 (+258 YoY), driven mainly by paperboard delamination, defective sealing on household paper, and adhesion issues in corrugated containers.

In Vietnam, industrial paper complaints per unit were 0.19 cases/ 10,000 tonnes, mainly due to base paper creasing; corrugated container complaints per unit were 11.15 cases/ million m^2, mainly due to adhesion issues. In Mainland China, corrugated container complaints per unit were 20.03 cases/ million m^2, also mainly due to adhesion issues.

To address unmet targets, CLC's Quality Improvement Team executed targeted corrective actions. **In 2025, we optimized the Customer Complaint Systems at the Paper Mill (Taiwan and Vietnam) and box plants (Mainland China).** Going forward, we are driving a transition to "Digital Quality Management Process 4.0", integrating ERP for real-time quality traceability and automated COA generation. **By leveraging big data to correlate production parameters with physical properties, we'll optimize manufacturing conditions and shift our quality paradigm from "reactive inspection" to "predictive prevention"**, securing to reach our 2026 targets.

The company's products were not prohibited from sale in any market, and there were no incidents involving the sale of questionable or controversial products. All marketing activities complied with national laws and regulations to protect consumer rights and ensure fair competition. The company did not use exaggerated, false, or unfair marketing practices. In 2025, there were no violations of relevant regulations or voluntary standards in product promotion and marketing.

2025 Response Strategies for Key Quality Issues

Product Category	Cause Analysis	Improvement Measures
Industrial Paper (including paperboard)	Paperboard Delamination	Ensure proper operation of coaters, coating quality, and vibrating screens, while continuously strengthening dryer cylinder sanitation.
Household Product	Defective Sealing	Verify film thickness prior to setup, apply AC ventilation for static removal, calibrate equipment and verify rework for secure sealing, and tighten quality inspections.
Corrugated Container	Adhesion Issues	Optimize adhesive formulation, reduce machine speed, and raise hot-plate temperature to ensure complete gelatinization and enhance bonding strength.



2.3 Digital Transformation

Material Issue **Digital Transformation**

Strategy **Accelerate digital transformation by applying AI to enhance production and sales efficiency, optimize customer service, and strengthen energy management to increase competitive advantage.**

AI Pioneer in the Paper Industry

Driving Digital Intelligence for Low-carbon Transition

Driving Smart Manufacturing and Low-carbon Transition through Digital Governance

Amid rapid shifts in the global business environment and the pace of industrial transformation, CLC, as a paper industry benchmark, treats smart manufacturing and digital transformation as key strategies to build operational resilience. Grounded in a long-term, phased digital governance mindset, CLC systematically transforms traditional factories into intelligent, advanced, and low-carbon facilities.

Since 2000, CLC has spearheaded a four-stage digital evolution—progressing from Enterprise Resource Planning (ERP/SAP) implementation and Smart Papermaking 4.0 to AI-driven digital transformation. By continuously deepening digitization, visualization, intelligence, and AI applications, CLC strengthens its core capabilities in smart manufacturing, energy management, and low-carbon operations, anchored by "Smart Papermaking 4.0" to integrate production, management, and sustainability goals.

Four-stage Digital Progression

To implement its smart manufacturing strategy, CLC has systematically driven its digital transformation, progressing from digitization to digital optimization:

I. Digital Foundation (Since 2004)

CLC initiated its group-wide digital revolution in 2000 and completed the implementation of the ERP/SAP system in 2004. By integrating financial, production, procurement, and operational workflows, the system enhanced management efficiency and data transparency, laying a solid foundation for smart manufacturing.

II. Deepening Digital Applications (Since 2015)

CLC actively integrates digital solutions into operations, achieving full ISO 50001 certification across all Taiwan sites in 2015 to track energy data and boost efficiency. Meanwhile, CLC developed in-house digital tools—including the Houli Mill Cogeneration Energy e-System, an enterprise-wide e-procurement platform, and a Household Paper CRM system, which broadening digital applications in energy, procurement, and customer relations to enhance management precision.

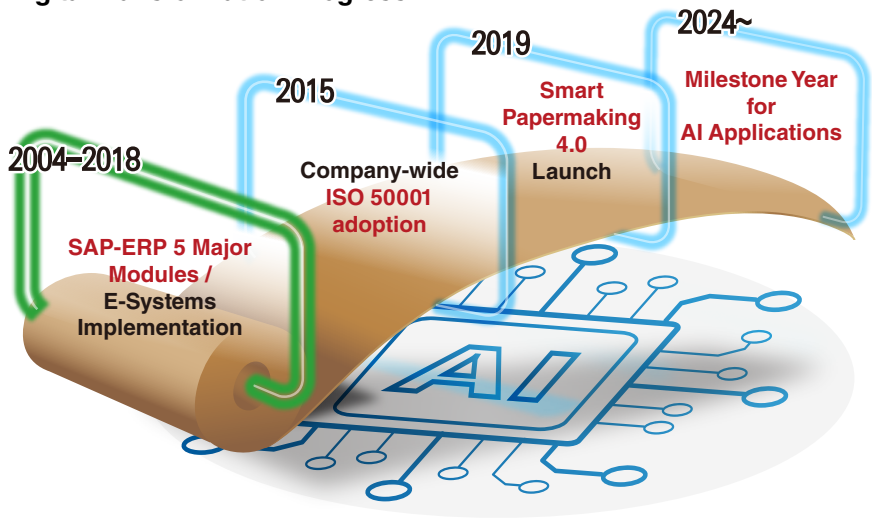
III. Launching "Smart Papermaking 4.0" (Since 2019)

Aligning with Industry 4.0, CLC launched its "Smart Papermaking 4.0" initiative in 2019. By integrating equipment, automating workflows, syncing sales-production data, and enabling real-time carbon tracking, CLC has accelerated smart factory transformation—boosting production efficiency while reducing labor reliance.

IV. Embracing the AI Revolution (Since 2024)

Building on a solid automation and data foundation, CLC declared 2024 as its Milestone Year of AI Applications—deepening AI integration across operational management and manufacturing through workshops and cross-functional teams. Concurrently, CLC adopted Power BI visualization systems to sharpen decision-making and market responsiveness. To oversee expanding AI and digital initiatives, CLC established the Digital Operations Division at the end of 2025—centralizing the transformation blueprint, cross-unit project execution, digital capability building, and performance tracking to align digital actions with corporate sustainability goals.

CLC Digital Transformation Progress



CLC Smart Papermaking 4.0: Digitization, Visualization, and Intelligence Driving Low-carbon Manufacturing

Centered on "Smart Papermaking 4.0," CLC advances smart manufacturing to elevate production efficiency and energy performance toward low-carbon, green production. By integrating AI, big data, cloud computing, IoT, and 5G, CLC strengthens institutional knowledge preservation and real-time early warnings, optimizing processes and operational efficiency. Since 2019, over 30 smart projects spanning process optimization, equipment management, energy monitoring, and operational analytics have been deployed, building a solid smart manufacturing ecosystem.

On the production front, CLC leverages smart technologies to boost Overall Equipment Effectiveness (OEE) and process stability, reinforcing energy management and carbon reduction via real-time monitoring. Smart management also extends to logistics and operations—using real-time data and predictive analytics to track customer demand, speed up service, enhance supply chain transparency, optimize resource allocation, and lower inventory costs.

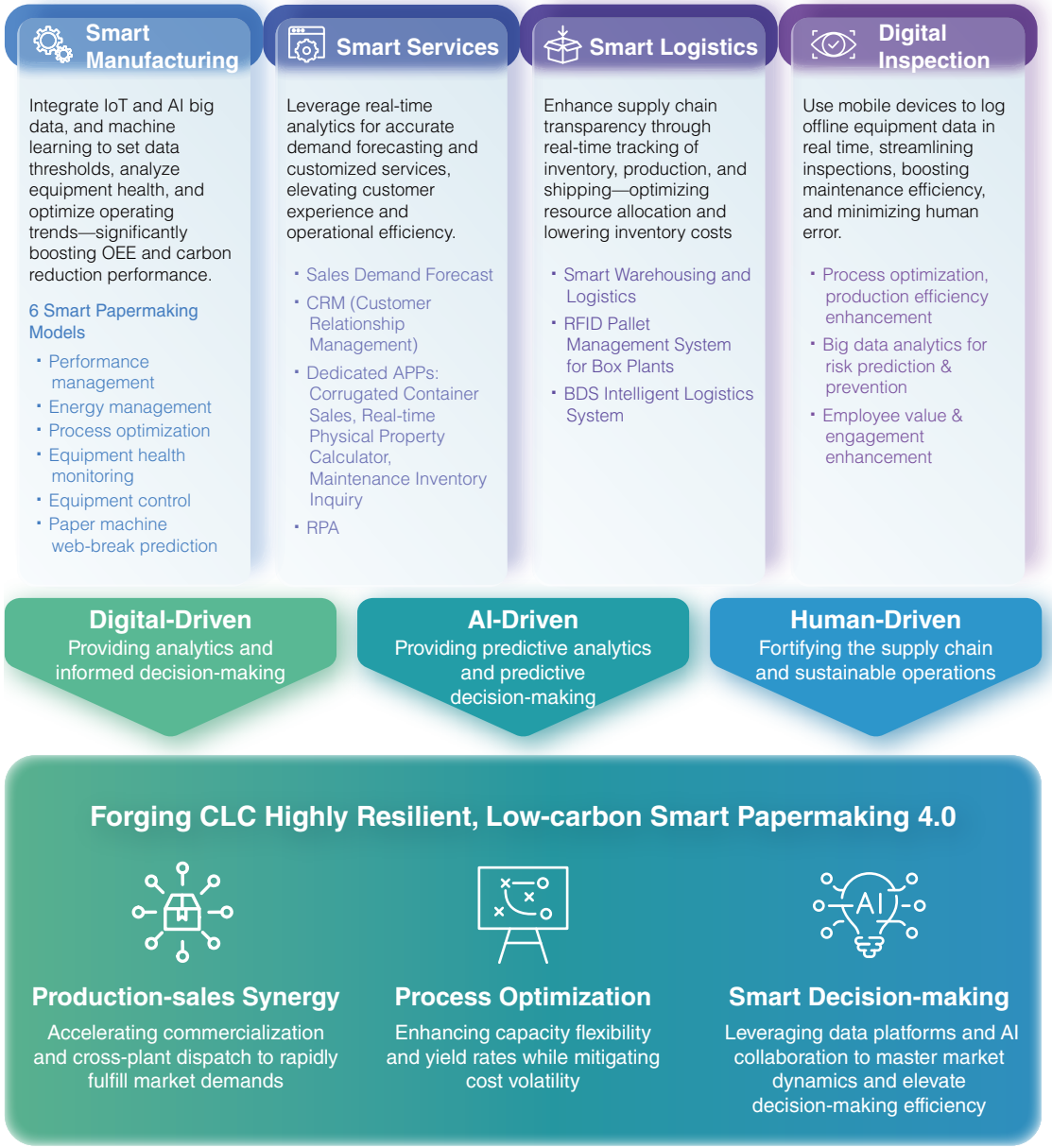
To counter labor shifts in traditional manufacturing, CLC deployed digital inspection and automated workflows, reducing manual workloads, improving operational safety and consistency, and enabling seamless, intelligent collaboration across production, service, and logistics.

Deepening AI Applications & Smart Manufacturing

In management and operations, CLC rolled out Power BI interactive dashboards in 2024 to enable real-time KPI tracking and sharper decision-making. Other key deployments included RFID pallet tracking for box plants, full digitization of printing and box-making machinery at Taiwan box plants, and an enterprise GPT system to boost administrative and HR efficiency. Additionally, the PI Smart Energy System, planned in 2024 at Vietnam's Binh Duong Mill, was completed in 2025 to precisely track energy data and strengthen competitive advantages.

In 2025, CLC furthered its AI momentum by optimizing enterprise GPT, deploying green data center power and temperature monitoring, and launching an AutoML platform with workshops to extend predictive capabilities across functions. Furthermore, partnering with the Industrial Development Administration (IDA), MOEA, CLC hosted the " CLC iPAS Smart Manufacturing and Cybersecurity Professional Talent Training Program " to align inventory, demand forecasting, and communication with suppliers.

The implementation of smart manufacturing and AI applications has boosted CLC's operational efficiency, product quality, and carbon reduction, while directly mitigating workforce shortages. Enhanced data visualization enables management to grasp the full operational picture, optimizing resource allocation. Looking ahead, CLC will expand "Smart Papermaking 4.0" to paper machines and cogeneration systems, driving global operational efficiency, low-carbon performance, and resilience toward a sustainable future.



2025 Key Initiatives

1 AutoML - Phase I Workshop

Project Approach

- **Tool Implementation:** Introducing the AutoML platform for automated modeling, which significantly lowers the barrier to AI application for non-technical personnel across various functions.
- **Cross-domain Empowerment:** Teams selected from both administrative and production departments participated in a 3-month workshop. They codified their practical insights and operational know-how, transforming them into predictive, digital parametric models.
- **Predictive Modeling:** Generating 9 distinct AI predictive use cases, encompassing operations within HR, Finance, Procurement, and Household Products Production and Sales departments.

Practical Cases

A Pioneering Force Sales Team & Procurement Team	Digital-driven Finance Team	Precision Insights HR Team
		
Specialized Market Size Forecasting for Special Sales channels & Tapioca Powder Price Forecasting	Delinquent Account Risk Forecasting	Employee Turnover Risk Forecasting

Future Goals

- **Scaling Application:** Launching the Phase II workshop in 2026 to extend training to the Industrial Paper and Corrugated Container production and sales departments, with a continuous roll-out across the entire Group.
- **Smart Decision-making:** Continuously optimizing predictive models to integrate AI-assisted decision-making into daily operations, shifting the executive paradigm from "reactive mitigation" to "proactive early warning".

2 Green Data Center

Project Approach

- Introducing "smart energy management hardware" across all floors and data centers at the headquarters to monitor power consumption and environmental data in real time.
- Integrating smart meters, temperature/humidity sensors, and air quality detectors to establish a comprehensive Energy Management System (EMS). This data-driven framework identifies viable solutions to optimize energy efficiency, implement carbon reduction, and ensure data center stability.

Benefits

1. **Energy Consumption Monitoring:** Utilizing smart meters to track real-time power usage and anomalous fluctuations, thereby enhancing energy transparency and operational safety.
2. **Environmental Control:** Monitoring data center environments via temperature and humidity sensors to maintain equipment under optimal operating conditions, extending lifespans and minimizing failures.
3. **Carbon Emission Accounting:** The platform supports carbon emission calculations, strengthening carbon footprint inventory and data disclosure capabilities.

3 Pi System Implementation at Vietnam Binh Duong Paper Mill

Project Approach

- Constructing a Pi smart manufacturing and energy management system database tailored for industrial paper machines.
- Utilizing sensors and automation equipment to track real-time operational data, including temperature, pressure, flow rate, energy consumption, and pollutant emissions.
- Monitoring energy metrics such as water, electricity, and fuel consumption to execute carbon reduction strategies. Combining AI analytics with real-time dashboards to visualize KPIs.

Benefits

1. Gaining real-time mastery over the optimal indicators of equipment power factors and understanding their correlative impacts.
2. Detecting equipment anomalies early to facilitate predictive maintenance and minimize unscheduled downtime.
3. Establishing a continuous automated monitoring mechanism that immediately triggers alerts and provides guidance to correlated measurement points during data anomalies or threshold breaches.

Future Goals

1. Strengthening the functionalities and value-added database applications of the existing Pi and iEM systems.
2. Continuously optimizing the system and scaling its implementation across other manufacturing sites.



3

Responsible Supply Partnerships

Accelerate supply chain transformation to enhance value chain competitiveness and co-create a sustainable net-zero ecosystem.

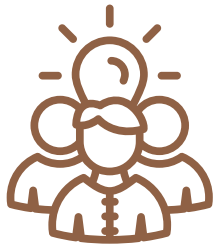
3.1 Supply Chain Management

3.2 Green Procurement

2025 Highlights

Global Sustainable Ecosystem Summit

6th consecutive year; expanded to Vietnam & Mainland China suppliers to deepen collaboration



Supply Chain Human Rights Due Diligence (HRDD)

Low Risk across all 7 core issues

Local Procurement Ratio

71.7%

(+3.7 percentage points YoY)





5-Year National Green Procurement Award

Honored as **a manufacturing benchmark** by the Ministry of Environment

Taiwan's 1st

Recovered Paper Supply Chain Upgrade

16 suppliers successfully transformed

The only paper company recognized in Taiwan

CDP Supplier Engagement Assessment (SEA): A Rating



On-Site Supplier Audits

87% completed

271 suppliers audited in total

Carbon Inventories Training

10 suppliers trained

18 participant-sessions

Key suppliers' carbon data completion **> 60%**

Sustainable Recycling Partner Program

Promoting **recycler equity & waste food paper container** recycling

3.1 Supply Chain Management

Material Issue **Supply Chain Management**

Strategy **Focus on supplier sustainability and risk management by setting key targets and implementing action plans to advance value chain sustainability.**

2030	2026	2025
Goals	**Goals**	**Goals and Results**
• Implement ESG risk assessment and management, obtaining valid carbon data from over 70% of key suppliers • Supply chain sources are diversified, with no single supplier exceeding 50% of total supply	• Implement supplier sustainable risk assessment and management, and promote supply chain carbon reduction initiatives and guidance	• Implement supplier sustainable risk assessment and management ➡ 8 additional key Tier 1 suppliers have completed carbon footprints, obtaining nearly 63.9% valid carbon data ➡ Launched CLC's Supply Chain HRDD; all 7 key issues were identified as low risk
• Local procurement > 75% • Local procurement volume surpassed industry average	• Local procurement > 73%	• Local procurement > 73% ➡ 71.7% (+3.7 percentage points YoY), missed the goal due to increased procurement of high-end overseas equipment for facility upgrades
• Organize Sustainable Ecosystem Summit and supplier EHS training, and expand of overseas supply chain audits • Strengthen green talent development across the supply chain and establish a collaborative smart talent pool	• Organize Sustainable Ecosystem Summit and supplier EHS training, and expand of overseas supply chain audits	• Hold the Sustainable Supply Chain Conference and provide EHS training for suppliers ➡ Held for 6 consecutive years, expanded to Vietnam & Mainland China suppliers to anchor global expansion and management alignment ➡ Conducted 8 EHS training sessions attended by 137 suppliers ➡ Expanded practical carbon inventory training, successfully empowering 10 companies and 18 participants
• 100% completion of on-site supplier audits	• 90% completion of on-site supplier audits	• 87% completion of on-site supplier audits ➡ 87% completed; 20 newly added, total 271

Responsible Supply Chain: Co-creation of Sustainable Value

Suppliers are vital partners in CLC's operational growth and competitiveness. Through responsible supply chain management, the company not only effectively mitigates operational risks, stabilizes product quality, and enhances customer service but also creates added value to solidify the foundation for long-term collaboration. CLC has systematically assessed the current state of its supply chain. Guided by a comprehensive management policy and evaluation mechanisms, we focus on 4 resilience-driven actions: "Low-carbon, Digitalization, Incentives, and Empowerment." We are committed to engaging and assisting 300 key suppliers in their transition and upgrading, strengthening the sustainability resilience of local vendors while helping them unlock international orders and green financing opportunities.

CLC inaugurated the paper industry's 1st Sustainable Supply Chain Conference in 2020. Since then, we have continuously deepened industry dialogue to enhance the overall competitiveness of our supply chain. In 2025, the event was upgraded to the "Global Sustainable Ecosystem Summit," incorporating suppliers from Vietnam and Mainland China. Concurrently, CLC united 20 partners to establish the paper industry's 1st Carbon Neutral Alliance. This initiative completed Taiwan's 1st industrial paper carbon footprint inventory and established an industry-wide carbon database. Furthermore, CLC pioneered the "Supply Chain Climate Survey," targeting critical suppliers to collect greenhouse gas and carbon footprint data, thereby expanding our Scope 3 inventory boundaries and fortifying our overall low-carbon management capabilities. In addition, we launched the "CLC iPAS Industrial Control Cybersecurity and Smart Manufacturing Supply Chain Program" to upgrade digital capabilities and risk management resilience, laying an intelligent foundation for a sustainable supply chain.

CLC received an A rating in the 2025 CDP Supplier Engagement Assessment (SEA), ranking among the TOP 6.22% of companies globally (one of only 1,394 companies).

Procurement Policy and Supplier Risk Management

Complying with regulations, CLC adheres to fair and transparent trading principles to actively develop premium suppliers, contractors, and secondary sources. Through its online procurement platform, CLC connects global partners to build a stable, efficient supply chain. The company evaluates suppliers and implements a tiered management system to ensure quality, delivery, price, and service, immediately triggers reassessments during major changes to mitigate risk. Furthermore, all current active suppliers must sign the Supplier Code of Conduct and Integrity Provisions, covering occupational health and safety, labor rights, environmental protection, carbon reduction, energy management, and restricted substances to strengthen supply chain compliance and sustainability.

In 2025, CLC maintained partnerships with 221 major suppliers with annual transactions exceeding NTD 10 million in Taiwan area, covering raw materials, processes, energy, chemicals, and equipment engineering.

Raw Materials		Process	Others
• Wood Pulp: 8 • Imported Recovered Paper: 15	• Domestic Recovered Paper: 93 • Chemical Reagents: 25	• Energy and Fuel: 10 • Equipment Accessories: 7 • Contracted Engineering: 23	• Materials: 12 • Transportation: 10 • Others: 18
	Total: 141	**Total: 40**	**Total: 40**

4 Supply Chain Resilience Actions for a Net-zero Ecosystem

CLC believes that corporate sustainability can only achieve long-term resilience by walking in tandem with value chain partners. Therefore, we focused on 4 Resilience Actions: low-carbon, digitalization, incentive, and empowerment, setting over 15 action targets to systematically build a net-zero transition ecosystem.

Action	Purpose	2030 Goals
1 Low-carbon Transition	Optimize local recycling supply chains to maximize resource circulation.	• Guide and manage 167 recycling suppliers • Support the transformation of 20 companies • Increase cooperating recyclers of waste food paper containers to >70
2 Digital Management	Deepen collaboration and audit of key supply chains to promote sustainable production and sales models.	• FSC™ certified pulp ratio > 98% • Green procurement ratio > 50%, and local procurement > 75% • Key on-site supplier audit 100%
3 Incentives Co-creation	Lead the 1+N Carbon Management Alliance to incentivize SMEs to build a carbon-neutral industrial chain.	• Consolidate > 70% carbon data from Tier 1 suppliers • Train > 100 carbon management specialists
4 Talent Empowerment	Strengthen green talent development across the supply chain and establish a collaborative smart talent pool.	• Industry chain collaborative learning with 50 key partners • Organize > 30 sustainability workshops, training more than 300 digital & sustainability talents

To drive implementation, CLC launched the "Recycling Supply Chain Transformation and Upgrade Program," providing engagement and onsite guidance to help SMEs adopt ESG evaluation mechanisms and strengthen their low-carbon capabilities. We also pioneered on-site audit and institutionalized partner improvement through the "Sustainable Excellence Supplier Award." Concurrently, CLC established the paper industry's first Carbon Neutrality Alliance to promote low-carbon and recycled resources, accelerating sector-wide decarbonization.



The 2025 "CLC Global Sustainable Ecosystem Summit" focused on low-carbon transition and smart innovation. Internal and external experts shared insights on international trends, circular innovation, digital applications, cybersecurity, and equality, helping partners master practical transition tools. Additionally, CLC partnered with First Bank to launch the "Supply Chain ESG Net-zero Preferential Financing Program," leveraging green finance to incentivize suppliers to adopt energy-saving technologies and ESG management systems, amplifying collective transformation momentum.

*Note: More details about "2025 CLC Global Sustainable Ecosystem Summit", please refer to the practice- Net Zero Supply Chain in this report, and official website.

Supply Chain Management Policy

Corporate Social Responsibility, Workplace Inclusion, Environmental Health and Safety Management

- Pursuing ESG leadership by enhancing the work environment and advancing sustainable supply chain collaboration.
- Sustainable development is the company's core principle, focusing on caring for life, utilizing resources wisely, and contributing to society.
- Encourage suppliers to implement sustainable practices, promote sustainability, and prepare sustainability reports.
- Enhance supplier EHS standards and enforce occupational safety compliance, and compliance with labor rights, cybersecurity, and privacy protection.

Develop green circular economy, enforce waste sorting and recycling, seize circular business opportunities

- Collaborate with quality and chemical research teams to develop and procure alternative environmentally friendly raw materials.
- Procure high-quality recovered paper to reduce waste and decrease supply chain operating and environmental costs.
- Recovered paper classification management has been implemented to optimize resource utilization.

Optimize green procurement, reduce environmental impact, fulfill global citizenship responsibilities

- We provide guidance and economic incentives to recyclers to enhance recycled resource distribution channels.
- Collaborate with industry associations, government, non-profits, and the recycling supply chain to promote accurate recycling and sorting, reducing processing costs for society and businesses.
- Prioritize procurement of eco-labeled products to minimize environmental impact.

Market Trends, Supply Chain Management, Flexible Procurement Strategies

- Track international trends and respond to geopolitical changes, tariff adjustments, wars, natural disasters, and pandemics.
- Regularly exchange information to support global deployment and track key raw material market trends.
- Openly source all available materials to secure stable and low-cost supply.
- Integrate key raw material procurement across global operations to enhance group competitiveness.

CLC Supply Chain Assessment Mechanism



New Supplier Development → **Current Supplier Evaluation** → **Sustainable Supply Chain Development**

Supplier Development and Assessment

CLC implemented the Supplier Evaluation Procedures to ensure timely raw material supply and maintain supply chain competitiveness. In 2025, 100% of new suppliers completed environmental and social responsibility assessments, fulfilling sustainable procurement requirements.

CLC conducts annual supplier evaluations under ISO procurement procedures. Cross-department teams assess suppliers and classify results into 4 grades: Excellent, A, B, and C. Management strategies are implemented according to these results.

Key On-site Supplier Audit Target: 100% by 2030

Since 2020, to strengthen supply chain engagement and management—ensuring stable quality and supply capacity—CLC has built upon its regular supplier evaluations by pioneering an "on-site audit" system. This system targets "Key Suppliers" whose operations are highly linked to the company's product responsibility and manufacturing processes, with a target to achieve **100% coverage by 2030**.



Grade	Evaluation Criteria	Management Approach
Excellent	Total score ≥ 85	Priority procurement
A	84~75	Encourage and guide to achieve Excellent
B	74~65	Strengthen supervision and evaluation criteria
C	Below 64	Eligibility revoked; procurement permitted upon requalification

As of 2025, CLC completed on-site audits for 271 suppliers, achieving 87% of the 2030 target, with 20 new suppliers evaluated in 2025. The audit result shows that 15 suppliers were rated Excellent and 5 rated A; no suppliers were rated B or C, reflecting overall stable performance. CLC conducts annual on-site audits, rollingly refines assessment criteria, and assigns staff or experts to support lower-rated suppliers in improving sustainability management.

Assessment Targets: 311 key suppliers closely associated with CLC's product responsibility and manufacturing processes

2030 Goal: Complete 100% on site supplier audits for key suppliers

	2025	2026 Goal	2030 Goal
Annual Number	20	10	-
Cumulative Number	271	281	311
Key Supplier Coverage	87%	90%	100%

*Note: Taiwan Area.

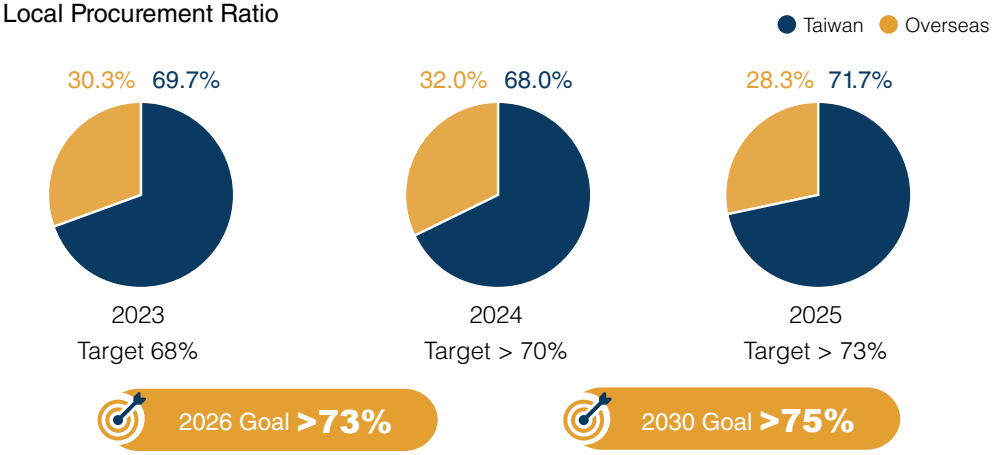
CLC Key Supplier On-site Audit Annual Results

	2023	2024	2025
Number of suppliers evaluated	55	40	**20**
Excellent	45	29	**15**
A	10	11	**5**
B	0	0	**0**
C	0	0	**0**

Enhancing supply chain resilience through local sourcing, with local suppliers accounting for 86.4%

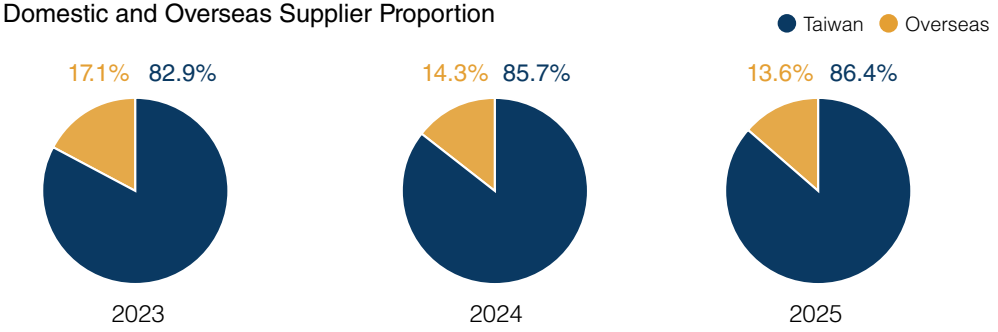
To ensure supply chain stability and deepen local integration, CLC prioritizes Taiwanese suppliers and has set a goal for local procurement to exceed 75% of total expenditure by 2030. In response to operational requirements, CLC conducts an annual rolling review of its local procurement strategy. In 2025 local suppliers accounted for 86.4% (+0.7% YoY); local procurement value was 71.7% (+3.7 percentage points YoY). However, due to increased overseas purchases of high-end equipment under the upgrade and transformation strategy, the 73% annual target was not met. Moving forward, CLC will continuously strengthen local supply chain resilience to steadily pursue its procurement targets.

Local Procurement Ratio



*Note: Taiwan area

Domestic and Overseas Supplier Proportion



*Note 1: Taiwan area
*Note 2: The proportion of domestic and overseas suppliers is calculated as (number of purchasing suppliers ÷ number of key suppliers) × 100%

Supply Chain Engagement: CLC Empowers Carbon Management

Enhancing Carbon Data to Steadily Reduce Scope 3 Emissions

Faced with global carbon neutrality trend, CLC actively builds a "low-carbon, sustainable, and smart manufacturing" value chain. Following the launch of Taiwan paper industry's 1st Carbon Neutrality Alliance in 2023, CLC pioneered a 2024 climate questionnaire covering organizational GHG emissions and product carbon footprints. Aiming to secure **"carbon data from over 70% of key Tier-1 suppliers by 2030,"** CLC is constructing a comprehensive database and cultivating digital low-carbon talent. In 1st year, the survey captured 32% of supplier carbon data. Based on these results and supplier transformation pain points, CLC formulated 5 action plans to guide supply chain decarbonization:

- Encouraging Carbon-managed Suppliers
- Supply Chain Carbon Reduction Support
- Strengthen Carbon Data Collection and Tracking
- Expanding Climate Survey Coverage
- Advancing Carbon Management Demonstration Project

Building on previous survey insights, CLC advanced the **"Supply Chain Carbon Management Empowerment Program"** in 2025. Integrating onsite assessment results with the Tayuan Mill's "Industrial Upgrade and Innovation Platform Counseling Program" (backed by IDA, MOEA), we re-identified 36 key Tier-1 suppliers across international (wood pulp, fuel) and domestic (recovered paper, chemicals, equipment) categories. To ensure precision counseling, CLC delivers systematic transition resources targeting suppliers **committed to biennial organizational GHG inventories or those needing climate score improvements**, helping partners establish a solid carbon management foundation.

Deepening Climate Risk Identification and Management across Key Supply Chains

CLC integrates government educational resources and provides an internal expert consultation window to proactively guide suppliers in using digital tools for carbon calculations. In 2025, CLC trained 10 suppliers (18 participants), enabling 8 to complete organizational carbon accounting—including 3 ahead of schedule—and added 1 supplier completing a Product Carbon Footprint (PCF) assessment. Continuous survey optimization and counseling have raised the key Tier-1 supplier carbon database completion rate to 63.9%.

Survey results show that CLC's standardized metrics and systematic training drive the supply chain to provide international-standard GHG data. This enhances the traceability and management of Scope 3 emissions, laying a solid foundation for accelerating Scope 3 reductions and the value chain's low-carbon transition.

The completion rate of the carbon database for key Tier 1 suppliers

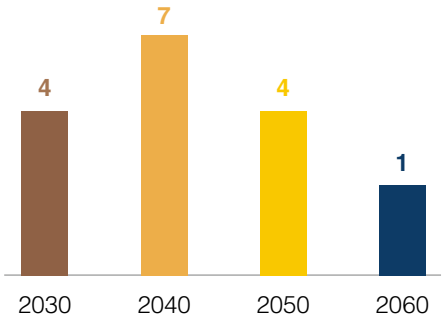
Goal 70%

Reached 63.9%

CLC Key Supplier's Carbon Data

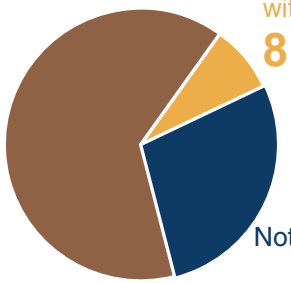
16 suppliers have established net zero or carbon neutrality targets

- 4 set targets for 2030, 7 for 2040, 4 for 2050, 1 for 2060



72.2% of suppliers have completed or are planning organizational GHG inventories

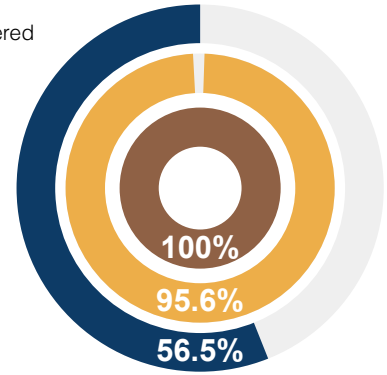
- 63.9% of suppliers completed organizational carbon GHG inventories (23 suppliers), 8.3% planned inventories within 2 years



100% alignment with international standards for organizational GHG inventories

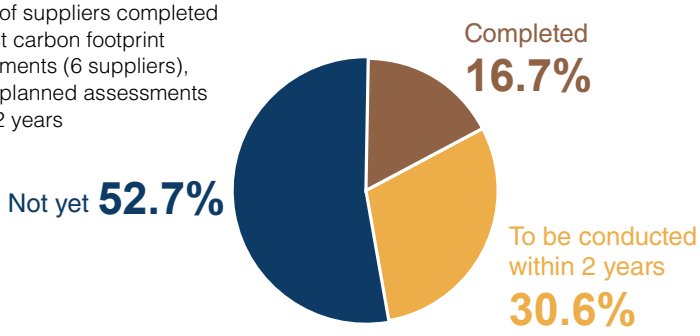
23 suppliers have completed organizational GHG inventories

- 100% adopted ISO 14064-1 or GHG Protocol
- 95.6% (22 suppliers) completed organizational carbon inventories covered S1 and S2
- 56.5% (13 suppliers) completed organizational carbon inventories included S3



47.3% of suppliers have conducted or planned product carbon footprint (PCF) assessments

- 16.7% of suppliers completed product carbon footprint assessments (6 suppliers), 30.6% planned assessments within 2 years



Incentive & Empowerment: Co-creating Supply Chain Low-carbon Competitiveness

CLC drives supply chain decarbonization through a dual strategy of **"Incentive"** and **"Empowerment."** Suppliers' carbon accounting and climate achievements form the foundation for Scope 3 reduction, elevating capabilities across the value chain. To achieve this, CLC will execute the following actions:

- **Optimizing Incentive Mechanisms:** Incorporating carbon management performance into procurement decision, prioritizing collaboration with proactive suppliers. Utilize evaluation and reward systems to incentivize continuous investment in digital decarbonization and operational improvements.
- **Launching Precision Empowerment:** Integrate public, private, and academic resources to provide tailored guidance based on partners' sustainability maturity, ensuring carbon accounting execution and progress tracking.
- **Deepening Data Management:** Refine data collection and analysis to help suppliers dynamically adjust reduction pathways, enhancing Scope 3 management efficiency and decision-making value.
- **Expanding Demonstration Effects:** Promote benchmark sharing and pilot projects to scale successful reduction models across the value chain, bolstering resilience and unlocking green business opportunities.

Industry Pioneer! Resolving Carbon Footprint Data Distortion

CLC Partners with Local Recyclers to Establish Taiwan's Recovered Paper Carbon Emission Factors

According to Taiwan Paper Industry Association, Taiwan consumes approx. 4 million tonnes of recovered paper annually, with 70% sourced domestically. However, lacking localized emission factors and Life Cycle Assessment (LCA) data, Taiwanese papermakers previously relied on international databases (such as GaBi) to estimate Scope 3 emissions, failing to reflect the low-carbon benefits of local recycling.

To enhance Scope 3 inventory accuracy and disclosure transparency, CLC invested in local data integration. Since 2024, CLC has spearheaded a partnership with local recyclers to build Taiwan's 1st "Localized Carbon Footprint Factors for Recovered Paper." Utilizing suppliers' third-party verified waste clearance and transport carbon footprint, the project applies reasonable allocation principles to establish raw material emission factors for both "recovered paper" and "recovered waste food paper containers."

Inventory results reveal that Taiwan's localized factors are 78%~87% lower than international database figures, highlighting the low-carbon advantages of short-haul transportation and high-efficiency recycling. This milestone upgrades data representativeness and consistency while providing an empirical foundation for industry-wide factors. Moving forward, CLC plans to collaborate with the Taiwan Paper Industry Association to integrate these results into national standard platforms, reinforcing local data infrastructure and international low-carbon competitiveness.

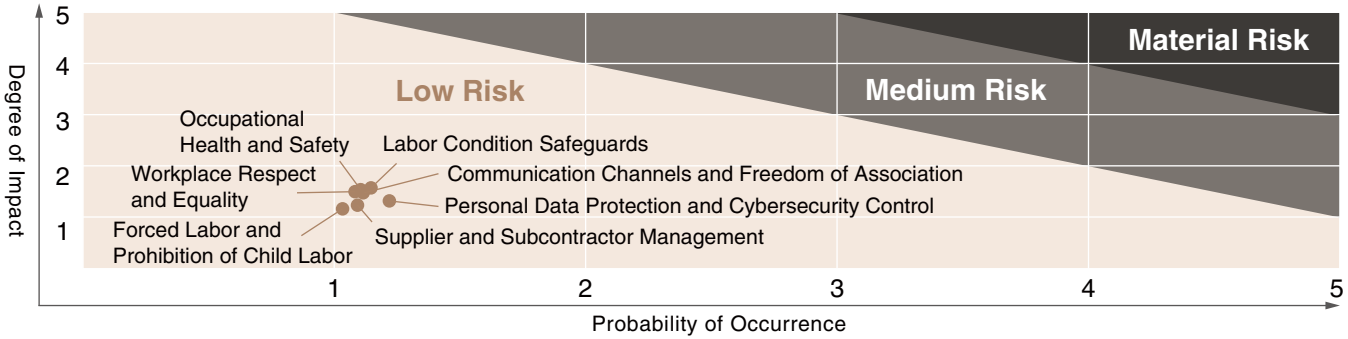
CLC Supply Chain Human Rights Management and Due Diligence

CLC integrates human rights into its sustainable governance and risk framework. Aligning with UN and ILO conventions, we embed our **"Human Rights Policy"** into the **"Supplier Code of Conduct and Integrity Provisions"** and supply chain guidelines, strictly requiring partners to comply with labor conditions, child labor prohibitions, and occupational health and safety standards. To ensure execution, CLC utilizes a robust management mechanism covering supplier development, assessment, counseling, and onsite audits. Additionally, during the October 2025 "Global Sustainable Ecosystem Summit," CLC's Legal Affairs Department conducted **human rights and integrity** training for nearly 500 value chain partners, fortifying value-chain resilience.

To deepen Human Rights Due Diligence (HRDD), we have established a 5-step investigation process aligned with the EU Corporate Sustainability Due Diligence Directive (CSDDD) and the Ministry of Economic Affairs' HRDD Operational Manual. For the detailed process, please refer to Ch5.1 CLC Human Right's Risk Management and HRDD in this report (p.111).

At the end of 2025, CLC surveyed suppliers with annual transactions exceeding NTD 10 million across Taiwan, Mainland China, and Vietnam. The survey assessed 7 core issues: **"Labor Condition Safeguards, Workplace Respect and Equality, Forced Labor and Prohibition of Child Labor, Supplier and Subcontractor Management, Occupational Health and Safety, Personal Data Protection and Cybersecurity Control, and Communication Channels and Freedom of Association."** Utilizing a 5-point Likert scale to evaluate the likelihood and impact of each issue, we mapped out the **"Supplier Human Rights Risk Matrix"** to prioritize human rights management.

2025 CLC Supplier Human Rights Risk Matrix and Survey Outcome



*Note:(1) Low Risk: Average score of 3.0 or below; Medium Risk: Average score between 3.0 and 4.0 (inclusive); Material Risk: Average score above 4.0.
(2) The scope of this survey encompasses suppliers across Taiwan, Mainland China, and Vietnam with an annual transaction value exceeding NTD 10 million. A total of 182 questionnaires were retrieved, achieving a valid response rate of 89.2%.

Low-risk Assessment Results and Continuous Mitigation Management

Results show that critical suppliers' risk levels across all issues fall within the **"Low Risk"** category, demonstrating steady human rights management. CLC adopts a **"preventive management"** strategy, prioritizing relatively higher-ranked issues—**Labor Condition Safeguards, Occupational Health and Safety**, and **Personal Data Protection and Cybersecurity Control**—into annual on-site audits for dynamic tracking and guidance. To build a sustainable ecosystem, CLC aims for "100% on-site audits of key suppliers" by 2030, applying differentiated management based on ratings.

Moving forward, we will promote routine human rights training to enhance supplier resilience, and establish remediation and communication channels to effectively mitigate impacts, fulfilling our long-term commitment to human rights governance.

Enhancing Supply Chain Sustainability through Supplier Training

In 2025, CLC held 8 training sessions for 137 suppliers, strengthening their low-carbon transition and environmental management capabilities. To drive mutual industry-chain learning, following a 2024 exchange with Da Fon Environmental Technology, CLC invited its Vice General Manager, Mr. Chang-Hsin Juan, to speak at the 2025 "CLC Global Sustainable Ecosystem Summit" on "AI Sorting Technology and Low-carbon Circular Applications." This bidirectional exchange—evolving from experience sharing to technological feedback—co-creates a paradigm for supply chain transformation, bolstering value-chain resilience.



CLC Supplier Environmental, Health and Safety (EHS) Management Policy:

1. **Safety First:** Suppliers must sign the EHS Management Commitment Letter, adhere to contractor safety meeting records, and obtain work permits. Prior to facility entry, they must complete environmental, safety, and health hazard training and secure NTD 5 million in accident insurance.
2. **Product Compliance:** Raw material suppliers must provide test reports confirming products are free of prohibited or restricted substances under customer and international regulations. Random audits are conducted, and any non-compliance requires immediate corrective action.
3. **Energy Efficiency Priority:** When purchasing energy services, products, or designs impacting energy use, CLC informs suppliers of major energy-using equipment and prioritizes energy performance as a key evaluation criterion.

3.2 Green Procurement

Material Issue Green Procurement

Strategy **Advance low-carbon and green procurement, integrate smart technologies to enhance energy and resource efficiency, and optimize supply chain management and service quality.**

2030 Goals	2026 Goals	2025 Goals and Results
• Green procurement prioritizes products and equipment with energy-saving and environmental labels; green procurement ratio > 50% • All mills/plants receive Green Procurement Excellence Certification from local governments	• Green procurement ratio > 50%	• Green procurement ratio > 50% ➡ Ratio reached 49.6%, below target, due to reduced pulp procurement in response to market trends ➡ Received National Green Procurement Award from the Ministry of Environment (Taiwan) for 5 consecutive years ➡ 8 mills/plants received Green Procurement Award from the local governments
• Recovered paper utilization rate for industrial paper: > 97% in Taiwan; > 94% in Vietnam	• Recovered paper utilization rate for industrial paper: > 97% in Taiwan; > 94% in Vietnam	• Recovered paper utilization rate for industrial paper: > 97% in Taiwan; > 94% in Vietnam ➡ Taiwan and Vietnam recycled 1,564,000 tonnes and 721,000 tonnes of recovered paper, achieving recovered paper utilization rates of 97.6% and 95.7% for industrial paper
• Establish an industrial ecosystem to achieve zero waste throughout the recycling value chain	• Enhance recovered paper classification and quality, reduce residual waste rate	• Enhancing recovered paper sorting and quality ➡ Partnered with HowRecycle Taiwan Association to launch the "Sustainable Recycling Partner Program," expanding to 16 recycling stations nationwide, food paper container recycling via these partners increased by 96% YoY
• Facilitate recyclers' transformation and diversify recovered materials	• Facilitate transformation and upgrading of 2 recyclers/suppliers	• Facilitate transformation and upgrading of 2 recyclers/suppliers ➡ 2 added, total 16 completed ➡ Waste Food Paper Container 2.0 Project: totaling 56 waste food paper container suppliers
• FSC™-certified pulp for sustainable forest management and ecological conservation with ratio > 98%	• FSC™ pulp ratio > 98%	• FSC™ pulp ratio > 98% ➡ 95.3%, primarily impacted by reduced global FSC™ pulp supply and price volatility

Advance Sustainable Procurement to Achieve > 50% Green Procurement by 2030

CLC has implemented green procurement to support SDG 12, prioritizing materials, facilities, and office supplies with environmental, energy-saving, and FSC™ certifications to reduce environmental impact and enhance resource efficiency, thereby strengthening supply chain sustainability and resilience.

In recent years, the international community has placed increasing emphasis on the loss of natural capital and promoted the "Nature Positive" approach to reverse biodiversity loss and foster harmony between economic development and sustainability. CLC set a 2030 target for > 98% FSC™ pulp procurement in line with SDG 15. In 2025, FSC™-certified pulp accounted for 95.3% of CLC's virgin pulp procurement, below annual target due to global supply constraints and price fluctuations. CLC sourced local alternatives in Taiwan to maintain stable production and meet its environmental commitments.

In 2025, CLC recycled 1,564,000 tonnes of recovered paper in Taiwan, achieving a recovered paper utilization rate of 94.5% for all paper grades and 97.6% for industrial paper. The Vietnam Binh Duong Paper Mill recycled 721,000 tonnes of recovered paper, with an industrial paper recovered paper utilization rate of 95.7%. Group-wide, CLC recycled 2,285,000 tonnes of recovered paper.

To deepen the circular economy and achieve waste reduction, CLC set a long-term goal for green procurement to reach 50% of total procurement by 2030. In 2025, green procurement totaled NTD 7.48 billion, accounting for 49.6% of total procurement. This fell slightly short of the annual target (> 50%), primarily due to market-driven reductions in virgin pulp procurement. Despite this, CLC remains a leading performer in green procurement, with its green procurement consistently exceeding 10% of the national total annually. Furthermore, the company has secured dual recognition—the National and Local Government Green Procurement Awards—for five consecutive years (2021–2025).

CLC has extended its Taiwanese green procurement expertise to overseas operating sites by establishing a sustainable procurement mechanism for its Vietnam facilities. By prioritizing the procurement of green products that carry eco-labels, energy-saving labels, and FSC™ certifications—encompassing multiple dimensions such as production raw materials, equipment, and office supplies. This demonstrates CLC's comprehensive capability in global supply chain management and low-carbon practices.

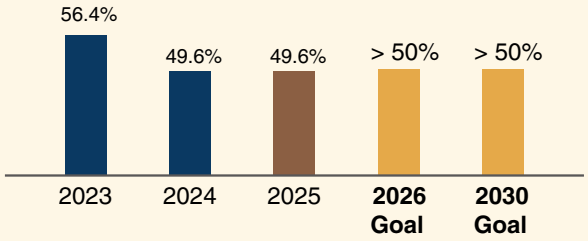
CLC Awarded the National Green Procurement Excellence Award for 5 Consecutive Years

Committed to low-carbon sustainability and nature-positive growth, CLC generated NTD 8.5 billion in sustainable procurement across its 10 Taiwan facilities in 2024—commanding 11% of the national market. This stellar performance earned CLC the prestigious National Green Procurement Excellence Award from the Ministry of the Environment on July 30, 2025.

Selected as a manufacturing benchmark to showcase its roadmap, CLC highlighted its pioneering "Green Procurement Digital Dashboard." By integrating automated accounting, smart material tagging, and automated reporting, this system eliminates manual errors and delays while ensuring the integrity, accuracy, and traceability of metrics to accelerate leadership decision-making.



Green Procurement Ratio



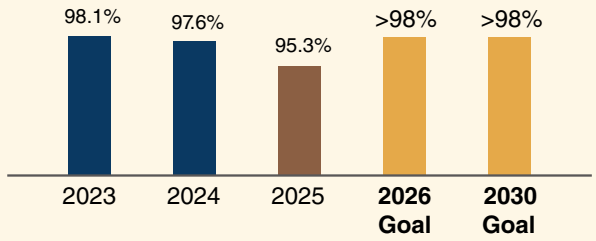
Note 1: Taiwan area
Note 2: After 2020, calculated as (Ministry of Environment (Taiwan) declared green procurement amount / total procurement amount * 100%)

Recovered Paper Utilization Rate

	Area	2023	2024	2025	2026 Goal	2030 Goal
Total	Taiwan	94.9%	95.1%	94.5%	> 92%	> 92%
Industrial Paper	Taiwan	97.5%	97.7%	97.6%	> 97%	> 97%
	Vietnam	-	95.1%	95.7%	> 94%	> 94%

Note: Calculated as recovered pulp consumption / (recovered pulp consumption + virgin pulp consumption)

FSC™ Pulp Ratio



Note 1: Taiwan area
Note 2: Calculated as FSC™ pulp procurement volume divided by total virgin pulp procurement volume

Conflict Minerals Prohibition

To uphold human rights, CLC avoids the use of conflict minerals sourced from illegal or unethical operations and remains committed to responsible mineral sourcing throughout its supply chain. We prohibit the use of tin, tantalum, tungsten, and gold from the Democratic Republic of the Congo and neighboring regions in the production of industrial paper and corrugated containers. CLC requires suppliers to conduct due diligence on mineral sourcing and address risks of human rights violations and environmental harm. CLC maintains conflict-free sourcing, monitors international mineral management requirements, and communicates with its supply chain.

Prohibited Substances

CLC established the Hazardous Substance Inspection Management Measures to ensure compliance with international regulations. Since 2021, CLC has implemented full material declaration (FMD) management, requiring suppliers to regularly submit hazardous substance verification reports and declarations. All raw materials, finished products, and new materials must comply with prohibited substance controls.

Advancing Recycling Supply Chain Transformation: Cross-sector Collaboration for Source-controlled, High-performance Recycling

Enhancing Source Separation for Increased Corporate Recycling Efficiency

As the largest recovered paper processor in Taiwan, CLC has made circular economy a core strategy. In response to the long-standing issue of 10~13% domestic waste contamination in locally collected recovered paper which compromises recycling efficiency and increases energy consumption during processing, CLC has, since 2018, assisted 167 recycling partners to improve recovered paper quality and meet international standards. In 2024, CLC launched the Food Paper Container 2.0 Project, training key regional partners and supporting 56 suppliers to optimize food paper container sorting and processing, enhancing the local recovered paper supply chain.

Recycling Supply Chain Upgrade: Paper Sludge Reduced by 40%

Since 2018, CLC has set an annual target to support the transformation of at least 2 recovered paper merchants and revised its recovered paper procurement policy. We have also introduced Taiwan's first Recovered Paper Moisture Analyzer and established an e-platform. For 167 recovered paper merchants, CLC implemented a three-stage process—guidance, observation, and replacement—emphasizing source classification and technical support. By 2025, CLC assisted 16 key merchants in transformation, achieving a nearly 40% reduction in paper sludge compared to 2017 through process innovation, and enhanced recycling and energy efficiency.

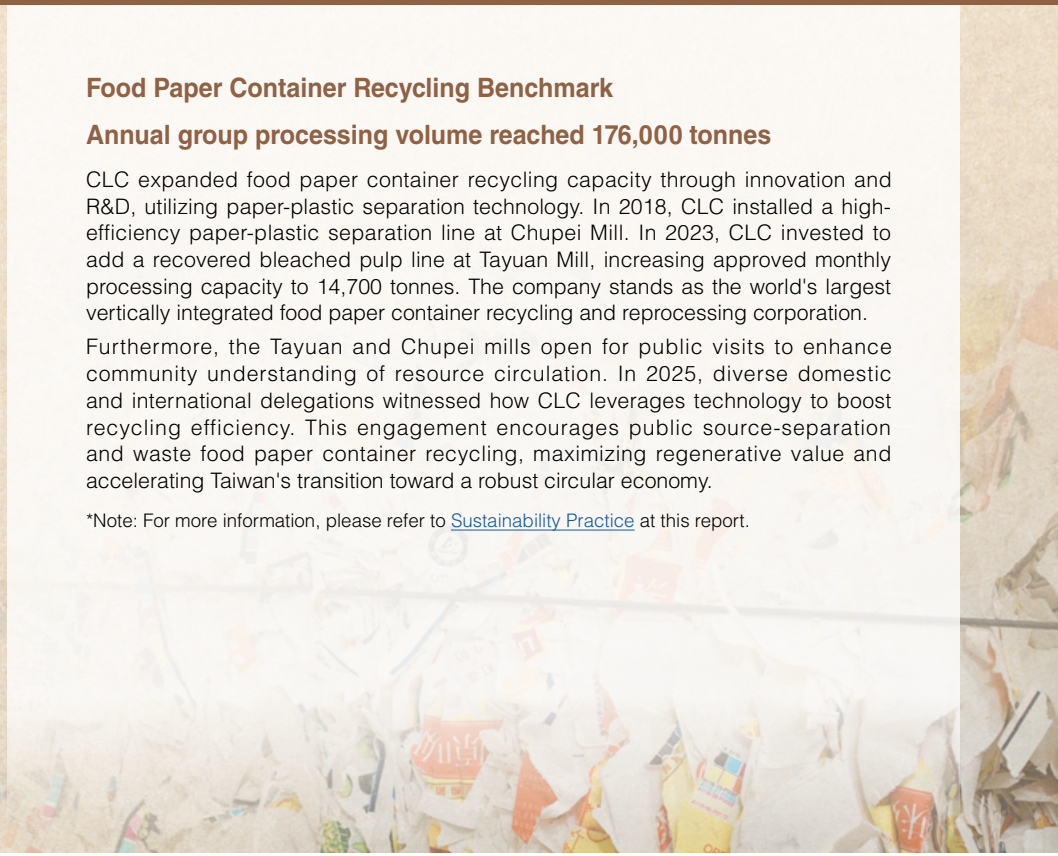
Food Paper Container Recycling Benchmark

Annual group processing volume reached 176,000 tonnes

CLC expanded food paper container recycling capacity through innovation and R&D, utilizing paper-plastic separation technology. In 2018, CLC installed a high-efficiency paper-plastic separation line at Chupei Mill. In 2023, CLC invested to add a recovered bleached pulp line at Tayuan Mill, increasing approved monthly processing capacity to 14,700 tonnes. The company stands as the world's largest vertically integrated food paper container recycling and reprocessing corporation.

Furthermore, the Tayuan and Chupei mills open for public visits to enhance community understanding of resource circulation. In 2025, diverse domestic and international delegations witnessed how CLC leverages technology to boost recycling efficiency. This engagement encourages public source-separation and waste food paper container recycling, maximizing regenerative value and accelerating Taiwan's transition toward a robust circular economy.

*Note: For more information, please refer to Sustainability Practice at this report.



Industry-Academia Collaboration on Waste Food Paper Container Recycling Research

Verification of Positive Impact from Cleaning and Sorting Used Food Paper Containers

CLC partnered with NCHU and the Paper Carton Food Promotion Association, R.O.C. to complete the research report "Environmental Impact Assessment of Cleaning Treatment for Recycled Food Paper Containers." The study confirmed that proper cleaning, including food waste separation, washing, and drying, reduced odor and environmental pollution from food paper containers. In 2024, the results were published in VOL.28 No.1 of Pulp and Paper Technology, with the aim of achieving four key benefits:

1. Promoting government legislation to enhance recycling regulations
2. Encouraging the cleaning of food paper containers before recycling
3. Enhancing recycling operators' willingness to recycle waste food paper containers
4. Reducing resource waste and improving waste food paper container recycling efficiency

Partnering with Industry Resource Circulation Peers to Deepen Waste Food Paper Container Recycling Governance

To grasp the status of waste food paper container recycling, CLC has partnered with industry resource circulation peers since 2019 to assist the Paper Carton Association of R.O.C. in conducting periodic surveys on "Beverage Cartons Mixed into General Waste Paper." Through on-site sampling and data analysis, the research systematically tracks the mixing ratios and distribution flows of beverage cartons. This study clarifies the sorting and diversion status among beverage cartons, paper tableware, and general paper, serving as an empirical foundation to optimize management, enhance sorting precision, and maximize downstream pulp reuse efficiency and resource circulation value.



Sampling Investigation in Houli Mill

Empowering Independent Recyclers X Optimizing Waste Food Paper Container Circularity

Co-creating a Dual-track Sustainable Recycling Ecosystem with Da Fon Environmental Technology

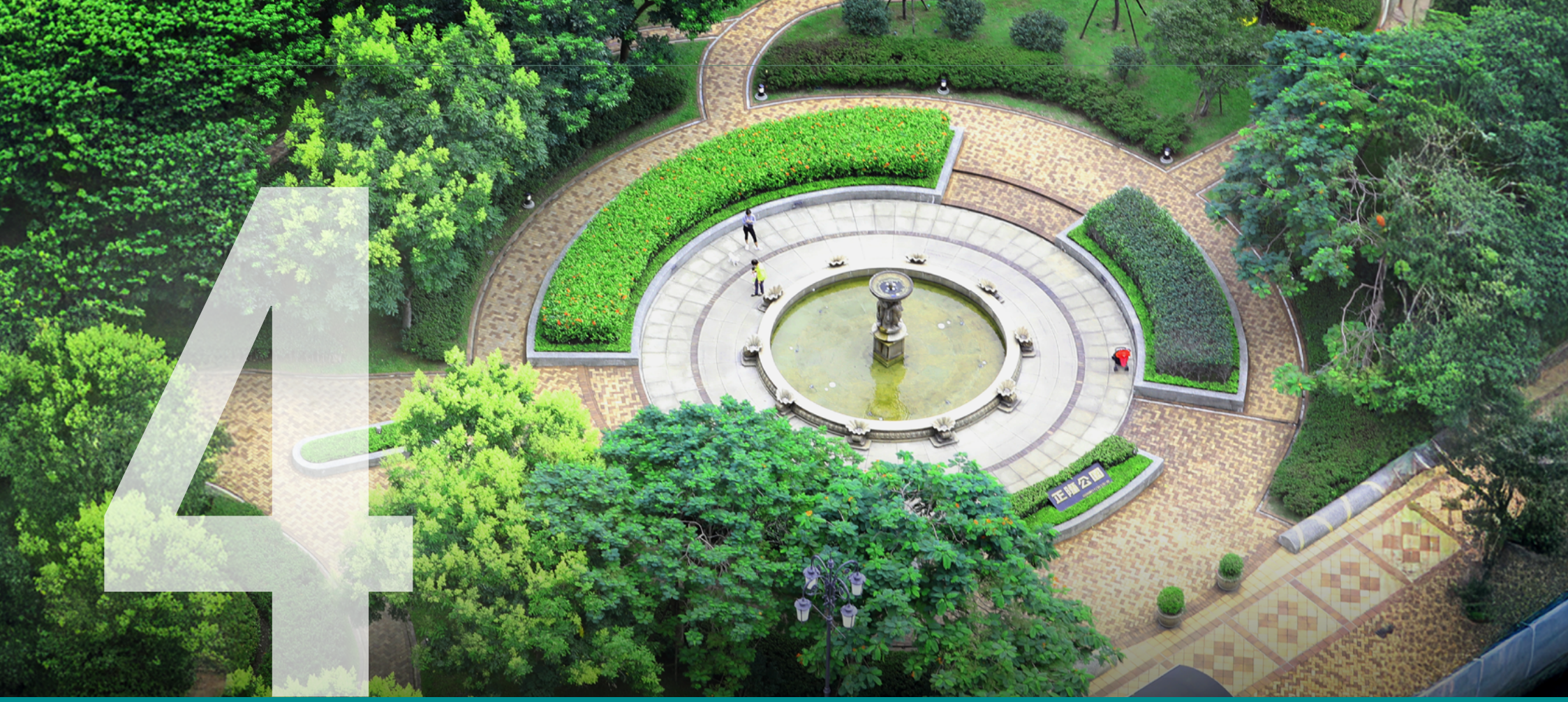
CLC has long supported independent recyclers through industry collaboration. Since 2024, CLC has sponsored its Dandelion eco-friendly product line and partnered with Da Fon Environmental Technology's "HowRecycle Taiwan Association" to launch the "Sustainable Recycling Partner Program" across 16 recycling stations.

The program introduced an innovative "Recycler Love Redemption" model, allowing recyclers to earn "Z-Coins" from waste food paper container recycling to redeem for daily essentials like Dandelion tissue and soap. This strengthens financial support for recyclers while ensuring waste food paper containers re-enter the circular economy. Consequently, the association's stations recovered 284.6 tonnes of food paper containers in 2025 (+27% YoY), while partner-sourced recycling volumes surged by 96%.

Beyond upstream recycling promotion, CLC and Da Fon Environmental Technology have reinforced their downstream supply chain and sales integration. In 2025, Da Fon consolidated its central Taiwan facilities, boosting its recovered paper container supply to CLC's Tayuan Mill to 887 tonnes—a staggering 824% YoY growth. This collaboration successfully transforms social value into industrial circular momentum.



CLC was invited by Da Fon Environmental Technology and the HowRecycle Taiwan Association to join the How How Recycling Day. （Source: How Recycle Taiwan Association）



4

Climate Resilience Management

Smart low-carbon operations, resource circulation, and environmental stewardship drive a clean, sustainable circular business model to maximize energy and resource efficiency and reduce environmental impact.

4.1 Climate Change Actions

4.2 Energy Management

4.3 Water Resource Management

4.4 Air Quality Management

4.5 Waste Resource Utilization

4.6 Nature TNFD and Biodiversity

2025 Highlights

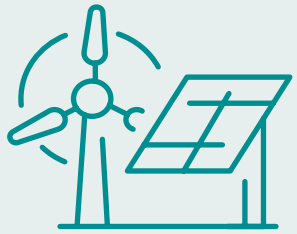
Carbon Disclosure Project (CDP)
Climate Change & SEA
Double A

Waste-to-resources ratio
Taiwan Parent Company: **99.4%**
Vietnam Binh Duong Paper Mill: **98.3%**

Invested **NTD 374 million** in water resource optimization
Unit product water consumption ↓ 15.3%
(Containerboard Division; base year: 2019)

1.5℃ Corporate Carbon Reduction Thermometer - Label of Excellence
by the CommonWealth magazine

Renewable energy certificates (T-RECs)
Wind Energy: **13,531**
Solar Energy: **3,626**
Total of **17,157**



Optimization of **Air Quality** management
NO_x concentration ↓ 50.1%
(base year: 2019)



GHG emissions
Taiwan Parent Company **↓ 19.52 %**
(base year: 2018)
Consolidated company **↓ 5.65 %**
(base year: 2024)

TNFD Early Adopters,
implement **Nature Positive Growth.**

Implementing **Internal Carbon Pricing (ICP)**
Establishing Tayuan Mill as the pilot mill
Building worldwide **standardized evaluation framework**

52 Energy-saving Projects
implemented electricity saving by **9.956 million** kWh



*Note: Unless otherwise specified for consolidated company or the Binh Duong Paper Mill (Vietnam), the scope is limited to the Taiwan Parent Company.

"In response to the operational risks and transition challenges of climate change, CLC follows its environmental sustainability policy and risk management framework to continuously strengthen climate governance and adaptation capabilities. We systematically promote carbon abatement, energy and resource management, and nature conservation measures to enhance operational resilience and long-term sustainable competitiveness."

CLC Environmental Sustainability Strategy

CLC's sustainability policy centers on smart low-carbon operations, resource circulation, and environmental stewardship, fully integrating sustainability into business operations and management decisions. CLC implements life cycle management from product design and process optimization to resource recovery and reuse, advancing carbon reduction and environmental protection. This policy guides all employees and underpins CLC's net zero transition and climate resilience, strengthening its competitiveness in the global sustainable supply chain.

★ **Environmental Policy: Smart Low-carbon, Resource Circulation, Environmental Stewardship**

★ **Task Implementation**

Promoting Circular Economy	Strengthen recycling and reuse, reduce waste, improve manufacturing processes, and maximize product and resource circulation.
Compliance with Environmental Regulations	Ensure all facilities comply with environmental regulations, regularly monitor environmental data, and meet treatment and discharge standards.
Nature-based Solutions	Support afforestation, ecosystem restoration, green infrastructure, and enhancement of carbon sinks and biodiversity.
Stakeholder Engagement	Promote environmental education and training, engage employees, communities, and supply chain partners in capacity building, and share environmental information and progress.
Net Zero Emissions Commitment	Develop a carbon reduction roadmap, increase renewable energy usage, invest in self-initiated reduction projects, and progressively achieve net zero emissions goals.
Support for Climate Policy	Publicly commit to climate policy, prohibit funding for climate change denial, and establish the Corporate Sustainability Committee and Risk Management Committee for oversight.

Policy Promotion and Management Mechanism

CLC's sustainability policy is overseen by the taskforce under the Sustainability Committee and the Risk Management Committee, and is integrated into the ISO management systems of the parent company (including all mills/plants) and its domestic and overseas subsidiaries to ensure comprehensive implementation.

In parallel, stakeholder engagement mechanisms have been established, collaborating with customers, suppliers, communities, and academic institutions to implement projects on environmental education, nature-based solutions, and green innovation, building a sustainable governance network to advance a clean and resilient future through Governance Co-creation.

CLC Management Verification

CLC manufactures recycled paper using clean production technologies to achieve environmental benefits and sustainable resource utilization. The company implements FSC™ international forest management standards and has adopted ISO 9001 quality management system, ISO 14001 environmental management system, and ISO 50001 energy management system certifications at all mills/plants in Taiwan, to strengthen sustainability and energy efficiency, ensuring global operations comply with the highest environmental and safety standards. About related system verification, please refer to Appendix - the CLC Management System Verification List P.145~146 in this report, and official website.

Environmental Management and Environmental Protection Expenditures

CLC categorized environmental expenditures and investments, implemented an environmental accounting system in 2001 to systematically inventory and disclose environmental expenditures and capital investments. In 2025, the Taiwan parent company and its Vietnam operations collectively invested NTD 3.06 billion in environmental improvement projects, including air quality enhancement, water resource management, and waste treatment. For 2026, the company plans to invest an additional NTD 970 million in Taiwan and NTD 500 million in Vietnam to drive further environmental optimization measures. Looking ahead, CLC will continue to allocate resources to refine environmental management practices and enhance overall environmental performance.



2026 Projected Environmental Investments and Expenditures

Include: the previous year (air pollution control fees + water pollution control fees + waste disposal fees) + the current year's prevention and environmental management investment.

Locations	Control Item	Improvement	Expected Expenditures (Unit: 10,000 NTD)
Taiwan Parent Company	1. Incinerator Operation and Maintenance (O&M) Costs 2. Air Pollution Control Costs and Air Pollution Control Fees 3. Water Pollution Control Costs and Water Pollution Fees 4. Waste Disposal and Treatment Expenses 5. Expansion of Pollution Control Equipment 6. Soil and Groundwater Remediation Fees	1. Properly manage air pollutant emissions 2. Effectively treat water pollutants and wastewater 3. Ensure proper disposal and management of waste 4. Reduce emissions of odorous pollutants	97,459
Vietnam Area	1. Water Pollution Control Costs and Water Pollution Fees 2. Waste Disposal and Treatment Expenses 3. Air Pollution Control Costs and Air Pollution Fees 4. Slag Incinerator Operation and Maintenance (O&M) Costs 5. Residue Crushing and Grinding Fees	1. Ensure proper waste management and disposal 2. Reduce air pollutant emissions and associated air pollution fees 3. Reduce wastewater pollutant discharge and associated water pollution fees 4. Mitigate and control plant noise levels	50,607
Total			**148,066**

Historical Environmental Investments and Expenditures

Unit: 10,000 NTD

Locations	Category	2023	2024	2025
Taiwan Parent Company	Air pollution control fee	24,734	15,862	14,812
	Water pollution control fee	34,158	39,398	37,392
	Waste disposal fee	28,372	26,890	27,458
	Environmental Protection & Management Investments	23,896	15,940	18,215
	Subtotal	**111,160**	**98,090**	**97,877**
Vietnam Area	Environmental Investments and Expenditures	-	25,000	208,700
Total		**111,160**	**123,090**	**306,577**

Environmental Penalties

CLC aims for zero major violations and continues to invest in air, water, waste, and odor pollution control, implementing management mechanisms to ensure regulatory compliance. In 2025, CLC recorded no major fines but identified 3 administrative oversights, including 2 air pollution in Taiwan area, and 1 case of environmental permit non-compliance in Vietnam, with total fines of NTD 510,000. All deficiencies have been corrected, personnel training has been enhanced, and preventive mechanisms have been established. CLC will continue to advance digitalization, strengthen staff training, optimize SOPs, and increase R&D investment in advanced equipment to improve environmental management and uphold its environmental commitments.

Historical Environmental Fines and Case Count

Area		2023		2024		2025	
		Fine (NTD)	Number of Cases	Fine (NTD)	Number of Cases	Fine (NTD)	Number of Cases
Taiwan	Containerboard Division	0	0	0	0	500,000	2
	Household Products and Paperboard Division	0	0	98,000	2	0	0
	Corrugated Container Division	22,000	3	14,000	6	0	0
	Total	**22,000**	**3**	**112,000**	**8**	**500,000**	**2**
Vietnam		0	0	0	0	10,000	1
Mainland China		0	0	0	0	0	0
Total		**22,000**	**3**	**112,000**	**8**	**510,000**	**3**

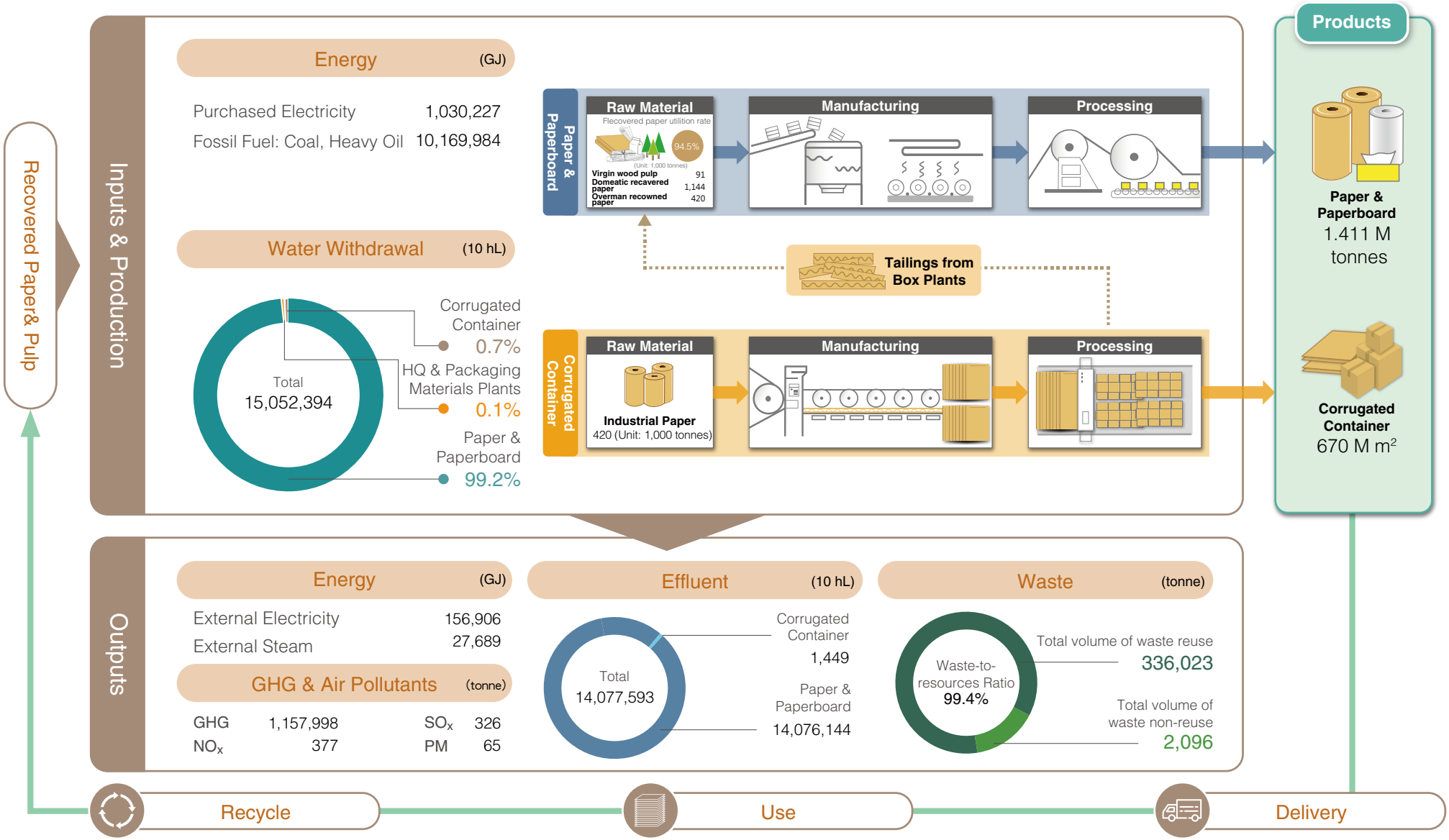
Note 1: Household Products and Paperboard Division is located at the Chupei Mill.
Note 2: For more details about the fines, please refer to the 2025 Annual Report P.67.

2025 Environmental Compliance Improvement Measures

CLC promptly addressed 2025 regulatory deficiencies to restore compliance and prevent recurrence:

- Dust Control: Inspected conveyor coal-transfer enclosures and LEVs, sealed coal bunker chutes, optimized pulse-jet cleaning and filter bags, fixed leaks, and enforced sprinkling and logs to curb fugitive dust.
- Personnel Filing: Appointed interim personnel and finalized handovers; compiled separation, appointment, and qualification records for timely re-approval. Embedded turnover alerts and deputy rosters into compliance tracking.
- Vietnam Compliance: Audited EIA and permit scope in Vietnam, hired consultants, and submitted permit filings with committed timelines. Froze capacity expansions and process changes pending approvals, verifying case closure via receipts, approvals, and audit logs.

CLC Raw Material Flow Chart 2025



Note: Data scope covers the Taiwan Parent Company.

4.1 Climate Change Actions

Material Issue Climate Change Actions

Strategy **Centered on circular economy, low-carbon green energy, and innovation, we maximize carbon neutrality through the 5 S.M.A.R.T. Low-carbon Smart Paper strategies, leveraging recyclability as a core advantage.**

2030 Goals	2026 Goals	2025 Goals and Results
• Taiwan Parent Company GHG emissions Target: -20% (Base Year: 2018)	• Taiwan Parent Company GHG emissions Target: -7% (Base Year: 2018)	• Decrease GHG emission by 5% at the Taiwan Parent Company (Base Year: 2018) ➡ Total GHG emission (S1 and S2) -19.52% compared to the base year ➡ Product carbon emissions intensity • Industrial paper: 0.782 tCO_2e/ tonne of paper (-5.63% YoY) • Household products and paperboard: 0.976 tCO_2e/ tonne of paper (-3.95% YoY) • Corrugated Container: 0.051 tCO_2e/ thousand m^2 (+1.12% YoY) ➡ Revenue carbon emissions intensity 42.3648 tCO_2e/ million NTD (-0.08% YoY)
• Establish short-, medium-, and long-term carbon reduction pathways to achieve the vision of carbon neutrality by 2050	• Expand third-party assurance of ISO 14064 1 greenhouse gas inventories to additional consolidated subsidiaries	• Expand implementation of ISO 14064-1 GHG inventory management systems in consolidated subsidiaries ➡ All consolidated subsidiaries completed GHG inventories ➡ GHG inventory assurance was completed for major consolidated subsidiaries ➡ Total GHG emission (S1 and S2) at the consolidated company -5.65% compared to the base year, 2024
	• Establish a standardized internal carbon pricing mechanism	• Implement the internal carbon pricing (ICP) mechanism ➡ Tayuan Paper Mill served as the 1st pilot mill to establish the Group's standardized ICP assessment framework
	• Continuously improve CDP climate change questionnaire results to enhance information transparency	• Continuously improving CDP climate change questionnaire results ➡ Achieved the highest honor "A List" in the climate change questionnaire; the only one in Taiwan paper industry
	• Enhance Carbon Asset Management Mechanisms	• Obtain certification for GHG offset projects from the Ministry of Environment (Taiwan) ➡ Tayuan Paper Mill was registered in 2020 and obtained approximately 64,000 tonnes of carbon credits in 2025

Building World-class Climate Governance to Propel Net-Zero Transformation

Targeting 2050 carbon neutrality, CLC anchors climate action as a core priority, advancing science-based decarbonization, carbon asset management, and an "AI × Green Energy" strategy to transform plants into smart, low-carbon facilities. Deploying wind, solar, biogas power, and biomass cogeneration tailored to each site, CLC seamlessly couples papermaking with clean energy generation.

Embracing circularity to realize net-zero goals, CLC advances "S.M.A.R.T. Low-carbon Smart Paper" across global sites. Following the world's first ISO 14064-1 verification in 2005, CLC secured Taiwan's first VCS carbon credit certification (2008) and household tissue carbon footprint label (2010). In 2023, CLC rallied a cross-industry alliance to complete Taiwan's first containerboard carbon footprint inventory, setting a decarbonization benchmark.

Exceeding Global Standards: Elevating Climate Resilience & Transparency

In terms of climate governance, CLC established a TCFD Taskforce in 2021 to systematically integrate climate risks and opportunities into our sustainability management processes. Our efforts earned the highest TCFD rating. Vietnam Binh Duong Paper Mill obtained Vietnam's first paper-sector ISO 14064-1 verification in 2022, expanding Group-wide GHG coverage. In 2024, CLC became one of the TNFD Early Adopters, formally incorporating biodiversity and natural capital into our core governance. In the same year, we introduced an Internal Carbon Pricing (ICP) system, using an internal carbon fee mechanism to link decarbonization actions, capital expenditure, and operational decisions.

At the supply chain level, CLC continues to expand the scope of its value chain inventory, with key Scope 3 emission data having passed third-party verification. In 2025, we were named to the CDP Supplier Engagement Assessment (SEA) "A". Convening the Global Sustainable Ecosystem Summit, supplier surveys, and the sector's first Carbon Neutrality Alliance, CLC guided over 500 partners toward systematic net-zero operations.

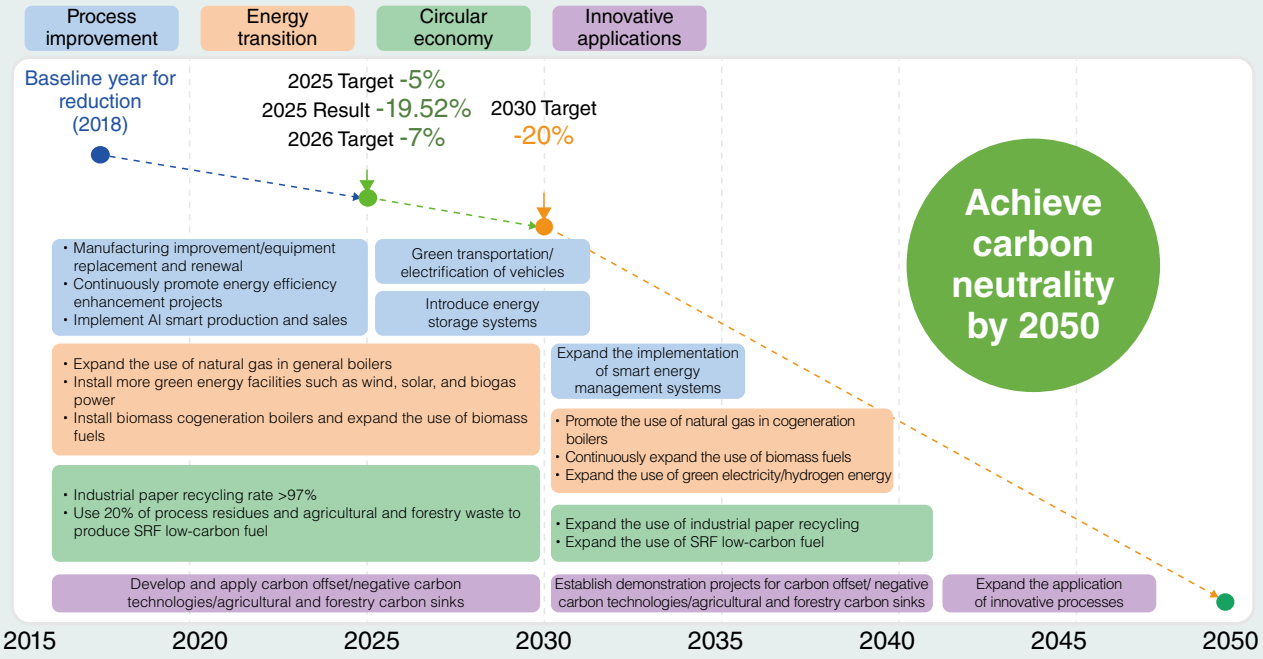
Driving "S.M.A.R.T. Low-carbon Smart Paper," CLC deploys digital tools to optimize green production and sales. Integrating product, energy, and water circularity with agroforestry and forestry cycles, CLC expands recovered plant fibers and biofuels to realize its 3R PLUS Total Resource Circulation blueprint.

Accelerating Net-Zero Action: Scaling Decarbonization CapEx & Fuel Switching

To achieve carbon neutrality by 2050, CLC's net-zero roadmap covers Process Optimization, Energy Transition, Circular Economy, and Innovative Applications. Short- to medium-term priorities include science-based measures to improve energy efficiency, expand renewables, and promote circular low-carbon fuels. Longer-term efforts target fuel switching, carbon capture and storage (CCS), and natural carbon sinks for deep decarbonization. CLC joins national decarbonization programs, including MOEA's Industrial Development Administration's "Industrial Low-carbon Transformation Project." Industry–academia collaboration integrates research and cross-industry experience to advance carbon sequestration, storage, and natural carbon sinks to address climate change.

Enforcing top-down accountability, CLC integrates GHG metrics into operational KPIs alongside annual energy-saving contests. Investing over NTD 5 billion at Chupei Paper Mill and Houli Paper Mill, CLC deployed biomass cogeneration systems utilizing wood waste and pulp residues as low-carbon fuels, curbing 80,000 tCO_2e annually. In 2025, Taiwan parent company emissions dropped 19.52% against the baseline, beating short-term targets toward 2050 carbon neutrality.

CLC 2050 Net Zero Transition Pathway



Climate Risk and Opportunity Governance

CLC's BoD oversees climate governance through its Sustainability Committee and Risk Management Committee. The Climate Change and Circular Economy Office, established under the Sustainability Committee and convened by the President, coordinates climate mitigation, adaptation, and low-carbon transition initiatives. Operating within CLC's risk and business unit management systems, the office implements risk management decisions and coordinates cross-departmental efforts to assess climate-related impacts. Regular reporting on risks and opportunities to governing bodies ensures top-down oversight.

To align with international frameworks, reduce climate-related operational and financial impacts, and strengthen resilience, CLC established a comprehensive process for identifying climate risks and opportunities. In 2021, it became Taiwan's first paper company to pass TCFD verification with the highest rating.

Climate Risk and Opportunity Strategy

CLC supports green production through annual, third-party-verified GHG inventories, assessing emissions reductions and advancing climate mitigation and adaptation aligned with international initiatives. As emissions primarily arise from production and electricity use, CLC prioritizes energy management and process optimization. CLC is the industry's only paper company with both wind and solar renewable energy certificates, and Taiwan's first to implement AI-driven production and sales management.

To accelerate the group's transition to Net-Zero, CLC has developed strategies and response plans for significant climate risks and opportunities based on "circular economy, low-carbon green energy, and smart innovation" as its operational strategic pillars, actively implementing the Group's carbon reduction plan through the following 4 major strategies:

1. **Advancing S.M.A.R.T. Low-carbon Smart Paper:** We focus on the 5 S.M.A.R.T. strategies (Subtraction, Material, AI, Recycling, Technologies) to maximize carbon neutrality capabilities with "renewable circulation as a competitive advantage."
2. **Integrating Agricultural and Forestry Cycles through 3R PLUS:** Annual R&D investment upgrades traditional factories into energy-efficient smart recycling facilities. Integrating the paper industry's 3 resource cycles—products (paper fiber), energy, and water—with agricultural and forestry cycles expands applications of plant fibers, biomaterials, and biomass fuels, building a low-carbon manufacturing value chain.
3. **Implementing Digital Carbon Management and 4 Science-based Decarbonization Pathways:** CLC leads the industry in AI-driven production and sales and develops digital carbon management platforms to strengthen emissions data integration and management. Four pathways guide these efforts: improving energy efficiency, expanding renewables, increasing circular low-carbon fuel use, and innovating carbon removal technologies.
4. **Strengthening Supplier Engagement:** Through the "1+N model" and 4 supply chain resilience initiatives—decarbonization, digitalization, incentives, and empowerment—CLC helps SME partners adopt carbon risk and environmental performance assessments. CLC also formed the paper industry's first carbon neutrality alliance to strengthen collaborative climate action.

In 2024, CLC piloted an internal carbon pricing (ICP) framework at Tayuan Mill for carbon cost management, financial risk assessment, and stress testing. Government programs and industry–academia collaboration advance low-carbon technologies, including natural carbon sinks, sequestration, and carbon capture, utilization, and storage (CCUS), strengthening carbon management and climate adaptation. With National Chung Hsing University and leading companies, CLC co-founded Asia's first Circular Economy Research Institute to advance agricultural and forestry residue use and low-carbon biomass feedstocks. In 2023, CLC and National Central University assessed Tayuan's carbon storage potential and business models, laying Taiwan's first CCUS demonstration foundation for net-zero transition.

Internal Carbon Pricing for Low-carbon Investment Decisions

Since adopting ISO 50001 in 2015, CLC has advanced process, equipment, and energy improvements. In 2024, it launched an internal carbon pricing (ICP) pilot at Tayuan Mill, using historical decarbonization costs as an implicit price reference to support financial risk assessment and stress testing. Four steps—target alignment, pricing and mechanism design, testing and implementation, and ongoing review—guide standardized investment assessments informed by global trends, Taiwan's carbon fees, industry practices, and past investments. The framework is expanding across domestic and overseas sites to align carbon cost management and investment decisions. Applications include:

1. **Evaluate the benefits of energy-saving and carbon reduction projects to guide resource allocation and investment prioritization.**
2. **Including carbon costs in sites and business units reports to support capital investment, major operational decisions, and long-term transition planning.**

In 2025, CLC introduced an internal carbon fee of NTD 100/tCO_2e, considering government rates, industry decarbonization costs, and policy trends. Incorporating fees into monthly site reports links decarbonization, funding, and capital expenditure while strengthening carbon risk management and green investment assessment. Prices and assessment mechanisms will adjust with domestic and international carbon markets.

Climate Risk and Opportunity Management

CLC identifies climate-related risks and opportunities, quantifies financial impacts, and develops response strategies through cross-departmental collaboration. Findings are submitted to the Sustainability Committee's taskforce for integrated discussion. Climate risk management processes are embedded in CLC's risk management policy and procedures and the ISO management systems of its parent company (including all mills/plants) and domestic and overseas subsidiaries. Regular reports to the Board of Directors cover climate-related background information, risk and opportunity identification results, quantified financial impacts, and short-, medium-, and long-term strategies and performance to ensure effective climate resilience management.

Climate Risk and Opportunity Management Procedures

Climate Risk and Opportunity Identification

1. Analyze international scientific reports and national regulations, referencing IFRS S2 and Japan's Ministry of the Environment's "Climate-Related Risk and Opportunity Scenario Analysis Guidelines, ver. 2.0," to regularly assess climate risks and opportunities relevant to operations.
2. Review internal and external conditions, past physical and transition risk events, and climate-related financial impacts on international peers. Assess implications for CLC's business and strategy across products and services, supply and value chains, adaptation and mitigation activities, R&D investments, and operations.
3. Business units and administrative departments jointly assess financial impacts and likelihood to identify significant climate risks and opportunities.

Impact Assessment and Management Measures Formulation

1. Conduct financial impact analysis for high-risk and high-opportunity scenarios in terms of impact severity.
2. As part of risk management and ISO management processes, the Taskforce of the Sustainability Committee develops risk and opportunity management strategies and response measures and sets climate-related performance indicators and quantitative targets.

Reporting and Tracking

1. Regularly report the results of climate change risk and opportunity identification, impact analysis, strategies, and response measures to the Sustainability Committee and the BoD.
2. Regularly hold meetings to report on the management of climate change risks and opportunities to board members and senior executives.

Climate Risk and Opportunity Scenarios

CLC assesses transition risks and opportunities using the International Energy Agency's (IEA) B2DS (2030) and NZE 2050 scenarios, aligned with Taiwan's net-zero pathway, targeting low-carbon operations by 2030 and zero-carbon development by 2050. Physical risks are assessed using Taiwan's Climate Change Projection Information and Adaptation Knowledge Platform (TCCIP) and the Intergovernmental Panel on Climate Change's (IPCC) Sixth Assessment Report (AR6), applying the very high-emissions scenario SSP5-8.5. The assessment quantifies financial impacts of scenario risk factors and accounts for existing mitigation and adaptation capabilities. Results indicate limited financial impacts from major extreme climate events and long-term changes, amounting to less than 0.1% of revenue.

Note: For climate-related disclosures of listed and OTC companies, including climate change risks, opportunities, and response measures, please refer to the 2025 Annual Report P38~P40.

Major Climate Risks and Opportunities Assessment Results

Following "IFRS S2 Framework", CLC screened 27 climate-related risk and opportunity issues and assessed risk exposure over the short (1–3 years), medium (3–5 years), and long term (5–10 years) based on likelihood and financial impact. It identified **6 major transition risks, 2 physical risks, and 4 climate-related opportunities**, along with associated financial impacts. Strategies strengthening risk management and operational resilience are presented below. CLC will continue assessing domestic and overseas operations to quantify climate risks, opportunities, and financial impacts, refining decarbonization pathways and short-, medium-, and long-term targets.

★ Financial Impacts of Extreme Weather Events and Transition Actions

Physical Risks

More frequent typhoons, heavy rainfall, floods, and droughts may disrupt power supplies, damage equipment or finished products, delay raw material transport, and cause production fluctuations. They may also increase electricity, water, and raw material costs. CLC assesses these impacts to maintain production stability and operational resilience.

Transition Risks

The low-carbon transition presents risks from policy, regulatory, technological, and market changes. CLC systematically assesses operational challenges and transition opportunities to develop a comprehensive climate strategy.

Major Climate Risks and Opportunities Matrix



Note: short term (1~3 years), medium term (3~5 years), and long-term (5~10 years)

Transition Risks 6	Physical Risks 2	Opportunities 4
T1 Domestic and International GHG Emission Pricing	P1 Increased severity of flooding due to extreme weather	O1 Promote low-carbon production and low-carbon energy transition
T2 Regulations and requirements for the development of renewable energy	P2 Increased frequency of extreme heat due to climate change	O2 Layout circular economy green operations
T3 Energy efficiency and energy structure transformation response		O3 Enter new and emerging markets to increase revenue
T4 Tightened and total quantity control of air pollution and quality		O4 Obtain relevant environmental labels for products to drive green business opportunities
T5 Waste-related regulations and requirements		
T6 Water resource-related regulations and requirements		

Major Climate Risk and Opportunity Strategies and Performance Indicators

CLC advances Low-carbon Smart Papermaking through digitalization to scale up green production and sales, improve efficiency, and reduce emissions. Four science-based pathways guide this transition: energy efficiency, renewable energy, circular low-carbon fuels, and carbon removal technologies. Agricultural and forestry residue reuse supports its 3R PLUS resource circularity blueprint. Within its risk management framework, CLC monitors and reviews climate performance using indicators covering GHG reductions, energy efficiency, waste recovery and alternative energy ratios, recovered paper utilization in industrial paper production, water consumption per unit of production, and air quality management.

Major Climate Risks Financial Impacts, Indicators, and Goals

⊕ indicates increase; ⊖ indicates decrease

Category	Risk Issues	Key Strategies	Financial Impacts	Corresponding Indicator	2025 Results	2026 Goals	2030 Goals
Transition Risk	Domestic and International GHG Emissions Pricing	• Short-term: Pursue preferential carbon fees for autonomous carbon reduction • Mid-term: Strengthen Carbon Reduction management and disclose group-wide data • Long-term: Strengthen low-carbon technologies and energy transition to achieve science-based reduction goals	⊕ Operating Costs ⊖ Revenue / Output Value	GHG Reduction (Taiwan Parent Company; Base Year: 2018)	-19.52%	-7%	-20%
	Renewable Energy Development Regulations and Requirements	• Short-term: Assess installation of renewable energy equipment and apply for renewable energy certificates for existing generation facilities • Mid-term: Install renewable energy equipment and apply for renewable energy certificates • Long-term: Certificates are used for carbon neutrality or trading in line with group strategy	⊕ Capital Expenditures	Unit Product Energy Consumption (Base Year: 2019)	-3.33%	-6%	-10%
	Energy Efficiency and Energy Structure Transition	• Short-term: Increase the proportion of circular low-carbon fuel substitution • Mid-to-long term: Invest in low-carbon biomass fuel boilers	⊖ Operating Costs ⊕ Capital Expenditures	Alternative Energy Ratio (Taiwan Parent Company) Alternative Energy Ratio (Vietnam Binh Duong Paper Mill)	18.65% 13.09%	21% > 15%	25% > 15%
	Stricter Air Quality Standards and Total Emissions Control	• Short-term: Implement stricter requirements for pollution control facilities • Mid-to-long term: Assess transition to clean fuels	⊕ Operating Costs ⊖ Revenue / Output Value	Air Quality Management: NO_x (Taiwan Parent Company; Base Year: 2019)	-50.1%	-21%	-33%
	Waste Management Regulations and Requirements	• Short-term: Guide recyclers in source improvement and implement waste food paper container sorting and reuse • Mid-term: Introduce technological testing to improve recovered paper quality	⊕ Operating Costs	Industrial Paper Recovered Paper Utilization Rate (Taiwan Parent Company) Industrial Paper Recovered Paper Utilization Rate (Vietnam Binh Duong Paper Mill)	97.6% 95.7%	> 97% > 94%	> 97% > 94%
	Water Resource Regulations and Requirements	• Short-term: Apply for recycled water use • Mid-term: Enhance effluent recycling and increase reclaimed water use	⊕ Operating Costs	Unit Product Water Consumption at Containerboard Division (Base Year: 2019)	-15.3%	-6%	-10%
Physical Risk	Increased severity of flooding from extreme weather	• Short-term: Strengthen flood disaster response measures • Mid-term: Utilize digitalization tools to manage raw material demand and procurement efficiently • Long-term: Diversify material procurement by sourcing alternative slurry during the rainy season	⊕ Operating Costs ⊕ Capital Expenditures	Industrial Paper Recovered Paper Utilization Rate (Taiwan Parent Company) Industrial Paper Recovered Paper Utilization Rate (Vietnam Binh Duong Paper Mill)	97.6% 95.7%	> 97% > 94%	> 97% > 94%
	Increased Frequency of Extreme Heat Events	• Short-term: Enhance equipment efficiency, reduce high-temperature losses, and utilize digitalization platforms for simulation and precise procurement management • Mid-term: Diversify material sources during the snow season to mitigate procurement risk	⊕ Operating Costs ⊖ Revenue / Output Value	Industrial Paper Recovered Paper Utilization Rate (Taiwan Parent Company) Industrial Paper Recovered Paper Utilization Rate (Vietnam Binh Duong Paper Mill)	97.6% 95.7%	> 97% > 94%	> 97% > 94%

Note 1: The higher Unit Product Energy Consumption in 2025 was primarily due to adjustments made to meet market demand and equipment trial runs. CLC remains committed to ongoing equipment and process optimization to further reduce energy consumption.
Note 2: The lower Alternative Energy Ratio in 2025 is mainly due to the scheduled maintenance and overhaul of boilers in the Taiwan parent company, which led to a decrease in alternative energy usage. Meanwhile, at the Binh Duong Paper Mill in Vietnam, the usage of alternative energy was adjusted based on cost-benefit assessments.

Major Climate Opportunities Financial Impacts, Indicators, and Goals

⊕ indicates increase; ⊖ indicates decrease

Opportunity	Key Strategies	Financial Impacts	Corresponding Indicator	2025 Results	2026 Goals	2030 Goals
Advancing Low-carbon Production and Energy Transition	• Short-term: Invest in low-carbon technologies and equipment to reduce operating costs and carbon fees • Med-term: Expand the use of low-carbon fuels	⊖ Operating Costs ⊕ Asset Value	GHG Reduction (Taiwan Parent Company; Base Year: 2018)	-19.52%	-7%	-20%
Advancing Circular Economy Operations	• Expand domestic and international circular economy sites, increase recovered paper utilization capacity, and capture circular economy opportunities	⊕ Operating Costs ⊕ Revenue	Waste-to-Resources Ratio (Taiwan Parent Company) Waste-to-Resources Ratio (Vietnam Binh Duong Paper Mill)	99.4% 98.3%	> 97% > 95%	> 97% > 95%
Expand into New and Emerging Markets to Increase Revenue	• Enhancing waste food paper container recovery capacity for low-carbon transition	⊕ Revenue	Recovered Paper Utilization Rate Industrial Paper Recovered Paper Utilization Rate (Taiwan Parent Company) Industrial Paper Recovered Paper Utilization Rate (Vietnam Binh Duong Paper Mill)	94.5% 97.6% 95.7%	> 92% > 97% > 94%	> 92% > 97% > 94%
Green Mark Certification Drives Green Business Development	• Provide low-carbon products and services, expand the eco household paper product line, and increase the number of green product certifications	⊕ Revenue	Recovered Paper Utilization Rate Industrial Paper Recovered Paper Utilization Rate (Taiwan Parent Company) Industrial Paper Recovered Paper Utilization Rate (Vietnam Binh Duong Paper Mill)	94.5% 97.6% 95.7%	> 92% > 97% > 94%	> 92% > 97% > 94%

GHG Management

2050 Goal	Carbon Neutrality
2030 Goal	GHG Emissions -20% (Base Year 2018)

To align with national GHG reduction goals, CLC set Scope 1 and Scope 2 GHG reduction goals for the parent company, using 2018 as the base year: 5% reduction by 2025, 20% reduction by 2030, and carbon neutrality by 2050. The Sustainability Committee and BoD oversee progress and planning quarterly, with annual evaluation of results.

Embedding low-carbon transition into its operational core, CLC advances circular economy, green energy, and smart innovation. Deploying 4 clean energy systems—wind, solar PV, biogas-to-power, and biomass cogeneration—CLC converts traditional factories into energy circulation hubs. Concurrently, elevating energy efficiency and expanding circular low-carbon fuels drive smart production-sales alignment, bolstering low-carbon resilience while actively engaging in national decarbonization mentorship programs.

GHG Emissions -19.52% from 2018, Achieving Short-term Goals Ahead of Schedule

Full operation of the Chupei Paper Mill biomass cogeneration system and higher biogenic fuel ratios across major mills optimized CLC's energy mix, lowering GHG emission intensity. Houli Paper Mill's press section project, Tayuan Paper Mill's incinerator-cogeneration optimization, and smart process upgrades further enhanced energy efficiency and operational stability, driving decarbonization gains. In 2025, CLC's Taiwan parent company Scope 1 and 2 emissions reached 1,157,998.1297 tCO_2e—down 144,628.4574 tCO_2e (-11.10% YoY) and 19.52% below the 2018 baseline, achieving the 2025 short-term target (-5%) early. With its Voluntary GHG Reduction Plan approved by the Ministry of Environment, CLC secured preferential carbon fee rates and will maintain targeted reductions to bolster sustainability performance.

2025 Business Division – GHG Emission Intensity:

- Containerboard Division: 0.782 tCO_2e/ tonne of paper (-5.63 % YoY)；
- Household Products and Paperboard Division: 0.976 tCO_2e/ tonne of paper (-3.95% YoY)；
- Corrugated Container Division: 0.051 tCO_2e/ 1,000 m^2 (+1.12% YoY)

Impacted by the global political and economic environment, the 2025 revenue of Taiwan parent company decreased by 11.03% YoY, causing revenue carbon intensity declined from 42.3977 tCO_2e per million in 2024 to 42.3648 tCO_2e per million in 2025 (-0.08% YoY).

Pioneering Group-wide GHG Inventories to Steadily Implement Compliant Governance

CLC's Tayuan Mill joined the Industrial Development Bureau's (now IDA) pilot project in 2004, establishing its GHG management foundation. CLC obtained the world's first ISO 14064-1 GHG inventory certificate in 2005 and extended inventories and production-line emissions management across all Taiwan sites from 2006. Scope 3 inventories began in 2021. In 2022, Binh Duong Mill obtained Vietnam's first paper industry ISO 14064-1 certificate through BSI verification. This experience was extended to overseas sites, strengthening group-wide GHG management.

The Taiwan parent company's 2025 GHG verification (Scopes 1~3) is scheduled for completion by August 2026. Under the Financial Supervisory Commission's Sustainable Development Roadmap for Listed Companies, all consolidated subsidiaries completed inventories from 2024, with major subsidiaries obtaining third-party assurance. Simultaneously, we have launched the 2025 inventory and assurance processes for consolidated subsidiaries (Scope 1~2). We plan to conduct third-party assurance across all consolidated entities by 2026 to strengthen disclosure quality and credibility.

Note: For details on GHG emission types and volumes, please refer to the Appendix – Environmental Information (P.147~149) in this report.

To plan GHG reduction strategies, CLC completed GHG inventory using the consolidated financial report boundary in 2024 and established that year as the reduction base year. In 2025, the consolidated company's GHG emissions (Scope 1~2) totaled 1,848,848.0980 tCO_2e, a decrease of 110,654.3509 tCO_2e (-5.65%) compared to the base year.

In response to the growing demand for high-performance paper packaging in Vietnam, CLC constructed a Phase 3 industrial paper machine at the Binh Duong Paper Mill; add one corrugator at the Ben Cat Paper Container Plant; and prepare to establish the Ninh Binh Paper Container Plant in Northern Vietnam in 2026 H1. To address anticipated emissions increases from capacity expansion, CLC has proactively implemented decarbonization measures, AI-driven manufacturing, and intelligent cogeneration systems to improve energy efficiency and advance toward carbon neutrality by 2050.

Pioneering Carbon Asset Management

CLC joined the Industrial Development Bureau's VCS program in 2008, obtaining Taiwan's first international VCS validation. It developed the TMS-II.013 Steam System Optimization methodology in 2016 and registered the No. 1 Paper Machine Steam System Optimization Offset Project (B00196) under the Environmental Protection Administration's Greenhouse Gas Offset Program in 2020. In July 2025, CLC received 64,708 tCO_2e in carbon credits, converting innovative emissions reductions into measurable carbon assets and competitive advantages. CLC uses neither carbon offsets nor renewable energy certificates (RECs) to meet emissions reduction targets.

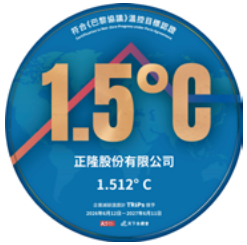
Business Division – GHG Emission Intensity (Taiwan area)

Business Division	2023	2024	2025	YOY
Containerboard Division (tCO_2e ／ tonne of paper)	0.865	0.828	0.782	-5.63%
Household Products and Paperboard Division (tCO_2e ／ tonne of paper)	1.336	1.016	0.976	-3.95%
Corrugated Container Division (tCO_2e ／ thousand m^2)	0.052	0.051	0.051	1.12%

Note: Data covers Scope 1 and Scope 2 GHG emissions

A Low-carbon Transformation Benchmark: CLC Leads in Climate Governance

CLC strengthens climate resilience through supplier engagement, emissions management, transparent disclosure, and effective decarbonization. Supporting the Paris Agreement's 1.5°C goal, CLC has been recognized for 4 consecutive years in CommonWealth Magazine's Corporate Carbon Reduction Thermometer, with an assessed temperature of **1.512°C** in 2026.



Through its "3R PLUS Low-carbon Manufacturing Value Chain," CLC integrates climate governance with low-carbon business opportunities. Strong performance in climate strategy, reduction targets, emissions management, and supplier engagement earned CLC the "A List" rating in the CDP Climate Change assessment. Among over 20,000 assessed companies worldwide, only 877 (4%) made the list, with CLC the only Taiwanese paper company included.

Additionally, CLC's domestic and overseas mills have received multiple sustainability awards. To foster cross-sector collaboration, CLC engaged in over 10 sustainability forums and hosted open factory tours; furthermore, the Tayuan Mill participated in the Industrial Low-carbon Transformation Project spearheaded by the Administration of Industrial Development, Ministry of Economic Affairs (MOEA).

CLC's Houli Mill Wins the "Taichung City Sustainable A+ Action" Award

In 2025, CLC's Houli Mill received the "Sustainability Elite Award" under the "Taichung City Enterprise Sustainable A+ Action." The judges highly commended the mill's pursuit of excellence; despite already operating highly efficient, world-class production lines, it continued to invest in upgrades. Key initiatives included replacing the BM10 turbo vacuum pumps—achieving an annual carbon reduction of 711 tCO_2e—and upgrading the BM9 shoe press in the press section, which created a further annual reduction of 15,972 tCO_2e. Complemented by 4 on-site solar power installations and the continuous advancement of transport electrification, the mill has built a comprehensive decarbonization competitive edge.



4.2 Energy Management

Material Issue Energy Management

Strategy **Company-wide participation to improve energy efficiency, implement carbon reduction, and advance green production. Actions include supporting renewable energy development, increasing alternative energy utilization, and reducing dependence on fossil fuels.**

2030 Goals	2026 Goals	2025 Goals and Results
• Taiwan Parent Company targets a 10% reduction in unit product energy consumption (Base year: 2019)	• Taiwan Parent Company targets a 6% reduction in unit product energy consumption (Base year: 2019)	• Achieve a 5% reduction in unit product energy consumption at Taiwan Parent Company (Base year: 2019) ➡ Reduction reached 3.33%, falling short of the goal mainly due to market demand and equipment trial runs. Ongoing equipment and process optimization is underway ➡ Energy intensity continue to decrease • Household products and paperboard Division -3.06% YoY • Containerboard Division -0.02% YoY
• Alternative energy ratio: 25% (Taiwan Parent Company)；> 15% (Vietnam Binh Duong Paper Mill)	• Alternative energy ratio: 21% (Taiwan Parent Company)；> 15% (Vietnam Binh Duong Paper Mill)	• Reach 20% alternative energy energy ratio at the Taiwan Parent Company；> 15% (Vietnam Binh Duong Paper Mill) ➡ Taiwan Parent Company: 18.65%, falling short of the goal due to scheduled boiler maintenance that reduced alternative energy consumption ➡ Vietnam Binh Duong Paper Mill: 13.09%, missing the goal due to strategic cost-based adjustments in alternative energy usage
• Continue to expand renewable energy facilities at suitable sites	• Continue to expand renewable energy facilities at suitable sites ➡ Two additional 999 kW biogas-to-power units installed at Taiwan flagship Houli Mill , with power generation expected to commence in 2026 • Continue expanding ISO 50001 energy management system implementation in overseas subsidiaries	• Renewable energy equipment at Taiwan sites met the regulatory requirement for large electricity users, with installed renewable energy capacity reaching 10% of contracted capacity • Continue to expand renewable energy facilities at suitable sites ➡ Continuously optimize wastewater anaerobic digestion systems and expand biogas-to-power applications to create renewable energy and reduce carbon emissions • Planning the installation of a biomass boiler at the Houli Mill ➡ Expected to be completed and commenced in 2029 • A total of 1,604 wind T-RECs and 1,466 solar T-RECs obtained, totaling 17,157 certificates • Overseas subsidiaries initiated the implementation of the ISO 50001 energy management system ➡ All manufacturing sites in Vietnam were certified

Digital ISO 50001 Management to Enhance Energy Performance

Guided by its energy policy of "Employee Participation, Energy Saving & Carbon Reduction, and Green Production," CLC has implemented ISO 50001 across its operations. Digital monitoring and smart analytics enable real-time, data-driven energy management, supporting performance tracking, continuous improvement, and achievement of energy-saving targets.

In response to the MOEA Energy Administration's 1.5% annual electricity-saving target for major electricity consumers under Taiwan's net-zero roadmap, CLC incorporates this target into annual management indicators. Taiwan sites develop annual energy-saving plans covering cogeneration optimization, renewable energy installations, process and equipment upgrades, and smart energy management platforms. These measures improve energy efficiency and reduce emissions. Combining systematic management with digital tools, CLC advances its "Low-carbon, Green Energy Paper Industry" transformation, demonstrating its commitment to policy implementation and continuous improvement.

Energy Management

ISO 50001 Energy Management

Energy Management Committee
1.Set energy efficiency goals
2. Review energy use and saving strategies regularly
3. Track energy-saving performance

2030 Goal
Unit product energy consumption reduced by 10%
(Base Year:2019, Taiwan Parent Company)

CLC introduced the ISO 50001 energy management system in 2013 and extended it to all Taiwan sites in 2015, establishing a cross-departmental Energy Management Committee to set energy-saving targets, regularly review energy consumption, monitor project performance, and improve resource and energy efficiency.

In 2022, CLC expanded ISO 50001 to overseas sites to unify energy performance indicators and management processes. As of 2025, all paper mills and plants in Vietnam secured certification, completing the Group-wide energy management system.

Carbon Abatement Initiatives

589 Energy-saving Projects Completed Since 2013

2030 Goal	Reduce unit product energy consumption by 10% (Base year: 2019, Taiwan Parent Company)

CLC optimizes energy efficiency through ISO 50001, smart management, and cross-site benchmarking. In 2025, Taiwan production sites invested NTD 54.44 million in 52 projects covering process improvements, equipment upgrades, and energy management. These saved 9,956,104 kWh (35,841.58 GJ), reduced emissions by 11,024 tCO_2e, and cut energy costs by approximately NTD 58.58 million. Since 2013, **589 projects have saved 137,920,000 kWh and reduced emissions by 99,265 tCO_2e**.

In 2025, energy consumption per unit of production decreased 3.33% from 2019, missing the 5% target as market demand and equipment commissioning increased energy use. CLC will continue optimizing processes and equipment. Taiwan parent company divisional energy intensity was:

- Containerboard Division: down 0.02% to 8.79 GJ/ tonne of paper
- Household Products & Paperboard Division: down 3.06% to 16.08 GJ / tonne of paper, supported by Chupei Mill's biomass boiler
- Corrugated Container Division: up 2.48% to 0.62 GJ/ 1,000 m^2, due to production volume changes

Note: Company-wide improvement rate = Sum of (each site's improvement rate relative to the baseline × its share of total energy consumption). The result is expressed as the change in energy consumption per unit of production. Positive rates indicate decreases; negative rates indicate increases. All energy values are converted to GJ.

2025 Energy Conservation and Carbon Reduction Project Performance

Process Optimization 16 Cases
- Chupei Mill: Stock cleaning system retrofit for energy savings.
- Hsinchu Mill: Boiler ID fan retrofit.

Equipment Upgrades 31 Cases
- Houli Mill: Press section retrofit, vacuum pump optimization, and boiler equipment replacement.
- Tayuan Mill: Stock cleaning efficiency improvements.
- Panqiao Box Plant: LED lighting replacement.
- Tayuan Box Plant: Corrugator acoustic enclosure fan speed adjustment.

Energy Management 5 Cases
- Hsinchu Box Plant: Aerator operating time optimization.
- Miaoli Box Plant: Enhanced load management under Taipower's demand response program.

Note: Only list the major cases.

Category	Energy Savings (kWh/year)	Carbon Reduction (tCO_2e)	Cost Savings (NTD 10,000)	Investment (NTD 10,000)
Process Optimization	4,741,815	2,248	1,493	289
Equipment Upgrades	5,105,600	8,725	4,318	5,155
Energy Management	108,689	52	47	-
Total	9,956,104	11,024	5,858	5,444

Note: Carbon reduction is primarily derived from electricity and steam savings. Regarding emission factors, sources for purchased electricity and steam include Taipower (0.474 $kgCO_2e$), Tayuan Cogeneration electricity (0.8241 $kgCO_2e$), and Tayuan Cogeneration steam (0.2578 $kgCO_2e$). Internally estimated emission factors for self-produced steam are approx. 0.11 $kgCO_2e$. *The emission factors for Tayuan Cogeneration are based on the 2024 published figures.

Performance of Energy Saving & Carbon Reduction Projects (2023~2025)

	2023	2024	2025	Total
Number of Cases	44	57	52	153
Energy Savings (kWh/ year)	13,889,310	22,072,007	9,956,104	45,917,421
Carbon Reduction (tCO_2e)	8,343	10,904	11,024	30,271
Cost Savings (NTD 10,000)	7,204	2,849	5,858	15,911
Investment (NTD 10,000)	9,143	11,840	5,444	26,427

Note: Taiwan Parent Company; For details on energy consumption at our Taiwan Parent Company and overseas subsidiaries, please refer to the Appendix – Environmental Information of this report.

Developing 4 Green Energy Systems and Seizing Green Opportunities

Expanding Renewable Energy Capacity: Surpassing Green Energy Targets for Major Electricity Consumers

CLC combines sites geography and production characteristics to develop renewable energy and energy circularity hubs. Pioneering onshore wind, industry-first solar PV, biogas demonstration projects, and efficient biomass cogeneration, CLC expects Taiwan's installed renewable energy capacity to reach 14,054.3 kW in 2026.

Houli Mill met the 10% renewable energy capacity requirement for major electricity consumers ahead of the 2025 deadline. Chupei Mill's biomass cogeneration supplies stable onsite power, actively strengthening its energy self-sufficiency. Under its "Coal Reduction and Energy Creation" strategy, CLC established an Agricultural and Forestry Material Resource Taskforce to expand solid recovered fuel (SRF) use and agricultural and forestry residue recycling, increasing alternative energy use.

The Industry's Only Holder of Wind and Solar Certificates: 17,157 T-RECs

CLC introduced wind turbines in 2003, becoming Taiwan's first paper company to obtain wind renewable energy certificates in 2017. Solar certificates followed in 2023, making CLC the industry's only holder of both types. Chupei Mill's wind system, damaged in 2022 with repairs delayed by the pandemic, resumed operation in March 2025.

By year-end 2025, CLC had accumulated 13,531 wind and 3,626 solar certificates, totaling 17,157 TRECs—equivalent to annual electricity use by 4,766 households, based on Taipower's 10-year average of 300 kWh per household monthly.

Turning Biogas and Wastewater into Energy

Tayuan Mill's two 1,200 kW gas engine generators began commercial operation in 2022. In 2025, they generated over 11.8 million kWh and reduced emissions by over 5,600 tCO_2e. A waste heat recovery boiler converts exhaust heat into approximately 6,200 tonnes of steam annually for papermaking.

Houli Mill plans 2 biogas generators totaling 1,998 kW (999 kW each), scheduled to begin generating power in 2026. Annual output is projected at 14 million kWh, reducing emissions by approximately 6,636 tCO_2e.

CLC will assess joining the Ministry of Environment's wastewater-to-energy project, leveraging its papermaking and wastewater energy recovery expertise. Through the "1+N" model linking large and small enterprises, CLC aims to engage industry, government, and academia in smart, low-carbon wastewater resource recovery to generate energy, reduce emissions, and advance sustainability.



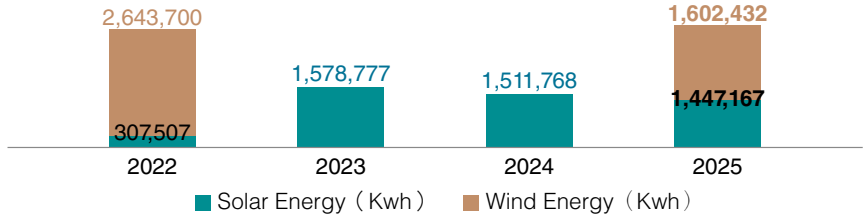
CLC Tayuan Mill Biogas Power Generation System

Year	Mill/ Plant	Renewable Energy Equipment	Installed Capacity (kW)
2003	Chupei Paper Mill	The paper industry's first wind power system and Asia's largest at installation	1,750
2011	Houli Paper Mill	Solar panels on the Paper Machine 10 automated warehouse roof reduce indoor temperatures and air conditioning energy use	493.5
2019	Taichung Port Transshipment Warehouse	Solar PV panels	1,822.8
2021	Yanchao New Plant	Solar PV panels	4,300
2022	Tayuan Paper Mill	Biogas Power Generation: 2 Units	2,400
2022	Houli Paper Mill	Rooftop Solar Panel Expansion	1,290
2026	Houli Paper Mill	Biogas Power Generation: 2 Units	1,998
Total			14,054.3

Note: Taiwan Parent Company

CLC develops renewable power suited to its sites and papermaking operations. Biogas and selected solar PV systems feed the grid under the feed-in tariff (FiT) scheme; Chupei's wind and Houli's solar PV supply onsite use. Renewable energy shares reached 0.09% for the Taiwan parent company in 2025, up from 0.04% in 2024, and 0.41% at Vietnam's solar-equipped Binh Duong Mill.

Renewable Energy Generation (Taiwan Parent Company)



Note: The wind power system at Chupei Mill was damaged in 2022, resulting in reduced green energy output due to delayed maintenance. Operation resumed in March 2025.

Industry-leading Cogeneration and Intelligent Power Management

CLC introduced the paper industry's first large-scale cogeneration system in 1984. In 2019, it pioneered smart management for Houli Mill's G3 boiler, subsequently extending it to 4 high-efficiency cogeneration systems at Houli and Tayuan mills. Optimized boiler monitoring extended overhaul intervals, achieved zero unplanned failures, and improved operating and generation efficiency, establishing an industry-recognized model for smart energy management.

Expanding Biomass Cogeneration and Low-carbon Circular Fuel Use

To enhance environmental performance, CLC installed Taiwan's largest high-efficiency biomass cogeneration system at Chupei Mill. Trial operation began in 2023, followed by full operation in 2024, expanding SRF use from papermaking residues and increasing CLC's alternative energy utilization rate. Annual generation reaches 126 million kWh, equivalent to 35,200 households' annual consumption, with emissions reductions of 33,595 tCO_2e. Annual SRF consumption can reach 168,000 tonnes. Power SCADA and the PI smart management platform optimize electricity use and generation efficiency, strengthening energy savings and emissions reductions.

Four Features

- The only facility nationwide with **4 fuel input ports** (SRF, pulp and paper sludge, biomass fuel, and coal)
- Power generation efficiency reached **29%**
- Effective **Dioxin Suppression**
- SRF co-firing capability: **0%~100%**



Launching the Houli Mill Biomass Cogeneration System

In 2025, CLC partnered with Finland's Valmet, a global pulp and paper technology leader, to build Taiwan's largest biomass cogeneration system at its flagship Houli Mill. A 120-ton-class circulating fluidized bed (CFB) boiler and steam turbine generator will produce up to 128 million kWh annually. European-designed equipment combines low-pollution technologies, Valmet automation, and a big data platform with remote connectivity and the Industrial Internet of Things (IIoT) for efficient monitoring and smart control.



The system will utilize recycled fuels, biofuels, and SRF from the Houli Mill to replace coal, cutting annual consumption by over 87,000 tonnes. Upon its scheduled launch in 2029, the mill is expected to reduce carbon emissions by 48,000 tCO_2e per year and drive the alternative energy share past 30%, achieving the triple circular benefits of "Waste Reduction, Energy Creation, and Green Expansion."

Expanding Low-carbon Circular Alternative Energy for Net-zero Transition

2030 Goal	Alternative Energy Ratio: 25% (Taiwan Parent Company); > 15% (Vietnam Binh Duong Paper Mill)

With 98% of Taiwan's energy imported, CLC develops alternative fuels from process by-products, including wood chips and pulp residues, to improve efficiency and reduce fossil fuel dependence. Technology enhances fuel availability and quality, increasing alternative energy use.

Establishment of Agricultural and Forestry Material Resource Taskforce to Promote Circular Alternative Fuels

CLC's Taiwan parent company targets alternative energy shares of 20% by 2025 and 25% by 2030. Formed under the Climate Change and Circular Economy Office in 2022, the Agroforestry Material Resource Utilization Taskforce advances fuel reuse, secures domestic and overseas biomass supplies, and strengthens Taiwan's sustainable supply ecosystem. Binh Duong Mill targets over 15% in the short to medium term.

2025 Achievements: replacing over 140,000 tonnes of coal worldwide

- Continued expanding domestic biomass processing, including roadside tree trimmings and waste wood.
- Taiwan Parent Company: Achieved an 18.65% alternative energy ratio (328,138 tonnes), replacing 97,697 tonnes of coal. Missed the 2025 target due to scheduled boiler maintenance and overhauls that reduced usage.
- Vietnam Binh Duong Paper Mill: Achieved an 13.09% alternative energy ratio (49,398 tonnes), replacing 43,371 tonnes of coal. Missed the 2025 target due to cost-based adjustments that flexibly optimized usage.

CLC Carbon Reduction from Alternative Energy

Category	Item	2023	2024	2025
Taiwan Parent Company	Alternative Energy Consumption (tonnes)	236,425	347,908	**328,138**
	Coal Replacement (tonnes)	67,629	112,673	**97,697**
	Alternative Energy Ratio (%)	15.72%	19.58%	**18.65%**
Vietnam Binh Duong Paper Mill	Alternative Energy Consumption (tonnes)	85,781	90,256	**49,398**
	Coal Replacement (tonnes)	53,279	57,570	**43,371**
	Alternative Energy Ratio (%)	17.14%	17.30%	**13.09%**

Note: Alternative energy ratio = Total alternative energy consumption / (Total energy consumption - electricity sold - steam sold).

4.3 Water Resource Management

Material Issue Water Resource Management **Strategy** Enhance wastewater treatment and process water efficiency.

2030 Goals	2026 Goals	2025 Goals and Results
• The Containerboard Division targets a 10% reduction in unit product water consumption (Base year: 2019)	• The Containerboard Division targets a 6% reduction in unit product water consumption (base year: 2019)	• Decrease unit product water consumption in the Containerboard Division by 5% (Base year: 2019) ➡ Achieved a 15.3% decrease from the base year
	• Enhance water treatment efficiency	• Enhance water treatment efficiency ➡ Tayuan Paper Mill: Completed wastewater bar screen commissioning and onsite groundwater management system installation ➡ Houli Paper Mill: Optimization of the wastewater anaerobic treatment system ➡ Tayuan Box Plant: Completed construction and commissioning of the secondary biological wastewater treatment system
• Enhance water conservation potential and recycled water volume	• Enhance water conservation potential and recycled water volume	• Reduce process water consumption and increasing recycled water use ➡ Recycled water accounted for 18% of total water withdrawal

Value Water Resources

Water resources are critical to the papermaking industry. When selecting production sites, CLC evaluates water sources based on regulatory requirements, long-term business needs, and local community water demand to ensure a balance between operations and regional water sustainability. CLC conducts risk assessments in accordance with ISO 14001, sets internal water control standards exceeding legal requirements, and ensures compliant water discharge.

2025 Achievements: 15.3% reduction in water consumption, record-high recycled water usage

CLC improves water efficiency through diversified sources, stronger prevention and control, and innovative conservation measures. Its in-house digital water resource PDCA system supports precise management through:

- Real-time monitoring: Tracks well and unit-level water consumption hourly
- Water rights alert: Issues notifications when well usage reaches 90% of the permitted quota
- Abnormal Usage Monitoring: Automatically notifies the unit to address abnormal water usage

Unit product water consumption for industrial paper was 8.99 kL/ tonne of paper, a 15.3% reduction from the 2019 baseline that surpassed the 5% reduction goal. Concurrently, recycled water usage rose to account for 18% of total water withdrawal in 2025 (+ 0.31 percentage points YoY), reaching a new high.

Committed to maximizing water efficiency, CLC recirculates each drop of process water up to 26 times, achieving a 96.3% recovery rate. Further optimization projects and facility upgrades initiated in 2025 are expected to improve treatment performance upon completion.

2025 Water Resource Optimization Investments
NTD 374 million

- **Houli Paper Mill:** Installed anaerobic treatment, biogas power generation, and tertiary treatment systems
- **Tayuan Paper Mill:** Completed bar screen commissioning and groundwater management system installation
- **Tayuan Box Plant:** Built and commissioned the upgraded wastewater treatment system

CLC Water Management Strategy

5 Water Management Measures

Overview of water resources	Water management	Water saving measures
・Total water withdrawal statistics ・Process unit water consumption ・Steam consumption	・Establish a water balance chart ・Improve process recovery rate ・Reduce the effluent rate	・Analyze water quality ・Process water conservation ・Water recycling

Comply with the effluent standard	Continuous improvement
・Monitoring the quality of wastewater ・Improve processing efficiency ・Optimized processing system	・Build the water meter ・Water resource utilization rate assessment ・Cross-factory exchange and learning

Implement innovative technologies and equipment

Tertiary filtration project

New IC anaerobic biological desulfurization

2030 Goal

Unit Product Water Consumption in Taiwan -10%
(Base year: 2019, Industrial Paper)

2025 Result −15.3%

Internal water conservation measures are implemented and wastewater classification and discharge management are strengthened, focusing on process water conservation and recycling. All mills/plants are equipped with wastewater treatment systems and 24-hour water quality monitoring to ensure regulatory compliance. CLC manages water usage processes to optimize wastewater treatment efficiency and support ecological balance and biodiversity.

Process water sources at CLC include groundwater, river water, and municipal water, mainly utilized for pulping, wire and felt washing in the paper machine, boiler feed water, cooling water, and other utility systems. Plants manage water resources through rainwater recycling systems, white water recycling, ultrafiltration, and effluent water recycling to enable tiered management, recycling, and reuse, reducing consumption and maximizing water use efficiency. Annual water balance data are completed in accordance with Water Resources Agency regulations, and some paper mills have implemented smart water meters for real-time monitoring and control of water usage.

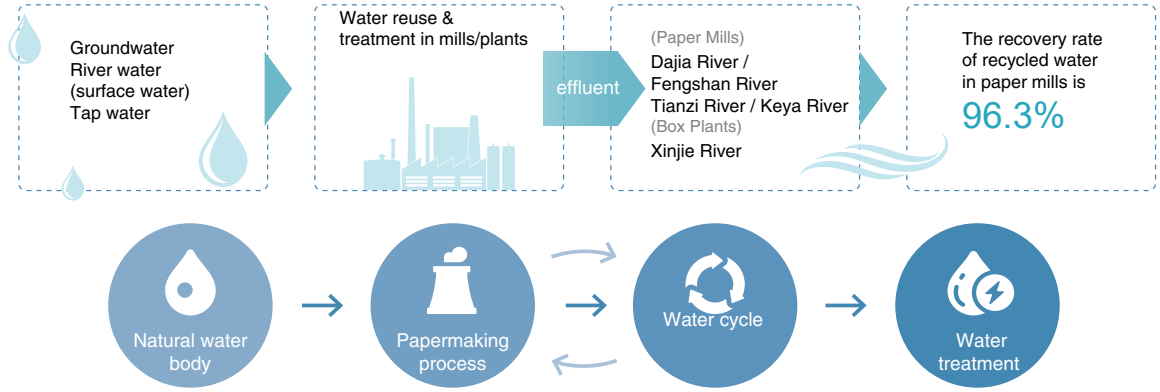
In 2025, the Taiwan Parent Company's total water withdrawal was 15,052 million liters, down 359 million liters from 2024. Surface water and groundwater accounted for 98.3% of the total, while municipalwater comprised 1.7%. Total water consumption was 975 million liters. Water source management followed Water Resources Agency indicators, and water use was reduced in accordance with government regulations during supply restrictions. CLC's sites in Taiwan, Mainland China, and Vietnam were not located in areas of significant water stress.

Note: Total water consumption = Total water withdrawal - Total discharge

In response to reduced municipal water supply or zoned outages, CLC implements several measures, including: (1) Adjusts municipal water usage and increases effluent recycling and reuse in production, (2) Substitutes fresh water with recovered effluent, (3) Optimizes process management—including papermaking and printing schedules and water conservation models—to reduce water dependency and enhance operational resilience.

2025 Water Resource Management Projects → Unit Product Water Reduction

- Containerboard Division: Implementing an intelligent groundwater monitoring and management system
- Corrugated Container Division: Centralized production of identical ink colors to reduce machine wash frequency



Water Withdrawal Summary in 2023~2025 - Taiwan Parent Company

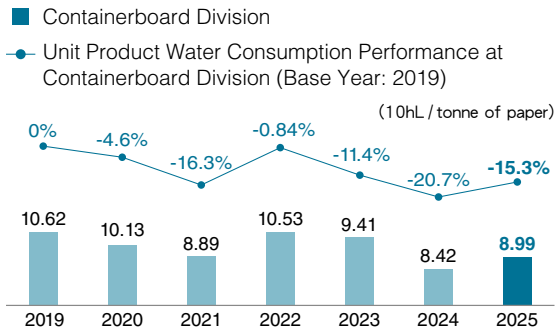
Unit: 10hL (1,000 m³)	Containerboard Division			Household Products and Paperboard Division			Corrugated Container Division			Others (HQ & Packaging Materials Plants)			Total		
	2023	2024	2025	2023	2024	2025	2023	2024	2025	2023	2024	2025	2023	2024	2025
River water (surface water)	3,569,163	2,111,197	**1,476,884**	-	-	**-**	-	-	**-**	-	-	**-**	3,569,163	2,111,197	**1,476,884**
Groundwater	9,279,604	9,482,720	**10,198,359**	3,193,920	3,448,458	**3,109,567**	8,120	14,884	**13,608**	-	-	**-**	12,481,644	12,946,062	**13,321,534**
Municipal water	307,935	229,222	**120,485**	18,433	18,504	**22,904**	88,263	91,010	**94,966**	14,796	15,513	**15,621**	429,427	354,249	**253,976**
Total water withdrawal	13,156,702	11,823,139	**11,795,728**	3,212,353	3,466,962	**3,132,471**	96,383	105,894	**108,574**	14,796	15,513	**15,621**	16,480,234	15,411,508	**15,052,394**
Percentage of total water withdrawal (%)	79.8%	76.7%	**78.4%**	19.5%	22.5%	**20.8%**	0.6%	0.7%	**0.7%**	0.1%	0.1%	**0.1%**	100.0%	100.0%	**100.0%**
Total discharge (effluent)	10,818,035	10,067,970	**11,441,352**	2,924,786	2,768,405	**2,634,792**	306	583	**1,449**	-	-	**-**	13,743,127	12,836,958	**14,077,593**
Total water consumption	2,338,667	1,755,169	**354,376**	287,567	698,557	**497,679**	96,077	105,311	**107,125**	14,796	15,513	**15,621**	2,737,107	2,574,550	**974,801**

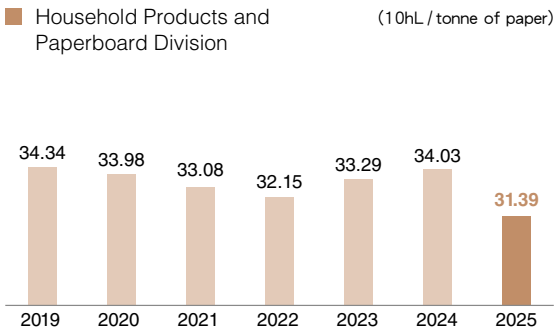
Note: Total water consumption = Total water withdrawal - Total discharge

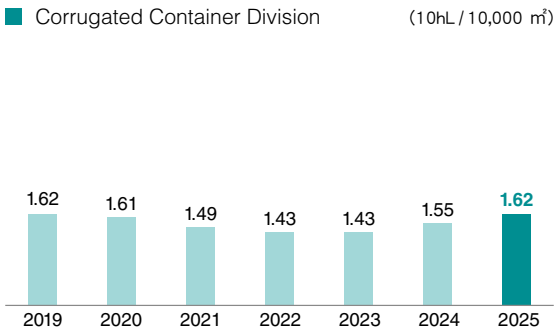
Recycled Water Amount and the Percentage in 2023~2025 - Taiwan Parent Company

Unit: 10hL (1,000 m³)	Containerboard Division			Household Products and Paperboard Division			Corrugated Container Division			Total		
	2023	2024	2025	2023	2024	2025	2023	2024	2025	2023	2024	2025
Recycled Water Amount	989,450	1,644,642	**1,631,443**	961,217	1,065,131	**1,064,155**	15,838	17,256	**15,584**	1,966,505	2,727,029	**2,711,182**
Percentage of total water withdrawal (%)	7.5%	13.9%	**13.8%**	29.9%	30.7%	**34.0%**	16.4%	16.3%	**14.4%**	11.9%	17.7%	**18.0%**

Business Unit – Unit Product Water Consumption (Taiwan Parent Company)







Note: Since 2021, the calculation formula has been adjusted to total water consumption divided by production volume.

Effluent

All CLC mills/plants are equipped with water treatment systems. The Containerboard and Household Products and Paperboard Divisions use biological treatment and regularly monitor effluent quality to ensure compliance with standards, and continue to implement the wastewater plant QC-Recorder to optimize water treatment operations. The Corrugated Container Division applies physical and chemical treatment and recycles treated wastewater for process rinsing and starch preparation, significantly reducing water consumption.



Taiwan Mills Effluent Water Quality (2025)

	Suspended Solids (SS) mg／L	Biochemical Oxygen Demand (BOD) mg／L	Chemical Oxygen Demand (COD) mg／L	True Color Value
Standard Value	30.0	30.0	160.0/180.0	400.0
Houli Paper Mill	11.2	1.7	104	212
Tayuan Paper Mill	11.7	21.6	139	222
Hsinchu Paper Mill	7	6.4	54	68
Chupei Paper Mill	1.7	4.3	39	25

Note: According to effluent discharge standards, if waste paper accounts for 60% or more of the Material, the COD limit is 180 mg/L; if less than 60%, the COD limit is 160 mg/L (applicable to Chupei Mill).

Water Resource Conservation

Contributing to SDG 6 (Clean Water and Sanitation), CLC adopted 80 public restrooms in Taiwan and implemented water conservation initiatives. The Tayuan Paper Mill and Hsinchu Paper Mill adopted nearby river basins, conducting monthly inspections and regular water quality monitoring, alongside semi-annual employee river cleanups. Notably, Hsinchu Paper Mill partnered with local residents to established a Water Environment Patrol Team for the Keya Creek basin. CLC also joined the "Tamsui River Pact—Do One Thing for the Tamsui River" promoting green procurement, park adoption for biodiversity, and water conservation. Aligning with the "Green Lifestyle" strategy under Taiwan's 2050 Net Zero Transition, CLC engaged employees in daily habit-changing initiatives to mitigate climate change.

Turning Wastewater to Green Power: Tayuan Mill Named MOE Sustainability Benchmark

CLC's Tayuan Mill won the traditional manufacturing category at the inaugural 2024 "Sustainability Water Awards" and was named a 2026 benchmark case by the Ministry of Environment (MOE)'s Water Quality Protection Department. The MOE recognized the mill's anaerobic wastewater treatment, which achieves an 82% average COD removal rate. The resulting biogas is treated via biological desulfurization to boost methane concentration for power generation, reliably supplying green electricity equivalent to 3,000 households annually. This circular economy model has been scaled to the Houli Mill through cross-sites knowledge sharing.



Note: About the details of the Biogas Power Generation, please refer to the Ministry of Environment (MOE) FB and Ch4.2 Energy Management at this report.

Terms and Definitions

Reclaimed water

As defined by the Reclaimed Water Resources Development Act, includes system reclaimed water and non-system reclaimed water. System reclaimed water refers to treated wastewater or effluent from sewer systems that is reused. Non-system reclaimed water refers to treated wastewater or effluent not entering sewer systems that is also reused.

Recycled water

As defined by the Regulations for Water Pollution Control Measures and Testing and Reporting Management, refers to wastewater that has been treated and reused in production processes without discharge, with measures implemented to prevent human contact and associated health risks.

4.4 Air Quality Management

Material Issue Air Quality Management

Strategy Reduce air pollutant emissions and improve air quality.

2030	2026	2025
Goals	**Goals**	**Goals and Results**
• Taiwan Parent Company target: 33% reduction in NO_x emission concentration (Base year: 2019)	• Taiwan Parent Company targets an 21% reduction in NO_x emission concentration (Base year: 2019) ➡ Houli Paper Mill Boiler Denitrification System Replacement Project	• Reduce NO_x emission concentration by 18% at the Taiwan Parent Company (Base year: 2019) ➡ NO_x emission concentration decreased by 50.1% ➡ Hsinchu Mill has completed the optimization of its Flue Gas Desulfurization (FGD) scrubber system
• No violations or fines related to air pollution or odor anticipated	• No violations or fines related to air pollution or odor anticipated	• No violations or fines related to air pollution or odor anticipated ➡ 0 case

Strengthening Air Emissions Management and Environmental Compliance

CLC continuously strengthens air quality management by enforcing stricter controls and precise emission source monitoring to reduce air pollution. Major paper mills are equipped with continuous automatic monitoring systems linked to regulatory authorities, ensuring transparent and compliant emission data. Regular inspections of boilers and emission pipelines are conducted to maintain stable operations. CLC implements the following 3 strategies to guide pollution reduction:

- **Source Management:** Integrate energy resources to reduce coal and heavy oil consumption, minimizing pollutant emissions
- **Process Optimization:** Continuously improve production systems to enhance energy efficiency and reduce pollutant emissions
- **End-of-pipe Control:** Installation of emission treatment equipment to enhance pollutant filtration and removal capacity

We established long-term air pollution reduction targets and continuously reduced emissions through process improvements and upgrades to emission treatment equipment. In 2025, NO_x emission concentration in the Taiwan area decreased by 50.1% compared to the 2019 baseline, significantly exceeding the annual reduction target of 18%.

Upgrading Air Pollution Control Facilities

To mitigate air pollution, CLC consistently upgrades its facilities. Key initiatives include constructing an indoor coal yard at the Houli Mill in 2019 to suppress fugitive emissions.

In 2020,CLC enhanced dust control by adding dust control equipment at coal bunker entry points, water mist foam dust removal devices, and a baghouse ash pneumatic conveying system.

Since 2023, our boilers have been progressively equipped with Selective Catalytic Reduction (SCR) systems to effectively lower NO_x emissions, backed by regular monitoring and catalyst replacements to sustain control efficiency.

CLC actively enhances air quality through facility upgrades. The Tayuan Mill installed wastewater biogas desulfurization and a 2024 plate heat exchanger to boost exhaust efficiency. The Houli Mill cut SO_x by reducing its G2 boiler load and procuring premium coal. In 2025, the Hsinchu Mill implemented 7 optimization measures on its wet FGD scrubber (including adding an acid removal layer, optimizing sieve plates, increasing mist eliminators, upgrading circulation pumps, improving drainage, adjusting pH, and installing automated monitoring). The outcomes included:

- Enhanced dust removal efficiency and operational stability.
- Decreased scaling and clogging, extending tank cleaning intervals from monthly to semi-annually.
- Significant reduction in particulate matter (PM) emissions and minimized fluctuation risks.

Outlook 2026, the company will proceed with the boiler denitrification system replacement at Houli Paper Mill to further strengthen air pollution control and optimize air quality.

CLC Air Pollution Management Strategy

1. Source Management
2. Process System Optimization
3. End Control

Innovation Technology and Equipment Implementation
Installed dust control equipment, dust monitoring devices, and gas-fired boilers

2030 Goal
NO_x: -33%
(Base Year:2019, Taiwan Parent Company)

1st Paper Company in Taiwan to Establish an Indoor Coal Yard

Indoor coal storage facilities reduce particulate emissions and comply with regulations for enclosed structures. CLC Houli Paper Mill and Chupei Paper Mill completed construction of indoor coal yards. Coal silos are divided into 3 zones for separate storage by coal type, enabling allocation and transport based on boiler combustion characteristics. Regular pile turning is conducted to prevent spontaneous combustion.

1st to Replace All Oil-Fired Boilers at Box Plants with Natural Gas Boilers; VOC Source Control to Improve Air Quality

Since 2013, CLC replaced all fuel oil boilers at box plants with natural gas boilers, completing the transition in 2020. This upgrade increased combustion efficiency by over 5%, reduced GHG emissions by 27%, NO_x emissions by 63%, and total suspended particulate emissions by 93%[Note]. These measures significantly reduced air pollutant emissions and fuel costs.

To address potential Volatile Organic Compounds (VOCs) in box plant operations, CLC implements source management by optimizing ink formulas and blending processes to increase water-based and low-volatility raw materials. We have also enhanced equipment airtightness and local exhaust ventilation to curb fugitive emission risks. Combining process improvements with operational oversight ensures VOC emissions consistently remain well below regulatory standards, maintaining a low-pollution production environment. CLC's systematic air quality management has attracted numerous visits from industry, government, and academia, establishing the company as a benchmark enterprise for clean production.

Note: Calculated according to Ministry of Environment (Taiwan) regulations for emission factors, control efficiency, and measurement standards for particulate matter, lead, cadmium, mercury, arsenic, hexavalent chromium, and dioxins in fixed source air pollution control fee declarations.

Houli Mill Earns Consecutive Taichung EPB Awards for Voluntary Emissions Reduction

Through equipment upgrades and process optimization, the Houli Mill achieved a year-on-year reduction in NO_x, SO_x, and particulate matter (PM) emissions in 2025. Driven by this consistent track record of emission reduction, the mill has been awarded the "Air Pollutant Reduction Incentive" by the Taichung City Environmental Protection Bureau for several consecutive years.

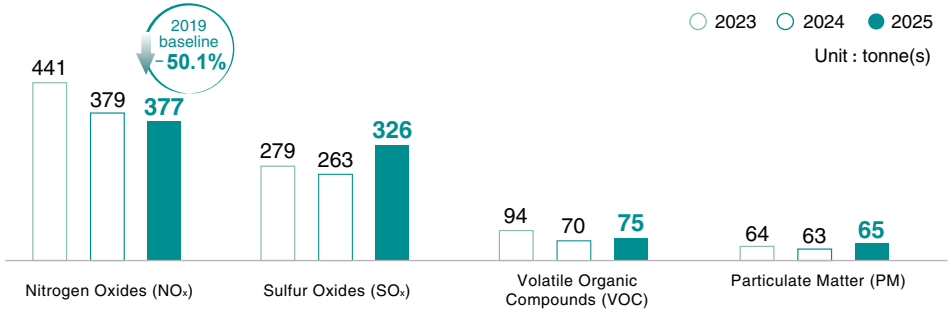
Strengthen Odor Control to Improve Environmental Quality

CLC addressed mills/plants odor issues through process and system optimization, achieving measurable results. Each unit identified odor sources and developed odor maps to target mitigation actions. High-efficiency air pollution control equipment was installed to reduce odors and pollutant emissions. In 2025, CLC implemented 4 major odor management measures and received no fines related to air pollution odors.

Plant Odor Management Practices

1. Improved wastepaper storage and increased pulp chemical retention to reduce organic matter entering production and wastewater treatment.
2. Flue-gas desulfurization (FGD) equipment retrofit.
3. The wastewater plant was enclosed, and the biogas treatment process operated under sealed negative pressure extraction.
4. Established perimeter monitoring and odor management with real-time alerts and self-audits.

Air Pollutant Emissions



Note: Taiwan Parent Company.

Chupei Mill Upgrades Boiler Fuel Storage for Air Pollution Control



To accommodate the increasing use of alternative fuels like wood chips and Solid Recovered Fuel (SRF), the Chupei Mill upgraded its temporary storage yard to address dust, structural, and maintenance challenges. Aimed at suppressing fugitive dust and improving perimeter air quality, the project replaced temporary paper-bale walls with durable concrete interlocking blocks and constructed large-scale rain shelters. This integration establishes a well-defined, enclosed management space that effectively mitigates dust dispersion during unloading and retrieval, prevents wind and rain from sweeping particles onto adjacent roads, and enhances operational safety and storage capacity. Consequently, these improvements have significantly reduced environmental pollution and raw material loss, optimized maintenance efficiency, and elevated surrounding air quality.

4.5 Waste Resource Utilization

Material Issue Waste-to-Resources **Strategy** **Promote circular reuse of resources, expand waste resource utilization channels, and increase the resource utilization rate annually to achieve the vision of zero waste.**

2030	2026	2025
Goals	**Goals**	**Goals and Results**
• Waste-to-Resource ratio: > 97% (Taiwan Parent Company)；> 95% (Vietnam Binh Duong Paper Mill)	• Waste-to-Resource ratio: > 97% (Taiwan Parent Company)；> 95% (Vietnam Binh Duong Paper Mill)	• Waste-to-Resource ratio: > 97% (Taiwan Parent Company)；> 95% (Vietnam Binh Duong Paper Mill) ➡ Achieving a 99.4% Waste-to-Resources ratio for the Taiwan Parent Company; Vietnam Binh Duong Paper Mill reached 98.3%
• All box plants to reduce unit product waste by 6% (base year: 2024；Taiwan and Vietnam)	• All box plants to reduce unit product waste by 2% (base year: 2024；Taiwan and Vietnam)	• All box plants to reduce unit product waste by 1% (base year: 2024；Taiwan and Vietnam) ➡ Reduce unit product waste by 4.5% to 21.35 kg／10,000 m²
• Advancing Circular Economy in Waste Management	• Implement waste resource activation and regeneration programs	• Implement waste resource activation and regeneration programs ➡ Houli Mill: Replacement of SRF production granulators ➡ Chupei Mill: Completed the construction of residue pre-treatment facilities

2025 Waste-to-Resources Ratio Exceeded Annual Goals

Guided by the principle "no waste, only misplaced resources," CLC manages sustainable resources through 4 core strategies: source reduction, reuse, resource circulation, and flow management. All generated waste is classified as non-hazardous industrial waste, ensuring full environmental compliance and safety.

To advance the circular economy, CLC converts process residues into resources and expands the reuse of wastepaper mixtures and co-combustion ash. In 2025, the Taiwan parent company reused 336,023 tonnes of waste, raising its waste-to-resources ratio to 99.4% (+0.1 percentage points YoY) and surpassing its 97% target. The Vietnam Binh Duong Paper Mill reused 113,428 tonnes, achieving a 98.3% ratio and meeting its 95% goal.

To boost resource efficiency, CLC established a 2030 target in 2025 to reduce unit product waste intensity by 6% across all box plants in Taiwan and Vietnam, using 2024 (22.36 kg/10,000 m²) as the baseline.

This serves as a quantitative benchmark for internal risk control and recycling performance across all sites.In 2025, total box plant waste in Taiwan and Vietnam fell to 2,991,090 kg (a 461,443 kg YoY reduction). Unit product waste decreased to 21.35 kg/10,000 m², marking a 4.5% reduction from the base year. Moving forward, CLC will continue to optimize processes, reduce source waste, and enhance resource circulation to steadily achieve its 2030 targets.

Box Plants Unit Product Waste (Taiwan and Vietnam)

Item	2024	2025
Total waste (kg)	3,452,533	**2,991,090**
Unit product waste (kg/ 10,000 m²)	22.36	**21.35**
Unit product waste reduction % (Base year: 2024)	-	**-4.5%**

CLC Resource Circulation Management Strategy

1. Source Reduction
2. Reuse
3. Resource Circulation
4. Implement Flow Management

Innovation Technology and Equipment Implementation
Installed high-efficiency biomass CFB boiler system and water analyzers

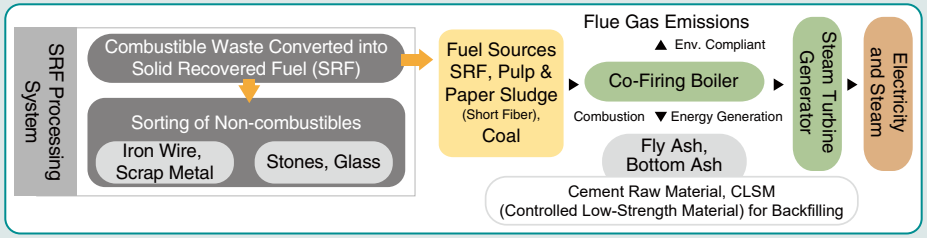
2030 Goals
Waste resource circulation:
*Waste-to-Resource ratio
> 97% (Taiwan Parent Company)
> 95% (Vietnam Binh Duong Paper Mill)
*Box Plants Unit product waste **-6%** (Taiwan and Vietnam)

Main Waste Categories
- Mixed wastepaper in recycled paper
- Pulp sludge from the wastewater treatment system
- Fly ash and bottom ash generated from steam boilers and cogeneration systems

Source Reduction	➡ Promote accurate sorting and recycling of paper to increase recovered paper quality and quantity ➡ Announced stricter inspection standards and supported supplier transformation to reduce non-paper materials at the source ➡ Enhance process resource efficiency to reduce waste generation
Reuse	➡ A heat recovery boiler was installed to utilize impurities from recovered paper and paper pulp sludge as fuel, recovering thermal energy and generating steam for process reuse ➡ Impurities from recovered paper are processed into SRF to replace a portion of coal in steam boilers
Resource Circulation	➡ Waste was properly sorted and processed both in-house and externally, then recovered for reuse in the pulp and paper industry and other sectors, such as converting fly ash into cement
Implement Flow Management	➡ Establish comprehensive industrial waste flow management and fulfill producer responsibility

Driving Waste-to-energy: CLC Innovation Leads Green Circularity

CLC utilizes innovative waste treatment technologies to convert papermaking residues into SRF (Solid Recovered Fuel), reducing landfill impact, decreasing coal dependence, and lowering GHG emissions.



In 2024, the high-efficiency biomass cogeneration system at Chupei Mill was fully operational, significantly increasing waste reuse efficiency across all factories. Tayuan Mill completed dust-proof net installation at its pre-treatment residual waste storage site to prevent dispersion. The SRF process was optimized, doubling monthly processing capacity from 6,000 tonnes to 12,120 tonnes.

In 2025, Chupei Mill launched a project to make high-moisture residues suitable for boiler fuel, planning pretreatment equipment for magnetic separation, shredding, and pressing to reduce moisture content to 32% and remove metal contaminants. CLC also initiated Houli Mill's 120-ton-class circulating fluidized bed (CFB) biomass cogeneration project in 2025. Scheduled for operation in 2029, it will further expand waste-to-resource processing capacity.

Strengthen Waste Flow Management to Ensure Compliance

CLC strictly monitors waste flows, selects qualified disposal and recycling vendors, and conducts regular on-site audits to ensure all waste is legally and properly treated or recovered. The company continuously enhances audit effectiveness and tracking management to maintain transparency and control in waste treatment processes.

CLC Recovered Materials Innovation Project

- Introduced Taiwan's 1st wastepaper moisture analyzer to enhance intelligent quality identification, boosting carbon reduction and cost efficiency.
- Guided recyclers in precision sorting and optimal material utilization, slashing residual waste from 10~13% to below 6%.
- Total Food Paper Container Recycling: Authorized processing at the Chupei and Tayuan mills reached 14,700 tonnes/month, capable of recycling up to 50% of Taiwan's food paper container waste.
- Partnered with recyclers to convert imported ink and shipping pallets from box plants into carbon-neutral biomass fuel to replace coal.

Waste Reuse Methods

Unit: tonne(s)

Category	Taiwan Parent Company			Vietnam Binh Duong Paper Mill	Reuse Methods
	2023	2024	2025	2025	
Resource-recovered Waste (A)	329,792	334,149	**336,023**	**113,428**	
Mixed Waste Paper	121,351	121,435	**145,377**	**39,520**	Processed into SRF
Pulp and Paper Sludge	99,352	90,641	**90,924**	**34,430**	Cogeneration boiler fuel
Fly Ash/Bottom Ash	79,736	67,144	**69,310**	**34,884**	Reuse in cement and concrete plants
Other Waste	29,353	54,929	**30,412**	**4,594**	Waste wood and waste lubricating oil / Reuse under announced regulations
Non-resource-recovered Waste (B)	2,158	2,220	**2,096**	**2,000**	Incinerator fly ash, wastepaper mixtures, co-incineration ash
Total Waste (A+B)	331,950	336,369	**338,119**	**115,428**	
Waste Resource Recovery Rate (A ／ (A+B))	99.4%	99.3%	**99.4%**	**98.3%**	

Note: With expanded resource recovery categories and partner coverage, 2023–2024 figures were restated under 2025 standards for comparability, using the latest filings available in early 2026.

4.6 Nature TNFD and Biodiversity

Paper for Nature: Biodiversity Vision

Recognizing that all paper originates from forests, CLC champions the "Secondary Forest" concept by actively promoting resource circulation and sustainable procurement. Consequently, over 90% of our products are manufactured from recovered fiber, complemented by 100% FSC™-certified sustainable wood pulp. By integrating green principles into product R&D, we deliver sustainable value and provide eco-friendly choices for consumers.

Adopting TNFD to Strengthen Nature-related Risk Governance

Responding to climate change and resource limitations, CLC signed to support the Taskforce on Nature-related Financial Disclosures (TNFD) in 2023. In 2024, CLC became the TNFD Early Adopters and advanced the Nature Positive Vision. CLC adopted the TNFD frameworks and initiated an internal L.E.A.P. analysis (Locate, Evaluate, Assess, Prepare) to comprehensively assess its dependence, impact, risk, and opportunities related to natural capital across the business operations to enhance our capacity for nature-related governance.

TNFD Governance Structure

Recognizing the paper industry's high dependence on natural capital and ecosystem services, CLC established a Board-centric nature governance framework. Through the Sustainability and Risk Management committees, CLC identifies, assesses, and manages climate- and nature-related risks and opportunities, reporting regularly to the governance level. Aligning with the TNFD framework, we continuously strengthen our nature risk management and disclosure quality to ensure biodiversity conservation and long-term business sustainability advance in tandem.

To proactively address the impact drivers and dependencies of our operations on natural capital, CLC focuses on the following 4 dimensions as our strategies for nature management:

- **Avoided Loss:** Optimize resource efficiency to minimize the consumption of raw materials, water resources, and land use.
- **Threat Reduction:** Monitor and mitigate the potential impacts and risks of operational activities on ecosystems.
- **Uplift:** Enhance positive contributions to nature and biodiversity through restoration, eco(-friendly) management, and innovative actions.
- **Maintenance:** Establish long-term management mechanisms to ensure the stability of natural capital and ecosystem services.

CLC Nature Strategy Management

Natural Risk and Opportunity Assessment Process: L.E.A.P.

Locate

Identify Key Business Activity Locations

Following the TNFD LEAP methodology, CLC's internal team conducted a comprehensive inventory of core papermaking operational sites. We identified the ecological sensitivity of our operational locations by referencing the National Ecological Network (provided by the Forestry and Nature Conservation Agency, Ministry of Agriculture, ROC) and IUCN Protected Area Categories, and so on.

Evaluate

Evaluation of Key Business Activity Dependencies and Impacts

Evaluate the dependence and the potential impact drivers of CLC's key business activities on natural assets and ecosystem services, referring to TNFD Additional Sector Guidance – Forestry and paper.

Materiality Ratings of Ecosystem Services

Dependance

Ecosystem services		Materiality
Provisioning services	Water supply	Medium
Regulating & maintenance services	Solid waste remediation	Medium
	Soil and sediment retention	Low
	Other regulating and maintenance service	Low
	Biological control	Very low
	Air filtration	Very low
	Flood control	Medium
	Global climate regulation	Very low
	Noise attenuation	Very low
	Local (micro and meso) climate regulation	Low
	Storm mitigation	Medium
	Water flow regulation	Medium
	Rainfall pattern regulation	Medium

Impact Drivers

Type of impact drivers		Materiality
Land, freshwater and ocean use change	Area of land use	Low
Climate change	Emissions of GHG	Medium
Pollution/ pollution removal	Emissions of non-GHG air pollutants	High
	Disturbances (e.g noise, light)	Medium
	Emissions of toxic soil and water pollutants	Medium
	Generation and release of solid waste	High
	Volume of water use	Medium

Source:TNFD Additional Sector Guidance (2024 version) – Forestry and paper

Assess

Natural Risk and Opportunity Assessment

Based on the results of our dependency and impact analysis, CLC identified nature risks and potential opportunities.

Prepare

Nature Strategy and Reporting Disclosure

We formulated management directions and strategies based on the assessment findings, and disclosed achievements across 4 core pillars: Governance, Strategy, Risk Management, and Goals & Targets.

Potential Impacts, Mitigation Strategies, and Management Targets of CLC on Nature

Drivers of Natural Change	Potential Impacts and Affected Parties	Response Strategies	2030 Goals & Targets
Climate Change	• **Core business activities of the organization:** Generate GHG emissions, increasing carbon fee and carbon tax costs. Extreme climate events (flooding and droughts) may disrupt or damage equipment, impacting operations. Climate events affect recovered paper supply and price volatility • **Local communities:** GHG emissions increase the extreme climate events, affecting life of residents and stakeholders • **Ecosystem:** The risk of extreme climate events such as floods, droughts and forest fires, threatening the maintenance of ecosystem and local biodiversity	• Invest in advanced low-carbon technologies and equipment to reduce operating costs and enhance carbon reduction • Reduce natural resource consumption, develop low-carbon circular fuels • Establish a low-carbon biomass resource ecosystem through public-private collaboration	• GHG Emission: -20% (Taiwan Parent Company, Base Year:2018), -1%/ per year (Consolidated Company, Base Year: 2024) • Alternative Energy Ratio: > 25%(Taiwan Parent Company), > 15%(Vietnam Binh Duong Mill) • Holding CLC Academy: **"Smart Sustainable Agriculture Series, "** Cross-sector Collaboration for Climate Adaptation *For more details, please refer to Sustainability Practic: Nature-based in this report
Resource Use/ Replenishment (Forest Re-sources)	• **Core business activities of the organization:** To reduce dependency on forest resources, CLC primarily uses recovered paper to manufacture low-carbon green products, accounting for over 90% of group products, with virgin wood pulp imported only partially. • **Local communities:** Arbitrary exploitation or destruction of forest resources weakens soil and water retention capabilities, impacting indigenous peoples and local communities. • **Ecosystem:** The destruction or mismanagement of forest resources reduces biodiversity and compromises ecosystem health.	• Expand the use of recovered paper • Continue to expand global circular economy sites, increase recovered paper recovery capacity • Focused on R&D of Paper-based Solutions • Creating global models for green factories • Establish green procurement goals and purchase FSC™ certified forest pulp and products or equipment that meet energy efficiency standards and hold the Green Mark	• Recovered Paper Utilization Rate *Industrial Paper: > 97% (Taiwan Parent Company), > 94% (Vietnam Binh Duong Mill) • Waste-to-Resources Ratio: > 97% (Taiwan Parent Company), > 95% (Vietnam Binh Duong Mill); Reduction in Box Plants Unit Product Waste -6% (Taiwan and Vietnam , Base Year: 2024) • Green Procurement Ratio: > 50% (Taiwan Parent Company) • FSC™ Pulp Ratio: > 98% (Taiwan Parent Company) • Planting trees, factory on-site greening
Resource Use/ Replenishment (Water Resources) Pollution/ Pollution Removal (Wastewater Discharge) State of Nature	• **Core business activities of the organization:** CLC with production processes highly dependent on water resources. Mills/ plants are located near water sources, and effluent treatment is implemented to prevent water pollution. Water shortages or drought directly impact productions • **Local communities:** Water scarcity or pollution might impact residents' quality of life and health • **Ecosystem:** Water resource depletion or pollution directly impacts local ecosystems, threatening the survival of aquatic species	• Carefully plan water extraction for plant development while considering the water needs of surrounding communities. • Establish robust water management and treatment systems, diversify water sources, and implement pollution control to comprehensively enhance water efficiency through circulation, recycling, and reuse • Water quality monitoring and comprehensive ecological surveys	• Unit Product Water Consumption *Containerboard Division: -10% (Taiwan Parent Company, Base Year: 2019) • Enhancing water use efficiency • Engaging in industry-academia collaboration projects

CLC Biodiversity Policy and Commitments

CLC has long prioritized ecological conservation. We commit to the Convention on Biological Diversity (CBD), the Kunming-Montreal Global Biodiversity Framework (GBF), and relevant regulations from the Ministry of Agriculture, in order to promote the protection and restoration of forests, ecosystems, and species diversity, embedding biodiversity into the core of our corporate sustainability strategy through the following policy directions:

1. **Prioritizing habitat protection and restoration:** In land management and afforestation, we prioritize protecting original habitats, restoring damaged landscapes, and enhancing ecosystem functions.
2. **Science-based management:** All ecological surveys, monitoring, and restoration activities utilize scientific methods and are conducted by professional organizations for long-term monitoring.
3. **Conservation of protected species:** We ensure that habitat environments for Class II and III protected species within our operational or collaborative areas are maintained or improved, avoiding any additional threats.
4. **Transparent disclosure:** We regularly disclose biodiversity survey results, afforestation benefits, and management outcomes in our sustainability reports.

To fulfill our commitment to "Eco-restoration and Sustainable Forestry," CLC partners with the Department of Forestry at National Chung Hsing University on the "Ecological Survey and Analysis of Afforestation in the Huisun Forest Fire Area" project. This initiative utilizes systematic vegetation and wildlife monitoring to assess biodiversity and environmental stability post-forest fires.

Through this industry-academia collaboration, we established permanent sample plots in the post-fire restoration zones to record the growth of planted species, including Zelkova, Machilus, and Cedar. Using fixed-point line transects and community composition analysis, we track succession trends across tree, shrub, and herb layers. Furthermore, infrared camera traps and acoustic monitoring confirmed the return of native birds and mammals, demonstrating successful habitat recovery.

Ecosystem Function Assessment: Comprehensive assessments of soil organic matter, understory coverage, and tree diversity show that the ecological stability of these zones improves year by year, gradually forming a multi-layered forest structure. Key outcomes and sustainability implications through 2025 include:

- **Ecological recovery:** The canopy coverage and species diversity in the afforestation areas continue to rise, marking the successful initial recovery of the native forest landscape.
- **Habitat improvement:** The rich understory vegetation and the return of wildlife indicate enhanced habitat integrity and ecosystem health.
- **Science-based management:** Survey findings provide a robust scientific foundation for the ongoing management and ecological monitoring of restoration zones.
- **Education and public engagement:** By integrating academic research with student internships, the project facilitates knowledge exchange between the corporate - academic sectors and promotes environmental education.

CLC x NCHU Huisun Forest Lab: Biodiversity Collaboration Results

Since 2022, CLC and National Chung Hsing University (NCHU) have spearheaded ecological surveys and restoration in the fire-affected areas of Huisun Forest Lab. Guided by the strategies of "Prioritizing Native Species" and "Enhancing Habitat Functions," the project has yielded the following results:

1. **Baseline biodiversity survey**
   Utilizing point counts, line transects, infrared camera traps, and botanical plots, we have comprehensively documented the biological community in the fire-affected sites and surrounding forests:

   Birds: 38 species across 21 families, including 12 species endemic to Taiwan, 10 species listed as Class II (Rare and Valuable), and 5 species as Class III (Other Conservation-Deserving) protected species.

   Mammals: 8 species recorded, including the Sunda Pangolin (Class II), Taiwan Serow, and Crab-eating Mongoose (Class III).

   Amphibians & Reptiles: 5 species; Butterflies: 6 species.

   Vascular Plants: 74 species, covering a wide variety of native broadleaf trees.

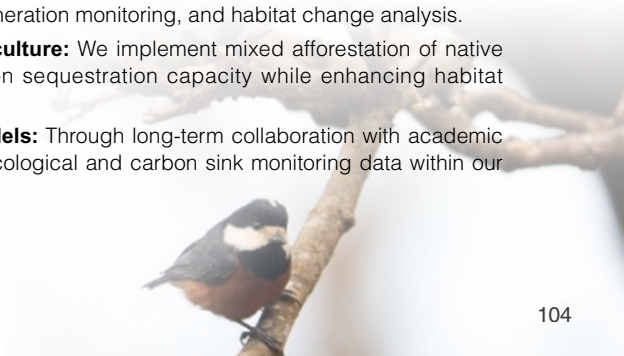
   This project has established a comprehensive biodiversity baseline database for the Huisun area, serving as a critical scientific foundation for afforestation and habitat management.

2. **Habitat restoration and ecological recovery**
   After 2 years of natural succession, the fire-affected sites have seen the emergence of mid-to-late succession species such as Schima Superba, Gordonia Axillaris, and Pinus Taiwanensis, indicating healthy natural regeneration. The return of mammals such as the Formosan Pangolin and Formosan Reeve's Muntjac to the afforestation areas, alongside the consistent presence of indicator forest bird species, signifies that the habitat structure and ecological functions are progressively recovering.

CLC's Nature-based Carbon Sink Strategy

To align with our corporate Net-zero commitment, support the national Net-zero roadmap, and fulfill TNFD requirements regarding the disclosure of natural resource dependencies and impacts, CLC actively promotes Natural Carbon Sink management. By integrating industry-academia collaborations, we strengthen scientific monitoring and sustainable management through the following strategic approaches:

1. **Promoting native species afforestation and forest restoration:** Aiming to enhance carbon sequestration and ecosystem integrity, we prioritize afforestation and restoration in disturbed or degraded areas.
2. **Scientific monitoring of carbon sink benefits:** We evaluate changes in carbon sinks through systematic botanical plots, forest structure surveys, natural regeneration monitoring, and habitat change analysis.
3. **Adopting ecological engineering to avoid monoculture:** We implement mixed afforestation of native broadleaf and coniferous trees to maximize carbon sequestration capacity while enhancing habitat biodiversity.
4. **Establishing sustainable forest management models:** Through long-term collaboration with academic and research institutions, we continuously update ecological and carbon sink monitoring data within our forest restoration zones.



NCHU Huisun Forest Lab: Natural Carbon Sink Collaboration Results



Following a 2021 wildfire that destroyed over 21 hectares of the Huisun Forest, CLC partnered with National Chung Hsing University in 2022 on a six-year restoration project, completing the planting of 500 native, fire-resistant trees in April 2024. This initiative integrates scientific research with field practice to establish a robust monitoring system. It expands natural carbon sinks, accelerates biodiversity recovery, and fosters local engagement—achieving triple-bottom-line benefits across environmental, social, and corporate dimensions.

This action directly supports Taiwan's 2050 Net-zero Transition strategy, specifically the **"Natural Carbon Sink"** key action items: **"Forest 1-3**: Expanding afforestation on national, public, and private lands to increase forest coverage and carbon sequestration" and **"Forest 4-1**: Promoting forest management models and research that enhance carbon sink benefits". **2025 Key Achievements**:

1. **Post-fire Afforestation:** Restoration carried out in Huisun Forest Compartments No. 1 and No. 3 (1.1 hectares; altitude: 840~935m; slope: 13%~22%). Selected diverse native species, including Taiwan Red Pine (Pinus taiwanensis), Griffith's Ash (Fraxinus griffithii), Schima superba, and native broadleaf species of the Aceraceae family. This enhances forest landscape diversity, facilitating medium-to-long-term carbon sink accumulation.
2. **Vegetation Recovery & Carbon Sink Potential:** Multiple mid-to-late succession seedlings have emerged, indicating healthy natural recovery；High seedling survival rates and increased ground green coverage during the initial phase have promoted surface carbon fixation and increased soil organic carbon.
3. **Restoration of Carbon Sinks and Ecosystem Services:** The vegetation layers are progressively transitioning back to a forest state. Besides, the observations of wildlife returning to the afforestation sites (for foraging and movement) indicate improved habitat stability and the gradual recovery of forest carbon sinks and ecosystem services.

Streams and Wetlands

CLC has implemented ISO 14001 at all domestic and overseas mills/plants and adopted PDCA water resource management to ensure compliant effluent discharge. Stable water sources are maintained for nearby streams and wetlands to support biodiversity. Water conservation and graded water usage management are executed through water resource strategies and inter-plant collaboration. CLC prioritizes ecological conservation near its mills/plants. Additionally, Tayuan Paper Mill and Hsinchu Paper Mill have long-term river adoption programs and organize Water Environment Patrol Teams with employees and local residents for monthly stream patrols, maintaining the Qiaxi River section and Keya River basin during holiday.

Ecological Monitoring in Tayuan Paper Mill



Since 2021, CLC Tayuan Paper Mill partnered with Associate Professor Fu-Guo Liu's team from National Central University to implement the Ecological Monitoring and Sustainable Action project. Research found that the local ecosystem was comparable to the Gao Rong Wildlife Conservation 731 Pond, with adjacent water bodies serving as winter habitats for waterfowl and newly recorded as a site for Helice formosensis crabs. Local biodiversity reached a level similar to national wildlife conservation areas. In addition, CLC Tayuan Paper Mill commissions external organizations for ecological monitoring of stream and water quality, shares data with the Taoyuan City Environmental Protection Bureau, and invites employees to participate in stream cleaning activities every 6 months.



*The "Biodiversity at CLC" manual by Associate Professor Liu's team

Vietnam Binh Duong Mill Maintains 20% Green Space for Ecological Coexistence



CLC prioritized ecological conservation and site greening at the Vietnam Binh Duong Paper Mill during Phase 3 expansion, reserving approximately 20% of the site as green space with over 70 plant species, including more than 10 fruit trees. Informational signs in Chinese and Vietnamese were installed. The green areas support carbon reduction, temperature regulation, air purification, and provide educational and recreational benefits. The park-like environment is used by employees for recreation and has received positive feedback from visiting vendors and officials.



5

Diverse and Inclusive Culture

We uphold diversity and inclusion by building a healthy and equitable workplace and fostering an environment for fair development and continuous learning, enabling growth together with employees.

5.1 Diversity and Equal Opportunity

5.2 Talent Cultivation and Development

5.3 Healthy Workplace

2025 Highlights

Intergenerational co-prosperity culture:
Family-friendly Workplace Award
winner;
15-year constituent of
Taiwan Employment Creation 99 Index

Pioneering **ESOT**
63.2% participation
NTD **65,870,000** in total subsidies

Triple Workplace Wellness Certifications
iSports,
MoHW's Healthy Workplace,
CHR (Corporate Health Responsibility Enterprise)





19 consecutive years of salary raises
Per employee benefits expenditure reached NTD **38,000**

Systematically gathering employee feedback
Employee Voice Survey
Overall satisfaction score of **4.46**

Launched
Human Rights Due Diligence
All 7 core issues rated low risk



Shared Prosperity
>70% of operational results allocated to entry-level compensation

Received the 1111 Job Bank
Happy Enterprise Gold Award
for 6 consecutive years

In-Person Training
32 courses, **64** sessions,
2,369 participants
3 key metrics hit record highs

Health & LOHAS
2,028 in-person attendances at OHS/wellness activities
Subsidized **30** clubs,
100% of which were competitive sports clubs

Note 1: Taiwan area
Note 2: ESOT: Employee Stock Ownership Trust

5.1 Diversity and Equal Opportunity

Material Issue Diversity and Equal Opportunity

Strategy Provide competitive salaries and comprehensive employee benefits to attract diverse talent and ensure workplace equality.

2030 Goals	2026 Goals	2025 Goals and Results
• Diversify employee benefits	• Diversify employee benefits • Sustain Human Rights Due Diligence and implement prevention and mitigation measures	• Diversify employee benefits ➡ Conducted 2025 Employee Voice Survey for talent retention; integrating multi-year findings to continuously optimize "Equality, Communication, and Compensation" ➡ Per employee benefits expenditure reached NTD 38,000 • Implement Human Rights Due Diligence and Risk Matrix ➡ Completed CLC human rights due diligence: All 7 key issues were rated low risk; ongoing refinement of mitigation management. • Enhance employee rights and welfare ➡ Above-compliance sick leave implemented: 3 additional days of paid leave beyond statutory limits ➡ Optimized compensation system and work rules: >70% of operational results allocated to entry-level pay, exceeding statutory standards ➡ To promote work-life balance, we have continuously increased travel allowances for our employees
• Strengthen the Employee Assistance Program (EAP)	• Strengthen the Employee Assistance Program (EAP)	• Strengthen the Employee Assistance Program (EAP) ➡ Ongoing enhancement of the EAP for work, life, and health ➡ Ongoing construction and expansion of employee dormitories
• Average employee regular salary to increase by 25% over 2020	• Providing competitive compensation packages	• Providing competitive compensation packages ➡ Annual salary increase reached 2%; average regular salary up 14.9% vs. 2020
• Maintain a healthy turnover rate below 12%	• Ongoing monitoring of annual turnover rate	• Maintain a healthy turnover rate ➡ Turnover rate remains stable at 10.3% (Taiwan Parent Company) ➡ Utilized AI predictive analytics on global turnover trends to dynamically adjust sustainable talent strategies

Human Resources Strategy: Realizing Global Localization of Key Talent



CLC prioritizes talent development by maintaining a competitive compensation system and comprehensive training framework to attract skilled professionals. Talent selection is guided by the principle of sincerity and trustworthiness, focusing on candidates who align with the company's culture, vision, and core values to meet workforce needs for domestic and international expansion and sustainable operations.

Management Policy

- ✓ Enhance Human Resources Management and Appoint Local Key Talent
- ✓ Launched the 10-year Sustainability Talent Development Program to Cultivate Green Collar Talent

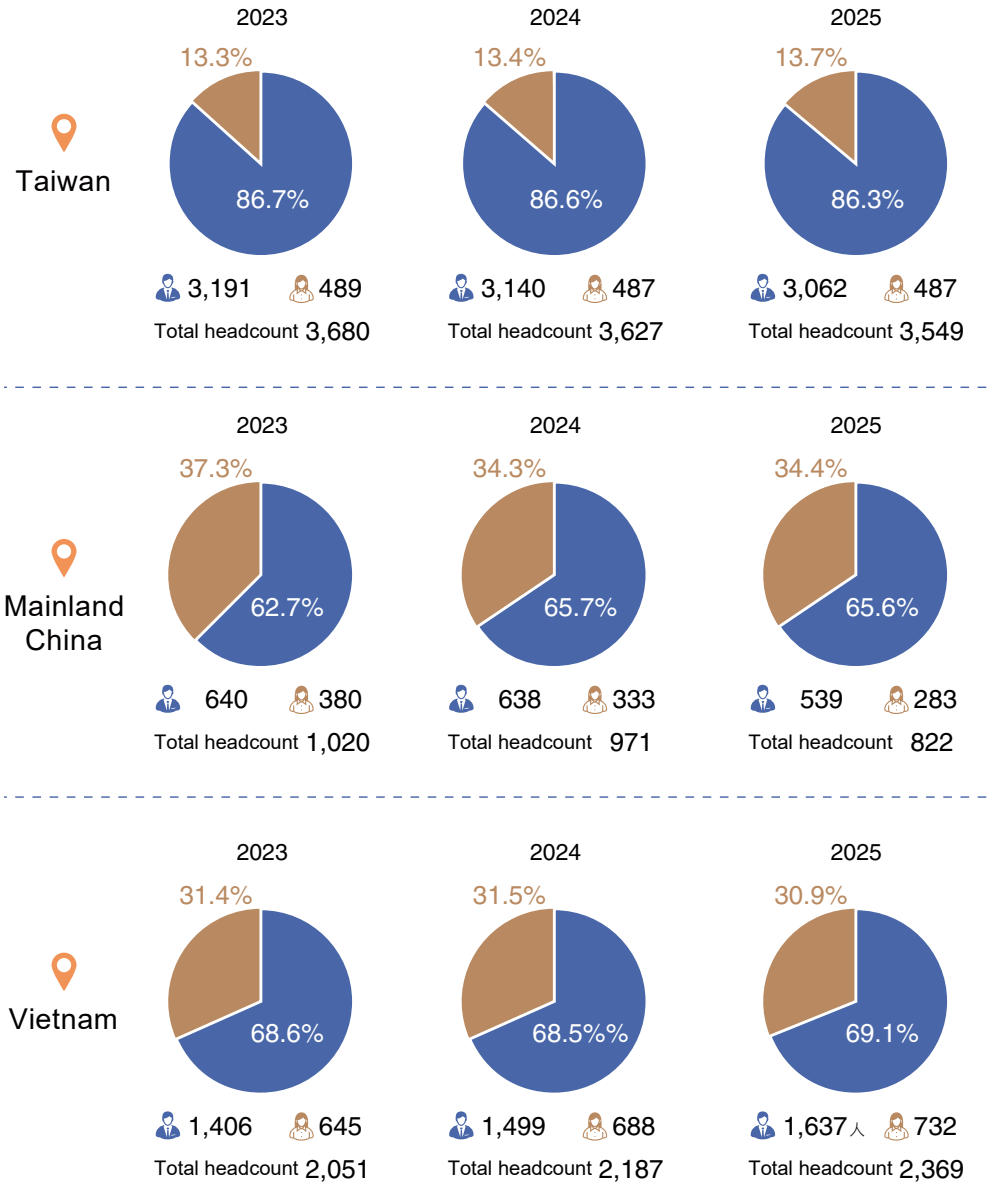
Employees underpin sustainable operations. Prioritizing workforce development, CLC monitors labor market trends to adjust compensation and benefits alongside corporate strategy and annual performance. By addressing employee needs, we continuously optimize pay structures to achieve shared prosperity.

Enhancing Women's Representation: Women Comprise 13.7% in Taiwan Parent Company, 22.3% in Consolidated Company

By the end of 2025, major operating sites in Taiwan, Mainland China, and Vietnam employed 6,740 people (-44 YoY). Taiwan operations numbered 3,549 (-78 YoY), comprising 2,754 on-site workers, 646 administrative staff, and 149 senior executives (100% locally hired) [Note]. Reflecting industry characteristics, male headcount remained higher; however, female recruitment continued expanding in production, R&D, marketing, and digitalization. In 2025, female representation reached 13.7% in the Taiwan area and 22.3% in the Consolidated Company. Despite overall gender gaps, CLC enforces merit-based practices, ensuring non-discrimination across nationality, gender, ethnicity, religion, skin color, age, sexual orientation, marital status, or political affiliation. No discrimination incidents occurred in 2025.

Note 1: Senior executives denote "managers and above ".
Note 2: For workforce demographics (category, age, tenure, education, contracts), please refer to the Appendix Employee Information List.

CLC Gender Structure of Employees



Value Human Rights and Development Diversity

"Through fair and open recruitment channels, all employees are entitled to equal rights and bene ts regardless of gender, race, and nationality, in order to protect basic human rights."



Received the "Friendly Family Workplace Award", presented by Vice President Hsiao Mei-Chin.

Human Rights: Diversity and Inclusion

Rooted in a people-oriented and diversity-respecting ethos, CLC aligns sustainability governance and risk management with United Nations Guiding Principles on Business and Human Rights (UNGPs), the Universal Declaration of Human Rights, and International Labor Organization Core Labor Standards. Guided by the CLC Human Rights Policy Management Guidelines, we respect fundamental rights across all operations. Operating sites worldwide strictly enforce local labor regulations, integrating commitments into the Implementation Regulations for the Employment of New Personnel.

CLC's 5 Key Human Rights Policy Areas and Management Guidelines	
Diversity, Inclusion, and Anti-discrimination	• Foster an equitable, inclusive workplace; zero tolerance for discrimination. • A comprehensive grievance mechanism is in place to protect employee privacy and prevent human rights violations.
Prohibition of Child Labor and Forced Labor	• Employment rules bar hiring under age 16 with mandatory supplier compliance. • All employees are required to sign labor contracts on a voluntary basis to eliminate any form of forced labor.
Anti-corruption and Integrity Management	• Employees are required to comply with the CLC Code of Ethical Conduct, Procedures and Guidelines for Ethical Business Practices, and Procedures for Handling Unethical Conduct by Company Personnel. • Serious violations will result in strict disciplinary action without exception.
Healthy and Safe Workplace and Work-life Balance	• Promoting Occupational Safety and Health Policy: risk management, safe operations, health protection. • Through the ISO 45001 framework, continuously fostering a safe and healthy work environment to promote employee well-being.
Freedom of Assembly, Association, and Open Communication Channels	• Respect employees' rights to form unions; Chupei and Hsinchu Paper Mills have established unions, with collective agreements signed across 6 Vietnam sites. Management regularly attends meetings to promote labor-management dialogue. • Two-way communication channels include regular meetings, the improvement proposal system, the CLC Bimonthly Journal, the audit mailbox and hotline, and the Chairman's mailbox.

Note: For the complete Human Rights Policy, please refer to CLC Website – Human Rights Policy.

Employee Education and Inclusive Workplace Mechanisms

CLC promotes human rights through its EIP internal website, internal publications, and E-Learning system. Additionally, CLC continues to hold relevant seminars and implement a series of Friendly Workplace Initiative. **From 2021 to 2025, a total of 8 in-person courses (28 sessions) and 1 online course were conducted in the Taiwan area, with 3,085 participants.** CLC has also established the Sexual Harassment Prevention Measures and Complaint and Disciplinary Procedures, along with whistleblowing channels, and feedback mailboxes, to provide clear grievance avenues.

Equal Opportunity and Inclusive Employment

CLC ensures equal employment opportunities for disadvantaged groups by complying with the People with Disabilities Rights Protection Act and the Indigenous Peoples Employment Rights Protection Act. In 2025, Taiwan operations employed 40 staff with disabilities (meeting quotas) and 27 indigenous personnel, awarding 24 Indigenous Long-term Service Bonus. Local hiring is prioritized globally to enhance workforce stability. Where local recruitment was insufficient for certain production lines, foreign workers were introduced at Taiwan plants to maintain operational continuity.

CLC Equal Opportunity and Inclusive Employment Overview

Category	2023	2024	2025
People with Disabilities	40	41	**40**
Indigenous peoples	27	29	**27**

Note: Taiwan area

Rejuvenation & Female Promotion to Entry-level Management

In 24-hour continuous operations, shift leader positions traditionally skewed male (9:1 ratio) with an 11-year promotion average. Driving rejuvenation and gender parity since 2018, CLC promoted 57 employees with under 5 years of service to entry-level leadership (10.5% female). This lowers tenure barriers, balances gender representation, and expands inclusive management.

Gender Ratio of Entry-level Supervisors (< 5 Years Tenure)

Period	2014~2017	2018~2025
♀	0	**6**
Proportion	0%	**10.5%**
♂	48	**51**
Proportion	100%	**89.5%**

Note 1: Taiwan Area
Note 2: Proportion calculation = Number of male (female) entry-level managers / Total number of entry-level managers

CLC Human Rights Risk Management and Due Diligence

Advancing Human Rights Due Diligence (HRDD) through comprehensive systems, training, and risk identification, CLC formulated a five-step process aligned with the EU's Corporate Sustainability Due Diligence Directive (CSDDD) and Taiwan MOEA's Business Human Rights Due Diligence Operational Manual (Draft). By the end of 2025, we formally launched the HRDD across key stakeholders, spanning Taiwan parent company employees and supply chain partners. Employee HRDD processes and results follow below; for supply chain HRDD, please refer to this report P.72.

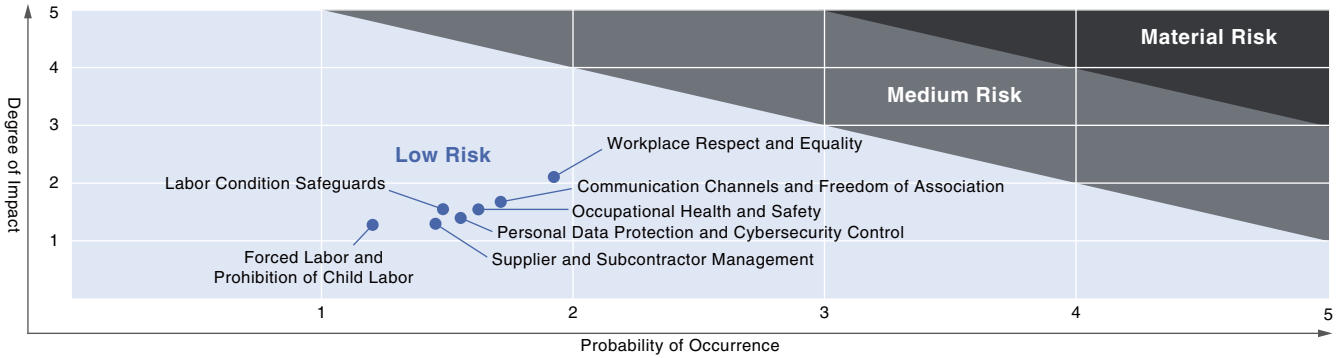
CLC HRDD Process

Step 1 Issue Materiality Mapping	Identify key human rights risk issues based on industry characteristics.
Step 2 Due Diligence Implementation	Distribute SAQs to employees and published on the internal website.
Step 3 Risk Assessment	Map the "Employee Human Rights Risk Matrix."
Step 4 Mitigation and Remediation	Establish mitigation and corrective actions.
Step 5 Communication and Disclosure	Publicly disclose implementation results and data to drive continuous improvement.

7 Core Human Rights Risk Issues

Benchmarking UN, EU, OECD, and ILO conventions, CLC identified and assessed 7 core human rights risk issues: **"Labor Condition Safeguards, Workplace Respect and Equality, Forced Labor and Prohibition of Child Labor, Supplier and Subcontractor Management, Occupational Health and Safety, Personal Data Protection and Cybersecurity Control, and Communication Channels and Freedom of Association."** Utilizing a 5-point scale evaluating "Likelihood" and "Impact," CLC constructed a Human Rights Risk Matrix classifying risks into low, medium, and material tiers to prioritize management actions.

2025 CLC Employee Human Rights Risk Matrix and Survey Results



*Note 1: (1) Low Risk: average score of 3.0 or below; (2) Medium Risk: average score between 3.0 and 4.0 (inclusive); (3) Material Risk: average score above 4.0.
*Note 2: The scope covers employees of the Taiwan Parent Company (including production staff, administrative staff, frontline supervisors, and senior executives), with a total of 234 valid questionnaires collected.

Low-risk Assessment Results and Ongoing Mitigation Management

All 7 core human rights risk issues for employees rated "low risk," reflecting solid human rights performance. For 3 key priorities—Workplace Respect and Equality, Communication Channels and Freedom of Association, and Occupational Health and Safety—CLC refined management practices, bolstered training, and enhanced grievance mechanisms, backed by periodic departmental reviews of mitigation efficacy. Other lower-risk issues undergo routine tracking via management systems and internal audits. Going forward, CLC will dynamically monitor emerging risks through regular surveys, embedding results into Sustainability Committee oversight to reinforce human rights governance.

Key Human Rights Risks & Mitigation Measures

Risk Issues	Risk Identification	Strategic Actions
Workplace Respect and Equality	Ineffective grievance channels risk delayed redress for harassment or discrimination, impacting employee well-being and corporate reputation.	• Enforce Gender Equality in Employment Act compliance and institutionalize harassment prevention policies • Deliver annual sexual harassment prevention and inclusive workplace training for supervisors • Maintain anonymous mailboxes and independent review teams: initial response within 3 days; resolution within 30 days
Communication Channels and Freedom of Association	Restricting union assembly or participation impairs grievance expression and labor-management dialogue.	• Labor unions established at Chupei and Hsinchu Paper Mills; management actively addresses union proposals via quarterly and annual meetings • Vietnam sites enforce signed collective agreements through regular labor-management meetings • Sustain anonymous communication channels via Chairman's Mailbox, Audit Hotline, and Kaizen proposals • Disclose operational updates via internal announcements and CLC Bimonthly Journal to protect employee rights to information
Occupational Health and Safety	Insufficient safety training or equipment safeguards during operations may result in workplace injuries.	• On-site Clinic for Occupational Health and Safety • Perform routine and ad-hoc OHS risk and opportunity assessments, executing prevention and engineering controls for hazards • Accident Investigation and Compensation Guidelines in place to ensure prompt response, investigation, and care mechanisms

Implement Training Programs to Optimize Management Organization

★ Elite Talent Rotation Program

CLC annually selects top performers for cross-functional rotations to build diverse competencies, promoting outstanding talent into management training tracks.

★ Talents Recommendation and Training System

Anchored in organizational growth and competency development, CLC delivers stratified training curricula. Launched in 2023, the Talent Recommendation and Cultivation System enables supervisory nominations, competency reviews, and career pathing. Through 2025, 22 talents were recommended, tracking 71 internal mobility records.

Applicability and Retention

Aligning compensation with education, expertise, and experience, CLC values personal attributes in talent allocation. Transparent frameworks for promotion, salary reviews, external training, and talent pools encourage managerial growth. Mid- and senior-level managers receive executive health screenings, medical coverage, and car allowances. In 2025, Taiwan operations recruited 358 employees, representing 10.1% of the workforce (male: 9.7%; female: 12.5%).

Note: For details on the age distribution and regional breakdown of new CLC employees, see Appendix – Employee Information List.

People-oriented, Talent Optimization

Balancing Turnover Rates to Energize the Organization

CLC maintains moderate workforce turnover to drive organizational vitality, keeping Taiwan turnover around 10%. In 2025, Taiwan departures totaled 369, yielding a 10.3% turnover rate (male: 10.3%; female: 10.9%). Group turnover stood at 19.9% in Mainland China (178 departures) and 26.5% in Vietnam (603 departures). Higher overseas turnover reflected regional conditions and strategic shifts: intense talent competition from Vietnam's electronics clusters, alongside capacity relocation and resource optimization in Mainland China to bolster Southeast Asian expansion.

The company addressed retirements and labor shortages by recruiting new employees through job fairs and academic collaboration. To retain talent and reduce turnover impact, direct supervisors and the HR conduct interviews with employees submitting resignation applications, offering internal transfer opportunities and career guidance to support employee development and strengthen organizational stability.

Surveying Departure Drivers; Digital Preemption of Turnover Risks

Since 2019, CLC's online anonymous exit survey has gathered feedback across 6 dimensions (including job content, competency, and feedback), collecting 331 valid responses. In 2024, CLC deployed Power BI dashboards to visualize global turnover dynamics. In 2025, AutoML predictive analytics were integrated to pinpoint high-turnover drivers at specific facilities, generating actionable intelligence to proactively mitigate attrition risks.

Turnover Rate in the Past 3 Years

Area	Taiwan Parent Company			Mainland China		Vietnam	
Year	2023	2024	2025	2024	2025	2024	2025
Total Turnover	406	390	**369**	308	**178**	669	**603**
Number of Employees	3,680	3,627	**3,549**	971	**822**	2,187	**2,369**
Turnover Rate	11.0%	10.7%	**10.3%**	30.9%	**19.9%**	31.6%	**26.5%**

Note 1: For departing employee demographics (age and region), please refer to the Appendix Employee Information List
Note 2: Turnover Rate = Annual departures / Average headcount of current & prior year

Re-employment of Senior Talent to Address Workforce Aging

CLC addressed labor shortages and an aging workforce by fostering a workplace culture that values experience and professional expertise. To date, 18 of the retired employees were rehired to support knowledge transfer and technologies, ensuring workforce continuity and adaptation to labor market changes.



Comprehensive Retirement System: Full Pension Funding



CLC allocates pension funds to Bank of Taiwan trust and individual accounts in accordance with the Labor Standards Act and Labor Pension Act, and implements the Employee Retirement Implementation Guidelines. An actuarial firm conducts annual reviews of retirement reserve account balances to ensure sufficient funding. Supervisors present the "Meritorious Service to CLC" retirement gold medal to long-serving retirees. The old pension scheme funding met required standards and was approved by the New Taipei City Labor Affairs Department for temporary suspension of further contributions. CLC will continue to monitor account status to ensure employee retirement protection and long term welfare.

Note: For more details about CLC Retirement System , please refer to 2025 Annual Report P.68

Capturing Workplace Voices via Systematic Employee Dialogue

CLC facilitates transparent employee communication through quarterly labor-management meetings, annual Employee Voice Surveys, onboarding/exit feedback, labor unions, and anonymous EIP intranet channels. Innovative digital tools are deployed to elevate employee experience and deliver real-time support.

▶ Employee Assistance:
Dedicated HR staff resolve inquiries and clarify employment rights.

▶ Chairman's Mailbox and Audit Hotline:
Transparent, direct channels driving candid communication.

▶ New Employee Feedback Survey:
Aggregates suggestions for decision-making and actively responds to employee input.

▶ Digital HR:
AI Assistant - MuYu provides real time profile queries, HR applications, form downloads, and FAQ.

Industry First Comprehensive Employee Voice Survey

As the only paper company systematically surveying employee feedback since 2019, CLC demonstrates an enduring commitment to workplace excellence. The survey spans six core pillars: **Workplace Environment, Career Development, Supervisor Incentives, Peer Communication, Corporate Culture, and Sustainable Development.** Employee incentive mechanisms reinforce survey engagement, generating actionable data to dynamically adjust HR policies and foster a people-first sustainable culture.

Reinforcing Response Mechanisms: Workplace Equality & Communication

Leveraging multi-year survey findings, CLC optimizes workplace equity, dialogue channels, and compensation. A cross-functional taskforce under the Headquarters Administration Division evaluates feedback to set concrete improvement goals, embedding targeted measures directly into corporate HR roadmaps and annual plans.

2025 Employee Voice Survey and Action Plan

Focusing on talent retention, CLC surveyed 540 employees with <5 years tenure (hired 2020~2025; 15.2% of total staff) via 104 Job Bank from September 8th to 19th, 2025, recording a 37% valid response rate. Covering compensation, career development, environment, culture, and sustainable management, overall satisfaction scored 4.46/6. While leadership and sustainability earned high ratings, compensation, communication, and training showed room for progress.

Proactive countermeasures include refining compensation frameworks, enhancing cross-unit feedback, rolling out skills training, and embedding sustainability culture, underpinned by structured tracking mechanisms to maximize cohesion and satisfaction.

- ✔ **Compensation Optimization:** 19 consecutive years of salary raises (1%~3% annually);welfare expenditure reached NTD 38,000 per person in 2025
- ✔ **Training and Development:** Elite rotation programs expanding job experience for emerging management talent
- ✔ **Organizational Communication:** Leadership and communication curricula for mid-to-senior managers to enhance team harmony
- ✔ **Work Environment:** Routine renewal of office equipment; active rollout of nationwide dormitory reconstruction

CLC Dormitory Renovation for Employee Well-being

To mitigate commuting burdens and support rotational learning, CLC provides housing across all facilities, launching a nationwide dormitory overhaul in 2021. Integrating solar power, heat pumps, and energy-saving systems into smart residences, upgrades at Panchiao Box Plant and Tayuan Mill concluded in June and April 2026, respectively, adding over 200 beds. Overseas dormitory capacities are expanding simultaneously to support holistic employee well-being.

Dormitory Features

- Comfortable Living Space
- Excellent Living Amenities
- Short Commute Distance
- Ample Recreational Facilities

Pioneering ESOT for Talent Retention

63.2% Participation, NTD 65.87M in Subsidies

Since 1998, CLC has led the industry in implementing the Employee Stock Ownership Trust (ESOT), encouraging employees to make monthly voluntary contributions, with the company matching 40% of the employees amount (up to NTD 3,200 monthly) for purchasing company stock. In 2025, the voluntary participation rate exceeded 63.2%. This system has enhanced employees financial autonomy and strengthened long-term savings and shared business results.

Year	2021	2022	2023	2024	2025
Participants (persons)	1,648	1,795	1,818	2,073	**2,011**
Participation rate[Note 2]	47.8%	51.7%	53.8%	57.2%	**63.2%**
Subsidy Amount (NTD 10,000)	3,538	3,893	4,053	4,399	**6,587**

Note 1: Taiwan Area
Note 2: Participation rate = Participants / (Total employees excluding blue-collar migrant workers)

Labor-management Meetings and Labor Union: Establishing a Robust Dialogue Mechanism

CLC holds quarterly labor-management coordination meetings at each mill/plant to facilitate mutual understanding and consensus. Two internal labor unions at Chupei and Hsinchu Mills convene annual member meetings and quarterly board meetings to address and follow up on union representatives' suggestions, ensuring employee needs and challenges are properly managed. In 2025, a total of 44 labor-management meetings were held company-wide. CLC operates mills/plants in Vietnam with a collective agreement. Ongoing communication and coordination ensure stable labor relations.



Union voting at the Binh Duong Paper Mill, Vietnam.

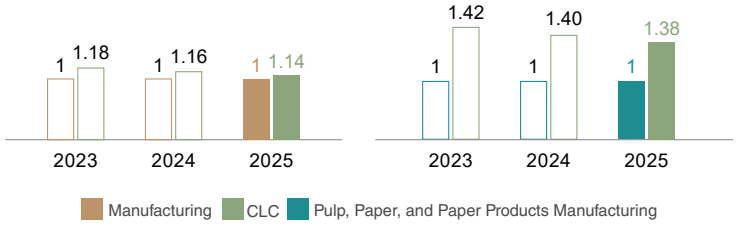
Industry-Leading! 19 Consecutive Years of Salary Increases

To attract and retain talent, CLC offers competitive compensation exceeding statutory minimum wages: starting pay for new hires with bachelor's and master's degrees exceeds legal baselines by >35% and >53%, respectively. Committed to equal pay, minor grade-level variances reflect longer male tenure and higher on-site overtime. Benchmarking labor markets, CLC adjusts salaries based on performance, achieving 19 straight years of increases (1%~3% annually). In 2025, a 2% pay increase lifted average regular salaries by 14.9% vs. 2020. Full-time non-managerial staff averaged NTD 862,000 (median: NTD 814,000).

Average and Median Wage of Full-time Employees (Taiwan area)

	2023	2024	2025	Growth Rate
Number of full-time non-managerial employees (persons)	3,597	3,516	**3,533**	**0.48%**
Average wage of full-time employees (NTD)	844,017	845,063	**862,161**	**2.0%**
Median wage of full-time employees (NTD)	785,970	793,494	**813,601**	**2.5%**

Comparison of Regular Earnings of Employees in Different Industries by the DGBAS (Taiwan Area)



Note: For CLC's gender pay ratio and entry-level minimum salary compared to the local minimum wage, see the Appendix – Employee Information List

2025 Compensation Ratio and Percentage Changes

1. Ratio: Taiwan is our principal operating base. In Taiwan the highest annual income of individuals was about 3.81 times the median annual income of other employees in 2025.
2. Variance (increase) percentage: Year-over-year, total compensation for the highest-paid individual and the employee median increased by 2.84% and 2.53%, respectively. Reflecting corporate profits, individual targets, and inflation, adjustments benchmark market rates to ensure competitive pay and retention across all job levels.

Shared Prosperity: >70% Allocation to Entry-Level Compensation

Under the Securities and Exchange Act and amended Articles of Incorporation, CLC allocates ≥**1% of pre-tax profits** (pre-employee compensation) as employee remuneration starting in 2024. Regulations mandate **allocating ≥60% of this pool to entry-level staff** to drive grassroots incentives. Distribution plans are formulated by the Compensation Committee and approved by the BoD.

Actual allocations to entry-level staff have consistently exceeded 70% in recent years, surpassing statutory minimums and embedding shared prosperity into frontline operations.

CLC dynamically evaluates business performance, staff contributions, and regulatory shifts to align compensation with sustainability goals. This institutional approach boosts morale, reinforces ESG human capital governance, and sustains long-term competitiveness.

Employee Benefits

Above-Compliance Benefits: NTD 38,000 Per Person Welfare Spend



CLC ensures full regulatory compliance while providing stable, sustainable Employee Assistance Programs (EAPs) across compensation, benefits, and professional development. Regular Employee Welfare Committee meetings and family-care initiatives advance holistic well-being. In 2025, per-employee welfare spend reached NTD 38,000, and **CLC secured the 1111 Job Bank Happy Enterprise Gold Award for the 6th consecutive times**.

Taiwan area ／ Unit:NTD 10,000	2023	2024	2025
Employee Benefits Expenses	16,010.67	13,705.22	**13,336.78**
Average Employee Benefits Expenditure	4.4	3.8	**3.8**

Benefits Superior to Regulations (Taiwan area)

Item	Content	Regulations
Health Checkup		
New Employee Health Checkup	Up to NTD 1,500 subsidy upon submitting physical exam reports and receipts dated within 3 months pre-onboarding	None
General Health Checkup	Annual free health checkups provided for all employees, regardless of age	Examination frequency varies by age group
Executive Health Checkup Subsidy	NTD 17,000~23,000 per year	None
Leave		
Fully Paid Engagement Leave	One-day paid leave	None
Prenatal Check-up Leave	8 day	7 days
Paternity and Prenatal Accompaniment Leave	8 day	7 days
Natural Disaster Leave	Paid Leave, Issue attendance bonuses	None
Above-compliance Sick Leave (New in 2025)	3 additional days of paid care sick leave granted once sick leave reaches 30 days	30 days annually at half-pay; no pay required beyond 30 days

Surpassing local statutory requirements, CLC reduced weekly working hours from 48 to 44 across selected Vietnam sites—enhancing employee well-being and productivity to deliver on corporate human rights commitments.

2025 CLC Well-being Index

- **56** CLC Babies Born (Crude Birth Rate: 1.56%)
- Parental Leave Retention Rate **100%**
- Medical Subsidy (employees & dependents) **NTD 4,413,000**
- Travel Allowance **NTD 19,867,000**
- Club Allowance **NTD 2,790,000**

Note 1: Taiwan area.
Note 2: 2025 Taiwan's crude birth rate is 0.46%.

Loong Together: Life-cycle Employee Welfare (Taiwan area)

Category	Key Item
Childcare Support	• **Childbirth Allowance:** NTD 10,000/newborn (both employed parents eligible individually). • **Kindergarten Discounts:** Tuition perks across 10 contracted preschools nationwide. • **Above-compliance Leave:** Above-statutory prenatal checkup, paternity, parental, and family care leave. • **Mother-friendly Facilities:** Lactation rooms, pregnancy parking, and unrestricted lactation time.
Family Care	• **Education Scholarships:** Annual educational grants from elementary through graduate school. • **Achievement Awards:** Up to NTD 9,000 for children's competition and extracurricular awards. • **Emergency Relief:** Family emergency assistance and disaster subsidies.
Health Safeguards	• **Annual Screenings:** 1 free checkup annually for all staff, regardless of age. • **Executive Checkups:** NTD 17,000~23,000 subsidies for mid- and senior-level management. • **Medical Partnerships:** Preferential checkups across 13 medical centers and teaching hospitals. • **Medical Subsidies:** Up to NTD 100,000/ year for critical illness; NTD 30,000/ year for hospitalization.
Work-life Balance	• **Meals:** Free on-site dining and overtime snacks in clean, comfortable cafeterias. • **Club Grants:** NTD 4,000 annual subsidy per employee for club activities. • **Travel Subsidies:** Annual travel stipend of NTD 12,000/ person (including foreign staff). • **Relocation Support:** Dormitory/ housing subsidies for relocated staff; living allowances for expatriates. • **Advisory Services:** Financial, insurance, and legal counseling; living support for foreign staff.

Note 1: About the statistics table on expenditures for key benefit programs, please refer to P.155.
Note 2: For more information about employee benefits, please refer to the CLC website - Diversity and Equal Opportunity, Employee Benefits



Hsinchu Mill was awarded the "Excellent Breastfeeding and Lactation Room" certification.



CLC Northern Region Baseball and Softball Team.

5.2 Talent Cultivation and Development

Material Issue Talent Cultivation and Development

Strategy Accumulate talent strengths and enhance job rotation and succession to drive sustainable organizational growth.

2030 Goals	2026 Goals	2025 Goals and Results
• Training hour per staff up to 48 hours/ year (Taiwan Parent Company/Consolidated Company)	• Training hour per staff up to 44 hours/ year (Taiwan Parent Company/Consolidated Company)	• Training hour per staff up to 43 hours/ year (Taiwan Parent Company/ Consolidated Company) ➡ Average annual training hours per person reached 53 for the Taiwan Parent Company and 43.9 for the Consolidated Company ➡ Held 32 in-person courses across 64 sessions, marking the highest annual total to date for 2 consecutive years
• Establish key talent pool and develop talent development roadmap	• Continue to develop internal instructors and advance both in-person and digitalization courses ➡ Ongoing enhancement of hierarchical education and training ➡ Continuing to add Digitalization courses	• Develop 300 internal instructors ➡ Advanced global mentorship programs, cultivating 341 internal instructors (Achievement rate: 113.7%) ➡ Bolstered supervisory managerial competencies and team communication training ➡ Sustained international talent recruitment and long-term retention schemes
	• Advance "AI green-collar" competencies and strengthen the Green-collar Talent pool	• Enhance "AI green-collar" competencies and strengthening the Green collar Talent pool ➡ Added 32 new E-Learning courses covering AI and Information Security, and so on

People-oriented: Cultivating "Green-collar Talent" across All Career Stages to Drive Sustainable Smart Manufacturing

Talent powers CLC's low-carbon, smart transformation. Guided by "cultivating talent advantages," we build a learning organization rooted in honor, responsibility, and achievement while accelerating "AI green-collar talent" development. Targeting 48 annual training hours per staff by 2030 (Taiwan & Consolidated Company) and over 300 internal instructors by 2025, CLC delivers structured competency education. This bridges intergenerational expertise and digital innovation into lifelong learning pathways. To bolster overseas expansion, rotation programs cultivate versatile international talent, reinforcing global green talent reserves and organizational resilience.

10-year Sustainability Talent Program Supporting Low-carbon Transformation

Backing **" Smart Low-carbon Papermaking,"** CLC instituted a 10-year talent roadmap defining core competencies across **Engineering Technology, ESG Governance, AI Digitalization, Crisis Management, and International Languages. Paired with digital HR appraisal platforms**, it systematically elevates workforce competencies across the group. Beyond dynamic internal curricula and critical leadership roadmaps, CLC drives industry-academia collaborations, internships, and corporate academies. Mandatory promotion courses—including ESG Sustainable Operations and Code of Ethical Conduct and Anti-Corruption Advocacy—reinforce ESG capabilities and compliance, building an enduring talent pool.

Enhancing AI Value and Driving Digital Empowerment

Addressing global AI momentum and ESG trends, CLC designated 2024 as the "Milestone Year of AI Applications," establishing a tiered curriculum via the "CLC AI Academy" and sparking innovation through competitions. In 2025, CLC advanced digital transformation by hosting benchmark keynotes on AI value realization and enterprise digitalization. Integrating hybrid learning across 2 in-person and 16 online courses covering AI manufacturing, ChatGPT, DeepSeek, and NotebookLM, CLC achieved 669 training attendances. AutoML workshop series were also launched to align digital tools directly with daily operations.

From Experience to Data: Cross-functional Empowerment Driving Knowledge Transfer



Cultivating cross-disciplinary talent, CLC united personnel from HR, Finance, Procurement, and Production & Sales departments in 2025 for AutoML training, equipping non-IT staff with AI modeling skills to transform personal expertise into organizational assets:

- **Cross-functional Empowerment:** Mastered end-to-end AI design, establishing digital thinking as a cross-departmental language.
- **Capitalizing Knowledge:** Converted subjective experiential judgment across 9 cross-functional projects into data-driven predictive models.
- **Decision-making Evolution:** Shifted from reactive troubleshooting to proactive forecasting, upgrading decision quality.

Dedicated Units Drive Training Strategies and Targets

Addressing low-carbon transition and global expansion, CLC scales key talent development, builds benchmarking frameworks, and deploys dedicated training units to systematically execute talent roadmaps. By developing strategic industry talent pools and utilizing diverse training resources, CLC solidifies managerial succession and talent resilience.

- **Headquarters Administration Division**

  Orchestrates company-wide curricula spanning foundational competencies and professional skills to deepen strategic alignment, sustainability culture, and organizational cohesion.

- **Business Units (Domestic & Overseas sites)**

  Dedicated to strengthening employee competency training, with a focus on experience transfer and innovation, by integrating internal instructors, Total Productive Maintenance (TPM), and Excellent Proposals Improvement and Management Mechanisms to provide a systematic and goal-oriented learning environment.

Global Capability Upgrades: Average Training Hours Exceed Annual Goals

Minimum learning thresholds across mandatory and compensatory curricula encourage continuous competency building. In 2025, Taiwan parent company training totaled 188,658 hours (in-person & E-Learning), averaging 53 hours per staff. Consolidated company training reached 295,252 hours, averaging 43.9 hours per person.



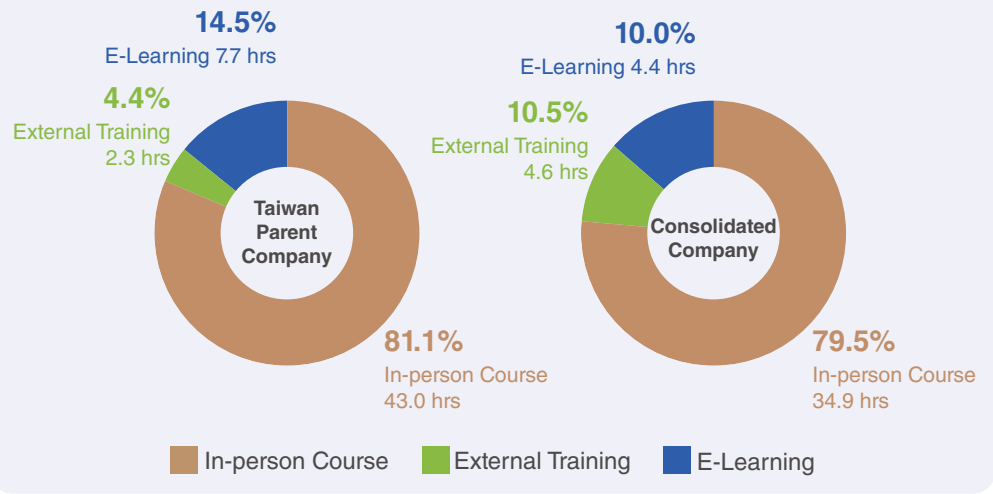
For details on the CLC Talent Training System see the CLC Website

Employee Education and Training

Region	Item	2023	2024	2025
Goals	Avg. Training Hours (person)	> 42	> 42	> 43
Taiwan Parent Company	Avg. Training Hours (person)	67.7	60.8	53.0
	Total Training Hours	249,036	220,655	188,658
	Avg. Training Cost (NTD)	1,457	1,536	1,981
	Total Training Cost (NTD)	5,354,582	5,571,045	7,055,670
Consolidated Company	Avg. Training Hours (person)	49.1	47.5	43.9
	Total Training Hours	335,690	326,033	295,252
	Avg. Training Cost (NTD)	1,005	1,051	1,400
	Total Training Cost (NTD)	6,860,916	7,208,223	9,410,897

Note: Training hours include internal training, external training, digitalization learning, and work guidance.

2025 Employee Training Category: Average Training Hours & Proportion



3 Training Channels: E-Learning, the Excellent Proposals Mechanism, Total Productive Maintenance (TPM)

E-Learning: Ubiquitous Lifelong Learning with Systematized Tracking

Pioneering the industry in 2003, CLC invested NTD 1.4 million to establish 24/7 digital learning modules, preemptively serving global footprints and bypassing pandemic training barriers. In 2011, NTD 1.23 million was invested to integrate knowledge management, professional certifications, and promotion tracks. In 2022, CLC invested NTD 1.38 million to add mobile learning and systematic tracking while bolstering cybersecurity. In 2025, training across Taiwan, Mainland China, and Vietnam totaled 295,252 hours, including 29,440 online hours (approx. 10%).

- **Trend-driven Expansion: 555 Courses across 31 Categories**

  Supporting lifelong learning to nurture green-collar talent, CLC expanded curricula in smart papermaking, low-carbon transition, recycling optimization, and risk management, alongside languages, science, health, and ethics. In 2025, 32 new online courses were added (151 added across 2022~2025), bringing the platform total to 555 courses in 31 categories since 2003.

Year	2022	2023	2024	2025	Total
Launch new online courses	33	54	32	**32**	**151**

- **Expertise Transfer: Dual Internal & External Instructor Programs**

  Coupled with the Internal Seed Instructor Program since 2022, CLC added video production, instructional design, and editing courses on the platform. Concurrently, external experts are invited to deliver specialized insights, continuously deepening employee competencies.

ESG Excellent Proposals Mechanisms: Over 1,000 proposals annually, with cumulative revenue of nearly NTD 1.35 billion over 5 years

- **Establish Internal Advice Channel: Encourage employees to identify issues and co-develop ESG innovation initiatives**

  Initiated in 2008, the Excellent Proposals Mechanism uses competitive incentives to drive problem-solving and innovation. In 2025, nearly 50 benchmark cases generated NTD150 million in value, bringing the cumulative total for 2021~2025 to NTD1.35 billion. These cases are uploaded to the E-Learning platform to facilitate digital knowledge sharing.

Note: For more details about the ESG Excellent Proposals Mechanisms, please refer to this report P.54.

TPM: Global Knowledge Transfer Cultivating 341 Internal Instructors

- **6 Core Skills Training Elevating Overall Equipment Effectiveness (OEE)**

  CLC implemented Total Productive Maintenance (TPM) in 1999, introducing 6 core skills training to enhance production and equipment efficiency. All mills/ plants established TPM executive secretaries and arranged internal and external instructors for on-site training. Professional production management courses were provided for frontline employees, frontline supervisors, and middle managers, with practical training to strengthen basic skills. Cross-plant exchange sessions were held every 6 months, totaling over 40 times. In 2025, CLC participated in the Chinese Total Productive Maintenance Association (CTPM) Annual Excellent Case Selection for the consecutive year. A total of 19 proposals across our various plants were recognized with awards, successfully implementing TPM expertise through practical case sharing and industry exchange.



- **Smart Manufacturing Upgrading and Application, Overseas Learning as 2 Core Training Themes**

  ✔ **Smart Manufacturing Upgrading and Application:**

  Enhance equipment reliability and operational efficiency through digital systems such as process optimization and autonomous machine learning. Strengthen personnel management and knowledge transfer to mitigate the impact of senior staff retirement and limited experience among new employees.

  ✔ **Overseas Learning Integration:**

  Enhance the promotion of overseas ISO and TPM activities and training for Taiwanese staff expatriates to properly ingrain technology and data locally and accelerate the fundamental education of local employees.

- **Expand Incubation Projects to Strengthen Knowledge Transfer**

  Since 2001, the Internal Instructor System has been implemented for TPM management, production, quality, environmental safety, and energy, facilitating the transfer of experience and accumulation of knowledge to strengthen core competencies. In March 2022, the Internal Seed Instructor Development Training Project was launched, with external instructors providing teaching skills training. By the end of 2025, 341 internal instructors had been developed which exceeded the goal of 300 instructors. These instructors provide on-the-job training to enhance core skills and serve as corporate volunteers to promote social sustainability education.

Multifaceted Channels for Continuing Education: Allowance for External Training and Continuing Education and Foreign Language Improvement Program

External Training and Further Education Subsidies: Sustainability Degree Programs, Industry-academia Internships

- **In-service Education Subsidy: NTD 100,000 for master's programs; NTD 150,000 for doctoral programs**

  CLC collaborated with Da-Yeh University and the Taiwan Paper Industry Association to offer credit courses in pulping and papermaking, providing employees with on-the-job training and tuition subsidies. In recent years, in-service education subsidies were expanded to NTD 100,000 per employee for master's programs and NTD 150,000 for doctoral programs, with 10 employees applying from 2022 to 2025.

- **Professional Competency Training Subsidy: Papermaking Expertise, ESG Certification**

  Provide employees with flexible self-directed learning options, including GMP Quality Assurance Engineer Certification and Class A Wastewater Treatment Certification, along with related training subsidies.

- **Foreign Language Proficiency Enhancement Project: Incentive program covered 3 languages, with 163 applications**

  Foreign language incentive bonuses were introduced in 2006. In 2015, eligible languages expanded from English and Japanese to include Vietnamese. A total of 163 applications have been submitted.

Industry-academia Collaboration for Green-collar Talent Development in Taiwan

✔ Internship and Graduate Student Talent Development

Internship positions were offered at all mills/plants during winter and summer breaks, with scholarships provided to support students from papermaking-related majors in transitioning to the workforce. Since 2019, industry-academia collaboration projects have been implemented with the Department of Forestry at National Chung Hsing University, Minghsin University of Science and Technology, Lunghwa University of Science and Technology, and Vanung University, with dedicated mentors conducting on-site practical training. A total of 123 internship positions have been provided. Since 2023, retention scholarships of up to NTD 72,000 have been offered to encourage outstanding students to join the industry after graduation. A master's student scholarship program was established, granting eligible students NTD 120,000 per semester for up to 2 academic years to attract talent from forestry, engineering, chemical engineering, and related science and agriculture disciplines.

✔ Elite Talent Academic Collaboration Program: Circular economy executive development and low-carbon operations technology development

In 2022, partnered with National Chung Hsing University and 11 leading circular economy enterprises to establish Asia's 1st "Circular Economy Research Institute", cultivating advanced and specialized talent for the national circular economy.



CLC Paper Fun 'Reading Bar' offers a variety of publications for employees.

Diversity and Inclusion for a More Inclusive Workplace

We value professional innovation and multifaceted inclusion, emphasizing the assessment of management and technical capabilities of key talents and mid- to senior-level managers. We are committed to addressing stereotypes of labor-intensive and aging industries by promoting high-potential young employees and advancing gender diversity to build a gender-friendly workplace and a younger, more diverse management team.

CLC conducts annual performance evaluations for employees with over 1 year of service, including reinstated staff. New employees are assessed under a separate evaluation system. All assessments are conducted without gender bias. Rewards are determined based on individual performance ratings and annual operating results.

To advance ESG talent development and build a localized green-collar talent pool, thematic training for mid- and senior-level managers in 2025 focused on **team communication, management guideline development, management rotation, and digitalization decision-making.** Digitalization management tools were introduced to establish modular management guidelines, ensuring consistent management standards for managers involved in overseas expansion.

- From 2018 to 2025, 571 employees were promoted to managerial positions, with 120 under age 35 (21.0%), advancing management rejuvenation.
- From 2018 till now, 57 outstanding entry-level employees with less than 5 years of service were promoted to managerial positions. In 2025, we successfully promoted 4 promising junior talents into management roles, consistently demonstrating the Group's progress in organizational rejuvenation and talent revitalization.
- In the 2025 performance evaluation of 2,944 employees (83% male, 83% female), the proportion of females rated A exceeded that of males.

Note: For details on CLC employee evaluation status, see the Appendix – Employee Information List

Enhancing Managerial Competencies, Deploying Key Management Talent Pools Domestically and Internationally

Enhancing Leadership and Global Perspective, Record High for In-person Courses and Participants

CLC continues to strengthen leadership training for mid- and senior-level managers and implements overseas operations and management training to enhance international management capabilities. In 2025, HQs Administration Division coordinated 32 in-person courses (+33% YoY) across 64 sessions (+36% YoY), both reached a record high, improving learning outcomes and experience sharing through face-to-face instruction, totaling 272.3 hours and 2,369 participants (+26% YoY), also set a new record.

A systematic curriculum and planned job rotation have been implemented to develop key personnel at all levels to support overseas expansion, demonstrating CLC's commitment to strengthening talent competitiveness in global operations. The key courses in 2025 are as follows:

Senior Management	A CEO's Perspective: Communicative Leadership, Operational Risk & Business Acumen, and Strategic Innovation Management
Middle Management	Leading with Empathy: Driving Cross-functional Collaboration & Synergy
Front-line Management	Next-gen Communication & Coordination, Team & Subordinate Relationship Building, and Time Efficiency & Problem Analysis
General Staff	Personal & Goal Management, Self-motivation & Finding Joy at Work, Emotional Intelligence & Stress Relief, and Positive Communication Skills

Digital Transformation Seed Program: Strengthening Decision-making with Big Data

Since introducing Power BI as a business intelligence tool in 2021, CLC has fully driven big data visualization management. This enables the executive team to gain real-time insights into operational KPIs and integrated key metrics via mobile devices, significantly elevating forward-looking decision-making. In 2025, we continued to deepen our training programs in digital transformation and AI applications, and launched an AutoML workshop. By selecting and intensively training cross-functional elites, we successfully converted the practical experience of our senior employees into traceable predictive models, comprehensively strengthening the organization's operational resilience and efficiency.



Enhance Legal Compliance and Protect Labor Rights

CLC emphasized legal compliance and harmonious labor relations. We continue to illustrate labor law applications and solutions. These sessions enabled supervisors to address common regulatory issues and prevent labor disputes.

Recruiting Overseas Industry Talents and Management Assistants

Developing International Talent for Globalization and the New Southbound Policy

In line with CLC's global expansion and New Southbound strategies, the Regulations for Management of Overseas Expatriates are continuously optimized to encourage employees to take overseas assignments and broaden their international perspective. Through a series of professional competency courses—such as sales training and B2B negotiation skills—we continue to advance "the Corrugated Container Key Training Program", key expatriate talent with multinational management capabilities are systematically developed, with annual overseas assignments consistently.

Year	2021	2022	2023	2024	2025
Number of Expatriates	140	145	192	102	**96**

Note: Taiwan area

Hiring and Developing over a Dozen Overseas Chinese and International Students into Management Assistants of Overseas Locations

Since 2016, CLC has recruited overseas Chinese and international graduates from Taiwan and assigned them as reserve managers at overseas sites. Over 10 local managers have been trained and appointed as section chiefs or team leaders.

Implementing the Talents Retention Plan in Response to the Government's International Talents Recruitment Policy

CLC compiled and reviewed qualified lists of foreign migrant workers with professional skills, assessed their expertise and retention willingness, and supported long-term employment in Taiwan to address labor shortages. For those whose contracts expired and returned home, reemployment at CLC's overseas sites was facilitated to retain paper industry expertise. In 2024, CLC revised foreign employee employment and management regulations. From 2025, 2 mid-level technical personnel will be transferred for long-term retention.

Learn, Cohere, Grow: Embracing the CLC Identity

To develop future leadership and align newcomers with corporate strategies, CLC hosts an annual 3-day, 2-night "New Manager Consensus Camp." The General Manager, executive leadership, and external experts mentor participants on strategy, HR, quality, EHS, cybersecurity, ESG, and teamwork. Field visits to paper mills and box plants deepen operational understanding and reinforce the sense of identity as part of the Cheng Loong family.







Feng-Chia Chang HQ Cybersecurity Center

Connecting with cross-functional peers at the camp showed me that exceptional teams don't require years to build. Through mutual trust and creative collaboration, we forge a shared culture that propels the company forward.

Pei-Hsuan Hou Houli Mill Chemical Research Center

The camp demonstrated CLC's dedication to newcomers. Interactive workshops accelerated my team integration and clarified my career path, while plant tours offered firsthand insight into cross-plant synergies and production. I am deeply proud to be part of CLC.

Craftsman's Vision, Sustainable Legacy

"Persevering with every sheet of paper; perpetuating CLC craftsmanship."

From raw material control to circular practices, and cross-functional rotations to localized overseas growth, CLC's "Smart Paper" blueprint hinges on professionals bridging machinery and data. Embodying our ethos—"Sustainability as vision, talent as foundation, innovation as momentum"—CLC employees at every post demonstrate the "craftsman's vision": total dedication to perfecting every sheet and corrugated container.



Yu-Ying Yang
HR at HQs
Overseas Affairs Section
(Joined in 2017)

Rotations across HQ HR, Safety & Security, and Tayuan Paper Mill's Resource Recovery Section exposed me to papermaking's multifaceted operations. During my time in the Resource Recovery Section, I learned how process waste can be transformed into recycled resources to maximize resource utilization. This experience deepened my commitment to sustainability.



Huai-Nan Pan
Vina Tawana Container Co., Ltd in Vietnam
Manufacturing Manager
(Joined in 2005, locally hired in Vietnam)

Starting without technical or managerial background, hands-on practice led to my management promotion. As Vietnam expands, "talent localization" bridges cultural gaps, solidifies cohesion, and drives shared growth.



Shu-Wei Wu
Tayuan Box Plant
Printing Section Supervisor
(Joined in 2008)

Consultant Cheng once said: "Prolonged comfort erodes fighting spirit." This has shaped my 17-year tenure. From working through the night on rush samples to leaving year-end banquets for plant repairs, past trials have forged deep pride whenever I spot CLC corrugated containers in stores.



Min-Ling Wang
Tayuan Paper Mill
Warehousing Section Leader
(Joined in 1994)

While "industrial paper" sounds technical, "corrugated containers" connect with daily life. I am proud to be a small cog in this industry. Factory operations may seem routine on the surface, but they are actually full of dynamic challenges. Meeting client needs for load capacity, moisture resistance, and lightweighting requires continuous craft refinement—a dynamic mastery powering our operations.



Ming-Hung Kao
Tayuan Box Plant
Assistant Manufacturing Supervisor
(Joined in 2011)

The deep science of papermaking makes each day exhilarating. It has even become second nature: whenever I travel abroad and see different paper materials or packaging, I instinctively examine packaging fibers, structural die-cuts, and designs, constantly seeking innovations to elevate our craft.

5.3 Healthy Workplace

Material Issue Healthy Workplace **Strategy** Health and Safety Policy: Risk management, safe operations, health protection.

2030 Goals	2026 Goals	2025 Goals and Results
• Foster a health and safety culture by targeting 2,500 participants in OH&S and health promotion activities and seminars	• Target 2,100 participants for OH&S and health promotion activities	• Target 2,000 participants for OH&S and health promotion activities ➡ A total of 2,028 participants ➡ Over the past 5 years, 40 feature articles were published in the Health Promotion Column, including 10 in 2025, focusing on Mental Health & Three Highs topics
	• Annual employee occupational safety and health training: 22 hours per person	• Annual employee occupational safety and health training: 22 hours per person ➡ 33.3 hours per person (Taiwan Parent Company); 28.5 hours per person (Consolidated Company)
• Ongoing support for the implementation of ISO 45001 OH&S management systems at new overseas sites	• Ongoing support for the implementation of ISO 45001 OH&S management systems at new overseas sites	• Ongoing support for the implementation of ISO 45001 OH&S management systems at new overseas sites ➡ Deployed across key overseas plants; Vietnam Ben Cat Plant are completed system setup, obtaining third-party certification in 2026
• Implementing Zero Workplace Accidents	• Implementing Zero Workplace Accidents	• Implementing Zero Workplace Accidents ➡ No major occupational accidents occurred in 2025

Optimizing Health and Safety Policy, Focusing on Systematic Risk Management, Safeguarding Employee Well-being

CLC established the EHS Promotion Committee in 2000 and implemented a health management system based on the ISO 45001 framework, covering employee healthcare and wellness with a focus on health protection, leisure and well-being, and physical and mental care.

In 2024, CLC enhanced its safety and health policy, establishing 3 core pillars: risk management, safe operations, and health protection. The policy is implemented through regular risk assessments, safety training, and equipment inspections to keep ensuring workplace safety. Employee health management and emergency response capabilities are strengthened through health examinations, consultations, and emergency drills, supporting the goal of prevention over treatment.

CLC safeguards employee well-being and workplace dignity by advancing occupational health and safety while embedding human rights into corporate governance. In 2024, the HQs Administration Division initiated the Human Rights Risk Identification and Due Diligence Initiative, formally launching HRDD [Note] at year-end 2025 to reinforce institutional enforcement and build a safer, fairer, and trusted workplace.

Note: For the CLC Human Rights Due Diligence results, please refer to Ch5.1 HRDD in this report.

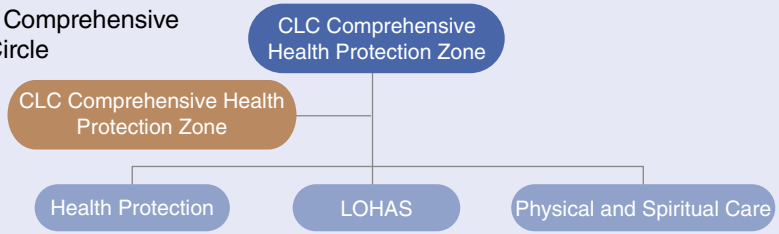
Annual action plans are implemented by safety and health personnel, plant nurses, and occupational physicians at each CLC plant to advance health management and create a healthy workplace. By integrating health promotion and risk management, a comprehensive health protection system is established to ensure employees work in a safe and healthy environment.



CLC Safety and Health Policy

"We believe that valuing the safety and health of every employee, together with effective risk management, is essential to realizing our vision of sustainable business development."

Establishing CLC's Comprehensive Health Protection Circle



Policy: Risk Management, Operational Safety, Health Protection

Task Implementation:



Workplace Risk Assessment:
Regular workplace risk assessments are conducted to promptly identify and address potential hazards.

OH&S Education and Training:
Comprehensive OH&S training is provided for all employees to enhance safety awareness and promote health.

Equipment Safety Inspection:
Safety inspections and maintenance are implemented through automated systems to ensure proper machinery operation.

Health Checkups and Consultation:
Annual health checkups and consultation channels are provided to safeguard employees' physical and mental health.

Emergency Response Drills:
Regular drills are conducted to simulate incidents and enhance response capabilities.

Management Process:

Each site completes annual ISO 45001 certification. In accordance with ISO/ CNS 45001:2018, the leadership team and the HQs Health, Safety & Environment Department evaluate and set implementation directions, authorizing plant management representatives and safety and health departments.

- ➡ Conduct safety and health risk assessments
- ➡ Propose improvement and control measures
- ➡ Department heads, occupational safety personnel, plant nurses, and occupational physicians jointly participate in health management

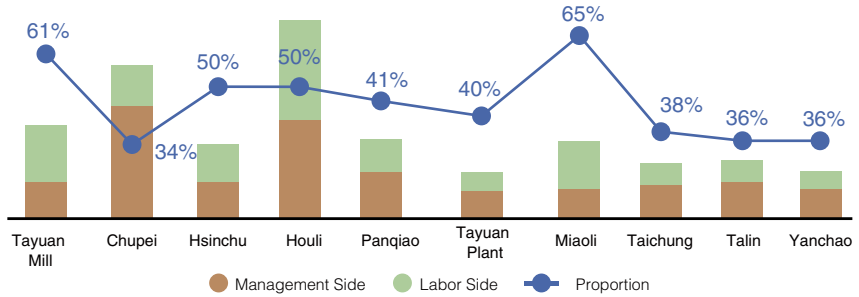
Health Promotion Activities: 2030 Target for 2,500 Participants

CLC is implementing ongoing health promotion activities and enhanced care programs to advance workplace health, aiming for all sites in Taiwan to obtain the Healthy Workplace Accreditation form the MoHW. Short- and medium-term targets for participation have been set. In 2025, 102 health promotion activities and seminars were held, with 2,028 total participants.

Each CLC mill/plant has established an OH&S Committee comprising site supervisors, OH&S personnel, and other relevant staff. Labor representatives, elected by employees, accounted for 34%~65% of each committee and included production line workers, team leaders, section chiefs, TPM executive secretaries, and plant nurses. The OH&S Committee holds quarterly meetings to discuss and implement OH&S-related decisions and activities. CLC continues to support the implementation of ISO 45001 OH&S Management Systems at overseas sites. Main sites in China and Vietnam all completed, and Ben Cat Plant completed system implementation with assurance certification in 2026.

Note: Please refer to CLC ISO 45001 certificates at CLC Website – Download

2025 OH&S Committee Labor and Management Representatives



Note: Taiwan Parent Company.

EHS Risk Assessment : 4,800 OH&S Proposals Received

CLC follows the ISO/CNS 45001:2018 management framework and PDCA cycle to establish EHS assessment criteria. Annual assessments of risks and opportunities are conducted, with improvement or control measures proposed and decided at management review meetings. Plant management representatives allocate resources as needed. When equipment or process changes, occupational accidents, or corrective actions for nonconformities occur, hazard identification and risk assessment are repeated.

To reinforce prevention, CLC monitors near-miss reporting and remediation via management systems to minimize emerging hazards. Concurrently, the proposal-based improvements system empowers frontline safety innovation, generating 4,800 safety and health proposals in 2025 with top-performing plants honored at the year-end conference.

In 2025, CLC Consolidated Company (Taiwan, Mainland China, Vietnam) recorded 28 employee disabling injuries and 1 occupational disease case, prompting immediate duty adjustments and specialized occupational health consultations. Safeguarding on-site contractor partners, CLC tracked 3 non-employee disabling injuries in 2025, with zero occupational illnesses.

2025 Occupational Injury Table (Consolidated Company)

Category	Lost Time Injury Cases	Main Type of Occupational Injury
Employees	28	Plunge: 1, Fall: 2, Get hit: 7, Crash: 2, Pinch hazard: 13, Cut: 1, Trample: 1, Exposure to hazardous substances: 1
Non-employees	3	Plunge: 1, Pinch hazard: 1, Get hit: 1

Note: For more information on CLC's occupational injury statistics, please refer to the appendix – List of Healthy Workplace-related Information.

Implementing Hazard Mitigation and Protection to Achieve a Zero-accident Workplace

- Enhance safety operation training
- Review SOPs and promptly improve the operation environment and equipment
- Report cases to all sites as references for OH&S promotion
- Conduct unscheduled inspections of employees and contractors
- Provide management training for OH&S enhancement
- Produce OH&S materials in multiple languages for employees of different nationalities
- Conduct comprehensive risk assessments to identify potential hazards and develop corrective measures

Occupational Injury Improvement Case

Case 1: 2025/04/15 Employee entangled by the shredder fan

Improvement Measures:

(1) Safety Interlock: Installed an interlock on shredder fan guard to ensure auto-shutdown upon opening;

(2) SOP Verification: Mandated inserting an inspection rod to confirm zero rotation prior to operation;

(3) Safety Training: Conducted section-wide training to enhance hazard identification and procedure compliance.

Case 2: 2025/05/16 Contractor worker fall during roof operations

Improvement Measures:

(1) Contractor Vetting: Verified roofing contractor qualifications and certified Roof Work Supervisor deployment;

(2) Hazard Briefing: Delivered mandatory pre-work hazard notification and OH&S training;

(3) Safety Infrastructure: Deployed roof walkways and safety lifelines to ensure proper harness tie-off.

OH&S and Health Training Management

To strengthen real-time tracking of occupational safety and health regulations, CLC mills/plants implemented safety and health education and training plans. Employees participated in external seminars and training courses, while senior staff and external experts with practical experience in occupational safety regulations delivered lectures and conducted on-site diagnostics to enhance understanding of relevant laws and key implementation points. In 2025, the average safety and health training hours per employee reached 33.3 hours (Taiwan Parent Company); in the Consolidated Company, the average was 28.5 hours.

OH&S Training in Recent 3 Years

Scope	Target	2023	2024	2025
Taiwan Parent Company	Training Participants	70,489	112,205	**114,392**
	Training Hours	93,342	128,033	**117,522**
	Avg. Hours / Staff	28.1	35.7	**33.3**
Consolidated Company	Training Participants	83,941	126,333	**129,739**
	Training Hours	125,354	179,364	**192,717**
	Avg. Hours / Staff	18.0	26.9	**28.5**

Note: 2025 data for the Taiwan parent company include in-person and paper-based courses.

Specialized Training : Bolstering Supervisory OH&S Legal Accountability & Execution

Strengthening safety governance, CLC conducts workshops on "Supervisors' Roles and Obligations under the OH&S Act." These programs elevate regulatory literacy across leadership tiers, supporting supervisors in executing on-site safety controls and embedding workplace safety into corporate culture.

Prioritizing Operational Safety: Smoke-free Policy, AEDs Deployment & Education

- Upgrading equipment and integrating digital controls to minimize safety risks
- Equipping all sites with AEDs to protect personnel against Taiwan's second leading cause of death
- Conducting regular EHS seminars to enhance crisis awareness



Prevention over Response: Structured Drills Reinforce Fire Safety

Upholding "safety as a shared responsibility," CLC integrates emergency drills into core training. Taiwan parent company sites conduct semi-annual drills, while overseas sites hold irregularly simulations to ensure mastery of evacuations, first aid, and firefighting gear. In 2025, zero fire incidents causing disabling injuries were recorded across global sites. CLC also maintains dedicated on-site fire brigades across multiple operations, undergoing rigorous drills to safeguard plants and local communities. In 2025, Chupei Paper Mill was named a "Superior Protection Unit" by the Hsinchu County Civil Defense Corps.



CLC's employees attended the fire safety drills.

Safeguarding labor and operational safety, Vietnam Binh Duong Paper Mill hosts an annual "Steel Training Season" (May~June) focusing on "Mandatory OH&S Certifications" and "Hands-on Technical Drills." In 2025, over 600 participants achieved a 100% certification pass rate.



Enhancing the Management and Efficiency of Visits by External Units of EHS

We constantly optimize OH&S management by implementing an electronic EHS mill/plant visit response system to provide real-time and accurate information to EHS personnel and management, enhancing information sharing and management efficiency. There were 146 times of the EHS mill/ plant visits in 2025.

Contractor Management

Under the Contractor EHS Management Guidelines, CLC safeguards on-site staff, contractors, and assets. Chupei Paper Mill hosts annual "Outstanding Contractor" selections, and starting in 2025, all contractor personnel must complete annual on-site safety orientations. In 2025, CLC delivered safety and health training to 9,026 contractors, totaling 6,681 hours.

OH&S Training (Contractors)

Item	2023	2024	2025
Training Hours	4,757	5,763	**6,681**
Training Participants	7,121	9,055	**9,026**

Contractor Management Guidelines

- Select and verify qualified contractors to undertake contracts.
- Sign the OH&S and environmental management undertaking.
- Hold consultative organization meetings to publicize hazard factors required notification for in-house operation.
- Perform plan entry control and apply for safe work permit.
- Implement in-house construction control and abide by in-house OH&S management regulations.
- Work safety check points: hot work, work at height, lifting/hoisting, risk management, cutting.
- Publicize the electrical equipment management regulations.

Cross-factory Audit and OH&S Rating

Each mill/plant establishes annual OH&S goals and performance indicators in accordance with the OH&S management system. The HQs Health, Safety & Environment Department conducts cross-factory audits and annual mill/ plant ratings to monitor implementation, consolidates results for management decision-making, and sets goals and indicators for the following year. Dynamic evaluations foster cross-division learning and strengthen the management system. Irregular inspections are also conducted at the factories in Vietnam, covering on-site 5S management, EHS controls, and safety systems, with overseas audits enhancing implementation. In 2025, the Taiwan Parent Company performed cross-factory OH&S audits on Corrugated Container Division at 7 mills and conducted annual OH&S rating on Containerboard Division, Household Products at 4 mills/plants.

Holistic Health: Cultivating Physical & Mental Resilience

Since 2021, CLC has published 40 articles in the Health Promotion Column of its Bimonthly Journal, focusing in 2025 on healthy nutrition, sleep quality, and stress relief. In 2025, 18 activities— including stress management courses and psychologist-led sessions—recorded 276 total participants. Practical stress relief methods were shared to support employee physical and mental health and improve quality of life and work efficiency.

CLC's Health Promotion Column of Bimonthly Journal

	2021	2022	2023	2024	2025
Number of Articles	6	5	6	13	**10**

Athletic Culture & "Three Highs" Chronic Disease Prevention

With increasing rates of dining out and sedentary lifestyles, unbalanced diets and obesity have become major health concerns, highlighting the importance of weight management. CLC promotes employee health through low-oil, low-salt meals, encourages exercise and healthy habits, and continues to subsidize diverse clubs. In 2025, 30 athletic clubs (100% of all Taiwan Parent Company clubs) covered hiking, running, and ball sports to cultivate an active workplace.

Aligning with national "Three Highs" (hypertension, hyperglycemia, hyperlipidemia) prevention policy, CLC monitors employee waist circumference and BMI as key chronic disease risk indicators and conducts annual follow-up analyses after health checkups. In 2025, 60.3% of Taiwan employees were overweight or obese, although decreased 1.3 percentage points from previous year, still exceeding the national average [Note], shows that risk control remains challenging.

*Note: According to the Health Promotion Administration disclosed in 2025, Taiwan's adult overweight and obesity rate reached 51.3% in 2020~2024.

Designating affected staff as a "Three Highs Risk Group," CLC provides targeted tracking, medical consultations, and lifestyle seminars on balanced nutrition, regular exercise, emotional health, sleep hygiene, and tobacco/alcohol avoidance. This reduces chronic risks—such as cardiovascular disease and diabetes—while strengthening autonomous health management.

Additionally, CLC conducts regular employee meal satisfaction surveys to optimize food quality and nutrition, implements cancer prevention and screening programs, and promotes influenza vaccination, delivering timely preventive care to optimize workforce health governance.

Health Seminar – Creating a Workplace of Well-being

CLC holds health seminars and stress management activities, inviting psychologists to provide support and promote employee well-being and work-life balance.



The Houli Mill hosted a physical fitness workshop.

"I Care: I Have Something to Say" Drives Workplace OH&S Optimization

To strengthen workplace safety and health, CLC Chupei Mill launched the "I care: I Have Something to Say" platform in January 2024, encouraging employees to submit anonymous proposals on safety, health, and emotional stress. In 2025, 96 proposals were received. The company responded to each proposal and publicly posted feedback to promote transparent communication and drive workplace improvements with employees.



Building Team Synergy through Fun Activities: Hsinchu Mill Participates in the Municipal Labor Sports Meet

12 Hsinchu Paper Mill employees joined Hsinchu City Government's 2025 "Fun Sports in Labor Companionship" games to relieve stress through athletics. Designed to foster teamwork, the competition incorporated key social themes—gender division of domestic labor, work-life balance, and workplace empathy—holistically boosting employee well-being.



Enduring Health: CLC Digitalization Health Management Platform

Cultivating a healthy workplace, CLC deployed the in-house "CLC Health Management Platform" for real-time tracking of high-risk personnel, supported by plant nurses and occupational physicians.

Health Inspection

CLC requires physical exams for new hires and provides annual checkups for all employees. Employees working in special environments receive health checkups for noise, dust, and ionizing radiation exposure. High-risk cases receive follow-up care and medical guidance.

- In 2025, general checkups covered 3,536 employees (98.1%), alongside 1,095 specialized checkups. Employees with abnormal results received medical guidance and consultations.
- Staffed via resident and contracted healthcare specialists, on-site medical systems deliver routine tracking, consultations, and occupational health education to mitigate operational risks.

Improving Operation Environment

Besides improving the ventilation equipment, cooling systems were installed in key work areas to enhance workplace comfort.

Respiratory Protection: Smoke-free Workplace & Cessation Drives

- Enforcing smoke-free plant policies to eliminate second-hand smoke exposure.
- Hosting cessation classes and competitions irregularly with professional clinical guidance and peer support to drive successful smoking cessation.

Health Promotion

We promote health management and health promotion activities to build a healthy workplace. In 2025, we held 102 health promotion activities and seminars, with 2,028 participants.

Item	2023	2024	2025
Health Promotion Participants	1,942	2,149	**2,028**
Health Promotion Sessions	82	114	**102**

Health Protection

Under the OH&S Act, CLC hosts stress relief workshops, core training, and ergonomic guidance to mitigate overwork, ergonomics, maternal risks, workplace harassment, and respiratory hazards.

Health Promotion Achievements Certified by 3 Major Organizations

We promote health initiatives and seminars on weight management, cancer prevention, and influenza vaccination, and enforced a smoke-free policy across all facilities. Preventive measures, including written assessments, were also implemented to address potential physical or mental harm during work, ensuring comprehensive protection of employee health.

Promoting work-life balance, CLC built fitness hubs across 11 facilities in Taiwan and subsidizes employee clubs and external games. Partnering with the Ministry of Sports' Calendar Platform since 2020, CLC fosters an active corporate culture.

- **iSports Certification: Earned the Ministry of Sports "iSports" label for the 3rd time (2025~2028)**
- **MoHW Healthy Workplace: 10 facilities in Taiwan achieved MoHW certification (>90% coverage)**

  We implemented site specific projects, and established performance indicators for tracking and management, with continued efforts to extend certification
  - ➡ Health Promotion Mark: Headquarters, Panchiao Box Plant, Tayuan Paper Mill, Tayuan Box Plant, Hsinchu Paper Mill, Chupei Paper Mill, Houli Paper Mill, Yenchao Box Plant
  - ➡ Health Activation Mark: Miaoli Box Plant, Taichung Box Plant, Talin Box Plant
  - ➡ 2025 Self-Assessment Passed: Headquarters, Tayuan Box Plant, Houli Paper Mill, Hsinchu Paper Mill, Yenchao Box Plant
- **CHR Citizen: Honored by CommonHealth Magazine for 6 consecutive years; shortlisted for "Health 99" (selection paused in 2025)**

Knowing – Knowledge Advocacy

Circulating health insights via CLC Bimonthly, EIP, health seminars, and digital health platforms.

Eating – Healthy Diet

Providing free healthy meals vetted by plant healthcare professionals.

Exercising – Active Living

Sponsoring 30 athletic clubs in 2025 (100% of Taiwan Parent Company clubs), achieving 1,157 participants.

Supporting – Medical Assistance

Analyzed annual health checkup reports and self-assessment questionnaires to identify high-risk employees, provide health guidance, and arrange consultations with occupational physicians or referrals to medical institutions.





Social Value Co-creation

To foster a diverse and inclusive society, enhance public well-being, and catalyze a virtuous cycle of positive impact.

6.1 Social Co-creative Action

6.2 Love Paper & Our Earth

2025 Highlights

NTD **52.46 million** allocated to social welfare, including NTD **30 million** for relief and reconstruction for the overtopping of Mataian River Barrier Lake in Hualien



Love Paper & Our Earth without Borders

CLC Vietnam Caring Scholarship

for **4** times

Awarded to **401** students cumulative

Green stories entered everyday life

Held 1st **Recycling Family Camp**

invited nearly **20** families entered mill

23 Sustainability Workshops (total)

training **1,313** seed teachers

and influenced **27,129** students



CLC Volunteer service (total)

2,688.5 hours

1,021 participations



Added 3 Paper Library

(total of **34** in Taiwan)

1st Debuted in a healthcare setting

Taiwan's exclusive scholarship for foster children:

Let Trees Grow High and Let Love Fly

Benefiting a total of **3,773** recipients

CLC Caring Scholarship

has helped a total of

9,152 students



Community Care & Emergency Relief

NTD **6 million** relief: Sanxia traffic accident

NTD **2 million** grant: Fallen Xindian firefighters

ECO ECHO - Goodies Call to Action

1,181 Recirculation of second-hand, instead of shopping

contributed **733 kgCO_2e** of carbon reduction

Material Issue Social Participation

Strategy Guided by the vision of "CLC love paper & our earth," CLC integrates internal resources with the Cheng Huo-Tien Charity Foundation and the CLC Children's Care Foundation to advance 4 key initiatives: "Secondary Forest," "Care for Children," "Social Participation," and "Emergency Assistance."

2030 Goals	2026 Goals	2025 Goals and Results
• Social welfare investment over NTD 10 million	• Social welfare investment over NTD 10 million	• Social welfare investment over NTD 10 million ➡ NTD 52.46 million（including NTD 30 million allocated for relief and reconstruction for the overtopping of Mataian River Barrier Lake in Hualien） ➡ Provided support for 17 consecutive years, benefiting 130,472 households ➡ Provided emergency assistance for 121 cases; total of 504 cases (2020~2025) ➡ Provided educational support to over 13,000 children and adolescents globally
• Expand impact through cross-sector collaboration to benefit more stakeholders	• Expand impact through cross-sector collaboration to benefit more stakeholders	
• Continue to optimize the volunteer system and incentivize employee participation	• Continue to optimize the volunteer system and incentivize employee participation	• Enhance the corporate volunteer participation system ➡ There were 687 environmental volunteers and 334 caring volunteers, totaling 2,688.5 service hours
• Strengthen social engagement at overseas sites to promote local inclusion and sustainable impact	• Strengthen social engagement at overseas sites to promote local inclusion and sustainable impact	• Strengthen social engagement at overseas sites to promote local inclusion and sustainable impact ➡ Held 4 consecutive years of the CLC Vietnam Scholarship, supporting local communities
• Promote the Secondary Forest Program to enhance sustainability education and recycling awareness	• Promote the Secondary Forest Program to enhance sustainability education and recycling awareness	• Organize secondary forest promotion activities ➡ Conducted 23 workshops, trained 1,313 teachers, and reached 27,129 students ➡ Held 1st Recycling Family Camp ➡ Assisted community recycling of 4,009.6 tonnes of paper, with a 6-year cumulative total of 12,948.6 tonnes ➡ Opened factory tours, attracting over 2,000 visitors
• Add at least 2 paper libraries every year	• Add at least 2 paper libraries	• Established 2 paper libraries ➡ Added 3 libraries (total of 34), including 2 with Good Neighbor Foundation and 1 at Own Lead Primary School
• Regularly monitor paper library usage and maintenance to ensure sustainable resource use	• Regularly monitor paper library usage and maintenance to ensure sustainable resource use	• Assess and maintain paper library operations ➡ Keep track of the operational status of all paper libraries

6.1 Social Co-creative Action

Social Innovation × Sustainable Practices

"Every sheet of paper is an extension of a tree, and recovered paper creates a 'Secondary Forest.' Driven by the belief that basic education catalyzes resource regeneration, CLC launched 3 social co-creation initiatives: 'Paper Libraries,' 'Sustainable Teacher Workshops,' and 'Green Factory Tours.' These programs systematically deepen public awareness of paper resources and the circular economy. By empowering teachers, families, corporate volunteers, and open factory visits, we extend the 'Secondary Forest' vision beyond recycling toward shared corporate, educational, and social prosperity."

紙 PAPER LIBRARY 圖書館

Carrying boundless dreams on a single sheet of paper.

Recycle, Education, Action, Dream

100% Recovered Paper Library

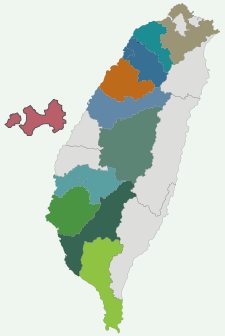
34 Paper Libraries Established, Reducing Nearly 200,000 Kg of Carbon Emissions

"Using 1 tonne of recovered pulp reduces the need to cut down 20 trees, equivalent to creating a secondary forest."

Harnessing a single sheet of sustainable paper to carry infinite possibilities for dreams. Launched in 2014, CLC's "Secondary Forest: Rooting Education" program brings recycled resources and creative design into schools, fostering environmental stewardship and sustainable vision through reading and hands-on paper interaction. By late 2025, 34 Paper Libraries were established, benefiting 19,100 students. CLC will continue cross-sector collaboration to expand environmental education resources and promote recycling nationwide.

CLC website – Paper Library

New Taipei City	Ji Suei/Pu Qian/Kuangfu/Sin Han/ He Ping*/Chenfu (Elementary School), Xinpu Junior High School (1st Cross-Age Inclusive Classroom)
Taoyuan City	Wuquan/Chao Ing/Si Hai /Luo Fu* (Elementary School)
Hsinchu	Feng Kang/Ding Pu/Sin Gang (Elementary School)
Miaoli	Jungshing Elementary School
Taichung	Nei Pu/Yue Mei/Fu Chuen/Da Nan/Own Lead (Elementary School), Houli Library, Taichung School for the Visually Impaired/ Grace Church Taichung*
Nantou	Yu Min Hospital*
Chiayi	San Ho Elementary School, Our Lady of China Foundation*
Tainan	Liu Chia(Hu Dong Branch Campus) Elementary School*, Taiwan Olive Garden Care Asso
Kaohsiung City	An Chao, Hou Hong, Yan Qiao, Chian Feng (Elementary School)
Pingtung	Che Cheng Elementary School*
Kinmen	Jin Ding Elementary School



Note 1: Organizations/ Institutions marked with "*" are paper libraries established through collaboration between CLC and Good Neighbor Foundation
Note 2: Recycling 1 kg of recovered paper contributes to 5.8 kg carbon reduction. Across 34 Paper Libraries (1,000 kg each), total carbon contribution reaches 197,200 kgCO_2e

Waiting Room Turned into Reading Nooks! Taiwan's 1st Hospital Paper Library

Addressing the growing societal focus on youth mental and physical well-being, CLC partnered with the Uni-President Good Neighbor Foundation in April 2025 to introduce the "Paper Library" into a medical setting for the first time. Transforming the pediatric waiting area at Nantou Youmin Hospital into a "MINI Good Neighbor Paper Library," the initiative enables children to soothe their emotions through reading and play. Tailored to the hospital environment, CLC's design team created the new "Baby Bear Storage House" and "Fantasy Adventure Map Table," turning waiting areas into interactive reading nooks for parent-child bonding.



CLC inaugurates its 32nd paper library, debuting in a medical setting for the first time.

Bridging Resource Gaps: an All-paper Venue Creating a Multipurpose Co-learning Space

In November 2025, CLC established a Paper Library at Taichung's Own Lead Primary School, an "Education Priority Area" school with limited community reading resources. The project repurposed an underutilized room into an inspiring reading space, featuring the custom "Knowledgeable Elephant Bookshelf" to engage young readers. Equipped with paper-based tables and chairs for up to 40 people, the space functions as a daily reading nook and a flexible hub for environmental education, book clubs, teacher workshops, and SDGs lectures, further deepening the promotion of sustainability.



Biggest ever! The Knowledgeable Elephant Bookshelf: Where whimsical fun meets massive storage.

Cross-sector Collaboration for Paper Library Co-creation with Uni-President Good Neighbor Foundation

Cross-sector Collaboration for Paper Library Co-creation



Since 2022, CLC has collaborated with the Uni-President Good Neighbor Foundation to establish 8 Good Neighbor paper libraries in schools prioritizing environmental education and student development. By 2025, over 10,000 kg of recovered paper from 7-ELEVEN and affiliated company resources were utilized, with more than 20 professionals involved. Completed sites include the "MINI Paper Libraries" launched in 2023, creating multifunctional spaces for after-school learning and reading.

Paper Library Reaches Taiwan's Southernmost Point: Illuminating Knowledge through Green Reading Spaces

In September 2025, CLC and the Good Neighbor Foundation built Taiwan's southernmost Paper Library at Pingtung's Checheng Elementary School. Inspired by the school's astronomy curriculum, the team designed a paper "Galaxy Path" alongside an "All-Paper Centennial Tree" and "Gray-faced Buzzard Paper Sculptures" to honor local history and ecology. Furthermore, in response to the school's unique demographic—where 5% of students are second-generation immigrants from Southeast Asia—a dedicated Southeast Asian language bookshelf was installed, creating a community reading space that harmonizes nature with cultural diversity.



Organized Sustainability Teacher Workshops and Delivered Integrated Teaching Resources

Partner with Tetra Pak and Future Parenting to train 1,800 sustainability education leaders by 2030



Since 2021, CLC has partnered with Tetra Pak and Future Parenting Learning Platform to develop Taiwan's 1st modular "Paper Circulation and Recovered" curriculum. This initiative deconstructs paper sorting and recycling processes into various materials—including picture books, brochures, slide decks, interactive cards, and animations—all provided free to educators. In 2024, we launched the Paper Circulation Recycling Learning Platform, providing centralized teaching resources.

To encourage educator involvement, CLC and its sustainability partners have hosted 23 "Sustainability Teacher Workshops" across Taiwan as of 2025, including joint sessions with the Kaohsiung Public Library to engage families and volunteers. The program has empowered 1,313 seed teachers (72.9% of 1,800 target), reaching 1,122 classes and 27,129 students. In a breakthrough move in 2025, the workshop was held for the 1st time at the CLC Tayuan Paper Mill, leveraging an immersive industrial setting to root circular concepts in basic education.

Paper Circulation Recycling Learning Website

Paper Circulation Recycling—Complete Teaching Tool Download Link

Teacher Ting-Yun Lan,
Xin Nan Elementary School, Yilan

Thank you for organizing such an eco-friendly workshop that is both informative and practical. It was fantastic! I truly hope these sessions continue sustainably to inspire even more people to join!

Teacher Hsiao-Fan Lo,
Gong Ming Elementary School, Taichung

By guiding students through hands-on sorting and discussing the connection between trees and paper, we helped them realize the vital importance of resource circulation. Following the session, students began taking the initiative to recycle and even reminded their families to sort waste correctly.

First-ever Recycling Family Camp: Factory Visits as Living Sustainability Classrooms



Building on the success of years of Sustainable Teacher Workshops and the 1st campus demonstration course in 2024, CLC and its partners launched the inaugural "Recycling Family Camp" during the summer of 2025. Nearly 20 families were invited to visit the CLC Tayuan Mill. Guided by sustainable seed teachers, children learned to distinguish between various paper materials and master proper recycling methods. By gaining an in-depth understanding of how discarded paper containers are recycled and regenerated, the initiative successfully integrated sustainability into family life and daily routines.

【Paper Circulation Recovering Recycling Plan】Results

Multi-channel Sharing of Sustainability Education Resources

Sharing Industrial Education Resources through Digital Platforms

Leading the industry, CLC shared recycling education resources through online platforms for stakeholder engagement and resource recycling. By 2025, 46 videos were available on the official website, with 8 added in 2025. The recycling education webpage recorded 25,110 visits in 2025. Empowering audiences to quickly grasp recycling and upcycling issues, and broaden the reach of environmental education. In 2025, we collaborated with the Golden Bell Award-winning team from the Police Broadcasting Service. Their new program, "Is This Waste Useful? It's Incredible!" filmed on-site at the CLC mill. Through engaging storytelling, the show demystifies the recycling of office paper and paper containers, helping the public grasp the complex papermaking process.



DJ Shao-Yu at Police Broadcasting Service and junior hosts visited CLC Chupei Mill.

CLC Recycling Education Webpage – Love Paper, Love Earth

Green Factory Tours to Advance Circular Economy in the Pulp and Paper Industry

Since its establishment in 1959, CLC has actively opened its mills/plants to the public, receiving an average of over 2,000 visitors per year, including customers, academic institutions, government agencies, and various type of groups, to exchange circular economy knowledge and trend, and advances secondary forest sustainable education. Our mills/plants across Taiwan hosted "Exchange Recovered Paper for Dandelion Tissue" events to promote paper recycling and proper waste sorting. In 2025, these initiatives helped surrounding communities recycle a total of 4,009.6 tonnes of various paper materials, bringing the six-year cumulative total to 12,948.6 tonnes.



KOL DAFA+ Visits CLC Tayuan Mill.

Inside CLC Tayuan Mill: A Tour with KOL DAFA+

Driving Change through External Sustainability Engagements to Encourage Sustainable Participation

CLC continue to leverage its resources and influence to share sustainable transformation experience. In 2025, CLC delivered 16 keynote speeches on digital transformation, sustainable management, and talent development at the invitation of the Ministry of Environment, the Financial Supervisory Commission, local governments, universities, NGOs, and enterprises, engaging about 1,500 participants. Through these shared experiences, CLC aims to inspire more enterprises and individuals to commit to sustainable action.



From Civilization Carrier to Secondary Forest: "Sustainable Paper Lab" Redefines Paper Art

For millennia, paper has carried human civilization; today, CLC gives it a new sustainable mission. Invited to the New Taipei City Design Center's "Sustainable Paper Lab" exhibition in 2025, CLC showcased paper's versatility in recycling and innovative design.

Reimagining everyday materials, CLC's packaging team presented eco-friendly lifestyle designs, including recycled paper beds and sustainable cabinets. Its creative brand, "The Paper Studio," exhibited 100% recovered paper products—from tables and chairs to cat scratchers. During the event, CLC's R&D team led seminars on green corrugated packaging. Through cross-sector collaboration, CLC embeds the "Secondary Forest" carbon-reduction spirit into daily life, advancing sustainable practice.



6.2 Love Paper & Our Earth

Love Paper & Our Earth X Social Contribution

CLC established the "Cheng Huo-Tien Charity Foundation" (1993) and the "CLC Children's Foundation" (2006). With over 30 years of commitment to social welfare, we have integrated group-wide resources to evolve from early-stage support for the **underprivileged and emergency assistance** to active promotion of **ecological conservation, cultural education, and sports.** Total expenditures of the two foundations have reached NTD 159 million till date. This dedication has reached every corner of society and, in recent years, extended to our Vietnamese operations to fulfill cross-border social responsibility. Our commitment—"Love Paper & Our Earth"—serves as a sustainable force connecting the enterprise, employees, and society.



"Volunteer Andante Cat" and "Student Andante Cat," the mascots of the CLC Children's Foundation, made their official debut at the "20th CLC Caring Scholarship" award ceremony held at Nei Pu Elementary School in Taichung in 2025.

Commitment to Long-term Philanthropy: Social Contribution Exceeded NTD 52 million in 2025

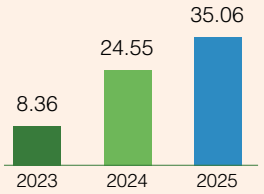
CLC regards social engagement as a cornerstone of corporate sustainable governance. Through the institutionalized operations of the company and its two major foundations, we ensure that our social contributions are both continuous and measurable. CLC commits over NTD 10 million annually focusing on sustainable education, care for children, emergency assistance, and social participation. **In 2025, the two foundations and CLC allocated NTD 52.46 million in total.**

Social Welfare Expenditure (Taiwan)

Unit: NTD million

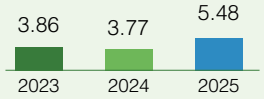
CLC

Since 2017 (Cumulative)
134.85 million



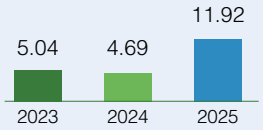
Cheng Huo-Tien Charity Foundation

Since founded in 1993 (Cumulative)
92.02 million



CLC Children's Foundation

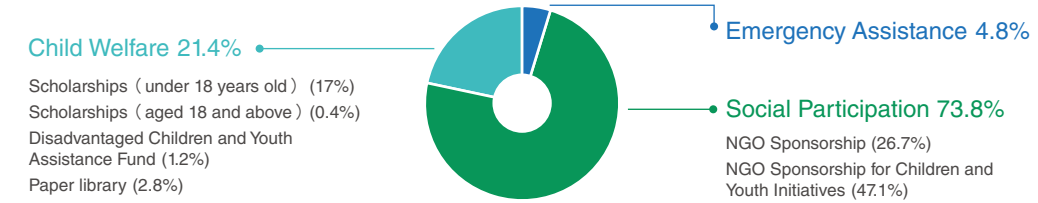
Since founded in 2006 (Cumulative)
67.46 million



*Note：NTD 20 million was allocated in 2024 to support Hualien 403 earthquake reconstruction；NTD 30 million was allocated to support Hualien Barrier Lake Overflow reconstruction in 2025.

CLC Foundation Annual Donation Details / Budget / Final Accounts

2025 Social Welfare Expenditure Ratio of Two Foundations



CLC Donates NTD 30 million to Support Post-disaster Reconstruction Following the Hualien Barrier Lake Overflow

In September 2025, the overflow of the barrier lake at Mataian Stream in Guang Fu Township, Hualien County, resulted in tragic casualties and severe disruptions to local lives. In response, CLC, the CLC Children's Foundation, and Group Consultant Cheng-Loong Cheng jointly contributed NTD 30 million toward government disaster relief aid. To support long-term healing, CLC and the Good Neighbor Foundation will establish a Paper Library at Guangfu Elementary School in late 2026, bringing educational strength to the community's recovery.

Child Welfare

Promote children's education, welfare, and health through collaboration with social welfare organizations to address child and adolescent issues and expand opportunities for disadvantaged children.

CLC, through the CLC Children's Foundation, partnered with NGOs and social welfare organizations to implement the paper library project, provide scholarships for underprivileged students, emergency educational grants, nutritional lunch subsidies, and after-school care fee assistance for students near CLC mills/ plants. CLC collaborated with the Taiwan Fund for Children and Families and the Seed of Love Education Foundation to promote greater awareness and support for children.

Caring Support, Building Futures – CLC Caring Scholarship

CLC established the CLC Caring Scholarship in 2015 to support elementary schools near its mills/plants. In 2016, the program expanded to all nearby schools in Taiwan. Junior high school scholarships were added in 2018. In 2025, CLC awarded over NTD 2.13 million in scholarships to children and youth from 32 schools, including elementary, junior high, high schools, and universities. Cumulatively, CLC has supported over 9,150 children and youth. Since 2022, the scholarship program has been extended to CLC's Vietnam operations. In 2025, a total of 115 scholarships were awarded, continuing to spread love beyond borders.

CLC CARING SCHOLARSHIP
正隆關懷兒童基金會

CLC Caring Scholarship

Taiwan（21 sessions） ▶ 9,152 individuals
Elementary and junior high school students near CLC mills/plants in Taiwan

Vietnam（4 sessions） ▶ 401 individuals
Elementary school students adjacent to CLC Vietnam mills/ plants

Let Trees Grow High and Let Love Fly Scholarship

37 sessions ▶ 3,773 individuals
Children and youth in TFCF foster care



CLC Caring Scholarship: A Decade of Care, Growing the Trees of Dreams

2025 marks a dual milestone as the CLC Children's Foundation approaches its 20th anniversary and the CLC Caring Scholarship celebrates its 10th year. During the 20th award ceremony, the Foundation officially unveiled its brand-new logo and a dedicated icon for the scholarship program. The ceremony also featured 2 "Trees of Dreams" crafted entirely from paper materials. A heartfelt exchange ceremony took place as CLC employees' handwritten blessings were traded with the wishes of students from Taichung Nei Pu Elementary School, symbolizing the hope that all dreams may flourish within a nurturing environment of love.



Taiwan's Exclusive Scholarship for Foster Children: Let Trees Grow High and Let Love Fly

Since 2007, CLC has partnered with the Taiwan Fund for Children and Families (TFCF) to launch the "Let Trees Grow High and Let Love Fly" scholarship, providing financial awards to foster youth from primary school to university. As the only corporate sponsor of Taiwan's sole foster youth scholarship, CLC has benefited 3,773 recipients over 19 years (2025: 233 recipients).

At the 36th scholarship ceremony in 2025, CLC led 118 TFCF foster youth to Nantou's Huisun Forest Station to observe the recovery of the "CLC Forest." After a 2021 wildfire destroyed 20 hectares of woodland, CLC partnered with National Chung Hsing University Experimental Forest Management Office and local indigenous communities to plant 500 native fire-resistant trees in 2024. Through expert-guided tours and hands-on conservation, the event showed children how nature heals—encouraging them to grow into resilient trees that support society.





Public Welfare Partners	Public Welfare Programs
Taiwan Fund for Children and Families	• Let Trees Grow High and Let Love Fly Scholarship（2007~） • Let Love in（2008~） • Child Abuse Prevention Advocacy Program（2012~） • Infinite Generation（2012~）
Seed of Love Education Foundation	• Orphanage Scholarship Program（2007~）
Elementary School Sport Association	• National Basketball Championship（2021~）

Environmental Education, Arts, and Sports Initiatives

CLC has sponsored road running races, cycling events, concerts, calligraphy competitions, and painting activities for the elderly for multiple years. We have also provided funding, training equipment, and coaching resources for rural school sports events. Aligning with its vision, "Nature Sustainability, Paper Toward Net Zero," CLC integrates internal resources with NGO and government partnerships to drive environmental education and deepen sustainability awareness across society.

Advocating Children's Right to Play: CLC Partners with PPFCC on Ketagalan Boulevard

Guided by the belief that play is a fundamental childhood right, CLC joined the Taiwan Parks and Playgrounds for Children and by Children (PPFCC) in June 2025 for "Limitless Play Day" in front of the Presidential Office, celebrating the UN International Day of Play. Supporting the event, CLC donated giant paper rolls, cardboard boxes, Dandelion Eco-friendly Tissue, and "The Paper Studio" furniture to build a creative, sustainable playground—rooting environmental concepts through play.



President Ching-Te Lai attends the event. (Photo / Office of the President)

Social Participation

Volunteer Service: Promoting Social Care and Providing Ongoing Community Service

CLC encouraged employee participation in public welfare activities by establishing the CLC Volunteer Management Guidelines and launching CLC Corporate Volunteer Conference to systematize internal volunteer operations. CLC has provided public recognition, volunteer leave, rewards, and professional service training, and supported the formation of internal volunteer organizations. For example, the Hsinchu Paper Mill established the Water Patrol Team to maintain local streams on weekends. In 2025, CLC participated in 156 public welfare activities, with 1,021 employees contributing 2,688.5 service hours through Environmental Volunteers and Caring Volunteers.

2025 CLC Volunteer Services

Category	Sessions	Participants	Hours
Environmental Volunteers	56	687	1,553.5
Caring Volunteers	100	334	1,135.0
Total	156	1,021	2,688.5

Note：Taiwan Area

CLC Environmental Volunteer

1,553.5 Hours

Across all sites, CLC drives paper sorting campaigns, cleanups, and tree planting, while integrating Family Day with sustainability actions to deeply root a "Green DNA" among staff and families. Since 2016, Tayuan Mill has adopted local rivers and parks and formed a stream cleanup patrol, earning a certificate of appreciation from Taoyuan City. Hsinchu Mill collaborated with the Hsinchu City Government by donating sun hats and rain boots to boost water patrol efficiency, earning recognition as an Outstanding Patrol Team and public commendation from the company for participating employees.



Beach Cleanup at Tayuan Paper Mill

CLC Caring Volunteer

1,135.0 Hours

Volunteers have served in over 25 townships and partnered with external organizations on winter relief, festival supply donations, and blood drives. Prior to Lunar New Year, 5 major initiatives integrated cross-sector resources to expand impact.

Raising 2.42 Million mL of Life-saving Hope for Taiwan

Since 2016, CLC employees have donated blood annually. Taking concrete action to support Taiwan's medical frontline and alleviate blood shortages, demonstrating the team's spirit of selfless dedication. Since 2022, CLC has partnered with the Police Broadcasting Service and Golden Tree Charity Foundation to encourage blood donation by providing household paper products. In 2025, a total of 9,686 bags (2,420,000 mL) had been donated, providing critical support to countless lives.



CLC Launches Five Major Care Initiatives Ahead of the Lunar New Year

Ahead of the 2026 Lunar New Year, CLC upheld its "love paper & our earth" commitment by supporting frontline individual recyclers and underprivileged families, in collaboration with local government agencies and various NGOs, launched the "5 Major Acts of Warmth," mobilizing corporate volunteers to drive positive impact.

1. Support for 88 Individual Recyclers in Taoyuan City
2. New Taipei City Winter Relief Charity Fair: Supporting Underprivileged Families and Community Elders
3. Collaborated with Police Broadcasting Service to support 720 nursing center residents and underprivileged families
4. Ongoing support for 10,000 Taiwan Fund for Children and Families beneficiary households
5. Accompanying Hondao Senior Citizen's Welfare Foundation's lonely elders to celebrate Lunar New Year



ECO ECHO! Circulating 1,000+ treasures through cross-disciplinary charity

During the 2025 year-end peak consumption season, CLC launched the "ECO ECHO Goodies Call to Action". By encouraging employees to repurpose idle household items, CLC collected 1,181 items from 10 sites across Taiwan and affiliated companies within just 3 days, contributing to a carbon reduction of 733 kgCO_2e—an impact equivalent to the annual carbon sequestration of 73 trees[NOTE].



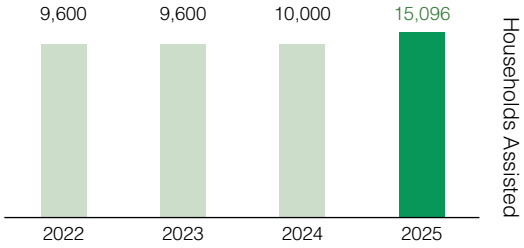
This initiative promotes circularity by replacing the "take-make-dispose" linear consumption model with an internal bartering platform. Unmatched items—including 14 crates and 4 oversized items—were donated to the New Taipei City Environmental Protection Department's "Christmas Environment Treasure Hunt" charity bazaar. All proceeds were directed to the "New Taipei City Love Platform," effectively turning carbon reduction efforts into local community support.

*Note: According to the Resource Circulation Administration (RCA), circulating 1 kg of resources reduces carbon emissions by 2.06 kg. According to the Forestry and Nature Conservation Agency, a typical tree can sequester approximately 5–10 kg of carbon emission annually.

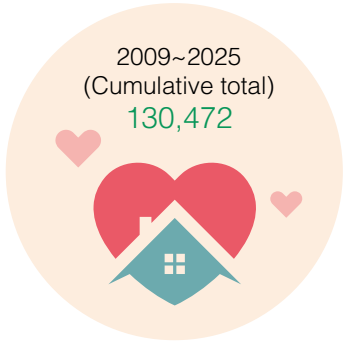
Emergency Assistance

Since 1993, the Cheng Huo-Tien Charity Foundation has actively driven emergency relief. For 17 consecutive years since 2009, it has sponsored the "Winter Warmth Care for Underprivileged Families" initiative, partnering with 22 NGOs—including Hondao, Dayuan Guantian Charity Association, Huashan, Genesis, and The Orphan Welfare Foundation—to donate household paper products to 130,472 families. The Foundation also provides financial aid to vulnerable families near CLC sites, supporting 121 cases in 2025 and 504 cumulative cases over the past six years (2020–2025).

Winter Relief: Toilet Tissue Donation Program



Note：Taiwan Area



Lending a Helping Hand in Critical Moments: CLC Recognized by New Taipei City's "Love Platform"

As a New Taipei-based enterprise, CLC consistently supports community needs during critical times. Following a tragic Sanxia traffic accident in May 2025 that caused 3 fatalities and multiple injuries, CLC's 2 foundations jointly donated NTD 3 million, while Group Consultant Cheng-Loong Cheng personally contributed another NTD 3 million to support affected families. This swift response earned CLC a certificate of appreciation at the "Good Days Love Platform 6th Anniversary Ceremony."In July 2025.

In July 2025, after 2 firefighters died in the line of duty and a volunteer was severely injured during a rescue mission in Xindian, CLC Group immediately donated NTD 2 million to support their families, honoring the heroism of frontline emergency personnel.



New Taipei City Mayor Yu-Ih Hou (left) presents a Certificate of Appreciation to CLC Chairman Jen-Ming Cheng (center).

CLC Vietnam's Local Community Initiatives

Global Reach × Boundless Care

"Community Care" has been a core value at CLC since its founding, extending globally as the Group expands. Since deepening its presence in Vietnam in 2005, CLC has tailored its initiatives to local needs and cultural contexts, consistently investing in environmental and community engagement, social assistance, and educational support. In 2025, CLC invested VND 490.35 million (approx. NTD 589,000) in local community initiatives, with key highlights below:

Environmental & Community Engagement

- Industry-Academia Exchange: Binh Duong Paper Mill hosted school visits to showcase green smart manufacturing and facilities.
- Community Integration: Binh Duong Paper Mill assisted local fire/security rescue operations; Vietnam Packaging Business Group has comforted "Heroic Mothers" for 3 consecutive years.
- Sponsorship: Binh Duong Mill donated 5.35 million VND to the Bau Tre Charity Run for vulnerable industrial park workers.

Social Assistance

- Lunar New Year Outreach: Binh Duong Paper Mill donated 180 million VND to Binh Duong Red Cross and local groups. Vietnam Corrugated Container Business Division distributed 135 million VND for Lunar New Year to the elderly and low-income families (3rd consecutive year).
- Employee Care: Vietnam Corrugated Container Business Division provided 12 million VND in emergency financial aid for employees with critical illnesses.

Educational Support

- Scholarships & Grants: Binh Duong Mill donated 50 million VND to Social Work Centers and Child Protection Funds during the Mid-Autumn Festival. Vietnam Corrugated Container Business Division provided 108 million VND in grants to local elementary schools.

"PITP RUN" Charity Marathon: Hundreds from CLC Binh Duong Mill Gather to Run for Love

In 2025, CLC's Binh Duong Mill joined the Protrade International Tech Park (PITP) "RUN for Love" charity marathon for the second straight year, mobilizing hundreds of employees. The event raised VND 100 million for struggling worker families in the park, with CLC contributing an extra VND 5.35 million to extend direct support to frontline staff.



Zero-Dong Market: Binh Duong Mill Supports Needy Families for Lunar New Year

CLC Binh Duong Mill partnered with the Binh Duong People's Committee and Binh Duong Red Cross for the "2025 Compassionate Lunar New Year" event. Sponsoring VND 500,000 in daily supplies and a VND 1 million cash envelope per family, CLC helped run a "Zero-Dong Market" that enabled nearly 400 vulnerable residents to pick up essential groceries at no cost.



Honoring History: CLC Vietnam Visits Local Heroic Mothers

Guided by its mission of "Respecting Local Culture and Deepening Community Care," the executive team of CLC Vietnam conducted a special outreach in January 2025 to visit elderly "Heroic Mothers" and families with significant historical contributions to local social development.

CLC believes that sustainable enterprise development must be built upon harmonious coexistence with local cultures. Moving forward, CLC will continue to translate the spirit of "Love Paper, Our Earth" into cross-border guardianship, serving as a steadfast partner for local communities.



GRI Standards Index

|Statement| The 2025 ESG Sustainability Report has been prepared in accordance with Global Reporting Initiative (GRI) Standards. The information disclosed in this report mainly covers data in the fiscal year 2025 (January 1, 2025 to December 31, 2025).

|The version of GRI 1| GRI 1: Standards 2021

GRI		Disclosure Title	Chapter	Pages	Note
GRI 2: General Disclosures 2021					
Organization and reporting	2-1	Organizational details	About This Report	157	-
	2-2	Entities included in the organization's sustainability reporting	About This Report	157	-
			1.1 Operational Performance	29	
	2-3	Reporting period, frequency and contact point	About This Report, Identification of Stakeholders and Material Issues	157, 19~21	-
	2-4	Restatements of information	-	-	No restatements.
	2-5	External assurance	About This Report	158~159	-
Activities and workers	2-6	Activities, value chain and other business relationships	1.1 Operational Performance	29	-
	2-7	Employees	5.1 Diversity and Equal Opportunity	109	-
	2-8	Workers who are not employees	5.1 Diversity and Equal Opportunity	152~154	-
Governance	2-9	Governance structure and composition	1.2 Governance Organization	32	-
	2-10	Nomination and selection of the highest governance body	Sustainability Committee, 1.2 Governance Organization	15, 32	-
	2-11	Chair of the highest governance body	Sustainability Committee	15	-
	2-12	Role of the highest governance body in overseeing the management of impacts	Sustainability Committee	15	-
	2-13	Delegation of responsibility for managing impacts	Sustainability Committee, 1.3 Risk Management	15, 36	-
	2-14	Role of the highest governance body in sustainability reporting	Sustainability Committee	15	-
	2-15	Conflicts of interest	1.2 Governance Organization	32	-
	2-16	Communication of critical concerns	Identification of Stakeholders and Material Issues	19~21	-
	2-17	Collective knowledge of the highest governance body	1.2 Governance Organization	32~33	-
	2-18	Evaluation of the performance of the highest governance body	1.2 Governance Organization	32~33	-
	2-19	Remuneration policies	1.2 Governance Organization	35	-
	2-20	Process to determine remuneration	1.2 Governance Organization, 5.1 Diversity and Equal Opportunity	35, 114	-
	2-21	Annual total compensation ratio	5.1 Diversity and Equal Opportunity	114	-
Strategy, policies and practice	2-22	Statement on sustainable development strategy	Message from Top Management, Strategy and Objectives	3, 5	-
	2-23	Policy commitments	1.1 Operational Performance, 5.1 Diversity and Equal Opportunity	27, 110~111	-
	2-24	Embedding policy commitments	1.1 Operational Performance, 5.1 Diversity and Equal Opportunity	27, 110~111	-
	2-25	Processes to remediate negative impacts	Identification of Stakeholders and Material Issues	18~21	-
	2-26	Mechanisms for seeking advice and raising concerns	Identification of Stakeholders and Material Issues, 5.1 Diversity and Equal Opportunity	18~21, 110~111	-
	2-27	Compliance with laws and regulations	1.5 Ethical Management	42	-
	2-28	Membership associations	1.1 Operational Performance	26	-
Assessed stakeholder engagement	2-29	Approach to stakeholder engagement	Identification of Stakeholders and Material Issues	19~21	-
	2-30	Collective bargaining agreements	-	114	Incomplete information. All Vietnam sites have collective agreements with local unions to safeguard labor rights. Taiwan site unions have yet to sign agreements but continue discussions and negotiations, addressing representatives' suggestions through annual general meetings and quarterly board and supervisor meetings.
Material Issue					
GRI 101: Biodiversity 2024	101-1	Policies to halt and reverse biodiversity loss	4.6 Natural TNFD and Biodiversity	102~105	-
	101-2	Management of biodiversity impacts	4.6 Natural TNFD and Biodiversity	102~105	-
	101-3	Access and benefit-sharing	4.6 Natural TNFD and Biodiversity	102~105	-
	101-4	Identification of biodiversity impacts	4.6 Natural TNFD and Biodiversity	102~105	-
	101-5	Locations with biodiversity impacts	4.6 Natural TNFD and Biodiversity	102~105	-
	101-6	Direct drivers of biodiversity loss	4.6 Natural TNFD and Biodiversity	102~105	-
	101-7	Changes to the state of biodiversity	4.6 Natural TNFD and Biodiversity	102~105	-
	101-8	Ecosystem services	4.6 Natural TNFD and Biodiversity	102~105	-

GRI		Disclosure Title	Chapter	Pages	Note
GRI 200: Economic Disclosures					
Economic Performance GRI 201:2016	3-3 Management of material topics	Operational Performance	1.1 Operational Performance	24	-
	201-1	Direct economic value generated and distributed	1.1 Operational Performance	29	-
	201-2	Financial implications and other risks and opportunities due to climate change	4.1 Climate Change Actions	84~87	-
	201-3	Defined benefit plan obligations and other retirement plans	5.1 Diversity and Equal Opportunity	112~113	-
	201-4	Financial assistance received from government	-	-	NTD 439.471 million (including NTD 10 million for high-barrier paper separation/ recycling and wet-end integration, and NTD 428.206 million for waste food paper container collection and treatment).
Market Presence GRI 202:2016	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	5.1 Diversity and Equal Opportunity	153~154	-
	202-2	Proportion of senior management hired from the local community	5.1 Diversity and Equal Opportunity	152	-
Indirect Economic GRI 203:2016	203-1	Infrastructure investments and services supported	-	-	Incomplete information.
	203-2	Significant indirect economic impacts	-	-	Incomplete information.
Procurement Practices GRI 204:2016	3-3 Management of material topics	Supply Chain Management	3.1 Supply Chain Management	66	-
	204-1	Proportion of spending on local suppliers	3.1 Supply Chain Management	69	-
Anti-corruption GRI 205: 2016	205-1	Operations assessed for risks related to corruption	1.5 Ethical Management	42	-
	205-2	Communication and training about anti-corruption policies and procedures	1.5 Ethical Management	42	-
	205-3	Confirmed incidents of corruption and actions taken	-	-	No corruption incidents.
Anticompetitive Behavior GRI 206: 2016	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	1.5 Ethical Management	42	-
Tax GRI 207: 2019	207-1	Approach to tax	1.1 Operational Performance	30	-
	3-3 Management of material topics	Risk Management	1.3 Risk Management	36	-
GRI 300: Environmental Disclosures					
Materials GRI 301:2016	3-3 Management of material topics	Sustainable Products and Development, Product Responsibility and Customer Service	2.1 Sustainable Products and Development, 2.2 Product Responsibility and Customer Service	45, 55	-
	301-1	Materials used by weight or volume	2.2 Product Responsibility and Customer Service	56	-
	301-2	Recycled input materials used	2.2 Product Responsibility and Customer Service	56	-
	301-3	Reclaimed products and their packaging materials	2.1 Sustainable Products and Development	46~47	-

GRI		Disclosure Title	Chapter	Pages	Note
Energy GRI 302:2016	3-3 Management of material topics	Energy Management	4.2 Energy Management	90	-
	302-1	Energy consumption within the organization	4.2 Energy Management	150~151	-
	302-2	Energy consumption outside of the organization	4.2 Energy Management	150~151	-
	302-3	Energy intensity	4.2 Energy Management	149	-
	302-4	Reduction of energy consumption	4.2 Energy Management	91	-
	302-5	Reductions in energy requirements of products and service	4.2 Energy Management	91	-
Water and Effluents GRI 303:2018	3-3 Management of material topics	Water Management	4.3 Water Management	94	-
	303-1	Interactions with water as a shared resource	4.3 Water Management	94~95	-
	303-2	Management of water discharge-related impacts	4.3 Water Management	97	-
	303-3	Water withdrawal	4.3 Water Management	96	-
	303-4	Water discharge	4.3 Water Management	96	-
	303-5	Water consumption	4.3 Water Management	96	-
Emissions GRI 305:2016	3-3 Management of material topics	Action for Climate Change	4.1 Climate Change Actions, 4.4 Air Quality Management	82, 98	-
	305-1	Direct (Scope 1) GHG emissions	4.1 Climate Change Actions	147~149	-
	305-2	Energy indirect (Scope 2) GHG emissions	4.1 Climate Change Actions	147~149	-
	305-3	Other indirect (Scope 3) GHG emissions	4.1 Climate Change Actions	147~149	-
	305-4	GHG emissions intensity	4.1 Climate Change Actions	88~89	-
	305-5	Reduction of GHG emissions	4.1 Climate Change Actions	88, 147~149	-
	305-6	Emissions of ozone-depleting substances (ODS)	-	-	No emissions.
	305-7	Nitrogen oxides (NO_x), sulfur oxides (SO_x), and other significant air emissions	4.4 Air Quality Management	99	-
Waste GRI 306: 2020	3-3 Management of material topics	Waste-to-Resources	4.5 Waste Resource Utilization	100	
	306-1	Waste generation and significant waste-related impacts	4.5 Waste Resource Utilization	100~101	-
	306-2	Management of significant waste-related impacts	4.5 Waste Resource Utilization	100~101	-
	306-3	Waste generated	4.5 Waste Resource Utilization	100~101	-
	306-4	Waste diverted from disposal	4.5 Waste Resource Utilization	100~101	-
	306-5	Waste directed to disposal	4.5 Waste Resource Utilization	100~101	-
Supplier Environmental Assessment GRI 308:2016	3-3 Management of material topics	Supply Chain Management	3.1 Supply Chain Management	66	
	308-1	New suppliers that were screened using environmental criteria	3.1 Supply Chain Management	68~69	-
	308-2	Negative environmental impacts in the supply chain and actions taken	3.1 Supply Chain Management	68~69	-
	3-3 Management of material topics	Digital Transformation	2.3 Digital Transformation	61	Customize Issue.

GRI		Disclosure Title	Chapter	Pages	Note
GRI 400: Social					
Employment GRI 401:2016	401-1	New employee hires and employee turnover	5.1 Diversity and Equal Opportunity	112, 153~154	-
	401-2	Benefits provided to full-time employees that are not provided to temporary or parttime employees	5.1 Diversity and Equal Opportunity	115, 155	-
	401-3	Parental leave	5.1 Diversity and Equal Opportunity	115, 155	-
Labor / Management Relations GRI 402:2016	402-1	Minimum notice periods regarding operational changes	-	-	CLC will make advance notification regarding significant operational changes.
Occupational Health and Safety GRI 403:2018	3-3 Management of material topics	Healthy Workplace	5.3 Healthy Workplace	122	-
	403-1	Occupational health and safety management system	5.3 Healthy Workplace	122~123	-
	403-2	Hazard identification, risk assessment, and incident investigation	5.3 Healthy Workplace	123~124	-
	403-3	Occupational health services	5.3 Healthy Workplace	127	-
	403-4	Worker participation, consultation, and communication on occupational health and safety	5.3 Healthy Workplace	124~126	-
	403-5	Worker training on occupational health and safety	5.3 Healthy Workplace	124~126	-
	403-6	Promotion of worker health	5.3 Healthy Workplace	127	-
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	5.3 Healthy Workplace	124~125	-
	403-8	Workers covered by an occupational health and safety management system	5.3 Healthy Workplace	124	-
	403-9	Work-related injuries	5.3 Healthy Workplace	124	-
	403-10	Occupational disease	5.3 Healthy Workplace	124	-
Training and Education GRI 404:2016	3-3 Management of material topics	Talent Cultivation and Development	5.2 Talent Cultivation and Development	116	-
	404-1	Average hours of training per year per employee	5.2 Talent Cultivation and Development	117	-
	404-2	Programs for upgrading employee skills and transition assistance programs	5.2 Talent Cultivation and Development	118~119	-
	404-3	Percentage of employees receiving regular performance and career development reviews	5.2 Talent Cultivation and Development	119	-
Diversity and Equal Opportunity GRI 405:2016	405-1	Diversity of governance bodies and employees	1.2 Sustainability Committee, 5.1 Diversity and Equal Opportunity	15, 110	-
	405-2	Ratio of basic salary and remuneration of women to men	5.1 Diversity and Equal Opportunity	153~154	-
Nondiscrimination GRI 406:2016	406-1	Incidents of discrimination and corrective actions taken	-	-	No incidents of discrimination.
Freedom of Association and Collective Bargaining GRI 407:2016	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	-	-	All subsidiaries comply with local laws and collective bargaining agreements and respect employees' rights to collective bargaining and freedom of assembly.
Child Labor GRI 408: 2016	408-1	Operations and suppliers at significant risk for incidents of child labor	5.1 Diversity and Equal Opportunity	110~111	CLC promises that all employees are treated with respect and dignity, and no child labor will be used.
Forced or Compulsory Labor GRI 409:2016	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	-	-	No forced or compulsory labor was reported in high-risk and suppliers' operational locations and suppliers.
Security Practices GRI 410: 2016	410-1	Security personnel trained in human rights policies or procedures	-	-	Same as CLC employees.
Rights of Indigenous People GRI 411: 2016	411-1	Incidents of violations involving rights of indigenous peoples	-	-	No violation incidents.
Local Communities GRI 413: 2016	413-1	Operations with local community engagement, impact assessments, and development programs	6.2 Love Paper & Our Earth	134~137	-
	413-2	Operations with significant actual and potential negative impacts on local communities	6.2 Love Paper & Our Earth	134~137	-
Supplier Social Assessment GRI 414:2016	3-3 Management of material topics	Supply Chain Management	3.1 Supply Chain Management	66	-
	414-1	New suppliers that were screened using social criteria	3.1 Supply Chain Management	68	-
	414-2	Negative social impacts in the supply chain and actions taken	3.1 Supply Chain Management	68~69	-
Public Policy GRI 415: 2016	415-1	Political contributions	-	-	No political contributions.
Customer Health and Safety GRI 416:2016	416-1	Assessment of the health and safety impacts of product and service categories	2.2 Product Responsibility and Customer Service	56~58	-
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	-	-	No violation of relevant laws and regulations.
Marketing and Labeling GRI 417: 2016	417-1	Requirements for product and service information and labeling	2.2 Product Responsibility and Customer Service	56~58	Related service information and labeling are disclosed on products and the CSR website with 100% compliance with various international standards, voluntary disclosure standards, and green mark regulations.
	417-2	Incidents of non-compliance concerning product and service information and labeling	-	-	No significant violation.
	417-3	Incidents of non-compliance concerning marketing communications	-	-	No significant violation.
Customer Privacy GRI 418:2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	-	-	No complaint regarding breach of customer privacy or lose in data.

SASB Index

Topic	Code	Category	Accounting Metrics	Unit	2024 Data	2025 Data	Page/ Chapters
Greenhouse Gas Emissions	RR-PP-110a.1	Quantitative	Gross global Scope 1 emissions	tCO_2e	1,687,012.9791	1,620,839.9566	P147~148
	RR-PP-110a.2	Discussion and Analysis	Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets				P83 / 4.1 Climate Change Actions
Air Quality	RR-PP-120a.1	Quantitative	Air emissions of the following pollutants:	tonnes			P99
			(1)NO_x (excluding N_2O)		379.1090	377.1150	
			(2)SO_2		263.0000	326.0000	
			(3)Volatile organic compounds (VOCs)		70.0000	75.0000	
			(4)Particulate matter (PM)		63.0000	65.0000	
			(5)Hazardous air pollutants (HAPs)		0.0000	0.0000	
Energy Management	RR-PP-130a.1	Quantitative	(1)Total energy consumed	GJ	14,460,960.4276	13,556,784.3266	P90~93, 150
			(2)Percentage grid electricity	%	9.33	7.60	
			(3)Percentage from biomass	%	6.22	7.48	
			(4)Proportion of renewables (deducting biomass energy)	%	0.04	0.09	
			(5)Capacity of self-generation of renewables	GJ	13,143,301.0183	12,711,152.7260	
Water Management	RR-PP-140a.1	Quantitative	(1)Total water withdrawn	1,000 m^3	15,411,508.0000	15,052,394.0000	P94~97/ 4.3 Water Management
			(2)Total water consumed	1,000 m^3	2,574,550.0000	974,801.0000	
			(3)Total water withdrawn, percentage of each in regions with High or Extremely High Baseline Water Stress		Not in regions with High or Extremely High Baseline Water Stress	Not in regions with High or Extremely High Baseline Water Stress	
			(4)Total water consumed, percentage of each in regions with High or Extremely High Baseline Water Stress		Not in regions with High or Extremely High Baseline Water Stress	Not in regions with High or Extremely High Baseline Water Stress	
	RR-PP-140a.2	Discussion and Analysis	Description of water management risks and discussion of strategies and practices to mitigate those risks				
Supply Chain Management	RR-PP-430a.1	Quantitative	Percentage of wood fiber sourced from	%			P74
			(1)Third-party certified forestlands and percentage to each standard		(1)FSC™ pulp ratio 97.6%	(1)FSC™ pulp ratio 95.3%	
			(2)Meeting other fiber sourcing standards and percentage to each standard		(2)2.4%	(2)4.7%	
	RR-PP-430a.2	Quantitative	Amount of recycled and recovered fiber procured	tonnes	Utilized (1)nearly 1.66 million tonnes of recovered paper (2) and 1.746 million tonnes of renewable raw materials	Utilized (1)nearly 1.564 million tonnes of recovered paper (2)and 1.656 million tonnes of renewable raw materials	P56
Activity Metrics	RR-PP-000.A	Quantitative	Pulp production	Air-dried metric tons (t)	Not applicable – no pulp production	Not applicable – no pulp production	-
	RR-PP-000.B	Quantitative	Paper production	Air-dried metric tons (t)	Paper and Paperboard:	Paper and Paperboard:	P29
					1,506,278.2070	1,411,201.3400	
	RR-PP-000.C	Quantitative	Total wood fiber sourced	tonnes	85,231.9300	91,441.0449	P74

Note 1: Taiwan parent company
Note 2: 2025 global Scope 1 GHG emissions is scheduled to complete the third-party assurance for August 2026.
Note 3: 2024 data of GHG emissions are subject to the latest data reported in 2025.
Note 4: About the SASB related index, for explanation of the third-party assurance please refer to the Independent Assurance Statement.

IFRS Index

IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information

Description		Chapters
Governance	The objective of sustainability-related financial disclosures on governance is to enable users of general purpose financial reporting to understand the governance processes, controls and procedures used to monitor and manage sustainability-related risks and opportunities. An entity shall disclose information about the governance body or bodies (which can include a board, committee or equivalent body charged with governance) with oversight of sustainability-related risks and opportunities, and information about management's role in those processes.	Sustainable Practice Management 1.1 Operational Performance 1.2 Governance Organization 1.3 Risk Management
Strategy	The objective of sustainability-related financial disclosures on strategy is to enable users of general purpose financial reporting to understand an entity's strategy for addressing significant sustainability-related risks and opportunities.	Sustainable Practice Management Message from Top Management Material Issues 1.3 Risk Management
Strategy and decisionmaking	An entity shall disclose information that enables users of general purpose financial reporting to understand the effects of significant sustainability-related risks and opportunities on its strategy and decision-making.	Sustainable Practice Management Material Issues 1.1 Operational Performance 1.3 Risk Management
Sustainability related risks and opportunities	An entity shall disclose information that enables users of general purpose financial reporting to understand the significant sustainability-related risks and opportunities that could reasonably be expected to affect the entity's business model, strategy and cash flows, its access to finance and its cost of capital, over the short, medium or long term.	Sustainable Practice Management 1.1 Operational Performance 1.3 Risk Management 4.1 Climate Change Actions
	An entity shall disclose information that enables users of general purpose financial reporting to understand its assessment of the current and anticipated effects of significant sustainability-related risks and opportunities on its business model.	Sustainable Practice Management 1.1 Operational Performance 1.3 Risk Management 4.1 Climate Change Actions
Financial position, financial performance and cash flows	An entity shall disclose information that enables users of general purpose financial reporting to understand the effects of significant sustainability-related risks and opportunities on its financial position, financial performance and cash flows for the reporting period, and the anticipated effects over the short, medium and long term— including how sustainability-related risks and opportunities are included in the entity's financial planning. An entity shall disclose quantitative information unless it is unable to do so. If an entity is unable to provide quantitative information, it shall provide qualitative information. When providing quantitative information, an entity can disclose single amounts or a range.	Sustainable Practice Management 1.1 Operational Performance 1.3 Risk Management

Description		Chapters
Resilience	An entity shall disclose information that enables users of general purpose financial reporting to understand its capacity to adjust to the uncertainties arising from significant sustainability-related risks. An entity shall disclose a qualitative and, when applicable, a quantitative analysis of the resilience of its strategy and cash flows in relation to its significant sustainability-related risks, including how the analysis was undertaken and its time horizon. When providing quantitative information, an entity can disclose single amounts or a range.	Sustainable Practice Management 1.1 Operational Performance 1.3 Risk Management
Risk management	The objective of sustainability-related financial disclosures on risk management is to enable users of general purpose financial reporting to understand the process, or processes, by which sustainability-related risks and opportunities are identified, assessed and managed. These disclosures shall enable users to assess whether those processes are integrated into the entity's overall risk management processes and to evaluate the entity's overall risk profile and risk management processes.	Sustainable Practice Management 1.1 Operational Performance 1.3 Risk Management
Metrics and targets	The objective of sustainability-related financial disclosures on metrics and targets is to enable users of general purpose financial reporting to understand how an entity measures, monitors and manages its significant sustainability-related risks and opportunities. These disclosures shall enable users to understand how the entity assesses its performance, including progress towards the targets it has set.	Sustainable Management Material Issues 1.3 Risk Management
General features	An entity shall disclose the financial statements to which the sustainability-related financial disclosures relate.	Sustainable Practice Management 1.1 Operational Performance
	An entity shall disclose the industry or industries specified in the relevant IFRS Sustainability Disclosure Standard or industry-based SASB Standards that it has used when identifying disclosures about a significant sustainability-related risk or opportunity.	About this Report Sustainable Practice Management Identification of Material Issues and Stakeholders' Engagement Appendix - SASB Index
	When providing sustainability-related financial disclosures an entity shall disclose comparative information that reflects updated estimates.	About This Report Sustainable Practice Management
	An entity shall correct material prior period errors by restating the comparative amounts for the prior period(s) disclosed.	About This Report Sustainable Practice Management

IFRS S2 Climate-related Disclosures

Description		Chapters
Governance	The objective of climate-related financial disclosures on governance is to enable users of general purpose financial reports to understand the governance processes, controls and procedures an entity uses to monitor, manage and oversee climate-related risks and opportunities.	Sustainable Practice Management 4.1 Climate Change Actions
	The governance body(s) (which can include a board, committee or equivalent body charged with governance) or individual(s) responsible for oversight of climate-related risks and opportunities.	Sustainable Practice Management 4.1 Climate Change Actions
Strategy	The objective of climate-related financial disclosures on strategy is to enable users of general purpose financial reports to understand an entity's strategy for managing climate-related risks and opportunities, the current and anticipated effects of those climate-related risks and opportunities on the entity's business model and value chain, the entity's strategy and decision-making, including information about its climate-related transition plan, the entity's financial position, financial performance and cash flows for the reporting period, and the climate resilience of the entity's strategy and its business model to climate-related changes, developments and uncertainties.	Sustainable Practice Management 4.1 Climate Change Actions
Climate-related risks and opportunities	An entity shall disclose information that enables users of general purpose financial reports to understand the climate-related risks and opportunities that could reasonably be expected to affect the entity's prospects, explain the entity considers the risk to be a climate-related physical risk or climate-related transition risk, over which time horizons—short, medium or long term—could reasonably be expected to occur, how the entity defines "short term", "medium term" and "long term" and how these definitions are linked to the planning horizons used by the entity for strategic decision-making.	Sustainable Practice Management 4.1 Climate Change Actions
	An entity shall disclose information that enables users of general purpose financial reports to understand the current and anticipated effects of climate-related risks and opportunities on the entity's business model and value chain.	Sustainable Practice Management 4.1 Climate Change Actions
Strategy and decision-making	An entity shall disclose information that enables users of general purpose financial reports to understand the effects of climate-related risks and opportunities on its strategy and decision-making. Information about how the entity has responded to, and plans to respond to, climate-related risks and opportunities in its strategy and decision-making, how the entity is resourcing, and plans to resource, the activities, and quantitative and qualitative information about the progress of plans.	Sustainable Practice Management 4.1 Climate Change Actions

Description		Chapters
Financial position, financial performance and cash flows	An entity shall disclose information that enables users of general purpose financial reports to understand he effects of climate-related risks and opportunities on the entity's financial position, financial performance and cash flows for the reporting period, and the anticipated effects over the short, medium and long term.	Sustainable Practice Management 4.1 Climate Change Actions
Climate resilience	An entity shall disclose information that enables users of general purpose financial reports to understand the resilience of the entity's strategy and business model to climate-related changes, developments and uncertainties, taking into consideration the entity's identified climate-related risks and opportunities. The entity shall use climate-related scenario analysis to assess its climate resilience using an approach that is commensurate with the entity's circumstances.	Sustainable Practice Management 4.1 Climate Change Actions
Risk management	The objective of climate-related financial disclosures on risk management is to enable users of general purpose financial reports to understand an entity's processes to identify, assess, prioritise and monitor climate-related risks and opportunities, including whether and how those processes are integrated into and inform the entity's overall risk management process.	Sustainable Practice Management 1.3 Risk Management 4.1 Climate Change Actions
Metrics and targets	The objective of climate-related financial disclosures on metrics and targets is to enable users of general purpose financial reporting to understand how an entity measures, monitors and manages its significant climate-related risks and opportunities. These disclosures shall enable users to understand how the entity assesses its performance, including progress towards the targets it has set.	Sustainable Practice Management 4.1 Climate Change Actions

CLC Management System Validity List

Region	Business Division	Location	ISO 9001 Quality Management	ISO 14001 Environmental Management	ISO 50001 Energy Management (Note)	ISO 45001 OH&S Management	FSC™ COC Forestry Verification
Taiwan	Containerboard Division	Hsinchu	2028/6/22	2026/8/24	2029/2/17 Valid（2025 Renew）	2026/8/20	2029/4/28
		Tayuan	2028/6/22	2026/8/24	2029/2/17 Valid（2025 Renew）	2026/8/20	2029/6/23
		Houli	2028/6/22	2026/8/24	2029/2/17 Valid（2025 Renew）	2026/8/20	2029/1/14
	Household Products and Paperboard Division	Chupei	2028/6/22	2026/8/24	2029/2/17 Valid（2025 Renew）	2026/8/20	2030/7/27
	Corrugated Container Division	Panqiao	2028/6/13	2027/6/19	2028/2/3 Valid（2024 Renew）	2028/7/8	2031/1/20
		Tayuan	2028/6/13	2027/6/19	2028/2/3 Valid（2024 Renew）	2028/7/8	
		Miaoli	2028/6/13	2027/6/19	2028/2/3 Valid（2024 Renew）	2028/7/8	
		Taichung	2028/6/13	2027/6/19	2028/2/3 Valid（2024 Renew）	2028/7/8	
		Talin	2028/6/13	2027/6/19	2028/2/3 Valid（2024 Renew）	2028/7/8	
		Yenchao	2028/6/13	2027/6/19	2028/2/3 Valid（2024 Renew）	2028/7/8	
Vietnam	Containerboard Division	Binh Duong	2028/7/26	2029/3/17	2028/11/8	2028/8/27	2029/11/13
	Corrugated Container Division	Binh Duong	2026/6/1	2029/1/6	2027/7/31 Valid（2024/8/1 Renew）	2029/1/6	2030/12/6
		Ben Cat	2026/4/3	Not Yet Obtained	2028/12/4 Valid（2025 Renew）	2029/3/11	2028/7/16
		Dong Nai	2027/7/28	2027/7/28	2027/7/7 Valid（2024 Renew）	2027/7/26	2030/11/1
		Long An	2028/9/16	2025/9/17 Valid（2028/9/16 Renew）	2027/8/5（2024 Renew）	2025/9/17 Valid（2028/9/16 Renew）	2030/10/26
		Bac Giang	2026/7/1 Valid（2023 Renew）	2026/4/1 Valid（2023 Renew）	2028/1/9 Valid（2025 Renew）	2026/4/1 Valid（2023 Renew）	2028/8/28 Valid（2023 Renew）

Region	Business Division	Location	ISO 9001 Quality Management	ISO 14001 Environmental Management	ISO 50001 Energy Management (Note)	ISO 45001 OH&S Management	FSC™ COC Forestry Verification
Mainland China	Corrugated Container Division	Shanghai Zhonghao	2027/2/1 Valid（2024 Renew）	2027/2/2 Valid（2024 Renew）	2026/11/6 Valid（2024 Renew）	Not Yet Certified	2030/9/20 Valid（2025 Renew）
		Kunshan	2027/2/1 Valid（2024 Renew）	2027/2/2 Valid（2024 Renew）	2026/11/19 Valid（2024 Renew）	2027/6/24 Valid（2024 Renew）	2030/9/20 Valid（2025 Renew）
		Suzhou	Closed	Closed	Closed	Closed	Closed
		Guangdong	2026/7/6 Valid（2023 Renew）	2026/7/6 Valid（2023 Renew）	2027/1/9 Valid（2024 Renew）	2026/9/14 Valid（2023 Renew）	2030/9/20 Valid（2025 Renew）
		Dongguan	2027/7/2 Valid（2024 Renew）	2027/7/2 Valid（2024 Renew）	2027/1/9 Valid（2024 Renew）	2027/8/11 Valid（2024 Renew）	2030/9/20 Valid（2025 Renew）
		Chengdu	2027/7/15 Valid（2024 Renew）	2024/7/15 Valid（2024 Renew）	Not Yet Certified	2024/7/15 Valid（2024 Renew）	2030/9/20 Valid（2025 Renew）

*Note: ISO 50001 covers Taiwan Parent Company

Other CLC Verification List

Verification	Site's Validity
ISO 14064-1 Greenhouse Gas Inventory (Updated Annually)	Cheng Loong Taiwan Parent Company in Taiwan（obtained 2024 Verification on 2025/8/13） Binh Duong Paper Mill/ Paper Co.,Ltd. in Vietnam（obtained 2024 Verification on 2025/3/25） Binh Duong Box Plant/ Container Co., Ltd.（obtained 2024 Verification on 2025/5/15） Long An Box Plant/ Container Co., Ltd.（obtained 2024 Verification on 2025/6/10） Vina Tawana Box Plant/ Container Co., Ltd.（obtained 2024 Verification on 2025/5/26）
ISO 14067 Carbon Footprint Inventory	Chupei Mill in Taiwan（2027/8/20） Dandelion Toilet Tissue 100 sheets, Dandelion Hand Towel 200 sheets, Andante Toilet Tissue 110 sheets（200mm*195mm）, Andante Toilet Tissue 130 sheets（200mm*195mm）, Andante Toilet Tissue 100 sheets（200mm*180mm）, Andante Toilet Tissue 110 sheets（200mm*180mm）
ISO 22000 & HACCP Food Safety Management	Chupei Mill in Taiwan ISO 22000, HACCP（2028/12/19）
FSSC 22000 Food Safety Management	Tayuan Box Plant in Taiwan（2027/12/19）

Environment Information Tables

CLC Parent Company and Consolidated Subsidiaries GHG Inventory

Unit: tCO_2e

Scope	GHG Information	2023		2024		2025	
		Amount	Percentage	Amount	Percentage	Amount	Percentage
Parent Company	Scope 1	1,133,705.3688	82.5%	1,088,336.7705	83.5%	990,077.6305	85.5%
	Scope 2 – Tayuan Cogeneration	127,433.0816	9.3%	130,902.7731	10.0%	90,063.7917	7.8%
	Scope 2 – Taipower	112,807.7017	8.2%	83,387.0435	6.4%	77,856.7075	6.7%
	Total (Scope 2)	240,240.7833	17.5%	214,289.8166	16%	167,920.4992	15%
	Total (Scope 1–2)	**1,373,946.1521**	**100%**	**1,302,626.5871**	**100%**	**1,157,998.1297**	**100%**
	Carbon Emissions Change (YoY)	-7,267.6946		-71,319.5650		-144,628.4574	
	Carbon Emissions Change (% YoY)	**-0.53%**		**-5.19%**		**-11.10%**	
	Carbon Emissions Change (vs. base year 2018)	-64,981.6237		-136,301.1887		-280,929.6461	
	Carbon Emissions Change (% vs. base year 2018)	**-4.52%**		**-9.47%**		**-19.52%**	
	Carbon emissions intensity per revenue (tCO_2e/ NTD million)	**47.1727**		**42.3977**		**42.3648**	
	Scope 3	396,689.8700		333,487.8002		347,298.5957	
	Total (Scopes 1~3)	**1,770,636.0221**		**1,636,114.3873**		**1,505,296.7254**	
	Biogenic GHG	65,212.9992		139,344.6729		220,666.1937	
	Assurance circumstances	**SGS Taiwan Limited (SGS) Verification Passed (Scope 1~3)**		**SGS Taiwan Limited (SGS) Verification Passed (Scope 1~3)**		**Verification is complete. The assurance statement is expected in August 2026, with full information to be disclosed on CLC's official website (Scopes 1~3)**	

Unit: tCO_2e

Scope	GHG Information	2023		2024		2025	
		Amount	Percentage	Amount	Percentage	Amount	Percentage
Consolidated Subsidiaries	Scope 1	585,384.7062	91.5%	598,676.2086	91.1%	630,762.3262	91.3%
	Scope 2 Vietnam/China Electricity	54,196.5521	8.5%	58,199.6531	8.9%	60,087.6422	8.7%
	Total (Scope 1~Scope 2)	**639,581.2583**	**100%**	**656,875.8617**	**100%**	**690,849.9683**	**100%**
	Carbon Emissions Change (YoY)	NA		17,294.6034		33,974.1066	
	Carbon Emissions Change (% YoY)	**NA**		**2.70%**		**5.17%**	
	Scope 3	21,183.6913		35,014.8500		27,462.8147	
	Total (Scopes 1~3)	**660,764.9496**		**691,890.7117**		**718,312.7831**	
	Assurance circumstances	According to the International Organization for Standardization (ISO) publication ISO 14064-3:2019, Category 1 and Category 2 are considered reasonable assurance levels, while Category 3 to Category 6 are considered limited assurance levels, all with unqualified conclusions and opinions. The complete and accurate greenhouse gas information will be completed and reported in accordance with regulations.					
Consolidated Company	Scope 1	1,719,090.0750		1,687,012.9791		1,620,839.9566	
	Scope 2	294,437.3354		272,489.4697		228,008.1414	
	Total (Scope 1~Scope 2)	**2,013,527.4104**		**1,959,502.4488**		**1,848,848.0980**	
	Carbon Emissions Change (YoY)	NA		-54,024.9616		-110,654.3509	
	Carbon Emissions Change (% YoY)	**NA**		**-2.68%**		**-5.65%**	
	Carbon emissions intensity per revenue (tCO_2e/ NTD million)	**47.7530**		**43.3732**		**43.0115**	

Note:

(1) In 2025, CLC's Parent Company followed ISO 14064-1:2018 to identify 2024 Scope 3 Category 3~6 indirect GHG emission, including upstream transportation and distribution, purchased goods, solid and liquid waste treatment, and downstream leased assets. Total emissions were 333,487.8002 tCO_2e and were third-party certified. The estimated Scope 3 GHG emission for 2025 is 347,298.5957 tCO_2e.

(2) Starting in 2024, all subsidiaries in the consolidated financial report have completed inventory.

(3) The individual intensities of the parent company in 2024 and 2025 were calculated based on the individual company's operating revenue of NTD 30,724 million in 2024 and NTD 27,334 million in 2025. The intensity of the consolidated company was calculated based on the consolidated company's operating revenue of NTD 45,178 million in 2024 and NTD 42,985 million in 2025.

(4) Four subsidiaries included in the 2024 consolidated financial report completed assurance of their GHG inventories. Verification for the 2025 GHG inventories is currently under progress, with the goal of achieving full assurance across all inventories in 2026.

CLC Parent Company GHG Emissions Summary Table (Scope 1)

Unit: tCO_2e

	GHG Types	2023	2024	2025
Parent Company	CO_2	1,116,676.1946	1,077,277.6399	**979,442.4599**
	Methane (CH_4)	12,303.8970	3,542.0896	**3,252.8502**
	Nitrous oxide (N_2O)	4,322.9185	6,991.1770	**6,802.6295**
	Hydrofluorocarbons (HFCs)	402.3587	525.8640	**579.6909**
	Perfluorocarbons (PFCs)	0	0	**0**
	Sulfur hexafluoride (SF_6)	0	0	**0**
	Nitrogen trifluoride (NF_3)	0	0	**0**
	Total	1,133,705.3688	1,088,336.7705	**990,077.6305**

Business Unit GHG Emissions Share (Taiwan Parent Company)

Unit: tCO_2e

Business Unit	2025	
Containerboard Division	1,025,183.6074	88.53%
Household Products and Paperboard Division	97,419.5130	8.41%
Corrugated Container Division	34,376.6615	2.97%
Others (Business Form & Packaging Materials Plants)	100.7740	0.01%
Headquarters	917.5738	0.08%
Total		100.00%

Taiwan Parent Company - Business Unit: Energy Intensity

	2023	2024	2025	2025 YoY
Containerboard Division（GJ/ tonne of paper）	8.86	8.79	**8.79**	**-0.02%**
Household Products & Paperboard Division（GJ/ tonne of paper）	16.59	16.59	**16.08**	**-3.06%**
Corrugated Container Division（GJ/ 1,000 m^2）	0.61	0.61	**0.62**	**2.48%**

Taiwan Parent Company - Unit Product Energy Consumption（Base Year: 2019）

2023	2024	2025
3.50%	-1.91%	**-3.33%**

*Note: Higher unit product energy consumption, mainly due to market demand increases and equipment trial runs. Ongoing equipment and process optimization is underway

Energy Consumption Overview (Taiwan Parent Company)

Unit: GJ	Containerboard Division			Corrugated Container Division			Household Products and Paperboard Division			HQ & Packaging Materials Plants			Total					
	2023	2024	2025	2023	2024	2025	2023	2024	2025	2023	2024	2025	2023		2024		2025	
													Amount	Percentage	Amount	Percentage	Amount	Percentage
On-site Renewable Energy (A)	**5,681**	**5,838**	**7,058**	**0**	**0**	**0**	**0**	**0**	**5,766**	**0**	**0**	**0**	**5,681**	**0.04%**	**5,838**	**0.04%**	**12,824**	**0.09%**
Fossil fuels (B)	**9,847,565**	**9,471,188**	**9,303,867**	**296,968**	**298,455**	**299,202**	**699,734**	**536,932**	**566,915**	**0**	**0**	**0**	**10,844,267**	**75.28%**	**10,306,575**	**71.27%**	**10,169,984**	**75.02%**
Natural Gas	0	0	0	296,968	298,455	299,202	93,955	85,434	92,015	0	0	0	390,923	2.71%	383,889	2.65%	391,217	2.89%
Heavy Oil (Diesel)	21,743	21,958	15,634	0	0	0	0	0	0	0	0	0	21,743	0.15%	21,958	0.15%	15,634	0.12%
Coal	9,825,822	9,449,230	9,288,233	0	0	0	605,779	451,498	474,899	0	0	0	10,431,601	72.41%	9,900,728	68.47%	9,763,132	72.02%
Biomass Energy (C)	**592,950**	**859,627**	**893,088**	**0**	**0**	**0**	**0**	**40,413**	**120,712**	**0**	**0**	**0**	**592,950**	**4.12%**	**900,040**	**6.22%**	**1,013,800**	**7.48%**
Wood Chips, Wood Pellets	0	818,150	875,050	0	0	0	0	40,413	120,712	0	0	0	0	0.00%	858,563	5.94%	995,762	7.35%
Other	592,950	41,477	18,038	0	0	0	0	0	0	0	0	0	592,950	4.12%	41,477	0.29%	18,038	0.13%
Alternative Fuel (D)	**1,133,610**	**1,012,395**	**788,512**	**0**	**0**	**0**	**537,995**	**918,452**	**726,033**	**0**	**0**	**0**	**1,671,606**	**11.60%**	**1,930,847**	**13.35%**	**1,514,545**	**11.17%**
SRF (RDF3)	452,912	474,213	423,612	0	0	0	420,235	838,870	685,172	0	0	0	873,147	6.06%	1,313,083	9.08%	1,108,784	8.18%
SRF (RDF5)	564,171	481,536	331,654	0	0	0	96,152	55,580	13,629	0	0	0	660,323	4.58%	537,116	3.71%	345,282	2.55%
Pulp and Paper Sludge	33,365	32,018	31,426	0	0	0	21,608	24,002	27,233	0	0	0	54,973	0.38%	56,020	0.39%	58,659	0.43%
Waste Tires	83,163	24,628	1,820	0	0	0	0	0	0	0	0	0	83,163	0.58%	24,628	0.17%	1,820	0.01%
Alternative Energy (including Biomass Energy) (C+D)	**1,726,560**	**1,872,022**	**1,681,600**	**0**	**0**	**0**	**537,995**	**958,865**	**846,745**	**0**	**0**	**0**	**2,264,555**	**15.72%**	**2,830,887**	**19.58%**	**2,528,345**	**18.65%**
On-site Energy (A+B+C+D)	**11,579,806**	**11,349,049**	**10,992,525**	**296,968**	**298,455**	**299,202**	**1,237,729**	**1,495,797**	**1,419,426**	**0**	**0**	**0**	**13,114,503**	**91.03%**	**13,143,301**	**90.89%**	**12,711,153**	**93.76%**
Purchased Energy (E)	**1,100,974**	**1,083,241**	**721,007**	**116,716**	**117,366**	**117,295**	**363,375**	**194,564**	**185,363**	**7,999**	**6,476**	**6,562**	**1,589,064**	**11.03%**	**1,401,646**	**9.69%**	**1,030,227**	**7.60%**
Purchased Electricity	846,328	1,031,495	721,007	116,716	117,366	117,295	363,375	194,564	185,363	7,999	6,476	6,562	1,334,418	9.26%	1,349,900	9.33%	1,030,227	7.60%
Purchased Steam	254,646	51,747	0	0	0	0	0	0	0	0	0	0	254,646	1.77%	51,747	0.36%	0	0.00%
Total Gross Energy Consumption (A+B+C+D+E)	**12,680,779**	**12,432,290**	**11,713,532**	**413,684**	**415,821**	**416,497**	**1,601,105**	**1,690,361**	**1,604,789**	**7,999**	**6,476**	**6,562**	**14,703,567**	**-**	**14,544,947**	**-**	**13,741,380**	
Electricity Sales	87,167	81,234	156,906	0	0	0	0	0	0	0	0	0	87,167	-	81,234		156,906	-
Steam Sales	210,311	2,753	27,689	0	0	0	0	0	0	0	0	0	210,311	-	2,753		27,689	-
Total Consumption	**12,383,301**	**12,348,303**	**11,528,937**	**413,684**	**415,821**	**416,497**	**1,601,105**	**1,690,361**	**1,604,789**	**7,999**	**6,476**	**6,562**	**14,406,088**		**14,460,960**		**13,556,784**	

Note 1: Total Consumption = Total Gross Energy Consumption - Electricity Sales - Steam Sales; Percentage =Individual Fuel Consumption/ Total Consumption
Note 2: Electricity calorific value is set at 860 kcal/kWh as announced by the Bureau of Energy; fuel calorific value is calculated as the average at each production site.
Note 3: SRF refers to solid recovered fuel. RDF refers to refuse derived fuel. RDF3 is solid waste further shredded with most non-combustible components removed, including metals, glass, and other organics. RDF5 is combustible waste compressed into cylindrical, spherical, or pellet forms.
Note 4: Biomass fuels= Wood Chips, Wood Pellets, cashew nut shells, pelletized rice husks, shredded street trees, biogas, and so on.

Energy Consumption Overview (Consolidated Subsidiaries)

Unit: GJ	Vietnam						Mainland China			Total					
	Containerboard Division			Corrugated Container Division			Corrugated Container Division			2023		2024		2025	
	2023	2024	2025	2023	2024	2025	2023	2024	2025	Amount	Percentage	Amount	Percentage	Amount	Percentage
On-site Renewable Energy (Solar Energy) (A)	**0**	**0**	**30,136**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0.00%**	**0**	**0.00%**	**30,136**	**0.41%**
Fossil fuels (B)	**4,977,714**	**5,418,969**	**5,777,726**	**110,591**	**125,765**	**113,786**	**59,238**	**44,217**	**27,564**	**5,147,543**	**75.64%**	**5,588,951**	**76.39%**	**5,919,076**	**79.58%**
Natural Gas (Biogas)	0	0	0	0	0	0	59,238	44,217	27,564	59,238	0.87%	44,217	0.60%	27,564	0.37%
Heavy Oil (Diesel)	4,380	2,418	1,017	110,591	125,765	113,786	0	0	0	114,972	1.69%	128,183	1.75%	114,803	1.54%
Coal	4,973,333	5,416,551	5,776,710	0	0	0	0	0	0	4,973,333	73.08%	5,416,551	74.03%	5,776,710	77.67%
Biomass Energy (C)	**488,922**	**481,782**	**270,808**	**0**	**0**	**0**	**0**	**0**	**0**	**488,922**	**7.18%**	**481,782**	**6.59%**	**270,808**	**3.64%**
Biogas	114,574	175,671	201,842	0	0	0	0	0	0	114,574	1.68%	175,671	2.40%	201,842	2.71%
Other	374,348	306,112	68,966	0	0	0	0	0	0	374,348	5.50%	306,112	4.18%	68,966	0.93%
Alternative Fuel (D)	**616,148**	**720,297**	**654,385**	**0**	**0**	**0**	**0**	**0**	**0**	**616,148**	**9.05%**	**720,297**	**9.85%**	**654,385**	**8.80%**
SRF (RDF3)	535,505	583,881	456,488	0	0	0	0	0	0	535,505	7.87%	583,881	7.98%	456,488	6.14%
SRF (RDF5)	15,446	64,005	138,555	0	0	0	0	0	0	15,446	0.23%	64,005	0.87%	138,555	1.86%
Pulp and Paper Sludge	65,196	72,411	59,343	0	0	0	0	0	0	65,196	0.96%	72,411	0.99%	59,343	0.80%
Alternative Energy (including Biomass Energy) (C+D)	**1,105,070**	**1,202,080**	**925,193**	**0**	**0**	**0**	**0**	**0**	**0**	**1,105,070**	**16.24%**	**1,202,080**	**16.43%**	**925,193**	**12.44%**
On-site Energy (A+B+C+D)	**6,082,784**	**6,621,049**	**6,733,055**	**110,591**	**125,765**	**113,786**	**59,238**	**44,217**	**27,564**	**6,252,613**	**91.87%**	**6,791,031**	**92.82%**	**6,874,404**	**92.43%**
Purchased Energy (E)	**381,442**	**357,822**	**371,167**	**90,284**	**125,257**	**153,880**	**99,192**	**74,325**	**76,531**	**570,917**	**8.39%**	**557,404**	**7.62%**	**601,578**	**8.09%**
Purchased Electricity	381,442	357,822	371,167	73,463	92,480	115,678	47,445	56,229	50,251	502,349	7.38%	506,531	6.92%	537,096	7.22%
Purchased Steam	0	0	0	16,821	32,777	38,202	51,747	18,096	26,281	68,568	1.01%	50,873	0.70%	64,482	0.87%
Total Gross Energy Consumption (A+B+C+D+E)	**6,464,225**	**6,978,871**	**7,104,222**	**200,875**	**251,023**	**267,666**	**158,430**	**118,541**	**104,095**	**6,823,530**	**-**	**7,348,435**	**-**	**7,475,982**	**-**
Electricity Sales	0	0	0	0	0	0	0	0	0	0	-	0	-	0	-
Steam Sales	17,843	32,185	38,504	0	0	0	0	0	0	17,843	-	32,185	-	38,504	-
Total Consumption	**6,446,382**	**6,946,685**	**7,065,718**	**200,875**	**251,023**	**267,666**	**158,430**	**118,541**	**104,095**	**6,805,687**		**7,316,249**		**7,437,479**	

Note 1: Total Consumption = Total Gross Energy Consumption - Electricity Sales - Steam Sales; Percentage = Individual Fuel Consumption/ Total Consumption
Note 2: Electricity calorific value is set at 860 kcal/kWh as announced by the Bureau of Energy; fuel calorific value is calculated as the average at each production site.
Note 3: SRF refers to solid recovered fuel. RDF refers to refuse derived fuel. RDF3 is solid waste further shredded with most non-combustible components removed, including metals, glass, and other organics. RDF5 is combustible waste compressed into cylindrical, spherical, or pellet forms.
Note 4: Biomass fuels = Wood Chips, Wood Pellets, cashew nut shells, pelletized rice husks, shredded street trees, biogas, and so on.

Employee Information Tables

CLC Manpower Structure in 2025

Item	Category	Taiwan		Mainland China		Vietnam		Subtotal				Total	
		Amount		Amount		Amount		Amount	Ratio	Amount	Ratio	Amount	Ratio
Position	Labor	2,318	436	474	253	1,461	651	4,253	81.2%	1,340	89.2%	**5,593**	**83.0%**
	Labor Management*	600	46	61	29	175	79	836	16.0%	154	10.3%	**990**	**14.7%**
	Senior Management*	144	5	4	1	1	2	149	2.8%	8	0.5%	**157**	**2.3%**
Age	< 30	358	62	34	23	757	351	1,149	21.9%	436	29.0%	**1,585**	**23.5%**
	30~50	1,872	223	375	252	837	355	3,084	58.9%	830	55.3%	**3,914**	**58.1%**
	≥ 51	832	202	130	8	43	26	1005	19.2%	236	15.7%	**1,241**	**18.4%**
Seniority	< 5	723	138	145	94	1,109	457	1,977	37.7%	689	45.9%	**2,666**	**39.6%**
	6~15	1,156	117	296	157	475	231	1,927	36.8%	505	33.6%	**2,432**	**36.1%**
	16~25	496	35	98	32	53	44	647	12.4%	111	7.4%	**758**	**11.2%**
	26~35	539	164	0	0	0	0	539	10.3%	164	10.9%	**703**	**10.4%**
	≥ 36	148	33	0	0	0	0	148	2.8%	33	2.20%	**181**	**2.7%**

*labor management: number of supervisors (non-high-level), senior management: number of supervisor above level 6

Item	Category	Taiwan		Mainland China		Vietnam	
		Amount		Amount		Amount	
Education	Below senior high school	5.5%	7.2%	56.5%	45.2%	22.3%	20.1%
	Senior high school	38.4%	28.5%	29.4%	20.8%	41.2%	25.8%
	University	50.1%	56.9%	14.1%	34.0%	36.3%	53.3%
	Master / PhD	5.9%	7.4%	0.0%	0.0%	0.2%	0.8%
Nationality	Taiwan	89.1%	93.2%				
	Foreign (Blue-collar)	10.9%	6.6%	Mainland China		Vietnam	
	Foreign (White-collar)	0.0%	1.8%				
Period of Employment Contract	Irregular	98.6%	96.9%	99.6%	98.6%	100.0%	100.0%
	Regular	1.4%	3.1%	0.4%	1.4%	0.0%	0.0%
Type of Employment Contract	Full time	99.9%	99.2%	100.0%	100.0%	100.0%	100.0%
	Part time	0.1%	0.8%	0.0%	0.0%	0.0%	0.0%

New Employees - by Region

Item	2023		2024		2025	
North	175	49	175	46	176	50
Central	64	2	82	5	83	5
South	56	2	38	5	38	6
East	0	0	0	0	0	0
Subtotal	295	53	295	56	297	61

Note: Taiwan Parent Company

Resigned Employees - by Region

Item	2023		2024		2025	
North	220	41	187	32	145	44
Central	89	8	123	10	119	3
South	45	3	34	4	52	6
East	0	0	0	0	0	0
Subtotal	354	52	344	46	316	53

Note: Taiwan Parent Company

New Employees - by Age

Item	2023				2024				2025			
	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
< 30	172	31.3%	22	27.1%	152	29.8%	36	51.4%	160	44.7%	40	64.5%
31~45	99	6.7%	25	15.2%	123	9.1%	18	11.5%	120	8.5%	19	11.7%
46~60	17	1.7%	5	2.2%	16	1.5%	2	0.8%	13	1.2%	2	0.8%
> 60	7	4.4%	1	7.1%	4	1.9%	0	0.0%	4	1.8%	0	0.0%
Subtotal	295	9.2%	53	10.8%	295	9.4%	56	11.5%	297	9.7%	61	12.5%

Note: Taiwan Parent Company, calculation: new employees of an age group/ the total number of employees of the same age.

Resigned Employees - by Age

Item	2023				2024				2025			
	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
< 30	119	21.7%	12	14.8%	98	19.2%	20	28.6%	84	23.5%	12	19.4%
31~45	131	8.8%	22	13.4%	129	9.6%	18	11.5%	132	9.4%	24	14.8%
46~60	55	5.4%	13	5.6%	73	6.8%	6	2.5%	55	5.2%	15	6.2%
> 60	49	31.4%	5	35.7%	44	20.9%	2	11.1%	45	19.8%	2	9.5%
Subtotal	354	11.0%	52	10.6%	344	11.0%	46	9.4%	316	10.3%	53	10.9%

Note: Taiwan Parent Company, calculation: resigned employees of an age group/ the total number of employees of the same age group (including retirees)

Average Wage of New Employees vs Local Minimum Wage

Item	Taiwan		Mainland China		Vietnam	
	♂	♀	♂	♀	♂	♀
2023	128%	126%	100%~156%	119%~156%	128%~159%	128%~159%
2024	124%	121%	110%~368%	100%~426%	150%~313%	155%~315%
2025	**119%**	**115%**	**153%~300%**	**140%~438%**	**167%~239%**	**169%~243%**

Note 1: Calculation: (Minimum compensation for non-supervisor new employees/ Statutory minimum wage) x 100%
Note 2: The above amount includes all fixed compensations, excluding non-fixed salary including OT pay, standby allowance for emergency repair, shift allowance, and variable performance bonuses.
Note 3: The 2025 statutory minimum wage in Taiwan was NTD 28,590 each month.
Note 4: The statutory minimum wage in China and Vietnam is different by region. In China, the statutory minimum wage is CNY 2,080~CNY 2,740. In Vietnam, it is VND 3,450,000~VND 4,960,000. The calculations thus fall within 140%~438% for China and 167%~243% in Vietnam.

Minimum Starting Salary for New Hires with a Bachelor's Degree or Higher vs Local Minimum Wage (Taiwan Parent Company)

Year	2023		2024		2025	
Item	Bachelor	Master	Bachelor	Master	Bachelor	Master
Statutory Minimum Wage	1.00	1.00	1.00	1.00	**1.00**	**1.00**
	$26,400		$27,470		**$28,590**	
Male	1.27	1.39	1.36	1.54	**1.22**	**1.42**
Female	1.27	1.47	1.30	1.51	**1.22**	**1.35**

Salary Ratio - by Gender (Taiwan Parent Company)

Year	2023		2024		2025	
Item	♂	♀	♂	♀	♂	♀
General Employees	0.99	1	0.99	1	**1.00**	**1**
Junior Supervisors	1.03	1	1.08	1	**1.03**	**1**
Intermediate Management	1.11	1	1.00	1	**1.01**	**1**
Senior Management	0.80	1	1.04	1	**1.07**	**1**

Percentage of Employees Regularly Receiving Performance Reviews (Taiwan Parent Company)

Gender/ Year	2023	2024	2025
Male	87%	91%	**83%**
Female	88%	91%	**83%**
Number of Evaluation	3,104	3,006	**2,944**

Note: Employees exempt from regular performance reviews: senior executives, new hires with less than one year of service, foreign employees, contract hourly employees, and employees returning from unpaid leave for less than 6 months.

Annual Evaluation Results (Taiwan Parent Company)

Item	♂			♀		
Year/ Grade	2023	2024	2025	2023	2024	2025
Excellent	1.3%	1.1%	**1.8%**	0.7%	1.4%	**1.5%**
Good	63.0%	62.4%	**61.7%**	68.2%	70.2%	**66.7%**
Others	35.7%	36.5%	**36.5%**	31.4%	28.4%	**31.8%**

Note: Employees exempt from regular performance reviews: senior executives, new hires with less than one year of service, foreign employees, contract hourly employees, and employees returning from unpaid leave for less than 6 months.

Key Employee Benefits Expenses in Recent 3 Years (Taiwan Area)

Unit：NTD 10,000

Item	2023	2024	2025	2023~2025
Childbirth Allowance	64.0	72.0	56.0	192.0
Scholarship for Employees' children	647.1	639.4	549.3	1,835.8
Scholarship for Children's Outstanding Achievements	10.4	11.7	16.2	38.3
Club Allowance	231.7	281.4	279.0	792.1
Subsidies for In-depth Health Check-ups for Mid- and Senior-Level Executives	321.5	598.3	297.4	1,217.2
Medical Subsidies for Employees and Dependents	547.5	525.6	441.4	1,514.5
Travel Allowance	2,319.4	2,055.6	1,986.7	6,361.7

CLC Crude Birth Rate in Recent 3 Years

Year	2023	2024	2025
CLC Crude Birth Rate	1.74%	1.99%	1.56%
Taiwan Crude Birth Rate	0.57%	0.58%	0.46%

Parental Leave Utilization in Recent 3 Years

GRI	Item	2023		2024		2025		Note
		♂	♀	♂	♀	♂	♀	
401-03 Parental Leave	Total number of employees taking parental leave	207	24	187	20	166	21	company maternity allowance list: unclaimed benefits will expire after three years.
	Total number of employees applying for parental leave (A)	7	7	19	11	8	10	
	Total employees reinstated after parental leave (B)	5	3	10	4	5	6	
	Number of employees expected to return from parental leave	5	3	10	4	3	1	
	Parental leave reinstatement rate (B/A)	71%	43%	53%	36%	63%	60%	reinstatement rate = (total employees reinstated after parental leave/ total number of employees applying for parental leave) × 100%
	Total employees reinstated after parental leave in the previous year (C)	1	2	8	4	4	2	
	Total employees who returned from parental leave in the previous year and remained employed for 12 months (D)	1	2	5	1	4	2	
	Parental leave retention rate (D/C)	100%	100%	62.5%	25%	100%	100%	retention rate = (total employees who returned from parental leave and remained employed for 12 months/ total employees reinstated after parental leave in the previous year) × 100%

Healthy Workplace Information Tables

Occupational Injuries Statistics

Item		2023		2024		2025			
Scope		Domestic Mills/ Plants		Domestic Mills/ Plants		Domestic Mills/ Plants		Overseas Mills/ Plants	
All Employees		♂	♀	♂	♀	♂	♀	♂	♀
GRI	The rate of fatalities as a result of occupational injury (%)	0	0	0	0	**0**	**0**	**0**	**0**
	The rate of high consequence occupational injuries (%)	0	0	0	0	**0**	**0**	**0**	**0**
Occupational Injuries Statistics	Disabling Frequency Rate (FR)	0.80	0	2.20	1.01	**1.99**	**2.07**	**2.16**	**0**
	Disabling Severity Rate (SR)	15	0	154	139	**71**	**23**	**33**	**0**
	Frequency Severity Indicator (FSI)	0.11	0	0.58	0.37	**0.37**	**0.21**	**0.26**	**0**
	Hours worked	6,200,131	956,792	6,354,590	987,856	**6,025,411**	**963,273**	**5,536,640**	**2,594,671**
Type (Lost Time Injuries)	Pinch hazard	1	0	5	0	**3**	**2**	**8**	**0**
	Get hit	0	0	3	0	**3**	**0**	**3**	**0**
	Crash	0	0	2	0	**1**	**0**	**2**	**0**
	Fall	2	0	2	1	**2**	**0**	**0**	**0**
	Cut	1	0	1	0	**0**	**0**	**1**	**0**
	Plunge	1	0	0	0	**1**	**0**	**0**	**0**
	Trample	0	0	0	0	**1**	**0**	**0**	**0**
	Hazardous Substance Exposure	0	0	0	0	**1**	**0**	**0**	**0**
	Total (case)	**5**	**0**	**13**	**1**	**12**	**2**	**14**	**0**

Note:
- Non-staff whose work and/or workplace is under CLC control are not included in the statistics.
- The rate of fatalities as a result of occupational injury =Fatalities as a result of occupational injury / Hours worked x 1,000,000
- The rate of high-consequence occupational injuries = Number of high-consequence occupational injuries / Hours worked x 1,000,000
- FR=Number of disabling injuries / Total hours worked ×1,000,000
- SR=Number of workdays lost due to disabling injuries / Total hours worked × 1,000,000

About this Report

Contact Us

For comments or suggestions regarding CLC or this report, please contact us through the following channels.

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Report Download Link: http://www.clc.com.tw/_upload/files/2025SustainabilityReport_EN.pdf

CLC Webpage | CLC ESG Webpage | CLC E-Newsletter | CLC Facebook

Design Concept of the Sustainability Report



Upholding its 65th anniversary vision, "Sustaining Nature, moving towards Net Zero!," CLC continues to drive its sustainable transformation from "Near-zero Papermaking" to "Net-zero Smart Papermaking" through a dual-track strategy of "SMART Low-carbon Intelligence" and "Renewable Energy Development." By collaborating with diverse partners, CLC is deepening green production and responsible smart manufacturing to build a low-carbon value chain at its core, achieving shared prosperity and growth.

CLC's 2025 Sustainability Report presents stakeholder engagement and sustainability initiatives with transparency and integrity. Since publishing Taiwan's 1st environmental report in the paper industry in 2011, CLC has issued annual sustainability reports since 2013, disclosing economic, environmental, social, and governance goals and results. Through this report, CLC seeks to collaborate with stakeholders to advance a sustainable future—Together for a Greener Future!

Reporting Period

CLC publishes a sustainability report annually. This report covers the period from January 1 to December 31, 2025, with certain information and performance data also referencing 2023 and 2024. The report is available in Chinese and English.
Current Chinese Version Release Date: August 2026 (English version released October 2026)
Previous edition published August 2025
Next edition scheduled for August 2027

Disclosure Boundaries and Scope

This report covers CLC's key operational sites, including all locations in Taiwan—4 paper mills, 7 box plants, and Headquarters—as well as selected sites in Mainland China and Vietnam, representing 99.5% of 2025 consolidated revenue. It presents management and performance in financial, environmental, social, and corporate governance aspects. Financial data are consistent with audited financial statements. Some statistics are sourced from government agencies and relevant websites. Quantitative data of special significance are noted.

Note: The consolidated financial statements include CLC and its subsidiaries. For details, see the CLC website and the 2025 Annual Report (P.84)

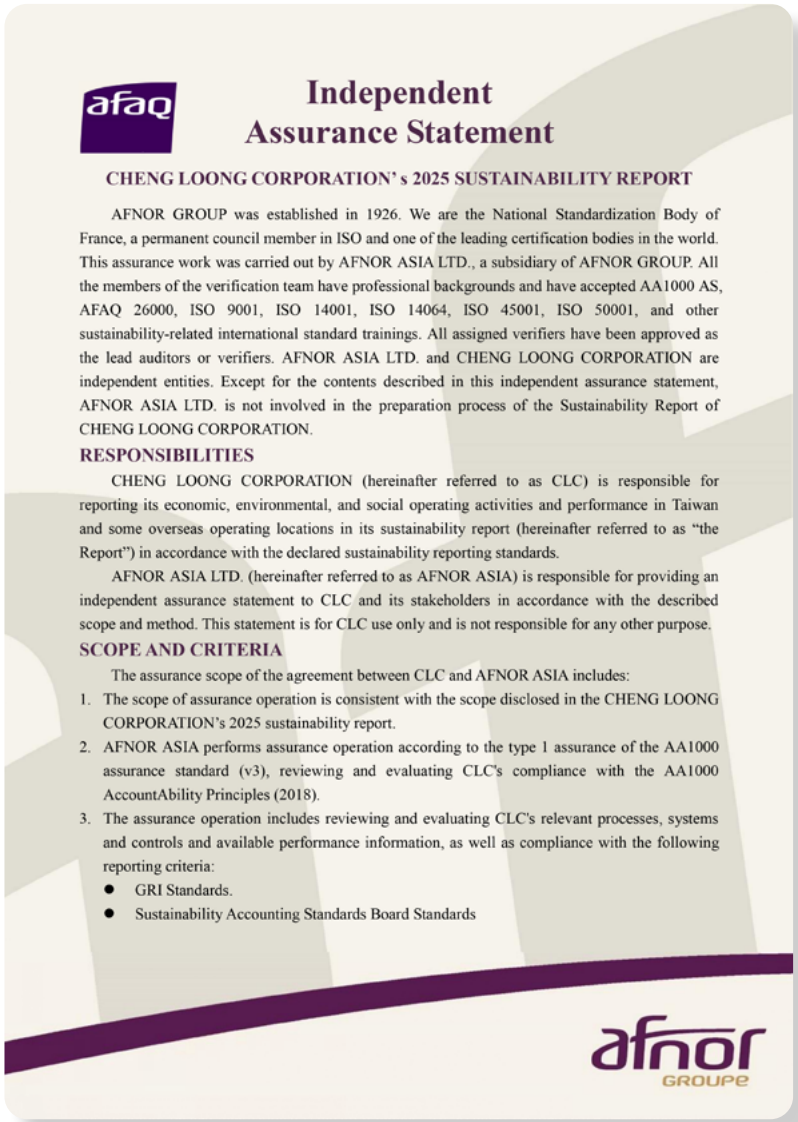
Principles of Report Writing and Guidelines

Issuing Unit	Guidelines, Frameworks, Regulations
Global Reporting Initiative (GRI)	GRI Sustainability Reporting Standards 2021 Edition
International Sustainability Standards Board (ISSB)	International Financial Reporting Standards(IFRS) Sustainability Disclosure Standards—IFRS S1 Sustainability-related Financial Disclosures and IFRS S2 Climate-related Disclosures
Sustainability Accounting Standards Board (SASB)	Framework of the Pulp and Paper Products Industry Standards
Financial Stability Board (FSB)	Taskforce on Climate-related Financial Disclosures (TCFD) Framework
United Nations Development Programme (UNDP), United Nations Environment Programme Finance Initiative (UNEP FI), World Wide Fund for Nature (WWF), Global Canopy	Taskforce on Nature-related Financial Disclosures (TNFD) Framework
United Nations (UN)	United Nations Sustainable Development Goals (SDGs), Global Compact Disclosure Points
Financial Supervisory Commission, Ministry of Environment, Ministry of Economic Affairs, Ministry of Transportation and Communications, Ministry of the Interior, Ministry of Agriculture	Reference Guidelines for Identifying Sustainable Economic Activities (2nd Edition)
Taiwan Stock Exchange	Regulations for the Preparation and Submission of Sustainability Reports by Listed Companies

Report Management

Internal Review	1 The Taskforce of Sustainability Committee prepared the draft 2 Content accuracy and integrity reviewed by unit heads 3 Report data consolidation and report writing by the executive secretary of the Sustainability Committee 4 Reviewed by the chairperson of the Sustainability Committee 5 Submitted to the BoD for approval and issuance
External Verification	Quality: In April 2026, AFNOR Asia Ltd., an independent third party of the French Standards Association, in accordance with the AA1000AS v3 Type 1 moderate assurance standard. Furthermore, the sustainability data and information disclosed in accordance with the SASB (Sustainability Accounting Standards Board) — Framework of the Pulp and Paper Products Industry Standards have undergone independent assurance to ensure accuracy and transparency. For assurance and verification methods and results, see Appendix – Independent Assurance Statement. Financial data: All financial data has been audited by KPMG, reported in New Taiwan Dollars (NTD), consistent with annual report disclosures. Management systems: All international management systems adopted by CLC, including ISO 9001, ISO 14001, ISO 14064-1, ISO 22000, FSSC 22000, ISO 45001, ISO 50001, ISO 27001, and ISO 14067 for certain products, which have been certified by world-leading certifications bodies, including the BSI, SGS, and DNV GL.

Independent Assurance Statement



Independent Assurance Statement

CHENG LOONG CORPORATION' s 2025 SUSTAINABILITY REPORT

AFNOR GROUP was established in 1926. We are the National Standardization Body of France, a permanent council member in ISO and one of the leading certification bodies in the world. This assurance work was carried out by AFNOR ASIA LTD., a subsidiary of AFNOR GROUP. All the members of the verification team have professional backgrounds and have accepted AA1000 AS, AFAQ 26000, ISO 9001, ISO 14001, ISO 14064, ISO 45001, ISO 50001, and other sustainability-related international standard trainings. All assigned verifiers have been approved as the lead auditors or verifiers. AFNOR ASIA LTD. and CHENG LOONG CORPORATION are independent entities. Except for the contents described in this independent assurance statement, AFNOR ASIA LTD. is not involved in the preparation process of the Sustainability Report of CHENG LOONG CORPORATION.

RESPONSIBILITIES

CHENG LOONG CORPORATION (hereinafter referred to as CLC) is responsible for reporting its economic, environmental, and social operating activities and performance in Taiwan and some overseas operating locations in its sustainability report (hereinafter referred to as "the Report") in accordance with the declared sustainability reporting standards.

AFNOR ASIA LTD. (hereinafter referred to as AFNOR ASIA) is responsible for providing an independent assurance statement to CLC and its stakeholders in accordance with the described scope and method. This statement is for CLC use only and is not responsible for any other purpose.

SCOPE AND CRITERIA

The assurance scope of the agreement between CLC and AFNOR ASIA includes:

1. The scope of assurance operation is consistent with the scope disclosed in the CHENG LOONG CORPORATION's 2025 sustainability report.
2. AFNOR ASIA performs assurance operation according to the type 1 assurance of the AA1000 assurance standard (v3), reviewing and evaluating CLC's compliance with the AA1000 AccountAbility Principles (2018).
3. The assurance operation includes reviewing and evaluating CLC's relevant processes, systems and controls and available performance information, as well as compliance with the following reporting criteria:
   - GRI Standards.
   - Sustainability Accounting Standards Board Standards



METHODOLOGY

- The Report is reported in accordance with the GRI Standards, and the content of the Report is reviewed for compliance with the GRI Guidelines for general disclosure and specific topic disclosure.
- The verification team interviewed relevant personnel to confirm the communication and response mechanism for stakeholders and the decision-making process for material topics, but did not directly contact external stakeholders.
- All documents, data and information related to the preparation of the Report were verified by the verification team through interviews with relevant personnel.
- The process of reviewing organizational outputs, collecting and managing qualitative and quantitative data disclosed in reports based on a sampling plan.
- By interviewing the responsible personnel of each group, examining and reviewing the relevant documents, materials and information, the verification team evaluated the reasonableness of the sources of supporting materials and evidence for the contents of the Report.

CONCLUSION

◆ **AA1000 Accountability Principles**

Inclusivity

CLC has established a complete stakeholder identification and engagement mechanism, identifying six major stakeholders based on the five principles of AA1000 SES 2015; engagement is conducted through multiple channels (381 questionnaires, 44 labor-management meetings, and on-site supplier evaluations of 271 companies, covering 87% of the total); the engagement results were integrated into the significance assessment (six core key issues), the organization's annual ESG objectives, and the ISO management system; the organization has established a dedicated Sustainability Department to coordinate the process, and seven working groups are operating across departments. The overall assessment complies with the principle of inclusivity.

Materiality

CLC has followed the GRI Standards materiality assessment process, using the EU's Double Materiality principle to assess 20 topics, narrowing them down to 12 highly material topics and six core material topics (climate change action, energy management, waste recycling, sustainable products and development, supply chain management, and talent development). The impact assessment uses a 1-5 subscale (positive mean 3.84/negative mean 3.25), with clear and verifiable criteria. The results have been submitted to the board for discussion and approval; the 2024

Independent Warranty Statement



assessment results will be dynamically confirmed in 2025, indicating their continued validity. The overall assessment meets the materiality principle.

Responsiveness

CLC has established systematic management policies and quantifiable performance indicators for six core material topics; each material topics section discloses the 2025 targets achieved and not achieved, such as: Taiwan parent company's greenhouse gas emissions reduced by 14.20% compared to the base year (achieved target); Taiwan customer satisfaction score of 87 (not reaching the target of 89; reasons explained and improvement measures proposed); responses to stakeholders were provided through the Sustainable Supply Chain Conference (500+ partners), customer satisfaction surveys, and employee feedback surveys; the report was presented within multiple frameworks including GRI Standards/AA1000 AP2018/TCFD/TNFD/SASB. The overall assessment complies with the principle of responsiveness.

Impact

CLC has monitored and measured the risks and opportunities arising from its various sustainable development initiatives; identified various risks and opportunities and formulated action plans to effectively manage, continuously improve, communicate accountability, and demonstrate sustainable performance. The overall assessment complies with the principle of impact.

◆ **Global Reporting Initiative Sustainability Reporting Standards**

Based on the results of the review, it is confirmed that the general disclosures, specific topic disclosures, and material topics management disclosures in the Report have complied with the requirements of the GRI Standards. In the future, the organization can continue to collect and report relevant information through its internal management system in the Report, so as to extend the reporting information to various regional locations and present more complete information.

◆ **Sustainability Accounting Standards Board Standards**

Based on the results of the review, the Report has disclosed relevant information based on the Sustainability disclosure topics & metrics and activity metrics of the SASB standards. In the future, the organization can continue to collect, monitor, and disclose information in accordance with the standards, demonstrating the professionalism and international recognition of its Report, and continuously providing investors with confidence and decision-making reference value.

ASSURANCE OPINION

AFNOR ASIA has developed a complete sustainability reporting assurance standard based on the verification guidelines of the AA1000 Assurance Standard (v3) and the GRI Standards. Based on the sufficient evidence provided by CLC and the facts seen during on-site verification, we adhere



to the principle of fairness and issue a statement on the global sustainability reporting standards followed by the organization. In our opinion, the information and data presented in the Report by CLC provides a fair and balanced representation. We believe the focuses on economic, social, and environmental matters in CLC in 2025 are well represented.

ASSURANCE LEVEL

In accordance with the AA1000 Assurance Standard (v3), we verified this assurance statement corresponding to a moderate level. The scope and methods are as described in this statement.

For and on behalf of AFNOR：

AA1000
Licensed Report
000-84/V3-TBS72

Dr. August Tsai
The Director for Certification and Assessment
Apr.26.2026
Verification team: Chi Huang Chen (Lead Verifier)、Chung Pen Chen (Verifier)

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