

Letter from Management

The world has changed in the wake of the pandemic epidemic and the Russo-Ukrainian War. Rising inflation, carbon taxes, AI, and information security issues have come to the fore, and the ideas and consciousness of different groups of people have changed rapidly, ushering in a new era that redefines corporate value. Only those who can create benefits for society and the environment while pursuing profitability can stand out; The key to the longevity of an enterprise is the ability to keenly identify changes in the external environment, quickly adjust directions and strategies, and continue to innovate and grow amid instability.

▼ Monitor trends and create opportunities

CMP Group engages in long-term interaction with stakeholders and obtains advice from experts to understand the expectations of all sectors of the society and use the results for self-examination and improvements for shortcomings. We actively learn and apply new trends and technologies and use the GRI and SASB standards as the framework. We respond with actual actions and results and continue to communicate our mission and philosophy. In the future, we will also conduct more in-depth and efficient communication through IFRS S1 and S2 standards.

We also follow the TCFD guidance framework to conduct climate risk identification, take a more comprehensive inventory of the potential impact of climate change on operations, invest resources for improvement, and seize opportunities brought forth by climate change. Regarding carbon management issues, we have also started greenhouse gas inventory three years ago, and actively extended it to the carbon footprint inventory of products and services. We try to identify carbon reduction hotspots and make improvements, laying the foundation for the future low-carbon economy as well as CMP Group's future plans so that we are prepared for the next phase of growth.

▼ Fulfill mission and create value

In our **Metal Manufacturing Division**, we adhere to our mission of serving as a circular economy practitioner and continue to optimize the three major parts of the manufacturing including the use of raw materials, process technology, and waste reuse. In 2023, the ratio of reclaimed steel used as raw material increased again, reaching an average of 96.2%, with a maximum of 99.87% for a single plant. During the manufacturing process, we reduced electricity consumption by 16.3 million kWh saved and reduced carbon emissions by 9,642 tCO₂e with 27 low-carbon solutions. The non-hazardous waste recycling and reuse rate reached 99.82%. We fully utilize waste resources and explore the latest solutions through the group's technical forum for knowledge management and communication. We won the 2023 TCSA Circular Economy Leadership Award and the Gold Award in the 2023 TSAA Taiwan Sustainability Action Awards for our efforts.

In addition, CMP Group has instituted a long-term plan for combining reclaimed steel and sand materials with unique oriental zodiac elements. We produced exclusive gifts of the Group such as kettlebells and incense diffusers that are both practical and artistic while adhering the concept of circular economy. We created a unique medium to communicate our good will for New Year's greetings.

In our **Land Development Division**, we have been constantly learning about new construction technologies, new equipment, and new materials for more than 20 years. However, from the perspective of the building life cycle, the choice of building materials affects the overall carbon emissions and the period of use of a building is also a critical factor. If we can take these factors into account during the design of the building, we can effectively reduce the emissions during use. Therefore, we have integrated green building, smart building, and all-age concepts into the design, and we have actively introduced early-warning systems for earthquakes and electric vehicle charging equipment since 2013, reserving sufficient power supply to meet customers' future needs. We also used building information modeling (BIM) throughout the design, construction, and building use phases, and developed an exclusive repair service platform to be implemented with building health inspection services. We skillfully leverage design strategies, construction expertise, and technologies to create a safe and comfortable living space for customers.

In 2023, the Park Mansion project obtained the Silver Green Building Label, and CMP Midtown obtained the Gold Green Building and Gold Smart Building Candidate Certificates. We also introduced Fitwel, the world's leading international healthy building certification system, and the LEED certification from the United States to continue to create value. We made the effort to fulfill our mission of providing a friendly living environment, and we hope to encourage the construction industry to consider how to balance the relationship between the environment, people, and society, and take action.

The Lifestyle Innovation Division has freed itself from the constraints of the traditional consumption-centered business district model and created a new people-centered model in 2021. We actively called on more than a hundred stores in the region and social education institutions to share resources, jointly establish a neighborhood management system, and create a “Green Ripple Life” sustainable ecosystem. It provides customers with in-depth city travel planning and increases the value of services with AI data sharing stations. According to statistics from the Tourism Administration of the Ministry of Transport, compared with the initial stage of transformation in 2021, the number of visitors to Calligraphy Greenway increased by 41% in 2023, which demonstrated the effectiveness of the strategy.

We have always worked hard to promote sustainable living as our mission. In addition to paying attention to the local art and culture, we have also organized carbon inventories ahead of schedule to protect the environment. We have independently calculated and managed the carbon footprint of stores on Park Lane by CMP and obtained third-party verification. We have taken actions to fulfill our mission, and we also hope to transform Taichung into the “**Capital of Lifestyle**” for Taiwan, just like the Champs Elysees for Paris.

▼ Make good use of technology to create sustainability

In recent years, we have actively harnessed technologies including robotic process automation (RPA), AI marketing, intelligent manufacturing, building information modeling (BIM), supplier platforms, and the ESG information collection platform set up by the Group to successfully support routine work. It also provides accurate information, which helps us make accurate decisions and enables employees to focus on groundbreaking projects, thereby enhancing work efficiency and sense of accomplishment. The extensive use of industrial robots and other automated equipment has significantly reduced the need and risks of reliance on manpower to carry heavy objects, making it easier for women to take on such roles, eliminating the gender imbalance caused by traditional working methods, and allowing us to effectively deal with the impact of the declining birthrate.

In terms of information security, CMP Group’s Taipei Head Office has passed ISO 27001, and the Metal Manufacturing Division has obtained TISAX AL3, the highest level of information security certification in the automotive industry. We ensure the effective implementation of information security through systems such as internal auditing. In the future, we will continue to use technology to enhance the core capabilities of each business, build a complete operating system, and become a reliable and indispensable all-round strategic partner for customers.

CMP Group was founded as a Metal Manufacturing business in 1972. We entered the Land Development business in 2002. Park Lane by CMP, a subsidiary of the Lifestyle Innovation Division, was inaugurated in 2008. The three major businesses become well-known in the industry for innovation and high quality. Looking forward to 2024, the Lifestyle Innovation Division will celebrate the grand opening of the InterContinental Taichung, CMP Block Museum of Arts, and the century-old machiya - 0km in Taipei City that serves as the entrance to the urban forest. We therefore selected the Chinese word “ding”, which symbolizes an auspicious beginning, in the I Ching and Bagua, as the Group’s representative character for 2024. The “ding” has been used as an important ceremonial instrument for worshipping and celebrations since the Bronze Age. Its tripod form also provides the highest stability. It symbolizes that our three major businesses including Metal Manufacturing, Land Development, and Lifestyle Innovation will support each other as we face the coming year together. They thrive on challenges and become the solid foundation for CMP Group to succeed as the leader of the industry.



Chairman of CMP Group

