

中鋼公司與產業工會團體協約簽約典禮 勞委會與中鋼公司安全伙伴宣言簽署



Signing of collective agreement with the China Steel Labor Union and of a "Partners for Safety" Declaration with the Council of Labor Affairs

EMPLOYEE RELATIONS AND HUMAN RESOURCE DEVELOPMENT

As of the end of 2006 the Corporation employs 9,071 persons. Average age is 48.2 years. 8,991 employees or 99.9% are eligible for membership in the China Steel Labor Union.

For the sake of clear written definition of the obligations and rights of labor and management, the Corporation has entered into a collective agreement with the China Steel Labor Union to specify fair and reasonable labor conditions for both sides to observe. Early in 2006, management and the union worked out an extension of the agreement that embodies a number of even more comprehensive terms that fit the contemporary environment. The extended agreement was ratified by both the Corporation's board of directors and union's Members Representative Meeting, signed in January 2006 and became effective on February 9, 2006.

To strengthen communication with employees the Corporation maintains multiple channels of dialogue. In addition it sets up a Committee for Handling Sexual Harassment at the Workplace to handle complaints and to provide employees and job applicants a workplace environment free of such disturbances.

Over the past few years the Corporation has engaged in improving the employee age

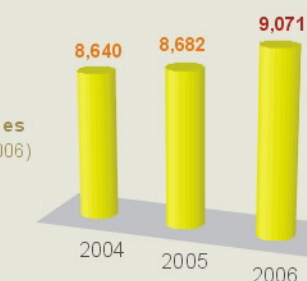
Employee's average age and years of service (as of December 31, 2006)

● Average age
● Average years of service^{1,2}

^{1,2} Not counting years of employment prior to the privatization of the Corporation on April 12, 1995.



Number of employees (as of December 31, 2006)



distribution and raising its vitality. It put into effect the Guideline for Employee Early Retirement Incentive Program (expires at the close of business on December 31, 2006). This program applies to qualified employees whose application has been approved by management. In addition to the standard pension settlement, an incentive extra payment is paid. The Corporation has in mind (1) to encourage employees with long years of service, and those with health problems that impair their capability, to retire early and (2) to introduce younger persons into the workforce, and thereby improve the human resource and age structure. In 2006 employees who opted for early retirement and those who reached retirement age numbered 181 and 76 respectively.

To cope with the increasing average age and the possibility of a surge of retirements, the Corporation has set up a Task Force for Plans of Maintaining Continuity in Human Resources with a view to recruit at the appropriate time new employees for key positions currently occupied by persons approaching retirement. The new employees will serve as apprentices to accept the handing down of key knowledge and technology. Such recruiting plans must be under the major premise of downsizing the workforce. The Corporation also pushes forward corporation-wide knowledge management to ensure effective handing down of key skills and technologies. At the same time the Corporation is planning the recruitment of a suitable number of new employees at an appropriate time to fill the manpower requirement of the Corporation's new product lines and support for Dragon Steel's expansion. New employees recruited in 2006 numbered 558. Besides, the Human Resource Department conducts periodic reviews with all the departments so that the workplace will be replenished with adequate number of new employees at the appropriate moment.

For the employees and management personnel (vice-presidents and above) the Corporation has set up "the Employees' Pension Fund Administration Committee" and "The Officers' Pension Fund Management Committee." The Corporation engages actuaries to compute the accrued pension liability, and regularly convenes supervisory and review meetings, so as to ensure the pension rights for employees and officers. As of the end of 2006, the employees' pension fund has a balance of NT\$13.187 billion. Actuaries' computations indicate that the net pension costs for 2007 is NT\$ 1,638 million. Beginning January 2007 the appropriation rate for pension fund (the current month's appropriation divided by total salary expenses for the month) was raised from 10.11% to 12.57%.