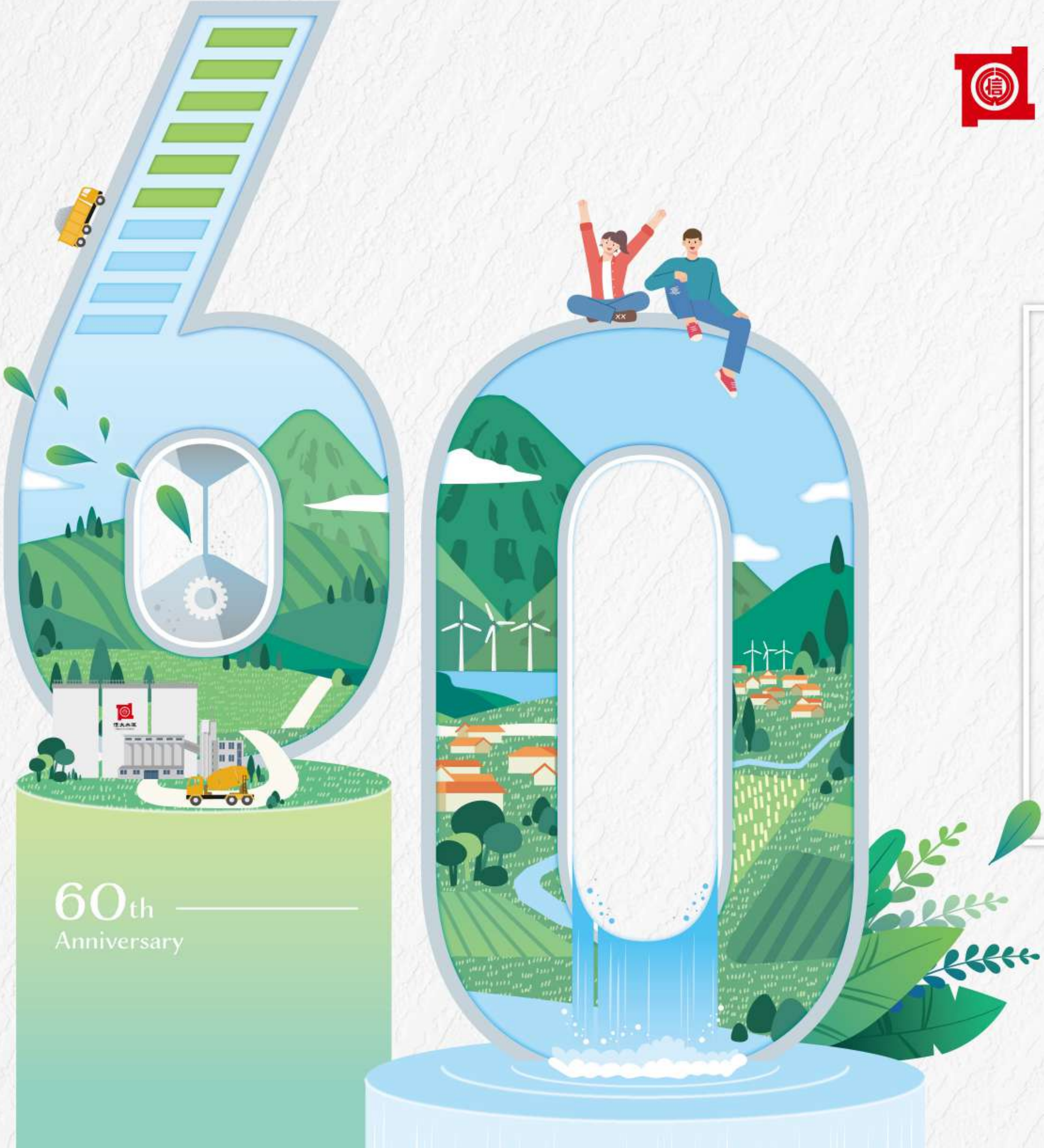
信大水泥股份有限公司
HSING TA CEMENT COMPANY LIMITED



2023
Sustainability Report

信大水泥
永續報告書

信大水泥股份有限公司

HSING TA CEMENT COMPANY LIMITED

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Cover design idea

The year of 2024 marks the 60th anniversary of Hsing Ta. Since the establishment, the Company has upheld the spirit of "integrity as our foundation and quality first" to face various situations and challenges. With a dedicated, pragmatic attitude, we are committed to providing high-quality cement. In the cover of this report, the mountains and rivers convey the Company's emphasis on energy conservation and carbon reduction, environmental protection, and social responsibility, and represents the meaning of collaboration with customers, partners, and community residents to build a sustainable and beautiful future.

Annual Report of
Hsing Ta Cement

Message from Managers

To those who care about the sustainable management of Hsing Ta Cement:

In 2023, the ongoing war between Russia and Ukraine heightened the impact of global international trade protectionism and increased the cost of raw materials due to inflation. In October of the same year, large-scale clashes in Palestine and Israel towns and cities added new variables to the global political and economic situation. Coal prices, which had already decreased, rose sharply. In terms of Taiwan's foreign trade, despite the business opportunities of emerging applications, such as artificial intelligence (AI) and the launch of new technology products, the recovery of global end demand is slow, and the overall global market is still subject to high uncertainty and risk due to war and trade protectionism.

The enforcement of the Equalization of Land Rights Act in Taiwan has severely impacted the real estate market. The structure of the housing market has changed, and the sales have peaked and decreased. Rising international interest rates and central bank interest rate have curbed the private consumption and corporate purchases, affecting cement sales. The Company's management team complies with government policies and regulations and continues to implement business plans, hoping to minimize the damage of various unfavorable risk factors, and actively make improvements at all levels in the face of headwinds. It is hoped that through the Group's internal resource integration, upgrading of production equipment to be energy efficient, and implementation of environmental and green energy projects, sustainable development momentum can be maintained.

Great corporate governance is the foundation for the Company's operating system. The Company upholds the business philosophy of integrity, diligence, pragmatism, frugality, and social responsibility, and enhances governance performance through the operation of the Board of Directors and functional committees. Corporate governance achievements in 2023 are as follows:

- In 2023, the consolidated revenue was NT$6.3 billion, and the consolidated net income was NT$808 million.
- In addition to holding sustainable development meetings in 2023, the Company's "Sustainable Development Committee formulated sustainable development strategies and tracked implementation progress, while offering regular sustainable development education and training for all employees. The General Manager regularly reports on the implementation to achieve sustainability goals to the Board of Directors.
- We established a carbon footprint calculation system for major cement products, and plan to verify and apply for a carbon label for Portland cement type 1 by the end of 2024.
- Some alternative raw materials and clinker are used in the manufacturing process. The alternative raw materials are cement raw materials mixed with recycled resources to replace part of the raw materials; the proportion of the recycled resources used has increased to 30% year by year. As for the alternative clinker, we are developing Portland blast furnace cement, limestone, and other low-carbon cements.

We are committed to sound corporate governance and pursue long-term revenue and profit growth. At the same time, we value environmental protection, employee rights, supply chain sustainability, social charity, and the balanced interest of all stakeholders. We fulfill our corporate social responsibility in the countries where we operate and actively give back to society. According to the Group's sustainable development strategy blueprint, we integrate the Group's operation and management resources, actively invest in research and development (R&D) of energy-saving and carbon-reduction production technologies, and continue to integrate the Group's internal resources for sales to maintain our competitive advantages, aiming to implement energy-saving manufacturing and achieve low-carbon transition through cross-sector collaboration in the future.

Employees are the Company's most important asset, and creating a safe, healthy, harmonious, and positive work environment is our most important task. In terms of professional training, in addition to new employee education and training, the Company offers various professional skills, knowledge, and related management courses according to the needs of employees at each level, function, and department, and spares no effort in education and training courses for other functions.

In terms of health management, in addition to regular health checkups, health and safety seminars are held every year, and employees are encouraged to participate in outdoor activities to enhance their fitness. At the same time, in order to facilitate smooth communication with employees, in addition to holding quarterly labor-management meetings, we have set up physical and intranet mailbox as communication channels as a reference for the Company and units to improve, so that they can unleash their potentials at the Company without underlying worries.

Faced with the impact of global climate change, the Company actively invests in the innovative R&D of low-carbon cement to fulfill its responsibility for environmental sustainable development. From the perspective of life cycle, we strive to comply with international environmental regulations on R&D, procurement, manufacturing, and after-sales services, to meet the demand for environmentally friendly products, thereby moving toward low-carbon manufacturing and achieving energy conservation and carbon reduction. We have formulated environmental policies in response to the government's concept of energy conservation, carbon reduction, and pollution prevention, while conducting ISO 14064-1 greenhouse gas inventory and emission management.

On a daily basis, we carry out awareness-raising events on environmental protection issues, such as water use, energy conservation, and waste sorting. With the joint efforts of employees, the relevant environmental performance is as follows:

- The power supply equipment of the power system saves electricity. Since 2021, we have participated in Taipower's monthly demand bidding measure. In 2023, we reduced purchased electricity by 29,836 kWh.
- The installation of solar power equipment was completed in 2022, and the actual solar power generated in 2023 was about 1.15 million kWh, which met the capacity for self-consumption as required by the Bureau of Energy.
- The Company's cement reuse rate per unit reached 29.51% in 2023.

In terms of social care, the Company and all employees make full use of limited resources to maximize their strengths in the regions where they are located, actively support the disadvantaged, and increase the invisible stability in society. In 2023, we continued to make donations to disadvantaged groups, clean community environment, offered scholarships, and cared for the local community. We also encourage partners and employees and their relatives and friends to participate together and do our best for social charity with practical actions. The total social engagement expenses in 2023 amounted to NT$2.783 million.

Looking into the future, we will continue to pay attention to the corporate sustainable development trends, adopt new technical construction methods, as well as rigorously make plans and execute them thoroughly in the aspects of corporate governance, innovation management, environmental sustainability, and social care, to lead the Group's various affiliates to gradually implement the concept and vision of corporate sustainable development. We also hope that all stakeholders and partners who care about the Company will give us more guidance and encouragement and work together to contribute to the earth and the well-being of mankind.

Editorial policy

The reporting period of this sustainability report is from January 1 to December 31, 2023. It is the second issue of Hsing Ta Cement Co., Ltd (hereinafter referred to as "Hsing Ta Cement" or "Hsing Ta"). The content includes the disclosure of sustainability indicators, such as corporate governance, economy, society and environment. In order to fully disclose the effectiveness of sustainable development at Hsing Ta and present the results of stakeholder communication, we made reference to the latest GRI Standards, the Sustainability Accounting Standards, Climate-related Financial Disclosures (TCFD), and the Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies, and aligned with the United Nations Sustainable Development Goals (SDGs), and reported the Company's economic, environmental, and social strategies and activities, to demonstrate the Company's determination to fulfill social responsibilities and promote sustainable development.

Report review

The information and data in this report have been collected by the Sustainable Development Committee under the General Manager. Each committee member collects domestic and international economic, environmental, and social sustainability issues, learns about various stakeholders' issues of concern through multiple channels, adopts the negotiation process and analysis to identify material topics involving the Company, and collects management policies and performance information based on the topics. After compilation, they are reviewed and confirmed by the Sustainable Development Committee, and finally approved by the Chairman and the General Manager before being disclosed to stakeholders through public channels. The financial data in this report has been cited from the financial report certified by PwC Taiwan, and some of the statistical data has been cited from the Company's annual report. This report is not externally assured.

Report preparation principles and guidelines

We considered industry requirements and important international economic, environmental, and social issues, collected stakeholders' impact assessment results through questionnaires, and convened a Sustainable Development Committee meeting based on the Company's operational strategy to select material topics. The chair of the committee then approved the topics. Subsequently, the implementation results were disclosed in this report.

The economic aspects and financial management performance of this report are based on the consolidated financial statements. The monetary value of financial data is denominated in NTD. The environmental and social performance indicators are disclosed within the scope of Hsing Ta headquarters and the Nanshenghu Plant, while overseas sites and other investees are not included in the scope of this report. If there is any part beyond the scope of Taiwan, it will be disclosed in the notes to each chapter of the report.

Report management process

Stage	Content	Responsible unit
Topic collection	1. Determination of stakeholders 2. Collection of issues of concern	Sustainable Development Committee
Material Topics Determination	1. Evaluation of the impact of external economic, environmental, and human impacts on stakeholders 2. Assessment of the impact on internal operations 3. Resolutions made by the Sustainable Development Committee	Sustainable Development Committee
Information aggregation	Management approaches and performance data collection	Sustainable Development Committee
First Draft Preparation	Report information compilation	Sustainable Development Committee; Relevant operating departments
Final Draft Review	Report internal review	Sustainable Development Committee
Announcement for release	Report to the General Manager/Publication of the report	Sustainable Development Committee

Sustainable Development Committee　Relevant operating departments

Publication date and cycle

The Company publishes the report on an annual basis. The report publication times are as follows:

Last publication time:

The initial publication was in September 2023.

Current publication time:

The second publication was in August 2024.

Scheduled next publication:

The third publication is in August 2025.

Restatement

The report was not restated due to major changes in the organization or scope of the reporting period.

Contact information

In response to environmental protection and fulfillment of corporate citizenship, this report has been published electronically in Traditional Chinese on the Company's website for readers' reference in line with our paperless operations. Please refer to Hsing Ta's website http://www.hsingta.com.tw/SupportDetail.asp?lv=-1&id=7.

If you have any questions or suggestions about this report, please feel free to contact us.

- Address: 7F, No. 37, Baoqing Rd., Zhongzheng Dist., Taipei City
- Contact point: Sustainable development
- Tel.: 02-23816731 ext. 160
- Email: emily@hsingta.com.tw
- Website: http://www.hsingta.com.tw/Aboutusdetail.asp?lv=-1&id=14

chapter 1

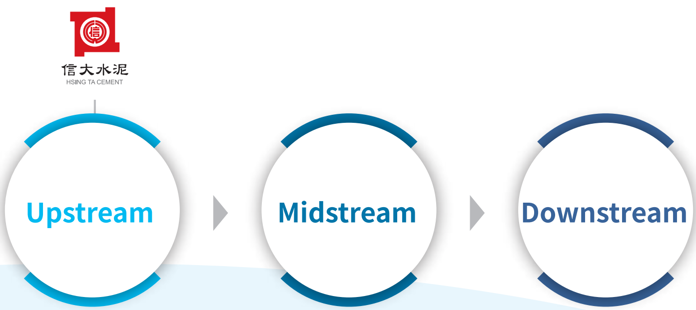
About Hsing Ta

1.1 Company Profile

The Company was established in March 1964 and was formerly known as Hsing Ta Quarry and Cement Co., Ltd.; it was founded by the founder, Tang-Hai Yang, after taking over the Taibaishan mine. At the beginning of the establishment, the Company mainly engaged in the production and sales of limestone. In order to be in line with the government's economic construction plan and meet economic development needs, a cement plant was established in 1970 and renamed Hsing Ta Cement Co., Ltd in June 1980. Currently, the Company mainly engages in the production and marketing of cement and clinker.

• Industry value chain

In terms of the cement industry chain, the Company belongs to the upstream, including limestone mining and cement manufacturing, limestone-containing production, and cement clinker production; midstream players include ready-mixed concrete and cement, limestone distributors and delivery, etc.; downstream players include construction companies, chemical industries using limestone, or civil engineering contractors, and construction of civil buildings, etc.



Company name	HSING TA CEMENT CO.,LTD
Industry of the Company	A TWSE-listed company in the cement industry in Taiwan The building materials industry of extraction and mineral processing in the SASB industry classification system
Location of headquarters	7F, No. 37, Baoqing Rd., Zhongzheng Dist., Taipei City
Ticker symbol	1109.TW (listed on TWSE in 1991)
Date of Incorporation	March 1964
Operating sites in each region	Number of operating sites (2) Taiwan (Taipei and Yilan)
Number of employees in Taiwan	341 people (Taipei and Yilan)
Main products/services	The Company mainly engages in the production and sales of cement and clinker, with a revenue proportion of 65.46%; the second is the production and sales of concrete, with a revenue proportion of 14.29%. • Main products: Taiwan: Portland type I cement, type I low-alkali cement, type II low-alkali cement, type II (MH) even heat cement, blended hydraulic blast furnace slag cement, limestone, and concrete. China: P II 52.5 and PO42.5.
Production quantity	In 2023, the production volume of cement and clinker was 2.79 million metric tons (including the production volume of subsidiaries in China).
Capital	NT$3.411 billion
Consolidated revenue in 2023	NT$6.26 billion

Note: The number of employees was based on the data as of December 31, 2023.

• Chronicle

1964
The Company was incorporated and officially named Hsing Ta Quarry and Cement Co., Ltd.

1970
Established Su'ao Nanshenghu Cement Manufacturing Factory.

1980
Renamed Hsing Ta Cement Co., Ltd.

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1983
Approved by the Securities Commission, Ministry of Finance as a public company.

1990
Established subsidiary HSIN I READY MIXED CONCRETE CO., LTD. and the HSIN I Banqiao factory officially went into operation.

1991
Approved by the Securities Commission, Ministry of Finance as a class 1 listed stock.

1994
The Nankan factory of subsidiary HSIN I READY MIXED CONCRETE CO., LTD. jointed operations.

1995
Completed the improvement project in the Nanshenghu Plant of the pre-grinding system of the No. 3 cement mill to reduce power consumption and reduce cement production costs.

1996
Completed the improvement project in the Nanshenghu Plant of the pre-grinding system of the No. 2 cement mill, which greatly contributed to the overall energy saving.

1998
Completed the renewal project in the Nanshenghu Plant of No. 3 cement mill shell to increase cement production capacity and reduce breakdowns and downtime.

2001

Nanshenghu Plant officially started the mass production of Portland Type II low-alkali cement to expand cement business base.

2003

Nanshenghu Plant completed the raw meal pre-grinding system to improve the fineness of raw materials and reduce production costs.

2011

Mainland subsidiary Jiangsu Xinning New Building Materials Co., Ltd. completed the plant construction and ignition for operations.

2013

The waste heat power generation equipment in Mainland subsidiary Jiangsu Xinning New Building Materials Co., Ltd. went online.

2015

Added a neutron online analyzer in Nanshenghu Plant, completed the process water recycling improvement project, and mining sites completely afforested with the "thick layer mesh spraying method" for permanent residual walls.

2017

Added SNCR equipment to #3K preheater to reduce nitrogen oxide emissions

2018

Completed the renovation of the preheater precalciner of No. 3 cement kiln and the technical renovation of multi-stage combustion equipment to significantly reduce NOx emissions.

2019

Mainland subsidiary Jiangsu Xinning New Building Materials Co., Ltd. and Shanghai Sanrong Environmental Protection Engineering Co., Ltd. jointly invested in Nanjing Xinrong Environmental Protection New Material Co., Ltd. to produce denitrifying agent for green environmental protection.

2020

Jiangsu Xinning New Building Materials Co., Ltd., a subsidiary in mainland China, was awarded Grade A in the performance evaluation of key industries as announced by the Department of Ecological Environment of Jiangsu Province as the first cement company awarded Grade A in Jiangsu Province.

2021

Subsidiary HSIN I READY MIXED CONCRETE CO., LTD. and the HSIN I Banqiao factory officially ended the operations.

2023

- Nanshenghu Plant completed the optimization of the control equipment for the discharge pipelines of the coal mills, and the original electrostatic precipitator system was upgraded to a bag filter system to effectively improve the control performance of particulate pollutants.
- The NanKan Plant of Subsidiary HSIN I READY MIXED CONCRETE CO., LTD. completed the installation of the second set of mixer.

1.2 Sustainable vision strategy

The Company actively promotes corporate sustainable development. The Board of Directors has approved the Sustainable Development Best Practice Principles, which clearly regulates the implementation of corporate governance, development of a sustainable environment, maintenance of social charity, and enhanced disclosure of corporate sustainable development information. We comply with the requirements of the said principles and uphold the spirit of co-prosperity and symbiosis. We implement the concept of sustainable management in all business decisions and actions of the Company through concrete actions, such as corporate governance with integrity, care for employees, emphasis on environmental issues, and community care, thereby fulfilling social responsibilities and creating sustainable value for the Company.

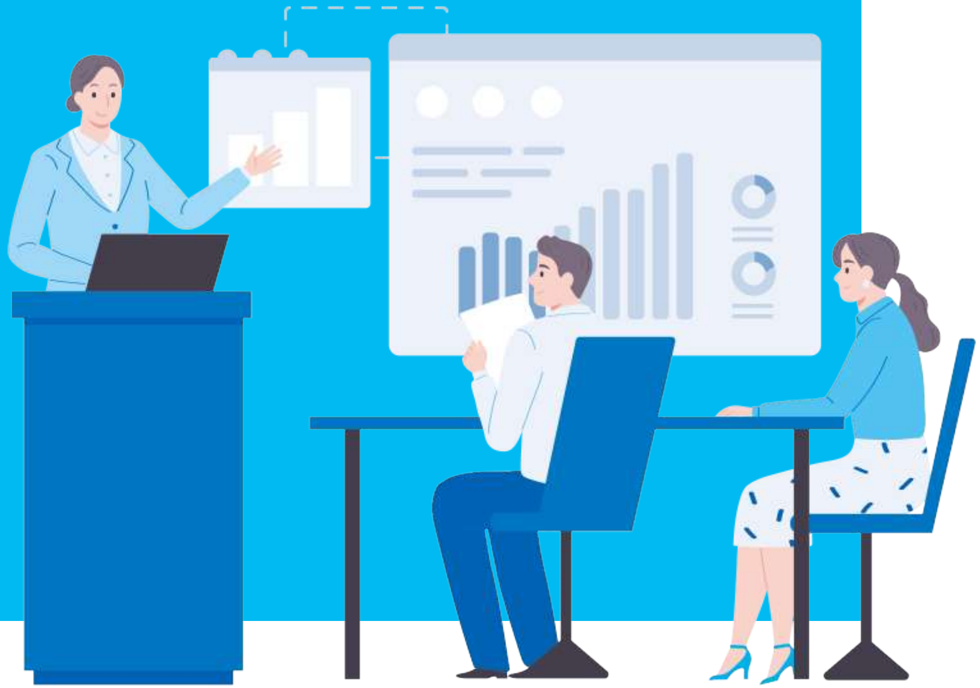
• Sustainable Development Committee

As sustainable development covers the environment, society, and governance (hereinafter referred to as ESG), the Company transformed the existing CSR Office team into the Sustainable Development Committee in 2022, which is chaired by the General Manager, along with the members served by senior managers of different departments. They jointly inspect the Company's situation and set out short-, medium-, and long-term sustainable development plans, while regularly reporting the implementation and results to the Board.

The Sustainable Development Committee has established a special team to be responsible for collecting stakeholders' issues of concern on environmental protection, occupational safety, supply chain management, labor rights, business performance, and corporate governance. To respect the rights and interest of stakeholders, we have set up a stakeholder area on the Company's website to appropriately respond to the important sustainability issues about which they are concerned.

Sustainable Development Best Practice Principles

Stakeholders section



• Sustainability Committee of Hsing Ta Cement

Chair
General manager

Executive Secretary
Finance and accounting department

Corporate Governance Team

Finance and accounting department
Audit department
Administration Department

Environmental Sustainability Team

Investment and Development Department
Administration Department

Nanshenghu
Raw Materials Division
Quality Assurance Division
Production Division
Factory Affairs Division

Social Co-prosperity Team

Business Department
Administration Department

Nanshenghu
Administration Division
Safety and Health Management Office

Functions of the Sustainable Development Committee

- Establishing goals and strategies for corporate sustainable development
- Promoting and supervising corporate sustainable development
- Reviewing the results of corporate sustainable development work
- Handling other matters related to corporate sustainable development
- Reviewing sustainability reports

Duties of the chair

- Formulating sustainable development policies
- Supervising the members of the Sustainable Development Committee in implementing various policies and preparing sustainability reports
- Reporting the implementation of sustainable development policies to the Board of Directors every year

In principle, the Sustainable Development Committee convenes a meeting every six months to discuss the implementation targets and results of each working group. The number of meetings may be flexibly adjusted if necessary in response to changes in the environment or laws and regulations. In addition to the committee's routine meetings, the chair may invite members of the working group to participate in the meetings according to the contents of the motions. All resolutions adopted by the Sustainable Development Committee or matters discussed and approved will be recorded. The Sustainable Development Committee meeting in 2022 completed the amendments to the Sustainable Development Best Practice Principles and the formation of the Sustainable Development Committee. A committee meeting was held on October 26, 2023 and reported to the Board of Directors on November 9, 2023, hoping that the operation of the committee will strengthen the Company's implementation of sustainable development, enhance the disclosure of sustainability-related information, and strengthen information security. We aim to continuously improve and grow on the road to sustainable development in the spirit of Plan-Do-Check-Act (PDCA).

Teams of the Sustainable Development Committee and related sustainability issues

Corporate Governance Team

Operational risk management, internal auditing, financial performance, information security, supply chain sustainability, legal compliance, ethical management, and board governance practices

Environmental Sustainability Team

Green products, energy management, greenhouse gas emissions, climate change, water resource management, product safety and responsibility, and waste management

Social Co-prosperity Team

Education and training, employee diversity and equal opportunity, occupational safety and health, customer service, labor relations, human rights policy, and social charity activities

• SDGs

The United Nations SDGs is a program released by the United Nations in 2015. It proposes 17 SDGs and 169 targets as the guiding principle for member states and global enterprises to implement sustainable development by 2030.

Hsing Ta Cement has integrated the SDGs into the Company's business strategy, expanding the previous focus on financial performance to take into account environmental protection and legal compliance, thereby improving employee benefits to retain outstanding talents, eliminating various unequal conditions in the workplace, and mitigating the discharge of wastewater and greenhouse gas emissions. We also invite suppliers to work together to improve the environment and benefits. In the future, Hsing Ta Cement will continue to make more contributions to the SDGs and fulfill its corporate social responsibility.

SDGs	Targets	Hsing Ta Cement's response
1 No poverty	1.4 Ensure that all men and women, particularly the poor and the vulnerable, have equal rights to economic resources	• We provide salaries that are better than the laws and regulations and competitive in the market, as well as comprehensive benefit measures, so that employees can work with dignity and improve the standards of living for themselves and their families. • We appropriately adjust employee salaries based on the Company's profitability to increase their commitment to the Company.
4 Quality education	4.5 Eliminate gender disparities in education and ensure equal access to all levels of education and vocational training for the vulnerable, including people with disabilities, indigenous peoples, and disadvantaged children. 4.7 Ensure all learners acquire knowledge and skills needed to promote sustainable development, including, among others, through education for sustainable development and sustainable lifestyles, human rights, gender equality, and promotion of a culture of peace and non-violence.	• We arrange for competency training for employees with different functions to ensure that each employee receives vocational training opportunities. • We plan courses on sustainable development, workplace equality, and labor rights to encourage employees to participate. • We offer human rights awareness education and training for all employees every year.
5 Gender equality	5.1 End all forms of discrimination against women and girls everywhere. 5.4 Recognize and value unpaid care and domestic work through the provision of social protection policies.	• Gender is not used as a factor for employee appointment, evaluation, and promotion. • Employees of both genders are provided with the right to apply for unpaid parental leave.
7 Affordable and clean energy	7.3 By 2030, double the global rate of improvement in energy efficiency.	• In 2023, solar power generation equipment was installed at the Nanshenghu Plant in Yilan. • We continue to use alternative fuels to reduce diesel consumption. In 2023, we reduced diesel consumption by 0.34 kilograms.

SDGs	Targets	Hsing Ta Cement's response
8 Decent work and economic growth	8.5 Achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value. 8.7 Prohibit child labor and eliminate forced or compulsory labor. 8.8 Protect labor rights and promote safe and secure working environments of all workers, particularly women migrants, and those in precarious employment	• Gender is not used as a factor for employee appointment, evaluation, and promotion. • We appropriately adjust employee salaries based on the Company's profitability to increase their commitment to the Company. • We respect labor rights, including the prohibition of child labor and any form of workplace discrimination. • The duties of maternal employees are adjusted according to the law to reduce their workload and substantively protect maternal employees. • We implement the ISO 45001 occupational safety and health management system to effectively enhance the workplace safety of employees.
9 Industry, innovation and infrastructure	9.5 Encourage innovation and increase the number of R&D personnel and R&D expenditure.	• We increase R&D expenditure year by year. In 2023, our R&D expenditure amounted to NT$5,261 thousand.
10 Reduce inequality within and among countries	10.2 Promote the social, economic and political inclusion of all irrespective of age, sex, disability, religion or economic or other status 10.3 Ensure equal opportunity and reduce inequalities of outcome, including through eliminating discriminatory practices.	• The Company does not take employees' physical or psychological differences into account in recruitment, evaluation, and promotion. • There are channels for employee whistleblowing and comprehensive whistleblowing procedures in place to protect whistleblowers.
12 Ensure sustainable consumption and production patterns	12.5 Substantially reduce waste generation through prevention, reduction, recycling, and reuse.	• We produce green products, optimize the design process, and reduce waste generation. • In 2023, the total amount of waste reused reached 208,890 metric tons, and the recycling rate of cement waste per unit reached 29.51%.
13 Climate action	13.2 Integrate climate change measures into national policies, strategies and planning.	• Since 2022, we have implemented climate change risk governance with reference to the Task Force on Climate-Related Financial Disclosures (TCFD) requirements and disclosed them in the sustainability report. • In 2023, the risks analyzed in 2022 will continue to be managed, and the target of carbon reduction by 50% compared with the baseline year will be continued.
16 Peace, justice and strong institutions	16.6 Develop effective, accountable and transparent institutions at all levels. 16.7 Ensure responsive, inclusive, participatory and representative decision-making at all levels.	• We strengthen corporate governance, ensure that employees abide by the Company's regulations through internal control, and have established whistle-blowing procedures and channels. • Through stakeholder communication, we understand their requirements and expectations for the Company, and regularly report to the Board of Directors.

1.3 Organizational Participation and Global Initiatives

In addition to improving our competitiveness in the industry, the Company actively communicates with stakeholders from all sectors. By participating in industry-related associations, we have positive interactions with members of the associations and stay abreast of the latest development trends in the industry.

As the world pays more attention to climate issues and drives companies to actively take actions to mitigate climate change, the Company has responded to the TCFD initiative in 2022 and followed the TCFD recommendations, to disclose the strategies and measures taken by the Company in response to climate change, and to shoulder the due corporate social responsibility with the vision of transitioning to a low-carbon economy.

Name of external association	
Taiwan Cement Manufacturers Association	General member
Taiwan Marble and Stone Mining Association	Member
Industrial Safety and Health Association of the R.O.C	General member
Yilan County Industrial Association	General member

1.4 Stakeholders and material topics

Stakeholders and material topics identification process

Step.1 Understanding of the organization's context

Referred to the relevant industry standards for sustainability; reviewed the organization's operating activities, business relations, and the process of identifying stakeholders to understand the overall situation of the organization and related impacts; and identified sustainability stakeholders.

Step.2 Identification of actual and potential impacts

Identified the actual and potential impacts on the economy, environment, and people, including positive and negative, short-, medium- and long-term, intentional, or irreversible impacts, based on the overall overview of the organization and business relations; and selected 24 issues of concern related to sustainability.

Step.3 Assessed the significance of the impact

Conducted materiality analysis through the questionnaire on the external economic, environmental, and people impact and the questionnaire on the impact on internal operations.

Step.4 Sorted the most significant impacts for reporting

Sorted the impact of the identified issues, tested their significance with consultants based on sustainability-related industry standards, and finally selected eight material topics.

1.4.1 Understanding of the organization's context

Identification of major stakeholders and communication

Interacted with various stakeholders through routine business transactions

Discussed in internal meetings and referenced industry practices

Identified seven categories of major stakeholders

Stakeholders section

While pursuing corporate sustainable management, we value the voices of stakeholders. We include all individuals or groups that may have a significant impact on the Company's operations as stakeholders. Through the five principles of the AA1000 Stakeholder Engagement Standard (SES): dependency, responsibility, influence, diverse perspectives, and tension, the Company's Sustainable Development Committee has identified seven types of major stakeholders: government agencies, employees, suppliers, customers, banks, communities, shareholders/investors.

Due to the differences in the status of stakeholders, their issues of concern are often different. The Company provides information related to corporate sustainable development on its official website, and has open and direct communication channels for stakeholders to keep abreast of their requirements and expectations for the Company and respond in a timely manner, hoping to achieve a win-win situation with stakeholders to achieve corporate sustainable management, while continuing to review and improve our performance in corporate sustainable development. The communication with major stakeholders is reported to the Board of Directors every year as a reference in sustainable strategic planning.

Stakeholder communication channels and issues of concern

Categories of major stakeholders	Significance of stakeholders to the Company	Issue of concern	Communication channel	Frequency of communication	Communication records
Government agencies	Government agencies supervise and audit the Company's compliance with various laws and regulations.	• Legal compliance • Information security • Ethics and integrity • Corporate governance • Occupational safety and health • Energy conservation and carbon reduction • Energy consumption • Waste management • Air pollution control • Social engagement • Climate change response	Market Observation Post System	Irregularly	Market Observation Post System
			Corporate Governance Evaluation	Annually	Corporate Governance Evaluation
			Visits by competent authorities	Annually	Factory audit and operational investigation
			Policy awareness-raising events	Irregularly	Official document system
			Official correspondence and policy awareness-raising events	Irregularly	Official document system
Shareholders	Investors are the Company's supporters. The Company should protect their rights and interest, treat all of them fairly, and ensure that they have the right to fully know, participate in, and decide on the Company's material issues.	• Product innovation • Legal compliance • Ethics and integrity • Financial performance • Corporate governance • Operational risk management	Market Observation Post System	Irregularly	Various irregular announcements/material information announcements/announcements related to the shareholders' meetings
			Monthly revenue or quarterly financial report	Annually	Monthly revenue or quarterly financial report
			Shareholder meeting	Annually	Shareholders' meeting minutes
			Official website, telephone, or email	Irregularly	Investor section and email
			Investor conference	Annually	Investor conference videos

Categories of major stakeholders	Significance of stakeholders to the Company	Issue of concern	Communication channel	Frequency of communication	Communication records
Suppliers	Long-term positive interactions with supply partners can ensure a stable supply of raw materials, materials, and services. In addition, measures taken together with supply partners can effectively prevent environmental pollution and labor rights violations.	• Supplier social assessment • Supplier environmental assessment • Energy consumption • Legal compliance • Financial performance • Information security	Supplier/contractor meetings	Irregularly	Meeting minutes/email/telephone/Webex.
			Contractor negotiation meetings	Annually	Meeting minutes
			Construction safety and health instructions	Irregularly	Safety, health, and environment commitment
			Auditing of suppliers/ contractors	Annually	Audit reports
			Supplier questionnaires	Irregularly	Prohibited and restricted substances guarantee Prohibited and restricted substances survey
Customers	Customers are the main sources of revenue for the Company. The Company regards product quality, safety, and after-sales service as its highest commitment to customers. Maintaining high customer satisfaction with the Company will help increase customers' recognition of the Company.	• Supplier environmental assessment • Supplier social assessment and product innovation • Legal compliance • Information security • Customer service • Ethics and integrity • Financial performance • Corporate governance • Occupational safety and health • Operational risk management • Customer health and safety • Energy conservation and carbon reduction • Waste management • Energy consumption • Human rights policy • Climate change response • Water resource management	Meetings with customers	Irregularly	Email/telephone/Webex.
			Customer satisfaction survey	Annually	Customer satisfaction survey questionnaire
			Auditing by customers	Irregularly	Customer feedback mailbox
			Customer questionnaire	Irregularly	Customer commitment or customer-related questionnaires

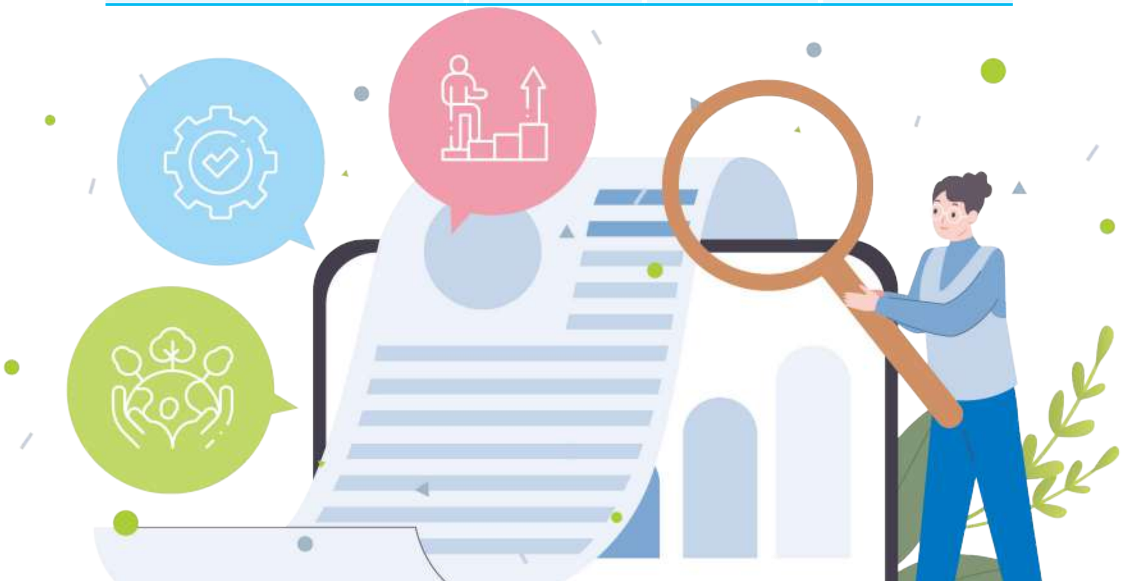
Categories of major stakeholders	Significance of stakeholders to the Company	Issue of concern	Communication channel	Frequency of communication	Communication records
Employees	Employees are the cornerstone of the Company's operations. The Company is committed to providing them with a healthy and diversified workplace so that they can work without worries.	• Ethics and integrity • Financial performance • Diversity and equal opportunity • Employment • Talent cultivation and retention • Legal compliance • Occupational safety and health • Salary and benefits • Human rights policy	Labor-management meetings	Quarterly	Meeting minutes
			Employee complaint email	Irregularly	Suggestion box
			Employee Welfare Committee meetings	Monthly	Meeting minutes
			Department meetings and performance interviews	Regularly	Weekly report (according to the needs of each department)
			Internal announcement	Irregularly	Performance evaluation form
			Safety and Health Committee meetings	Quarterly	Meeting minutes
Banks	Banks are the main source of working capital. Through close communication and interaction with them, we can obtain stable and competitive working capital and ensure sustainable operation.	• Financial performance • Legal compliance • Energy conservation and carbon reduction • Energy consumption • Product innovation • Social engagement • Climate change response	Visits to banks	Irregularly	Email/Telephone
Community	Social co-prosperity is the goal of sustainable operations, and the positive influence on society is enhanced by giving back to society.	• Social engagement • Legal compliance • Climate change response • Energy conservation and carbon reduction • Energy consumption • Waste management • Water resource management • Air pollution control	Community meetings	Irregularly	Emails, phone calls, and physical meetings
			Donations to social charity activities	Irregularly	Company website

1.4.2 Identification of actual and potential impacts

The issues of concern raised by various departments and key stakeholders in daily operations were selected and compiled by the Sustainability Committee. At the same time, we referred to the specific topics of the 2021 GRI Standards and the SASB Standards, and assessed the actual and potential positive and negative impacts of the topics on the economy, environment, and people, while identifying 24 sustainability issues in the economy, environmental, and social aspects, ensuring that the sustainability information disclosed by Hsing Ta Cement in the environmental, social, and governance (ESG) aspects to meet stakeholders' expectations. The positive and negative impacts of the Company's sustainability issues evaluated in 2023 are as follows.

Sustainability issue	Positive impact	Negative impact	Actual/Potential
Energy consumption		✓	Potential
Energy conservation and carbon reduction		✓	Potential
Operational risk management	✓		Actual
Air pollution control	✓		Actual
Talent cultivation and retention	✓		Potential
Occupational safety and health	✓		Actual
Corporate governance	✓		Potential
Legal compliance	✓		Actual
Salary and benefits	✓		Actual
Climate change response		✓	Potential
Ethics and integrity	✓		Actual
Employment	✓		Actual
Water resource management	✓		Actual
Waste management	✓		Actual
Financial performance	✓		Actual
Customer service	✓		Actual

Sustainability issue	Positive impact	Negative impact	Actual/Potential
Product innovation	✓		Actual
Supply chain environmental assessment	✓		Actual
Human rights policy	✓		Actual
Supplier social assessment	✓		Actual
Information security	✓		Actual
Customer health and safety	✓		Actual
Diversity and equal opportunity	✓		Actual
Social engagement	✓		Actual



1.4.3 Assessment of the significance of impacts and sorting of the most significant impacts for reporting

The Sustainable Development Committee distributed an online questionnaire to key stakeholders regarding the 24 sustainability issues that were assessed for positive and negative impacts. In 2023, a total of 36 valid copies of the questionnaire were returned, indicating impacts of various sustainability issues (on governance, environment and people) scored by major stakeholders. An online questionnaire was also distributed to the Company's management, executives, and independent directors, totaling eight copies of the questionnaire. They were asked to evaluate the impact of the Company's business activities and business relations on governance, environment, and society based on sustainability issues. The above scores were combined to produce a material topic matrix. Finally, after discussion by the Sustainable Development Committee, the material topics of the year were determined, confirming that Hsing Ta Cement should disclose the environmental, social, and economic aspects first. Compared with the 2022 report, "salary and benefits" was added into the material topics in this year's report. This report will explain the management approaches and related disclosures of each material topic.

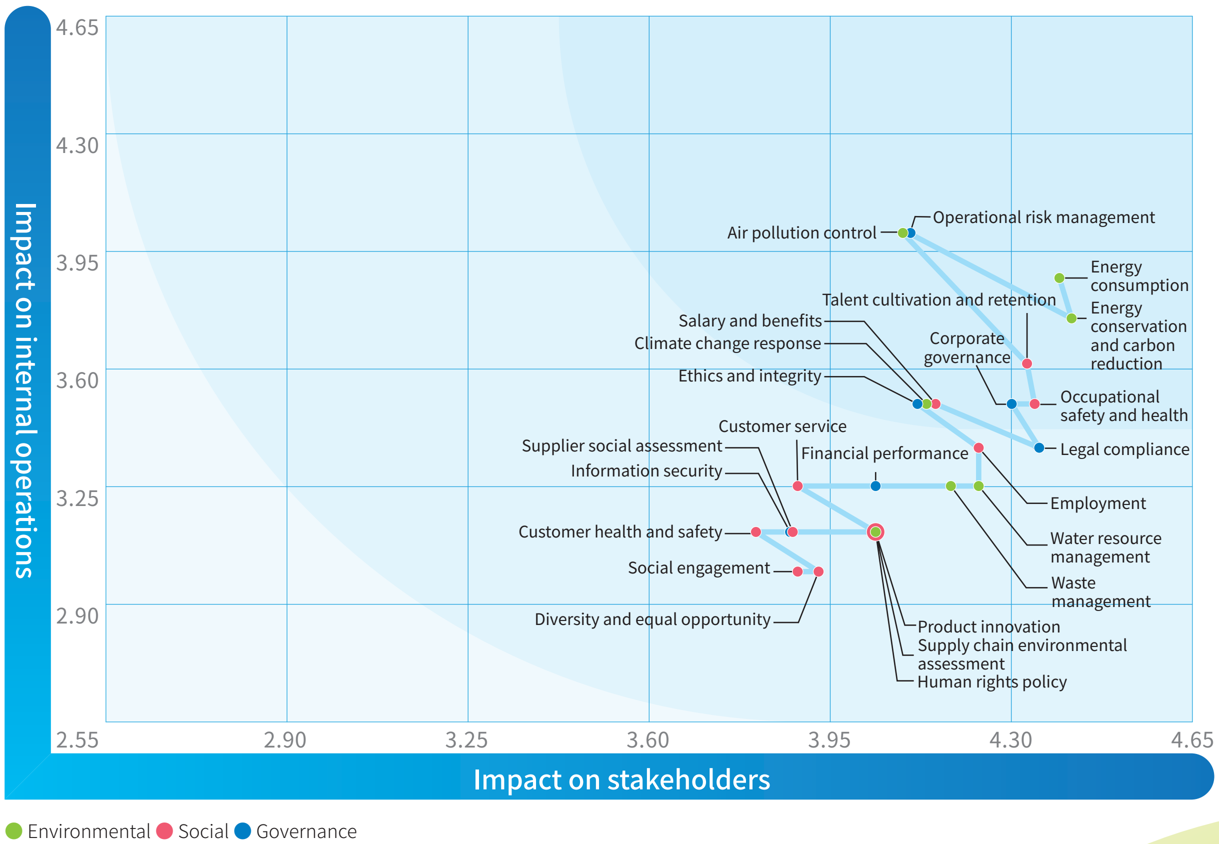
Material Topics

Environmental
- Water resource management
- Energy consumption
- Energy conservation and carbon reduction
- Air pollution control

Social
- Talent cultivation and retention
- Salary and benefits
- Employment
- Occupational safety and health

Governance
- Information security
- Legal compliance
- Operational risk management

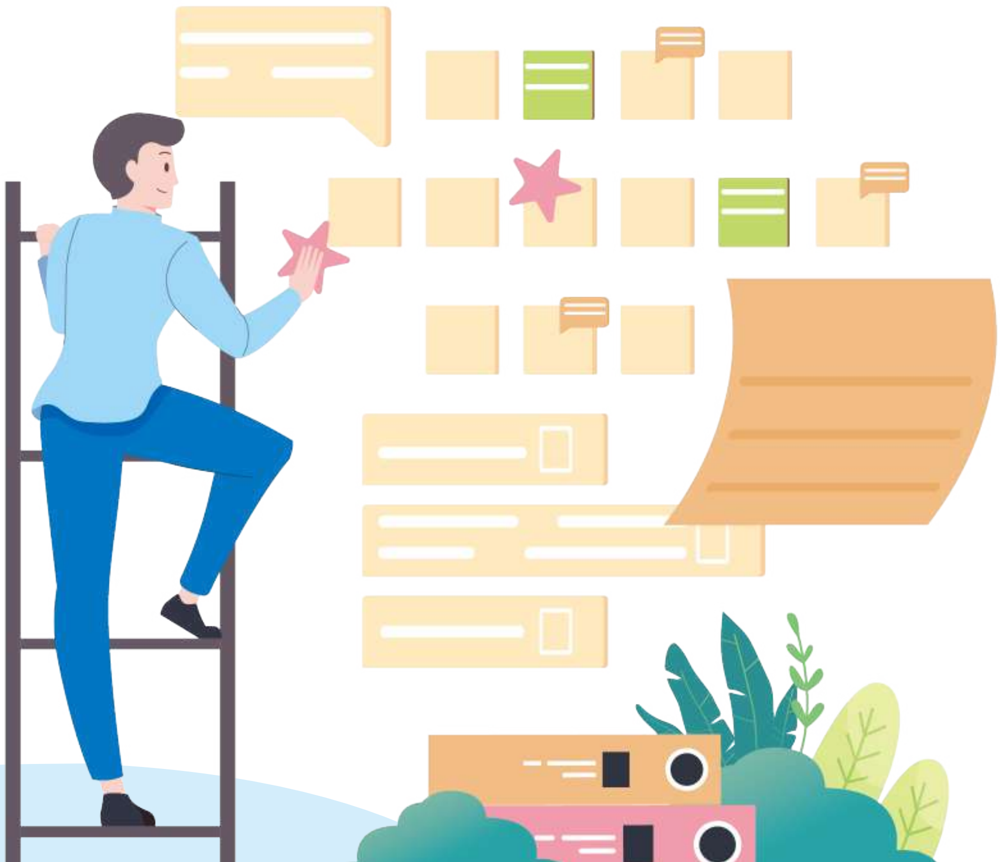
Distribution of impacts of sustainability issues in 2023



• Sorting of material topics to be reported based on their impacts

The members of the Sustainable Development Committee referred to the results of the stakeholder impact assessment and the internal operation impact assessment, as well as the Company's sustainable development strategies, and sorted the material topics as follows:

Aspect	Sustainability issue	Sorting
Environmental	Energy consumption	1
Environmental	Energy conservation and carbon reduction	2
Governance	Operational risk management	3
Environmental	Air pollution control	4
Social	Talent cultivation and retention	5
Social	Occupational safety and health	6
Governance	Corporate governance	7
Governance	Legal compliance	8
Social	Salary and benefits	9
Environmental	Climate change response	10
Governance	Ethics and integrity	11
Social	Employment	12
Environmental	Water resource management	13
Environmental	Waste management	14
Governance	Financial performance	15
Social	Customer service	16
Environmental	Product innovation	17
Environmental	Supply chain environmental assessment	18
Social	Human rights policy	19
Social	Supplier social assessment	20
Governance	Information security	21
Social	Customer health and safety	22
Social	Diversity and equal opportunity	23
Social	Social engagement	24



1.4.4 List of material topics

Aspect	Material topics	Positive and negative impacts on Hsing Ta Cement	Internal impact boundary	External impact boundary						Corresponding GRI Standards	Disclosure in the report
			Companies	Shareholders/ Investors	Suppliers	Customers	Competent authorities	Banks	Community		
Environmental	Air pollution control	The Company strictly controls process air emissions, which is stricter than the government's emission standards, leading to a positive impact.	●				●		●	305-7	3.3 Pollution control
Environmental	Energy consumption	The Climate Change Response Act and amendments to the Renewable Energy Development Act mandate compulsory users of renewable energy to install green energy equipment, which may increase the Company's operating costs and potentially cause a negative impact.	●			●	●	●	●	302-1-302-5	3.1 Energy management
Environmental	Energy conservation and carbon reduction	Due to the Climate Change Response Act, Taiwan is expected to impose a carbon fee in 2024 or 2025, potentially increasing the Company's costs and posing a negative impact.	●			●	●	●	●	302-1-302-5	3.1 Energy management
Environmental	Water resource management	The Company recycles 100% of the water used in the manufacturing process, which is a positive impact.	●				●		●	303-1-303-5	3.2 Water resource management
Corporate governance	Legal compliance	Legal compliance is the cornerstone of the sustainable operation of Hsing Ta Cement. There were no major violations of laws and regulations in 2023, which is a positive material impact.	●	●		●	●			2-27	2.2 Ethical management and legal compliance
Corporate governance	Information security	We continue to invest resources to improve information security protection, and no major information security incidents have occurred, which is a positive material impact.	●			●	●			Self-defined material topics	2.5 Information security
Corporate governance	Operational risk management	The Stewardship Team under the Sustainable Development Committee is responsible for annual risk assessment, implementation, and continuous review of risk changes, ensuring timely responses. In 2023, we effectively addressed environmental risks from climate change and information security risks, resulting in a positive material impact.	●	●		●	●			Self-defined material topics	2.3 Risk management
Social	Occupational safety and health	We provide employees with a healthy and safe work environment where they can work with peace of mind. There were no major occupational injuries in 2023, which is a positive material impact.	●		●	●	●			403-1-403-10	4.3 Occupational safety and health
Social	Talent cultivation and retention	Through comprehensive education and training planning and implementation, we ensure that each employee continues to improve their work skills and physical and mental health management knowledge to achieve talent sustainability, which is a positive material impact.	●							404-1/404-2	4.2 Right person for the right place
Social	Salary and benefits	We provide employees with a salary and benefit system that is better than the Labor Standards Act, leading to a positive material impact.	●				●			404-1/404-2	4.2 Right person for the right place
Social	Employment	The Group has harmonious labor-management relations. In addition to the collective bargaining agreement signed with the labor union, the Company's employees have formed a labor union to regularly meet with directors and supervisors to reflect their opinions. There have been no labor disputes in the past three years, which is a positive material impact.	●	●			●			102-15	4.2 Right person for the right place

chapter 2

Stewardship

Material topics	Operational risk management
Policy/Commitment	• Shaping of a risk culture • Effective preventive control • Participation by all employees
Goals	• Implement sustainable environmental, social, and governance risk management
Responsible department/grievance mechanism	• Responsible department: Stewardship Team • Grievance mechanism: In the stakeholders section on the official website, stakeholders can directly contact the relevant departments and give feedback on relevant issues. https://reurl.cc/OvpRQR
Invested resources	• In 2022, we adopted TCFD for climate change risk management. • In 2023, the Company continued the identification and handling of sustainability-related environmental, social, and governance risks in 2022. • Under the Sustainable Development Committee, the Stewardship Team has been established to be responsible for risk management and operation.
Evaluation mechanism	• The annual Sustainable Development Committee meeting reviews the effectiveness and reports to the Board of Directors.

Material topics	Legal compliance
Policy/Commitment	• In business activities, Hsing Ta Cement endeavors to comply with applicable laws and regulations, and constantly monitors domestic and foreign policies and regulations that affect our operations to ensure legal compliance and establish a law-abiding corporate culture.
Goals	• There was no record of major violation in the year.
Responsible department/grievance mechanism	• Responsible department: Administration Department • Grievance mechanism: In the stakeholders section on the official website, stakeholders can directly contact the relevant departments and give feedback on relevant issues. https://reurl.cc/OvpRQR
Invested resources	• Governance: The Company has an Ethical management team and the Administration Department is the executive unit, and the Board of Directors and the management regularly promote and continuously supervise the implementation. • The Company has established the "Ethical management Best Practice Principles," "Code of Ethical Conduct," and "Employee Code of Conduct" as the basis for employees and stakeholders to follow. • Employees: The management sets an example and motivates all employees to ensure that relevant business practices comply with laws and company policies and regulations. We strengthen all employees' awareness of legal compliance through training related to laws and regulations. • Environment, safety, and health: We formulate relevant management methods and supervision measurement and performance management methods to manage the occupational safety, health, and environmental laws and regulations, and other requirements that should be followed in relation to the Company's operating activities, products, or services to ensure full compliance with laws and regulations. • Grievances/Whistleblowing: The "Procedures for Reporting Dishonesty and Misconduct" and "Procedures for Investigating Reports" have been established, and platforms and information communication channels for reporting misconduct have been set up on the Company's website and with a mailbox, and relevant information has been announced by email and bulletin boards.
Evaluation mechanism	• We regularly report to the Board of Directors on the implementation of the Company's Ethical management policy. The most recent date for the implementation report in 2023 was March 13, 2024. • The Company also organized internal and external education and training on Ethical management issues in 2023 (including Ethical management, compliance, safety and health management, accounting systems, and internal control) with 3,600 hours and 669 participants. • In 2023, the Company did not have any record of major violations in various aspects, including ethical management, anti-competition, business accounting, environmental protection, labor rights, occupational safety and health and product liability, socioeconomics, customer privacy, and customer health and safety.

Note: Major violations refer to those with a fine of more than NT$500,000.

Material topics	Information security
Policy	• We ensure the confidentiality, integrity, availability, and legitimacy of data, systems, equipment, network security, and the information assets to which they belong; comply with relevant laws, regulations, and contract requirements to protect them from internal and external deliberate or accidental threats.
Goals	• There is zero major information security incident.
Responsible department/grievance mechanism	• Responsible department: Administration Department • Grievance mechanism: In the stakeholders section on the official website, stakeholders can directly contact the relevant departments and give feedback on relevant issues. https://reurl.cc/OvpRQR
Invested resources	• We implement information security training, promotion, and auditing. In 2023, one training session was offered, with a total of 84 participants and 126 hours of training. • We implement information and communication security control. • We implement data access control. • We regularly back up and implement disaster recovery drills.
Evaluation mechanism	• There were no major information security incident in 2023. • In 2023, there were no leakage of confidential information affecting the personal data of customers and employees and resulting in no penalties by competent authorities. • There were no defects in the external audit conducted by CPAs in 2023.

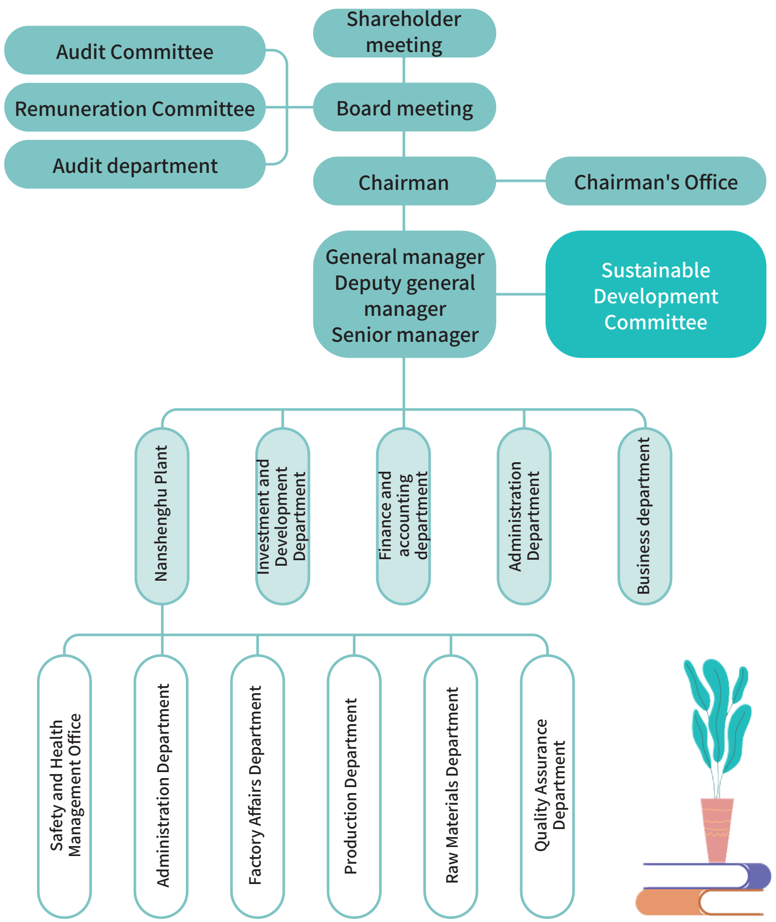
Sound operations of the Board of Directors and effective risk control are the key to perfect corporate governance to reduce the Company's operational risks, enhance the Company's overall competitiveness, and create brand value. We are striving to establish a corporate culture of integrity and responsibility and abide by various laws and regulations to implement ethical management. A well-functioning corporate governance framework can ensure the sound development of the Company's operations and protect the rights and interest of investors and other stakeholders.

The shareholders' meeting is the Company's highest decision-making body. It makes decisions on the Company's material issues in accordance with the Securities and Exchange Act and the Company Act. As the highest governance body, the Board of Directors reports and makes proposals every year. Board members all fulfill their duty of care as good managers, formulate the Company's operating policies, review financial performance, and ensure that the Company's operations comply with relevant laws. The Chairman is responsible for all strategic targets set by the board and exercising the authority granted by the board. The General Manager is responsible for planning and managing the Company's daily operations, planning the Company's sustainable operations and strategic development, and leading the management team to report to the board, with the responsibilities of the Chairman and the General Manager clearly divided.

At the same time, the Company's financial statements are audited by PwC Taiwan's CPAs, ensuring that the information required by financial and accounting laws and regulations can be completed accurately and in a timely manner. Looking ahead to the future, the Company will continue to strengthen the operations and functions of the board, enhance the transparency of information disclosures, and gradually incorporate sustainable governance strategies into the corporate governance structure. These are the goals of the Company's ongoing efforts.

2.1 Governance practices

Governance structure



- Responsibilities of governance units

Unit	Responsibilities
Audit Committee	Assisting the Board of Directors in overseeing the quality and integrity of the Company's implementation of accounting, auditing, financial reporting processes and financial controls.
Remuneration Committee	Improving the remuneration system for the Company's directors, supervisors, and managers, appointing them by resolution of the board, and convening meetings in accordance with the law.
Audit department	Being responsible for matters related to the audit of internal control systems and the planning and review of rules ad regulations.
Chairman's Office	Assisting the Chairman in matters related to the planning and promotion of the Company's development strategy, and the execution of the business plans and projects assigned by the Chairman.
Sustainable Development Committee	Supervising and managing the implementation of the Company's overall corporate sustainable development policies and being committed to the sustainable development and promotion of measures in the environmental, social, and governance aspects.
Business department	Being responsible for matters related to product sales, logistics, marketing, assessment of the credit period of clients' notes, and supervision and assessment of local sales teams.
Administration Department	Being responsible for matters related to human resources, documentation, general affairs, procurement, fixed asset management, planning, execution and management of construction and maintenance, and computer operation management.
Finance and accounting department	Being responsible for matters related to finance, accounting, reinvestment, stock affairs, and corporate governance.
Investment and Development Department	Being responsible for matters related to market research, evaluation, execution and management of the investment and development of new businesses and resource recycle and reuse business.
Nanshenghu Plant	Being responsible for matters related to limestone mining and transportation, cement and clinker manufacturing, warehousing and delivery.

Note: Mr. Zhi-Xiong Yang serves as the Chairman of the Company and Mr. Da-Kuan Yang serves as the General Manager of the Company. Thus, the Chairman does not concurrently serve as the General Manager of the Company, and the two are not directly related by blood.

2.1.1 Board meeting

Hsing Ta Cement has established a corporate governance system in compliance with the Securities and Exchange Act and the Company Act of Taiwan. In order to strengthen the protection of shareholders' rights and interest and the functions of the board, the Company's Corporate Governance Best Practice Principles stipulate the requirements for the board members. The Company nominates for and elects qualified candidates based on fair, just, and open selection procedures, and elects new board members regularly based on the principle of meritocracy. At the same time, the diversity of the composition of directors is taken into consideration, including but not limited to the two major standards for basic requirements, values, and professional knowledge and skills. They should also generally possess the knowledge, skills, and qualities necessary to perform their duties. The board members of Hsing Ta Cement have extensive experience and professional capabilities in the fields of industry, accounting and finance, and are well-versed in the development of the industry. The Company's Board of Directors currently consists of nine directors, including three independent directors, with extensive experience and expertise in accounting, finance, management, and technology. In addition, the Company pays attention to the gender equality of board members, and there is one female director, accounting for 11% of the board members.

The Board of Directors sets the Company's business strategy and is accountable to shareholders and other stakeholders. The directors faithfully perform their duties and exercise their duty of care as good managers with a prudent attitude. The execution of the Company's business and the operations and arrangements of various governance systems should be resolved by the board, except for matters that should be resolved by the shareholders' meeting in accordance with laws or the Articles of Incorporation. During board meetings, directors abide by the Company's Rules of Procedure for Board of Directors Meetings and uphold a high degree of self-discipline to recuse themselves from conflicts of interest. If directors have a personal interest in the board meeting proceedings for themselves or the juristic person they represent, in addition to explaining the important contents of their interest at the board meeting. A director may not participate in the discussion and voting if it is likely to be detrimental to the Company's interest. They should recuse themselves from the discussion and voting, and may not exercise the voting rights on behalf of other directors.

The Board of Directors convenes at least once a quarter in accordance with the Rules of Procedure for Board of Directors Meetings to review the Company's business performance, discuss important strategic issues, and communicate key material events according to the Internal Material Information Handling and Insider Trading Prevention Procedures, including economic, environmental, and social impacts, risks, and opportunities. The board confirms the responsible units for subsequent handling at the meeting and follows up on the handling in the next meeting. When the unit in charge of board meetings provides various proposals and report materials to board members, it will review in advance whether the content of the reports is relevant to any stakeholders and any recusal is required, and parties concerned will be reminded in advance. In 2023, the Board of Directors held four meetings, and the attendance rate of all directors was 97.1%. In 2023, there were no instances of conflicts of interest requiring recusal by board members. A total of 20 pieces of material information were released in 2023. Please refer to the Market Observation Post System (MOPS) for related information.

Market Observation Post System

Nomination and selection process for the Board of Directors and various committees

01 Required qualifications

In accordance with the Company's Articles of Incorporation, the Corporate Governance Best Practice Principles, and the Regulations Governing the Election of Directors and Independent Directors, the candidate nomination system was adopted for the election of directors (including independent directors). The board considered the Company's future operational development and accepted director candidates who were professionals in various fields nominated by directors. The list of director (independent director) candidates was reviewed by the board, and they were proven to have the knowledge, skills, and qualities that directors (independent directors) should have.

02 Invitation and document review

The Chairman shall invite candidates with governance expertise or shareholders, each holding more than 1% of the Company's shares, nominate candidates. Candidates shall fill in a statement of education (experience) as a director (including independent directors), and attach a copy of their highest academic diploma or relevant credit certificates, or professional certificates; provide proofs of employment separation and certificates of service issued by previous and current organizations, respectively. The board will review the candidates' qualifications and materials. Those who pass the review will be listed as candidates for directors (including independent directors).

03 Board resolution

The proposal for nomination of candidates for directors (including independent directors) is submitted to the Board of Directors for discussion. After approval by resolution, it is submitted to the shareholders' meeting for an election. The directors shall be elected with reference to the Regulations Governing the Election of Directors and Independent Directors.

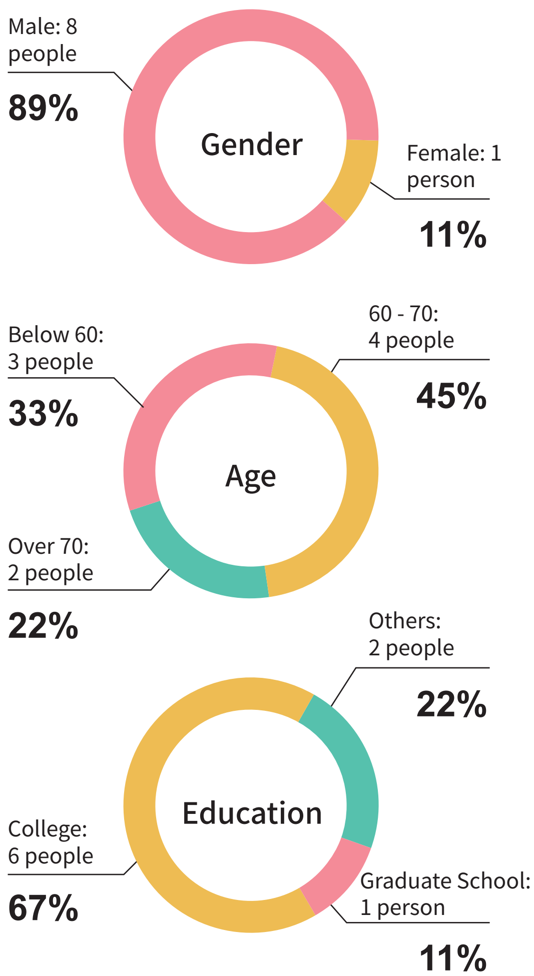
Board members

Title	Name	Attendance in person (%)	Concurrent directorships at other companies	Capabilities in related fields	Shareholdings in competitors, suppliers, and customers
Chairman	Zhi-Xiong Yang	75%	0	Has more than five years of work experience and expertise in the cement industry and business management; is not under any circumstances under Article 30 of the Company Act.	None
Director	Zhong-Xiong Yang	100%	0	Has more than five years of work experience and expertise in the cement industry, finance, and business management; is not under any circumstances under Article 30 of the Company Act.	None
Director	Ren-Xiong Yang	100%	0	Has more than five years of work experience and expertise in the cement industry, trade, and business management; is not under any circumstances under Article 30 of the Company Act.	None
Director	Da-Qin Yang	100%	0	Has more than five years of work experience and expertise required in the cement industry; is not under any circumstances under Article 30 of the Company Act.	None
Director	Hua-Ling Lin	100%	0	Has more than five years of work experience and expertise required in the cement industry; is not under any circumstances under Article 30 of the Company Act.	None
Director	Bo-Wei Yang	100%	0	Has more than five years of work experience and expertise required in the cement industry; is not under any circumstances under Article 30 of the Company Act.	None
Independent director	Zheng-Ting Chen	100%	2	Has more than five years of work experience and expertise in accounting, finance, and management; holds a CPA license; is not under any circumstances under Article 30 of the Company Act.	None
Independent director	Rui-Tai Wu	100%	0	Has more than five years of work experience and expertise in finance and management; is not under any circumstances under Article 30 of the Company Act.	None
Independent director	Zheng-Tong Shi	100%	2	Has more than five years of work experience and expertise in finance and management; is not under any circumstances under Article 30 of the Company Act.	None

Note 1: Only the number of TWSE/TPEx-listed companies is counted for the number of companies where the individual concurrently serves as a director.

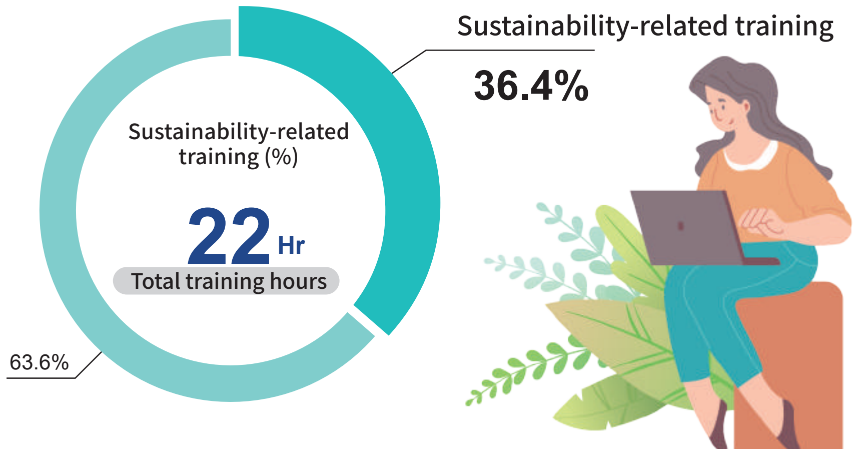
In addition, to effectively control risks and increase the willingness of professionals to serve as directors, the Company purchases liability insurance for all directors every year for an amount of NT$90,000,000. The scope of insurance covers the Company and its subsidiaries. Directors and managers are the main insured, protecting the Company, directors, and managers from the liability risks and expenses of alleged misconduct in the performance of their duties, freeing them from worries when performing their duties, while reducing and diversifying the risk of directors' mistakes or negligence and the risk of causing significant damage to the Company and shareholders.

Director diversity data/Year



• Board of Directors training and performance evaluation

In order to strengthen the ethical standards for conduct for the Company's internal personnel and implement ethical management, we have established the "Code of Ethical Conduct," "Ethical management Best Practice Principles," and "Employee Code of Conduct". The contents include prevention of conflicts of interest, avoidance of personal gain, confidentiality, fair trade, protection and proper use of corporate assets, compliance with laws and regulations, encouragement of reporting of any illegal or unethical behavior, and disciplinary measures. Relevant standards are implemented after being approved by the board, and are sent to independent directors and reported to shareholders' meetings. Anti-corruption policies are also communicated and promoted to employees. At the same time, we actively raise directors' awareness of following the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and advise them to take at least six hours of training each year on corporate governance topics during the term of office. In addition to courses on finance, risk management, business, commerce, law, accounting, sustainability, or internal control systems and financial reporting responsibilities, we continue to arrange sustainable performance management, corporate governance, legal compliance, risk management, and anti-money laundering and combating the financing of terrorism courses for directors and employees.



• Continuing education of directors in 2023

Title	Name	Date	Organizer	Title of course	Training hours (H)	Total hours of continuing education in the year (H)	Sustainability related
Independent director	Zheng-Ting Chen	January 17, 2023	CPA Associations of the R.O.C.	Mergers and Acquisitions and Due Diligence	3.0	9.0	X
		March 21, 2023	CPA Associations of the R.O.C.	Directors' Fiduciary Duties and Liability for Misrepresentation of Financial Statements	3.0		X
		March 21, 2023	CPA Associations of the R.O.C.	Supervision and Practice of Money Laundering Prevention for CPAs	3.0		X
Independent director	Rui-Tai Wu	November 24, 2023	Taipei Foundation of Finance	Principle for Financial Service Industries to Treat Clients Fairly	3.0	7.0	X
		December 11, 2023	Taipei Foundation of Finance	Measuring and Managing the Impact of Sustainability Goals	2.0		V
		December 22, 2023	Taipei Foundation of Finance	Regulations for Friendly Financial Services	2.0		X
Independent director	Zheng-Tong Shi	July 4, 2023	Taiwan Stock Exchange	2023 Cathay Sustainable Finance and Climate Change	6.0	6.0	V
				Total training hours (H)	22		8
				Sustainability-related training (%)	36.3%		

The Company has established the "Regulations Governing the Self-Evaluation or Peer Evaluation of the Board of Directors." According to Article 2 of the Remuneration Committee Charter, the Company conducts a performance evaluation every year before the first quarter of the following year. The self-evaluation questionnaire is used to evaluate the performance of the Board of Directors, including items of attendance at board meetings, pre-meeting understanding and participation in the motion discussion, interaction with the management team, compliance with laws and regulations and best practice principles, improvement to corporate governance, continuing training of corporate governance courses, understanding of the Company, the Company's management team, and the industry in which the Company is, and other items designated by the competent authority. It aims to regularly evaluate the performance of directors and managers. In order to strengthen the functions of the functional committees of the Board of Directors, the Company added the performance evaluation of functional committees in 2023, including the evaluation of members of the Audit Committee and the Remuneration Committee. The evaluation results of the Board of Directors and functional committees in 2023 were reported to the competent authority in 2024 and announced on the Company's official website. In order to increase the independence of the evaluation, the Company plans to have an external professional independent institution or a team of external experts and scholars conduct the evaluation once every three years in the future.

In 2023, the Company was still in the early stage of implementing sustainable development, and the Company has not yet linked the sustainable development goals and performance with the personal remuneration of directors and managers. Hsing Ta Cement will continue to monitor the trend and discuss with the Remuneration Committee whether to include sustainable performance in the scope of remuneration evaluation when the internal sustainable development culture becomes more well-established in the future.

• Promotion of corporate governance

The Company's General Manager is also the chief corporate governance officer, responsible for overall planning and execution, providing the information required by directors and Audit Committee members to perform their duties, handling matters related to the Board of Directors and shareholders' meetings according to laws, handling company registration and registration of changes, and preparing the minutes of board meetings and shareholders' meetings. Corporate governance implementation in 2023: https://reurl.cc/lD9axY

• Stakeholder consultation and grievance channel

In order to implement the core value of the Company's Ethical management culture, the Company has established a reporting system according to Article 23 of the Company's "Ethical management Best Practice Principles" and clearly established the Company's reporting channels and investigation procedures to implement the Company's Corporate Management Best Practice Principles as required and safeguard the legal rights of whistleblowers.

Whistleblowing channel

• Unethical and improper conduct reporting system	http://www.hsingta.com.tw/report.asp
• Reporting hotline	(02)2381-6731 ex. 109
• Reporting email	cys@hsingta.com.tw

In addition, in order to actively and extensively understand the needs of various stakeholders and continue to respond to stakeholders' topics of concern, the Company maintains interaction with stakeholders through dedicated contact points in daily business activities. In addition to company profile and product information, and a stakeholder section has been created on the official website to provide diverse communication channels, such as email and hotline, to serve as the communication channel between stakeholders and the Company to promote the smooth communication of internal and external opinions and information and meet the needs of stakeholders in a timely manner. Stakeholder section on the official website: https://reurl.cc/112k5V.

2.1.2 Audit Committee

In accordance with the Articles of Incorporation and Article 3 of the Regulations Governing the Exercise of Powers by Audit Committees of Public Companies, the Company has established an Audit Committee consisting of three independent directors with exceptional professionalism. The purpose of the operation of the Audit Committee is to ensure that the Company's operations comply with relevant government laws and regulations, and is responsible for supervising the following matters:

- Fair presentation of the Company's financial statements.
- The appointment (dismissal), independence and performance of attesting CPA.
- Material financial or business activities in which the Company engages, such as the acquisition or disposal of assets, derivative trading, lending funds to others, or providing endorsements or guarantees for others as stated in Article 36-1 of the Securities and Exchange Act.
- Effective implementation of internal control.
- Compliance with the relevant laws and regulations.
- Management and control of the Company's existing or potential risks.

In 2023, the Audit Committee held four meetings, and the attendance rate was 100%. For the detailed operation of the Audit Committee, please refer to the official website:

◀ **Members and operations**

2.1.3 Remuneration Committee

In order to improve corporate governance and the remuneration system for the Company's directors and managers, Hsing Ta Cement has complied with Article 14-6 of the Securities and Exchange Act and the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange, established the Remuneration Committee to evaluate the Company's directors and managers' remuneration policies and systems in a professional and objective position, and formulated the Remuneration Committee Charter as a basis for compliance.

In accordance with Article 26 of the Articles of Incorporation, the Company pays remuneration to directors. The remuneration to directors and supervisors should be from the Company's net income before tax (i.e., the pre-tax income is the income before the remuneration of employees and directors is deducted) for the year. If there is a profit, no less than 1% to 3% should be allocated as employee remuneration and no more than 5% as director remuneration. However, if the Company still has a cumulative deficit, it should reserve the amount to make up for it in advance and then allocate employee remuneration and director remuneration in accordance with the percentages mentioned above.

If there is a surplus in the annual final account, the Company should first pay the profit-seeking enterprise income tax and make up for a cumulative deficit, if any; appropriate 10% of the remaining balance as the legal reserve and a special reserve as necessary. The Board of Directors should make a distribution proposal based on the above earnings after the distribution and the cumulative undistributed earnings from previous years and submit it to the shareholders' meeting for approval.

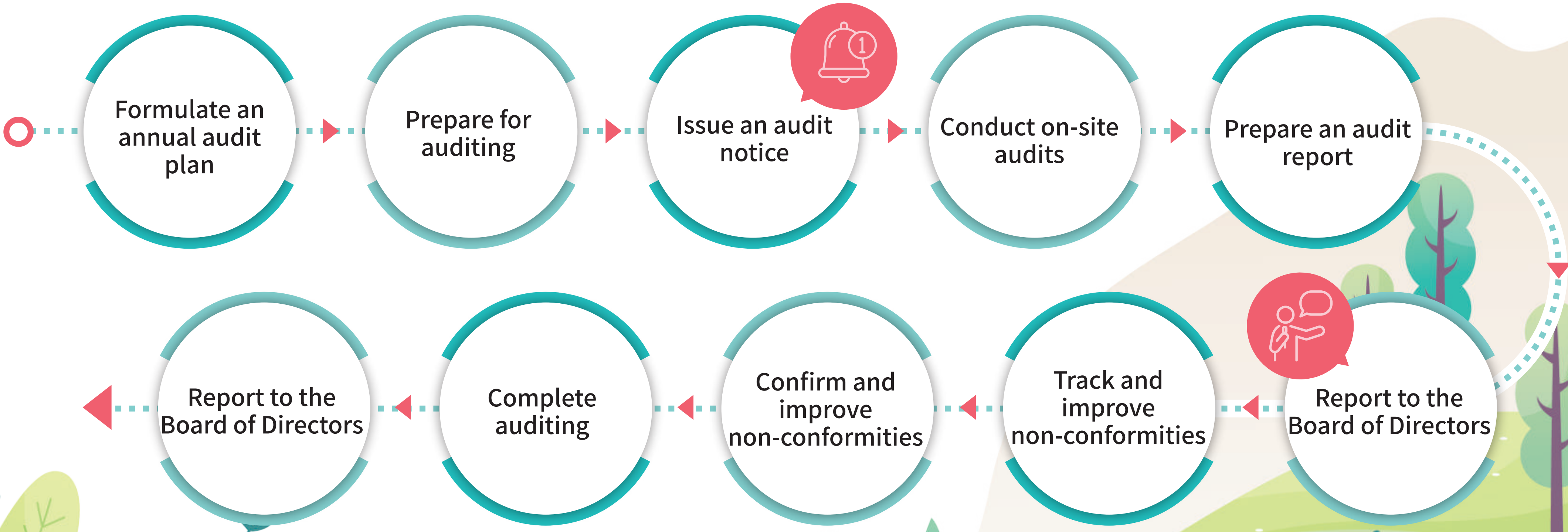
The annual remuneration of the Company's managers includes salaries, bonuses, and employee bonuses distributed from the earnings. The relevant remuneration is subject to the general standards of the industry, with the reasonableness of the relations between individual performance, the Company's operating performance, and future risks considered, before suggestions are made to the board as a reference in its decision-making.

In 2023, the Remuneration Committee held two meetings, with an attendance rate of 100%. For detailed information on the operation of the committee, please refer to the official website and (IV.) The Company's implementation of corporate governance composition, duties and operation of the Remuneration Committee under IV. The Company's implementation of corporate governance.

Member

2.1.4 Audit Department and internal audit

The Audit Department is an independent unit under the Board of Directors. It is responsible for the execution of audit business and is equipped with two full-time auditors, including the chief auditor and an auditor. The appointment and dismissal of the chief auditor is approved by the board. The internal auditors perform their duties in an objective and fair position, and the chief auditor also attends the board meetings to report in accordance with the regulations. In the fourth quarter of each year, we formulate an audit plan for the following year based on the risk assessment results. Afterwards, we implement the audit plan approved by the Board of Directors and prepare an audit report based on the audit results with internal audit defects found during the audit process and the responsible units' improvement measures and submit it to the Chairman for review to ensure the continuous and effective implementation of the internal control system. The Company reports the annual audit plan, the roster of auditors and their training hours, the implementation of the annual audit plan, the statement of the internal control, and the improvement to the defects and abnormalities of the internal control system to the competent authority according to the regulations. There were no major defects found during the internal audit in 2023, and all relevant improvements have been completed.



2.2 Ethical management and legal compliance

2.2.1 Ethical management

Each department of the Company interacts with stakeholders through routine channels on a regular basis. If there is a potential significant negative impact between stakeholders and the Company, the responsible department will perform due diligence of the financial position and market reputation of stakeholders, and report the investigation results to the General Manager and the Chairman. The Chairman, depending on whether the specific findings cause significant harm to the Company's overall operations, will assess whether to report to the Board of Directors. Finally, the Board of Directors will approved by resolution the due diligence report submitted by the department. In 2023, there were no potential negative material incidents between the Company and stakeholders, so there was no record of such reporting to the Board of Directors. Hsing Ta Cement understands that the current due diligence of stakeholders' financial position and market reputation is not sufficient. In the future, depending on the influence of stakeholders, the scope of due diligence will include stakeholders' legal compliance, environmental protection, and labor rights records, making our due diligence of stakeholders and the role of the board in facing potential negative material impacts be more complete.

The Company's organizational culture "integrity first" has shaped Hsing Ta Cement's core value. To ensure that the Company's ethical management philosophy is implemented throughout, the Company has valued the morality of employees and formulated the "Ethical Corporate Management Best Practice Principles", "Code of Ethical Conduct", and "Code of Employee Conduct", emphasizing the core values of integrity, innovation, discipline, positivity, and customer trust, with connecting the world with innovation and care as our mission. In accordance with the "Ethical Corporate Management Best Practice Principles", an ethical management team has been established under the Board of Directors, with the Deputy General Manager as convener. The Administration Department promotes the implementation and assists in reviewing and evaluating preventive measures for ethical management, while regularly evaluating relevant business processes. The promotion of ethical corporate management each year will be reported to the first board meeting of the following year. On new employees' first day, the Administration Department will raise their awareness of integrity. Management will also lead by example, abiding by the principle of integrity to subtly shape the Company's overall integrity culture.

Hsing Ta Cement has also established a complaint/reporting channel, where stakeholders can make a complaint, and the case will be filed and investigated by designated personnel. In 2023, we did not receive any complaint. In addition, through the Stewardship Team under the Sustainable Development Committee, Hsing Ta Cement is responsible for designing and reviewing grievance channels and accepting cases. In the future, the stakeholder communication meetings will be held with customers and suppliers to communicate and discuss such cases as a reference for improving the complaint mechanism.

2.2.2 Legal compliance

Legal compliance is the cornerstone of corporate security and sustainable development. Effective legal compliance can prevent fraud, reduce the loss of labor, time, and expenses, such as judicial investigation, fines, lawsuits, and negative news, and enhance corporate image and attract high-quality independent directors, employees, and transaction counterparties, so that the Company, shareholders, and stakeholders can jointly create a win-win situation. In terms of corporate governance, the Company has established an Audit Committee to supervise the Company's financial position and internal control system, and formulated the Rules of Procedure for Board of Directors Meetings to strengthen the functions of the board.

In terms of personnel management, the Company has established and implemented whistleblowing channels, and at the same time, the management has set an example, requiring each employee to ensure that relevant business conduct to be in compliance with laws and the Company's policies and internal regulations, thereby ensuring compliance by each unit through internal control operations. In terms of personnel training, the Company also protects the lawful labor rights and interest of employees in accordance with labor laws and regulations, and provides training on laws and regulations related to business implementation to employees of different units and different job levels to ensure that the Company's operations are in compliance with the requirements of various laws and regulations.

In terms of environment, safety, and health, Hsing Ta Cement ensures compliance with workers' safety and environmental protection laws and regulations through the implementation of the ISO45001 occupational safety and health management system and environmental management mechanism. There is an emergency response plan in place for our plants; we have established an emergency response center and plan to set up an emergency response team. When an emergency occurs, the emergency response team will respond to the emergency. In addition, the Company is committed to providing all employees with a safe and reasonable working environment and protecting their rights and interests. We regularly offer safety and health education and training for employees, including the provision of necessary health and first-aid facilities, and are committed to reducing hazards to employees' safety and health and preventing occupational accidents.

In 2023, the Company did not have any record of major violations in various aspects, including ethical management, anti-competition, business accounting, environmental protection, labor rights, occupational safety and health and product liability, socioeconomics, customer privacy, and customer health and safety.

2.3 Risk management

The corporate risk management is carried out by the Stewardship Team under the Sustainable Development Committee. The members of the committee are responsible for the management according to the functions of each committee member. The process is as follows: Each committee member first recognizes, analyzes, and measures the potential internal risks of the business operations; selects the appropriate method to control, handle, manage, and monitor the risks, and then formulates countermeasures against high-risk items; and conducts either centralized management or hierarchical implementation according to the characteristics of different risks, so that all high-risk items can be effectively controlled in a timely manner.

Category of risk	Risk description	Risk countermeasure
Sustainable environment	Carbon costs derived from greenhouse gas emissions	• The Company has been implementing ISO 14064-1 greenhouse gas inventory since 2013 and has ensured the effectiveness of the inventory through third-party verification. • The Company began to implement the carbon footprint calculation system for cement products in 2023, and expects to obtain the ISO 14067 third-party verification of Portland cement type 1 (in bags) and a carbon label from the Ministry of Environment by the end of 2024. • Implement energy conservation and carbon reduction projects, evaluate energy storage systems and renewable energy, adopt low-carbon energy, and increase the ratio of renewable energy use. • Apply for the CNS Mark for blended hydraulic cements - limestone cement, produce limestone cement with a lower amount of clinker, replace ordinary cement with limestone cement, to reduce clinker production and achieve carbon reduction. • Replace electrostatic dust collectors of coal pulverization with baghouse filters, which greatly reduces the emissions of particulate matter and saves electricity.
	Climate change	• The impact of torrential rain is becoming more and more serious, causing raw materials stacked in the open to become damp, increasing heat consumption due to drying. In the plant area, the waterproof facilities and daily drainage system maintenance are strengthened, and personnel response drills, including stakeholder communication, are conducted to reduce the impact of torrential rain. • Regarding the impact of typhoons, when a typhoon warning is issued, a typhoon prevention team is formed to accurately keep abreast of the trend of the typhoon and the situation in the plant, and the typhoon forecast in the plant is issued, so that the personnel can effectively understand the typhoon situation and take prevention measures, and strive to minimize the impact of the typhoon. When a flood occurs, the typhoon prevention center coordinates manpower to respond to the situation and address it and continues the subsequent recovery work after the flood subsided. • The global warming continues to rise, resulting in an increase in the cost of electricity consumption. The Company reduces energy consumption and protects personnel safety through green procurement, energy saving of refrigeration and air conditioning equipment, and the addition of solar energy equipment to generate green electricity for self-consumption.
	Supplier business continuity	• The Company has established a supplier management policy and requires suppliers to sign and fulfill their responsibilities for sustainable development. In the future, environmental and social due diligence/audit of suppliers will be conducted as appropriate. • In the future, it is planned to keep abreast of the management and implementation of suppliers in terms of sustainable development. We continue to encourage suppliers to value ethics, protect labor rights, pay attention to the labor working environment, safety and health, and environmental sustainability, and develop products that reduce environmental impact.
	Compliance with environmental laws and regulations	• Through the proper operation of the environmental management system, the Company ensures that the air pollution, water pollution, waste management, and chemical management are in compliance with the legal requirements.

Category of risk	Risk description	Risk countermeasure
Co-prosperity in society	Occupational safety	• Offer occupational safety and health training for new employees and existing employees. • Continue to implement the ISO 45001 occupational safety and health management system and uphold the spirit of legal compliance, risk management, hazard prevention, and continuous improvement to achieve a healthy workplace.
	New infectious diseases	• Form a task force. • Continue to monitor pandemic information and make timely adjustments in response to government regulations. • Implement a substitute mechanism. • Implement mechanisms for response to new infectious diseases.
	Labor shortage	• When faced with labor shortage due to the industry and the macro environment, we seek to improve our capabilities through internal training and explore multiple external recruitment channels, and seek technical and talent development cooperation with the community or academia to cope with labor shortage.
Corporate governance	Operational risk	• In 2023, the problem of imported cement continued to intensify. Imported cement accounted for about 27% of the market. This seriously eroded the domestic cement market. In addition to the anti-dumping lawsuits filed by the Taiwan Cement Manufacturers' Association, the Company will focus on the improvement to the cement quality and service quality and maintain close communication with customers, to understand and meet the latest customer needs and solve problems at any time. We expanded cement distribution channels and strengthening sales in the northern Taiwan market. At the same time, we strengthened the supply and operations of the Nanshenghu Plant to enhance customers' trust in the Company's product quality. • In response to the global net-zero trend, Taiwan has adopted a carbon fee to control carbon emissions. The costs related to carbon management in the cement industry have increased significantly. To reduce unfair competition from imported cement, the Taiwan Cement Manufacturers' Association also suggested to the Ministry of Environment that a carbon border fee (tax) be levied on both imported cement and its clinker to avoid carbon leakage that would cause total emissions to increase. • In accordance with the Company's carbon reduction plan to reduce carbon emissions by 50% by 2045, we began to produce and sell limestone cement (low-carbon cement), which not only reduces carbon emissions during the production stage but also motivates construction companies using Hsing Ta Cement to make joint efforts in carbon reduction.
	Financial risk	• The Group has had a sound financial structure, used funds conservatively and prudently, kept abreast of financial information at all times, and used financial instruments in a conservative and prudent way to reduce the risk of changes in interest rates and exchange rates.
	Ethical and integrity risk	• We have established the "Ethical management Best Practice Principles" and "Code of Ethical Conduct", along with education and training, internal audit, and a whistleblowing system, to implement related operations and prevent violations.
	Information security	• On August 11, 2023, the Company's Board of Directors approved the appointment of a chief information security officer and dedicated information security personnel. • Conduct host vulnerability scanning annually. • Organize annual information security-related courses and monthly information security information promotion to enhance employees' information security awareness. • Plan to establish an information security section on the employee website to promote and share internal information security information. • Continue to regularly change company personal account ID and passwords and set complex password rules. • Continue to set PC to lock computer screen automatically • Use the Fortinet next-generation VPN system.
	Raw material supply and demand risk management	• In response to the uncertainty of the supplier's supply of goods, in addition to the development and transfer of the supply country, hedging procurement is carried out to reduce the risk of interruption of supply. • We adopt a logistics collection mechanism and require suppliers' risk management, while working with companies in the same industry to share ship transportation, using a free-on-board mechanism, and taking out marine cargo insurance for raw materials to reduce the risk of damage to raw materials and the control risk of breakbulk cargo.

2.4 Climate change governance

The Company has an internal control system and an internal audit system in place. Since 2022, the Sustainable Development Committee has initiated integrated risk management related to the environmental, social, and governance aspects of sustainable operations. Due to the extreme climate caused by global warming, energy and climate change issues have become increasingly important in recent years. In order to mitigate the impact of climate change on the Company's operations, we started to adopt the TCFD framework in 2022, which is divided into governance, strategy, risk management, indicators, and targets. Each member of the committee identifies climate-related risks and opportunities. The General Manager chairs the committee. The committee formulates follow-up response strategies and targets every year, reviews the implementation, discusses future plans, and reports regularly to the board every year, and the board monitors the implementation results.

Governance	Strategy	Risk management	Metrics and targets
Hsing Ta Cement's governance of climate-related risks and opportunities	Business, strategic, and financial planning; actual and potential climate-related impacts	Climate-related risk management process	• Metrics and targets for assessing and managing climate-related issues
The climate risk and opportunity governance and the annual sustainability risk management issues are reported by the chair to the board every year, and the board of Directors monitors the implementation results. Since the second quarter of 2022, the Sustainable Development Committee has reported to the board on the progress of sustainable development on a quarterly basis.	Reference to the 2022 short-, medium-, and long-term climate risks and opportunities table	The risk identification, assessment, and management process is as follows: 1 · Sustainable Development Committee members complete the collection of climate and environmental background information. · Climate risk and business scope assessment 2 · Establishment of a list of climate risks and opportunities · Establishment of questionnaires on impacts on internal operations 3 · Sustainable Development Committee members conduct analysis of climate risks and opportunities and operational impacts. · Determination of significant risks 4 · Establishment of execution strategies and targets 5 · Annual rolling review through the Sustainable Development Committee meetings Effectiveness of execution strategies and targets	• Reduce electricity consumption by 5% within 5 years from 2020. In 2022, 63,284 kWh of electricity was saved, with an average annual electricity saving rate of 1.48%, in line with the target. • In 2023, 29,836 kWh of electricity was saved, with an average annual electricity saving rate of 1.32%, in line with the target. • The total carbon emissions reduced in 2023 was 37,689 tons, including 17,902 tons of carbon emissions reduced from alternative raw materials and 19,787 tons of carbon emissions reduced from alternative clinker. In 2023, carbon emissions reduced accounted for 6.35% of annual emissions.
The General Manager chairs the Climate Risk and Opportunity Governance Committee, while the heads of all tier-one units serve as the committee members to implement risk identification, assessment, and response.	Reference to climate-related impacts		• In 2023, the Scope 1 emissions were 552,623.04 tCO_2e; the Scope 2 emissions were 41,137.36 tCO_2e; the Scope 3 emissions were 15.311.38 tCO_2e.
	The Company discussed the 2° C scenario (2DS) at the Sustainable Development Committee meeting, and used the tools provided by the Taiwan Climate Change Projection Information and Adaptation Knowledge Platform (TCCIP) as a reference for assessing the physical climate change risk scenario. Finally, the 2DS/RCP8. 5 scenario was adopted as the Company's physical climate change risk scenario, which might lead to an increase in raw material and transportation costs. As for transition risks, we simulated the changes in carbon emission regulations in the place of operations and the market and conducted thematic analysis of climate change risks and opportunities.	The Company has included climate risks and opportunities in the business of the Sustainable Development Committee and implemented them based on the nature of the business.	• Reduce carbon emissions by 50% by 2045 compared to 2020.

2022 short-, medium-, and long-term climate risks and opportunities table

The Company's Sustainable Development Committee restarts a comprehensive assessment every three years and regularly reviews and updates it every year. The first climate risk assessment was completed in 2022, and five out of the 21 climate risks in the short-, medium-, and long-term climate risks and opportunities table were identified: increase in the pricing of greenhouse gas emissions, requirements and control of existing products and services, changes in rainfall (water) patterns and changes in climate patterns, rising costs of raw materials, as well as recycling and reuse.

No.	Climate change risks	Risk level	Time range
R1	Increase in the pricing of greenhouse gas emissions	High	Short-term, medium-term
R2	Strengthening the obligation to report emissions	Medium	Short-term, medium-term, long-term
R3	Requirements and supervision of existing products and services	High	Short-term, medium-term
R4	Replacement of existing products and services with low-carbon products	Medium	Medium-term, long-term
R5	Costs of transition to low-carbon technologies	Medium	Short-term, medium-term
R6	Changes in customer behavior	Medium	Short-term, medium-term
R7	Changes in rainfall (water) patterns and extreme changes in climate patterns	High	Medium-term, long-term
R8	Increased severity of extreme weather events, such as typhoons and floods	Medium	Medium-term
R9	Rising costs of raw materials	High	Short-term, medium-term, long-term
R10	Average temperature rise	Medium	Medium-term, long-term
R11	Sea level rise	Medium	Medium-term, long-term

No.	Climate change opportunities	Opportunity level	Time range
O1	Reduction of water use and consumption	Medium	Medium-term, long-term
O2	Use of more efficient production and distribution processes	Medium	Medium-term, long-term
O3	Recycling and reuse	High	Short-term, medium-term
O4	Switch to more efficient buildings	Medium	Medium-term, long-term
O5	Adoption of more efficient transportation methods	Medium	Medium-term, long-term
O6	Use of low-carbon energy	Medium	Medium-term, long-term
O7	Adoption of incentive policies	Medium	Medium-term, long-term
O8	Use of new technology	Medium	Medium-term, long-term
O9	Participation in the carbon trading market	Medium	Medium-term, long-term
O10	Shift to decentralized energy	Low	Medium-term, long-term

Note: Short-term is 1-3 years, medium-term is 3-5 years, and long-term is 6-10 years

To reduce the aforementioned risk factors, the Company has formulated relevant implementation measures in advance to reduce or avoid potential risks. Also, the Company actively participates in the government's technical guidance sessions on voluntary greenhouse gas reduction, proactively improves processes, invests in equipment to improve processes, reduces energy consumption, use alternative raw materials in the manufacturing process of cement products, and recycles and reuses renewable resources, to respond to energy conservation and carbon emissions issues and regulations due to climate change. In 2023, we continued to implement strategies to respond to the climate-related risks and opportunities identified in 2022.

• Climate-related financial impacts and response

Risks and opportunities	Financial Impacts and response mechanisms
Increase in the pricing of greenhouse gas emissions	• In accordance with the Climate Change Response Act, carbon fees will be levied on products with high direct or indirect emissions in 2024. The possible impact will be an increase in operating costs. Assuming that the carbon fee per metric ton is NT$300, it is estimated that the annual financial cost will increase by about NT$150,000 thousand. The impact on the overall operations and finances is assessed to be significant and the impact period is short to medium term. In the future, in addition to continuing to implement greenhouse gas inventory and implementing energy-saving projects, we will assess the purchase of green electricity, increase in the percentage of renewable energy used, alternative fuels, and carbon credits, and set carbon reduction targets to reduce the impact of greenhouse gas emission pricing.
Requirements and control of existing products and services	• The EU levied a carbon tax on products on a trial basis in 2023, and the cement industry is also the first industry in Taiwan to be required to pay carbon fees. Currently, the Company mainly sells products to the domestic market, and the impact on our overall operations and finances is assessed to be mild in the short to medium term. The current response plan is implemented in conjunction with relevant strategies for greenhouse gas reduction, hoping to provide low-carbon products and services through reduced emissions from processes and alternate raw materials and clinker.
Changes in rainfall (water) patterns and extreme changes in climate patterns	• The increase in extreme weather events has led to an increase in the frequency of typhoons and torrential rains, which may cause flooding of factory areas and office buildings, affecting the Company's operations. The overall operational and financial impact is assessed to be mild in the medium to long term. The Company's countermeasures are to maintain the drainage system and establish an emergency response plan for typhoons and rainstorms to reduce immediate risks. We have completed waterproofing and natural disaster insurance and maintain pump motor drainage facilities at our plants and buildings on a monthly basis. Therefore, the risk should not cause a significant impact on the overall operation.
Rising costs of raw materials	• Climate change, including the EU's trial of a carbon tax in 2023, has resulted in higher raw material production costs and transportation costs for commodities, which in turn has an impact on operations. The increase in procurement costs is assessed to have a severe impact on overall operations and finance in the short to long term. The response plan is to increase the use of alternative low-carbon materials and the proportion of local procurement in the supply chain to reduce the increase in the costs of raw materials and transportation. In the short term, we also plan to implement product carbon footprint and reduce the carbon cost of raw materials through green and environmental designs.
Recycling and reuse	• In terms of business waste recycling and reuse, the production of waste impacts the environment and increases the cost of disposal. We have listed resource recycling and reuse in the circular economy as a key development plan. We will use desulfurized gypsum and coal fly ash produced by power plants, slag and iron slag produced by steel plants, silica sand and clay from waste earthwork as alternative raw materials for processes; help photovoltaic power and semiconductor industries treat calcium fluoride sludge and water washed stabilized ash from incineration plants and incinerate recycled pellets. The Company is committed to reducing the discharge of pollutants from processes and improving the efficiency of resource use actively to maximize the recycling and reuse of resources.

Implementation plans to achieve the 2045 carbon reduction target

- Increase green power equipment through green procurement and invest in infrastructure and equipment with eco-labels (implementation period: 2023 - 2025)
- Continue to achieve energy efficiency and carbon reduction in the process through process improvement, alternative raw materials, alternative fuels, and alternative clinker (implementation period: 2023 - 2045)
- Evaluate the purchase of energy storage and power regulation systems to improve energy efficiency (implementation period: 2026 - 2030)
- Increase the percentage of renewable energy used, install solar power systems, purchase renewable energy certificates (2030 - 2045)

2.5 Information security

On November 9, 2023, the Board of Directors of Hsing Ta Cement approved the appointment of a chief information security officer and dedicated personnel to be responsible for the Company's information security protection, including information security strategy formulation, information security risk assessment and management, and information security incident response. We regularly offer information security education and training for all employees to enhance their information security awareness in daily operations. It is to meet the requirements of stakeholders, protect product and service information, prevent unauthorized access, modification, use, disclosure, and losses caused by natural disasters; gain the trust of customers and suppliers; ensure the continuous operations of the Company's important business; and fulfill our commitments to shareholders. We strive to ensure the confidentiality, integrity, and availability of important information assets and comply with relevant laws and regulations through the implementation of the information security management policy.

• Information security policy

In order to implement and enhance information security management, we ensure the confidentiality, integrity, availability, and legitimacy of data, systems, equipment, network security, and the information assets to which they belong; comply with relevant laws, regulations, and contract requirements to protect them from internal and external deliberate or accidental threats. All our employees work together to achieve the following policy goals:

- Ensure the confidentiality and integrity of information assets.
- Ensure that data access is regulated according to departmental functions.
- Ensure the continuous operation of the information system.
- Prevent unauthorized modification or use of data and systems.
- Regularly perform information security audits to ensure the implementation of information security.
- Establish a remote backup system according to the risk level of the Company's information system to ensure data security.
- Continuously enhance security defense capabilities to prevent information security threats with the network applications diversified.

Information security policy

The Administration Department is responsible for the Company's overall information security business. It is responsible for formulating the Company's information security policy, planning, and implementing information security protection and information security policies. In order to prevent various internal and external information security threats, the Company takes various information security measures to improve the security of the overall information environment.

Item	Policy statement
Cyber security control	• Install a firewall for control Have Norton and Firewall inspect data packet to block the connection of malware or URLs. • Scan the computer system and data storage media for viruses in real time. • Continue to filter malicious emails. • Has adopted an endpoint equipment management system and continuously monitor with the Fortinet system. • Continue to set PC to lock computer screen automatically • Implement regular vulnerability scanning projects as appropriate in the future,. • Establish a system record for real-time monitoring of various network services depending on the situation to track abnormalities in the future. Collect and analyze information security logs and adjust information security policies on a regular basis. • Establish a threat detection and response service system as appropriate in the future to complete endpoint detection, advanced threat analysis, monitoring, and event reporting to strengthen the overall defense of corporate information security.
Data access control	• Have designated personnel keep and manage computer equipment and set user IDs and passwords. • Transfer confidential and sensitive information and copyrighted software to another equipment before the equipment is retired. • Delete or overwrite information. • Apply and approve as appropriate access to information system accounts. • Set high-strength passwords for all information system user IDs and • have input error control. • Permit the access to the information system based on users' rights and responsibilities.
Disaster recovery mechanism	• Implement a backup mechanism based on the risk level of the information system. • Regularly review the emergency response plan. • Conduct system recovery drills every year. • Establish a system backup mechanism and implement off-site backup.

Item	Policy statement
Information security promotion and review	• Regularly promote information security information to enhance employees' awareness of information security. • Irregularly offer information security education and training courses and seminars. • Regularly produce information and communication security work reports and submit them to the Board of Directors every year.

Investment of resources in information security

- New VPN margin
- Update information security equipment and software. In 2023, about NT$500,000 was invested in information security.
- In 2023, an information security training session "My Computer was Hacked - Social Engineering Case Study" was held. A total of 84 people participated for 126 hours.

Specific achievements

Contents and results of the audits of the Information Department conducted by the internal and external auditors (CPAs):

- Internal audits: In 2023, there was no major non-compliance with cyber security.
- External audits: There was no suggestion for improvement in the 2023 result.

2.6 Products and business performance

The Company's main products are limestone, clay, silica sand, iron slag, and furnace stone, which are ground into fine powder in appropriate proportions and then calcined at high temperature in a rotary kiln to produce clinkers, and then ground into various cement products by adding appropriate gypsum and corresponding mixed materials in specific proportions.

• Main products and applications in Taiwan

Product	Application
Portland Type I Cement	• Portland type I cement is suitable for general construction and engineering works without sulfate corrosion or temperature rise, such as: pavement, floor, reinforced concrete structures, roads, pipelines, stucco works and other pre-cast bodies, etc.
Portland Type I Low Alkali Cement	• Portland type I low alkali cement is similar to Portland type I cement in physical properties. However, the total alkali content in its chemical composition must be less than 0.6% Alkalies (Na_2O + 0.658K_2O), because it can reduce the alkali silicate colloid produced by excessive alkali in the reaction, and avoid the occurrence of building swelling and cracking.
Portland Type II Low Alkali Cement	• The chemical composition of this cement is subject to more restrictions than that of Type I cement. The alkali equivalent content in the chemical composition must be less than 0.6%, and it has moderate resistance to sulfate corrosion, thus avoiding the swelling and cracking caused by the reaction of alkali with aggregates. It has lower dry shrinkage and better durability, and is suitable for underpasses, sewers, piers, breakwaters, harbors and other engineering works.
Portland II (MH) cement	• Portland II (MH) cement is also called cement with moderate hydration heat and has similar properties to Portland II cement, but the sum of tricalcium silicate and 4.75 times tricalcium aluminate must be less than 100% for its chemical composition. Its slow hydration reaction, low expansion rate and relatively low heat of hydration heat can reduce water consumption and prevent alkaline reaction of aggregates. It has moderate sulfate resistance and moderate hydration heat. Its early strength is lower than that of Type I, but its late strength is higher. It is suitable for engineering works such as reservoirs, dams, rapid transit, elevated roads, and mass concrete.
Blended hydraulic cement IS Type (Portland blast furnace slag cement)	• Blast furnace slag cement has the advantages of lower heat of hydration, higher late-stage compressive strength, durability and low cost, often used in foundation works of dams, bridges, tunnels, river banks and basements.

Innovation and R&D

Cement is a mature industry, with limited product changes and long product life cycles, and is not easy to be completely replaced. For the foreseeable future, there will be limited increase or decrease to the existing product categories. However, in order to achieve the vision of net-zero carbon emissions by 2050, the Company plans to look for the possibility of alternative raw materials, clinker, and fuels in the existing product manufacturing process.

In 2023, the Company began to gradually increase the use of alternative raw materials and clinkers to produce part of low-carbon cement. On the premise of not affecting the cement quality and meeting the CNS Standards, the Company plans to gradually increase the proportion of alternative raw materials to reduce the greenhouse gas emissions.

Also, due to the characteristics of high-temperature calcination in the cement production process, it can remove heavy metals and dioxin, which generally cannot be processed in garbage incinerators, and cement plants in advanced countries such as Europe, the U.S. and Japan have been participating in the treatment of household and business wastes, playing a key role in circular economy and achieving considerable results. In recent years, Hsing Ta Cement has also caught up with this trend and actively improved energy and resource efficiency through technological R&D and innovation.

Major technology R&D achievements in 2023

Unit: Thousand $NT

Item	Expenditure	Achievements
Geological studies	5,261	• Ensure the quality and safety of raw materials.
Coordinated disposal of general solid waste from cement kilns project	18,770	• Cement kilns were used to co-process the incineration of washed stabilized ash, coal-fired fly ash, recycled pellets, and construction waste soil, replacing the clay raw material for disposal, which could save about 100,000 tons of alternative clay raw materials.
Modification of tail exhaust fan	5,726	• It is to improve the efficiency of the exhaust, reduce the resistance of the air duct, and reduce the volume of the loop air. The tail exhaust fan was reduced from 680 rpm to 640 rpm, and the loop fan was reduced from 850 rpm to 820 rpm.
Modification of Kiln large ring gear	5,804	• Kiln vibration was significantly reduced, with kiln vibration after replacement being reduced from the original 5.6~7.8mm/s to 1.2~1.8mm/s.
Total R&D expenses	**35,561**	

Business performance

Domestic cement production kilns are old, and it is difficult to increase the supply. In recent years, Vietnam still has a high surplus capacity. With importers entering Taiwan's market with a low-price strategy, domestic construction companies have also imported cement from Vietnam, squeezing the space for domestic cement supply, and dumping has disrupted normal market operations. In this unfavorable environment, the Company strives to adjust the business direction, reduce production costs, and seek profits.

Business development plans

Short-, medium-, and long-term plans

- Short-term:

  Taiwan's cement demand has entered the mature stage. In addition to maintaining market share and reducing costs, the goal is to increase brand awareness and promote environmentally friendly construction methods and products.
- Long-term:

  In conjunction with cement production and sales, improve brand image, expand the production and sales of high value-added, eco-friendly, energy-saving, and carbon reduction products in the adjacent areas in the way that promote circular economy.

Environmental cost response strategies

- Strengthen cost control to improve overall operating efficiency, enhance product diversity and quality, understand and satisfy customer needs, continue to strengthen business in the domestic market, and develop and enhance customers' loyalty.
- Actively cooperate with the government's policies and national development framework, implement environmental protection and green circular economy, and process business waste to allow the industry to maintain sustainable operation and stable development.
- Strictly control the orders accepted, quickly reflect the cost in the cement selling price, include the carbon tax (fee) to the quotes (borne by buyers), strongly require the government to levy a carbon border tax (fee) on importers for fair trade.

Sales quantity and amount in the most recent two years

Unit: metric ton; value in NTD thousand

Year / Sales quantity and amount / Product	2023		2022	
	Quantity	Amount	Quantity	Amount
Cement and clinker	2,792,934	4,265,317	2,935,072	4,734,541
Others		2,145,367	-	1,745,538
Internal transfers		(150,820)	-	(91,741)
Net operating revenues		6,259,864	-	6,388,338

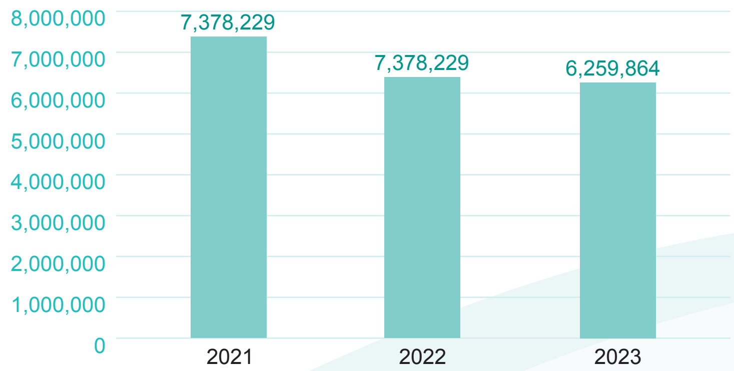
Business performance in recent years

Unit: Thousand $NT

Year / Item	2021	2022	2023
Revenue	7,378,229	6,388,338	6,259,864
Operating costs	5,175,302	5,138,589	4,918,790
Employee salary and benefits	321,637	286,030	320,646
Payments to capital contributors	512,978	273,398	410,124
Payments to the government	144,005	172,955	152,117
Community investment	1,187	1,351	2,184

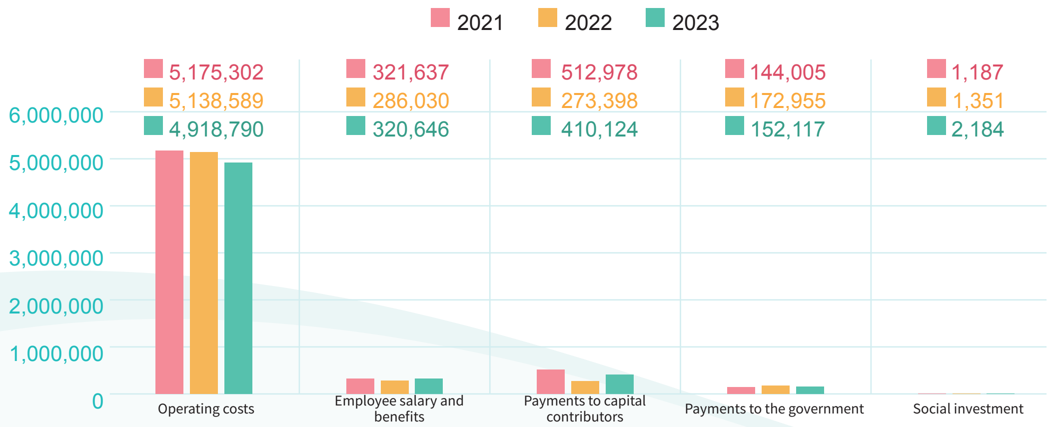
Economic value generated in recent years

Unit: Thousand $NT



Economic value distributed in recent years

Unit: Thousand $NT



Note:
- Revenue is defined as net sales plus income from financial investments and asset sales.
- Operating costs are defined as cash expenditures from the purchase of raw materials, product parts, facilities, and services that are paid outside the organization.
- Employee salary and benefits are defined as the total salary (including the employee salary and the amount paid to the government on behalf of the employee) plus the total benefits (excluding the cost of education and training, protective equipment, or other costs directly related to the employee's job responsibilities).
- Payments to capital contributors are defined as dividends paid to all shareholders, plus interest paid to lenders.
- Payments to the government are defined as all taxes and penalties paid by the organization in accordance with international, domestic, and local standards. Taxes may include business tax, income tax, and property tax.

2.7 Customer service and supply chain sustainability

2.7.1 Customer service

We value quality and have passed the ISO 9001 international quality management system certification. We have also implemented the "Service Management Measures" and "Personal Data Protection Management Measures" and set up a complaint channel on the website. In addition, the departments and personnel in charge of management and business are the front-line personnel to collect information and resolve and report relevant problems in real-time. The Company's products, services and labeling are in accordance with government regulations and international standards.

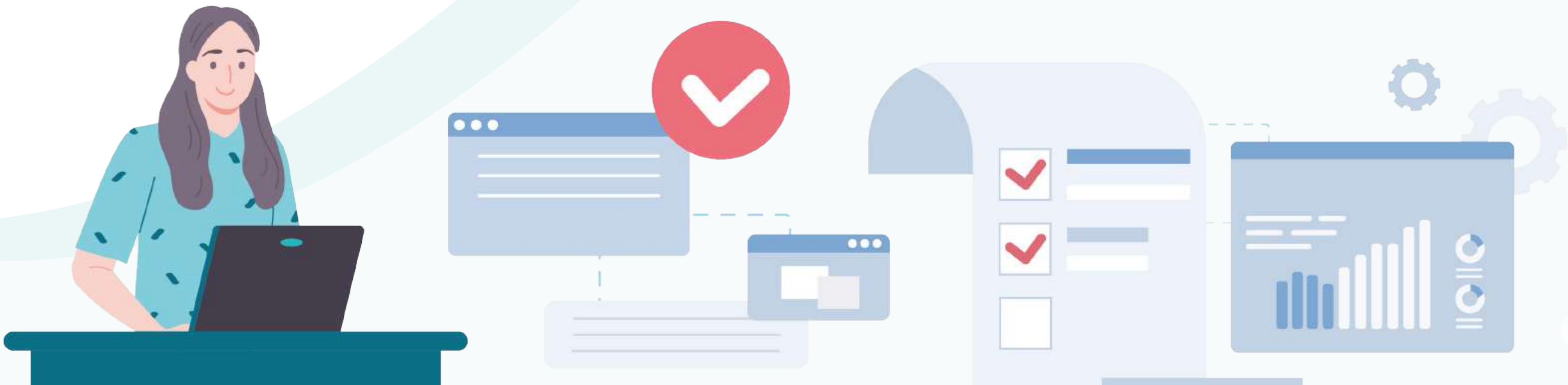
The Company monitors customer relations through customer satisfaction surveys and handles customer complaints, and conducts real-time reviews and improvements based on customer feedback. In 2023, we did not receive any customer complaints related to violations of customer contracts or product environmental and safety regulations.

In order to collect and listen to customers' voices objectively, we will conduct a satisfaction survey of existing customers by means of questionnaires every year with the customer satisfaction survey management mechanism. After a survey is conducted, the Company plans to compile the customer satisfaction survey results and their feedback and suggestions, and communicate to relevant departments and senior executives so that they can use the results to review customer feedback to identify opportunities for improvement, make major improvements, and respond to customers by phone or visit in person. We will also provide improvement measures with a responsible attitude, continue to improve the quality of products and services, and ensure that customers' needs are learned and satisfied.

In addition, the high stability and high quality of products are the core of Hsing Ta Cement's ability to maintain product competitiveness and the foundation for the continuous growth of the Company's revenue. At the same time, transaction security is also the key to whether customers or supply partners can trust the Company.

The Company's Quality Assurance Department is responsible for formulating and implementing the Company's management, production, and implementation procedures for production process and quality management, and regularly reviewing the implementation results to ensure that internal personnel can effectively comply with the Company's operating procedures and that products are in compliance with CNS Standards, while ensuring product quality and stability through irregular quality meetings and awareness-raising events.

In addition, due to the special nature of the cement industry, the Company manages the risk of leakage of trade secrets, trademarks, patents, copyrights, and other intellectual property as a result of performance of duties to a low level. However, the Company still makes announcements to remind employees to comply with the relevant regulations. The Company has established independent reporting channels and follow-up investigation procedures and conducted random audits to randomly check employees' conduct. In 2023, there was no leakage or loss of the Company's trade secrets or customer data.



2.7.2 Supply chain sustainability

Suppliers that provide sustainable services with stable quality have always been important partners of Hsing Ta Cement for sustainable development. The Group has attached importance to relationship with suppliers. In addition to building a foundation for mutual trust and benefit, the Group has also established a supplier evaluation system and requested commitments from suppliers to enhance the quality of procurement and transparency of transactions, to ensure that supplier services continue to meet the Company's needs.

Hsing Ta Cement's management is committed to providing customers with high-quality and safe products and services that is in compliance with relevant laws, regulations, and standards, as well as preventing occupational accidents, protecting the environment, and avoiding pollution, to fulfill corporate social responsibilities. The Company purchases raw materials and consumables in compliance with relevant laws and regulations, as well as environmental and safety requirements. To achieve this goal, we make continuous improvements based on the requirements of the international management system standards of ISO 9001, ISO 45001, and ISO 14064.

In recent years, due to environmental changes and rising production costs caused by the greenhouse effect, we are forced to pay more attention to the sustainability of the overall industry chain. In addition to monitoring issues, such as supplier quality, service, and delivery management, we are gradually formulating relevant sustainable development policies, hoping that suppliers can gradually implement risk management and business continuity plans in the environmental, social, and governance aspects, in order to form a green supply chain with sustainable value. Hsing Ta Cement has established supplier management and policies to incorporate social responsibility into the supply chain and require suppliers to sign a letter of commitment. We continue to encourage suppliers to pay attention to business ethics, protect labor rights, value the labor working environment, safety and health, respond to climate governance, and develop materials and processes that reduce environmental impact.

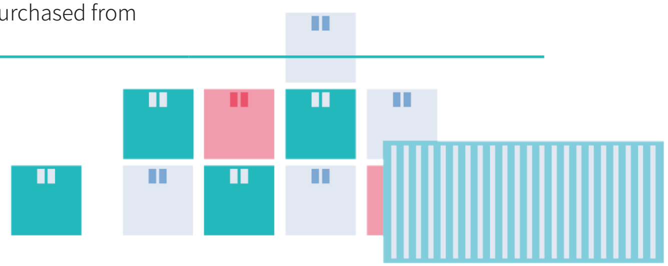
Supplier management policy

• Supply chain integration and risk diversification and response

Hsing Ta Cement firmly believes in supporting and growing together with suppliers and partners in the process of sustainable development. The main operating sites of Hsing Ta Cement are in Taiwan and China. In order to promote local industry clusters and enhance regional economic development, we work with local suppliers as much as possible. The Company's main raw materials are mainly supplied by local supplies, with a small number of sources from abroad. In addition, with good long-term collaboration and services, the supply sources are stable without a risk of supply interruption.

The Company's main sources of raw materials

Role	Source of supply	Note
Limestone	Self-mining	• The main raw materials for cement production include limestone, clay, silica sand, iron slag, and gypsum; the fuel is coal. In addition to limestone, which is of self-mining by the Company for self-use, other raw materials are also mainly sourced locally, while any shortage will be purchased from outside. • Long-term and short-term contracts are adopted to stabilize prices, and ensure that quantity and delivery time of suppliers can meet the Company's needs. • The Company maintains a good collaborative relationship with suppliers, and the source of supply is safe.
Clay	Purchased domestically	
Silica sand	For Taiwan, mainly purchased domestically or imported from Vietnam	
	For Mainland, mainly purchased locally from Nanjing	
Iron slag	Purchased domestically	
Gypsum	Mainly purchased domestically	
Coal chips	For Taiwan, imported from Australia Russia	
	For Mainland, mainly purchased from Nanjing	
Furnace slag	Mainly purchased locally, partly imported from Japan	
Dry fly ash	For Mainland, mainly purchased from Nanjing	
Slag powder	For Mainland, mainly purchased from Nanjing	



Amount and percentage of purchases made by major suppliers who have accounted for 10% or more of total purchases over the past two years

Item	2023				2022			
	Name	Amount	As a percentage of net purchases for the year (%)	Relationship with the issuer	Name	Amount	As a percentage of net purchases for the year (%)	Relationship with the issuer
1	C	546,548	20.25	None	A	794,518	24.47	None
2	B	414,489	15.36	None	C	402,398	12.39	None
3	A	381,942	14.15	None	B	389,595	12.00	None
4	E	336,607	12.47	None	D	331,966	10.22	None
5	F	310,356	11.50					
6	Others	708,731	26.26	None	Others	1,328,617	40.92	None
	Net purchases	2,698,673	100.00	-	Net purchases	3,247,094	100.00	-

Note: The ratio of the purchases from the three major suppliers to those from all suppliers has not changed much. The main reason is that the Company mainly produces cement, and the raw material belongs to the ore category. As the production process consumes a great deal of coal and electricity, the top three suppliers supply ore, coal, and electric power, respectively. To take into account the stability and adequacy of the supply of materials, there should be no great change in the purchase of said raw materials.

- Reduction of the impact of raw material transportation on the environment

With the continuous advancement of technology and the increase in industry production value, the environmental hazards caused are also increasing day by day, which has also aroused global attention to the issues of environmental protection. The goal of the 2022 27th Conference of the Parties (COP27) is to reach binding measures to solve the problem of climate change and curb the rise of global temperatures. Although it aims to control temperature rise to 1.5 ° C this year, it also reaffirms that the world must reduce carbon emissions by 43% to 45% by 2030. Hsing Ta Cement also upholds this principle when selecting suppliers and takes into account their geographical locations. In addition to the consideration for the supply lead time, timeliness, and transportation costs, it is necessary for them to reduce the potential impact of long-distance transportation of raw materials on the environment. We also purchase marine insurance with our suppliers to diversify the transportation risks of raw materials.

In addition to considerations for local suppliers, we must consider the risk of centralized procurement in the same region. Our management method is to ensure full truckload and full container load, and goods are transported by ship as much as possible to reduce air transportation. The CO_2 emissions of ships are much lower than that of air transportation, thus reducing CO_2 emissions from transportation.

- Procurement policy

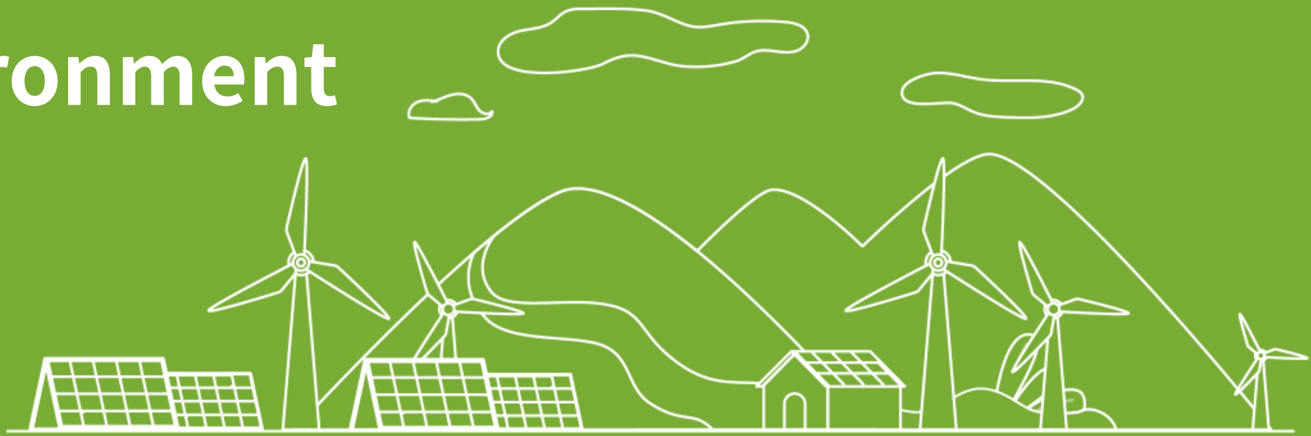
Hsing Ta Cement values long-term collaboration with suppliers and extends the scope of sustainable supply chain management to corporate social responsibilities, such as economy and governance, environmental protection, and social co-prosperity, including labor rights, environmental protection, safety and health, ethics, and management systems, as key supplier selection and audit requirements, thereby establishing risk management and control items and identifying high-risk suppliers. We will formulate improvement measures based on the assessment results and help suppliers continue to improve, hoping to improve the effectiveness of sustainable supply chain management, reduce supply chain operational risks, and establish a partnership for sustainable growth In addition, through local procurement, we enhance the flexibility of supply, shorten the development time of new products, and reduce production costs, in order to reduce the carbon emissions of the overall supply chain and transportation.

Hsing Ta Cement has established a procurement and supplier management system in accordance with the requirements of the ISO 9001 quality management system. In the future, we plan to conduct environmental and social audits of suppliers to ensure that all of them comply with various environmental protection, labor regulations, and international corporate social responsibility standards.

chapter 3

Sustainable environment

- 3.1 Energy management
- 3.2 Water resource management
- 3.3 Pollution control
- 3.4 Greenhouse gas management



Material topics	Energy consumption, energy conservation, and carbon reduction
Policy/Commitment	• Energy conservation, carbon reduction, and earth sustainability
Goals	• Reduce electricity consumption by 5% in 5 years from 2021. • Reduce carbon by 50% or more by 2045.
Responsible department/ grievance mechanism	• Responsible department: Environmental Sustainability Team. • Grievance mechanism: In the stakeholders section on the official website, stakeholders can raise grievances on relevant issues. https://reurl.cc/OvpRQR
Invested resources	• Completed the modification of water pumps in clean water tanks and recirculating water tanks, and the power consumption of the pumps was reduced by 20%. • Completed the modification of circulation fans to reduce the power consumption of the fans. • Completed the alternative fuel trial project to reduce the consumption of fuels and coals. • Used alternative raw materials (air-cooled furnace slag, calcium fluoride, incinerated washed fly ash, incinerated recycled aggregate, coal fly ash), and replaced calcium carbonate with calcium oxide to reduce the amount of limestone used to achieve carbon reduction. • Used alternative clinker (limestone and quenched furnace slag), applied for the CNS Mark for blended hydraulic cements - limestone cement, produce limestone cement with a lower amount of clinker, and replaced ordinary cement with limestone cement, to reduce the carbon emissions from the manufacturing process. • The roads in the mining area are improved by hardening so as to prevent vehicles from carrying mud away. The construction of the filtered-water reservoir is fully implemented with green vegetation and soil conservation work, and in line with the government's greening campaign, a total of NT$6,971 thousand has been invested in 2023. • Since 2021, we have participated in Taipower's monthly demand bidding for three consecutive years to save power with power supply equipment in the power system.
Evaluation mechanism	• The annual Sustainable Development Committee meeting reviews the effectiveness and reports to the Board of Directors. • Energy saving: The average annual energy saving rate in 2023 was 1.32%. • Carbon emissions reduction: The total carbon emissions reduced in 2023 were 37,689 tons, accounting for 6.35% of the year's emissions.

Material topics	Water resource management
Policy/Commitment	• Cherish resources, maximize water use efficiency, and work with the upstream and downstream value chain partners to achieve sustainable water sources
Goals	• Zero discharge of water from recycling and reuse of the process water. • Regular water quality monitoring to ensure compliance with regulatory requirements.
Responsible department/grievance mechanism	• Responsible department: Environmental Sustainability Team. • Grievance mechanism: In the stakeholders section on the official website, stakeholders can raise grievances on relevant issues. https://reurl.cc/OvpRQR
Invested resources	• Completed the recirculating water system reinforcement and water pipe and network maintenance to save the consumption of tap water, with an investment of NT$560 thousand. • Collected rainwater for road dust suppression and plant watering.
Evaluation mechanism	• The annual Sustainable Development Committee meeting reviews the effectiveness and reports to the Board of Directors. • Zero discharge of water from recycling and reuse of the process water. • Water quality monitored in 2023 was in compliance with regulatory requirements.

Material topics	Air pollution control
Policy/Commitment	• Legal compliance • Effective preventive control • Continuous improvement
Goals	• Zero violation
Responsible department/grievance mechanism	• Responsible department: Environmental Sustainability Team. • Grievance mechanism: In the stakeholders section on the official website, stakeholders can raise grievances on relevant issues. https://reurl.cc/OvpRQR
Invested resources	• Completed the maintenance and renewal work for dust collection equipment. In order to enhance the dust prevention effect, dust collection equipment with the best performance was adopted, and the granular emissions were significantly reduced. With electrostatic dust collected and sent back to the process in a sealed manner through the raw meal grinding system, air pollution is effectively reduced. A total of NT$24,035 thousand was invested in 2023. • Installed the Continuous Emission Monitoring Systems (CEMS) to automatically monitor the emission concentrations of nitrogen oxides (NOx) and light opacity (OPAC) 24-7. • Replaced clinker EP exhaust fan of the rotary kiln system #3 with medium voltage variable frequency drive • Completed the installation of TSLM's valve to reduce air leakage. • Completed the optimization of the control equipment for the discharge pipelines of the coal mills, and the original electrostatic precipitator system was upgraded to a bag filter system in 2023 to effectively improve the control performance of particulates.
Evaluation mechanism	• The annual Sustainable Development Committee meeting reviews the effectiveness and reports to the Board of Directors. • There was no violation of air pollution-related regulations in 2023.

While pursuing balanced development, we support environmental protection. In terms of resources and equipment, the Company cooperates with the government to promote green procurement of office equipment and process equipment maintenance or replacement. In terms of product operations, we use alternative clinker and alternative raw materials through process improvement to reduce energy consumption and environmental damage. We declare on our official website our determination to protect the environment and workplace safety. Internally, we enhance environmental awareness through education and training, develop and implement environmental protection and energy conservation projects through green processes, and make environmental sustainability the core policy of the Company's sustainable operations. Our approach is as follows:

Aspect	Practices
Energy conservation	• Maximize energy efficiency and reduce energy consumption through energy conservation projects every year, and include it in our management goals to reduce energy consumption year by year to fulfill our responsibilities as a corporate citizen. • Adjust the temperature of office air conditioners to 26° C to reduce carbon emissions. • Turn off the lights in the office for one hour during the lunch break.
Waste reduction	• Promote waste sorting and set up resource recycling bins to achieve waste reduction. • Promote the use of zero disposable tableware to reduce the amount of domestic waste. • Implement the reuse of business waste to achieve a circular economy. • Control business waste according to law, sort and store each waste according to its chemical characteristics, and then dispose it of by a company approved by the competent authority.
Water resources	• A comprehensive recycling system is in place to recycle process water for cooling, recycling, and reuse, and we have received a "Waste (Sewage) Water Storage Permit" from the Environmental Protection Bureau of the Yilan County Government to achieve the goal of zero discharge of water through recycling and reuse of the process water. • In the office, water saving is achieved by replacing water-saving faucets and water-saving toilets.
Pollution control	• We are committed to adopting high-efficiency dust collectors and SNCR selective non-catalytic reduction equipment and SCC multi-stage combustion to significantly reduce dust emissions or fugitive emissions and reduce nitrogen oxides emissions. • With continuous automatic monitoring of nitrogen oxides (NOx) and light opacity (OPAC) emission concentrations 24-7, we regularly inspect and monitor air emission values and implement optimization projects.
Green procurement	• Localized procurement policy. • We select low-carbon raw materials that meet the requirements of environmental protection laws and regulations.
Greenhouse gas reduction	• We implement greenhouse gas inventory and regularly monitor the achievement of targets. • We use alternative raw materials, alternative fuels, and alternative clinkers to reduce carbon emissions from the manufacturing process. • We establish long-term emission reduction targets and implement relevant projects every year.
Response	• The Company has established an emergency response plan, an emergency response command center, and an emergency response team. In the event of an emergency, the emergency response team will conduct emergency response and handling to mitigate the impact on the environment and society. We organize emergency response education and training and fire drills on a regular basis, and conduct team exercises to cultivate colleagues' emergency response and self-safety management capabilities, so that they can take corresponding actions before the disaster situation expands to reduce the impact and injury caused by crises.

3.1 Energy management

Due to the lack of earth's energy, we attach great importance to energy management to avoid improper waste and increase of operating costs. The energy for the headquarters office consists of purchased electricity and gasoline; the energy used by our plants mainly consists of purchased electricity, coal, diesel, gasoline, and waste lubricating oils.

- Energy consumption

Hsing Ta Cement- Energy usage statistics

Unit: L; GJ

Year	Electricity (kWh)	Electricity (GJ)	Diesel (L)	Diesel (GJ)	Gasoline (L)	Gasoline (GJ)	Bituminous coal (tons)	Bituminous coal (GJ)	Total energy consumption (GJ)
2021	87,686,780	315,672	181,200.00	6,371.43	2,311.70	75.48	81,421	2,072,236.10	**2,394,355.41**
2022	74,506,381	268,223	207,790.00	7,306.40	2,473.01	80.75	69,605	1,771,508.50	**2,047,118.65**
2023	83,273,969	299,786	203,310.00	7,148.87	2,094.15	68.37	82,455	2,098,552.31	**2,405,555.55**

Note: One kWh of electricity is 3.6 million joules, 1 Kcal is 4,186 joules, and GJ is joule. As per the Environmental Protection Administration's greenhouse gas emission factor management table 6.0.4, the calorific value of diesel per liter is 8,400 Kcal, gasoline per liter 7,800 Kcal, and bituminous coal per kilogram 6,080 Kcal.

- Energy intensity

Hsing Ta Cement- Energy intensity

Unit: GJ/million of revenue

Year	Revenue	Electricity	Diesel	Gasoline	Bituminous coal	Total energy consumption
2021	7,378	42.786	0.864	0.010	280.867	**324.526**
2022	6,388	41.989	1.144	0.013	277.318	**320.463**
2023	6,260	47.889	1.142	0.011	335.232	**384.274**

Green energy

According to the "Renewable Energy Development Act" promulgated by the Energy Administration, Ministry of Economic Affairs, in 2019, in order to achieve the target of 27 million tons of cumulative renewable energy installed capacity by 2025, it is necessary to regulate the oblige energy-heavy users to increase green power installed capacity. With the "Regulations for the Management of Setting up Renewable Energy Power Generation Equipment of Power Users above a Certain Contract Capacity" was implemented in 2021, energy-heavy users have four options to fulfill their obligations, namely, installing renewable energy generation equipment, purchasing renewable energy and renewable energy certificates, and installing energy storage facilities or making payments. The Company is moving toward the direction of installing green energy facilities.

At the beginning of green energy facility establishment, the Company adopted a rent-to-buy approach. We would rent suitable rooftops of the Nanshenghu Plant in Yilan to energy companies, who would install the solar power facilities. The energy companies would sell the solar power generated in bulk to Taipower and sell the bulk sale to the Company at an appropriate time. Considering that the solar power facilities not only meet the compulsory power generation requirements of the Renewable Energy Development Act but also feature multiple benefits, such as roof insulation and increased green power supply, the Company, in 2023, repurchased the solar power facilities at warehouses No. 4 and 5 of the plant and the administration building, the power generated for self-consumption totaled 680 kWh.

Fuel substitution

After the rise of environmental awareness and other social changes, the cement industry has made efforts to fully practice green manufacturing since 2013. The rotary kiln of a cement plant is characterized by high-temperature combustion, long retention time, and large flow disturbances, so it is the optimal equipment for recycling waste to resources. It can convert industrial or business waste into resources for reuse. Hsing Ta Cement cooperates with the government's circular economy policy to ensure "non-hazardous, reduced, and recycled" waste, which is beneficial to the environment in Taiwan. Because the operating temperature of the rotary kiln in a cement plant is as high as 1,400° C, and the flue gas and materials can be sufficiently retained and mixed and used to disturb flows, it is suitable for processing many waste items that cannot be combusted by incinerators as a fuel substitute for the production of clinker products.

The circular economy model of replacing fuel with waste has become a key development direction for the cement industry's sustainable manufacturing. The specific implementation result is that 0.3 metric tons of waste lubricating oils were used in 2023, which could reduce 0.34 g of diesel consumption.

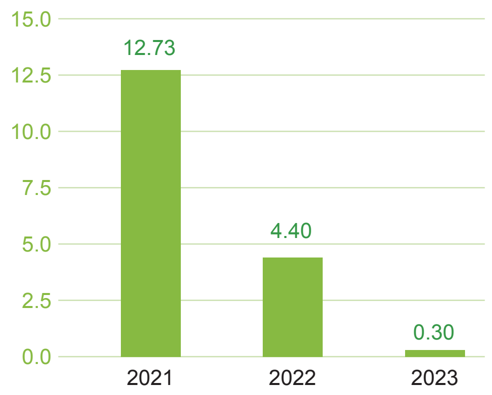
Use of waste lubricating oils as an auxiliary fuel over the years

Unit: kL

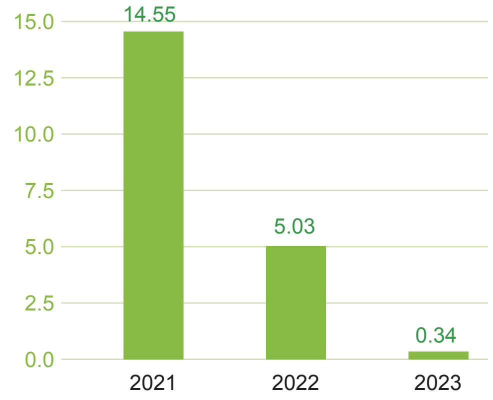
Year	Waste lubricating oil consumption (calorific value: 9,600 Kcal/L)	Relatively reduced diesel consumption (calorific value: 8,400 Kcal/L)
2021	12.73	14.55
2022	4.40	5.03
2023	0.30	0.34

Note: Starting from 2022, waste disposal was outsourced, so the amount of waste lubricating oil treated on-site has been significantly reduced.

- Waste lubricating oil consumption



- Relatively reduced diesel consumption



Energy-saving performance in recent years

2018

Energy conservation projects:

Clinker EP exhaust fan of the rotary kiln system #3 was replaced with variable frequency drive.

Project description:

Clinker EP exhaust fan was replaced with medium voltage variable frequency drive.

Energy saved:

Power saved: 14.7 kW*6333 hr = 93,095.1 kWh

2020

Energy conservation projects:

Reduction of air leakage

Project description:

Installation of TSLM's valve

Energy saved:

14,976,180 ÷ 737,721 = 20.30 (kWh)/raw meal (ton)

Total energy saved (before and after): (22.81 － 20.30)×737,721×8÷12 ＝ 1,234,453 kWh

2021-2023

Energy conservation projects:

Power saving of power supply equipment in the power system

Project description:

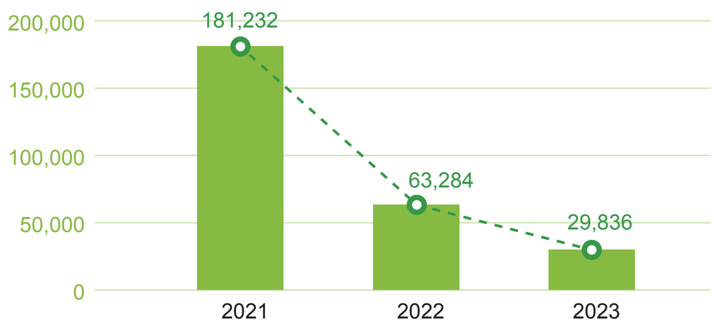
Participation in Taipower's monthly demand bidding

Energy saved:

2021: 45,308 kWh (annual power savings) * 4 HR (number of hours of peak shaving) = 181,232 kWh

2022: 15,821 kWh (annual power savings) * 4 HR (number of hours of peak shaving) = 63,284 kWh

2023: 7459 KWh (annual power saving) * 4HR (number of hours of peak shaving) = 29,836 KWh



Note: "Demand bidding" means that users are allowed to sell the electricity they saved back to Taipower during high system load, and users will bid for the price. Taipower will grant the bid to the lowest bidder. The electricity bill will be deducted if the electricity consumption is reduced during the peak shaving period.

3.2 Water resource management

There are differences in water sources due to the nature of the Company's operating sites. The headquarters is used for office activities. As it does not engage in the production or manufacturing of products, there is no need for process water. The water used is tap water, which is used for domestic purposes. Groundwater and tap water are used for processes and domestic purposes. The headquarters and plants are located in northern Taiwan, which is not a water-stressed area. The Company will not cause significant environmental impact on the water resources and the ecological environment of the water source areas.

From the 1st to the 5th of each month, the mobile app (Well Report) is used to report the water consumption to the Yilan government for it to monitor and record the groundwater level.

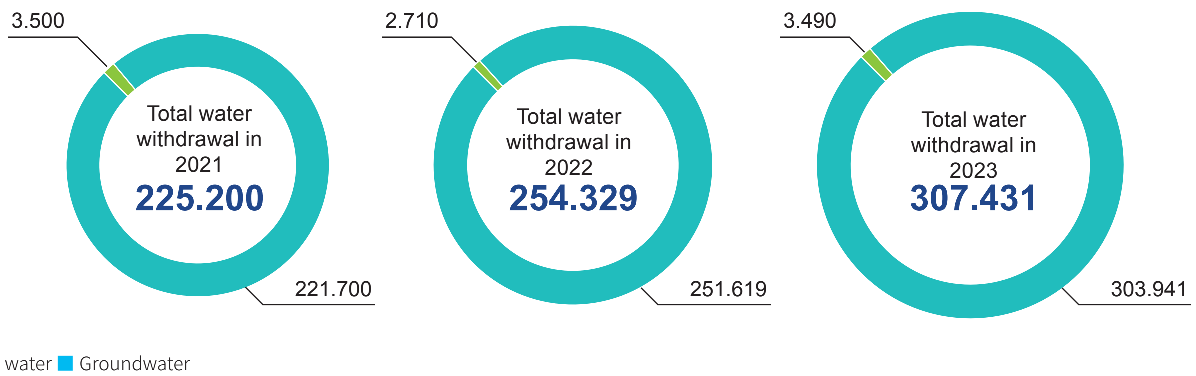
Water resource impact management mechanism

- In order to comply with the water rights registration issued by the local competent authority, Yilan County Government, in accordance with Article 37 of the Water Act, groundwater of the deep water wells shall not be pumped for more than nine hours per day.
- We report the groundwater withdrawal to the Water Resources Agency, Ministry of Economic Affairs, on a monthly basis.
- We report to the county government every year (in accordance with Article 39 of the Water Act) on the changes in the dynamic and static water levels of groundwater in deep water wells.
- We keep and manage daily, monthly, and annual water withdrawal statements and records.
- The process water recycling rate is 100%.
- A secondary monitoring of the quality of domestic sewage is implemented every year. In 2023, the secondary testing value of suspended solids was in the range of 1.0 - 4.5 mg/L, far below the 50 mg/L standard; the COD concentration was in the range of 6.5 - 7.5 mg/L, far below the standard of 100mg/L. The testing results are in compliance with regulatory requirements.

Water resource withdrawal

Unit: Million liters

Year	2021	2022	2023
Tap water	3.500	2.710	3.490
Groundwater	221.700	251.619	303.941
Total water withdrawal	225.200	254.329	307.431



3.3 Pollution control

• Waste management

The business waste generated by the Company is processed by qualified waste disposal companies, including waste wood, waste plastic, rubber, and lubricating oils. The recycled business waste treated on-site includes calcium fluoride sludge, coal bottom ash (or bottom ash containing coal fly ash), coal fly ash, incinerated recycled pellets, desulfurization gypsum, construction waste soil, iron slag, furnace slag, and other unclassified general business waste. There were no violations of waste management regulations in 2023.

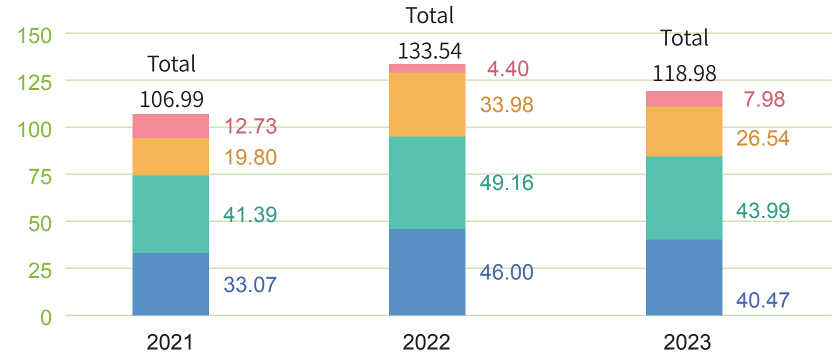
Hsing Ta Cement leverages its ultimate environmental protection capabilities in processing waste from various industries and continues to contribute to environmental protection. As early as the 1990s, the Company began to study the proportion of waste from various industries added in the manufacturing processes for resource reuse to maximize the value of circular economy.

The renewable resources integrated and used over the years include:

- Replacing limestone, silica sand, and clay with recycled alternative raw materials.
- Replacing raw materials of silica sand and clay with construction waste soil.
- Replacing iron slag raw materials with iron slag from steel mills.
- Replacing raw materials of clay with furnace slag from steel mills.
- Replacing raw materials of gypsum with desulfurization gypsum from power plants.

Off-site business waste disposal - disposed of by qualified waste disposal companies

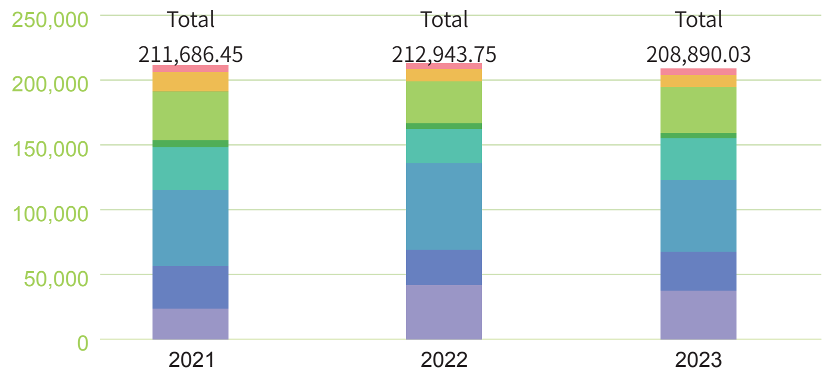
Unit: metric tons



Category of waste	2021	2022	2023	Terminal disposal method
Waste lubricating oils	12.73	4.40	7.98	Heat treatment or physical treatment
Waste wood	19.80	33.98	26.54	Incineration
Waste plastics	41.39	49.16	43.99	Incineration
Waste plastics	33.07	46.00	40.47	Incineration
Total amount of off-site disposal	**106.99**	**133.54**	**118.98**	

Amount of waste recycled and reused by Hsing Ta Cement

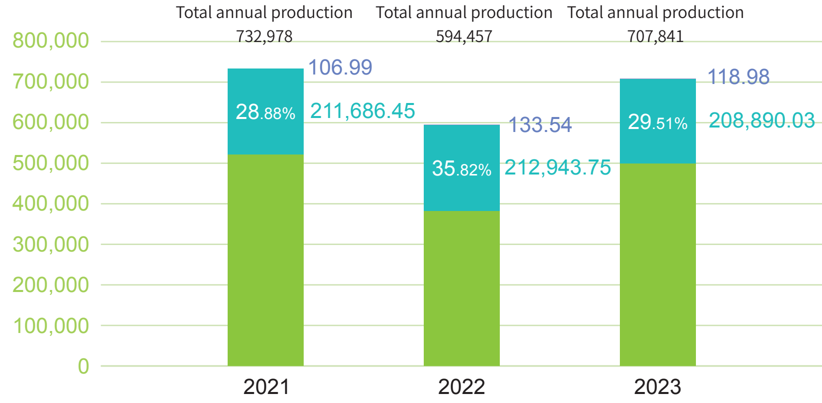
Unit: metric tons



Waste	Purpose of use	2021	2022	2023
Unclassified general business waste	Fuel substitution	5,549.5	4,284.4	4,868.2
Calcium fluoride sludge	Fuel substitution	14,515.5	9,944.2	9,559.9
Coal bottom ash (or bottom ash containing coal fly ash)	Fuel substitution	117.3	-	-
Coal fly ash	Fuel substitution	38,229.1	32,091.8	35,129.2
Incinerated recycled pellets	Fuel substitution	5,165.9	4,140.4	4,519.7
Desulfurization gypsum	Fuel substitution	32,879.0	26,969.0	31,761.0
Construction waste soil	Fuel substitution	58,885.1	66,303.0	55,442.0
Iron slag	Fuel substitution	32,835.0	27,579.0	30,016.0
Furnace slag	Fuel substitution	23,510.0	41,632.0	37,594.0
Total volume recycled		**211,686.45**	**212,943.75**	**208,890.03**

Amount of waste recycled and reused by Hsing Ta Cement

Unit: metric tons



Item	Transfer disposal	2021	2022	2023
Volume disposed of by waste disposal companies	Off-site	106.99	133.54	118.98
Volume recycled and reused by Hsing Ta Cement	On-site	211,686.45	212,943.75	208,890.03
Total annual production		**732,978**	**594,457**	**707,841**
Percentage of waste recycled and reused by Hsing Ta Cement		**28.88%**	**35.82%**	**29.51%**

Air pollution control

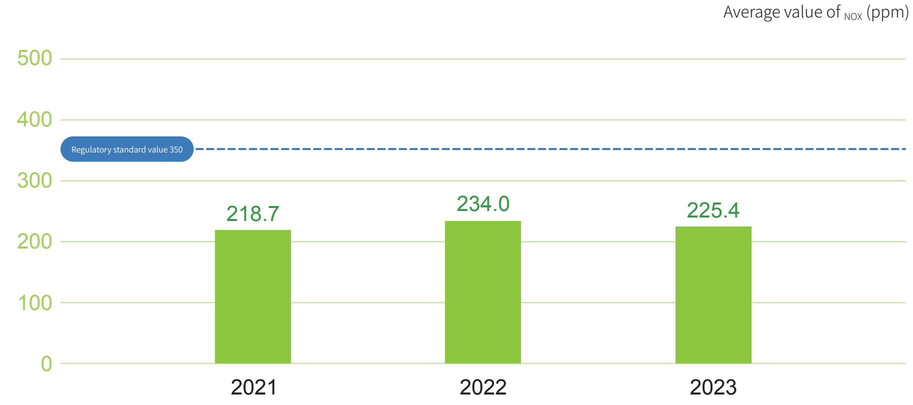
The flue gas emitted from the kiln tail of the rotary kiln, the outlet of the precalciner, and the outlet of the preheater of the cement clinker production line contains trace components of nitrogen oxides (NOx). In order to reduce NOx emissions, the current cement industry's NOx reduction technologies include low-NOx burners (LNB), stratified charge combustion (SCC), and selective non-catalytic reduction (SNCR) at the end of the kiln.

In recent years, Hsing Ta Cement has actively planned and implemented improvement measures over stages and timetables. The Company continues to update its environmental pollution prevention equipment and strives to improve its production process, while rigorously controlling the production process to effectively reduce dust pollution and testing the emission concentration of pollutants (all are in compliance with environmental regulations and standards). In addition, in order to monitor the emission concentrations of NOx and light opacity (OPAC) in real time, we have installed CEMS in the discharge pipelines of the rotary kilns and coolers for continuous automatic monitoring 24-7 for the operators to manage and respond.

We completed the optimization of the control equipment for the discharge pipelines of the coal mills, and the original electrostatic precipitator system was upgraded to a bag filter system in 2023 to effectively improve the control performance of particulates. The table below shows that the performance has been greatly improved, while the particulate matter has decreased significantly.

Item / Year	Particulate matter (mg/Nm3)	Nitrogen oxides (ppm)
2021	30	143
2022	29	217
2023	3	204

Emission concentrations in recent years



Air pollution emissions in recent years

Unit: kg

Emissions / Year	Nitrogen oxides (NOx)	Sulfur dioxide Sox	Volatile organic compounds (VOC)	Particulate matter (PM)	Hazardous air pollutants (HAP)
2021	804,520.50	18,129.60	0.75	128,207.00	0.04
2022	693,285.32	15,625.01	1.00	148,000.52	0.08
2023	774,163.42	20,262.21	1.17	146,832.69	0.03

• Biodiversity

To strengthen soil and water conservation at the Mount Taibai Mining Site, the Company has implemented greening measures in the mining area. At the initial stage of greening in the excavated area, grasses, such as tall fescue, Bahia grass, fringed centipede grass, and Pacific Island silvergrass were planted to quickly achieve the early greening target. Woody plants are then planted to enhance soil and water conservation and greening functions.

The Company has its own seeding rooms and hardening rooms at the mines. At present, the seedlings cultivated include zuihoensis, red machilus, Taiwan Acacia, Taiwan crepe myrtle, formosan michelia, Taiwan cherry, camphor, and Chinese bishopwood. To improve the survival rate after they are planted, after the seedlings are cultivated, they are first transferred to the outdoor hardening room to let the plants adapt to the mountain weather before being transplanted to the excavation area. Through the seedling hardening process, the survival rate of planted seedlings has been improved with considerable results. The Company's mines have been recommended as demonstration sites by the Bureau of Mines, Ministry of Economic Affairs as a reference for the domestic industry.

Most of the permanent dilapidated walls are bare rock walls, and it is relatively difficult to plant trees and plants. We use a thick layer of a wire mesh for greening through hydroseeding for greening of the walls of the Company's mines. First, we would hang and fix a coated wire mesh fence on a bare wall and then spray mixed plants, grass seeds, tree seeds, and fertilizers for solidification, to prevent the bare wall from weathering and collapsing, while quickly and effectively greening the wall after the grasses and trees are germinated and growing. In addition, to ensure the effectiveness of greening, a sprinkler system is installed at each stage to provide timely watering during the dry season to maintain the effectiveness of greening.

Flow chart of seedling cultivation

1. Appoint experts to study the native tree species in the mountains
2. Select dozens of tree species and raised seedlings on the flat ground, such as zuihoensis, red machilus, Taiwan Acacia, Taiwan crepe myrtle, formosan michelia, Taiwan cherry, camphor, and Chinese bishopwood
3. Transfer the seedlings to the outdoor hardening room for about two to three years after they are cultivated until they adapt to the weather conditions in the mountainous areas
4. Transplant seedlings to quarrying sites for greening

Greening at Nanshenghu Plant in Yilan



Vegetation in the Mount Taibai mining area



3.4 Greenhouse gas management

Extreme climate caused by greenhouse gases is an important environmental problem faced by the world. As a heavy energy user, we are a member of the earth, and greenhouse gas reduction is a common goal for all companies. Hsing Ta Cement has implemented greenhouse gas inventory in accordance with the ISO 14064-1 standard since 2012, and the inventory has been verified and passed by a third-party independent verification entity every year. We aim to keep abreast of the current situation through annual inventory and respond to the "Greenhouse Gas Reduction and Management Act", formulate emission reduction plans and targets to move toward net-zero emissions. The Company does not use traditional refrigeration equipment but uses environmentally friendly refrigerants, which do not emit ozone depleting substances (ODS).

Note: The Greenhouse Gas Reduction and Management Act was renamed the Climate Change Response Act on February 15, 2023.

Direct GHG emissions (Scope 1)

It refers to direct greenhouse gas emissions, which directly come from the emissions and fugitives of the stacks, process facilities, and vehicles owned or controlled by the Company within the organizational boundary, such as mobile combustion emissions from emergency generator sets, company vehicles, heavy construction vehicles, or forklifts, coal storage yards, septic tanks, fire extinguishers, and air-conditionings.

1

Energy indirect (Scope 2)

It refers to the indirect sources of energy, i.e. indirect greenhouse gas emissions from electricity input outside the Company's boundaries, including electricity consumption from equipment, offices, and public areas.

2

Other indirect GHG emissions (Scope 3)

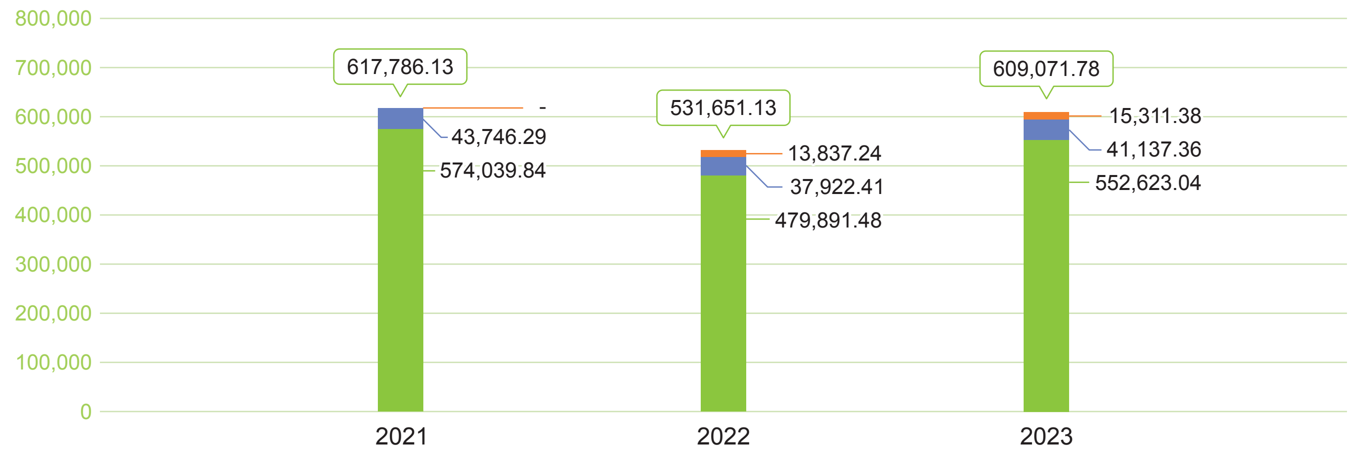
It refers to other indirect emission sources, which refer to greenhouse gas emission sources owned or controlled by other organizations. Currently, the main sources of emissions within the geographical boundaries of the organization are not owned by the Company. According to the guidelines of the Environmental Protection Administration, Executive Yuan, companies can choose whether to include this part in the calculation. At present, the Company only includes the indirect greenhouse gas emissions from the use of products, which accounted for 2.51% of the overall emissions. Indirect greenhouse gas emissions caused by transportation, indirect greenhouse gas emissions caused by the use of the Company's products, and indirect greenhouse gas emissions from other sources are not significant indirect greenhouse gas emissions, so there is no quantitative information on such emissions for the time being.

3

Hsing Ta Cement- Analysis of emissions by sources

Type of emission source		Scope 1 Direct emissions	Scope 2 Energy indirect	Scope 3 Other indirect	Total emissions equivalent
2021	Emission equivalent (tons CO_2e/year)	574,039.84	43,746.29	-	617,786.13
	Percentage by scope (%)	92.92	7.08	-	100
2022	Emission equivalent (tons CO_2e/year)	479,891.48	37,922.41	13,837.24	531,651.13
	Percentage by scope (%)	90.26	7.13	2.60	100
2023	Emission equivalent (tons CO_2e/year)	552,623.04	41,137.36	15,311.38	609,071.78
	Percentage by scope (%)	90.73	6.75	2.51	100

Note 1: With reference to Environmental Protection Administration's greenhouse gas emission factor management table 6.0.4, the diesel emission factor is 2.6060 $KgCO_2$ /; the gasoline emission factor is 2.2631 $KgCO_2$ /; the electricity emission factor in 2020 was 0.502$KgCO_2$ /kWh, and the electricity emission factor in 2021 was 0.509 $KgCO_2$ /kWh. The electricity emission factor in 2022 has not been announced, so the emission factors of 2021 is adopted.
Note 2: Verification of our greenhouse gas emissions for 2023 has been completed. Please refer to Appendix 6 for the greenhouse gas inventory, assurance status, and verification certificate for the last two years.
Note 3: In 2021, the emission inventory boundary was only the Nanshenghu Plant. The emissions inventory boundaries in 2022 and 2023 were the headquarters, the Nanshenghu Plant, and the mining areas. Due to the change in the boundaries in 2022, the subsequent baseline year is 2022.



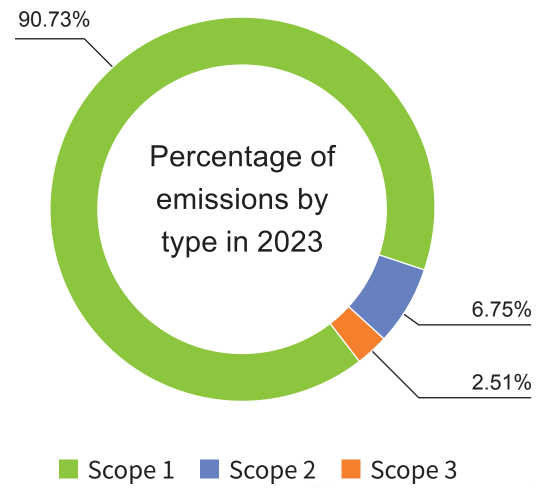
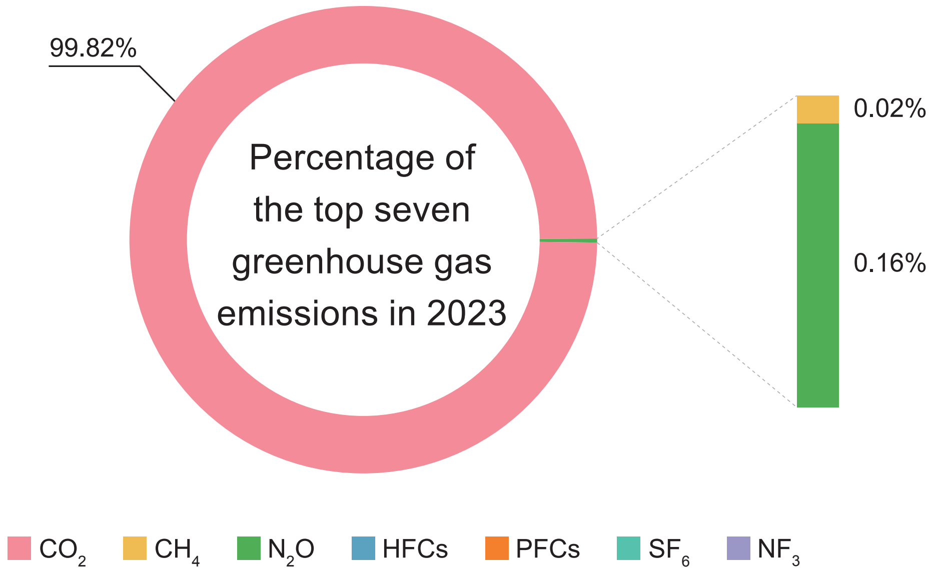


Table of top 7 direct greenhouse gas emissions in 2023

Emissions (Unit: tCO_2e/year); percentage (%)

Role	CO_2	CH_4	N_2O	HFCs	PFCs	SF_6	NF_3	Total
Emissions	551,632.28	89.60	901.17	0.00	0.00	0.00	0.00	552,623.04
Percentage	99.82%	0.02%	0.16%	0.00%	0.00%	0.00%	0.00%	100.00%

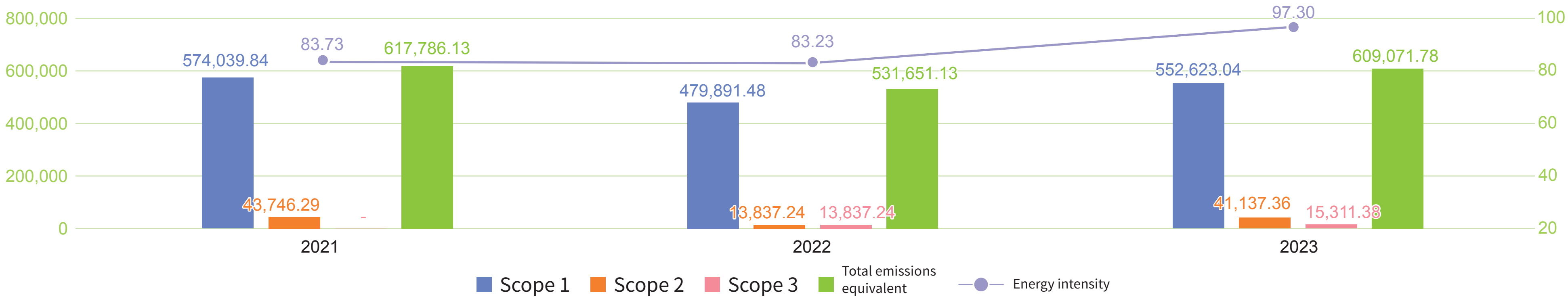


Energy intensity

	Revenue (in million of NTD)	Total emissions (tCO $_2$ e)	Intensity (tCO2e/ million revenue)
2021	7,378	617,786.13	83.73
2022	6,388	531,651.13	83.23
2023	6,260	609,071.78	97.30

Greenhouse gas emissions in recent years

Unit of emissions: tCO $_2$ e; intensity: tCO $_2$ e/million revenue



Reduction of greenhouse gas emissions

In recent years, Hsing Ta Cement has used alternative raw materials, such as air-cooled furnace slag, calcium fluoride, incinerated washed fly ash, incinerated recycled aggregate, coal fly ash, and replaced calcium carbonate with calcium oxide to significantly reduce the amount of limestone used in the process and reduce direct carbon emissions.

Year	Reduction of direct greenhouse gas emissions - Scope 1 (Unit: tCO2e)
2021	20,724.30
2022	25,883.21
2023	17,902.12

chapter 4

Co-prosperity in society

We value the labor rights and interest of our employees, create a happy and safe workplace, provide them with friendly and equal work opportunities, implement the gender equality policy, and create an atmosphere of mutual respect. We provide market-competitive salaries, increase employees' commitment to the Company, reduce turnover, and allow the Company to operate steadily and develop. Hsing Ta Cement offers various training courses from time to time to enhance employees' professional competencies and enhance their competitiveness in the workplace. With positive labor-management interactions, employees can speak freely and express their opinions in labor unions and labor-management meetings, and the Company responds in good faith to achieve labor-management consensus. In addition, it has been nearly ten years since Hsing Ta Cement adopted an occupational safety management system. In 2021, the occupational safety management system was converted from CNS 15506:2011 to ISO 45001:2018/CNS 45001:2018, which covers the workers of the Yilan Plant and contractors, and we have promoted the ISO 45001-related management system to the headquarters to strengthen the Company's management performance in occupational safety and health, effectively protecting employees' physical and mental health and achieving a healthy workplace. Finally, we give what we have taken from society back to society. In addition to achieving great results in revenue performance, we actively participate in social charity activities, take care of disadvantaged groups, and fulfill our social responsibilities.

4.1 Employee structure

Hsing Ta Cement treats its employees equally and adopts various affirmative action measures to eliminate any labor conditions that may cause inequality in the workplace and protect the labor rights of our employees.

4.1.1 Human rights policy implementation

We value the rights of employees and create a friendly environment for the protection of human rights. The Company abides by the labor-related laws and regulations at each operating site, protects the legitimate rights and interests of all employees, customers, and stakeholders, and recognizes and abides by the UN Universal Declaration of Human Rights, the UN Global Compact, the International Labour Organization Convention, and other internationally recognized human rights standards to prevent any infringement and violation of human rights and ensure that members inside and outside the Company can be treated in a reasonable, equal, and dignified manner.

The Company's human rights policies apply to Hsing Ta Cement and its subsidiaries. We urge suppliers and business partners to abide by these principles and formulate similar policies within their enterprises. We identify and prevent human rights risks faced by the Company and supply chain personnel through internal audits and supplier evaluations. The human rights policy is announced on the official website to enhance communication with stakeholders.

Human rights policy

In addition, we have established whistleblowing channels. Any employee who believes that human rights policy violations have occurred are welcome to report to their immediate governing department, the Human Resources Department, or the Audit Department, or report it confidentially through the following channels:

Email	A reporting system on Hsing Ta’ s official website http://www.hsingta.com.tw/report.asp
Whistleblowing hotline	(02)2381-6731 ex. 109

Employees who raise concerns about this policy will not be exposed and be retaliated against. We are committed to investigating, handling, and responding to employees' concerns and taking appropriate corrective measures as soon as possible if there are unreasonable violations.

In accordance with the Company's human rights policy, the specific management programs promoted and their effects are as follows:

- Each year, more than three hours of education and training are offered for all employees. In 2023, 290 people participated in the human rights training, accounting for 85% of the total employee participation rate, for a total of 870 hours. In addition, as of the end of December 2023, no complaints of human rights violations or suspected human rights violations were received.
- We strictly abide by the labor laws and regulations of the local government, international standards, and the "Hsing Ta Cement Human Rights Policy", respect the wishes of employees, prohibit forced labor, and have set up a grievance channel.
- The Company only accepts job candidates who are 18 years old or older, and checks the hired employees' information to double check to ensure that nothing is overlooked. As of the end of December 2023, the number of child workers was zero.
- We provide employees with reasonable salaries in accordance with laws and regulations, and purchase social insurance according to regulations. We provide various benefit measures on the premise of ensuring a stable life for employees and enhancing their work performance.
- Healthy and safe workplace: We continue to achieve the goal of "zero accidents".

4.1.2 Employees

At Hsing Ta Cement, we are aware that diverse talents are the cornerstone of corporate success and that it is not easy to cultivate talents. Therefore, we hope to reduce employee turnover and achieve talent sustainability through localized employment, benefit systems, and the creation of a friendly work environment. Specifically, all employees mainly signed indefinite contracts (i.e. full-time employees) with the Company. The Company provides long-term and stable work, allowing them to devote themselves to their work without worries, which helps guarantee their financial conditions. The Company's manpower structure is stable, and there has been no significant manpower shortage.

Up to 100% of Hsing Ta Cement's senior executives (manager level or above) are local talents, which shows that the Company is willing to work with local communities to discover and attract outstanding local talents. It helps to gain recognition from the local community and further enhance the local economic situation.

Full-time employees

Data/Year		2020		2021		2023	
Total number of employees		344		342		341	
Employment contract		Indefinite	Open-ended	Indefinite	Open-ended	Indefinite	Open-ended
Gender	Male	314	3	310	3	310	3
	Female	27	0	29	0	28	0
Type of employment (Note 3)		Full-time	Part-time	Full-time	Part-time	Full-time	Part-time
Gender	Male	317	0	313	0	313	0
	Female	27	0	29	0	28	0

Note 1: It is based on the total number of employees at the operating sites in Taiwan at the end of the year (December 31).
Note 2: Employment contracts are divided into employees with indefinite contracts (full-time) and employees with open-ended work contracts.
Note 3: The Company's employees are all full-time employees (with working hours reaching the legal upper limit), and there are no part-time employees.

Workers who are not employees

Data/Year		2021		2022		2023	
Total number of workers		11		8		8	
Contract type		Temp workers	Other types	Temp workers	Other types	Temp workers	Other types
Gender	Male	9	1	5	2	5	2
	Female	0	1	0	1	0	1

Note: The content of the dispatched work consists of cleaning work; other types of contractors work as security at mine explosives depots or cleaning personnel of the office buildings. Note: The headquarters has employed one male technical consultant.

Employee diversity data

Role			2021		2022		2023	
		Year	Number of people	Percentage	Number of people	Percentage	Number of people	Percentage
Direct	Gender	Male	163	47%	152	45%	166	49%
		Female	0	0	0	0	0	0%
	Age	Under 30	11	3%	8	2%	17	5%
		Over 30 but less than 50	112	33%	100	29%	101	30%
		Over 50	40	12%	44	13%	48	14%
Indirect	Gender	Male	154	45%	161	47%	147	43%
		Female	27	8%	29	8%	28	8%
	Age	Under 30	9	2%	20	6%	13	4%
		Over 30 but less than 50	94	27%	91	27%	81	24%
		Over 50	78	23%	79	23%	81	24%

Other diversified employments: In 2022, the employment rate of people with disabilities was 2%, which is higher than the 1% required by law.

Note: Percentage of employees in each category = (Total number of employees in the category at the end of the year/Total number of employees at the end of the year)*100%.

New hires and resigned employees

Annual data on new hires and resigned employees			2021		2022		2023	
			Total number of people	Percentage	Total number of people	Percentage	Total number of people	Percentage
New hires	Gender	Male	27	8.52%	25	7.99%	24	7.67%
		Female	6	22.22%	8	27.59%	0	0.00%
	Age	Under 30	6	30%	16	57.14%	5	3.88%
		Over 30 but less than 50	22	10.68%	13	6.81%	17	13.18%
		Over 50	5	4.24%	4	3.25%	2	1.55%
Resigned employees	Gender	Male	35	11.04%	28	8.95%	26	8.31%
		Female	7	25.93%	6	20.69%	1	3.57%
	Age	Under 30	8	40%	4	14.29%	0	0.00%
		Over 30 but less than 50	18	8.74%	17	8.90%	19	10.44%
		Over 50	16	13.56%	13	10.57%	8	6.20%

Note 1: It is based on the total number of employees at the end of 2023.

Note 2: New hire rate = (Total number of new hires of the category in the year/ Total number of employees of the category at the end of the year)*100%.
For example, new hire rate for female employees = (Total number of new female employees in the year /Total number of female employees at the end of the year) * 100%.
Turnover rate = (Total number of resigned employees of the specific category in the year / Total number of employees of the specific category at the end of the year) * 100%.
Turnover rate for employees under the age of 30 = (Number of resigned employees under the age of 30 in the year/Number of employees under the age of 30 at the end of the year)*100%.

4.2 Right person for the right place

Sound human resources are the key to the sustainable operation of Hsing Ta Cement. In order to attract outstanding talents, the Company provides market-competitive remuneration and benefits and rewards employees for their performance and long-term contributions. The evaluation, reward, and punishment system has created a virtuous atmosphere of fair competition among employees. They are willing to make more effort in work, which further shapes the corporate culture of Hsing Ta Cement to attract talents to stay. At the same time, employees are more committed to the Company and actively participate in company affairs; secondly, in terms of promotion channels, when the Company's promotion information is transparent, employees with good job performance will be promoted, setting a good example for colleagues to learn from. This allows the Company to continue to cultivate more outstanding talents. The Company establishes education and training plans and arranges for employees to receive training, so that they can continue to grow in their professional fields and realize their self-worth. Finally, Hsing Ta Cement has also established multiple channels for communication and dialogue with employees, so that they can provide their opinions in a timely manner to maintain harmonious trust and interaction between the employer and employees.

Material topics	Employment/Talent cultivation and retention
Policy/Commitment	• Endless learning and workplace sustainability • Competitive benefits and remuneration • Compliance with the collective bargaining agreement to eliminate barriers in labor-management communication.
Goals	• Effectively arrange personnel training to improve the quality of in-service personnel and increase work efficiency. • Continue to optimize the human resource management system to improve management efficiency and quality. • Zero labor dispute in the year. • Up to ten hours of annual average training hours per employee.
Responsible department/grievance mechanism	• Responsible departments: Administration Department and Factory Affairs Department at the Headquarters • Grievance mechanism: Email: allen@hsingta.com.tw / sharon@hsingta.com.tw Tel.: (02)2381-6731 ext. 138 / (03)996-7141 ext. 36
Invested resources	• Continued to offer professional skills and management courses to strengthen the capabilities required for supervisors and employees to create performance for the organization. • Offered and promoted sustainability-related training to improve employees' awareness of sustainable development. • Implemented the annual education and training plan.
Evaluation mechanism	• In 2023, the average training hours for employees was 21.1 hours. • We completed the 2023 implementation of the annual education and training plan. • Zero labor dispute in the year. • Up to 100% of all employees signed the collective bargaining agreement.

4.2.1 Remuneration and benefits

Hsing Ta Cement determines employee remuneration based on the annual operating target achievement rate and the Company's profitability. We provide employees with remuneration packages that are better than local regulations and competitive in the market. In general, the salaries of employees of Hsing Ta Cement are determined based on their length of service, education and experience, and professional skills regardless of individual physiological or psychological differences. As employees' length of service in the Company increases, they become proficient in industry knowledge and experienced, and the Company is willing to share profits with them. While contributing their skills to the Company, they do not need to worry about their personal financial conditions, and their commitment and sense of belonging to the Company are enhanced.

Secondly, due to the nature of on-site operations, there are no female workers in the front-line plant directly. For indirect employees, as for the ratio of men's and women's minimum wage to their overall remuneration, as the length of service of male employees is much longer than that of female counterparts, there is a difference in the salary and remuneration. In addition, in terms of the salaries of entry-level employees, the standard salaries of non-managerial employees at Hsing Ta Cement, regardless of gender, are higher than the local minimum wage.

Men's and women's salary and ratio of men's salary to women's		2021		2022		2023	
Employee category	Item	Male	Female	Male	Female	Male	Female
Indirect	Minimum wage	1.33	1	1.35	1	1.05	1
	Remuneration	1.31	1	1.53	1	1.29	1

Note: The percentages in the table are based on female employees.

In addition, to show appreciation for the hard work of our employees and promote their work efficiency, Hsing Ta Cement has provided employees with various benefit measures and a comfortable office environment. By organizing various employee activities from time to time, they can reduce work pressure and bond with colleagues, thus enhancing positive interactions in the workplace.

Full-time employee benefits

- Group accident insurance
- Birthday gift vouchers and May 1 gift vouchers
- Wedding/funeral allowances
- Children's education subsidy
- Bonuses for three major holidays
- Employee travel
- Year-end bonus
- Full subsidy for company training

In 2023, when the pandemic subsided, we resumed organizing employee travel for employees to experience the sub-tropical rainforest through the forest trail. A total of five employee hiking trips were held in the Great Roots Forestry in Sanxia, New Taipei City.

In addition, to allow employees to take care of family after work, we encourage them to apply for parental leave to provide comprehensive family care.

Unpaid parental leave/Year	Gender	Data		
		2021	2022	2023
Number of employees eligible for unpaid parental leave	Male	4	1	8
	Female	0	0	0
Number of employees who applied for unpaid parental leave	Male	2	0	1
	Female	0	0	0
Number of employees requiring reinstatement upon expiration of unpaid parental leave (A)	Male	2	0	0
	Female	0	0	0
Number of employees actually reinstated after unpaid parental leave (B) (including early reinstatement)	Male	1	0	0
	Female	0	0	0
Reinstatement rate (B/A)	Male	50%	0%	0%
	Female	0%	0%	0%
Total number of employees still in service 12 months after reinstatement in the previous year (C)	Male	1	1	0
	Female	0	0	0
Retention rate (C/B for the previous year)	Male	0%	100%	0%
	Female	0%	0%	0%

Note 1: The number of employees eligible for unpaid parental leave is based on the number of male and female employees who have applied for maternity leave or paternity leave in the past three years.
Note 2: Reinstatement rate = (Total number of employees actually reinstated in the year/Total number of employees who should be reinstated in the year)*100%.
Note 3: Retention rate = (Total number of employees still in service 12 months after reinstatement in the previous year/Number of employees actually reinstated in the previous year)*100%.

Finally, to ensure a financial plan for employees' retirement, the Company's "Personnel Management Regulations" stipulate regulations for employee appointment, service, evaluation, reward and punishment, promotion, and resignation to take care of them and their families. In accordance with the law, we have established the Labor Retirement Reserve Fund Supervisory Committee and convene committee meetings from time to time as necessary to review the allocation and utilization of pension funds to fully protect employees' retirement rights.

The "Labor Pension Act" became effective on July 1, 2005. For employees who were employed before the enforcement date and are still in employment, they may choose to continue to be subject to the pension provisions of the "Labor Standards Act" (the old scheme) or to be subject to the pension scheme of the Act and to retain the length of service prior to the application of these provisions. Employee pensions are paid based on years of service and average salary for the six months before retirement. After July 1, 2005, only the pension scheme under the Labor Pension Act (the "new scheme") is applicable to new employees.

For employees who choose to be subject to the Labor Standards Act (old scheme), the Company contributes a monthly retirement reserve of 15% of the old scheme payroll to be deposited in a dedicated account in the Trust Department of the Bank of Taiwan, and their pension payments are made from this dedicated account.

In line with the new scheme of labor pension appropriation, the Company contributes 6% of the total monthly salary of employees who choose to apply the Labor Pension Act (the new scheme) to their individual accounts with the Bureau of Labor Insurance.

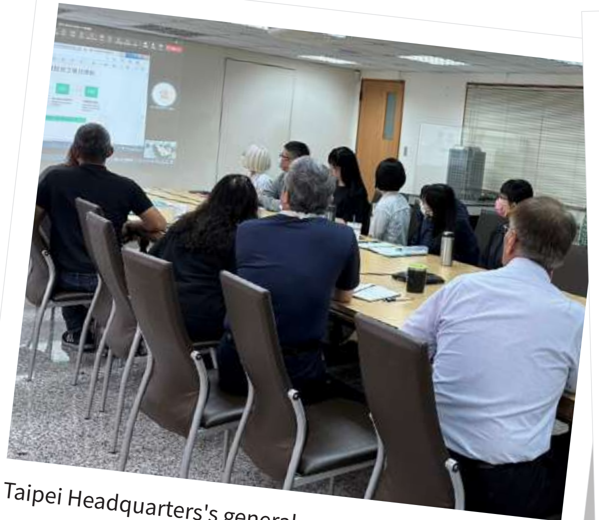
In the event that an employee unfortunately passed away due to illness or an accident while on the job, the Company has established the "Survivor's Compensation Policy" to provide substantive assistance to take care of the employee's family members. In addition, the Company's Nanshenghu Plant has established the "Employee Mutual Aid Regulations", and the union of each cement plant has also established a bereavement benefit payment system. Although these are mutual aid systems for employees, the idea and spirit are to strengthen the Company's bereavement mechanism and further take care of the lives of employees' family members.

4.2.2 Talent cultivation

For Hsing Ta Cement, the key to the sustainable operation lies in employees' continuous learning and growth. Education and training are an important way to ensure the sustainable competitiveness of manpower. Therefore, we have always attached great importance to the training of employees. The overall learning and development strategy is to establish a comprehensive education and training system based on -the-job training, with new personnel training and professional training as the backbone, to meet the annual targets and the needs of different business activities.

In order to improve the professional skills of our employees, we formulate training plans and implement training targets according to the Company's development needs every year, allowing employees to have a longer career and the Company to enjoy the fruits of their growth and progress. Then, we continue to pass on our skills and experience to relevant departments through internal training, assist employees in setting learning and development directions as the basis for them to develop their personal career plans.

When new employees report for duty, our personnel will introduce the Company's internal rules and regulations and occupational safety-related knowledge, and then their departments will provide them with special training. We actively encourage our employees to take professional courses within the scope of our business. The goal is to focus on their continuous growth and provide a variety of learning channels, so that they can unleash their professionalism and realize their own goals. Each department develops education and training plans based on its needs and offers education and training every year. Employee training is divided into internal and external training. Internal training is arranged by each department according to its actual business needs. After its application is approved, specific personnel are selected to participate in the courses organized by external organizations. After receiving the training, the employees participating in the training will share the training experience with other colleagues in the department so that the relevant personnel can apply what they have learned. In response to the trend of diversified education and training in recent years, in order to allow employees to be exposed to more information in different aspects, we encourage them to participate in courses organized by external organizations to keep abreast of changes in the external environment. Overall, the average training hours per employee in 2023 increased by 10% compared to 2022.


Taipei Headquarters's general course on sustainability


The Nanshenghu Plant in Yilan offered the "Greenhous Gas Inventory" and "Carbon Footprint" training.


The Nanshenghu Plant in Yilan offered the "Greenhouse Gas Inventory" and "Carbon Footprint" training.

In addition, taking into account the nature of the Company's factory operations, we offered a series of courses in 2023 to strengthen the operational skills and safety awareness of on-site personnel. More than 179 people participated in the plant's internal training for a total of more than 1,447 hours. The training includes the following:

- "On-the-job employee education and training (including workplace violence)" was offered, with each session lasting four hours, for a total of 40 hours with ten participants.
- "Rotary Kiln Operation Training" was offered twice, with each session lasting seven hours, for a total of 154 hours of training with 22 participants.
- "On-site Equipment Inspection Operation Training" was offered, with each session lasting four hours, for a total of 180 hours with 40 participants.
- "Process Instrument Calibration" and "Electrification Hazard Prevention and Management" were offered, with each session lasting six hours and two hours, respectively, for a total of 60 hours, with 32 participants.
- The "Operational Safety Education and Training" was offered in batches, with each session lasting three hours for a total of 36 hours, with 36 participants.
- "Packaging Personnel On-the-Job Training (Including Workplace Violence)" was offered once for a total of 238 hours of training, with 17 participants.
- "Chemical Analysis (including R2O Analysis)", "Finished Cement Product Physics Experiments", "Entry-level Quality Control", and "General Hazardous Chemicals (including Safety and Health Education and Training" were offered, with each session lasting four, six, six, and three hours, respectively, for a total of 209 hours of training, with 11 participants.
- "Cement Mill Operation Training" and "Raw Mill Operation Training" were offered, with each session lasting eight and eight hours, respectively, for a total of 560 hours of training, with 35 participants.
- A total of 123 people in the mine tramway participated in an open-pit mine operator eight-hour on-the-job training.

Training effectiveness

Data/Year		2021	2022	2023
Average hours of training per employee		9.5	10.2	21.1
Average training hours by gender	Female	5.1	8.0	11.4
	Male	9.9	10.4	10.5
Average hours of training by type	Direct	9.9	11.7	9.9
	Indirect	9.2	9.0	11.1

Note: The average training hours of all employees is (total training hours of all employees in the year/total number of employees at the end of the year).
The average number of training hours per female employee is (total training hours of female employees in the year/total number of female employees at the end of the year).
The average training hours of each type of employee is (total training hours of the type of employees in the year/total number of employees of the type at the end of the year).

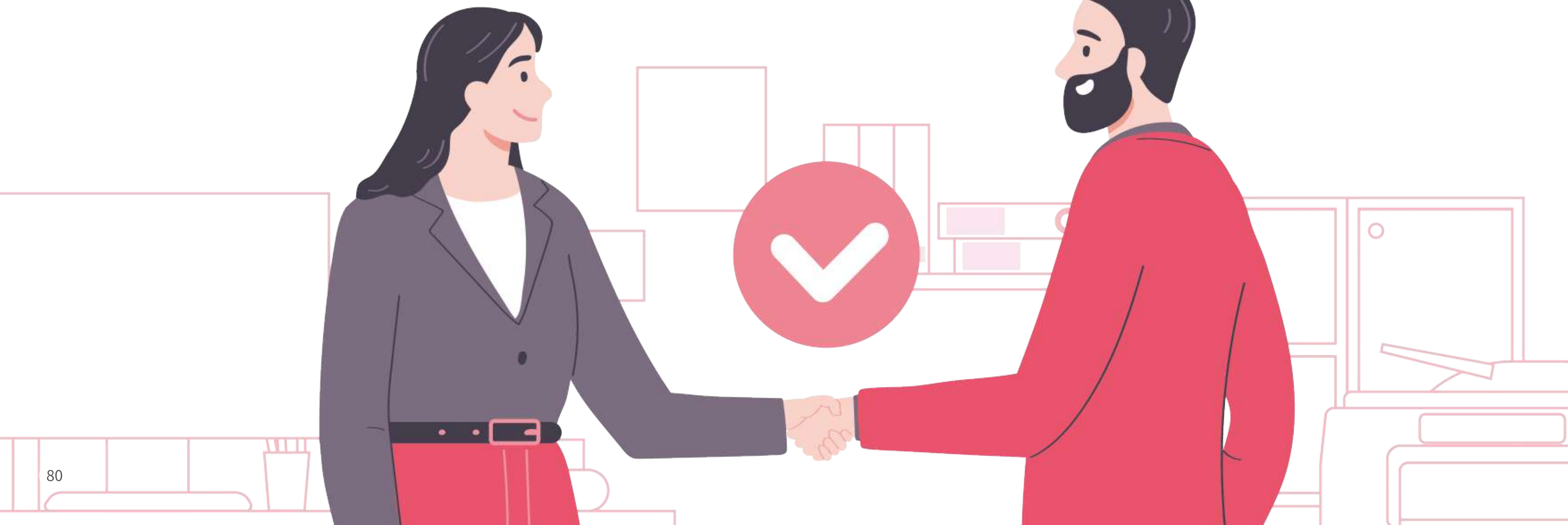
4.2.3 Labor-management communication

Smooth labor-management communication facilitates collaboration between the employer and employees, allowing them to understand the Company's business plans, business overview, and market conditions. At the same time, the Company's management can keep abreast of employees' labor conditions and build a friendly workplace based on their needs. In order to reach an agreement on labor conditions, maximize work efficiency, and collaborate to increase production, a labor union was formed and a collective bargaining agreement was signed by the employees in accordance with the Collective Agreement Act. Up to 100% of all employees signed the agreement, and a report was submitted to the Yilan County Government on June 25, 2021 (per letter Fu-Lau-Zi. No. 1100101026) for future reference. The agreement is valid for three years (from June 19, 2021 to June 18, 2024) and will be renewed through negotiation before the end of the term.

In addition, the Company holds a labor-management director and supervisor meeting once every three months. The content of the meeting is for labor representatives to put forward proposals for employee benefits (improvement to plants' food and dishes, adjustment to flexible leave, and increase of bonus payment). In 2023, a total of four routine meetings and one extraordinary meeting were held, and the resolutions adopted are submitted to the headquarters for approval, and relevant benefits for the year were adjusted. Through the operation of the labor union, Hsing Ta Cement coordinates labor-management relations and engages in regular communication and dialogue to promote labor-management collaboration. Employees are able to express their opinions and seek better labor conditions from the Company, thereby effectively elevating the status of workers.

At the same time, the Company has set up diverse communication channels to allow employees to fully express their opinions through two-way communication. The Company can also respond in a timely manner, and translate their suggestions into policies one by one for implementation. In recent years, the labor-management relations at Hsing Ta Cement has been harmonious, and no labor disputes have occurred.

If an employee is laid off or there is a change of work location in a related or newly established plant, the Company shall report to the local government's labor bureau 60 days in advance during the notice period in accordance with the Act for Worker Protection of Mass Redundancy.



4.3 Occupational safety and health

Material topics	Occupational safety and health
Policy/Commitment	• Continue to strengthen safety and health management and regularly evaluate safety and health performance to create a safe, healthy, and friendly working environment.
Goals	• Zero occupational accident • Strengthen the safety and health awareness of employees in the plants. • Comply with various safety and health laws and regulations and implement them. • Respond to emergencies and get prepared.
Responsible department/grievance mechanism	• Responsible departments: Administration Department and Safety and Health Management Office at the Headquarters • Grievance mechanism Email: allen@hsingta.com.tw/ peoplesee@hsingta.com.tw Tel.: (02)2381-6731 ext. 138
Invested resources	• Completed the risk assessment of the occupational safety and health management system and the implementation of plans to achieve targets. • Completed one fire drill in the first and second half of the year, respectively. • Completed interviews and health education for the annual special health examinations. • Held health seminars. • Completed employee musculoskeletal injury investigation, maternal health protection, and heavy workload and workplace violence prevention evaluation.
Evaluation mechanism	• Annual occupational safety awareness training at the plants reached 1,447 hours. • There was no major occupational injury in 2023. • In 2023, one health seminar and one occupational safety seminar were held. • A total of 117 people underwent special health examinations in 2023 (including 57 people with special hazards from dust, 57 from noise, and three from ionizing radiation), and no work-related abnormalities were found.

To ensure a healthy and safe working environment for our workers, we have implemented the ISO 45001 occupational health and safety management system. We are committed to providing customers with high-quality and safe products and services that is in compliance with relevant laws, regulations, and standards, as well as preventing occupational accidents, promoting health, and building a friendly workplace, to fulfill corporate social responsibilities.

We have gradually implemented safety and health management in accordance with the PDCA. The scope of implementation and application of the ISO 45001 occupational safety and health management system covers all operating sites and all workers in each plant, and the safety and health management for contractors/subcontractors is stipulated in the contract. Relevant management measures include operation instructions, response instructions, equipment wearing and use, and response drills, so that employees can understand the response procedures and handling methods in the event of an abnormal situation, so as to reduce the possible hazards and losses caused by the abnormal situation. The Occupational Safety and Health Act stipulates that when there is an imminent danger in the workplace, the employer or the person in charge of the workplace shall immediately stop the operation and have the workers evacuate to a safe place. When performing duties and discovering that there is a possibility of immediate danger, the employee may stop work and retreat to a safe place without endangering the safety of other workers, and immediately report to the immediate supervisor. Hsing Ta Cement will not dismiss, transfer, withhold wages for the period of suspension of work, or impose other unfavorable disciplinary actions against the abovementioned workers.

Hsing Ta Cement is actively and committed to the promotion of labor safety and health. To reduce the occurrence of occupational accidents, we comply with the occupational safety and health management system and international standards for social responsibility, continue to improve the safe and healthy work environment for employees, prevent occupational injuries, and diseases and reduce risk factors in the working environment. We aim to comply with labor safety and health laws and regulations and create a high-quality, safe, and health workplace.

We have been committed to employee care, employee health and safety, fulfilling our corporate social responsibility, and pursuing corporate sustainability. We have believed that the safety and health of employees is invaluable assets of the Company!

Safety and health activity - emergency response and fire drill

Occupational safety and health training

Effectiveness of occupational safety and health training in 2023	
Training	**Description and effectiveness**
On-the-job training for employees (including workplace violence)	Each session lasted four hours for a total of 40 hours with 10 participants.
On-site equipment inspection operation training	Each session lasted four hours for a total of 180 hours with 40 participants.
Operational safety education and training	Each session lasted three hours for a total of 36 hours with 12 participants.
On-the-job training for packaging personnel (including workplace violence)	Each session lasted 14 hours for a total of 238 hours with 17 participants.
General knowledge of hazardous chemicals (including safety and health education and training)	Each session lasted 14 hours for a total of 209 hours with 11 participants.
Cement mill operation training and raw meal mill operation training	Each session lasted eight hours for a total of 560 hours with 35 participants.
On-the-job training for open-pit mine workers	All workers of the Mining Section received eights hours of training for a total of 1,000 hours with 123 participants.
Fire drills	Comprehensive fire drills (including firefighting, reporting, and evacuation) were held on June 1, 2023 and October 30, 2023, respectively, with a total of 69 participants

• Occupational safety and health seminar

The Northern Occupational Safety and Health Center and the Taiwan Cement Manufacturers Association held a Cement Industry Safety Partners and National Workplace Safety and Health Week event on April 28, 2023 at the Company's Yilan Plant for an occupational safety pledge, health promotion, and disaster prevention demonstrations. At the event, Chu, Jin-Long, Deputy Director-general of the Occupational Safety and Health Administration, led all the participants to pledge occupational safety commitment and discuss and make suggestions on the occupational safety issues of "packed cement weight reduction and anti-roll (fall) safety fencing and lifeline observations".

4.3.1 Worker engagement, consultation, and communication

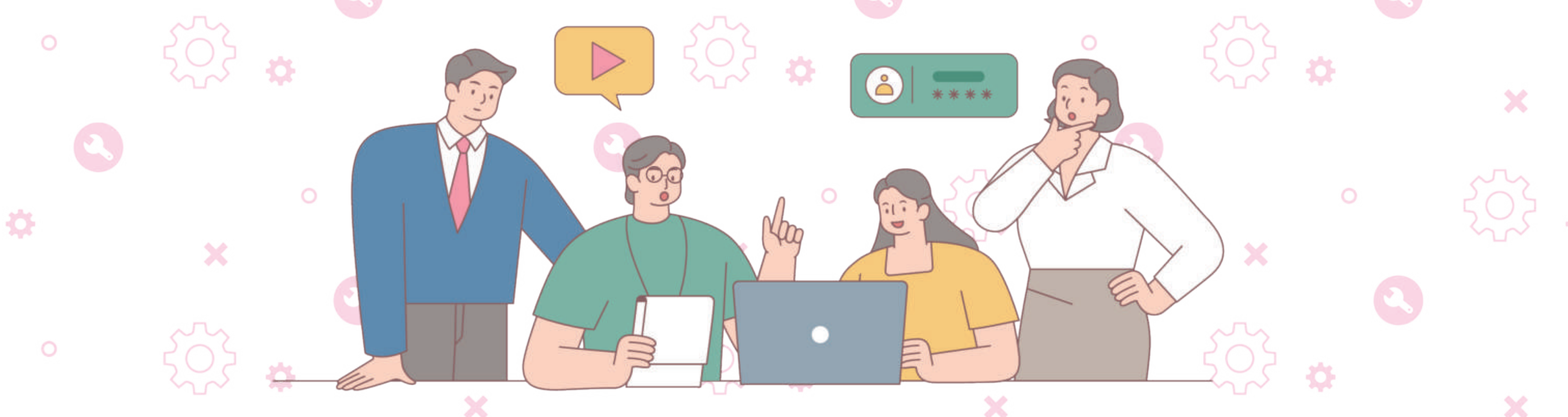
The Company has established an Occupational Safety and Health Committee, which consists of six representatives from our plants and seven labor representatives. The committee held four meetings in 2023 to discuss, review, coordinate, and suggest occupational safety and health management and promotion matters to provide employees with a more friendly, comfortable, and safe working environment.

The Company enhances employees' occupational safety awareness through education and training and emails on a daily basis and has established internal and external communication procedures to strengthen communication on occupational safety and health. In addition, we have established communication channels on the employee intranet to encourage employee inquiries, complaints, or suggestions; they can choose to be anonymous or not. Opinions or responses can also be open to all employees or to themselves. Protecting the privacy of the complainant is the top priority throughout the grievance process, so that they can feel free to submit opinions or contact the occupational safety contact point directly over the phone. There were no major occupational safety-related complaints in 2023.

Occupational safety complaint procedure

Complaints filed by employees to the occupational safety contact points or employee suggestion box or report to supervisor → Fact investigation

- No → Reply to employees and case closure
- Yes → Occupational safety meeting (Supervisors, HR, labor safety, environmental safety, and medical staff) → Coordination and handling → Staff assistance and follow-up → Review, improvement, and preventive measures → Reply to employees and case closure



4.3.2 Hazard identification, risk assessment, and accident investigation

The hazards of Hsing Ta Cement include pinching, slipping, cutting, falling objects, or electrification. We have established hazard identification-related management regulations to ensure the effective operation of hazard identification and risk assessment. During hazard identification, we considers the safety risks of workers in daily operations and the safety risks derived from changes. For those assessed as high risk, after approval by the senior supervisor, an occupational safety and health target plan is established and implemented by the responsible unit. Labor safety personnel track effectiveness and implementation results.

In addition, for accident investigation, the Company has established the Accident Handling and Investigation Procedures for accident investigation and management. In the event of any work-related injury, the reporting operation and handling and improvement process is implemented according to the Accident Handling and Investigation Procedures. The investigation report on work-related accidents is included in the annual education and training and reviewed by the Occupational Safety and Health Committee.

4.3.3 Statistical analysis of occupational accidents

According to the statistical data of employee occupational accidents, injuries, and diseases, as shown in the table below, from 2021 to 2023, there were no deaths or occupational diseases caused by occupational injuries (including recordable occupational diseases) of all employees.

Data/Year		2021	2022	2023
Total hours worked		392,712	312,056	683,496
Occupational injury deaths	Number of people	0	0	0
	Percentage	0	0	0
Severe occupational injury	Number of people	0	0	0
	Percentage	0	0	0
Recordable occupational injury	Number of people	0	1	0
	Percentage	0	0.6409	0
Occupational disease	Number of people	0	0	0
	Percentage	0	0	0
Recordable occupational disease	Number of people	0	0	0
	Percentage	0	0	0

Note 1: The Company may choose to calculate the rate per 200,000 or one million hours worked.

Note 2: Severe occupational injury: It refers to an occupational injury that causes death, or makes it impossible or difficult for workers to return to the pre-injury state of health within six months. Data excludes the number of deaths.

Note 3: Recordable occupational injury or disease: It refers to an occupational injury or disease caused by any of the following circumstances, such as death, leaving work, work restrictions or change of job, major injury or illness diagnosed by a licensed healthcare professional (even if it does not result in death, leaving work, work restrictions or change of job, medical care beyond first aid, or loss of consciousness), but the data should include deaths; traffic accidents during commute to and from work are not included in the occupational injury statistics.

4.3.4 Healthy workplace promotion

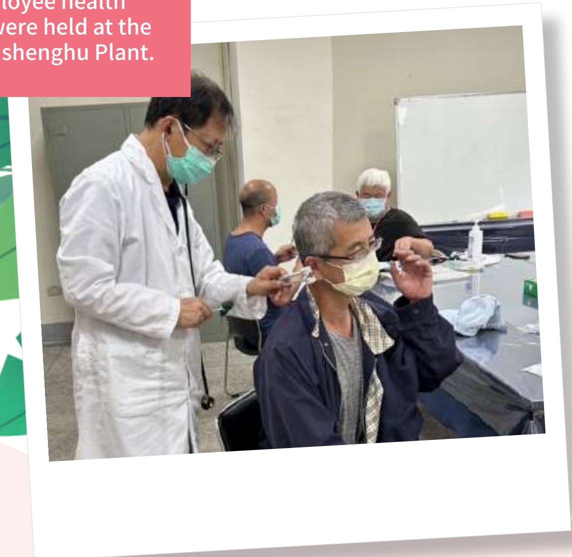
In light of social and economic changes, the International Labour Organization (ILO) and the World Health Organization (WHO) have advocated that workplace safety and health services are workers' fundamental rights. In line with the will of the ILO and WHO, as well as laws and regulations, Hsing Ta Cement has been proactively planning, promoting, and implementing health issues in the three major aspects of health services, health education, and healthy working environment. We regularly offer disease prevention and treatment training, health care training, health lectures, employee preventive health care consultation, and employee health checkups. From the standpoint of protecting the health of employees, we focus on health risk assessment, health management, health promotion, and work environment hazard assessment and advice. We also provide employees with health education concepts, hoping that health problems will not affect their work during work and that health care for workers in the workplace can be implemented as required.

The relevant achievements in 2023 are as follows:

- A total of 117 employees in the plants underwent special hazard examinations. Up to 57 people had special health examinations for noise, three for ionizing radiation, and 57 for dust. No work-related anomalies were found.
- We completed hazard identification and risk assessment for workplace violence prevention.
- We completed the employee musculoskeletal injury hazard survey with 296 copies of questionnaire sent and completed anomaly tracking.
- We completed the job evaluation of four female workers at the childbearing age for maternity health protection.
- We used the We Care system to analyze the heavy workload-induced diseases through employees' health examination reports and heavy workload questionnaires. We adjusted our working hours or changed job contents based on a physician's advice and health guidance. In 2023, the number of people required for health examination was 288, and their participation rate was 100%.

Health seminars in March 2023 [Getting Rid of Metabolic Syndrome Easily]

In 2023, employee health examinations were held at the Company's Nanshenghu Plant.



4.4 Social engagement

As a member of society as a whole, a company is interdependent with investors, employees, local communities, and other stakeholders. By motivating others to follow suit, we exert our influence and fulfill our corporate social responsibilities by working with local groups to ensure that resources are provided to those in need and being committed to making society a better place.

The achievements of our social charity-related efforts are as follows:

- The Group's Nanshenghu Plant constantly sponsors festive events in the neighboring communities, temples, and township offices; gives gifts to residents near the plant during Chinese New Year to fulfill the responsibility of being a good neighbor; and in response to the activities of the Environmental Protection Bureau activities, adopts the front section of the Taiwan no. 9 highway and the Mingde Industrial Road leading to the Wulaikeng Scenic Area, and regularly send staff to sweep and cut the weeds along the road.
- We actively participated in various cultural and charitable activities organized by the Suao Township Office in Yilan County, the Su'ao Cold Spring Cultural Festival, hiking, and road running.
- In 2023, we provided scholarships of NT$594,000 to junior and senior high school students in Yilan County. We also actively assisted in the development of industries and culture in the local communities and donated to the community development associations and schools in Nan'ao Township for school facilities and training and development expenses.
- The Company pays attention to the cultural activities of indigenous peoples around the mining areas and took the initiative to visit the Atayal tribe in Dongyue Village, Nan'ao Township, Yilan County. In 2023, the Company fully sponsored the Dong'ao Elementary School's Education Advancement Project in an amount of NT$196,000. Based on the concepts of "spontaneity," "co-prosperity," and "mutual benefit," the Company and the Dong'ao Elementary School jointly organized the "Traveling in Mountains and Seas and Learning Together for Students and Their Grandparents". The cross-generational activity aimed to enhance students' awareness and understanding of their own culture; through the participation of their grandparents and family members in the activity, it strengthened the intergenerational communication and learning between grandparents and students and promoted children's understanding of the history and mother tongue of their grandparents.
- Residents in the vicinity of the Group's Nanshenghu Plant feared that the original drainage ditch could not cope with heavy rainfalls and therefore, the Company provided 350 Pings of land behind the plant for free and cooperated with the Soil and Water Conservation Bureau and other units to widen, improve and afforest the river course.
- To give what we have taken from society back to society, Sheng'an Temple was built on the land where the Nanshenhu Plant of the Group is located with a long history. It is the central religious belief of the local residents. The Company donated 252 pings of land to the Temple to make its property rights complete.
- The Group financed the cleaning of the drainage ditch around the plant to ensure that the surrounding farmland would not be affected when heavy rain came.

The Company's representatives participated in Suao Township Office's 2023 New Year's Flag Raising Ceremony.

We sponsored part of the expenses of the Suao Cold Spring Concert and the Suao Water-splashing Festival in July 2023.

In December 2023, the Company was commended by the Yilan County Government for its "Enthusiasm for Education and Donations for Education".

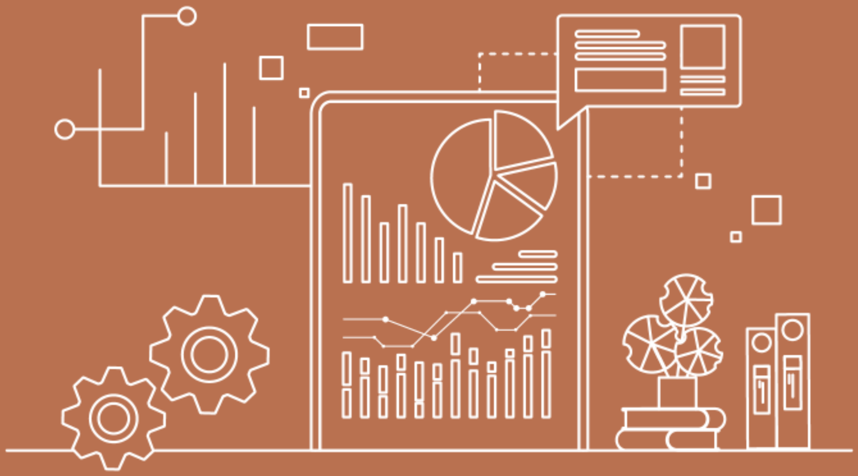
We sponsored part of the expenses of the trip of the Dong'ao Elementary School's recurve bow team to the Philippines in August 2023 for World Archery Philippines.

In 2023, we sponsored Dong'ao Elementary School's Education Advancement Project.

chapter 5

Appendices

- GRI Standards Table
- Sustainability Accounting Standards Board (SASB) Standards Table
- Taiwan Stock Exchange Sustainability Disclosure Indicators - Cement Industry
- TCFD Disclosure Table
- Climate-related information of TWSE/TPEx-listed companies
- Verification certificates



Appendix I GRI Standards Table

Statement of Use	Hsing Ta Cement Co., Ltd. has reported the content for the period from January 1, 2023 to December 31, 2023 in accordance with the GRI Standards.
GRI 1	GRI 1: Foundation 2021
Applicable GRI Sector Standards	The Company is in the cement industry and there is no GRI sector standard available.
Note	Topics marked with * are material topics.

Topic	Disclosure	Description	Chapter	Omission/Remark
Organization and reporting practices	2-1	Organizational details	1.1 Company Profile	
	2-2	Entities included in the organization's sustainability reporting	Editorial policy	
	2-3	Reporting period, frequency and contact point	Editorial policy	
	2-4	Restatements of information	Editorial policy	Please refer to the notes to each chapter for details.
	2-5	External assurance	Editorial policy	
Activities and workers	2-6	Activities, value chain and other business relationships	1.1 Company Profile	
	2-7	Employees	4.1 Employee structure	
	2-8	Workers who are not employees	4.1 Employee structure	
Governance	2-9	Governance structure and composition	2.1 Governance practices	
	2-10	Nomination and selection of the highest governance body	2.1 Governance practices	
	2-11	Chair of the highest governance body	2.1 Governance practices	
	2-12	Role of the highest governance body in overseeing the management of impacts	2.1 Governance practices 2.3 Risk management	
	2-13	Delegation of responsibility for managing impacts	2.1 Governance practices 2.3 Risk management	
	2-14	Role of the highest governance body in sustainability reporting	1.2 Sustainable vision strategy	
	2-15	Conflicts of interest	2.1 Governance practices	

Topic	Disclosure	Description	Chapter	Omission/Remark
Governance	2-16	Communication of critical concerns	2.1 Governance practices	
	2-17	Collective knowledge of the highest governance body	2.1 Governance practices	
	2-18	Evaluation of the performance of the highest governance body	2.1 Governance practices	
	2-19	Remuneration policies	2.1 Governance practices	
	2-20	Process to determine remuneration	2.1 Governance practices	
	2-21	Annual total compensation ratio	--	The highest annual total compensation is the Company's confidential information.
Strategies, policies and practices	2-22	Statement on sustainable development strategy	Message from Managers	
	2-23	Policy commitments	1.2 Sustainable vision strategy 2.2 Ethical management and legal compliance 2.5 Information security 3.1 Energy management 4.1 Employee structure 4.3 Occupational safety and health	
	2-24	Embedding policy commitments	1.2 Sustainable vision strategy	
	2-25	Processes to remediate negative impacts	2.1 Governance practices 2.3 Risk management	
	2-26	Mechanisms for seeking advice and raising concerns	2.1 Governance practices	
	2-27	Legal compliance	2.2 Ethical management and legal compliance	
	2-28	Membership associations	1.3 Organizational Participation and Global Initiatives	
Stakeholder engagement	2-29	Approach to stakeholder engagement	1.4 Stakeholders and material topics	
	2-30	Collective bargaining agreements	4.2.3 Labor-management communication	--

Topic	Disclosure	Description	Chapter	Omission/Remark
Material topics	3-1	Process of determining material topics	1.4 Stakeholders and material topics	
	3-2	List of material topics	1.4 Stakeholders and material topics	
GRI 3: Material Topics 2021	3-3	Management of material topics	2.2 Ethical management and legal compliance	
GRI 3: Material Topics 2021	3-3	Management of material topics	1.4 Stakeholders and material topics 2.5 Information security	
GRI 3: Material Topics 2021	3-3	Management of material topics	1.4 Stakeholders and material topics 2.3 Operational risk management	
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	2.6 Products and business performance	
	201-2	Financial implications and other risks and opportunities due to climate change	2.4 Climate change governance	
	201-3	Defined benefit plan obligations and other retirement plans	4.2 Right person for the right place	
GRI 203: Indirect Economic Impacts 2016	203-1	Infrastructure investments and services supported	4.4 Social engagement	
GRI 3: Material Topics 2021	3-3	Management of material topics	1.4 Stakeholders and material topics	
GRI 302: Energy 2016	302-1	Energy consumption within the organization	3.1 Energy management	
	302-3	Energy intensity	3.1 Energy management	
	302-4	Reduction of energy consumption	3.1 Energy management	
GRI 3: Material Topics 2021	3-3	Management of material topics	1.4 Stakeholders and material topics	
GRI 303: Water and Effluents 2018 management approach	303-1	Interactions with water as a shared resource	3.2 Water resource management	
	303-2	Management of water discharge-related impacts	3.2 Water resource management	
	303-3	Water withdrawal	3.2 Water resource management	

Topic	Disclosure	Description	Chapter	Omission/Remark
GRI 304: Biodiversity 2016	304-2	Significant impacts of activities, products and services on biodiversity	3.3 Pollution control	
	304-3	Habitats protected or restored	3.3 Pollution control	
GRI 3: Material Topics 2021	3-3	Management of material topics	1.4 Stakeholders and material topics	
GRI 305: Emissions 2016	305-1	Direct/Scope 1 GHG emissions	3.4 Greenhouse gas management	
	305-2	Energy indirect/Scope 2 GHG emissions	3.4 Greenhouse gas management	
	305-3	Other indirect/Scope 3 GHG emissions	3.4 Greenhouse gas management	
	305-4	GHG emissions intensity	3.4 Greenhouse gas management	
	305-5	Reduction of greenhouse gas emissions	3.1 Energy management	
	305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	3.3 Pollution control	
GRI 306: Waste 2020	306-3	Waste generated	3.3 Pollution control	
	306-4	Waste diverted from disposal	3.3 Pollution control	
	306-5	Waste directed to disposal	3.3 Pollution control	
GRI 3: Material Topics 2021	3-3	Management of material topics	1.4 Stakeholders and material topics	
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	4.2 Right person for the right place	
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	4.2 Right person for the right place	
	401-3	Parental leave	4.2 Right person for the right place	
GRI 402: Labor/Management relations 2016	402-1	Minimum notice periods regarding operational changes	4.2 Right person for the right place	
GRI 3: Material Topics 2021	3-3	Management of material topics	1.4 Stakeholders and material topics	

Topic	Disclosure	Description	Chapter	Omission/Remark
GRI 403: Occupational Health and Safety 2018 management approach	403-1	Occupational health and safety management system	4.3 Occupational safety and health	
	403-2	Hazard identification, risk assessment, and incident investigation	4.3 Occupational safety and health	
	403-3	Occupational health services	4.3 Occupational safety and health	
	403-4	Worker participation, consultation, and communication on occupational health and safety	4.3 Occupational safety and health	
	403-5	Worker training on occupational health and safety	4.3 Occupational safety and health	
	403-6	Promotion of worker health	4.3 Occupational safety and health	
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	4.3 Occupational safety and health	
GRI 403: Occupational Health and Safety 2018	403-8	Workers covered by an occupational health and safety management system	4.3 Occupational safety and health	
	403-9	Work-related injuries	4.3 Occupational safety and health	
	403-10	Occupational disease	4.3 Occupational safety and health	
GRI 3: Material Topics 2021	3-3	Management of material topics	1.4 Stakeholders and material topics	
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	4.2 Right person for the right place	
	404-2	Programs for upgrading employee skills and transition assistance programs	4.2 Right person for the right place	
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	4.1 Employee structure	

Appendix II Sustainability Accounting Standards Board (SASB) Standards Table

Topic	Code	Metric	Category	Corresponding chapter in the report	Note
Greenhouse gas emissions	EM-CM-110a.1	Gross global Scope 1 emissions, percentage covered under emissions-limiting regulations	Quantitative	3.4 Greenhouse gas management	
	EM-CM-110a.2	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	Qualitative	3.4 Greenhouse gas management	
Air quality	EM-CM-120a.1	Air emissions of the following pollutants: (1) NOx (excluding N_2O), (2) SOx, (3) particulate matter (Dust-(PM10), (4) dioxins/furans, (5) volatile organic compounds (VOCs), (6) polycyclic aromatic hydrocarbons (PAHs), and (7) heavy metals	Quantitative	3.3 Pollution control	
Energy management	EM-CM-130a.1	(1) Total energy consumed, (2) percentage grid electricity, (3) percentage alternative energy, and (4) percentage renewable	Quantitative	3.1 Energy management	We do not use a grid to generate electricity, and we have installed solar power facilities for renewable energy.
Water resource management	EM-CM-140a.1	(1) Total fresh water withdrawn, (2) percentage recycled, (3) percentage in regions with high or extremely high baseline water stress	Quantitative	3.2 Water resource management	The Company's operating sites are in northern Taiwan, which is not an area with high water stress.
Waste management	EM-CM-150a.1	Amount of waste generated, percentage hazardous, percentage recycled	Quantitative	3.3 Pollution control	
Biodiversity impacts	EM-CM-160a.1	Description of environmental management policies and practices for active sites	Qualitative	3.3 Pollution control	
	EM-CM-160a.2	Terrestrial acreage disturbed, percentage of impacted area restored	Quantitative	3.3 Pollution control	It is partially disclosed due to incomplete data.
Workforce health & safety	EM-CM-320a.1	(1) Total recordable incident rate (TRIR) and (2) near miss frequency rate (NMFR) for (a) full-time employees and (b) contract employees	Quantitative	4.3 Occupational safety and health	The false alarm rate is not disclosed as the data is not collected.
	EM-CM-320a.2	Number of reported cases of silicosis	Quantitative	4.3 Occupational safety and health	There were no silicosis cases in 2023.
Product innovation	EM-CM-410a.1	Percentage of products that qualify for credits in sustainable building design and construction certifications	Quantitative	--	The Company sells cement to customers, and relevant certifications were not compiled.
	EM-CM-410a.2	Total addressable market and share of market for products that reduce energy, water, and/or material impacts during usage and/or production	Quantitative	--	It is not disclosed as there was no data available.
Pricing integrity & transparency	EM-CM-520a.1	Total amount of monetary losses as a result of legal proceedings associated with cartel activities, price fixing, and anti-trust activities	Quantitative	There were no legal proceedings or losses associated with cartel activities, price fixing, and anti-trust activities in 2023.	
Product production	EM-CM-000.A	Production by major product line	Quantitative	In 2023, the production volume of cement and clinker was 2,787,321 metric tons (including the production volume of subsidiaries in China).	

Appendix III Taiwan Stock Exchange Sustainability Disclosure Indicators - Cement Industry

No.	Indicator	Type of indicator	Annual disclosure
I	Total energy consumption, percentage of purchased electricity, and utilization rate of renewable energy	Quantitative	3.1 Energy management Use of renewable energy from solar energy in 2023
II	Total water withdrawal and consumption	Quantitative	3.2 Water resource management
III	Weight of waste generated, percentage of hazardous waste and percentage recycled	Quantitative	3.3 Pollution control
IV	Description of the number and percentage of occupational accidents	Quantitative	4.3 Occupational safety and health
V	Production volume of major products by product category	Quantitative	In 2023, the production volume of cement and clinker was 2,787,321 metric tons (including the production volume of subsidiaries in China).

Appendix IV TCFD Disclosure Table

Aspect	TCFD disclosure	Corresponding chapter
Governance	Describe the board's oversight of climate-related risks and opportunities.	2.4 Climate change governance
	Describe management's role in assessing and managing climate-related risks and opportunities.	
Strategy	Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	
	Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	
	Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios.	
Risk management	Describe the organization's processes for identifying and assessing climate-related risks.	
	Describe the organization's processes for managing climate-related risks.	
	Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	
Metrics and targets	Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	
	Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	
	Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	

Appendix V Climate-related information of TWSE/TPEx-listed companies

Risks and opportunities caused by climate change to the Company and relevant countermeasures taken by the Company

Item	Corresponding chapters in the report
1. Describe the Board's and management's oversight and governance of climate-related risks and opportunities.	2.4 Climate change governance
2. Describe how the identified climate risks and opportunities affect the business, strategy and finance of the Company (short, medium and long term).	
3. Describe the impact of extreme climate events and transition actions on finance.	
4. Describe how the identification, assessment and management processes of climate risks are integrated into the overall risk management system.	
5. If scenario analysis is used to assess the resilience to climate change risk, describe the scenarios, parameters, assumptions, analytical factors used, and key financial impacts.	
6. If there is a transition plan for managing climate-related risks, describe the plan and the metrics and targets used to identify and manage physical risks and transition risks.	
7. If internal carbon pricing is used as a planning tool, describe the basis for pricing.	Internal carbon pricing has not yet been implemented.
8. If climate-related targets are set, describe the information on the activities covered, the scope of greenhouse gas emissions, the planning schedule, and the annual progress of achievement. If carbon offsets or renewable energy certificates (RECs) are used to achieve the relevant targets, describe the sources and quantities of carbon reduction credits used for the offsets or the number of RECs.	2.4 Climate change governance
9. Greenhouse gas inventory and assurance	3.4 Greenhouse gas management

Appendix VI Verification certificates

Information on greenhouse gas inventory and assurance for the most recent 2 years

Describe the emission volume (metric tons CO_2e), intensity (metric tons CO_2e/NT$ million), data coverage of greenhouse gases, and assurance in the most recent 2 years. Data coverage that should be disclosed at a minimum according to the regulations of the Sustainable Development Roadmap for TWSE/TPEx Listed Companies:

1. The parent company shall disclose its assurance status starting from 2024.

2. Subsidiaries in the consolidated financial statements shall disclose their assurance status from 2027.
   (1) According to the "Sustainable Development Roadmap for TWSE/TPEx Listed Companies" published by the Financial Supervisory Commission in March 2022, the Company is a company in the cement industry. The greenhouse gas inventory by the subsidiaries in the consolidated financial statements should be completed in 2025, and the assurance by 2027.
   (2) The parent company has already completed its greenhouse gas inventory and verification in 2023. In the future, it will continue to keep abreast of the completion of the inventory, verification, and disclosure schedule according to the guidelines and relevant regulations issued by the competent authority, and manage it on a quarterly basis.

3. The greenhouse gas inventory and assurance of Hsing Ta Cement in the most recent two years are described as follows:

	2022		2023	
	Emissions (tCO_2e)	Intensity (tCO_2e/NT$ million)	Emissions (tCO_2e)	Intensity (tCO_2e/NT$ million)
Scope 1 direct emissions	479,891.48	75.12	552,623.04	88.28
Scope 2 energy indirect	37,922.41	5.94	41,137.36	6.57
Scope 3 other indirect	13,837.24	2.17	15,311.38	2.45
.	531,651.13	83.23	609,071.78	97.30
Assurance organization	SGS Taiwan Ltd.		SGS Taiwan Ltd.	
Assurance standards	ISO14064-3		ISO14064-3	
Scope of assurance	The parent company covers the Taipei headquarters, the Nanshenghu Plant in Yilan, and the Mount Taibai mining area.		The parent company covers the Taipei headquarters, the Nanshenghu Plant in Yilan, and the Mount Taibai mining area.	
Assurance opinion	Amended unqualified opinion		Amended unqualified opinion	

Note: The baseline year should be the year in which the inventory of the boundaries of the consolidated financial statements is completed. However, the Company has not completed the inventory of the boundaries of its subsidiaries, so the indicators over the past three years are used as the baselines for the time being.

查驗意見編號 TW24/00385GG

溫室氣體查驗意見

2023 年溫室氣體排放資訊

信大水泥股份有限公司

台北市中正區寶慶路 37 號 7 樓

經本公司依據 ISO 14064-3:2019 完成查驗並符合下列標準要求

ISO 14064-1:2018

直接溫室氣體排放量
552,623.0400 公噸二氧化碳當量
間接溫室氣體排放量
56,448.7400 公噸二氧化碳當量
直接與間接溫室氣體總排放量
609,072.000 公噸二氧化碳當量

簽署人

鮑柏宇
管理與保證事業群副總裁
日期: 2024年06月22日
版次:1

TGP56B-15-1 2404
台灣檢驗科技股份有限公司
新北市五股區(新北產業園區)五工路 136 之 1 號
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聲明書編號 TW24/00384GG

溫室氣體查驗聲明書

2023 年溫室氣體排放資訊

信大水泥股份有限公司 蘇澳南聖湖廠

宜蘭縣蘇澳鎮中山路 2 段 235 號

經本公司依據 ISO 14064-3:2006 完成查驗並符合下列標準要求

ISO 14064-1:2006

直接溫室氣體排放量
551,764.8090 公噸二氧化碳當量
能源間接溫室氣體排放量
40,857.1068 公噸二氧化碳當量
直接與能源間接溫室氣體排放量
592,621.916 公噸二氧化碳當量

簽署人

TAF
Validation and Verification
VB002

鮑柏宇
管理與保證事業群副總裁
日期: 2024年06月22日
版次:1

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信大水泥股份有限公司
HSING TA CEMENT COMPANY LIMITED