

HSING TA CEMENT CO., LTD.

Category		Sustainable Development Best Practice Principles		Formulated by	Regulation Formulation Taskforce	Document No.	H 0 A C 0 1 6	
Procedures				Date of Issuance	May 12, 2022	Page	1 / 1 1	
Version	Revision			Description of Revision	Drafted by	Reviewed by	Approved by	Date
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A				Newly enacted	Regulation Formulation Taskforce	Yang, Te-Hsiung	Board of Directors	Nov. 13, 2015
A	1	全	Title Article 1 Article 5 Article 7 Article 14 Article 16 Article 18 Article 21 Article 22-1 Article 23 Article 24 Article 26 Article 30	1. Revised in accordance with the <i>Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies (Version dated December 7, 2021)</i> , with additions and deletions to the text.	Regulation Formulation Taskforce	Yang, Chih-Hsiung	Board of Directors	May 12, 2022

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Chapter 1 General Principles

Article 1: (Purpose)

To fulfill corporate social responsibility and to promote economic, environmental, and social advancement toward the goal of sustainable development, this Company has formulated these Principles with reference to the *Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies* for compliance.

Article 2: (Scope)

The scope of these Principles covers the overall operations of the Company and its group enterprises.

While engaging in business operations, the Company shall proactively implement sustainable development practices in line with international trends, assume corporate citizenship responsibilities, enhance its contribution to the national economy, improve the quality of life of employees, communities, and society, and strengthen its competitive advantage based on sustainability.

Article 3: (Rights and Interests of Stakeholders)

In promoting sustainable development, the Company shall respect the rights and interests of stakeholders.

While pursuing sustainable operations and profitability, the Company shall also emphasize environmental, social, and corporate governance (ESG) factors, and incorporate them into its management guidelines and operational activities.

The Company shall conduct risk assessments on ESG issues related to its business operations based on the principle of materiality and establish corresponding risk management policies or strategies.

Article 4: (Implementation Principles)

The Company shall conduct sustainable development practices in accordance with the following principles:

1. Implement corporate governance.
2. Develop a sustainable environment.
3. Uphold social welfare.
4. Enhance disclosure of corporate sustainability information.

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Article 5: (Amendments in Response to Trends)

The Company shall, in consideration of the development trends of domestic and international sustainability issues, the relevance of such issues to its core business operations, and the impact of its own and the group's overall operations on stakeholders, establish sustainable development policies, systems, or related management guidelines and specific implementation plans. These shall be approved by the Board of Directors and reported to the shareholders' meeting.

When shareholders propose motions related to sustainable development, the Board of Directors shall prudently review and, where appropriate, include such motions in the agenda of the shareholders' meeting.

Chapter 2 Implementation of Corporate Governance

Article 6: (Corporate Governance)

The Company shall, with reference to the *Corporate Governance Best Practice Principles*, the *Ethical Corporate Management Best Practice Principles*, and the *Code of Ethical Conduct*, establish an effective governance framework and corresponding ethical standards to strengthen corporate governance.

Article 7: (Implementation of Sustainable Development)

Directors of the Company shall exercise the duty of care of a good administrator to supervise the implementation of corporate sustainability, regularly review its effectiveness, and make continuous improvements to ensure the effective implementation of sustainable development policies. When the Board of Directors promotes the Company's sustainable development objectives, it shall fully consider the interests of stakeholders and include the following:

1. Formulate the Company's sustainability mission or vision and establish relevant policies, systems, or management guidelines.
2. Integrate sustainability into the Company's operations and development strategies, and approve specific implementation plans for sustainable development.
3. Ensure the timeliness and accuracy of information disclosure related to sustainable development.

The Board of Directors shall authorize senior management to handle economic, environmental, and social issues arising from business operations and require regular reports on the implementation status. The procedures for handling such matters and the responsibilities of related personnel shall be clearly defined.

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Article 8: (Education and Training)

The Company shall regularly conduct education and training programs related to the promotion of sustainable development, including the communication and promotion of the matters set forth in paragraph 2 of the preceding article.

Article 9: (Responsible Unit for Sustainable Development)

To ensure sound management of sustainable development, the Company shall establish a governance framework for promoting sustainability and set up a dedicated (or concurrent) unit responsible for formulating and implementing sustainable development policies, systems, management guidelines, and specific action plans, and shall periodically report to the Board of Directors.

The Company shall establish a reasonable compensation policy to ensure that remuneration planning aligns with organizational strategic objectives and the interests of stakeholders.

Employee performance appraisal systems shall be integrated with sustainable development policies, accompanied by clear and effective reward and disciplinary mechanisms.

Article 10: (Response to Stakeholders)

The Company shall respect the rights and interests of stakeholders, identify its stakeholders, and establish a stakeholder section on the Company's website.

Through appropriate communication channels, the Company shall understand the reasonable expectations and needs of stakeholders and properly respond to material sustainability issues of concern to them.

Chapter 3 Development of a Sustainable Environment

Article 11: (Compliance with Environmental Regulations)

The Company shall comply with environmental laws, regulations, and relevant international standards, properly protect the natural environment, and strive to achieve the goal of environmental sustainability in its business operations and internal management.

Article 12: (Enhancement of Resource Utilization)

The Company shall make continuous efforts to improve energy efficiency and use environmentally friendly renewable materials with lower environmental impact, so as to ensure the sustainable utilization of the earth's resources.

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Article 13: (Environmental Management System)

The Company shall, in accordance with the characteristics of its industry, establish an appropriate environmental management system, which shall include the following items:

1. Collect and evaluate sufficient and timely information on the impact of operational activities on the natural environment.
2. Establish measurable environmental sustainability objectives and regularly review their continuity and relevance.
3. Formulate specific plans or action programs as implementation measures and periodically review their effectiveness.

Article 14: (Dedicated Environmental Management Unit)

The Company shall establish a dedicated unit or designate personnel responsible for environmental management to formulate, promote, and maintain environmental management systems and related action plans, and shall regularly conduct environmental education programs for management and employees.

Article 15: (Reduction of Environmental Impact)

The Company shall consider the ecological impacts of its operations, promote and advocate the concept of sustainable consumption, and conduct its research and development, procurement, production, operations, and service activities in accordance with the following principles to reduce the impact of its business operations on the natural environment and human health:

1. Reduce the consumption of resources and energy in products and services.
2. Reduce the emission of pollutants, toxic substances, and waste, and ensure proper waste management.
3. Enhance the recyclability and reusability of raw materials or products.
4. Maximize the sustainable use of renewable resources.
5. Extend product durability.
6. Increase the efficiency of products and services.

Article 16: (Water Resource Efficiency)

To enhance the efficiency of water resource utilization, the Company shall properly and sustainably manage water resources and establish relevant management measures.

The Company shall construct and improve environmental protection and treatment facilities to prevent pollution of water, air, and soil, and shall make every effort to minimize adverse impacts on human health and the environment by adopting the best feasible pollution prevention and control technologies.

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Article 17: (Greenhouse Gases) The Company shall assess the potential risks and opportunities posed by climate change to its present and future operations and take appropriate responsive measures. The Company shall adopt commonly used domestic or international standards or guidelines to conduct and disclose greenhouse gas (GHG) inventories. The scope of disclosure should include: 1. Direct GHG emissions: Emissions from sources owned or controlled by the Company. 2. Indirect GHG emissions: Emissions resulting from the generation of purchased electricity, heat, or steam consumed by the Company. 3. Other indirect emissions: Emissions resulting from the Company’s activities that occur from sources owned or controlled by other entities, excluding energy-related indirect emissions. The Company shall compile statistics on GHG emissions, water consumption, and total waste generation, establish energy conservation and carbon reduction policies, GHG reduction measures, water-saving or waste management policies, and incorporate carbon credit acquisition into its carbon reduction strategy planning. These initiatives shall be implemented to mitigate the impact of business operations on climate change.					
Chapter 4 Maintaining Social Welfare Article 18: (Protection of Labor and Human Rights) The Company shall comply with applicable labor laws and regulations and adhere to international human rights conventions, including gender equality, labor rights, and the prohibition of discrimination. To fulfill its responsibility to protect human rights, the Company shall establish relevant management policies and procedures, including: 1. Establishing a corporate human rights policy or statement. 2. Assessing the impact of the Company’s operations and internal management on human rights and formulating corresponding handling procedures. 3. Periodically reviewing the effectiveness of the Company’s human rights policy or statement. 4. Disclosing the handling procedures for stakeholders involved in incidents of human rights violations.					

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The Company shall follow internationally recognized labor and human rights principles, including freedom of association, the right to collective bargaining, care for disadvantaged groups, prohibition of child labor, elimination of all forms of forced labor, and elimination of discrimination in employment and occupation. The Company shall ensure that its human resources policies are free from differential treatment based on gender, race, social class, age, marital or family status, or other factors, and shall implement equality and fairness in employment, working conditions, compensation, benefits, training, performance evaluation, and promotion opportunities. For situations that may infringe upon labor rights, the Company shall provide effective and appropriate grievance mechanisms that ensure fairness and transparency throughout the process. The grievance channels shall be simple, convenient, and accessible, and employee complaints shall be properly addressed and responded to. Article 19: (Employee Information) The Company shall provide employees with information enabling them to understand labor laws and the rights to which they are entitled. Article 20: (Employee Safety and Health) The Company shall provide employees with a safe and healthy working environment, including necessary health and first-aid facilities, and shall endeavor to minimize factors that may endanger employees’ safety and health to prevent occupational hazards. The Company shall conduct regular safety and health education and training programs for employees. Article 21: (Favorable Work Environment) The Company shall create a favorable environment for employees’ career development and establish effective training programs to enhance professional capabilities. The Company shall formulate and implement reasonable employee welfare measures (including compensation, leave, and other benefits) and appropriately reflect business performance or achievements in employee remuneration to ensure effective talent recruitment, retention, and motivation, thereby achieving the goal of sustainable operation.					

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Article 22: (Employee Communication) The Company shall establish regular communication and dialogue channels to ensure that employees have the right to obtain information and express opinions regarding the Company’s business management activities and decisions. The Company shall respect employees’ representatives in exercising their right to negotiate working conditions and provide necessary information and facilities to facilitate consultation and cooperation between employers, employees, and employee representatives. The Company shall give reasonable notice of any operational changes that may have a significant impact on employees.					
Article 22-1: (Fairness and Reasonableness) The Company shall treat customers and consumers of its products or services in a fair and reasonable manner. Such treatment shall include principles of fair and honest contracting, due care and loyalty, truthful advertising, suitability of products or services, proper disclosure, balanced remuneration and performance evaluation, complaint protection, and professionalism of business personnel. The Company shall also formulate relevant implementation strategies and specific measures accordingly.					
Article 23: (Product and Service Responsibility) The Company shall take responsibility for its products and services and uphold marketing ethics. During research and development, procurement, production, operation, and service processes, the Company shall ensure transparency and safety of product and service information. It shall establish and publicly disclose consumer rights policies, implement them in business operations, and prevent any product or service from causing harm to consumers’ rights, health, or safety.					
Article 24: (Product and Service Quality) The Company shall ensure the quality of its products and services in accordance with government laws, regulations, and relevant industry standards. Regarding customer health and safety, privacy, marketing, and labeling, the Company shall comply with applicable laws and regulations and shall not engage in any deceptive, misleading, fraudulent, or other conduct that could undermine consumer trust or harm consumer interests.					

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Article 25: (Consumer Complaints) The Company shall assess and manage various risks that may cause business interruption and mitigate their potential impact on consumers and society. The Company shall provide transparent and effective consumer complaint-handling procedures to ensure that consumer complaints are addressed fairly and promptly. The Company shall also comply with the Personal Data Protection Act and other relevant regulations, respect consumer privacy, and safeguard the personal data provided by consumers. Article 26: (Implementation of Corporate Social Responsibility with Suppliers) The Company shall evaluate the environmental and social impacts of its procurement activities on the communities of its supply sources and collaborate with suppliers to jointly implement corporate social responsibility (CSR). The Company shall establish supplier management policies requiring suppliers to comply with relevant standards concerning environmental protection, occupational safety and health, and labor and human rights issues. Prior to entering into business relationships, the Company shall assess whether suppliers have records of adverse environmental or social impact and avoid transactions that conflict with the Company’s CSR policies. Contracts between the Company and key suppliers shall include clauses requiring compliance with both parties’ CSR policies. The contracts shall also specify that if a supplier violates such policies and causes significant adverse impacts on the environment or society in its supply communities, the Company may terminate or rescind the contract at any time. Article 27: (Participation in Community Development) The Company shall evaluate the impact of its business operations on local communities and, where appropriate, hire local manpower to strengthen community engagement and recognition. The Company shall allocate resources—through equity investment, business activities, donations, corporate volunteer services, or other forms of public-interest professional services—to organizations that address social or environmental issues through business models, or participate in community development and education initiatives organized by civic groups, charitable foundations, and government agencies, in order to promote community development.					

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Chapter 5 Enhancing Disclosure of Corporate Sustainability Information

Article 28: (Enhancing Information Transparency)

The Company shall disclose information in accordance with applicable laws, regulations, and the Corporate Governance Best Practice Principles, and shall provide relevant and reliable sustainability-related information to enhance transparency.

The Company shall disclose sustainability information as follows:

1. Sustainability policies, systems, related management guidelines, and specific promotion plans approved by the Board of Directors.
2. Risks and impacts arising from factors such as the implementation of corporate governance, environmental sustainability, and social welfare on the Company's operations and financial condition.
3. Objectives, measures, and performance results formulated by the Company for promoting sustainability.
4. Key stakeholders and issues of concern to them.
5. Disclosure of major suppliers' management and performance information regarding significant environmental and social issues.
6. Other sustainability-related information.

Article 29: (Sustainability Report)

The Company shall prepare its sustainability report in accordance with internationally recognized standards or guidelines to disclose the implementation of sustainability initiatives. The report should preferably obtain third-party assurance or verification to enhance information reliability. The content should include:

1. Implementation of sustainability policies, systems, related management guidelines, and specific promotion plans.
2. Key stakeholders and their issues of concern.
3. Performance and review of the Company's implementation of corporate governance, environmental sustainability, social welfare, and economic development.
4. Future improvement directions and objectives.

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Chapter 6 Supplementary Provisions

Article 30: (Enhancing Effectiveness)

The Company shall pay close attention to the development of domestic and international sustainability-related standards and changes in the business environment. Based on such developments, the Company shall review and improve its established sustainability systems to enhance the effectiveness of sustainability implementation.

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