Lucky Cement Corporation

2021 Corporate Sustainable Development Report

Date of Preparation: June 2022

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Lucky Cement's Corporate Sustainable Development

Tang dynasty poet Du Fu wrote in his poetry, "If only I could get a great mansion of a million rooms, broadly covering the poor scholars of all the world, all with joyous expressions"

(A Song on How My Thatched Roof Was Ruined by the Autumn Wind)

The logo of Lucky Cement Corporation (the "Company") is a red house. The founder Chairman Mr. Liang-Chuan Chen started his nascent career in construction, hoping that every young person who wanted to start a family could own a house and feel warm and happy in life. He became acquainted with the field of cement because of the construction business, and then moved into the production and sales of cement. His heart of building houses for young people and helping them realize their dreams never changes. Therefore, to produce high quality and reasonably priced cement for sturdy houses is Mr. Chen's lifelong ambition and goal. Lucky Cement's vision is the pursuit of quality, and becoming the best provider of customer service and a role model in the cement industry. In addition, in order to implement the Company's corporate sustainable development policy and the business mission of "Environmental Protection, Energy Saving and Love the Earth", we have formulated the Sustainable Development Best Practice Principles with reference to the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and relevant laws and regulations, which have been approved by the board of directors. The Principles clearly define that the Company's specific practice of corporate sustainable development will follow the main principles of implementation and promotion of corporate governance, development of a sustainable environment, maintenance of social welfare, and enhanced information disclosure.

The Company's sustainable development policy

1. Maintain good corporate governance and strictly abide by business ethics.
2. Focus on the intrinsic and extrinsic needs of customers, and continue to enhance the Company's competitiveness.
3. Provide reasonable wages and benefits, and create an equal and harmonious work environment.
4. Assist in the promotion of public welfare activities and give back to local construction.
5. Strengthen employees' awareness of work safety and reduce occupational disasters.
6. Continue to save energy and reduce carbon emissions, and improve the efficiency of resource utilization.

Sustainable Development ESG Report

Economic aspect	Integrate the production, transportation and sales of limestone mineral resources and cement, provide **high-quality and reasonably-priced** products, and create the highest value for all stakeholders.
Environmental aspect	Greenhouse gas reduction, energy resources management, renewable resources utilization, and environmental sustainability
Social aspect	Cultivate talent education, strengthen labor safety, create a happy workplace, and participate in social welfare.

In 2021, the Company's corporate sustainable development goals were expected to achieve the following:

1. Customer satisfaction score maintained above 90 points.
2. No labor disputes, gender/racial discrimination incidents occurred.
3. Participate in social care and give-back activities.
4. Educate, train and improve employees' awareness of safety and health, and continue to improve safety and health performance.
5. Environmental aspect: Complete third-party verification of greenhouse gas inventory.

Editorial Policy

In order to help stakeholders better understand how the Company is committed to building sound corporate sustainable development, we have carefully compiled the "2021 Corporate Sustainable Development Report". This report is based on the Standards Edition-Sustainability Reporting Guide issued by the Global Reporting Initiative (GRI), and is compiled with its reporting principles, standard disclosure and implementation manuals as guidelines. Not only that, this report will be based on the combination of the Company's business and the implementation of the reporting principles, answering the issues that everyone cares about, and presenting our efforts in economic, social and environmental aspects.

From January 1, 2021 to December 31, 2021, the main information provided in this report is the Company's important operating locations, the Company's sustainability management and performance. Most of the disclosed items cover three operating locations. The source of financial data is publicly published financial reports certified by accountants and annual reports. Other statistical data are quoted from publicly published information by government agencies and general information in related websites. The descriptions of customary words and numerical values are presented. If there are exceptions, they will be explained separately in the text of the report.

This report is the ninth issue, the reporting cycle is once a year, and the next scheduled issue is June 2023.

1. Sustainability Issue Management and Stakeholder Engagement

1.1 Implement the Sustainability Strategy

Corporate Sustainable Development Policy

In order to fulfill sustainable development and promote economic, environmental, and social advancement for the goals of sustainable development, the board meeting held on March 24, 2020 in accordance with the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies approved the revision of the Company's Corporate Sustainable Development Best Practice Principles as the basis for the Company to promote corporate sustainable development related matters. The main contents include the implementation and promotion of corporate governance, the development of a sustainable environment, the maintenance of social welfare and the enhancement of corporate sustainable development information disclosure.

Operation of the Company's Corporate Sustainable Development Committee

In order to ensure the implementation of corporate sustainable development, the Corporate Social Responsibility Committee (CSR Committee) was established on May 10, 2017 in accordance with Article 9 of the Company's Corporate Sustainable Development Best Practice Principles, under the board of directors. In line with the government's promotion of the Corporate Governance 3.0 - Sustainable Development Blueprint, we have renamed the original Corporate Social Responsibility Committee as the Corporate Sustainable Development Committee (ESG Committee) on May 12, 2021 to fulfill the principles of corporate sustainability. The ESG committee is served by the directors of the Company, including two independent directors. The duties of the ESG Committee include the formulation of corporate sustainable development policies and systems, the review of corporate sustainable development annual plans and strategic directions, the review of corporate sustainable development projects and activity plans, the review of corporate sustainable development reports, and other assignments by the board on matters related to corporate sustainable development and participation in public affairs. After the resolutions or discussions approved by the ESG Committee are recorded, they will be handled by the relevant departments of the Company. The ESG Committee reports on the implementation of corporate sustainable development policies to the board every year. The Company has set up a part-time corporate sustainable development unit to assist in revising related measures and regulations of corporate sustainable development, and is responsible for the preparation of corporate sustainable development reports

1.2 Stakeholder Engagement

The Company's main stakeholders include community residents, shareholders, employees, customers and suppliers, etc. The Company respects the rights and interests of stakeholders, understands their reasonable expectations and needs through appropriate communication methods and the participation of stakeholders, and properly responds to issues of concern to stakeholders.

Issues and communication channels of the Company's main stakeholders

Stakeholder	Highly Concerned Issues	Communication Channels	Response Results
Employees	• Labor relations and salary and welfare • Talent nurturing and training and education • Labor rights • Corporate governance	• Company website • Employee Welfare Committee and related meetings • Corporate Sustainable Development Report	See Sustainable and Happy Workplace
Client	• Product liability • Environmental policy/Management system • Water resources management • Corporate governance • Customer relationship management	• Customer satisfaction survey • Distributor communication • Company website • Corporate Sustainable Development Report	Sustainable Company and Value Chain

Suppliers	• Climate change • Occupational safety and health • Supplier management	• Supplier assessment • Supplier audit • Company website	Sustainable Company and Value Chain
Investors (Shareholders)	• Corporate governance • Risk management • Innovative R&D • Code of conduct • Customer relationship management	• Company website, financial reports • Shareholder service mailbox • Annual general meeting • Visits by corporate shareholders • Corporate briefing sessions • Corporate Sustainable Development Report	Sustainable Company and Value Chain
Community residents	• Water resources management • Social participation • Environmental policy/Management system • Product liability • Climate change	• Road adoption • Participate in community social activities • Company website • Corporate Sustainable Development Report	Sustainable Social Care

2021 Communication results with main stakeholders

Employees	1. The Company had no labor disputes in 2021. 2. Purchase group insurance policy for employees and arrange employee health check was a total of NT$1,457 thousand in 2021. 3. A total of NT$5,836 thousand allocated as the employee welfare fund in 2021. 4. Training fees for a variety of training programs totaled NT$531 thousand in 2021. 5. No labor complaint (forced and compulsory labor and sexual harassment) cases in 2021.
Client	1. The customer service satisfaction score was 93.67 points in 2021. 2. In 2021 there was only 1 customer complaint, which has been properly handled, and we have reinforced the staff education and training.
Suppliers	1. No complaints filed by suppliers in 2021. 2. No suppliers whose supply qualifications have been revoked due to unqualified evaluations in 2021. 3. A total of 297 suppliers signed the Supplier Code of Conduct and Letter of Commitment to Ethics and Integrity in 2021.
Investors (Shareholders)	1. The Audit Committee held 5 meetings, and the actual attendance rate in each meeting was 100% in 2021. 2. The Salary and Remuneration Committee held 5 meetings, and the actual attendance rate in each meeting was 95% in 2021. 3. The Nomination Committee had 1 meeting, and the actual attendance rate was 100% in 2021. 4. The corporate governance evaluation ranked the Company among the

	top 6% to 20% of companies in 2021. 5. The 2021 annual general meeting for shareholders was held on August 4, 2021. 6. The 2021 corporate briefing session was held on November 11, 2021.
Community residents	1. No pollution complaints from communities in 2021. 2. 2 cases of social sponsorships, and 23 cases of community (local residents) care events, for a total of 25 cases, with a total expenditure of NT$1,387 thousand for the year in 2021.

1.3 Identification of Material Issues

The Company's process of identifying material issues is based on the GRI Standards, guided by the reporting principles and defined report content, the degree of concern for stakeholders, and in line with the Company's sustainable development vision and strategy, company rules and regulations, performance indicators, etc., and refers to the past implementation experience and achievements, identifies the material issues that the Company focuses on, and divides them into three categories, economic, social and environmental.

2. Sustainable Company and Value Chain

2.1 Company Overview

The Company’s General Management Office is located on the 15th floor, No. 237, Songjiang Road, Taipei City. The Company mainly operates in Taiwan. It is engaged in the production and sales of cement, blast furnace slag, limestone, dimension stones and sand and gravel. In recent years, it has promoted circular economy business. The Company is the third largest cement company in the Taiwan cement market, after Taiwan Cement Corporation and Asia Cement Corporation.

2.2 Products and Services

The Company has established a good brand image for many years based on "Good Service and Quality Assurance".

The Company mainly produces and sells cement, supplemented with various types of stone materials and a small volume of blast furnace slag and quicklime. To align with the government's circular economy policy, the Company operates cement rotary kiln at a high temperature of 1450℃ to process related wastes and reuse resources to fulfill social responsibilities.

The Company has business offices and storage and transportation stations throughout Taiwan to serve customers. The Company's production and sales network is as follows:

Production base:

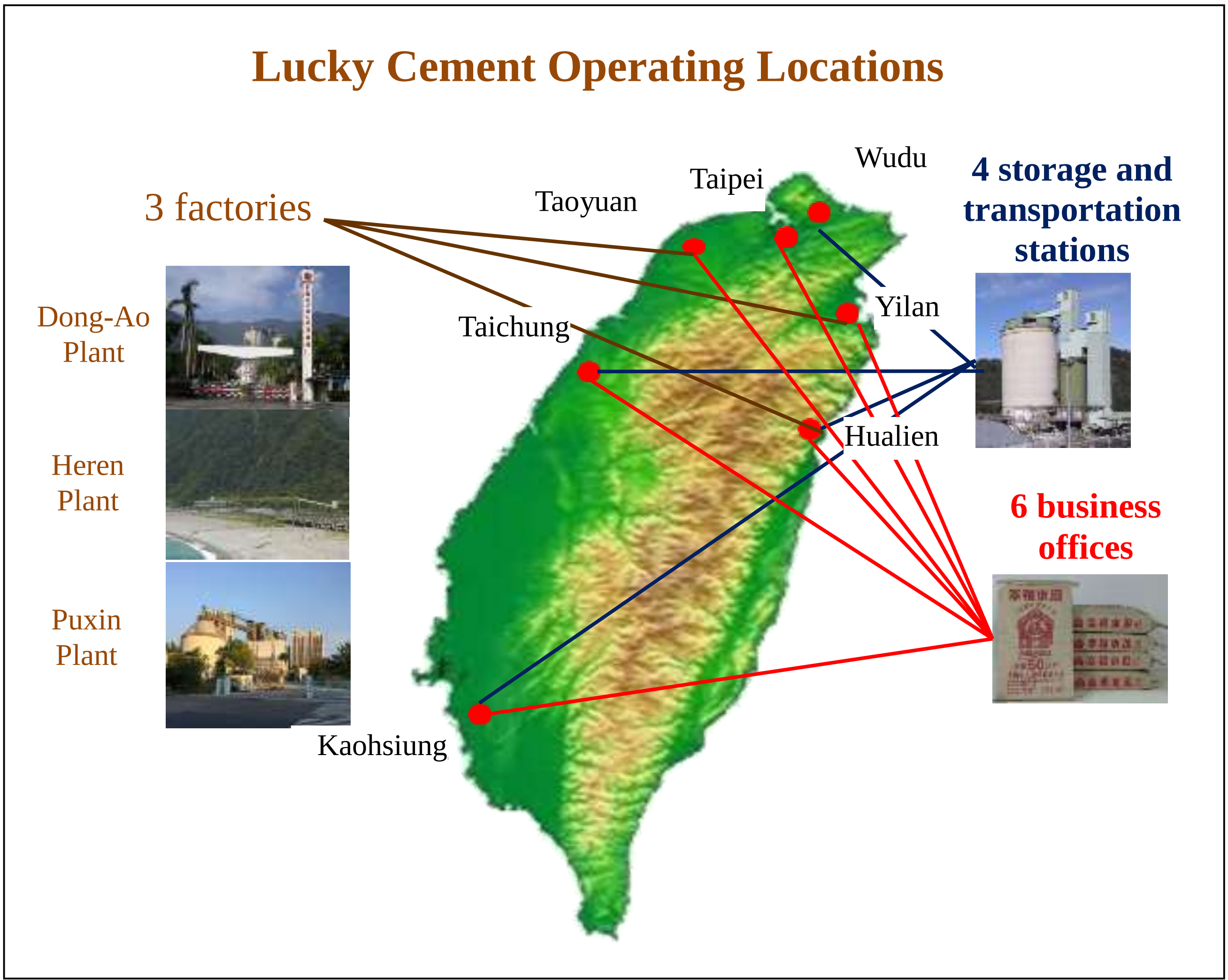
Dong-Ao Plant: Located in Yilan County, it produces cement and clinker.

Heren Plant: Located in Hualien County, it produces a variety of stones materials.

Puxin Plant: Located in Taoyuan City, it engages in the grinding and processing of cement and blast furnace slag.

Storage and transportation base: The Company has four storage and transportation stations, and their main functions are storage, transportation and delivery. They are located in Hualien County, Taichung City, Kaohsiung City and Wudu District in Keelung City.

The Company has six business offices, and they are in Yilan County, Taipei City, Taoyuan City, Hualien County, Taichung City, and Kaohsiung City.



2.3 Customer Service

Professional services and excellent product quality to meet customer needs are the key to the success of business operations. In order to achieve the goal of sustainable business operation, the Company establishes a customer-oriented quality system and business philosophy, uses an objective supervision system, comprehensively evaluates customer satisfaction with the Company's products or services, and understands the gap between customer needs and expectations, and uses this as the basis for operation management. The Company regularly conducts customer satisfaction surveys every month to understand market trends and customer needs and grasp the market condition to adjust trading terms when necessary, create a win-win situation for customers and the Company, and increase the Company's profits. The 2021 customer service satisfaction score was 93.67 points.

Only 1 case of customer complaint occurred in 2021, which has been properly handled, and we have reinforced the staff education and training.

Product liability

The Type I and II cement and blast furnace slag produced by the Company have passed the ISO 9001:2015 inspection conducted by the Metal Industries Research and Development Center and meet the standard of CNS 61 Portland Cement. At the same time, the laboratory of the Quality Control Section at our Dong-Ao plant also has been certified by the TAF. The inspection items certified by the TAF include the chemical composition of sodium oxide and potassium oxide in Portland cement and the test of the compressive strength of the bulk materials in terms of the physical properties.

2.4 Supply Chain Management

Purchasing Philosophy and Culture

The Company adheres to the business philosophy by following the quality policy, keeping commitments and controlling production costs in order to implement the procurement policies of finding supplies with reasonable prices, efficiency, appropriate quantity and quality. Appropriate suppliers are selected to provide equipment, raw materials, semi-finished products and finished products, and fully meet the needs of various departments in the Company for production or expansion. We actively communicate the importance of environmental protection issues with suppliers in order to create local employment opportunities and economic prosperity. As a global citizen, we are committed to energy conservation and carbon emissions reduction, improving production equipment, and establishing employees' awareness. Through procurement and outsourcing opportunities, we disseminate information to suppliers, works together with them, complement with one another, and fulfill the Company's responsibility for the country and society.

Supply Chain Categories and Sources

We adopt the most suitable procurement strategy for supplies, transportation operations, and construction contracting required for the production of cement, and conduct market observation and cost-benefit analysis, and strive to handle the procurement and contracting operations in the most beneficial way for the Company.

Raw materials

The main raw materials for cement production include stone, limestone, clay, silica sand, iron slag, coal dust, gypsum, and furnace slag. In order to align with national construction and economic development efforts, we use mostly construction soil for clay and silica sand, and iron sand, gypsum and furnace slag come from solid materials produced by domestic and foreign power plants and steel plants to achieve circular economy of recycling resources in the society. The main fuel for production is coal, which is mainly imported from Russia and Australia.

Supplies

Supplies such as refractories, refractory mortar, refractory castings, heat-resistant castings, wear-resistance castings, steel balls, paper bags and bulk bags, etc., are purchased from qualified domestic and foreign suppliers according to the required specifications, quality and quantity.

Transportation

For the transportation of main raw materials and products, we choose transportation companies with good reputation and good service for the collaboration after the supplier evaluation and audit.

Construction outsourcing

For manufacturing, assembly and maintenance projects in mining, civil engineering, machinery, electrical works, etc., as well as contracting operations for industrial safety, environmental protection engineering, and human hourly labor, we assess the company size, equipment configuration, technical capabilities, actual performance experience, etc. to contract out related projects to maintain equipment and stabilize production.

Purchasing Regulations, Self-Expectations and Sources

We have established procurement operations management, construction contracting operations, supplier evaluation and audit, transportation outsourcing operations management and other related operational measures. The Company conducts procurement and outsourcing in a fair, just and transparent manner.

We highly value the work ethics, loyalty and faithfulness, positive attitude and professional capabilities of the procurement personnel, and require them to be honest, honorable and prudent, and not to accept gifts, gratuity and improper benefits from vendors in their works, and take the proactive approach to work actively to create opportunities; investigate root causes of issues with a keen attitude to handle issues in a timely manner; and be ready to ask questions and take preventive measures to control risks to improve the efficiency and performance of procurement.

Supplier Management Policy

I. Supplier development and management

In order to develop supply sources of goods, we actively explore and evaluates new suppliers. We conduct vendor surveys, evaluations, reviews, verifications and completion of registration in accordance with the procedures and regulations specified by the Company. In the process of continuously developing new suppliers, we have increased supply partners, improved the selectivity of sources, ensured price advantages and stable supply, and reduced operating costs.

No complaints filed by suppliers in 2021.

II. Supplier evaluation and audit

We have established the Supplier Evaluation and Audit Measures, which regularly assesses the quality, delivery, price and service of qualified suppliers to ensure that they comply with relevant regulations, and establishes a list of qualified suppliers as a basis for supplier selection and to effectively implement supplier management. At the same time, we help suppliers improve their management and maintain smooth communication channels with them, so as to enhance the collaboration and interaction and establish normal supplier partnerships to achieve the goal of creating a win-win situation.

In the procurement process, "Quality standard certification" (such as ISO, CNS, JIS, etc.) is listed as one of the criteria for the selection of suppliers. In terms of contract formulation, contracts with the supplier clearly require that suppliers abide by the relevant provisions of the Labor Standards Act, and, in terms of the environmental aspect, suppliers should abide by the Air Pollution Control Act and other relevant environmental protection laws and regulations, and take appropriate preventive measures. In terms of labor safety, vendors shall abide by the provisions of the Occupational Safety and Health Act, and take necessary protective measures in advance against various disasters or incidents that may occur, and must purchase labor or accident insurance policies for employees. In terms of information security, it is prohibited to infringe on the intellectual property rights of others or harm the rights and interests of others.

No suppliers whose supply qualifications were revoked due to unqualified evaluations in 2021.

III. Supplier code of conduct and commitment to ethics and integrity

In order to pursue sustainable operation and fulfill the social responsibility of corporate citizenship, we have promoted the Supplier Code of Conduct since 2016 based on the mutually beneficial partnership with cooperating manufacturers or suppliers to jointly commit to fulfilling corporate sustainable development, promoting sustainable development of the environment, prioritizing labor rights, safety and health, and safeguarding basic human rights to abide by integrity management and ethics standard, and follow relevant regulations on integrity and ethics commitments. As of the end of 2021, 297 suppliers had signed off on the commitment, and the promotion will continue in the future.

The main issues of the Supplier Code of Conduct and commitment to ethics and integrity are summarized below:

Item	Description
Comply with relevant government laws and	1. Labor work and wages and benefits 2. Labor health, safety and hygiene regulations 3. Environmental regulations 4. Intellectual property rights and personal data protection

regulations	
Basic principles	Jointly fulfill corporate sustainable development, and when necessary, confirm the results of implementation of sustainable development, and the content of the contract may include compliance with corporate social responsibility related policies.
Environmental Protection	Commit to abide by the relevant domestic environmental laws and regulations and the corporate sustainable development policies of both parties. Adopt the best feasible pollution prevention and control measures under cost-effectiveness and technical feasibility, and strive to reduce or eliminate various forms of waste, energy saving, recycling, reuse, replacing and other ways to achieve the goal of energy conservation.
Labor rights, human rights, safety and health	Employment should comply with relevant laws and regulations and include no forced labor. Salary policies should comply with local laws and regulations. Prohibit discrimination. No child labor. Allow freedom of association. Comply with labor health, safety and hygiene regulations to reduce potential risks and hazards, and prevent occupational disasters.
Ethical corporate management	Comply with the principles of ethical corporate management. Incorporate integrity and fairness into legitimate income and advertising. Protect intellectual property rights, open and transparent transactions, and confidential information which is put through legal and proper uses.
Integrity commitment	Abide by all relevant integrity commitments and code of conduct, ethics and integrity standards, and fair trading practices, and prohibit all forms of bribery.

IV. Supplier audit, training, communication and coaching

In accordance with the Company's relevant regulations for suppliers and the main issues of the Supplier Code of Conduct and the commitment to ethics and integrity, implement on-site inspections, coaching, tracking and improvement starting in 2021. The concepts and practices of environmental protection, safety and health, labor and human rights, employee health, regulatory compliance, integrity management, information security, and ethical commitments are effectively incorporated into the review, training, communication and coaching with suppliers, and we ask them for full cooperation and implementation.

V. Operational method

(I) Perform supplier development, application, investigation, evaluation, and registration in accordance with the evaluation classification specified in the Company's Supplier Evaluation and Audit Measures.

(II) In the third quarter of each year, the procurement department conducts annual evaluations on the delivery and actual performance of each supplier from the third quarter of the previous year to the second quarter of the current year, as well as the delivery and construction quality records, and the number of abnormal deliveries.

(III) We communicate with, guide, train, promote and discuss with the main materials suppliers and construction contractors through occasional training or coordination meetings for the start-up of annual repairs.

(IV) The procurement department forms a task force to conduct self-assessment and inspection of suppliers in accordance with the relevant regulations of Lucky Cement suppliers and major issues such as environmental protection, occupational safety and health, labor rights, etc., and provide coaching, follow-up and improvement. For suppliers whose results do not meet the standards, rigorously enforce the audit every year. For those who still have not achieved improvement three years after the audit, transactions are suspended or rejected.

(V) Report the implementation to the board at least once a year.

3. Sustainable Corporate Governance

3.1 Ethics and Integrity

Ethics

In order to guide the conduct of directors and managers to comply with ethical standards, and make the Company's stakeholders more aware of the Company's ethical standards, we have formulated our own Ethical Code of Conduct in accordance with the "Guidelines for the Adoption of Codes of Ethical Conduct for TWSE/GTSM Listed Companies" published by the Taiwan Stock Exchange Corporation for compliance.

The directors and managers of the Company should uphold a proactive, serious, and responsible attitude in performing their duties, abandon parochialism, focus on teamwork, and abide by the principle of honesty and trust. Directors and managers must not have the following behaviors:

I. Intent to obtain personal gain by using company assets, information or taking advantage of their positions.

II. Competing with the Company.

When the Company has an opportunity for profit, the directors and managers have the responsibility to increase the legitimate interests that the Company can obtain.

The directors and managers of the Company shall handle official duties in an objective and efficient manner, and shall not use their positions in the Company to obtain improper benefits for themselves, their spouses, parents, children, or their second-degree relatives. The directors and managerial officers of the company shall be bound by the obligation to maintain the confidentiality of any information regarding the company itself or its suppliers and customers, except when authorized or required by law to disclose such information. Confidential information includes any undisclosed information that, if exploited by a competitor or disclosed, could result in damage to the company or the suppliers and customers.

All directors and managers of the Company have the responsibility to safeguard company assets and to ensure that they can be effectively and legally used for official business purposes to prevent any theft, negligence in care, or waste of the assets. In addition, they should strictly abide by relevant laws and regulations such as the Company Act and the Securities and Exchange Act.

The Company shall raise awareness of ethics internally and encourage employees to report to a company managerial officer, chief internal auditor, or other appropriate individual upon suspicion or discovery of any activity in violation of a law or regulation or the Code of Ethical Conduct, and provide sufficient information to enable the Company to properly handle follow-up matters. The Company will keep the reported cases confidential and make employees aware that the Company will use its best efforts to ensure the safety of whistleblowers.

In addition to the “Code of Ethical Conduct”, the Company has the “Ethical Corporate Management Best Practice Principles”; the “Management Procedures for Preventing Insider Trading; the Methods for Reporting Cases of Illegal and Unethical or Dishonest Behavior; and the Corporate Social Responsibility Best Practice Principles to establish a corporate culture of integrity management and a good business operation model, and further implement corporate sustainable development, and promote the balance and sustainable development of the economy, society, and the environment. The Human Resources Department regularly attends the board meetings every year to report on the integrity management policy and implementation status. There were no complaints of violations of ethics in 2021.

Internal audit

The Audit Department is subordinate to the Board. The purpose of its establishment is to promote the robust operation of the Company and reasonably ensure that the following objectives are achieved:

I. Effectiveness and efficiency of operations.

II. Reliability, timeliness, transparency and compliance of reporting.

III. Compliance with applicable laws and regulations.

The Audit Department formulates an annual audit plan based on the results of the risk assessment, including items that should be audited every month. The annual audit plan is prudently implemented to evaluate the Company's internal control system, and the working papers and related materials are attached to prepare an audit report. The annual audit plan should be approved by the board before the end of the year and uploaded to the Taiwan Stock Exchange Market Observation Post System. The audit reports, working papers and related materials should be kept for at least five years.

Internal auditors shall fully communicate with the audited unit on the audit results of annual audit items. The deficiencies and abnormalities of the internal control system found in the evaluation should be disclosed in the audit report, and followed up after the report is submitted for approval. The follow-up reports should be made prepared for each quarter until the improvement is made to ensure that relevant units have taken appropriate improvement measures in a timely manner.

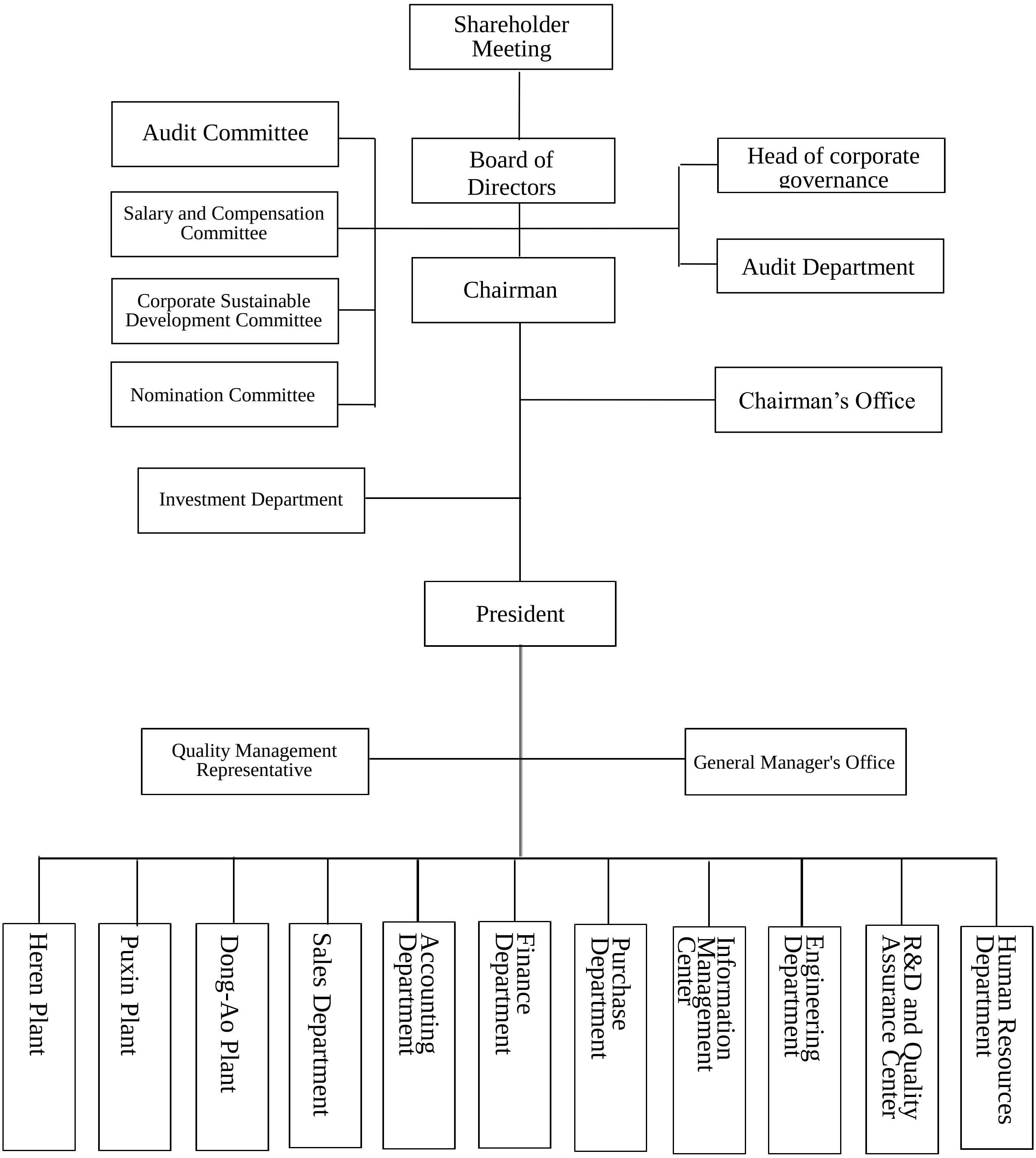
After the audit report and follow-up report are submitted for approval, the Company will send them to independent directors for review before the end of the month following the completion of the audit. The Company's internal audit personnel shall immediately produce reports and notify the independent directors in writing if it finds that there are major violations of rules or that the Company may experience significant damage.

The Company shall assess the effectiveness of the design and implementation of the internal control system every year, and prepare an internal control system statement in the prescribes format, upload to the Taiwan Stock Exchange Market Observation Post System within three months after the end of each fiscal year.

The Statement on Internal Control should be approved by the board first, and likewise for the revision. The internal control system statement shall be duly published in the annual report, stock issue prospectuses, and other prospectuses.

3.2 Governance Organization

Organizational Chart



Board of Directors

The list of board members is as follows:

Title	Name	Election / Appointment Date	Term Duration	Initial Elected Date	Main Work Experience or Education Background
Legal person director	Shi-Yi Cement Corporation	2019.06.12	3 years	2007.06.13	
	Representative: Liang-Chuan Chen	2019.06.12	3 years	1990.06.06	Chengzhou Elementary School Chairman and president of Lucky Cement Chairman of Luckicon Ready Mixed Concrete Factory Chairman of Dai Shen Development Chairman of Luckyship Marine Agency Chairman of Lucky Cement Corp., Japan Chairman of Yong-Sheng Development
	Shi-Yi Investment	2019.06.12	3 years	2007.06.13	
	Representative: Yun-Ju Chen	2019.06.12	3 years	2001.12.30	EMBA from Tulane University, USA Chairman of Ri Kon Construction Co., Ltd. Executive vice president of Lucky Cement
Director	Hsiang-Lin Chang	2019.06.12	3 years	2007.06.13	Datong High School President of Shu-He Building Materials Vice chairman of Hong-Chi Construction.
Director	Shang-Kai Cheng	2019.06.12	3 years	2019.06.12	MBA from Suffolk University, USA Director at Hai-Hua Investment
Independent Director	Yan Chen	2019.06.12	3 years	2016.06.15	Department of Accounting, Tamkang University Financial consultant to Eorex Corporation Senior VP at Zoyi Management Consulting
Independent Director	Chih-Cheng Wang	2019.06.12	3 years	2016.06.15	Doctor of Law, National Chengchi University Assistant Principal at Chinese Culture University Dean of Department of Law, Chinese Culture University Distinguished research professor (Professor emeritus) at National Chung-Cheng University Member of Advisory Committee of Central Deposit Insurance Corporation Independent director of Dyaco International Independent director of CTBC Financial Holding
Independent Director	Yang-Wei Shao	2019.06.12	3 years	2019.06.12	Ph.D., College of Engineering at National Taipei University of Technology President (full-time) of Ya-Bi-Si Construction Vice chairman (concurrent position) of Chung Hua Association for Financial and Economic Strategies Honorary chairman (concurrent position) of CCIM Taiwan Real Estate Investment Association

Responsibilities of the Board

I. Review of the Company's internal control system and various important rules and regulations.

II. The decision on the Company's business plan and business policy.

III. The preparation of the Company's budget and final accounts.

IV. Formulating profit distribution.

V. The plan for the increase or decrease of the Company's capital.

VI. Preparation of the annual business report.

VII. Review of the acquisition and disposal of the Company's key assets.

VIII. The establishment and abolition of branches.

IX. Appointment and resignation of presidents and managers.

X The appointment or discharge of a financial, accounting, or internal auditing officer.

XI. Establish or amend procedures major financial or operational actions, such as acquisition or disposal of assets, engaging in derivatives trading, lending funds to others, endorsements or guarantees to others.

XII. Other functions and powers conferred by the Securities and Exchange Act, the Company Act and the shareholder meetings.

Annual General Meeting and Corporate Briefing Session

The 2021 annual general meeting for shareholders is on August 4, 2021, and the date for corporate briefing session is on November 11, 2021.

Director Remuneration and Institutionalization of Sustainable Performance

The Company's director remuneration is clearly stipulated in the Company's Articles of Incorporation and is linked to the Company's operating performance. When the Company is profitable for the year, 5% of the profit is allocated as remuneration for directors.

Audit Committee

According to Article 6 of the Company's Audit Committee Charter, the audit committee's duties as follows:

I. Establish or amend the internal control protocols in accordance with Article 14-1 of the Securities and Exchange Act.

II. Evaluation of the effectiveness of the internal control protocols.

III. Establish or amend procedures major financial or operational actions, such as acquisition or disposal of assets, engaging in derivatives trading, lending funds to others, endorsements or guarantees to others, in accordance with Article 36-1 of the Securities and Exchange Act.

IV. Review matters bearing on the personal interest of a director.

V. Review material asset or derivatives transaction.

VI. Review material monetary loan, endorsement or provision of guarantee.

VII. Review the offering, issuance or private placement of any equity-type securities.

VIII. Review the hiring or dismissal of an attesting CPA or the compensation given thereto.

IX. Review the appointment or discharge of principal financial, accounting, or internal auditing officers.

X. Review annual financial reports and semi-annual financial reports. Exception can be made for semi-annual financial reports that, in accordance with the laws, are not required to be audited and certified by CPAs.

XI. Review any other material matter so required by the company or the Competent Authority.

The matters under the preceding paragraph shall be subject to the approval by half or more of the Audit Committee members and proposed for resolution by the board of directors.

The Company elected 3 independent directors at the annual general meeting held on June 12, 2019, and set up the Audit Committee to replace the authority of supervisors in accordance with the

Securities and Exchange Act. The Audit Committee held meetings 5 times in 2021, and the attendance of committee members is shown as follows:

Title	Name	Actual Attendance in Person (B)	Actual Attendance Rate (%) (B/A)
Independent Director	Chih-Cheng Wang	5	100.00%
Independent Director	Yan Chen	5	100.00%
Independent Director	Yang-Wei Shao	5	100.00%

Salary and Compensation Committee

In order to assist the board in assessing and supervising the remuneration levels of the Company's directors and managers, the sixth meeting of the board held on December 23, 2011 resolved on the establishment of the "Remuneration Committee" to formulate the "Remuneration Committee Charter" and the appointment of members.

Members of the Remuneration Committee	
Name	Main Work Experience or Education Background
Chih-Cheng Wang	Please refer to the information for board members
Yang-Wei Shao	Please refer to the information for board members
Tsui-Chuan Tsai	Bachelor's degree from Department of Law, Chinese Culture University Assistant president at MasterLink Securities

The scope of supervision of the Remuneration Committee includes the performance evaluation of directors and managers, remuneration policies and systems, as well as employee incentives and dividend plans. The Remuneration Committee regularly reviews the Company's remuneration policies and plans to ensure that it can attract, motivate and retain the professionals needed by the Company.

In accordance with the Company's "Remuneration Committee Charter", the Remuneration

Committee is convened at least twice a year. A total of 5 meetings were held in 2021, and the attendance rate was 95%.

Corporate Sustainable Development Committee

The Company has established the Corporate Sustainable Development Committee composed of three directors, of which two are independent directors, and their responsibilities are:

A. Formulate corporate sustainable development policies and systems.

B. Deliberate over corporate sustainable development annual plan and strategic direction.

C. Deliberate over corporate sustainable development projects and activities.

D. Review corporate sustainable development report.

E. Deliberate over issues with corporate sustainable development, corporate social responsibilities and participation in public affairs delegated by the board.

Name	Title	Title	Related specialization
Yun-Ju Chen	Director	Committee Chairperson	EMBA. More than 20 years of experience in the cement industry.
Yan Chen	Independent Director	Committee member	Financial management
Chih-Cheng Wang	Independent Director	Committee member	Doctor of Law. Director of the Securities and Futures Investors Protection Center. Director at Financial Ombudsman Institution. Advisory Committee member of the Central Deposit Insurance Corporation.

Nomination Committee

The Company has established the Nomination Committee composed of three directors, of which two are independent directors, and their responsibilities are:

A. Specify the standards of professional knowledge, skills, experience, gender and independence required for board members and senior managers, and search, review and nominate candidates for directors and senior managers accordingly.

B. Construct and develop the organizational structure of the board and committees, conduct performance appraisal of the board, committees, directors and senior managers, and assess the independence of independent directors.

C. Formulate and regularly review the continuing education plan for directors and the succession plan for directors and senior managers.

D. Establish the Company's Corporate Governance Best Practice Principles.

Name	Title	Title	Related specialization
Yun-Ju Chen	Director	Committee Chairperson	EMBA. More than 20 years of experience in the cement industry.
Yan Chen	Independent Director	Committee member	Financial management
Chih-Cheng Wang	Independent Director	Committee member	Doctor of Law. Director of the Securities and Futures Investors Protection Center. Director at Financial Ombudsman Institution. Advisory Committee member of the Central Deposit Insurance Corporation.

Corporate Governance Evaluation Results

"Lucky Cement's 2021 corporate governance evaluation results ranked in the top 6% to 20% of all the publicly traded companies, placing us in the 2nd tier of the 7-level scale. Although it's already in the top two tier, there is room for improvement and we will review how we can continue to improve."

Guilds and Associations

In addition to actively participating in industry-related guilds and association activities, such as the Taiwan Concrete Institute, Chinese Institute of Mining and Metallurgical Engineers, Taiwan Marble and Stone Mining Association, Taiwan Cement Manufacturers' Association, Taiwan Ready-Mixed Concrete Industry Association, etc., and serving as directors and supervisors, the Company plays an important role in the industry, and, through various methods and channels, communicate and understand the Company and stakeholders to fulfill corporate sustainable development.

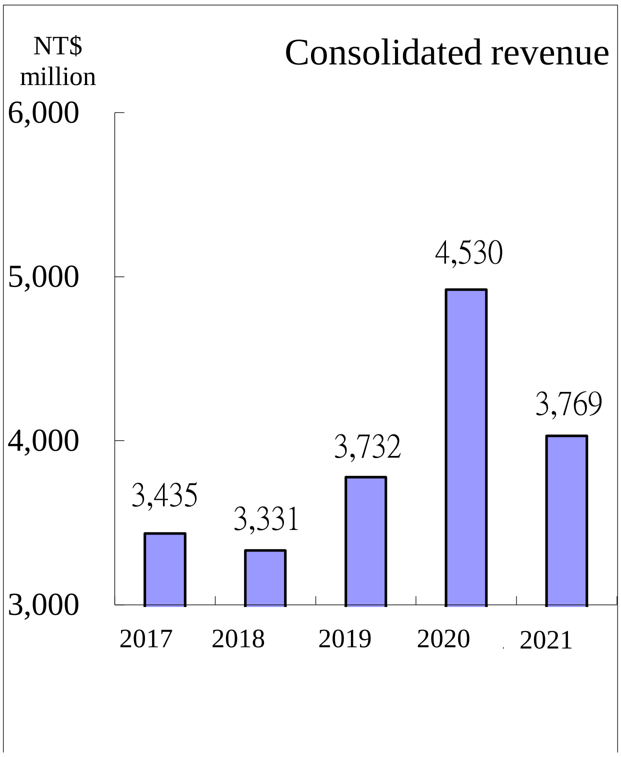
Legal Actions and Results

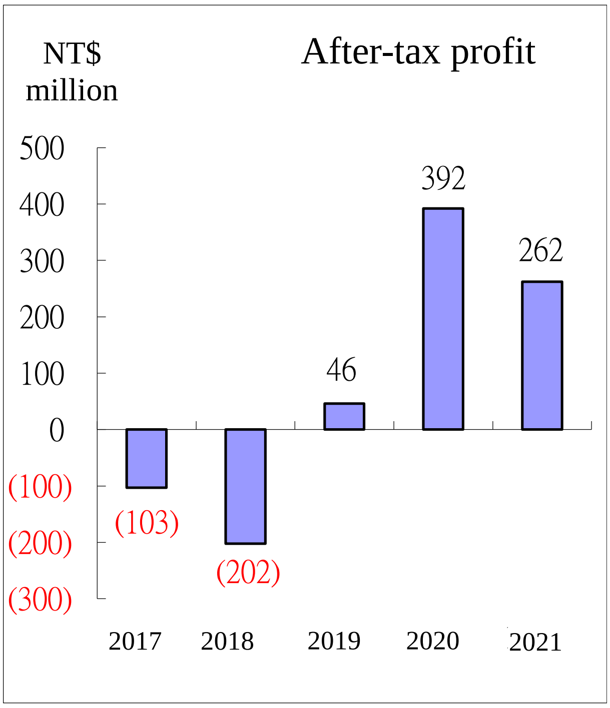
1. The Company has cooperated with the competent authority in the revision of policies and laws in corporate governance, the Company Act, the Securities and Exchange Act and others, and currently there is no significant impact on the finances.
2. The implementation of the new labor pension system has no impact on the finances of the Company because we have already allocated pensions in accordance with the law.
3. The shortfall part of the pension reserves for employees who choose the old pension system have also been fully deposited to the pension fund account on March 31, 2016; the retirement pension is deposited at the end of every month according to law.

3.3 Economic Performance

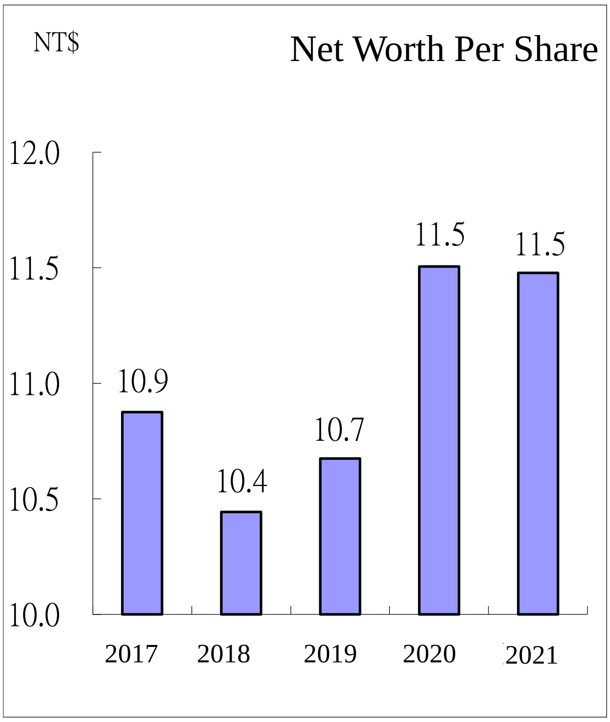
Financial Performance

NT$ million





2017 2018 2019 2020 2021



3.4 Risks and Opportunities

Internal Control Risk Management System

The purpose of the design of the internal control system is to promote the robust operation of the Company and reasonably ensure that the following objectives are achieved:

I. Effectiveness and efficiency of operations.

II. Reliability, timeliness, transparency and compliance of reporting.

III. Compliance with applicable laws and regulations.

In order to achieve these objectives, the Company will design the internal control system from the five elements of internal control. The five elements include:

I. Control Environment: It is the basis for the design and implementation of internal control systems across the Company. It encompasses the integrity and ethical values of the Company, governance oversight responsibility of the board and independent directors, organizational structure, assignment of authority and responsibility, human resources policy, performance measures, and awards and disciplines.

II. Risk Assessment: The prerequisite for risk assessment is the identification of objectives linked with different levels of the Company, and the suitability of the objectives should also be taken into consideration. The management shall consider the impact of changes in the external environment and within its own business model and possible fraud scenarios. The risk assessment results can assist the Company in designing, correcting, and implementing necessary controls in a timely manner.

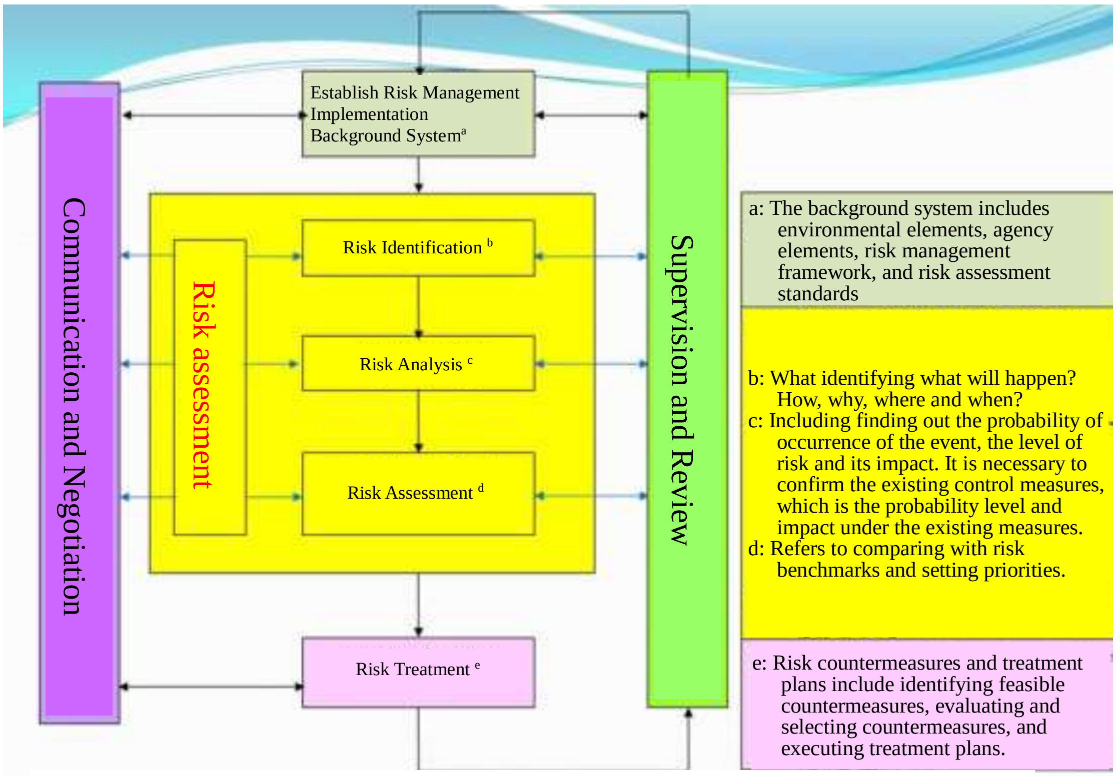
III. Control Operations: Refer the actions of adopting proper policies and procedures by the Company based on the risk assessment results to control risks within a tolerable range. Control operations shall be performed at all levels of the Company, at various stages of business processes, and over the technological environment, and shall include supervision and management of subsidiaries.

IV. Information and Communication: Refer to relevant and quality information that the Company obtains, generates, or uses from both internal and external sources to support the continuous functioning of other components of internal control, and to ensure that information can be effectively communicated within and outside the organization.

Monitoring Operations: Refer to ongoing evaluations, individual evaluations, or combination of the two undertaken by the Company to ascertain whether each of the components of internal control is present and continuously functioning. Ongoing evaluations means routine evaluations built into the course of operations at different levels. Individual evaluations are evaluations conducted by different personnel such as internal auditors, independent directors, or the board. Findings of deficiencies of the internal control system shall be communicated to management of appropriate levels, the board and independent directors, and improvements shall be made in a timely manner.

Among the five elements, risk assessment is particularly important. Risk refers to the possibility that the objectives cannot be achieved. The objectives are achieved by undertaking the business. Every enterprise will face a variety of risks from inside and outside the enterprise. The management should first determine the level of risk the enterprise is willing to take, and then conduct risk management to keep the risk within the standard.

Therefore, risk management is not to reduce the level of risk to zero, but to control the risk within a reasonable range. According to this concept, the design of the Company's internal control risk management will refer to the following practices:



Risk Management Framework (Research, Development and Evaluation Commission "Risk management and crisis management manual (98.1), Figure 2.3" Simplified.

First, establish a risk management framework and risk assessment standards, and then identify the possible risks of each operation under different internal control loop systems, and then analyze the probability of the risk and its impact on the Company, and then schedule the risk and decide priority of checking. Based on the results of the check, decide how to deal with the risk.

The way the Company handles risks can include avoiding risks, reducing risks, transferring risks, and taking risks. The current principles of the Company's handling of risks are mainly to increase control points to reduce internal control risks. Basically, the more control points, the higher the cost, so in terms of cost-effectiveness, the Company does not seek to avoid risks completely, but to reduce internal control risks to a reasonable level.

The Company has formulated the “Risk Management Policy” in 2020. The scope of risk management includes "managing “strategic risks”, “operational risks”, “financial risks”, “information security risks”, and “risks of climate change and failure to comply with environmental protection, climate-related regulations and other international regulations and agreements”. The “Risk Management Task Force” reports to the Audit Committee at least once a year on the Company's risk environment, risk management priorities, risk assessment and response measures. Chairperson of the Audit Committee reports to the board at least once a year on the risk environment and the implementation of risk control measures and the operation of risk management.

4. Sustainable Green Environment

Use cement rotary kilns with high temperature, high turbulence and high retention characteristics to complete waste recycling

The United Nations' report on "Our Common Future" stated that sustainable development means that mankind must continue to develop and meet actual needs, but it should not jeopardize the well-being of the future generations. More than two hundred years after the Industrial Revolution, the use of "linear production" by humans has caused the rapid depletion of the Earth's resources, and the generated waste has impacted the environment. The "linear production" should be transformed into "circular production, also known as the "circular economy ". The cement industry has long been regarded as an important environmental protection industry in developed countries in Europe, the United States, Japan, etc. The use of cement rotary kiln offers the characteristics of high temperature combustion, long residence time, and large turbulence. It can convert household garbage, waste tires, waste solvents, slag, coal ash, sludge, construction waste and other wastes generated by people's daily life and industrial processes into raw materials or fuels for the cement process. This is recognized internationally as the best feasible treatment method, and it is also a model of circular economy that solves environmental problems derived from various wastes and the sustainable reuse of resources.

The Role of Cement Industry in Economic Development

Cement has the product characteristics of being bulky and susceptible to damp deterioration, making it more suitable for regional development industries. In addition to being used in large-scale public construction projects, such as roads, bridges, track construction, environmental remediation, urban and rural urban renewal, cement can be used for building walls, floor paint primer, pasting tiles, and ground paving. Cement is an important materials for basic construction operations and plays an important role in the economic development of various countries.

The Role of Cement Industry in Circular Economy

With the rise of environmental awareness and the adjustment of industry structure, the cement industry has also begun to adjust and integrate the concept of circular economy. The continuous operation of cement kilns enables processing of domestic and business waste at a high temperature of 1,450℃, which resolves the problems of waste incineration and burial at the same time. The related waste can also replace raw materials or fuels in the production process, assisting in waste disposal is the advantage of cement kilns.

Portland cement is mainly composed of calcium oxide, silica, alumina and iron oxide, and its raw materials are mainly limestone, clay, silica sand and iron ore. Wastes containing calcium, silicon, aluminum and iron can be used to replace these four types of raw materials and reduce the exploitation of natural resources. For example, air-cooled BFS aggregate, reduction slag, desulfurization slag, stone sludge, waste lime, calcium carbide slag and other wastes containing calcium can replace limestone. Waste casting sand from foundries, waste sandblasting from rust removal, and cutting sludge from silicon wafer factories can replace silica sand. Polluted soil, power plant coal dust and bottom ash, sludge from water purification plants and other aluminum-containing wastes can replace clay. Iron-containing wastes such as rust scraps and sludge from steel mills can replace iron ore. The sources of waste to be received and used to facilitate processing are different.

Alternative fuel waste mainly uses its calorific value to achieve the dual effect of processing waste and reducing coal costs. In general, organic sludge with a calorific value above 2,000kcal/kg, waste solvents, isopropanol and waste photoresist liquid from the semiconductor industry and waste tires are used as auxiliary fuels to replace part of the fuel used in production. The high temperature of cement kilns can completely burn the auxiliary fuel and remove the air pollution problems such as dioxin. The burning sulfide can also be combined with the original calcium element in the crude materials to reduce the volatility of sulfide. The ash generated after the combustion of auxiliary fuel enters the rotary kiln system and can be used as an alternative raw materials for cement, so that resources can be fully recycled and reused.

4.1 Circular Economy

Description of Management Policy

Circular economy is an economic and industrial system utilizing renewable resources, which converts waste into resources and the end of a product's life into an alternative raw (fuel) materials for companies' products, energy conservation and solutions for the problem of landfills.

The impact of a circular economy:

The promotion of a circular economy needs to rely on the active actions of the government. Although the government currently lists circular economy as its future policy, the aspects of technology, economy, society, politics, and related laws and regulations are incomplete, leading to information asymmetry between the central government, local governments, academia, and the general public. In the future, the government still needs to formulate relevant laws and regulations for the development of circular economy, and strengthen the concepts of energy and resource recycling, source reduction, and green design and production.

Commitment:

Under the conditions of compliance with the relevant certificates and documents for reuse issued by the county government, the Company will strive to assist the government, industrial parks and enterprises to convert waste into supplies and fuels required by the Company's manufacturing processes.

Management system or practices:

Handle various waste energy and resources recycling processes in accordance with the Waste Disposal Act.

Goals and targets:

1. The waste is redefined and returned to the industry production chain for continuous circulation, reducing the consumption of primary energy and resources.
2. Reduce the exploitation of natural resources by recycling waste energy and resources, hence

reducing greenhouse gas emissions.

Specific actions and initiatives:

1. Daily report on the acceptance of waste energy and resources into the plant and the completion of reuse.
2. Report information on the storage situation of waste energy and resources in the factory as of the end of the previous month.
3. The delivery slips for receiving waste energy and resources are kept in accordance with the law for future reference.
4. Monthly online declaration of product flow after reutilization of waste energy and resources.
5. Inspect products' toxicity characteristic leaching procedure (TCLP) on a quarterly basis to ensure product safety.

Effective evaluation methods for circular economy:

The ESG report discloses the Company's annual waste energy and resource recycling quantity and alignment with industrial parks and collaborating partners for factory visits to conduct recycling before verifying and discussing results with various criteria.

Recycling and reuse of waste resources

The upper reaches of Gaoping River, the water source of greater Kaohsiung area, was polluted by malicious dumping of suspected waste organic solvents, which caused the Kaohsiung area to shut down the water supply. The random dumping of inorganic wastes in the valleys also greatly harmed the environment. Environmental protection issues have become the focus of national attention in Taiwan. The use of cement kilns in the cement industry process to treat part of the industrial waste can immediately reduce the domestic pressure of waste disposal. At the same time, the Company uses this approach to save supplies and fuel costs, which brings positive economic benefits for the Company. In the 2000s, the Company began to use waste from the photovoltaic industry as alternative fuels and raw materials. The renewable resources that have been integrated and utilized over the years include:

1. Coal ash from power plants
2. Calcium fluoride sludge in the optoelectronic and semiconductor industries
3. Pulp sludge in the paper industry

4. Waste stone mud
5. Sludge from water treatment plants
6. Inorganic sludge and organic sludge of photovoltaic plants
7. Sand casting and sand blasting from steel plants
8. Slag and bottom slag from incineration plants
9. Construction waste soil, etc

Cement kilns are currently the best and final treatment place to dispose of industrial waste for resources. The Company uses its environmental core capabilities for processing industrial waste materials and garbage, and continues to contribute to environmental protection.

The total weight of waste (required to be declared) treated in 2021:

Year	Total weight of waste (required to be declared) treated
2020	73,992.22 metric tons
2021	59,101.72 metric tons

4.2 GHG Emissions and Reduction

Description of Management Policy

We are well aware that the Earth's climate and environment are being affected by the multiplication of greenhouse gases and are gradually deteriorating. As a global citizen, we strive for leaving a beautiful living environment for future generations and fulfilling the corporate responsibility to the environment.

Impact of greenhouse gas emissions and reductions:

(I) Risks of companies subject to greenhouse gas regulations

1. The Company’s Dong-Ao plant is in the cement manufacturing industry, which is an energy-intensive and major energy-consuming industry. It is the first batch of public and private places with stationary sources according to the announcement of the "Public and Private Places Reporting Stationary Sources of Greenhouse Gas Emissions" issued by the Environmental Protection Administration of the Executive Yuan, and the Company must bear the risk of compliance with regulations.
2. Greenhouse Gas Reduction and Management Act: Under the future cap control, carbon emission quotas will have to be purchased through the carbon trading market for carbon rights, which will increase business operating costs.
3. Air Pollution Control Act: Air pollution standards are becoming stricter, which will increase the business operating costs.
4. Energy tax regulations: The levy of fuel or energy taxes will increase business operating costs.
5. Products' GHG emissions intensity standards: Products' carbon emission standards are becoming more and more stringent, which will increase business operating costs.

(II) Enterprises' substantial risks being exposed to GHG:

1. Greenhouse gases can have a major adverse impact on the climate and the environment. Under the influence of the greenhouse effect, natural disasters caused by various climate changes, floods, droughts and wind disasters will increase in frequency, and the intensity and scale of disasters will also increase. In the event of a disaster, the Company's operation may be affected.
2. Extreme climate: The frequency and scale of extreme rainfall, strong winds, and droughts

increase, causing production interruptions.

3. The Intergovernmental Panel on Climate Change (IPCC) released an assessment report on climate change pointing out that adopting active greenhouse gas reduction policies can slow down climate warming. In response, our Dong-Ao plant has implemented a number of energy conservation and carbon-reduction programs to work hard on mitigating climate change. It also actively strengthens the Company’s ability to adjust to the risks that may occur in extreme climates, specifically risk control measures for water resources, responding to power shortages in summer, typhoon seasonal and rainy season, in addition to regularly dredging the mud in the drainage ditch in the factory to prevent flooding that may be caused by heavy rains. For other detailed policies and specific implementation conditions please refer to the other issues mentioned in this report.

Policy:

- ●Committed to the Company's greenhouse gas inventory and registration
- ●Accurately grasp the Company's GHG emissions status
- ●Propose feasible solutions for GHG emissions reduction
- ●Carry out GHG emissions reduction work plan
- ●Fulfill sustainable development of circular economy
- ●Green growth and sustainable development

Objectives:

Annual greenhouse gas emissions are reduced by more than 10% compared with 2013 (base year).

Greenhouse Gas Inventory Certificate:

The Company’s Dong-Ao plant obtained a Greenhouse Gas Verification Statement issued by the SGS in 2013 that meets the requirements of ISO 14064, and passed the greenhouse gas inventory in 2014, and has started to conduct external inspections every May.

In order to connect with and apply for the Environmental Protection Agency's GHG Early Action Project, the Company has checked the greenhouse gas emissions in 2009, and so the base year was set to 2009. However, in order to cooperate with the Environmental Protection Agency's requirements on greenhouse gas reporting, the control number is used as the GHG inventory boundary, so the base year was revised to 2013 when the greenhouse gas was first reported.

In accordance with the relevant inspection guidelines and regulations announced by the Environmental Protection Agency, the Company’s Dong-Ao Plant conducts annual greenhouse gas inventory and is verified and registered by a third-party certification company. The total greenhouse gas emissions in 2021 will be inspected by a third-party certification company starting June 2022 (the registration is valid for one year). The internal verification result of the Dong-Ao plant is about 607,766 tonnes of CO2e/year, which is 25.14% less greenhouse gas emissions than in 2013 (base year), thus achieving the target.

Unit: Tonnes of carbon dioxide equivalent

	2013 (base year)	2016	2017	2018	2019	2020	2021
Total emissions	759,327	694,174	650,425	596,225	646,474	673,242	607,766
Emissions reduction percentage		8.58%	14.30%	21.48%	14.86%	11.26%	25.14%


SGS

聲明書編號 TW21/00194GG

溫室氣體查驗聲明書

2020 年溫室氣體排放資訊

幸福水泥股份有限公司東澳廠

宜蘭縣南澳鄉蘇花路 3 段 101 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

629,995.3556 公噸二氧化碳當量

能源間接溫室氣體排放量

43,247.0832 公噸二氧化碳當量

直接與能源間接溫室氣體排放量

673,242.439 公噸二氧化碳當量

簽署人

黃世忠

資深副總裁

日期: 2021年06月30日

版次:1

Validation and Verification

VB002

TGP 56A-15-1 2101

台灣檢驗科技股份有限公司

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The latest ISO 14064-1: 2006 third-party certification

Date of issuance: June 30, 2021

Coverage Period: January 1, 2020 to December 31, 2020

Carbon reduction results:

In 2021, the Company's Dong-Ao plant implemented alternative raw materials/fuel/clinker energy conservation programs, which reduced greenhouse gas emissions by 18,833.28 tonnes of carbon dioxide equivalent.

4.3 Implement Energy Management

Description of Management Policy

Cement plants are an energy-intensive industry, and the main energy consumption is raw coal and electricity. In order to implement energy management, both the regulatory aspect and equipment investment can increase the cost of the company. To achieve sustainable operation in a green environment, greenhouse gas emissions must comply with relevant government laws and regulations.

Energy policy:

1. Use high-efficiency energy conservation equipment
2. Improve efficiency of energy utilization
3. All employees participate in energy savings and carbon reduction
4. Comply with relevant government laws and regulations
5. Achieve energy goals

Goals and targets:

Meet the requirement of saving more than 1% of electricity every year.

Energy conservation measures in administrative units

Incorporate the Company's specific requirements for energy conservation and environmental protection into the basic training courses for new hires. Coordinate various conferences and in-factory activities to promote employees' concepts and awareness of environmental protection and energy conservation. Specific measures for energy conservation and environmental protection are as follow:

1. Set the air-conditioning temperature to 27-28℃.
2. Lights are turned off when not in use.
3. Waste paper recycling, double-sided photocopying.
4. Lights in spaces or conference rooms are turned off when not in use.

5. Turn off the computer and the power switch before getting off work
6. Joined the government electronic document exchange system starting 2018 to save document delivery time and reduce paper consumption.

The 2021 energy conservation action plan for the Company's Dong-Ao Plant is as follows:

1. Replace lining board of #2 coal pulverizer (results across different years): Total electricity savings of 361,350 kWh for 2021.
2. Refurbish clinker roller press (results across different years): Total electricity saving of 267,300 kWh for 2021.
3. Organic sludge as an alternative fuel source: Total coal savings of 2,270 tonnes.
4. Non-hazardous sludge and waste oil mixture as alternative fuel: Total coal savings of 2,809 tonnes.
5. In response to climate change, adopt a sub-system load reduction plan to cooperate with Taipower's electricity bidding measures in order to fight off potential power shortage in summer.

4.4 Air Pollution Control

Description of Management Policy

Cement plants are an energy-intensive industry, and the main energy consumption is raw coal and electricity. In order to implement energy management, both the regulatory aspect and equipment investment can increase the cost of the company. To achieve sustainable operation in a green environment, greenhouse gas emissions must comply with relevant government laws and regulations.

Impact of air pollution control:

Particulate pollutants affect respiratory functions. Among them, fine suspended particles [PM2.5] have been identified as having a huge impact on human health in recent years. Sulfur oxides can produce a pungent smell and be emitted to be part of acid rain. The calcium oxide produced by the cement industry process can absorb sulfides, which can suppress their concentration. Nitrogen oxides are a large amount of air pollutants produced by the cement industry. They appear reddish-brown in the air and cause acid rain, which may cause respiratory diseases in the human body.

Policy

In order to make economic development and environmental protection co-exist, the Company has been committed to reducing air pollutants for a long time, and has mastered key technologies and used best available technologies to control air pollutant emissions. We abide by the following principles to continuously improve the environment:

1. Pollution control technology: In addition to terminal control, we are committed to reducing pollution production.
2. Reduce the greenhouse effect: Improve production technology, use high-efficiency equipment and use mineral admixtures to save energy and raw materials consumption, and reduce greenhouse gas emissions.

Management system or practices:

1. Continue to implement an environmental management system to systematically manage the emissions.

2. Establish monitoring and testing equipment and estimation methods to check the emission concentration and volume of the plants, control the emissions situation and eliminate abnormalities immediately.

Goals and targets:

1. Establish the objective of fugitive pollution prevention and improvement and monitor the number of abnormal dust emissions in the discharge pipeline to reduce the discharge of particulate pollutants.
2. Monitor opacity, SOx and NOx emissions concentration and annual emissions to reduce particulate pollutants, sulfur oxides and nitrogen oxides emissions.
3. Monitor the heat consumption of the production system to control fuel consumption.

Grievances practices:

When people in the nearby communities have complaints about the factory's emissions, they can inform the factory by telephone or other means, and the factory management will deal with the issues immediately in accordance with the relevant communication procedures to mitigate negative opinions.

No pollution complaints from communities in 2021.

Effectiveness Evaluation Method of Air Pollution Control

"Particulate pollutants, sulfur oxides and nitrogen oxides emissions concentration and volume" and "abnormally large emissions" are listed as key performance indicators. The review reports are submitted to the management level every month, and annual review meeting is held to review last year's performance in order to propose improvement measures and review their effectiveness and set targets where necessary to further improve the emissions situation.

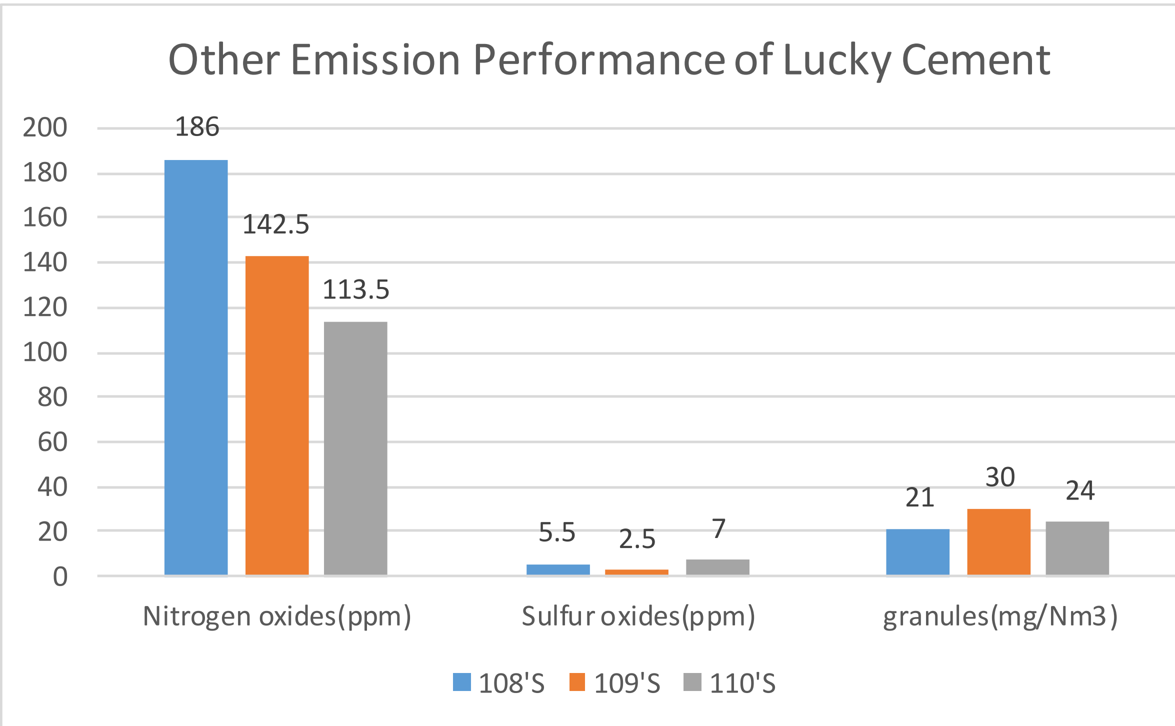
Actively promote air pollution prevention and control

The cement manufacturing process is mainly based on dust handling. The escape of dust will not only cause air pollution, but also the loss of raw materials and finished products. Therefore, the Company highly values the performance of dust collection equipment, and the construction of all plants has installed the best dust collection equipment at the time.

The Dong-Ao plant has 2 electrostatic precipitators and 20 bag-type dust collectors. The total amount of air pollution prevention and control expenditures in 2021 reaches NT$11.72 million. In order to improve the efficiency of dust collection, the Dong-Ao plant comprehensively inspected the collection efficiency of electrostatic precipitators and prepared a budget for overhauling equipment with poor dust collection efficiency.

Emissions from stationary sources

The Company uses high-efficiency dust collection equipment for terminal control, and at the same time selects high-quality raw materials and fuels to reduce the amount of air pollution generated from the sources. The Dong-Ao plant carried out the technical renovation of No. 2 kiln in 2007, with an investment of about NT$200 million. After the technical renovation, the emission of nitrogen oxides was greatly reduced to only about 200 ppm, which was far below the regulatory standard. The figure below shows the emission trends of nitrogen oxides, sulfur oxides and particulate pollutants over the years.



4.5 Water Resources Management

Description of Management Policy

Water plays an extremely important role in the production process. Effective water conservation and water resource recycling are important objectives for the Company to promote sustainable development.

Impact of water resources:

The process requires the use of large amounts of water to cool the production equipment. The main sources of water are mountain spring water, groundwater and recycled water. Therefore, it is necessary to make good use of water resources to reduce the impact of water shortage.

Commitment:

1. In order to comply with the regulations of the county government issuing water rights certificates, groundwater in the #1 deep water well can only be extracted to supplement the water used in the production line during the water shortage period in summer.
2. Report the amount of groundwater pumped to the Water Resources Agency of the Ministry of Economic Affairs every month.
3. Report to the county government of the dynamic and static water level changes of the #3 deep water well every year.

Management system or practices:

Statistical records of water extraction every day, every month, over one year and over five years are made into reports.

Goals and targets:

The water recovery rate of the car wash platform is over 80% every year.

Specific actions and initiatives:

Water pumping monitoring: Handle reports on daily, monthly and annual water extraction.

Effective evaluation methods for water resources:

Through the ESG disclosure, we track the achievement of the goal that the water recovery rate of the car wash platform reaches more than 80% each year.

Total water consumption in the plant

The Dong-Ao plant mainly uses surface water and groundwater approved for use. Most of the time, surface water is used, and groundwater can be extracted only when necessary. The actual water consumption is reported to the county government water resources department and related units for immediate monitoring and recording according to regulations. Frequent detection of leaks in return water pipelines has effectively improved water resources control.

Year	2019	2020	2021
Surface water	946,142	878,684	972,782
Groundwater	6,894	125,420	5,198
Total water consumption	953,036	1,004,104	977,980

Water recycling of car wash platform

The Dong-Ao plant has made good use of water resources over the years, and the water recovery rate of the car wash platform has been maintained at a high recovery rate. In 2021, the recovery rate of the car wash platform reached 79% (Recycled water 14,245m^3/Total water consumption 18,028m^3; total water consumption = Recycled water 14,245m^3 + Inflow 3,783m^3) to make good use of water resources.

TO2 Raw waste water from car wash platform	RO1 Recycled water from cash wash platform
	

4.6 Compliance with Environmental Laws and Regulations

Description of Management Policy

The relevant environmental protection laws and regulations that the Company should follow include air pollution, water pollution, and waste related laws. Among them, the air pollution laws include the "Cement Industry Emission Standards. As the public pays more attention to environmental protection, domestic environmental regulations for the cement industry have become more stringent, especially in Yilan County, which has tightened emission standards. The compliance of the cement industry with environmental regulations has also been scrutinized and has become increasingly important.

Impact of Compliance with Environmental Laws and Regulations:

Regarding the amendment of environmental protection laws and regulations, the Company pays attention to the trend of amendment, that is, the announcement that the amendment has become effective, so that relevant personnel can be informed to assess whether it is necessary to implement corresponding measures to ensure compliance with regulatory requirements. Violation of environmental protection laws and regulations will not only result in fines, but also intangible assets, the Company’s image, which may undermine investors’ willingness to invest. Therefore, the Company prioritizes the compliance with all relevant environmental protection laws and regulations.

Management of Compliance with Environmental Laws and Regulations

Policy and system:

1. The Company's environmental management policy includes "Compliance with environmental protection regulations and commitments. Try our best to achieve pollution reduction and prevention. Manage environmental risks, and continue to improve."
2. Formulate the "Regulations Management Operating Procedures". Review the compliance of the factory with the newly amended regulations and corresponding measures based on the operating procedures, comprehensively review the compliance with the current applicable regulations,

and improve non-compliant items.

3. Through regular and irregular on-site inspections, the factory's compliance with environmental protection laws and regulations is checked, and the operating unit that do not conform to the requirements need to propose improvement measures.

Goals and targets

Require each unit to achieve its annual environmental performance objectives and provide bonuses for reporting non-compliances. Each unit is encouraged to report items with which the unit or other units do not comply.

Grievances practices:

1. Internal complaints can be made through regulatory compliance checks, employee discussion forums, opinion sheets or letters, meetings, announcements, etc.
2. External complaints can be made by means of opinion sheets, service and communication reports or letters, telephone calls, visits, meetings, etc.

There are no complaints in 2021.

Effectiveness Evaluation of Compliance with Environmental Laws and Regulations:

Formulate plans in accordance with the “Regulations Management Operating Procedures” and regularly review compliance with environmental protection laws and regulations. Use on-site inspection to find out whether the on-site operation complies with environmental protection laws and regulations. The review and improvement of the non-conforming items are recorded and sent to the factory manager for approval. The annual management review meeting of the environmental management system also reviews the non-conformities from the previous year, and the factory manager will instruct improvement measures.

Environmental protection penalty:

The Company's 2021 environmental protection penalty amount is NT$200 thousand. The facts of violations and improvements are as follows:

Facts of violations of environmental protection penalty	Corrected situation
The factory's cement dry-type manufacturing process discharge pipeline (No. P002) is a continuous automatic monitoring facility. The effective monitoring rate of the flow in Q4 2020 (October to December) was 80.96%, failing to go over 85% as required by laws.	Every time the Environmental Protection Bureau visits the factory for inspection, it sends staff to check the temperature first, so as not to cause a temperature error of more than 3 degrees, which will cause the flow rate to be invalid and the effective monitoring rate insufficient. In February 2021, the factory passed the Environmental Protection Bureau's factory inspection.
During the factory's cement dry-type manufacturing process, the continuous automatic monitoring facility for cement rotary kiln and preheater discharge pipeline (No.: P002) detected gaseous pollutant nitrogen oxides. For 6 consecutive hours "from 17:00 on August 23, 2021”, the arithmetic mean of all valid monitored data was 443.8ppm, which exceeded the county’s air pollutant emission standard (400ppm) for the cement industry and violated the Air Pollution Control Act.	In 2024, regulations will be even more stringent, restricting the nitrogen oxide emissions to 300ppm, which will then become 220ppm in 2026. We will discuss if we will add the SNCR (urea) to the regulatory standard.

5. Sustainable and Happy Workplace

Description of Management Policy

Employees are our most important asset. Harmonious labor relation is an important cornerstone of corporate development. The Company is committed to improving employee compensation, benefits, employee training and development in order to retain outstanding talents, fulfill corporate sustainable development, and build the Company into a happy and outstanding enterprise in Taiwan.

Impact of Sustainable and Happy Workplace:

We are a stable and mature company, the average service tenure of employees is relatively long, and the loyalty and cohesion to the Company are high. Our challenge is in attract outstanding talents to join the Company’s work team, providing a high-quality workplace and challenging work, cultivate outstanding talents who agree with the Company's mission and vision, and working together towards the goal of success.

Sustainability issues:

Labor relations, employee rights and interests, employee education and training, sustainable development, employee diversity and equal opportunities.

Managing a Sustainable and Happy Workplace:

Policy and commitment:

1. Improve working conditions and salary levels, meet the needs of employees, and promote a health employer-employee relationship.
2. Establish a comprehensive promotion system and performance management qualification requirements to systematically cultivate management associates and move toward the Company's diversity and globalization goals.
3. Improve labor safety and health, and implement employee health management.
4. Enable employees to achieve goals, development, and growth at the same time, further realizing a win-win situation for the Company and employees.
5. Abide by the requirements of government laws and regulations.

Goals and targets:

1. Create a good work environment, encourage employees' cohesion, and create the Company's sustainability value together.
2. Provide a comprehensive training and promotion system, and retain outstanding talents to enhance the ability to innovate.

5.1 Human Resources Management

We are a stable and mature company with no growth in the number of employees for the year. The average service tenure of employees is relatively long, and the loyalty and cohesion to the Company are high. As of the end of 2021, the Company has 452 employees with an average age of 49.85 and an average length of service tenure of 12.42 years. The Company protects employees' freedom of association. At present, the Dong-Ao plant has a labor union, which can promote facilitate employer-employee relationship and protect the rights and interests of both parties.

Employment Status

Year		2019	2020	2021
Number of Employees	Factory direct labor	256	249	231
	Factory indirect labor	112	112	103
	Company sales administration personnel	126	129	118
	Total	494	490	452
Average Age		49.62	49.49	49.85
Average Service Tenure		12.69	12.42	12.42
Distribution of Educational Background	Doctoral degree	0.61	0.61	0.66
	Master’s degree	2.63	2.65	3.10
	College	30.77	34.90	34.51
	Senior high School	42.31	39.59	40.49
	Below senior high school	23.68	22.25	21.24

2021 Employment ratio of male and female employees by unit

Unit	Male (%)	Female (%)
Taipei	71	29
Dong-Ao Plant	91	9
Heren Plant	95	5
Puxin Plant	78	22
Total	84	16

Employee grievances practices

The Company constructs various channels of communication with employees to ensure that employees' needs and suggestions can be appropriately responded to. Employees can participate in the labor union to express relevant opinions, or directly through the Company website, e-mail and telephone, etc., immediately report or respond to the Company for the unreasonable treatment encountered in the workplace or illegal incidents, and the company will prudently and actively respond to and deal with relevant opinions. No labor complaint (forced and compulsory labor and sexual harassment) cases in 2021.

Labor complaints (forced and compulsory labor and sexual harassment) channels:

Complaint hotline: 03-9986110 ext. 103 or 109; 02-25092188 ext. 2517

Dedicated fax for complaints: 03-9986066; 02-25093033

Dedicated e-mail for complaints: yu@luckygrp.com.tw; kevinlee@luckygrp.com.tw

Labor relations

A harmonious employee-employer relationship is the cornerstone of enterprise development. The Company's employee-employer relationship has been about harmony, stability and shared prosperity over the years. We are committed to improving employee treatment, welfare and work environment and maintaining the employee-employer communications, and understand employees' difficulties and needs through seminars with the enterprise union, employer-employee meetings, etc. In 2021, the Company has no losses from labor disputes.

Talent development strategy

I. Focus on the improvement of abilities, not the promotion of position.

II. Two-pronged approach to development both at work and outside of work.

III. Each supervisor must be responsible for the formulation and implementation of employee development plans.

IV. Implement a dual-track promotion system and set the career planning path for employees.

V. Establish promotion qualification requirements to systematically cultivate management associates and move toward the Company's diversity and globalization goals.

Recruitment

Through open, fair and impartial recruitment channels or selection methods, assign works or give remuneration based on their personality characteristics, academic qualifications, professional licenses, work experience, and work attitudes. There is no discrimination in treatment due to gender, age, marriage, facial features, race, and religion etc. The Company complies with the relevant regulations of the government's labor laws and regulations, and carefully screens and recruits the candidates that best meet the requirements of the position based on the job descriptions and conditions of each position. We have established an internal job rotation model, extensively cultivated employees' diverse talents, and strengthened employee training, such as new employee training, on-the-job training, professional knowledge training, etc., to meet the needs of the Company's future development and improve work efficiency and performance.

5.2 Employee Welfare

The Company's salary system determines the ratio of salary to bonus according to rank and function to achieve the effect of motivating employees. In addition, the salary level is set according to the Company's manpower structure, so that the salary management can fulfill the principles of internal, external and individual fairness.

I. Welfare measures

1. The Company has set up an employee welfare committee, which allocates welfare funds in accordance with the law and organizes various welfare activities such as company trips.
2. Issue gold celebratory medals and certificates to recognize outstanding employees.
3. Issue gift money for birthday and three major national holidays and education subsidies.
4. Continue to improve the condition of job sites.
5. Purchase group insurance policy for employees and arrange employee health check for a total of NT$1,457 thousand in 2021.
6. A total of NT$5,836 thousand allocated as the 2021 employee welfare fund.

II. On-the-job continuing education and training

The Company has established employee training measures, which stipulate the training of employees and the methods. The Company's on-the-job training includes organizing various workshops, training courses, and collaboration with other training institutions or schools to outsource the training, etc., or holding short-term work drills based on work needs.

III. Measures to protect the rights and interests of employees:

A harmonious employee-employer relationship is the cornerstone of enterprise development. The Company's employee-employer relationship has been about harmony, stability and shared prosperity over the years. We are committed to improving employee treatment, welfare and work environment and maintaining the employee-employer communications, and understanding employees' difficulties and needs through seminars with the enterprise union. Feedback on issues is prioritized by managers at all levels who are ready to offer assistance.

IV. Fulfill sustainable development

1. Employee-employer meetings are regularly held to coordinate the relationship, promote collaboration and improve work efficiency.

2. The Company has established the Regulations on the Prevention of Sexual Harassment (which has already submitted to the county government). Employees are encouraged to participate in external education and training related to sexual assault and harassment prevention. Participants are given a paid leave registration and subsidies, and the relevant information is publicly disclosed in the workplace.
3. In addition to the special area set up on the Company website, a dedicated telephone, fax and e-mail address for employee appeals are set up, and the Human Resources Department handles employees' complaints and cases related to employees who are not satisfied with the punishment.

5.3 Retirement System

I. Retirement system

The “Labor Pension Act” came into effect on July 1, 2005. Employees who were hired before June 30 and were still employed on July 1 may choose to continue their eligibility for the pensions under the "Labor Standards Act" and retain the service tenure under the conditions for which the eligibility applies. New employees who are hired after July 1, 2005 are only eligible for the pension system under the “Labor Pension Act”.

The “Labor Pension Act” is applicable to the Company's pension system. Starting in July 1, 2005, it started confirming the distribution and retirement plans and allocating 6% of an employee's monthly salary to a personal account at the Bureau of Labor Insurance. The Company has established a retirement plan for the employees based on the “Labor Standards Act”, which is considered a defined-benefit pension plan. The payment of employee pension is calculated based on the length of service and the average salary of the six months before retirement. We allocate the pension reserve every month according to regulations, and contribute it to a retirement fund at the Bank of Taiwan, the trustee, under the name of the independent retirement fund committee.

II. Retirement conditions

Retirement can be divided into voluntary retirement and mandatory retirement. The standards are as follows:

1. Conditions for voluntary retirement
   1) Where the worker attains the age of fifty-five and has worked for fifteen years.
   2) Where the worker has worked for more than twenty-five years.
   3) Where the worker attains the age of sixty and has worked for ten years.
2. Mandatory retirement standards
   1) Where the worker attains the age of sixty-five.
   2) Where the worker is unable to perform his/ her duties due to disability.

With respect to the age specified in the above subparagraph 1, the business unit may apply to the central authority for the changes to jobs that have risks and require physical strength. However, the age restriction should not be lowered to less than 55 years old.

III Retirement procedures

1. Apply for retirement

Employees who apply for voluntary retirement should fill in a retirement application form. For mandatory retirement, the Personnel Section (factory)/Human Resources Department (head office) should fill in the retirement form.

2. Retirement review

The retirement applications are approved by the president/chairman after being reviewed by the supervisors at all levels and the Human Resources Department.

3. Retirement procedures

Before resigning, the retired employee must complete the resignation procedures in accordance with the personnel resignation procedures, complete various handover procedures, and be supervised by the direct supervisor to complete the work of the employee, the transfer of finances and items, and repay various debts. For those who live in the Company's dormitory, they should also move out when they retire and resign.

4. Pension insurance

The employee pension is issued within one month from the effective date of retirement.

A total of 20 people retired for the fiscal year, and a total of NT$39,812 thousand in pension was paid in 2021.

5.4 Training and Education

The Company has always been actively hiring local people, and highly values employee training and talent development. We have established employee training measures, stipulating employee training and implementation methods. The Company's on-the-job training includes organizing various workshops, training courses, and collaboration with other training institutions or schools to outsource the training, etc., or holding short-term work drills based on work needs. A total of NT$531 thousand was spent on organizing various training sessions in 2021.

Personnel training for implementing energy conservation and carbon emissions reduction programs

1. With the heat wave sweeping the world, adopting energy conservation and carbon reduction measures to combat the effects of global warming are the objective policy of the government and the Company. It is necessary to implement this policy in the work environment to reduce ineffective costs and waste and production costs, so that the Company can maintain competitiveness and welcome the cyclical economy rebounds.
2. Strengthen the inspection and maintenance of various equipment, and implement the concept that prevention is better than cure to reduce the frequency of abnormalities in mechanical equipment and increase the operating rate.
3. It is imperative to strengthen personnel training because many junior supervisor have reached retirement age, and many less-experienced personnel are still lacking in experience, and talent training must be tempered by time. The succession of work experience in traditional industries is very important and valuable. Therefore, it is necessary to strengthen the employees' own nature and academic ability to become all-round professionals, so as to be able to cope with emergencies and shorten the time for handling exceptions.
4. It is hoped that the improvement and replacement of old machinery and equipment can increase unit output and reduce power consumption and failure frequency.
   For example, iron removal equipment, the use of 4C crusher, the replacement of RM liner, the use of 3D010 lifter, improvement of incoming raw materials, conveyor chain, and disintegrator.

5. Strengthen environmental management to prevent dust from escaping, and occupational safety education to prevent personal injury.

5.5 Occupational Health and Safety

Description of Management Policy

Safety and health management is the most important part of the Company's business management. In addition to preventing occupational disasters and ensuring labor health and safety, it ensures the safety of the Company's property and assets.

Impact of occupational health and safety:

The cement manufacturing industry has a high-risk workplace, so safety and health management must be implemented rigorously. The Company has complete safety and health management practices, including safety and health education and training for new hires, the establishment of Occupational Safety and Health Committees, on-site safety inspection and maintenance of machinery and equipment, provision of personal safety protection equipment, and regular firefighting training, labor health inspections, and various educations training and re-training, etc., so that the Company's employees have a safe work environment and receive due respect and remuneration.

Managing a Sustainable and Happy Workplace:

Policy and commitment:

1. Comply with safety and health laws and regulations, and establish a robust management system.
2. Set safety and health goals and strive to prevent disasters.
3. Provide labor education and training to increase overall safety awareness.
4. Encourage all employees to participate in consultation to ensure integration into daily operations.
5. Maintain the effective operation of the system and achieve continuous improvement of management.

Objectives:

In order to protect the lives of workers, prevent disasters and comply with laws and regulations and ISO45001 standards, the Company has the responsibility and obligation to control all risks to the goal of zero disasters. In order to achieve this goal, it should rely on a complete occupational safety and health self-management system. The Company's safety and health goals are as follows:

1. Achieve the management plan targets set for the year.
2. Achieve zero occupational illness for the year.
3. Achieve zero disability injury for the year.

Organization and system of occupational health management

The Company has established occupational safety and health management units and personnel in accordance with the law to promote occupational safety and health-related works, and formed the Occupational Safety and Health Committee. The number of workers is more than one-third of the total number of committee members. Regular meetings are held every quarter to review and suggest various safety and health management matters.

Protection measures for work environment and employees' personal safety

I. Regularly implement work environment monitoring

Prevent occupational disasters, protect the health of workers, prevent physical and chemical hazards, provide workers with a healthy and comfortable working environment, and implement regular monitoring of the work environment. Perform dust and noise testing in the workplace every six months.

II. Regularly implement safety and health education and training

Follow the provisions of Articles 16 and 17 of the Occupational Safety and Health Education and Training Rules.

1. Implement 3 hours of general safety and health education sessions for the new hires or operators who rotate between stations.
2. Implement 3-hour safety and health education and training sessions for in-service personnel every year.
3. Implement various safety education and training (first aid personnel, crane operators,

forklift operators, etc., 3 hours every three years.)

4. Implement various on-the-job education and training regulated by other laws and regulations.

III. Perform regular health checkups, health management and health promotion matters

1. Implement the health check of in-service personnel every year, and implement the health check of special personnel.
2. For health management and health promotion, hierarchical management is implemented in accordance with Article 15 of the Labor Health Protection Rules to protect the health of workers.

IV. Regularly implement firefighting training

Strengthen the disaster prevention education in the factory, raise the personnel's awareness of disaster prevention, prevent disasters from occurring, and implement regular firefighting training. According to Article 13 of the Fire Services Act and Article 15 of the Enforcement Rules of Fire Services Act, the firefighting training is implemented every six months.

V. According to the "Occupational Safety and Health Act and Enforcement Rules" of the Occupational Safety and Health Act, the Company has formulated the Safety and Health Work Rules, and announced the implementation of the required safety and health management matters for employees to follow.

VI. Implement automatic safety and health inspections to protect the personal safety of workers.

1. Fire-fighting equipment is inspected regularly, and all fire-fighting facilities are inspected every quarter.
2. The forklifts are inspected regularly, monthly inspections are implemented and recorded, and overall inspections are implemented and recorded annually.
3. The winders are inspected regularly, monthly inspections are implemented and recorded, and overall inspections are implemented and recorded annually.
4. The stationary crane is inspected regularly, and hanging operation inspection is conducted before use. Monthly inspections are implemented and recorded, and overall inspections are implemented and recorded annually.
5. General vehicles are inspected regularly, inspections are implemented and recorded before daily operations, and regular inspections are recorded every quarter.
6. Check and record the protective equipment of the on-site operating machinery and

equipment, such as emergency pull ropes, protective nets, protective covers, deviation development, etc.

7. Incorporate the ISO 45001 occupational safety and health management system standard.

We have hired a consulting company to conduct the ISO 45001:2018 Occupational safety and health management systems guidance in December 2018. In July 2019, the TÜ V Nord was commissioned to conduct the system certification. On August 26, 2019, the certification was approved and we obtained the ISO 45001:2018 certificate.


TÜV NORD

CERTIFICATE

Management system as per
ISO 45001: 2018

In accordance with TÜV NORD CERT procedures, it is hereby certified that

LUCKY CEMENT CORPORATION TUNG-AO PLANT
No. 101, Sec. 3, Su Hua Rd., Tung Yo Vil., Nan-Ao, I-Lan 27291, Taiwan (R.O.C.)

applies a management system in line with the above standard for the following scope

Manufacturing of Cement Product

Certificate Registration No. 44 126 19 82 0139
Audit Report No. 2.5-TWN0828/2019

Valid from 2019-08-26
Valid until 2022-08-25
Initial Certification 2019-08-26

Certification Body
at TÜV NORD CERT GmbH

TUV ASIA PACIFIC LIMITED
Taiwan Branch
Room A1, 9F, No.333, Sec.2,
Tun Hua S. Rd.,
Taipei 10669 Taiwan, R.O.C.
2019-08-26

This certification was conducted in accordance with the TÜV NORD CERT auditing and certification procedures and is subject to regular surveillance audits.

TÜV NORD CERT GmbH Langemarckstrasse 20 45141 Essen www.tuev-nord-cert.com

DAkkS

The latest system certification of ISO 45001:2018 granted by the TÜ V Nord.

Date of issuance: August 26, 2019

Coverage Period: August 26, 2019 to August 25, 2022

Performance of occupational safety and health management

An occupational safety and health management plan is drawn up based on the annual safety and health management performance every year, and various schedules are scheduled and implemented.

1. Environmental monitoring of high-risk workplaces

The Company draws up a work environment monitoring plan in accordance with the law, regularly implements work environment monitoring for noise and dust work sites, and commissions a work environment monitoring agency approved by the Ministry of Labor to perform various environmental testing tasks.

2. Provide personal protective equipment

In order to ensure that employees are not affected by the hazards caused by various mechanical equipment and hazardous materials in the workplace, we provide appropriate personal protective equipment for employees to use for various hazardous operations. In the cement manufacturing industry, workers must often come into contact with high-heat materials. Therefore, we must prepare adequate fire protection gears and teach employees to wear and use them properly.

3. Occupational disaster statistics

There were 3 cases of incapacitation and injuries (temporary total disability) in Dong-Ao Plant in 2021. The cases of disability include 1 from burning, 1 from tripping, and 1 from falling. No incapacitating injury accident has occurred to contractors. No incapacitating injury accident has occurred to the non-employee workers who are under the direction and supervision of the workplace.

Review and improvement of disability injuries:

1. Disable the machinery that caused the incidents, make improvements to the unsafe equipment, and strengthen the safety awareness of employees through safety and health education and training sessions.
2. Request the responsible unit of the site to carry out hazard identification and risk assessment for the safety status of the relevant passages.
3. The Occupational Safety and Health Committee of the factory implemented safety promotion events for the incidents.

4. The related labor safety expenses in 2021 were about NT$1,031 thousand.

Firefighting training




Occupational safety
education and training

Before improvement

After improvement

Occupational disasters --
Improvement for burn

Before improvement

After improvement

Occupational disasters -- Improvement for falling accidents

Labor health inspection and management

In accordance with the provisions of the Occupational Safety and Health Act and Labor Health Protection Rules, the Company regularly implements general health examination of in-service workers and special health inspections for those engaging in special hazardous operations every year, and implements hierarchical management based on inspection reports. The results of the health examination were made into a handbook and distributed to workers for their reference.

The Company’s Dong-Ao factory has medical staff to handle various health checks, health, promotion activities and management matters, and provide personal health counseling services.



6. Sustainable Social Care

Description of Management Policy

In order to maintain social welfare, the Company actively participates in community development and related activities of charitable public welfare organizations. The scope covers the locations of business and the nearby community building efforts.

Impact of Sustainable Social Care:

The Company is located at the junction of Su'ao Township and Nan'ao Township, and has spared no effort in establishing good neighborly relations and helping local development. Caring for and assisting in the growth of the community is one of the Company's business goals. Giving back to the society has become the center of the Company's business philosophy. With stable and practical operations, and appreciating the recognition and support by the community and the local residents, the Company is eager to find more peers who also commit to public welfare. We support local charities and public welfare organizations with the belief of "Giving back to the communities and society", hoping to promote social harmony and let love and care bring more warmth to the world.

Managing Sustainable Social Care:

Policy and commitment:

The Company's sustainable development commitments are mainly aimed at community building and emergency relief for vulnerable groups, assisting local people and indigenous people in employment, care and education, and providing all necessary assistance.

Goals and targets:

Social expenditures are subsidized by the Company after evaluating the needs of local communities.

Specific actions and initiatives:

Sponsor social events	Sponsor tourism and cultural activities, NT$80,000/year (2
Care for the community (neighboring residents) activities	Sponsorship of NT$500,000/year (1 case) to local community senior cafeteria Sponsorship of NT$128,000/year (5 cases) to local community sports activities Sponsor scholarship of NT$70,000/year (1 case) Sponsor adoption of beaches, roads and street lights for NT$245,000/year (1 case) Sponsor community activity center repair for NT$240,000/year (1 case) Sponsor community religious activities for NT$34,000/year (4 cases) Sponsor lawn mowing, cleaning and disinfection, mechanical and electrical maintenance and flood control sand bag drills for NT$60,000/year (9 cases) Sponsor pocket allowance payment to senior citizens for NT$30,000/year (1 case)

Effective evaluation methods for social care:

Evaluation plan:

The responsible unit keeps track of the achievement of the objectives.

Actual evaluation:

The evaluation of sustainable development commitment expenditure items and details is proposed by the community and the organization, and then submitted to the management for approval by the responsible unit. 2 cases of social sponsorships, and 23 cases of community (local residents) care events, for a total of 25 cases, with a total expenditure of NT$1,387 thousand for 2021.

6.1 Care for the Indigenous Community

The Company's Dong-Ao factory is located in Nan'ao, within the range of "Back Mountains". The Dong-Ao tribe is a gathering place for the indigenous people of Atayal tribe. Bac in the day, the tribe development was relatively slow and the economic conditions were lagging. The Company established a factory here in 1980 to increase the employment of the indigenous people. As of the end of 2021, the Dong-Ao factory has 22 local indigenous people, accounting for 13.50% of the total number of 163 employees, and the Heren factory has 19 indigenous employees, accounting for 50.0% of the factory's 38 employees. The Company takes practical actions to care for the lives of the local indigenous people, and actively assists community public affairs and community environment cleaning, road maintenance, immediate care for the community, care for the disadvantaged people and provides the greatest help and creates a happy and hopeful community together.

6.2 Community Building Care and Humanities Education Culture

The Company spares no effort in giving back to the local community and supporting various social welfare activities with practical actions. We are grateful for the local recognition and support, and has been unanimously affirmed by all sectors of the society.

In order to show our efforts promoting the employment of local employees, as of the end of 2021, there were 161 local employees in Dong-Ao Plant (Yilan County), accounting for 98.77% of the total number of 163 employees; 18 local employees in Heren Plant (Hualian County), accounting for 47.37% of the total number of 38 employees.

7. Appendix

7.1 GRI Standard

General Standard Disclosure		Explanation	Corresponding Chapter or Remarks	Page Number	Notes/Omission
GRI 101		**Foundation**			
GRI 102		**General Disclosure**			
	1. Organizational Profile				
	102-1	Name of organization	2.1 Company Overview	9	
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	102-3	Location of headquarters	2. Sustainable Company and Value Chain	9	
	102-4	Location of business operations	2. Sustainable Company and Value Chain	9	
	102-5	Ownership and legal form	2. Sustainable Company and Value Chain	9	
	102-6	Market served	2. Sustainable Company and Value Chain	9	
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	102-9	Supply chain	2.2 Products and Services	9	
	102-10	Major changes in the organization and its supply chain	2.4 Supply Chain Management	12	
	102-11	Precaution principle or policy	3.4 Risks and Opportunities	30	
	102-12	External initiative	1.2 Stakeholder Engagement	5	
	102-13	Membership qualification of cooperatives and associations	3.2 Governance Organization	21	
	2. Strategy				
	102-14	Decision maker's statement	Lucky Cement’s Corporate Sustainable Development	1	
	102-15	Key impact, risk and opportunity	3.4 Risks and Opportunities	30	
	3. Ethics and Integrity				

	102-16	Value, principle, standards and code of conduct	3.1 Ethics and Integrity	18	
	102-17	Suggestions regarding ethics and concern mechanism	3.1 Ethics and Integrity	18	
	4. Governance				
	102-18	Governance structure	3.2 Governance Organization	21	
	102-19	Appointment of authority	3.2 Governance Organization	21	
	102-20	The management is responsible for economic, environmental and social topics.	3.2 Governance Organization	21	
	102-21	Consult with stakeholders regarding economic, environmental and social topics.	1.3 Identification of Material Issues	8	
	102-22	Composition of the highest governance unit and its committee	3.2 Governance Organization	21	
	102-23	Chairperson of the unit with the highest governance	3.2 Governance Organization	21	
	102-24	Nomination and selection of the highest governance	3.2 Governance Organization	21	
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	102-27	Collective intelligence of the highest governance	3.2 Governance Organization	21	

General Standard Disclosure		Explanation	Corresponding Chapter or Remarks	Page Number	Notes/Omission
GRI 102	102-28	Performance evaluation of the highest governance	3.2 Governance Organization	21	
	102-29	Identification and managing of economic, environmental and social impacts	1.3 Identification of Material Issues	8	
	102-30	Effectiveness of risk management procedures	3.4 Risks and Opportunities	30	
	102-31	A review of economic, environmental and social topics	1.3 Identification of Material Issues	8	
	102-32	The role of the highest governance in sustainability reporting	1.3 Identification of Material Issues	8	
	102-33	Communicate key issues	1.3 Identification of Material Issues	8	
	102-34	Nature and number of key issues	1.3 Identification of Material Issues	8	
	102-35	Remuneration policy	3.2 Governance Organization	21	
	102-36	Decision process for remuneration	3.2 Governance Organization	21	
	102-37	Stakeholders' involvement	1.3 Identification of Material Issues	8	
	102-38	Annual total remuneration percentage	1.3 Identification of Material Issues	8	
	102-39	Annual total remuneration percentage increase	1.3 Identification of Material Issues	8	
	5. Stakeholder Communication				
	102-40	Stakeholder groups	1.2 Stakeholder Engagement	5	
	102-41	Group agreement	1.2 Stakeholder Engagement	5	
	102-42	Identify and select stakeholders	1.2 Stakeholder Engagement	5	

	102-43	Guidelines for communicating with stakeholders	1.2 Stakeholder Engagement	5	
	102-44	Proposed key issues and concerns	1.2 Stakeholder Engagement	5	
	6. Reporting practices				
	102-45	Entities included in the consolidated financial statements	Refer to Lucky Cement's annual report		
	102-46	Define report content and topic boundaries	Editorial Policy	3	
	102-47	List of major topics	Editorial Policy	3	
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	102-53	Contact person who is available to answer questions related to the report	Editorial Policy	3	
	102-54	Declaration in accordance with the GRI standards	Editorial Policy	3	
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	102-56	External guarantee / assurance			None
GRI 103	**Management Policy**				
	103-1	Explain major topics and their boundaries	Lucky Cement’s Corporate Sustainable Development	1	
	103-2	Management policy and its elements	Lucky Cement’s Corporate Sustainable Development	1	
	103-3	Assessment of management policy	Lucky Cement’s Corporate Sustainable Development	1	
GRI 201	**Economic performance**				
	201-1	Direct economic value generated and distributed	3.3 Economic Performance	29	

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GRI 201	**Economic performance**				
	201-2	Financial impacts and other risks and opportunities caused by climate changes	--		
	201-3	Define benefit plans, obligations and other retirement plans	5.3 Retirement System	61	
	201-4	Financial assistance received from government			None
GRI 202	**Market Presence**				
	202-1	Ratios of standard entry level wage by gender compared with local minimum wage	5.1 Human Resources Management	56	
	202-2	Proportion of senior management hired from the local community	5.1 Human Resources Management	56	
GRI 203	**Indirect Economic Impacts**				
	203-1	Investment in infrastructure and development and impact of support service			None
	203-2	Significant indirect economic impact			None
GRI 204	**Procurement Practices**				
	204-1	Percentage of sourcing from local suppliers	2.4 Supply Chain Management	12	
GRI 205	**Anti-Corruption**				
	205-1	Operating locations that have conducted assessment of corruption risks	3.1 Ethics and Integrity	18	
	205-2	Communication and training on anti-corruption policies and procedures	3.1 Ethics and Integrity	18	
	205-3	Confirmed corruption incidents and actions taken	3.1 Ethics and Integrity	18	
GRI 206	**Anti-Competitive Behaviors**				
	206-1	Legal actions involving anti-competitive behaviors, antitrust and monopoly	3.1 Ethics and Integrity	18	
GRI 207	Tax				
	207-1	Approach to tax	Refer to Lucky Cement's annual report		
	207-2	Tax governance, control, and risk management	Refer to Lucky Cement's annual report		
	207-3	Stakeholder engagement and management of concerns related to tax	Refer to Lucky Cement's annual report		
GRI 301	**Supplies**				
	301-1	Supplies used by weight or volume	2.4 Supply Chain Management	12	

	301-2	Recycled input materials used	2.4 Supply Chain Management	12	
	301-3	Recycled products and their packaging materials	2.4 Supply Chain Management	12	
GRI 302	**Energy**				
	302-1	Energy consumption within the organization	4.3 Implement Energy Management	43	
	302-2	Energy consumption outside the organization	4.3 Implement Energy Management	43	
	302-3	Energy intensity	4.3 Implement Energy Management	43	
	302-4	Reduction of energy consumption	4.3 Implement Energy Management	43	
	302-5	Reduce the energy requirements of products and services	4.3 Implement Energy Management	43	
GRI 303	**Water**				
	303-1	Interactions with water as a shared resource	4.5 Water Resources Management	49	
	303-2	Management of water discharge-related impacts	4.5 Water Resources Management	49	
	303-3	Water withdrawal	4.5 Water Resources Management	49	

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GRI 303	303-4	Water discharge	4.5 Water Resources Management	49	
	303-5	Water consumption	4.5 Water Resources Management	49	
GRI 304	**Biodiversity**				
	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas			None
	304-2	Activities, products and services and their significant impacts to biodiversity.			None
	304-3	Protected or rehabilitated habitats			None
	304-4	Species in the IUCN Red List and national conservation list that are located in the habitats affected by the operations.			None
GRI 305	**Emissions**				
	305-1	Direct (Scope 1) greenhouse gas emissions	4.2 GHG Emissions and Reduction	38	
	305-2	Indirect (Scope 2) greenhouse gas emissions	4.2 GHG Emissions and Reduction	38	
	305-3	Indirect (Scope 3) greenhouse gas emissions	4.2 GHG Emissions and Reduction	38	
	305-4	GHG emissions intensity	4.2 GHG Emissions and Reduction	38	
	305-5	Reduction of GHG emissions	4.2 GHG Emissions and Reduction	38	
	305-6	Emissions of ozone-depleting substances (ODS)	4.4 Air Pollution Control	46	
	305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	4.4 Air Pollution Control	46	
GRI 306	**Waste**				
	306-1	Waste generation and significant waste-related impacts	4. Sustainable Green Environment	32	
	306-2	Management of significant waste-related impacts	4. Sustainable Green Environment	32	
	306-3	Waste generated	4. Sustainable Green Environment	32	
	306-4	Waste diverted from disposal	4. Sustainable Green Environment	32	

	306-5	Waste directed to disposal	4. Sustainable Green Environment	32	
GRI 307	**Environmental Compliance**				
	307-1	Violation of environmental regulations	4.6 Compliance with Environmental Laws and Regulations	52	
GRI 308	**Supplier environmental impact assessment**				
	308-1	Screen new suppliers with environmental standards	2.4 Supply Chain Management	12	
	308-2	Negative impact of supply chain on the environment, and the actions taken	2.4 Supply Chain Management	12	
GRI 401	**Employment**				
	401-1	New hires and outgoing employees	5.1 Human Resources Management	56	
	401-2	Benefits provided to full-time employees (excluding temporary or part-time employees)	5.2 Employee Welfare	59	
	401-3	Parental leave	5.2 Employee Welfare	59	
GRI 402	**Labor relations**				
	402-1	Minimum notice period for changes in operations	5. Sustainable and Happy Workplace		

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GRI 403	**Occupational Safety and Health**				
	403-1	Occupational safety and health management system	5.5 Occupational Health and Safety	65	
	403-2	Hazard identification, risk assessment and incident investigation	5.5 Occupational Health and Safety	65	
	403-3	Hazard identification, risk assessment and incident investigation	5.5 Occupational Health and Safety	65	
	403-4	Worker participation, consultation, and communication on occupational health and safety	5.5 Occupational Health and Safety	65	
	403-5	Worker training on occupational health and safety	5.5 Occupational Health and Safety	65	
	403-6	Promotion of worker health	5.5 Occupational Health and Safety	65	
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	5.5 Occupational Health and Safety	65	
	403-8	Workers covered by an occupational health and safety management system	5.5 Occupational Health and Safety	65	
	403-9	Work-related injuries	5.5 Occupational Health and Safety	65	
	403-10	Work-related illness	5.5 Occupational Health and Safety	65	
GRI 404	**Training and Education**				
	404-1	Average hours of training per year per employee	5.4 Training and Education	63	
	404-2	Programs improving employees' capabilities and transition assistance	5.4 Training and Education	63	
	404-3	Percentage of employees receiving regular performance and career development reviews	5.4 Training and Education	63	
GRI 405	**Diversity and Equal Opportunity**				
	405-1	Diversity of governance bodies and employees	5.1 Human Resources Management	56	

	405-2	Ratio of basic salary and remuneration of women to men	5.1 Human Resources Management	56	
GRI 406	**Non-discrimination**				
	406-1	Discrimination incidents and improvement actions taken by the organization	5.1 Human Resources Management	56	
GRI 407	**Freedom of association and collective bargaining**				
	407-1	Locations of operations or suppliers that may face the risks of associations or unions forming or group negotiation	2. Sustainable Company and Value Chain	9	
GRI 408	**Child Labor**				
	408-1	Significant risks of using child labor at locations of business operations and suppliers	2. Sustainable Company and Value Chain	9	
GRI 409	**Forced or compulsory labor**				
	409-1	Locations of business operations or suppliers facing significant risks of forced or compulsory labor	5.1 Human Resources Management	56	
GRI 410	**Security practices**				
	410-1	Security personnel receiving training on human rights policies or procedures	5.1 Human Resources Management	56	
GRI 411	**Rights of Indigenous Peoples**				
	411-1	Incidents involving the violation of the rights of indigenous peoples	6.1 Care for the Indigenous Community	76	
GRI 412	**Human Rights Assessment**				
	412-1	Operational activities that accept human rights inspections or impact assessments	2.4 Supply Chain Management	12	
	412-2	Employee training on human rights policies or procedures	2.4 Supply Chain Management	12	
	412-3	Important investment agreements or contracts containing human rights provisions or undergoing human rights review	2.4 Supply Chain Management	12	

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GRI 413	**Local community**				
	413-1	Operational activities that go through communication with the local community, impact assessment and development planning	6. Sustainable Social Care	74	
	413-2	Operations with significant actual and potential negative impacts on local communities	6.2 Community Building Care and Humanities Education Culture	77	
GRI 414	**Supplier's social assessment**				
	414-1	New suppliers that were screened using social criteria	2.4 Supply Chain Management	12	
	414-2	Negative impact of supply chain on the environment, and the actions taken	2.4 Supply Chain Management	12	
GRI 415	**Public Policy**				
	415-1	Political contributions	Refer to Lucky Cement's annual report		
GRI 416	**Customer Health and Safety**				
	416-1	Assess the impact of products and services on health and safety	2.2 Products and Services	9	
	416-2	Incidents involving the violation of health and safety by products and services	2.2 Products and Services	9	
GRI 417	**Marketing and labeling**				
	417-1	Requirements for information and labeling of products and services	2.2 Products and Services	9	
	417-2	Incidents involving products and services not complying with regulations on information and labeling			None
	417-3	Incidents involving incompliance with marketing-related regulations			None
GRI 418	**Customer Privacy**				
	418-1	Complaints that verified the violation of client privacy or loss of client information			None
GRI 419	**Socioeconomic Compliance**				
	419-1	Laws and regulations regarding the violations of social and economic fields			None