

Implementation of Corporate Social Responsibility in 2020

Evaluation Item	Implementation Status			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
1. Does the Company conduct risk assessments on environmental, social and corporate governance issues related to the Company’s operations in accordance with the principle of materiality, and formulate relevant risk management policies or strategies?	✓		The Company has actively conducted risk assessments on environmental, social and corporate governance issues related to the Company’s operations in accordance with the principle of materiality, and formulate relevant risk management policies according to the amendment of the “Corporate Social Responsibility Best Practice Principles”. The policies are implemented after the resolution approved by the board of directors. The scope of the Company's risk management includes "strategic risk", "operational risk", "financial risk", "information security risk", and "the risk of climate change and non-compliance with environmental protection, climate-related regulations and other international regulatory agreements". The Company has established a risk management team to identify risks, measure risks, and control risks within an acceptable range according to the scope of work of each department on a regular basis every year. Report to the board of directors at least once a year on the risk environment and the risk control measures adopted and the operation of the risk management. Please refer to the Company's website for the implementation of the 2020 risk management policy http://www.luckygrp.com.tw/tw/index.asp?au_id=11&sub_id=120 .	No difference.
1. Does the company establish exclusively (or concurrently) dedicated first-line managers authorized by the board to be in charge of proposing the corporate social responsibility policies and reporting to the board?	✓		The Company has established the part-time unit that is in charge by the Quality Assurance Center for promoting Corporate Social Responsibility. It executed relative operating in accordance with the Company’s ”Corporate Social Responsibility Best Practice Principles”, please check the Company website for details. The implement status will be reported to Corporate Social Responsibility Committee and the board of directors at least one time yearly.	No difference.
3. Topic of Environment				
(1) Does the company establish proper environmental management systems based on the characteristics of their industries?	✓		(1) The Company has established the safety environment section and rules of the labor safety and health and exclusively dedicated staff authorized to be in charge of detection on air pollution and wastewater on a regular basis.	(1)No difference.
(2) Does the company endeavor to utilize all resources more efficiently and use renewable materials which have low impact on the environment?	✓		(2) Announcement of waste from other plants has been recycling in order to achieve the policy goals of sustainable resources development and more resources can be kept for next generation by reducing excessive exploitation of natural resources.	(2)No difference.
(3) Does the Company evaluate the potential risks and opportunities of climate change to the Company now and in the future, and take measures to deal with climate-related issues.	✓		(3) Climate change has current and future potential risks to the production of the Dongao plant, including abnormal weather, drought and heavy rain affecting the normal water supply of the cooling cycle of rotary kilns, mills and other equipment, and equipment	(3)No difference.

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(4) Does the Company count the greenhouse gas emissions, water consumption and total weight of waste in previous two years, and formulate policies for energy saving and carbon reduction, greenhouse gas reduction, water consumption reduction or other waste management.	✓		shutdowns cause production losses. Specific response measures:short term ① Strengthen the unobstructed return pipeline of the plant area. ② Check for leaks in the water collection pipeline in the plant area. ③ Regularly patrol the catchment area and remove debris from water pipes. Mid-term ① Add two sets of water filters to filter weeds and sundries before entering the water tank. ② Apply for an additional groundwater pumping facility under the permission of the law. Long term: Design and transform the closed circulation cooling system of the rotary kiln syste. (4) Since 2014, the Company has participated in the voluntary greenhouse gas reduction report of the Industrial Development Bureau of the Ministry of Economic Affairs every year, and annually calculates and reports greenhouse gas emissions. The Company's greenhouse gas emissions have obtained ISO-14064 third-party verification. The Company has relevant energy-saving and carbon-reduction policies, including greenhouse gas emission reduction policy and energy management policy and the use of recycled water to wash vehicles to reduce water use policy. The relevant goals are as follows: 1% annual electricity saving policy and The total annual greenhouse gas emissions are reduced by more than 10% compared to 2013 (base year) emissions. All targets for 2020 have been achieved.	(4)No difference.
4. Topic of Social (1) Does the company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?	✓		(1) The Company has established relevant human resource management rules such as the "Employees' Work Rules" in accordance with the Labor Standards Act and relevant government laws and regulations, and recognizes and supports the United Nations Global Compact, the Universal Declaration of Human Rights, the ILO Declaration of Fundamental Principles and Rights at Work and other internationally recognized human rights standards, and formulate a " Human Rights Policy", the specific management measures are as follows: ① Respect for human rights and implement gender equalit. ② Do not hire people under the 16 years old. ③ Give female employees the time to breastfeed, physiology, maternity leave, maternal leave, maternity leave, etc. ④ Give workers reasonable rest and not force labor in accordance with law. ⑤Objects of employee hiring, promotion, exhortation, and rewards are prohibited from any type of discrimination. ⑥ Respect for employees are freedom of association, join labor unions, seek representation and	(1)No difference.

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(2)Does the Company formulate and implement reasonable employee welfare measures (including salary, vacation and other benefits etc.), and appropriately reflect the corporate business performance or achievements in the employee remuneration policy?	✓		participate in the labor committee according to the law. ⑦ Comply with the laws and regulations of labor health and occupational safety and health, reduce the dangers and potential hazards in the work environment, and prevent occupational disasters. ⑧ The salary policy is in compliance with relevant laws and regulations. Employees' salaries must not be lower than the basic salary, and they enjoy statutory benefits, reasonable rest and overtime pay. ⑨ Prevention of sexual harassment and sexual assault policies. (2)The Company formulates and implements reasonable employee welfare measures, including salary, vacation and other benefits. For details, please refer to Chapter 5 Labor Relations and the Company's website (http://www.luckygrp.com.tw/tw/index.asp?au_id=7&sub_id=99)。 If the company makes a profit, it should allocate 3% to employees' compensation according to the Company's "Articles of Incorporation".	(2)No difference.
(3) Does the Company provide a healthy and safe working environment and organize training on health and safety for its employees on a regular basis?	✓		(3)In order to ensure the safe and healthy working environment of the employees, the Company has formulated the "Safety and Health work rules " in accordance with the “ Occupational Safety and Health Act” and the “Enforcement Rules of the Occupational Safety and Health Act”. The announcement implements regulations on safety and health management matters, provides employees to follow, and regularly implements safety and health automatic inspections to protect the personal safety of workers. The Company has held the labors health checkup and health and safety seminar on a regular basis. Please refer to the Company website for the related information. (http://www.luckygrp.com.tw/tw/index.asp?au_id=7&sub_id=101)	(3)No difference.
(4)Does the Company provide its employees with career development and training sessions?	✓		(4) The Company reviews the employees’ career development plans with the employees’ performance appraisal yearly. The training coordinated by the heads of various departments to implement.	(4)No difference.
(5)Does the Company follow relevant laws and international standards for customer health and safety, customer privacy, marketing and labeling of products and services, and formulate relevant consumer protection policies and appeal procedures?	✓		(5) Portland cement must meet the standards of CNS and has obtained the CNS Mark and ISO certification. All departments of the Company can accept the complaints, the Company's website also has contact windows for related parties to accept opinions and suggestions, relevant opinions and appeal cases will be forwarded to the releelvant department for processing as soon as possible.	(5)No difference.
				(6)No difference.

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(6) Does the Company formulate supplier management policies that require suppliers to follow relevant regulations on issues such as environmental protection, occupational safety and health, or labor human rights and its implementation?	✓		The Company discloses the number of related customer complaints and the resolution status in the corporate social responsibility report every year. (6) The Company has established a supplier management policy, including five dimensions: ① Supplier development and management. ② Supplier evaluation and assessment. ③ Supplier Code of Conduct and Commitment to Ethics and Integrity. ④ Supplier review, training, communication and coaching. ⑤ Operation Mode. Every year, the purchasing department organizes a task force to conduct supplier self-evaluation and inspection, and provide guidance, follow-up and improvement in accordance with the relevant supplier regulations of the Company and major issues such as environmental protection, occupational safety and health, and labor human rights. Suppliers whose results are not up to the standard will be audited every year, and those who have not achieved improvement after more than three years are classified as suspended or rejected. Report the implementation status to the board of directors at least once a year. In the contract signed between the Company and the supplier, the supplier is required to comply with the relevant provisions of the "Labor Standards Act". In terms of environment, the "Air Pollution Control Act" and other relevant environmental protection laws and regulations should be followed, and appropriate preventive measures should be taken. In terms of labor safety, suppliers should abide by the provisions of the "Occupational Safety and Health Act", and must take necessary protective measures in advance for various possible disasters or accidents, and must insure labor insurance or accident insurance for employees. In terms of information security, it is not allowed to infringe on the intellectual property rights of others or the rights and interests of others. Since 2016, the Company has started to promote the "Supplier Code of Conduct", which includes major issues such as ethical corporate management, human rights and environmental protection. The Company requires suppliers to comply together. If the supplier violates and damages the Company's goodwill or corporate image, the contract may be terminated at any time. The Company has set up "Supplier evaluation and assessment methods" to regularly conduct supplier evaluations to ensure that suppliers comply with relevant specifications. The Company disclosed the implementation of	

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			"Supplier Code of Conduct" in the corporate social responsibility report.	
5.Does the Company make reference to general international reporting standards or guidelines for preparing corporate social responsibility reports and other reports that disclose non-financial information? Has the aforementioned report obtained the confidence or assurance opinion of the third-party verification unit?	✓		The Company prepares its corporate social responsibility report based on Standards issued by Global Reporting Initiative (GRI).	No difference.
6. If the Company has established the corporate social responsibility principles based on “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies”, please describe any discrepancy between the Principles and their implementation: None.				
7. Other important information to facilitate better understanding of corporate social responsibility practices of the Company : The Company has focused on environmental protection and frequently participated in and sponsored the community activities, promoted traditional culture and aboriginal culture, assisted community development, participated in local environmental protection activities (e.g., Greening, adoption and purification of beaches and maintenance of the community public facilities), sponsored the scholarships for outstanding students of elementary and junior high schools, taken environmental protection as the core competency and handled actively the resources recycling and conservation. (1) The Company's recycling of waste is the re-use of the client plant through the announcement and government permits to reduce the impact of waste on the social environment, to fully re-use resources, and reduce the over-exploitation of natural resources. (2) The Company has provided the assistance timely to the communities nearby such as maintenance and support of machines and power for Dongao fishing port, beautification and purification of Dongao bay, the scholarships for Dongao community, expressed sympathy for the elderly, and Cháng Qīng canteen. (3) The factories and mines of the Company spare no effort in water pollution prevention and control, stationary pollution source prevention and control, soil and water conservation, environmental monitoring, greening and beautification of re-vegetation and periodic environmental inspection due to the consideration of energy efficiency and carbon reduction and environmental protection and input the necessary manpower and material resources. (4) The Company has utilized the reconstruction of No.2 kiln that is to upgrade the preheated cyclone from the level 4 to level 5 to increase heat transfer efficiency and reduce the carbon and lower the consumption of natural resources. The Company has adopted the production process of low-NOx to reduce the emissions of NOx to lower the impact on the natures and set up continuous and automatic monitoring system in the exhaust chimney for controlling air quality strictly. (5) Total expenditure on giving back to the local due to fulfilling social responsibilities is NT\$1,071,000 in 2020. Related activities include sponsoring 2 community activities, participating in 23 community (neighboring residents) care activities, and 3 donating to humanities education and traditional culture. (6) The goal of the Company for electricity saving: the goal of 1% electricity saving annually from 2015 to 2020, more than 1% each year. (7) The Company's greenhouse gas emission reduction policy ● Committed to the registration of the company's greenhouse gas inventory. ● Really grasp the company's greenhouse gas emission status. ● Propose feasible solutions for greenhouse gas reduction. ● Really implement the greenhouse gas reduction work plan. ● Fulfill the social responsibility of circular economy. ● Sustainable development of green environment. Energy policy : ● Use high-efficiency energy-saving equipment. ● Improve energy efficiency. ● All employees participate in energy saving and carbon reduction. ● Comply with relevant government laws and regulations. ● Achieve the energy goals. (8) The specific results of the 2020 energy saving measures improvement plan and the 2021 energy saving measures and implementation plans are detailed as bellow:				
2020 The specific results of the energy saving measures improvement plan		2021 energy saving measures and implementation plans		

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1. The constant frequency spiral air compressor in the packaging room was replaced with a frequency conversion spiral air compressor. (cross-year effect) 2. The pump of the humidifying tower of No. 2 preheater was changed into frequency conversion operation. 3. No. 2 coal mill liner replaced. 4. Clinker Roller Refurbishment. 5. Non-hazardous sludge and waste oil blends are used as alternative fuels. 6. Organic sludge is used as an alternative fuel. 7. Management measures are in response to Government Demand Response(DR). 878,190 KW electricity savings in 2020. 5196 tons of coal savings in 2020.				1. No. 2 coal mill liner replaced. (cross-year effect) 2. Clinker Roller Refurbishment. (cross-year effect) 3. The pump of the spray tower tower of the No. 2 preheater is changed to frequency conversion operation4. No.2 raw mill liner replaced and the ratio of steel balls was adjusted. 5. In No.1 bin of No. 2 cement mill, the liner replaced and the ratio of steel balls was adjusted. 6. . Organic sludge is used as an alternative fuel. 7. Non-hazardous sludge and waste oil blends are used as alternative fuels. 8. Management measures are in response to Government Demand Response.			

(8) The statistical data of the Company's greenhouse gas emissions, water consumption and total waste treatment weight in the past two years are as follows:

Year	Total greenhouse gas emissions	Water consumption	Total waste treatment weight *
2019	646,473.84 TonsCO ₂ e/Year	953,036 M ³	65,190.76 Tons
2020	673,832.54 TonsCO ₂ e/Year	1,004,104 M ³	73,992.22 Tons

* The Company is committed to a circular economy and conducts waste treatment business.

(9)The Company has a corporate social responsibility committee composed of three directors, including two independent directors, whose responsibilities include:

A. Declaring the corporate social responsibility policy and systems.

B. Review annual plan and strategic direction of corporate social responsibility.

C. Review projects and activity plans of corporate social responsibility.

D. Approval of corporate social responsibility report.

E. Other board of directors entrusts the review of corporate social responsibility and public affairs participation.

The Corporate Social Responsibility Committee meets at least once a year. Please refer to our website for its operation (http://www.luckygrp.com.tw/tw/index.asp?au_id=11&sub_id=102)

CSR Committee Member Information :

Name	Position	Title	Related professions
Chen, Yun-Ju	Director	Chairman	EMBA, Over 20 years experience in the cement industry
Chen, Yan	Independent Director	Committee	Financial management expertise
Wang, Zhi-Cheng	Independent Director	Committee	Juris Doctor, Director of Securities and Futures Investors Protection Center, Director of Financial Ombudsman Institution and Advisory Committee of Central Deposit insurance Corporation.