

Taiwan Cement Corporation

Corporate Social Responsibility Best Practice Guidelines

Promulgated on March 18, 2011 at the 14th Meeting of the 20th Board of Directors
Amended for the First Time on December 27, 2011 at the 19th Meeting of the 20th Board of Directors
Amended for the Second Time on March 30, 2016 at the 5th Meeting of the 22nd Board of Directors
Amended for the Third Time on March 27, 2017 at the 12th Meeting of the 22nd Board of Directors
Amended for the Fourth Time on March 20, 2020 at the 16th Meeting of the 23rd Board of Directors
Amended for the Fifth Time on August 11, 2020 at the 19th Meeting of the 23rd Board of Directors

Chapter I General Provisions

Article 1 Taiwan Cement Corporation (the "**Company**") hereby establishes this Corporate Social Responsibility Best Practice Guidelines (the "**Guidelines**") in accordance with the *Corporate Social Responsibility Best Practice Principles for the Taiwan Stock Exchange Corporation (the "TWSE") and Taipei Exchange (the "TPEX") listed Company* for the purpose of fulfilling its corporate social responsibilities ("**CSR**") and promoting economic, environmental, and social advancement in order to achieve sustainable development of the Company.

Article 2 The Guidelines applies to the Company and its subsidiaries, including the entire operations and business activities thereof.

The Company takes initiatives to fulfill its CSRs in the course of its business operations, follow international trends of development, contribute to the economic development of the country, improve the quality of life of its employees, the community and society by acting as a responsible corporate citizen, and to enhance its competitive edge, all the while being socially responsible in all its activities.

Article 3 In fulfilling its CSRs, the Company shall, in its corporate management guidelines and business operations, give due consideration to the rights and interests of stakeholders and, while pursuing sustainable operations and profits, also give due consideration to the environment, society and corporate governance.

The Company shall, in accordance with the materiality principle, conduct risk assessments of environmental, social and corporate governance issues pertaining to company operations and establish the relevant risk management policy or strategy.

Article 4 To fulfill its CSRs, the Company shall strive to achieve the following objectives:

1. exercising good corporate governance;
2. fostering a sustainable environment;
3. preserving public welfare; and
4. ensuring the proper disclosure of CSR information.

Article 5 The Company shall consider the correlation between the development of domestic and international CSR principles and corporate core business operations, and the effect of the operation of its group companies and of their respective business as a whole on stakeholders, in establishing their policies, systems or relevant management guidelines, and concrete promotion plans for CSR programs, which shall be approved by the Company's board of directors (the "**Board**") and then reported to the shareholders' meeting.

When a shareholder proposes a motion involving CSR, the Board shall review and consider including it in the shareholder meeting agenda.

Chapter II Implementing and Exercising Good Corporate Governance

Article 6 The Company shall follow the *Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies*, the *Ethical Corporate Management Best Practice Principles for TWSE/ TPEX Listed Companies*, and the *Guidelines for the Adoption of Codes of Ethical Conduct for TWSE/ TPEX Listed Companies* to establish effective corporate governance frameworks and relevant ethical standards so as to enhance corporate governance.

Article 7 The directors of the Company shall exercise the due care of good administrators to urge the Company to fulfill its CSR, examine the results of the implementation thereof on a regular basis and continually make adjustments so as to ensure the thorough implementation of its CSR policies.

The Board shall give full consideration to the interests of stakeholders, including the following matters, in the Company's implementation of its CSR initiatives:

1. identifying the company's CSR mission or vision, and declaring its CSR policy, systems or relevant management guidelines;
2. making CSR the guiding principle of the company's operations and development, and ratifying concrete promotional plans for CSR initiatives; and
3. enhancing the timeliness and accuracy of the disclosure of CSR information.

The Board shall appoint senior executives to be the owners of economic, environmental, and social issues resulting from the business operations of the Company, and to report the status of such issues to the Board. The handling procedures and the responsible persons for each of the relevant issues shall be clearly identified.

Article 8 The Company shall, on a regular basis, provide training and education on the implementation of CSR policies, including promoting the matters prescribed in Paragraph 2 of the preceding article.

Article 9 For the purpose of managing CSRs, the Company shall establish an exclusively (or concurrently) dedicated unit to be in charge of proposing and enforcing the CSR policies, systems, or relevant management guidelines, and set forth concrete promotional plans and report on the same to the Board on a regular basis.

The Company shall adopt reasonable remuneration policies to ensure that the remuneration arrangements support the

organization's strategic goals and objectives of sustainable development, and align with the interests of stakeholders.

The Company's employee performance evaluation system shall be integrated with CSR policies, and a clear and effective incentive and discipline system shall be established.

Article 10 The Company shall, based on respect for the rights and interests of stakeholders, identify stakeholders of the company and establish a designated section for stakeholders on the company website; understand the reasonable expectations and demands of stakeholders through proper communication with them; and adequately respond to the important CSR issues which they are concerned about.

Chapter III Fostering a Sustainable Environment

Article 11 The Company shall follow relevant environmental laws, regulations and international standards to properly protect the environment, and shall endeavor to promote a sustainable environment and reduce greenhouse gas emissions by using waste materials as an alternative source of fuel or feedstock when engaging in business operations and internal management.

Article 12 The Company shall endeavor to utilize all resources more efficiently and use renewable materials which have a low impact on the environment to improve sustainability of natural resources.

Article 13 The Company shall establish proper environment management systems based on the characteristics of the industries where it operates. Such systems shall include the following tasks:

1. Collect sufficient and up-to-date information to evaluate the impact of the company's business operations on the natural environment;
2. Establish measurable goals for environmental sustainability, and examine whether the development of such goals should be maintained and whether it is still relevant on a regular basis; and

3. Adopt enforcement measures such as concrete plans or action plans, and examine the results of its operation on a regular basis.

Article 14 The Company shall establish an ad hoc task force or assign dedicated personnel for drafting, promoting, and maintaining relevant environment management systems and concrete action plans, and it should hold environment education courses for its managerial officers and other employees on a regular basis.

Article 15 The Company shall consider the effect of its business operations on the ecology, promote and advocate the concept of sustainable consumption, and conduct research and development, procurement, production, operations, and services to achieve the objectives below and to reduce its impact on the natural environment and human beings from its business operations:

1. reducing resource and energy consumption of its products and services by using waste materials as an alternative source of fuel or feedstock;
2. reducing emission of pollutants and toxins, and tallying the volume of its waste, properly disposing the waste to ensure the maximum amount of recycle and reuse thereof;
3. improving recyclability and reusability of raw materials or products;
4. maximizing the sustainability of renewable resources;
5. implementing vegetation greening measures at mines and restoring the biodiversity of the ecology; and
6. enhancing the durability of products.

Article 16 To improve water usage efficiency, the Company shall use water resources in a proper and sustainable manner, tally its volume of water usage, establish relevant management measures, and recycle (instead of discharging) wastewater that has been properly treated.

The Company shall construct and improve environmental protection treatment facilities to avoid polluting water, air and land, and use its best efforts to reduce any adverse impact on human health and the environment by adopting the best practical pollution prevention and control measures.

Article 17 The Company shall assess the current and future potential risks and opportunities that climate change may present to enterprises and to adopt climate related measures.

The Company shall adopt standards or guidelines generally used in Taiwan and abroad to enforce corporate greenhouse gas inventory and to make disclosures thereof, the scope of which shall include the following:

1. direct greenhouse gas emissions: emissions from operations that are owned or controlled by the company; and
2. indirect greenhouse gas emissions: emissions resulting from the generation of externally purchased or acquired electricity.

The Company takes stock of its greenhouse gas emissions and formulates policies on energy conservation and emission reduction, the use of industrial waste as alternative fuels and alternative raw materials, and the use of renewable energy to reduce greenhouse gas emissions, and incorporates the acquisition of carbon rights into the Company's carbon reduction strategy planning, and implement such policies accordingly to reduce the impact of the Company's operational activities on climate change.

Chapter IV Preserving Public Welfare

Article 18 The Company shall comply with the relevant laws and regulations, and with the *International Bill of Human Rights* with respect to rights such as gender equality, the right to work, and prohibition of discrimination.

The Company, to fulfill its responsibility to protect human rights, shall adopt relevant management policies and processes, including:

1. establishing policy on human rights;
2. evaluating the impact of the Company's business operations and internal management on human rights, and adopting corresponding handling processes;
3. reviewing on a regular basis the effectiveness of the corporate policy on human rights; and
4. in the event of any infringement of human rights, the company shall disclose the processes for handling the matter with respect to the stakeholders involved.

The Company shall comply with the internationally recognized human rights of labor, including the freedom of association, the right of collective bargaining, caring for vulnerable groups, prohibiting the use of child labor, eliminating all forms of forced labor, eliminating recruitment and employment discrimination, and shall ensure that its human resources policies do not contain differential treatment based on gender, race, socioeconomic status, age, or marital and family status so as to achieve equality and fairness in employment, hiring conditions, remuneration, benefits, training, evaluation, and promotion opportunities.

The Company shall provide an effective and appropriate grievance mechanism with respect to matters adversely impacting the rights and interests of the labor force in order to ensure equality and transparency of the grievance process. Channels through which a grievance may be raised shall be clear, convenient, and unobstructed. The Company shall respond to any employee's grievance in an appropriate manner.

Article 19 The Company shall provide information for its employees so that the employees have knowledge of the labor laws and the rights they enjoy in the countries where the companies have business operations.

Article 20 The Company shall provide safe and healthful work environments for its employees, including necessary health and first-aid facilities, and it shall endeavor to curb dangers to employees' safety and health and to prevent occupational accidents.

The Company shall organize training on safety and health for its employees.

Article 21 The Company shall create an environment conducive to the development of its employees' careers and establish effective training programs to foster career skills.

The Company shall appropriately reflect the performance or achievements sustainable to corporate business in the employee remuneration policy, to ensure the recruitment, retention, and motivation of human resources, and to achieve the objective of sustainable operations.

Article 22 The Company shall establish a platform to facilitate regular two-way communication between management and employees for the employees to obtain all relevant information on and to express its opinions on the company's operations, management and decisions.

The Company shall respect the employee representatives' rights to bargain for the working conditions, and it shall provide employees with the necessary information and hardware equipment in order to improve the negotiation and cooperation among the Company, employees and employee representatives.

The Company shall, by reasonable means, inform employees of operation changes that might have a material impact.

Article 22-1 The Company shall provide its customers with products and services in a fair and reasonable manner, and it shall formulate and implement relevant policies and procedures for such objectives.

"Fair and reasonable manner", as referred to under the preceding paragraph, includes:

1. entering a contract in the spirit of reciprocity, fairness and honesty;
2. exercising due care and duty of loyalty when undertaking all tasks for customers;
3. verifying that the products or services provided are suitable for the customer;
4. providing comprehensive explanations regarding the important information of the products and disclosing the relevant risks;
5. striving to achieve a balance between the remuneration of sales personnel and the interests of customers and the achievement of business goals;
6. responding to customers' complaints in an open and honest manner; and
7. recruiting employees who are professionally qualified or certified to provide professional service.

Article 23 The Company shall take responsibility for its products and services, and take marketing ethics seriously. In the process of research and development, procurement, production, operations, and services, the Company shall ensure the transparency and safety of its products and services so as to enforce it in the course of business operations in order to prevent the products or services from adversely impacting the rights, interests, health, or safety of consumers.

Article 24 The Company shall ensure the quality of its products and services by following the laws and regulations of the government and relevant standards of the industries where it operates.

The Company shall follow the relevant laws, regulations and international guidelines when marketing or labeling its products and services, and it shall not deceive, mislead, commit fraud or engage in any other acts which would betray consumers' trust or damage consumers' rights or interests.

Article 25 The Company shall evaluate and manage all types of risks that could cause interruptions in operations so as to reduce the impact on consumers and society.

The Company shall provide a clear and effective procedure for accepting consumer complaints to fairly and timely handle customer complaints, and it shall comply with the laws and regulations related to the *Personal Data Protection Act* for respecting consumers' rights of privacy and protect personal data provided by consumers.

Article 26 The Company shall assess the impact its procurement has on society as well as the environment of the community that it is procuring from, and it shall work with its suppliers to jointly implement CSR initiatives.

The Company shall establish a supplier management policy, supplier code of conduct and green procurement policy, and it shall require suppliers to comply with relevant regulations on environmental protection, occupational safety and health, and labor rights issues. Prior to engaging in commercial dealings, the Company shall assess whether there is any record of a supplier's impact on the environment and society and avoid conducting transactions with those against the CSR policy. Where a supplier has been determined as a high-risk vendor, and such supplier fails to rectify its high-risk practices, the Company may terminate the contractual relationship with such supplier.

When the Company enters into a contract with any of its major suppliers, the content should include terms stipulating mutual compliance with the CSR policy.

Article 27 The Company shall evaluate the impact of its business operations on the community and adequately employ personnel from the location of the business operations to enhance community acceptance.

The Company shall, through equity investment, commercial activities, in-kind donations, volunteering service or other charitable professional services etc., dedicate resources to

organizations that commercially resolve social or environmental issues, participate in events held by citizen organizations, charities and local government agencies relating to community development and community education to promote community development.

Chapter V Enhancing Disclosure of CSR Information

Article 28 The Company shall disclose information according to the relevant laws, regulations and the *Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies* and shall fully disclose the relevant and reliable information relating to its CSR initiatives to improve information transparency.

Relevant information relating to CSR that the Company shall disclose includes:

1. the policy, systems or relevant management guidelines, and concrete promotion plans for CSR initiatives, as resolved by the Board;
2. the risks and the impact on the corporate operations and financial condition arising from exercising corporate governance, fostering a sustainable environment and preserving social public welfare;
3. goals and measures for realizing the CSR initiatives established by the companies, and performance in implementation;
4. major stakeholders and their concerns;
5. disclosure of information on major suppliers' management and performance with respect to major environmental and social issues; and
6. other information relating to CSR initiatives.

Article 29 The Company shall adopt widely recognized international standards or guidelines when producing CSR reports to disclose the status of its implementation of the CSR policy. It also is advisable to obtain third-party assurance or verification for

reports to enhance the reliability of the information in the reports. The reports shall include:

1. The policy, system, or relevant management guidelines and concrete promotion plans for implementing CSR initiatives.
2. Major stakeholders and their concerns.
3. Results and a review of the exercising of corporate governance, fostering of a sustainable environment, preservation of public welfare and promotion of economic development.
4. Future improvements and goals.

Chapter VI Supplementary Provisions

Article 30 The Company shall at all times monitor the development of domestic and foreign CSR standards and the change of business environment so as to examine and improve its established CSR framework and to obtain better results from the implementation of the CSR policy.

Article 31 The Guidelines and its subsequent amendments shall take effect upon the approval thereof by the Board.