



SOUTHEAST CEMENT CORPORATION

2023

ESG REPORT



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About This Report

Report Editing Principles

This report is compiled according to the GRI Sustainability Reporting Standards (GRI Standards:2021) issued by the Global Reporting Initiative (GRI) and the "Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies" in response to the Task Force on Climate-related Financial Disclosures (TCFD) and the Sustainability Accounting Standards Board (SASB) to reflect the Company's management of impact on economy, environment, and people (including human rights) and material issues of concern to stakeholders, address possible impacts, and demonstrate our efforts in sustainable operations.

In terms of information disclosure, Southeast Cement upholds the principles of instantaneity, openness, and transparency so that investors can understand the Company's information immediately. In addition to explaining the operating status and financial figures at the annual shareholders' meeting, the topics approved by the Board of Directors are disclosed on the Company's website. Issues that require release of material information are announced to the public in a timely manner. In addition to the "Investors" section where financial and business information such as revenue and material information are disclosed, the contact information is provided on the website of the Company where investors can communicate with our spokesperson by phone, fax or email to solve problems and meet the needs of investors in a timely manner. At the same time, information is disclosed on the MOPS on a regular or real-time basis in accordance with the regulations.

Report Scope, Calculation Basis, and Verification

The report covers the period from January 1, 2023 to December 31, 2023. Although there is no assurance or guarantee from an external verification unit, the Company's strict internal review mechanism can ensure the accuracy of the report. All the statistic data are the results of investigations conducted by Southeast Cement Corporation (hereinafter referred to as Southeast Cement, the Company, or we/our/us). The figures in the financial statements are in NTD and have been certified by a CPA firm as public information. Other relevant performances are presented in internationally accepted indicators. The Administration Department gathers and compiles the relevant information countersigned by the Chairperson and reported to the Board of Directors about the 2023 implementation status

Restatements of information

Chapter	Difference
1.1 Company profile	The Company's Kaohsiung Plant ceased the production of cement clinker in 2017 and was transformed to a grinding operation. From the second half of 2023, the operation of production equipment was deactivated and demolition of factory buildings and facilities was carried out. It is expected that the demolition of the entire plant will be completed before the end of 2024. The Company leases the "Kaohsiung Port Wharf No. 45" cement silo from Port of Kaohsiung, Taiwan International Ports Corporation Ltd. for a period of 20 years from January 28, 2022 to January 27, 2042. The purchased cement products are packaged and distributed to supply the existing cement market in southern Taiwan on August 20, 2023, the distribution terminal at Kaohsiung Port Wharf No. 45 was officially opened and the Company transformed into a cement distributor. The operating locations are added in this report.
1.2 Stakeholder identification and communication	Stakeholders in 2022 include employees, suppliers, shareholders, customers/distributors, government agencies, community residents, and financial institutions/insurance companies. Due to deactivated operation of the Kaohsiung plant, the interaction with the local community has gradually decreased. Therefore, after assessment, one category of community residents is deleted this year. In 2023, there were six categories of stakeholders.
4.1 Overview of manpower	The number of resignations in 2023: 67 full-time employees, including 17 international migrant workers. The main reason for the resignations is that Kaohsiung Plant ceased operations. Therefore, the international migrant workers who had worked for the plant were disbanded to their respective countries in 2023.
5.2 3 Greenhouse gas inventory	The Company completed the 2023 greenhouse gas inventory on March 15, 2024, and the external verification was carried out by ARES INTERNATIONAL CERTIFICATION CO., LTD. 2023 is the year when the Company conducted the first GHG inventory.

Report Cycle

To promote and implement the ESG-related work of Southeast Cement, we publish the Sustainability Report every year. The previous sustainability report was published in June 2023. The 2023 Sustainability Report will be published in August 2024.

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1. Spokesperson accepts reporting from shareholders, investors and other stakeholders.

2. Audit officer accepts reporting from internal employees, customers, suppliers and contractors. Reporting can be carried out online, in-person, by phone, or by letter.

There are sexual harassment prevention measures and employee complaint handling regulations in place. Any employee who encounters sexual harassment or matters related to his/her personal rights or unfair treatment at the workplace may file a complaint to the Administration Department or the person designated by the Company.

Complaint hotline: (07)2711121#285

Complaint fax: (07)2419031

Complaint mailbox or e-mail: sujin.liou@secement.com

The inquiry and acceptance units will clarify the purpose of the reporting and specific evidence, and handle it in a confidential manner. The reporting will be verified through an independent channel to protect the whistleblower. If the case is proved true and the circumstance is serious, it will be disclosed on the MOPS in addition to taking actions according to the laws or relevant company regulations.

Message from Management

A Brilliant Transformation to Break New Ground

The Kaohsiung Plant of the Company was established in 1956 at the eastern foot of the Banping Mountain. It has undergone four reconstructions and expansions by the Company's founder Mr. Chiang-Chang Chen, former Chairperson Mr. Min-Hsien Chen, and their seniors. The business philosophy of quality first, integrity and stability, and contribution to society has been adhered to for 67 years. In response to social development and changes and in line with the urban development plan of the Kaohsiung City Government, the Kaohsiung Plant stopped the cement clinker production process in 2017 and transformed to a grinding operation. From the second half of 2023, the operation of production equipment was deactivated and demolition of factory buildings and facilities was carried out. It is expected that the demolition of the entire plant will be completed before the end of 2024. On August 20, 2023, the distribution terminal at Kaohsiung Port Wharf No. 45 was officially opened and the Company transformed into a cement distributor. The purchased cement products are packaged and distributed to ensure the long-term stable operation of the cement business and continue to supply the existing cement market in southern Taiwan.

The Company's entire transformation process was very difficult. Fortunately, all employees worked together during the difficult time to overcome many crises and returned to normal operations in the shortest time. In addition, the entire transformation process reduced the carbon emissions by more than 97%, which has a long-term impact on the Company. The goal is to achieve sustainable development and net zero emissions in the future, showing a big and substantive step forward.

Asset Revitalization to Create Business Opportunities

After the demolition of Kaohsiung Plant's buildings, the Company's self-owned land can be developed in line with the regeneration of the Zuoying High Speed Rail Gateway and the extension of the Qiaotou and Nanzi Technology Corridor to the Zuoying-hou High Speed Rail Station promoted by Kaohsiung City Government, and the change and development of the land at the southern foot of the Banping Mountain. In response to the clustering effect of the supply chain brought about by TSMC's plant construction, we have integrated adjacent land lot of the Zhang Tai Cement Plant and planned to formally file a land change application in 2024 for comprehensive development of residential, commercial, and industrial zones. The Company is located on a land lot (Tema 7) of more than 569,280 square feet at Chenggong 2nd Rd. in Asia New Bay Area, Kaohsiung, and is adjacent to Kaohsiung Software Park, Kaohsiung Business Exhibition Center, Kaohsiung Port Cruise Terminal, China Steel Corporation Headquarters, Kaohsiung Main Public Library, and so on. The Company is now planning to build a large mall, soliciting businesses, and making designs. The future development is just around the corner. Therefore, revitalization and development of the Company's idle assets are important for the transformation of the Company.

Low-carbon Construction for Community Sustainability

In 2023, the Company's subsidiary, Dong Ni Construction Co., Ltd., has two construction projects to be carried out by itself on the self-own land and four joint development projects. All of these are in progress. Among them, the construction of the 41 houses in the Dong'an Section of Dongshan District, Tainan, 27 houses in the Yannan Section of Yanchao District, Kaohsiung, and the apartment complex of 140 units in the Dalian Section, Pingtung, will be completed in 2024 and sold as fully constructed units after the usage license is obtained. The construction of the apartment complex of 144 units in the Fuchun Section of Chaozhou, Pingtung, and 20 houses in the Wufu Section of Chaozhou, Pingtung, will start in the second half of 2024 as expected. For all the construction projects of Dong Ni Construction, low-carbon, energy-saving, natural lighting, greening, rooftop solar water heaters, recycling and reuse of community rainwater, and so on are taken into account from the design and planning stage. Building materials such as heat insulation materials, energy-saving lamps, water-saving toilets, and energy-saving stoves are used to build a sustainable and low-carbon community.

Circular Economy and Green Energy Sharing

The Company's 30 hectares of agricultural and animal husbandry land is located in Kaotan and Wucailin, Renwu District, Kaohsiung. Currently, the land is lined with trees extending to the sea. Carbon sink is under planning in an industry-university cooperation approach and this will be implemented when the regulations of the government are complete and in place.

The Company's subsidiary, Nanzi Plant of Southeast Topgood Resources Recycling Co., Ltd., was benefited in 2023 from the effect of TSMC's construction of the plant at the former CPC Nanzi 5th Naphtha Cracking Plant. The demand and shipment of concrete grew steadily. The Da-Fa Plant under construction is oriented toward a green and sustainable plan featuring waste recycling, low-carbon, and energy-saving practices. Application for the establishment of a Class-B waste treatment plant has been filed.

Solar photovoltaic panels with a power generation capacity of 640KW were installed on the roof of the Nanzi Plant in 2022. This system is currently in operation. Solar photovoltaic panels with a power generation capacity of 1,041KW are also planned to be installed on the roof of the Dafa Plant. In addition to making contribution to the Company's consolidated revenue, these are also beneficial to green energy, environmental protection, energy saving and carbon reduction, circular economy, and resource recycling.

Charity Making Contribution to the Society

The Company never forgets the original intention of the founder, Mr. Chiang-Chang Chen, who wanted to give back after his successful career. We uphold the philosophy of "giving back to society" and fulfilling our corporate social responsibility. The Company has long sponsored the Kaohsiung Blood Donation Center in blood donation activities, the medical team of the Kaohsiung Veterans General Hospital for free medical treatment Penghu, the caring of the disadvantaged people in winter, and other emergency relief, public charity care, and social welfare activities to establish and enhance good excellent corporate image of the Company.

Sustainable Development in Response to Changes

The fiercer extreme climate change around the world has become a fact, and this brings a severe challenge to the environment of the earth and the survival of human beings. Therefore, issues related to environmental protection have become prominent in recent years, and all companies must undoubtedly focus on energy saving, carbon reduction, and net-zero carbon emissions, and not let down our guard. The Company must actively invest in relevant resources without delay and adopt the best feasible actions of digital technology, AI, green energy and carbon reduction actions in the process of corporate transformation, asset revitalization, development and construction, and circular economy to achieve the goal of net-zero carbon emissions by 2050.

In 2023, with the concerted efforts of all employees, the Company made a slight surplus in the sales of cement and blast-furnace slag. However, this achievement is not enough to be optimistic. As this is a critical moment for the Company's transformation, it is still necessary to cautiously accumulate strength to jointly make greater contributions to the Company and environmental sustainability for the next 60 years.

Chairperson, Min-Tuan Chen



01 CHAPTER

Communication with Stakeholders

The scope of the Company's sustainability report has gradually expanded to cover all aspects of sustainable development and corporate governance. We are committed to achieving the goals of production, paying taxes, serving the country, and fulfilling social responsibilities, ensuring quality stability, improving engineering standards, and achieving sustainable development.

1.1 Company profile

Southeast Cement Corporation was incorporated in 1956 at the foot of the Banping Mountain in Kaohsiung City. The plant officially started production in 1958. The Company's branded "Southeast" Portland Type I cement, Type II cement and blast-furnace slag, blast-furnace cement, waterproof cement, etc. have stable and excellent quality. The service markets are mainly Kaohsiung, Pingtung, Tainan and the central region in Taiwan. In addition to concrete plants and dealers, we have expanded out business to more than 1,000 downstream customers, and have won their trust and recognition. We have a considerably important position in the market in central and southern Taiwan and is one of the cement brands that the government used for various major public projects such as the construction of Taiwan's high-speed rail, Kaohsiung MRT, underground railway projects, science parks, highways, and wharfs.

As of April 30, 2024, the Company's shareholding structure is composed of corporate entities accounting for 79.55%, individuals accounting for 14.25%, and foreign corporations and individuals accounting for 6.20%. There is no Chinese shareholding.

Southeast Cement Corporation	
Date of establishment	December 18, 1956
Listing date	October 22, 1994
Company type/stock code	Listed/1110
Chairperson	Mr. Min-Tuan Chen
President	Mr. Yan-Hui Wu
Paid-in capital	NTD 5,720,007,970
Number of employees	51 employees (as of December 31, 2023)
Turnover	NTD 2.019 billion (2023)
Main products	Portland cement, water-quenched blast furnace slag, blended hydraulic cements (blast furnace slag cement [IS<70]), waterproof cement
Operating locations	Headquarters: 4th Floor, No. 21, Wufu 3rd Rd., Qianjin Dist., Kaohsiung City, Taiwan Kaohsiung Plant: No. 1, Pingshan Lane, Gaonan Highway, Nanzi District, Kaohsiung City (in operation until December 18, 2023) Kaohsiung Port Distribution Terminal: No. 22, Dahua 3rd Rd., Qianzhen District, Kaohsiung City (officially launched for operation on August 20, 2023) Taipei Office: No. 51-3, Section 1, Changan East Road, Zhongshan District, Taipei City

1.2 Stakeholder identification and communication

Stakeholder identification and communication are the cornerstones of corporate sustainable development. The Company's ESG management team consists of heads of the Administration Department, Sales Department, Finance Department, Quality Assurance Department, Kaohsiung Plant, Audit Office, and Chairperson's Office. It assesses global sustainability trends and operational development goals, and analyzes major topics on corporate governance, economy, environment, and society. By referring to the GRI Standards, other companies in the cement industry, and the stakeholders in our 2022 Sustainability Report, the actual negative impact, potential negative impact, actual positive impact, and potential positive impact on these stakeholders as assessed by external experts, the discussion with the ESG management team members, we identifies six categories of stakeholders for 2023, including employees, suppliers, shareholders, customers/distributors, government agencies, and financial institutions/insurance companies.

The Company communicates with stakeholders through various channels to understand their needs and their expectations for the Company. In addition to giving timely responses, these are used as a reference for the Company to implement sustainable development plans.

Stakeholder identification and communication

Target	Significance of Stakeholders to the Company	Communication Channel	Frequency	Communication Effectiveness in 2023
Employee	Employees are the backbone of our sustainable operations and the driving force behind our continuous growth.	<ul style="list-style-type: none"> Organize labor-management meetings Annual performance evaluation Annual education and training 	<ul style="list-style-type: none"> Regularly Annually Annually 	<ul style="list-style-type: none"> Held 4 labor-management meetings 96% of employees accepted performance evaluation The average training hours for employees were 10.28 hours Established the Employee Welfare Committee Occupational Safety and Health Committee (4 meetings)
Supplier	The products we provide need stable support the many suppliers.	<ul style="list-style-type: none"> Real-time phone communication with customers Supplier evaluation 	<ul style="list-style-type: none"> Irregularly Yearly 	<ul style="list-style-type: none"> Annual supplier evaluation Immediate phone calls or on-site visits
Shareholder/Investor	Shareholders/investors are our stock holders, and we must be accountable for them.	<ul style="list-style-type: none"> Shareholders' meeting Shareholder hotline/mailbox Investor conference 	<ul style="list-style-type: none"> Once a year Immediately Once a quarterly 	<ul style="list-style-type: none"> Voluntarily announced the consolidated revenue of product by type on a monthly basis Held an investor conference every year to enable investors to understand the Company's operations. The English version of the Company's Shareholders' Meeting Handbook, Annual Report and Minutes of Shareholders' Meeting was published for investors' reference
Customer	The are closely related to the profit earned by the Company's operations.	Visit, questionnaire survey	<ul style="list-style-type: none"> Irregular visit Monthly questionnaire survey 	<ul style="list-style-type: none"> Good suggestions for improvement made in a timely manner The customer satisfaction survey results for each product in 2023 were scored over 95 points.
Government agency	Our products and related marketing practices are subject to the inspection and supervision of the competent authorities.	<ul style="list-style-type: none"> MOPS and the Company's website Participation in seminars and training courses organized by the competent authority Communication and clarification using official documents, letters, or in-person consultation 	<ul style="list-style-type: none"> Irregularly Irregularly Irregularly 	<ul style="list-style-type: none"> Immediate release of important information or clarification as required Reported all information within the deadline according to the regulations
Financial institution / insurance company	A good partner that pays attention to the financial status of Southeast Cement and provides financial assistance.	<ul style="list-style-type: none"> Bank visit Telephone communication, E-mail, document Contract 	<ul style="list-style-type: none"> Irregularly Irregularly Annually 	<ul style="list-style-type: none"> Review credit documents Called us immediately whenever noticing any reports or news about the company and we gave a reply in a timely manner. Visited from time to time to understand our current status and future business direction



1.3 Identification of material topics

In order for the information disclosed in the sustainability report to meet the needs of stakeholders, the Company's operational activities, business relationships, and sustainability context issues were analyzed through the material topic identification process to identify the 2023 material topics. We effectively respond to the issues of concern to various stakeholders in the management policies.

Procedure	Item	Description
1	Understand the organization context	We refer to the GRI Topic Standards, SASB Standards, and the material topics in the report of the Company for the previous year to summarize 31 sustainability issues .
2	Identify the actual and potential impacts of sustainability issues	External experts score the actual or potential negative and positive impacts of the sustainability issue on the economy, environment, and society (people and human rights). The scores of these actual negative impact, potential negative impact, actual positive impact, and potential positive impact concerning a specific topic on the economy, environment, and society (people and human rights) are then summed up. If the total score is greater than 30 points, the topic concerned is the Company's material topic .
3	Assess the significance of impacts	Based on the scoring results, external experts hold a meeting with the ESG management team members to discuss the significance and likelihood of the issue's impact based on previous operational experience, and analyze and determine 8 material sustainability issues .
4	Disclosure and reporting of sustainability issues	Based on the result of the analysis of material sustainability issues, external experts conduct a comprehensive assessment with different departments of the Company according to the nature of the issues. Finally, the 8 material sustainability issues are summarized into 7 material topic management contents . These are then reported to the stakeholders through the sustainability report for communication and feedback.

Identification results of material topics

This report aims to identify sustainability topics of concern/interest to stakeholders through a systematic analysis model as a reference for information disclosure in the report, facilitate effective communication with stakeholders, and continuously improve the sustainability performance of the operations. The material topics are listed in the table below.

There are 8 material topics in the 2023 report. There is no adjustment compared to the 2022 report. The results of the identification of the material topics are stated as follows according to the environment, society, and corporate governance aspects:

Environment	Society	Governance
Supplier environmental assessment Material Energy Emission	Occupational safety and health Customer health and safety	Occupational safety and health Customer health and safety

Material topics list

Material topics list	Description of organization's policies or commitments related to the material topic (explain their importance)	Description of impacts	Main targets of impact (Groups affected by organization's operational activities)
Economic performance	In the process of corporate sustainable operation and development, stable income is required to maintain operations. There may be actual and potential risks. We compile countermeasures and initiatives for the business continuity of the Company through risk identification and turn risks into opportunities for the sustainable development. This is the basic condition for the sustainable operations of a company.	<p>Economic aspect - actual/positive impact: Through effective management of economic performance, we create economic value for the Company to promote contribution to shareholders and balance the rights and interests of the stakeholders.</p> <p>Economic aspect - potential/negative impacts: In the event of a financial crisis, the land must be mortgaged to a bank for financing or sold to raise funds. Only in this way, the overall operations of the Company will not be affected and the conditions for sustainable operations can be achieved.</p>	<p>The Company (causing)</p> <p>Suppliers (directly related)</p> <p>Shareholders (facilitating)</p> <p>Customers/distributors (directly related)</p> <p>Financial institutions/ insurance companies (facilitating)</p>
Material	The Company pays attention to the raw materials used in the products and production processes. In addition, we place importance on the issue of resource consumption in the natural environment and seek for solutions actively.	<p>Environmental aspect - actual/positive impact: Through improving environmental management system, passing the ISO 9001 international certification, formulating operating standards, increasing the utilization rate of recycled raw materials according to the monthly production plan, and taking other measures, we reduce the consumption of raw materials and energy, thereby reducing the impact on the natural environment.</p> <p>Environmental aspect - potential/positive impact: In the production of cement, an appropriate amount of dihydrate gypsum must be added to the clinker as a setting retarder for cement. In order to save manufacturing costs, flue gas desulfurization gypsum from the power plant is currently used, which can reduce the cost of cement production and achieve resource circulation. This is a policy of recycling that can generate two favorable advantages. In recent years, Taipower has taken the lead in reducing the proportion of coal usage and increasing the use of natural gas and other green energies. Thus, the output of the flue gas desulfurization gypsum from the power plant has decreased year by year as a result. To comply with the government's policy, the Company plans to gradually deliver cement from the silo at the Port of Kaohsiung from 2023 instead of using the FGD gypsum produced at the power plant; Correspondingly, we will stop the procurement of clinker and desulfurization gypsum. The Company will also pay close attention to the carbon fee policy for cement production.</p>	<p>The Company (causing)</p> <p>Suppliers (directly related)</p> <p>Customers/distributors (directly related)</p>
Energy	In line with the policy of energy conservation, carbon reduction, and circular economy, we actively study the full utilization of energy and support policy of the government to use waste effectively, with the goal of "sustainable planet, energy conservation, and carbon reduction".	<p>Environmental aspect - actual/positive impact: In order to improve the energy efficiency and minimize the impact on the environment, we will continue to implement energy-saving measures, including replacement of old equipment, selection of energy-saving products, and installation of solar power systems. We review the overall carbon reduction performance every year and formulate emission reduction strategies. If the reduction results are not satisfactory as expected, the Company actively purchases renewable energy and seek for communication and cooperation with relevant authorities.</p>	<p>The Company (causing)</p> <p>Shareholders (facilitating)</p> <p>Employees (facilitating)</p> <p>Suppliers (facilitating)</p> <p>Customers/distributors (facilitating)</p> <p>Government agencies (directly affected)</p>

Material topics list	Description of organization's policies or commitments related to the material topic (explain their importance)	Description of impacts	Main targets of impact (Groups affected by organization's operational activities)
Emission	We are facing the material and serious issues of environmental protection and pollution prevention as a concern of the international community. Exhaust gas, wastewater and waste must be subjected effective management. Greenhouse gas emissions generated from energy usage have a huge impact on the environment. In the future, the Company will face related potential operational risks. We will take relevant energy management, energy conservation and carbon reduction measures to meet the requirements of environmental protection laws and regulations.	Environmental aspect - actual/positive impact: In response to the ESG sustainability concept, we will continue to promote achievement of greenhouse gas inventory and reduction goals, conduct annual rolling reviews, and implement reduction plans, with the goal of reducing greenhouse gas emissions.	The Company (causing) Shareholders (facilitating) Employees (facilitating) Suppliers (facilitating) Customers/distributors (facilitating) Government agencies (directly affected)
Anti-corruption	In the process of corporate sustainable operation and development, establishment of an anti-corruption policy and culture is required to maintain good operations. Possible corruption risks must be handled and the establishment of an anti-corruption mechanism is an important requirement for corporate sustainable operations.	Economic, environmental, human rights aspects - actual/positive impact: Establishing an anti-corruption policy and culture in the process of corporate sustainable operation and development to maintain good operations has positive and practical impact on the economy, environment, and human rights. They are also an important reason for corporate sustainable operations. Economic, environmental, human rights - potential/negative impact: Improper risk management related operation mechanisms will affect the Company's financial structure and make the Company fail to achieve the goal of sustainable operations.	The Company (causing) Employees (direct affected) Shareholders (facilitating) Government agencies (directly affected) Financial institutions/ insurance companies (facilitating)
Occupational safety and health	Complying with relevant laws and regulations announced by the government is the basic bottom line of business operations. Violation of occupation-related laws and regulations may pose risks to the Company's image or affect operations.	Human rights aspect - actual/positive impact: We strictly control the policies related to internal occupational safety, implement regular education and training for factory employees and contractors, ensure the safety of relevant personnel, and maintain a suitable working environment. Human rights Aspect - potential/negative impact: Violation of occupational related laws and regulations will have the risk of damaging the Company's image or affecting operations.	The Company (causing) Employees (direct affected) Suppliers (direct affected) Shareholders (facilitating) Government agencies (facilitating)
Supplier environmental assessment	The products sold by the Company are mainly used in national public projects and private housing construction projects, which are closely related to the livelihood and life of the people.	Environmental aspect - actual/positive impact: We implement circular economy and carbon reduction policies to reduce negative impact of carbon dioxide on the environment. Economic aspect - actual/negative impacts: Relevant departments suffer property or goodwill losses and may violate the law. Human rights aspect - actual/positive impact: We emphasize corporate social responsibility, enhance human rights protection, and reduce inequality/discrimination.	The Company (causing) Employees (facilitating) Suppliers (direct affected) Customers/distributors (facilitating) Government agencies (facilitating) Financial institutions/ insurance companies (facilitating)
Customer health and safety	Providing customers with high-quality, safe, and reliable products and services is a necessary condition for corporate competition and sustainable operations.	Economic aspect - potential/negative impacts: If the Company fails to provide comprehensive and safe services, we may face the risk of not being able to retain customers, thereby affecting the Company's reputation.	The Company (causing) Suppliers (facilitating) Customers/distributors (facilitating) Government agencies (facilitating)



02 CHAPTER

02 Sustainable Operations

Sustainable Operations

Material Topics: Economic Performance, Anti-corruption

Material Reasons for the Topic	In the process of corporate sustainable operation and development, establishment of an anti-corruption policy and culture is required to maintain good operations. Possible corruption risks must be handled and the establishment of an anti-corruption mechanism is an important requirement for corporate sustainable operations.
Policy/Strategy	<ol style="list-style-type: none"> 1. Create economic value for shareholders to protect their rights and interests 2. Conduct anti-corruption education and promotion based on the principle of integrity and establish an employee reward and punishment policy
Goals and Targets	<p>Short-term:</p> <ol style="list-style-type: none"> 1. Implement anti-corruption education, training and promotion 2. Supervise responsible units to strengthen control 3. Continue to improve productivity and reduce costs 4. Set up complaint mailboxes and reporting channels <p>Medium-term:</p> <ol style="list-style-type: none"> 1. Increase the Company's gross profit, improve ROE, and promote asset revitalization. 2. Establish the "Sustainable Development Committee" to fully implement management of corporate sustainable development strategies <p>Long-term:</p> <p>Assess the impact of climate change on the Company's future operations</p>
Management Evaluation Mechanism	<ol style="list-style-type: none"> 1. Regularly hold company meetings, production and sales meetings, and factory affairs meetings, and take necessary management measures 2. Establish the Audit Office to be responsible for internal control system <p>Adopt the establishment of the "Southeast Cement Corporation Risk Management Policy and Procedure". According to the Policy and Procedure, the Board of Directors is the highest risk management unit of the Company and we may, in consideration of the Company's scale, business characteristics, risk nature and operational activities, establish a sustainable development committee under the Board of Directors to supervise the operation mechanism relevant to the management of the risk.</p>
Performance and Adjustment	<ol style="list-style-type: none"> 1. Implement internal control in accordance with business plans and management guidelines. 2. The revenue in 2023 was NTD 2.019 billion . 3. Prepare the annual audit report based on the results of the Company's risk assessment and submit it to the independent directors for review. <p>ment of the risk.</p>
Preventive or Remedial Measures	<ol style="list-style-type: none"> 1. A risk management policy and a risk management unit will be established. 2. By supervising the operation mechanism of risk management, the Sustainable Development Committee will designate an appropriate risk management promotion and execution unit to effectively prevent possible corruption risks. 3. At present, the Company's financial structure is normal and stable. If a crisis does occur, the land will be mortgaged to a bank for financing, or sold to raise funds.

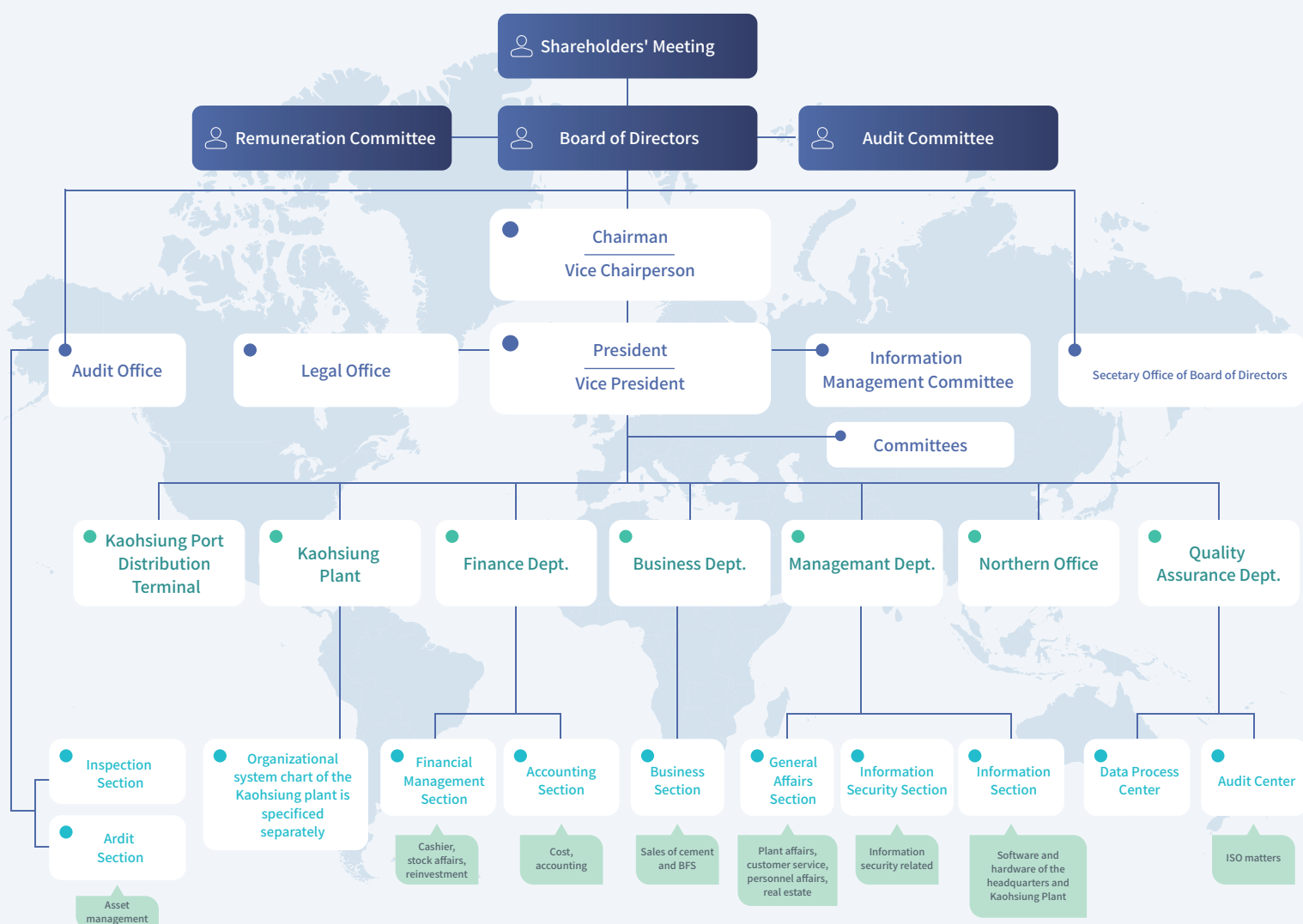


2.1 Ethical management

The Company has always valued sound management and emphasized compliance with laws and regulations. In addition to establishing a sound organizational structure and complying with relevant laws and regulations, we have established an audit office and a remuneration committee to strengthen the supervision and control mechanism and implement fair, just and open management to enhance the transparency of operations and protect the rights and interests of employees and shareholders.

In order to implement corporate governance and establish the system of the Board of Directors, the "Board of Directors Meeting Rules" has been formulated and implemented mainly in accordance with the Regulations Governing Procedure for Board of Directors Meetings of Public Companies. The Board of Directors and the Company operate in accordance with the "Code of Ethical Conduct" and "Regulations Compliance System" to deepen ethical management. In addition, the chairperson presides over monthly management meetings to plan operational policies together with the management team, conduct risk assessments on social, environmental, and corporate governance issues related to the Company's operations, and formulate relevant risk management policies or strategies.

Southeast Cement Corporation Organization Chart



In terms of information disclosure, Southeast Cement upholds the principles of instantaneity, openness, and transparency so that investors can understand the Company's information immediately. In addition to explaining the operating status and financial figures at the annual shareholders' meeting, the topics approved by the Board of Directors are disclosed on the Company's website. Issues that require release of material information are announced to the public in a timely manner. In addition to the "Investors" section where financial and business information such as revenue and material information are disclosed, the contact information is provided on the website of the Company where investors can communicate with our spokesperson by phone, fax or email to solve problems and meet the needs of investors in a timely manner. At the same time, information is disclosed on the MOPS on a regular or real-time basis in accordance with the regulations.

Structure of the Board of Directors

The Company explicitly stipulates that directors must possess professional qualifications, such as diversity, independence, professional ESG knowledge and experience, etc., so that the candidates for board members can better meet the characteristics of the industry in which we operate and the needs of the Company for the development in the future.

The Board of Directors is the highest governance body of the Company and is mainly responsible for supervising the operation of the management team to ensure proper operation and continuous growth of the Company. The Chairperson presides over weekly business meetings in person, where he and the management team plan operational policies, pay attention to social, environmental, and economic issues, regularly evaluate various investment projects, and improve the effectiveness of corporate governance and environmental protection.

The candidate nomination system is adopted for the election of the Company's directors (including independent directors). Directors are elected at the shareholders' meeting from the list of director candidates. At least three independent directors are required for each term of the Board of Directors, and the number of independent directors shall not be less than 20% of the total number of the directors to be elected. An audit committee shall be set up to replace the powers of the supervisors. The 33rd Board of Directors (including independent directors) was successfully re-elected on June 21, 2023, and the term of office was from June 21, 2023 to June 20, 2026. The Board of Directors currently consists of eleven members (three independent directors) with extensive corporate management experience and excellent legal and financial expertise. At least one board meeting is convened every quarter.

Information on Board Members

Job Title	Name	Gender	Age	Date of First Appointment (Election)	Major Education Background	Concurrent Position in the Company and Other Companies	Industry Experience				Professional Ability		
							Banking/finance	Administration management	Business/marketing	R&D	Accounting and financial analysis	Information technology	Risk management
Chairperson	Min-Tuan Chen	Male	50 ↑	October 22, 1994	Department of Business Administration, Tamkang University	Chairperson of Dong Nai Construction Co., Ltd., Zhengtai Cement Factory Co., Ltd.	✓	✓	✓		✓		✓
Director	Kuan-Hua Chen	Male	30 - 50	June 29, 2017	Master's degree, University of Southern California	President of Dong Nai Construction Co., Ltd.; Chairperson of Southeast Milo International Co., Ltd.	✓	✓	✓		✓		✓
Director	Hsin-Han Huang	Male	50 ↑	June 21, 2023	Master of Business Administration, Tunghai University	Vice President of Finance, Southeast Cement Co., Ltd.	✓	✓			✓		✓
Director	Yan-Hui Wu	Male	50 ↑	June 21, 2023	Taipei Institute of Technology	Vice President of Production and Acting President of Southeast Cement Co., Ltd. Director of Southeast Investment Co., Ltd.			✓				✓
Director	Li-Xiang Zheng	Male	30 - 50	July 29, 2005	MBA, Boston University, USA	Independent Director of Xin Xin Supermarket CO LTD.	✓	✓	✓		✓		✓
Director	Zhao-Xiong Yang	Male	50 ↑	June 29, 2014	Department of Mechanical Engineering, National Kaohsiung University of Applied Sciences	None		✓	✓				✓
Director	Shu-Fang Zhong	Female	50 ↑	June 21, 2023	Master of Business Administration, National Kaohsiung University of Applied Sciences	Chairperson of Fu Kang Asset Management Co., Ltd.	✓	✓			✓		✓
Director	Yi-Ling Lin	Female	30 - 50	June 21, 2023	Master of Business Administration, National Kaohsiung University of Applied Sciences	Assistant Manager of Taiwan Implant Technology Co., Ltd.	✓	✓			✓		✓
Independent director	Wen-Zai Yang	Male	50 ↑	June 29, 2011	Master of Finance, Chaoyang University of Technology	Independent Director of Keningwei Co. Ltd.	✓	✓			✓		✓
Independent director	Jin-Bao Ye	Male	50 ↑	June 29, 2017	Department of Education, National Taiwan Normal University.	None							✓
Independent director	Yu-Xin Zhuang	Female	30 - 50	June 29, 2017	Master of International Management Thunderbird School of Global Management	None	✓	✓			✓		✓

Remark: On January 24, 2024, Chen Chao Shu Public Welfare Charity Foundation, a juristic person director, appointed Hsin-Han Huang to succeed Chang Chih Wu as its representative.

Continuing Education of Directors

In order to strengthen the functions of directors and the operation of the Board of Directors, and to act in line with the corporate governance roadmap and project, the Company explicitly stipulates that directors must possess professional qualifications, such as diversity, independence, professional ESG knowledge and experience, etc., so that the candidates for board members can better meet the characteristics of the industry in which we operate and the needs of the Company for the development in the future. Therefore, a continuing education map for directors is planned to enhance the professional ability of directors and the emphasis on corporate governance. The content and schedule of education and training courses for directors and supervisors in 2023 are as follows.

Board of Directors Continuing Education List

Job Title	Name	Date of Education	Organizer	Course Title	Training Hour	Total Hour
Director	Min-Tuan Chen	June 9, 2023	Securities & Futures Institute	2023 Insider Trading Prevention Conference	3 hours	3 hours
Director	Min-Tuan Chen	May 22, 2023	Taiwan Stock Exchange Corporation	Conference on the Action Plan for Sustainable Development of TWSE/TPEX Listed Companies	3 hours	3 hours
Director	Kuan-Hua Chen	November 6, 2023	Taipei Foundation of Finance	Corporate Governance - Sustainable Society - Local Innovation and Circular Economy	3 hours	3 hours
Director	Kuan-Hua Chen	November 3, 2023	Taipei Foundation of Finance	Corporate Governance - Information Security - Digital Finance Trends	3 hours	3 hours
Director	Kuan-Hua Chen	May 22, 2023	Taiwan Stock Exchange Corporation	Conference on the Action Plan for Sustainable Development of TWSE/TPEX Listed Companies	3 hours	3 hours
Director	Chang-Chih Wu	October 20, 2023	Securities & Futures Institute	2023 Insider Trading Prevention Conference	3 hours	3 hours
Director	Chang-Chih Wu	August 11, 2023	Taiwan Investor Relations Institute	Actual Cases of Insights into Company Fraud Risks and Preventive Measures	3 hours	3 hours
Director	Yan-Hui Wu	October 27, 2023	Securities & Futures Institute	Sustainable Development Practice Workshop	3 hours	3 hours
Director	Yan-Hui Wu	October 20, 2023	Securities & Futures Institute	2023 Insider Trading Prevention Conference	6 hours	6 hours
Director	Yan-Hui Wu	July 4, 2023	Taiwan Stock Exchange Corporation	2023 Cathay Sustainable Finance and Climate Change Summit	6 hours	6 hours
Director	Li-Xiang Zheng	July 18, 2023	Accounting Research and Development Foundation	2023 Transition Finance and Sustainability Disclosure Conference	3 hours	3 hours
Director	Li-Xiang Zheng	March 27, 2023	Chinese National Association of Industry and Commerce	Training for Directors and Supervisors - "Corporate Resilience and Competitiveness of Taiwan"	3 hours	3 hours

Board of Directors Continuing Education List

Job Title	Name	Date of Education	Organizer	Course Title	Training Hour	Total Hour
Director	Shu-Fang Zhong	October 26, 2023- October 27, 2023	Taiwan Corporate Governance Association	Net Zero Sustainability Talent Incubation Class - Carbon Governance and Sustainable Ecosystem	9 hours	9 hours
Director	Shu-Fang Zhong	October 20, 2023	Securities & Futures Institute	2023 Insider Trading Prevention Conference	3 hours	3 hours
Director	Zhao-Xiong Yang	December 27, 2023	Global Blockchain Accounting Association	Carbon Accounting Reports	3 hours	3 hours
Director	Zhao-Xiong Yang	October 13, 2023	Securities & Futures Institute	2023 Insider Trading Prevention Conference	3 hours	3 hours
Director	Yi-Ling Lin	November 3, 2023	Taiwan Corporate Governance Association	Litigation and Beyond Litigation - How to Write a Good Dispute Resolution Clause in a Contract?	3 hours	3 hours
Director	Yi-Ling Lin	October 27, 2023	Taiwan Corporate Governance Association	Family Charter and Family Office	3 hours	3 hours
Director	Yi-Ling Lin	July 4, 2023	Taiwan Stock Exchange Corporation	2023 Cathay Sustainable Finance and Climate Change Summit	6 hours	6 hours
Independent director	Wen-Zai Yang	May 5, 2023	Taiwan Corporate Governance Association	Future of Control: Mastering the Future with Future Control Intelligence	3 hours	3 hours
Independent director	Wen-Zai Yang	February 24, 2023	Taiwan Corporate Governance Association	Comprehensive Intellectual Property Protection Strategy - AI-aided Innovative Technology for Intellectual Property Deployment	3 hours	3 hours
Independent director	Jin-Bao Ye	June 9, 2023	Securities & Futures Institute	2023 Insider Trading Prevention Conference	3 hours	3 hours
Independent director	Jin-Bao Ye	March 27, 2023	Chinese National Association of Industry and Commerce	Training for Directors and Supervisors - "Corporate Resilience and Competitiveness of Taiwan"	3 hours	3 hours

Board of Directors Continuing Education List

Job Title	Name	Date of Education	Organizer	Course Title	Training Hour	Total Hour
Independent director	Yu-Xin Zhuang	July 4, 2023	Taiwan Stock Exchange Corporation	2023 Cathay Sustainable Finance and Climate Change Summit	6 hours	6 hours
Independent director	Yu-Xin Zhuang	March 27, 2023	Chinese National Association of Industry and Commerce	Training for Directors and Supervisors - "Corporate Resilience and Competitiveness of Taiwan"	3 hours	3 hours
Corporate governance officer	Hsin-Han Huang	July 4, 2023	Taiwan Stock Exchange Corporation	2023 Cathay Sustainable Finance and Climate Change Summit	6 hours	6 hours
Corporate governance officer	Hsin-Han Huang	October 26, 2023- October 27, 2023	Taiwan Corporate Governance Association	Net Zero Sustainability Talent Incubation Class - Carbon Governance and Sustainable Ecosystem	9 hours	9 hours

The Mechanism for Avoiding Conflicts of Interest

To ensure the independence of the Board of Directors, in accordance with Article 15 of the "Board of Directors Meeting Rules," if any director or a juristic person represented by a director is an interested party with respect to any agenda item, the director shall state the important aspects of the interested party relationship at the respective meeting. When the relationship is likely to prejudice the interests of the company, the director may not participate in discussion or voting on that agenda item, and further, shall enter recusal during discussion and voting on that item and may not act as another director's proxy to exercise voting rights on that matter.

Remuneration Committee

To strengthen governance and the functions of the Board of Directors, Southeast Cement established the Remuneration Committee in 2011 and formulated the "Remuneration Committee Organizational Regulations". The Remuneration Committee is responsible for formulating and regularly reviewing the policies, systems, standards and structures for the performance evaluation and remuneration of directors and managers. The committee members have extensive experience in corporate management. They have conducted interviews with peers for remuneration standards, incorporated their opinions into reference for the determination of the remuneration standards, and raised and submitted remuneration proposals for employees and directors to the Board of Directors for approval.



The Remuneration Committee consists of three members: Mr. Wen-Zai Yang, the convener, Mr. Jin-Bao Ye and Ms. Chuang Yu-Hsin (all of them are independent directors). The Committee holds meetings on a regular basis according to the regulations. So far, the Committee operates well. The Remuneration Committee held 3 meetings in 2023. The attendance of members is as follows:

Job Title	Name	Actual attendance	Attendance by proxy	Actual attendance rate (%)
Convener	Wen-Zai Yang	3	0	100
Member	Jin-Bao Ye	3	0	100
Member	Yu-Xin Zhuang	3	0	100

Note: The term of office of the 5th Remuneration Committee is from June 29, 2023 to June 20, 2026

The remuneration to directors and employees is paid after being submitted to the Remuneration Committee and approved by the Board of Directors in accordance with the Articles of Incorporation of the Company. The remuneration items for directors include "remuneration, compensation from earnings distribution, and business execution fee". The relevant remuneration items for concurrent employees include "salary, bonus, special fee, severance pay and pension, and employee compensation from earnings."

Performance Evaluation of the Board of Directors

In order to implement corporate governance and continuously improve the operational efficiency of the Board of Directors, the 2023 performance evaluation of the Board of Directors and functional committees was conducted in accordance with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the Company's "Board of Directors Performance Evaluation Regulations."

The Company evaluates the performance of the Board of Directors (45 indicators in five major aspects), functional committees (26 indicators in five major areas), and board members (23 indicators in six aspects). The Secretary of the Board of Directors finally compiles and records the evaluation results, prepares an evaluation report and submits it to the Board of Directors. The result of the 2023 performance evaluation of the Board of Directors shows excellence in all aspects, indicating that the Board of Directors functioned very well.

Assessment Item		Description
Board of Directors	5 major aspects (45 indicators)	The extent of participation in company's operations, improvement of the decision-making quality of the Board of Directors, composition and structure of the Board of Directors, election and continuing education of directors, and internal control.
Functional Committee	5 major aspects (26 indicators)	The extent of participation in company's operation, understanding of the responsibilities of the functional committee, improvement of the decision-making quality of the functional committee, composition of the functional committee, election and appointment of the members, and internal control.
Members of the Board of Directors	6 major aspects (23 indicators)	Understanding of the Company's goals and tasks, understand of director's duties, the extent of participation in company's operations, internal relationship management and communication, professional knowledge and continuing education of directors, and internal control.

Audit Committee

The powers of the Audit Committee are to review the Company's existing or potential risks and their control, supervise the effective implementation of the Company's internal control, the selection (dismissal) and of CPAs, their independence, and fair preparation of financial statements. Pursuant to the Regulations Governing the Exercise of Powers by Audit Committees of Public Companies, the Audit Committee of the Company performs the following tasks:

- 1 Establishing or amending the internal control system in accordance with Article 14-1.
- 2 Evaluating the effectiveness of the internal control system.
- 3 Establishing or amending the handling procedures for financial or operational actions of material significance, such as acquisition or disposal of assets, derivatives trading, monetary loans to others, and endorsements or guarantees for others in accordance with Article 36-1.
- 4 Reviewing matters involving the directors' interest.
- 5 Reviewing material asset or derivative transactions.
- 6 Reviewing material loaning of funds, endorsements, or provision of guarantees.
- 7 Reviewing the offering, issuance, or private placement of any equity-type securities.
- 8 Reviewing the appointment, dismissal, or remuneration of CPAs.
- 9 Reviewing the appointment or discharge of a financial, accounting, or internal audit officer
- 10 Reviewing annual financial reports and semi-annual financial reports.
- 11 Reviewing other material matters as required by the Company or the competent authority.



The Audit Committee consists of three members: Mr. Wen-Zai Yang, the convener, Mr. Jin-Bao Ye and Ms. Chuang Yu-Hsin (all of them are independent directors). The Committee holds meetings on a regular basis according to the regulations. So far, the Committee operates well. The Audit Committee held 6 meetings in 2023. The attendance of members is as follows:

Job Title	Name	Actual attendance	Attendance by proxy	Actual attendance rate (%)
Convener	Wen-Zai Yang	6	0	100
Member	Jin-Bao Ye	6	0	100
Member	Yu-Xin Zhuang	6	0	100

Note: The term of office of the 3rd Remuneration Committee is from June 21, 2023 to June 20, 2026

2.2 Overview of economic development

The domestic sales of the cement and clinker produced in Taiwan in 2023 were 9.803 million tons, a decrease of 265,000 tons (or 2.63%) from 10.068 million tons in 2022. The imported cement and clinker totaled 3.213 million tons, a decrease of 196 thousand tons or 5.7% from 3.409 million tons in 2022.

In 2023, Taiwan's cement demand was 13.016 million tons, a decrease of 461,000 tons (or 3.42%) from 13.477 million tons in 2022.

As for the domestic construction market, according to the statistics of the Construction and Planning Agency, Ministry of the Interior, "construction licenses" were issued in Taiwan and Fujian for buildings in a total area of 37.444 million m² in 2023, a decrease of 8.383 million m² or a decline of 18.3% from 45.827 million m² in 2022.

In 2023, the real estate market was facing difficulties such as labor shortage, soaring construction costs, and awarding construction contracts. In addition, the new regulations of "The Equalization of Land Rights Act" and the campaign of the presidential election made developers very cautious about the development schedule and planning of land in 2023. As a result, the number of the construction licenses issued in the three major categories of "residences, industrial buildings, and business offices" has all declined.

In view of the unfavorable economic environment, the Executive Yuan actively promoted the construction of public works to stimulate the economy. The budget for public works in 2023 was NTD 597.2 billion, an increase of NTD 145.7 billion, or about 32.3%, from the same base in 2022.

In the face of the unfavorable market environment, the Company adopted a flexible marketing strategy to strengthen cement sales. In 2023, the sales volume of the cement and the operating revenue increased by 7.9% and 13.5%, respectively compared to 2022. The sales volume of the blast-furnace slag and the operating revenue in 2023 increased by 16.54% and 33.91%, respectively, compared to 2022.

Overview of Business Performance in the Recent Three Years

Item/Year	2021	2022	2023
Operating revenue (NTD thousand)	1,580,865	1,701,471	2,018,776
Operating cost (NTD thousand)	1,475,177	1,535,269	1,854,433
Gross operating profit (NTD thousand)	105,688	166,202	164,343
Operating profit or loss (NTD thousand)	20,029	51,698	59,120
Non-operating income and expense (NTD thousand)	134,961	98,597	121,077
Net income before tax (NTD thousand)	154,990	150,295	180,197
Net income after tax (NTD thousand)	139,985	149,043	149,522
Total comprehensive income (NTD thousand)	191,010	122,171	348,999
Earnings per share (NTD)	0.25	0.26	0.26
Amount of employee benefits (NTD thousand)	1,572	1,441	1,769
Dividends (NTD thousand)	0.20	0.1	0.20
Employee salary (including employee benefits) (NTD thousand)	89,895	95,453	90,060
Retained economic value (NTD thousand)	(209,308)	(177,202)	(119,710)
Payments to capital contributors (NTD thousand)	20,029	114,400	57,200
Payments to the government (NTD thousand)	204,297	132,369	135,279
Community investment (NTD thousand)	835	1,182	1,514

Note :

1. Payments to capital contributors refer to dividends paid to all shareholders, plus interest paid to lenders (including interest on any form of debts and borrowings) and unpaid dividends payable to holders of preferred shares.
 2. Payments to the government refer to all taxes (including business tax, income tax, and property tax) and penalties.
 3. Employee benefits in the "employee salary (including employee benefits)" include labor and health insurance/pension expenses, etc. The total amount of monetary benefits provided to employees (not including the cost of education and training, protective equipment, or/and other related costs); the other item of "amount of employee benefits" refers to the total amount of the welfare expenses allocated by the Company to the Welfare Committee for employees, such as employee travel, health checkup, and gift boxes for three festivals, and the benefits provided to employees in non-monetary forms.
 4. Community investment refers to money donations and endowments.
 5. The currency is NTD.
 6. Retained economic value: "Direct economic value generated" - "Economic value distributed".
- Direct economic value generated: Income.
 - Economic value distributed: Operating costs, employee salaries and benefits, payments to lenders, payments to the government by country, and community investments.

Governmental Financial Subsidies

The government agency has a very close relationship with companies and provides financial subsidies and assistance to companies in difficulty or in need. In 2023, the Company received the following financial subsidies from government agencies:

List of Government Subsidies		
Item	Government agency	Subsidy amount (NTD)
Subsidy to people with disabilities	Labor Bureau	34,970
Paternity subsidy	Bureau of Labor Insurance	6,033
Taxation Bureau	Reduced commodity tax for energy-saving electric appliances	4,000
Total		45,003
Note: Tax relief, subsidy programs, and pandemic subsidies are all governmental financial subsidies.		

Tax Governance

To implement tax governance, the Company abides by national tax laws and regulations, implements the arm's length principle, refrains from aggressive tax planning, and discloses tax information to stakeholders in the financial report to enhance information transparency. The Finance Department is the unit responsible for tax governance, and major transactions and decisions are subject to tax risk assessment. We conduct tax planning in accordance with tax laws, tax incentives, and tax agreements, and ensure compliance with national laws and regulations through the internal control system.

We have established a tax risk identification mechanism to quickly assess and respond to changes in tax laws and comprehensively consider the difference in tax burdens that may result from different decisions. Our operations are carried out in accordance with relevant tax laws and regulations. The audit department conducts random inspections to ensure that every operating process complies with the regulations and actual conditions. When making business decisions, the tax impact is included in the decision-making process. In 2023, Southeast Cement did not have any foreign investments.

Investment and Other Affiliated Companies

Name of Investee	Location	Main Business Item	Shareholding Ratio
Southeast Investment Co., Ltd.	Kaohsiung City	Investment in securities	99.29%
Southeast Construction Co., Ltd.	Kaohsiung City	Building	31.01%
Southeast Paper Manufacturing Co., Ltd.	Kaohsiung City	Cement Paper Bag	49.71%
Nan Hsia Timber Co., Ltd.	Kaohsiung City	Wood products	27.56%
Dong Nai Construction Co., Ltd.	Kaohsiung City	Building	100.00%
Taiwan Machinery Shipyard Co., Ltd.	Kaohsiung City	Engineering	31.01%
Southeast Topgood Resources Recycling Co., Ltd.	Kaohsiung City	Waste Disposal Management	50.00%
Southeast Milo International Co., Ltd.	Kaohsiung City	Real Estate Leasing Industry	50.00%
Da Yang Construction Co., Ltd.	Kaohsiung City	Construction	100.00%

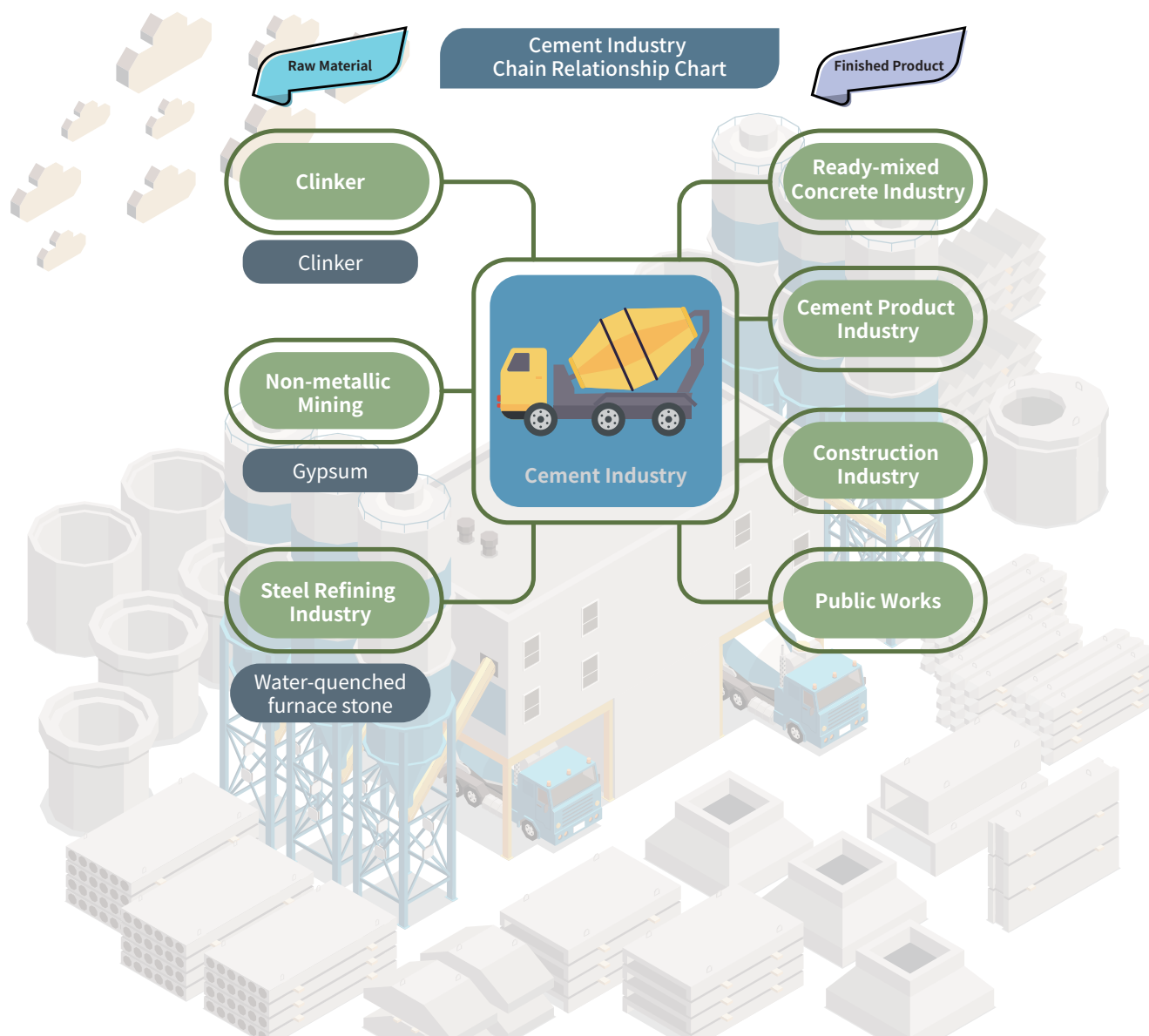
Participation in Organizations

The Company complies with relevant international ESG initiatives and actively participates in the activities of many domestic cement manufacturing unions and associations to strengthen mutual exchanges and cooperation. External organizations in which the Company participates are as follows:

List of Associations	
Industry associations, other member associations, and national or international advocacy organizations	Membership (position held)
Taiwan Cement Manufacturers' Association	Managing Director
Kaohsiung Chamber of Industry	Director
Chinese National Association of Industry and Commerce	Membership
Chinese Society for Quality	Membership
The Real Estate Development Association of Kaohsiung City	Membership

Relationships in the Value Chain of Operating Activities

Southeast Cement is a cement manufacturer. our main business line is "cement production and trading." Our products are mainly sold in Kaohsiung, Pingtung, and Tainan. The scope of sales has been expanded to offshore islands and central Taiwan. In addition to ready-mix concrete plants and distributors, our products have extended to downstream customers and won their trust and recognition. We have occupied an important position in the markets of central and southern Taiwan and is one of the cement brands that are used for the government to carry out major public construction projects and for private construction companies to implement engineering projects. The value chain of operating activities and sales volume are detailed below.



Southeast Cement's Cement Product Sales Status

Year	2021	2022	2023
Product type	Sales volume (unit: ton)	Sales volume (unit: ton)	Sales volume (unit: ton)
Portland Cement	535,921	445,972	502,251
Blast furnace cement	16,233	23,352	33,756
Waterproof cement	70	61	27
Blast furnace slag	162,338	125,053	168,175

2.3 Risk management

The Company incorporates the overall operation status into the scope of risk management, aims to maximize the interests of investors, prevents possible potential risks, and seeks to enhance the overall value of the Company under the balance of risk control and target return.

The Company has established a dedicated audit department responsible for promoting and changing the internal control system with the goal of effective risk control. The Company's risks are assessed by the implementing and responsible units under the supervision of the Audit Office. To ensure that the design and implementation of the internal control system continues to be effective and to maintain and enhance the overall interests of the Company, we prepare an annual audit report containing the annual audit plans and corporate sustainability issues in accordance with the laws and regulations every year. All the items to be reported are submitted to the Board of Directors and the Audit Committee for approval.

Item	Current Situation and Management Actions
Legal risk	The Company implements a system of compliance with laws and regulations. The person in charge of each unit is responsible for implementation according to laws and regulations. The legal personnel in the President's Office assists in compliance. We carry out control through the internal audit mechanism to enhance employees' awareness of the rule of law and compliance internally. We relieve the governance responsibilities of directors (including independent directors) and managers and externally protect the good image of the Company and prevent corporate operation and shareholders' investment from being exposed to risks.
Market risk	In recent years, the domestic cement market has been severely impacted by imported cement. In the face of the above risks, the Company's countermeasures include: consolidating its market position, strengthening the operating efficiency of the existing production, transportation and sales teams, and striving to achieve full production and full sales to achieve the given goal of stable profitability.
Financial risk	All major policies, investments, endorsements and guarantees, loaning of funds, and other material issues related to business operations are analyzed and evaluated by the appropriate responsible department, and should be implemented only with the resolution of the Board of Directors. We prudently plan short-, medium- and long-term capital allocation to reduce liquidity risk.
Accident risk	The Company has always established an accident risk management mechanism with a preventive management attitude. We have the "Emergency Preparedness and Response Procedure" in place to prevent or reduce possible personnel injuries, system and equipment damage, property damage, and business shutdown losses. In addition to actively participating in drills sponsored by government agencies at all levels, the Company conducts accident prevention drills from time to time and provides fire drills for employees every year to strengthen their emergency response capabilities to control accidents and eliminate hazards.

The Company's internal control system is based on the "Regulations Governing Establishment of Internal Control Systems by Public Companies." The audit plan for the following year is developed for the risks that may occur in each unit. The plan is approved by the Board of Directors and declared to the competent authority for reference on the Internet information system. Then, we inspect each unit for possible risks according to the annual audit plan, and prepare an annual audit report based on the assessment results for the independent directors to review.

The Company conducts audit and assessment related to corruptions based on the internal control system every year. The assessment methods are as follows:

No.	Assessment Method	Assessment Result
1	A self-assessment of senior managers ranging from the awareness of professional ethics to possible risks is conducted in the fourth quarter every year.	According to the 2023 customer and supplier survey report, the results of consultation with senior managers, the CSA report of each unit, and the whistleblowing of professional ethics and its investigation result, the Company's corruption risks have been controlled appropriately and no significant risks have been identified. The annual audit plan and corporate sustainability issues have been compiled in the annual audit report, and this, together with the reported matters, has been approved by the Board of Directors and the Audit Committee.
2	The units are required to conduct a self-assessment of internal control (CSA), which should cover possible corruption risks.	
3	We have set up a professional ethics whistleblowing hotline to control and assess any possible corruption risks.	

Internal control system



Taxation Bureau and CPA Audit



Bid Opening

東南水泥股份有限公司 內部控制制度聲明書

日期：113 年 3 月 14 日

本公司民國 112 年度之內部控制制度，依據自行評估的結果，謹聲明如下：

- 一、本公司確知建立、實施和維護內部控制制度係本公司董事會及經理人之責任，本公司業已建立此一制度。其目的係在對營運之效果及效率（含獲利、績效及保障資產安全等）、報導具可靠性、及時性、透明性及符合相關規範暨相關法令規章之遵循等目標之達成，提供合理的確保。
- 二、內部控制制度有其先天限制，不論設計如何完善，有效之內部控制制度亦僅能對上述三項目標之達成提供合理的確保；而且，由於環境、情況之改變，內部控制制度之有效性可能隨之改變。惟本公司之內部控制制度設有自我監督之機制，缺失一經辨認，本公司即採取更正之行動。
- 三、本公司係依據「公開發行公司建立內部控制制度處理準則」（以下簡稱「處理準則」）規定之內部控制制度有效性之判斷項目，判斷內部控制制度之設計及執行是否有效。該「處理準則」所採用之內部控制制度判斷項目，係為依管理控制之過程，將內部控制制度劃分為五個組成要素：1. 控制環境，2. 風險評估，3. 控制作業，4. 資訊與溝通，及 5. 監督作業。每個組成要素又包括若干項目。前述項目請參見「處理準則」之規定。
- 四、本公司業已採用上述內部控制制度判斷項目，評估內部控制制度之設計及執行的有效性。
- 五、本公司基於前項評估結果，認為本公司於民國 112 年 12 月 31 日的內部控制制度（含對子屬之監督與管理），包括瞭解營運之效果及效率目標達成之程度、報導係屬可靠、及時、透明及符合相關規範暨相關法令規章之遵循有關的內部控制制度等之設計及執行係屬有效，其能合理確保上述目標之達成。
- 六、本聲明書將成為本公司年報及公開說明書之主要內容，並對外公開。上述公開之內容如有虛偽、隱匿等不法情事，將涉及證券交易法第二十條、第三十二條、第一百七十一條及第一百七十四條等之法律責任。
- 七、本聲明書業經本公司民國 113 年 3 月 14 日董事會通過，出席董事 11 人，無人持反對意見，均同意本聲明書之內容，併此聲明。

東南水泥股份有限公司

董事長：陳敏斷
代總經理：吳英輝



簽章

簽章

Statement of Internal Control System

Information Security

The protection of operational data is an important cornerstone of sustainable corporate development. To ensure the integrity, confidentiality, and availability of its information, the Company is committed to building a reliable computerized operating environment and has established the Information Security Management Committee. It formulates the information security policy of the Company according to the ISO 27001 management standard and strengthen the Company's information security resilience through "third-party external audits" to reduce operational risks. There were no secret leakage cases or customer complaints in 2023

2.4 Climate-related risks and opportunities

With reference to the Task Force on Climate-related Financial Disclosures (TCFD) issued by the Financial Stability Board, the Company discloses the governance status of climate-related risks and opportunities, actual and potential climate-related impacts, how to identify, assess, and manage climate-related risks, and the indicators and targets used to assess and manage climate-related issues.

Southeast Cement Climate-related Financial Disclosures (TCFD)	
Governance	On May 10, 2024, the Company's Board of Directors resolved to establish the Sustainable Development Committee and authorize it to promote the implementation of the plans related to sustainable development. The President serves as the sustainable development officer and a sustainable development team is established. In this team, the head of each department assesses the performance, impact, and the achievement progress of the sustainability goals based on the opportunity and risk of the department and develops actionable targets accordingly. Discussion meetings are held on a regular or irregular basis and the head of the department reports relevant implementation status to the Sustainable Development Committee members. The result of the discussion is submitted to the Board of Directors.
Risk type	<p>After assessment, the Company's main climate-related risk items are policy and legal risks and market risk:</p> <p>Transition risk (policy and regulation)</p> <ol style="list-style-type: none"> 1. Legal risk: In the face of legal risk related to climate change, the Company's measure is to allocate energy at operating locations. However, this may increase operating costs. 2. Strengthening emission reporting obligations: In response to the "Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies," the "Climate Change Response Act," and the "Renewable Energy Development Act," the Company's measure is to install solar power generation systems to meet statutory requirements. 3. The uncertainties in new regulations (such as the promotion of the "Climate Change Act" with the goal of net-zero greenhouse gas emissions by 2050) result in increased operating costs. 4. The change of customer behavior requires monitoring and reduction of carbon emissions and a commitment to joining SBTi or other climate initiatives. Failure to cooperate may affect future revenue growth. <p>Physical risk (immediate)</p> <p>In the face of the impact of climate change, the Company's distribution terminal is located in the Port of Kaohsiung and the shipments may decrease and operations may be affected due to increasing impact of natural accidents such as typhoons, sea level rise, tsunamis and earthquakes, and extreme weather events.</p>
Opportunity type	<p>Resource efficiency and opportunities:</p> <ol style="list-style-type: none"> 1. As for the opportunities arising from the impact of climate change on the Company, the sales of low-carbon cement may bring about increase of the Company's revenue. 2. The revenue may be increased by meeting climate adaptation needs through new solutions.
Strategy	<ol style="list-style-type: none"> 1. The Company's material climate risks mainly come from the requirements of important stakeholders, such as customers and investors, to reduce greenhouse gas and comply with product energy efficiency standards. Opportunities brought about by climate change mainly arise in the aspects of products and services. The Company meets market demand with energy-saving and waste-reducing products and services and develops new markets. 2. A new rooftop solar power system of 1,041KW is to be planned by the end of 2024.

Southeast Cement Climate-related Financial Disclosures (TCFD)

Risk management

1. The Company collects the trends of external markets, regulations, technologies, and physical climate risks and opportunities, and lists the climate risks and opportunities that the Company may face. After considering the extent of the impact and the likelihood of occurrence, major climate risks and opportunities are identified. Relevant climate risks are then converted into financial figures. The items that may cause a financial impact of more than NTD 10 million per year are considered as influential risks and opportunities. Priorities will be arranged and corresponding countermeasures will be developed according to the likelihood and severity of the risk. For the higher risk in the assessment result, a climate scenario analysis is conducted and current operational deployment is taken into account to calculate its potential financial impact.
2. After identifying major risks, the Company discusses with the Sustainable Development Committee on countermeasures and reports relevant risk assessments to the Board of Directors.
3. We incorporate climate change into material issues and critical major risk items for corporate sustainable development, implement risk management plans for all plants, and plan response measures for operations, products, and supply chain management.
4. We implement the PDCA operation model according to relevant risk management procedures, and continue to improve the integration the systems of the climate change risk management in the environmental aspect and the overall risk management in the management aspect.

Indicators and targets

1. In terms of climate change mitigation, the Company uses greenhouse gas emissions per unit of production as the main key quantitative assessment indicator, and sets other indicators at the same time, such as the proportion of renewable energy used and the amount of electricity used per unit of production.
2. The Company completed the 2023 greenhouse gas inventory on March 15, 2024, and the external verification was carried out by ARES INTERNATIONAL CERTIFICATION CO., LTD. 2023 is the year when the Company con

Scope 1	Scope 2	Scope 3
2,206.9361	11,202.1136	2,494.1083

3. We report greenhouse gas emissions in accordance with laws and regulations every year, meet the requirements of environmental protection laws and regulations, and ensure smooth and normal production and sales operations.
4. The Company's greenhouse gas emissions in 2024 are set to reduce by 20% compared to the annual emissions in 2023, with the goal is to achieve net zero emissions by 2050.

Greenhouse gas inventory plan

1. The Company completed the 2023 greenhouse gas inventory on March 15, 2024, and the external verification was carried out by ARES INTERNATIONAL CERTIFICATION CO., LTD. 2023 is the year when the Company conducted the first GHG inventory.
2. The greenhouse gas inventory of the Company disclosed the 2023 Scope 1 and Scope 2 greenhouse gas emissions in the 2023 Sustainability Report. In accordance with the sustainable development path of the competent authority, the Company expects to incorporate subsidiaries in 2024 to conduct ISO 14064-1 greenhouse gas inventory.

Expenditures on environmental protection

In order to fulfill our social responsibility to the environment, the Company invested a large amount of environmental protection funds in related environmental protection work in 2016. Since the abolition of M01 (cement manufacturing process) in 2017, the amount of investment in environmental protection has gradually decreased and the amount of air pollutant emissions has been reduced significantly. The operation of the plant has been stopped since 2023 due to corporate transformation and development. The factory was demolished to generate a cost of NTD 1,511 thousand.

Year	Amount of expenditure on environment (unit: NTD thousand)	Ratio (as a percentage of operating revenue)
2016	NTD 40,438 thousand	2.74%
2017	NTD 1,793 thousand	0.12%
2018	NTD 4,388 thousand	0.28%
2019	NTD 1,899 thousand	0.12%
2020	NTD 2,444 thousand	0.15%
2021	NTD 1,069 thousand	0.07%
2022	NTD 1,203 thousand	0.07%
2023	NTD 1,511 thousand	0.07%

Expenditure on environmental protection = Amount of expenditure on environmental protection/operating revenue

2.5 Compliance with laws and regulations

The Company's Administration Department is responsible for the promotion of ethical management. It is responsible for the formulation and implementation of ethical management policies and preventive measures. To ensure ethical compliance in daily operations, directors, managers, and employees shall abide by established basic conduct standards, including the "Ethical Corporate Management Best Practice Principles", "Code of Ethical Conduct", and "Employee Code of Ethical Conduct." In addition, the Company promotes a culture of integrity. When facing various challenges from industrial competition, we should not engage in unethical or illegal business practices for the profit or growth of the Company. We should set higher standards for ourselves to create greater value for the society.

The Company requires all employees to be honest, abide by professional standards, and not to take advantage of their positions for personal gains. In addition, we strengthen the promotion of ethical awareness and encourage employees to report suspected violations of laws and regulations or the code of ethical conduct. If any violation is identified upon investigation, disciplinary actions will be taken and serious cases will be reported to the Board of Directors. If the person subjected to disciplinary action believes that the Company takes an improper actions and this results in infringement on his/her lawful rights and interests, he/she may file a grievance for remedies through the grievance channel.

The Company has established various corporate governance rules and regulations to ensure implementation of ethical management and legal compliance. We continue to monitor national and international policies and laws that may affect the business and finance of the Company. In 2023, the Company did not have any material violations of major social and economic laws and regulations, and there was no serious leaks affecting the environment.

Relevant Laws and Regulations	Violation	Relevant Laws and Regulations	Violation
Anti-competitive behavior and anti-trust regulations	No violation	Product and service safety regulations	No violation
Information and labeling regulations	No violation	Marketing and communication regulations	No violation
Corruption incident	No violation	Political contributions	No violation
Child labor risk	No violation	Customer privacy or loss of customer data	No violation
Discrimination incident	No violation	Forced Labor	No violation
Environmental related laws and regulations	No violation	Infringement upon the rights of indigenous peoples	No violation
Laws and regulations in different social and economic fields	No violation	Serious leaks	No violation

Note: Material fines on corporate operations are disclosed in accordance with Article 4, Subparagraph 3 of the "Taiwan Stock Exchange Corporation Procedures for Verification and Disclosure of Material Information of Companies with Listed Securities", governing the cumulative amount of fines in a single incident that reaches more than NTD 1,000,000.

Description of Fines and Improvements

Type	Amount (NTD)	Violation	Improvement Measures
Overload	16,000	<Taiming> sludge truck overloading fine.	Education and training for suppliers and employees

Anti-corruption Policy

The Company values corporate integrity and ethics and takes an attitude of zero-tolerance toward corruption and bribery. Corruption, bribery, and extortion are strictly prohibited and the "Employee Code of Ethical Conduct", "Director and Manager Code of Ethical Conduct", and "Laws and Regulations Compliance System" are established for these purposes. Internally, we enhance employees' awareness of the rule of law and compliance and externally protect the good image of the Company and prevent corporate operation and shareholders' investment from being exposed to risks. The supervisor constantly supervises and instructs the subordinate employees and continues to strengthen the employee education and training, so that they can understand and comply with the anti-corruption policy stated in the employee rules.

The Company's business is mainly promoted in the southern region including Kaohsiung, Tainan, and Pingtung. Our product lines include cement and blast furnace slag as well as leasing of self-owned real estate. In addition to the headquarters, the Company has Kaohsiung Plant and the distribution terminal in the Port of Kaohsiung. In the headquarters, the Auditing Office is established under the Board of Directors and has an audit officer and a number of auditors. They are responsible for the internal control system of the Company and help employees understand and comply with the anti-corruption policy stated in the employee rules. There was no corruption incident in 2023.

Human Rights Policy

Southeast Cement has not yet implemented RBA, but plans to join human rights due diligence in the future. Currently, we have a human rights policy in place and provide the human rights policy statement to the employees for immediate dissemination. In addition to abiding by national labor laws and regulations and protecting the legal rights of the employees, we comply with the spirit and basic principles of human rights protection in various international human rights conventions, including "UN Global Compact", "Universal Declaration of Human Rights", and "ILO Declaration on Fundamental Principles and Rights at Work" to fully reflect the responsibility to respect and protect human rights. Therefore, a human rights policy was formulated in 2021 to strengthen the information and management of human rights and labor rights. The human rights policy includes diversity, inclusion, and equal work opportunities, providing a safe and healthy work environment, respecting employees' freedom of association, and assisting employees in maintaining physical and mental health and work-life balance.

The specific management programs promoted in accordance with the Company's human rights policy are as follows:

Item	Performance
Provision of a fair work environment	We provide employees with a gender-equal and diverse work environment without any discrimination in terms of language, attitude and behavior based on gender, race, class, age, language, marriage, ideology, religion, political affiliation, language, place of birth, appearance, facial features, and physical and mental disabilities, in the hope to create a dignified and equal work environment free from discrimination and harassment. As of the end of December 2023, no discrimination complaints have been received.
Prohibition of child labor	The Company only accepts job seekers who are 18 years old or older. As of the end of December 2023, the number of child workers was 0.
Provision of a healthy and safe work environment	<ol style="list-style-type: none"> 1. Annual regular employee health examination 2. Aim for "zero occupational accident"
Labor-management harmony	Regular labor-management meetings
Respect for human rights	We respect the wishes of employees, prohibit forced labor, and set up smooth communication channels for employees.



東南水泥股份有限公司 人權政策

111. 3. 31

本公司恪守本國勞動相關法規，保障員工之合法權益，並遵循《聯合國全球盟約》、《聯合國世界人權宣言》及《國際勞工組織工作基本原則與權利宣言》等各項國際人權公約提繫之人權保護精神與基本原則，充分體現尊重與保護人權之責任，有尊嚴的對待及尊重一切受薪同仁，包含契約人員、實習生等。

本公司人權政策適用範圍包括本公司、子公司及其他具有實質控制能力之集團關係企業組織。落實方針如下：

一、 多元包容性與工作機會均等：

1. 服膺國家勞動法令，禁用童工、禁止強迫勞動，無就業歧視，致力於營造一個多元、開放、平等且免於騷擾的工作環境，絕不允許任何違反人權之行為。
2. 為保障國民就業機會平等，受薪同仁不因種族、階級、語言、思想、宗教、黨派、籍貫、出生地、性別、性傾向、年齡、婚姻、容貌、五官、身心障礙、星座、血型或以往工會會員身分為由，予以歧視。其他法律有明文規定者，從其規定。
3. 提供有效保障勞動權益及友善和諧的勞資關係，落實僱用薪酬福利、訓練、考評與升遷機會之公平，且提供有效、適當之申訴機制、避免並回應危害員工權益之情事。

二、 提供安全與健康的工作環境

1. 提供安全健康之工作環境及必要之健康與急救設施，消弭工作環境中可能影響員工健康安全之危害因子，降低職災風險。
2. 主動關心並管理同仁異常工作負荷情形、避免超時工作，並實施勞安相關教育訓練。

三、 尊重員工集會結社自由

尊重員工的基本人權保障，尤其應加強勞動人權之照顧，並提供多元化的溝通機制及平台確保和諧雙贏的勞資關係。

四、 協助員工維持身心健康及工作生活平衡

關懷員工身心健康，定期提供員工免費健康檢查，辦理員工親子休閒旅遊，提供多元化活動，拓展同仁的人際互動，全面照顧員工身心靈健康。

東南水泥股份有限公司 董事長

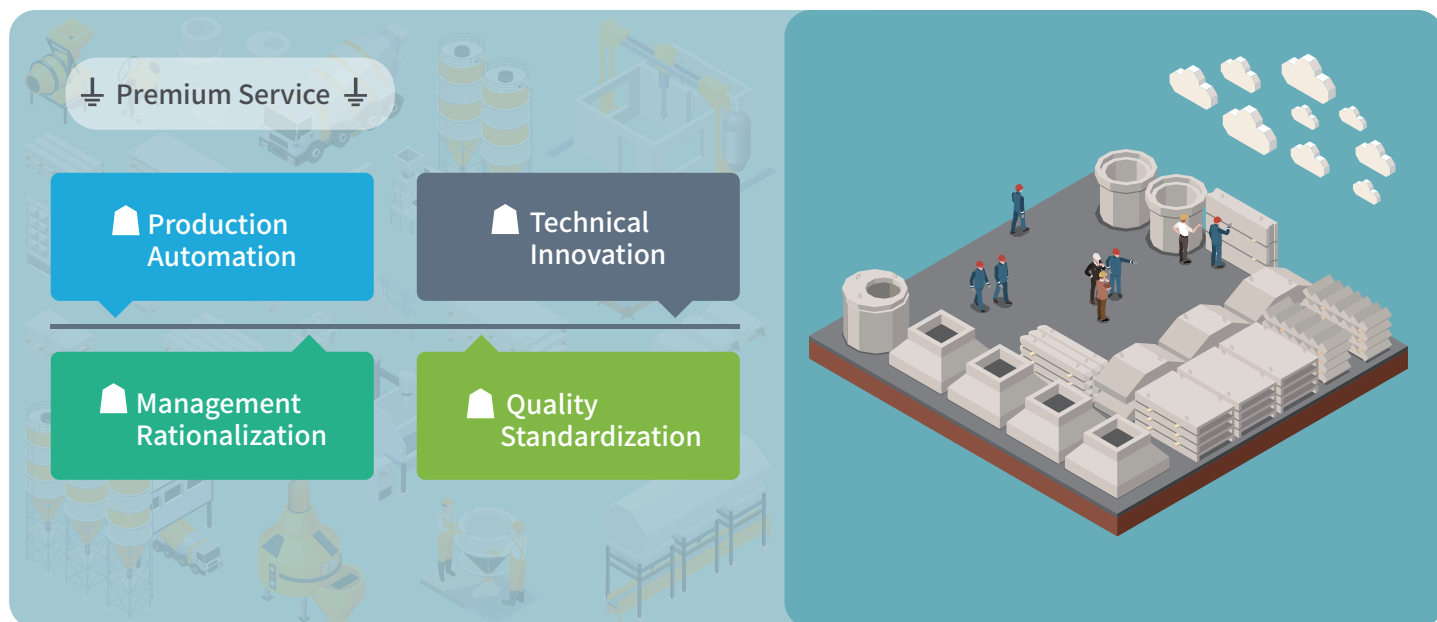
陳敏新



03 CHAPTER

03 Quality Service





The Company's business scope focuses on southern regions such as Kaohsiung, Tainan, and Pingtung. Our products include cement and slag. We have obtained ISO 9001 quality certification. improvement in order to obtain stable quality. The Company's business is mainly promoted in the southern region including Kaohsiung, Tainan, and Pingtung. Our product lines include cement and blast furnace slag. We have obtained ISO 9001 quality certification and continuously conducted measurement, analysis and review through the quality system to make effective improvements and obtain stable quality. 100% of our products comply with the national standards "CNS61 Portland Cement", "CNS12549 Ground Granulated Blast-Furnace Slag for Use in Concrete and Mortars", and "Portland Blast Furnace Slag Cement IS<70" to meet the needs of customers and other stakeholders.

The following table discloses the information of the Company's main products. The production capacity and output value are all under normal conditions. In response to economic and market changes, we are dedicated to the research and development of better products, hoping to achieve higher production value.



▲ Green Building Material Label

▲ Green Building Material Label

▲ ISO 9001 Certificate

Management Approach

Material Topics: Supplier environmental assessment	
Material Reasons for the Topic	The products sold by the Company are mainly used in national public projects and private housing construction projects, which are closely related to the livelihood and life of the people.
Policy/Strategy	<ol style="list-style-type: none"> 1. Provide products of stable quality 2. Improve customer satisfaction
Goals and Targets	<ol style="list-style-type: none"> 1. Continue to maintain and improve product quality, support relevant government policies, and make review and adjustment in a timely manner 2. Cement production is a major source of carbon emissions. Although the Company does not directly produce cement, the collection of carbon fees has a significant impact on the cost of cement sales. We will pay close attention to it and take appropriate measures.
Management Evaluation Mechanism	<ol style="list-style-type: none"> 1. Continuously make effective product improvements through measurement, analysis, and review. 2. Any form of bribery is prohibited. It is strictly prohibited to facilitate the signing of contracts or seek illegitimate benefits during the process of bidding, negotiation, transaction and contract performance. 3. Comply with fair trade and antitrust laws. 4. Ethical management, goodwill protection, environmental protection, and labor rights protection
Performance and Adjustment	Produce products that meet CNS standards and do not disclose customer information.
Preventive or Remedial Measures	Implement system execution and timely review and improvement on a rolling basis

Material Topics: Customer health and safety	
Material Reasons for the Topic	Providing customers with high-quality, safe, and reliable products and services is a necessary condition for corporate competition and sustainable operations .
Policy/Strategy	<ol style="list-style-type: none"> 1. Provide cement products of stable quality 2. Improve customer satisfaction 3. Ensure customer privacy and information security
Goals and Targets	<ol style="list-style-type: none"> 1. Continue to maintain and improve product quality 2. Support government's circular economy, energy conservation and carbon reduction policies to review and adjust accordingly.
Management Evaluation Mechanism	<ol style="list-style-type: none"> 1. Continuous improvement - continuous improvement of product quality and system processes through continuous measurement, analysis, and review . 2. Continue to improve customer satisfaction .
Performance and Adjustment	<ol style="list-style-type: none"> 1. All products comply with the national CNS product specifications. 2. Customer satisfaction score of 95 or higher in 2023 3. No leakage of customer information in 2023
Preventive or Remedial Measures	Implement ISO procedures and conduct rolling review and improvement in response to market conditions

3.1 Product introduction

The Company's branded "Southeast" Portland Type I cement, Type II cement and blast-furnace slag, blast-furnace cement, waterproof cement, etc. have stable and excellent quality. Our products are mainly sold in Kaohsiung, Pingtung, and Tainan. In addition to ready-mix concrete plants and distributors, our products have extended to downstream customers and won their trust and recognition. We have occupied an important position in the markets of central and southern Taiwan and is one of the cement brands that are used for the government to carry out major public construction projects and for private construction companies to implement engineering projects.

The Company lists the Product Specifications, Safety Data Sheet, and Ingredient Identification Information on product packaging in detail according to customer requirements and laws and regulations. In 2023, there were no fines imposed or sale of products prohibited due to violation of CNS regulations, Commodity Labeling Act, or other regulations related to marketing or promotion of products.

Product Name	Feature and Application
Portland blast furnace cement	<p>It is made by mixing Portland cement and blast furnace slag evenly in compliance with the regulations of CNS15286.</p> <p>Key features: Lower heat of hydration, higher late-stage compressive strength, durability, and low cost.</p> <p>Main application: Geological improvement works, dam works, marine engineering, tunnel engineering and sewers, bridges, river embankments, etc.</p> <p>Blast furnace cement in bag: This is suitable for gluing floor tiles and stone materials. It is easy to apply and trim due to its long final setting time and can effectively prevent occurrence of white spots and black spots.</p>
Southeast waterproof cement	<p>Taiwan is located in the sub-tropics, with a high temperature and humid climate. In addition to old houses, new houses often have leaking problems. According to real estate statistics in recent years, water leaking has ranked first among consumer disputes and mold on the walls and cement paint is common. In addition to affecting the aesthetics, there are annoying problems such as swelling, peeling, and musty smells.</p> <p>The Company has developed the "Southeast Waterproof Cement" in response to the aforementioned problem of wall mold caused by excessive rainfall, spalling and rebar corrosion. It is non-toxic and harmless and can improve the quality of living and make the house more secure.</p> <p>Since the introduction to the market, it has been used by many construction companies. The effect is remarkable, the reputation is very good, and the sales volume is increasing steadily.</p>
Portland Type I cement	<p>Commonly known as ordinary cement, most of the users on the supply market use this type of cement. It is suitable for structural engineering and ordinary concrete engineering and buildings that are not particularly exposed to sulfate-containing soil or groundwater.</p>
Portland Type II cement	<p>Compared with Type I cement, the chemical composition of this is more restricted. The content of tricalcium aluminate (C3A) in the cement composition is relatively low. It has the characteristics of moderate sulfate erosion resistance and low drying shrinkage. It is suitable for:</p> <ol style="list-style-type: none"> 1. Works that will be eroded by sea breeze and seawater for a long time: Breakwaters, wave absorption blocks, wharfs, caissons, harbor engineering, etc. 2. Mass concrete works: Dams, bridges, reservoirs, etc. 3. Underground infrastructure works: Basement, underpasses, tunnels, and underground public transportation systems.
Water-quenched blast furnace slag	<p>When smelting pig iron in blast furnaces at steel mills, a melt with silicate and aluminosilicate as the main components is produced. After being quenched in water and granulated, it is called water-quenched blast furnace slag. Water-quenched blast furnace slag is a kind of powder made of blast furnace slag, which is dried and ground to an appropriate fineness. It is mainly used as a concrete additive, as a replacement of cement as a concrete binder, or can be mixed with cement to make Portland blast furnace cement.</p> <p>Key features: Delayed setting time, low calorific value, high late strength, low heat of hydration, high water tightness, excellent chloride ion permeability suppression, excellent resistance to sulfate corrosion, and suppression of alkali-aggregate reaction.</p>

Regarding the anti-dumping complaint against Taiwan's cement and clinker imports from China, the International Trade Commission (ITC) of the Ministry of Economic Affairs restarted the investigation, hearing, and deliberation procedures and determined that opening up cement from China to Taiwan will harm the domestic cement industry. On November 9, 2022, the Ministry of Finance announced that it will continue to levy the anti-dumping duty of 91.58% on imports of Portland cement and clinker from China for a period of five years (until 2027). In 2023, the Company was not involved in any anti-competitive behavior for which any proceedings were in progress or closed, nor acted in violation of any antitrust or monopoly law or regulations.

3.2 Supplier management

The Company has established long-term cooperative relationships with suppliers to ensure the stability of the supply chain. By signing contracts, we can obtain a better and stable source of raw materials, thereby increasing the Company's competitiveness. In addition, we have established an integrated system and taken the factors of price, quality and delivery time into account through supplier assessment. Sustainability has been incorporated in this assessment, including compliance with laws and regulations and environmental protection to select the most suitable domestic suppliers to strengthen supply chain management and make a contribution to sustainable development.

Procurement Management

The Company's main procurement items are raw materials, which account for more than 90% of the total procurement amount. Since 2017, domestic procurement has become the first priority and contracts have been entered into with suppliers of main raw materials. The source is very stable. In response to the changes in the economic climate and the Company's policy adjustments, we have purchased automated machines from abroad since 2023 and installed them to ensure implementing transformation actively.

Type of Contract (Based on company classification)	Procurement Region	2021		2022		2023	
		Number of suppliers	Percentage in total purchase amount (%)	Number of suppliers	Percentage in total purchase amount (%)	Number of suppliers	Percentage in total purchase amount (%)
Contracting and service	Domestic	41	5.17	42	3.99	117	2.76
	Overseas	0	0	0	0	0	0.00
Contracting and service	Domestic	248	94.09	228	91.89	146	93.24
	Overseas	3	0.28	0	0	1	0.02
Buildings and equipment	Domestic	3	0.46	8	4.12	5	3.98
	Overseas	0	0	0	0	0	0.00
Total		254	100	152	100	269	100

Note: Domestic refers to Taiwan; overseas refers to regions other than Taiwan (e.g., China, the U.S., and Vietnam)

Supplier Evaluation

The Company has established supplier assessment and screening criteria. An annual assessment is conducted every year depending on the category of suppliers. If the assessment result is "unqualified", the transaction will be suspended immediately and improvement should be made within a time limit. In 2023, a total of 34 suppliers were audited and the results showed that they are good in "cooperation". There were no serious supplier related incidents in 2023.

Supplier Category	Assessment Item
Contracting and service	Labor conditions (not subject to annual assessment)
Raw material	Delivery time and quality
Buildings and equipment	Quality management system, business administration, equipment manufacturing, and technical capabilities

As for the personnel that a service (contracting and service) supplier sends to work in the plant, the supplier is requested to enhance the labor conditions of its employees. The supplier must take out labor insurance, health insurance, and employer accident liability insurance for its employees according to government regulations, and shall abide by the safety and health guidelines plant.

In terms of the percentage of new suppliers screened based on human rights standards, the supply chain management is divided into sales supplier management and engineering supplier management. Each type of supplier has a specific qualification procedure. The supplier selection survey and review form is as follows.

When assessing new raw materials and new suppliers, supplier survey and assessment must be conducted for all manufacturers of major and auxiliary raw materials. For existing suppliers, the using unit and QC unit of the plant, together with the purchasing unit, prepare a supplier assessment form every year based on the supply and use of materials and conduct supplier assessment according to the form.

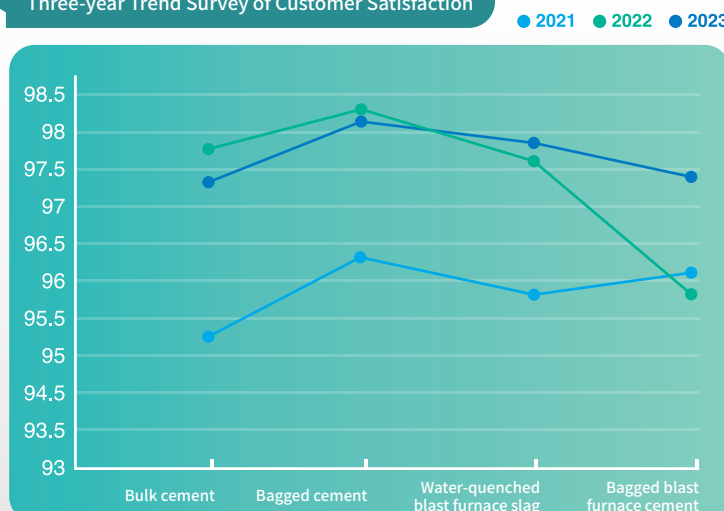
3.3 Customer satisfaction survey

Long-term and stable customer relationships are the main lifeline for the Company's sustainable survival. Therefore, Southeast Cement attaches great importance to its external image and perception. In order to consolidate the partnership with customers and continue to improve the service quality, the Company uses questionnaires and on-site visits to understand customers' evaluations of the company. Based on the product categories used by existing customers, including bulk cement, bagged cement, bagged blast furnace cement and water-quenched blast furnace slag, we can understand the expectations and suggestions of the existing customers for the Company and grasp the market pulse through the design of questionnaire questions and question types, in order to provide a direction for improvement of the service quality. The customer satisfaction survey results for each product in 2023 were scored over 95 points on average. The overall customer satisfaction in 2023 was higher than that in 2022. We will continue to review and improve customer satisfaction.

2023 Customer Satisfaction Survey Statistics					
Item	Bulk cement	bagged cement	Water-quenched blast furnace slag	bagged blast furnace cement	Bulk blast furnace cement
Product safety concerns	97.1	98.2	97.7	97.5	96.9
Product quality assessment	97.3	98.0	97.9	97.1	97.3
Product quality stability	97.4	97.9	97.8	97.1	97.0
Product color stability	97.2	97.8	97.4	96.8	97.2
Satisfaction with delivery time	97.6	98.4	98.0	97.3	97.6
Customer service attitude	97.9	98.4	98.5	97.9	97.4
Damage rate of product packaging	-	98.2	-	98.0	-
Appearance of product packaging and labeling	-	98.3	-	98.3	-

Three-year Satisfaction Survey Trend			
Item	2021	2022	2023
Bulk cement	95.36	97.73	97.42
bagged cement	96.31	98.15	98.15
Water-quenched blast furnace slag	95.85	97.58	97.88
bagged blast furnace cement	96.11	95.96	97.50
Bulk blast furnace cement	-	-	97.50

Three-year Trend Survey of Customer Satisfaction



04 CHAPTER

04 Principles of Honesty



Principles of Honesty

The Company is committed to protecting the rights and interests of employees and complying with the Labor Standards Act, Occupational Safety and Health Act, Gender Equality in Employment Act, and other relevant laws and regulations as well as relevant human rights policies of the government. In addition to clarifying in the work rules, we have established multiple communication channels and management practices in terms of implementation to ensure that employees are properly taken care of and create a corporate environment that respects, cares, and protects human rights.

In 2023, the Company did not experience any incidents of discrimination, sexual harassment, human rights violations, or social impact incidents, nor was there any record of violation of labor laws or fines due to labor inspections. Southeast Cement insists on providing employees with an equal and safe work environment.



Labor-management communication

The Company follows the Regulations for Implementing Labor-Management Meeting to maintain smooth labor-management communication. The representatives of management and employees hold regular labor-management meetings. Any suggestions or feedback on employee developments, production plans, welfare items, and the working environment can be raised at the meeting to improve work efficiency, enhance production performance, and create win-win benefits for labor and management. The Company's labor-management relationship is harmonious. There were no major labor-management disputes in 2023.



Sexual harassment prevention

In order for every employee to have an environment of equality and respect and not to be discriminated or subject to harassment due to gender, we pay special attention to the issues of gender discrimination and sexual harassment that may occur in the workplace. We have formulated the "Sexual Harassment Prevention Measures, Complaints and Punishments" in accordance with regulations such as the "Gender Equality in Employment Act", "Sexual Harassment Prevention Act" and the "Regulations of Sexual Harassment Prevention", and established a "Sexual Harassment Complaint Handling Committee" to handle gender equality issues in the workplace to ensure that every employee receives the best care.

To protect employees from sexual harassment, the Company is committed to improving the workplace and facilities, and organizes or encourages employees to time sexual harassment prevention education courses provided from time to time.



Sexual harassment prevention

To provide a communication channel for employees, strengthen the labor-management cooperative relationship, and assist employees in addressing matters related to personal rights or unfair treatment at work, Southeast Cement has provided smooth complaint channels for employees to directly submit opinions or grievances to supervisors at all levels or the Administration Department. Employees are free to report problems on their work, labor conditions, safety, health and welfare, and sexual harassment to protect their rights and express their opinions at any time. The Company will address such problems immediately. There were no employee complaints or sexual harassment grievances in 2023.



Management Approach

Material Topics: Occupational safety and health	
Material Reasons for the Topic	Complying with relevant laws and regulations announced by the government is the basic bottom line of business operations. Violation of occupation-related laws and regulations may pose risks to the Company's image or affect operations.
Policy/Strategy	<ol style="list-style-type: none"> 1. Turn occupational safety into employees' mindsets and habits 2. Regularly organize occupational safety and health education and training
Goals and Targets	<p>Short-term goal: Reduce occupational safety accidents to no more than 3 cases per year</p> <p>Medium-term goal: Introduce and establish the ISO 45001 system to strengthen the operation of the management system.</p> <p>Long-term goal: Continue to make improvement with respect to personnel, equipment, and environment risks to jointly achieve the goal of zero accidents.</p>
Management Evaluation Mechanism	<ol style="list-style-type: none"> 1. Statistical table of the causes of employee sick leave 2. Statistical report of work-related injuries 3. Operating environment testing report 4. Conduct the PDCA effectiveness evaluation and recording for management items every year
Performance and Adjustment	<ol style="list-style-type: none"> 1. Strengthen employees' awareness of firefighting and accident prevention by conducting regular firefighting drills. 2. Integrate occupational health and safety standards into education and training
Preventive or Remedial Measures	<ol style="list-style-type: none"> 1. All employees are covered by labor insurance and group insurance 2. In the event of an occupational accident, the Company shall provide employees with medical fees and work injury leave in accordance with the law.

4.1 Overview of manpower

The Company prohibits employment of children under the age of 16 and discrimination in the employment, selection, and hiring of employees or differential remuneration and treatment based on race, color, gender, language, religion, political affiliation, astrological sign, blood type, nationality, age, physical or mental disability, marital or other factors.

As of the end of 2023, the total number of employees was 51. All of them were full-time employees. Most of the females were in the 30-50 age group and the males were mostly over 50 years old. There were 38 male and 13 female full-time employees. Among the employees, there were 3 female supervisors and 6 male supervisors above the managerial level. All of them were Taiwanese.

Employee composition in recent three years					
Year			2021	2022	2023
Item/Gender		Age	Number of People	Number of People	Number of People
Senior executive	Male	Under 30	0	0	0
		30-50	0	0	0
		Over 51 years old	9	9	6
	Female	Under 30	0	0	0
		30-50	0	0	1
		Over 51 years old	3	3	2
Total number of senior executives			12	12	9
Non-managerial staff	Male	Under 30	2	2	0
		30-50	24	26	14
		Over 51 years old	56	55	18
	Female	Under 30	0	0	1
		30-50	9	7	5
		Over 51 years old	1	2	4
Total number of non-managerial staff			92	92	42
Total number of permanent employees			104	104	51
Note: Assistant managers and above are defined as senior executives.					

Information on the Company's Non-employees

Worker Type	Contractual Relationship with the Company	Total number of workers
Security personnel	Contractor's agreement	7
Packaging personnel	Contractor's agreement	5

Employment Overview

In 2023, the Company's new employee was 27.45% in terms of employment rate and the turnover rate was 131.37%. Compared with the previous year, the employment rate of new employees increased by 15.91% and the turnover rate increased by 118.87%. The main reason is the continuous suspension of production and shipment and the resultant reduction of manpower. And, the Kaohsiung Port distribution terminal started trial operation in August 2023 and new professionals are needed. Therefore, both the employment rate of new hires and the turnover rate increased in 2023. The statistics of the new employment rate and the turnover rate are as follows.

Statistics on New Employment Rate in Recent Three Years

Year	2021				2022				2023			
Gender	Male		Female		Male		Female		Male		Female	
Age/Item	Number of People		New Employment rate (%)		Number of People		New Employment rate (%)		Number of People		New Employment rate (%)	
Under 30	0	-	0	-	0	-	0	-	0	0.00	1	1.96
30-50	11	46.00	1	11.00	2	8.00	0	-	7	13.73	4	7.84
Over 51 years old	6	9.00	0	-	10	16.00	0	-	2	3.92	0	-
Total number of new employees	18				12				14			
Total number of employees	104				104				51			
Total new employment rate (%)	17.31				11.54				27.45			

Note:

1. The number of the new employees who left the Company halfway is not deducted from the number of new employees.
2. Employment rate of new male (female) employees in the age group = number of new male (female) employees in the age group in the current year / total number of employees at operating locations at the end of the current year.
3. Total hiring rate of new employees = number of new employees in the current year / total number of employees at operating locations at the end of the current year.



Employment Overview

In 2023, as the Kaohsiung Plant ceased operations and shipments, the number of people who needed to be laid off in batches and applied for retirement increased. As a result, the turnover rate increased significantly compared to the previous year.

Statistics on Turnover Rate in Recent Three Years												
Year	2021				2022				2023			
Gender	Male		Female		Male		Female		Male		Female	
Age/Item	Number of People		New Employment rate (%)		Number of People		New Employment rate (%)		Number of People		New Employment rate (%)	
Under 30	0	-	0	-	0	-	0	-	2	3.92	0	-
30-50	10	42.00	2	22.00	3	12.00	1	14.00	16	31.37	4	7.84
Over 51 years old	9	14.00	0	-	9	14.00	0	-	45	88.24	0	-
Total number of new employees	21				13				67			
Total number of employees	104				104				51			
Total new employment rate (%)	20.19				12.50				131.37			

Note:

1. Definition of the employees leaving the Company by type: (e.g. resignation, dismissal, resignation, layoff, retirement, or death on the job).
2. Turnover rate of new male (female) employees in the age group = number of male (female) employees in the age group leaving the company in the current year / total number of employees at operating locations at the end of the current year.
3. Total hiring rate of employees leaving the company = number of employees leaving the company in the current year / total number of employees at operating locations at the end of the current year.

Employment and Caring for Minority Employees

Southeast Cement has a multicultural workplace that includes local employees, indigenous people, and foreign employees. To protect equal employment opportunities for the disadvantaged and related groups, we hire people with disabilities and indigenous people to meet the "People with Disabilities Rights Protection Act" and the "Indigenous Peoples Employment Rights Protection Act." As of the end of 2023, one person with disabilities (2% of the total number of employees) was hired and we met the requirements of the laws and regulations. In 2023, there were no incidents of violating the rights of indigenous people or foreign employees.

In addition to our diversified employment system, we pay more attention to foreign employees. In addition to providing food, clothing, housing, and transportation, we have dormitory administrators to assist in daily life. In terms of work, there are facilitators to help them familiarize themselves with work matters. The Company actively builds a harmonious labor-management relationship, provides a friendly and warm workplace environment for minority employees, realizes equal pay and equal promotion opportunities for men and women, and promotes a sustainable and inclusive relationship for economic growth.

Employee Status	Indigenous People		Employees with Disabilities	
Gender	Male	Female	Male	Female
Number of People	0	0	1	0

Minimum Notice Period of Operational Changes

In order to protect the employees' rights at work and comply with the requirements of the Labor Standards Act, the Company will follow labor regulations in the circumstances of material operational changes or when the employment relationship with an employee is to be terminated. The minimum notice period of operational changes is as follows:

1. Where a worker has worked continuously for more than three months but less than one year, the notice shall be given ten days in advance.
2. Where a worker has worked continuously for more than one year but less than three years, the notice shall be given twenty days in advance.
3. Where a worker has worked continuously for more than three years, the notice shall be given thirty days in advance.

4.2 Remuneration and benefits

The main items of employee remuneration include basic wage (including base salary, food allowance, supervisor bonus, position bonus or other bonuses), year-end bonus, performance bonus, performance evaluation bonus, and special bonus. Regardless of the Company's profit or loss, employees are entitled to the year-end bonus. In addition to the performance evaluation bonus, performance bonus, and special bonus that are paid for encouragement depending on the operating conditions of the year, the Company will distribute remuneration to employees in accordance with relevant regulations if there is a surplus.

Remuneration by Position	Number of People		Remuneration Ratio (annual salary)	
	Female	Male	Female	Male
Supervisor	3	6	1	1.32
Employee	10	32	1	1.22

Note: Salary is paid in consideration of seniority and work performance. So, there is a gap in remuneration according to the position.

Annual Total Compensation Ratio		
Country/Region	Ratio of the person with the highest annual total compensation to the median annual total compensation of employees (excluding the highest-paid individual)	Increase ratio of the person with the highest annual total compensation to the annual total compensation of employees (excluding the highest-paid individual)
Taiwan	373%	66%

Note:

1. The chairperson is not considered the highest paid individual unless he/she acts as President/CEO concurrently.
2. The formula for calculating the median annual compensation ratio: the annual salary of the individual with the highest annual pay for the year/the annual salary of the individual with the median annual pay for the year.
3. The formula for calculating the annual compensation increase ratio: the increase percentage of the annual salary of the individual with the highest annual pay for the year/the increase percentage of the annual salary of the individual with the median annual pay for the year.

In addition to complying with laws and regulations, the salaries of new first-level employees are determined based on their job and experience and adjusted according to the market level of salary for the job and individual performance. The standard salary for first-level male employees is 1.1 times higher than the local minimum wage; the standard salary for first-level female employees is 1.2 times higher than the local minimum wage. The Company's starting salary is higher than the local minimum basic wage and hopes that the starting salary of on-site technicians in 2024 will be able to retain the talents.

Performance Evaluation System

The Company's management regulations and work rules have clearly stipulated the evaluation system, hoping to implement performance management through an open performance evaluation system, so that employees can maximize their potential at work. According to the regulations, all employees who have served for more than three months shall be evaluated. There are two types of performance evaluation: normal performance evaluation and year-end performance evaluation. Scores are based on their work ability, conduct, and diligence. The percentage of employees who received the evaluation in 2023 was shown in the table below. Three employees were not evaluated, mainly because they were on the job for less than three months.

Evaluation Statistics Table		
Item	Managerial Position	Non-managerial Position
Percentage of male employees evaluated	100.00	94.00
Percentage of female employees evaluated	100.00	100.00



Implementation of Unpaid Parental Leave

In accordance with the "Gender Equality in Employment Act," female employees are entitled to pregnancy checkup leave and maternity leave during pregnancy and childbirth, and male employees are entitled to paternity leave when their spouses are giving birth. Employees can apply for unpaid parental leave in accordance with the "Regulations for Implementing Unpaid Parental Leave for Raising Children." In 2023, no employee was in need of unpaid parental leave.



Employee retirement system and its implementation


The new labor pension system is applied to all employees of the Company. As of December 31, 2023, the Company has allocated full pension funds to the dedicated account for each employee. Employees may voluntarily put aside no more than 6% of their monthly salary as their pension. The voluntary contribution can be fully deducted from their total comprehensive income of the year.

Employee Emergency Care

Behind every employee is a family, and every family is a force for social stability. In the spirit of mutual help and fraternity, for the emergency situation, such as disability, death, and accident, occurring to an employee or his/her family that seriously affects the livelihood, the Company has established an employee emergency aid to ease the financial burden of the employee and ensure the temporary security of the employee's life. The Company provides an employee emergency relief and interest-free loaning program. and the Chen Zhao Shu Charity Foundation provides additional aids to the employees of the Company. In 2023, the Foundation provided an emergency relief fund of NTD 156,000 in total in hope that the employees and their families can work and live without concern.

Comprehensive Employee Benefits

We are dedicated to protecting the Company's important assets. In addition to providing a sound personnel system, we insist on providing employees with diverse and comprehensive benefits. At the same time, we enhance the interaction and friendship between employees through various activities to create a happy and harmonious workplace. Full-time employees of the Company are entitled to comprehensive benefits as follows:

Employee Welfare Measures		
Southeast Cement Employee Welfare Committee	Employee Association	Employee Training Committee
<ul style="list-style-type: none"> Year-end dinner party Birthday gift voucher Labor Day gift Gift vouchers for Chinese New Year, Dragon Boat Festival and Mid-Autumn Festival Wedding and festival gift Funeral money Employee group insurance Annual health checkup Put aside no less than 2% as employee remuneration when there is profit 	<ul style="list-style-type: none"> Emergency relief fund Hospitalization consolation money Interest-free loans Accommodation supply Group travel subsidies for employees 	<p>Labor education and training</p> 
Employee retirement system		
<ul style="list-style-type: none"> The pay based on seniority of employees under the old system had been settled according to the Labor Pension Act before the end of June 2005. Since July 1, 2005, the Company has established a defined contribution retirement policy in accordance with the Labor Pension Act and this is applicable to Taiwanese employees. For employees who choose the labor pension system stipulated in the "Labor Pension Act", the Company contributes 6% of the salary to the employee's individual account at the Bureau of Labor Insurance every month. Employee pensions are paid in the form of monthly or lump-sum pensions based on the employee's personal pension account and the amount of its accumulated income. 		

Employee Benefits



Year-end Party



Year-end Lot Drawing



Birthday Activity



Employee Health Checkup

To support low-carbon transportation and achieve net-zero emissions by 2050, we collaborate with iPass Money to introduce the ESG Attendance Card and subsidizes employees to purchase MeNGo monthly passes, thereby becoming the first listed company in Taiwan to support the monthly pass policy of the Kaohsiung City Government through group purchase. iPass Money is dedicated to taking the lead in the FinTech service industry. It uses full-field data to assist the government and companies in promoting digital transformation. In 2023, it collaborated with the Company and the Transportation Bureau of Kaohsiung City Government for the first time to integrate the transportation data on low-carbon transportation vehicles taken using the Attendance Card and enable the Company to further follow up and check the effectiveness of carbon reduction through transportation data empowerment for jointly achieving the goal of ESG green sustainability.



4.3 Talent training

The Company has an open and transparent career development and promotion system and promotes internal talents as the first priority. Training courses are planned based on the duties and actual needs of the employees to strengthen their professional knowledge, skills, and expertise and improve their work performance. The number of education and training hours in 2023 is shown in the table below.

Employee Training Statistics					
Item/Type		Managerial Position		Non-managerial Position	
Unit/Gender		Male	Female	Male	Female
Total number of people	Person	6	3	32	10
Total training hours	Hour	39.00	83.50	358.00	44.00
Average training hours	Hour/person	6.50	27.83	11.19	4.40
Training expenses	NTD	7,000	8,000	27,231	0

Note:

1. (Total number of managerial employees + total number of non-managerial employees) = Total number of employees at the operating location.
2. (Total number of direct employees + total number of indirect employees) = total number of employees at the operating location.
3. Non-management positions do not include foreign workers.

Education and Training in 2023



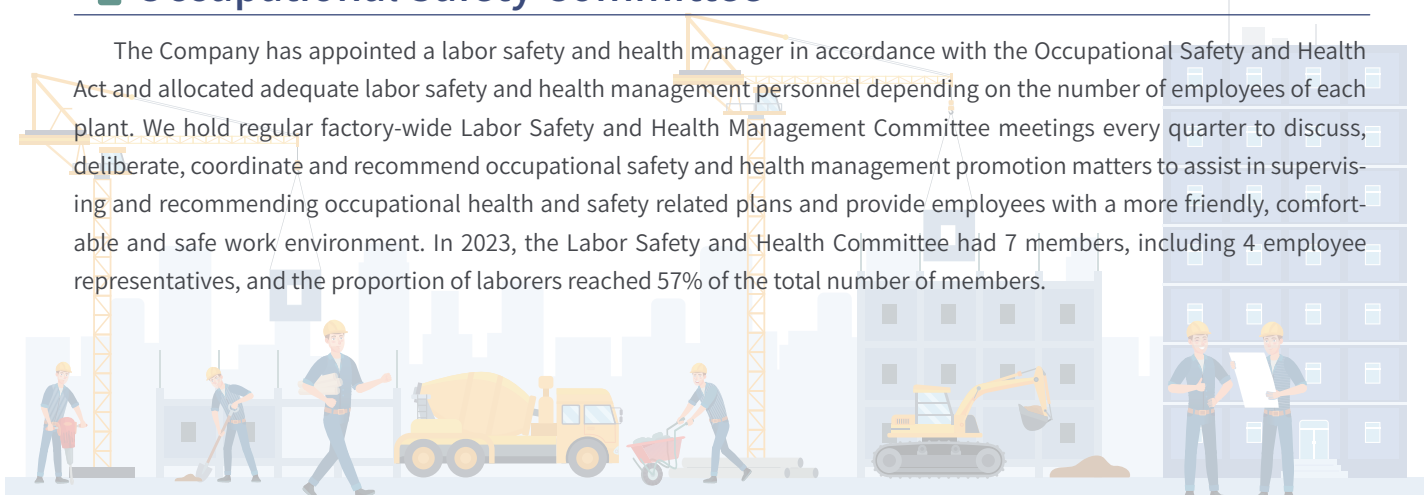
▪ Fire Safety Lecture ▪

4.4 Protection of the health

We regard the health of employees as an important asset to the Company. We have established the Occupational Safety and Health Committee in accordance with the Occupational Safety and Health Act to organize related health promotion activities, such as health checkups and brisk walking activities.

Occupational Safety Committee

The Company has appointed a labor safety and health manager in accordance with the Occupational Safety and Health Act and allocated adequate labor safety and health management personnel depending on the number of employees of each plant. We hold regular factory-wide Labor Safety and Health Management Committee meetings every quarter to discuss, deliberate, coordinate and recommend occupational safety and health management promotion matters to assist in supervising and recommending occupational health and safety related plans and provide employees with a more friendly, comfortable and safe work environment. In 2023, the Labor Safety and Health Committee had 7 members, including 4 employee representatives, and the proportion of laborers reached 57% of the total number of members.





Management Mechanism

The Company continues to identify and assess physical and chemical hazards that may result from the raw materials, machinery and equipment, operating environment, and personnel activities involved in each operation or service, so that reasonable, effective, and feasible control measures can be taken to reduce the impact on the safety and health of the Company's personnel, contractor's workers, and related third parties. The "Southeast Cement Corporation Safety and Health Hazard Identification and Risk Assessment Procedure" has been formulated to continuously identify, evaluate, control, and minimize risks.

Risk identification is conducted on a yearly basis for the operation activities that internal employees, workers, contractor's workers, guests, and visitors are engaged in or for the operation of machinery and equipment. A quantitative risk score is defined based on the severity and frequency of possible accidents.



Education and Training

As most accidents are related to human errors, the focus of safety and health education and training is how to train employees to prevent human errors from occurring. The employees of the Company should take occupational safety and health-related education and training. The statistics of occupational safety and health training in 2023 are as follows:

Statistics on Occupational Safety and Health Training Items

Training item	Number of trainees	Training expense (NTD)
Fire drill	53	NTD 3,200
Training for all employees	53	NTD 0

2023 Occupational Safety and Health Training



Health Checkup

The Company cares about the physical health of all employees, emphasizes a health and safety culture, builds an intrinsically safe work environment, promotes the physical and mental health of employees and contractors, achieves work-life balance, and works with stakeholders to reduce workplace safety and health risks. We plan a comprehensive health checkup every year that is better than what the law requires, and regularly track the health status of employees. In addition to combining environmental monitoring data for statutory special operations, we identify the risks of possible health hazards and arrange health checkups for special operations including noise, dust, and ionizing radiation, keep track of employees' health status and provide the basis for self-health management in the hope to achieve the goal of "prevention is better than cure" and create a safe work environment.

The Company conducts general health examinations for all employees of the plant every year. Employees engaging in special operations undergo health checkups for these operations. Physicians of the partner hospitals provide health guidance according to the health checkup results and conduct follow-up of abnormalities in order to detect them as soon as possible and give necessary assistance. In 2023, a total of 53 employees received health checkups (including special health examinations).

Number of Employees Receiving Health Checkups and Examination Expenses	
General health checkup	1. General examination 2. Vision examination 3. Body fat 4. Urine examination 5. Routine blood test 6. Liver function test 7. Serum albumin 8. Alcoholic hepatitis 9. Bile function test 10. Renal function test 11. Uric acid test 12. Blood sugar test 13. Blood fat test 14. Blood fat test 15. Liver cancer test 16. Cancer screening test 17. Stool test 18. Hepatitis test 19. ECG 20. Liver function test 21. X-ray test 22. Hearing test 23. Risk factors for arteriosclerosis 24. Bone density 25. Physical examination 26. Thyroid test 27. Ultrasound test
Special health checkup	Dust, noise, ionizing radiation
Number of employees (person)	53
Examination expense (NTD thousand)	15.9



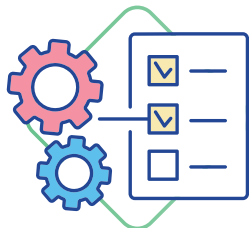
The Industrial Safety Department conducts statistical analysis based on the results of the health checkup, adjusts the work pattern of the employees, conducts follow-up and health management, and reports the examination results of special operation personnel to the local competent authority for reference. In 2023, there were no confirmed cases of occupational diseases among employees and non-employees, and the occupational disease rate was 0%.

Employee Health Checkup in 2023



Occupational Accident Statistics

The Company's occupational accident management goal is zero accidents, which is used as an indicator for various safety activities of the Company. We support zero accident-related activities through rewards and praise units with outstanding performance. In terms of the operation mechanism of accident management, the occupational safety accident investigation form is used to implement occupational accident statistics and cause analysis. Relevant supervisors and parties jointly hold an investigation meeting to thoroughly understand the problem. We take remedial and improvement measures based on the investigation results to eliminate the causes of similar incidents and prevent their recurrence, and report to the Occupational Safety and Health Committee for review. In 2023, there were no deaths or serious occupational injuries of employees and non-employee workers.



Emergency Response Management

In accordance with the Occupational Safety and Health Administration's Risk Assessment Technique Guidelines, the Company has established the relevant procedures for occupational safety and health hazard identification, risk assessment, and determination of control measures, and implemented the identification, assessment, and control of work environment and operational hazards. Under the control of the factory, we identify the hazards around the workplace due to operational activities and modify the occupational safety and health management system. As for the identification and assessment results, unacceptable risks at moderate and high levels are include in the management plan for improvement to reduce the risk level, implement risk control, and ensure the effectiveness



Contractor Safety Management

As the division of work among departments is becoming more refined, and the Company's maintenance and repair tasks have exceeded the original workload of our internal personnel, part of the work has been outsourced to contractors and the contracting relationship is an integral part of our safety management. How to strengthen the operational safety management of contractors so that they can understand the safety risks of their operations, take precautionary measures to ensure safety, and comply with the Company's relevant safety regulations is the task to be done by the Company in order to improve the operation safety of the contractors and avoid occurrence of occupational accidents. It is required to perform inspections 1-4 times a day. We review the improvement status of contractors and enhance the practical needs of suppliers' operational quality and occupational safety and health standards.



Continuous Improvement

We set management goals according to the Company's philosophy and policies, formulate execution plans, track and check management performance according to the plans, and focus on the safety and health of the employees with the goal of "safety and zero accidents." We improve employees' risk awareness and safety knowledge through risk assessment, hazard identification, safety and health education and promotion, and pre-work meetings. If a problem is discovered during operation, it may be reported to the on-site supervisor immediately, or to the Company through the monthly organization meeting.

To achieve the goal of zero accidents in accordance with the law, the Company has formulated the "Safety and Health Work Rules" and submitted them to the competent occupational safety authority for reference. The right of withdrawal that workers exercise in accordance with the law is formulated in Chapter 8, Accident Notification and Reporting, of the Work Rules. This also clearly stipulates that workers who exercise their right of withdrawal shall not be subject to termination of labor contract, demotion, loss of allowances, or other unfavorable treatment.



4.5 Public welfare activities and community engagement

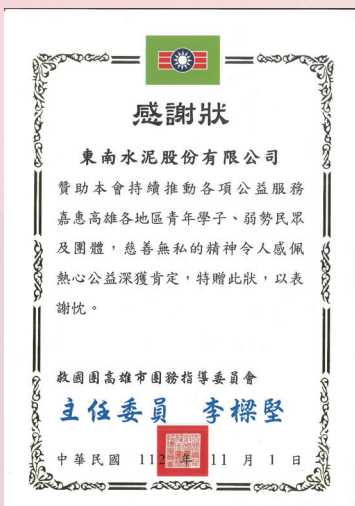
On December 10, 2016, the Company terminated the front-end rotary kiln process of the cement plant and transformed it into a clinker grinding operation; that is, we stopped using coal for combustion and no longer produced clinker by ourselves, but purchased external clinker and ground it into cement for production and sale. This can significantly reduce air pollution emissions to eliminate the doubts and disputes of residents in nearby communities. In this way, we continue to organize friendly neighborhood activities to fulfill social responsibilities and ensure co-existing and co-prospering with the communities. The founder, Mr. Chiang-Chang Chen, often said, "Entrepreneurs take social responsibilities." So Southeast Cement Group established the "Chen Zhao Shu Charitable Foundation" in 1987 and the "Chen Chiang Chang Cultural and Educational Foundation" in 2000 to provide emergency relief, poverty relief, emergency medical care, accident relief, education and culture awards, and other public welfare and charitable activities. We actively make contribution to the society, including the long-term donation to the medical team of Kaohsiung Veterans General Hospital to come to Penghu for free medical services, medical promotion, and medical care as well as the blood donation, caring and other related public welfare activities in Kaohsiung City. The Company donated NTD 5,990,903 in 2023 and continued to budget for the following activities:

Public Welfare Activity and Community Engagement	Southeast Cement	Chen Zhao Shu Charity Foundation	Amount (NTD)
<Building Materials Chamber of Commerce> 2022 sponsorship	✓		5,000
<Building Materials Chamber of Commerce> 2023 sponsorship	✓		8,000
<Kaohsiung Chamber of Industry> Sponsorship to the 3rd General Meeting of the 15th term	✓		25,000
<Kaohsiung Judicious Creative Architecture Association> Sponsorship to 2023 Yuanye Award	✓		50,000
<Chen Shui Mu Speaker Charitable Foundation> Donation	✓		100,000
<Hing Ming Hall> Donation	✓		70,000
<Da Yang Education Foundation> Donation	✓	✓	400,000
<Penghu Townsmen Association> Sponsorship	✓		5,000
<Neo-Classical Chamber Ensemble> Sponsorship	✓	✓	200,000
<China Youth Corps> Donation	✓		100,000
<Kaohsiung Veterans General Hospital> Penghu Medical Tour Service	✓	✓	893,783
<The Real Estate Development Association of Kaohsiung City> Donation to Research and Development Fund	✓		10,000
<The Real Estate Development Association of Kaohsiung City> Donation to the Foundation	✓		10,000
< Fo Guang Shan Monastery> Donation	✓	✓	964,200
<Gift Idea, Kaohsiung Blood Center> Sponsorship with gifts for blood donation activities	✓	✓	72,073
<Taiwan Buddhist Tzu-Chi Foundation> International Donation		✓	1,130,000
<Huashan Social Welfare Foundation> Donation			1,947,847
Total			5,990,903

Description of Public Welfare Activities



The Company sponsored the Kaohsiung Blood Center of the Taiwan Blood Services Foundation in 2023 to encourage the public to actively donate blood and accumulate more medical blood for patients and the general public.



The Kaohsiung City China Youth Corps is a public welfare organization that has been involved in public welfare activities over years. The Company has continued to sponsor public welfare funds in line with the spirit of benefiting the public and fulfilling the corporate social responsibility.



The Neo-Classical Chamber Ensemble performed in the Playhouse of National Kaohsiung Center for the Arts (Soundscape Documentary Music Theatre-25's Cijin White Roses Chronicle). The Company has invested considerable effort in enhancing local arts and culture and enriching Taiwanese cultural elements. The company supported this performance and sponsored part of the funds.

Description of Public Welfare Activities



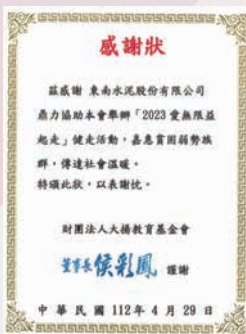
澎湖義診



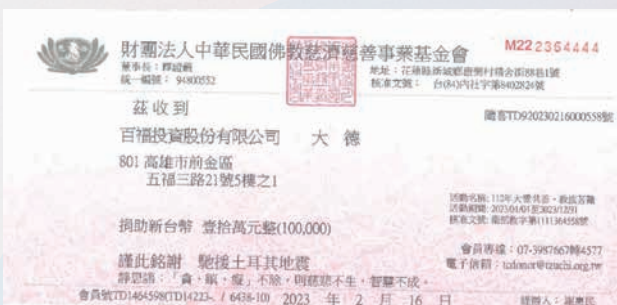
We sponsored Tainan Branch of Kaohsiung Veterans General Hospital and worked with Penghu County Veterans Service Office and Penghu Cable TV Co., Ltd. to organize the "2023 Penghu County Free Medical Tour Service" to provide disease screening and medical care services for the residents on the offshore island. In addition to detecting diseases to maintain health, the medical service can improve residents' knowledge of health care to achieve the goals of disease prevention.



Fo Guang Shan Monastery advocates Buddhism for the Human World and is committed to promoting the harmony between Buddhism and life. It upholds the spirit of "giving others confidence, joy, hope, and convenience" in education, culture, charity, medical care, and many other philanthropic aspects. The Company sponsored activities to make a contribution to the society.



We encourage Kaohsiung citizens to engage in proper leisure activities, exercise regularly and stay physically fit. The event is designed to enhance interaction between local residents and raise their awareness of healthy, active, and healthy lifestyles.



Donation to the Earthquake Relief in Turkey





05 Sustainable Environment

CHAPTER

Sustainable Environment

In response to global climate change, relevant laws and regulations are added, amended, and made stricter. The risks brought about by these challenges can be described as one of the biggest short-term risks in the sustainable operations of the companies and may affect their long-term strategic investment decisions.

Cement and slag grinding are processes with high power consumption and are mainly responsible for the emissions of particulate air pollutants. In response to the trend of climate change issues, the Company takes a positive attitude and responds to these issues. We proactively analyze the risks that may affect corporate operations and prepare ourselves accordingly, as it may cause immediate or material losses, damage the Company's external reputation, and reduce investors' confidence. Starting from the thinking of sustainable corporate development, we hope to transform these operational risks into opportunities for future sustainable development through identification, assessment, management, and handling of business operation risks.

In addition, in order to support the sustainable development of the environment, the Company and the subsidiary, Dong Ni Construction, invested in the following green time deposits in 2023 to make modest contributions:

Southeast Cement Corporation			
Investment target	Period	Amount	Goal
KGI Bank USD Green Time Deposit	3 months	USD 2,000,000	Indirect investment in renewable energy and energy technology development industries (85.87%) and pollution prevention and control industries (14.13%) in Taiwan to contribute to environmental sustainability.

Dong Ni Construction Co., Ltd. (100% subsidiary)			
Investment target	Period	Amount	Goal
KGI Bank NTD Green Time Deposit	3 months	TWD 50,000,000	Indirect investment in renewable energy and energy technology development industries (85.87%) and pollution prevention and control industries (14.13%) in Taiwan to contribute to environmental sustainability.

Management Approach

Material Topics: Material	
Material Reasons for the Topic	<ol style="list-style-type: none"> 1. In compliance with the government policy, the Company terminated the clinker manufacturing process of rotary kiln many years ago. 100% of the clinker required for cement production is externally purchased. Therefore, the achievement of operational goals is closely related to the purchase of clinker. 2. In the production of cement, an appropriate amount of dihydrate gypsum must be added to the clinker as a setting retarder for cement. In order to save manufacturing costs, flue gas desulfurization gypsum from the power plant is currently used, which can reduce the cost of cement production and achieve resource circulation. This is a policy of recycling that can generate two favorable advantages. From the above analysis, it can be seen that the said materials are most important to the operations of the Company
Policy/Strategy	<ol style="list-style-type: none"> 1. In order to consider the quality of cement, the Company has signed clinker supply contracts with excellent manufacturing companies for many years, and the quality has won the trust of consumers. 2. At present, the government has actively promoted the reform of carbon reduction issues, and companies are gradually acting in line with the policy. 3. Taipower has taken the lead in reducing the proportion of coal usage and increasing the use of natural gas and other green energies. Thus, the output of the flue gas desulfurization gypsum from the power plant has decreased year by year as a result. 4. To comply with the government's policy, the Company plans to gradually deliver cement from the silo at the Port of Kaohsiung from 2023 instead of using the FGD gypsum produced at the power plant; Correspondingly, we will stop the procurement of clinker and desulfurization gypsum. The Company will also pay close attention to the carbon fee policy for cement production.
Goals and Targets	<ol style="list-style-type: none"> 1. The shop of the Company's Kaohsiung Plant has actively implemented alternative plans in line with government policies. Currently, the Company has leased a silo at Port of Kaohsiung and purchased automation equipment, which has put into operation since August 20, 2023 . 2. The sales targets for 2024 are temporarily 500,000MT of cement and 160,000MT of blast furnace slag.
Management Evaluation Mechanism	<ol style="list-style-type: none"> 1. Whether the amount of clinker purchased is adequate to produce sufficient cement to meet the sales demand? 2. Is the amount of dihydrate gypsum purchased for cement production sufficient? 3. The purchase volume of clinker and flue gas desulfurization gypsum in the past few years could meet the sales and production needs.

Management Approach

Material Topics: Material	
Performance and Adjustment	In 2023, the ratio of recycled and reused raw materials was 5.6%.
Preventive or Remedial Measures	The Company has established an annual sales and production plan, which is significantly affected by the weather and external environment. Relevant departments will make monthly modifications and try their best to stay close to the target.

Energy

Material Topics: Energy	
Material Reasons for the Topic	In line with the policy of energy conservation, carbon reduction, and circular economy, we actively study the full utilization of energy and support policy of the government to use waste effectively, with the goal of "sustainable planet, energy conservation, and carbon reduction".
Policy/Strategy	1. Reduce the total energy consumption by 1% every year. 2. Implement energy-saving measures
Goals and Targets	1. The Company's greenhouse gas emissions are expected to be reduced by at least 50% by the end of 2025 compared to the annual emissions in 2020. 2. Set the goal of achieving net zero emissions by 2040.
Management Evaluation Mechanism	In accordance with the ISO14001 internal management review procedure, the Company conducts PDCA effectiveness evaluation for emission management every year.
Performance and Adjustment	1. In response to strategic development, the Company's business model has been transformed into sales. The plant stopped production in August 2023.
Preventive or Remedial Measures	Review the overall carbon reduction performance every year and formulate emission reduction strategies. If the reduction results are not satisfactory as expected, the Company actively purchases renewable energy and seek for communication and cooperation with relevant authorities.

Material Topics: Emission	
Material Reasons for the Topic	We are facing the material and serious issues of environmental protection and pollution prevention as a concern of the international community. Exhaust gas, wastewater and waste must be subjected effective management. Greenhouse gas emissions generated from energy usage have a huge impact on the environment. In the future, companies in different countries will face related potential operational risks. We will take relevant energy management, energy conservation and carbon reduction measures to meet the requirements of environmental protection laws and regulations.
Policy/Strategy	1. Reduce pollution emissions 2. Implement carbon reduction measures 3. Regularly provide environmental monitoring data to the relevant authorities
Goals and Targets	1. Continue to comply with laws and regulations 2. Promote environmental improvement tasks 3. Plan to resume ISO 14064 greenhouse gas verification 4. Plan CDP carbon disclosure or obtain the Green Building Label
Management Evaluation Mechanism	Formulate a greenhouse gas inventory plan and regularly review the implementation status of each department
Performance and Adjustment	1. Regular testing to ensure legal compliance 2. Replace with energy-saving equipment 3. Greenhouse gas emissions in 2023: 00 15,903.158 tCO ₂ e (including Scope 1, Scope 2 , and Scope 3) 4. In 2023, the emission concentration of each outlet was lower than the emission standard.
Preventive or Remedial Measures	Review the overall carbon reduction performance every year and formulate emission reduction strategies; if the reduction performance is not as expected, a meeting is held to review and provide improvement measures.

5.1 Materials management

The Company produced and sold cement and blast furnace slag as the main products in 2023. The production equipment in the plant were mainly two water-quenched furnace slag grinding units, one clinker grinding unit, one water-quenched furnace slag drying unit, and dust collection facilities.

Statistics of Materials Used in Recent Three Years

Raw material	Unit	Renewable	2021	2022	2023
Gypsum	Ton	Non-renewable	26,199.00	23,929.00	8,643.00
Water-quenched furnace slag	Ton	Non-renewable	167,560.00	136,188.00	180,623.80
Heavy oil	Ton	Non-renewable	738.15.00	646.76	180.00
Coal ash	Ton	Non-renewable	186.48	40.62	0
Limestone	Ton	Non-renewable	15.00	0	0
Clinker	Ton	Non-renewable	501,502.46	436,877.88	297,528.19

Note:

1. (Total number of managerial employees + total number of non-managerial employees) = Total number of employees at the operating location.
2. (Total number of direct employees + total number of indirect employees) = total number of employees at the operating location.
3. Non-management positions do not include foreign workers.

5.2 Energy management

We have established the ISO 9001 management system, formulated operating standards, and increased the utilization rate of recycled raw materials according to the monthly production plan to reduce the consumption of raw materials and energy, thereby reducing the impact on the natural environment.

5.2.1 Energy use

The Company's main energy sources are electricity and crude oil. In order to improve energy efficiency and minimize environmental impact, we continue to implement energy-saving measures. The total energy consumption in 2023 is 51.59% lower than that in 2022 mainly due to the transformation of the Company's business plan, which reduced the consumption of energy sources.

The Company stopped the manufacturing process of the M01 cement rotary kiln system in December 2016, and stopped the M03 (#2 furnace slag grinder, #3 furnace slag grinder, #4 cement grinder) grinding process in 2023 to significantly reduce the use of electricity energy.

Item	2021	2022	2023
Electricity consumption (kWh)	41,595,386	33,542,400	22,630,532.6
Liquefied petroleum gas (LPG) (kg)	940	820	469.93
Gasoline (kiloliter)	-	-	15.07
Diesel (kiloliter)	130	210	97.70
Heavy oil (kcal), calorific value (kcal) *2	794.92	646.76	229.26
Production volume (MT)	693,174	595,159	371,946
Energy consumption (GJ)	186,288.83	195,495.99	94,636.53
Energy intensity (GJ/ton)	0.2687	0.3285	0.2544

Note:

1. The Company does not sell energy. The conversion factor for heavy oil is provided by CPC.
2. Calorific value of heavy oil (9600kcal)
3. In 2023, gasoline was added to the calculation of energy consumption, so the data were changed in comparison with those in 2021 and 2022.
4. In 2023, the boundary of inventory was amended according to the regulations of the Financial Supervisory Commission.
5. The calorific value of electricity 1kWh = 0.0036GJ
6. As for the source of the conversion factor, the calorific value of the fuel is calculated according to the Greenhouse Gas Emission Factor Table 6.0.4 of the Environmental Protection Administration. Gasoline is 7,800 kcal/L; diesel is 8,400 kcal/L; 1 kcal=4.1868 KJ.

5.2.2 Greenhouse gas inventory

The cement and blast furnace slag produced in the Company's plants are all directly ground from purchased clinker and water-quenched furnace slag. The main source of greenhouse gas emissions has been greatly reduced. Scope 1 emissions have changed from direct emissions from stationary combustion to indirect emissions from purchased electricity. In addition, the Company completed the 2023 greenhouse gas inventory on March 15, 2024, and the external verification was carried out by ARES INTERNATIONAL CERTIFICATION CO., LTD. 2023 is the year when the Company conducted the first GHG inventory. Although the GHG emission intensity of cement in 2023 increased slightly compared to the previous year, both Scope 1 (direct greenhouse gas emissions) and Scope 2 (indirect greenhouse gas emissions, such as input of electricity and energy) emissions have been reduced significantly thanks to the efforts of all the employees.

Item	2021	2022	2023
Scope 1 (tCO ₂ e)	2,738	2,570	2,207
Scope 2 (tCO ₂ e)	20,881	17,073	11,202
Total emissions = Scope 1 + Scope 2	23,619	19,643	13,409
Total production (ton)	693,174	595,159	371,946
GHG emission intensity of cement (tCO ₂ e/ton)	0.034	0.033	0.036

Note:

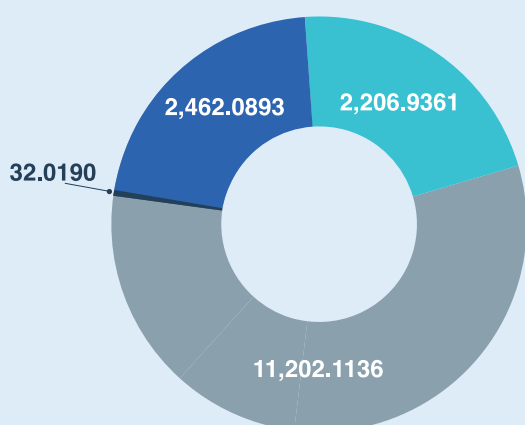
1. GHG emission intensity = total emissions / (cement production + slag production).
2. The scope of GHG emission data disclosure includes the headquarters, Kaohsiung Plant, and #45 Terminal.
3. Scope 1 refers to emission sources directly owned or controlled by the Company, including stationary combustion sources, manufacturing process emissions, mobile combustion sources from transportation, and fugitive emission sources. The emission coefficient is based on the latest announced data 6.0.4 of the Bureau of Energy, Ministry of Economic Affairs. (IPCC Sixth Assessment Report).
4. Scope 2 refers to energy indirect emissions, such as purchased electricity.
5. Types of greenhouse gas emissions: Carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), hydrofluorocarbons (HFCs) and other greenhouse gas types.
6. Purchased electricity is calculated based on the emission factor announced by the Bureau of Energy, Ministry of Economic Affairs, which was 0.509 kg CO₂e/kWh in 2021 and 0.495 kg CO₂e/kWh in 2022 and 2023.



The boundary and scope of the greenhouse gas inventory in 2023 are as follows:

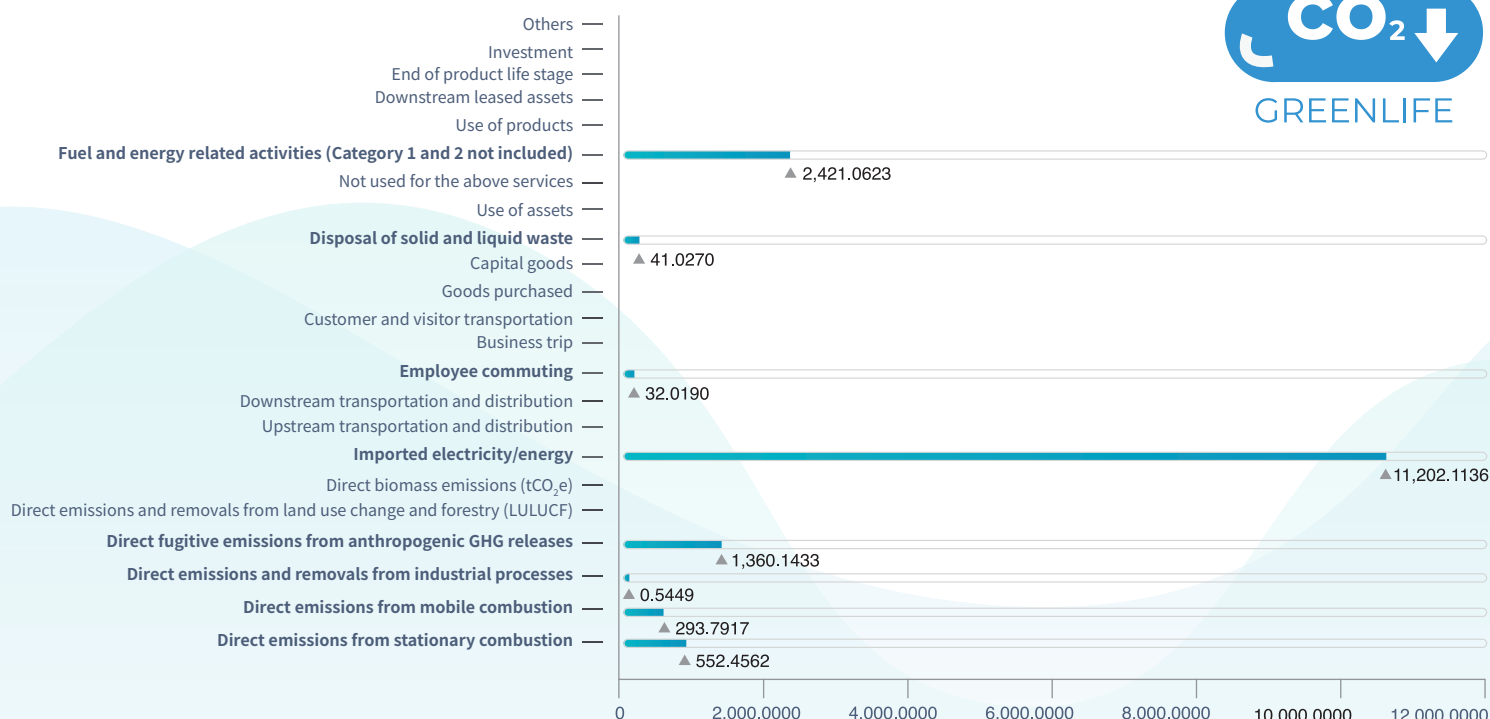
Venue	Address
Southeast Cement Corporation	 <p>#B1F, 5F, 6F, 9F, 12F, No. 21, Wufu 3rd Rd., Qianjin Dist., Kaohsiung City</p>
Southeast Cement Corporation - Kaohsiung Plant	 <p>No. 1, Pingshan Lane, Nanzi District, Kaohsiung City</p>
Southeast Cement Corporation - Kaohsiung Port Distribution Terminal	 <p>Kaohsiung Port Distribution Terminal, No. 22, Dahua 3rd Rd., Qianzhen District, Kaohsiung City</p>

Category 1 - Category 6 Greenhouse Gas Emissions (tCO₂e)



- Category 1: Input energy
- Category 2: Direct GHG emissions and removals
- Category 3: Transportation
- Category 4: Products used by the organization
- Category 5: Use of products from the organization
- Category 6: Other Sources

Greenhouse gas emissions (tCO₂e)



Greenhouse Gas Emissions Reduction Measures

The Company ceased the M01 process. Since 2017, no GHG emissions have been generated from the self-produced clinker. The clinker ground for cement is purchased from TTCC Group Holdings CO., LTD. Since 2023, the Company has ceased the grinding, production, operation of the Kaohsiung Plant and purchased finished cement for sale from TTCC Group Holdings CO., LTD. to significantly reduce the greenhouse gas emissions. The Company continues to promote greenhouse gas reduction policies and expects to achieve the goal of net zero emissions by 2050. The performance statistics of voluntary greenhouse gas reduction in recent three years are as follows:

The Company ceased the M01 rotary kiln clinker process in December 2016 and the M07 water-quenched furnace slag drying process in June 2023 to significantly reduce greenhouse gas emissions.

Online Declaration		2021	2022	2023
Submit the voluntary carbon reduction plan for the current year Estimated annual savings	Fuel coal (ton)	0	0	0
	CO ₂ ton	0	0	0
	Non-energy combustion(Ton)	3,000	3,000	0
	CO ₂ ton	2,015	2,015	0
Submit the voluntary carbon reduction performance for the current year Actual annual savings	on-energy combustion (ton)	15	0	0
	CO ₂ ton	10	0	0
	Achievement rate	0.49%	0%	0%
Planned clinker purchased (ton)*		543,100	533,600	300,000
Actual clinker purchased (ton)*		525,035	425,967	297,528
Planned cement output (ton)		563,200	566,000	320,000
Actual cement output (ton)*		525,614	458,971	307,621
Voluntary reduction measures		A.#4 Cement mill blended with 15 tons of limestone, reducing 10 tCO ₂ e emissions.	A.#4 Cement mill blended with 0 tons of limestone, reducing 0 tCO ₂ e emissions.	Production ceased in August 2023

5.3 Water resource management

The Company's water sources are divided into tap water and groundwater wells of the oil refinery. Tap water is mainly used for dormitory and office drinking water. Groundwater comes from 2 deep water wells in the plant. After extraction, it flows into the storage facility and is used for sprinkling in the surrounding environment and cooling of the cement grinding and production system equipment.

Through the WATER RISK ATLAS, a water risk assessment tool of the World Resources Institute, we checked the location of our operations in Kaohsiung. The result was Low - Medium (1-2), indicating that our water withdrawal did not cause a significant impact on the ecological environment. The decrease in water withdrawal in 2022 was mainly due to the improvement of cooling water circulation equipment and pipelines. The decrease in water consumption in 2023 was mainly due to the fact that the operation of some processes have been ceased, resulting in a decrease in water consumption.

Item	2021	2022	2023
Water withdrawn (ML)	17.6	13.06	11.385
Water discharge (ML)	4.35	5.31	6.69
Water consumption (ML)	13.25	7.75	4.695
Organization-specific metric (unit)	Ton	Ton	Ton
Organization-specific metrics	693,174	595,159	371,946
Water use intensity (ML/ton)	0.0000254	0.0000219	0.0000306

Note:

1. Water consumption = Water withdrawal - water discharge.
2. Water recycling rate = In-house recycled water consumption / (Water withdrawal + In-house recycled water consumption) * 100%.
3. Calculation of water use intensity: Water withdrawal (ML)/organization-specific metric
4. Organization-specific metric: Total annual production (ton)

5.4 Pollution control

5.4.1 Air pollution management

The Company has established the "Air Pollution Prevention Procedure" to manage all operations and facilities that may cause emissions from air pollution sources. Furthermore, we have to apply for an operation permit, pay air pollution fees, arrange for pipeline inspection, and declare the amount of air pollutant emissions according to the provisions of the Air Pollution Control Act. Since the M01 operation license was abolished, only M03 (#2, #3 furnace slag mill, #4 cement mill) and M07 (water-quenching furnace slag dryer) have been operated. The emission concentrations at all outlets in 2023 were lower than the emission standards.

Air Pollution Emission Standards and Monitoring Values in Recent Three Years

Test item	2021			2022			2023		
	Emissions (kg)	Emission standard (ppm)	Annual average monitoring value (ppm)	Emissions (kg)	Emission standard (ppm)	Annual average monitoring value (ppm)	Emissions (kg)	Emission standard (ppm)	Annual average monitoring value (ppm)
Particulate matter (TSP)	40,630.00	100	22	25,622.39	100	20	16,735.25	100	20
Sulfur oxides SO _x	596.00	100	16	420.08	100	16	117.94	100	17
Nitrogen oxides NO _x	839.00	150	37	476.65	150	32	203.74	150	44

Note:

The category of standard emissions for major gases such as nitrogen oxides (NO_x), sulfur oxides (SO_x), persistent organic pollutants (POP), volatile organic compounds (VOC), hazardous air pollutants (HAP), particulate matter (PM) and other gases explicitly stated in other regulations.

Emissions of Ozone-Depleting Substance (ODS)

At present, the Company still uses traditional refrigerant refrigeration equipment. In the future, when machinery is replaced or newly installed, we will purchase models that use environmentally friendly refrigerants. The annual escape amount of refrigerant in 2023 was calculated as HCFCS(R22), totaling 0.353 metric tons.

Sewage Discharge Status

As for the waste (sewage) water storage permit of the Company, the Environmental Protection Bureau of Kaohsiung City Government issued a water pollution control permit on September 20, 2019, which will be valid until September 21, 2024. The Kaohsiung Plant operates in compliance with water pollution prevention and control measures, and is committed to wastewater recycling and reuse in the process. The Plant conducts water quality testing and declaration every six months in accordance with the Water Pollution Control Act and has complied with the regulations over the years. The test results of raw waste (sewage) water meet the standard values in terms of the quality and quantity.

Item	2021	2022	2023
Total amount of wastewater (M ³)	4,352	5,310	6,690

Water pollution test item	Emission standard (ppm)	Annual average test value (ppm)	Annual average test value (ppm)	Annual average test value (ppm)
COD (mg/L)	100	17.6	27.8	5.6
BOD (mg/L)	30	4.6	5.1	2
SS (mg/L)	30	6.5	8.6	22.7

Note: The data on the total amount of wastewater has been corrected, so the data is adjusted.

5.4.2 Waste management

The Company values sustainable management and ecological protection. To comply with government laws and regulations, prevent air pollution, and protect the living environment and the health of the people, all wastes are cleared, transported, disposed, and reported to the "Industrial Waste Report and Management System." Collection and monitoring of waste related data are implemented.



Waste

The removal and disposal of waste generated by the Company during its operations is carried out in accordance with the Waste Disposal Act and a legal removal company is entrusted to remove and transport it. The removal company must submit a valid waste removal permit issued by the environmental protection bureau of the county and city government involved before it can carry out the removal in line with the output status of the Company on a regular basis. The waste must be sorted to improve waste recycling. In 2023, no waste was transported to foreign countries for disposal and no serious leakage occurred. leakage occurred.

Waste Statistics			
Waste composition	Hazardous/ non-hazardous	Offsite	
Item		Waste generated (ton)	Treatment method
D-1801 General waste	Non-hazardous	28.96	Incineration (including energy recovery)
D-1799 Waste oil mixture	Non-hazardous	9.37	Other recycling operations
D-0899 Waste fiber or other cotton and cloth mixtures	Non-hazardous	4.12	Incineration (including energy recovery)
D-0104 Waste such as liquid manure or excrement	Non-hazardous	7.21	Other disposal operations

Note:

- To provide the information on the composition of waste, please refer to the classification in the "Waste Disposal Plan" (A/B/C/D/E/R, etc.).
- The weight of waste is expressed in tons.
- Types of recycling operations: Preparation for reuse, recycling, and other recycling operations.
- The types of recycling can be described: Such as down-cycling, up-cycling, composting, or anaerobic digestion.
- Other recycling operations: Such as changing the purpose of use or refurbishing.
- Type of disposal methods: Such as incineration (including energy recovery), incineration (excluding energy recovery), landfill, and other disposal operations.
- Other disposal operations can be described, such as dumping, open burning, or buried in deep wells.
- "Onsite" means within the physical boundaries or administrative control of the reporting organization; "offsite" means outside the physical boundary or administrative control of the reporting organization.

Waste and Reuse

Cement shipments are divided into two categories: bulk and bagged. Especially bulk cement accounts for about 70% of the shipments while bagged cement account for 30%. Cement bags are PE woven bags. After the cement is resold by the dealers and the builders, the cement is disposed of at the construction site. Some of the bags are recycled as resources, and others are used for carrying the waste generated at the construction site for treatment, thereby effectively reducing damage to the environment.

The Company actively promotes the circular economy of waste reuse, reduces the cost of waste treatment, and implements the recycling of waste as resources. Thermal power plants generate large amounts of desulfurization gypsum during the coal combustion process. The Company added about 4.0%-6.0% of recycled desulfurization gypsum to reduce the proportion of clinker used. In the past three years, the proportion of recycled raw materials has increased year by year. The ratio of recycled raw materials in 2023 was 5.60%.

Item/Year	2021	2022	2023
Cement production (ton)	525,614	458,971	308,844
Regenerated desulfurized gypsum (ton)	26,199	23,929	17,298
Ratio of recycled raw materials	4.98%	5.21%	5.60%
Recovered lubricant oil (liter)	180	200	0

VI. Appendix

Appendix I: GRI Standards Comparison Table

Statement of Use	Southeast Cement Corporation has reported the information quoted in the GRI Content Index for the period from January 1 to December 31, 2022 with reference to the GRI Standards.
GRI 1 Usage	GRI 1: Foundation 2021
Plied GRI Sector Standards	N/A

GRI Standards Category/Topic	No.	Disclosures under GRI Standards	Corresponding Chapter	Page	Omission/ Remark
1. The organization and its reporting practices					
GRI 2 General Disclosures 2021	2-1	Organizational details	1.1 Company profile	09	
	2-2	Entities included in the organization's sustainability reporting	About This Report 2.2 Overview of economic development	04 23	
	2-3	Reporting period, frequency and contact point	About This Report	04	
	2-4	Restatements of information	About This Report	04	
	2-5	External assurance	About This Report	04	
2. Activities and workers					
GRI 2 General Disclosures 2021	2-6	Activities, value chain and other business relationships	2.1 Ethical management 2.2 Overview of economic development	15 23	
	2-7	Employee	4.1 Overview of manpower	41	
	2-8	Workers who are not employees	4.1 Overview of manpower	41	
3. Governance					
GRI 2 General Disclosures 2021	2-9	Governance structure and composition	2.1 Ethical management	15	
	2-10	Nomination and selection of the highest governance body	2.1 Ethical management	15	
	2-11	Chair of the highest governance body	2.1 Ethical management	15	
	2-12	Role of the highest governance body in overseeing impact management	2.1 Ethical management	15	
	2-13	Delegation of responsibility for managing impacts	2.1 Ethical management	15	
	2-14	Role of the highest governance body in sustainability reporting	2.1 Ethical management	15	
	2-15	Conflicts of Interest	2.1 Ethical management	15	
	2-16	Communication of critical concerns	2.1 Ethical management	15	
	2-17	Collective knowledge of the highest governance body	2.1 Ethical management	15	
	2-18	Evaluation of the performance of the highest governance body	2.1 Ethical management	15	
	2-19	Remuneration policies	2.1 Ethical management	15	
	2-20	Process to determine remuneration	2.1 Ethical management	15	
	2-21	Annual Total Compensation Ratio	4.2 Remuneration and benefits	44	
4. Strategy, policies and practices					
GRI 2 General Disclosures 2021	2-22	Statement on sustainable development strategy	Message from Management	06	
	2-23	Policy commitments	2.5 Compliance with laws and regulations	30	
	2-24	Embedding policy commitments	2.5 Compliance with laws and regulations	30	

GRI Standards Category/Topic	No.	Disclosures under GRI Standards	Corresponding Chapter	Page	Omission/ Remark
GRI 2 General Disclosures 2021	2-25	Processes to remediate negative impacts	2.5 Compliance with laws and regulations	30	
	2-26	Mechanisms for seeking advice and raising concerns	About This Report	04	
	2-27	Compliance with laws and regulations	2.5 Compliance with laws and regulations	30	
	2-28	Membership associations	2.2 Overview of economic development	23	
5. Stakeholder engagement					
GRI 2 General Disclosures 2021	2-29	Approach to stakeholder engage	1.2 Stakeholder identification and communication	09	
	2-30	Collective bargaining agreements	-	-	The Company has no collective bargaining agreements
Topic-specific Standards: 200 series (economic topics)					
*Economic performance					
GRI 3: Material Topics 2021 Economic performance Management Approach	3-1	Process to determine material topics	1.3 Identification of material topics	11	
	3-2	Material topics list	1.3 Identification of material topics	11	
	3-3	Management of material topics	II. Sustainable Management	14	
GRI 201 Economic performance topic-specific disclosures 2016	201-1	Direct economic value generated and distributed	2.2 Overview of economic development	23	
	201-2	Financial implications and other risks and opportunities due to climate change	2.4 Climate-related risks and opportunities	28	
	201-3	Defined benefit obligations and other retirement plans	4.2 Remuneration and benefits	44	
	201-4	Financial aid received from the government	2.2 Overview of economic development	23	
Market Presence					
GRI 202 Market presence topic-specific disclosures 2016	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	4.2 Remuneration and benefits	44	
	202-2	Proportion of senior management hired from the local community	4.1 Overview of manpower	41	
Indirect economic impacts					
GRI 203 Indirect economic impact topic-specific disclosures 2016	203-1	Infrastructure investments and services supported	4.5 Public welfare activities	51	
	203-2	Significant indirect economic impacts	-	-	
Procurement Practices					
GRI 204 Procurement practice topic-specific disclosures 2016	204-1	Proportion of spending on local suppliers	3.2 Supplier management	36	
*Anti-corruption					
GRI 3: Material Topics 2021 Anti-corruption Management Approach	3-1	Process to determine material topics	1.3 Identification of material topics	11	
	3-2	Material topics list	1.3 Identification of material topics	11	
	3-3	Management of material topics	II. Sustainable Management	14	

GRI Standards Category/Topic	No.	Disclosures under GRI Standards	Corresponding Chapter	Page	Omission/ Remark
GRI 205 Anti-corruption topic-specific disclosures 2016	205-1	Operations assessed for risks related to corruption	2.5 Compliance with laws and regulations	30	
	205-2	Communication and training about anti-corruption policies and procedures	-	-	
	205-3	Confirmed incidents of corruption and actions taken	2.5 Compliance with laws and regulations	30	
Anti-competitive behavior					
GRI 206 Anti-competitive behavior topic-specific disclosures 2016	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	301 Product introduction	35	No such incident occurred during the reporting period
Taxation					
GRI 207 Taxation management disclosure 2019	207-1	Approach to tax	2.2 Overview of economic development	23	
	207-2	Tax governance, control and risk management	2.2 Overview of economic development	23	
	207-3	Stakeholder communication and management of tax-related issues	2.2 Overview of economic development	23	
GRI 207 Taxation topic-specific disclosures 2019	207-4	Country-by-country reporting	2.2 Overview of economic development	-	
Topic-specific Standards: 300 Series (Environmental Topics)					
*Material					
GRI 3: Material Topics 2021 Material Management Approach	3-1	Process to determine material topics	1.3 Identification of material topics	11	
	3-2	Material topics list	1.3 Identification of material topics	11	
	3-3	Management of material topics	V. Sustainable Environment	54	
GRI 301 Materials topic-specific disclosures 2016	301-1	Materials used by weight or volume	1.3 Identification of material topics	57	
	301-2	Recycled input materials used	1.3 Identification of material topics	57	
	301-3	Reclaimed products and their packaging materials	V. Sustainable Environment	63	
*Energy					
GRI 3: Material Topics 2021 Energy Management Approach	3-1	Process to determine material topics	1.3 Identification of material topics	11	
	3-2	Material topics list	1.3 Identification of material topics	11	
	3-3	Management of material topics	V. Sustainable Environment	54	
GRI 302 Energy Topic-specific disclosures 2016	302-1	Energy consumption within the organization	5.2 Energy management	57	
	302-2	Energy consumption outside of the organization	-	-	
	302-3	Energy intensity	5.2 Energy management	57	
	302-4	Reduction of energy consumption	-	-	
	302-5	Reductions in energy requirements of products and services	-	-	

GRI Standards Category/Topic	No.	Disclosures under GRI Standards	Corresponding Chapter	Page	Omission/ Remark
Water and Effluents					
GRI 303 Water and effluents topic management disclosures 2018	303-1	Interactions with water as a shared resource	5.3 Water resource management	61	
	303-2	Management of water discharge related impacts	5.4.1 Air pollution management	61	
GRI 303 Water and effluents topic disclosures 2018	303-3	Water withdrawal	5.3 Water resource management	61	
	303-4	Water discharge	5.3 Water resource management	61	
	303-5	Water consumption	5.3 Water resource management	61	
*Emissions					
GRI 3: Material Topics 2021 Emission Management Approach	3-1	Process to determine material topics	1.3 Identification of material topics	11	
	3-2	Material topics list	1.3 Identification of material topics	11	
	3-3	Management of material topics	V. Sustainable Environment	54	
GRI 3: Material Topics 2021 Energy Management Approach	305-1	Direct (Scope 1) GHG emissions	5.2.2 Greenhouse gas inventory	58	
	305-2	Energy Indirect (Scope 2) GHG Emissions	5.2.2 Greenhouse gas inventory	58	
	305-3	Other indirect (Scope 3) GHG emissions	-	-	
	305-4	GHG emissions intensity	5.2.2 Greenhouse gas inventory	58	
	305-5	Reduction of GHG emissions	5.2.2 Greenhouse gas inventory	58	
	305-6	Emissions of ozone-depleting substances (ODS)	5.4.1 Air pollution management	61	
	305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	5.4.1 Air pollution management	61	
Waste					
GRI 306 Waste Topic management disclosures 2020	306-1	Waste generation and significant waste- related impacts	5.4.2 Waste management	63	
	306-2	Management of significant waste-related impacts	5.4.2 Waste management	63	
GRI 306 Waste topic disclosures 2020	306-3	Waste generated	5.4.2 Waste management	63	
	306-4	Waste diverted from disposal	5.4.2 Waste management	63	
	306-5	Waste directed to disposal	5.4.2 Waste management	63	
GRI 306 Effluents and waste topic- specific disclosures 2016	306-3	Serious leaks	5.4.2 Waste management	63	No such incident occurred during the reporting period
*Supplier environmental assessment					
GRI 3: Material Topics 2021 Supplier environmental assessment Management Approach	3-1	Process to determine material topics	1.3 Identification of material topics	11	
	3-2	Material topics list	1.3 Identification of material topics	11	
	3-3	Management of material topics	III. Quality Service	33	
GRI 308 Supplier environmental assessment topic-specific disclosures 2016	308-1	New suppliers that were screened using environmental criteria	3.2 Supplier management	36	
	308-2	Negative environmental impacts in the supply chain and actions taken	3.2 Supplier management	36	

GRI Standards Category/Topic	No.	Disclosures under GRI Standards	Corresponding Chapter	Page	Omission/ Remark
Topic-specific Standards: 400 Series (Social Topics)					
Employment					
GRI 401 Employment topic-specific disclosures 2016	401-1	New employee hires and employee turnover	4.1 Overview of manpower	41	
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	4.2 Remuneration and benefits	44	
	401-3	Parental leave	4.2 Remuneration and benefits	44	
Labor/Management Relations					
GRI 402 Labor/management relations topic-specific disclosures 2016	402-1	Minimum notice periods regarding operational changes	4.1 Overview of manpower	41	
GRI 3: Material Topics 2021 Occupational safety and health Management Approach	3-1	Process to determine material topics	1.3 Identification of material topics	11	
	3-2	Material topics list	1.3 Identification of material topics	11	
	3-3	Management of material topics	IV. Principles of Honesty	39	
GRI 403 Occupational safety and health Topic management disclosures 2018	403-1	Occupational health and safety management system	4.4 Protection of the health	47	
	403-2	Hazard identification, risk assessment, and incident investigation	4.4 Protection of the health	47	
	403-3	Occupational health services	4.4 Protection of the health	47	
	403-4	Worker participation, consultation, and communication on occupational health and safety	4.4 Protection of the health	47	
	403-5	Worker training on occupational health and safety	4.4 Protection of the health	47	
	403-6	Promotion of worker health	4.4 Protection of the health	47	
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	4.4 Protection of the health	47	
GRI 402 Labor/management relations topic-specific disclosures 2016	403-8	Workers covered by an occupational health and safety management system	4.4 Protection of the health	47	
	403-9	Work-related injuries	4.4 Protection of the health	47	
	403-10	Work-related ill health	4.4 Protection of the health	47	
Training and Education					
GRI 404 Training and education topic-specific disclosures 2016	404-1	Average hours of training per year per employee	4.3 Talent training	47	
	404-2	Programs for upgrading employee skills and transition assistance programs	-	-	
	404-3	Percentage of employees receiving regular performance and career development reviews	4.2 Remuneration and benefits	44	
Diversity and Equal Opportunity					
GRI 405 Diversity and Equal Opportunity Topic-specific disclosures 2016	405-1	Diversity of governance bodies and employees	4.1 Overview of manpower	41	
	405-2	Ratio of basic salary and remuneration of women to men	4.2 Remuneration and benefits	44	
Non-discrimination					
GRI 406 Non-discrimination topic-specific disclosures 2016	406-1	Incidents of discrimination and corrective actions taken	4.1 Overview of manpower	41	

GRI Standards Category/Topic	No.	Disclosures under GRI Standards	Corresponding Chapter	Page	Omission/ Remark
Freedom of Association and Collective Bargaining					
GRI 407 Freedom of Association and Collective Bargaining Topic-specific disclosures 2016	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	-	-	No such incident occurred during the reporting period
Child Labor					
GRI 408 Child labor topic-specific disclosures 2016	408-1	Operations and suppliers at significant risk for incidents of child labor	4.1 Overview of manpower	41	No such incident occurred during the reporting period
Forced or Compulsory Labor					
GRI 407 Freedom of Association and Collective Bargaining Topic-specific disclosures 2016	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	IV. Principles of Honesty	39	No such incident occurred during the reporting period
Security Practices					
GRI 410 Security practice topic-specific disclosures 2016	410-1	Security personnel trained in human rights policies or procedures	-	-	
Rights of Indigenous Peoples					
GRI 411 Rights of indigenous peoples topic-specific disclosures 2016	411-1	Incidents of violations involving rights of indigenous peoples	IV. Principles of Honesty	39	No such incident occurred during the reporting period
Local Communities					
GRI 413 Local communities topic-specific disclosures 2016	413-1	Operations with local community engagement, impact assessments, and development programs	4.5 Public welfare activities	51	
	413-2	Operations with significant actual and potential negative impacts on local communities	4.5 Public welfare activities	51	
Supplier Social Assessment					
GRI 414 Supplier social assessment topic-specific disclosures 2016	414-1	New suppliers that were screened using social criteria	3.2 Supplier management	36	
	414-2	Negative social impacts in the supply chain and actions taken	3.2 Supplier management	36	
Public Policy					
GRI 415 Public policy topic-specific disclosures 2016	415-1	Political contributions	-	-	No such incident occurred during the reporting period
*Customer Health and Safety					
GRI 3: Material Topics 2021 Customer Health and Safety Management Approach	3-1	Process to determine material topics	1.3 Identification of material topics	11	
	3-2	Material topics list	1.3 Identification of material topics	11	
	3-3	Management of material topics	III. Quality Service	33	
*Customer Health and Safety					
GRI 411 Rights of indigenous peoples topic-specific disclosures 2016	416-1	Assessment of the health and safety impacts of product and service categories	3.1 Product introduction	35	
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	3.1 Product introduction	35	No such incident occurred during the reporting period

GRI Standards Category/Topic	No.	Disclosures under GRI Standards	Corresponding Chapter	Page	Omission/Remark
Marketing and Labeling					
GRI 417 Marketing and labeling topic-specific disclosures 2016	417-1	Requirements for product and service information and labeling	3.1 Product introduction	35	
	417-2	Incidents of non-compliance concerning product and service information and labeling	3.1 Product introduction	35	No such incident occurred during the reporting period
	417-3	Incidents of non-compliance concerning marketing communications	3.1 Product introduction	35	No such incident occurred during the reporting period
GRI Standards Category/Topic	No.	Disclosures under GRI Standards	Corresponding Chapter	Page	Omission/Remark
Customer Privacy					
GRI 418 Customer privacy topic-specific disclosures 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	2.2 Overview of economic development	23	No such incident occurred during the reporting period

Appendix II Sustainability Accounting Standards Board (SASB) Comparison Table

Topic	Code	Accounting Metric	Nature	Comparison of Chapters in the Report	Page
Greenhouse gas emissions	EM-CM-110a.1	1. Gross global Scope 1 emissions, percentage covered under emissions-limiting regulations 2. Percentage of global regulated emissions	Quantification	Southeast Cement's operating locations are not located in the controlled area	58
	EM-CM-110a.2	Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	Qualitative	1. We are facing the material and serious issues of environmental protection and pollution prevention as a concern of the international community. Exhaust gas, wastewater and waste must be subjected effective management. Greenhouse gas emissions generated from energy usage have a huge impact on the environment. In the future, companies in different countries will face related potential operational risks. We will take relevant energy management, energy conservation and carbon reduction measures to meet the requirements of environmental protection laws and regulations. 2. The Company ceased the M01 process. Since 2017, no GHG emissions have been generated from the self-produced clinker. The clinker ground for cement is purchased from TTCC Group Holdings CO., LTD. Since 2023, the Company has ceased the grinding, production, operation of the Kaohsiung Plant and purchased finished cement for sale from TTCC Group Holdings CO., LTD. to significantly reduce the greenhouse gas emissions. The Company continues to promote greenhouse gas reduction policies and expects to achieve the goal of net zero emissions by 2050.	58

Appendix II Sustainability Accounting Standards Board (SASB) Comparison Table

Topic	Code	Accounting Metric	Nature	Comparison of Chapters in the Report	Page
Air Quality	EM-CM-120a.1	Air emissions of the following pollutants: 1. NOx (excluding N2O), 2. SOx 3. PM10 4. Dioxins/furans 5. Volatile organic compounds (VOCs) 6. Polycyclic aromatic hydrocarbons (PAHs) 7. Heavy metals	Quantification	The Company did not emit some sources, and the remaining sources are described as follows: Particulate pollutant TSP: 16,735.25 Sulfur oxides Sox: 117.94 Nitrogen oxides NOx: 203.74	58
Energy Management	EM-CM-130a.1	1. Total energy consumed (GJ) 2. Percentage of purchased electricity 3. Percentage of alternative energy sources 4. Percentage of renewable energy	Quantification	Total energy consumed: 94,636.53 (GJ) Percentage of purchased electricity: 100% Percentage of alternative energy : 0% Renewable energy utilization rate and total energy generated for self-consumption: 0%	57
Water resource management	EM-CM-140a.1	1. Total freshwater withdrawn 2. Percentage recycled 3. Percentage in regions with High or Extremely High Baseline Water Stress	Quantification	Total freshwater withdrawn: 11,385m3 Percentage recycled: 0% Water consumed ratio : 0%	61
Waste Management	EM-CM-150a.1	1. Waste generated (ton) 2. Percentage of toxic waste 3. Percentage recycled	Quantification	Weight of waste: 49.66 tons Hazardous waste: No hazardous waste was generated	63
Biodiversity Impact	EM-CM-160a.1	Description of environmental management policies and practices for active sites	Qualitative	In 2023, the Kaohsiung plant has been demolished and there was no production. Currently, none of the plant sites are in the protected area.	-
	EM-CM-160a.2	1. Terrestrial acreage disturbed 2. Percentage of impacted area restored	Quantification		-
Workforce Health & Safety	EM-CM-320a.1	1. Total recordable incident rate (TRIR) 2. Near miss frequency rate (NMFR)	Quantification	0 cases 0 cases	49
	EM-CM-320a.2	Number of reported cases of silicosis	Quantification	0 cases	49
Product Innovation	EM-CM-410a.1	Percentage of products that qualify for credits in sustainable building design and construction certifications (% sales by revenue)	Quantification	Our products include cement and slag. We have obtained ISO 9001 quality certification. improvement in order to obtain stable quality. The Company's business is mainly promoted in the southern region including Kaohsiung, Tainan, and Pingtung. Our product lines include cement and blast furnace slag. We have obtained ISO 9001 quality certification and continuously conducted measurement, analysis and review through the quality system to make effective improvements and obtain stable quality. 100% of our products comply with the national standards "CNS61 Portland Cement", "CNS12549 Ground Granulated Blast-Furnace Slag for Use in Concrete and Mortars", and "Portland Blast Furnace Slag Cement IS<70"	34

Appendix II Sustainability Accounting Standards Board (SASB) Comparison Table

Topic	Code	Accounting Metric	Nature	Comparison of Chapters in the Report	Page
Product Innovation	EM-CM-410a.2	Total addressable market and share of market for products that reduce energy, water, and/or material impacts during usage and/or production	Quantification	NTD 0	-
Pricing Integrity & Transparency	EM-CM-520a.1	Total amount of monetary losses as a result of legal proceedings associated with cartel activities, price fixing, and antitrust activities	Quantification	NTD 0	-
Activity Metri	M-CM-000.A	Production by major product line	Quantification	Portland Cement: 458,971 tons Blast furnace cement: 23,352 tons Waterproof cement: 61 tons Blast furnace slag: 136,188 tons	-

Appendix II Sustainability Accounting Standards Board (SASB) Comparison Table

No.	Metric	Metric Type	Annual Disclosure/Corresponding Chapter	Unit	Page
I	Total energy consumption, percentage of purchased electricity, and utilization rate of renewable energy	Quantification	5.2.1 Energy use Total energy consumed: 94,636.53 (GJ) Percentage of purchased electricity: 100% Renewable energy utilization rate and total energy generated for self-consumption: 0%	GK, percentage (%)	57
II	Total water withdrawn and consumption	Quantification	5.3 Water resource management Total freshwater withdrawn: 11,385m ³ Total water consumption: 4,695m ³	Thousand cubic meters (m ³)	61
III	Weight of waste generated, percentage of hazardous waste and percentage recycled	Quantification	5.4.2 Waste management Weight of waste: 49.66 tons Hazardous waste: No hazardous waste was generated	Ton (t), percentage (%)	63
IV	Description of the number and rate of occupational accidents	Quantification	4.4 Protection of the health No occupational accidents in 2023, 0 employees/0 case	Percentage (%), quantity	47
V	Production volume of major products by category	Quantification	The Finance Department is requested to update the following: Portland Cement: 458,971 tons Blast furnace cement: 23,352 tons Waterproof cement: 61 tons Blast furnace slag: 136,188 tons	Depending on product type	-

Appendix IV Climate-related Information of TPEX-listed Companies

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

Item	Corresponding Chapter	Page
1. Describe the supervision and governance of climate-related risks and opportunities by the Board of Directors and management.	2.4 Climate-related risks and opportunities	28
2. Describe how the identified climate risks and opportunities affect the company's business, strategy, and finance (short-, medium-, and long-term).	2.4 Climate-related risks and opportunities	28
3. Describe the financial impact of extreme climate events and transformational actions.	2.4 Climate-related risks and opportunities	28
4. Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system.	2.4 Climate-related risks and opportunities	28
5. If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors, and main financial impacts used shall be stated.	-	-
6. If there is a transition plan for managing climate-related risks, describe the content of the plan, and the indicators and targets used to identify and manage physical and transition risks.	-	-
7. If internal carbon pricing is used as a planning tool, the basis for setting the price shall be stated.	-	-
8. If climate-related goals are set, the activities covered, the scope of greenhouse gas emissions, the planning period, and the progress of each year should be stated; if carbon offsets or Renewable Energy Certificates (RECs) are used to achieve the relevant goals, the source and quantity of the offset carbon reduction credits or the number of renewable energy certificates (RECs) should be stated.	-	-
9. Greenhouse gas inventory and assurance status, as well as reduction goals, strategies, and specific action plans (indicated separately in 1-1 and 1-2).	5.2.2 Greenhouse gas inventory	58

Greenhouse Gas Inventory Information

Describe the amount of greenhouse gas emissions (tCO ₂ e), intensity (tCO ₂ e/NTD 1,000), and data coverage for the most recent two years.						
Item \ Year	2022			2023		
	Parent company	Subsidiary	Total	Parent company	Subsidiary	Total
Scope 1: Total emissions (tCO ₂ e)	2,570	-	2,570	2,207	-	2,207
Scope 1: Intensity (tCO ₂ e/NTD 1,000)	0.0043	-	0.0043	0.0059	-	0.0059
Scope 2: Total emissions (CO ₂ e)	17,073	-	17,073	11,202	-	11,202
Scope 2: Intensity (tCO ₂ e/NTD 1,000)	0.0287	-	0.0287	0.0301	-	0.0301
<p>Note</p> <p>1: Direct emissions (Scope 1, i.e. directly from emission sources owned or controlled by the Company), indirect emissions from energy (Scope 2, i.e., indirect GHG emissions from imported electricity, heat, or steam), and Other indirect emissions (Scope 3: Emissions arising from corporate activities that are not indirect emissions from energy sources but originate from sources owned or controlled by other companies).</p> <p>2: The data coverage of direct emissions and energy indirect emissions shall comply with the provisions of Paragraph 2, Article 4-1 of the "Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies" (hereinafter referred to as the "Rules"). Information on other indirect emissions may be voluntarily disclosed.</p> <p>3: Greenhouse gas inventory standard: ISO 14064-1 published by the International Organization for Standardization (ISO).</p> <p>4: The intensity of greenhouse gas emissions is calculated based on turnover (NTD million).</p>						

1-1-2 Information on Assured Greenhouse Gases

Describe the assurance of the most recent two years, including the scope of assurance, assurance institution, assurance standards, and assurance opinion.				
Item \ Year	2022		2023	
	Parent company	Subsidiary	Parent company	Subsidiary
Scope of assurance	Southeast Cement	-	Southeast Cement Corporation	-
Assurance institution	Corporation	-	ARES INTERNATIONAL CERTIFICATION CO., LTD. (ARES)	-
Assurance standards	ISO/CNS 14064-1 Standard	-	ISO/CNS 14064-1 Standard	-
Assurance opinions	-	-	The Company completed the internal inventory of greenhouse gas emissions in 2023 at the end of February 2024, completed the external verification in March, and obtained the verification statement before the end of April.	-
<div>Note</div> <div>1: It shall be handled according to the schedule specified in Article 4-1, Paragraph 3 of the Rules.</div> <div>2: The institution assured shall comply with the relevant regulations of the Taiwan Stock Exchange Corporation and the Taipei Exchange.</div> <div>3: For the disclosure content, please refer to the Best Practice References on the website of the Corporate Governance Center, Taiwan Stock Exchange.</div>				

1-2 Greenhouse gas reduction goals, strategies and specific action plans

Greenhouse Gas Reduction Strategy	
<p>We are facing the material and serious issues of environmental protection and pollution prevention as a concern of the international community. Exhaust gas, wastewater and waste must be subjected effective management. Greenhouse gas emissions generated from energy usage have a huge impact on the environment. In the future, companies in different countries will face related potential operational risks. We will take relevant energy management, energy conservation and carbon reduction measures to meet the requirements of environmental protection laws and regulations.</p> <p>The Company ceased the M01 process. Since 2017, no GHG emissions have been generated from the self-produced clinker. The clinker ground for cement is purchased from TTCC Group Holdings CO., LTD. Since 2023, the Company has ceased the grinding, production, operation of the Kaohsiung Plant and purchased finished cement for sale from TTCC Group Holdings CO., LTD. to significantly reduce the greenhouse gas emissions. The Company continues to promote greenhouse gas reduction policies and expects to achieve the goal of net zero emissions by 2050.</p>	
Greenhouse Gas Reduction Goals	
1. We report greenhouse gas emissions in accordance with laws and regulations every year, meet the requirements of environmental protection laws and regulations, and ensure smooth and normal production and sales operations. 2. The Company's greenhouse gas emissions in 2024 are set to reduce by 20% compared to the annual emissions in 2023, with the goal is to achieve net zero emissions by 2050.	
Status of Reduction in 2023	
Energy Management	1. The Company stopped the manufacturing process of the M01 cement rotary kiln system in December 2016, and stopped the M03 (#2 furnace slag grinder, #3 furnace slag grinder, #4 cement grinder) grinding process in 2023 to significantly reduce the use of electricity energy. 2. The total energy consumption in 2023 is 51.59% lower than that in 2022
GHG Emissions Management	1. The Company ceased the M01 rotary kiln clinker process in December 2016 and the M07 water-quenched furnace slag drying process in June 2023 to significantly reduce greenhouse gas emissions. 2. Greenhouse gas emissions in 2023 is 31.74% lower than that in 2022.
Waste	The Company actively promotes the circular economy of waste reuse, reduces the cost of waste treatment, and implements the recycling of waste as resources. Thermal power plants generate large amounts of desulfurization gypsum during the coal combustion process. The Company added about 4.0%-6.0% of recycled desulfurization gypsum. In the past three years, the proportion of recycled raw materials has increased year by year. The ratio of recycled raw materials in 2023 was 5.60%.



2023

ESG REPORT



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