

2024 ESG

永續報告書

Sustainability Report



和成欣業股份有限公司
HOCHENG CORPORATION

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Message from the Chairman

Over the past year, inflation caused by political conflicts such as the Russia-Ukraine war and trade tensions has shown signs of easing. Many Western countries have begun cutting interest rates to mitigate negative impacts on economic development. In Taiwan, while the economy grew due to strong exports in the semiconductor and AI-related sectors, traditional industries experienced significant declines owing to economic challenges and increased competition from Mainland China. This stark contrast highlights the diverging fortunes across different sectors.

The real estate industry, which is closely tied to Hocheng Corporation (herein after referred to as ESG), initially showed signs of decline in the second half of 2023. However, due to the implementation of the "Preferential Mortgage Program for First-Time Home Buyers," the market saw a sharp rebound in the first half of 2024, pushing up housing prices across Taiwan. Nevertheless, with housing prices and loan volumes remaining high and nearing the statutory loan-to-real-estate limits set by the Banking Act, the Central Bank imposed stricter loan control measures in September. As a result, real estate transaction volumes began to decline. For example, in November 2024, the number of transactions across the six major municipalities decreased by approximately 3,588 units compared to the same month in 2023, a drop of around 15.3%.

Although housing prices have yet to significantly decline, the government's loan restrictions are unlikely to be relaxed in the short term, making the outlook for the real estate market in 2025 rather pessimistic. This trend is expected to gradually impact industries aligned with real estate, including ESG's business. It is anticipated that the volume of presale housing transactions will shrink significantly in 2025, and the recent buying frenzy fueled by price hikes may not return anytime soon.

In view of the evolving global and domestic landscape—including a potential shift in world affairs following the U.S. presidential election—we must cautiously assess several factors that could influence ESG's future development:

1. **Geopolitical Developments:** As the U.S. election concludes, the Russia-Ukraine war and the Israel-Palestine conflict may also approach resolution. Nonetheless, the new U.S. administration may enact major changes in foreign diplomacy and trade policies. Politically, the ongoing U.S.-China rivalry may reshape Taiwan's geopolitical role and stability. Economically, the U.S.'s protectionist stance—such as raising tariffs and emphasizing domestic production—may significantly affect export industries, particularly in high-tech sectors like semiconductors. This could force Taiwanese manufacturers to decide whether to invest locally or abroad, thus altering domestic investment patterns and economic direction.
2. **AI Technology Development and Impact:** The rise of AI in 2024 has been so impactful that some have dubbed it “the first year of AI.” While ESG is not currently an AI-related manufacturer, the technology is rapidly reshaping industrial processes and business models. We must actively monitor AI applications and strategically integrate them into our manufacturing and management operations to enhance operational efficiency.

3. Domestic Industry Trends: In recent years, the local real estate sector has experienced challenges such as labor and material shortages during the pandemic and inflation in raw material costs. These were followed by a housing boom driven by preferential mortgage policies, which in turn led to a sharp rise in property prices. However, the Central Bank's loan restrictions have since dampened transaction volumes. This irregular pattern of growth is not sustainable. Given the anticipated slowdown in real estate transactions and industrial stagnation in 2025, ESG will focus on enhancing the functionality and quality of its bathroom products to gain consumer recognition. In the composite materials and smart ceramic sectors, we will also explore product innovation and expansion into new industries to diversify our offerings and develop high value-added product lines.
4. Promotion and Development of UB Product Line: Due to ongoing labor shortages and declining birthrates, Taiwan's bathroom construction industry may gradually follow Japan's model, shifting toward prefabricated bathroom modules instead of traditional on-site construction. This method reduces labor demand and shortens construction time, which will likely gain acceptance among developers. The government has also begun promoting this approach in public buildings. ESG was an early adopter of this technology, and although previous market response was limited, the current climate—with increased demand and active support from both the industry and government—presents an ideal opportunity for market introduction. We are committed to building on our existing foundation and further incorporating new techniques and technologies to solidify our position for future growth.

In closing, I sincerely wish all our shareholders good health and every success. Thank you for your continued support.

Hocheng Corporation

Editorial Policy

Hocheng Corporation (hereinafter referred to as "Hocheng") is committed to pursuing sustainable business operations and enhancing information transparency. In line with this commitment, we publish the 2024 Sustainability Report (hereinafter referred to as "this Report"). Through this Report, we aim to communicate with stakeholders regarding our ongoing efforts and performance in areas such as strengthening ethical governance, implementing environmental protection and occupational safety measures, and improving employee compensation and benefits—all under the overarching goal of sustainable development. Hocheng sincerely hopes that stakeholders will continue to support and engage with us by providing valuable feedback, enabling the Company to make steady and meaningful progress on the path to corporate sustainability.

Reporting Boundary and Scope

This Report covers business data from January 1 to December 31, 2024. The scope of the disclosed information includes Hocheng Corporation's factories and operational sites located in Taiwan, excluding its subsidiaries.

Reporting Framework and Information Verification

© The structure of this Report is based on the GRI Standards 2021 issued by the Global Reporting Initiative (GRI). It also complies with the requirements of the "Regulations Governing the Preparation and Filing of Sustainability Reports by TWSE/TPEX Listed Companies" and incorporates elements from the Task Force on Climate-related Financial Disclosures (TCFD) and the Sustainability Accounting Standards Board (SASB). A GRI Standards Content Index and a SASB Index are provided in the Appendix for stakeholder reference.

© Financial data disclosed in this Report has been audited and certified by KPMG Taiwan (KPMG Certified Public Accountants) in accordance with International Financial Reporting Standards (IFRS), and is presented in thousands of New Taiwan Dollars (NTD). Environmental, labor, and occupational safety data were compiled and aggregated by the respective responsible departments, verified by department heads, and presented using internationally recognized metrics. If any content covers operations from different years or regions, such details are specifically explained in the relevant sections of the Report.

© All Hocheng Corporation factories in Taiwan have obtained ISO 9001 and ISO 14001 certifications. In addition, the Taoyuan plant has also obtained ISO 45001, ISO 50001, ISO 27001, and ISO 13485 certifications, with ongoing efforts to maintain their validity.

Publication Frequency

This is the fourth voluntary ESG report published by Hocheng Corporation. Moving forward, Hocheng Corporation will publish its ESG report annually. To enhance the transparency and accessibility of disclosed information, the full electronic version of this Report can be downloaded from the Market Observation Post System (MOPS) and the Company's official website. No printed copies will be issued.

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Feedback and Contact Information

If you have any comments or suggestions regarding the content of this Report, we welcome your feedback and invite you to contact us.

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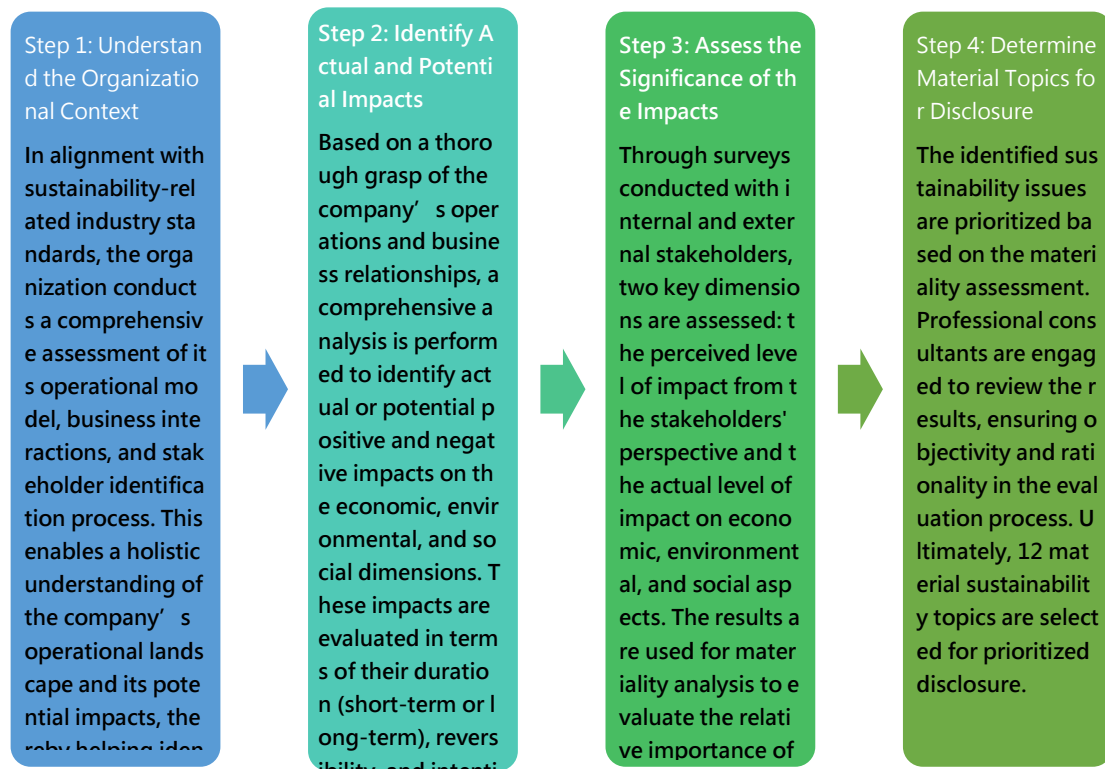
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1、Stakeholder Engagement and Material Topic Identification

Stakeholder Engagement and Material Topic Identification Process



1.1 Sustainability Development Committee

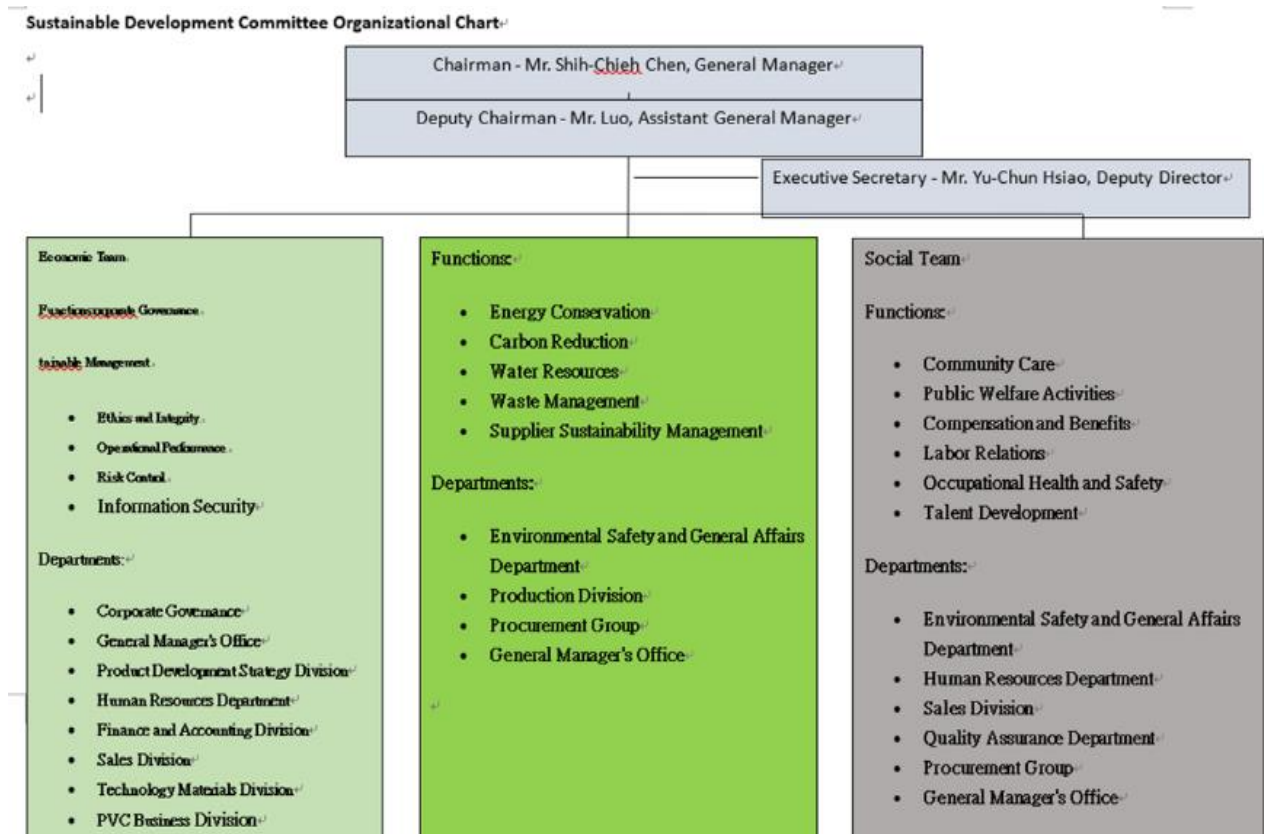
Authorized by the Board of Directors, Hocheng Corporation has established a Sustainability Development Committee led by the President, who serves as the Chairperson. This committee is responsible for formulating the company's overall sustainability strategy and direction. It plays a key role in promoting and implementing sustainability initiatives across the organization, striving to embed the concept of sustainable management into the corporate culture and integrate its values into daily operations.

In response to the broad scope of sustainability—which encompasses environmental, social, and governance (ESG) aspects—the committee has established several specialized task forces. These task forces, managed by relevant departments, are responsible for collecting stakeholder feedback and addressing key concerns related to environmental protection, occupational safety, supply chain management, labor and human rights, operational performance, and corporate governance.

Upholding the principle of respecting stakeholder rights, the company has created a dedicated stakeholder section on its official website to effec

tively respond to material ESG issues of concern. Hocheng Corporation reports its ESG performance to the Board of Directors annually, thereby enhancing the Board's engagement in the implementation and oversight of ESG initiatives.

Organizational Structure of the Sustainability Development Committee



1.2 Identification of Stakeholders

Through routine business interactions Hocheng Corporation engages with various stakeholders.

By conducting internal discussions and referencing industry practices.

The company has identified seven major stakeholder groups.

Stakeholders refer to individuals or groups that have an impact on, or are impacted by, the operations of Hocheng Corporation. Each department within the company initially identifies stakeholder categories based on their day-to-day business interactions. Subsequently, the identification process considers the frequency of interaction, level of influence, and importance to the company. This evaluation is carried out through internal discussions and by referencing industry benchmarks.

As a result of this process, Hocheng Corporation has identified seven key stakeholder groups with high relevance to its operations: Employees, Shareholders / Investors, Customers, Suppliers / Contractors, Local Communities

s, Government Agencies, Media. These stakeholder groups serve as the primary focus for engagement, communication, and sustainability efforts.

1.3 Stakeholder Communication Channels and Key Concerns

Given the varying roles and attributes of Hocheng Corporation's key stakeholders, the issues of concern to each group may differ. To ensure timely and comprehensive access to information related to the Company's operations, all departments actively maintain positive engagement with stakeholders through diverse communication channels. This interactive mechanism not only enables the Company to promptly understand stakeholder needs and expectations but also fosters their understanding and trust in the Company's operations. The Company regularly reports the effectiveness of stakeholder communication to the Board of Directors each year, enhancing both transparency and the efficacy of engagement.

During routine business interactions, departments continuously gather concerns raised by primary stakeholders. These issues are then consolidated and analyzed by the ESG Committee. This process also refers to the GRI Standards 2021 and peer ESG reporting practices to systematically identify twelve key sustainability topics spanning economic, environmental, and social aspects. Hocheng Corporation is committed to ensuring that all disclosed sustainability information aligns with the GRI Standards' requirements for completeness and inclusiveness, reflecting the Company's strong dedication to sustainability governance.

Key Stakeholders	Importance to the Company	Key Issues of Concern	Communication Channels / Frequency	Communication Practice Statistics	Communication Practice Statistics
Government Agencies	<ul style="list-style-type: none"> Regulatory agencies supervise and audit the Company's compliance with laws, directly impacting legal operations and risk management. 	<ul style="list-style-type: none"> Regulatory compliance practices Corporate governance Ethical business conduct Product responsibility Economic performance and legal compliance 	<ul style="list-style-type: none"> Policy briefings by authorities (irregular) Market Observation Post System (MOPS) Company website Phone contact email / official letters 	1. Official document exchanges: 2022: 10 times 2023: 15 times 2024: 16 times 2. Phone communications: 2022: 30 times 2023: 35 times 2024: 32 times	2. About Hocheng Corporation 3. Ethical Corporate Governance 4. Sustainable Environment 5. Social Responsibility and Care

		iance			
Shareholders	<ul style="list-style-type: none"> As providers of capital, shareholders' rights must be protected and all shareholders treated fairly. They must be fully informed, involved, and entitled to participate in key corporate decisions. 	<ul style="list-style-type: none"> Economic performance Corporate governance Risk management Regulatory compliance Information security 	<ul style="list-style-type: none"> Annual General Meeting (yearly) Investor section on corporate website (monthly) Market Observation Post System (MOPS) (irregular) 	1. AGM attendance rate: 2022: 61.94% 2023: 62.64% 2024: 59.57% 2. Investor hotline inquiries: 2022: 46 calls 2023: 32 calls 2024: 41 calls 3. Investor conferences held: 1 session each in 2022, 2023, and 2024	2. About Hocheng Corporation 3. Ethical Corporate Governance 4. Sustainable Environment 5. Social Responsibility and Care
Suppliers / Contractors	<ul style="list-style-type: none"> Hocheng Corporation relies on stable supply of raw materials and components from numerous suppliers. The Company also leverages its influence to ensure suppliers do not engage in environmental pollution or human rights violations. 	<ul style="list-style-type: none"> Supplier management (environmental and human rights) Procurement policy (green procurement) Energy conservation and carbon reduction 	<ul style="list-style-type: none"> Factory audits (quarterly) Face-to-face meetings (monthly) Phone / Email (irregular) 	1. CSR Commitment to Environment & Human Rights signed: 2022: 75% 2023: 75% 2024: 75% 2. Supplier meetings held: None in 2022 and 2023 2024: Year-end banquet attended by 86 suppliers	3. Ethical Corporate Governance 4. Sustainable Environment 5. Social Responsibility and Care
Customers	<ul style="list-style-type: none"> Customers are the primary source of Hocheng Corporation's revenue. The Company considers product quality 	<ul style="list-style-type: none"> Corporate governance Regulatory compliance Operational performance Innovation and R&D Green products 	<ul style="list-style-type: none"> Regular review meetings with customers Routine client visits by sales teams Phone / Email / Written communication 	1. Customer feedback emails received: 2022: 744 2023: 765 2024: 767	3. Ethical Corporate Governance

	<p>y, safety, and after-sale service as core commitments to customers.</p>	<ul style="list-style-type: none"> ● Product responsibility ● Customer relations ● Information security 	<p>espondence</p>	<p>2. Customer service calls received: 2022: 94,425 2023: 83,640 2024: 86,742</p> <p>3. Customer satisfaction survey scores: 2022: 84 2023: 86 2024: 84</p>	
Employees	<ul style="list-style-type: none"> ● Employees are the cornerstone of Hocheng Corporation's operations. The Company is committed to creating a work environment that supports physical and mental well-being and encourages diverse development. 	<ul style="list-style-type: none"> ● Business ethics ● Operational performance ● Compensation and benefits ● Labor-management relations ● Occupational health and safety 	<ul style="list-style-type: none"> ● Email ● Written correspondence ● Telephone ● Grievance channels 	<p>1. Internal meetings: 2022: 80 sessions, 800 participants 2023: 84 sessions, 816 participants 2024: 88 sessions, 890 participants</p> <p>2. Feedback via employee mailbox: 0 received</p> <p>3. Formal grievance cases received: 0</p>	<p>3. Ethical Corporate Governance</p> <p>5. Social Responsibility and Care</p>
Local Communities	<ul style="list-style-type: none"> ● The Company implements strict environmental control measures to prevent pollution at its operating sites, thereby protecting the quality of life in surrounding communities. 	<ul style="list-style-type: none"> ● Environmental compliance ● Wastewater and waste management ● Environmental grievance mechanisms ● Community investment and engagement 	<ul style="list-style-type: none"> ● Complaint hotline ● Corporate website ● Local consultation forums 	<p>1. Community engagement seminars held: 2022: 2 sessions, 80 attendees 2023: 2 sessions, 85 attendees 2024: 2 sessions, 110 attendees</p>	<p>4. Sustainable Environment</p>

Media	<ul style="list-style-type: none"> Media serve as the voice of the public, offering feedback and suggestions that encourage the Company to pursue continuous improvement and innovation. 	<ul style="list-style-type: none"> Regulatory compliance Community relations Public welfare 	<ul style="list-style-type: none"> Press conferences Press releases Media interviews and features 	1. Interior Design Expo – Corporate participation values 2. UDN Ocean & Mountain Initiative – Corporate tree planting & coral restoration 3. Interior Design Expo – ESG trends in product showcase	5. Social Responsibility and Care
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1.4 Identification of Material Topics

The ESG Sustainability Development Committee of Hocheng Corporation carried out an evaluation of 12 sustainability-related issues through a stakeholder engagement process. An online questionnaire was used to invite key stakeholders to participate, resulting in 151 valid responses. These included 34 from employees, 27 from shareholders/investors, 28 from customers, 43 from suppliers/contractors, 13 from local communities, 3 from government agencies, and 3 from media representatives. The results reflected stakeholders' levels of concern and prioritization for each sustainability issue.

In parallel, we invited 23 company executives to assess the impact of each sustainability issue on Hocheng Corporation via the same online questionnaire platform. By combining the stakeholders' concern scores with the internal impact assessments, we developed a materiality matrix. After careful discussion and evaluation, the ESG Sustainability Development Committee identified the top 12 most significant topics across environmental, social, and economic dimensions to be disclosed as this year's material issues.

This year's material issues span environmental, social, and economic dimensions and include the following topics: Operational Performance, Water and Wastewater Treatment, Climate Change and Carbon Emissions, Energy Management, Occupational Health and Safety, Customer Health and Safety, Market Position, Labor Relations, Sustainable Supply Chain Management, Forced or Compulsory Labor, Waste Management, and Anti-Corruption. The management approach and disclosure items related to these material topics are detailed in this report.

In addition, to ensure balance in the disclosure of sustainability information, we have also included supplemental information on Hocheng Corporation's community engagement and charitable activities. The following table summarizes this year's material topics and their impact boundaries.

2022 Major themes of the year	2023 Major themes of the year	2024 Major themes of the year	Compare
Operational performance	Transparency of product quality information	Operational performance	Rise 2
Innovative R&D	Occupational safety and occupational health	Water & Wastewater Treatment	Rise 1
Water & Wastewater Treatment	Operational performance	Climate change and carbon emissions	New
Supply chain sustainability management	Innovative R&D	energy management	Rise 2
Occupational health and safety	Compensation and benefits and employee care	Occupational health and safety	Unchanged
energy management	Protection of labor rights	Customer health and safety	New
Compensation and benefits	Talent training and cultivation	Market position	New
Waste management	Supply chain sustainability management	Employment-employment relations	New
		Supply chain sustainability management	Down 1

		Forced or compulsory lab or	New
		Waste management	Down 3
		Anti-corruption	New

F ac e	Major topics	Describe the organization's policies or commitments related to a material topic (explain their importance)	Goals & Targets (Short, Medium and Long-term Goal Setting and Evaluation)	Manage the evaluation mechanism 1. Resources invested in the current year (funds, manpower, implementation projects) 2. Specific results	Responsible Department/Grievance Mechanism	Policies/Commitments	Confirm the effectiveness of the management mechanism	Mapping GRI Guidelines/ Corresponding chapters
Ec on o mi c a s p e c t	Economic performance GRI 201	1. The company strives to meet the international quality requirements of customers for products, and has a complete sales channel and engineering and technical service team around the world, which can solve customer problems in real time and localize, respond to customers' specifications for new technologies, and become an important partner for global customers. 2. The company satisfies customer	A. Short-term goals: 1. Brand management and development: Since its establishment, the company has been advanced and the results of our joint efforts from the blue thread of the road to the domestic listing, from the domestic root to the foreign development. It is expected to integrate domestic and foreign resources, reposition and think about the development direction of the company's brand. We also hope that colleagues will participate in and assist in many ways, so that HCG will not only be a trustworthy company towards a century, but also a company with high brand value with both vitality and innovation. 2. Diversified development of new materials and technology	Invested 100,377 thousand yuan in research and development, and 15 product research and development achievements.	1. Regularly hold legal person briefings to communicate with investors to make them understand the company's operation. 2. Disclose the investor service contact window on the official website and maintain smooth communication channels.	1. Optimize the layout of the factory. 2. Research and development of new products. 3. Integrate the group's resources to create maximum value.	1. Quarterly and annual financial reports that have been reviewed or audited by accountants 2. The Board of Directors will be convened quarterly to approve the financial report, and regular internal meetings will be held every month to review the operating performance and future improvement strategies. 3. There will be no major violations in 2024.	3. Ethical Corporate Governance

		<p>s with high-quality products, rewards shareholders with excellent business performance, and actively expands its production capacity in recent years, maintains stable business growth, and continues to advance to a world-class factory.</p> <p>3. The pursuit of maximum profit is the goal of the company's continuous efforts, in addition to enhancing the confidence of shareholders, employees and the value chain in us, it is also the key to moving towards sustainable operation, in addition to increasing the trust of stakeholders in the company, it</p>	<p>gies: The bathroom products industry is already a fairly mature industry, and it is necessary to study what materials or new technologies can be introduced to improve the function and quality of products and reduce production costs, reduce resource consumption and transfer profits to consumers, so that consumers, companies and employees can share the results of improvement. In recent years, in terms of composite materials and technology products, we have applied the materials and technologies developed to evaluate and invest in the research and development of different industries and new products, and expanded the industry and product categories. In the development of scientific and technological ceramic products, we can continue to deepen the development of related products in the defense industry, and we can also evaluate whether they can be applied to the dev</p>					
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		<p>is also a key element to achieve long-term stable operation.</p>	<p>elopment of other industrial products.</p> <p>3. Promotion and development of UB product group: replacing the traditional manual item-by-item construction method with the construction of integrated bathroom modules can not only reduce the use of manpower but also shorten the construction period, so that the government and builders can recognize the benefits of this construction method and try to use it in the public space and construction market, so it is the best time to introduce it into the market.</p> <p>B. Medium and long-term goals:</p> <p>1. Actively develop markets and channels to achieve annual business goals.</p> <p>2. Strengthen logistics management, diversify supply chain risks, and expand the use of the company's cash flow.</p> <p>3. Accelerate the development of new products and technologies to improve market competitiveness.</p>					
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			<p>4. Strengthen advertising and marketing, and increase product market share.</p> <p>5. Strengthen talent training and implement performance management.</p> <p>6. Implement ISO quality, information security and environmental policies.</p> <p>7. Strengthen the regulation and control of the expense budget and implement unit cost management.</p> <p>8. Implement and complete the "Sustainability Report" policy.</p>					
	Market position GRI 202	The company is committed to enhancing its position in the markets in which it operates by supporting local economic development, providing fair wages and prioritizing the hiring of local workers. Policies focus on building long-term relationships with local communities and	<p>A. Short-term goals:</p> <p>1. Increase the proportion of local employees and regularly review the salary structure.</p> <p>2. The proportion of senior management personnel in major operating areas will be increased by local talents.</p> <p>B. Medium and long-term goals:</p> <p>1. Establish a sound local talent cultivation plan.</p>	The ratio of local employees, the ratio of salary to local minimum standards, and the proportion of senior management localization.	Human Resources Department	<p>1. Prioritize recruiting employees from the places where we operate.</p> <p>2. Provide remuneration above the local minimum wage and regularly review the salary structure.</p> <p>3. Encourage senior management to localize and improve</p>	<p>1. Review the minimum wage standards announced by government agencies every year, comply with relevant labor laws and regulations, and make necessary salary adjustments.</p> <p>2. The remuneration committee is convened twice a year to continuously monitor the</p>	<p>3. Ethical Corporate Governance</p> <p>5. Social Responsibility and Care</p>

		nd ensuring that wages and benefits meet or exceed local minimum standards.				their understanding and adaptability to the local market.	changes in market salary trends, and evaluate and adjust according to the needs of market competitiveness.	
	Anti-corruption GRI 205	The company is committed to establishing a transparent and ethical operating environment and eliminating all forms of corruption, including the establishment of strict anti-corruption practices, compliance with international standards, commitment to anti-corruption education for all employees and business partners, and ensuring that violations are dealt with strictly.	<p>A. Short-term goals:</p> <ol style="list-style-type: none"> 1. Complete anti-corruption advocacy meetings with employees and major suppliers. 2. Conduct corruption risk assessment for high-risk departments and formulate improvement plans. <p>B. Medium and long-term goals:</p> <ol style="list-style-type: none"> 1. Achieve anti-corruption training coverage for employees and key business partners. 2. Establish a comprehensive anti-corruption management system, with a zero incidence of corruption incidents. 	Training completion rate, risk assessment coverage, number of corruption incidents, and handling rate of reported cases.	<ol style="list-style-type: none"> 1. Hold anti-corruption advocacy meetings from time to time. 2. Each unit conducts self-assessment on a regular basis. 3. Set up reporting channels on the official website and formulate a reporting system. 	<ol style="list-style-type: none"> 1. Implement a zero-tolerance anti-corruption policy and prohibit bribery, kickbacks and other improper exchange of benefits. 2. Establish an anonymous reporting mechanism to protect whistleblowers and ensure violations are investigated. 	<ol style="list-style-type: none"> 1. The relevant norms of corporate governance have been announced on the official website. 2. The risk assessment covers the whole company. 3. The number of corruption incidents and reported cases in 2024 will be 0. 	3. Ethical Corporate Governance

Environmental Surfaces	Energy GRI 302	It has always been the company's goal to meet the needs of consumers while implementing energy conservation and carbon reduction, reducing environmental impact and supporting climate action by improving energy efficiency, adopting renewable energy and reducing energy consumption	A.Short-term goals: 1.The annual electricity saving is 100,000 kWh B.Medium- and long-term goals: 1. Continue to purchase energy-saving products 2. Implement energy-saving policies in the factory	1. Follow ISO50001 norms 2. Use energy-saving products to achieve power-saving effects	Environmental Safety Division (03) 362 3105 Ext. 3212	Implement continuous energy improvement/achieve energy optimization goals Implement an energy management system to regularly monitor and reduce energy consumption.	In FY2024, a total of 435,840 kWh of electricity was saved	4. Sustainable Environment
	Water vs. Drain Water GRI 303	Whether it is the treatment of waste (sewage) water or the utilization of water resources, we all uphold the concept of maximizing the use value, and take into account the maintenance of the environment while producing.	A.Short-term goals: 1.The discharge of water complies with the statutory regulations B.Medium- and long-term goals: 1.Adhere to the principle of water recycling and increase the reuse rate of water resources	1. In accordance with the water pollution prevention and control permit 2. There is a waste (sewage) water treatment system	Environmental Safety Division (03) 362 3105 Ext. 3212	Comply with environmental protection laws and regulations and move towards sustainable development / Systematic management, water recycling	The discharge value of waste (sewage) water is in accordance with the relevant statutory regulations	4. Sustainable Environment

	Emission GRI 305	Committed to actively addressing the challenges of climate change by reducing greenhouse gas emissions, improving energy efficiency and adopting low-carbon technologies, with policies focusing on carbon footprint management, complying with international standards, and moving towards net-zero emissions.	A.Short-term goals: 1. 5% reduction in Scope 2 emissions compared to the previous year. B.Medium- and long-term goals: 1. Establish a comprehensive greenhouse gas management system to achieve real-time monitoring and transparent disclosure of annual emission data.	1.ISO14064-1 Standardized handling	Environmental Safety Division (03) 362 3105 ext. 3212	Implement a greenhouse gas inventory plan to grasp the status of greenhouse gas emissions. By reducing greenhouse gas emissions and actively addressing the challenge of climate change, the policy focuses on carbon footprint management.	Maintain the effectiveness of the ISO 14001 environmental management system through regular review and achievement of annual carbon reduction targets.	4. Sustainable Environment
	Castoff GRI 306	We hope to minimize environmental pollution and damage, and promise to "continuous improvement" to achieve the company's sustainable business goals, and strive to improve the environment to create a healthy, safe	A.Short-term goals: 10% reduction in waste disposal compared to the previous year B.Medium- and long-term goals: Improve process technology and do a good job in the end-of-line control of raw materials, and strengthen the promotion of environmental awareness of the company's colleagues	1. Implement source control and implement resource classification 2. Achieve the goal of reducing domestic waste	Environmental Safety Division (03) 362 3105 ext. 3212	Proper disposal of waste, maintenance of environmental quality, reduction of environmental damage and reuse of resources	In 2024, the amount of waste disposed of will be reduced by 807.75 metric tons compared to the previous year	4. Sustainable Environment

		fe and environm entally friendly li ving environmen t.	leagues, so as to achieve the goal of waste reduction.					
	Supplier envir onmental ass essment GRI 308	We are committe d to promoting t he connection be tween the indust ry and the supply chain, and at the same time ensuri ng that suppliers comply with soci al ethical standar ds and comply wi th national enviro nmental protec tion policies and norms in the pro cess of providing products and ser vices.	A.Short-term goals: It is expected to be complete d in 2025. Establishment of S upplier Environmental and S ocial Self-Assessment Form Manufacturer Environmental and Social Self-Assessment F orm Recycling rate of 75% B.Medium- and long-term g oals: 100% recovery rate of the m anufacturer's environmental and social self-assessment f orm, and 100% completion r ate of on-site evaluation	The statistical table of th e manufacturer's assess ment status is mainly for the quasi-submission ev aluation and quality eval uation, and the grade is rated as excellent, excell ent, A, and B. If there is no improvement for thr ee consecutive months, the relevant technical d epartments will be orga nized to evaluate the su pplier, and then if the im plementation of the aud it can not effectively imp rove, the qualification wi ll be cancelled. In 2024, the on-site eval uation of suppliers: 4 br onze and 8 porcelain we re completed, and the e	Responsible depart ment: environment al safety/quality ass urance/technology /procurement, grie vance mechanism: t he procurement co nvenes relevant eva luation team memb ers to respond and solve. They all provi de multiple commu nication channels a nd have independe nt investigation me chanisms based on different issues.	Adhering to th e principle of a biding by natio nal laws and so cial norms, and signing a letter of commitmen t from supplier s, we actively d evelop excellen t suppliers, out sourcers and s econdary sourc es, conduct ins pections and e valuations in ac cordance with relevant assess ment methods, and formulate a hierarchical management s	In 2024, 127 maj or suppliers will b e evaluated - exc ellent. In additio n, 6 suppliers viol ated environmen tal protection reg ulations, includin g 4 air pollution c ontrol laws, 1 was te cleanup law, a nd 1 soil and gro undwater polluti on remediation la w. Suppliers are t hen evaluated.	4. Sustainable Enviro nment

				valuation results were in line.		system for suppliers.		
Social aspect	Industrial Relations GRI 402	Promote a harmonious workplace environment through transparent communication, fair negotiation, and respect for labor rights. The policy focuses on establishing an effective mechanism for collective labour dialogue and ensuring that collective labour consultations cover all key issues.	<p>A.Short-term goals:</p> <ol style="list-style-type: none"> 1. Labor-management meetings shall be held at least once every three months. 2. Establish a standardized notification process to ensure that major changes are notified 3 weeks in advance. <p>B.Medium- and long-term goals:</p> <p>Establish a comprehensive labor relations management system to achieve dispute prevention and immediate resolution.</p>	<ol style="list-style-type: none"> 1. The labor-management meeting shall be held at least once every three months, and an ad hoc meeting may be convened if necessary. 2. The company shall set up a special telephone, fax, special mailbox, e-mail 3 or other designated complaint channels for the appeal of the incident, and publicly disclose the relevant information in a conspicuous place in the workplace, and the designated person or unit shall be responsible for the investigation and handling of the complaint. 	Human Resources Department	<ol style="list-style-type: none"> 1. Establish a regular labor-management meeting system to ensure that employees' opinions are fully expressed. 2. Notify employees in advance and negotiate with them before major operational changes. 3. Provide grievance channels to protect employees' rights and quickly resolve labor issues. 	In line with government regulations, it can coordinate labor-management relations, promote labor-management cooperation, and prevent various labor problems before they occur.	5. Social Responsibility and Care

	Occupational health and safety GRI 403	Adhering to the principle that employees are the most important asset of the company, and the primary goal is to protect the safety of workers, we carry out hazard identification and risk assessment, risk reduction measures and emergency response. Make sure your work environment is safe and secure.	<p>A.Short-term goals: Strengthen industrial safety management, implement the completion rate of various operations in risk assessment to 100%, and less than 12 minor accidents. Toward the goal of zero disasters.</p> <p>B.Medium- and long-term goals: Continuously improve the occupational safety and health management system to achieve the goal of zero accidents</p>	<p>Implement hazard identification risk assessment, identify risks and implement management measures in accordance with procedures</p> <p>Follow the ISO 45001:2018 version of the management system specifications</p> <p>Regularly monitor the working environment including noise, dust, carbon dioxide, organic solvents and high-temperature workplaces to ensure work safety.</p> <p>We regularly carry out employee health check-ups and promote health promotion activities to provide a healthy and friendly workplace environment.</p> <p>Continue to carry out safety and health education and training and accident investigation case sharing, and strengthen employees' occupational safety skills and knowledge.</p>	Environmental Safety Section/03-362-3105 #3212	<p>1. Comply with the relevant laws and regulations of the government on occupational safety</p> <p>2. Strive for the prevention and control of industrial safety hazards</p> <p>3. Strengthen communication with the community, customers and third parties to share occupational safety experience</p> <p>4. Implement education and training for all employees to enhance environmental safety awareness and emergency response ability.</p> <p>Commitment to "continuous improvement" t</p>	<p>Number of occupational accidents</p> <p>Number of cases to improve the party</p>	5. Social Responsibility and Care
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				Implement on-site operation safety, including factory inspection, contractor construction management, on-site machinery and equipment safety protection assessment, and personal protective equipment safety assessment.		o ensure sustainable operation, enhance the company's image, and strive to improve the environment		
	Forced or compulsory labor GRI 409	Ensure that all operations and supply chains are free of any form of forced labor, and conduct human rights reviews of all employees and suppliers	A.Short-term goals: Complete forced labor risk assessment and training for employees and key suppliers. B.Medium- and long-term goals: Establish a comprehensive human rights management system to ensure that the supply chain is free of forced labor and has passed international certifications	Risk assessment coverage, training completion rate, number of forced labor incidents, and reported case handling rate.	(Supplier) Purchasing Team / 03-362-3105 #3238	Implement a zero-tolerance forced labor policy and prohibit any form of forced work or labor exploitation. Conduct human rights due diligence on new employees and suppliers to ensure voluntary labor. Establish an anonymous reporting mechanism to encourage employees and stakeholders to report potential	(Suppliers) 70% in 2023 75% in 2024	5. Social Responsibility and Care

						ential violation s.		
	Customer health and safety GRI 416	Committed to product innovation, leading the market trend, and meeting customer needs. Ensure that the product quality meets the required standards. We will comply with environmental laws and regulations and other requirements, and participate in the prevention of pollution and continuous improvement of environmental performance. Establish and implement env	A.Short-term goals: Completed the product safety risk assessment, and the customer complaint handling rate reached 100%. B.Medium- and long-term goals: 1. Achieve products that have passed health and safety assessments, and customer satisfaction reaches more than 90%. 2. Establish a comprehensive product safety management system to ensure zero major violations.	Safety assessment coverage, number of health and safety incidents, complaint handling time, customer satisfaction.	Sales Office Marketing Planning Section/03-3623105 #1564 or 1165	Conduct product lifecycle safety assessments to ensure no health risks from design to use. All products are regularly tested and certified to comply with domestic and foreign safety regulations. Establish a customer feedback and complaint mechanism to quickly address health and safety-related issues.	The sales office has established a customer feedback and complaint mechanism, and its relevant data is as follows: 1. Official website customer opinion mailbox acceptance: Year 2022: 744 in total Year 2023: 765 in total Year 2024: 767 in total 2. Number of calls received by the customer maintenance service line:	5. Social Responsibility and Care


		ironmental targets and continuously optimize the environmental management system.					FY2022: 94,425 FY2023: 83,640 2024: 86,742 3. Customer Satisfaction Survey Scores: 2022: 84 points 2023: 86 points 2024: 84 points	
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1.5 Sustainable Development Goals




In 2015, the United Nations officially launched the Sustainable Development Goals (SDGs) as a universal blueprint for promoting sustainable development worldwide. The SDGs aim to help governments and businesses achieve balanced progress across economic, social, and environmental dimensions by 2030. Comprising 17 core goals and 169 specific targets, the SDGs have become a crucial reference framework for corporate sustainability initiatives.



Hocheng Corporation actively supports the United Nations SDGs and integrates their core principles into the company's strategic development. Our management philosophy has evolved from a traditional focus on economic performance to a broader emphasis on multiple sustainability issues, including environmental protection, regulatory compliance, employee rights, workplace equality, and resource and carbon emission management. To fulfill our sustainability commitments, we continue to promote a friendly and inclusive workplace, reduce wastewater and greenhouse gas emissions, and collaborate with suppliers to enhance overall environmental quality and social responsibility.

Looking ahead, Hocheng Corporation will continue to deepen and expand our sustainability actions, proactively respond to global sustainability challenges, and demonstrate our corporate social responsibility through concrete efforts—contributing positively to building a more sustainable future.

SDGs	Detailed objectives	Hocheng Corporation responded
	<p>1.4 Ensure that all women and men, especially the poor and vulnerable, have equitable rights and access to economic resources.</p>	<p>1.4.1 Provide competitive salary conditions and comprehensive welfare measures that exceed the laws and regulations, so that employees can work with dignity and improve the economic living standards of individuals and families.</p> <p>1.4.2 Appropriately adjust the salary of employees according to the company's profitability and improve the centripetal force of colleagues to the company.</p>

<p>4 優質教育</p> 	<p>4.5 Eliminate educational disparities and ensure that disadvantaged groups have access to education and vocational training for all classes, including people with disabilities, indigenous peoples and disadvantaged children.</p> <p>4.7 Promote sustainable development education, sustainable lifestyle, human rights, gender equality, peace and non-violence.</p>	<p>4.5.1 Arrange employees with different business attributes to carry out functional training to ensure that each employee can receive the opportunity for vocational training.</p> <p>4.7.1 Plan courses on sustainable development, gender equality in the workplace, and labor human rights, and encourage colleagues to participate.</p>
<p>5 性別平等</p> 	<p>5.1 Eliminate all forms of discrimination against women.</p> <p>5.4 Recognize and value women's family care through social protection policies.</p>	<p>5.1.1 Gender is not used as a factor in the appointment and evaluation of employees.</p> <p>5.4.1 Regardless of gender, all employees can apply for parenting leave of absence rights.</p>
<p>6 潔淨飲水與衛生</p> 	<p>6.3 Improve water quality, reduce pollution, eliminate garbage dumping, reduce the release of toxic chemicals and hazardous materials, and reduce the proportion of untreated waste water.</p> <p>6.4 Significantly increase the efficiency of water use in the industry and ensure sustainable fresh water supply and recycling to solve the problem of water shortage.</p> <p>6.a. For water and sanitation-related activities and programmes, nurturing support includes: pick water Remove the salt , wastewater treatment, recycling, and reuse technology.</p>	<p>6.3.1 Through water-saving measures, Total water withdrawal composed Republic of China 110 22 5,72 of the year hundred 10,000 liters fell to Republic of China 112 211.95 of the year hundred 10,000 liters.</p> <p>6.3.2 The water quality of the discharge water is regularly tested, and the water quality results in the past three years are in line with the requirements of the local regulations and discharge water specifications.</p>

<p>8 體面工作和經濟增長</p> 	<p>8.5 Achieve full and productive employment with a good job for all men and women, including young people and persons with disabilities, and equal pay for equal work.</p> <p>8.7 Prohibit child labor and eliminate oppressed labor.</p> <p>8.8 To protect the rights and interests of workers and to promote a safe working environment, especially for women and workers who perform hazardous work.</p>	<p>8.5.1 Gender is not used as a factor in the appointment and evaluation of employees.</p> <p>8.5.2 Appropriately adjust the salary of employees according to the company's profitability and improve the centripetal force of colleagues to the company.</p> <p>8.7.1 Respect labor rights, including the prohibition of child labor and any form of workplace discrimination.</p> <p>8.8.1 Maternal employees appropriately adjust their job content in accordance with the law, reduce workload, and substantially protect maternal employees.</p> <p>8.8.2 Implement an occupational safety and health management system to effectively improve employee workplace safety.</p>
<p>9 產業創新與基礎建設</p> 	<p>9.4 Upgrading infrastructure and transforming businesses and industries so that they can develop sustainably, improve energy efficiency, and significantly adopt clean and environmentally friendly technologies and industrial processes.</p> <p>9.5 Encourage innovation, increase the number of R&D personnel, and increase R&D expenditure.</p>	<p>9.4.1 In the past three years, a total of 641,57 thousand kWh of electricity has been saved</p> <p>9.5.1 Increase the number of R&D teams year by year, and spend R&D every year occupy The revenue ratio was above 3%.</p>
<p>10 減少不平等</p> 	<p>10.2 Promote socio-economic and political integration, regardless of age, gender, disability, religion, economic or other status.</p>	<p>10.2.1 The company's recruitment, assessment and promotion mechanism does not take employees' physical or psychological differences as the criterion.</p>

	10.3 Practical practices to ensure equality of opportunity and reduce inequalities, including the elimination of discrimination.	10.3.1 There are employee reporting channels and a complete reporting process to protect whistleblowers.
	12.5 Significantly reduce waste generation through prevention, reduction, recycling and reuse.	12.5.1 Keep improving Production process to reduce the amount of waste produced.
	<p>16.6 Develop effective, accountable and transparent systems at all levels.</p> <p>16.7 Ensure that decision-making at all levels is responsive to public opinion and is inclusive, participatory and representative.</p>	<p>16.6.1 Strengthen corporate governance, ensure that employees comply with the company's standards through internal control, and have independent reporting channels and a complete reporting process.</p> <p>16.7.1 Through stakeholder communication, understand the requirements and expectations of the company, etc., and report to the board of directors on a regular basis.</p>

2、About Hocheng Corporation

2.1 Company Profile

Hocheng Corporation (HCG) was founded in 1931 (Year 20 of the Republic of China) by Mr. Chiu Ho-Cheng in Yingge, Taiwan. With more than 93 years of development, the company has transformed—through the joint efforts and dedication of all its members—into a modern, professional, and diversified enterprise.

HCG was publicly listed on the Taiwan Stock Exchange in 1991, with its corporate headquarters located in Taipei. The company has not only become a leader in the manufacturing of bathroom fixtures, kitchenware, and brass plumbing fittings but has also expanded into areas such as construction, precision ceramics, stoves, and residential equipment. Furthermore, HCG has established educational and charitable foundations, setting a benchmark as a successful enterprise that actively engages in social responsibility, contributes to local communities, and participates in global development.

For every member of the HCG family, the guiding principles of "High Technology, Integrity, Satisfaction, Global Value, Refinement, Creativity, and Chinese Cultural Innovation" are not only core management philosophies but also values integrated into daily operations and personal work ethics. It is through the unwavering commitment to these principles that employees grow alongside the company—building lasting achievements in both individual careers and the company's continuous expansion from foundational infrastructure to international presence.

◆Basic information

Company Name	Hocheng Corporation
Stock Code	1810
Headquarters Location	1F, No. 398, Xing-Shan Road, Neihu District, Taipei City, Taiwan
Capital	NT\$3,023,037 thousand
Revenue for 2024	Consolidated revenue of NT\$4,856,946 thousand (Year 2024 of the R.O.C.)
Shareholding Structure	Domestic institutions: 21.05% Domestic individuals: 74.04% Foreign institutions and individuals: 3.37% Government entities: 0.04% Financial institutions: 1.5%

Number of Employees	964 employees in Taiwan
Operating Locations	Taiwan, China, Philippines
Core Products/Services	Sanitary ceramics Brass faucets Bathtubs and countertops Toilet seats, kitchen cabinets, ceramic panels, advanced ceramic products
Main Product Sales Revenue	Sanitary Ceramics (e.g., toilets, tanks, basins, pedestals, urinals): 38% of total revenue Brass Faucets (e.g., standard, single-handle, designer faucets, thermostatic valves, tanks, mirrors, automation): 18.4% Toilet Seats : 12.6% Advanced Ceramics : 1.5% Others : 29.5%
Revenue by Region	Taiwan: 76.8% China: 5.4% Philippines: 17.6% Other countries: 0.2%
Markets Served	Taiwan, China, Philippines, Indonesia, South Korea, Malaysia, Brunei, Qatar, Singapore, Vietnam

Business Locations

Globalized Hocheng Corporation



For information on the product types and application areas of Hocheng Corporation, please refer to the company's official website:

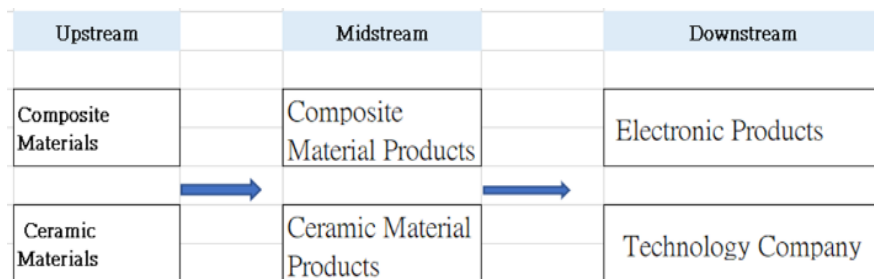
Product Types and Application Areas

<https://reurl.cc/xlMmX4>



Diagram of the Upstream, Midstream, and Downstream Positions of Hocheng Corporation's Products in the Overall Industry Value Chain

Porcelain/Bronze



Upstream

Porcelain raw material source: domestic and imported (Japan, South Korea and other countries), stable quality, abundant sources.

Source of copper raw materials: foreign copper ingot manufacturers (South Korea, Japan and other countries), stable quality and abundant sources.

Middle reaches

Sanitary ceramic products : It is made of original molds→ reproduced gypsum molds→ cast paste molding→ body bonding→ repairing blanks→ drying→ glazing → firing products!

Faucet hardware products : It is based on casting molding (faucet body molding), → processing (machine drilling or tapping→), polishing (surface polishing), → electroplating (surface coloring), → related component assembly→ water testing → packaging finished products!

Downstream

The sanitary ceramics and faucet hardware of sanitary ware products can be divided into the following according to the product sales channels: construction

company/distributor/hydropower material company/e-commerce platform, in order to achieve the use of end consumers!

SMC

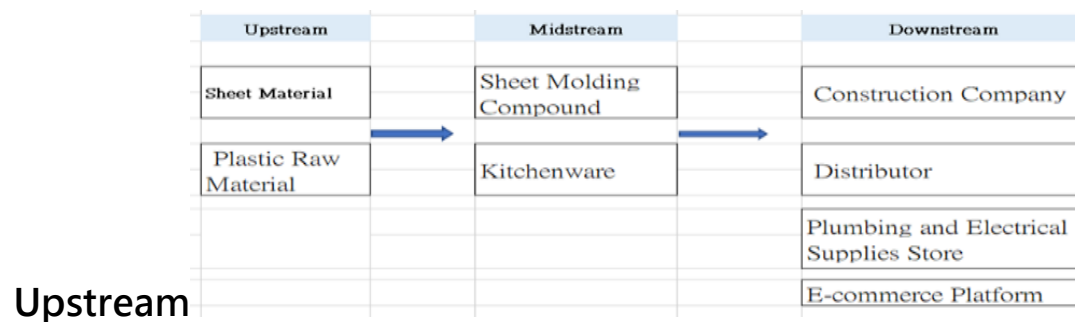


Plate raw materials : for domestic and imported raw material manufacturers supply, stable quality, abundant sources.

Plastic raw materials : supply for domestic and imported raw material manufacturers, stable quality, abundant sources.

Middle reaches

SMC Products : Hydraulic molding machine, using metal mold and pressure equipment to heat and press molding, plastic materials according to metal mold molding products!

Kitchenware products: It is based on the customer's order → drawing confirmation → dismantling production → plate cutting → plate edge banding → plate drilling → modeling processing → shipment inventory and installation confirmation, in order to provide consumers with use!

Downstream

SMC products and kitchenware products can be divided into construction companies/distributors/water and electricity material stores/e-commerce platforms according to product sales channels, so as to achieve the use of end consumers!

Fine ceramic composite materials

Upstream		Midstream		Downstream
Clay Raw Material		Sanitary Ceramics		Construction Company
Glaze Raw Material	→	Faucet Hardware	→	Distributor
Copper Ingot				Plumbing and Electrical Supplies Store
				E-commerce Platform

Upstream

Composite raw materials : supply for domestic and imported raw material manufacturers, stable quality, abundant sources.

Ceramic raw materials : for domestic and imported raw material manufacturers supply, stable quality, abundant sources.

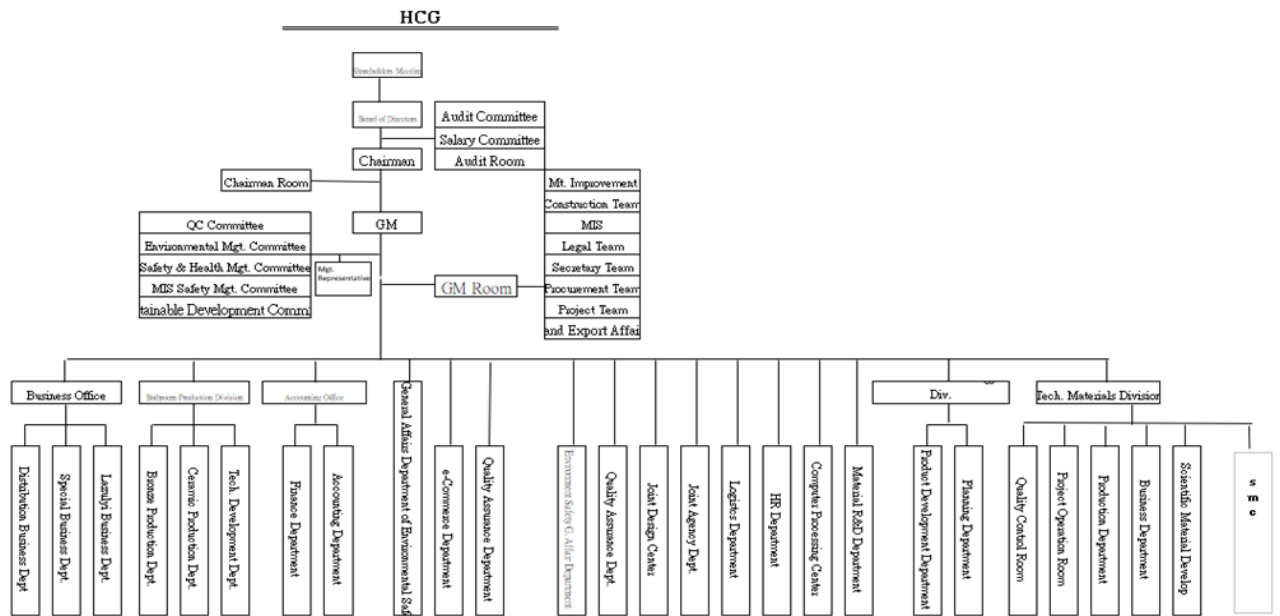
Middle reaches

Composite products and fine ceramic products : It is a hydraulic molding machine, which is heated by metal mold and pressurized equipment and pressurized to form the finished product according to the metal molding!

Downstream

Composite products and fine ceramic products can be divided into electronic companies/technology companies according to product sales channels, so as to achieve the use of end consumers.

Organizational structure



2.2 Business philosophy

Hi-tech and Harmony

With sincerity, we uphold responsibility and dedication, contributing to society by embracing challenges with the highest standards of self-discipline. We pursue profit while giving back to society, firmly adhering to the noble corporate goal of “taking from society and giving back to society.” We are committed to developing high-tech products and materials to create a harmonious living environment.

Gratification and Global Value

With "satisfaction" as our guiding principle, we serve customers and build trust. Through a comprehensive marketing system, we strive for sustainable development and expand our export business, upholding the standard that "customer satisfaction is Hotech's satisfaction," as we aim to create new global values for bathroom products.

Compact, Creativity, and Creative Chinese Culture

With "creativity" leading the times and the industry, we back the broad consumer market with the most advanced products. All production is rooted in the goal of providing society with a comfortable living environment. Drawing upon the rich and profound creativity of Chinese culture as the foundation for new product development and design, we strive to create innovative products that surpass global standards.

Corporate Vision

Providing high-tech, user-friendly residential equipment and heartfelt, considerate services, Hotech Corporation continuously seeks breakthroughs in products and technologies related to bathroom, kitchen, and other residential equipment as well as building materials. Through the launch of HCG Thoughtful Services, we aim to deliver comprehensive customer care by integrating technology with ceramics and user-centric functionality to meet the needs of the market and consumers.

Pioneering Innovation to Create a Stylish Residential Experience

HCG has received numerous domestic and international awards and gained global recognition through multiple certifications. Moving forward, we will continue to embody the decisive wisdom and refined craftsmanship of our enterprise, leading trends with our products and creating buzz through marketing. We are committed to advancing in the direction of technological sophistication, refined design, and internationalization.

Dedicated to Environmental Protection and Fulfilling Corporate Social Responsibility

With the growing awareness of environmental protection and increasing consumer demand for health and safety, HCG is committed to providing safe, comfortable, water-saving, and healthy bathroom, kitchen,

and other residential equipment. Rooted in the philosophy of “taking from society, giving back to society,” we are devoted to environmental stewardship and the fulfillment of our social responsibility, striving to achieve sustainable corporate development.

2.3 Award-winning honor and management system



Proud Winner of the Taiwan Excellence Award

GORFIN AFC6695 智慧型超級馬桶

全新解構設計、工廠技術改良，達到輕量化及更佳的環保性能，提升了生產效率及產品機能。融合微波感應及空氣混合水洗技術，引領現代衛浴新潮流。

PURO 薄型系列龍頭

以簡潔美觀的設計和符合人體工學的薄型把手，適應各種衛浴風格並操作方便。隱藏式整流器與不外露設計，為生活增添質感與便利。

GORFIN AFC6695 智慧型超級馬桶

全新解構設計、工廠技術改良，達到輕量化及更佳的環保性能，提升了生產效率及產品機能。融合微波感應及空氣混合水洗技術，引領現代衛浴新潮流。

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🏆 HCG 和成榮獲2025年台灣精品獎！🏆
 今年HCG和成以AFC6695智慧型超級馬桶和PURO薄型系列龍頭雙雙榮獲台灣精品獎，這不僅肯定了產品設計與環保理念的創新價值，更彰顯了HCG和成在實踐企業社會責任上的持續投入。讓我們攜手共創永續的未來！🌍



Hocheng Corporation continuously improves and innovates its processes, products, and services while ensuring compliance with requirements for products free of hazardous substances, thereby providing customers with the highest value and the most competitive solutions.

Since 1997, Hocheng Corporation has been certified with the ISO 9001 Quality Management System and has subsequently obtained certifications for ISO 14001 Environmental Management System, ISO 45001 Occupational Health and Safety Management System, and ISO 50001 Energy Management System.

HCG (Ho Cheng Shin Yeh) Management System Certificate



ISO 9001 Quality Management System(1997/08~ 2028/01)



ISO 14001(Environmental Management System 1999/09~ 2026/12)



ISO 45001 Occupational Safety Management System(2008/12~ 2026/02)



ISO 50001 Energy Management System(2013/12~ 2026/12)



ISO 13485 Medical Device Quality Management System (2017/09~ 2026/09)



ISO 27001 Information Management System(2021/06~2027/06)



ISO 17025 Laboratory Quality Management System(2022/01~2024/09)



IAPMO Laboratory(2019/07/31~2020/07/31)

HCG Product Certification Mark Usage Certificate



2.4 Participation in External Organizations

In addition to enhancing the competitiveness of its own products, Hotech Corporation actively engages in communication with various stakeholders. By participating in industry-related associations, the company fosters positive interactions with association members and gains insights into the latest industry development trends.

Name of Association	Role of Participation
Taiwan Ceramic Industry Association	Executive Director

Chinese Society for Quality (CSQ)	Member
Changhua Water Hardware Industry Development Association	Member
Taiwan Bathroom Culture Association	Director
Taiwan Sustainable Green Building Alliance	Executive Director
Taiwan Senior Citizen Industry Association	Member
Taiwan Assistive Device and Long-Term Care Industry Association	Executive Director
Taiwan Excellent Design Association	Supervisor
Chinese National Association of Industry and Commerce, Taiwan	Member
Taiwan Reinforced Plastics Association	Director
Taiwan Commodity Certification Association	Member
Taiwan NanoTechnology Industry Development Association	Chairman
Taiwan Integrated Bathroom Industry Promotion Association	Executive Director

3、Ethical Corporate Governance

A sound corporate governance structure—comprising a functional and independent Board of Directors, a rigorous and effective internal control system, and a stable financial management mechanism—forms the cornerstone of Hocheng Corporation’s steady operation. By promoting a culture of integrity and accountability, complying with relevant regulations, and enforcing ethical business practices, the company can effectively mitigate operational risks, enhance competitiveness, and strengthen its brand image. A well-structured governance system also protects the rights and interests of investors and all stakeholders, thereby facilitating the company’s long-term and stable development.

Hocheng Corporation follows the Taiwan Securities and Exchange Act and related regulations to establish a comprehensive corporate governance system. The company is committed to protecting shareholder rights, strengthening the function of the Board of Directors, respecting stakeholder interests, and enhancing the transparency of information disclosure. To this end, the Board has approved multiple governance policies and regulations, including:

1. “Corporate Governance Best Practice Principles” : Directors are selected based on principles of fairness, impartiality, and openness. Independent directors are appointed to enhance the Board’s supervisory and management effectiveness.
2. “Internal Material Information and Insider Trading Prevention Management Procedures” : This regulation explicitly prohibits directors, managers, and insiders from using undisclosed information for personal gain, thus strengthening information security and market integrity.
3. “Code of Ethical Conduct” : Upholding the values of integrity, transparency, and responsibility, the company promotes integrity-centered operations and establishes a comprehensive governance and risk control framework to foster an environment for sustainable development.
4. “Sustainable Development Best Practice Principles” : Actively aligning with international sustainability trends, the company evaluates and responds to stakeholder concerns regarding environmental, social, and governance (ESG) aspects, thereby fulfilling its responsibilities as a corporate citizen and advancing sustainable business goals.

In addition, the company adheres to the principles of accurate, timely, and fair disclosure. It has established a robust information disclosure mechanism that provides real-time updates on business performance, financial information, and resolutions from board and shareholder meetings via the corporate website and the Market Observation Post System, ensuring shareholders and the public have access to the latest and most complete information.

Hocheng Corporation places high importance on the sound development of corporate governance and continually reviews and updates related management systems to enhance transparency and regulatory compliance. The scope of revisions includes core documents such as the “Corporate Governance Best Practice Principles,” “Code of Ethical Conduct,” “Internal Material Information and Insider Trading Prevention Management Procedures,” “Board Performance Evaluation Guidelines,” and “Sustainable Development Best Practice Principles.”

The company’s Corporate Governance Officer is responsible for overseeing the planning and revision of these policies and regulations. This role also includes establishing ethical conduct practices, formulating integrity policies, implementing internal control measures to prevent violations, and ensuring effective execution and supervision. These efforts aim to ensure lawful and transparent operations, safeguard shareholder rights, and reinforce a positive corporate image and public trust.

The above operating procedures can be referred to

Public Information Observatory

Company website



3.1 Material Topic Management

Major topics	Operational performance
Importance to the company	<p>1. The company strives to meet the international quality requirements of customers for products, and has a complete sales channel and engineering and technical service team around the world, which can solve customer problems in real time and localize, respond to customers' specifications for new technologies, and become an important partner for global customers.</p> <p>2. The company satisfies customers with high-quality products, rewards shareholders with excellent business performance, and actively expands its production capacity in recent years, maintains stable business growth, and continues to advance to a world-class factory.</p> <p>3. The pursuit of maximum profit is the goal of the company's continuous efforts, in addition to enhancing the confidence of shareholders, employees and the value chain in us, it is also the key to moving towards sustainable operation, in addition to increasing the trust of stakeholders in the company, it is also a key element to achieve long-term stable operation.</p>
Policies/Commitments	<p>1. Optimize the layout of the factory.</p> <p>2. Research and development of new products.</p> <p>3. Integrate the group's resources to create maximum value.</p>
Target	<p>A. Short-term goals:</p> <p>1. AI Technological development and impact: Actively track and understand its application, timely introduce it into the company's manufacturing production and management processes, and improve the efficiency of operation and management.</p> <p>2. Strengthen the function, quality and research and development of products: In terms of sanitary products, improve the function and quality of products, so that consumers can identify with the company. In terms of composite materials and technology products, we evaluate and invest in the research and development of different industries and new products, expand industries and product categories, and improve the product group with high added value, so that consumers have better choices.</p> <p>3. Promotion and development of UB product group: replacing the traditional manual item-by-item construction method with the construction of integrated bathroom modules can not only reduce the use of manpower but also shorten the construction period, so that the government and builders can recognize the benefits of this construction method</p>

	<p>and try to use it in the public space and construction market. Therefore, it is the best time to introduce it to the market.</p> <p>B. Medium and long-term goals:</p> <ol style="list-style-type: none"> 1. Actively develop markets and channels to achieve annual business targets. 2. Strengthen logistics management, diversify supply chain risks, and expand the use of the company's cash flow. 3. Accelerate the development of new products and technologies to improve market competitiveness. 4. Strengthen advertising and marketing, and increase product market share. 5. Strengthen talent training and implement performance management. 6. Implement ISO quality, information security and environmental policies. 7. Strengthen the regulation and control of the expense budget and implement unit cost management. 8. Implement and complete the "Sustainability Report" policy.
Resources invested in the current year and specific results	Invested 100,377 thousand yuan in research and development, and 15 product research and development achievements
Responsible department / Grievance mechanism	<ol style="list-style-type: none"> 1. Hold regular corporate briefings to communicate with investors to understand the company's operations. 2. Disclose the investor service contact window on the official website to maintain a smooth communication channel.
Evaluation mechanisms/outcomes	<ol style="list-style-type: none"> 1. Quarterly and annual financial reports are issued that have been reviewed or audited by accountants 2. The Board of Directors holds quarterly meetings to approve financial reports, and holds regular monthly internal meetings to review operating performance and future improvement strategies. 3. There were no major violations in 2024.

Major topics	Market position
Importance to the company	The company is committed to enhancing its position in the markets in which it operates by supporting local economic development, providing fair wages and prioritizing the hiring of local workers. Policies focus on building long-term relationships with local communities and ensuring that wages and benefits meet or exceed local minimum standards.
Policies/Commitments	<ol style="list-style-type: none"> 1. Prioritize recruiting employees from the places where we operate. 2. Provide remuneration above the local minimum wage and regularly review the salary structure. 3. Encourage senior management to localize and improve their understanding and adaptability to the local market.
Target	<p>A. Short-term goals:</p> <ol style="list-style-type: none"> 1. Increase the proportion of local employees and regularly review the salary structure. 2. The proportion of senior management personnel in major operating areas will be increased by local talents. <p>B. Medium and long-term goals:</p> <ol style="list-style-type: none"> 1. Establish a sound local talent cultivation plan.
Resources invested in the current year and specific results	The ratio of local employees, the ratio of salary to local minimum standards, and the proportion of senior management localization.
Responsible department / Grievance mechanism	HR Department
Evaluation mechanisms/outcomes	<ol style="list-style-type: none"> 1. Review the minimum wage standards announced by government agencies every year, comply with relevant labor laws and regulations, and make necessary salary adjustments. 2. Convene the Compensation Committee twice a year to continuously monitor changes in market salary trends and evaluate and adjust according to market competitiveness needs.

Major topics	Anti-corruption
Importance to the company	The company is committed to establishing a transparent and ethical operating environment and eliminating all forms of corruption, including the establishment of strict anti-corruption practices, compliance with international standards, commitment to anti-corruption education for all employees and business partners, and ensuring that violations are dealt with strictly.
Policies/Commitments	<ol style="list-style-type: none"> 1. Implement a zero-tolerance anti-corruption policy and prohibit bribery, kickbacks and other improper exchange of benefits. 2. Establish an anonymous reporting mechanism to protect whistleblowers and ensure violations are investigated.
Target	<ol style="list-style-type: none"> A. Short-term goals: <ol style="list-style-type: none"> 1. Complete anti-corruption advocacy meetings with employees and major suppliers. 2. Conduct corruption risk assessment for high-risk departments and formulate improvement plans. B. Medium and long-term goals: <ol style="list-style-type: none"> 1. Achieve anti-corruption training coverage for employees and key business partners. 2. Establish a comprehensive anti-corruption management system, with a zero incidence of corruption incidents.
Resources invested in the current year and specific results	Training completion rate, risk assessment coverage, number of corruption incidents, and handling rate of reported cases.
Responsible department / Grievance mechanism	<ol style="list-style-type: none"> 1. Hold anti-corruption advocacy meetings from time to time. 2. Each unit conducts self-assessment on a regular basis. 3. Set up reporting channels on the official website and formulate a reporting system.
Evaluation mechanisms/outcomes	<ol style="list-style-type: none"> 1. The relevant norms of corporate governance have been announced on the official website. 2. The risk assessment covers the whole company. 3. The number of corruption incidents and reported cases in 2024 will be 0.

3.2 Governance Practices

The shareholders' meeting, composed of all shareholders, is the highest decision-making body of the company. It is responsible for making decisions on major issues and regularly receives reports from the Board of Directors, thereby exercising its supervisory responsibilities over the company's operations. The Board of Directors serves as the highest governance authority, and its members are obligated to act with the duty of care of a prudent manager. They are responsible for formulating business strategies, reviewing financial performance, and ensuring that the company operates in compliance with relevant laws and regulations.

To enhance the corporate governance framework and improve overall competitiveness, the Board has established the Audit Committee and the Remuneration Committee, both of which support the effective operation of the Board. In addition, the company has set up an Independent Audit Office, which is dedicated to executing internal audit functions and regularly reporting audit results to the Audit Committee and the Board of Directors. This ensures the effective implementation of the internal control system and the realization of corporate governance standards.

Hocheng Corporation has long attached great importance to the sound development of corporate governance. We are committed to the core principles of sustainable growth and ethical management, continuously optimizing the governance structure, upholding the principle of transparency, and integrating effective internal control mechanisms to safeguard the rights and interests of all stakeholders.

In accordance with the "Regulations Governing Establishment of Internal Control Systems by Public Companies," the company designs and implements appropriate internal control systems tailored to its operational characteristics. These systems are regularly reviewed and adjusted to respond to changes in both external environments and internal operations, ensuring the continued effectiveness of their design and implementation. Through a comprehensive management framework and control mechanisms, we not only enhance operational efficiency but also lay a solid foundation for robust management and sustainable development.

To strengthen the effectiveness of the Board of Directors, the company resolved in May 2021 to appoint the Head of Finance as the Corporate Governance Officer, whose role is to provide professional support to the Board in fulfilling its duties. The responsibilities of the Corporate Governance Officer include assisting directors in executing their responsibilities, supplying relevant information and materials,

arranging continuing education, and managing matters related to the Board and shareholders' meetings in accordance with the law. The officer is also tasked with ensuring proper implementation of resolutions passed by the Board and the shareholders' meetings and is dedicated to enhancing investor relations and communication mechanisms.

Looking ahead, the company will continue to improve the overall effectiveness of its corporate governance, thereby further strengthening stakeholder trust and support. The company's financial statements are regularly audited and certified by reputable accounting firms to ensure that all disclosed information complies with legal regulations and is both accurate and timely. External information disclosures are handled by responsible personnel with designated authority, and a spokesperson system is in place to ensure that material information is disclosed publicly in a timely and appropriate manner, allowing shareholders and stakeholders full access to the company's financial and operational status.

Moving forward, Hocheng Corporation will continue to strengthen the functions of the Board of Directors, enhance transparency, and gradually integrate sustainability governance principles and strategies into the corporate governance system to steadily drive sustainable development and create long-term value.

2024 Achievements of the Corporate Governance Officer

- Completed 12 hours of professional training related to corporate governance.
- Complied with legal procedures for shareholder meetings, including pre-registration of meeting dates, preparation of meeting notices, handbooks, and minutes within the statutory deadlines, and handled registration changes for charter amendments or board re-elections.
- Prepared the agenda for board meetings and issued notices at least seven days in advance; convened meetings, provided necessary materials, and completed meeting minutes within 20 days after each meeting.
- Managed the disclosure of material resolutions from the board of directors and shareholder meetings, ensuring the legality and accuracy of disclosed information to safeguard equal access to trading information for investors.
- Provided training course information and assisted independent and general directors in fulfilling their continuing education plans.
- Facilitated regular communication between independent directors and the external auditors to ensure understanding of the company's financial and operational status.

- Assessed and arranged appropriate liability insurance coverage for directors and managers.
- Reported to the Board of Directors on the compliance of independent directors' qualifications with relevant laws and regulations during their tenure.

3.2.1 Board of Directors

The Board of Directors is responsible for formulating the company's business strategies and is accountable to shareholders and other stakeholders. Directors are required to faithfully execute their duties, observe the duty of care expected of a prudent manager, and exercise their authority with diligence. Except for matters that are required by law or the Articles of Incorporation to be resolved by the shareholders' meeting, all other issues related to the company's operations and governance structure shall be resolved by the Board.

The company adopts a candidate nomination system for board elections as stipulated in the Articles of Incorporation. Directors are selected through regular elections, following the principle of merit-based appointments. In accordance with the Corporate Governance Best Practice Principles, the number of directors who concurrently serve as managers shall not exceed one-third of the total board seats. Furthermore, board diversity should be considered, including but not limited to criteria related to personal attributes, values, professional knowledge, and skills.

Board members are expected to possess the knowledge, skills, and competencies required to perform their duties. The company's directors have strong industry expertise and extensive practical experience, with a deep understanding of industry trends.

Currently, the Board consists of 7 members, including 3 independent directors, each serving a term of three years. In accordance with legal requirements, the Board meets at least once per quarter. In 2024, a total of 6 board meetings were held.

Statistics on the structure of the Board of Directors:

Diversity Statistics/Annual			2022		2023		2024	
			Number	Percentage	Number	Percentage	Number	Percentage
Director	Gender	Man	7	100%	7	100%	6	86%
		Woman	0	0%	0	0%	1	14%
	Age	Under 50	2	29%	2	29%	0	0%

		50 ~ 60	3	42%	3	42%	5	71%
		60 or more	2	29 %	2	29%	2	29%
	Degree	Institute	5	71%	5	71%	4	57%
		Specialty	2	29%	2	29%	3	43%
		Other	0	0%	0	0%	0	0%

Note:

Percentage of female directors = (Number of female directors at year-end / Total number of directors at year-end) × 100%

Percentage of male directors = (Number of male directors at year-end / Total number of directors at year-end) × 100%

The sum of the percentages of female and male directors should equal 100%.

Note: For details regarding the academic and professional backgrounds of HCG' s board members, their concurrent positions, and the list of major shareholders, please refer to the company' s official website and annual report.

Board Meeting Attendance: A total of 6 board meetings were held in 2024

(with a full re-election of board members conducted during the year).

Title	Name	Meetings Scheduled (A)	Attendance (B)	Attendance Rate (%) [B/A]	Remarks
Chairman	Representative of Fulut sun Investment Co., Ltd.: Chiu Li-Chien	3	3	100%	Newly elected on June 26, 2024
Chairman	Chiu Li-Chien	3	3	100%	Retired on June 26, 2024
Director	Wu Yue-Long	6	2	33%	Re-elected on June 26, 2024
Director	Representative of Fuho I nvestment Co., Ltd.: Chiu Chi-Hsin	6	5	83%	Re-elected on June 26, 2024
Director	Representative of Yu-Ho ng Co., Ltd.: Chiu Shih-K ai	6	6	100%	Re-elected on June 26, 2024
Independent Director	Wang Cheng-Wei	3	2	67%	Retired on June 26, 2024
Independent Director	Fan Wei-Kuang	6	6	100%	Re-elected on June 26, 2024
Independent Director	Wang Min-Chi	6	6	100%	Re-elected on June 26, 2024

Title	Name	Meetings Scheduled (A)	Attendance (B)	Attendance Rate (%) [B/A]	Remarks
Independent Director	Chiu Ching-Ya	3	3	100%	Newly elected on June 26, 2024

To establish a sound operating system for the Board of Directors and enhance its supervisory function, while also ensuring the independence of independent directors, the Company's Board has adopted the "Rules of Procedure for Board Meetings" and the "Scope of Duties for Independent Directors", which clearly define the responsibilities of independent directors for adherence.

All directors uphold a high level of self-discipline and strictly implement the principle of conflict of interest avoidance. For any matters involving conflicts of interest between a director (or the legal entity they represent) and the Company, the director must disclose the material details of such conflicts during meetings. If the matter may harm the Company's interests, the director is prohibited from participating in the discussion or voting and must not vote on behalf of other directors.

To improve the quality of decision-making, the Board also adopted the "Board Performance Evaluation Policy." Each year, the Company conducts internal evaluations of the performance of the Board, individual directors, and functional committees through self-assessment questionnaires. The results are compiled by the responsible meeting unit and reported to the Board of Directors. Additionally, once every three years, evaluations are conducted by an external professional independent organization or a team of external experts and scholars.

The results of these Board performance evaluations serve as references for selecting or nominating future director candidates. The evaluation results of individual directors may also be used as references in determining their individual remuneration.

For 2024, the Company conducted a performance evaluation of the Board of Directors. The results were reported and approved by the Board on March 11, 2025, and the outcome was rated "Excellent."



To effectively implement risk management and encourage professionals to serve as directors, the Company has taken out directors' liability insurance. This measure ensures that directors can fulfill their duties without undue concern, while also mitigating and distributing the risks of significant damage to the Company and its shareholders caused by errors or negligence.

Considering the legal compliance and governance issues directors may face when participating in corporate decision-making, the Company actively encourages and arranges for directors to attend relevant professional courses. As of 2024, all directors have collectively completed 39 hours of training. Looking ahead, the Corporate Governance Officer will plan to increase participation in courses related to corporate sustainability.

The Company believes that, under the leadership of a Board with integrity and extensive industry experience, operations will continue to thrive and maintain a unique competitive edge in sustainable development, shining even more brightly in the future.

3.2.2 Functional Committees

To enhance the Board of Directors' supervisory role and strengthen management efficiency, the Company has established functional committees, including the Audit Committee and the Remuneration Committee. These committees are required by law to independently perform their duties, report directly to the Board, and submit the matters they review or recommend for the Board's approval. This structure reinforces overall corporate governance and the quality of decision-making.

Audit Committee

The Audit Committee is responsible for assisting the Board in supervising the quality and integrity of the Company's accounting, auditing, financial reporting processes, and internal financial controls. The Board has approved the "Audit Committee Charter" and established the committee under the Board of Directors. It is composed of three independent directors, one of whom serves as the convener, and at least one member possesses expertise in accounting or finance. The Audit Committee is required to meet at least once per quarter and convened five times in 2024, with an overall attendance rate of 87%.

The Head of Internal Audit holds regular closed-door meetings with all independent directors to report on the status of internal audit implementation. In 2024, five such meetings were held. Additionally, the independent directors met with the Company's external auditors on four occasions. During these meetings, the auditors reported the results of their financial review, provided regulatory updates, and exchanged opinions with the independent directors.

Audit Committee Attendance

In 2024, the Audit Committee held a total of 5 meetings, during which all committee members' attendance was recorded.

(A full re-election of committee members was conducted in 2024.)

Title	Name	Meetings Scheduled (A)	Meetings Attended (B)	Attendance Rate (%) (B/A)	Remarks
Independent Director	Wang Cheng-Wei	3	2	67%	Stepped down upon re-election on June 26, 2024
Independent Director	Fan Wei-Guang	5	5	100%	Reappointed on June 26, 2024
Independent Director	Wang Min-Chi	5	4	80%	Reappointed on June 26, 2024
Independent Director	Chiu Ching-Ya	2	2	100%	Newly appointed on June 26, 2024

Remuneration Committee

To establish a sound remuneration system for directors and managerial officers and to ensure that compensation is fair and reasonable in relation to performance, Hocheng Corporation has implemented the "Remuneration Committee Charter", approved by the Board of Directors. In accordance with this charter, the Remuneration Committee has been established under the Board, and its membership must include at least one independent director. As of 2024, the committee comprises three members, two of whom are independent directors. The committee convened two meetings in 2024, with an overall attendance rate of 83%.

The primary duties of the Remuneration Committee include formulating and regularly reviewing the performance evaluation and compensation system and standards for directors and managerial officers. When conducting these evaluations, the committee considers the following principles:

- The company's compensation policies must comply with relevant laws and be sufficient to attract outstanding talent.
- The evaluation and remuneration of directors and managerial officers should reflect industry standards, personal time investment, responsibility, goal achievement, other role performance, historical compensation for equivalent roles, the company's short- and long-term objectives, financial condition, and the rationality of linking individual performance to company performance and potential risks.
- The committee should avoid incentivizing behaviors that exceed the company's risk appetite in pursuit of higher compensation.
- When determining short-term performance bonuses or variable pay, the characteristics of the industry and the nature of the business must be taken into account.

In practice, the Remuneration Committee fulfills its duties with due diligence, faithfully executing its responsibilities. It regularly reviews and proposes mechanisms, policies, systems, standards, and frameworks for director and executive performance evaluations and remuneration. The committee evaluates and drafts remuneration proposals and submits them to the Board of Directors for review and approval, ensuring the fairness and reasonableness of the system, aiding in the recruitment and retention of top talent, and ultimately promoting the company's long-term and stable development.

Remuneration Committee Attendance

In 2024, the Remuneration Committee convened 2 meetings. (A full committee re-election was conducted in 2024.)

Title	Name	Meetings Scheduled (A)	Meetings Attended (B)	Attendance Rate (%) (B/A)	Remarks
Chairperson	Wang, Cheng-Wei	2	1	50%	Stepped down on August 6, 2024
Member	Fan, Wei-Guang	2	2	100%	Reappointed on August 6, 2024
Member	Wang, Shen	2	2	100%	Reappointed on August 6, 2024
Chairperson	Wang, Min-Chi	0	–	–	Newly appointed on August 6, 2024

3.2.3 Internal Audit

The primary objective of the internal audit function is to assist the Board of Directors and management in examining and reviewing deficiencies in the internal control system, assessing operational effectiveness and efficiency, and providing timely recommendations for improvements. This ensures the continued and effective implementation of internal controls, while also serving as a reference for future amendments to the internal control framework.

In accordance with the “Regulations Governing Establishment of Internal Control Systems by Public Companies,” the Company has established an effective internal control system by considering the overall operations of the Company and its subsidiaries. This system is continually reviewed and improved to respond to internal and external changes, ensuring that the internal control design and execution remain effective.

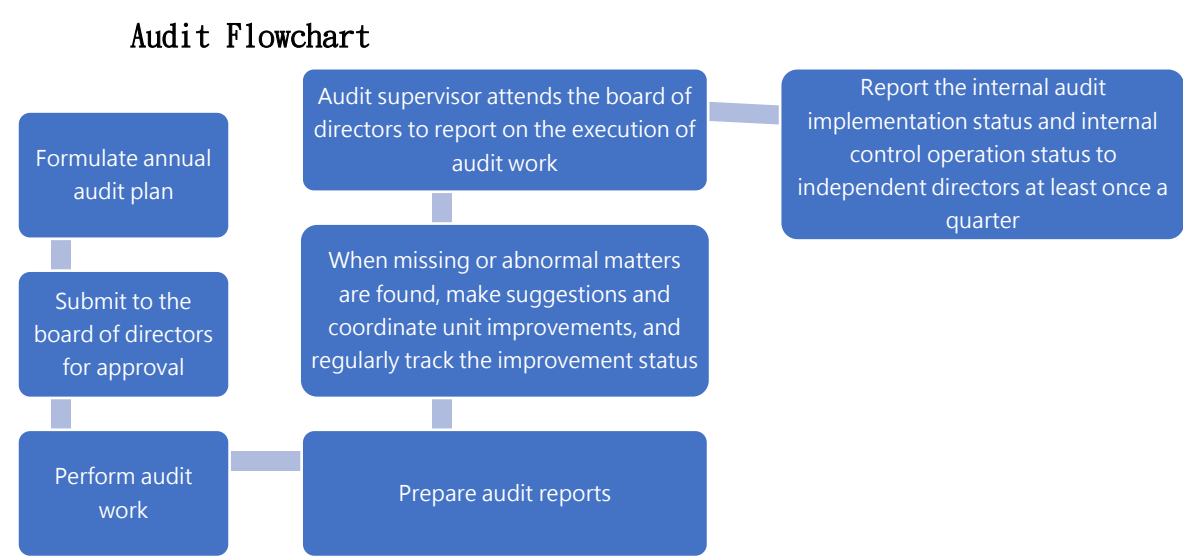
To maintain auditor independence and impartiality, the Company has set up an independent Internal Audit Office under the Board of Directors, in accordance with the aforementioned regulations. This office is staffed by a chief auditor and two audit personnel. The appointment or dismissal of the chief auditor requires approval from the Audit Committee and a resolution by the Board of Directors. The appointment, performance evaluation, and compensation of audit personnel are submitted by the chief auditor and approved by the Chairperson.

The chief auditor regularly attends Board meetings to report on the execution of audit duties and reports audit implementation and internal control operation status to independent directors during each Audit Committee meeting. All internal departments and subsidiaries conduct at least one self-assessment annually. The Internal Audit Office reviews these self-assessment reports and submits reports on improvements made to address control deficiencies and anomalies. These serve as key references for the Board and the President in evaluating the overall effectiveness of the internal control system and issuing the Internal Control System Statement.

All internal auditors meet the qualifications specified by the competent authority. To enhance their professional capabilities, auditors participate in continuous education and training through professional institutions designated by the competent authority. Existing auditors also complete the required annual training hours. In 2024, audit staff attended training sessions totaling 30 hours across two participants.

Through continuous monitoring of operational compliance by auditors, the Company fosters robust governance practices and a sound risk control mechanism, thereby creating an environment conducive to sustainable development. In 2024, the Internal Audit Office carried out 73

audit tasks. No material deficiencies were found, and all minor issues were corrected and closed within the required timeframe.



3.2.4 Ethics and Integrity

Integrity is the cornerstone of sustainable corporate development. Creating a workplace culture and environment that aligns with legal and ethical standards is essential for the Company's long-term success. HCG (Hocheng Corporation) places great emphasis on employee awareness and adherence to business ethics, treating regulatory compliance as the baseline and embracing integrity as a core value. All employees are expected to act with honesty and in accordance with the law when conducting business activities.

To implement the principle of integrity, the Company incorporates ethics training into new employee orientation, conducted by the Human Resources Department. The management team leads by example, embodying integrity through daily behavior to nurture a company-wide ethical culture.

The Company has designated the Corporate Governance Officer as the unit responsible for promoting ethical business practices. This officer is tasked with formulating and maintaining policies such as the “Ethical Corporate Management Best Practice Principles,” the “Corporate Governance Best Practice Principles,” and the “Procedures for Handling Material Internal Information and Insider Trading Prevention,” all of which have been approved by the Board of Directors. These policies are publicly available on the Company’s website, along with a designated contact point for stakeholders to provide feedback. Employees may also consult the Corporate Governance Officer via email or telephone for any questions regarding integrity-related policies, ensuring that ethical principles are embedded in daily operations.

During board meetings, any director who has a conflict of interest related to a proposal must disclose the nature of the interest. If the conflict may harm the Company’s interests, the director must recuse themselves from the discussion and voting and may not vote on behalf of other directors. The Company follows the principles of ethical governance by establishing and enforcing internal control systems, including accounting systems, and conducts annual internal evaluations and audits to ensure compliance and effectiveness, thereby reinforcing the foundation of corporate governance.

The Company has established multiple accessible whistleblowing channels. Stakeholders can file reports via the “Stakeholder Section” on the Company website or through the HR department’s email. The Audit Office assigns personnel to investigate such reports. Whistleblowers are encouraged to identify themselves and provide detailed descriptions and evidence of the incident. However, anonymous reports with credible evidence will also be accepted. If a conflict of interest arises, the assigned investigator must recuse themselves, and another will be appointed to ensure impartiality. All investigations follow a fair and confidential process to protect the whistleblower’s identity. The Company guarantees that no whistleblower or participant in an investigation will face retaliation. All employees are responsible for reporting unethical behavior and must utilize existing mechanisms to do so. Proper protection is extended to all involved parties to uphold ethical practices in the workplace.

In commercial dealings, employees must communicate the Company’s ethical policies to counterparties and reject any improper benefits. They must assess the integrity of partners to avoid engaging with unethical agents, suppliers, or clients. If unethical behavior is detected, a risk assessment should be conducted, and the partner may be blacklisted. Contracts must include provisions requiring compliance with the Company’s integrity policies and specify that either party may t

terminate the contract if unethical conduct is confirmed. Compensation and deductions may also apply in such cases.

To further promote awareness of ethics and integrity, the Corporate Governance Officer organizes online ethics training for employees and ensures that senior executives emphasize the importance of ethical culture during key meetings. The Officer is also responsible for assessing the effectiveness of integrity safeguards and auditing the compliance of related processes, with annual reports submitted to the Board of Directors. The Audit Office monitors the overall implementation of ethical practices and reports regularly to the Board to ensure integration of ethical values throughout the organization.

In 2024, the Company participated in seminars organized by the Taiwan Stock Exchange on compliance regarding insider trading and internal control practices. Topics included regulations and practices for preventing insider trading, supervisory practices, and common internal control deficiencies. The Company uses internal audit and risk assessment mechanisms to monitor and prevent corruption. Major risks identified include violations of trade secrets, embezzlement, misappropriation of company assets, and acceptance of kickbacks or improper benefits.

As of the end of 2024, no ethical violations or whistleblower reports had been received.

Multiple reporting channels	The number of cases accepted in the current year
The company's official website	0
HR mailbox	0

3.3 Risk Management

Hocheng Corporation adopts a decentralized risk management framework, with each responsible department serving as the primary executor for risk identification and control. Departments are tasked with assessing the likelihood of risk events and evaluating their potential impact. For items determined to be high-risk, appropriate mitigation measures are developed and implemented.

Through a systematic risk management process, the Company is able to effectively monitor and control potential risks, thereby safeguarding operational stability and ensuring the achievement of long-term sustainability goals.

The risk management structure of Hocheng Corporation company

Risky items	Authorities and responsible departments	Risk Business Matters
Operational and market risks	General Manager's Office Business Divisions all relevant Departments	<ul style="list-style-type: none"> According to the company's strategy, we carry out product research and development, production and sales, and are committed to improving production technology, improving quality and reducing costs, so as to increase the company's profits.
Financial and liquidity risks	Finance and Accounting Division	<ul style="list-style-type: none"> Hedging of interest rates and exchange rates, management of bank quotas and relationship maintenance, etc.
Customer credit risk	Business Divisions	<ul style="list-style-type: none"> Establishment and review of customer credit limit, management and collection of accounts receivable.
Legal risks	Legal Affairs Group	<ul style="list-style-type: none"> Review contracts, company authorizations and reduce corporate legal risks, and protect the company's tangible and intangible assets.
Environmental, safety and health risks	Department of General Affairs of Environmental Safety	In view of the safety and health hazards and specific risk factors that may be caused by the working environment, we will implement safety and health management and improve management performance with safety and health policies as the core.
Risk Category	Risk Statement	Risk management strategies
Sustainable environment	Greenhouse gas emissions continue to increase	<ul style="list-style-type: none"> In response to global climate change, the company will introduce greenhouse gas inventory related operations in the future, continue to reduce and manage greenhouse gas emissions, implement environmental justice, and fulfill the responsibility of jointly protecting the global environment.

	Wastewater discharge continues to increase	<ul style="list-style-type: none"> ● In order to make the discharge water of the factory meet the discharge standards of the regulations, waste (sewage) water treatment facilities are built in the factory area, and in addition to regularly entrusting qualified operators to carry out water quality discharge testing operations and declare relevant information in accordance with the law, each factory has obtained a qualified water pollution discharge permit.
	Increase in waste disposal / Decrease in recycling rate	<ul style="list-style-type: none"> ● To reduce the damage to the surrounding environment, the general business waste generated by the process is entrusted to the EPA-approved manufacturers to carry out the removal and transportation operations, and the waste output is reduced through the improvement of process technology and source reduction management strategies.
	Lack of water and electricity	<ul style="list-style-type: none"> ● Water shortage: In view of the possible impact of water shortage, in addition to continuously promoting and implementing water conservation policies, we have also set up a water recycling and reuse system in the factory to increase the efficiency of water recycling and continue to develop water-saving products. ● Lack of electricity: The factory adopts power-saving equipment and gradually replaces power-consuming equipment.
	Violation of environmental regulations	<ul style="list-style-type: none"> ● An emergency response team was set up, and when a typhoon warning was issued by the Meteorological Bureau, the commander activated the team and issued relevant response measures.
Operational performance	Product Liability (Facing Recycling/Takedown)	<ul style="list-style-type: none"> ● The third party has conducted a third-party evaluation to ensure the quality, delivery time, and cooperation of the manufacturer, and increase the quality of the product. ● The quality assurance department of the products is inspected for incoming, manufacturing and shipping to ensure the homogeneity of quality. ● Optimize product quality control and return and exchange mechanisms. ● Strictly follow the relevant government regulations to avoid violating the regulations.
	Rising raw material prices/ Supply chain disruptions	<ul style="list-style-type: none"> ● Suppliers sign a letter of commitment, and suppliers are evaluated during on-site evaluation, reduce single procurement sources, ensure source stability, support local procurement, and develop excellent suppliers and secondary sources.
	Compliance	<ul style="list-style-type: none"> ● Through monthly regular inspection of the update of laws and regulations, and check whether the company is complying with the relevant laws and regulations. Due to the stricter internal control requirements, relevant laws and regulations were formulated and approved, which were reviewed and approved by the board of directors.
	Information security	<ul style="list-style-type: none"> ● Information Security Policy - Information Security Policy Review, Communication, Internal Audit, and External Audit of Information Security Policy are conducted once.

		<ul style="list-style-type: none"> ● Information Security Organization - Hold a management review meeting once a year to ensure the company's sustainable operation and information security. ● Human Resources Security - Check whether the number of hours of information security training is in compliance with the regulations every year. ● Asset Management - Inventory of information assets annually, and classification and labeling, and risk assessment. ● Access control security - check the accounts and permissions of important systems once a year. ● Physical & Environmental Security - Check whether the computer room access control regulations are being followed. ● Operational security - Regularly monitor important servers for compliance with standards, vulnerability scanning, data backup compliance, and anti-virus updates. ● Communication Security - Check whether the firewall settings are complied with, and whether the policies and rules are checked regularly. ● Security of system development and maintenance - whether important system updates have been tested before going live. ● Supplier Relationship - Whether the Supplier has signed a confidentiality agreement and whether the services provided are in accordance with the contract. ● Information security incident management - whether the occurrence of information security incidents is reported in accordance with regulations, and whether the same information security incident occurs more than 3 times. ● Information security aspects of business continuity management - whether the business continuity plan drill, risk assessment and operational impact analysis are conducted every year. <p>Compliance - whether it complies with intellectual property norms, completes annual laws and regulations, and takes stock of regulations.</p>
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3.4 Regulatory Compliance

Regulatory compliance is the foundation of stable corporate operations. Given the diverse and continuously evolving legal landscape, each department within the Company maintains regular oversight of regulatory changes through interactions with government agencies and monitoring of media reports. Based on these updates, internal or external training programs are organized to enhance employee awareness of compliance and ensure that operational activities meet legal requirements.

In terms of corporate governance, the Company has established functional committees responsible for supervising financial operations and the effectiveness of internal control systems. It has also formulated the “Corporate Governance Best Practice Principles” and the “Board Performance Evaluation Measures” to encourage active board participation in major corporate decisions. In addition, a Corporate Governance Officer is appointed to assist in board operations and provide professional governance advice, thereby strengthening board functions. Going forward, the Company will continue refining its governance mechanisms in alignment with evaluation criteria and related best practice principles, aiming to comprehensively elevate employees’ understanding and practice of legal compliance.

To strengthen internal communication and listen to voices at all levels, the Company has set up an “Employee Feedback Mailbox” as an open and transparent two-way communication platform. This channel allows employee opinions to effectively reach management and become a driving force for continuous organizational improvement. In terms of personnel management and corporate governance, the Company adheres to its core value of “Integrity and Honesty” by establishing a robust integrity policy and regulatory compliance system. Through mechanisms such as policy formulation, implementation, self-assessment, and whistleblower protection, the Company has built a solid compliance defense network.

Management leads by example and requires all employees to strictly follow company policies and relevant regulations, including the “Ethical Corporate Management Best Practice Principles” and the “Employee Handbook.” These documents cover workplace standards, equal opportunity, confidentiality obligations, avoidance of conflicts of interest, prohibition of moonlighting and accepting gifts, and whistleblower protection. Annual internal control self-assessments are conducted, and the audit department performs independent reviews to ensure effective implementation and continuous improvement of all systems, thereb

y embedding a culture of compliance into every layer of the Company's operations.

To foster a workplace that respects diversity and promotes gender equality, the Company places great importance on preventing gender discrimination and sexual harassment. In accordance with the "Act of Gender Equality in Employment," the "Sexual Harassment Prevention Act," and related regulations, the Company clearly addresses potential gender inequality in the workplace and safeguards all employees from discrimination and harassment.



Furthermore, in terms of employee training, to enhance awareness of professional ethics and regulatory compliance, the Company conducts regular training sessions based on relevant regulations tailored to different departments and job levels. Training content is designed according to employees' respective duties and includes onboarding programs, in-person courses, departmental briefings, and external training. Compliance guidance is also disseminated through factory posters and the Company's intranet to ensure that employees have ready access to regulatory information.

In 2024, the Company conducted a total of 14 internal training sessions, accumulating 76 training hours and 2,841 participant-hours. For external training, the total training hours amounted to 1,188, with 69 participants. In addition, in accordance with regulatory requirements, the Company assigned the internal audit supervisor and the corporate governance officer to attend related external training, with a combined total of 24 hours of instruction.

Lastly, regarding environmental protection and occupational safety and health, the Company has established monitoring mechanisms and performance management measures to ensure that all business activities and product life cycles comply with environmental and occupational safety regulations. An environmental and occupational safety management system has been effectively implemented and operated using the PDCA (Plan-Do-Check-Act) management cycle, allowing for ongoing monitoring and continuous improvement. This approach enables early identification of potential risks and timely implementation of preventive and contro

l measures, thereby reducing potential impacts on business operations and employee safety and fulfilling the Company’ s commitment to environmental, health, and safety responsibilities.

In terms of overall regulatory compliance practices, the Company reported no major violations in 2024 related to corporate governance, securities trading, environmental protection, labor rights, occupational safety, customer privacy breaches, or product liability. There were also zero cases of violations concerning marketing and labeling.

Item	Explanation of non-conformities	Improvement instructions
	NA	NA

3.5 Operational Performance

Business results for the last three years:

Consolidated statements

ts

Unit: NT\$1,000

annual project	2022	2023	2024
Operating income	5,004,444	4,870,787	4,856,946
Operating costs	3,695,789	3,670,621	3,645,999
Operating gross profit	1,308,655	1,200,166	1,210,947
Operating expenses	1,206,122	1,207,704	1,208,866
Operating income (loss)	102,533	-7,538	2,081
Non-operating income and expenditure	147,697	73,721	93,660
Net profit before tax (net loss)	250,230	66,183	95,741
Income tax expense	92,098	44,106	34,536
Net income (net loss) for the period	158,132	22,077	61,205
Earnings per share	0.46	0.06	0.19

Individual reports

annual item	2022	2023	2024
Employee Compensation & Benefits	424,363	423,780	696,280
Payments to contributors	1,200	1,361,	77,725
Payments to the government	79,750	224,603	98,274
Community investment	6,668	1,442	1,123

Notes:

1. Payments to Capital Providers refer to the total amount of dividends paid to all shareholders, plus the interest paid to lenders (included

ing interest on all forms of debt and borrowings) and any unpaid dividends payable to preferred shareholders.

2. Payments to Government refer to all forms of taxes (including value-added tax, income tax, property tax) and penalties.

3. The “Employee Salaries (including employee benefits)” include welfare items such as labor and health insurance contributions, pension contributions, and other monetary benefits provided to employees (excluding costs directly related to job duties such as training, protective equipment, or similar expenses). A separate item, “Employee Welfare Amount”, refers to funds allocated by the company to the Employee Welfare Committee, which are used for non-monetary benefits such as employee travel, health checkups, festival gift boxes, etc.

4. Community Investments refer to donations and charitable contributions.

Financial Subsidies

Amount of Government Financial Subsidies Received by the Company from 2022 to 2024

Unit: NTD

2022	2023	2024
577,523	1,040	144,046

2024 Items	Subsidizing Authority	Subsidy Amount (NTD)
Employment Subsidy	Taipei City Government	10,000
Employment Subsidy	Taoyuan City Government Department of Labor Affairs	26,000
Employment Subsidy	Taoyuan City Government Department of Labor Affairs	65,000
Employment Subsidy	Taoyuan City Government Department of Labor Affairs	30,000
Paternity Leave Salary Subsidy	Bureau of Labor Insurance, Ministry of Labor	13,046
Total		144,046

3.6 Products and Services

HCG Industries' Brass Factory has successively obtained ISO 9001 Quality Management System certification and ISO 14001 Environmental Management System certification. It has also collaborated with the Industrial Development Bureau, Ministry of Economic Affairs, in promoting the Productivity 4.0 Industry Advancement Program. The faucet grinding and polishing production line at the Brass Factory was the first of its kind in Taiwan to be fully established, significantly improving the usability and convenience of its automation systems.

In product development, the factory's lead-free faucets have passed the CNS8088 national standard and earned the CNS Mark. As for bidet toilet seats, HCG is the first factory in Taiwan to pass the mandatory inspection for electronic bidet seats and to receive the MIT Smile Product Certification. These products have also obtained the Water Conservation Label and Environmental Protection Label.

The Ceramic Factory has obtained nine major management system certifications, including:

- ISO 9001 (Quality Management)
- ISO 14001 (Environmental Management)
- ISO 45001 (Occupational Health and Safety)
- ISO 50001 (Energy Management)
- ISO 17025 (Laboratory Accreditation)
- ISO 13485 (Medical Devices)
- GMP (Good Manufacturing Practice)
- ISO 27001 (Information Security)
- CAPA (U.S. Automotive Parts Certification)

Among them, ISO 27001 certification places HCG as one of the first three certified companies in the traditional manufacturing sector in Taiwan.

Furthermore, HCG has signed a Memorandum of Cooperation with the Metal Industries Research & Development Centre to jointly accelerate R&D of smart and energy-efficient bathroom appliances. The aim is to enhance the global market share of domestic bathroom p

roducts by building a market-driven alliance, thereby promoting the development and advancement of Taiwan's bathroom equipment industry.

HCG is committed to customer satisfaction and applies comprehensive product lifecycle management to ensure product quality.

HCG's main business areas include:

- **Sanitary Ceramics:** Various types of toilets, tanks, basins, pedestals, bidets, slop sinks, urinals, and related accessories.
- **Brass Fittings:** Standard faucets, single-lever faucets, premium artistic faucets, thermostatic faucets, toilet tank components, vanity mirrors, automation equipment, and electronic bidet seats.
- **Bathtubs and Countertops:** SMC bathtubs, massage bathtubs, automatic clothes drying racks, shower doors, marble countertops, etc.
- **Others:** Toilet lids, kitchenware, and composite materials.

3.6.1 Innovation and R&D

HCG actively promotes the concept of a "Technological HCG" by leveraging electronic composite materials and developing differentiated products with a strong sense of technology. The goal is to establish a high-tech brand image through outstanding teamwork, continuous innovation, integration, and sustainable growth.

112 Research and Development Achievements

N o.	Product Item	N o.	Product Item
1	Development of BADEN 2.0 Series	11	Development of Mechanical Urinal U283
2	Development of ETON 2.0 Toilet CS4566, C4588		
3	Development of ETON 2.0 Rectangular Basin L4582, L4568		
4	Development of LEGATO 2.0 Toilet C4297, C4399		
5	Development of LEGATO 2.0 Basin L4103, L4104, L4107		
6	Development of Round Spout Faucets LF7011, LF7021, LF7031		

N o.	Product Item	N o.	Product Item
7	Development of Square Spout Faucet LF8011		
8	Development of Bathroom Faucets BF7013, BF8013, BF8023		
9	Development of Kitchen Faucet KF7024		
10	Development of Slim Basin L7000 / L7002		

113 Research and Development Achievements

N o.	Product Item	N o.	Product Item
1	Development of ETON 2.0 Series	11	Application of PVD Technology on Round Spout Faucets
2	Development of LEGATO 2.0 Series	12	Development of In-Wall Urinal Flush Valve
3	Development of New Super Toilet	13	Development of Health Toilet
4	Development of Light Smart Toilet	14	Development of Children's Toilet
5	Adjustment of Flushing Technology for Gophen AFC6699	15	Development of New Materials for Bathroom Cabinets
6	Development and Application of Fall Detection System		
7	Development of Wood-Grain Safety Handrails		
8	Development of Home-Use Urinal		
9	Development of Wall-Mounted Urinal		
10	Development of Bathroom Accessories		

Future research and development plan:

114 planned development projects

N o.	Product Item	N o.	Product Item
1	Development of ETON 2.0 Series Toilet C4511	11	Development of Super Toilet / Bidet Remote Controller
2	Development of LEGATO 2.0 Series	12	Design of AFC6695 Recessed Cistern
3	Development of New Super Toilet	13	Design and Development of L7000 Series Bathroom Cabinet

N o.	Product Item	N o.	Product Item
4	Development of Light Smart Toilet	14	Design and Development of Mirror Cabinet
5	Development and Application of Network-Based Fall Detection System	15	All-New Bidet Design
6	Development of In-Wall Urinal Flush Valve (+ E-Paper Technology)	16	Redesigned AFC230 Model
7	Development of New Sensor Sensing Technology	17	Design and Development of Side-Mounted Countertop Basin Line
8	Development of Health Toilet	18	Design and Development of Tankless Toilet
9	Development of Children's Toilet	19	Design and Development of ALPS Series Washbasins
10	Design and Development of Berlolini Bathroom Cabinet	20	Design and Development of Solar-Powered Health Showerhead

Research and development expenditure in the past three years

annual	111 years	112 years	113 years
amount	111, 059	164, 730	100, 377

Unit: NT\$1,000

The number of patents obtained in the past 3 years			
Statistical/annual	111 years	112 years	113 years
Number of patents obtained	10	14	8
Accumulated number of valid patents	42	70	81

2024 Indoor Expo



United Daily News ESG Mountain and Ocean Initiative

(Kaohsiung Qieding Abandoned Salt Field Reforestation + Hemei Abandoned Fishing Port Ecological Restoration)





3.6.2 Customer Relations

All of the company's manufacturing facilities have successively passed quality management system certifications, actively enhancing the comprehensiveness of our quality systems to gain strong customer recognition for our products and services. At each stage of the product life cycle, the company implements strict quality control mechanisms to ensure product stability and consistency. Guided by the core value of serving customers, the company undertakes full-cycle operations including business acquisition, product R&D and manufacturing, quality control, delivery management, cost control, and after-sales service. Customer satisfaction surveys are conducted regularly to collect and analyze feedback. For any issues or suggestions raised by customers, relevant departments promptly devise appropriate response strategies and present concrete, comprehensive solutions to continuously improve service quality and enhance customer trust and satisfaction.

Through a well-established customer service process, the company ensures that any issues or quality abnormalities reported by customers are addressed promptly, with case progress tracked in real-time and swift action taken. Real-time communication with customers minimizes internal and external response delays, improving overall service efficiency and satisfaction. The quality and service performance provided by the company are widely recognized in the market. We are committed to integrating intelligence with daily life, creating innovative value through technology, contributing to society's well-being through health-focused designs, practicing energy-saving initiatives as a form of social responsibility, and pursuing product excellence through aesthetic design.

Facing the challenging market climate and intense industrial competition in 2024 (Year 113 in the ROC calendar), the company actively deepens cooperative relationships and trust with customers. In the same year, factory visits were organized to strengthen customer confidence and recognition of our product quality and operational capabilities through on-site observation. Additionally, the company periodically hosts online meetings, technical exchanges, and needs-assessment workshops to better understand customer expectations and collect valuable feedback. These insights serve as a critical basis for enhancing products and services, reinforcing long-term partnership relationships with our clients.

3.6.3 Information Security Protection

HCG Corporation places great importance on information security. In 2021 (ROC Year 110), the company established its “Information Security Organization” and implemented the ISO 27001:2013 Information Security Management System. An Information Security Task Force was formed under the General Manager’s Office IT Department, responsible for the daily operation and maintenance of cybersecurity. In addition, an Information Security Audit Team was set up to conduct at least one internal security audit annually and to convene an Information Security Management Review Meeting. During these meetings, cybersecurity risk management is conducted, and various control measures are established, including firewall protection settings, antivirus software installation and virus definition updates, email security controls, website protection mechanisms, data backup and off-site storage, disaster recovery drills, access control to server rooms, and periodic vulnerability scans.

The head of the IT Department reports information security implementation results to the Chief Information Security Officer (CISO) annually. External parties are also engaged to audit the Information Security Management System (ISMS). Through the implementation of ISMS, the company ensures the confidentiality, integrity, and availability of its information assets, minimizing risks related to human error, intentional damage, or natural disasters, and preventing unauthorized use, leakage, tampering, damage, or loss of corporate data—any of which could disrupt operations or harm corporate interests. No major information security incidents occurred in 2024 (ROC Year 113).

4、Sustainable Environment

In response to the escalating challenges of climate change, HCG Corporation not only continues to advance its business operations but also actively explores ways to reduce the environmental impact of its activities. The company has established a concrete climate strategy, setting specific environmental performance goals and indicators related to carbon emissions, water resource management, and waste disposal. HCG is committed to minimizing the environmental footprint of its products throughout their entire life cycle.

By incorporating process improvements and source management measures, the company actively adopts environmentally friendly design practices and enhances the efficiency of energy and resource usage. At the same time, it promotes the development of green energy-related industries to move toward the long-term goal of green operations. These efforts aim to achieve a harmonious coexistence between business and the environment, demonstrating HCG's commitment to sustainable development through concrete actions.

4.1 Material Topic Management

Major topics	energy management
Policy	While meeting the needs of consumers, and implementing energy conservation and carbon reduction, it has always been the goal pursued by the company.
Promise	Implement continuous energy improvement/achieve energy optimization goals
Short-term goals	The annual electricity saving is 100,000 kWh
Medium- and long-term goals	1. Continue to purchase energy-saving products 2. Implement energy-saving policies in the factory
Management mechanism	Electricity bills Energy-saving solutions
Resources invested in the current year/ Produce important results	1. Follow ISO50001 norms 2. Use energy-saving products to achieve power-saving effects
Responsible Department/Grievance Mechanism	Environmental Safety Division (03) 3623105 ext. 3212
Confirm the effectiveness of the management mechanism	In FY2024, a total of 435,840 kWh of electricity was saved

Major topics	Water & Wastewater Treatment
Policy	Comply with environmental protection laws and regulations and move towards sustainable development
Promise	Systematic management, water recycling
Short-term goals	The discharge of water complies with the statutory regulations
Medium- and long-term goals	Adhere to the principle of water recycling and increase the reuse rate of water resources
Resources invested in the current year/ Produce important results	1. In accordance with the water pollution prevention and control permit 2. There is a waste (sewage) water treatment system
Responsible Department/ Grievance Mechanism	Environmental Safety Division/(03) 3623105 ext. 3212
Confirm the effectiveness of the management mechanism	The discharge value of waste (sewage) water is in accordance with the relevant statutory regulations

Major topics	Climate change and carbon emissions
Policy	Implement a greenhouse gas inventory plan to grasp the status of greenhouse gas emissions.
Promise	By reducing greenhouse gas emissions and actively addressing the challenge of climate change, the policy focuses on carbon footprint management.
Short-term goals	5% reduction in Scope 2 emissions compared to the previous year.
Medium- and long-term goals	Establish a comprehensive greenhouse gas management system to achieve real-time monitoring and transparent disclosure of annual emission data.
Resources invested in the current year/ Produce important results	Handle greenhouse gas inventory in accordance with ISO14064-1 specifications
Responsible Department/ Grievance Mechanism	Environmental Safety Division (03) 3623105 ext. 3212
Confirm the effectiveness of the management mechanism	Maintain the effectiveness of the ISO 14001 environmental management system through regular review and achievement of annual carbon reduction targets.

Major topics	Waste disposal
Policy	Properly dispose of waste and maintain environmental quality
Promise	Reduce environmental damage and reuse resources
Short-term goals	The amount of waste disposal (intensity) decreased by 10% compared to the previous year
Medium- and long-term goals	Improve process technology and do a good job in the end-of-line control of raw materials, and strengthen the promotion of environmental awareness of the company's colleagues, so as to achieve the goal of waste reduction.
Resources invested in the current year/ Produce important results	1. Implement source control and implement resource classification 2. Achieve the goal of reducing domestic waste
Responsible Department/ Grievance Mechanism	Environmental Safety Division/(03) 3623105 ext. 3212
Confirm the effectiveness of the management mechanism	In 2024, the amount of waste disposed of will be reduced by 807.75 metric tons compared to the previous year

Major topics	Supply chain management
Policy	We are committed to promoting the connection between the industry and the supply chain, and at the same time ensuring that suppliers comply with social ethical standards and comply with national environmental protection policies and norms in the process of providing products and services.
Promise	Adhering to the principle of abiding by national laws and social norms, and signing a letter of commitment from suppliers, we actively develop excellent suppliers, outsourcers and secondary sources, conduct inspections and evaluations in accordance with relevant assessment methods, and formulate a hierarchical management system for suppliers.
Short-term goals	It is expected to be completed by 2025 Establish a manufacturer's environmental and social self-assessment form, and the recycling rate of the manufacturer's environmental and social self-assessment form is 75%.
Medium- and long-term goals	The recovery rate of the manufacturer's environmental and social self-assessment form is 100%, and the completion rate of on-site evaluation is 100%.
Management mechanism	The statistical table of the manufacturer's assessment status is mainly for the quasi-submission evaluation and quality evaluation, and the grade is rated as excellent, excellent, A, and B. If there is no improvement for three consecutive months, the relevant technical departments will be organized to evaluate the supplier, and then if the implementation of the audit can not effectively improve, the qualification will be cancelled.
Resources invested in the current year/ Produce important results	In 2024, the on-site evaluation of suppliers: 4 bronze and 8 porcelain were completed, and the evaluation results were in line.
Responsible Department/ Grievance Mechanism	Responsible department: environmental safety/quality assurance/technology/procurement, grievance mechanism: the procurement convenes relevant evaluation team members to respond and solve. They all provide multiple communication channels and have independent investigation mechanisms based on different issues.
Confirm the effectiveness of the management mechanism	In 2024, 127 major suppliers will be evaluated - excellent. In addition, 6 suppliers violated environmental protection regulations, including 4 air pollution control laws, 1 waste cleanup law, and

	1 soil and groundwater pollution remediation law. Suppliers are then evaluated.
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4.2 Energy Management

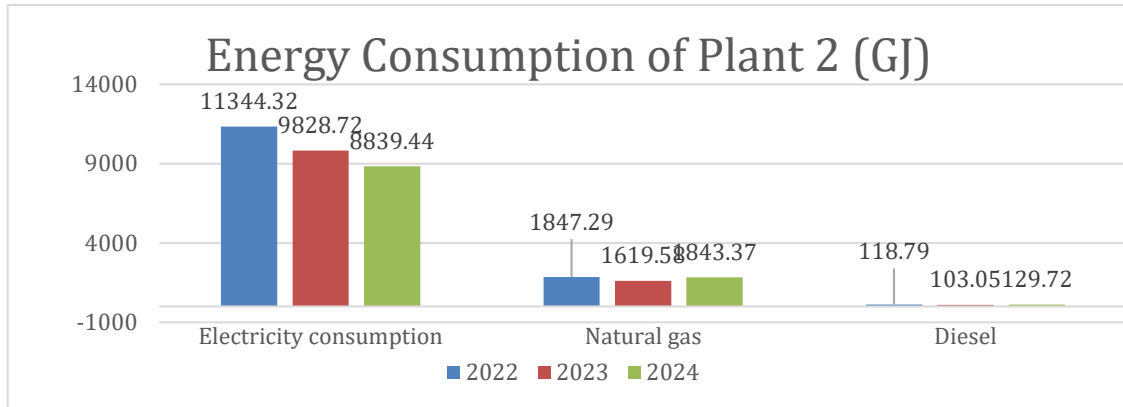
HCG Corporation's primary production divisions include the Ceramics Manufacturing Department (referred to as Plant 3), the Faucets and Fittings Manufacturing Department (referred to as Plant 2), the Cabinet Business Division, and the Plastic Steel Business Division. As a leading sanitary ware manufacturer in Taiwan, the company's operations encompass the production of general sanitary ceramics, plumbing fixtures, bathtubs, kitchen and cabinet products, among others.

HCG actively promotes various energy reduction initiatives, adopts equipment with high energy efficiency and energy-saving designs, and expands the use of renewable energy sources, all aimed at optimizing energy utilization efficiency.

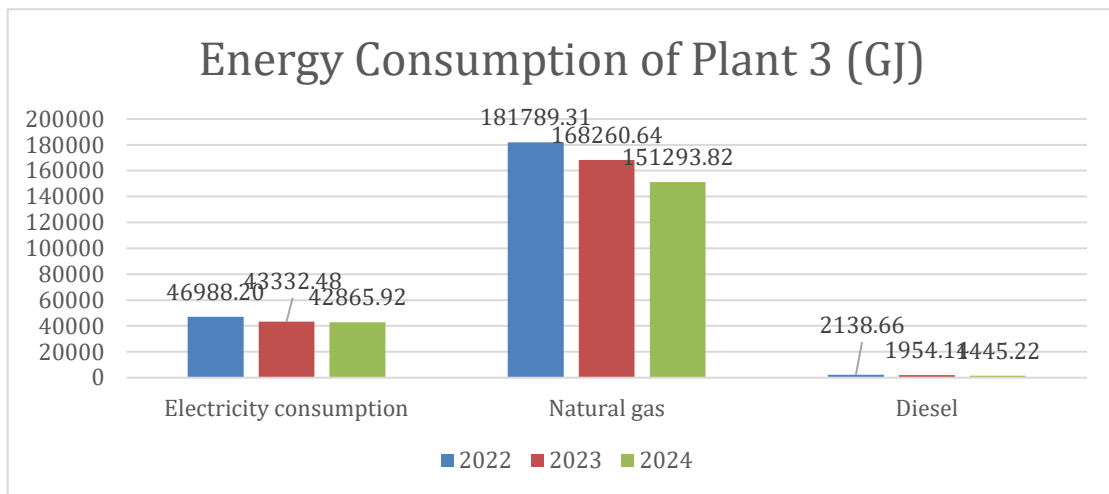
Energy Consumption (GJ)	Plant 2	Plant 3	Plant 2	Plant 3	Plant 2	Plant 3
	Electricity		Natural Gas		Diesel	
2022	11344.32	46988.20	1847.29	181789.31	118.79	2138.66
2023	9828.72	43332.48	1619.58	168260.64	103.05	1954.14
2024	8839.44	42865.92	1843.37	151293.82	129.72	1445.22

Unit: GJ

Note: The energy content is calculated using fixed conversion factors: Natural gas: 9,000 kcal/m³, Diesel: 8,400 kcal/L, 1 joule = 0.239 calories, Electricity conversion: 1 kWh = 0.0036 GJ

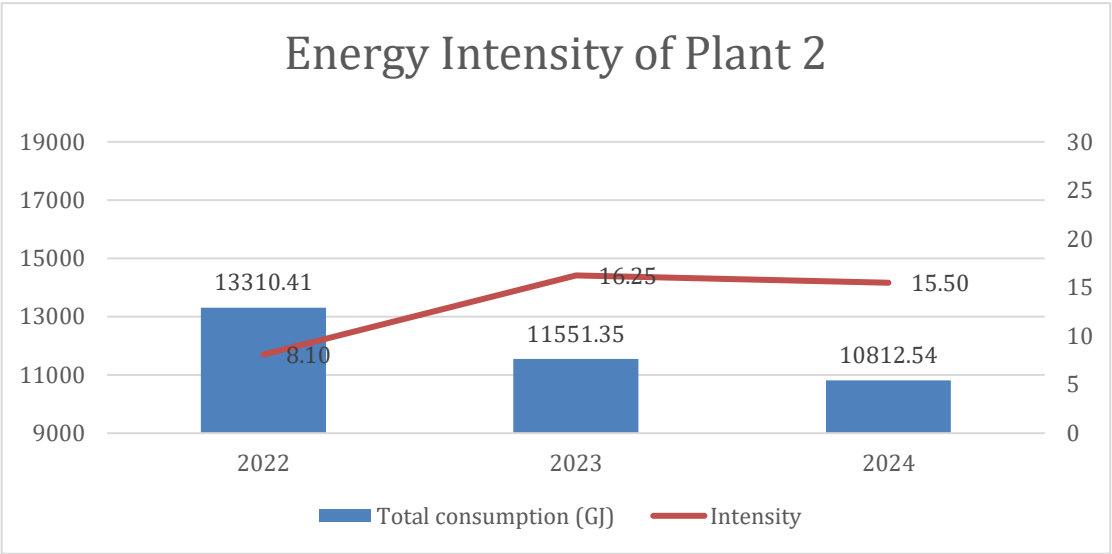


Unit: GJ

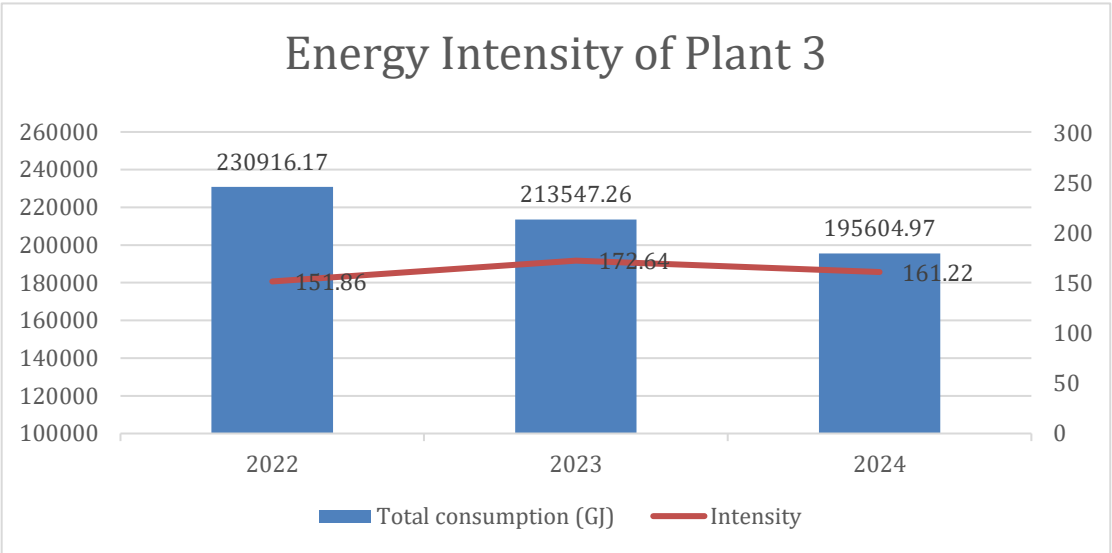


Unit: GJ

4.2.1 Energy intensity



Note: Energy Intensity; (Electricity Consumption + Natural Gas + Diesel) / Million Revenue



Note: Energy intensity; (Electricity Consumption + Natural Gas + Diesel)/Million Sales

In terms of energy conservation, electricity consumption has increased annually due to growing order demand. Therefore, greater emphasis has been placed on energy-saving and carbon reduction measures, as well as efficient energy utilization, to minimize environmental impact. Equipment upgrades have been implemented in both Plant 2 and Plant 3. In 2022, energy-saving measures included replacing outdated CNC processing equipment with new machining centers in Plant 2, and switching from mercury lamps to LED floodlights; in Plant 3, 1000 T8 fluorescent tubes were replaced with LED tubes. In 2023, wastewater treatment equipment in Plant 2 was upgraded, and another 1000 T8 fluorescent tubes in Plant 3 were replaced with LED tubes. In 2024, Plant 2 refurbished its melting furnace to improve efficiency and reduce heating time, while Plant 3 replaced a 180HP screw air compressor with a 100HP unit. Over the past three years, these efforts have saved approximately 643.35 kWh of electricity.

Direct reduction of energy Consumption (kWh)	Plant 2	Plant 3
2022	113.20	46.48
2023	32.33	15.49
2024	33.00	402.84

Unit: Thousand kWh

4.3 Carbon Emissions

In recent years, the world has been severely affected by the intensification of the greenhouse effect, leading to worsening environmental problems such as ozone layer depletion and frequent extreme weather events. In response to this global challenge, Hocheng Corporation actively engages in energy-saving and carbon-reduction actions and is committed to implementing concrete carbon reduction measures to fulfill its corporate environmental responsibility. Greenhouse gas emissions are categorized into two main types based on their sources: direct emissions and indirect emissions. Direct emissions mainly come from the

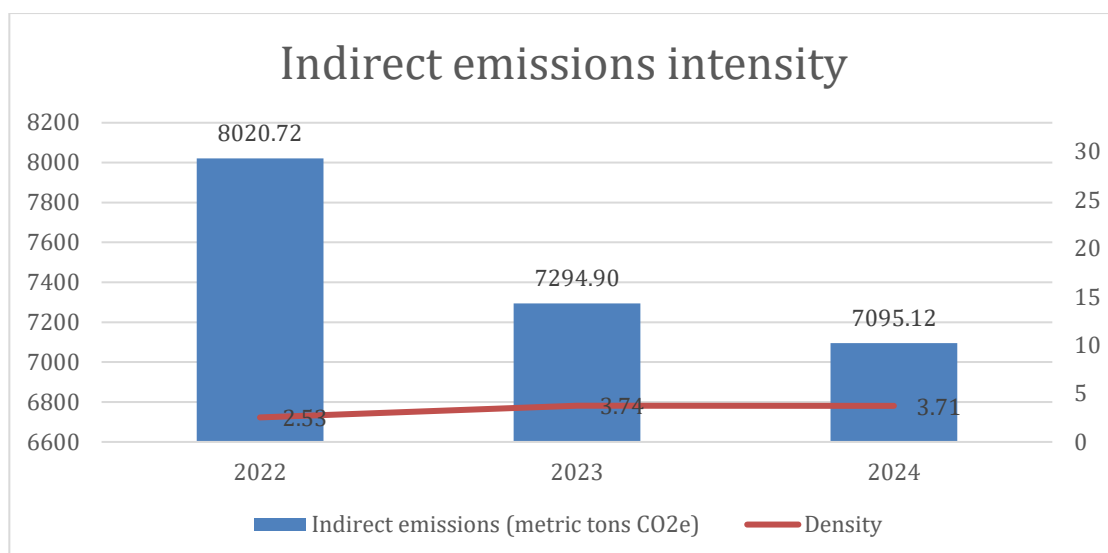
he use of natural gas and diesel fuel in on-site utility facilities, as well as emissions from the wastewater treatment process; indirect emissions arise from purchased electricity, primarily from power purchased from Taiwan Power Company, which results in energy-related emissions. The following is a summary of the current statistics and management of various types of greenhouse gas emissions at Hocheng Corporation.

4.3.1 Emissions

Greenhouse Gas Emissions (Metric Tons CO ₂ e)	Hocheng Corporation (Scope 2)
	Indirect Emissions
2022	8020.72
2023	7294.90
2024	7095.12

Note:1. According to the Bureau of Energy, Ministry of Economic Affairs, the 2023 electricity emission factor is 0.494 kg CO₂e/kWh. As the emission factor for 2024 has not yet been announced during the compilation of Hocheng’s report, the 2023 announced factor is used as the basis for calculating 2024 data. 2. The 2023 emission originally referenced 2022 data; it has now been updated in accordance with the officially announced value.

4.3.2 Greenhouse Gas Emission Intensity



Note: Greenhouse gas emission intensity; Indirect GHG emissions per million sales.

4.3.3 Major Air Emissions

HCG' s primary goal is to comply with the emission standards set by the Environmental Protection Administration to ensure air quality meets regulatory requirements. The company adopts the ISO 14001 management system to control air pollution and strictly enforces relevant operational procedures. To prevent air pollution, regular maintenance and servicing of equipment are carried out, along with routine inspections conducted by relevant departments. In the event of any abnormal conditions, emergency response measures are immediately implemented to promptly improve and mitigate the environmental impact of production activities.

Plant 2	Nitrogen oxides	Sulfur oxides	Volatile organic compounds	Particulate contaminants
Unit (kg)				
In 2022	133.04	10.85	792.00	929.53
In 2023	149.89	14.80	1,065.00	1,091.35
In 2024	165.41	15.62	1,200.00	1,199.85

Plants 3	Nitrogen oxides	Sulfur oxides	Volatile organic compounds	Particulate contaminants
Unit (kg)				
In 2022	6,711.26	0.00	0.00	1,471.16
In 2023	4,554.63	0.00	0.00	1,005.25
In 2024	2,436.78	0.00	0.00	951.30

4.4 Water and Wastewater

4.4.1 Current Water Resources Status

According to the Environmental Sustainability Index (ESI), Taiwan is listed among the world's 18 most water-stressed countries; however, HCG's operating regions are not currently affected by water resource pressure. Despite the absence of significant water shortage risks, HCG actively supports national water conservation initiatives and participates in various water resource management measures. At Plant 3, a water recycling and reuse system has been installed, providing approximately 17 metric tons of usable water per day. Additionally, all toilets in the plant are equipped with water-saving devices such as low-flow faucets and toilets to further enhance water conservation. As for Plant 2, which involves electroplating processes in its manufacturing operations, a new wastewater treatment system was established in 2022 to improve treatment efficiency and ensure that discharge water meets regulatory standards. In 2024, water-saving measures included reusing clean water from the wastewater treatment system by redirecting it back into the production process at Plant 3. The company will continue monitoring water quality to ensure it does not impose an environmental burden.

4.4.2 Discharge water quality testing

Plant 3	SS	COD	BOD
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Emission standards	50(mg/L)	100(mg/L)	30(mg/L)
2022	2.60	12.00	5.20
2023	7.30	9.90	3.25
2024	4.13	22.15	5.30



Wastewater treatment system of plant 2

Plant 2	SS	COD	Copper	Grease	Anion interface activators	Ammonia nitrogen	Nitrate nitrogen	Cyanide	Hexavalent chromium
Emission standards	30(mg/L)	100(mg/L)	1.5(mg/L)	10(mg/L)	10(mg/L)	60(mg/L)	50(mg/L)	1(mg/L)	0.35(mg/L)
2022	14.30	20.50	0.06	3.30	0.05	0.03	0.20	0.002	0.003
2023	17.30	18.85	0.03	3.00	0.05	0.07	0.16	0.006	0.003
2024	4.98	13.40	0.03	0.50	0.05	0.04	0.19	0.006	0.040

Plant 2	Nickel	Lead	Zinc	Cadmium	Total chromium	Mercury	Arsenic	Fluorine	Boron
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Emission standards	0.7(mg/L)	0.5(mg/L)	3.5(mg/L)	0.02(mg/L)	1.5(mg/L)	0.5(mg/L)	0.35(mg/L)	15(mg/L)	12(mg/L)
2022	0.41	0.08	0.16	0.004	0.38	0.0006	0.0002	0.65	3.32
2023	0.25	0.08	0.02	0.004	0.04	0.0005	0.0001	1.13	8.35
2024	0.20	0.08	0.02	0.004	0.07	0.0005	0.0001	0.23	6.58

4.4.3 Water Withdrawal, Discharge, and Consumption Volumes

The water supply for HCG's two major plants is sourced entirely from the Taiwan Water Corporation, primarily serving daily domestic use and production processes, including electroplating, product cleaning, air-conditioning cooling systems, and exhaust and wastewater treatment. To effectively conserve water resources, the company actively promotes water-saving initiatives. All restrooms in the plants are equipped with water-efficient toilets, and water-saving equipment is prioritized during facility upgrades.

Benefiting from continuous optimization of water-use equipment and implementation of conservation efforts, the company's total water withdrawal has shown a downward trend over the past three years. In the future, HCG will continue evaluating and implementing various water-saving strategies, including: recycling discharged water for use in scrubbers for air pollution control, reusing wastewater from the ultrapure water system in cooling towers, promoting process water reuse, and developing production technologies with low water consumption. Through the implementation of diverse water-saving measures, HCG is committed to fulfilling its sustainability promise in water resource management.

Water consumption (million litres)	Total water withdrawal	Total displacement	Recycled water	Water consumption
2022	219.51	142.37	19.53	57.61
2023	206.88	60.32	0.00(註5)	146.56
2024	238.70	67.03	4.03	167.64

Unit: million liters

Notes:

1. Water consumption = Total water withdrawal - Total water discharge.
2. All water sources are municipal tap water, with total dissolved solids (TDS) ≤ 1,000 mg/L, classified as freshwater.

3.Explanation for reduced total water discharge: Previously, all water sources in the plant were collected and discharged through the wastewater treatment facility. In recent periods, the implementation of rainwater and wastewater separation measures, along with water recycling and reuse, has resulted in reduced discharge volumes. In 2023, a decrease in production also led to reductions in raw water usage and discharge volume.

4.Explanation for increased water consumption: $\text{Water consumption} = \text{Total withdrawal} - (\text{Total discharge} + \text{Recycled water})$. In 2023, the recycled water system was not in use, resulting in higher calculated water consumption.

5.The recycled water system was temporarily suspended due to changes in the water pollution control permit. Operations will resume upon completion of the permit amendment process.

4.5 Waste Management

4.5.1 Waste Management Practices

Hocheng Corporation has implemented multiple measures in waste management aimed at minimizing waste generation. First, both plants are required to strictly follow waste sorting protocols to prevent improper disposal and subsequent processing issues. Additionally, source control of waste is enforced, requiring that waste generated during production processes be categorized based on its nature. These measures effectively facilitate proper waste management and minimize environmental impact.

At Plant 2, general industrial waste includes waste fibers, spent casting sand, waste cotton cloth, and non-hazardous dust collection ash. Hazardous industrial waste consists of electroplating sludge.

At Plant 3, general industrial waste includes mixed plastic waste, waste ceramics, spent gypsum molds, and inorganic sludge. There is no hazardous industrial waste at Plant 3.

For copper material usage, dust collection systems separately collect polishing cloth residue and copper powder to reduce waste generation. The company also promotes paper waste reduction in administrative operations by using double-sided printing and reusing the blank si

des of discarded documents. Irrecyclable waste from production—such as defective ceramic products, spent molds, bubble wrap, water tank packaging boxes, and pallets—is collected and recycled by qualified third-party vendors. All other waste is properly disposed of off-site by licensed disposal contractors.

4.5.2 Waste disposal method (data is the amount generated)

Plant 2				
Item	Processing	2022	2023	2024
Household waste	Incinerate	62.00	58.67	54.85
Waste fibers or other cotton, cloth and other mixtures	Incinerate	0.02	0.00	0.37
Non-hazardous waste dust or its mixtures	Curing	1.73	3.41	2.01
General ash or bottom residue mixture	Curing	1.07	0.56	0.86
Waste sand	Recycle	108.00	87.95	84.00
Plating sludge	Recycle	7.87	0.00	0.00
Inorganic sludge	Hot treatment	6.00	11.73	7.35
Waste oil mixture	Incineration	0.00	0.00	1.36
Other corrosive business waste mixtures	Incineration	0.00	0.00	2.99

Unit: metric tons

Plant 3				
Item	Processing	In 2022	In 2023	In 2024
Household waste	Incinerate	73.38	278.63	282.80
Waste plastic mixtures	Physics	181.62	27.22	39.60
Waste ceramics	Recycle	2470.18	2,165.90	1492.06
Waste plaster cast	Recycle	601.70	529.24	482.38
Inorganic sludge	Hot treatment	306.00	930.00	849.00

Unit: metric tons

4.5.3 Manufacturer's recycling volume

	Defective products	Waste plaster	Scrap porcelain
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2022	163.10	601.70	2470.18
2023	154.8	529.24	2165.90
2024	144.5	482.38	1,492.06

unit: metric tons

Note: Description of reuse treatment methods: waste gypsum→ cement plant, waste porcelain tiles→ permeable brick production

	General Waste		Hazardous industrial waste		Total
	scene	Leaving the field	scene	Leaving the field	
2022	636.37	3573.87	7.50	2.06	4219.80
2023	516.47	3504.18	0.00	7.50	4028.15
2024	566.43	2654.00	0.00	0.00	3220.43

Unit: metric tons

4.6 Environmental Compliance

To prevent and mitigate potential environmental impacts caused by business operations, Hocheng Corporation strictly adheres to domestic environmental protection, safety, and health-related regulations and strives to meet environmental standards equivalent to those in advanced countries, thereby strengthening its overall environmental management. The company has established a dedicated unit staffed with professional personnel to handle environmental management affairs. It has also implemented the ISO 14001:2015 Environmental Management System and promotes continuous improvement based on the PDCA (Plan-Do-Check-Act) cycle to systematically control environmental risks.

For deficiencies identified during inspections by regulatory authorities, the company responds proactively and transparently by setting concrete improvement goals and regularly reviewing the effectiveness of corrective actions to ensure compliance with relevant regulations.

In terms of environmental legal compliance:

- In 2022, there were no violations.
- In 2023, there were 2 violations.
- In 2024, there was 1 violation.

For all noted violations, the company promptly implemented corrective measures and strengthened internal supervision and preventive mechanisms to reduce the risk of recurrence, thereby continuously enhancing its environmental compliance performance.

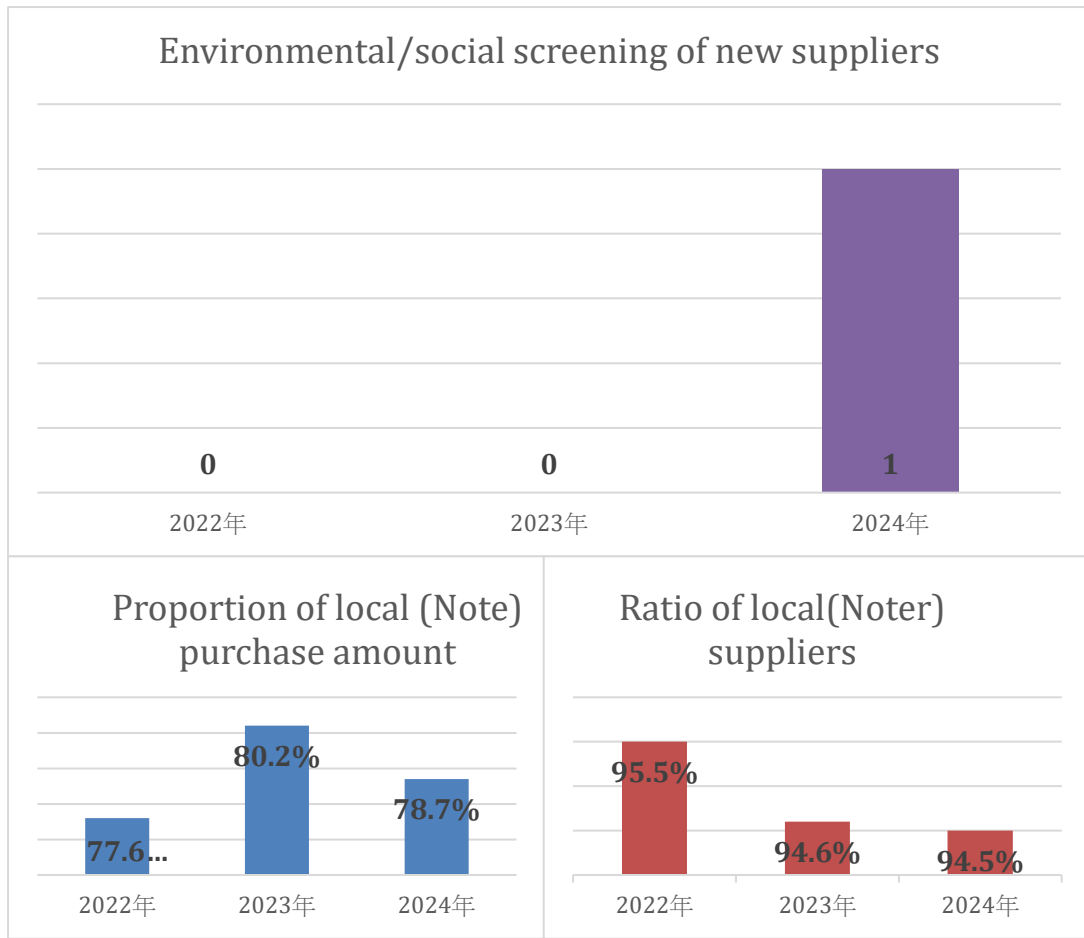
Location	Date	Violation Description	Fine(NTD)	Corrective Measures
Plant 2	2023	Potassium chromate (regulated item no. 055-18), a toxic substance used at Plant 2, was stored in containers/packaging without the required labeling.	NT\$60,000	Potassium chromate was a laboratory chemical that had not been used for an extended period due to low experimental needs, leading to neglect. The labeling has since been completed, and chemical management will be reinforced.
Other	2023	A company vehicle (private truck) entered the “Linkou Chang Gung Memorial Hospital, Postal Logistics and Huaya Technology Park Air Quality Maintenance Zone” without passing an emission test within the year, violating the air pollution control regulations.	NT\$500	The truck had not been inspected within the required timeframe. The inspection has been completed, and relevant personnel have been briefed on the regulations.
Other	2024	On September 2, 2024, a company diesel vehicle entered the Taipei City Air Quality Maintenance Zone without a valid superior or equivalent self-management label.	NT\$1,000	Relevant personnel have been informed, and the vehicle has been improved accordingly.

4.7 Supply Chain Management

Supply chain management is a crucial issue for sustainable corporate operations. Hocheng Corporation conducts regular evaluations of its supply chain to ensure compliance with environmental regulations and occupational health and safety standards. Investigations have confirmed that none of the cooperating suppliers have had a negative impact on the environment or society. According to the Hocheng Supplier Management Guidelines, suppliers are regularly assessed to ensure compliance. In 2024, 19 Class A suppliers underwent scheduled evaluations.

Hocheng Supplier Selection Criteria:

- Must hold a business registration certificate and valid factory registration.
- Companies must have sound systems, good reputation, and no major legal violations.
- All key raw materials must comply with Hocheng's restricted substances list.
- Priority is given to those who have obtained ISO management system certifications, such as ISO 14001 and ISO 45001.



Note: Local definition is Taiwan.

Year	Plant	No. of Suppliers	Number of manufacturers at all levels			
			Grade A+	Grade A	Grade B	Grade C
2024	Taoyuan Plant	106	44	52	3	1
	Yingge Plant	50	33	14	3	0
	Total	156	77	66	6	1
2023	Taoyuan Plant	95	31	61	2	1
	Yingge Plant	53	48	3	1	1
	Total	148	79	64	3	2

2022	Taoyuan Plant	87	24	58	5	0
	Yingge Plant	56	49	6	1	0
	Total	143	73	64	6	0

4.8 Climate Change Risk Management and Response

In the face of increasingly frequent extreme weather events, the Company continues to identify and assess operational risks. In 2022, we adopted the framework recommended by the Task Force on Climate-Related Financial Disclosures (TCFD), establishing a climate risk management structure based on the four core pillars: Governance, Strategy, Risk Management, and Metrics and Targets. This framework enables the Company to systematically understand the potential impacts of climate change on our operations and financial performance and to develop corresponding adaptation and mitigation strategies. Through this approach, we strengthen our resilience to climate risks and advance our goal of sustainable development.

Core elements	Illustrate	As
Govern	The Sustainable Development Committee is the main responsible unit for the governance of climate-related risks and opportunities.	The company has established an ESG committee, chaired by the general manager, which meets regularly every year to discuss issues such as climate change risks that may arise from the company's operations, the efficiency of energy and resource use, and various environmental impacts related to the product life cycle, and regularly reports to the board of directors on climate change issues and implementation status every year.
Tactics	The actual and potential impact of climate-related risks and opportunities on an organization's business, strategic and financial planning	Climate-related risks and opportunities are as follows: 1. Transition risks: (1) The company's operating costs are increased due to changes in laws and regulations in the place where it operates. (2) changes in customer demand led to a decrease in the company's orders, and (3) the company's investment in R&D expenditure increased. 2. Physical Risks: (1) High temperature, (2) water shortage, (3) Power rationing, (4) Typhoon flooding. 3. Opportunities: (1) Reduce energy consumption, (2) Improve the efficiency of resource use, (3) Develop new products/technologies with lower energy consumption to meet customer needs.

Risk management	Processes for identifying, assessing, and managing climate-related risks	<p>According to the attributes of the industry, the company internally identifies the following risks and proposes action plans: 1. Response to transformation risks:</p> <p>(1) Pay attention to the latest laws and regulations, review the company's current situation and compliance with laws and regulations, and then develop various measures to meet legal compliance;</p> <p>(2) Integrate the concept of reducing environmental impact into all stages of the product life cycle, and work together with the supply chain to continuously develop energy-saving products. 2. Response to physical risks: The company has introduced ISO 14001 environmental management system and ISO 14064-1 in the future, and has reduced risks to a controllable degree through regular drills by planning objectives, implementing implementation, reviewing results, and continuous improvement.</p> <p>3. Response to climate change opportunities: Actively develop water-saving products and cooperate with associations to carry out technical exchanges to increase revenue and profits</p>
Metrics & Goals	Metrics and targets for assessing and managing climate-related risks and opportunities	<p>1. Electricity saving: 47,825 kWh (compared with the previous year) 2. Reduction in greenhouse gas emissions: The company has not been mandated to disclose, and the greenhouse gas inventory is being planned. The company's self-calculated Scope 2: 7309.67 metric tons CO₂e</p> <p>3. Improvement of product energy consumption: In line with government policies, Hecheng sanitary products provide water-saving labels. Environmental Label. Nanomark. Increase safety seals. Lead-free faucets and other excellent products, so that consumers can participate in energy conservation and environmental protection work</p> <p>4. Reduction in the number of hours of business interruption: no impact on operations In the future, we plan to introduce ISO 14064-1</p>

5、Social Responsibility and Care

Hocheng Corporation firmly believes that a company's success is closely tied to the shared prosperity of society as a whole. In terms of social care, we are committed to fostering a fair, inclusive, and sustainable social environment by actively participating in local community development and continuously supporting improvements in key areas such as education, health, and environmental protection. Through collaboration with non-governmental organizations (NGOs) and local governments, the Company invests resources and takes action to help address real challenges faced by communities, thereby enhancing residents' overall quality of life.

Employee well-being is also a key part of the Company's social responsibility. We are dedicated to creating a safe, fair, and healthy workplace and encourage employees to actively engage in volunteer activities to extend care into meaningful social actions—demonstrating the Company's concrete contributions to society. We believe that positive interaction between business and society can achieve the dual goals of sustainable development and social inclusion.

In the field of health promotion, the Company supports various community health initiatives and collaborates with medical institutions and healthcare professionals to strengthen public health education and preventive care awareness, thereby raising public attention and practical engagement in health issues. In terms of cultural promotion, we actively participate in and support activities related to the arts, literature, and local culture to promote cultural diversity and social inclusion within communities. We are also involved in cultural preservation and heritage initiatives, aiming to infuse long-term cultural value into society. In our philanthropic efforts, HCG is dedicated to supporting underprivileged groups by funding social welfare organizations and promoting volunteer engagement to help reduce social inequality and foster a more fair, harmonious, and inclusive society.

5.1 Material Topic Management

Material Topic	Labor-Management Relations
Importance to the Company	Fostering a harmonious workplace environment through transparent communication, fair negotiation, and respect for labor rights. The policy focuses on establishing effective labor-management dialogue mechanisms and ensuring that all key issues are covered in negotiations.

Policy/Commitment	<p>1.Establish a regular labor-management meeting system to ensure employee opinions are fully expressed.</p> <p>2.Notify and consult employees in advance regarding major operational changes.</p> <p>3.Provide grievance channels to protect employee rights and promptly resolve labor-related issues.</p>
Goals	<p>A. Short-term Goals:</p> <ol style="list-style-type: none"> 1. Hold labor-management meetings at least once every three months. 2. Establish a standardized notification process to ensure major changes are communicated at least three weeks in advance. <p>B. Mid- to Long-term Goals:</p> <p>Establish a comprehensive labor-management relationship management system to achieve dispute prevention and timely resolution.</p>
Annual Resources Invested and Concrete Results	<p>1.Labor-management meetings are held at least every three months, with ad-hoc meetings convened when necessary.</p> <p>2.The company provides grievance channels including a dedicated phone line, fax, mailbox, email, and other designated platforms. Information is prominently posted in the workplace, and designated personnel or departments are responsible for investigating and handling complaints.</p>
Responsible Department / Grievance Mechanism	Human Resources Department
Evaluation Mechanism / Outcomes	In compliance with government regulations, effectively coordinates labor-management relations, promotes cooperation, and prevents labor issues before they arise.

Major topics	Occupational health and safety
importance to the company	Adhering to the principle that employees are the most important asset of the company, and the primary goal is to protect the safety of workers, we carry out hazard identification and risk assessment, risk reduction measures and emergency response. Make sure your work environment is safe and secure.
Policies/Commitments	<ol style="list-style-type: none"> 1. Comply with the relevant laws and regulations of the government on occupational safety 2. Strive for the prevention and control of industrial safety hazards 3. Strengthen communication with the community, customers and third parties to share occupational safety experience 4. Implement education and training for all employees to enhance environmental safety awareness and emergency response ability. <p>Commitment to "continuous improvement" to ensure sustainable operation, enhance the company's image, and strive to improve the environment</p>
Target	<p>A. Short-term goals:</p> <p>Strengthen industrial safety management, implement the completion rate of various operations in risk assessment to 100%, and less than 12 minor accidents. Toward the goal of zero disasters.</p> <p>B. Medium- and long-term goals:</p> <p>Continuously improve the occupational safety and health management system to achieve the goal of zero accidents</p>
Resources invested in the current	Implement hazard identification risk assessment, identify risks and implement management measures in accordance with procedures

<p>nt year and specific results</p>	<p>Follow the ISO 45001:2018 version of the management system specifications</p> <p>Regularly monitor the working environment including noise, dust, carbon dioxide, organic solvents and high-temperature workplaces to ensure work safety.</p> <p>We regularly carry out employee health check-ups and promote health promotion activities to provide a healthy and friendly workplace environment.</p> <p>Continue to carry out safety and health education and training and accident investigation case sharing, and strengthen employees' occupational safety skills and knowledge.</p> <p>Implement on-site operation safety, including factory inspection, contractor construction management, on-site machinery and equipment safety protection assessment, and personal protective equipment safety assessment.</p>
<p>Responsible Department/Grievance Mechanism</p>	<p>Environmental Safety Section/03-362-3105 #3212</p>
<p>Evaluation mechanisms/outcomes</p>	<p>The number of occupational accidents and the number of cases of the improvement party</p>

Major topics	Forced or compulsory labor
importance to the company	Ensure that all operations and supply chains are free of any form of forced labor, and conduct human rights reviews of all employees and suppliers
Policies/Commitments	<p>Implement a zero-tolerance forced labor policy and prohibit any form of forced work or labor exploitation.</p> <p>Conduct human rights due diligence on new employees and suppliers to ensure voluntary labor.</p> <p>Establish an anonymous reporting mechanism to encourage employees and stakeholders to report potential violations.</p>
Target	<p>A. Short-term goals:</p> <p>Complete forced labor risk assessment and training for employees and key suppliers.</p> <p>B. Medium- and long-term goals:</p> <p>Establish a comprehensive human rights management system to ensure that the supply chain is free of forced labor and has passed international certifications</p>
Resources invested in the current year and specific results	Risk assessment coverage, training completion rate, number of forced labor incidents, and reported case handling rate.
Responsible Department/Grievance Mechanism	(Supplier) Purchasing Team / 03-362-3105 #3238

Evaluation mechanisms/outcomes	(Suppliers) 70% in 2023 75% in 2024
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Major topics	Customer health and safety
importance to the company	Committed to product innovation, leading the market trend, and meeting customer needs. Ensure that the product quality meets the required standards. We will comply with environmental laws and regulations and other requirements, and participate in the prevention of pollution and continuous improvement of environmental performance. Establish and implement environmental targets and continuously optimize the environmental management system.
Policies/Commitments	<p>Conduct product lifecycle safety assessments to ensure no health risks from design to use.</p> <p>All products are regularly tested and certified to comply with domestic and foreign safety regulations.</p> <p>Establish a customer feedback and complaint mechanism to quickly address health and safety-related issues.</p>
Target	<p>A. Short-term goals:</p> <p>Completed the product safety risk assessment, and the customer complaint handling rate reached 100%.</p> <p>B. Medium- and long-term goals:</p> <ol style="list-style-type: none"> 1. Achieve products that have passed health and safety assessments, and customer satisfaction reaches more than 90%. 2. Establish a comprehensive product safety management system to ensure zero major violations.
Resources invested in the current year and specific results	Safety assessment coverage, number of health and safety incidents, complaint handling time, customer satisfaction.

Responsible Department/Grievance Mechanism	Sales Office Marketing Planning Section/03-3623105 #1564 or 1165
Evaluation mechanisms/outcomes	<p>The sales office has established a customer feedback and complaint mechanism, and its relevant data is as follows:</p> <ol style="list-style-type: none"> 1. Official website customer opinion mailbox acceptance: <ul style="list-style-type: none"> Year 2022: 744 in total Year 2023: 765 in total Year 2024: 767 in total 2. Number of calls received by the customer maintenance service line: <ul style="list-style-type: none"> FY2022: 94,425 FY2023: 83,640 2024: 86,742 3. Customer Satisfaction Survey Scores: <ul style="list-style-type: none"> 2022: 84 points 2023: 86 points 2024: 84 points"

5.2 Employee Overview

HCG treats all employees with equality, implementing various equity measures to eliminate labor conditions that may cause workplace inequality, ensuring the protection of labor rights for all staff.

5.2.1 Human Rights Protection

HCG is committed to creating a friendly and inclusive working environment, placing high value on employees' fundamental rights and human rights protection, viewing them as one of the core values of sustainable development. The company fully respects employees' freedom of association, cares for disadvantaged groups, strictly prohibits child labor, and eliminates all forms of forced labor. We are dedicated to removing unequal treatment in hiring and employment practices. Uph

olding the principle of "fair treatment," we ensure that no employee is discriminated against based on gender, age, ethnicity, religion, or political stance. In terms of compensation, we adhere to the principle of equal pay for equal work, ensuring salary standards are reasonable and unaffected by personal characteristics. HCG strictly complies with all labor and human rights laws and regulations, both domestic and international, to ensure legal and compliant business operations. To raise human rights awareness, we provide training on labor rights and human rights for both new and current employees. The company also establishes clear grievance and whistleblower channels, protecting the privacy of whistleblowers and committing to no retaliation of any form. All cases received are investigated and handled responsibly, fulfilling the company's promise to uphold human rights and workplace justice.

5.2.2 Employee Statistics

As a leading brand in sanitary ware products, HCG has steadily expanded job opportunities in recent years in line with increased production efficiency across its facilities, demonstrating its commitment to social responsibility. The company actively attracts outstanding talent through competitive compensation packages, enhancing recruitment and retention. As a major player in the sanitary ware industry, HCG offers stable and long-term career development opportunities, cultivating a safe and secure working environment that allows employees to focus fully on their roles. Even amid global pandemic challenges, the company has maintained organizational stability, high employee loyalty, and steady business performance.

In terms of workforce structure, employees are mainly categorized into direct and indirect personnel. Due to the nature of production line work, direct personnel are mostly female, while indirect personnel—engaged in R&D, quality management, and business support—are predominantly male. Approximately 65% of the total workforce is under 50 years old, showing that the company's human resources are centered on the middle-aged and younger generations. Experienced management leads the younger workforce, forming a stable and capable team, with no current labor shortage concerns.

At its Taiwan operations, HCG maintains a 100% local hire rate for senior executives, demonstrating strong ties with local communities. Through its talent localization strategy, the company promotes regional economic development and community engagement, reinforcing its corporate social responsibility.

Regarding non-employee workers, a total of 15 were hired in 2024, a number consistent with previous years. These include 9 security guards and 6 cleaning staff, all of whom are indirect contract workers.

upporting the safety and cleanliness of factory environments, thereby contributing to stable operations.

Employment Relations

Statistical/annual		2022		2023		2024	
Total number of employees		1058		995		964	
Employment contract (Note 2).		Non-fixed	fixed	Non-fixed	fixed	Non-fixed	fixed
gender	Man	545	276	513	264	483	269
	Woman	232	5	216	2	212	0
Type of employment (Note 3).		Full-time	Part-time	Full-time	Full-time	Full-time	Part-time
gender	Man	816	5	772	5	744	8
	Woman	235	2	216	2	210	2

Note 1: Employee headcount is based on the total number of employees as of the end of the year (December 31).

Note 2: Employment contracts are classified into permanent contracts (full-time employees) and fixed-term contracts (short-term, seasonal, project-based, or replacements for employees on maternity/parental leave).

Note 3: Employment types are divided into full-time employees (working hours meet the legal weekly maximum) and part-time employees (working hours do not meet the legal weekly maximum, such as interns or hourly workers).

Diversity Statistics/Annual				2022		2023		2024	
				Number	percentage	Number	percentage	Number	percentage
Employee	Direct	Gender	Man	379	87.13%	371	87.71%	368	89.54%
			Woman	56	12.87%	52	12.29%	43	10.46%
		Age	Under 30	157	36.09%	145	34.28%	137	33.33%
			Over 30 and under 50	194	44.60%	202	47.75%	209	50.85%
			50 or more	84	19.31%	76	17.97%	65	15.82%
		Degree	Institute	0	0.00%	0	0.00%	0	0%
			Tertiary institutions	37	8.51%	37	8.75%	37	9%
			Other	398	91.49%	386	91.25%	374	91%
			Man	406	70.98%	406	70.98%	384	69.44%

	Indirec tion	Gende r	Woman	181	29.05%	166	29.02%	169	30.56%
		Age	Under 30	68	10.91%	55	9.62%	44	7.96%
			Over 30 and under 50	263	42.22%	237	41.43%	232	41.95%
			50 or more	292	46.87%	280	48.95%	277	50.09%
		Degre e	Institute	30	4.82%	28	4.90%	31	5.61%
			Tertiary institutions	368	59.07%	341	59.62%	330	59.67%
			Other	225	36.12%	203	35.49%	192	34.72%

Employee New and Departure Statistics/Year		2022		2023		2024	
		Total	Proportional (Note).	Total	Proportional (Note).	Total	Proportional (Note).
New hires							
Age	Under 30	99	44%	45	23%	58	46.77%
	Over 30 and under 50	62	16%	42	10%	37	29.84%
	50 or more	22	6%	28	8%	29	23.39%
Gender	Man	162	20%	101	13%	108	87.10%
	Woman	21	9%	14	6%	16	12.9%
Degree	Institute	4	13%	3	10%	7	5.65%
	Tertiary institutions	53	13%	39	10%	31	25%
	Other	126	20%	73	12%	86	69.35%
Departing employees							

Age	Under 30	50	22%	37	19%	34	23.29%
	Over 30 and under 50	90	19%	76	17%	57	39.04%
	50 or more	45	12%	63	18%	55	37.67%
Gender	Man	149	18%	144	19%	125	85.62%
	Woman	36	15%	32	15%	21	14.38%
Degree	Institute	5	17%	5	18%	7	4.79%
	Tertiary institutions	56	14%	58	15%	39	26.71%
	Other	124	20%	113	19%	100	68.49%

Note 1: Employee data is based on the total number of employees as of the end of the year (December 31).

Note 2: New hire rate = (Total number of new hires in the specified category during the year / Total number of employees in the same category at year-end) * 100%.

For example, female new hire rate = (Total number of female new hires during the year / Total number of female employees at year-end) * 100%.

Turnover rate = (Total number of employees who left in the specified category during the year / Total number of employees in the same category at year-end) * 100%.

For example, turnover rate of employees under age 30 = (Total number of employees under 30 who left during the year / Total number of employees under 30 at year-end) * 100%.

5.3 Talent Optimization

A sound and development-oriented human resource foundation is the cornerstone of Hocheng Corporation's sustainable operations. To attract top talent, the company offers competitive compensation and benefits packages, and recognizes employees with outstanding performance or long-term contributions through appropriate rewards, affirming their dedication and value. Upholding the principles of fair treatment and equal opportunity, the company has established transparent appraisal and reward systems to foster a fair and competitive workplace. This cultural atmosphere enhances employee engagement and strengthens the company's ability to attract and retain talent, further bolstering organizational cohesion and unity.

Regarding promotion, the company ensures transparency in promotion information and provides sufficient development opportunities for high-performing individuals, thereby encouraging employees to strive for excellence and emulate best practices. To support continuous growth, the company actively plans diverse training programs to help employees refine their professional skills and align personal career goals with corporate growth.

The company also values open communication with employees and provides multiple accessible channels for feedback, allowing staff to express suggestions and concerns promptly. All feedback is met with positive responses, reinforcing mutual trust and constructive interaction between labor and management, thereby building a harmonious and inclusive workplace.

5.3.1 Compensation and Benefits

Hocheng Corporation adjusts employee compensation based on the company's annual operational performance and overall profitability, striving to provide remuneration packages that exceed legal standards and remain competitive in the market. To ensure performance is reflected in compensation, all employees undergo regular performance appraisals and career development assessments, with results serving as key references for promotion and skill development. The company encourages employees to accumulate expertise and grow into specialists in their respective fields, with those showing leadership potential having opportunities for advancement into management roles, offering diverse and expandable career paths.

The company's salary structure is primarily based on seniority, academic and professional background, and competency, without discrimination due to physiological or psychological differences. As employees

gain experience and industry knowledge, the company is committed to sharing business achievements. Notably, the average and median annual salaries of non-supervisory employees in Taiwan have shown a year-on-year increase, ensuring financial security while fostering loyalty and a sense of belonging.

To address challenges posed by a declining birth rate and aging population, the company has implemented a post-retirement re-employment program. Depending on health conditions and personal willingness, retirees may have flexible work content and hours, allowing them to continue contributing their expertise and experience. In 2024, the company rehired a total of 16 retired employees.

In terms of pay equity, Hocheng Corporation analyzes salary structures by gender and job category. In its Taiwan operations, the basic salary difference among direct labor by gender is minimal, and the overall pay gap has been narrowing. For indirect staff, a noticeable salary difference exists, primarily because men are more often in R&D and sales roles, while women are primarily in administrative and support positions, influenced by differences in seniority. The company continues to review and improve its salary structure to fulfill the principles of workplace diversity and gender equality. Moreover, the basic salary of all direct labor, regardless of gender, exceeds the local legal minimum wage.

To enhance work efficiency and employee well-being, the company provides a wide range of comprehensive benefits and a quality work environment. It also regularly organizes employee care and leisure activities to alleviate work stress, promote interdepartmental communication, and foster a positive and dynamic corporate culture.

Item/Year		2023	2024	Difference
Non-supervisory Full-time Employees (Unit: persons)		979	944	-35
Annual Salary of Non-supervisory Full-time Employees (Unit: NT\$ thousand)	Average	584	598	14
	Median	508	525	17

The ratio of base salary to compensation	Ratio		
	2022	2023	2024

An important base of operations	Employee category	Item	Man	Woman	Man	Woman	Man	Woman
Taiwan	Direct	Basic salary (Note 1).	0.75	1	0.86	1	0.90	1
		Remuneration (Note 2).	0.79	1	0.91	1	0.99	1
	Indirect	Base salary	1.2	1	1.16	1	2.78	1
		pay	1.3	1	1.25	1	3.02	1

Note :

1. Basic salary refers to the minimum fixed amount paid to employees for performing their duties, excluding any additional remuneration such as overtime pay, bonuses, or various allowances.

2. Compensation refers to the basic salary plus additional amounts paid to the worker; "additional amounts" include seniority allowances, bonuses (including cash and equity), benefits, overtime pay, compensatory leave, and any other subsidies (such as transportation, living, and childcare subsidies).

Employee Benefits Description

1. Employee Welfare Measures :

(1) Insurance: In addition to legally required labor and health insurance, the company provides group insurance for employees, including life insurance, accident insurance, hospitalization medical insurance, critical illness insurance, severe burn insurance, and comprehensive insurance for statutory infectious disease protection.

(2) Health and Safety:

A. Employees are entitled to a free health examination once every five years. For those aged 40 to under 65, a free health exam is provided every three years. Special operations personnel are entitled to an annual free health check. With employee consent, the company provides follow-up support or treatment guidance for abnormal or specific examination results to ensure employee health.

B. On-site medical staff assist in improving employee health knowledge, offer consultations and re-examination reminders for abnormal

ormal check results, and assess cardiovascular disease risk based on WHO risk charts.

C. Certified first-aid personnel are designated to handle emergencies. Automated External Defibrillators (AEDs) are installed in office buildings, and employees receive training on AED usage to reduce pre-hospital mortality in emergencies.

D. To strengthen fire safety and disaster awareness, the company has formed an internal fire response team and conducts regular drills.

(3) Travel: Employees with 18 years of service are eligible for company-subsidized domestic or international travel.

(4) Activities: Dodgeball and baseball grid competitions are organized to promote teamwork, strengthen camaraderie, and create a vibrant organizational culture.

(5) Leave: Employees receive regular days off and annual leave in accordance with the Labor Standards Act. Leave reports are provided to facilitate personal planning and work-life balance.

(6) Birthday, Marriage, and Bereavement: Departments hold birthday celebrations with gift vouchers for the celebrants. Congratulatory or condolence payments are provided for employee weddings, funerals, hospitalizations, or major disasters.

(7) Retirement Pension System

(8) Year-End Bonus

(9) Employee Profit Sharing

(10) Facilities: Breastfeeding rooms and friendly parking spaces are available.

Employee childcare stay/year	Gender	Statistics		
		2022	2023	2024
The number of employees who are eligible to stay in childcare	Man	10	4	20
	Woman	1	3	7
The number of employees who applied for childcare stay	Man	4	4	2
	Woman	0	2	3
	Man	3	5	1

Number of employees who should be reinstated after the expiration of the childcare period (A)	Woman	2	1	1
Number of employees who actually returned to work after the expiration of the childcare period (B) (including early reinstatement)	Man	2	5	1
	Woman	1	1	0
Return-to-work rate (B/A)	Man	67%	100%	100%
	Woman	50%	100%	0%
Number of employees who remained in service 12 months after the expiration of the childcare period in the previous year (C)	Man	1	2	5
	Woman	4	1	1
Retention rate (C/previous year B)	Man	100%	100%	100%
	Woman	80%	100%	100%

Note:

1. Return to Work Rate = (Actual number of employees who returned to work during the year / Number of employees expected to return to work during the year) × 100%

2. Retention Rate = (Number of employees still employed 12 months after returning to work / Number of employees who actually returned to work in the previous year) × 100%

To ensure employees' financial security after retirement, Hocheng Corporation has established a dual pension system: a Defined Benefit Plan (old pension system) and a Defined Contribution Plan (new pension system).

Defined Benefit Plan (Old Pension System)

Hocheng Corporation's retirement policy is fully aligned with the provisions of the Labor Standards Act. Employees who have completed 15 years of service and are at least 55 years old, or those who have served for 25 years or more, are eligible for voluntary retirement. In accordance with the Act, retirement payments are calculated based on the employee's years of service: two base units are granted for each year of service up to 15 years, and one base unit per year beyond 15 years.

Defined Contribution Plan (New Pension System)

Since July 1, 2005 (ROC Year 94), in compliance with the Labor Pension Act, Hocheng Corporation has been contributing no less than 6% of each employee's monthly salary to the employee's personal pension account.

Hocheng Corporation Lobby



5.3.2 Talent Development

HCG Corporation recognizes that continuous learning and professional growth of employees are key drivers for sustainable business development. As such, the company places great emphasis on and actively invests in human resource training, aiming to establish a systematic learning and development framework that aligns with corporate transformation and future growth needs.

The company's training strategy centers on on-the-job training, supplemented by a range of programs including basic training for new hires, professional skills courses, and leadership development for supervisors. These diverse training initiatives are designed to support employees at various stages of their careers with the knowledge and skills they need. All course content is developed and adjusted in accordance with the company's operational goals and employees' individual career development plans, thereby enhancing both overall employee competence and organizational performance.

In addition, the company values knowledge internalization and transfer. Through internal instructor systems and experience-sharing mechanisms, the expertise and practical know-how of senior employees are effectively passed on to newcomers, accelerating their integration and career development. Beyond internal training, the company also encourages employees to proactively participate in external professional courses to broaden their perspectives and refine their skills in response to the evolving industrial landscape.

Through a comprehensive and continuous training mechanism, HCG Corporation aims to empower every employee to grow within their role, realize personal career value, and jointly pursue the long-term vision of sustainable development.

Among different employee categories, direct personnel generally have simpler tasks on production lines, while indirect personnel are more often engaged in roles such as design, development, and environmental health and safety, which require ongoing specialized training. In 2023 (ROC Year 112), as the pandemic subsided, training hours returned to normal, with an average of 3.89 training hours per person.

Statistical/annual		2022	2023	2024
Average number of training hours per staff member (Note 1).		3.86	3.89	3.89
Average number of training hours per employee by gen	Woman	4.07	5.07	2.97
	Man	3.8	3.56	4.15

der (Note 2).				
Average number of hours of training by type (Note 3).	Direct	2.31	0.66	1.29
	Indirect	4.94	6.27	5.82

Note 1: Average training hours per employee = (Total employee training hours in the year) / (Total number of employees at year-end).

Note 2: Average training hours per female employee = (Total training hours received by female employees during the year) / (Total number of female employees at year-end).

Note 3: Average training hours per employee by category = (Total training hours for the specific employee category during the year) / (Total number of employees in that category at year-end).

Pay attention to employee photos - education and training





5.2.3 Labor-Management Communication

Effective and constructive labor-management communication is a key element in promoting cooperation and maintaining organizational stability. Hocheng Corporation upholds the principles of respect and equality by regularly convening labor-management meetings. These meetings enable management to gain a deeper understanding of employees' work conditions and actual needs, while also providing a platform to communicate the company's operational plans, production arrangements, and market trends. This fosters two-way communication and mutual understanding.

The company strictly complies with local labor regulations, ensuring that labor-management meetings are held regularly as required by law. Employee representatives are granted full rights to express their opinions and participate in discussions, thereby establishing a fair and institutionalized platform for negotiation. In addition, multiple communication channels—such as suggestion boxes and internal feedback systems—are provided, allowing employees to express ideas and suggestions promptly. The company responds appropriately and incorporates significant suggestions into management policies or system improvements where applicable.

In recent years, Hocheng Corporation has maintained a solid foundation of trust and interaction with its employees. Labor relations remain stable, and the consensus on cooperation continues to be effectively implemented. As of now, there have been no labor disputes, demonstrating the company's tangible achievements in promoting harmonious labor relations and employee care policies.

5.4 Occupational Health and Safety

5.4.1 Occupational Health and Safety Management System

To effectively manage occupational health and safety (OHS) risks within its facilities and enhance workplace health and safety, Hocheng's Taoyuan Plant No. 3 obtained OHSAS 18001:2007 certification in December 2008, which has since been upgraded to ISO 45001:2018. This management system covers all company employees and contractors working at the plant.

Hocheng Corporation implements its [Annual Occupational Accident Prevention Plan] to carry out hazard identification and risk assessments. Based on the assessed risk levels, the company plans and executes relevant improvement measures to reduce operational hazards and improve workplace safety. In 2023 (ROC Year 112), the company completed the identification of 165 occupational hazards, including physical, chemical, biological, ergonomic, and psychosocial risk factors.

Workers covered by the 2024 Occupational Safety and Health Management System of the Republic of China

Management Systems/ Decrees	Check the type	Number	Proportion
Occupational Safety and Health Act	Internal Audit	718	100%
	Labor inspections	718	100%
ISO 45001	Internal Audit	619	100%
	External verification	619	100%

Note: The number of personnel at Hocheng's Plant No. 2 does not yet meet the threshold defined in Article 12-2 of the Occupational Safety and Health Management Regulations, and therefore the plant has not yet implemented a formal management system. However, there are future plans to adopt the ISO 45001 Occupational Health and Safety Management System.

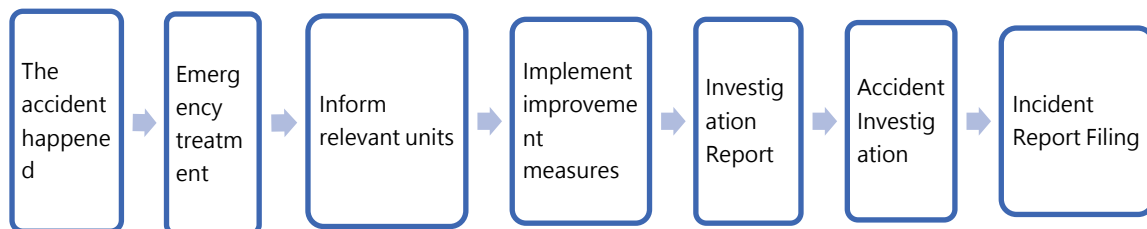
In the event of occupational accidents or unexpected incidents, the company has comprehensive response procedures. According to the company's "Incident Investigation and Reporting Management Standard," incidents are categorized by severity, and corresponding investigation processes are initiated.

d. Corrective measures are then implemented to prevent recurrence of similar incidents.

Accident investigation is a critical aspect of occupational safety. Hocheng Corporation strictly enforces this process. When an incident occurs, the site is secured to prevent secondary accidents, and injured individuals are promptly provided with necessary first aid or medical attention. Except for emergency rescue measures, the accident scene must be preserved. The Environmental Safety and General Affairs Department must be notified immediately, and the competent labor inspection authority must be informed within 8 hours.

All incidents are documented in the “Hocheng Corporation Occupational Accident Investigation and Analysis Report.” The occupational safety unit will propose and implement corrective measures. These incidents are then incorporated into future safety promotion materials and occupational health and safety training programs. (Details of the incident reporting procedure and accident investigation reports are provided below.)

Accident reporting process



Accident Procedures and Execution Instructions

Accident Procedures	Execution Instructions
Emergency handling of accidents	Control the site and prevent secondary disasters Assist the injured person in obtaining necessary first aid or medical treatment Except for necessary first aid or rescue, the scene should be kept intact.
Circulars and related matters	In the event of a work-related disaster, all units are requested to notify

	<p>y the Environmental Safety Division immediately</p> <p>In the event of a major occupational disaster, the labor inspection agency shall be notified within 8 hours.</p>
Conduct an accident investigation	<p>The discoverer/handler of the accident, the party concerned or the supervisor of the accident unit fill in the [Hecheng Xinye Co., Ltd. Occupational Disaster Investigation and Analysis Report Form].</p> <p>Convene relevant personnel to investigate the accident.</p> <p>A report on the status of the investigation should be submitted after the accident occurred</p>
The accident investigation report was submitted	<p>After the investigation report is reviewed by the supervisor of the accident unit, it shall be sent to the supervisor of the occupational safety and health management unit.</p> <p>After reviewing and evaluating the report of the supervisor of the occupational safety and health management unit, it shall be forwarded to the associate for approval.</p> <p>Relevant information is distributed to the accident unit, the unit responsible for improvement measures and relevant units.</p> <p>The results of the accident investigation are advocated and incorporated</p>

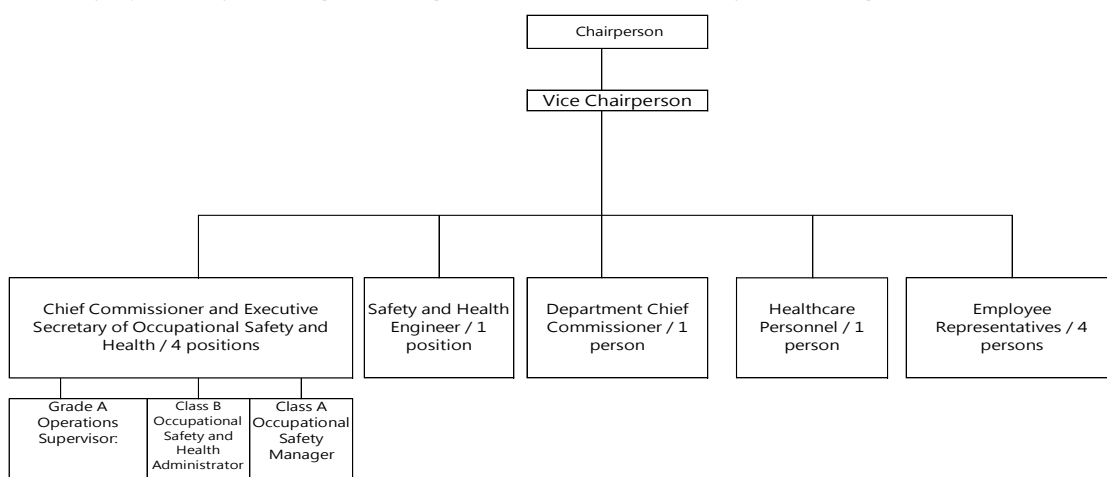
	ted into the safety and health training materials.
Implementation and follow-up of improvement measures	<p>The responsible units/personnel do implement the improvement measures according to the established plan.</p> <p>The environmental safety unit tracks the implementation of improvement measures and records the results of the inspection.</p>
The accident investigation report is closed and filed	<p>The accident investigation report can only be closed and filed after all improvement measures have been completed</p> <p>The investigation report is kept by the environmental safety unit for 10 years.</p>

5.4.2 Occupational Safety and Health Committee

In accordance with the provisions of the Occupational Safety and Health Act, Hocheng Corporation has established an “Occupational Safety and Health Committee,” chaired by the Chairman of the Board, with the General Manager serving as the Deputy Chair. The committee convenes quarterly and consists of 13 members, including 4 labor representatives, accounting for 32 % of the total, thereby ensuring employees’ rights to participation and expression on occupational health and safety matters.

The committee holds substantive decision-making authority and is responsible for reviewing internal and external changes related to the occupational safety and health management system. These include regulatory compliance identification, the establishment and achievement of OSH policies and objectives, performance indicators (such as occupational injury statistics and workplace environment monitoring results), and related improvement recommendations. This ensures a systematic implementation of safety and health management responsibilities.

In addition to full-time employees, other workers (such as contractors) may also raise OSH-related suggestions or concerns through their respective supervisors. These are compiled and included as agenda items for committee discussion, ensuring that all personnel involved in operations can participate in occupational safety and health management through formal mechanisms, thereby jointly safeguarding a safe and healthy working environment.



On January 8, 2024 (Minguo Year 113), Hocheng Corporation convened the Occupational Safety and Health Committee to conduct a management review and deliberate on the following agenda items:

Meeting Agenda:

1. Provide recommendations regarding the employer’ s proposed occupational safety and health policy.
2. Coordinate and advise on the occupational safety and health management plan.
3. Review the implementation plans for safety and health education and training.

ing.

4. Review the workplace environment monitoring plans, monitoring results, and corresponding measures.
5. Review health management, occupational disease prevention, and health promotion initiatives.
6. Evaluate various safety and health proposals.
7. Review internal inspections and safety and health audit matters.
8. Review preventive measures for hazards associated with machinery, equipment, raw materials, and substances.
9. Review occupational accident investigation reports.
10. Assess the performance of workplace safety and health management.
11. Review the safety and health management of contracted operations.
12. Discuss other matters related to occupational safety and health management.

5.4.3 Occupational Health Services

In recent years, the occupational injuries at Hocheng Corporation have primarily involved falls, cuts, entanglements, and slips or tumbles. Following each incident, a prompt investigation is conducted to determine the root causes. Based on the findings, the company strengthens on-site infrastructure and equipment, and enhances management systems to prevent recurrence and ensure a safer working environment.

Employee/Non-employee - Statistics on types of occupational injuries and occupational diseases

Type/Year		2022	2023	2024	Description of hazards and improvements
Type of occupational injury	Falls	0	0	2	The pavement was improved and the water was covered
	Sprain	0	0	0	Failure to follow proper standard operating procedures
	Cut, cut	1	0	0	Damaged porcelain should be disposed of immediately and returned to the designated storage warehouse
	Scald	0	0	0	Provide appropriate protective equipment and safety training
	Roll clamps	0	0	1	Add safety guards
	Falling	0	0		Fall hazard has been improved
	Commuting to and from work	9	8	9	Transportation Advocacy
	Objects fall	0	0	1	
	Other	0	0	0	

Statistics on occupational hazards			
Annual	2022	2023	2024
Total hours elapsed	2,107,536	1,974,080	1,460,632
Total Lost Time (Days)	42	0	44
Disabling Injury Frequency (F.R.)	0.47	0	2.05
Disabling Injury Severity Rate (S.R.)	19	0	30

Note:

1. Disabling Injury Frequency Rate (F.R.) = Number of recordable occupational injury cases / 1,000,000 work hours
2. Disabling Injury Severity Rate (S.R.) = Total lost workdays / 1,000,000 work hours
3. Commuting accidents to and from work are not included in these statistics.

Statistics of work-related injuries and absences				
Statistical/annual		2022	2023	2024
Total hours elapsed		2,107,536	1,974,080	1,460,632
Total Lost Time (Days)		42	0	44
Fatal accidents caused by occupational injuries	Number	0	0	0
	Proportion	0.00	0	0
Serious occupational injuries	Number	0	0	0
	Proportion	0.00	0	0
Recordable Occupational Injuries (Note).	Number	10	8	13
	Proportion	0.62	0	8.9
Occupational illness	Number	0	0	0
	Proportion	0.00	0	0
Recordable occupational diseases	Number	0	0	0
	Proportion	0.00	0	0

Note:

1. Recordable Occupational Injury Rate = (Number of recordable occupational injuries / Total work hours) × 1,000,000 work hours

2. Recordable occupational injuries include traffic-related incidents in the statistics.

5.4.4 Occupational Safety Training

HCG (Hocheng Corporation) is committed to building a safe, healthy, and efficient working environment, and has established clear safety and health objectives:

“Prevent pollution and improve production performance; prevent accidents and promote employee safety and health, creating a safe and comfortable workplace.”

To reinforce a culture of safety and raise risk awareness among employees, the Safety and Health Office regularly prepares and distributes monthly safety promotion materials. These include internal accident investigation findings and case studies from the industry, using real examples to enhance employees’ alertness.

The company also organizes a variety of occupational safety training programs, including both internal courses and external training through professional institutions. Qualified instructors are appointed to deliver these sessions.

Training content covers theoretical knowledge, hands-on practice, and post-training assessments. Upon completion, participants receive training certificates, ensuring training effectiveness and enhancing overall workplace safety management.

Training programs	Hours	Number	Average number of hours
In-house training	528	810	0.65
External training	818	199	4.11

Anti-fraud advocacy





Fire response drills





Health promotion



Statistical/annual		2022years	2023 years	2024 years
Average number of training hours per staff member (Note 1).		3.86	3.89	3.89
	Woman	4.07	5.07	2.97

Average number of training hours per employee by gender (Note 2).	Man	3.8	3.56	4.15
Average number of hours of training by type (Note 3).	Direct	2.31	0.66	1.29
	Indirect	4.94	6.27	5.82

Note 1: Average number of training hours per employee: the total number of training hours of all employees in the current year / the total number of employees at the end of the year.

Note 2: Average number of training hours per female employee: Total number of training hours of female employees in the current year / Total number of female employees at the end of the year.

Note 3: Average number of training hours of employees of each category: the total number of training hours of employees of this category in the current year/the total number of employees of this category at the end of the year.

5.4.5 Employee Health Management and Health Promotion

In accordance with the Labor Health Protection Regulations, HCG (Hocheng Corporation) has appointed dedicated occupational health personnel and contracted professional on-site physicians to conduct regular workplace rounds and inspections. These physicians provide health consultations and risk assessments to employees, thereby reinforcing a workplace health care mechanism.

Each factory site is divided into zones based on the degree of occupational hazard risk. Adequate first-aid kits and emergency response equipment are installed in each area to ensure immediate access during emergencies. These supplies are managed by designated personnel who routinely inspect and update the contents to ensure completeness and effectiveness, thereby strengthening

gthening the company' s emergency response capability.

HCG also provides all employees with regular annual general health checkups and special health examinations. Although health checks were suspended in 2021 and 2022 due to the COVID-19 pandemic, all examinations resumed in full starting in 2023. Based on the health screening reports, the on-site physicians conduct follow-up health risk analyses and develop personalized health management plans to help employees maintain good health, fulfilling the company' s goal of promoting workplace wellness.

List of people with special health examination level 3 or above

Annual	By Task	Level 1 management	Level 2 management	Three-level management	Four-level management	Total number of people
2024 years	Noises	7	14	0	0	21
	Diisocyanic acid	2	1	0	0	3
	Dust	123	73	0	4	200

The company provides professional doctors to visit the factory for special operation personnel and give professional advice to relevant personnel.



To show care for employees' physical and mental well-being and to foster a friendly workplace environment, HCG (Hocheng Corporation) has established a warm and comfortable lactation room. The space is designed with soft tones to create a relaxing and reassuring atmosphere. The lactation room is equipped with lockable doors and a status board that allows users to indicate when the room is in use, ensuring privacy and peace of mind.

The environment is cleaned daily by assigned personnel, and the refrigerator temperature is regularly monitored to ensure hygiene and effective facility management. The lactation room is furnished with comfortable sofas and provides a range of free supplies and equipment, including breast milk s

torage bags, glass bottles, nursing pillows, a dedicated refrigerator for breast milk, purified water wipers, and a bottle sterilizer—meeting the practical needs of breastfeeding employees.

Additionally, for colleagues returning to work after childbirth, the company offers breastfeeding-related information, activities, and consultation services. Experienced employees are encouraged to share their breastfeeding experiences to support and empower new mothers in building confidence and balancing work with family life.

Through these comprehensive measures and ongoing support, HCG actively fosters a workplace that respects and supports maternal needs, embodying true gender equality and employee care.



Demonstrating its commitment to employee health, HCG (Hocheng Corporation) organized an engaging health promotion course on December 4, 2024, featuring a lecture by a professional occupational physician. The course aimed to enhance employees' awareness of health and equip them with practical knowledge and skills to lead healthier and happier lives both at work and in daily life.

During the session, the physician presented a wide range of health topics in an accessible and easy-to-understand manner. Key subjects included healthy eating habits, physical exercise, stress management, and the prevention

on of common occupational diseases. The course incorporated real-life case studies and interactive learning methods, allowing participants not only to acquire new knowledge but also to engage in meaningful discussions and exchanges with the expert.

This initiative not only enriched employees' understanding of health-related issues but also strengthened overall health awareness. It further contributed to the company's ongoing efforts in fostering a strong culture of health and well-being, serving as a valuable safeguard for employees' physical and mental wellness.

Health Promotion Course – Taught by Vocational Doctors



To improve air quality in the workplace, Hocheng Corporation has been continuously promoting dust control measures and actively upgrading outdated equipment. Specific actions include the replacement of dust collection barrels, pumps, and generators to enhance the efficiency of dust collection and processing. These improvements have effectively reduced the concentration of airborne particulate matter in the work environment, further enhancing employee comfort and safeguarding occupational health.

These initiatives not only contribute to improving the overall workplace environment but also reflect the company's commitment to occupational safety and health management. Moving forward, Hocheng Corporation will continue to monitor air quality indicators in the workplace and implement regular reviews and technical optimizations to ensure ongoing improvements. The goal

It is to provide all employees with a safe and healthy environment where they can work with peace of mind.

Dust Control Improvements: Replacement of dust collection barrels, motor repairs, and fan upgrades

Fire Safety Enhancement: Installation of additional fire safety equipment in the warehouse



5.4.6 Prevention and Mitigation of Occupational Health and Safety Impacts Directly Linked to Business Operations

Upholding the people-oriented management philosophy, Hocheng Corporation invested approximately NT\$3.1 million in 2024 to improve workplace conditions and equipment. These improvements focused on enhancing fire protection systems, reducing dust, and mitigating environmental hazards. The company pays close attention to occupational safety and health (OSH) impacts, particularly in the following areas:

For work positions with potential risks of occupational diseases, Hocheng has established protective guidelines. For example, at the entrances of noise and dust zones, standard requirements for wearing protective gear are clearly posted. Noise levels and other health-impacting factors are monitored annually. Employees working in these high-risk areas are required to undergo specialized health examinations and consultations each year and complete hazard prevention training.

Irregular weekly safety inspections are conducted within the factories. If any non-compliance with OSH regulations is found, immediate corrective actions are mandated through formal notifications to the responsible units.

In accordance with the “Regulations on Labor Working Environment Monitoring,” Hocheng commissions certified environmental monitoring agencies to conduct regular inspections. The results are analyzed to ensure compliance with legal standards. Any anomalies detected are promptly corrected to safeguard employee health.

2024 Improvement Projects	Improvement date	Improvement amount
Dust bin and exhaust machine + dust collector + dust collection air duct	February~October	700,000
Annual declaration of maintenance and repair + fire protection system renewal + fire extinguisher replacement and renewal	February~December	1.1 million
Environmental monitoring	annual	260 thousand
Personal safety protective gear (safety shoes, cotton yarn masks, dust masks 8710, organic gas masks 9913)	All year round	260 thousand
Lift maintenance	All year round	800,000
Annual employee health and safety improvement expenditure: 3.1 million yen		

5.5 Public Welfare Participation

As a corporate citizen, Hocheng Corporation deeply recognizes the important role it plays within the social system and understands the close ties and mutual dependence it shares with investors, employees, local communities, and other stakeholders. The company continuously fosters solid partnerships to exert a positive corporate influence and actively fulfill its social responsibilities.

Hocheng maintains strong relationships with local communities and strives to direct resources effectively toward those truly in need, ensuring that philanthropic actions are meaningful and impactful. In addition to directly participating in various charitable activities, the company consistently responds to the initiatives of the Hocheng Group by providing stable donations to the Group's affiliated charitable foundations, thereby fulfilling its corporate responsibility.

By integrating internal and external resources and uniting the goodwill and strength of the public, Hocheng Corporation is dedicated to promoting the efficient allocation and utilization of resources. This approach aims to advance societal progress and improve quality of life, realizing the vision of sustainable business development and shared prosperity with society.

Number of Donations and Amounts to Public Welfare Organizations by Hocheng Corporation over the Past Three Years:

Yearly	2022 years	2023 years	2024 years
The cumulative number of donations to public welfare groups	57	28	14
Cumulative amount of donations to public welfare groups	6,255,328	1,263,211	732,638

Hocheng Corporation has been cooperating with industry and academia in the past three years (internship from student to company)

Yearly	2022 years	2023 years	2024 years
Number	0 people	0 people	0 people

Corporate Social Responsibility (CSR) — Caring for the Disadvantaged, A Duty Bound to Fulfill

Kaohsiung Ronald McDonald House Inauguration Press Conference [2024.05.28]



Corporate Social Responsibility (CSR)

HCG Neighborhood Care Activity A [2024.01.13]



本日「和成欣業公司」慰勉分局同仁執勤辛勞及激勵工作士氣，由總經理陳世傑、經理許文照至八德分局慰問，致贈加菜金、慰問品為全體員警同仁加油、打氣，以感謝警察機關平日的辛勞、全天候守護民眾生命財產安全。也提供寒冬送暖物資，由分局協助將物資送到需要經濟家庭，感謝和成欣業公司對警政工作的支持，讓生活困難家庭感受到社會的溫暖！！

HCG Neighborhood Care B 【113.09.13】



CSR – Wildlife Conservation Vehicles 【113.01.30】



CSR – Qingdao Grand Prix Factory 【2024.05.21】



Corporate Social Responsibility (CSR) – Embracing Hope and Spreading Love ♡

Hocheng Corporation (HCG) has continuously supported the Broadcasting Corporation of China's (BCC) charitable initiatives for many years, demonstrating its commitment to caring for underprivileged groups and nonprofit organizations. On December 13, 2024, HCG once again invited everyone to join in the "One Item a Day" charity sale, spreading love and warmth through collective participation.



Corporate Social Responsibility (CSR) – 2024 1st HCG Anterior Aesthetics Case Competition 【2024.05.26】



Corporate Social Responsibility (CSR) - 54th National Skills Competition: "This Moment, It's All About Skill" 【2024.07.17】



Corporate Social Responsibility (CSR) - Interior Design Expo 【2024.06.13-113.06.16】





Corporate Social Responsibility (CSR) - United Daily News ESG Coastal & Mountain Action
Hemei Abandoned Fishing Harbor Ecological Restoration - Coral Planting 【2024.10.07】



Kaohsiung Qieding Abandoned Salt Fields - Tree Planting 【2024.09.27】



Corporate Social Responsibility (CSR) – “Taiwan Superhero” Charity Movie Screening 【2024.12.20】



Appendix GRI Content Index Table ★ Indicates a material topic					
Statement of Use	HCG Corporation has reported the information for the period from January 1 to December 31, 2024, in accordance with the following GRI standards:				
GRI 1 Used	GRI 1: Foundation 2021				
Applicable GRI Sector	The company falls under the SASB category of Building Products and Furnishings; there is currently no corresponding GRI Sector Standard.				
Topic	Disclosure Item	Description	Chapter	Page	Omission Reason / Required Explanation
GRI 2: General Disclosures 2021					
The organization and its reporting practices	2-1	Organizational details	2.1 Company Profile	32	
	2-2	Entities included in the organization's sustainability	Editorial Policy	3	
	2-3	Reporting period, frequency and contact point	Editorial Policy	3	
	2-4	Restatements of information	Editorial Policy	3	No restatements this year
	2-5	External assurance	--	--	No third-party assurance this year
Activities and workers	2-6	Activities, value chain and other business relationships	2.1 Company Profile	32	
	2-7	Employees	5.2 Employee Overview	115	
	2-8	Workers who are not employees	5.2 Employee Overview	115	
Governance	2-9	Governance structure and composition	3.2 Governance Practices	54	
	2-10	Nomination and selection of the highest governance body	3.2 Governance Practices	54	
	2-11	Chair of the highest governance body	3.2 Governance Practices	54	

	2-12	Role of the highest governance body in overseeing the management of impacts	3.2 Governance Practices	54	
	2-13	Delegation of responsibility for managing impacts	3.2 Governance Practices 3.3 Risk Management	54 67	
	2-14	Role of the highest governance body in sustainability reporting	1.1 Sustainability Development Committee	5	
	2-15	Conflicts of interest	3.2 Governance Practices	42	
	2-16	Communication of critical concerns	3.2 Governance Practices	42	
	2-17	Collective knowledge of the highest governance body	3.2 Governance Practices	42	
	2-18	Evaluation of the performance of the highest governance body	3.2 Governance Practices	42	
	2-19	Remuneration policies	3.2 Governance Practices	42	
	2-20	Process to determine remuneration	3.2 Governance Practices	42	
	2-21	Annual total compensation ratio	5.3 Talent Optimization	123	
Strategy, policies and practices	2-22	Statement on sustainable development strategy	Message from the Chairman	1	
	2-23	Policy commitments	3.2 Governance Practices	54	
	2-24	Embedding policy commitments	3.2 Governance Practices	54	
	2-25	Processes to remediate negative impacts	3.2 Governance Practices	54	
	2-26	Mechanisms for seeking advice and raising concerns		54	
	2-27	Compliance with laws and regulations	3.4 Regulatory Compliance	70	
	2-28	Membership associations	2.4 Participation in External Orga	47	
Stakeholder engagement	2-29	Approach to stakeholder engagement	1.3 Stakeholder Communication	9	

	2-30	Collective bargaining agreements	-		No collective bargaining agreement signed
3: Material Topics 2021					
Material Topics	3-1	Process to determine material topics	1.4 Identification of Material T	13	
	3-2	List of material topics	1.4 Identification of Material Topics	13	
Economic Aspects					
★Economic Performance (Operational Performance)					
GRI 3: Material Topics 2021	3-3	Management of material topics	3.1 Material Topic Management	50	
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	3.5 Operational Performance	73	
	201-2	Financial implications and other risks and opportunities due to climate change	3.5 Operational Performance	73	
	201-3	Defined benefit plan obligations and other retirement plans	3.5 Operational Performance	73	
	201-4	Financial assistance received from government	3.5 Operational Performance	73	
★ Market Presence					
GRI 3: Material Topics 2021	3-3	Management of material topics	3.1 Material Topic Management	50	
GRI 202: Market Presence 2016	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	5.2 Employee Overview	115	
	202-2	Proportion of senior management hired from the local community	5.2 Employee Overview	115	
★ Anti-Corruption					

GRI 3: Material Topics 2021	3-3	Management of material topics	3.1 Material Topic Management	50	
GRI 205: Anti-corruption 2016 EFFECTIVE	205-1	Operations assessed for risks related to corruption	3.4 Regulatory Compliance	70	
	205-2	Communication and training about anti-corruption policies and procedures	3.4 Regulatory Compliance	70	
Environmental Aspect					
★Energy (Energy Management)					
GRI 3: Material Topics 2021	3-3	Management of material topics	4.1 Material Topic Management	82	
GRI 302: Energy 2016	302-1	Energy consumption within the organization	4.2 Energy Management	88	
	302-2	Energy consumption outside of the organization	4.2 Energy Management	88	
	302-3	Energy intensity	4.2 Energy Management	88	
	302-4	Reduction of energy consumption	4.2 Energy Management	88	
	302-5	Reductions in energy requirements of products and services	4.2 Energy Management	88	
★Water and Effluents (Water and Wastewater Management)					
GRI 3: Material Topics 2021	3-3	Management of material topics	4.1 Material Topic Management	82	
GRI 303: Water and Effluents 2018	303-1	Interactions with water as a shared resource	4.4 Water and Wastewater	94	
	303-2	Management of water discharge-related impacts	4.4 Water and Wastewater	94	
	303-3	Water withdrawal	4.4 Water and Wastewater	94	
	303-4	Water discharge	4.4 Water and Wastewater	94	
	303-5	Water consumption	4.4 Water and Wastewater	94	
★Emissions (Climate Change and Carbon Emissions)					

GRI 3: Material Topics 2021	3-3	Management of material topics	4.1 Material Topic Management	82	
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	4.3 Carbon Emissions	91	
	305-2	Energy indirect (Scope 2) GHG emissions	4.3 Carbon Emissions	91	
	305-4	GHG emissions intensity	4.3 Carbon Emissions	91	
	305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other	4.3 Carbon Emissions	91	
★Waste (Waste Management)					
GRI 3: Material Topics 2021	3-3	Management of material topics	4.1 Material Topic Management	82	
GRI 306: Effluents and Waste 2016	306-1	Water discharge by quality and destination	4.5 Waste Management	99	
	306-2	Waste by type and disposal method	4.5 Waste Management	99	
	306-3	Significant spills	4.5 Waste Management	99	
	306-4	Transport of hazardous waste	4.5 Waste Management	99	
	306-5	Water bodies affected by water discharges and/or runoff	4.5 Waste Management	99	
★Supplier Environmental Assessment (Sustainable Supply Chain Management)					
GRI 3: Material Topics 2021	3-3	Management of material topics	4.1 Material Topic Management	82	
GRI 308: Supplier Environmental Assessment 2016	308-1	New suppliers that were screened using environmental criteria	4.7 Supply Chain Management	103	
	308-2	Negative environmental impacts in the supply chain and actions taken	4.7 Supply Chain Management	103	
Social Aspect					
★Labor-Management Relations					
GRI 3: Material Topics 2021	3-3	Management of material topics	5.1 Material Topic Management	108	
GRI 402: Labor/Management Relations 2016	402-1	Minimum notice periods regarding operational changes	5.3 Talent Optimization	122	

★Occupational Health and Safety					
GRI 3: Material Topics 2021	3-3	Management of material topics	5.1 Material Topic Management	108	
GRI 405: Occupational Health and Safety	403-1	Occupational health and safety management system	5.4 Occupational Health and Safety	132	
	403-2	Hazard identification, risk assessment, and incident investigation	5.4 Occupational Health and Safety	132	
	403-3	Occupational health services	5.4 Occupational Health and Safety	132	
	403-4	Worker participation, consultation, and communication on occupational health and safety	5.4 Occupational Health and Safety	132	
	403-5	Worker training on occupational health and safety	5.4 Occupational Health and Safety	132	
	403-6	Promotion of worker health	5.4 Occupational Health and Safety	132	
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	5.4 Occupational Health and Safety	132	
	403-8	Workers covered by an occupational health and safety management system	5.4 Occupational Health and Safety	132	
	403-9	Work-related injuries	5.4 Occupational Health and Safety	132	
	403-10	Work-related ill health	5.4 Occupational Health and Safety	132	
★Forced or Compulsory Labor					
GRI 3: Material Topics 2021	3-3	Management of material topics	5.1 Material Topic Management	108	
GRI 409: Forced or Compulsory Labor 2016	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	3.4 Regulatory Compliance	70	
★Customer Health and Safety					
GRI 3: Material Topics 2021	3-3	Management of material topics	5.1 Material Topic Management	108	

GRI 416: Customer Health and Safety	416-1	Assessment of the health and safety	3.6 Products and Services	75	
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	3.6 Products and Services	75	



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