



Highwealth Construction

2021 ESG Summary Report

Words from the CEO

In 2021, the new coronavirus (COVID-19) continues to threaten mankind, the international situation is changing rapidly, and the global industry is facing a huge challenge. As a leader in the domestic construction industry and a member of the global village, we must take proactive actions to strengthen our sustainable operation and competitiveness in the capital market.

Over the past 40 years since the establishment of the Highwealth Construction, we have always upheld the "principle of integrity" and "sustainable management", and have built a deep sense of trust among our internal colleagues, banks, manufacturers, and customers.



CEO of Highwealth Construction
TSAO, YUAN-PO

After successfully moving from the construction industry to the restaurant and hotel business, we continue to seek cooperation with international brands to speed up the learning process, reduce time costs, and enhance the added value of our targets, creating a win-win-win situation for our shareholders, customers, and strategic partners, and putting the spirit of ESG into practice in our daily operations.

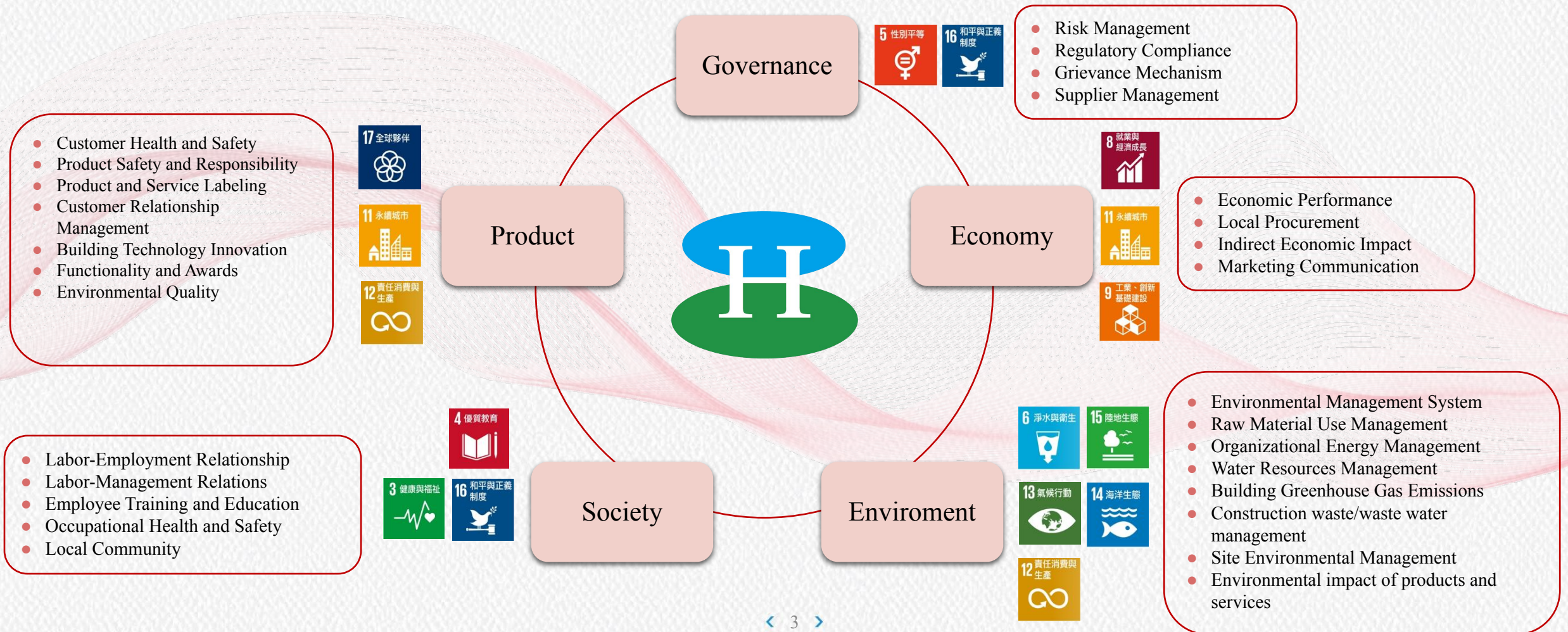
Labor cost, time cost, and capital cost are the three major know-hows in the construction industry, which are the absolute advantages to create a niche. In the face of rising prices of building materials, raw materials, and labor, which are global and uncontrollable environmental factors, we use technology to develop and implement various methods based on BIM building information models in the face of labor shortages. At the same time, we have also initiated seed talent cultivation, promoted BIM practical teaching in campuses, provided employment counseling for the players of the Hsing Fu Fa baseball team in Taipei, and developed an internal "Alteration Treasure" big data database to ensure construction quality and progress, site environment and safety in advance.

In line with the goal of sustainable development of the United Nations, we also promote the five main axes of "local care", "revitalization of sports", "local creativity", "restoration of monuments", and "protection of trees" in order to fulfill our corporate social responsibility. We have been able to achieve concrete results after investing in our corporate social responsibility. Before the epidemic was over, Xing Fu Fa responded to the construction industry's donation to support medical care by donating to the epidemic prevention fund of the Social Bureau of the New Taipei City Government, as well as caring for the health of all employees at work.

In terms of industry, we have the immediate demand for young people to buy homes and the new urban planning policies, which are waiting for us to plan and work hard. In this ESG report, we look forward to showing you the efforts made by Schmidt & Co. in environmental protection, social responsibility, and corporate governance over the past few years, and in response to the trend, we will integrate across borders and plan for the next decade to create a winning opportunity and create greater benefits for Taiwan.

| Sustainable development blueprint |

We collected sustainability issues from international norms and trends (GRI Standards, UN Global Compacts, SDGs published by the Global Sustainability Standards Board (GSSB)), industry benchmarking cases, supplementary guidelines for the construction and real estate industries, and internal organizational development goals, and summarized 28 issues of concern based on their relevance to the Highwealth Construction.



Carbon dioxide emissions

Reduce electricity consumption by 58,000 kWh in 2021 compared to 2020, equivalent to a reduction of 33,000 tons of CO2 emissions

Electricity for Highwealth Construction Office

	Taipei	Taichung	Kaohsiung	Total	CO2 emissions
2019	287,429	83,201	129,731	500,361	266,692
2020	296,853	106,540	138,292	541,685	275,718
2021	283,753	66,561	133,079	483,393	242,663

Units: degrees



Water Resources Management

22.5% reduction in office water use in 2021 compared to 2020



Water Consumption of Highwealth Construction Office

	Annual consumption	Number of employees	Water consumption per capita (kWh)	Annual increase (decrease) rate %
2019	2,573	273	9.42	18.19%
2020	2,579	290	8.89	-5.63%
2021	2,011	292	6.89	-22.50%

Site pollution prevention

Environmental expenses for the 2021 construction project (accumulated from the time the construction license was obtained)

	Waste removal	Air pollution control costs	Fence greening	Neighborhood, site perimeter and drainage ditch cleaning	Water conservation plan/runoff waste water pollution reduction plan	Total / Unit: Dollar
Xindu section 106.106-1.107	6,415,153	0	107,000	3,087,905	28,571	9,638,629
Sungei section	2,595,520	0	162,857	209,524	28,571	2,996,472
Ankang section	100,000	2,530,000	800,000	500,000	30,000	3,960,000
Jinshan 1st	5,000	0	100,000	0	28,571	133,571

Site pollution prevention

8S management SOP operation process

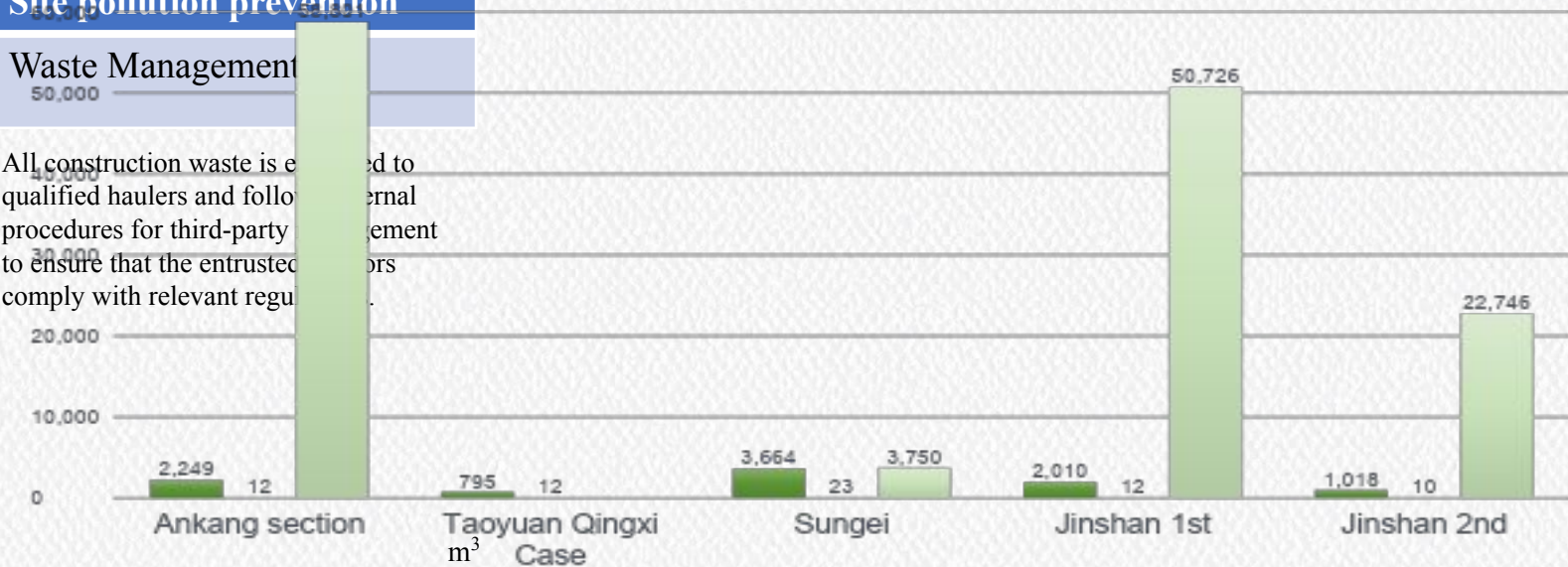


Site pollution prevention

Waste Management

All construction waste is entrusted to qualified haulers and follow internal procedures for third-party management to ensure that the entrusted haulers comply with relevant regulations.

Chiyu Waste and Domestic Waste Percentage Histogram (2021)



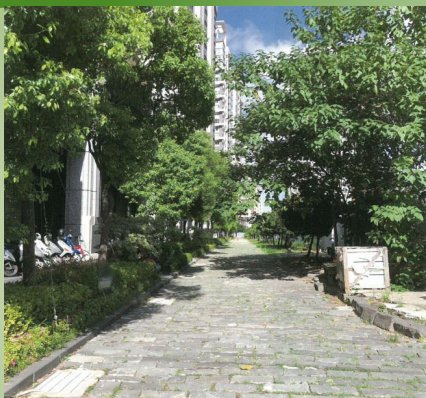
Site pollution prevention

Hsinchu Guangwu Phase II "Chuke Runlong" was awarded the "Excellent Environmental Project" award

The implementation of pollution prevention and control work for new residential projects in Guangwu section is highly effective

- ✓ Guangwu II project has met the government's environmental standards during repeated inspections.
- ✓ Participated in the Hsinchu City Site Environmental Protection Self-Assessment Statement Competition. During the preparation process, the relevant information and photos were praised and recognized by the Environmental Protection Bureau
- ✓ Invited to give a presentation on how to share practical experience on site cleaning management
- ✓ On December 5, 2020, we received two trophies for excellent environmental protection projects.

(A) environmental protection measures to implement the situation



The length of the site's adopted green belt is 187 meters.

1. Monthly tree, turf and mowing.
2. Regular watering every morning.
3. The hedge is sprayed automatically in the morning and evening every day, and the insufficient part is strengthened manually.

The perimeter of the fence is beautified by setting up a fence wall planting to reduce direct wind exposure and to prevent dust dispersion, and by setting up a sprinkler system for watering and maintenance of the planting and daily maintenance by dedicated personnel.

(B) Tzu Chi Road base survey environmental accreditation and site entrance cleaning measures



1. The dust of the driveway in the work area is cleaned daily by a specialist.
2. The dust of the driveway in the work area is cleaned by daily watering of the ground by a specialist.

(C) the road outside the work area regularly to wash the road with a water truck



1. The entrance and exit of the site is equipped with a car washing platform to control the car washing of vehicles leaving the site.
2. At the entrance and exit of the site, the road is flushed daily by special staff.

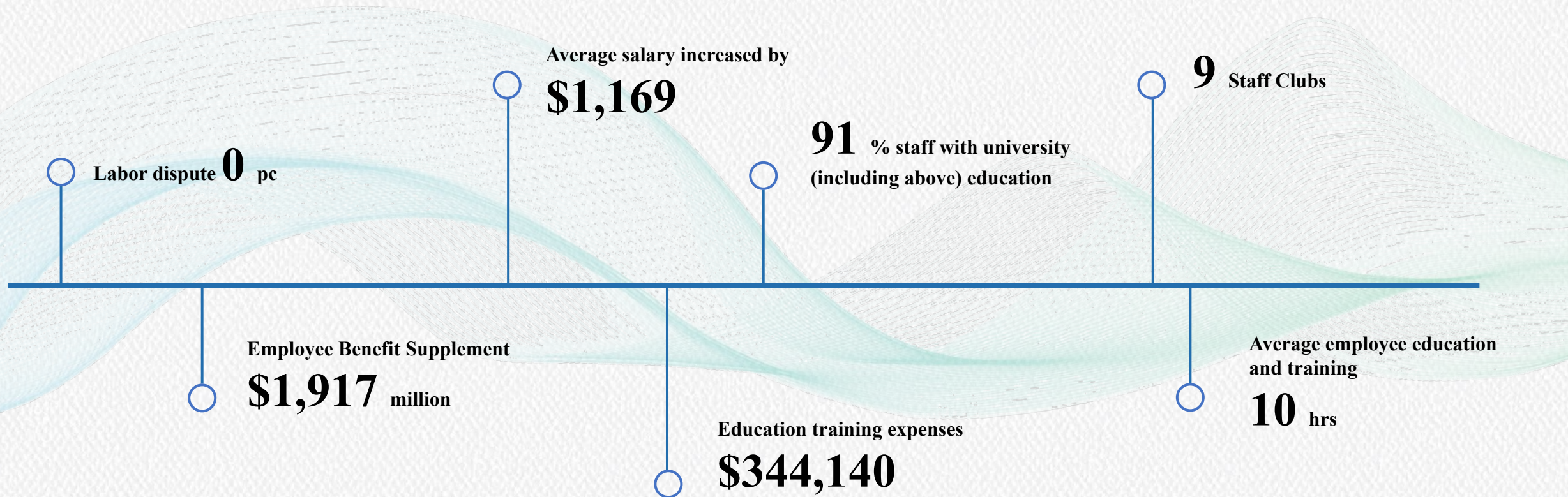
(D) daily staff to clean the roads around the work area and sidewalks to maintain the cleanliness of the surrounding environment



1. Regularly maintain the surrounding road gutter cover with stainless steel mesh to avoid blockage by falling leaves and debris.
2. Regularly maintain the mud piled up in the gutter of the surrounding roads to avoid blockage.
3. Set up resource recycling bins in the work area.
4. Daily cleaning of garbage cans and sorting.
5. At this stage, two general garbage trolleys are installed.
6. Twice a week, the garbage truck regularly removes the garbage from the site.

| Human Capital Systems and Performance |

We provide opportunities to nurture talents and uphold the spirit of honesty, sharing and respect for humanity to enhance operational performance and sustainable development. In order to help employees grow, Xing Fu Fa Construction has developed a career development framework and cultivation blueprint for various positions and supervisory personnel at all levels, and continues to refine the training and development of talents to help employees deepen their professionalism and strengthen their leadership abilities, thus enhancing the company's competitiveness and talent strength.



| Creating a better future with society |

Promotion of Sports

- Grants to the baseball Team **\$4** million
- Sponsorship of baseball team's tournament **\$92k**
- Sponsorship of Junior High Football team **\$50K**
- Tug-of-war team protective clothing subsidy **\$15K**
- Sponsorship for Yizai Elementary School Baseball Team **\$50K**
- Baseball Experience Camp with Taipei City Government
- Awarded the 2021 Sports Promoter Award

Caring for the Community

- Donated to the epidemic prevention fund **\$1** million
- Sponsorship of Congressional activities **\$20k**
- Merry Christmas at Yuet Shing Plaza
- Christmas Gift for Down Syndrome Foundation
- Chiyu helps restore the building to its original condition
- Participation in the Ministry of Labor Skills Downward Root Campaign
- Internship Opportunities at National Taiwan University of Science and Technology

Regional Revitalization

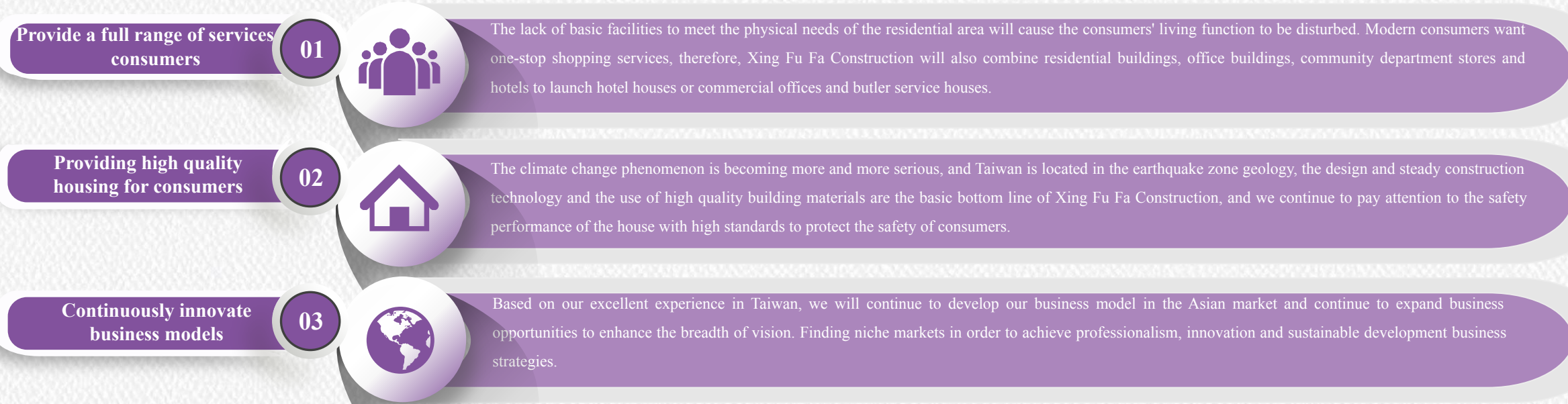
Fuxing North Road Case Public Welfare Planning

- Promote revitalized use of land resources
- Strengthening urban disaster prevention functions
- Planning friendly and accessible spaces
- Provide local public benefit feedback

Friendly Community Neighborhood Identification

- Professional and experienced appraisers
- Detailed records of identification results

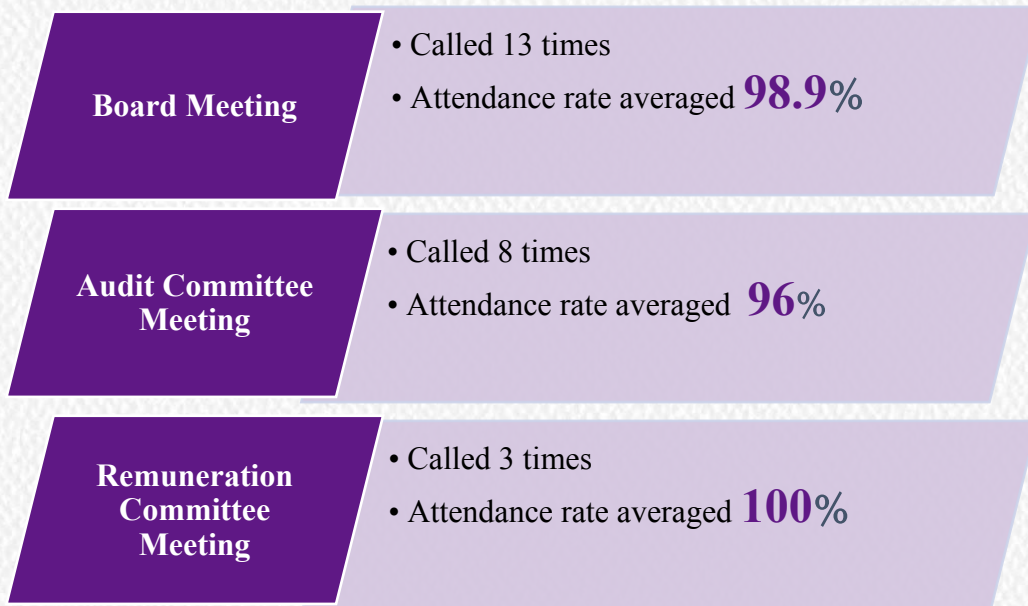
| Business Strategy and Prospects |



| Operating Performance |

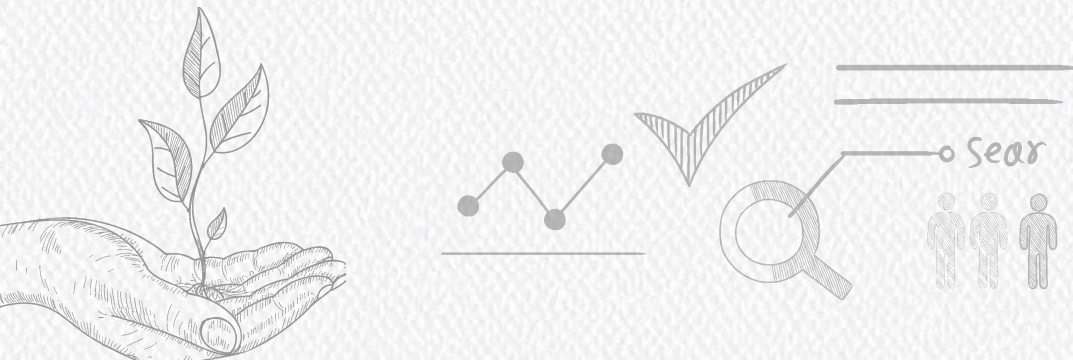


| Organizational Management Performance |



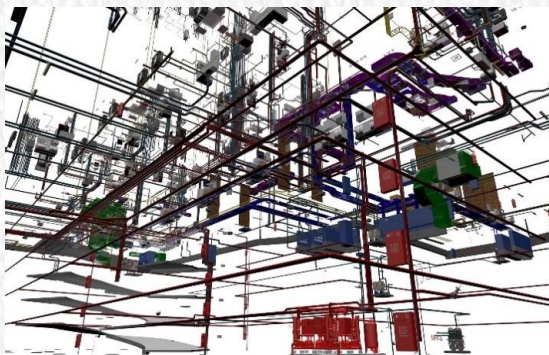
| Six Risk Control |

Market Development Risk	<ul style="list-style-type: none"> •Pre-market research •Planning of housing that meets local consumption patterns
Product Construction Risk	<ul style="list-style-type: none"> •In-depth evaluation for geologically sensitive land •Use of seismic isolation and seismic engineering techniques •Continuous development of new technologies and methods
Financial Investment Risk	<ul style="list-style-type: none"> •Idle funds are mainly used to repay loans •Appoint an objective, impartial and independent professional appraiser
Product Design Risk	<ul style="list-style-type: none"> •Product warranty after the sale of products •We provide repair service to our customers at their own expense or by our own repair vendor.
Customer personal data risk	<ul style="list-style-type: none"> •Client's personal information is strictly controlled by the accounting department in a centralized manner. •Company's internal computer system registration is controlled by permission
Climate Change Risks	<ul style="list-style-type: none"> •Assessing the risk of typhoons and flooding in the region before land acquisition •Promote thermal hazard prevention programs for operators



| Architectural Innovation |

Highwealth Construction is the first construction company in Taiwan to use Building Information Modeling (BIM). BIM is the creation of a building model based on various information about the construction project, and through digital information simulation analogous to the real information possessed by the building.



Structure + E&M equipment collision review schematic diagram

In addition, Highwealth Construction also uses aluminum alloy formwork with BIM computer calculation to replace the traditional wooden formwork by applying for 7 domestic new type patents and obtaining approval, so that the raw materials can be reused and waste generation can be reduced.

| Green Building Seal Achievement |

4 Green Building Certificate Gold Level Qualified

2 Green Building Certificate Gold Level

16 Green Building Certificate Silver Qualified

9 Green Building Certificate Silver

9 Green Building Certificate Bronze Level Qualified

3 Green Building Certificate Bronze Level

1 Green Building Certificate Qualified

4 Green Building Certificate

| Excellent service for customer |



94%



customer satisfaction rate by 2021

SASB standards

Comparison of Sustainability Accounting Standards Board (SASB) Indicators

Based on the results of the industry classification search on SASB's official website, Highwealth Construction has selected 11 industry sectors and 77 industries from the SASB Materiality Map to disclose the applicable indicators.

Industry sector: Infrastructure , Industry criteria (industry): Home Builders

Revealing Topics	Indicator Code	Revealing Indicators	Properties	Description
Land Use and Ecological Impact	IF-HB-160a.1	Redevelopment areas (1) Number of land delivered (2) Number of houses delivered	Quantification	(1)Land area delivered: 48,113.60 pyeong (2)Number of housing units delivered: 14,847
	IF-HB-160a.2	(Extreme) Number of (1) land delivered in the high pumping area (2) number of houses delivered	Quantification	The Taiwan area is not a high pumping area and HighWealth Construction has not delivered land and buildings in the high pumping area.
	IF-HB-160a.3	Total monetary losses resulting from legal proceedings related to environmental regulations	Quantification	In 2021, HighWealth Construction lost \$0 due to litigation related to environmental regulations.
	IF-HB-160a.4	Discuss how to incorporate environmental considerations into site selection, site architecture, and site development and construction	Qualification	(1)Land area delivered: 48,113.60 pyeong (2)Number of housing units delivered: 14,847
Worker Health and Safety	IF-HB-320a.1	(1) accident rate (TRIR) and (2) fatality rate for (a) direct employees and (b) contract employees	Quantification	The number of direct employee incidents in 2021 is 2.
Constructing Resource Efficiency	IF-HB-410a.1	HERS® Index score certified for (1) number of homes and (2) average score	Quantification	There are no statistics and disclosures for this indicator in 2021.
	IF-HB-410a.2	Percentage of water installations certified to the WaterSense® specification	Quantification	There are no statistics and disclosures for this indicator in 2021.
	IF-HB-410a.3	Number of homes delivered with green building standards certified by third parties	Quantification	A total of 2,185 homes were delivered with the EEWB Green Building Label.
	F-HB-410a.4	Describe how resource efficiency can be incorporated into the design of a home for the benefit of the client, describing the risks and opportunities involved	Discussion&Analysis	For details, please refer to section 2.2 Product Planning and Development of the report.
Community Impact and Development	IF-HB-410b.1	Describe how proximity to infrastructure, services, and economic centers affects site selection and development decisions	Discussion&Analysis	The 2021 Sustainability Report does not disclose the impact of facility proximity to economic centers on site selection and development decisions.
	IF-HB-410b.2	Number of (1) delivered land for developable areas (2) delivered houses	Quantification	(1)Total land delivered was 48,113.60 pings (2)The number of housing units delivered is 14,847
	IF-HB-410b.3	Number of (1) delivered houses and (2) average density of high density development areas	Quantification	(1)Total number of housing units delivered 14,847 (2)Average density of 1.02 units/square meter
Climate Change Adaptation	IF-HB-420a.1	The amount of land in the 100-year flood area	Quantification	The Taiwan area is not part of the 100-year flood area and HighWealth Construction does not hold land in the relevant area.
	IF-HB-420a.2	Climate change risk exposure analysis, describing the level of systemic risk exposure and risk mitigation strategies	Discussion&Analysis	For details, please refer to section 3.1 Environmental Responsibility of the report.
Activity Indicators	IF-HB-000.A	Approximate Land Quantity	Quantification	159053.93888 Square meters
	IF-HB-000.B	Number of houses delivered	Quantification	14,847 households
	IF-HB-000.C	Number of Active Sales Communities	Quantification	24 pcs