



京元電子股份有限公司
The Testing Industry Benchmark



Practicing Net Zero towards sustainability

2021 永續報告書

Sustainability Report

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About the Report

King Yuan Electronics Co., Ltd. (hereinafter referred to as “King Yuan Electronics”, “KYTEC”, “the company”, and “we”), has voluntarily compiled the first “Corporate Social Responsibility Report” since 2014, which has entered its ninth year, and changed its name to the “Sustainability Report” by the regulations of the competent authority. It mainly discloses non-financial indicators related to the environment, society, and corporate governance, and conveys KYEC’s investment and performance in promoting sustainable development to stakeholders.

Border and Scope

This report sets the organizational boundary according to the principles of consolidated financial statements. It covers the implementations and results of five KYEC Group’s production bases worldwide (including two subsidiary companies, contributing 100% of KYEC Group’s revenue in total). The production bases include KYEC Hsinchu plant (including the company headquarter) and Miaoli plants (Chunan plant and Tongluo plant) in Taiwan, and the subsidiaries companies KLT&ZKT (King Long Technology and Zhen Kun Technology) in Suzhou, China. Part of the performance indicators in the content is for highlighting the mid and long-term tendency. Some indicators offer 2019~2021 consecutive data in order to highlight the mid- to long-term trends. In case the quantitative indicators contain special meanings, a note will be provided to explain further.

Reporting standards

The content and structure of this report are prepared in accordance with the GRI Standards (Global Reporting Reporting Standards) issued by Global Reporting Initiative (GRI) and in accordance with the core options.

External assurance

This report is provided by the members of the report preparation team, and its content is compiled and compiled after being approved by the supervisors of each unit and has been verified by SGS to obtain the Level of Moderate Assurance, Type I, of AA1000. In addition, the relevant financial figures are calculated in Taiwan dollars and certified by Ernst & Young Global Limited. Certain environmental and social performance data have been recalculated due to formula adjustments.

Time span and publication

This report disclosed the compiled data from January 1st to December 31st, 2021, and was published in June 2022. To improve the transparency of the sustainable data, we’ll simultaneously publish the Chinese (traditional and simplified) and English versions of the content and post them on KYEC’s official website

(<http://www.kyec.com.tw/csr/csrreport.aspx>). The version of previous release : June, 2020

Contact Information

If you have any questions or comment regarding the KYEC Group Corporate Social Responsibility Report, please contactus.

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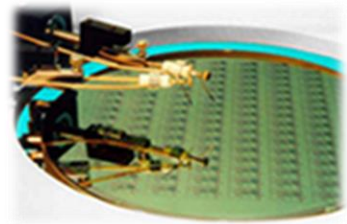
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Words from President

With the increasing global environmental issues, suppliers of international companies are also required to meet international ESG (Environmental, Social, and Governance) standards or pass relevant certifications. In addition, the Environmental Protection Administration also announced that the target of net zero carbon emission by 2050 will be included in the “Climate Change Response Act” and carbon pricing has been added. As a foundry supply chain of the world’s semiconductor industry, KYEC eventually will be affected, but it cannot stay out of it. We regard ESG standards as a powerful tool for sustainable management. The implementation of ESG projects, in addition to gaining the trust of customers, also proves that KYEC has the best strength to demonstrate.

Operational Performance and Corporate Governance

Although 2021 was a year with continued disruptions of geopolitics and Covid-19, it was also a fruitful year. With many customers increasing orders at the same time, and the demand increasing month by month, the capacity utilization rate had also increased steadily, and under the condition of supply and demand imbalance, the average unit price has increased and the gross profit margin has jumped. The overall operating performance exceeded the target set by the company at the beginning of the year. In terms of revenue and profit, both reached record highs.

A sound corporate governance system is an indispensable part of an enterprise’s pursuit of sustainable development. The company formulated the “Standard Operating Procedures for Handling Requests from Directors” to implement corporate governance and enhance the functions of the board of directors. In 2021, the company continued to implement the annual performance evaluation of the board of directors and moved towards a more complete corporate governance area. In addition, in order to implement information security management, an information security promotion team was set up and started to operate to ensure comprehensive information security.

Environmental friendliness, energy conservation and carbon reduction

In recent years, extreme climates have caused droughts, heavy rains and snowstorms, earthquakes, forest fires, global warming and other events, which have prompted the issue of global carbon neutrality and net zero carbon emissions to become an issue that ESG of listed companies has to pay more attention to. KYEC Group has established ISO 50001 (Energy Management Systems) and ISO 14064-1 (International Standard for Green House Gas Emissions Inventories and Verification). The annual wastewater recycling was about 1,189,400 tons and the energy saving project was implemented with annual electricity savings amounted to 9,322,000 kWh, and the recycling benefit was about NT. 23,715,000.

The company and its subsidiaries have passed the ISO 14001 environmental management system, cooperate with the implementation of the policies of the local competent authorities, and have been looking for ways to recycle waste to reduce the burden on the environment caused by waste.

Employee Treatment and Partnership

Employees are the most precious asset of KYEC and the key cornerstone of the company’s sustainable operation. We established the “Employee Welfare Committee” in 1993 and actively planned various employee benefits. Treat employees with integrity and respect, and establish a good relationship of mutual trust with employees through enriching

the welfare system and stabilizing the life of employees. There are multiple communication channels for employees, such as labor-management meetings, symposiums, employee message boards, employee satisfaction surveys, and various grievance channels. In terms of partnership with suppliers, special attention is paid to supply chain risk management and compliance with the “RBA (Responsible Business Alliance) Code of Conduct” as an important policy and guideline for supplier management.

Looking into the future, the overall semiconductor manufacturing capacity will be significantly lower than the market demand. In addition, the specifications and complexity of chip design are further enhanced, the associated test time will be prolonged, and the average utilization rate of test equipment will be gradually increasing. It is expected that this phenomenon will continue in the coming year.

We believe that the sustainable development of enterprises must be in line with international standards, and the implementation of ESG standards is not only standard, but also an inevitable path for enterprises. For the inside, ESG is the strategic guide for the operation of the company, and for the outside, it is used by the investing public as a key indicator for evaluating the soundness of the company. Therefore, KYEC will combine its core business to promote ESG, and use ESG disclosure as a management tool, in order to achieve “ESG becomes the DNA of KYEC”.



President

A handwritten signature in blue ink, appearing to read 'Anhui... Li'.

1. Performance in Sustainability

KYEC Groups' actions and contributions in corporate social responsibility are described below by economic performance, environmental performance and social performance:

1.1 Economic Performance

Items	2019	2020	2021
Revenue (NTD thousand)	○ 25,539,437.00	◐ 28,959,304.00	● 33,759,389.00
Net income (NTD thousand)	○ 3,041,484.00	◐ 3,637,140.00	● 5,234,242.00
EPS(NTD)	○ 2.49	◐ 2.97	● 4.23
Ratio of liabilities to assets (%)	● 52.43	◐ 52.17	○ 51.71
Ratio of long-term capital to fixed assets (%)	○ 125.03	● 131.02	◐ 128.13
Return on assets (%)	○ 6.44	○ 6.77	● 8.25
Return on equity (%)	○ 11.99	◐ 13.10	● 16.30
Income tax (NTD thousand)	○ 873,379.00	○ 906,515.00	● 1,621,005.00
R&D expense (NTD thousand)	○ 1,035,207.00	● 1,202,520.00	● 1,202,856.00
Employee benefits expense (NTD thousand)	○ 6,578,953.00	◐ 7,185,895.00	● 8,055,327.00
Operating costs (NTD thousand)	○ 18,523,521.00	◐ 21,005,316.00	● 23,407,322.00

1.2 Environment Performance

Items	2019	2020	2021
Violations of environmental protection regulations	● 0	● 0	● 0
Total power consumption (MWh)	○ 636,841	◐ 696,856	● 756,304
Electricity intensity(MWh/hundred million)	● 2,170	◐ 2,001	○ 1,823
Diesel fuel(MWh)	○ 838	◐ 1,155	● 1,473
Steam(MWh)	○ 0	◐ 2	● 7
Original intake water(Million liter)	○ 2,038	● 2,307	● 2,343
Recycling and Reused water consumption(Million Liter)	● 1,135	○ 1,054	○ 1,067

Items	2019	2020	2021
Total water consumption(Million liter)	3,173	3,361	3,410
water use intensity(Million liter/hundred million)	11	10	24
Water consumption(Million liter)	1,690	1,790	1,820
Water discharge(Million liter)	348	517	523
Wastewater discharge intensity(Million liter/hundred million)	1	1	3
Hazardous industrial waste generation	287	372	316
Recyclable amount of hazardous industrial wastes	120	71	77
Recycle and reuse rate of hazardous industrial wastes(%)	0	0	1
General industrial waste generation(Tons)	1,759	2,866	2,605
Recyclable amount of General industrial waste generation(Tons)	1,495	2,526	2,485
Recycle and reuse rate of General industrial waste generation(%)	1	1	2
Total industrial waste generation(hazardous + general)(Tons)	2,046	3,238	2,969
Recyclable amount of industrial waste generation(hazardous + general)(Tons)	1,615	2,596	2,562
Total recycled and reused of industrial waste generation (hazardous + general)(%)	1	1	2
Scope-1 Greenhouse gas emission direct emission(Tons CO2e)	2,503	4,544	7,090
Scope-2 Greenhouse gas emission indirect emission(Tons CO2e)	355,638	379,769	407,079
Scope-3 Greenhouse gas emission indirect emission(Tons CO2e)	Qualitative and not quantitative	71,387	70,628
Greenhouse gas emission intensity(Tons CO2e/hundred million)	1,409	1,574	1,436
Proportion of raw material purchased locally(%)	51%	52%	60%
Supplier Annual Audit(No. of Suppliers)	50	50	63
Green Purchase Amount(10 thousand)	7,267	9,237	16,542

1.3 Social Performance

Items	2019	2020	2021
Number of employees (people)	○ 8926	● 9239	● 9472
Total hours of employee training (hours)	○ 462,596	● 522,314	● 575,214
Average hours of employee training (hours)	○ 51.8	● 55.6	● 60.7
Employee Training Certificates (No. of Certificates)	2818*	3437*	4,591
Employment Rate of Persons with Physical and Mental Disability	1%*	1%*	1%
Participants of Health Promotion Seminars (People)	1176*	1106*	291
Social Charity Activities	6*	4*	6
Violations of occupational safety and health regulations	● 1	○ 0	● 1
Physical work injuries	○ 18	○ 17	● 23
Chemical work injuries	○ 0	○ 0	● 1
Ergonomic work injuries	○ 0	● 1	● 1
The death rate caused by occupational injuries	● 0	● 0	● 0
Serious occupational injury rate (excluding fatalities)	● 0	● 0	● 0
Recordable occupational injury rate	○ 1.03	○ 0.97	● 1.32
Number of people receiving education and training for contractors	○ 865	● 1,397	○ 829
Violations of environmental safety and health regulations for contractors	○ 49	● 67	● 80
Work injuries for contractors	● 0	● 0	● 0
Safety and health suggestion proposals	○ 139	● 159	● 206
Emergency Contingency Drills	○ 70	● 73	● 80
		*: Not included subsidiaries	



2. KYEC Overview

2.1 Company Profile

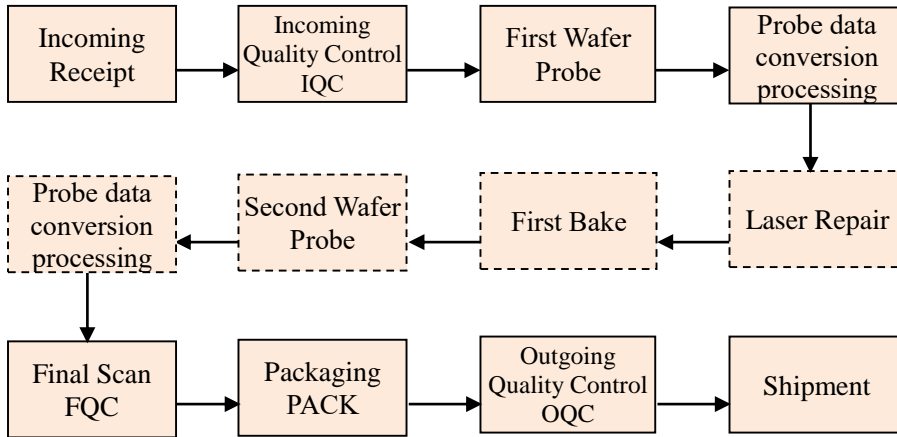
Company Name	King Yuan Electronics Corp. (KYEC)
Date of Establishment	May 28, 1987
Paid-in Capital	NTD 12,227,450,650
Chairman	C.K. Lee
President	A.H. Liu
Company Headquarters	No. 81, Sec. 2, Gongdao 5th Rd., Hsinchu City
Plants	<p><u>Hsinchu Headquarters</u>: No. 81, Sec. 2, Gongdao 5th Rd., Hsinchu City</p> <p><u>Chunan Factory</u>: No. 118, Zhonghua Rd., Chunan Township, Miaoli County</p> <p><u>Tungluo Factory</u>: Hsinchu Science Park, No. 8, Tong-ke N. Rd., Jiuhu Village, Tong-luo Township, Miaoli County</p> <p><u>Suzhou Factory</u>: No. 183, Fang Zhou Road, Suzhou Industrial Park, China</p>
No. of Employees	9,390 people
Main Business	Provides wafer probing, final product test and assembly service for the semiconductor backend supply chain. The provided services include wafer probing, final product test, burn-in test, assembly services and other services.
Taiwan Stock Exchange	2449
Spokesperson	Logan Chao
Deputy Spokesperson	Aaron Chang



2.2 Production process of main products

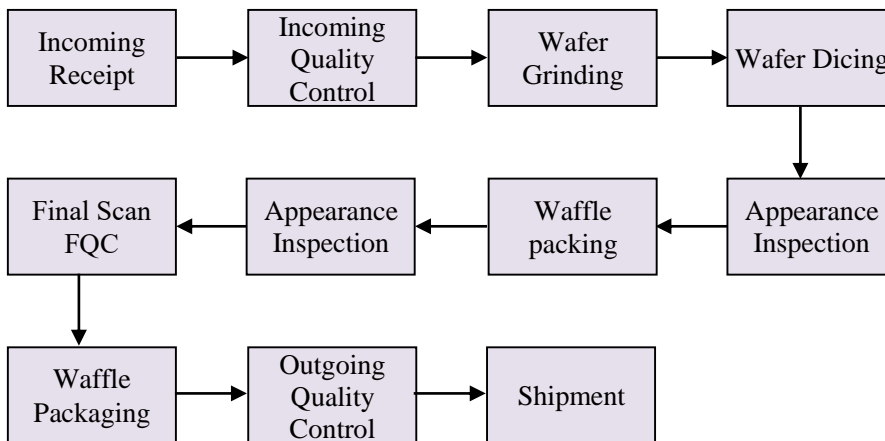
2.2.1 Wafer probing

Wafer probing refers to a process dedicated to test wafers to screen accepted and defective goods. The probing result refers to an important basis for the IC assembly, and may serve as the reference and evidence for the yield review in the front-end wafer process. The wafer probing is stated as follows:



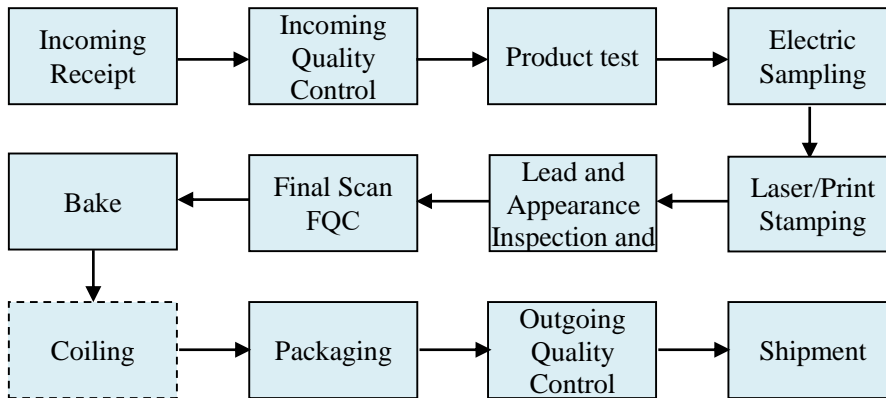
2.2.2 Wafer grinding/wafer dicing/waffle packing

The wafer grinding/dicing is primarily intended to grind the finished IC to a specified thickness, and then dice the same to dies for the following wire bonding and package. The main process thereof is stated as follows:



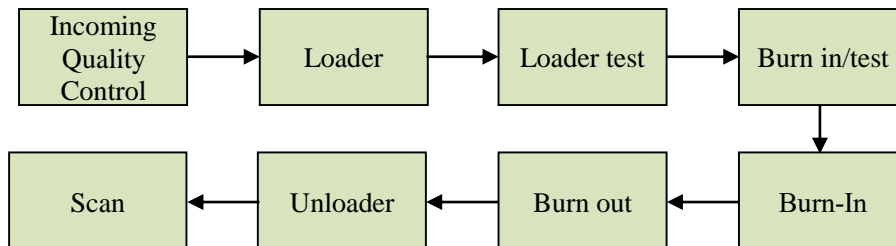
2.2.3 IC product testing procedures

The final test is intended to test the packaged IC to distinguish the product quality. The IC passing the test is identified as the finished goods. The conditions for the final test vary depending on the functions of various products. The typical final testing is stated as follows:



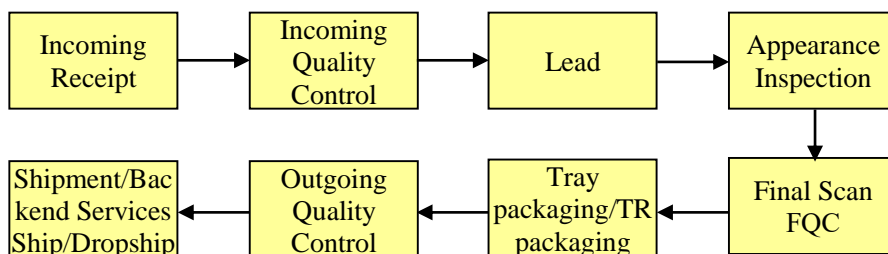
2.2.4 Burn-in

Burn-in is intended to test the reliability of IC products and screen infant mortality ones by accelerated test. The main process thereof is stated as follows:



2.2.5 Lead/dropship

Help the lead scan & reform of tested IC products and pack the same into the tape-on-reel trays designated by customers for convenient shipping and processing, and also provide the Dropship service. The main process thereof is stated as following:



2.2.6 Package and Test Shipment

The Company's main package/test products include SIP (SSD/PATA/SATA), MSD/HSSD/UFD, QFN, TSOP, BGA and eMMC. Through the overall integrated circuit package and test services provided by the Company, the customers' products may be applied to such products as information, communication, office automation, automotive electronics and consumable electronics successfully. The main process thereof is stated as following:

2.3 Core Value

The Core Value of KYEC Group:

2.3.1 Performance: Set up high-standard objectives to meet customer demand for higher quality, lower costs, faster delivery, and enhance customer satisfaction.

2.3.2 Innovation: Constantly improve and provide innovative solutions to offer satisfying quality and services with higher satisfaction to clients.

2.3.3 Excellence: Complete work assignment with full efforts, actively take work objectives with challenge, and achieve outstanding standards and remarkable performance.

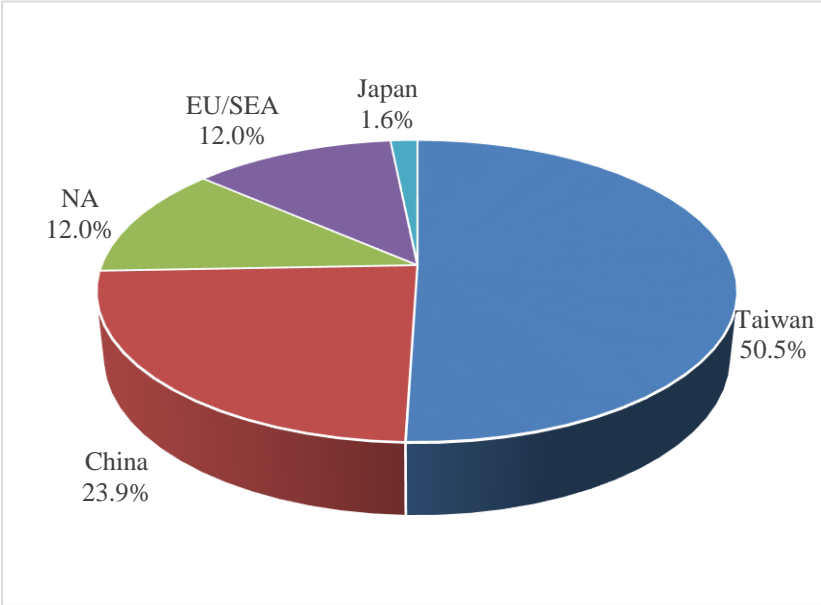
2.3.4 Sharing: Voluntary in sharing knowledge and skills as well as experience owned with others so that the company and clients can share and grow together.



2.4 Worldwide Business Division

Professional packaging and testing is one of the semiconductors in Taiwan with the earliest and fastest development, except for wafer foundry. Moreover KYEC Group is the only company specializes in professional testing, placing the company on an even more prominent position in the market. KYEC Group as long established worldwide business divisions to cope with business expansion and development requirement, thereby to accommodate the thriving development of outsourced professional testing industries. Apart from its establishment in Taiwan, KYEC Group also set up a factory in Suzhou, China and worldwide business divisions in North America, Southeast Asia, and Japan to provide services to clients nearby.

The worldwide business divisions and the distribution of operating income in 2021 are shown in the follows :

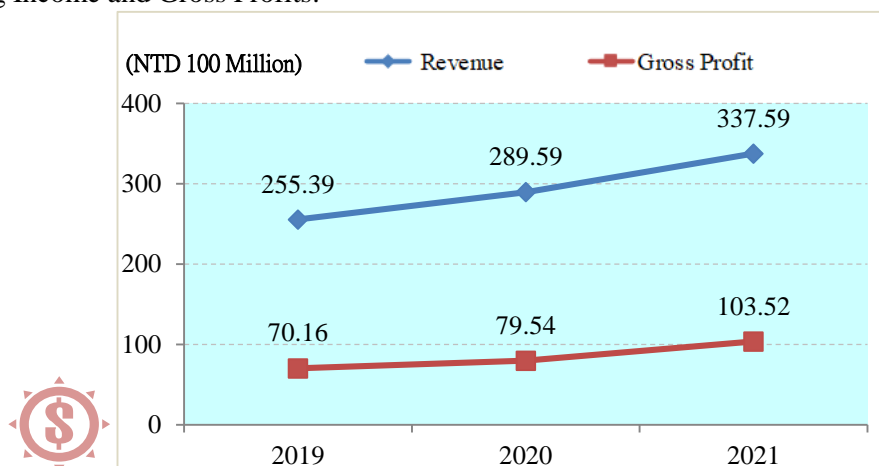


Note: Please refer to the company’s 110 annual report for the quantity table of production and sales (Page.84), <https://www.kyec.com.tw/zh-tw/Ir/Meeting>

2.5 Management Performance

Chips that are tested by KYEC Group can be widely applied to various kinds of electronic products, including consumer electronics, communication, automotive electronics, data treatment and storage, and industrial electronics. Because of the Company's various testing platforms, the Company allocates the capacity flexibly and owns the capabilities to produce testing equipment. Therefore, the Company can be attractive by most famous semiconductor firms, and 60% of firms in all top 50 ones use the testing services by KYEC Group.

2019~2021 Consolidated Operating Income and Gross Profits: :



2.6 Management system accreditation

Our company successfully established management systems to continuously enhance our efficiency and benefits.

Major accreditation systems are as follows: :

Management System	KYEC			Subsidiaries	
	Hsinchu Factory	Chunan Factory	Tungluo Factory	KLT	ZKT
ISO 14001 : 2015	•	•	•	•	•
ISO 14064-1 : 2006	•	•	•	•	•
ISO 50001 : 2018		•	•	•	
ISO 45001 : 2018	•	•	•	•	
ISO 22301 : 2019	•	•	•		
AEO		•	•		
ISO 28000 : 2007		•	•		
IECQ QC080000 : 2017	•	•	•	•	•
Sony GP		•			
ISO 9001 : 2015	•	•	•	•	•
IATF 16949 : 2016	•	•	•	•	•
TL 9000 V R6.2/R5.7	•	•	•		

ISO 13485 : 2016	•	•	•		
ISO 26262 : 2018	•	•	•		
ANSI/ESD S20.20 : 2014	•	•	•	•	•

2.7 2021 Honor and Recognition

The company's major awards are as follows:

Organization	Awards
Ministry of Economic Affairs (MOEA)	Outstanding Trade Contribution Award
Taiwan Institute for Sustainable Energy (TAISE)	Taiwan Corporate Sustainability Award
Customs Administration, Ministry of Finance – Taichung Customs	Excellent Bonded Factory Award
Miaoli County Government	Golden Industrial Manufacturer Excellence Award (Sustainable Management Award)
1111 Human Power bank	Happy Enterprise Gold Award (Technology R&D)
Corporate Synergy Development Center	2021 Taiwan Continuous Improvement Awards(TCIA)–Copper Towner Award
Association of Pioneer Quality Control Research High-end Manufacturing and International Trade Zone Safety Supervision Bureau, Suzhou Industrial Park	44th National Golden Award QC Circle–Silver Award
Suzhou City Coordination Labor Relations Tripartite Committee	Public Safety and Welfare Exemplary Enterprise
Suzhou City Coordination Labor Relations Tripartite Committee	Suzhou City Labor Relations Harmonious Enterprise
Suzhou Social Welfare Institute	Charity and love unit



2.8 Members participating in various external departments

KYEC participates in relevant professional groups to communicate and cooperate with the industry to achieve close integration.

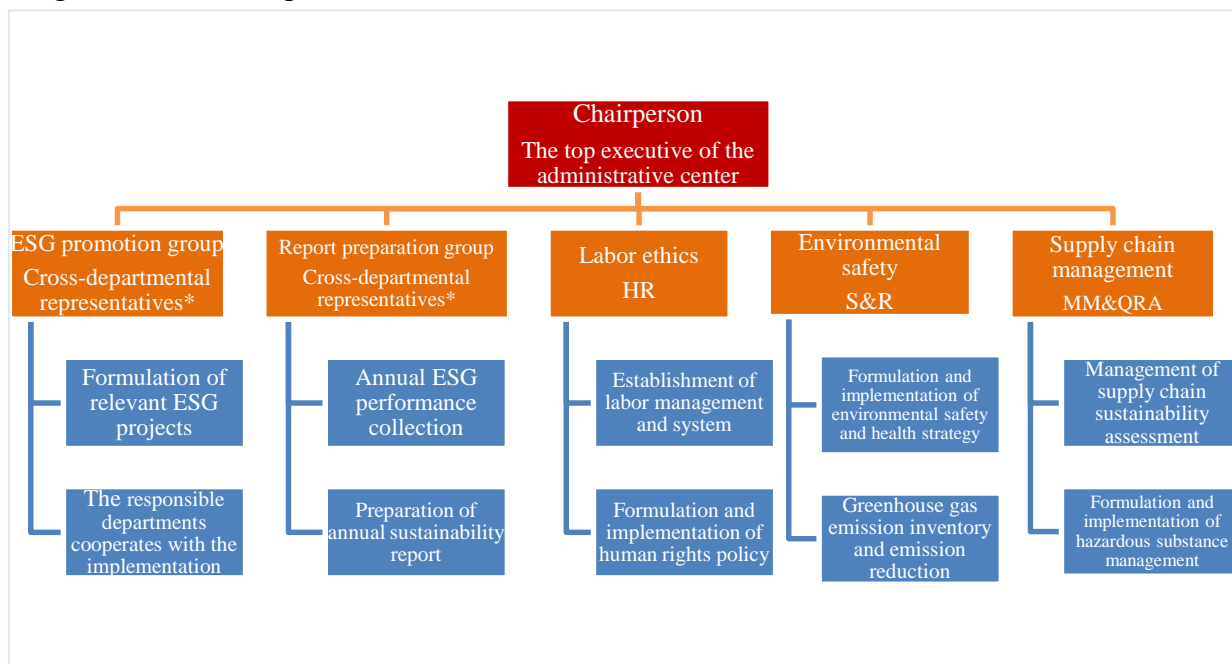
Associations	Remarks
The Allied Association for Science Park Industries	Chairman Lee served as the Director-General
The Institute of Internal Auditors, ROC (Taiwan)	Member
Taiwan Electrical and Electronic Manufacturers' Association (TEEMA)	
Taiwan Semiconductor Industry Association (TSIA)	
Hsinchu Industrial Association	
Miaoli County Industrial Association	

3. Stakeholders and Concerned Issues

3.1 Sustainable Organization and Operation

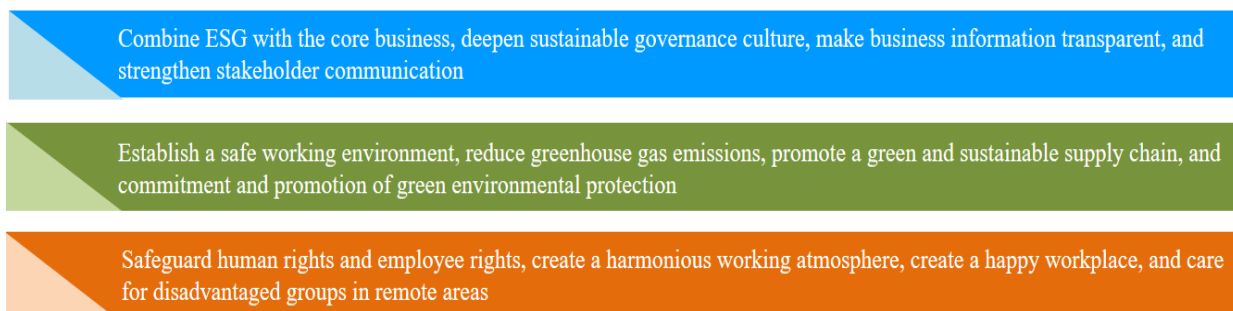
To ensure the planning and implementation of the sustainable development of the enterprise, KYEC has established a “Sustainable Development Committee”. The chairperson of the committee is the top executive of the administrative center; it consists of an ESG promotion group, a report preparation group, labor ethics, environmental safety and supply chain management, and other groups, and instructs relevant departments and representatives to implement various action plans.

3.1.1 Organization and responsibilities



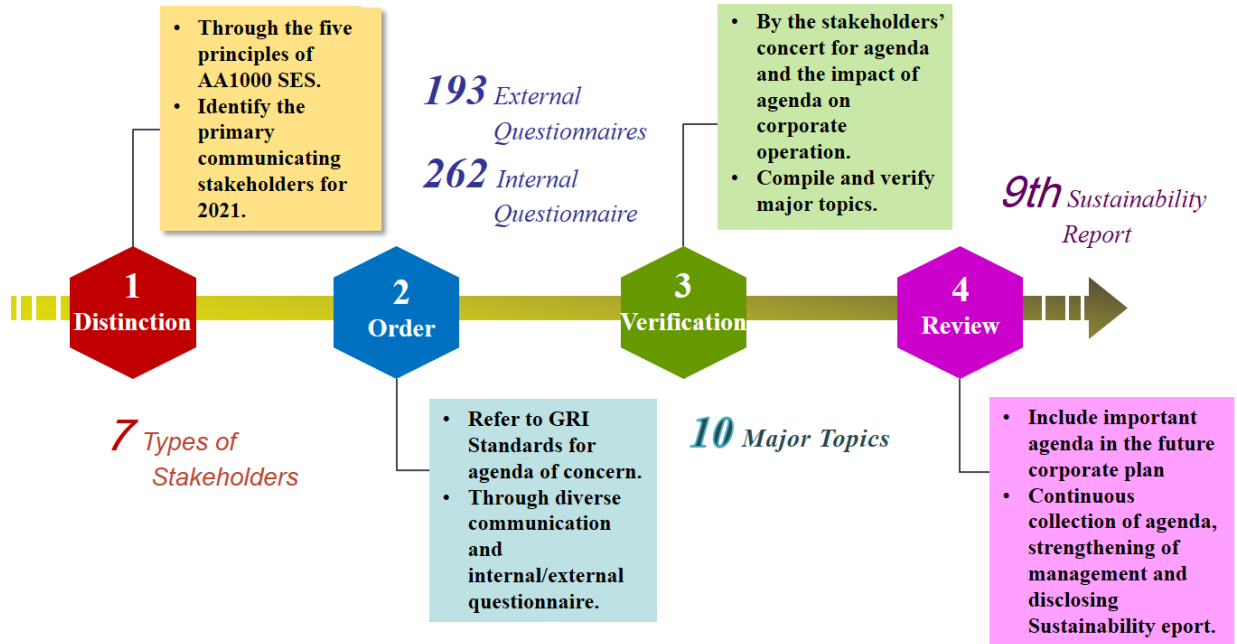
*. Department representatives include units such as HR(Human Resources Div.), S&R(Labor Safety and Risk Management Div.), MM(Sourcing Div.), QRA(Quality and Reliability Assurance Div.), Finance Div. and Planning Div.

3.1.2 Policy Statement



3.2 Identification of stakeholders and major themes

KYEC is concerned about the opinions and feedback of stakeholders. In addition to establishing effective multiple communication channels, it also refers to GRI (Global Reporting Initiative) guidelines.



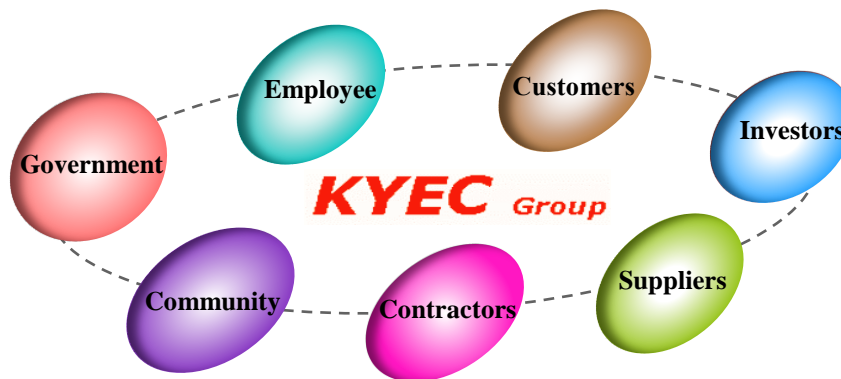
3.3 Identification and communication of stakeholders

3.3.1 Identify the Stakeholders

Through internal discussions, the company also depends on job attributes and reference to peers, and also refers the Dependency, Responsibility, Influence, Diverse Perspectives and Tention of stakeholders negotiation under AA1000 SES (Stakeholder Engagement Standard). KYEC Group's main stakeholders in 2021 were distinguished into 7 major groups, including the Employees (Dependency /Responsibility /Diverse Perspectives /Tension), Customers (Dependency /Influence /Tention), Investors (Responsibility /Influence /Diverse Perspectives), Suppliers (Dependency /Responsibility /Influence /Diverse Perspectives), Contractors (Dependency /Responsibility), Community (Dependency /Responsibility /Diverse Perspectives) and Government (Influence /Tension).

3.3.2 Communication between Stakeholders

KYEC adopts diverse and open communication channels to facilitate and improve the interaction and



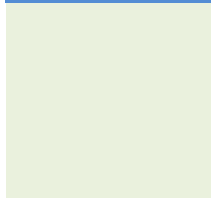
communication mechanism with the stakeholders. We expect to communicate and respond to stakeholders through different communication channels to understand their expectation and needs for KYEC. We also include the agenda concerned in the routine work and annual plan to take immediate response and apply as the drafting for corporate social responsibility policy and reference for promoting action plans.

The communication topics, channels, and frequency with stakeholders in 2021 are as follows: :

Stakeholders	Communication Agenda	Communication Channel	Frequency
Employees	• Talent recruitment	Departmental Meetings	Weekly/Monthly
	• Leave system	Labor-Management Meeting	Quarterly
	• Remuneration and Bonuses	Employee Welfare Committee Meeting	Quarterly
	• Career development		
	• Physical and mental health of employees	Employee Seminar	Quarterly
		New Employee Seminar	Quarterly
	• Employee Welfare	Foreign Employee Seminar	Semi-annually
	• Welfare Committee Activities	Employee Board	Permanent
		Proposal Improvement System	Unscheduled
	• Labor-management communication	Compliant Handling Committee	Depending on the situation
	• Workplace safety		
	• Labor-management communication	Personnel Evaluation Committee	Depending on the situation
	• Management of incidents and work related injuries	Occupational Safety and Health Committee	Quarterly
	• Club activities		
• Security practices			
Customers	• Corporate Social Responsibility	Customer Satisfaction Survey	Annually
		Customer Questionnaire	Unscheduled
	• Customer Commitment and Services	Email	Unscheduled
		Customer document release	Unscheduled
	• Firefighting equipment installation and management	Customer audit	Unscheduled
	• Disaster prevention and emergency contingency	Company website	Unscheduled
	• Waste Management		
• Environmental protection			

	<ul style="list-style-type: none"> and safety and health related regulations and laws • Environmental Protection • Customer Privacy • Customer Relations Management 		
Investors	<ul style="list-style-type: none"> • Operational Size • Corporate Governance • Financial performance • Market image 	Market Observation Post System	Unscheduled
		Domestic and international investment forums	Unscheduled
		General meetings of shareholders	Annually
Suppliers	<ul style="list-style-type: none"> • Hazardous substance management • Responsible Business Alliance Code of Conduct • Procurement policy • Integrity management and practice ethics • Source of mining acquisition and employees' rights 	Supplier Meeting	Unscheduled
		Supplier Audit	Unscheduled
		Supplier risk assessment	Monthly
Contractors	<ul style="list-style-type: none"> • Factory safety and health operation requirement • Sign letter of guarantee 	Contractor Negotiation Meeting	Monthly
		Email	Unscheduled
Community	<ul style="list-style-type: none"> • Industry-Academic Cooperation • Care for disadvantaged • Social welfare 	Courses and visits	Unscheduled
		Response from neighborhood chief	Unscheduled
		Sponsoring art and cultural activities	Unscheduled
Government	<ul style="list-style-type: none"> • Corporate governance • Regulation conformity • Financial information transparency 	Letter of correspondence and email	Unscheduled
		Propaganda meeting/briefing	Unscheduled
		Promulgated Decree	Unscheduled
		External Official Document	Unscheduled

<ul style="list-style-type: none"> • Policy cooperation • Waste management • Disaster prevention and emergency contingency • Hazard substance/dangerous articles management • Machinery equipment safety and management • Waste water discharge and management • Greenhouse gas management • Green energy purchase and energy management 	Surveys on the status of employees' vaccination against COVID-19	Unscheduled
	On-site inspections	Unscheduled
	Public Hearing for Regulations	Unscheduled



3.3.3 The stakeholders' concert and responding

The issues of concern for stakeholders and the corresponding responses and approaches are as follows:

(The rows with light red shading are the responses from the subsidiaries.)

Stakeholder	Agenda of Attention	Disposition
Employees	Talent Recruitment and Retention	<ol style="list-style-type: none"> 1. Actively participate in recruitment activities at local employment service stations and prioritize the local citizens to contribute to the community. 2. Keep cooperating with schools and government agencies to introduce outstanding talents to Miaoli, and take care of the vulnerable population to fulfill corporate social responsibility. 3. The company installed a mentoring system that regularly checks on the learning progress of new recruits and provides timely assistance. 4. The company has a well-designed salary system that adjusts the salary structure from time to time and regularly gives raises, dividends, quarterly bonuses, etc. 5. The company regularly holds various activities to enhance the internal cohesion of the employees and provide great interaction opportunities.
	Recruitment and retention system	Formulate pay raise plans and optimize the salary structure to recruit more talents and increase the retention rate
	Encouraging Chinese Spring Festival attendance	Encourage employees to stay during the Spring Festival and return to their hometown group by group after the festival
	Training development	<ol style="list-style-type: none"> 1. Formulate annual training plans according to the organization's development needs and actively conduct orientation training and on-the-job training to enhance employees' skills and professional abilities. 2. Carry out the inventory and integration of professional courses in various departments, standardize the content of teaching materials, and improve the quality of training. 3. In response to the era of digital talents, establish AI, AR systems, set up education and training program, build smart factories, and improve work efficiency and efficiency.
	Employee Communication	Actively hold employee forums for the senior executives and employees to communicate face-to-face to solve life or work

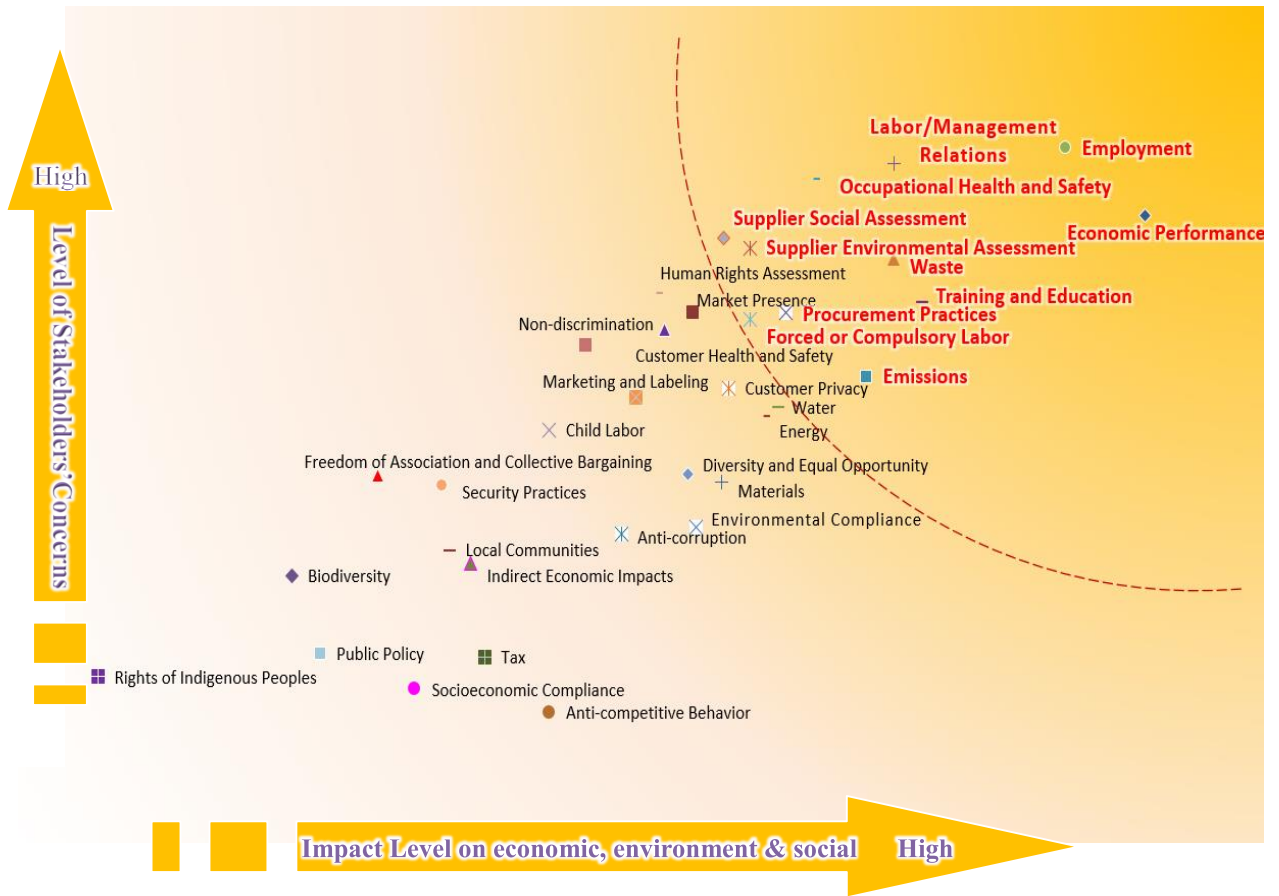
		problems.
	Organize employee activities	We organized various cultural recreation activities (such as marathons, Public welfare walking activities, year-end banquet, Christmas Eve dinner for Filipino employees, and Lucky draw and more) to mix work with adequate rest and enrich our employees' leisure time.
		In response to the ban on the export of pineapples, which affected farmers in Taiwan, the company conducted an inquiry into colleagues whose families are growing pineapples, then held the "Pineapple" subscription activity, and planned preferential purchases for colleagues.
	Welfare	5-year, 10-year, 15-year senior colleagues and outstanding employees' awards.
	Caring for female employees	The factory has a breastfeeding room to create a comfortable and secret lactation environment for female employees, provides benefits for female employees on March 8, and conducts women's health lectures
	Health promotion	Carry out first aid training to enhance employees' first aid awareness.
	Dietary care	Run a coffee bar to enrich the variety of employees' diets, so that employees can experience different eating styles, and the dishes in the staff canteen are constantly renewed.
	Occupational safety	Strengthen safety education and publicity to enhance employee safety awareness
Customers	Disaster Prevention and Emergency Contingency	<ol style="list-style-type: none"> 1.Promote ISO45001 Occupational Safety and Health Management System. 2.Develop and Execute Annual Safety and Health Education Training Program. 3.Regularly Execute On-Site Safety and Health Inspection and conduct anomaly correction. 4.Establish operation sustainability management system to restore risk control and emergency contingency to the correct position successfully after the disaster and lower hazard impact level.
Investors	Operations and Financial Situations	<ol style="list-style-type: none"> 1.Accept the invitation by domestic and international legal persons to attend the legal person conferences and explain to the investors for the latest operation overview of KYEC. 2.Public relevant operation information on MOPS.

Suppliers	RBA Code of Conduct / RMI_CMRT	All KYEC suppliers are required to sign the “RBA Code of Conduct” commitment letter, promising to abide by the “RBA Code of Conduct” and that their minerals come from smelters and refineries approved by RMI (Responsible Minerals Initiative). Suppliers are required to complete a CMRT (Conflict Minerals Reporting Template) to collect and report conflicts through the CMRT.
	Signing Letter of Guarantee	Require suppliers to conform to international hazardous substance regulation/customer requirement.
	In-Field Audit	Verify supplier manufacturing capacity/quality for compliance of KYEC requirement.
	Assessment	Factors such supplier quality, costs, delivery schedule, service level, supplying capacity, and technical supports are included in the items of assessment.
Contractors	Factory Site Safety and Health Procedures Requirement	Conduct contractor safety and health education training prior to entering the factory.Call contractor meeting each month to conduct admission regulation promotion and notice.
	Environmental Safety and Health Regulation Compliance	Assign personnel to participate regular promotional meeting and assess environmental safety and health regulation conformity monthly.
Community	Industry-Academic Corporation	<ol style="list-style-type: none"> 1.Work with neighboring colleges and universities to provide students an opportunity to complete their studies and become financially independent. 2.Continuous team up with new schools on industry-academia collaboration programs and provide multiple recruitment channels. 3. We designed an “angel system” to stabilize students’ retention rate after getting on board and hold regular forums to care for students and give them opportunities to speak up.
	Social welfare	The company actively contributes to community construction of public facilities and fulfilling social responsibilities, Visit the elderly and children in orphanages and show love for them, and send cool drinks to traffic police, police, and firefighters in the summer.
Government	Covid-19 pandemic control	Positively respond to the government's call for national epidemic prevention. Employees must wear masks and measure their body temperature while entering the plant, Have regular COVID-19 RT-

		PCR tests and vaccination against COVID-19.
	Workplace health promotion	Conduct self-certification assessment of healthy workplace every three years, and continue to promote a healthy and friendly working environment.
	Disaster Prevention and Emergency Contingency	<ol style="list-style-type: none"> 1. Participate in Chunan-Toufen Industrial Park and Tungluo Science Park Regional Alliance Organization to strengthen corporate response capacity and lower disaster loss. 2. Establish in-factory information for chemicals, hazardous goods and disaster prevention in order to effectively control situation in times of disaster. 3. Cooperate with regional firefighting department to organize large evacuation and rescue drills.
	Waste Management	Dispose waste clearance proposal according to the law. Assign specialists to report and control wastes in and out of the factory regularly.
	Wastewater management	<ol style="list-style-type: none"> 1. Appoint dedicated employees to operate and manage the wastewater recycling and treatment equipment, so as to continuously improve the recycling rate of process wastewater. 2. Comply with environmental laws and regulations at home and abroad, obtain water pollution control permits, and conduct regular wastewater inspections and declarations to ensure that emissions meet the effluent standards.



3.4 Major Topics Matrix Analysis







We sort the topics of attention by stakeholders and then draw the corresponding major issue matrix (as shown below) according to the attention drawn on the agenda by stakeholders and the impact on corporate management. We then screen 11 major topics from the matrix while others are listed in the regular topics. Among the major issues in 2021, compared with 2020, two new procurement practices and waste were added, but three items were excluded (Energy, Water and Materials)



3.5 Scope and Border of Major Topics

The following comparison table is prepared through the substantial consideration, organization border and corresponding indicators obtained from the aforementioned analysis.

Major Topic	GRI Standards Disclosures	Within Organization		Outside Organization	Management Approach Articles of Reference	SDGs
		KYEC	Sub-sidiaries			
Economic Performance	201	●	●	Investors	2.5 Management Performance	
Procurement Practices	204	●	●	Customers、Government	6.2 Greenhouse gas emission and management	 
Waste	306	●	●	Community、Government	6.5 Waste Management and Reuse	 
Emission	305	●	●	Customers、Government	6.2 Greenhouse gas emission and management	 
Supplier Environmental Assessment	308	●	●	Customers、Suppliers、Contractors、Community、Government	5.1 Sustainable development of the supply chain	 
Employment	401	●	●	-	8.1 Standards of Recruitment and Employment 8.2 Employee Distribution	
Labor/Management Relations	402	●	●	-	8.11 Employee Care 8.12 Promote Health Management and Advocacy	

					Plan 8.15 Employee Communi- cation	
Occupational Health and Safety	403	●	●	Customers、 Community、 Government	7.1 Safety and Hygiene Policy and Organization Operations 7.2 Statistics and Analysis of Occupational Disasters	 
Training and Education	404	●	●	Contractors、 Community	8.19 Education and Training	
Forced or Compulsory Labor	409	●	●	-	8.1 Standards of Recruitment and Employment	
Supplier Social Assessment	414	●	○	Customers、 Suppliers、 Contractors、 Community	5.1 Sustainable development of the supply chain	 

3.6 Management Guidelines by Major Topics and Objective Performance

3.6.1 Economic Performance:

<p>Importance to KYEC/ Key Risks and Opportunities</p>	<p>Achieve the goal of sustainable development in pursuit of the best interests of all shareholders and employees.</p>
<p>Evaluation Methods and Results in 2021</p>	<p>Consolidated revenue reached NT\$33.759 billion, a 16.6% increase. Consolidated operating income reached NT\$6.607 billion, a 42.1% increase. Consolidated net income reached NT\$5.234 billion, a 43.9% increase.</p>
<p>Plan for 2022</p>	<ol style="list-style-type: none"> 1. Take on the challenge and reach operational performance highs, improve equipment investment efficiency, and expand the revenue of self-developed machines. 2. Focus on key customer satisfaction, strictly control the cost of quality failure, and deepen employees' awareness for quality. 3. Improve equipment utilization rate, stabilize workers' productivity, and center on smart manufacturing utilization. 4. Develop diverse procurement channels, focus on cost optimization for manufacturers, and implement material inventory management. 5. Refine its own core technologies and applications, reach and create key components and equipment to construct quality intellectual property patents and deployment. 6. Reduce key talent loss, strengthen employee recruitment effectiveness, and deepen cultivation of key functions.
<p>Medium-term and Long-term Goals</p>	<p>Given Taiwan's mature semiconductor manufacturing industry with high efficiency in upstream, downstream and peripheral systems, the successful model of professional division of labor has met the in-depth needs of the outsourcing of customers. Hence Taiwan remains in an advantageous position other countries and regions will find difficult to replace. Accordingly, in recent years, the development strategy of the Company generally remained the same and continues to head toward the following directions.</p> <ol style="list-style-type: none"> 1. Implement basic core values in the manufacturing supply chain, technology, quality, delivery schedules, services, efficiency, cost, information, and corporate culture, achieving the mission of immediately bringing customers' products to market. 2. Reinforce the Company's unique differentiated service capability, system operation, practical experience, process improvement, and service level, becoming a trustworthy partner in the customers' manufacturing supply chain. 3. Management will be based on customer satisfaction; continue to invest in a prudent manner, improve profitability, and pursue healthy growth.

Corresponding Chapter	<p>4. Place importance on customers with high growth as well as their products in each business region, develop potential customers for product introduction, strive for further outsourcing opportunities where IDM customers can prosper and develop alongside one another.</p> <p>5. In response to the conflict between the U.S. and China and China's supply chain growth, we will evaluate and adjust the planning of the Company's supply chain in Taiwan and China, thereby responding and mitigating possible changes in the environment in the future.</p> <p>6. With an open attitude, we cooperate with semiconductor business operators in a strategic cooperation and joint development approach so that the Company can quickly gain its position as one of the top semiconductor packaging and testing companies in the industry.</p>
	2.5 Management Performance

3.6.2 Procurement practices:

Importance to KYEC/ Key Risks and Opportunities	Optimize local procurement, support local industries to create employment opportunities, and reduce production costs and risks.
Evaluation Methods and Results in 2021	<p>Within the organization: Taiwan factory (Hsinchu factory, Zhunan factory, Tongluo factory, China factory (KLT&ZKT))</p> <p>Continue to promote local procurement, reduce transportation costs, and increase the proportion of local procurement in 2021 to: 41.3%(KYEC), 83%(KLT&ZKT)</p>
Plan for 2022	<p>Encourage suppliers to expand the production capacity of local factories, and improve process technology and manufacturing quality.</p> <p>At the same time, it requires the implementation of environmental safety and hygiene, reducing environmental impact and reducing resource consumption.</p>
Medium-term and Long-term Goals	Through the annual supplier conference, KYEC shared its sustainable concept, strengthened the supplier's ESG management ability, and included it in the comprehensive evaluation index of suppliers.
Corresponding Chapter	5. Sustainable Supply Chain

3.6.3 Waste:

Importance to KYEC/ Key Risks and Opportunities	<p>1. Fulfill waste management, improve the recycling rate of waste, and promote reduction at source to pursue the goals of "zero waste" and "zero landfill".</p> <p>2. Comply with the requirements of environmental protection regulations, increase the utilization rate of water resources, and reduce the impact of</p>
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<p>Evaluation Methods and Results in 2021</p>	<p>wastewater discharge on the environment</p> <p>Risks:</p> <ol style="list-style-type: none"> 1. The increase in wastewater discharge leads to an increase in front-end and back-end treatment costs 2. Abnormal wastewater discharge or waste treatment may be subject to inspection and punishment or the risk of suspension of production and collection <p>Opportunities:</p> <ol style="list-style-type: none"> 1. Improve the recovery rate of process water, effectively utilize water resources, and reduce the impact of wastewater discharge on the environment 1. Improve the recycling rate of waste to achieve the goal of “zero waste”
	<p>Assessment methods:</p> <ol style="list-style-type: none"> 1. Pass ISO14001 Environmental Management System verification 2. 100% waste removal and classification without violations 3. Recycling rate >80% 4. 100% have not been reported or fined for sewage problems 5. The KLT&ZKT pure water process continues to improve, and it is estimated that the water consumption per unit of output value will decrease by 3% from 2020/7 6. KLT added 24 UF membrane tubes, continued to increase the recycled water volume by 56CMH from 2020/10, and the annual recycled water volume was 539,000 tons
<p>Medium-term and Long-term Goals</p>	<p>Results:</p> <ol style="list-style-type: none"> 1. Passed ISO14001 Environmental Management System verification 2. 0 violations of waste removal and transportation regulations 3. The recycling rate of waste reached 86.3% 4. Sewage problems were not reported or fined 0 5. KLT&ZKT reduced water consumption per unit of output value by 3% from 2021/01 6. KLT&ZKT pure water process reclaimed water reuse and pure water pre-treatment reclaimed water reuse 600,000 tons of recycled water a year from 2021/01
	<ol style="list-style-type: none"> 1. Passed ISO14001 Environmental Management System verification 2. 0 violations of the Waste Removal Act 3. 0 cases were reported or fined for sewage problems 4. The waste recycling rate is over 80% 5. KLT & ZKT continues to operate the pure water process recovery system to produce pure water raw water, reuse it, and recycle UF membrane tube, and the recovered water volume is 600,000 tons

Plan for 2022	6. KLT & ZKT have completed the treatment equipment for phosphorus removal and ammonia nitrogen removal from production wastewater, so as to achieve no phosphorus and ammonia nitrogen wastewater discharge
	<ol style="list-style-type: none"> 1. Comply with the requirements of environmental protection laws and regulations, and conduct regular inspections and declarations of waste and wastewater 2. Conduct daily on-site inspections on wastewater treatment and discharge conditions, and set up real-time monitoring systems for discharge water quality to reduce the impact on water bodies 3. Constantly plan and evaluate waste recycling to achieve resource recycling and reduce environmental load 4. KYEC shall pass ISO46001 water management system verification in 2023 5. KYEC shall pass ISO14046 water footprint verification in 2023 6. In 2025, the Group's waste recycling rate shall reach more than 85% 7. In 2025, KLT & ZKT shall assess the addition of recycling systems and other reusable water sources, and the annual water density will be reduced by 3% 8. In 2025, KLT sludge and ZKT waste molding resin shall complete the application for general waste signing, reducing the risk of environmental protection supervision
Corresponding Chapter	6.5 Waste Management and Reuse

3.6.4 Emission(Greenhouse gas):

Importance to KYEC/ Key Risks and Opportunities	<p>Promote energy conservation and carbon reduction, and devote ourselves to pollution prevention, to enhance the corporate image and echo the international concept of carbon reduction.</p> <p>Risks:</p> <ol style="list-style-type: none"> 1. Greenhouse effect and climate change result in an increase in natural disasters 2. The trend of tightening international carbon control will affect import and export products <p>Opportunities:</p> <ol style="list-style-type: none"> 1. Strengthen energy-saving in any way and reduce energy costs 2. Make energy transformation by expanding renewable energy settings and certificate purchases
Evaluation Methods and Results in 2021	<p>Assessment methods:</p> <ol style="list-style-type: none"> 1. Chunan Factory, Tongluo Factory, KLT 100% have passed ISO50001 energy management system verification

	<p>2. KYEC, KLT have completed ISO14064: 2018 version transfer verification</p> <p>3. The power-saving rate of the group's energy-saving projects is >1%</p> <p>Results:</p> <p>1. Chunan Factory, Tongluo Factory, KLT 100% have passed ISO50001 energy management system verification</p> <p>2. KYEC, KLT have completed ISO14064: 2018 version transfer verification</p> <p>3. A total of 19 energy-saving projects were completed, with a power-saving rate of 1.86% and a total reduction of 7,762 tons of greenhouse gas emissions</p> <p>4. The water saved was 883.01 (million liters/year), a total reduction of 488.3 tons of greenhouse gas emissions</p>
Plan for 2022	<p>1. KYEC and KLT have completed ISO50001 energy management system verification</p> <p>2. KYEC and KLT&ZKT have carried out energy resource management, reducing water use and increasing the recycling rate</p> <p>3. The greenhouse gas emissions of KYEC and KLT&ZKT have been reduced by 1% compared with 2021.</p> <p>4. The Hsinchu factory was included in the ISO50001 energy management system verification</p>
Medium-term and Long-term Goals	<p>1. KYEC and KLT shall continue to pass ISO50001 energy management system verification from 2022 to 2025</p> <p>2. Introduce the 2023 TCFD (Task Force on Climate-related Financial Disclosures) report and SBT scientific carbon reduction targets</p> <p>3. Renewable energy certificate subscription plan:</p> <p>4. Zhunan Plant and Tongluo Plant will purchase renewable energy certificates by regulations (more than 10% of contracted capacity) in 2025</p> <p>5. Renewable energy construction: Zhunan Plant and Tongluo Plant will set up solar panels of 5249KW in 2023</p> <p>6. The annual decline rate of energy consumption per 10,000 CNY output value of KLT&ZKT is 5%</p>
Corresponding Chapter	6.3 Water Resource Management

3.6.5 & 3.6.6 Supplier Environmental Assessment/Supplier social assessment:

Importance to KYEC/ Key Risks and Opportunities	Introduce the IECQ QC080000 hazardous substance process management system to control the materials in the factory that comply with the international regulations on prohibited and restricted substances and the special requirements of customers
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<p>Evaluation Methods and Results in 2021</p>	<ol style="list-style-type: none"> 1. In accordance with the latest international regulations on prohibited and restricted substances, confirm the compliance of materials provided by suppliers. 2. Whether the list of prohibited and restricted substances according to the special requirements of the customer is in line with the in-house material control operation as the evaluation basis. <p>0 customer complaints</p>
<p>Plan for 2022</p>	<ol style="list-style-type: none"> 1. 0 customer complaints 2. Strengthen the promotion of the concept of environmental education
<p>Medium-term and Long-term Goals</p>	<ol style="list-style-type: none"> 1. Comply with international laws and regulations related to the environment and specific requirements of customers for environmental management substances. 2. In the production process of the enterprises, actively reduce or replace the substances harmful to the environment. 3. Appropriate education and training and information provision to convey the concept of environmental management to employees, suppliers, and clients. 4. The suppliers' Quality Management Departments refer to international regulations, timely revise the management procedures for environmentally hazardous substances, and draw up plans. 5. Suppliers cooperate with the implementation of the management investigation plan.
<p>Corresponding Chapter</p>	<p>5.1 Sustainable development of the supply chain</p>

3.6.7 Employment:

<p>Importance to KYEC/ Key Risks and Opportunities</p>	<ol style="list-style-type: none"> 1. Fulfill corporate social responsibility by giving back to communities and providing job opportunities. 2. Recruit outstanding talents through multiple channels to meet the needs of business growth.
<p>Evaluation Methods and Results in 2021</p>	<ol style="list-style-type: none"> 1. Actively participate in local recruitment activities and mainly recruit and hire local citizens. 2. Organized the 14th industry-academia collaboration program with schools to train and directly recruit students after graduation.(KYEC),.KLT&ZKT is continuously promoting. 3. Cooperate with the government for research and development substitute services to attract outstanding graduate students. This is the 14th year of our cooperation.
<p>Plan for 2022</p>	

Medium-term and Long-term Goals	<ol style="list-style-type: none"> 1. Continue recruiting outstanding talents according to the annual manpower demand. 2. Prioritize the recruitment and admission of local employees to give back to communities and provide job opportunities, 3. Continue the 15th industry-academic collaboration program, KLT&ZKT is continuously promoting. 4. Continue the RDSS cooperation with the government for 15 consecutive years.(KYEC) 5. Develop new recruitment channels such as pre-employment projects.
	<ol style="list-style-type: none"> 1. Recruit outstanding talents to meet the needs of business growth and expansion. 2. Increase the retention rate of employees recruited through multiple channels to reduce the waste of company resources.
Corresponding Chapter	<p>8.1 Standards of Recruitment and Employment</p> <p>8.2 Employee Distribution</p>

3.6.8 Labor/Management Relations:

Importance to KYEC/ Key Risks and Opportunities	<ol style="list-style-type: none"> 1. We emphasize our employees' feedback. We provide multiple two-way communication channels, establish a smooth, flexible internal communication mechanism and problem feedback channel, so that employee problems can be solved within the enterprise. 2. We hold seasonal employee forums for our CEO and top executives to communicate face-to-face with grassroots employees. 3. We emphasize establishing a healthy worksite for our employees. We promoted a physical and mental working environment and provided health resources to enhance our employees' awareness of health management. 4. We publicly recognize outstanding employees to appreciate their work and encourage them
Evaluation Methods and Results in 2021	<ol style="list-style-type: none"> 1. The company has revised the employee message boards to facilitate colleagues to report matters, and the competent authority can handle and reply immediately. The response rate was 100% 2. Conduct employee symposiums based on their positions such as newcomers, Industry-Academia Partnerships, and various professionals. In 2021, five sessions in KYEC / four sessions in KLT & ZKT were held, respectively. 3. In response to the impact of the Covid-19 pandemic, the company has improved the care notification system, so that colleagues can report in a timely manner and immediately grasp the pandemic information 4. We plan and organize various activities every year to enrich our employees' leisure time, mixing work with adequate rest.

Plan for 2022	<ol style="list-style-type: none"> 1. Emphasize employee benefits measures, evaluate and assess suitability and make adjustment 2. The company's APP added a real-time reporting system in our fellow employees' aid. 3. We maintained our internal communication regime and designed diversified annual activities for employees to participate together.
Medium-term and Long-term Goals	<ol style="list-style-type: none"> 1. Establish a sound bridge for communication to address our fellow employees' suggestions and opinion feedback on issues. 2. Provide employees with a safe, healthy, and high-quality worksite to improve their working efficiency and performance.
Corresponding Chapter	<p>8.11 Employee Care</p> <p>8.12 Promote Health Management and Advocacy Plan</p> <p>8.15 Employee Communication</p>

3.6.9 Occupational Health and Safety:

Importance to KYEC/ Key Risks and Opportunities	<p>Carry out risk management, promote health promotion, and pursue the goal of “zero disaster” and “zero injury”</p> <p>Risks:</p> <ol style="list-style-type: none"> 1. Safety and health risks may cause an impact on the health of colleagues and indirectly affect production manpower; 2. The occurrence of occupational disasters may be punished or suspended by the competent authority, resulting in major economic or social losses of the company <p>Opportunities:</p> <p>Through an effective safety and health management mechanism, the goal of “zero disaster” and “zero injury” can be achieved</p>
Evaluation Methods and Results in 2021	<p>Assessment methods:</p> <ol style="list-style-type: none"> 1. KYEC and KLT have passed ISO 45001 management system verification 2. 100% of the group has completed the emergency response drill plan, and all employees undergo at least one emergency response drill per year 3. KYEC Group has completed 100% of the safety and health education and training program, and all personnel receive at least 1 hour of safety and health training every year <p>-KYEC : fsi<0.07</p> <p>-KLT : fsi<0.05 / ZKT : fsi<0.34</p> <p>4. Targets on work injury (fsi, frequency-severity indicator):</p> <p>-KYEC: fsi<0.07</p> <p>-KLT: fsi < 0.05 / ZKT: fsi < 0.34</p> <p>5. 0 major safety and hygiene violations in the group</p>

	<p>Results:</p> <ol style="list-style-type: none"> 1. Achieved 100% completion in the group’s ISO 45001 occupational safety and health management system verification 2. Achieved 100% completion in the group’s safety, hygiene education and training program, and participated in a total of 59,343 person-times 3. 100% of the group’s emergency response drill plan was completed, with a total of 80 sessions in each plant and a total of 10,109 person-times 4. Work injury (fsi) in each factory -Hsinchu Factory: 0 (target achieved <0.07) / Zhunan Factory: 0.13 (target not achieved <0.1) / Tongluo Factory: 0.38 (target not achieved <0.07) -KLT: 0.05 (achieved target < 0.06) / ZKT: 0.34 (achieved target < 0.4) 5. One major safety and hygiene violation of the Group -- Zhunan Plant ◦
Plan for 2022	<ol style="list-style-type: none"> 1. KYEC, KLT & ZKT have completed ISO 45001 occupational safety and health management system verification 2. The Group continues to conduct safety and hygiene training and emergency response drills 3. Work injury (fsi) targets in each factory area: -KYEC: fsi<0.11 -KLT: fsi < 0.06 / ZKT: fsi < 0.4 4. 0 major safety and hygiene violations in the Group
Medium-term and Long-term Goals	<ol style="list-style-type: none"> 1. 0 major safety and health violations of the group from 2022 to 2025 2. Work injury (fsi) target from 2022 to 2025: KYEC<0.11; KLT<0.06; ZKT<0.4, 3. KYEC and KLT shall continue to pass the verification of “ISO 45001 Occupational Safety and Health Management System” from 2022 to 2025
Corresponding Chapter	<p>7.1 Safety and Hygiene Policy and Organization Operations</p> <p>7.2 Statistics and Analysis of Occupational Disasters</p>

3.6.10 Training and Education:

Importance to KYEC/ Key Risks and Opportunities	<p>We emphasize developing talents, cultivating our employees' professional skills for critical functions to enhance their engineering capabilities.</p>
Evaluation Methods and Results in 2021	<ol style="list-style-type: none"> 1. In line with the trend of the times, the development of digital talents is carried out digitally, and the completion rate of the training is 100%. 2. Plan the new business system (package center), formulate job training plans, and build learning maps, and the unit training completion rate is 100% 3. We emphasize cultivating talents with excellent performance to enhance their quality.

Plan for 2022	<ol style="list-style-type: none"> 4. We continue to cultivate outstanding talents. We've groomed five generations of management trainees in KYEC and three generations in KLT&ZKT. 5. We continue improving our training quality system to systematically create learning maps and optimize system management.
	<ol style="list-style-type: none"> 1. We hold in-plant system courses according to our annual training plan to maintain a completion rate of over 90% for system training. 2. We emphasize cultivating talents with excellent performance and implement our department training plans. 3. We track the preparedness of ASC course materials and the completion rate of training to ensure the implementation of training. 4. We activated relative management regimes to monitor the training progress for each department every month.
Medium-term and Long-term Goals	<ol style="list-style-type: none"> 1. Continue organizing on-the-job training to develop job skills. 2. Continue fostering management associates to plan ahead for business sustainability 3. We continue to promote in-depth machinery education and training to enhance the performance of our organization (growing annual revenue) 4. We performed centralized integration on training courses for different processes and functions to optimize and focus on the capabilities of our engineers in the manufacturing center.
Corresponding Chapter	8.19 Education and Training

3.6.11 Forced or Compulsory LaborL:

Importance to KYEC/ Key Risks and Opportunities	Uphold corporate ethics and fulfill corporate social responsibility to ensure that the rights and interests of the employees are protected and respected.
Evaluation Methods and Results in 2021	<ol style="list-style-type: none"> 1. No child labor was employed. 2. Employees were recruited voluntarily without coercive or mandatory conditions such as prison workers. 3. The foreign workers were free to work and enter or leave the country without their personal identification documents being withheld
Plan for 2022	<ol style="list-style-type: none"> 1. Stick to the anti-child labor policy. 2. Ensure that all employees are recruited voluntarily. 3. Make sure that the management of foreign workers complies with the regulations of the Responsible Business Alliance(RBA). 4. Complete 100% of annual RBA retraining.

Medium-term and
Long-term Goals

Corresponding
Chapter

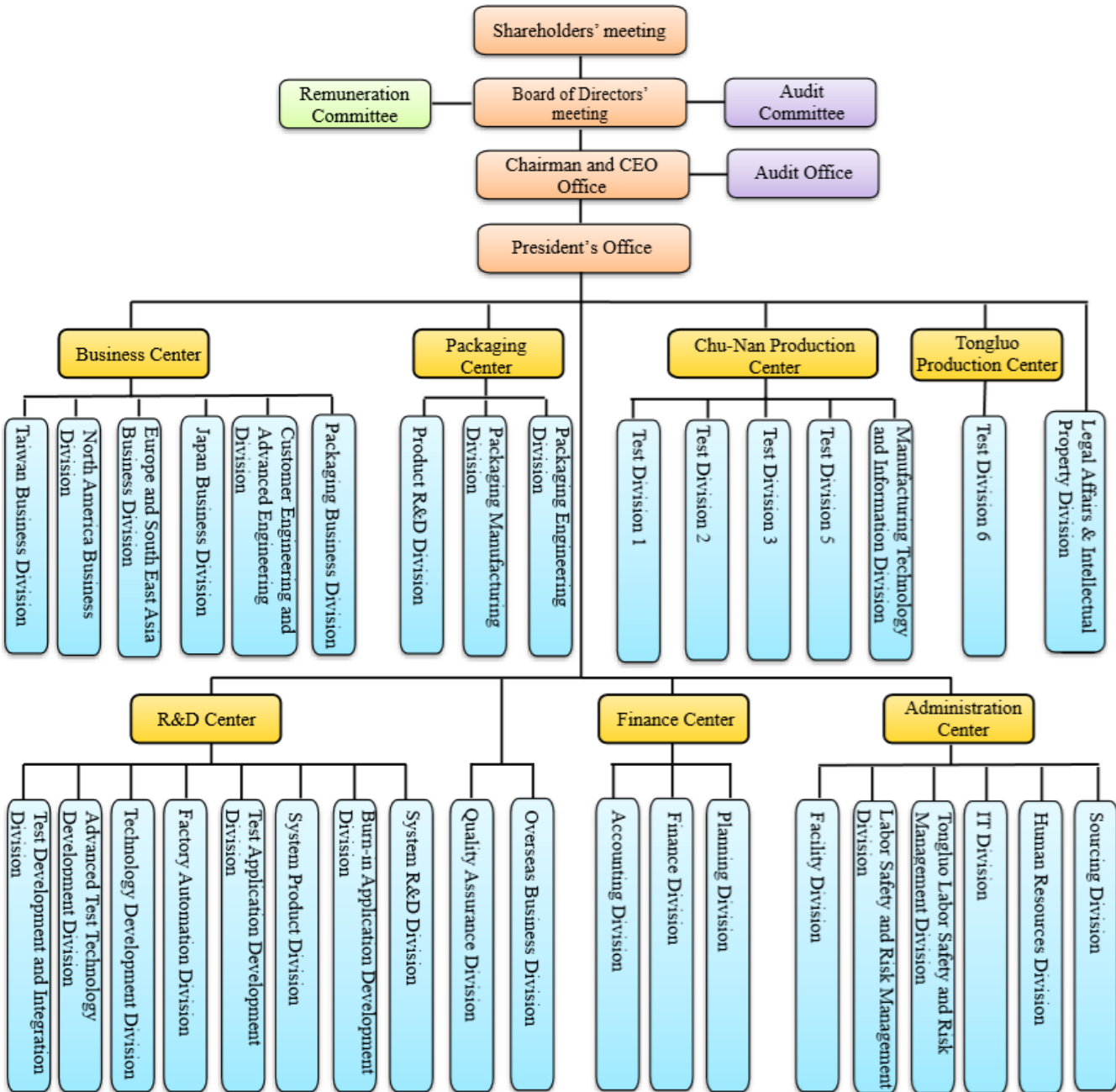
Ensure that the company policies comply with the RBA regulations to fulfill corporate social responsibility and provide a sound work environment for employees.

8.1 Standards of Recruitment and Employment



4. Corporate Governance

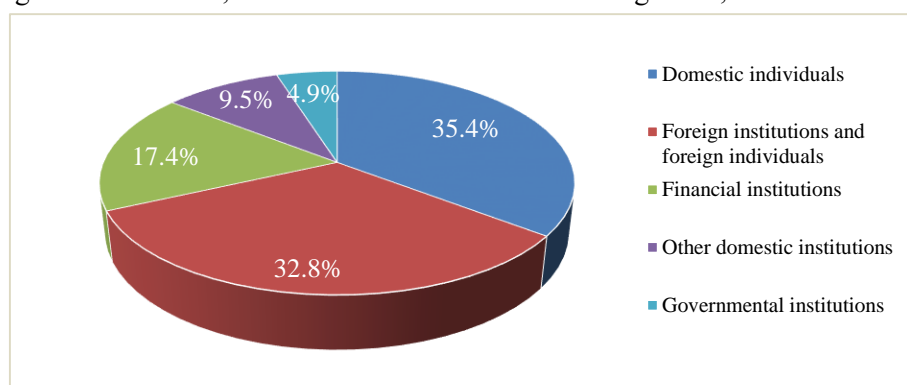
4.1 Organizational Structure



Note: Regarding the “Organization and responsibilities of Sustainable Development Committee”, Please refer to Chapter 3.1.1 (Page.16)

4.2 Shareholders' meeting and the structure of shareholders

There are two different types of the shareholders' meeting in the company- Annual General Meeting (AGM) and Extraordinary General Meeting (EGM). According to law, AGM must be held by six months after an end of the fiscal year, and EGM is held as necessary. The main functions of the meeting in KYEC include the resolution of the Company's operating plan then executed by the Board, recognition of the business report, financial statements and the resolution of earnings distribution or loss compensation. The Company's main shareholders include domestic, foreign institutional investors and individual investors, of which 64.6% are institutional investors. The structure of shareholders' statistical table and shareholdings ratio are below, and the data were collected on August 25, 2021.



4.3 Board of Director

The Board of Directors of the Company is the highest decision-making department. The nine Board members (including three Independent Directors) are elected under the Company Act, Articles of Incorporation, and Directors' Election Regulation of the Company, and all members are male; the Board meeting should be held quarterly at least. The Board members exercise their rights and obligations, according to the Company Act, Securities and Exchange Act, Articles of Incorporation, and relevant laws, which including deliberation of operational policies, annual business plans, earnings distribution, and key personnel appointment. According to Article 26-3 paragraph 8 of Securities and Exchange Act and Regulations Governing Procedure for Board of Directors Meetings of Public Companies, to formulate the regulation of the Board of Director meetings of KYEC and follow the regulation, to build a sound Board governance system. This term of the Board is from June 10, 2020, to June 9, 2023, it has held seven times until 2021; the average attendance rate (excluding proxies) is 100%.

Board members and their education, selected past positions, and the positions in the Company and other companies are below:

Title	Name	Experience (Education)	Concurrent positions in the Company and in other companies
Chairman	Chin-Kung Lee	Bachelor President of KYEC	CEO KYEC Investment International Co., Ltd. Chairman KYEC Technology Management Co., Ltd. Chairman Chairman of KYEC Microelectronics Co., Ltd. Chairman of King Long Technology (Suzhou) Ltd. Chairman of Suzhou Zhen Kun Technology Ltd. Independent Director of Quang Viet Enterprise Co., Ltd. Chairman of King Ding Precision Incorporated Company
Vice-Chairman	Chi-Chun Hsieh	Bachelor	Physician & Director of Xiang An Clinic
Director	An-Hsuan Liu	PhD President of Intematix Technology Center Corporation	President Chairman of KYEC USA Corp. Chairman of KYEC Japan K.K. Chairman of KYEC SINGAPORE PTE. LTD. Director & President of King Long Technology (Suzhou) Ltd. Director & President of Suzhou Zhen Kun Technology
Director	Yann Yuan Investment Co., Ltd	—	—
	Representative: Ping-Kun Hung	Bachelor Chairman of Hsun Chieh Investment Co.,Ltd.	
Director	Kao-Yu Liu	PhD	Chairman of LC Architecture Realization Company, Inc. Chairman of Ji-Ze Construction Development Co., Ltd.
Director	Kuan-Hua Chen	Master's in Financial Engineering, Carnegie Mellon University	Director of Weikeng Industrial Co., Ltd.
Independent Director	Hui-Chun Hsu	Master Director of New Taipei City Medical Association	Member of the Audit Committee and Remuneration Committee of KYEC Physician and Managing Supervisor of New Taipei City Medical Association

Independent Director	Dar-Yeh Hwang	PhD Professor of Department of Finance, National Taiwan University Director of Center for the Study of Banking and Finance, National Taiwan University Chair of both Department and Institute of Finance, National Taiwan University	Member of the Audit Committee and Remuneration Committee of KYEC Chairman of McBorter AFMA Chairman of Academy of Promoting Economic Legislation (APEL)
Independent Director	Xiu-Ming Wang	Bachelor Vice President of KYEC President of NexPower Technology CORP. Director of Cheng Uei Precision Industry Co., Ltd. Supervisor of Glory Science Co., Ltd.	Member of the Audit Committee and Remuneration Committee of KYEC Chairman of Mingxing Creative Management Consultations Inc. Chairman of Mingxiang Culture Co., Ltd. Independent Director of Creative Sensor Inc. Supervisor of Kuokuang Power Plant Co., Ltd. Juridical person representative of FIT Holding Co., Ltd. Director of the Taiwan Electrical and Electronic Manufacturers Association

4.4 Compensation Committee

KYEC has formulated the regulation of the Compensation Committee under Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Stock Exchange or Traded Over the Counter, to be robust the remuneration system of Directors and managerial personnel. (Please refer to our website: <https://www.kyec.com.tw/zh-tw/Ir/Company>). The major rights and obligations of the committee are below:

- 4.4.1 Review the organization of the Committee regularly and propose modification suggestions.
- 4.4.2 Regularly review and formulate the performance goals of Directors and managerial personnel, and the policies, systems, standards, and structures of remuneration.
- 4.4.3 Regularly evaluate the achievements of performance goals of Directors and managerial personnel. Also, give some advice about the content and sum of separate personnel.

The operation of Compensation Committee This term of the Committee is made up of four members that including three Independent Directors and one independent person. Also, according to regulations, the number of members could not be lower than three, and one of them should be the convener. This term of the Committee is from June 24, 2020, to June 9, 2023. The Committee has been held five times in 2021, the attendance of members is below:

Title	Name	Actual attendance (B)	Actual attendance rate (%) (B/A)	Remarks
Convener	Hui-Chun Hsu		100.00	Convener and Chairman
Member	Dar-Yeh Hwang		100.00	
Member	Xiu-Ming Wang	5	100.00	
Member	Chung-Chi Huang	5	100.00	

4.5 Audit Committee

The Company has set up an Audit Committee under the Securities Exchange Act and the resolutions of the AGM in 2014, and the Board of Directors formulated "The Organization Regulation of Audit Committee"(Please refer to our website: <https://www.kyec.com.tw/zh-tw/Ir/Company>), to maintain a much sounder decision and execution. Also, continually enhance operational efficiency, and implement corporate governance by actual actions. The Committee is held quarterly at least. Monitor the Company's operational and corporate governance, to implement corporate governance, improve supervision and strengthen management mechanisms so that the members can also assist investors to ensure the Company's reliability in corporate governance and information transparency. Therefore, the shareholders' equities and interests can be protected. The Audit Committee has been held six times in 2021, the attendance of members is below:

Title	Name	Actual attendance (B)	Percentage of actual attendance (%) (B/A)	Remarks
Independent director	Hui-Chun Hsu	6	100.00	Convener and Chairman
Independent director	Dar-Yeh Hwang	6	100.00	
Independent director	Xiu-Ming Wang	6	100.00	

4.6 Internal audit organization and operation

The organization structures of the Company are under the organizational chart which is publicized by the Human Resource Division; and the titles, appointments, and dismissals of managerial personnel are under the Articles of Incorporation Article 17 and Securities Exchange Act Article 22, and the Company regulations.

4.6.1 Audit project

- (1) Annual plan: According to the laws, the operating environment, and the results of risk assessment, the Internal Audit Department will formulate a subsequent annual plan. After approved by the Board of Directors, the plans will be implemented exactly.
- (2) Audit program: The Chairman, the Board of Directors or the supervisor of the Internal Audit Department shall, according to the actual conditions and operational requirements, assign auditors to execute the audit program.

4.6.2 Audit operation

- (1) Auditors will follow audit item on audit project to execute; according to deficiencies and abnormalities which have been found, auditors will make an audit report and state.
- (2) For audit findings and suggestions, the auditors will track each season regularly, and make follow-up reports based on the implementation and performance of the reminders and improvement proposals to ensure that relevant departments have taken appropriate improvement measures promptly.
- (3) Reviewing the self-inspection report of the internal control system of each department and subsidiaries, and the deficiencies of internal control and the improvement of abnormalities, as the main basis for the Board of Directors and President to evaluate the effectiveness of the overall internal control system and issue the declaration of the internal control system.
- (4) The supervisor of the Internal Audit Department attends the Board meetings and declares the implement of audit plans
- (5) Based on self-assessment operations of the internal control system, there is no fraud when managerial personnel have assessed risk in 2021.

The implementation of the 2021 audit plan is as follows:

44 audit reports :

Case type	Sales & Collection	Purchase & Procurement	Investment	Financing	Salaries & Wages	Fixed Assets	R&D	Production	Information	Management	Subsidiaries	Total
Number of audits	2	2	13	5	1	1	1	1	2	14	2	44
Number of non-conformities improved	6	4	0	1	0	1	0	2	4	6	10	34

There is no fraud simply because of violations of operating procedures; those departments which were audited have adopted appropriate improvements based on deficiencies, and those improvements will be tracked continuously. The audit reports and improvement reports are submitted to the independent directors for review before the end of the month after the completion of the report following the regulations of the Financial Supervisory Commission.

4.7 Information Security

4.7.1 Policy

The company's information security policy is "to establish an information security management system that complies with regulations and customer needs, to protect the confidential information of the company and its customers and to comprehensively enhance information security awareness." According to the requirements of the Financial Supervision and Control Commission, "Public Issuing Companies Establishing Internal Control System Handling Standards", the data declaration of "Information Security Manager, Information Security Supervisor, and Information Security Personnel" has been completed. Became a member of Taiwan Computer Network Crisis Management and Adjustment Center (TWCERT/CC).

4.7.2 Protection Network

The company attaches great importance to information security. In order to implement information security, a set of KYEC protection network has been established and continuously improved according to the PDCA management system.



Internet security

- Information security health check
- Intrusion detection
- Vulnerability scanning
- Virus pattern update automation
- Automated cyber risk analysis



Information security awareness

- Splash screen and bulletin board promotion
- Annual regular information security education and training
- Information security meeting awareness promotion



Entity management

- Build a facial recognition system
- License plate recognition system
- Illegal AP management system
- Document printing management/auditing

4.8 Employee Code of Ethics and Conducts

In recognition of the guidance of competent authority for the directors and managerial officers of TWSE listed and TPEx listed companies in Taiwan to act in line with the codes of ethical conduct and help KYEC stakeholders better understand the ethical standards, KYEC has developed the "Code of Ethics and Conducts" in accordance with the "Guidelines for the Adoption of Codes of Ethical Conduct for TWSE/TPEx Listed Companies." (Please refer to our website: <https://www.kyec.com.tw/zh-tw/Ir/Company>), The Guidelines were adopted by the Board of Direction meeting on April 28, 2015.

4.9 Implement Philosophies of Integrity Management

In recognition of the competent authority's intention to establish the reference framework of excellent business operations in TWSE/TPEx Listed Companies and assist enterprise with establishing integral

corporate culture for sound management, KYEC develops the “Ethical Corporate Management Best Practice Principles” in accordance with the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” and actual corporate operations.(Please refer to our website:<https://www.kyec.com.tw/zh-tw/Ir/Company>).The Board of Directors have adopted the principles at the resolution of BOD meeting on April 28, 2015 while the Internal Audit of Chairman Office serving as the special department responsible for the formulation, supervision and execution of ethical management policy and prevention solutions.

4.10 Risk Strategies and Responses

KYEC applies the management model of three defenses for risk management to build establish complete and rigorous risk control operations. The Board of Directors is responsible for the supervision of risk control mechanism, regulations related to control and review, and review on key risk report. The scope includes multiple dimensions to facilitate the effective identification, measurement and response management of various risks.



Risk items and coping strategies are shown in the following table:

Scope	Risk	Coping Strategy
Financial Risk	Interest rate fluctuation	Interest expense in interest rate and exchange rate fluctuation has greater impact on the loss/profit of the company and hence the Company should collect daily interest rate change to timely take proper response actions.
	Exchange rate fluctuation	<ol style="list-style-type: none"> The capital expense mainly consists of import equipment. To reduce the impact of exchange rate fluctuation against the profits, the company reaches agreement with major customers to pay some account receivable in USD. Develop the acquisition or disposition of asset disposition procedure according to Article 12 “Procedure in Disposing Acquired or Disposed Derivative Product” as the basis of risk avoidance tools in foreign exchange and thereby lower the impact of exchange rate fluctuation against profits Collect daily interest rate change to timely take proper response actions.

Supplier Risk	Quality Change	Monitor supplier quality stability through monthly and quarterly supplier performance appraisals, as well as annual and irregular audits.
	Supply chain disruption	Start the BCP (Business Continuity Planning), execute the switching and implementing of substitute materials, and synchronize borrowing, adjusting, and customer supply coordination.
Environmental Risk	Abnormal waste water discharge or waste disposal may be subject to inspection and punishment or the risk of shutdown	<ol style="list-style-type: none"> 1. Regular inspection and declaration of waste and wastewater. 2. Set up a real-time monitoring system for discharge water quality to reduce the impact of water bodies. 3. Continue to plan and evaluate waste reuse matters. 4. Jinglong sludge and Zhenkun molding resin waste have completed the application for general waste signing.
	Greenhouse gases: (1) Increase in natural disasters (2) Tighter carbon control will affect imports and exports	<ol style="list-style-type: none"> 1.Implementation of TCFD (Task Force on Climate-related Financial Disclosures) and SBT (Science Based Target) 2.Renewable energy certificate subscription planning and renewable energy construction.
Information security risk	Ransomware attacks	In addition to strengthening information security protection, we also conduct ransomware attack simulation scenario drills to strengthen emergency response operations, ensure the ability to respond at critical times, and maintain information system operations without interruption.

5. Sustainable Supply Chain

KYEC Group has production bases in Taiwan and mainland China. As a part of the global semiconductor industry supply chain, KYEC continues to plan to improve its corporate culture and management system, and has established a sustainable development committee to attach importance to supply chain risk management and follow the “RBA Code of Conduct” as an important policy and policy for supplier management.

➤ Supply Chain Supervision Mechanism

Supply chain management members and organizations are structured under the Sustainability Development Committee, which needs to report regularly to the general manager at the top management level and to the board of directors. The supply chain management organization is composed of the Material Management Div., the QRA Div., the Industrial Safety and Risk Management Div., and the Human Resources Div., which jointly care about the supplier's environment, labor, health and safety and other social issues.



➤ supplier code of conduct

KYEC and its subsidiaries are responsible world-class corporate citizens, take active actions to ensure that business conduct meets the highest standards of professionalism and ethics, and are committed to promoting sustainable development and social responsibility.

Complying with ethics, KYEC not only abides by the laws and regulations of the countries/regions where it operates, but also formulates a code of conduct for suppliers, which requires suppliers, contractors, service providers, subcontractors, and their downstream manufacturers (Tier2) to be responsible for business conduct in all aspects of labors, health and safety, environment, business ethics, and management systems. In addition, KYEC’s suppliers shall require their suppliers, contractors, service providers, and subcontractors to adopt and abide by this Code. The compliance of suppliers will be one of the considerations for KYEC when evaluating purchasing decisions.

KYEC supplier code of conduct:

https://www.kyec.com.tw/Upfiles/EDUp/files/%E4%BC%81%E6%A5%AD%E7%A4%BE%E6%9C%83%E8%B2%AC%E4%BB%BB/KYEC%20Supplier%20Code%20of%20Conduct%20_v2.pdf

All suppliers doing business with KYEC must sign the “Commitment to RBA Code of Conduct” when signing the contract, promising to abide by the Responsible Business Alliance Code of Conduct and KYEC's relevant regulations on corporate social responsibility, covering environmental and Social issues, including labor rights, health and safety, environmental protection, conflict minerals, ethics, and management systems.

➤ **Supply chain security**

KYEC Electronics Co., Ltd. is a professional semiconductor testing service company. In order to provide customers with higher quality services, carry out the core values of excellence, performance, innovation, and sharing, continue to commit to creating the highest value for customers and improving supply chain security, fulfill corporate social security responsibilities, and achieve the ultimate goal of sustainable operation, all employees of the company jointly promise:

- Precisely adhere to supply chain security-related regulations and customer-required security precautions.
- Thoroughly protect the company’s business secrets and information security and other related information, and safeguard the rights and interests of the company and customers.
- Establish a system of supply-chain safety management, constantly provide safety education and training, and establish a safety audit mechanism to ensure the safety of product manufacturing, transportation, and related information.
- Implement the supply chain risk management mechanism, and continuously evaluate and implement safety improvement plans to protect the company's important assets.
- Improve the security quality of upstream and downstream business partners to meet supply chain security requirements.

As the international anti-terrorism situation is expanding day by day, it is imperative to improve the security of international import and export goods. In order to enhance the company's competitiveness and strengthen the control of product safety in the factory, as well as the overall safety of the upstream and downstream supply chains, the company conducts internal education systems, production operations, the flow of goods in and out, and supplier safety education and audits to strengthen the supply chain process.

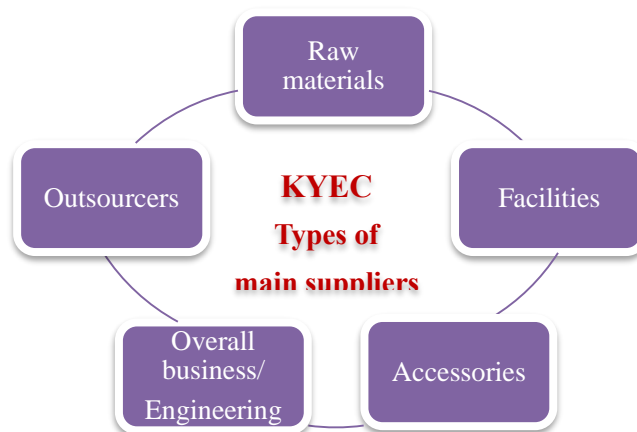
KYEC Chunan Factory obtained the Authorized Economic Operator (AEO) certification in 2012, and complied with the WCO (World Customs Organization) safety regulations certification. It is the first enterprise in Miaoli County to pass the AEO certification. Miaoli Tongluo Factory obtained AEO certification on December 14, 2015. In the same year, Zhunan and Tongluo Factory obtained ISO 28000 supply chain security certification at the same time. Obtaining supply chain security-related certifications not only effectively shortens the time for customs clearance of goods, but also provides customers with faster delivery, convenient and safe cargo delivery services, and greatly improves the trust and satisfaction of large and important international customers

in KYEC, which has promoted the steady growth of performance in recent years.



➤ **Overview of sustainable supply chain**

KYEC Group has production bases in Taiwan and mainland China. It attaches importance to supply chain risk management and follows the RBA Code of Conduct as an important policy and guideline for supplier management, and is listed as a part of the company’s competitive advantage. With globalization, any major natural disaster, climate change, or accident may have a significant impact on KYEC. Therefore, suppliers are required to comprehensively improve their ability to self-management of supply chain risks and take the initiative to provide assistance to grow and operate sustainably with suppliers.



The company’s focus and requirements include sustainable development of the supply chain, conflict minerals management, supplier communication, and green operations.



5.1 Sustainable development of the supply chain

➤ **Sustainable goals :**

Sustainability issues	Goals for 2021	Implementation status	Goals for 2022	Goals for 2023
Conflict Minerals Management: Conflict-Free Products	100%	Accomplished	100%	100%
RBA commitment letter recovery rate	100%	Accomplished	100%	100%
SAQ survey completion rate	100%	Accomplished	100%	100%
Supplier sustainability audit ratio	8/60	Accomplished	14/66	16/66

Note: As of 2021/12/31, 891 suppliers have signed RBA commitments.

5.1.1 Sustainability Risk Assessment

In order to implement sustainable supply chain management and grasp potential sustainable risk capabilities, KYEC regularly reviews the ESG sustainability risks of the supply chain every year through the supplier sustainability risk assessment mechanism. The company's supplier sustainability risk assessment scope includes all suppliers (first-tier suppliers) that have business dealings with KYEC, and through processes such as key supplier identification and supplier corporate sustainability and social responsibility checklist, high sustainability risk suppliers are evaluated and identified. Suppliers with high sustainability risks will be listed as sustainability audit targets by the company to conduct due diligence and coach supply chain sustainability and risk management capabilities, so as to effectively mitigate, improve and prevent risks.

1. First-tier suppliers ●	Management mode
Scope: Include suppliers who are related directly or significantly to the service or process.	RBA code of conduct commitment letter
2. Key Suppliers ●	Management mode
For first-tier suppliers, identify key suppliers , including but not limited to the following: <ul style="list-style-type: none"> ● Annual transaction amount & attribute classification discrimination coefficient values 	RBA code of conduct commitment letter Supplier sustainability

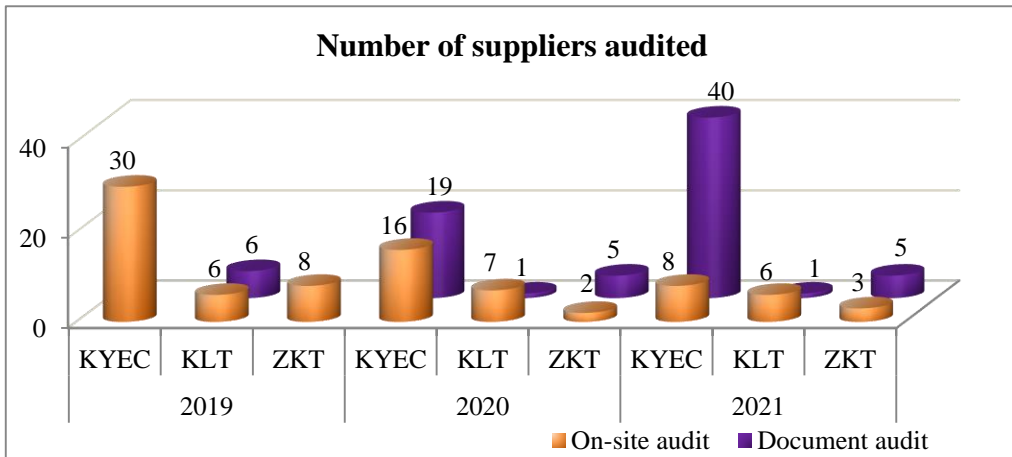
<ul style="list-style-type: none"> ● Only Source (No Alternative Supplier) <Major Supplier/Single Supplier> ● Others (for example: important business strategic partners of the company, important partners designated by customers) 	questionnaire
3. Key, high-risk suppliers ●	Management mode
For key suppliers, issue SAQ self-assessment questionnaires to identify supplier risks and conduct on-site audits for key & high-risk suppliers.	RBA Code of Conduct Commitment Letter Supplier sustainability questionnaire On-site audit

● **Supplier sustainability risk performance audits**

In 2021, there were 60 key suppliers audited (accounting for 10.3% of all suppliers). Due to the impact of the COVID-19 pandemic, 17 were audited on-site, and 46 were in writing. The scope of the sustainability audit covers Economic, Environmental, and Social, and combines five aspects of RBA, including Labor, Health & Safety, Environmental, Ethics, and Management System. An audit improvement report was issued for the unqualified matters found in the audit process, and the supplier was required to complete the risk remediation and mitigation measures within a time limit and review the effectiveness, and review the improvement implementation again in the next annual audit.

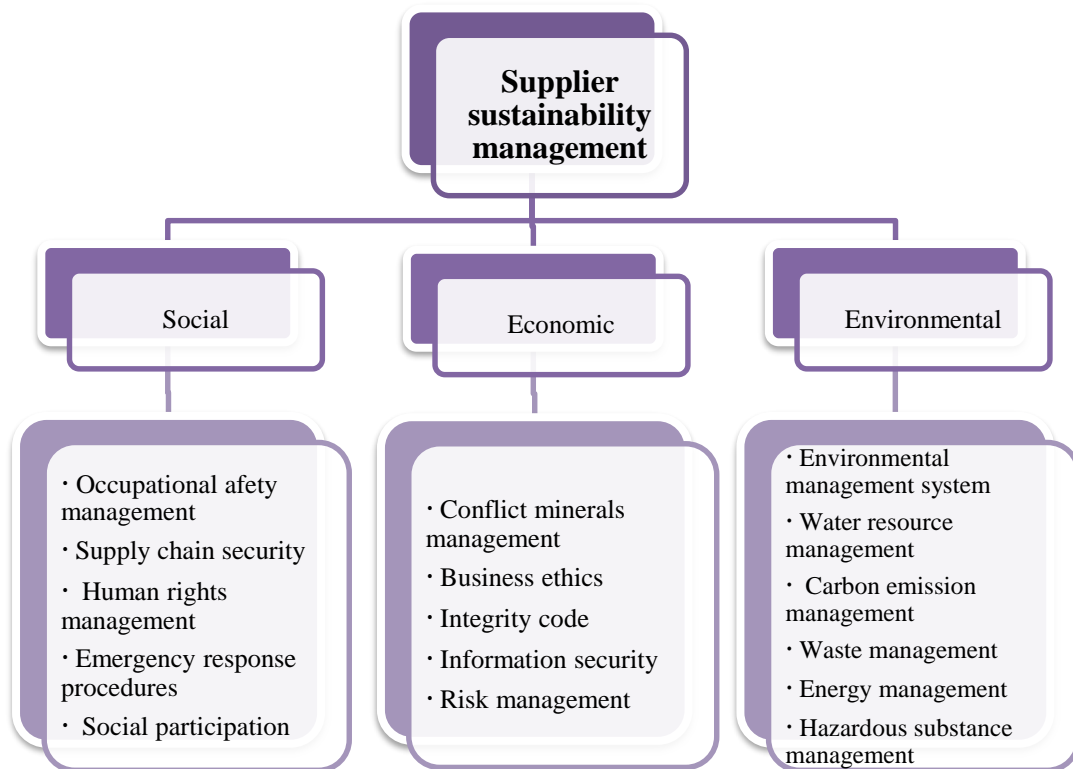
The findings of supplier audit in 2021 is mainly due to the lack of an identification mechanism for the sustainability-related regulations of the management system and the lack of RBA-related courses and publicity; KYEC conducts supplier communication and counseling for its shortcomings, and requires the establishment of a regulatory identification mechanism and the preparation of relevant courses. Suppliers have completed 100% improvement activities for their shortcomings within the deadline.

If there is a major abnormality in the supplier or there is a major impact on the Economic, Environmental, and Social society, KYEC may require the supplier to improve within a time limit, in addition to reporting its illegal activities. If the supplier fails to improve within the time limit, KYEC can exercise its right to terminate the contract. In the 2021 audit summary report of supplier sustainability risk, there was no audit result in the level of Failed or major abnormality or illegal behavior to terminate the cooperative relationship with KYEC.

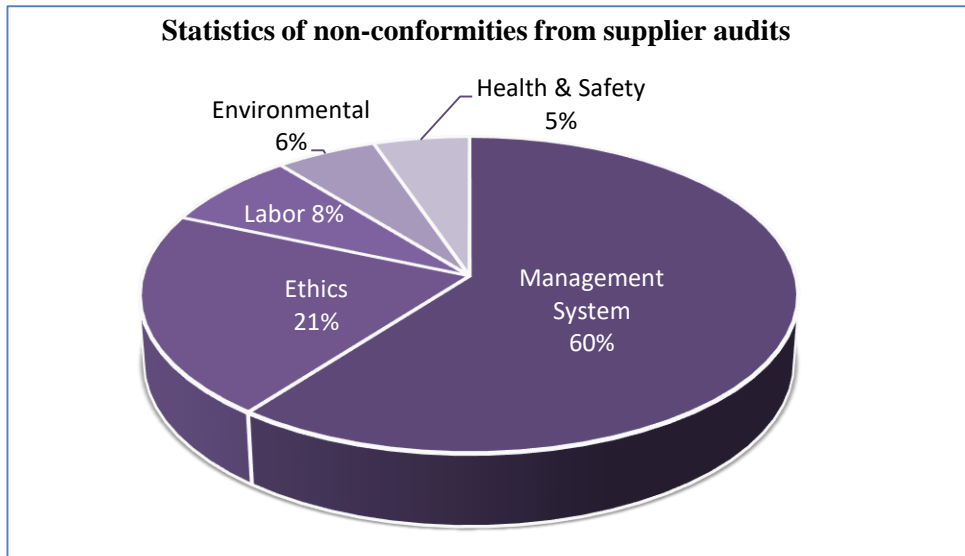


Note: The number of suppliers audited included existing key suppliers and new suppliers (3).

● Items covered by supplier sustainability audit



● Supplier Sustainability Risk Audit Results 2021



● 2021 Sustainability Audit Finding and Improvement

Sustainable management Classification	RBA Classification		Major Findings	Key Improvement Actions
Economic	Management system	Supplier Responsibilities	Labor and ethics related regulations are not enforced on a regular basis	Establish a list of laws and regulations where the operation is located, and monitor and update it on a regular basis
			Failure to communicate corporate social responsibility-related norms to employees	Establish a complete management procedure and regularly announce the RBA Code of Conduct
		Training	No RBA related courses have been established	Prepare RBA course related materials and implement training
		Communication	Don't know how well colleagues understand the RBA content	Strengthening education to enhance employees' awareness of RBA
		Company commitment	Labor and Ethical Risk Assessment/Management Procedures Incomplete	Require suppliers to incorporate labor and ethics risk assessments into management procedures
Social	Ethics	Privacy	Customer Confidential Information Protection Definition Incomplete	Relevant procedures are incorporated into the information protection mechanism
		Identity	No anonymous	Request to establish an anonymous

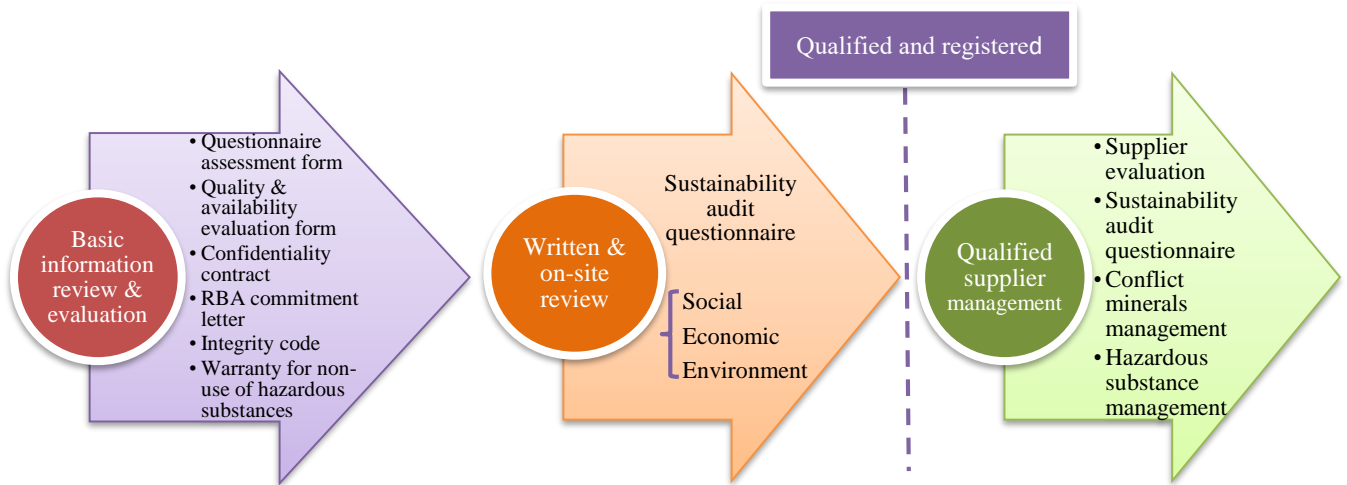
		protection and protection against retaliation	whistleblower channel and whistleblower identity protection mechanism	complaint/report channel
	Labor	Anti-discrimination and Anti-harassment	Resumes that contain discriminatory items such as gender, marriage, physique, etc.	Remove discriminatory words related to resume content
		Free association	Free association of employees is not included in the relevant procedural norms	Require the definition of free association of employees to be included in the code of conduct
	Health and Safety	Occupational safety	No hazard labels are posted on the machine	It is required that when a new machine enters the factory, the danger signs in both Chinese and English should be added
		Public Health and Room and Board	There is no water quality test record for the water dispenser	Establishment of Escherichia coli detection mechanism
Environmental	Environment	Hazardous Substance Management	Undisclosed Hazardous Substances Management Policy	Establishment of Environmental Hazardous Substances Management Manual

5.1.2 Sustainability risk assessment of new suppliers

KYEC carries out the selection of suppliers in accordance with the “Procurement Control Procedures”. For the evaluation and selection of suppliers, in addition to the evaluation items based on their quality, price, delivery time, and service, supplier risk management is also included in the important Selection criteria to ensure that suppliers meet sustainability management requirements.

Before cooperating with KYEC’s new suppliers, it is necessary to review and confirm the basic information, quality, process capability, emergency response capability, hazardous substance management, RBA management, conflict mineral management, etc. Then a sustainability risk audit is carried out to assess whether the management of the new supplier’s social, environmental, and economic aspects really meets KYEC’s requirements.

Three new suppliers were added in 2021. The main shortcomings of the sustainable risk audit were the management system and health and safety aspects. All the deficiencies and improvements had been 100% answered and reviewed within the deadline, and they have been included in the ranks of qualified suppliers.



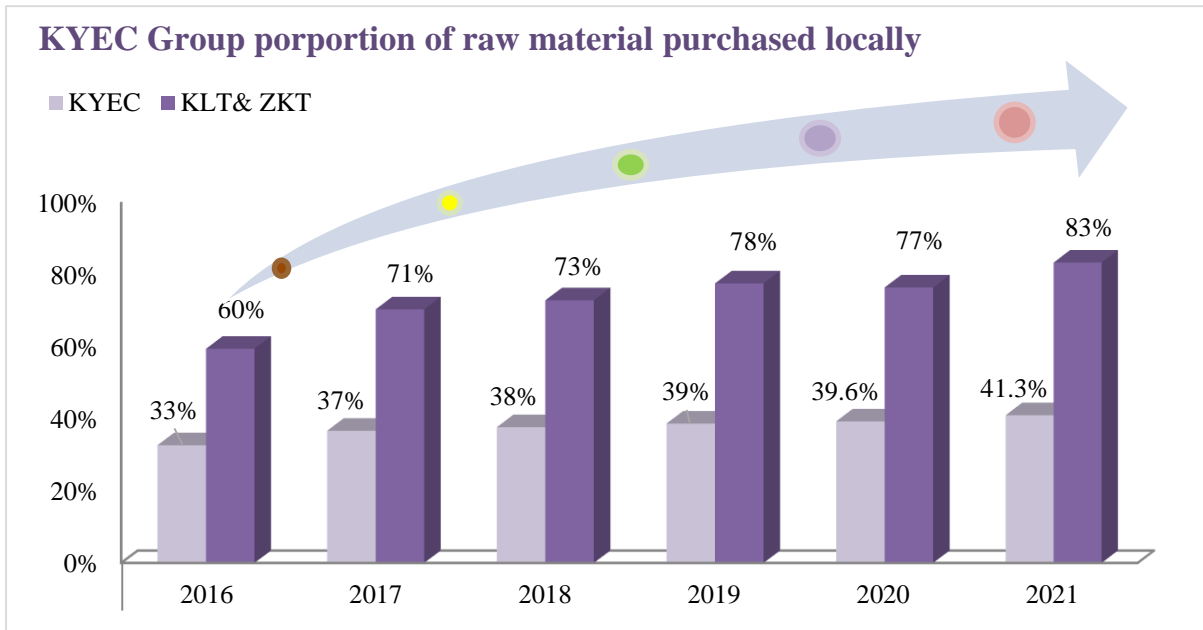
5.1.3 Local Procurement

KYEC is committed to maintaining long-term cooperative relationships with domestic or foreign suppliers and jointly establishing a stable and sustainable supply chain. In addition to taking into account the quality, delivery time and price of suppliers' products, suppliers are also urged to protect the environment, improve safety and hygiene, attach importance to human rights, jointly fulfill corporate social responsibilities, and make risk management and business continuity plans.

KYEC continues actively to promote the localization of production and procurement, promises to support local procurement, and attaches great importance to the economic development of suppliers in Taiwan and mainland China (where the production base are located). In addition to reducing transportation costs, reducing carbon emissions, and diversifying risks, and hope to support the creation of employment opportunities in the local industries.

In the future, we will continue to support local companies in Taiwan and mainland China and encourage foreign companies to set up factories in Taiwan, to jointly reduce production costs and risks and improve competitive advantages.

In addition to constantly improving localized procurement and quality improvement goals, in the future, we will further promote close cooperation with suppliers, introduce alternative materials from other manufacturing locations, and reduce the risk of material shortages caused by natural disasters or force majeure due to raw materials from a single manufacturing location.



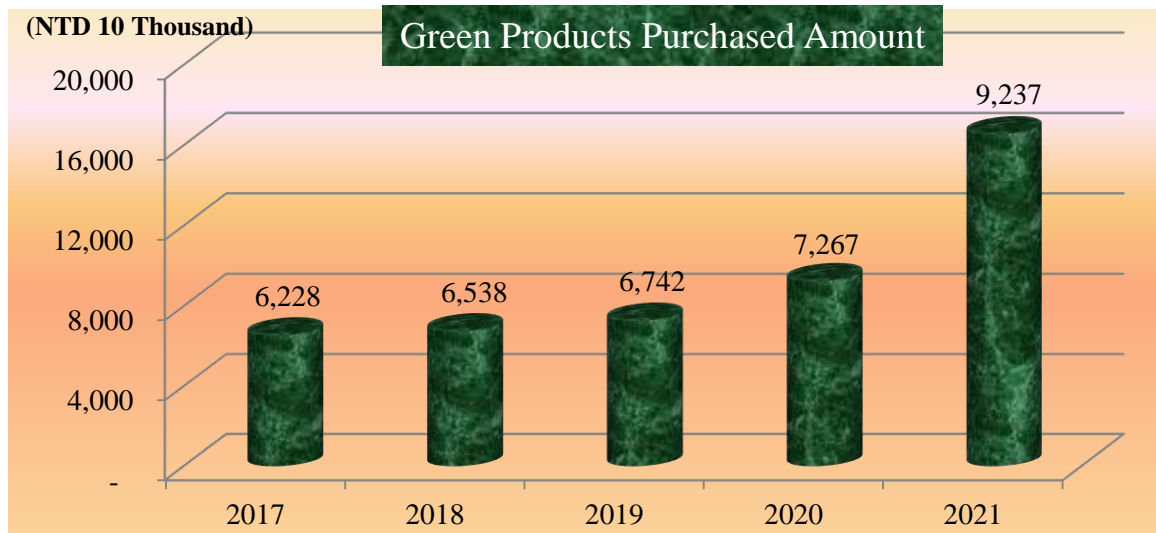
Note 1: Local procurement means that the raw material production/manufacturing place is located in the same country as KYEC Group.

Note 2: It is disclosed in proportion to the actual transaction amount of the current year.

5.1.4 Green procurement

In order to carry out corporate social responsibility and respond to environmental protection, KYEC is committed to promoting green procurement. Priority is given to products that are energy-saving, low-pollution, and certified with environmental protection labels.

For business supplies and packaging materials, the first and second types of environmental protection labels or FSC (Forest Stewardship Council) sustainable forestry labels, or PEFC (Pan European Forest Certification) label products are preferentially purchased. The equipment or projects involving energy consumption have been designed from the source or products that can reduce energy consumption and comply with green environmental protection regulations have been preferentially purchased. For example, power-saving equipment, water-saving facilities, and energy-saving equipment with energy-saving labels, water-saving labels, and green building materials labels are the first choices for procurement.



In order to fulfill the responsibility of global citizens, the company actively cooperates with and participates in the ranks of green procurement. At present, in addition to purchasing products with environmental protection labels that have been certified by the government, we also take factors such as power saving, operating efficiency, water saving, and service life into consideration when purchasing equipment and promoting related improvement projects. Therefore, the green procurement defined by the company refers to procurement cases such as “energy saving, carbon reduction, waste reduction, and environmental impact reduction products, technologies, and services”. The green procurement principles recognized by the company are:

- (1) Green products certified by the government, such as products with environmental protection labels, energy saving, and water saving.
- (2) Products that comply with the relevant regulations of foreign governments (such as EU RoHS, WEEE regulations, etc.), or products that have been approved for the use of environmental protection labels.
- (3) Require equipment suppliers to consider water saving, power saving, and consumables saving when designing production equipment. After completing the installation, each equipment manufacturer should confirm that the energy performance of the relevant equipment operation is in line with or better than the purchase contract.

Cooperate with the company’s environmental protection policy, simultaneously carry out green procurement promotion in the supply chain, integrate the green supply chain to serve customers, align with the long-term concerns of international organizations, we hope to contribute to the sustainability of the ecosystem, and reduce the serious impact of forest destruction and biodiversity loss on the ecosystem.

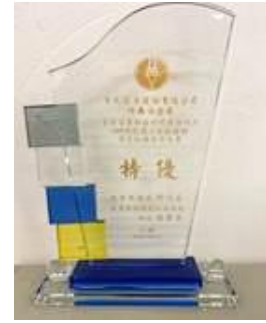
● Glory and affirmation



Provincial Green Factory



Environmental Protection Administration, Executive Yuan - Green Procurement "Excellence Award"



Environmental Protection Bureau, Miaoli County - Green Procurement "Premium Award"



5.1.5 Hazardous substance management

In order to enhance the quality and comply with the limit of hazardous substances, fluorescent light (X-ray Fluorescence spectroscopy) is used according to the material type, and the quality of the incoming materials of suppliers is regularly inspected. The total number of inspections in 2021 was 1,495, and the completion rate was 100%. With the third-party test report of the material provided by the supplier, the double-track system is used to review its compliance and practice green monitoring. For the replacement or reduction of hazardous substances, in addition to complying with international standards, the feedback from stakeholders is considered in parallel, annual goals are set, PDCA steps are used for monitoring and review, and performance is disclosed and demonstrated in the company's high-level management review report.

HAZARDOUS SUBSTANCES MANAGEMENT POLICY



- **Hazardous substance monitoring**

In order to enhance the quality and comply with the limit of hazardous substances, fluorescent light (X-ray Fluorescence spectroscopy) is used according to the material type, and the quality of the incoming materials of suppliers is regularly inspected. The total number of inspections in 2021 was 1,495, and the completion rate was 100%. With the third-party test report of the material provided by the supplier, the double-track system is used to review its compliance and practice green monitoring. For the replacement or reduction of hazardous substances, in addition to complying with international standards, the feedback from stakeholders is considered in parallel, annual goals are set, PDCA steps are used for monitoring and review, and performance is disclosed and demonstrated in the company's high-level management review report.

5.2 Conflict Minerals Management

5.2.1 Procurement Policy for Non-use of Conflict Minerals of KYEC Group

- (1) Conflict minerals sourced from certified conflict-free areas, non-high-risk areas (CAHRAs), non-DRC and neighboring countries
- (2) Request suppliers, in their upstream and downstream supply chains, to comply with the requirements of not using conflict minerals and make a declaration of not using conflict minerals

5.2.2 Commitment for Non-use of Conflict Minerals of KYEC Group

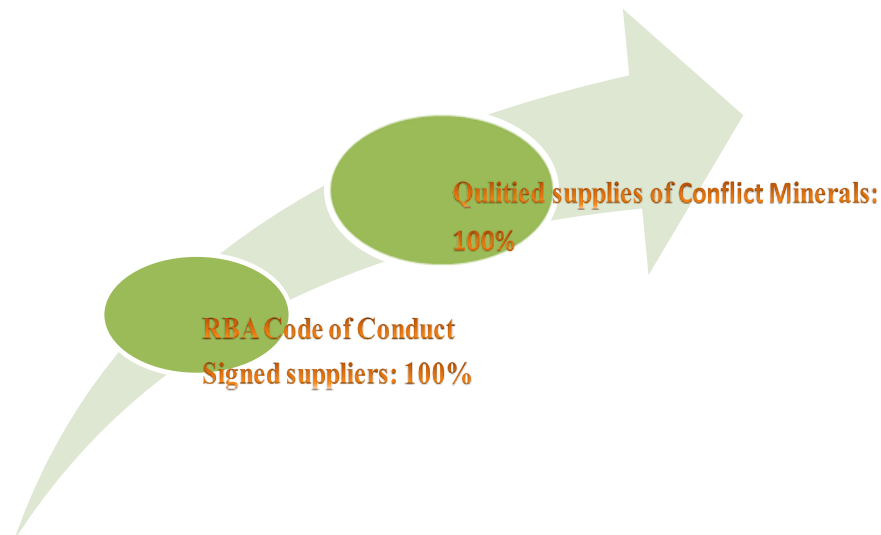
To safeguard the human rights, health, and environmental resources of employees in material production areas. We promise that the products and production processes delivered to customers include but are not limited to tantalum (Ta), tin (Sn), tungsten (W), gold (Au), cobalt (Co), and mica (Mica). The source's raw material suppliers do not purchase directly or indirectly from illegal mines in conflict areas and high-risk areas (CAHRAs).

KYEC also promises to perform due diligence on conflict minerals in the supply chain and actively eliminate conflict minerals in the supply chain, and at the same time communicate this issue to all suppliers to follow.

5.2.3 procurement target for Non-use of Conflict Minerals

Item	Target Project	Final Target
1	Conflict Minerals Management: Conflict-Free products	100%

Every year, suppliers must complete their report template in the industry's standard format (like CMRT) to report information related to conflict minerals. The reports should demonstrate that if the products delivered to KYEC and the production processes involve (but are not limited to) Ta, Sn, W, Au, Co, and Mica, these minerals came from smelters and refiners that meet RMAP standards. KYEC identified 150 smelters according to the investigations, and 100% of their sources are smelters and refiners that meet RMAP standards.



5.3 Supplier Communication

5.3.1 Education and training

KYEC expects to continue to strive for sustainable development with its suppliers. KYEC conducts RBA education and training for procurement personnel at least once a year on a regular basis, which covers environmental and social aspects such as labor, health and safety, environment, ethics, and management systems. In order to publicize the concept of KYEC's sustainable development, thereby enhancing the sustainable capabilities of both parties and reducing operational risks, we also provide the latest version of the RBA Code of Conduct to suppliers every year. Affected by the COVID-19 pandemic in 2021, training materials and key topics were promoted by e-mail. Suppliers must comply with the RBA Code of Conduct for labor, health and safety, environment, ethics, and management systems.

Once again passed KYEC's requirements and expectations on conflict minerals to suppliers.

- 100% completion rate of supplier training in 2021
- 100% completion rate of procurement training in 2021

In 2022, KYEC implemented online supplier education and training to strengthen the promotion of corporate governance, environmental and social issues, and other ESG sustainability issues, including but not limited to: quality/green products/industrial safety/information security/BCP/KYEC human rights policy/ KYEC Supplier Code of Conduct Description / ESG Supply Chain Management and other projects publicity.

5.3.2 Grievance mechanisms

All KYEC suppliers have signed the “Supplier Integrity Code” to implement the establishment of good cooperative relations. And based on the spirit of humanism, we have established an open complaint channel on the company’s official website:

https://ewc.kyec.com.tw/Page/Questionnaire_Dynamic_External?S_ID=1440&LANGUAGE=EN(A Reporting System for Compliance with Business Conduct and Ethics), to provide suppliers, contractors, and their labor protection measures to promote a more friendly and inclusive workplace in the supply chain. KYEC promotes this open grievance channel to suppliers/contractors and their workers through annual education and training, so that suppliers/contractors and their workers can anonymously express any opinions or doubts on workplace-related matters through the grievance channel.

We promise to keep the identity of the complainant and the content of the complaint confidential, and not to unfairly treat or retaliate against suppliers/contractors and their workers due to reporting or grievance behavior, to ensure the independence and confidentiality of the complainant.

In 2021, no suppliers, contractors and their workers had filed complaints through the KYEC public reporting system.

- Grievance handling procedures



5.4 Green Logistics

KYEC owns the largest product distribution fleet among all domestic industries, which have the most impact on the environment on waste gas emission and resource use during transport. In view of this, KYEC started taking active measures in GPS control over delivery vehicles in 2005 and advocated for the significance of idleness on the environment in 2013, informing the correct driving method that can save fuel costs, reduce packaging materials and recycling for supply chain, to gradually reduce adverse impact of logistics operations on the environment.



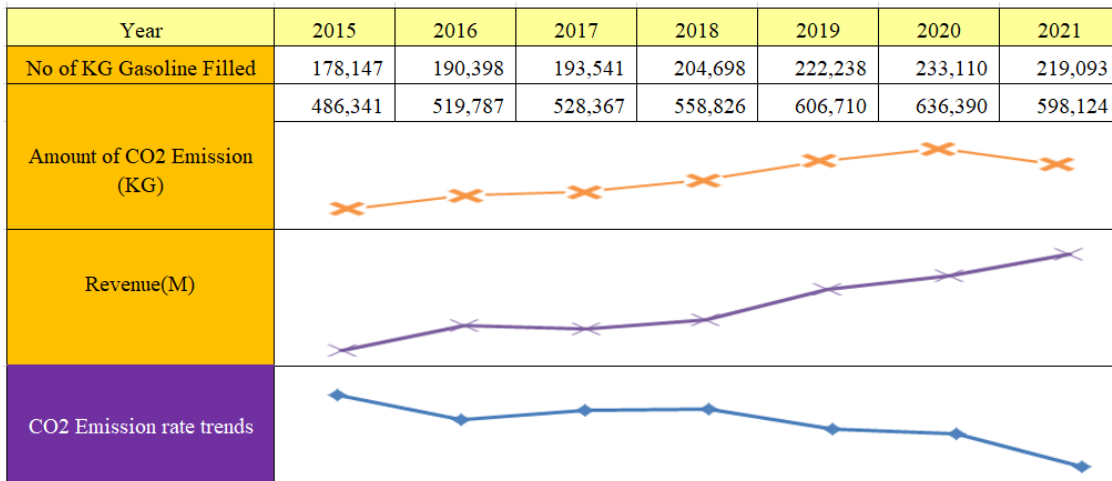
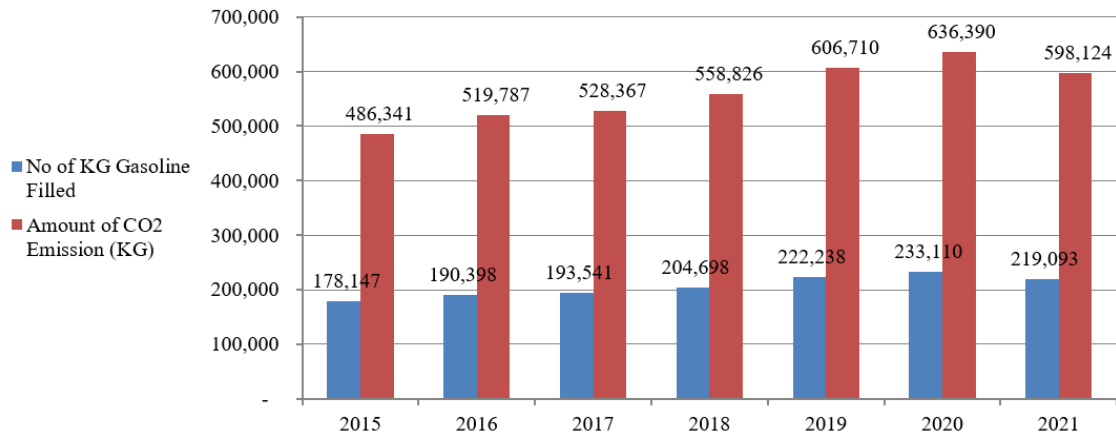
5.4.1 Optimizing Pickup/Delivery Routes

KYEC improves transport efficiency, reduce transportation miscellaneous costs and cost wastes of unnecessary routes through rational design of vehicle routes, which effectively resolve the chaos of transport movement and mitigates traffic congestion to attain the social benefits of environmental protection.

5.4.2 Idle and Fuel Statistics

The management division reviews the monthly fuel costs and idle status in addition to reviewing the best routes with integrated number of shifts and adjustment of vehicle schedule, in order to reduce the number of shifts and fuel costs, reduce CO2 emission, and thereby reducing impact on the environment. The 2021 CO2 emission was increased by 38,266KG, up 6%.

CO2 Emission



Note: The carbon emission factor is based on the “EPA Greenhouse Gas Emission Factor Management Table Version 6.0.4”

● GPS Control Delivering Vehicles

GPS allows the coordinators to control the routes of vehicles and the temporarily additional pickup operation in order to notify drives immediately for avoidance of repeated shifts and saving fuel costs.

編號	駕駛員/持有者	分類	回傳時間	定位位置	車況/現況
4239-B8	羅俊翔	3.5噸小貨車	2022/04/12 16:11:43	新竹縣寶山鄉【國3】99公里	🟢發動,停止狀態
619-Y7	林智祥	10.5噸中貨車	2022/04/12 14:46:07	苗栗縣竹南鎮頂埔里中華路174號【京元電子中華一廠】附近72公尺	🔴熄火
756-WF	李本全	交通車	2022/04/12 09:43:32	苗栗縣銅鑼鄉銅科北路【京元銅鑼廠】附近109公尺	🔴熄火
AAJ-682	陳文龍1	10.5噸中貨車	2022/04/12 16:11:50	台中市大雅區科雅路【華邦六廠(警衛室)】附近93公尺	🟢發動,停止狀態
ABN-2539	黃守賢	3.5噸小貨車	2022/04/12 16:11:49	苗栗縣竹南鎮大埔里公義路1262-5號	🚗10 km/h 向西南
ABN-2550	林賢政	3.5噸小貨車	2022/04/12 16:11:54	苗栗縣頭份市下興里山下13號【雜店】附近39公尺	🚗54 km/h 向東北
ABN-2551	朱振輝	3.5噸小貨車	2022/04/12 16:01:16	苗栗縣銅鑼鄉銅科北路【京元銅鑼廠】附近40公尺	🔴熄火
AFN-9950	銅鑼-公務車	客貨車	2022/04/12 15:51:43	[前次定位] 15:51 苗栗縣竹南鎮中華路78巷29弄【京元電子中華一廠】附近137公尺	🔴熄火
AJN-8032	劉承彥	3.5噸小貨車	2022/04/12 16:11:51	新竹縣寶山鄉新竹系統交流道	🚗66 km/h 向西北
APT-2171	林銘璋1	3.5噸小貨車	2022/04/12 16:11:48	新竹縣新豐鄉新豐村新和路92號【權源光電股份有限公司】附近32公尺	🟢發動,停止狀態
AUC-7259	葉能寬	3.5噸小貨車	2022/04/12 15:38:21	苗栗縣竹南鎮頂埔里中華路146號【京元電子股份有限公司(竹南分公司)】附近23公尺	🔴熄火

● GPS Controlling Idleness in Delivering Vehicles

The management shall explain the importance of idleness for environmental impact to all drivers each month, informing them of correct driving methods to save fuel costs and monitoring the idleness in vehicles via GPS.

[班別A] 時間 2022/04/12 07:00 ~ 2022/04/12 20:00 怠速停留 3 分鐘以上 或 熄火停留 3 分鐘以上

日期	時間	位置 / 狀態	里程	開車(含怠速)	怠速管理	熄火管理
	07:26	出車: 苗栗縣竹南鎮頂埔里中華路146號【京元電子中華一廠】附近28公尺				
	07:26 - 07:31	苗栗縣竹南鎮頂埔里中華路146號【京元電子股份有限公司(竹南分公司)】附近25公尺			5分	
	07:32 - 07:51	苗栗縣竹南鎮頂埔里中華路146號【京元電子中華一廠】附近28公尺				19分
	07:51 - 07:57	苗栗縣竹南鎮頂埔里中華路154號【京元電子股份有限公司(竹南分公司)】附近28公尺			6分	
	07:57 - 08:04	苗栗縣竹南鎮頂埔里中華路154號【京元電子股份有限公司(竹南分公司)】附近28公尺				7分
	08:04 - 08:05	苗栗縣竹南鎮頂埔里中華路154號【京元電子股份有限公司(竹南分公司)】附近28公尺	0公里	1分		
	08:05 - 09:03	苗栗縣竹南鎮頂埔里中華路154號【京元電子股份有限公司(竹南分公司)】附近28公尺				58分
	09:03 - 09:12	苗栗縣竹南鎮頂埔里中華路154號【京元電子股份有限公司(竹南分公司)】附近28公尺			9分	
	09:12 - 09:13	苗栗縣竹南鎮中華路78巷29弄	0.28公里	1分		
	09:13 - 09:22	苗栗縣竹南鎮中華路78巷29弄				9分
	09:22 - 09:25	苗栗縣竹南鎮頂埔里中華路176號【京元電子中華一廠】附近54公尺	0.75公里	3分		
	09:25 - 09:59	苗栗縣竹南鎮頂埔里中華路176號【京元電子中華一廠】附近54公尺				34分
	09:59 - 10:25	新竹縣竹北市隘口里文興路二段150號【華邦四】附近19公尺	22.96公里	26分		

6. Environmental Management

As a part of the world, KYEC Group dedicates itself to environmental protection, energy-saving, and pollution prevention. We also formulated environmental policies as references, which are all published on our website (<https://www.kyec.com.tw/zh-tw/Policy>). Currently, all KYEC Group's production bases worldwide have been certified by ISO 14001 system. In the future, we plan to accredit more environmental management-related systems through ISO 14064 and ISO 50001 (as follows). We will keep improving our management systems following the PDCA cycle and enhance their performance. We have high hope to contribute to global environmental protection.

Description of the plant coverage for the environmental management system						
Management System	KYEC					Coverage
	Hsinchu Factory	Chu Nan Factory	Tungluo Factory	KLT	ZKT	
ISO 14001 Environmental management system	V	V	V	V	V	100%
ISO 14064 Greenhouse gas inventory	V	V	V	V	V	100%
ISO 50001 Energy management system		V	V	V		60%

Note 1 : The ISO 50001 Energy Management System is expected to include the KYEC Hsinchu factory in the scope of verification and to complete the verification in October 2022.

Note 2 : ZKT & KLT share a common public system, so the ISO 14064 data included in KLT for calculation.

6.1 Energy consumption and Management

6.1.1 Energy usage

In 2021, the total energy consumption used by KYEC Group was 757,784 MWh, of which electricity accounted for about 99.8%; diesel boiler and steam boiler consumption only accounted for 0.2%. Electricity is the primary energy source for process manufacturing equipment and plant systems; diesel boilers were used in the KLT & ZKT plant area in winter to burn diesel fuel to produce hot water, as well as emergency generators in case of emergencies, power outages, or annual maintenance. Steam boilers were also used for the production of hot water by the boilers in the KLT & ZKT plant area. The original design was that diesel boilers were completely replaced by steam boilers, but the heat exchange of steam boilers was insufficient, so diesel boilers were used in 2021. The second phase of steam boilers has been expanded and started running in January 2022.

Description of energy use in the plant area				
Year \ Energy Type (MWh)	Power	Diesel	Steam	Total
2021	756,304	1,473	7	757,784
2020	696,856	1,155	2	698,013
2019	636,841	838	-	637,679

Note 1 : Steam is only used by KLT & ZKT, so the heating value is calculated by Chinese units - 1 ton

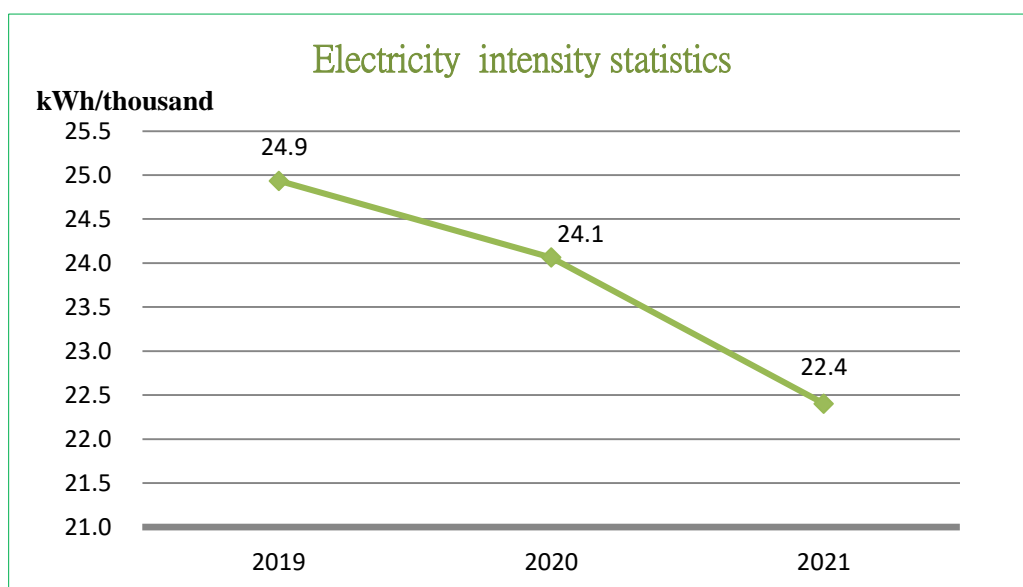
of steam equals 0.7 kWh.

Note 2 : The steam is purchased.

Note 3 : The heating value of diesel fuel is calculated by the units announced by the Bureau of Energy of Taiwan (Announced on 2021/6/30) 1 liter of diesel fuel equals 9.8 kWh.

Note 4 : The scope of results includes: KYEC Hsinchu, Chu Nan, Tungluo and KLT/ZKT

Electricity is the primary energy used by KYEC. With the growth of KYEC's operations, in 2021, the power consumption of various plants in Taiwan, Jinglong, and Zhenkun was 760 million kWh, an increase of 8.5% compared with that in 2020, mainly due to the expansion of production in the new plant. With the goal of enterprise growth and sustainable development, KYEC continues to promote power conservation projects in various factories, improve energy efficiency, and reduce the environmental impact caused by operational growth. The electricity intensity has been decreasing year by year, with a decrease of 6.9% compared with that in 2020.



Note 1 : The scope of results includes: KYEC Hsinchu, Chu Nan, Tungluo and KLT/ZKT

Note 2 : Electricity intensity = Electricity consumption (MWh)/KYEC Group revenue (hundred million) in terms of NTD

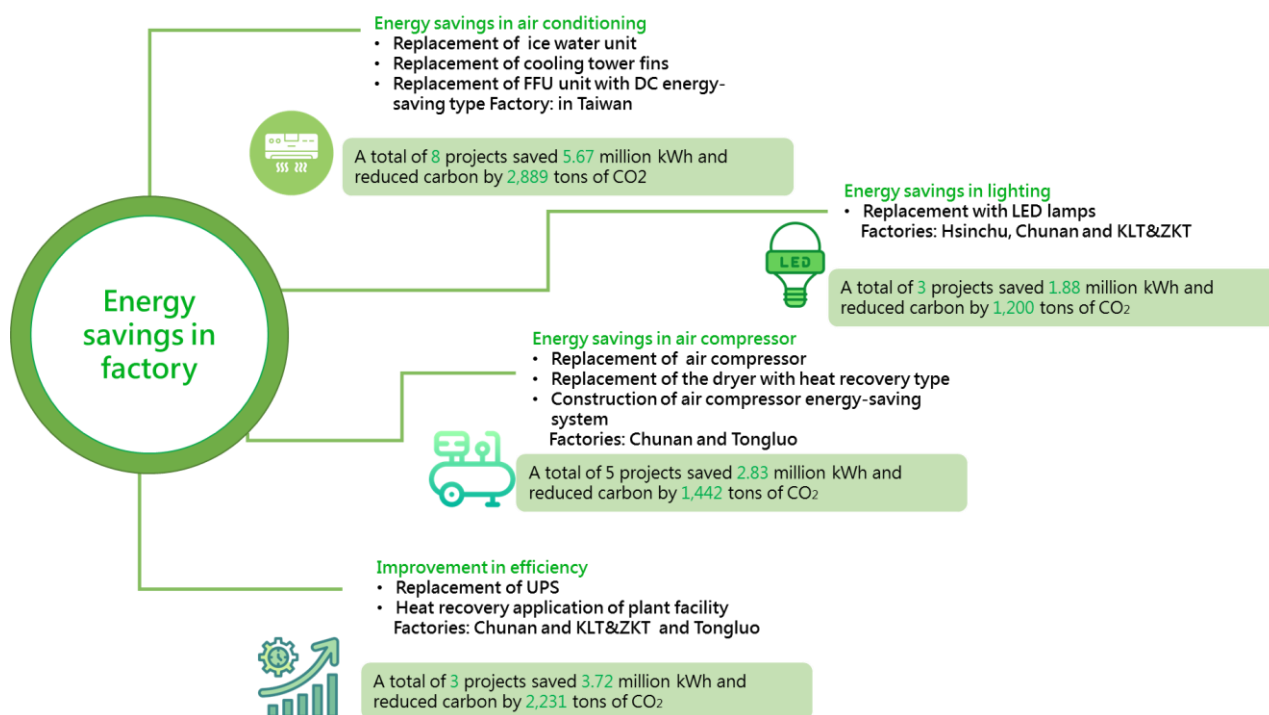
Note 3 : Diesel and steam were not used in the production of products and were not included in the calculation

6.1.2 Energy management and auditing

As KYEC grows, it also brings huge energy usage. Electricity usage in 2021 increased by at least 8.5% compared to 2020, which highlights the importance of energy management; establish an energy management system to constantly improve energy performance, including energy efficiency, energy use, and energy consumption. In 2021, KYEC Zhunan Factory, Tongluo Factory, and Jinglong Factory continued to conduct ISO 50001 energy management system audits and third-party verification. The system coverage rate was 60%. In 2022, the ISO 50001 energy management system audits included the Hsinchu factory in the inspection scope, increasing the coverage rate to 80%.

6.1.3 Energy-Saving Project and Benefits

In the face of the worsening extreme climate, KYEC may face disasters and business losses caused by climate change at any time. Energy saving and carbon reduction have always been a topic that KYEC attaches great importance. It is our goal of continuous efforts and our responsibility. Every year, KYEC identifies major energy use and equipment with improved energy performance according to the ISO 50001 management system, and gives priority to energy-saving programs. For example, the replacement of plant equipment for major energy use, such as the old chiller and air compressor unit with poor energy efficiency; or equipment with opportunities for improvement, such as the replacement of T8 lamps with LED lamps, the setting of induction lamps in areas where people do not often move around, and the application of heat recovery units. In addition to the improvement of existing facilities, in the design and procurement stage, priority has been given to selecting high-efficiency or heat-recovery models, using high-efficiency rotating motors, and prioritizing the procurement of products with energy-saving technologies. In 2021, KYEC increased energy-saving measures and comprehensively promoted energy-saving measures. Nineteen power-saving measures in four categories has been implemented in each plant area. The power-saving measures covered air pressure energy saving, air-conditioning energy saving, lighting energy saving and efficiency improvement. The electricity saving was 14.1 million kWh, which is equivalent to a reduction of 7,762 tons of carbon dioxide emissions.



Note 1 : The scope of results includes: KYEC Hsinchu, Chu Nan, Tongluo and KLT/ZKT

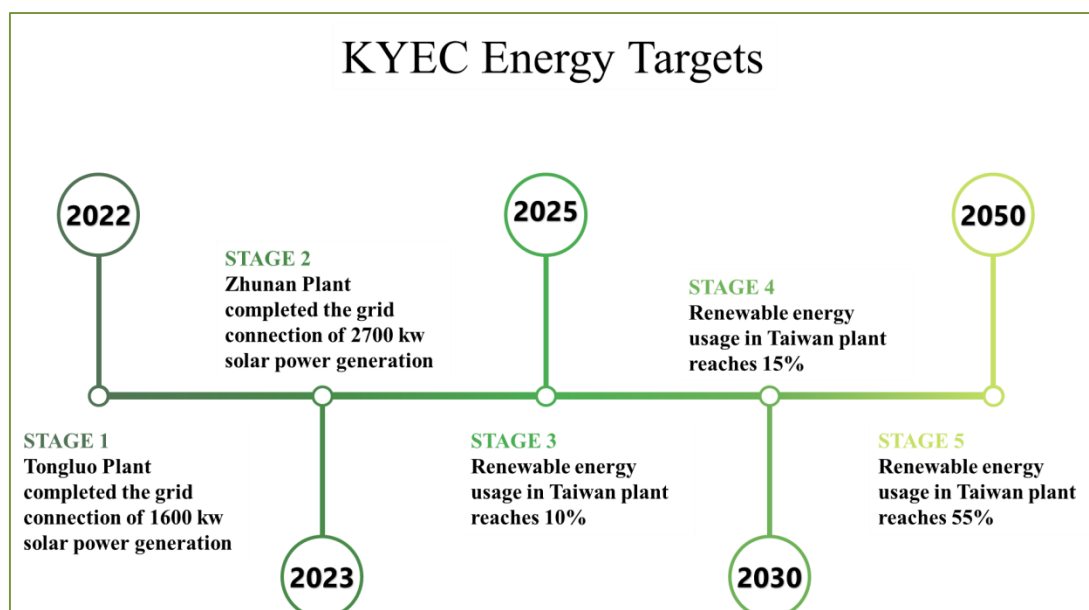
Note 2 : CO₂ emission factor for electricity in Taiwan reached 0.509 kg/kWh (announcement of the Bureau of Energy in 2020); CO₂ emission factor for electricity in China reached 0.7921 kg/kWh (Announcement of the State Grid Corporation of China in 2019)

6.1.4 Energy resource management and renewable energy targets

In 2022, KYEC started the purchase and installation of renewable energy plans. In the future, it will continue to promote energy performance improvement, improve energy efficiency, plan various energy-saving projects, set a 1% electricity saving target, and fulfill its social responsibility for environmental protection.

Renewable energy installation plan: It is planned to build 5,249KW of solar panels in Zhunan Plant and Tongluo Plant, and the installation is expected to be completed before the end of 2023. It is estimated that it will generate 8,928,980 KWH of annual power generation, and it is expected to reduce carbon dioxide by 4,482 tons of CO₂ emissions.

Renewable energy purchase plan: The short-term goal is to reach 10% of the contracted capacity of Taiwan Power Co. by 2025 in KYEC's Zhunan Plant and Tongluo Plant, and the long-term goal is to convert 55% of KYEC's electricity sources to renewable energy in 2050 to achieve carbon neutrality.



6.2 Greenhouse gas emission and management

In response to the Kyoto Protocol and the Paris Agreement, the orientation and measures for greenhouse gas reduction have become growingly specific internationally since 1997. Taking responsibility for environmental protection, KYEC provides qualitative and quantitative analyses for all kinds of pollutants in the environment. Although greenhouse gases are not pollutants, they will cause incalculable damage to the environment over time. Climate change, social environment, and business philosophy are closely related. For KYEC's environmental protection and sustainable development mission, we established the ISO 14064-1 greenhouse gas inventory system in 2006 and plan to introduce SBT science-based carbon reduction targets in 2023, to achieve our greenhouse gas reduction targets with annual inventory and energy-saving measures.

To effectively manage the emission source of greenhouse gases, we set our operational boundary following the suggestions of ISO 14064-1 and the Greenhouse Gas Inventory Protocol. We identified operational greenhouse gas emissions, classified direct and indirect emissions, identified the type and source of greenhouse gases that may be generated within the operational scope, and passed the inspection from external certification bodies (SGS).

6.2.1 Greenhouse Gas Inventory

The scope of KYEC Group's greenhouse gas verification covers Taiwan and mainland China factories. The Taiwan factories and China factories were verified in accordance with ISO14064-2018. The data of the two factories were verified by SGS, an impartial third party.

In 2021, a total of 484,868 tons of CO₂ was emitted, with category 1 accounting for about 1.5%, category 2 accounting for about 84%, and categories 3-6 accounting for about 14.6%.

The main emission source was the usage of purchased electricity. In terms of percentage, the main greenhouse gas emission source for our company was purchased electricity. The total emission in 2021 increased 29,169 tCO₂e (about 6.40%) compared to 2020, but the emission intensity decreased about

8.73% from 1,573.60 (tCO₂e/hundred million NTD revenue) in 2020 to 1,436.26 in 2021.

2019~2021 GHG inventory categories analysis			(tCO ₂ e)
Emission Type	2019	2020	2021
Categories 1	2,502	4,543	7,111
Categories 2	355,637	379,768	407,079
Categories 3~6	-	71,387	70,678
Total	358,140	455,699	484,868

Note 1 : 2019~2021 greenhouse gas emissions calculation included all KYEC's production bases worldwide (including Taiwanese plants and China subsidiaries KLT&ZKT, contributing 100% of KYEC Group's revenue)

Note 2 : Categories 1 :

KYEC: The stationary source/moving source/fugitive source emission factor is according to the Greenhouse Gas Emission Factor Management Table Version 6.0.4 announced by Environmental Protection Administration, Executive Yuan.

KLT&ZKT inventory standards: Guidelines on the preparation of province-level greenhouse gas inventories, ISO14064-1, 2018 IPCC Guidelines for National Greenhouse Gas Inventories

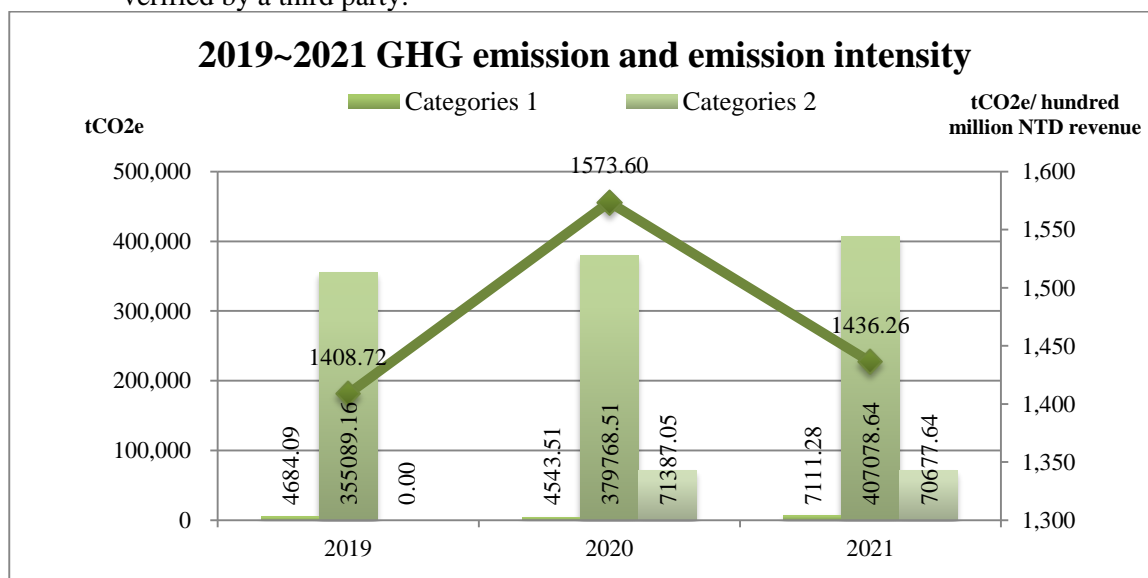
Note 3 : Categories 2 : Mainly purchased electricity

KYEC: The emission factor is according to the 2020 electricity emission factor announced by Environmental Protection Administration, Executive Yuan (0.509 kg CO₂e/kWh).

KLT&ZKT: The emission factor is according to the 2012 China's regional grid average CO₂ emission factors and the electricity emission factor from the data of East China Power Grid (0.7035 kg CO₂e/kWh).

Note 4 : For KLT & ZKT, 2019-2020 categories 1 to 2 greenhouse gas emission data was self-inspected before verifications from a third party.

Note 5 : For KYEC plants, 2019-2020 categories 1 to 6 greenhouse gas emission data was self-inspected before verifications from a third party. The 2020 Scope 3 greenhouse gas emission data was verified by a third party.



Every year, we conduct regular inventories of Categories-1&2 greenhouse gases within our organizational scope for reduction. From 2021, KYEC's factories in Taiwan have increased the verified data of categories 3 to 6, an impartial third party has verified it, and the verified items will be expanded year by year.

2021 Categories 3~6 GHG emission			
Emission source	(tCO ₂ e)	Calculation factor reference	Reduction strategy
Employee commuting	3,933	Product carbon footprint database from the Environmental Protection Administration (Carbon emission generated from raw material transportation)	Promote the use of public transport
Purchased goods and services	58,879	Product carbon footprint database from the Environmental Protection Administration (Carbon emission generated from raw material production)	Implementation of energy saving and carbon reduction projects
Waste disposal	1,829	Product carbon footprint database from the Environmental Protection Administration (Carbon emission generated from waste disposal)	Reduce waste output Waste resourcezation
Packaging materials	6,037	Product carbon footprint database from the Environmental Protection Administration (Carbon emission generated from packaging material production)	Priority procurement of low-carbon raw materials
Total	70,678		

Note 1 : KYEC's verified data for categories 3 to 6 only includes the data of the Taiwan factories.

6.2.2 Air pollution prevention

The deteriorating air pollution problem recently resulted in severe climate change and serious damage to human respiratory health. The air pollution in Taiwan is mainly caused by particulate and gaseous pollutants generated from economic activities. Since KYEC plants are primarily for testing processes, no air pollution control equipment is required.

The exhaust emissions from KLT's iron ring cutting, grinding/wiping processes and ZKT's oil printing/screen cleaning processes are treated by air pollution control equipment through photocatalytic procedures. KLT also uses boilers. The pollutant emission data during 2019-2021 are as follows:

2019~2021 KLT&ZKT air pollutant emission statistics (ton/Year)			
Pollutant Type	2019	2020	2021
VOCs	0.167	0.035	0.00436

SOx	-	0.04968	0.053
NOx	-	0.4536	0.036
Particulate Pollutants	-	0.007344	0.01

Note 1 : No installation of pollution control equipment is required for processes in KYEC plants.

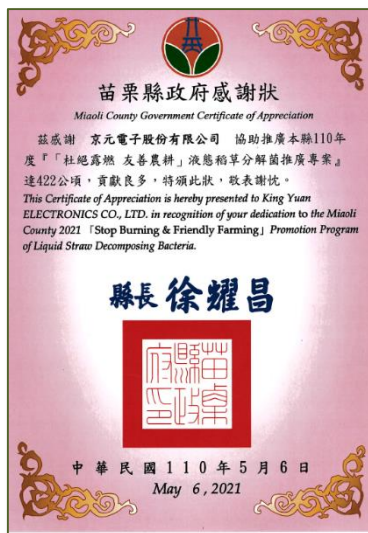
Note 2 : KLT&ZKT shares the same pollution control equipment

Note 3 : In 2019, KLT only tested the Lingeman blackness of the diesel fuel boilers. Since 2020, SOx, NOx, and particulate pollutants are all tested.

Annual emission = Boiler operating time * Average measurement value

Note 4 : KLT data is the data after the registration and review of the ecological environmental statistics business system.

In 2020, KYEC responded to the Miaoli County Environmental Protection Bureau’s “Eliminate open burning & friendly farming” -- liquid straw decomposition bacteria promotion activity, hoping to reduce farmers’ open burning of straw to reduce the harm of air pollutants to the human body. The total subsidy area was 422 hectares, which reduced 3,798 tons of CO2 emissions, and hoped to contribute to the improvement of air quality together.



6.2.3 Challenges and Opportunities of Natural Disasters and Climate Change

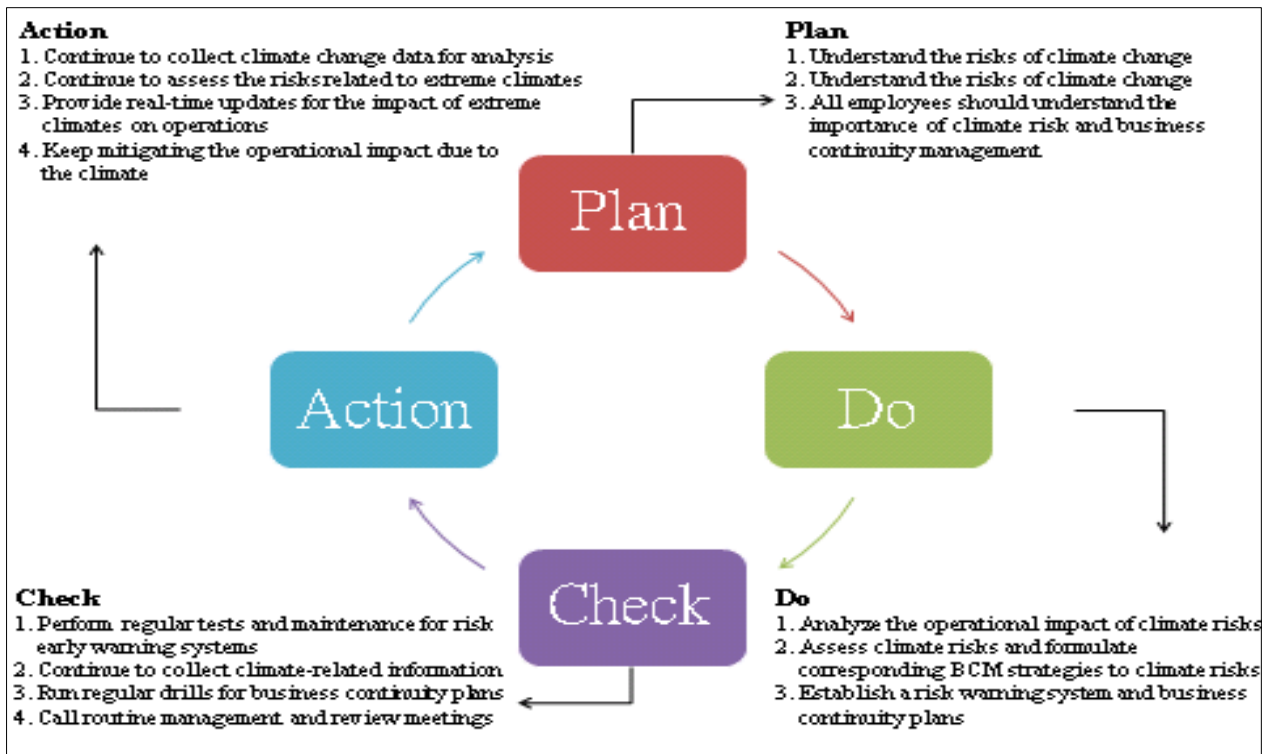
Entering the 21st century, the impact of natural disasters on human society has been gradually exacerbating. Facing the challenges of climate change and greenhouse gas reduction, human has started to understand the importance of sustainable development and green technology. To ensure the unceasing operations of plants, we must face the problems of natural disaster prevention, energy shortage, and water shortage.

Global warming has also caused extreme and growingly severe weather events in Taiwan, such as typhoons, floods, rainstorms, and droughts. Facing diverse natural disasters, KYEC plants have been operating through ISO 22301 business continuity management system since 2018. This mitigates severe property damages or irreversible operational impacts due to natural, man-made, or other disasters and ensures the organization's minimum business objective under any circumstances. KYEC received

accreditation from ISO 22301:2019 in November 2020. In 2023, KYEC will publish a TCFD (Task Force on Climate-related Financial Disclosures) report and participate in CDP (Carbon Disclosure Project) For climate change events such as earthquakes, tsunamis, seawater intrusions, typhoons, droughts, and floods, KYEC also utilizes business impact analysis in the business continuity management system to assess risks and formulate countermeasures according to the assessment results for pre-disaster prevention, emergency response, and post-disaster recovery. The natural disasters that climate change may cause and the countermeasures are as follows:

Potential Risks of Natural Disasters and Countermeasures :		
Type	Actual risk	Countermeasure
Earthquake	<ol style="list-style-type: none"> 1. Infrastructure damage 2. Equipment damage 3. Material supply disrupted 4. Product wear and tear 	<ol style="list-style-type: none"> 1. The buildings are constructed and designed to resist a level 6 earthquake 2. Draw up the “Emergency Response Procedures for Earthquakes” 3. Draw up the “Emergency Response Procedures for Factory Facilities and Systems” 4. Implement earthquake response drills on a regular basis 5. Establish a backup energy supply system 6. Install anti-vibration cargo racks and high-risk equipment 7. Establish earthquake reporting system with fire system
Flood	<ol style="list-style-type: none"> 1. Manpower shortage 2. Transportation disrupted 3. Infrastructure damage 	<ol style="list-style-type: none"> 1. Adopt domestic and foreign flood simulation systems to simulate and analyze flood potential. 2. Draw up the “Emergency Response Procedures for Typhoons and Floods” 3. Establish the “Emergency Response Procedures for Supply Chain Security” 4. Set up sluice gates, pumps, sandbags and other measures. 5. Run flood drills every year.
Typhoon	<ol style="list-style-type: none"> 1. Manpower shortage 2. Material supply disrupted 	<ol style="list-style-type: none"> 1. Draw up the “Emergency Response Procedures for Typhoons and Floods” 2. Run flood drills every year. 3. Have safety stocks of raw materials.
Drought	<ol style="list-style-type: none"> 1. Water production disrupted 2. Factory facility water shortage 	<ol style="list-style-type: none"> 1. Establish a water management system. 2. Promote water recycling. 3. Establish a water management contingency plan and implement various water-saving measures in accordance with water management level lights 4. Implement the water supply emergency drills in the plant

	
<p>Drought response – Response drill for water truck operations</p>	<p>Flood response- Set up water-retaining gates</p>
	
<p>Real-time earthquake reports</p>	<p>Run flood emergency response drills every year</p>
	
<p>Set up seismograph equipment in plants</p>	<p>Racks/cabinets are fixed to resist earthquakes</p>



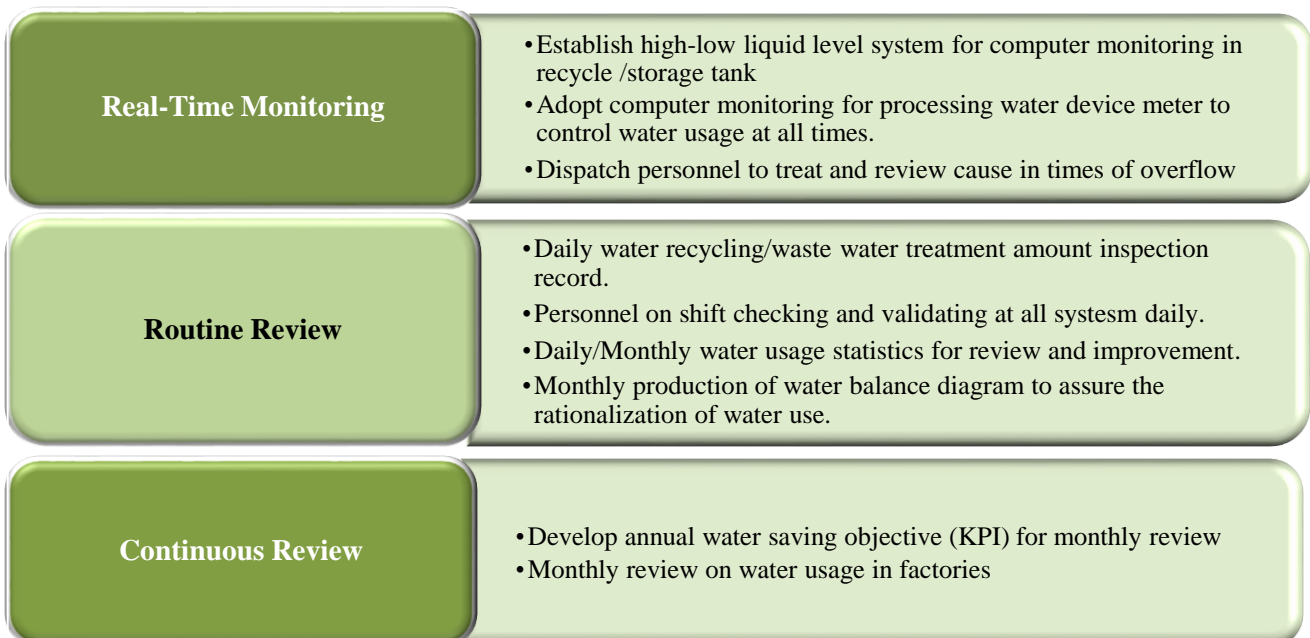
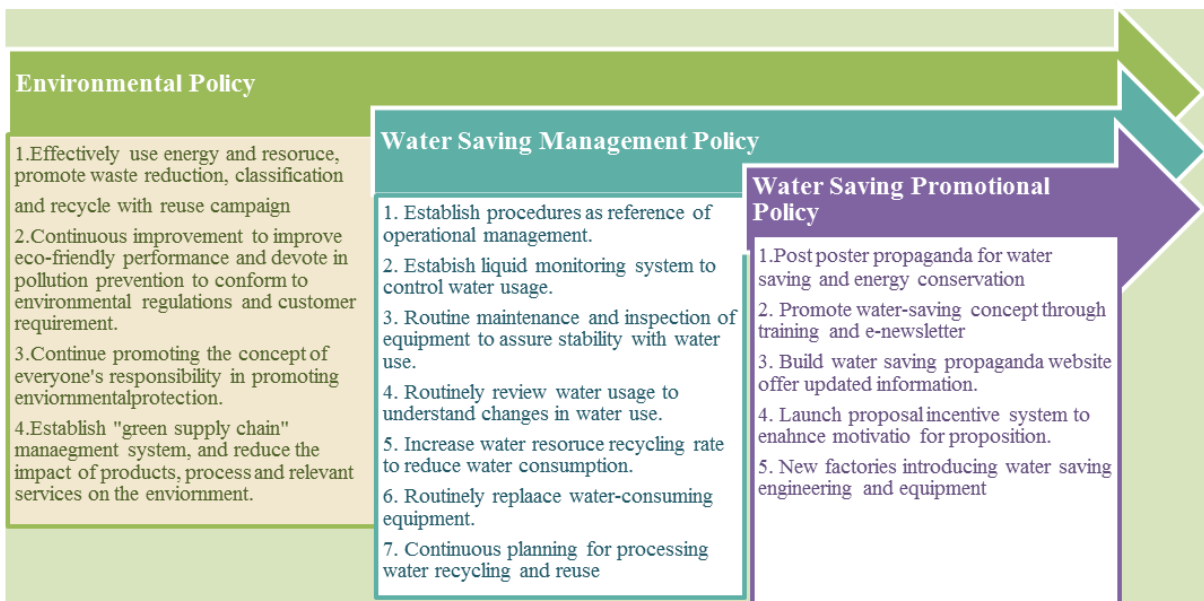
Extreme climates and the operation mode of business continuity management

6.3 Water Resource Management

6.3.1 Water Saving Policy and Management

The principle of water use conforms to the standard of water-saving processing design and maximizes the use of every drop of water through wastewater recycling and reuse, thereby reducing the use of tap water. All departments shall establish water saving promotional organization to develop implementation guidelines and routinely review and inspect changes in water use. The departments shall also validate the effectiveness of factory facilities to replace water-consuming equipment and avoid waste.

The departments also implement proposal for improvement incentive system to encourage employees with the proposal of energy and water saving solutions in addition to taking active participation in governmental water saving plan and seminars. The departments shall continue to exchange water saving experience, using new equipment and technology to enhance the ratio of water resource recycling and reuse in the factories.



6.3.2 Water Resource Management Indicator

Under the implementation of the company's internal management policies, the benefits of energy-saving and water-saving of each plant have increased, especially the Zhunan and KLT plants have introduced new pure water and recycling systems to eliminate the old ones to obtain better water production efficiency.

(1) Intake water analysis :

The intake water of KYEC plants and the China subsidiaries in 2021 was 2343.653 million liters, with third-party sources (tap water + reclaimed water) as the primary water source of about 2339.585 million liters (99.8% of the total amount). Another water source was surface water (rainwater), about 4.068 million liters (only 0.2% of the total amount). The intake water intensity in 2021 was 6.942 million liter/hundred million NTD, a 13.1% decrease from 7.988 million liter/hundred million NTD in 2020.

(2) Gross water analysis :

The gross water of KYEC plants and the China subsidiaries in 2021 was 3753.632 million liters. The gross water is mainly supplied by intake water, about 2339.585 million liters (62.3% of gross water). The return water from reused process wastewater and recycled water in water treatment systems was 1409.979 million liters (37.6% of gross water). We will keep implementing recycling projects for UF or RO condense, rainwater, condensed water, etc., to increase return water. The water use intensity in 2021 was 11.119 million liters/hundred million NTD, a 4.7% decrease from 11.607 million liters/hundred million NTD in 2020.

(3) Discharge water analysis :

The discharge water of KYEC plants and the China subsidiaries in 2021 was 523.214 million liters, mainly third-party discharge (Bureau of Science and Technology). In 2021, the drainage density was 1.550 million liters/NT. 100 million, down 13.19% from 1.785 million liters/NT. 100 million in 2020.

(4) Water consumption analysis :

The water consumption of KYEC plants and the China subsidiaries in 2021 was 1820.439 million liters. The water consumption intensity in 2021 was 5.392 million liter/hundred million NTD, a 13.07% decrease from 6.203 million liter/hundred million NTD in 2020.

The 2019-2021 water management analysis is as follows :

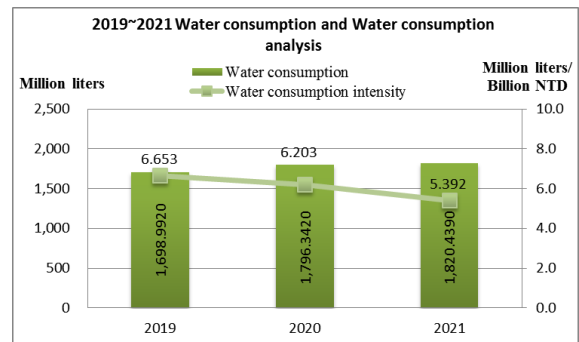
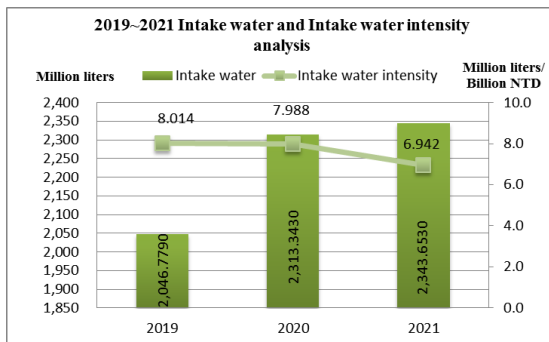
2019~2021 Intake water and discharge water analysis		(million liters)		
Item	Item	2019	2020	2021
Intake Water	Surface water (rainwater)	8.738	6.105	4.068
	Groundwater	0.0	0.0	0.0
	Third-party	2038.041	2307.238	2339.585
	Total	2046.779	2313.343	2343.653
Recycling and Water Use		1125.939	1047.929	1409.979
Gross water (intake water+reuse water)		3172.718	3361.272	3,753.632

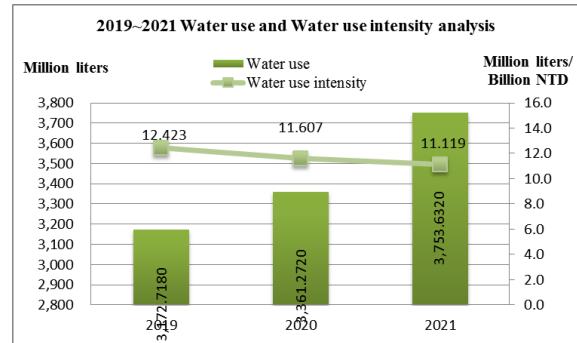
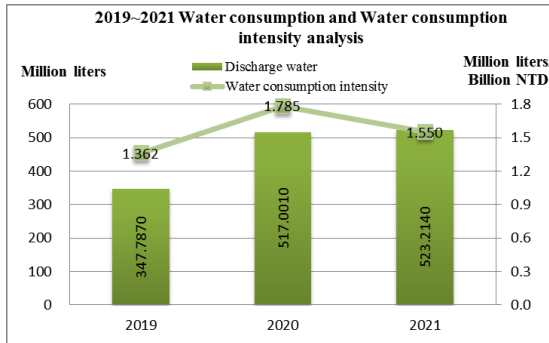
Discharge water	Surface water (rainwater)	230.145	206.578	0.000
	Groundwater	0.000	0.000	0.000
	Third-party(Science Park Bureau)	117.642	310.423	523.214
	Total	347.787	517.001	523.214
Water consumption (intake water-Discharge water)		1698.992	1796.342	1820.439

Note 1 : Note 2Note 3

2019~2021 Water management intensity analysis				
Item	Unit	2019	2020	2021
Revenues	Billion NTD	293.506	348.223	414.788
Intake water	Million liters/Year	2038.041	2307.238	2343.653
Intake water intensity	Million liters/Billion NTD	8.014	7.988	6.942
Discharge water	Million liters/Year	347.787	517.001	523.214
Discharge water intensity	Million liters/Billion NTD	12.423	11.607	11.119
Water consumption	Million liters	1690.254	1790.237	1820.439
Water consumption intensity	Million liters/Billion NTD	1.362	1.785	1.550
Water usage	Million liters/Year	3172.718	3361.272	3753.632
Water use intensity	Million liters/Billion NTD	6.653	6.203	5.392

Note 1 : Note 2 : All revenues converted to NTD





6.3.3 Water Saving Plan and Benefits

We continue to recover and reuse all kinds of wastewater from processes and water systems. By implementing water-saving projects, KYEC Chunan plant and KLT&ZKT saved 883.01 million liters in 2021 and reduced 488.3 tons of carbon emission. Water-saving project descriptions are as follows :

2021 Water-saving project benefits analysis			
Plant	Project	Water-saving (Million liters/Year)	Carbon reduction
KYEC Chu Nan	Soft water & RO replacement project to improve water production efficiency	239.566	132.48
	Increase the recycling system ROR (Rate of Return) to reuse from 2021/4	42.661	23.59
KLT (include ZKT)	UF (Ultrafiltration) reclaimed water reuse	539.463	298.32
	Pre-treatment 2B3T reclaimed water reuse	61.32	33.9
Total		883.01	488.3

In 2022, we will keep planning and implementing water-saving projects. We target major plants with the greatest water usage, including KYEC Chunan plant and subsidiaries KLT&ZKT, and set up water use reduction targets. By improving pure water systems and adding recycling systems based on assessments. KYEC Chunan plant will invest 25 million NTD for RO rectification and recycling and ROR recycling and reuse with a payback period of 2.5 years. KLT&ZKT will continuously improve the pure water production process to save water and reduce waste.








6.3.4 Water Risk Management

Due to the climatic location of Taiwan, the rainy season and typhoons are the main sources of precipitation. As the global temperature rises, the number of typhoons landing in Taiwan has gradually decreased, which shows that under the influence of climate change, the water shortage problem in Taiwan cannot be underestimated.

The factories that may cause the risk of water shortage are mainly located in the factories in Taiwan. In addition to continuing to pay attention to the water situation information of the Water Resources Department, and in line with the government's water-saving policies, we also try to increase the water recycling volume through the establishment of the water recycling system in the factory. In 2021, Taiwan's factories and KLT & ZKT saved a total of 1409.979 million liters of water. From 2021 to 2025, KYEC will continue to invest in water-saving plans to achieve the goal of 10% water savings. In order to cope with the changing water conditions, KYEC has established corresponding procedures for each stage, such as, cooperating with the government's water-saving policy, signing contracts with water transport operators, and in-plant water supply response drills. In April 2021, we faced water supply restriction measures for weekly five-day water restrictions in the factory. In order to maintain uninterrupted production, in addition to applying for water trucks, we also cooperate with measures such as adjustment of cooling water towers in the factory, manufacturing process/livelihood water saving, and other measures to successfully pass the crisis of water rationing.

Regarding the impact of water resources on processes, for KYEC, the cutting and grinding processes are the most influenced, while the effect on the testing process is relatively small. We formed water supply response team to regularly examine the water supply monitoring index and make corresponding responses. The countermeasures for each phase are as follows:

Monitoring index	Process phase	Water Restrictions	Countermeasure
 Preparedness	Water Resource Agency Water supply preparedness	Improve water allocation and develop counter measures	<ol style="list-style-type: none"> 1. Activate water supply monitoring 2. Examine the water storage in each plant every day
 Reduce pressure	Phase 1 Reducing water pressure	Reducing water pressure during off-peak and specific periods	<ol style="list-style-type: none"> 1. Monitor water supply every day 2. Examine the water storage in each plant every day 3. Ensure the operation efficiency of water recovery systems 4. Increase the inspection frequency of water systems 5. Implement household and irrigation water-saving measures 6. Plan and arrange water truck operations to supply water

			7. Start trial runs for water truck operations
	Phase 2 Water supply reduction	<ol style="list-style-type: none"> 1. Suspend water supply for some operations 2. Reduce the supply for non-industrial water users who use more than 1,000 l per month by 20% and the supply for industrial users by 5~20% 	<ol style="list-style-type: none"> 1. Monitor water supply every day 2. Examine the water storage in each plant every day 3. Ensure the operation efficiency of water recovery systems 4. Increase the inspection frequency of water systems 5. Implement household and irrigation water-saving measures 6. Implement water truck response operation
	Phase 3 Rotating water supply	Suspend water supply in different districts or the whole district at regular intervals	<ol style="list-style-type: none"> 1. Monitor water supply every day 2. Examine the water storage in each plant every day 3. Ensure the operation efficiency of water recovery systems 4. Increase the inspection frequency of water systems 5. Implement household and irrigation water-saving measures 6. Implement water truck response operation
	End water suspension	Resume normal water supply	<ol style="list-style-type: none"> 1. Continue to monitor water supply 2. Monitor and analyze the water usage in plants 3. Keep evaluating and implementing water-saving projects.



6.4 Pollution Prevention

6.4.1 Waste Water Management

The factories are installed with processing waste water recycling and treatment equipment with specialist in charge of operation and management in addition to developing operation maintenance and repair operation procedures. Each year the budget is prepared to maintain and replace waste water

prevention and treatment equipment in order to effectively improve the processing waste water recycling and reuse rate.

The plant also launched a drainage alteration project in 2019, discharging wastewater to the Chunan wastewater treatment facility in Hsinchu Science Park instead (invested nearly 28 million NTD in total) to meet regulatory requirements and mitigate the environmental impact of wastewater. The alteration project was completed in June 2020. So far, there are no violations in pipeline discharge, which shows the company's emphasis on and understanding of the environment and regulations.



Discharge monitoring and control panel

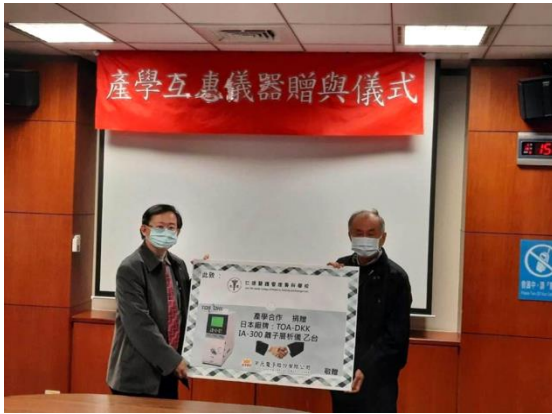


Pipeline configuration



Discharge pump

Before the wastewater plant of Zhunan Science Park took over the management of the wastewater, to ensure that the discharge water quality met the “Standards for Irrigation Water Quality”, dedicated personnel daily operated the self-purchased water quality analyzer to monitor the water quality. After the taking over was completed, the water quality analyzer was given as a gift to an Industry-Academia Cooperation/Collaboration college which is used for laboratory teaching to help cultivate students' practical ability and implement the concept of “caring for society and sustainable development”.



Donated experimental equipment for teaching is used by students of Houlong Jen-Teh Junior College of Medicine, Nursing, and Management.

6.4.2 Waste Water Discharge

KYEC Group complies with the requirements of environmental protection regulations. The wastewater quality of KYEC Chunan plant and Tongluo plant are managed by setting an internal control measure stricter than the regulatory standards.

We perform regular wastewater checks and report and conduct daily on-site inspections for wastewater treatment and wastewater discharge outside the plants. We also set up real-time quality monitoring systems for discharge water and will instantly recirculate when the discharge water is abnormal. Every half-year, inspection authorities approved by the Environmental Protection Administration perform wastewater tests and analyses. The discharge water is treated first then released to licensed treatment plants to reduce the impact of wastewater on the environment.

As wastewater is directed to the Chunan wastewater treatment facility in Hsinchu Science Park for treatment, in 2021, a domestic sewage treatment system was added. At present, the ammonia nitrogen in the discharged water quality is less than 20mg/L, which reduces the impact of wastewater on the water body. In addition, we continue to observe several data to avoid environmental pollution.

2021 the discharge water quality of all plants met the standards. The analysis of main control parameters, water quality standards and current values of the plants are as follows:



Discharge sampling analysis

2021 water quality		Chunan		Tongluo		KLT	
Item	Unit	Standard	Minimum-Maximum	Standard	Minimum-Maximum	Standard	Minimum-Maximum
Water temperature	°C	<35	24.7~27.4	<38	22.6~26		

Hydrogen ion concentration index (pH)	pH	5~9	7.9~8	5~9	7.5~7.7	6~9	7.47
Suspended solids	mg/l	<300	6.8~16.3	<300	5.2~7.5	<400	13
Ammonia	mg/l	<20	0.03~4.02	<35	20.2~23.1	<45	/
Chemical oxygen demand (closed)	mg/l	<500	11.2~15.1	<500	20.7~44.7	<500	30

Note 1 : Hsinchu plant is not included in the description because there is neither a wastewater treatment facility nor heavily polluted process wastewater.

Note 2 : Starting from June 2020, the Chunan wastewater plant in Hsinchu Science Park has been treating the wastewater from the KYEC Chunan plant. Therefore, here we describe the influent quality standards of Chunan Park.

Note 3 : Tongluo plant doesn't produce process wastewater, but all other business wastewaters are discharged through connected pipelines to the wastewater plant in Tongluo Park for unified treatments. Therefore, here we describe the influent quality standards of Tongluo Park.

Note 4 : ZKT discharges all its wastewater to KLT for reuse and treatment. After KLT reuses the reclaimed water through UF tubes, the retentate is discharged to the wastewater treatment facility for flocculation until it reaches discharging standards. Then, it will be released through connected pipelines to the Qingyuan Water wastewater treatment plant in Hsinchu Science Park for final treatment. Therefore, we only have the test data from KLT. The data in the annual test reports all came from the sampling test data of KLT discharge water. The sewage enters the septic tank through pipelines for sedimentation. Then it'll be released through connected pipelines to the Qingyuan Water wastewater treatment plant in Hsinchu Science Park.

6.4.3 Water efficiency target

Schedule	Goal setting
Short term (2022)	1. In 2022, KYEC, KLT&ZKT shall pass ISO14001 environmental management system verification. 2. Continuous improvement of the pure water process and recovery system : -The water production process and recycling system of Zhunan Plant continue to improve, and the tap water consumption in the process in 2022 shall decrease by 5% compared with August 2020 -In 2022, KLT&ZKT shall continue to operate the pure water process recovery system to produce water to pure, raw water, reuse it, and recycle UF membrane tubes, with a water recovery volume of 600,000 tons
Medium to long-term (2023~2025)	1. From 2023 to 2025, the group will pass the ISO14001 environmental management system verification 2. KYEC shall pass ISO46001 water management system verification in 2023. 3. KYEC shall pass ISO14046 water footprint verification in 2023. 4. Evaluate additional recycling systems and other reusable water sources :

	<p>-2023~2025 Zhunan plant process tap water consumption decreased by 10% (compared to August 2020)</p> <p>-From 2023 to 2025, KLT&ZKT shall evaluate the addition of recycling systems and other reused water sources, and the annual water density shall decrease by 3%.</p> <p>5.From 2021 to 2025, the number of days of downtime caused by the water shortage of the group: 0 days</p>
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6.4.4 Rainwater Management

Rainwater is often neglected in the management of water resources. KYEC designed rainwater collection systems in all factories to store rainwater during rainy seasons and effectively use rainwater collected for irrigation and restrooms to flush through the piping connection between factories. In spite of the absence of enormous economic benefits from raining water recycling, the saving in water costs is only added value while the good use of water source is the direct achievement of environmental sustainability.

Apart from effective use of rainwater resource, KYEC also establishes the “Rainwater Gutter Management Operation Instructions” to routinely patrol and monitor the water quality in rainwater gutter. KYEC also outsources inspection companies to draw samples during rainy season to immediately shut down the rainwater gutter gate in case of abnormal water quality. Rainwater is also introduced into the wastewater treatment system for treatment, follow-up and correction of cause of abnormal water quality. A water division pier is also set up in the wastewater treatment plant and sludge storage zone to guide the rainwater into the gutter and avoid the overflow of mixed rainwater and wastewater into the rainwater gutter in times of storms. The factories routinely clean rainwater gutter to prevent overflow of rainwater sediment in times of rainy season.



↑ Factory Rain water recycling system integration



↑ Factories installed with rainwater recycling system

6.5 Waste Management and Reuse

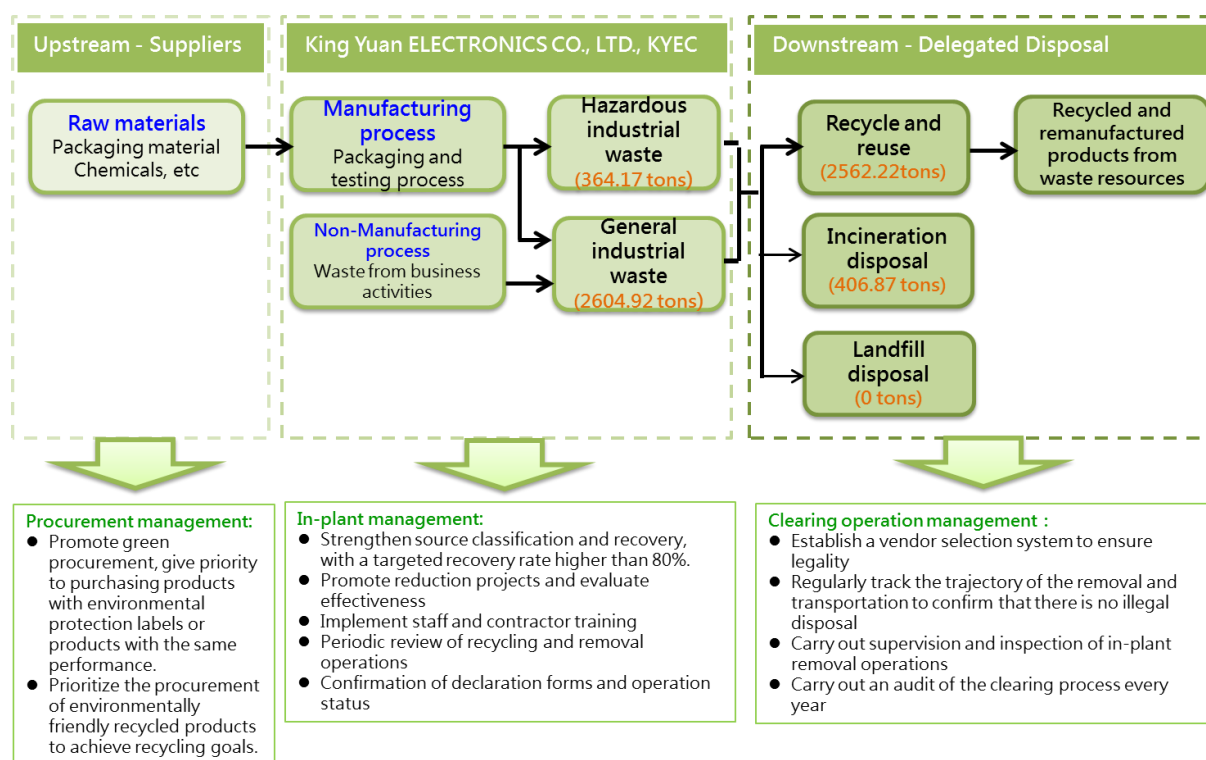
KYEC's factories are mainly used for semiconductor testing, packaging, cutting, and grinding. Customers' products (wafer/IC) are all returned to the customers. KYEC does not have its own products. The waste

output is mainly waste packaging materials.

No toxic substances are used, and there is no air pollution discharge problem in the test process. The organic gas wiped by KLT&ZKT in COG (Chip on Glass) cutting and grinding alcohol is photocatalytically treated and then discharged through a 15-meter-high exhaust pipe, and only wastewater treatment and waste are generated. All wastes are outsourced to qualified manufacturers, and there is no overseas transportation behavior.

We continue to follow the company’s environmental policy; set various waste reduction and energy-saving goals; promote green products and give priority to procurement to reduce the impact of waste on the environment.

Establish a waste management system, regularly check, track and review the effectiveness of waste reduction and energy saving in the factory; formulate a removal and disposal audit plan, and regularly perform unexpected, follow-up audits to ensure that outsourced removal and disposal operations are legal. Contractors need to complete 2 hours of environmental safety and health education and training before entering the factory to strengthen the management skills of personnel in environmental protection work when working in the factory.



6.5.1 Waste generation analysis

In 2021, the total waste from KYEC plants and KLT&ZKT was 2969.09 tons, and the recycled amount was 2,562.22 tons, resulting in a recycling rate of 86.3%. In 2021, the waste intensity was 8.652 tons per hundred million NTD, A decrease of 22.6% from 11.180 tons/NTD billion in 2020. The analysis and statistics of general industrial waste and hazardous industrial waste are as follows :

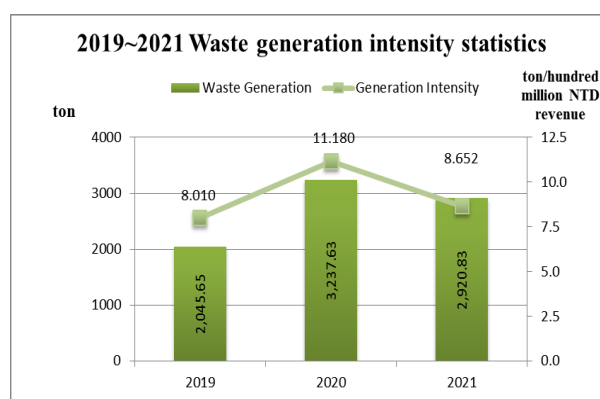
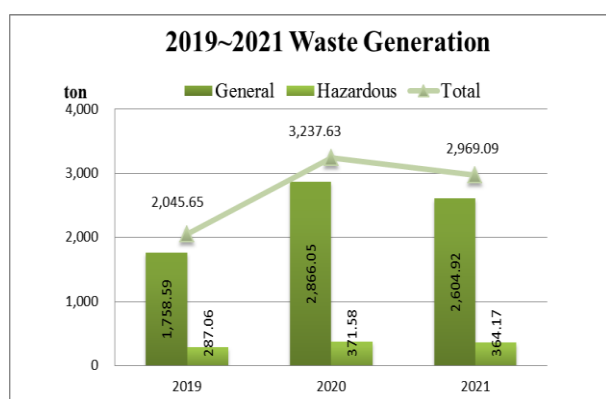
The general industrial waste generation was 2,604.92 tons in total, and the recycled amount was 2,485.2 tons, resulting in a recycling rate of 95.4% for general industrial wastes.

The hazardous industrial waste generation was 364.17 tons in total, and the recycled amount was 77.06 tons, resulting in a recycling rate of 21.2% for hazardous industrial wastes. The main reason for the low recycling rate for hazardous industrial wastes is that KLT generated about 276.65 tons of sludge, which could currently only be incinerated. As for KYEC plants, their hazardous industrial wastes are mostly flammable industrial wastes and are all incinerated. If these wastes have any reuse value in the future, we will prioritize such processing methods.

2019~2021 Waste generation statistics and analysis												
Waste Type	2019				2020				2021			
	Non-recyclable	Recyclable	Total	Recycling rate	Non-recyclable	Recyclable	Total	Recycling rate	Non-recyclable	Recyclable	Total	Recycling rate
General industrial wast	263.26	1,495.33	1,758.59	85.0%	340.15	2,525.9	2,866.05	88.1%	119.77	2,485.16	2,604.92	95.4%
Hazardous industrial waste	167.47	119.60	287.06	41.7%	301.07	70.51	371.58	19.0%	287.11	77.06	364.17	21.2%
Total	430.72	1,614.93	2,045.65	78.9%	641.22	2,596.41	3,237.63	80.2%	406.87	2,562.22	2,969.09	86.3%

Note 1 : Data source: 1. Environmental Protection Administration’s industrial waste declaration and management information system. 2. Resource recycling weighing list

Note 2 : Types of waste:General industrial waste: employee domestic waste, waste plastic mixtures, mixture of waste paper, waste wood palletsHazardous industrial wastes: waste organic solvents, empty waste organic solvent containers, waste organic solvent wiping cloths, etc.





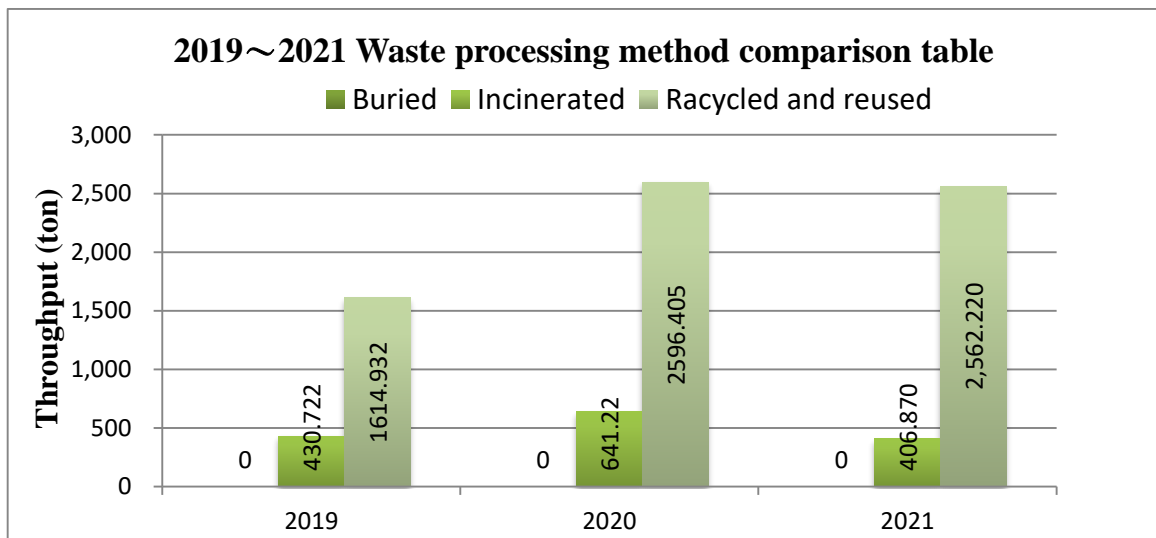
Regularly inspect the cleaning and transportation procedures

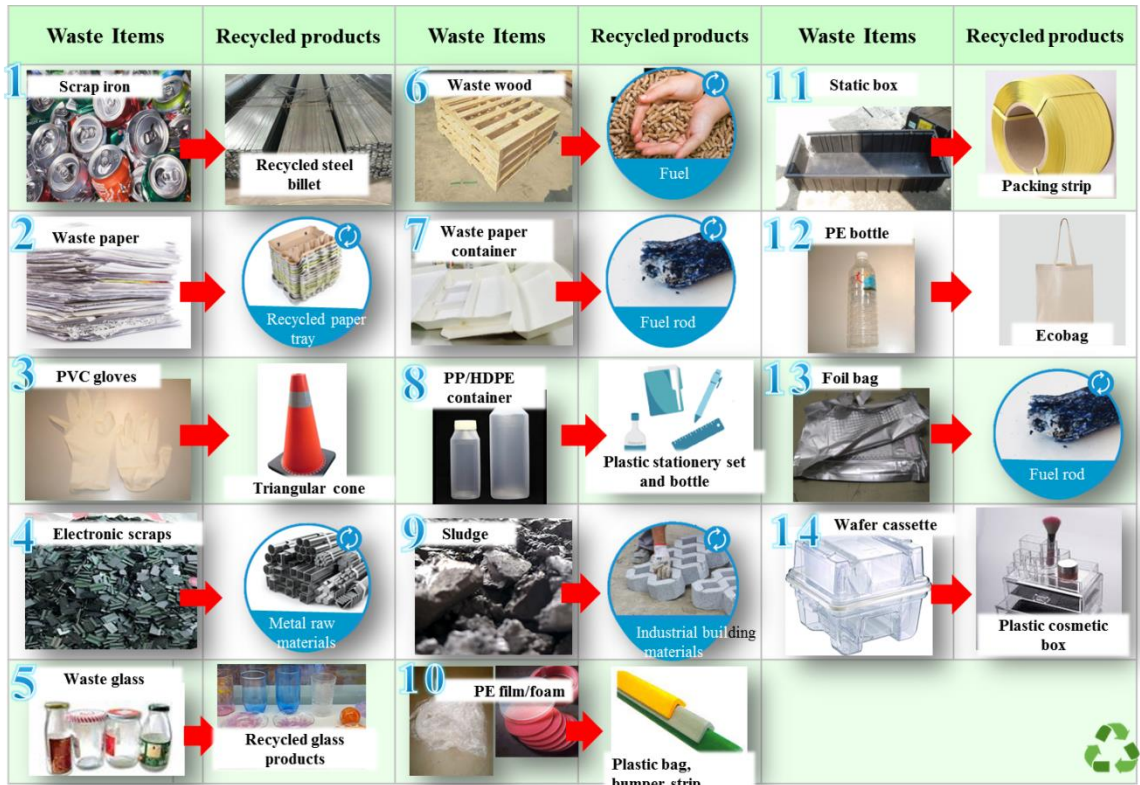


Regularly examine the vehicle routes for anomalies

6.5.2 Amounts and recycling results

Waste is primarily incinerated, buried, or recycled. The recycling rate of waste increased from 80.2% in 2020 to 86.3% in 2021. Since 2018, we have no longer use burial as a waste disposal method. In the future, we will continue to prioritize recycling as the primary waste processing method and keep enhancing waste management. We will strictly and effectively classify, recycle, and reuse waste and handle them properly. We expect to increase the recycling rate to over 80% to achieve the goal of reusing waste resources.





Introduction of waste recycling and reusing method

6.6 Compliance with Environmental Protection Laws

KYEC plants and KLT&ZKT continue to perform regulatory inspections and identification each month to ensure all in-plant operations comply with regulations. From 2019 to 2021, there was not any violation of environmental laws.

7. Occupational Safety and Hygiene

All KYEC plants and KLT obtained ISO 45001 certification. Among all five plants worldwide, only ZKT has not been certified by a third party, ISO 45001 coverage of 93.58%. Through the semi-annual internal audit and the annual external verification of the management system, to ensure that every person working in the factory can meet the coverage of the occupational safety management system; although Zhenkun had not yet verified the management system in 2021, the internal management still followed the requirements of ISO45001 Management System. We hope to prevent injury and illness from happening and enhance our occupational safety and health performance.

Coverage Rate of Occupational Safety and Health Management System

Plant	Average number of workers				Coverage rate for workers			
	Staff	Dispatched workers	Contractors	Total	Internal audit		Verification check	
					Number of people checked	Coverage rate	Number of people checked	Coverage rate
Hsinchu	79	0	5	84	84	100%	84	100%
Chu Nan	5,919	31	59	6,009	6,009	100%	6,009	100%
Tungluo	996	6	34	1,036	1,036	100%	1,036	100%
KLT	1,706	0	170	1,876	1,876	100%	1,876	100%
ZKT	618	0	0	618	618	100%	0	0%
Total	9,318	37	268	9,623	9,623	100%	9,005	93.58%

Note 1 : ZKT's ISO45001 has been verified in 2022/5/23~24 and obtained the certificate in July 2022

7.1 Safety and Hygiene Policy and Organization Operations

KYEC develops comprehensive safety and hygiene policy, which the general manager announces to execute with all employees and supervisors. The content of policy describes KYEC's principle in implementing occupational safety and hygiene improvement campaigns and its objectives in the overall safety and hygiene as well as the commitment in improving the safety and hygiene performance.

Define the rights and responsibilities of all levels in occupational safety and health, establish an occupational safety and health committee and an implementation organization, hold meetings to review occupational safety and health issues, and implement a grass-roots communication mechanism. The members of the Occupational Safety and Health Committee are composed of the general manager, occupational safety and health personnel and health service personnel, labor representatives of various business divisions and engineering, and technical personnel related to safety and health. Through the "Environmental Safety and Health System Organization and Responsibility Management Procedures", the responsibilities of the committee are clearly defined, and regular meetings are held every quarter to review safety and health-related matters. At present, KYEC and KLT & ZKT committees have a total of 167 members, and 59 labor-representatives account for more than one-third. Although KLT and ZKT factory regulations do not require the organization of an occupational safety committee, they have independently

set up a safety and health committee organization to respond to and discuss occupational safety-related issues at any time through quarterly employee symposiums and emails. The statistics of the Occupational Safety and Health Committees for all KYEC group in 2020 are as follows :

Plant	No. of Committee Members	Worker Representative	Worker Representative Ratio
Hsinchu	12	4	33.3%
Chu Nan	80	37	46.3%
Tungluo	25	10	40%
KLT&ZKT	50	8	16%
Total	167	59	35.3%

Job title	Duty	Meeting frequency
Manager Representative/Chairman/Employer	<ul style="list-style-type: none"> ● Responsible for the implementation of the Occupational Safety and Health Law and related regulations ● Approval of various resources for safety and health management system ● Safety and health policy approval and performance verification ● Decision-makers on safety and health matters 	Held once a quarter
Participant representatives (composition conditions include but are not limited to the following) Occupational safety and health personnel Occupational safety and health management representatives Engineering and technical personnel related to occupational safety and health Medical staff engaged in labor health services labor representatives	<ul style="list-style-type: none"> ● Coordinate and recommend occupational safety and health management plans and policies. ● Review various safety and health-related plans and proposals, and monitor the results. ● Review health management, occupational disease prevention, and health promotion matters. ● Review safety and health audit and automatic inspection items and evaluate management performance. 	

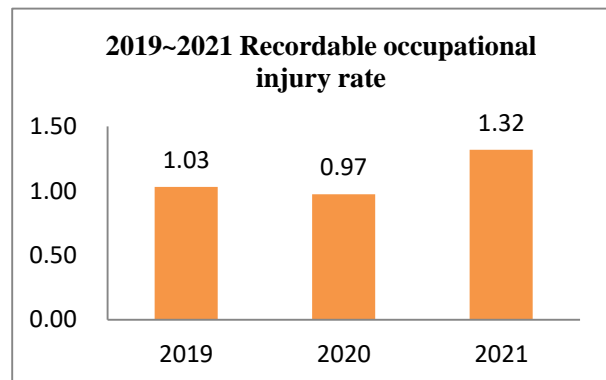
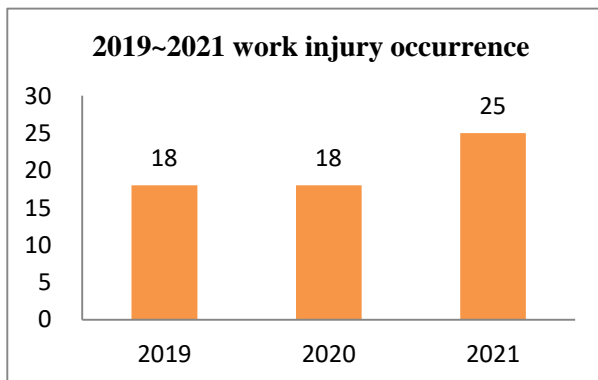
	<ul style="list-style-type: none"> ● Review preventive measures for machinery, equipment or raw materials, and material hazards. ● Review the occupational disaster investigation report. ● Review the safety and health management matters of the contracting business. 	
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7.2 Statistics and Analysis of Occupational Disasters

In 2021, there were 25 recordable occupational injuries in the KYEC Group. The death rate caused by occupational injuries were 0, the serious occupational injury rate was 0, and the recordable occupational injury rate was 1.32, the number and rate of deaths caused by occupational diseases were 0, and 0 cases of recordable occupational diseases. Risk assessment has been conducted continuously every year, and improvement measures have been implemented for major risk hazards to effectively reduce the incidence of occupational accidents. In 2021, the most common type of work injury was bump damage of people, followed by falls.

2019~2021 Occupational incident statistics and analysis			
Year	2019	2020	2021
Employee-hours of exposure	17,448,728	18,490,472	18,967,344
Recordable occupational injury	18	18	25
Occupational injury death rate	0	0	0
erious occupational injury rate	0	0	0
Recordable occupational injury rate	1.03	0.97	1.32

Note 1 : The workers in this occupational disaster statistics include employees and non-employees (dispatched workers)



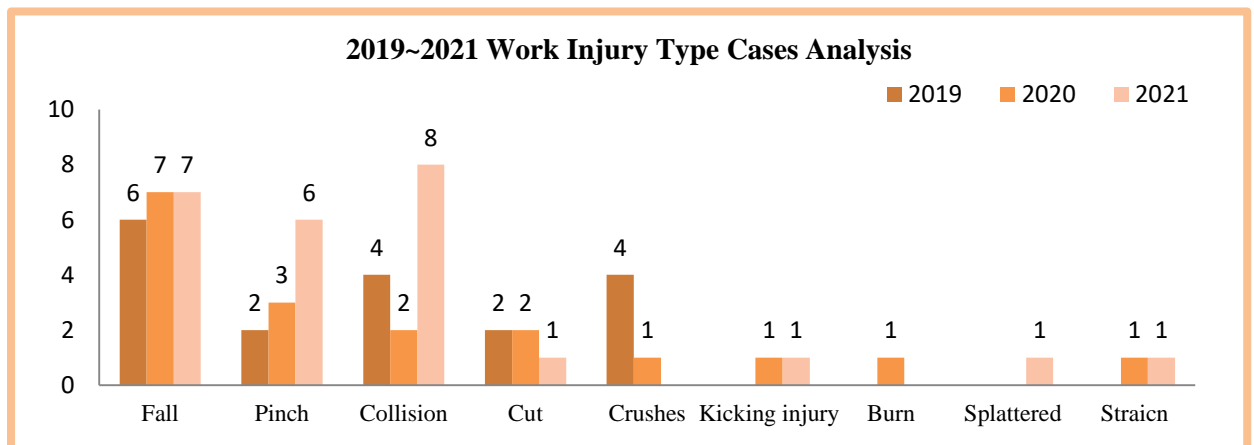
Note 1 : Employee-hours of exposure: Refers to the total working hours experienced by all workers in the year.

Note 2 : Occupational injury death rate : $\frac{\text{Occupational injury deaths}}{\text{Employee-hours of exposure}} \times 1,000,000$

Note 3 : Serious occupational injury rate (excluding fatalities) : $\frac{\text{number of serious occupational injuries}}{\text{Employee-hours of exposure}} \times 1,000,000$

Note 4 : Recordable occupational injury rate : $\frac{\text{number of recordable occupational injuries}}{\text{Employee-hours of exposure}} \times 1,000,000$

2019~2021 Work injury type analysis										
Injury Type	Physics							Chemical	Injury by other people	Total
	Fall	Pinch	Collision	Cut	Crushes	Kicking injury	Burn	Splattered	Straight	
2021	7	6	8	1	0	1	0	1	1	25
2020	7	3	2	2	1	1	1	0	1	18
2019	6	2	4	2	4	0	0	0	0	18



7.3 Emergency Response and Disaster Relief

All factories shall set up emergency response treatment centers with personnel on shift. In case of receiving incident report, the staff may report and broadcast immediately according to the incident conditions. All departments can also establish emergency response teams and shall routinely update the list to conduct work task training, strengthen personnel capacity to respond to emergency situations. In the quarterly education and training of on-the-job and new employees, the company shall inform all employees that if there is an immediate risk of harm, they can evacuate to a safe place without harming others, and immediately notify the unit supervisor to reduce the casualty rate in the event of an accident. And help personnel familiarize with the application of safety protection equipment, thereby assuring the validity of emergency response treatment procedures.

The theme for drills will be scheduled each year to schedule all departments for emergency response drill plans. All shifts shall implement drills by plan. The emergency response plan shall be discussed at the pre-drill meeting for applicability while implementing audit and evaluation during the drill. The department shall also review the matters for improvement after the drills by proposing relevant suggestions. The departments actively participate in “Toufen-Chu Nan Industrial Par, Regional Joint Prevention Organization” to exchange ideas for environmental safety and hygiene management with each other, thereby mutually supporting each other.

In light of the domestic tour bus fire incident in July 2016, we incorporated shuttle bus safety drills into our annual drill plan in 2018 to improve our shuttle bus safety inspections and passenger education and training.

In addition, KYEC Group continues to plan safety and health education and training programs every year. To attach importance to talent cultivation, it fully subsidizes employees to carry out professional training to improve employee safety expertise and reduce accident rates (for training implementation, please refer to 8.19 “Education and Training Section”). All employees shall receive at least 1 hour of safety and health education training every year, and the “Occupational Safety and Health Committee” shall review the training results regularly. In 2021, 59,343 person-times were completed.

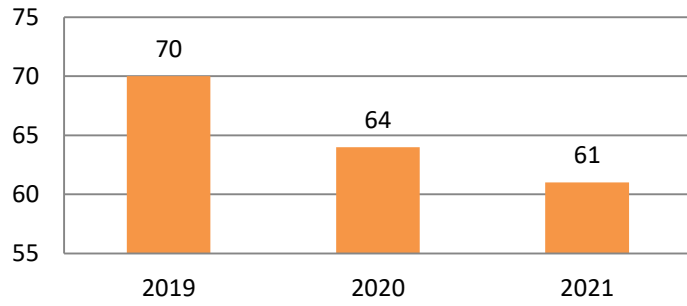
2019~2021 the statistics of safety and health education and training are as follows :

2019~2021 Safety and Hygiene education and training			
Year	2019	2020	2021
Person times	20,559	29,527	59,343

In 2021, a total of 73 emergency response drills were held with the statistics of drill type sessions below:

Type	2019	2020	2021
Fire rescue/ Earthquake disaster	28	32	32
Chemical leakage	3	4	3
Whole plant evacuation	4	3	3
Company shuttle bus safety drills	26	25	32
Total	61	64	70

2019~2021 Statistics of emergency response drills



Fire disaster rescue drills



Refuge and escape drill



Shuttle bus drill



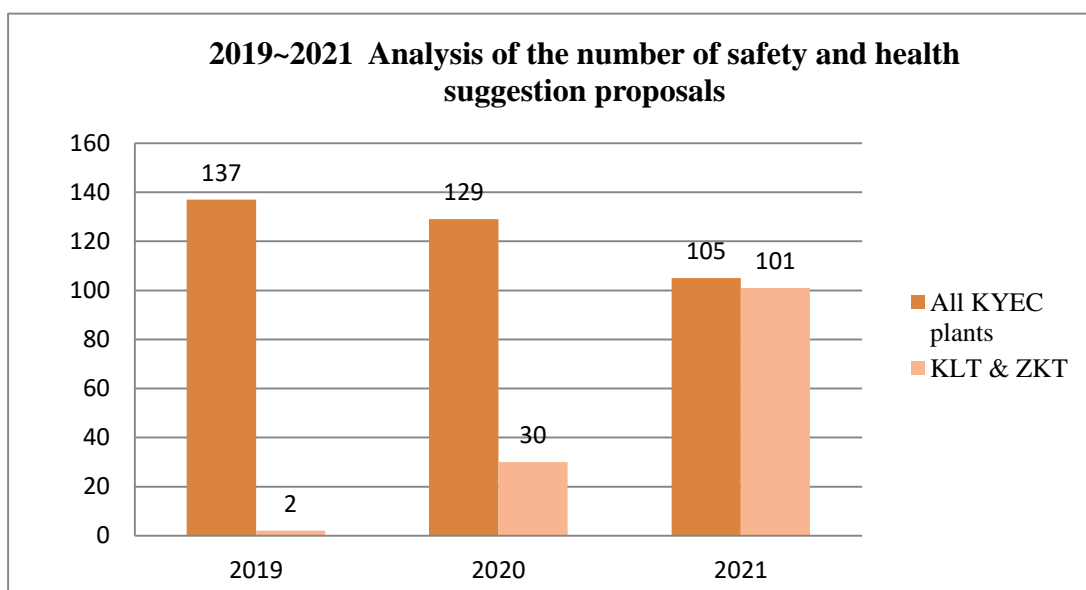
Evacuation drill



Participate in the “Science Park Industrial Safety and Environmental Protection Month” emergency response and joint defense organization drill

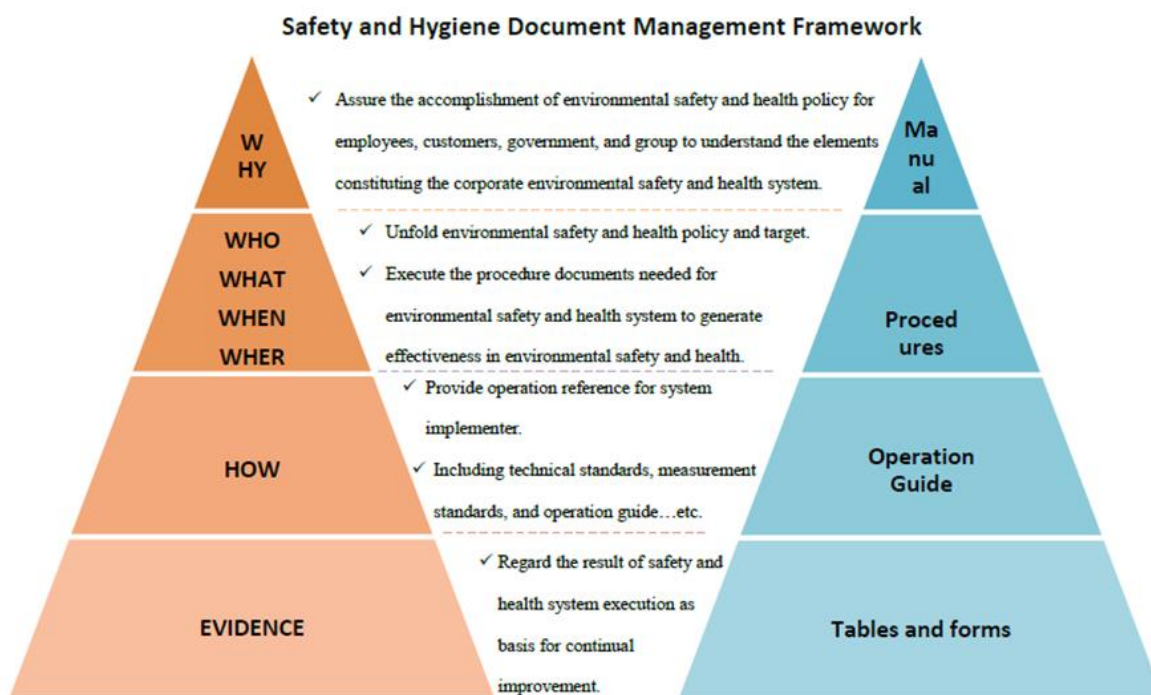
7.4 Near-Miss Management

From a risk management perspective, the benefits of hazard prevention are far greater than after incident handling. Employees who find potential safety and health risks in the working environment can raise issues at any time. In addition to no disciplinary action, they will also provide proposal rewards, we can increase the report rate of near-misses and let employees actively make suggestions for potential safety and health risks to create a safer and more comfortable operational environment. In 2021, there were 206 suggestion proposals in KYEC plants and the China subsidiaries (KLT&ZKT), a 29.5% increase from 159 in 2020, indicating the improving safety awareness of employees. We hope to move toward the goal of “zero hazards”.



7.5 Develop Safety and Hygiene Code of Practice and Management

Based on the framework of ISO 45001 Occupational Safety and Hygiene Management System and applying the autonomous management philosophy of PDCA continuous improvement, KYEC develops various safety and hygiene management procedures and work practice as reference for operations, which not only lowers occupational disaster incidence rate but minimize the damage and impact on property, personnel and the environment.



7.6 Chemical Safety and Hygiene Management

KYEC plants, including KLT&ZKT hold “hazard awareness education and training courses” on a yearly basis. Training the operating personnel regularly and enhancing their cognitive abilities to prevent accidents from happening.

All KYEC Group plants conform to the regulations for the Assessment and Control Banding of Hazardous Chemicals to define chemicals with permissible exposure standards and perform exposure assessment according to sampling analysis methods with scientific bases or using and analysis methods or quantitative predictive models. For chemical substance management in all KYEC and KLT/ZKT plants, we follow the structure and the regulatory requirements outlined in ISO 45001 to formulate chemical management procedures, chemical storage management procedures, chemical tanker loading and unloading procedures, and requirements for chemical purchase, storage, use, and labeling.

We have specialized chemical storage in our plants with leak rescue vehicles, spill containment pallets, and fire-fighting equipment to reduce the risk of personnel receiving material.

The chemical storage areas are equipped with emergency response equipment and first-aid neutralizing

decontaminant according to demand. The chemical storage tank areas in wastewater plants are equipped with dikes and emergency shower equipment to provide leak rescue. We set up oxygen detection systems for areas that may have a lack oxygen and connected them to central monitoring to prevent asphyxiation hazards for personnel.

The production line only stores a few chemicals while each floor is installed with chemical anti-explosion cabinets for collective management. In addition, the chemical anti-explosion storage cabinets are routinely measured for volatile gas concentration to reduce exposing the operators to hazards. The chemical storage zones offer safety data sheet with formulation of hazardous substance list that is updated quarterly to maintain data accuracy. Additionally, the “chemical database” has been established online for convenient access by employees.

Prepare the chemical types and quantity allocation map for all factories. The map is located in the security guardhouse and update at least once every half year so rescue personnel can acquire information immediately in the event of a disaster. This can help rescue personnel immediate relief plans and maintain safety.

The “chemical database” is established online.

物料編號	化學物名稱	理化性質	危害分類	提供資料單位
EYEC-01	乙基醇胺(EAO)	[GHS02][GHS03]	危險性物質第 1 類 (H314)；高度易燃液體 (H228)；嚴重刺激性 (H335)；嚴重損傷/刺激呼吸系統 (H373)；嚴重損傷/刺激水生環境 (H411)；水環境之危害物質 (急慢性) 第 2 類	新科隆
EYEC-02	鹽酸	[GHS02][GHS03]	高度腐蝕液體 (H314)；嚴重刺激性 (H335)；嚴重損傷/刺激呼吸系統 (H373)；嚴重損傷/刺激水生環境 (H411)；環境危害物質	新科隆
EYEC-03	硫酸	[GHS02][GHS03]	高度腐蝕液體 (H314)；嚴重刺激性 (H335)；嚴重損傷/刺激呼吸系統 (H373)；嚴重損傷/刺激水生環境 (H411)；環境危害物質	新科隆
EYEC-04	氫氧化鈉	[GHS02][GHS03]	高度腐蝕液體 (H314)；嚴重刺激性 (H335)；嚴重損傷/刺激呼吸系統 (H373)；嚴重損傷/刺激水生環境 (H411)；環境危害物質	新科隆, 411, 202, 2106
EYEC-05	氯化鈉	[GHS05][GHS07]	腐蝕/刺激性液體 (H314)；嚴重刺激性 (H335)；嚴重損傷/刺激呼吸系統 (H373)；嚴重損傷/刺激水生環境 (H411)；環境危害物質	新科隆
EYEC-06	高氯酸	[GHS02][GHS03]	高度腐蝕液體 (H314)；嚴重刺激性 (H335)；嚴重損傷/刺激呼吸系統 (H373)；嚴重損傷/刺激水生環境 (H411)；環境危害物質	新科隆
EYEC-07	亞硝酸鈉	[GHS02][GHS03]	高度腐蝕液體 (H314)；嚴重刺激性 (H335)；嚴重損傷/刺激呼吸系統 (H373)；嚴重損傷/刺激水生環境 (H411)；環境危害物質	新科隆
EYEC-08	濃硝酸	[GHS02][GHS03]	高度腐蝕液體 (H314)；嚴重刺激性 (H335)；嚴重損傷/刺激呼吸系統 (H373)；嚴重損傷/刺激水生環境 (H411)；環境危害物質	新科隆



Conduct checkpoints for chemical tanker loading

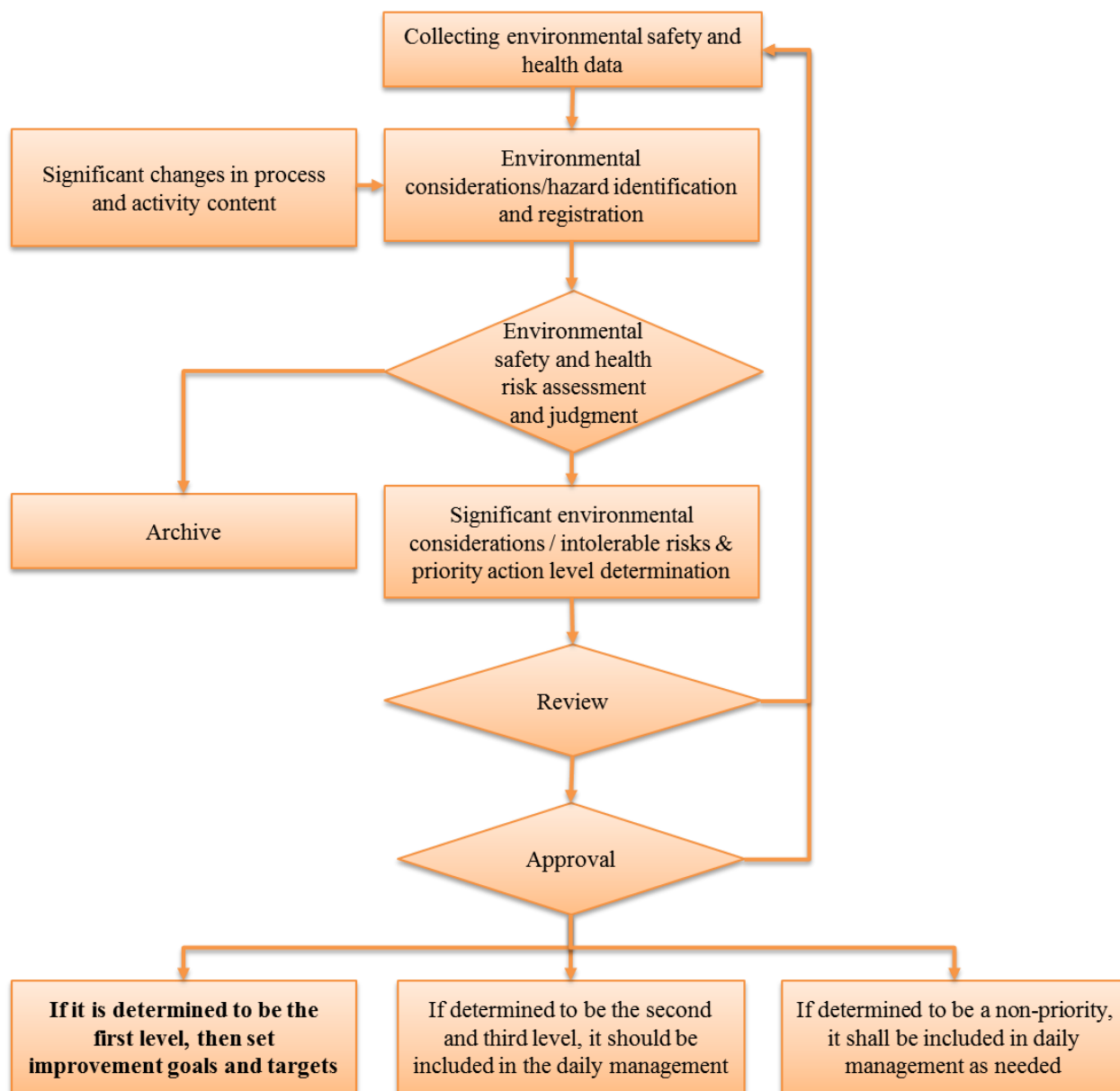


Emergency neutralizing decontaminant for chemical burns



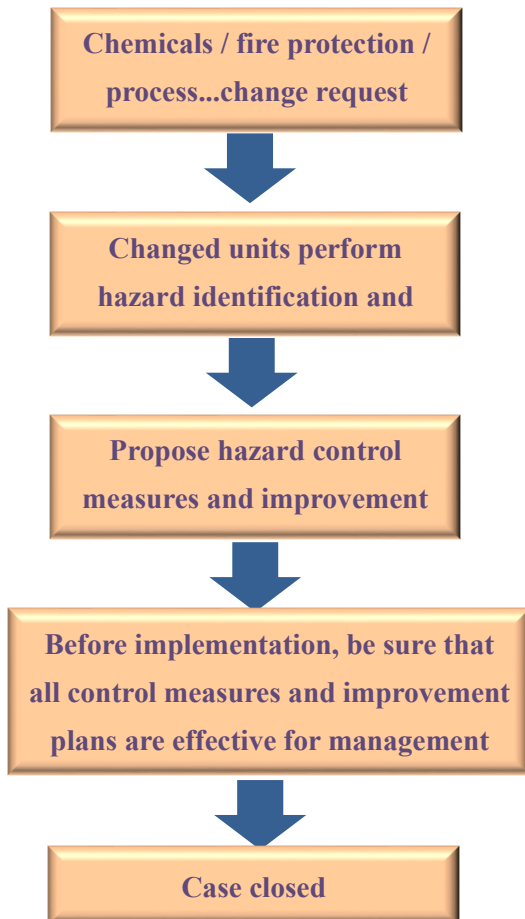
Emergency shower equipment in water treatment areas

7.7 Safety and Hygiene Risk Evaluation and Change Management



Risk assessment & hazard identification process

Change management process for safety and health



KYEC conducts regular hazard identification and risk assessment on the various operation activities of corporate organization. The “risk management list” is established for hazard identification and risk assessment result and undergoes improvement according to the objectives of risk level. The risk level can also be applied to environmental safety and hygiene objectives, target and management solutions in addition to follow up routinely at the Occupational Safety and Hygiene Committee.

When an accident occurs, in addition to investigating and analyzing what caused the accident, risk assessment and hazard identification shall be carried out simultaneously, and improvements shall be implemented in parallel to reduce the incidence of hazards.

Prior to introducing change of plan for the processing, raw material, machinery equipment, plant, and firefighting facilities, KYEC shall conduct risk assessment control on the operation, techniques, engineering, design, and environment in order to discover the potential risks.

The department of change must first conduct identification and risk assessment. In case of high risk items, the department shall submit hazard control measures and improvement plan to assure the proper control of possible risks derived before, during and after the change. Additionally, the query opinions involving personnel will need to be taken into consideration and trainings will be provided to operators. The department shall monitor the risk after change for decision over continuous control.

Through the continuous operation management system, conduct an annual impact analysis on operations, select priority activities for each unit, and conduct risk assessment and analysis.

Based on the results of risk assessment and analysis, formulate an operation continuity management plan to mitigate foreseeable occupational safety and health impacts.

7.8 Contractor Safety and Hygiene Management

The contractors play considerably important role in the environmental safety and hygiene management. A high ratio of contractor operations belongs to risk-based operations. Improper operations could result in personnel injury or death while more likely interrupts corporate operations. Hence, the factory develops Contractor Management and Purchase Management Guidelines for the management of contractor operations, signing the “Contractor or Subcontractor Construction Safety and Hygiene Environmental Protection Commitment” before contracting. The contractors shall commit to the compliance with factory environmental safety and hygiene regulation and various construction code of practice during the construction period in order to attain the objectives in “zero accident and zero disaster.” The access card will be issued to the contractors after they have implemented the contractor pre-operation environmental safety and hygiene education and training with satisfying test results. In addition, actively require contractors to participate in common education and training, such as chemical leakage drills, fire evacuation drills, traffic vehicle escape drills, etc.

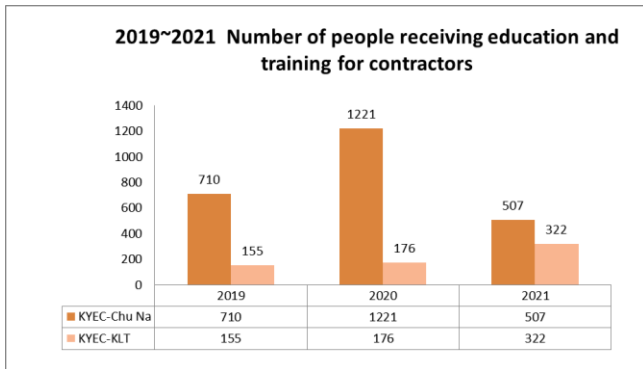
Before any operation, our contractors must first receive environmental safety and health education and training. In 2021, KYEC plants including KLT&ZKT trained 829 people in contractors’ environmental safety and health education and training courses. These people received induction ID Cards after passing the tests. We adopted electronic construction application and contractor card systems to implement an ID card control system for entering or leaving plants to effectively control the number of entering workers and the nature of construction every day. Six controlled operations include: slinging operations, hot works, high-elevation operations, shaft operations, confined space operations, and noise/vibration work. In 2020, no KYEC Group contractor died due to work injuries.

We ensure the implementation of construction site inspections and examinations. In 2021, there were 80 violations of environmental safety and health regulations for the contractors of KYEC plants including KLT&ZKT. All of them were corrected according to the regulations. We regularly call contractor meetings to review and advocate the operational guidelines of safety and health management.

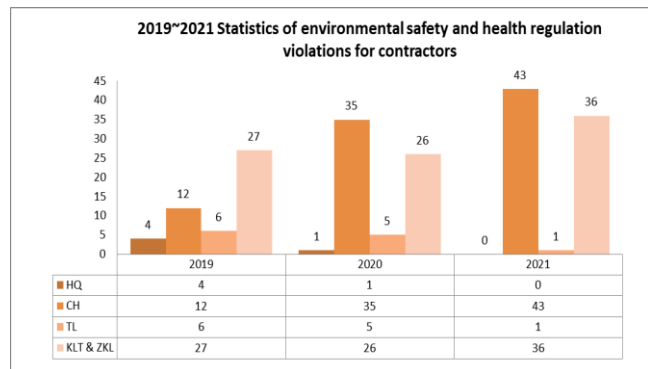
Through internal and external auditing and verification to ensure all contractor operations meet the certification standards of the ISO 45001 certification. We also fulfill our obligation as a business unit to provide responsible care for our downstream contractors by calling regular meetings to create opportunities for all contractors to communicate with each other.



Electrical equipment, Trestle stepladder certification mark



Number of people receiving education and training for contractors



Statistics of environmental safety and health regulation violations for

Note: All education and training sites for KYEC plants are in the Chunan plant. All education and training sites for the subsidiaries are in KLT.

7.9 Fire Safety Equipment and Signs

Various fire detectors, fire zoning, automatic fire alarm equipment, automatic sprinkler systems, and fire extinguishers are installed in each plant area of the KYEC Group. Property damage rate. Set up a carbon dioxide emission system, a central fire alarm monitoring system, a fire door monitoring system, etc. to prevent fire accidents.

KYEC's factories including KLT&ZKT's fire-fighting equipment are inspected and commissioned every month. KYEC's factories are commissioned by qualified firefighting equipment technicians (divisions) to conduct maintenance every six months. KYEC Group commissions them every year. Qualified institutions conduct comprehensive fire protection inspections, and if problems are found, they will be dealt with immediately. For operations that may cause malfunctions of fire-fighting facilities, construction operations are controlled, and infrared thermal imaging scans are implemented for electrical equipment every year to detect abnormalities in the equipment as early as possible to avoid electrical fires.

In addition to marking fire extinguishers (boxes) and emergency exit signs in accordance with regulations. Three-dimensional markings are added to expand the angle of sight and make it easier to increase the visibility for personnel. Set up in front of the emergency exit doors on each floor, evacuation guidance equipment is provided for emergency evacuation. In order to familiarize the personnel with the use of emergency response equipment and fire-fighting equipment, and to strengthen the emergency rescue capabilities of the personnel, 100% of the plant personnel have completed the fire extinguisher practice training.



Rescue team dispatched training



Cooperate with the fire department for large-scale



Emergency drill report



Emergency broadcast system test



Fire extinguisher operation training



Confined smoke escape training

7.10 Safety Management of Machinery and Equipment

The safety of machinery and equipment adopts source management, hazard identification and risk level assessment are carried out before the equipment is introduced, the change management process and personnel education and training are also implemented. The incidence of disaster accidents is reduced. Implementation of the release system for new machines to confirm whether safety devices are functioning properly, and whether other safety facilities or markings have been completed. Normal production and operation can only be carried out after meeting the inherent safety requirements. Mechanical equipment

safety devices and hazard warning labeling standards are included in the procurement and acceptance standards. Safe operation standards such as equipment relocation, installation, operation, maintenance and repair are usually established, and various safety protection functions are confirmed as inspection items during daily maintenance or repair of equipment.



↑ Establish on-site control requirements for equipment maintenance



↑ Establish an online database for equipment hazard signs

7.11 Safety and Health Compliance

Each of KYEC's factories including Jinglong and Zhenkun will continue to conduct monthly regulatory inspections and identifications to ensure that the operations in each factory meet the regulations. From 2018 to 2020, only 1 case of KYEC's Hsinchu factory violated safety and health regulations and was missing. Improvements have been completed during the year, and there have been no violations of safety and health regulations in other KYEC factories including Jinglong and Zhenkun.

In 2021, due to the COVID-19 pandemic, the industry and the KYEC Taiwan plant attracted the attention of the media and government units. KYEC's response to the pandemic and its management and control practices have all been released and responded to Important Information Release and Response on the Market Observation Post System (<https://mops.twse.com.tw/mops/web/t05st01>). Epidemic prevention and control measures were also adjusted on a rolling basis in accordance with the policies of the Central Epidemic Command Center and relevant environmental safety and health regulations, so that the epidemic would converge to zero within one month. For epidemic prevention measures, please refer to Chapter 7.12.

7.12 Anti-epidemic Measures

In response to the changes in the Coronavirus (COVID-19) epidemic, KYEC officially established the "Epidemic Prevention Committee" on 2020/1/21. The committee plans and manages emergency response plans for all stages of the epidemic prevention within the factory. They observe domestic and foreign epidemic trends, review various countermeasures to ensure that colleagues and the company are not affected by the Coronavirus (COVID-19) epidemic.

Continue to track the vaccination rate and evaluate the in-plant vaccination stations. As of 2021/12, the

coverage rate of each dose of vaccine were as follows: the first dose was 95.5%, the second dose 91.14%, and the third dose 14.06%, respectively.

Control Items	Regulated Mangement Content
<p align="center">Personnel Management</p>	<ol style="list-style-type: none"> 1. Fill out the health declaration form through the APP every day 2. Implement the control of screening and resumption of work for those who have not attended for a long time 3. Employees and customers in the factory implement temperature control when entering the factory 4. Promote the rejection of unnecessary visits and reduce the frequency of visitors entering the factory 5. Suspend non-urgent projects to reduce the frequency of contractors entering the factory 6. Visitors, contractors, and suppliers establish body temperature measurement and health management mechanisms 7. Set up an outdoor temporary meeting area to reduce the frequency of people entering the factory. 8. Employee business trip and outside training management mechanism (stopped when the epidemic is severe) 9. Establish a production certification manpower and complete the operation manpower scheduling plan
<p align="center">Foreign Workers Management</p>	<ol style="list-style-type: none"> 1. Set up a bulletin board for the epidemic prevention area to announce government epidemic prevention information and in-plant epidemic prevention management 2. The dormitory implements building management, and uses the bracelet to separate color and partition management 3. Set up quarantine and isolation dormitories (one person per room) for people with respiratory symptoms 4. Adding medical vehicles for epidemic prevention 5. Suspension of public facilities in the dormitory 6. Restrict external church gatherings and apply for priests to pray at the dormitory 7. Lunch box meal/meal separation. No overnight stay 8. Promote the reduction of overnight stays outside and implement the technology of the roll call system in the dormitory. 9. Foreign dormitories are disinfected every month (weekly when the epidemic is severe)
<p>Health Monitoring</p>	<ol style="list-style-type: none"> 1. Establish KYEC "Epidemic Prevention Zone" APP as a platform for health

<p>and Management</p>	<p>management and timely epidemic prevention promotion</p> <ol style="list-style-type: none"> 2. Implement body temperature measurement and abnormal tracking processing mechanism 3. Establish an active notification and management mechanism for personnel contact history 4. Implementation of respiratory symptom notification and management mechanism 5. High-risk personnel implement access and authority control 6. Regularly conduct surveys on the status of employees' vaccinations 7. Implement full-scale wearing of masks throughout the factory 8. Strengthen the frequency of disinfection in the factory 9. Automatic alcohol disinfectant dispenser installed throughout the factory 10. Purchase and control of anti-epidemic material 11. Provide personnel and family members stationed overseas/business trip, with exit/entry epidemic prevention package
<p>Cluster Management</p>	<ol style="list-style-type: none"> 1. Adjust the office model to implement department/distribution, and prohibit cross-area activities 2. Suspension of public facilities 3. Increase seat separation distance on shuttle buses and manage a real-name system. Wear masks and prohibit eating and drinking during the entire ride 4. Implement meal separation and set up anti-epidemic partitions 5. The remaining meeting room's capacity is controlled, with max occupancy marked at the entrance. 6. Build Webex online video conference system 7. Implement social safety distance control in smoking areas 8. In-factory convenience stores and coffee bar stop cash transactions



Set up outdoor temporary meeting area



Body temperature measurement and real-name registration system



Separate employee lounges and manages employee lounges by colors



Spilt operation of branch plant - according to the colors of the employee ID card (band)



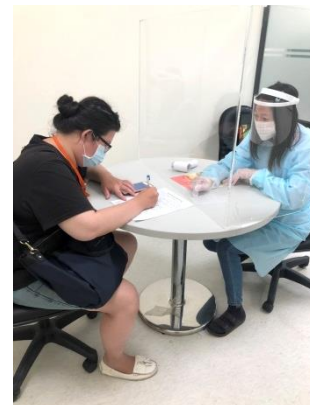
Suspend of group meals, offering bento instead



Regular cleaning of the lounge environment



Implement the technology of roll call anagement system to the foreign staff dormitories



Carry out work resumption assessment by the health care groups

8. Employees' Rights

Talent is the key to achieving competitiveness. "Employment by talents and take local materials." KYEC offers a diversity of employment channels, emphasize on thriving local economies, and upholds to the philosophy of protection and feedback to create more employment opportunities for Hsinchu and Miaoli areas. KYEC also employs local employees as the top priority. Currently the total number of employees is about 9,472 people With a total of 7,021 employees in KYEC .and particularly employs from Hsinchu and Miaoli County account for more than 67%. KLT&ZKT has about 2,451 employees in total, and approximately 27% of them are local employees (Jiangsu Province).Meanwhile, we also firmly believe that outstanding employees are the biggest assets of KYEC and therefore are committed to provide recruitment process in conformity with laws and regulations, comprehensive education and training system, safe and humanistic workplace environment, and competitive salary welfare system and public promotion channel. The above complete "selection, fostering, employment, and retention" related HR management allows employees to maximize their talents in workplace while joining KYEC hand-in-hand to create a win-win future for both sides.



8.1 Standards of Recruitment and Employment

KYEC Group protects workers' rights according to the local "Labor Standards Act," "Labor Law," "Employment Service Act," and "Act of Gender Equality in Employment." KLT & ZKT both conduct open recruitment by the "Labor Law", conduct a comprehensive review, and select the best in terms of knowledge, morality, ability, experience, physical fitness, and job matching.

" We do not discriminate against job applicants or employees on the basis of race, social class, nationality, religion, disability, or sexual orientation, union qualifications, political party or age. Moreover, KYEC is committed and implements relevant labor policies for RBA workers, health and safety, environmental protection, commercial code of ethics, and management system elements, These relative policies will be included in KYEC's labor and business ethics policies, including (1) the ban on child labor Under the age of 16.

Apart from the explicit declarations in Personnel Code, KYEC also adds prevention mechanism to recruitment and employment by more actively develop the operation instructions for employment of child. In response to the expansion of factories in Taiwan, Including KYEC and KLT & ZKT factory expansion the number of new employees increases annually. In 2021, the number of new employees recruited reached 3,243 people and in particular Including the number of regular employees, migrant workers, and dispatched employees, the ratio between men and women was 2,927 men to 946 women, as shown in the following table.

Year	2019		2020		2021	
Gender	Male	Female	Male	Female	Male	Female
NO. of Persons	1820	740	1991	829	2297	946
Ratio(%)	71.09%	28.91%	70.60%	29.40%	70.83%	29.17%
Total	2560		2820		3243	



Note: The table above shows the number of new recruits for the KYEC Group from 2019 to 2021

©Age , Gender distribution of new recruits

Year	Area	Type		Age			Total	Subtotal (Person)	
		Sex	Group	Under 30 year old	Between 30(including) and 50 year old	50 years or older			
2019	KYEC	Male	No.of Persons	461	212	3	676	1049	
			Ratio (%)	20.28%	13.88%	2.68%	64.44%		
		Female	No.of Persons	262	111	0	373		
			Ratio (%)	13.42%	10.42%	0.00%	35.56%		
	KLT&ZKT	Male	No.of Persons	984	159	1	1144		1511
			Ratio (%)	105.92%	41.84%	12.50%	75.71%		
		Female	No.of Persons	326	40	1	367		
			Ratio (%)	102.19%	21.28%	33.33%	24.29%		
2020	KYEC	Male	No.of Persons	392	163	3	558	1006	
			Ratio (%)	26.15%	6.95%	2.22%	55.47%		
		Female	No.of Persons	321	127	0	448		
			Ratio (%)	29.50%	6.32%	0.00%	44.53%		
	KLT&ZKT	Male	No.of Persons	1256	176	1	1433		1814
			Ratio (%)	114.60%	38.94%	11.11%	79.00%		
		Female	No.of Persons	316	65	0	381		
			Ratio (%)	135.62%	20.19%	0.00%	21.00%		
2021	KYEC	Male	No.of Persons	420	154	0	574	873	

		Ratio (%)	29.81%	6.62%	0.00%	65.75%	
	Female	No.of Persons	200	99	0	299	
		Ratio (%)	21.69%	5.01%	0.00%	34.25%	
KLT&ZKT	Male	No.of Persons	1511	212	0	1723	2370
		Ratio (%)	120.59%	41.17%	0.00%	72.70%	
	Female	No.of Persons	549	98	0	647	
		Ratio (%)	131.34%	38.43%	0.00%	27.30%	

©Total new recruitment rate

Year	Area	Sex	No.of Persons	Ratio(%)
2019	KYEC	Male	676	14.78%
		Female	373	
	KLT&ZKT	Male	1144	82.70%
		Female	367	
2020	KYEC	Male	558	13.83%
		Female	448	
	KLT&ZKT	Male	1433	85.77%
		Female	381	
2021	KYEC	Male	574	12.43%
		Female	299	
	KLT&ZKT	Male	1723	96.70%
		Female	647	

8.2 Employee Distribution

In recent years, the number of employees rises year by year and as of 2021, the number of employees for KYEC reached 9,472 people (including the company and dispatched employees). In terms of nationality ratio, the national ratio is 71.63% and non-Taiwanese ratio is 28.37%. In terms of titles, supervisory administrators account for 13.42%, engineers account for 44.52% and technicians account for 42.06%. In terms of nationality, 95.27% are native, and 4.73% are foreign for KLT&ZKT. In terms of the proposition of jobs, 11.79% are executives and administration staff, 33.82% are engineers, and 54.39% are technicians. In addition, there are 109 non-staff workers, such as in-plant group meal staff, cleaning staff, and security guards.

Labor intense is one of the characteristics of package and testing factories. Currently about 67% of current employees come from local Hsinchu and Miaoli counties and cities. Additionally to cope with the demand for night-shift HR and to strive for foreign worker quota for offsetting the shortage in employees of Taiwan natio

Year	Area	Type	Age			Employment type		Nationality		Subtotal (Person)
		Sex	Under 30 year old	Between 30(including) and 50 year old	50 years or older	Self-employed	Dispatched	Native	Foreign	
2019	KYEC	Male	2273	1527	112	3886	26	3014	898	7099
		Female	1952	1065	170	3170	17	1988	1199	
	KLT&ZKT	Male	929	380	8	1207	110	94	1223	1827
		Female	319	188	3	465	45	15	495	
2020	KYEC	Male	1499	2346	135	3957	23	3067	913	7275
		Female	1088	2009	198	3281	14	2017	1278	
	KLT&ZKT	Male	1096	452	9	1395	162	1444	113	2115
		Female	233	322	3	536	22	537	21	
2021	KYEC	Male	1409	2328	156	3870	23	3029	864	7021
		Female	922	1977	229	3114	14	2000	1128	
	KLT&ZKT	Male	1253	515	7	1410	365	1676	99	2451
		Female	418	255	3	529	147	659	17	

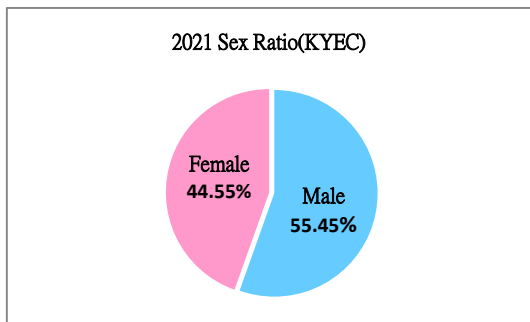
◎ Self-owned and Dispatched Employee Rat

Year	2019		2020		2021	
	Self-owned	Dispatched	Self-owned	Dispatched	Self-owned	Dispatched
No. of Persons	8728	198	9169	221	8923	549
Ratio(%)	97.78%	2.22%	97.65%	2.35%	94.20%	5.80%
Subtotal	8926		9390		9472	

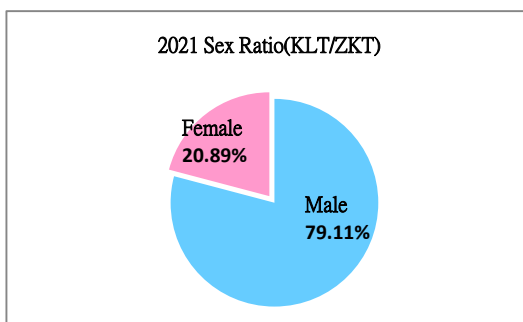
Note 1: The table above shows the number of self-owned and dispatched employees for the KYEC Group from 2019 to 2021.

Note 2: Foreign workers in KYEC Group are considered self-owned employees.

8.2.1 Sex Distribution

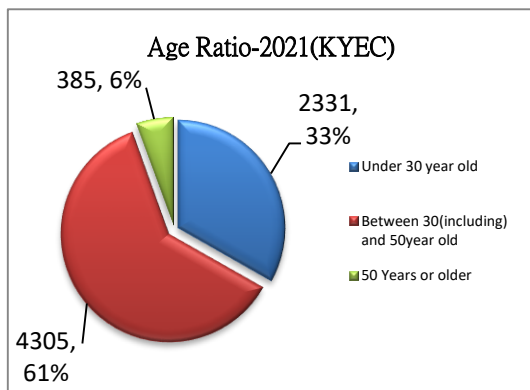


The number of men and women in KYEC / the total number of employees in KYEC

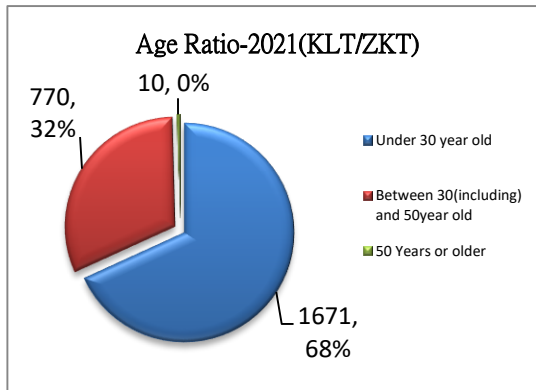


The number of men and women in KLT&ZKT / the total number of employees in KLT&ZKT

8.2.2 Age Distribution



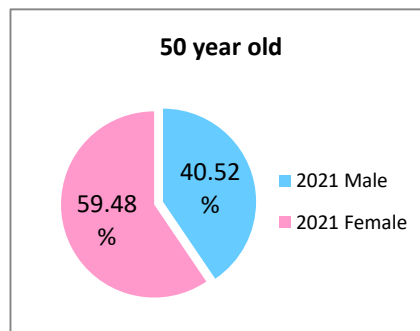
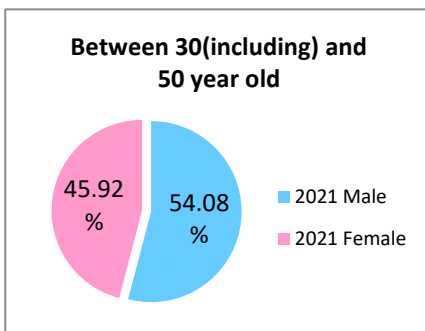
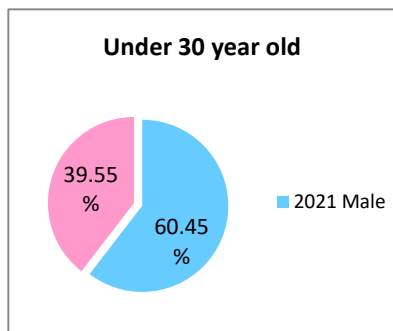
KYEC number of people by age / KYEC total employees



KLT&ZKT number of people by age / KLT&ZKT total employees

(1) Sub-distribution by gender

◆ KYEC

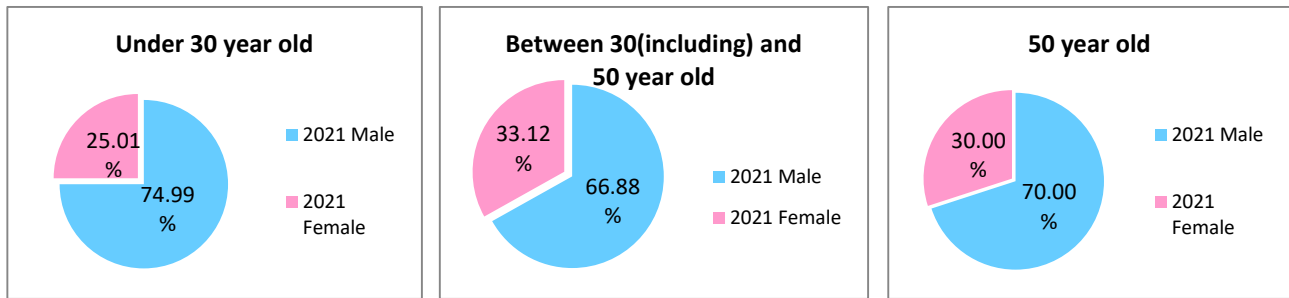


Note:Under the age of 30, KYEC number of men and women in this age group / KYEC total number of men and women

Note:30 years old (inclusive) to 50 years old, KYEC number of men and women in this age group / KYEC total number of men and women

Note:Over 50 years old (inclusive), KYEC number of men and women in this age group / KYEC total number of men and women

◆ KLT/ZKT



Note:Under the age of 30, KLT&ZKT number of men and women in this age group / KLT&ZKT total number of men and women

Note:30 years old (inclusive) to 50 years old, KLT&ZKT number of men and women in this age group / KLT&ZKT total number of men and women

Note:Over 50 years old (inclusive), KLT&ZKT number of men and women in this age group / KLT&ZKT total number of men and women

8.3 Employee Resignation

Our employees have the right to choose employment freely. KYEC ensures that all work is done voluntarily, and does not hire employees under coercive or mandatory conditions. When employees make a request for resignation, KYEC terminates the labor contracts with them in accordance with the Labor Standards Act.

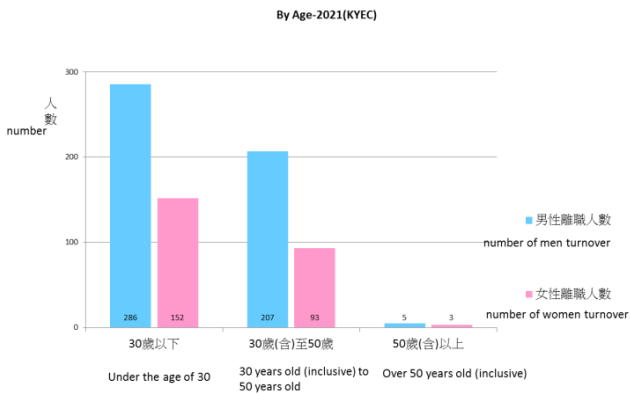
Year	Area	Type		Occupational Distribution			Age			Subtotal (Person)	
		Sex	Group	Supervisory Administrator	Engineer	Technician	Under 30 year old	Between 30(including) and 50 year old	50 Years or older		
2019	KYEC	Male	No.of Persons	45	278	102	252	166	7	623	
			Ratio(%)	7.22%	44.62%	16.37%	40.45%	26.65%	1.12%		
		Female	No.of Persons	23	95	80	124	73	1		
			Ratio (%)	3.69%	15.25%	12.84%	19.90%	11.72%	0.16%		
	KLT&ZKT	Male	No.of Persons	14	174	511	615	82	2		961
			Ratio (%)	1.46%	18.11%	53.17%	64.00%	8.53%	0.21%		

		Female	No.of Persons	25	29	208	224	38	0	
			Ratio (%)	2.60%	3.02%	21.64%	23.31%	3.95%	0.00%	
2020	KYECC	Male	No.of Persons	36	302	93	260	171	0	613
			Ratio (%)	5.87%	49.27%	15.17%	42.41%	27.90%	0.00%	
		Female	No.of Persons	24	102	56	100	80	2	
			Ratio (%)	3.92%	16.64%	9.14%	16.31%	13.05%	0.33%	
	KLT&ZKT	Male	No.of Persons	13	205	904	959	163	0	1415
			Ratio (%)	0.92%	14.49%	63.89%	67.77%	11.52%	0.00%	
		Female	No.of Persons	12	24	257	247	46	0	
			Ratio (%)	0.85%	1.70%	18.16%	17.46%	3.25%	0.00%	
2021	KYECC	Male	No.of Persons	32	376	90	286	207	5	746
			Ratio (%)	4.29%	50.40%	12.06%	38.34%	27.75%	0.67%	
		Female	No.of Persons	30	115	103	152	93	3	
			Ratio (%)	4.02%	15.42%	13.81%	20.38%	12.47%	0.40%	
	KLT&ZKT	Male	No.of Persons	22	309	1151	1279	201	2	2003
			Ratio (%)	1.10%	15.43%	57.46%	63.85%	10.03%	0.10%	
		Female	No.of Persons	30	42	449	430	91	0	
			Ratio (%)	1.50%	2.10%	22.42%	21.47%	4.54%	0.00%	

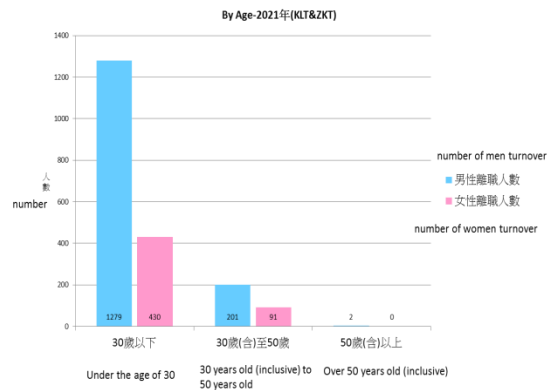
©Total turnover rate

Year	Area	Sex	No.of Persons	Ratio(%)
2019	KYECC	Male	425	8.78%
		Female	198	
	KLT&ZKT	Male	699	52.60%
		Female	262	
2020	KYECC	Male	431	8.43%
		Female	182	
	KLT&ZKT	Male	1122	66.90%
		Female	293	
2021	KYECC	Male	498	10.63%
		Female	248	
	KLT&ZKT	Male	1482	81.72%
		Female	521	

8.3.1 By Age

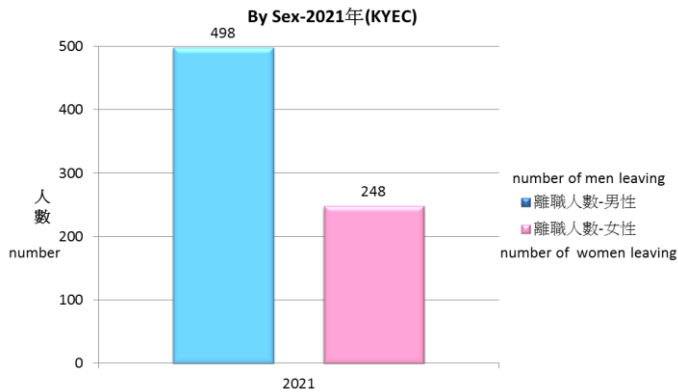


KYEC number of men and women by age / total KYEC employees

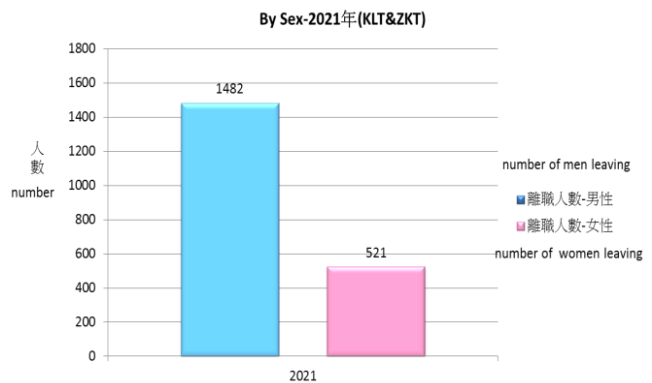


KLT&ZKT number of men and women by age / total KLT&ZKT employees

8.3.2 By Sex



KYEC number of men and women leaving / KYEC total number of leavers



KLT&ZKT number of men and women leaving / KLT&ZKT total number of leavers

8.4 Competitive Salary

The salary standard of KYEC employees is determined by education and professional skills and experience, which will not differ due to sex, race, religion, political stance, marital status, unions and association difference. And the standard starting salaries are all higher than the minimum wage required by local laws. The overall structure includes base salary, meals, allowance, bonus, and dividends. Moreover, the company offers salary raise and differentiated bonus/dividend system according to the corporate operation, personal performance and contribution of work function, in order to encourage the employee's diligence, efforts and even drive employees to pursue continuous excellence. Upholding to the principles of profit sharing and in the event of annual profits, KYEC shall appropriate 8%~10% as employee remuneration with 3%~5% of salary increase by year as gratitude for the efforts from the employees. In addition, KYEC discloses the average salary of full-time employees who are not in managerial positions. In 2021, the average salary of full-time employees who were not in managerial positions increased by about 11.4% from 2020.

8.4.1 Average Salary Comparison KYEC:

Year	Area	Average Salary - men V.S women			
		Supervisor	Administrative staff	Engineering staff	Technical staff
2021	KYEC	1.18	1.22	1.12	1.01
	KLT&ZKT	1.01	1.08	1.13	0.98

8.4.2 Non-executive salary comparison for KYEC:

Items	2019	2020	2021	Difference
Average Salary	706	721	803	11.4%
Median Salary	593	602	662	10.0%
1. Unit : NTD Thousand				
2. Increase rate formula: Salary in 2020 - Salary in 2019 / Salary in 2019 * 100%				

8.5 Complete Retirement Plan

KYEC establishes a labor pension reserve funds supervisory committee by law in order to take care of employees after retirement and promote labor-employer relation and improve work effectivity. The Committee shall supervisor the saving and use of pension funds in addition to appropriating pension reserves in 2% of the monthly salary to save in special account with the Bank of Taiwan. Commencing from July 1, 2005, employees applicable of new system shall appropriate 6% pension fund from the employee’s monthly wage and save it in the labor pension personal account established by the Ministry of Labor. The employee participation in retirement plan is 100%.

Additionally, KYEC shall calculate pension reserves for employees meeting the prerequisites of retirement at the end of each year in order to estimate the balance of labor pension reserve account for the aforementioned employees. In case of insufficient balance to pay for the total labor pension funds for employees meeting the retirement criteria in one year, the difference will be appropriated in one sum at the end of March in the following year in order to protect the pension rights of employees.

8.5.1 Pension Fund Plan-KYEC:

Item	Ratio of Pension Funds Appropriation to Salary	Ratio of Employees Participating in Pension Fund Plan
Old-System Pension Funds(Note)	Employer: 2% Employee: 0%	100%
New-System Pension Funds	Employer: 6% Employee: 0~6%	100%

Note :Employees entitled to the old system of pension fund seniority shall be entitled to the new system of pension fund seniority after they voluntarily choose to have the new system of pension fund seniority.

KLT&ZKT also pays for the pension insurance for fellow employees to develop a positive labor-management relationship and protect our employees' retirements rights.

8.5.2 Pension Fund Plan-KLT/ZKT:

Items	The company and employees' paying percentage for pension insurance
Pension insurance	Employer:13% Employee:8%

8.6 Comprehensive Insurance System

The company insures employees with labor and health insurance on the day of reporting to work according to the law. The company also pays for the full premium for all employees with additional group insurance (including life insurance, injury insurance, medical insurance, accident insurance, cancer insurance, and occupational disaster insurance) in addition to offering free group insurance to spouses, thereby to expand the coverage to all family members. Meanwhile, the company also arranges for weekly insurance companies to station and provide relevant consulting services in the factory, with travel insurance for travel and business trips overseas.

8.7 Complete Leave System and Benefits

KYEC develops leave related guidelines according to Labor Standard Act, Labor Leave Regulations and Act of Gender Equality in Employment, including marriage leave, funeral leave, menstruation leave, maternity leave, paternity leave, and annual leave according and other laws and regulations. Moreover, KYEC offers employees with benefits and measures related to food, clothing, accommodation, and transportation, including employee dividends, free routine health examination, domestic and foreign travel funds, medical office, physician of special division with free medical consultation services, employee dormitory for employees from afar, employee cafeteria and meal allowance, library reading room, free car and scooter parking lot, senior employee and model employee incentives, departmental activity funding...etc. KYEC even offers high amount of bonus for different activities to draw and encourage employees with participation, thereby promoting the balance between work and life. We also routinely review the internal benefits and design proper benefit measures according to employee needs (i.e. signing special contract with kindergarten nearby) so that the spouses of employees can also enjoy the convenience in life.

Benefits Overview:



8.8 Legitimate Employment of Persons with Physical and Mental Disability

KYEC strictly complies with “People with Disabilities Rights Protection Act” for the employment of persons with physical and mental disabilities, who are capable of working, We also hired the disabled beyond the employment quota. The number of employment may not fall under 1% of the total number of employees of the profit-seeking institutions. KYEC fulfills its responsibility in the employment of persons with mental and mental disability and lists the regional employment institution and Miaoli Welfare Association for the Blind as the cooperation channel of recruitment. The factory also sets up access free facilities and served parking lots, as well as providing working hours better than those stated in Labor Standard Act, in order to protect the living quality of employees with disabilities. In recent years, the number of persons with disabilities falls between 72~77 people and each year the number of employment exceeds the statutory quota by 6%~10% (Note 1). According to the rule of employing one such person in every 100 people, the statutory quota under Company Act in 2021 was 71 people while the actual number of employees was 75; in particular persons with minor disability account for 26%, persons with intermediate disability account for 13% and persons with severe disability account for 61% (Note 2).

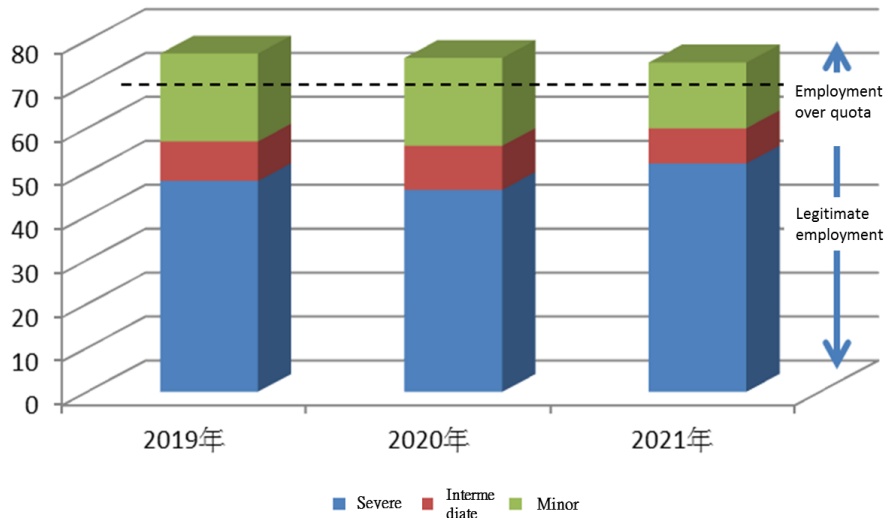
Note 1: the number of additional employees / statutory number of people

Note 2: The number of severe disability is twice the number of employees. Ratio = Number of all levels / annual number of employees

Employment Status of Persons with Physical and Mental Disability(2019~2021)

Item	2019	2020	2021
No. of Persons	77	76	75

Employment Status of Persons with physical and Mental Disability



8.9 Public Performance Appraisal and Promotion Development

The performance management and development system of KYEC not only are used to evaluate employees’ performance during specific period of time as the channel for promotion, bonus distribution and talent incubation but also actively plays the role of effective path that assists employees in terms of career development. KYEC applies self-evaluation and supervisor evaluation at the end of each year to review the first-half-year objective completion rate. KYEC reaches consensus produced from the review on output in the past and future through one-on-one performance interview. Next, the Evaluation Committee will objectively discuss to resolve the final performance appraisal before giving feedback of the evaluation results to the particular employee. Finally, such appraisal is used as reference for the bonus distribution and talent incubation in the second half of the year, in addition to making continuous improvement based on this circulation. In addition, KYEC also takes active measures in helping an providing employees appraised with poor performance the opportunity to improve. Employees are arranged with counseling, training and improvement plans so their efforts for the entire year will not be eradicated due to one result.

The performance appraisal process for KYEC employees is public and transparent, which eliminates the subjective error resulted from one-factor evaluation. Moreover employees will not be discriminated against in appraisal or promotion due to sex, race, religion, and marital status. If the employees oppose to the performance result in any way, the employees may petition for secondary review from the Human Resource Division. Furthermore, KYEC values the career development

of employees highly by providing occupational promotions and the departments will recommend employees meeting qualifications based on performance, scores, personal capacity, and relevant work



outcome. The supervisor will review while the personnel evaluation committee will resolve to grant promotion. In the past three years, the average promotion ratio (to the number of qualified people). The average is about 95% in Taiwan and 99% in mainland China

◎ Promotion ratio:

Area	2019	2020	2021
KYEC	95%	96%	94%
KLT/ZKT	93%	94%	93%

8.10 Parental-Leave-Without-Pay Measures

KYEC Group values employee concerns for daycare and breastfeeding by offering care for employees, pregnancy, and postpartum health education consultation, breastfeeding room, and signing contract with daycare centers, in addition to providing parental-leave-without-pay according to the Labor Standard Act and offering services to apply for parental-leave allowance from the Bureau of Labor Insurance. With comprehensive complementary measures,

Under this perfect supporting measure, the reinstatement rate in 2021 was about 53%, and the retention rate of reinstated colleagues in 2020 has reached 87%.

Item	Male	Female	Subtotal
	No. of People	No. of People	
2021 Eligible to apply for parental leave	265	190	455
2021 Actual application for parental leave	6	33	39
A.2021 Anticipated reinstatement of parental leave	6	32	38
B.2021 Actual application for parental leave and reinstatement	3	17	20
2021 Reinstatement rate (B/A)	50%	53%	53%
C.2020 Actual application for parental leave and reinstatement	1	30	31
D.2020 Reinstated 12 months after reinstatement from parental leave	1	26	27
2020 Retention Rate (D/C)	100%	87%	87%

Note :

- “Eligible to apply for parental leave in 2021”: The number of people who had applied for paternity leave and maternity leave during the period from 2019/01/01 to 2021/12/31.
- “Actual application for parental leave and reinstatement in 2020”: The actual number of people who had been reinstated during the period from 2020/01/01 to 2020/12/31
- The data doesn’t include KLT&ZKT (no relative local regulations)

8.11 Employee Care

The management supports and promotes health promotional policy and develops the promotional plan and solution, formulating comprehensive safety and hygiene policy for the general manager to sign and announce. KYEC also clearly include “launching health promotion” and “assuring employee health” in the following content of policies:

- 8.11.1 Effectively utilize energy and resource, launch waste reduction, classification, and recycling and reuse campaigns.
- 8.11.2 Improve incessantly, enhance environmental safety and hygiene performance, and devote in pollution and injury/disease prevention to conform to environmental protection, safety, and health regulations and customer requirement.
- 8.11.3 It is everyone’s responsibility to promote environmental protection, safety and hygiene in addition to continue advocating the education on such philosophy.
- 8.11.4 Implement risk management and launch health promotion to pursue objectives in “zero disaster” and “zero injury.”
- 8.11.5 Establish “Green Supply Chain” management system to assure work environment and employee health, and reduce the impact of products, processing, and related services on the environment.

- (1) Call for quarterly “Occupational Safety and Hygiene Committee Meeting” on a regular basis to discuss health related issues.
- (2) Each year KYEC develops health management promotion plan and the management shall sign and implement.



8.12 Promote Health Management and Advocacy Plan

KYEC complies to provisions prescribed in Labor Health Protection Regulations and Law by establishing qualified medical staff and stationed physician in the factory to facilitate health promotion services and offer chronic disease prevention and medical health care transfer services.

Every year, we conduct a questionnaire survey on human factors and workplace illegal harassment to identify health risks of colleagues and promote healthy workplace plans based on the four themes of human factors engineering, maternal care, overwork, and workplace illegal abuse to prevent and reduce the occurrence of occupational injuries and diseases.



KYEC organizes annual health examination and drafts the health promotion plan for that year with actual execution of health promotion activities based on the analysis results. Employees with abnormal results from the physical examination and health examination shall receive professional health education and advice from stationed physician. Meanwhile the factory offers records on the care for various injuries and diseases as well as injury/disease category.

The factory nurses will notify employees of the secondary examination for abnormal physical and health examination results and the follow-up of secondary examination results in accordance with employee requirement and annual health promotion plan. Stationed physician will develop data standards according to the examination items while abnormal data will be divided into severe, medium and minor levels for health management.

The factory nurse practitioner shall proactively contact and notify colleagues based on the level of health management classification to assist in booking on-site health services.

Stationed physician offers health education consulting and transfer services. Relevant workplace health promotion activities are held, including chronic disease prevention seminar and high-risk group health management, physical fitness examination, smoking prevention propaganda, smoking cessation class, nutrition seminar, four-cancer screening, epidemic infectious disease prevention propaganda and others.

8.12.1 Health promotion activities are held :

Year	2019	2020	2021
Sessions	11	11	2
People	1176	1106	291



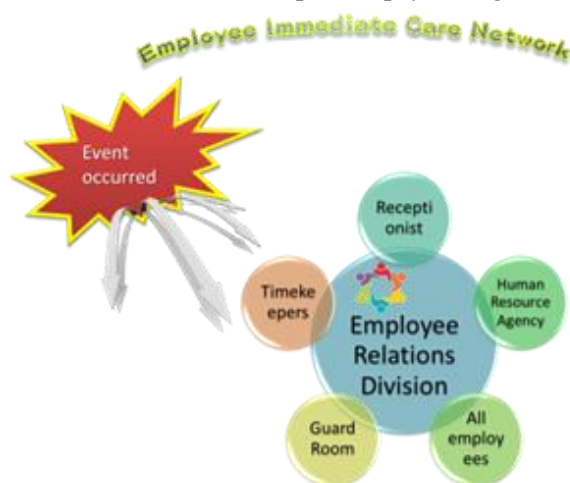
Chronic disease prevention seminar



Annual health check up

8.13 Physical and Mental Health of Employees

The physical and mental health of employees is the key factor for corporate sustained operations. Apart from the establishment of special physician, KYEC also works with the outpatient psychologist from the Physical and Mental Division in large hospitals for factory-visit services. KYEC voluntarily establishes the “Employee Care Site” for employees to be aware of the good intention by the company to take care of the employees and advocate for the corporate assistance in times of emergency situations. Hence, KYEC establishes the 24-HR employee emergency rescue hotline (KYEC 119), where a specialist will attend and handle to provide information and resource assistance.



To reduce the health hazards for employees working with high-risk special injury /disease, the medical team will care for employees by their physical, psychological and work related injuries with the following response actions:

- 8.13.1 Upon receiving reporting on the case, the factory nurse will contact, record and report to provide care for the cases jointly with department supervisors. The injury case in and out of the factory will be evaluated by the medical team for resumption to work according to the previous operation properties, depending on the recovery situation of the body, in order to attain proper work arrangement.
- 8.13.2 In the event the health condition from the attendance system shows that the case requires care, i.e. taking 3 days of sick leave, pre-maternal leave, medical treatment leave, leave for 60H in a row, the medical team will voluntarily contact and care to give assistance to the employees. KYEC cooperates with the physical and mental health division in peripheral hospitals, where professional consultants services for psychological consultation services and may transfer the cases to hospital for medication.
- 8.13.3 Employee Care Site: Report information to the Employee Relation Section through various means of transmission to immediately convey corporate care and resource supply to employees.

8.14 Valuing Female Employees

KYEC provides complete support and care to pregnant female employees by developing protection regulations for female employees:

- 8.14.1 Specify heave object moving standard.
- 8.14.2 Pregnant female employees are prohibited from handling hazardous, explosive and igniting substance related work.
- 8.14.3 Pregnant and breastfeeding female employees are prohibited from working at night.
- 8.14.4 Comply with safety and hygiene laws and regulation to prohibit female employees from enaging in dangerous or hazardous work.

- (1) Organize mother seminar, female cancer screening and other health promotion activities to take care of the health of female employees.
- (2) Provide female employees with cozy feeding environment and design by excellent breastfeeding room specification, using green, nontoxic, and anti-flame materials. KYEC is proud of the comfortable, private and ergonomic design.
- (3) Giving maternal leave for all women giving birth in accordance with Labor Standard Act.
- (4) Welfare funding for newborns (can be applied by men or women).

To enhance maternal and breastfeeding female employees, the response actions are described below:

- 8.14.5 Factory nurse calls to show care to employees taking maternity leave to understand their requirement and provide consultation.
- 8.14.6 After the employees finish maternity leave and reinstate, factory physicians will be arranged to conduct mother health hazard questionnaire as health education consultation.
- 8.14.7 Before the case taking parental leave without pay reinstates, the factory nurse will conduct interview to understand the physical condition and evaluation of reinstatement.
- 8.14.8 After the case taking parental leave without pay has reinstated, the factor nurse will evaluate the employees for work applicability.



Breastfeeding Room

8.15 Employee Communication

KYEC protects employee rights in accordance with the relevant articles stipulated by government laws. The employees have the freedom to free assembly and the company does not interfere or intervene, or show any form of preferential treatment due to race, sex, nationality, religion, and political stance. KYEC is committed to establishing unobstructed communication channel with the employees and offers complete communication channels in order to effective solve problems and employs could fully express their views and immediate communication, consequently establishing a harmonious working environment for the employees and management. We also let our fellow employees express opinions with a clean conscience, knowing that they are in a friendly environment with no retaliation. The company hasn't signed any group contract with our fellow employees.

By public voting, our employees are free to choose their representatives. The labor and

management representatives are selected according to the regulations for the number of labor representatives for genders, with a vote rate of 85%. We hold management and labor council every season following the council procedure for labor and management representatives to report their related issues.

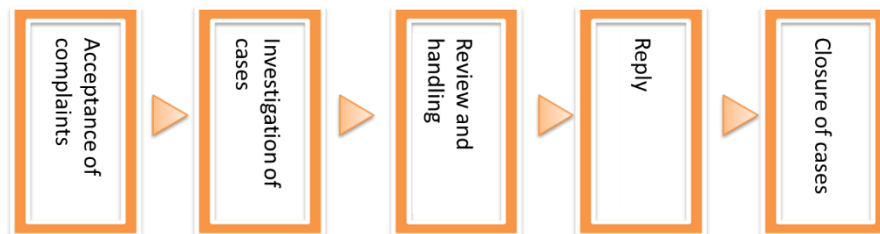
All employees can express opinions via the Labor and Management Meeting, seminar, employee board and various grievance channels. The matters reflected by employees will be replied with results to maintain excellent two-way communication. In 2021, the Company has received 100 cases of feedback 100% handling and reply. The company values the employees' opinions and voices and establishes multiple communication channels.

In accordance with the principle of KYEC's protection of complaints and reports, it handles complaints or pieces in a confidential, fair, and objective position. It keeps the identity of the complainant or whistleblower strictly confidential. The company shall ensure that the employee is not mistreated due to complaints or reports. It is strictly forbidden for anyone to retaliate against the complainant or the whistleblower. In case it is verified that employees or external personnel have retaliation, they will be punished according to the employee reward and punishment method, and the external personnel will terminate the business activities. From May to October 2021, due to the impact of the pandemic, in order to avoid gatherings, the symposium was postponed. However, five symposiums were held with 749 participants.

8.15.1 Grievance Mechanism Channels include:

- (1) Employee Board
- (2) 8160 Special Email
- (3) HR Dept. Service Phone
- (4) 24-HR Employee Emergency Rescue Hotline
- (5) Business conduct, ethics, and compliance reporting system

KYEC –The process of handling complaints:

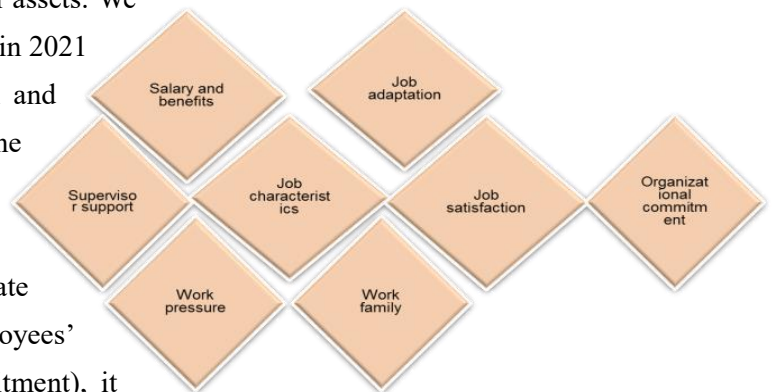


8.15.2 Communication Channels:

Item	Handling Dept.	Content	2021effect
Employee Seminar	HR Dept.	System Benefits measures Public affairs Public safety	100% handling and reply
Seminar for New Employees			
Seminar for Foreign Employees			
Welfare Committee Meeting			
Worker-Management Meeting			
Service Hotline			
Employee Board			
Email			
			There was no grievance case against discrimination regulation in 2021.

8.15.3 Employee satisfaction survey

KYEC attaches great importance to human assets. We conducted an employee satisfaction survey in 2021 to understand employees’ views on work and establish a good working environment. The actual number of questionnaires issued was 7,045, and the number of valid questionnaires was 5,988, with a recovery rate of 85%. Focusing on factors affecting employees’ willingness to stay (organizational commitment), it



covered company, work, supervisor, and personal factors, and the survey content included seven aspects (personal job adaptation, job characteristics, leader support, remuneration and benefits, work pressure, work-family, job satisfaction). Based on the survey results, the company has conducted an overall structural salary adjustment and continued to implement the talent policy and investment.

8.16 Food Care

KYEC takes care of the employees’ appetite by offering different meal choices. For example, vegetable and fruit meals are offered daily in factory cafeteria, the convenience store also offers meals with calorie and ingredient labels, and salad and fruit. The meals are included in the meal allowance plan while café bar suppliers designs light meals and whole-wheat meal package in the menu.

In addition to the rich delicacies in the restaurant in the factory, it is also the first in the major technology industries to introduce Smart Vending Solutions (bento vending machines) to provide new options for lunch, dinner, and suppers, and solve the problems of the best before date and

heat preservation of bento. During the epidemic, not only did we carefully arrange lunches with different flavors and types every day for our staff, but also added the option of cold noodles with different staple foods. The tastes were varied, taking into account both deliciousness and health. The current contractor health management practice follows key supplier management during the stationing period. Long-term stationing supplier includes catering supplier, convenience store supplier, café bar supplier, cleaning supplier, and security supplier. The supplier shall offer the health examination report of staff working in the factory and in case of any anomaly case, the nurses will remind the employer to draw attention and show care for the health condition of their employees.

8.17 LOHAS KYEC

KYEC designs a diversity of activities for employees to relax their mental and psychological state or develop proper entertainment activities in order to develop employee loyalty and establish excellent organizational atmosphere.

8.17.1 Energetic sports courses

KYEC Group started to provide gym courses in mid-2018, including muscle building and yoga classes. The company hired professional coaches and provided special offers for employees to attend. We continued to hold courses until 2021 due to COVID-19, when all classes are temporarily suspended to prevent cluster infection.

After the pandemic slowed down, we started to hire table tennis coaches to the plant in 2021 to instruct in activities and play one-on-one with our fellow colleagues. We provided our employees a sports environment with no health concerns (social distancing was ensured, no gathering activities) for them to exercise in our in-plant table tennis facilities after work. We provided them with a comfortable and adequate space for sports.



8.17.2 Award sheeting

To encourage senior employees, employees having worked for more than 5 years, 10 years and 25 years will be presented with awards in appreciation of their long-term contribution to KYEC. The company also produces special posters for senior employees having worked 25 years in the company to announce them in bulletin so other employees can read and learn from them.



8.18 Quality Workplace

KYEC is committed to build a quality work environment by building many recreational areas at high floors with excellent views, including the table tennis zone, employee cafeteria, 24-hour convenience store, and café bar for employees to watch the beautiful views during dining.



Table Tennis Area

24-hour convenience store

Multi-functional entertainment center

- 8.18.1 There are weight scale and electronic blood pressure monitor in the public area for employee use. Employees can measure and control self-health.
- 8.18.2 The multi-function entertainment center includes a reading room and a massage room. The reading room offers books, magazines and newspapers with over 13,579 books in collection. The massage room offers employees from visually impaired masseurs. KYEC signs contract with Miaoli County Association of Care for Visually Impaired to provide services that will relieve the stress and fatigue in employees. In 2021 alone, 1,596 people have participated.
- 8.18.3 Establish friendly breastfeeding environment with comfortable sofa, refrigerator for storing breastmilk, and information on raising infants. In 2021, 11 people visit this area monthly in average.
- 8.18.4 The Consultation Room takes consideration of privacy and KYEC invites professional consultants in case employees have the needs in consulting services for work and career, family life, interpersonal relationship, and physical and psychological demand.
- 8.18.5 Routinely advocate health promotion information and organize workplace health promotion activities.
 - (1) There is a “KYEC Employee Care Site” on the homepage with weekly propaganda focusing on medical health news and health promotion activities.

- (2) The factory features an environmental safety and hygiene hallway where health promotion themed posters are updated on a regular basis.
- (3) The Medical Office offers propaganda fliers and health books for employees to borrow and read.
- (4) The company reading room also offers medical health magazines and books for employees to borrow and read.
- (5) The routine update of health promotion themed posters is advocated through the announcement system.

8.19 Education and Training

Regardless of gender, KYEC employees have equality of opportunity in receiving training. The education and training system have nine major topics: executive management, new employee orientation, basic functions, professional training, quality training, environmental safety training, laws and intellectual properties, self-inspiration, and supply chain safety.

In 2021, a total of 254 training classes were held, adding up to 2,743 hours for total class hours with 95,746 people participating by KYEC; a total of 154 training classes were held, adding up to 355 hours for total class hours with 16,851 people participating by KLT&ZKT.

©2021 Average Employee Training House(Statistics as of 2021/12/31)

Year	Sex	level of position											
		Supervisory			Administrator			engineer			tcchnician		
		Total	Total Training Hours	Average Training Hours per Preson	Total	Total Training Hours	Average Training Hours per Preson	Total	Total Training Hours	Average Training Hours per Preson	Total	Total Training Hours	Average Training Hours per Preson
2019	M	577	14,904	26	94	1,480	16	2380	207,096	87	2178	74,618	34
	F	195	4,318	22	282	4,184	15	679	33,301	49	2541	122,695	48
Subtotal		772	19,222	25	376	5,664	15	3,059	240,397	79	4,719	197,313	42
2020	M	581	18,592	32	108	2,160	20	2580	219,300	85	2268	102,060	45
	F	188	5,690	30	314	6,040	19	751	54,072	72	2600	114,400	44
Subtotal		769	24,282	32	422	8,200	19	3,331	273,372	82	4,868	216,460	44
2021	M	592	18,175	31	122	2,562	21	2531	225,259	89	2423	125,996	52
	F	195	5,850	30	321	7,062	22	740	51,800	70	2548	138,509	54

Note:

1. Calculated according to the training hours of the whole group
2. The total number of training hours is calculated as the total number of training hours in the year

KYEC trains employees to acquire labor safety related certificates in accordance with government laws and regulations in order to conform to execution operation requirement and fulfill environment management. Moreover, KYEC organizes ISO quality related auditor certification training to enhance the internal audit effect, continue quality improvement and effectively implement corporate quality system.

©KYEC has helped employees acquire 3,707 certificates in 36 categories, as shown in the following table:

License name	License name
Type A occupational safety and health business	Hypoxia operation supervisor
Class A waste disposal	Dust Operations Supervisor
Grade A Wastewater Treatment Specialist	Specified Chemical Substance Work Supervisor
Class A Wastewater Treatment	Stationary crane operator (over three tons)
Class B wastewater treatment	fire manager
Professional and technical management of Class A poisons	Organic Solvent Operations Supervisor
Professional and technical management of Class B poisons	Safety and health education and training for first responders
Acetylene welding operator	ISO IATF16949 Internal Auditor Training
Occupational Safety and Health Manager	IECQ QC080000:2017 Hazardous Substances Process Management System
Occupational Safety and Health Manager	ISO9001.IATF16949.TL9000 Internal Audit
forklift operator	TL9000 Internal Auditor Training
High pressure gas specific equipment operators	VDA6.3 audit training
High pressure gas work supervisor	Roof Operations Supervisor
Lead Operations Supervisor	Quality Technician (CQT) Certification
Ionizing radiation machine	ISO13485:2016 Medical Equipment Quality Management System
Quality Engineer (CQE) Certification	AIAG&VDA FMEA Failure Mode and Effect Analysis and CP Control Plan
ISO50001 Internal Auditor Training	ISO14001/ISO 45001/TOSHMS Internal Auditor Training
energy manager	
A total of 3,707 sheets	

©KLT&ZKT has helped employees acquire 884 certificates in 34 categories, as shown in the following table:

License name	License name
forklift driver	high voltage electrician
Industrial boiler stoker	On-site special vehicle safety management
Water production, drainage and water treatment workers	On-site safety production manager
elevator safety manager	Maintenance Electrician Professional Qualification Certificate
Hazardous chemical practitioners	Occupational health chief
Pressure Vessel Operation Certificate	Occupational Hygiene Manager
chief security officer	Gauge and Instrument Calibration
security administrator	ISO14001 Internal Auditor Qualification Certificate
low voltage electrician	ISO45001 Internal Auditor Qualification Certificate
Assistant Energy Manager	ISO9001:2015 Internal Auditor Qualification Certificate
building (structure) firefighter	IECQ QC080000:2017 Internal Auditor Qualification Certificate
First Aid Training Certificate	TL9000 Internal Auditor Qualification Certificate
Fire safety education and training	ESD S20.20-2014 Internal Auditor Qualification Certificate
Special equipment safety management	IATF 16949:2016 Internal Auditor Qualification Certificate
Team Leader Safety Manager	ISO27001:2013 Internal Auditor Qualification Certificate
energy manager	VDA6.3 Internal Auditor Qualification Certificate
energy metering administrator	FMEA Failure Mode and Effects Analysis (Transition)
A total of 884 sheets	

To strengthen the company management system and sustainable management, KYEC places high importance in talent cultivation. To truly meet talent cultivation objectives, KYEC establishes complete education training system and system for the learning and development in employees. The learning and development plan of employees are designed from the personal duties and ranking of employees as well as their career development status at the company. The objective plan is developed by stage to systematically help employees learn and grow who will eventually and progressively fulfill the various professional knowledge and skills needed for the duties, thereby meeting training objectives and improving the overall competitiveness.



KYEC’s training for employee is diversified and each employee can acquire abundant training resources through different methods, promoting self-learning and growth and establishing E-learning. Apart from on-the-job training, KYEC also promotes education training through KYEC e-college, which content includes engineering management, environment management, equipment management, production management, quality management, management skills, legal intellectual rights, sales system, and other types of courses. Currently there are 290 classes offered for online curriculum so that employees can arrange for study progress according to their needs without the restriction of time and space, which effectively intensifies employee education effect. The number of KYEC employees logged into the system in 2021 was 284,160; In KLT&ZKT offering 266 online courses, employees logged into the system was 17,026.

Moreover, the establishment of employee study map and duty plan courses help employees clearly understand the study plan arranged by the company and the departments. Employees can also query the training courses and training records from the system while managers can also follow up the rate of employee training completion through the learning map system.



KYEC Group values human rights, occupational health and safety, environmental protection, and employees' compliance with ethical principles. We developed relative regulations for business behavior and occupational ethics, sexual harassment prevention at work, sexual harassment prevention measures, prevention measures for unlawful infringements at work, etc., and clearly defined the specifications, standards, operating procedures, and grievance systems. The human resources department will hold new employee training for all new recruits about the company



culture, core value, personnel management regulations (including integrity management and anti-corruption), human rights issues, quality policies (including 6S), basic legal knowledge, and intellectual property education, information safety and advocacy, health education for employees, safety education for workers, and so on. All employees completed their training.

Furthermore, This year, we arranged for all working employees to take RBA awareness education courses.

The content of the course covers human rights (including no forced labor, no child labor, no discrimination, no harassment, respecting the freedom of association, respecting privacy, ensuring the implementation of working time limits, and providing adequate salaries and benefits), workers, health and safety, environmental protection, ethical principles (including integrity management and anti-corruption), and management systems. The employees' completion rate for training was 100%. In addition, we regularly reinforce workplace bullying and harassment training for executives every year to make sure they clearly understand the judging criteria and handling procedure. This will let fellow employees understand KYEC's emphasis and respect on governance and employees' human rights through education and training and build a friendly working environment that encourages communication.

KYEC develops employee learning and development plan according to the personal duties and ranking of the employees, as well as their career development status in the company. The objective plan is developed by stage to systematically help employees learn and grow who will eventually and progressively fulfill the various professional knowledge and skills needed for the duties, thereby meeting training objectives and improving the overall competitiveness. Moreover, the structural integration of knowledge and skills and the occupational behavior and attitude can help improving personal work performance, thereby driving enterprises to have impact and competitiveness on the economy.

About 50% of KYEC's customers come from overseas. To encourage employees with strengthening language communication, KYEC holds Japanese and English courses each year and are open to all employees for registration. Employees will improve language communication capacity and are expected to apply the knowledge on the work. In particular, employees will need to take capacity after English conversation training. Employees with advancement in English scores will be encouraged with bonus.



New employee training courses(KYEC)



Environmental safety training courses(KYEC)



Environmental safety training courses
(KLT&ZKT)



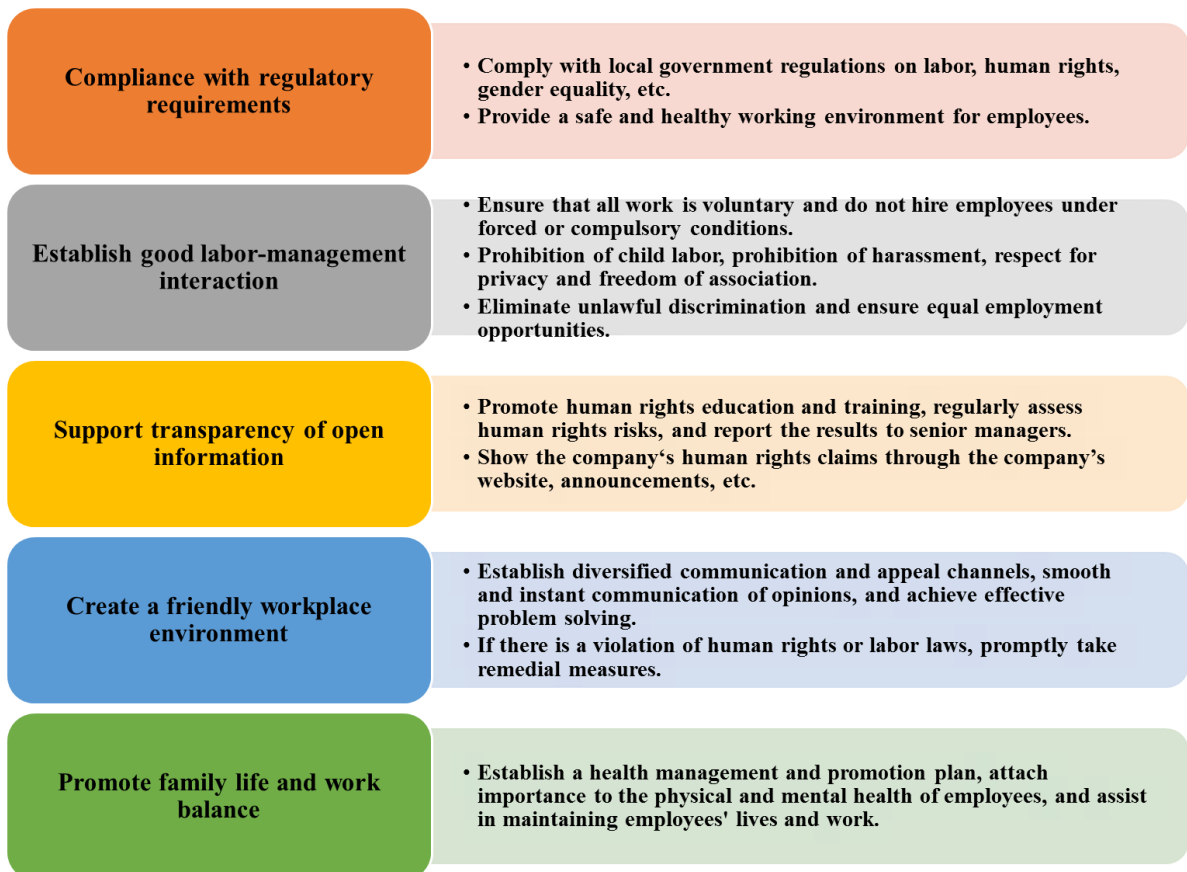
New employee training courses
(KLT&ZKT)



8.20 Human rights management

8.20.1 Human rights Policy

King Yuan Electronics Co., Ltd. abide by internationally recognized human rights principles, including the “Universal Declaration of Human Rights,” “International Labor Organization - Declaration of Fundamental Principles and Rights at Work,” “United Nations Global Compact,” “United Nations Guiding Principles on Business and Human Rights” “ International Bill of Human Rights” to protect and promote human rights. We support and respect all local laws and regulations at our operational sites worldwide and adopt specifications consistent with the “Responsible Business Alliance Code of Conduct” to ensure human rights protection. King Yuan Electronics Co., Ltd. formulates human rights policies and eliminates all actions against human rights to protect all employees (including contract and temporary employees), suppliers, contractors (including suppliers that provide contract workers) and abide by these policies and measures. We promise to comply with the regulatory requirements, establish a healthy labor-management relationship, support public information transparency, build a friendly working environment, and facilitate the balance between family and work.



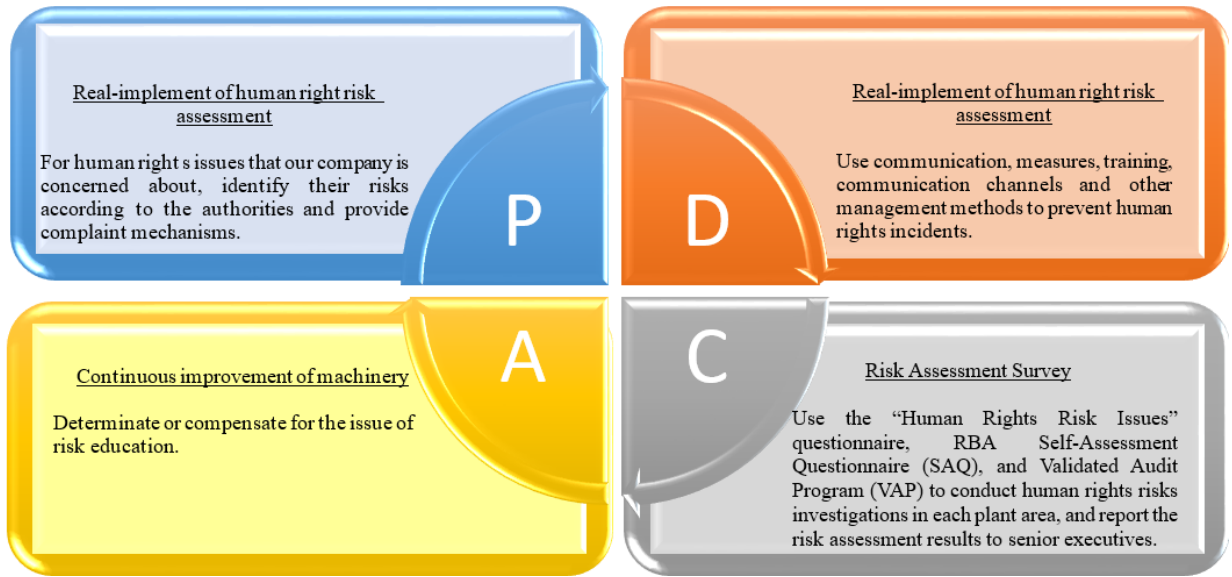
8.20.2 Risk management for human rights

KYEC Group follows the PDCA cycle for human rights management, adopts relative managing measures, and keeps improving the system and various risk assessment methods to prevent or avoid human rights incidents and protect related stakeholders' rights. Regarding the human rights issues that the company's production process face, Our company focuses on three major categories of human rights issues: employee and operation-related, supplier-related, and regional. The Human Resources Division / Employee Relationship Section, Quality Assurance Division / Supply Chain Quality Management Section, and Labor Safety and Risk Management Division/ Labor Safety and Environmental Protection Department will identify human rights risks and develop mitigation and remedial measures for areas with a higher level of risks (e.g. "Working hours", "Occupational safety", "Wages and benefits", "Responsible Procurement of Minerals," etc.) and report the risk assessment results to the senior executives.

For suppliers, we perform RBA-SAQ, on-site audits, and RBA-VAP assessments for all our business partners. According to the identification result, we will confirm the risk condition and develop mitigation measures for suppliers with a higher level of risks to protect the human rights of all employees and suppliers.

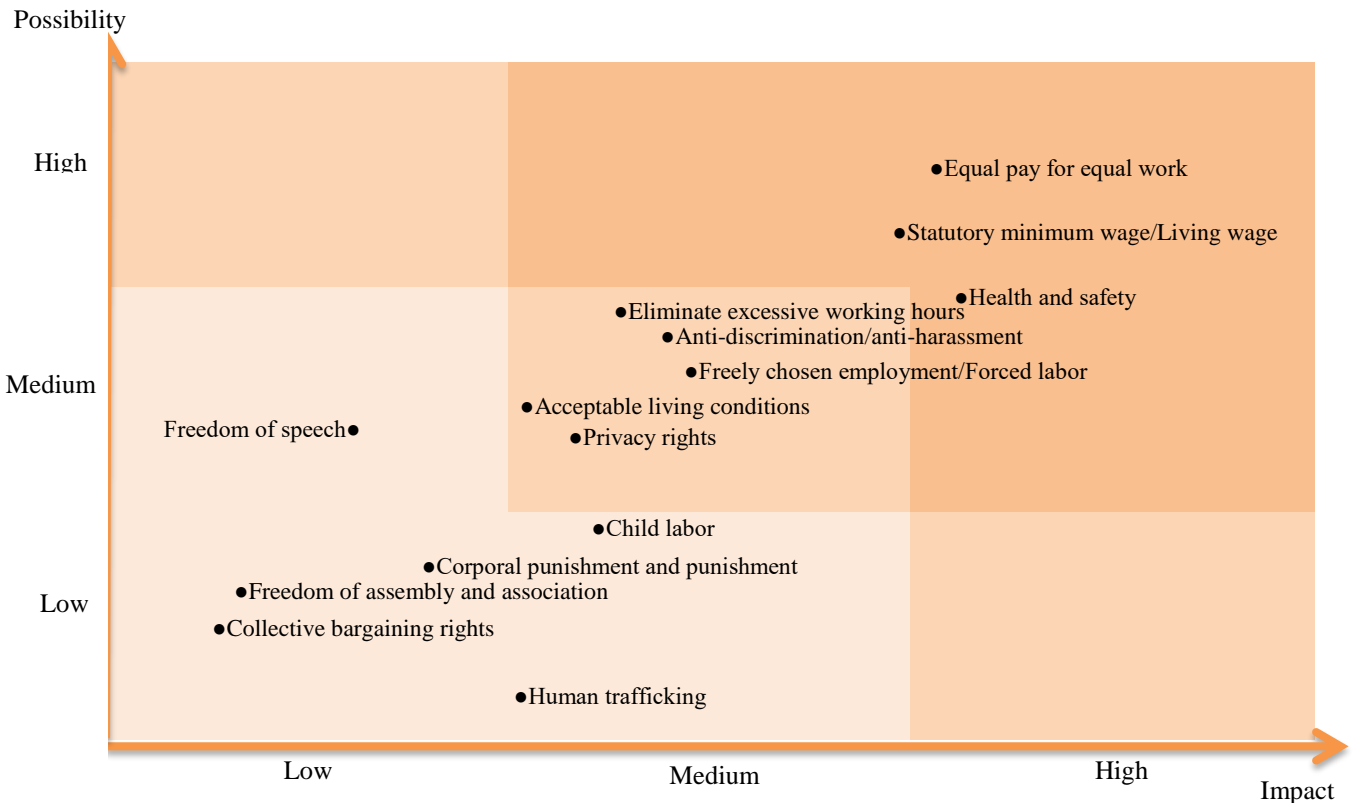
“Human rights” refers to the rights that all people are born with, regardless of race, sex, nationality, ethnicity, language, religion, or any other status. We regard the possibility of violating certain human rights as a “human rights risks”. We collect internationally recognized human rights norms and compile the human rights issues mentioned in the norms into the “Human Rights Risk Issues” questionnaire.

In order to identify possible human rights risks of KYEC suppliers, we negotiated with suppliers and invited 26 suppliers anonymously to fill in the supplier human rights risk questionnaire, and identified 14 possible human rights risks issues in the supply chain through questionnaire analysis. In addition, KYEC regularly conducts written and on-site audits of suppliers every year to truly understand the human rights risks that may arise from suppliers and assist them in completing risk mitigation and remedial measures to ensure human rights risks that may arise in KYEC's value chain.

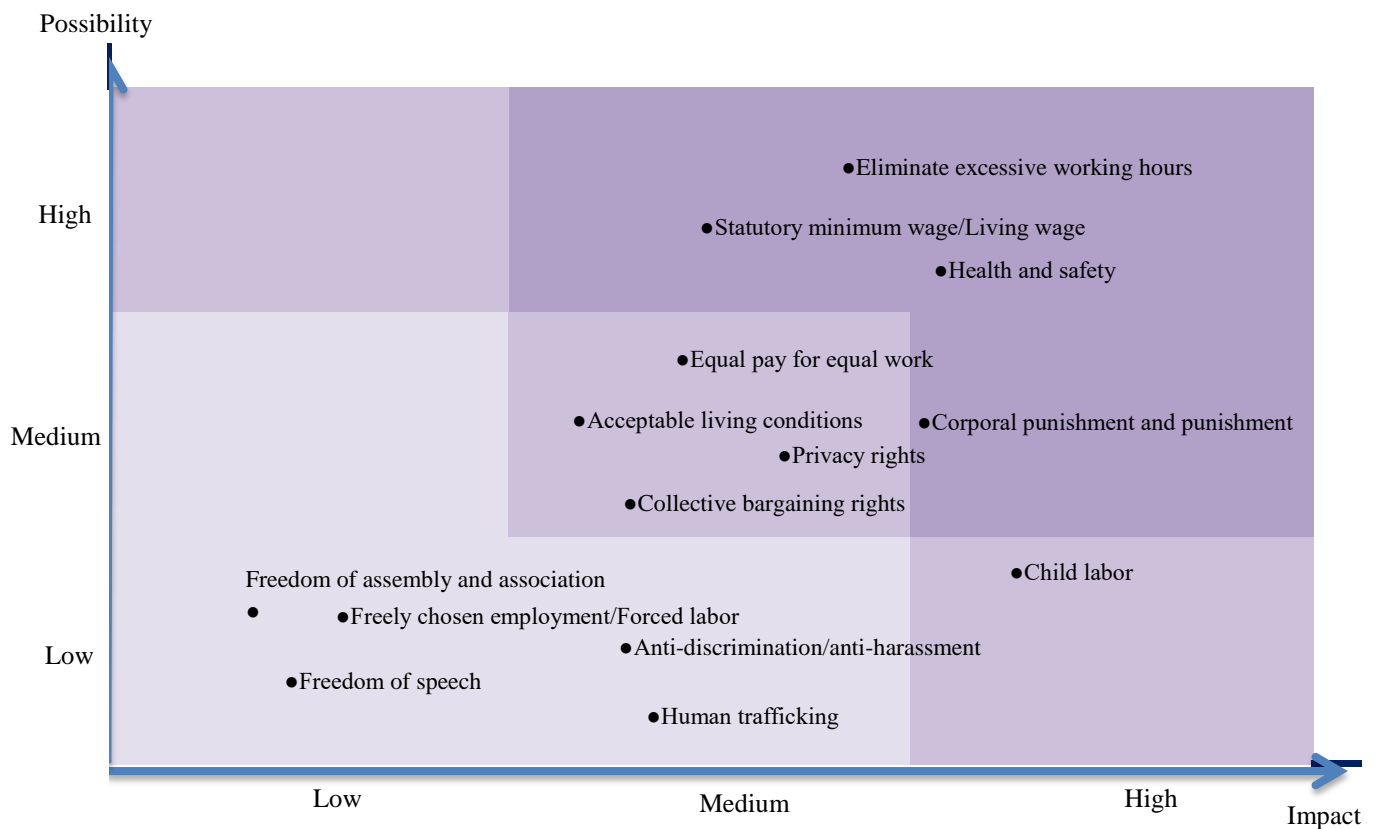


8.20.3 Human Rights Risk Matrix and relating Mitigation & Remedies

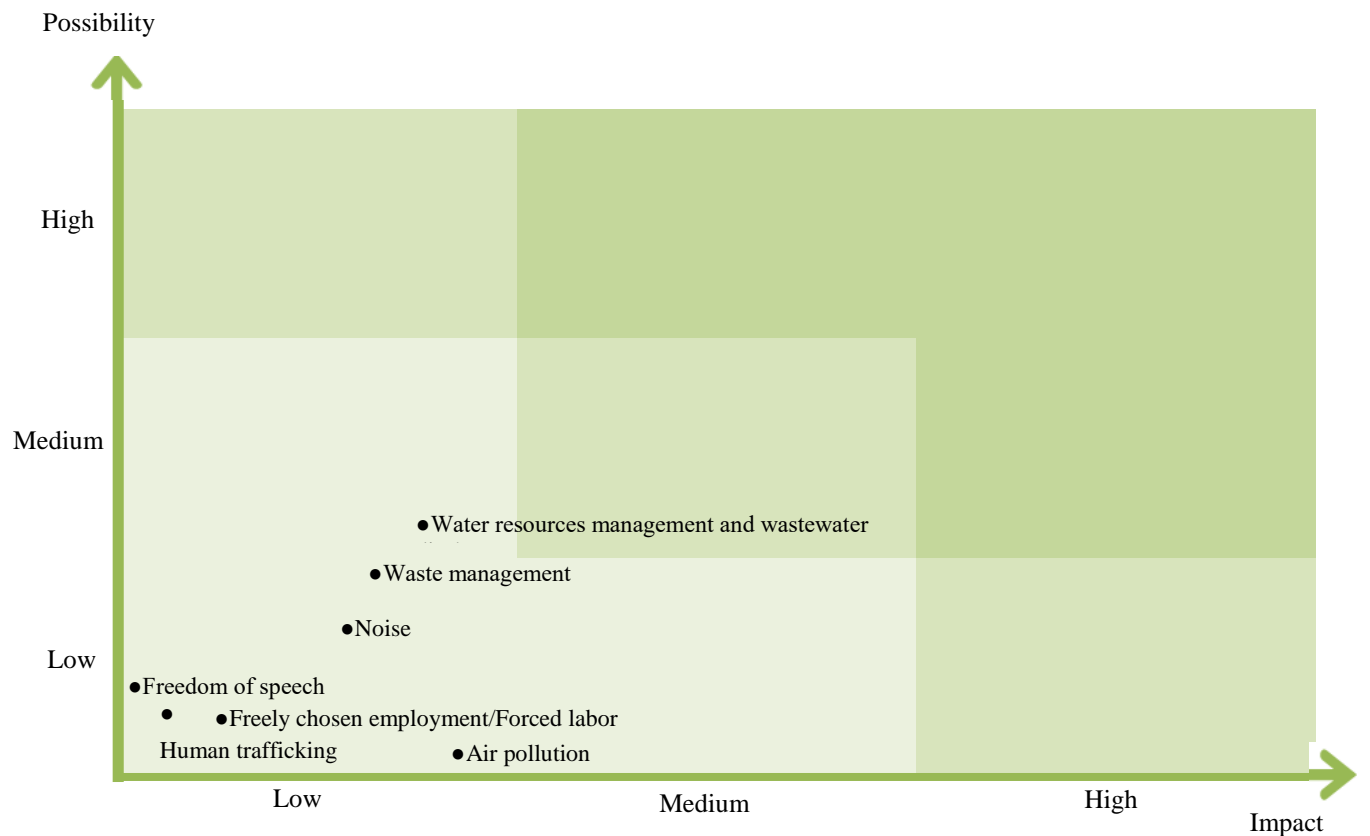
※Human Rights Risk Matrix (Employees)



※Human Rights Risk Matrix (Supply chain)



※Human rights risk matrix (Community residents)



※Identification of human rights risks issues and impact assessment

KYEC's role	Nodes of a value chain	Affected objects in the value chain	Salient human rights issues	Impact description of risk topics	Impact assessment mechanism
Employer	Operations process	Employee	Equal pay for equal work	Failure to give employees equal pay can lead to workplace discrimination.	<ol style="list-style-type: none"> 1. Conduct a questionnaire survey on “Human Rights Risk Issues” for the company’s employees every year 2. Identify risks by the Self-Assessment Questionnaire (SAQ) and Verification Audit Process (VAP) 3. Internally use the risk assessment table of labor and ethics management to identify the risks of labor-related issues.
			Statutory minimum wage/Living wage	Whether to provide employees with the minimum statutory wage/living wage may affect the basic normal life of employees.	
			Health and safety	<ol style="list-style-type: none"> 1. Whether the measures against serious special infectious diseases may expose employees to unsafe working conditions. 2. Whether to provide safety knowledge training and provide complete protective equipment, which may cause occupational injury to employees (for example, being hit and hurt by the machine, etc.) 	
Responsible Buyer	Upstream	Supplier	Health and safety	The impact on employees due to exposure to chemical, biological and physical agents; the hazards to employees due to heavy physical labor; and the safety hazards of production equipment or other types of machinery.	Every year, use the “Human Rights Risk Issues” questionnaire to investigate the human rights issues concerned by the supply chain.
			Eliminate excessive working hours	Labor may be overworked due to long working hours, resulting in decreased production efficiency,	

				increased personnel mobility, increased number of injuries and sicknesses, and spawned protests, strikes and other events that affect the company's operating conditions.	
			Corporal punishment and punishment	Harsh or inhumane treatment of employees, including “corporal punishment” through physical punishment, or other acts involving physical or psychological coercion, bullying, public humiliation, or verbal abuse; or threatening to do any of the above.	
			Statutory minimum wage/Living wage	When calculating the salary structure, it should be determined by taking into account the cost of maintaining social needs such as food and lodging, health care, clothing, and education for families in the area.	
Local business	Operations process	Community residents	Wastewater discharge	Unmanaged wastewater discharge may lead to water pollution and affect the environment and ecology.	Every year, conduct a questionnaire survey on “Human Rights Risk Issues” among the residents of the communities around the company’s operations.
			Waste management	Failure to properly, or effectively dispose of waste can affect the surrounding environment of the community.	

✧Mitigation and Remedy of Human rights risks issues

KYEC's role	Nodes of a value chain	Affected objects in the value chain	Salient human rights issues	Impact description of risk topics	Mitigation measures	Remedies	Management goals in 2021
Employer	Operations process	Employee	Equal pay for equal work	Failure to give employees equal pay can lead to workplace discrimination .	Implement legal requirements and set salary, and remuneration standards.	Strengthen the publicity and education training on employee compensation awareness.	<ul style="list-style-type: none"> • Conduct employee satisfaction surveys regularly every year.
			Statutory minimum wage/Living wage	Whether to provide employees with the minimum statutory wage/living wage may affect the basic normal life of employees.	<ol style="list-style-type: none"> 1. Provide employees with basic salary remuneration according to the law 2. Regularly adjust the salary structure. 	If the relevant facts are verified, the employee's due rights shall be returned.	
			Health and safety	<ol style="list-style-type: none"> 1. Whether the measures against serious special infectious diseases may expose employees to unsafe working conditions. 2. Provide safety 	<ol style="list-style-type: none"> 1. Establish an epidemic prevention team to implement epidemic prevention-related management and control. 2 Formulate relevant regulations related to 	<ol style="list-style-type: none"> 1. Provide staff with rapid testing and screening, vaccine administration, and provide a safe working environment. 2 Hierarchical management of the health of the factory, 	<ul style="list-style-type: none"> • Hold regular employee health checks annually. • Conduct employee work health questionnaires on a regular basis

				<p>knowledge training and provide complete protective equipment, which may cause occupational injury to employees (for example, being hit and hurt by the machine, etc.)</p>	<p>employee health and safety (for example, instructions for labor health inspection)</p>	<p>and professional evaluation by a resident doctor.</p> <p>3. Regularly conduct compound disaster drills and publicity.</p>	<p>every year.</p>
<p>Responsible Buyer</p>	<p>Upstream</p>	<p>Supplier</p>	<p>Health and safety</p>	<p>The impact on employees due to exposure to chemical, biological and physical agents; the hazards to employees due to heavy physical labor; and the safety hazards of production equipment or other types of machinery.</p>	<ul style="list-style-type: none"> • Suppliers sign the “Commitment to RBA Code of Conduct” and promise to abide by the code of conduct and KYEC's relevant regulations on corporate social responsibility. • Conduct annual 	<ul style="list-style-type: none"> • Suppliers are required to provide counseling and appropriate compensation for employees who have suffered human rights violations. • Modify the policy to avoid recurrence. 	<ul style="list-style-type: none"> • Hold regular supplier conferences every year to respond actively to suppliers' concerns about human rights issues.
			<p>Eliminate excessive working hours</p>	<p>Labor may be overworked due to long working hours,</p>			

			<p>resulting in decreased production efficiency, increased personnel mobility, increased number of injuries and sicknesses, and spawned protests, strikes and other events that affect the company's operating conditions.</p>	<p>RBA audits on suppliers to avoid risks.</p>		
			<p>Corporal punishment and punishment</p>	<p>Harsh or inhumane treatment of employees, including "corporal punishment" through physical punishment, or other acts involving physical or psychological coercion, bullying, public humiliation, or verbal</p>		

				abuse; or threatening to do any of the above.			
			Statutory minimum wage/Living wage	When calculating the salary structure, it should be determined by taking into account the cost of maintaining social needs such as food and lodging, health care, clothing, and education for families in the area.			
Local business	Operations process	Community residents	Wastewater discharge	Unmanaged wastewater discharge may lead to water pollution and affect the environment and ecology.	<ol style="list-style-type: none"> 1. Set up a wastewater treatment system and operate it with dedicated personnel. 2. Monitor the quality of the discharge water every quarter. 	Suspend the wastewater discharge and return treatment.	100% of the discharge water quality meets the management standards of the science park.

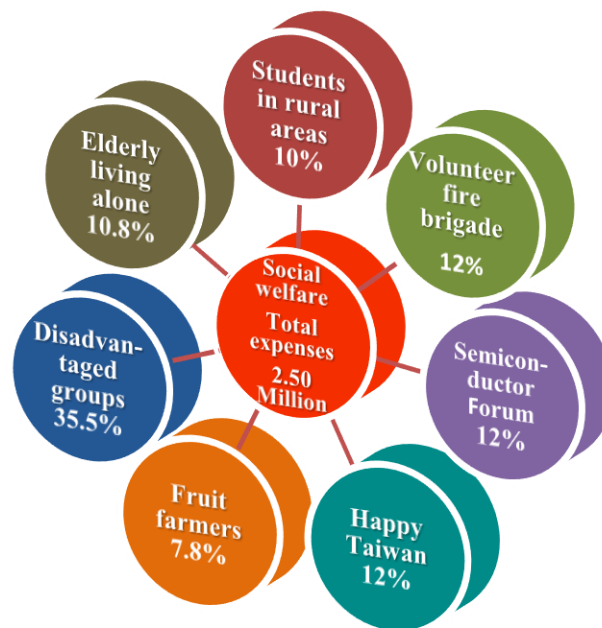
			Waste management	Failure to properly, or effectively dispose of waste can affect the surrounding environment of the community.	<ol style="list-style-type: none"> 1. Entrust a qualified removal and disposal company. 2. Regularly conduct audits on the removal and disposal process. 	Clean up the contaminated environment immediately.	100% of the removal and disposal process has no violations of laws and regulations.
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9. Social Participation

KYEC has always adhered to the concept of “caring for the society and sustainable development”. In addition to actively cultivating talents, KYEC also promotes public welfare activities such as arts and humanities and caring for the disadvantaged, and continues to invest and pay attention to the difficulties of children from disadvantaged new immigrant families in their studies. Adhering to the long-term support of community care, in addition to corporate sponsorship, KYEC also encourages employees to participate in social welfare activities. With the help of employees, the company implements specific actions to give back to community and society, to fulfill corporate social responsibility.

KYEC's social participation policy:

- Focus on the county and city where the company is located, and help the local people to achieve common good and common prosperity.
- Expand to the whole of Taiwan and strive to make more contributions to Taiwanese society.
- Expand the level of social welfare in order to help more people in need.



9.1 Sponsored “Xiang Yang Social Welfare and Charity Foundation”

The Xiangyang Social Welfare and Charity Foundation hopes to take root in the foundation of legal education, rebuild good social values, promote ethics and morality, and establish social peace and order. Combined with the strength of non-governmental organizations, the Foundation selects projects that the government has not done or has not yet perfected; systematically corrects the deviant thinking of young people; promotes the rehabilitation and protection of prisoners; and establishes the spirit of the rule of law to improve the social atmosphere and create a fair and just new society that is law-abiding, just, equal,

harmonious, and humane care.

There has still been a lot of work in progress for the Xiangyang Social Welfare and Charity Foundation, so KYEC sponsored the Foundation in 2021 to help it smoothly promote various businesses and continue to benefit Taiwanese society.

9.2 Continue to sponsor the “Organic Miaoli, Shennong Project”

KYEC has sponsored the Miaoli Shennong Project for years. It had entered its seventh year in 2021. This is a long-term sponsorship project. In addition to the supply of vegetables for students’ nutritious lunch for the whole year, it also helps students learn a lot of agricultural knowledge. From the practice, students learned many things that should be paid attention to when planting crops, how to control various pests and diseases, and the focus of teamwork. The Roselle Planting Ceremony is held in May every year, and the community and parents are invited to participate. The children plant the roselle seedlings in the school fields, and continue to do field management and organic pest and disease control until the harvest in September. After the roselles bloom in late summer, the company leads the children to thank the Earth God for his care. After the roselles are harvested, the children gather to remove the seeds of the roselles, clean them, sort them, dry them, and marinate them with sugar. The school has been in operation for seven years, the older children have been familiar with the processing procedures, and they have fun learning together with the younger children.



Students helped each other plant roselle



Principal demonstrated planting skills

9.3 Sponsored “Economic Daily News -- Taiwan Happiness Index Survey”

KYEC sponsored the “Economic Daily News -- City Happiness Index Survey”, the purpose is to let the administrators understand the feelings of the people, as a reference in governance, to improve the well-being of the people.

The “Happy Taiwan - 2021 County and City Happiness Index Survey” was compiled with reference to the “Regional Well-Being Index” of the Organization for Economic Cooperation and Development (OECD), which is the most commonly used index to measure the happiness of various regions or cities internationally. The public opinion survey was conducted from August 16 to October 11, 2021, with 16,805 valid samples. Among the surveys of the same nature in Taiwan, the sample size was the largest, the most in-depth, and the most comprehensive happiness index.

According to the Economic Daily News “Happiness Taiwan-2021 County and City Happiness Index Survey”, Hsinchu City won the championship with a happiness index of 72.36, Chiayi City ranked second

with a slight gap of 70.36, Penghu County took the third place, and Taitung County and New Taipei City were the fourth and five, respectively.



Mayor Hou of New Taipei City, Mayor Zheng of Taoyuan City, Mayor Lin of Hsinchu City, Mayor Huang of Chiayi City, Mayor Rao County of Taitung County, Mayor Lai County of Penghu County, Deputy Mayor Liu of New Taipei City, and Deputy Mayor Linghu of Taichung City attended the ceremony and shared the secrets of happiness governance.

9.4 Sponsored “Li Guoding Memorial Forum on Taiwan Semiconductors, the New Layout of the Century”

Coinciding with the 20th anniversary of Mr. Li’s death, the K.T. Li Foundation for Development of Science and Technology, held a series of forums in recognition of his contributions to Taiwan's technology and national development. After years of hard work, Taiwan’s semiconductors have had a very important position in the world. The leaders of semiconductors and the foundation specially held a commemorative forum on the theme of “Taiwan Semiconductors, the New Layout of the Century”. They invited experts from all walks of life to gather together, thinking about how to ensure the current advantages and prosperity, and creating new heights, so that Taiwan will remain the most dazzling silicon island in the Pacific Ocean for decades to come.



The forum invited industry leaders. TSMC-Chairman Deyin Liu, MediaTek-Chairman Ming-kai Tsai, Macronix-Chairman Miin Wu, and Etron Technology-Chairman Nicky Lu.

9.5 Charity Activities

In addition to corporate sponsorship, employees are encouraged to participate in social welfare activities. With their support, the company carries out concrete actions to give back to society and villages and further fulfill corporate social responsibility.



9.6 Talent Development for Industry-Academic Corporation

For years, KYEC Group has taken actions in implementing the industry-academia training program from the Ministry of Education to promote the seamless connection between the academia and the industry while searching and fostering distinguished talents. Regardless of whether KYEC and KLT&ZKT, we have developed internship programs with multiple schools, including National Kaohsiung University of Applied Sciences, National United University and National Quemoy University in northern, central and southern Taiwan, and even in outlying islands. There are as many as 24 cooperative schools, and it continues to expand. KYEC also adopts the philosophy of acquiring materials from the society and applying to the local area. The talent cultivation for solid technical and vocational education cooperates with local Yuda Technological University, Yuan-Peh Technological University, and Chung-Hua University. KLT&ZKT is responsible for cooperative practical programs with Changchun University of Technology, Yunnan Luquan Senior High School and Shandong Dezhou Zou Sifang School.



KYEC offers an excellent scheduling plan from campus orientation, interview, internship, and until fully appointed. KYEC not only selects those with strong intention and conform to study, KYEC also offers professional practice training (including the introduction to semi-conductor process, packaging process overview, and the function and responsibilities of all users). We also arrange the actual experience of entering the production line and face-to-face discussions with supervisors. Through the process of communication, students have a chance to get closer to working life, quickly adapt to the workplace environment and know what they may want to do in the future, and give full play to their strengths and shine.

Apart from that, students only need to show remarkable performance during the internship period. KYEC also proposes a retention solution in attempt to reduce students' employment costs after entering the society later. Meanwhile KYEC also trains the reserve personnel for the company, followed by transferring the academic strength of R&D to the enterprise, if through industry-academic cooperation, driving the corporation to develop core technology and meet the win-win mechanism for enterprises and students.



9.7 Employing Visually Impaired Masseurs

KYEC Group has been continuously recruiting masseuses for the visually impaired (mild, moderate, and severe) every year, Except offering fixed salary. The company also designs a massaging space with a comfortable environment. The service rate for visually impaired masseurs reaches as high as 80% and most



employees are quite satisfied with the service. KYEC offers employment for persons with physical and mental disability to strengthen the care for socially disadvantaged. During the pandemic period, the minimum statutory wage and living wage were maintained to ensure the minimum survival needs of workers and meet the basic needs of their entire families; help disadvantaged families relieve financial pressure and maintain a stable life.

Appendix

GRI Standards


GRI 102 : General Disclosures 2016



Disclosures	Description	Corresponding Chapters	Page	External assurance
102-1	Name of the organization	Company Profile 、 Sustainable Organization and Operation	8 、 16	●
102-2	Activities, brands, products, and services	Production process of main products	9	●
102-3	Location of headquarters	Company Profile	8	●
102-4	Location of operations	Worldwide Business Division	11	●
102-5	Ownership and legal form	Company Profile	8	●
102-6	Markets served	Worldwide Business Division	11	●
102-7	Scale of the organization	Company Profile 、 Worldwide Business Division	8 、 11	●
102-8	Information on employees and other workers	Employee Distribution	114	●
102-9	Supply chain	Sustainable Supply Chain	49	●
102-10	Significant changes to the organization and its supply chain	No major change	-	●
102-11	Precautionary Principle or approach	Risk Strategies and Responses	47	●
102-12	External initiatives	None	-	●
102-13	Membership of associations	Members participating in various external departments	15	●
102-14	Statement from senior decision-maker	Words from President	3	●
102-15	Key impacts, risks, and opportunities	Risk Strategies and Responses 、 Reballing Emergency Response and Disaster Relief	47 、 95	●
102-16	Values, principles, standards, and norms of behavior	Employee Code of Ethics and Conducts 、 Implement Philosophies of Integrity Management	46 、 46	●
102-18	Governance structure	Organizational Governance	39	●
102-40	List of stakeholder groups	Identification and communication of stakeholders	17	●


102-41	Collective bargaining agreements	No Union Organization	-	•
102-42	Identifying and selecting stakeholders	Identification and communication of stakeholders	17	•
102-43	Approach to stakeholder engagement	Identification and communication of stakeholders	17	•
102-44	Key topics and concerns raised	Identification and communication of stakeholders	17	•
102-45	Entities included in the consolidated financial statements	About the Report	1	•
102-46	Defining report content and topic Boundaries	About the Report	1	•
102-47	List of material topics	Scope and Border of Major Topics	26	•
102-48	Restatements of information	About the Report	1	•
102-49	Changes in reporting	About the Report	1	•
102-50	Reporting pueriod	About the Report	1	•
102-51	Date of most recent report	About the Report	1	•
102-52	Reporting cycle	About the Report	1	•
102-53	Contact point for questions regarding the report	About the Report	1	•
102-54	Claims of reporting in accordance with the GRI Standards	About the Report	1	•
102-55	GRI content index	GRI Standards	155	•
102-56	External assurance	SGS Assurance Statement	163	•

GRI 103 : Management Approach 2016


Disclosures	Description	Corresponding Chapters	Page	External assurance
103-1	Explanation of the material topic and its Boundary	Identification of stakeholders and major themes 、 Scope and Border of Major Topics	17 、 26	●
103-2	The management approach and its components	Management Guidelines by Major Topics and Objective Performance	28	●
103-3	Evaluation of the management approach	Management Guidelines by Major Topics and Objective Performance	28	●

GRI 200 Economic : (Note :  Major Topic)


Series	Disclosures	Description	Corresponding Chapters	Page	External assurance
GRI 201 : Economic Performance 2016 	201-1	Direct economic value generated and distributed	Economic Performance 、 Management Performance 、 Competitive Salary 、 Complete Leave System and Benefits	5 、 13 、 118 120	●
	201-3	Defined benefit plan obligations and other retirement plans	Complete Leave System and Benefits	120	●
GRI 202 : Market Presence 2016	202-2	Proportion of senior management hired from the local community	Employee Distribution	114	●
GRI 204 : Procurement Practices 2016 	204-1	Proportion of spending on local suppliers	Local Procurement	57	●

GRI 300 Environmental : (Note :  Major Topic)

Series	Disclosures	Description	Corresponding Chapters	Page	External assurance
GRI 302 : Energy 2016	302-1	Energy consumption within the organization	Energy consumption and Management	67	•
	302-2	Energy consumption outside of the organization	Energy consumption and Management	67	•
	302-3	Energy intensity	Energy consumption and Management	67	•
	302-4	Reduction of energy consumption	Energy consumption and Management	67	•
GRI 305 : Emissions 2016	305-1	Direct (Scope 1) GHG emissions	Greenhouse Gas emission and Management	71	•
	305-2	Energy indirect (Scope 2) GHG emissions	Greenhouse Gas emission and Management	71	•
	305-3	Other indirect (Scope 3) GHG emissions	Greenhouse Gas emission and Management	71	•
	305-4	GHG emissions intensity	Greenhouse Gas emission and Management	71	•
	305-5	Reduction of GHG emissions	Energy consumption and Management	67	•
	305-7	Nitrogen oxides (NO _x), sulfur oxides (SO _x), and other significant air emissions	Greenhouse Gas emission and Management	67	•
GRI 306 : Waste 2020	306-1	Management Approach- Waste generation and significant waste-related impacts	Waste Management and Reuse	87	•
	306-2	Management Approach- Management of significant waste-related impacts	Waste Management and Reuse	87	•
	306-3	Waste generated	Waste Management and Reuse	87	•

GRI 307 : Environmental Compliance 2016	307-1	Non-compliance with environmental laws and regulations	No such incident in 2021	91	●
GRI 308 : Supplier Environmental Assessment 2016 	308-1	New suppliers that were screened using environmental criteria	Sustainability risk assessment of new suppliers	56	●
	308-2	Negative environmental impacts in the supply chain and actions taken	Sustainability Risk Assessment	52	●

GRI 400 Social : (Note :  Major Topic)


Series	Disclosures	Description	Corresponding Chapters	Page	External assurance
GRI 401 : Employment 2016	401-1	New employee hires and employee turnover	Standards of Recruitment and Employment 、 Employee Resignation	111 116	●
	401-2	Benefits provided to full-time employees that are not provided to temporary or part- time employees	Complete Retirement Plan 、	119	●
			Comprehensive Insurance System 、 Complete Leave System and Benefits	120 120	
401-3	Parental leave	Parental-Leave-Without- Pay Measures	123	●	
GRI 402 : Labor/Management Relations 2016	402-1	Minimum notice periods regarding operational changes	Employee Communication	127	●
GRI 403 : Occupational Health and Safety 2018 	403-1	Management Approach- Occupational health and safety management system	Occupational Safety and Hygiene	92	●
	403-2	Management Approach- Hazard	Safety and Hygiene Risk Evaluation and Change Management	102	●

		identification, risk assessment, and incident investigation			
	403-3	Management Approach- Occupational health services	Promote Health Management and Advocacy Plan	124	●
	403-4	Management Approach- Worker participation, consultation, and communication on occupational health and safety	Safety and Hygiene Policy and Organization Operations	92	●
	403-5	Management Approach- Worker training on occupational health and safety	Emergency Response and Disaster Relief 、 Contractor Safety and Hygiene Management 、 Education and Training	95 、 104 、 132	●
	403-6	Management Approach- Promotion of worker health	Promote Health Management and Advocacy Plan	124	●
	403-7	Management Approach- Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Safety and Hygiene Risk Evaluation and Change Management	102	●
	403-8	Workers covered by an occupational health and safety management system	Occupational Safety and Hygiene	92	●
GRI 404 : Training and	404-1	Average hours of training per year per	Education and Training	132	●

Education 2016 		employee			
	404-2	Programs for upgrading employee skills and transition assistance programs	Education and Training	132	●
GRI 405 : Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	Standards of Recruitment and Employment 、 Employee Distribution	111 、 114	●
	405-2	Ratio of basic salary and remuneration of women to men	Standards of Recruitment and Employment 、 Employee Distribution	111 、 114	●
GRI 406 : Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	No such incident in 2021	-	●
GRI 407 : Freedom of Association and Collective Bargaining 2016	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	No such incident in 2021	-	●
GRI 408 : Child Labor 2016	408-1	Operations and suppliers at significant risk for incidents of child labor	No such incident in 2021	-	●
GRI 409 : Forced or Compulsory Labor 2016	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Standards of Recruitment and Employment	111	●
GRI 412 : Human Rights Assessment 2016	412-1	Operations that have been subject to human rights reviews or impact assessments	Human rights management	138	●

GRI 413 : Local Communities 2016	413-1	Operations with local community engagement, impact assessments, and development programs	Talent Development for Industry-Academic Corporation	152	•
	413-2	Operations with significant actual and potential negative impacts on local communities	No such incident in 2021	-	•
GRI 414 : Supplier Social Assessment 2016	414-1	New suppliers that were screened using social criteria	Sustainability risk assessment of new suppliers	56	•
	414-2	Negative social impacts in the supply chain and actions taken	Sustainability Risk Assessment	52	•
GRI 415 : Political contributions 2016	415-1	Political contributions	No political party funding in 2021	-	•

SGS Assurance Statement



ASSURANCE STATEMENT

SGS TAIWAN LTD.'S REPORT ON SUSTAINABILITY ACTIVITIES IN THE KING YUAN ELECTRONICS CO., LTD.'S SUSTAINABILITY REPORT FOR 2021

NATURE AND SCOPE OF THE ASSURANCE/VERIFICATION
 SGS Taiwan Ltd. (hereinafter referred to as SGS) was commissioned by King Yuan Electronics Co., Ltd. (hereinafter referred to as KYEC) to conduct an independent assurance of the Sustainability Report for 2021 (hereinafter referred to as the SR Report). The scope of the assurance, based on the SGS Sustainability Report Assurance methodology, included the sampled text, and data in accompanying tables, contained in the report presented during verification. SGS reserves the right to update the assurance statement from time to time depending on the level of report content discrepancy of the published version from the agreed standards requirements.

INTENDED USERS OF THIS ASSURANCE STATEMENT
 This Assurance Statement is provided with the intention of informing all KYEC's Stakeholders.

RESPONSIBILITIES
 The information in the KYEC's SR Report of 2021 and its presentation are the responsibility of the directors or governing body (as applicable) and management of KYEC. SGS has not been involved in the preparation of any of the material included in the Report.

Our responsibility is to express an opinion on the report content within the scope of verification with the intention to inform all KYEC's stakeholders.

ASSURANCE STANDARDS, TYPE AND LEVEL OF ASSURANCE

The SGS ESG & Sustainability Report Assurance protocols used to conduct assurance are based upon internationally recognized assurance guidance, including the Principles contained within the Global Reporting Initiative Sustainability Reporting Standards (GRI Standards) 101: Foundation 2016 for report quality, and the guidance on levels of assurance contained within the AA1000 series of standards and guidance for Assurance Providers.

The assurance of this report has been conducted according to the following Assurance Standards:

Assurance Standard Options and Level of Assurance	
A.	SGS ESG & SRA Assurance Protocols (based on GRI Principles and guidance in AA1000)
B.	AA1000ASv3 Type 1 Moderate Level (AA1000AP Evaluation only)

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SCOPE OF ASSURANCE AND REPORTING CRITERIA
 The scope of the assurance included evaluation of quality, accuracy and reliability of specified performance information as detailed below and evaluation of adherence to the following reporting criteria:

Reporting Criteria Options	
1.	GRI Standards (Core)
2.	AA1000 Accountability Principles (2018)

- AA1000 Assurance Standard v3 Type 1 evaluation of the report content and supporting management systems against the AA1000 Accountability Principles (2018) at a moderate level of scrutiny; and
- evaluation of the report against the requirements of Global Reporting Initiative Sustainability Reporting Standards (100, 200, 300 and 400 series) claimed in the GRI content index as material and in accordance with.

ASSURANCE METHODOLOGY
 The assurance comprised a combination of pre-assurance research, interviews with relevant employees, superintendents, and the senior management in Taiwan and overseas operation sites; documentation and record review and validation with external bodies and/or stakeholders where relevant. In response to COVID-19 pandemic situation the assurance process was conducted via Cisco Webex™.

LIMITATIONS AND MITIGATION
 Financial data drawn directly from independently audited financial accounts has not been checked back to source as part of this assurance process.

STATEMENT OF INDEPENDENCE AND COMPETENCE
 The SGS Group of companies is the world leader in inspection, testing and verification, operating in more than 140 countries and providing services including management systems and service certification; quality, environmental, social and ethical auditing and training; environmental, social and sustainability report assurance. SGS affirm our independence from KYEC, being free from bias and conflicts of interest with the organisation, its subsidiaries and stakeholders.

The assurance team was assembled based on their knowledge, experience and qualifications for this assignment, and comprised auditors registered with ISO 26000, ISO 20121, ISO 50001, SA8000, RBA, QMS, EMS, SMS, GPMS, CFP, WFP, GHG Verification and GHG Validation Lead Auditors and experience on the SRA Assurance service provisions.

FINDINGS AND CONCLUSIONS

VERIFICATION/ ASSURANCE OPINION
 On the basis of the methodology described and the verification work performed, we are satisfied that the specified performance information included in the scope of assurance is accurate, reliable, has been fairly stated and has been prepared, in all material respects, in accordance with the reporting criteria.

We believe that the organisation has chosen an appropriate level of assurance for this stage in their reporting.

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AA1000 ACCOUNTABILITY PRINCIPLES (2018) CONCLUSIONS, FINDINGS AND RECOMMENDATIONS

Inclusivity
 KYEC has demonstrated its commitment to stakeholder inclusivity and stakeholder engagement. A variety of engagement efforts such as survey and communication to employees, customers, investors, suppliers, subcontractors, communities, and legal authorities are implemented to underpin the organization's understanding of stakeholder concerns.

Materiality
 KYEC has established processes for determining issues that are material to the business. Formal review has identified stakeholders and those issues that are material to each group and the report addresses these at an appropriate level to reflect their importance and priority to these stakeholders.


Responsiveness
 The report includes coverage given to stakeholder engagement and channels for stakeholder feedback.

Impact
 Processes to identify KYEC's actual and potential impacts on the economy, environment, and people, including impacts on their human rights, across the organization's activities and business relationships are to be established for future reporting. Actions taken to manage the associated positive and negative impacts are also to be described with more details.


GLOBAL REPORTING INITIATIVE REPORTING STANDARDS CONCLUSIONS, FINDINGS AND RECOMMENDATIONS

The report, KYEC's SR Report of 2021, is adequately in line with the GRI Standards in accordance with Core Option. The material topics and their boundaries within and outside of the organization are properly defined in accordance with GRI's Reporting Principles for Defining Report Content. Disclosures of identified material topics and boundaries, and stakeholder engagement, GRI 102-40 to GRI 102-47, are correctly located in content index and report. It is recommended to have more descriptions of the role of the highest governance body and of senior executives in overseeing the management of KYEC's impacts associated with material topics in future reports.

Signed:
 For and on behalf of SGS Taiwan Ltd.



David Huang
 Senior Director
 Taipei, Taiwan
 28 June, 2022
www.sgs.com



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