



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

2023 SUSTAINABILITY REPORT

永續報告書



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About This Report

Reporting Period

This report is the Sustainability Report (hereafter referred to as “this report”) issued by King Yuan Electronics Co., Ltd. (hereafter referred to as “King Yuan Group,” “the Group,” “the Company,” or “we”), disclosing the Company's performance, management policies, and objectives in five pivotal areas—governance, product, supply chain, environment, and society—for the year 2023 (January 1, 2023, to December 31, 2023). The Company publishes a Sustainability Report annually and makes it available on the Group's website.

- Last report issuance date: June 2023
- Current report issuance date: August 2024
- Expected issuance date for the next report: August 2025

The reporting period for this report is the same as that for the consolidated financial statements. To ensure the completeness and comparability of the report, certain sections may include information before January 1, 2023, and after December 31, 2023, with explanatory notes in those sections.

Guidelines Followed

This report is prepared following the GRI Standards issued by the Global Sustainability Standards Board (GSSB), the semiconductor industry standards issued by the Sustainability Accounting Standards Board (SASB), and the Task Force on Climate-Related Financial Disclosures (TCFD) framework issued by the Financial Stability Board (FSB).

Scope

The information disclosed in this report mainly covers the Group's main operational sites, including three factories in Taiwan and two subsidiaries in China, as detailed below:

Scope		Abbreviations
King Yuan Electronics Co., Ltd.	Hsinchu Factory	Hsinchu Factory
	Chu-Nan Factory	Chu-Nan Factory
	Tong-Luo Factory	Tong-Luo Factory
King Long Technology (Suzhou) Limited		King Long (KLT)
Suzhou Zhen Kun Technology Limited		Zhen Kun (ZKT)
Refers to the entire Group		King Yuan Group
Refers to the three plants in Taiwan		King Yuan (Kyec)
Refers to the two plants in China		King Long & Zhen Kun (KLT&ZKT)

Note: This year's report mainly covers production sites and has not included sales offices and holding companies in the consolidated financial statements. For all entities in the consolidated financial statements, please refer to <https://www.kyec.com.tw/zh-tw/Ir/Certification>.

If the scope of information disclosed in certain chapters of this report differs from the above, additional explanations will be provided in the respective chapters. The basis for calculations of various statistics in this report is as follows:

Financial Data	The income distribution table uses data from the consolidated financial report verified by accountants. Unless otherwise specified, financial data are in New Taiwan Dollars.
Environmental Data	Greenhouse gas emissions are based on ISO 14064-1:2018 inventory data and verified by an external third party. Water resources and waste statistics use data that each operational site reports to the local authorities.
Other Data	Compiled from the statistics collected by each operational site.

Information Revision

The following previous information has been revised in this report. For details, please refer to the respective chapters:

Revised Information	Reason for Revision	Impact of Revision	Chapter
Corrected the steam heating value coefficient for 2021~2022	The steam heating value coefficient was incorrectly cited; corrected in the 2023 report.	Increase in energy consumption of purchased steam for each year	4.2.2 Energy Consumption
Included the vehicle gasoline consumption for 2021~2022 in energy consumption statistics	Vehicle gasoline consumption was not included in the energy consumption statistics; corrected in the 2023 report.	Increase in fossil fuel energy consumption for each year	4.2.2 Energy Consumption
Corrected the water discharge and consumption data for 2022	The water discharge data was incorrect, affecting water consumption value; corrected in the 2023 report.	Increase in water discharge for 2022; decrease in water consumption for 2022	4.5.2 Water Resources Data Overview
Included the domestic waste generation for 2021~2022 in the industrial waste statistics	Domestic waste generation was not included in the statistics; corrected in the 2023 report.	Increase in business waste (non-hazardous) generation and the total amount of business waste generated for each year	4.6.3 Waste Removal and Disposal
Proportion data of regular performance appraisal personnel in 2022	The data on regular performance appraisal personnel was incorrect, affecting the proportion data; corrected in the 2023 report.	For regular performance evaluation in 2022, the proportion of KYEC decreased, and the proportion of KLT&ZKT increased.	5.3.2 Performance Appraisal

Preparation Process

The Company's Sustainability Report is prepared and reviewed by a preparation team composed of representatives from various departments responsible for the overall planning, communication, and consolidation of the annual Sustainability Report. Each year, department representatives collect relevant information and prepare drafts, which are then reviewed by their department managers and submitted to the Chairperson of the Sustainability Development Committee for final approval. The Sustainability Report for this year is scheduled to be submitted to the Board of Directors on August 8, 2024.

External Assurance/Verification

After final approval, the report is audited by an independent third-party verification agency commissioned by the management to ensure the report meets the requirements of the referred GRI Standards. This year, we commissioned SGS Taiwan Ltd. to perform a Type 1 operation with a moderate assurance level following AA 1000 AS v3 (Account Ability 1000 Assurance Standard v3). For assurance methods and results, please refer to the appendix.

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Letter from the Management

In recent years, the ESG trend has become a subject that companies must face. Factors including extreme climate intensification, geopolitical conflicts, and high prices caused by global inflation have impacted the current order of economy and trade. With ever-changing standards and regulations, these factors seriously impact and challenge corporate operations. Only companies with operational resilience that implement continuous innovation and digital transformation can accomplish the goal of sustainable operation. KYEC is committed to the strategic thinking of "creating profits for shareholders," "creating value for society," and "focusing on the rights and interests of stakeholders," desiring to internalize ESG into the company's culture and achieve mutual prosperity with global partners.

Environmental Friendliness

With global climate change receiving increasing attention, how to fulfill the commitment to net zero by 2050 has been a critical concern for our management. Under the impact of extreme climates, KYEC, through ISO 14064 inventory and verification, recognizes that the main source of carbon emission of the Group is Scope 2 emission from power consumption. We are committed to reducing Scope 2 carbon emissions by setting greenhouse gas reduction targets, promoting energy-saving projects, expanding the usage of renewable energy, and actively installing photovoltaic power generation systems at each plant. In recent years, we have concentrated on low-carbon transformation. Aside from winning the Sustainable Procurement Award annually, we also plan to introduce the ISO 14067 Product Carbon Footprint in 2024 and obtain the UL2799 Zero Waste to Landfill Platinum Certification in the third quarter, aiming to continuously enhance green performance with the goal of sustainable production.

Social Responsibilities

KYEC Group has formulated a "Human Rights Policy" to eliminate any violation of human rights that adhere to and respect human rights with all employees, suppliers, contractors, business partners, and local community residents, creating a diverse and inclusive work environment. In 2023, a third-party agency of the Responsible Business Alliance Code of Conduct (RBA) conducted a "Verification Audit Process" (VAP), in which KYEC achieved a perfect score. In talent selection, utilization, development, promotion, and retention, KYEC made considerable achievements, such as creating more local job opportunities, continuously investing in high-quality industry-academia cooperation combined with the Company's long-term development strategy, and carefully planning employees' career blueprints. In terms of social participation, from individual special care to the campus and further expanding to local community residents, KYEC has achieved diversified charitable care and support.

Corporate Governance

Since its establishment, the Company has adhered to its philosophy of creating mutual benefits and pursuing the greatest rights and interests for shareholders, employees, suppliers, and customers. KYEC ensures that all personnel and operations strictly comply with relevant laws and regulations by establishing a governance organization and implementing internal control systems. Members of the functional committees fully

understand their respective functions, playing their due roles in practice to their fullest. Regarding operational strategy, in response to the strong demand for AI/HPC and the surge in CoWoS testing capacity, the Company will invest in researching higher-level testing technologies, expand high-level testing equipment to increase production capacity, plan the construction of new factories, and diversify customer services. Throughout this process, KYEC keeps in mind its role as a global citizen and integrates ESG into its company strategy to establish sustainable competitiveness.

Sustainable Supply Chain

KYEC aims to dedicate itself to sustainable development with its suppliers. Through annual ESG education and audits, we communicate our sustainability philosophy, enhance our suppliers' sustainability capabilities, and reduce operational risks. We also request that our suppliers elevate their ability to manage supply chain risks by themselves, assisting the suppliers to facilitate mutual growth and achieve sustainable operation. Additionally, KYEC's policy consistently adheres to all elements of the latest RBA Code of Conduct, which KYEC also requires its suppliers to comply with strictly.

Implementing ESG is the cornerstone of corporate sustainability. Despite the challenges along the way, KYEC is determined to achieve Taiwan's 2050 net-zero emission goal and supports the United Nations' 17 Sustainable Development Goals (SDGs). We continuously implement ESG-related sustainable activities, including financial and non-financial, and incorporate them into our business strategy to manage risks and seize opportunities, aiming to achieve sustainability and contribute to a bright future for the industry, society, the nation, and humanity. (Note: To enhance the efficiency of sustainability report preparation, a systematic process was introduced in 2023 to speed up the digital transformation of sustainability information.)

President



Sustainability Performance

◎ Economic Performance

Subject	2021	2022	2023
Operating Revenue(thousand NTD)	33,759,389	36,781,996	33,025,307
Net Profit after Tax(thousand NTD)	5,234,242	6,982,090	6,016,370
EPS (NTD)	4.23	5.59	4.78
Debt-to-Asset Ratio(%)	51.71	50.31	45.85
Long-Term Capital to Fixed Asset Ratio(%)	128.13	133.53	141.88
Return on Assets(%)	8.25	10.13	8.86
Return on Equity(%)	16.30	19.44	15.63
Income Tax(thousand NTD)	1,621,005	1,983,936	1,467,549
R&D Expenses(thousand NTD)	1,202,856	1,267,045	1,290,696
Employee Salary and Benefits Expenses (thousand NTD)	8,055,327	8,506,539	8,106,478
Operating Costs (thousand NTD)	23,407,322	23,709,003	21,883,515

◎ Environmental Performance

Subject	2021	2022	2023
Violations of environmental protection regulations	0	3	3
Total Electricity Consumption (GJ)	2,722,693.54	2,813,637.70	2,856,629.41
Electricity Intensity (GJ per million in revenue)	80.65	76.49	86.50
Diesel (GJ)	11,905.96*	9,922.45*	8,814.00
Steam (GJ)	29,059.03*	33,713.16*	40,375.16
Original Water Intake (million liters)	2,343.653	2,336.878	2,270.908
Reused Water (million liters)	1,419.979	942.963	1,155.022
Water Usage (million liters)	3,753.630	3,279.840	3,425.930
Water Intensity (million liters per million in revenue)	0.11*	0.09*	0.10
Water Consumption (million liters)	1,793.908*	1,845.197*	1,761.789
Water Discharge (million liters)	549.745*	491.681*	509.119
Wastewater Discharge Intensity (million liters per million in revenue)	0.02*	0.01*	0.02
Hazardous Industrial Waste Generation (tons)	364.17*	269.10	328.87
Recyclable Hazardous Waste (tons)	77.06	51.60	28.99
Hazardous Waste Recycling Rate (%)	21.16	19.18	8.82
General Industrial Waste Generation (tons)	2,840.09*	3,124.30*	3,229.64
Recyclable General Waste (tons)	2,485.16	2,511.39	2,835.22
General Waste Recycling Rate (%)	87.50*	80.38*	87.79
Total Industrial Waste Generation (Hazardous + General) (tons)	3,204.26*	3,393.40*	3,558.51
Recyclable Industrial Waste (Hazardous + General) (tons)	2,562.22	2,562.99	2,864.21
Recyclable Industrial Waste (Hazardous + General) (tons)	79.96*	75.53*	80.49
Greenhouse Gas Emissions - Scope 1 Direct Emissions (tons CO2e)	7,111.28	6,522.83	6,489.20
Greenhouse Gas Emissions - Scope 2 Indirect Emissions (tons CO2e)	407,078.64	412,521.90	411,907.56
Greenhouse Gas Emissions - Scope 3 Indirect Emissions (tons CO2e)	70,677.64	79,728.22	96,329.99

Subject	2021	2022	2023
Greenhouse Gas Emissions Intensity (tons CO2e per million in revenue)	14.363*	13.560*	15.586
Local Procurement Ratio (%)	60%	69%	65%
Annual Supplier Audits (vendors)	63	86	76
Green Procurement (ten thousand NTD)	16,542	15,827	13,266

Note: The intensity data is uniformly adjusted and calculated per million in revenue. The rest of the data from previous years were either wrong in the past and corrected now or recalculated with an adjusted method. For details, please refer to the "Information Revision" section in the sustainability report.

© **Social Performance**

Subject	2021	2022	2023
Number of Employees	9,472	9,445	9,444
Total Employee Training Hours	575,214	489,968	616,012
Average Employee Training Hours	60.7	51.9	65.23
Number of Employee Training Certificates	4,591	5,340	5,978
Employment Rate of People with Disabilities	1%	1%	1%
Number of Participants in Health Promotion Seminars	291	293	976
Number of KYEC Social Welfare Events	6	6	14
Number of KLT & ZKT Social Welfare Events	10	4	9
Number of Violations of Occupational Safety and Health Regulations	1	1	1
Physical work injuries	23	15	19
Chemical work injuries	1	0	1
Ergonomic work injuries	1	1	0
Disabling Injury Frequency Rate (Number of disabling injuries per million working hours)	1.32*	0.88	1.08
Disability Injury Severity (number of days of disabling injuries per million working hours)	34.46	27.04	12.55
Frequency-severity indicator	0.29	0.15	0.12
Number of people receiving education and training for contractors	829	605	1,029
Violations of environmental safety and health regulations for contractors	80	97	53
Work injuries for contractors	0	1	0
Safety and health suggestion proposals	206	262	195
Number of Emergency Response Drills	70*	17*	75

Note: Numbers marked with * were erroneous data from previous years that are corrected.

Company Overview

Company Introduction

KYEC was established in 1987, specializing in semiconductor product packaging and testing. The headquarters of KYEC is in Hsinchu City, Taiwan, and the main production sites are in Miaoli County, Taiwan. The Group have invested in two subsidiaries in China, KLT & ZKT, with factories in the Suzhou Industrial Park, engaging in semiconductor product packaging and testing. These factories serve as the Group's base of production and sales in China, offering proximity to the mainland market. The group also has offices in North America, Japan, and Singapore, providing prompt services to global customers.

Company Name	King Yuan Electronics Co., Ltd.
Company Type	Listed company limited by shares
Foundation Date	May 28, 1987
Headquarters	No. 81, Sec. 2, Gongdao 5th Rd., Hsinchu City
Industry	Electronic components and product manufacturing
Main Products and Services	Design, manufacturing, testing, accessories, processing, packaging, sales of various integrated circuits, and the manufacturing, processing, and sales of various machines and accessories
Paid-in Capital	NT\$ 12,227,450,650
Net Operating Revenue	NT\$ 33,025,306,690
Number of Employees	9,444 people

◎ Production Process of Main Products

For the production process of main products (wafer probing, wafer grinding/dicing/die sorting, IC final testing, burn-in, pin scanning/shipping, packaging/testing), please refer to pages 102-105 of our 2023 annual report. (<https://www.kyec.com.tw/zh-tw/Ir/Meeting>)

◎ Mission and Vision of King Yuan Group

Mission: We are dedicated to be the best-in-class Semiconductor Back End Service partner by continuous investment in our people, capabilities, and capacities such that our business partners will receive superior value of the highest quality, competitive cost, faster speed, and maximum flexibility.

Vision: The World Leading Semiconductor Test Service and Technology Company.

◎ Core Values

Performance It is essential for our employees to contribute to the company by setting aggressive goals to achieve Higher quality, Lower cost, Faster speed and Enhanced customer satisfaction.	Innovation Doing the best is not enough to demonstrate our efforts - continuous improvement and offering innovative solutions, has become our nature of work behavior to provide our customers with the satisfactory quality of manufacturing services.
Excellence We work hard to finish the tasks, positively accept the challenge of the job, continue improving and pursuing the higher achievement, and also have the company reach to the excellence with great performance.	Sharing We are willing to share all the knowledge, skills and experiences with others. The company and customers can share and grow together by exchanging the information and return. This can make the most of the company resourcing.

◎ Association Memberships

King Yuan Group actively participates in business-related associations to exchange industry knowledge, information, and practical experiences with peers and professionals, aiming to jointly respond to changes in global circumstances and enhance industry standards. In 2023, the Company joined five associations listed as follows:

Association	Membership
The Association of Allied Industries in Science-Based Industrial Park	Chairman
Taiwan Electrical and Electronic Manufacturers' Association.	General Member
Taiwan Semiconductor Industry Association (TSIA)	General Member
Miaoli County Industry Association	General Member
Hsinchu City Industry Association	General Member

Operating Sites

King Yuan Group holds a unique market position in Taiwan and the global semiconductor supply chain, leveraging the ongoing trend of outsourcing in the worldwide semiconductor industry to drive the Company's capacity deployment and revenue growth. Beyond establishing a firm foundation in Taiwan, the Company has set up factories in Suzhou, China, and business sites in North America, Southeast Asia, and Japan to serve clients closely.



Worldwide business divisions

1. Analysis and Identification of Major Issues

1.1 Sustainable Development Organization

To ensure the planning and execution of corporate sustainable development, the Company has established a "Sustainable Development Committee" chaired by the top executive of the administrative center. The Committee is divided into multiple groups, including the ESG Promotion Group, Report Preparation Group, Labor Ethics Group, Environmental Safety Group, and Supply Chain Management Group, each responsible for instructing relevant departments and representatives to implement different action plans. The Committee regularly reviews the performance and progress of these projects and reports the results for sustainable development efforts and future work plans to the general manager annually.

1.2 Stakeholder Engagement

1.2.1 Identifying Stakeholders

Considering the Company's industry characteristics and business model, King Yuan Group assigns the Sustainable Development Committee to refer to the five major principles of the AA1000 Stakeholder Engagement Standard (SES 2015): Dependency, Responsibility, Tension, Influence, and Diverse Perspectives to identify groups or organizations that have an impact on or are impacted by King Yuan Group. The Committee has identified seven categories of stakeholders directly related to the Company, including employees, customers, investors, suppliers, contractors, the community, and government agencies.

1.2.2 Stakeholder Communication

To understand and respond to stakeholders' concerns, we provide various communication channels for regular meetings and conversations with stakeholders, allowing them to raise their opinions at any time. This helps us understand the ESG issues that different stakeholders care about and provide answers or response strategies. The communication system and concerns of each stakeholder for year 2023 are summarized as follows:

KYEC Group's Main Stakeholders and Communication Channels/Frequency

Stakeholder	Communicaton Topic	Communication Channel	Frequency
Employees	<ul style="list-style-type: none">RecruitmentVacation systemsalary bonuscareer developmentEmployee physical and mental healthLabor-management communication	Labor-management meeting	Quarterly
		Staff symposium	Quarterly
		Symposium for new employees	Quarterly
		Symposium for foreign employees	Every 6 months
		Department meeting	Weekly/Monthly
		Improvement proposal system	Occasionally
		Grievance Handling Committee	When needed
		Personnel Review Committee	When needed
		Employee Message Board	Permanent

Stakeholder	Communicaton Topic	Communication Channel	Frequency
	• Employee engagement	Employee questionnaire	Every 2 years
	• Employee benefits	Year-end banquet	Every year
	• Welfare committee activities	Welfare committee meeting	Quarterly
		Employee representative meeting	Permanent
	• Club activities	Trade Union Committee	When needed
	• Accident and work injury management	Occupational Safety and Health Committee	Quarterly
	• Workplace safety		
Customers	• Corporate Social Responsibility	Customer Satisfaction Survey	Annually
	• Customer Commitment and Services	Customer Questionnaire	Unscheduled
		Email	Unscheduled
	• Firefighting equipment installation and management	Customer document release	Unscheduled
	• Disaster prevention and emergency contingency	Customer audit	Unscheduled
	• Waste Management	Company website	Unscheduled
	• Environmental protection and safety and health related regulations and laws		
Investors	• Environmental Protection		
	• Customer Privacy		
	• Customer Relations Management		
Investors	• Operational Size	Market Observation Post System	Unscheduled
	• Corporate Governance	Domestic and international investment forums	Unscheduled
	• Financial performance	General meetings of shareholders	Annually
Suppliers	• Market image		
	• Hazardous substance management	Supplier Meeting	Unscheduled
	• Responsible Business Alliance Code of Conduct	Supplier Audit	Unscheduled
	• Procurement policy	Supplier risk assessment	Monthly
Contractors	• Integrity management and practice ethics		
	• Source of mining acquisition and employees' rights		
Contractors	• Factory safety and health operation requirement	Contractor Negotiation Meeting	Monthly
	• Sign letter of guarantee	Email	Unscheduled
Community	• Industry-Academic Cooperation • Care for disadvantaged • Social welfare	Courses and visits	Unscheduled
		Response from neighborhood chief	Unscheduled
		Sponsoring art and cultural activities	Unscheduled
Government Agencies	• Overall education and training quality	TTQS Assessment	Unscheduled
		Letter of correspondence and email	Unscheduled
	• Corporate governance	Propaganda meeting/briefing	Unscheduled
	• Regulation conformity	Promulgated Decree	Unscheduled
	• Financial information transparency	External Official Document	Unscheduled
	• Policy cooperation	Surveys on the status of employees'	Unscheduled

Stakeholder	Communication Topic	Communication Channel	Frequency
	<ul style="list-style-type: none"> 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 	vaccination against COVID-19	
		On-site inspections	Unscheduled
		Public Hearing for Regulations	Unscheduled

KYEC Group's Main Stakeholders and Communication Outcomes

Stakeholder	Issues of concern	Communication Outcome
Employees	Talent Recruitment and Retention	<ol style="list-style-type: none"> 1. Actively participate in campus job fairs and recruitment activities at local employment service stations, prioritizing hiring local residents to give back to the community. 2. Strengthen industry-academia cooperation, partnering with universities to create win-win situations, opening the door to semiconductor industry careers for students, and offering satisfying salaries and benefits with retention bonuses for internships. 3. Collaborate on R&D Substitute Services and government projects to provide R&D talents to the industry, seamlessly integrating military service into the workplace. 4. Implement pre-employment projects by cooperating with master's programs in universities to secure master's students in advance, facilitating their transition into the industry upon graduation. 5. Continue to collaborate with government agencies to attract talents to Miaoli. 6. Implement a counselor system to regularly check in on new employees' learning progress and provide assistance. 7. The Company designed a well-structured remuneration system, conducting salary adjustments, distributing bonuses, and offering festive and incentive bonuses based on the Company's operations and profitability every year.
	Recruitment and Retention System	Maintain an annual salary adjustment system, optimize salary structures, and improve talent retention rates.
	Training and Development	<ol style="list-style-type: none"> 1. In 2023, the Company held two 【Education and Training Committee meetings】 where committee members from various departments discussed training-related topics and reviewed talent development and training course planning. 2. Regularly assess organization development requirements, develop annual training plans, integrate departments based on functions, and gradually enrich necessary professional knowledge and skills for each role, providing employees with more comprehensive and effective training content.

Stakeholder	Issues of concern	Communication Outcome
		1. Evaluate internal training course gaps, assess proposals from in-house course instructors and consulting companies, selecting high-quality instructors to improve course quality.
	Communication System	1. In 2023, 19 seminars were held, during which employees could raise questions, and senior executives provided real-time responses. Issues were tracked after the meetings, achieving a 100% resolution rate. 2. Online bulletin board: Handled and responded to by responsible departments promptly, with a 100% resolution rate. 3. Suggestion box: Employees provide feedback to actively address problems, achieving a 100% resolution rate.
	Diversified Employee Activities	In 2023, the Welfare Committee held quarterly meetings to discuss the plans for annual activities with committee members: 1. To elevate team spirit among employees and departmental cohesion, various activities (including fun competitions like human foosball and footpool) are held monthly. 2. To enrich employees' leisure time and ensure a better work-life balance, employees are welcome to bring their families to participate in company events (including cycling events, family days, etc.).
	Rewards and Recognition	1. To show gratitude to employees for their dedication and hard work over the years, the Company offers rewards every six months to employees who have been with the Company for 5, 10, and 25 years. 2. Every year, the Company selects exemplary employees from different departments and publicly recognizes them to foster mutual encouragement and learning among colleagues.
	Care for Female Employees	1. The plants have nursing rooms, providing a comfortable environment for female employees to breastfeed. 2. The Company made special armbands for pregnant employees to increase their visibility in operational areas and provide priority parking spaces to enhance their protection.
	Health Promotion	1. Arrange emergency personnel training and retraining according to regulations, ensuring regulatory compliance on emergency personnel staffing. 2. Hold health series lectures on topics including chronic diseases, cancer prevention, and metabolic syndrome, with 1,078 total participants.
	Occupational safety	1. Conduct annual risk assessments for operational personnel to keep driving improvements. 2. Constantly hold health promotion activities to maintain employees' physical and mental well-being. 3. Conduct regular employee health checks to implement a graded health management system. 4. Identify high-risk groups and arrange occupational specialists to provide health education and medical assistance.
customers	Disaster Prevention and Emergency Response	1. Implement the ISO 45001 Occupational Health and Safety Management System 2. Develop and implement annual safety and health education and training plans. 3. Conduct regular on-site safety and health inspections and correct any irregularities.

Stakeholder	Issues of concern	Communication Outcome
		4. Establish an operational continuity management system to ensure risk control, emergency response, and post-disaster recovery processes are in place, reducing the severity of impacts.
Investor	Operational and Financial Status	<ol style="list-style-type: none"> 1. Accept invitations from domestic and foreign legal persons to participate in investor conferences every quarter to illustrate the Company's latest operating status to investors. 2. Disclose operational information through the Market Observation Post System.
Suppliers	Responsible Business Alliance Code of Conduct Commitment Letter/RMI_CMRT/ EMRT	All suppliers of KYEC must sign the "Responsible Business Alliance (RBA) Code of Conduct Commitment Letter," pledging to strictly adhere to the RBA Code of Conduct and KYEC Supplier Code of Conduct and to guarantee that their minerals sources from RMI-recognized smelters and refineries. Suppliers must complete the Conflict Minerals Reporting Template (CMRT) and the Extended Minerals Reporting Template (EMRT) to collect and report relevant information on conflict minerals.
	Guarantee Letter	Suppliers must comply with international hazardous substances regulations and customer requirements.
	On-site Audits	Verify whether the supplier's process capabilities, quality, and ESG-related management meet KYEC's requirements.
	Evaluation	Suppliers are evaluated based on quality, price, delivery time, service quality, supply capacity, and technical support.
Contractors	Factory Safety and Health Operation Requirements:	Provide safety and health education and training for contractors before entering the plant, and hold monthly contractor meetings to promote and inform about entry rules.
	Environmental Safety, and Health Regulation Compliance	Assign personnel to participate in legal briefings and conduct monthly compliance identification of environmental, safety, and health regulations.
Community	Industry-Academia Collaboration	<ol style="list-style-type: none"> 1. Collaborate with universities nationwide to provide students with opportunities to finish their education and reach economic independence simultaneously. 2. Continually explore new industry-academia cooperation schools, providing diverse internship opportunities for students.
	Community Care	Actively participate in community care and fulfill social responsibilities, assisting in community environment cleaning and maintenance (twice a month) and sponsoring community events (three times total).
Government Agencies	Overall Education and Training Quality	Continuously improve and enhance the quality of training through regular annual training system reviews by a credible certification agency.
	Disaster Prevention and Emergency Response	<ol style="list-style-type: none"> 1. Participate in the joint defense organization of Toufen, Chunan, and Tongluo Industrial Parks to strengthen response capabilities and reduce disaster losses. 2. Establish a chemical, hazardous materials, and disaster information system within the plant to effectively manage on-site situations during disasters. 3. Regularly hold emergency drills with local fire departments to carry out large-scale evacuation and rescue exercises.

Stakeholder	Issues of concern	Communication Outcome
	Waste management	<ol style="list-style-type: none"> 1. Prepare a waste disposal proposal according to legal regulations, appoint dedicated personnel, and regularly control waste entry and exit declarations. 2. Keep identifying recyclable and reusable waste in the plant to improve the recycling rate while reducing the incineration rate of waste.
	Wastewater Management	<ol style="list-style-type: none"> 1. Assign dedicated personnel to operate and manage wastewater recycling and treatment equipment, continuously improving the recycling and reuse rate of process wastewater. 2. Comply with domestic and international environmental regulations, obtain water pollution prevention permits, and regularly audit and report wastewater to ensure that discharge data meets effluent standards.
	Greenhouse Gas Management	<ol style="list-style-type: none"> 1. Following legal regulations, log each factory's annual greenhouse gas inventory results on the Ministry of Environment platform. 2. Continuously promote various greenhouse gas emission reduction measures and find opportunities to reduce greenhouse gas emissions by referring to domestic and international reduction methods.
	Energy Management	<ol style="list-style-type: none"> 1. Continuously promote energy-saving projects annually and report the results to the Energy Administration. 2. Continuously expand the use of renewable energy, set short-, medium-, and long-term goals, and plan to install solar power systems on the rooftops of factories.

Note : This table briefly describes the issues stakeholders are concerned about; for detailed response measures, please refer to the relevant sections of this report.

1.3 Management of Major Issues

1.3.1 Assessment Process of Major Issues

Assessment Process of Major Issues

The KYEC Group, through the Sustainable Development Committee, annually evaluates the impact of the Group's business activities, industry characteristics, and value chain. By engaging with stakeholders, consulting expert advisors, and referring to the 2021 version of GRI 3 standards for the requirements for materiality, completeness, and stakeholder inclusiveness, the Group assesses sustainability issues that have a significant impact on stakeholders and reports the identified subjects to the Chairperson to decide the current critical sustainability issues. The detailed assessment process is as follows:

Step 1: Identify Key Issues

- (1) Summarize Industry Attributes: Inventory the Group's business subjects, business models, product or service types, industry characteristics, and types of workers to analyze all industry attributes related to the Group.
- (2) Identify Sustainability Issues: The Group not only includes significant positive and negative events that occurred in the past but also considers potential risks or opportunities through stakeholder communication and feedback, international regulations and standards (GRI topic standards, TCFD, and SASB semiconductor industry standards), industry norms and standards, and benchmarking companies among peers, to identify all sustainability issues relevant to the Group. During the reporting period, a total of 26 sustainability issues were identified (such as indirect economic impacts, climate change, water use and discharge, waste management, air quality, biodiversity, raw material usage, innovation and R&D, product quality and safety, marketing and labeling, employee benefits and wages, labor-management communication, human rights, and local community engagement).

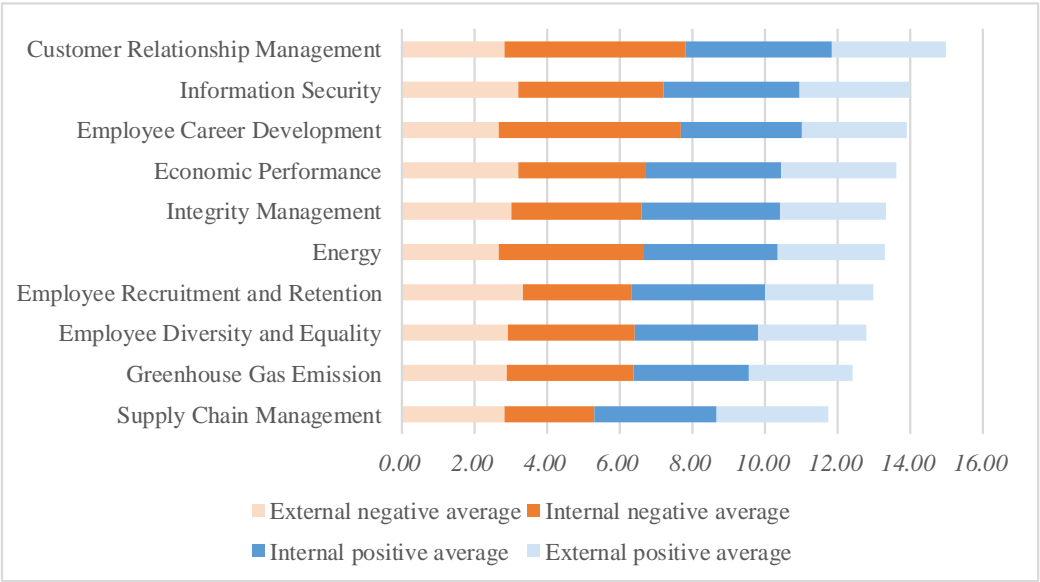
Step 2: Determine Major Issues

We send out questionnaires to senior executives of the Group, members of the Sustainable Development Committee, and external stakeholders to evaluate the positive and negative impacts of various sustainability issues. Internal personnel assess the impact on the Company's operations, while external stakeholders assess the effect on the environment, society, and human rights (people). Evaluation aspects include:

- (1) Positive or Negative Impact: Response to the Group's management strategies and actions on various issues and whether the impact on the Company's operations or stakeholders is positive or negative.
- (2) Degree of Impact: Perform a comprehensive assessment based on the extent of the impact on the Company's operations or stakeholders, the likelihood or frequency of occurrence, the scope of the impact, and whether the negative impact can be compensated.

In 2023, 354 questionnaires were collected, with 297 valid responses after excluding invalid ones, with 38 internal and 259 external responses. After calculating the positive and negative impact scores for each issue on the Company's internal and external stakeholders, we ranked the total impact scores from highest to

lowest (external negative average, internal negative average, internal positive average, external positive average). Then, the Sustainable Development Committee set the "top one-third of the total scores" as the materiality threshold and selected eight major issues for the current period. Additionally, considering that greenhouse gas emissions and supply chain management are also issues that the Group and the semiconductor industry should place more emphasis on, these two issues were included in the management of major issues. Therefore, there are ten major issues for 2023.



Step 3: Reporting on Major Issues

The Sustainable Development Committee determines the corresponding international standards for major issues, reviews the management policies and objectives of major topics, collects annual data, and ensures that key sustainability information is fully disclosed in this report to thoroughly address the issues of concern to stakeholders. After the annual sustainability report is completed, it is reviewed by department managers and the Chairperson of the Sustainable Development Committee to ensure that there are no concerns about inappropriate or inaccurate disclosure of information.

Step 4: Continuous Review

Regularly review the implementation of major issue policies and the achievement rate of objectives every year to optimize internal management approaches and qualitative and quantitative targets. After identifying major issues for the next period, the differences between the issues of the previous and current periods are compared, and the reasons for the differences are investigated and reported in the report.

1.3.2 List of Major Issues

● Management Strategy for Major Issues

The Sustainable Development Committee is the highest decision-making and supervisory department for managing major issues in the KYEC Group. It assigns functional teams to manage major sustainability issues, including inventorying and reviewing major issue management policies and proposing optimization and improvement suggestions. The Committee also establishes diverse communication channels with stakeholders, regularly compiles stakeholder suggestions, assesses the type and impact of their feedback, and formulates response measures or action plans. Each team reports the management status of major issues to the Chairperson annually and formulates the sustainable development plans and strategic objectives for the following year.

● 2023 List of Major Issues

Major Issue	Corresponding GRI Topic	Corresponding Section in the Report
Economic Performance	GRI 201-1	2.2 Economic Performance
Integrity Management	GRI 205-2, 205-3, 206-1	2.3 Integrity Management
Information Security	GRI 418	2.4 Information Security
Customer Relationship Management	-	3.3 Customer Relationship Management
Supply Chain Management	GRI 308, 414	3.2 Supply Chain Management
Energy	GRI 302, 302-3, 302-4	4.2 Energy Management
Greenhouse Gas Emission	GRI 305-1~305-5	4.3 Greenhouse Gas Emission and Management
Employee Recruitment and Retention	GRI 2-7, 2-8, 202-2, 401-1	5.1 Human Capital
Employee Career Development	GRI 404	5.3 Diverse Development
Employee Diversity and Equality	GRI 405	5.1 Human Capital 5.2.1 Equal Pay

Note: For detailed management policies, please refer to each chapter.

● Comparison of Major Issues in the Last Two Years

Compared with the identification results of major issues in 2022, 5 new issues were added this year (Integrity Management, Information Security, Customer Relationship Management, Supply Chain Management, and Employee Diversity and Equality) and 5 issues were removed (Water Resource Management, Waste Management, Labor-Management Relations, Workplace Occupational Safety and Health, and Forced or Compulsory Labor).

2. Corporate Governance

2.1 Governance Structure

2.1.1 Board of Directors

- **Organization Structure**

The highest authority of the Company is the shareholders. The shareholders elect directors to form the Board of Directors, which is the Company's highest governance authority responsible for the Company's overall business decisions. Functional committees such as the Remuneration Committee and the Audit Committee are established under the Board to oversee matters including directors' remuneration, financial statements, and ESG key performance targets. Additionally, the Audit Office is set up to monitor the effectiveness of the Company's internal control systems. All committees must regularly report their execution outcomes and resolutions to the Board of Directors to protect the Company's and its stakeholders' rights and interests. For the Company's organization structure, please refer to page 9 of the Company's 2023 annual report.

- **Board Operations and Composition**

The Board of Directors plays a balancing and supervisory role between the Company's owners and management. It exercises the rights and obligations entrusted by the shareholders, establishes operating policies based on stakeholders' interests and rights, decides on the Company's management team, supervises the Company's operations, determines sustainability development strategies, and tracks the execution results.

The Company's directors are elected through a nomination system, with nine directors (including three independent directors) elected from a list of candidates in the shareholders' meeting. Directors serve a 3-year term and can be re-elected. The nomination and designation criteria are based on the candidates' independence and professional background, the relevance of these qualities to the Company's business development, and the diversity of the Board's composition. The current Board of Directors consists of 8 directors (including 3 independent directors), all males aged 51 and above. For details on the Board's diversity, independence, and members' expertise, please refer to pages 18-19 of the Company's 2023 annual report.

To establish a sound Board governance system, enhance the supervisory functions, and strengthen the management functions, the Company has formulated the Board Meeting Regulations according to Article 26-3, Paragraph 8 of the Securities and Exchange Act and the "Regulations Governing Procedure for Board of Directors Meetings of Public Companies". The Company generally holds Board meetings once per quarter. In 2023, the Board of Directors held 11 regular meetings, with an average attendance rate of 97.9%. For details on each director's attendance and meeting agenda, please refer to page 29 of the Company's 2023 annual report.

▼ **List of Board Members** (Current Board Term: May 30, 2023, to May 29, 2026)

Title	Tenure	Name	Gender	Age	Important Positions at Other Companies	Functional Committee	
						Audit Committee	Remuneration Committee
Chairman	28	Li,Jin-Gong	Male	51 or above	KYEC Investment International Co.,Ltd.; Chairman KYEC Technology Management Co.,Ltd.; Chairman KYEC Microelectronics Co., Ltd.; Chairman King Long Technology (Suzhou) Limited; Director Suzhou Zhen Kun Technology Limited; Director		
Deputy Chairman	25	Xie,Qi-Jun	Male	51 or above	-		
Director	13	Liu,Gao-Yu	Male	51 or above	LC Architecture Realization Company, Inc.; Chairman Jize Construction Development Co., Ltd.; Chairman		
Director	16	Chen,Guan-Hua	Male	51 or above	Weikeng Industrial Co., Ltd.; Director		
Legal entity as director	7	Yanyuan Investment Co., Ltd. (Representative: Hong,Bing-Kun)	Male	51 or above	Silicon Integrated Systems Corporation; Director		
Independent Director	16	Shen,Xi-Zhe	Male	51 or above	Chuangju English Cram School; Director	V	V
Independent Director	7	Huang,Da-Ye	Male	51 or above	McBorter Enterprise Co., Ltd.; Chairman Academy of Promoting Economic Legislation; Chairman & President Zhejiang International Business School (ZIBS) China Banking Research Center; Co-director	V	V
Independent Director	4	Wang,Xiu-Ming	Male	51 or above	Homenema Technology	V	V

Title	Tenure	Name	Gender	Age	Important Positions at Other Companies	Functional Committee	
						Audit Committee	Remuneration Committee
					Incorporation; Remuneration Committee Member Mingxing Creative Management Consultants, Inc.; Director Creative Sensor Inc. Independent; Director FIT Holding Co., Ltd.; Director		

Note 1: The Chairman does not concurrently hold the position of the General Manager of the Company.

Note 2: This table discloses the members of the Board of Directors as of the end of 2023.

● Director Education

Every year, the Company arranges educational courses and forum meetings for directors to enhance their professional skills, knowledge, and understanding of sustainability-related issues, strengthening their ability to respond to operational impacts. In 2023, directors participated in a total of 36 hours, 12 training sessions, and major issue forum meetings. For details on the training subjects for each director in 2023, please refer to page 34 of the Company's 2023 annual report.

● Remuneration Structure for Directors and Senior Executives

The remuneration for the Company's directors includes cash remuneration (fixed), director remuneration (variable), stock options, dividends, retirement benefits or severance payments, and various allowances. The Remuneration Committee reviews industry standards and individual director performance as the basis for adjusting individual remuneration. Aside from fixed salary and retirement benefits, performance bonuses are provided based on the achievement level of various performance indicators. For details on director remuneration, the remuneration bracket, and the payment standards 2023, refers to page 27 of the Company's 2023 annual report. The director remuneration for the current year will be submitted to the shareholders' meeting for approval on May 31, 2024.

The remuneration system for the Company's senior executives is proposed by the Remuneration Committee to the Board of Directors for approval. Aside from fixed salary and retirement benefits, performance bonuses are provided based on the achievement level of various performance indicators.

● Performance Evaluation of the Board

The Company generally conducts annual self-assessments of the performance of the Board of Directors, functional committees (including the Audit Committee and the Remuneration Committee), and individual directors.

▼ Performance Evaluation Details

Board of Directors	Board Members	Functional Committee
1. The degree of participation in company operations 2. Improvement of the quality of Board decisions 3. Board composition and structure 4. Selection and continuing education of directors 5. Internal controls	1. Knowledge of company goals and missions 2. Awareness of director responsibilities 3. The degree of participation in company operations 4. Internal relationship management and communication 5. Directors' professionalism and continuing education 6. Internal controls	1. The degree of participation in company operations 2. Awareness of the duties of functional committees 3. Improvement of the decision quality of functional committees 4. Composition and selection of members of functional committees 5. Internal controls

▼ 2023 Board of Directors Assessment Results

Assessment Frequency	Assessment Period	Assessment Method	Assessment Scope	Assessment Result (5-point scale)
Once a year	January 1, 2023 to December 31, 2023	Internal self-evaluation	Board of Directors	4.64 in average
			Board Members	4.8 in average
			Audit Committee	4.91 in average
			Remuneration Committee	4.65 in average

Note: For detailed information on performance evaluation, please refer to page 31 of the Company's 2023 annual report.

● Conflict of Interest Management

The Company's board meeting regulations and organizational charters of the Audit Committee and Remuneration Committee all include conflict of interest avoidance provisions. If a board resolution involves a conflict of interest with a director, their spouse, or a relative within the second degree of kinship or with a company controlled or affiliated by the director, the director must disclose the conflict of interest at the board meeting. If the matter is likely to harm the Company's interests, the director must not participate in the discussion or voting on the resolution and must recuse themselves from both. The director cannot act as a proxy for another director in exercising voting rights. The names of the relevant directors, essential details of the matter, and instances of recusal must all be recorded in the meeting minutes. Directors and managers must also complete an annual related-party transaction declaration and report the results to the Audit Committee.

➤ For information on 2023 related-party transactions, directors, controlling shareholders, or other related parties' cross-shareholding status, please refer to page 129 of the Company's 2023 annual report.

In addition, the Company has established codes of integrity for different levels of personnel, codes of ethical practices for directors and managers, and codes of conduct for employees. The internal audit department supervises the implementation of these codes and regularly reports the implementation results to the Board of Directors. As of the end of 2023, the Company has not experienced any notable conflict of interest events.

- For company governance charters, codes, and other materials, please refer to the Company's website:
<https://www.kyec.com.tw/zh-tw/Ir/Company>

2.1.2 Functional Committees

● Remuneration Committee

The current Remuneration Committee consists of 4 members, 3 of whom are independent directors, and 1 is a consultant, meeting the independence requirements of legal regulations. The term is from June 12, 2023, to May 29, 2026. The Company has established the Remuneration Committee Organizational Charter to specify the responsibilities and obligations of the Remuneration Committee, which is responsible for formulating and regularly evaluating the remuneration system and standards for the directors mentioned above and managers. The Company generally holds Board meetings once per quarter. In 2023, 6 meetings were held, with a 100% attendance rate by the members.

● Audit Committee

The Company's Audit Committee consists of 3 independent directors, with a term from May 30, 2023, to May 29, 2026. Their duties include reviewing the Company's financial statements, supervising the selection and independence of certified public accountants, formulating or amending internal control systems, and monitoring the compliance of the Company's internal charters with relevant regulations. The Audit Committee generally holds meetings once per quarter and invites department managers, internal auditors, accountants, legal advisors, and others to attend when necessary. In 2023, 7 meetings were held, with a 100% attendance rate by the members. For details on the implementation of the Audit Committee, please refer to page 35 of the Company's 2023 annual report.

2.2 Economic Performance

Major Issue Management Policies

Impact	Economic performance is the core priority of the company's operations, and pursuing maximum profit remains the company's ongoing goal. The company is committed to continuously innovating and creating revenues to meet stakeholder expectations.
Competent Authority	Finance and Accounting Center
Management Actions	<ul style="list-style-type: none"> ◆ Formulate finance-related charters: Plan and conduct operations related to capital, reinvestment, stock affairs, taxation, and accounting ◆ Establish the Audit Committee: Formulate the Audit Committee Organizational Charter to implement corporate governance and exercise the powers stipulated by company law. The committee must hold meetings at least once each quarter.
Process for Tracking Action Effectiveness	<ul style="list-style-type: none"> ◆ Review the current operational status and profitability through quarterly reports and closely monitor customer developments. ◆ Regularly report financial performance to shareholders and investors and undergo evaluations.
Management Goals	<ul style="list-style-type: none"> ◆ Short-term goal: Comprehensive control of variable costs such as direct and indirect material components.

	<ul style="list-style-type: none"> ◆ Mid-term goal: Implement various smart factory improvement programs, including factory automation, smart manufacturing, process streamlining, and production efficiency improvement, to optimize factory operations. Continuously adjust the utilization rate of equipment capacity and carry out delivery shortening projects for key products. ◆ Long-term goal: Independently develop testers and burn-in ovens to strengthen the core value of the manufacturing supply chain to customers.
2023 Achievement Status	<ul style="list-style-type: none"> ◆ Consolidated revenue reached NT\$33.025 billion. ◆ Earnings per share were NT\$4.78.

The Company's 2023 consolidated revenue was NT\$33,025,307 thousand, down 10.2% from 2022; consolidated net profit after tax was NT\$6,016,370 thousand, and earnings per share after tax were NT\$4.78. In 2023, the semiconductor industry entered a cyclical downturn. Although there were fluctuations in rush orders in the middle of the year and the global economic environment did not further deteriorate, the Chinese market did not rebound after lifting the pandemic lockdowns. Besides, demand for consumer products, networking products, general servers, and computer products was weak. By the fourth quarter, industrial and automotive products began to decline. Still, thanks to the high-performance computing (HPC) chips driven by artificial intelligence (AI), some unfavorable factors in the Company's revenue were offset, supporting the Company's sales performance. The Company will continue to expand business with fabless semiconductor design companies in Europe, the United States, and Japan, cultivate potential customers, and increase the proportion of outsourced testing orders from independent device manufacturers (IDMs) to boost revenue and profit.

▼ King Yuan Group Consolidated Financial Performance

Subject	2021	2022	2023
Operating Revenue (thousand NTD)	33,759,389	36,781,996	33,025,307
Net Profit (Loss) Before Tax (thousand NTD)	6,855,247	8,966,026	7,483,919
Net Profit (Loss) After Tax (thousand NTD)	5,234,242	6,982,090	6,016,370
Earnings (Loss) per Share (NTD)	4.23	5.59	4.78
Cash Dividend (NTD/Share)	3.0	3.5	3.20

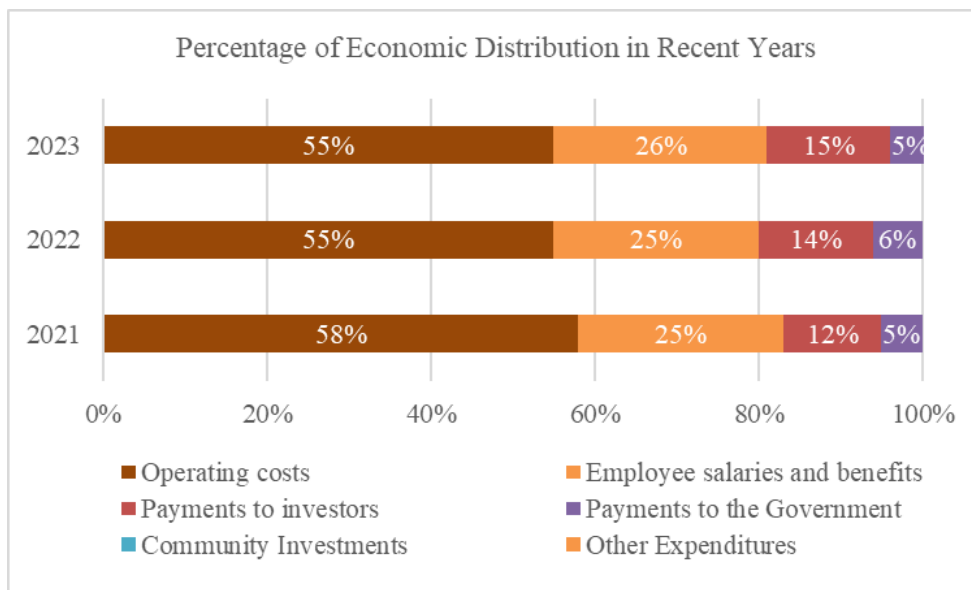
Note: The cash dividends refer to the amounts approved for distribution based on the earnings distribution plan of each reporting year (the distribution for the 2023 earnings was approved by the shareholders' meeting on May 31, 2024).

The Company has analyzed its consolidated financial condition from the perspective of stakeholder economic distribution according to the GRI standards. This year, the directly generated economic income (operating = and non-operating revenue) amounted to NT\$33,839,718 thousand, and the total amount distributed was NT\$31,736,133 thousand. The top three economic distribution subjects were operating costs (54.9%), employee salaries and benefits (25.5%), and payments to investors (14.5%).

▼ Economic Value Generated and Distributed Over the Past Three Years (Unit: Thousand NTD)

Economic Value	Subject	2021	2022	2023
Direct Economic Income	Net Operating Revenue	33,759,389	36,781,996	33,025,307
	Financial Investment Income	107,708	150,228	233,731
	Asset Sales Income	164,810	58,161	78,514
	Royalty Income	-	-	0
	Government Subsidy Income	108,392	78,548	150,618
	Other Income	283,222	195,182	351,548
Direct Economic Value Generated		34,423,521	37,264,115	33,839,718
Economic Distribution	Operating Costs	19,007,191	19,020,472	17,434,094
	Employee Salaries and Benefits	8,055,327	8,506,539	8,106,478
	Payments to Investors	4,011,761	4,834,634	4,602,535
	Payments to the Government	1,704,080	2,073,231	1,587,345
	Community Investments	7,280	860	1,410
	Other Expenditures	71,875	125,897	4,271
Economic Value Distributed		32,857,514	34,561,633	31,736,133
Economic Value Retained		1,566,007	2,702,482	2,103,585

Note: Economic Value Retained = Direct Economic Value Generated - Economic Value Distributed.



2.3 Integrity Management

Major Issue Management Policies

Impact	If internal workplace behavior complies with business ethics, social expectations, and legal regulations and adheres to policies related to fair trade and anti-corruption, the Company can avoid the risk of penalties, enhance its brand image, and contribute to maintaining market balance.		
Policies or Commitments Established or Followed	<ul style="list-style-type: none"> ◆ Internal Regulations Corporate Governance Practice Principles Code of Ethical Conduct Ethical Corporate Management Best Practice Principles Procedures for Ethical Management and Guidelines for Conduct Corporate Social Responsibility Best Practice Principles ◆ Government Regulations Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies 	Responsible Department	Audit Office Human Resources Department Finance Department
Management Actions	<ul style="list-style-type: none"> ◆ Implement ethical corporate management education and training. ◆ Set up a "Business Conduct and Ethics Violation Reporting System" section on the company website. (https://www.kyec.com.tw/zh-tw/Ir/Company) ◆ Internal audit personnel conduct regular inspections to ensure the continuous effectiveness of system design and implementation. 		
Process for Tracking Action Effectiveness	<ul style="list-style-type: none"> ◆ Number of participants in ethical management courses. ◆ Regularly track trends and changes in domestic and international regulations and adjust actions according to laws. 		
Management Goals	<ul style="list-style-type: none"> ◆ No significant violations. ◆ 100% completion rate for ethical management training courses. ◆ Regular performance evaluations for the Board of Directors. 		
2023 Achievement Status	<ul style="list-style-type: none"> ◆ No incidents of dishonesty, corruption, or anti-competitive behavior have occurred. ◆ Conducted 2,306 hours of ethical management training with a total of 9,444 participants. ◆ Completed the performance evaluation for the Board of Directors. 		

● Ethical Management Regulations

The Company adheres to the Responsible Business Alliance (RBA) standards and the "Sample Template for Code of Ethical Conduct for TWSE/TPEX Listed Companies" to establish our policies and rules on integrity management. We identify potential adverse impacts on stakeholders within our business relationships and develop preventive measures and remedial systems for specific risks. We also established an independent supervisory department to track follow-up statuses for issues and dynamically improve our commitment to responsible business practices to ensure the Company meets the requirements and goals of ethical management standards.

The integrity management procedures and behavioral guidelines are available on the company website at: <https://www.kyec.com.tw/zh-tw/Ir/Company>.

For anti-corruption and anti-competitive behavior regulations, please refer to the Company's "Ethical Corporate Management Best Practice Principles" and "Procedures for Ethical Management and Guidelines for Conduct." As of the end of 2023, King Yuan Group has not violated any anti-competition, antitrust, or monopoly-related laws. We will continue to implement the above management measures to reduce potential risks and avoid adverse incidents.

● Stakeholder Communication and Prevention

To ensure that all activities of the King Yuan Group comply with local laws and regulations and fulfill social and environmental responsibilities, management takes appropriate actions only after confirming the validity of all reported concerns or violations, fostering a culture of honesty, fairness, and trust within the Company. The King Yuan Group implements a series of measures and management systems to prevent dishonest behavior. The Company ensures 100% implementation of signing documents related to ethical management policies. All employees must sign a non-compete agreement upon entry. In addition, the Company holds training courses from time to time to explain prohibited behaviors in business operations, helping directors and employees understand the concept of ethical management. In 2023, all directors completed the insider trading and ethical management courses. A total of 9,444 employees also completed various legal training and insider trading courses, totaling 2,306 hours. All suppliers must sign the Responsible Business Alliance Code of Conduct (RBA Code of Conduct) and the Supplier Integrity Code. The Company also conducts promotions at the annual supplier conference. The 2023 supplier conference was held online with 90 participating suppliers.

Identity		Timing	Documents Required for Signing	Signing Ratio
Workers	New/Current Employees	On the Day of Employment	1. Notification of Personal Data Collection, Processing, and Utilization 2. Employment Agreement 3. Non-Compete and Confidentiality Agreement	100%

▼ Number and Percentage of Employees Completing Ethical Management Courses by Employee Type and Region

Country	Subject	Position				Number of Employees
		Supervisory Personnel	Engineering Personnel	Administrative Personnel	Technical Personnel	
Taiwan	Trained Employees	610	2,533	290	3,556	6,989
	Employees Require Training	610	2,533	290	3,556	6,989
	Training Rate	100%	100%	100%	100%	100%
China	Trained Employees	176	863	125	1,291	2,455
	Employees Require Training	176	863	125	1,291	2,455
	Training Rate	100%	100%	100%	100%	100%

Note: The statistics in this table are based on the number of employees as of December 31, 2023, excluding those who resigned or were on leave without pay during the year.

● Reporting and Complaint System

King Yuan Group upholds the principle of integrity and adheres to professional standards of conduct. We have established a comprehensive complaint and reporting management mechanism to implement the Group's ethical management regulations. We do not tolerate corruption, fraud, or violations of ethics and integrity.

Suppose any personnel discovers any violations, suspected violations, or business actions that could violate the Group's ethical management or anti-competitive practices. In that case, they may file a complaint according to the Group's complaint and reporting management procedures. Internal employees can lodge complaints through a dedicated hotline, fax, or email; external personnel can file complaints through the "Business Conduct and Ethics Violation Reporting System" on the Company's website. If an investigation finds that the accused person has violated laws or the Company's integrity management policies and regulations, disciplinary actions will be taken. Internal employees will be punished according to the personnel reward and punishment rules, while external personnel will have their business activities terminated.

● Legal Compliance

This year, six regulatory violations occurred, including two governance-related incidents, three environmental incidents, and one occupational safety incident. None were major violations (a major violation is defined as one with fines over 1 million NTD). Fines have been paid according to regulations, and corrective actions have been implemented, with better personnel education and training. Fines paid in the past two years are listed below:

Year	2022	2023
Fines paid for violations in the current year	724,000	922,000
Fines paid for violations in the previous year	0	0

Note: The date of the incident is the date of receiving the official letter from the competent authority.

2.4 Information Security

Major Issue Management Policies

Impact	King Yuan Group values information security and protects customer privacy and confidential information. Through the PDCA cycle management mechanism, we continuously improve our information security system, strictly adhere to customer contracts, protect customer privacy and confidential data, and implement the spirit of corporate sustainability.		
Policies or Commitments Established or Followed	<ul style="list-style-type: none"> ◆ Internal Regulations Information Security Management Manual (EN-E-22-100001) ◆ Government Regulations Cyber Security Management Guidelines for TWSE/TPEX Listed Companies 	Responsible Department	All units of the Information Technology Department
Management Actions	<ul style="list-style-type: none"> ◆ Establish information security policies and an information security management organization. ◆ Protection of confidential data and documents. ◆ Physical security. ◆ Information security incident management. ◆ Business continuity management. ◆ Information security promotion and education training. 		
Process for Tracking Action Effectiveness	<ul style="list-style-type: none"> ◆ Number of major information security incidents affecting operations: 0 ◆ Financial losses in financial statements caused by cyberattacks: 0 		
Management Goals	<ul style="list-style-type: none"> ◆ No major information security incidents affecting operations ◆ No financial losses in financial statements caused by cyberattacks ◆ Continue to obtain ISO 27001 certification ◆ Conduct one social engineering drill per year ◆ Conduct two information security incident drills per year ◆ 100% coverage of information security education and awareness training for employees 		
2023 Achievement Status	<ul style="list-style-type: none"> ◆ Number of major information security incidents affecting operations: 0 ◆ Financial losses in financial statements caused by cyberattacks: 0 ◆ Continue to obtain ISO 27001 certification every year since 2022 ◆ Conduct one social engineering drill per year ◆ Conduct two information security incident drills per year. ◆ 100% coverage of information security education and awareness training for employees. 		

● **Information Security Policy and Organization**

As technology advances, diverse cybersecurity incidents, such as customer data breaches, ransomware attacks, and malware, are becoming increasingly common. Therefore, information security and customer privacy protection have become critical objectives in enterprise cybersecurity management. KYEC has established information security protocols in compliance with Taiwan's Personal Data Protection Act and the European Union's General Data Protection Regulation (GDPR). The Company has also implemented an Information Security Management System (ISMS), established relevant organizations, and obtained ISO 27001 certification to strengthen the overall cybersecurity defense and response capabilities, aiming to provide customers with a secure and reliable digital environment. In 2022, KYEC established the Information Security Committee, with the General Manager as the Chief Executive Officer and the Assistant Manager of the Information Technology Department acting as the Chief Coordinator. The committee includes managers from all departments of the Company. The same year, the Company also established a dedicated cybersecurity management department, appointing a Chief Information Security Officer and several dedicated cybersecurity personnel responsible for developing company cybersecurity policies, managing risks, ensuring regulatory compliance, and continuously monitoring significant internal and external trends and issues.

● **Information Security Management System**

- Network Security and Endpoint Security
 - ✓ Implement physical network isolation to prevent the lateral spread of malicious virus attacks
 - ✓ Strengthen network security by using next-generation firewalls, intrusion detection systems, and web behavior monitoring
 - ✓ Promptly update antivirus software, monitor all factory equipment for viruses, and swiftly handle abnormal machinery
 - ✓ Third-party information security risk assessments to monitor and analyze security risks and vulnerabilities
 - ✓ Share information to keep up with information security incidents around the world
 - ✓ Outsource third-party security companies to conduct penetration tests and vulnerability scans
- Data Security Protection
 - ✓ Establish a data leakage prevention system to ensure the security of internal confidential documents and eliminate leakage threats
 - ✓ Implement document printing record analysis and tracking to prevent data leaks
 - ✓ Implement hard disk encryption to prevent the leakage of critical data
- Regulatory Compliance and Introduction of International Cybersecurity Standards
 - ✓ Comply with regulatory requirements and implement ISO 27001
- Supplier Information Security Training

- ✓ Suppliers with external devices must have their devices scanned for viruses and wear armbands when entering the factory.

- **Information Security Training and Promotion**

KYEC mandates all internal members, suppliers, and related partners to strictly implement KYEC's information security measures, collecting, processing, and using personal data within the necessary scope and minimum extent for specific purposes and taking appropriate security maintenance measures. In 2023, KYEC did not use the collected personal data for any purpose other than the initially specified purpose.

To enhance the awareness of personal data and privacy protection among employees in the factory, KYEC regularly conducts education and training and promotes important personal data and privacy-related laws, operational guidelines, real cases, and audit inspections on public web pages.

- **Personal Data Usage and Complaint Channels**

KYEC has established a reporting system for internal and external parties to file complaints and reports related to personal data through reporting channels and continuously review the status of personal data usage. In 2023, King Yuan Group did not receive any complaints or penalties related to personal data, and there were no major information security incidents, such as customer data leaks or internal confidential information leaks, in the past three years.

3. Sustainable Value Chain

3.1 Industry Supply Chain

3.1.1 Industry Overview

King Yuan Group provides testing and packaging technologies for back-end manufacturing and production capacity services for semiconductor products worldwide. As the world's largest professional testing company, KYEC offers comprehensive IC testing services, including logic ICs, mixed-signal ICs, memory ICs, wireless networks, driver ICs, integrated ICs, and IC burn-in testing. The global semiconductor industry is shifting its production focus to Asia to reduce costs. With its complete and dynamic vertical division of labor, Taiwan's IC industry has gained recognition for its technology, quality, and delivery times. With an increasing number of IDMs and IC design companies choosing Taiwan for wafer foundry operations, and as multiple domestic and foreign wafer fabs commence production, the demand for back-end testing services from Taiwanese companies is gradually increasing due to considerations of cost, delivery times, and the need to maintain core competitiveness.

▼ Semiconductor Industry Upstream, Midstream, and Downstream Relations

Upstream Industry	IC design companies, wafer foundries, IDM plants
Midstream Industry	Testing equipment manufacturers, packaging and testing companies, component manufacturers
Downstream Industry	IC distributors, IC design companies, IDM plants

- ◎ For more information on the current status and development of the IC testing and packaging industry, please refer to page 97 of the Company's 2023 annual report.

3.1.2 KYEC Value Chain

King Yuan Group has production sites in Taiwan and Mainland China. Globally, we collaborate with nearly a thousand suppliers for raw materials, equipment, accessories, factory management/engineering, and outsourcing. To provide timely services to customers worldwide, we have business locations in Taiwan, North America, Southeast Asia, and Japan.

▼ King Yuan Group Value Chain

Upstream (Suppliers)	King Yuan Group	Downstream (Clients)
Raw material suppliers, equipment suppliers, parts suppliers, factory management/engineering contractors, etc.		IC manufacturers, IC design companies

● Local Procurement

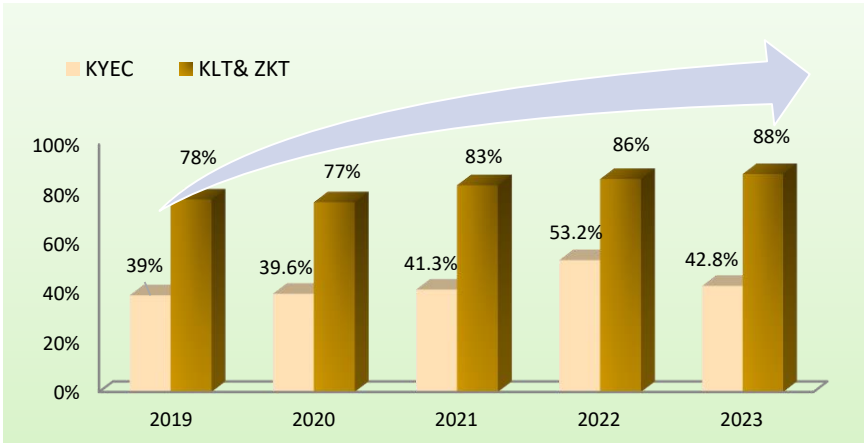
KYEC is committed to maintaining long-term partnerships with domestic and international suppliers, jointly establishing a stable and sustainable supply chain. In addition to ensuring the quality, delivery time, and price of supplier products, we urge suppliers to implement environmental protection, improve safety and health, respect human rights, fulfill corporate social responsibility, and implement risk management and business continuity plans.

KYEC actively promotes localized production and procurement, committing to supporting local procurement and emphasizing the economic development of suppliers in Taiwan and Mainland China. The goals include reducing transportation costs, minimizing carbon emissions, and diversifying risks while fostering local industries to create job opportunities.

In the future, we will continue to cultivate local companies in Taiwan and Mainland China and encourage foreign companies to establish factories in Taiwan to jointly reduce production costs and risks and enhance competitive advantages.

In addition to continuing to increase local procurement and improve quality goals, we will further promote close collaboration with suppliers in the future and introduce alternative materials from other manufacturing locations to reduce the risk of shortages for materials from a single location caused by natural disasters or other force majeure events.

● **KYEC Group porportion of raw material purchased locally**



● **Green Procurement**

To fulfill corporate social responsibility and respond to environmental protection, KYEC is committed to promoting green procurement. We prioritize purchasing products with Type 1 or 2 ecolabels, FSC sustainable forestry labels, or PEFC labels for office supplies and packaging materials. For energy-consuming equipment or projects, we design or prioritize purchasing items that reduce energy consumption and comply with green environmental regulations, such as energy-saving equipment, water-saving facilities, and energy-efficient devices. Products with energy-saving, water-saving, and green building material labels are our top procurement choices.

In addition to procuring products with government-certified eco-labels, we consider factors like energy efficiency, operational performance, water conservation, and lifespan when purchasing equipment and promoting improvement projects. Therefore, the Company defines green procurement as the procurement of "products, technologies, and services that contribute to energy saving, carbon reduction, waste minimization, and environmental impact mitigation." KYEC's green procurement principles are as follows:

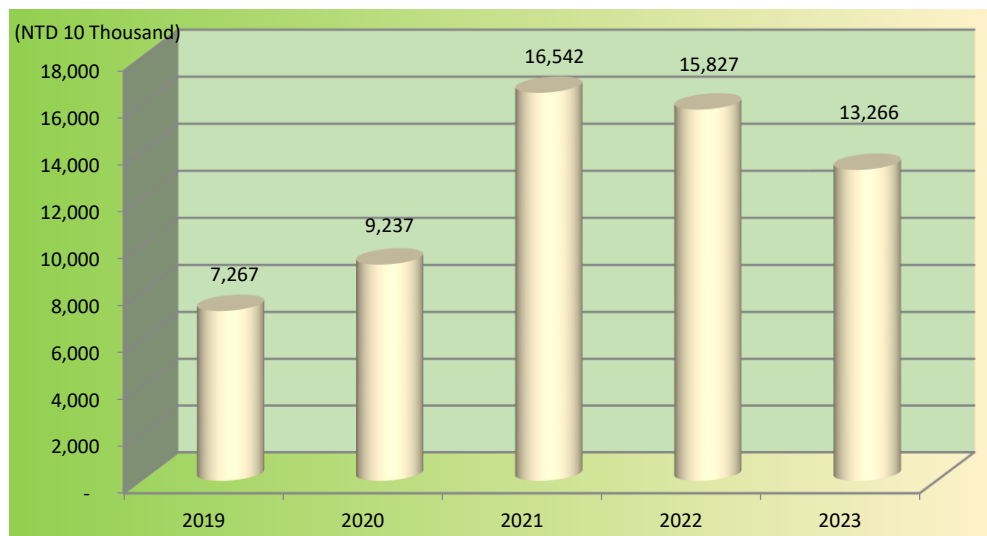
- (1) Government-certified green products, such as those with green marks, energy-saving, or water-saving features.

(2) Products that comply with relevant foreign government regulations (such as the EU's RoHS and WEEE directives) or are certified to use green marks.

(3) Mandate equipment suppliers to consider water-saving, energy-saving, and material-saving in equipment design. After equipment installation, suppliers must confirm that the energy performance of relevant equipment operations meets or exceeds the procurement contract requirements.

In alignment with the company's environmental policy, we are simultaneously promoting green procurement within the supply chain, integrating green supply chain services for customers, and addressing issues of long-term concern to international organizations. We aim to contribute to the sustainability of the ecosystem, reducing the severe impact on ecosystems caused by deforestation and biodiversity loss.

● **Green Products Purchased Amount of KYEC Group**



3.2 Supply Chain Management

Major Issue Management Policies

Impact	Since suppliers are a part of the Company's value chain, the Company is responsible for managing the supply chain. Adequate supply chain management should ensure the quality and safety of raw materials and emphasize suppliers' ESG practices to enhance overall industry value. Neglecting this responsibility may indirectly exacerbate suppliers' adverse social or environmental impacts and harm the Company's reputation.		
Policies or Commitments Established or Followed	<ul style="list-style-type: none"> ◆ Internal Regulations Procurement Control Procedures RBA Code of Conduct Commitment KYEC Supplier Code of Conduct 	Responsible Department	Procurement Department Supplier Quality Management Department
Management Actions	<ul style="list-style-type: none"> ◆ Suppliers must sign the "RBA Code of Conduct Commitment" to promise to comply with the Responsible Business Alliance Code of Conduct and KYEC's corporate social responsibility requirements. ◆ Conduct annual online/physical supplier training to continuously promote quality, green products, safety, information security, BCP, KYEC human rights policy, KYEC supplier code of conduct, and ESG supply chain management. 		
Process for Tracking Action Effectiveness	Conduct regular sustainability audits of suppliers annually, combining key suppliers and risk levels to conduct on-site audits.		
Management Goals	<ul style="list-style-type: none"> ◆ 100% conflict-free mineral products ◆ 100% response rate of signed RBA commitments from all suppliers ◆ 100% completion rate of SAQ surveys ◆ Completion of sustainability audits for key high-risk suppliers every year 		
2023 Achievement Status	<ul style="list-style-type: none"> ◆ Conflict Minerals Management: 100% conflict-free products ◆ 100% response rate of RBA commitments ◆ 100% completion rate of SAQ surveys ◆ 100% sustainability audit rate for key high-risk suppliers. 		

3.2.1 Supply Chain Management Policy

The practice of sustainable supply chain management involves incorporating environmental protection and social responsibility into the traditional supply chain and maintaining organizational economics, including the Company's internal and external practices. The practice can make the supply chain achieve true sustainability from environmental, social, and economic perspectives. The implementation of sustainable supply chain management practices covers the entire supply chain, from green procurement to the management of product life cycles, extending from suppliers to manufacturers and customers. The implementation enhances the relationships between partners, involving the flow of goods, information, and sustainable actions.

A sustainable supply chain has become crucial for corporates to implement sustained operations and a key mechanism for companies to demonstrate social responsibility and drive the supply chain towards sustainability goals. The Supply Chain Risk Management Practice of the National Institute of Standards and Technology (NIST 800-161) in the United States also includes sustainability as a critical issue in risk management.

The Company divides sustainable supply chain management into three pillars: sustainability standards, risk identification, and management mechanisms. After establishing basic sustainable standards for suppliers to follow, the Company uses risk identification tools to identify high-risk factors and supplier industries and utilizes various management mechanisms to manage the supply chain effectively.

- Sustainable Supply Chain Standards

The Company developed its sustainable supply chain management policies based on international standards, including the Responsible Business Alliance (RBA) Code of Conduct, the United Nations Guiding Principles on Business and Human Rights, the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, and the Universal Declaration of Human Rights. These policies require all suppliers to ensure that their business practices in labor rights, health and safety, environment, business ethics, and management systems comply with the Company's guidelines and commitments and fully adhere to the laws and regulations of their operating regions.

© KYEC Supplier Code of Conduct <https://www.kyec.com.tw/供應商行為準則>

The Company will fulfill its determination and mission of corporate social responsibility and expand supplier partners that work closely with its business. We are gradually incorporating corporate social responsibility clauses into supplier contracts, aiming for suppliers' 100% compliance with ESG terms as a long-term goal. If a supplier violates these terms, we will require corrective actions within a specified period. Severe violations may result in termination of cooperation. We continuously communicate and share social responsibility-related information with suppliers, encouraging them to develop materials that reduce environmental impact or implement energy-saving and carbon-reduction measures in their processes or equipment, creating a win-win partnership.

Procurement personnel evaluate new suppliers based on a New Supplier Evaluation Form, which includes audits of suppliers' social, environmental, and governance performance. New suppliers must pass this evaluation and get approval from the department supervisor before being registered on the "Qualified Supplier List." For current suppliers, the Company issues a Supplier Audit questionnaire once a year to review and evaluate suppliers' adherence to corporate social responsibilities, ensuring they meet the Company's supply chain standards and are eligible for continued partnership.

- Sustainability Risk Assessment

KYEC identifies Tier 1 suppliers from suppliers of materials, equipment, components, facilities/engineering, and subcontractors based on their direct or significant relevance on services or processes and the transaction amounts involved. The Company then further identifies key suppliers among these Tier 1 suppliers and reinforces sustainable management practices for these key suppliers.

1. Tier 1 Suppliers	Management Model
Scope: Suppliers with direct or significant relevance to services or processes	RBA Code of Conduct Commitment
2. Key Suppliers	Management Model
Conduct further identification of key suppliers among Tier 1 suppliers based on the following factors (including but not limited to): <ul style="list-style-type: none"> • Annual transaction amount & attribute classification (differentiate coefficient levels) • Single source (no alternative suppliers) <Major Supplier/Single Supplier> • Others (e.g., crucial strategic business partners, key partners designated by customers) 	RBA Code of Conduct Commitment Supplier Sustainability Questionnaire
3. Key High-Risk Suppliers	Management Model
Distribute the SAQ self-assessment questionnaire to key suppliers for supplier risk identification and conduct on-site audits for key high-risk suppliers	RBA Code of Conduct Commitment Supplier Sustainability Questionnaire On-Site Audit

- **Supply Chain Supervision System**

The supply chain management team and organization are structured under the Sustainable Development Committee, which regularly reports to the General Manager of the top management and the Board of Directors.

The supply chain management organization comprises the Material Department, Quality Assurance Department, Occupational Safety & Risk Management Department, and Human Resources Department, all concerned with social issues regarding environment, labor, health, and safety among suppliers.



© **Supply Chain Security**

King Yuan Electronics, as a professional semiconductor testing service company, is committed to providing high-quality services to its customers. By adhering to the core values of excellence, performance, innovation, and sharing, the company constantly strives to maximize customer value and enhance supply chain security, fulfilling its corporate social security responsibilities and achieving the ultimate goal of sustainable operation. All employees of the Company pledge:

- To strictly comply with supply chain security regulations and customer-mandated security precautions.
- To thoroughly safeguard the Company's business secrets and information security information, protecting the rights and interests of both the Company and its customers.
- To establish a supply chain security management system, continuously provide security education and training, and establish a security audit mechanism to ensure the safety of product manufacturing, transportation, and related information.
- To implement a supply chain risk management mechanism, constantly assess and execute security improvement plans to protect the Company's crucial assets.
- To enhance the security quality of upstream and downstream business partners to meet supply chain security requirements.

Given the increasing worldwide attention to counter-terrorism, enhancing the security of international import and export goods is of utmost importance. To improve the Company's competitiveness and strengthen the control level on the safety of goods and overall supply chain security, the Company has implemented supply chain process enhancements across various aspects, including the education system, production operations, goods inflow and outflow, supplier security education, and audits.

In 2012, KYEC's Chu-Nan Factory obtained the Authorized Economic Operator (AEO) certification, meeting the World Customs Organization (WCO) security regulations and becoming the first Company in Miaoli County to obtain AEO certification. The Tong-Luo Factory obtained AEO certification on December 14, 2015, and in the same year, both Chu-Nan and Tong-Luo Factories simultaneously received ISO 28000 supply chain security certification.

Obtaining supply chain security-related certifications not only effectively shortens customs clearance time but also provides customers with faster delivery times and safer, more convenient transportation services. This has significantly boosted the trust and satisfaction of major international clients, driving steady growth in performance in recent years.



3.2.2 Hazardous Substances and Conflict Minerals Management

● Hazardous Substance Free Management

King Yuan Group always pays attention to environmental protection issues and is committed to developing sustainable green products. KYEC has implemented the IECQ-QC080000 Hazardous Substance Process Management (HSPM) System to ensure the effective management and operation of banned or restricted substances within the green product process. In 2023, the Group maintained its IECQ-QC080000:2017 certification and its SONY GP certificate qualification. In addition to aligning with international standards, the Company also considers stakeholder feedback, sets annual management indicators, implements the PDCA cycle to monitor and review, and regularly discloses and presents their management performance in the Company's senior management review meetings.

Since 2021, the King Yuan Group has established and continuously optimized an internal Green Supplier Chain Management System (GSCM). KYEC constructed a hazardous substances database to regularly update third-party material test reports and safety data sheets and signed commitments by suppliers through the system. KYEC also achieves effective information management through an interactive supply chain platform. Furthermore, to ensure compliance for materials with hazardous substances, the Company uses X-ray fluorescence (XRF) for random sampling inspections during material intake. If non-compliance occurs, the material is handled according to the Hazardous Substance Free (HSF) Abnormality Handling Procedure, ensuring proactive green management. In 2023, no customer complaints or remuneration cases arose due to abnormality related to banned or restricted substances in products or packaging materials processed and used by the Company under HSF key indicator monitoring.

In 2023, in response to the French environmental regulation announcement, which implemented stage 2 of the controls and phased limit values for mineral oil usage in product packaging and printing inks, the King Yuan Group investigated six materials used in packaging and printing inks in its factories, including cartons, aluminum foil bags, metal bags, desiccants, humidity indicator cards, and labels. The results showed that only the ink on the labels contained trace amounts of mineral oil. Consequently, the Company planned and switched 298 label material numbers by December 20, 2023, achieving 100% compliance with mineral oil regulations. Additionally, the Company found an ink that complies with the 2025 limit values and passed the mineral oil testing results. The Company plans to complete all the switching by Q4 2024.

French mineral oil regulations stipulate that:

- From January 1, 2023, mineral oil aromatic hydrocarbons (MOAH) composed of 1 to 7 aromatic rings must be lower than 10,000 ppm.
- From January 1, 2025, mineral oil aromatic hydrocarbons (MOAH) composed of 1 to 7 aromatic rings must be lower than 1,000 ppm; aromatic hydrocarbons (MOAH) composed of 3 to 7 aromatic rings must be lower than 1 ppm; mineral oil saturated hydrocarbons (MOSH) composed of 16 to 35 carbon atoms must be lower than 1,000 ppm.
- * Packaging and printed products manufactured or imported before January 1, 2023, are allowed a clearance period of up to 12 months from that date.

Conflict Minerals Management

➤ KYEC's Policy of No Conflict Mineral Procurement

- (1) Raw materials are sourced from certified conflict-free areas, not conflict minerals from conflict-affected and high-risk areas (CAHRAs) or the Democratic Republic of Congo and neighboring countries.
- (2) Suppliers and their upstream and downstream supply chains are required to conform to the "No conflict minerals" requirements and declare not to use them.

➤ KYEC's Commitment of No Conflict Mineral Usage

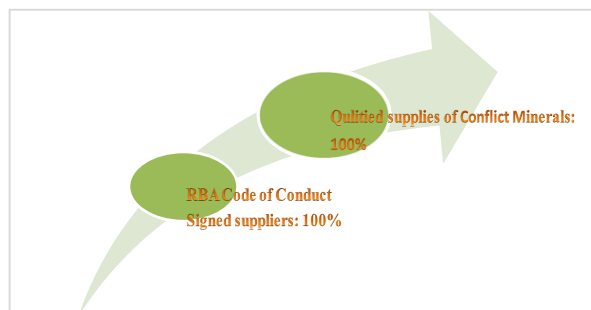
To protect the human rights and health of our employees in material production regions and the environmental resources. KYEC promises that when our delivered products and production processes use materials including but not limited to Ta, Sn, W, Au, Co, and Mica, their suppliers at the source didn't directly or indirectly purchase from illegal mines in conflict-affected and high-risk areas(CAHRAs).

KYEC commits to conducting due diligence on conflict minerals in the supply chain, actively eliminating conflict minerals in the supply chain, and communicating this issue to all suppliers for compliance.

➤ Conflict Mineral Procurement Goal

No.	Objectives	Final Goal
1	Conflict Minerals Management: Conflict-free products	100%

Every year, suppliers must complete reports in standard industry formats such as the Conflict Minerals Reporting Template (CMRT) and Extended Minerals Reporting Template (EMRT) to report information related to conflict minerals, disclosing that if products delivered to KYEC and production processes include, but are not limited to, tantalum (Ta), tin (Sn), tungsten (W), gold (Au), cobalt (Co), and mica, whether they are from RMAP-compliant smelters and refiners. Based on our investigations, we identified 152 smelters, all of which are 100% sourced from RMAP-compliant smelters and refiners.



3.2.3 Supplier Communication

● Education & Training

King Yuan Group strives to keep putting efforts into promoting sustainable development with the suppliers. Each year, KYEC conducts at least one regular RBA training session for procurement personnel, covering environmental and social issues such as labor, health and safety, environment, ethical standards, and management systems. These trainings aim to promote KYEC's sustainable development principles, enhance both parties' sustainability capabilities, and reduce operational risks. Additionally, the latest version of the RBA Code of Conduct is provided to suppliers every year. In 2023, KYEC gave training courses and promoted key topics through an online supplier conference. The training courses invited KYEC's in-house experts to serve as instructors, covering six areas: supply chain sustainability strategy, labor rights, quality and green product management, health and safety, environmental management, and information security.

The goal is to ensure suppliers achieve greater compliance with the RBA Code of Conduct regarding labor, health and safety, environment, ethical standards, and management systems and to communicate the Company's requirements and expectations regarding conflict minerals.

- In 2023, the completion rate of supplier training was 100% (conducted for 66 key suppliers).
- In 2023, the completion rate of procurement training was 100% (conducted for 22 procurement staff).

● Grievance Mechanism

All suppliers of KYEC signed the "Supplier Code of Conduct" to establish good cooperation relationships. A public grievance channel, "[Business Conduct and Ethics Compliance Reporting System](#)," is set up on the KYEC official website to offer a protection measure to suppliers, contractors, and their workers, promoting a more friendly and inclusive workplace in the supply chain.

King Yuan Group promotes this public grievance channel through annual training for suppliers, contractors, and their workers so that they can anonymously express any opinions or concerns regarding workplace issues through this channel.

We commit to maintaining the confidentiality of the complainant's identity and the content of the complaints, ensuring that suppliers, contractors, and their workers are not mistreated or retaliated against due to reporting or complaining, guaranteeing the independence and confidentiality of complainants.

In 2023, no suppliers, contractors, or their workers submitted complaints through KYEC's public grievance system.

● Grievance Handling Process:



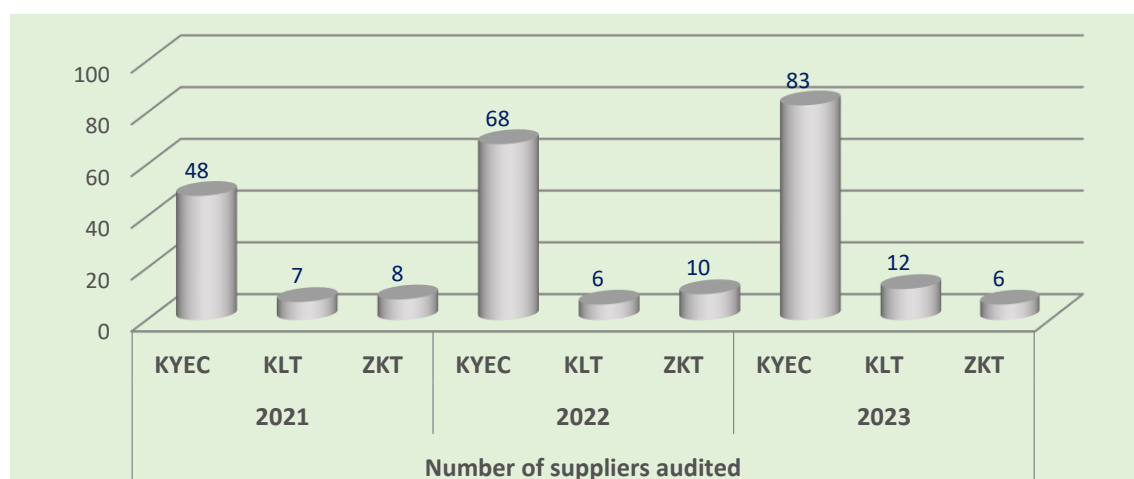
3.2.4 Supply Chain Audit Results

● Audit Status

In 2023, the Company had 895 qualified suppliers, including 17 new ones. By the end of the year, the Company completed annual audit operations for 66 suppliers and conducted environmental and social impact assessments for 66 suppliers.

The Company follows RBA guidelines for Tier 1 supplier factories to perform sustainability risk audits. In 2023, the Company audited 66 Tier 1 supplier factories, accounting for 7.4% of the total number of Tier 1 supplier factories. Among these factories, 16 are high-risk Tier 1 supplier factories. The Company audited all 16, covering 100% of the high-risk Tier 1 supplier factories.

Note: High-risk Tier 1 supplier factories are defined as those with a total score of 70% or below in at least five areas of the RBA Self-Assessment Questionnaire (SAQ) or those identified as having non-compliance issues in priority investigations by RBA.



● RBA Audit Results for Tier 1 Suppliers

The Company categorized non-compliance issues identified during RBA audits into priority non-compliance issues and other non-compliance issues to plan appropriate corrective actions. According to the Company's 2023 audit results, no serious violations or significant deficiencies requiring immediate reporting were found among suppliers. All suppliers completed corrective actions for their deficiencies within the specified deadlines.

● Corrective Measures

The deficiencies in 2023 were mainly in labor employment, occupational safety, and environmental management, with a higher incidence in labor-intensive suppliers. For improvements in ethical standards and environmental safety, the Company adopted the strategy of demanding improvements by a certain deadline to continuously monitor and assist in supplier management and require non-compliant suppliers to establish monitoring mechanisms. The Company's supply chain sustainability team and audit department also regularly track progress made toward improvement and adopt measures such as focused guidance and secondary audits to reduce future recurrence risks.

▼ Supplier Corrective Measures

Negative Impact Aspects	Deficiency Category	Subject	Deficiency and Risk	Corrective Measures and Response Strategies
Social	Labor	No forced labor	Failure to establish work regulations prohibiting forced or bonded labor	Include relevant provisions in the employee code of conduct and issue announcements
		Child Labor	Failure to establish work regulations prohibiting employing child labor (under 16 years old), misapplication of remedial measures, and failure to establish regulations	Include relevant provisions in human resource management regulations, establish remedial measures, and issue announcements

Negative Impact Aspects	Deficiency Category	Subject	Deficiency and Risk	Corrective Measures and Response Strategies
			to protect minor workers	
	Health and Safety	Response Preparedness	Lack of a comprehensive plan that clearly defines the notification procedures, time, and contact persons that meet customer requirements when a supply interruption occurs	Redefine procedures, internalize customer requirements, and incorporate them into management review meetings
Economic	Ethics	Integrity Management	Failure to establish work regulations prohibiting offering or accepting bribes or other forms of obtaining improper benefits	Convene meetings for promotion and include relevant provisions in company work regulations
Environment	Environment	Pollution Prevention and Resource Protection	Lack of leakage prevention measures in chemical storage areas, posing pollution risks to sewers and soil	Immediately place leakage prevention equipment in the area and check the integrity of related equipment
	Management System	Communication	Aside from new recruits, statutory safety and health education training must also be provided for existing workers, with training hours meeting legal standards	Conduct statutory safety and health education training, retain signature records, and include annual mandatory training subjects.
	Health and Safety	Machine Safety	The adequacy of safety shoes worn by personnel operating manual forklifts and hydraulic forklifts in the work area	Purchase appropriate safety shoes for the working environment, place them on-site, and clearly post notices in the work area

3.3 Customer Relationship Management

Major Issue Management Policies

Impact	<ul style="list-style-type: none"> • The positive and negative impacts are approximately 50% each. • Maintaining good customer relationship management, providing multiple channels for customer feedback, and adequately satisfying clients' demands can improve customer satisfaction. • Without effective customer relationship management, the inability to handle customer needs may result in poor customer satisfaction, decreased loyalty, and negative impacts on the Company's business. 		
Policies or Commitments Established or Followed	◆ Internal Regulations PJ301 Customer Relationship Management PR302 Customer Satisfaction Management Procedure	Responsible Department	Business Center Quality Assurance Department
Management Actions	◆ Focus on quality improvement and engineering capability enhancement ◆ Emphasize customer evaluation performance and customer service as a basis for proactive improvement ◆ Fully evaluate and implement special customer needs ◆ Enhance overall quality awareness to produce high-quality products		
Process for Tracking Action Effectiveness	◆ Review the achievement status of improvement projects through project management systems ◆ Review customer evaluation achievements through regular senior management meetings ◆ Track improvement status of unmet subjects through customer satisfaction systems ◆ Review the status of customer document import through regular reports ◆ Hold quality activities and reward programs (proposal/CIP activities, etc.)		
Management Goals	◆ The number of customer-specific improvement projects ◆ On-time completion rate of customer projects ◆ Completion rate of performance reviews for key customer evaluations ◆ On-time completion rate of customer evaluation improvements ◆ Customer document review completion rate ◆ Participation rate in CIP continuous improvement activities		
2023 Achievement Status	◆ Number of customer-specific improvement projects: 87. ◆ On-time completion rate of customer projects: 92.8%. ◆ Completion rate of performance reviews for key customer (top 21) evaluations: 100% ◆ On-time completion rate of customer evaluation improvements: 100% ◆ Customer document review completion rate: 99.88% ◆ Participation rate in CIP continuous improvement activities: 93.6%		

King Yuan Group serves the testing, processing, manufacturing, and technology development sectors of the semiconductor high-tech industry with the business philosophy of "customer satisfaction." We believe that future success depends on customer satisfaction with our excellent products and services, and providing products and services that exceed customer needs is our ongoing goal.

The Group is committed to continuously serving customers and becoming their long-term trusted partner. As our clients come from all over the world, we established offices worldwide to understand customer

needs, improve product quality, and propose improvement plans.

With many years of deep engagement in semiconductor testing, we have substantial expertise and strength in the field, aligning with global technology trends. We have introduced extensive AI technology into testing production to build efficient, high-quality services that closely meet customer needs.

The Group's development strategy always focuses on customer service to strengthen the core values in the manufacturing supply chain. During the prolonged manufacturing process, we improve system operation efficiency and performance to support the timely market launch of customer products. We act as a trusted partner for customers to grow with them and leverage unique competitive advantages in semiconductor testing research and development to deepen customer loyalty. We will continue to make the most of our resilience to adapt to rapidly changing environments and enhance customer satisfaction through the following strategies:

Implementation of Quality Management Policies

- Establish customer-centered quality policies
Excellence: Fine quality; Simplicity: Cost-effective;
Speed: Fast delivery; Primacy: Customer first



- All members of the Company are committed to creating a high-quality working environment to meet:
 - ✧ The philosophy of total quality management
 - ✧ The goals of continuous improvement

Promotion of a culture of continuous quality improvement

1. To enhance problem-solving abilities and pursue better quality, King Yuan Group has implemented a company-wide Continual Improvement Program (CIP) since 2000, over 20 years to date. The program uses systematic, logical steps to effectively break down problems and establish a common language from employees to senior management. The CIP activities have been developed for more than 20 years. Since 2021, the participation rate in CIP activities each year has exceeded 90%, including Quality Control Circles (QCC) and Quality Improvement

Teams (QIT). Annual internal conferences led by senior management are held for mutual observation and benchmarking, enhancing the Company's competitive and improvement culture.

2. Every year, King Yuan Group also participates in quality activity competitions organized by the Association of Pioneer Quality Control Research and Corporate Synergy Development Center to learn from benchmark enterprises.

- Customer Relationship Maintenance and Improvement

1. Each customer at the Company has dedicated service personnel. Through regular communications and meetings, we directly learn about our clients' various business and engineering needs and promptly contact our internal personnel for planning to provide better and timely service.
2. King Yuan Group regularly analyzes customer evaluation data, reviewing the four major aspects: quality, delivery, technology, and service. After reviewing through regular customer weekly/monthly meetings, monthly quality meetings, mid-to-senior management meetings, and other occasional meetings, we assign responsible departments to propose improvement strategies to customers, maintaining a two-way interaction to strengthen cooperation and build trust, working towards the goal of "becoming the only trusted partner for clients in the semiconductor packaging and testing industry."
3. King Yuan Group handles nearly 900 projects annually, focusing on customer utilization rate improvement, machine automation, and yield enhancement, which accounts for at least 10% of projects. With an on-time completion rate of 92.8%, internal system optimization, and process improvements, the total number of projects enhancing overall customer satisfaction is substantial. The Company will keep improving and refining itself to provide customers with more satisfactory service.

4. Environmental Friendliness

4.1 Climate Change

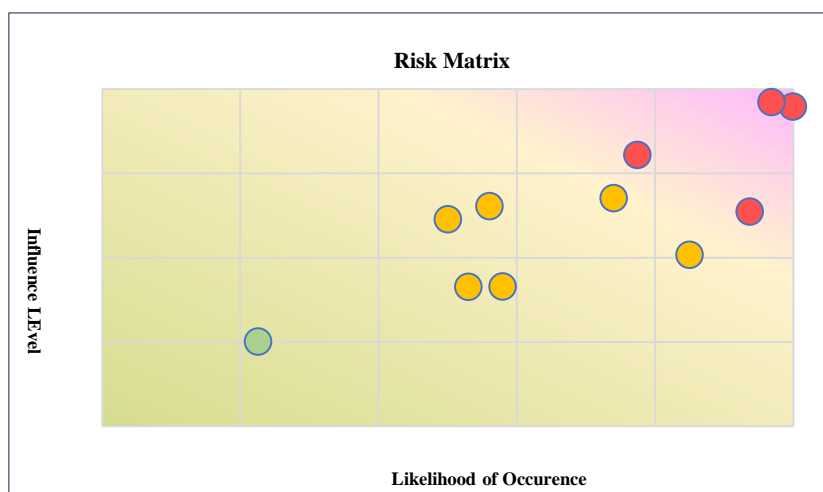
In 2023, KYEC implemented the TCFD risk management framework to determine the financial risks and potential opportunities related to climate change for the Company through the TCFD framework.

Climate Change Governance	<p>Oversight of the Board and Role of the Management</p> <p>The Company has established a "Sustainable Development Committee" chaired by the General Manager, the top executive of the administrative center. The Committee is divided into multiple groups, including the ESG Promotion Group, Report Preparation Group, Labor Ethics Group, Environmental Safety Group, and Supply Chain Management Group, each responsible for instructing relevant departments and representatives to implement different action plans. The Environmental Safety Group is responsible for climate change-related issues. The Sustainable Development Committee regularly reviews the performance and progress of climate-related projects and reports the outcomes and future work plans to the General Manager annually.</p> <p>In recent years, under the guidance of the Sustainable Development Committee, the ESG team has made significant progress in various projects, such as CDP (Carbon Disclosure Project), TCFD (Task Force on Climate-related Financial Disclosures), human rights management, and supply chain management.</p> <p>To implement corporate governance and improve the effectiveness of the Board of Directors, this year, the Company also facilitated climate change-related courses for the Board members. Also, by establishing governance structures and enforcing internal control mechanisms, the Company ensures that all employees and operations comply with relevant regulations.</p>
Climate Change Strategy	<p>Identified Climate-Related Risks and Opportunities</p> <ol style="list-style-type: none"> 1. List of Climate Risks and Opportunity Issues: Referring to scientific reports from the Intergovernmental Panel on Climate Change (IPCC) and the International Energy Agency (IEA), the Company comprehensively identifies potential transition risks, physical risks, and opportunities arising from future climate change. Furthermore, the Company considers the climate change risk and opportunity identification results of domestic and foreign peers and evaluates potential transition risks, physical risks, and opportunities over different time horizons to establish a list of climate risks and opportunity issues for KYEC. 2. Time Horizons: <ul style="list-style-type: none"> ✧ Short-term: 2023 - 2025 ✧ Mid-term: 2025 - 2030 ✧ Long-term: 2030 - 2050 <p>Risks and Opportunities in Business and Strategy</p> <ol style="list-style-type: none"> 1. Evaluation of Transition Risks: In response to domestic and international carbon-related regulations, KYEC assesses risks related to corporate transitions, such as operational equipment improvements, increased use of renewable energy, and carbon tax/fee imposition. 2. Evaluation of Physical Risks: KYEC assesses the disaster risks at its major operational sites, including water shortages, power restrictions, power outages, typhoons, and floods. 3. Evaluation of Climate Opportunities: KYEC assesses the active enhancement of corporate image for more business opportunities through promoting energy-saving projects and strengthening climate resilience. <p>Strategy Planning in Climate Scenarios</p> <ol style="list-style-type: none"> 1. Evaluation of Transition Risks: KYEC closely monitors international greenhouse gas reduction policies and selects the Net Zero Emissions (NZE) scenario proposed by the International Energy Agency (IEA) to evaluate the impacts on the Company under the active promotion of future global reduction policies. In the meantime, the Company prepares response strategies in advance to gain a competitive edge.

	<p>2. Evaluation of Physical Risks: For evaluation, KYEC selects RCP 8.5 of the Representative Concentration Pathways (RCPs) in the Fifth Assessment Report (AR5) by the Intergovernmental Panel on Climate Change (IPCC), the most severe scenario assuming that all countries around the world do not take any new reduction actions in the future. The Company selects the RCP 8.5 scenario to evaluate its vulnerability to the most severe climate challenges. For water resource-related physical risks, the Company uses the WRI Aqueduct tool to identify the impact of water stress on operational sites.</p>
Climate Risk Management	<p>Identification, Evaluation, and Management Process of Climate-Related Risks</p> <p>The Company adopts a three-lines-of-defense model to establish a comprehensive and rigorous risk management mechanism. The Board of Directors oversees the risk management mechanism and control, reviews related regulations, and examines significant risk reports that cover multiple aspects to identify, measure, and manage various risks effectively.</p> <p>The identification, evaluation, and management process of climate-related risks and opportunities are as follows:</p> <ol style="list-style-type: none"> 1. KYEC references international scientific reports and relevant reports from domestic and foreign industry peers to preliminarily select topics close to the Company's operation characteristics. 2. Following the TCFD risk and opportunity identification framework, the Company categorizes climate-related risks and opportunities. It analyzes international scenario reports based on the nature of each risk and opportunity and their potential financial impacts. The Company then creates questionnaires on the possible risks and opportunities and gathers input through surveys and interviews. The senior management from relevant departments then evaluate the "likelihood," "financial impact," and "time horizon" of each issue based on their functions and professional experience. 3. After interviewing and collecting questionnaires from each department, the Company assesses the impact level of risks and opportunities by considering the time horizon, likelihood, and impact severity to consolidate the opinions across departments. <ul style="list-style-type: none"> ✧ Time Horizon: Short-term (2023-2025), Mid-term (2025-2030), Long-term (2030-2050) ✧ Likelihood: Rated from 1 to 5, ranging from very unlikely to very likely ✧ Impact Severity: Rated from 1 to 4, ranging from minor to severe financial impact 4. The Company establishes a TCFD climate risk and opportunity matrix with high, medium, and low levels. For medium and high-risk issues identified, the Sustainable Development Committee initiates cross-departmental coordination to assess the financial impacts. Relevant departments then develop response measures and report them to the Chairperson and the Board of Directors.

Financial Impact Analysis of Climate Risks and Opportunities

KYEC conducts financial impact analysis on three selected climate risks and opportunities by analyzing future financial impacts and customer priorities. The details are as follows:



Code	Type	Category	Topic	Possible occurrence schedule	Risk level
R1	Transition Risk	Technology	In response to low-carbon development trends, KYEC upgrades the energy and resource efficiency standards for various assets in order to increase capital expenditure.	Short	High
R2	Transition Risk	Existing regulations	In response to regulatory requirement, KYEC upgrades the ratio of renewable energy use and causes the operational costs to increase.	Mid	High
R3	Transition Risk	Reputation	Clients committed to the reduction of emission from value chain and if KYEC could not meet the demand of value chain companies, it could cause the product demand to drop.	Mid	Intermediate
R4	Transition Risk	New regulations	In response to the new regulations related to carbon pricing, KYEC has to pay for the carbon tax and therefore the operational costs are increased.	Long	High
R5	Transition Risk	Market	In response to low-carbon development trends and to conform to the requirement of value-chain clients with net zero emissions, KYEC needs to actively increase the ratio of renewable energy, which could leave to the increase in operational costs.	Long	High
R6	Transition Risk	technology	In response to the low-carbon development trends, KYEC needs to adopt policy measures that will help support the alternative fuel consumption, which drives KYEC's transport costs to go up.	Mid	Intermediate
R7	Transition Risk	Chronic Physical	The rise of sea level worldwide floods coastal and low lands worldwide, causing impairment to assets.	Long	Low
R8	Physical risk	Acute Physical	Frequency of torrential rain and flood as well as the severity increase, causing disruption of service and service interruption at factory facilities.	Long	Intermediate
R9	Physical risk	Chronic Physical	Rising temperature increases power cost by air conditioners while employees working outdoor could leave the position due to the high temperature, which thereby leads to descending capacity and rising medical expenses for employees.	Mid	Intermediate
R10	Physical risk	Chronic Physical	Change in precipitation model and extreme climate lead to shortage in natural water resource, causing regional water restriction and capacity reduction.	Mid	Intermediate
R11	Physical risk	Acute Physical	Extreme rainfall incidents (or stronger tropical cyclone) cause river sediment or interrupted terrestrial transportation, thereby preventing the vessel from entering the port due to severe silt and railway and road destruction that affect delivery.	Mid	Intermediate

1. Risk Agenda: R4 Carbon Pricing Mechanism

- A. Description of influence: According to the WEO 2021 proposed by IEA in 2021, under NXE scenario, all countries have widely implemented carbon pricing and in particular, and China's carbon pricing is 200 USD/t-CO₂e. Taiwan responded to the climate change regulations and officially promulgated the implementation in February, 2023 to incorporate the carbon pricing mechanism in the regulation. In the future, Taiwan will levy carbon tax on specific industries with carbon emission over 2.5 tons. In sum of the abovementioned, KYEC's offices in Taiwan and China will likely face carbon tax payment or purchase of carbon credits in the future, which could cause the risks to increase in terms of operational costs.
- B. Scenario description: The agenda adopts the NZE scenario proposed by IEA in the 2021 WEO report, to evaluate the financial impact faced by the company in 2025, depending on the carbon pricing estimation

made by different countries under different schedules.

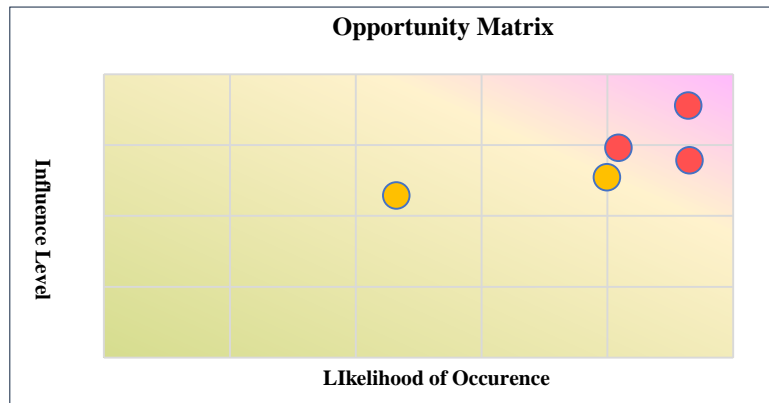
- C. Potential financial influence: Assume that the company does not impose new reduction measures in the future while the ratio of renewable energy use by 2030 is over 20%, after the local governments of all offices promote the carbon pricing mechanism, it is estimated that the financial influence on the operation in 2050 will be NT\$3.466 billion.

2. Risk Agenda: R5 Energy Transition

- A. Description of influence: According to the “2021 Renewable Energy Statistics” released by IRENA, global renewable energy growth increases. The 2020 global renewable energy ratio is about 36.6%, with a growth rate reaching 10%. Major industries worldwide are responding accordingly. Under the change in renewable energy development policy and customer demand, KYEC could face with the increased in renewable energy ratio and increased risk in operational costs.
- B. Scenario description: The agenda adopts KYEC’s goal for RE100 by 2050 to evaluate the financial impact faced by the Company in 2050.
- C. Potential financial influence: Assume that the company does not build renewable energy devices while the local government of operations continues to increase the ratio of renewable energy by country (the procurement cost of renewable energy no longer increases), it is estimated that the financial influence on the operation in 2050 will be NT\$1.005 billion. °

3. Risk Agenda: R10 Changes in Precipitation Model and Extreme Climate

- A. Description of influence: Taiwan’s climate is subtropical with distinctive dry and wet weather. The annual precipitation is mainly contributed by typhoons and seasons of monsoon. The extreme precipitation model prevents the water resource from effective conservation and utilization. According to the “Taiwan Climate Change Key Indicator Book,” the number of maximum non-precipitating days in the future are likely to increase. To boost the resilience in water resource, the Company could face with risks of increased capital expenditures and operational costs due to the activation of water restriction measures.
- B. Scenario description: This agenda only analyzes offices in Taiwan. According to the “Taiwan Climate Change Key Indicator Book,” the RCP8.2 scenario of IPCC AR5 is adopted to evaluate the financial impact faced by the Company in 2030.
- C. Potential financial influence: Assume that the company does not impose new water-saving equipment, it is estimated that the financial influence on the operation in 2030 will be NT\$318,600 since the company will activate water restriction response measures.



Code	Type	Category	Topic	Possible occurrence schedule	Opportunity LEVEL
O1	Opportunity	Resource efficiency	Factories undergo energy-saving improvement to boost energy utilization and thereby reduce energy costs.	Mid	High
O2	Opportunity	Market	The low-tech cost and low-cost financing of the company in future market will benefit the company with market investment in low-carbon technology cost and thereby reducing the establishment costs of renewable energy.	Mid	Intermediate
O3	Opportunity	Energy Source	According to the commitment of goal scenarios, KYEC actively increase renewable energy utilization to reduce the scope II carbon emission and thereby reduce carbon costs.	Mid	High
O4	Opportunity	Resilience	During torrential rain and flood, KYEC has faster recovery capacity (non-interruption and continuous operation) that will boost KYEC residence without production interruption.	Mid	High
O5	Opportunity	Product and service	KYEC devotes in low-carbon transition to boost the competition position in peer industry and reflect client change of preference, in addition to increasing the revenue.	Mid	Intermediate

1. Opportunity Agenda: O1 Low-Carbon Transition reduces operational costs

- A. Description of influence: According to the WEO 2020 report, to meet the sustainable development scenarios, apart from purchasing renewable energy, boosting energy efficiency is also one of the important measures. KYEC promotes power and energy saving projects in all factories to boost the overall energy efficiency of factories through phasing out lighting, air conditioning, and air compressor equipment, thereby responding to the low-carbon development trends and bringing opportunities for reducing operational costs of the company.
- B. Scenario description: The agenda adopts the NZE scenario proposed by IEA in 2021 WEO report. Under the scenario, the company is evaluated to invest in energy-saving program by 2030 but could be affected financially due to the drop in demand for energy use that year.
- C. Potential financial influence: Assume the company has executed its planned energy-saving project as scheduled, it is estimated that the Company can reduce cost and expenditure by approximately NT\$14.5055 million in 2030.

2. Opportunity Agenda: O3 Adopt Low-Carbon Energy

- A. Description of influence: In response to the global sustainable development trends, KYEC continues to improve its GHG reduction measures in order to effectively meet the climate goals of Paris Agreement, the continuous increase of renewable energy use will reduce the Scope II emission and thereby reduce carbon tax expenditure.
- B. Scenario description: The agenda adopts the NZE scenario proposed by IEA in 2021 WEO report. Under the scenario, if the company actively increases renewable energy use by 2030, the company could face with financial influence caused by the reduction of GHG emission that year.
- C. Potential financial influence: Assume the company has executed its planned energy-saving project as scheduled, it is estimated that the Company can reduce carbon costs by approximately NT\$38.9127 million in 2030.

3. Opportunity Agenda: O4 Increase climate resilience

- A. Description of Influence: IPCC AR6 WGI mentioned the frequency and intensity of strong precipitation incidents on land have increased since 1950s. Under the continuous increase of frequency in extreme climate influence, governments and enterprises are starting to pay attention to the demand from the industry supply chain for climate change resilience, other than their operational offices. KYEC can face with impact caused by extreme weather under climate change, by continuing the operation of its management system to assure the company in early prevention, emergency response, and fast post-disaster recovery, which will boost the corporate resilience and thereby increase opportunities to receive orders. °
- B. Scenario Description: The agenda adopts the RCP8.5 scenario proposed by IPCC AR5, which evaluates that the company with adequate climate resilience under the scenario can bring business opportunities.
- C. Potential Financial Influence: Assume the company has perfect uninterrupted operation management system with adequate climate resilience, KYEC statistics show that the ratio for its client with “uninterrupted operation” requirement is 24%, which is because of the adequate climate resilience that increases the ratio for client order.

Indicators Used to Assess Climate Risks and Opportunities

To gradually enhance climate resilience and adaptation capacity, KYEC used the identification results and referenced adaptation plans from industry peers and selected energy consumption, greenhouse gas emissions, water usage, waste discharge, and days of operational disruption as indicators for managing climate-related risks and opportunities.

Greenhouse Gas Emission and Related Risks

To effectively manage carbon tax/fee risks, KYEC finishes the greenhouse gas inventory and verification for its Taiwan and China plants annually per ISO 14064:2018.

Management of Climate-Related Targets and Performance

To gradually enhance climate resilience and adaptation capacity, KYEC used the identification results and referenced adaptation plans from industry peers and selected energy consumption, greenhouse gas emissions, water usage, waste discharge, and days of operational disruption as indicators for managing climate-related risks and opportunities.

1. Energy Saving Goals

2025 (Short-term goal)	2030 (Mid-term goal)	2040 (Long-term goal)	2050 (Long-term goal)	Countermeasure
2020~2025 Cumulative energy savings: 37.5 million kWh	2020~2030 Cumulative energy savings: 75 million kWh	2020~2040 Cumulative energy savings: 160 million kWh	2020~2050 Cumulative energy savings: 250 million kWh	1. Continue promoting energy-saving projects 2. Identify energy-saving opportunities through ISO 50001

2. Renewable Energy Usage Goals:

2025 (Short-term goal)	2030 (Mid-term goal)	2040 (Long-term goal)	2050 (Long-term goal)	Countermeasure
Percentage of renewable energy usage in total power consumption: 10%	Percentage of renewable energy usage in total power consumption: 20%	Percentage of renewable energy usage in total power consumption: 35%	Percentage of renewable energy usage in total power consumption: 100%	Sign CPPA agreements

3. Greenhouse Gas Reduction Goals:

2025 (Short-term goal)	2030 (Mid-term goal)	2040 (Long-term goal)	2050 (Long-term goal)	Countermeasure
(Scope 1+2) Reduction in greenhouse gas emissions compared to 2022: 10%	(Scope 1+2) Reduction in greenhouse gas emissions compared to 2022: 15%	(Scope 1+2) Reduction in greenhouse gas emissions compared to 2022: 30%	(Scope 1+2) Reduction in greenhouse gas emissions compared to 2022: 100%	Improve energy efficiency and increase the proportion of renewable energy usage

4. Water Conservation Goals:

2025 (Short-term goal)	2030 (Mid-term goal)	2040 (Long-term goal)	2050 (Long-term goal)	Countermeasure
1. Days of work stoppage due to water shortages: 0 days 2. Reduction in water intensity compared to 2020: 5%	1. Days of work stoppage due to water shortages: 0 days 2. Reduction in water intensity compared to 2020: 10%	1. Days of work stoppage due to water shortages: 0 days 2. Reduction in water intensity compared to 2020: 20%	1. Days of work stoppage due to water shortages: 0 days 2. Reduction in water intensity compared to 2020: 30%	Implement ISO 46001 water conservation action plans

5. Waste Reuse:

2025 (Short-term goal)	2030 (Mid-term goal)	2040 (Long-term goal)	2050 (Long-term goal)	Countermeasure
1. Waste incineration rate: <15% 2. Recycle and reuse rate: >85%	1. Waste incineration rate: <12% 2. Recycle and reuse rate: >88%	1. Waste incineration rate: <10% 2. Recycle and reuse rate: >90%	1. Waste incineration rate: <7% 2. Recycle and reuse rate: >93%	Strengthen waste management, ensure effective classification, recycling, reuse, and proper disposal

Risk Assessment and Response Measures for Natural Disasters

Global warming has also caused extreme weather events in Taiwan and has become more severe, such as typhoons, floods, rainstorms, and droughts. In response to diverse natural disasters, KYEC's Taiwan plants have been operating through the ISO 22301 business continuity management system since 2018. This will mitigate severe property damages or irreversible operational impacts due to natural, man-made, or other disasters and ensure the organization's minimum business objective under any circumstances. KYEC received accreditation from ISO 22301:2019 in November 2020. In the face of climate change events such as earthquakes, tsunamis, seawater intrusion, typhoons, droughts, and floods, we also utilize the business impact analysis methodology of our Business Continuity Management System to conduct risk assessments. Based on the assessment results, we develop corresponding countermeasures for prevention, emergency response, and post-disaster recovery. The natural disasters that climate change may cause and the corresponding measures are as follows:

Possible Risks from Natural Disasters and Countermeasures:		
Type	Actual risk	Countermeasure
Earthquake	1. Infrastructure damage 2. Equipment damage 3. Raw material supply interruption 4. Customer product damage	1. All buildings are designed to withstand earthquakes of magnitude 6 2. Develop "Earthquake Emergency Response Procedures" 3. Develop "Plant Facility/System Emergency Response Procedures" 4. Regularly conduct earthquake response drills 5. Establish backup energy & resource supply systems

Possible Risks from Natural Disasters and Countermeasures:		
Type	Actual risk	Countermeasure
		6. Provide seismic reinforcement for goods racks and high-risk machinery 7. Establish an earthquake alert notification system connected to fire system
Flood	1. Labor disruption 2. Transportation disruption 3. Infrastructure damage	1. Utilize domestic and foreign flood simulation systems to simulate and analyze potential flood risks 2. Develop "Typhoon and Flood Emergency Response Procedures" 3. Establish "Supply Chain Security Emergency Response Procedures" 4. Implement measures such as installing floodgates, water pumps, sandbags, etc. 5. Conduct annual flood drills
Typhoon	1. Labor disruption 2. Raw material supply interruption	1. Develop "Typhoon and Flood Emergency Response Procedures" 2. Run flood drills every year. 3. Have safety stocks of raw materials.
Drought	1. Water process disruption 2. Plant water supply tightening	1. Establish a water condition monitoring mechanism 2. Implement water resource recycling 3. Develop a water contingency plan, implementing water-saving measures according to water condition signs 4. Conduct water supply emergency drills

4.2 Energy Management

Material Issue Management Policy

Impact	1. The old equipment in the plant has poor energy efficiency, leading to increased energy consumption and environmental impact. 2. The lack of use of low-carbon energy affects the expectations of stakeholders.		
Policies or Commitments Established or Followed	◆ Internal Regulations Energy Policy, ISO 50001 ◆ Government Regulations Energy Law	Responsible Department	Plant Affairs Department
Management Actions	◆ Continuously promote annual energy-saving projects ◆ Replace outdated, energy-intensive equipment with high-efficiency, energy-saving equipment to enhance department energy efficiency ◆ Install solar power generation systems on the rooftops of all existing and newly built plants ◆ Continue to increase renewable energy usage, increasing its proportion of total energy use. In 2024, renewable energy accounting for approximately 2.5% of total power consumption is purchased ◆ Establish an electronic management system for renewable energy certificates to ensure effective allocation and management of certificates		
Process for Tracking Action Effectiveness	◆ Continue to comply with ISO 50001 ◆ Regularly call energy management review meetings to track the progress of energy-saving projects at each plant ◆ Use the electronic management system for renewable energy certificates to ensure that the annual renewable energy usage meets the proportion targets		
Management Performance Indicators			
2023 Achievement Status	Short-term goals (2025)	Medium-term goals (2030)	Long-term goal (2050)
◆ Saved 48.42 million kWh of energy from 2020 to 2023	◆ Accumulated energy savings of 37.5 million kWh from 2020 to 2025 ◆ Renewable energy accounts for 10% of total electricity consumption	◆ Accumulated energy savings of 75 million kWh from 2020 to 2030 ◆ Renewable energy accounts for 20% of total electricity consumption	◆ Accumulated energy savings 250 million kWh from 2020 to 2050 ◆ Renewable energy accounts for 100% of total electricity consumption

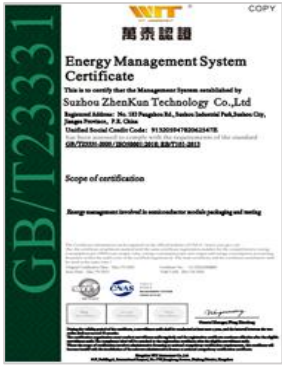
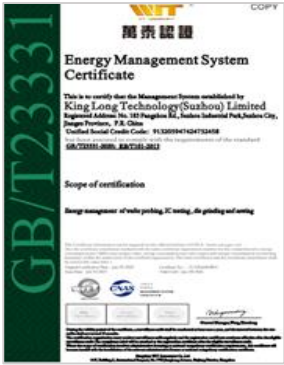
4.2.1 Energy Management System

The growing severity of energy shortages, global warming, and climate change has made energy management and transition critical in international energy policies. The selection and consumption of energy are closely related to company costs, environment, and safety issues. Improving energy efficiency and reducing energy consumption will help save costs and mitigate the impacts of climate change.

To effectively enhance the Company's energy efficiency, we began implementing the ISO 50001 Energy Management System standard in 2019. Following the ISO 14064-1:2018 Greenhouse Gas Inventory standard, we conduct energy and resource inventory, monitor and directly measure usage of various energies through installed meters, and estimate plant energy consumption using intermittent transient measurement analog methods. The Safety and Risk Management Department is responsible for collecting the energy

usage across all operational sites to understand the main energy types at each location and developing energy-saving improvement plans along with short-, medium--, and long-term goals. The Safety and Risk Management Department also supervises the implementation of the energy policy annually, adjusting energy plans as needed to ensure energy-saving goals are achieved. As of the end of 2023, all five plants have passed external verification for ISO 50001. The Company has also strengthened the promotion of its energy-saving policies, conducting awareness activities and educational training courses to enhance employees' knowledge of energy-saving and carbon reduction.

Environmental Management System Coverage						
Management System	King Yuan Electronics (KYTEC)			King Long (KLT)	Zhen Kun (ZKT)	Coverage
	Hsinchu Factory	Zhunan Factory	Tong-Luo Factory			
ISO 50001 Energy management system	◎	◎	◎	◎	◎	100%



▼ Energy Management Team and Responsibilities

Energy Management Team	Chairman: General Manager	Responsibilities: Provide appropriate resources and consider energy performance to integrate the energy management system with the Company's medium- and long-term planning and ensure effective operation
	Management Representative: Director of the Plant Affairs Department	Responsibilities: Plan targets, review energy performance, execute action plans, and regularly review their performance to ensure the energy management system operates effectively
	Chief Executive Secretary: Safety and Risk Management Department	Responsibilities: Coordinate all internal and external energy-related information for the Company, including situational analysis reviews, document verification, and management review meeting coordination
	Plant Executive Secretary: Energy Managers of each plant	Responsibilities: Check the energy usage and consumption of facilities, equipment, systems, and processes at each department and plan energy management measures for main energy users and operations of

		energy-saving action plans
	Functional/Departmental Executive Members: Selected personnel from energy-using departments	Responsibilities: Develop energy management measures for their respective departments to control major energy use and ensure the effective implementation of the energy management system

4.2.2 Energy Consumption

In 2023, the total energy consumption of King Yuan Group was 2,914,304.76 gigajoules (GJ), with non-renewable energy accounting for 99.72% and renewable energy accounting for 0.28%. The energy intensity was 88.24 (GJ/million NTD of revenue). The Company's energy consumption mainly relied on purchased electricity, which accounts for 98.02% of total energy use. Therefore, in our future energy-saving plans, the main goals will be to reduce electricity consumption and expand the use of renewable energy.

In 2023, the Company's energy intensity increased compared to 2021 and 2022, mainly due to the opening of the Tongluo Plant 3 and the production expansion of the new plant in China in response to future semiconductor orders, which led to an increase in electricity consumption compared to 2022. Additionally, due to the impact of the global economy, King Yuan Group's revenue in 2023 also declined, resulting in a higher energy intensity.

▼ King Yuan Group Energy Consumption Analysis (Unit: Gigajoule GJ)

Subject		Energy Consumption			Energy Consumption Ratio		
		2021	2022	2023	2021	2022	2023
Purchased Non-Renewable Energy	Fossil Fuels	12,403.32	10,238.72	9,116.33	0.45%	0.36%	0.31%
	Purchased Electricity	2,722,693.54	2,813,637.70	2,856,629.41	98.50%	98.39%	98.02%
	Purchased Steam	29,059.03	33,713.16	40,375.16	1.05%	1.18%	1.39%
Total Non-Renewable Energy Consumption		2,764,155.89	2,857,589.58	2,906,120.90	100%	99.93%	99.72%
Self-Generated Energy	Solar Energy	0	1,967.62	8,183.86	0%	0.07%	0.28%
Total Renewable Energy Consumption		0	1,967.62	8,183.86	0%	0.07%	0.28%
Total Non-Renewable and Renewable Energy Consumption		2,764,155.89	2,859,557.20	2,914,304.76			
Energy Intensity (Gj/million NTD in revenue)		81.88	77.74	88.24			

Note 1: Fossil fuels include gasoline and diesel. In 2021 and 2022, gasoline/diesel vehicles were not included in the calculations; they have been calculated and corrected in this reporting year.

Note 2: The thermal value for Taiwan is based on the thermal value announced by the Bureau of Energy, Ministry of Economic Affairs. Energy usage is multiplied by the unit thermal value and converted to gigajoules (GJ) to calculate energy consumption.

Note 3: The thermal value for China is estimated based on the "National Standards of the People's Republic of China"; the density of vehicle gasoline is calculated using the median value.

Note 4: Steam is only used by KLT & ZKT, so the Chinese calorific value is used for calculation; 1 ton of steam is roughly equal to 2.77712 GJ (the thermal value coefficient for 2021 and 2022 was wrong and has been corrected this year).

Note 5: As of the reporting year, solar power generation plants only include KLT.

Note 6: Since the Company is in the manufacturing industry, the denominator of energy intensity is million NTD in revenue.

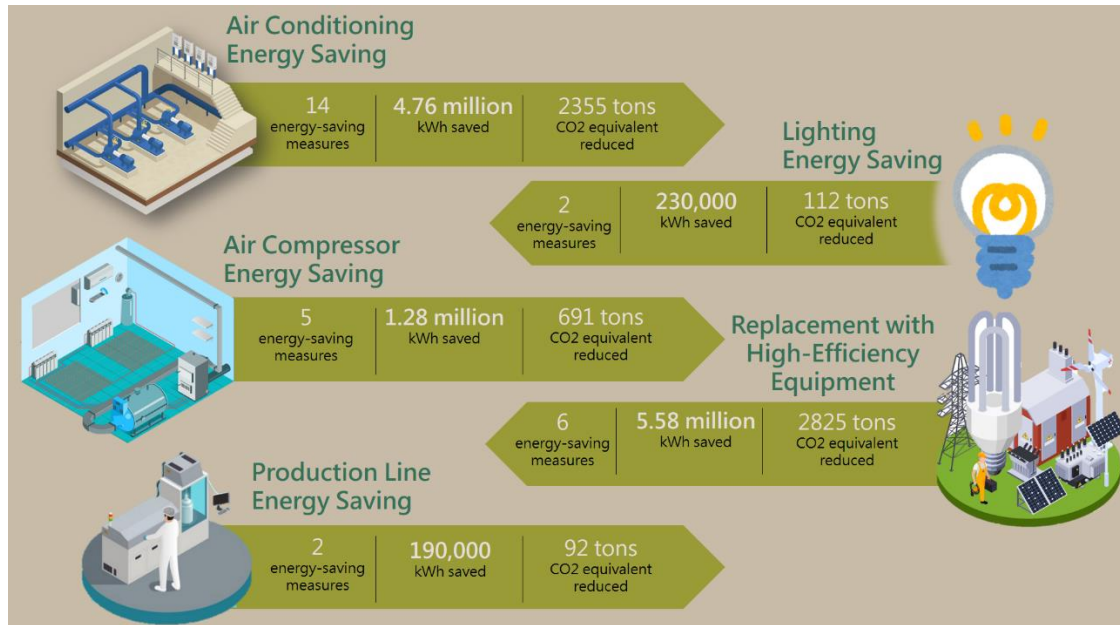
4.2.3 Energy Saving Measures

Energy-saving Projects

To enhance energy efficiency, King Yuan Group set 2020 as the baseline year. Besides establishing an internal goal to achieve 1% energy savings every year, the Company implemented internal energy planning guidelines and energy management standards to prioritize the replacement of energy-consuming equipment based on performance in energy-saving plans, aiming to replace outdated equipment and improve department energy efficiency. The short-term goal is to achieve 37.5 million kWh of accumulative energy savings by 2025. As of the reporting year, we have saved 48.42 million kWh, achieving the short-term goal. In 2023, the Company launched 29 energy-saving projects, which can collectively save 43,319.86 GJ. The main energy-saving strategies included replacing high-energy-consuming equipment with energy-efficient ones and improving the energy efficiency of existing equipment.

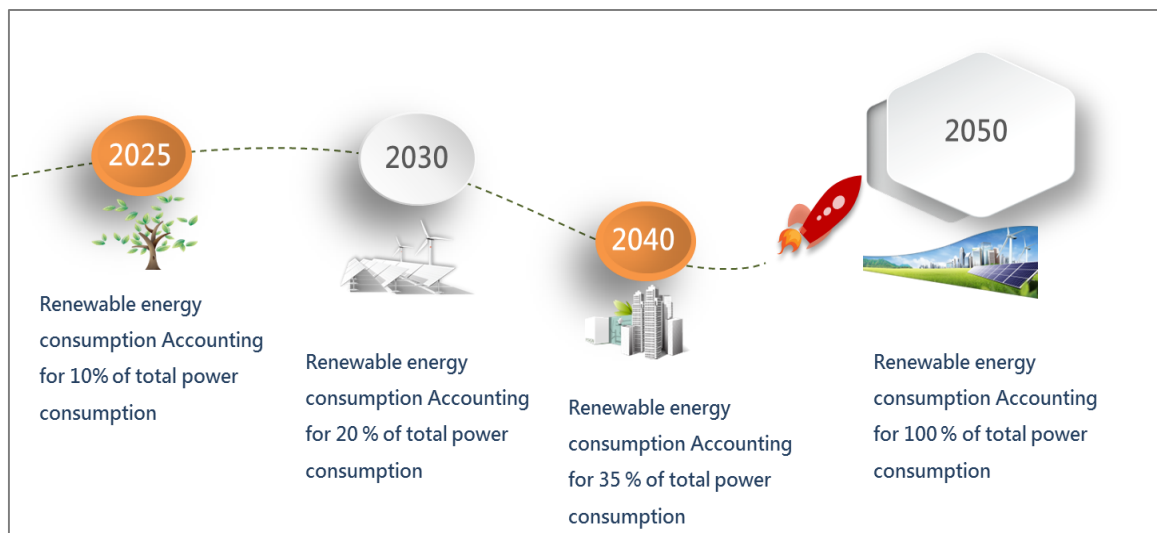
▼ King Yuan Group Energy Saving Projects by Plant

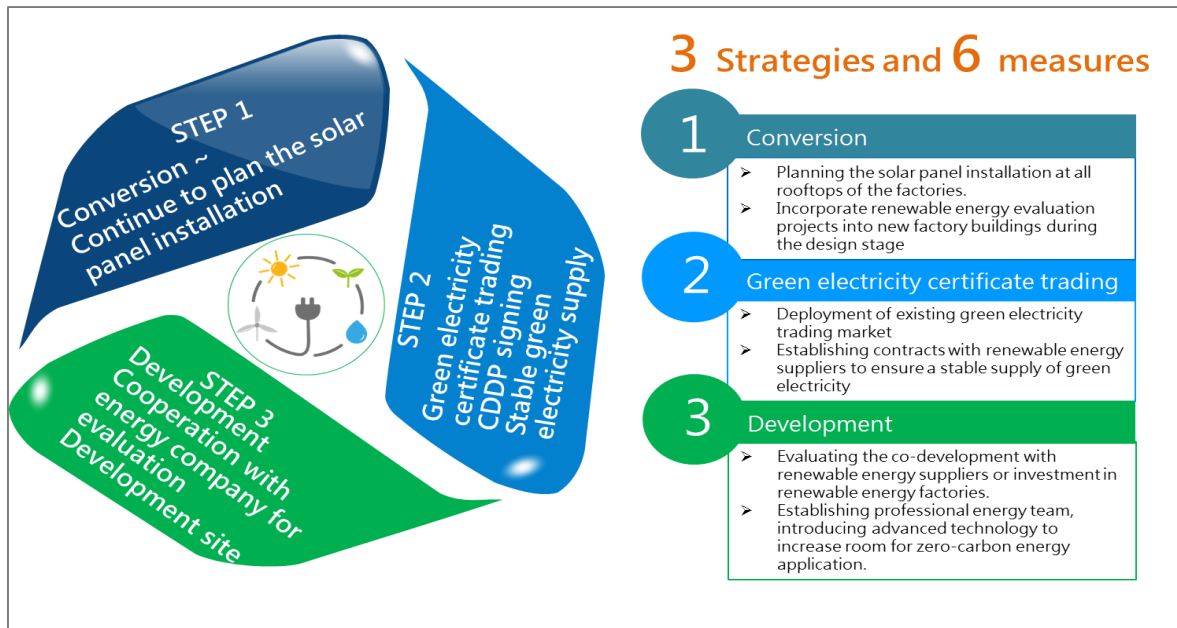
Plant	Category	2023 Energy Savings (kWh)	2023 Energy Savings (GJ)
Zhunan Factory	Replace with High-Efficiency Equipment	4,555,200	16,398.72
	Air Conditioning Energy Saving	3,391,965	12,211.07
	Production Line Energy Saving	186,653	671.95
	Lighting Energy Saving	107,988	388.76
Hsinchu Factory	Air Compressor Energy Saving	21,779	78.40
	Lighting Energy Saving	118,002	424.81
Tong-Luo Factory	Replace with High-Efficiency Equipment	45,436	163.57
	Air Conditioning Energy Saving	1,365,799	4,916.88
	Air Compressor Energy Saving	521,442	1,877.19
King Long & Zhen Kun (KLT&ZKT)	Replace with High-Efficiency Equipment	979,642	3,526.71
	Air Compressor Energy Saving	739,388	2,661.80



Renewable Energy

The Company actively expands its use of renewable energy. In August 2022, the King Long (KLT) plant and in January 2024, the Tongluo plant completed installing and operating solar power systems. The Zhunan plant will also complete the installation of solar photovoltaic facilities in 2024. In addition, KYEC, through the procurement of renewable energy, has achieved a renewable energy usage rate of 2.5% of the total energy consumption in 2024. The goal is to reach 10% of total energy consumption by 2025, 20% by 2030, and 100% by 2050. The Company views continuous improvement in green production performance as a critical action.





4.3 Greenhouse Gas Emission and Management

Material Issue Management Policy: Greenhouse Gas Reduction Actions

Impact	1. The primary source of emissions for King Yuan Group is Scope 2 purchased electricity. If greenhouse gas emissions increase, it will negatively impact the environment and may fail to meet stakeholder expectations, potentially affecting orders. 2. Taiwan will impose a carbon fee starting in 2025. Failure to effectively reduce emissions could lead to increased operational costs.		
Policies or Commitments Established or Followed	◆Internal Regulations ISO 14064:2018 ◆ Government Regulations Climate Change Response Act	Responsible Department	Safety and Risk Management Department
Management Actions	◆ Implement energy-saving projects to improve energy efficiency. ◆ Continue to implement ISO 14064-1 inventory and verification and expand the scope of the inventory. ◆ Set the 2023 carbon reduction target based on 2022 emission levels. A 2% reduction in carbon intensity compared to the previous year is achieved in 2023. ◆ Establish renewable energy performance indicators for each year; expand the use of renewable energy through renewable power wheeling, aiming to reach 10% of total electricity consumption by 2025, reducing Scope 1+2 emissions by 9.8%. ◆ Install solar power systems on existing and new factory rooftops. ◆ Continue monitoring carbon credits and participate in the carbon trading market.		
Process for Tracking Action Effectiveness	◆ Implement a digital greenhouse gas inventory management platform to keep up with the latest indicators and greenhouse gas potential in real-time, allowing the Company to monitor and analyze carbon emissions. ◆Identify opportunities to reduce Scope 2 emissions through energy management review meetings.		
Management Performance Indicators			
2023 Achievement Status	Short-term goal (2025)	Mid-term goal (2030)	Long-term goal (2050)
◆ (Scope 1+2) Reduced by 0.001% compared to 2022. Reason for Not Achieving: Electricity consumption increased due to plant expansion, and the global economic impact reduced revenue, leading to the failure to reduce carbon intensity.	◆(Scope 1+2) Reduction in greenhouse gas emissions compared to 2022: 10%	◆(Scope 1+2) Reduction in greenhouse gas emissions compared to 2022: 15%	◆(Scope 1+2) Reduction in greenhouse gas emissions compared to 2022: 100%

4.3.1 Greenhouse Gas Inventory

King Yuan Group follows the ISO 14064-1:2018 standard for its greenhouse gas inventory, using the third-party verification method to establish organizational boundaries. To comply with the requirements of local authorities, the Group prioritizes the operational control approach to inventory direct emissions from stationary and mobile combustion sources within the boundary. We assess the significance of emission sources based on the frequency of occurrence, impact level, quantification methods, and risk levels to determine whether to include scopes 3 to 6 emissions in the inventory and commission an external third party for verification. Since 2008, the Company has been conducting yearly greenhouse gas inventories. After completing group-level verification in 2022, the Company set 2022 as the baseline year to continue evaluating and managing organizational greenhouse gas emissions.

The organizational boundary for this year includes five plants: Hsinchu, Chung-Hua, Tong-Luo, King Long, and Zhen Kun, as well as the three offices in the United States, Japan, and Singapore, consistent with the scope of King Yuan Group's financial statements. The reporting boundary includes Scope 1 (stationary emission sources, mobile emission sources, fugitive emission sources, process emission sources, etc.), Scope 2 (purchased electricity and purchased steam), Scope 3 (employee commuting, upstream and downstream transportation and distribution, and customer and visitor transportation), and Scope 4 (product purchase and usage, and waste disposal). For the main potential sources of greenhouse gas emissions within the identification report boundary, there are 4 kinds of greenhouse gases, including carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), and hydrofluorocarbons (HFCs).

In 2023, King Yuan Group's Scope 1 emissions were 6,489.20 tCO₂e, Scope 2 emissions were 411,907.56 tCO₂e, and Scope 3 to 4 emissions were 96,329.99 tCO₂e. The total emissions within the reporting boundary amounted to 514,726.76 tCO₂e. With total revenue (in millions) as the unit, the emission intensity was 15.59 per million NTD in revenue.

The emission values for this year increased by 3% compared to the baseline year, primarily due to the expansion of production facilities to meet the future demand for semiconductor orders, which resulted in higher electricity consumption. The greenhouse gas emission intensity increased by 15% compared to the baseline year, mainly due to the increase of electricity consumption resulted from expansion of production facilities and the decline in total revenue under the influence of the global economy.

▼ Greenhouse Gas Emissions Analysis (Unit: tCO₂e)

Greenhouse Gas Emission	2021	2022	2023
Scope 1	7,111.28	6,522.83	6,489.20
Percentage (%)	1.4	1.3	1.3
Scope 2	407,078.64	412,521.90	411,907.56
Percentage (%)	84.0	82.7	80.0
Scope 3	3,933.32	14,885.32	20,573.50
Percentage (%)	0.8	3.0	4.0
Scope 4	66,744.32	64,842.90	75,756.49
Percentage (%)	13.8	13.0	14.7
Total Greenhouse Gas Emission	484,867.56	498,772.95	514,726.76
Emission Intensity (tCO ₂ e/million in revenue)	14.363	13.560	15.586

Note 1: Greenhouse gas emissions in 2021 only covered plants in Taiwan and China. Starting in 2022, the scope covers all parent and subsidiary companies included in King Yuan Group's consolidated financial statements.

Note 2: From 2021 to 2022, the disclosure scope for KLT & ZKT included Scopes 1 to 3, while KYEC included Scopes 1 to 4. In 2023, the disclosure scope for the entire King Yuan Group covers Scopes 1 to 4 and has been verified by a third party.

Note 3: We use the emission coefficient method for calculations. The emission coefficient for KYEC comes from the latest version (6.0.4) of the "Greenhouse Gas Emission Coefficient Management Table" announced by the Environmental Protection Administration, Executive Yuan. The emission coefficient for KLT & ZKT comes from the 2018 IPCC National Greenhouse Gas Inventory Guidelines, with GWP values from the IPCC Sixth Assessment Report. The sources of activity data include engineering calculations, mass balance, and other supporting documents.

Note 4: The Company has no emissions from biomass combustion or Scope 1 perfluorinated gases (PFCs).

4.3.2 Greenhouse Gas Reduction

King Yuan Group completed its first group-level greenhouse gas inventory in 2022, thus setting 2022 as the new baseline year, aiming to reduce emissions by 15% compared to the baseline year by 2030. We have adopted the following measures and regularly track performance results:

Reduction Action A: Purchase renewable energy and carbon credits

Reduction Action B: Implement various energy-saving projects within plants, such as using eco-friendly refrigerants

Reduction Action C: Install additional solar power systems

Reduction Action D: Change the waste disposal method from incineration to recycling, such as reusing empty barrels

Reduction Action E: Continue implementing green transportation initiatives to reduce Scope 3 transportation emissions.



► 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.

► 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.

▶ **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.

▶ **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. Carbon dioxide emissions will be reduced by 55.78 kilograms in 2023, an annual decrease of 9.9%.

We used the energy-saving action plan of the energy management system to calculate the measured electricity consumption before and after improvements. By multiplying the total electricity savings in 2023 (in kWh) by 0.495 (the carbon emission coefficient for electricity announced by the Energy Administration in 2022), we estimated that King Yuan Group reduced approximately 5,956.48 tCO₂e of greenhouse gas emissions through carbon reduction actions. The main type of emissions reduced is Scope 2.

4.4 Air Pollution Control

The primary air pollutants at King Yuan Group are volatile organic compounds (VOCs) generated from iron ring wiping, molding, cleaning, and ovens at KLT & ZKT plants. To monitor and control air pollutant emissions within the plants, photocatalytic treatment equipment has been installed at KLT and ZKT to treat exhaust gases from the production process effectively. On the other hand, due to the characteristics of KYEC's products and production processes, there is no need to install air pollution control equipment at KYEC plants. Each year, the Company conducts third-party gas detection at the exhaust outlets of KLT & ZKT plants to ensure that the air pollutants generated meet or exceed the standards of government regulations or environmental impact assessment commitments.

▼ Air Pollution Control Equipment and Treatment Efficiency at KLT & ZKT

Air Pollutant	Control Equipment	Treatment Efficiency (%)
Volatile Organic Compounds (VOCs)	KLT: Photocatalyst + Secondary Activated Carbon ZKT: Secondary Activated Carbon	75

▼ Air Pollutant Emission Concentration Testing at KLT & ZKT (Unit: mg/m³)

Air Pollutant	Measured Emission Concentration	Emission Standard
Nitrogen Oxides (NOx)	128	200
Sulfur Oxides (SOx)	7	100
Volatile Organic Compounds (VOCs)	0.59	60
Particulate Matter (PM)	ND	30

Note 1: The table presents the average values of routine tests conducted in 2023.

Note 2: Emission standards comply with Mainland China's air pollution emission standards.

In 2023, the Company's nitrogen oxide (NOx) emissions were 45 kg, sulfur oxide (SOx) emissions were 67 kg, volatile organic compound (VOC) emissions were 10,570 kg, and particulate matter (PM) emissions were 0 kg. The significant increase in VOC emissions compared to 2022 was primarily due to the increased usage of alcohol (raw auxiliary material that contains 99% of VOC, according to the latest SDS) at the KLT plant. The KLT plant was closed for 45 days in 2022 due to the COVID-19 pandemic, leading to a higher VOC emission than in 2022.

As for NOx emissions, the emissions in 2023 decreased by 79% compared to 2022, mainly due to the reduced usage of backup diesel for KLT's boilers.

▼ Historical Air Pollutant Emissions at KLT & ZKT (Unit: kg)

Subject	2021	2022	2023
Nitrogen Oxides (NOx)	36	212	45
Sulfur Oxides (SOx)	53	93	67
Volatile Organic Compounds (VOCs)	4.36	929	10,570
Particulate Matter (PM)	10	18	0

Note 1: The data for KLT is registered and verified in the local ecological environment statistics system.

Note 2: The pollutant production coefficient for nitrogen oxides is 3.03; as for sulfur oxides, it is 19 * parameter value in the pollutant production coefficient (0.07).

Note 3: KLT & ZKT shared the same pollution control equipment.

● Air Quality Improvement Campaign

Since 2022, the Company has participated in the Miaoli County Environmental Protection Bureau's "Zero Open Burning & Friendly Farming" campaign, which promotes using liquid straw-decomposing bacteria. This initiative aims to reduce open burning of hay by farmers, lowering the harm of air pollutants to human health. As of the end of 2023, the Company's participation in this campaign has reduced CO2 emissions by 9,720 tons. The Company actively engages in various environmental protection activities, aiming to contribute to air quality improvement.

Subject	2022		2023		Total	
	Total Subsidized Area (Hectares)	CO2 Emission Reduction (ton)	Total Subsidized Area (Hectares)	CO2 Emission Reduction (ton)	Total Subsidized Area (Hectares)	CO2 Emission Reduction (ton)
Liquid Straw-Decomposing Bacteria Promotion Campaign	480	4,320	600	5,400	1,080	9,720

Note 1: Emission reduction calculation: $\text{Total subsidized area (hectares)} \times 6 \text{ tons (hay produced per hectare)} \times 1.5 \text{ tons CO}_2 \text{ (CO}_2 \text{ produced per ton of hay)} = \text{CO}_2 \text{ emission reduction (tons)}$

Note 2: Data sources and calculation methods are based on the statistical data from the Agriculture Department.



4.5 Water Resource Management

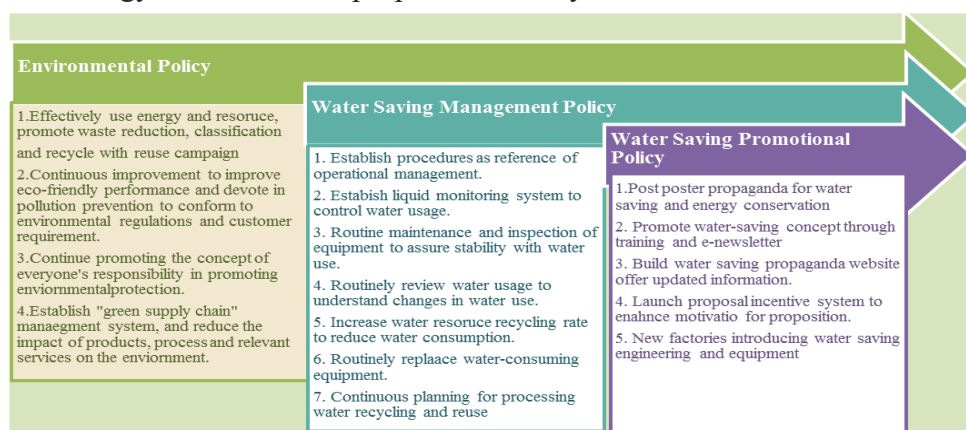
4.5.1 Water Resource Measures

Global warming has caused extreme weather conditions that affect water resources and business operations worldwide. For example, floods can bring severe water damage, soaking machinery in water and rendering them inoperable, while droughts pose significant threats to agricultural products. Furthermore, improper treatment of discharged water may impact the ecosystem or the health of residents. In response, King Yuan Group has established a comprehensive water resource management system to use water according to water-saving process designs. Through recycling wastewater, the Company maximizes every drop of water and reduces tap water consumption. Each department of the Company has also established water-saving promotion teams, drawn water balance diagrams for plants, and regularly reviews and audits changes in water usage. The Company regularly checks the performance of plant facilities and replaces water-consuming equipment to prevent wastage. In 2023, the Group obtained ISO 14001 Environmental Management System certification, with King Yuan (Kyec) obtaining ISO 46001 Water Resource Management System and ISO 14046 Water Footprint Verification certifications.

▼ King Yuan Group Water Resource Relationships

Site	Water Resource Relationship
Hsinchu Factory	Water Plant → Public Water → River → Ocean
Zhunan Factory	Water Plant → Machine Production → Plant Water Recycling System → Plant Wastewater Treatment System → External Wastewater Treatment Plant → River → Ocean
Tong-Luo Factory	Water Plant → Machine Production → Plant Water Recycling System → Plant Wastewater Treatment System → External Wastewater Treatment Plant → River → Ocean
King Long Technology	Water Plant → Machine Production → Plant Water Recycling System → Plant Wastewater Treatment System → External Wastewater Treatment Plant → River → Ocean

The Company implements an improvement proposal reward system to encourage employees to submit energy and water-saving proposals. The Company actively participates in government water-saving programs and seminars, continuously exchanges water-saving experiences with peers, and uses new equipment and technology to increase the proportion of recycled water in factories.



Real-Time Monitoring	<ul style="list-style-type: none"> • Establish high-low liquid level system for computer monitoring in recycle /storage tank • Adopt computer monitoring for processing water device meter to control water usage at all times. • Dispatch personnel to treat and review cause in times of overflow
Routine Review	<ul style="list-style-type: none"> • Daily water recycling/waste water treatment amount inspection record. • Personnel on shift checking and validating at all systems daily. • Daily/Monthly water usage statistics for review and improvement. • Monthly production of water balance diagram to assure the rationalization of water use.
Continuous Review	<ul style="list-style-type: none"> • Develop annual water saving objective (KPI) for monthly review • Monthly review on water usage in factories

● Water Resource Risk Assessment

The Company refers to the World Resources Institute's (WRI) Water Risk Atlas for determining water stress and various risk levels at its site locations. Currently, KYEC plants are all located in areas with low or medium-low water stress. However, KLT & ZKT are located in areas with medium-high water stress. In response to the high water stress at KLT and ZKT, the Company is implementing various water-saving projects to reduce the use of local water resources.

▼ Water Stress and Risk Levels at King Yuan Group Sites

Site	Location	Water Stress	Physical Risk (Quantity)	Physical Risk (Quality)	Reputation and Transition Risk	Overall Risk Level
Hsinchu Factory	Hsinchu, Taiwan	Mid-low	Mid-high	Mid-high	Low	Mid-low
Zhunan Factory Tong-Luo Factory	Miaoli, Taiwan	Mid-low	Mid-high	Mid-high	Low	Mid-low
King Long & Zhen Kun (KLT&ZKT)	Suzhou, China	Very-high	Very-high	Mid-high	Mid-high	Height

The climate at KYEC's location has monsoon rains and typhoons as the primary sources of precipitation during the wet season. As global temperature rises, fewer typhoons can land at KYEC, highlighting the increasing severity of water shortages due to climate change. The plants most at risk of water shortages are mainly in Taiwan. In addition to closely monitoring the Water Resources Agency's water supply information, the Company is cooperating with government water-saving policies and working to establish water recycling systems to increase water recycling within the plants. In response to the ever-changing water supply conditions, KYEC established corresponding procedures for each phase, such as cooperating with government water-saving policies, signing contracts with water transportation providers, and conducting water supply emergency drills in plants. In addition to applying for water trucks, the Company will also make adjustments to cooling towers and implement process/civil water-saving measures, among others, to cope with water shortages.

● Discharge Water Testing and Process Wastewater Recycling

King Yuan Group sets wastewater discharge quality standards based on local regulations, using standards higher than local regulations. All process water is appropriately treated by in-plant wastewater treatment facilities and then handled by local wastewater treatment plants according to Company or local regulatory standards. In 2023, the water quality testing results of all discharged water from King Yuan Group plants met local regulatory requirements.

The Company has established process wastewater recycling and treatment equipment in the plants, assigned dedicated personnel for operation, and developed maintenance and operation procedures. The Company also allocates annual budgets for the maintenance and replacement of wastewater treatment equipment to increase the recycling and reuse rate of process wastewater effectively.

Since 2019, the Company has initiated the wastewater diversion project to redirect wastewater to the treatment plant at the Zhunan site of Hsinchu Science Park with a total investment of around 28 million NTD. This project not only meets regulatory requirements but also reduces the environmental impact of wastewater. The diversion project was completed in June 2020. With no violations to date, this demonstrates the commitment to environmental protection and regulatory compliance.



Discharge monitoring and control panel



Pipeline configuration



Discharge pump

● Rainwater Harvesting System

Rainwater is often overlooked in water resource management. We have designed rainwater harvesting systems at various plants to store rainwater during wet seasons. The collected rainwater is then efficiently utilized for irrigation and toilet flushing through interconnected pipelines across different plants. Although rainwater harvesting does not provide significant economic benefits, with water bill savings being an added value, the immediate advantage of properly using water resources is achieving environmental sustainability. In addition to effectively using rainwater resources, we have established a "Rainwater Drain Management Manual" to inspect and monitor the quality of rainwater drains regularly. Samples are taken and outsourced for testing during the rainy season each year. If the water quality is abnormal, the rainwater is diverted to the wastewater treatment system for processing, and the causes of the water quality anomaly are tracked and corrected. We also installed water guide piers in the sludge storage area of the wastewater treatment plant to direct rainwater into the rainwater drains to prevent it from mixing with wastewater and

overflowing into drains during heavy rains. Each plant regularly cleans the rainwater drains to avoid overflow due to rainwater accumulation during the rainy season.



↑ Factory Rain water recycling

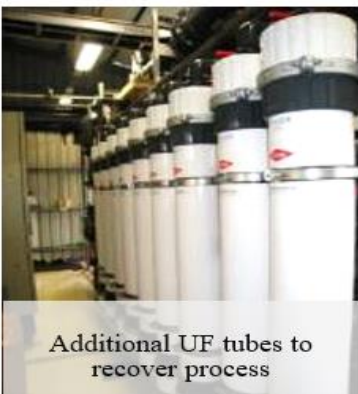


↑ Factories installed with

● **Water Conservation Goals**

Regarding water conservation goals, the Zhunan plant's process water usage in 2023 decreased by 58% compared to August 2020, meeting the set goal of a 5% reduction. KLT and ZKT recycled 788,000 tons of water, exceeding the 2023 target of 483,000 tons.

In 2023, the Company will continue to plan and implement water-saving projects targeting major water-consuming plants, including the Zhunan plant and its subsidiaries KLT and ZKT, to set water usage reduction goals. By adding recycling systems, the Company will invest 20 million NTD in the Zhunan Plant for recycling and reusing process water, with a payback period of roughly 2.5 years. KLT and ZKT will continue to improve processes to achieve water conservation and waste reduction goals.



4.5.2 Water Resources Data Overview

In 2023, the total water consumption of the King Yuan Group was 3,425.93 million liters, of which 33.7% was recycled process wastewater or recycled water repeatedly used by water treatment systems, totaling 1,155.022 million liters. The total water withdrawal was 2,270.908 million liters, which was all freshwater, primarily sourced from third parties. The total annual discharge was 509.119 million liters, and the total water consumption was 1,761.789 million liters. Due to the continued introduction of recycling systems in plants, water consumption is decreasing each year.

▼ Water Resource Overview (Unit: million liters or thousand cubic meters)

Region	Subject	2021	2022	2023
All Regions	Total Water Withdrawal (A)	2,343.653	2,336.878	2,270.908
	Recycled Water (B):	1,409.979	942.963	1,155.022
	Recycling Percentage (B/A)	60.2%	40.4%	50.9%
	Total Water Usage (A+B)	3,753.632	3,279.841	3,425.930
	Total Water Discharge (C)	549.745	491.681	509.119
	Total Water Consumption (D=A-C)	1,793.908	1,845.197	1,761.789
	Water Consumption Intensity (million liters/million in revenue)	0.05	0.05	0.05
Water-Stressed Areas	Total Water Withdrawal (E)	1,045.670	1,125.080	1,105.090
	Total Water Discharge (F)	127.750	125.209	152.838
	Total Water Consumption (G=E-F)	917.920	999.871	952.252
	Ratio of Water Consumption in Water-Stressed Areas (G/D)	51.2%	54.2%	54.1%

Note 1: Recycled water = recycling system, rainwater harvesting, pure water reuse

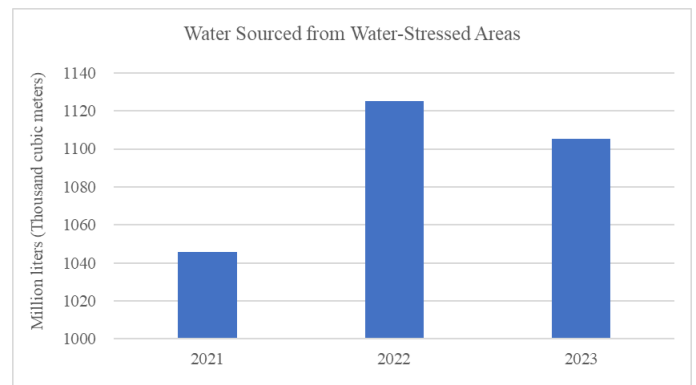
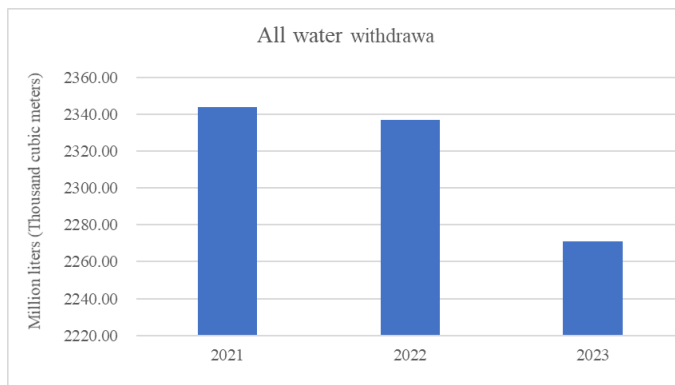
Note 2: Errors in water discharge and water consumption for 2022 have been corrected.

▼ Detailed Analysis of Water Withdrawal (Unit: million liters or thousand cubic meters)

Water Withdrawal	2021		2022		2023	
	All Regions	Water-Stressed Areas	All Regions	Water-Stressed Areas	All Regions	Water-Stressed Areas
Surface Water	4.068	0	3.203	0	1.520	0
Third-Party Water	2,339.585	1,045.670	2,333.675	1,125.080	2,269.388	1,105.090
Total Water withdrawal	2,343.653	1,045.670	2,336.878	1,125.080	2,270.908	1,105.090
Percentage of Water Sourced from Water-Stressed Areas (%)	44.6		48.1		48.7	
Water Intake Intensity (million liters/million in revenue)	0.07		0.06		0.07	

Note 1: All water withdrawal is freshwater.

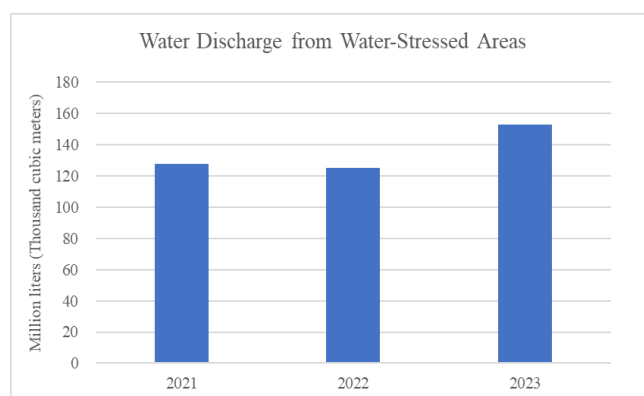
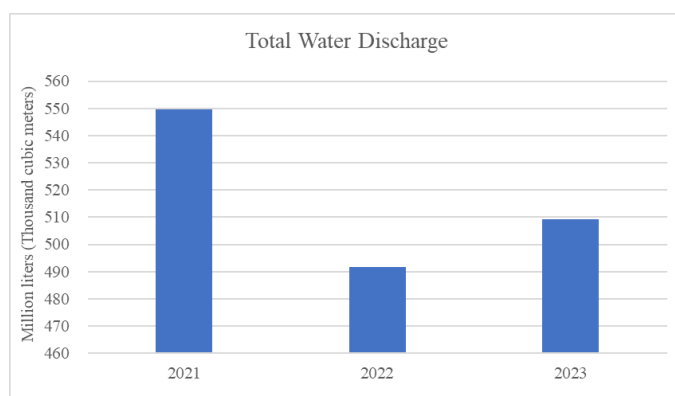
Note 2: Water withdrawal intensity = total water withdrawal from all regions/total annual revenue



▼ Detailed Analysis of Water Discharge (Unit: million liters or thousand cubic meters)

Discharge Destination	2021		2022		2023	
	All Regions	Water-Stressed Areas	All Regions	Water-Stressed Areas	All Regions	Water-Stressed Areas
Surface Water	26.531	0	26.817	0	24.725	0
Third-Party Water	523.214	127.750	464.864	125.209	484.394	152.838
Total Water Discharge	549.745	127.750	491.681	125.209	509.119	152.838
Water Discharge Intensity (million liters/million in revenue)	0.02		0.01		0.02	

Note: Errors in water discharge and water consumption for 2022 have been corrected.



4.6 Waste Management

4.6.1 Waste Impact Assessment

The Company references domestic and foreign environmental impact reports and considers all life cycle stages (raw material extraction, production and manufacturing, sales and distribution, product usage, and waste disposal) to identify waste generated by operations in the organization and across the upstream and downstream value chain. The Company also assesses the potential environmental and social impacts of this waste and creates a value chain and waste impact context diagram for the Company based on the assessment.

The waste generated by the Company includes both hazardous and non-hazardous industrial waste, with the main types being waste plastic mixtures, waste paper mixtures, and inorganic sludge. The Company has formulated corresponding management measures in response to the potential impact of each type of waste. The waste management department regularly supervises and evaluates the effectiveness of these measures to mitigate or avoid negative impacts on the internal and external environment.

▼ King Yuan Group Value Chain and Potential Impact Context Diagram

Site	Value Chain Stage	Activity	Waste Type	Category	Disposal Method	Disposal Department	Potential Impact
Zhunan Factory	Internal operation activity	Process output	Waste plastic mixture	Industrial waste	Incinerate for power generation	Third-party	1. The majority of waste produced is waste packaging materials. 2. All wastes are outsourced and handled by qualified manufacturers with no cross-border transportation. 3. The Company continues to follow its environmental policy by setting various waste reduction and energy-saving goals, promoting green products, and prioritizing green product procurement to reduce the environmental impact of waste. At KLT & ZKT, the organic gases from COG cutting, grinding and wiping with alcohol are treated with photocatalysis and then discharged through a 15-meter-high exhaust duct, resulting only in wastewater and waste generation.
			Waste paper mixture		Reuse		
		Wastewater process	Inorganic sludge				
Tong-Luo Factory	Internal operation activity	Process output	Waste plastic mixture		Incinerate for power generation		
			Waste paper mixture				
Hsinchu Factory	Internal operation activity		Waste plastic mixture				
		Waste paper mixture	Incinerate				
King Long & Zhen Kun (KLT&ZKT)	Internal operation activity	Wastewater process			Sludge		

4.6.2 Waste Management Policy

The Company has established a department responsible for controlling, disposing of, and reporting industrial waste generated by its operations. The Company prepares and reports waste disposal plans per local regulations, and all waste disposal procedures comply with local standards.

King Yuan Group Waste Management Responsible Departments:

- ▶ Waste Sorting: All employees
- ▶ Waste Storage: Safety and Risk Management Department
- ▶ Waste Data Collection: Safety and Risk Management Department
- ▶ Waste Reporting: Safety and Risk Management Department
- ▶ Waste Treatment - Self-Handling: None

► Waste Treatment - Outsourced: Safety and Risk Management Department



Regularly inspect the cleaning and transportation procedures



Regularly examine the vehicle routes for anomalies

The Company records the types and quantities of waste and tracks waste flows through the Industrial Waste Reporting and Management Information System of the Ministry of Environment. It also summarizes annual waste generation using triplicate forms and weighing methods. All plant waste is cleared and disposed of by external qualified waste disposal contractors. The Company established a waste management system to regularly audit, track, and review waste reduction performance in the plant. The Company also formulated an audit plan for waste clearance and disposal and regularly performs unannounced audits to ensure that outsourced waste disposal operations comply with regulations. The Company also mandates its contractors to complete a 2-hour EHS training before commencing in-plant operations to enhance their environmental protection work management capabilities during on-site operations.

Waste Items	Recycled products	Waste Items	Recycled products	Waste Items	Recycled products
1 Scrap iron	Recycled steel billet	6 Waste wood	Fuel	11 Static box	Packing strip
2 Waste paper	Recycled paper tray	7 Waste paper container	Fuel rod	12 PE bottle	Ecobag
3 PVC gloves	Triangular cone	8 PP/HDPE container	Plastic stationery set and bottle	13 Foil bag	Fuel rod
4 Electronic scraps	Metal raw materials	9 Sludge	Industrial building materials	14 Wafer cassette	Plastic cosmetic box
5 Waste glass	Recycled glass products	10 PE film/foam	Plastic bag, bumper strip		

The Company follows its environmental policy by setting various waste reduction goals, continuously promoting green products and prioritizing their procurement, and regularly reviewing the progress made toward these goals. Through efforts in recent years, the Company has increased its waste recycling rate from 80.4% in 2020 to 88%. In 2024, the Company plans to recycle and reuse all waste chemical containers and aluminum foil bags instead of incinerating them, aiming to reduce the waste incineration rate to 9% and achieve the goal of waste recycling.

▼ King Yuan Group Waste Management Strategy and Goals

Management Strategy	Start Year	Baseline Year	Management Goals			2023 Achievement Rate	Corrective Measures
			Short-term (2025)	Mid-term (2030)	Long-term (2050)		
Waste Incineration Rate	2023	2023	<15%	<12%	<7%	12%	Analyze the types of incinerated waste in the plant and find institutions that can reuse them, gradually reducing the incineration rate of plants.
Waste Recycling Rate	2020	2020	>85%	>88%	>93%	88%	Implement waste management, increase the recycling rate, and promote reduction at source and proper waste sorting to pursue "zero waste" and "zero landfill" goals.

4.6.3 Waste Removal and Disposal

In 2023, the total waste generated by the Company was 3,558.51 tons, of which 328.87 tons (9.2%) were hazardous industrial waste and 3,229.64 tons (90.8%) were non-hazardous industrial waste. The amount of waste generated this year increased by 4.9% compared to 2022, mainly due to the large amount of inorganic sludge produced by the sludge dredging project at wastewater plants and the disposal of many expired confidential documents.

In addition to reducing waste at the source, King Yuan Group also aims to enhance the value of existing waste resources by adopting recycling and reusing methods wherever feasible under local regulations and available technology, utilizing the waste resources to their fullest. In 2023, 8.8 of hazardous industrial waste and 87.8 of non-hazardous industrial waste were recycled, accounting for 80.5 of the total waste generated during the year.

▼ Summary of Industrial Waste Generation, Transfer during Disposal, and Direct Disposal (Unit: tons)

Year	Type *	Generation Volume	Diverted from disposal	Direct Disposal Volume
2023	Hazardous industrial waste	328.87	28.99	299.88
	Non-hazardous industrial waste	3,229.64	2,835.22	394.42
	Total	3,558.51	2,864.21	694.30
2022	Hazardous industrial waste	269.10	51.60	217.50
	Non-hazardous industrial waste	3,124.30	2,511.39	612.91
	Total	3,393.40	2,562.99	830.41
2021	Hazardous industrial waste	364.17	77.06	287.11
	Non-hazardous industrial waste	2,840.09	2,485.16	354.93
	Total	3,204.26	2,562.22	642.04

Note: The classification of hazardous and non-hazardous waste is based on local regulations at each site.

● **Industrial Waste Divert from Disposal (Recycle) Method**

The main types of waste the Company recycles include aluminum foil bags, waste wood, and other recyclable items, all recycled through reuse methods. In 2023, the total amount of waste diverted from disposal was 2,864.22 tons, all handled by external third-party contractors.

▼ Waste Transferred for Disposal through Recycling Operations (Unit: tons)

Subject	Divert from Disposal Method	2021	2022	2023
Hazardous industrial waste	Reuse	77.06	51.60	28.99
Non-hazardous industrial waste	Reuse	2,485.16	2,511.39	2,835.22
Total		2,562.22	2,562.99	2,864.21

● **Direct Disposal Method of Industrial Waste**

In addition to the waste mentioned above, industrial waste with no reuse value is sent to incineration facilities for disposal. In 2023, the Company directly disposed of 694.30 tons of waste, all handled by external third-party contractors. The amount of waste directly disposed of in 2023 decreased by 16.4% compared to 2022, mainly due to the impact of the COVID-19 pandemic, where the Company provided meals to employees in paper boxes, resulting in more non-hazardous industrial waste in 2022. Normal supply resumed in 2023, and UL 2799 was introduced to enhance the waste recycling rate in plants, leading to a reduction in non-hazardous industrial waste incinerated.

▼ Waste Directly Disposed of through Disposal Operations (Unit: tons)

Subject	Direct Disposal Method	2021	2022	2023
Hazardous industrial waste	Incineration (with energy recycling)	10.46	0.77	7.81
	Incineration (without energy recycling)	276.65	216.73	291.61
	Other Direct Disposal	0	0	0.46
	Total	287.11	217.50	299.88
Non-hazardous industrial waste	Incineration (with energy recycling)	354.93	612.91	394.42
Total		642.04	830.41	694.30

Note: The amount of domestic waste generated was not included in the statistics in 2021–2022; hence, corrections were made.

5. Employee Care

Material Issue Management Policy: Employee Hiring and Retention

Impact	Positive Impact: Maintaining good labor relations, optimizing the performance evaluation system, increasing employee identification with the Company, and enhancing talent retention. Negative Impact: Talent loss may increase turnover rates, raise recruitment and training costs, and ultimately affect the Company's competitiveness.		
Policies or Commitments Established or Followed	◆Internal Regulations Labor and Business Ethics Policy; Guidelines for Hiring Child Labor and Young Workers; Procedures for Hiring Apprentices/Interns/Student Workers ◆ Government Regulations Comply with the Labor Standards Act, Gender Equality in Employment Act, and Employment Service Act	Responsible Department	Human Resources Department
Management Actions	1. Diverse Recruitment Channels: (1) Strengthen industry-academia cooperation, collaborating with universities to create a win-win situation and open the door to a career in the semiconductor industry for students. (2) Collaborate on R&D substitute services and government projects to introduce R&D talents to the industry, ensuring a seamless transition between military service and professional life. (3) Implement pre-employment projects, cooperating with programs in universities to secure talent in advance, enabling graduates to transition directly into the industry. 2. Provide comprehensive compensation benefits and internship retention bonuses. 3. Implement a feedback system: Conduct employee engagement surveys and hold various employee activities to strengthen communication with employees; hold symposiums to provide open and transparent grievance channels.		
Process for Tracking Action Effectiveness	1. Set goals for diverse recruitment channels every year to meet employee recruitment capacity. 2. Regularly track the turnover rates of all positions every month. 3. Hold employee symposiums quarterly.		
Management Performance Indicators			
2023 Achievement Status	Short-term goals (2025)	Medium-term goals (2030)	Long-term goal (2050)
● The industry-academia cooperation program has reached its 16th session.	1. Identify and secure outstanding talent in advance through collaboration projects with universities and colleges to reduce the	1. Continue to strengthen and expand the industry-academia collaboration alliance, fostering youth development and promoting collaboration	1. Establish strong partnerships to ensure a stable talent source, further deepening

<ul style="list-style-type: none"> ● The R&D substitute service program is in its 16th year. ● The pre-employment project is in its 4th year. ● Various types of forums are held, with a 100% resolve and response rate for grievance cases. 	onboarding and training period for new hires, ensuring graduates have semiconductor-ready skills upon graduation. An 5% increase in partner schools is expected. Hold symposiums and achieve a 100% resolve and response rate for grievance cases.	between industries and schools. An 8% increase in partner schools is expected. 2. Hold symposiums and achieve a 100% resolve and response rate for grievance cases.	collaboration to gain talent capital from schools. This initiative aims to cultivate talent for the industry and fulfill corporate social responsibility, with an expected 12% increase in partner schools. 2. Hold symposiums and achieve a 100% resolve and response rate for grievance cases.
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Material Issue Management Policy: Employee Career Development

Impact	<p>Positive Impact: Establish a comprehensive training and development plan to increase employees' work skills, meeting the demand for multi-skilled workers in the production line. Conduct regular external assessments of training quality to maintain high training standards and ensure effective employee learning. To develop employees' skills and job performance, the Company has established an employee performance evaluation system, focusing on enhancing employees' abilities and developing their potential.</p> <p>Negative Impact: Failure to make talents keep pace with times may reduce the Company's competitive advantage.</p>		
Policies or Commitments Established or Followed	◆Internal Regulations Training Policy; Employee Performance Management and Development Measures	Responsible Department	Human Resources Department
Management Actions	1. Enhance professional on-the-job training and provide comprehensive career training and promotion opportunities: (1) Implement professional on-the-job training based on the annual training plan to ensure skill development. (2) Focus on the cultivation of outstanding talent and implement departmental training plans. (3) Continue to promote the management trainee training program (now in its 6th session). 2. Continue to conduct performance evaluation operations and performance		

	interviews to enhance employee skills development and potential cultivation.		
Process for Tracking Action Effectiveness	1. Regularly review training course progress. 2. Hold evaluation meetings for supervisors to review training status and outcomes. 3. Regularly conduct annual performance evaluations.		
Management Performance Indicators			
2023 Achievement Status	Short-term goals (2025)	Medium-term goals (2030)	Long-term goal (2050)
1. Training course completion rate > 85% 2. Management trainee training program project execution rate = 100% 3. Annual performance evaluation execution rate = 100%	1. Training course completion rate > 86% 2. Management trainee training program project execution rate = 100% 3. Annual performance evaluation execution rate = 100%	1. Training course completion rate > 87% 2. Management trainee training program project execution rate = 100% 3. Annual performance evaluation execution rate = 100%	1. Training course completion rate > 88% 2. Management trainee training program project execution rate = 100% 3. Annual performance evaluation execution rate = 100%

Material Issue Management Policy: Employee Diversity and Equality

Impact	Positive Impact: Creating a diverse, equal, and friendly workplace that does not discriminate based on gender, race, religion, and political stance, values the uniqueness and differences of employees, and fosters a harmonious and inclusive operational benefit. Negative Impact: A non-friendly work environment could damage the company's reputation and reduce its ability to attract diverse talent, weakening its competitive edge.		
Policies or Commitments Established or Followed	◆Internal Regulations Human Rights Policy; Labor and Business Ethics Policy ◆ Government Regulations Comply with the Labor Standards Act, Gender Equality in Employment Act, and Employment Service Act	Responsible Department	Human Resources Department
Management Actions	1. Respect employees' freedom of belief and provide appropriate assistance to meet their religious needs. Currently, the Company offers religious activity spaces in foreign worker dormitories and has established a "Religious Venue Application Procedure" for employees who need to apply for use. 2. Values female employees by providing well-equipped female spaces and formulating relevant work protection regulations. 3. Implement RBA training to strengthen employees' understanding of labor and ethical concepts.		
Process for Tracking Action Effectiveness	1. Regularly conduct human rights risk issue surveys 2. Use Self-Assessment Questionnaires (SAQ) and Verified Audit Process (VAP) to identify risk categories		
Management Performance Indicators			
2023 Achievement Status	Short-term goals (2025)	Medium-term goals (2030)	Long-term goal (2050)
1. Conducted "Prevention of Workplace Harassment and Unlawful Infringement" training, achieving a 100% completion rate for all employees. 2. Conducted RBA training, with both new employees and existing staff achieving a 100% completion rate.	1. Conduct "Prevention of Workplace Harassment and Unlawful Infringement" training and achieve a 100% completion rate for all employees. 2. Conduct RBA training and achieve with a 100% completion rate for both new employees and existing staff.	1. Conduct "Prevention of Workplace Harassment and Unlawful Infringement" training and achieve a 100% completion rate for all employees. 2. Conduct RBA training and achieve with a 100% completion rate for both new employees and existing staff.	1. Conduct "Prevention of Workplace Harassment and Unlawful Infringement" training and achieve a 100% completion rate for all employees. 2. Conduct RBA training and achieve with a 100% completion rate for both new employees and existing staff.

5.1 Human Capital

5.1.1 Human Resource Management

Talent is the key to competitiveness. To implement "local and merit-based recruitment," KYEC provides diverse employment channels to prosper the local economy. Adhering to the spirit of protection and giving back, the Company creates more employment opportunities for locals, prioritizing local employees in the selection process. In Taiwan, local employees (Hsinchu and Miaoli counties) account for approximately 67.5% of the workforce; in Mainland China, local employees (Jiangsu Province) account for about 27%. In the meantime, we firmly believe that outstanding employees are KYEC's greatest asset. Therefore, we are committed to providing recruitment processes that are compliant with legal regulations, a comprehensive education and training system, a safe and humane workplace environment, a competitive compensation and benefits system, and an open promotion channel. Through these well-established human resource management policies related to "selection, training, employment, and retention," employees can make the most of their skills in the workplace and join hands with KYEC to create a win-win future.

5.1.2 Talent Recruitment

● New Employee Recruitment

KYEC Group has a comprehensive recruitment system that aims for the mutual growth and development of employees and the Company while respecting employees' choices in career transitions. The Company complies with national laws to protect labor rights by conducting recruitment following the "Labor Standards Act," "Employment Service Act," and "Act of Gender Equality in Employment" at KYEC while conducting recruitment following the "Labor Law" with an open hiring process at KLT & ZKT. The Company performs comprehensive evaluations based on applicants' education, character, ability, experience, physique, and job requirements and hires the best. The Company does not discriminate against applicants or employees based on race, social class, nationality, religion, disability, gender identity, union membership, political affiliation, or age, among other factors. KYEC Group is committed to implementing the labor, health and safety, environmental protection, business ethics, and management system policies of the Responsible Business Alliance (RBA) Code of Conduct. The Company integrates relevant policies into its labor and corporate ethics policies, including prohibiting the employment of child labor under 16. Aside from clear statements in personnel regulations, the Company also established preventive mechanisms in recruitment and hiring processes and actively formulated guidelines for employing child labor and young workers to prevent misuse and ensure proper follow-up measures.

In 2023, the Company recruited 2,636 new employees, including 1,987 men and 649 women, with the majority under 29. The relevant information is provided in the table below.

▼ The number of new employees of KYEC Group in the past three years

Year	2021		2022		2023	
Gender	Male	Female	Male	Female	Male	Female
Headcount	2,297	946	2,435	999	1,987	649
Total	3,243		3,434		2,636	
Percentage	70.83%	29.17%	70.91%	29.09%	75.38%	24.62%

▼ New employment percentage

Year	Region	Headcount	Year-end Headcount	New Employee Ratio(%)
2021	King Yuan(KYEC)	873	7,021	12.43%
	King Long & Zhen Kun (KLT&ZKT)	2,370	2,451	96.70%
2022	King Yuan(KYEC)	1,363	7,151	19.06%
	King Long & Zhen Kun (KLT&ZKT)	2,071	2,294	90.28%
2023	King Yuan(KYEC)	687	6,989	9.83%
	King Long & Zhen Kun (KLT&ZKT)	1,949	2,455	79.39%

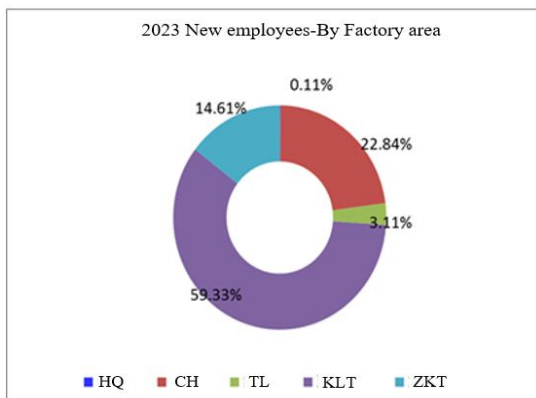
The new employee ratio is the number of new employee/the year-end headcount

▼ Gender and age distribution of new employees in 2023

Gender	Age	King Yuan (KYEC)			King Long & Zhen Kun (KLT&ZKT)		
		New Employee Headcount	Year-end Headcount	New Employee Ratio	New Employee Headcount	Year-end Headcount	New Employee Ratio
Male	≤29	337	1,345	25.06%	1,387	1,206	115.01%
	30~50	74	2,486	2.98%	187	634	29.50%
	≥51	1	166	0.60%	1	7	14.29%
	Total	412	3,997	10.31%	1,575	1,847	85.27%
Female	≤29	195	780	25.00%	312	302	103.31%
	30~50	80	1,953	4.10%	62	303	20.46%
	≥51	0	259	0.00%	0	3	0.00%
	Total	275	2,992	9.19%	374	608	61.51%

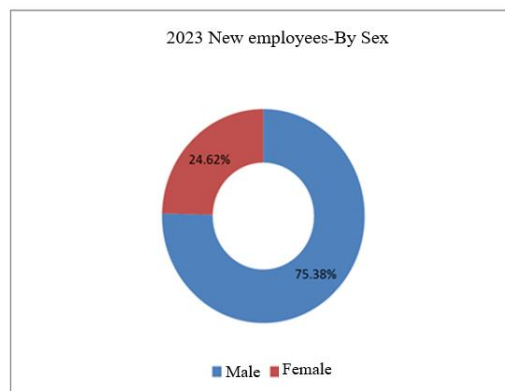
The new employee ratio is the number of new employee/the year-end headcount

▼ Work Site Distribution



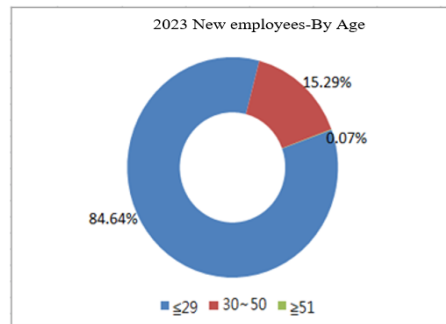
Note: The number of new employees at each plant of the Group / the total number of new employees in the Group.

▼ Gender Distribution



Note: The number of new male/female employees in the Group / the total number of new employees in the Group.

▼ Age Distribution



Note: The number of new employees in each age group of the Group / the total number of new employees in the Group.

● Industry-Academia Collaboration

Over the years, KYEC Group has actively promoted seamless collaboration between academia and industry, focusing on identifying and nurturing outstanding talent. The Group has diligently implemented the Ministry of Education's industry-academia training programs, establishing internship projects with various schools through KYEC, KLT, and ZKT. KYEC's collaborations span northern, central, and southern Taiwan and offshore islands, including institutions such as the National Kaohsiung University of Science and Technology, the National United University, and the National Quemoy University. In the spirit of giving back to local communities, the Company is committed to strengthening technical and vocational education and talent cultivation by collaborating with local institutions such as Yu Da University of Science and Technology, Yuanpei University of Medical Technology, and Chung Hua University for internship programs. KLT & ZKT have cooperative internship programs with the School of Humanities and Information of the Changchun University of Technology, Yunnan Luquan Senior High School, and Shandong Dezhou Zou Sifang School.

The Company has a well-planned procedure, from campus forums, interviews, and training to official hiring. This process not only selects highly motivated students who meet the standards but also provides professional practical training (including an introduction to semiconductor processes, an overview of packaging processes, and the responsibilities of various positions). This training helps students quickly adapt to the workplace, apply their knowledge in practice, and find their direction and positioning early on. Furthermore, the Company offers attractive retention plans for students who perform excellently during their internships, aiming to reduce the employment costs for students entering society and simultaneously train the Company's future reserve talents. Moreover, through industry-academia collaboration, academic energy in technological research and development can be transferred into the enterprise, driving the development of company technologies and creating win-win cooperation between the enterprise and students.

Factory Visits by School Students

▼ King Yuan (KYTEC)



▼ King Long & Zhen Kun (KLT&ZKT)



● Employee Resignation

KYTEC Group respects the right of employees to choose their employment freely. The Company ensures that all work is voluntary and does not employ threats or coercive conditions to hire employees. When employees submit their resignation, the termination of the labor contract is handled under the Labor Standards Act. In 2023, 2,137 employees resigned, including 1,617 men and 520 women. Reasons for resignation included family care, relocation, and career changes. To ensure employee rights and improve the recruitment system, supervisors of responsible departments conduct interviews with all departing employees to understand the reasons for their resignations, gaining references for future improvements in human resource management.

▼ Total number and percentage of resignations in 2023

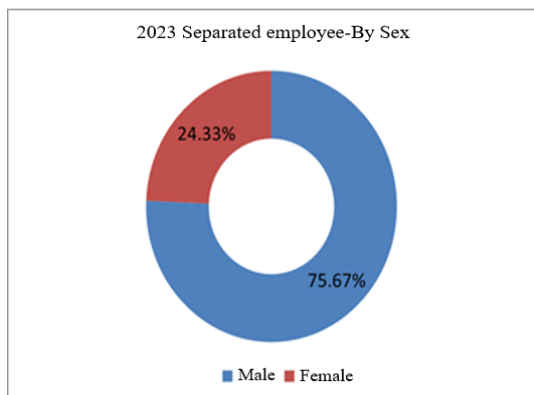
Gender	Age	King Yuan (KYTEC)			King Long & Zhen Kun (KLT&ZKT)		
		Number of Resignations	Year-end Headcount	Resignation Rate	Number of Resignations	Year-end Headcount	Resignation Rate
Male	≤ 29	130	1,345	9.67%	1,190	1,206	98.67%
	30~50	55	2,486	2.21%	229	634	36.12%
	≥ 51	10	166	6.02%	3	7	42.86%
	Total	195	3,997	4.88%	1,422	1,847	76.99%
Female	≤ 29	80	780	10.26%	313	302	103.64%
	30~50	40	1,953	2.05%	86	303	28.38%
	≥ 51	1	259	0.39%	0	3	0.00%
	Total	121	2,992	4.04%	399	608	65.63%

▼ Resignation rate in the past three years

Year	Region	Number of People	Year-end Headcount	Resignation Rate(%)
2021	King Yuan(KYEC)	746	7,021	10.63%
	King Long & Zhen Kun (KLT&ZKT)	2,003	2,451	81.72%
2022	King Yuan(KYEC)	777	7,151	10.87%
	King Long & Zhen Kun (KLT&ZKT)	2,186	2,294	92.29%
2023	King Yuan(KYEC)	316	6,989	4.52%
	King Long & Zhen Kun (KLT&ZKT)	1,821	2,455	74.18%

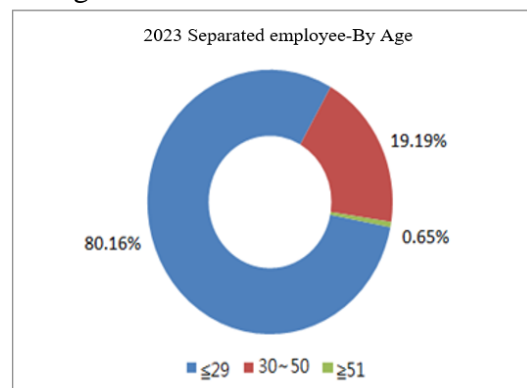
Note: Number of resigned employee/Total number of employees for the year

▼ Gender Distribution



Note: Number of resigned male or female employees in the Group/Total number of resigned employees in the Group.

▼ Age Distribution



Note: Number of resigned employees in each age group of the Group/ Total number of resigned employees in the Group.

5.1.3 Workforce Structure

As of the end of 2023, King Yuan Group had 9,444 employees, including 9,285 full-time employees, accounting for 98.32%, and 159 dispatched employees, accounting for 1.68%. In terms of employment types, all employees are full-time employees. In Taiwan plants (Hsinchu Plant, Zhunan Plant, Tongluo Plant), the total number of employees is 6,989, while the total number of employees in Mainland China plants (KLT&ZKT) is approximately 2,455. Additionally, there are 249 non-employee workers, such as catering staff, cleaning staff, factory security personnel, and contractors. There have been no significant changes in employment over the past three years.

Labor-intensive is one of the characteristics of packaging and testing factories. Recruitment mainly comes from various domestic channels, and efforts are made to obtain quotas for foreign migrant workers to compensate for the insufficient number of local workers.

▼ Workforce Structure as of the End of 2023 (Unit: People)

Type	Gender	King Yuan (KYTEC)	King Long & Zhen Kun (KLT&ZKT)	Total
Total Workforce	Male	3,997	1,847	5,844
	Female	2,992	608	3,600
Total number of employees in each region		6,989	2,455	9,444
Full-time Employees	Male	3,988	1,724	5,712
	Female	2,986	587	3,573
Number of full-time employees in each region		6,974	2,311	9,285
Dispatched Employees	Male	9	123	132
	Female	6	21	27
Number of dispatched employees in each region		15	144	159

Note 1: Definition

- Full-time Employees: Employment contract duration > 6 months.
- Dispatched Employees: Employment contract duration < 6 months.

Note 2: All employees of the Group are full-time employees (Full-time employees refer to those who work the local legal working hours per week).

Note 3: This year, there were no part-time employees or employees with no guaranteed hours (employees with non-fixed weekly working hours).

Note 4: The number of employees in this table includes King Yuan Group's own and dispatched employees.

▼ Employee Headcount Over the Last Three Years (Unit: People)

Year	2021	2022	End of 2023
Male Employees	5,668	5,687	5,844
Female Employees	3,804	3,758	3,600
Number of Employees	9,472	9,445	9,444

• Employee Diversity

The gender distribution of King Yuan Group employees is 61.88% male and 38.12% female. Most employees are between 30 and 49, accounting for 55.84% of the total number. Regarding the proportion of local residents among senior management (including department-level managers and above), 76.39% of KYEC senior executives live in Hsinchu and Miaoli, and 37.04% of KLT&ZKT senior executives live in Jiangsu Province. Female employees account for nearly 26% of all management positions. By gender, 61.88% are male and 38.12% are female. By age, 38.47% are under 29, 55.84% are between 30 and 50, and 5.69% are over 51.

▼ Total Number of Employees by Category and Diversity Indicators as of the End of 2023 (Unit: People)

Employee Category	Supervisory Personnel	Engineering Personnel	Administrative Personnel	Technical Personnel	Total
Number of Employees by Category	786	3,396	415	4,847	9,444
Percentage of total employees accounted by	8.32%	35.96%	4.39%	51.33%	100.00%

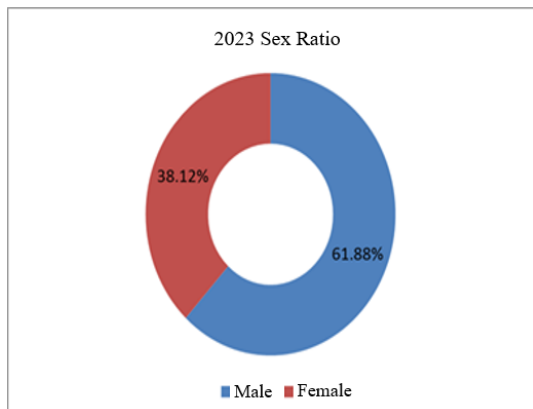
each category(%)						
Diversity Indicators						
Gender	Male	582	2,647	105	2,510	5,844
	Female	204	749	310	2,337	3,600
Age	≤29	39	1,626	114	1,854	3,633
	30~50	627	1,655	259	2,733	5,274
	≥51	120	115	42	260	537
Nationality	Local	749	3,308	414	2,830	7,301
	Foreign	37	88	1	2,017	2,143

Note: The age groups used for this report differ from previous years and are defined according to GRI standards.

▼ Percentage of Employees by Grade and Diversity Indicators as of the End of 2023 (Unit: %)

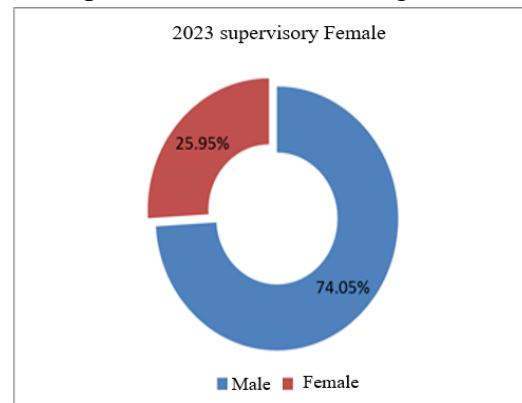
Diversity Indicators		Supervisory Personnel	Engineering Personnel	Administrative Personnel	Technical Personnel	Total Workforce
Gender	Male	74	78	25	52	62
	Female	26	22	75	48	38
Age	≤29	5	48	28	38	38
	30~50	80	49	62	56	56
	≥51	15	3	10	6	6
Nationality	Local	95	97	100	58	77
	Foreign	5	3	0	42	23

▼ Gender Distribution



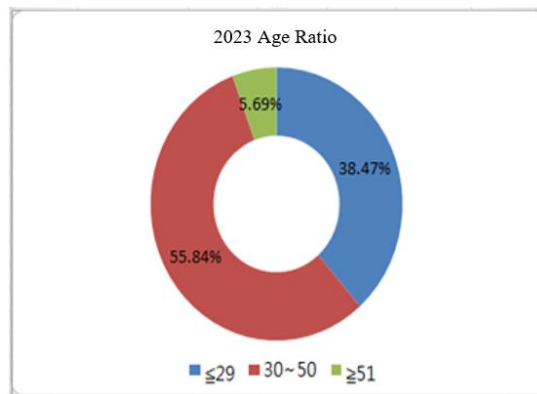
Note: Number of male/female employees in the Group / total number of employees in the Group.

▼ Proportion of Female Managers in 2023



Note: Number of male and female managers / total number of managers in the Group.

▼ Age Distribution



Note: Number of employees in each age group of the Group / total number of employees in the Group.

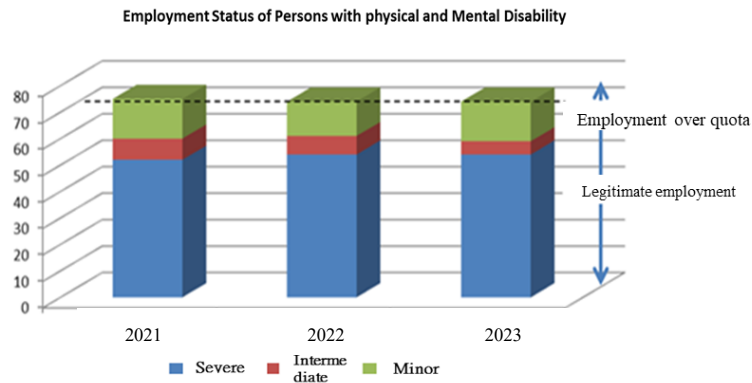
● Employment Plan for People with Disabilities

KYEC strictly complies with the "People with Disabilities Rights Protection Act," which demands that the number of people with disabilities employed must not be less than 1% of the total number of employees in the business organization. The Company hired more people with disabilities than the legal requirements. The Company takes responsibility for promoting the employment of people with disabilities and includes local employment service agencies and the Miaoli County Blind Welfare Association as recruitment partners. The Company also provides barrier-free facilities and designated parking spaces in plants and working hours better than those required by the Labor Standards Act to ensure the quality of life for employees with disabilities. In recent years, the number of employees with disabilities in the Company has been about 74 to 75, with the average annual number of employees hired exceeding the legal requirement by 5.71% (Note 1). According to the principle of hiring one person with disabilities per 100 employees, the legal quota for the Company in 2023 was 70 people, while the actual number of employees hired was 74. Of these, 20.3% had mild disabilities, 6.8% had moderate disabilities, and 73% had severe disabilities (Note 2).

Note 1: Excess number of people employed / Legal requirement number.

Note 2: The number of people with severe disabilities can be counted as double. Ratio = Number of people at each disability level / Number of people hired per year

Number of People with Disabilities Employed at KYEC Over the Past Three Years			
Subject	2021	2022	2023
Number of People with Disabilities Employed	75	74	74



5.1.4 Labor-Management Communication

The King Yuan Group established relevant regulations according to government regulations and local laws to protect employees' rights. Employees have the freedom of association and are not subject to discrimination based on race, gender, nationality, religion, or political stance. The Company provides comprehensive internal communication channels and respects the freedom of assembly and association in the workplace. KYEC employees have independently established two unions. However, the Company was notified that union activities had been suspended from 2022 to 2023, and as a result, no collective agreements were signed with the unions.

KYEC implements an open voting process that allows employees to freely elect labor and management representatives while ensuring compliance with the requirement for single-gender representation. The voter turnout exceeds 70%.

The Company has established a harmonious and equal communication platform between employees and the Company. All employees can express their opinions through various free communication channels, ensuring good two-way communication. In 2023, KYEC's human resources department received 28 cases, all resolved and responded to. Nineteen domestic employee symposiums were held throughout the year, with a cumulative attendance of 1,021 participants. Additionally, 18 foreign employee symposiums were held, with a cumulative attendance of 2,991 participants. The KLT & ZKT communication platform received 54 feedback cases, all resolved and responded to. A total of 4 meetings were held throughout the year, with a cumulative attendance of 216 participants.

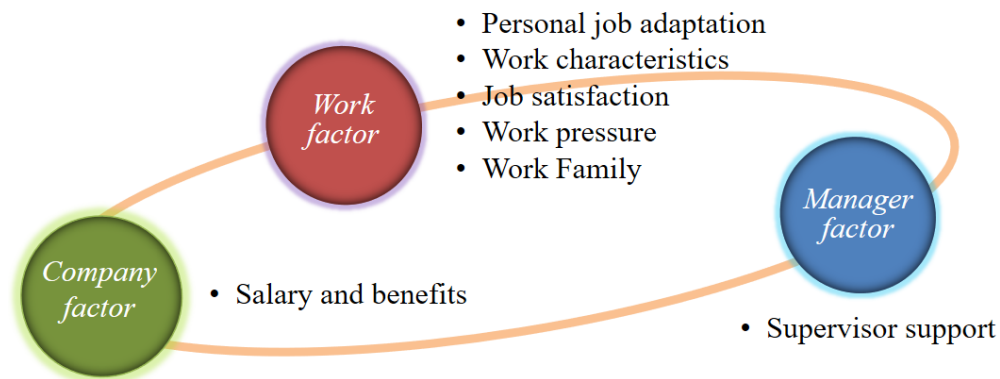
▼ Employee Communication Channels

Channel	Description	Respond Department	Content	2023 Achievements
Employee Symposium	Communicate company vision and operational goals directly to employees to enhance face-to-face communication between management and employees.	HR Department	System Welfare Employee Benefits Public Safety	100% resolution and response to inquiries
New Employee Symposium	We care about new employees' learning progress and adaptation after they join and provide immediate support and assistance when needed.			
Foreign Employee Symposium	We hold symposiums for foreign employees, where they can voice their suggestions directly.			
Welfare Committee Meetings	Following relevant laws, company employee welfare regulations, and the constitution of the Welfare Committee, the committee drafts or revises various employee welfare plans.			Convened quarterly.
Labor-Management Meetings	Labor and management representatives discuss labor-related issues.			
Service Hotline/Email/Employee Bulletin Board	Employees can promptly express their opinions and offer suggestions to communicate their thoughts.			100% resolution and response rate.
Human Rights Complaints	We provide a report hotline, fax, and e-mail for employees to report human rights-related issues.	Sustainability Committee	Major violations or incidents that pose significant risks or losses to the Company.	In 2023, no complaints related to discrimination were filed.
Business Conduct and Ethics Violation Reporting System	We provide an external grievance channel, the "Business Conduct and Ethics Violation Reporting System," for employees to submit complaints or report violations.			In 2023, no complaints related to violations of business ethics were filed.

● Employee Engagement Survey

King Yuan Group values its human capital. Since 2015, KYEC has conducted an employee engagement survey every two years to understand employees' thoughts on their workplace and to establish a pleasing working environment. The survey was conducted anonymously, with 6,994 questionnaires distributed and 5,913 valid responses, yielding a response rate of 84.5%. The survey focuses on factors influencing employee retention (organizational commitment), including company, work, supervisor, and personal factors. The survey covers seven dimensions: personal job fitness, job characteristics, leader support,

compensation and benefits, work stress, work-family balance, and job satisfaction. Based on the survey results, the Company conducts structural adjustments of salaries and continues to implement talent policies and investments.



KLT & ZKT conducts an employee satisfaction survey using questionnaires every year. In 2023, 2,263 questionnaires were distributed, and 2,251 valid responses were received, resulting in a 99.5% response rate. The survey mainly covered working conditions, work environment and workplace, workplace safety, wages and labor quotas, meals, health and safety precautions, vacation, clothing, training, supervisors, and overall satisfaction with the Company. Among these, meal satisfaction was rated as acceptable. Based on the survey results, the Company continues to make adjustments and improvements to enhance employee satisfaction.

5.2 Compensation and Benefits

5.2.1 Equal Pay

● Competitive Salary

The salary standards for employees at King Yuan Group are determined based on educational background, professional skills, and experience, without any differences due to gender, race, religion, political affiliation, marital status, or union membership. The starting salary is higher than the minimum wage required by local regulations. The overall structure includes base salary, allowances, bonuses, and dividends. Additionally, based on the Company's operational performance, individual performance, and contribution to job duties, the Company provides salary adjustments and differentiated bonuses/dividends to reward employees' hard work and dedication and motivate continued growth. In line with the principle of profit-sharing, if the Company is profitable, 8% to 10% of the profits are allocated as employee compensation, with an annual salary increase rate of 3% to 5% to recognize employees' contributions. Looking ahead, King Yuan Group expects its operational performance to continue to rise. The Company has also publicly disclosed that the average salary of full-time non-management employees in 2023 decreased by approximately 8.2% compared to 2022.

▼ 2023 Average Salary Comparison

Year	Region	Average Salary Ratio - Male vs. Female			
		Position			
		Supervisory Personnel	Engineering Personnel	Administrative Personnel	Technical Personnel
2023	KYEC	1.14	1.08	1.05	0.98
	KLT/ZKT	1	1.05	1.11	0.98

Formula: 2023 Average Male Salary / 2023 Average Female Salary

▼ Non-Executive Salary Comparison over the Past Three Years - KYEC:

Subject	2021	2022	2023	Increase Rate
Average Salary	803	863	792	-8.2%
Median Salary	662	711	665	-6.5%

Unit: Thousands (NTD)

Increase Rate Formula: (2023 Salary - 2022 Salary) / 2022 Salary * 100%

5.2.2 Comprehensive Benefits

● Robust Retirement Plan

King Yuan (KYEC) has established a Labor Pension Fund Supervisory Committee by the law to oversee the deposit and disbursement of pension funds. In compliance with regulations, it allocates 2% of the total monthly salary to the pension fund deposited in a designated account at the Bank of Taiwan. From July 1, 2005, for employees under the new retirement plan, the Company allocates 6% of the individual's monthly salary to a personal pension account at the Labor Insurance Bureau. The employee participation rate in the retirement plan is 100%.

Additionally, before the end of each year, KYEC estimates the balance of the aforementioned pension fund account. If the balance is insufficient to cover the total estimated pension for employees eligible for retirement in the following year, the Company will make up the shortfall by the end of March of the following year to ensure employees' retirement rights.

▼ Pension Plans - KYEC

Subject	Proportion of Salary Allocated to Pension	Employee Participation Rate in Pension Plan
Old Pension System (Note)	Employer: 2% Employee: 0%	100%
New Pension System	Employer: 6% Employee: 0-6%	100%

Note: Employees with years of service under the old pension system will be entitled to pension benefits under the new system once they voluntarily choose to transition to it.

KLT & ZKT also contribute to pension insurance for each employee to ensure their retirement rights.

▼ Pension Plans - KLT/ ZKT

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

※ Comprehensive Insurance System

By the law, the Company enrolls employees in labor and health insurance on their first work day. Additionally, the Company fully covers the cost of group insurance for all employees, which includes life insurance, accident insurance, medical insurance, accident and injury insurance, cancer insurance, and occupational hazard insurance. The Company also provides travel insurance for employees on overseas business trips and arranges for an insurance company to be stationed at each plant weekly to offer insurance-related consultation services to employees.

● Comprehensive Leave System and Benefits

KYEC has established leave policies under the Labor Standards Act, the Labor Leave Rules, and the Gender Equality in Employment Act, including marriage, funeral, menstrual, maternity, paternity, parental, and annual leave, all granted as per legal requirements. The Company also provides employees with various welfare measures related to food, clothing, housing, and transportation, including dividends, free regular health checks, medical consultations, dormitory facilities, employee dining halls, meal subsidies, libraries, free parking lots, departmental activity subsidies, and more. KLT & ZKT have also established leave policies following the Labor Law, the Labor Contract Law, and the Special Rules on the Labor Protection of Female Employees, covering marriage, funeral, maternity, paternity, breastfeeding, and annual leave, all granted as per legal requirements. The Company also provides employees with various welfare measures related to food, clothing, housing, and transportation, including dividends, employee dining halls, free

meals, dormitory facilities, libraries, gyms, free parking lots, free regular health checks, medical consultations, free group insurance, departmental activity subsidies, and more.

The Company offers high bonuses for various activities to attract and encourage employee participation, promoting a balance between work and life. The Company also regularly reviews internal benefits and plans suitable welfare measures based on employee needs (e.g., contracting with nearby kindergartens), ensuring convenience of daily lives for employees' families.

● Dietary Care

King Yuan Group offers diverse meal options for employees. Every day, the in-plant dining hall provides vegan, gourmet, light, and healthy meals. The convenience store supplies staple foods, salads, and fruits, which are also included in the meal subsidy plan. The coffee bar vendor also incorporates light meals into the menu for daily meals.

Contracted health management vendors stationed in plants are managed as key vendors. Long-term vendors included vendors for catering, convenience stores, coffee bars, cleaning, and security. The vendors provide health check reports for their on-site staff. If any abnormal cases are identified, nurses will remind the original employer to pay attention to and care for the health of their employees.

● KYEC Well-Being Program

King Yuan Group organizes various activities to foster employee unity and create a positive atmosphere, allowing employees to relax and engage in recreational activities during their free time. In 2023, KYEC held 12 events with approximately 15,000 participants. KLT & ZKT held 16 events with about 4,500 participants.

	February: Celebrity Lecture (99 participants)	March: Aesthetic DIY (78 participants)	April: Basketball Tournament (280 participants)
May: Cycling Event (500 employees and their families)	June: Human Foosball (260 participants)	July: Table Tennis Tournament (78 men's teams and 17 women's teams)	August: Family Day (about 10,000 employees and their families)
September: Pool Soccer Tournament (215 participants)	October: Karaoke Competition (74 Mandarin teams and 16 English teams)	November: Movie Screening (about 3,000 employees and their families)	December: Darts Tournament (90 teams, 360 participants)



● Awards and Recognition

To reward outstanding employees and establish role models, KYEC has developed reward systems to select exceptional employees. Each year, the Company selects exemplary employees and creates honor roll posters displayed on bulletin boards for colleagues to view and learn from, fostering mutual encouragement among employees. In addition to internal recognition, the Company actively nominates exemplary employees to participate in external outstanding worker selection events. Several employees have been honored as Exemplary Workers of Miaoli County and Outstanding Employees of the Hsinchu Science Park.

To express gratitude for the long-term contributions of senior employees, those who have worked for 5, 10, or 25 years will receive service awards.



● Quality Workplace

Creating a high-quality working environment is a top priority for the King Yuan Group. The Company sets many recreation areas on high floors with good views, such as the table tennis area, employee cafeteria, 24-hour convenience store, and coffee bar, allowing employees to enjoy the scenery while exercising or dining.



- (1) The Company provides scales and electronic blood pressure monitors for employees to use in public areas, facilitating self-assessment and health management.
- (2) The multifunctional recreation room includes a reading room and a massage room. The reading room provides books, newspapers, and magazines, with a collection of 13,579 volumes. The massage room, in collaboration with the Miaoli County Blind Massage Therapists Association, offers stress relief services, with 8,277 participants in 2023.

- (3) KYEC also creates a friendly breastfeeding environment with comfortable sofas, a refrigerator for storing breast milk, and the latest infant care information. In 2023, on average, 10 employees used the lactation room at KYEC each month and 25 employees at KLT & ZKT.

5.2.3 Family-Friendly Workplace

King Yuan Group ensures comprehensive support for pregnant female employees and has established operational protection regulations for female employees:

- (1) Set standards for heavy lifting.
- (2) Prohibit pregnant female employees from handling hazardous, explosive, or flammable materials.
- (3) Prohibit pregnant and breastfeeding female employees from night shifts.
- (4) Follow safety and health regulations to prevent female employees from engaging in dangerous or hazardous tasks.
- (5) Organize health promotion activities such as mother workshops and cancer screenings to care for female employees.
- (6) Provide a comfortable lactation environment designed according to high standards for lactation rooms, using eco-friendly, non-toxic, flame-resistant materials emphasizing comfort, privacy, and ergonomics.
- (7) Provide maternity leave for pregnant female employees per local regulations.
- (8) Offer newborn child welfare subsidies (available to male and female employees).

To enhance care for pregnant and breastfeeding female employees, the Company has implemented the following measures:

- (1) Factory nurses contact employees on maternity leave by phone to understand their needs and provide consultation services.
- (2) After returning from maternity leave, employees are offered maternal health questionnaires and health education consultations with on-site doctors.
- (3) Factory nurses visit employees on parental leave before they return to work to understand employees' physical condition and evaluate their readiness to return to work.
- (4) After employees return from parental leave, factory nurses visit them and assess their suitability for work.

● Parental Leave Measures

KYEC cares about employees' childcare and breastfeeding issues. In addition to offering employee care, prenatal and postnatal health consultations, lactation rooms, and contracts with childcare centers, KYEC also provides parental leave according to labor laws and offers assistance with applying for parental leave allowances from the Labor Insurance Bureau. With these comprehensive measures in place, the Company's parental leave reinstatement rate in 2023 was about 74%, and the retention rate one year after reinstatement was 86%.



▼ Parental Leave Application Information

Subject	Male	Female	Total
	Headcount	Headcount	
Employees eligible for parental leave in 2023	201	124	325
Employees applied for parental leave in 2023	7	35	42
A.Employees expected to return from parental leave in 2023	10	32	42
B.Employees applied to return from parental Leave in 2023	7	24	31
2023 Reinstatement Rate (B/A)	70%	75%	74%
C.Employees applied to return from parental Leave in 2022	4	25	29
D.Employees still employed 12 months after returning from parental leave in 2022	3	22	25
2022 Retention Rate (D/C)	75%	88%	86%

Note:

1. “Employees eligible for parental leave in 2023”: The number of employees who applied for paternity leave and maternity leave between 2023/01/01 and 2023/12/31.
2. ”Employees applied to return from parental Leave in 2022 ”: The actual number of employees who returned to work between 2022/01/01 to 2022/12/31. 3. As there are no local regulations on parental leave in China, this table does not include data for King Long & Zhen Kun (KLT&ZKT).

5.3 Diverse Development

5.3.1 Training and Development

To strengthen its operational system and ensure sustainable development, the Company places great importance on talent development. The Company has established a comprehensive education and training system for employees' learning and growth to achieve talent development goals. The employee learning and development plans are based on their roles, levels, and career development within the Company. The plan set specific goals in stages to systematically help employees learn and develop by gradually enhancing the professional knowledge and skills necessary for their jobs. This approach promotes the achievement of training objectives and improves overall competitiveness.

King Yuan Group offers diversified approaches to training employees. Employees can obtain abundant training resources through various methods to foster self-learning and development. The Company has established an E-learning platform, and in addition to on-the-job training, it promotes educational programs through the KYEC e-Academy. These programs include courses on engineering management, environmental management, equipment management, production management, quality management, leadership development, legal and intellectual property, and business systems, among others. KYEC currently offers over 630 online courses, allowing employees to plan their learning schedules based on their needs without being constrained by time or location, effectively enhancing education outcomes. In 2023, there were 281,594 registered uses of the system. As for KLT & ZKT, there are currently 2,542 online courses, with 40,007 registered uses of the system.

Additionally, the Company has developed learning maps and job-related courses, allowing employees to clearly understand the learning plans arranged by the Company and their departments. Employees can also check their training courses and training records through the system. Managers can use the learning map system to manage and track personnel training completion rates.





The Human Resources Department conducts orientation training for all new employees, covering corporate culture and core values, personnel management regulations (including integrity management and anti-corruption), human rights issues, quality policies (including 6S), legal and intellectual property education, information security promotion, employee hygiene education, and labor safety education, among others.

The Company's employee learning and development plans are based on their roles, levels, and career development within the Company. The plan sets specific goals in stages to systematically help employees gradually enhance the professional knowledge and skills necessary for their jobs. This approach promotes achieving training objectives, improving overall competitiveness, and improving individual work performance by integrating knowledge, skills, behaviors, and attitudes, and, in turn, boosts the Company's economic influence and competitiveness.

For the development of management trainees, the Company offers management system courses for senior, middle, and junior management according to the different management capabilities required by the necessary behavior of each management level. The courses utilize a dual-mentor system that strengthens managers' ability to guide and develop their subordinates' capabilities. Senior management attends a leadership training evaluation meeting every six months to review trainees' progress.



About 50% of King Yuan Group's clients are from overseas, so the Company encourages employees to improve their language skills. The Company offers English and Japanese language courses every year, allowing employees to enroll voluntarily to enhance their communication skills, expecting them to apply what they've learned at work. Employees will take English proficiency tests after completing the English conversation training, and those who improve their scores are awarded bonuses.

	
Training Programs for New Employees—KYTEC	Environment and Safety Training Programs —KYTEC
	
Training Programs for New Employees—KLT & ZKT	Environment and Safety Training Programs—KLT & ZKT

Regardless of gender, everyone has equal opportunities to receive training at KYEC. The education and training system has 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. For the 2023 training program, KYEC conducted 404 courses, totaling 2,905 training hours, with 234,835 participants. As for KLT & ZKT, 163 courses were conducted, totaling 334 hours, with 11,763 participants.

▼ Average Employee Training Hours for 2020-2023 (as of December 31, 2023)

Year	Gender	Position							
		Supervisory Personnel		Engineering Personnel		Administrative Personnel		Technical Personnel	
		Total Training Hours	Average Training Hours per Person	Total Training Hours	Average Training Hours per Person	Total Training Hours	Average Training Hours per Person	Total Training Hours	Average Training Hours per Person
2020	M	18,592	32	219,300	85	2,160	20	102,060	45
	F	5,690	30	54,072	72	6,040	19	114,400	44
	Total	24,282	32	273,372	82	8,200	19	216,460	44
2021	M	18,175	31	225,259	89	2,562	21	125,996	52
	F	5,850	30	51,800	70	7,062	22	138,509	54

Year	Gender	Position							
		Supervisory Personnel		Engineering Personnel		Administrative Personnel		Technical Personnel	
		Total Training Hours	Average Training Hours per Person	Total Training Hours	Average Training Hours per Person	Total Training Hours	Average Training Hours per Person	Total Training Hours	Average Training Hours per Person
Total		24,025	31	277,059	85	9,624	22	264,505	53
2022	M	10,335	17	133,272	52	1,579	14	167,076	69
	F	3,671	18	30,295	40	4,480	15	139,261	56
Total		14,005	18	163,567	49	6,059	15	306,337	62
2023	M	17,352	30	201,307	76	2,909	28	178,210	71
	F	5,766	28	52,568	70	8,332	27	149,568	64
Total		23,118	29	253,875	75	11,241	27	327,778	68

Note 1: Calculated based on total training hours across the entire group.

Note 2: Total training hours are calculated by the total training hours for all participants during the year. This figure excludes employees who have resigned or are on unpaid leave.

Complying with government regulations, the training personnel has labor safety-related certification to meet operational requirements and manage the environment effectively. Additionally, the Company conducts ISO quality-related auditor certification training to improve internal audit effectiveness, continually enhance quality, and ensure the effective operation of the Company's quality systems. As of 2023, KYEC has assisted employees in obtaining 4,488 certifications across 38 categories, while KLT & ZKT have assisted employees in obtaining 1,490 certifications across 34 categories.

5.3.2 Performance Appraisal

● Transparent Performance Appraisal and Promotion

King Yuan's performance management and development system not only evaluates employees' performance over a specific period for promotion, bonus allocation, and talent development but also actively plays an effective role in assisting career development. At the end of each year, the Company reviews the completion rate of the previous year's goals through self-evaluation and supervisor evaluation and reaches a consensus with employees on past and future outputs through one-on-one performance discussions. The appraisal committee determines the final performance grade through objective discussions and communicates the appraisal results to the employee. This grade then serves as a reference for the following year's rewards distribution and talent development, with continuous improvement throughout the cycle. Additionally, the Company actively provides opportunities for improvement to employees with lower performance grades, arranging counseling, training, and improvement plans, ensuring that a single result does not undermine an employee's entire year of effort.



King Yuan has an open and transparent performance appraisal process that eliminates subjective bias from a single evaluation source, ensuring that no discrimination based on gender, race, religion, marital status, etc., occurs in evaluations or promotions. Employees who disagree with their appraisal can appeal to the Human Resources Department for a double-check. Over the past three years, around 95% of employees in Taiwan and 93% of employees in Mainland China have participated in performance appraisals.

Year	Region	Percentage of Personnel Participating in Regular Performance Appraisals
2021	King Yuan (KYTEC)	94%
	King Long & Zhen Kun (KLT&ZKT)	93%
2022	King Yuan (KYTEC)	94%
	King Long & Zhen Kun (KLT&ZKT)	95%
2023	King Yuan (KYTEC)	96%
	King Long & Zhen Kun (KLT&ZKT)	92%

Note 1: Performance appraisals are only conducted on direct employees who finished their training; those still in training are not included.

Note 2: Indirect employees who joined after July 1st will have their performance evaluated in the following year.

Note 3: This figure excludes employees who have resigned without undergoing performance appraisal or those on unpaid leave.

5.4 Workplace Safety

5.4.1 Occupational Safety and Health Management

Employees are critical members of the Company's operational activities. Any safety or health risks in the workplace could significantly impact the Company's economy and the health and lives of employees and external workers. King Yuan Group adheres to local occupational safety and health regulations at each operational site, TOSHMS (Taiwan Occupational Safety and Health Management System) standards, and the ISO 45001:2018 Occupational Health and Safety Management System standards to establish the Group's occupational safety and health management system base on the PDCA (Plan-Do-Check-Act) cycle concept. The Company established an Occupational Safety and Health Committee to identify all potential risks in the operational environment, establish management rules and control procedures, and communicate safety and health-related matters via the [EHS Platform] of the internal website. The platform includes an employee bulletin board and email for workers to seek consultation. The Company also conducts regular internal audits to prevent accidents and ensure the health and safety of workers.

Note: External workers are those not employed by the Company but perform tasks specified by the Company either on-site or off-site, such as raw material suppliers, equipment maintenance personnel, external consultants, etc.

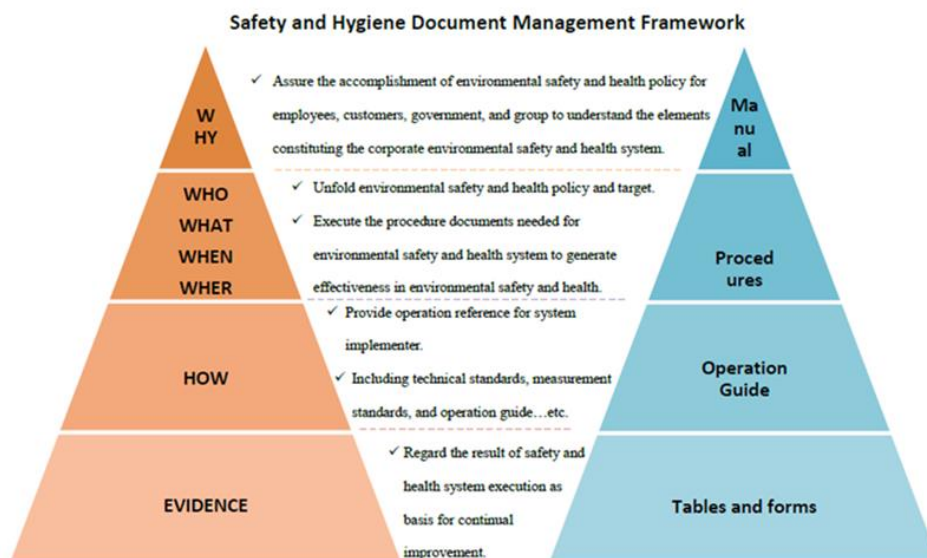
The following operational sites have established occupational safety and health management systems, verified by third-party auditors. The management system standards adopted at each operational site and the number and proportion of covered workers are listed in the table below.

Operation Sites	Occupational Safety and Health Management System Certification Standards	Applicable Sites	Range of Covered Workers ^{Note 1}			
			Employees (People)	Proportion ^{Note 2} (%)	External Workers (People)	Proportion ^{Note 3} (%)
Hsinchu Factory	TOSHMS, ISO 45001	All workplaces at the site	71	100%	10	100%
Zhunan Factory			5,710	100%	83	100%
Tong-Luo Factory			1,208	100%	31	100%
KLT	ISO 45001		1,893	100%	68	100%
ZKT			562	100%	57	100%

Note 1: The Company uses internal statistics to calculate the number of workers covered by the occupational safety and health management system. The number is verified through internal audits and external verification, with no exclusion of specific worker types.

Note 2: Proportion of employees covered = number of covered employees at the site/total number of employees at the site.

Note 3: Proportion of external workers covered = number of covered external workers at the site/total number of external workers at the site.



● Occupational Safety and Health Committee

King Yuan Group's Occupational Safety and Health Committee consists of representatives from labor and management, totaling 146 members, with the General Manager serving as the Chairperson. Among the members, 70 are labor representatives, accounting for 48% of the committee members. The committee meets quarterly to review the Company's occupational safety and health management practices, the effectiveness of various management procedures, safety and health training plans, and occupational injury investigation reports.

The Company established a management team under the committee to regularly execute risk assessment procedures, plan and promote occupational safety and health policies, and arrange annual training plans, occupational health services, and health promotion activities. The team also posts occupational safety and health management practices, announces management policies on the company website, and provides open procedural documents in multiple languages for foreign employees to read, ensuring all King Yuan Group employees understand the Company's occupational safety and health policies.

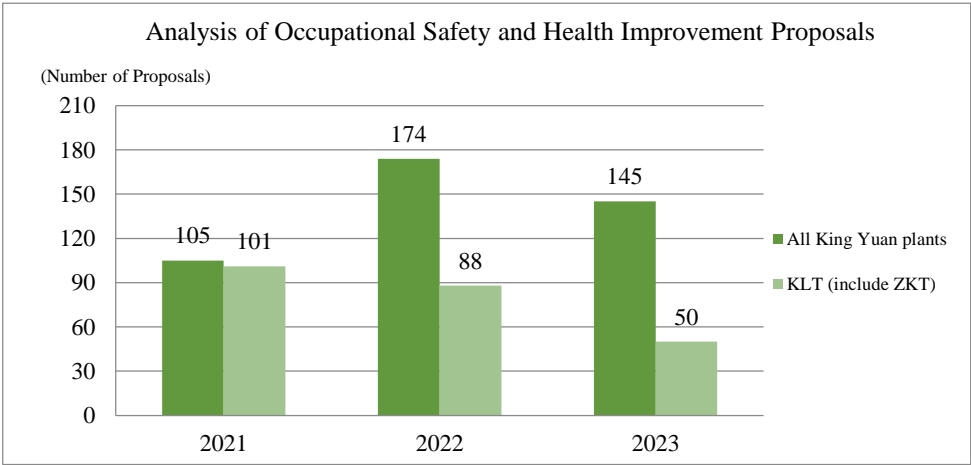
● Worker Communication and Reporting System

The management team has an independent reporting system, allowing workers to anonymously provide feedback, communicate, and consult on safety and health-related matters through a hotline and dedicated email (8510@kyec.com.tw). When foreign employees raise communication and consultation requirements, employees with foreign language skills or appointed translators will serve as the middleman to ensure effective two-way communication.

Additionally, the Company establishes emergency response centers at each plant with staff on duty to, according to the situation, immediately report and broadcast abnormalities if notified. Each department also has an emergency response team that regularly conducts task training to strengthen personnel's emergency response capabilities. In case of an emergency, the digital roll-call system developed by the Company ensures that all personnel within the plant are evacuated, reducing casualties during incidents while also

familiarizing personnel with safety equipment usage and ensuring the effectiveness of emergency response procedures.

Upon receiving a report, the management team immediately conducts an investigation and assesses the likelihood and severity of hazards to formulate response measures and report to the Occupational Safety and Health Committee for review. The investigation and resolution results are then communicated to all company workers. Individuals who proactively report incidents are provided with excellence awards to encourage reporting potential safety and health risks and collectively supervise the reduction of dangerous incidents. In 2023, the King Yuan Group had 195 improvement proposals.



● Occupational Safety and Health Risk Assessment

King Yuan Group follows local occupational safety and health regulations at each operational site to establish hazard identification and risk assessment procedures for the Occupational Safety and Health (OSH) management team under the OSH Committee to execute. The OSH management team annually conducts professional hazard identification and risk assessment training, encouraging its members to obtain relevant certifications.

Each year, the OSH management team reviews the workplace of each operational site and upstream and downstream suppliers, categorizing risks into five levels: severe, high, medium, low, and minimal based on factors including severity, likelihood of occurrence, and existing protective measures. The team assesses potential major occupational accidents or diseases and implements risk-mitigation control measures for risks at each level, with regular audits to ensure the effectiveness of these measures.

In addition to routine risk assessments, non-routine events such as significant changes in worksite equipment or procedures, severe occupational accidents, or major complaints from workers prompt additional risk assessments. These assessments are used to revise the initially determined risk levels and preventive measures to prevent and respond to disasters.

▼ Risk Levels at Operation Sites

Operating Sites	Risk Level	Number of Audits	Significant Violations Found During Audits
Hsinchu Factory	Minimal	12	0
Zhunan Factory	Low	144	0
Tong-Luo Factory	Low	72	0
KLT	Minimal	2	0
ZKT	Minimal	5	0

▼ Risk Level Classification and Management Measures

Risk Level	Management Measure
Severe Risk	Establish operational control procedures and monitoring requirements, review the effectiveness of controls and monitoring measures annually, and list the risk as the key supervisor inspection and priority improvement subject.
High Risk	Establish operational control procedures and monitoring requirements, review the effectiveness of controls and monitoring measures annually, and list the risk as the key supervisor inspection and secondary improvement subject.
Medium Risk	Establish operational control procedures and monitoring requirements, review the effectiveness of controls and monitoring measures annually, and list the risk as the key supervisor inspection and improvement subject.
Low Risk	Conditionally accept the risk, ensure appropriate procedures, controls, and safety protections are in place, and establish control measures as needed.
Minimal Risk	Accept the current situation with no additional measures required.

▼ King Yuan Group Workplace High-Risk Subjects and Control Measures

Operating Sites	Risk Subject	Hazard	Control Measures
Zhunan Factory	Hand pallet truck operations	Crushes	1. Install toe guards on pallet truck wheels 2. Wear safety shoes
Tong-Luo Factory	Oversized openings in raised floors	Falling	1. Add protective covers to openings 2. Use operation forms to implement existing protective measures
KLT	Confined spaces	Oxygen deficiency, intoxication	1. Test oxygen levels with an oxygen concentration detector. 2. Wear self-contained breathing apparatus
ZKT	Hazardous chemical spills	Burn	1. Wear chemical protective clothing 2. Regularly inspect local exhaust ventilation systems

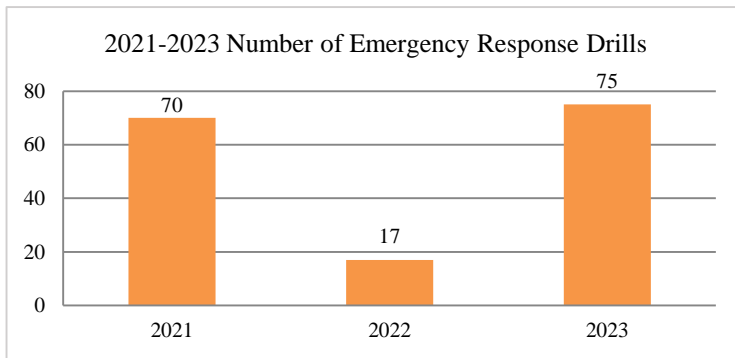
● Occupational Safety and Health Education and Training

Each year, King Yuan Group plans safety and health training programs, providing professional training to enhance employees' safety knowledge and reduce accident rates. All employees receive at least one hour of safety and health education training every year, and the OSH Committee regularly reviews training outcomes.

Category	Course Content	Target	Training Hours/Sessions
General Occupational Safety Education and Training	General occupational safety training, including regulation overviews, OSH concepts and codes of practices, standard operating procedures, emergency response handling, fire safety, and first aid knowledge.	Total Workforce	6 hrs/5 sessions
Occupational Hazards	Prevention of occupational accidents and diseases, such as traffic safety seminars, accident investigation training, and risk assessment training.	All employees or team members	18 hrs/15 sessions
Dangerous Activities	Training on high-risk activity procedures, including equipment relocation training, chemical hazard awareness training, nitrogen cylinder operation training, high-pressure gas operation supervisor training, specific chemical substance operation supervisor training, and organic solvent operation supervisor training.	All employees or employees involved in relevant operations	54 hrs/20 sessions
Hazardous Situation Training	Emergency response training for hazardous situations, including fire drills, earthquake drills, fire extinguisher training, rescue team training, and evacuation guide team training.	All employees or team members	50 hrs/5 sessions

The Company also plans emergency response drills every year and schedules the emergency response drill plans for each department for classes to attend the drills according to the schedule. KYEC actively participates in the Joint Defense Organization of Tufen, Zhunan, and Tongluo Industrial Parks to exchange experiences in environmental, safety, and health management and to achieve mutual support. In 2023, the Company conducted 75 emergency response drills. Statistics of drill types and sessions from 2021 to 2023 are as follows:

Type	2021	2022	2023
Fire Rescue / Earthquake Disaster	32	11	30
Emergency Response Drill	3	3	12
Complete Plant Evacuation	3	1	4
Transportation Drill	32	2	29
Total	70	17	75



● Contractor Occupational Safety and Health Management

Contractor management is crucial in environmental, safety, and health (ESH) management. A significant portion of contractors' work involves high-risk operations. Therefore, for contractor ESH management, the Company has established contractor management and procurement management guidelines. Before commencing work, contractors must sign a "Contractor or Subcontractor Safety, Health, and Environmental Commitment," pledging to comply with the plant's ESH regulations and codes of practices during the construction project to achieve the goal of "zero accidents, zero disasters."

Contractors must undergo at least two hours of hazard notification and training before entering the plant and retrain annually. The Company holds monthly contractor meetings to promote safety, share its safety and health management experiences, and collaborate with the entire supply chain to create a safe and healthy work environment together.

The Company holds multiple OSH training sessions for all suppliers, including OSH regulation explanations, general safety and health training, high-risk contractor emergency response drills, and more. The Company shares its experiences in creating a safe and healthy workplace, fostering collaboration with the entire supply chain to build a safe and healthy work environment together.

Type	2021	2022	2023
Contractor Training Attendance	829	605	1,029

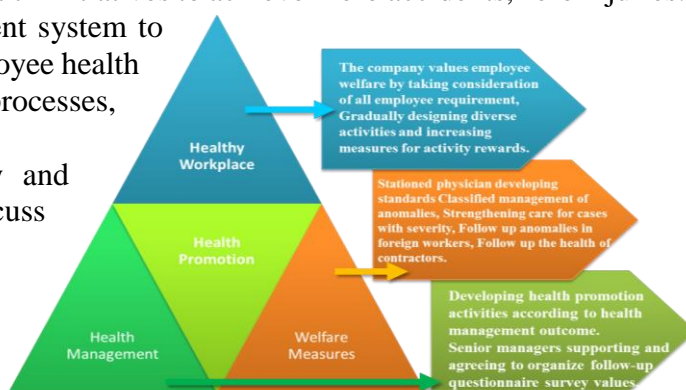
King Yuan Group controls personnel entry and exit through an electronic construction application and contractor personnel key card system. The Company categorizes all operations by risk level, enhancing inspection and control of higher-risk operations. KYEC has also implemented an AI behavior detection system and set up CCTV in high-risk areas within the plant. If personnel behavior does not comply with site regulations, the system will sound an alarm and notify relevant personnel, enhancing ESH performance through digital management.

King Yuan Group conducts annual audits of key suppliers to look for any violation of the Company's OSH regulations. It investigates the number of occupational injuries and diseases for the year and evaluates the contractor's OSH management shortcomings. For non-severe cases, the Company states the subjects to be improved, suggests improvement actions, and gives suppliers two months to make corrections. After two months, the Company re-audits to ensure no significant OSH risks in their work environments. All suppliers passed our Company's OSH audits this year.

5.4.2 Health Management and Promotion Plan

The management of King Yuan Group supports health promotion initiatives, establishes promotion plans and programs, and formulates comprehensive safety and health policies signed and announced by the General Manager. These policies explicitly include "promoting health" and "ensuring employee health" with content as follows:

- (1) Efficiently utilize energy and resources, promote waste reduction and recycling, reduce wastewater and greenhouse gas emissions, and avoid using substances that damage the ozone layer.
- (2) Continuously improve ESH performance and strive for pollution and injury prevention to meet environmental protection regulations, OSH laws, and customer standards.
- (3) Implementing environmental protection and OSH is everyone's responsibility, and this concept must be continuously promoted.
- (4) Implement risk management and promote health initiatives to achieve "zero accidents, zero injuries."
- (5) Establish a "green supply chain" management system to ensure a safe working environment and employee health while minimizing the impact of products, processes, and related services on the environment.
 - A. Quarterly hold "Occupational Safety and Health Committee Meetings" to discuss health-related topics.
 - B. Annually formulate health management and promotion plans for the management to sign, approve, and implement.



● Promotion of Health Services and Initiatives

In compliance with the Regulations of the Labor Health Protection, King Yuan Group has stationed qualified medical personnel and physicians in the plant to promote health initiatives and provide chronic disease prevention and medical referral services. The Company conducts annual health checks and then formulates and implements health promotion plans based on the results of the health check analysis. Personnel engaged in special operations undergo specialized health checks annually. The Company adopted a tiered management approach based on the results of the health check analysis. Employees with

abnormal health check results receive professional health education consultations from stationed physicians. The plant nurses provide care for different injuries and illnesses and record the injury categories.

Based on employee requirements and the yearly health promotion plan, plant nurses notify employees of rechecks for abnormal body/health check results and track the recheck outcomes. The stationed physician sets data standards based on examination subjects to categorize abnormal data into severe, moderate, and mild levels for health management.



Additionally, the Company arranges health seminars, cancer screenings, and health consultations with occupational specialists and on-site physicians every year. The Company also holds Weight loss and smoking cessation programs annually to promote self-improvement in health management, adjust lifestyles, enhance employee health awareness, and create a healthy and safe work environment.

▼ Health Promotion Activity Execution

Operating Site	Year	2021	2022	2023
King Yuan (KYEK)	Sessions	2	2	14
	Headcount	291	293	976
King Long & Zhen Kun (KLT&ZKT)	Sessions	3	1	2
	Headcount	100	20	102



Annual Health Check Activities



Chronic Disease Prevention Seminars

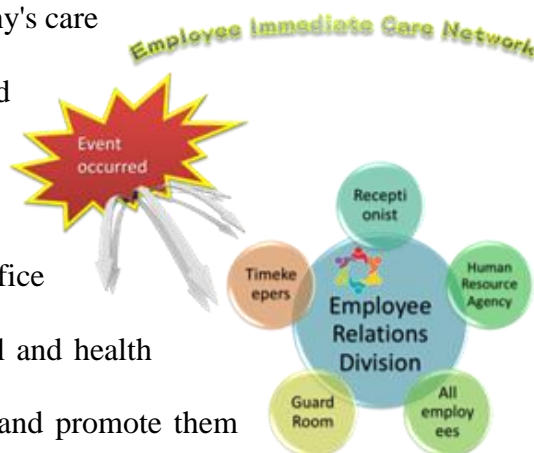
● Employee Physical and Mental Health

The physical and mental health of KYEC employees is crucial to the Company's ongoing operations. Aside from stationing medical specialists, the Company collaborates with large hospitals' psychiatry clinics and psychologists for on-site services. The Company proactively established an "Employee Care Network" to let employees know the Company cares about their well-being. For employees needing assistance during emergencies, the Company has set up a 24-hour emergency hotline, "KYEK 119," handled by dedicated personnel who provide information and resources.

To reduce health risks for workers involved in high-risk tasks, the medical team provides care based on physical, psychological, and occupational injury issues. Upon receiving case reports, the plant nurse contacts and records the case and provides care alongside the department supervisor to meet the patients' needs.

- (1) For in- and out-of-plant injury cases, the medical team conducts return-to-work evaluations based on the employee's physical recovery, aiming for appropriate work assignments.
- (2) The attendance system identifies cases requiring health care services, such as sick, maternity, treatment, and continuous leave. The medical team proactively contacts and provides support for these cases.
- (3) The Company collaborates with psychiatry clinics of nearby medical institutions to offer psychological counseling services through professional counselors, with referrals for medical treatment when necessary.

- (4) The counseling room ensures privacy and safety, allowing employees to receive free counseling services from professional counselors when needed for career, family life, interpersonal relationships, or physical and mental health.
- (5) This network promptly reports information to the Employee Relations Department through various channels, ensuring timely communication of the Company's care and resources to employees.
- (6) Regularly disseminate health promotion information and organize workplace health promotion activities.
 - A. Set up a dedicated Environmental, Health, and Safety (EHS) corridor in the plant, with health promotion-themed posters regularly updated.
 - B. Provide pamphlets and health books in the medical office for employees to read.
 - C. The Company's reading room also provides medical and health magazines and books for employees to borrow.
 - D. Regularly update health promotion-themed posters and promote them through the announcement system.



5.4.3 Occupational Incident Handling

King Yuan Group established a standard reporting procedure for occupational safety and health incidents. When an accident occurs, the injured person, the work area supervisor, or any other staff present should immediately follow the procedure to handle the incident. The personnel at the scene should then report the incident through the occupational accident reporting system managed by the Occupational Safety Department. Upon receiving the report, the Occupational Safety Department classifies the incident based on its severity and simultaneously notifies the HR Department and medical facilities. The Occupational Safety Department then collaborates to investigate the working environment, personnel operations, and standard procedures at the time of the incident to determine if any anomalies occurred. After finding the cause of the incident, the Occupational Safety Department must report the findings and improvement plans to the department supervisor and the OSH Committee to jointly determine the improvement measures and communicate the results of these improvements to all employees and contractors. Then, they will reinforce training and publicize new management policies for three months following the accident.

● Employee Occupational Accidents

King Yuan Group employees experienced a total of 20 occupational accidents in 2023. The Occupational Safety and Health Management Team conducted a thorough investigation and has improved the existing management measures, continuously monitoring the effectiveness of the implemented improvements. This year, King Yuan Group's occupational accident rate is 1.08, higher than the previous year's rate of 0.88. After reviewing the causes, the Company's Occupational Safety and Health Committee found that increased physical work injuries contributed to the higher accident rate this year. As a result, the committee will re-examine management shortcomings, enhance awareness campaigns, and organize additional educational training to improve workplace safety and employees' safety awareness.

▼ Employee Occupational Accident Statistics

Subject	2021	2022	2023
Total Working Hours (Hours)	18,967,344	18,216,800	18,450,216
Deaths due to Work Injuries (Cases)	0	0	0
Work Injury Death Rate ^{Note 1}	0	0	0
Severe Work Injuries (Cases) ^{Note 2}	0	0	0
Severe Work Injury Rate ^{Note 3}	0	0	0
Number of Recordable Incidents (Cases) ^{Note 4}	25	16	20
Recordable Incident Rate ^{Note 5}	1.32	0.88	1.08
Severity Rate of Disabling Injuries ^{Note 6}	34.46	27.04	12.55
Frequency-Severity Indicator ^{Note 7}	0.29	0.15	0.12

Note 1: Work Injury Death Rate = Number of Deaths due to Work Injury ÷ Total Working Hours × 1,000,000.

Note 2: Severe Work Injuries refer to injuries that prevent an employee from returning to their pre-injury health condition within six months, excluding deaths.

Note 3: Severe Work Injury Rate = Number of Severe Work Injuries ÷ Total Working Hours × 1,000,000.

Note 4: Recordable Incidents refer to all occupational injuries in the year, including the number of severe work injuries and deaths.

Note 5: Recordable Incident Rate = Number of Recordable Work Injuries ÷ Total Working Hours × 1,000,000.

Note 6: Severity Rate of Disabling Injuries = Number of Days Lost Due to Work Accidents ÷ Total Working Hours × 1,000,000.

Note 7: Frequency-Severity Indicator = (Recordable Incident Rate × Severity Rate of Disabling Injuries) ÷ 1000] ^ 0.5.

Note 8: The Company has had no occupational disease cases in the past three years.

Note 9: The occupational accident data listed is based on reports submitted to the regulatory authorities for KYEC and internal records for KLT & ZKT.

▼ Analysis of Employee Work Accident Types (Unit: Cases)

Accident Type	2021	2022	2023
Physical Hazards	23	15	19
Chemical Hazards	1	0	1
Human-related Hazards	1	1	0
Total	25	16	20

Due to education, training, safety controls, and supplier audits in recent years, King Yuan Group has had no occupational accidents involving contractors this year. The recordable incident rate dropped from 17.6 last year to 0. King Yuan Group will continue to enhance awareness and training for suppliers, striving to maintain the goal of "zero accidents, zero hazards."

▼ Contractor Occupational Accident Statistics

Subject	2021	2022	2023
Total Working Hours (Hours)	70,624	56,736	34,040
Deaths due to Work Injuries (Cases)	0	0	0
Death Rate due to Work Injuries ^{Note 1}	0	0	0
Severe Work Injuries (Cases) ^{Note 2}	0	0	0
Number of Recordable Incidents (Cases) ^{Note 4}	0	1	0
Recordable Incident Rate ^{Note 5}	0	17.6	0

Note 1: Work Injury Death Rate = Number of Deaths due to Work Injury ÷ Total Working Hours × 1,000,000.

Note 2: Severe Work Injuries refer to injuries that prevent an employee from returning to their pre-injury health condition within six months, excluding deaths.

Note 3: Severe Work Injury Rate = Number of Severe Work Injuries ÷ Total Working Hours × 1,000,000.

Note 4: Recordable Incidents refer to all occupational injuries in the year, including the number of severe work injuries and deaths.

Note 5: Recordable Incident Rate = Number of Recordable Work Injuries ÷ Total Working Hours × 1,000,000.

5.5 Human Rights Policy

● Policy Guidelines

King Yuan Group adheres to its “Human Rights Policy” as a guiding principle for human rights governance. This policy aligns with internationally recognized human rights standards, including the "Universal Declaration of Human Rights," the "ILO Declaration on Fundamental Principles and Rights at Work," the "Ten Principles of the UN Global Compact," the "United Nations Guiding Principles on Business and Human Rights," and the "International Bill of Human Rights." It supports and respects the local laws and regulations of all operating sites worldwide and adopts standards consistent with the "Responsible Business Alliance Code of Conduct.” King Yuan Electronics has established a human rights policy to prevent human rights violations and protect the rights of all employees (including contract and temporary workers), suppliers, subcontractors (including suppliers providing contract workers), business partners, and local community residents, who should all strictly adhere to this policy. 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.

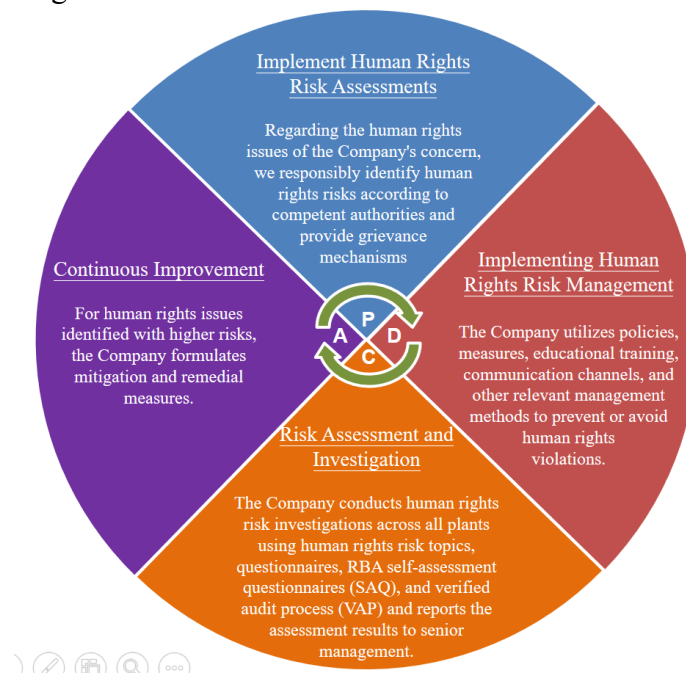
To ensure the implementation of the human rights policy, King Yuan follows these principles:

Compliance with regulatory requirements	<ul style="list-style-type: none">• Comply with local government regulations on labor, human rights, gender equality, etc.• Provide a safe and healthy working environment for employees.
Establish good labor-management interaction	<ul style="list-style-type: none">• Ensure that all work is voluntary and do not hire employees under forced or compulsory conditions.• Prohibition of child labor, prohibition of harassment, respect for privacy and freedom of association.• Eliminate unlawful discrimination and ensure equal employment opportunities.
Support transparency of open information	<ul style="list-style-type: none">• Promote human rights education and training, regularly assess human rights risks, and report the results to senior managers.• Show the company's human rights claims through the company's website, announcements, etc.
Create a friendly workplace environment	<ul style="list-style-type: none">• Establish diversified communication and appeal channels, smooth and instant communication of opinions, and achieve effective problem solving.• If there is a violation of human rights or labor laws, promptly take remedial measures.
Promote family life and work balance	<ul style="list-style-type: none">• Establish a health management and promotion plan, attach importance to the physical and mental health of employees, and assist in maintaining employees' lives and work.

● Management Principles

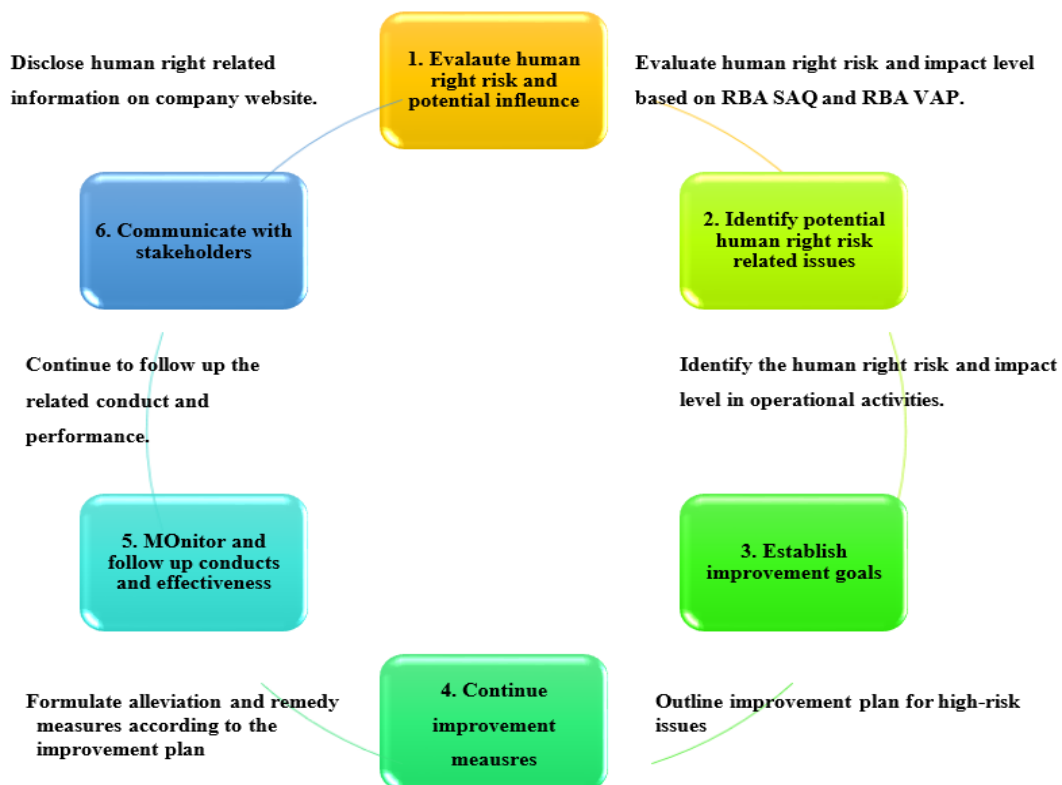
KYEC Group follows the PDCA cycle for human rights management, adopts relative managing measures, and keeps improving the system and various risk assessment methods to prevent or avoid human rights incidents and protect related stakeholders' rights. Address human rights issues encountered during the Company's production processes.

▼ Human Rights Risk Management Process:



● **Due Diligence**

KYEC regularly conducts human rights due diligence mainly through RBA self-assessment questionnaires (SAQ) and the Verified Audit Process (VAP) to assess potential human rights risks and impacts. Through the due diligence process, the Company develops corresponding mitigation and remedial measures for the assessed and identified human rights risks. Based on the effectiveness of the due diligence, the Company regularly reviews the human rights policies and relevant procedures to implement the protection of human rights more effectively.



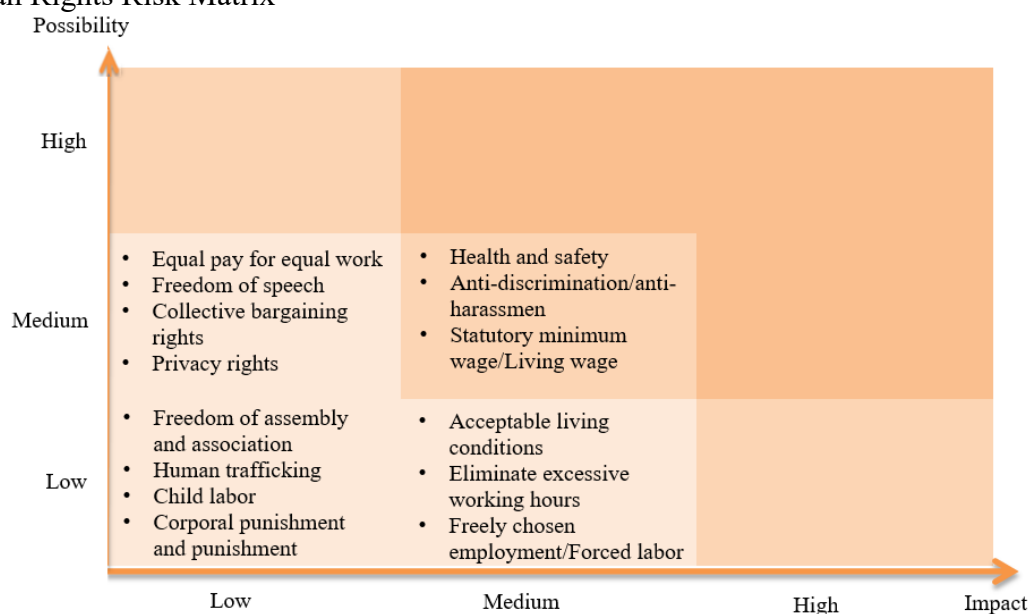
- (1) KYEC integrates human rights issues across all operations, involving employees, clients, suppliers, business partners, local communities, and the local social environment of the operation sites, following the labor and business ethics policies of the Responsible Business Alliance (RBA) Code of Conduct. In 2023, KYEC's SAQ self-assessment score exceeded 90 points. RBA also assigned a third-party organization to conduct the verified audit process (VAP), where the Company achieved full marks, with both plants receiving the "Gold" rating. The complete audit report is disclosed on the RBA-Online platform.
- (2) The Company conducts risk identification every quarter and regularly reviews local regulations to comply with local government standards. The Company also regularly reviews its compliance with local or ISO-related requirements based on customer demands.
- (3) The Human Resources Department arranges for all employees to receive RBA awareness and human rights education and training. These trainings cover human rights (including prohibition of forced labor, prohibition of child labor, prohibition of discrimination, prohibition of harassment, respect for freedom of association, respect for privacy, implementation of work hour restrictions, and appropriate wages and benefits), labor, health and safety, environmental protection, and ethical standards (including integrity management and anti-corruption), and management systems. In 2023, the total training time for human rights topics in King Yuan Group was 42,577 hours, with 9,444 employees completing the training. The Company also promoted the "Prevention of Workplace Unlawful Infringement and Sexual Harassment" training course, with a 100% completion rate by all employees.
- (4) To ensure gender equality, King Yuan Group has formulated "Workplace Sexual Harassment Prevention Measures" and "Labor Ethics Policy" and provides grievance channels to protect employee rights.

Supervisors must regularly undergo annual enhanced training on workplace bullying, harassment, and grievance handling to fully understand the criteria and handling processes. Through education and training, all employees can realize KYEC's emphasis and respect for corporate governance and human rights, creating a communicative and friendly work environment.

● Human Rights Risk Matrix and Mitigation and Remedial Measures

The Company conducts human rights risk assessments regularly, identifying significant human rights issues using 14 dimensions of human rights issues and a risk matrix centered on "scope of impact" and "likelihood of occurrence." In 2023, these risks were categorized as low to medium risks.

▼2023 Human Rights Risk Matrix



Based on the human rights risk assessment results, the Company regularly reviews relevant policies and implements mitigation and remedial measures, maintaining open communication with stakeholders in the future.

▼ Human Rights Mitigation and Remedial Measures

Target	Human Rights Issue	Policy	Audit Frequency	Applicable Group	Investigation or Communication System	Risk Level	Mitigation and Remedial Measures	Policy Link
Employees	Health and Safety	Environmental Safety and Health Policy	Quarterly	All Employees	1. Annual SGS audit to review the occupational safety policy 2. Online questionnaire according to Occupational Safety and Health Administration regulations	More concerned than other issues	1. Establish relevant personnel regulations 2. Revise workplace sexual harassment prevention and disciplinary measures following the implementation of the three gender-related laws in 2024 3. Promote "Unlawful Infringement and Sexual Harassment Prevention in the Workplace (Advanced)" to supervisors.	Environmental Safety and Health Policy
	Minimum Legal Wage/Living Wage	Labor and Business Ethics Policy	Annually	All Employees	1. Use Self-Assessment Questionnaires (SAQ) and Verified Audit Process (VAP) to identify risk categories 2. In plants, use the labor and ethics management risk assessment checklist to identify labor-related risks every year	More concerned than other issues	1. Revise measures and regulations according to government policies 2. Adjust the minimum wage 3. Restore employees' rightful entitlements if relevant facts are verified 4. Conduct regular RBA training and achieve a 100% completion rate for new and existing employees	Labor and Business Ethics Policy
	Anti-Discrimination/Anti-Harassment	Labor and Business Ethics Policy	Annually	All Employees	1. Regularly conduct human rights risk issue surveys 2. Use Self-Assessment Questionnaires (SAQ) and Verified Audit Process (VAP) to identify risk categories 3. In plants, use the labor and	More concerned than other issues	1. Establish relevant personnel regulations 2. Strengthen anti-discrimination /anti-harassment awareness and training for supervisors and employees.	Labor and Business Ethics Policy

Target	Human Rights Issue	Policy	Audit Frequency	Applicable Group	Investigation or Communication System	Risk Level	Mitigation and Remedial Measures	Policy Link
					ethics management risk assessment checklist to identify labor-related risks every year			
Suppliers	Eliminate Excessive Working Hours	Human Rights Policy	Annually	KYES suppliers and their suppliers	1. Suppliers sign the "RBA Code of Conduct Commitment" to promise to comply with the RBA Code of Conduct and KYES's corporate social responsibility requirements. 2. Promote policies at the annual supplier conference. 3. Conduct annual ESG audits on suppliers to avoid risks.	More concerned than other issues	Require suppliers to provide counseling and appropriate compensation for employees whose human rights are violated.	Human Rights Policy
	Health and Safety	Human Rights Policy	Annually			More concerned than other issues		
	Corporal Punishment and Penalty	Human Rights Policy	Annually			More concerned than other issues		
Local community residents	Wastewater Discharge	Environmental Safety and Health Policy	Annually	Entire Company	Provide contact information to assist with any public nuisance issues.	Low	1. All wastewater is managed and discharged to treatment plants. 2. Continuous monitoring of discharge water quality. 3. Abnormal backflow treatment process.	King Yuan Electronics Environmental Safety and Health Policy
	Waste management	Environmental Safety and Health Policy	Annually	Entire Company	Provide contact information to assist with any public nuisance issues.	Low	1. Entrust legal waste disposal contractors. 2. Report all generated waste to relevant authorities. 3. Regular audits and tracking of industrial waste disposal contractors. 4. Quarterly self-management inspections.	
	Noise	Environmental Safety and Health Policy	Annually	Entire Company	Provide contact information to assist with any public nuisance issues.	Middle	1. Annual perimeter noise inspections. 2. Regular monitoring of noise-generating	

Target	Human Rights Issue	Policy	Audit Frequency	Applicable Group	Investigation or Communication System	Risk Level	Mitigation and Remedial Measures	Policy Link	
							equipment. 3. Noise source improvements (replacement or elimination).		

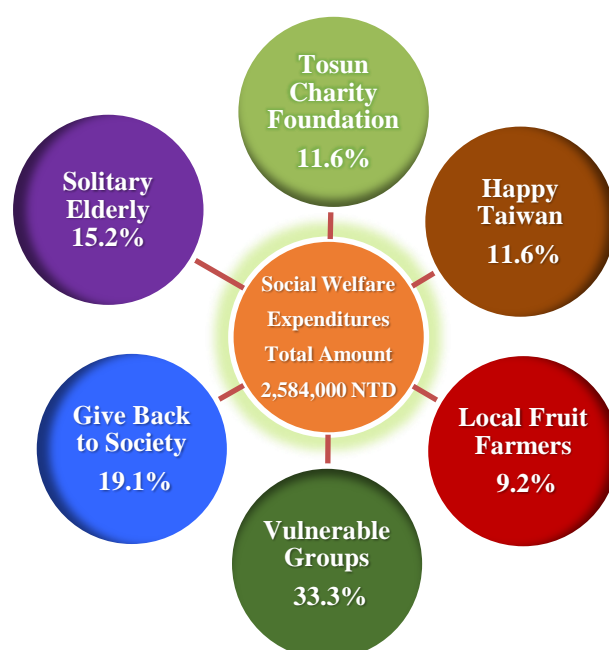
6. Social Participation

KYEC has always upheld the spirit of "social care" and "sustainable development," consistently contributing to the growth of Taiwanese society. Through various channels and charitable organizations, the Company helps create a stable, law-abiding, and prosperous Taiwan. Regarding community care, 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 fulfill corporate social responsibility.

From individual care and campuses to the local community, KYEC's diverse charitable initiatives, donations, and care services demonstrate the Company's capacity for taking meaningful actions. "Taken from the community, giving back to society." With gratitude, King Yuan is committed to giving back to society with all its power as a corporation.

KYEC Social Engagement Policies:

1. Focus on assisting the local residents in the county or city where the Company is located to achieve mutual prosperity and harmony.
2. Gradually extend initiatives across Taiwan, aiming to contribute more to Taiwanese society.
3. Expand the scope of social welfare activities to help more people in need.



Summary of 2023 Public Welfare Activities:

● Sponsorship of the "Tosun Charity Foundation"

Tosun Charity Foundation aims to systematically correct deviant behavior in youths, promote the rehabilitation of ex-offenders, and establish the rule of law spirit, thereby improving the social atmosphere

and creating a law-abiding, just, equal, harmonious society that values humanitarian care. Since the Tosun Charity Foundation has multiple ongoing initiatives, KYEC continued its sponsorship of the Foundation in 2023 to support the smooth progress of its operations.

- **Sponsorship of "Happy Taiwan - County and City Happiness Index Survey" of Economic Daily News**

KYEC has sponsored the Economic Daily News "Happy Taiwan - County and City Happiness Index Survey" for years to drive positive change in society through the process and results of the survey, positively impacting society.

The 2023 County and City Happiness Index Survey, co-organized by Economic Daily News and Cathay Life Insurance, saw Taipei City claim first place, Chiayi City second, followed by Taichung City, Hsinchu City, and Taitung County. For details, please visit the "Economic Daily News - Happy Taiwan" webpage.



- **Charity Activities**

In 2023, KYEC organized 14 charity events, while KLT & ZKT organized 9.



1. KYEC established the Charity Society in 2005 and officially registered with the government to found the Miaoli County KYEC Caring Association in 2022. The association focuses on various local populations, such as the elderly, children, and farmers, showing care and concern for various

vulnerable groups. Since 2009, KYEC has adopted children from vulnerable families in Miaoli County, providing them with financial assistance and care visits to help them overcome temporary difficulties. Starting in 2018, KYEC participated in the World Peace Organization's "Rescue Hungry Children" initiative, providing breakfast and nutritious meals to children from impoverished families every day.

2. Every year before the Lunar New Year, KYEC participates in the "Love Elderly, Love Reunion" charity event initiated by the Huashan Social Welfare Foundation, caring for approximately 1,100 vulnerable elderly in Miaoli by donating New Year's Eve meals and supporting solitary elderly people. KYEC has participated in this event for ten consecutive years, mobilizing employees with love to jointly help older people in need and accompany them to celebrate the Lunar New Year. In June 2022, as the pandemic spread across Taiwan, KYEC donated 350 rapid test kits to the Huashan Foundation in Miaoli, providing timely assistance to the elderly in need and helping them combat the pandemic with peace of mind.

3. KYEC has participated in the "Love Bank" campaign initiated by the World Peace Organization for eight consecutive years, sponsoring living and education expenses and providing student assistance for disadvantaged children, thereby encouraging them to face everyday challenges. The Company encourages all employees to join the "Love Bank" adoption campaign, turning their spare change into donations and contributing "one coin at a time" to help care for children in Miaoli.

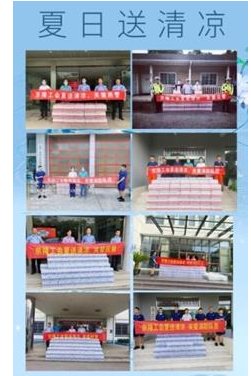


4. Miaoli County Yuan Nursing Institution makes handmade mooncakes every year before the Mid-Autumn Festival. Since 2017, KYEC has purchased over 100 boxes of these mooncakes annually as gifts.
5. In 2023, KYEC subscribed to gift boxes from a Hsinchu disability welfare institution and sold them for charity at the TFCF festival. The proceeds from the charity sale are all donated to the Miaoli TFCF Center.



6. In recent years, KLT & ZKT organized employee visits to nearby nursing homes during the Mid-Autumn and Dragon Boat Festivals to promote the spirit of love and care, providing support and compassion to the elderly. KLT cares about vulnerable groups, enhancing employees' social responsibility and cultivating a caring attitude towards children and vulnerable groups. From 2021 to 2023, KLT&ZKT organized 12 public welfare and charity events.

7. KLT & ZKT thank firefighters, public safety officers, and traffic police for safeguarding the city, persistently fulfilling their duties at the front line, and providing a safe and harmonious environment. The Company will continue to support their work and fulfill its social responsibilities. From 2021 to 2023, KLT & ZKT organized eight Summer events to offer cool treats for them.



Mutual Aid Activities in Local Communities

School Sponsorship for Sports Talents

The Company provides sponsorship for track and field, table tennis, and other sports in elementary and middle schools in Zhunan Town, Miaoli County, ensuring sufficient resources for schools to promote sports activities and develop outstanding athletes, ensuring a balanced moral, intellectual, physical, social, and aesthetic education for Taiwan's future stars.

Community Care Activities

1. To enhance care and relations with the residents of Dingpu Village in Zhunan, Miaoli County, KYEC arranges two monthly community cleanup events and sponsors activities such as the Mid-Autumn Festival parties and hiking events. The Company expresses gratitude to the Dingpu Village patrol team, team leaders, and members for their dedicated and selfless service, contributing to the community alongside the Company.
2. Starting in 2023, KYEC donated a batch of gear to the patrol team to enhance their equipment, jointly keeping the community safe.
To feed back to the community, the Company takes the initiative to establish a friendly relationship and build closer ties with residents, working side by side to maintain the community's environment and safety.
3. To implement the company's ESG sustainability principles, KYEC employees voluntarily formed teams to initiate a beach cleanup. They went to the northern beach of Nanliao Fishing Harbor in Hsinchu to raise awareness about environmental protection through this cleanup effort, contributing to the environmental protection for the Earth.

Appendix

GRI Standards Index

Statement of Use: King Yuan Group has reported ESG information from January 1, 2023, to December 31, 2023, under the GRI Standards.

Applies to GRI 1: Foundation 2021

General Disclosures

GRI Standards	Disclosure	Chapter in the Report	Page Number	Explanation of Omission	
				Omitted Disclosure	Reason
GRI 2: General Disclosures 2021	2-1 Organizational details	Company Overview	8	NA	
	2-2 Entities included in the organization’s sustainability reporting	About This Report	1		
	2-3 Reporting period, frequency and contact point				
	2-4 Restatements of information				
	2-5 External assurance				
	2-6 Activities, value chain and other business relationships	3.1.2 KYEC Value Chain	32		
	2-7 Employees	5.1.3 Workforce Structure	95		
	2-8 Workers who are not employees	5.1.3 Workforce Structure	95		
	2-9 Governance structure and composition	2.1.1 Board of Directors	19		
		2.1.2 Functional Committees	23		
	2-10 Nomination and selection of the highest governance body	2.1.1 Board of Directors	19		
	2-11 Chair of the highest governance body				
	2-15 Conflicts of interest				
	2-17 Collective knowledge of the highest governance body				
	2-18 Evaluation of the performance of the highest governance body				
	2-20 Process to determine remuneration				

	2-22 Statement on sustainable development strategy	Letter from the Management	4		
	2-27 Compliance with laws and regulations	2.3 Integrity Management	26		
	2-28 Membership associations	Company Overview	8		
	2-29 Approach to stakeholder engagement	1.2.1 Identifying Stakeholders	10		
		1.2.2 Stakeholder Communication	10		
	2-30 Collective bargaining agreement	5.1.4 Labor-Management Communication	99		
GRI 3: Material Topics 2021	3-1 Process to determine material topics	1.3.1 Assessment Process of Material Issues	16	NA	
	3-2 List of material topics	1.3.2 List of Material Issues	18		

Specific Topic Disclosures

GRI Standards	Disclosure	Chapter in the Report	Page Number	Explanation of Omission	
				Omitted Disclosure	Reason
★ Material Topic: Economic Performance					
GRI 3: Material Topics 2021	3-3 Management of material topics	2.2 Economic Performance	23		
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed				
★ Material Topic: Integrity Management					
GRI 3: Material Topics 2021	3-3 Management of material topics	2.3 Integrity Management	26		
GRI 205: Anti-corruption 2016	205-2 Communication and training about anti-corruption policies and procedures				
	205-3 Confirmed incidents of corruption and □ actions taken				
GRI 206: Anti-Competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices				
★ Material Topic: Information Security					
GRI 3: Material Topics 2021	3-3 Management of material topics	2.4 Information Security	29		
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data				
★ Material Topic: Customer Relationship Management					
GRI 3: Material Topics 2021	3-3 Management of material topics	3.3 Customer Relationship Management	44		

GRI Standards	Disclosure	Chapter in the Report	Page Number	Explanation of Omission	
				Omitted Disclosure	Reason
★ Material Topic: Supply Chain Management					
GRI 3: Material Topics 2021	3-3 Management of material topics	3.2 Supply Chain Management	35		
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	3.2.1 Supply Chain Management Policy	35		
	308-2 Negative environmental impacts in the supply chain and actions taken	3.2.4 Supplier Audit Results	31		
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	3.2.1 Supply Chain Management Policy	35		
	414-2 Negative social impacts in the supply chain and actions taken	3.2.4 Supplier Audit Results	41		
★ Material Topic: Energy					
GRI 3: Material Topics 2021	3-3 Management of material topics	4.2 Energy Management	63		
GRI 302: Energy 2016	302-1 Energy consumption within the organization	4.2.2 Energy Consumption	65		
	302-3 Energy intensity				
	302-4 Reduction of energy consumption	4.2.3 Energy Saving Measures	66		
★ Material Topic: Greenhouse Gas Emissions					
GRI 3: Material Topics 2021	3-3 Management of material topics	4.3 Greenhouse Gas Emission and Management	69		
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	4.3.1 Greenhouse Gas Inventory	70		
	305-2 Energy indirect (Scope 2) GHG emissions				
	305-3 Other indirect (Scope 3) GHG emissions				
	305-4 GHG emissions intensity				
	305-5 Reduction of GHG emissions	4.3.2 Greenhouse Gas Reduction	71		
★ Material Topic: Employee Recruitment and Retention					
GRI 3: Material Topics 2021	3-3 Management of material topics	Employee Material Issue Management Policy	-		
GRI 202: Market Presence 2016	202-2 Proportion of senior management hired from the local community	5.1.3 Workforce Structure	95		
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	5.1.2 Talent Recruitment	91		
★ Material Topic: Employee Career Development					

GRI Standards	Disclosure	Chapter in the Report	Page Number	Explanation of Omission	
				Omitted Disclosure	Reason
GRI 3: Material Topics 2021	3-3 Management of material topics	Employee Material Issue Management Policy	-		
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	5.3.1 Training and Development	108		
	404-2 Programs for upgrading employee skills and transition assistance programs				
	404-3 Percentage of employees receiving regular performance and career development reviews	5.3.2 Performance Appraisal	110		
★ Material Topic: Employee Diversity and Equality					
GRI 3: Material Topics 2021	3-3 Management of material topics	Employee Material Issue Management Policy	-		
GRI 405: Diversity and Equal Opportunity 2016	4405-1 Diversity of governance bodies and employees	2.1.1 Board of Directors	19		
		5.1.3 Workforce Structure	95		
	405-2 Ratio of basic salary and remuneration of women to men	5.2.1 Equal Pay	102		
Other Self-Disclosed Topics					
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	3.1.2 KYEC Value Chain	32		
GRI 303: Water and Effluents 2018	303-3 Water withdrawal	4.5.2 Water Resources Data Overview	78		
	303-4 Water discharge				
	303-5 Water consumption				
GRI 305: Emissions 2016	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	4.4 Air Pollution Control	73		
GRI 306: Waste 2020	306-3 Waste generated	4.6.3 Waste Removal and Disposal	83		
	306-4 Waste diverted from disposal				
	306-5 Waste directed to disposal				
GRI 401: Employment 2016	401-3 Parental leave	5.2.3 Family-Friendly Workplace	106		
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	5.4.1 Occupational Safety and Health Management	113		
	403-2 Hazard identification, risk assessment, and incident investigation				
	403-3 Occupational health services	5.4.3 Occupational Incident Handling	120		
		5.4.2 Health Management and	118		

GRI Standards	Disclosure	Chapter in the Report	Page Number	Explanation of Omission	
				Omitted Disclosure	Reason
		Promotion Plan			
	403-4 Worker participation, consultation, and communication on occupational health and safety	5.4.1 Occupational Safety and Health Management	113		
	403-5 Worker training on occupational health and safety				
	403-6 Promotion of worker health	5.4.2 Health Management and Promotion Plan	118		
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	5.4.1 Occupational Safety and Health Management	113		
	403-8 Workers covered by an occupational health and safety management system				
	403-9 Work-related injuries	5.4.3 Occupational Incident Handling	120		

SASB Index

Statement of Use: King Yuan Group has reported ESG information for the period from January 1, 2023 to December 31, 2023, under SASB standards.

SASB Industry: Semiconductors

Metric	SASB Code	Topic	Disclosure	Form	Quantity	Department	Chapter in the Report	Page Number	Explanation of Omission	
									Omitted Disclosure	Reason
Accounting Metrics	TC-SC-110a.1		(1) Total Scope 1 Greenhouse Gas Emissions	Quantitative Analysis	6,489.20	Tons of CO2 equivalent (tCO2e)	4.3.1 Greenhouse Gas Inventory	70		
			(2) Total Perfluorocarbons (PFCs) Emissions		0					
	TC-SC-110a.2	Greenhouse Gas Emission	For Scope 1 greenhouse gas management, describe the long-term and short-term strategy planning, reduction targets, and progress in achieving reductions.	Description and Analysis	-	-	4.3 Greenhouse Gas Emission and Management	69		
	TC-SC-130a.1	Process Energy Management	(1) Total Energy Consumption	Quantitative Analysis	2,914,304.76	Gigajoules (GJ)	4.2.2 Energy Consumption	65		
			(2) Percentage from Power Grid		98.02	Percentage (%)				
			(3) Percentage from Renewable Energy		0.28	Percentage (%)				
	TC-SC-140a.1	Water Management	(1) Total Water Withdrawal and Percentage in High or Extremely High Water Stress Areas	Quantitative Analysis	48.7	Percentage (%)	4.5.2 Water Resources Data Overview	78		
			(2) Total Water Consumption and Percentage in High or Extremely High Water Stress Areas		54.1					

Metric	SASB Code	Topic	Disclosure	Form	Quantity	Department	Chapter in the Report	Page Number	Explanation of Omission	
									Omitted Disclosure	Reason
	TC-SC-150a.1	Waste management	Total amount of hazardous waste generated in the production process	Quantitative Analysis	328.87	Ton (t)	4.6.3 Waste Removal and Disposal	83		
			Recycling percentage of the hazardous waste generated in the production process		8.8	Percentage (%)				
	TC-SC-320a.1	Employee Health and Safety	Describe the measures taken by the Company to assess, monitor, and reduce employee exposure to health hazards	Description and Analysis	-	-	5.4.1 Occupational Safety and Health Management	112		
	TC-SC-320a.2		Total financial loss due to incidents related to violations of employee health and safety regulations.	Quantitative Analysis	-	NTD	In 2023, the Company had no violations of employee health and safety regulations	-		
	TC-SC-330a.1	Global Talent Recruitment and Management	Percentage of the Following Employee Category: (1) Foreign Employees	Quantitative Analysis	22.69	Percentage (%)	5.1.3 Workforce Structure	95		
			Percentage of the Following Employee Category: (2) Employees Working Abroad		-		The company has no such employees	-		
	TC-SC-440a.1	Raw Material Sourcing	Describe the risk management methods for the usage of key materials:	Description and Analysis	-	-	3.2.2 Hazardous Substances and Conflict Minerals Management	39		

Metric	SASB Code	Topic	Disclosure	Form	Quantity	Department	Chapter in the Report	Page Number	Explanation of Omission	
									Omitted Disclosure	Reason
	TC-SC-520a.1	Intellectual Property Protection & Competitive Behavior	Total financial loss due to incidents related to anti-competitive behavior regulations.	Quantitative Analysis	-	NTD	In 2023, the Company had no legal cases related to violations of anti-competitive behavior regulations	-		

Enhanced Disclosure Metrics for Semiconductor Industry

(Appendix 1-8)

No.	Indicator	Metric	Annual Disclosure Status	Department	Remark
1	Total Energy Consumption	Quantitative	2,914,304.76	Gigajoules (GJ)	
	Percentage of Purchased Electricity		98.02	Percentage (%)	
	Percentage of Renewable Energy Usage		0.28	Percentage (%)	
2	Total Water Withdrawal	Quantitative	2,270.908	Thousand cubic meters (m ³)	
	Total Water Consumption		1,761.789	Thousand cubic meters (m ³)	
3	Weight of Hazardous Waste Generated	Quantitative	328.87	Ton (t)	
	Recycling Percentage of Hazardous Waste Generated		8.8	Percentage (%)	
4	Description of Occupational Incidents	Quantitative	Refer to 5.4.3 Occupational Incident Handling	Not applicable	
	Number of Occupational Incidents		20	Participants	
	Occupational Incident Rate		0.2	Percentage (%)	
5	Disclosure on product life cycle management: Including the weight and recycling percentage of scrap products and electronic waste (note 1)	Quantitative	Not applicable. KYEC is a testing service provider and does not produce physical products.	Ton (t), Percentage (%)	
6	Description of risk management related to the usage of key materials	Qualitative description	Refer to 3.2.2 Hazardous Substances and Conflict Minerals Management	Not applicable	
7	Total financial loss due to legal cases related to anti-competitive behavior regulations.	Quantitative	In 2023, the Company had no legal cases related to violations of anti-competitive behavior regulations.	Reported Currency	
8	Main product output by product type		Not applicable. KYEC is a testing service provider and does not produce physical products.	Depends on product type.	

AA1000 Assurance Statement



ASSURANCE STATEMENT

SGS TAIWAN LTD.'S REPORT ON SUSTAINABILITY ACTIVITIES IN THE KING YUAN ELECTRONICS CO., LTD.'S SUSTAINABILITY REPORT FOR 2023

NATURE AND SCOPE OF THE ASSURANCE

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 2023 (hereinafter referred to as the Report). The scope of assurance is based on the SGS Sustainability Report Assurance methodology and AA1000 Assurance Standard v3 Type 1 Moderate level to assess whether the text and data in accompanying tables contained in the report presented and complies with the GRI Standards and AA1000 Accountability Principles (2018) during assurance (2024/05/14-2024/06/13) in KYEC headquarter. The assurance process did not include the evaluation of specific performance information outside the scope, such as climate-related financial disclosures (TCFD) and sustainability accounting standards (SASB).

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 Sustainability Report of 2023 and its presentation are the responsibility of the 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 assurance 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 and standards including the principles of reporting process contained within the Global Reporting Initiative Sustainability Reporting Standards (GRI Standards) GRI 1: Foundation 2021 for report quality, GRI 2 General Disclosure 2021 for organization's reporting practices and other organizational detail, GRI 3 2021 for organization's process of determining material topics, its list of material topics and how to manages each topic, and the guidance on levels of assurance contained within the AA1000 series of standards.

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

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

SCOPE OF ASSURANCE AND REPORTING CRITERIA

The scope of the assurance included evaluation of adherence to the following reporting criteria:

Reporting Criteria Options	
1	GRI Standards (Reference)
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) is conducted at a moderate level of scrutiny, and therefore the reliability and quality of specified sustainability performance information is excluded.
- The evaluation of the report against the requirements of GRI Standards is listed in the GRI content index as material in the report and is conducted with reference to the Standards.

ASSURANCE METHODOLOGY

The assurance comprised a combination of pre-assurance research, interviews with relevant employees, superintendents, Sustainability committee members and the senior management in Taiwan; documentation and record review and validation with external bodies and/or stakeholders where relevant.

LIMITATIONS AND MITIGATION

Financial data drawn directly from independently audited financial accounts, Task Force on Climate-related Financial Disclosures (TCFD) and SASB related disclosures 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 assurance, 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 organization, 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.

ASSURANCE / VERIFICATION OPINION

On the basis of the methodology described and the assurance work performed, we are satisfied that the disclosure with inclusivity, materiality, responsiveness, and impact information in the scope of assurance is reliable, has been fairly stated and has been prepared, in all material respects, in accordance with the reporting criteria. We believe that the organization has chosen an appropriate level of assurance for this stage in their reporting.

ADHERENCE TO AA1000 ACCOUNTABILITY PRINCIPLES (2018)

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, and other stakeholders 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

KYEC has demonstrated a process on identify and fairly represented impacts that encompass a range of environmental, social and governance topics from wide range of sources, such as activities, policies, programs, decisions and products and services, as well as any related performance. Measurement and evaluation of its impacts related to material topic were in place at target setting with combination of qualitative and quantitative measurements.

GLOBAL REPORTING INITIATIVE REPORTING STANDARDS CONCLUSIONS, FINDINGS AND RECOMMENDATIONS

The report, KYEC's Sustainability Report of 2023, is reporting with reference to the GRI Universal Standards 2021 and complies with the requirements set out in section 3 of GRI 1 Foundation 2021. The significant impacts were assessed and disclosed with reference to the guidance defined in GRI 3: Material Topic 2021 and the relevant 200/300/400 series Topic Standard related to Material Topic have been disclosed. For future reporting, when determine the significance of organization's negative and positive impacts, the severity/scale and scope and likelihood are to be taken into account using effective criteria.

Signed:
For and on behalf of SGS Taiwan Ltd.

Stephen Pao
Business Assurance Director
Taipei, Taiwan
30 June, 2024
WWW.SGS.COM



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