



KENDA RUBBER IND. CO., LTD.

2022 Sustainability Report



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About the Sustainability Report

Reporting Standards

Welcome to the sustainability report of KENDA RUBBER IND. CO., LTD. (hereinafter referred to as the “Company”). This report follows the latest version of standards issued by the Global Reporting Initiative (GRI Standards 2021) as the principles and framework for disclosure, and is also compiled using the Task Force on Climate related Financial Disclosures (TCFD) and the Sustainability Accounting Standards Board (SASB), and in line with the United Nations' Sustainable Development Goals (SDGs); in addition, it also refers to the “Sustainable Development Best Practice Principles for TWSE/TPEX-Listed Companies”, and “Rules Governing the Preparation and Filing of sustainability reports by TWSE Listed Companies.”

The ESG Committee is composed of three directors of the board of the Company, and one director is elected as the head of the committee. After forming the Committee with related units, the committee identifies the topics of concern to stakeholders and screens the material topics through the substantive analysis. The members promote and review the material topics during the year, and finally disclose the performance of promoting sustainable development in this report, so as to enable stakeholders who are concerned about the Company to have a better understanding of, and trust in the Company.





Scope of the Report

The Company has been publishing a CSR report annually since 2016. When the 2021 Report was published in 2022, in line with the amendments to the relevant Operational Regulations, the Company renamed the CSR Report to the Sustainability Report.

2022 Sustainability Report of Kenda Rubber Ind. Co., Ltd.” covers specific practices and performances in terms of economy, governance, society and the environment. The information disclosure period is 2022 (from January 1, 2022 to December 31, 2022). The scope of disclosure mainly covers the company's operations in Taiwan, China (Mainland), Vietnam, and Indonesia, including Yuanlin Factory (Headquarters) and Yunlin Factory, Douliu Factory, Taipei Office, Kunshan Factory, Shenzhen Factory, Tianjin Factory, Vietnam Factory and Indonesia Factory.

No material restatements were made to the company's report during the reporting period, but only adjusted the procedure for identification of the Company's stakeholders and material topics based on the updated GRI, details of which are described in “2.1 Stakeholder Communication” and “2.2 Analysis and Identification of Material Topics”. After the completion of the sustainability report, it shall be reviewed by the ESG Committee and then reported to the Board of Directors and for issuance.

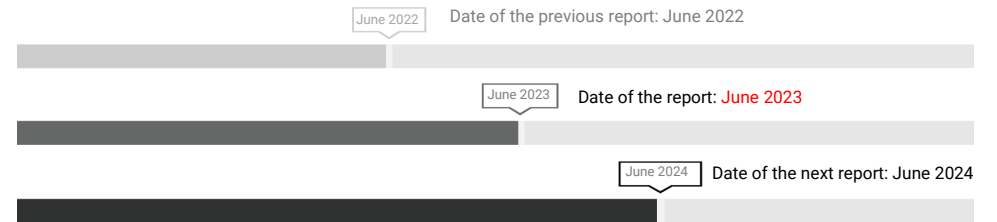


Region	Factory Name
Taiwan	KENDA RUBBER IND.. CO., LTD. (Yuanlin Factory (Headquarters), Yunlin Factory, Douliu Factory, and Taipei Office)
China	KENDA RUBBER (SHENZHEN) CO., LTD. (Shenzhen Factory), KENDA RUBBER (CHINA) CO., LTD. (Kunshan Factory), KENDA RUBBER (TIANJIN) LIMITED (Tianjin Factory)
Southeast Asia	PT. KENDA RUBBER INDONESIA (Indonesia Factory), KENDA RUBBER (VIETNAM) CO., LTD. (Vietnam Factory)



Report Publication

The “Sustainability Report” is published annually by the Company, and this report is the seventh sustainability report compiled by the Company.



Contact Information

Should you have any question, comment or suggestion regarding this report, please contact us.

- Contact person: KENDA RUBBER IND.. CO., LTD. / Chairman’s Office
- Address: No. 146, Sec. 1, Zhongshan Road, Yuanlin City, Changhua County, Taiwan, 510037
- Tel: 04-8345171
- Fax: 04-8361276
- E-mail: kenda@kenda.com.tw
- Website: <https://www.esg.kenda.com.tw/en>

A Message from the Management

The outbreak of the Russia-Ukraine war triggered turbulence in the global financial market, inflating prices of energy and raw materials worldwide. The pandemic also broke out in the coastal provinces of China, leading to the implementation of strict quarantine measures, which hit the global supply chain once again; in addition, the growing inflation in western countries caused a decline in demand and a slow-down in exports for many countries. The most important topic for enterprises now is how to respond to these severe challenges while maintaining a stable pace.

Following the sluggish epidemic development, the enterprises' business transactions become increasingly active and normalized. However, the global climate trends has been experiencing extreme changes simultaneously. How to promote energy conservation and carbon reduction pro-actively and also coexist with the natural environment. Therefore, it is not enough for enterprises to work with the government to achieve the net-zero carbon emissions goal by 2050, driving green initiatives and changing transaction models. It is equally important to implement ESG practices, strengthen internal governance, and establish a virtuous cycle to fulfill corporate social responsibility and gain consumer recognition, which should be the ultimate goal and mission for an enterprise's sustainable survival.



01 Sustainable Development Management

We adhere to the business philosophy of integrity and select suppliers that comply with environmental protection regulations such as PAHs & RoHS, and procure environmentally-friendly raw materials to design tires with light weight, low rolling resistance, and green tires, so as to reduce material consumption per tire unit, vehicle energy consumption, and greenhouse gas emissions. We aim to ensure all products meet the requirements of local laws and regulations, so that there will be no customer complaints and returns because the restricted substances have exceeded the standard amount. We and our suppliers are committed to energy conservation and carbon reduction, and to promote the sustainable development of the industry. Due to these efforts, we received awards such as the “TAIPEI CYCLE d&i Awards” and the “Taiwan Excellence Award”.

02 Sustainable Environmental Protection

In order to deepen and expand the sustainability strategy, and to respond to the SDGs in climate action, we have determined to “Carbon reduction by 3% per year and by 25% in total by 2030”. Under ISO14064-1 greenhouse gas emission standard, we proactively launched our plan for carbon reduction. We have been accredited in many areas pertaining to sustainable development like ISO14001 environmental management system, ISO50001 energy management system, and ISO14025 environmental labels and declarations (the forerunner in the accreditation of carbon footprint label in the tire industry of Taiwan). We were granted the bronze award by the “4th National Enterprise Environmental Protection Award” and the best practice award by the “26th National Quality Award”.

03 Sustainable Happy Workplace

We will continue to improve environmental safety and health management systems. We have been certified ISO45001 occupational safety and health management system, and were awarded the “Authorized Economic Operator (AEO) certification” by the Customs Administration, Ministry of Finance on June 22, 2022. We are the first tire factory in Taiwan to obtain the AEO certification. We are committed to build a green production environment, train employees to follow safety and health practices, and work with “Kenda Safety and Health Family” members to create a safe, healthy, and enjoyable workplace. We received the “National Occupational Safety and Health Award-Traditional Industry Special Award” from Occupational Safety and Health Administration and “Changhua County Excellent Unit for Occupational Safety and Health”.

04 Sustainable Social Care

We have always been committed to the founder’s philosophy of “Taken from community, giving back to society”. In addition to providing scholarships to the children of employees, the company donates to Kenda Culture and Education Foundation to provide scholarships for young students in Changhua County, Yunlin County, and Taichung City. Kenda Culture and Education Foundation also encourages students and researchers to pursue new knowledge and enrich their academic abilities by providing them with Jin Yu Trophies and scholarships. We also sponsor Taiwanese athletes to compete in international tournaments to win glory for Taiwan and provide a stage for players to compete at the international level by inviting athletes from around the world to participate in tournaments.

In the future, we will adhere to the founder’s management philosophy of “integrity, quality, service, and innovation”, and focus on our own business. We will seriously implement the business strategies of “green production, safety and health, and sustainable management”, abide by government regulations, and strengthen occupational safety and health management to ensure workplace safety. We will also insist on implement corporate governance and build a happy enterprise. We will work together with all our colleagues and suppliers to serve our customers with exceptional green products to reach great business performance for giving back and prospering the society.

Chairman

楊啟仁
Chi Jen Yang



Sustainability Highlights in 2022

E

Environmental

- ★ The bronze award by the “4th National Enterprise Environmental Protection Award” of the Environmental Protection Administration.
- ★ ISO 14064-1: 2018 is implemented and the Verification Opinion Statement is received.
- ★ The percentage of non-ecofriendly oil, DAT, used in the motorcycle tires declined from 23% in 2020 to 19% in 2022.
- ★ All air pollution management indicators met the emission standards in 2022.
- ★ The energy intensity in 2022 was lower than that in 2021.
- ★ No ozone-depleting substances were emitted in 2022.
- ★ The sewage recovery rate attained 51% in 2022.
- ★ The sewage emissions is complied with the local laws and regulations in 2022.

S

Social

- ★ The “Authorized Economic Operator (AEO) certification” is received from the Customs Administration, Ministry of Finance.
- ★ The “National Occupational Safety and Health Award-Traditional Industry Special Award” is received from Occupational Safety and Health Administration.
- ★ Excellent Unit for Occupational Safety and Health in Changhua County.
- ★ Shenzhen Factory contributed the land voluntarily for the construction of the 9-year school consisting of 45 classes.
- ★ Raw materials delivery period and quality assessment achievement averaged 90.11% in 2022.
- ★ The sustainable development questionnaire and statement showed an increase from 91.27% in 2021 to 94.00% in 2022.
- ★ The target education and training hours were 57,705 hours and the actual training hours were 52,875 hours, making the target achievement rate at 91.6% in 2022.
- ★ No occupational diseases took place in the Taiwan Factory, Tianjin Factory, Indonesia Factory, Shenzhen Factory and Vietnam Factory in 2022.

G

Governance

- ★ The 2022 annual evaluation results show the following rank among TWSE-listed companies: 36%~50%.
- ★ The operating revenue grew by 10.67% in 2022 from 2021.
- ★ The internal and external education and training on ethical management is organized and attended by 11,740 participants for a total of 15,337 hours in 2022.
- ★ No anti-competitive practice, anti-trust or monopolistic behavior took place in 2022.
- ★ The ESG committee was established in 2022.

Awards

“Design and Quality” Award

- Special Utility Award - Innovative Bicycles and Parts Selection - Wear Safety Warning Technology
- Special Utility Award - Innovative Bicycles and Parts Selection - Glass Coating Rubber Technology

Special Utility Award - Innovative Bicycles and Parts Selection - Guardian Star

The Silver Award - Taiwan Excellence Award - mountain bike tires K1127B

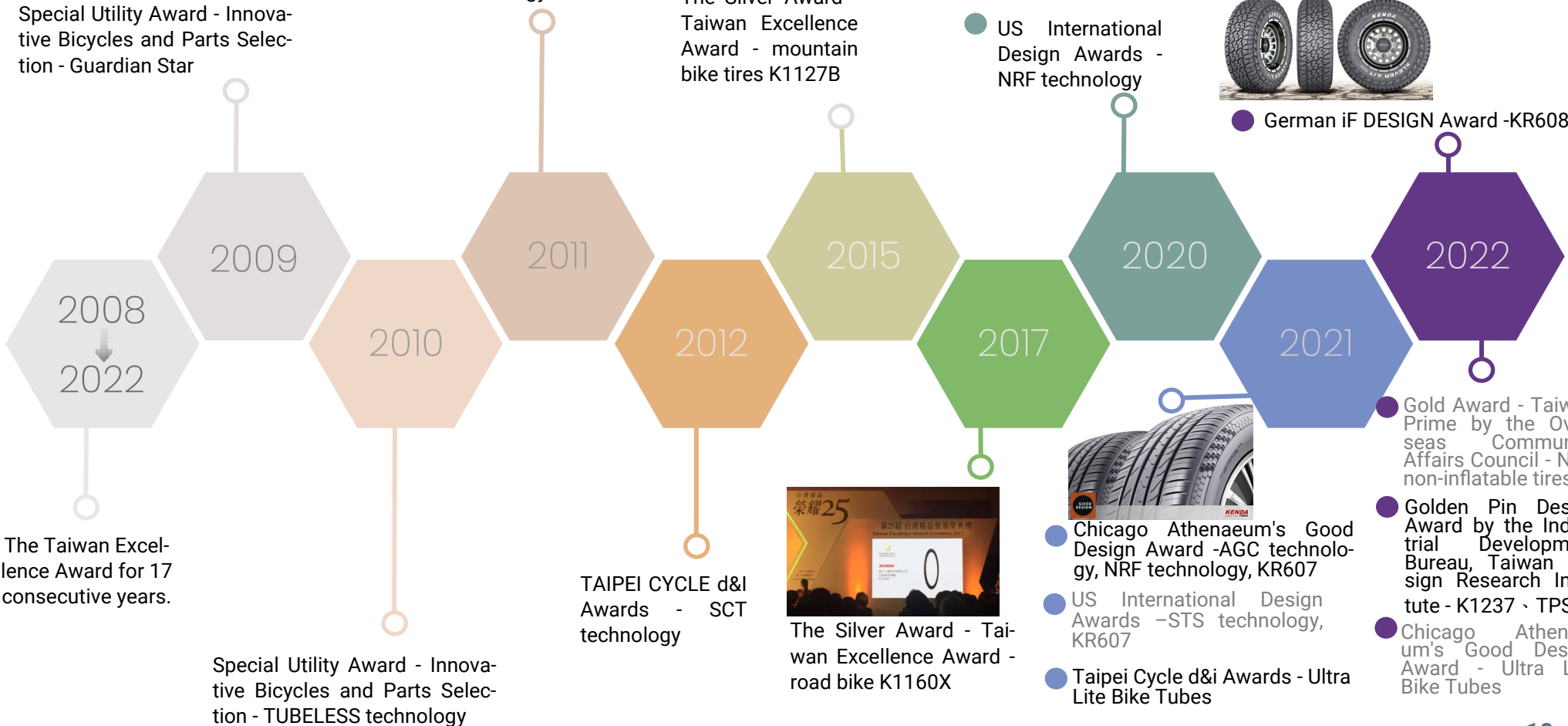
- Taipei Cycle d&i Awards - AGC technology
- US International Design Awards - NRF technology



- Gold Award - TAIPEI CYCLE d&i Awards - TPSH super thick puncture resistant inner tube
- US International Design Awards - KR605, KR608, Ultra Lite Bike Tubes



- German iF DESIGN Award -KR608



Other Awards and Honors

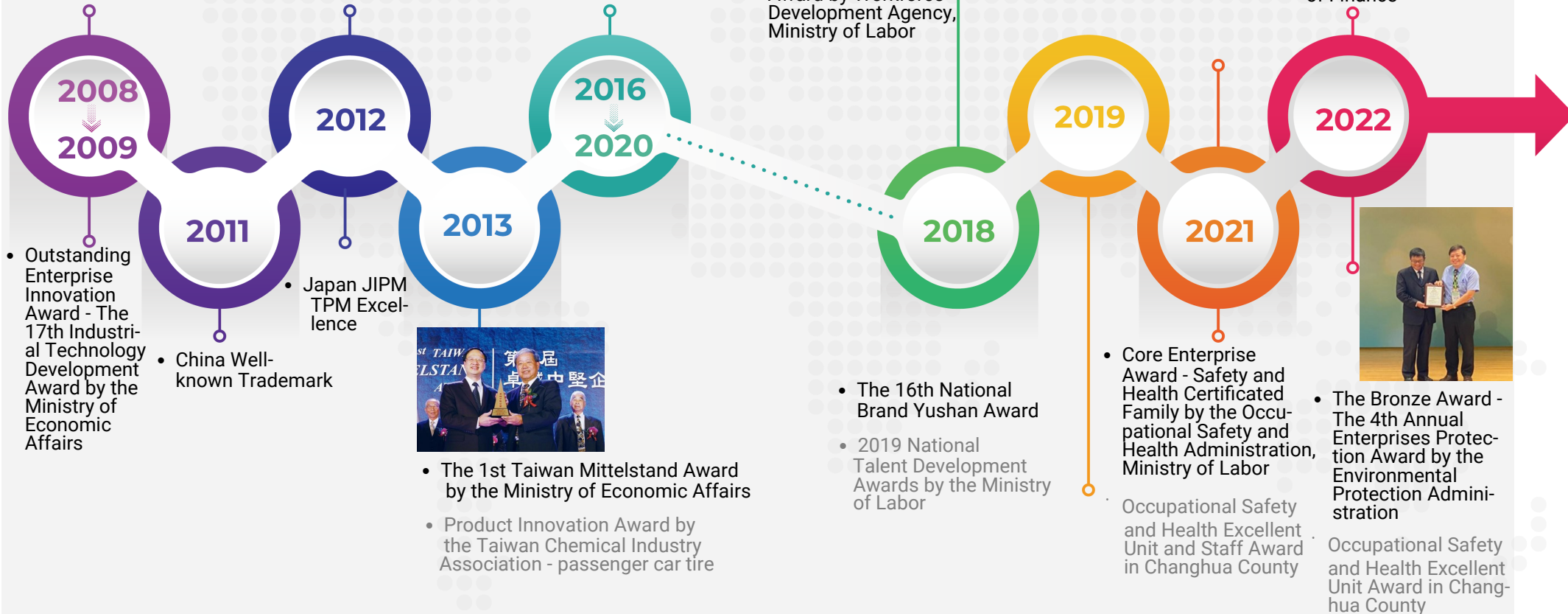


- Industrial Excellence Award by Ministry of Economic Affairs



- The 2nd National Industrial Innovation Award by the Ministry of Economic Affairs

- The championship of Changhua County Labor Management Games for 5 consecutive years



- Manufacturing Quality Award - The 26th National Quality Award by the Ministry of Economic Affairs.
- The Bronze Award - The 3rd National Enterprise Environmental Protection Award by the Environmental Protection Administration



- Traditional Industry Special Award - National Occupational Safety and Health Award by Ministry of Labor
- TWAEO certificate by Customs Administration, Ministry of Finance



- The 1st Taiwan Mittelstand Award by the Ministry of Economic Affairs
- Product Innovation Award by the Taiwan Chemical Industry Association - passenger car tire



- The Bronze Award - The 4th Annual Enterprises Protection Award by the Environmental Protection Administration

I. About KENDA

1.1 Company Profile

The Company was founded in 1962 as a manufacturer of bicycle tubes and tires. The main products include tubes and tires of bicycles, motorcycles, agricultural vehicles, light trucks, and passenger car tires. The Company is the 2nd largest tire manufacturer in Taiwan and the 26th largest in the world with the brand, KENDA.

The Company upholds the management philosophy of “integrity, quality, service, and innovation” and carries out the quality policy of “Doing things right the first time; delivering competitive products and services to customers in a timely and correct manner.” The Company is committed to international and diversified development, and markets worldwide with the brand, KENDA, by focusing on our own industry as well as manufacturing and selling tires with good value. The Company has established the headquarter, the Yuanlin Factory, the Yunlin Factory, and the Douliu Factory in Taiwan; established the Shenzhen Factory, the Kunshan Factory, and the Tianjin Factory in China; established overseas factories in Vietnam and Indonesia; established subsidiaries in Germany and United States; acquired STARCO EUROPE A/S, a European wheel company, in 2017. In addition, the company has set up global R&D center in Taiwan, and also set up R&D offices in the United States, Europe and China. The Company aims to continuously develop and innovate highly cost-effective tires as well as provide high quality services to build competitive advantages.



Item	Company Information
Company Name	Kenda Rubber Industrial Co., Ltd
Address of the Headquarters (Yuanlin Factory)	No. 146, Sec. 1, Zhongshan Rd., Yuanlin City, Changhua County, Taiwan (R.O.C.) Telephone +886 (04)8345171
Date of Establishment	March 30, 1962
Founder	Yang, Chin-Pao
Group Chairman	Yang, Ying-Ming
Chairman	Yang, Chi-Jen
General Manager	Chen, Chao-Jung
Amount of Capital	NT\$9.09 billion
Type of company	Listed company
Number of Employees	1,910 (Group: 10,909)
Scope of Business	Tubes and tires of bicycles, motorcycles, agricultural vehicles, light trucks, and passenger car tires, etc.

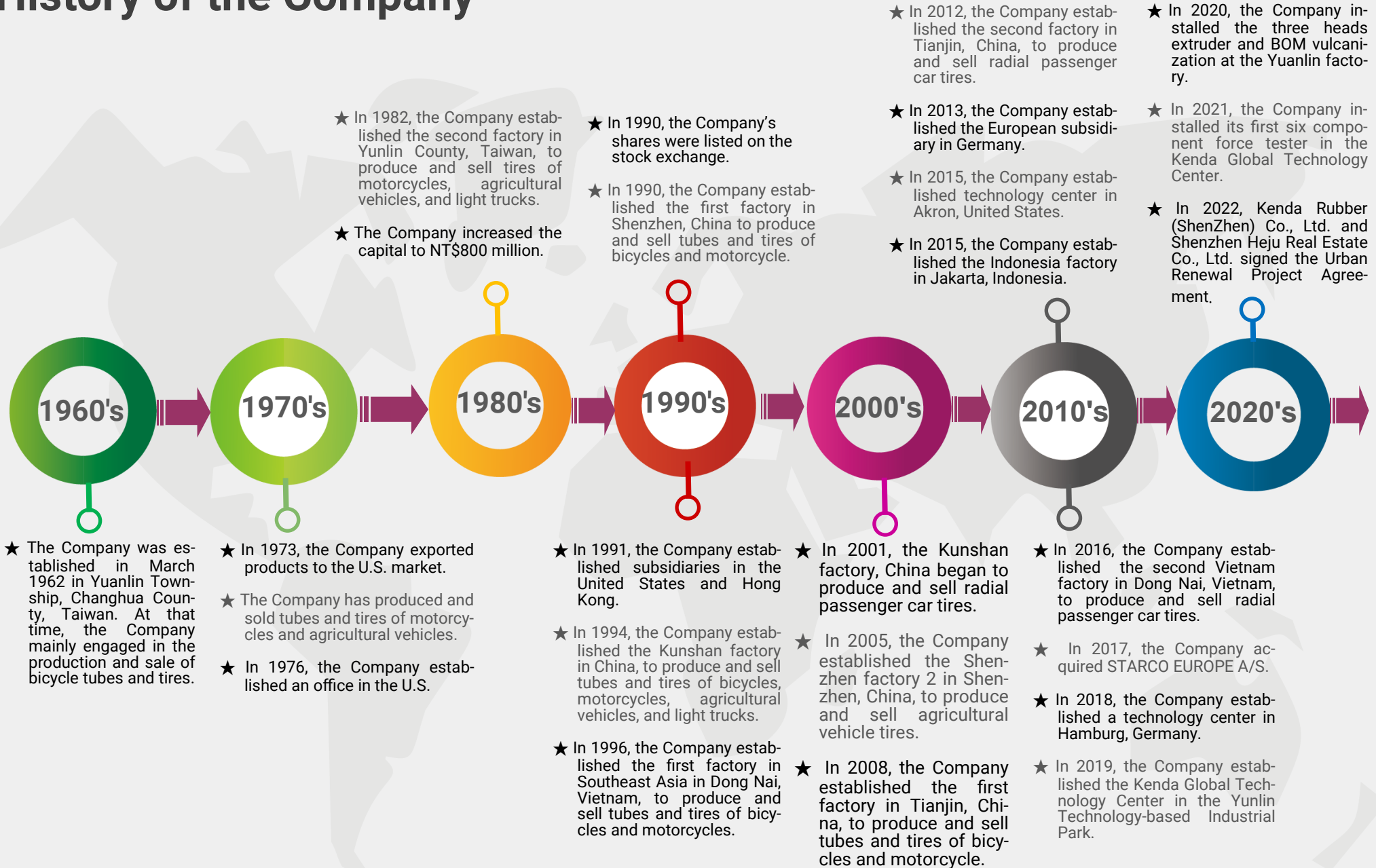
Operating Location

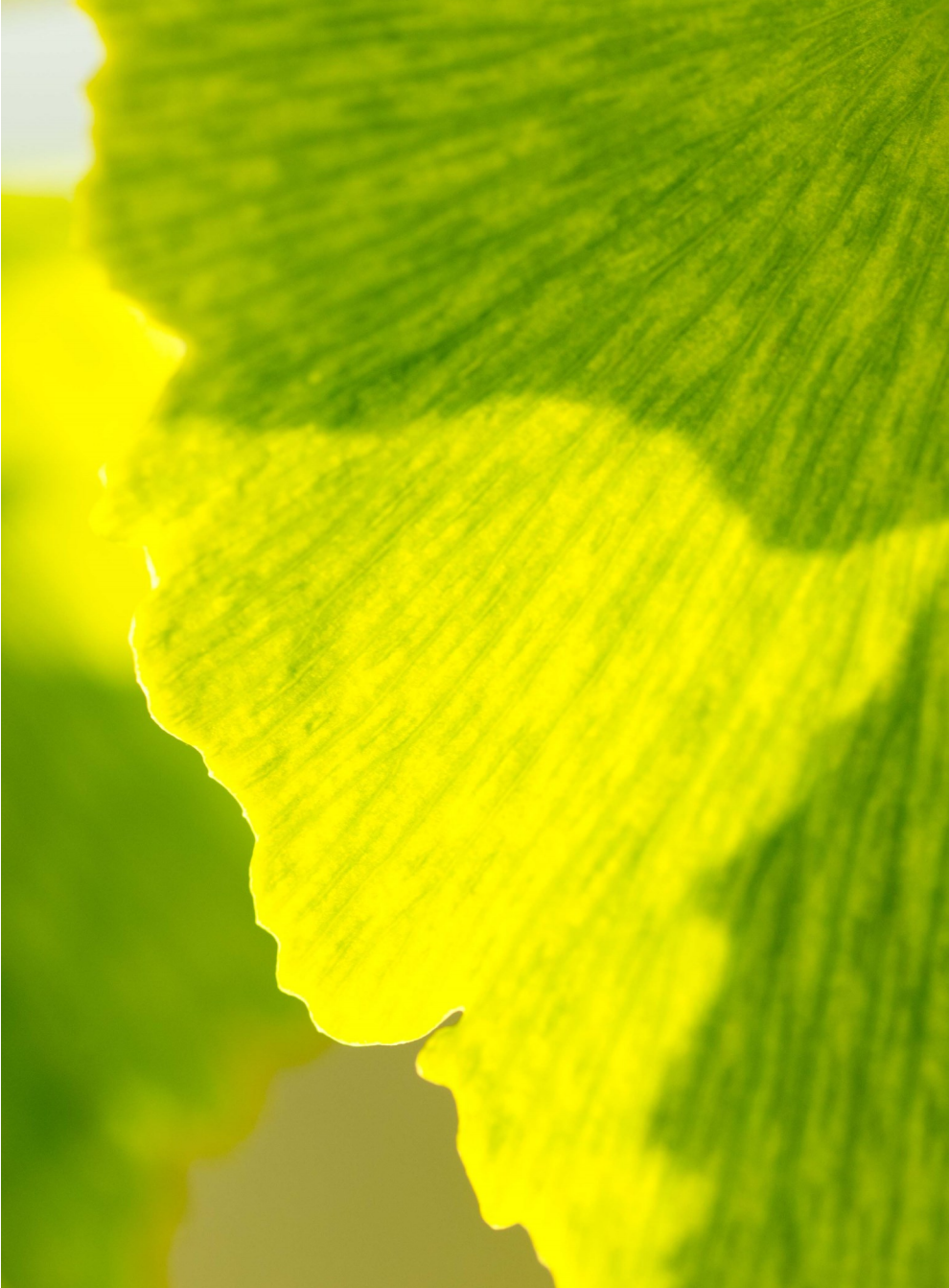


Item	Company Information
Taipei Office (Taiwan)	11f, Rear Building, No. 201-24, Dunhua North Road, Taipei City
Yunlin Factory (Taiwan)	No. 50, Yanping Road, Citong Village, Citong Township, Yunlin County
Douliu Factory (Taiwan)	No. 7, Keban 1st Rd., Douliu City, Yunlin County
Kenfong Industrial Co., Ltd.(Taiwan)	No. 2, Section 1, Chungshan Road, Yuanlin City, Changhua County
American Kenda Rubber Ind. Co., Ltd.	7095 Americana Parkway Reynoldsburg, OHIO 43068 USA
AMERICANA DEVEL-	7095 Americana Parkway Reynoldsburg,
Kenda Rubber (Vietnam) Co., Ltd.	Cho Chieu Street, Ho Nai 3 Industrial Zone, Trang Bom District, Dong Nai Province, Vietnam Industrial Zone
Pt. Kenda Rubber Indonesia	JL. Raya CikandeRangkasbitung KM.5,Desakareo, Kec. JawilanSerang 42177 Banten ,Indonesia
KENDA Rubber Industrial Co,Europe GmbH	Greimelstraße28 83236Übersee Germany
STARCO Europe A/S	Sintrupvej 71B, st.tv., 8220 Brabrand
Kenda Rubber (Tianjin) Limited	South District, Jinghai Economic Development Zone, Jinghai District , Tianjin No. 6/8, Taian Dao
Kenda Rubber (China) Co., Ltd.	No. 2, Kun Jia Road, Development Zone, Kunsan City, Jiangsu Province
Kenda Rubber (Shenzhen) Co., Ltd.	Gongye West Road, Dalang Sub-District, Baoan District, Shenzhen City
Kenda Global (China) Investment Co., Ltd.	No. 2, Kun Jia Road, Development Zone, Kunsan City, Jiangsu Province
Kenda Rubber (Hong Kong) Co., Ltd.	No. 51-63, Container Port Road, Kwai Chung, New Territories, Hong Kong Room 613, 6/F, Kwai Shun Industrial Centre

Item	Company Information
KENDA INTERNATIONAL CORPORATION	P.O.Box 31119, Grand Pavilion,Hibiscus Way,802 West Bay Road, Grand Cayman, KY1-1205,Cayman Islands
KENDA GLOBAL HOLDING CO.,LTD.	P.O.Box 31119, Grand Pavilion,Hibiscus Way,802 West Bay Road, Grand Cayman, KY1-1205,Cayman Islands
KENDA GLOBAL INVESTMENT CORPORATION	Level 3, Alexander House,35 Cybercity,Ebene, Mauritius

History of the Company





Product Quality Certification

Taiwanese Standard



China Standard



Indonesian National Standard



Brazil INMETRO Standard



European Standard



American Standard



Indonesia National Standard



Gulf Standard



TISI Thailand Standard



Management System Verification



ISO 9001:2005



ISO 14001:2015



Certificate of Cleaner Production Assessment



IATF 16949:2016



ISO 45001:2018 & TOSHMS



ISO 45001:2018 & TOSHMS



ISO 45001:2018 & TOSHMS



ISO 50001:2018

Business Lines and Performance

The Company engages in the tire manufacturing industry, and the customers are mainly automotive customers, including automobile, motorcycle and bicycle factories, and after-sales customers, covering various agents and dealers. Meanwhile, the Company works with its partners, including Kenjou Ind. Co., Ltd. and TotalEnergies Marketing Taiwan, Ltd., to achieve the business performance for the Company's shareholders. The Company's products are sold in various markets all over the world. The Company's main business lines include:

- ★ C804010 Tires Manufacturing
- ★ C805070 Reinforced Plastic Products Manufacturing
- ★ CB01010 Mechanical Equipment Manufacturing
- ★ CD01050 Bicycles and Parts Manufacturing
- ★ F401010 International Trade
- ★ F114030 Wholesale of Motor Vehicle Parts and Motorcycle Parts, Accessories
- ★ F114040 Wholesale of Bicycle and Component Parts Thereof
- ★ F114050 Wholesale of Tires
- ★ F214030 Retail Sale of Motor Vehicle Parts and Motorcycle Parts, Accessories
- ★ F214040 Retail Sale of Bicycle and Component Parts Thereof
- ★ F214050 Retail Sale of Tires
- ★ ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.



The Company's Sales Performance

Raw Material Suppliers

Tire Manufacturing Factory

Customer (OE/RP)



Upstream, midstream and downstream supply chains



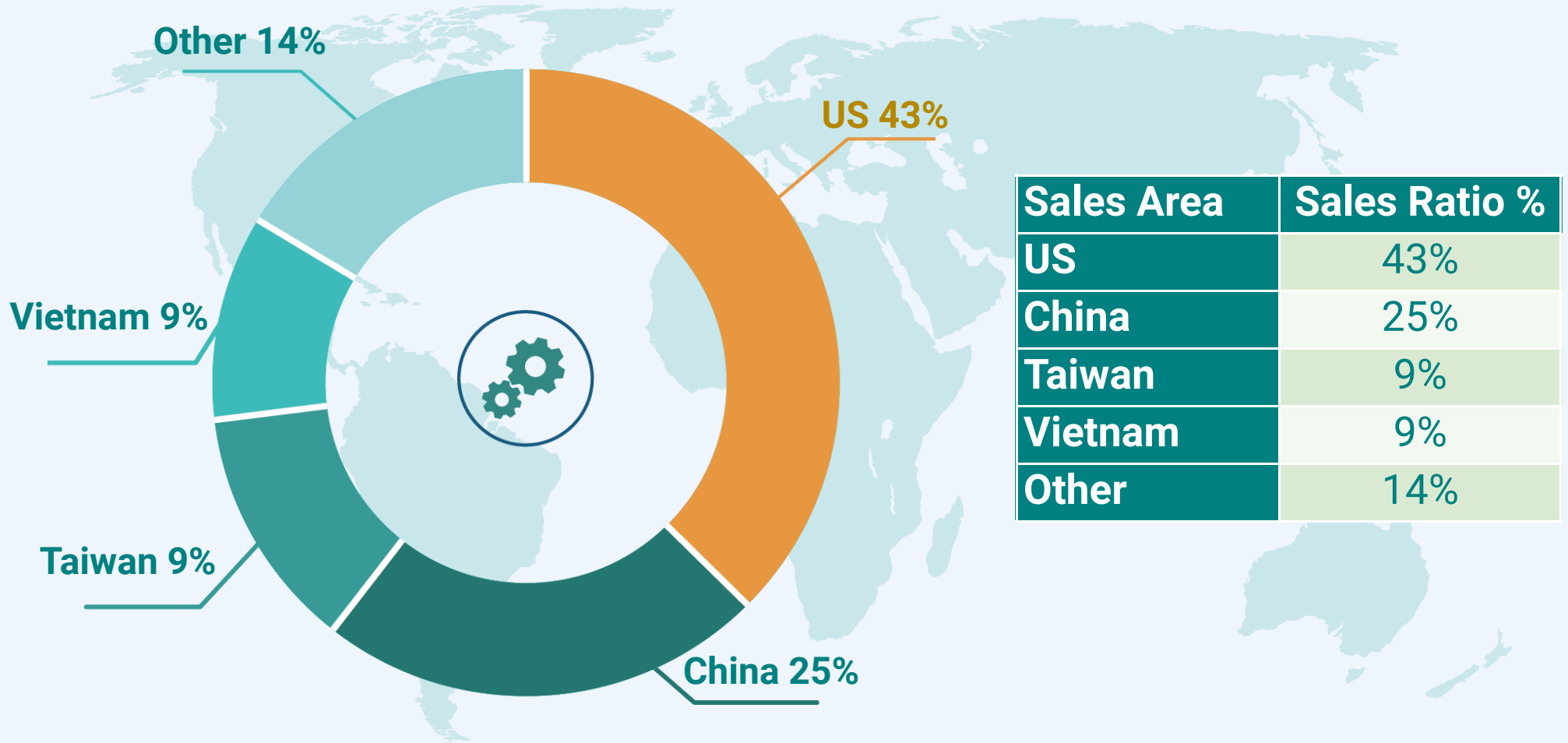
Product or Service	Total Sales Area	Total Clients	Sales Volume	Unit
Bicycle tires	154	3,730	3,884	Ten thousand
Tires for motorcycles and other bias tires (MIA1)	189	3,032	3,221	Ten thousand
Radial tires	35	565	600	Ten thousand
Tubes	655	5,666	6,321	Ten thousand
Total	1,033	12,993	14,026	Ten thousand

Global Production and Sales Base

★ Established in 2013~2022



Group Sales Proportion - By Region





Participation of External Organization

The Company actively participates industry associations and local organizations, exchanging with peers to obtain the latest industry information and collaborate with all sectors to create the Company's sustainable value chain. The public associations that the Company participates in are as follows:

Name of Organization	Holding Position	Name of Organization	Holding Position
Chinese National Federation Industries	Supervisor	Association of Police Friends of Changhua County, Taiwan	Honorary Chairman
General Chamber of Commerce of the Republic of China	Executive Supervisor	Changhua County Industrial Association	Honorary Chairman
Motorcycle Research and Development Safety Promotion Association of the Republic of China	Executive Director	National Taiwan University Alumni Association	Vice President
Taiwan Bicycle Association	Honorary President	International Artificial Intelligence and Law Research Foundation	Vice Chairman
Taiwan Transportation Vehicle Manufacturers Association	Executive Director	Automobile Safety Association of the Republic of China	Director
Taiwan Rubber & Elastomer Industries Association	Honorary President	The Polymer Society, Taipei	Executive Director
Taiwan Rubber Research & Testing Center	Honorary President	The Red Cross Society of The Republic of China	Director
Resource Reuse Research and Development Foundation	Chairman	Promotion of Safety in Motorcycle Research and Development Association of the Republic of China	Director
National Taiwan University Chemical Engineering Alumni Association	President	Sino-Indonesia Cultural and Economic Association	Director, Member
		Taiwan Institute of Directors	Member

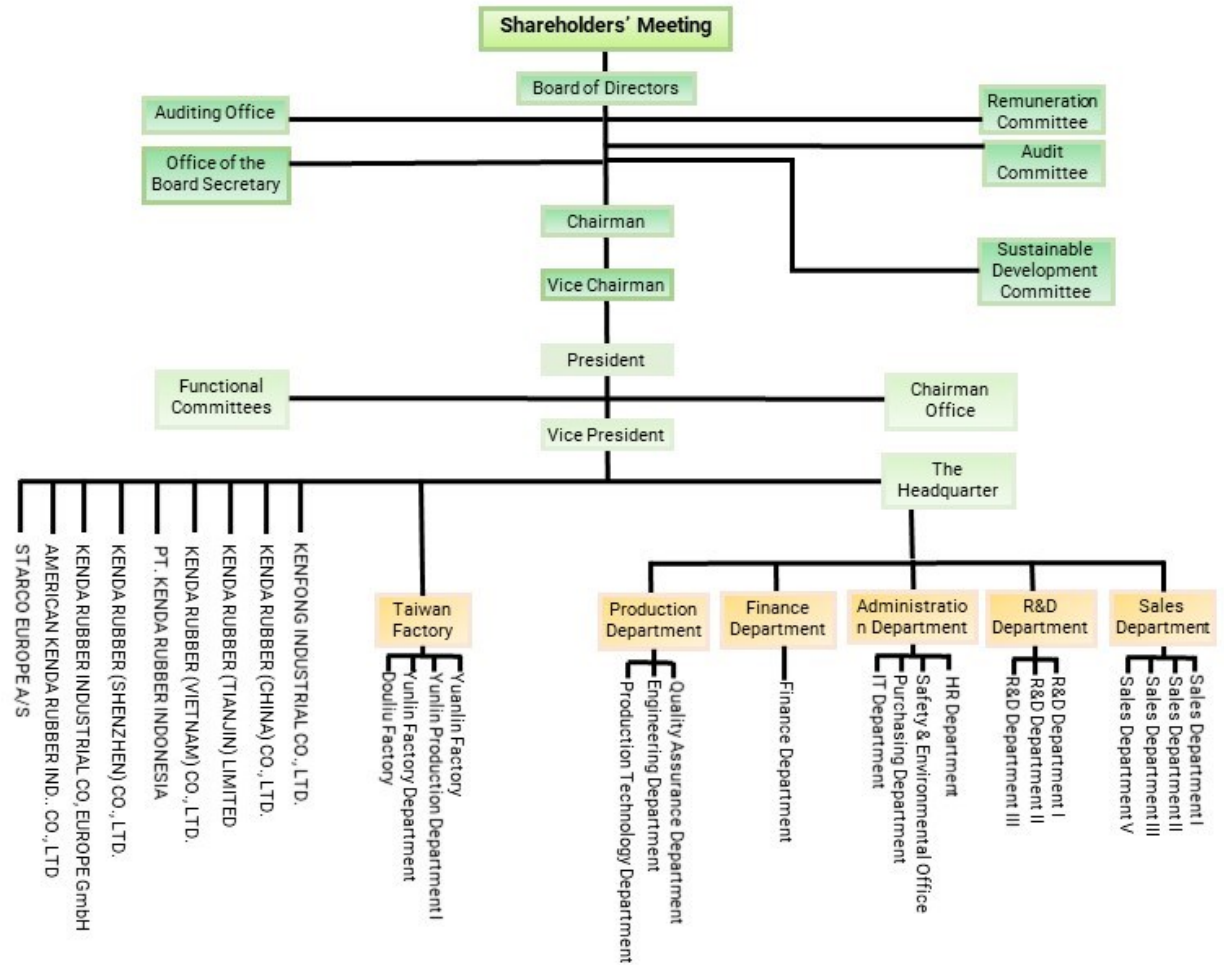
Name of Organization	Holding Position	Name of Organization	Holding Position
Yunlin County Industrial Association	Member	Taiwan Chemical Industry Association	Member
Yunlin County Labor and Employment Relations Association	Member	Chinese Institute of Engineers	Member
Bicycling Alliance for Sustainability	Member	Chinese Professional Management Association	Member
Chinese Testing and Certification Association	Member	The Research & Development Institute of Vocational Training Republic of China	Member
Station of Yunlin County Fire Department	Member	Cycling & Health Tech Industry R&D Center	Member
Association of Police Friends of Yunlin County, Taiwan	Member	Changhua Disabled Employment Committee	Member
Chinese National Association of Industry and Commerce, Taiwan	Member	Changhua Honorary Probation Officers Association	Member
National Standards of the Republic of China	Member	Yunlin Technology Industrial Park	Member
Taiwan External Trade Development Council	Member	Chinese Institute of Engineers	Evaluation Committee
Management Institute in Taipei	Member		

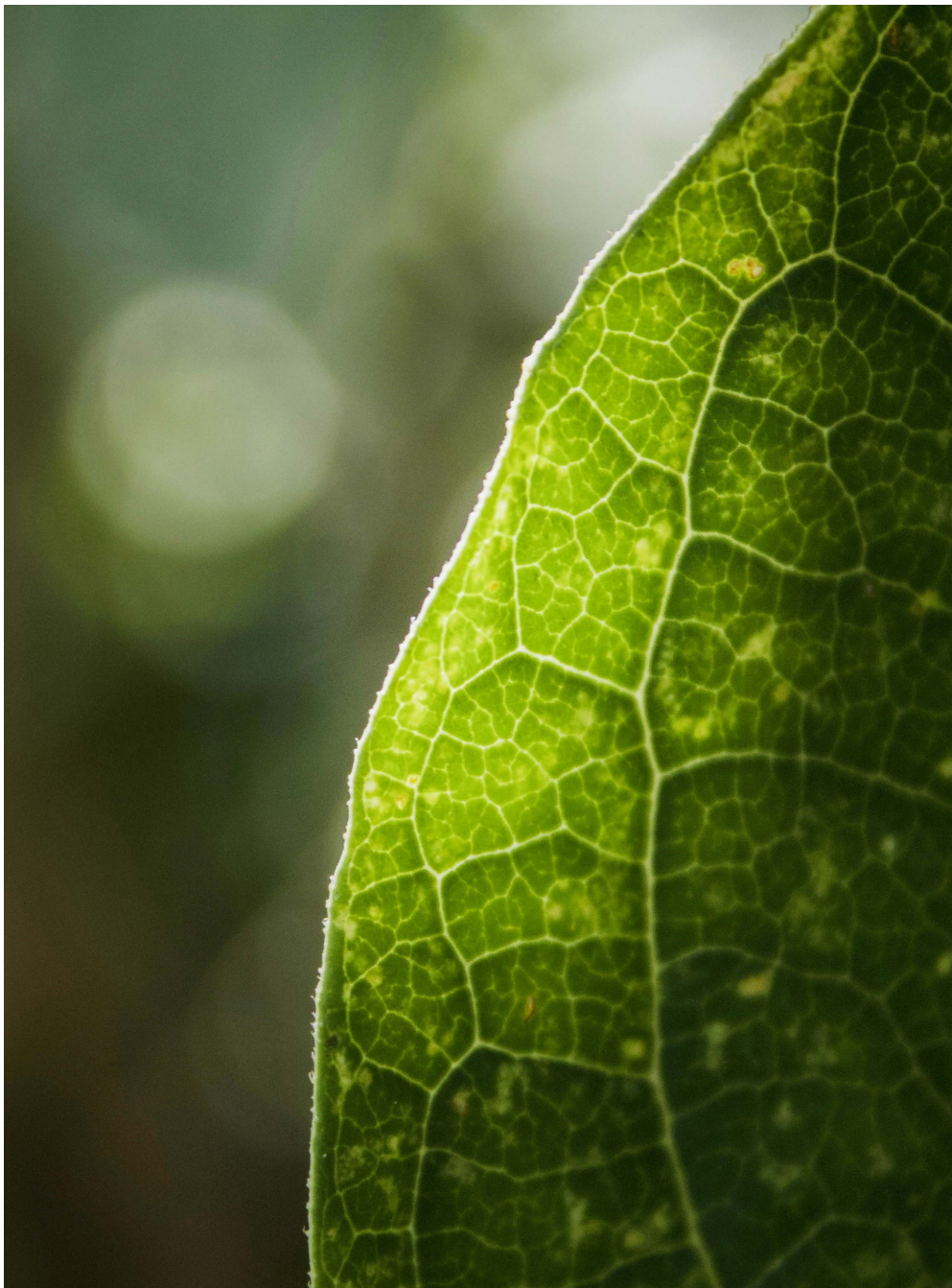


1.2 Organization

In order to perform the Board of Directors' functions and improve the Board's decision-making quality, the Company set up the Audit Committee, Remuneration and ESG Committee under the Board of Directors by authority and function.

The ESG Committee has established the Corporate Governance Group, the Environmental, Safety and Health Group and Employee Relations and Social Engagement Group in accordance with the related business activities. Each group has a Group head who shall coordinate the implementation of the group's tasks. The Committee has the Chairman's Office acting as the Bureau of Affairs to take charge of the overall planning on the Committee's affairs, integrating various functional groups to compile and executing the annual plan, issuing the sustainability report and formulating the direction/goals of sustainable development and related management policies.





Shareholder Structure

Shareholder Structure		
Closing Date: 2023-04-02		
Shareholder	Shares Held	Shareholding Ratio
Government Agency	291	0.00
Financial Institutions	54,649,201	6.01
Other Juristic Persons	76,782,165	8.44
Foreign Institutions and Foreigners	60,277,961	6.63
Individuals	717,700,382	78.92

The Board of Directors

The Company's Board of Directors was established in accordance with the Company Act and other related regulations, and operates in compliance with the Articles of Incorporation to:

- Supervise business performance.
- Prevent conflicts of interest.
- Ensure the Company complies with laws and regulations.
- According to the Company Act, the Board of Directors shall appoint directors and independent directors to conduct business and be subject to regular auditing, so as to ensure business performance and sustainable operation.



The following table shows the information of each board of directors and supervisors:

Position	Name	Gender	Initial Elected Date	Principal Work Experience and Academic Qualifications	Position(s) Held Concurrently in the Company and other Companies	Industry Experience				Professional Ability		
						Bank Financial	Management	Business Marketing	R&D	Accounting and Financial Analysis	Information Technology	Risk Management
Chairman	Yang, Chi-Jen	Male	1979/05/20	Master's Degree in Business Administration, City University of New York Vice Chairman, Kenda Rubber Ind., Co., Ltd	Chairman, American Kenda Rubber Ind. Co., Ltd.	V	V	V		V		V
Vice Chairman	Chang, Hong-Der	Male	2003/06/20	Doctoral Degree in Mechanical Engineering, Cornell University President, Kenda Rubber Ind., Co., Ltd.	None		V	V	V	V	V	V
Director	Yang, Ying-Ming	Male	1974/01/01	Master's Degree in Chemical Engineering, Syracuse University Chairman of the Board, Kenda Rubber Ind., Co., Ltd.	CEO, Kenda Rubber Ind. Co., Ltd. Chairman of the Board, Kenjou Ind. Co., Ltd.		V	V	V	V		V
Director	Chen, Chao-Jung	Male	2012/06/13	Master's Degree in Materials Engineering, Ohio State University Vice President, Kenda Rubber Ind. Co. Ltd.	President, Kenda Rubber Ind., Co., Ltd.		V		V	V	V	V
Director	Yang, Shin-Nan	Male	2021/08/31	Doctoral Degree in Physics, State University of New York at Stony Brook Professor, Department of Physics, National Taiwan University	None		V		V			V
Director	Yang, Chia-Ling	Female	2015/06/23	Bachelor's Degree in Pharmacy, China Medical University President, Kenlight Trading Corp.	President, Kenlight Trading Corp.		V	V		V		V
Director	Lin, Tsung-Yi	Male	2018/06/11	Master's Degree in Communication Engineering, National Taiwan University Chairman of the Board, OBERLIN TECH. CO., LTD.	Vice President, OBERLIN TECH. CO., LTD.		V	V		V	V	V
Director	Lin, Chun-Ke	Male	2022/04/01	Department of Chemical Engineering, National Taipei Institute of Technology	Vice President, Kenda Rubber Ind., Co., Ltd.		V		V	V		V
Independent Director	Hsieh, Chun-Mou	Male	2015/06/23	Bachelor's Degree in Chemistry, National Cheng Kung University Vice President, Kenda Rubber Ind. Co. Ltd.	Convener of the Audit/Remuneration Committee, Kenda Rubber Ind., Co., Ltd.		V		V	V		V
Independent Director	Su, Ching-Yang	Male	2015/06/23	Bachelor's Degree in Mechanical Engineering, National Cheng Kung University President, China Motor Corporation	Independent Director, Rechi Precision Co., Ltd. Independent Director, Aerowin Technology Corporation Director, Nature Wise Biotech & Medicals Corporation Independent Director, Kenda Rubber Ind., Co., Ltd.		V	V	V	V		V
Independent Director	Cho, Shih-Chao	Male	2021/08/31	Master's Degree in Business Administration, University of Louisville Director General, Bureau of Foreign Trade, MOEA Vice Minister, MOEA Deputy Minister, MOEA Adjunct Professor, Department of Political Science, National Taiwan University	Independent Director, Kenda Rubber Ind. Co., Ltd. Member of Audit Committee, Kenda Rubber Ind., Co., Ltd.		V	V		V		V

Note: Except for the director Lin, Tsung-Yi, who is under the age of 50, the members of the board of directors are all over the age of 50, with a total of 11 members.



Election and Nomination of Directors

The composition of the Company's Board of Directors takes into consideration the operating judgment, management ability, financial analysis ability, crisis management ability, industry knowledge, international market perspective, leadership and ability to make decisions.

According to the Company's Articles of Incorporation, the election of directors adopts the candidate nomination. The shareholders' meeting in August 2021 elected 11 directors, including 3 independent directors, to form the 20th Board of Directors (to hold the term of office from August 31, 2021 to August 30, 2024) in accordance with the "Rules for Election of Directors", expecting to improve the quality of management relying on the outstanding experts with professional knowledge in the industry and also implementing the views of external stakeholders. The Board of Directors consists of 10 male directors and 1 female director. The Chairman of the board does not hold the position of the Company's President concurrently. The attendance rate for the Company's Board meetings was 100% in 2022. All of the Board members have attended continuing education programs for at least six hours in 2022.

The Company's Board members all uphold the spirit of high self-discipline principles, avoid conflicts of interest and expressly establish the "Rules of Procedure for Board of Directors Meetings". If any director or the juristic person represented by the director is an interested party with respect to any agenda item, the director shall explain the important contents of the interested party relationship at the board meeting. If the relationship is likely to prejudice the interests of the Company, the director can not participate in discussion or voting on that agenda item and further, shall go into recusal during discussion and voting on the item and avoid acting as another director's proxy to exercise voting rights. Directors or managers who do anything for himself or on behalf of another person that is within the scope of the Company's business shall seek a prior approval from a shareholders' meeting pursuant to the law.

Independence of the Board of Directors

The independence of the Board of Directors resides in the recusal in case of any conflict of interest. If there is a conflict of interest, the directors shall ensure the independence of the Board of Directors subject to their time, names, contents of the proposal, avoidance of conflict of interest and voting results and record the files as the source of data for reference.



Board meeting minute:

	Directors related to the motions	Resolutions	Reasons for the recusal	Participation in Voting
01.21	Yang, Ying-Ming, Yang, Chi-Jen, Chang, Hong-De, Chen, Chao-Jung, Shen, Jui-Hsiung	The proposal of the year-end bonus for the Company's directors who execute the business operations and the managers.	Resolved the year-end bonus for the Company's executive directors and the managers.	The other directors present approved the proposal unanimously.
01.21	Yang, Ying-Ming, Yang, Chi-Jen, Chang, Hong-De, Chen, Chao-Jung, Shen, Jui-Hsiung	Proposal for a raise for the Company's executive directors and the managers.	Resolved to raise the salaries for the Company's executive directors and the managers.	The other directors present approved the proposal unanimously.
08.10	Yang, Ying-Ming, Yang, Chi-Jen, Chang, Hong-De, Chen, Chao-Jung, Lin, Chun-Ke, Yang, Shin-Nan, Yang, Chia-Ling, Lin, Tsung-Yi	The distribution of remuneration to the directors of the Company.	With the exception of Mr. Chen, Chao Jung and Mr. Lin, Chun-Ke, who were involved in the remuneration distribution to corporate directors, the other directors were involved in the remuneration distribution to themselves.	When resolving the remuneration for each director, the person being voted and recused and the other directors present approved the proposal unanimously. When resolving on the remuneration of the corporate director of Si Rui Investment Co., Ltd. and Kenjou Co., Ltd., their representatives, Mr. Chen, Chao Jung and Mr. Lin, Chun-Ke, recused themselves for conflict of interest and the other directors present approved the proposal unanimously.
08.10	Yang, Ying-Ming, Yang, Chi-Jen, Chang, Hong-De, Chen, Chao-Jung, Lin, Chun-Ke,	The distribution of remuneration to the Company's executive directors and the managers.	Resolved the remuneration for the Company's executive directors and managers.	When resolving on the employee remuneration to the directors and managers, the person being voted recused and the other directors present approved the proposal unanimously.

Training for Members of the Board of Directors

The Company's policy to enhance the Board's independence and diversity covers the basic requirements and values: gender, age, nationality, culture, etc.; professional knowledge and skills: professional background, professional skills and industry experience. The Board directors evaluated the Company's business strategies, risk management, investment plans and other major projects with duties of loyalty and the due care of a good-faith administrator, as well as focus on corporate governance and the implementation of internal control systems.

The following table shows the training records of the company's highest management unit in 2022:

Position	Name	Date of Training	Organizer	Course Name	Hours
Chairman	Yang, Chi-Jen	08.11	Accounting Research and Development Foundation	Legal Liability and Case Analysis of Corporate "Takeover Contest"	3
		08.11	Accounting Research and Development Foundation	How the Board of Directors and Senior Executives Review the Sustainability Report	3
Director	Yang, Ying-Ming	05.12	Taiwan Stock Exchange Corporation, Alliance Advisors, Taiwan Corporate Governance Association	Twin-Summit Forum	2
		07.13	Taiwan Stock Exchange Corporation	Sustainable Development Roadmap Industry Theme Advocacy Activity	2
		09.18	Taiwan Investor Relations Institute	Corporate Governance Series-ESG and Tax Practice Analysis	3
Vice Chairman	Chang, Hong-Der	05.04	Taiwan Stock Exchange Corporation, Alliance Advisors, Taiwan Corporate Governance Association	Twin-Summit Forum	2
		06.10	Taiwan Stock Exchange Corporation	2022 Prevention of Insider Trading Advocacy Activity	3
		06.22	UBS and Taiwan Academy of Banking and Finance	Corporate Governance and Sustainability Workshop: Corporate Sustainability and International Tax Trends	3



Position	Name	Date of Training	Organizer	Course Name	Hours
Director	Yang, Shin-Nan	03.10	QIC, Georgeson, Taiwan Stock Exchange Corporation	An International Perspective on Independent Directors and 2022 Shareholders' Meeting	1
		05.04	Taiwan Stock Exchange Corporation, Alliance Advisors, Taiwan Corporate Governance Association	Twin-Summit Forum	2
		10.28	Taiwan Stock Exchange Corporation	2022 Prevention of Insider Trading Advocacy Activity	3
Corporate Director	Stretch Investment Co., Ltd. Representative: Chen, Chao-Jung	05.12	Taiwan Stock Exchange Corporation, Alliance Advisors, Taiwan Corporate Governance Association	Twin-Summit Forum	2
		05.20	Taiwan Stock Exchange Corporation	2022 Prevention of Insider Trading Advocacy Activity	3
		07.20	Taiwan Stock Exchange Corporation	Sustainable Development Roadmap Industry Theme Advocacy Activity	2

Position	Name	Date of Training	Organizer	Course Name	Hours
Corporate Director	Kenjou Ind. Co., Ltd. Representative: Lin, Chun-Ke	05.12	Taiwan Stock Exchange Corporation, Alliance Advisors, Taiwan Corporate Governance Association	Twin-Summit Forum	2
		06.10	Taiwan Stock Exchange Corporation	2022 Prevention of Insider Trading Advocacy Activity	3
		06.22	UBS and Taiwan Academy of Banking and Finance	Corporate Governance and Sustainability Workshop: Corporate Sustainability and International Tax Trends	3
		07.20	Taiwan Stock Exchange Corporation	Sustainable Development Roadmap Industry Theme Advocacy Activity	2
		10.06	Taiwan Stock Exchange Corporation	2022 Reference guide for Independent Director & Audit Committee	3
Director	Yang, Chia-Ling	06.22	UBS and Taiwan Academy of Banking and Finance	Corporate Governance and Sustainability Workshop: Corporate Sustainability and International Tax Trends	3
		07.07	Taiwan Stock Exchange Corporation	Sustainable Development Roadmap Industry Theme Advocacy Activity	2
		08.24	Accounting Research and Development Foundation	ISSB S1 "General Requirements for Disclosure of Sustainability – related Financial Information	3
		11.17	Taiwan Institute for Sustainable Energy	The 5th Global Corporate Sustainability Forum - Road to Net Zero: Co-creation of "Decarbonization and Sustainable Ecosystem" conceptual analysis	3
Director	Lin, Tsung-Yi	06.22	UBS and Taiwan Academy of Banking and Finance	Corporate Governance and Sustainability Workshop: Corporate Sustainability and International Tax Trends	3
		07.07	Taiwan Stock Exchange Corporation	Sustainable Development Roadmap Industry Theme Advocacy Activity	2
		09.01	Accounting Research and Development Foundation	Tax Regulations and Practices for Controlled Foreign Company (CFC)	3
		11.17	Taiwan Institute for Sustainable Energy	The 5th Global Corporate Sustainability Forum - Road to Net Zero: Co-creation of "Decarbonization and Sustainable Ecosystem" conceptual analysis	3

Position	Name	Date of Training	Organizer	Course Name	Hours
Independent Director	Hsieh, Chun-Mou	06.10	Taiwan Stock Exchange Corporation	2022 Prevention of Insider Trading Advocacy Activity	3
		06.22	UBS and Taiwan Academy of Banking and Finance	Corporate Governance and Sustainability Workshop: Corporate Sustainability and International Tax Trends	3
Independent Director	Su, Ching-Yang	03.10	QIC, Georgeson, Taiwan Stock Exchange Corporation	An International Perspective on Independent Directors and 2022 Shareholders' Meeting	1
		03.22	Taiwan Corporate Governance Association	2030/2050 Net Zero Emissions - Sustainability Challenges and Opportunities for Global Business	3
		05.04	Taiwan Corporate Governance Association	A Risk Perspective on Corporate Sustainability Governance - from Corporate Governance to ESG	3
Independent Director	Cho, Shih-Chao	05.04	Taiwan Stock Exchange Corporation, Alliance Advisors, Taiwan Corporate Governance Association	Twin-Summit Forum	2
		06.10	Taiwan Stock Exchange Corporation	2022 Prevention of Insider Trading Advocacy Activity	3
		10.11	Taiwan Stock Exchange Corporation	2022 Reference guide for Independent Director & Audit Committee	3





The Performance Evaluation of the Board of Directors & Functional Committees

To implement corporate governance and enhance the Company's board functions, and to set forth performance objectives to improve the operation efficiency of the board of directors, the "Rules for Performance Evaluation of the Board of Directors" is established in accordance with Article 37 of the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies for compliance.

- I. Basis: "Regulations on the Performance Evaluation of the Board of Directors and Functional Committees" of the Company.
- II. Evaluation cycle: Once a year.
- III. Evaluation period: 1 January 2022 to 31 December 2022.
- IV. Scope of evaluation: Performance evaluation of the entire Board of Directors, individual Board members and functional committees.
- V. Evaluation method: Self-evaluation of the performance of the Board of Directors, self-evaluation of the performance of the members of the Board of Directors, self-evaluation of the performance of the Audit Committee, and self-evaluation of the performance of Remuneration Committee.



The following tables are the performance evaluation results. For details, please refer to the company's “Rules for Performance Evaluation of the Board of Directors” and “The results of the performance evaluation of the Board & functional Committees”.

Self-evaluation of Performance of the Board		
What is being evaluated	Number of assessment questions	Score
A. Participation in the operation of the Company	11	24.5
B. Enhance the quality of decision making by the Board of Directors	12	29
C. Composition and structure of the Board of Directors.	6	13.4
D. Election and continuing education of the directors.	3	8.4
E. Participation in the operation of the Company	6	17.4
Total		92.7
Evaluation results: Very good		

Self-evaluation of Performance of the Audit Committee		
What is being evaluated	Number of assessment questions	Score
A. Participation in the operation of the Company	4	19.67
B. Awareness of the duties of the Audit Committee	5	24.67
C. Enhance the quality of decision making by the Audit Committee	6	30
D. Composition of the Audit Committee, and election and appointment of committee members	2	10
E. Internal Control	3	14.67
Total		99.01
Evaluation results: Excellent		



Self-evaluation of Performance of Board members		
What is being evaluated	Number of assessment questions	Score
A. Alignment of the goals and mission of the Company	3	11.78
B. Awareness of the duties of a director	5	19.78
C. Participation in the operation of the Company	8	31.13
D. Management of internal relationship and communication	3	11.71
E. The director's professionalism and continuing education	3	11.78
F. Internal control	3	11.93
Total		98.11
Evaluation results: Excellent		

Self-evaluation of Performance of the Remuneration Committee		
What is being evaluated	Number of assessment questions	Score
A. Participation in the operation of the Company	4	27.07
B. Awareness of the duties of the Remuneration Committee	3	18
C. The quality of decision making by the Remuneration Committee	6	35.2
D. Composition of the Remuneration Committee, and election and appointment of committee members	3	17.6
Total		97.87
Evaluation results: Excellent		

The Audit Committee

The Company established the Audit Committee on June 11, 2018, which consists of all independent directors. The purpose of the Audit Committee is to oversee the fair presentation of the company's financial statements, the selection (and dismissal) and independence (and suitability) of certificated public accountants, the effective implementation of the internal control system, the Company's compliance with relevant laws, regulations and management of the existing or potential risks.

The main purpose of the Audit Committee is to supervise the operation of the following items:

- I. The financial statements present fairly.
- II. The selection (and dismissal) and independence (and suitability) of certificated public accountants.
- III. The effective implementation of the internal control system.
- IV. The Company's compliance with relevant laws and regulations.
- V. Management of the existing or potential risks.

The authority of the Audit Committee are as follows:

- I. Adoption or amendment of an internal control system in accordance with Article 14-1 of the Securities and Exchange Act.
- II. Assessment of the effectiveness of the internal control

system.

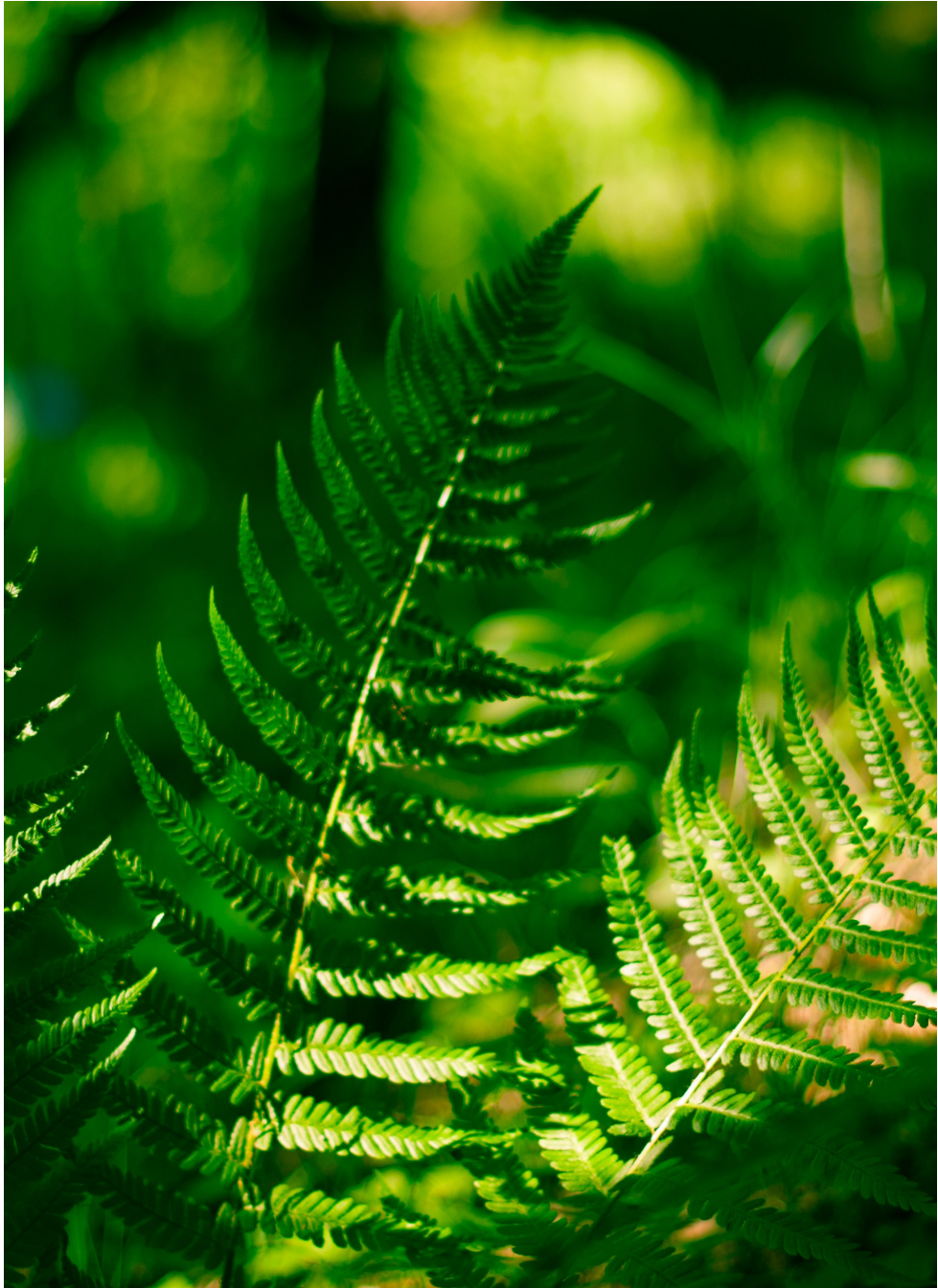
- III. Adoption or amendment, pursuant to Article 36-1 of the Securities and Exchange Act, of handling procedures for financial or operational actions of material significance, such as acquisition or disposal of assets, derivatives trading, extension of monetary loans to others, and endorsements or guarantees for others.
- IV. A matter bearing on the personal interest of a director or supervisor.
- V. A transaction involving material asset or derivatives trading.
- VI. A material loan, endorsement, or provision of guarantee.
- VII. The offering, issuance, or private placement of any equity-type securities.
- VIII. The hiring, dismissal or remuneration of an attesting certified public accountant.
- IX. The appointment or dismissal of a financial, accounting, or internal auditing officer.
- X. The annual financial report signed or sealed by the chairman of the board of directors, the manager and the chief accounting officer, and the second quarterly financial report subject to audit and certification by the accountant.
- XI. The Business Report, earning distribution or loss make-up proposal.
- XII. Any other material matter determined by the Company or the competent authority.

The Operation of the Audit Committee

The Audit Committee is convened at least once quarterly in accordance with the Company’s “Audit Committee Charter”. The Audit Committee makes recommendations to the Board of Directors for reference in the areas of finance, loan, material investments, and internal control with its impartiality, objectivity, and independence. In 2021, three newly elected Independent Directors of the Board were appointed as members of the Audit Committee. In 2022, the Audit Committee held five meetings with an average attendance rate of 100%.

The Operation of the Audit Committee				
Position	Name	Attendance in Person	Attendance by proxy	Attendance Rate in Person (%)
Convener	Hsieh, Chun-Mou	5	0	100%
Director	Su, Ching-Yang	5	0	100%
Director	Cho, Shih-Chao	5	0	100%

Note: The term of members: August 31, 2021 to August 30, 2024



Remuneration Committee

On December 12, 2011, the Company established the Remuneration Committee, which consists of three members who are Independent Directors or independent professionals with qualified experience. The main function of the Committee is to assist the Board of Directors in implementing and evaluating the Company's overall compensation and benefits policies as well as the compensation of directors and managers. It is also responsible for establishing and reviewing the long-term performance goals and policies, systems, standards, and structures of compensation of directors and managers. It shall also regularly evaluate the achievement of performance goals of directors and managers and the content of their compensation.

The duties of the Remuneration Committee:

- I. Periodically reviewing this Charter and making recommendations for amendments.
- II. Establishing and periodically reviewing the performance assessment standards, annual and long-term performance goals, and the policies, systems, standards, and structure for the compensation of the directors, supervisors, and managerial officers of this Corporation.
- III. Periodically assessing the degree to which performance goals for the directors, supervisors, and managerial officers of this Corporation have been achieved, setting the types and amounts of their individual compensation based on the results of the reviews conducted in accordance with the performance assessment standards.

The Committee shall perform the duties under the preceding paragraph in accordance with the following principles:

- I. Ensuring that the compensation arrangements of this Corporation comply with applicable laws and regulations and are sufficient to recruit outstanding talent.
- II. Performance assessments and compensation levels of directors, supervisors, and managerial officers shall take into account the general pay levels in the industry, individual performance assessment results, the time spent by the individual and their responsibilities, the extent of goal achievement, their performance in other positions, and the compensation paid to employees holding equivalent positions in recent years. Also to be evaluated are the reasonableness of the correlation between the individual's performance and this Corporation's operational performance and future risk exposure, with respect to the achievement of short-term and long-term business goals and the financial position of this Corporation.
- III. There shall be no incentive for the directors or managerial officers to pursue compensation by engaging in activities that exceed the tolerable risk level of this Corporation.

- IV. For directors and senior managerial officers, the percentage of remuneration to be distributed based on their short-term performance and the time for payment of any variable compensation shall be decided with regard to the characteristics of the industry and the nature of this Corporation's business.
- V. Reasonableness shall be taken into account when the contents and amounts of the compensation of the directors, supervisors, and managerial officers are set. It is not advisable for decisions on the compensation of the directors, supervisors, and managerial officers to run contrary to financial performance to a material extent. It is not advisable for said compensation to be higher than that in the preceding year in the event of a material decline in profits or of long-term losses.
- VI. When a meeting of the remuneration committee will discuss the remuneration of any member of the remuneration committee, it will be clearly stated at the meeting. If there is likely to be any prejudice to the interests of the company, that member may not participate in the discussion or voting and shall enter recusal during the discussion and voting. The member also may not act as another remuneration committee member's proxy to exercise voting rights on that matter.

“Compensation” as used in the preceding two paragraphs includes cash compensation, stock options, profit sharing and stock ownership, retirement benefits or severance pay, allowances or stipends of any kind, and other substantive incentive measures. Its scope shall be consistent with the compensation for directors, supervisors, and managerial officers as set out in the Regulations Governing Information to be Published in Annual Reports of Public Companies.

If the decision-making and handling of any matter relating to the remuneration of directors and managerial officers of a subsidiary is delegated to the subsidiary but requires ratification by the board of directors of this Corporation, the Committee shall be asked to make recommendations before the matter is submitted to the board of directors for deliberation. If the remuneration passed by the board of directors exceeds the recommendation of the remuneration committee, the circumstances and cause for the difference shall be specified in the board meeting minutes, and shall be publicly announced and reported on the information reporting website designated by the competent authority within 2 days counting from the date of passage by the board of directors.



The Operation of the Remuneration Committee

In accordance with the Company’s “Remuneration Committee Charter”, the Remuneration Committee shall convene at least twice a year. The functions of the Committee are to professionally and objectively evaluate the policies and systems for compensation of the Company’s directors and managerial officers, and submit recommendations to the board of directors for decision making purposes.

The Operation of the Remuneration Committee

Position	Name	Attendance in Person	Attendance by proxy	Attendance Rate in Person (%)
Convener	Hsieh, Chun-Mou	3	0	100%
Director	Su, Ching-Yang	3	0	100%
Director	Cho, Shih-Chao	3	0	100%

In 2022, the Remuneration Committee held three meetings with an average attendance rate of 100%.

Procedure for the Resolution of Salary Structure and Remuneration System

According to the Company Act and the Company's Articles of Incorporation, the Company's director remuneration policy required that the remuneration to directors shall be no more than 3% of the annual profit of the Company.

The procedure to determine the remuneration system of the Company's Board of Directors and top management:

- I. Remuneration to the Company's directors: in accordance with Article 3 of the "Regulations Governing the Remuneration to Directors" issued by the Company, the remuneration criteria for directors shall be determined by the Board of Directors with reference to the industry standards, based on each individual director's participation in the daily operations and management of the Company and the performance of his or her duties for the Company. The remuneration of directors includes salary, compensation for duties, various bonuses, pensions, allowance and remuneration to directors from earnings distribution. Based on the Article 27-1 of the Article of Incorporation, the remuneration of directors shall be distributed at a rate of not more than 3% of the Company's profit for the year. Independent directors do not participate in the distribution of directors' remuneration. The Company regularly evaluates the remuneration to directors in accordance with the "Rules Govern-

ing the Performance Evaluation of the Board of Directors." The related performance evaluation and the reasonableness of the remuneration are reviewed by the Remuneration Committee and the Board of Directors.



Procedure for the Resolution of Salary Structure and Remuneration System

II. Remuneration to the Company's top management: Salaries and compensation of top management are determined in accordance with Article 3 of the Company's "Regulations Governing Managerial Salaries and Compensation", "Regulations Governing Salary Calculation", and the "Regulations Governing the Appointment and Promotion of Supervisory Personnel," and by reference to the Company's overall operating performance, the top manager's seniority of service, personal achievement rate, contribution to the Company, and potential for the future. The remuneration to top managers includes salaries, pensions, allowances, incentives, rewards, employee bonuses and other substantial incentives; further, if the Company makes a profit during the year, the Company shall distribute the employee's remuneration at a rate of not less than 0.5% of the profit for the year in accordance with Article 27-1 of the Company's Articles of Incorporation.

III. The performance evaluation and the reasonableness of the remuneration to directors and managers of the Company are evaluated and reviewed by the Remuneration Committee and the Board of Directors annually. In addition to the individual's achievement rate and contri-

bution to the Company, compensation is determined with reference to the Company's overall operating performance, future risks and development trends of the industry. The Company also reviews the compensation system from time to time in light of the actual operating conditions and relevant laws and regulations and provides reasonable remuneration after comprehensive consideration in order to strike a balance between sustainable operation and risk control.



01 Policy Objective

To ensure a sound system for compensation of the directors and managerial officers of the company, the “Remuneration Committee Charter” is adopted pursuant to Article 3 of the “Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange”.



02 Review Procedure

The performance evaluation and the reasonableness of the remuneration to directors and managers of the Company are evaluated and reviewed by the Remuneration Committee and the Board of Directors on a yearly basis, with reference to the individual's performance achievement rate and contribution to the Company, the overall operating performance of the Company, the future risks and development trends of the industry. In addition to the individual's achievement rate and contribution to the Company, compensation is determined with reference to the Company's overall operating performance, future risks and development trends of the industry.

The Company also reviews the compensation system from time to time in light of the actual operating conditions and relevant laws and regulations and provides reasonable remuneration after comprehensive consideration in order to strike a balance between sustainable operation and risk control.

03 Link to Risk

The Company's remuneration policy is reviewed based on the overall operating performance of the Company and the individual's performance achievement rate and contribution to the company, in order to enhance the overall organizational effectiveness of the Board of Directors and the managers. The Company also makes reference to the industry's remuneration standards to ensure that the remuneration of the Company's management is competitive in the industry so as to retain outstanding management talent.

The Company's managerial performance targets are integrated with "risk control" to ensure that possible risks are managed and prevented within the scope of responsibilities and the results of the actual performance evaluation are linked to the human resources and related remuneration policies. The important decisions made by the Company's management are carefully evaluated based on various risk factors. The performance of related decisions is reflected in the company's profitability and furthermore, the management's remuneration is related to the performance of risk control.

04 Connection between Remuneration and Performance

In order to ensure the close links between the managers' performance and the Company's strategies, and also its competitive remuneration, the Company has established the "Regulations Governing the Remuneration to Managers" as the basis for performance evaluation and remuneration. The aforementioned Regulations include the managers' performance evaluation and remuneration policy, system, standards and structure, which are reviewed by the Remuneration Committee and submitted to the Board of Directors for approval. The managers' performance evaluation structure consists of the "evaluation on results" and "evaluation on competency". After setting the goals at the beginning of the year, the Company will review the business performance on a quarterly basis, and conduct the performance evaluation semi annually. The evaluation criteria include the profit target achievement rate, improvement of the organizational decision-making and execution abilities, cadre training, implementation of CSR and corporate governance, etc. The Remuneration Committee submits proposals, which will be executed upon approval by the Board of Directors.



ESG Committee

The Corporate Social Responsibility is the core idea of the Committee. The Committee’s preliminary outlook and vision are: establish the articles of incorporation to help the Company implement the environmental protection and energy conservation (E), social responsibility and care (S) and corporate governance and risk controls (G) (hereinafter referred to as “ESG”), which constitute a total of 17 material issues. Therefore, the Company moves forward with more specific and definite goals, extends the sustainability strategies not only to all colleagues, but also to the world. While creating profits and improving international competitiveness, the Company complies with government regulations to bear the liability for environmental protection to mitigate the environmental risk arising from climate change and related social

responsibilities to promote the sustainability and finally presents the results in a data-driven manner, so that the stakeholders working with the Company, including employees, shareholders, investors, suppliers, the government and the public, can better understand the Company’s business performance and be more confident in the Company in order to invest and cooperate with the Company.

The Committee holds regular meetings to review the performance indexes for sustainability. At least once a year, the Committee reports to the Board of Directors on the performance results and the work plan for the next year, and reviews the annual sustainability report.

The Terms of Reference of the ESG Committee are as follows:

- I. Review and approve the annual targets for each of the environmental, social and governance (hereinafter referred to as “ESG”) areas related to the operations of the Group.
- II. Propose sustainable development policy or system and supervise the implementation of the plan, and report annually to the Board of Directors.
- III. Review and approve or file a record of the implementation plan for each area of ESG.
- IV. Review and approve the preparation of sustainability report.
- V. Other matters to be handled by this Committee as resolved by the Board of Directors.

Sustainable Development Policy

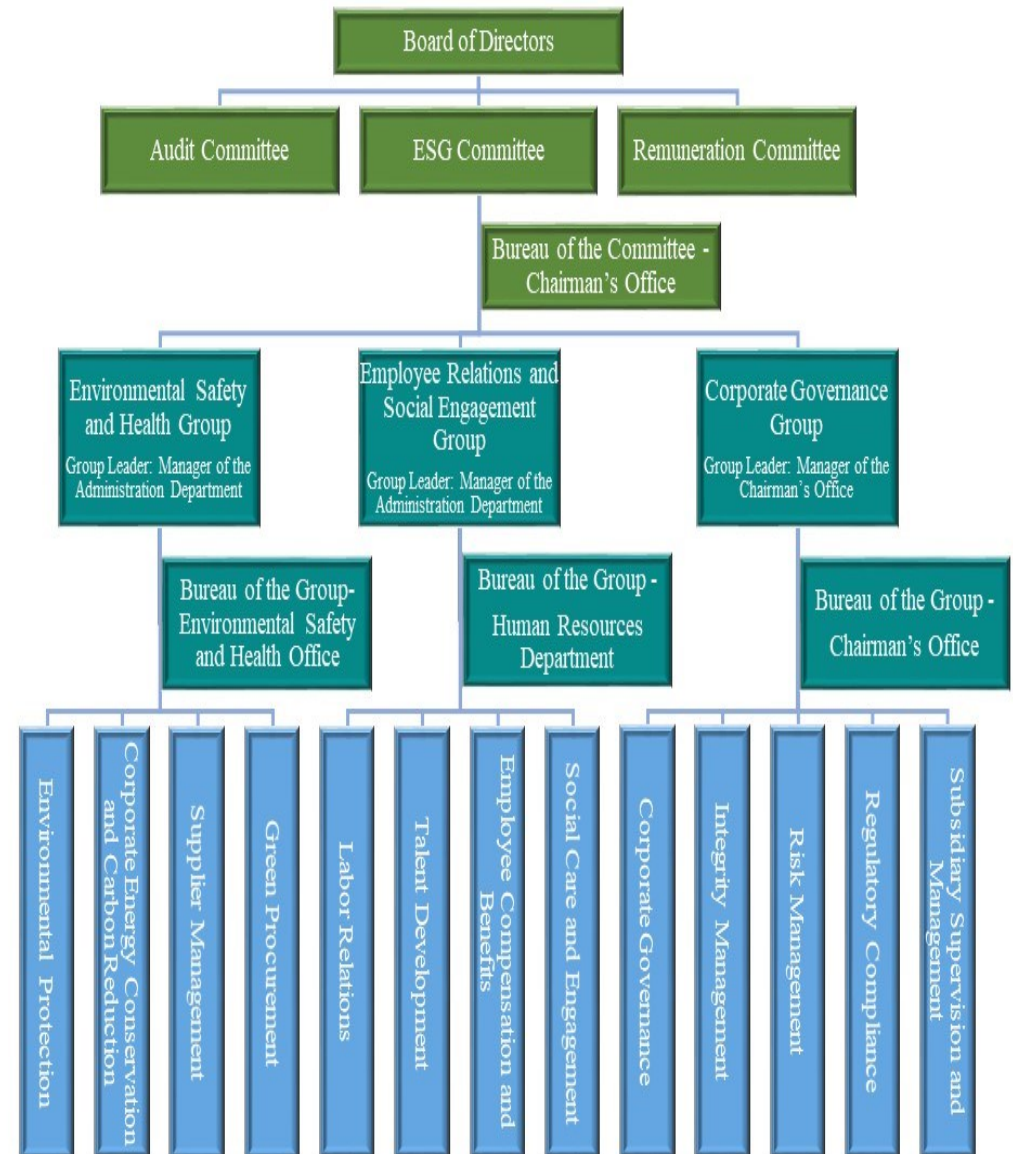
The Company adheres to the founder’s management philosophy of “integrity, quality, service, and innovation.” By implementing the management strategies of “green production, safety and health, and sustainability” the Company will work together with all colleagues and suppliers to improve, to be profitable, and to fulfill sustainability by running the company sustainably.

The Operation Policy of the ESG Committee

On January 21, 2022, the Board of Directors resolved to change the name of the “Corporate Social Responsibility Committee” to the “ESG Committee”, and appointed three directors as members of this Committee. According to the related activities, the Committee has set up several functional groups, including the Corporate Governance Group, the Environmental Safety and Health Group, and the Employee Relations and Community Participation Group.

- I. Annual meeting of the ESG Committee: The annual meeting is attended by committee members, the Bureau of the Committee, and working group leaders. And the working group leader will explain the implementation of sustainable development results and stakeholder consultation and communication, and agree on sustainable development management policies and performance management indicators, assign functional meetings of

Kenda ESG Committee Organizational Structure



various functional groups and related departments of the company to promote related businesses.

- II. Corporate Governance Group: Assist in strengthening the functions of the board of directors, focusing on the rights and interests of shareholders, integrating relevant departments to formulate various regulations and systems related to corporate governance, and assisting in the completion and implementation of internal control systems, integrity management, risk management, etc., to ensure transparency of information disclosure and compliance with relevant laws and regulations. The management meetings promote issues related to the Company's operations and review financial performance indicators. The sales meetings discuss consumers' and clients' demands for the Company's products and provide relevant feedback and results to the R&D Department of proposals of product design. The production and sales meetings review customers' needs and the performance of achieving business objectives. The Quality Management Committee reviews customers' complaints about product quality and service quality as well as proposes improvement plans. Last, in accordance with the Company's Q (quality), D (delivery), and C (cost) policies, the manufacturing meetings make production equipment planning, review manufacturing standard operating procedures, make plans for relevant employee assignment, training, and education, make plans for raw material requirements and procurement, improve the performance indicators for the process management of production, storage, and transportation according to customers' orders.



III. Environmental Protection and Safety Group: Integrate and promote the company's environmental protection, safety and health, energy conservation, water conservation, and greenhouse gas management related work to enhance sustainable competitiveness. Based on the company's environmental safety and health policy, the Safety and Health Office formulates management indicators for air, water, waste, toxicity, noise, and other related issues in accordance with Environmental Protection Laws. Additionally, the office oversees the implementation of environmental safety and health education and training. The review of product design will formulate raw material specifications and product specifications in accordance with tire-related laws and regulations to produce ecofriendly tires with light weight, low rolling resistance, high wet grip, and reduce material consumption per tire unit, vehicle energy consumption, and greenhouse gases emissions. The Occupational Safety and Health Committee establishes and improves workplace safety facilities and plans employee health checks in accordance with occupational safety and health regulations, and reviews the performance of occupational safety management and health management indicators. Purchasing meetings review the performance of qualified suppliers and related management indicators in accordance with the company's procurement policies.





The Operation of the ESG Committee

The Committee has the Chairman's Office acting as the Bureau of Affairs to take charge of the overall planning on the Committee's affairs, integrating functional groups' annual plans, preparing the sustainability report and formulating related sustainable development management policy. Each department sets the ESG indicators subject to their duties and functions and submits to the ESG Committee for review. The ESG indicators will also be included in the management meetings' indicators. Each department is responsible for various indicators shall report the results to the Board of Directors each year, and also report the implementation status to the ESG Committee each quarter. In 2022, a total of 9 meetings were convened, with motions covering the three dimensions of ESG.

The formulation of the Company's sustainable development direction, goals, policy and system, execution of the supervision plans, annual plans, sustainability report plan and the implementation results of the relevant matters shall be proposed to the Board of Directors upon discussion by the Committee. The sustainability report shall be submitted to the ESG Committee for review when it is completed and may be issued only with the permission from the Board of Directors.

Communication Major Events

	Major events (number of cases)	Method and frequency of communication	Communication results
Environment	3	1. The stator and rotor of the wire cutting machine water pump in the mold maintenance zone of Material Technology Division II are damaged badly. The noise at work attains 79 decibels and, therefore, affects the normal operations of the office personnel severely.	1-1 Seek assistance from suppliers for replacement of new water pumps. 1-2 After replacing the new water pumps, the noise made by the whole machine attained about 55 decibels, and completely solved the risk of damage to the machine caused by pump failure, fire, electrical leakage and industrial accidents.
Economy	0		
Society	0		



Nature	Major events (number of cases)	Method and frequency of communication	Communication results
Society	0	<p>2. The original wall has not enough space to wrap the whole heater into the building, resulting in a bigger hole underneath the heater, and, therefore, there are always weasels and rats coming in and out of the office at night, which can easily damage the electric wires or cause germs infection to the staff.</p> <p>3. The lighting bulbs on the top of the plant are glass tube bulbs. Since establishment of the factory, 10 out of the original 18 bulbs have been damaged, and the illumination cannot afford to satisfy the need for work at nighttime.</p>	<p>2-1 Use cement, sand and bricks to fill the opening of the insulation cotton below. After that, it becomes solid and unbreakable and thereby may prevent small animals from digging holes to access the office and also prevent wires from being bitten and the employees' from being infected with germs.</p> <p>3-1 Replacement of the LED lamps used in the on-site workshop has resulted in a significant increase in the illumination of the individual lamps, and the LEDs are durable and not easily damaged.</p>



1.3 Corporate Governance Ethics and Integrity

The Company has established rules such as the “Ethical Corporate Management Practice”, “Code of Ethical Conduct”, “Management Rules on Prevention of Insider Trading”, “Code of Supplier Management”, “Procedures for the Supplier Management of Raw Material and Special Material”, “Regulations Governing the Communication Between Employees and Stakeholders”, and other relevant regulations. The Company also disseminates board members, managers, employees, suppliers and customers to abide by.

In response to the above-mentioned violations, the Company has set up a complaint reporting channel on the Company's sustainability website (<https://www.esg.kenda.com.tw/en>). In response to the above-mentioned violations, the Company has set up a complaint reporting channel on the Company's sustainability website (<https://www.esg.kenda.com.tw/en>).

- ◇ New board members and managers should sign a Confidentiality Undertaking and a Conflict of Interest Disclosure and Avoidance Statement, and provided and disseminated the “Management Rules on Prevention of Insider Trading” will be for them to abide by.
- ◇ Disseminate regulations during new employee orientation, and sign a Confidentiality Undertaking and a Conflict of Interest Disclosure and Avoidance Statement. Daily employee trainings also disseminates relevant laws and concepts from time to time, and implement compliance with regulations on integrity.
- ◇ Disseminate that all employees shall report to the Company when accepting banquet invitations or gifts for business purposes.

- ◇ Disseminate suppliers and customers to sign a “Code of Conduct Warranty” to ensure that all transactions with the Company are conducted in accordance with integrity and honesty. New suppliers and customers conduct transactions after they have been disseminated and signed a “Code of Conduct Warranty”. Suppliers who have not signed are listed as high-risk, and will be followed up to sign the “Code of Conduct Warranty”, so as to jointly maintain integrity and honest business partnerships.

Risk Control

The Company has established a comprehensive internal control system, and regularly conducts audits to confirm the effective implementation of the internal control system and to track and correct of audit deficiencies through the audit system, and regularly submits reports to the board of directors to avoid risks and damages caused by the failure of the internal control system.

The Company prepares an annual budget in accordance with the management regulations of the annual budget system and manages the funds required for operations. Through daily operation management, the Company can respond to and control financial risks at any time; such as market risk (foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk, in order to stabilize the company's financial status and avoid market uncertainties. The highest risk control policy of the company is supervised and operated by the ESG Committee. The highest authorities and management units for each risk item are as follows:





Highest Authority

Financial Meeting

Management Unit

Finance Department, Head-quarter

Management Policy

- Planning and management of sufficient working capital.
- Control foreign exchange risk.
- The investments under control are all low-risk instruments for hedging purposes. No involvement in trading of derivatives.
- Stringent rules in place and compliant with laws regarding risks in endorsement, guarantee and lending.

Financial Risk

Highest Authority

Management Meeting

Management Unit

Administration Department, Headquarter

Management Policy

- Standardize information access authority, and implement measures such as information system control and factory access control to control trade secret risks.

Information Security Risk



Highest Authority

Standard Committee
Quality Committee
Design Review Committee

Management Unit

Production Department, Headquarter
R&D Department, Headquarter

Management Policy

- Quality meetings are held every month to management, control and review the improvement of yield rate.
- Establish a good channel for customer complaints, and give proper and appropriate responses to customers' concerns about product quality.
- It is insured for the products produced and sold to ensure that customers can sell and use the Company's products without worries.
- Formulate raw material specifications and product specifications in accordance with tire-related laws and regulations to produce ecofriendly tires with light weight, low rolling resistance, high wet grip, and reduce material consumption per tire unit, vehicle energy consumption, and greenhouse gases emissions.

Product Risks

Highest Authority

Standard Committee
Quality Committee
Design Review Committee

Management Unit

Auditing Office

Management Policy

Production Department, Headquarter
R&D Department, Headquarter

- The laws and regulations to be followed by each department will be revised into the Company's internal regulations, and self-assessment and inspection of the laws and regulations will be carried out on a regular basis.
- Decision-making is proceeded according to the hierarchical structure of authorization and cross-functional meetings are convened when necessary.
- The Legal Department is established to handle risk control, and attorneys are hired to provide advice on legal issues.

Regulation Compliance Risk

Highest Authority

Management Policy

Production and Marketing Meeting
Sales Meeting

Management Unit

Taiwan Factory
Sales Department, Headquarter

■ Among the competitors in the industry, the Company strives to gain a foothold in the market by keeping abreast of market prices, product quality, and industry development.

■ Assess and manage customers' financial health and performance risks at any time to avoid losses to the Company due to defaults.

Market Risk

Highest Authority

Management Policy

Purchasing Meeting

Management Unit

Administration Department, Headquarter

■ Evaluate the supply and demand of the raw material in the market so as to avoid high-priced raw materials from affecting the price of the products.

■ Select suppliers and assess and manage their financial status and performance risks, and strictly review the quality of raw materials in order to comply with regulatory standards to avoid company losses caused by breach of contract or raw material defects.

Raw Material Risk

Highest Authority

Management Policy

Safety, Health and Environmental Risk

Management Unit

Safety and Health Office

■ An environmental safety and health management system was established in accordance with the ISO 14001 and ISO 45001/ TOSHMS (CNS 45001).

■ The environmental safety and health management system (including environmental safety and health policies and targets) must be combined with factory operations and implemented in the PDCA (Plan, Do, Check, and Action) cycle.

Safety, Health and Environmental Risk





Highest Authority

Human Resource Evaluation Committee

Pension Management Committee

Management Unit

Administration Department, Headquarter

Management Policy

Plan and implement comprehensive employee welfare policies and retirement systems.

Employees are required to adhere to non-compete clauses and sign confidentiality agreements to avoid risks.

Employee Risks

Highest Authority

General

Congress of Enterprise Union

Board of Governors'/ Supervisors'

Meeting of Enterprise Union

Management Unit

Enterprise Union

Management Policy

Supervise the Company's laws and regulations, and establish a good communication and complaint channel for employees.

Employee Risks

Highest Authority

Purchasing Meeting

Sales Meeting

Occupational Safety, Health and Environment Committee

Management Unit

Administration Department, Headquarter

Sales Department, Headquarter

Safety and Health Office

Management Policy

In order to maintain the security of the supply chain, each material maintains at least two to three suppliers in different geographical locations. The company will increase the inventory and actively seek a second supplier to respond flexibly to the risks of material shortages derived from changes in the international situation, extreme weather, and major natural disasters.

Promote greenhouse gas emission reduction activities.

In order to avoid product transportation risks, all production and business locations around the world maintain safety stocks. In areas where there are no operational locations, the Company will assist its customers in maintaining a secure inventory, so as to flexibly respond to the risks of supply shortages derived from extreme weather and major natural disasters.

In Response to Climate Change Risks

Corporate Governance of Self-Evaluations and TWSE Evaluation

According to the 5-year “Corporate Governance Roadmap” issued by the Financial Supervision Commission in December 2013, the Company confirmed one by one the evaluation indicators and included them in the internal management regulations for operational management to follow. In accordance with the requirements of the competent authority, the Company disclosed relevant information in the annual report, company website, and Market Observation Post System to protect the rights and interests of shareholders, treat shareholders equally, strengthen the structure and operation of the board of directors, improve the transparency of business information, and implement corporate social responsibility. The Company’s 2022 ranking pitch in listed companies: 36%~50% .

Handling Material Inside Information and Promotion of Prevention of Insider Trading

The Company sends directors and announcements on the Company’s intranet website for handling material inside information and prevention of insider trading documents to improve the legal knowledge of company directors and internal staff.

Policy Commitment

The Company is committed to defending employees’ basic human rights, recognizing and supporting international hu-

man rights standards such as “The United Nations Global Compact (UNGC)”, “ Universal Declaration of Human Rights (UDHR) ” and “the International Labor Organization's Declaration of Fundamental Principles and Rights at Work ”. The actions reflect the Company’s responsibility to respect and protect human rights, abide by the laws and regulations related to labor and gender equality of the Company’s location, and prevent any infringement and violations of human rights. The Company has established a human rights policy as follows to protect current employees and require suppliers to jointly abide by and safeguard human rights. The Company also incorporates the Human Rights Policy into the training and appointment requirements for new employees and disseminates them during training. For more information, please refer to our Human Rights Policy.

The company has established Ethical Corporate Management Practice. By advocating to customers and signing a “Code of Conduct Warranty” by suppliers, the commercial value of honesty and integrity is maintained. If any incidents that violate the above principles are found, anyone can report it through the following methods:

Complaint / Reporting Channel	
Acceptance Unit	Human Resources Division, Purchasing Department, and Sales Department
Contact Address	No. 146, Sec. 1, Zhongshan Rd., Yuanlin City, Changhua County
Hotline	04-8345171
E-mail	Customer complaint channel : E-mail : s5100@kenda.com.tw Supplier complaint channel : E-mail : m5100@kenda.com.tw Employee complaint channel : E-mail : m1100@kenda.com.tw

Anti-corruption System

On January 21, 2022, the Board of Directors resolved to establish the “ESG Committee” with a “Corporate Governance Group”, which is responsible for formulating the Company's “Ethical and Integrity Corporate Management Policies”, ensuring the implementation of the Ethical and Integrity Corporate Management Policies approved by the board of directors, and reporting to the Board of Directors at least once a year on the implementation of the overall ethical and integrity corporate management.

The Company has established the “Ethical Corporate Management Best Practices Principles” and the “Codes of Ethical Conduct and Regulations on the Public Recusal of Interested Parties” as resolved by the Board of Directors. The Company requires the Board of Directors, senior executives and all employees to implement these regulations. The Company and its subsidiaries shall, based on the business philosophy of integrity, transparency and responsibility, formulate policies based on honesty and integrity, and establish good corporate governance and risk control mechanisms in order to create a business environment for sustainable development. In addition to complying with the relevant laws and regulations, including the Company Act, the Securities and Exchange Act, the Business Entity Accounting Act, the Political Donations Act, the Anti-Corruption Act, the Government Procurement Act, the Act on Recusal of Public Servants Due to Conflicts of Interest, and the regulations relating to the listed companies or other business conduct related laws and regulations, the Company also prohibits offering and acceptance of bribes, illegal political donations, improper charitable donations or sponsorships, offering or acceptance of unreasonable presents, hospitality or other improper benefits, misappropriation of trade secrets and infringement of trademark rights, patent rights, copyrights, and other intellectual property rights, and engaging in unfair competitive practices. The



Company's directors and senior executives shall exercise a high degree of self-discipline. If a director or a juristic person represented by the director is an interested party with respect to any proposal for a board meeting, the director shall state the important aspects of the interested party relationship at the meeting. When the relationship is likely to prejudice the interests of the Company, the director may not participate in discussion or voting on that proposal and shall enter recusal during the discussion and voting. The director also may not act as another director's proxy to exercise voting rights on that matter.

The Board of Directors instructs the corporate governance manager and HR Division to set up the "Ethical Management Promotion Taskforce" dedicated to promoting the ethical management, responsible for formulating and supervising the execution of the ethical management policies and prevention plans, and submit the report to the Board of Directors on the compliance with the ethical management policies and unethical conduct prevention programs and improvement of deficiencies regularly each year (at least once per year) and also submit the report to the Audit Committee, in order to practice the ethical corporate management philosophy.

The Company has established the "Ethical Corporate Management Practice" and "Code of Ethical Conduct and Principle on the Avoidance of Conflict of Interest" as the internal control measures against corruption. Meanwhile, the Company also set up and disclose the independent whistleblowing mailbox and hotline to process any corruption conduct on its official website and intranet accessible by external and internal personnel.

◇ Internal and external whistleblowing may be proposed via the email: X0000@kenda.com.tw

◇ Internal and external whistleblowing may be proposed via the phone: 04-8345171#117~118

Whistleblowing in writing: Please send the written report to the Audit Office at No. 146, Section 1, Zhongshan Road, Yuanlin City, Changhua County, via mail or other means. In case of any reports about corruption, the Company will pursue the relevant personnel's liability and propose suggestions to correct the deficiency. Where any personnel is found involved in criminal liability, the Company will continue to collect the relevant information and report the case in writing for investigation. Meanwhile, the Company will make every endeavor to work with the prosecuting and anti-corruption agency.

Procedures for acceptance of whistleblowing cases: acceptance of the case by Audit Office collection of relevant evidence through administrative investigation and analysis and study on facts against laws and disciplines submission of the investigation result to the senior management, such as the general manager pursuit of the liability and submission of the report in writing to the judicial authority for investigation.



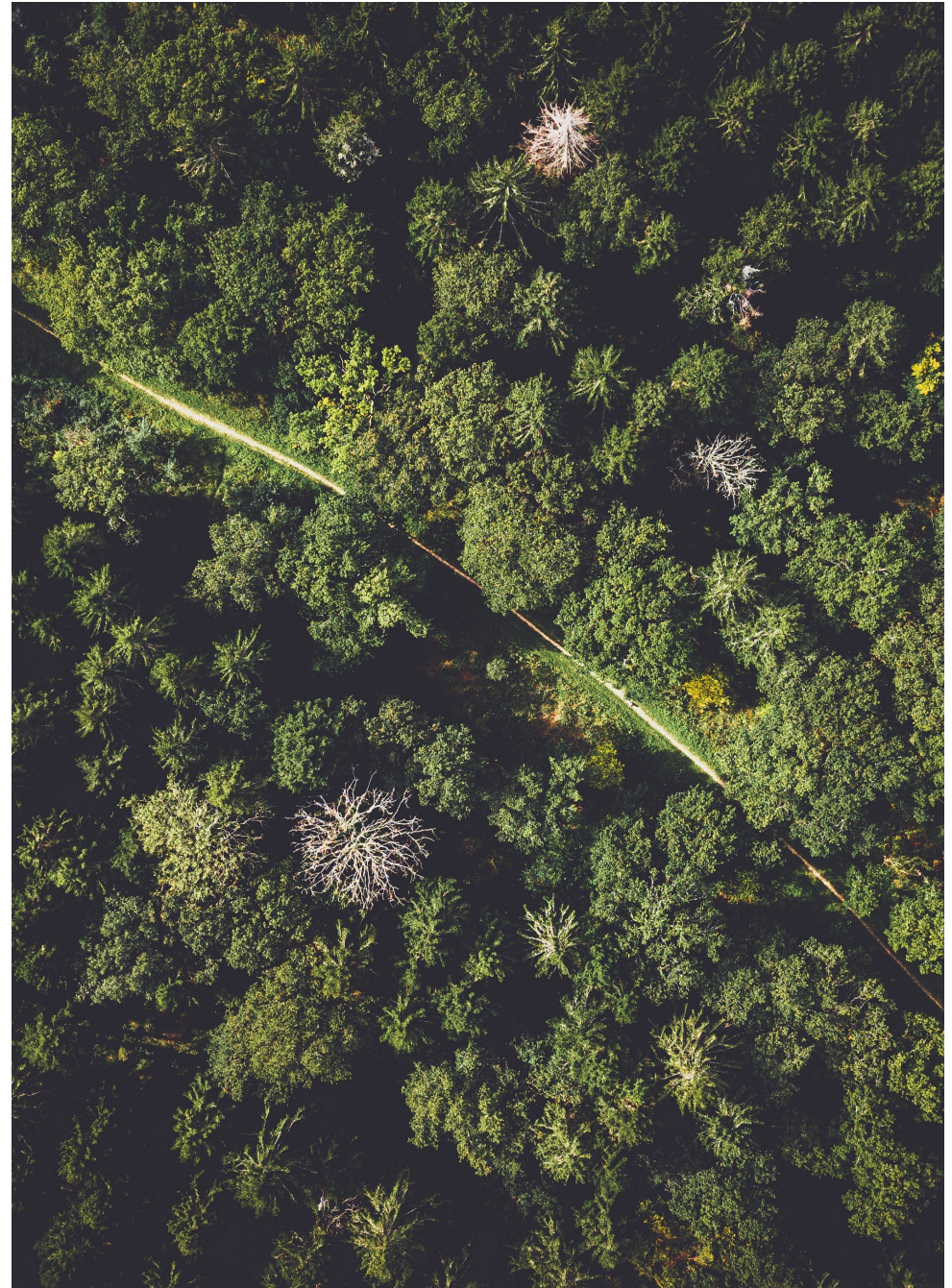
Communication and Training on Anti-corruption Policy

For current employees and suppliers in transaction, from time to time, the Company will emphasize the concepts of integrity and confidentiality in conjunction with the facts of other companies. 100% of the new employees have signed the confidentiality commitment and the interests evade commitments, and new development suppliers are also required to sign the "Code of Conduct Warranty". In 2022, the Company conducted internal and external training related to ethical management (including ethical management regulations, internal control systems, accounting systems, tire quality regulations and policies, safety and health management) for a total of 11,740 participants and 15,337 hours. (Statistics until 12/31)

Compliance with Regulations

The Company has internally established the regulations governing legal compliance to strengthen the Company's concept about legal compliance to mitigate the business risk and responsibility. Each department shall review the additions/amendments to the laws and regulations in a timely manner to determine the necessity and impact on the Company's business and management. Meanwhile, the Company will conduct the self-assessment on its legal compliance status annually. The Company's audit concludes that no anti-competitive practice, anti-trust or monopolistic behavior took place in 2022.

The Company defines a material breach as one that is corrected by a public authority, results in a fine, or results in a loss to the Company of NT\$1 million or more, as a means of ensuring that the Company is committed to strict compliance with all relevant regulations.





Type of Disposition	Contents of Disposition	Violated Laws and Regulations	Corrective Action
Labor Standards Act penalty and fine	NT\$260,000	Extend the working hours in violation of laws	The violation of employment terms and conditions shall be submitted to the production and sales meeting for resolution.
	NT\$100,000	Failure to grant the regular days off or rest days as required.	The violation of employment terms and conditions shall be submitted to the production and sales meeting for resolution.
Total	Number: 2 cases; fined NT\$360,000 in total.		
Occupational safety category penalty and fine	NT\$120,000	Paragraph 1 of Article 57 of the Regulations for the Occupational Safety and Health Equipment and Measures and Paragraph 1 of Article 4 of the Safety Standard of Machinery, Equipment and Tools.	The cover of tread cutting machine is equipped with the additional safety interlock device.
	NT\$100,000	Sub-paragraph 1, Paragraph 1 of Article 58 of the Regulations for the Occupational Safety and Health Equipment and Measures	The cloth rolling machine is equipped with the additional interlock device safety door.
	NT\$120,000	Article 46 of the Regulations for the Occupational Safety and Health Equipment and Measures, and Paragraph 1 of Article 6 of the Occupational Safety and Health Act.	Tube vulcanizing press machine equipped with the safety pin + improved upper cover connection bearing
Total	Number: 3 cases; fined NT\$340,000 in total.		

1.4 Economic Performance

Material Topic: Economic Performance	
Significant reasons for this topic	The most important thing in the operation of the company is to be able to grow steadily and maintain good operating performance, so that the company can develop sustainably.
Policy / Strategy	<p>Out of the Company's business strategy is to "Base in Taiwan; Coordinate globally; Deeply develop around the world", to increase the production capacity, to innovate and develop new products with high quality and low price, and to serve global customers with the KENDA brand:</p> <ol style="list-style-type: none"> The Company will continue to expand the production capacity of passenger car in Vietnam and agricultural specialty tires in Taiwan. The Company will continue to set up the local sales channels in Indonesia for both domestic sales and sales in the nearby ASEAN countries in order to increase the market share and increase the operating scale in the ASEAN region. The Company will expand the management group and sales channels with STARCO, KA and ADI. The Company will integrate the resources from its R&D centers around the world, strengthen its R&D capabilities and technologies, develop various types of tires with high performance value and new tires for electric vehicles, so as to meet the market demand. The Company will introduce automation equipment and promote intelligent manufacturing to stabilize the quality in production processes and improve the productivity based on the MES production control management system. Integrate human resources, reinforce group discipline and enhance the management capability and operational performance. The Company has established a ESG Committee. The committee is taking action to integrate sustainable management into business strategy and fulfill corporate social responsibility through task groups on environmental health and safety, employee relations, social participation, and corporate governance to achieve sustainable development. In response to the SDGs climate action target, the company has proposed the policy of "Carbon reduction by 3% per year and by 25% in total by 2030", and actively launch carbon reduction plans.

Goals and Targets	<p>The sales volume forecast and its basis: The forecast is based on the Company's annual operating targets and the market survey.</p> <table border="1"> <thead> <tr> <th>Product Type \ Year</th> <th>2023 Sales Volume (in thousand units)</th> </tr> </thead> <tbody> <tr> <td>Bicycle tires</td> <td>41,100</td> </tr> <tr> <td>Tires for motorcycles</td> <td>29,894</td> </tr> <tr> <td>Radial tires</td> <td>9,795</td> </tr> <tr> <td>Tubes</td> <td>72,849</td> </tr> <tr> <td>Total</td> <td>153,638</td> </tr> </tbody> </table>	Product Type \ Year	2023 Sales Volume (in thousand units)	Bicycle tires	41,100	Tires for motorcycles	29,894	Radial tires	9,795	Tubes	72,849	Total	153,638
Product Type \ Year	2023 Sales Volume (in thousand units)												
Bicycle tires	41,100												
Tires for motorcycles	29,894												
Radial tires	9,795												
Tubes	72,849												
Total	153,638												
Management Evaluation Mechanism	Management meetings are held on regular basis to review the Company's progress in the direction of stable development.												
Performance and Adjustment	The operating income in 2022 was 38,617,881 (NT\$ thousand), an increase of 10.67% over the previous year.												
Preventive or Remedial Measures	Management meetings are held on regular basis to review the Company's progress in the direction of stable development. If the Company's operations are about to or have incurred losses, it will immediately hold management meetings and formulate relevant solutions.												

Military conflict between Russia and Ukraine broke out in the 1st quarter of 2022, which triggered inflating prices of energy and raw materials worldwide. The pandemic also broke out in the coastal provinces of Mainland China in the 2nd quarter of the year that strict quarantine measures have been launched, which hardly hit the global supply chain once again. This was echoed with the growing inflation in Europe and America. As such, the US Federal Reserve Board moved up the interest rate at an exceptional speed since March. Most currencies other than the USD depreciated significantly that a large number of countries were under the increasing pressure of imported inflation. Accordingly, demand in many countries de-

clined and export slowed down. Weak economic growth in 2023 is expected at the global level as the continuation of the sluggishness in the second half of 2022. How to respond to such severe challenges in stable paces will be a vital topic for the enterprises. The Company continued to pay close attention to the development of the market and proactively control its operation risk through matching with the diversification of the marketing channels of its subsidiaries in Europe and the USA to increase its share in the markets of North America and Europe by product and the scale of operation. The result is the substantial growth of revenue by 11% last year, which was unprecedented.

In addition, extreme weather of various kinds is also occurring globally alongside economic development. All over the world have started to respond to the Sustainable Development Goals (SDGs) proposed by the United Nations. The Company plays a vital part in the supply chain of the transportation industry, and is obliged to make effort for the sustainability of the earth through the concerted effort with its upstream and downstream partners of the industry. The Company has been accredited in many areas pertaining to sustainable development like the ISO14001 environmental management system, the ISO50001 energy management system, ISO45001 occupational safety and health management system, and ISO14025 environmental labels and declarations (the forerunner in the accreditation of carbon footprint label in the tire industry of Taiwan). We also support the SDGs in climate action and has proposed the policy of "Carbon reduction by 3% per year and by 25% in total by 2030". Under ISO14064 greenhouse gas emission standard, we proactively launched our plan for carbon reduction.

For the continued deepening of the development strategy, the Company established the ESG Committee in the 1st quarter of 2022 to integrate cross-organizational resources

and effort, establish the indicators for sustainable development and long-term objectives, and the review of the accomplishment at different stages. We expect to incorporate the SDGs as an integral part of our organizational culture and our routine operation, and demand ourselves with a higher goal for creating a sustainable development brand of Taiwan.

The Company will continue to launch productivity 4.0 and MES to upgrade quality and stabilize output. In the aspect of research and development, the Company will further expand the R&D, and integrate the resources of the R&D centers in USA and Europe to launch a wider array of high price/performance tires. The "Kenda Rubber (Shenzhen) Urban Renewal Project - Phase I" of our subsidiary in Shenzhen has started the construction in 2023, and is expected to be completed in 2026.



Item / Year	2020	2021	2022
Net revenue (NT\$ thousand)	30,260,185	34,896,128	38,617,881
Gross profit (NT\$ thousand)	7,349,973	7,149,782	5,670,447
Operating income (NT\$ thousand)	1,535,939	1,741,027	230,553
Non-operating income and expense (NT\$ thousand)	-244,476	57,927	480,703
Profit before income tax (NT\$ thousand)	1,291,463	1,683,100	711,256
Net profit for the year (NT\$ thousand)	972,225	917,933	338,151
Total comprehensive income for the year (NT\$ thousand)	676,731	537,471	1,554,018
Earnings per share (EPS) (NT\$)	1.07	1.01	0.37
Cash Dividends (NT\$ thousand)	909,410	909,410	909,505
Employee salary (including employee benefits) (NT\$ thousand)	6,369,443	6,235,692	6,502,496
Payment to investors (NT\$ thousand)	1,150,852	1,096,531	1,282,177
Payment to the government (NT\$ thousand)	213,755	83,643	299,870
Community contribution (NT\$ thousand)	1,679	899	734

Note:

1. The payment to investors refers to the dividends paid to all shareholders, plus the interest paid to lenders (including the debt in any form and loan interest) and dividends due to preferred stock holders.

2. The payment to governments refers to any tax payment (including business tax, income tax and property tax) plus fines.

3. The employee benefits included in the "employee salary (including employee benefits)" include the total benefits provided to the employees in cash, such as labor and national health insurance premium/pension expenses, etc. (exclusive of the costs for education and training, protective gears or other items directly related to the employees' job duties). Further, the other "employee benefits" refer to the benefit expenses contributed by the Company to the Employee Benefit Committee, such as the total costs for employee benefits provided in any form other than cash, including those for employee travel, health checkup and gift boxes for three major festivals.

4. The community contribution refers to donated funds and other donations.

5. Currency is NT Dollar.



Government Subsidy

The total financial subsidies received by the Company from government units in 2022 are stated as following:

Region	Taiwan
Item	1. Charge for Takeoff Program (on-the-job training) 2. Youth Employment Flagship Program 3. Secured employment 4. Subsidy for day care
Subsidy Unit	Workforce Development Agency, Ministry of Labor
Amount of Subsidy	1. NT\$ 290,220 2. NT\$ 288,000 3. NT\$ 600,000 4. NT\$ 245,000
Region	Taiwan
Item	Subsidy for power and utilities
Subsidy Unit	Bureau of Energy
Amount of Subsidy	NT\$ 48,400
Region	Kunshan factory
Item	2021 technical innovation incentives for enterprises in Kunshan City (energy conservation and technical innovation in 2022) (fund received in 2022)
Subsidy Unit	Bureau of Industry and Information Technology
Amount of Subsidy	NT\$ 2,000,000

Region	Kunshan factory
Item	2021 subsidy for optimized processing and trading (subsidy for job extension) (fund received in 2022)
Subsidy Unit	Bureau of Human Resources and Social Security
Amount of Subsidy	NT\$ 898,300
Region	Kunshan factory
Item	Subsidy for special operations license (Zhu Chong Zhi - Excellent Project Incentives)
Subsidy Unit	Bureau of Industry and Information Technology
Amount of Subsidy	NT\$ 200,000
Region	Kunshan factory
Item	Subsidy for environmental pollution liability insurance premium (the project for custom-made and re-
Subsidy Unit	Technology Bureau
Amount of Subsidy	NT\$ 110,000

Region	Kunshan factory
Item	2021 incentive for recognition of high-tech enterprises (fund received in 2022)
Subsidy Unit	Technology Bureau
Amount of Subsidy	NT\$ 90,000

Region	Kunshan factory
Item	Shipping subsidy
Subsidy Unit	Bureau of Industry and Information Technology
Amount of Subsidy	NT\$ 16,000

Region	Kunshan factory
Item	PCR subsidy for imported goods
Subsidy Unit	Bureau of Commercial Affairs
Amount of Subsidy	NT\$ 12,840

Region	Kunshan factory
Item	Subsidy for special equipment operator's license
Subsidy Unit	Bureau of Human Resources and Social Security
Amount of Subsidy	NT\$ 5,550

Region	Kunshan factory
Item	Shipping subsidy
Subsidy Unit	Bureau of Industry and Information Technology
Amount of Subsidy	NT\$ 16,000

Region	Kunshan factory
Item	Subsidy for environmental pollution liability insurance premium
Subsidy Unit	Suzhou City Ecological Environment Bureau
Amount of Subsidy	NT\$ 2,380

◇ **Charge for Takeoff Program**

1. Purpose: in response to the trade liberalization, the Company enhances the guidance for employees in various industries to attend the training, improves the work knowledge, skills and competency, and assist business entities to develop human resource capital, continues to improve workers' competency in workplace, secures the employment and promotes re-employment.
 2. Descriptions: subsidize the in-service workers who are affected by trade liberalization to attend the industrial talent investment program training courses, or subsidize the business entities which are affected by trade liberalization to organize employee training courses.
- ◇ Applicable targets: In the case of workers, the applicable employees refer to those who are eligible for the trade liberalization industry adjustment and support program and who are at least 15 years of ages and qualified as insured of the employment insurance, labor insurance, labor occupational accident insurance or farmer health insurance program. The applicable business entities refer to the private employment insurance proposers that have received the registration certificate and are eligible for the trade liberalization industry adjustment and support program.

◇ **Directions Governing Subsidy for Power and Utilities (2022)**

In order to promote the energy conservation and carbon reduction policy, the Ministry of Economic Affairs encourages energy users to apply high-efficiency power equipment and accelerate replacement of old equipment with new ones, in order to improve the industrial production efficiency and overall energy consumption efficiency, hoping to drive the development of domestic power and utilities industries.





Tax Management

The Company strictly complies with Securities Transaction Tax Act, Futures Transaction Tax Act, Business Tax Act, and other related tax laws and regulations, and is responsible for filing tax returns in accordance with the authority, and has also formulated tax policies as follows:

- I. Legal compliance principles follow the spirit of tax regulations and legislation, file tax returns accurately, pay tax liabilities correctly, and prepare proper supporting documents.
- II. Comprehensive decision-making principles focus on changes in local and international tax laws, conduct the comprehensive assessment on the impact posed and formulate responsive strategies.
- III. Information transparency principle disclose tax information in the public channels such as financial reports and annual reports, in order to ensure the information transparency.
- IV. Proactive engagement principle keep the open and honest communication with tax authorities to help improve the tax environment and system.
- V. Reasonable tax-mitigation principle adopt legal and transparent tax incentives and avoid adopting the tax mitigation methods against the laws.
- VI. Reasonable framework principle the corporate framework and transaction arrangements are commensurate to the economy substance and avoid taking advantage of special arrangements to evade tax.

- VII. Risk control principle when setting forth and executing any tax decisions, assess relevant risks and adopt adequate strategies.
- VIII. Economic substance principle related party transactions are in line with economic substances, and the decision makers bear the risk and receive a reasonable return on their investment.
- IX. Arm's Length Principle the prices and terms of related party transactions should be comparable to those of unrelated parties in similar transactions.

The Company has tried to communicate with stakeholders via multiple channels proactively, and physically participated in various movements, such as tax initiatives, to support the implementation of various new tax policies and establish a fair tax environment jointly. Should there be any questions on application of laws and regulations, the Company will consult and discuss with tax authority. Upon receipt of the tax authority's request for any information, the Company will use its best effort to provide the related documents and information as scheduled.

Annual report website: <https://www.esg.kenda.com.tw/en/items-3-1>

Column | 60th Anniversary of Kenda - Incorporated for 60 Years, Work Together to Create

It is definitely not an easy job for an enterprise to keep operating for 60 years consecutively. Over the past 60 years, the Company has overcome the challenges from external economic and social conditions and maintained internal corporate resources and corporate culture while taking its operating revenue into account. The Company, which grew from a bicycle tire factory established with the capital amounting to NT\$960,000 to a multi-national enterprise generating the operating revenue amounting to NT\$40 billion each year, is celebrating its 60th anniversary this year. In order to celebrate the Company's 60th anniversary and activation of its Global R&D Headquarters, the Company organized the 60th Anniversary Celebration Tea Party & R&D Headquarters Ribbon-Cutting Ceremony at the premises of the Global R&D Headquarters on December 15, 2022.

Since the Company was founded 60 years ago, the Company has always upheld the management philosophy based on "Honesty, Quality, Service and innovation" and constructed factories and sales locations overseas, including Taiwan, Indonesia, Vietnam, China and the USA. Meanwhile, it also set up R&D centers in the USA and Germany, and the Global R&D Headquarters in Shiliuban, Yunlin, in order to have its technology rooted thoroughly in Taiwan. In the future, the Company will continue committing itself to the social welfare and fulfilling its corporate social responsibility to feed back to Taiwan, based on its philosophy for "Taken from community, giving back to society".



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The event activities included the 60th Anniversary Celebration Tea Party and presentation of the brand new LOGO, the Global R&D Headquarters Ribbon-Cutting Ceremony and the visit to the premises of the Global R&D Headquarters. 10 innovative and best-selling pattern tires produced by the Company were displayed at the venue. Among them, some have also won 10 innovative and best-selling pattern tires were displayed at the venue, many of which already won the Taiwan Excellence Award. All of the guests witnessed the Company's R&D strengthen accordingly.

The Company would like to extend its appreciation for everyone's long-term support and care, which is an important factor driving the Company's continuous growth and improvement. Meanwhile, the Company sincerely invites everyone to witness the Company's growth and celebrate the next 60th anniversary altogether.



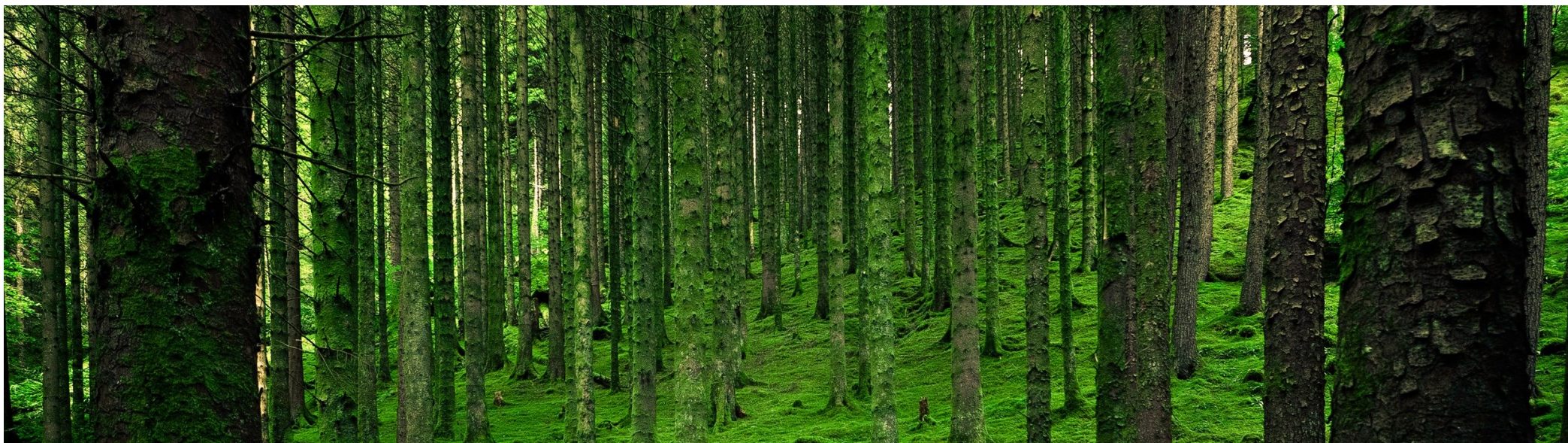


II. Sustainable Corporate Governance

2.1 Stakeholder Communication Stakeholder identification

In reference to potential stakeholders in the GRI standards, such as business partners, civil society organizations, consumers, customers, employees and other workers, government agencies, local communities, non-governmental organizations, shareholders and other investors, suppliers, labor unions, disadvantaged groups, financial institutions, academic and industry-academe cooperation units and trade associations/unions, etc., as well as the stakeholders in the industry and the Company's 2021 sustainability report, the Company ranked the stakeholders through external experts based on the sum of the Company's scores of actual negative impact, potential negative impact, actual positive impact, and potential positive impact on the stakeholders, and those with an overall total score of more than 10 were recognized as the Company's important stakeholders in 2022.

In the end, the Company identified eight categories of stakeholders in FY2022 include shareholders and other investors, customers/consumers/business associates, employees and other workers, government agencies, government agencies and other stakeholders.



Stakeholder Communication and Effectiveness

Stakeholder	Significance of stakeholders to the Company	Communication Channel	Communication Frequency	Communication Effectiveness
Shareholders and other investors	The long-term support from shareholders and other investors refers to an important factor driving the Company's stable growth. These shareholders and investors are also one of the targets valued by the Company.	<ul style="list-style-type: none"> ● Convene shareholders' meeting and prepare annual report. ● Disclose company-related information and set up a corporate governance section on the company website. ● Spokesperson communication channel. ● Hold Investors Conference. ● Material information announcements and information disclosures on the Market Observation Post System. ● Investor Relations Contact: Mr. Liu Kuei-Chun. (Email:chun@kenda.com.tw) 	<ul style="list-style-type: none"> ● Every year ● Immediately ● Immediately ● Periodically ● Immediately ● Immediately 	<ul style="list-style-type: none"> ● The shareholders' meeting was held on June 30, 2022, and the annual report and the annual general shareholders' meeting handbook was in both Chinese and English versions. ● Set up an investor relationship section on the company website, website: https://www.esg.kenda.com.tw/en/%E6%8A%95%E8%B3%87%E4%BA%BA%E5%B0%88%E5%8D%80 ● Set up a contacts section on the company website for two-way communication with investors, website: https://www.esg.kenda.com.tw/en/%E8%81%AF%E7%B5%A1%E6%88%91%E5%80%91 ● One institutional investors' conference was held this year. ● There are a total of 253 material information and announcements in Chinese/English, please refer to the website: https://emops.twse.com.tw/server-java/t58query# ● Prepare the Chinese and English versions of the sustainability report.

Stakeholder	Significance of stakeholders to the Company	Communication Channel	Communication Frequency	Communication Effectiveness
Customer/ Consumer/ Business partner	Customers and consumers are considered as the basis for an enterprise's sustainable development, while business partners are also critical to the enterprise's business development. By upholding the enterprise spirit for "Honesty, Quality, Service and Innovation," the Company creates the high value-added and long-term reliable customer relationship, and establishes the reliable relationship with business partners to achieve the goal for sustainable development.	<ul style="list-style-type: none"> ● E-mail and customer service hotline (0800) ● Social media, communication software ● Sales call ● Customer satisfaction and quality certification survey ● Responses to the C-TPAT security questionnaire ● Distributor meeting ● Corporate promotional copywriting/ advertising, domestic and international 	<ul style="list-style-type: none"> ● Immediately ● Immediately ● Periodically ● Once a year ● Periodically ● Every six months ● Periodically 	<ul style="list-style-type: none"> ● Customer Satisfaction Survey Results: <ol style="list-style-type: none"> (1) Service quality 91.2% (2) Inner tube quality 93.8% (3) Cover tire quality 92.3% ● The company has obtained AEO certification on June 18, and enjoys the convenience of fast customs clearance for the 29 countries with which we have signed reciprocal customs clearance agreements. ● KENDA has a total of 59,000 followers on Facebook (Kenda Tires USA); and a total of 32,000 followers on Instagram (@kendatire). KA (US branch) & KE (European office) are directly close to key markets to serve local customers. In addition to the corresponding business services for existing customers, new customers around the world can also contact the company through the official website kenda@kenda.com.tw and receive a quick response.
Employees and other workers	Employees are always the mainstay of a company's sustainability. Therefore, the Company is committed to solve any problems about salary, welfare, treatment and system encountered by employees in the workplace, in order to ensure the Company's sustainable growth.	<ul style="list-style-type: none"> ● The company's intranet website and bulletin board ● Morning meeting/ lecture publicity ● Telephone, face-to-face communication ● Trade Union and labor-management meeting ● Supervisory of business labor retirement reserve meeting ● Employee welfare committee meeting 	<ul style="list-style-type: none"> ● Immediately ● Twice a month ● Immediately ● Quarterly ● Quarterly ● Quarterly 	<ul style="list-style-type: none"> ● Invited doctors to give 2 health lectures in 2022 ● In 2022, 19 labor-management meetings, 11 supervisory of business labor retirement reserve meeting, and 2 enterprise trade union meetings will be held. All of the meetings were recorded in writing for the purpose of supporting and proving the content of communication between the two parties and were announced through the intranet website and bulletin boards. ● In 2022, the Employee Welfare Committee will hold 2 meetings, with a total of NT\$3,649,690 in bonuses and NT\$497,000 in childcare allowance.



Stakeholder	Significance of stakeholders to the Company	Communication Channel	Communication Frequency	Communication Effectiveness
Government agencies	All of the Company's operations and marketing activities are subject to inspection and supervision by government agencies. Violations of regulations will derive the labor-management dispute or fines. Therefore, the Company prefers fair communication channels to promote the factory business more smoothly.	<ul style="list-style-type: none"> ● E-mail , official documents, telephone correspondence ● Participate in seminars and policy forums ● Implementation of fire drill ● Visiting and giving gifts on specific festivals ● Field research ● Declaration on the Environmental Protection Administration official website 	<ul style="list-style-type: none"> ● Immediately ● Periodically ● Every six months ● Yuanlin factory and Yunlin factory twice a year (combined once due to the epidemic) ● Yunlin factory 3 times a year ● Periodically ● Declaration frequency in accordance with laws and regulations 	<ul style="list-style-type: none"> ● Yuanlin factory and Yunlin factory visit and give gifts to the police station/fire brigade/ office of the chief of the village in their jurisdictions on specific festivals (such as: Moon Festival/ the end of the year/Lunar New Year) every year to enhance the work of good neighborliness. ● Every year, Yunlin Factory regularly visits stakeholders during the Moon Festival, the end of the year, and the Lunar New Year to understand their needs and thank them for their help in promoting work. ● Organize safety and health seminars for foreign migrant workers and participated in seminars on hazard assessment and prevention of occupational diseases. ● On December 7, 2022, the Yuanlin Factory implemented a fire drill in the factory area, and the fire brigade assigned to guide and teach the fire drill. ● On December 9, 2022, the Yunlin Factory implemented a fire drill in the factory area, and the fire brigade assigned to guide and teach the fire drill. ● Obtain environmental protection permits for relevant business operations in accordance with the law. ● In November 2022, the declaration of fire protection maintenance in the factory has been completed, and the fire brigade assigned personnel to implement the review. ● Participate in the 2022 Changhua County Government Collective Bargaining Talent Training Advanced Class. ● The inspectors from the Occupational Safety and Health Center went to the company to check the relevant materials of labor laws and regulations. ● Inquire about labor laws and regulations with the Department of Labor Affairs by phone. ● Use the bulletin board of the information center on the website of the Department of Labor Affairs to keep abreast of government-related information notifications and legal advocacy and other activities. ● Real-time access to legal announcements through the website of the Department of Labor Affairs/Environmental Protection Administration. ● Participated in the Annual Enterprises Protection Award, the National Occupational Safety and Health Award-Traditional Industry Special Award, and the Changhua County Excellent Unit for Occupational Safety and Health.

Stakeholder	Significance of stakeholders to the Company	Communication Channel	Communication Frequency	Communication Effectiveness
Supplier	The Company is committed to improving the entire supply chain level to comply with international standards, and also establishes a sustainable supply chain that focuses on environment, labors' human rights, safety, health and corporate social responsibility.	<ul style="list-style-type: none"> ● Implementation of the questionnaire ● Email and telephone correspondence ● Supplier complaint channel: E-mail of material department (E-mail: M5100@kenda.com.tw) 	<ul style="list-style-type: none"> ● Periodically ● Immediately ● Immediately 	<ul style="list-style-type: none"> ● A total of 1,165 suppliers were surveyed in 2022, of which 1,096 returned the questionnaire and statement, representing a 94% signature rate.
Financial institutions	Financial institutions are considered as the supporters of fund allocation to the Company. Meanwhile, the Company's financial statements are subject to the inspection and supervision by the financial institutions.	<ul style="list-style-type: none"> ● E-mail , official documents, telephone ● Audit of Financial Statements ● Field visit 	<ul style="list-style-type: none"> ● Immediately ● Once a year ● Periodically 	<ul style="list-style-type: none"> ● Financial report approved on March 10, 2023 ● The immediate supervisor communicates in a timely manner and maintains a good interactive relationship.



Stakeholder	Significance of stakeholders to the Company	Communication Channel	Communication Frequency	Communication Effectiveness
Local community	As a local enterprise, the Company hopes to give back to the local community in addition to creating job opportunities and promoting economic prosperity. The Company takes the initiative and also accepts the invitation to participate in local folk customs activities, in order to facilitate the successful communication channels with the locals and understand if residents in the neighboring the Company would like to propose any suggestions or reflect any issues to be improved.	<ul style="list-style-type: none"> ● Field visit ● Telephone ● Invitation 	<ul style="list-style-type: none"> ● Three times a year ● Immediately ● Periodically 	<ul style="list-style-type: none"> ● After receiving an invitation to call or go to an appointment in person, we will ask the person if they need help, and we will work with them according to their needs and abilities. ● In 2022, donated Huatan Wenxiang Elementary School supplementary fees. ● In 2022, "The 26th Mr. Jin-Bao Yang Memorial Concert - Yuanlin Legendary Violinist Chiun-Teng Cheng and Friends Joint Concert~ Cross-generation Dialogue ~", "Jin Yu Annual Speech".
Academic and industry cooperation units	The Company responds to or sponsors the activities organized by schools, and funds and helps Kenda Cultural and Educational Foundation to organize activities such as summer camp.	<ul style="list-style-type: none"> ● Field visit ● Telephone and official documents ● Invitation 	<ul style="list-style-type: none"> ● Periodically ● Immediately ● Periodically 	<ul style="list-style-type: none"> ● Express care and concern by actually participating in activities or sponsoring supplies. ● In 2022, the "Changhua County College Freshman Scholarship Poverty in Need" and "Scholarship for College Freshmen from Low Income Families" was awarded. ● In 2022, "Newton Science Camp" and "Dodolon Children's Summer Camp" was held. ● In 2022, materials will be donated to Cihong Junior High School and Cihong Elementary School for school activities.



2.2 Analysis and Identification of Material Topics

Through the procedure for identification of material topics, the Company analyzed the issues critical to the Company's operating activities, business relations, and sustainable context and identified material topics in 2022. In the management of material topics, the Company responded to the issues of concern to various stakeholders.

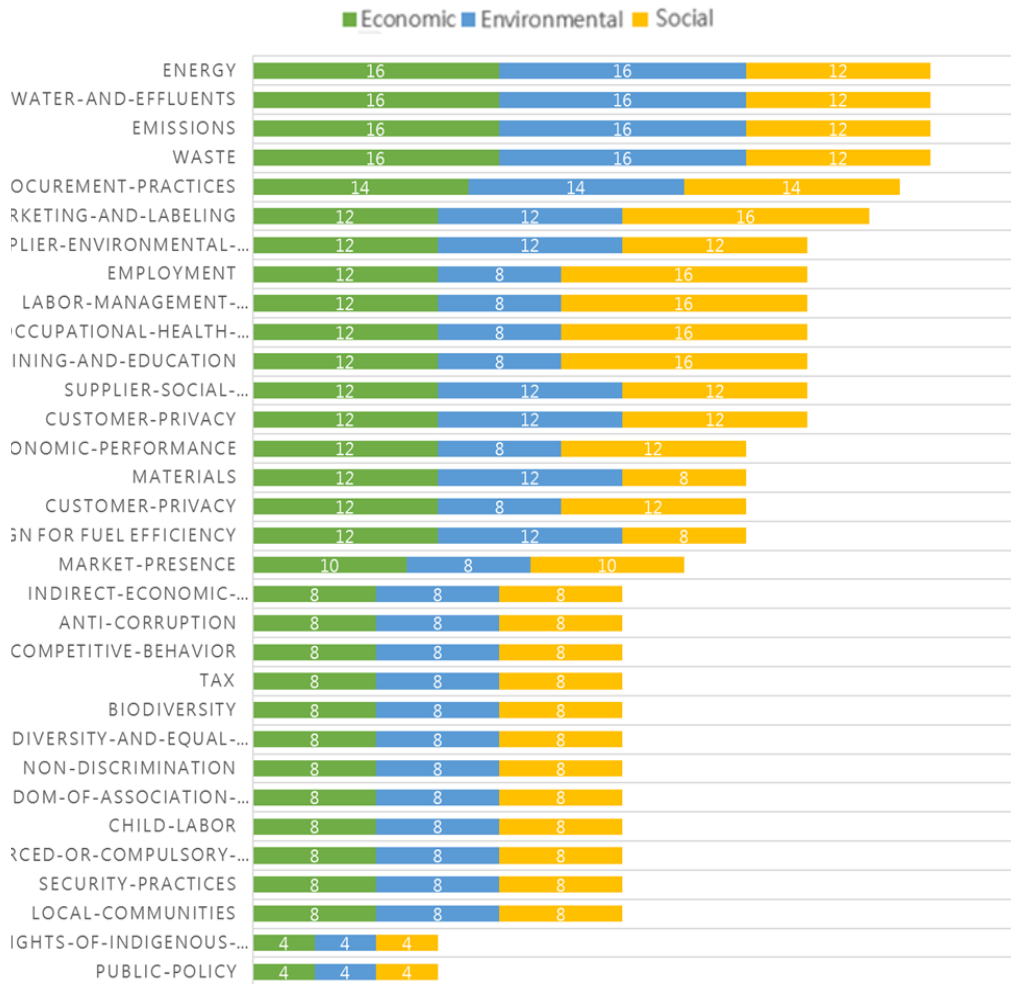
In order to make the information disclosed in the sustainability report in line with stakeholders' needs, the Company determines the material ESG topics in four steps consisting of "Verification of Organizational Pathway", "Identification of Actual and Potential Impacts Posed by Sustainability Issues", "Assessment on Significance of Impacts" and "Disclosure and Report of Sustainability Issues".

2022 Procedure for Identification of Material Topics

<p>01</p> <p>Verification of Organizational Pathway</p>	<p>In order to verify the organizational Pathway and search for sustainability issues, with reference to the Material Topics Standards referred to the GRI Standards published by the Global Reporting Initiative (GRI) and the SASB Standards, the Company compiled a total of 32 sustainability issues covering the four sustainability aspects, namely corporate governance, economy, environment and society.</p>	<p>4 major ESG aspects 32 ESG issues</p>
<p>02</p> <p>Identification of Actual and Potential Impacts Posed by Sustainability Issues</p>	<p>The external experts rated the Company's sustainability topics in terms of actual or potential negative impacts and positive impacts on the economy, environment or society (human and human right), and summed up the scores of actual negative impact, potential negative impact, actual positive impact and potential positive impact on the economy, environment or society (human and human right) and rank them in order, and those with a total score of more than 30 are considered to be the Company's material issues, provided that the issues listed in the SASB are prioritized to be the Company's material issues.</p>	
<p>03</p> <p>Assessment on Significance of Impacts</p>	<p>The scores were authorized upon discussion by external experts and the Company at the internal meeting. Based on the past experience in business management, the Company analyzed the significance and possibility of the impacts of the issues and determined the Company's 17 material sustainability issues.</p>	<p>17 material sustainability issues Consolidated into 11 material topics</p>
<p>04</p> <p>Disclosure and Report of Sustainability Issues</p>	<p>Subject to the analysis results of material sustainability issues and nature of the issues, external experts conducted the comprehensive assessment together with various departments of the Company, and categorized the 17 material sustainability issues into 11 material topics. The Company communicated with and responded to stakeholders via the sustainability report.</p>	

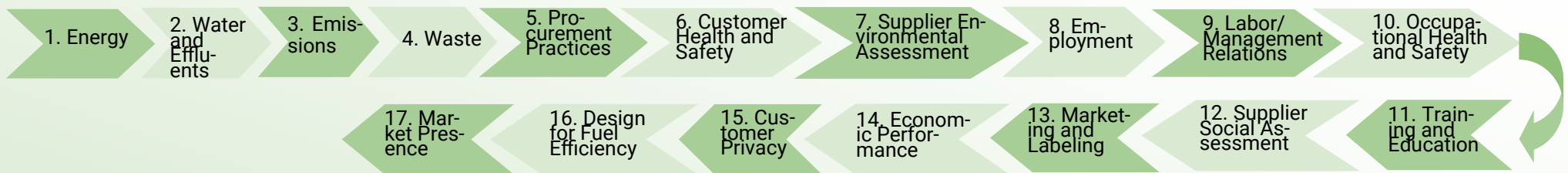
Material Topics Identification Results

THE DEGREE OF IMPACT OF KENDA RUBBER MATERIAL TOPICS





Material Topics



Secondary Topics

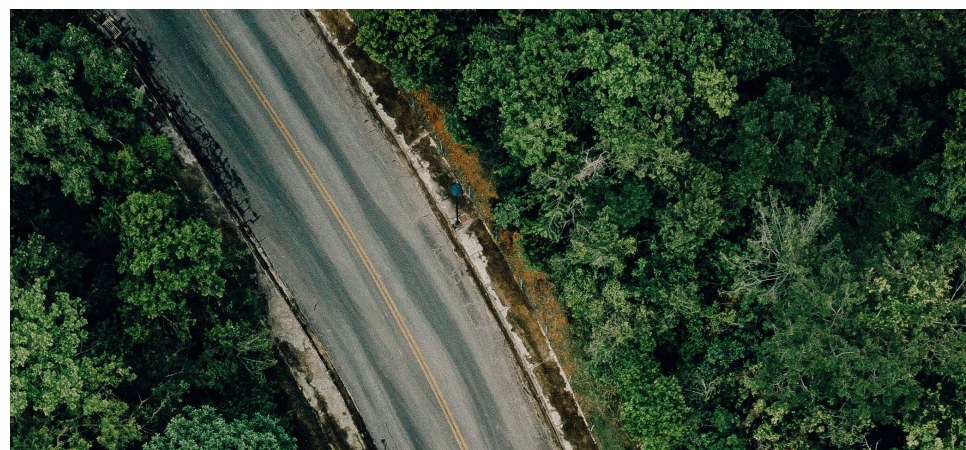


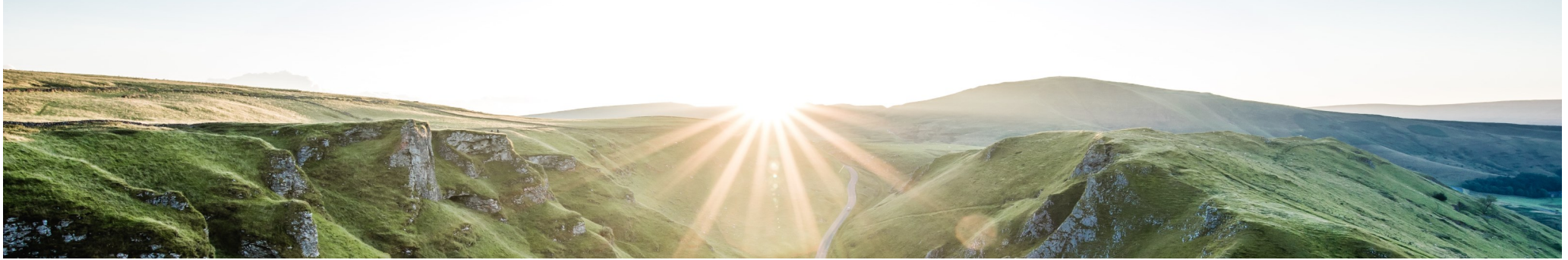
Boundary of Impact of the Material Topics

In 2022, through the analysis and discussion, a total of 17 material sustainability issues were identified and the value chain was considered as the element of the impact boundary analysis. The Company will continue to strengthen the relevant management and disclose relevant information in the sustainability report.

Material Topics	Value Chain Impact Boundary of Material Topics	The Management Approach Corresponding Chapters
Energy and Emissions	(caused by) the Company, (directly related to) suppliers, and (facilitated by) the public	4.4 Energy Management
Water and Effluents	(caused by) the Company, (directly related to) suppliers, and (facilitated by) the public	4.6 Water Resource Management
Waste	(caused by) the Company, (directly related to) suppliers, and (facilitated by) the public	4.7 Waste Management
Procurement Practices and Supplier Management (Supplier Environmental Assessment and Supplier Social Assessment)	(caused by) the Company, (directly related to) suppliers and (directly related to) suppliers of raw materials	3.3 Sustainable Supply Chain

Customer Health and Safety	(caused by) the Company, (directly related to) suppliers, and (facilitated by) the public	4.2 Green Production
Employment, Labor/Management Relations, Training and Education, and Market Presence	(caused by) the Company, (directly related to) employees	5.1 Human Resource Management
Occupational Health and Safety	(caused by) the Company, (directly related to) suppliers, and (directly related to) customers	5.3 Occupational Safety and Health
Marketing and Labeling	(caused by) the Company, (directly related to) suppliers, (directly related to) customers and (directly related to) consumers	3.1 Product Quality Assurance
Economic Performance	(caused by) the Company	1.4 Economic Performance
Customer Privacy	(caused by) the Company, and (directly related to) customers	3.2 Customer Service Management
Design for Fuel Efficiency	caused by) the Company, (directly related to) customers, and (directly related to) consumers	4.2 Green Production





List of Material Topics

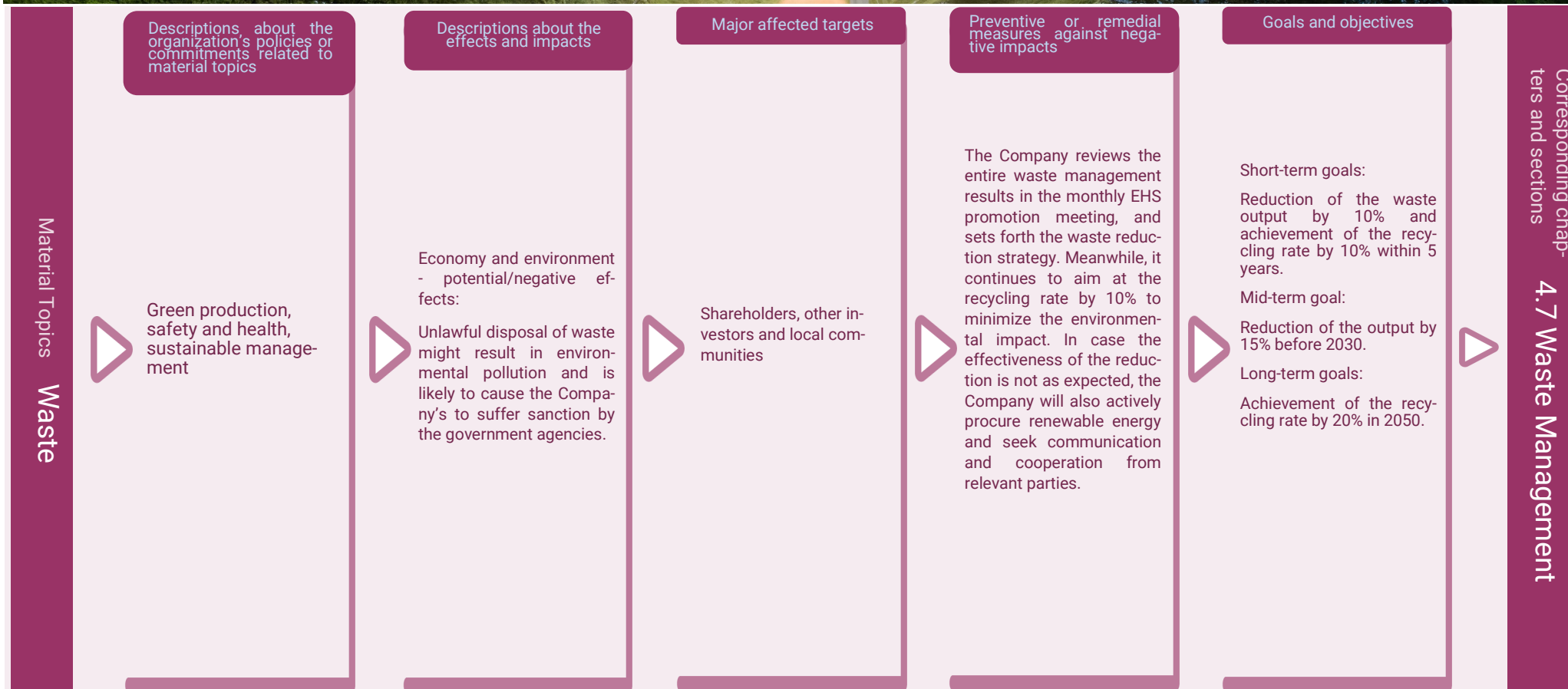
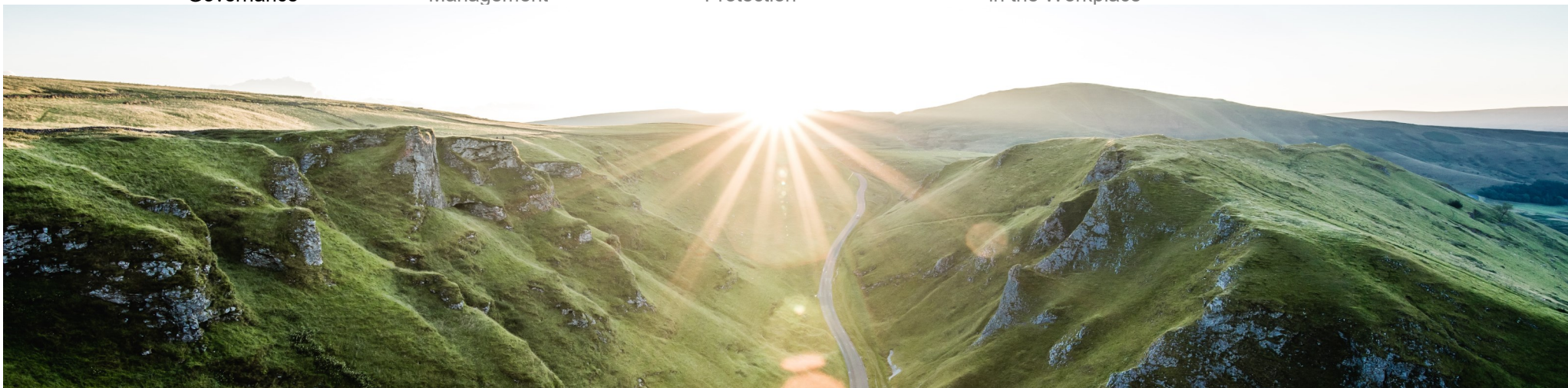
Material Topics	Descriptions about the organization's policies or commitments related to material topics	Descriptions about the effects and impacts	Major affected targets	Preventive or remedial measures against negative impacts	Goals and objectives	Corresponding chapters and sections
Emissions	<p>Sustainable management, green production, giving back to society</p>	<p>Economy and environment - potential/negative impacts:</p> <ol style="list-style-type: none"> 1. If the Company fails to manage the GHG and emissions, the Company is likely to be punished pursuant to related laws and regulations. 2. Unlawful emissions result in air pollution, posing adverse impacts to the health of workers and neighbors, and likely to hurt the Company's reputation. <p>Economy - actual/positive effect:</p> <p>Responsible emission management can mitigate the Company's cost risk and improve the competitiveness of products in ESG issues.</p>	<p>Shareholders and other investors, employees and local communities</p>	<ol style="list-style-type: none"> (1) Improvement of the production process: Install prevention and treatment equipment on the exhaust flues of different processes, such as cyclone dust collectors, bag dust collectors, activated carbon adsorption filling towers and wet scrubbers, etc., to effectively management measures against emissions. Optimize the production process, introduce new equipment and implement smart energy-saving management systems. (2) Energy transformation: Research on the adoption of renewable thermal energy, such as biomass fuel, green energy and carbon-free energy. (3) Circular economy: In the early stages of product design, the Company plans the conditions for the use of materials properly: reduce the use of virgin materials, increase the use of recycled materials, and enhance the percentage of recyclable materials. 	<p>The carbon reduction target set in response to the climate adaptation issues is "Carbon reduction by 3% per year and by 25% in total by 2030".</p>	4.4 Energy Management



Material Topics	Descriptions, about the organization's policies or commitments related to material topics	Descriptions about the effects and impacts	Major affected targets	Preventive or remedial measures against negative impacts	Goals and objectives	Corresponding chapters and sections
Energy	<p>Green production, safety and health, sustainable management</p>	<p>Environment - actual/positive impacts:</p> <p>It is necessary to prepare the energy-saving and carbon-reduction project for improvement each year. Environmentally, the power and fuel consumption may be mitigated via energy conservation and improvement, to help mitigate the environmental pollution.</p> <p>Economy - potential/negative impacts:</p> <p>If no effective energy management is carried out, the Company is likely to incur significant expenditures in the energy costs.</p>	<p>Shareholders, other investors and local communities</p>	<ol style="list-style-type: none"> 1. Purchase of green energy from external sources 2. Search for alternative energy sources, such as hydrogen energy, development of energy storage systems and self-construction of the solar photovoltaic energy system for own use. 	<p>Power conservation by 1% each year, in line with the energy conservation goals set by the Bureau of Energy and the implementation plan</p>	<p>4.4 Energy Management</p>

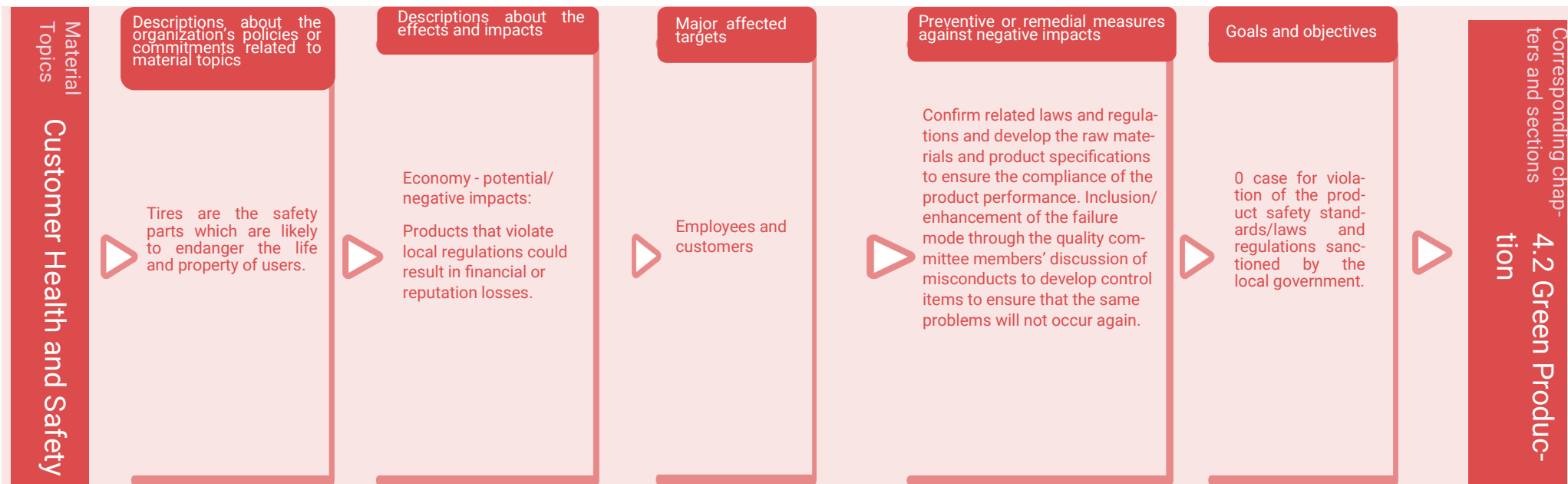


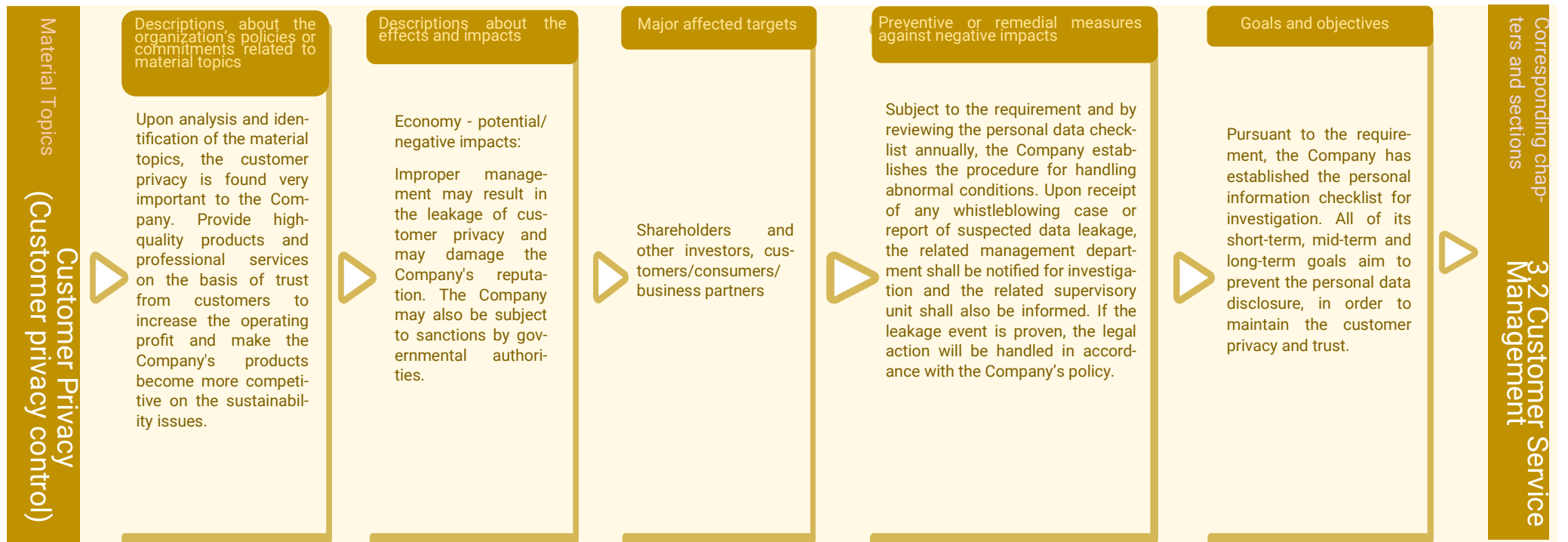
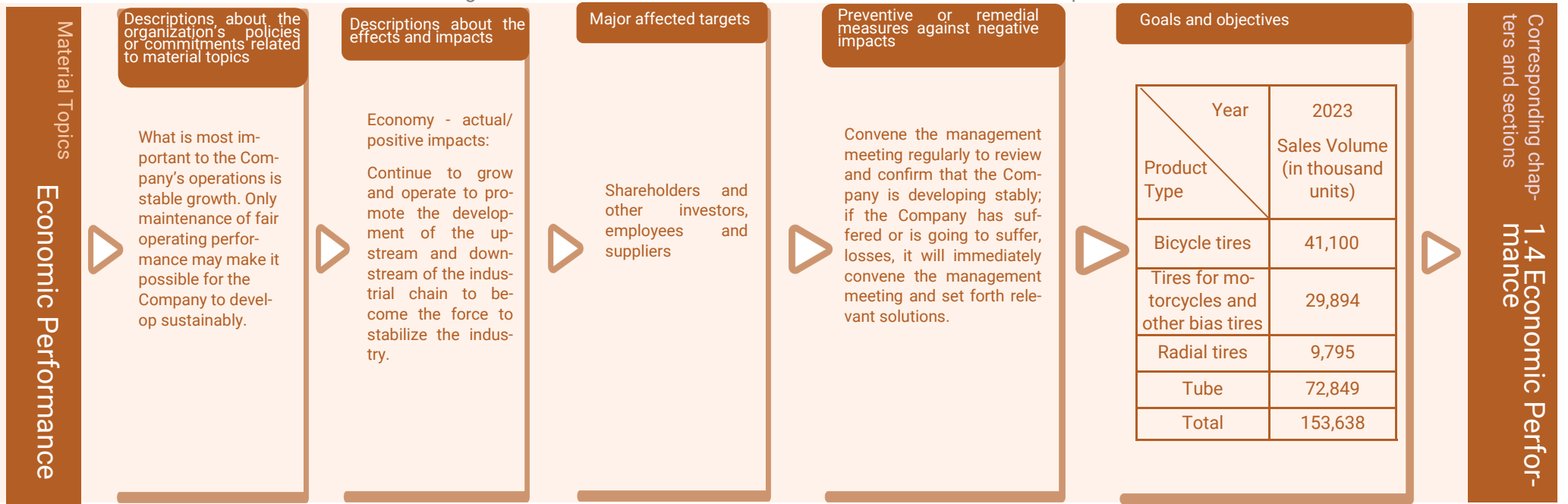
Material Topics Water and Effluents	Descriptions about the organization's policies or commitments related to material topics	Descriptions about the effects and impacts	Major affected targets	Preventive or remedial measures against negative impacts	Goals and objectives	Corresponding chapters and sections 4.6 Water Resource Management
	<p>Green production, improvement of recycling water consumption rate, water resource conservation, and compliance with effluent standards</p>	<p>Environment - potential/negative impacts:</p> <ol style="list-style-type: none"> 1. Water pollution resulting in catastrophe to the environmental ecological chain. 2. No water available in a dry season as a result of the excessive water resource consumption . 	<p>Shareholders, other investors and local communities</p>	<ol style="list-style-type: none"> 1. Supervision of the effluent and water quality management until in compliance with the effluent standards, and adoption of the measure for water conservation to increase the recycled water consumption rate. 2. In Taiwan, the RO reverse osmosis pure water system is adopted to supply the water used by boilers, and the residual wastewater is recycled for use in the production process. Meanwhile, the Company also recycles the backwashing water for the production process to mitigate water pollution and waste water emissions. 	<p>Short-term goals:</p> <ol style="list-style-type: none"> 1. Set the recycled water consumption rate as 40%. 2. 0 case for violation of the environmental protection emission standards/laws and regulations sanctioned by the local government. <p>Mid- and long-term goals:</p> <ol style="list-style-type: none"> 1. Set the recycled water consumption rate as 60%.% 	

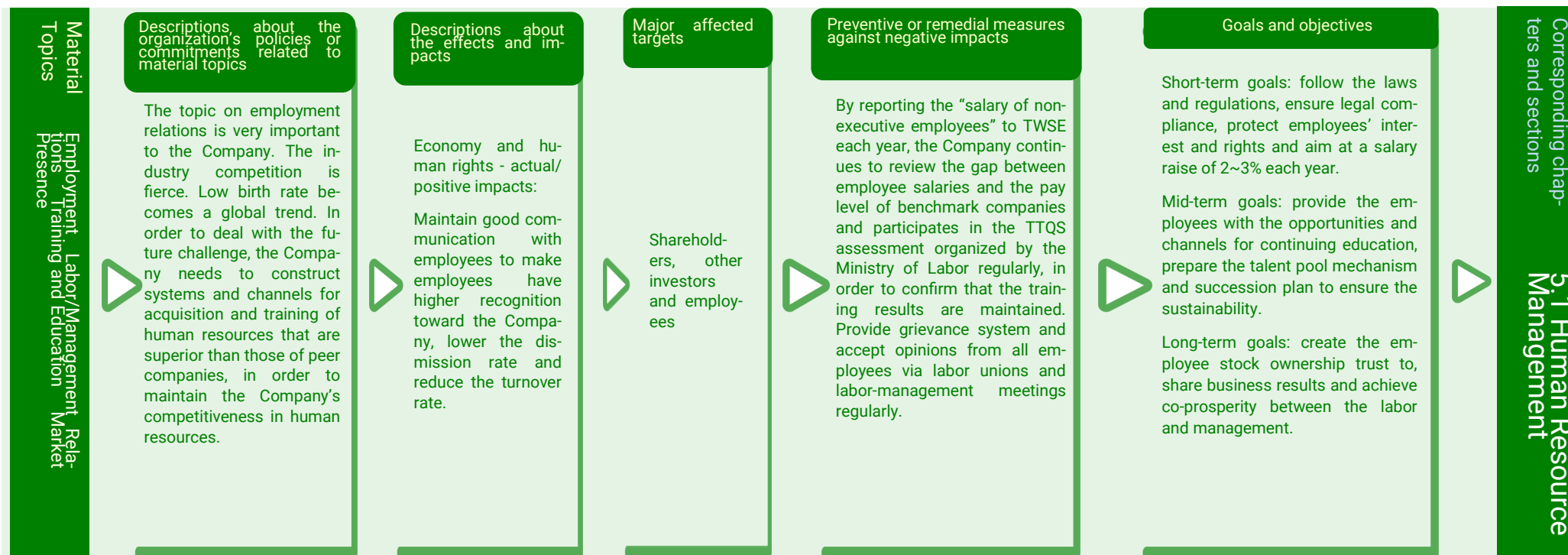
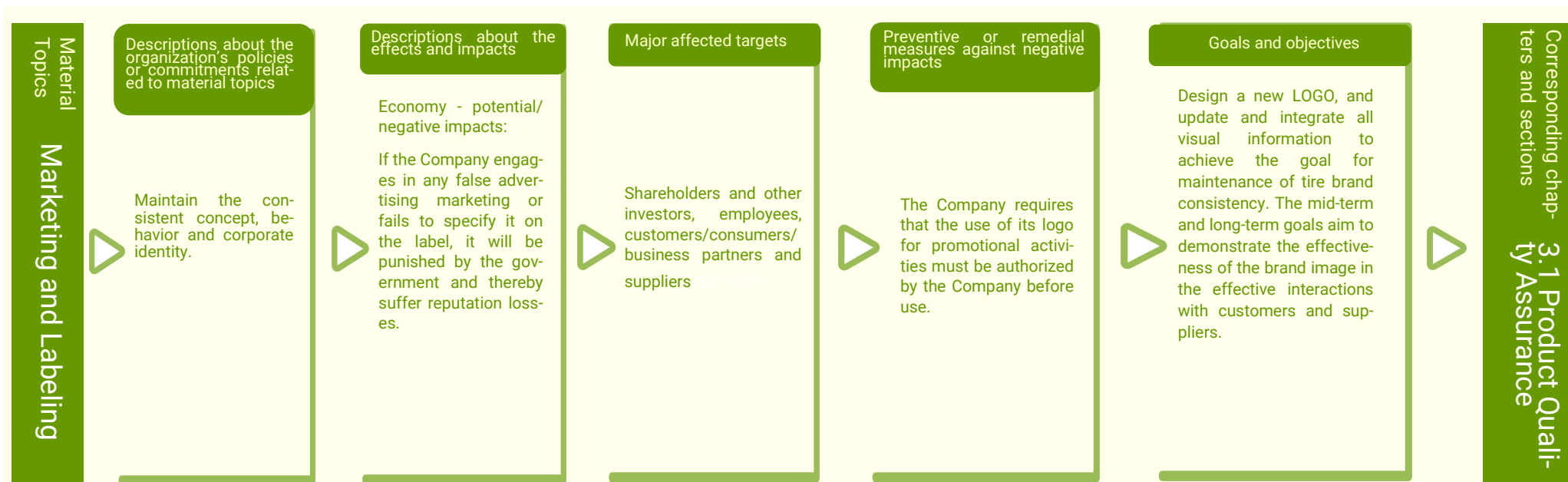




Material Topics	Descriptions, about the organization's policies or commitments related to material topics	Descriptions about the effects and impacts	Major affected targets	Preventive or remedial measures against negative impacts	Goals and objectives	Corresponding chapters and sections
Occupational Health and Safety	<p>Green production, improvement of recycling water consumption rate, water resource conservation, and compliance with effluent standards</p>	<p>Environment - actual/positive impacts: Mitigation of occupational accidents through the safety education, equipment safety improvement, tour inspection in workplace and regular employee health checkup. Creation of a bright and safe working environment.</p> <p>Economy - potential/negative impacts: Unsafe behaviors/equipment cause occupational accidents to employees, resulting in the employees' injury or disability, and lead to fines and hurt reputation of the Company.</p>	<p>Shareholders, other investors and employees</p>	<ol style="list-style-type: none"> 1. The safety of new equipment is ensured through the inspection in three steps for safe operation. Check the safety devices of the existing equipment each month to ensure the normal functionality. 2. The Company provides each employee with the code of practice on safety and health including various facility safety standards and health guidance and also protective gear. Meanwhile, the Company also sets up the safety and health classroom to ensure the employees' awareness toward safety efforts. 	<ol style="list-style-type: none"> 1. Compliance with the related requirements under the Occupational Safety and Health Act. 2. Implementation of the management based on 0 occupational accident and occupational accident prevention policy. 	5.3 Occupational Safety and Health









Material Topics Procurement Practices Supplier Management (Supplier Environmental Assessment and Supplier Social Assessment)	Descriptions about the organization's policies or commitments related to material topics	Descriptions about the effects and impacts	Major affected targets	Preventive or remedial measures against negative impacts	Goals and objectives	Corresponding chapters and sections 3.3 Sustainable Supply Chain
	<p>The supply chain risk management constitutes a part of the competitiveness, so the Company pays close attention to the related risks encountered by the suppliers in the supply chain.</p>	<p>Economy and human rights - actual/positive impacts:</p> <p>Manage suppliers adequately and set forth perfect procurement requirements, pay attention to the supplier environment and human rights of their workers, in order to fulfill the social responsibilities, and develop the supply chain sustainably.</p>	<p>Suppliers/ business partners</p>	<p>The Company asks suppliers to review operational status and manage the risks associated with geographic distribution of production lines, in order to mitigate the risk over raw materials shortage resulting from extreme climate or international circumstances change in the future.</p> <ol style="list-style-type: none"> 1. Solicit suppliers from different countries. 2. If there is only one supplier, look for a second or third supplier. 3. Cooperate with R&D department to find eco-friendly raw materials and set forth the procedure to deal with shortage of supply. 	<p>Short-term goals:</p> <p>The Company implements the supplier sustainable development questionnaire and statement with respect to new suppliers. The current response rate is 94%. The Company will continue to promote the response rate.</p> <p>Mid- and long-term goals:</p> <p>Focus on the greenhouse gas inventory and aim to find a supply chain that meets environmental protection and renewable raw materials requirements and is able to develop sustainably.</p>	

2.3 Response to the United Nations Sustainable Development Goals

SDGs Goals

Target Action



- Provided doctors to access to the factory for health consultation services to take care of employees' health.
- Arranged health lectures, train employees on first aid and fire-fighting equipment drills, and emergency response drills to improve employees' resilience.
- Planned and arranged employee health checks.
- Provided group health insurance.
- Established an epidemic prevention group: implement and manage according to CDC epidemic prevention measures.



- Activities of Kenda Culture and Education Foundation: offered the scholarships – Kenda Outstanding Self-improvement Scholarship, underprivileged for college freshmen; donated of after-school tuition to elementary schools; organized of activities including concerts, summer camps, talks with young students, and environmental education seminars, etc.
- Contributed the land voluntarily for construction of the 9-year school by Shenzhen Factory.
- Planned medium- and long-term development strategies and plan annual employee training plans to provide diversified training resources.
- Provided childcare allowance.




- Implemented water resource management to launch water conservation programs.
- Improved water consumption.
- Utilized the water reuse system to increase the wastewater recycling rate.



SDGs Goals

Target Action

8 DECENT WORK AND ECONOMIC GROWTH



- Employed minority or vulnerable groups and provided them with employment opportunities.
- No child labor is employed, and suppliers are required to sign a sustainable development statement to promise not to employ child labor.
- Implemented ISO 45001/TOSHMS management system to improve safe and health working environment.

11 SUSTAINABLE CITIES AND COMMUNITIES



- Managed and disposed of waste in accordance with the law and implemented waste reduction activities.
- Maintained the air pollution prevention equipment in the plant in normal operation, and complied with the emission standards.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION



- The production factory was awarded a certificate of conformity through the "Cleaner Production Assessment System of the Green Factory Label" by the Industrial Development Bureau, Ministry of Economic Affairs.
- All products sold around the world met the requirements of local laws and regulations for product labeling and were labeled with tire-related certifications to remind consumers to choose the correct and suitable tires.
- Selected PAHs & RoHS compliant suppliers and asked them to sign a sustainable development statement; procured PAHs & RoHS compliant materials for designing, producing, and selling eco-friendly tires.
- Implemented waste reduction, energy conservation, carbon reduction, and greenhouse gas emission reduction.

SDGs Goals

Target Action

12 RESPONSIBLE CONSUMPTION AND PRODUCTION



- Continued to promote the supplier's sustainable development responsibility and sustainable economic development.
- Used low polycyclic aromatic hydrocarbon oils to replace high polycyclic aromatic hydrocarbon oils increasingly year by year.
- According to the GRI Standards, TFCD, and SASB indicators, the Company continues to compile the sustainable operating results and prepare and issue the sustainability report.

13 CLIMATE ACTION



- Adhered to the policy of two to three suppliers in different geographical locations, improve safety inventory management for a single supplier, and actively seek backup suppliers for risk prevention.
- Promoted carbon emission reduction activities.
- According to ISO 14064-1 standards, the Company conducts the GHG identification and inventory in the territories of Taiwan and Kunshan Factory and is expected to obtain the certification by a third-party certification unit in June 2023.
- In order to avoid product transportation risks, all production and business around the world maintain safety stocks, and negotiate with customers in areas without operating bases to maintain safety stocks, so as to flexibly respond to the risks of supply shortages derived from extreme weather and major natural disasters.

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

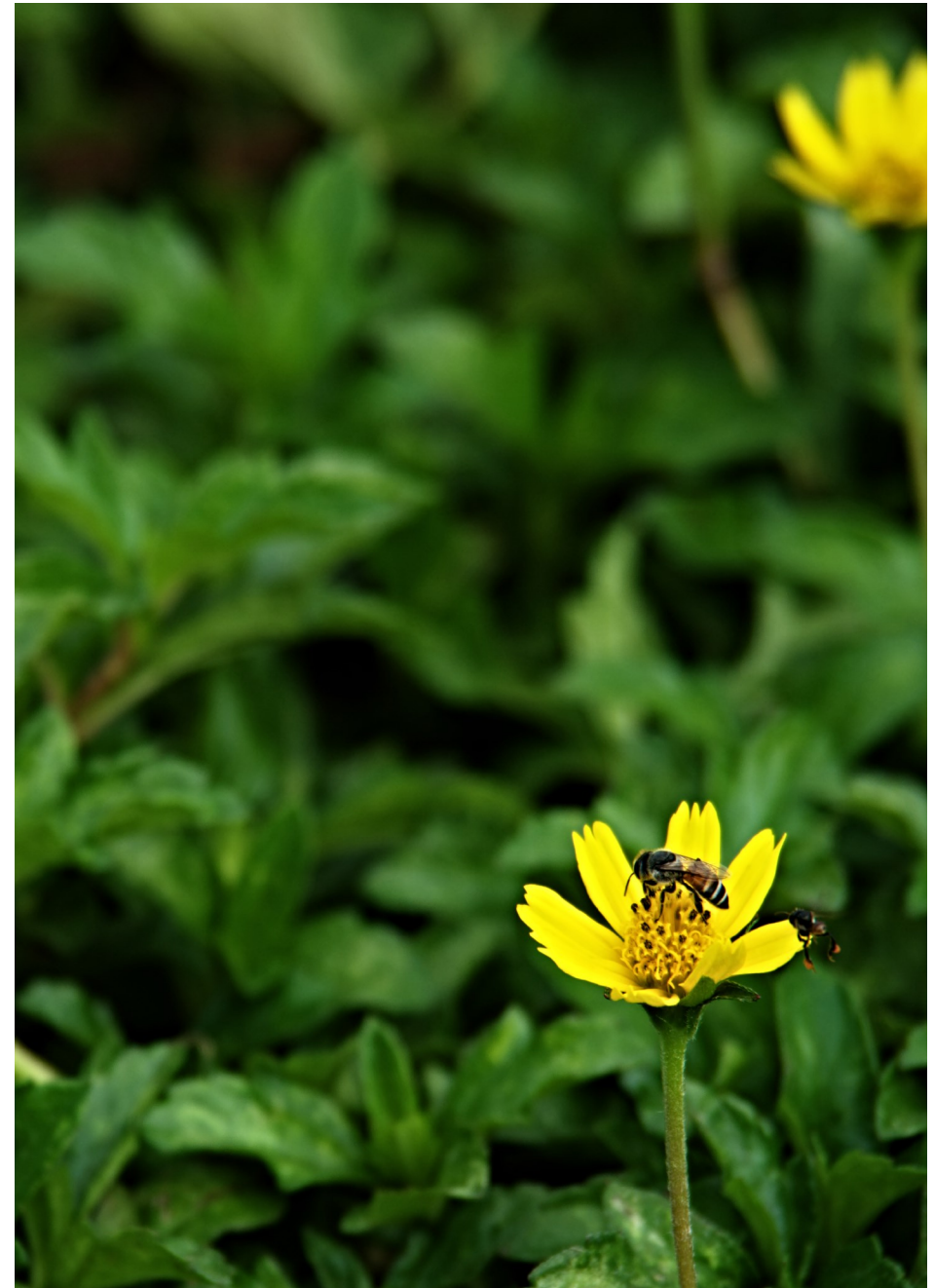


- Set up a "Stakeholder section" on the company's website to disclose the performance of sustainable development and fulfillment management.
- Set up diverse communication channels for stakeholder grievances such as hotlines and mailboxes.
- Complied with government policies on human rights as well as laws and regulations such as the "Labor Standards Act," the "Factory Act," the "Occupational Safety and Health Act," and the "Act of Gender Equality in Employment."
- Required all stakeholders - such as Board members, employees, suppliers, and customers - to sign the "Code of Conduct Warranty".

III. Sustainable Development Management

3.1 Product Quality Assurance

Material Topic: Marketing and Labeling	
Significant reasons for this topic	<p>Upon analysis and identification of the material topics, the marketing and labeling is found very important to the Company.</p> <p>The CIS System (Corporate Identity System) refers to a set of systems established by an enterprise to maintain the consistent philosophy, behaviors and corporate identity externally. The Company's production and sales of tires require a complete CIS System, which shall also be labeled on the tires per se and external packaging materials.</p>
Policy / Strategy	<p>The Company's marketing and labeling policy is intended to assist the Company to build the brand image that is deeply rooted in the minds and also delivers positive significance.</p>
Goals and Targets	<p>The short term goals aim to design a new LOGO to update to integrate all visual information to achieve the goal for maintenance of the brand consistency. The mid-term and long-term goals aim to demonstrate the effectiveness of the brand image in the effective interactions with customers and suppliers.</p>
Management Evaluation Mechanism	<p>In accordance with KENDA CIS specifications and the standards of inner/ outer boxes under Kenda brand, corrugated cartons, stickers, hand tags, bags and materials, the Company conducts the PDCA effectiveness evaluation on the marketing and labeling management each year.</p>
Performance and Adjustment	<p>In response to the KENDA CIS design before 2022, the Company has re-planned the new LOGO. The new LOGO is commensurate with the mid-term goals set by the Company. The Company will continue to manage and timely adjust the marketing and labeling policy in the future.</p>
Preventive or Remedial Measures	<p>Since the Internet emerged, the Company has changed outdoor physical advertisements to online advertisements step by step, in order to mitigate the carbon emissions. Meanwhile, the Company reviews the entire carbon reduction results each year, sets forth the packaging material reduction strategies, and continues to adopt the recycled materials to create the packing materials that satisfy the needs for CIS marketing and labeling. If the mitigation or reduction policy achieves the effect less than the expectation, the Company will adopt renewable materials instead pro-actively, and communicate and seek cooperation with related units.</p>



Global R&D Headquarters

In order to expand the research and development capabilities, the company has established a global R&D headquarters in Taiwan, including spending NT\$100 million to set up dynamic tire testing equipment, which can measure the lateral force and steering force of tires, and develop safer tires.

Product Liability

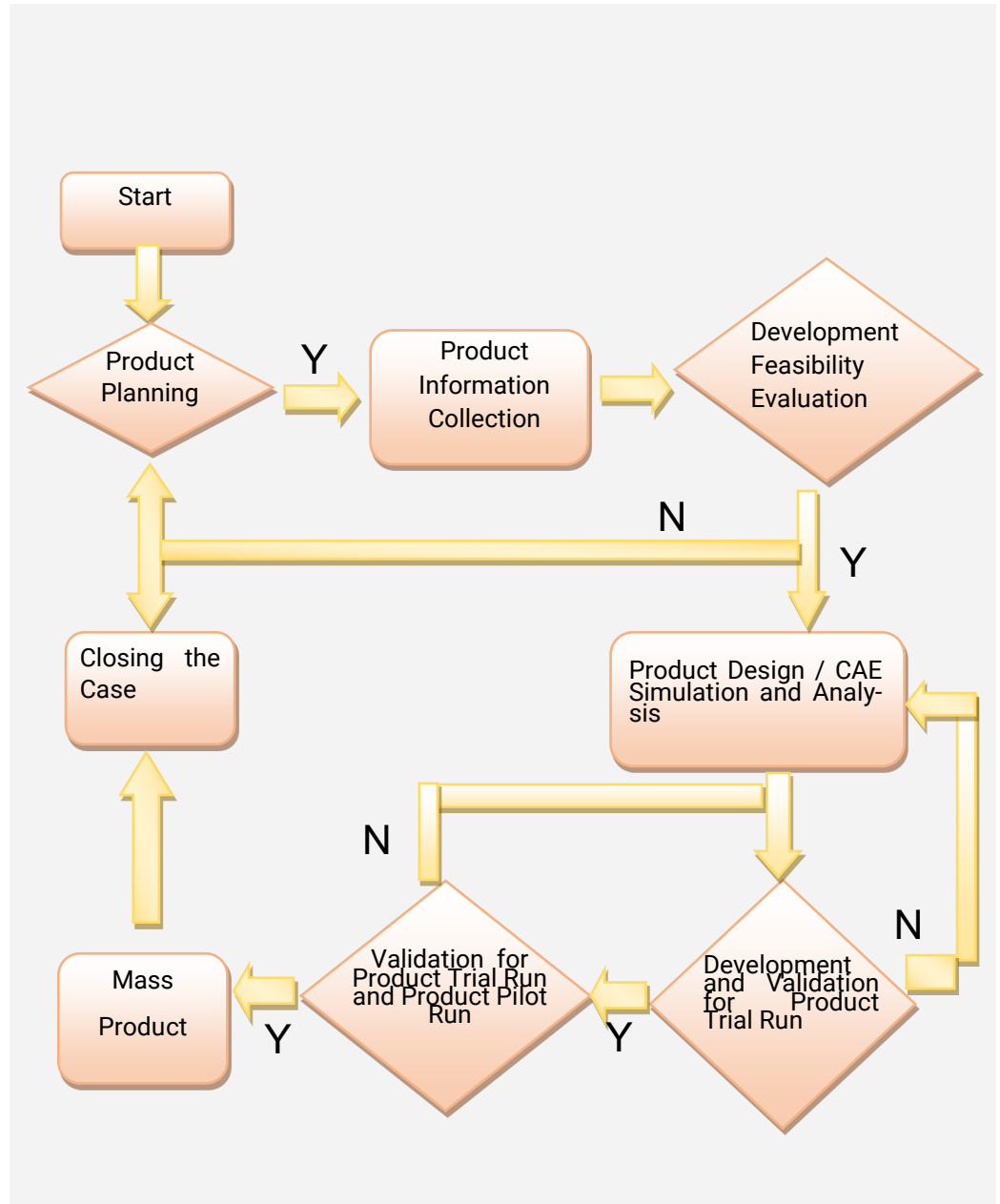
The Company is committed to developing various economic and eco-friendly, safe, durable and comfortable tires that may enable drivers and passengers to commute to work safely and enjoyably.

In recent years, in response to the high performance of vehicles and changeable social environment, the tire performance requirement has become more and more strict. The Company adheres to the quality policy philosophy for "doing it right the first time and delivering competitive products and services to customers in a timely and correct manner" and also complete the required information per the quality indicators at various stages ranging from product planning, product design, test run and trial production to formal production, in accordance with the quality system IATF 16949 requirements. The products and services provided by the Company in 2022 are free from any violations of the laws and regulations.



Product Development Process

Item	Content
Product Planning	Analyze the product performance of the target market and collect the target value of market demand.
Product Information Collection	Collect competitor information and analyze the differences from our company. Collect the regulatory information of the target market and analyze the differences with the company's current standards.
Development Feasibility Evaluation	Evaluate the methods and development costs to reach the target market.
Product Design / CAE Simulation and Analysis	Conducts CAE simulation analysis in accordance with market objectives and legal requirements, carries out structure and outline design, and selects required materials according to the set safety rate. The company formulates product specification sheets for verification during trial development, such as tire breaking energy and high-speed/durable running.
Development / Validation for Product Pilot Run	Conduct small batch trial production development and verification according to the product specification sheet, and the tires can be transferred to trial production only after passing the items in the product specification sheet.
Validation for Product Trial Run	Conduct mass trial production and verify the process capability/performance level according to the product specification sheet, and the tires can be transferred to mass production only after passing the items in the product specification sheet.
Mass Production	After mass production, three batches of products are monitored to confirm the process capability and tire performance.



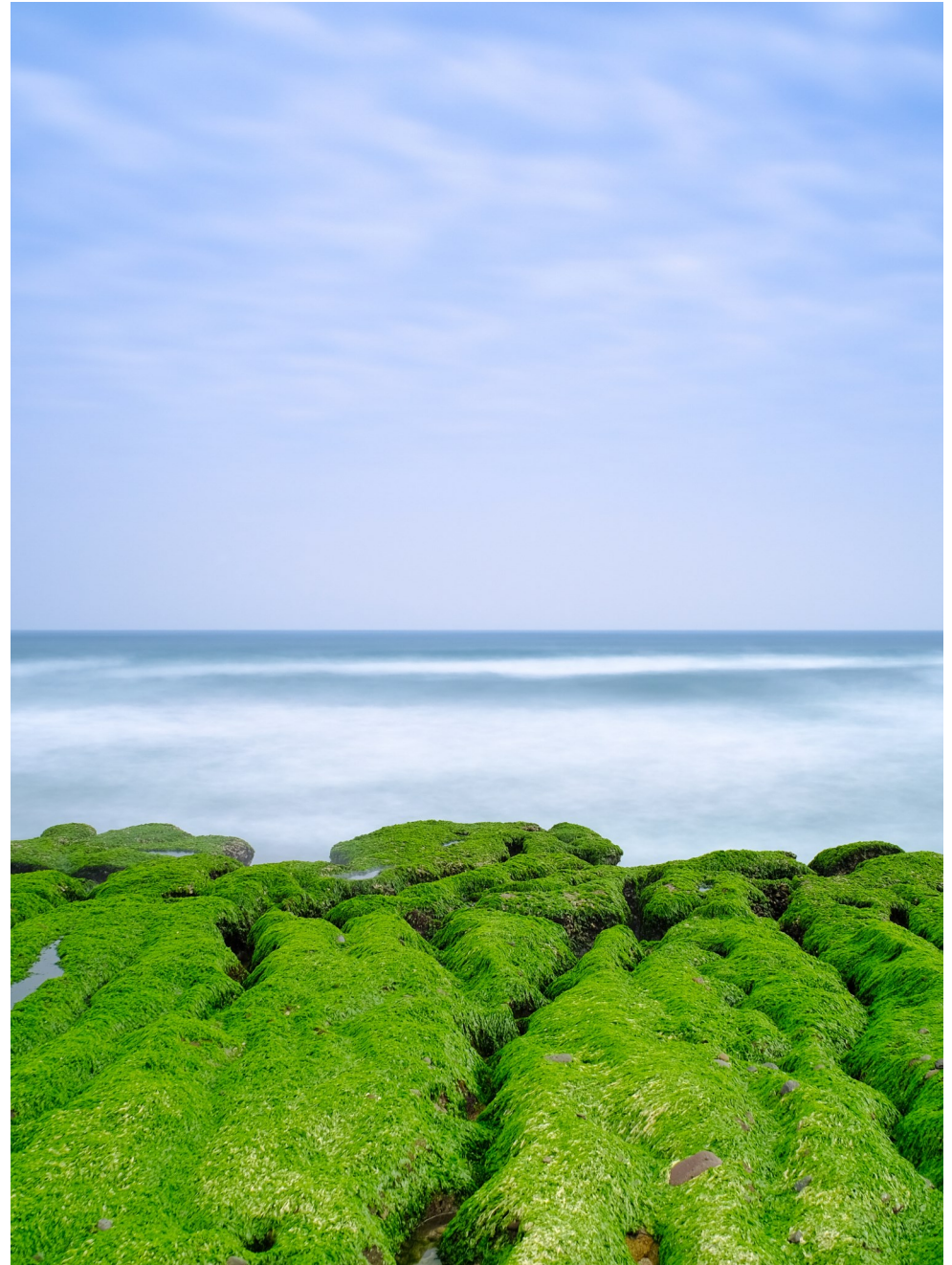
Customer Health and Safety

Polycyclic Aromatic Hydrocarbons (PAH or PAHs), clinical trial reports indicate that long-term exposure to a mixture of high-concentration PAHs will cause diseases such as skin cancer, lung cancer, stomach cancer, and liver cancer. In 2018, the Department of Consumer Protection randomly tested 10 well-known brands of motorcycle tire samples in the Taiwan market, and 9 failed the chemical test of high PAHs. The motorcycle tires produced by the company in Taiwan are the only tires that have passed the test. The percentage of Treated Distillate Aromatic Extracted Oil (TDAE) used in the tires produced in the factories in Taiwan reached 84% in 2021. This is not only to reduce environmental pollution, but also to reduce the health damage caused to employees during production. It is friendly to the environment and to promote cleaner production. The Distillate Aromatic Extracted (DAE) ratio reduced from 23% in 2020 to 19% in 2022. In the future, the Company will continue to work towards the goal of converting all formulas into Treated Distillate Aromatic Extracted Oil with the belief in sustainable development.

All of the company's products comply with the requirements of international laws and regulations:

All products applying for GS mark certification must mandate included in 16 PAHs (Polycyclic Aromatic Hydrocarbons) tests (beginning on April 1, 2008). The U.S. Environmental Protection Agency (EPA) classifies 16 PAHs as priority control of toxicants. Chapter 30 of the German Food and Feed Code (2005.08.LFGB) establishes permissible limits for PAHs.

The 2005/69/EC directive stipulates that the added oil sold on the market or used for the manufacture of tires shall comply with: the BaP content is less than 1mg/kg, and the total content of 8 PAHs is less than 10mg/kg, which took effect on January 1, 2010. European Union 76/769/EEC, Germany/LFGB, USA/US EPA, China GB, GB/T, GHZ, etc.



Compliance with Regulations

Tires are the only part of a vehicle in contact with the road, and the performance of the tires affects the dynamic performance of the vehicle. The tire test items include: high-speed performance, durability, breaking energy, bead unseating resistance and practical operation safety test, etc. All countries or regions have formulated relevant laws and regulations for the safety performance of tires. The tires sold by the company to all countries or regions can meet the requirements of the laws and regulations. There has never been a return or customer complaint due to the content of prohibited substances exceeding the standard.

Relevant regulations in each region stipulate:

Classification	National Standards of the Republic of China (CNS)	The Tire and Rim Association, Inc. (TRA)	The European Tire and Rim Technical Organization (ETRTO)	Japan Automobile Tire Manufacturers Association (JATMA)
Passenger Car (PC)	Passenger Car Tires	Passenger Car Tires	Passenger Car Tires	Passenger Car Tires
Automobile Car (AC)	Light Truck and Ultra-Light Truck Tires	Light Truck Tires	Commercial Vehicle Tires	Light Truck Tires Truck-Bus Tires
		Truck-Bus Tires		
Industrial Car (IC)	Industrial and Off the Road Tires	Off-the Road (OTR) Tires	Earthmoving Equipment Tires	Off-the Road (OTR) Tires Agricultural Tires Industrial Tires
	Agricultural Tires	Agricultural Tires	Agricultural Tires	
		Industrial Tires	Industrial and Lift Truck Tires	
Motorcycle (MC)	Motorcycle Tires	Motorcycle Tires	Bicycle and Motorcycle Tires	Motorcycle Tires
Bicycle (BC)	Bicycle Tires			---

Regulations Types of Tires	Breaking Energy	Bead Unseating Resistance	Speed Test	Endurance Test	Hydraulic Burst Test
Passenger Car Tires (PC)	V	V	V	V	
Automobile Car Tires (AC)	V		V	V	
Industrial Car Tires (IC)	V		V	V	
Motorcycle Tires (MC)	V		V	V	
Bicycle Tires (BC)	V			V	V

The high speed/endurance tests of tires are conducted on the Drum Tire Testing Machine in the Company's laboratories. The most common speed ratings of tires are described in the following table:

Speed Code	Speed (km/hr)	Speed Code	Speed (km/hr)
Q	160	S	170
S	180	T	190
H	210	V	240
W	270	Y	300



The Drum Tire Testing Machine



Tire Breaking Energy Test



Bead Unseating Resistance Test



Tires are driven on the road and the unevenness of the road surface may cause varying impacts on the tire. In order to ensure that the tire can withstand the impact of the road when driving on the road, destructive test is conducted in the product development stage. During the test, a cylindrical steel bar is pressed into the center of the tread to measure whether the tire's destructing energy meets regulatory requirements.

The fitment of the tire and the rim comes from the bead design of the tire. An oversized bead design will cause the section of tires in contact with the rim to skid and be damaged when driving. An undersized bead design will cause the tire to burst during installation.

At the same time, the mating place of the tire and the rim needs to resist the lateral force generated by the vehicle when carving. If the lateral force is greater than the tire bead unseating resistance, then the tire unseating may occur during the carve and lead to loss of control of the vehicle.

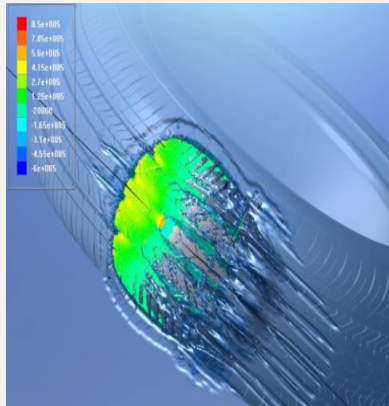
Bead unseating resistance test is a pressure block to the tire edge of the downward pressure to measure the maximum bead unseating resistance of the method. Bead unseating resistance needs to meet the requirements of the regulations.

A Test on the Safety and Performance of the Actual Vehicle Operation

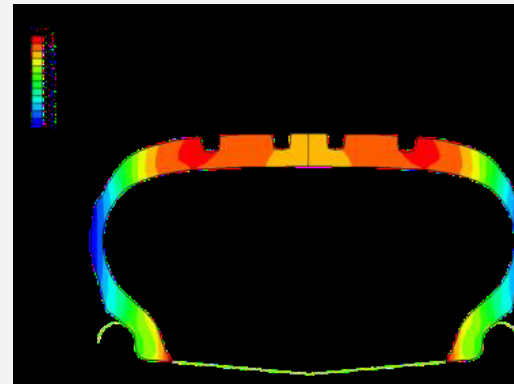
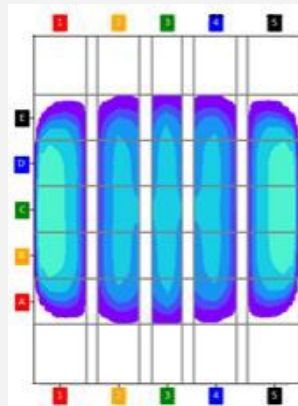
Vehicles will encounter various road conditions when driving on the road. Tires must overcome various road conditions to provide the safety and stability. In order to enhance the superior tire performance, operational and safety performance ground tests are conducted during the stage of product development. For example, confirming the performance and stability of tires during emergency lane changes at the speed of 100km/hr and simulating the braking distance and operational stability during rainy days. After numerous tests and adjustments, consumers can feel reassured when using **KENDA** tires.



Tire Hydroplaning Simulation Analysis



Tire Grounding Pressure Analysis



To mark the 50th anniversary of TCS tire testing, the Swiss Touring Club and its business partners, ADAC and ÖAMTC, have tested 50 tires of “205/55 R16 91V” circulating on the European market.

All tires are evaluated on the basis of driving characteristics and safety, as well as parameters related to comfort, convenience and environmental sustainability. Overall, these products have been tested under 15 different evaluation criteria. At the 50th anniversary of tire testing, TCS and its business partners have introduced the new two-part assessment, on the basis of which driving safety (70%) and environmental protection (30%) will be taken into account when computing the final outcome. Driving safety is based on the well-known standard for drivers’ driving on wet and dry roads. Further, the environmental protection refers to the existing criteria, such as mileage, fuel consumption or noise. Now, we add the wear and tear, tire weight and sustainability (production location and relevant certificates) into the criteria. Meanwhile, the Company also checks the entire tire more thoroughly, in order to analyze whether or not it is new or recycled, or whether or not there are residues left on it. These residues might be released into the environment unnecessarily and out of control within the first few kilometers for the driving.

Swiss Touring Club and its business partners analyzed the pollutants 50 tires and also checked the rubber in order to confirm whether or not any toxic substances exist in the rubber. 10 out of the 50 tires were rated as “highly recommended,” while 7 tires out of them failed to pass the test and were classified as hazardous tires. The Kenda Kenetica Pro KR210 is the only one tire that comes closest to the “highly recommended” rating among the affordable tires. With the highest score of “Recommended”, KENDA was ranked 11th place among the 50 tires under test. In other words, the Company came out top in the “recommended” rating group. Kenetica Pro KR210 refers to Kenda's latest high-performance tire for small and medium-sized cars, which may solve the shortage of small-size ones of the EMERA A1 UHP product lines. The asymmetrical design of Kenda Kenetica Pro KR210 provides high stability, improved operation and optimized traction. Four longitudinal grooves are applied to ensure upgraded hydroplaning and excellent drainage. Available in rim diameters from 13 to 16 inches, this is the newest generation of passenger car tire in the Kenda summer lineup that focus on driving safety.



Product Labeling

In accordance with various international laws and regulations, voluntary standards and eco-friendly label requirements, such as GB 518-2020 and E-MAKE, etc., the Company discloses the relevant service information and marks on products, user manuals and ESG websites. In order to provide consumers with peace of mind when purchasing products and services, the Company has disclosed the necessary information for each product and service. The packaging and descriptions of each product produced and marketed include information on the expiration date, place of origin, conditions of preservation, and instructions for use, so that consumers can understand the relevant information on each product. Consumer service hotlines are also available for questions and answers. The labels and descriptions of products and services provided to consumers are in compliance with regulations, and the percentage of products that have been evaluated is 100%.

The Company's products are marketed all over the world. The products have been certified pursuant to the local laws and regulations and the following information is identified on the sidewall of the tire:

- (a). 1. tire specifications; 2. trademark, factory's name or the place of origin; 3. load index or level and inflation pressure; 4. speed symbols; 5. name and number of layers of reinforcing materials applied to the crown and sidewall of radial tires and the name of reinforcing materials applied to bias tires; 6. position marking of the tread wear indicator line; 7. production number; 8. factory's inspection mark.
- (b). Radial tires must bear the "RADIAL" logo and tubeless tires must bear the "TUBELESS" logo.
- (c). Slush tires must bear the "M + S" logo.
- (d). Reinforced tires must bear the "XL" logo.
- (e). Spare tires must bear the "TEMPORARY" logo.
- (f). The tread pattern is directional and, therefore, the directional mark should be added into the sidewall of the tires.



The Company has acquired the certifications in the following territories in the world:

CCC (China), DOT (the USA), E-MARK (Europe), GCC certificate (Gulf countries), I-MARK (Brazil Inmetro), KATECH (Korea), SONCAP (Nigeria), TIS (Thailand), Bureau of Standard, Metrology and Inspection (Taiwan). For more information, please refer to the Company's "Metric Series CCC Certificates," "Code Series CCC Certificates" and "Load 3C Certificates".

In addition to tire specifications defined by each regional regulation and standard, each regional country has recently formulated tire certification label regulations in response to environmental protection and safety concepts. The specific indicators are as follows:

E-Mark Certification and European Mark Regulations (European Mark):

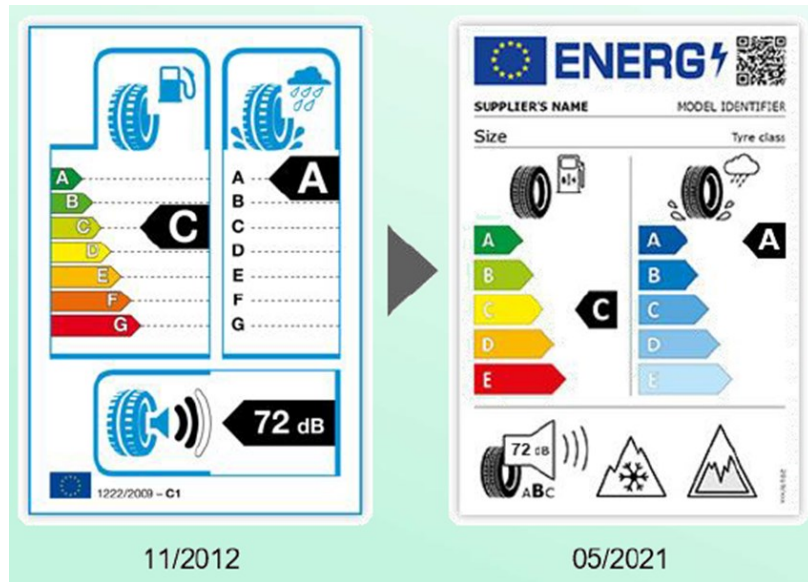
The content of tire specifications on the market in the EU economy, from November 1, 2012, all tires exported to the EU market must pass two regulations, ECE R117 and EC1222/2009, mainly for the tire's rolling resistance coefficient, wet grip and external noise are regulated.

ECE R117 sets clear limits for the rolling resistance coefficient, wet grip and sliding noise of passenger car tires (C1), light truck tires (C2) and truck and bus tires (C3).

As shown in the table below, starting from November 2016, tires produced by tire factories that fail to meet this standard cannot be sold in the European market.

Item	Unit	Passenger Car Tire (C1)	Light Truck Tire (C2)	Truck and Bus Tire (C3)
Rolling Resistance Coefficient	N/kN	10.5	9.0	6.5
Wet Grip	G	≥1.1	≥0.95 ≥0.85(Traction Tire)	≥0.80 ≥0.65 (Traction Tire)
Skidding Noise	dB(A)	70~74	72~74	73~75

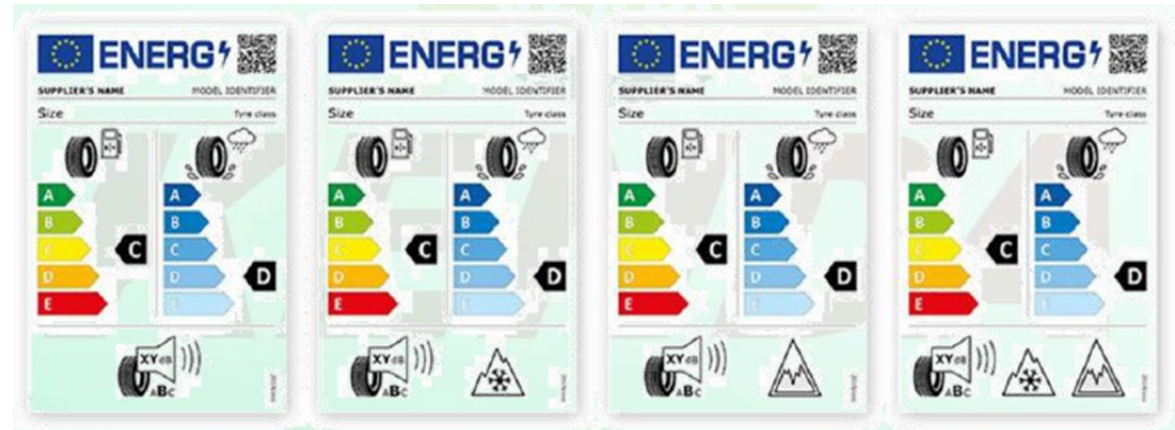
The European tire labeling regulation EC1222/2009 has been implemented since November 2012. In order to give consumers more tire information, it was replaced by the new regulation EU 2020/740 on June 6, 2020. The new labeling regulation was implemented in May 2021.



The classification changes regarding fuel efficiency are as follows:

Fuel efficiency class	C1	C2	C3
	RRC in N/kN	RRC in N/kN	RRC in N/kN
A	$RRC \leq 6.5$	$RRC \leq 5.5$	$RRC \leq 4.0$
B	$6.6 \leq RRC \leq 7.7$	$5.6 \leq RRC \leq 6.7$	$4.1 \leq RRC \leq 5.0$
C	$7.8 \leq RRC \leq 9.0$	$6.8 \leq RRC \leq 8.0$	$5.1 \leq RRC \leq 6.0$
D	$9.1 \leq RRC \leq 10.5$	$8.1 \leq RRC \leq 9.0$	$6.1 \leq RRC \leq 7.0$
E	$RRC \geq 10.6$	$RRC \geq 9.1$	$RRC \geq 7.1$

The EU2020/740 new labeling regulations has the following four label presentation methods according to different tire types:



For snow



For ice



Japan Automobile Tire Manufacturers Association Certification

Since January 2010, a non-mandatory tire labeling system has been in effect for summer tires. The rolling resistance, based on the JIS 4234 test value, is classified into five grades from AAA to C. The wet grip, based on the test value of ISO 23671 for 100% relative value comparison, is classified into four grades from a to d. If the test value of the tire is below 9N/kN and the wet grip performance is above 110%, the tire can be labeled as a “Fuel Efficient Tires (Japanese: タイヤ).”

U.T.Q.G (Uniform Tire Quality Grading) (Uniform Tire Quality Grading)

Tires sold to the United States need to obtain DOT certification, and passenger car tires must have the UTQG mark. This mark allows consumers to see the performance level of the tire at a glance. It is established by the National Highway Safety Administration (NHSA) according to CFR 575.104 certification of test tires, the main test items are:

1. Treadwear: Tire wear resistance is measured in units of 20. The larger the value, the longer the wear mileage of the tire.
2. Traction: The level of tire grip is classified into AA/A/B/C. AA represents the best grip, and C represents the worst grip.
3. Temperature: Tire high speed rate is classified into A/B/C. A represents the best high speed rate, and C represents the worst high speed rate.

These 3 indices are only for consumers' reference. Different brands may have differences in standard sample performance and therefore are not suitable for comparison.



Saudi Arabian Standards Organization (SASO) and Gulf Cooperation Council Standardization Organization (GSO)

Different from EU requirements, SASO and GSO only focus on fuel oil efficiency (rolling resistance) and wet grip performance with six grades. In terms of color, green indicates the best, while red indicates the worst and cannot be sold in the market.

C1 Tires		C2 Tires		C3 Tires	
RRC (N/kN)	Rolling Resistance Class	RRC (N/kN)	Rolling Resistance Class	RRC (N/kN)	Rolling Resistance Class
$RRC \leq 6.5$	Excellent	$RRC \leq 5.5$	Excellent	$RRC \leq 4.0$	Excellent
$6.6 \leq RRC \leq 7.7$	Very Good	$5.6 \leq RRC \leq 6.7$	Very Good	$4.1 \leq RRC \leq 5.0$	Very Good
$7.8 \leq RRC \leq 9.0$	Good	$6.8 \leq RRC \leq 8.0$	Good	$5.1 \leq RRC \leq 6.0$	Good
$9.1 \leq RRC \leq 10.5$	Average	$8.1 \leq RRC \leq 9.2$	Average	$6.1 \leq RRC \leq 7.0$	Average
$10.6 \leq RRC \leq 12.0$	Poor	$9.3 \leq RRC \leq 10.5$	Poor	$7.1 \leq RRC \leq 8.0$	Poor
N/A	Very Poor	N/A	Very Poor	N/A	Very Poor



No violations of laws and regulations related to marketing communications during the reporting period. Meanwhile, there were two incidents of non-compliance with laws and regulations on information and labeling of products and services. The detailed penalties are as follows:

Unit: NT\$		
Amount of penalty	Description of the penalty	Subsequent improvement plan
1,315,667	The tires shipment was found failing to bear the E-MARK labeling through the random check by the customs in Israel. Analysis on root causes: the template applied the old standard module, while the vulcanization and inspection units failed to detect it during the preliminary inspection.	The benchmark management system was optimized further, and the text on the appearance of the tire was checked in accordance with the product text and picture.
13,354	The products made for customers in Israel and shipped from Tianjin factory were found not bearing the E-mark/R117 logo.	<ol style="list-style-type: none"> 1. Use the dedicated personnel to verify and do the mono-type. 2. Change the operating procedures and add the SOP documents. 3. Unify format of product text/picture.

3.2 Customer Service Management

Material Topic: Customer Privacy (Customer Privacy Management)	
Significant reasons for this topic	Upon analysis and identification of the material topics, the customer privacy is found very important to the Company. Providing high-quality products and professional services on the basis of trust from customers, which in turn increases profitability, will make the Company's products become more competitive in terms of ESG issues.
Policy / Strategy	The Company has established the Corporate Personal Data Management Regulations in 2018, in order to manage the customers' and suppliers' data with care.
Goals and Targets	Pursuant to this requirement, the Company has established the personal information checklist for investigation. All of its short-term, mid-term and long-term goals aim to protect the customer privacy or prevent the loss of customers' data, in order to maintain the customer privacy and trust.
Management Evaluation Mechanism	<p>In accordance with Corporate Personal Data Management regulations, the Company has established a personal data monitoring checklist and conducts inventories in the following four major areas to effectively implement the regulations and maintain customer privacy.</p> <ol style="list-style-type: none"> I. Each unit shall establish the inventory list for control. II. Feedback on additional personal data. III. Orientation training. IV. Feedback on disclosure of personal data.

Performance and Adjustment	Pursuant to the Requirement, the Company monitors the personal data each year. Since 2018 until 2022, no disclosure of personal data has taken place. The Company will continue to monitor and adopt the most effective measures to protect the customer privacy and enhance the information security in the future.
Preventive or Remedial Measures	Subject to the Requirement and by reviewing the personal data checklist annually, the Company establishes the procedure for handling abnormal conditions. Upon receipt of any whistleblowing case or report in suspected information disclosure, the Company shall report the same to the relevant business management department to conduct investigation and also inform the regulatory unit referred to herein. If the case is proven, the relevant legal action will be handled in accordance with the Company's policy.



To create values that customers trust is the true meaning of the brand. The company firmly believe what can really stay in the minds of consumers is the brand value, image, innovation, ensuring product quality, and generating added value through brand language. Adhere to the clean production process: “ Do not accept defective products, do not manufacture defective products, and do not export defective products”. Also adhere to the Environmental Safety & Health and Energy Management Policy of “green production, safety and health, sustainable management” to produce and market each tire worldwide. In order to avoid product transportation risks, there are safety inventories at production sites and business premises around the world. Where we do not have business premises, we coordinate with customers to ensure a safe level of inventory. These efforts aim to reduce the risk of supply shortage by flexibly responding to extreme climates and major natural disasters.

“Integrity” is one of the Company’s most important management philosophies. In addition to providing high-quality products and services, we also provide precise information so that customers who love **KENDA** products can choose products and services with reassurance. The Company has not been subjected to any complaints or penalties for inaccurate advertisement during the reporting period.

Customer Satisfaction

The Company upholds the principle of “Customer First” and has been highly recognized by customers in terms of quality, delivery, and services. The Company has been awarded the “Excellent Vendor” by clients for many years. In order to understand and en-

hance domestic and foreign customers’ satisfaction, the Company conducts annual market research through questionnaires and evaluates the level of customer satisfaction.





The results of the customer satisfaction surveys for the past three years are as follows:

Survey Item	2020	2021	2022
Service quality (score)	91.5	91.7	91.2
Quality of tube (score)	94.0	94.2	93.8
Quality of tire (score)	92.1	92.6	92.3

The above-mentioned survey results show that customers are highly satisfied with the quality and service of KENDA products. The Company will continue to uphold the spirit of “Keep Improving.” to review the valuable feedback from customers in management meetings, and take necessary improvement plans.

Customer Privacy

The Company and subsidiaries maintain standard precautions for business or personal information provided by customers to protect customer privacy. In order to prevent intentional or accidental destruction, damage, or unauthorized access to customer information, organizational protective measures are taken to protect customer data. There were no complaints such as violation of customer privacy, customer data loss, external or regulatory agencies complained about customer personal data leakage, etc., and continued to strengthen personnel education and training to improve the company's service quality.

3.3 Sustainable Supply Chain

Significant reasons for this topic

The supply chain risk management constitutes a part of the competitiveness, so the Company pays close attention to the related risks encountered by the suppliers in the supply chain.

Goals and Targets

1. For the short-term goals, the Company implements the supplier sustainable development questionnaire and statement with respect to new suppliers. The current response rate is 94%. The Company will continue to promote the increase in response rate.
2. For the mid- and long-term goals, the Company focuses on the GHG inventory and aim to find a supply chain that meets environmental protection and renewable raw materials requirements and is able to develop sustainably.

Performance and Adjustment

The Company sets the assessment target for delivery period and quality of outsourced products as 93%. Its achievements in 2022 averaged 93%.

The Company sets the assessment target for delivery period and quality of raw materials as 89.08%. Its achievements in 2022 averaged 90.11%. The Company expects to enhance the target as 90.75% in 2023.

Material Topic: Procurement Practice, Supplier Management (Supplier Environmental Assessment and Supplier Social Assessment)

Policy / Strategy

The Company is concerned with the economic, environmental and social developments of the whole supply chain. The company strives to enhance the supply chain to meet the international standards and becomes a force driving the sustainability for the society. The company aims to establish a supply chain that cares about the environment, labor rights, safety, health and social responsibility and achieves sustainable development. The Company maintains at least two and three suppliers in different geographic locations for each material, in order to have the flexibility to respond to operational risks due to international situation changes, extreme climates and significant natural disasters. The Company also pro-actively increases inventory and looks for second suppliers for the materials as it relies on single suppliers.

Management Evaluation Mechanism

The Company rates and reviews the supplier's delivery quality, delivery period and certificates each month to distinguish the quality levels. Meanwhile, it communicates with the suppliers via external mailbox, email, phone, and interview from time to time.

Preventive or Remedial Measures

The Company asks suppliers to review operational status and manage the risks associated with geographic distribution of production lines, in order to mitigate the risk over raw materials shortage resulting from extreme climate or international situation change in the future. To deal with this situation, the Company has a regular weekly physical count of inventory and a monitoring function to warn of any shortages. If a shortage occurs, the Company will activate the treatment plan and a report will be prepared and submitted for further review.



The Company has always viewed its suppliers as long-term and reliable partners. Good supplier is the key factor for business growth. Therefore, based on the principles of safety, price, delivery, quality, service, environmental protection and sustainability, the Company carefully selects qualified suppliers and regularly reviews the suppliers’ product quality, delivery, service and continuous improvement and attention to the environment.

The 2022 group supply chain procurement amount is as follows:

Region	Proportion of Local Procurement (%)		
	2020	2021	2022
Taiwan	47.79%	44.54%	46.81%
China	-	-	89.38%
Vietnam	-	-	41.12%
Indonesia	-	-	27.50%

The Company’s important business partners refer to the suppliers that can be divided into 7 categories: raw materials, packaging materials, equipment, molds/fixtures, contractors, subcontract processing, and business affairs. Among them, the procurement of raw materials accounts for the largest proportion. The Company maintains at least two to three suppliers in different geographic locations for each material, in order to have the flexibility to respond to operational risks due to international circumstances change, extreme climates and significant natural disasters. The Company also pro-actively increases inventory and look for second suppliers for the materials it relies on single suppliers.

The Company also asks suppliers to review operating status and to manage the risks associated with geographic distribution of production lines, in order to have the flexibility to respond to operating risks due to international circumstances change, extreme climates and significant natural disasters.

Supplier Assessment

The criteria for evaluating suppliers include ensuring stable quality, reducing the cost of materials, and being able to supply raw materials that meet the requirements of the procurement contract. At the same time, the quality assurance department periodically evaluates qualified suppliers on monthly basis based on their incoming process capability, delivery rate, good quality, and certificates, etc., in order to enhance the overall competitiveness of suppliers. Each year, the Company conducts on-site audits for major product defects, customer complaints, and violations of sustainability guidelines. If any deficiencies are found, the Company will ask the supplier to propose appropriate improvement plans. A clear goals and improvement deadlines will also be provided by the Company to suppliers regarding the deficiencies. If necessary, the company will also provide appropriate assistance and counseling to the supplier, and actively seek suppliers who can cooperate with the Company.

Before 2021, suppliers with quality scores A, B, and C were all considered qualified for procurement. In 2021, the delivery quality performance A, B, etc. accounted for about 86%, increased to 91% in 2022, and scores C, D, accounted for about 9%. It shows that the supplier's quality is stable. In 2022, the average number of monthly procurement evaluations of each factory: Taiwan factory: 85; Shenzhen factory: 13; Kunshan factory: 98; Tianjin factory: 78; Indonesia factory: 25; Vietnam factory: 104.

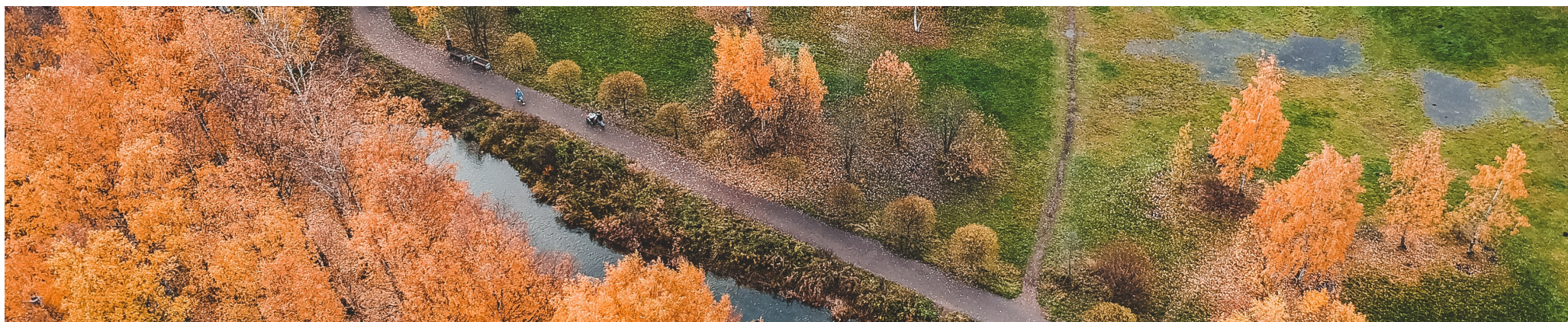
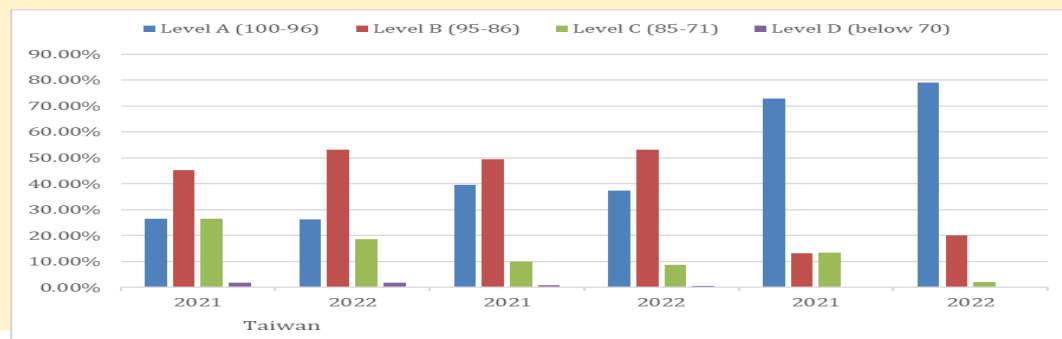
The Company has established rules for the evaluation of suppliers. In addition to business management, technical capability, and production capacity, new suppliers must also provide a "Supplier Basic Information Questionnaire" with a "Declaration of Confirmation of Environmentally Hazardous Substances and Conflict Minerals", a "Supplier Sustainable Development Statement", and samples (including SDS Safety Data Sheet) for investigation and evaluation by the responsible department. After the supplier passes the investigation and the evaluation, it can be classified as the Company's qualified supplier. The main raw material suppliers are required to have ISO 9001 quality system certification.



New suppliers are selected based on their quality, delivery, supply status, operational performance, and service capability, as well as environmental protection, labor practices, human rights, anti-corruption, and other aspects. Since 2016, we have started to evaluate and communicate with our suppliers on corporate social responsibility compliance, including sending “Supplier Sustainable Development Statement” to our suppliers to complete and response, and conducting corporate social responsibility compliance surveys to new and existing suppliers. Of more than 1,165 domestic and foreign suppliers with whom the Company has long-term and stable relationships, 94% of them passed the aforementioned investigation and evaluation and became qualified suppliers of the Company. For those suppliers who do not meet the qualification standard, they are required to make improvements within a certain period of time. Otherwise, they will not be classified as qualified suppliers, and we will continue to seek qualified replacement suppliers. In 2022, the number of unqualified suppliers in the Taiwan and overseas of the company was 0.

2022 Suppliers Rating Chart

Rating	Factory	Taiwan		China		Southeast Asia	
	Year	2021	2022	2021	2022	2021	2022
Level A	(100-96)	26.42%	26.34%	39.69%	37.43%	73.00%	79.00%
Level B	(95-86)	45.28%	53.27%	49.45%	53.23%	13.21%	20.00%
Level C	(85-71)	26.42%	18.63%	10.05%	8.71%	13.53%	2.00%
Level D	(Below 70)	1.89%	1.76%	0.82%	0.63%	0.05%	0.00%



The Company's 2022 Sustainable Development Questionnaire and Statement responded the increase from 91.27% in 2021 to 94.00%

Description on the social criteria governing screening

Identification of the proportions

100%

The quality assurance department sets forth the supply chain-related assessment regulations, requiring suppliers to provide the following information: basic supplier information, contact person, factory information, certified system, product certification, declaration of environmentally hazardous substances and non-use of conflict minerals, sustainable development statement and supplier sustainable development questionnaire, including legal compliance, labor rights, environmental protection and code of ethics, etc.. Meanwhile, the suppliers shall have at least ISO 9001 quality certification, and may only be officially listed as the Company's qualified suppliers after passing the evaluation successfully.

The number of unqualified suppliers identified in the evaluation on the social impact at various factory premises in 2022:

Negative social impact in the supply chain and actions to be taken

The Company has established related supplier assessment regulations. In addition to the supplier profile questionnaire, declaration of environmentally hazardous substances and supplier sustainable development statement, the Company also cares about whether or not the supplier owns a complete and sound quality system. Major suppliers shall also have received the ISO 9001 or TATF 16949 quality system certifications. When purchasing goods each month, we will rate the quality, delivery period and certificates and prioritize the key suppliers to be audited annually and provide them with guidance. The suppliers who win excellent scores will be rewarded for the early payment by us, while those with poor performance will be punished, and we will defer the payment to them or reduce the purchase ratio.

Rewards and Penalties



The number of unqualified suppliers identified in the evaluation on the social impact at various factory premises in 2022:

Number of unqualified suppliers

Audit Rate

100%

1. According to the 2022 audit plan, 11 the Company would audit 11 key suppliers and 11 key suppliers were also audited physically. Therefore, the audit rate is 100%.
2. In 2022, the on-site survey was conducted on domestic important raw materials. The Company planned to audit 8 suppliers and 8 suppliers were audited physically. Therefore, the audit rate is 100%.
3. The Company rates the suppliers who deliver goods based on the indicators including delivery date, quality and improvement, each month. On average, there are 13~104 suppliers audited on a monthly basis. Each year, the Company conducts an audit on the suppliers with a high frequency of abnormal quality conditions. There were two suppliers in total in 2022.



The company has always been rigorous in the selection of suppliers, and regards suppliers as long-term and reliable partnerships. Excellent suppliers are the key factors for business growth. Therefore, based on the principles of safety, price, delivery, quality, service, environmental protection and sustainability, the company strictly selects qualified suppliers, and regularly the suppliers' product quality, delivery, service and continuous improvement and attention to the environment. The number of suppliers audited by the company around the world: increase to 1,165 in 2022.

2020-2022 Sustainable Development Statement and Questionnaire									
Item	Sustainable Development Statement			Sustainable Development Questionnaire			Code Of Conduct Warranty		
	2020	2021	2022	2020	2021	2022	2020	2021	2022
Total number of suppliers	996	1,099	1,165	996	1,099	1,165	996	1,099	1,165
Number of returns	909	1,030	1,096	909	1,030	1,096	909	1,030	1,096
Re-response rate	91.27%	93.72%	94.00%	91.27%	93.72%	94.00%	91.27%	93.72%	94.00%

Supplier Complaint Channel

The company provides named grievances from suppliers, and the complainant is required to provide:

- (1) name of supplier
- (2) name of the complainant
- (3) contact number
- (4) specific evidence of the complaint (including the person/thing/time/place/object of the complaint).

Once a complaint has been accepted by the Company, the relevant complaint statements should be ascertained. If necessary, legal affairs and other related departments will provide assistance. If no specific evidence is found, the case will be closed for investigation.

IV. Sustainable Environmental Protection

Environmental Safety and Health Policy

『Green Production, Safety and Health, Sustainability』

The Company plans the production process of tubes and tires for vehicles produced in accordance with the standards of the Cleaner Production Assessment System. The main purpose is to achieve the policy of "zero pollution", "zero disaster" and "recycling" in the production process. The Company establishes annual management key performance indicators for the environmental impact on the production and the material topics of concern to stakeholders for continuous improvement. The Company complies with the following action guidelines:

- Complies with environmental, occupational safety and health, energy regulations, and other requirements.
- Reduces wastewater, exhaust gas emissions, and pollutants to prevent pollution.
- The Company saves electricity, steam, and resources needed in the manufacturing process and uses energy efficient facilities to reduce carbon emissions.
- Implements hazard identification and risk assessment and management to prevent injuries and health hazards.
- Continues to provide trainings to its employees and push for performance management on environmental protection, safety, and health and energy saving to implement full participation of all employees in work safety, environmental protection, and energy conservation.
- Has strengthened internal and external communication to reduce waste from manufacturing, packaging, and using the products, and to promote recycling and reuse of resources.
- Has strengthened the operational management of its facilities to prevent emergencies such as fires and spills.

On the basis of compliance with relevant government environmental protection laws and regulations, and ISO 14001 management system verification, the Company implements green procurement, energy saving and carbon reduction, emission reduction, waste reduction, pollution prevention, risk management, and good neighborly cultivation to reduce the impact on the environment.

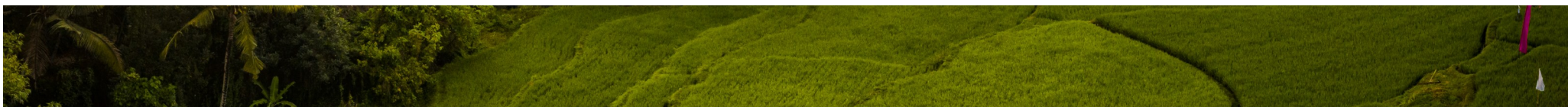
Environmental pollution has caused a number of major hazards and impacts worldwide. Therefore, the protection of the environment should be a continuous process. The Company is actively developing management strategies to reduce environmental and biological damages caused by manufacturing process contamination, such as wastewater, exhaust gas, waste, and greenhouse gas. Pollution prevention and reduction management strategies have been implemented.

Pollutants may seem wasteful, but in the trend of circular economy, there are also unlimited business opportunities. For example: after biodegradation of the wastewater from the manufacturing process, the water can be recycled and reused for green watering and toilet flushing in the plant as long as it meets the discharge quality and thus, can significantly reduce water consumption. The waste rubber generated from the production process can still be used as raw materials in the front-end process after treatment. This not only reduces the cost of raw materials but also reduces the cost of cleaning and transporting waste.

Kenda received the “National Enterprise Environmental Protection Award - Bronze Award”



4.1 Climate Change Management



In consideration of the increasingly severe climate changes, it has become a major challenge to the world. Climate change not only poses some impact to the environment and ecology, but also affects enterprises' business operations and sustainable development. Therefore, the Company is committed to minimizing its impact on climate change and also prepares the following climate change risk management strategies:

Governance unit

1. The Company has established the "Sustainable Development Practice" to expressly define the framework and duties of the climate risk management organizations including the Board of Directors, senior management, related committees, taskforces and three lines of defense for internal control.
2. The Board of Directors convenes the Board meeting regularly each year. At the meeting, ESG Committee shall report to the Board the performance of ESG practices and climate change-related issues, impact assessment and achievement of SDGs.

The risks over out of stock in the supply chain, energy shortage and customers' requirement for products with low carbon emissions.

	Short-term	Mid-term	Long-term
Strategies (Risk Categories)	<ul style="list-style-type: none"> Transformation risk: the laws and regulations governing climate changes tend to become stricter in various countries. The market information is uncertain. Physical risk: the extreme weather incidents, such as typhoons and floods, become more severe. Market opportunities: the risk over customers' requirement for products with low carbon emission, and innovation of low-carbon products. 	<ul style="list-style-type: none"> Transformation risk: the cost to be spent in enhancement of the obligations to report GHG emissions and transformation to low-carbon economy. Market opportunities: eligibility for the incentive measures offered by public sectors. 	<ul style="list-style-type: none"> Transformation risk: the increase in GHG emission price (cap and trade/carbon tax/energy tax). Physical risk: the increase in average temperature. Market opportunity: Apply more efficient production and distribution processes.

Considering that the market demand for eco-friendly products is increasing, the Company should strengthen its own core technology and manpower, and seek opportunities to improve its operational competitiveness in resource efficiency, energy sources, water sources, products/services, markets and goodwill.

Strategies (Opportunity Categories)

Major transformation risk	Major physical risk	Major climate opportunity
<ul style="list-style-type: none"> The Company responds to international norms and standards proactively and expects itself to follow the standards stricter than international standards to mitigate the risk over renewal energy costs at any time. The Company researches, develops and layouts green products proactively. Green design is based on the thinking about life cycle and aims at low-carbon and eco-friendly products. 	<p>In order to mitigate the impact posed by extreme weather incidents, the relevant factory premises have successively invested in water-saving facilities, enhanced water resource recycling, extended the insurance to the relevant coverage, and prepared emergency response plans to mitigate the business loss caused by the disaster risk.</p>	<p>The Company has laid solid foundation, as it has developed the ESG efforts permanently. Meanwhile, the Company maintains the close relations with customers for a long term and applies the core technology and invest in R&D subject to the market demand. Therefore, when the ESG trend is emerging, the Company will have the opportunity to be favored by customers as the first priority to help increase its operating revenue.</p>

Risk assessment

- List the climate risks and opportunities to be faced by the Company and identify major climate risks and opportunities after considering the degree of impact and possibility of occurrence. For items identified as significant climate risks, the relevant departments are required to propose specific action plans and solutions.
- The Company discusses relevant response measures, and reports the relevant risk assessment results to the management for decision-making.

Indicators and goals

In line with the GHG inventory, the Company has been working on the energy management system of ISO 50001, carbon reduction, product carbon footprint disclosure and waste reduction to reduce the greenhouse gas emissions, increase the water recycling efficiency, save water resources, reduce waste from the process source and improve the recycling of waste in order to make efforts to environmental sustainability.

In response to climate change:

- Construct solar power generation facilities and plan to generate power for its own use in the future.
- Promote carbon reduction activities.
- Purchase eco-friendly raw materials.
- Recycle and re-use the water resources.
- Maintain a safe inventory at each sales office; within the jurisdictions where the Company has no business location, the Company will negotiate with customers to maintain a safe inventory.

GHG Inventory Plan

The Company prepared ISO 14064-1 GHG inventory and received the Verification Opinion Statement in 2022. For the related performance data, please refer to “4.5 GHG Emissions Management” for details.





4.2 Green Production

Significant reasons for this topic

Tires are the safety parts which are likely to endanger the life and property of users. Therefore, the topic on product safety is important to the Company relatively. If the Company fails to manage the product safety, it is likely to be punished pursuant to related laws and regulations. Responsible product safety management can mitigate the users' hazard risk and improve the competitiveness of products in ESG issues.

Policy / Strategy

The Company adheres to the quality policy philosophy for "Doing things right the first time; delivering competitive products and services to customers in a timely and correct manner", develops new products and also completes the test and review required in the Company at various stages ranging from product planning, product design, test run and trial production to formal production, in accordance with the IATF 16949 quality management system for car makers, in order to ensure the products in line with the targets set by the product planning.

The product design has taken into consideration the product safety laws and regulations in various countries, and the product must pass the high-speed/durability test, destructive test, bead lip force test, hydraulic burst test and other performance requirements. If the product is exported to the territories of EU, it shall also satisfy the requirements under the E-Mark R117 on rolling resistance coefficient, traction and external noises. Upon completion of the mass production, the products are evaluated through the internal random inspections conducted regularly to ensure the compliance of product quality with the design goals.

Goals and Targets

The Company sets the target for no violation regarding the product safety standards/laws and regulations sanctioned by the local government.

Management Evaluation Mechanism	In accordance with IATF 16949 and ISO 9001 internal management review procedures, the Company conducts the PDCA effectiveness evaluation on the violations of product safety/laws and regulations sanctioned by local governments every year.
Performance and Adjustment	The number of violations of local product safety standards/regulations from 2020 to 2022 is 2 (Kunshan Factory) and 1 (Tianjin Factory), which are not in line with the Company's target for the time being but are not violations of internal operational procedures. The Company will continue to include the causes into the failure mode through the analysis on problems to develop the control plans and increase control indicators to ensure that the same problems will not recur.
Preventive or Remedial Measures	The Company convenes the quality committee meeting each month, in order to conduct the internal review on violations of product safety standards/laws and regulations and then respond to external parties in good faith and adequately. Meanwhile, through the design review, the Company develops the raw materials specifications and product specifications to ensure the compliance of the product design with laws and regulations.



Material Topic: Fuel Efficiency Design	
Significant reasons for this topic	The Company is committed to developing various economic and eco-friendly, safe, durable and comfortable tires that may enable drivers and passengers to commute to work safely and enjoyably. Different from any other parts, tire's function is to load the weight of the whole vehicle and exert the traction force of the vehicle. Various tires shall ensure and satisfy the basic performance requirements of drivers and passengers, such as comfort and safety. In recent years, in response to the rising awareness of environmental protection, the demand for tire performance has become higher, and how to combine fuel efficiency with low rolling resistance has become an important issue. Therefore, this issue becomes one of the Company's material topics.
Policy / Strategy	In consideration of the rising environmental protection awareness, energy conservation and carbon reduction has become a topic of the concern to the world. Therefore, more eco-friendly tires are under development. In order to effectively manage the compliance of products with local regulations, the Company adopts a project management system for product development, which allows the Company to check the regulatory certification items required by the place of sale before product development, and to obtain certificates in accordance with the regulatory certification items. The company has always completed all certifications for energy conservation and received all relevant certificates
Goals and Targets	In order to maintain the safety performance related to tires, since 2020, the Company has set the short-term goals for rolling resistance of passenger car tires (C1) as Level A, through tire weight reduction and optimization of ground contact pressure. The mid-term goals aim to keep promoting the light truck tires (C2) until they attain the rolling resistance level C or more under the EU regulations. The long-term goals aim to have both types of tires satisfy Level A, in order to provide domestic consumers with more fine-quality choices.
Management Evaluation Mechanism	In accordance with ISO 14001, ISO 14064-1 and ISO 50001 internal management procedures, the Company conducts the PDCA effectiveness evaluation on the emission management every year.
Performance and Adjustment	The Company will conduct a comprehensive review on the annual performance goals each year. The tire rolling resistance might affect the energy conservation for fuel efficiency and, particularly, affects consumers' finance directly. Therefore, managements regularly review performance and goal attainment to focus on issues that need to be strengthened.
Preventive or Remedial Measures	ESG Committee convenes a meeting on a monthly basis to review the results and follow up whether the goals are achieved and take strategies for improvement. The new product development must satisfy the rolling resistance, traction and noise requirements under the EU R117.

Reducing the Impact of Products and Services on the Environment

According to a survey conducted by the International Energy Agency (IEA), about 20-30% of global oil is used for transportation. When the vehicle is moving, the energy consumption from the rolling resistance of tires would reach 20~30% of the total energy consumption. Therefore, tire rolling resistance is also one of the key factors affecting the energy consumption of vehicles.

When the vehicle is running, the vehicle power is transmitted to the tires, and the energy loss generated by the tires to the road can be referred to as rolling resistance. The rolling resistance coefficient is measured in the laboratory for the ratio of the rolling resistance of the tire to the static force of a tire. If the rolling resistance coefficient is low, the fuel consumption of the vehicle on the tire will also be low and cause the reduction on the use of energy

The Company is committed to the development of energy-saving and eco-friendly tires and has developed an advanced computer simulation and analysis system - KETK to design an optimized tire outline to effectively reduce the use of raw materials and achieve the goal of light weight and lower rolling resistance.

With the advanced computer simulation analysis system - KETK, the Company launched the new generation of eco-friendly and energy-saving tire KR201X in 2019. KR201X features low rolling resistance, low noise, high wet grip and high wear resistance. In addition, the computer analysis can optimize the ground pressure and structure of the tire to enhance the tire's service life.

In order to meet the increasingly stringent requirements of international regulations, new rolling resistance materials are introduced to continuously improve and reduce rolling resistance. In addition, with tire weight reduction and optimization of ground contact pressure technology, the rolling resistance grade of passenger car tires (C1) has been improved from C grade to A grade year by year. For questions related to product safety or health risk complaints, please visit the Stakeholders area on the Company's ESG website (<https://www.esg.kenda.com.tw/en>).

	C1 tyres	C2 tyres	C3 tyres
Fuel efficiency class	RRC in N/kN	RRC in N/kN	RRC in N/kN
A	$RRC \leq 6,5$	$RRC \leq 5,5$	$RRC \leq 4,0$
B	$6,6 \leq RRC \leq 7,7$	$5,6 \leq RRC \leq 6,7$	$4,1 \leq RRC \leq 5,0$
C	$7,8 \leq RRC \leq 9,0$	$6,8 \leq RRC \leq 8,0$	$5,1 \leq RRC \leq 6,0$
D	原E級變成D級 $9,1 \leq RRC \leq 10,5$	$8,1 \leq RRC \leq 9,0$	$6,1 \leq RRC \leq 7,0$
E	原F級變成E級 $RRC \geq 10,6$	$RRC \geq 9,1$	$RRC \geq 7,1$

滾阻標準更動

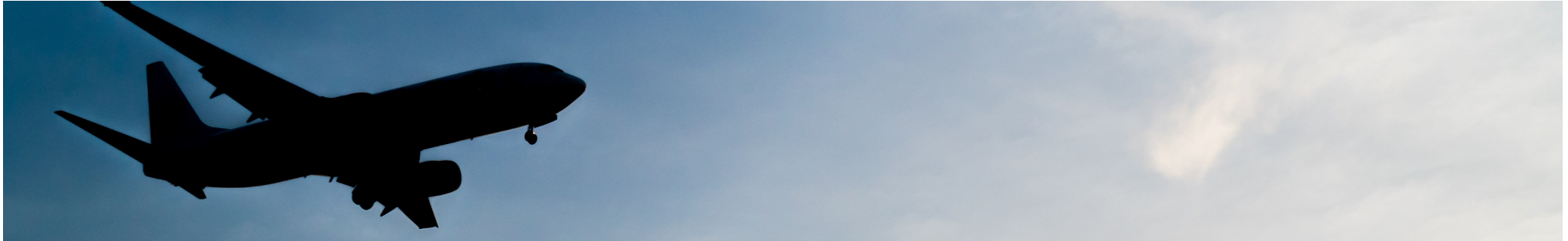
Tires sold to the European Union must be at least E class (Note: In 2019, the **Fuel Efficiency Classes and Rolling Resistance Coefficient** was a draft.)

Improvement of Product and Service Safety

The Company is committed to evaluating the health and safety impacts of the products and services by obtaining relevant safety certifications worldwide, such as Taiwan CNS certification, European E-mark certification, China CCC certification, Indonesia SNI certification, Brazil INMETRO certification, Gulf countries' GSO certification, EU member states' REACH certification (satisfy all external tires of any vehicles other than bikes). No violations of the laws and regulations governing health and safety related to the products and services took place in 2022. The Company's safety specifications certificates are listed in the following table:

Statistics of Products or Services that have Obtained Safety Certification		Percentage of products or services evaluated
Name of product or service item	Safety certification	
Passenger car (PC)	BIS (India), 3C (China), GCC (Gulf States), CNS (Taiwan), E-MARK (Europe), I-MARK (Brazil), Colombia (Colombia), SNI (Indonesia), KATECH (Korea), DOT (United States), EU Labeling Requirements	100%
Automobile car (AC)	3C (China), GCC (Gulf States), CNS (Taiwan), E-MARK (Europe), I-MARK (Brazil), Colombia (Colombia), SNI (Indonesia), KATECH (Korea), DOT (United States)	
T-Type emergency spare tire	CNS (China), E-MARK (Europe), Colombia (Colombia), SNI (Indonesia), DOT (United States)	
Motorcycle (MC)	3C (China), GCC (Gulf States), CNS (Taiwan), E-MARK (Europe), I-MARK (Brazil), SNI (Indonesia), DOT (United States), Vietnam Commercial Inspection	
Industrial car (IC)	EE-MARK (Europe), DOT (United States), GCC (Gulf States)	
Bicycle (BC)	E-MARK (Europe), I-MARK (Brazil), CNS (Taiwan)	
TUBE	CNS (Taiwan), 3C (China), SNI (Indonesia)	

Note: Percentage = (Total number of products or services provided to customers that have been evaluated / Total number of products or services provided to customers)*100.
 Different products have different safety certifications and not all of them have E-mark certifications, so the percentage cannot be estimated.



Environmental Protection

Through the efforts of Safety and Health Office, the Company actively promotes ISO 14001 environmental management system to minimize pollution and maximize energy efficiency. The Company actively checks, improves and optimizes its environmental protection equipment, and continuously enhances the maintenance and repair of environmental protection equipment for adequate functional efficiency and to avoid harming the environment. Reuse of side products and defective products from the manufacturing process are also maximized. For noisy equipment, the company uses sound-absorbing materials to reduce the decibel level (dB). In addition, the company purchases equipment with environmental protection labels, low noise or good sound insulation to reduce emissions and energy consumption, so as to make the production process cleaner and environmentally friendly, and make less impacts on the environment. The Company can then continuously improve toward the goal of sustainable management.

Air Pollution Management

The Company's Safety and Health Department is dedicated to prevent all types of air pollution. Waste gases and process exhausts are effectively collected and treated by the most appropriate pollution prevention equipment. The exhausts are tested for compliance with regulations before being released. The main sources of air pollutants are emissions from boiler combustion and process exhausts. The types of pollutants include: particulate matter, sulfur oxides, nitrogen oxides, dust, volatile organic compounds (VOCS), waste heat and odors. For different process exhaust flue, the company installs prevention and treatment equipment, such as: cyclone dust collector, bag type dust collector, activated carbon adsorption and filling tower, wet scrubber tower, etc.



Soil and Groundwater Contamination Prevention and Control Measures

The Company stores, uses, and produces items that may contaminate soil and groundwater, such as solvent oil, diesel oil, chemicals, colorants, waste liquids, waste lubricants, waste leachate, etc. If these substances are dumped or spilled, they may contaminate soil or surface water, and may cause serious ecological contamination of grass, rivers, and living things.

Therefore, the Company has implemented relevant measures to prevent soil and groundwater contamination. For example, process oil tanks must be equipped with appropriate anti-spill dikes according to the size of the tank, oilabsorbing sponges and defueling pumps to prevent leakage. For chemical solvent tanks, oil trays is installed and the waste must be properly stored indoor to prevent leakage caused be the event of force majeure. When a spill is detected, the Company shall immediately activate the emergency response mechanism to prevent the continuous expansion of the contamination area.

The Company is required to cooperate with the authorities to test the quality of soil and groundwater on a regular basis. It is required to conduct soil tests, including the test of heavy metals listed in the soil pollution control standards every two years. Groundwater is tested every six months. The testing items include nitrogen nitrate, nitrogen nitrite, heavy metals and other contaminants listed in the groundwater pollution control standards. No penalties for contamination deficiencies and compensation incidents have been identified by the authorities during the reporting period.

Chemical Management

Toxic substances should be managed in accordance with the relevant regulations “Toxic and Concerned Chemical Substances Control Act” and “Regulations for the Labeling and Hazard Communication of Hazardous Chemicals” established by the Environmental Protection Administration and the Ministry of Labor, and should be locked and under the control of dedicated officer at the storage site. The operating frequencies of the safety data sheet, the list of hazardous chemicals, emergency equipment, shower equipment, and personal protective equipment installed in the operation site are all below the regulated minimum limit. Toxic chemical operation records are regularly reported in accordance with the regulations, and the waste liquids generated are collected and entrusted to a government-certified environmental cleaning company for disposal in accordance with the law, and the hazards of exposure concentration of personnel at special workplaces are controlled through CCB (Chemical Control Banding) by classifying the health risks. In case of leakage accidents that pollute the environment or jeopardize human health, the company will notify the Environmental Protection Bureau in accordance with the regulations. During the reporting period, after the audit by authorities, there are no cases of contamination that can be punished and should be compensated.

In terms of safety management for the storage of public hazardous materials, the Company has also followed the relevant laws and regulations to build explosion-proof walls for oil depots, automatic fire sprinkler systems, sulfur storage rooms, with anti-static devices and public hazardous materials storage location maps in the guard room to maintain the safety of the plant and the surrounding environment.

Environmental Protection Resources

Since its establishment, the Company has been upholding the concept of “Equal Emphasis on Industrial Development and Environmental Protection” to implement water conservation, energy saving, carbon reduction, sustainable use of resources and environmental friendliness, as well as fulfilling its corporate social responsibility. In the future, the Company will continue to make every effort to further improve the quality of our environment based on the following strategies:

1. Proper operation and maintenance of water pollution control facilities and improvement of the plant-wide wastewater treatment to prevent abnormal pollution incidents.
2. Maintaining ISO 50001 energy management system, continuing to promote energy saving, carbon reduction, product carbon footprint disclosure and waste reduction projects to reduce environmental greenhouse gas emissions, increasing the rate of recycling water, saving water resources, reducing waste at the source of the process and increasing waste recycling as environmental objectives.
3. Implement ISO 14001 environmental management system and pursue pollution prevention. Continuously improve and enhance the performance of green and clean production to make the production process cleaner and more environmentally-friendly, so as to reduce the impact on the environment and achieve the goal of sustainable business operation.

Communication on Environmental Issues

In line with ISO 14001, the Company stipulated “Rules for Communication on Environmental, Safety and Health Information” for it to clearly receive, process, and manage internal and external responses on environmental and energy activities to ensure communication and dialogue with Stakeholders. Communication channels are established with residents and neighbors through participation in various activities organized by industrial and commercial organizations, government agencies and neighbors, in addition to the Company’s external communications and internal announcements. The communication will be recorded in the “Safety and Health Information Register” for reference. In the event of complaint, the responsible department will carry out the improvement measures in accordance with the complaint and the measures will be followed up and confirmed by the Safety and Health Office.

Cleaner Production Certification

The term “Cleaner Production” means waste minimization, energy saving, carbon reduction, and pollution prevention. In the process of raw materials processing, finished products producing, and scrapped materials disposition, clean solutions must be adopted to prevent and control all kinds of pollutants generated during the production processes and the side products can also be recycled and reused. In this way, both people and the environment are being treated in a friendly manner. The concept is also in line with the Company’s environmental safety and health policy of “Green Production, Safety and Health, Sustainability”. The Company’s Yunlin Plant participated in the Cleaner Production Management System (CPMS) of automobile industry chain project jointly promoted by the Industrial Development Bureau, Ministry of Economic Affairs and Taiwan Transportation Vehicle Manufacturers Association, and held an on-site survey and assessment of the CPMS on February 24, 2020. Certificate of Cleaner Production Assessment was obtained on June 1, 2020 (valid until May 14, 2023).



Cleaner Production Certification

In order to continuously and effectively manage the relevant indicators of the CPMS (energy and resource saving, green production processes, pollutant generation and end-of-pipe treatment functions, environmentally-friendly design, green management, social responsibility, innovative thinking, etc.), and aim to be a green factory, the Company has implemented a number of measures, including the installation of additional recycled water pipelines in the plant to increase the scope and volume of recycled water usage, immediately turning off power to non-operating equipment after production to reduce energy consumption and greenhouse gas emissions, waste segregation and recycling, reusing processed business waste such as airbags and waterproof rubber fabric in the front-end process to maximize waste reduction, actively participating in the Industrial Development Bureau, MOEA's Green Factory Assessment System, circular economy counselling, energy saving and carbon reduction seminars, as well as the observation sessions of high performing factories to exchange and absorb new knowledge with industry pioneers and continue to promote clean production to enhance the competitiveness of the Company to reduce energy/resource consumption and pollutant emissions, as well as to sustainably refine production technology and create high value products.

 證書編號：CP0085 清潔生產評估系統合格證書 Certificate of Cleaner Production Assessment	
茲證明 <u>建大工業股份有限公司雲林廠</u>	This is to certify that <u>Kenda Rubber Industrial Co., Ltd. (Yun-Lin Plant)</u>
通過「綠色工廠標章之清潔生產評估系統評定」	has passed the <i>Cleaner Production Assessment System of the Green Factory Label</i>
工廠地址：雲林縣莿桐鄉莿桐村延平路50、60號	Address : No.50, No.60, Yanping Rd., Citong Township, Yunlin County, Taiwan (R.O.C.)
負責人：楊啟仁	Responsible Person : YANG, QI-REN
有效期限：109年5月15日至112年5月14日	Valid Period : 15 May, 2020 to 14 May, 2023
評估依據：一般行業清潔生產評估系統	Assessment Method : Cleaner Production Assessment System—General
 經濟部工業局 局長 	Director General, Industrial Development Bureau, Ministry of Economic Affairs 
中華民國 109 年 6 月 1 日	1 June, 2020





4.3 Material Management

The consumption of raw materials and non-renewable materials used in each of the Company's factories is summarized below:

Taiwan

Raw Materials	Unit	Renewable or Non-Renewable	2020	2021	2022
Natural Rubber	ton	Renewable	7,187	7,726	7,249
Synthetic Rubber	ton	Non-renewable	13,362	13,146	12,822
Butyl Rubber	ton	Non-renewable	1,311	1,172	1,205
Steel	ton	Non-renewable	1,642	1,751	1,405
Ply	ton	Non-renewable	2,846	3,040	2,279
Carbon Black	ton	Non-renewable	7,362	13,385	11,915

Note:

1. The types of materials include: raw natural resources, such as ore, iron, wood, plastic pellets; lubricants used in machines, semi-finished parts or parts; packaging materials are also included.
2. Non-renewable refers to resources that cannot be replenished in a short period of time, such as: coal, natural gas, metals, minerals, and petroleum; renewable refers to resources that will grow again after being picked.

China and Southeast Asia

Raw Materials	Unit	Renewable or non-renewable	China	Southeast Asia
Natural Rubber	ton	Renewable	19,344	13,973
Synthetic Rubber	ton	Non-renewable	26,610	21,245
Butyl Rubber	ton	Non-renewable	2,005	992
Steel	ton	Non-renewable	5,023	3,830
Ply	ton	Non-renewable	6,617	4,990
Carbon Black	ton	Non-renewable	29,612	21,082

Note:

1. The types of materials include: raw natural resources, such as ore, iron, wood, plastic pellets; lubricants used in machines, semi-finished parts; packaging materials are also included.
2. Non-renewable refers to resources that cannot be replenished in a short period of time, such as: coal, natural gas, metals, minerals, and petroleum; renewable refers to resources that will grow again after being picked.
3. Starting from 2021, the Shenzhen plant no longer has a refining workshop and therefore no longer purchases raw materials such as natural rubber and synthetic rubber.



Descriptions about recycled materials, recycled products and packaging materials at each factory premises in 2022:

Factory	Descriptions	Percentage
Taiwan	After the renewable packaging labels (paper products) are received by customers, the customers will recycle and dispose of them separately.	No packaging materials are recycled for the time being.
China	None of the raw materials and supplies used by the Company is recycled. Among the other things, after the renewable packaging labels (paper products) are received by customers, the customers will recycle and dispose of them separately. (Shenzhen Factory)	No products or packaging materials are recycled for the time being.

Factory	Descriptions	Percentage
China	1,151 metric tons of recycled materials have been used. The use of recycled materials is increasing year by year. (Kunshan Factory)	2.00%
	1,381 metric tons of recycled materials have been used. (Tianjin Factory)	0.04%
South-east Asia	430 metric tons of recycled materials have been used. (Indonesia Factory)	2.96%
	1,056 metric tons of recycled materials have been used. (Vietnam Factory)	1.44%

Statistical Table of Recycled Raw Materials Consumption in 2022					
Product	2022 Group Consumption (kgs) and Local Procurement Ratio				
	Total		In total	Proportion	
Domestic	Foreign	Domestic		Foreign	
Reclaimed Carbon Black	18,500	598,400	616,900	3.00%	97.00%
Reclaimed Rubber	2,641,300	1,181,170	3,822,470	69.10%	30.90%
Total	2,659,800	1,779,570	4,439,370	59.91%	40.09%

For the use of other recycled materials, take tube packaging department as an example:

1. Use the recycled paper boxes to pack the bulk tubes for domestic marketing customers in Taiwan.
2. Use the waste tubes as rubber bands and packaging materials.
3. The Company's motorcycle tire packaging departments uses paper partitions and plastic bags for the inner packaging partitions of motorcycle tires, which can be recycled and re-used for repackaging.

4.4 Energy Management

Material Topic

Energy and Emissions

Significant reasons for this topic

Upon analysis and identification of the material topics, the topic on emissions is found very important to the Company. If the Company fails to manage the energy and GHG emissions, the Company is likely to be punished pursuant to related laws and regulations. Responsible emission management can mitigate the Company's risk and improve the competitiveness of products in sustainability issues.

Energy users shall report to the central competent authority by January 31 every year on the implementation of electricity saving measures, the annual amount of electricity saved, the annual energy saving rate and the average annual energy saving rate for the previous year. Violations shall be handled in accordance with relevant laws and regulations.

Goals and Targets

The carbon reduction target set by the Company in response to the climate adaptation issues is "Carbon reduction by 3% per year and by 25% in total by 2030".

Power conservation by 1% each year, in line with the energy conservation goals set by the Bureau of Energy and the implementation plan.

Policy / Strategy

The Company's EHS policy aims at "green production, safety and health and sustainability."

Management Evaluation Mechanism

In accordance with ISO 14001, ISO 50001 and ISO 14064-1, and internal management procedures, the Company conducts the PDCA effectiveness evaluation on the emission management every year.

Performance and Adjustment

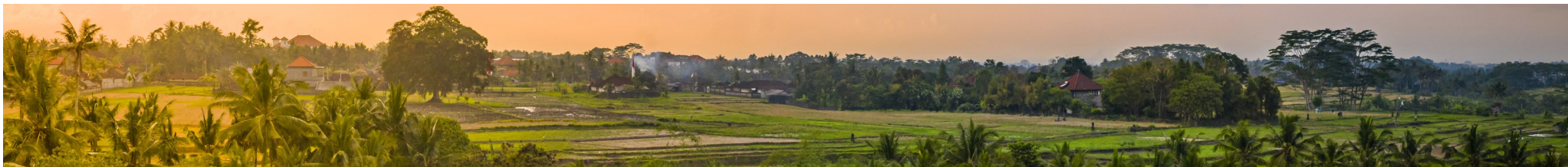
From 2020 to 2022, the Company's air pollution management indicators for granular pollutants TSP, sulfur oxides SOx and nitrogen oxides NOx were all in compliance with the emission standards for stationary sources. This is in line with the Company's short-term goal setting and the Company will continue to manage the emissions issue.

The Company is committed to reducing energy consumption by more than 1% per year in response to the government's policy of energy conservation and carbon reduction.

Preventive or Remedial Measures

The Company's Safety and Health Office will use its best efforts to prevent and control air pollution. The waste gas generated by or escaping from each production process is collected and processed effectively with the most suitable pollution control equipment, and are emitted after being held complying with regulations upon testing. The main pollutant source refers to the waste gas generated by boiler combustion and escaping from any production process. The types of pollutants include particulate matter, sulfur oxides, nitrogen oxides, dust, volatile organic compounds (VOCS), waste heat, and odors. The Company installs prevention and treatment equipment on the exhaust flues of different processes, such as cyclone dust collectors, bag dust collectors, activated carbon adsorption filling towers and wet scrubbers, etc.. In 2019, the waste heat and odor in the vulcanization zone of Yuanlin Factory was emitted upon installation of the additional water scrubbers. From 2020 to 2022, the waste gas emission will be tested at the outlet of the discharge pipeline pursuant to laws and regulations. The test results were considered in compliance with satisfying the emission standards required by laws and regulations.

The company formulates energy-saving and carbon-reduction improvement projects every year, invests in manpower and equipment improvement, and can reduce power consumption, fuel consumption, and greenhouse gas emissions for the environment through energy-saving improvements.



The Company upholds:

In terms of energy management policy, the Company has adopted green energy, planned for economical use of contracted energy capacity and staggered peak energy usage policies, and installed solar power facilities on lease to reduce energy demand. The Company will aim to reduce energy consumption by 1% per year in response to the government's policy of energy saving and carbon reduction.

The Company has established an energy management group to be responsible for the activities and responsibilities of the energy management system:

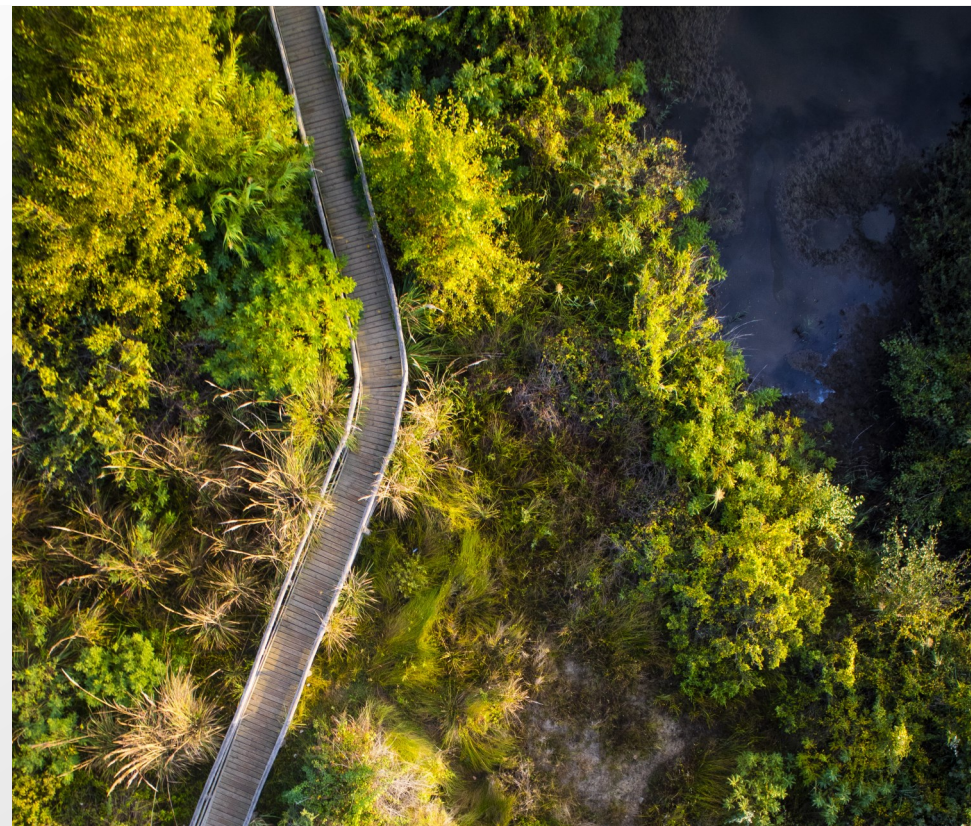
	Job	The Authorized Unit	Action
★ Improving energy efficiency and reducing energy consumption	Energy Audit	Engineering Department	Review the Company's energy use and consumption, energy performance indicators and baselines, and energy conservation projects.
★ Complying with energy regulations and fulfilling social responsibilities	Energy Management Regulations and Energy Efficiency Standards	Engineering Department	Responsible for announcing and updating regulations related to energy management to ensure that personnel are aware of the latest development status.
★ Implementing energy management systems to reduce carbon emissions	Action Plans	Energy Management Group	Establish energy saving improvement projects and the relevant performance indicators annually.
★ Promoting the participation of all employees to achieve the goal of energy saving and carbon reduction	Communication	Energy Management Group	Conduct internal and external communication on energy management, including compliance obligations (e.g., energy audits and reporting operations).
★ Raising the awareness of all employees to save energy and create sustainable management	Design and Procurement	Engineering Department and Equipment Maintenance Division	Design energy performance indicators for equipment of significant energy use and manage the procurement.
★ Strengthening the application, recycling, and reuse of renewable energy	Documented Information Management	Engineering Department, Equipment Maintenance Division, Manufacturing Unit, Document Control Center	Compile and manage digital energy management system documents.
★ Effectively managing energy through the concept of The Internet of Things (IoT)	Internal and External Audits	Energy Management Group and External Audit Unit	Regularly conduct internal and external audits .
	Data Monitoring and Measurement	Engineering Department, Equipment Maintenance Division, and Manufacturing Unit	Measure and collect data on electricity, gas, and oil consumption for compilation and analysis
	Energy Management Manual	Engineering Department	Revise and update the energy management manual so as to follow the latest policies and revision procedures.

The energy consumption within the organization of each factory of the company in the past three years is listed in the following table:

Taiwan					China				
Quantitative Indicators	Unit	2020	2021	2022	Quantitative Indicators	Unit	Shenzhen Factory	Kunshan Factory	Tianjin Factory
Electricity Consumption	kWh / year	53,543,276	54,526,508	48,426,924	Electricity Consumption	kWh / year	8,593,400	80,346,072	44,434,840
	GJ	192,755.79	196,295.43	174,336.93		GJ	32,233.25	289,245.86	159,965.42
Liquefied Petroleum Gas (LPG)	kg / year	4,365	4,025	3,372	Gasoline Consumption	L / year	-	11,644	-
	GJ	220.30	203.14	170.18		GJ	-	375.10	-
Gasoline Consumption	L / year	46,012	38,991	37,123	Diesel Fuel Consumption	L / year	41,891	206,696	71,079
	GJ	1,501.61	1,272.48	1,211.52		GJ	1,506.20	7,431.80	2,555.66
Diesel Fuel Consumption	L / year	467,492	463,445	460,626	Liquefied Natural Gas Consumption (LNG)	m ³	3,543,497	51,429	10,151,074
	GJ	16,430.29	16,288.05	16,188.98		GJ	114,160.13	1,656.88	327,035.12
Liquefied Natural Gas Consumption (LNG)	m ³	10,429,990	11,498,281	11,000,448	Steam Consumption (Purchased)	ton / year	-	186,201	-
	GJ	349,112.63	384,870.46	368,207.00		GJ	-	9,159,467.02	-
Total Energy Consumption	GJ	560,020.61	598,929.56	560,114.60	Total Energy Consumption	GJ	147,899.58	9,458,176.66	489,556.20
Organization-Specific Metric	Group revenue (million dollars)	30,260.185	34,896.128	38,617.881	Organization-Specific Metric	Group revenue (million dollars)	38,617.881	38,617.881	38,617.881
	Energy Intensity (GJ/ Group revenue (million dollars))	18.507	17.163	14.504		Energy Intensity (million dollars)	3.830	244.917	12.677
Description: 1. The calorific value of electricity is converted at 1kWh=0.0036GJ. 2. The conversion factor source calculates the calorific value of the fuel based on the gas emission factors management table version 6.0.4 of the Environmental Protection Administration, namely, gasoline 7,800 kcal/L; diesel fuel 8,400 kcal/L; liquefied natural gas is 8,000 kcal/m ³ ; steam 9,800 kcal/kg; 1 kcal=4.184 KJ.					Description: 1. The calorific value of electricity is converted at 1kWh=0.0036GJ 2. Electricity consumption includes the consumption of production and domestic electricity and liquefied natural gas consumption includes the consumption of production and dormitory hot water. 3. Contract capacity: in 2020 and 2021, the Company was not subject to any electricity contract requirements. Since 2022, the Company has started to require the power consumption by contract. 4. Steam consumption is generated from the factory's boilers and consumed for own use. 5. The conversion factor source calculates the calorific value of the fuel based on the GB T 2589-2020 General Rules for Calculation of the Comprehensive Energy Consumption of the PRC, namely, gasoline 7,699.25 kcal/L; diesel fuel 8,593.5 kcal/L; liquefied natural gas is 7,700 kcal/m ³ ; steam 11,757kcal/kg; 1 kcal=4.184 KJ.				

The energy consumption within the organization of each factory of the company in the past three years is listed in the following table:

Southeast Asia			
Quantitative Indicators	Unit	Indonesia Factory	Vietnam Factory
Electricity Consumption	kWh / year	16,861,624	81,211,600
	GJ	60,701.85	292,361.76
Liquefied Petroleum Gas (LPG)	kg / year	888	663
	GJ	44.82	33.46
Gasoline Consumption	L / year	8,930	1,668
	GJ	291.43	54.44
Diesel Fuel Consumption	L / year	51,789	175,500
	GJ	1,820.16	6,168.05
Fuel Oil Consumption	L / year	-	13,689,000
	GJ	-	549,837.85
Liquefied Natural Gas Consumption (LNG)	m ³	4,716,023	-
	GJ	157,854.72	-
Total Energy Consumption	GJ	220,712.97	848,455.56
Organization- Specific Metric	Group revenue (million dollars)	38,617.881	38,617.881
	Energy Intensity (GJ / Group revenue (million dollars))	5.715	21.971
Description:			
1. The calorific value of electricity is converted at 1kWh=0.0036GJ			
2. The conversion factor source calculates the calorific value of the fuel based on the gas emission factors management table version 6.0.4 of the Environmental Protection Administration, liquefied petroleum gas 12,062.43 kcal/kg; gasoline 7,800 kcal/L; diesel fuel 8,400 kcal/L; fuel oil 9,600 kcal/L; liquefied natural gas 8,000 kcal/m ³ ; 1 kcal=4.184 KJ .			



Energy Saving Achievements

Reduction in Energy Demand for Products and Services

- ★ In line with the Company’s request for clean production, it requires multi-stage operation in rubber material mixing process which results in high power consumption and long production hours. It is important to reduce the consumption of energy and human resources during the process; therefore, the Company is committed to adjusting and optimizing the mixing process, reducing the number of mixing stages and shortening the mixing process.
- ★ The Company is committed to improving and optimizing process, and reducing energy consumption to reduce the impact on the environment.

Energy Saving Achievements

The following table shows the specific action plans for reducing energy consumption at each factory premises of the Company:

Factory	Descriptions	Saved Energy Consumption		Saved GHG Emissions	Mitigated Energy Demand for Products and Services
Taiwan Factory	ISO50001 energy conservation and carbon emission	5,195,315 degrees / year	18,703.13 GJ	2,644,415 kgCO ₂ e	—
Yuanlin Factory	<p>1. Air compression system drainage and energy consumption reduction project</p> <p>Descriptions about the current status: the air tank applies regular drainage for 5 seconds per 60 seconds, and a lot of the air pressure is leaked (the pressure is 6kg and the exhaust of each outlet is equivalent to 2,150L per minute).</p> <p>2. At present, there are 14 three-way piston valves or water solenoid valves applied to emit the water at the site.</p> <p>Descriptions about improvement: Look for non-gas consumption drainers circulating on the market, eliminate the old emission method and replace the water solenoid valves or three-way piston valves under the air storage tanks of each unit at the factory premises one by one.</p>	<p>Power conservation: 1,075L/M*14 units=15.05CMM, taking a 200HP air compressor as an example, the power consumption is 150W, 110PSI/24CMM. The average unit price of electricity is NT\$2.58.</p> <p>15.05CMM/24*150KW*7,400HR*NT\$2.58 = NT\$1,795,841</p>	167.04 GJ	2,362 kgCO ₂ e	The energy consumption required for tire rolling resistance reaches 20-30% of the total energy consumption. If the coefficient of rolling resistance is low, it means that the fuel consumption of the vehicle after installation will be low, which can reduce the use of energy. The rolling resistance grade of the company's low rolling resistance tires has been raised from C to A year by year.

Energy Saving Achievements

The following table shows the specific action plans for reducing energy consumption at each factory premises of the Company:

Factory	Descriptions	Saved Energy Consumption		Saved GHG Emissions	Mitigated Energy Demand for Products and Services
Shenzhen Factory	<p>The energy conservation improvement programs completed in 2022:</p> <ol style="list-style-type: none"> 1. Improvement of energy conservation of warm water vulcanization overflow pump and pressurized pump; 2. Improvement of energy conservation of waste gas treatment fan of Vulcanization Section; 3. Progressive improvement of reduction of rubber jam faults in the tread rubber extrusion line of Stock Preparation Section; 4. Improvement in the reduction of energy consumption of the recycled materials mill; 5. Improvement of energy conservation of the cooling water pump of Stock Preparation Section; <p>The energy conservation improvement programs to be carried out in 2023:</p> <ol style="list-style-type: none"> 1. Reduction of the standby energy consumption of molding machine; 2. Replacement of the old 300HP air compressor with high-efficiency variable-frequency conversion control one; 3. Improvement of energy conservation of the 1# casing machine. 	<p>Power saved by 175,705 kWh in 2022.</p> <p>Power to be saved by 914,610 kWh in 2023.</p>	39,251.34 GJ	559,186 kgCO ₂ e	<ol style="list-style-type: none"> 1. Bias tire energy benchmarking for energy consumption per unit product in Guangdong Province: less than or equivalent to 645KG standard coal/ton rubber. 2. In 2022, the energy consumption per unit product of the Shenzhen Factory was 399.8KG standard coal/ton rubber, which is far lower than the energy consumption standard per unit product of Guangdong Province.

The following table shows the specific action plans for reducing energy consumption at each factory premises of the Company:

Factory	Descriptions	Saved Energy Consumption		Saved GHG Emissions	Mitigated Energy Demand for Products and Services
Kunshan Factory	<p>In 2022, the Company primarily focused on the improvement of energy conservation of the four aspects, including equipment technology, process, equipment remodeling and utilization of residual heat, and replaced the motors with energy-saving ones, used the AC variable-frequency conversion and energy-saving technology, BWB time conservation, conversion of pneumatic upper jacking bolts to hydraulic jacking bolts in the Banbury machine and recovery of hot water.</p> <p>The temperature at the office premises is set above 26°C. Workers shall turn off the lights and air conditioners to develop a good habit for energy conservation. In addition to the routine management, the most important thing is to start from remodeling of high energy-consumption equipment and then choose energy-saving equipment, mitigate the energy consumption and save on expenses.</p>	A total of 1,940,603kWh of electricity and 1,176 tons of steam have been saved.	64,835.13 GJ	1,537,281 kgCO ₂ e	-

The following table shows the specific action plans for reducing energy consumption at each factory premises of the Company:

Factory	Descriptions	Saved Energy Consumption		Saved GHG Emissions	Mitigated Energy Demand for Products and Services
Tianjin Factory	<p>The energy conservation improvement programs completed in 2022:</p> <p>Purchase of 4 additional two-stage compression air compressors and improve the boiler combustion efficiency.</p> <p>The energy conservation improvement programs completed in 2023:</p> <p>Replacement of the DC motors at both factories with high-efficiency AC variable-frequency conversion and improvement of energy conservation of the vulcanizing fans at the first factory premises and improvement of energy conservation of the vulcanizing fans at the second factory and the separate control of the air pressure of the mixing, PCR, and public workshops at the second factory and improvement of the nitrogen vulcanization system.</p>	<p>2022:</p> <p>Power saved by 1,803,000 kWh/year</p> <p>Natural gas saved by 670,000m3/year</p>	305,131.75 GJ	9,652,600 kgCO ₂ e	
		<p>2023:</p> <p>Power saved by 2,391,755 kWh/year</p> <p>Natural gas saved by 2,118,702m3/year</p>			



The following table shows the specific action plans for reducing energy consumption at each factory premises of the Company:

Factory	Descriptions	Saved Energy Consumption		Saved GHG Emissions	Mitigated Energy Demand for Products and Services
Indonesia Factory	<p>Replacement of the old and low-efficiency air compressor with a new one (10kg/cm²):</p> <p>Before the improvement: there was only one 10kg/cm² air compressor and no alternative unit was available. Meanwhile, without the variable-frequency control, it consumed more power and generated performance that is less than the normal value.</p> <p>After the improvement: The energy consumption ratio of the old and new variable-frequency control air compressors: 0.098kWh/m³. The new equipment can be used as the main air compressor and the old one as the alternative machine.</p>	Power saved by 1,000,000 kWh/year	3,600.00 GJ	623,000 kgCO ₂ e	-



The following table shows the specific action plans for reducing energy consumption at each factory premises of the Company:

Factory	Descriptions	Saved Energy Consumption		Saved GHG Emissions	Mitigated Energy Demand for Products and
Vietnam Factory	<p>A. Refurbishment of the aging, damaged and leaking pneumatic line of dynamic balancer.</p> <p>B. Refurbishment of the aging, damaged and leaking pneumatic line of dynamic balancer.</p> <p>C. Refurbishment of the worn part of mixer and replacement of the aging and leaking main line.</p> <p>D. Adopt the new AIRLONGWIN air compressor with 2-stage compression function and the air output improved to 45.12M³.</p>	<p>A. Power saved per day: 8 units*20 KWH = 160KWH</p> <p>B. Power saved per day: 46 units*10 KWH = 460KWH</p> <p>C. Power saved per day: A units*100 KWH/day*24 days = 2,400KWH</p> <p>D. Power saved per year: 403,417KWH</p>	1,463.17GJ	<p>A. Carbon emissions reduced per day: 160*0.554 = 88.64KG (1KWH = 0.554KG CO2)</p> <p>B. Carbon emissions reduced per day: 460*0.554 = 254.8KG (1KWH = 0.554KG CO2)</p> <p>C. Carbon emissions reduced per day: 2400*0.554 = 1,329.6KG (1KWH = 0.554KG CO2)</p> <p>D. Carbon emission reduction (1KWH=0.554kg) =223,493Kg</p>	-

Note:

Kunshan Factory adopts the calculation by the GB/T 13234-2018 energy consumption unit energy conservation method, and the carbon emission factor of electricity was 0.7921 tons CO2 e/1,000KWH, and the carbon emission factor of steam was 0.11 ton CO2 e/ton steam.

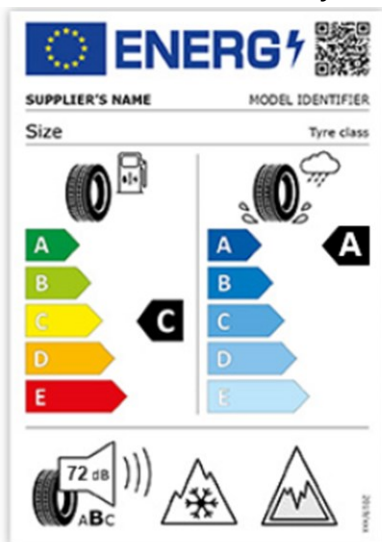
Carbon conservation and carbon reduction practices in the territories of Taiwan:

Contents	Status before the Improvement	Improvement Program	Saved Power (year/ KWH)	Saved Energy Consumption (GJ)	Carbon Emission (kgCO ₂ e/year)	Investment Expenses (NTD Thousand)	Saved Expenses (NTD Thousand/year)
Change from pneumatic cylinder to hydraulic cylinder of 75L mixer to improve energy conservation	The heavy hammer cylinder consumes massive air. The air consumption is about 0.676m ³ per rising and falling and the air compressor consumes considerable power.	The heavy hammer pneumatic cylinder is changed to hydraulic type, as the hydraulic system consumes less power	2,684,016	9,662.5	28,100	860	140
Improvement of energy conservation for 75L offline auxiliary machine	The AC motor of the blender mil discharges the sheet at a speed greater than the discharge of the mixer, resulting in a loss of about 15 seconds of idle time per cycle.	1. The motor is replaced with a new high-efficiency AC ServoMotor 2. Install the variable-frequency control to reduce loads when standing by for materials 3. Integrate transformers.	171,450	617.2	206,000	6,850	1,010
Replacement of lamps	T5/T8 lamps on the production line.	Change to LED lights	26,358	94.9	13,200	170	70
Implement high-efficiency lighting	Mercury lamp (400W)	Change to LED bay lighting (150W)	113,880	410.0	19,620	950	280
Improvement of energy conservation of vacuum system (PCR Factory)	The vacuum pump is controlled by pressure. The frequent activation/deactivation of motors consume massive power.	Install the variable-frequency control to lower frequency and continue to operate	57,830	208.2	34,100	50	190
Construction of EMS energy monitoring system	Manually report cannot reflect energy consumption in real time.	Real-time dynamic monitoring	369,192	1,329.1	196,779	200	1,200
Improvement of the nitrogen vulcanization system (PCR Factory)	Long vulcanization time and high energy consumption	Install additional nitrogen-making equipment, use nitrogen vulcanization instead, reduce vulcanization time and conserve energy consumption	2,118,702	7,627.3	1,078,419	19,950	38,160
Improvement of automatic drainage of air pressure barrels throughout the factory	The air compression cylinder initially applied a three-way piston valve to drain water regularly. However, usually the water was not drained in whole or the air pressure was discharged and wasted unnecessarily	Use the non-gas consumption automatic drainers instead	4,640	16.7	2,362	240	1,800
Monitor and control the air pressure consumption by factory	Not monitor or control the air pressure consumption by factory	Begin monitoring based on each Section as the unit	400,000	1,440	203,600	250	1,000
Change from DC to servo motor for tube extrusion	Original DC motor + DC disk control	DC motor changed into AC ServoMotor	18,439	66.4	97,037	130	50
Conversion of tube production line 3 and line 4 to a shared sink blower	No shared tube production Line3 and 4 tank blower	Use shared tube production Line3 and 5 tank blower instead	237,396	854.6	126,532	10	653
Total			6,201,903	22,326.9	2,005,749	29,660	44,553

Column | Energy Saving Label

In order to provide consumers with more fine-quality products, and considering that the tire classification systems defined by the European countries and USA tend to be stricter, the Company prepares its tire classification system in reference to the European Tires Labelling Act EU 2020/740 promulgated by the EU. The Labelling Act was implemented in the EU in May of 2020. All of the tires exported to the EU member states need to be classified, certified, and labelled so.

The classification is required in order to allow consumers to choose better and eco-friendly tires. Therefore, three indicators, i.e., fuel efficiency, external noises and traction, are set. The following table shows the fuel efficiency classification: C1 stands for car tires, C2 for light truck tires and C3 for bus tires. A rating below E means that the tire cannot be sold in the EU, so all tire manufacturers certify and grade their tires for performance.



Fuel Efficiency Class	C1	C2	C3
	RRC in N/kN	RRC in N/kN	RRC in N/kN
A	$RRC \leq 6.5$	$RRC \leq 5.5$	$RRC \leq 4.0$
B	$6.6 \leq RRC \leq 7.7$	$5.6 \leq RRC \leq 6.7$	$4.1 \leq RRC \leq 5.0$
C	$7.8 \leq RRC \leq 9.0$	$6.8 \leq RRC \leq 8.0$	$5.1 \leq RRC \leq 6.0$
D	$9.1 \leq RRC \leq 10.5$	$8.1 \leq RRC \leq 9.0$	$6.1 \leq RRC \leq 7.0$
E	$RRC \geq 10.6$	$RRC \geq 9.1$	$RRC \geq 7.1$

Traction stands for the braking performance of tires on wet and slippery roads. It may be also classified under the EU Labelling Act, as shown in the following table. Also, if the class is lower than Level E, it means that the tire cannot be distributed in the EU.

Wet Grip Class	C1	C2	C3
	G	G	G
A	$1.55 \leq G$	$1.40 \leq G$	$1.25 \leq G$
B	$1.40 \leq G \leq 1.54$	$1.25 \leq G \leq 1.39$	$1.10 \leq G \leq 1.24$
C	$1.25 \leq G \leq 1.39$	$1.10 \leq G \leq 1.24$	$0.95 \leq G \leq 1.09$
D	$1.10 \leq G \leq 1.24$	$0.95 \leq G \leq 1.09$	$0.80 \leq G \leq 0.94$
E	$G \leq 1.09$	$G \leq 0.94$	$G \leq 0.79$

The noises are primarily classified subject to the following classification, in reference to the Regulation (EC) No. 661/2009.

$N \leq LV - 3$	$LV - 3 < N \leq LV$	$N > LV$

Among the other things, LV stands he upper limit value, which is subdivided as following, subject to the tire width:

Fuel Efficiency Class	Nominal Section Width	Limit Values in
	(mm)	dB(A)
C1A	≤185	70
C1B	>185≤215	71
C1C	>215≤245	71
C1D	>245≤275	72
C1E	>275	74

Obviously, when the tire specifications is 235/60R16 for passenger cars and the external noises ≤68dB(A), it can be classified as Level A. Notwithstanding, if the noises are >71, it can only be classified as Level C. Meanwhile, there are two types of labeling for icy weather.

For details, please refer to the official website:

<https://eur-lex.europa.eu/eli/reg/2020/740/oj>



Note: Please refer to the following website for the Noise Regulation 661/2009 (EC).

<https://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2009:200:0001:0024:en:PDF>



4.5 Greenhouse Gas Emission Management

Driven by the trend of greenhouse gas control by international organizations and to meet the requirements of greenhouse gas reduction, the Company's Safety and Health Office establishes greenhouse gas inventory management system to actively carry out greenhouse gas reduction. The Company uses the system to keep track of emissions and obtain accurate information to understand the Company's greenhouse gas reduction situation, which will in turn enhance energy efficiency and reduce greenhouse gas emissions. The Company actively promotes greenhouse gas emission reduction, low-carbon production and green product research and development based on the concepts of ESG, and was awarded the PAS 2050 Carbon Footprint Verification Declaration by BSI in 2013.

The Company's Taiwan factory introduced greenhouse gas inventory for the first time in 2022. It is hoped that the Company's carbon emissions will be checked through the greenhouse gas inventory, as the basis for future carbon reduction planning, and gradually achieve the goal of net-zero emissions by 2050.



Factory	Item	2020	2021	2022
Taiwan	Scope 1: Direct Emission (tonCO ₂ e)	20,963.19	22,944.36	24,618.95
	Scope 2: Indirect GHC Emissions	26,878.72	27,753.99	26,387.95
	Total emissions = Scope I + Scope II (tonCO ₂ e)	47,841.91	50,698.35	51,006.90
	Greenhouse Gas Emissions Intensity (tonCO ₂ e) /group revenue (million dollars)	1.239	1.313	1.321

Note:

1. Scope 1 covers the emission sources directly owned or controlled by the Company, including stationary combustion sources, process emissions, mobile combustion sources of transportation, and fugitive emission sources.
2. Scope 2 covers the indirect emission sources, such as purchased electricity.
3. GHG emission categories: Carbon dioxide (CO₂), methane (CH₄) and nitrous oxide (N₂O), hydrofluorocarbons (HFCs) and sulfur hexafluoride (SF₆).
4. The electricity purchased in Taiwan invokes the electricity emission factor announced by the Bureau of Energy, MOEA. The electricity emission factor in 2020 = 0.502 kgCO₂e/kWh, and 0.509 kgCO₂e/kWh in 2021 and 2022. Notwithstanding, the electricity emission factor for 2022 has not yet been announced; therefore, the electricity emission factor for 2021 was invoked as that for 2022.
5. The steam emission factor is 56,100 kgCO₂e/ton in Taiwan.
6. For the GHG emission intensity in 2022, the denominator was adjusted into operating income (NTD million). Therefore, the emission intensity values were adjusted accordingly in 2020 and 2021.

Factory	Item	Kunshan Factory	Shenzhen Factory	Tianjin Factory
China	Scope 1: Direct Emission (tonCO ₂ e)	1,290.24	8,073.24	22,435.56
	Scope 2: Indirect GHG Emissions	120,254.83	8,496.15	39,293.73
	Total emissions = Scope I + Scope II (tonCO ₂ e)	121,545.07	16,569.39	61,729.29
	Greenhouse Gas Emissions Intensity	3.147	0.429	1.599

Note:

1. Scope 1 covers the emission sources directly owned or controlled by the Company, including stationary combustion sources, process emissions, mobile combustion sources of transportation, and fugitive emission sources.
2. Scope 2 covers the indirect emission sources, such as purchased electricity.
3. GHG emission categories: Carbon dioxide (CO₂), methane (CH₄) and nitrous oxide (N₂O).
4. Shenzhen Factory adopts the electricity emission factor applicable in South China= 0.9489 kgCO₂e/kWh. Kunshan Factory adopts that applicable in East China= 0.5703 kgCO₂e/kWh. Tianjin Factory adopts that applicable in North China= 0.8843 kgCO₂e/kWh.
5. The steam emission factor is 0.11 tonCO₂e/GJ in the Kunshan Factory.



Factory	Item	Indonesia Factory	Vietnam Factory
Southeast Asia	Scope 1: Direct Emission (tonCO2e)	9,043.08	80,159.50
	Scope 2: Indirect GHC Emissions	13,320.67	65,302.26
	Total emissions = Scope I + Scope II (tonCO2e)	22,363.75	145,461.76
	Greenhouse Gas Emissions Intensity	0.579	3.767

Note:

1. Scope 1 covers the emission sources directly owned or controlled by the Company, including stationary combustion sources, process emissions, mobile combustion sources of transportation, and fugitive emission sources.
2. Scope 2 covers the indirect emission sources, such as purchased electricity.
3. GHG emission categories: carbon dioxide (CO₂), methane (CH₄) and nitrous oxide (N₂O).
4. Indonesia Factory adopts the electricity emission factor nationally announced= 0.7900 kgCO₂e/kWh; Vietnam Factory adopts the electricity emission factor nationally announced= 0.8041 kgCO₂e/kWh.

From 2020 to 2022, the Company never emitted ozone-depleting substances (such as CFCs, R11, R12, R22, HCFCs, Halon, CCl₄, 1,1,1-trichloroethane, HBFC and methyl bromide.)

The Company uses the best efforts to mitigate the emission of air pollutants by improving the process and upgrading the pollution prevention equipment to reduce the air pollutants emitted in the process. The Company's emissions of nitrogen oxides (NOx), sulfur oxides (SOx), persistent organic pollutants (POP), volatile organic compounds (VOCs), hazardous air pollutants (HAP), particulate matter (PM) and others expressly defined in related laws and regulations are all held in compliance with the relevant emission standards.



4.6 Water Resources Management

Material Topic: Water and Effluents	
Significant reasons for this topic	<ul style="list-style-type: none"> Upon analysis and identification of the material topics, the topic on water and effluent is found very important to the Company. If the Company fails to manage the water and effluent, the Company is likely to be punished pursuant to related laws and regulations. Responsible effluent management can mitigate the Company's cost risk and improve the competitiveness of products in ESG issues.
Policy / Strategy	<ul style="list-style-type: none"> The Company's EHS policy aims at "green production, safety and health and sustainability".
Goals and Targets	<ul style="list-style-type: none"> 2021 is chosen as the base year for the Company's sewage recovery rate, and the target recovery rate is 50%. Meanwhile, the Company continues to create the water quality that meets the effluent standards under the Water Pollution Control Act.
Management Evaluation Mechanism	<ul style="list-style-type: none"> In accordance with ISO 14001 and internal management procedures, the Company conducts the PDCA effectiveness evaluation on the emission management every year.
Performance and Adjustment	<ul style="list-style-type: none"> In response to target value of sewage recovery rate in the base year 2021, 50%, the Company's sewage recovery rate in 2022 has attained 51%, in line with the Company's short-term goals. The Company will continue to manage the issue on sewage recovery rate.
Preventive or Remedial Measures	<ul style="list-style-type: none"> The Company reviews the sewage recovery rate every year, plans to reduce the process waste water emissions to increase the sewage recovery rate, and continues to create the water quality that meets the effluent standards under the Water Pollution Control Act. If the reduction policy achieves the effect less than the expectation, the Company will deal with the effluent reduction and increase the use of recycled effluent proactively, and communicate and seek cooperation with related units.



Region	Water Intake Reservoir	Assessment Results
Taiwan	<ol style="list-style-type: none"> 1. Water sources in Taiwan consist of groundwater and tap water. 2. The water source of Yuanlin Factory refers to Baiguo Mountain Water Source Treatment Zone. 3. The water source of Yunlin Factory refers to Hushan Reservoir. 	<p>The water resource risk in the territory is considered as low to medium.</p>
	<ol style="list-style-type: none"> 1. The water used at the factory premises is divided into ground water and tap water. The ground water is legally used based on the valid water permit, which is primarily used in the production process, but few is applied for any purposes other than the production process. 2. Tap water is used as domestic water. 3. Shade wells or sinks are installed at the end of the terminal pipes for production process, non-production process, and domestic water. The water is collected through the pump pipeline and sent to the waste water treatment yard for treatment, and then discharged to Yuanlin Dapai Channel and Xihuwei River. 4. Water resources at the factory premises are measured and managed with the water meter to supply raw water. The consumption and effluent volume is recorded in the effluent discharge outlet log. The effluent after treatment in the waste water treatment yard is recycled and reused and then applied to cooling in the container, toilet flushing, tank pouring, landscape pools, washing and air pollution control equipment. Meanwhile, steam condensate is also recycled and returned back to the boiler for re-use. 	
China	<ol style="list-style-type: none"> 1. The source of water used by the factories in China is the water company. 2. The water source of the Shenzhen Factory is the Longhua Water Company. 3. The water source of the Kunshan Factory is the Kunshan City Water Company. 4. The water source of the Tianjin Factory is the municipal pipe network (water company). 	<ol style="list-style-type: none"> 1. The water resource risk in Shenzhen City is considered as low to medium. 2. Kunshan City Water Company is located at No. 2, Kunjia Road, Development Zone, Kunshan City, Jiangsu Province and its water resource risk is considered low. 3. The municipal pipe network applicable to Tianjin Factory is located at No. 6, Taian Road, South District, Jinghai District, Tianjin City and its water resource risk is considered low.

Region	Water Intake Reservoir	Assessment Results
China	<p>1. Shenzhen Factory has conducted the water balance test in 2022 and report the same to the Shenzhen Water Conservation Office, which shall be valid for 3 years.</p> <p>2. Based on the water conservation plan, the Company starts with the water conservation in daily life, improves the water consumption by the process proactively, strengthens daily check on water pipes, and reduce water leakage. Meanwhile, the Company makes full use of the reclaimed water recycling system to maximize the effect of available water resources.</p> <p>3. Tianjin Factory consumed 261,510 tons of tap water in 2021 and 182,080 tons of tap water in 2022, reduced by 30%.</p>	
Southeast Asia	<p>1. The water resource of Indonesian Factory is the groundwater allowed by the valid water permit.</p> <p>2. The water resource of Vietnam Factory is the Jin An Lake Reservoir.</p>	<p>11. The water resource of Indonesia Factory is located in Serang City, Banten Province and its water resource risk is considered low to medium.</p> <p>2. Jin An Lake Reservoir is located besides Ji An Lake in Dong Nai Province and its water resource risk is considered low.</p>
	<p>1. Based on the water conservation plan, the Indonesian Factory also starts with the water conservation in daily life, pro-actively improves the water consumption by the process, strengthens daily check on water pipes and also makes full use of the reclaimed water recycling system. Its water recovery rate was 75.27% in 2021, and 87.34% in 2022.</p> <p>2. Vietnam Factory has its General Affairs Section managing the water source. In recent years, it has improved waste water recycling, installed the recycling water towers and reduced water inflow. The water inflow decreased by 9% in 2022 from 2021.</p>	

Note: Water Resources Risk Assessment Tool: <https://reurl.cc/jgajA2>

Water consumption by region:

Water Consumption in Taiwan			
Year	2020	2021	2022
Water withdrawal (megaliters)	276.544	334.825	300.857
Water Discharge (megaliters)	36.75	43.71	49.94
Water Consumption (megaliters)	239.79	291.12	250.92
Water Recycling Consumption Of The Factory (megaliters)	33.34	34.44	40.2
Water Recycling And Reuse Rate (%)	10.76	9.33	11.79
Organization-Specific Metrics (unit)	Group revenue (million dollars)	Group revenue (million dollars)	Group revenue (million dollars)
Organization-Specific Measures	30,260.185	34,896.128	38,617.881
Water Use Intensity	0.0091	0.0096	0.0078

Note:

1. Water consumption= Water withdrawal - Water discharge.
2. Water recycling and reuse rate = Water recycling consumption of the Factor / (Water withdrawal + Water recycling consumption of the Factory)*100.
3. Water use intensity = Water withdrawal (megaliters) / Organization-specific measures.

Water Consumption in China			
Factory	Shenzhen Factory	Kunshan Factory	Tianjin Factory
Water Withdrawal (megaliters)	194.42	294.99	198.45
Water Discharge (megaliters)	1.27	35.58	185.16
Water Consumption (megaliters)	193.15	259.41	13.29
Water Recycling Consumption of the Factory (megaliters)	-	127.64	30.82
Water Recycling and Reuse Rate (%)	-	30.20	14.48
Organization-Specific Metrics (unit)	Group revenue (million dollars)	Group revenue (million dollars)	Group revenue (million dollars)
Organization-Specific Measures	38,617.881	38,617.881	38,617.881
Water Use Intensity	0.0050	0.0076	0.0051

Note:

1. Water consumption= Water withdrawal - Water discharge.
2. Water recycling and reuse rate = Water recycling consumption of the Factor / (Water withdrawal + Water recycling consumption of the Factory)*100.
3. Water use intensity = Water withdrawal (megaliters) / Organization-specific measures.
4. Water withdrawal refers to the sum of production water and domestic water.
5. Water discharge refers to the emission volume of industrial wastewater from the plant after the treatment by the wastewater treatment yard (excluding the domestic wastewater discharge).

Water Consumption in Southeast Asia

Factory	Indonesia Factory	Vietnam Factory
Water Withdrawal (megaliters)	122.28	532
Water Discharge (megaliters)	13.47	13.09
Water Consumption (megaliters)	108.81	518.91
Water Recycling Consumption of the Factory (megaliters)	103.43	11.05
Water Recycling and Reuse Rate (%)	45.82	2.03
Organization-Specific Metrics (unit)	Group revenue (million dollars)	Group revenue (million dollars)
Organization-Specific Measures	38,617.881	38,617.881
Water Use Intensity	0.0037	0.0138

Note:

1. Water consumption= Water withdrawal - Water discharge.
2. Water recycling and reuse rate = Water recycling consumption of the Factor / (Water withdrawal + Water recycling consumption of the Factory)*100.
3. Water use intensity = Water withdrawal (megaliters) / Organization-specific measures.



Wastewater Management

Process wastewater and wastewater for people’s livelihood in the plant are recycled and collected in the wastewater treatment plant. The recycled wastewater is treated with pH-adjustment, pH-neutralization and bio-contact oxidation, and is then precipitated and filtered. The treated recycled wastewater can then be reused in the Company’s factory for toilet flushing, floor washing, green planting, irrigation water, etc. to reduce the consumption of water resources.

The Company’s wastewater discharge from 2020 to 2022 are all in compliance with local regulations.

4.7 Waste Management

Material Topic: Waste

Significant reasons for this topic

Upon analysis and identification of the material topics, the topic on waste is found to be very important to the Company. If the Company fails to manage the waste, the Company is likely to be punished pursuant to related laws and regulations. Reduction, disposal and management of the waste output can mitigate the Company’s cost risk and improve the competitiveness of its products on sustainability issues.

Policy / Strategy

The Company’s EHS and energy management policy aims at “green production, safety and health and sustainability”.

Preventive or Remedial Measures

The Company reviews the entire waste management results through the monthly EHS promotion meeting, and sets forth the waste reduction strategy. Meanwhile, it continues to aim at the recycling rate by 10% to minimize the environmental impact. If the reduction policy achieves the effect less than the expectation, the Company will purchase renewable energy pro-actively and communicate and seek cooperation with related units.

Goals and Targets

For the waste reduction management in Taiwan, the short-term goals set by the Company aim at the reduction of the waste output by 10% and achievement of the recycling rate by 10% within 5 years. The mid-term goals aim at reduction of the waste output by 15% by 2030 and the long-term goals at achievement of the recycling rate by 20% in 2050.

Management Evaluation Mechanism

In accordance with ISO 9001 and ISO 14001 internal management procedures, the Company conducts the PDCA effectiveness evaluation on the emission management every year.

Performance and Adjustment

For the general industrial waste and hazardous industrial waste, proper storage and treatment programs have been prepared. The Company also continues to seek any new recycling approaches, in an attempt to turn the garbage into gold and reduce the quantity of waste goods. The Company's waste is cleared and disposed of by legal waste disposal companies. Meanwhile, the Company will follow up the disposal companies' vehicle routes and final treatment yards, in order to ensure that the waste will be disposed of pursuant to laws eventually. The Company continues to prepare the improvement project with respect to each process to promote the reduction of waste of intermediate products and finished goods, and aims to achieve a recycling rate by 10% to minimize the impact posed to the environment.

The Company's Safety and Health Department has a standardized storage and treatment plan for general waste and hazardous waste, and will continue to seek efficient ways to recycle and reuse the waste as well as reduce the amount of waste. All of the Company's wastes are removed and disposed of by legal waste clearance companies. The vehicle of the waste clearance companies is tracked to the final disposal stations to ensure the legal stations for disposal. Waste Disposal Method: General waste is treated by burial and incineration. Hazardous waste is treated by incineration and chemical treatments. Recycled and reused waste such as waste tires will be cracked to produce cracked oil and environmentally-friendly carbon black. The gas generated from the cracking process can be used as fuel in the combustion furnace. The following table summarizes the generation and treatment of the Company's wastes, which are disposed of off-site at each plant:



Recycle



Waste Generation and Disposal in Taiwan

Composition of the Waste	Hazardous/Non-Hazardous	Waste Generation (tons)	Disposal of Waste
Containers of Chemical Substances	Hazardous	0.0002	Clean and washing
Waste Liquid	Hazardous	0.0526	Chemical/incineration (exclusive of energy recycling)
General Garbage Generated by Business Activities	Non-hazardous	254.82	Incineration (exclusive of energy recycling)
Waste Plastic Mixture	Non-hazardous	0.28	Incineration (inclusive of energy recycling)
Waste Wood Pallets	Non-hazardous	34.54	Incineration (inclusive of energy recycling)
Waste Lubricating Oil	Non-hazardous	69.53	Renewable for re-use
Waste Liquid	Non-hazardous	0.0182	Incineration (exclusive of energy recycling)
Waste Rubber	Non-hazardous	1,809.59	Renewable for re-use
Waste Paper Mixture	Non-hazardous	0.55	Incineration (exclusive of energy recycling)

Waste Oil Mixture	Non-hazardous	0.0172	Incineration (exclusive of energy recycling)
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Waste Generation and Disposal in Southeast Asia

Composition of the Waste	Hazardous/Non-Hazardous	Waste Generation (tons)	Disposal of Waste
Waste Rubber	Non-hazardous	4,892.36	Renewable for reuse/ other lead-time operations
Sludge in the Waste Water Pool	Non-hazardous	185.29	Renewable for re-use/ incineration (exclusive of energy recycling)
Waste Filter	Non-hazardous	3.99	Other disposal operations
Rag Stained with Oil after Wiping the Machine on site	Hazardous	2	Incineration (exclusive of energy recycling)
Waste Oil	Hazardous	9	Incineration (exclusive of energy recycling)
Dust	Hazardous	8	Incineration (exclusive of energy recycling)
Medicine Packaging	Hazardous	134.91	Incineration (exclusive of energy recycling)
General Waste Generated from Business Activities	Non-hazardous	713.45	Incineration (exclusive of energy recycling)
Scrap Iron Wire	Non-hazardous	3.59	Renewable for reuse

Waste Generation and Disposal in China

Composition of the Waste	Hazardous/ Non-Hazardous	Waste Generation (tons)	Disposal of Waste
Waste Dust and Powder	Hazardous	0.48	Incineration (inclusive of energy recycling)
Waste Organic Liquid	Hazardous	1.52	Incineration (inclusive of energy recycling)
Waste Mineral Oil	Hazardous	151.2	Incineration (inclusive of energy recycling)/ renewable for re-use
Waste Oil	Hazardous	139	Incineration (inclusive of energy recycling)
Waste Emulsion	Hazardous	0.34	Incineration (inclusive of energy recycling)
Waste Paint and Coating	Hazardous	10.86	Incineration (inclusive of energy recycling)
Waste Resin	Hazardous	1.68	Incineration (inclusive of energy recycling)
Waste Dust Collector Filter	Hazardous	12.12	Incineration (inclusive of energy recycling)
Waste Mercury Lamps	Hazardous	0.46	Incineration (inclusive of energy recycling)
Waste Asbestos	Hazardous	9.86	Incineration (inclusive of energy recycling)

Waste Activated Carbon	Hazardous	7.94	Incineration (inclusive of energy recycling)/ other recycling efforts
Waste Liquid of the Laboratory Monitoring Room	Hazardous	0.86	Incineration (inclusive of energy recycling)
Waste Rubber	Non-hazardous	3,929.4	Renewable for re-use
Waste Film	Non-hazardous	100.24	Renewable for re-use
Waste Pallets	Non-hazardous	259.06	Renewable for re-use
Waste Metal	Non-hazardous	295.04	Renewable for re-use/ other recycling efforts
Waste Paper Boxes	Non-hazardous	107.1	Renewable for re-use
PE	Non-hazardous	172.88	Renewable for re-use/ other recycling efforts
General Waste Generated from Business Activities	Non-hazardous	853.04	Renewable for re-use/ incineration/ landfill
Waste Iron Drums	Hazardous	1.85	Other recycling efforts
Waste Plastic Drums	Hazardous	1.79	Other recycling efforts
Waste Wood and Related Products	Non-hazardous	66.28	High temperature steaming / Pressing / Incineration

The Green evolution



The Company's waste disposal control operations are stated as follows:

The disposal of the waste generated by the Company is always contracted to a third-party qualified disposal company or disposed of pursuant to local laws and regulations.

The contracted third-party qualified disposal company has set the GPS.

The Company approaches to adopt the circular economy and reduction of waste are as follows:

Proceed with the waste reduction and re-use and confirm the implementation result at the monthly ESH meeting, hoping to reduce the output of terminal waste substantially, provide suggestions on reduction of volume from the source and waste recycling technology and improve waste recycling rate.

Ground the waterproof rooting products which were no longer produced (not for sale) into reclaimed rubber powder and then fill the powder in the process for recycling and reuse.

Reground the waste airbags by contractors, and purchased it back to be filled in the manufacturing process.

Consigned defective products for treatment and purchased it back for reuse in the manufacturing process.

After the equipment is used and mineral oil is processed by precipitation, reuse the same in the mixer, and the oil residue, dust and rubber crumbs generated from the epoxy resin of the internal mixer are refined into film.

Implement the punishment and reward policy for reduction of waste and report the personal waste volume beyond the scope permitted by the requirements on the same day for discipline, in order to reduce the waste volume in each cycle of the production process.

V. Sustainable Happiness in the Workplace

5.1 Human Resource Management

Material Topic: Market Presence, Employment, Labor/Management Relations, Training and Education

Significant reasons for this topic

The topic on labor/management relations is very important to the Company. Now, the industry competition is fierce, and low birth rate becomes a global trend. In order to deal with the future challenge, the Company needs to construct systems for human resources that are superior to those of peer companies in the same industry, in order to maintain the Company's competitiveness in human resources.

Policy / Strategy

The Company's labor relations policy is "social responsibility, sustainable development, and co-prosperity between the labor and management".

Goals and Targets

Short-term goals: follow the laws and regulations, ensure legal compliance, protect employees' interest and right, and aim at the salary raise by 1~3% every year.

Mid-term goals: provide the employees with the opportunities for continuing education, prepare the talent pool mechanism and succession plan to ensure the sustainability.

Long-term goals: create the employee stock ownership trust, share business results and achieve co-prosperity between the labor and management. ◦

Management Evaluation Mechanism

The Company in conjunction with the implementation of internal regulations follows the Labor Standards Act, Labor Insurance Act, Occupational Safety and Health Act, Labor Health Protection Regulation, Labor Occupational Accident Insurance and Protection Act, and Gender Equity Education Act.

Performance and Adjustment

Since 2018, the Company has provided the whole employees with a salary raise of 1~3% every year.

Since 2016, the Company has won the gold medals from TTQS for three consecutive terms.

Preventive or Remedial Measures

By reporting the "non-executive employee compensation" to TWSE every year, the Company continues to review the gap between employee salaries and the pay level of benchmark companies and participates in the TTQS assessment organized by the Ministry of Labor regularly, in order to confirm that the training results are maintained. Provide the related grievance system and accept opinions from all parties via labor unions and labor-management meetings regularly.

In recent years, the Company's businesses and workforce have been steadily growing. Due to higher proportion of males in direct labor, the majority of employees are male; however, promotions are gender-neutral. The company does not differentiate base salaries based on race, religion, party affiliation, place of birth, gender, sexual orientation, marriage, secondary employment, appearance, or physical or mental impairment.

An overview of the number of employees at factories around the world is as follows:

Overview of the Number of Employees						
Region	Type of Contract	Female	Male	Other ^{note 1}	Not Re-veal ^{note 2}	Total
Taiwan	Number of employees	534	1,376	0	0	1,910
	Number of permanent employee	534	1,376	0	0	1,910
	Number of temporary employee	0	0	0	0	0
	Number of non-guaranteed hours employee	0	0	0	0	0
	Number of full-time employees	534	1,376	0	0	1,910
	Number of part-time employees	0	0	0	0	0
China	Number of employees	1,333	2,974	0	0	4,307
	Number of permanent employee	1,073	2,583	0	0	3,656
	Number of temporary employee	260	391	0	0	651
	Number of non-guaranteed hours employee	0	0	0	0	0
	Number of full-time employees	1,333	2,974	0	0	4,307
	Number of part-time employees	0	0	0	0	0

South-east Asia	Number of employees	2,536	2,285	0	0	4,821
	Number of permanent employee	2,517	1,904	0	0	4,421
	Number of temporary employee	19	381	0	0	400
	Number of non-guaranteed hours employee	0	0	0	0	0
	Number of full-time employees	2,536	2,285	0	0	4,821
	Number of part-time employees	0	0	0	0	0

Note:

1. Gender as specified by the employees themselves.
2. The employees did not disclose the gender.
3. Employee: an employee is an individual who is in an employment relationship with the organization according to national law or practice (the employees enrolled into the labor insurance program in Taiwan).
4. Permanent employee: individual with a contract for an indeterminate period.
5. Temporary employee: individual with a fixed term contract.
6. Non-guaranteed hours employee: employee who is not guaranteed a minimum or fixed number of working hours per day, week, or month, but who may need to make themselves available for work as required.
7. Full-time employee: The individuals who may apply the definitions of working hours under the Labor Standards Act, i.e. no more than 8 hours per day and 40 hours per week.
8. Part-time employee: Any workers other than full-time employees.
9. Head count/full-time equivalent (FTE) approach is adopted herein.
10. When the Company is recruiting employees, in order to strengthen the harmonious relationship with the locals and maximize the employees' stability at work, most of them are the local residents.

The Company's non-employee workers include occupational physicians, professional advisors, contractors and hourly paid workers, totaling 7,201 persons in 2022.

Worker Categories	Contractual Relationship with the Company	Total Number of Workers
Occupational Physician	Appointed	2
Professional Advisor	Appointed	4
Contractor	Contracting	6,578
Hourly Paid Workers	Contracting	617

The Company upholds the philosophy “employees are the most important assets of an enterprise”, values the protection of employees’ interest and right, establishes a labor union within the Company and also respect the harmonious relationship between the labor union and the Company. Employees can propose relevant issues at the regular meetings via the labor union’s representatives, and can also express their opinions or provide suggestions to the Company via the employee opinion mailbox, extension for acceptance of complaints or email. The Company makes every endeavor to establishing a communication platform between the Company and employees, providing different meetings including morning meetings, weekly meetings and corporate labor union and welfare committee meetings, in order to enable employees to express their opinions and reflect any

questions. The management will provide specific guidance and assistance based on employees’ feedback and also improve the working environment.

During the reporting period, there were 1,616 labor representatives and 15 employer representatives joined the labor union in Taiwan Factory. The total number of employees covered by the collective agreement accounted for 100%. During the reporting period, there were 3,216 labor representatives and 11 employer representatives joined the labor union in Vietnam Factory. The total number of employees covered by the collective agreement accounted for 98.77% in Vietnam Factory.



The distribution of the Company's employees at the Company's factories all over the world in the most recent three years is stated as follows:

Taiwan :

Year		2020	2021	2022	
Item / Gender	Age	Number			
Supervisor	Male	< 30 years old	12	8	7
		30-50 years old	155	154	143
		> 50 years old	51	50	53
	Female	< 30 years old	0	0	0
		30-50 years old	23	20	20
		> 50 years old	13	14	13
Total of Supervisor		254	246	236	
Non-supervisor	Male	< 30 years old	374	329	282
		30-50 years old	757	775	762
		> 50 years old	115	122	129
	Female	< 30 years old	82	85	81
		30-50 years old	321	320	308
		> 50 years old	90	104	112
Total of Non-supervisor		1,739	1,735	1,674	
Total of Permanent Employee		1,993	1,981	1,910	

Description:

- Supervisors and above are executive officers.
- Six people in Taiwan are at the senior director level or above, which is the top management level.
- 100% of senior managements are local residents.

China and Southeast Asia :

Year		大陸地區	東南亞地區	
Item / Gender	Age	Number		
Supervisor	Male	< 30 years old	19	27
		30-50 years old	512	77
		> 50 years old	114	5
	Female	< 30 years old	1	6
		30-50 years old	65	19
		> 50 years old	4	0
Total of Supervisor		715	134	
Non-supervisor	Male	< 30 years old	222	1,588
		30-50 years old	1,357	1,501
		> 50 years old	368	72
	Female	< 30 years old	94	639
		30-50 years old	860	470
		> 50 years old	40	17
Total of Non-supervisor		2,941	4,287	
Total of Permanent Employee		3,656	4,421	

Description:

- Supervisors and above are executive officers.
- Senior Directors and above are top management.
- The number of executives in China and Southeast Asia is 0 because they are mainly expatriates from Taiwan.

The overview of the new employee and employee turnover of the company's global factories in the past three years is as follows:

Taiwan	New Employee Rate												
	Year	2020				2021				2022			
	Gender	Male		Female		Male		Female		Male		Female	
	Age / Item	Number	New employee rate (%)	Number	New employee rate (%)	Number	New employee rate (%)	Number	New employee rate (%)	Number	New employee rate (%)	Number	New employee rate (%)
	< 30 years old	134	6.72	42	2.10	112	5.65	36	1.82	99	5.18	25	1.31
	30-50 years old	82	4.11	34	1.71	89	4.49	16	0.81	116	6.07	25	1.31
	> 51 years old	10	0.50	5	0.25	9	0.45	1	0.05	8	0.42	2	0.10
	Total	307				263				275			
	Total of Employees	1,993				1,981				1,910			
	Total New Employees Rate (%)	15.40				13.28				14.40			
Employee Turnover Rate													
Year	2020				2021				2022				
Gender	Male		Female		Male		Female		Male		Female		
Age / Item	Number	Turnover rate (%)	Number	Turnover rate (%)	Number	Turnover rate (%)	Number	Turnover rate (%)	Number	Turnover rate (%)	Number	Turnover rate (%)	
< 30 years old	100	5.02	40	2.01	85	4.29	33	1.67	106	5.55	21	1.10	
30-50 years old	79	3.96	29	1.46	119	6.01	17	0.86	160	8.38	24	1.26	
> 51 years old	22	1.10	9	0.45	17	0.86	4	0.20	18	0.94	17	0.89	
Total	279				275				346				
Total of Employees	1,993				1,981				1,910				
Total Turnover Rate (%)	14.00				13.88				18.12				

China and Southeast Asia

New Employee Rate

Region	China				Southeast Asia			
Gender	Male		Female		Male		Female	
Age / Item	Number	New employee rate (%)	Number	New employee rate (%)	Number	New employee rate (%)	Number	New employee rate (%)
< 30 years old	294	8.04	79	2.16	1,146	23.77	355	7.36
30-50 years old	504	13.79	205	5.61	581	12.05	221	4.58
> 51 years old	36	0.98	0	0.00	25	0.52	3	0.06
Total	1,118				2,331			
Total of Employees	3,656				4,821			
Total New Employees Rate (%)	30.58				48.35			

Employee Turnover Rate

Region	China				Southeast Asia			
Gender	Male		Female		Male		Female	
Age / Item	Number	Turnover rate (%)	Number	Turnover rate (%)	Number	Turnover rate (%)	Number	Turnover rate (%)
< 30 years old	330	9.03	80	2.19	956	19.83	329	6.82
30-50 years old	643	17.59	284	7.77	632	13.11	208	4.31
> 51 years old	35	0.96	29	0.79	36	0.75	2	0.04
Total	1,401				2,163			
Total of Employees	3,656				4,821			
Total Turnover Rate (%)	38.32				44.87			





Employee Welfare

- ◆ All kinds of statutory insurance
- ◆ Marriage subsidy
- ◆ Funeral subsidy
- ◆ Hospitalization subsidy
- ◆ Children's education scholarship
- ◆ Language allowance
- ◆ Gift certificates and coupon in festivals
- ◆ Special merchant stores

- ◆ Discounted price for purchasing company products
- ◆ Provision of company car for business purpose
- ◆ Parking spaces for employee cars and motorcycles
- ◆ Regular health examination and medical care
- ◆ Provision of uniform and safety shoes
- ◆ Birthday benefits
- ◆ Provision of free lunch

The Company defines a “significant operating location” as the location of the Company's headquarters and the location where the majority of its employees work, which is the principal operating location referred to in the “People Structure”. Records of employee welfare activities:



Employment of Diverse Staff

The Company strives to employ minority and vulnerable groups. Except for Taiwan and Tianjin, other factories have no employment. The employment status of diverse ethnic group employees in the past three years is shown in the following table:

Year		2020	2021	2022	
Item/Gender	Age	Number			
Minority or Vulnerable Groups	Male	< 30 years old	2	3	8
		30-50 years old	17	18	19
		> 51 years old	9	10	10
	Female	< 30 years old	1	1	1
		30-50 years old	3	5	8
		> 51 years old	1	1	2

Note: Minority or vulnerable groups: group of individuals with a specific condition or characteristic (e.g., economic, physical, political, social) that could experience negative impacts as a result of the organization’s activities more severely than the general population.



Protection of Employees' Human Rights, Anti-Discrimination and Prohibition of Child Labor

The Company is committed to defending employees' basic human rights, recognizing and supporting international human rights standards such as "The United Nations Global Compact (UNGC)", " Universal Declaration of Human Rights (UDHR) " and "the International Labor Organization's Declaration of Fundamental Principles and Rights at Work ". The actions reflect the enterprise group responsibility to respect and protect human rights, abide by the laws and regulations related to labor and gender equality of the Company's location, and prevent any infringement and violations of human rights. The Company has established the human rights policy that includes diversity and inclusion, ensuring equal job opportunity, forbidding forced labor and zero tolerance for child labor, setting up a complaint channel to promote harmony between labor and management, providing a safe and healthy workplace, and regularly reviewing and evaluating human rights systems and actions in order to protect employees and safeguard the human rights. During the reporting period, there were no incidents of discrimination or violation of laws in any of factories and suppliers.

5.2 Employee Training and Education

In order to promote various education and training activities proactively and maintain the quality of training, the Company sets up the Education and Training Committee and provides generous learning channels and development resources, including orientation training, induction training, on-the-job training courses and work guidance and rotations, etc., and provides the systematic training from the easy to the difficult in diversified manners, improves employees' professional competitiveness and awareness toward quality optimization to strengthen customer relationship and organizational constitution, save the Company's ability to achieve sustainability, and achieve the Company's vision and goals.





◆ Training Commitment

1. Integrate the Company's management objectives
2. Implement on-the-job training for employees

◆ Education and Training and Relevant Development Policies

1. Improve the process of new recruits
2. Enhance the ability of current staff
3. Improve the leadership of serving team
4. Improve the quality of the working environment
5. Create a good corporate culture

Employee Education and Training Status

Taiwan

In Taiwan, through internal and external training in 2022, a total of 1,728 training sessions were delivered, with a total of 39,230 participants and a total of 52,875 training hours. In every fourth quarter, the Company conducts a talent review to plan employee training sessions for the following year. Through education on the concept of quality, safety, and management, the Company reduces defect loss in the production process. To achieve the yearly goal and mission, the Company also improves the quality of customer service to strengthen customer relationships and builds up competitiveness for sustainability.

The target hours of education and training for 2022 is 57,705 hours, the actual number of training hours is 52,875 hours, which represents an achievement rate of 91.6%. The target training hours for 2023 is 57,948 hours. The target cost of education and training in 2022 is NT\$10,531,955 (after the plan has been changed), the actual training cost is NT\$10,047,214, which represents a target achievement rate of 95.4%. The target training cost for 2023 is NT\$12,497,655; in 2021, the Company has passed the talent development quality management system (TTQS) Enterprise Institutional Edition—Gold Medal Assessment to continuously improve the quality of education and training processes to achieve the best results.

China									
Item / Category	Management Function		Non-Management Function		Direct Workers		Indirect Workers		
	Male	Female	Male	Female	Male	Female	Male	Female	
Number of Persons	709	249	2,295	1,054	1,924	922	1,057	404	
Total Training Hours	9,366	1,942	66,380	30,557	50,319	23,862	25,469	8,596	
Average Training	13.21	7.80	28.92	28.99	26.15	25.88	24.10	21.28	
Training Expenses	RMB\$ 16,161	13,579	516,770	234,926	405,543	228,425	127,912	19,407	
<p>◆ The orientation training hours shall be distinguished from the on-the-job training hours. The required courses for the orientation training and safety training hours</p> <p>◆ The on-the-job training target for employees appraised qualified: 0.5H/person/month, to be included into the personal hours.</p> <p>◆ The on-the-job safety training for employees appraised qualified (Type G): 8H/year/person, to be included into the personal hours.</p>									

Southeast Asia									
Item / Category	Management Function		Non-Management Function		Direct Workers		Indirect Workers		
	Male	Female	Male	Female	Male	Female	Male	Female	
Number of Persons	4,677	430	21,233	11,506	16,744	9,606	7,735	3,761	
Total Training Hours	4,899	456	36,668	17,136	32,164	15,264	7,960	3,771	
Average Training Hours	1.05	1.06	1.73	1.49	1.92	1.59	1.03	1.00	
Training Expenses	\$ 0	0	0	0	0	0	0	0	
<p>◆ All training is internal, so the cost of training is 0.</p>									





Management Development Course: Course Name - Human Resource Management



Sales Department, Headquarter - Project (Functional) Training: Course Name - Exhibition Marketing Practices

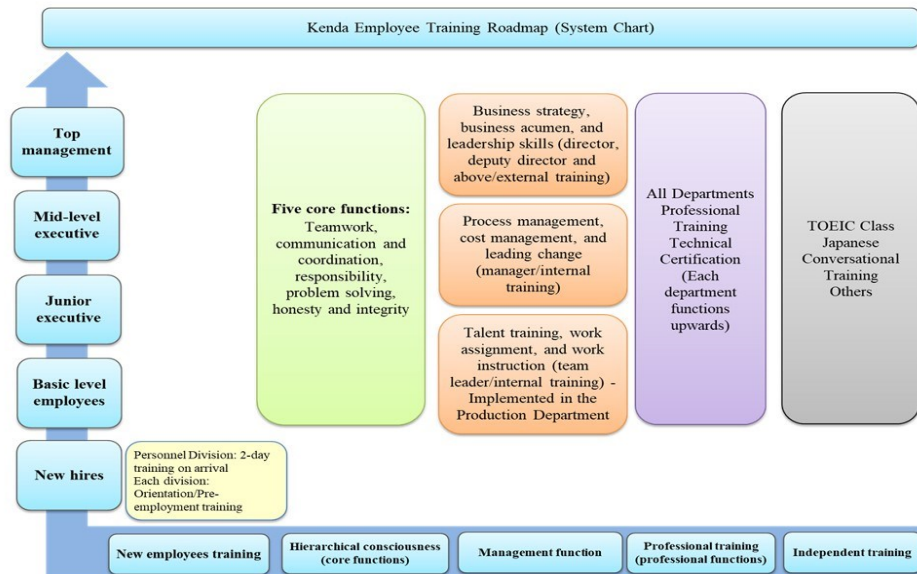


Hierarchical Consciousness (core functions) Training: Course Name - Cost Management



R&D Department, Headquarter - Project (Functional) Training: Course Name - Experimental Research Project

The Company provides career planning, development of employees, and employee working-ability management and life-long learning programs to assist in the enhancement of employee working-ability or continued employment and the retirement plans:



The Company organizes annual training courses such as “Orientation for New Employees”, “Hierarchical Consciousness (core functions) Training”, “Management Functions Training”, “Project (Functions) Training”, and “Independent Training.” The participation of employee training is also an evaluation indicator for employee promotion.



The planning and implementation of employee training of each factory are summarized as follows:

Region	Descriptions	Education and Training Hours	Total Education and Training Hours
Taiwan	To inventory the gap of employee's ability through the working-ability score, and to survey the demand of education and training of each department at the end of every year, including professional (working-ability) or independent training, and then compile the annual training plan to improve the working-ability of employees. Continue to optimize the Company's training system through TTQS assessment and applications for awards and prizes, in order to stabilize the quality of employee training; apply for government subsidies in a timely manner to solicit more training resources available to colleagues.	52,876	220,279
China	The Company prepares the education and training plan including orientation training plan, on-the-job training plan and training plan by job rank, and conducts the vocational skills training every year. The Company has established the enterprise training center platform to train various types of workers from time to time, in order to improve employees' professional skills.	108,245	

Region	Descriptions	Education and Training Hours	Total Education and Training Hours
South-east Asia	The Company organizes the orientation training, general education (core function) training, management function training, project (function) training, voluntary training, etc. each year and provides diversified training courses, which are linked with the job promotion policy to serve as the criteria for evaluation on promotion. To inventory the gap of employee's ability through the working-ability score, and to survey the demand of education and training of each department at the end of every year, including professional (working-ability) or independent training, and then compile the annual training plan to improve the working-ability of employees.	52,876	220,279

Government Grants and Awards

An enterprise's sustainability depends on the systematic talent training and adaptive development for jobs. The Company is committed to job rotation planning and education and training system to promote the training of talents' competency and establish a learning-oriented organization. The Company has received the subsidy amounting to NT\$290,218 from the government for education and training in 2022. In 2021, it was awarded the Talent Development Quality Management System (TTQS) Enterprise Version - Gold Medal. In 2019, it was honored by the award for Large-Sized Enterprise-National Talent Development Award by the Ministry of Labor. The Company continues to pursue the quality of the training system and makes good use of the government subsidies and school's cooperation resources to strengthen the Company's training system. With the strong support from the top management and the participation by all employees, the Company organizes the relevant training programs proactively and have them linked with the work performance to improve the organizational management performance.



2021 TTQS Gold Medal Awards



Certificate of Assessment



Presentation of the 2019 National Talent Development Award



Presentation of the 2019 National Talent Development Award

Fair Performance Management System

In order to institutionalize the employment and to provide objective and fair criteria for promotion and reward, the Company conducts regular performance reviews according to the key review criteria. The percentage of the employees who receive regular performance and career development review is 100%.

Security Education and Training

The Company clearly stipulates that the scope of duties of security personnel is to maintain the normal safe production of the factory, the working order of the employees, and to maintain the safety of the employees and property of the factory from being harmed. Security personnel must receive vocational education and pass the examination and evaluation before they can start to work as security personnel of the Company.

Region	Descriptions	Training Rate
Taiwan	<p>The management unit of the security personnel at the head-quarter is the General Affairs Division and the Yunlin factory is the Management Division. All of the security personnel perform their duties in accordance with the Company's relevant management rules (KDS).</p> <p>A total of 18 security personnel are employed in Taiwan. The security personnel have to attend the induction training for safety, health and duty. The Company will also implement the human rights-related education and training with respect to the security personnel regularly every year. The training programs include:</p> <ol style="list-style-type: none"> 1. In response to the education and training of Authorized Economic Operator (AEO) every year, the Company implements the training on inspection and registration of access by external visitors and vehicles with respect to the security personnel; 2. The Company implements the training on prevention of violence and discrimination. 	100%
China	<p>The Company's security personnel attend the relevant professional training every year. The courses include disaster prevention and rescue, anti-terrorism, protection of human rights and practical training of security-related duty, etc.</p>	100%
South-east Asia	<ol style="list-style-type: none"> 1. The training of the security personnel in Indonesian Factory is contracted to a professional security company. The security personnel shall go through related professional training according to the Occupational Safety and Health Act every year. The courses include disaster prevention and rescue and practical training of security-related duty, etc.. 2. Vietnam Factory has established the management regulations (KVS) governing the security personnel. There are a total of 44 security personnel. The human rights training is conducted regularly every year. The training courses include participation in the fire drill of the Fire Department of Dong-Nai Province and inspection and registration of access by external visitors and vehicles. 	100%



Annual AEO Education Training



Inspection of Access by External Visitors and Vehicles



Registration of External Visitors



5.3 Occupational Health and Safety

Significant Reasons for This Topic

According to ISO 45001 occupational safety and health management system, the Company develops various occupational safety and health management requirements, builds a bright working environment that satisfies laws and regulations and protects the employees' safety and health, in order to fulfill its responsibility to the employees and their dependents.

Policy / Strategy

Green production, safety health, and sustainability

Goals and Targets

1. Compliance with the requirements under the Occupational Safety and Health Act.
2. Implementation of the management based on zero-occupational accident and occupational accident prevention.
3. Ensure the employees' health and prevent occupational diseases through the general and special health checkups.

Management Evaluation Mechanism

1. Automatically check, confirm and maintain records.
2. Continue to supervise, improve and follow up the safety and health inspection and audit results.
3. Frequency and severity of various incidents.

Performance and Adjustment

1. Regularly review on safety documents to ensure the safety of working equipment. In the case of any failure or malfunction, it is necessary to shut down the machine and resume the work only upon recovery.
2. Educate the employees on safety knowledge and skills via the safety and health work rules.
3. Provide the employees with health guidance and regular health checkups and make appropriate adjustment and medical and related health management efforts based on the relevant results and physician's evaluation.
4. According to the environmental test report, arrange special health checkup for specific workers as the basis for prevention of occupational diseases.

Preventive or Remedial Measures

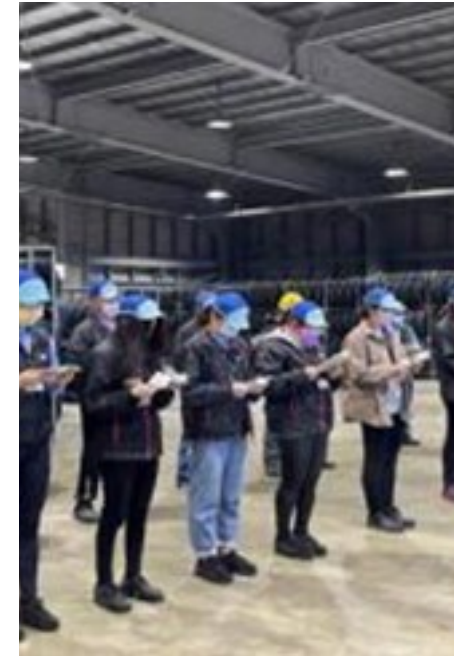
1. Conduct the pre-assessment on hazards to identify and assess the risk, determine various risk control measures, review the adaptation and effectiveness thereof, record and manage the amendments discussed based on the risk assessment result.
2. Convene the safety and health meetings regularly to review the implementation of safety and health operations to prevent accidents.
3. In the event of any accidents or violations, conduct the investigation to verify the root cause, prepare the strategies against recurrence of the same accidents and develop the strategies horizontally.

Occupational Safety and Health Management Measures

In accordance with ISO 45001 “Occupational Safety and Health Management System,” and implementation of occupational safety and health management in the workplace, the Company conducts regular employee trainings on workplace inspections, contractor management, false alarms report, and toxic substance management. It is the Company’s responsibility to its employees and their families to make continuous improvements in the spirit of the P, D, C, and A management cycle, and to establish a working environment that meets the requirements of regulations and customers. “Safety First” is one of the most recognized slogans in the workplace. Not only workers but also their families concern about the safety and health as they work in a workplace.

The Company’s workplace safety statements are as follows:

- Employees should wear clothing, hats, safety shoes, and safety gear in accordance with the standards.
- Employees can not enter hazardous areas or operate others’ equipment without permission.
- Employees shall not break safety devices or force them to fail.
- Employees should stop operation of equipment in case of abnormality and report to the group leader/shift supervisor.
- Employees are not allowed to listen to music or use cell phones during work.
- All workplaces are non-smoking area (except in the smoking area). Alcohol and betel nuts are prohibited in workplace.
- Employees should stop, listen, look, and give priority to vehicles at intersections of workplaces.





Occupational Safety and Health Honors

Occupational Safety and Health Units of Excellence in 2021

The focus of the occupational safety and health evaluation include: policy and organization, management plan and regulations, occupational disaster prevention facilities, workplace health management and promotion, education and training and promotion, occupational disaster investigation and processing, occupational safety and health management system, etc. It aims to promote exemplary companies that value employee safety and health. A safe and healthy workforce is an important asset for sustainable business operation. By participating in the selection, the company can not only demonstrate the effectiveness of occupational safety and health promotion, but also exchange, share and promote the successful experience of disaster prevention and mitigation in the workplace through related activities, and bring the domestic industry's safety and health level upward.

Enhancing Workplace Safety and Health

In accordance with the relevant laws and regulations on occupational safety and health, the Company has stipulated automatic safety and health inspection rules. The Company clearly distinguishes the responsibility of each level and implements safety and health observation and supervision. Through the implementation of the daily equipment checklist and SOP for each operation, the Company strictly requires the employees to perform equipment maintenance properly and to protect their safety and health.

Overview of the occupational safety and health management system in each factory of the Company:

Procedure and Contents	After conducting hazard identification and risk assessment for factories, improvements are made based on the level of risk value, and the effectiveness of the improvements is judged through the evaluation of performance indicators. In order to comply with the new version of ISO 45001:2018/TOSHMS 2.0 (CNS 45001:2018), the existing internal safety and health management regulations have been revised.
Scope	Implement employee safety and health management via the systematic mechanism. For high-risk operations, the Company performs hazard identification and risk assessment, and adopt control measures such as work permits to strengthen operational risk control and effectively prevent any occupational disasters. So far, the certification has been extended to all factories, accounting for 100% of the total number of personnel, in order to demonstrate the Company's determination to provide comprehensive care and establish a safe workplace.
Procedures for identification of work hazards, risk assessment and accident investigation	
Frequency of Execution	<ol style="list-style-type: none"> 1. Each department amends the identification of hazards and risk assessment subject to the scope applicable to the department before the annual internal audit. 2. Conduct regular monthly inspections, irregular inspections and senior management's inspections.

Application of Control by Grading

Approach to identify hazards:

1. Before identification of hazards, each department should fill out the "Occupational Safety and Health Investigation Flow Chart" and "Investigation on Working Condition" subject to the attributes and operating conditions of their activities. Then, they may proceed to identify the hazards.
2. The identification of hazards is intended to analyze the potential hazards existing in the operations according to the "Identification of Hazards and Risk Assessment Worksheet." Hazard identification considers the interrelationships among personnel, machinery, facilities, methods, materials, energy, and the operating environment. It also analyzes the operational activities in each area according to the operations, activities, steps, and nodes for hazard identification. In addition, hazard identification should consider the possible causes, effects and characteristics of the hazards, of which the characteristics of the hazards should include physical, chemical, biological, human engineering, human factors, unsafe acts, etc.

Approach to determine the risk assessment level:

1. Insert the exposure rate, probability of occurrence, and severity of consequences of the hazard factors into the "Hazard Identification and Risk Assessment Worksheet" and analyze the results based on the "Risk Level Assessment Rating Criteria."
2. After the risk level is determined, the "Risk Level Rating and Judgment Procedure and Response Measures Table" shall be taken into consideration for determination of the risk control measures, which can may be divided into significant and non-significant risk control measures.

Risk control planning:

When each department decides on risk control measures, or considers changing the existing risk control measures, it shall consider the risk mitigation in the following order:

1. Elimination of hazards/risks;
2. Replacement of hazards/risks;
3. Engineering control measures;
4. Label/warning and/or management control measures;
5. Personal protective gears.

Overview of the occupational safety and health management system in each factory of the Company:

Continuous Improvement

In order to improve the awareness of the Company's employees on safety and health, it is necessary to continue assessing and recording the safety and health hazard factors potentially existing in operating activities and facilities to evaluate the safety & health risks and opportunities and pursue zero disaster. By means of continuous identification of hazards and assessment on risks and opportunities, and also execution of necessary risk control methods, the Company aims to implement the occupational safety and health policy to satisfy the requirement for continuous improvement.

According to the laws and regulations related to occupational safety and health, the Company establishes the enforcement rules for automatic safety and health inspections. Distinguish the job responsibilities of each level, and implement safety and health observation and supervision. Based on the routine checklist for the equipment and formulation of SOPs for various operations, the employees are strictly required to conduct the spot checks on the equipment and handle the operations in accordance with the SOPs to protect the employees' health. In order to prevent employees from causing hazards to themselves or other, the Company keeps improving the equipment and operating environment to meet the requirement to create an excellent and safe working environment.

When an employee might suffer some immediate danger when performing his/her job duty

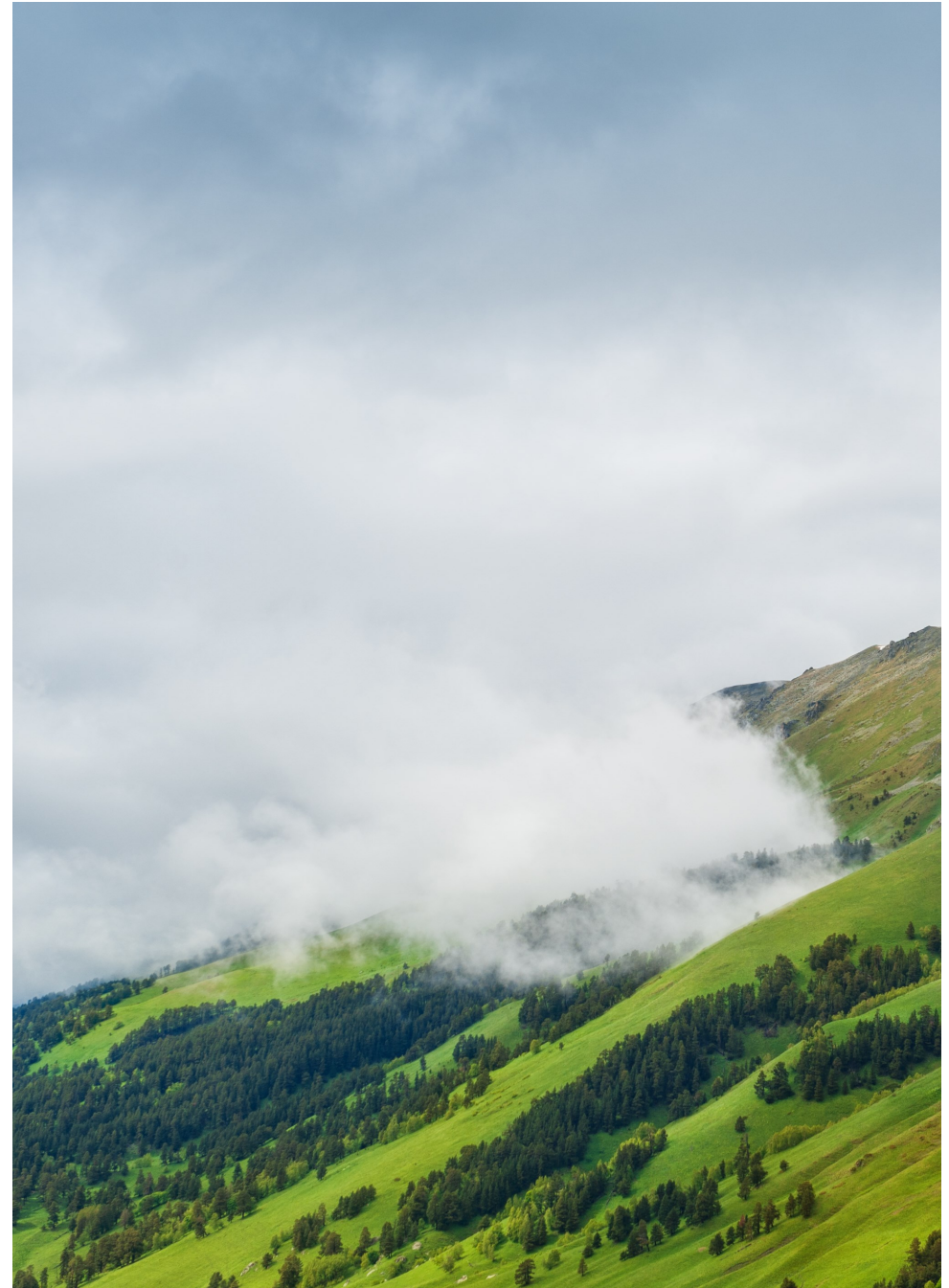
Can He / She Stop Working or Leave the Site Voluntarily?

Yes

Reporting Channel and Procedure

If any problem is found, the operations shall be suspended immediately and reported to the supervisor on duty at that moment. If necessary, the unit supervisor shall ask the security personnel and safety and health department for assistance. Meanwhile, the occupational safety personnel may directly communicate with the employees physically during their routine inspections, or the employees can reflect the same to the Company by proposing any corrective action. The employees may send their opinions to the employee opinion mailbox.

In order to encourage whistleblowers to report any illegal cases bravely, the Company shall provide the following protection measures to whistleblowers: the information about whistleblowers' identity shall be kept confidential; the information sufficient to identify their identity shall not be disclosed for internal reporting; it is not allowed to terminate, demote, reduce wages of or harm the rights and benefits under the law, contract or norm of, the whistleblowers or take any unfavorable measure against them, due to the whistleblowing cases.





Statistics on the Number and Cost of Employee Health Checkups

The Company cares about the health of all employees, values health and safety culture, constructs a stable working environment, promotes the employees and contractors' physical and mental health, achieves a balance between work and life, and works with stakeholders to mitigate the safety and health risk in workplace. With respect to the risks over health hazards that are identified in statutory special operations, the Company arranges the health checkups for those involving noise, n-hexane, toluene, xylene, styrene, n-heptane and high temperature, etc., and completes the employees' occupational health checkups pursuant to laws every year. Meanwhile, re-examination is carried out for those who are found abnormal during the occupational health checkups. Verify employees' health status and provide the basis for self-health management to create a safe working environment free from any concerns.

Statistics on the Number and Cost of Employee Health Checkups	
Applicable Subject	All employees and special hazardous operational workers
General Health Checkups	
Item	General labor physical examination
Number of Persons in the Checkup (person)	7,211
Checkup Expenses (NTD Thousand)	2,116.41
Special Health Checkups	
Item	Formaldehyde, n-hexane, noise, dust, benzene, toluene, xylene, octane, high temperature
Number of Persons in the Checkup (person)	2,587
Checkup Expenses (NTD Thousand)	292.75

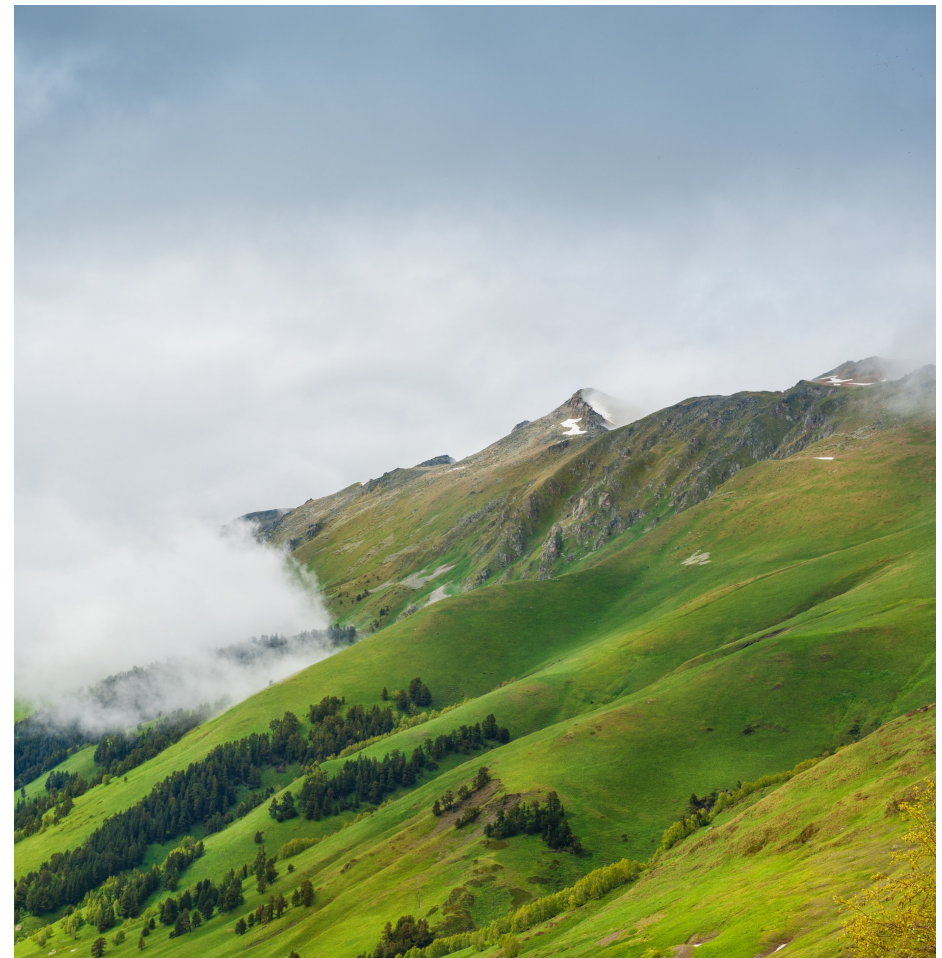
Note:

1. The special health checkups are subject to the insurance policy requested from the Bureau of Labor Insurance in Taiwan.
2. According to the written notice under Shenzhen Longhua Disease Control [2018] No. 4, since January 15, 2018, the relevant fees for occupational health checkup (special health checkup) at Shenzhen Longhua Disease Control Center were cancelled. Accordingly, KS may be exempted from relevant fees for the checkups at work, during the performance of job duty and upon resignation from 2018 to 2021. Given the epidemic in 2022, most disease control centers in Shenzhen restricted the appointments for occupational health checkups. Therefore, the Company contracted a third-party health checkup institutions to conduct the on-the-job occupational health checkups. Therefore, health checkup fees were incurred again. Notwithstanding, whether or not such fees will still be incurred in 2023 will depend on the policy implemented.
3. The general health checkup expenses in China shall be borne by the employees independently.

Occupational Safety and Health Consultation and Communication

In order to promote the safety and health of employees, the Company has established the Occupational Safety, Health and Environment Committee in accordance with the Occupational Safety and Health Act. The General Manager of the Company is the chairman of the committee. The Committee is composed of representatives of employers, workers (71%) and managers as required by law. The Committee meets quarterly and is chaired by the General Manager. In addition to recommending and coordinating the Company's occupational safety and health policy, the committee also reviews 20 indicators including: occupational hazard investigation, automatic inspection and safety and health audit, operating environment monitoring plan, monitoring results and measures taken, contractor safety and health management and assessment of on-site safety and health management performance, etc., to ensure a healthy and safe working environment for employees and to fulfill the company's corporate social responsibility. Each factory holds monthly occupational safety and health and environmental review meetings, which are chaired by the management of the factory to: review the management functions of each plant,

such as the proposal of false alarm, investigation of occupational hazard prevention, safety and health audit and management, education and training, improvement of safety and health facilities, improvement of operational procedures and methods, and to achieve safety and health management objectives. The participation, consultation and communication of occupational safety and health workers in each of the factories are as follows:



Environmental Safety and Health Management Representative

- Convene departments to review their environmental considerations and hazard risk assessments for at least once per year and review major considerations and unacceptable risks.
- Supervise the execution and achievement of ISO 14001/ISO 45001/TOSHMS and communicate with outsiders on the management system; and report the implementation status to the General Manager.
- Promote all employees to participate in the EHS management system.

Safety and Health Office

- Manage the overall planning on the operation of the EHS management system throughout the factory and collect the information about laws and regulations, compliance assessment and communication and coordination of information.
- Prepare and amend manuals, convene the EHS management review meetings and conduct internal audits.
- Investigate and resolve occupational accidents and gather statistics thereof.

By Department (Section)

- Responsible for the operation of the relevant unit's EHS management system and promotion of the relevant engineering management improvement projects.
- Communication with employees and settlement of EHS disputes.

Employees' Representatives

- Participate in occupational safety committee meetings, respond to employees' opinions, and promotion and communication of review on policy goals and resolutions.





Occupational Safety and Health Education and Training

Employees of the company are required to receive training on occupational safety and health, and the training statistics for the reporting period are as follows:

Region	Training Item	Number of Trainees	Training Fee (NT\$ thousand)
Taiwan	Occupational Safety and Health Training	1,219	989.38
China		18,350	1,619.88
Southeast Asia		8,378	313.49



Other Health Promotion-related Activities

The Company's practices on workers' health promotion at factory premises are stated as following:

<p>Factory: Taiwan Factory</p>	<p>Object: All employ- ees</p>	<p>Description : Organize health lectures periodically. Provide occupational physician's counseling and guidance, participate in the Occupational Safety and Health Week activities of the Occupational Safety and Health Administration, and care individual employees' health.</p>
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<p>Factory: Kunshan Factory</p>	<p>Object: All employees and fans for health</p>	<p>Description :</p> <p>I. Physical and mental health promotion service: Execute agreements with multiple medical institutions and apply for the "Green Passage Service Form" in order to seek medical services from the medical institutions identified as the first priority in the case of occupational injuries, sudden illness or other accidents suffered by the Company's employees, and health checkup and health care of the employees, in the manner of rescue and treatment first and then payment of medical expenses. Medical institutions provide assistance in establishing health management files and disease data for reference without charge. For the health education, the Company provides:</p> <ol style="list-style-type: none"> 1. The medical treatment-related information, such as medical lectures and volunteer medical counseling services . 2. If the medical institutions need to organize the healthcare-related lectures, they can ask the Company to send its personnel to participate in the same and also provide relevant promotional posters, education and health education materials for the purpose of promotion and publicity. 3. The medical institutions provide the Company with the training or consulting services on occupational accidents and medical health without charge, such as training on the first aid knowledge and prevention of common diseases. <p>II. Health promotion activities: 1. Badminton elite club, badminton friendly match. 2. "Let Me Go" cycling club activities.</p>
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Factory:
Shenzhen
Factory

Object:
Female
workers

Description:

Attend the health knowledge lectures organized by community labor unions periodically, such as prevention and treatment of breast cancer and cervical cancer.

Factory:
Tianjin
Factory

Object:
All em-
ployees

Description:

The Company provides pre-employment health checkup, on-the-job health checkup, post-employment health checkup, etc.. The labor union will invite Chinese medicine practitioners to diagnose the health of the Company's employees regularly.

Factory:
Indonesia
Factory

Object:
All em-
ployees

Description:

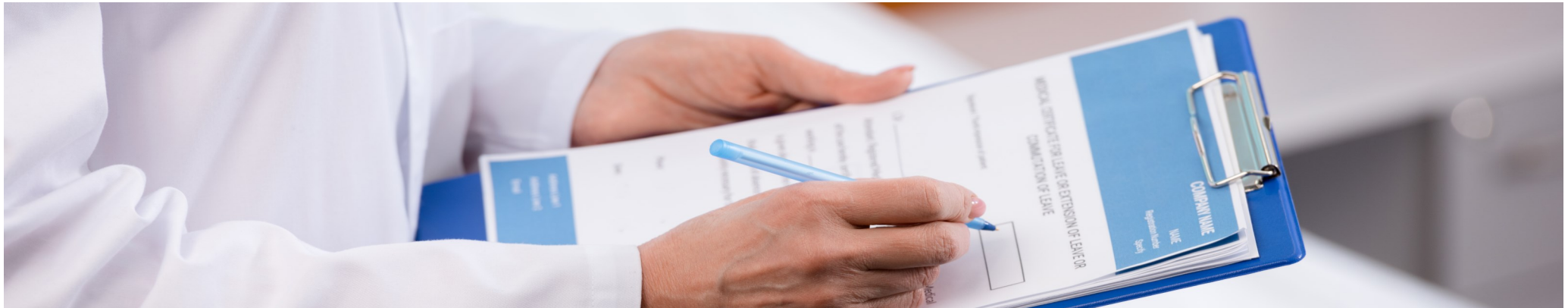
Provides the employees free health checkup regularly.

Factory:
Vietnam
Factory

Object:
All em-
ployees

Description:

Vietnam factory provides the employees free health checkup regularly.



2022 National Workplace Safety and Health Week Series Activities in Taiwan

	Name of Activity	Date	Venue	Participants	Number of Participants	Type of Activity	Descriptions about Activity
Activity	Model Safety and Health Unit Commendation Ceremony	2/18 8/19	Restaurant	Selected employees of each department	276	Assembly activity	<p>1. Quarterly model safety department: Yuanlin Factory selected those in the first and second places; Yunlin Factory selected those in the three places and awarded prizes, namely, the coupon valuing NT\$4,000 for the first place, the coupon valuing NT\$2,000 for the second place and the coupon valuing NT\$1,000 for the third place.</p> <p>2. The coupon valuing NT\$5,000 for the annual champion.</p>
		3/31	mail	All employees	640	Smoking quitting promotion	
		4/8	mail	All employees	640	Promotion of Hepatitis B/C virus screening	
		4/18	mail	All employees	640	Epidemic prevention promotion - Timing to apply the household test kits	
	Health education and promotion	4/22	mail	All employees	640	Epidemic prevention promotion - treatment of confirmed cases	Promote the health information at the morning meeting and ask the cadre members to promote the health education to employees.
		5/18	mail	All employees	640	Re-amend the plan to prevent any illegal infringement during performance of job duties and promote the same to all employees	Provide health and education information to each unit via email periodically.
		5/26	Office	Cadre members	39	Promotion of epidemic prevention information at the meeting	
		6/27	mail	All employees	640	Prevention of heat injury and promotion of response measures	
	Promotion of traffic safety	Daily	At the clock-in/out location	All employees	640	Promotion	Play the traffic safety promotion film on TV at the clock-in/clock-out location.

The Company's photos showing health promotion:



Yuanlin Factory



Yunlin Factory

2022 Model Safety and Health Department Annual Champion Awarding Ceremony



Badge of Accredited Healthy Workplace



Periodontal Disease Care



Assessment on Assignment of Occupational Disaster Personnel



Occupational Physician's Counseling Service



2022 Promotion of Hepatitis B/C Virus Screening



2022 Quit Smoking Promotion

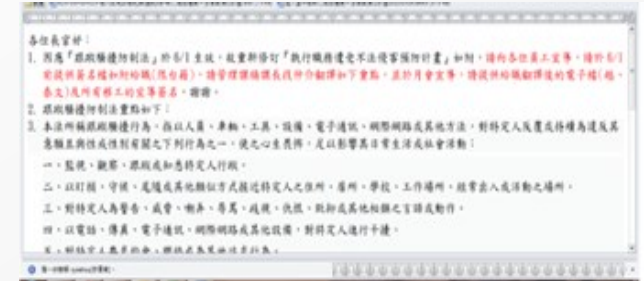
The Company's photos showing health promotion:



2022 Epidemic Prevention Promotion - Timing to Apply the Household Test Kits



2022 Epidemic Prevention Promotion - Treatment of Confirmed Cases



2022 Re-amend the Plan to Prevent Any Illegal Infringement during Performance of Job Duties and Promote the Same to All Employees



Green Passage Service Form



"Let Me Go" Cycling Club Activities



Special Occupational Injury Care Contract Card



Badminton Elite Club/Badminton Friendly Match



Occupational Safety and Health of Suppliers and Contractors

In order to prevent suppliers and contractors from causing hazards, risks and negative impacts to the Company with respect to occupational safety and health, the Company manages the suppliers and contractors in the following manners:

- I. Purchasing department will evaluate the qualification of contractors and select qualified suppliers, then the purchasing department will explain and sign the relevant forms.
- II. Execute the “Agreement on Safety and Health of Contractor’s Construction” with the construction contractor to explain the construction procedure and related requirements to the contractor.
- III. Before the construction contractor enters the factory to perform the construction work, all of its personnel must go through the relevant safety education and training and then may be allowed to perform the construction work at the site. The training courses shall include the risk disclosure, required safety measures and emergency response measures, attribution of responsibility, application for special operations and review/approving procedure, and penalty, etc..

Audit records:



Occupational Safety and Health of Suppliers and Contractors

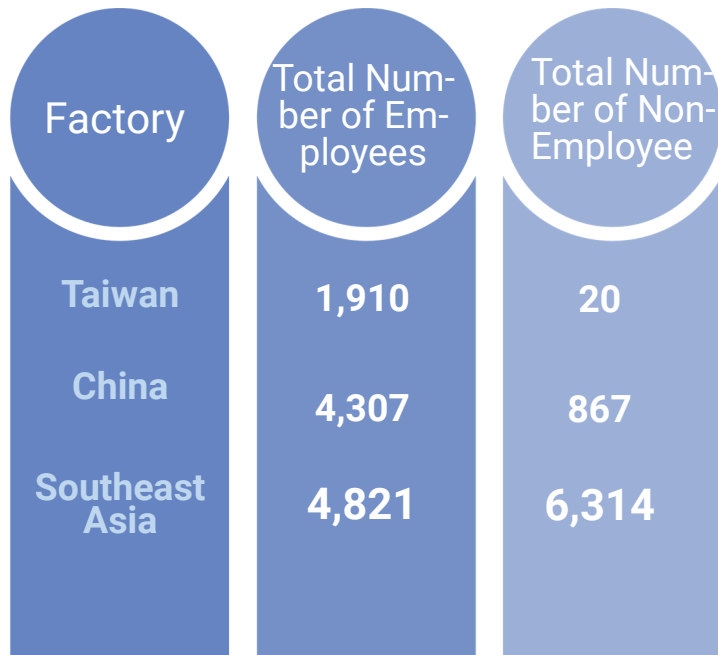
- IV. If the construction work is identified as a special operation (per project), it is necessary to send the information, such as the operator's name, special operation certificate, operator's occupational insurance card number, on-site management personnel's name, responsible construction period and contact No., to the safety and health group for recordation in advance.
- V. Safety training is organized every six months for the person in charge of the vendor who is permanently stationed in the Company.
- VI. During the construction period, the unit in charge of the construction area shall designate its personnel to supervise on the site. The safety and health department/senior management shall conduct the on site audit on construction work from time to time, in order to prevent the labor safety accidents during the contractor's performance of the construction work. Upon completion of the construction work, the contractor shall sort out the materials, equipment and containers based on the 3S principles.

Audit records:



Workers Covered in the Occupational Safety and Health Management System

The production and non-production sites, areas, equipment and routine and non-routine operations in the operating activity areas controlled by the Company include all the activities of the units outside the factory after entering the Company's factory premises, operation of the facilities and equipment provided by the units outside the factory within the Company and also all operating activities of the contractors who engage in any operations within the areas controlled by the Company (including catering suppliers, security guards and equipment maintenance service providers, etc.). All employees and non-employees of the Company are considered as the workers covered in the occupational safety and health management system.

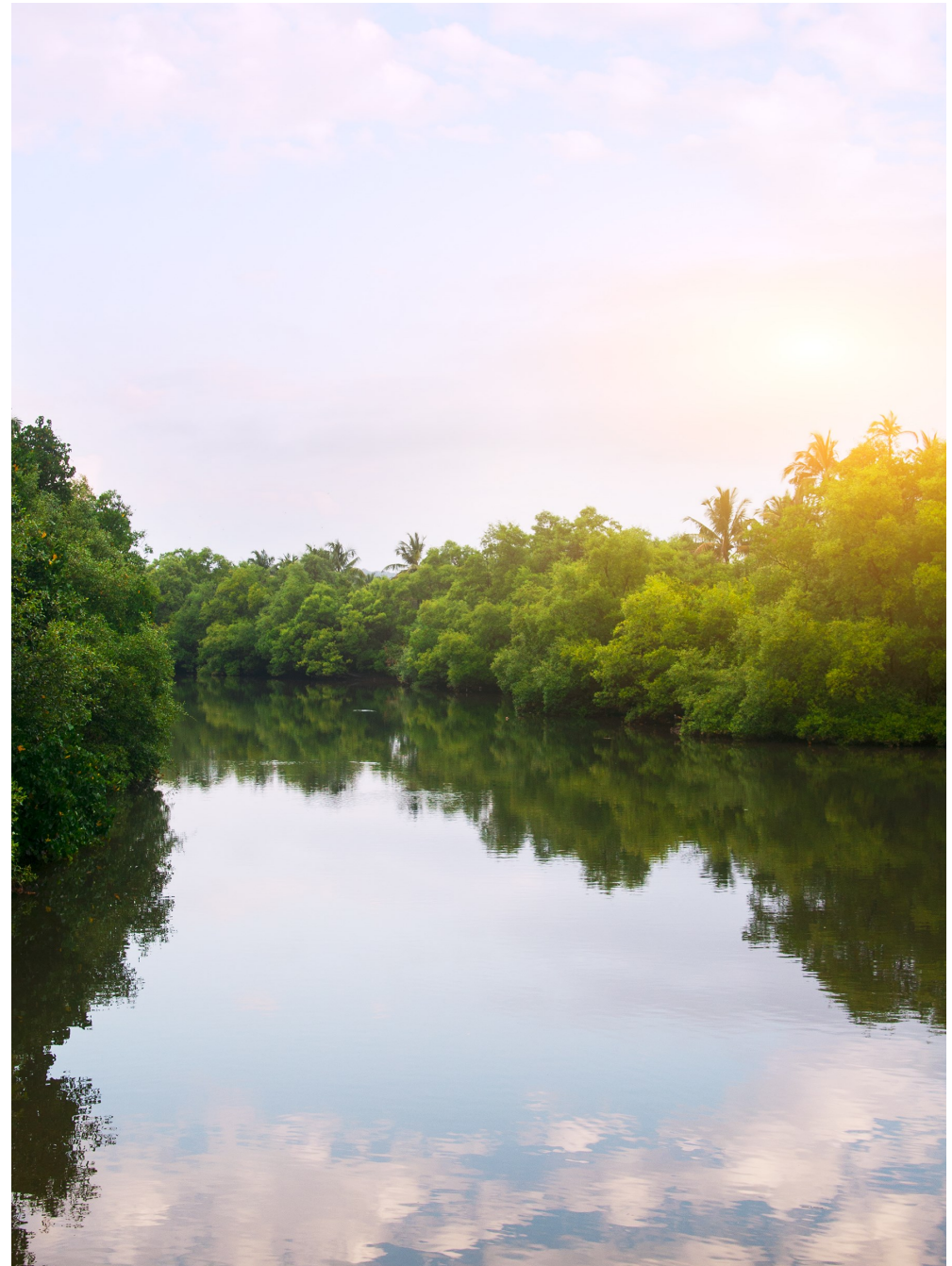


Note:

1. The reason for the larger total number of workers other than the Company's employees: (1) Expansion of Tianjin Factory in the Mainland China.

(2) Process transformation and factory renovation of Vietnam Factory.

2. Said statistic data do not exclude any workers.



Statistics on Occupational Injuries and Diseases

In order to prevent injuries caused by human errors, the Company continues to improve the workplace environment. The statistics of occupational hazards of the Company in 2022 are as follows:

Taiwan

Employee Work-related Injury Statistics				
Category	Item	2020	2021	2022
Total Working Hours	Total number of working hours of female	4,793,038	5,321,587	4,905,313
The Number of Fatalities as a Result of Work-related Injury	Number of female fatalities (times)	0	0	0
	Number of male fatalities (times)	0	0	0
	Total of fatalities	0	0	0
The Number of High-consequence Work-related Injuries (excluding fatalities)	Total number of high-consequence work-related injuries (times) for female	1	0	0
	Total number of high-consequence work-related injuries (times) for male	1	1	2
	Total number of high-consequence	2	1	2
The Number of Recordable Work-related Injuries (including fatalities, high-consequence work-related injuries)	Total number of work-related injuries	2	1	0
	Total number of work-related injuries	12	10	11
	Total number of work-related injuries	14	11	11
Rate of Fatalities as a Result of Work-related Injury		0	0	0
Rate of High-consequence Work-related Injuries		0.42	0.19	0.41
Rate of Recordable Work-related Injuries		2.92	2.07	2.24

Note:

1. Rate of fatalities as a result of work-related injury =(Number of fatalities as a result of work-related injury /Number of hours worked)*1,000,000.
2. Rate of high-consequence work-related injuries =(Number of high-consequence work-related injuries (excluding fatalities) /Number of hours worked)*1,000,000.
3. Rate of recordable work-related injuries =(Number of recordable work-related injuries (including fatalities, high-consequence work-related injuries) / Number of hours worked)*1,000,000.
4. High-consequence work-related injuries refers to an occupational injury that cannot be recovered healthily within 6 months.
5. Recordable work-related injuries exclude that caused by commuting.
6. The Company had no work-related injuries to workers who are not employees in 2022.
7. The types of employee work-related injury incidents that can be recorded are as follows:

Type of work-related injury incident	Pressured (smashing) injury	Pinched (rolled) injury	Cut injury	Burn injury	Collision	Fall	Human factors	Total
2020	3	4	1	1	4	1	4	14
2021	4	3	1	1	1	0	1	11
2022	3	3	1	2	1	1	4	11

China and Southeast Asia

Employee Work-related Injury Statistics

Category	Item	China	Southeast Asia
Total Working Hours	Total number of working hours	13,602,834	14,267,165
The Number of Fatalities as a Result of Work-related Injury	Number of female fatalities (times)	0	0
	Number of male fatalities (times)	0	1
	Total of fatalities	0	1
The Number of High-consequence Work-related Injuries (excluding fatalities)	Total number of high-consequence work-related injuries (times) for female	0	0
	Total number of high-consequence work-related injuries (times) for male	4	0
	Total number of high-consequence work-related injuries (times)	4	0
The Number of Recordable Work-related Injuries (including fatalities, high-consequence work-related injuries)	Total number of work-related injuries for female	2	0
	Total number of work-related injuries for male	32	1
	Total number of work-related injuries	34	1
Rate of Fatalities as a Result of Work-related Injury		0	0.07
Rate of High-consequence Work-related Injuries		0.29	0
Rate of Recordable Work-related Injuries		2.50	0.07

Note:

1. Rate of fatalities as a result of work-related injury =(Number of fatalities as a result of work-related injury /Number of hours worked)*1,000,000.
2. Rate of high-consequence work-related injuries =(Number of high-consequence work-related injuries (excluding fatalities) /Number of hours worked)*1,000,000.
3. Rate of recordable work-related injuries =(Number of recordable work-related injuries (including fatalities, high-consequence work-related injuries) / Number of hours worked)*1,000,000.
4. High-consequence work-related injuries refers to an occupational injury that cannot be recovered healthily within 6 months.
5. Recordable work-related injuries exclude that caused by commuting.
6. There were no work-related injuries to non-employee workers in the Company's China and Southeast Asia regions in 2022.
7. Types of recordable employee work-related injury incidents: China: 8 pinched (rolled) injuries, 8 falling injuries, 4 collision injuries, 1 cutting injury, 7 crushed injuries, and 6 other injuries. Southeast Asia: 1 pinched injury.

Occupational Diseases

No occupational diseases has been occurred in Taiwan, Tianjin Factory, Indonesia Factory, Shenzhen Factory and Vietnam Factory, but there was 1 male occupational diseases case in the Kunshan Factory. Therefore, the recordable occupational diseases rate is 10.8, while there were no occupational diseases recorded.

5.4 Employee Welfare System

Employee Pension System and Implementation

The retirement plan provided by the Company to its employees is prepared in accordance with the government laws and regulations, including the "Labor Standards Act" and "Labor Pension Act", and the regulations of the HR Section of the headquarter internally. In addition to the policies under laws and regulations, the Company also provides other retirement benefits, such as awarding plaques and gold ornaments to retired employees, and providing re-employment opportunities until they attain the age of 67 years old, in order to appreciate for their contribution and hard work. Based on these retirement benefits, the Company hopes to make the employees feel the Company's appreciation and care even after their retirement, and encourages the employees to engage in their work pro-actively to contribute more to the Company.



Implementation of Baby-sitting Leave without Pay

The implementation of baby-sitting leave without pay in each factory of our company in Taiwan:

Year	2022		
Gender/Total	Male	Female	Total
Number of Applicants Eligible to Stay as Baby-sitting Leave without Pay A	35	11	46
Actual Number of Applicants for Staying as Baby-sitting Leave without Pay in the Year B	11	12	23
Number of People Who Should Be Reinstated on Baby-sitting Leave without Pay in the Current Year C	5	12	17
Actual Number of Reinstated Baby-sitting Leave without Pay in the Current Year D	4	9	13
Actual Number of Reinstated Baby-sitting Leave without Pay in the Previous Year E	0	11	11
Number of Employees Who Continued to Work for One Year After Being Reinstated from Baby-sitting Leave in the Previous Year F	0	11	11
Return to Work Rate of Baby-sitting Leave without Pay in the Current Year % (D/C)	80	75	76
Retention Rate of Baby-sitting Leave without Pay in the Current Year % (F/E)	-	100.00	100.00

Calculation:

1. Number of employees to be retained = the number of persons expected to be reinstated in the year with baby-sitting leave without pay.
2. Number of employees retained for N years = the number of officers actually reinstated in N-1 year and still working in the N year/12/31.

Applicable local laws and regulations for factories of the Company:

Shenzhen
Factory

The maternity leave for 98 days, incentive leave for 80 days and parental leave for 10 days/year for caring for the child under 3 years old (calculated as of the date of childbirth).

Kunshan
Factory
Tianjin
Factory

Maternity leave:

128 days for successful single birth

Additional 15 days granted per additional baby in the case of multiple births

Additional 15 days granted for obstructed labor or caesarean section

Parental leave:

10 days per year before the child attains the age of 3 years old.

Indonesia
Factory

90 days for the maternity leave. Entitlement to specific maternity leave and paternity leave. Female employees are allowed to take the maternity leave with pay for three months and take a half of the leave before childbirth and the other half after childbirth. Male employees may take the paternity leave with pay for two days.

Vietnam
Factory

No parental leave requirements are defined in Vietnam, but the following treatment measures may apply:

1. The female workers in Vietnam may take the maternity leave totaling 6 months before and after childbirth, provided that the leave taken before the childbirth shall be no more than 2 months.

2. Male workers whose wives are in labor, workers who adopt babies under 6 months old, female workers who are surrogates and workers who are mothers appointing the surrogates are entitled to maternity leave benefits pursuant to the social insurance laws.



Minimum period of advance notice for changes in operations

The requirements about minimum period of advance notice adopted by factories before any major operating changes (which might seriously affect the employees' rights) and the laws followed:

Taiwan

In order to ensure the protection of employees' interests and rights at work, the Company complies with the Labor Standards Act. Where the Company's suffers serious operational changes, or the Company wishes to terminate the employment relationship with its employees, the employment contract between the Company and employees shall be terminated per the government requirements. The minimum period of advance notice thereof depends on the following circumstances:

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

After receiving the advance notice referred to in the preceding paragraph, a worker may, during hours of work, ask for leave of absence for the purpose of finding a new job. Such leave of absence may not exceed two work days per week. Wages shall be paid during such leave of absence.

Where an employer terminates the contract without serving an advance notice within the time limit prescribed in the first paragraph, he/she shall pay the worker wages for the advance notice period.



China

According to Article 27 of the Labor Law of the People's Republic of China, when an employer needs to cut employment due to the conditions of near bankruptcy and in a period of legal rectification or due to difficulties in its production or business operation, the labor union or all the workers should be informed of the true situation with their opinions heard and conveyed by the employer to the Labor administration department, before 30 days. After that, where the employer recruits workers again within six months after the cut, priority shall be given to the employees being formerly cut.

In order to maintain the duly interests and rights of workers and employer, and constitute the harmonious and stable employment relationship, both parties, based on the legal, fair and good-faith principles, reach the agreement to execute the collective contract, in accordance with the "Labor Law of the People's Republic of China," "Labor Contract Law of the People's Republic of China," "labor union Law of China," "Provisions on Collective Contract" of the Ministry of Human Resources and Social Security of the People's Republic of China, and "Jiangsu Province Collective Contract Regulations". The labor terms and conditions stipulated in the collective contract, such as labor compensation, working hours, vacations, employment, change and termination, are intended to fulfill the commitment to the employees' right to work.



China

If an employee stops working due to illness or non-work-related injury, the company shall pay sick leave wages or sickness relief expenses to the employee according to the standards stipulated by the Labor Law during the medical treatment period prescribed by the government. Working hours and vacations, special protection for female workers, etc., are implemented in accordance with the laws and regulations of the country. If Party A wishes to terminate the employee's employment contract unilaterally, it shall notify the labor union of the relevant reasons 7 days ago, and the labor union shall feedback its opinion within 3 days upon receipt of the reasons. If the labor union has any disputes, Party A shall consider the union's opinion and notify the union in writing of the resolution within 3 days. If the employee applies for an arbitration or initiates a legal action therefor, the labor union shall provide support and assistance pursuant to laws. The Company shall report the performance of the collective contract to the workers' representative or workers' congress for at least once per year. The performance of collective contract exclusive for pay, wage terms and conditions in the collective contract or correspondent attachments, if any, shall also be announced for once per six months.

Southeast Asia

Indonesia Factory:

The Company complies with the related labor standards act in Indonesia. Where the Company's suffers serious operational changes, or the Company wishes to terminate the employment relationship with its employees, the employment contract between the Company and employees shall be terminated per the government requirements. The minimum period of advance notice thereof depends on the following circumstances:

1. In the case of direct employees, the notice shall be given seven days in advance.
2. In the case of indirect employees, the notice shall be given thirty days in advance.

If the Company encounters any difficulty that might affect the employment, termination of the employment relationship shall be the last resort after making the following efforts:

- A. Cut the senior employees' wages and benefits, such as managers and directors;
- B. Reduce the work shifts;
- C. Restrict/cancel overtime work;
- D. Reduce working hours;
- E. Reduce working days;
- F. Suspend the employment of workers/labors in turn or terminate the employment directly;
- G. Discontinue the contract with workers upon expiration of the contract with the workers;
- H. Provide the pension only to qualified personnel.

Choose an alternative program from said matters upon discussion with the labor union/workers' representative to prevent the possibility of termination of the employment relationship.



Southeast Asia

Vietnam Factory:

Subject to Article 42 of the Labor Law of Vietnam.

Obligations to be borne by an employer due to reorganization of business structure or production technology or economic reasons

1. The following circumstances constitute the reorganization of business structure or production technology:
 - a) Reorganization of business structure, restructuring of HR framework within an enterprise.
 - b) Changes in the production and management process, technology, machinery and equipment related to the employer's engagement in the production industry.
 - c) Change the products or product lines.
2. The following circumstances may constitute the economic reasons:
 - a) Economic crisis or recession.
 - b) Implement government policies and laws and regulations when restructuring the economy or executing international commitments.





Southeast Asia

3. If massive employment opportunities are affected due to the reorganization of business structure and production technology, the employer shall prepare and execute the employment program based on Article 44 of the Law. If there are new positions open, priority shall be given to re-trained workers to enable them to be employed continuously.
4. If massive number of workers might lose their jobs or be laid off due to economic reasons, the employer shall prepare and execute the employment program based on Article 44 of the Law.
5. If the employer terminates the employment with any employee as it is impossible for the employer to provide a new employment opportunity, the employer shall pay the severance pay pursuant to Article 47 of the Law.
6. For an enterprise that has set up an internal workers' representative organization consisting of its employees as members, it may terminate the employment with any worker pursuant to this provision only after communicating with the internal workers' representative organization satisfactorily, and gives an advance notice to the provincial the employee can only be dismissed in accordance with this article after communicating with the internal labor representative organization of the enterprise and the provincial human rights committee and the worker 30 days ago.

Collective Bargaining

The information about business locations which might face the risk over freedom of association and collective negotiation at factories of the Company:

Taiwan

Related Requirements

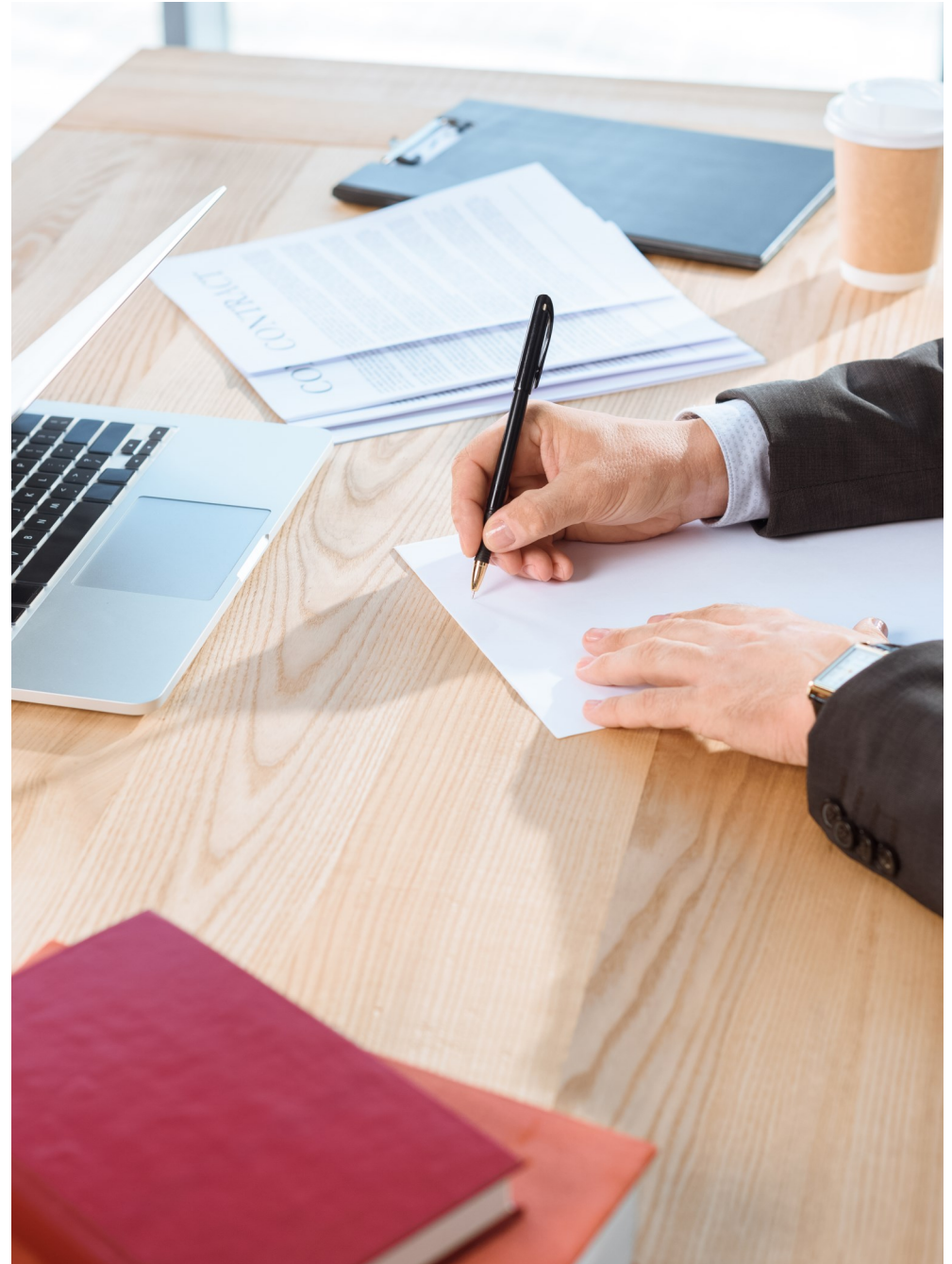
1. In order to promote work safety, prevent accidents, improve the working environment and maintain the employees' health, the Company establishes the "Occupational Safety and Health Committee" and also respects employees' freedom of association and rights permitted by laws, and is committed to providing uninterrupted channels for labor-management communication, including labor-management meetings, annual employee interviews and employee lunch meetings, hoping to integrate all resources and work together to pursue the common goals.
2. The Company convenes the labor-management meeting regularly. During the reporting period, a total of three labor-management meetings have been convened, attended by workers' representative and management representatives accounting for 50% each; therefore, the related laws and regulations should be considered complied with.

Whether Any Club or Labor Union is Established

Yes

Management Policy

1. The Company has established an "Employee Welfare Committee". The employees elect the Committee members to manage the welfare fund independently. The Committee sets forth various subsidy standards and organizes diversified employee activities per the employees' needs.
2. During the reporting period, except the subsidized projects, the annual welfare funds are primarily spent in organization of various activities including hiking, employee travel and recreational activities, etc.





China

Related Requirements

1. The employees may form, join and organize a labor union in accordance with the "Labor Contract Law of the People's Republic of China" and "Constitution of Labor Union of China" and have the union represent themselves to engage in the collective bargaining with the Company. The Company respects the employees' rights in freedom of association, collective bargaining and peaceful assembly, without any interference, restriction or force.
2. The Company supports and assists employees to elect workers' representatives and form the fundamental committee of the Company's labor union.
3. The Company shall provide necessary conditions for the committee's organizations, such as venue, meeting rooms and employee home, etc.

Whether Any Club or Labor Union is Established

Yes

Management Policy

- Since the establishment of the labor union, the labor union members have discussed and resolved to appoint a labor union accountant to manage the funds of the labor union. Based on the actual situation of the Company and the needs of the employees, the labor union of the Company formulates various subsidy standards and organizes diversified employee activities. The contents include:
1. Work with the labor union pro-actively (to help employees with difficulties to collect and sort out information and submit the application form).
 2. Actively launching amateur cultural and sports activities to further enliven the cultural atmosphere of the enterprise, and making every effort to purchase and renovate facilities for staff activities (e.g. soccer pitches and basketball courts).
 3. The Company's labor union assumes the duty with pay: Distribution of birthday gifts to employees and condolences to employees on major festivals (such as Lunar Year holidays, Dragon Boat Festival and Mid-Autumn Festival), etc.

Southeast Asia

Related Requirements

1. The labor union is established in accordance with the "Labor Law of Indonesia" in order to verify the difficulties and problems of the employees in production, work and life. By virtue of extending the heartwarming care, the labor union cares and helps the employees with difficulties, recommends model labors, collects the labor union's budget in a timely manner, performs the labor union's work and also missions assigned by the superior management based on the people-oriented principle, enables the work to achieve the expected goals, and convenes the labor union meetings regularly. (Indonesia Factory)
2. In order to enable the employees to communicate with the Company successfully and achieve the promotion of the Company's various businesses and internal regulations, an internal labor group is established in accordance with the national laws of Vietnam. Any matters, such as the Company's national holiday arrangements, promotion of internal regulations, discipline and punishment and raise, shall be announced officially by the responsible unit only upon discussion by the labor group. The labor group shall report the Company's internal governance efforts to the provincial labor group regularly, while the Company shall not interfere the group's report. (Vietnam Factory)

Whether Any Club or Labor Union is Established

Yes

Management Policy

Indonesia Factory:

Since the establishment of the labor union, the labor union members have discussed and resolved to appoint a labor union accountant to manage the funds of the labor union. Based on the actual situation of the Company and the needs of the employees, the labor union of the Company formulates various subsidy standards and organizes diversified employee activities. The contents include:

1. Work with the labor union proactively;
2. Organize recreational activities after work to increase the solidarity of employees and further stimulate the enterprise's cultural atmosphere (such as football games, badminton matches, cycling activities and employee travel, etc.).

Vietnam Factory:

As required, the Vietnam Factory's labor group is established, so that employees may exchange opinions with the Company's senior management via the labor group. 100% of the labor group members consist of the Company's employees as the workers' representative. The external cadre members are not entitled to intervene into the labor group's activities in the Company's name.



VI. Sustainable Social Care

6.1 Social Welfare

Kenda Culture and Education Foundation

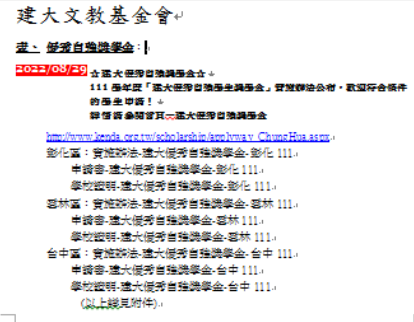
The founder of the Company is Mr. Jin-Bao Yang. He was a lifelong philanthropist, especially in the field of education and local charity work. His children were inspired by him and inherited his spirit, and on September 14, 1995, they made a donation to establish the Kenda Culture and Education Foundation. The Foundation is managed by a board of directors composed of distinguished members of the community who are passionate about education, culture and public service.

To encourage students to pursue their studies, the Foundation has two scholarships:

★ Kenda Outstanding Self-Empowerment Scholarship: Scholarships are awarded annually to college, high school vocational, and junior high school students located in Taichung City, Changhua County, and Yunlin County, with \$20,000, \$8,000, and \$5,000 each, or \$1,000,000 for one region, for a total of \$3,000,000. (Starting from 2015)

★ Scholarship for College Freshmen from Low Income Families: To encourage Changhua County's students with low income to pursue higher education, we provide \$20,000 scholarship for each new college student. (Starting from 2003).

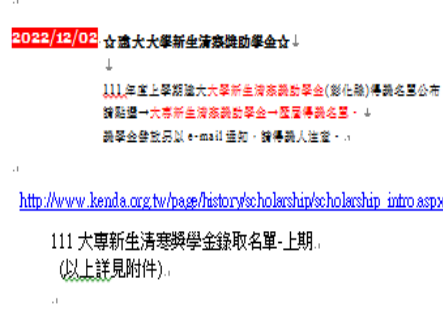
Announcement of application procedures of Kenda outstanding self-empowerment scholarship



Scholarship review meeting



Announcement of scholarship for college freshmen from low income families on the website



Announcement of application procedures of scholarship for college freshmen from low income families



Announcement of Kenda outstanding self-empowerment scholarship on the website



World Vision Red Envelope Spread Love



Cleaning houses for the solitary



Cleaning houses for the solitary



Investing in and Supporting the Infrastructure

The Company is committed to investing in and supporting the infrastructure in local communities and economies, in order to promote the development of the community and economies. Among the other things, World Vision Taiwan's Red Envelope for Love was a very important activity. The Company responded to it enthusiastically and also donated money and adopted several children. Meanwhile, the Company cooperates with the Hondao Senior Citizen's Welfare Foundation to organize and repair houses for the local solitary elders, hoping to improve their living environment. In this cooperation project, the members of Happiness and Love Club and colleagues of the Company, together with their dependents, worked together to clean the solitary elders' houses, including cleaning of the roof and indoors. The photos showing the condition before and after the cleaning are also attached hereto. These activities and cooperation projects not only provided substantial investment and support for the infrastructure in the local community and economies, but also helped improve the quality of the local residents' life and facilitate the sustainable development of the community and economies.

Charitable activities : Cleaning houses for the solitary elders

Amount (NTD) 1,023

Descriptions Purchase of the cleaning utensils and supplies

Charitable activities: Being neighborly

Amount (NTD) 15,000

Descriptions In response to the sponsorship of community activities in Zhongyang Village, such as, folk temple activities and community environment cleaning to promote the relationship with the local residents, a total of 5 activities for good neighbors have been organized in 2022.

Charitable activities: Public toilet adoption

Amount (NTD) 20,000

Descriptions The Company adopts public toilets voluntarily and provides consumables including toilets and cleaning supplies to keep the public toilets clean and sanitary.

Charitable activities: Street cleaning and provide qualified effluent to wash the streets.

Amount (NTD) 0

Descriptions Execute contracts with the County Environmental Protection Bureau to adopt the districts and streets, and send personnel to clean the districts and streets to help restore the appearance of the city.

Descriptions Execute contracts with the County Environmental Protection Bureau to have sprinklers pick water from the factory from time to time and clean and rinse the road when the air quality is bad.

Commitment of adoption and street cleaning



Being neighborly



Sponsor Taiwan Women's Professional Event



6.2 Social Care Activities

Taiwan

- Financial support for economically disadvantaged students and students from rural areas: education is essential for giving the children a future, so that the children will not lose learning opportunity due to poverty.
- Organize music activities: provide residents with proper leisure activities and improve their quality of life through the cultivation of art and culture.
- Organize summer camps: advocate proper leisure activities and provide knowledgeable and fun learning for elementary and middle school children, teaching through joyful activities.
- Talks with young students: invite experts and scholars to give speech at senior high schools to broaden students' vision.
- Organize environmental education lectures: invite Taiwan Association for Marine Environmental Education to give speech to teach elementary and junior high school students the marine pollution and enhance their awareness toward environmental protection.

2022 Activity Record

Awarded of Kenda Outstanding Self-Empowerment Scholarship
Donated funds to Hua Tan Wen Xiang Elementary School Classes
Organized "The 25th Jin-Bao Yang Memorial Concert - Jui-Chi Chang Oboe Recital - World Tour"
Held Dodolon Children's Summer Camp and Newton Science Camp
Hold Jin Yu Annual Lectures
Organized eight lectures on "Current Situation of Marine Pollution in Taiwan"

The 25th Jin-Bao Yang Memorial Concert - Jui-Chi Chang Oboe Recital - World Tour



2022 Jin Yu Annual Lectures



2022 Marine Pollution Lecture



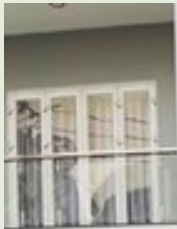
2022 Newton Science Camp



Opening Ceremony of the 25th Dodolon Children's Summer Camp



Vietnam factory invites residents from the neighboring communities to participate in a 200KM cycling activity



Tianjin Factory

Upon outbreak of the epidemic in February 2020, in order to support the development and purchase of epidemic prevention supplies, the Company's labor union donated NT\$100,000 in cash to support the local community's epidemic prevention and anti-epidemic efforts and fulfill its social responsibility proactively.

Vietnam Factory

The Company values the communication with local communities and relevant impact assessments when executing the Company's operating activities. In order to achieve the goal, the general manager of Vietnam Factory has dinner party with the community representative regularly, in order to ensure that the Company may verify the needs and concerns of the local community comprehensively. On national holidays, it will also invite residents from the neighboring communities to participate in a 200KM cycling activity to promote the friendship with the local community. The Company understands that the relationship with the local community is of the essence to the Company's operations and development. Therefore, the Company will continue to use the best efforts to enhance the communication and cooperation with the local community.



Column | Contribution of the land in Shenzhen

Shenzhen Factory of the Company is situated in Longsheng Community located at Dalang Street, Longhua District, Shenzhen City, adjacent to Shenzhen North Station Commercial Area. The existing factory buildings have been constructed for 30 years; therefore, its building planning and production conditions are out of date now. In order to optimize the land use and promote the local industrial transformation, the Company's Shenzhen Factory has started its urban renewal plan. In the urban renewal plan, the "factory transformation" urban renewal not only promotes the transformation of the appearance of an old city, but also improves the industrial capacity, in order to lay the excellent ecology for the industri-

al development. Upon completion of the urban renewal, the Company's Shenzhen Factory will be relocated to the original address to continuing taking root in the local market and promote the industry's transformation toward high added value.

For the time being, the industrial development in Shenzhen has been oriented toward more and more matured intensive growth. The industrial park equipped with simple functional configuration and without sufficient alternatives will inevitably fail to satisfy the development needs. Therefore, the trend for integration of industry and city is inevitable. Given this, the urban renewal plan of the Company's Shenzhen Factory adopts the "factory transformation" strategy to meet the production needs while establishing corresponding alternatives at the

same time, such as industrial alternatives including scientific research and business and the living alternatives including catering, leisure, entertainment, culture and education and ensure that their functions are commensurate with the scale of the park.

Meanwhile, in order to improve the local educational quality, the Company's Shenzhen Factory, based on its philosophy for "Take from Society, Give Back to Society," contributed the land occupying an area of 20,469 m² in the urban renewal plan for the construction of the 9-year school consisting of 45 classes, hoping to satisfy the needs of residents in neighborhood for public alternatives, such as education resources.

Appendix

Appendix I: GRI Sustainability Reporting Guidelines (GRI Standards)

Terms of Use	The Company has reported in accordance with the GRI Standards for the period of January 1, 2022 to December 31, 2022, referencing the information in the GRI Index.
GRI 1 Utilization	GRI 1: Foundation 2021
Applicable GRI Industry Standards	N/A

GRI Criteria Category/Topic	Code	GRI Standards Disclosure	Corresponding Chapters	Page	Note
1. The organization and its reporting practices					
GRI 2: General Disclosures 2021	2-1	Organizational details	1.1 Company Profile	12-13	
	2-2	Entities included in the organization's sustainability reporting	About the Sustainability Report	3	
	2-3	Reporting period, frequency and contact point	About the Sustainability Report	5	
	2-4	Restatements of information	About the Sustainability Report	3	
	2-5	External assurance	About the Sustainability Report	2	
2. Activities and workers					
GRI 2: General Disclosures 2021	2-6	Activities, value chain and other business relationships	1.1 Company Profile	17-20	
	2-7	Employees	5.1 Human Resource Management	155-160	
	2-8	Workers who are not employees	5.1 Human Resource Management	157	
3. Governance					
GRI 2: General Disclosures 2021	2-9	Governance structure and composition	1.2 Organization	23	
	2-10	Nomination and selection of the highest governance body	1.2 Organization	26	
	2-11	Chair of the highest governance body	1.2 Organization	27	
	2-12	Role of the highest governance body in overseeing the management of impacts	1.2 Organization 1.3 Corporate Governance	24-43 50,56	
	2-13	Delegation of responsibility for managing impacts	1.2 Organization	44-48	
	2-14	Role of the highest governance body in sustainability reporting	1.2 Organization	44-48	
	2-15	Conflicts of interest	1.2 Organization	27	
	2-16	Communication of critical concerns	1.2 Organization	49	
	2-17	Collective knowledge of the highest governance body	1.2 Organization	28-31	
	2-18	Evaluation of the performance of the highest governance body	1.2 Organization	32-34	
	2-19	Remuneration policies	1.2 Organization	40-43	
	2-20	Process to determine remuneration	1.2 Organization	40	
2-21	Annual total compensation ratio	Confidentiality of the company's information			

GRI Criteria Category/Topic	Code	GRI Standards Disclosure	Corresponding Chapters	Page	Note
4. Strategy, policies and practices					
GRI 2: General Disclosures 2021	2-22	Statement on sustainable development strategy	A Message from the Management	6-7	
	2-23	Policy commitments	1.3 Corporate Governance	56	
	2-24	Embedding policy commitments	1.3 Corporate Governance	56	
	2-25	Processes to remediate negative impacts	1.3 Corporate Governance	50	
	2-26	Mechanisms for seeking advice and raising concerns	1.3 Corporate Governance	56	
	2-27	Compliance with laws and regulations	1.3 Corporate Governance	59-60	
	2-28	Membership associations	1.1 Company Profile	21-22	
5. Stakeholder engagement					
GRI 2: General Disclosures 2021	2-29	Approach to stakeholder engagement	2.1 Stakeholder Communication	70-75	
	2-30	Collective bargaining agreements	5.1 Human Resource Management	200-202	
Topic specific GRI Standard in the 200 series (Economic topics)					
GRI 203	203-1	Infrastructure investments and services supported	6.1 Social Welfare	203-205	
Indirect Economic Impacts 2016	203-2	Significant indirect economic impacts	6.1 Social Welfare	203-205	
Anti-corruption					
GRI 205 Anti-corruption 2016	205-1	Operations assessed for risks related to corruption	1.3 Corporate Governance	57-58	
	205-2	Communication and training about anti-corruption	1.3 Corporate Governance	59	
	205-3	Confirmed incidents of corruption and actions taken	1.3 Corporate Governance	57-58	
Anti-competitive Behavior					
GRI 206 Anti-competitive Behavior 2016	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	1.3 Corporate Governance	59	
Tax					
GRI 207 Tax 2019	207-1	Approach to tax	1.4 Economic Performance	67	
	207-2	Tax governance, control, and risk management	1.4 Economic Performance	67	
	207-3	Stakeholder engagement and management of con-	1.4 Economic Performance	67	
GRI 207 Tax 2019	207-4	Country-by-country reporting	1.4 Economic Performance	67	

GRI Criteria Category/Topic	Code	GRI Standards Disclosure	Corresponding Chapters	Page	Note
Topic specific GRI Standard in the 300 series (Environmental topics)					
Materials					
GRI 301 Materials 2016	301-1	Materials used by weight or volume	4.3 Material Management	127	
	301-2	Recycled input materials used	4.3 Material Management	128	
	301-3	Reclaimed products and their packaging	4.3 Material Management	128	
Waste					
GRI 306 Waste 2020	306-1	Waste generation and significant waste-	4.7 Waste Management	150-151	
	306-2	Management of significant waste-related	4.7 Waste Management	150-151	
GRI 306 Waste 2020	306-3	Waste generated	4.7 Waste Management	152-154	
	306-4	Waste diverted from disposal	4.7 Waste Management	152-154	
	306-5	Waste directed to disposal	4.7 Waste Management	152-154	
GRI 306 Effluents and Waste 2016	306-3	Significant spills	-		None of this happened
Topic specific GRI Standard in the 400 series (Social topics)					
Diversity and Equal Opportunity					
GRI 405 Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employ-	5.1 Human Resource Manage-	163	
	405-2	Ratio of basic salary and remuneration of	-		
Non-discrimination					
GRI 406 Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	5.1 Human Resource Management	164	
Freedom of Association and Collective Bargaining					
GRI 407 Freedom of Association and Collective Bargaining 2016	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	3.3 Sustainable Supply Chain 5.4 Employee Welfare System	109 200-202	
Child Labor					
GRI 408 Child Labor 2016	408-1	Operations and suppliers at significant risk	5.1 Human Resource Manage-	164	
Forced or Compulsory Labor					
GRI 409 Forced or Compulsory Labor 2016	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	5.1 Human Resource Management	164	
Security Practices					
GRI 410 Security Practices	410-1	Security personnel trained in human rights policies or procedures	5.2 Employee Training and Education	170-171	
Local Communities					
GRI 413 Local Communities 2016	413-1	Operations with local community engagement, impact assessments, and development programs	6.2 Social Care Activities	206-208	
	413-2	Operations with significant actual and potential negative impacts on local communities	6.2 Social Care Activities	206-208	

Disclosure of Material Topics

GRI Standard Number	Topic	GRI Sector Standard Code	Code	GRI Standards Disclosure	Corresponding Chapters	Page	Note
GRI 3: Material Topics 2021	Management Approach	-	3-1	Process to determine material topics	2.2 Identification of Material Topics	76-79	
GRI 3: Material Topics 2021	Management Approach	-	3-2	List of material topics	2.2 Identification of Material Topics	80-88	
Material Topics: Economic Performance (GRI 201)							
GRI 3: Material Topics 2021	Management approach for economic performance	-	3-3	Management of material topics	1.4 Economic Performance	61	
GRI 201	Economic Performance 2016	-	201-1	Direct economic value generated and distributed	1.4 Economic Performance	61-63	
		-	201-2	Financial implications and other risks and opportunities due to climate change	4.1 Climate Change Management	116-117	
		-	201-3	Defined benefit plan obligations and other retirement plans	5.4 Employee Welfare System	191-192	
		-	201-4	Financial assistance received from government	1.4 Economic Performance	64-65	
Material Topics: Procurement Practices (GRI 204) and Supplier Management (Supplier Environmental Assessment GRI 308 and Supplier Social Assessment GRI 414)							
GRI 3: Material Topics 2021	Procurement practices and management approach for supplier management	-	3-3	Management of material topics	3.3 Sustainable Supply Chain	108	
GRI 204	Procurement Practices 2016	-	204-1	Proportion of spending on local suppliers	3.3 Sustainable Supply Chain	109	
GRI 308	Supplier Environmental Assessment 2016	-	308-1	New suppliers that were screened using environmental criteria	3.3 Sustainable Supply Chain	110	
		-	308-2	Negative environmental impacts in the supply chain and actions taken	3.3 Sustainable Supply Chain	110	
GRI 414	Supplier Social Assessment 2016	-	414-1	New suppliers that were screened using social criteria	3.3 Sustainable Supply Chain	112	
		-	414-2	Negative social impacts in the supply chain and actions taken	3.3 Sustainable Supply Chain	112	
Material Topics: Energy and Emissions (GRI 302 and GRI 305)							
GRI 3 : Material Topics 2021	Management approach for Energy and Emissions	-	3-3	Management of material topics	4.4 Energy Management	129-130	
GRI 302	Energy 2016	-	302-1	Energy consumption within the organization	4.4 Energy Management	131-132	
		-	302-2	Energy consumption outside of the organization	4.4 Energy Management	131-132	
		-	302-3	Energy intensity	4.4 Energy Management	131-132	
		-	302-4	Reduction of energy consumption	4.4 Energy Management	132-141	
		-	302-5	Reduction in energy requirements of products and services	4.4 Energy Management	132-141	
GRI305	Emissions 2016	-	305-1	Direct (Scope 1) GHG emissions	4.5 Greenhouse Gas Emission Management	142-144	
		-	305-2	Energy indirect (Scope 2) GHG emissions	4.5 Greenhouse Gas Emission Management	142-144	
		-	305-3	Other indirect (Scope 3) GHG emissions	4.5 Greenhouse Gas Emission Management	142-144	
		-	305-4	GHG emissions intensity	4.5 Greenhouse Gas Emission Management	142-144	
		-	305-5	Reduction of GHG emissions	4.5 Greenhouse Gas Emission Management	142	

GRI Standard Number	Topic	GRI Sector Standard Code	Code	GRI Standards Disclosure	Corresponding Chapters	Page	Note
GRI305	Emissions2016	-	305-6	Emissions of ozone-depleting substances (ODS)	4.5 Greenhouse Gas Emission Management	144	
		-	305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	4.5 Greenhouse Gas Emission Management	144	
Material Topics: Water and Effluents (GRI 303)							
GRI 3: Material Topics 2021	Management approach for Water and Effluents	-	3-3	Management of material topics	4.6 Water Resources Management	145	
GRI 303	Water and Effluents 2018	-	303-1	Interactions with water as a shared resource	4.6 Water Resources Management	146	
		-	303-2	s	4.6 Water Resources Management	150	
	Water and Effluents 2018	-	303-3	Water withdrawal	4.6 Water Resources Management	148-149	
		-	303-4	Water discharge	4.6 Water Resources Management	148-149	
		-	303-5	Water consumption	4.6 Water Resources Management	148-149	
Material Topics: Waste (GRI 306)							
GRI 3: Material Topics 2021	Management approach for Waste	-	3-3	Management of material topics	4.7 Waste Management	150	
GRI 306	Waste 2020	-	306-1	Waste generation and significant waste-related impacts	4.7 Waste Management	151	
		-	306-2	Management of significant waste-related impacts	4.7 Waste Management	154	
	Waste 2020	-	306-3	Waste generated	4.7 Waste Management	152-153	
		-	306-4	Waste diverted from disposal	4.7 Waste Management	152-153	
		-	306-5	5 Waste directed to disposal	4.7 Waste Management	152-153	
	Effluents and Waste 2016	-	306-3 (2016)	Significant spills	-		None of this happened
Material Topics: Market Presence, Employment, Labor/Management Relations and Training and Education (GRI 202 , GRI 401 , GRI 402 , GRI404)							
GRI 3: Material Topics 2021	Management approach for Market Presence, Employment and Labor/Management Relations	-	3-3	Management of material topics	5.1 Human Resource Management	155	
GRI 202	Market Presence 2016	-	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	Confidentiality of the company's information		
		-	202-2	Proportion of senior management hired from the local community	5.1 Human Resource Management	158	
GRI 401	Employment 2016	-	401-1	New employee hires and employee turnover	5.1 Human Resource Management	159-160	
		-	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	5.1 Human Resource Management	161-162	
		-	401-3	Parental leave	5.4 Employee Welfare System	191-193	
GRI 402	Labor/Management Relations 2016	-	402-1	Minimum notice periods regarding operational changes	5.4 Employee Welfare System	159-198	

GRI Standard Number	Topic	GRI Sector Standard Code	Code	GRI Standards Disclosure	Corresponding Chapters	Page	Note
GRI 404	Training and Education 2016	-	404-1	Average hours of training per year per employee	5.2 Employee Training and Education	164-168	
		-	404-2	Programs for upgrading employee skills and transition assistance programs	5.2 Employee Training and Education	164-168	
		-	404-3	Percentage of employees receiving regular performance and career development reviews	5.2 Employee Training and Education	170	
Material Topics: Occupational Health and Safety (GRI 403)							
GRI 3: Material Topics 2021	Management approach for Occupational Health and Safety	-	3-3	Management of material topics	5.3 Occupational Health and Safety	172-174	
GRI 403	Occupational Health and Safety 2018	-	403-1	Occupational health and safety management system	5.3 Occupational Health and Safety	175-176	
		-	403-2	Hazard identification, risk assessment, and incident investigation	5.3 Occupational Health and Safety	175-176	
		-	403-3	Occupational health services	5.3 Occupational Health and Safety	177	
		-	403-4	Worker participation, consultation, and communication on occupational health and safety	5.3 Occupational Health and Safety	178-179	
		-	403-5	Worker training on occupational health and safety	5.3 Occupational Health and Safety	180	
		-	403-6	Promotion of worker health	5.3 Occupational Health and Safety	181-185	
		-	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	5.3 Occupational Health and Safety	186-187	
	Occupational Health and Safety 2018	-	403-8	Workers covered by an occupational health and safety management system	5.3 Occupational Health and Safety	188	
		-	403-9	Work-related injuries	5.3 Occupational Health and Safety	189-190	
		-	403-10	Work-related ill health	5.3 Occupational Health and Safety	191-192	

GRI Standard Number	Topic	GRI Sector Standard Code	Code	GRI Standards Disclosure	Corresponding Chapters	Page	Note
Material Topics: Customer Health and Safety (GRI 416)							
GRI 3: Material Topics 2021	Management approach for Customer Health and Safety	-	3-3	Management of material topics	4.2 Green Production	118-119	
GRI 416	Customer Health and Safety 2016	-	416-1	Assessment of the health and safety impacts of product and service categories	4.2 Green Production	121-126	
		-	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	4.2 Green Production	121	
Material Topics: Marketing and Labeling (GRI 417)							
GRI 3: Material Topics 2021	Management approach for Marketing and Labeling	-	3-3	Management of material topics	3.1 Product Quality Assurance	91	
GRI 417	Marketing and Labeling 2016	-	417-1	Requirements for product and service information and labeling	3.1 Product Quality Assurance	92-103	
		-	417-2	Incidents of non-compliance concerning product and service information and labeling	3.1 Product Quality Assurance	104	
		-	417-3	3 Incidents of non-compliance concerning marketing communications	3.1 Product Quality Assurance	104	
Material Topics: Customer Privacy (Customer Privacy Policy) (GRI 418)							
GRI 3: Material Topics 2021	Management approach for Customer Privacy (Customer Privacy Policy)	-	3-3	Management of material topics	3.2 Customer Service Management	105	
GRI 418	Customer Privacy 2016	-	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	3.6 Customer Service Management	108	
Material Topics: Fuel Efficiency Design							
GRI 3: Material Topics 2021	Management approach for Fuel Efficiency Design	-	3-3	Management of material topics	4.2 Green Production	119	

Appendix 2: SUSTAINABILITY DISCLOSURE TOPICS & ACCOUNTING METRICS

Industry: Transportation Automotive Parts					
Topic	Code	Accounting Metric	Category	Corresponding Chapters in the Report	Page
Energy Management	TR-AP-130A.1	((1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable	Quantitative	4.4 Energy Management	129
Waste Management	TR-AP-150A.1	(1) Total amount of waste from manufacturing, (2) percentage hazardous, (3) percentage recycled	Quantitative	4.7 Waste Management	150
Product Safety	TR-AP-250A.1	Number of recalls issued, total units recalled ³	Quantitative	4.2 Green Production	118
Design for Fuel Efficiency	TR-AP-410A.1	Revenue from products designed to increase fuel efficiency and/or reduce emissions	Quantitative	4.2 Green Production	118
Materials Sourcing	TR-AP-440A.1	Description of the management of risks associated with the use of critical materials	Discussion and Analysis	3.3 Sustainable Supply Chain	108
Materials Efficiency	TR-AP-440B.1	Percentage of products sold that are recyclable	Discussion and Analysis	4.3 Material Management	127
		Percentage of input materials from recycled or remanufactured content			
Competitive Behavior	TR-AP-440B.2	Total amount of monetary losses as a result of legal proceedings associated with anticompetitive behavior regulations	Discussion and Analysis	1.3 Corporate Governance	50

Appendix 2: SUSTAINABILITY DISCLOSURE TOPICS & ACCOUNTING METRICS

Code	Activity Metric	Category	Content
TR-AP-000.A	Number of parts produced	Quantitative	Quantity of Product Type Produced (in thousand units): Bicycle tires: 39,327 Tires for motorcycles and other bias tires: 27,757 Radial tires: 7,482 Tubes: 69,396
TR-AP-000.B	Weight of parts produced	Quantitative	Production Product Type Weight (tons): Bicycle tires: 28,314 Tires for motorcycles and other bias tires: 95,952 Radial tires: 88,205 Tubes: 14,895
TR-AP-000.C	Area of manufacturing plants	Quantitative	Taiwan 195,666.93m ² Shenzhen Factory 75,907.9 m ² Kunshan Factory 174,914.77m ² Tianjin Factory 600,202.9 m ² Vietnam Factory 480,170m ² Indonesia Factory 49,485 m ²

Appendix 3: Cross-Reference Table of Climate-related Information of TWSE/TPEX Listed Companies required by TWSE

Risk and opportunity caused by climate changes to the Company and related response measures taken by the Company	Comparison of Report Content	Page
1. Describe the Board's and management's supervision and governance of climate-related risks and opportunities.	4.1 Climate Change Management	116
2. Describe how the identified climate risks and opportunities affect the business, strategy and finances of the Company (for a short term, medium term and long term).	4.1 Climate Change Management	116
3. Describe the effect posed by extreme weather and transformation action to the finance.	4.1 Climate Change Management	116
4. Describe how the procedures for identification, evaluation and management of climate risks are integrated into the overall risk management system.	4.1 Climate Change Management	116
5. If the scenario analysis is applied to assess resilience of climate change risks, the scenarios, parameters, assumptions, analysis factors and major financial impact it has used shall be explained.	-	
6. If the relevant transformation plan is in place in response to the climate-related risks, please describe the contents of the plan, and the indicators and goals used to identify and manage physical risks and transformation risks.	-	
7. If the internal carbon pricing is used as a planning tool, please describe the pricing basis.	-	
8. If climate-related goals are set, the activities, GHG emission scopes, planned schedule and annual progress shall be explained. If carbon offsets or renewable energy certificates (RECs) are applied to achieve relevant goals, the source and quantity of credited carbon reduction or the number of renewable energy certificates (RECs) shall be explained.	-	
9. GHG inventory and assurance (Table 1-1)	4.5 Greenhouse Gas Emission Management	219-220

Appendix 3: Cross-Reference Table of Climate-related Information of TWSE/TPEX Listed Companies required by TWSE

1-1 GHG Inventory and Assurance

<p>The Company's profile</p> <p><input type="checkbox"/> A company with the capital amounting to more than NT\$10 billion, the steel industry or the cement industry</p> <p><input checked="" type="checkbox"/> A company with the capital amounting to more than NT\$5 billion but less than NT\$10 billion</p> <p><input type="checkbox"/> A company with the capital amounting to less than NT\$5 billion</p>	<p>According to the Sustainable Development Roadmap, it is necessary to disclose as a minimum:</p> <p><input checked="" type="checkbox"/> Inspection on parent company only <input type="checkbox"/> Inspection on Subsidiaries included into the consolidated financial statements</p> <p><input checked="" type="checkbox"/> Assurance to parent company only <input type="checkbox"/> Assurance to subsidiaries included into the consolidated financial statements</p>
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Scope 1	Total Emissions (Tons CO2e)	Intensity (Tons CO2e/NTD Thousand) (Note 2)	Assurance Institution	Descriptions about Assurance (Note 3)
Kenda Rubber Ind., Co., Ltd.	24,618.95	0.000637501	SGS Taiwan Limited (SGS)	The Verification Statement specifies the information related to reasonable assurance in detail.
China-Kunshan Factory	1,290.24	0.00003341	China Quality Certification Center (CQC)	
Total	25,909.19	0.000670912		
Scope 2	Total Emissions (Tons CO2e)	Intensity (Tons CO2e/NTD Thousand) (Note 2)	Assurance Institution	Descriptions about Assurance (Note 3)
Kenda Rubber Ind., Co., Ltd.	26,387.95	0.000683309	SGS Taiwan Limited (SGS)	The Verification Statement specifies the information related to reasonable assurance in detail.
China-Kunshan Factory	120,254.83	0.003113968	China Quality Certification Center (CQC)	
Total	147,272.05	0.003813571		

1-2 Verification Statement of Greenhouse Gas Emission: Kunshan Factory

温室气体核查陈述

VERIFICATION STATEMENT OF GREENHOUSE GAS EMISSION

No. INV-2023-SLZP-0099

本核查陈述针对：
This is to verify that:

建大橡胶（中国）有限公司
KENDA Rubber (China) Co., Ltd.

地址：江苏省苏州市开发区/县昆嘉路2号
Add: No.2 Kunjia Road, Development Area, Kunshan City, Jiangsu P.R.China.

中国质量认证中心根据相关核查程序发布本核查陈述。
CQC issues a verification statement according to related verification procedures.

中国质量认证中心认为：
CQC here confirms that:

- 2023年4月30日发布的建大橡胶（中国）有限公司温室气体报告（版本：KCS R0.1）表明建大橡胶（中国）有限公司在2022年1月1日至2022年12月31日之间温室气体排放量为187,376吨CO₂当量，温室气体清除量为0吨CO₂当量。
It's asserted KENDA Rubber (China) Co., Ltd. Greenhouse Gas Emission Report (Version: KCS R0.1) published on Apr. 30th, 2023 that KENDA Rubber (China) Co., Ltd. Greenhouse Gas Emission was 187,376 tonnes CO₂ Equivalent and Greenhouse Gas Removal was 0 tonnes CO₂ Equivalent from Jan. 1st, 2022 to Dec. 31st, 2022.
- 建大橡胶（中国）有限公司温室气体排放和清除的量化、监测和报告遵从ISO 14064-1:2018的相关要求。
The quantification, monitoring and reporting of KENDA Rubber (China) Co., Ltd. Greenhouse Gas emissions and removals comply with the requirement of ISO 14064-1:2018.
- 该声明不存在实质性偏差，达到了合理保证等级的相关要求。
The assertion has no material errors and reaches the requirements of reasonable level of assurance.

签发
SIGNATURE **谢肇煦**





中国质量认证中心
CHINA QUALITY CERTIFICATION CENTRE

http://www.cqc.com.cn 中国·北京·南四环西路188号9区 100070 电话(Tel): +86 10 83886666
Section 9, No.188, Nansihuan Xilu, Beijing 100070 P.R.China

温室气体核查陈述

VERIFICATION STATEMENT OF GREENHOUSE GAS EMISSION

受建大橡胶（中国）有限公司的委托，中国质量认证中心(CQC)根据ISO14064-1:2018和ISO14064-3:2019对建大橡胶（中国）有限公司温室气体排放报告进行了独立的第三方核查。建大橡胶（中国）有限公司是一家主要生产轮胎产品的企业，位于江苏省苏州市开发区/县昆嘉路2号。本次核查的温室气体报告覆盖时间段为2022年1月1日至2022年12月31日。该报告中的温室气体声明是基于适用的技术文献和建大橡胶（中国）有限公司的历史活动数据所做出的。建大橡胶（中国）有限公司负责本覆盖时间段内的温室气体信息系统，包括资料的记录和报告程序的运行。本次核查服务的范围、目的、准则和保证等级是建立在建大橡胶（中国）有限公司和中国质量认证中心达成共识的基础之上。

核查范围

中国质量认证中心对建大橡胶（中国）有限公司的温室气体报告以及温室气体信息、监测、量化、相关程序进行核查，包括组织对于参考文件中信息的合理使用。

组织边界	建大橡胶（中国）有限公司 (江苏省苏州市开发区/县昆嘉路2号)		
报告边界	建大橡胶（中国）有限公司在轮胎产品的生产与管理过程中产生的直接温室气体排放、轮胎输入引起的间接温室气体排放、部分交通运输引起的间接温室气体排放、部分组织使用的产品/服务引起的间接温室气体排放和部分组织的产品在使用过程中引起的间接排放。		
温室气体源、汇和库	仅涉及温室气体源，不涉及温室气体汇和库；参见2023年4月30日发布的建大橡胶（中国）有限公司温室气体2022年度排放报告书（版本：KCS R0.1）；		
量化的温室气体种类和排放量	二氧化碳(CO ₂): 186,838.53吨 CO ₂ 当量 甲烷(CH ₄): 483.40吨 CO ₂ 当量 氧化亚氮(N ₂ O): 32.8吨 CO ₂ 当量 氟氯化物(HFCs): 21.20吨 CO ₂ 当量	直接排放: 1,299.24吨 CO ₂ 当量 能源输入引起的间接排放: 130,254.83吨 CO ₂ 当量 交通运输引起的间接排放: 6,140.09吨 CO ₂ 当量 组织使用的产品/服务引起的间接排放: 59,680.41吨 CO ₂ 当量 组织的产品在使用过程中引起的间接排放: 16.43吨 CO ₂ 当量	
覆盖时间段	2022年1月1日至2022年12月31日		
基准年信息	2016年1月1日至2016年12月31日为建大橡胶（中国）有限公司首次进行温室气体量化和报告的年份，因量化方法发生重大变更，重新调整2022年1月1日至2022年12月31日为建大橡胶（中国）有限公司进行温室气体量化和报告的基准年。		
证书发布时间	2023年6月17日		





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温室气体核查陈述

VERIFICATION STATEMENT OF GREENHOUSE GAS EMISSION

核查目的

本次核查工作在通过客观的证据，对相关信息提供独立的评价，包括：

- 温室气体报告中的信息是否符合相关性、完整性、一致性、准确性、透明性的原则；
- 所报告的数据结果是否存在实质性的错误和遗漏；
- 是否满足预定的保证等级。

核查准则

本次核查工作的准则为ISO14064-1:2018和ISO14064-3:2019。

保证等级

本次核查的保证等级经双方事先确认为合理保证等级。

核查说明

中国质量认证中心的核查陈述是基于自身对于相关温室气体信息风险的理解和所采取的合理风险控制措施而得出的。

为获取我们认为必需的信息和证据，以保证建大橡胶（中国）有限公司2022年1月1日至2022年12月31日的温室气体报告达到合理保证等级，中国质量认证中心制定了核查计划，并履行了该计划。中国质量认证中心采取的核查证据包括对组织报告的温室气体排放量和相关信息在抽样的基础上得到的发现。

本核查陈述应当和建大橡胶（中国）有限公司 温室气体报告同时提供给最终用户。





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