



KENDA

2021 Sustainability Report

KENDA RUBBER IND. CO., LTD.



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【Editing and Writing Principles】

Thank you for reading the Sustainability Report issued by Kenda Rubber Ind. Co., Ltd. (hereinafter referred to as “the Company”). This Report is prepared with reference to the GRI Standards and its core options published by the Global Reporting Initiative (GRI), to correspond to and comply with the United Nations Sustainable Development Goals (SDGs). In addition, this Report also refers to the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and “Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies.” The Company’s ESG Committee stipulates that three directors of the Company’s Board of Directors shall constitute the members of the ESG Committee, and one of them shall be elected as the chairman. After the committee is formed by the relevant units, the committee will identify topics that stakeholders are concerned about and select major topics through substantive analysis; these major topics will then be promoted, implemented, and reviewed by the committee during the year. Finally, the results of implementing ESG will be disclosed in this Report, so that stakeholders who care about the Company can better understand and trust the Company.

【Period, Scope, and Boundaries of This 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. In September 2022, the Company publishes the English version of “2021 Sustainability Report of Kenda Rubber Ind. Co., Ltd.” to present the Company’s economic, environmental (E), social (S), and governing (G) performance in 2021 (from January 1, 2021, to December 31, 2021), so that all stakeholders who care about the Company can understand and trust the Company through the Report. In addition, the financial results are presented in the consolidated financial statements for the year 2021, which can be retrieved from the Company’s 2021 Annual Report. The previous version of the Company’s annual Sustainability Report (in Mandarin) was released in June 2021.

The information in this Report focuses on the Taiwan region where the Company is located, including the Yuanlin Plant (head office), the Yunlin Plant, and the Douliu Plant.

【Contact Info】

Kenda Rubber Ind. Co., Ltd./Board of Directors’ Office

- ☐ Address: No. 146, Sec. 1, Zhongshan Road, Yuanlin City, Changhua County, Taiwan, 51064
- ☐ Tel: 04-8345171
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- ☐ Website: <http://csr.kenda.com.tw>

Over the past year, Omicron, a variant of Novel Coronavirus (COVID-19), has been spreading rapidly around the world, exposing the world to a new wave of outbreaks. Labor shortages, unstable supply chains, and rising costs and freight charges are causing pressure on the industry. How to move forward steadily and sustainably in an ever-changing global economic situation has become one of the most important issues for enterprises. In the first quarter of 2022, the Company established the ESG Committee as a dedicated unit for the Company's sustainable development. Through working groups dedicated to "Environmental Safety and Health," "Employee Relations and Social Involvement," and "Corporate Governance," the Company has integrated sustainable management into its business strategy and is taking steps toward sustainable development.



□ Clients and Partners

The Company selects suppliers that comply with environmental protection regulations and related standards such as PAHs & RoHS, and procures environmentally-friendly raw materials to design tires with light weight and low rolling resistance, so as to reduce material consumption per tire unit, vehicle energy consumption, and greenhouse gas emissions. The Company aims to ensure all products sold around the world 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. The Company and its suppliers are committed to the implementation of energy conservation and carbon reduction, to promote the sustainable development of the industry. Due to these achievements, the Company received awards such as the "Taipei Cycle d&i Awards 2021" and the "Taiwan Excellence Award 2021."

□ Sustainable Environment

In terms of energy management, first, the Company's cumulative energy saving rate has reached 1.59% from 2015 to 2021, and in 2021, the Company has planned new energy conservation measures to meet the government's requirement of achieving an annual energy saving rate of 1%. Second, the Company is actively promoting ISO 50001 Energy Management System (EMS) in Taiwan; in the fourth quarter of 2020, the 2018 system revision certification was completed. Third, in view of extreme rainfall or drought conditions, the Company also strives to reduce water consumption by recycling and reusing process water and effluents. In terms of environmental management, we believe that by promoting the ISO 14001 Environmental Management System, by actively reviewing, improving, and optimizing environmental protection equipment, and by continuously strengthening the environmental protection equipment maintenance, we can maximize energy efficiency. Due to the above-mentioned achievements, the Company received awards such as the "2021 National Enterprise Environmental Protection Award - Bronze Award" and the "26th National Quality Award - Best Practice Award for Manufacturing Quality."

Happy Enterprise

The Company will continue to implement and promote relevant environmental safety and health management systems. By the end of 2020, the Company has completed the certification and conversion of ISO 45001 Occupational Safety and Health Management System. In addition, the Company started to apply for the Authorized Economic Operator (AEO) certification by the Customs Administration, Ministry of Finance in 2021 and is certified in June 2022. The Company is committed to transforming production processes, building a green production environment, training employees to follow safety and hygiene practices, and working with Kenda Safety and Hygiene Family members to create a safe, healthy, and enjoyable workplace. Due to these achievements, the Company received awards such as the “Safety and Health Certificated Family - Core Enterprise Award” by the Ministry of Labor; the “Excellent Unit and Personnel Award for Occupational Safety and Health in Changhua County” by the Department of Labor Affairs, Changhua County Government; the “TTQS Gold Award” by the Workforce Development Agency, Ministry of Labor; and the “National Talent Development Awards” by the Ministry of Labor.

Social Prosperity

The Company has always been committed to the founder’s philosophy of “giving back and contributing to society.” In addition to awarding scholarships to employees’ children, the Company also established the Kenda Cultural and Educational Foundation through donations and accepts scholarship applications from young students in Changhua County, Yunlin County, and Taichung City; encourages students and researchers to pursue new knowledge and enrich their academic abilities by providing them with Chin-Yu Trophies and scholarships totaling more than several million NT dollars; sponsors Taiwanese athletes to compete in international tournaments to win glory for Taiwan; provides a stage for players to compete at the international level by inviting athletes from around the world to participate in tournaments.

In the future, the Company will focus on the development of our industry by adhering to the founder’s management philosophy of “integrity, quality, service, and innovation,” and seriously implement the management strategies of “green production, safety and health, and sustainable management.” The Company will comply with government regulations and strengthen occupational safety and health management to ensure workplace safety; implement the principles of corporate governance; and build a happy enterprise. We will work together with all our colleagues and suppliers to serve our global customers with “green tires.” We hope we can not only create performance but also give back to society so that we can prosper with society together.

Chairman





Chapter 1 About KENDA

1.1 Company Profile

1.2 Organizational Structure

1.3 Corporate Governance

1.4 Identification of Stakeholders and Significant Issues

1.5 Business Performance



1.1 Company Profile

The Company was founded in 1962 as a manufacturer of bicycle inner tubes and tires. Our main products include inner tubes and tires of bicycles, motorcycles, agricultural vehicles, light trucks, and radial ply car tires. The Company is the 2nd largest tire manufacturer in Taiwan and the 24th largest in the world with our 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 our brand, **KENDA**, by focusing on our own industry as well as manufacturing and selling tires with good value for money. The Company has established the head office, the Yuanlin Plant, the Yunlin Plant, and the Douliu Plant in Taiwan; established the Shenzhen Plant, the Kunshan Plant, and the Tianjin Plant in China; established overseas factories in Vietnam and Indonesia; established a European subsidiary in Germany; established a U.S. subsidiary and a U.S. R&D center in the United States; acquired STARCO EUROPE A/S, a European wheel company, in 2017 to build up market access; officially opened the Kenda Global Technology Headquarter in 2020. The Company aims to continuously develop and innovate highly cost-effective tires as well as provide high quality services to build competitive advantages.

| | |
|-----------------------------|---|
| Company Name | Kenda Rubber Ind. Co., Ltd. |
| Address of the Headquarters | No. 146, Sec. 1, Zhongshan Rd., Yuanlin City, Changhua County, Taiwan Tel: +886 (04)8345171 |
| Time of Establishment | 1962/3/30 |
| Founder | YANG, CHIN-PAO |
| Group Chairman | YANG, YING-MING |
| Chairman | YANG, CHI-JEN |
| Total Capital | NT\$9.09 billion |
| No. of Employees | 1,982 (Group: 10,910) |
| Business Scope | Inner tubes and tires of bicycles, motorcycles, agricultural vehicles, light trucks, and radial ply car tires, etc. |



1.1.1 History of the Company



1960's



- The Company was established in March 1962 in Yuanlin Township, Changhua County, Taiwan, with about 50 employees. At that time, the Company mainly engaged in the production and sales of bicycle inner tubes and tires.

1970's



- In 1973, the Company exported its products to the U.S. market.
- The Company has produced and sold inner tubes and tires of motorcycles and agricultural vehicles.
- In 1976, the Company established an office in the United States.

1980's



- In 1982, the Company established its second plant in Yunlin County, Taiwan, to produce and sell tires of motorcycles, agricultural vehicles, and light trucks.
- The Company increased its capital to NT\$800 million.

1990's



- In 1990, the Company's shares were listed on the stock exchange.
- In 1991, the Company established its first plant in Shenzhen, China to produce and sell inner tubes and tires of bicycles and motorcycles.
- In 1991, the Company established subsidiaries in the United States and Hong Kong respectively and established a European office in the Netherlands.
- In 1994, the Company established the Kunshan Plant in Kunshan, China, to produce and sell inner tubes and tires of bicycles, motorcycles, agricultural vehicles, and light trucks.
- In 1996, the Company established its first plant in Southeast Asia in Dong Nai, Vietnam, to produce and sell inner tubes and tires of bicycles and motorcycles.

2000's



- In 2001, the Company produced and sold steel wire radial car tires in the Kunshan Plant in China.
- In 2005, the Company established the Shenzhen Plant No. 2 in Shenzhen, China, to produce and sell agricultural vehicle tires.
- In 2008, the Company established the Tianjin Plant No. 1 in Tianjin, China, to produce and sell inner tubes and tires of bicycles and motorcycles.

2010's



- In 2012, the Company established the Tianjin Plant No. 2 in Tianjin, China, to produce and sell steel wire radial car tires.
- In 2013, the Company established the European subsidiary in Germany.
- In 2015, the Company established a technical research center in Akron, United States.
- In 2015, the Company established the Indonesia Plant in Jakarta, Indonesia.
- In 2016, the Company established the Vietnam Plant No. 2 in Dong Nai, Vietnam, to produce and sell steel wire radial car tires.
- In 2017, the Company acquired STARCO EUROPE A/S.
- In 2018, the Company established a research and development center in Hamburg, Germany.
- In 2019, the Company established the Kenda Global Technology Headquarter in the Yunlin Technology-based Industrial Park.

2020's



- In 2020, the Company started the triple extrusion and BOM vulcanization at the Yuanlin Plant.
- In 2021, the Company installed its first six-part facility in the Kenda Global Technology Headquarter.

1.1.2 Company Honors

| Year | Awards |
|-----------|---|
| 2008~2022 | <ul style="list-style-type: none"> ■ Taiwan Excellence Award |
| 2008 | <ul style="list-style-type: none"> ■ Industrial Sustainable Excellence Award by the Ministry of Economic Affairs |
| 2011 | <ul style="list-style-type: none"> ■ Chinese Well-known Trademark |
| 2012 | <ul style="list-style-type: none"> ■ TPM Excellence Awards by Japan Institute of Plant Maintenance (JIPM) ■ National Industrial Innovation Award by the Ministry of Economic Affairs |
| 2013 | <ul style="list-style-type: none"> ■ Taiwan Mittelstand Award by the Ministry of Economic Affairs |
| 2016~2020 | <ul style="list-style-type: none"> ■ The Company won the Spirit Tournament Championship of the Changhua County Labor Relation Sports Day for five consecutive years |
| 2018 | <ul style="list-style-type: none"> ■ TTQS Gold Award by the Workforce Development Agency, Ministry of Labor ■ Directory of Excellent Exporters/Importers by the Ministry of Economic Affairs ■ Excellent Unit and Personnel Award for Occupational Safety and Health in Yunlin County by the Yunlin County Government ■ Safety and Health Certificated Family - Core Enterprise Award (to the Yuanlin Plant) by the Occupational Safety and Health Administration, Ministry of Labor |
| 2019 | <ul style="list-style-type: none"> ■ The National Brand Yushan Award 2019 - Outstanding Enterprise ■ National Talent Development Awards by the Ministry of Labor |
| 2020 | <ul style="list-style-type: none"> ■ Good Design Award - Transportation 2020 by the Chicago Athenaeum Museum of Architecture and Design |
| 2021 | <ul style="list-style-type: none"> ■ The 26th National Quality Award - Best Practice Award for Manufacturing Quality ■ 2021 National Enterprise Environmental Protection Award - Bronze Award ■ Excellent Unit and Personnel Award for Occupational Safety and Health in Changhua County by the Department of Labor Affairs, Changhua County Government ■ Safety and Health Certificated Family - Core Enterprise Award (to the Yunlin Plant) by the Occupational Safety and Health Administration, Ministry of Labor |



XC off-road bicycle tires

建大工業股份有限公司



TPSH super thick puncture resistant inner tire

建大工業股份有限公司



Motorcycle Track Performance Tires

建大工業股份有限公司



Asymmetric Tires for Limousine / Touring Car

建大工業股份有限公司



Commercial lawn mower/utility tires

建大工業股份有限公司

1.1.3 Product Quality Certification



CNS Certification Mark



China Compulsory Certificate



The Indonesian National Standard (SNI)



INMETRO (National Institute of Metrology, Standardization, and Industrial Quality) Certification for Brazil



CE Marking



Federal Motor Vehicle Safety Standards (FMVSS) from the U.S.



Bureau of Indian Standards (BIS) Certification



The Gulf Cooperation Council countries GSO (GCC Standardization Organization)



TISI (Thai Industrial Standards Institute) Certification for Thailand



About KENDA

1.1.4 Management System Verification

ISO 9001:2005 Production Assessment



ISO 14001:2015



Certificate of Cleaner



IATF 16949:2016

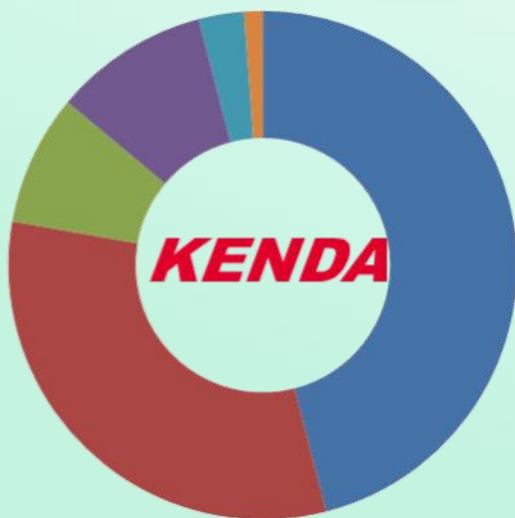
ISO 45001:2018 & TOSHMS

ISO 50001:2018

1.1.5 Global Production and Sales Base



Regional Sales Ratio



| | |
|-----------------------------|--------|
| ■ Asia | 45.99% |
| ■ US/Canada | 31.77% |
| ■ Central & South America | 8.32% |
| ■ Europe | 9.86% |
| ■ Africa and Middle East | 2.89% |
| ■ Australia and New Zealand | 1.17% |



1.1.6 Operating Results

To hedge against the risks of transporting goods, the Company maintains safety stock at its manufacturing and sales locations worldwide. For regions without sales locations, the Company would suggest that its customers maintain safety stocks, so as to respond to the risks of supply shortages resulting from extreme weather and severe natural disasters. Additionally, to avoid shortages and delays in materials supply due to lockdowns and shutdowns caused by COVID-19, the Company would ensure at least two to three suppliers from different geographical locations for each material, so that the Company's products can be produced and delivered smoothly.

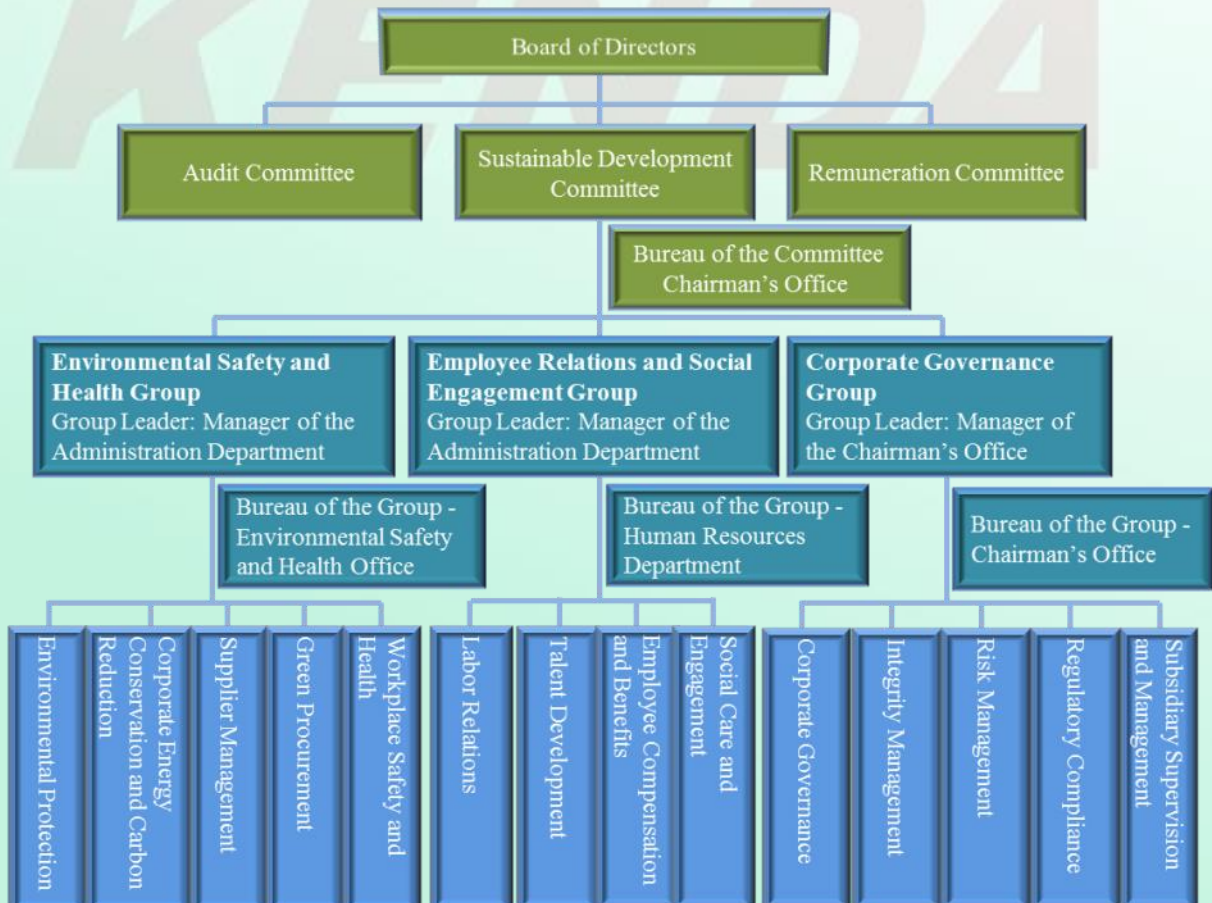
| Operating Revenue | | Sales Volume (in thousand units) | | | | | |
|-------------------|--------------------------------------|----------------------------------|---------------|--|--------------|-------------|--------|
| Year | Operating revenue (in NT\$ thousand) | Year | Bicycle tires | Tires for motorcycles and other bias tires | Radial tires | Inner tubes | Others |
| 2019 | 5,331,630 | 2019 | 3,054 | 4,355 | 1,223 | 12,886 | 0 |
| 2020 | 5,378,453 | 2020 | 3,302 | 4,453 | 1,320 | 15,380 | 0 |
| 2021 | 5,502,277 | 2021 | 3,908 | 4,664 | 1,293 | 15,532 | 0 |

1.2 Organizational Structure

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 management.

Organizational Structure of Kenda's Sustainable Development Committee



1.2.1 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 our colleagues and suppliers to improve ourselves, to be profitable, and to fulfill corporate social responsibility by running the company sustainably.

1.2.2 Operation of the ESG Committee




- I. Annual meeting of the ESG Committee: The annual meeting is attended by the ESG Committee members, the Bureau of the Committee, and three working groups (the Environmental Safety and Health Group, the Employee Relations and Social Engagement Group, and the Corporate Governance Group). The working group leaders are required to explain the implementation effectiveness of sustainable development and the implementation status of communicating with stakeholders. During the annual meeting, the management policy of sustainable development and the relevant performance indicators will be decided, and the responsibilities of relevant groups and departments will be assigned.
- II. Environmental Safety and Health Group: The Environmental Safety and Health Office is responsible for proposing internal specifications related to issues such as air, water, waste, toxicity, and noise in accordance with the environmental protection laws and regulations and the Company's environmental safety and health policy, as well as deciding on the performance indicators for the management of the above-mentioned issues and the implementation of relevant education and training. Regarding product design reviews, the Environmental Safety and Health Office would propose raw material specifications and product specifications in compliance with tire-related laws and regulations, so as to produce eco-friendly tires with light weight, low rolling resistance, and excellent wet grip, as well as reduce material consumption per tire unit, vehicle energy consumption, and greenhouse gas emissions. Concerning supplier management and green procurement, the Company would evaluate and decide on suitable suppliers and relevant performance indicators in accordance with the Company's procurement policy in the procurement meetings. With respect to workplace safety and health, the Occupational Safety and Health Committee is responsible for completing workplace safety facilities, scheduling employee health examinations, and reviewing performance indicators for the management of occupational safety and health.
- III. Employee Relations and Social Participation Group: The Human Resources Department is responsible for reviewing performance indicators for employee selection, training, education, assignment, and retention, as well as considering and making employee benefit plans.
- IV. Corporate Governance Group: 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 for proposals for 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 relevant 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.

1.2.3 Responding to the United Nations Sustainable Development Goals (SDGs)



| SDG | Kenda's Actions/Initiatives |
|--|---|
|  <p>3 GOOD HEALTH AND WELL-BEING</p> | <ul style="list-style-type: none"> ● Set up a medical office in each of the Company's plants with arrangements of nurses and contract doctors to take care of employees' health. ● Arranged healthcare activities such as health talks and health advice from occupational specialists; scheduled CPR training, fire drills, and emergency response drills to enhance employees' ability to respond to crises. ● Planned and arranged employee health examinations. ● Provided labor insurance, health insurance, and group insurance in accordance with the law. ● The Company has established a COVID-19 Task Force since 2020 to operate and manage the company by following the prevention and control guidelines of COVID-19 from the Taiwan Centers for Disease Control (CDC). ● The Company's Europe subsidiary participated the Wings for Life World Run Global Charity Race Event; 100% of the entry fees and donations went directly to spinal cord research contributing to curing spinal cord injuries. |
|  <p>4 QUALITY EDUCATION</p> | <ul style="list-style-type: none"> ● Provided parental leave as well as tuition and fee discounts of contracted kindergartens for employees to take care of their infants and children; awarded scholarships to employees' children; held To-To-Lung summer camps, science camps, and concerts through donations from the Kenda Cultural and Educational Foundation; awarded scholarships to outstanding young students in Changhua County, Yunlin County, and Tai-chung City. ● Proposed medium and long-term development strategies for employees' annual training programs; provided diversified employee education resources. ● Published the "Employee Safety and Health Code of Practice," the "Employee Code of Practice," and the "Quality Management Manual" for promotion and education to all employees; organized the "Kenda Safety and Health Family" to train the collaborators to have awareness of occupational safety and the ability to manage on-site safety. |
|  <p>5 GENDER EQUALITY</p> | <ul style="list-style-type: none"> ● The Company's remunerations for men and women are the same. Employees will not be paid differently due to their gender, religion, race, nationality, political leanings, or other factors. |
|  <p>8 DECENT WORK AND ECONOMIC GROWTH</p> | <ul style="list-style-type: none"> ● Hired disabled people and provided them with job opportunities. ● Required collaborators to sign a sustainability statement committing not to employ child labor. ● Implemented ISO 45001 and promoted safety in the workplace. |

1.2.3 Responding to the United Nations Sustainable Development Goals (SDGs)

| SDG | Kenda's Actions/Initiatives |
|--|---|
|  <p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p> | <ul style="list-style-type: none"> ● The Yunlin Plant was awarded the “Certificate of Cleaner Production Assessment” from 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 sustainability 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. ● Continuously promoted suppliers' responsibilities for sustainable development so as to |
|  <p>13 CLIMATE ACTION</p> | <ul style="list-style-type: none"> ● Continued the policy of selecting at least two to three suppliers from different geographical locations for each material; concerning materials from a single source supplier or a sole source supplier, increased the Company's safety stock and actively sought backup suppliers to prevent risks. ● Promoted carbon emission reduction activities. ● Maintained safety stocks at all the Company's manufacturing and sales locations worldwide to hedge against the risks of transporting goods; for regions without sales locations, suggested the Company's customers maintain safety stocks, so as to respond to the risks of supply shortages resulting from extreme weather and severe natural disasters. |
|  <p>16 PEACE, JUSTICE AND STRONG INSTITUTIONS</p> | <ul style="list-style-type: none"> ● Set up a “Stakeholder Information” section on the Company's website to disclose the performance of implementing and managing sustainable development. ● 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 Integrity Commitment. |

1.2.4 Shareholder Structure

There are no material changes in the Company's shareholder structure, governance personnel, or top management in 2021.

| Shareholder Structure | Government Agencies | Financial Institutions | Other Juristic Persons | Foreign Institutions and Foreigners | Individuals | Treasury Shares | Total |
|----------------------------|---------------------|------------------------|------------------------|-------------------------------------|-------------|-----------------|-------------|
| Number of People | 3 | 7 | 114 | 187 | 32,270 | 0 | 32,581 |
| Number of Shares Held | 291 | 53,822,161 | 79,932,995 | 59,376,952 | 716,277,601 | 0 | 909,410,000 |
| Percentage of Holdings (%) | 0.00 | 5.92 | 8.79 | 6.53 | 78.76 | 0.00 | 100.00 |

1.2.5 Participating in Various Public Associations

In addition to focusing on our own business, the Company also actively participates in various industry associations and local organizations to achieve the goals of prospering with society together and taking civic responsibility.

| Name of Organization Involved | Position held | Name of Organization Involved | Position held |
|---|----------------------|---|----------------------|
| Chinese National Federation of Industries | Supervisor | Yunlin County Labor and Employment Relations Association (LERA) | Member |
| General Chamber of Commerce of the Republic of China | Executive Supervisor | Chinese Testing and Certification Association | Member |
| Motorcycle Research and Development Safety Promotion Association of the Republic of China | Executive Director | Station of Yunlin County Fire Department | Consultancy |
| Taiwan Bicycle Association | Honorary Chairman | Association of Police Friends of Yunlin County, Taiwan | Member |
| Taiwan Transportation Vehicle Manufacturers Association | Managing Director | Chinese National Association of Industry and Commerce, Taiwan (CNAIC) | Member |
| Taiwan Rubber & Elastomer Industries Association | Honorary Chairman | National Standards of the Republic of China | Member |
| Taiwan Rubber Research & Testing Center | Honorary Chairman | Taiwan External Trade Development Council | Member |
| Resource Reuse Research and Development Foundation | Chairman | Management Institute in Taipei | Member |
| CHE Alumni Association | Director-General | Taiwan Chemical Industry Association | Member |
| Association of Police Friends of Chunghua County, Taiwan | Honorary Chairman | Chinese Institute of Engineers | Member |
| Changhua County Industrial Association | Honorary Chairman | Chinese Professional Management Association | Member |
| National Taiwan University Alumni Association | Vice Chairman | The Research & Development Institute of Vocational Training Republic of China | Member |
| International Artificial Intelligence and Law Research Foundation | Vice Chairman | Cycling & Health Tech Industry R&D Center | Member |
| Automobile Safety Association of the Republic of China | Director | Changhua Committee of Employment Service for People with Disabilities | Member |
| The Polymer Society, Taipei | Managing Director | Changhua Honorary Probation Officers Association | Member |
| The Red Cross Society of the Republic of China (Taiwan) | Director | Sino-Indonesia Cultural and Economic Association | Director, Member |
| Taiwan Institute of Directors | Member | Chinese Institute of Engineers - Distinguished Engineer | Evaluation Committee |
| Yunlin Hsien Industrial Association | Member | Yunlin Technology Industrial Park Association | Member |

1.3 Corporate Governance

1.3.1 Evaluation and Operation of the Board of Directors

The Company has 11 directors (including 3 independent directors and 1 female director; 9.09% female directorship ratio) with a three-year term of office. The Company adopts a candidate nomination system whereby shareholders elect directors from a list of director candidates. The education, experience, expertise, and remuneration paid of each member can be found in the Company's 2021 Annual Report. The annual report can be downloaded from the Market Observation Post System website (<https://emops.twse.com.tw/server-java/t58query>) or the "Investor Relations" section of the Company's website (<http://csr.kenda.com.tw/default.aspx?lang=0&menuid=3,17>). In accordance with the "Rules of Procedure for Board of Directors Meetings," to protect the rights and interests of stakeholders, if any director or a juristic person represented by a director is an interested party with respect to any agenda item, the director shall state the important aspects of the interested party relationship at the respective meeting. When the relationship is likely to prejudice the interests of the company, the director may not participate in discussion or voting on that agenda item, and further, shall enter recusal during discussion and voting on that item and may not act as another director's proxy to exercise voting rights on that matter.

A board of directors shall meet at least quarterly to review the Company's operating results and to discuss the Company's development strategies and major investment proposals. In 2021, the Board of Directors held six meetings with an average attendance rate of 98.48%.

| Position | Name | Position(s) held concurrently in the company and/or in any other company | The progress of continuing education in 2021 |
|---------------|--|---|--|
| Chairman | YANG, CHI-JEN | Chairman of the Board, Kenda Rubber Ind. Co., Ltd. Chairman of the Board, American Kenda Rubber Ind. Co., Ltd. | * Interpretation of Financial Analysis Indexes and Business Risk Prevention |
| Vice Chairman | CHANG, HONG-DER | Vice Chairman, Kenda Rubber Ind. Co., Ltd. | * "Crisis Alert: The Key to Financial Report": How to analyze the key financial information and strengthen the crisis warning capability for the company |
| Director | YANG, YING-MING | Group Chairman, Kenda Rubber Ind., Co., Ltd. Chairman of the Board, Kenjou Ind. Co., Ltd. | * Corporate Governance and Sustainability Workshop: Opportunities and Challenges for Family Businesses in Taiwan * The Legal Impact on Intellectual Finance |
| Director | Stretch Investment Co., Ltd. Representative: CHEN, CHAO-JUNG | General Manager, Kenda Rubber Ind., Co., Ltd. | * The 13 th Taipei Corporate Governance Forum |

1.3.1 Evaluation and Operation of the Board of Directors

| Position | Name | Position(s) held concurrently in the company and/or in any other company | The progress of continuing education in 2021 |
|----------------------|---|--|---|
| Director | YANG, SHIN-NAN | - | <ul style="list-style-type: none"> * The 13th Taipei Corporate Governance Forum * Corporate Governance and Sustainability Workshop: Opportunities and Challenges for Family Businesses in Taiwan * 2021 Cathay Sustainable Finance and Climate Change Summit |
| Director | Kenjou Co., Ltd. Representative: SHEN, JUI-HSIUNG | Vice President, Kenda Rubber Ind., Co., Ltd. | <ul style="list-style-type: none"> * The 13th Taipei Corporate Governance Forum |
| Director | YANG, CHIA-LING | President, Kenlight Trading Corp. | <ul style="list-style-type: none"> * Corporate Fraud Detection Practices: Legal Responsibility, Forensics and Big Data Analysis |
| Director | LIN, TSUNG-YI | Chairman of the Board/Vice President, Oberlin Tech. Co., Ltd. | <ul style="list-style-type: none"> * Corporate Fraud Detection Practices: Legal Responsibility, Forensics and Big Data Analysis |
| Independent Director | HSIEH, CHUN-MOU | Convener of the Audit/Remuneration Committee, Kenda Rubber Ind., Co., Ltd. | <ul style="list-style-type: none"> * The 13th Taipei Corporate Governance Forum |
| Independent Director | SU, CHING-YANG | Independent Director, Rechi Precision Co.,Ltd. Independent Director, Aerowin Technology Corporation Director, Nature Wise Biotech & Medicals Corporation Member of the Audit/Remuneration Committee, Kenda Rubber Ind., Co., Ltd. | <ul style="list-style-type: none"> * Corporate Mergers and Acquisitions Practice Sharing - Centered on Hostile Mergers and Acquisitions * Revolution in the 5G Era: Industry Upgrade, Future Business Applications and the New Normal in the Post-Epidemic Era |
| Independent Director | CHO, SHIH-CHAO | Member of the Audit Committee, Kenda Rubber Ind., Co., Ltd. | <ul style="list-style-type: none"> * Corporate Governance and Sustainability Workshop: Opportunities and Challenges for Family Businesses in Taiwan * The 2021 Legal Compliance Seminar for Insider Equity Transactions * Analyze the positive ESG impact on enterprises * The Legal Impact on Intellectual Finance |

Note: The term of office of the current Board members: From August 31, 2021 to August 30, 2024.

The percentage of directors and supervisors who have met the criteria for continuing education hours is 100%.

1.3.2 Evaluation and Operation of the Audit Committee

On June 11, 2018, the Company established the Audit Committee, which is composed of Independent Directors. The main function of the Audit Committee is to assist the Board of Directors in carrying out its supervisory duties and to be responsible for the tasks assigned by the Company Act, the Securities and Exchange Act and other relevant laws and regulations. The Audit Committee is also supervising on the fair presentation of the Company’s financial statements, the selection (dismissal) of the auditors of the company’s financial statement, the independence of auditors, the implementation of the Company’s internal controls, and the control of the Company’s risks.

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, capital lending, material investments, and internal control with its impartiality, objectivity, and independence. In 2021, three newly elected Independent Directors of the Board of Directors were appointed as members of the Audit Committee. In 2021, the Audit Committee held five meetings with an average attendance rate of 100%.

| Position | Name | Principal work experience and academic qualifications | Position(s) held concurrently in the Company |
|----------|-----------------|--|--|
| Convener | HSIEH, CHUN-MOU | Bachelor’s Degree in Chemistry, National Cheng Kung University Vice President, Kenda Rubber Ind. Co. Ltd. | Independent Director, Kenda Rubber Ind. Co. Ltd. |
| Member | SU, CHING-YANG | Bachelor’s Degree in Mechanical Engineering, National Cheng Kung University Independent Director, Rechi Precision Co., Ltd. Independent Director, Aerowin Technology Corporation Director, Nature Wise Biotech & Medicals Corporation | Independent Director, Kenda Rubber Ind. Co. Ltd. |
| Member | CHO, SHIH-CHAO | 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. |

Note: The term of office of the current Audit Committee: From August 31, 2021 to August 30, 2024.

1.3.3 Evaluation of the 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.

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 its reference in decision making. In 2021, the Remuneration Committee held three meetings with an average attendance rate of 100%.

1.3.3 Evaluation of the Remuneration Committee

| Position | Name | Principal work experience and academic qualifications | Position(s) held concurrently in the Company |
|----------|-----------------|--|--|
| Convener | HSIEH, CHUN-MOU | Bachelor's Degree in Chemistry, National Cheng Kung University Vice President, Kenda Rubber Ind. Co. Ltd. | Independent Director, Kenda Rubber Ind. Co. Ltd. |
| Member | SU, CHING-YANG | Bachelor's Degree in Mechanical Engineering, National Cheng Kung University Independent Director, Rechi Precision Co., Ltd. Independent Director, Aerowin Technology Corporation Director, Nature Wise Biotech & Medicals Corporation | Independent Director, Kenda Rubber Ind. Co. Ltd. |
| Member | LIU, SHIH-TSUNG | Chairman of the Board, Zheng-Cheng Automobile Travel Co., Ltd. | - |

1.3.4 Ethics and Integrity

In addition to complying with various laws and regulations, the Company has also established rules such as the “Ethical Corporate Management Best Practice Principles”, the “Codes of Ethical Conduct,” the “Procedures for the Prevention of Insider Trading,” the “Supplier Code of Conduct,” the “Procedures for the Management of Raw Material and Special Material Suppliers,” and the “Regulations Governing the Communication Between Employees and Stakeholders.” The Company also disseminates all board members, managers, employees, suppliers, and customers to comply with the rules. The Company has a grievance reporting channel on the Company’s sustainability website (<http://csr.kenda.com.tw/>) for violations of the aforementioned.

- ❑ New board members and managers should sign the Confidentiality Agreement and the Conflict of Interest Disclosure and Avoidance Statement. Relevant units of the Company should provide and disseminate the “Procedures for the Prevention of Insider Trading” for their compliance.
- ❑ The Company disseminates the aforementioned rules in new employee orientation. The Confidentiality Agreement and the Conflict of Interest Disclosure and Avoidance Statement will be signed by new employees during orientation. The Company holds employee training on the rules from time to time for employees to enforce compliance with integrity-related regulations.
- ❑ The Company disseminates that all employees shall report to the Company when accepting banquet invitations or gifts for business purposes.
- ❑ The Company would encourage suppliers and customers to sign the Integrity Commitment to ensure that all transactions with the Company are in accordance with the standards of integrity and honesty. New suppliers and customers would be educated and required to sign the Integrity Commitment before conducting transactions with the Company. In order to maintain honest cooperative relationship, suppliers who do not sign the Integrity Commitment would be classified as high-risk targets and be continuously tracked for signing the commitment.

1.3.5 Risk Control

The Company has a well-established system of internal control to manage the risk of business operation. The internal control system is regularly verified for its implementation effectiveness through periodic audits. To avoid risks and damages caused by internal control system failures, the Company tracks and remediates control deficiencies and reports them to the Board of Directors.

The Company prepares annual budgets in accordance with the annual budgeting system and manages the funds required for operations. The Company manages its financial risks, such as market risk (exchange rate risk, interest rate risk, and price risk), credit risk, and liquidity risk, to stabilize the Company's financial position and avoid market uncertainty. The Company's risk management guidelines are overseen and operated by the ESG Committee. The highest authorities and management units for each risk item are as follows:

| Risk Items | Highest Authority | Management Unit | Management Policy |
|----------------------------|--|---|--|
| Financial Risks | Financial Meeting | Finance Department | <ol style="list-style-type: none"> 1. Planning and management of sufficient working capital. 2. Control of exchange rate risks and adjustment of selling prices and transaction currencies given a certain degree of exchange rate volatility. 3. Focus on the core business, with investments only in low-risk instruments for hedging purposes. No involvement in trading of derivatives. 4. Stringent rules in place and compliant with laws regarding risks in endorsement, guarantee and lending. |
| Information Security Risks | Management Meeting | Administration Department | Regulation of information access authorization; implementation of IT system control, plant access control, and premise access control in order to manage the risks associated with trade secrets. |
| Product Risks | Standard Committee Quality Committee Design Review Meeting | Production Department R&D Department | <ol style="list-style-type: none"> 1. Quality meetings are convened each month for management, control, and review of yield enhancements. 2. A robust channel has been established for customer complaints, so that any quality concern from existing customers and end consumers can be dealt with properly and appropriately. 3. Product liability insurance is purchased for production and selling activities, to ensure our customers in the distribution and use of our products. 4. Pursuant to relevant laws on tires, we formulate specifications for raw materials and products, in order to produce non-polluting and environmentally friendly tires with light weight, low rolling resistance, and high wet grip performance. This reduces the unit consumption of materials for tires as well as lowers the energy consumption of vehicles and the emissions of greenhouse gases. |

1.3.5 Risk Control

| Risk Items | Highest Authority | Management Unit | Management Policy |
|---|--|--|---|
| Legal Compliance Risks | Board of Directors | Office of Internal Audit | <ol style="list-style-type: none"> 1. Business units encode the laws and regulations they should comply with into internal rules and regularly conduct self-evaluations on legal compliance. 2. Decision-making is proceeded according to the hierarchical structure of authorization. Cross-functional meetings are convened when necessary. 3. The Legal Department is established to handle risk control, and attorneys are hired to provide advice on legal issues. |
| Market Risks | Production and Sale Meeting Sales Meeting | Plants in Taiwan Sales Department | <ol style="list-style-type: none"> 1. We stay on top of market prices, product quality, and industry trends by keeping an eye on the competition, in order to stay in the game. 2. We constantly assess the financial health and default risk of customers, in order to avoid losses. |
| Raw Material Risks | Procurement Meeting | Administration Department | <ol style="list-style-type: none"> 1. Assessments are conducted on the demand and supply in the raw materials market, in order to avoid adverse effects on the price-performance ratio due to price increases reflective of costly raw materials. 2. We screen and select suppliers based on assessments of their financial health and default risks. We carefully review whether the quality of raw materials meets regulatory standards, so as to avoid losses due to default or defects of raw materials. |
| Safety, Health, and Environmental Risks | Occupational Safety & Health (OSH) and Environment Committee | Environmental Safety and Health Office | <ol style="list-style-type: none"> 1. An environmental safety and health management system was established in accordance with the ISO 14001 and ISO 45001/TOSHMS (CNS 45001) standards. 2. 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. 3. A COVID-19 task force has been established to implement and manage measures put in place by the Taiwan Centers for Disease Control (CDC). |

1.3.5 Risk Control

| Risk Items | Highest Authority | Management Unit | Management Policy |
|-------------------------------------|--|---|---|
| Employee Risks | Human Resource Evaluation Committee Pension Management Committee | Administration Department | 1.Planning and implementation of a robust employee benefit policy and a retirement system. 2.Asking employees to adhere to non-compete clauses and sign confidentiality agreements, to avoid risks. |
| | General Congress of Corporate Union Board of Governors’/ Supervisors’ Meeting of Corporate Union | Corporate Union | Oversight and compliance with laws and regulations, and establishment of a channel for employees to communicate and complain. |
| In response to climate change risks | Procurement Meeting Sales Meeting Occupational Safety & Health (OSH) and Environment Committee | Administration Department Sales Department Environmental Safety and Health Office | 1.To ensure supply chain security, we maintain at least two and three suppliers in different geographic locations for each material. As for materials from a single source supplier or a sole source supplier, we proactively increase inventory and look for other suppliers, so that we can have the flexibility to respond to stock-out risks due to international situation changes, extreme climates, and significant natural disasters. 2.Promote greenhouse gas emission reduction. 3.To mitigate product transportation risks, there are safety inventories at production sites and business premises around the world. Where we do not have presences, we coordinate with customers to ensure a safety level of inventory. These efforts aim to reduce the risk of supply shortage by flexibly responding to extreme climates and major natural disasters. |

1.3.6 Corporate Governance Evaluation System—Self-Assessment by the Company and Evaluation by the Taiwan Stock Exchange Corporation

The Company evaluates each of the indicators in the five-year “Corporate Governance Roadmap 2013” issued by the Financial Supervisory Commission in December 2013 and includes the indicators in internal operation standards for compliance. As required by Authorities, in order to protect shareholders’ rights and interests, treat shareholders equally, strengthen the operation of the board of directors, enhance the transparency of operation information, and fulfill corporate social responsibility, the Company discloses relevant information in the Company’s annual reports, the Company’s website, and the Market Observation Post System website, respectively.

1.3.7 Internal Material Information Processing and Insider Trading Prevention Dissemination

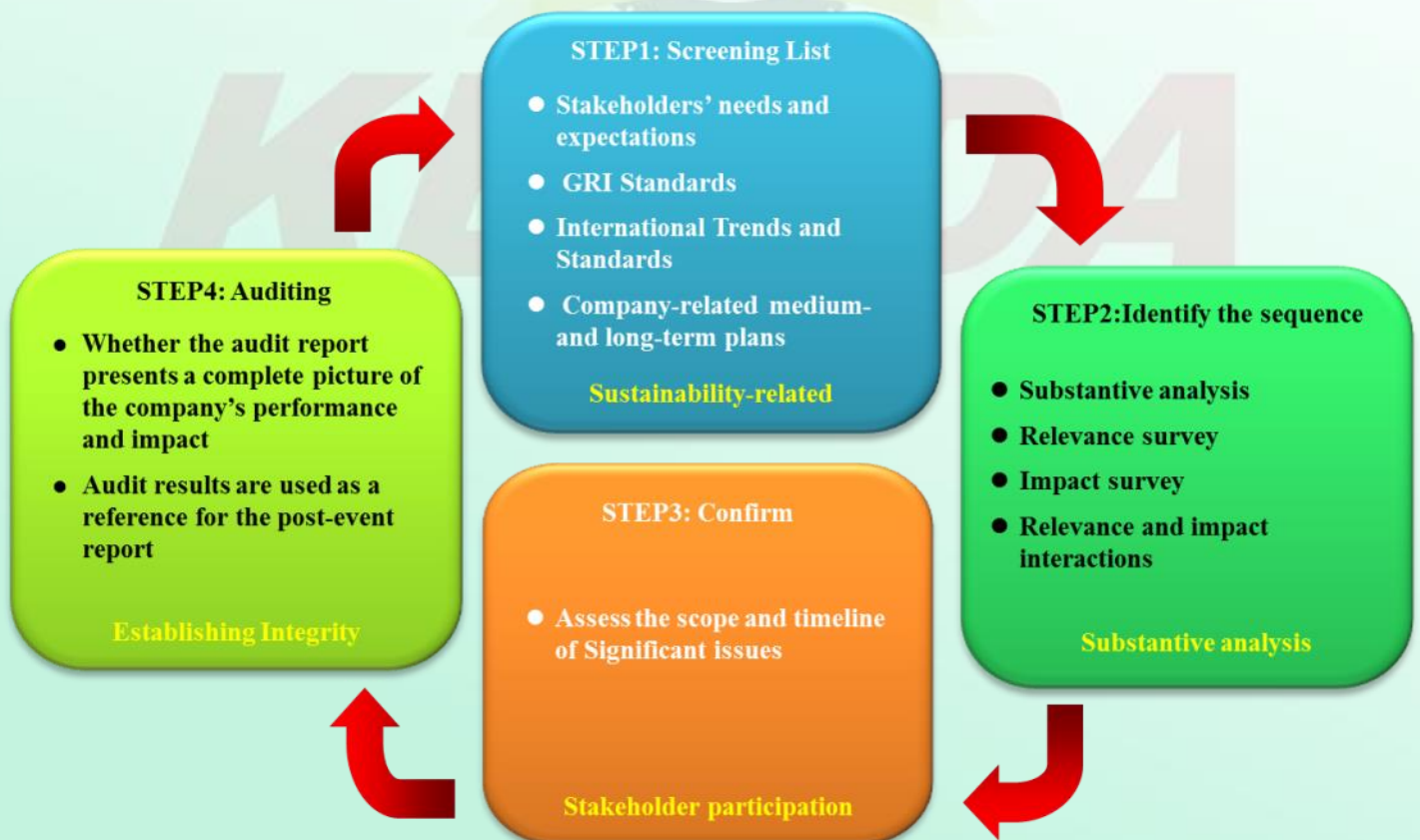
To improve the legal knowledge of the Company’s directors and staffs, the Company sends internal material information processing documents and insider trading prevention rules to all directors. The aforementioned documents are also published on the Company’s internal website.

1.4 Identification of Stakeholders and Significant Issues

1.4.1 Identification of Stakeholders and Collection of Issues of Concern

To fulfill the Company’s corporate social responsibility, and based on the feedback from Stakeholders, the ESG Committee discusses and confirms that the Stakeholders include: shareholders, employees, government agencies, suppliers, customers, and non-governmental organizations. Through questionnaires and interviews from time to time, the Company collects and identifies issues of concern to Stakeholders. The Company also identifies significant issues of concern to Stakeholders based on the Company’s management philosophy, performance, and the industry developmental environment. The Company will also present the impact of significant issues on the Stakeholders and the Company’s sustainability to the ESG Committee. Through matrix analysis on significant issues, the Company establishes management indicators related to corporate sustainability.

The Process of Identifying Significant Issues



1.4.2 Analysis and Identification of Significant Issues

After collecting the issues of concern to Stakeholders, the ESG Committee would sequence the issues by materiality based on the importance to stakeholders and the impact on the organization. Then, the ESG Committee would categorize the issues into the significant, the minor, and the general groups. The Committee has collected a total of 580 valid questionnaires in 2021 and compiled the results based on the economic, social, and environmental aspects. Afterward, the Committee organized the “Significant Issues Priority Response Screening Matrix” to focus on the topics that stakeholders value the most and to fulfill the Stakeholders’ expectations.

If the stakeholders’ responses are not listed as significant issues, the Company would forward these responses to the responsible departments. If necessary, relevant projects will be set up to manage these responses.

Significant Issues Priority Response Screening Matrix



Key Issues

1. Economic performance
2. Occupational Health and Safety Management
3. Wastewater and waste control
4. Greenhouse gas and air pollution control
5. Customer privacy control
6. Procurement practices
7. Market image (status)
8. Labor relations (employee welfare)
9. Compliance with environmental protection regulations
10. Marketing and labeling of products/services

Secondary Issues

11. Employee education and training
12. Employee diversity and equal opportunity
13. Labor-employer relationship (employment harmony)
14. Water Resources Management
15. Anti-corruption
16. Indirect Economic Impact
17. Non-discrimination
18. Forced and Compulsory Labor
19. Freedom of Association and Collective Bargaining
20. Equal Pay for Women and Men
21. Biodiversity Protection
22. Prohibition of Child Labor

1.4.2 Analysis and Identification of Significant Issues

Significant Issues that Stakeholders Concern and Communication Channels

| Stakeholder | Definition | Significant Issues | Engagement Methods |
|--------------------------------|---|--|--|
| Shareholders | Stockholders listed in the shareholders' register Potential investors | Business performance. | 1. Annual report disclosure. 2. Announcements on the Company's website. 3. Spokesperson communication. 4. Institutional investor conferences. 5. Disclosures on the Market Observation Post System website. |
| Customer | Distributors End customers | 1. Marketing image (status). 2. Customer privacy control. 3. Marketing and labeling of products/services. | 1. Announcements on the Company's website. 2. Unscheduled fax/e-mail contact. 3. Distributor/customer meeting. 4. Contracts. 5. Product Catalogs. |
| Employees | All employees | 1. Occupational safety and health management. 2. Business Performance. 3. Labor relations (employee welfare). 4. Wastewater and waste control. 5. Greenhouse gas emission and air pollution control. | 1. Announcements on the Company's website. 2. Unscheduled phone/e-mail contact. 3. Education and trainings. 4. Announcements on the internal website. 5. Human Resource Evaluation Committee; General Congress of Corporate Union; Board of Governors' / Supervisors' Meeting of Corporate Union. 6. Disclosures on the Ministry of Labor and the Environmental Protection Administration websites. |
| Government agencies | Changhua County Government Yunlin County Government Financial Supervisory Commission Taiwan Stock Exchange Corporation Ministry of Labor Environmental Protection Administration | 1. Business performance. 2. Wastewater and waste control. 3. Greenhouse gas emission and air pollution control. 4. Compliance with environmental protection regulations. 5. Occupational safety and health management. | 1. Disclosures on the Market Observation Post System website. 2. Announcements on the Company's website. 3. Official correspondence. 4. Regular/unscheduled audits. 5. Unscheduled phone/e-mail contact. 6. Disclosures on the Ministry of Labor and the Environmental Protection Administration websites. |
| Supplier | Suppliers and contractors for raw materials, equipment, and molds | 1. Business performance. 2. Practices of procurement. 3. Occupational safety and health management. | 1. Announcements on the Company's website. 2. Unscheduled phone/fax/e-mail contact. 3. Contracts. 4. Collection of domestic and foreign information. |
| Non-governmental organizations | Community School | 1. Wastewater and waste control. 2. Greenhouse gas emission and air pollution control. | 1. Participation in community activities. 2. Holding open house events. 3. Unscheduled phone/e-mail contact. |
| | Banks, accounting firms, law firms with whom the Company engages | Business performance. | 1. Regular/unscheduled meetings. 2. CPA auditing. 3. Announcements on the Company's website. 4. Unscheduled e-mail contact. |

Note: The Company has established a "Stakeholder Information" section on its sustainability website (<http://csr.kenda.com.tw/default.aspx?lang=0&menuid=5>). If you have any questions, please feel free to contact us.

1.4.2 Analysis and Identification of Significant Issues

By compiling the significant issues, the boundary of the material issues covered in this Sustainability Report is the Company. The external boundary of the organization includes five major groups of stakeholders: shareholders, customers, government agencies, suppliers, and non-governmental organizations. The scope of each significant issue is defined to ensure transparency of the Company's overall value chain and its extended impact as well as disclosed in each section of this Sustainability Report in accordance with the GRI Standards.



| Category | Key Issues | In the organization | Outside the organization | | Management policy | Management indicators |
|----------------------|--|-----------------------------|--------------------------|----------|--|---|
| | | Kenda Rubber Ind. Co., Ltd. | Shareholders | Customer | | |
| Economic aspect | Economic performance | ◎ | ◎ | | Committed to the Company's philosophy so as to surpass ourselves, to make profits by meeting customers' needs, and to fulfill corporate social responsibility by running the company sustainably. | <ul style="list-style-type: none"> ● Revenue. ● Net profit for the year. ● Return on equity. ● Earnings per share. ● Cash dividends. |
| | Marketing image (status) | ◎ | | ◎ | Provide excellent remuneration and cultivate local talents in compliance with government regulations. | <ul style="list-style-type: none"> ● Percentage of local residents employed as senior managers. ● Minimum wage in accordance with legal requirements. |
| | Practices of procurement | ◎ | | | Minimize the environmental impact as well as implement energy saving, carbon reduction, recycling, and reuse, so as to ensure that the quality of raw materials purchased meet the Company's requirements and regulations. | <ul style="list-style-type: none"> ● Quality performance of suppliers' deliveries. |
| Environmental aspect | Wastewater and waste control | ◎ | | | Build a clean production management system in compliance with government regulations to achieve energy saving, waste reduction, and sustainable development. | <ul style="list-style-type: none"> ● Amount of waste generation. ● Amount of waste re-used. ● Wastewater reclamation and reuse rates. ● Amount of wastewater disposal. ● Effluent water quality. |
| | Greenhouse gas emission and air pollution control | ◎ | | | Build a clean production management system in compliance with government regulations to achieve energy saving, waste reduction, and sustainable development. | <ul style="list-style-type: none"> ● Intensity of CO₂ emission. ● Amounts of NO_x/Particulate matter/VOCS emissions. |
| | Compliance with environmental protection regulations | ◎ | | | Build a clean production management system in compliance with government regulations to achieve energy saving, waste reduction, and sustainable development. | <ul style="list-style-type: none"> ● Amount of administrative fines for violating environmental protection regulations. ● Number of administrative penalties for violating environmental protection regulations. |

1.4.2 Analysis and Identification of Significant Issues

| Category | Key Issues | In the organization | Outside the organization | | Management policy | Management indicators |
|---------------|---|-----------------------------|--------------------------|----------|---|---|
| | | Kenda Rubber Ind. Co., Ltd. | Shareholders | Customer | | |
| Social aspect | Labor relations (employee welfare) | ◎ | | | Establish a friendly workplace and build mutual trust to benefit employers and employees. | <ul style="list-style-type: none"> ● Reinstatement status after parental leave. ● Number of Labor Disputes. |
| | Occupational safety and health management | ◎ | | | Build a safe, healthy, bright, and happy workplace on the basis of safety and disaster preparedness. | <ul style="list-style-type: none"> ● Total incapacity/injury frequency. ● Total incapacity/injury severity rate. ● Number of occupational accidents related to occupational safety and health. ● Number of work-related fatalities. ● Number of occupational diseases. |
| | Customer privacy control | ◎ | | ◎ | Keep customer data properly and avoid any data breaches on the principle of protecting customer privacy. | <ul style="list-style-type: none"> ● Number of cases of violating customer privacy. ● Number of cases of losing customer data. |
| | Marketing and labeling of products/services | ◎ | | ◎ | Under the premise of complying with the law, make every effort to meet customers' needs and facilitate them in decision-making. | <ul style="list-style-type: none"> ● Legal certifications of tire labeling. |

1.5 Business Performance

Over the past year, the new variant of COVID-19 has been spreading rapidly around the world leading to another round of outbreaks all over the world. The labor shortage, the unstable supply chain, the high cost, and freight charges continue to put pressure on the industry. How to maintain a steady and sustainable growth of business in today's uncertain world is the most important issue for enterprises. The Company has established the ESG Committee as the dedicated unit to promote sustainable development for the Company. We are taking action to integrate sustainable management into our business strategy through our working groups on environmental health and safety, employee relations, social participation, and corporate governance to achieve sustainable development.

In 2021, the event that the U.S. Department of Commerce imposed a high anti-dumping duty on tires imported from Taiwan still affected the competitiveness of Taiwan's tire manufacturers in the U.S. market. But, in response to market changes, the Company shifted the tires for passenger cars and light trucks exported from the factory in Taiwan to the United States to be produced in Vietnam and then sold to the United States, in order to prevent from being subject to high anti-dumping duties in U.S. Although there was a short-term disruption to production and operations due to the pandemic in Vietnam in mid-2021, the Company was able to respond to the situation and resume production quickly. Later, the Company also benefited from the strong market demand arising from the pandemic and recorded a 15% increase in turnover for the year. In addition, the Company's annual operating profit was also in a steady state due to the increase in product prices resulting from the sharp increase in raw material and shipping costs in 2021.

1.5 Business Performance

Looking ahead to 2022: Despite the restructuring of the supply chain caused by the war between Russia and Ukraine, rapid changes in product supply and demand in the post-epidemic era, exchange rate fluctuations, and higher raw material prices due to inflation, the Company will continue to expand the production scale in Vietnam, expand the production capacity of bicycle tires in Indonesia, accelerate the production speed of motorcycle tires in Taiwan and expand the production line in Tianjin, so that the Company will be able to meet the demand for various products in order to achieve stable growth in the Group's turnover and profit.

Overall, it is important for the Company to strengthen occupational safety and health management in response to the government's policy on epidemic prevention and adjustment as COVID-19 is becoming common in our daily life. The Company aims to improve quality and maintain stable productivity by continuously promoting Productivity 4.0 and MES production control system. In terms of research and development, in addition to the Kenda Global Technology Headquarter opened in 2020, the Company continues to expand the Group's R&D team and integrate the resources in the Kenda American Technology Center and the European R&D center to enhance the R&D capacity by adopting industry-government-university programs in order to offer more tires with better cost performance. Meanwhile, the Company will expand the business scope in North America and Europe and expand the market share in Eastern Europe with the diversified marketing network provided by its sales subsidiaries in Europe and the US. Finally, the urban development project in Shenzhen Jiantai factory is expected to contribute greatly to the Company's overall operating performance. The Company expects that the Company will be able to meet the expectations of its shareholders by successfully implementing the above-mentioned projects. 2022 is also the 60th anniversary of the Company's establishment. With the business philosophy of "integrity, quality, service, and innovation," we are looking forward to working together with our shareholders and related parties to "create the future by joining hands for another 60 years."

| Item | Year: 2019 | Year: 2020 | Year: 2021 |
|--|------------|------------|------------|
| Net Revenue (in NT\$ thousand) | 5,947,113 | 5,946,286 | 5,998,964 |
| Cost of Revenue (in NT\$ thousand) | 4,360,674 | 3,993,110 | 4,496,441 |
| Operating Expense Ratio (%) | 73 | 67 | 75 |
| Gross Profit (in NT\$ thousand) | 1,586,439 | 1,953,176 | 1,502,523 |
| Income from Operation (in NT\$ thousand) | 386,582 | 744,618 | 351,808 |
| Profit after Income Tax (in NT\$ thousand) | 1,013,562 | 972,225 | 917,933 |
| Return on Equity (%) | 5.40 | 5.09 | 4.90 |
| Earnings per Share (in NT\$) | 1.11 | 1.07 | 1.01 |
| Cash Dividends (in NT\$) | 0.40 | 1.00 | 1.00 |

Chapter 2 Clients and Partners

2.1 Customer Relationship

2.2 Product Liability

2.3 Supply Chain Management



2.1 Customer Relationship

To create values that customers trust is the genuine meaning of a brand. We believe what stays in the minds of consumers are brand value, image, innovation, ensuring product quality, and generating added value through brand language. In cleaner production, we adhere to three principles: “Do not accept defective products; do not manufacture defective products; and do not deliver defective products.” We also uphold the Environment, Health, & Safety (EHS) and Energy Management Policy of “green production, safety and health, and sustainability” to produce and market each tire worldwide. To mitigate product transportation risks, there are safety inventories at production sites and business premises around the world. Where we do not have presences, 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 for our customers to choose products and services with reassurance. The Company has not been subjected to any complaints or penalties for inaccurate advertisement during the reporting period.

2.1.1 Protection of Customer Privacy

The Company maintains 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, the Company employs technological and organized protective measures to protect customer information. There were no complaints such as violation of customer privacy or customer data loss during the reporting period.

2.1.2 Customer Satisfaction Survey

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 enhance 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:



In 2021, the Company received the “2020 Excellent Technology Award” from KYMCO (Kwang Yang Motor Co., Ltd.) and the “Outstanding Performance Award in Regular Evaluation” from Sanyang Motor Co., Ltd.

2.1.2 Customer Satisfaction Survey

Customer Satisfaction Survey Score Statistics

| Survey Item | Year: 2019 | Year: 2020 | Year: 2021 |
|-------------------------------|------------|------------|------------|
| Service Quality (Score) | 91.3 | 91.5 | 91.7 |
| Quality of inner tube (Score) | 93.1 | 94.0 | 94.2 |
| Quality of tire (Score) | 91.2 | 92.1 | 92.6 |

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.

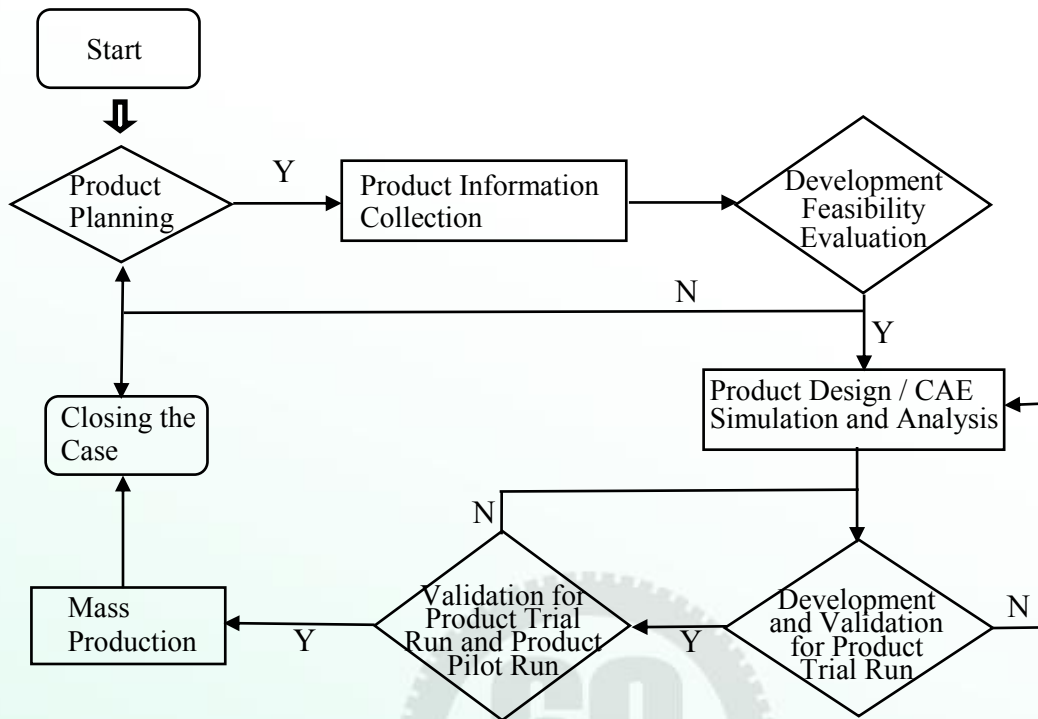
2.2 Product Liability

The Company is committed to developing economical, environmentally friendly, safe, durable, and comfortable tires for drivers to go out happily and return home safely. Different from other car parts, tires need to carry the weight of the vehicle and exert the traction force of the vehicle moving; therefore, tires should meet the basic performance requirements for driving comfort and safety. In response to the requirements for higher performance of vehicles and the changing market style, the demand for tire performance has been increasing in recent years.

Therefore, the Company develops new products based on 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 develops new products in accordance with the requirements of IATF 16949 and completes the product development process stages of product planning, product design, product trial run, product pilot run, and mass production based on the requirements of IATF 16949. The product planning stage is an important stage for whether the product can meet the needs of customers and the market. During this stage, the Group’s Vice Chairman holds new product development meetings to ensure that the tires meet the market demand. At the beginning of the application for the 26th National Quality Award, the management established a special project team to fully participate in the Award. Through system integration, the Company demonstrated quality management practices and highlights in manufacturing. After rigorous, professional review and on-site evaluation, the Company was awarded the “26th National Quality Award - Best Practice Award for Manufacturing Quality.” In addition to the “1st Taiwan Mittelstand Award” by the Ministry of Economic Affairs, the “26th National Quality Award” reaffirmed the good quality of the Company’s corporate structure and business operation. There were no cases of violating the regulations of the products and services provided by the Company during the reporting period.



2.2.1 Product Development Process



| Item | Content |
|--|--|
| Product Planning | Analyze the performance of the products in the target market and collect the target values required by the market. |
| Product Information Collection | Collect information on competitors and analyze the differences between competitors and the Company. Gather regulatory information on the target market and analyze how it differs from the Company's current standards. |
| Development Feasibility Evaluation | Evaluate the methods and development costs for reaching the target market. |
| Product Design / CAE Simulation and Analysis | Conduct CAE simulation and analysis based on the market targets and regulatory requirements. Conduct structural and outline design as well as select required materials according to the set safety rate. Make product specification sheets for verification of product trial runs and product development. Example: The breaking energy and high speed/endurance of tires. |
| Development and Validation for Product Trial Run | Conduct small batch trial production, development, and validation according to the product specification sheets. Launch product trial runs after the product has passed the items on the product specification sheets. |
| Validation for Product Trial Run and Product Pilot Run | Conduct mass production trials and verify the process capability/performance level based on the product specification sheets. Begin mass production after the product has passed the items on the product specification sheets. |
| Mass Production | Monitor three batches of products to confirm process capability in manufacturing and tire performance. |

2.2.2 Customer Health and Safety

Eco-friendly raw materials

The clinical trial report on Polycyclic Aromatic Hydrocarbons (PAH or PAHs) points out that long-term exposure to a mixture of high concentrations of PAHs will cause diseases such as skin cancer, lung cancer, stomach cancer, and liver cancer. In 2018, the Department of Consumer Protection, Executive Yuan conducted a sampling inspection of 10 samples from well-known motorcycle tire brands in Taiwan, and 9 of the samples failed the chemical test of high polycyclic aromatic hydrocarbons (PAHs). The Company was the only brand that passed the test. The percentage of Treated Distillate Aromatic Extracted Oil (TDAE) used in the tires produced in the Company’s plants in Taiwan reached 84% in 2021. This is not only to reduce pollution but also to reduce damage to employee health during production. In order to be friendly to the environment and to promote cleaner production, the percentage of the Company’s non-environmental ingredients will be reduced from 23% in 2020 to 16% in 2021. In the future, the Company will continue to switch all its formulations to TDAE with the belief in sustainable development.

The Company will increase the usage rate of “low PAH oil” for replacement of “high PAH oil” every year.

| Year | High PAH oil (non-environmentally friendly TDAE) | Low PAH oil (environmentally friendly TDAE) |
|------|--|---|
| 2019 | 24 | 76 |
| 2020 | 23 | 77 |
| 2021 | 16 | 84 |

Regulatory requirements:

- Mandatory testing for 16 PAHs (polycyclic aromatic hydrocarbons) is required for GS-certified products (effective April 1, 2008).
- The U.S. Environmental Protection Agency classifies 16 PAHs as priority toxicants.
- The German Food and Household Products Act (2005.08.LFGB), Chapter 30, establishes permissible limits for PAHs.
- The Directive 2005/69/EC stipulates that added oils that are marketed or used in the manufacture of tires should meet the following requirements: BaP content must be less than 1mg/kg and the total content of 8 PAHs must be less than 10mg/kg, which will come into effect on January 1, 2010.
- European Union 76/769/EEC, Germany/LFGB, USA/US EPA, China GB, GB/T, GHZ, etc.

2.2.2 Customer Health and Safety

Compliance with regulations

Tires are the only part of a vehicle that comes in contact with the road. The performance of the tire affects the dynamic performance of the vehicle. Depending on the conditions of use, there are test items for tire performance, such as high speed, durability, breaking energy, bead unseating resistance, and practical operation safety tests. Each country or region has formulated relevant laws and regulations for the safety performance of tires. The Company's tires have been sold to various countries and regions in compliance with the regulations, and there have been no customer returns or complaints due to exceeding the limits of restricted substances.

| Classification | CNS (National Standards of the Republic of China) | TRA (Tire and Rim Association, Inc.) | ETRTO (European Tyre and Rim Technical Organisation) | JATMA (Japan Automobile Tire Manufacturers Association) |
|------------------------|--|--|---|--|
| 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 and Bus Tires |
| | | Truck and Bus Tires | | |
| Industrial Car (IC) | Industrial and Off-the- -Road Tires | Off-the-Road Tires | Earthmoving Equipment Tires | Off-the-Road Tires Agricultural Tires Industrial Tires |
| | Agricultural Tires | Agricultural Tires | Agricultural Tires | |
| | - | Industrial Tires | Industrial and Lift Truck Tires | |
| Motorcycle (MC) | Motorcycle Tires | Cycle Tires | Cycle 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 | V | V | V | V | |
| Automobile Car Tires | V | | V | V | |
| Industrial Car Tires | V | | V | V | |
| Motorcycle Tires | V | | V | V | |
| Bicycle Tires | V | | | V | V |



2.2.2 Customer Health and Safety

Compliance with regulations

The high speed/endurance tests of tires are conducted on the Drum Tire Testing Machine in the Company's laboratories. There are different testing methods depending on the characteristics of the tire. 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 tire is tested at high speed according to the markings on the sidewall of the tire, which must meet the requirements of the regulations. Tire drum tests are required to conduct on the same drum machine for 2~3 days in order to evaluate the structure of the tire.

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 Drum Tire Testing Machine



Breaking Energy (Plunger Test; Tire Strength)



Bead Unseating Resistance Test

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.



2.2.2 Customer Health and Safety

Compliance with regulations

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

Vehicles travel on the road in a variety of conditions. The tires must overcome these conditions in order to provide the driver with driving pleasure. 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.



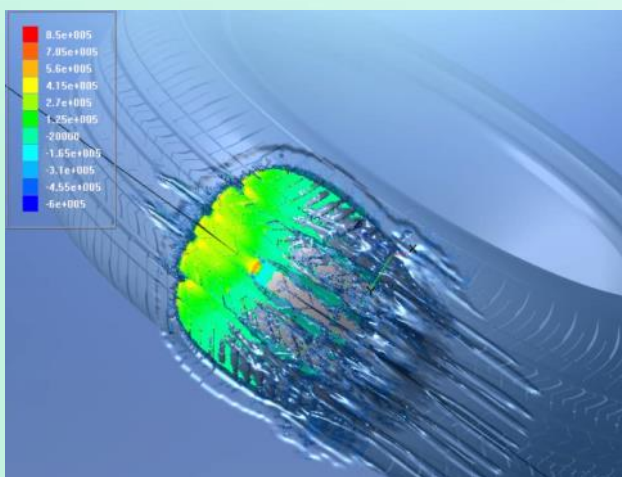
Auto Bild, an authoritative German magazine, annually evaluates and tests the tires available in the European market. In 2019, Auto Bild rated the dry and wet braking performance of 53 brands and then selected the top 20 brands for the second phase of testing. In the first stage of evaluation and testing, Kenda Emera KR41 was ranked among the top 20 tires in Europe and ranked seventh in the overall dry/wet braking performance testing.

The Kenda Emera KR41 utilizes advanced dynamic simulation analysis technology to successfully develop a high-performance tire with excellent wet handling performance.

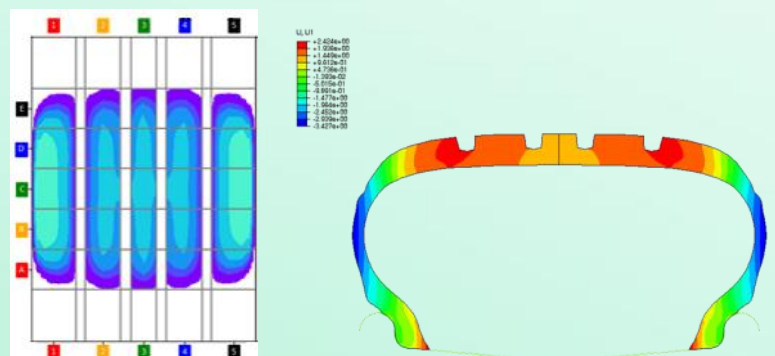
| Reifenfabrikat | Bremsen | Nass* | Trocken* | Gesamt |
|--------------------------------------|---------|-------|----------|--------|
| 1 Goodyear Eagle F1 Asymmetric 5 | 91 Y | 28,8 | 34,7 | 63,5 |
| 2 Michelin Pilot Sport 4 | 91 Y | 29,6 | 34,2 | 63,8 |
| 3 Hankook Ventus S1 evo ³ | 94 Y | 28,7 | 35,2 | 63,9 |
| 4 Pirelli P Zero | 94 Y | 28,9 | 35,1 | 64,0 |
| 5 Nokian Wetproof | 94 W | 29,7 | 35,2 | 64,9 |
| 6 Falken Azenis FK510 | 94 Y | 29,0 | 36,0 | 65,0 |
| 7 Kenda Emera A1 KR 41 | 94 Y | 30,3 | 34,9 | 65,2 |
| 8 Continental PremiumContact 6 | 91 Y | 29,9 | 35,8 | 65,7 |
| 9 Vredestein Ultrac Vorti | 94 Y | 30,8 | 35,3 | 66,1 |
| 10 Bridgestone Turanza T005 | 91 W | 30,9 | 35,6 | 66,5 |
| 11 Dunlop Sportmaxx RT2 | 91 Y | 31,4 | 35,4 | 66,8 |
| 12 Fulda SportControl 2 | 91 Y | 32,0 | 35,1 | 67,1 |
| 13 Firestone Roadhawk | 91 Y | 32,0 | 35,2 | 67,2 |
| 14 Apollo Aspire XP | 91 Y | 31,0 | 36,3 | 67,3 |
| 15 Kleber Dynaxer UHP | 94 Y | 32,1 | 35,9 | 68,0 |
| 16 Yokohama Advan Fleva V701 | 94 W | 32,9 | 35,2 | 68,1 |
| 17 Sava Intensa UHP 2 | 91 Y | 32,8 | 35,7 | 68,5 |
| 18 Kumho Ecsta PS 71 | 91 Y | 31,6 | 37,1 | 68,7 |
| 19 Toyo Proxes Sport | 94 Y | 31,7 | 37,1 | 68,8 |
| 20 Maxxis Premitra 5 | 94 W | 33,2 | 36,3 | 69,5 |
| 21 Uniroyal RainSport 3 | 91 Y | 32,3 | 37,4 | 69,7 |
| 22 Goodride Sport SA-37 | 94 W | 33,5 | 36,3 | 69,8 |
| 23 General Altimax Sport | 91 Y | 32,7 | 37,3 | 70,0 |
| 24 Avon ZV7 | 91 Y | 35,1 | 35,3 | 70,4 |
| 25 Federal Funktion ST-1 | 94 V | 33,4 | 37,0 | 70,4 |

Diese kommen weiter!

Hier sind die Guten: Nur die 20 besten Reifen mit den in Summe kürzesten Bremswegen (rechte Spalte) auf nasser und trockener Strecke kommen in das große Finale.



Tire Drainage Simulation Analysis



Tire Grounding Pressure Analysis



Clients and Partners

2.2.3 Product Labeling

With the increasing awareness of environmental protection, energy saving and carbon reduction have become global concerns. Therefore, the development of environmentally friendly and energy-saving tires has gradually become a trend. In order to assist consumers in every country to choose the right products, the Company complies with the laws and regulations on product labeling in every country. To effectively manage products to meet local laws and regulations, the Company uses a project management system for checking that the Company applies for all certifications required by regulations in each sales territory before product development. The Company obtained 100% of the certifications that the Company applied for the period from 2019 to 2021.

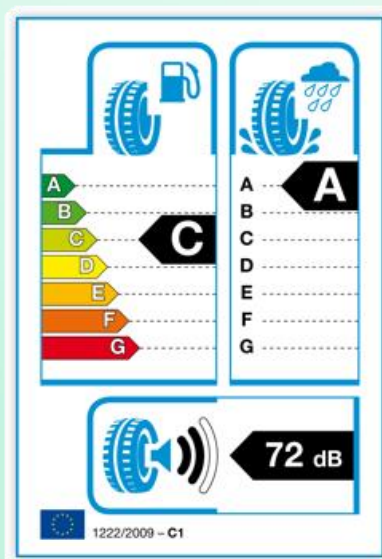
In addition to the original labeling regulations and standards, the regional countries, in response to issues such as environmental protection and safety, have developed specified certification label laws and regulations in recent years. Iconic certification labels are as follows:

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

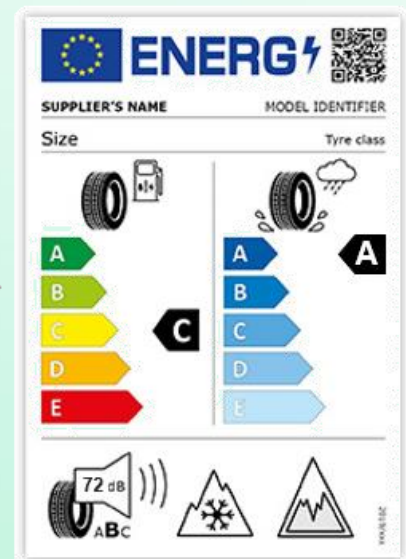
In order to comply with the European Union's regulations for commercially available tires, since November 1, 2012, it has been mandatory for all tires exported to the EU market to pass two regulations, ECE R117 and EC1222/2009. The regulations mainly regulate the rolling resistance coefficient, wet grip, and skidding noise of tires. ECE R117 sets specific limits for rolling resistance, wet grip, and skidding noise for passenger car tires (C1), light truck tires (C2), and truck and bus tires (C3), as shown in the table. From November 2016, tire manufacturers will not be able to sell their tires in the European market if they do not comply with this standard.

| Item | Unit | Passenger Car Tire (C1) | Light Truck Tire (C2) | Truck and Bus Tire (C3) |
|-----------------------------------|-------|-------------------------|--|--|
| Coefficient of Rolling Resistance | 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 EU Tire Label Regulation No. EC1222/2009 has been in force since November 2012. In order to provide consumers with more information on tires, EC1222/2009 was replaced by the new regulation No. EU 2020/740 on June 6, 2020. EU 2020/740 has been implemented in May 2021.



11/2012



05/2021

2.2.3 Product Labeling

E-Mark Certification and European Mark

The change to the fuel efficiency classification system is shown below:

| 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 | $RRC \geq 10.6$ | $RRC \geq 9.1$ | $RRC \geq 7.1$ |

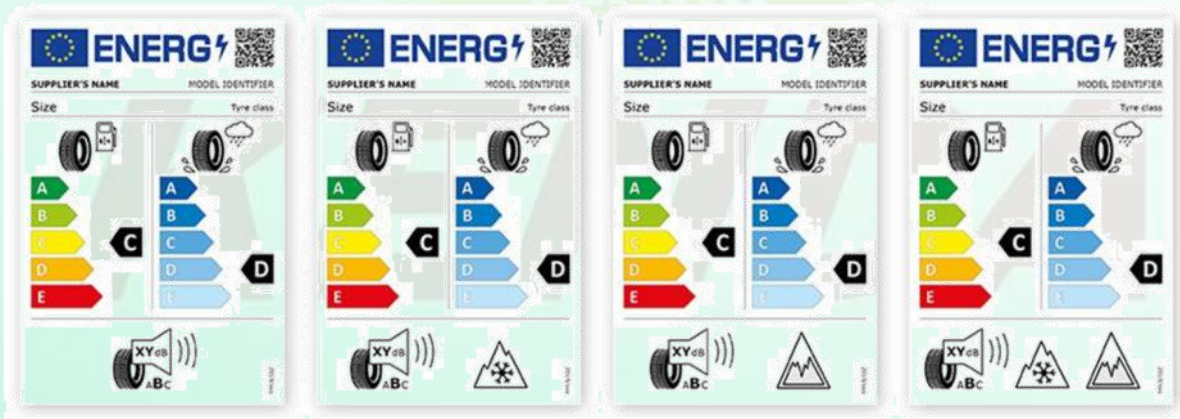
EU2020/740 has four ways to present the label according to different tire types, which is presented as follows:



For snow



For ice



JATMA (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 Tyres (Japanese: 低燃費タイヤ).”



2.2.3 Product Labeling

UTQG (Uniform Tire Quality Grade)

Tires sold in the United States need to obtain the DOT certification, and passenger car tires need to have the UTQG label. For consumers to see the performance levels of tires at a glance, the certification is granted by the National Highway Safety Administration (NHTSA) in accordance with CFR 575.104. Main test items include:

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

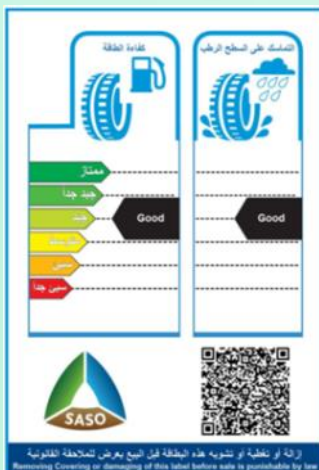


Saudi Arabian Standards Organization (SASO) and Gulf Cooperation Council Standardization Organization (GSO)

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.

Saudi Arabian Standards Organization (SASO) was implemented in November 2015.

The Gulf Cooperation Council (GCC) Standardization Organization (GSO) was implemented in January 2017.



2.2.3 Product Labeling

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

| 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 |

2.2.4 Kenda Global Technology Headquarter

In order to expand its R&D capabilities, the Company established the Kenda Global Technology Headquarter in the Yunlin Technology-based Industrial Park. The Company invested NT\$100 million to set up a dynamic tire testing machine, which can measure the lateral force and steering force of tires, for R&D engineers to develop safer tires.



2.3 Supply Chain Management

The Company is concerned about the development of the overall supply chain in the economic, environmental and social aspects, and continues to improve the overall supply chain to meet international standards, and expects to become a sustainable force to enhance society. The Company's goal is to build a supply chain that is environmentally conscious, respectful of labor rights, safety, and health, socially responsible, and sustainable. Supply chain risk management is an integral part of the competitiveness of the Company. To this end, the Company pays close attention to the risks faced by its suppliers, including natural threats such as fires, floods, earthquakes, and statutory infectious diseases due to climate change. In addition, to maintain supply chain stability, each material must have at least two or three suppliers located in different geographic locations to flexibly address the operational risks associated with international scene changes, extreme weather, and major natural disasters. For materials currently supplied by only one supplier, the Company responds by increasing its inventory level and actively seeking a second alternative supplier. The Company requires its suppliers to review and manage their operations and the geographic distribution of their production lines and associated risks in order to reduce the risk of future shortages due to extreme weather, major natural disasters, or changes in the international scene.



2.3.1 Supplier Management

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 key vendors involved in the Company's operations can be divided into seven categories. In 2021, the amount of procurement is approximately NT\$3.8 billion with 44.54% domestic procurement and 55.46% foreign procurement. The share of each category is shown in the figure on the right-hand side. Among them, raw material procurement accounts for 79%, which is the largest of material purchased during the year.

The purchase amount of each procurement in the organizational supply

| Category | Procurement ratio (%) |
|------------------------------------|-----------------------|
| Raw Materials | 78.52 |
| Materials - Equipment | 9.86 |
| Materials - Tooling / Fixtures | 2.35 |
| Materials - Packaging | 2.03 |
| Materials - Contractor | 2.39 |
| Materials - Contract Manufacturing | 0.93 |
| Materials - Business | 3.92 |
| TOTAL | 100.00 |

The quantity of recycled and non-recycled raw materials procured, and the ratio of local procurements

| Product/Item Name | Annual Quantity (kgs) | | | Local Procurement Rate (%) | | |
|-------------------------------|-----------------------|------------|------------|----------------------------|------------|------------|
| | Year: 2019 | Year: 2020 | Year: 2021 | Year: 2019 | Year: 2020 | Year: 2021 |
| Reclaimed Carbon Black | 12,490 | 10,000 | 16,800 | 100.00 | 100.00 | 100.00 |
| Reclaimed Rubber | 349,806 | 522,900 | 454,700 | 55.65 | 28.93 | 25.4 |

One of the Company's major raw materials - natural rubber - is mainly produced in Indonesia, Vietnam, Thailand and China. Taiwan is a non-rubber-producing country and is completely dependent on imports. Although the climate change of each place may affect the local production to a small extent, the risk is still controllable because there are more production sites to choose from. There are no butyl rubber and steel wire manufacturers in Taiwan, so we need to rely on imports.

Among the bulk raw materials, the ratio of synthetic rubber, curtain fabric and reinforcing filler in local procurement remained stable. The Company has maintained a stable relationship with its major raw material suppliers for a long period of time. However, due to the impact of COVID-19, container shortage in 2021, and the restriction of electricity and tight supply of raw materials due to environmental protection in China, the supply of raw materials such as carbon black and curtain fabric is tight, resulting in the increase of raw material prices.

Statistical table of the quantity of procurement of non-renewable raw materials

| Product/Item Name | Annual Quantity (kgs) | | | Local Procurement Rate (%) | | |
|--------------------------|-----------------------|------------|------------|----------------------------|------------|------------|
| | Year: 2019 | Year: 2020 | Year: 2021 | Year: 2019 | Year: 2020 | Year: 2021 |
| Natural Rubber | 6,783,488 | 7,187,006 | 7,725,893 | 0.00 | 0.00 | 0.00 |
| Synthetic Rubber | 11,433,808 | 14,650,387 | 13,146,174 | 3.34 | 3.34 | 13.72 |
| Butyl Rubber | 1,053,858 | 1,327,776 | 1,104,307 | 0.00 | 0.00 | 0.00 |
| Steel | 3,048,857 | 3,198,245 | 3,253,333 | 0.00 | 0.00 | 0.00 |
| Ply | 2,595,691 | 2,934,625 | 3,040,063 | 38.38 | 38.38 | 10.23 |
| Reinforcing Agent | 12,924,250 | 12,983,005 | 13,383,690 | 81.34 | 81.34 | 32.08 |

2.3.2 Supplier Assessment

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 Survey Form" with a "Declaration of Confirmation of Environmentally Hazardous Substances and Conflict Minerals", a "Supplier Sustainability 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 Company also pays great attention to the quality system of its suppliers. 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 CSR compliance, including sending "Supplier Sustainability Statement" to our suppliers to complete and return, and conducting CSR compliance surveys to new and existing suppliers. Of more than 1,099 domestic and foreign suppliers with whom the Company has long-term and stable relationships, 93.81% 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.

Statistics on Sustainability Statement and Survey Recovery Rate

| Item | Sustainability Statement | | | Sustainability Survey Form | | | Integrity Commitment | | |
|-----------------------------------|--------------------------|------------|------------|----------------------------|------------|------------|----------------------|------------|------------|
| | Year: 2019 | Year: 2020 | Year: 2021 | Year: 2019 | Year: 2020 | Year: 2021 | Year: 2019 | Year: 2020 | Year: 2021 |
| Total number of suppliers | 894 | 996 | 1,099 | 894 | 996 | 1,099 | 894 | 996 | 1,099 |
| Number of returns (copies) | 822 | 909 | 996 | 822 | 909 | 996 | 822 | 928 | 1,031 |
| Return rate (%) | 92 | 91 | 91 | 92 | 91 | 91 | 92 | 93 | 94 |

The supplier's assessment emphasizes that the supplier must be able to ensure stable quality and reduce the cost of materials. The supplier is required to have the ability to supply raw materials that meet the requirements of the procurement contract. In addition, the Company's quality assurance department is required to periodically evaluate qualified suppliers on monthly basis based on their incoming process capability, delivery rate, and full-goodness promotion projects in order to enhance the overall competitiveness of suppliers. Each year, the Company also 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, we will also provide appropriate assistance and counseling to the supplier, and actively seek for suppliers who can cooperate with the Company. By 2021, suppliers with quality scores A, B, and C were all considered qualified for procurement. From 2018 to 2020, the percentage of A and B level suppliers increased from 81% to 87%. For the sake of showing stable quality of suppliers, the percentage of Level A suppliers increased from 37% to 44%. The percentage of Level C suppliers decreased from 19% to 13%. The percentage of Level D suppliers was maintained at 0%.

In 2021, we changed the scoring method in order to make the quality of suppliers more stable. We provided incentives such as early payments and penalties such as late payments to suppliers with good performance and poor performance, respectively. Since the implementation of the new grading system in 2021, Level A and Level B vendors accounted for 72.4% (86 points or more), Level C vendors accounted for 26.4% (71-85 points), and Level D vendors accounted for 2% (70 points or less). Although there were a few Level D vendors, all of them improved after communication, so there were no vendors locked out due to consecutive D Level for more than 6 months. In the future, it is expected that the percentage of Level D vendors will decrease to 0% in 2022.

2.3.2 Supplier Assessment

Delivery quality performance statistics

The number and percentage of collaborators by level (%)

| Rating | Scores on Delivery Quality and Performance | Year: 2018 | Year: 2019 | Year: 2020 |
|---------|--|------------|------------|------------|
| Level A | 100-88 Points | 29 | 37 | 44 |
| Level B | 87-74 Points | 51 | 44 | 43 |
| Level C | 73-60 Points | 20 | 19 | 13 |
| Level D | 59 Points and Below | 0 | 0 | 0 |

Note: 1. Delivery quality and performance score = 40% for the process capability on incoming goods + 20% for the delivery time achievement rate + 40% for the total good products promotion.

2. Level A score: 88 or above / Level B score: 74~87 / Level C score: 60~73 / Level D score: 59 or below.

3. Level A supplier: Priority in procurement. Those who have been evaluated as Level A for more than one year in a row and have no quality abnormality can apply to be exempted from inspection.

Level B supplier: The product will still be used, but will be subject to normal quality control.

Level C supplier: Classified as a secondary supplier.

Level D supplier: If the supplier is rated as Level D for 2 consecutive months, procurement with the supplier will be halted.

The number and percentage of collaborators by level (%)

| Rating | Scores on Delivery Quality and Performance | Year: 2021 |
|---------|--|------------|
| Level A | 100-96 Points | 26 |
| Level B | 95-86 Points | 46 |
| Level C | 85-71 Points | 26 |
| Level D | 70 Points and Below | 2 |

Note: 1. Delivery quality and performance score = 40% for the process capability on incoming goods + 10% for the delivery time achievement rate + 50% for the total good products promotion.

2. Level A score: 96 or above / Level B score: 86~95 / Level C score: 85~71 / Level D score: 70 or below.

3. For suppliers rated Level A for 6 consecutive months with the average score ranking top 5, the payment date for the second half of the year will be 15 days earlier.

4. For suppliers rated Level C for 6 consecutive months with the average score ranking bottom 5, the payment date for the second half of the year will be 30 days later.

5. Suppliers rated Level C for 6 consecutive months will be locked out. The unlocking condition is that the vendor must provide a rectification report and the quality assurance department will hold a review meeting to discuss whether to agree to re-conduct the operational evaluation.

2.3.3 Supplier Complaint Channel

The Company accepts named grievances from suppliers. 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.



Chapter 3 Sustainable Environment

3.1 Green Production/Products

3.2 Energy Management

3.3 Water Resources Management

3.4 Environmental Protection



Environmental safety and health policy: *green production, safety and health, sustainability*

The Company upholds the management philosophy of “integrity, quality, service, and innovation” to plan the production process in accordance with the standards of the Cleaner Production Assessment System to meet the needs of the “zero pollution,” “zero disasters,” and “recycling” policies. The Company establishes annual management key performance indicators for the environmental impact on the production and the Significant Issues of concern to Stakeholders for continuous improvement. The Company complies with the following action guidelines.

- ❑ The Company complies with environmental, occupational safety and health, energy regulations, and other requirements.
- ❑ The Company reduces wastewater, waste 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.
- ❑ The Company implements hazard identification and risk assessment and management to prevent injuries and health hazards.
- ❑ The Company 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.
- ❑ The Company has strengthened internal and external communication to reduce waste from manufacturing, packaging, and using the products, and to promote recycling and reuse of resources.
- ❑ The Company has strengthened the operational management of its facilities to prevent emergencies such as fires and spills.

In compliance with governmental laws and regulations related to environmental protection, the Company has been certified for its ISO 14001 management system since 1998. The Company has implemented 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 all the time. 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 gases. 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.

Environmental protection is an issue of great importance to the Company. The Company also uses questionnaires to understand the level of concern of Stakeholders such as employees, customers, suppliers, and community residents on this issue, and therefore includes it as a Significant Issues to be explored.

Kenda received the “2021 National Enterprise Environmental Protection Award - Bronze Award”



3.1 Green Production/Products

3.1.1 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 will be 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, it is continuously improved to achieve the purpose of reducing rolling resistance. In 2019, a new silane was introduced to help couple silica with the rubber and is expected to reduce the rolling resistance by 5%. However, in order to maintain the safety performance of the tires, the formula was adjusted so that the rolling resistance reduction did not reach the standard; however, it still met the requirements of the European Union wet grip/rolling resistance class C or higher. Although the rolling resistance coefficient was reduced from 7.23 in 2019 to 6.76 in 2020 (6.5% reduction) through the light-weighting of tires and the optimization of grounding pressure, it did not achieve the target of 6.0 or below in 2020. In 2021, we introduced a new type of SSBR rubber with low temperature characteristics and a high amount of grip material (Resin) to continue to develop a wider range of applications and maintain the original energy saving and safety requirements. The rolling resistance coefficient was 6.1 in 2021, 9.8% lower than 6.76 in 2020. For questions related to product safety or health risk complaints, please visit the Stakeholders area on the Company's CSR website (<http://csr.kenda.com.tw/>).

| Item | Year: 2019 | Year: 2020 | Year: 2021 |
|-----------------------------------|------------|------------|------------|
| Coefficient of Rolling Resistance | 7.23 | 6.76 | 6.10 |

3.1.1 Reducing the Impact of Products and Services on the Environment



| | 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 $RRC \geq 10,6$ | $RRC \geq 9,1$ | $RRC \geq 7,1$ |

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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.)

3.2 Energy Management

The Company's principles include:

- improving energy efficiency and reducing energy consumption
- complying with energy regulations and fulfilling social responsibilities
- implementing energy management systems to reduce carbon emissions
- promoting the participation of all employees to achieve the goal of energy saving and carbon reduction
- raising the awareness of all employees to save energy and create sustainable management
- strengthening the application, recycling, and reuse of renewable energy
- effectively managing energy through the concept of The Internet of Things (IoT)

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.

3.2.1 Control on Energy Saving and Carbon Reduction

The Company has established ISO 50001 energy management system and obtained certification to fulfill its energy management policy.

- The Company will plan improvements year by year to actively reduce the amount of electricity and gas required to produce products and to reduce the amount of inefficient redundant work. In order to do so, the Company has switched to frequency conversion and high-efficiency equipment and has turned on the relevant exhaust and air conditioning equipment according to the ambient temperature to ensure the effective use of electricity. ISO 50001 certification was obtained in early December 2020 in accordance with ISO 50001 standard revised in 2018 (ENERGY MANAGEMENT SYSTEM-ISO50001:2018) to meet the global trends of green, energy-saving, and carbon-reduction.
- In response to the energy saving and carbon reduction policy of the “Regulation on the Installation of Renewable Energy Generation Facilities for Electricity Consumers with Certain Contracted Capacity or Above” by the Ministry of Economic Affairs implemented since January 2021, solar power facilities have been installed by our own means on the roof of the Yunlin Plant (according to the regulations for large energy consumers announced on January 1, 2021, if the contracted electricity consumption of the Company $\geq 5,000\text{kW}$, the proportion of green electricity must reach 10%). The solar power facilities are expected to be completed by the end of December 2022. The expected annual CO₂ emissions reduction will be 311 tons.

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

| Job | The authorized unit | Action |
|---|---|---|
| Energy Audit | Engineering Department | Review the Company’s energy use and consumption, energy-related performance indicators and baselines, and projects relevant to energy saving. |
| 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. |
| Action Plans | Energy Management Team | Establish energy saving improvement projects and the relevant performance indicators annually. |
| Communication | Energy Management Team | Conduct internal and external communication on energy management, including compliance obligations (e.g., energy audits and reporting operations). |
| Design and Procurement | Engineering Department Security Section | Design energy performance indicators for equipment of significant energy use and manage the relevant procurement. |
| Documented Information Management | Engineering Department Security Section Manufacturing Unit Document Control Center | Compile and manage digital energy management system documents. |
| Internal and External Audits | Energy Management Team External Audit Unit | Regularly conduct internal and external audits. |
| Data Monitoring and Measurement | Engineering Department Security Section 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. |

3.2.1 Control on Energy Saving and Carbon Reduction

Energy control and consumption reduction

| Plant | Item | Year: 2019 | Year: 2020 | Year: 2021 |
|---------------|--|------------|------------|------------|
| Yuanlin Plant | Electricity Consumption (1000 kWh) | 14,775 | 15,418 | 15,828 |
| | Electricity Energy Performance Indicators (kg/kWh) | 0.729 | 0.733 | 0.748 |
| | Natural gas usage (m ³) | 3,384,360 | 3,611,684 | 4,185,269 |
| | Natural Gas Energy Performance Indicators (kg/kcal) | 0.319 | 0.319 | 0.289 |
| Yunlin Plant | Electricity Consumption (1000 kWh) | 36,956 | 37,986 | 38,694 |
| | Electricity and energy performance indicators (kg/kWh) | 1.005 | 0.910 | 0.928 |
| | Natural gas usage (m ³) | 6,800,594 | 6,855,541 | 7,335,956 |
| | Natural Gas Energy Performance Indicators (kg/kcal) | 0.482 | 0.492 | 0.479 |

Note 1: The use of electricity and natural gas has increased due to the expansion of production capacity by Taiwanese businessmen returning to Taiwan for investment.

Note 2: Electricity energy performance indicator = 1/energy intensity = the amount of rubber consumed in the product (kg) / annual electricity consumption (kWh).

Natural Gas Energy Performance Indicator = 1/Energy Intensity = the amount of rubber consumed in the product (kg)/calorific value of fuel consumed annually (kcal).

Representative Energy Saving Solutions

| Plant | Energy Saving and Carbon Reduction Solutions | Energy Savings Description | Annual Energy Savings (kWh) | Annual Carbon Reduction (Tons of CO ₂ e) |
|---------------|---|--|-----------------------------|---|
| Yuanlin Plant | Improvement of vacuum power supply in the vulcanization area of the Motorcycle Tire Division. | The start-up of the vacuum pump is controlled by the upper and lower limits of the vacuum pressure gauge, and the frequent start-up will consume power. PID algorithm with parameter setting and pressure sensor to keep the vacuum pressure close to constant pressure for operation and to reduce the frequency of motor start-up for energy saving. | 15,506.4 | 7.89 |
| Yuanlin Plant | Improvement of motor power for tire tube extrusion machine at the Inner Tube Section. | The tire tube extrusion machine uses AC motor, which is noisy, inefficient and power-consuming. Modify the transmission structure and switch to high efficiency motor to reduce noise, improve efficiency and reduce power consumption. | 18,439.2 | 9.39 |



Representative Energy Saving Solutions

| Plant | Energy Saving and Carbon Reduction Solutions | Energy Savings Description | Annual Energy Savings (kWh) | Annual Carbon Reduction (Tons of CO ₂ e) |
|--------------|---|---|-----------------------------|---|
| Yunlin Plant | Lidding Machine Feeding / Cold Feed Extruder 400HP Motor changed to Variable Frequency Control | Lidding Machine Feeding / Cold Feed Extruder 400HP, 85% efficiency, changed to high efficiency 440V inverter motor, 93.2% efficiency. | 478,998 | 72.3 |
| Yunlin Plant | 75L Internal Mixer - The Lower Auxiliary Machine in 3 sets (300HP+125HP+125 HP) Slicing Machine, Motor Change Frequency Control, Integrated Transformer | The original 3.3KV/AC motor with 85% efficiency is changed to 440V high efficiency induction servo motor with 95% efficiency + inverter control to reduce the loss of waiting for feeding and idling. | 451,234.7 | 249.98 |
| Yunlin Plant | Air compressor usage monitoring system with the newly added function of ring type piping and air leakage measurement | A 200HP inverter air compressor was added. The air pressure system was integrated with air compressors NO1~NO3 in the air compressor room, and the original inverter air compressor is used as a standby, and the ring type piping and air leakage control are added. | 502,491 | 278.4 |

3.2.2 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, our company is committed to adjusting and optimizing the mixing process, reducing the number of mixing stages and shortening the mixing operation time.
- The Company is committed to improving and optimizing process, and reducing energy consumption to reduce the impact on the environment.

Energy consumption of the mixing process

| Year | Electricity Consumption (Thousand kWh/year) | Electricity Cost (Thousand NT\$/year) | Man-Hours (hr/year) | Man-Hour Costs (Thousand NT\$/year) |
|------|---|---------------------------------------|---------------------|-------------------------------------|
| 2019 | 220.7 | 545.13 | 1,692 | 253.8 |
| 2020 | 229.1 | 565.88 | 1,824 | 273.6 |
| 2021 | 228.1 | 559.07 | 1,904 | 285.6 |

3.3 Water Resources Management

3.3.1 Water Usage Management

In response to the rapid changed in the environment, extreme rainfall and prolonged droughts that seriously affect people’s quality of life, the Company’s Occupational Safety & Health (OSH) and Environment Committee is dedicated to reduce water consumption by recycling process water and effluents. The Company’s water resources are obtained from groundwater and tap water in the amount permitted by Water Deed.

Water Resources Usage

| Plant | Item | Year: 2019 | Year: 2020 | Year: 2021 |
|--|--------------------------------|------------|------------|------------|
| Yuanlin Plant | Water Intensity (ton/ton) | 12.65 | 11.75 | 14.94 |
| | Groundwater Consumption (tons) | 112,362 | 110,659 | 141,343 |
| | Tap Water Consumption (tons) | 23,661 | 22,225 | 35,532 |
| Yunlin Plant | Water Intensity (ton/ton) | 4.22 | 4.21 | 4.59 |
| | Groundwater Consumption (tons) | 127,630 | 129,943 | 143,382 |
| | Tap Water Consumption (tons) | 11,619 | 13,717 | 14,572 |
| Total Water Consumption (Tons) | | 275,272 | 276,544 | 334,829 |
| Total Water Consumption Intensity (tons/ton) | | 6.29 | 6.09 | 7.24 |

Note 1: Intensity of total water consumption = tons of total water consumption / tons of rubber consumed in total production.

Note 2: The Yuanlin Plant had a new area for BC BOM machines, resulting in an increase in production capacity and water consumption.

Note 3: The Yunlin Plant experienced a rupture and leakage of fire-fighting pipeline in 2021, resulting in an increase in total water consumption.

3.3.2 Wastewater Management

Wastewater generated by the plant is collected into the catch basin. It is necessary to regularly check whether the pipelines, catch basin and overflow prevention measures are intact to avoid secondary pollution caused by overflow. The wastewater is transported by pipeline, measured by flow meter and then sent to the wastewater treatment plant for degradation. After the wastewater has been treated to meet the regulatory requirements for effluent (reclaimed water), it can be metered and discharged through the effluent outlet. The effluent from the Yuanlin Plant is discharged into the Yuanlin drainage; the effluent from the Yunlin Plant is discharged into the New Huwei Stream; and the effluent from the Douliu plant and the Global Technology Center is discharged into the sewer of the Yunlin Technology Industrial Area.

3.3.2 Wastewater Management

Total effluent and total water consumption

Unit: ton

| Plant | Item | Year: 2019 | Year: 2020 | Year: 2021 |
|-------------------------|-------------------|------------|------------|------------|
| Yuanlin Plant | Effluent | 4,363 | 5,736 | 6,147 |
| | Water Consumption | 131,660 | 127,148 | 170,728 |
| Yunlin Plant | Effluent | 47,296 | 31,052 | 37,610 |
| | Water Consumption | 91,953 | 112,608 | 119,344 |
| Total Effluent | | 51,659 | 36,788 | 43,757 |
| Total Water Consumption | | 223,613 | 239,756 | 290,072 |

The quality of effluent is analyzed by companies licensed by the Environmental Analysis Laboratory and the Company's test results show compliance with regulations. Data source: The average value of effluent quality is tested regularly every year.

Effluent Quality Test Value

| Plant | Item | Effluent Quality Standard | Year: 2019 | Year: 2020 | Year: 2021 |
|---------------|----------------------------------|--|------------|------------|------------|
| Yuanlin Plant | Water Temperature (°C) | From May to September: 38°C and below From October to April: 35°C and below | 33.0 | 29.6 | 34.2 |
| | pH | 6-9 | 7.5 | 8.1 | 7.6 |
| | Oil and Grease (mg/L) | 10 | 3.9 | 3.9 | 2.7 |
| | Biochemical Oxygen Demand (mg/L) | 30 | 3.1 | 3.1 | 3.4 |
| | Chemical Oxygen Demand (mg/L) | 100 | 11.8 | 24.9 | 43.3 |
| | Suspended Solid (mg/L) | 30 | 0.8 | 5.6 | 15.5 |
| Yunlin Plant | Water Temperature (°C) | From May to September: 38°C and below From October to April: 35°C and below | 25.0 | 29.3 | 29.0 |
| | pH | 6-9 | 7.6 | 7.9 | 7.9 |
| | Oil and Grease (mg/L) | 10 | 1.3 | 1.3 | 1.8 |
| | Biochemical Oxygen Demand (mg/L) | 30 | 13.6 | 13.6 | 14.5 |
| | Chemical Oxygen Demand (mg/L) | 100 | 36.2 | 23.6 | 33.9 |
| | Suspended Solid (mg/L) | 30 | 6.7 | 4.3 | 17.0 |

Note 1: Due to the deterioration of the sand filter material, the water quality cannot be effectively purified at the Yuanlin Plant. The sand filter was renewed in July.

Note 2: The increase in SS concentration at the Yunlin Plant in 2021 was due to an abnormality in the sludge pump of the sedimentation tank in October and November, which caused the SS concentration in the wastewater treatment system to accumulate and increase. In November, we conducted water quality testing in the second half of the year. As a result, the measured SS concentration increased significantly, and the sludge pump was replaced and the abnormality removed in early December.



3.3.2 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 plant for toilet flushing, floor washing, green planting, irrigation water, etc. to reduce the consumption of water resources.

Rate of Reclaimed Water Recycled for Reuse

| Plant | Item | Year: 2019 | Year: 2020 | Year: 2021 |
|---------------|---|------------|------------|------------|
| Yuanlin Plant | Amount of reclaimed water recycled (tons) | 6,536 | 7,189 | 7,775 |
| | Recovery rate (%) | 60.0 | 55.6 | 55.8 |
| | Target value of recycling rate (%) | 56.80 | 57.10 | 57.1 |
| Yunlin Plant | Amount of reclaimed water recycled (tons) | 28,784 | 26,143 | 26,640 |
| | Recovery rate (%) | 37.8 | 45.7 | 41.5 |
| | Target value of recycling rate (%) | 62.80 | 47.90 | 47.90 |

Note: In order to reduce the waste of water resources, Yunlin Plant increased the scope of reclaimed water recovery and reuse in 2021, and used the reclaimed water extensively for watering in many flower gardens, as a solvent for some pharmaceutical dispensers, and for refilling the self-priming buckets of pumping motors. The reclaimed water recycling rate of Yunlin Plant in 2021 did not reach the target value. Therefore, the target value for reclaimed water recovery and reuse rate is still 47.9% in 2022. The target value for 2022 is 57.1% for the Yuanlin Plant.

3.4 Environmental Protection

Through the efforts of Environmental Safety and Health Office, the Company actively promotes the 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, we use sound-absorbing materials to reduce the decibel level (dB). In addition, we purchase 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. In 2021, the Yuanlin Plant was fined NT\$12,000 for violating Article 31(1) and (2) of the Waste Disposal Act for reporting excess business waste but failing to update the business waste disposal plan. Improvement measures: EXCEL software is used for reporting. If the reported waste exceeds the amount of business waste disposal plan, a “red box” will pop out in the numerical field for relevant authorities and responsible people to confirm.

Amount of fines for violating environmental laws and regulations (NT\$)

| Plant | Year: 2019 | Year: 2020 | Year: 2021 |
|---------------|--------------|------------|-------------|
| Yuanlin Plant | NT\$ 60,000 | - | NT\$ 12,000 |
| Yunlin Plant | NT\$ 100,000 | - | - |

3.4.1 Check on Greenhouse Gas

Driven by the trend of greenhouse gas control by international organizations and to meet the requirements of greenhouse gas reduction, the Company's Environmental 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.

For the past three years, the CO₂ emission per unit of product (CO₂ emissions (tons of CO₂e)/tons of rubber consumed in production) is calculated as follows. In 2017, the heavy oil boiler was replaced by a natural gas boiler, which was commissioned in Q3 2018, to reduce CO₂ emission per unit of product. In 2021, the Yunlin Plant has significant increases of the electricity consumption due to four new curing machines added, newly purchased plant operation and the presence of the Assembly Section; therefore, the CO₂ emission per unit of product has not met the target value in the Yunlin Plant. The target value for 2022 remains 1.03 in the Yunlin Plant, and 1.22 in the Yuanlin Plant.

Greenhouse gas emissions

| Plant | Item | Year: 2019 | Year: 2020 | Year: 2021 |
|--|---|------------|------------|------------|
| Yuanlin Plant | Scope 1: Natural Gas CO ₂ Emissions (Tons of CO ₂ e) | 7,142 | 7,621 | 7,864 |
| | Scope 1: Fuel Oil CO ₂ Emissions (Tons of CO ₂ e) | 164 | 0 | 0 |
| | Scope 2: Electricity CO ₂ Emissions (Tons of CO ₂ e) | 10,185 | 10,639 | 8,057 |
| | Scope 1+2: CO ₂ Emission Intensity (Tons of CO ₂ e/Ton) | 1.63 | 1.62 | 1.35 |
| | Target Value for CO ₂ Emission Intensity (Tons of CO ₂ e/Ton) | 1.68 | 1.68 | 1.22 |
| Yunlin Plant | Scope 1: Natural Gas CO ₂ Emission (Tons of CO ₂ e) | 14,349 | 14,465 | 13,784 |
| | Scope 2: Electricity CO ₂ Emissions (Tons of CO ₂ e) | 25,500 | 26,212 | 19,695 |
| | Scope 1+2: CO ₂ Emission Intensity (Tons of CO ₂ e/Ton) | 1.21 | 1.19 | 0.97 |
| | Target Value for CO ₂ Emission Intensity (Tons of CO ₂ e/Ton) | 1.03 | 1.03 | 1.03 |
| CO ₂ Total Emission (Tons of CO ₂ e) | | 57,340 | 58,937 | 49,400 |
| CO ₂ Total Emission Intensity (Tons of CO ₂ e/Ton) | | 1.31 | 1.30 | 1.07 |

Note: Due to the operation of replacing fuel oil to natural gas, fuel oil was still used in 2019.



3.4.2 Air Pollution Management

The Company’s Environmental 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, we install prevention and treatment equipment, such as: cyclone dust collector, bag type dust collector, activated carbon adsorption and filling tower, wet scrubber tower, etc.

In 2019, for the waste heat and odor collected in the curing area of the Yuanlin Plant, additional washing towers have been added for treatment before emission. All exhausts must be inspected at the discharge port of exhaust flue in accordance with the regulations. The inspection results must comply with the standards stipulated by regulations.

Air pollution emissions in the past three years Unit: tons

| Plant | Item | Year: 2019 | Year: 2020 | Year: 2021 |
|---------------|----------------------------|------------|------------|------------|
| Yuanlin Plant | Particulate matter | 0.2 | 0.1 | 0.1 |
| | Nitrogen oxides | 6.6 | 2.9 | 3.2 |
| | Volatile organic compounds | 26.3 | 24.8 | 26.5 |
| Yunlin Plant | Particulate matter | 0.3 | 0.4 | 0.4 |
| | Nitrogen oxides | 14 | 15.2 | 15.9 |
| | Volatile organic compounds | 25.4 | 26.2 | 26.5 |

3.4.3 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, oil-absorbing 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.

3.4.4 Waste Management

The Company's Environmental 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. Through the approved "Business Waste Cleanup Plan" by local environmental authorities, waste is handled by waste clearance companies certified by the authorities. 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. In 2021, the Company set up improvement projects for each production process to continuously reduce side products and scrap rate, and to minimize the impact on the environment with a target of 10% recycling rate.

Statistics on Industrial Waste

| Plant | Item | Year: 2019 | Year: 2020 | Year: 2021 | Targets for 2021 |
|---------------------------------|-------------------------|------------|------------------|----------------|------------------|
| Yuanlin Plant | General (tons) | 59.6 | (Note 1) 69.2 | 69.1 | 58 |
| | Hazardous (tons) | 0.278 | 0.158 | 0.062 | 0.042 |
| | Recycling volume (tons) | 307.6 | (Note 2) 342.5 | (Note 6) 432.9 | 280 |
| Yunlin Plant | General (tons) | 177.1 | (Note 3) 208.5 | (Note 5) 325.3 | 196 |
| | Hazardous (tons) | 0 | 16.11 | 0 | 16 |
| | Recycling volume (tons) | 1,746.50 | (Note 4) 1,854.4 | 1,456.70 | 1,980 |
| Total waste volume (tons) | | 2,291.078 | 2,490.868 | 2,284.062 | |
| Total Waste Intensity (Ton/Ton) | | 0.052 | 0.055 | 0.049 | |

Note 1: More general waste is generated in each production and process environment and in the public area adjacent to the plant.

Note 2: More recycling waste is generated from the retirement of old equipment.

Note 3: The PCR tires that have not been tested in 2019 will be re-tested in 2020 for a one-time waste disposal, resulting in an increase in the amount of disposal.

Note 4: The damaged equipment, carts and other scrap metal placed in the newly purchased plant in each section was scrapped extensively in 2020.

Note 5: In 2020, the Yunlin Plant changed the content of the waste cleaning plan. As a result of the change, the number of waste items to be reported on the website has increased, and the amount of waste generated has also increased.

Note 6: The volume of recycling and reuse of business waste has increased due to the increase in bicycle production and the tightening of the acceptance rate of swing inspection.

3.4.5 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 at the storage site under the control of specialized personnel. 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. The Company has applied for approval documents in accordance with the law. A total of 10 types of toxic and chemical substances (Class 1~4) are recorded and reported regularly in accordance with the regulations. After the waste liquid is collected, it is handled by waste clearance companies certified by the authorities. The exposure in special operation field is controlled by Chemical Control Banding (CCB). In the event of a spill accident that contaminates the environment or endangers 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.

3.4.6 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. The Company properly operated and maintained its water pollution control facilities and improved its plant-wide wastewater treatment to prevent abnormal pollution incidents.
2. In line with the greenhouse gas inventory, the Company maintains the ISO 50001 energy management system and continues to promote energy saving and carbon reduction, product carbon footprint disclosure and waste reduction projects to reduce environmental greenhouse gas emissions, increase the rate of recycling water, save water resources, reduce waste at the source of the process and increase waste recycling as environmental objectives.
3. In order to implement the ISO 14001 environmental management system, the Company pursues good performance on pollution prevention, continuous improvement and green and clean production performance 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.

3.4.7 Communication on Environmental Issues

In line with ISO 14001, the Company stipulated “Rules for Communication on Environmental, Safety and Health Information” for the Company 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 “Environmental Safety and Health Information Register” for reference. In the event of complaint, the responsible unit will carry out the improvement measures in accordance with the complaint and the measures will be followed up and confirmed by the Environmental Safety Department.



3.4.8 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 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, Sustainable Management.” 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). In order to continuously and effectively manage the relevant indicators of the CPMS (energy and resource saving, green 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 is committed to reducing the impact on the environment by means of followings: increasing the number of recycling water lines in the plant and increasing the amount of recycled water used to increase recycling, 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. This will help 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.



The Yunlin Plant was awarded the “Certificate of Cleaner Production Assessment” from the Industrial Development Bureau, Ministry of Economic Affairs.

Chapter 4 Happy Enterprise

4.1 Human Resources

4.2 Education and Training

4.3 Safety and Health

4.4 Employee Welfare



4.1 Human Resources

4.1.1 Staff Structure

In recent years, the company's operations 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. All senior executives employed are from Taiwan, with the aim of reducing communication time and strengthening human capital across all levels, as well as benefiting local economics.

Staff Employment Status

Unit: Person

| Year | Category | National Male | National Female | Foreign Male | Foreign Female | Subtotal | Ratio (%) | Total |
|------|--------------|---------------|-----------------|--------------|----------------|----------|-----------|-------|
| 2019 | Regular jobs | 1,093 | 523 | 350 | 2 | 1,968 | 100 | 1,968 |
| | Contract | - | - | - | - | - | - | |
| 2020 | Regular jobs | 1,103 | 525 | 363 | 2 | 1,993 | 100 | 1,993 |
| | Contract | - | - | - | - | - | - | |
| 2021 | Regular jobs | 1,107 | 544 | 328 | 2 | 1,981 | 100 | 1,981 |
| | Contract | - | - | - | - | - | - | |

Staff Age Structure

Unit: Person

| Year | Sex | 30 years old or younger | Age: 30-50 | 51 years old or above | Total |
|------|-----------|-------------------------|------------|-----------------------|-------|
| 2019 | Male | 417 | 851 | 178 | 1,446 |
| | Female | 98 | 319 | 105 | 522 |
| | Subtotal | 515 | 1,170 | 283 | 1,968 |
| | Ratio (%) | 26 | 60 | 14 | 100 |
| 2020 | Male | 386 | 898 | 182 | 1,466 |
| | Female | 83 | 323 | 121 | 527 |
| | Subtotal | 469 | 1,221 | 303 | 1,993 |
| | Ratio (%) | 24 | 61 | 15 | 100 |
| 2021 | Male | 343 | 905 | 192 | 1,440 |
| | Female | 85 | 335 | 121 | 541 |
| | Subtotal | 428 | 1,240 | 313 | 1,981 |
| | Ratio (%) | 22 | 62 | 16 | 100 |

4.1.1 Staff Structure

Statistics on New Staff

Unit: Person

| Year | Category | National Male | National Female | Foreign Male | Foreign Female | Total |
|------|--------------------------|---------------|-----------------|--------------|----------------|-------|
| 2019 | Number of New Staff | 113 | 47 | 94 | 1 | 255 |
| | Number of Employees | 1,093 | 523 | 350 | 2 | 1,968 |
| | Rate of New Arrivals (%) | 5.7 | 2.4 | 4.8 | 0.1 | 13.0 |
| 2020 | Number of New Staff | 107 | 47 | 53 | - | 207 |
| | Number of Employees | 1,103 | 525 | 363 | 2 | 1,993 |
| | Rate of New Arrivals (%) | 5.4 | 2.4 | 2.7 | 0.0 | 10.4 |
| 2021 | Number of New Staff | 105 | 43 | 32 | - | 180 |
| | Number of Employees | 1,107 | 544 | 328 | 2 | 1,981 |
| | Rate of New Arrivals (%) | 5.3 | 2.2 | 1.6 | 0.0 | 9.1 |

Statistics on Employee Turnover

Unit: Person

| Year | Category | National Male | National Female | Foreign Male | Foreign Female | Total |
|------|--------------------------|---------------|-----------------|--------------|----------------|-------|
| 2019 | Number of employees | 1,093 | 523 | 350 | 2 | 1,968 |
| | Under 30 years old | 103 | 16 | 30 | - | 149 |
| | 30 to 50 years old | 85 | 32 | 49 | - | 166 |
| | Over 50 years old | 16 | 9 | 2 | - | 27 |
| | Average monthly turnover | 17 | 5 | 7 | - | 29 |
| | Turnover rate (%) | 1.6 | 1.0 | 2.0 | 0.0 | 1.5 |
| 2020 | Number of employees | 1,103 | 525 | 363 | 2 | 1,993 |
| | Under 30 years old | 63 | 31 | 16 | - | 110 |
| | 30 to 50 years old | 58 | 29 | 23 | - | 110 |
| | Over 50 years old | 20 | 9 | 1 | - | 30 |
| | Average monthly turnover | 12 | 5 | 3 | - | 20 |
| | Turnover rate (%) | 1.1 | 1.0 | 0.8 | 0.0 | 1.0 |
| 2021 | Number of employees | 1,107 | 544 | 328 | 2 | 1,981 |
| | Under 30 years old | 62 | 33 | 28 | - | 123 |
| | 30 to 50 years old | 75 | 17 | 39 | - | 131 |
| | Over 50 years old | 17 | 4 | - | - | 21 |
| | Average monthly turnover | 13 | 5 | 6 | - | 24 |
| | Turnover rate (%) | 1.2 | 0.9 | 1.8 | 0.0 | 1.2 |





4.1.2 Staff Salaries and Human Resources

The Company's upholds the principles that "employees are the most important asset of the Company" and takes into account the welfare of employees and the interests of its shareholders to offer the most competitive salaries to attract and retain the best talent. Salaries do not vary by gender, religion, race, nationality, party affiliation or other factors.

The Company's pay scale is the same for both males and females; the ratio of granted salary to regulated minimum wage is more than 1:1 for entry-level employees. The Company dedicates to employing and cultivating talented local people in Taiwan; hence, all the supervisors at the managerial level or above are local residents of Taiwan. The above-mentioned two issues are also Significant Issues in the Company's human resources governance. The Company set up internal rules as required by the Labor Standards Act. During the period from 2020 to 2021, there was 27 female executives in management positions, which accounts for 13.08%.

Employee Benefits and Compensation Statistics Unit: Thousand NT\$/Person

| Category | | Year: 2020 | Year: 2021 | Difference |
|--|----------------|------------|------------|------------|
| Full-time employees not in supervisory roles | Average Salary | 622 | 650 | 28 |
| | Median Salary | 576 | 598 | 22 |
| Average Staff Salary | | 639 | 661 | 22 |
| Average Staff Benefits | | 740 | 771 | 31 |

4.1.3 Prohibition of Discrimination

The Company is committed to protecting workers' rights and complying with the Labor Standards Act and relevant government policies on human rights. The Company is not only committed to the policy, but also to the implementation of multiple communication channels and management mechanisms to ensure that workers are well taken care of. The Company is also committed to creating a corporate environment that respects, cares for and protects human rights.

The Company provides a safe and healthy working environment and establishes precautions to prevent accidents or health risks to employees at work. The Company does not discriminate on matters such as race, nationality, religion, gender, age, social class, physical disability, family and marital status, union membership, political affiliation, re-employment, compensation, promotion, training, retirement, termination of employment, etc. There is no interference with the rights of workers in respect of their religions, political affiliation, marriage and the observance of customs. In 2021, there were no cases of human rights violations, discrimination, and infringements of the rights of disadvantaged groups; also, there were no cases subject to human rights review or impact assessment.

The Company cares for the physically and mentally challenged persons and recruits physically and mentally challenged persons for them to excel and realize themselves and contribute to society. The Company was awarded by County Government for employing physically and mentally challenged persons over the minimum limit every year.

Table of the number of over-recruited persons with physical and mental disabilities

Unit: Person

| Category | Year: 2019 | Year: 2020 | Year: 2021 |
|---------------------------------------|------------|------------|------------|
| The standard number of people | 19 | 19 | 19 |
| The actual number of employees | 28 | 29 | 32 |

4.1.4 Prohibition of Child Labor

In order to ensure the physical and mental health of its employees and to comply with the Labor Standards Act, the Company does not employ child laborers under the age of 16 and requires the vendors of supply chain to sign a sustainability statement committing them not to use child labor.

4.1.5 Forced or Compulsory Labor

The Company enforces freedom of employment and does not use violence, coercion, detention, or other unlawful methods to compel labor. The Company does not make deductions from employees' wages as liquidated damages or other compensation. Employees of the Company retain the right to terminate contracts at will in accordance with the Labor Standards Act. The Company also requires the vendors of supply chain to sign a sustainability statement that commits them not to force or compel labor.

4.1.6 Employee Communication

The Company kept communication with its employees open:

1. Employees or job seekers who encounter unreasonable or unfair treatment at work may file a complaint with the head of the unit or the Human Resources Division.
2. The person accepting the complaint may invite the complainant to attend the investigation meeting and make representations, if necessary, in order to deal with the complaint, and may conduct an investigation on the application filed by the complainant. The complainant shall not refuse the investigation unless there is a valid reason.
3. If, after the complainant has explained the fact of unfair treatment, the managerial employee denies the fact, the managerial employee shall prove that the fact does not exist.
4. The person accepting the complaint may request relevant information from the person or entity concerned for the purposes of investigation and consideration of the complaint. The person or entity concerned may not evade, obstruct or refuse to do so.
5. In the course of investigation and deliberation, complaints shall be handled in a confidential manner in order to protect the rights of the complainant.
6. The Company shall not dismiss, transfer or otherwise disadvantage an employee as a result of a complaint. If there is a fact that an employee has been treated unreasonably or unfairly, the Company will take appropriate action in accordance with the relevant regulations. If such facts involve criminal liability, the Company may at the same time refer them to the judicial authorities.

Complaint Hotline: Human Resources Division 04-8345171 ext. 630

Complaint E-mail Box: m1100@kenda.com.tw

4.1.7 Performance Review

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.

Number of Employees to be reviewed in 2021

| Number of Staffs to be reviewed | Actual Number of Staffs Reviewed | Review rate (%) |
|---------------------------------|----------------------------------|-----------------|
| 1,652 | 1,652 | 100 |

4.2 Education and Training

The Company provides a wide variety of learning channels and development resources, including on-site training, training courses, mentorship, rotation, etc. Through a variety of education and training channels, the Company enhances the competitiveness of employees and robustness of the Company. The Company provides systematic training to enhance the professionalism and quality awareness of our staff, to reduce defective products, to serve our customers and to strengthen customer relationships. The aim is to build the Company's sustainability, enhance its vision, and achieve its objectives.

In order to support employee training and development, the Company sets KPI, which is overlooked by training affairs, for employee training hours and expenses in accordance with the annual budget of each department.

The Company has been awarded the "National Talent Development Awards - Large Enterprises" in 2019. The company also passed the evaluation and was graded Gold by Talent Quality-management System (TTQS) - Corporate Edition in 2021. The Company continues to refine the quality of its training system to achieve optimal results.

Due to COVID-19, the Company has suspended large-scale courses to avoid clustering and gradually established a digital learning (teaching materials) platform in 2021 to maintain employee education and training.

Employee Education and Training Statistics

| Item | Year: 2019 | Year: 2020 | Year: 2021 |
|------------------------|------------|------------|------------|
| Training Hours (Hours) | 56,214 | 55,687 | 58,761 |
| Training Fee (NT\$) | 9,803,658 | 9,224,640 | 9,878,690 |

【Education and Training and Relevant Development Policies】

- Improve the quality of new recruits
- Enhance the quality of new staff
- Improve the quality of serving staff
- Improve the quality of the working environment
- Create a good corporate culture

【Education and Training Commitment】

Integrate the company's management objectives ,
Implement on-the-job training for employees.



4.2.1 Government Grants

Sustainability is based on systematic employee training and appropriate development. In order to build Learning organization and develop its talent, the Company dedicates to build job rotation and the Education and Training system. The Company received a government grant of \$193,716 for employee training in 2021. The Company received the “National Talent Development Awards - Large Enterprises” in 2019, and also passed the evaluation and was graded Gold by Talent Quality-management System (TTQS) - Corporate Edition in 2021. With top management support and company-wide participation, the Company actively conducts training to enhance the performance of the organization.



4.2.2 Employee Career Development

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

Kenda Staff Training Blueprint (System Map)



4.2.3 Staff Learning and Effectiveness

In 2021, a total of 1,786 training sessions were delivered, with 42,760 participants and 58,761 hours of training. In the fourth quarter of each year, 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.

An analysis of employee training reveals that the Company does not have sexual discrimination in employee development. The Company also aims to overcome the language barrier through multiple learning channels so that all employees have the right and opportunity to enhance their professional skills.

| Year: 2019-2021 | Male Employees Trained | | | Female Employees Trained | | |
|--|--------------------------------|------------|------------|--------------------------------|------------|------------|
| | Average number of hours/person | | | Average number of hours/person | | |
| | Year: 2019 | Year: 2020 | Year: 2021 | Year: 2019 | Year: 2020 | Year: 2021 |
| A Pre-employment Education and Training -- Newcomers | 6.6 | 5.6 | 3.3 | 5.4 | 5.4 | 3.6 |
| B Basic Staff Training -- Operators | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 |
| C Cadre Education and Training -- Managers | 1.3 | 1.2 | 1.0 | 1.1 | 1.1 | 1.0 |
| D Training for inspectors/testers -- inspection/testing | 1.5 | 1.4 | 1.4 | 1.4 | 1.2 | 1.3 |
| F Professional Education and Training-- Operations | 2.3 | 2.9 | 2.4 | 1.6 | 1.6 | 2.4 |
| G Professional Education and Training-- Business | 4.3 | 1.8 | 4.0 | 3.8 | 1.3 | 3.7 |
| H Professional Education and Training-- Finance | 4.7 | 3.6 | 2.8 | 1.0 | 0.8 | 1.3 |
| I Professional Education and Training-- Information | 1.1 | 2.5 | 1.0 | 1.0 | 1.9 | 1.1 |
| J Professional Education and Training-- Equipment | 1.2 | 1.2 | 1.3 | 1.1 | 1.1 | 1.1 |
| K Professional Education and Training-- Safety and Health | 1.8 | 1.2 | 1.5 | 1.5 | 1.2 | 1.3 |
| L Professional Education and Training-- Personnel | 1.4 | 0.9 | 1.5 | 1.1 | 1.0 | 1.3 |
| M Professional Education and Training-- General Affairs | 1.0 | 1.0 | 1.4 | 1.0 | 1.0 | 1.7 |
| N Professional Education and Training-- Procurement | 2.0 | 2.8 | 2.0 | 2.8 | 2.5 | 2.2 |
| O Professional Education and Training-- Manufacturing | 1.6 | 1.1 | 1.1 | 1.7 | 1.2 | 1.3 |
| P Professional Education and Training-- Research and Development | 1.6 | 1.4 | 1.8 | 1.7 | 1.5 | 1.6 |
| Q Professional Education and Training-- Quality Control | 1.4 | 1.2 | 1.2 | 1.3 | 1.1 | 1.1 |
| R Professional Education and Training-- Language | 3.1 | 3.3 | 3.3 | 3.4 | 3.3 | 3.2 |
| S Education and Training at all levels-- Promotion | 1.8 | 1.5 | 1.2 | 1.9 | 1.4 | 1.0 |
| Y Professional Education and Training-- Presentations | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Z Other Education and Training--Others | 1.3 | 0.0 | 0.8 | 1.2 | 0.6 | 0.6 |
| Total Average | 2.1 | 1.8 | 1.4 | 1.7 | 1.5 | 1.4 |



4.2.3 Staff Learning and Effectiveness



Level Course - Introduction to Marketing



Level Course - Management Information Application



MTP Supervisors' Management Development Course



Remote Course - Rubber Compounding Techniques and Examples



How to become a good international business person quickly



Experimental Research Project



Traffic safety awareness sessions for foreign migrant workers

4.2.4 Guard Training and Plant Security Measures

The Company annually conducts human rights training for its guard.

Training Content: Prevention of human rights abuses by companies. This training covers violence control, non-stigmatizing and non-discriminatory treatment, and identity verification and visitor registrations.

佐證資料：12.3.4.0-08 門禁出入管控廠內教育訓練守衛上課記錄表和照片

建大工業股份有限公司 廠內教育訓練紀錄(資料)表

申請單位：管理課 / 申請單號：TRNH020070873 第 1/2 頁

課程名稱：安全政策及廠區安全相關訓練

訓練時間：2021/10/07 13:00 ~ 2021/10/07 17:00

講師姓名：黃國華 訓練地點：課室

訓練時數：2 參與人數：27

訓練方式：講義 實物操作 其他 (表格印出後勾選即可)

課程訓練計劃表

AEO 課程-安全政策及廠區安全相關訓練 2021年10月07日

廠區公司可勾選 AEO 安全政策及廠區安全相關訓練

| 課次 | 課名 | 內容 | 訓練時數 | 備註 |
|----|---------------------|----|------|----|
| 1 | 第一單元：門禁出入管控 | | 20分 | |
| 2 | 第二單元：可疑貨物及人士辨識及通報程序 | | 30分 | |
| 3 | 第三單元：威脅認知訓練及安全政策宣導 | | 20分 | |
| 4 | 第四單元：識別門部障礙及防止侵入訓練 | | 30分 | |
| 5 | 第五單元：郵件包裹辨識及異常處理作業 | | 20分 | |
| 6 | Q&A 與測驗時間 | | 20分 | |
| 7 | | | | |
| 8 | | | | |

| 編號 | 職別 | 身分證號 | 簽名 | 備註 |
|-----|-----|--------|-----|----|
| 018 | 警衛員 | 217703 | 黃國華 | |
| 019 | 警衛員 | 233619 | 黃玉雲 | |
| 020 | 警衛員 | 236349 | 黃美娟 | |
| 021 | 守衛員 | 172483 | 黃偉凱 | |
| 022 | 守衛員 | 177881 | 郭建輝 | |
| 023 | 守衛員 | 182228 | 葉明輝 | |
| 024 | 守衛員 | 197832 | 江宇宏 | |
| 025 | 守衛員 | 234849 | 洪建 | |

0200012.13 Rev. 2



Entrance and exit control and gate checks for guests and staff

4.2.5 Education and Training on Occupational Safety and Health

The majority of accidents in the workplace are related to human error. Therefore, the Company focuses on employee trainings to avoid human negligence in workplace. The Company also provides migrant workers disaster training in their languages to enhance their safety awareness and mitigate disasters. In 2021, the Company have implemented Education and Training in accordance with the law to improve employee professions and emergency handling ability.



Education and Training on General Safety and Health for Newly Arrived Staff Workers



Education and Training on General Safety and Health for Newly Arrived Migrant Workers



Workplace safety briefings for foreign migrant workers



Education and Training for Employees on Occupational Safety & Health

Education and Training for In-service Staff or Fixed Crane Operators

4.2.5 Education and Training on Occupational Safety and Health



Education and Training on Safety and Health for Foreign Migrant Workers

Disaster Prevention Drills

In case of human error or natural disasters, the Company sets up emergency response team. The Company also invites the local fire department to conduct firefighting and emergency response training twice a year. Through fire safety training and practical exercises, the abilities of the emergency response team and employees are strengthened, and the emergency response capability to avoid injuries, property losses, and environmental impacts are enhanced.



Emergency response drills at the plant

4.3 Safety and Health

4.3.1 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 and in daily life. Not only workers but also their families concern about the safety and health as they work in a workplace with hazards. Complaint URL: <http://csr.kenda.com.tw>.

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 team 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.



Implement a system for employees to read aloud the safety and health work



4.3.2 Enhance 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 SOPs for each operation, the Company strictly requires the employees to perform equipment maintenance properly and to protect the safety and health of our employees. In order to prevent harmful human errors, the Company continues to improve the equipment and workplace environment, which is presented as follows:

1. Lifting slings are installed in the mold washing area to save manpower on carrying washed mold.
2. The mechanical single-point safety light curtains will be replaced with laser scanning safety light curtains to significantly increase the level of safety protection.

The following is a statistical table of the Company’s occupational accidents for the past three years:

Occupational Accident Statistics

| Plant | Year | Number of Occupational Accidents | | | Number of Fatalities in the line of Duty | Number of Occupational Diseases |
|---------------|------------------|----------------------------------|--------|-----------------|--|---------------------------------|
| | | Male | Female | Number of Cases | | |
| Yuanlin Plant | 2019 | 3 | 0 | 3 | 0 | 0 |
| | 2020 | 5 | 1 | 6 | 0 | 0 |
| | 2021 | 5 | 1 | 6 | 0 | 0 |
| | Targets for 2022 | | | 4 | 0 | 0 |
| Yunlin Plant | 2019 | 4 | 0 | 4 | 0 | 0 |
| | 2020 | 7 | 1 | 8 | 0 | 0 |
| | 2021 | 3 | 1 | 4 | 0 | 0 |
| | Targets for 2022 | | | 4 | 0 | 0 |

Statistical table of occupational disaster categories

Unit : Pieces

| Plant | Year | Crushing (Smash) | Pinch Injury (Clipping Injury) | Fall | Bumps | Cuts (Lacerations) | Burns | Falling | Total |
|---------------|------|------------------|--------------------------------|------|-------|--------------------|-------|---------|-------|
| Yuanlin Plant | 2019 | 1 | 1 | 1 | 0 | 0 | 0 | 0 | 3 |
| | 2020 | 3 | 2 | 0 | 0 | 1 | 0 | 0 | 6 |
| | 2021 | 2 | 2 | 0 | 1 | 1 | 0 | 0 | 6 |
| Yunlin Plant | 2019 | 1 | 1 | 0 | 1 | 0 | 0 | 1 | 4 |
| | 2020 | 0 | 2 | 1 | 4 | 0 | 1 | 0 | 8 |
| | 2021 | 2 | 0 | 1 | 1 | 0 | 0 | 0 | 4 |

4.3.2 Enhance Safety and Health

Statistical Table of Performance Indicators for Occupational Disasters

| Plant | Item | Year: 2019 | Year: 2020 | Year: 2021 | Year: 2022 |
|---------------------------------|-----------------|------------|------------|------------|------------|
| Yuanlin Plant | FR Achievements | 1.03 | 2.36 | 1.12 | |
| | FR Targets | 0.32 | 0.32 | 1.12 | 1.65 |
| | SR Achievements | 45 | 62 | 74 | |
| | SR Targets | 29 | 29 | 41 | 54 |
| Yunlin Plant | FR Achievements | 1.84 | 3.55 | 1.59 | |
| | FR Targets | 2.35 | 2.29 | 2.56 | 2.09 |
| | SR Achievements | 73 | 200 | 340 | |
| | SR Targets | 87 | 86 | 111 | 183 |
| Occupational Disaster Ratio (%) | | 0.36 | 0.70 | 0.50 | |

Note: 1. FR (frequency of incapacitating injury) = number of incapacitating injuries * million working hours / total working hours. SR (Severity Rate of Incapacitating Injuries) = number of lost work days * million man-hours / total man-hours experienced. Occupational accident rate = number of occupational accidents / number of employees in December of the year.

2. Failure to meet the target: In 2021, the number of occupational accidents at the head office and the Yunlin Plant is the same as that of the previous year (6). The number of days lost due to occupational accidents at the Yunlin Plant was 856, an increase of 139 days compared to FY2020. 410 of these days were due to occupational accidents in FY2020, resulting in higher SR.

3. Improvement measures:

Head office/employee forest factory: Central District Occupational Safety Center was commissioned to conduct safety promotion and enhance safety education and training for migrant workers. In accordance with the subsidy program for improving the safety and health working environment in the rubber manufacturing industry proposed by the Occupational Safety and Health Administration, Ministry of Labor, we will purchase additional molding machines and sulfurizing machines with better protection measures. (Government subsidies for 2020 and 2021)

Yunlin Plant: In 2021, the improvement plan of forming machine clamping rolls will be implemented and lighting equipment will be added in the new plant to reduce the incidence of hazards in the employees' work.

4.3.3 Risk Assessment

In order to increase awareness and attention to safety and health, the Company continuously identifies, registers, and evaluates the risks and opportunities of potential safety and health hazards in operations and facilities. By continuously identifying hazards and assessing risks and opportunities, and by implementing the necessary risk control methods, the Company realizes its occupational safety and health policy to achieve continuous improvement. By continuously identifying hazards and assessing risks and opportunities, and by implementing the necessary risk control methods, the Company fulfills its occupational safety and health policy and the requirement of continuous improvement. Each department is required to update the risk assessment of hazard identification in the scope of each department prior to the annual internal audit.

Hazard Identification Methods:

1. Before hazard identification, each department should register the “Occupational Safety and Health Operation Flow Inventory Sheet” and the “Operation Condition Inventory” according to its activity and operation conditions, and then conduct the hazard identification operation.
2. Hazard identification operation is mainly based on the “Hazard Identification and Risk Assessment Worksheet.” The areas to be considered include the correlation between personnel, machinery, facilities, methods, materials, energy and operating environment. The hazard should be identified in the processes, activities and steps, and nodes by considering the items of the possible causes, consequences, and characteristics of hazards. Hazard characteristics include physical, chemical, biological, human-caused engineering, human factors, unsafe behavior, and other aspects.

The risk assessment level is determined as follows:

1. The exposure rate, occurrence rate, and severity of the consequences of the hazards are entered into the “Hazard Identification and Risk Assessment Worksheet,” and the results will be analyzed according to the “Risk Level Assessment Scoring Criteria.”
2. After the risk level is determined, the risk control measures shall be decided according to the “Risk Level Rating Determination Procedure and Response Sheet.” The risk control measures are divided into significant and insignificant ones.

Risk control planning:

When deciding further risk control measures or considering changes to existing risk control measures, each department should base on the following orders to reduce risks:

- 1) Eliminate the hazards/risks;
- 2) Substitute the hazards/risks;
- 3) Engineering control measures;
- 4) Marking/warning and/or management control measures;
- 5) Personal protective equipment.

4.3.4 Occupational Safety, Health and Environment Committee

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 include: 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 our employees and to fulfill our 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.

4.3.5 Workers' Union

The Company holds quarterly Company Union Directors/Supervisors meetings in accordance with the Company Union's Articles of Association. There are 9 directors, 3 supervisors and 98.85% of the directors and supervisors are employees. The main objectives of the Union are to protect the legal rights of members and to seek the welfare of members.

Employees can report issues of concern to the union representatives and the union representative then raises the issue for discussion at regular meetings. Employees can also provide suggestions through the employee suggestion box, grievance line, mail, etc.

| Name of the Conference | Purpose and Function | Participants | Meeting Period |
|---|--|--|----------------|
| Company Union Representative Meeting | Selection of union managers and supervisors, promotion of union business | Union representatives | Once a year |
| Company Union Directors/Supervisors Meeting | To protect the rights of members and improve their livelihood | Director and Supervisor Representative | Once a quarter |

The Company values the importance of communication with its employees and has provided various supplementary communication platforms, such as morning meetings, weekly meetings, Company Union, Welfare Committee, etc., to reflect the views of employees to the management for getting clear guidance and assistance in the workplace.

4.3.5 Workers' Union

The Company has harmonious labor relations and smooth communication channels. There has been no incident that affects the rights and benefits due to operational changes. In the event of termination of employment, after reporting to the competent authority for approval, notice shall be given 10 days in advance for those who has served for more than three months but less than one year. For those who has served for more than one year but less than three years, the notice shall be given 20 days in advance. For those who has served for more than three years, notice shall be given 30 days in advance. If the contract is terminated without notice, wages for the aforementioned period of notice will be paid.

The Company provides free annual general physical check for employees and also takes out labor and health insurance for each employee for adequate protection or employees. The Company focuses on the health and safety management of its employees and presents related issues at its monthly meetings.

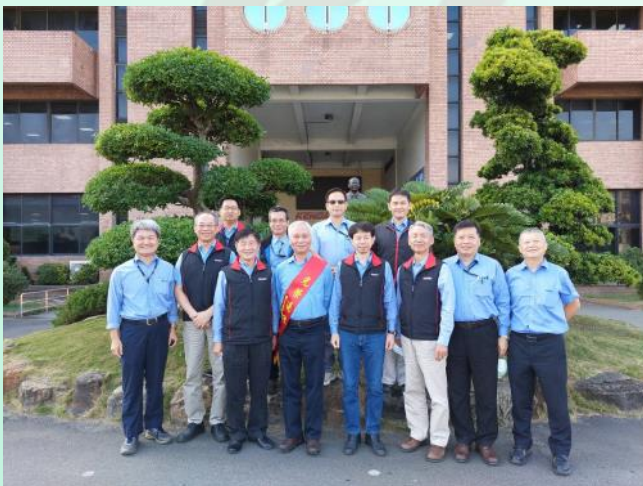
In 2021, the Company Union awarded scholarships for employee's offspring, staff role model awards and retired employee awards. The Company Union continues to strive for employee recognition and a better working environment for its members.

The scope and boundaries of the Company's impact on labor disputes are described below:

The Company Union was set up by Kenda employees to reduce the impact of labor disputes and was established in accordance with the Labor Union Act, the Enforcement Rules of Labor Union Act and other related legislation. Its objectives are: to protect the legitimate rights of members, to improve their knowledge and skills, to seek their welfare, to improve quality of their lives, to strengthen their mutual cooperation, to help them to develop their production skills and to comply with the government policies.

Complaint hotline: Human Resources Division 04-8345171 ext. 630

Complaint Box: m1100@kenda.com.tw

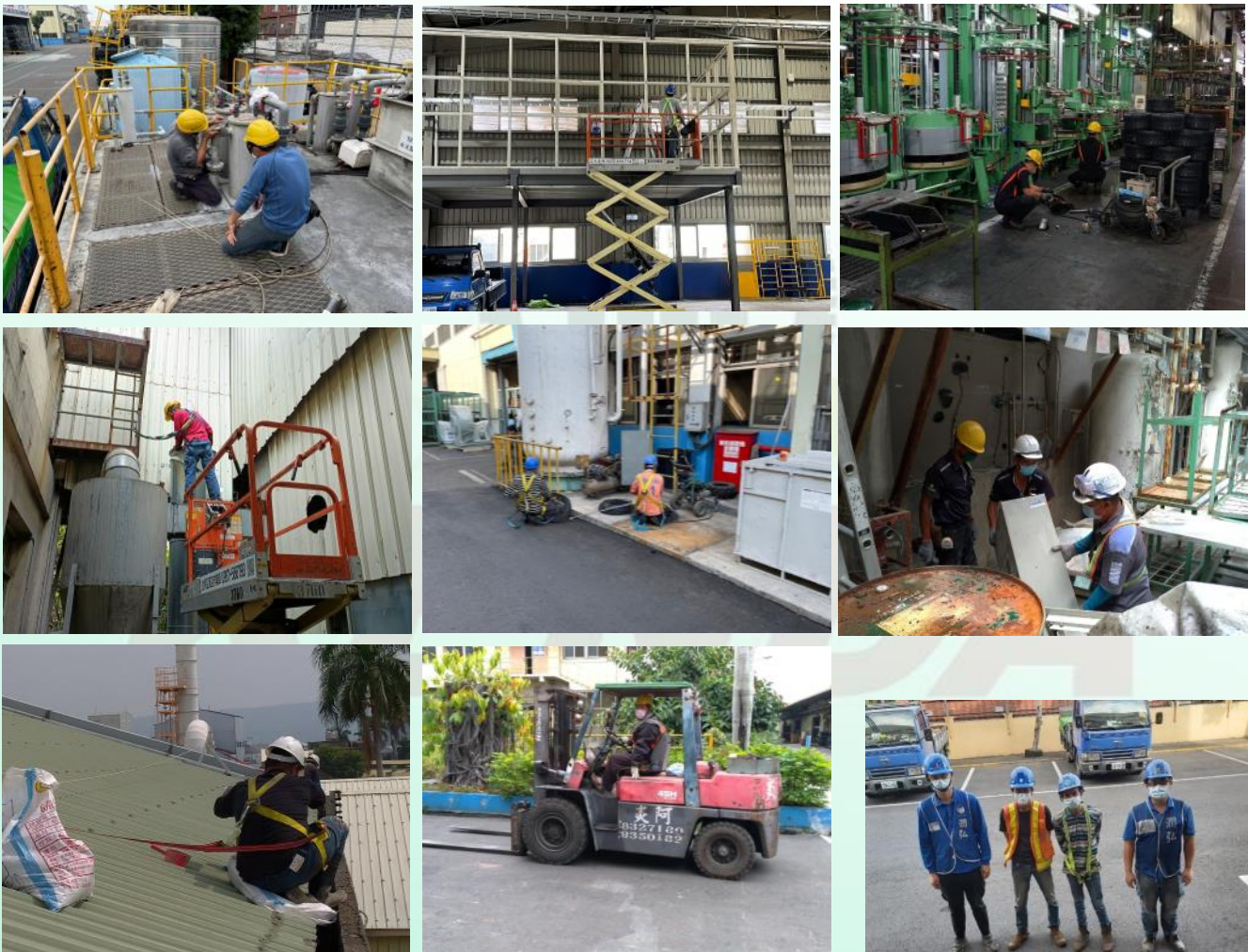


Retirement gold ring from the Company Union



4.3.6 Contractor Management

The Company's contractors are required to join a safety and health organization, sign safe operation contract, and comply with safe operation specification. The Environmental Safety and Health Department shall inform the contractor of the hazards on site and inspect all safety equipment and personnel safety protective gear before entering the plant. For operations other than general safety specifications, such as fire, aerial, hanging, hazardous chemicals, confined spaces, electrical and hazardous piping, etc., the contractor shall submit occupational safety information for review by the Environmental, Safety and Health Department to be approved for entering the plant. The Contractor may allow the Environmental, Safety and Health Department to conduct on-site inspections from time to time during the construction period to prevent accidents.. Upon completion of construction, the Contractor shall carry out 3S cleaning procedures for materials, equipment and appliances. In the case of fire operation, the contractor should confirm that there are no sparks/spark residues at least after 30 minutes of operations and the contractor can leave the plant.



Contractor's safety inspection during the construction period

Contractor's pre-construction safety equipment check

4.3.7 Honors for Occupational Safety and Health

Kenda Safety and Health Family

In August 2019, the Company established the "Kenda Safety and Health Family" with the small and medium size vendors of the supply chain at its Yunlin plant and organizes factory visit activities from time to time in the form of "Large Factories Leads Small Factories". The Company shares resources to enhance the safety awareness, self-management capability and hazard identification of small and medium-sized vendors, thereby reducing the incidence of occupational hazards. In December 2021, the Company was awarded by Occupational Safety and Health Administration, Ministry of Labor for the operation of safety and health family over 3 years.



TOSHMS 2.0 Certification Ceremony

CNS 45001 shall be verified and audited in a manner comparable to ISO 45001. Different from ISO 45001, TOSHMS additionally uses the "Taiwan Occupational Safety and Health Management System (TOSHMS) Specific Audit Key Points" for audit procedures. TOSHMS has established a mutual recognition mechanism with international certification systems to achieve the benefits of dual certifications. The Company has incorporated safety and health issues into sustainability objectives and established a system for safety and health policies, organization, evaluation and improvement to create a new corporate image. Occupational Safety and Health Administration (OSHA) has awarded outstanding corporates for promoting TOSHMS 2.0. The Director of Occupational Safety and Health Administration (OSHA) was invited to present the award to the Company in recognition of occupational safety and health management system.





4.3.7 Awards for Occupational Safety and Health

Case Study on Rubber Industry Grants by Occupational Safety and Health Administration (OSHA)

The Company participated in the "2020-2021 Workplace Safety and Health Improvement Program for the Rubber Manufacturing Industry" organized by the Occupational Safety and Health Administration (OSHA). for sharing the outstanding experiences in the implementation of the system. By sharing the efforts and achievements in improving working environment, the Company looks forward to continuing to drive the industry to create a safe, healthy and friendly work environment. The Director of Occupational Safety and Health Administration (OSHA) personally presented a certificate of appreciation to Kenda for promoting occupational safety and health.



Occupational Safety and Health Units and Personnel of Excellence in 2021

The focus of the occupational safety and health evaluation include: safety and health policy and organization, safety and health management plan and regulations, occupational disaster prevention facilities, workplace health management and health promotion, safety and health 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.



4.3.8 Awards of Model Safety Organization

In order to reduce the incidence of occupational hazards and to enhance the safety awareness of employees, we have established the selection method for the Model Safety Organization. The selection process is based on the evaluation items, and the quarterly and annual safety model units are selected and rewarded as an incentive. In the safety recognition activities, we also conduct workplace safety promotion, including: number of occupational accidents, safety declaration, false alarms, workplace injury cases, etc., so that we can share them with the participating employees.



4.3.9 Promoting Occupational Safety and Health Management

Rubber industry can be classified as a labor-intensive traditional industry because many of the production processes are carried out manually. Rubber factories has humid environment, full of large machines and the smell of rubber in the air. In order to attract Taiwanese workers and promote employment interest, the Occupational Safety and Health Administration (OSHA) is working to improve dirty, hard, and dangerous working conditions and to transform and upgrade manufacturing processes through visits and counseling by teams. OSHA provide subsidies to help companies improve their working environment and optimize the cleanliness of their factories. Together, the Company will promote the improvement of a safe and healthy working environment in the industry. The following are the improvement measures to meet the OSHA’s plan:

I. Improve the safety protection of the raw tire forming area in the Yuanlin Plant

| Improvement Items | Reason for Improvement | The concrete results of safety and |
|----------------------------------|--|--|
| Purchase of new safety equipment | In the past five years, there have been a number of cases of injuries to operators who were caught and rolled in the molding machines. In view of the inadequacy of the safety equipment of the old machines, we will gradually improve the safety equipment of the newly purchased machines. This time, we will make gradual improvements to the safety equipment | Safety grilles should be provided on the shelves in the staging area. The working area should be equipped with safety mats, emergency stop pull cord/kick plate/button. The transmission part should be equipped with safety equipment of shield to avoid work injury. |

4.3.9 Promoting Occupational Safety and Health Management



Description : Safety pad and emergency stop ladder board



Description : Safety grille



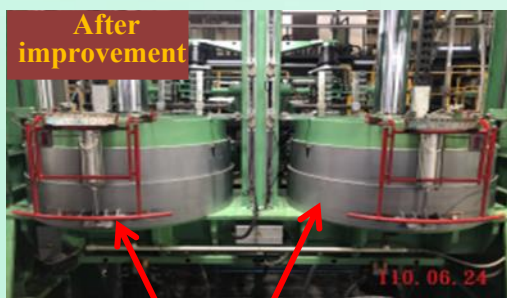
Description : emergency stop pull rope switch



Description : safety net and emergency stop

II. Improve the safety protection of sulfurization area in Yunlin Plant

| Improvement Items | Reason for Improvement | The concrete results of safety and security efficiency |
|-------------------------------------|--|--|
| Purchase of sulfurization equipment | The 40 units of the original sulfurization machine are old and cannot meet the production demand, and there are risks of pinching, crushing and high temperature burns. Inadequate safety devices. | In view of the lack of safety devices, the equipment is equipped with safety bars, safety levers, safety pins, emergency stop buttons, etc. to prevent pinching, crushing and pressure detection systems to prevent burns and work-related injuries. |



Description : Safety bar, heat shield



Description : Emergency stop button

4.3.9 Promoting Occupational Safety and Health Management

III. Improvement of warehouse lighting in Yunlin Plant

| Improvement Items | Reason for Improvement | The concrete results of safety and security efficiency |
|--------------------------|---|--|
| Illumination improvement | Inadequate lighting in the finished goods warehouse at the Yunlin factory. The darkness of the sight line affected the safety of the operation. | The improved lighting shortens the time for personnel to move in and out of the warehouse, resulting in better work efficiency. The warehouse has brighter working aisles for forklift machines and higher safety for personnel. |







- These improvements were funded by a grant from the Occupational Safety and Health Administration (OSHA) in the amount of NT\$2,220,600.

4.3.10 Health Promotion and Management

Health Management

The health of employees and the creation of a happy enterprise are the company’s goals for sustainable management. We aim to establish a healthy working environment. In 2021, the Company invited Dr. Yao-Shien Yeh to give a health seminar on avoiding metabolic syndrome, Hsiu Chuan Hospital to give free influenza vaccination at the factory, and Tien-Chang Chang Clinic to give BNT at the factory, and occupational specialists to assist in health guidance, return to work assessment, maternal care, and body composition measurement and analysis.

| | | | |
|--|---|--|---|
|  |  |  |  |
| Health education on hearing | Health Seminars | Body composition assessment and measurement | Return to work assessment |



4.3.10 Health Promotion and Management

Health Protection

In accordance with the Labor Health Protection Regulations, the Company provides physical checkups and high risk hazard checkups for employees over 65 years of age. The examination rate is 99.9%. In addition, we have established a comprehensive annual health inspection reporting system. For high risk employees, further analysis of the reports and the corresponding methods are as follows:

Employee blood pressure classification table

| Plant | Blood Pressure (mmHg) | Year:2019 | | Year:2020 | | Year:2021 | |
|---------------|---------------------------------------|-----------|----------|-----------|----------|-----------|----------|
| | | Number | Ratio(%) | Number | Ratio(%) | Number | Ratio(%) |
| Yuanlin Plant | Normal | 305 | 33 | 79 | 33 | 1 | 8 |
| | Pre-hypertension 120-139 or 80-89 | 425 | 46 | 109 | 46 | 5 | 42 |
| | Phase I hypertension 140-159 or 90-99 | 149 | 16 | 36 | 15 | 5 | 43 |
| | Phase II hypertension > 160 or > 100 | 45 | 5 | 14 | 6 | 1 | 8 |
| Yunlin Plant | Normal | 94 | 12 | 34 | 16 | 17 | 15 |
| | Pre-hypertension 120-139 or 80-89 | 348 | 46 | 100 | 46 | 23 | 21 |
| | Phase I hypertension 140-159 or 90-99 | 228 | 30 | 57 | 26 | 26 | 23 |
| | Phase II hypertension > 160 or > 100 | 78 | 10 | 25 | 12 | 5 | 5 |

Staff BMI (Body Mass Index) Distribution Ratio

| Plant | BMI | Year:2019 | | Year:2020 | | Year:2021 | |
|---------------|------------------------|-----------|----------|-----------|----------|-----------|----------|
| | | Number | Ratio(%) | Number | Ratio(%) | Number | Ratio(%) |
| Yuanlin Plant | Underweight < 18.5 | 45 | 5 | 33 | 10 | 0 | 0 |
| | Normal 18.5-24 | 424 | 46 | 290 | 90 | 5 | 42 |
| | Overweight 24-27 | 268 | 29 | 170 | 53 | 3 | 25 |
| | Mild obesity 27-30 | 111 | 12 | 114 | 35 | 1 | 8 |
| | Moderate obesity 30-35 | 57 | 6 | 80 | 25 | 3 | 25 |
| | Severe obesity > 35 | 18 | 2 | 12 | 4 | 0 | 0 |
| Yunlin Plant | Underweight < 18.5 | 27 | 4 | 3 | 1 | 6 | 5 |
| | Normal 18.5-24 | 335 | 44 | 90 | 42 | 40 | 36 |
| | Overweight 24-27 | 181 | 24 | 60 | 28 | 29 | 26 |
| | Mild obesity 27-30 | 108 | 14 | 37 | 17 | 19 | 17 |
| | Moderate obesity 30-35 | 79 | 10 | 22 | 10 | 15 | 14 |
| | Severe obesity > 35 | 18 | 2 | 4 | 2 | 2 | 2 |

4.3.10 Health Promotion and Management

Health Protection

Blood pressure improvement methods:

- ❑ Based on the health examination report, we calculate the risk of cardiovascular disease. If the risk is >10%, the person will be notified to fill out an overwork scale and be screened for fatigue risk. High-risk workers will be consulted by physicians to recommend work hour restrictions or work style adjustments.
- ❑ We conduct health promotion and health talks.
- ❑ We provide consultation on the three-high issue and issue health education leaflets.

High risk hazards are inspected once a year according to regulations. At present, the special hazards are noise, dust, and hexane, and health management will be done according to the health inspection report and classification. Noise Level 4 personnel will have a health consultation with a physician and hearing protection measures. On-site equipment will also be further improved. Hearing Level 2 employees will be provided with hearing protection by the factory doctor. In 2021, the number of employees in special hazardous operations and the inspection results are as follows:

The number of people who have been inspected for high risk for each inspection

| Plant | Item | Number of People | Number of High Risk People |
|---------------|----------|------------------|----------------------------|
| Yuanlin Plant | Noise | 121 | 12 |
| | Dust | 135 | 0 |
| | n-hexane | 11 | 0 |
| Yunlin Plant | Noise | 75 | 9 |
| | Dust | 65 | 0 |
| | n-hexane | 4 | 0 |

The Occupational Safety and Health Act has been implemented to protect mothers. In the workplace, some hazardous chemicals, heavy lifting, shift work, and sedentary work patterns may affect the mother or the next generation’s pregnancy. In order to protect the physical and mental health of mothers in the workplace and the health of the future masters of the country, the company provides a notification system for pregnant women to fill out a maternal risk assessment form for workers. After consultation with a doctor, we can make appropriate adjustments or provide safe leave to protect the health of the mother.

For the prevention of occupational diseases and overwork, we actively promote the prevention and improvement measures of musculoskeletal disorders, in order to calculate the abnormal rate of musculoskeletal pain of employees in the factory, and the assessment of the production process (KIM checklist). In addition, the Company also provides work hour control for high risk groups of overwork.



4.3.10 Health Promotion and Management

Health Environment

The company follows the regulations for employee health consultation and provides a doctor's consultation room so that employees can protect their privacy. In addition, we provide a wrist tunnel blood pressure monitor so that employees can monitor their blood pressure levels 24 hours a day. The Company has installed AEDs (Automated External Defibrillators) in the guard rooms to provide shock absorbers for emergency use throughout the day.

| | | |
|--|--|--|
| | | |
| <p>Setup of the Health Consultation Room</p> | <p>Setup of the Breastfeeding Room</p> | <p>Setup of the AED (Automated External Defibrillator)</p> |

Health Promotion Activities

In 2020, in response to the new coronavirus COVID-19, the company set up an epidemic prevention team and started necessary actions in accordance with CDC regulations, and set up an epidemic prevention area to disseminate the latest epidemic prevention information. Employees are required to use partitions in the dining area, and alcohol disinfection is provided in the whole factory. Each unit is equipped with temperature guns to measure body temperature and ensure that all factories can operate under low-risk conditions.

Before the end of each year, the Company arranges staff travel activities, hiking and lottery activities for employees and their family members to sign up for, so as to increase the opportunities for parent-child fun and outdoor activities, and to satisfy their physical and mental souls. The outbreak in 2021 has prevented the above events from being held as scheduled. The events will be resumed in 2022 depending on the status of the outbreak.

| | | | |
|--------------------------------|--|--------------------------------|--|
| | | | |
| <p>Annual Health Screening</p> | <p>Influenza Vaccine and BNT Resident Administration</p> | | |
| | | | |
| <p>Gym and Billiard Room</p> | <p>In-plant physician hazard assessment</p> | <p>In-plant Blood Donation</p> | |



4.4 Employee Welfare

The Company's insurance plan takes full care of employees: Every employee is insured with labor insurance and national health insurance, which improves the medical security of all employees.

Other benefits include performance bonus, full attendance bonus, employee remuneration, pension, etc., and the following benefits:

- ❑ Three major holiday gift money.
- ❑ Scholarships and other subsidies for birthday, marriage, funeral, birth, and children's education.
- ❑ The company regularly organizes staff travel, hiking and other activities to promote workers' physical and mental health, and encourages employees to go outdoors. We invite employees and their families to attend to enhance the interaction between spouses and parents.
- ❑ Dozens of specialty stores offer discounts.
- ❑ On Labor Day, May 1, we will award bonuses and MEDALS to our employees as role models.
- ❑ We have 65 special infant care facilities and kindergartens, and we have subsidized childcare allowance.



We give out employee model awards



Changhua County Model Worker Award Ceremony



Chinese New Year cooking activities for foreign migrant workers

建大公司 2021 年(下期)幼兒托育津貼補助

2021 年 04 月 15 日至 2021 年 05 月 11 日止逾期不受理申請!!!

一、申請資格：

1. 嬰兒年齡 0-2 歲委託於政府立案合格之托嬰中心。
2. 幼兒年齡 3-6 歲就讀於政府立案合格之幼兒園。
3. 兒童年齡 7-12 歲放學後送至政府立案合格之兒童課後照顧服務中心。

政府立案合格之兒童課後照顧服務中心查詢網站: <https://afterschool.moe.gov.tw/> (路徑: 下方的查詢附近已立案的課後照顧服務中心→輸入縣市、鄉鎮→查詢) (待員工個人申請後, 再與兒童課後照顧服務中心洽商簽約事項)

二、津貼補助金額：

1. 與公司簽約的政府立案合格之機構補助津貼 2000 元/1 人(小孩)/期
2. 未與公司簽約的政府立案合格之機構補助津貼 1000 元/1 人(小孩)/期

三、申請辦法：

1. 申請表格請至 KM 網站下載, **使用立可樂修改或請美章或簽名**
2. **請勿使用擦擦筆填寫申請單, 字跡不見便無法申請**
3. 繳交 2021 年 3 月或 4 月收據(以學期繳納者, 請繳交最近一期的收據)至醫務室
4. 其他補充說明請參考 KM 網站或洽分機 632 醫務室

Measures for the subsidy of child care allowance

4.4.1 Pension System

The Company contributes pensions in accordance with the Labor Standards Act and the Labor Pension Act. New and old pension contribution rates (6%/15%): Pension payments are made monthly to individual accounts or through a dedicated account at the Bank of Taiwan at a lump sum.

- (1) The contribution rate of the old system pension is 2% to 15% according to the law. In order to protect employees' post-retirement life, the Company makes monthly contributions to the Bank of Taiwan at the most generous rate of 15% of the total salary. As of December 31, 2021, the Company has contributed \$433,974,713 to its pension fund.
- (2) The new system is to contribute 6% of the employee's insured amount to the employee's personal payroll account on a monthly basis.

4.4.2 Goodwill Workplace

Eligibility for childcare leave without pay: After six months of employment and before each child reaches the age of three, the employee may apply for a leave of absence without pay. The period of leave without pay shall not exceed two years. The period of leave without pay shall be no less than six months at a time. However, if an employee has a need for less than six months, he or she may apply to the Company for a period of not less than 30 days, with a limit of two times. However, there is no limit on the number of times the employee may apply for a period of six months or more.

In order to help employees take care of their families while working, the baby-sitting leave system is implemented by law. During the period of the leave, the Company will provide timely care to the employees. The Company actively evaluates legal, quality contract nurseries or preschools. Currently, the Company has increased the number of contracted childcare providers from 59 to 65, which allows employees to reinstate their children before they reach the age of three and arrange for their return to their previous jobs, duties and salaries. Target 2022: 100% reinstatement rate & retention rate.

Retention and reinstatement rates from baby-sitting leave without pay

| Number of persons applying for leave without pay for babycare purposes | Male | Female | Total |
|--|---------|---------|---------|
| Number of people who applied for childcare leave without pay in 2021 | 3 | 24 | 27 |
| The number of people who applied for reinstatement in 2021 (A) | 0 | 11 | 11 |
| The actual number of reinstatement in 2021(B) | 0 | 11 | 11 |
| Reinstatement rate (B/A) | Na | 100.00% | 100.00% |
| Number of people who applied for reinstatement in 2020 after taking a break from work and working for one year or more (C) | 16 | 2 | 18 |
| The number of employees who actually returned to work in 2020 after applying for baby-sitting leave without pay (D) | 16 | 2 | 18 |
| Retention rate (C/D) | 100.00% | 100.00% | 100.00% |

Chapter 5 Social Prosperity

5.1 Social Welfare

5.2 Social Care

5.3 Health Promotion

5.4 Social Contribution



5.1 Social Welfare

Kenda Foundation

Reasons for the establishment of the Foundation

The founder of the Company is Mr. Jinbao 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 Foundation for Education and Culture. 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.

The activities of the Foundation are as follows:

(I) 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



Scholarship review meeting



Announcement of acceptance list on website



Thank you letter from accepted students



The activities of the Foundation are as follows:

(II) To promote educational and cultural activities, summer camps, lectures, and concerts are held regularly each year. (In 2021, the event was closed due to the COVID-19 New Crown Pneumonia outbreak. Photos of the Dodolon Children's Summer Camp and Newton Science Camp were taken in 2020.)

❑ **Dodolon Children's Summer Camp**: In 1998, the program was first offered in Changhua area. For 22 years, the program has been providing children in elementary schools with leisure learning activities during the summer vacation, enabling them to explore their diverse interests and potentials, and providing them with fun, practical knowledge and a happy and fulfilling summer vacation.



Outdoor Trip-Wanya Soil and Water Conservation Class



Outdoor Trip-Kumquat Noodle DIY



Outdoor Trip-Sugar Factory Train



Physical Fitness Class



Computer class



Hand-made books



Magical card making



Drama class

❑ **Newton Science Camp**: Based on the concept of nurturing scientific talents and promoting science popularization in Taiwan, we have established the Newton Science Camp for junior high school students. The course content is based on engineering, robotics, physics and mathematics. It provides students with opportunities to do hands-on work and work with small groups, aiming to enhance students' creativity and improve their scientific knowledge, skills and attitudes. In July 2014, it was held in Changhua County for the first time (one in Changhua City and one in Yunlin City), and in 2016, it was extended to Douliu City in Yunlin County, which was well received by the local community. In 2017, it was expanded to Taichung City (once in Taichung and once in Fengyuan), which also had high participation rate, totaling two times each in Changhua County and Taichung City, and once in Yunlin County. It was also held in conjunction with the Dodolon Summer Camp in the first and second week of July.

The activities of the Foundation are as follows:

Newton Science Camp:



Physics Experiment - Geometric Optics



Mathematics - Logic Game - Set



Robot design and practical work



New knowledge of physics - the magic of superconductors

Memorial Concert: In memory of Kenda Tires founder, Mr. Yang Jinbao, we have invited over 25 performances of musicians from China since 1997 to give a free concert to the music loving public.



Rui-Chi Chang is invited to give an oboe recital

Jin Yu Lectures: Since 1996, we have invited experts and scholars to speak at high schools and in order to inspire young students to have a broader perspective.



We invited the founder of Teach for Taiwan Foundation, Chairwoman An-Ting Liu, to give a speech



The activities of the Foundation are as follows:

(III) **From time to time**, we provide assistance to students who have suffered from family hardships, and donate funds for classroom support in rural schools.



Donate funds to Hua Tan Wen Xiang Elementary School Classes

5.2 Social Care

The Company continues to maintain the roads around the head office, Yuanlin factory and Yunlin factory communities for cleaning operations, and provides qualified Discharge Water to wash the streets and reduce dust. The Company is passionate about environmental protection and promoting community environment and hygiene. The Company donated the Happy Bus, participated in the Wings of Life Global Charity Road Run, and participated in the charity activities organized by related social welfare organizations:

- ❑ 2021/04/28, Kenda team participated in the Wings of Life Global Charity Road Run.
- ❑ 2021/10/24, Kenda donated the Happiness Bus to the Yuanlin City Office.
- ❑ 2021/12/8, World Vision representatives shares the story of sponsoring underprivileged children and the red packet campaign, which received a great response from our colleagues.
- ❑ 2021/12/12, the Company was awarded the environmental protection recognition by the Yunlin County Government.

5.2 Social Care



Social Prosperity



The Company donated the Happy Bus to Yuanlin City



The Company was awarded by the government of Yunlin County for its environmental protection efforts



The Company participated in the Wings of Life Global Charity Road Run



World Vision's Red Packet Campaign



The Company maintained and cleaned many roads through out the community

5.3 Health Promotion

In order to promote cycling, we hold "Kenda Tire Wuling Cup" and "Kenda Cup Iron Horse - Tour" every year, participate in "Bike Formosa Tour" and sponsor "Giant Bike Carnival". In 2021, due to the COVID-19 epidemic, we only participated in the "Cycling in Formosa" event, but all other events were cancelled. The photos of the event are the previous photos.



Giant Carnival
(September 19~September 20, 2020)



Kenda Tire Wuling Cup
(September 5, 2020)



2019 Kenda Cup Iron Horse (Tian Wei) Getaway Event



Formosa Bike Tour around the Island (Nov. 6~Nov. 14, 2021)

5.4 Social Contribution

In addition to sponsoring a number of promising golfers in Taiwan and providing them with a stage to shine, the Company has also helped to foster a culture of sports and fitness by organizing the Taiwan Women's Professional Golf Tour-Kenda Tire Cup and sponsoring various sport activities globally.



The Company sponsored YEH, HSIN-NING, a Taiwanese female golfer



Taiwan Women's Professional Golf Tour - Kenda Tire Cup



The Company sponsored NBA basketball home games and participated in Changhua Motorsports Festival

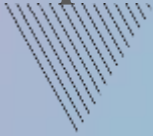


The Company sponsored the 2021 Guishan Forest Road Race off-road race



The Company sponsored the Uni-President 7-Eleven Lions (2013~2021)

Chapter 6 Appendix



6.1 Index Table for the Content of GRI Standards

6.2 Editorial Team

6.1 Index Table for the Content of GRI Standards

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6.2 Editorial Team

| Chapters and Sections in the Sustainability Report | Working Group Staff |
|---|--|
| Bureau: CHEN, CHAO-JUNG, YANG, YA-TING, TSAO, LI-YU Task Group Leader: LI, TSUNG-HSUN, YANG, YA-TING | |
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| 6.2 Editorial Team | TSAO, LI-YU |
| Art Editor: LIU, PI-CHUN, TSAO, LI-YU | |
| Editor: CHEN,NELSON | |



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