



2023 SUSTAINABILITY REPORT



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Foreword

About this Report

Message from the CEO

We are firmly committed to our corporate mission of “Becoming a reliable and sustainable packaging designer and capacity provider in the global packaging industry.”

King Yuan Fu was founded as a professional and trustworthy thermoforming manufacturer in 1978. Our product range includes all kinds of plastic containers that embody our pledge to safeguard health and meet the expectations of our customers and all consumers.

In the past 46 years, we have established ourselves as the trailblazer in the industry and have evolved into the largest thermoforming food container manufacturer in Asia. We have faced a series of arduous challenges including the oil crisis, the financial crisis, various natural disasters, climate change, and rising global environmental protection and plastic reduction awareness. As a traditional plastic packaging player, how to adapt ourselves to the trend and transform into a company that benefits the world and the environment has become an ongoing goal we striving to achieve. We persist in our efforts to realize our vision with the ultimate goal of weaving a brighter future for future generations.

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About this Report

King Yuan Fu Packaging Co., Ltd. (below referred to as “King Yuan Fu” or “KYF”), was established in 1978. This sustainability report discloses our sustainability performance based on the GRI Universal Standards 2021 from January 1 to December 31, 2023. The scope of certain data extends beyond this reporting period (pre–2023 and post–2024) as specified herein). The timeline of this report is identical to our company's financial statements. The publication date of this issue is August 2024. In the future, we plan to release such reports on an annual basis (every August). Regarding restatements of information in this report, explanations are provided in the respective chapters or tables.



What Does Sustainability Mean to Us?

We’ve been published the sustainability report since 2019. We aimed to provide a clear overview of our sustainability commitment. This report describes our efforts and achievements in the dimensions of corporate governance, environmental protection, employee care, and social concern in a detailed manner.

Scope of Disclosure

Our three plant manufacturing divisions in Taiwan are covered in the scope of this report:

Yingge Plant (HQ)	No. 399, 393, Jianguo Rd., Yingge District, New Taipei City 239011, Taiwan.
Shulin Plant	No. 345–16, Zhongzheng Rd., Shulin District, New Taipei City 238028, Taiwan.
Dongshan Plant	No. 275, 275–1, Xiangzhong Rd., Dongshan Township, Yilan County 269027, Taiwan.

Report Compilation and Quality Management Procedures

Encharged Unit	Main tasks
Point of Contact of each unit	Provision of data about action plans and implementation results associated with respective business operations by the company's ESG 6R goals; stakeholder communication and distribution of questionnaires to stakeholders
Unit heads	Review of data integrity and accuracy
Sustainability Department	Stakeholder questionnaire editing, distribution, progress tracking, and compilation and organization of results. Compilation and organization of data provided by each unit, editing and revision, report verification.
ESG Committee	Resolutions on disclosure items, review of report contents.
ESG Committee Chairperson	Manuscript review and finalization.

Preparation Principles

Units responsible for issuance of principles	Version
Global Reporting Initiative, GRI	2021
Sustainability Accounting Standards Board, SASB	2023–12
Task Force on Climate–related Financial Disclosures, TCFD	2017–6
United Nation Global Compact	---
Sustainable Development Goals, SDGs	---

Verification and Assurance

To enhance the quality and reliability of the report contents, the ESG Committee has adopted a resolution to engage an independent, third–party body (Great Certification) to conduct an assessment and verification of the report contents pursuant to the requirements of the AA1000 AS Type I (Moderate) Assurance Standards and the GRI Universal Standards 2021. The information disclosed for 2023 represented the scope of this verification. The verification report is included in the appendix to this report.

- **Please don't hesitate to contact us if you have any suggestions or comments regarding this KYF Sustainability Report:**

Point of Contact: Sustainable Development Department
 Add.: No. 399, Jianguo Rd., Yingge District, New Taipei City 239011
 Tel.: +886 2 86776555
 Email: sd-dcc@kyf.com.tw
<https://www.kyf.com.tw/en/>



Message from the CEO

To all KYF staff members:

In 2023, we continue to face significant global challenges. Geopolitical conflicts in Europe have not subsided and have further escalated into the Middle East region. As a company highly dependent on international markets, we need to proceed cautiously and steadily. Only by continuously strengthening our resilience can we survive in this rapidly changing environment.

At the same time, global concerns about environmental, social, and corporate governance (ESG) issues have not diminished. Sustainable development has transitioned from advocacy to action, and we must demonstrate tangible results. The urgency of this practice arises not only from regulatory and supply chain requirements but also from broader environmental needs. For us, this primarily manifests in two aspects:

First, let us focus on addressing climate change together. 2023 has become the hottest year on record since meteorological statistics began, highlighting the urgency of energy conservation and carbon reduction. As a company, we should take a more proactive approach, implementing more effective measures to reduce our carbon footprint, improve energy efficiency, and introduce zero-carbon energy, thus contributing to mitigating climate change.

Second, we must address Taiwan's demographic challenges, such as declining birth rates and aging population. This has already created tremendous social impact; therefore, we need to actively create a friendly and inclusive working environment to strengthen interactions with stakeholders and attract talented individuals. Talent is a crucial asset for business development and sustainability.

Over the past years, we have tirelessly worked to address these challenges.

🌿 Environmental Sustainability

In terms of environmental sustainability, we remain committed to reducing energy waste and improving efficiency. Last year, we completed major upgrades to production auxiliary equipment such as chillers and air compressors. Additionally, we have formulated a renewable energy procurement strategy and signed contracts with suppliers, aiming to switch to renewable energy supply by mid-2024 and increase the proportion of renewable energy in our company to 25%. Furthermore, we continue to increase the utilization rate of recycled materials, striving to achieve a circular economy and reduce reliance on natural resources.

🌍 Social Responsibility

In terms of social responsibility, we have established a concentric social framework, fostering positive interactions between internal employees to the local communities where our company operates. For internal employees, we have strengthened our talent sustainability program, providing comprehensive support from system design to systematic training, which includes the introduction of external professionals to share knowledge from different industries, allowing employees to absorb other knowledge while working hard. In terms of infrastructure, we have established recreational facilities in office areas, such as gyms and yoga studios, to enhance employee well-being. In the local community, we participate in community activities and assist vulnerable groups through donations. We organize blood donation activities and visit other local businesses, pursuing the learning and growth of the company and fulfilling our corporate social responsibility.

🏢 Corporate Governance

In terms of corporate governance, we pay close attention to the integration of company decisions with sustainability issues. Last year, we successfully implemented an internal carbon pricing system, which not only highlighted the company's commitment to energy conservation and carbon reduction but also prompted the rapid implementation of internal energy conservation and carbon reduction proposals and the updating of carbon reduction equipment.

KYF celebrates its 45th anniversary, and in the face of numerous difficulties and challenges, we adhere to the principles of unity, persistence, and integrity, gradually growing stronger. We are grateful for the hard work and support of every employee, customer, and partner. This year, we will embed the spirit of "共好·有贖" ("共好·有贖" means "symbiotic coexistence with you and build mutual benefit as well as intergrowth between us"), which is the driving force behind our 45th anniversary, into our culture. These two Taiwanese terms not only represent KYF's deep connection for Taiwan but also symbolize that we have gained greater strength and are ready to fully engage in a new stage of giving back to society while adhering to the commitment of "sustainable operation, circular economy, giving back to society, and caring for the earth"! Let us work together, uphold the original intention of "becoming the best company for the earth," and jointly create a more sustainable future.

King Yuan Fu Packaging Co., Ltd.
CEO





/ Sustainability Performance

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Sustainability Performance

1.1 Key Performance Areas

Economic Dimension

- Revenues: \$4.9 billion TWD
- Domestic customer satisfaction: 95 (out of 100)
- Overseas client satisfaction: 96.5 (out of 100)
- All major suppliers have signed the Supplier CSR Commitment Letter
- Female senior executives account for 50.0%
- Recognition with the 2023 TCSA Corporate Sustainability Report–Silver Award

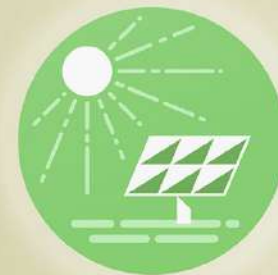
Environmental Dimension

- Acquired ISO 14064–1:2018 Certification
- rPET products total 6,828 metric tons (17.19% of all PET products), which was equivalent to carbon savings of 12,290.4 MT CO_{2e}
- Thinning of 8 newly added products resulting in a weight reduction of 254.4 metric tons, which was equivalent to carbon savings of 772.8 MT CO_{2e}
- 46.07% recycling and reuse of regrind materials, which was equivalent to carbon savings of 122,038.2 MT CO_{2e}

Social Dimension (People, including their human rights)

- Passing of the TTQS (Talent Quality Management System) certification audit
- Internal education organized a total of 39 sessions with 466 participants. Enterprise visits totaled 9 sessions with 379 participants.
- Occupational health and safety training courses attended by 2,370 employees
- Charitable donations amounting to \$7.23 million TWD
- 8 physically and mentally disabled employees accounting for 1.7% of the total workforce (over the legal requirement of 1.0%)
- 60 green procurement categories (Green Mark–certified product categories)

Note: rPET products are made from recycled polyethylene terephthalate (recycled material). The "r" stands for "recycle," which is more environmentally friendly compared to using virgin materials.



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1.2 Contributions to UN SDGs

The United Nations released a document titled “Transforming our World: the 2030 Agenda for Sustainable Development” in 2015. This document stresses the crucial links between people, the planet, prosperity, peace, and partnership and aims to foster global solidarity. It declares a resolve, between now and 2030, to end poverty and hunger everywhere; to build peaceful, just, and inclusive societies based on human dignity; to ensure the lasting protection of the planet and inclusive human development; and to guarantee that the present and future generations can enjoy prosperous and fulfilling lives. This document further announces 17 Sustainable Development Goals (SDGs) and 169 targets as a guideline for joint global action and ongoing progress toward sustainability. As an enterprise with deep local roots and a global outlook, we have adopted an active response to these SDGs to unlock a new chapter of sustainable development and demonstrate our determination to fulfill our responsibility as a global citizen. We harness our core capabilities and values to develop SDG-based action plans and promote the common good and prosperity of all stakeholders.



SDG 2 Zero Hunger—SDG 2.1

KYF has donated living supplies such as rice, cooking oil, and powdered milk to local communities in Yilan, Yingge, and Shulin Cities.

Corresponding chapter: 6.3 Community Care page: 135



SDG 3 Good Health and Well-Being—SDG 3.4, SDG 3.D

KYF organized a weight loss competition for health awareness promotion and achieved a weight control success rate of 85.7% among participants.

KYF donated mask holders and video laryngoscope blades to firefighters and medical personnel.

Corresponding chapter: 5.9 Occupational Safety page: 117
 6.3 Community Care 135



SDG 4 Quality Education—SDG 4.4, SDG 4.5, SDG 4.7

Striving an average of 20.6 employees’ training hours.

The internal Education Department had organized 39 employee training sessions with 466 participants and 9 external company visits with 379 participants.

Corresponding chapter: 5.3.2 Training Performance page: 106
 6.1 Environmental Education 131

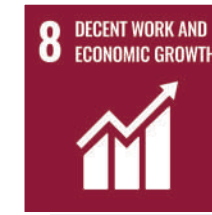


SDG 5 Gender Equality—SDG 5.5, SDG 5.C

Our president and CEO are both female and the male–female ratio of senior executives is 1:1

In 2023, we added gender-inclusive restrooms to create an inclusive public environment.

Corresponding chapter: 5.1 Employee Overview and page: 100
 Manpower Structure



SDG 8 Decent Work and Economic Growth—SDG 8.8

Organization of workplace safety and injury prevention training attended by 2,730 employees

To create a safe and hygienic working environment and reduce the accident and illness likelihood among employees, we implemented and obtained certification for ISO 45001.

“Zero Placement Fee” policy for migrant workers has resulted in the reimbursement of fees for a total of 126 migrant workers, amounting to \$3,103,811 TWD. Each migrant worker can save an average of \$24,633 TWD on transportation expenses.

Corresponding chapter: 5.9.4.2 Occupational Health and page: 123
 Safety Education and Training



SDG 10 Reduced Inequalities—SDG10.2

We promoted a new workplace culture through DEI (Diversity, Equity, and Inclusion), celebrating the Philippines holiday Christmas together in 2023. We organized the event "Filipino Sweet Christmas" to enhance employees' sense of belonging and significantly boost morality within the company.

8 physically and mentally disabled employees accounting for 1.7 % of the total workforce (over the legal requirement of 1.0%)

Corresponding chapter: 5.2.3 Diversity and Inclusion page: 103



SDG 12 Responsible Consumption and Production – SDG 12.5

Thinning 8 newly added products’ material thickness, we’ve saved 254.4 metric tons of raw materials and prevented a potential 772.8 MT CO_{2e} emission.

46.07% recycling and reuse of regrind materials

rPET products account for 17.19% of all PET products

Corresponding chapter: 4.1.3 Inclusion of 3R Principles page: 59
 4.2.2 Manufacturing 71

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SDG 13 Climate Action—SDG 13.3, SDG 13.B

Acquisition of ISO 14064–1:2018 Inventory certificates by all plants

Corresponding chapter: 4.7 GHG Emissions page: 87



SDG 15 Life on Land—SDG 15.1

We regularly practice environmental initiatives such as vine removal to do our part for the environment.

Corresponding chapter: 6.2 Environmental Protection page: 134

Note: Data source – National Council for Sustainable Development <https://ncsd.ndc.gov.tw/Fore/AboutSDG>

1.3 Awards and Recognitions

We are firmly committed to generating positive influence and pursuing constant improvements in the dimensions of corporate operations and circular economy. The awards and recognitions we garnered in recent years are listed below. We will share our joy and laurels with our stakeholders and will maintain our unwavering commitment to sustainable packaging, the creation of value, and the maximization of our influence.

Award	Organizing/ Awarding Unit	Year	Description
 TCSA Corporate Sustainability Report– Silver Award	Taiwan Institute for Sustainable Energy (TAISE)	2022 2023	TAISE aims to encourage companies to boost the quality of corporate sustainability issues and the quantity of corporate governance information disclosure to strengthen their emphasis on and engagement in maintaining sustainable development, a friendly environment, and social welfare. Over the past fifty years, TAISE has held evaluations for its Taiwan Corporate Sustainability Awards on an ongoing basis. We were honored with a Corporate Sustainability Report–Silver Award in category II (global revenue under \$ 5 billion TWD).
 TCSA Corporate Sustainability Performance Award: Growth Through Innovation Leadership	Taiwan Institute for Sustainable Energy (TAISE)	2022	TAISE aims to encourage companies to boost the quality of corporate sustainability issues and the quantity of corporate governance information disclosure to strengthen their emphasis on and engagement in maintaining sustainable development, a friendly environment, and social welfare. Over the past fifty years, TAISE has held evaluations for its Taiwan Corporate Sustainability Awards on an ongoing basis. In 2022, we were honored with a corporate sustainability performance award for growth through innovation leadership, demonstration of exceptional innovation capabilities and values, achievement of corporate growth and sustained profitability, and attainment of a benchmarking and leadership position.
 The SEAL Awards– Environmental Initiatives Award	SEAL	2022	The annual SEAL Awards recognize 50 enterprises worldwide for their commitment to sustainable development, environmental achievements, and outstanding leadership. In 2022, we were honored with an Environmental Initiatives Award for our all-inclusive sustainability actions, our transition to a closed-loop recycling economy model for plastics, our gradual increase of renewable energy use, and our large-scale reduction of carbon emissions and plastic waste, which has turned us into a major driving force for a friendly environment.
 Nomination for the product award category of 2022 Taiwan Circular Economy Awards	Chung-Hua Institution for Economic Research	2022	Chung-Hua Institution for Economic Research inaugurated the first circular economy-centered award in Taiwan in 2018 to promote circular economy concepts. In 2022, we were nominated for a Taiwan Circular Economy Award for our concepts and practices in this area in addition to the creation of a “box-to-box” closed-loop recycling and the launch of a sustainable packaging solution which has earned the support of our customers.

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1.4 Product Certifications

Certification	Certifying unit	Expiration date	Description
SCS Certified Recycled Content	SCS Global Services	2024/11/28	SCS Certified Recycled Content mainly assesses products that contain post-consumer or pre-consumer recycled content. The SCS certification, validation, and verification system is capable of calculating the exact percentage of recycled content in individual products for accurate market announcements. We have earned SCS recycled content certificates for 100%, 50%, 25%, and 10% Post-Consumer RPET.
DIN-Geprüft Industrial Compostable Certification	DIN CERTCO	2024/10/31 (PLA) 2026/03/31 (CPLA)	In line with global trends and the field of plastic products, we actively develop biodegradable plastic alternatives such as—PLA food containers. We have earned a DIN CERTCO biodegradable (DIN-Geprüft Industrial Compostable) certificate presented by TÜV Rheinland. We spare no effort in responding to market and customer expectations in the field of environmental protection through positive action. Media coverage: https://www.owlting.com/news/articles/35926
DIN CERTCO Biodegradable Certification	DIN CERTCO	2024/10/31 (PLA) 2026/03/31 (CPLA)	In line with global trends and the field of plastic products, we actively develop biodegradable plastic alternatives such as—PLA food containers. We have earned a DIN CERTCO biodegradable certificate presented by TÜV Rheinland. We spare no effort in responding to market and customer expectations in the field of environmental protection through positive action.
BPI Compostable Mark	BPI	2024/11/30 (PLA)	The BPI Compostable Plastics Certification Program was jointly established by the International Biodegradable Products Institute (BPI) and the United States Composting Council (USCC). The BPI Compostable Mark is awarded to biodegradable and compostable products that conform to the ASTM D6400 and/or ASTM D6868 standards of the American Society for Testing and Materials (ASTM). The goal is to facilitate the identification of biodegradable plastic products by consumers and foster accurate sorting and collection of such products after use. Our PLA product (Item No. KHC-881) has earned a BPI Compostable Mark.
ABAP Biodegradable and Compostable Certifications	Australasian Bioplastics Association	2024/08/01	AS4736-2006 is an Australian standard for biodegradability that requires conformity to time limits, ecotoxicity, and other criteria under commercial or non-commercial composting conditions. Compostable plastics can help decrease the environmental impact of products at the end of their life cycle. Our PLA product has earned this certificate.
ISO 14067: 2018 Product Carbon Footprint	British Standards Institution (BSI)	2023/06/28	The carbon footprint of our PLA Salad Bowl (Item No. CB48) which is manufactured by the Yingge Plant meets the requirement of 173.7 g CO ₂ e per functional unit (data collection period: January 1~December 31, 2020).
ISO 14067: 2018 Product Carbon Footprint	British Standards Institution (BSI)	2023/07/05	The carbon footprint of our rPET Hinged Tray (Item No. CM.NS9.5) which is manufactured by the Dongshan Plant meets the requirement of 193.7 g CO ₂ e per functional unit (data collection period: January 1~December 31, 2020).

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1.5 ISO Systems and Certifications

Certification	Certifying unit	Expiration date	Description
ISO 9001: 2015 Quality Management System	BellCERT International Inspection and Certification Group (AFNOR)	Shulin Plant 10/24/2024 Yingge Plant 11/18/2026 Dongshan Plant 11/16/2026	ISO 9001 is a quality management system that aims to determine whether products or services provided by enterprises meet certain quality criteria. All three plants of this Company have passed the ISO 9001 certification audit.
ISO 14001: 2015 Environmental Management System	BellCERT International Inspection and Certification Group (AFNOR)	Shulin Plant 10/04/2025 Yingge Plant 11/18/2026 Dongshan Plant 11/16/2026	ISO 14001 aims to examine environmental impact factors in the process from raw material use to provision of products or services to customers with the ultimate goal of minimizing damage to the environment through the adoption of preventive measures as required. All our plants (Yingge, Dongshan, and Shulin) have acquired third-party certificates.
ISO 22000: 2018 Food Safety Management System Hazard Analysis and Critical Control Points (HACCP)	BellCERT International Inspection and Certification Group (AFNOR)	Shulin Plant 12/09/2024 Yingge Plant 06/17/2024 Dongshan Plant 06/07/2024	As a manufacturer of plastic food containers, we are subject to the Regulations on Good Hygiene Practices for Food. Our three plants have therefore acquired ISO 22000 and HACCP certifications to demonstrate their unwavering commitment to food safety.
Plastic Food Container GHP (Good Hygiene Practice) Compliance Certificate	Plastics Industry Development Center	Shulin Plant (acquired on 11/30/2011, still valid) Dongshan Plant (acquired on 06/15/2018, still valid)	If plants belonging to the same corporation are located in the same county or city, one of these plants can be designated as a representative for the acquisition of this certificate. Since our Shulin and Yingge Plants are both located in New Taipei City, the former was selected as the representative plant for this county.
BRCGS: Version 6 (Aug. 2019) BRCGS Packaging Materials Global Standard	Bureau Veritas	Yingge Plant 12/25/2024 Dongshan Plant 12/31/2024	BRCGS (Brand Reputation Compliance Global Standards for Food Packaging Materials) has been officially recognized by GFSI (Global Food Safety Initiative). Our Yingge and Dongshan Plants have already passed the BRCGS level A certification audit.
ISO 45001: 2018 Occupational Health and Safety Management System	Chinese Society for Quality CSQ	Shulin Plant 06/14/2024 Yingge Plant 06/13/2024 Dongshan Plant 06/27/2024	The goal of ISO 45001 Occupational Health and Safety Management System (OHSMS) lies in the creation of a safe and healthy work environment and a decrease in accident and disease incidence rates. As of 2021, all our plants have adopted ISO 45001 and acquired relevant certificates.
ISO 14064-1: 2018 GHG Inventory	AFNOR Asia Ltd. (AFNOR)	Shulin Plant (inventory completed on 04/29/2024) Yingge Plant (inventory completed on 04/23/2024) Dongshan Plant (inventory completed on 07/08/2024)	ISO 14064-1 prescribes inventories of greenhouse gas (GHG) emissions generated in the process of corporate operations expressed in CO _{2e} . As of 2023, all our plants have completed inventories of GHG emissions in 2022. The data period is Jan 1 to Dec 31, 2022. 2023 has been set as the base year.
ISO 50001 Energy Management System	SGS Taiwan Ltd. (SGS)	Dongshan Plant (acquired on 11/25/2022, still valid)	To systematize energy conservation efforts, the Dongshan Plant has implemented the ISO 50001 Energy Management System. Starting with an inventory of the energy baseline, priorities for improving energy efficiency are identified, aiming to achieve energy savings and carbon reduction more effectively. Other plants are expected to follow with subsequent adoption.

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1.6 Other ESG-related Certifications

Certification	Awarding unit	Status	Description
Talent-Quality Management System (TTQS)	Workforce Development Agency	Passed in 2021	This systematic training quality management system which was devised in 2005 and implemented in 2007 by the Workforce Development Agency relies on the PDDRO (Plan-Design-Do-Review-Outcome) management loop. Our company obtained TTQS certification in 2023, valid for two years. This certification helps us optimize our training and education system and further strengthen our human resource development.
Supplier Ethical Data Exchange (Sedex)	Sedex	Evaluations completed in 2023	Sedex, a global supplier ethical data exchange platform and popular social responsibility evaluation tool, has more than 50,000 members spanning over 150 countries. Sedex assessment dimensions include labor rights, health and safety, and environmental and business ethics performance. Our Yingge Plant applied for a Sedex certification audit in September 2021, and successfully completed the annual re-audits in 2022 and 2023.



Reference website for the aforementioned certifications
<https://reurl.cc/vkNKne>





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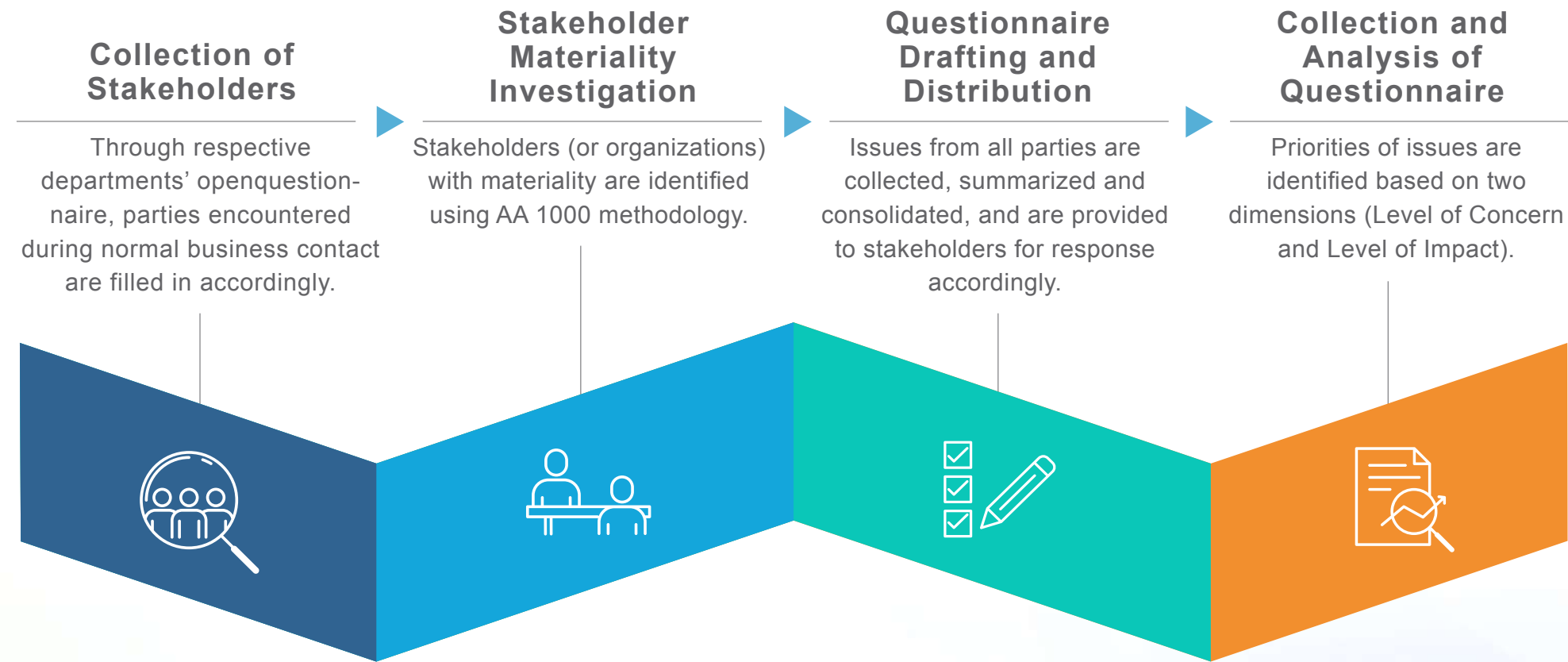
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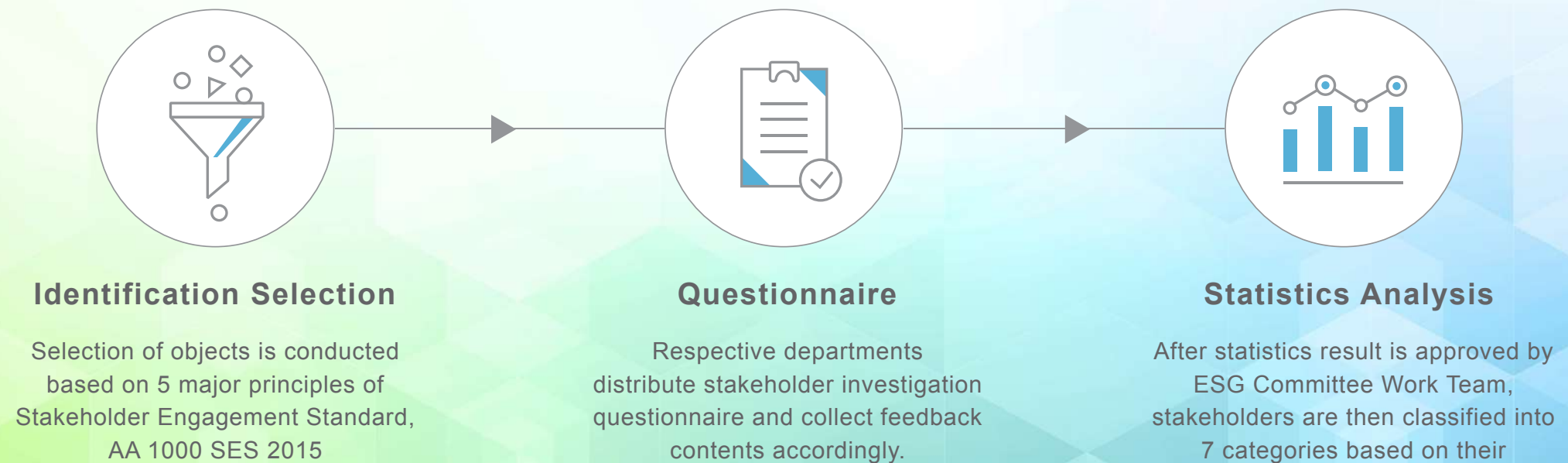
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Identification Selection and Questionnaire

Colleagues of the ESG Committee work team, which was convened at the end of 2023, conducted the identification and selection of objects. 7 categories of stakeholders are: government/competent authority, clients, employees, suppliers/contractors/business partners, inspection/verification agencies/consulting firm/industry association/academic institution/research institution, investors/shareholders/financial institutions, and community residents/general public.

Respective departments distributed stakeholder questionnaires to stakeholders and collected their feedback contents. The contents of the questionnaire mainly adopted 5 major principles designed in the Stakeholder Engagement Standard, AA1000 SES 2015 to investigate stakeholders' 5 perspectives, which include the level of dependence, influence, level of concern, responsibility, and multiple perspectives.



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2.3 Stakeholder Engagement

KYF is dedicated to becoming the best company in the world. Being Asia’s biggest thermoforming food container manufacturer, the company not only takes stakeholders’ views on the company seriously, but it is also proactively engaged in communication and collaboration with stakeholders through various channels to create multiple-win situations. As a result, the company pays attention to listening to stakeholder’s thoughts, responds, and conducts related measures accordingly. During the engagement process, the company’s principle is not to disregard the minority’s opinion. In addition to including or consolidating all stakeholders’ opinions, the company also allows all stakeholders to freely express opinions or to express in anonymity to ensure that the most accurate responses are collected.

Stakeholders	Meaning/Purpose of KYF	Concerned Subjects	Responding Chapters	Communication Channels	Communication Frequency
Government/ Competent Authority	Compliance with domestic/foreign related requirements; Active collaboration with policy implementation; Establishment of trust and collaboration relationship	<ul style="list-style-type: none"> Occupational Safety and Health Regulation Compliance Energy Management Information Security Risk Management 	CH3 About King Yuan Fu CH4 Sustainable Environment CH5 Employee Care	<ul style="list-style-type: none"> Telephone Email Communication Software Labor Inspection Face-to-Face Meeting 	Random
Client	The client is not just a source of revenue. The company needs to listen to clients’ voices, provide products and services that meet customer’s needs, and provide more space for King Yuan Fu to grow and supply more quality service through continuous learning and adjustment.	<ul style="list-style-type: none"> Innovative Design Product Safety and Quality Customer Relationship Circular Economy Carbon Emission Information Security 	CH4 Sustainable Environment CH5 Employee Care	<ul style="list-style-type: none"> Telephone Email Communication Software Face-to-Face Meeting 	Daily
Employee	Talents are the core foundation and key to corporate management. The company respects and cares for employees to attract talents to develop their expertise and create efficiency.	<ul style="list-style-type: none"> Occupational Safety and Health Compensation and Benefits Talent Incubation Employee Diversity and Inclusion 	CH3 About King Yuan Fu CH5 Employee Care	<ul style="list-style-type: none"> Telephone Email Communication Software Document Promotion Face-to-Face Meeting Reading Club 	Daily
Supplier/ Contractor/ Business Partner	Suppliers, contractors, and business partners play a crucial role in product manufacturing. Only high-quality raw materials can safeguard clients' investment and ensure consumers' safety and satisfaction.	<ul style="list-style-type: none"> Supply Chain Management Raw Material Management Anti-Corruption Occupational Safety and Health 	CH3 About King Yuan Fu CH4 Sustainable Environment	<ul style="list-style-type: none"> Telephone Email Communication Software Face-to-Face Meeting 	Daily Random

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Stakeholders	Meaning/Purpose of KYF	Concerned Subjects	Responding Chapters	Communication Channels	Communication Frequency
Inspection/ Verification Agencies/ Consulting firms/ Industry Associations/ Academic Institutions/ Research Organizations	Through third-party verification and continuous collaboration with industry associations and academic institutions, we ensure all company systems comply with standards and regulations. This provides peace of mind to our clients and end-users regarding the safety and reliability of our products.	<ul style="list-style-type: none"> Product Safety and Quality Occupational Safety and Health Risk Management Anti-Corruption Energy Management Carbon Emission 	CH3 About King Yuan Fu CH4 Sustainable Environment CH5 Employee Care	<ul style="list-style-type: none"> Telephone Email Communication Software Face-to-Face Meeting Workshop Event E-News 	Yearly Random
Investors/ Shareholders/ Financial Institute	Investor's support is the power that drives King Yuan Fu to march steadily. It is also a partner that allows King Yuan Fu to illustrate values sustainably.	<ul style="list-style-type: none"> Operational Performance Risk Management Anti-Corruption Corporate Governance 	CH3 About King Yuan Fu	<ul style="list-style-type: none"> Telephone Email Communication Software Face-to-Face Meeting 	Random
Community Resident/ General Public	Care for Local Residents; Feedback to the Public; Enhance Social Positive Influence	Community Care/ Neighborliness	CH6 Social Synergy	<ul style="list-style-type: none"> Telephone Email Communication Software Activity Participation Face-to-Face Meeting 	Random

2.4 Identification of Material Topics

Impact Assessment Procedures	
1	<ul style="list-style-type: none"> Collection of Evaluation Topics for Social Impact Assessment: To assess the impact of relevant current social events on King Yuan Fu and its stakeholders, we designed the questionnaire topics based on sources from government regulations, client and stakeholder expectations, newspapers and magazines, industry feedback, both domestic and international sustainability initiatives (e.g., GRI, the United Nations' 17 Sustainable Development Goals (SDGs), SASB, Sedex), and results from discussion tools.
2	<ul style="list-style-type: none"> Formulation of Survey Topics: Through topic collection and internal discussions, we compiled 21 discussion topics into a questionnaire, covering three major themes on economic, environmental, and social aspects.

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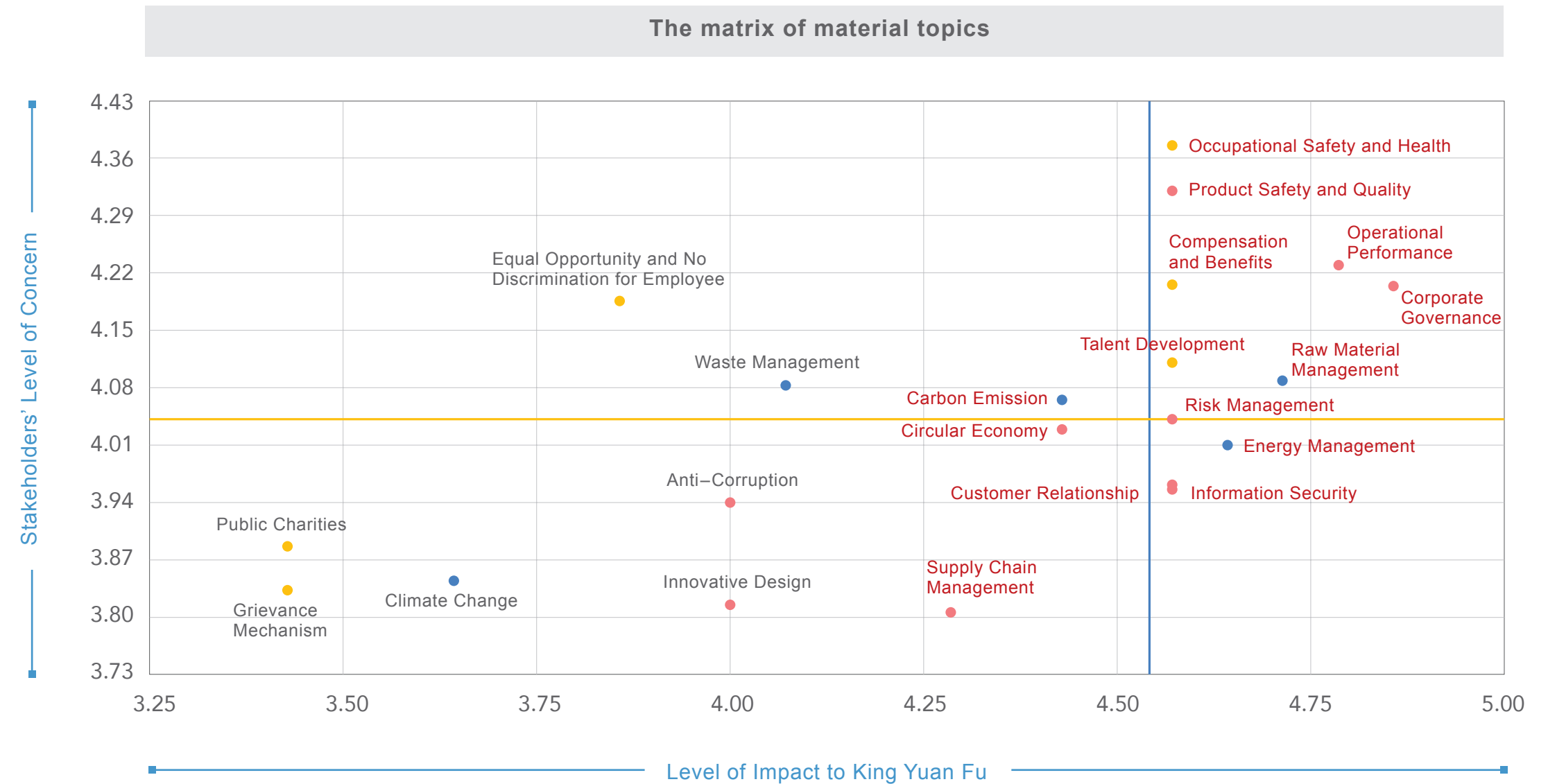
▪ **Evaluation of Impact on Company and Stakeholders:**

To assess the impact of each evaluation topic on the company and its internal and external stakeholders, we distributed the survey to employees, clients, and suppliers. In total, we collected 275 responses: 7 from government or competent authorities, 12 from clients, 187 from employees, 54 from suppliers, contractors, or business partners, 8 from Inspection, verification agencies, consulting firms, industry associations, academic institutions, or research organizations, 2 from investors, shareholders, or financial institutes, and 5 from community residents or the general public.

4

▪ **Phase 1: Identification of Material Topics Based on Stakeholder Feedback and Impact Analysis:**

Analysis was conducted based on feedback results from the questionnaire. A matrix with two dimensions was established accordingly. One dimension is the level of influence on its stakeholders; the other is the impact of issues on KYF. Among these 21 evaluated topics, points were calculated based on the level of impact on the company and stakeholders. From the statistics results, there were 14 material topics identified accordingly (upper right red words on the following matrix).



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Phase 2: Assessment of Positive & Negative Impacts of Material Topics:

Based on the 14 material topics discovered from the phase 1 assessment result, KYF conducted an in-depth impact scenario analysis (for consideration of the nature of issues and the focus of the company's operation).

Three Major Dimensions	Material Topics	Positive+ / Negative-	Actual/ Potential	Impact Scenario Analysis	Parties for Major Impact
Economic Dimension	Corporate Governance	+	Potential	Implement ESG visions and goals to avoid potential financial and non-financial losses, enhance operational efficiency, and collaboratively create an ESG business model with partners, benefiting society as a whole.	Employee, Supplier, Client, Community, Environment
Economic Dimension	Operational Efficiency and Performance	+	Actual	When the company strategically allocates and utilizes resources for ESG initiatives, operational efficiency and effectiveness will boost the overall competitiveness. Moreover, robust ESG risk management mechanisms can cultivate mutually beneficial relationships with partners, thereby increasing stakeholders' confidence in the company.	Bank, Supplier, Employee
Economic Dimension	Product Safety and Quality	+	Actual	Through ISO 9001, ISO 22000 & HACCP, and BRCGS management systems, we regularly identify potential risks and simulate corresponding countermeasures. As a result, our food safety and quality control management have successfully prevented major incidents, and these high standards have enhanced our customers' satisfaction as well.	Client
Economic Dimension	Customer Relationship	+	Potential	We regularly interact with customers to continuously optimize service processes and analyze market feedback to enhance customer satisfaction of service outcomes and result in economic benefits.	Client
Economic Dimension/ Environmental Dimension	Circular Economy	+	Actual	As plastic regulations have been updated continually in multiple countries, we regularly review the product categories, strengthen circular economic concepts, increase the recycled materials' proportions, and reduce the amount of plastic waste in the environment to establish an innovative low-carbon produced lifecycle business model by sustainable economic effects.	Recycle System, Environment
Economic Dimension	Information Security	-	Actual	Information security and risk management are crucial foundations of the company's operations. Inadequate system security measures and information management can lead to data breaches and severe damage that harms information assets. This could result in increased costs of repair and impact operational efficiency negatively.	Client, Employee, Supplier
Economic Dimension	Risk Management	+	Potential	Based on risk management, identifying significant ESG risks and proposing effective response measures and goal controls can effectively transform risks into competitive advantages in company operations through efficient tracking and management.	Client, Supplier, Environment, Employee

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Three Major Dimensions	Material Topics	Positive+ / Negative-	Actual / Potential	Impact Scenario Analysis	Parties for Major Impact
Environmental Dimension	Raw Material Management	+	Potential	Managing raw material usage from the source is a crucial foundation to ensure food safety quality. In addition, actively developing recyclable raw materials that comply with regulations could help reduce both environmental and climate change impacts originating from extraction.	Supplier
Environmental Dimension/ Economic Dimension	Supply Chain Management	+	Potential	By guiding the supply chain to adopt ESG management practices, KYF can leverage reputable logistic companies to influence smaller ones to collectively engage in meaningful carbon reduction activities. This approach generates positive and comprehensive benefits for the environmental, social, and KYF financial aspects.	Supplier
Environmental Dimension	Carbon Emission	+	Actual	Complying with regulatory requirements, we actively participate in GHG inventory reporting and establish medium to long-term carbon neutrality goals. Through internal audits and source analysis, we develop internal management mechanisms to reduce carbon emissions, mitigate potential carbon costs and operational risks, and minimize our impact on climate change.	Client, Company, Public Sector, Environment
Environmental Dimension	Energy Management	+	Actual	We adhere to regulatory requirements in energy management, establishing relevant processes and internal mechanisms to enhance energy efficiency. This approach aims to reduce the potential price impacts of future energy cost scarcity and minimize unnecessary energy waste. Moreover, it helps mitigate carbon emissions from energy use during production processes, effectively reducing our environmental impact.	Client, Company, Public Sector, Environment
Social Dimension	Occupational Safety and Health	+	Actual	To enhance internal safety awareness, monitor security measures to prevent potential risks, procure advanced protective equipment to improve safety levels, reduce work-related incidents, mitigate human hazards, and achieve external accreditation through occupational health and safety management systems verification. Additionally, regular health checks and onsite occupational medicine specialist evaluations are conducted to assess employees' physical and mental well-being. Timely planning of health promotion activities, seminars, and health education campaigns aims to prevent occupational diseases from occurring.	Employee, Company
Social Dimension	Compensation and Benefits	-	Actual	Competitive compensation and benefits are one of the primary factors in attracting top talents. Otherwise according to industry standards and cost-of-living indexes may result in an inability to offer competitive compensation, thereby limiting the ability to attract more talented individuals and potentially leading to talent attrition.	Employee, Company

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Three Major Dimensions	Material Topics	Positive+ / Negative-	Actual / Potential	Impact Scenario Analysis	Parties for Major Impact
Social Dimension	Talent Incubation	–	Potential	Enhancing employee capabilities is the foundation of corporate competitiveness. Insufficient leadership abilities at the management level may hinder organizational development and create psychological unrest among employees. Without a clear training program for new hires and existing staff, talent attrition may occur, potentially depleting the company's resources (talent).	Employee

6 ■ **Result Confirmation:**
 The material topics table is summarized and submitted to the ESG committee for review and approval.

2.5 List of Material Topics

	Material Topics	Corresponding GRI	Chapter(s) Disclosed in Report
Economic Dimension	Corporate Governance	Customized Subject	3.2 Corporate Governance
	Operational Performance	GRI 201 Economic Performance 2016	3.3 Operational Performance
	Product Safety and Quality	GRI 416 Customer Health and Safety 2016 GRI 417 Marketing and Labelling 2016	4.1.4 Product Safety and Quality
	Customer Relationship	Customized Subject	4.1.4 Product Safety and Quality
	Circular Economy	GRI 301 Material 2016	4.1 Circular Economy
	Information Security	GRI 418 Customer Privacy 2016	3.5 Information Security Policy and Management
	Risk Management	GRI 2–25 Processes to Remediate Negative Impacts	3.2.4 Risk Management
Environmental Dimension	Raw Material Management	GRI 301 Material 2016	4.2 Raw Material
	Supply Chain Management	GRI 204 Procurement Practices 2016 GRI 308 Supplier Environmental Assessment 2016 GRI 414 Supplier Society Assessment 2016	3.4 Supply Chain Management
	Carbon Emission/ Energy Management	GRI 302 Energy 2016 GRI 305 Emissions 2016	4.4 Energy 4.7 GHG Emissions
Social Dimension	Occupational Safety and Health	GRI 403 Occupational Health and Safety 2018	5.9 Occupational Safety
	Compensation and Benefits	GRI 202 Market Presence 2016 GRI 401 Employment 2016	5.4 Compensation and Benefits
	Talent Incubation	GRI 404 Training and Education 2016	5.3 Talent Development System

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Comparison of Major issues between 2022 and 2023			
2022 Material Topics	2023 Material Topics	Rank	Comparative
Corporate Governance	Corporate Governance	1	↑ 4
Operational Performance	Operational Performance	2	↑ 1
Occupational Safety and Health	Occupational Safety and Health	3	↑ 1
Product Safety and Quality	Product Safety and Quality	4	↓ 3
Raw Material Management	Raw Material Management	5	↑ 4
Compensation and Benefits	Compensation and Benefits	6	↓ 4
Talent Incubation	Talent Incubation	7	↓ 1
---	Energy Management	8	Newly added in 2023
---	Risk Management	9	Newly added in 2023
---	Information Security	10	Newly added in 2023
Customer Relationship	Customer Relationship	11	↓ 1
Carbon Emission	Carbon Emission	12	↓ 5
Circular Economy	Circular Economy	13	↓ 5
Supply Chain Management	Supply Chain Management	14	Customized Subject in 2023
Equal Opportunity and No Discrimination for Employee	---	---	Not selected in 2023

Note: Due to increasing awareness of climate change, carbon fee implementations, and other factors, "energy and risk management" will be considered major topics in 2023. Additionally, due to ongoing concerns such as cyberattacks targeting the company, "information security" has also been included as a major topic.

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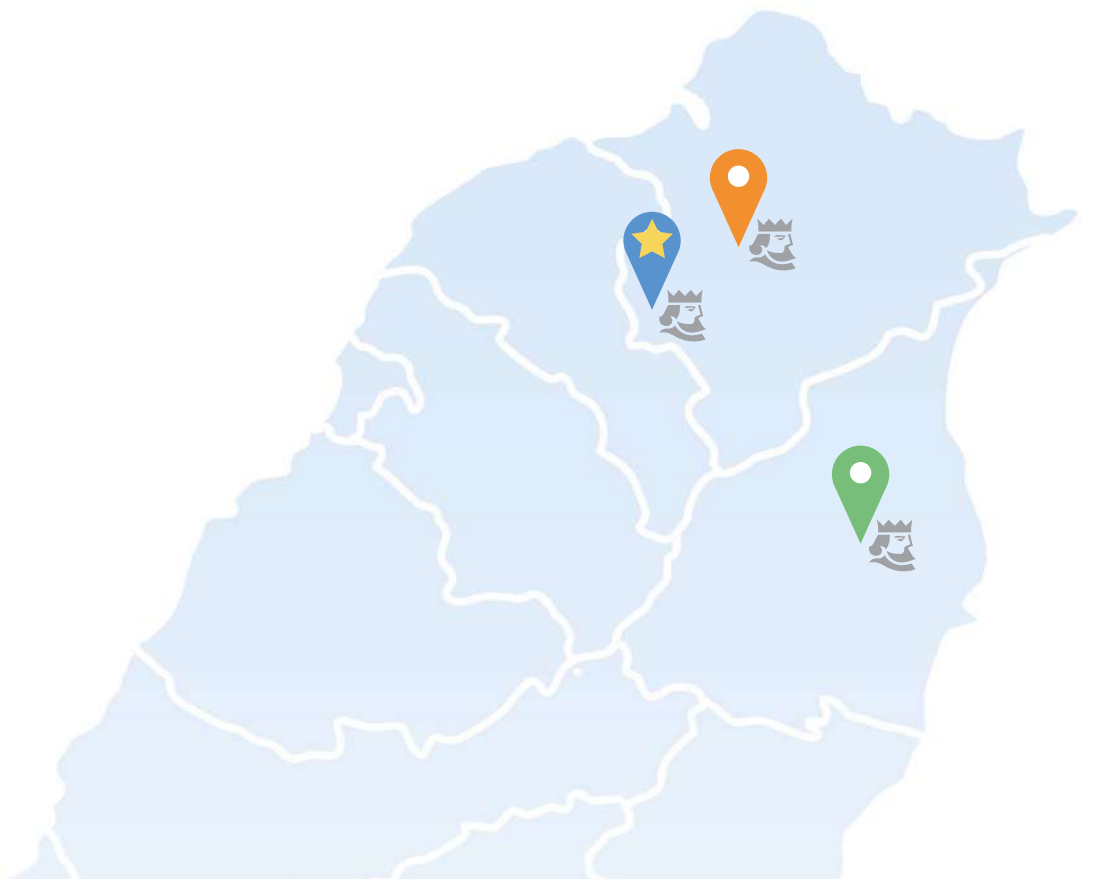
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3.1 Company Profile

3.1.1 Company Overview

King Yuan Fu Packaging Co., Ltd. (below referred to as “King Yuan Fu” or “KYF”) was established in 1978. We have expanded our operations to the three following cities: Shulin, Dongshan, and Yingge (including R&D buildings). The Yingge division serves as our corporate headquarters, where we have made significant investments in research and development to achieve product breakthroughs. We specialize in plastic food packaging made of the following materials: Polyethylene Terephthalate (PET), recycled PET (rPET), Polypropylene (PP), and Polylactic Acid (PLA). Our customer base is composed of well-known domestic food processors and overseas customers spreading worldwide. As a professional and trustworthy high-pressure and thermoforming manufacturer, we rely on our extensive experience accumulated over many years to provide all-in-one, one-stop solutions encompassing product design, mold making, stable supply, and exceptional quality. We are firmly committed to continuous improvement and research and development of new technologies. We persist in our efforts to provide our customers with top-quality products, the fastest delivery, and real-time services.

Company Name	KING YUAN FU PACKAGING CO., LTD					
Year of Establishment	1978					
Founder	Mr. Chen, Zhi-Jian					
President	Ms. Wu, Mei-Yun					
CEO	Ms. Vani Chen					
Equity type	Non-publicly traded company; 100% equity held by director and supervisor					
Corporate HQ	No. 399, Jianguo Rd., Yingge District, New Taipei City 239011, Taiwan					
Operating sites	Shulin Plant: No. 345-16, Zhongzheng Rd., Shulin District, New Taipei City 238028, Taiwan. Yingge Plant (including R&D Building): No. 399, 393, Jianguo Rd., Yingge District, New Taipei City 239011, Taiwan. Dongshan Plant: No. 275, 275-1, Xiangzhong Rd., Dongshan Township, Yilan County 269027, Taiwan.					
Total workforce in 2023	463 employees (58 in the Shulin Plant, 232 in the Yingge Plant, and 173 in the Dongshan Plant)					
Revenues in 2023	\$4.9 billion TWD					
Shipping volume in 2023 (metric tons/ratios)	Product	Weight (Metric Tons)	Ratio	Product	Weight (Metric Tons)	Ratio
	PET	32,888	63.07%	PLA	3,188	6.11%
	rPET	6,828	3.09%	PP	9,242	17.72%



◆ **Shulin Plant**
 Plant area: 20,000 m²
 No. 345-16, Zhongzheng Rd., Shulin District, New Taipei City 238028, Taiwan.

★ **Yingge Plant (Corporate HQ)**
 Plant area: 10,000 m²
 No. 399, Jianguo Rd., Yingge District, New Taipei City 239011, Taiwan

◆ **Research and Development Building**
 Building area: 2,070.12 m²
 No. 393, Jianguo Rd., Yingge District, New Taipei City 239011, Taiwan

◆ **Dongshan Plant**
 Plant area: 23,000 m²
 No. 275, 275-1, Xiangzhong Rd., Dongshan Township, Yilan County 269027, Taiwan

3.1.2 Company Evolution

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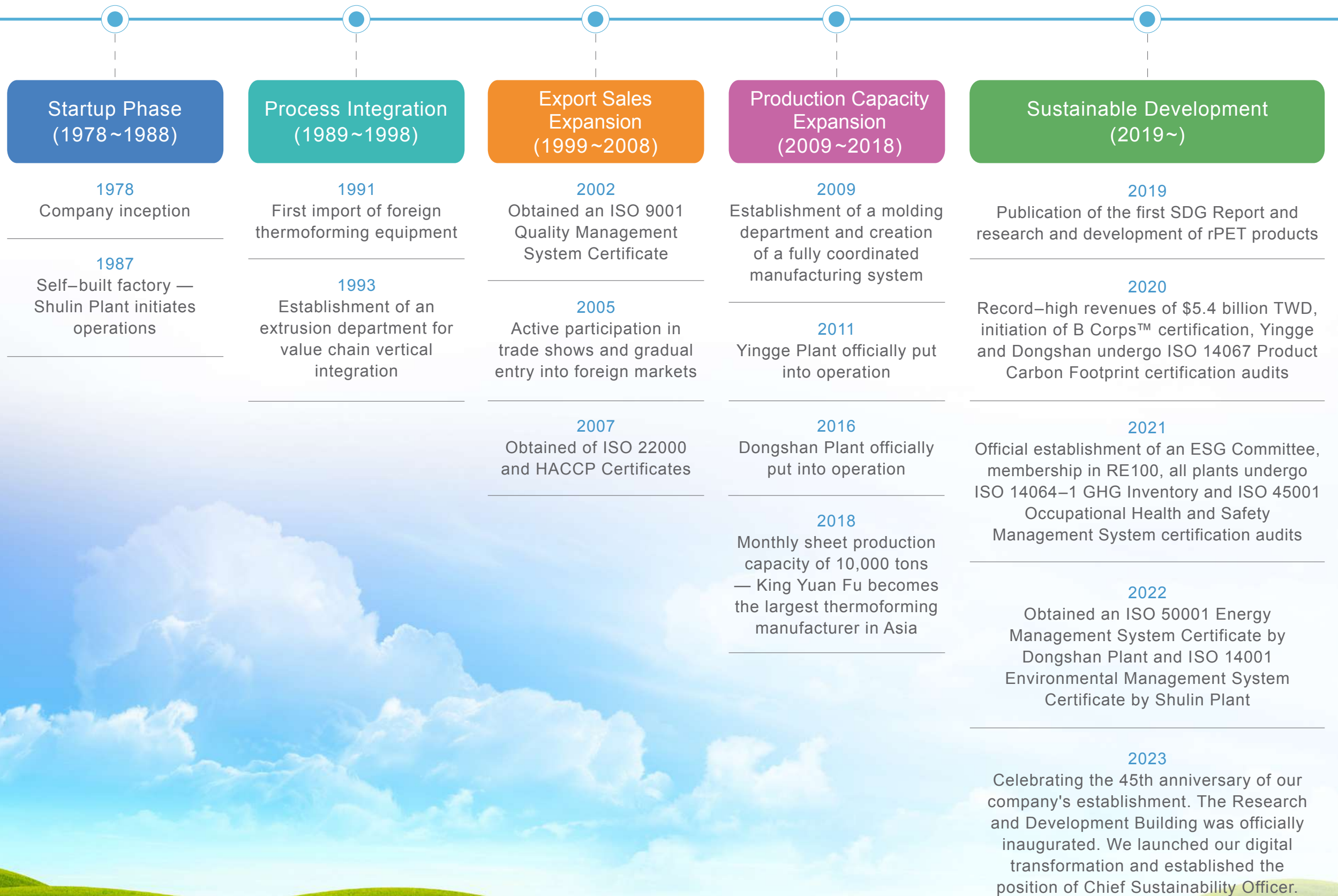
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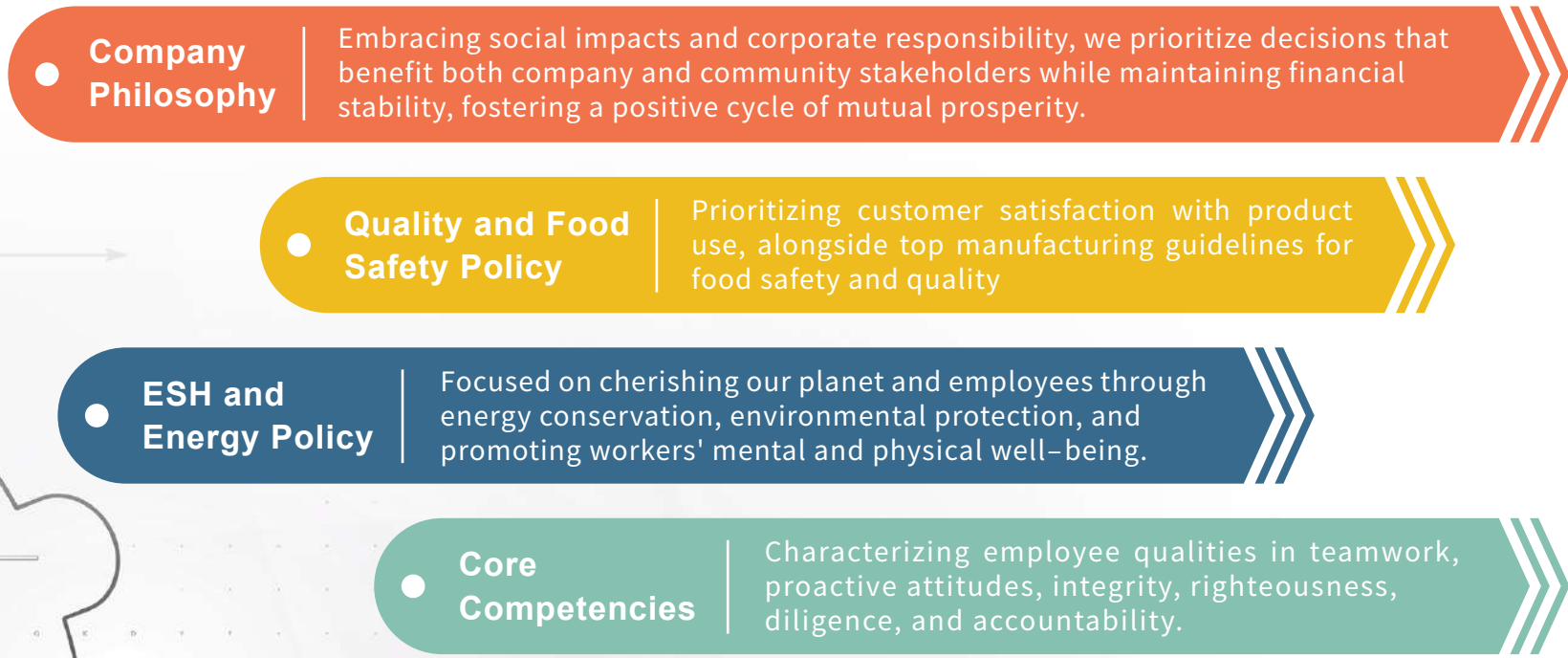


3.1.3 Company Mission and Long-Term Development Strategies

We are firmly committed to our corporate mission of
“Becoming a reliable and sustainable packaging designer and capacity provider in the global packaging industry.”

Our vision is to become the largest professional thermoforming manufacturer, providing one-stop services encompassing product design, mold making, sheet extrusion, thermoforming, and after-sales services in the world. Since our inception, we have upheld our core values of integrity, righteousness, and honoring of commitments, maintaining our relentless pursuit of excellence in the fields of technology, quality, service, and business models. Our ultimate goal is to provide maximum benefits to our customers through top-quality products, the fastest delivery speed, and real-time “7-star” services.

To demonstrate our strong commitment to corporate sustainability, we attach great importance to food safety-related risks and the safeguarding of customer rights and consumer safety. We strive to gain the trust of our customers through the acquisition of ISO management system certificates and conduct regular, systematic audits to provide quality assurance and effectively control potential food safety risks. The promotion of sustainability concepts in the environmental, social, and corporate governance dimensions represents the cornerstone of our dedicated efforts in pursuit of sustainable operations and long-term profitability.



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3.1.4 Sustainability Vision and Policy

3.1.4.1 Sustainability Framework

We fully embrace our corporate mission of “Becoming a reliable and sustainable packaging designer and capacity provider in the global packaging industry.” We spare no effort to create maximum benefits for our stakeholders (employees, customers, communities, and the environment). We have also formulated a 6R Sustainability Strategy (Reduce, Reuse, Recycle, Responsibility, Rethink, Revamp) covering the ESG dimensions in line with the spirit of the UN SGDs on the foundation of our core corporate capabilities. Action plans have been initiated and a sound sustainability framework has been devised with the aid of domestic and international system certifications.



3.1.4.2 ESG Policy

We firmly believe in the concept of giving back to society in a spirit of gratitude. In addition to their pursuit of profitability and optimized management, enterprises must fulfill their corporate social responsibility and gradually request their supply chain to comply with social responsibility requirements. Our ESG policy can be summarized as follows:

<div data-bbox="855 337 1912 441" data-label="Section-Header"> <p> Implementation of corporate governance and compliance with applicable laws and regulations</p> </div> <div data-bbox="868 486 1886 589" data-label="Text"> <p>Establishment of a sound corporate governance framework, realization of and respect for stakeholder benefits, and compliance with international ESG-related norms and standards (*) and applicable local laws and regulations</p> </div>	<div data-bbox="1966 337 3022 441" data-label="Section-Header"> <p> Protection of labor rights and provision of safe workplace environments</p> </div> <div data-bbox="1979 486 3029 656" data-label="Text"> <p>Banning of child labor and emphasis on employee rights, creation of consultation and grievance channels, provision of friendlier, more diversified, and more inclusive workplace environments, deep commitment to the goal of zero work-related injuries, and proactive maintenance and development of a work safety system</p> </div>
<div data-bbox="855 691 1912 795" data-label="Section-Header"> <p> Implementation of environmental protection and commitment to energy conservation and carbon reduction</p> </div> <div data-bbox="868 842 1886 1044" data-label="Text"> <p>Implementation of the 3R PRINCIPAL (Reduce, Reuse, Recycle), launch of various environmental protection actions such as beach cleaning and forestation coupled with resource recovery and renewable energy use to realize environmental protection through concrete action; adoption of water and energy conservation measures to reduce carbon emissions and make a contribution to protecting our planet in response to climate change</p> </div>	<div data-bbox="1966 691 3022 795" data-label="Section-Header"> <p> Dedication to ethical corporate management and fulfillment of social responsibility</p> </div> <div data-bbox="1979 842 3029 1013" data-label="Text"> <p>Integrity-based sustainable operations, adoption of high ethical standards and principles, and intensified internal and external communication coupled with an equal emphasis on stakeholder rights and interests, proactive engagement in community development and social welfare activities, and fulfillment of our responsibility as a corporate citizen</p> </div>

In addition to the adoption of an ESG management system and requesting our suppliers to implement similar systems, we organize ESG-related training courses on an annual basis.

Note* Social responsibility-related international norms and standards

The UN Guiding Principles on Business and Human Rights
ILO Declaration on Fundamental Principles and Rights at Work
The UN Universal Declaration of Human Rights
The International Covenant on Civil and Political Rights (ICCPR)
The International Covenant on Economic, Social and Cultural Rights (ICESCR)

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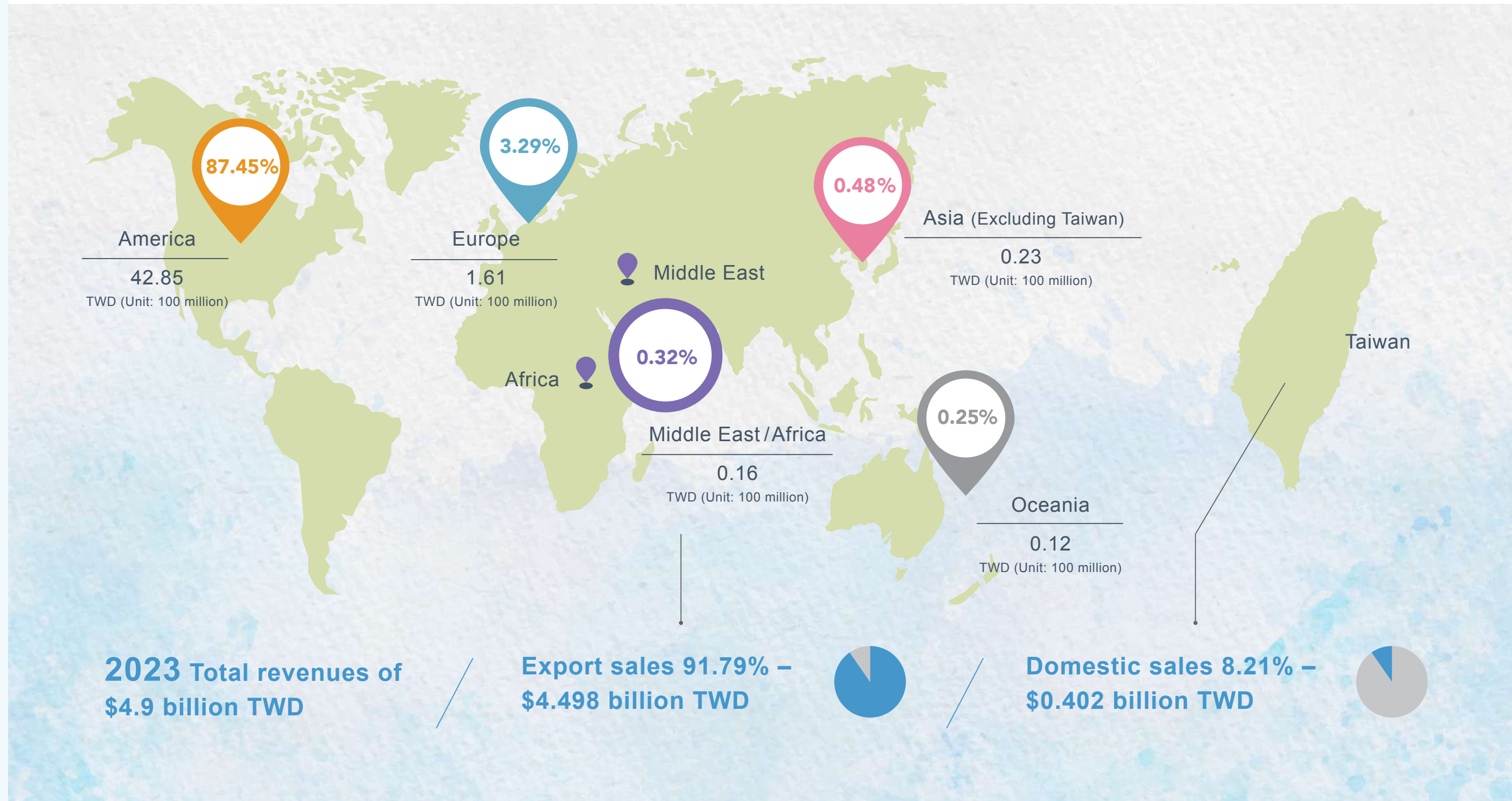
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3.1.5 Business Scope

We are an export-oriented company, and our overseas sales account for 91.79% of our total revenues. We sell our products to our main brand customers by relying on our agents all over the world. Our customer base includes providers of farm products, chain restaurants, supermarkets, and food processors. Our customers are spread across the globe, with a focus on North America. Our domestic customers are mostly large-sized food processors or retail stores.

PET (including rPET) products make up around 70% of our product offerings. In line with domestic and international environmental protection trends in recent years, we no longer focus solely on our core business operations but also do our utmost to develop low-carbon emission products such as rPET and biodegradable materials, thereby realizing the vision of a circular economy.



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3.1.6 Relationship Between Upstream and Downstream Suppliers

We are a midstream business in the plastic food packaging industry chain. The upstream supplier is composed of polyester chip providers and packaging raw material suppliers, while the downstream supply chain consists of end users, importers, distributors, agents, or direct sales organizations. Supply chain management which includes search for suppliers, assessment, management, and procurement operations is mostly the responsibility of the Procurement Department. Customer management, on the other hand, which includes domestic and international business, design, and shipping services, lies within the responsibility of the business unit. There were no significant changes in the field of supply chain relations compared to the previous year.



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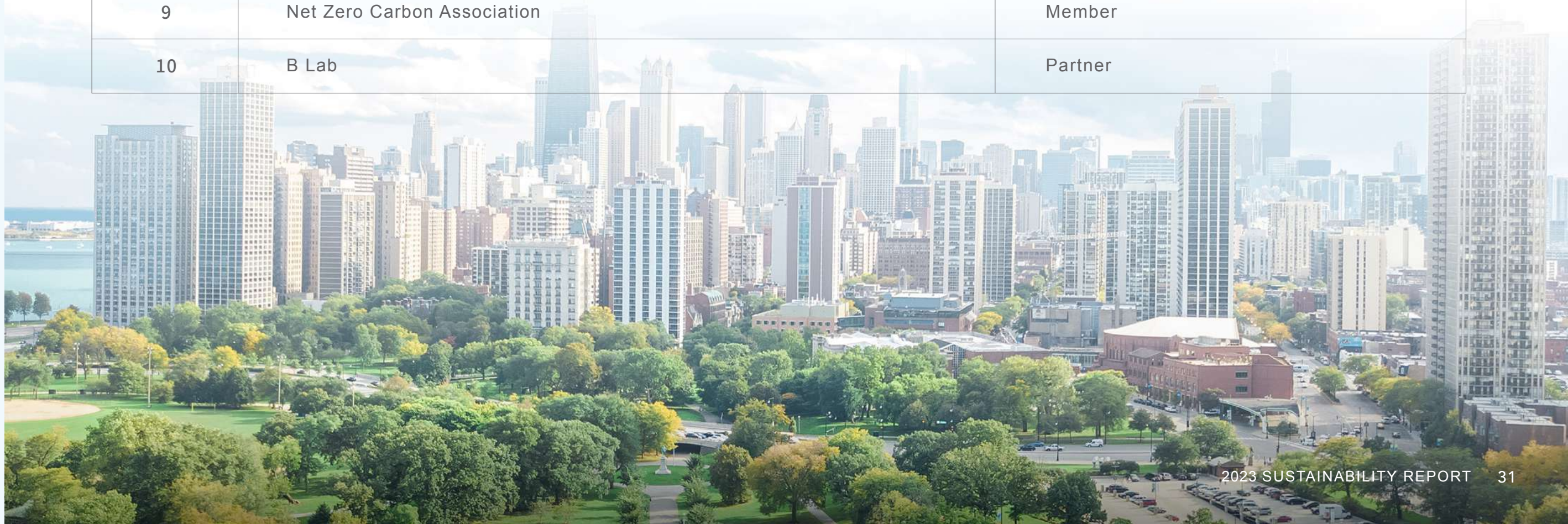
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3.1.7 Partners and Initiatives

It is our firm conviction that sustained progress in the field of ESG and the common good and prosperity of partners in all sectors requires a concerted effort by many stakeholders. To show our solidarity with domestic and international initiatives and foster professional exchanges and interactions, we have joined the following organizations:

No.	Name of Association	Status
1	RE 100	Member
2	E.SUN ESG Initiative	Partner
3	New Taipei City Industrial Association	Member
4	Yilan County Industrial Association	Member
5	Taiwan Plastics Industry Association	Member
6	Environmentally Biodegradable Polymer Association	Member
7	Commonwealth Sustainable Development Committee	Member
8	Global Views ESG Alliance	Member
9	Net Zero Carbon Association	Member
10	B Lab	Partner



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3.2 Corporate Governance

Material topic	Corporate governance
Significance for the Company	The creation of benefits for stakeholders is a key component in our sustainability transition process and the accomplishment of our corporate mission. Corporate sustainability is our self-set expectation and pledge to our employees.
Impact	Implement the ESG vision and goals to avoid financial and non-financial losses, enhance operational efficiency, and collaboratively create an ESG business model with partners to achieve mutual benefits for society.
Policy and Commitment	Maximization of positive influence through the 6R strategy (Reduce, Reuse, Recycle, Responsibility, Rethink, Revamp)
Short-term goal	Annual target achievement as defined by the 6R strategy, please refer to the table of 3.2.3.2 ESG Committee "Results of target execution and responsible units in 2023."
Medium- and long-term goals	Harnessing our first-mover advantage to constantly outdistance our competitors and create insurmountable gaps paired with the building of a closed-loop recycling ecosphere for plastics with an equal emphasis on economy and environment.
Course of action	Establishment of a sound sustainability framework covering the ESG (environmental, social, and governance) dimensions
Results	6R achievement rate of 75% in 2023, please refer to the table of 3.2.3.2 ESG Committee "Results of target execution and responsible units in 2023."
Responsible unit	Management level

3.2.1 Organizational Framework

KYF is a non-publicly traded company that was founded by Mr. Chen, Zhi-Jian, and his wife, Ms. Wu, Mei-Yun, in 1978. Ms. Vani Chen took over as the leader in 2015. Ms. Wu, Mei-Yun, and Ms. Vani Chen concurrently serve as directors and supervisors, respectively. 100% of the company's equity is held by the director and supervisor.

3.2.1.1 Management Team and Organizational Chart

● Description of the Management Team:

Our management team is currently made up of President Wu, Mei-Yun, CEO Vani Chen, General Plant Manager Roy Lee, and General Manager Benjamin Kuo. All members of the management team are R.O.C. nationals. To bolster corporate governance and long-term development, we have enlisted two professional managerial officers to serve as General Plant Manager and General Manager to harness their professional expertise and profound industry experience for the operations of the team.

Title	Name	Gender	Expertise	Responsibilities
President	Wu, Mei-Yun	Female	Financial management	Major decisions in the fields of company operations and financial matters
CEO	Vani Chen	Female	International marketing and sales Strategy management Sustainable development	Medium- and long-term strategies and major decisions Sustainability vision and policies ESG Committee Chairperson

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Title	Name	Gender	Expertise	Responsibilities
General Plant Manager (professional managerial officer)	Roy Lee	Male	Management of plant operations Materials, manufacturing, and technologies of plastics Sustainable development	Management and supervision of the Manufacturing Business Division, Health Department, R&D Department, and the ESG Committee
General Manager and Chief Sustainability Officer (professional managerial officer)	Benjamin Kuo	Male	International marketing and sales Operations strategy Sustainable development	Management and supervision of the Operations Business Division, Administrative Division, IT Department, QA Department, Sustainable Development Department, and the ESG Committee

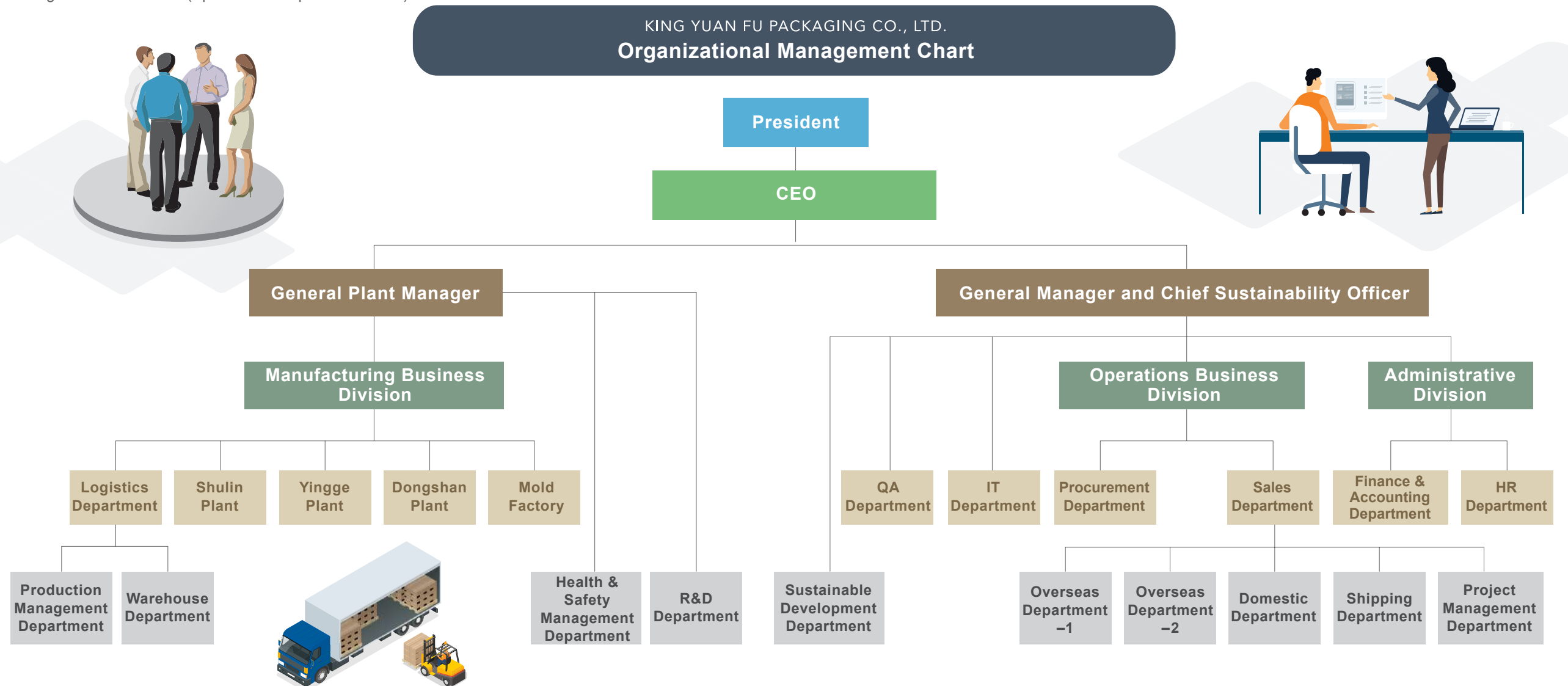
● **Role in impact monitoring and management:**

The management team determines the accuracy of data about issue identification, assessment, goal setting, implementation progress, results, and review processes. They also formulate short-, medium-, and long-term goals upon analysis of the current situation and existing risks.

● **Delegation of responsibilities for impact management:**

Responsible persons at the highest authority level of responsible units for each goal fulfill a key role in the organization through top-down communication and implementation of relevant strategies. All units report on implementation progress in regularly convened meetings on an ongoing basis.

Organizational chart (updated in September 2023)



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3.2.1.2 Recusal by the Management Team Due to Conflicts of Interest

Our management team espouses ethical corporate management principles and strictly adheres to demarcation lines for business dealings defined by business ethics standards. If issues involve potential conflicts of interest, affected employees recuse themselves from participation in discussions and voting.

Conflict of interest	Current status
Cross-board membership	No
Cross-shareholding with suppliers and other stakeholders	No
Existence of controlling shareholders	NA. The Company is a non-publicly traded entity. 100% of the company's equity is held by the President and CEO. There are no external shareholders.
Related parties and representatives	No
Concurrent positions within the company	No

3.2.1.3 Strengthening the Management Functions of Team Management Interest

To strengthen the functions of team management, we offer information on advanced training in the field of operations strategy and ESG concepts as required and assist team members in the registration process. In 2023, advanced training hours for the management level amounted to 14.



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3.2.2 ESG Committee

The ESG Committee was officially formed in 2021 with the CEO serving as Chairperson. This committee, which is composed of the General Plant Manager, the General Manager, and the Plant Manager, is the highest decision-making body in the field of ESG practices.

● **Preset goals**

1. Practice of ESG and fulfillment of our responsibility as a corporate citizen
2. Promotion and implementation of ESG policies and sustainable development
3. Integration of company resources, coordination of topic-related operations, realization of ESG concepts in our daily operations

● **Role in sustainability reporting**

The committee's role lies in the articulation and identification of material topics, analysis of result reports to confirm the current status and positioning of the company, and planning of adequate courses of action targeting material topics with the ultimate goal of injecting positive momentum into business growth and the direction of our business operations. 6R goals are incorporated into strategy formulation to inextricably link our development direction to the core principles of corporate sustainability and gradually deploy and implement circular economy practices in pursuit of ongoing progress in the realization of relevant concepts.

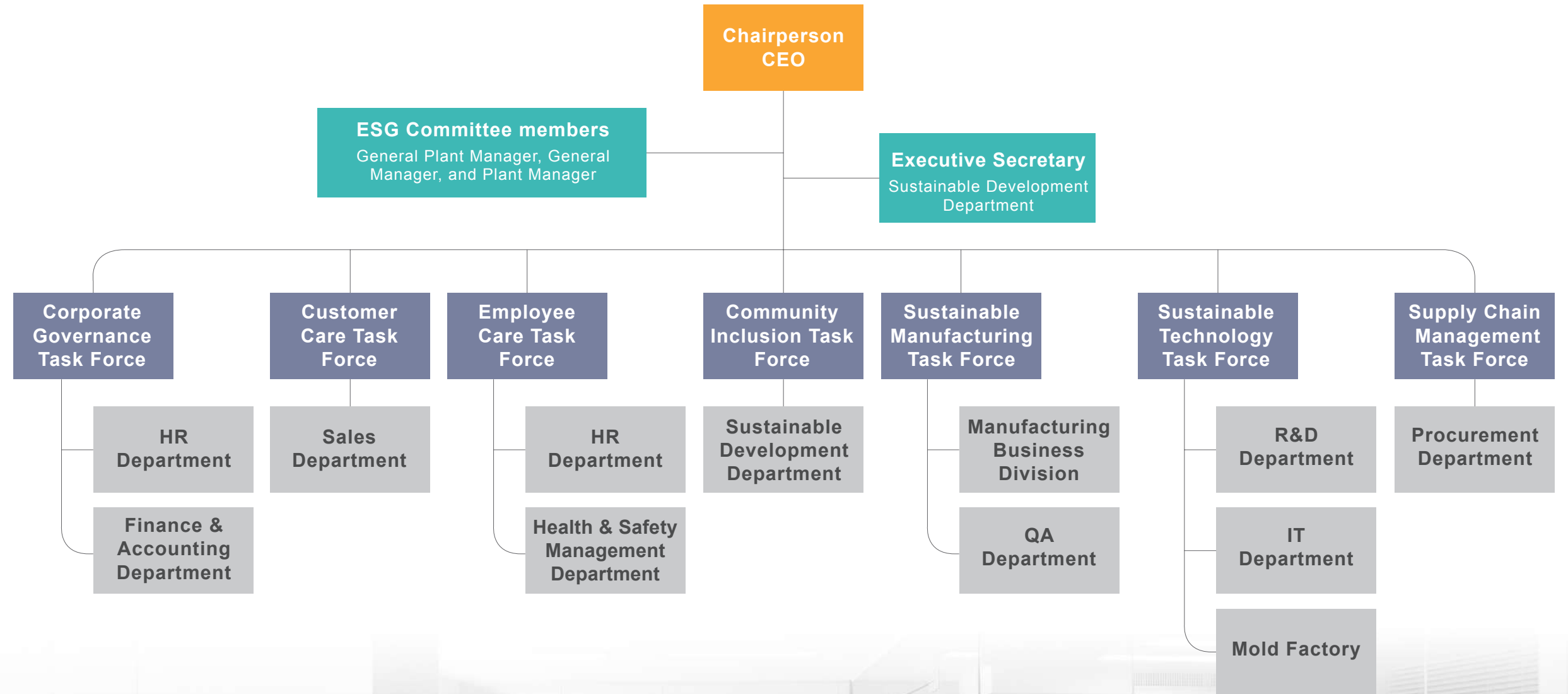
● **Implementation items**

1. Sustainability strategy: coordination of sustainability strategy and goal formulation in line with our core concepts of sustainable development
2. Regular meetings: reporting of material topics and tracking and review of implementation progress and performance in the field of ESG action plans in quarterly ESG Committee meetings
3. Annual ESG targets: presentation of final annual reports and setting of targets for the following year in the final ESG Committee meeting of the year
4. Identification of risks and opportunities: identification and management of impacts, risks, and opportunities arising from ESG practices
5. Stakeholder engagement: Facilitating stakeholder conversations and compiling their opinions for analysis
6. Review and decision-making about material topics: The Sustainable Development Department serves as the executive secretary of the ESG Committee. The executive secretary analyzed the results of stakeholder opinions, created material topic matrices, and submitted the results to the ESG Committee to determine the concurrent sustainable analysis topics.
7. Corporate sustainability report: The executive secretary would prepare annual sustainability reports to the ESG Committee for approval. The reports will be verified by a third-party accreditation body for publication review.



● ESG Committee Organizational Chart

The CEO, who serves as committee chairperson, has designated the Sustainable Development Department as the Executive Secretary. Seven functional task forces have been formed for the following seven dimensions: corporate governance, customer care, employee care, community inclusion, sustainable manufacturing, sustainable technologies, and supply chain management. Each task force is headed by the director of the respective unit. All these directors are required to participate in ESG Committee meetings.



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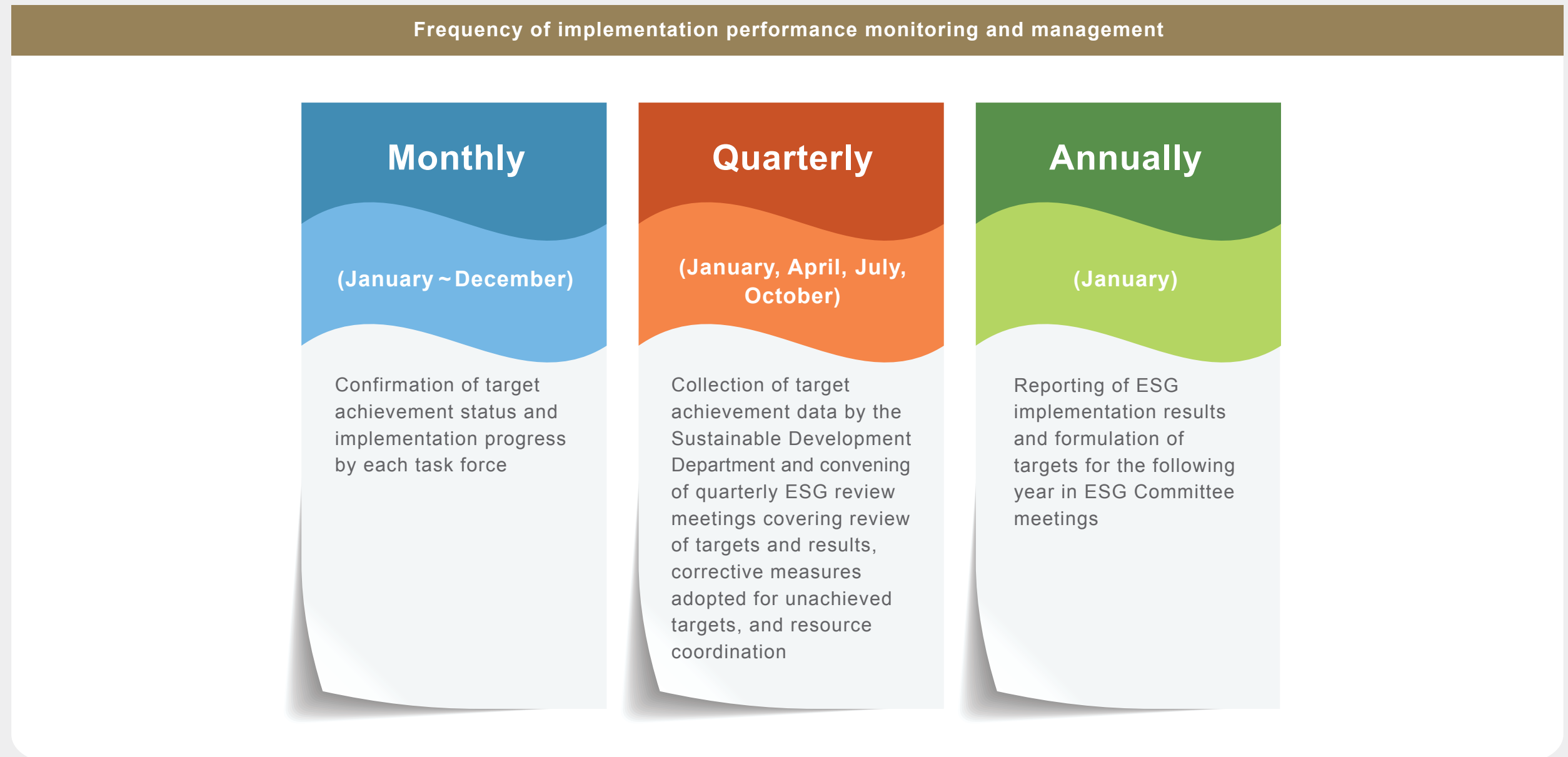
3.2.3 Communication of Material Issues

3.2.3.1 Management Meetings

- The directors of all units deliver reports on business progress and material issues in monthly management meetings chaired by the President, CEO, or a designated representative. No major incidents occurred in 2023.

3.2.3.2 ESG Committee

- Regular meetings: ESG action plan progress and performance in the previous quarter are reviewed in quarterly ESG Committee meetings. In addition to the review of the implementation status of the previous year, the Q1 meeting serves as the platform for the formulation of targets in all ESG 6R dimensions for the current year.
- Non-scheduled reporting: If material issues emerge in months where no ESG Committee meetings are scheduled, competent units deliver reports to the management team (chairperson or members) in convened meetings or via formal written correspondence or oral reporting.



Results of target execution and responsible units in 2023

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Dimension	1 Reduce Decreased use of materials				2 Reuse Optimal use of materials		3 Recycle Recycled materials	
	Direct emissions (MT CO _{2e})	Electricity (kWh)	Industrial waste (metric tons)	Mold nozzle materials reduction	Cutting oil reduction *note1	Mold nozzle materials reuse	Eco-friendly material rPET	Recycling and material regrind
Responsible unit	Warehousing, Manufacturing Technology	Manufacturing Technology, Finance & Accounting	General Affairs	Extrusion	Mold	General Affairs	Sales	Warehousing
2022 Results	0.0311	1,684	0.0101	N/A	100%	N/A	13.19%	42%
2023 Target	Per-unit emissions	Per-unit power consumption	Per-unit waste	-10%	N/A	10%	30%	42%
	<= 0.0308 (Reduction of per-unit emissions by 1% compared to every year)	<= 1,606	<= 0.0076	<= 0.234				
2023 Results	0.0289	1,592	0.0082	0.24%	N/A	28.11%	17.19%	46.07%

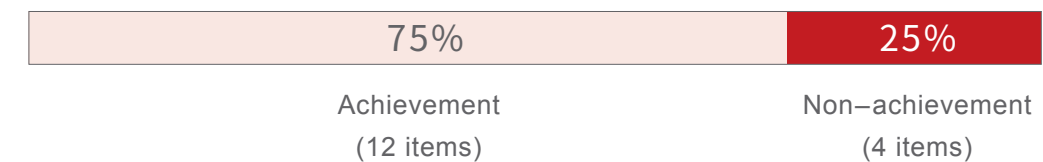
Dimension	4 Responsibility Accountability toward stakeholders							5 Rethink Education	6 Revamp Improvement		
	Number of Injuries –causing accidents	Turnover rate (%)	Employee satisfaction	Customer satisfaction (score)		Local procurement (%)	Green procurement (items)	Food donations (unit: ten thousand TWD)	Forestation/ adoption of forest areas *note2	Number of education and visits	Improvements (cost reduction)
Responsible unit	Health & Safety	HR	HR	Sales		Procurement	General Affairs	Finance & Accounting	Sustainability	Sustainability, Sales	Warehousing, R&D, Manufacturing Technology
2022 Results	8	1.21%	94.2%	95.65		8.26%	55	3	132 MT CO _{2e}	16	Ongoing improvement
2023 Target	0	<= 1.21%	90%	Domestic	Overseas	10%	60	3	N/A	12	Ongoing improvement
				>= 95							
2023 Results	6	0.93%	93.7%	95	96.5	43.37%	60	9	N/A	16	74

❖ Red indicates the areas in need of improvement

❖ Achievement rate of 75% (12 out of 16 items)

❖ Note1 "Reuse of cutting oil": This target will no longer be set after 2023 because it was achieved 100% in 2022.

❖ Note 2 "Tree planting/forest land adoption": The contract expired in 2022, renewed in 2023, with related outcomes expected in 2024.



Results of target and responsible units in 2024

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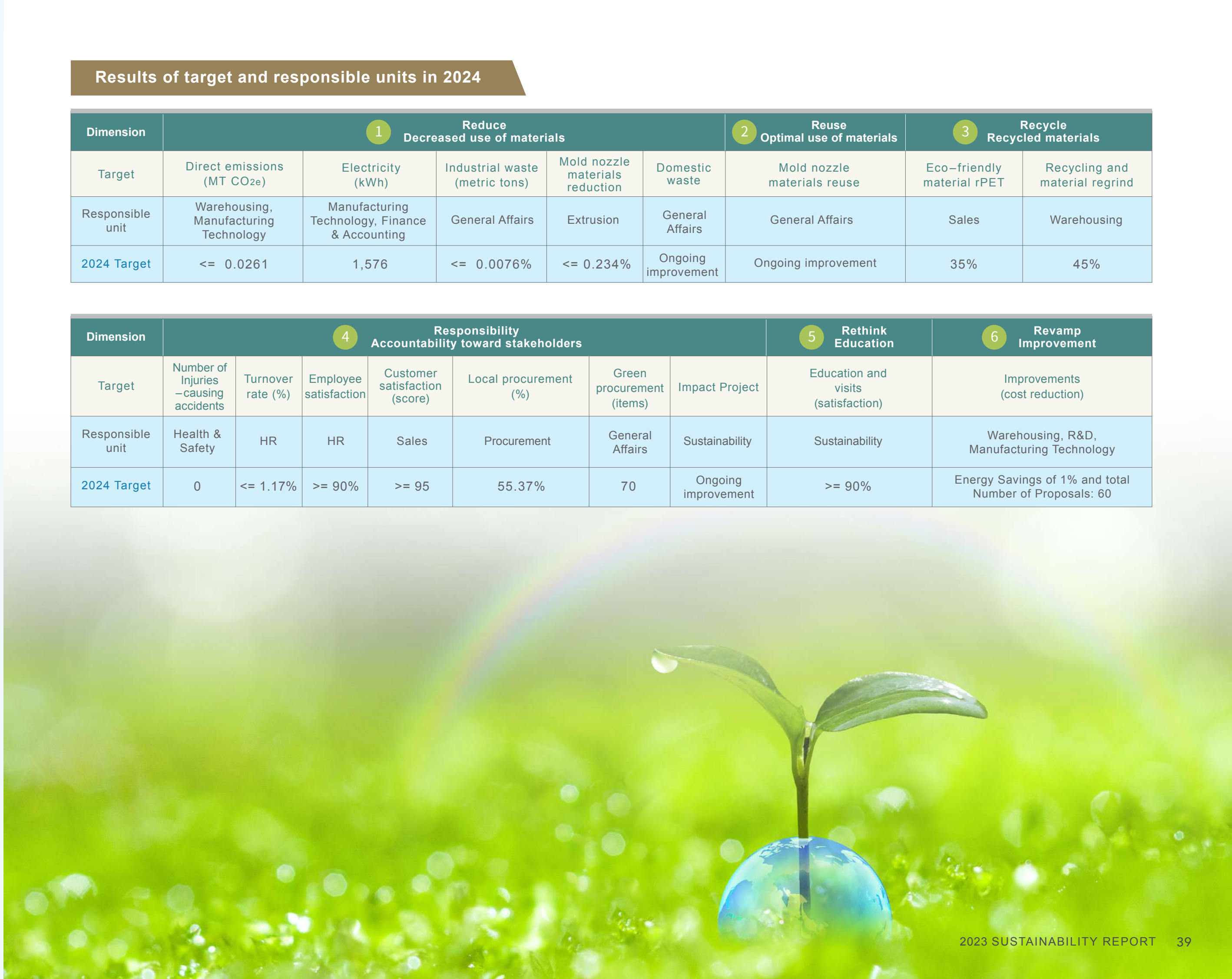
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Dimension	1 Reduce Decreased use of materials					2 Reuse Optimal use of materials	3 Recycle Recycled materials	
	Direct emissions (MT CO _{2e})	Electricity (kWh)	Industrial waste (metric tons)	Mold nozzle materials reduction	Domestic waste	Mold nozzle materials reuse	Eco-friendly material rPET	Recycling and material regrind
Responsible unit	Warehousing, Manufacturing Technology	Manufacturing Technology, Finance & Accounting	General Affairs	Extrusion	General Affairs	General Affairs	Sales	Warehousing
2024 Target	<= 0.0261	1,576	<= 0.0076%	<= 0.234%	Ongoing improvement	Ongoing improvement	35%	45%

Dimension	4 Responsibility Accountability toward stakeholders							5 Rethink Education	6 Revamp Improvement
	Number of Injuries –causing accidents	Turnover rate (%)	Employee satisfaction	Customer satisfaction (score)	Local procurement (%)	Green procurement (items)	Impact Project	Education and visits (satisfaction)	Improvements (cost reduction)
Responsible unit	Health & Safety	HR	HR	Sales	Procurement	General Affairs	Sustainability	Sustainability	Warehousing, R&D, Manufacturing Technology
2024 Target	0	<= 1.17%	>= 90%	>= 95	55.37%	70	Ongoing improvement	>= 90%	Energy Savings of 1% and total Number of Proposals: 60



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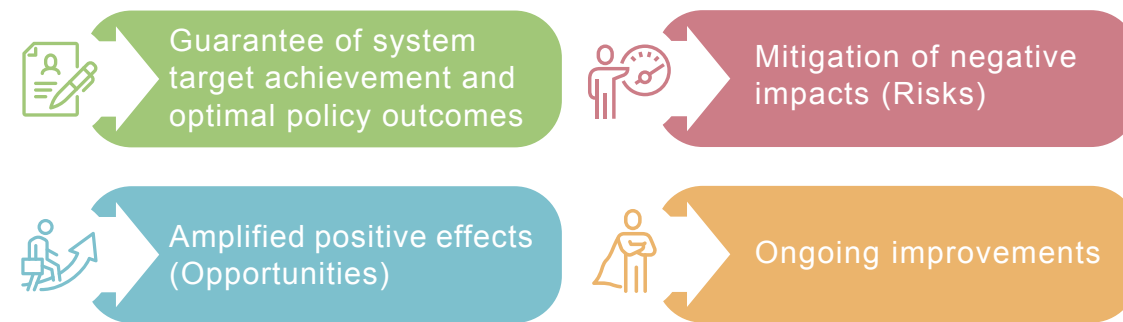
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3.2.4 Risk Management

Material topic	Risk Management		
Significance for the Company	Risk management is a key element of successful business operations; therefore, identifying major ESG risks, implementing effective response measures, and controlling targets would ensure company sustainability, enhance market competitiveness, and protect stakeholder interests.		
Impact	By identifying risks, we can determine the extent of their impact on the company and decide subsequent response strategies.		
Policy and Commitment	Conduct risk management across all aspects of company operations to identify potential impacts.		
Short-term goal	Each year, relevant departments are required to set and review regularly the achievement of "Food Safety and Quality, Environmental Health and Safety, and Energy Conservation" targets."		
Medium- and long-term goals	Through risk management, we achieve the goal of sustainable business operations.		
Course of action	<p>Due to industrial growth and market changes, we actively incorporate risk awareness into training to enhance supervisors' and colleagues' ability to identify risks. In response to environmental changes, we continuously update relevant strategies to effectively prevent and mitigate the likelihood and impact of risks.</p> <ol style="list-style-type: none"> Enhance food safety, quality, and customer satisfaction: Control quality anomalies and review customer complaints from production and quality assurance units. Energy conservation, and environmental protection: Reduce unit electricity usage and carbon emissions, and increase the proportion of rPET usage. Prevention of occupational hazards: Reduce disability injuries and severity rates, conduct regular employee health checks, and monitor operational environments closely. 		
Results	1. In 2023, the food safety and quality target achievement rate was 93.25%.	2. In 2023, the environmental target achievement rate was 72.66%.	3. In 2023, the occupational health and safety target achievement rate was 100%.
Responsible unit	Management level		

3.2.4.1 Purpose of Risk Management

To enhance corporate governance, mitigate risks with potential impacts on our operations, and achieve business stability and sustainable development, we conduct risk management in four dimensions: quality, environment, food safety, and occupational health and safety. Risk management has the following goals:



Dimension	Quality	Food safety	Environment	Occupational health and safety
Targets and policies	Quality, safety, and customer satisfaction first	Quality, safety, and customer satisfaction first	Energy conservation, environmental protection, and cherishing our planet	Care for employee physical and mental well-being

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3.2.4.2 Risk Management Process

Each unit conducts annual risk identification and assessment for each system and formulates contingency strategies and corrective measures based on stakeholder grievance (reporting)/feedback channels by Management Procedures for Data Analysis and Ongoing Improvements and Management Regulations for Hazard Identification and Risk Assessment.

Management system	Quality	Food safety	Environment	Occupational health and safety
Procedures	Management Procedures for Data Analysis and Ongoing Improvements	Management Procedures for Data Analysis and Ongoing Improvements	Management Procedures for Data Analysis and Ongoing Improvements	Management Regulations for Hazard Identification and Risk Assessment
Risk assessment unit	All company departments	All company departments	All company departments	All company departments
Grievance mechanism/communication method	<ul style="list-style-type: none"> • Feedback to business units or customer complaints • Internal issuing of anomaly handling forms • Real-time oral communication • Convening of meetings 	<ul style="list-style-type: none"> • Feedback to business units or customer complaints • Internal issuing of anomaly handling forms • Real-time oral communication • Convening of meetings 	<ul style="list-style-type: none"> • Internal issuing of anomaly handling forms • Real-time oral communication 	<ul style="list-style-type: none"> • Feedback to the Health & Safety Department • Real-time oral communication • To convene the Occupational Health and Safety Committee

3.2.4.3 Risk Management Policy

Risk items	Risk scenarios	Risk management strategy (contingency measures)
Occupational accidents	<ul style="list-style-type: none"> • Occurrence of work safety incidents caused by employee negligence 	<ul style="list-style-type: none"> • Maintaining ISO 45001 Occupational Health and Safety Management System standards to continuously improve workplace safety • Conducting regular hazard identification and risk assessments to promptly detect and resolve potential safety issues • Encouraging employees to participate in national technical certifications to enhance their professional skills and knowledge • Providing relevant safety awareness through digital learning platforms to help employees better understand workplace safety requirements and preventive measures
Food safety	<ul style="list-style-type: none"> • Customer complaints and returns caused by the presence of foreign objects in products 	<ul style="list-style-type: none"> • Establishment of quality and safety management systems (ISO 9001, BRCGS, etc.) • Regular employee training on critical control points (CCP) • Internal audits to ensure maximum effectiveness of processes and operations

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Risk items	Risk scenarios	Risk management strategy (contingency measures)
Continued increase of GHG emissions	<ul style="list-style-type: none"> • Customers request sustainable development for the supply chain • Projected implementation of EU Carbon Border Adjustment Mechanism (CBAM) in 2023 and Taiwan will impose a carbon fee/tax in 2025 	<ul style="list-style-type: none"> • Promotion of rPET products • Ongoing intensification of circular economy and social responsibility initiatives • Use of recycled materials (e.g., rPET) for manufacture of low-carbon products • Ongoing promotion of in-plant power conservation practices and search for suitable renewable energy sources
Labor shortage	<ul style="list-style-type: none"> • Recruitment difficulties because the overall environment is facing a labor shortage 	<ul style="list-style-type: none"> • Continuously using multiple channels for recruitment • Guarantee of employee benefits to strengthen our competitive edge in the field of recruitment • Prioritizing employee rights to reduce turnover rates

3.2.5 Audit Mechanism

To ensure the ongoing effectiveness of the Company's management systems and facilitate the timely detection of issues and adoption of corrective measures, we have stipulated "Internal Audit Management Procedures" and scheduled regular internal and external audits. The ultimate goal is to maintain the effectiveness and ongoing improvements of controls based on the ISO 9001 Quality Management System, ISO 14001 Environmental Management System, ISO 22000 Food Safety Management System/Hazard Analysis and Critical Control Points (HACCP), ISO 45001 Occupational Health and Safety Management System, and BRCGS Packaging Materials Global Standard. No major deficiencies were detected in an external audit of these systems conducted by a third-party accreditation body in 2023. Ongoing validity of relevant certificates is ensured.



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- We have stipulated Management Review Procedures and convene annual management review meetings on the ISO 9001 Quality Management System, ISO 14001 Environmental Management System, ISO 22000 Food Safety Management System/Hazard Analysis and Critical Control Points (HACCP), and ISO 45001 Occupational Health and Safety Management System. A management representative designated by the responsible person of the Company serves as the chair of these meetings which aim to review system implementation conditions in the previous year. This includes the annual target achievement rate of each system, risk assessment, and internal/external audit results.
 - The food safety quality achievement rate was 93.25%. Subsequently, food safety quality will integrate the HACCP system and environmental risk prevention, employing intensive statistical methods for implementation monitoring to enhance the operation and requirements of various quality systems.
 - Environmental target achievement rate was 72.66%. There were four environmental targets, with unmet targets including "unit finished product electricity consumption" at the Yingge plant, "improvement proposal cases" at the Shulin plant, and "increase in rPET proportion" across all factories. In 2023, changes in production structure led to the unmet target for unit finished product electricity consumption at the Yingge plant, while facility relocation at the Shulin plant resulted in unmet improvement proposal cases. The failure to meet the rPET proportion target was due to adverse market conditions influenced by the overall economic downturn and high inflation, hindering progress in environmental initiatives. In 2024, efforts will continue to enhance communication with customers and promote products containing rPET.
 - Occupational health and safety target achievement rate was 100%. Continuous improvements in the work environment, regular risk assessments, thorough reviews through communication with employees, and in-depth investigation of incidents enable the occupational health and safety management unit to comprehensively evaluate safety and health management systems, pinpoint improvement opportunities accurately, and thereby enhance overall performance levels.

3.2.6 Business Reputation and Legal Compliance

3.2.6.1 Business Ethics and Anti-corruption

In the spirit of our core values of integrity and righteousness, we strictly prohibit any form of corruption and enforce clearly defined regulations governing recusal due to conflicts of interest, political and charitable donations, and whistleblowing channels. Sound internal and external whistleblowing channels and whistleblower protection policies are in place to facilitate the early detection of anomalies and effective prevention of corruption.

We have further formulated a Code of Ethical Conduct and Employee Integrity to ensure that our employees embrace the highest ethical standards when engaging in operating activities, uphold our core values of integrity and righteousness, and guarantee strict adherence to high professional ethics. The ultimate goal lies in the rigorous compliance by our employees with our standards of ethical conduct in the performance of their daily duties, protection of our business reputation, and securing the respect and trust of customers, suppliers, and external audiences.

To bolster ethical management practices, the HR Department has been put in charge of the formulation of ethical corporate management policies and measures and supervision of their implementation. Annually administered training and education programs aim to provide employees with a clear understanding of anti-corruption policies and foster acceptance, scrupulous compliance, and implementation of anti-corruption practices. In 2023, we held 6 training courses on business ethics and anti-corruption code of conduct, training 545 employees, with 545 hours of courses, an average of 1 hour of training, and a 100% training completion rate for on-the-job employees.

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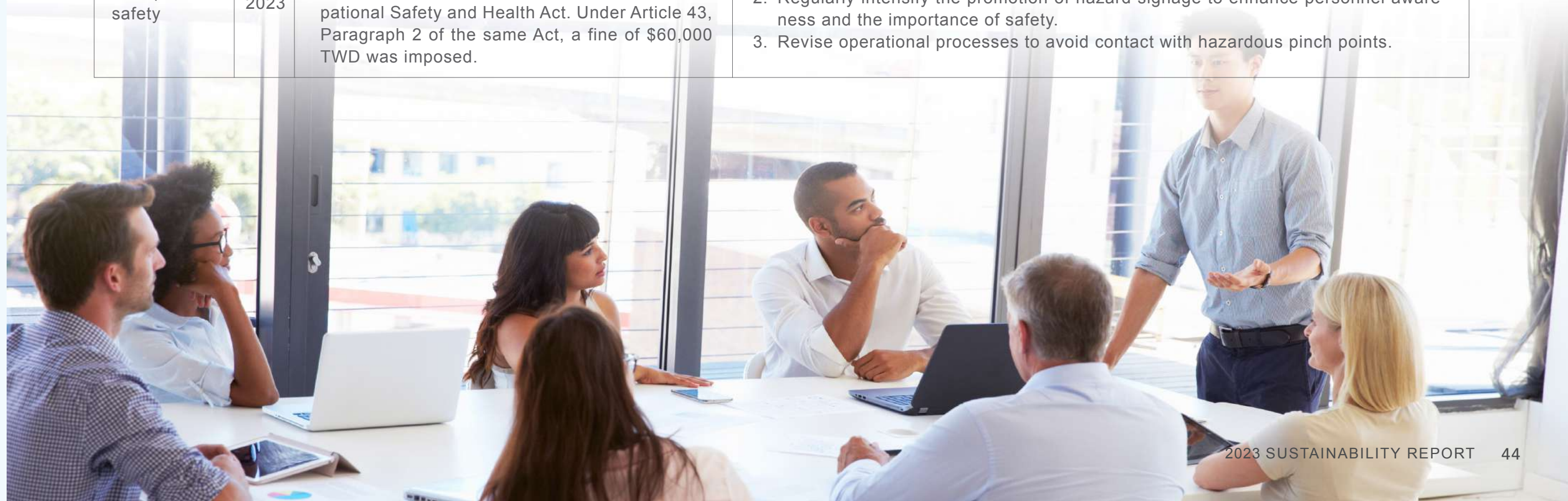
We organize anti-corruption training courses on a semi-annual basis to give employees an in-depth understanding of our anti-corruption spirit. In addition, all employees are obliged to report detected ethical and moral violations to the management level. This includes any form of illegal or immoral conduct. No such incidents were reported in 2023.

Anti-corruption grievance channel	Whistleblower identity	Employee	Supplier
	Communication method	HR Department mailbox: hr@kyf.com.tw	Benjamin.Kuo@kyf.com.tw

3.2.6.2 Legal Compliance

Our list of identified laws and regulations is updated by the Document Control Center, Health & Safety Department, and Sustainable Development Department twice a year. The goal is to verify that this list is consistent with existing laws and regulations in the Laws & Regulations Database of the Republic of China and confirm that all our operation modes conform with the latest laws and regulations in Taiwan and our export countries. In 2023, we incurred no penalties as a result of anti-competitive practices or environmental, product safety, corporate governance, or information security violations. However, due to the predominant reliance on manual operations in the workplace and a lack of preventive measures and safety awareness for non-routine tasks, there were penalties imposed for occupational safety incidents.

Nature of violation	Year	Legal basis and fine amount	Ongoing corrective action
Occupational safety	2023	March 6, 2023, Occupational Safety and Health Administration, Ministry of Labor Penalty Notice: Violation of Article 6, Paragraph 1 of the Occupational Safety and Health Act. Under Article 43, Paragraph 2 of the same Act, a fine of \$70,000 TWD was imposed.	<ol style="list-style-type: none"> 1. Regularly promote the management practices for forklift operations—strictly adhere to the "Five Prohibitions" for driving within the factory premises. 2. Reduce the driving speed of handling machinery in the operational area to 6 km/h. 3. Adjust the layout of the raw material area and establish communication methods for temporary material stacking.
Occupational safety	2023	April 21, 2023, Occupational Safety and Health Administration, Ministry of Labor Penalty Notice: Violation of Article 6, Paragraph 1 of the Occupational Safety and Health Act. Under Article 43, Paragraph 2 of the same Act, a fine of \$60,000 TWD was imposed.	<ol style="list-style-type: none"> 1. Install additional comprehensive guards or covers selectively to enhance protection effectiveness. 2. Regularly intensify the promotion of hazard signage to enhance personnel awareness and the importance of safety. 3. Revise operational processes to avoid contact with hazardous pinch points.



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3.3 Operational Performance

Material topic	Operational performance
Significance for the Company	Corporate sustainability is deeply rooted in stable operational performance. We have made a long-term commitment to business stability as our main operating guideline. We are also fully dedicated to the reasonable distribution of resources, proper care for employees, mutually beneficial, win-win relationships with our partners, engagement in community welfare, and pursuit of the common good.
Impact	The company reasonably allocates and utilizes resources for ESG, enhancing operational efficiency and effectiveness while maintaining competitiveness. Additionally, the robust ESG risk management mechanisms foster mutually beneficial relationships with partners, thereby increasing stakeholders' confidence in the company.
Policy and Commitment	Fostering a positive cycle of mutual prosperity for the company and stakeholders while maintaining financial stability.
Short-term goal	Achievement of the revenue target ≥ \$5.2 billion TWD (in 2024)
Medium- and long-term goals	Achievement of the revenue target ≥ \$ 6 billion TWD (before 2029)
Course of action	Proactive development of new customers in Taiwan and other countries paired with the intensification of relations with existing customers in pursuit of sales revenue. The Finance & Accounting Department regularly reviews various costs and expenses to attain the dual goal of cost control and stable growth.
Results	Total revenues of \$4.9 billion TWD in 2023
Responsible unit	Sales Department, Finance & Accounting Department

3.3.1 Revenue

In 2023, due to high global inflation and product inventory level, the overall revenue did not meet the sales target. However, market future demand is expected to rise; hence, from 2023, the relevant response measures include:

Maintaining flexibility in production plans to meet urgent customer demands.

Continuously interacting with customers to obtain first-hand market information for early warnings.

Persistently developing new products to add new momentum for growth in the coming years.

Unit: 100 million TWD

Revenue Source	Export sales		Domestic sales		Total	
	Amount	Ratio	Amount	Ratio	Amount	Year over year change
2021	46.0	92.0%	3.8	8.0%	49.8	-6.9%
2022	43.9	90.41%	4.7	9.59%	48.6	-2.53%
2023	45.0	91.79%	4.0	8.21%	49.0	0.82%

Note: Since we are a non-publicly traded company, our financial reporting system is imperfect. We will persist in our efforts to make progress in this area.

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3.4 Supply Chain Management

We have stipulated Supplier Management Procedures to ensure a steady supply of high-quality raw and other materials and guarantee the production of excellent products of consistent quality. Most of our suppliers deliver packaging materials.

Material topic	Supply chain management
Significance for the Company	Food safety controls are implemented at the source to ensure the delivery of high-quality raw materials by our suppliers and guarantee consumer food safety through the provision of top-quality products. We are firmly committed to fulfilling our responsibility towards and safeguarding the rights of consumers. In addition, we actively promote sustainable supply chain management. We constantly urge our suppliers to step up their engagement in the field of ESG. Moreover, we firmly believe that a stable and high-quality supply chain is highly conducive to the transmission of our core values and maximization of our positive influence in society.
Impact	<p>Environment, people, and human rights: Our suppliers have initiated the implementation of environmental management and occupational safety systems and human rights norms and regulations, which generates positive effects in the ESG dimension.</p> <p>The quantity and quality of suppliers are essential criteria for sustainability costs and end-product quality control. The development of a sufficient number of suppliers that meet our cooperation requirements is therefore a key goal.</p>
Policy and Commitment	When expanding our procurement policy, we have actively integrated the concept of environmental sustainability to enhance ESG management among our suppliers. Our goal is to optimize the supply chain in alignment with the company's sustainability development requirements and develop more green suppliers.
Short-term goal	<ol style="list-style-type: none"> In 2024, assessments in the environmental and social dimensions grades of suppliers must be B level or above Achieving a 95% on-time delivery rate in 2024. In 2024, to implement local procurement, at least 55% of suppliers will be based in Taiwan
Medium- and long-term goals	<ol style="list-style-type: none"> Assessments in the environmental and social dimensions grades of suppliers must be B level or above. Achieving a 98% on-time delivery rate. Implement local procurement, at least 60% of suppliers will be based in Taiwan
Course of action	<ol style="list-style-type: none"> Organization supplier conferences: These conferences serve as a platform to advocate our ESG-based green supplier policy and consensus building through face-to-face discussions with suppliers Adopting supplier barcodes: The goal is to enhance the overall accuracy of delivery quantities and items, accelerate the inspection, acceptance, and input process for incoming materials, and thereby increase punctual delivery rates <p>"The goal is to enhance the accuracy of delivered quantities and categories by implementing supplier delivery barcodes, speeding up material quantity inspection, acceptance, and integration into final products."</p>
Results	<ol style="list-style-type: none"> In 2023, the environmental and social dimensions of suppliers were implemented, and all 29 suppliers met the review criteria Achieving a 99.2% on-time delivery rate in 2023. Local suppliers accounted for 97.98% of material sources in 2023. In 2023, all suppliers completed an environmental and social responsibility self-assessment following engagement sessions. There were no unqualified suppliers in the same period
Responsible unit	Procurement Department



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3.4.1 Sustainability Actions

In the face of intensifying supply chain competition, we share the latest market trends in the context of supplier conferences. We also reinforce cooperation with all our suppliers to realize the goal of mutual benefit and win-win outcomes. This includes a strong commitment to joint action in pursuit of sustainable development.

	2022	2023
Number of participating suppliers	27	35
Number of participants	50	62
Meeting theme	Propagation of supplier code of conduct (commitment to integrity), ESG-based sustainable development, green supply chain concepts, carbon inventories conducted by suppliers, and RE100	KYF sustainability policy, propagation of supplier code of conduct (commitment to integrity), ESG analysis, future directions (digitalization, low-carbon)



Note: In the future, the "Propagation of Supplier Code of Conduct" will be placed on the official website for potential suppliers to reference.

3.4.2 Local Procurement Ratio

Our key operating sites are all located in Taiwan. Our procurement categories include labor services, equipment, and raw materials. In recent years, we have actively reduced carbon emissions and incorporated sustainability-related criteria into supplier evaluations. Local procurement ratios are shown in the table below:

	2021	2022	2023
(A) Number of suppliers	80	80	248
(B) Number of local suppliers	65	65	243
(B)/(A) Ratio of local suppliers (%)	81.25%	81.25%	97.98%
Ratio of local procurement amounts (%)	83.65%	83.64%	97.85%

Note:

1. Change of Local Supplier Definition: From 2021 to 2022, "local suppliers" were defined as suppliers within a 30km radius of the company. In 2023, the definition was revised to include Taiwan-based suppliers.
2. In 2021–2022, only 80 vendors were selected for evaluation. To ensure holistic data integrity, all supplier counts will be included starting from 2023.
3. Correction: The percentage of local suppliers for 2021–2022 was erroneously reported as 86.25% in the 2022 report, but it should be 81.25%.

3.4.3 Supply Chain Management Process



3.4.3.1 Supplier Qualification Screening

Suppliers must strictly abide by applicable laws and regulations and international labor and human rights standards. We assess suppliers based on their quality, delivery, and production capabilities, EHS responsibilities, and occupational safety. If two or more new suppliers meet these criteria, preference will be given to businesses that employ underprivileged individuals.

All new suppliers are required to sign the following documents: Basic Information about New Suppliers, Anti-Smoking Commitment Letter, Anti-Terrorism Declaration, Supplier Code of Conduct, Allergen List, Allergic Ingredient Confirmation Declaration, Supplier Integrity Commitment, Supplier Self-Assessment Form, and Banned Substance-Free Guarantee.

We specialize in food packaging that comes in direct contact with food. We have therefore adopted the following regulations for different types of raw materials to guarantee consumer safety:

Suppliers of raw materials and chemicals that come in direct contact with food products are required to confirm the use of allergens through the signature of the Allergen List and Allergic Ingredient Confirmation Declaration provided by the procurement unit to ensure effective control of allergens contained in products.

Suppliers of chemicals or agents are requested by the procurement unit to submit a valid Safety Data Sheet (SDS) before purchase.

Note: SDS is a safety data sheet for chemicals. Such data sheets must be provided for all hazardous chemicals that pose physical or health hazards as specified in the CNS 15030 Classification Standards. Under the provisions outlined in Article 15 of the Regulations for the Labeling and Hazard Communication of Hazardous Chemicals, such data sheets must be updated every three years.

- New supplier onboarding procedures:
 - New suppliers must complete and return the signing of the aforementioned documents before the first transaction.
 - Supplier Assessment Forms are scored based on the environmental and social (incl. occupational safety) categories of the ESG dimensions



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Supplier ratings:

Rating	Level A	Level B	Level C	Level D
Score bracket	91~99	90~71	60~70	59 and below
Impact on purchase decisions	Preferential procurement	Normal procurement	Close monitoring	Gradual replacement

- New suppliers must complete a self-assessment form before the first transaction and on an annual basis. The procurement department will continuously monitor throughout the process.
- Social&Environmental dimensions assessments:

Item	Key considerations	Assessment method	Conformity assessment
Environmental dimension	ISO 14001 Environmental Management System, air pollution control, wastewater treatment, solid waste management, and environmental penalty record	Self-Assessment Form, provision of written data and certificates	100%
Social dimension	Child labor, migrant workers, gender, and working hour policies. ISO Occupational Safety Management System, and occupational accident record	Self-Assessment Form, provision of written data and certificates	100%



- Number of new suppliers accepting social/environmental qualification assessment items
 - Screened new suppliers:

Year	2021		2022		2023	
	Social dimension	Environmental dimension	Social dimension	Environmental dimension	Social dimension	Environmental dimension
Number of new suppliers	3		2		2	
Number of new suppliers for whom assessments in the environmental/social dimensions were conducted	3		2		2	
Percentage	100%		100%		100%	

Note: Social and environmental dimensions apply to all new suppliers

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3.4.3.2 Supplier Assessment Method

- Number of suppliers for which impact assessments and identifications were completed in the respective year (Transaction amount of \$3 million TWD or more):
 - The annual regular assessment targets suppliers who were cooperative at that time (regardless of whether they are new or existing). If new suppliers join after the assessment date, they will undergo evaluation as new suppliers, in addition to being included in the next annual regular assessment.
 - In 2023, all 29 evaluated suppliers scored 91 points or above.
 - In 2024, it is planned to adjust the evaluation criteria for suppliers to transactions of \$5 million TWD or more (due to the increase in raw material prices, the transaction amount is higher, so the evaluation criteria are adjusted accordingly, without affecting the main raw material items).

Year	2021	2022	2023
Number of suppliers that underwent social/environmental impact assessments in the respective year	23	27	29
Number of suppliers with identified actual or potential negative impacts of a significant nature in the social/environmental dimension (Description of negative social/environmental impacts)	1	0	0
Percentage of identified suppliers that have implemented corrective action as determined by assessment	0%	0%	0%
Percentage of identified suppliers with whom cooperation has been terminated upon assessment	100%	0%	0%

Note:

1. Cooperation with the supplier who was disqualified in 2021 was terminated after it was reported and revealed that said supplier had requested payment for undelivered goods in collusion with employees (see table above)
2. Based on self-assessment and evaluation forms provided by the suppliers mentioned above.

- Performance appraisals for qualified suppliers

Supplier performance is evaluated on an annual basis. Procurement and QA units would score suppliers' performance based on the following categories at the end of the month: quality of delivered goods, on-time delivery frequency, level of willingness to cooperate, environmental protection practices, and occupational safety. Scores would be added up and weighted based on below chart, and would record on the Supplier Performance Appraisal Form.

Relevant ratios(scores)are shown in the table below:

We have formulated a Supplier Code of Conduct to guarantee the safety of supply chain work environments, ensure the treatment of employees with respect and dignity, foster environmental protection in our business operations, and bolster compliance with ethical standards. We require our suppliers to abide by applicable norms and regulations in the dimensions of labor (youth labor, non-discrimination, working hours...), health and safety (work injuries...), environment, and ethics. Suppliers are further required to sign the required documents and comply with applicable laws and legal regulations in the countries and regions where they conduct their business activities. We rely on these measures to control forced labor practices and the hiring of child labor on the part of suppliers.

Category	Ratio (Score)
Quality	40
Delivery time	25
Degree of cooperation	25
Environmental practices	5
Occupational safety	5
Total	100

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● Timing of assessments

Regular assessments	The procurement unit issues Supplier Self-Assessment and Evaluation Forms to all major qualified suppliers who provide us with a steady supply of materials on an annual basis. These suppliers are requested to conduct self-assessments and reply within a prescribed time limit. If assigned scores range between 60 and 70, suppliers are listed for close monitoring. If scores fall to 60 and below, suppliers are listed as disqualified. The procurement unit is then instructed to gradually terminate procurement operations and replace such suppliers.
Non-scheduled assessments	Non-scheduled assessments are conducted for new suppliers and identified qualified suppliers when major quality anomalies occur. The former is handled under provisions governing new supplier assessments outlined in the Supplier Management Procedures. The latter are processed jointly by the procurement and QA unit at the business locations of suppliers as required after a clear understanding of the reasons for such anomalies has been gained.

● Handling of serious deficiencies

If serious quality flaws are detected in feedstock delivered by a supplier in any of the aforementioned assessments or there are serious issues in the fields of product quality or delivery times or customer complaints are received, procurement is suspended and said supplier is removed from the list of qualified suppliers subject to a final decision by the top executive.

● Explanation for the downward revision of the on-time delivery target for suppliers in 2024

In 2023, the on-time delivery target for suppliers was set at 99%. However, when onboard new international suppliers in 2024, which may introduce challenges such as unpredictable shipping schedules and material supply instability, we have decided to adjust the on-time delivery target from 99% to 95% for 2024. This adjustment is made to align with the anticipated complexities associated with managing international suppliers and to maintain a realistic expectation of delivery performance amidst potential logistical uncertainties.

3.4.3.3 Supplier Management Platform (SCM)

In response to the company's digital transformation starting in 2023, we have established a Supplier Management Platform (SCM) that brings multiple operation benefits:

1

Due to ease of panel control, it enables more effective supply chain management operations.

2

Automated processes and digital document management not only reduce operational costs but also provide transparency and traceability, allowing real-time tracking of supply chain activities.

3

It ensures compliance with sourcing and manufacturing processes. Digital operations reduce error rates, while automated handling of purchase orders and invoices helps minimize human errors.

Moreover, the supplier platform facilitates inventory optimization, demand forecasting, inventory level monitoring, and cost reduction. This also aids in risk management by timely identifying and addressing in the supply chain. The supplier platform enhances compliance, ensuring organizational supply chain activities meet regulations and standards. Through real-time communication and data sharing, it strengthens collaboration between the organization and suppliers, fostering better partnerships. Ultimately, these benefits collectively contribute to improved customer satisfaction, ensuring timely delivery and high-quality products or services.

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3.5 Information Security Policy and Management

Material topic	Information Security
Significance for the Company	<p>In various dimensions, information security encompasses:</p> <p>Confidentiality: Ensuring all confidential information is accessible only to authorized personnel.</p> <p>Integrity: Preventing intentional or unintentional alteration, damage, or destruction of data.</p> <p>Availability: Ensuring that information systems and data are operational and accessible when needed.</p> <p>Access Control: Preventing unauthorized access so that only authorized users can access sensitive information.</p> <p>Threats and Attacks: Addressing threats such as malicious software, intrusions, and social engineering.</p> <p>Compliance: Adhering to regulations and standards to mitigate legal risks and ensure the lawful operation of the organization.</p> <p>Business Continuity: Protecting the ability of the organization to continue operating despite various challenges and disasters.</p> <p>Trust: Establishing trust through sound information security practices is crucial for the success of the organization and its relationships with customers.</p> <p>Overall, information security presents a comprehensive and ongoing challenge to safeguard the security, integrity, and availability of information assets, requiring a multifaceted approach to ensure a resilient and secure information environment.</p>
Impact	<p>The impact of information security on companies is multi-faceted and far-reaching. First, poor information security practices can lead to disruptions in business continuity, severely affecting daily operations. Second, there are direct financial losses, including costs associated with data loss, system damage, and business interruptions. Additionally, information security incidents can damage the company's reputation, erode trust with customers and partners, affect brand image, and thereby impact long-term business development. Legal risks are also a significant consideration, involving compliance with regulations regarding customer data protection and privacy laws. From a customer relationship perspective, failure to adequately protect customer data can reduce customer loyalty. Companies with robust information security practices may gain a competitive advantage in the market, while internal management and employee satisfaction are also influenced by this aspect. Overall, information security plays a critical role in business operations, impacting operations, finances, reputation, legal compliance, customer relationships, competitive advantage, and internal management in profound ways.</p>
Policy and Commitment	<ol style="list-style-type: none"> 1. Risk Assessment and Management: Conduct regular risk assessments to evaluate potential risks facing its information systems and data. Based on the results of risk assessments, develop corresponding risk management strategies to mitigate or eliminate potential threats. 2. Education and Training: Implement an information security education and training program to ensure employees understand information security policies and possess the knowledge and skills to respond to potential threats. This helps enhance overall organizational security awareness. 3. Security Measures and Technological Protections: Implement appropriate security measures and technological protections, including firewalls, intrusion detection systems, encryption technologies, etc., to prevent unauthorized access, data leaks, or system intrusions. 4. Security Review and Monitoring: Establish security review and monitoring mechanisms to regularly inspect the security of systems and applications, and promptly detect and respond to any abnormal activities. 5. Emergency Planning: Develop emergency plans to address potential security incidents and ensure the ability to efficiently resume business operations. 6. Transparency and Reporting Mechanism: Establish transparency and reporting mechanisms to encourage employees to proactively report potential security risks or incidents for early problem resolution. 7. Regular Review and Updates: Regularly review and update information security policies to ensure they remain compliant with the latest threats and regulatory standards.

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Material topic	Information Security
Short-term goal	<ol style="list-style-type: none"> 1. Arrange information security education and training (twice per year) and regularly send out information security awareness emails. 2. Adjust VPN connection operations to operate in encryption mode. 3. Implement an endpoint protection tool for detecting malicious connections (Cortex XDR), utilizing AI learning analysis and immediately available correlation rules to detect ongoing attacks. Coordinate with outsourced monitoring services and conduct monthly risk monitoring and protection meetings with the outsourced cybersecurity service company. 4. Strengthen backup operation policies, adjusting backup operations to include both online and offline data backup modes. 5. Conduct disaster recovery drills twice per year.
Medium- and long-term goals	<p>Ensure comprehensive protection of all types of information assets, including data, systems, applications, and networks, both physically and digitally. Aim to achieve zero information security incidents.</p>
Course of action	<p>Comprehensive Protection:</p> <ul style="list-style-type: none"> ▪ Implement robust authentication and authorization mechanisms to ensure only authorized users can access sensitive information. ▪ Encrypt sensitive data, both in transit and at rest within systems. ▪ Establish appropriate access controls to ensure only necessary personnel can access required information. <p>Risk Management:</p> <ul style="list-style-type: none"> ▪ Conduct regular comprehensive risk assessments of information systems and data. ▪ Develop specific risk mitigation plans, prioritizing actions in high-risk areas. ▪ Regularly update risk assessments to adapt to environmental and technological changes. <p>Employee Education:</p> <ul style="list-style-type: none"> ▪ Implement an information security training program to provide employees with basic awareness of information security. ▪ Organize regular security awareness activities to alert employees to potential social engineering attacks and phishing behaviors. ▪ Emphasize personal information security responsibility, encouraging employees to participate in protecting organizational information assets. <p>Technological Innovation:</p> <ul style="list-style-type: none"> ▪ Continuously update and upgrade security technologies, including firewalls, intrusion detection systems, and antivirus software. ▪ Adopt emerging technologies such as machine learning and artificial intelligence to enhance threat detection and response capabilities. ▪ Engage in the information security community, exchanging best practices with peers and maintaining sensitivity to emerging threats. <p>Emergency Preparedness:</p> <ul style="list-style-type: none"> ▪ Establish clear emergency plans, including notification procedures, recovery processes, and corresponding communication plans. ▪ Conduct regular emergency drills to validate the effectiveness of emergency plans. ▪ Ensure key personnel are equipped with the capabilities to respond to security incidents. <p>Continuous Monitoring:</p> <ul style="list-style-type: none"> ▪ Implement real-time monitoring and event management systems to quickly detect abnormal behaviors. ▪ Conduct regular security reviews to assess vulnerabilities in systems and applications and promptly patch them. ▪ Adopt threat intelligence sharing mechanisms to obtain real-time information about new threats and attacks. <p>Assessment and Improvement:</p> <ul style="list-style-type: none"> ▪ Conduct regular information security performance assessments to evaluate the effectiveness of the security framework. ▪ Perform regular security vulnerability testing to discover and patch potential vulnerabilities in systems. ▪ Conduct post-training and improvement efforts, incorporating lessons learned into enhancements of information security policies and procedures.

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Material topic	Information Security
Results	In 2023, vulnerability assessment reports were generated through vulnerability scanning operations conducted on the information security systems and mechanisms.
Responsible unit	IT Department

KYF has a high emphasis on information security and is progressively moving towards establishing comprehensive information security and data protection mechanisms. This is to mitigate risks such as confidential information leaks or data loss. For critical systems within the company, we have specifically designed robust data backup mechanisms. Regular restoration tests are conducted at different time points to ensure that information systems can be quickly and accurately restored under any circumstances. This helps reduce the risks of system interruptions caused by unforeseen natural disasters or human error while ensuring that we meet the company's system recovery objectives.

◆ Explanation of Information Security Incident and Subsequent Improvement

- Incident Description: In October 2023, there was an information security incident that resulted in partial data damage. However, there was no leakage of customer privacy, and no complaints were received from related parties or regulatory authorities.
- Information security incident improvement measures:
 - Introducing Anti-Ransomware Protection (ARP), which will utilize workload analysis capabilities in the NAS (NFS and SMB) environment; it can proactively detect abnormal activities that may indicate ransomware attacks and provide alerting features for the file server.
 - Information Security Training: Conducted a total of 2 sessions of information security awareness training.
 - Adding Off-line Backup Mechanism: Tape backup

Risk Assessment and Management: Monthly meetings with an outsourced cybersecurity company to discuss real-time monitoring, event detection, and security incidents, and implement corresponding management measures.





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Sustainable Environment

Our environmental policies, focused on cherishing the planet, are reflected in our dedicated efforts in the circular economy, environmental management, greenhouse gas management, and energy conservation. To fulfill our mission of providing sustainable packaging, we created our aGain brand which aims to promote circular economy concepts and rPET and other recycled material products with the ultimate goal of achieving closed-loop recycling in 2020. Our Yingge, Shulin, and Dongshan Plants have already earned ISO 14001:2015 Environmental Management System certificates, and all our operating sites have completed ISO 14064-1:2018 GHG inventories. Energy conservation proposals are adopted on an annual basis to realize the goals of energy conservation and power savings of 1.0%.

Circular economy				Environmental management				
Recycled plastics (rPET)	Use of eco-friendly raw materials (regrind)	Design and development (thinning)	Sustainable product sales	Energy management	Air pollution	Water resources	GHG inventories	Solid waste

4.1 Circular Economy

Material topic	Circular economy
Significance for the Company	The circular economy concept has been one of our top priorities in recent years. This concept not only involves reinforced management of waste generated in current processes but also an ongoing commitment to the research of renewable materials and constant increase of recycled/renewable input material ratios with the ultimate goal of realizing a closed-loop recycling.
Impact	Countries have been updating the regulations continuously, so it is essential to periodically review product categories, strengthen the concept of circular economy, increase the proportion of recycled materials, reduce plastic waste in the environment, and establish an innovative business model for low-carbon products to extend the product lifecycle.
Policy and Commitment	Implementation of circular economy-based 3R principles (Reduce, Reuse, and Recycle) in all production processes.
Short-term goal	Maintaining a regrind material reuse rate of above 45.0% in all plants in 2024 Increasing rPET usage ratio to 35.0% among all PET products ration by 2024
Medium- and long-term goals	Increasing rPET usage ratio to 100.0% among all PET products ration by 2035
Course of action	Automatic recovery and crushing of trimmings generated in production processes by machinery and reuse for manufacturing Ongoing promotion of rPET products to customers by the sales department
Results	Achieving 46.07% regrind material reuse rate among all plants in 2023 Increasing rPET usage ratio to 17.19% among all PET products ration in 2023
Responsible unit	Manufacturing unit, Sales Department



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4.1.1 Plastic Packaging Trends

There is a prevailing international consensus that plastic reduction is a key prerequisite to mitigating environmental damage. Because fossil fuels, one of the main culprits of our worsening climate crisis, represent a key raw material for the plastic production process, a large number of countries have passed legislation to restrict the use of disposable plastic bags. However, because less than 10% of plastics are effectively recycled and reused, global plastic waste continues to increase. This phenomenon has been exacerbated by the dramatically increased frequency of food takeout and delivery, which has resulted in a rising demand for plastic containers. To provide an effective solution for the plastic waste problem, the United Nations Environment Assembly (UNEA 5.2) endorsed a historic resolution in its fifth session in Nairobi on March 2, 2022, to end Plastic Pollution and forge an international legal Global Plastics Treaty by 2024. In the future, there will be clearly defined regulations governing every phase of the plastic life cycle from the design, manufacturing, and sale of plastic products to the reuse, recycling, and final disposal. As for plastic packaging, the development of sustainable packaging with a low carbon footprint has become the main trend. This includes the following:

- **PCR (post-consumer recycled) materials:** In the current stage, rPET is the most widely applied recycled material in the food packaging industry due to the large PET recycling volume and relatively mature recycling systems and technologies, which allow 100% conversion into rPET.
- **Biodegradable materials:** One notable example is PLA, which is made from cornstarch. PLA-based products are biodegradable under industrial composting environment with specific decomposing conditions.

However, we continue to reduce PLA composted plastic sales because:

The degree of maturity of composting systems varies from country to country. Taiwan currently still lacks large-scale industrial composting facilities.

PLA has a similar appearance to PET, which makes it easy to confuse the general public during recycling classification. If PLA is mixed with PET, it will reduce the value of recycled PET and increase the burden on the recycling process.

Starting from August 2023, the Ministry of Environment officially banned the use of biodegradable plastic disposable tableware in eight categories of establishments.

- **Reduced packaging:** Elimination of unnecessary packaging to achieve waste reduction; a combination of design modifications with decreased raw material consumption to achieve optimized packaging effects.
- **Adoption of circular design concepts:** The “cradle-to-cradle” design philosophy facilitates recycling resources, decreased extraction of resources, waste reduction, and alleviation of environmental burdens.



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4.1.2 Recycled Plastics

According to a survey conducted by the Ellen MacArthur Foundation, 40% of plastic packaging material manufactured worldwide each year is landfilled, 32% is leaked into ecosystems and 14% is incinerated. Only 14% is collected for recycling and merely 2% is effectively recycled and reused after accounting for process losses and cascaded recycling. The use of PCR materials for the manufacture of products of the same nature rather than second-class products is referred to as “closed-loop recycling.”

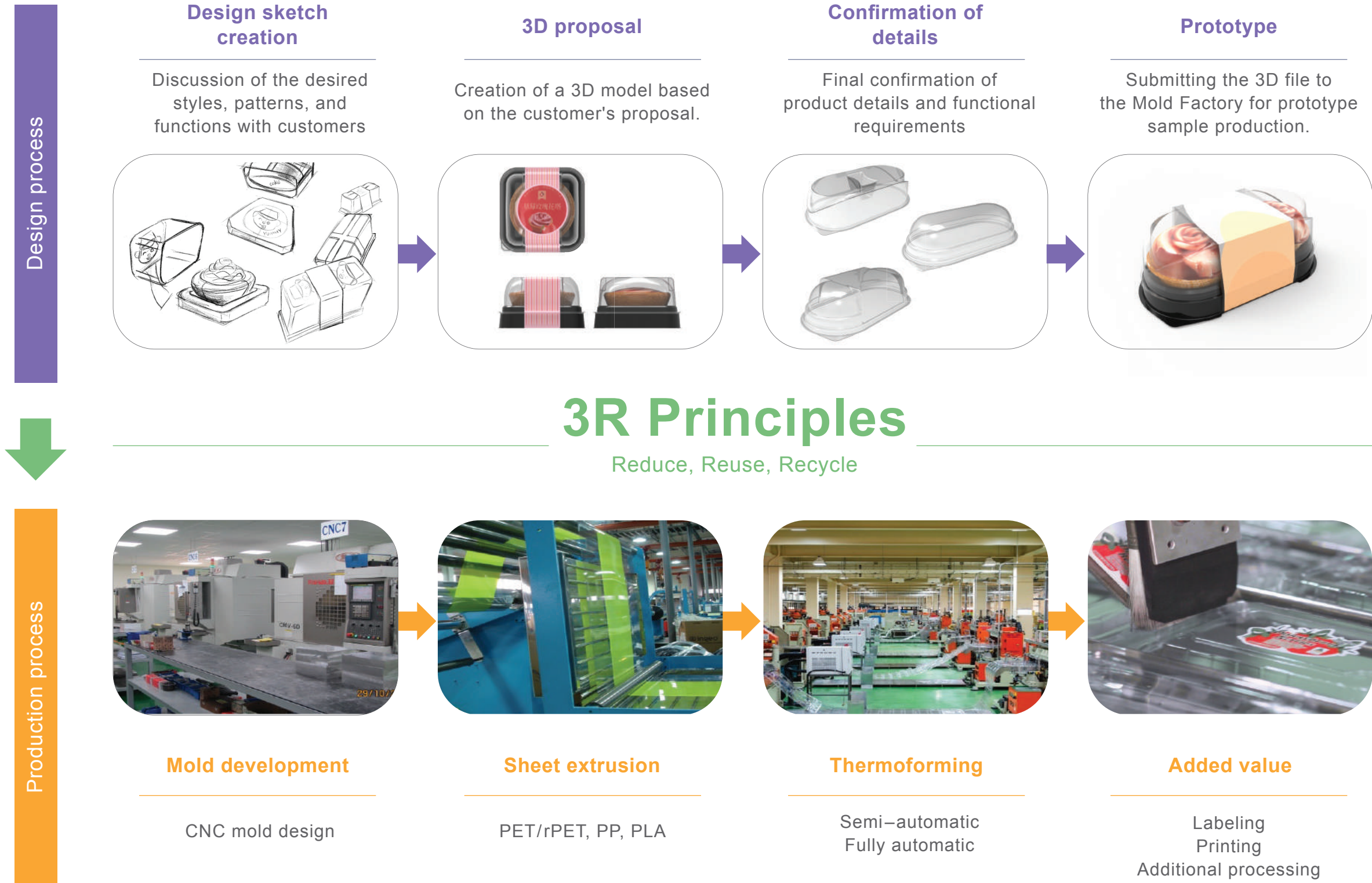
In the face of the global plastic waste issue and intensifying calls for plastic bans in Taiwan and abroad, we engage in profound reflections on our corporate mission and the value of plastics. We were deeply inspired by the spirit of creating benefits for stakeholders espoused by the B Corps in 2018. We therefore decided to embark on our path of corporate transformation with the goal of transcending linear economy models and realizing sustainable development based on the circular economy-based 3R principles (Reduce, Reuse, and Recycle).

It is our firm conviction that recycled plastics are the best way to mitigate the environmental impact of plastic waste and reduce the extraction of fossil raw materials. One of the most prominent examples of the application of the “cradle-to-cradle” philosophy is PET bottle-to-bottle recycling. We have also adopted this philosophy for the development of our “clamshell-to-clamshell” closed-loop recycling. In 2020, we established our brand “aGain”, completed registration, and obtained the brand trademark. Because our product sales exclusively rely on B2B (business to business) channels, aGain is currently utilized for the communication of circular economy concepts and rPET product advantages to market participants in the context of internal and external training courses or environmental education. In the course of our export sales of rPET products in overseas markets, we have gained extensive experience and technical expertise. After the official approval of PCR for food contact applications by the Taiwanese Food and Drug Administration in 2022, we were, therefore, able to harness our accumulated experience and expertise to achieve our goal of becoming a leading manufacturer of rPET thermoforming food packaging.



4.1.3 Inclusion of 3R Principles

We apply the circular economy-based 3R principles (Reduce, Reuse, and Recycle) to the whole process ranging from product design and development and raw material selection to manufacturing and product sales to ensure the provision of one-stop, vertically integrated services.



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Stage	Priorities	Achievements in 2023																
Design and development	<ul style="list-style-type: none"> ▪ Equal emphasis on product functions, aesthetics, and integration of circular economy concepts ▪ Thinning the existing products' extruded sheet. 	Thinning of 8 newly added products resulted in a weight reduction of 254.4 metric tons, which was equivalent to carbon savings of 772.8 MT CO _{2e} .																
Raw material selection	<ul style="list-style-type: none"> ▪ Pursuit of a gradual increase of the rPET rate to 100% in 2035 <div style="text-align: center;"> <p>Recycled Materials rPET</p> <table border="1"> <caption>Recycled Materials rPET Rate (2020-2035)</caption> <thead> <tr> <th>Year</th> <th>rPET Rate (%)</th> </tr> </thead> <tbody> <tr><td>2020</td><td>15%</td></tr> <tr><td>2021</td><td>20%</td></tr> <tr><td>2022</td><td>25%</td></tr> <tr><td>2023</td><td>30%</td></tr> <tr><td>2024</td><td>35%</td></tr> <tr><td>2025</td><td>40%</td></tr> <tr><td>2035</td><td>100%</td></tr> </tbody> </table> </div> <p>Note: The term "rPET rate" refers to the rate of replacement of PET with rPET in PET products. This rate is calculated based on the average percentage of rPET contained in PET products per ton of output.</p>	Year	rPET Rate (%)	2020	15%	2021	20%	2022	25%	2023	30%	2024	35%	2025	40%	2035	100%	<p>The rPET rate dropped from 17.19%, which was still a considerable distance from the 2023 target of 30%. The main reason was the impact of the broader environment, such as high inflation, which reduces the advancement of environmental initiatives. In 2024, we will continue to strengthen communication with customers and promote products containing rPET.</p> <p>The total rPET amount was 6,828 metric tons. Carbon savings generated by this partial conversion from PET (carbon emission coefficient of 3.183kg CO_{2e}/Kg) to rPET (carbon emission coefficient of 1.38kg CO_{2e}/Kg) amount to 12290.4 MT CO_{2e}.</p>
Year	rPET Rate (%)																	
2020	15%																	
2021	20%																	
2022	25%																	
2023	30%																	
2024	35%																	
2025	40%																	
2035	100%																	
Manufacturing	<ul style="list-style-type: none"> ▪ Recycling and reuse of regrind materials in all plants ▪ Use of rPET and biodegradable PLA 	Total input reached 87,421.3 metric tons in 2023. Recycling and reuse of regrind materials (PET, PP, PLA) in plants amounted to 40,274 metric tons (average regrind material recycling and reuse rate of 46.07%), which was equivalent to carbon savings of 122,038.2 MT CO _{2e} .																
Sustainable product sales	<ul style="list-style-type: none"> ▪ Acquisition of product certificate ensures proven use of recycled materials (rPET), degradability, and compostability (PLA) 	<p>Our rPET products (recycled material ratio of 10%, 25%, 50%, and 100%) have passed the SCS Certified Recycled Content certification.</p> <p>PLA products have passed the biodegradable and industrially compostable certifications. (See 1.4 Product Certifications)</p>																



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4.1.3.1 Design and Development

- In addition to conformity to customer requirements and equal emphasis on aesthetics and functionality, design and development also involve circular economy concepts such as the use of low-carbon/recycled materials, raw material reduction, and consideration of recyclable value at the end of the product's service life. Factors such as mono-materiality and transparent coloring facilitate effective processing and reuse of products via recycling systems.
- About existing products, we actively explore how to achieve product thinning and thereby reduce the use of plastic pellets by relying on scientific methods without affecting product quality and functionality. Thinning of 8 newly added products in 2023. Our efforts in lightweight products have resulted in a cumulative reduction in weight totaling 369 metric tons, bringing about a carbon reduction benefit of 1,119 MT CO_{2e} over the past three years.

Number of new thinning products in the past three years			
Year	2021	2022	2023
PET(& rPET)	22	13	8
PP	1	2	0
PLA	20	6	0
Total	43	21	8

Note: Since 2021, we have been actively promoting our product lightweight project, resulting in the highest number of lightweight initiatives in that year. Although the number of items that can be further reduced in weight will decrease over time, we continue to communicate with our customers to promote lightweight without compromising quality. We will also continuously review and optimize our processes.



The weight of new thinning products in the past three years/Carbon savings achieved through thinning.							
Number of pieces		2021 Shipments		2022 Shipments		2023 Shipments	
		Weight reduction through thinning (kg)	Carbon savings through thinning (MT CO _{2e})	Weight reduction through thinning (kg)	Carbon savings through thinning (MT CO _{2e})	Weight reduction through thinning (kg)	Carbon savings through thinning (MT CO _{2e})
New thinning products added in 2021	PET(& rPET): 22	29,955.9	94.2	47,623.8	150.9	21,551.1	65.9
	PP: 1	2,219.5	5.1	0.0	0.0	0.0	0.0
	PLA: 20	3,880.1	12.6	9,438.5	30.8	9,539.7	31.1
Total	43	36,055.6 Kg	111.9 MT CO_{2e}	57,062.3 Kg	181.7 MT CO_{2e}	31,090.8 Kg	97.0 MT CO_{2e}

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The weight of new thinning products in the past three years/Carbon savings achieved through thinning.							
Number of pieces		2021 Shipments		2022 Shipments		2023 Shipments	
		Weight reduction through thinning (kg)	Carbon savings through thinning (MT CO _{2e})	Weight reduction through thinning (kg)	Carbon savings through thinning (MT CO _{2e})	Weight reduction through thinning (kg)	Carbon savings through thinning (MT CO _{2e})
New thinning products added in 2022	PET(& rPET): 13	--	--	4,772.6	15.2	177,471.7	564.9
	PP: 2	--	--	16,334.1	37.4	39,173.4	89.7
	PLA: 6	--	--	143.1	0.5	174.8	0.6
Total	21	--	--	21,249.8 Kg	53.1 MT CO _{2e}	216,819.9 Kg	655.2 MT CO _{2e}
New thinning products added in 2023	PET(& rPET): 8	--	--	--	--	6,481.7	20.6
	PP: 0	--	--	--	--	0.0	0.0
	PLA: 0	--	--	--	--	0.0	0.6
Total	8	--	--	--	--	6,481.7 Kg	20.6 MT CO _{2e}

Note:

1. Carbon emission coefficients adopted for this report are based on the plastic material coefficients released by SimaPro (PET: 3.183, PP: 2.29, PLA: 3.26, rPET 50: 2.2815; Unit: kg CO_{2e}/kg).
2. As most of our customers are long-term partners, the reduced items developed are purchased continuously each year, leading to a continuous increase in carbon reduction benefits. From the table above, we can see that over the past three years, the accumulated weight reduced through thinning totals 369 metric tons, resulting in a carbon reduction benefit of 1,119 MT CO_{2e}.



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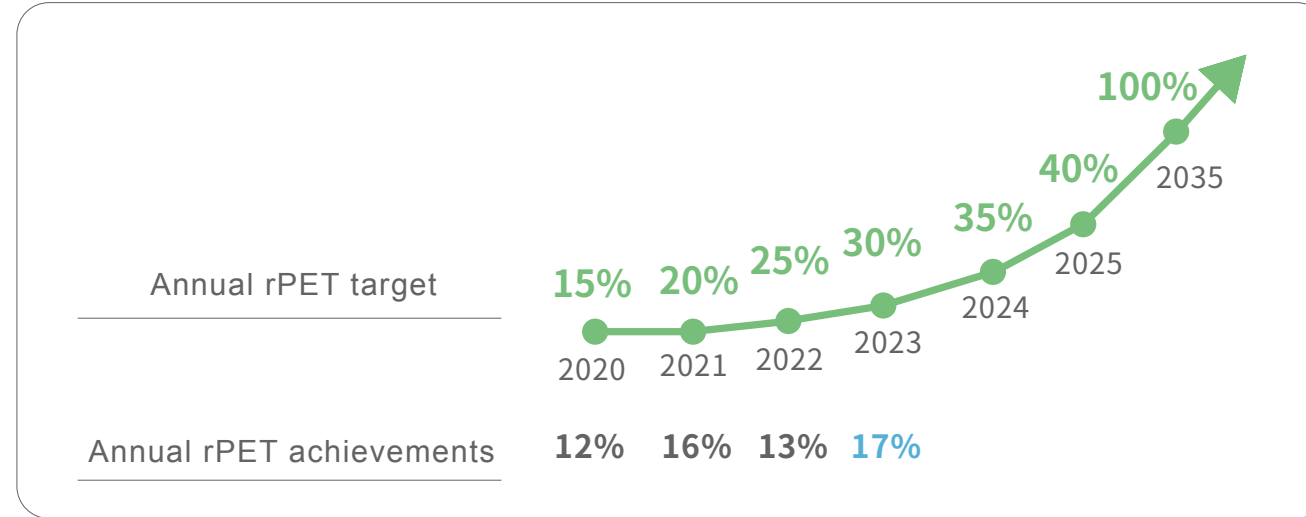
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4.1.3.2 Sustainable Product Sales

We have made an ongoing commitment to promoting products made from rPET to expand the recycled material market and foster the development of PCR ecosystems.

- Material shipment statistics in 2023 reveal that the average rPET rate dropped from 17.19% in 2023 to 13.19% in 2022. We will therefore step up our efforts in the field of customer communication to promote products with high rPET content in 2024.



Note: In the most recent three years, our progress in the promotion of rPET has been impeded by the lack of acceptance of higher prices on the part of our customers. We were therefore not able to achieve our preset goal, but we will persist in our efforts to promote rPET products.

- Taiwanese regulations permit the use of rPET recycled materials in food containers since 2022. As related material suppliers have gradually completed GRS certification, we have been able to produce rPET products for domestic use since 2023.
- In March 2023, we were invited by the Ministry of Environment to serve as a domestic demonstration enterprise and attend the press conference "Promoting Recycled Plastic Products, Creating Green Circulation" to support zero waste and resource recycling. We plan to collaborate with retail stores in the future to recycle and remanufacture sold trays, plastic boxes, and other items, adhering to the principles of a closed-loop system and striving to reduce the use of new plastic materials. Photo and news source: <https://reurl.cc/eLMqVL>



- The number of countries permitting the use of recycled materials and the range of their applications are gradually increasing. Major companies are also responding by voluntarily disclosing the proportion of recycled materials they use. Amid the trend of the circular economy, we have proactively prepared with experience, technology, and equipment.

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4.1.4 Product Safety and Quality

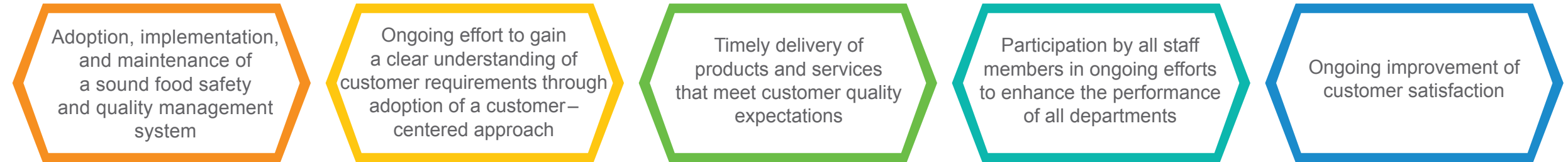
Material topic	Product safety and quality/customer relations																												
Significance for the Company	As a food packaging manufacturer, we view product safety and quality as our core responsibility. Because our products come into direct contact with food, we embrace the protection of consumer safety as our highest priority.																												
Impact	High-quality products help improve customer satisfaction, which further contributes to the company's profitability and sustainable development goals.																												
Policy and Commitment	Providing customers with safe and high-quality products. We continuously improve and develop new technologies to achieve the goal of sustainable packaging. Meanwhile, we are committed to providing our customers with the highest quality, the fastest delivery, and the most responsive service.																												
Short-term goal	<div style="display: flex; justify-content: space-between;"> <div style="width: 48%;"> <p>1. Monthly reduction targets for customer complaints in 2024</p> <table border="1" style="width: 100%; text-align: center;"> <thead> <tr> <th></th> <th style="background-color: #2196F3; color: white;">Shulin</th> <th style="background-color: #2196F3; color: white;">Yingge</th> <th style="background-color: #2196F3; color: white;">Dongshan</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">(1) Food Safety</td> <td>≤ 0 cases</td> <td>≤ 0 cases</td> <td>≤ 0 cases</td> </tr> <tr> <td style="text-align: center;">(2) Quality</td> <td>≤ 1 cases</td> <td>≤ 1 cases</td> <td>≤ 1 cases</td> </tr> </tbody> </table> </div> <div style="width: 48%;"> <p>2. Monthly reduction targets for the anomaly in 2024</p> <table border="1" style="width: 100%; text-align: center;"> <thead> <tr> <th></th> <th style="background-color: #2196F3; color: white;">Shulin</th> <th style="background-color: #2196F3; color: white;">Yingge</th> <th style="background-color: #2196F3; color: white;">Dongshan</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">(1) Mold Dept.</td> <td>≤ 1 cases</td> <td>≤ 1 cases</td> <td>≤ 1 cases</td> </tr> <tr> <td style="text-align: center;">(2) Packaging Dept.</td> <td>≤ 1 cases</td> <td>≤ 1 cases</td> <td>≤ 1 cases</td> </tr> <tr> <td style="text-align: center;">(3) Extrusion Dept.</td> <td>≤ 1 cases</td> <td>≤ 1 cases</td> <td>≤ 1 cases</td> </tr> </tbody> </table> </div> </div> <p>3. Customer satisfaction score of at least 95.</p>		Shulin	Yingge	Dongshan	(1) Food Safety	≤ 0 cases	≤ 0 cases	≤ 0 cases	(2) Quality	≤ 1 cases	≤ 1 cases	≤ 1 cases		Shulin	Yingge	Dongshan	(1) Mold Dept.	≤ 1 cases	≤ 1 cases	≤ 1 cases	(2) Packaging Dept.	≤ 1 cases	≤ 1 cases	≤ 1 cases	(3) Extrusion Dept.	≤ 1 cases	≤ 1 cases	≤ 1 cases
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Medium- and long-term goals	<ol style="list-style-type: none"> By establishing testing methods and process controls for circular materials, we provide customers with sustainable packaging of consistent quality. Active exploration of market applications and adoption of adequate design verification methods. Enhancement of emergency response capabilities concerning customer complaints and strengthening of customer trust. Customer satisfaction score of at least 95. 																												
Course of action	Maintenance of ISO 9001, ISO 22000, HACCP, BRCGS, and food safety system certificates. Promote "Total Quality Management (TQM)" initiative by providing quality awareness training and instilling the concept that everyone is responsible for quality. Implementation of self-inspection and reduction of quality anomalies, and aims to lower customer complaints and increase customer satisfaction.																												
Results	There were no incidents of fines or recalls due to violations of food-related regulations, including product safety, labeling, and advertising requirements in 2023. Domestic customer satisfaction scored 95, while overseas customer satisfaction scored 96.5 in 2023, which achieved the target successfully.																												
Responsible unit	Manufacturing unit, QA Department																												

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4.1.4.1 Food Safety and Quality Policy

We prioritize a philosophy of Quality, Safety, and Customer Satisfaction concepts. In addition, we are fully committed to the all-out implementation of the Food Safety and Quality Management System and the incessant pursuit of process improvements and problem prevention with the ultimate goal of lowering defect rates, reducing waste, and enhancing product quality, productivity, and customer satisfaction. We have made the following pledges:

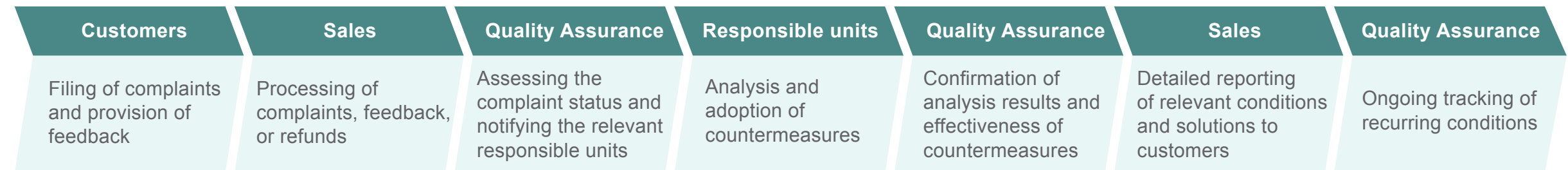


On this foundation, we have compiled a BRC Product Safety and Quality Management Manual and a Food Safety & Quality and Environmental Management Manual. All our manufacturing sites have passed the certification audits for the ISO 9001 Quality Management System, ISO 22000 Food Safety Management System, and the Hazard Analysis and Critical Control Points System (HACCP). Our Yingge and Dongshan Plants have further acquired BRCGS Packaging Materials Global Standard certificates (Note).

Note: BRCGS (Brand Reputation Compliance Global Standards for Food Packaging Materials) provides a framework of internationally recognized global standards for the management of food safety, food packaging and packaging materials, storage and distribution, agents and brokers, consumer products, and the retail industry.

4.1.4.2 Quality Management

- We have established a comprehensive quality assurance system following the requirements of the ISO 9001 Quality Management System. This mechanism consists of Quality Assurance System Management Procedures, Control Procedures for Non-Conforming Products, Procedures Governing Corrective and Preventive Measures, Customer Satisfaction Measurement Procedures, and setting of quality management targets.



Procedure	Description
Quality Assurance System Management Procedures	These procedures ensure effective management of quality inspection control points, inspection methods, and judgment criteria at all process stations from receipt of incoming raw materials to manufacturing and shipment
Control Procedures for Non-Conforming Products	These procedures enable us to adopt effective countermeasures concerning existing or potential non-conformities in the food safety, quality, and environmental dimensions affecting our products during material input, processing, manufacturing, shipment, and customer complaint processes and thereby facilitate the prevention of recurrence of similar issues and achievement of the goal of ongoing improvements.

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Procedure	Description
Procedures Governing Corrective and Preventive Measures	Competent units handle non-conforming products during the material input, process, finished good, and customer complaint stages by relying on rigorous control procedures to prevent misuse or continued use of non-conforming products in follow-up processes and delivery of such products to customers
Customer Satisfaction Measurement Procedures	The goal of these procedures is to gain a clear understanding of customer requirements and expectations in the fields of product quality and food safety as a driving force for ongoing improvements

- We have set up a Quality Assurance Lab which features various types of equipment such as IV tester(s), MI tester(s), Colorimeter(s), and thickness meter(s), allowing us to independently conduct quality control. However, food safety control is currently outsourced to third-party businesses.
- We advocate for the implementation of "Total Quality Management (TQM)." The QA Department therefore provides a simplified version of the judgment criteria for vacuum enclosure appearance, keeps statistics of simplified standards formulated in line with universal quality principles, and assists production line personnel in gaining a basic understanding of such standards to achieve the goal of TQM.
- For the company's series of products, representative products of different materials are sent for third-party testing based on annual risk assessments to ensure that the migration tests and material tests are 100% compliant with the "Sanitation Standards for Food Utensils, Containers, and Packaging."
- Regarding product labeling, the quality assurance team ensures that all products are labeled according to the "Principles for Labeling the Names of Plastic Materials in Food Utensils, Containers, and Packaging" before they are released to the market to ensuring 100% compliance with regulatory requirements. For products that are exported to other countries, compliance with local regulations is also ensured to provide customers with safe usage information and prevent food safety incidents due to improper use.
- In 2023, considering the risks of customer transportation and storage stacking, the quality assurance department established a standard formula for estimating the risk of carton compressive strength and installed a carton compression testing machine to assess and prevent the risk of stack collapse.

Lab equipment



1 Moisture tester

2 Thickness meter

3 Transmittance meter

4 Colorimeter

5 Hot air-drying oven

6 Box compression tester

7 Transportation vibration tester

8 Oven

9 Microwave Oven

10 Pulling and compression tester

11 Film sealing leaking detector

12 Sealing machine

13 MI tester

14 IV tester



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- To shorten product development cycles, increase production efficiency, and ensure the highest quality service for our customers, we officially launched our R&D building in 2023. This makes us the only company in the food plastic thermoforming industry with an in-house mold team and a dedicated plant in Taiwan. Additionally, we have acquired various new pieces of equipment, including CNC machines, Plano Milling Machine, high-speed precision Rōders mold processing machines imported from Germany, grinding machines, and lathes. These additions will significantly enhance our core technology mastery, precision control, and overall process capability, having a decisive impact on our future operations.



4.1.4.3 Food Safety

- We strive to further increase staff participation and execution capabilities to further entrench a culture of food safety and instill food safety awareness and a sense of responsibility on the part of employees. Our efforts to build a food safety culture rely on the following key components: communication, training, employee feedback, and food safety performance measurement.

Key elements	Implementation items
Communication	Convening production technology and production & marketing routine meetings and establishing a platform for regular communications
Training	Organization of training courses on food safety, personnel, and environmental hygiene, and food defense at least annually
Employee feedback	Employee suggestion box, proposals, etc.
Food safety performance measurement	Setting food safety goals and monthly performance tracking

- Under the provisions outlined in the Act Governing Food Safety and Sanitation, food packaging materials, which represent our main product category, constitute a key link to the food industry. We therefore place strong emphasis on quality and safety and have established a comprehensive food safety system to ensure that our operating personnel, operating locations, facility hygiene management, and quality assurance system conform to all applicable Food Good Hygienic Practices (GHP). We have also made a firm pledge to implement the so-called 7S methodology (Seiri (Sort), Seiton (Set in Order), Seiso (Shine), Seike (Standardize), Shitsuke (Sustain), Safety, Saving).

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- Food safety: We are firmly committed to the formation of food safety task forces, the adoption of a Hazard Analysis Critical Control Point (HACCP) plan, and the identification, assessment, and control of hazards present in all production processes and procedures to eliminate or reduce risks to acceptable levels and thereby increase food safety.
- Food defense: We prioritize precautionary measures against and elimination of potential tasks of sabotage, deliberate contamination, and terror attacks, which pose a danger to our products. In addition, we have food defense management procedures and food defense task forces in place to ensure the effective implementation of protective measures and management practices with the ultimate goal of preventing food safety incidents and safeguarding the interests of our customers, employees, and the Company.
- We schedule internal and external audits of the ISO 22000 Food Safety Management System, the Hazard Analysis and Critical Control Points System (HACCP), and BRCGS Packaging Materials Global Standards on an annual basis to ensure the ongoing effectiveness of our food safety management system. No violations of product and service–related health and safety laws and product labeling and advertising regulations occurred in the most recent three years.

4.1.4.4 Customer satisfaction scores

	2021	2022	2023
Average customer satisfaction score	96.04	96.36	96.39

Note: The satisfaction survey score is calculated based on the revenue ratio of domestic and international sales for the respective year.

- Satisfaction Score Analysis: To better understand our customers' needs and expectations, we use satisfaction surveys to help us adjust our products, services, or processes. This allows us to identify the strengths and weaknesses of our offerings. The satisfaction survey covers various aspects including "Account Manager Evaluation," "Product Quality Satisfaction," "On–time Delivery," "Mold Development," and "Sustainable Development." If any customer satisfaction score is below 95 points, a review process will be initiated to ensure that similar issues do not occur in the future.
- The satisfaction scores have all exceeded the target value of 95 points over the past three years. All five evaluation items met the 95–point target in 2023. We will continue to strive to meet our customers' expectations in the future.



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4.2 Raw Material Management

Material topic	Raw material management
Significance for the Company	In line with the promotion of our circular economy policies, we select raw materials that are high-performance, low-pollution, easy to recycle, renewable, and reusable. This helps reduce the potential climate change impact caused by raw material extraction
Impact	Reduce the consumption and waste of raw materials, and increase the recyclability of raw materials
Policy and Commitment	Stepped-up promotion of eco-friendly materials and reinforced control of raw material quality
Short-term goal	<ol style="list-style-type: none"> 1. Develop qualified rPET suppliers to ensure the acquisition of raw materials 2. Adopt a circular business model, replacing traditional purchasing methods with recycling 3. Adoption of 5 qualified rPET suppliers in 2024 4. Delivery accuracy rate of 100% in 2024
Medium- and long-term goals	Continue developing and introducing qualified rPET suppliers to ensure stable supply capacity
Course of action	Incorporate circular economy principles into the green procurement framework, expand the scope of green procurement projects, and promote activities such as reducing, recycling, and reusing raw materials to achieve circular economy goals.
Results	<ol style="list-style-type: none"> 1. Adoption of 5 qualified rPET suppliers in 2023 2. Achieving 100% on-time delivery in 2023
Responsible unit	Procurement Department



4.2.1 Raw Material Classification

We are firmly committed to the careful selection of raw material categories and suppliers, quality control, food safety, and circular economy concepts. Plastic resin (PET, rPET, PLA, PP) represents our main raw material. Other materials are cartons and plastic bags utilized for packaging. Because food packaging materials belong in the category of consumer-packaged goods (CPG), we must respond rapidly to market changes and maintain a firm grasp of raw material consumption. On the other hand, we do our utmost to reduce packaging and give preference to eco-friendly packaging materials such as cartons made from recycled pulp. In consideration of the fact that plastic pellets are non-renewable materials, we make an all-out effort to ensure recycled plastics and replace PET with recycled materials such as rPET in line with our unwavering commitment to the circular economy philosophy.

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Main raw materials	Name	Renewable/ Non-renewable (Note)	Recyclable/ Non-recyclable	Remarks	Total weight in tons in 2022	Total weight in tons in 2023
Raw material	Plastic pellets (PET)	Non-renewable	Recyclable	These pellets are derived from crude oil. After extraction of the oil, it takes nature millions of years to regenerate it. Crude oil is therefore referred to as a non-renewable resource.	18,010	30,368
Raw material	Plastic pellets (rPET)	Non-renewable	Recyclable	rPET is a recycled material that is obtained through post-consumer recycling of PET (recycled input material)	8,234	6,316
Raw material	Plastic pellets (PP)	Non-renewable	Recyclable	These pellets are derived from crude oil. After extraction of the oil, it takes nature millions of years to regenerate it. Crude oil is therefore referred to as a non-renewable resource.	10,649	10,912
Raw material	Polylactic Acid (PLA)	Renewable	Recyclable	Lactic acid generated through fermentation of a mixture of starch (derived from wheat and rice straw and corn) and cellulose is turned into PLA through polymerization. This material is derived from plants, a renewable resource that can be regenerated within a short period.	3,458	2,352
Other material	Cartons	Renewable	Recyclable	Paper is made from wood. Trees represent a renewable resource that can be regenerated within a short period.	8,011	8,587
Other material	Plastic bags	Non-renewable	Recyclable	These bags are derived from crude oil. After extraction of the oil, it takes nature millions of years to regenerate it. Crude oil is therefore referred to as a non-renewable resource.	2,342	345

Note: GRI Standards: 2021(GRI 301: Materials 2016) defines renewable and non-renewable materials as follows:

- Non-renewable material: A resource that does not renew in short periods.
- Renewable material: Material that is derived from plentiful resources that are quickly replenished by ecological cycles or agricultural processes, so that the services provided by these and other linked resources are not endangered and remain available for the next generation (e.g., water, plants, sunlight).
- Recycled input material: Material that replaces virgin materials, which are purchased or obtained from internal or external sources, and that are not by-products and non-product outputs (NPO) produced by the organization.

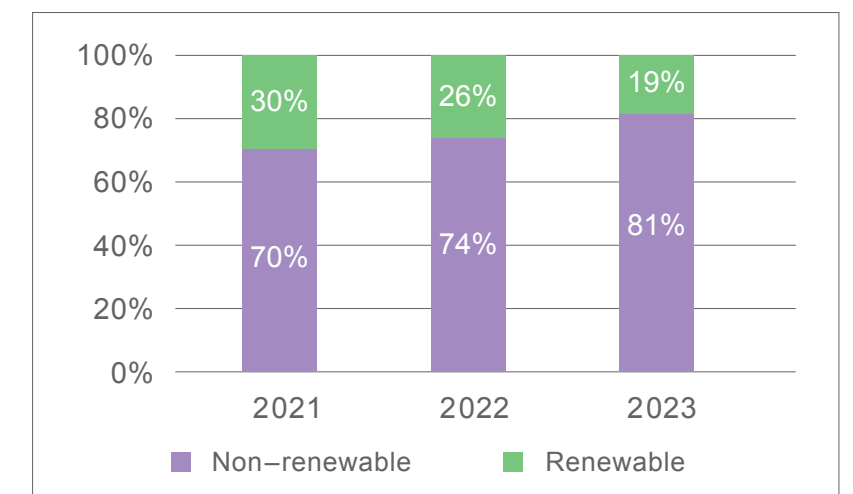
Renewable and non-renewable material procurement ratios in the most recent three years			
Category	2021	2022	2023
Non-renewable	70%	74%	81%
Renewable	30%	26%	19%
Total	100%	100%	100%

Note:

1. Procurement ratio calculation formula: (procurement amount of non-renewable materials) ÷ (added up procurement amounts of non-renewable and renewable materials) * 100%

2. The proportion of renewable material procurement has shown a declining trend over the years, primarily due to a decrease in the procurement of polylactic acid (PLA). The reason is that PLA requires large-scale landfill space for biodegradation after recycling.

There is currently a lack of large-scale industrial composting facilities in Taiwan. Additionally, starting from August 2023, the Ministry of Environment banned the use of biodegradable plastic disposable tableware in eight following venues: medical care institutions, public transportation, markets and shopping malls, educational facilities, exhibition venues, places of worshipping, leisure and entertainment venues, and office buildings. This has led to a decrease in market demand for PLA; consequently, we have ceased to strongly promote PLA materials.



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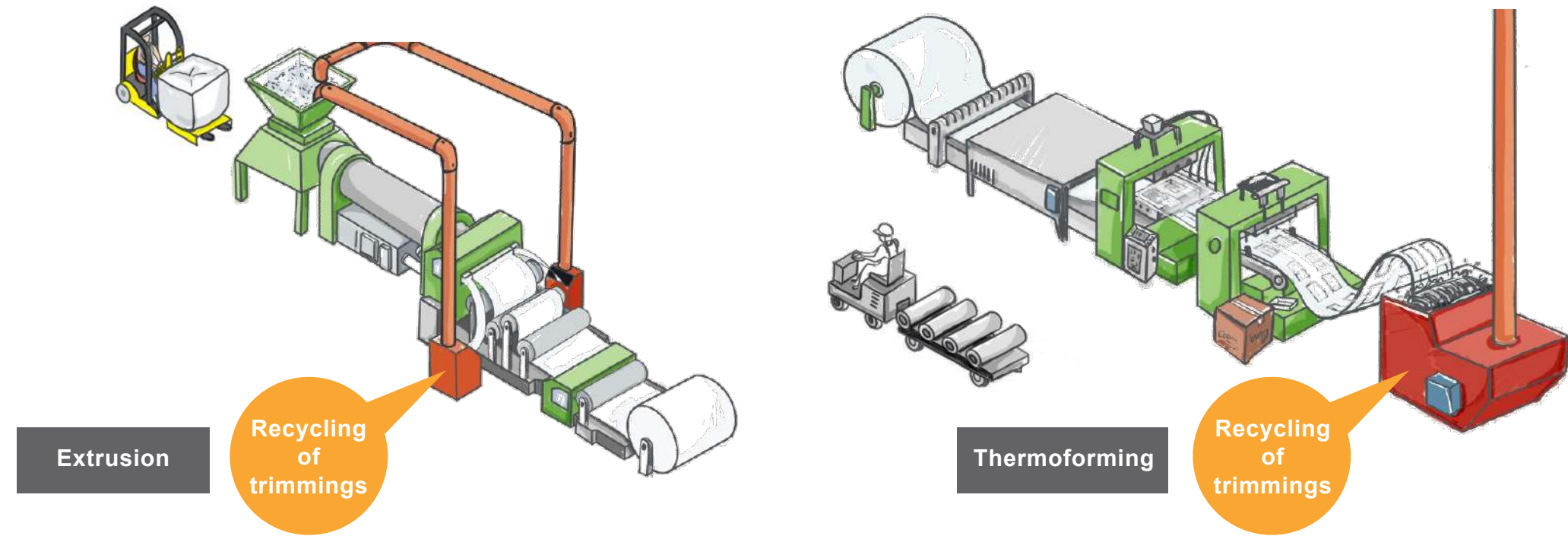
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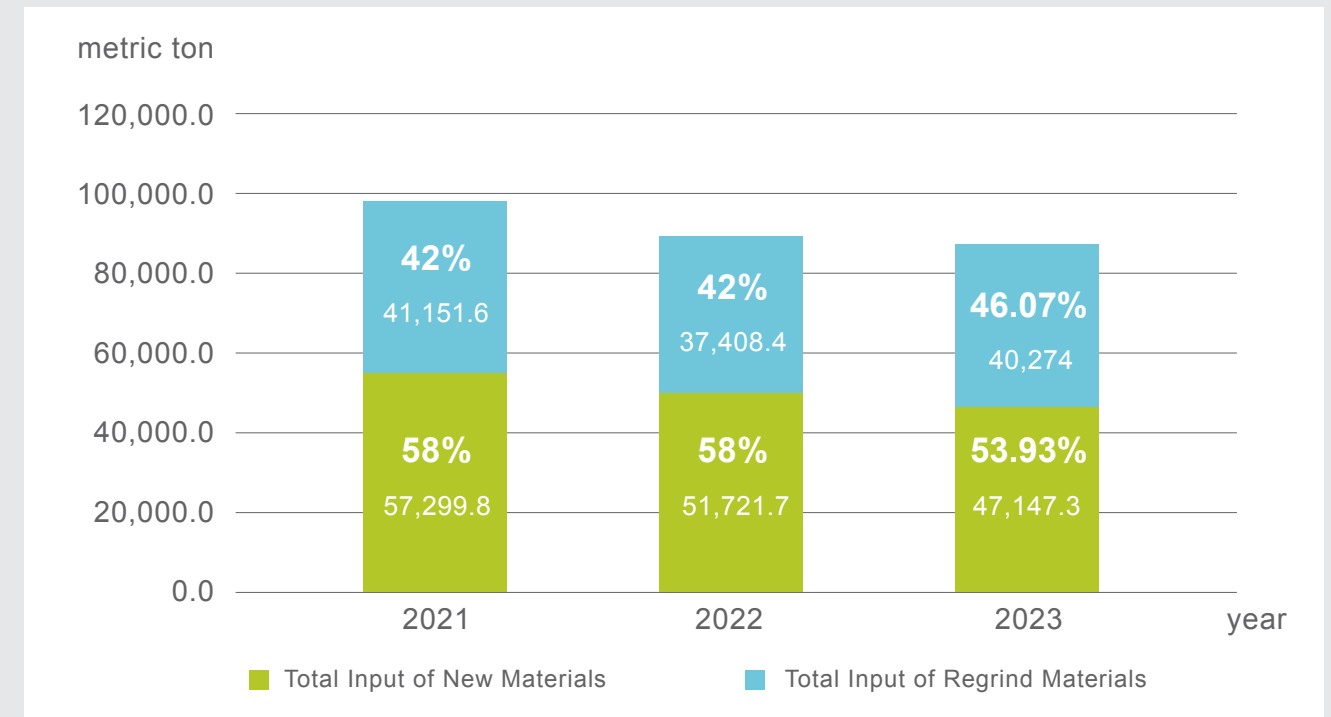
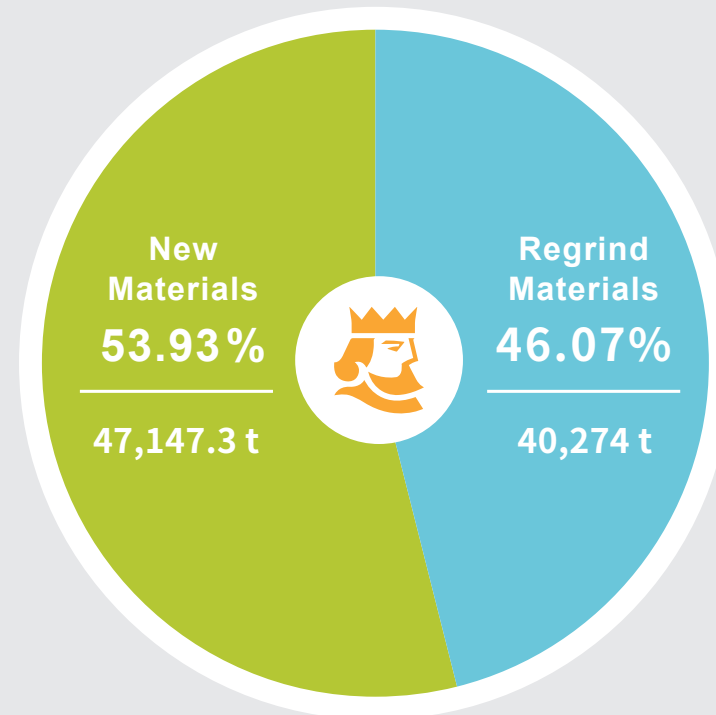
4.2.2 Manufacturing

Implementation of circular economy–based 3R principles (decreased use of materials, optimal use of materials, and recycled materials) ensures ongoing progress toward low–carbon and sustainable packaging.

- **Recycling and reuse of regrind materials:** Trimming recycling equipment has been installed for extrusion and thermoforming machinery. Scraps and trimmings are regrind and stored for reuse after sorting by material and color. This measure is highly conducive to repeated use of resources and reduction of industrial waste. A total of 40,274 metric tons of regrind materials were recycled in our plants for a recycling and reuse rate of 46.07% in 2023.

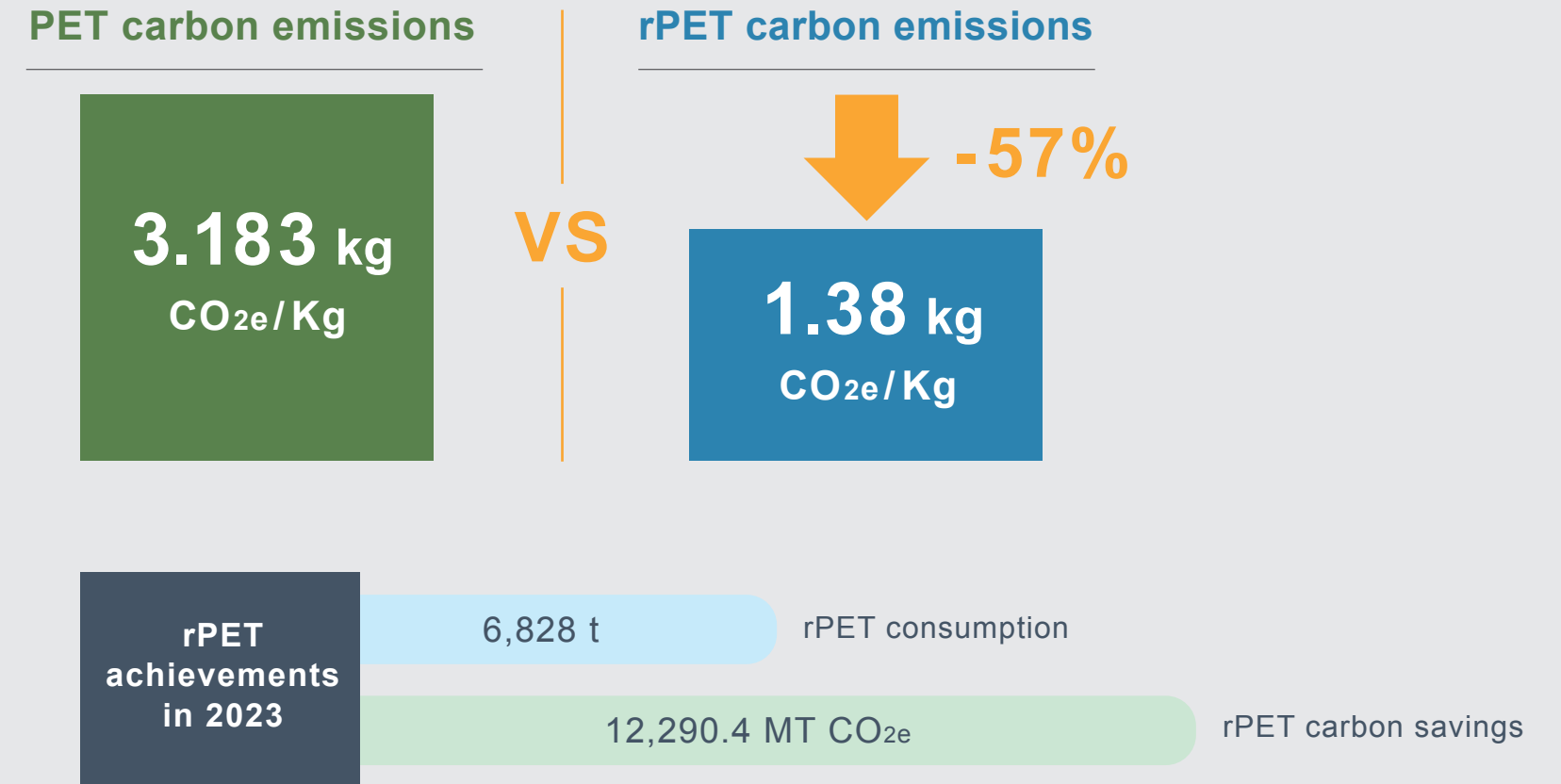


2023



● Utilization of rPET

- The carbon emission coefficient of rPET is 57% lower than that of PET (refer to Note 1). Replacement of PET with rPET is conducive to carbon footprint reduction and circular economy system development.
- We purchase food-grade rPET pellets from renowned raw material suppliers. Our rPET products have passed the SCS Certified Recycled Content certification (refer to Note 2), which demonstrates conformity of material sources and usage rates to applicable norms and regulations.



Note 1: By data used for inventories, the PET and rPET carbon emission coefficients are 3.183kg CO_{2e} per kg PET and 1.38kg CO_{2e} per kg rPET, respectively.
 Note 2: The SCS Certified Recycled Content certification focuses on the assessment of products that contain post-consumer or pre-consumer recycled content. The SCS certification system is capable of calculating the exact percentage of recycled content in individual products for accurate market announcements. (See 1.4 Product Certifications)

● Carbon Black Reduction Initiative

If the color masterbatch contains carbon black (a pigment and stabilizer to enhance the effectiveness and consistency of plastic coloring), the sorting and reuse for back-end recycling are significantly complicated, resulting in decreased recycling rates. Therefore, we plan to launch a carbon black reduction initiative to reduce its consumption to increase plastic recycling and reuse rates in 2023. However, due to inflation and increased raw material costs, the implementation of the carbon black reduction plan was impacted heavily; thus, the reduction volumes would be adjusted based on market conditions in the future.

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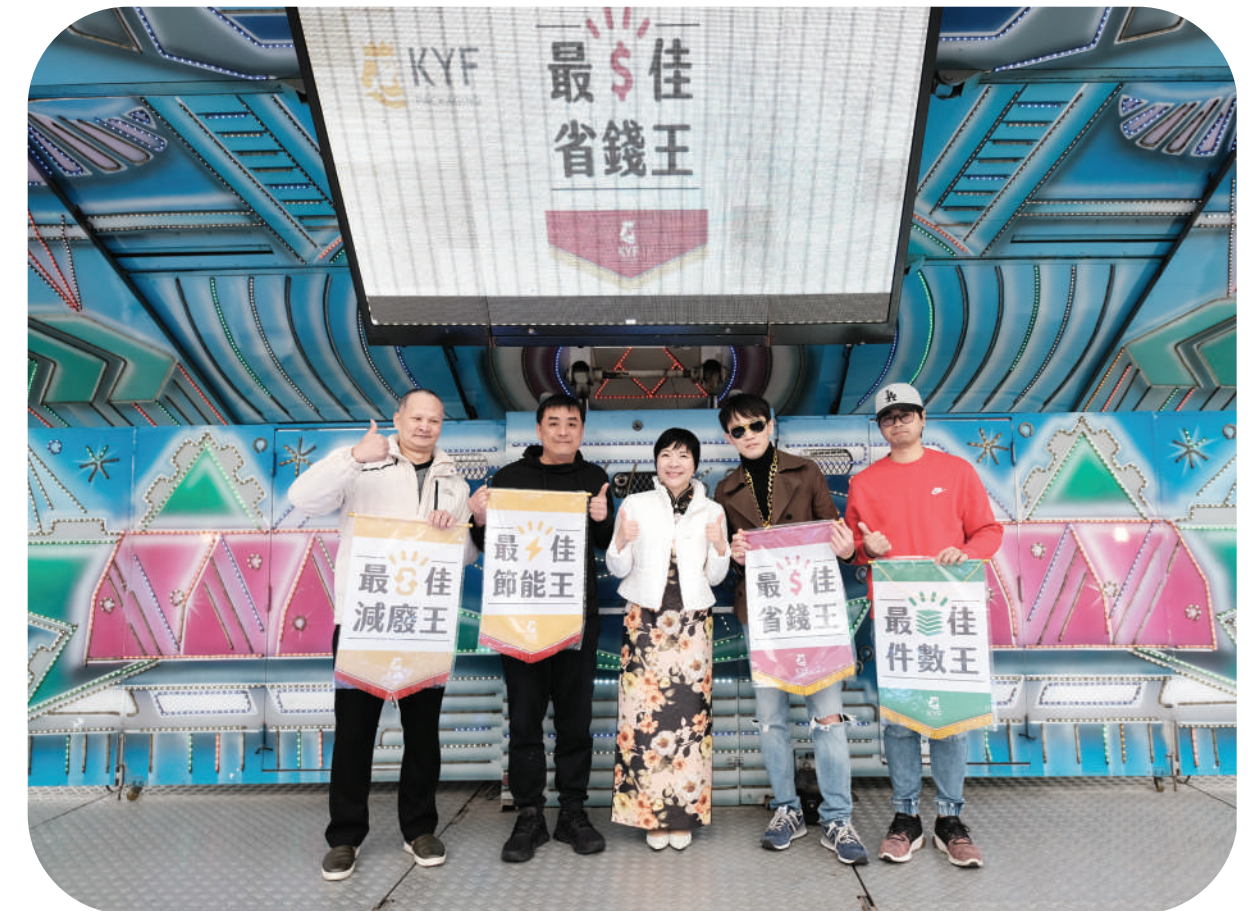
4.3 Environmental Management

Based on the realization that we only have one earth and that all human activity depends on the environment, we are firmly committed to “Energy Conservation, Environmental Protection, and Cherishing our Planet” as our highest guiding principle in the environmental dimension to fulfill our responsibility as a citizen of the earth and protect the circle of life for future generations. We have an environmental management system and goals in place and engage in regular performance tracking.

- We have stipulated Environmental Management Procedures to ensure that the environmental impacts arising out of all our operating activities (e.g., waste gas, chemicals, solid waste, noise, energy sources, drinking water, and work environment hygiene) conform to applicable legal requirements after implementation of proper treatment and controls. In addition, Yingge, Shulin, and Dongshan Plants have passed the certification audit for the ISO 14001:2015 Environmental Management System.

Plant	ISO 14001:2015 Certificate Validity Period
Yingge	Jan 11, 2024 ~ Nov 18, 2026
Dongshan	Jan 12, 2024 ~ Nov 16, 2026
Shulin	Oct 5, 2022 ~ Oct 4, 2025

- Due to extreme weather patterns caused by the greenhouse effect, climate change has generally been considered one of the top three global risks in recent years. As a citizen of the earth, it is our sacred duty to actively develop a pathway to decarbonization. Due to our process characteristics, electricity represents our main energy source. Power conservation and renewable energy sources are therefore our top priorities on the low-carbon transition pathway. the certification audit for the ISO 14001:2015 Environmental Management System.
- To encourage colleagues to implement energy-saving and waste-reduction measures within their respective facilities, we have established the awards based on the four following categories with monetary incentives to encourage specific initiatives. The four awards are "Energy-saving King," "Waste Reduction King," "Money-saving King," and "Solution Proposed King." These awards will be calculated and presented at the end of the year.



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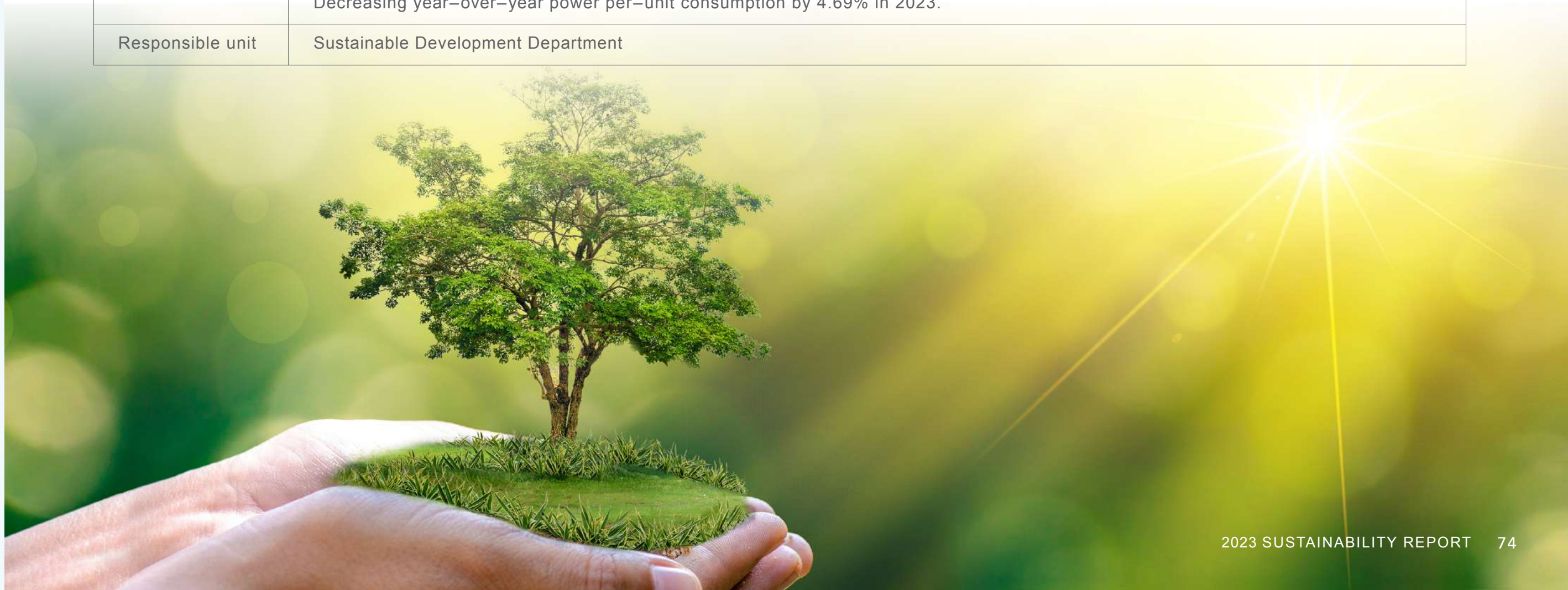
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4.4 Energy

Material Topic	Carbon emissions and Energy management
Significance for the Company	Energy management symbolizes a core task of our environmental policy and one of the two pillars of our decarbonization pathway strategy. We have made substantial investments in energy conservation equipment and researched renewable energy acquisition to honor our commitment to RE 100, reduce our carbon emissions, and maximize our positive influence on the environment.
Impact	Carbon taxes/fees result in rising potential product prices. Since electricity is the primary energy source for our production processes, effective energy management can mitigate the impact of rising electricity costs and enhance market competitiveness. Commitment to emission reduction is conducive to mitigating the greenhouse effect.
Policy and Commitment	Set up a carbon neutrality path to track continuing efforts in decreasing power consumption and increasing renewable energy share per unit.
Short-term goal	Decreasing year-over-year (YoY) power per-unit consumption by 1.0% in 2024.
Medium- and long-term goals	Achieving RE100 commitment, 60% renewable energy in 2030, 90% renewable energy in 2040, 100% renewable energy in 2050.
Course of action	We maintain the effectiveness of the ISO 50001 Energy Management System at the Dongshan plant and continue to promote internal ESG improvement proposals.
Results	We has maintained the effectiveness of the ISO 50001 Energy Management System at the Dongshan plant in 2023. Total energy savings of 4,423,304 kWh achieved through internal energy conservation initiatives in 2023. Decreasing year-over-year power per-unit consumption by 4.69% in 2023.
Responsible unit	Sustainable Development Department



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4.4.1 Energy Consumption

Due to our process requirements, our main energy source is purchased electricity. Power conservation therefore represents our core strategy to maximize our positive influence in the environmental dimension. The scope of our energy consumption reporting in 2023 encompassed the Shulin, Yingge, and Dongshan plants, as well as the R&D building, achieving a coverage rate of 100%.

Energy consumption conditions in 2023								
Energy categories	Type	Shulin Plant	Yingge Plant	Dongshan Plant	R&D Building	Total	MJ Coefficient	Total energy consumption (MJ)
Purchased electricity (kWh)	Non-renewable	6,596,126.00	34,591,152.00	49,291,921.00	1,775,600.00	92,254,799.00	1kWh=3.6*(10 ⁻⁶)TJ	332.1172764
Diesel (liter)	Non-renewable	19,728.85	1,945.18	4.00	0.00	21,678.02	1kcal=4.187*(10 ⁻⁹)TJ	0.0000908
LPG (liter)	Non-renewable	0.00	43.632	345.42	0.00	389.05	1kcal=4.187*(10 ⁻⁹)TJ	0.0000016
Gasoline (liter)	Non-renewable	1,087.03	4,503.46	0.00	0.00	5,590.49	1kcal=4.187*(10 ⁻⁹)TJ	0.0000234
Solar power (kWh)	Renewable	0.00	11,645.00	0.00	17,821.00	29,466.00	1kWh=3.6*(10 ⁻⁶)TJ	0.1060776
Total								332.2234698

Note:

- (1) The coefficients and indicators listed above have been derived from "Widely Used Calorific Values in International Energy Statistics" in the 2018EnergyStaHandBook of the Bureau of Energy (1 liter of Diesel = 8,400 kcal, 1 liter of LPG = 6,635 kcal, 1 liter of gasoline = 7,800 kcal)
- (2) Gcal, a unit of energy that frequently appears in international energy statistics, can be converted into the TJ coefficient as follows: 4.187×10⁻³; Kcal =1,000cal, Gcal = 1,000,000,000
- (3) All three sites are equipped with self-used solar energy facilities. The green energy certificates obtained in 2023 were as follows: (certificate verification: <https://www.trec.org.tw/certification>)
 - Yingge Plant Solar Power Generation Certificate number: 21SP0031-B023000001~11
 - R&D building Solar Power Generation Certificate number: Currently in the application process, expected to be completed by September 2024.

The electricity generated by the solar facilities within the three plants were as follows:

Solar Power Generation List							
				Electricity Unit (kWh)			
Category	Plant/Building	Taipower Customer Number	Installed Capacity (kW)	2020	2021	2022	2023
Feed-In Tariff	Dongshan	03-44-6362-99-4	498.928	442,880	448,512	407,440	472,672
Feed-In Tariff	Dongshan	03-44-6362-98-3	288.05	257,628	288,720	263,172	285,900
Feed-In Tariff	Dongshan	03-44-6361-99-3	187.68	---	97,408	171,968	181,940
Feed-In Tariff	Yingge	05-81-5596-98-1	458.01	400,544	510,944	460,288	458,552
Self-Consumption	Yingge	05-81-5596-11-7	10.065	---	---	10,995.7	11,645
Self-Consumption	R&D	05-81-5599-11-0	104.14	---	---	---	17,821

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▲ The solar energy in the R&D building is for self-consumption, and it was commissioned in Oct 2023.

Total power consumption broken down by plants in the period from 2021–2023:

Plant	2021	2022	2023	Difference between 2023 and 2022 (percentage)
Shulin Plant	12,444,940.6	10,050,658	6,596,126	-52.37%
Yingge Plant	40,866,144	36,675,488	34,591,152	-6.03%
Dongshan Plant	56,019,287.4	49,855,056	49,291,921	-1.14%
R&D Building	--	--	1,775,600	--
Comparison of two years' differences		96,581,202	92,254,799	-4.69%

It has been determined upon analysis that despite the aforementioned year-over-year drop of 4.69% caused by a decline in our output, the reduction is attributed to the effectiveness of improvement proposals, resulting in a decrease of about 5% in electricity consumption per ton of production. We will continue to pursue internal energy-saving improvements in the future.

Average power consumption per ton output in 2021–2023:

	2021	2022	2023
Average power consumption per ton output of finished goods (kWh)	1,656.0	1,684.0	1,592.9

Note:

It had been detected by the ESG Committee that shipment volume was not an accurate measure of production-related power consumption; it was therefore decided to replace shipment volume with finished good output volume for power consumption calculations in 2022.

2021: [Power consumption of all plants – (Office power consumption + Dormitory power consumption)]/[Total shipment volume of finished goods in all material categories*Sum of all material density parameters converted into PET density]

2022: [Power consumption of all plants – (Office power consumption + dormitory power consumption)]/[Total output volume of finished goods in all material categories*Sum of all material density parameters converted into PET density]

Correction:

Power consumption calculated based on shipment volume in 2021 has been determined to be an inaccurate representation of production-related power consumption. Shipment volume was therefore replaced with output volume for calculations in 2022.

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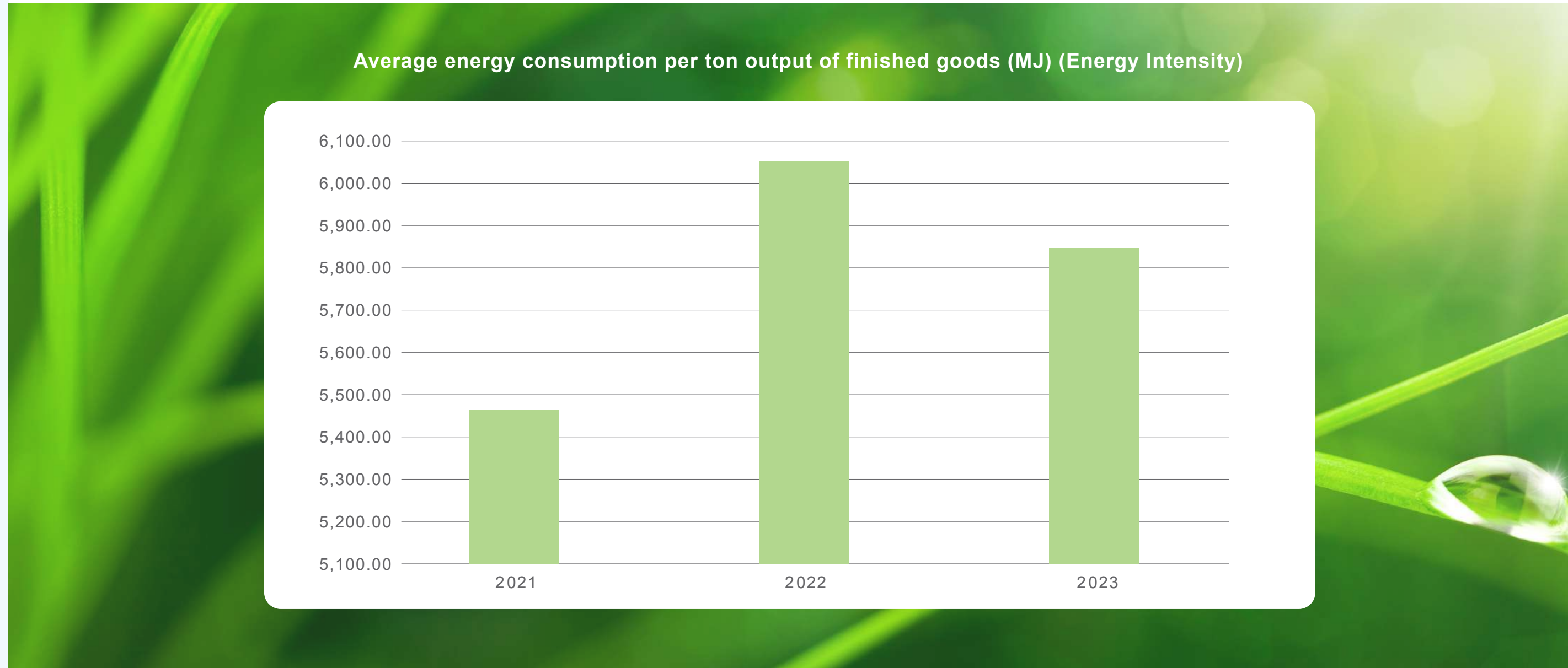
References

Average energy consumption per ton output of finished goods in the period from 2021 to 2023:			
Year	2021	2022	2023
Annual total (MJ)	393,601,710.64	347,881,990.45	332,223,469.8
Total weight in tons based on converted density for each material	71,989.15	57,463.56	56,800.49
Average energy consumption per ton output of finished goods (MJ) (Energy Intensity)	5,467.51	6,053.96	5,848.95

Note: 1kWh = 3.6 MJ; 1kcal=4.187*(10^-3) MJ

Correction: The 2022 sustainability report contains incorrect data for 2021 and 2022, and has been revised accordingly.

The YoY drop in energy intensity values in 2023 can be attributed to the replacement of Diesel-powered forklifts and the effects of improvement initiatives.



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4.4.2 Power Conservation and Energy Management

- All our manufacturing sites report their energy consumption data to the Bureau of Energy of the Ministry of Economic Affairs on an annual basis under the provisions outlined in Article 12 of the Energy Administration Act. Looking back on the past three years, the average annual power-saving rate of all plants overachieved the legal requirement of 1%.

Year	Shulin Plant	Yingge Plant	Dongshan Plant	R&D Building
2020	Power saving rate for the respective year: 2.4% Average annual power saving rate: 1.9%	Power saving rate for the respective year: 1.8% Average annual power saving rate: 1.5%	Power saving rate in the respective year: 1.3% Average annual power saving rate: 1.7%	--
2021	Power saving rate in the respective year: 0.0% Average annual power saving rate: 2.2%	Power saving rate in the respective year: 1.5% Average annual power saving rate: 1.5%	Power saving rate in the respective year: 1.3% Average annual power saving rate: 2.1%	--
2022	Power saving rate in the respective year: 0.11% Average annual power saving rate: 1.95%	Power saving rate in the respective year: 0.45% Average annual power saving rate: 1.45%	Power saving rate in the respective year: 1.7% Average annual power saving rate: 1.88%	--
2023	Power saving rate in the respective year: 0.93% Average annual power saving rate: 1.9%	Power saving rate in the respective year: 0.32% Average annual power saving rate: 1.34%	Power saving rate for the respective year: 0.8% Average annual power saving rate: 1.73%	Complete preliminary declaration

Note: Under the amendment to the Regulations Governing the Formulation of Energy Conservation Targets and Implementation Plans by Energy Users adopted by the Ministry of Economic Affairs on December 25, 2019, energy users with a contract capacity of over 800kW are required to achieve an average annual power saving rate of at least 1.0% in the ten years from 2015–2024. The power saving rate based on energy conservation targets and implementation plans in the respective year must exceed 1% (total power savings equal the sum of all power savings resulting from power conservation measures implemented by the Company).

Completion and reporting of energy-saving improvement projects for the year 2023, including cases of electricity savings and energy efficiency measures.				
Plant	Item	Initiative	Energy Savings (kWh)	Total Energy Consumption (MJ)
Dongshan Plant	1	Pressure stabilization and flow improvements implemented for compressed dry air (CDA) utilized for processes	59,850.000	0.2155
	2	Energy-saving plan for lighting fixtures on the first floor of Building A at the Dongshan plant.	20,704.000	0.0745
	3	Shared Pipeline to Reduce the Use of One Mold Temperature Control Unit	3,724.000	0.0134
	4	Shared Pipeline for Vacuum Machine (DA09~DA12)	23,712.000	0.0854
	5	Shared Pipeline for Vacuum Machine (DA05~DA08)	16,473.667	0.0593
	6	Dongshan Plant Compressed Air Energy Saving Plan 2 (Power System Allocation during Plant Shutdown)	114,077.833	0.4107
	7	Dongshan Plant Air Compressor Pressure Storage Tank with No-Discharge Drainage System	23,343.750	0.084
	8	Electric Furnace Energy-Saving Plan	133,342.000	0.48

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Plant	Item	Initiative	Energy Savings (kWh)	Total Energy Consumption (MJ)
Yingge Plant	1	Energy-saving motor upgrade for the crusher: IE1 to IE3.	13,356.000	0.0481
	2	Addition of a rear feed port to the crusher.	4,400.000	0.0158
	3	Improvement in stabilizing compressed air for processes.	93,333.333	0.336
Shulin Plant	1	Demolition of exhaust hood and cessation of exhaust fan motor.	51,563.333	0.1856
			Total	2.0083

Note: Coefficients and indicators have been derived from “Widely Used Calorific Values in International Energy Statistics” in the 2018EnergyStaHandBook of the Bureau of Energy: 1kWh = 3.6*(10⁻⁶)TJ. 2020 has been set as the base year for reporting power savings.

To facilitate the systematic implementation of energy conservation, the Dongshan Plant adopted the ISO 50001 Energy Management System in 2022. The plant has determined the order of priority for energy consumption improvement measures based on an energy baseline inventory. Our other plants are projected to follow the example of the Dongshan Plant by adopting ISO 50001 shortly.

In addition to energy-saving reports, internal energy-saving improvement projects are tracked for effectiveness in each quarterly ESG committee meeting. The total number of internal proposals and their performance in 2023 were as follows:

Plant	Number of energy conservation initiatives	Conserved energy in kWh	Total energy savings in kWh	Total energy savings in MJ
Yingge Plant	9	2,998,498.0	4,423,304.2	15.92
Shulin Plant	2	148,481.0		
Dongshan Plant	14	1,276,325.2		

Highlighting Performance Results

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Yingge Plant	
Improvement plan	Improvement in stabilizing compressed air for processes in the Yingge Plant
Describe	Due to their operation for over 12 years, 10 old equipment units in the power room have been replaced as they cannot reliably supply the compressed air required by the entire plant.
Energy savings in kWh	93,333
photo	<div style="display: flex; justify-content: space-around; align-items: center;">  <div style="text-align: center;"> <p>Before improvement</p> </div> </div> <div style="display: flex; justify-content: space-around; align-items: center; margin-top: 10px;">  <div style="text-align: center;"> <p>After improvement</p> </div> </div>

Dongshan Plant	
Improvement plan	Dongshan Plant Compressed Air Energy Saving Plan 2 (Power System Allocation during Plant Shutdown)
Describe	"To meet our ESG goal of achieving a week's work with one day off, we have adjusted the water treatment equipment's air compressor supply. Replacing a 200HP air compressor with a 3HP unit has resulted in significant energy savings. Comparing before and after installation, average electricity consumption has decreased by 92 kW per day. Estimated annual savings amount to approximately 114,077 kWh based on the compressor's operating hours of approximately 1,239.97 hours per year."
Energy savings in kWh	114,077
photo	<div style="display: flex; justify-content: space-around; align-items: center;">  <div style="text-align: center;"> <p>▲ Install a 3HP air compressor and set up a ball valve to switch CDA (Clean Dry Air) supply.</p> </div> </div> <div style="display: flex; justify-content: space-around; align-items: center; margin-top: 10px;">  <div style="text-align: center;"> <p>▲ Create noticeable slogans to prevent incorrect operations.</p> </div> </div>

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To encourage colleagues to implement energy-saving and waste-reduction measures within their respective facilities, we have established the four energy conservation initiatives with respective awards, and monetary incentives for specific initiatives. These awards will be calculated and presented at the end of the year.

Through thing the products' plastic sheet materials, we have increased production efficiency while reducing electricity consumption. The performance for 2023 is as follows:

Material	Products resulting in a weight reduction (T)	PET density	Convert PET density to weight (T)	Energy savings in kWh	Energy savings in kWh
PET	205.50	1.34	205.50	327,342.56	1.18
PP	39.17	1.25	41.99	66,886.20	0.24
PLA	9.71	0.91	14.30	22,778.58	0.08
Total energy savings in kWh				417,007.34	1.5

Note: The saved electricity is calculated based on the electricity consumption per ton for the current year.

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4.4.3 RE100 Membership

In August 2021, we became an official member of the Climate Group’s RE100 Initiative ([media coverage link](#)) and the first (and so far only) plastic container manufacturer to pass the RE100 review process. We commit to achieve 100% renewable electricity by 2050. We have set clearly defined goals of 60% and 90% renewable energy in 2030 and 2040, respectively, to ensure ongoing progress toward the net-zero vision and make a contribution to keeping the global temperature rise within 1.5°C.

In 2022, the Dongshan Plant participated in the Demonstration Guidance Project for Energy Management in the Manufacturing Sector organized by the Industrial Development Bureau (IDB) of the Ministry of Economic Affairs. The guidance consultant assisted the plant in gaining a deeper insight into energy management processes and fundamentals with the ultimate goal of giving employees a better understanding of energy management practices and accelerating the implementation process. The plant passed the certification audit for the ISO 50001 Energy Management System in 2022 and continued to maintain its effectiveness in 2023.



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4.5 Air Pollution Control

Potential pollution sources	Management approaches	Violations in 2023
Volatile Organic Compounds (VOC) * Possible generated in sheet extrusion processes	Installation of VOC treatment systems by legal requirements, application for Stationary Pollution Source Operating Permits with local environmental agencies, and regular reporting of VOC amounts to environmental protection bureaus 	0
Vehicle exhaust gases	Scheduling of smog checks for company vehicles under applicable traffic laws and regulations, regular maintenance and repair of operating and exhaust system components	0
Other gas emissions	We have not detected emissions of ozone-depleting substances (ODS), nitrogen oxides (NOx), sulfur oxides (SOx), or other major gases	0

VOC emissions (in metric tons):				
Plant	Yingge Plant	Dongshan Plant	Shulin Plant	All plants
2023 Q1	1.4	5.5	0.2	7.1
2023 Q2	1.7	5.9	0.2	7.8
2023 Q3	1.9	7.7	0.2	9.8
2023 Q4	1.8	7.8	0.2	9.9
Total				34.6

Note: The data shown above is based on reports submitted to environmental protection bureaus of county/city governments

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4.6 Water Resource Management

Significance for the Company	We mostly consume pure water for domestic purposes and silicone preparation for our production processes. Our water consumption is low and water use purposes are simple. We don't generate any industrial wastewater and our sewage is discharged into the public sewerage system in line with applicable regulations.
Course of action	Rigorous control of water tower inflow and outflow, regular cleaning and maintenance of water pipes to ensure they remain unblocked. Posting of water conservation notices in all water use areas and water conservation advocacy.
Results	Annual inspection of process water and water dispenser to ensure compliance with applicable laws and regulations
Responsible unit	Maintenance Department

Water sources:			
Plant	Yingge Plant	Shulin Plant	Dongshan Plant
Water intake source	Sanxia River, Shimen Reservoir, Taishan Well, Yonghe Well	Sanxia River, Shimen Reservoir, Taishan Well, Yonghe Well	Nanao River, Xincheng River, Han River (Lanyang River System), Guangxing Purification Plant, Ganzikeng Purification Plant, Tiansongpi Purification Plant, Dayin Purification Plant, Wanshan Purification Plant, Longde Purification Plant, Suao Purification Plant, Guangxing I, II, III Water Intake Stations
Water supply unit	Taiwan Water Corporation – 12th Branch Office 1201 Banxin District Water Supply System	Taiwan Water Corporation – 12th Branch Office 1201 Banxin District Water Supply System	Taiwan Water Corporation – 8th Branch Office 0804 Luodong Water Supply System

Note: Data source: Taiwan Water Corporation website (<https://www.water.gov.tw/ch/AnnualReport/Detail/2293?nodeId=4571>)

- Relevant data disclosed in the Water Risk Atlas of the World Resources Institute reveals that all our operating sites are located in low–water stress areas. Despite the determined low–risk level, we still attach great importance to cherishing and protecting our water resources. We are actively committed to the all–out adoption of water conservation measures and advocacy activities



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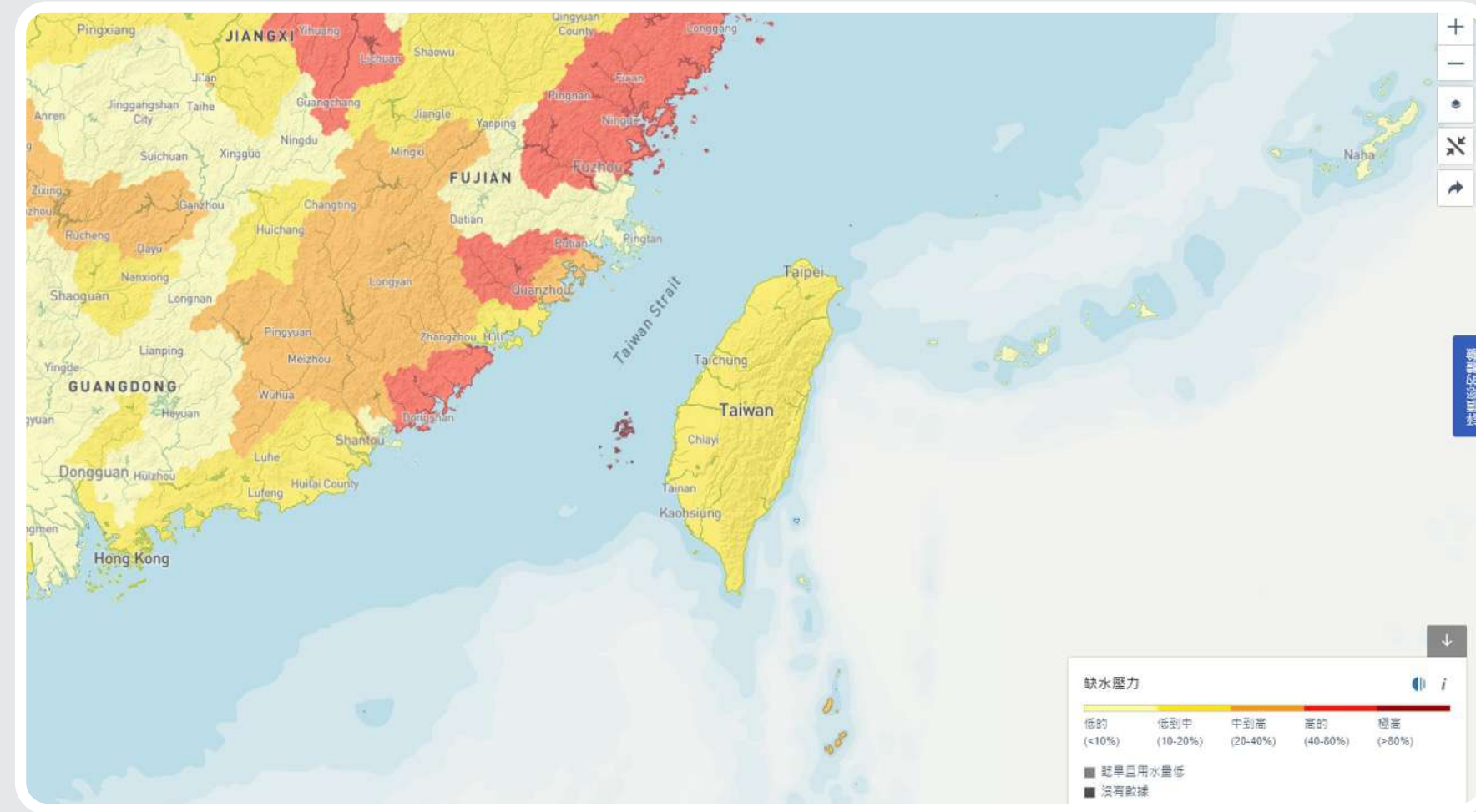
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▲ Relevant data disclosed in the Water Risk Atlas of the World Resources Institute reveals that all our operating sites are located in low–water stress areas.

All our water is supplied by Taiwan Water Corporation. Water intake statistics for the period from 2021 to 2023 were shown in the table below

Year	Shulin Plant water consumption in m ³	Yingge Plant water consumption in m ³	Dongshan Plant water consumption in m ³	Total water consumption of all plants in m ³	In megaliters
2021	26,178	39,797	11,931	77,906	77.9
2022	21,605	30,986	9,710	61,761	61.8
2023	15,091	32,417	8,983	56,491	56.5

Note: We use freshwater exclusively ($\leq 1,000$ mg/L TDS). The drainage volume equals the water intake volume.
 Source of utilized coefficients and indicators: Water Conservation Information website of the Water Resources Agency: 1 m³ = 1,000 liters
 The Yingge plant shares the same water meter as the R&D building.
 In 2021, the water pumping system was abnormal, leading to an increase in water consumption at the Shulin plant.
 In 2021, there was a malfunction in the rainwater retention pond pump, resulting in the use of tap water instead of recycled water at the Dongshan plant.

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Main purposes of water use and management approaches	
Purpose	Management approaches
Domestic water	Rigorous control of water tower inflow and outflow, regular cleaning and maintenance of water pipes to ensure they remain unblocked. Posting of water conservation notices in all water use areas and water conservation advocacy.
Pure water utilized for processes * Applied to sheet after food-grade silicone preparation	Annual inspection of process water quality (E. coli) – All standards and criteria outlined in the Act Governing Food Safety and Sanitation have been met in the most recent three years. Circular use and regular PH testing.
Chilled cooling water system	<p>The diagram illustrates a closed-loop chilled cooling water system. It starts with a 'Cooling tower' on the left. An arrow labeled 'Cooling' points from the tower to a 'Main chiller unit'. From the chiller unit, an arrow labeled 'Refrigeration' points to a 'Process cooling water' box. Below this box is a dashed-line box labeled 'Hybrid water pipeline (chilled water supply)'. An arrow labeled 'Distribution' points from the process cooling water to an 'All processes' box. Below this box is a dashed-line box labeled 'Secondary pump (local pump)'. An arrow labeled 'Cooling' points from 'All processes' to a 'Supply to production equipment with different temperature needs' box. From this box, an arrow labeled 'Transfer of thermal energy' points to another 'Process cooling water' box. Below this box is a dashed-line box labeled 'Hybrid water pipeline (chilled water return)'. An arrow labeled 'Re-refrigeration' points from this box back to the 'Main chiller unit'. Finally, an arrow labeled 'Reflux' points from the 'Main chiller unit' back to the 'Cooling tower'.</p>
Drinking water	Regular maintenance of water dispensers and replacement of filters; annual inspection of water dispenser water quality (E. coli) – all drinking water quality standards have been met in the most recent three years

● We don't generate industrial wastewater. Therefore, we only discharge domestic wastewater. The wastewater from the Yingge and Shulin plants is discharged into the Tahan River, while the wastewater from the Dongshan plant is discharged into the Shincheng River.

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4.7 GHG Emissions

- We conduct greenhouse gas (GHG) inventories voluntarily to facilitate the effective management of GHG emissions in all our plants. Direct and indirect emissions of our operating sites are inventoried by ISO 14064–1:2018 principles and requirements. Our inventory coverage rate has reached 100% (2021 has been set as the base year).

GHG emission in 2023					Unit: MT CO _{2e}
Scope	Emission source	Shulin Plant	Yingge Plant	Dongshan Plant	All plants
Scope 1	Category 1 Direct Emissions	103.6956	202.8822	764.6161	1,071.1939
Scope 2	Category 2 Indirect Energy Emissions	3,268.4862	17,122.6202	24,350.2090	44,731.3155
Scope 3	Category 3 Indirect Emissions associated with transportation	32.8727	683.8465	646.4236	1,363.1428
	Category 4 Indirect Emissions associated with products used by the organization	1,127.5034	60,842.8935	71,717.9918	133,688.3887
Total		4,522.5580	78,852.2424	97,479.2405	180,854.0409

Description:

1. Category 5 and 6: No significant indirect GHG emissions.
2. Third-party verification has been completed for the Yingge, Shulin, and Dongshan Plants and GHG inventories.
3. We added a new item, upstream raw material usage in category 4 in 2023
4. All calculation results have been converted into MT CO_{2e} (carbon dioxide equivalent) based on Global Warming Potentials (GWP – an authoritative emission coefficient) of relevant substances as listed in the 6th IPCC report.
5. In 2023, our company's emission sources among the seven major greenhouse gases are CO₂, CH₄, N₂O, HFCs, and SF₆.
6. Greenhouse gas emissions intensity by scope:

Scope	Carbon emissions intensity per product (MT CO _{2e})	Note
Scope 1, Scope 2	0.7971	= 45,802.5094 ÷ 57,463.5563
Scope 3	2.3502	= 135,051.5315 ÷ 57,463.5563

Note:

Carbon emissions intensity per product in 2021= total GHG emissions of all plants ÷ (Total shipment volume of finished goods in all material categories * Sum of all material density parameters converted into PET density).

Carbon emissions intensity per product in 2022&2023 = total GHG emissions of all plants ÷ (Total output volume of finished goods in all material categories * Sum of all material density parameters converted into PET density).

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GHG Reduction Initiatives in 2023:

Initiative	Contents			Achieved Reduction	Carbon Emission Reduction (MT CO _{2e})
Energy Conservation Initiative	Benefits across all plants Reduction: 4,423,304.2 kWh * 0.495 kg CO _{2e} /kWh (Electricity Carbon Emission Factor) ÷ 1,000 = 2,189.54 MT CO _{2e}			4,840,311.54 kWh	2,395.96
		kWh	Carbon emission reduction (MT CO_{2e})		
	Energy savings from improvement proposals	4,423,304.2	2,189.54		
	Reduction of energy consumption through material Thinning	417,007.34	206.42		
	Total	4,840,311.54	2,395.96		
	We use Taiwan's 2022 Electricity carbon emission factor of 0.495 Electricity Consumption (kWh) * Electricity carbon emission factor / 1000				
Waste Reduction Initiative	Benefits across all plants Reduction: 417.9 waste tons Reduction in waste and corresponding carbon emissions based on each proposal project			417.9 tons	486.2
	Total number of proposals	Tons reduction (MT CO_{2e})	Carbon emission reduction (MT CO_{2e})		
	8	417.9	486.2		
Replacement of New Materials with rPET	Replacement of new materials with purchased rPET (for rPET products) to reduce PET consumption and thereby achieve carbon reduction benefits.			6,828 tons	12,290.4
	rPET quantity (metric tons)	PET and rPET coefficient difference	Carbon emission reduction (MT CO_{2e})		
	6,828	3.183 - 1.38 = 1.8	6,828 * 1.8 = 12,290.4		

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Initiative	Contents				Achieved Reduction	Carbon Emission Reduction (MT CO _{2e})	
Reuse of Regrind Materials	In-plant reuse of trimmings for production after crushing and recycling to reduce consumption of new materials and thereby achieve carbon reduction benefits. “Carbon reduction benefits” = the total input of trimmings in all material categories * Carbon emissions in all material categories.				4,840,311.54 kWh	2,395.96	
		PET	PP	PLA			Total
	(A) Total input (kg)	30,907,141.02	7,087,826.093	2,279,038.272			40,274,005.39
	(B) Material coefficients	3.183	2.29	3.26			---
	(A)*(B)/1000 Carbon reduction benefits through reduced raw material consumption in all categories (MT CO _{2e})	98,377.4	16,231.1	7,429.7	122,038.2		
Total					Total	136,724.6	



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4.8 Waste Management

Significance for the Company	Adhering to the "make the most of things" philosophy to reduce waste will help lower production costs and carbon emissions to alleviate the burden on the earth.
Concrete actions	<ol style="list-style-type: none"> 1. Reduce: Improving product design and production processes to minimize raw material waste and reduce scrap generation. 2. Reuse: Recycling the production trimming pieces back to manufacturing processes helps reduce production costs and greenhouse gas emissions.
Results	<ol style="list-style-type: none"> 1. Reduce: Reducing material changes in machines can minimize the generation of transition waste material in the manufacturing process. 2. Reuse: Since 2022, we have been evaluating the conversion of some non-recyclable waste, such as substitute wood, aluminum foil, plastic, and masterbatch bags, into solid recovered fuel (SRF). This initiative was officially implemented in 2023. The effectiveness of SRF in 2023 includes a waste reduction of 65.04 tons and a saving of \$353,425 TWD in waste disposal costs.
Responsible unit	Procurement Department

Domestic trash and general industrial waste represent our main waste categories. We don't generate any hazardous industrial waste. Organizations that hold valid permits are commissioned to perform clearance and disposal operations under relevant provisions outlined in the Waste Disposal Act. The incinerator is the final disposal site.

General industrial waste sources:				
Item	Description of Waste Generation	Offsite/Onsite	Diverted from disposal/ Directed to disposal	Remark
Machine cleaning materials	When the plastic sheet extruder changes the material or color for production, a small amount of the new raw material is first used to avoid affecting the quality of the next product. The "melting" property of the raw material when heated is utilized to clean and replace the residual plastic left on the equipment from the previous process. The waste generated from this cleaning process is called "machine cleaning materials."	Onsite	Directed to disposal — Recycling & Reuse	Machine cleaning materials will be recycled and reused as much as possible, and will only be sent off-site for incineration if they no longer meet quality requirements.
		Offsite	Directed to disposal — Incineration	
Mold nozzle materials	Mold nozzle materials is an accumulated plastic lump with bubbles and impurities that cannot be molded or extruded formed during sheet extrusion processes	Offsite	Diverted from disposal — Recycling & Reuse (It ended in Sep 2023)	The mold head material is recovered and processed by the manufacturer into plastic raw materials for reuse in the market.
		Offsite but then reintroduced into the manufacturing process for reuse	Diverted from disposal — Recycling & Reuse (Starting from Jan 2023)	The mold runner material is crushed and processed by the manufacturer into plastic raw materials for internal production processes.
Wood	Wooden pallets used for raw material transportation, extruded pallet wood chips, and protective pads for forming molds	Offsite	Directed to disposal — Incineration	The reusable wooden pallets are collected by the manufacturer.
Release paper	Waste material generated from stickers used for vacuum housing products.	Offsite	Directed to disposal — Incineration	---
Aluminum foil	Waste material generated from external packaging for imported raw materials	Offsite	Diverted from disposal — Recycling & Reuse	Aluminum foil, after processing by manufacturers, is transformed into solid recovered fuel rods for use in boilers at paper mills or cement plants.

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Waste statistics in 2023 (tons):

Category	Item	Shulin Plant	Yingge Plant	Dongshan Plant	All plants	Total of all categories
General industrial waste	Machine cleaning materials	13.4050	45.6900	116.1960	175.2910	477.4700
	Mold nozzle materials (recycling by manufacturer)	8.6020	28.5950	110.0300	147.2270	
	Mold nozzle materials (outsourced processing for personal use)	0	42.8690	17.1040	59.9730	
	Wood	0	0	12.3600	12.3600	
	Release paper	0	9.9400	7.6750	17.6150	
	Aluminum foil (made into SRF)	29.4250	35.5790	0	65.0040	
Domestic trash	--	13.9252	23.7320	40.9100	78.5672	78.5672
Total		65.3572	186.4050	304.2750	--	556.0372

- To reduce industrial waste amounts and increase resource usage efficiency, all plants reuse trimmings generated during production processes for manufacturing after crushing and recycling. A total of 40,274 tons of trimmings were recycled and reused in 2023, which achieved a reuse rate of 46.07%.

Waste statistics from 2021~2023 (tons)

Category	Item	Disposal method	2021	2022	2023
General industrial waste	Machine cleaning materials	Incineration	390.8	279.8	175.2910
	Mold nozzle materials (recycling by manufacturer)	Recycling	208.6	228.0	147.2270
	Mold nozzle materials (outsourced processing for personal use)	Recycling	N/A	N/A	59.9730
	Wood	Incineration	12.3	10.6	12.3600
	Release paper	Incineration	16.6	12.2	17.6150
	Aluminum foil (made into SRF)	Recycling	0	1.7	65.0040
Domestic trash	--	Incineration	87.7	88.9	78.5672
Total	--		716.0	621.2	556.0372

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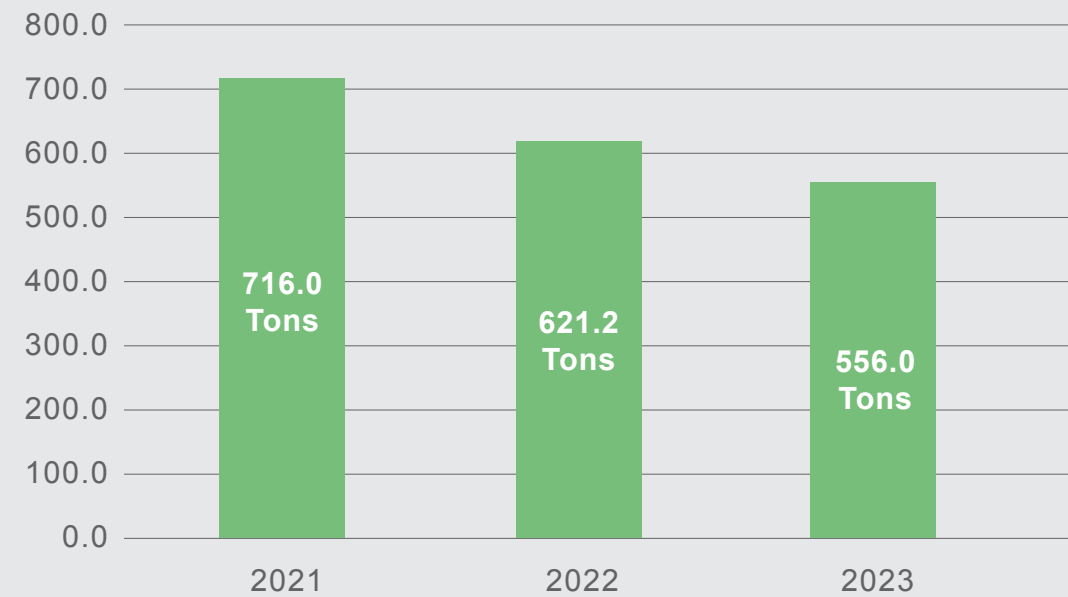
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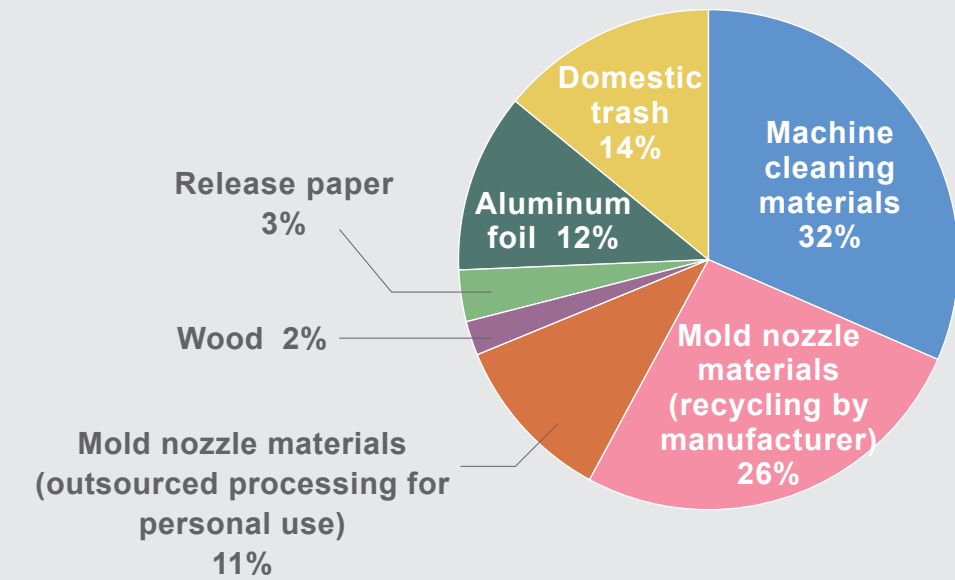
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Comparison of total waste volume over the past three years



The proportion of each type of waste among all factory sites in 2023



Explanation of the Effectiveness of Converting Waste into Solid Recovered Fuel (SRF)

- The government has been promoting the conversion of waste into fuel by using SRF as a substitute for coal in boilers and combustion devices to generate heat or electricity in recent years. SRF refers to alternative fuel made from non-hazardous and suitable-for-combustion solid waste (including industrial waste and general garbage) after removing non-combustible materials through sorting technology. SRF primarily consists of combustible materials such as waste paper, waste plastic, and waste wood; it has a low flash point, high volatile content, and rapid combustion. Although SRF contains raw materials from waste plastics, its composition also includes biomass such as waste paper fibers that can reduce greenhouse gas emissions.
- Since 2022, we have been converting some non-recyclable waste, such as substitute wood, aluminum foil, plastic, and masterbatch bags, into SRF. Compared to incineration, this approach saves 52.17% in waste disposal costs.
- Additionally, the benefits of using SRF for the external environment include:
 - Low Environmental Impact: Solves the problem of treating high-calorific-value waste.
 - Low Fuel Cost: Reduces the extraction of petrochemical raw materials and fuels.
 - Application in High-Energy-Efficiency Boilers and Combustion Facilities: The power generation efficiency of waste incinerators is only about 20%. Nevertheless, if the power is made from SRF and burned in dedicated boilers, the power generation efficiency can exceed 30%, offering greater energy and economic benefits.

In addition to the stepped-up recycling of trimmings, we also carry out internal waste reduction initiatives. The ESG Committee tracks waste improvements associated with such initiatives every quarter. The results of such proposals in 2023 were summarized in the table below:

Plant	Number of waste reduction initiatives	Waste reduction results (tons)	Total (tons)
Yingge	2	181.6	417.9
Shulin	0	0	
Dongshan	6	236.3	



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Highlighting Performance Results

Yingge Plant

Improvement plan	Reuse of crushed PET mold nozzle materials for Re-Pelletizing
Describe	Reducing environmental pollution by reusing crushed PET mold nozzle materials.
Waste reduction in a ton	37.68



photo



Dongshan Plant

Improvement plan	Removing the static mixing shaft from the extruder reduces carbon buildup and black spots, thereby decreasing waste
Describe	After shutting down the extruder, restarting it results in high losses. By improving the machine, we reduce the carbon buildup and subsequent waste generation.
Waste reduction in a ton	218 tons

photo



To encourage colleagues to implement energy-saving and waste-reduction measures within their respective facilities, we have established four awards among various energy-saving categories, with monetary incentives for specific initiatives. These awards will be calculated and presented at the end of the year.



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4.9 The Management and Adaptation of Climate Change Risks

Foreword

The rising frequency of extreme weather events in recent years is a chilling harbinger of the imminent crisis associated with global warming. National and regional governments all over the world attach increasing importance to climate-related issues and induce enterprises to incorporate such issues into their corporate management practices through legal amendments and legal system reforms. In addition to the identification of operational risks arising from climate change, we incorporate the core elements (governance, strategy, risk management, and metrics and targets) of climate-related disclosures recommended by the Financial Stability Board (FSB) in its TCFD (Task Force on Climate-Related Financial Disclosures) Framework into our corporate management practices. We further disclose our governance performance in our sustainability reports to give stakeholders a clear understanding of the impact of climate change-related risks and opportunities and adopt countermeasures to mitigate such impacts on our operations. Since there have been no substantial changes over the past two years, we continue to use the 2022 climate change risk and opportunity assessment.



1 Governance / Risk and opportunity governance

The General Manager serves as the Chairperson of the Climate-related Risk and Opportunity Governance Committee; the Sustainable Development Department initiates discussions, identifications, and assessments by the ESG Committee; the Board of Directions adopts resolutions on climate-related issues



2 Strategy / Business and financial strategy planning (actual and potential)

- Consultation of the 2022 Short-, Medium-, and Long-term Climate Risk and Opportunity Table
- Consultation of climate-related impacts
- We have conducted discussions of the 2°C (2DS) scenario in the context of Sustainability Committee meetings paired with assessments of other climate-related physical risk scenarios with the aid of tools provided by the Taiwan Climate Change Projection and Information Platform (TCCIP). We finally decided to adopt the 2DS/RCP2.6 as our climate change-related physical risk scenario. Descriptions of climate-related risks and opportunities with a focus on physical risks and legal transition risks are provided in the context of this scenario.



3 Risk Management / Climate-related risk management process

Risk identification, assessment, and management process (see flow chart)



4 Metrics and Targets / Metrics and targets for climate-related risks

- rPET sales rate of 17.19% in 2023
- Annual power saving rate of 1%; total energy savings of 4,423,304 kWh (4.89%) exceed 1% of the total power consumption (904,692 kWh) in 2023
- Active promotion of improvements (energy conservation, waste reduction, manufacturing); optimization of the improvement proposal mechanism, a total of 74 improvement proposals were submitted, 30 energy conservation and 8 waste reduction initiatives in 2023
- Recycling and reuse rate of 46.07% for trimmings generated in production processes
- Successful completion of GHG inventories and third-party verifications in 2023
Scope 1 emissions: 1,071.1939 MT CO_{2e} ;
Scope 2 emissions: 44,731.3155 MT CO_{2e} ;
Scope 3 emissions: 135,051.5315 MT CO_{2e}
- Renewable energy usage rate of 15% in 2030

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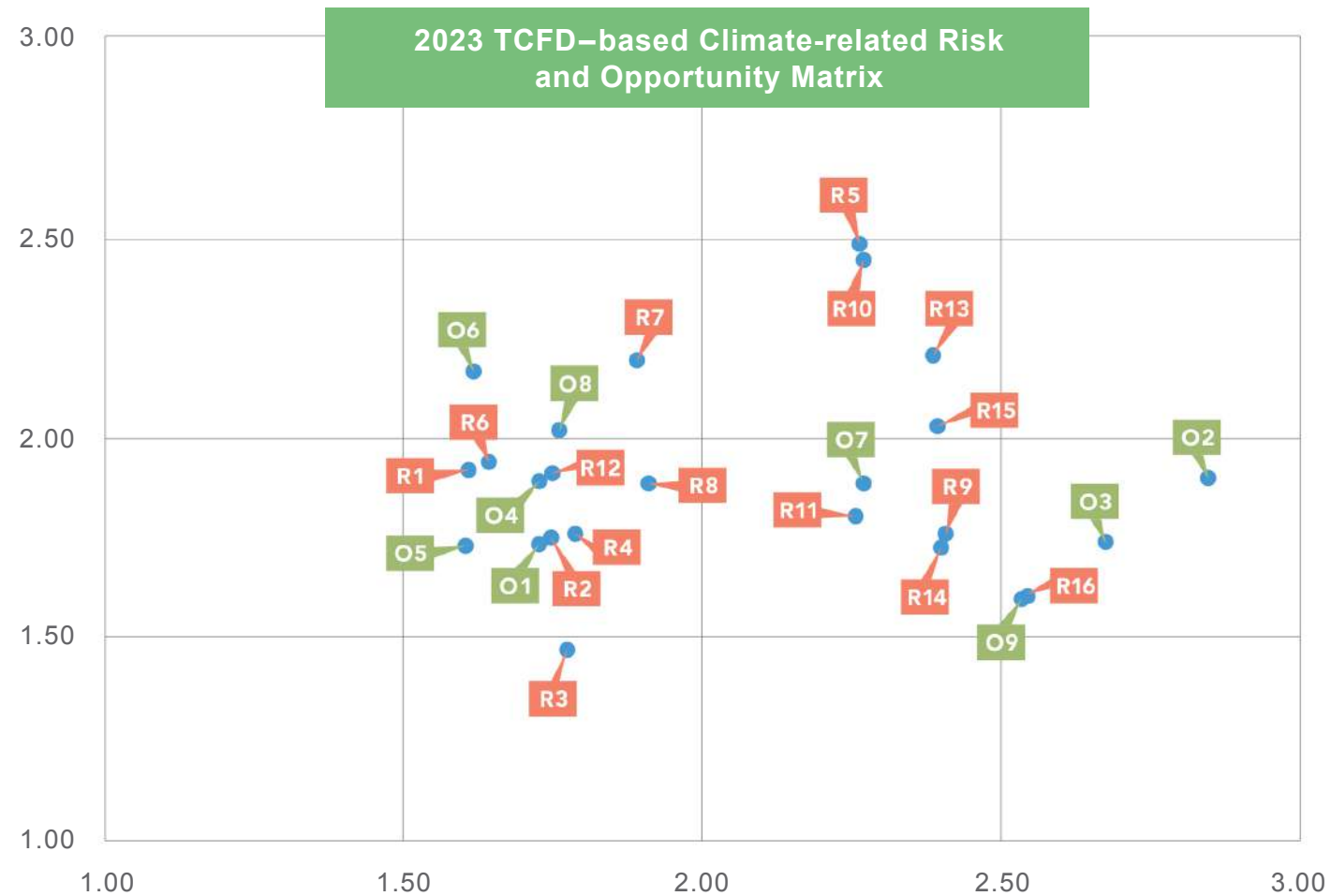
1 Governance

Climate change–related discussions and assessments are conducted by the ESG Committee. Relevant resolutions are adopted by the Board of Directors. The operations of seven task forces set up under the ESG Committee are coordinated by the Sustainable Development Department. TCFD–related climate governance practices are reported to the board level as a reference for the decision–making process on an annual basis.



2 Strategy

In response to the impact of climate–related risks and opportunities on strategy and financial planning, we adopt counterstrategies based on the results of quantitative and qualitative climate scenario analysis in the context of the TCFD framework. After conducting discussions of the 2°C (2DS) scenario in the context of ESG Committee meetings paired with assessments of other climate–related physical risk scenarios with the aid of tools provided by the Taiwan Climate Change Projection and Information Platform (TCCIP), we finally decided to adopt the 2DS/RCP2.6 as our climate change–related physical risk scenario. Descriptions of climate-related risks and opportunities with a focus on physical risks and legal transition risks are provided in the context of this scenario. The following specific ranges were defined based on climate risks and opportunities within the operational scope of the Company concerning other TCFD reports of the manufacturing sector: one decade as the time frame for long–term operational development (short–, medium–, and long–term have been defined as periods of 1–3, 3–5, and 6–10 years, respectively).



Note 1: Short–, medium–, and long–term have been defined as periods of 1-3, 3-5, and 6-10 years.

Note 2: The circles and squares in the above matrix indicate risks and opportunities, respectively (the background colors indicate the materiality of identified risks and opportunities).

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No.	Climate-related risks	Risk level	Time frame/scope
R1	Increased pricing of GHG emissions	Low	Medium- and long-term
R2	Enhanced emissions-reporting obligations	Low	---
R3	Mandates on and regulation of existing products and services	Low	---
R4	Exposure to litigation	Low	---
R5	Substitution of existing products and services with lower emissions options	High	Short-, medium-, and long-term
R6	Unsuccessful investment in new technologies	Low	---
R7	Costs to transition to lower emissions technology	Low	Medium- and long-term
R8	Changing customer behavior	Low	Medium- and long-term
R9	Uncertainty in market signals	Medium	---
R10	Increased cost of raw materials	High	Short-term
R11	Shifts in consumer preferences — Stigmatization of sector	Medium	---
R12	Increased stakeholder concern or negative stakeholder feedback	Low	---
R13	Increased severity of extreme weather events such as cyclones and floods	High	Short-, medium-, and long-term
R14	Changes in precipitation patterns and extreme variability in weather patterns	Medium	---
R15	Rising mean temperatures	Medium	---
R16	Rising sea levels	Medium	---

No.	Climate-related risks	Risk level	Time frame/scope
O1	Use of more efficient modes of transport	Low	---
O2	Use of more efficient production and distribution processes	High	Short-, medium-, and long-term
O3	Use of recycling	Medium	Medium- and long-term
O4	Reduced water usage and consumption	Low	---
O5	Use of lower-emission sources of energy	Low	Medium- and long-term
O6	Use of supportive policy incentives	Low	---
O7	Use of new technologies	Medium	Medium- and long-term
O8	Participation in the carbon market	Low	Long-term
O9	Shift toward decentralized energy generation	Medium	Long-term



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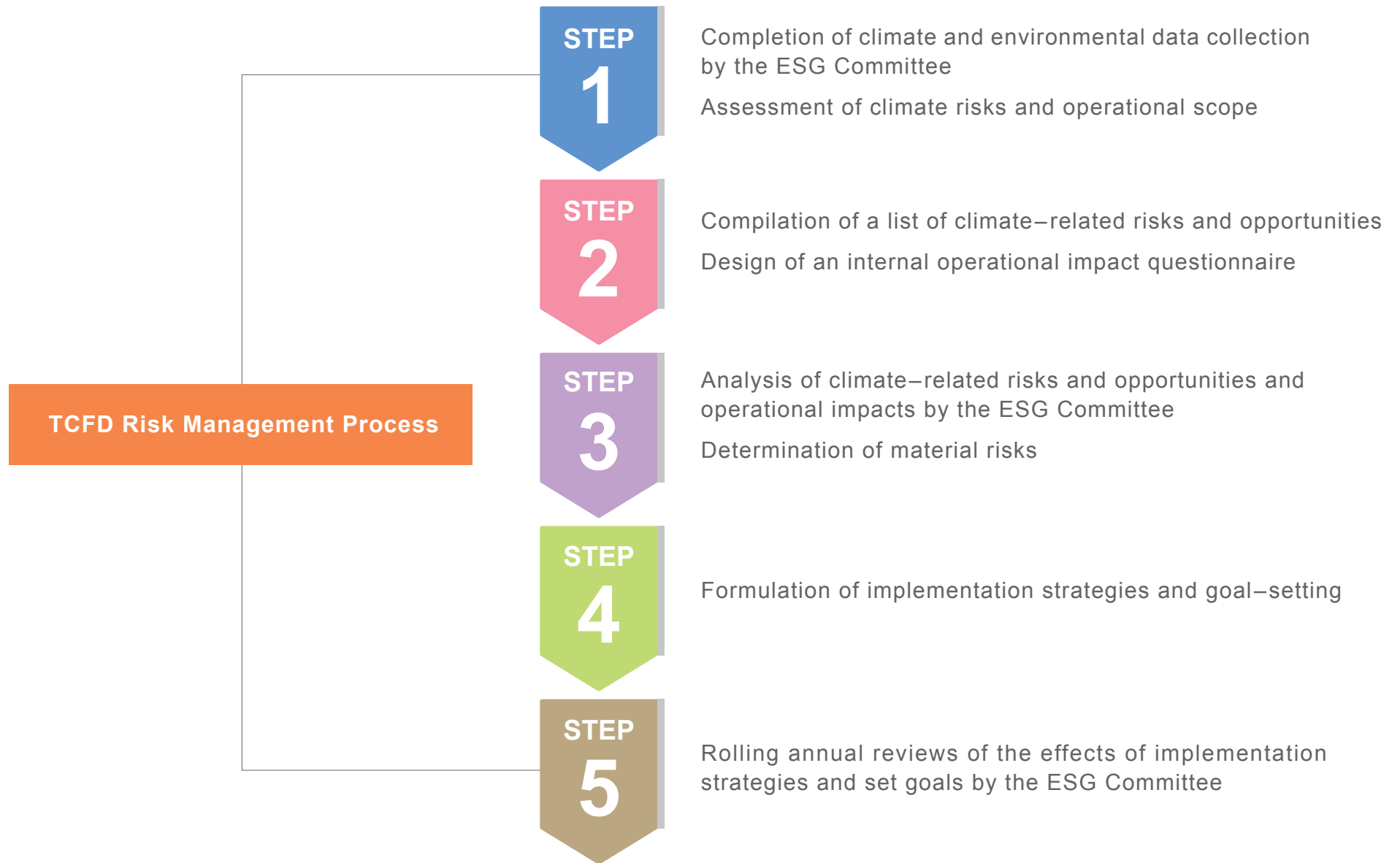
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3 Risk management

Our ESG Committee convened a TCFD Discussion Meeting on January 18, 2023. This meeting served as a platform for discussions of climate-related impacts on each department and identified opportunities by committee members and other participants based on the TCFD framework and recommendations. The meeting participants discussed and identified transition risks (policy and legal, technology, market, and reputation risks), physical risks (acute and chronic risks), and opportunities (resource efficiency, energy source, product and services, markets, and resilience).



Note: This flow chart illustrates the process of tracking and monitoring climate-related risks and opportunities, data collection, and determination of risk levels based on the risk matrix by the Company. The ESG Committee carries out comprehensive analyses, assessments, and reviews for strategy and goal formulation. Performance achievement is tracked annually through rolling reviews.

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2023 Climate-related risks and financial impacts			
Category	Risk	Description	Financial impact
Transition risks	Substitution of existing products and services with lower emissions options	Because the use, promotion, or development of low-carbon products is reflected directly in rising supply chain costs and raw material prices, these two dimensions are inextricably intertwined and mutually interrelated.	Rising low-carbon product costs
	Increased cost of raw materials		Decreased demand for products and services
Physical risks	Increased severity of extreme weather events such as cyclones and floods	Smooth operations of the response mechanism are maintained through scrutiny of weather patterns and regular organization of emergency drills and training. Patrols are conducted and relevant reporting mechanisms are activated when special weather reports are received.	Impact on workforce management and planning Declining production capacities
Resource efficiency opportunities	Use of more efficient production and distribution processes	We have already adopted proposals for efficiency improvements and convene quarterly ESG Committee meetings to implement tracking and reduce energy consumption through the use of high-efficiency equipment. Use of self-generated renewable energy Scrutiny of freight forwarder conditions and selection of low-carbon transportation methods	Increased production capacities and revenues, and reduced operating costs



4 Metrics and targets

We have formulated the following metrics and targets based on the TCFD climate-related risks and opportunities:

1. rPET sales rate of 17.19% in 2023
2. Annual power saving rate of 1%; total energy savings of 4,423,304 kWh (4.89%) exceed 1% of the total power consumption (904,692 kWh) in 2023
3. Active promotion of improvements (energy conservation, waste reduction, manufacturing); optimization of the improvement proposal mechanism, a total of 74 improvement proposals were submitted, 30 energy conservation and 8 waste reduction initiatives in 2023
4. Recycling and reuse rate of 46.07% for trimmings generated in production processes
5. Successful completion of GHG inventories and third-party verifications in 2023
 Scope 1 emissions: 1,071.1939 MT CO_{2e} ;
 Scope 2 emissions: 44,731.3155 MT CO_{2e} ;
 Scope 3 emissions: 135,051.5315 MT CO_{2e}
6. Renewable energy usage rate of 15% in 2030



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Employee Care

KYF considers employees as the most critical foundation for sustainable operation. We are dedicated to building up a healthy, safe, and happy workplace that ensures adaptive development for employees.

5.1 Employee Overview and Manpower Structure

Through manpower analysis, this company keeps track of changes in employee number, understates the distribution of the company’s manpower structure (age, gender, academic background, and so on), enforces real-time adjustments by operation needs, and invests more in professional talents hoping that all employees can work hand-in-hand with KYF towards the path of sustainable operation and development.

KYF’s headquarters is located in the Yingge Area of New Taipei City. The company has three factories in Taiwan. They are the Yingge Plant and Shulin Plant in New Taipei City and the Dongshan Plant in Yi-Lan County. We utilize “head count” in conducting statistics. As of the end of 2023, there were a total of 463 full-time employees, with 301 male (accounting for 65.0%) employees and 162 female (accounting for 35.0%) employees. Additionally, there were 11 temporary and outsourced workers.

Statistics on the company’s numbers of employees (including part-time/outsourced employees) based on work regions and gender were as follows:

Statistics / Year		2021		2022		2023	
Total Number of Employees		507		476		463	
Employment Contract		Non-Fixed Term	Fixed Term	Non-Fixed Term	Fixed Term	Non-Fixed Term	Fixed Term
Gender	Male	318	3	304	4	301	0
	Female	184	2	166	2	162	0
Area	Shulin	97	0	89	0	58	0
	Yingge	219	5	202	2	232	0
	Dongshan	186	0	179	4	173	0
Employment Category		Full-Time	Part-Time	Full-Time	Part-Time	Full-Time	Part-Time
Gender	Male	319	2	306	0	301	0
	Female	185	1	168	2	162	0
Area	Shulin	97	0	89	0	58	0
	Yingge	221	3	202	2	232	0
	Dongshan	186	0	183	0	173	0

Note 1: Employment contracts are categorized into non-fixed term contracts for employees (full-time) and fixed-term contracts for employees (short-term-cooperative education students, seasons, and the specific project period).

Statistics for non-employee workers:			
	2021	2022	2023
Total Number of Non-Employee Workers/Category	12	13	11
Packaging Personnel (Indirect Contract/Outsourced)	2	2	0
Security (Indirect Contract/Long Term In-House)	9	9	9
Cleaning (Indirect Contract/Long Term In-House)	0	1	1
Catering (Indirect Contract/Long Term In-House)	1	1	1



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5.2 Talent Acquisition and Turnover

5.2.1 Talent Acquisition

- Recruitment: We recruit talents through diversified channels that include channels of job hunting websites, employment service stations, new Southbound Industry Classes, and participation in job fairs. The company also attends local community recruitment activities to offer feedback to communities by providing local employment opportunities.
- Retention: Talent Acquisition is not affected by gender, religion, ethnicity, nationality or political preference, educational background, or age. Once retention is confirmed, all labor terms entered between the company and employees comply with local regulation requirements, which include salary, overtime fee, labor and health insurance, and severance/pension payment. Employee benefits of group insurance are also provided accordingly.

5.2.2 Talent Turnover

- Due to the pandemic impact and low birth rate, there is a severe shortage of labor the in talent market. A total of 87 new employees were recruited in 2023. This accounts for 18.8% of all employees, whose data was 1.4% lower compared with the one for 2022.

Statistics for New Employees during the Last 3 Years							
New Employee Statistics/Year		2021		2022		2023	
		Total	Percentage (Note)	Total	Percentage (Note)	Total	Percentage (Note)
Age	Under 30	55	10.8%	34	7.1%	30	6.5%
	Above 30 and Under 50	63	12.4%	59	12.4%	54	11.7%
	Above 50	13	2.6%	3	0.6%	3	0.6%
Gender	Male	75	14.8%	63	13.2%	60	13.0%
	Female	56	11.0%	33	6.9%	27	5.8%
Academic Background	Above University	50	9.9%	34	7.1%	23	5.0%
	College	7	1.4%	6	1.3%	5	1.1%
	Senior High (Occupational High) School	44	8.7%	21	4.4%	9	1.9%
	Below Junior High / Primary School	30	5.9%	35	7.4%	50	10.8%
Area	Shulin Plant	15	3.0%	6	1.3%	1	0.2%
	Yingge Plant	59	11.6%	35	7.4%	56	12.1%
	Dongshan Plant	57	11.2%	55	11.6%	30	6.5%

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- Increase employee retention rate: In 2023, the company initiated multiple measures for hiring talents. There were a total of 96 employees resigned excluding employees leaving because of retirement or expiration of contract term. Among them, there were 30 female employees and 66 male employees. The average monthly turnover rate was 0.9% and this was 0.3% lower than the average monthly turnover rate in 2022.

Employee Turnover Statistics/Year		2021		2022		2023	
		Total	Percentage (Note)	Total	Percentage (Note)	Total	Percentage (Note)
Age	Under 30	44	8.7%	40	8.4%	22	4.8%
	Above 30 and Under 50	76	15.0%	79	16.6%	67	14.5%
	Above 50	13	2.6%	12	2.5%	7	1.5%
Gender	Male	71	14.0%	77	16.2%	66	14.3%
	Female	62	12.2%	54	11.3%	30	6.5%
Academic Background	Above University	36	7.1%	44	9.2%	25	5.4%
	College	14	2.8%	6	1.3%	7	1.5%
	Senior High (Occupational High) School	39	7.7%	22	4.6%	26	5.6%
	Below Junior High / Primary School	44	8.7%	59	12.4%	38	8.2%
Area	Shulin Plant	13	2.6%	13	2.7%	13	2.8%
	Yingge Plant	57	11.2%	59	12.4%	44	9.5%
	Dongshan Plant	63	12.4%	59	12.4%	39	8.4%

Note: Percentage = Number of Individuals from Age, Gender, Academic Background, Region ÷ Total number of employees in the year



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5.2.3 Diversity and Inclusion

- Support employment diversity and equity with actions: We uphold the concept of equality for everyone. In addition to employing foreign workers from multiple countries, the company also leverages its inclusion spirit in hiring native foreign spouses (the so-called “spouses from China, spouses from other countries”) by employing 0 part-time workers and 3 interns. In terms of promotion, nationality is not a factor to be considered. Promotion is offered depending on management capability. There were five supervisors with foreign nationals in 2023.
- Care for disadvantaged groups: We pay special attention to employment for disadvantaged groups. The company retains a total of 8 mentally/physically disadvantaged individuals including 2 individuals with severe physical disability. In terms of proportion, our employees have 1.7% disability people, which is more than the mandatory employment 1.0% rate based on the “People with Disabilities Rights Protection Act.” In addition, the company also employs 6 financially disadvantaged employees, and this accounts for 1.3% of the total employee number. In the event the company needs extended working hours (overtime), such employees with urgent financial needs than those of other employees will be considered. Therefore, departments will be requested to arrange overtime for employees of this group to increase their income.

Statistics on Diversity/Year			2021		2022		2023		
			Number of Individuals	Percentage	Number of Individuals	Percentage	Number of Individuals	Percentage	
Operation Management	Gender	Male	3	60.0%	2	50.0%	2	50.0%	
		Female	2	40.0%	2	50.0%	2	50.0%	
	Age	Under 50	2	40.0%	2	50.0%	2	50.0%	
		50~60	2	40.0%	1	25.0%	1	25.0%	
		Above 60	1	20.0%	1	25.0%	1	25.0%	
	Academic Background	Above University	3	60.0%	2	50.0%	3	75.0%	
		College	1	20.0%	1	25.0%	0	0.0%	
Senior High (Occupational High) School		1	20.0%	1	25.0%	1	25.0%		
Below Junior High/Primary School		0	0.0%	0	0.0%	0	0.0%		
Employee	Direct	Gender	Male	301	60.0%	289	61.2%	286	62.3%
			Female	143	28.5%	128	27.1%	118	25.7%
	Age	Under 30	94	18.7%	76	16.1%	68	14.8%	
		Above 30 and Under 50	301	60.0%	289	61.2%	281	61.2%	
		Above 50	49	9.8%	52	11.0%	55	12.0%	
	Academic Background	Above University	19	3.8%	17	3.6%	44	9.6%	
		College	69	13.7%	65	13.8%	30	6.5%	
		Senior High (Occupational High) School	139	27.7%	143	30.3%	127	27.7%	
		Below Junior High/Primary School	217	43.2%	192	40.7%	203	44.2%	

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Statistics on Diversity/Year				2021		2022		2023	
				Number of Individuals	Percentage	Number of Individuals	Percentage	Number of Individuals	Percentage
Employee	Indirect	Gender	Male	17	3.4%	17	3.6%	13	2.8%
			Female	41	8.2%	38	8.1%	42	9.2%
		Age	Under 30	8	1.6%	3	0.6%	1	0.2%
			Above 30 and Under 50	37	7.4%	41	8.7%	44	9.6%
			Above 50	13	2.6%	11	2.3%	10	2.2%
		Academic Background	Above University	9	1.8%	8	1.7%	29	6.3%
	College		34	6.8%	35	7.4%	15	3.3%	
	Senior High (Occupational High) School		13	2.6%	10	2.1%	9	2.0%	
	Below Junior High/ Primary School		2	0.4%	2	0.4%	2	0.4%	

Note: The management team is the same as the management team and organizational chart in 3.2.1.1.

Statistics for Employment of Physically Disadvantaged Individuals During the Last 3 Years					
Year	Shulin	Yingge	Dongshan	Total	Employment Percentage
2021	2	2	2	6	1.2%
2022	3	2	3	8	1.7%
2023	2	3	3	8	1.7%



- We comply with related labor laws from the International Labour Organization, the International Organization for Migration, various international covenants, and the Domestic Labor Standards Act. Starting in 2022, the company initiated a full-scale implementation of a "Zero Relocation Fee" policy for migrant workers. To protect migrant worker's rights, related expenses incurred during the employment process such as domestic and foreign pandemic prevention expenses, domestic and foreign service fees, physical examination fees and residence certificate fees will all be assumed in full amount by the company. This not only releases migrant workers' financial pressure when coming to Taiwan but also allows migrant workers to utilize these saved expenses to improve their quality of life as well as that of their families. "Zero Placement Fee" policy for migrant workers has resulted in the reimbursement of fees for a total of 126 migrant workers, amounting to \$3,103,811 TWD in 2023. Each migrant worker can save an average of \$24,633 TWD on transportation expenses.



- We promoted a new workplace culture through DEI (Diversity, Equity, and Inclusion), celebrating the Philippines holiday Christmas together in 2023. We organized the event "Filipino Sweet Christmas" to enhance employees' sense of belonging and significantly boost morality within the company.

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5.2.4 Upgrading Employee Skills and Transition Assistance Programs

The company has been focused on every employee’s growth and development, and will always accompany employees until their retirement. As required by the Labor Standards Act, a pension fund of no less than 6% of each month’s wage is appropriated each month to the employee’s personal pension fund account in the Bureau of Labor Insurance to offer protection for the employee’s retirement life. To allow employees to retire comfortably, the company will send out caring e-mail to provide pre-retirement assistance for a smooth transition into the new life stage at the time when employees are approaching their retirement lives.

For native employees (whose spouses are from China and other foreign nations), we will award medals to them upon retirement to recognize their contribution and hard work over the years. Medals and cash gifts will also be awarded to migrant workers leave this country upon expiration of their work contract as a wonderful memory conclusion.

In the event of the company’s termination of the employment relationship, the company will also comply with Labor Standards Act requirements and provide appropriate compensations by calculating severance pay based on average wage and years of service.

5.3 Talent Development System

Material Topic	Talent Development
Significance for the Company	KYF hopes to establish a learning-type organization. We not only emphasize enhancing employees’ professional knowledge, skill, and attitude but also hope to create a joint-growth learning type organization through a comprehensive education and training system. We are convinced that only employees who continue to learn will be able to ensure corporate sustainable operation and development.
Impact	When employees are overwhelmed by the unreasonable workload, their capability to enhance expertise is limited. As a result, the company cannot catch up with changes in the market, and therefore the company lacks market competitiveness.
Policy and Commitment	To achieve the company’s talent development goals, we have established a systematic training program designed to cultivate talent in alignment with our growth strategy and financial objectives. To support this ambition, we have increased overall training hours to equip employees with diversified knowledge, professional work skills, and a collaborative attitude.
Short-term goal	Training key talents and front-line successors, and establishing an OJT (On-the-Job Training) system for new employee development.
Medium- and long-term goals	Establishment of Professional Learning blueprints for respective functionalities
Course of action	The company’s operation strategies are linked with the implementation and promotion of the Talent Quality Management System (TTQS). Complying with PDDRO (Plan/Design/Do/Review/Outcome) assessment process cycles has ensured the reliability and accuracy of the training process for the purpose to continue strengthening human capital as well as enhancing the training system’s operation efficiency.
Results	In 2023, the company’s total employee training hours reached 9,515.1 hours, with an average of 20.6 training hours per employee.
Responsible unit	HR Department

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5.3.1 Training Development System

Our training is mainly composed of 5 major systems: “Fundamental New Employee Training,” “Professional Competence Training,” “Management Competence Training,” “General Education and Core Competence Training”, and “Self–Inspiration Learning.” Courses for respective systems are planned and adjusted in real–time based on the company’s annual operation guidelines, changes in the external environment, department performance targets, and employee occupational development needs. Training courses needed for cultivating comprehensive talents are provided accordingly. In addition to internal lecturers, the company also introduces domestic and foreign quality training courses or designates respective professional talents to conduct training to enhance colleagues’ quality and their overall competitiveness.

Item/Training System	Explanation
Fundamental New Employee Training System	This training assists new employees to know the work environment and to be integrated into the company’s culture. The course also includes new employee training and learning management requirements and systems.
Professional Competence Training System	This training assists employees in cultivating work professionalism and regulatory requirements. It includes courses for occupational safety and health, production and manufacturing, quality management, sustainable development, research and design, sales and service, procurement management, general administration, finance and accounting, human resources, information technology management, and so on.
Management Competence Training System	This training assists employees to enhance management and leadership capability. It includes courses for respective levels of management, conflict management, work improvement, leadership and tutoring, and so on.
General Education and Core Competence Training System	We assist employees in understanding the company's vision, mission, and policies, establish a correct work attitude, foster team consensus, and continue the spirit of sustainable development.
Self–Inspiration Learning System	This training assists employees in developing a language or second expertise.

5.3.2 Training Performance

Our company is committed to enhancing employees' professional qualities and skill development by actively promoting various training programs. In 2023, the total training hours for our employees reached 9,515.1 hours, with an average of 20.6 hours per person. This represents an increase of 6.1 hours per person compared to the previous year. This increase is due to the government’s full subsidy for the Enterprises Human Resource Upgrade Program in 2023, which boosted the number of trainees and training hours internally. These ongoing training programs not only help improve the company’s overall competitiveness but also provide a solid foundation for the employees' career development.

Statistics/Year		2021	2022	2023
Average Training Hours per Employee (Note 1)		17.9	14.5	20.6
Employee Average Training Hours by Gender (Note 2)	Female	18.8	16.6	23.5
	Male	17.3	13.3	16.5
Employee Average Training Hours by Category (Note 3)	Direct	15.8	13.0	18.1
	Indirect	33.0	25.2	37.6

Note 1: Average Training Hours Per Employee: Total training hours for all employees for that year/Year–end total number of employees for that year.

Note 2: Average Training Hours Per Male/Female Employee: Total male/female employee training hours for that year/Total number of male/female employees for that year.

Note 3: Employee Average Training Hours by Category: Total training hours for employees of that category for that year/ Total number of employees for that category for that year.



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5.3.3 Enhancement of Training Quality

In 2021, the company introduced a Talent Quality Management System (“TTQS”) and passed the certification. Through the promotion and implementation of TTQS as well as connection with the company’s operation strategy and compliance with the PDDRO (Plan/Design/Do/Review/Outcome) assessment cycle, the company has established a set of comprehensive and systemized training system to promote training mechanism in an orderly manner. This ensures the reliability and accuracy of the training process, strengthens manpower capital continuously, and enhances the manpower training system’s operation efficiency.



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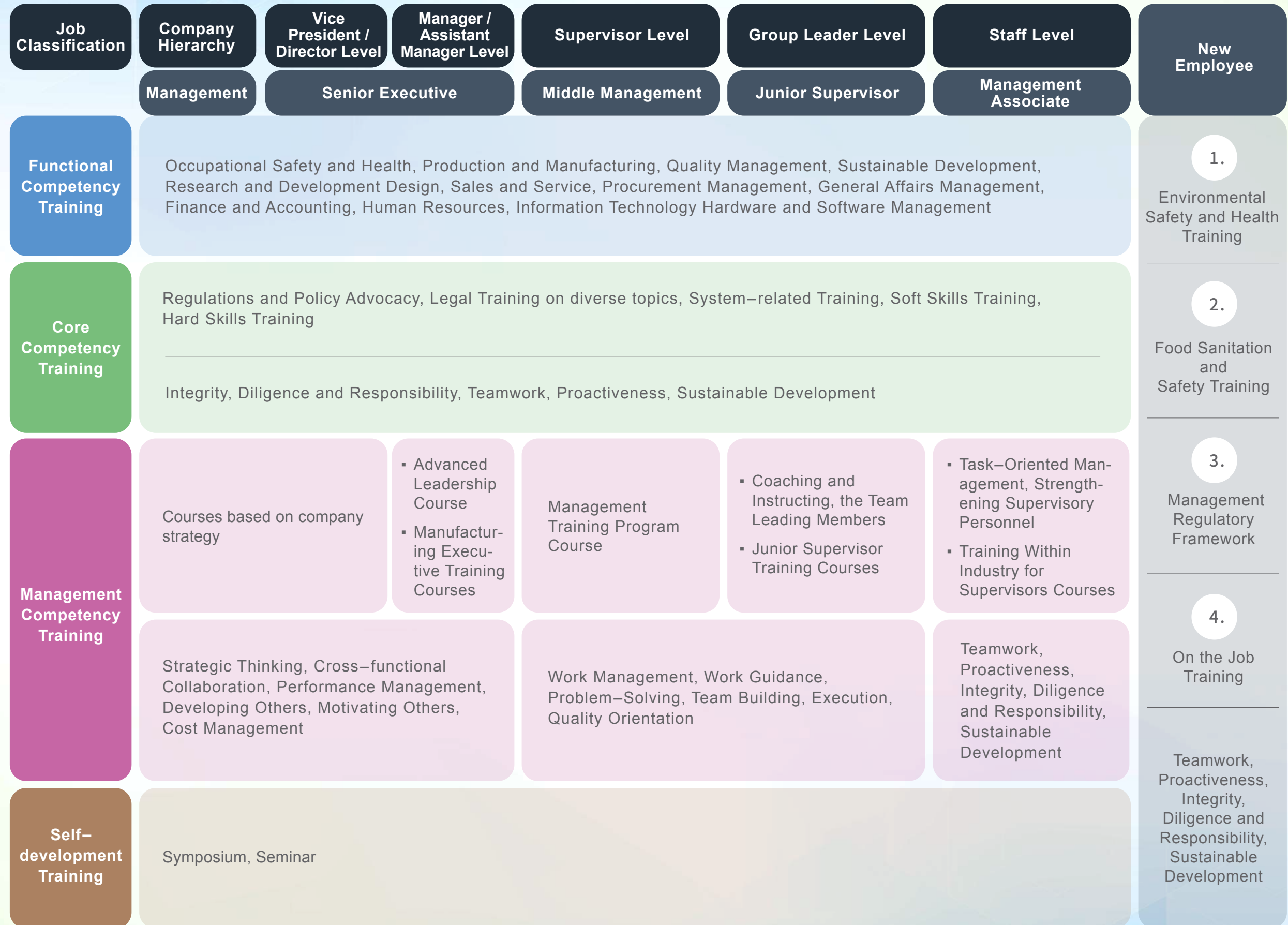
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5.3.4. Performance Assessment

To ensure the organization's operation goal connects completely with department and individual goals, the company conducts employee performance assessments every year. The scope of performance assessment includes the individual's work target, competence between responsibility and capability as well as disciplinary and reward records. It is hoped that through performance assessments, employees' work contributions and development potential can be effectively identified and cultivated to meet the long-term development needs of the business. This objective assessment principle aims to foster a fair and transparent relationship between the company, departments, and individuals, ensuring the development of necessary talents. Performance assessment results also serve as a critical reference for bonus decisions, job promotion, personnel change, salary adjustment, training development, work improvement, and additional human resource operations to place employees in the right roles and develop their talents, enhancing the company's operational performance and ensuring sustainable growth.

Employees Reviewed in 2023		Actual Number of Employees Reviewed	Total Number of Employees	Percentage
Gender	Male	275	296	92.9%
	Female	154	159	96.9%
Employee Category	Direct	375	399	94.0%
	Indirect	54	56	96.4%

Note: Employee performance review excludes new employees with less than 3 months of employment.

5.4 Compensation and Benefits

Our visions for talent hiring are committed by building up a qualitative, healthy, safe, friendly, and happy workplace where talents are willing to stay. It is hoped that on top of finding work value and a sense of achievement in KYF, employees will be able to take care of their families' needs. This allows employees to strike a balance between work and life, obtain real happiness in life, and do things that contribute to society.

Material Topic	Compensation and Benefits
Significance for the Company	Compensation and benefits are critical factors in attracting talent; therefore, the company offers a competitive compensation system and comprehensive employee benefits to attract top talent. This approach fosters employee cohesiveness, promoting mutual growth, and creating a win-win situation for both employees and the company.
Impact	Difficulty in attracting excellent talent leads to an increased employee turnover rate.
Policy and Commitment	"Talent" is the company's most important asset. Reducing employee turnover, increasing employee loyalty, enhancing company's reputation, and strengthening employees' trust and sense of belonging in the company to meet the needs for the company's development. The company has established a compensation system based on "competence and performance," which regularly reviews industry payment standards and makes timely adjustments accordingly.
Short-term goal	90+ Points for Employee Satisfaction Survey
Medium- and long-term goals	Retention of Critical Posts and Talents
Course of action	Establishment of an employee management system for job grade, job post, responsibility allowance, promotion, and demotion as well as an annual salary adjustment system, cadre bonus system, and flexible working hour measures.
Results	Satisfaction for 2023 was 93.7 points. This was 3.7 points higher than the satisfaction pre-set target, decreased by 0.5 points compared to 2022.
Responsible unit	HR Department

5.4.1 Compensation System

The company's salary is determined based on the employee's educational background, professionalism or technology, years of service, and experience. There are no differential treatments because of differences in gender, religion, race, or party.

5.4.1.1 Basic Wage

Salary times between standard starting wage for basic level personnel and local basic wage:

Employee Category	Gender	Standard Salary	Local Basic Wage	Percentage of Standard Salary over Local Basic Wage
Direct Personnel	Male	27,000	26,400	1.02
	Female	27,000	26,400	1.02
Indirect Personnel	Male	30,000	26,400	1.14
	Female	30,000	26,400	1.14

5.4.1.2. Salary Structure and Adjustment

In addition to basic salary, employees are also entitled to duty allowance, shift allowance, overtime fee, holiday bonus, attendance bonus, technology bonus, and other bonuses (such as maintenance or proposal bonuses). For stability and retention of talents, we will regularly review market salary levels obtained from job banks or external salary investigation assessments and make appropriate adjustments to employee's salaries. Special salary adjustments will be offered to talents with extraordinary performance to rival competitive salary levels in the market. The number and average and median salaries of full-time employees who do not hold supervisory positions are shown in the table below:

Year	Employees	Average salaries	Median salaries
2021	488	667	645
2022	457	649	651
2023	452	639	634

Unit: Employee / \$ Thousand TWD

5.4.1.3 Professional Technology/Skill Certification Bonus

Production units utilized practical test measures and were awarded special technology certification bonuses based on the technological capabilities of different departments (extrusion/mold/cutting/packaging). The purpose is to enhance employee's professional skills and improve the company's manufacturing technology and production capability. A total of \$6,072,200 TWD had been awarded in 2023. It was a 7.6% increase over the one for 2021, decreased by 2.1% compared to 2022. The certification bonus for 2023 decreased compared to the previous year due to a reduction in the number of recipients.

Year	Certification Award Bonus	Maintenance Award Bonus	Mold Development R&D Award Bonus
2021	4,145,650	1,284,500	180,000
2022	4,739,950	1,322,500	140,000
2023	4,632,200	1,325,000	115,000

Technological Skill Certificate and Maintenance Award Bonus (Unit: TWD)



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5.4.2 Employee Benefit Measures

We promote “Keep Your Family Balanced” philosophy, which also symbolized the company’s acronym KYF. Because of this balance between work and family, the company continues to build up a “Lifestyles of Health and Sustainability” work environment to shape a corporate culture of friendly families.

To promote a balance between work and life and mitigate employee’s burden in raising children, the company entered contracts with childcare agencies such as kindergartens – 3 in New Taipei City and 1 in Yilan – each year to offer preferential services to employees’ children enrolled in those agencies. The company also offers childcare allowances twice a year to children under 12 years old. The subsidy for these children is \$4,000 per year per child, with no limit on the number of children receiving this subsidy. In 2022, private childcare agencies were also included in the subsidy. The total number of eligible applicants in 2023 was 124, and the total amount for the company’s subsidy was \$248,000 TWD.

5.4.2.1 Birth Subsidy:

To echo the government’s promotion of birth encouragement measures and to fulfill a corporation’s social responsibilities, the company establishes guidelines for employee birth subsidies. A subsidy of \$3,000 TWD is offered to each child born by an employee or his/her spouse. The total amount for this subsidy in 2023 was \$21,000 TWD.

5.4.2.3 Benefit Subsidy:

In addition to gifts (coupons) during the employee’s birthday and three major holidays, the company also offers employee travel, children’s education subsidies, wedding subsidies, birth subsidies, relocation subsidies, medical subsidies, funeral subsidies, and so on. The company’s total subsidy amount for 2023 was \$2,630,500 TWD.

5.4.2.5 Pension System:

Our company plans employee retirement benefits by the Labor Standards Act and the Labor Pension Act, as shown in the table below:

Item	Labor Pension	
	Previous System	New System
Basis of Law	Labor Standards Act	Enforcement of the Labor Pension Act started on July 1, 2005.
Applicable Party	Employees regulated by the Labor Standards Act	
Percentage of Pension Appropriation over Salary	The company established the “Labor Pension Fund Supervision Committee” and a labor pension fund of 3% of an employee’s monthly salary is appropriated accordingly. Currently, the company has already appropriated the full amount with an appropriation of \$50,000 TWD fixed amount each month. The total amount in the old retirement accounts was \$17,533,794 TWD (as of 12/31/2023, according to the Taiwan Bank accounts).	Employer: 6% of the employee’s monthly salary Employee: (paid by employee) 0~6% of monthly salary (This can be deducted in full amount from the personal total income of that year.)
Custody Unit	Bank of Taiwan	Bureau of Labor Insurance

5.4.2.2 Provision of Dormitory:

The company offers employee dormitories to employees with accommodation needs. All dormitories are equipped with leisure facilities such as recreation rooms for employees to rest and entertain.

5.4.2.4 Designated Stores:

The company entered contracts with designated stores to offer preferential treatment to employees for activities about meals, clothes, accommodation, travel, education, and recreation.

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Terms and Methods of Payment Application	In the event an employee retires in the service unit and qualifies for pension–receiving terms stipulated in the Labor Standards Act, the employer will pay the pension accordingly.	The employee is entitled to apply with the Bureau of Labor Insurance to receive the accumulated amount in a personal account at the age of 60 years old.
Level of Employee’s Participation in Retirement Plan	100%	100%
<p>Note:</p> <p>1. Labor Pension Act (new system) was enforced on July 1, 2005. Employees working for the company at that time might select a labor pension new system, old system, or temporary no selection before July 15, 2005. For those selected temporarily no selection, the old system will continue to be applied. For employees selecting the new system, labor pension under the new system will have to be paid starting from July 1, 2005. For employees selecting the old system (including temporary no selection), they may change to select the new system within 5 years (before June 30th, 2010). After July 1, 2005, the new system will be universally applied to new employees or those who are employed again after resignation.</p> <p>2. Once the pension system under the Labor Pension Act (new system) is applied, employees may not swab back to apply the old pension system whose requirements are prescribed in the Labor Standards Act.</p>		

5.4.3 Free Meals

The company cares about employee’s hard work and provides free meals to employees. Free meals are also provided in the event of employees’ need for meals during extended work hours. Starting in 2023, the company has promoted the “one meal without meat for each month” campaign and works together with colleagues in contributing to the Earth and reducing carbon emissions.

5.4.4 Safeguard International Migrant Worker Labor Rights, Comprehensive Support of Migrant Worker “Zero Placement Fee” policy

◆ In terms of caring for migrant workers, the company complies with related applicable laws from the International Labour Organization, the International Organization for Migration, various international covenants, and the domestic Labor Standards Act. Starting in 2022, the company initiated a full-scale implementation of a “Zero Placement Fee” policy for migrant workers. To protect migrant worker’s rights, related expenses incurred during the employment process such as domestic and foreign pandemic prevention expenses, domestic and foreign service fees, physical examination fees and residence certificate fees will all be assumed in full amount by the company. This not only releases migrant workers’ financial pressure when coming to Taiwan to work, but it also allows migrant workers to utilize these saved expenses to improve their quality of life as well as that of their families. “Zero Placement Fee” policy for migrant workers has resulted in the reimbursement of fees for a total of 126 migrant workers, amounting to \$3,103,811 TWD in 2023. Each migrant worker can save an average of \$24,633 TWD on transportation expenses.

◆ After the implementation of the “Zero Placement Fee” policy, migrants from respective countries do not have to raise funds or borrow money to solve their problems for coming to Taiwan. In the meantime, they do not have to pay agency fees each month after they come to Taiwan. With this, they can work and earn their salaries without any concern. This illustrates KYF’s determination to protect migrant worker’s human rights. This policy assists in retaining migrant workers and stability in the company’s workforce while reaching a win–win situation for KYF and migrant workers.



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5.4.5 Creating a high-quality environment and achieving a balance between work and life

KYF aims to be a second home for its employees, creating a safe and comfortable work environment. In 2023, the R&D building was officially opened, designed with an open office concept similar to Google, to enhance face-to-face interactions. The facility includes a gym, yoga studio, and audio-visual room, fostering a friendlier environment where employees can balance their passion for work while enjoying life.



5.5 Human Rights Protection

The company upholds the “People Oriented” spirit and is dedicated to promoting a fair and diversified work environment for employees. To fulfill corporate social responsibility, the company protects employees’ basic human rights and related rights, supports and complies with basic human rights principles of ETI fundamental requirements, the International Labor Organization Convention (ILO Declaration on Fundamental Principles and Rights at Work), and Universal Declaration of Human Rights, establishes the company’s labor human rights policy, drafts the following management guidelines and discloses these guidelines in the company’s internal announcement platform.

Discrimination of any form is prohibited. Forced labor and employment of child labor are prohibited. Establish a safe, hygienic, and healthy work environment. Respect employee’s rights for assembly and association. Provide fair and reasonable salary and work conditions. Enforce management over supplier’s compliance with Corporate Social Responsibility (CSR) standards. Build up comprehensive employee report mechanisms. Establish official and non-official channels, including a suggestion box and e-mail complaint box that listen to employees’ voices to maintain harmonious labor and management relationships, work atmosphere, and employee rights (for details, please refer to the 5.8 win-win labor-management communication channels. In the meantime, human rights policy is promoted through internal education and training. In 2023, the total hours for the company’s employees as a whole participating in human rights training was 854 hours with a training achievement rate of 100%.

5.6 Gender Equality

Respective plans of the company all emphasize the gender equality system and comply with the requirements and spirit of the Labor Standards Act and Act of Gender Equality in Employment.



◆ A breastfeeding room is established, 7 days of “pregnancy check leave and paternity leave,” 8 weeks of maternity leave, as well as parental leave, are established by laws to protect female employee’s rights. Over-time is restricted and work on related tasks with potential danger to the mother or infant is prohibited. Equal pay for equal work applies to employees with reinstatement after maternity leave. Meanwhile, an appropriate work environment is provided to pregnant colleagues to avoid their engagement in tasks that may impact their health. Special seats are installed to mitigate their discomfort during work.

◆ Employee’s application requests for maternity leave without pay can all be processed before their children reach 3 years old. The maximum period for the leave can be 2 years. Therefore, this company has relatively fewer employees giving birth. A total of 5 employees applied for parental leave without pay in 2023. The return-to-work rate for those returning from parental leave in 2023 reached 62.5%. We have comprehensive mechanisms for deputy and family care leave. A friendly environment that takes care of family is established accordingly to enhance balance in family life while allowing employees to take care of family and work at the same time.

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Employee Parental Leave without Pay/Year	Gender	Statistics		
		2021	2022	2023
Total number of employees that were entitled to parental leave	Male	15	22	23
	Female	5	7	8
Total number of employees that took parental leave	Male	0	4	3
	Female	8	4	2
Total number of employees that should have returned to work in the reporting period after parental leave ended (A)	Male	0	1	4
	Female	3	8	4
Total number of employees that returned to work in the reporting period after parental leave ended (B) (including an early return to work)	Male	0	1	3
	Female	3	3	2
Return to work rate (B/A)	Male	0.0%	100.0%	75.0%
	Female	100.0%	37.5%	50.0%
Total number of employees retained 12 months after returning to work following a period of parental leave (C)	Male	0	0	1
	Female	3	1	2
Retention Rate (C/Previous Year B)	Male	0.0%	0.0%	100.0%
	Female	75.0%	33.3%	66.7%

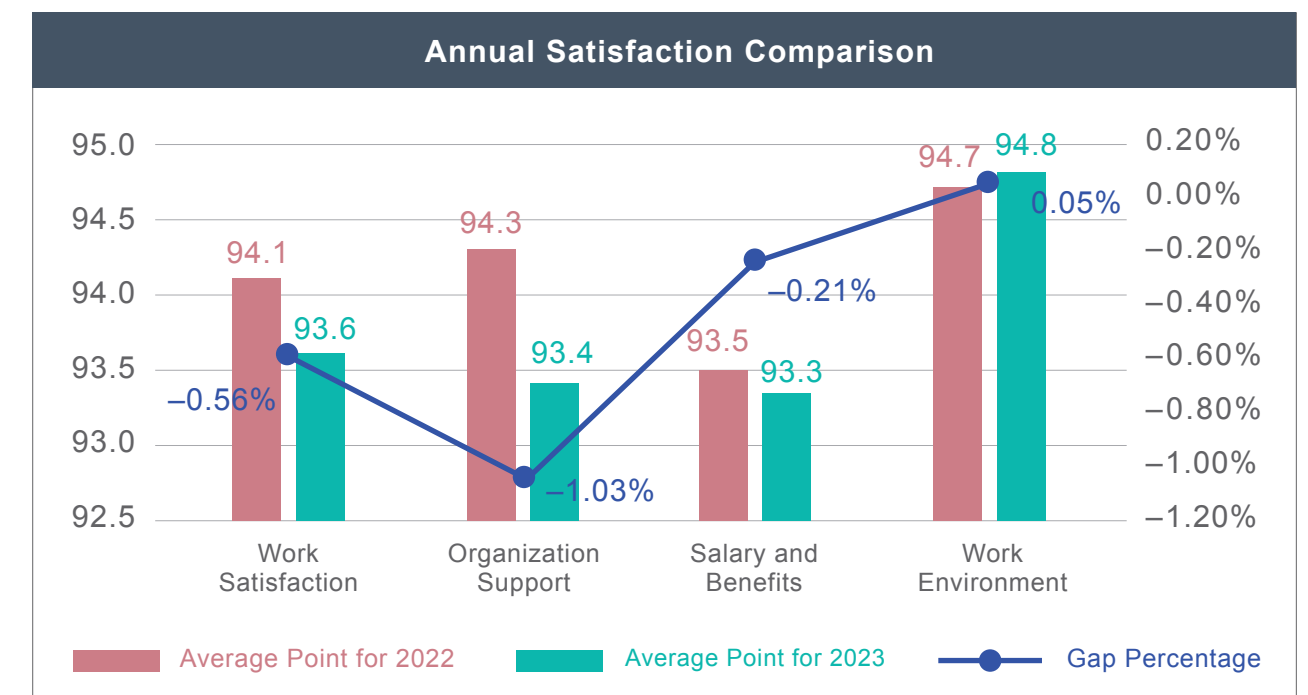
Note 1: The total number of employees that were entitled to parental leave is based on the accumulated number of male and female employees applying for maternity leave and paternity leave during the last 3 years.

Note 2: Return to work rate = (Total number of employees that did return to work after parental leave / Total number of employees due to return to work after taking parental leave) * 100%.

Note 3: Retention rate = (Total number of employees retained 12 months after returning to work following a period of parental leave / Total number of employees returning from parental leave in the prior reporting period) * 100%.

5.7 Employee Satisfaction

To continue to understand employee's thoughts and build up a happy work location for the company, we conduct an employee satisfaction survey every year. Investigation and analysis are conducted focusing on four major perspectives of work balance, development, salary, and work environment. The satisfaction target for 2023 was set at 90 points, and the overall average satisfaction score for 2023 was 93.7 points. This was 3.7 points higher than the satisfaction pre-set target, which decreased by 0.52% compared to 2022. Among them, the average score for the work environment aspect increased by 0.05%. The likely reason for this improvement in the work environment was attributed to enhancements in the environment and equipment, which in turn improved work quality and employee experience. However, the average score for organizational support decreased by 1.03%. It was determined that the current talent training structure should be further improved to enhance employees' trust in the organization and promote talent retention. The satisfaction survey did not use a 5-point scale in 2021, making it impossible to compare with 2022 and 2023.



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5.8 Win–Win Labor–Management Communication Channels

The company has always been open to employee’s voices. In addition to actively caring for employees from time to time, it also holds labor and management meetings regularly as required by laws. Meanwhile, the company has already established employee complaint channels for years. If employees are treated unfairly or unreasonably during work, when their rights are infringed, or when they report other’s inappropriate infringement of the company’s interest, employees are capable of filing a complaint accordingly. In 2023, there were 2 internal complaints and 2 external complaints. After investigation, all cases were handled according to the workplace unlawful infringement and personnel evaluation committee procedures. The 3 cases were found to be valid, and one was not. All cases have been closed, and the complainants have been duly notified according to regulations.

5.8.1 Designated Caring Little Angel

Department of Human Resources has designated personnel across all plants working on caring for local and migrant workers in their respective plants. Workers may explain to responsible personnel their difficulties in work or life. Responsible personnel will also actively offer concern when they learn of employees encountering problems. This helps in solving problems smoothly while achieving the purpose of retention. In addition to raising concerns to supervisors and migrant worker agents when having doubts, migrant workers may also raise their concerns directly to responsible personnel in their respective plants. Responsible personnel will then discuss these concerns with department management or request migrant worker agents to offer assistance accordingly.

5.8.2 Regular Holding of Labor/Management Meetings

The company holds labor and management meetings every 3 months. These meetings are attended by representatives from both labor and management. Management representatives explain the company’s operation’s latest status and significant matters while labor representatives may reflect voices from employees. This renders positive assistance to communications between labor and management. Labor and management meetings offer open discussions on work rules updates, promotion of win–win activities, employee travel as well as issues raised by the benefit and salary committee. This applies to all KYF employees. Currently, no collective bargaining agreement has been entered. However, we’re convinced that continuous communication between labor and management will assist in the company’s harmony and future development.

5.8.3 Migrant Worker Care Meeting

The company takes every employee’s voice very seriously. In addition to native migrant workers, the company also holds migrant worker care meetings each month, with meetings held in the Shulin and Yingge plants once every two months starting from January and in the Dongshan Plant once every two months starting from February. Through these meetings, the company promotes related policies. Additionally, the company also understands more about migrant’s life, work, and physical/mental/spiritual status through these meetings. Furthermore, the company also established text message groups with migrant workers for the sake of two–way communication from time to time.

5.8.4 Employee Opinion Mailbox

The company established management guidelines for employee complaints. If an employee encounters an unreasonable matter and it is inconvenient to report to a supervisor, he or she may express his or her opinion, in verbal words or in writing, directly to the company’s complaint contact window to seek help. After the Department of Human Resources receives the complaint, designated related personnel will be assigned to conduct an investigation depending on the severity of the scenario and related individuals will be notified to come up with an explanation accordingly. The process and result of case handling will all be recorded confidentially to protect the whistle–blower’s rights and provide a fair and reasonable work environment.

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5.8.4.1 Employee complaint channel, related plan, and prevention measures are as follows:

1. "Prevention Plan for Illegitimate Infringement Inflicted During Execution of Duty": If an employee encounters unreasonable matter, or suffers from physical or mental illegitimate infringement (including physical violence, mental violence, language violence, sexual harassment) from another's behavior during execution of duty, he or she may submit workplace violence incident complaint form to the company's complaint contact window to seek help.
2. Guidelines for Workplace Sexual Harassment Prevention Measures, Report, and Punishment: These guidelines have specifically included measures prescribed hereto in work rules. In addition to filing a report by these guidelines, colleagues may also refer to Paragraph 1 and file a report accordingly.
3. Report Channels:
 - Acceptance and Investigation Unit: Department of Human Resource
 - Employee Opinion Mailbox: Colleagues can submit paper complaints
 - Report Hot Line: +886 2 86776555 ext. 2321~4
 - Employee Suggestion Mailbox (email): hr@kyf.com.tw

5.8.5 Sexual Harassment Prevention Measures

We are dedicated to the prevention of sexual harassment and the improvement of workplace facilities to protect employees from sexual harassment. The promotion of guidelines for sexual harassment prevention and matters regarding employee rights is also conducted regularly. In response to Taiwan's #MeToo movement in 2023, we also arranged for a speaker to share workplace gender equality regulations.



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5.9 Occupational Safety

KYF deeply understands that “people” are the foundation of a corporation’s sustainable development. The company is responsible for building up a safe and healthy work environment for stakeholders. To implement occupational safety and health more systematically, all of the company’s business footprints have all introduced an occupational health and safety management system (ISO 45001:2018) to ensure steps – including product development, manufacturing, testing, and sales – during the operation process comply with occupational health and safety regulations and other related requirements for prevention of incidents. Additionally, the company conducts risk assessments, internal audits, and external audits every year. Through Plan–Do–Check–Act (PDCA), the company continues to improve processes and enhance workplace health and safety protection measures to avoid occupation disasters caused by unsafe behavior, environment, and equipment as well as fulfill its responsibility to protect employee’s health and safety.

Material Topic	Occupational Health and Safety
Significance for the Company	The company needs to ensure that employees and contractors comply with health and safety regulations and standard requirements, build up a work environment of zero occupational injury or disaster, and protect workers’ health and safety to fulfill its responsibility as an employer and owner.
Impact	<ol style="list-style-type: none"> 1. Corporate Image: A company that values employee safety and health is often seen as a trustworthy and reliable brand. This helps improve the company's image and reputation, attracting more talent, customers, and investors. 2. Economic Impact: Employees in a safe and healthy work environment are more able to focus on their work. Reducing accidents and illnesses can lower the frequency of work interruptions, ensuring the continuity of production lines or services, and improving productivity and work efficiency.
Policy and Commitment	KYF upholds the philosophy of "Safety first, Zero occupational injury or disaster," as well as taking care of employees' physical and mental health. Under this philosophy, we pursue continuous improvement and problem prevention to fulfill our social responsibilities and achieve sustainable development in corporate safety and health.
Short-term goal	<ol style="list-style-type: none"> 1. The number of occupational disaster cases in 2024 is zero. 2. Promote the safety and health digital learning platform, providing 2 hours of annual training for all employees. 3. Obtain more safety-related certifications or professional qualifications.
Medium- and long-term goals	<ol style="list-style-type: none"> 1. Achieve the goal of zero work injuries and zero accidents. 2. Create a healthy workplace to promote the physical and mental well-being of employees.
Course of action	<ol style="list-style-type: none"> 1. Corporate Governance: The Occupational Health and Safety Management System (ISO 45001:2018) is introduced for compliance with occupational safety-related regulations and to ensure system effectiveness. The company continues to improve to build up a work environment that allows employees to work without concern. “Occupational Safety Encouragement Guidelines” are drafted to encourage employees to fulfill work safety. We have established the “Management Regulations for Hazard Identification and Risk Assessment, ” which utilize graded control to plan operational safety control measures, minimizing risks to the lowest level. 2-1. Personnel: Honesty and integrity are the core values for work ethic and regulation compliance. They are constructed through the drafting of a series of regulations, realization and implementation, self-review, smooth report channels, and whistle-blower protection. Self-review of the compliance situation is conducted through an annual internal control self-assessment. Guidelines for colleagues to comply with during

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Material Topic	Occupational Health and Safety
Course of action	<p>the execution of business are drafted. All colleagues, regardless of their position, job grade, or location, are requested to comply with the “Integrity Operation Code of Conduct, Moral Behavior Guidelines,” which include contents of work environment guidelines, equal opportunities, confidentiality terms, prohibition of a part-time job, avoidance of conflict of interest, gift offering or receiving, business manners, respect for employees and clients, report, protection, exemption and so on. The purpose of this is to obtain the public’s trust, enhance corporate image, and ensure the company’s sustainable operation and development.</p> <p>2-2. Education and Training: To enhance colleagues’ work ethics and regulation compliance awareness, the company takes references from laws and internal requirements and designates the Department of Health and Safety to collaborate with other responsible departments in conducting routine regulation training on colleagues of different departments/job grades. Corresponding training was given to colleagues with different responsibilities. Training included new employee training, on-the-job training, physical courses, promotion from respective units, and external training. In the meantime, through monthly health and safety promotion in plants and the company’s internal web page, compliance guidance is provided to allow colleagues access to health and safety knowledge from time to time.</p> <p>3. Environmental Health and Safety: The company safeguards corporate internal occupational safety and workplace safety. Through continuous monitoring of environmental management together with an occupational health and safety control system, the company fulfills a corporate obligation and responsibility through an environmental health and safety management system (environmental protection, health and safety, and prevention of occupational hazards).</p>
Results	<p>Achievement of 2023 Goals:</p> <p>1. Occupational Accident Incidents: Reduced occupational accidents to four cases, demonstrating our commitment to improving occupational safety and moving steadily towards the goal of "zero incidents, zero occupational accidents."</p> <p>2. On-the-Job Training: Held 43 on-the-job training sessions with a total of 458 employees participating, accumulating a total of 5,099 training hours, achieving an average of at least 11 training hours per person.</p> <p>3. Health Promotion: Conducted a health promotion weight loss competition with 22 employees participating. The total reduction in body fat percentage reached 32.5%, and the success rate of weight control among participants was 85.7%.</p> <p>Other Achievements: External Education and Training: 18 employees obtained safety and health-related certifications. Occupational Safety and Health Experience Hall: 25 senior executives visited the Ministry of Labor’s Occupational Safety and Health Experience Hall. Coordination Organization Meetings: Held regular coordination meetings with 30 subcontractors to ensure compliance with safety and health qualifications. Blood Donation Campaign: 65 participants, donated a total of 76 bags of blood.</p>
Responsible unit	Health and Safety Management Department



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5.9.1 Occupational Health and Safety Management System

Our three plants (Shulin Plant, Yingge Plant, and Dongshan Plant) comply with labor location requirements of national regulations and introduced an occupational health and safety management system (ISO 45001:2018) in 2021 and obtained third-party certification.

We constructed a new R&D building in 2023, dedicated to technological research and innovation. To ensure that the occupational safety management level of the new R&D building meets the company's standards, we have implemented the same occupational safety management system in its operations. This includes hazard identification and risk assessment, as well as the establishment of appropriate control measures to ensure workplace safety within the R&D building.

To ensure the comprehensive implementation of the occupational safety and health management system, we have applied it extensively across our three main plants — Shulin Plant, Yingge Plant, and Dongshan Plant, including the newly constructed R&D building.

This system effectively manages all work colleagues, including personnel involved in various work activities. According to the Smart Cloud Report data of Dec 2023, the overview of our work colleagues is as follows:

Scope Encompassed by Occupational Health and Safety Management System				
Workers Encompassed by Occupational Health and Safety Management System in 2023				
Management System/Regulation	Inspection Category	Number of Workers	Percentage	Note
Occupational Health and Safety Act	Labor Inspection	458	98%	Personnel with Labor Insurance (including security guard)
ISO 45001	External Verification	467	100%	Explanation of Verification Scope and Exception Worker (including security guard)

5.9.1.1 Occupational Health and Safety Committee

The company establishes “The Occupational Health and Safety Committee” by the Occupational Health and Safety Management Guidelines. The percentage of commissioners elected by labor representatives is higher than one-third as required by laws. This committee holds meetings regularly once each quarter. Labor representatives will speak for all employees and discuss related issues of environmental protection, health, and safety with heads of management levels.

Region	Plant	Total Number of Commissioners in Health and Safety Committee	Number of Labor Representatives	Labor Percentage	Number of Meetings/Year
Taiwan	Shulin Plant	11	4	37%	4
	Yingge Plant	11	4	37%	4
	Dongshan Plant	11	7	63%	4



5.9.1.2 Contractor Coordination Meeting

In terms of management of contractor safety, the company establishes a “Contractor Management Process” with contents including education and training before entering the plant, holding communication coordination meetings, and conducting danger notifications. Construction will only be allowed after the construction application form is approved before construction. Supervision of construction safety has been enhanced. (In 2023, we held a coordination meeting with 30 regularly cooperating contractors to improve compliance with the internally established "Contractor Management Procedure" regulations. During the meeting, we required contractors to provide relevant safety and health qualifications and certifications.) These measures aim to ensure that third-party contractors adhere to safety management procedures, thereby ensuring the overall safety of the workplace.

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5.9.2 Danger Identification and Risk Assessment

5.9.2.1 Danger Identification

“Management Guidelines for Danger Identification and Risk Assessment”

To ensure workplace safety, we drafted “Management Guidelines for Danger Identification and Risk Assessment” with contents including matters of personnel, location, and facility for various operation activities that may be affected by organization operation as well as operation location not directly controlled by the organization. These matters will all be implemented by the guidelines. The major execution process for occupational safety identification is as follows:



5.9.2.2 Risk Assessment

Each year, we conduct occupational safety risk assessments, with safety and health management personnel responsible for internal training. The training includes guiding each unit in evaluating related raw materials, products, activities, and services, and identifying potential hazards that could cause personnel injury or equipment loss. After assessing the risk level, we implement graded management controls based on the risk classification, set improvement goals, and monitor the effectiveness of control measures to reduce the likelihood of hazards occurring.

Hazard identification and risk assessment data were provided, with a total of 671 hazard identifications conducted across all plants: 231 at the Yingge plant, 217 at the Shulin plant, and 223 at the Dongshan plant. Based on the hazard identification results, we identified higher-risk items and developed management plans for improvement. A total of 30 improvement plans were formulated, including safety improvements for on-site working environments, all of which have been completed.

Respective plants continue to conduct cause analysis and strengthen education training on every occurrence of incidents. They also keep track of improvement schedules on respective occupational injury incidents. When necessary, occupational doctors or nurses will offer related information on health counseling and medical assistance to colleagues.



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5.9.3 Occupational Disaster Incident

“Occupational Disaster and Incident Investigation Management Process”

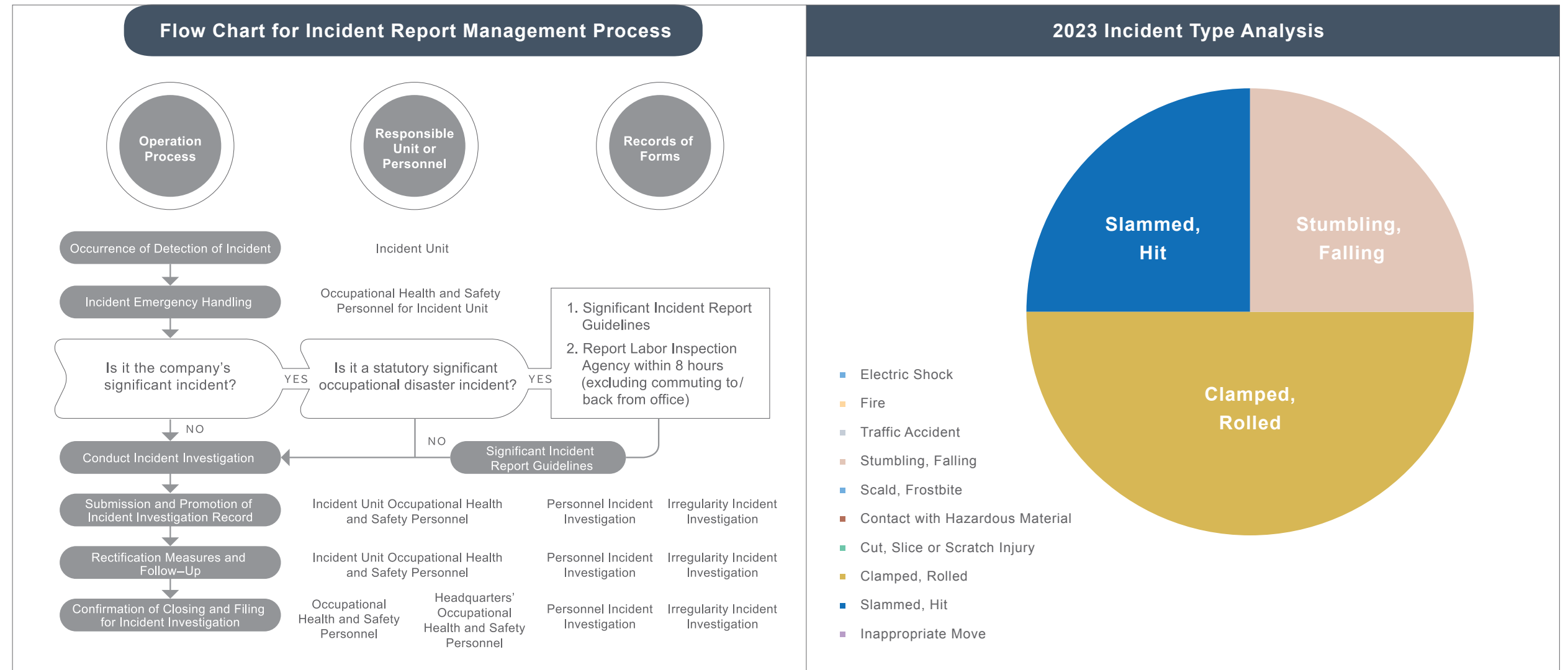
The company immediately has conducted emergency incident handling and notification to mitigate damage to the lowest level. The company also investigates and reviews causes of occurrence as well as prevention measures to prevent similar incidents from occurring again.

Through further analysis of 2023, it was observed that the majority of occupational injury types were from employees’ insufficient danger awareness, with occurrences of clamped and rolled accounting for the most part.

To reduce the occurrence of incidents, health and safety operation standards were established in 2020 to enforce comprehensive strengthening safety mechanisms for machines and equipment.

The effectiveness of these measures was evident, as seen in the comparison of the annual number of incidents and lost workdays: number of incidents across plants has dropped from 19 in 2020 to 4 in 2023, and number of days for work loss has dropped from 408 days in 2020 to 142 days in 2023.

We will continue our efforts to ensure workplace safety through continuous monitoring, process improvements, and enhanced training, aiming to reduce the occurrence of accidents.



According to the statistics for 2023, we had a total of 4 work-related injuries, with a cumulative loss of 142 days. These figures will serve as an important reference for us to improve safety measures.

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5.9.4 Occupational Health and Safety Management Measures

5.9.4.1 Occupational Health Service

The company provides health examination benefits better than the ones required by laws.

On-site health counseling assistance is provided. Each month, occupational doctors are arranged to visit plants to conduct counseling and offer the following services:

- Conducting respective units' related danger assessment and suggestions based on requirements from the occupational health and safety unit;
- Providing injury/disease counseling, assessment, and related suggestions to employees;
(For instance, counseling, assessment, and judgment of health examination hierarchical management for general health examination/special operation examination, review and assessment of human factor danger, physical examination/health examination irregularity assessment, and so on.)
- In terms of the engineering improvement scheme proposed by occupation doctors, related units will conduct subsequent assessments and improvements accordingly.
- For employees with abnormal findings in a health examination, occupational doctors or occupation nurses shall continue to track their improvement status or assist in recommending their work adaptive adjustment.

Item	Party	Time Required by Laws	Expense Assumption	Company Benefits
General Physical Examination (Including Group Meal)	New Employees	Before New Employee's Report to Office	Labor/Management Negotiation	Expenses assumed by the company.
Special Health Examination (Noise)	Special Health-Endangering Operation Personnel	Before New Employee's Report to Office Duty Change	Labor/Management Negotiation	Expenses assumed by the company.
General Health Examination (Including Group Meal)	Age < 40	Every 5 Years	Assumed by Employer	All employees may participate in general health examinations each year with expenses assumed by the company. Supervisors may participate in management health examinations each year with expenses assumed by the company.
	Age = 40 ~ 64	Every 3 Years		
	Age > 65	Every Year		
Special Health Examination (Noise)	Special Health-Endangering Operation Personnel	Every Year	Assumed by Employer	Expenses assumed by the company.



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5.9.4.2 Occupational Health and Safety Education and Training

To ensure that every worker is familiarized with occupational health and safety-related regulations and the company’s health and safety management mechanisms, KYF regularly provides occupational health and safety-related education and training to introduce health and safety culture and concepts.

Training program in 2023, the statistics were as follows:

Names of Courses	Dongshan Plant		Shulin Plant		Yingge Plant	
	Man-Times	Total Hours	Man-Times	Total Hours	Man-Times	Total Hours
General Education and Training	725	1,039.6	223	316.5	537	763.1
Management Education and Training	10	10	0	0	14	29
Chemical Products Education and Training	5	5	4	4	8	8
Fire-Fighting Drill Education and Training	219	876	91	364	235	940
Health Promotion Seminars	98	98	17	17	141	141
Special Operation Education and Training (Forklift, Jib Crane, and so on)	27	284	4	30	12	174
Total	1,084	2,312.6	339	731.4	947	2,055.1

We organized a total of 25 on-the-job training courses, with 1,946 attendees and a total of 2,992 training hours in 2022.

We organized a total of 43 on-the-job training courses, with 2,370 attendees and a total of 5,099 training hours in 2023.

This year, we implemented a registration system, allowing employees to choose training sessions based on their interests, needs, and schedules, providing greater flexibility and personalization. This flexible arrangement has contributed to higher employee participation rates and improved training effectiveness.

Notably, the on-the-job training hours have met the regulatory requirement of three hours over three years, demonstrating the company's commitment to safety and health education and regulatory compliance.



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5.9.4.3 Emergency Incident Handling

The company drafted a “Management Process for Emergency Incident Preparation and Response” and conducted contingency handling by handling processes for presumed scenarios (handling criminal threats and extortion, water and power outages, pandemics, chemical leakage, and so on). The company also complies with guidelines from the Occupational Safety and Health Administration and conducts emergency response drills regularly. The main purpose is to enhance personnel’s capability of responding to emergencies, establish an accurate handling process, and provide timely action guidelines when disaster strikes to ensure personnel and environment’s safety, maintain plant normal operation, and mitigate possible disaster losses from accidents to the lowest level.



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5.9.5 Employee Health Management

5.9.5.1 Health Examination

- ◆ Each year, the company commissions large hospitals to conduct health examinations to protect employee’s health and report to competent authorities for reference. The health examination rate for 2023 reached 100%, a total of 395 employees were required to health examinations, and all 395 completed the check-ups, covering colleagues in the R&D Building, Shulin Plant, Yingge Plant, and Dongshan Plant.
- ◆ In addition to general health examination items, special health examination is also conducted by labor health protection requirements from the Ministry of Labor.
- ◆ Hierarchical management is adopted in health management. Most cases are classified as tier 1 or tier 2 management and few cases are classified as tier 4 management after doctor’s examination. Based on this hierarchical management (tier 1 to tier 4), plant nurses will provide care or suggestions depending on the employee’s health examination results. In the event of cases with irregularity detected from special health examination, referral to hospital for further examination, routine tracking, or medical treatment will be arranged accordingly.



2023 Health Examination				
	Yingge Plant	Shulin Plant	Dongshan Plant	Total
Number of People	195	58	150	403
General Health Examination	191	58	146	395
Special Health Examination	119	45	126	290
Supervisor Health Examination	30	11	13	54
Health Examination Rate	98%	100%	97%	98%

Note	<ul style="list-style-type: none"> ◆ Compliance with a statutory general health examination. ◆ Compliance with food safety health examination. ◆ Compliance with special operations (noise) health examination. ◆ Exceeding regulatory requirements with 8 additional health examinations. ◆ Exceeding regulatory requirements with 3 additional health examinations for supervisors. ◆ 403 employees participated in health examinations in 2023. 8 employees were unable to participate due to personal reasons such as resignation, returning home, or childcare leave.
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Occupational Injury and Occupational Disease

Year / Item	2021	2022	2023	Note
Number of Employees	507	467	458	1. Injury Rate (IR) = Total Occupational Injury Incidents/Total Working Hours×200,000 2. Occupational Disease Rate (ODR) = Total Occupational Disease Incidents / Total Working Hours ×200,000 3. Lost Day Rate (LDR)= Number of Days Lost/Total Working Hours×200,000 *: Calculation is based on a percentage for every 100 employees with 50 weeks per year and 40 working hours per week* (200,000 units) 2021 Total Working Hours Endured: 1,059,817 hours Number of Days for Occupational Injury: 410 (occupational injury hours/8H) 2022 Total Working Hours Endured: 932,748 hours Number of Days for Occupational Injury: 188 (actual number of days for occupational injury) 2023 Total Working Hours Endured: 891,848 hours Number of Days for Occupational Injury: 142 (actual number of days for occupational injury)
Death Accident	0	0	0	
Occupational Disaster	8	7	4	
Significant Occupational Disaster	2	0	0	
Injury Rate (IR)	1.51	1.5	0.9	
Occupational Disease Rate (ODR)	0	0	0	
Lost Day Rate (LDR)	77	40.3	31.8	

Worker Health Promotion

◆ Comprehensive Health Management

KYF's comprehensive health management encompasses the implementation of occupational disease prevention and the promotion of employee's health. Through the work environment, health risks are controlled, employee's physical and mental health is maintained and their balance between work and life is enhanced accordingly. According to the 2021–2022 plant-wide health checkup report, the proportion of people with abnormal body mass index (BMI), waist circumference, and total cholesterol is relatively high.

The literature points out that abnormalities in the above health indicators are likely to lead to an increased risk of chronic diseases. Therefore, these health problems urgently need to be effectively controlled.

With the internal resolution and support of superiors, a health promotion activity will be held in 2023: "Healthy Workplace ~ Weight Loss Competition", aiming to inspire all colleagues to fight obesity together and create a happy and healthy workplace environment.



In the "Healthy Workplace - Weight Loss Challenge," 22 employees participated and achieved a total body fat reduction of 32.5%. Moreover, the participants achieved a weight control success rate of 85.7%. These results demonstrate a commendable effort and commitment to improving health and wellness within the workplace.

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Implementation of Occupational Disease Prevention

KYF continues to build up a work environment of health and safety, reviews work items repeatedly, and collaborates with external experts based on risk identification measures hoping to locate 5 major hazardous factors chemical factor, physical factor, human factor, biological factor, and social/mental factors that may lead to occupational disease, and to implement corresponding prevention measures accordingly.

◆ Effects

Human Factor

- To enhance workplace ergonomics, thereby improving work efficiency and reducing the burden on workers.
- The company collaborates with occupational doctors in conducting on-site visits.
- Occupation doctors are arranged to visit operation sites in plants and offer related suggestions for implementation of improvement according. This occurs once a month.



▲ Explanation: Collaboration with occupational doctors in conducting on-site visits.

Mental Factor

- Management scheme for continued improvement in cardiovascular disease prevention
- A health management system is utilized to combine employee health examination results and working hour status for assessment of health risks.
- On-Job Health Examination: mental health inventory (10-year risk assessment), Copenhagen Burnout Inventory/once every year



▲ Explanation: On-Job Health Examination: Mental Health Inventory, Copenhagen Burnout Inventory

Biological Factor

- Strengthened workplace cleanliness and hygiene standards to reduce the spread of biological hazards.
- Regular cleaning and disinfection are conducted, especially in areas prone to microbial growth such as restaurants, bathrooms, etc.
- Provided employees with appropriate personal protective equipment (PPE) such as masks, gloves, etc., to minimize direct contact with biological hazards.
- Real-time tracking of announcements from the Center for Disease Control and Health Promotion Administration; Timely Provision of Latest Health Education Information in Response to News.
- The company continues to pay attention to real-time information on respective countries' pandemic situation, establishes preparation and response guidelines for communicable diseases, and drafts KYF Company's pandemic prevention strategies.

(For instance: For COVID-19, the company provides pandemic prevention materials of multiple fixed and hand-held temperature thermometers, hand sanitizer, protective clothes, masks, face masks, quick tests, and conducts whole-plant environment sanitization. The company also establishes respective departments' self-health management monitoring forms and keeps these records for reference purposes.)



◀▲ Explanation: Real-Time Tracking Announcement Information from the Center for Disease Control and Health Promotion Administration. Timely Provision of Health Education Latest Information in Response to News.

Physical Factor

- Continuously implement risk assessments of hazard factors and improve workers' working conditions by adjusting the working environment.
- Environmental air conditioning is increased to enhance comfort in an indoor environment.
- The company establishes a good operation environment and regularly conducts operation environment monitoring as well as random on-job training.



▲ Explanation: We establish a good working environment and conduct regular workplace environment monitoring, as well as periodic on-the-job training.

5.9.5.2 Prevention and Mitigation of Occupational Disaster

● Patrol Operation Management

The company drafted “Patrol Operation Management Guidelines” and the Health and Safety Management Department will conduct critical area patrol as well as random checks on respective departments. Critical area patrol includes weekly random patrol on machine rooms on respective floors, contractor on-site construction’s compliance with the application form, and random checks on machine safety equipment. The on-site department conducts patrol based on the contractor’s operation patrol form which includes general requirements, falling, electric shock, falling objects, and fire prevention to enhance various operation safety while ensuring personnel’s life safety and health. For deficiency matters, the “Health and Safety Violation Handling Form” will be issued accordingly. For departments with fail to rectify after notice has been issued 3 times or for departments with immediate risk of danger occurrence, they will be requested to suspend operation and improve accordingly within the deadline.

Evaluate the implementation of inspections on each floor and discuss possible risks at weekly supervisor meetings.

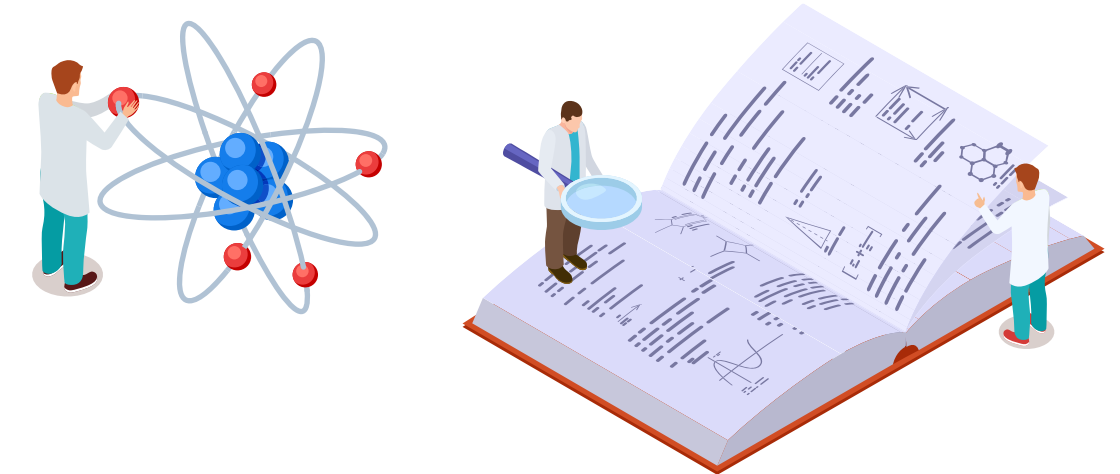
In 2023, during inspection operations, it was observed that the areas where employees commute to and from work overlap with the raw material transportation zones, creating safety risks such as collisions with vehicles.

To improve safety, pedestrian walkways, corner mirrors, and warning signs have been added within the walking area, and it is emphasized that the speed limit for vehicles passing through this area shall not exceed 6 kilometers.

These measures are designed to provide employees with safer walking routes to reduce the likelihood of accidents.

Chemical Factor

- Establish a chemical inventory, hazard labeling, and safety data sheet disclosure, and implement management for the use of chemicals. Ensure the implementation of a chemical use management mechanism.
- Regularly conduct chemical assessments and classification management, and based on the classification results, adopt appropriate management methods and exposure control measures.
- Provide general hazard education and training on chemicals to ensure that employees understand the hazards of chemical use and preventive measures.



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● Manufacturing Process Safety Management

Manufacturing Process Safety Management has 7 major items including rectification and prevention, education and training, management on contracting, management of operation change, occupational disaster incident investigation, emergency plan, and contingency and compliance audit for maintaining equipment completeness and personnel’s familiarization on equipment (including protection gear). Through the implementation of risk assessment, labor participation, hot work permit, change management, incident investigation, and compliance audit, the company understands plant equipment and personnel operation’ best status and therefore this reduces occurrence possibilities and severity of various risks. Encourage employees to report near–miss incidents as a basis for reviewing potential hazards and eliminating risks to prevent accidents and injuries.

Through the collection of safety management data, risk assessment of process machinery and equipment, and personnel operations.

In 2023, the relevant regulations on overhead crane operation, ladder combination, and wearing of safety helmets were re–examined, and employees were educated on potential hazards.

This initiative aims to enhance the safety of all operations, ensuring that risks are minimized during the operation of machinery and equipment as well as during personnel activities.

Through redesigned rules and employee education, the company works to keep the work environment safe and minimize potential injuries.

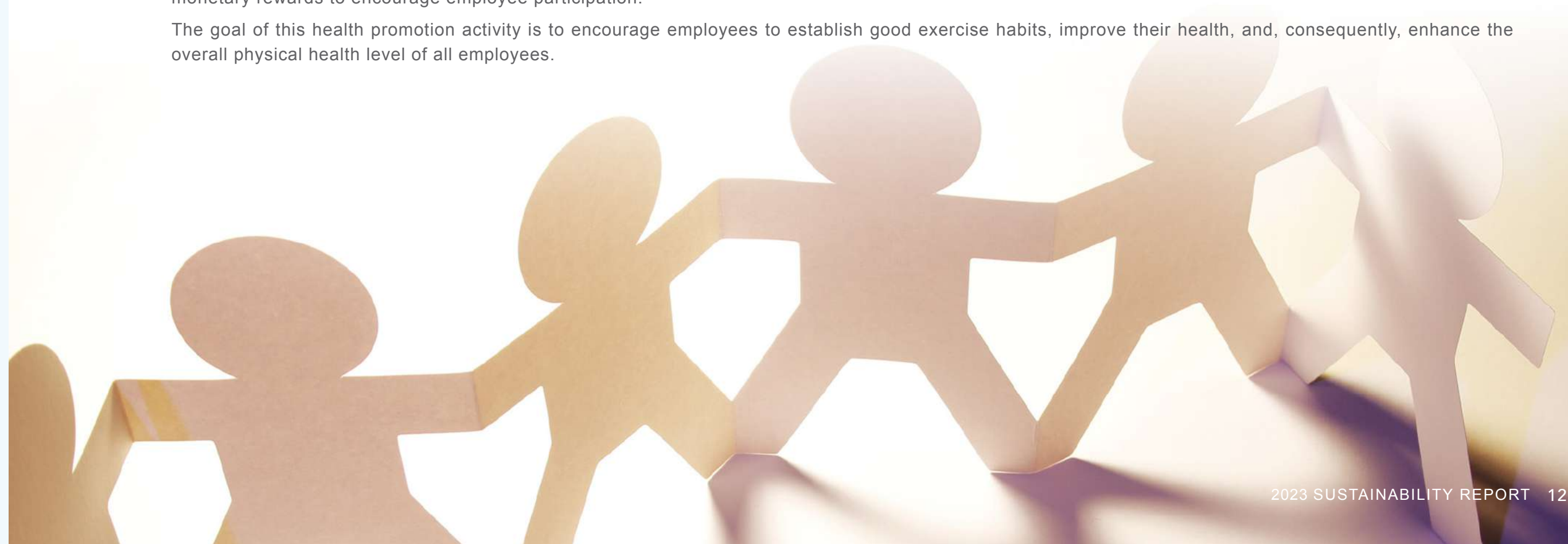
● Other Related Operation Guidelines

To prevent and mitigate occupational health and safety impacts directly related to business relationships, related operation guidelines are drafted accordingly such as personal protective equipment management guidelines, management guidelines for operation environment monitoring, special operation management guidelines, and management guidelines for labor health protection. The safety of the operation environment is maintained through systematic management. Additionally, to actively promote workplace safety, we have established a safety award and penalty management system. We track workplace accident cases across various units and provide collective rewards to units with outstanding performance, creating a culture of occupational safety and health through group incentives.

By the Occupational Health Protection Regulations, we conduct general and special health examinations annually, surpassing the frequency required by current regulations, to gain a deeper understanding of employees’ physical conditions.

In 2023, the most notable abnormal index in the health examination was Body Mass Index (BMI). As a result, we have planned a weight loss program with monetary rewards to encourage employee participation.

The goal of this health promotion activity is to encourage employees to establish good exercise habits, improve their health, and, consequently, enhance the overall physical health level of all employees.



6

/ Social Synergy



Social Synergy

We are firmly committed to becoming one of the “Best for the World” by pursuing our sustainability vision. We therefore show high concern for social welfare from a humanistic perspective. In the human, environmental, and social dimensions, we espouse the principles of tolerance, respect and mutual prosperity.

We will continue to expand our social impact, developing outward like concentric circles, deepening our local engagement, and thriving together with the community (Taiwanese: 共好有贖).

The term "贖" means surplus, abundance, or wealth. It symbolizes that while KYF ensures its operations, it is also willing to invest more resources and energy to give back to society, gradually building and enhancing relationships with the local community.

We design our social welfare initiatives around three main pillars: "Environmental Education," "Environmental Protection," and "Community Care." We continuously integrate internal and external resources to progressively expand our concern and care for society and the environment. Our beneficiaries include disadvantaged groups in local communities and student sports activities. We are also actively involved in educational philanthropy, using corporate visits and environmental education to promote environmental awareness. This connects the company with society, creating a positive cycle and fulfilling corporate social responsibility, as we advance towards the vision of becoming one of the “Best for the World.”

6.1 Environmental Education

In recent years, as environmental awareness has risen, plastic has become a target of widespread criticism. However, until a suitable alternative material is found, plastic still plays an indispensable role. By using and disposing of plastic correctly, we can hope to minimize the environmental damage it causes.

Since 2018, we have been actively promoting environmental education, dedicated to sharing sustainable knowledge about plastics and other materials with employees and the public. From production to consumption, we aim to practice sustainability principles. Only through these efforts can we truly achieve the goal of a circular economy, minimizing environmental threats.

6.1.1 Educational Concepts and Models

- 1 Internal Education – Dandelion Program:** We have named our internal sustainability training program "Dandelion," symbolizing the spread of knowledge and the power of change, much like dandelion seeds dispersing and blooming. Since its inception in 2021 with the Happiness Lectures, followed by the ESG Workshop in 2022, and monthly 10–15 minute short talks in 2023, Dandelion has taken various forms. In each session, different departments are responsible for brainstorming topics, combining their expertise with new sustainability knowledge to share with colleagues. We hope to plant the seeds of sustainability in the hearts of our employees, gradually embedding the importance of sustainability.
- 2 External Visits:** By allowing visitors to see the plastic manufacturing process firsthand, we demonstrate how we implement ESG in product design, waste handling, and hardware equipment. These visits are complemented by lectures and exchange sessions, aiming to provide new perspectives on plastics and foster a shared vision and expectations for sustainable packaging.
- 3 External Lectures/Interviews:** We eagerly engage with the outside world in various formats, seizing every opportunity to tell our story and convey accurate knowledge about plastics.



6.1.2 Actual achievements

There has been an increase in the number of seminars and visits held compared to last year, as entity activities gradually return to normalcy following the stabilization and control of the domestic epidemic situation post-2023.

A total of 39 Dandelion Program was organized in 2023 and drew 466 participants. A total of 9 External Visits were organized in 2023 and drew 379 participants.

Number of Dandelion Program and External Visits and participant statistics in the most recent three years:					
	Dandelion Program			External Visits	
Year	Theme	Number of organized events	Number of participants	Number of organized events	Number of participants
2021	Online lecture	4	1,569	12	486
2022	ESG Workshop	1	13	5	453
2023	Short Talks	39	466	9	379

Dandelion Program in 2023:

In 2023, a total of 12 topics were shared, one per month, during executive meetings at the Yingge Plant, Dongshan Plant, and Shulin Plant, with 12 sessions held at each location. Additionally, administrative colleagues organized 3 sessions, bringing the total to 39 sessions.

Episodes	Topics
Ep1	Awards
Ep2	Carbon emission
Ep3	Carbon pricing I
Ep4	Carbon pricing II
Ep5	Domestic market trends of recycled materials
Ep6	Impact of NGO

Episodes	Topics
Ep7	Relationships between NGOs and businesses
Ep8	GRI Report I What is a report
Ep9	GRI Report II Material topics and employee information
Ep10	Circular economy of procurement
Ep11	Shipping Supplier ESG Initiatives
Ep12	Creating a happy workplace



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- 6.1 Environmental Education**
- 6.2 Environmental Protection
- 6.3 Community Care

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External Visits statistics in 2023:			
Date	Participants	Type	Number of Attendees
2023/02/17	B Lab – Youth Partner Exchange Meeting	Enterprise visit	6
2023/06/09	Taiwan E-Business Association	Enterprise visit	29
2023/09/21	Plastics Industry Association	Enterprise visit	39
2023/10/13	Business Weekly – WeGrow	Enterprise visit	53
2023/11/29	Wang Jin-Mu Educational Foundation – Career Learning and Judicial Pilgrimage (1) Yilan Commercial Vocational Senior High School	Education visit	41
2023/12/06	Wang Jin-Mu Educational Foundation – Career Learning and Judicial Pilgrimage (2) National Touching Commercial Vocational High School, National Lan-Yang Girls' Senior High School, Su-ao Marine & Fisheries Vocational High School	Education visit	80
2023/12/13	Wang Jin-Mu Educational Foundation – Career Learning and Judicial Pilgrimage (3) Luodong Senior High School, National Lo-Tung Commercial Vocational High School, National Lotung Industrial Vocational High School	Education visit	65
2023/12/20	Luodong Precinct Yilan County Government Police Bureau	Enterprise visit	40
2023/12/21	National Chengchi University “Education Quality Management Exchange Meeting”	Education visit	26

Event images



▲ Dandelion Program for the plant cadres.



▲ Dandelion Program for employees.



▲ The enterprise visits the showroom of Yingge Plant.

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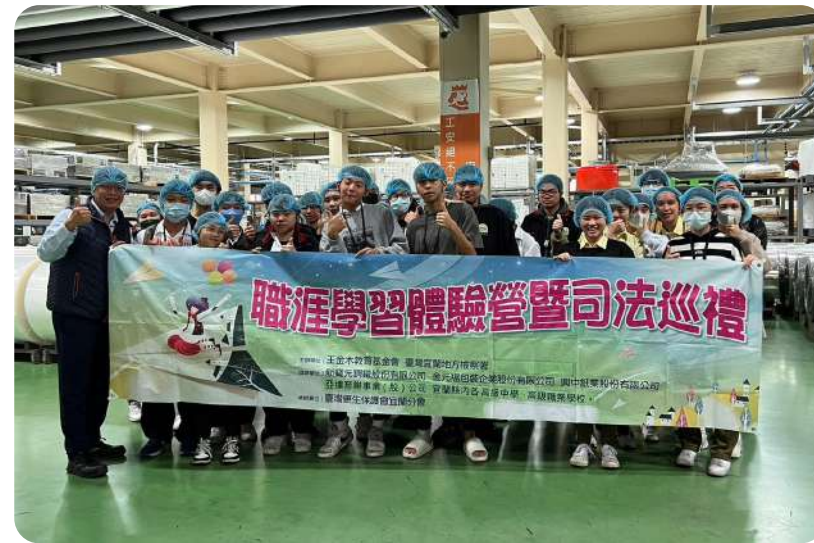
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▲ The enterprise visit to Dongshan Plant.



▲ External Lectures. Benjamin Kuo Vice President (Now General Manager) invited to give a speech at the Asia-Pacific Forum & Exposition for Sustainability.



▲ General Manager Benjamin Kuo was invited to an interview at the Public Radio System.

We welcome visits by and exchanges with relevant organizations and units. If you are interested, please don't hesitate to contact us:

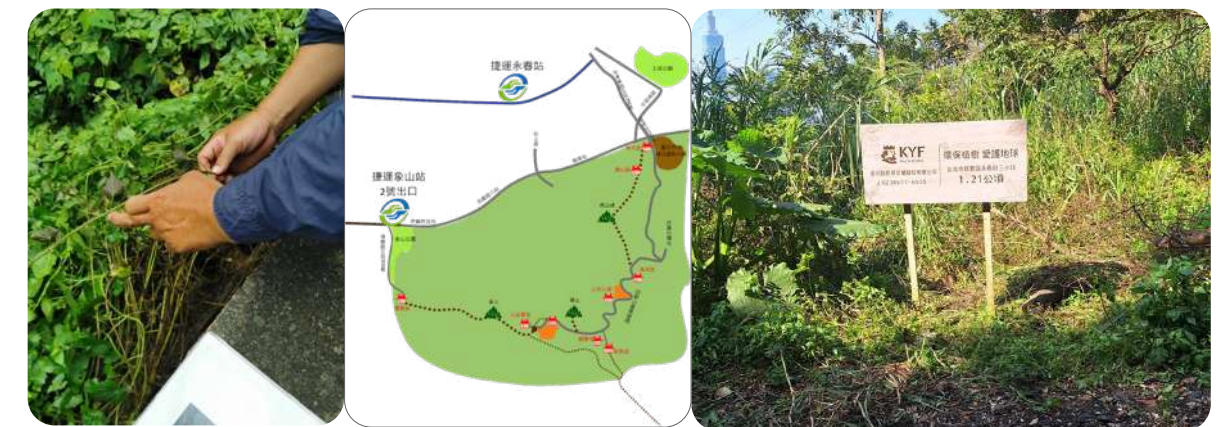
1. Environmental education: <https://sites.google.com/view/kyfdcc1/> (When the audience consists of elementary school students, we will arrange specialists to share with your school.)
2. Enterprise visit: <https://sites.google.com/view/kyfdcc2/> (When the audience consists of middle school students or above/ corporate groups, we will arrange the plant visits.)

6.2 Environmental Protection

In line with UN SDG 15 “Life on Land” and the Trillion Trees Act, we gradually initiated various environmental protection actions (beach cleaning, mountain cleaning, adoption of forest areas, and removal of Mikania micrantha) starting in 2018 and will persist in our efforts to achieve brilliant results. This program not only helps absorb carbon dioxide, purify the air, and conserve soil and water but also represents a valuable contribution to environmental beautification, protection of local biodiversity, and bringing out the beauty of our island.

- ◆ Forestation: Since 2009, we have been engaged in an afforestation program in cooperation with the Taiwanese Forestry Bureau. We have planted a total of 12,474 trees covering an area of 11.9 hectares. Since each of these trees absorbs 12kg of carbon per year, annual CO₂ absorption amounts to approximately 149.68 metric tons.
- ◆ 2019~2022 Adoption of forest areas: We signed a contract with the Forestry Bureau for the adoption of two areas of forest land totaling 1.21 hectares in the Four Beasts Trail forest planting area. In addition to the planting of new trees, we also engage in mowing, weeding (bitter vine control), and replanting. Annual carbon absorption of this project equals 13.19 tons (2022 Ecological Restoration Program in Land Areas of Concern – Project No.12).

- ◆ In 2024, the contract with the Forestry Bureau will be renewed to remove Mikania micrantha, and we will contribute to environmental sustainability.



Notes:

1. The Environmental Quality Protection Foundation states in the chapter titled “Contributions of Trees to Our Environment” of its annual report that “observations of the Memorial Forest indicate that each tree absorbs 12kg of carbon dioxide per year.” Source: <http://www.eqpf.org/sf/3-1.htm>
2. The Environmental Information Center has reported that 1 hectare of forest land can absorb around 10.9 metric tons of CO₂.

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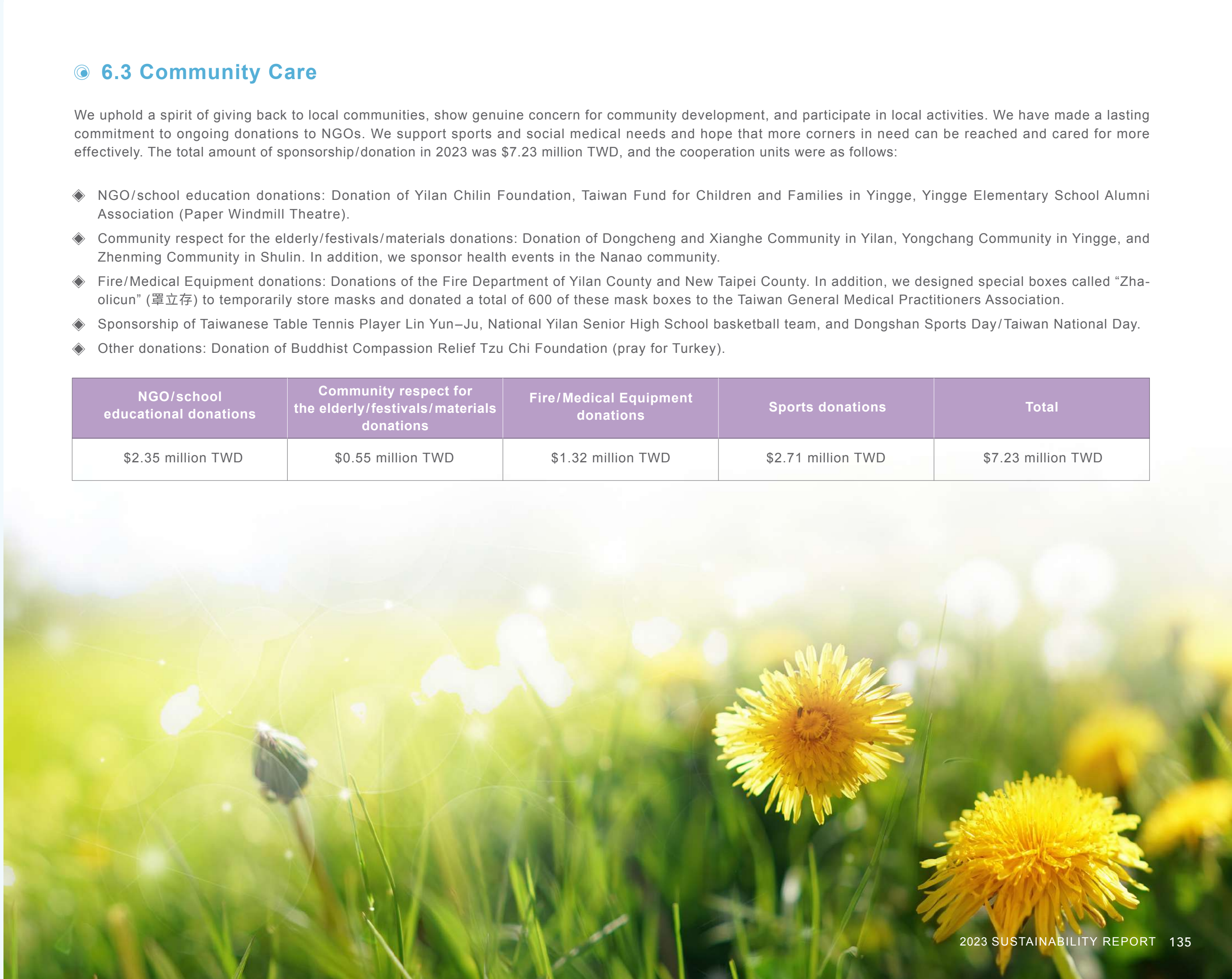
References

6.3 Community Care

We uphold a spirit of giving back to local communities, show genuine concern for community development, and participate in local activities. We have made a lasting commitment to ongoing donations to NGOs. We support sports and social medical needs and hope that more corners in need can be reached and cared for more effectively. The total amount of sponsorship/donation in 2023 was \$7.23 million TWD, and the cooperation units were as follows:

- ◆ NGO/school education donations: Donation of Yilan Chilun Foundation, Taiwan Fund for Children and Families in Yingge, Yingge Elementary School Alumni Association (Paper Windmill Theatre).
- ◆ Community respect for the elderly/festivals/materials donations: Donation of Dongcheng and Xianghe Community in Yilan, Yongchang Community in Yingge, and Zhenming Community in Shulin. In addition, we sponsor health events in the Nanao community.
- ◆ Fire/Medical Equipment donations: Donations of the Fire Department of Yilan County and New Taipei County. In addition, we designed special boxes called “Zha-olicun” (罩立存) to temporarily store masks and donated a total of 600 of these mask boxes to the Taiwan General Medical Practitioners Association.
- ◆ Sponsorship of Taiwanese Table Tennis Player Lin Yun–Ju, National Yilan Senior High School basketball team, and Dongshan Sports Day/Taiwan National Day.
- ◆ Other donations: Donation of Buddhist Compassion Relief Tzu Chi Foundation (pray for Turkey).

NGO/school educational donations	Community respect for the elderly/festivals/materials donations	Fire/Medical Equipment donations	Sports donations	Total
\$2.35 million TWD	\$0.55 million TWD	\$1.32 million TWD	\$2.71 million TWD	\$7.23 million TWD



6.3.1 Local Contributions in Yingge



[Donation of Yongchang Community]
Including donations to elderly living alone, communal meals for the elderly, and support for the Changfu Elementary School Yongquan Zither Music Club.



[Donation of Taiwan Fund for Children and Families]
We make monthly donations to the Taiwan Fund for Children and Families, actively supporting their project. We hope to empower disadvantaged children to break free from poverty and transform their lives.



[Blood Donation in KYF]
We held our first blood donation event, in conjunction with the Yingge District Yongchang Community Development Association in 2023. A total of 65 participants, including our colleagues and residents, responded to the call, resulting in 76 bags of donated blood.



[Carry out environmental education in Taiwan Fund for Children and Families]
We went to the Yingge branch of the Taiwan Fund for Children and Families, where we taught children about plastics and played the board game "Underwater Adventure" together. The educational and entertaining environment made the environmental education session enjoyable for both children and adults!

6.3.2 Local Contributions in Yilan



[Fire Equipment Donations]
 Donated 10 sets of Video laryngoscope set to the Fire Department of Yilan County.



[Support Local Sports Activities]
 Sponsorship of Taiwanese Table Tennis Player Lin Yun-Ju, National Yilan Senior High School basketball team, and Dongshan Sports Day / Taiwan National Day.
 The photo is sourced from: [the Facebook of the Yilan High School Basketball Team](#).



[Food Sponsorship for Dongcheng Community]
 Since 2019, we have consistently provided annual donations to support elderly residents in need within the Dongcheng Community. The community has approximately 85 elderly residents, 55 of whom have mobility issues and receive meal boxes delivered to their homes, while the other 30 dine at the local activity center.



[Food Sponsor]
 Each year, we collaborate with local farmers in Yilan to donate under-contract rice to groups in need. In 2023, we continued this effort by donating 60 kg of premium rice to "Sinfu Preschool," helping to provide nutritious meals for children in need.



[Food Sponsor in Nanao Community]
 Based on the concept of "Taken from the local, giving back to the community", we donated milk powder for elderly to supplement their basic diet nutrition to enhance their energy at the end of the year, creating a cycle of friendship and kindness.

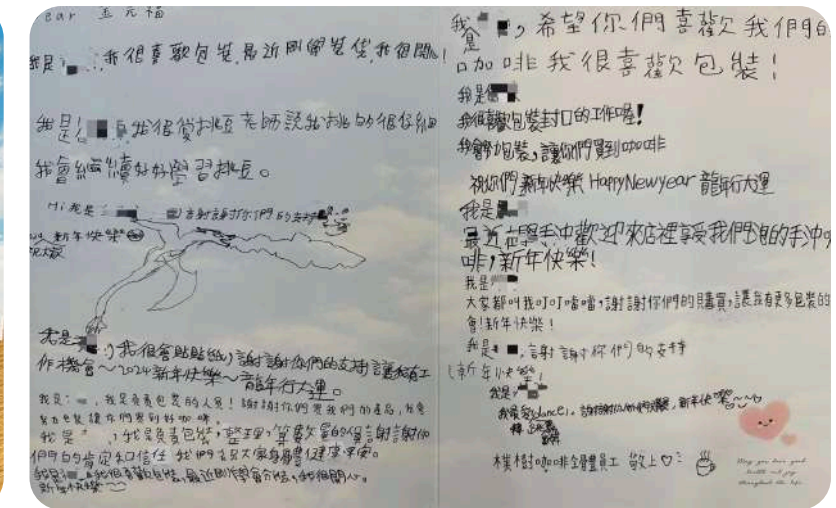
6.3.3 Local Contributions in Shulin



[The Activity of Zhenming Community in Shulin]

- Donated uniforms to the patrol team, ensuring that the members who protect the community can patrol with peace of mind.
- Donated 20 pounds of rice and 40 cans of cooking oil to nearly a hundred low-income households in the neighborhood, helping the underprivileged celebrate a better New Year.
- Planning to sponsor communal meals for the elderly in 2024.

6.3.4 Cooperate in Souvenirs



To prepare souvenirs for our 45th-anniversary guests, KYF ordered specially handmade biscuits from the Children Are Us Foundation and Sheltered Workshop in New Taipei – Pure Coffee. These two organizations' vision resemble our sustainable business philosophy, with the initiative to support those with physical and mental disabilities people to find a sense of accomplishment and give full play to their lives.

[Children Are Us Foundation] Introduction

From service recipient to service provider, from resource consumer to resource creator. The Children Are Us Foundation transforms the lives of individuals with intellectual disabilities, changing their value in society.

Link: https://www.c-are-us.org.tw/about/concept_organization

[Sheltered Workshop in New Taipei – Pure Coffee] Introduction

Pure Coffee is initiated by a group of coffee enthusiasts who care about community social well-being. They aim to create a model that integrates social mission and business value, providing more employment opportunities for individuals with physical and mental disabilities.

Link: <https://www.victory.org.tw/purecoffee/about-purecoffee/>



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List of Issuing Units and Persons Responsible for this Report

Chairperson	CEO Vani Chen
ESG Committee members	Mr. Roy Lee, General Plant Manager Mr. Benjamin Kuo, General Manager Mr. Yang, Wen-Long, Plant Manager of the Manufacturing Business Division
ESG Executive Secretary	Sustainable Development Department
Report Preparation	Sustainable Development Department
Responsible persons of ESG Task Forces	Ms. Lin, Chu-Xin, Manager of the HR Department Mr. Yu, Hong-Ren, Manager of the IT Department Mr. Hsu, Fu-Jie, Manager of the Sales Department Mr. Lin, Jia-Rong, Assistant Manager of the Manufacturing Business Division Mr. Huang, Qing-Chuan, Assistant Manager of the Mold Factory Mr. Li, Qiu-Fa, Assistant Manager of the QA Department Ms. Ruan, Wan-Zhu, Department Manager of the Procurement Department Ms. Lin, Yi-Fang, Deputy Department Manager of the Finance & Accounting Department Ms. Zheng, Ya-Rong, Senior Engineer, R&D Department Mr. Chu, Yu-Ju, Engineer, Health & Safety Management Department

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Statement of Use:		King Yuan Fu has reported following the GRI Standards for the period from January 1 to December 31, 2023		GRI 1 Used:	GRI 1: Foundation 2021	Applicable GRI Sector Standard(s):	None
GRI 2: General Disclosures 2021							
Topic	Disclosure	Description	Corresponding Chapter	Page	Reason/Explanation for the Omission		
The organization and its reporting practices	2-1	Organizational details	3.1 Company Profile	24			
	2-2	Entities included in the organization's sustainability report	About this Report 3.1 Company Profile	04, 24			
	2-3	Reporting period, frequency, and contact point	About this Report	04			
	2-4	Restatements of information	About this Report	04			
	2-5	External assurance	About this Report	04			
Activities and workers	2-6	Activities, value chain, and other business relationships	3.1.6 Relationship Between Upstream and Downstream Suppliers	30			
	2-7	Employees	5.1 Employee Overview and Manpower Structure	100			
	2-8	Workers who are not employees	5.1 Employee Overview and Manpower Structure	100			
Governance	2-9	Governance structure and composition	3.2.1 Organizational Framework	32			
	2-10	Nomination and selection of the highest governance body	---	---	Not applicable / no nomination and selection procedures are in place since King Yuan Fu is a non-listed private company		
	2-11	Chair of the highest governance body	3.2.1 Organizational Framework	32			
	2-12	Role of the highest governance body in overseeing the management of impacts	3.2.1 Organizational Framework	32			
	2-13	Delegation of responsibility for managing impacts	3.2.1 Organizational Framework	32			
	2-14	Role of the highest governance body in sustainability reporting	3.2.2 ESG Committee	35			
	2-15	Conflicts of interest	3.2.1.2 Recusal by the Management Team Due to Conflicts of Interest	34			
	2-16	Communication of critical concerns	3.2.3 Communication of Material Issues	37			
	2-17	The collective knowledge of the highest governance body	3.2.1.3 Strengthening the Management Functions of Management Team	34			
	2-18	Evaluation of the performance of the highest governance body	---	---	Confidentiality constraints/this information is confidential and cannot be disclosed to the public		
	2-19	Remuneration policies	---	---	Confidentiality constraints/this information is confidential and cannot be disclosed to the public		
	2-20	The process to determine the remuneration	---	---	Confidentiality constraints/this information is confidential and cannot be disclosed to the public		
Strategy, Policies and Practices	2-21	Annual total compensation ratio	---	---	Confidentiality constraints/this information is confidential and cannot be disclosed to the public		
	2-22	Statement on Sustainable Development Strategy	Message from the CEO	05			
	2-23	Policy commitments	3.1.4 Sustainability Vision and Policy	27			
	2-24	Embedding policy commitments	3.1.4 Sustainability Vision and Policy	27			
	2-25	Processes to remediate negative impacts	3.2.4 Risk Management 3.2.6.1 Business Ethics and Anti-corruption	40, 43			
	2-26	Mechanisms for seeking advice and raising concerns	3.2.6.1 Business Ethics and Anti-corruption	43			
	2-27	Compliance with laws and regulations	3.2.6.2 Legal Compliance	44			
	2-28	Membership associations	3.1.7 Partners and Initiatives	31			

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Stakeholder Engagement	2-29	Approach to Stakeholder Engagement	2.3 Stakeholder Engagement	16	
	2-30	Collective bargaining agreements	5.8.2 Regular Holding of Labor/Management Meetings	115	
GRI 3: Material Topics 2021					
Material Topics	3-1	The process of determining material topics	2.4 Identification of Material Topics	17	
	3-2	List of material topics	2.5 List of Material Topics	21	

Economic Aspects					
Topic	Disclosure	Description	Corresponding Chapter	Page	Reason/Explanation for the Omission
★ Economic Aspects (Operational Performance)					
GRI 3: Material Topics 2021	3-3	Management of material topics	3.3 Operational Performance	45	
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	3.3 Operational Performance	45	Confidentiality constraints/this information is confidential and cannot be disclosed to the public
	201-2	Financial implications and other risks and opportunities due to climate change	4.9 The Management and Adaptation of Climate Change Risks	94	
	201-3	Defined benefit plan obligations and other retirement plans	5.4.2.5 Pension System	111	
	201-4	Financial assistance received from the government	---	---	The amount of financial subsidies received from the government in 2023 was approximately \$8,738,115 TWD.
★ Market Presence (Compensation and Benefits)					
GRI 3: Material Topics 2021	3-3	Management of material topics	5.4 Compensation and Benefits	109	
GRI 202: Market Presence 2016	202-1	Ratios of standard entry-level wage by gender compared to local minimum wage	5.4 Compensation and Benefits	109	
	202-2	The proportion of senior management hired from the local community	3.2.1.1 Management Team and Organizational Chart	32	
Procurement Practices					
GRI 204: Procurement Practices 2016	204-1	Proportion of spending on local suppliers	3.4 Supply Chain Management	46	
Anti-Corruption					
GRI 205: Anti-Corruption 2016	205-1	Operations assessed for risks related to corruption	3.2.6 Business Reputation and Legal Compliance	43	
	205-2	Communication and training about anti-corruption policies	3.2.6 Business Reputation and Legal Compliance	43	
	205-3	Confirmed incidents of corruption and actions taken	3.2.6 Business Reputation and Legal Compliance	43	

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Environmental Aspects					
Topic	Disclosure	Description	Corresponding Chapter	Page	Reason/Explanation for the Omission
★ Materials (Raw material management & Circular Economy)					
GRI 3: Material Topics 2021	3-3	Management of material topics	4.1 Circular Economy 4.2 Raw Material Management	56, 69	
GRI 301: Materials 2016	301-1	Materials used by weight or volume	4.2 Raw Material Management	69	
	301-2	Recycled input materials used	4.1 Circular Economy 4.2.2 Manufacturing	56, 71	
	301-3	Reclaimed products and their packaging materials	---	---	NA/Sold products are currently not reclaimed and reused
★ Energy (Carbon Emissions & Energy Management)					
GRI 3: Material Topics 2021	3-3	Management of material topics	4.4 Energy	74	
GRI 302: Energy 2016	302-1	Energy consumption within the organization	4.4.1 Energy Consumption	75	
	302-2	Energy consumption outside of the organization	4.4.1 Energy Consumption	75	
	302-3	Energy intensity	4.4.1 Energy Consumption	75	
	302-4	Reduction of energy consumption	4.4.2 Power Conservation and Energy Management	78	
	302-5	Reductions in energy requirements of products and services	---	---	Information incomplete / No collected information and quantitative methods are available
Water and Effluents					
GRI 303: Water and Effluents 2018 Management Approach	303-1	Interactions with water as a shared resource	4.6 Water Resource Management	84	
	303-2	Management of water discharge-related impacts	4.6 Water Resource Management	84	
	303-3	Water withdrawal	4.6 Water Resource Management	84	
	303-4	Water discharge	4.6 Water Resource Management	84	
★ Emissions(Carbon Emissions) / (Energy Management)					
GRI 3: Material Topics 2021	3-3	Management of material topics	4.4 Energy	74	
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	4.7 GHG Emissions	87	
	305-2	Energy indirect (Scope 2) GHG emissions	4.7 GHG Emissions	87	
	305-3	Other indirect (Scope 3) GHG emissions	4.7 GHG Emissions	87	
	305-4	GHG emissions intensity	4.7 GHG Emissions	87	
	305-5	Reduction of GHG emissions	4.7 GHG Emissions	87	
	305-6	Emissions of ozone-depleting substances (ODS)	4.5 Air Pollution Control	83	
	305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	4.5 Air Pollution Control	83	

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Waste					
GRI 306: Waste 2020 Management Approach	306-1	Waste generation and significant waste-related impacts	4.8 Waste Management	90	
	306-2	Management of significant waste-related impacts	4.1.3 Inclusion of 3R Principles 4.8 Waste Management	59, 90	
GRI 306: Waste 2020	306-3	Waste generated	4.8 Waste Management	90	
	306-4	Waste diverted from disposal	4.8 Waste Management	90	
	306-5	Waste directed to disposal	4.8 Waste Management	90	

★ Supplier Environmental Assessment (Supply Chain Management)					
GRI 3: Material Topics 2021	3-3	Management of material topics	3.4 Supply Chain Management	46	
GRI 308: Supplier Environmental Assessment 2016	308-1	New suppliers that were screened using environmental criteria	3.4 Supply Chain Management	46	
	308-2	Negative environmental impacts in the supply chain and actions taken	3.4 Supply Chain Management	46	

Social Aspects					
Topic	Disclosure	Description	Corresponding Chapter	Page	Reason/Explanation for the Omission
★ Employment (Compensation and Benefits)					
GRI 3: Material Topics 2021	3-3	Management of material topics	5.4 Compensation and Benefits	109	
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	5.2.2 Talent Turnover	101	
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	5.4.2 Employee Benefit Measures	111	
	401-3	Parental leave	5.6 Gender Equality	113	
★ Occupational Health and Safety					
GRI 3: Material Topics 2021	3-3	Management of material topics	5.9 Occupational Safety	117	
GRI 403: Occupational Health & Safety 2018 Management Approach	403-1	Occupational health and safety management system	5.9.1 Occupational Health and Safety Management System	119	
	403-2	Hazard identification, risk assessment, and incident investigation	5.9.2 Danger Identification and Risk Assessment 5.9.3 Occupational Disaster Incident	120, 121	
	403-3	Occupational health services	5.9.4.1 Occupational Health Service	122	
	403-4	Worker participation, consultation, and communication on occupational health and safety	5.9.4 Occupational Health and Safety Management Measures	122	
	403-5	Worker training on occupational health and safety	5.9.4 Occupational Health and Safety Management Measures	122	
	403-6	Promotion of worker health	5.9.5 Employee Health Management	125	
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	5.9.5 Employee Health Management	125	
GRI 403: Occupational Health & Safety 2018	403-8	Workers covered by an occupational health and safety management system	5.9.1 Occupational Health and Safety Management System	119	
	403-9	Work-related injuries	5.9.3 Occupational Disaster Incident	121	
	403-10	Work-related ill health	5.9.5 Employee Health Management	125	

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★ Training and Education (Talent Development)					
GRI 3: Material Topics 2021	3-3	Management of material topics	5.3 Talent Development System	105	
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	5.3.2 Training Performance	106	
	404-2	Programs for upgrading employee skills and transition assistance programs	5.2.4 Upgrading Employee Skills and Transition Assistance Programs, 5.3.1 Training Development System	105, 106	
	404-3	Percentage of employees receiving regular performance and Career development reviews	5.3.4 Performance Assessment	109	
Diversity and Equal Opportunity (Equal Opportunity and No Discrimination for Employee)					
GRI 3: Material Topics 2021	3-3	Management of material topics	5.2.3 Diversity and Inclusion	103	
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	5.2.3 Diversity and Inclusion	103	
Non-Discrimination (Equal Opportunity and No Discrimination for Employee)					
GRI 3: Material Topics 2021	3-3	Management of material topics	5.2.3 Diversity and Inclusion	103	
GRI 406: Non-Discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	5.8.4 Employee Opinion Mailbox	115	
Freedom of Association and Collective Bargaining					
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	5.5 Human Rights Protection	113	
Child Labor					
GRI 408: Child Labor 2016	408-1	Operations and suppliers at significant risk for incidents of child labor	5.5 Human Rights Protection	113	
Forced or Compulsory Labor					
GRI 409: Forced or Compulsory Labor 2016	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	5.5 Human Rights Protection	113	
Local Communities					
GRI 413: Local Communities 2016	413-1	Operations with local community engagement, impact assessments, and development programs	6.3 Community Care	135	
★ Supplier Social Assessment (Supply Chain Management)					
GRI 3: Material Topics 2021	3-3	Management of material topics	3.4 Supply Chain Management	46	
GRI 414: Supplier Social Assessment 2016	414-1	New suppliers that were screened using social criteria	3.4 Supply Chain Management	46	
	414-2	Negative social impacts in the supply chain and actions taken	3.4 Supply Chain Management	46	
★ Customer Health and Safety (Product Safety and Quality)					
GRI 3: Material Topics 2021	3-3	Management of material topics	4.1.4 Product Safety and Quality	64	
GRI 416: Customer Health and Safety 2016	416-1	Assessment of the health and safety impacts of product and service categories	4.1.4 Product Safety and Quality	64	
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	4.1.4 Product Safety and Quality	64	

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★ Marketing and Labeling (Product Safety and Quality)					
GRI 3: Material Topics 2021	3-3	Management of material topics	4.1.4 Product Safety and Quality	64	
GRI 417: Marketing and Labeling 2016	417-1	Requirements for product and service information and labeling	4.1.4 Product Safety and Quality	64	
	417-2	Incidents of non-compliance concerning product and service information and labeling	4.1.4 Product Safety and Quality	64	
	417-3	Incidents of non-compliance concerning marketing communications	4.1.4 Product Safety and Quality	64	
★ Customer Privacy (Information Security)					
GRI 3: Material Topics 2021	3-3	Management of material topics	3.5 Information Security Policy and Management	52	
GRI 418: Customer Privacy 2016	418-1	Customer Privacy	3.5 Information Security Policy and Management	52	

Self-defined Topics					
Topic	Disclosure	Description	Corresponding Chapter	Page	Reason/Explanation for the Omission
★ Risk Management					
GRI 3: Material Topics 2021	3-3	Management of material topics	3.2.4 Risk Management	40	
GRI 2: General Disclosures 2021	2-25	Processes to remediate negative impacts	3.2.4 Risk Management	40	
★ Corporate Governance					
GRI 3: Material Topics 2021	3-3	Management of material topics	3.2 Corporate Governance	32	
Self-defined Material Topics	Self-defined	Newly launched products	3.2 Corporate Governance	32	
★ Customer Relationship					
GRI 3: Material Topics 2021	3-3	Management of material topics	4.1.4 Product Safety and Quality	64	
Self-defined Material Topics	Self-defined	Customer satisfaction survey	4.1.4 Product Safety and Quality	64	

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Sustainability Disclosure Topics & Metrics					
Topic	Code	Category	Metric	Data & Unit	The corresponding chapter in this report
Greenhouse Gas Emissions	RT-CP-110a.1	Quantitative	Gross global Scope 1 emissions, the percentage covered under emissions limiting regulations	Total Scope 1 (direct emissions) GHG Emissions of all plant areas: 1,071.1939 MT CO ₂ e	87
	RT-CP-110a.2	Discussion & Analysis	Discussion of long- and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	Carbon reduction goal: annual power savings of 1.0%	75, 87
Air Quality	RT-CP120a.1	Quantitative	Air emissions for the following pollutants: (1) NO _x (excluding N ₂ O) (2) SO _x (3) Volatile organic compounds (VOCs) (4) hazardous air pollutants (HAPs)	(1) 0.0 ton (2) 0.0 ton (3) 34.6 tons (4) 0.0 ton	83
Energy Management	RT-CP130a.1	Quantitative	(1) Total energy consumed (GJ) (2) Percentage grid electricity (%) (3) Percentage renewable (%) (4) Total self-generated energy (GJ)	(1) Total energy consumed: 332.1173 GJ (2) Percentage grid electricity: 99.97% Taipower (3) Percentage renewable: 0.03% (4) Renewable energy-total solar power generation: 0.1060776 GJ	75
Water Resource Management	RT-CP140a.1	Quantitative	(1) Total water withdrawn (m ³) (2) Total water consumed (m ³) (3) Percentage of each in regions with High or Extremely High Baseline Water Stress	(1) Total water withdrawn: 56,000 m ³ (2) Total water consumed: 56,000 m ³ (3) N/A	84
	RT-CP140a.2	Discussion & Analysis	Description of water management risk and discussion of strategies and practices to mitigate those risks	1. Domestic water: Pipes are regularly cleaned and maintained to ensure they remain unblocked. Water conservation reminders are posted in all water consumption areas to promote water conservation 2. Process water: Annual testing of process water quality 3. Drinking water: Regular maintenance of water dispensers and replacement of filters coupled with annual testing of drinking water quality	86
	RT-CP140a.3	Quantitative	Number of incidents of non-compliance associated with water quality permits, standards, and regulations	N/A	--
Waste Management	RT-CP150a.1	Quantitative	Amount of hazardous waste generated & recycled	N/A (the Company does not generate any hazardous waste)	--
Product Safety	RT-CP-250a.1	Quantitative	Number of recalls issued, total units recalled	N/A	--
	RT-CP-250a.2	Discussion & Analysis	Discussion of the process to identify and manage emerging materials and chemicals of concern	All chemicals are handled by the Chemical Management Manual	48, 123

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Topic	Code	Category	Metric	Data & Unit	The corresponding chapter in this report
Product Lifecycle Management	RT-CP-410a.1	Quantitative	Percentage of raw materials from: (1) recycled content (2) renewable resources (3) renewable and recycled content	1. rPET rate 17.19% Regrind material reuse rate: 46.07% 2. PLA rate: 6.11% 3. N/A	24 , 63 , 71
	RT-CP-410a.2	Quantitative	Revenue from products that are reusable, recyclable, and/or compostable	rPET: \$3,227,183,641 TWD PLA: \$731,007,069 TWD	---
	RT-CP-410a.3	Discussion & Analysis	Discussion of strategies to reduce the environmental impact of packaging throughout its lifecycle	1. Increased rPET rate 2. Cartons provided by three paper manufacturers have passed FSC certification audits	63 , 70
Supply Chain Management	RT-CP-430a.1	-	Total weight (in metric tons) of wood-fiber-based raw materials procured	N/A	---
	RT-CP-430a.2	-	Total aluminum purchased, the percentage from certified sources	N/A	---

Activity Metrics						
Topic	Code	Category	Data	Unit	The corresponding chapter in this report	
Amount of production, by substrate	RT-CP-000.A	Quantitative	Item	Weight(MT)	Metric tons	24
			PET	32,888		
			rPET	6,828		
			PLA	3,188		
			PP	9,242		
Percentage of production as: (1) paper/wood, (2) glass, (3) metal, and (4) plastic	RT-CP-000.B	Quantitative	(1) paper/wood: 0% (2) glass: 0% (3) metal: 0% (4) plastic: 100%	%	70	
Number of employees	RT-CP-000.C	Quantitative	The total workforce of all plant areas: 463	Persons	100	

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Item	The corresponding chapter in this report
Description of the Board and Management's oversight and governance of climate-related risks and opportunities	4.9 The Management and Adaptation of Climate Change Risks
Description of how the identified climate risks and opportunities impact the company's business, strategies, and finance (short, mid, and long-term)	4.9 The Management and Adaptation of Climate Change Risks
Description of the impact extreme climate events and transitional actions have on finance	4.9 The Management and Adaptation of Climate Change Risks
Description of how the climate risk identification, assessment, and management process is integrated into the overall risk management system	4.9 The Management and Adaptation of Climate Change Risks
Should scenario analysis be used to assess the company's resilience in the face of climate change risks, explanations of the scenario, parameters, hypothesis, analysis factors, and major financial impacts should be provided	4.9 The Management and Adaptation of Climate Change Risks
Should there be transitional programs in response to managing climate-related risks, please explain the program's content and metrics and targets used to identify and manage physical and transitional risks	4.9 The Management and Adaptation of Climate Change Risks
Should internal carbon pricing be used as the planning tool, the pricing mechanism should be explained	N/A
Should climate-related targets be in place, information such as their scope of action, GHG emissions, planned timeline, and annual achieved progress should be stated; for targets achieved through carbon offset and RECs, the source of offset amount and number of RECs should be stated	4.9 The Management and Adaptation of Climate Change Risks
Carbon inventory and assurance efforts, carbon reduction goals, strategies, and specific action plans	4.7 GHG Emissions

Recent two-year company GHG inventory and verification status				
2022				
Scope 1 (Category1)	Total Emissions (MT CO ₂ e)	Intensity (MT CO ₂ e/\$ million TWD)	Certification Body/Standard	Certification Status Description
Total	1,788.3178	0.3684	ETC Taiwan Testing and Certification Center ISO 14064-1:2018 / CNS 14064-1	King Yuan Fu Packaging Co., Ltd. Yingge Plant (HQ): No. 399, Jianguo Rd., Yingge District, New Taipei City 239011 Shulin Plant: No. 345-16, Zhongzheng Rd., Shulin District, New Taipei City 238028 Dongshan Plant: No. 275, 275-1, Xiangzhong Rd., Dongshan Township, Yilan County 269027 <ul style="list-style-type: none"> ▪ Total Emissions 60,850.8616 MT CO₂e ▪ Category 1 Direct Emissions 1,788.3178 MT CO₂e ▪ Category 2 Indirect Energy Emissions 49,181.0330 MT CO₂e ▪ Category 3 Indirect Emissions associated with transportation 1,190.2031 MT CO₂e ▪ Category 4 Indirect Emissions associated with products used by the organization 8,691.3077 MT CO₂e
Scope 2 (Category2)	Total Emissions (MT CO ₂ e)	Intensity (MT CO ₂ e/\$ million TWD)		
Total	49,181.0330	10.1321		
Scope 3 (Category3)	Total Emissions (MT CO ₂ e)	Intensity (MT CO ₂ e/\$ million TWD)		
Total	1,190.2031	0.2452		
Scope 3 (Category4)	Total Emissions (MT CO ₂ e)	Intensity (MT CO ₂ e/\$ million TWD)		
Total	8,691.3077	1.7905		

* Intensity = Total Emissions / Total Revenues (\$ million TWD). Revenues in 2022 \$4,854 million TWD.
 Category 5&6: No indirect greenhouse gas emissions of significance threshold. Certification Body used ISO 14064-1:2018 / CNS 14064-1.
 Category 1 and Category 2 are Reasonable Level, and Category 3 and Category 4 are Limited Level.

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2023				
Scope 1 (Category1)	Total Emissions (MT CO _{2e})	Intensity (MT CO _{2e} /\$ million TWD)	Certification Body/Standard	Certification Status Description
Total	1,071.1939	0.2186	AFNOR Asia Ltd ISO 14064-1:2018 / CNS 14064-1	King Yuan Fu Packaging Co., Ltd. Yingge Plant (HQ): No. 399, Jianguo Rd., Yingge District, New Taipei City 239011 Shulin Plant: No. 345-16, Zhongzheng Rd., Shulin District, New Taipei City 238028 Dongshan Plant: No. 275, 275-1, Xiangzhong Rd., Dongshan Township, Yilan County 269027 - Total Emissions 180,854.0409 MT CO _{2e} - Category 1 Direct Emissions 1,071.1939 MT CO _{2e} - Category 2 Indirect Energy Emissions 44,731.3155 MT CO _{2e} - Category 3 Indirect Emissions associated with transportation 1,363.1428 MT CO _{2e} - Category 4 Indirect Emissions associated with products used by the organization 133,688.3887 MT CO _{2e}
Scope 2 (Category2)	Total Emissions (MT CO _{2e})	Intensity (MT CO _{2e} /\$ million TWD)		
Total	44,731.3155	9.1288		
Scope 3 (Category3)	Total Emissions (MT CO _{2e})	Intensity (MT CO _{2e} /\$ million TWD)		
Total	1,363.1428	0.2782		
Scope 3 (Category4)	Total Emissions (MT CO _{2e})	Intensity (MT CO _{2e} /\$ million TWD)		
Total	133,688.3887	27.2833		

* Intensity = Total Emissions / Total Revenues (\$ million TWD). Revenues in 2023 \$4,900 million TWD.
Category 5&6: No indirect greenhouse gas emissions of significance threshold. Certification Body used ISO 14064-1:2018 / CNS 14064-1.
Category 1 and Category 2 are Reasonable Level, and Category 3 and Category 4 are Limited Level.

Carbon reduction goals, strategies, and specific action plans

We conduct GHG inventories voluntarily to facilitate the effective management of GHG emissions in all our plants. Direct and indirect emissions of our operating sites are inventoried by ISO 14064-1:2018 principles and requirements. Our inventory coverage rate has reached 100% (2021 has been set as the base year).

Action plans
in 2023

1. Automatic recovery and crushing of trimmings generated in production processes by machinery and reuse for manufacturing.
2. Ongoing promotion of rPET products to customers by the sales department.
3. About existing products, we actively explore how to achieve product thinning and thereby reduce the use of plastic pellets by relying without affecting product quality and functionality.
4. Incorporate circular economy principles into the green procurement framework, expand the scope of green procurement projects, and promote activities such as reducing, recycling, and reusing raw materials to achieve circular economy goals.

Strategies
in 2023

1. Thinning of 8 newly added products resulting in a weight reduction of 254.4 metric tons, which was equivalent to carbon savings of 772.8 MT CO_{2e}.
2. A total of 40,274 metric tons of regrind materials were recycled in our plants for a recycling and reuse rate of 46.07%. rPET rate of 17.19%.
3. Total energy savings of 4,423,304 kWh through internal energy conservation initiatives in 2023. Year-over-year decrease of per-unit power consumption by 4.69% in 2023.

Carbon
reduction
goals in
2023

1. rPET rate of 100.0% in 2035
2. Continue developing and introducing qualified rPET suppliers to ensure stable supply capacity.
3. RE100 commitment, 60% renewable energy in 2030, 90% renewable energy in 2040, 100% renewable energy in 2050.

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United Nations Global Compact

	Principles	Description	Explanation	The corresponding page in this report
Human Rights	Principle 1	Businesses should support and respect the protection of internationally proclaimed human rights	ESG Policy	28
	Principle 2	Make sure that they are not complicit in human rights abuses	Statement on Gender Equity in the Workplace	113
Labor	Principle 3	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining	Employees can freely participate in club activities; no trade union has been formed	—
	Principle 4	The elimination of all forms of forced and compulsory labor	Policy of Zero Placement Fees for Migrant Workers	112
	Principle 5	The effective abolition of child labor	Pledge Against Child Labor	113
	Principle 6	The elimination of discrimination concerning employment and occupation	Hiring decisions are not affected by factors such as gender, religion, ethnicity, nationality, political orientation, educational background, or age. All decisions are based on equality and diversity principles.	101
Environment	Principle 7	Businesses should support a precautionary approach to environmental challenges	Membership in the RE 100 Initiative Adoption of ISO 14001 Environmental Management System Acquisition of ISO 14064-1:2018 GHG Inventory certificates by all plants Acquisition of ISO 14067:2018 Product Carbon Footprint certificates for two products	11, 82
	Principle 8	Undertake initiatives to promote greater environmental responsibility	Adoption of ISO 14001 Environmental Management System Acquisition of ISO 14064-1:2018 GHG Inventory certificates by all plants Acquisition of ISO 14067:2018 Product Carbon Footprint certificates for two products	11
	Principle 9	Encourage the development and diffusion of environmentally friendly technologies	Increased rPET rate	63
Anti-Corruption	Principle 10	Businesses should work against corruption in all its forms, including extortion and bribery	Stipulation of an anti-corruption policy and training administration	43

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Independent Third-Party Assurance Statement



**Independent Assurance Statement Based on
 2023 Sustainability Report of KING YUAN FU PACKAGING CO., LTD.**

Statement No.: 2405007

KING YUAN FU PACKAGING CO., LTD. (hereinafter referred to as KING YUAN FU) and GREAT International Certification Co., Ltd. (hereinafter referred to as GREAT) are independent companies and organizations. Except for the evaluation and verification of the company's 2023 sustainability report, GREAT has no financial relationship with KING YUAN FU.

The purpose of this independent assurance statement (hereinafter referred to as the Statement) is only to serve as the conclusion of guaranteeing the relevant matters within the scope defined in the following relevant KING YUAN FU's Sustainability Report, and not for other purposes. Except for the independent assurance statement for fact verification, GREAT does not bear any relevant legal or other responsibilities for the use of other purposes, or anyone who reads this independent assurance statement.

This independent assurance statement is based on the conclusions made by the relevant information verification provided by KING YUAN FU to GREAT. Therefore, the scope of the review is based on and limited to the content of the information provided. GREAT believes that the information content is complete, accurate and precise. Any questions about the content of this independent assurance statement or related matters will be answered by KING YUAN FU.

The Scope of Assurance

The verification scope of KING YUAN FU and GREAT agreement includes:

- The contents of the entire sustainability report and all operating performance of KING YUAN FU from January 1, 2023 to December 31, 2023;
- According to the type 1 of AA1000 Assurance Standard v3, evaluate the nature and degree of KING YUAN FU's compliance with the AA1000 Accountability Principles (2018), excluding the verification of the reliability of the information/data disclosed in the report.
- This statement is made in Chinese and translated into English for reference.

Verification Opinion

We summarize the content of KING YUAN FU 's sustainability report, and provide a fair standpoint of KING YUAN FU 's related operations and performance. We believe that the specific performance indicators of KING YUAN FU in 2023, such as economy, society, environment and corporate governance, are presented correctly. The performance indicators disclosed in the report demonstrate KING YUAN FU 's expectations and efforts to identify and satisfy stakeholders.

Our verification work is carried out by a group of teams with verification capabilities according to the AA1000 Assurance Standard v3, as well as the planning and execution of this part of the work to obtain the necessary information data and instructions. We believe that the evidence provided by KING YUAN FU sufficient to show that its reporting method and self-declaration in accordance with the AA1000 Assurance Standard v3 and its 2018 appendix are in line with the GRI Sustainability Reporting Guidelines.

Verification method

To gather the evidence relevant to the conclusions, we performed the following:

- To conduct a senior management review of issues from external parties related to KING YUAN FU 's corporate policies to confirm the appropriateness of the statement in this report;
- To discuss with the managers of KING YUAN FU about the way of stakeholder participations, and have no direct contact with external stakeholders;
- To interview with employees related to the preparation of the sustainability report and information provision;
- To audit the performance data of KING YUAN FU on a sampling basis;
- To evidence supporting the claims made in the review report;
- To Review the management process of the principles of inclusivity, materiality, responsiveness, and impact described in the company report and its related AA1000 Accountability Principles (2018).

Conclusion

The results of a detailed review of the AA1000 Accountability Principles (2018) including inclusivity, materiality, responsiveness, impact and GRI sustainability reporting standards are as follows:

- **Inclusivity**
 KING YUAN FU has established a process of cooperation with government/competent authorities, customers, employees, suppliers/contractors/business partner contractors, certification/inspection agency/consulting firm/public



association/academic unit/research institute, investors/shareholders/financial institutions and community residents/general public etc., and will launch a series of stakeholder activities in 2023, involving economy, society, environment and a series of major themes. In terms of our professional opinion, this report covers the inclusivity issues of KING YUAN FU.

- Materiality

The report has stated that KING YUAN FU focuses on Environment, Society, Corporate Governance topics, and identified 14 major topics including corporate governance, operating performance, occupational safety and health, product quality and safety, raw material management, salary and benefits, talent education, energy management, risk management, information security, customer relations, carbon emission, circular economy and supply chain management, etc. In terms of our professional opinion, this report appropriately covers the materiality issues of KING YUAN FU.

- Responsiveness

KING YUAN FU responds to requests and opinions from stakeholders. Implementation methods include various grievance mechanisms, suggestion box, anti-corruption complaint channel, supplier evaluation/meeting, customer complaint mechanism, customer satisfaction survey, employee satisfaction survey and labor-management meeting, those numerous internal and external stakeholder communication mechanisms, as an opportunity to provide further responses to stakeholders, and to promptly respond to stakeholder concerns. In terms of our professional opinion, this report covers the responsiveness issues of KING YUAN FU.

-Impact

KING YUAN FU has identified and fairly demonstrated its impact with balanced and effective measurement and disclosure. KING YUAN FU has established a process for monitoring, measuring, evaluating and managing impacts, which helps to achieve more effective decision-making and results management within the organization. In terms of our professional opinion, this report covers the impact issues of KING YUAN FU.

-GRI Guidelines

KING YUAN FU provides the self-declaration of compliance with the GRI Sustainability Reporting Standards and relevant information. Based on the results of the review, we confirm that the report refers to the social responsibility and sustainability of the GRI Sustainability Reporting Standards. Relevant disclosure items for developments have been disclosed, partially disclosed, or omitted. In terms of our professional opinion, this self-declaration covers KING YUAN FU 's social responsibility and sustainability themes.

Assurance level

According to the AA1000 Assurance Standard v3 and its 2018 Appendix, we have verified that this Statement is a moderate level of assurance, as described in the scope and methods of this Statement.

Responsibility

The responsibility of the sustainability report, as stated in this Statement, is owned by the person in charge of KING YUAN FU. The responsibility of GREAT is solely to provide professional opinions based on the scope and methods described, and to provide an independent assurance statement for the stakeholders.

Ability and Independence

GREAT is composed of experts in various management system fields. The verification team is composed of members with professional background, who have received training in a series of sustainable development, environmental and social management standards such as AA1000AS v3, ISO 9001, ISO 14001 and ISO 45001, and are qualified as lead auditors.

On behalf of the assurance team JUN. 06, 2024

GREAT International Certification Co., Ltd.

Taiwan, Republic of China



Signed by General Manager

W. J. Chen





金元福包裝企業股份有限公司
KING YUAN FU PACKAGING CO., LTD.