



KYECC

Lead sustainability, and value Gung Ho

KYECC Group

2020

Corporate Social Responsibility Report

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About the Report

King Yuan Electronics Corp.(KYEC) has entered the eighth year since its first release of “Corporate Social Responsibility Report”, Using this as a communication platform will let stakeholders understand KYEC’s various efforts and achievements in aspects of environment, society, and governance, as well as respond to stakeholders’ requirements and expectations. We expect to establish a long-term partnership with clients and social groups and keep driving sustainable development.

Border and Scope

This report sets the organizational boundary according to the principles of consolidated financial statements. It covers the implementations and results of five KYEC Group’s production bases worldwide (including two subsidiary companies, contributing 100% of KYEC Group’s revenue in total). The production bases include KYEC Hsinchu plant (including the company headquarter) and Miaoli plants (Chunan plant and Tongluo plant) in Taiwan, and the subsidiaries companies KLT&ZKT (King Long Technology and Zhen Kun Technology) in Suzhou, China. Part of the performance indicators in the content is for highlighting the mid and long-term tendency. Some indicators offer 2018~2020 consecutive data in order to highlight the mid- to long-term trends. In case the quantitative indicators contain special meanings, a note will be provided to explain further.

Writing Rules

The content and structure of this CSR report follow GRI (Global Reporting Initiative) in 2016 and the AA1000 Assurance Standard. This report is provided by the CSR promotion team, and the contents are all compiled after the approval of department managers.

The Financial data are calculated in New Taiwan Dollars and have been attested by the Ernst & Young Taiwan. Apart from conducting internal audit, the environment, safety and hygiene management system also undertakes external audit for ISO 14001, OHSAS 18001, ISO14064, ISO14067, and IECQ QC080000 standards. The designated certification body is SGS-Taiwan.

Time span and publication

This report disclosed the compiled data from January 1st to December 31st, 2020, and was published in June 2021. To improve the transparency of the sustainable data, we’ll simultaneously publish the Chinese (traditional and simplified) and English versions of the content and post them on KYEC’s official website (<http://www.kyec.com.tw/csr/csreport.aspx>). The version of previous release : June, 2019

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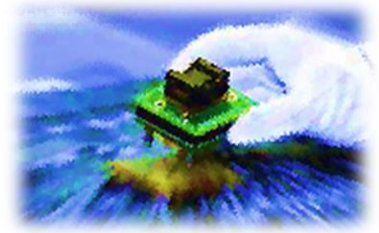
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Words from President

Recently, the topic of ESG has become a powerful trend, drawing growing attention from investment facilities. These facilities listed ESG is another essential indicator that corporations must pay attention to and address. In the current implementations of KYEC, the simultaneously launched ESG-related projects are successfully implemented in the aspects of “environmentally friendly,” “social care,” and “governance”, with professional accreditation bodies regularly inspecting the progress.

Environmentally friendly

Our company didn't suffer any financial loss or get fined due to environmental pollution in recent years. For our environmental protection expenditure, we keep promoting various energy-saving projects, and the actual spending is approximately 5.2 million NTD for our Taiwanese plants. For system establishment, all plants introduced ISO 50001, ISO 14064, and ISO 14001 according to local authorities' policies. At the same time, we look for resourcezation approaches to reduce the impact of wastes on the environment. For benefits, we've achieved significant results in energy-saving, carbon reduction, greenhouse gas reduction, water reduction, and related waste management. For example, our Chunan plant alone recycled nearly 510 thousand tons of water and 5.95 million kWh in 2020, recovering nearly 15 million dollars. In addition, we've won awards including the Winning Award of the Science Park Afforestation, Beautification, and Environment Protection Contest from Hsinchu Science Park, Ministry of Science and Technology, and the Distinguished Honor Award of the Private Corporation and Organization's Implementation of Green Procurement from the Environmental Protection Bureau, Miaoli County.

Social care

KYEC Group takes social concern and sustainable development as the concept. KYEC actively cultivates talents and continuously promotes arts and humanities activities or charitable activities for vulnerable groups, like addressing and paying attention to the hardship of school participation for children in immigrant families. Under the recruitment principle of “meritocratic and local employments”, the proportion of local employees for Taiwanese and Chinese subsidiaries are about 65% and 30%, respectively. We annually conduct employee health examinations and hold various health promotion activities. We also have different communication channels with our employees, such as management and labor council, forums, employee message boards, and multiple complaint channels. According to our statistics, we received 99 incident reports in 2020, and 100% of them were responded to and processed. With the implementation of a complete education and training system for all levels, the total training hours and average hours for each employee hit a record high in the past few years, with the latter reaching 50 hours (both Taiwanese and Chinese subsidiaries). In addition, our company has long supported community care. Aside from corporate sponsorship, we also encourage our employees to participate in social welfare activities to provide substantial contributions to the community through our employees' efforts.



President

Governance

We created the position of governance manager in 2019 and formulated our company's "Standard procedure for addressing directors' demands" to meet their requirements and assist them in their work promptly and effectively, implementing corporate governance and enhancing the board's function. We also performed the 2020 board performance assessment for the entire board of directors, individual directors, and the functional committees. Improvement proposals were included to provide timely information of training courses for directors to exert the board's function further and lead the corporation to better governance. We also developed enhancement proposals for the information transparency of governance assessment, including disclosing information on our company's website and keep improving the publishing of English versions of related information for the reference of domestic and foreign investors. Through all these approaches, we aim to fully fulfill our corporate social responsibility and create maximum value for our company and our shareholders.

CSR is an essential pass for globalization, a global trend for companies to achieve sustainable development, and non-financial corporation information to which investors pay great attention. Therefore, KYEC Group implemented CSR in combination with the company's internal ESG projects and utilized ESG disclosure as a management tool. For all future and insightful trends for sustainable developments, we incorporated the ESG factors in our strategies and business models. Over time, internally, we will build our corporate culture and keep enhancing our competitiveness; externally, we will convey our corporate values while continuously being favored by our investors.































1. Performance in Sustainability




















































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

1.1 Economic Performance

Items	2018	2019	2020
Revenue(NTD thousand)	☆ 20,815,369.00	★ 25,539,437.00	★ 28,959,304.00
Net income(NTD thousand)	☆ 1,793,890.00	★ 3,041,484.00	★ 3,637,140.00
EPS(NTD)	☆ 1.47	★ 2.49	★ 2.97
Ratio of liabilities to asset (%)	☆ 48.00	★ 52.43	★ 52.17
Ratio of long-term capital to fixed assets(%)	★ 129.35	☆ 125.03	★ 131.02
Return on assets(%)	☆ 4.43	★ 6.44	★ 6.77
Return on equity(%)	☆ 7.24	★ 11.99	★ 13.10
Income tax(NTD thousand)	☆ 595,668.00	★ 873,379.00	★ 906,515.00
R&D expense(NTD thousand)	☆ 909,086.00	★ 1,035,207.00	★ 1,202,520.00

1.2 Environment Performance

Items	2018	2019	2020
Violations of environmental protection regulations	 0	 0	 0
Total power consumption(Kwh)	 607,551	 636,841	 696,856
Electricity intensity(Kwh/hundred million)	 2,608	 2,170	 2,001
Diesel fuel(Kwh)	 196	 838	 1,155
Steam(Kwh)	 0	 0	 2
Original intake water(Million liter)	 1,761	 2,038	 2,307
Recycling and Reused water consumption(Million Liter)	 1,016	 1,135	 1,054
Total water consumption(Million liter)	 2,777	 3,173	 3,361
water use intensity(Million liter/hundred million)	 12	 11	 10
Water consumption(Million liter)	 1,416	 1,690	 1,790

Items	2018	2019	2020
Water discharge(Million liter)	 344	 348	 517
Waste water discharge intensity(Million liter/hundred million)	 1	 1	 1
Hazardous industrial waste generation	 80	 287	 372
Recyclable amount of hazardous industrial wastes	 68	 120	 71
Recycle and reuse rate of hazardous industrial wastes(%)	 1	 0	 0
General industrial waste generation(Tons)	 1,751	 1,759	 2,866
Recyclable amount of General industrial waste generation(Tons)	 1,504	 1,495	 2,526
Recycle and reuse rate of General industrial waste generation(%)	 1	 1	 1
Total industrial waste generation(hazardous + general)(Tons)	 1,832	 2,046	 3,238
Recyclable amount of industrial waste generation(hazardous + general)(Tons)	 1,572	 1,615	 2,596
Total recycled and reused of industrial waste generation (hazardous + general)(%)	 1	 1	 1
Scope-1 Greenhouse gas emission direct emission(Tons CO2e)	 4,659	 2,503	 4,544
Scope-2 Greenhouse gas emission indirect emission(Tons CO2e)	 351,079	 355,638	 379,769
Scope-3 Greenhouse gas emission indirect emission(Tons CO2e)	定性不定量	定性不定量	 71,387
Greenhouse gas emission intensity(Tons CO2e/hundred million)	 1,527	 1,220	 11,104
Proportion of raw material purchased locally(%)	 53%	 51%	 52%
Supplier Annual Audit(No. of Suppliers)	 44	 50	 50
Green Purchase Amount(10 thousand)	 6,742	 7,267	 9,237

1.3 Social Performance

Items (*: Not included subsidiaries)	2018	2019	2020
Number of employees(people)	8436	8926	9239
Total hours of employee training (hours)*	354,890	425,601	462,624
Average hours of employee training(hours)*	43.3	49.4	53.8
Employee Training Certificates (No. of Certificates)*	2,136	2,818	3,437
Employment Rate of Persons with Physical and Mental Disability*	0.01	0.01	0.01
Participants of Health Promotion Seminars (People)*	1,102	1,176	1,106
Social Charity Activities*	9	6	4
Violations of occupational safety and health regulations	0	1	0
Physical work injuries	10	18	17
Chemical work injuries	0	0	0
Ergonomic work injuries	0	0	1
Frequency of Disability Injury(No. of cases for disability injury / million labor hours)	1	1	1
Severity of disability injury(Days of disability injury / million labor hours)	8.34	12.78	21.63
Frequency-severity indicator	0	0	0
Number of people receiving education and training for contractors	1,053	865	1,397
Violations of environmental safety and health regulations for contractors	72	49	67
Work injuries for contractors	0	0	0
Safety and health suggestion proposals	121	139	159
Emergency Contingency Drills	66	76	73



2. KYEC Overview

2.1 Company Profile

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

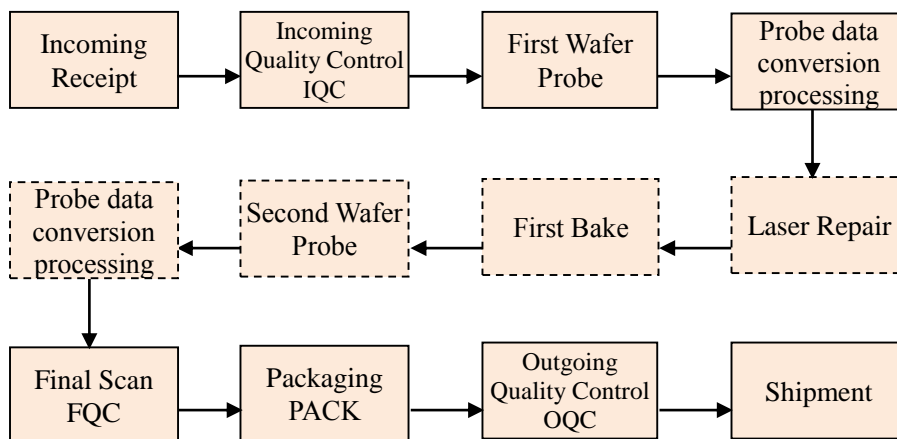
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2.2 Production process of main products

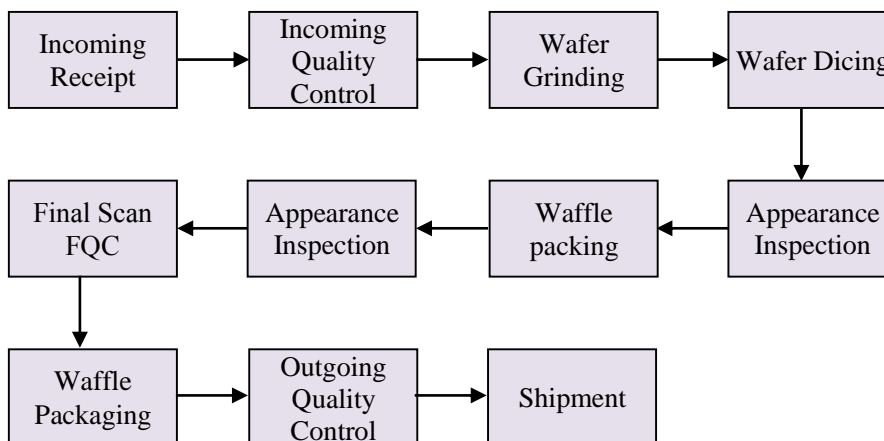
2.2.1 Wafer probing

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



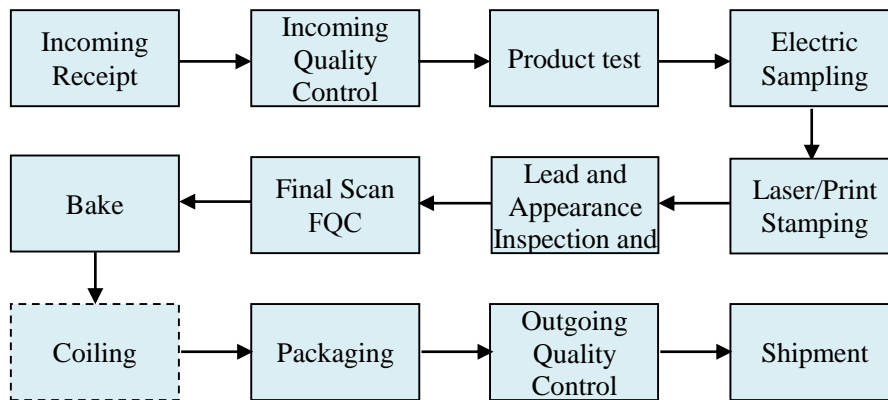
2.2.2 Wafer grinding/wafer dicing/waffle packing

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



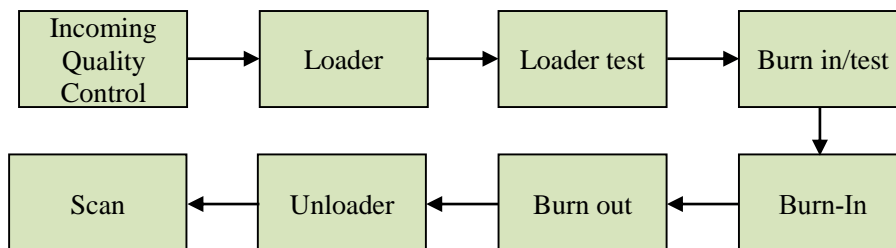
2.2.3 IC product testing procedures

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



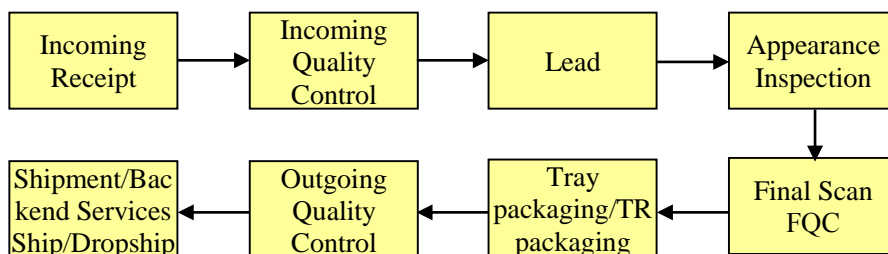
2.2.4 Burn-in

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



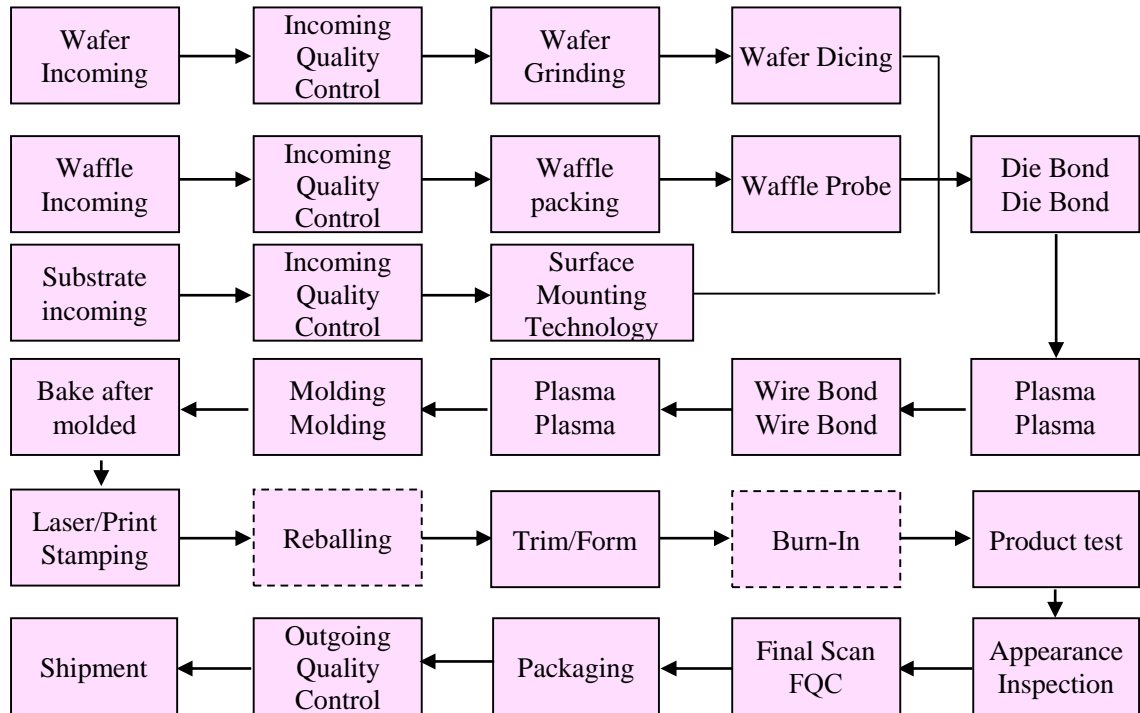
2.2.5 Lead/dropship

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



2.2.6 Package and Test Shipment

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



2.3 Core Value

The Core Value of KYEC Group:

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

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

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

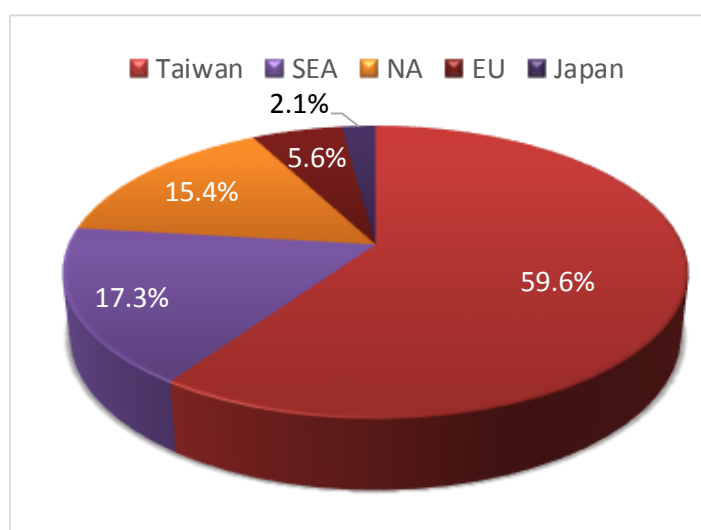
2.3.4 Sharing: Voluntary in sharing knowledge and skills as well as experience owned with others so that the company and clients can share and grow together.



2.4 Worldwide Business Division

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

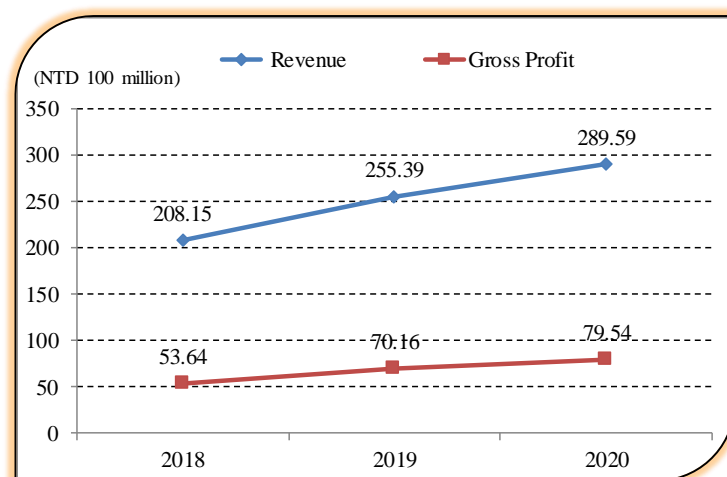
The worldwide business divisions and the distribution of operating income in 2020 are shown in the follows :



2.5 Management Performance

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

2018~2020 Consolidated Operating Income and Gross Profits: :



2.6 Management system accreditation

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

Major accreditation systems are as follows:

Management System	KYEC			Subsidiaries	
	Hsinchu Factory	Chunan Factory	Tungluo Factory	KLT	ZKT
ISO 14001	●	●	●	●	●
ISO 14064	●	●	●	●	
ISO 50001		●	●	●	
ISO 45001	●	●	●	●	
ISO 22301	●	●	●		
AEO		●	●		
ISO 28000		●	●		
IECQ QC080000	●	●	●	●	●
Sony GP		●			
ISO 9001	●	●	●	●	●
IATF 16949	●	●	●	●	●
TL 9000	●	●	●	●	
ISO 13485	●	●	●		
ISO 26262	●	●	●		

Management System	KYEC			Subsidiaries	
	Hsinchu Factory	Chunan Factory	Tungluo Factory	KLT	ZKT
ANSI/ESD S20.20	•	•	•	•	•

2.7 2020 Honor and Recognition

Organization	Awards
Hsinchu Science and Industrial Park, Ministry of Science and Technology	Excellence Award in Park Green Embellishment and Environment Maintenance Competition
Workforce Development Agency, Ministry of Labor	TTQS Talent Quality-management System (Enterprise version). Gold medal
Taiwan Institute for Sustainable Energy (TAISE)	Taiwan Corporate Sustainability Award
Customs Administration, Ministry of Finance – Taichung Customs	Excellent Bonded Factory Award
Environmental Protection Bureau, Miaoli County	Private Corporation and Organization’s Implementation of Green Procurement. Distinguished honor award
Corporate Synergy Development Center	2020 Taiwan Continuous Improvement Awards(TCIA)– Silver Towner Award
Association of Pioneer Quality Control Research	43th National Golden Award QC Circle–Golden Award
Zhilian recruitment, Institute of Social Science Survey, Peking University	China’s Best Employer Nomination Award
Suzhou Industrial Park Social Insurance Fund (Public Accumulation Funds) Management Center	Partner of the Year
Suzhou Industrial Park Guidance Commission on Building Spiritual Civilization, Suzhou Industrial Park Office of Party and Administration	The Most Socially Responsible Corporation (Quality innovation)



2.8 Members participating in various external departments

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

3. Stakeholders and Concerned Issues

To ensure the planning and execution of sustainable corporate development, KYEC followed the GRI standards to grade the importance of economic, environmental, and social issues of concern respectively, and make questionnaires for stakeholders to fill in. After the collection, discussion, and inspection of these sustainability issues, the results were compiled in the annual corporate social responsibility report and submitted to the senior executives for approval and issuance.



3.1 Identify the Stakeholders

The CSR Committee and department managers will discuss internally and refer to the practice and experience of peer industries by work properties, followed by taking consideration of the influence, responsibility, reliance, diverse perspectives, and focus tension of stakeholders negotiation under AA1000 SES(Stakeholder Engagement Standard)-2015. KYEC Group's main stakeholders in 2020 were distinguished into 7 major groups, including the Employees, Customers Shareholders/Investors, Suppliers, Contractors, Community Residents, Government, and Employees.



Contractors, Community Residents, and Government.

3.2 Communication between Stakeholders

3.2.1 Communication between Stakeholders

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

The communication topics, channels, and frequency with stakeholders in 2020 are as follows: :

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

	<ul style="list-style-type: none"> installation and management • Disaster prevention and emergency contingency • Waste Management • Environmental protection and safety and health related regulations and laws • Environmental Protection • Customer Privacy • Customer Relations Management 	Company website	Unscheduled
Shareholders/ Investors	<ul style="list-style-type: none"> • Operational Size • Corporate Governance • Financial performance • Market image 	Market Observation Post System	Unscheduled
		Domestic and international investment forums	Unscheduled
		General meetings of shareholders	Annually
Suppliers	<ul style="list-style-type: none"> • Hazardous substance management • Responsible Business Alliance Code of Conduct • Procurement policy • Integrity management and practice ethics • Source of mining acquisition and employees' rights 	Supplier Meeting	Unscheduled
		Supplier Audit	Unscheduled
		Supplier risk assessment	Monthly
		Supplier product quality meeting	Unscheduled
Contractors	<ul style="list-style-type: none"> • Factory safety and health operation requirement • Sign letter of guarantee 	Contractor Negotiation Meeting	Monthly
		Email	Unscheduled
	<ul style="list-style-type: none"> • Industry-Academic 	Courses and visits	Unscheduled

Community Residents	Cooperation	Response from neighborhood chief	Unscheduled
	<ul style="list-style-type: none"> • Care for disadvantaged • Social welfare 	Sponsoring art and cultural activities	Unscheduled
Government	<ul style="list-style-type: none"> • Corporate governance • Regulation conformity 	Letter of correspondence and email	Unscheduled
	<ul style="list-style-type: none"> • Financial information transparency 	Propaganda meeting/briefing	Unscheduled
	<ul style="list-style-type: none"> • Policy cooperation 	Promulgated Decree	Unscheduled
	<ul style="list-style-type: none"> • Waste management • Disaster prevention and emergency contingency • Hazard substance/dangerous articles management 	External Official Document	Unscheduled
	<ul style="list-style-type: none"> • Machinery equipment safety and management • Waste water discharge and management • Greenhouse gas management • Green energy purchase and energy management 	Public Hearing for Regulations	Unscheduled



3.2.2 The stakeholders' concert and responding

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

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

Stakeholder	Agenda of Attention	Disposition
Employees	Sporting culture	In response to the pandemic, a table tennis coach was invited to the plant to play one-on-one with our colleagues to provide them a sports environment with no health concerns (not a gathering activity).
	Talent Recruitment and Retention	<ol style="list-style-type: none"> 1. Actively participate in recruitment activities at local employment service stations and prioritize the local citizens to contribute to the community. 2. Keep cooperating with schools and government agencies to introduce outstanding talents to Miaoli, and take care of the vulnerable population to fulfill corporate social responsibility. 3. The company installed a mentoring system that regularly checks on the learning progress of new recruits and provides timely assistance. 4. The company has a well-designed salary system that adjusts the salary structure from time to time and regularly gives raises, dividends, quarterly bonuses, etc. 5. The company regularly holds various activities to enhance the internal cohesion of the employees and provide great interaction opportunities.
	Competitive Salary	By comparison, we raise our starting salary, optimizing our compensation package, offering competitive salary in the industry.
	Encouraging Chinese Spring Festival attendance	Encourage employees to stay during the Spring Festival and return to their hometown group by group after the festival
	Recruitment and retention system	Formulate pay raise plans and optimize the salary structure to recruit more talents and increase the retention rate
	Training development	Formulate annual training plans according to the organization's development needs and actively conduct orientation training and on-the-job training to enhance employees' skills and professional abilities.
	Employee Communication	Actively hold employee forums for the senior executives and employees to communicate face-to-face to solve life or work

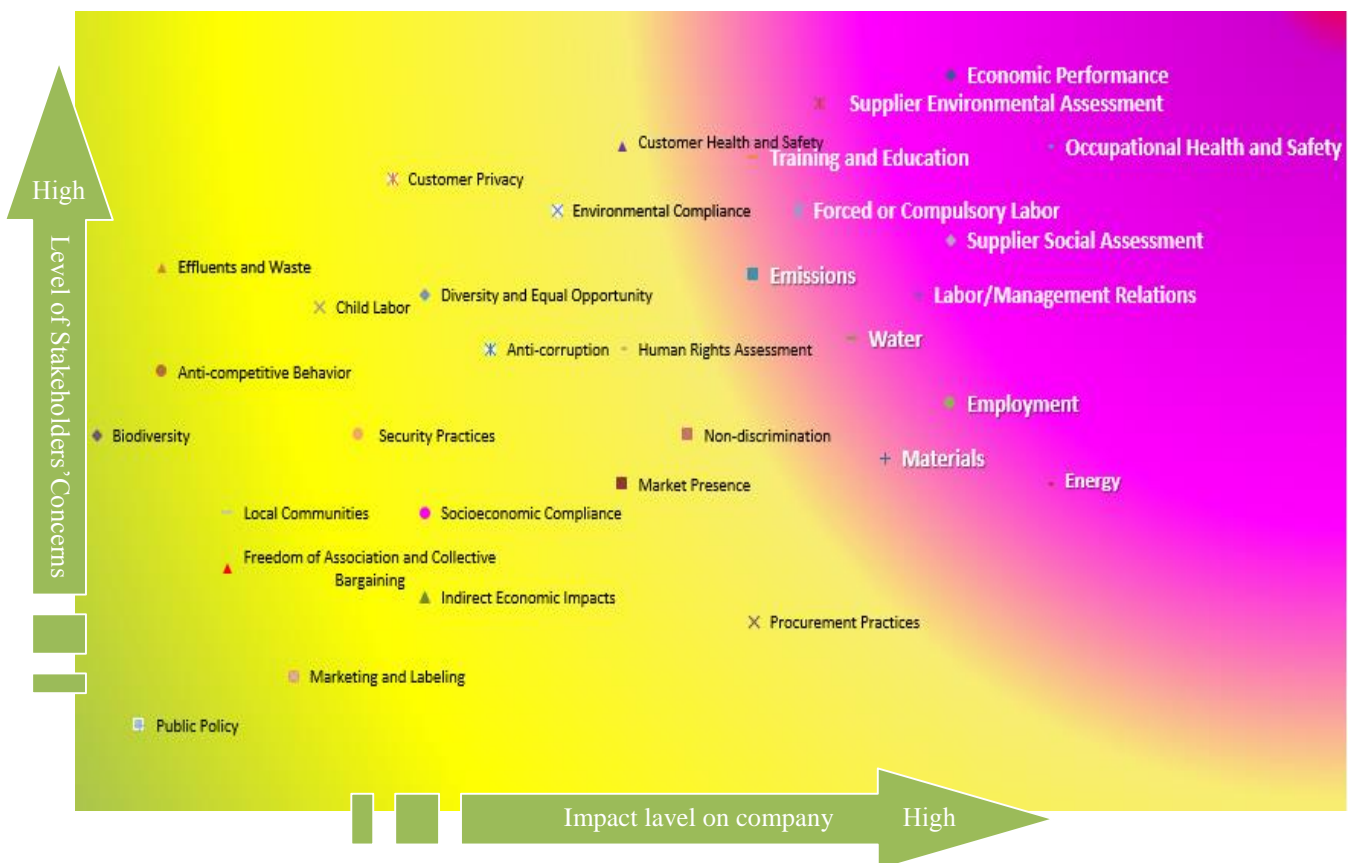
		problems.
	Organize employee activities	We organized various cultural recreation activities (such as marathons, basketball games, badminton games, family day, Mid-autumn Festival banquet, and year-end banquet) to mix work with adequate rest and enrich our employees' leisure time.
Customers	Disaster Prevention and Emergency Contingency	<ol style="list-style-type: none"> 1. Promote OHSAS18001 Occupational Safety and Health Management System. 2. Develop and Execute Annual Safety and Health Education Training Program. 3. Regularly Execute On-Site Safety and Health Inspection and conduct anomaly correction. 4. Establish operation sustainability management system to restore risk control and emergency contingency to the correct position successfully after the disaster and lower hazard impact level.
Shareholders/ Investors	Operations and Financial Situations	<ol style="list-style-type: none"> 1. Accept the invitation by domestic and international legal persons to attend the legal person conferences and explain to the investors for the latest operation overview of KYEC. 2. Public relevant operation information on MOPS.
Suppliers	RBA Code of Conduct / RMI_CMRT	All KYEC suppliers supplying electronic materials to KYEC will need to complete the RBA Code of Conduct if any of their products is likely the substance of conflict minerals. Such suppliers will also need to provide the list of metal refiners recognized by RBA and GeSI to assure the sources from the smelters and refiners in conformity with RMAP standards. The suppliers will need to complete the CMRT (Conflict Minerals Reporting Template), followed by collecting and reporting the information on conflict minerals via CMRT.
	Signing Letter of Guarantee	Require suppliers to conform to international hazardous substance regulation/customer requirement.
	In-Field Audit	Verify supplier manufacturing capacity/quality for compliance of KYEC requirement.
	Assessment	Factors such supplier quality, costs, delivery schedule, service level, supplying capacity, and technical supports are included in the items of assessment.

Contractors	Factory Site Safety and Health Procedures Requirement	Conduct contractor safety and health education training prior to entering the factory. Call contractor meeting each month to conduct admission regulation promotion and notice.
	Environmental Safety and Health Regulation Compliance	Assign personnel to participate regular promotional meeting and assess environmental safety and health regulation conformity monthly.
Community Residents	Industry-Academic Corporation	<ol style="list-style-type: none"> 1. Work with neighboring colleges and universities to provide students an opportunity to complete their studies and become financially independent. 2. Continuous team up with new schools on industry-academia collaboration programs and provide multiple recruitment channels. 3. We designed an “angel system” to stabilize students’ retention rate after getting on board and hold regular forums to care for students and give them opportunities to speak up.
	Social welfare	The company actively contributes to community construction of public facilities and fulfilling social responsibilities, organizes volunteer activities, makes donations, and visits elders and children in welfare agencies.
Government	Overall training quality	We regularly apply for TTQS assessment to certify the company’s internal education and training system with credible inspections.
	Epidemic prevention and control	Positively respond to the government's call for national epidemic prevention. Employees must wear masks and measure their body temperature while entering the plant.
	Disaster Prevention and Emergency Contingency	<ol style="list-style-type: none"> 1. Participate in Chunan-Toufen Industrial Park and Tungluo Science Park Regional Alliance Organization to strengthen corporate response capacity and lower disaster loss. 2. Establish in-factory information for chemicals, hazardous goods and disaster prevention in order to effectively control situation in times of disaster. 3. Cooperate with regional firefighting department to organize large evacuation and rescue drills.

	Waste Management	Dispose waste clearance proposal according to the law. Assign specialists to report and control wastes in and out of the factory regularly.
	Wastewater management	<ol style="list-style-type: none"> 1. Appoint dedicated employees to operate and manage the wastewater recycling and treatment equipment, so as to continuously improve the recycling rate of process wastewater. 2. Comply with environmental laws and regulations at home and abroad, obtain water pollution control permits, and conduct regular wastewater inspections and declarations to ensure that emissions meet the effluent standards.

3.3 Major Topics Matrix Analysis

We sort the topics of attention by stakeholders and then draw the corresponding major issue matrix (as shown below) according to the attention drawn on the agenda by stakeholders and the impact on corporate management. We then screen 12 major topics from the matrix while others are listed in the regular topics.



3.4 Scope and Border of Major Topics

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

(● : Completely disclosed ; ○ : Didn't disclose due to incomplete data collection)

Major Topic	GRI Standards Disclosures	Within Organization		Outside Organization	Management Approach Articles of Reference	SDGs
		KYEC	Sub-sidiaries			
Economic Performance	201	●	●	Shareholders/ Investors	2.5 Management Performance	
Emission	305	●	●	Customers、Government	6.2 Greenhouse gas emission and management	 
Energy	302	●	●	Community Residents、Government	6.1 Energy consumption and Management	 
Water	303	●	●	Customers、Government	6.3 Water Resource and Management	 
Occupational Health and Safety	403	●	●	Customers、Community Residents、Government	7.1 Safety and Hygiene Policy and Organization Operations 7.2 Statistics and Analysis of Occupational Disasters	 
Employment	401	●	●	-	8.1 Standards of Recruitment and Employment 8.2 Employee Distribution	
Labor/Management Relations	402	●	●	-	8.11 Employee Care	

					8.12 Promote Health Management and Advocacy Plan 8.15 Employee Communication	
Forced or Compulsory Labor	409	●	●	-	8.1 Standards of Recruitment and Employment	
Training and Education	404	●	●	Contractors 、 Community Residents	8.19 Education and Training	
Supplier Environmental Assessment	308	●	●	Customers 、 Suppliers 、 Contractors 、 Community Residents 、 Government	5.3.1 Supplier Selection	 
Supplier Social Assessment	414	●	○	Customers 、 Suppliers 、 Contractors 、 Community Resident	5.3 Suppliers	 
Materials	301	●	○	Customers 、 Suppliers 、 Contractors 、 Community Residents 、 Government	5.2 Green Procurement	

3.5 Management Guidelines by Major Topics and Objective Performance

3.5.1 Economic Performance :

Materiality of Topic (Importance to KYEC)	Achieve the goal of sustainable development in pursuit of the best interests of all shareholders and employees
Evaluation	Consolidated revenue reached NT\$28.959 billion, a 13.39% increase.
Methods and Results in 2020	Consolidated operating income reached NT\$4.651 billion, a 14.97% increase.
	Consolidated net income reached NT\$3.637 billion, a 19.58% increase.
Plan for 2021	<ol style="list-style-type: none"> 1. Carefully select numerous order opportunities in the market, establish revenue and profit earning goals to achieve new highs. 2. Further improve all indicators of the operation management of the Company and achieve indicators in practice. 3. Continuously increase machine utilization rate of all testing platform lines, and increase output. In addition, continuously improve the average production value of all production equipment. 4. Control capital expenditure and investment benefit, thereby increasing the return on equipment of shareholders. 5. Achieve further breakthrough in self-developed equipment and research and development capability, thereby ensuring the long-term leading competitive advantages. 6. To cope with the impacts of the technology, politics and trade war between the U.S. and China on the global supply chain, the Company aims to gradually adjust the business plan of the parent company in Taiwan and the subsidiary in China.
Medium-term and Long-term Goals	<p>The Company will focus on the role of professional service provider in the semiconductor integrated circuit manufacturing process, and continue to seek innovative business models in the semiconductor OEM field. Accordingly, in recent years, the development strategy of the Company generally remained the same and continues to head toward the following aspects and directions.</p> <ol style="list-style-type: none"> 1. Focus on the fundamental core management indicators of the manufacturing supply chain in order to improve more disciplined and detailed management. With the expansion of product scale, increase the machine utilization rate of all testing platforms. 2. Strengthen the Company's unique differentiated service capabilities, and reinvest profits in R&D and innovation in order to challenge competitors in the market. 3. Focus on the aspects of customer, profit and growth for business operation, ensure customer satisfaction and continue to create profitability and pursue healthy growth. 4. Properly maintain existing outstanding customers, increase market share in the

	<p>outsourcing market, develop new potential customers, and seek IDM outsourcing collaborative orders to achieve joint growth.</p> <p>5. Cope with the conflict between the two nations of the U.S. and China and the issues related to possible changes of the supply chain, evaluate and gradually adjust the planning of the Company's supply chain in Taiwan and China, thereby responding and mitigating possible changes of the environment in the future.</p> <p>6. With an open attitude, we cooperate with semiconductor business operators in strategic cooperation or joint development, so that the Company can quickly gain its position as one of the top semiconductor packaging and testing industries in the world.</p>
Corresponding Chapter	2.5 Management Performance

3.5.2 Materials :

Materiality of Topic (Importance to KYEC)	The target is to save for the company while meeting in-plant delivery time, quality, and cost standards and increase green procurement to maximize the company's benefits.
Evaluation Methods and Results in 2020	<ol style="list-style-type: none"> 1. Aside from considering cost during raw material selection, we also consider choosing energy-saving, low-pollution, and Green Mark certified products. 2. Conduct regular evaluations and audits for suppliers. 3. Promote localized procurements for raw materials. 4. The amount of green procurement was 7400 million NTD, a 19% increase from 2019.
Plan for 2021	<ol style="list-style-type: none"> 1. Continue to promote green procurement to suppliers 2. Increase the amount of green procurement in 2021
Medium-term and Long-term Goals	<ol style="list-style-type: none"> 1. Purchase materials that meet the highest in-plant delivery time, quality, and cost standards 2. The raw materials must completely comply with related EU regulations and the clients' requirements for prohibited and restricted substances
Corresponding Chapter	5.2 Green Procurement

3.5.3 Energy :

Materiality of Topic (Importance to KYEC)	<p>We will follow the energy laws and related regulations to fulfill our corporate social responsibility for environmental protection.</p> <p>We will establish management systems through ISO 50001 and follow the PDCA</p>
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	cycle to improve our energy performance and reduce greenhouse gas emissions continuously.
Evaluation Methods and Results in 2020	<ol style="list-style-type: none"> 1. KYEC Chunan plant, Tongluo plant, and KLT passed ISO50001. 2. All plants will continue to evaluate the implementation of energy-saving
	<ol style="list-style-type: none"> 1. Passed ISO50001 in November 2020. 2. Description of the energy-saving benefits for each plant in 2020: For KYEC plants in Taiwan, the implementation of energy-saving projects saved 3840.45 MWh of electricity and reduced 1954.79 tons of CO2 equivalent/year in total. For KLT&ZKT, the implementation of energy-saving projects saved 1930.2 MWh of electricity and reduced 1357.90 tons of CO2 equivalent/year in total.
Plan for 2021	<ol style="list-style-type: none"> 1. In 2021, the KYEC Chunan plant, Tongluo plant, and KLT passed ISO50001. 2. In 2021, KLT implemented photovoltaic power generation to the grid and continuously used high-efficiency facility equipment. 3. In 2021, KYEC plants in Taiwan and KLT&ZKT continued to evaluate the implementation of energy-saving projects. 4. In 2021, the KYEC Tongluo plant participated in the Demonstration and Promotion Program on Energy Management System for Factories of the Industrial Development Bureau, MOEA.
Medium-term and Long-term Goals	<ol style="list-style-type: none"> 1. From 2022 to 2025, KYEC Hsinchu plant, Chunan plant, Tongluo plant, and KLT will continue to pass ISO50001. 2. For KLT&ZKT, the energy consumed per unit (ten thousand RMB) of production will decrease 5% every year. 3. Purchase plans for renewable energy certificates: In 2025, the KYEC Chunan plant & Tongluo plant will meet the regulatory requirements for purchasing renewable energy certificates (at least 8% of the contract capacity). 4. KYEC Chunan plant and Tongluo plant will continue to promote energy-saving projects to maintain more than a 1% average annual power-saving rate from 2015 to 2024.
Corresponding Chapter	6.1 Energy consumption and Management

3.5.4 Water :

Materiality of Topic (Importance to KYEC)	Increase the usage rate of water resources and reduce discharge.
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Evaluation	<ol style="list-style-type: none"> 1. KYEC plants in Taiwan and KLT&ZKT passed ISO14001. 2. Pure water production process improvement: KYEC Chunan plant improved the pure water production process. It's estimated that starting from December 2020, the water consumption will decrease 3% compared to August 2020. KLT improved the pure water production process. The water consumption reduced 10% compared to May 2020.
Methods and Results in 2020	<ol style="list-style-type: none"> 1. In 2020, KYEC plants in Taiwan and KLT&ZKT completely passed ISO14001. 2. Pure water production process improvement results: KYEC Chunan plant: In December 2020, the pure water production process used 3.9% less tap water than in August 2020. KLT : The daily mean water consumption from September to December 2020 decreased 11% compared to May 2020.
Plan for 2021	<ol style="list-style-type: none"> 1. In 2021, KYEC plants in Taiwan and KLT&ZKT passed ISO14001. 2. Pure water production process continues to improve: KYEC Chunan plant continues to improve the pure water production process. In 2021, tap water usage decreased 7% compared to August 2020. <ol style="list-style-type: none"> a. The amount of recycled wastewater reduced 1% compared to 2020. b. Eliminated the old softer water + RO system and established the 2B3T+RO system (the second stage of construction) to reduce 4% c. Installed the ROR system for recycling and reuse. Reduced 2%. KLT added the 2B3T+RO system to the soft water + RO system for pure water production. Starting from May 2021, the pure water production process used 6.2% less tap water than in April 2021.
Medium-term and Long-term Goals	<ol style="list-style-type: none"> 1. KYEC Group passed ISO14001 in 2021. 2. Evaluated additional recycling systems and other reusable water sources: From 2021 to 2025, the tap water usage in the KYEC Chunan plant will decrease 10% (compared to August 2020). From 2021 to 2025, KLT&ZKT will evaluate the transformation from producing water with recycling systems to reusing raw water for pure water production. The tap water usage will decrease by 10% (compared to August 2020). 3. 2021~2025 Number of days of work stoppage due to water shortage: 0 days
Corresponding Chapter	6.3 Water Resource and Management

3.5.5 Emission(Greenhouse gas) :

<p>Materiality of Topic (Importance to KYEC)</p>	<p>Promote energy-saving and carbon reduction measures and dedicate to pollution prevention to meet the standards of environmental laws and our clients.</p>
<p>Evaluation Methods and Results in 2020</p>	<p>Evaluation Methods :</p> <ol style="list-style-type: none"> 1. KYEC Chunan plant, Tongluo plant, and KLT completely passed ISO50001. 2. KYEC plants in Taiwan and KLT completely passed ISO14064 for third-party verifications of the greenhouse gas management system. 3. KYEC Chunan plant improved the pure water production process. It's estimated that starting from December 2020, the water consumption will decrease 3% compared to August 2020. 4. Continues to implement energy-saving projects. <p>Results :</p> <ol style="list-style-type: none"> 1. KYEC Chunan plant, Tongluo plant, and KLT passed ISO50001 in 2020. 2. KYEC plants in Taiwan and KLT passed ISO14064 in 2020. 3. In 2020, the KYEC Chunan plant eliminated the old softer water + RO system and established the 2B3T+RO system (the first stage of construction. Will be implemented in two stages.) 4. Description of water-saving projects and benefits for each plant in 2020: From September to December 2020, the tap water usage for pure water protection in the KYEC Chunan plant decreased 3.9% compared to August 2020, and the greenhouse gas emission decreased 4.8887 tons of CO2 equivalent/year. 5. Description of the energy-saving benefits for each plant in 2020: For KYEC plants in Taiwan, the implementation of energy-saving projects saved 3,840.45 MWh of electricity and reduced 1,954.79 tons of CO2 equivalent/year in total. For KLT&ZKT, the implementation of energy-saving projects saved 1,930.2 MWh of electricity and reduced 1,357.90 tons of CO2 equivalent/year in total.
<p>Plan for 2021</p>	<ol style="list-style-type: none"> 1. KYEC's plants and KLT completed ISO50001. 2. KYEC's plants and KLT completed ISO14064. 3. KYEC's plants and KLT&ZKT continue to implement water-saving and energy-saving projects. 4. For KYEC's plants, the greenhouse gas emission intensity in 2021 decreased 2% compared to 2020. 5. For KYEC's plants and KLT, the greenhouse gas emission in 2021 reduced 1% compared to 2020.
<p>Medium-term and Long-term Goals</p>	<ol style="list-style-type: none"> 1. In 2021, KYEC's plants and KLT completed ISO50001.

	<ol style="list-style-type: none"> 2. In 2021, KYEC's plants and KLT&ZKT implemented energy and resource management, reduced water consumption, and increased the recycling rate. 3. For KYEC's plants and KLT&ZKT, the greenhouse gas emission in 2021 reduced 1% compared to 2020. 4. In 2022, the KYEC Hsinchu plant will be included in the ISO50001 energy management system certification. 5. From 2022 to 2025, KYEC's plants and KLT will continue to pass ISO50001. 6. Purchase plans for renewable energy certificates: In 2025, the KYEC Chunan plant & Tongluo plant will meet the regulatory requirements for purchasing renewable energy certificates (at least 8% of the contract capacity). 7. For KLT&ZKT, the energy consumed per unit (ten thousand RMB) of production will decrease 5% every year.
Corresponding Chapter	6.2 Greenhouse gas emission and management

3.5.6 Supplier Environmental Assessment :

Materiality of Topic (Importance to KYEC)	Introduce QC080000 to ensure that the materials in a factory are controlled according to the list of the clients' restricted substances and international regulations.
Evaluation Methods and Results in 2020	Examine whether the factory operates according to the list of restricted substances provided by the clients. No customer complaints.
Plan for 2021	<ol style="list-style-type: none"> 1. No customer complaints 1. Increase the number of environmental education sessions.
Medium-term and Long-term Goals	<ol style="list-style-type: none"> 1. Comply with environmental laws and regulations and customers' requirements for restricted substances. 2. Replace environmentally harmful substances in the production process. 3. Provide appropriate training and information to convey the concept of environmental management to employees, customers and suppliers. 4. The management department identifies laws and regulations, and amends the procedures for managing environmentally hazardous substances and draws up plans in due course. 5. .Have suppliers cooperate on the management survey plan.
Corresponding Chapter	5.3.1 Supplier Selection

3.5.7 Employment :

Materiality of Topic (Importance to KYEC)	<ol style="list-style-type: none"> 1. Fulfill corporate social responsibility by giving back to communities and providing job opportunities. 2. Recruit outstanding talents through multiple channels to meet the needs of business growth.
Evaluation Methods and Results in 2020	<ol style="list-style-type: none"> 1. Actively participate in local recruitment activities and mainly recruit and hire local citizens. 2. Organized the 13th industry-academia collaboration program with schools to train and directly recruit students after graduation.(KYEC),.KLT&ZKT is continuously promoting. 3. Cooperate with the government for research and development substitute services to attract outstanding graduate students. This is the 13th year of our cooperation.
Plan for 2021	<ol style="list-style-type: none"> 1. Continue recruiting outstanding talents according to the annual manpower demand. 2. Prioritize the recruitment and admission of local employees to give back to communities and provide job opportunities, 3. Continue the 14th industry-academic collaboration program, KLT&ZKT is continuously promoting. 4. Continue the RDSS cooperation with the government for 14 consecutive years.(KYEC) 5. Develop new recruitment channels such as pre-employment projects.
Medium-term and Long-term Goals	<ol style="list-style-type: none"> 1. Recruit outstanding talents to meet the needs of business growth and expansion. 2. Increase the retention rate of employees recruited through multiple channels to reduce the waste of company resources.
Corresponding Chapter	<ol style="list-style-type: none"> 8.1 Standards of Recruitment and Employment 8.2 Employee Distribution

3.5.8 Labor/Management Relations :

Materiality of Topic (Importance to KYEC)	<ol style="list-style-type: none"> 1. We emphasize our employees’ feedback. We provide multiple two-way communication channels so that our fellow employees can express opinions with a clean conscience, knowing that they are in a friendly environment with no retaliation. 2. We hold seasonal employee forums for our CEO and top executives to communicate face-to-face with grassroots employees. 3. In response to the COVID-19 pandemic, the company founded an epidemic prevention team and developed an APP to implement all kinds of epidemic
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Evaluation Methods and Results in 2020	<p>prevention measures and health management, providing our fellow employees a safe and secure workplace.</p> <ol style="list-style-type: none"> 4. We emphasize establishing a healthy worksite for our employees. We promoted a physical and mental working environment and provided health resources to enhance our employees' awareness of health management. 5. We publicly recognize outstanding employees to appreciate their work and encourage them
	<ol style="list-style-type: none"> 1. In response to the COVID-19 pandemic, to prevent large gatherings, each department will hold a separate year-end banquet to enhance its internal cohesion. 2. The company's APP added a blood pressure management function for the self-management of employees and the enhancement of their health management awareness. 3. We plan and organize various activities every year to enrich our employees' leisure time, mixing work with adequate rest.
Plan for 2021	<ol style="list-style-type: none"> 1. We optimized our employees' message board to communicate their feedback to the competent authorities as soon as possible to resolve their questions efficiently. 2. The company's APP added a real-time reporting system in our fellow employees' aid. 3. We maintained our internal communication regime and designed diversified annual activities for employees to participate together.
Medium-term and Long-term Goals	<ol style="list-style-type: none"> 1. Establish a sound bridge for communication to address our fellow employees' suggestions and opinion feedback on issues. 2. Provide employees with a safe, healthy, and high-quality worksite to improve their working efficiency and performance.
Corresponding Chapter	<p>8.11 Employee Care</p> <p>8.12 Promote Health Management and Advocacy Plan</p> <p>8.15 Employee Communication</p>

3.5.9 Occupational Health and Safety :

Materiality of Topic (Importance to KYEC)	<p>Implement risk management and promote health promotion to achieve the goal of “zero disaster” and “zero injury”.</p>
Evaluation Methods and Results in 2020	<p>Evaluation Methods :</p> <ol style="list-style-type: none"> 1. KYEC's plants and KLT passed ISO45001 system certification. 2. KYEC Group completed Emergency Response Drill programs 100%. All employees must at least participate in one emergency response drill every year.

	<ol style="list-style-type: none"> 3. 100% completion for the Safety and Health Education and Training program. All personnel must receive at least one hour of safety and health training every year. 4. The work injury frequency-severity indicator(fsi) target: KYEC plants in Taiwan: fsi<0.07 KLT: fsi<0.06 / ZKT: fsi<0.4 5. KYEC Group: Zero major violations of safety and health regulations in 2020. Results : <ol style="list-style-type: none"> 1. 100% completion for ISO 45001. 2. 100% completion for the Safety and Health Education and Training program with a total attendance of 29,527. 3. 100% completion for the Emergency Response Drill program with a total of 73 sessions across all plants and a total attendance of 10,312. 4. The fsi for each plant KYEC Hsinchu plant: 0 (<0.07 goal achieved) /Chunan plant: 0.1 (<0.07 goal failed) /Tongluo plant: 0.21(<0.07 goal failed) KLT: 0.17(<0.06 goal failed) / ZKT: 0.45(<0.4 goal failed) 5. KYEC Group: Zero major violations of safety and health regulations in 2020.
Plan for 2021	<ol style="list-style-type: none"> 1. KYEC plants in Taiwan and KLT completed ISO45001. 2. ZKT management will continue to follow the clauses in the ISO45001 system. 3. Continue to run safety and health training programs and emergency response drills. 4. The work injury fsi target for all plants: KYEC plants in Taiwan: fsi<0.07 KLT: fsi<0.06 / ZKT: fsi<0.40 5. KYEC plants in Taiwan 、KLT&ZKT zero major violations of safety and health regulations in 2020.
Medium-term and Long-term Goals	<ol style="list-style-type: none"> 1. KYEC plants in Taiwan 、KLT&ZKT zero major violations of safety and health regulations from 2021 to 2025. 2. 2021~2025 fsi target: KYEC plants in Taiwan <0.07; KLT<0.06; ZKT<0.40 3. KYEC plants in Taiwan and KLT continue to pass ISO45001 from 2021 to 2025.
Corresponding Chapter	<ol style="list-style-type: none"> 7.1 Safety and Hygiene Policy and Organization Operations 7.2 Statistics and Analysis of Occupational Disasters

3.5.10 Training and Education :

Materiality of Topic (Importance to KYEC)	We emphasize developing talents, cultivating our employees' professional skills for critical functions to enhance their engineering capabilities.
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<p>Evaluation Methods and Results in 2020</p>	<ol style="list-style-type: none"> 1. We received the 2020" TTQS Gold Medal Award" from the Workforce Development Agency, Ministry of Labor for the 5th time in a row, becoming one of the most excellent enterprises for training in the semiconductor industry. 2. We follow our operational plan of a new business system (ASC) to formulate job training plans to meet annual project goals. 3. We emphasize cultivating talents with excellent performance to enhance their quality. 4. We continue to cultivate outstanding talents. We've groomed five generations of management trainees in KYEC and three generations in KLT&ZKT. 5. We continue improving our training quality system to systematically create learning maps and optimize system management.
<p>Plan for 2021</p>	<ol style="list-style-type: none"> 1. We hold in-plant system courses according to our annual training plan to maintain a completion rate of over 90% for system training. 2. We emphasize cultivating talents with excellent performance and implement our department training plans. 3. We track the preparedness of ASC course materials and the completion rate of training to ensure the implementation of training. 4. We activated relative management regimes to monitor the training progress for each department every month.
<p>Medium-term and Long-term Goals</p>	<ol style="list-style-type: none"> 1. Continue organizing on-the-job training to develop job skills. 2. Continue fostering management associates to plan ahead for business sustainability 3. We continue to promote in-depth machinery education and training to enhance the performance of our organization (growing annual revenue) 4. We performed centralized integration on training courses for different processes and functions to optimize and focus on the capabilities of our engineers in the manufacturing center.
<p>Corresponding Chapter</p>	<p>8.19 Education and Training</p>

3.5.11 Forced or Compulsory Labor :

<p>Materiality of Topic (Importance to KYEC)</p>	<p>Uphold corporate ethics and fulfill corporate social responsibility to ensure that the rights and interests of the employees are protected and respected.</p>
<p>Evaluation Methods and Results in 2020</p>	<ol style="list-style-type: none"> 1. No child labor was employed in 2019. 2. Employees were recruited voluntarily in 2019 without coercive or mandatory conditions such as prison workers.

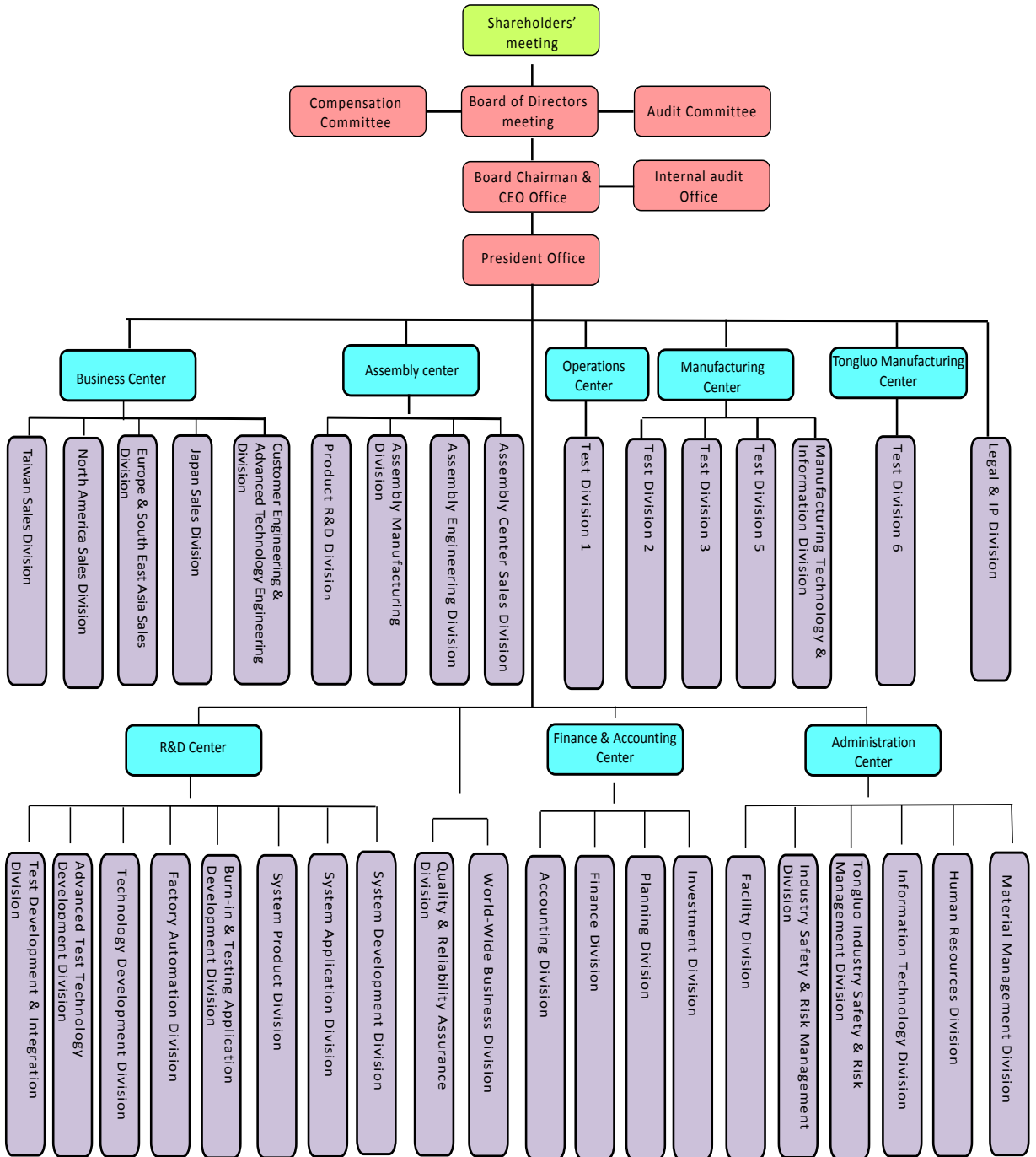
Plan for 2021	3. The foreign workers were free to work and enter or leave the country without their personal identification documents being withheld
	<ol style="list-style-type: none"> 1. Stick to the anti-child labor policy. 2. Ensure that all employees are recruited voluntarily. 3. Make sure that the management of foreign workers complies with the regulations of the Responsible Business Alliance(RBA). 4. Complete 100% of annual RBA retraining.
Medium-term and Long-term Goals	Ensure that the company policies comply with the RBA regulations to fulfill corporate social responsibility and provide a sound work environment for employees.
Corresponding Chapter	8.1 Standards of Recruitment and Employment

3.5.12 Supplier social assessment :

Materiality of Topic (Importance to KYEC)	To create value with suppliers and fulfill social responsibilities
Evaluation Methods and Results in 2020	<ol style="list-style-type: none"> 1. Request suppliers to sign RBA and CMRT 2. Request suppliers to sign the Suppliers' Shipping Precautions and the Code of Integrity. 3. The increase rate of suppliers that signed RNA in 2020
Plan for 2021	<ol style="list-style-type: none"> 1. Conduct regular evaluations and audits for suppliers of key raw materials. 2. Request suppliers of key raw materials to sign RBA, CMRT, Suppliers' Shipping Precautions, and the Code of Integrity.
Medium-term and Long-term Goals	Suppliers of key raw materials must all sign RBA and CMRT and be regularly evaluated and audited. Corrective actions must be made immediately when a non-conformity occurs.
Corresponding Chapter	5.3 Suppliers

4. Corporate Governance

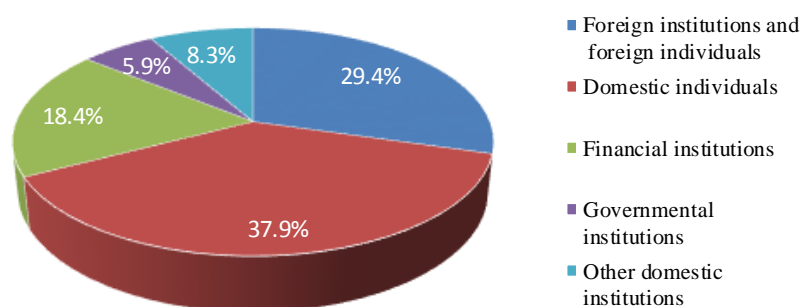
4.1 Structure of corporate governance



4.2 Shareholders' meeting and the structure of shareholders

There are two different types of the shareholders' meeting in the company- Annual General Meeting (AGM) and Extraordinary General Meeting (EGM). According to law, AGM must be held by six months after an end of the fiscal year, and EGM is held as necessary. The main functions of the meeting in KYEC include the resolution of the Company's operating plan then executed by the Board, recognition of the business report, financial statements and the resolution of earnings distribution or loss compensation.

The Company's main shareholders include domestic, foreign institutional investors and individual investors, of which 62.07% are institutional investors. The structure of shareholders' statistical table and shareholdings ratio are below, and the data were collected on April 11, 2021.



4.3 Board of Director

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

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

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

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

4.4 Compensation Committee

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

The major rights and obligations of the committee are below:

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

The operation of Compensation Committee

This term of the Committee is made up of four members that including three Independent Directors and one independent person. Also, according to regulations, the number of members could not be lower than three, and one of them should be the convener. This term of the Committee is from June 24, 2020, to June 9, 2023.

The Committee has been held four times in 2020, the attendance of members is below:

Title	Name	Actual attendance (B)	Actual attendance rate (%) (B/A)	Remarks
Convener	Hui-Chun Hsu	4	100.00	Convener and Chairman
Member	Dar-Yeh Hwang	4	100.00	Reelected
Member	Xiu-Ming Wang	2	100.00	Newly elected
Member	Chung-Chi Huang	4	100.00	Reelected
Member	Hsien-Tsun Yang	2	100.00	Previous director

4.5 Audit Committee

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

The Audit Committee has been held five times in 2020, the attendance of members is below:

Title	Name	Actual attendance (B)	Percentage of actual attendance (%) (B/A)	Remarks
Independent director	Hui-Chun Hsu	5	100.00	Convener and Chairman
Independent director	Dar-Yeh Hwang	5	100.00	Reelected
Independent director	Xiu-Ming Wang	3	100.00	Newly elected
Independent director	Hsien-Tsun Yang	2	100.00	Previous director

4.6 Internal audit organization and operation

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

4.6.1 Audit project

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

4.6.2 Audit operation

- (1) Auditors will follow audit item on audit project to execute; according to deficiencies and abnormalities which have been found, auditors will make an audit report and state.
- (2) For audit findings and suggestions, the auditors will track each season regularly, and make follow-up reports based on the implementation and performance of the reminders and improvement proposals to ensure that relevant departments have taken appropriate improvement measures promptly.
- (3) Reviewing the self-inspection report of the internal control system of each department and subsidiaries, and the deficiencies of internal control and the improvement of abnormalities, as the main basis for the Board of Directors and President to evaluate the effectiveness of the overall internal control system and issue the declaration of the internal control system.
- (4) The supervisor of the Internal Audit Department attends the Board meetings and declares the implement of audit plans
- (5) Based on self-assessment operations of the internal control system, there is no fraud when managerial personnel have assessed risk in 2020.

The implementation of the 2020 audit plan is as follows:

41 audit reports :

Case type	Sales & Collection	Purchase & Procurement	Investment	Financing	Salaries & Wages	Fixed Assets	R&D	Production	Information	Management	Subsidiaries	Total
Number of audits	2	2	13	5	1	1	1	1	2	11	2	41
Number of non-conformities improved	19	10	0	0	0	1	0	3	6	5	23	67

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

4.7 Employee Code of Ethics and Conducts

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

4.8 Implement Philosophies of Integrity Management

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

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

4.9 Risk Strategies and Responses

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



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

Scope	Risk	Coping Strategy
Financial Risk	Interest rate fluctuation	Interest expense in interest rate and exchange rate fluctuation has greater impact on the loss/profit of the company and hence the Company should collect daily interest rate change to timely take proper response actions.
	Exchange rate fluctuation	<ol style="list-style-type: none"> 1. The capital expense mainly consists of import equipment. To reduce the impact of exchange rate fluctuation against the profits, the company reaches agreement with major customers to pay some account receivable in USD. 2. Develop the acquisition or disposition of asset disposition procedure according to Article 12 “Procedure in Disposing Acquired or Disposed Derivative Product” as the basis of risk avoidance tools in foreign exchange and thereby lower the impact of exchange rate fluctuation against profits 3. Collect daily interest rate change to timely take proper response actions.
Supplier Risk	Quality Change	Based on the trading amount & abnormal rate to define Level 1 and Level 2 material. The supplier performance of Level 1 material shall be evaluated monthly while The supplier performance of Level 2 material shall be evaluated quarterly to supervisor the quality stability of

		suppliers.
	Material Shortage	Suppliers borrowing or relocating materials from his clients, peer industries borrowing or relocating materials from each other, clients provide customer materials transfer of materials to second supplier, and transfer to alternative materials.
Environmental Risk	Energy Resource Management	Uphold to the philosophy of “Sustainability” and integration with upstream/downstream suppliers, the company sustains the use of energy resources through the concept of “green production.” Use low-pollution, energy-saving and less-waste green concept to constantly invest in manufacturing technology and Recycle limited resources to make progress towards recycling economy.
	Greenhouse Gas Reduction	The struggle against climate change and global warming is one of the most important eco-friendly issues faced by enterprises today. Conducting continuous footprint and greenhouse gas inventory each year with energy-saving measures will help the company accomplish the objective in greenhouse gas reduction and lower the threats from climate change.

5. Supply Chain Management

KYEC Group has production bases in both Taiwan and China. KYEC values supply chain risk management and follow the RBA Code of Conduct as the primary policy and guideline regards it as part of the corporate competitive advantages. In a global world, any material natural disaster or Climate change accident could have influence on the company. Hence KYEC requires suppliers to comprehensively improve their capacity in the autonomous management of supply chain risk and take initiative in providing assistance and guideline for supplier management for mutual growth and sustainable development.

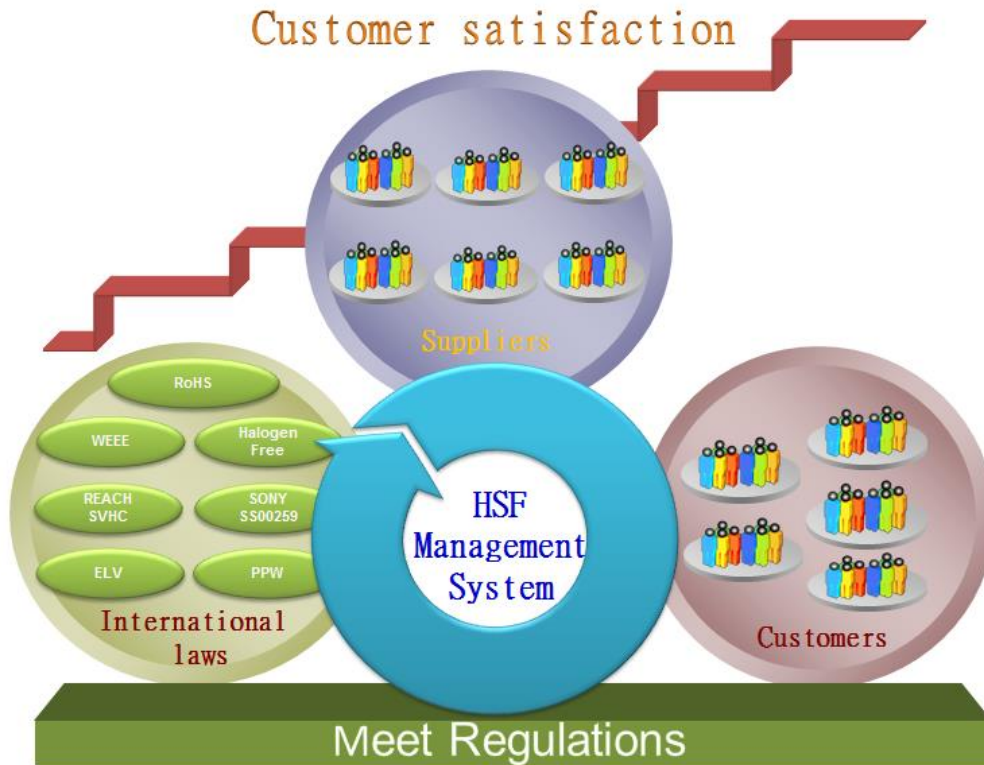
The focus of corporate attention and requirement include the follows: Strengthen the environmental protection and quality management system of suppliers, green purchase, supplier audit and consoling, Conflict minerals and green operation vision.



5.1 Hazardous Substance Free(HSF) Management System

To assure materials of KYEC used meet the management of hazardous substances, we will confirm Inductively Coupled Plasma Report(ICP) and Safety Data Sheet(SDS) including environmental associated substance in conformity with latest international laws and regulations and meet additional special requirement from customers, and reduce the impact of materials to the product and on the environment. Identify hazardous substances and plans for alternative materials or formulate reduction plans. We promise to meet the requirements, keep improving our hazardous substance management, and demonstrate our performance for achieving the internal and external conformity for KYEC.

KYEC has according to the senior management meeting, begin issue supervision and performance review and developed management hazardous substance free policy. Utilize PDCA (Plan-Do-Check-Act), implement in daily operations and maintain hazardous substance management. For hazardous substances, communicate and share knowledge about sustainability in the organization (i.e. new employee orientation, annual refresher training, SONY GP seasonal reports, IECQ QC080000, meeting and E-mail) so that all employees can understand IECQ QC08000 operation modes and care about the execution status of team performance.



5.1.1 Green Supplier Chain Management system(GSCM)

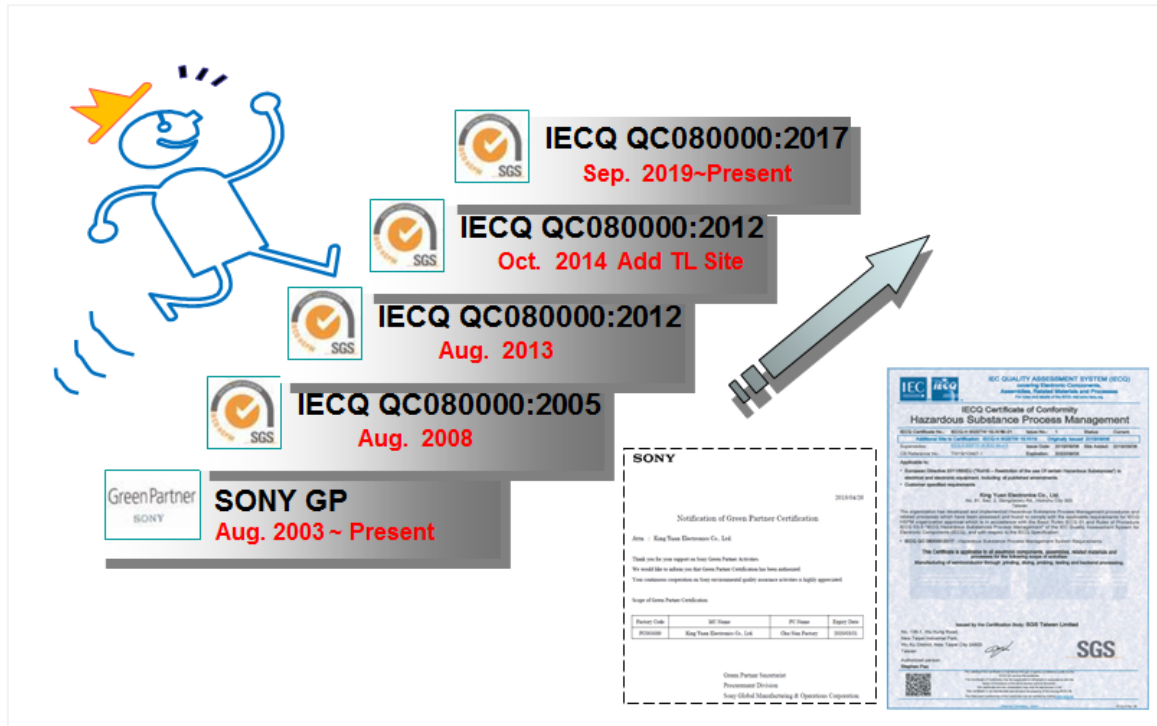
- (1) KYEC followed IECQ-QC 080000 international standards in establishing green product management system to require the packaging material supplier to send test report each year, assuring the products content free from RoHS 2.0, Halogen Free, updating SDS in every 3 years, and requesting suppliers to sign REACH SVHC & SONY SS00259 international requirement of guarantee letters. This system allows KYEC to immediately and effectively validate if the suppliers meet customer requirement in substance requirement by grasping the information on the execution effect of green supply chain at all time.
- (2) During the APQP new material evaluation stage, the system follows “Environmental Quality Control Substance Operation Procedures” to validate all packaging materials are in conformity with RoHS 2.0 (2011/65/EU), REACH-SVHC, Halogen-Free, Sony SS00259 Material Level, EU Packaging and Packaging Waste (PPW), additional requirement of customer restriction of hazardous substance use.
- (3) To assure corporate social responsibly and implement green regulatory requirement and philosophy in our suppliers and partners, KYEC suppliers must update by law and sign the RBCCode of Conduct, Reach SVHC, SONY SS00259 guarantee letters and “Supplier’s Letter of Guarantee for Non-Use of Prohibited Substance” one by one, and explicitly and fully disclose such information on green supply chain management for suppliers to follow.

- (4) KYEC adopts three directions for packaging materials to conduct hazardous chemicals substance management. In pursuit of environmental sustainability and reduction of pollution from packaging materials to the environment, KYEC implements the “supply chain management,” “routine X-ray florescent light analysis,” “promotion communication,” “compliance with international laws and regulations” and other green packaging material policy. KYEC cooperates with hazardous substance management to further upgrade green competitiveness and become a distinguished green enterprise.



5.1.2 Evolution of Green Hazardous Substance Certification

KYEC acquired the SONY Green Partner Certification in 2003 and was certified by IECQ QC080000 hazardous substance process management system standards in 2008. KYEC acquire 2012 version conversion certification in 2013 and added qualification certificate for Tunghuo Factory in 2014. Currently KYEC still maintains valid qualification certificate. SGS performs regular follow-up audits every year and renewal of certificates every three years to provide sustainable maintenance of the performance of hazardous substances management.



5.2 Green Procurement

KYEC Group conducted green procurement in Taiwan and China, amounting to 6.228 million in 2016, 6.538 million in 2017, 6.742 million in 2018, 7.267 million in 2019, and 9.237 million in 2020, a 21.33% increase from 2019. KYEC Group continues to implement green procurement to achieve energy-saving and carbon reduction while lowering operating costs.

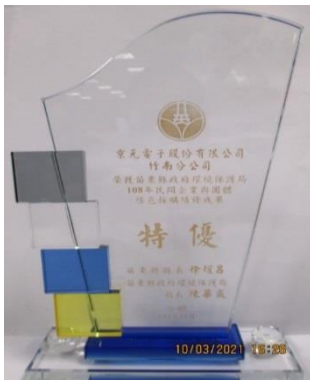


5.2.1 To fulfill the responsibility of global citizens, KYEC actively cooperates to devote in green procurement. Currently apart from procuring green marked products certified by the Government, we also take factors such as power saving, operational performance, energy saving and water saving, and life cycle into consideration for the procurement of equipment and promotion of relevant improvement projects. Hence the green procurement defined by KYEC is equipped with “energy saving, carbon reduction, waste reduction, and products, technology and services reducing impact on

the environment.” The standards of green procurement recognized by the company are described below:

- (1) Green products certified by the government, i.e. products with green, energy-saving or power-saving marks.
- (2) Conform to the laws and regulations specified by foreign governments (i.e. EU RoHS, WEEE), or products with green marks and permission for use.
- (3) Require equipment suppliers to take consideration of water saving, power saving, and consumable saving when designing and producing the equipment. All equipment suppliers shall verify the energy performance of relevant equipment operations in conformance or perform better than the procurement contract.

5.2.2 Cooperate with company green policy by conducting green procurement propaganda in step with the supply chain to integrate green supply chain in providing services to customers



Both Chunan and Tongluo plants received the 2019 Green Procurement Excellence Supplier from Organization: Environmental Protection Bureau, Miaoli County.

Chunan plant was awarded for its Excellence with a Certificate of Appreciation from Environmental Protection Bureau.

5.3 Suppliers

KYEC aims to meet customer satisfaction as the ultimate objectives develop suppliers' code of conduct and its management philosophy is projected and requirements for the suppliers and comply with them to work closely with suppliers. Currently, we have partnerships with 329 tier-1 material suppliers, and 121 of them are key suppliers (36% of total suppliers). The supplying partners must fully understand and comply with our company's requirements regarding quality improvement, environmental protection, corporate social responsibility, and sustainable management. We call non-scheduled supplier meetings to discuss quality improvement, environmental protection, corporate social responsibility, and sustainable management issues. We will actively provide the latest RBA information and teaching materials to the suppliers whenever new suppliers are introduced or RBA is revised. Under the corporate social responsibility in a globally intense supply chain, the Company is devoted to promote corporate social responsibility to the affiliated supplier groups, we also focus on the management of social, economic, and environmental sustainability.



5.3.1 Supplier Selection

To assure the capacity of upstream and downstream suppliers to perform corporate social responsibility, KYEC follows the following standards as primary reference for selecting suppliers. Moreover, new suppliers shall submit and sign the “Supplier Questionnaire Evaluation Survey,” “Raw Material Supplier Evaluation,” “Supplier’s RPA CODE,” and “Supplier’s Warranty Letter of Non-use of Prohibited Substance” forms as the reference for evaluation review. KYEC also evaluates the suppliers in terms of quality, delivery, price, and services on a monthly basis:

Suppliers with outstanding evaluation results shall be listed as partners of priority for KYEC. In case the evaluation result does not conform to the KYEC system requirement or suppliers have poor historic records, KYEC will take more precaution in including such suppliers in the list of qualified suppliers during the selection process.

5.3.2 Supplier Management

KYEC is committed to the maintenance of long-term cooperation with domestic or foreign suppliers by co-establishing a sustainable supply chain with stable development. Apart from considering the product quality, delivery and price from the suppliers, KYEC also advocates the suppliers to implement green environment, improve safety and hygiene, value human rights, and collectively fulfill the corporate social responsibility in addition to preparing for risk management and operational sustainability plans.

- (1) KYEC requires all suppliers to strictly comply with quality management system, environmental safety and hygiene management system, and Authorized Economic Operator appraisal. The supplier procurement procedures require the review on supplier criteria, including company profile, relevant certificates, quality certification records, environmental safety and hygiene management survey, operational status, product information, manufacturing procedures, raw materials / materials

supplier and operation with continual finance management, signing of procurement obligation related contracts, supplier's Green Product Management, and supplier's social responsibility one by one. Moreover, the procedures require the all suppliers to sign the commitment of performance in RBA Code of Conduct for corporate social responsibility management.

- (2) To enhance the overall competitiveness of the supply chain, KYEC not only conducts routine supplier audit but includes supplier quality, cost, service level, environmental protection, work safety and technology as well as other factors into the items of evaluation. In addition to assuring the quality level, KYEC also helps suppliers to find the root cause to supply related anomaly issues, providing necessary counseling when needed so that KYEC's supplier chain can be maintained at the best competitiveness.

Risk Factor	System Certification(A)	Delivery Capacity(B)	Supply Capacity(C)	BCP(D)
1	IATF16949 & ISO9001	The shortest delivery time of similar suppliers	Capacity supply can fully meet demand	Business continuity plan with uninterrupted supply of products
2	ISO9001 or Customer execution certification	Same supplier delivery date or customer specified supplier or no comparable supplier comparable	Capacity supply can meet demand or customer specified supplier	Have an ongoing business continuity plan but not perfect
3	No certificate	The longest delivery time of similar suppliers	Capacity supply cannot guarantee demand	No business continuous plan

- (3) Supplier Risk Assessment

Risk Level (R) : $R = A * B * C * D$

- ♦ $1 \leq R \leq 18$ Low-risk supplier: Normal procurement transactions can be carried out.
- ♦ $24 \leq R \leq 81$ High-risk supplier: In one year after the transaction date, monitor the delivery quality/lead time and other transaction status, or reduce the frequency of purchasing from high-risk suppliers

- (4) Requirement for Supplier Management

The international anti-terrorism situations intensify increasingly and it is utmost urgent to enhance the security of international import/export goods. To improve the corporate competitiveness and strengthen the factory control over goods safety as well as the overall safety in upstream and downstream supply chains, the company implements supply chain process strengthening within the company, including the educational system, production operation, goods inbound and outflow, supplier safety education and audit.

KYEC Chunan Factory has acquired the AEO certificate in 2012 and conforms to WCO (World Customer Organization) safety regulation certification so that product export process becomes even more convenient. KYEC completed Miaoli Tungluo Factory by the end of 2014 .The AEO certification for Tungluo Factory was completed on December 14, 2015. Same year, Chunan Factory and Tungluo Factory respectively acquired the ISO 28000 Certification.

KYEC's Chunan Factory located in Miaoli has been awarded with AEO since 2012 and is also the

first enterprise in Miaoli County certified by AEO. The factory has been entitled to fast and convenient custom clearance measures in recent years, which not only effectively shortens the custom clearance time for consignment but also offers faster delivery, convenient and safe consignment transport services to customers. The international key customers have shown substantial reliance and satisfaction in KYEC, promoting the steady growth of KYEC in recent years. The validity of AEO certificate for Chunan Factory was expired in 2015. The certificate was renewal on 10 May 2016. Tungluo Factory was certified by AEO on December 14, 2015.



AEO Certificate — KYEC Chunan plant and Tongluo plant



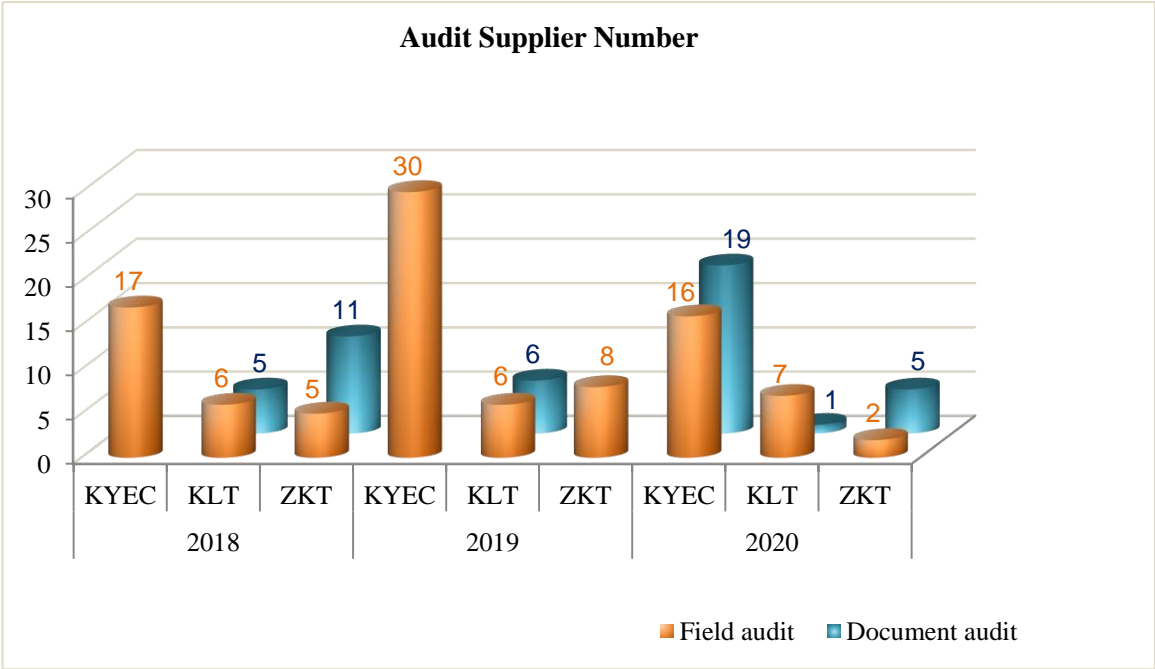
ISO 28000 Certificate — KYEC Chunan plant and Tongluo plant

(5) Supplier Audit

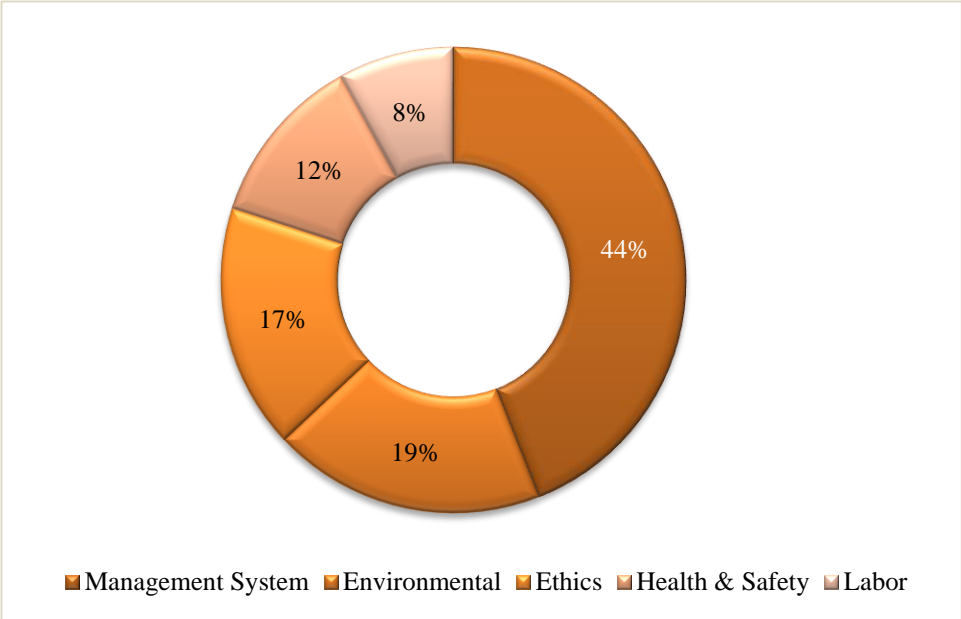
KYEC Group established a sustainable audit regime for suppliers to ensure the supply chain development and achieve mutual benefits. Comprehensive consideration of the current year, We perform regular or non-scheduled document or on-site audits for our suppliers. The supplier audit checklist covers eight major issues, including RBA, green product management, and supply chain management. If non-conformities are found during the audit, audit improvement reports will be launched. The supplier must take such non-conformity improvement measures within the time limit and provide evidence. For the correction, we will check the measures one by one to verify their completeness and reconfirm the implementation rate of the improvement measures during the audits next year.

In 2020, we audited 50 suppliers (2 new suppliers, 48 regularly audited suppliers), all of which were tier-1 suppliers (15% of total suppliers). Due to the COVID-19 pandemic, 25 suppliers were audited on-site, while document audits were performed for the other 25. All suppliers completed non-conformity improvement within the time limit. No supplier failed the audit and had to end the partnership with KYEC.

Suppose a supplier had critical incidents or caused severe impacts to the environment or society. In that case, our company can directly report such illegal conduct and demand improvements within a limited time. If the suppliers fail to do so, KYEC can exercise its power to terminate the business deal.



2020 Statistics of non-conformities from supplier audits



2020 Corrective actions of non-conformities from supplier audits

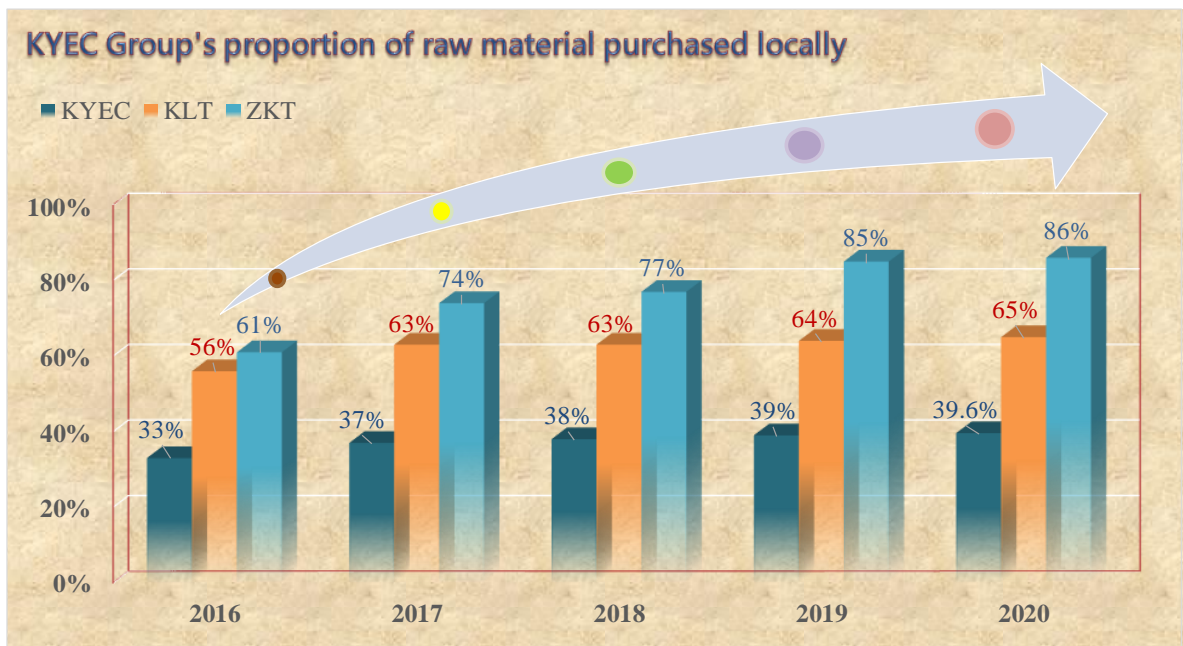
	RBA classification	Find non-conformities	Corrective actions
Labor	Young worker	<ul style="list-style-type: none"> •Didn't define specifications regarding minor workers. 	<ul style="list-style-type: none"> •Clearly defined relative regulations for minor workers in the specifications.
Health & Safety	Industrial hygiene	<ul style="list-style-type: none"> •Expired medicines found in the first aid boxes •Drug type and quantity didn't match the checklist 	<ul style="list-style-type: none"> •Set drug control lists and inspection frequency
	Response preparedness	<ul style="list-style-type: none"> •There are items placed beside the fire equipment, hindering access to them and blocking the evacuation route. 	<ul style="list-style-type: none"> •Plan drop zones and evacuation routes according to the fire codes. •Strengthen regular inspections to ensure the fire equipment and evacuation routes are clear.
	Occupational safety	<ul style="list-style-type: none"> •The alcohol bottles are not labeled according to regulations 	<ul style="list-style-type: none"> •Change alcohol bottles and chemical labels. •Perform regular online inspections to confirm that there is no missing label.
Environmental	Environmental approval and reports	<ul style="list-style-type: none"> •The waste disposal company's license has expired. 	<ul style="list-style-type: none"> •Update to the latest license •Formulate a regular validation period checking regime
	Hazardous substances	<ul style="list-style-type: none"> •No dedicated bins for volatile wastes. 	<ul style="list-style-type: none"> •Install dedicated bins. •Strengthen education and training and advocate waste classification. •Perform regular online inspections to confirm
Ethics	Responsible Procurement of Minerals	<ul style="list-style-type: none"> •Didn't disclose or sign statements for not using conflict minerals 	<ul style="list-style-type: none"> •Sign and publicly disclose the company's conflict mineral management policy
Management System	Company's commitment	<ul style="list-style-type: none"> •Didn't communicate RBA to upstream suppliers 	<ul style="list-style-type: none"> •Communicate with upstream suppliers •Publicly disclose the company's RBA policy

(6) Supplier Distribution

KYEC is devoted in maintaining long-term cooperation with domestic or foreign suppliers by establishing a sustainable supply chain with stable development. In addition to taking consideration of the quality, delivery and price of products from suppliers, KYEC also advocates suppliers to implement environmental protection, improve safety and hygiene, value human rights, and collectively fulfill corporate social responsibility in addition to preparing for risk management and operational sustainability plan.

Recently, KYEC Group is also pressing ahead with the localization of production and procurement. We emphasize the business development of Taiwanese and Chinese suppliers to reduce transportation costs, reduce carbon emissions, diversify risks, and eventually cultivate local industries to create job opportunities. Since 2014, the proportion of locally procured materials for KYEC in Taiwan increased every year, from 32.5% to 33% in 2016, 37% in 2017, 38% in 2018, 39% in 2019, and 39.6% in 2020. The proportion of locally procured materials has also been increasing for KLT&ZKT in China.

In the future, we will continue to cultivate Taiwanese and Chinese local companies and encourage foreign companies to open factories in Taiwan to reduce production costs and risks and enhance competitiveness together.



KYEC has long established a sound strategic high-tech product flow control process since 2013. The plant is committed to building explicit and effective corporate internal export control process, including autonomously building a blacklist of ICP (Internal control program) for upstream and downstream supply chain and establishing export control numbers and good correspondence list. The aforementioned ICP system is used with the international black list released by the Bureau of Foreign Trade to carry out G2B comparison of industry-government cooperation mechanism. KYEC also establishes company policy for this flow by listing the stance of the company in export control

with stipulation of punishment and reporting mechanism that will implement the purpose of internal export control policy.

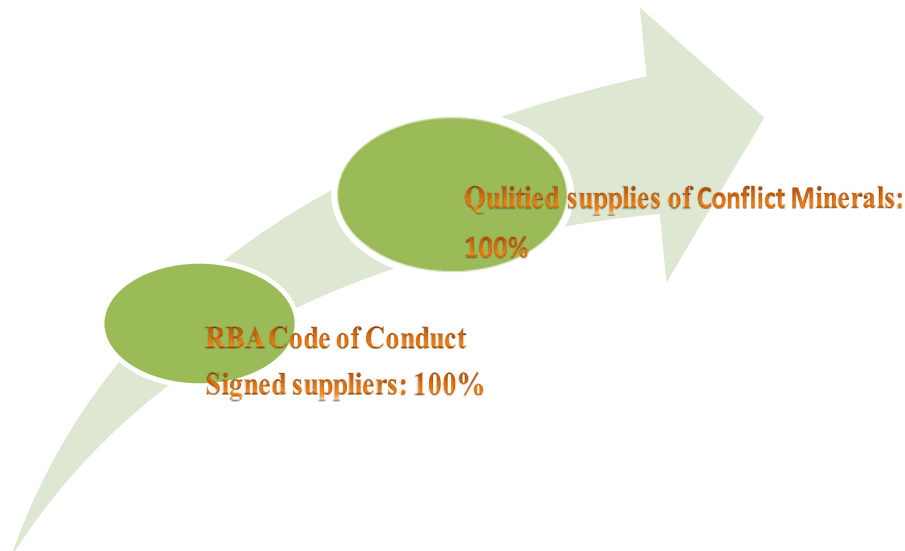


KYEC Chunan plant & Tongluo plant proudly received the “Internal Compliance Program Certificate” from the Bureau of Foreign Trade, MOEA.

(7) Responsibility supply chain

KYEC adopted the RBA Code of Conduct (formerly Electronic Industry Citizenship Coalition, EICC CODE) as the guideline for promoting corporate social responsibility policies. This will ensure that the working environments of the supply chain are safe, the workers are respected and with dignity, and business operations are responsible for the environment.

To support the international regulatory requirements for conflict minerals, we strictly request our suppliers not to include conflict minerals produced in such regions in their provided raw materials. This requirement is listed in the “Responsible Business Alliance Code of Conduct Commitment” to ensure effective supply chain management, knowing that the materials provided by the suppliers do not contain conflict minerals.



- ◆ KYEC’s policies:

As a part of the electronics supply chain, KYEC must fulfill corporate social responsibility (CSR). Aside from following the codes of conduct and relative requirements formulated by the RBA & Global e-Sustainability Initiative (GeSI), we also conduct supply chain investigations and develop policies.

- ◇ No purchasing for minerals from conflict-affected and high-risk areas (CAHRAs).
- ◇ Request suppliers and their upstream and downstream supply chain to conform to the “No conflict minerals” requirements and declare not to use them.

- ◆ KYEC’s commitment:

To protect the human rights and health of our employees in material production regions and the environmental resources. We promise that for the materials (including but not limited to Ta, Sn, W, Au, Co, and Mica) we use in all products that we deliver to our clients and all production processes, the suppliers at the source of such materials didn’t directly or indirectly purchase from illegal mines in conflict-affected and high-risk areas (CAHRAs).

Every year, suppliers must complete their report template in the industry's standard format (like CMRT) to report information related to conflict minerals. The reports should demonstrate that if the products delivered to KYEC and the production processes involve (but are not limited to) Ta, Sn, W, Au, Co, and Mica, these minerals came from smelters and refiners that meet RMAP standards. KYEC identified 145 smelters according to the investigations, and 100% of their sources are smelters and refiners that meet RMAP standards.

5.4 Green Logistics and Vision



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

5.4.1 Optimizing Pickup/Delivery Routes

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

5.4.2 Idle and Fuel Statistics

The management division reviews the monthly fuel costs and idle status in addition to reviewing the best routes with integrated number of shifts and adjustment of vehicle schedule, in order to reduce the number of shifts and fuel costs, reduce CO2 emission, and thereby reducing impact on the environment. The 2020 CO2 emission was increased by 40,552KG, up 5%



(1) GPS Control Delivering Vehicles

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

日期	時間	位置 / 狀態	里程	開車(含怠速)	怠速管理	熄火管理
201905/30 星期四	08:55	出車：苗栗縣竹南鎮頂埔里中華路146號【京元電子股份有限公司(竹南分公司)】附近19公尺				
	08:55-09:13	新竹縣寶山鄉大崎村愛迪生路41號	17.36 公里	18分		
	09:13-09:16	新竹縣寶山鄉大崎村愛迪生路41號			3分	
	09:16-09:23	新竹市東區力行一路1號【沛亨半導體】附近30公尺	219 公里	7分		
	09:23-09:29	新竹市東區力行一路1號【沛亨半導體】附近30公尺				6分
	09:29-09:31	新竹市東區力行六路2號【聯益電子】附近49公尺	0.36 公里	2分		
	09:31-09:34	新竹市東區力行六路2號【聯益電子】附近49公尺			3分	
	09:34-09:38	新竹市東區篤行一路12號【智原科技股份有限公司】附近37公尺	2 公里	4分		
	09:40-09:43	新竹市東區篤行一路【創意】附近33公尺	0.35 公里	3分		
	09:43-09:48	新竹市東區篤行一路【創意】附近33公尺				5分
	09:48-09:51	新竹市東區篤行一路【采廷科技】附近7公尺	0.62 公里	3分		
	09:51-09:54	新竹市東區篤行一路【采廷科技】附近7公尺				3分
	09:54-09:56	新竹市東區篤行一路12號【京元科圖2廠】附近30公尺	0.33 公里	2分		
	09:56-10:14	新竹市東區篤行一路12號【京元科圖2廠】附近30公尺				18分
10:14-10:17	新竹市東區力行四路2號	1.7 公里	3分			

(2) GPS Controlling Idleness in Delivering Vehicles

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

編號	駕駛員姓名	公稱	回報時間	定位位置	車況現況	最新狀態	處理設備	備註
1298-VE	陳建誌	3.5噸小貨車	2019/05/30 16:43:03	新竹縣寶山鄉(國1) 101公里	87 km/h 向西南			6P-6793移機
1438-B8	劉昆盛	3.5噸小貨車	2019/05/30 16:42:33	新竹縣竹北市竹北里博愛街528號【宜揚(ESSI)】附近 公尺	熄火			3F-1463 7/30 14:00 移機
1503-T6	王振名	3.5噸小貨車	2019/05/30 15:35:40	新竹縣寶山鄉興業一路【台糖七廟】附近107公尺	熄火	熄火1小時8分		8/15 移機原 2L-6487
150-WD	彭文正	交通車	2019/05/30 09:33:46	苗栗縣銅鑼鄉銅科北路【京元銅鑼廠】附近112公尺	熄火	熄火7小時10分		
2435-UT	羅俊翔	3.5噸小貨車	2019/05/30 16:42:53	新竹市東區新竹交流道(公頃五)【京元電子股份有限公司】附近15公尺	20 km/h 向北			
4239-B8	蔡政倫	3.5噸小貨車	2019/05/30 16:38:48	新竹市東區篤行一路12號【智原科技股份有限公司】附 近43公尺	發動/停止狀態	怠速1分		99.10.06 10:30 3H-4275 移 機
4868-B8	翁御凱	3.5噸小貨車	2019/05/30 16:43:00	苗栗縣竹南鎮頂埔里中華路154號【京元電子中華一 廠】附近37公尺	發動/停止狀態	怠速1分		3H-2497移機

6. Environmental Management

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

Description of the plant coverage for the environmental management system						
Management System	KYEC			KLT	ZKT	Coverage
	Hsinchu Factory	Chu Nan Factory	Tungluo Factory			
ISO 14001 Environmental management system	V	V	V	V	V	100%
ISO 14064 Greenhouse gas inventory	V	V	V	V		80%
ISO 50001 Energy management system		V	V	V		60%

Note 1: ISO 50001 system is going to include KYEC Hsinchu plant in its certification in 2021.

Note 2: ZKT & KLT share a common public system, so the data from ISO 14064 and ISO 50001 are included in KLT for calculation.

6.1 Energy consumption and Management

6.1.1 Energy management and usage

Energy management is the responsibility of all KYEC plants and KLT&ZKT. In 2020, the KYEC Chunan plant and Tongluo plant received the accreditation of ISO 50001 system. Energy management committees were also formed to ensure the implementation of energy management systems.

In 2020, KYEC Group's total energy consumption was 698,013 MWh, with electricity as the most used energy at 99.8%, while diesel fuel and steam only accounted for 0.2%. Electricity is mainly used by production and facility equipment. For KYEC Group, diesel fuel is not for normal use. It's mainly used by emergency generators in plants for the power outage, annual repair, and maintenance only. For KLT, diesel fuel is mainly used by boilers to generate hot water during cold winters. Steam is also used by boilers to generate hot water in Chinese plants. The original plan was to replace all diesel boilers with steam boilers, but due to the insufficient heat exchange for steam boilers, diesel fuel was still used in 2020.

2018-2020 KYEC Group energy usage analysis and statistics (MWh/Year)			
Energy Type	2018	2019	2020
Power	607,551	636,841	696,856
Diesel	196	838	1,155
Steam	0	0	2
Total	607,747	637,679	698,013

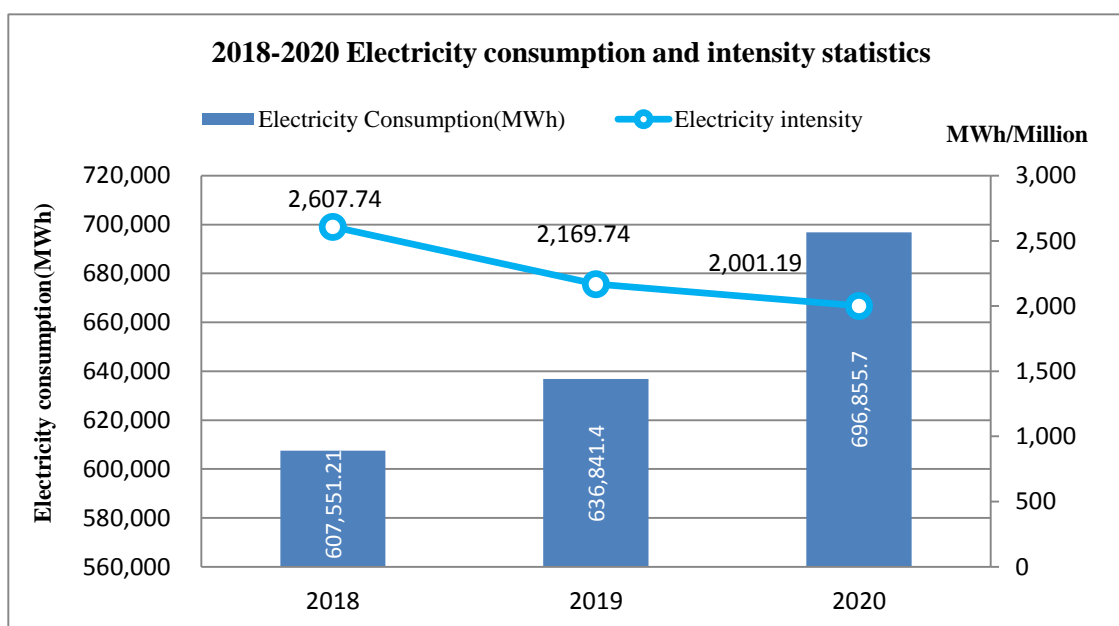
Note 1 : Steam is only used by KLT & ZKT, so the heating value is calculated by Chinese units - 1 ton of steam equals 0.7 kWh.

Note 2 : The steam is purchased.

Note 3 : The heating value of diesel fuel is calculated by the units announced by the Bureau of Energy of Taiwan (Announced on 2021/5/4) - 1 liter of diesel fuel equals 9.8 kWh.

Note 4 : The scope of inventory includes:KYEC Hsinchu、Chu Nan、Tungluo and KLT&ZKT

In 2020, the total electricity consumption of KYEC plants and KLT&ZKT was 696,855.7 MWh, an increase of 60014.3MWh (9.4%) from 636,841.4 MWh in 2019. The main reason for this increase was the company's business growth. On the contrary, the electricity intensity in 2020 was 2001.19 Mwh/hundred million NTD, a 7.8% decrease from 2169.74 MWh/hundred million NTD in 2019. This indicated that KYEC plants and KLT&ZKT's implementation of the energy-saving projects paid off. The electricity consumption and intensity analysis during 2018-2020 are as follows:



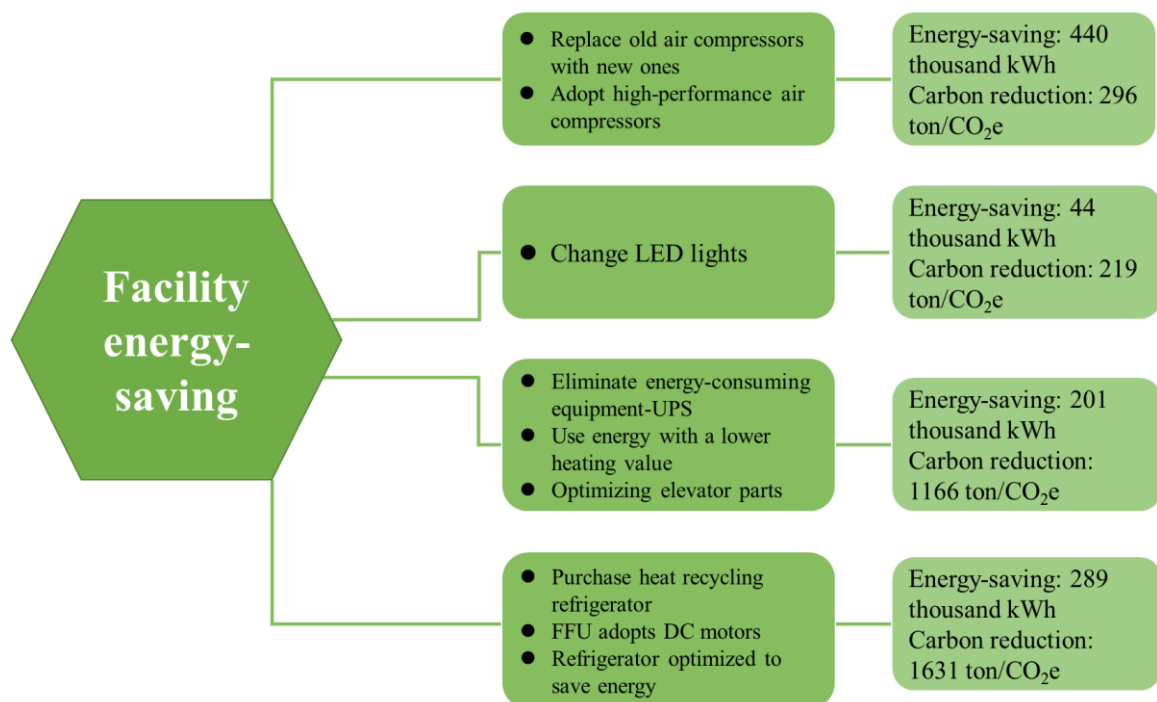
Note 1 : The scope of inventory includes:KYEC Hsinchu、Chu Nan、Tungluo and KLT&ZKT

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

6.1.2 Energy-Saving Project and Benefits :

Energy-saving and carbon reduction have always been the issues of concern for KYEC Group and the target of our continuous efforts. Every year, we eliminate old equipment, eliminate old LED lights in plants, set up motion sensor lights, apply energy-saving measures such as elevator energy-saving management and personnel education and training. We also prioritize high-efficiency or heat-recycling models during the design and procurement stage, choose high-efficiency motors and eco-friendly refrigerants, fully introduce LED lights, and so on. In 2020, KYEC plants and KLT&ZKT took nine energy-saving measures, such as replacing facility units, saving energy from air conditioners and lighting, and optimizing systems. In total, we saved 5.77 million kWh of electricity, equivalent to reducing about 3312 tons of CO₂ emissions.

Starting in 2021, KYEC Chunan plant and Tongluo plant will purchase renewable energy certificates. The goal is to purchase renewable energy certificates for at least 8% of the contract capacity in 2025 and reduce CO₂ emissions through the purchase. KLT&ZKT' s energy target is to reduce their energy consumed per unit (ten thousand RMB) of production by 5% every year. In the future, they'll continuously improve their energy performance to fulfill their social responsibility of environmental protection.



Note 1 : The scope of inventory includes:KYEC Hsinchu 、 Chu Nan 、 Tungluo and KLT 、 ZKT

Note 2 : CO₂ emission factor for electricity in Taiwan reached 0.509 kg/kWh (announcement of the Bureau of Energy in 2019); CO₂ emission factor for electricity in China reached 0.7035 kg/kWh (announcement of the State Grid Corporation of China in 2018)



6.2 Greenhouse gas emission and management

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

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

6.2.1 Greenhouse Gas Inventory

The scope of greenhouse gas inventory for KYEC Group covers Taiwanese and Chinese plants. The scope-1&2 greenhouse gas emissions for each plant is inventoried according to ISO 14064-1 regulation, and the data is verified by the trusted third party SGS.

In 2020, our Scope-1&2 emission in total was 384,312.02 tCO₂e, with Scope-1 emission accounted for about 1.2% and 98.8% for Scope-2 emissions. The main emission source was the usage of purchased electricity. In terms of percentage, the main greenhouse gas emission source for our company was purchased electricity. The total emission in 2020 increased 26,171 tCO₂e (about 7.3%) compared to 2019, but the emission intensity decreased about 9.5% from 1,220.22 (tCO₂e/hundred million NTD revenue) in 2019 to 1103.64 in 2020.

2018-2020 Greenhouse gas inventory analysis			(tCO ₂ e)
Emission Type	2018	2019	2020
Scope-1	4658.84	2502.79	4543.51
Scope-2	351079.22	355637.91	379768.51
Total	355738.06	358140.70	384312.02

Note 1 : The 2018-2020 greenhouse gas emissions calculation included all KYEC's production bases worldwide (including Taiwanese plants and Chinese subsidiaries KLT&ZKT, contributing 100% of KYEC Group's revenue).

Note 2 : Scope-1 :

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

KLT&ZKT inventory standards: Guidelines on the preparation of province-level greenhouse gas inventories, ISO14064-1, 2006 IPCC Guidelines for National Greenhouse Gas Inventories

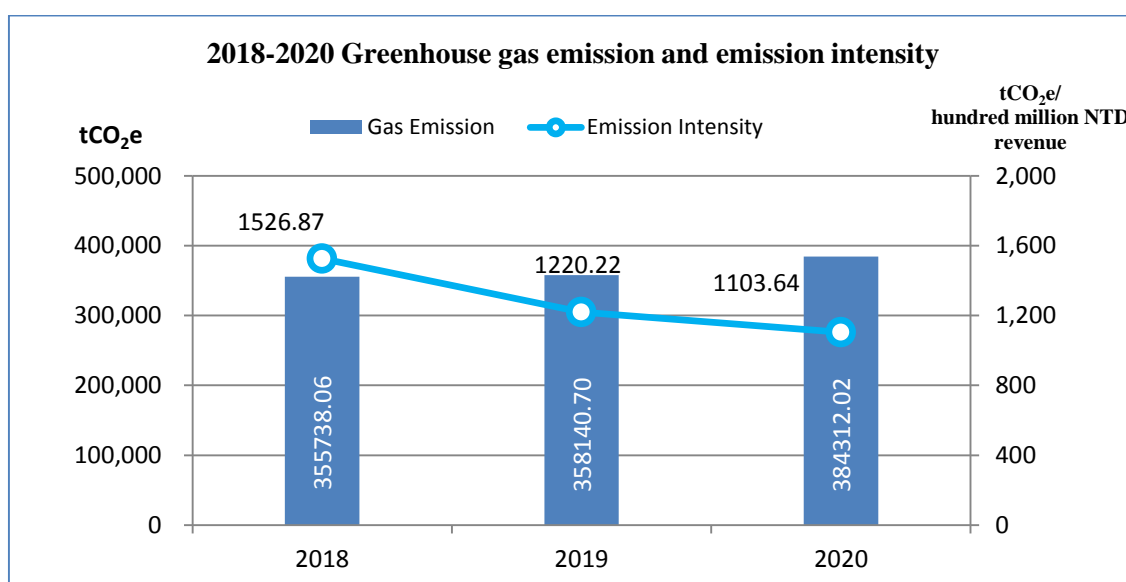
Note 3 : Scope-2 : Mainly purchased electricity

KYEC: The emission factor is according to the 2019 electricity emission factor announced by Environmental Protection Administration, Executive Yuan (0.509 kg CO₂e/kWh).

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

Note 4 : For KYEC plants, 2018-2019 Scope-1&2 greenhouse gas emission data was self-inspected before verifications from a third party. The 2020 Scope-1&2 greenhouse gas emission data was verified by a third party.

Note 5 : For Chinese (KLT&ZKT) plants, 2018-2019 Scope-1&2 greenhouse gas emission data was verified by a third party. The 2020 Scope-1 to Scope-3 greenhouse gas emission data was self-inspected before verifications from a third party.



Every year, we conduct regular inventories of Scope-1&2 greenhouse gases within our organizational scope for reduction. In addition, we also started to identify Scope-3 emission sources in our supply chain in 2020. However, the quantitative data is not verified by a trusted third party. In 2021, our company plans to conduct ISO 14064-1 inventory on the Scope-3 data and increase the inventory items.

2020 Greenhouse Gases Emission			
Emission source	(tCO ₂ e)	Calculation factor reference	Reduction strategy
Upstream transportation and delivery	2951.26	Product carbon footprint database from the. Environmental Protection Administration (Carbon emission generated from raw material transportation)	Green transportation
Downstream transportation and delivery	94.34	Product carbon footprint database from the. Environmental Protection Administration (Carbon emission generated from waste disposal)	Green transportation
Waste disposal	128.98	Product carbon footprint database from the. Environmental Protection Administration (Carbon emission generated from waste disposal)	Waste resourceization
Raw material procurement	67575.09	Product carbon footprint database from the. Environmental Protection Administration (Carbon emission generated from raw material production)	Prioritize low-carbon raw materials for procurement
Employee transportation (Outsourced)	636.52	Product carbon footprint database from the. Environmental Protection Administration	Green transportation
Business travel	0.86	Product carbon footprint database from the. Environmental Protection Administration	Reasonable business travel management

Note 1 : The Taiwanese emission factor is used for KLT&ZKT's Scope-3 inventory data in 2020 since there is such data in China yet.

Note 2 : The inventory data for employee transportation and business travel doesn't include Chinese plants (KLT&ZKT).

Note 3 : Scope-3 data is self-inspected without the verification of a third party.

6.2.2 Air pollution prevention

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

The exhaust emissions from KLT's iron ring cutting, grinding and wiping processes and ZKT's oil printing and screen cleaning processes need to be treated by air pollution control equipment through photocatalytic procedures. KLT also uses boilers. The pollutant emission data during 2018-2020 are as follows:

2018-2020 KLT&ZKT air pollutant emission statistics (ton/Year)			
Pollutant Type	2018	2019	2020
VOCs	0.388	0.167	0.035
SOx	-	-	0.04968
NOx	-	-	0.4536
Particulate Pollutants	-	-	0.007344

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

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

Note 3 : In 2018 and 2019, KLT only tested the Lingeman blackness of the diesel fuel boilers. Since 2020, Sox, NOx, and particulate pollutants are all tested. Annual emission = Boiler operating time * Average measurement value

6.2.3 Challenges and Opportunities of Natural Disasters and Climate Change

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

Global warming has also caused extreme and growingly severe weather events in Taiwan, such as typhoons, floods, rainstorms, and droughts. Facing diverse natural disasters, KYEC plants have been operating through ISO 22301 business continuity management system since 2018. This mitigates severe property damages or irreversible operational impacts due to natural, man-made, or other disasters and ensures the organization's minimum business objective under any circumstances. KYEC received accreditation from ISO 22301:2019 in November 2020.

For climate change events such as earthquakes, tsunamis, seawater intrusions, typhoons, droughts, and floods, KYEC also utilizes business impact analysis in the business continuity management system to assess risks and formulate countermeasures according to the assessment results for pre-disaster prevention, emergency response, and post-disaster recovery. The natural disasters that climate change may cause and the countermeasures are as follows:

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



Drought response - Response drill for water truck operations



Flood response- Set up water-retaining gates



Real-time earthquake reports



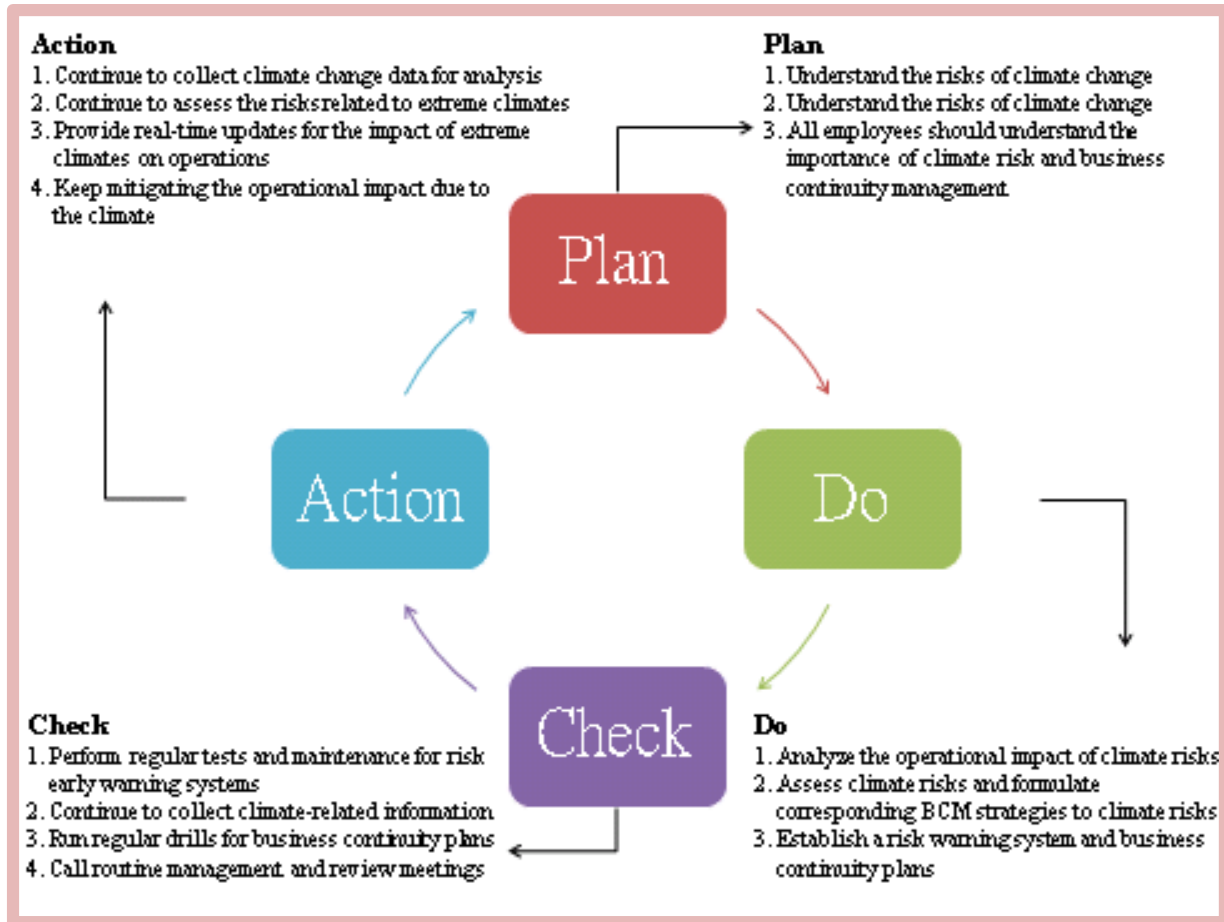
Run flood emergency response drills every year



Set up seismograph equipment in plants



Commodity racks are fixed to resist earthquakes



Extreme climates and the operation mode of business continuity management

6.3 Water Resource Management

6.3.1 Water Saving Policy and Management

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

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

Environmental Policy

1. Effectively use energy and resource, promote waste reduction, classification and recycle with reuse campaign
2. Continuous improvement to improve eco-friendly performance and devote in pollution prevention to conform to environmental regulations and customer requirement.
3. Continue promoting the concept of everyone's responsibility in promoting environmental protection.
4. Establish "green supply chain" management system, and reduce the impact of products, process and relevant services on the environment.

Environmental and Water Saving

Water Saving Management Policy

1. Establish procedures as reference of operational management.
2. Establish liquid monitoring system to control water usage.
3. Routine maintenance and inspection of equipment to assure stability with water use.
4. Routinely review water usage to understand changes in water use.
5. Increase water resource recycling rate to reduce water consumption.
6. Routinely replace water-consuming equipment.
7. Continuous planning for processing water recycling and reuse

Water Saving Promotional Policy

1. Post poster propaganda for water saving and energy conservation
2. Promote water-saving concept through training and e-newsletter
3. Build water saving propaganda website offer updated information.
4. Launch proposal incentive system to enhance motivation for proposition.
5. New factories introducing water saving engineering and equipment

Real-Time Monitoring

- Establish high-low liquid level system for computer monitoring in recycle /storage tank
- Adopt computer monitoring for processing water device meter to control water usage at all times.
- Dispatch personnel to treat and review cause in times of overflow.

Routine Review

- Daily water recycling/waste water treatment amount inspection record
- Personnel on shift checking and validating at all systems daily.
- Daily/Monthly water usage statistics for review and improvement
- Monthly production of water balance diagram to assure the rationalization of water use.

Continuous Review

- Develop annual water saving objective (KPI) for monthly review.
- Monthly review on water usage in factories.

Water Resource Management System

6.3.2 Water Resource Management Indicator

(1) Intake water analysis :

The intake water of KYEC plants and the Chinese subsidiaries in 2020 was 2313.343 million liters, with third-party sources (tap water + reclaimed water) as the primary water source of about 2307.238 million liters (99.7% of the total amount). Another water source was surface water (rainwater), about 6.105 million liters (only 0.2% of the total amount). The intake water intensity in 2020 was 6.643 million liter/hundred million NTD, a 12.6% decrease from 7.601 million liter/hundred million NTD in 2019.

(2) Gross water analysis :

The gross water of KYEC plants and the Chinese subsidiaries in 2020 was 3361.272 million liters. The gross water is mainly supplied by intake water, about 2307.238 million liters (68.6% of gross water). The return water from reused process wastewater and recycled water in water treatment systems was 1054.034 million liters (31.3% of gross water). We will keep implementing recycling projects for UF or RO condense, rainwater, condensed water, etc., to increase return water. The water use intensity in 2020 was 9.653 million liters/hundred million NTD, a 10.7% decrease from 10.81 million liters/hundred million NTD in 2019.

(3) Discharge water analysis :

The discharge water of KYEC plants and the Chinese subsidiaries in 2020 was 517.001 million liters, mainly third-party discharge for about 310.423 million liters (60% of the total amount). Surface water discharge (through agricultural drainage) was about 206.578 million liters (40% of the total amount). The discharge water intensity in 2020 was 1.485 million liter/hundred million NTD, a 25% increase from 1.185 million liter/hundred million NTD in 2019 due to the growing production capacity.

(4) Water consumption analysis :

The water consumption of KYEC plants and the Chinese subsidiaries in 2020 was 1790.237 million liters. The water consumption intensity in 2020 was 5.141 million liter/hundred million NTD, a 10.73% decrease from 5.759 million liter/hundred million NTD in 2019.

The 2018-2020 water management analysis is as follows :

2018-2020 Intake water and discharge water analysis (million liters)				
Item	Item	2018	2019	2020
Intake Water	Surface water (rainwater)	10.223	8.738	6.105
	Groundwater	0.0	0.0	0.0
	Third-party	1760.695	2038.041	2307.238
	Total	1770.918	2046.779	2313.343
Recycling and Water Use		1005.821	1125.939	1047.929
Gross water (intake water+reuse water)		2,776.739	3,172.718	3,361.272

Discharge water	Surface water (rainwater)	256.010	230.145	206.578
	Groundwater	0.000	0.000	0.000
	Third-party(Science Park Bureau)	88.378	117.642	310.423
	Total	344.378	347.787	517.001
Water consumption (intake water-Discharge water)		1426.530	1698.992	1796.342

Note 1 : The data included KYEC plants in Taiwan and KLT&ZKT plants in China.

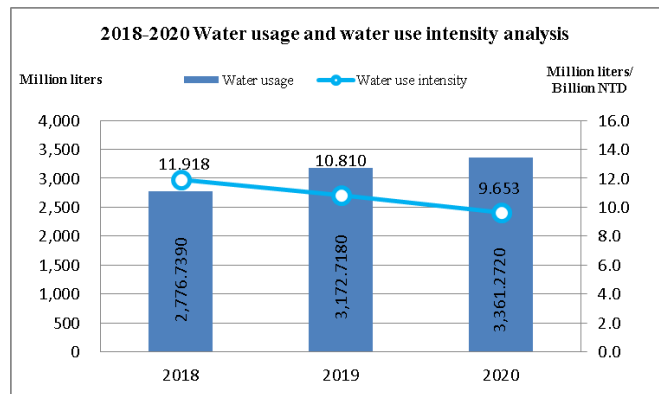
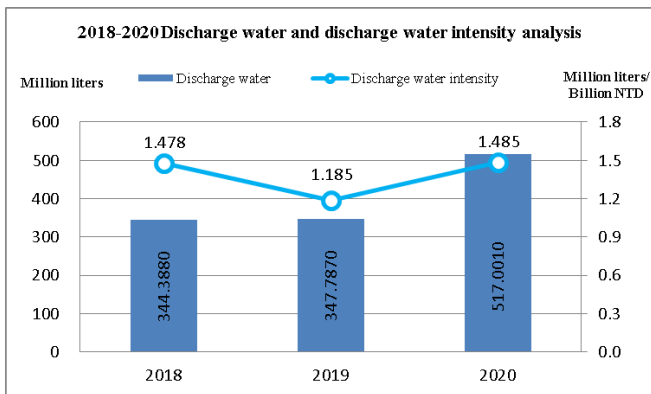
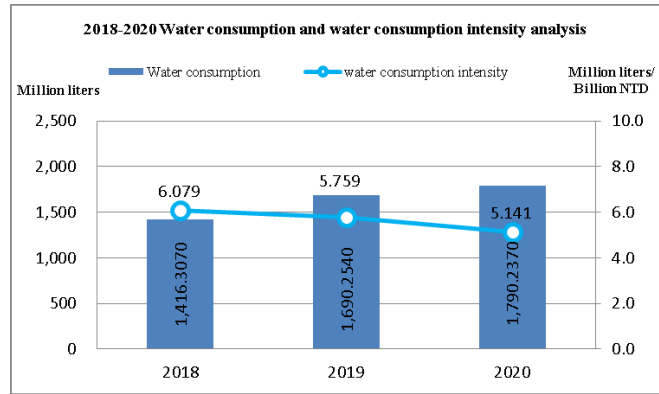
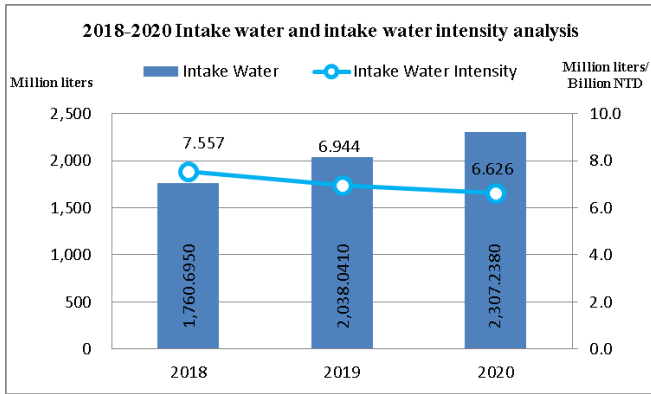
Note 2 : The data of tap water was recorded by water meters. The data of reclaimed water/reuse water/discharge water was mainly from flow meters.

Note 3 : Reuse water: Reuse water: include recovery systems, rainwater, reused pure water, etc., as shown in the table below. (Doesn't include recycling water such as in PCW, refrigerators, cooling towers)

2018-2020 Water management intensity analysis				
Item	Unit	2018	2019	2020
Revenues	Billion NTD	232.985	293.506	348.223
Intake water	Million liters/Year	1,760.695	2,038.041	2,307.238
Intake water intensity	Million liters/ Billion NTD	7.557	6.944	6.626
Discharge water	Million liters/Year	344.388	347.787	517.001
Discharge water intensity	Million liters/ Billion NTD	1.478	1.185	1.485
Water consumption	Million liters	1,416.307	1,690.254	1,790.237
Water consumption intensity	Million liters/ Billion NTD	6.079	5.759	5.141
Water usage	Million liters/Year	2,776.739	3,172.718	3,361.272
Water use intensity	Million liters/ Billion NTD	11.918	10.81	9.653

Note 1 : The data included KYEC plants in Taiwan and KLT&ZKT plants in China.

Note 2 : All revenues converted to NTD



6.3.3 Water Saving Plan and Benefits

We continue to recover and reuse all kinds of wastewater from processes and water systems. By implementing water-saving projects, KYEC Chunan plant and KLT&ZKT saved 343.39 million liters in 2020 and reduced 102.68 tons of carbon emission. Water-saving project descriptions are as follows :

2020 Water-saving project benefits analysis			
Plant	Project	Water-saving (Million liters/Year)	Carbon reduction (tCO ₂ /Year)
KYEC Chu Nan	Soft water & RO replacement project to improve water production efficiency	16.35	4.89
KLT (include ZKT)	ROR discharge water recovery for cooling towers	204.4	61.12
	Additional UF tubes in the pure water production process to improve water production efficiency	122.64	36.67
Total		343.39	102.68

In 2021, we will keep planning and implementing water-saving projects. We target major plants with the greatest water usage, including KYEC Chunan plant and subsidiaries KLT&ZKT, and set up water use reduction targets. By improving pure water systems and adding recycling systems based on assessments,

we expect the two major plants to reduce 10% water consumption in 2025 compared with August 2020. KYEC Chunan plant will invest 25 million NTD for RO rectification and recycling and ROR recycling and reuse with a payback period of 2.5 years. KLT&ZKT will continuously improve the pure water production process to save water and reduce waste.



Soft water system replacement



Additional UF tubes to recover process

6.3.4 Water Risk Management




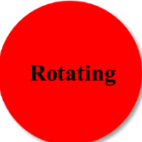

Taiwan set a record in 2020 - for the first in Taiwanese history, no typhoon made landfall during the typhoon season. In October 2020 (during the Summer wet season), the Water Resources Agency created artificial rains and called the drought response meeting. In October 2020, the water supply monitoring index turned “yellow”, indicating the first phase of water rationing. Due to Taiwan’s location and climate, plum rains and typhoons are the primary forms of precipitation during the wet season. As global temperature rises, fewer typhoons can make landfall in Taiwan, which means that droughts will become more regular in Taiwan due to the impact of climate change.

The Taiwanese plants have the highest risks of water shortage. In addition to continuously monitoring water supply information from Water Resources Agency, we cooperate with the government's water-saving policies and try to improve water recovery by establishing water recovery systems. In 2020, KYEC plants and KLT&ZKT saved 343.39 million liters of water in total. From 2021 to 2025, we will keep investing in water-saving projects for approximately 100 million dollars to reach the goal of 10% water reduction.

In response to the ever-changing water supply conditions, KYEC established corresponding procedures for each phase, such as cooperating with the government's water-saving policies, contracting with water trucking companies, and in-plant response drills for water supply. We performed an in-plant response drill for water supply in November 2020. An approximately 6 million increase in water truck transportation cost every month is expected to ensure uninterrupted production.

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

The countermeasures for each phase are as follows:

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

6.4 Pollution Prevention

6.4.1 Waste Water Discharge and Management

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

In 2013, the Council of Agriculture announced and implemented the “plan for maintaining the quality of agricultural irrigation water”, which gradually limits industrial wastewater discharge in three phases and prohibits wastewater discharge in all dual-purpose irrigation and drainage ditches by the end of 2020. In response, KYEC Chunan plant found another receiving water and carefully evaluated alternate drainage methods. The plant also launched a drainage alteration project in 2019, discharging wastewater to the Chunan wastewater treatment facility in Hsinchu Science Park instead (invested nearly 28 million NTD in total) to meet regulatory requirements and mitigate the environmental impact of wastewater. The alteration project was completed in June 2020.



Discharge monitoring and control panel



Pipeline configuration



Discharge pump



The opening ceremony for Chunan plant's drainage alteration

6.4.2 Waste Water Discharge

KYEC Group complies with the requirements of environmental protection regulations. The wastewater quality of KYEC Chunan plant and Tongluo plant is managed by setting an internal control value superior to the regulatory standard.

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

As wastewater is directed to the Chunan wastewater treatment facility in Hsinchu Science Park for treatment, KYEC Chunan plant evaluated and established a sewage treatment system in 2020, investing nearly 30 million NTD in total. The plant committed itself to discharge water with less than 20mg/L of ammonia to mitigate the impact of wastewater on the receiving water.



Discharge sampling analysis

From 2018 to 2020, the discharge water quality of all plants met the standards. The analysis of main control parameters, water quality standard, and current values of the plants are as follows:

2020 Discharge water quality of each plant and discharge standard analysis							
Item	Unit	Chunan		Tongluo		KLT	
		Standard	Minimum-Maximum	Standard	Minimum-Maximum	Standard	Minimum-Maximum
Water temperature	°C	<35	23.5~24	<38	23.7~25	-	-
Hydrogen ion concentration index (pH)	ph	5~9	7.5~8.5	5~9	7.2~7.7	6~9	6.41~7.81
Suspended solids	mg/l	<300	3.2~4.8	<300	3.2~6.2	<400	6~80
Ammonia	mg/l	<20	0.05~0.18	<35	22.1~30.8	<45	1.1~1.5
Chemical oxygen demand (closed)	mg/l	<500	11.2~37.0	<500	31.4~34.2	<500	26~55

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

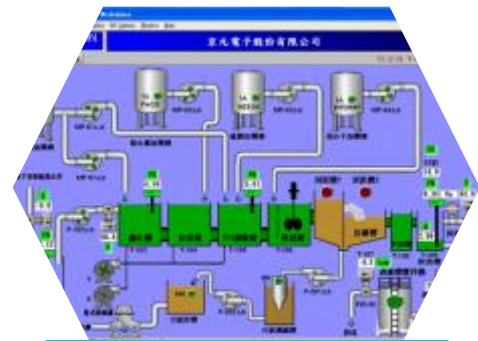
Note 2 : Starting from June 2020, the Chunan wastewater plant in Hsinchu Science Park has been treating the wastewater from the KYEC Chunan plant. Therefore, here we describe the influent quality standards of Chunan Park.

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

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



Waste water automatic connection monitoring System



Waste Water Treatment Monitoring System

6.4.3 Rainwater Management

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

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



↑ Factory Rain water recycling system integration



↑ Factories installed with rainwater recycling system

6.4.4 Waste Management and Reuse

The KYEC plants are primarily for semiconductor testing and packaging. There is no air pollutant emission problem since toxic substances are not used in the testing processes. For KLT&ZKT, after cutting, grinding, and wiping GOC with alcohol, the organic gas is processed by photocatalysis procedures and emitted through 15-meter tall exhaust stacks. KLT&ZKT only generates wastewater and wastes. All wastes are outsourced and handled by qualified manufacturers with no cross-border transportation.

Each year KYEC targets at corporate environmental policy to set up various waste reductions, routinely audits energy saving objectives, trace and review factory waste reduction and energy saving conditions to establish cleaning and removal treatment supplier audit system, and routinely execute follow-up and audit without warning, in order to assure the legitimacy of outsourced cleaning and removal treatment operations. Contractors will need to complete 2 hours of environmental safety and hygiene education and training before working in the factories in order to strengthen the personnel with environmental protection work administration capacity when working at the factories.

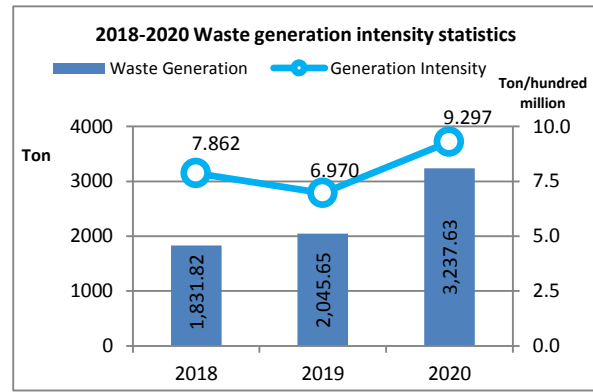
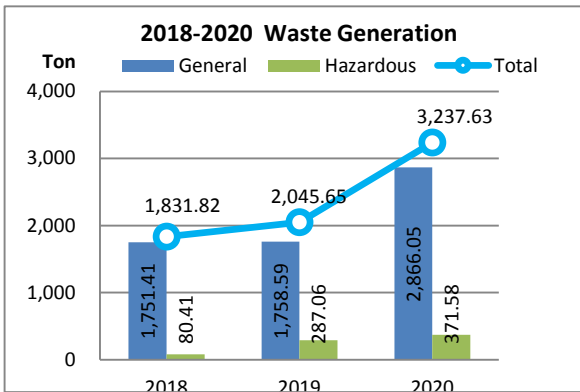
(1) Waste generation analysis :

In 2020, the total waste from KYEC plants and KLT&ZKT was 3237.63 tons, and the recycled amount was 2596.41 tons, resulting in a recycling rate of 80.2%. In 2020, the waste intensity was 9,297 tons per hundred million NTD, a 2,327-ton increase from 6,970 tons in 2019, mainly due to the business growth and the lack of recycling methods for the produced hazardous industrial wastes. The analysis and statistics of general industrial waste and hazardous industrial waste are as follows :

The general industrial waste generation was 2866.05 tons in total, and the recycled amount was 2525.9 tons, resulting in a recycling rate of 88.1% for general industrial wastes.

The hazardous industrial waste generation was 371.58 tons in total, and the recycled amount was 70.51 tons, resulting in a recycling rate of 19% for hazardous industrial wastes. The main reason for the low recycling rate for hazardous industrial wastes is that KLT generated about 287.35 tons of sludge, which could currently only be incinerated. As for KYEC plants, their hazardous industrial wastes are mostly flammable industrial wastes and are all incinerated. If these wastes have any reuse value in the future, we will prioritize such processing methods.

2018-2020 Waste generation statistics and analysis												
Waste Type	2018				2019				2020			
	Non-recyclable	Recyclable	Total	Recycling rate	Non-recyclable	Recyclable	Total	Recycling rate	Non-recyclable	Recyclable	Total	Recycling rate
General industrial waste	247.83	1,503.58	1,751.41	85.80%	263.26	1,495.33	1,758.59	85.00%	340.15	2,525.90	2,866.05	88.10%
Hazardous industrial waste	12.25	68.17	80.415	84.80%	167.47	119.6	287.06	41.70%	301.07	70.51	371.58	19.00%
Total	260.08	1,571.74	1,831.82	85.80%	430.72	1,614.93	2,045.65	78.90%	641.22	2,596.41	3,237.63	80.20%



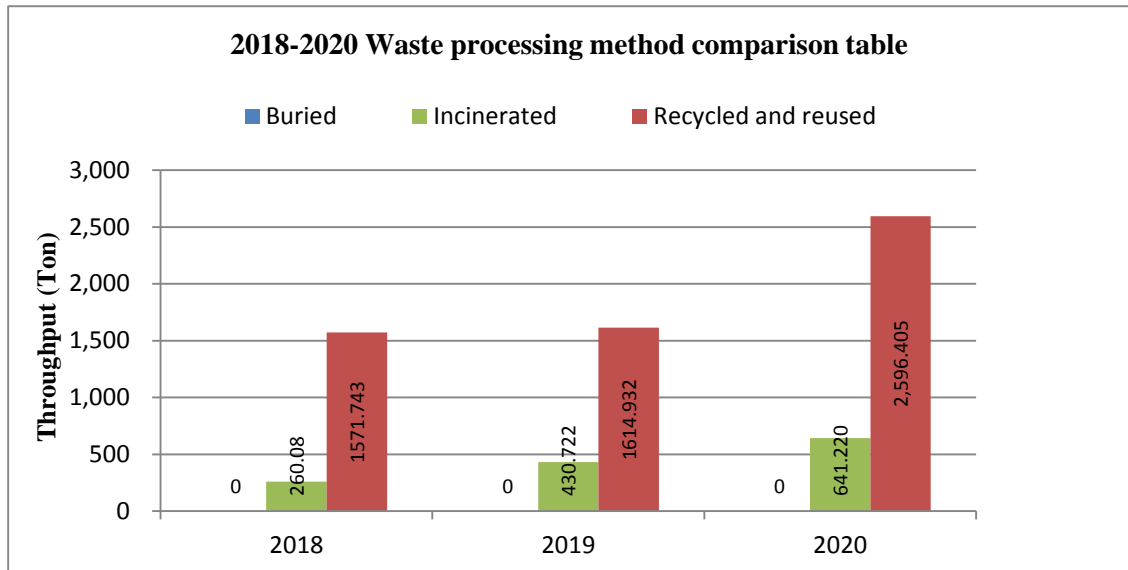
Regularly inspect the cleaning and transportation procedures



Regularly examine the vehicle trajectories for anomalies

(2) Amounts and recycling results :

The wastes are primarily incinerated, buried, or recycled. The recycling rate of wastes increased from 78.9% in 2019 to 80.2% in 2020. We have no longer used burial methods since 2018. In the future, we'll keep prioritizing recycling as the primary waste processing method and keep enhancing waste management. We'll strictly and effectively classify, recycle, and reuse wastes and handle them properly. We expect to increase the recycling rate to over 80% to achieve the goal of reusing waste resources.



Introduction of waste recycling and reusing method

6.5 Compliance with Environmental Protection Laws

KYEC plants and KLT&ZKT continue to perform regulatory inspections and identification every month to ensure all in-plant operations comply with the requirements of regulations. From 2018 to 2020, there wasn't any violation of environmental laws.

7. Occupational Safety and Hygiene

All KYEC plants and KLT passed ISO 45001 system. Among all five plants worldwide, only ZKT has not been certified by a third party, but it still follows the regulations of ISO 45001. With an ISO 45001 coverage of 80%, we hope to prevent injury and illness from happening and enhance our occupational safety and health performance.

7.1 Safety and Hygiene Policy and Organization Operations

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

KYEC specifies the responsibilities for safety and hygiene for all levels by establishing an occupational safety and hygiene committee and safety and hygiene promotion organization. The safety and hygiene issues are reviewed at the quarterly meeting to implement base-level communication mechanism. The occupational safety and hygiene committee calls for quarterly meeting to review safety and hygiene related matters, where the committee members consisting of the general manager, occupational safety and hygiene personnel and health service staff, departmental supervisors and safety and hygiene related engineers. Currently, there are 114 members in KYEC Taiwanese plant committees, and 51 of them are labor representatives, more than one-third of the total number. KLT&ZKT plants also formed related safety and health committees and call regular meetings to discuss safety or health-related issues. The statistics of the Occupational Safety and Health Committees for Taiwanese plants in 2020 are as follows :

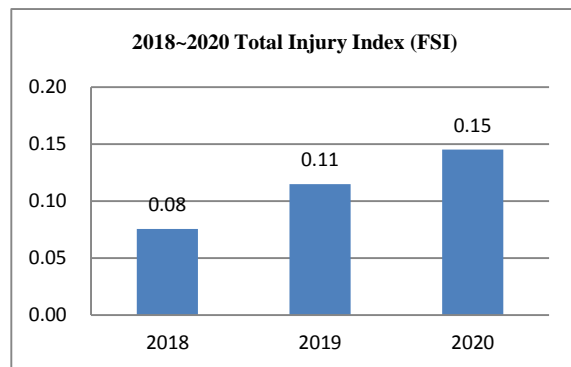
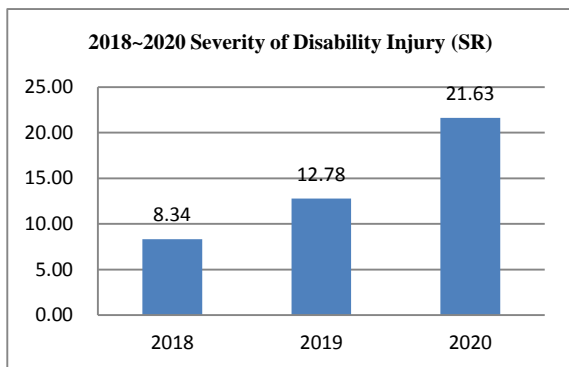
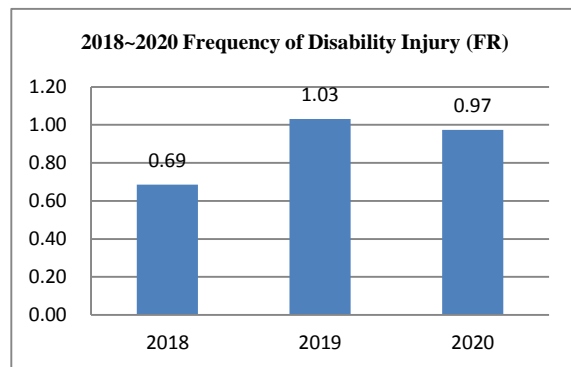
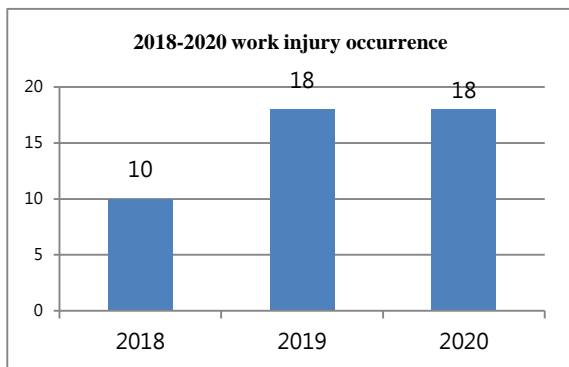
Plant	No. of Committee Members	Worker Representative	Worker Representative Ratio
Hsinchu Factory	12	4	33.3%
Chu Nan Factory	78	37	47.4%
Tungluo Factory	24	10	41.7%
Total	114	51	44.7%

7.2 Statistics and Analysis of Occupational Disasters

For KYEC Group, 18 work injuries occurred in 2020. The overall disabling frequency rate was 0.97, the disabling injury severity rate was 21.63, and the frequency-severity indicator (FSI) was 0.15, all increased from 2019. We will continue to perform risk assessments and take improvement measures for significant risks and hazards to reduce the occupational incident rate effectively.

In 2020, the most common work injury was slip and fall injuries, and the second was pinch-point injuries. From 2018 to 2020, there was no severe occupational accident that caused employee deaths, total disabling injuries, etc.

2018-2020 Occupational incident statistics and analysis				
Year	2018	2019	2020	2018~2020 Average for the semiconductor industry
No. of Cases	10	18	18	/
Employee-hours of exposure	1,4576,000	17,448,728	18,490,472	/
Frequency of Disability Injury (FR)	0.69	1.03	0.97	0.58
Severity of Disability Injury (SR)	8.34	12.78	21.63	21
Total Injury Index (FSI)	0.08	0.11	0.15	0.11



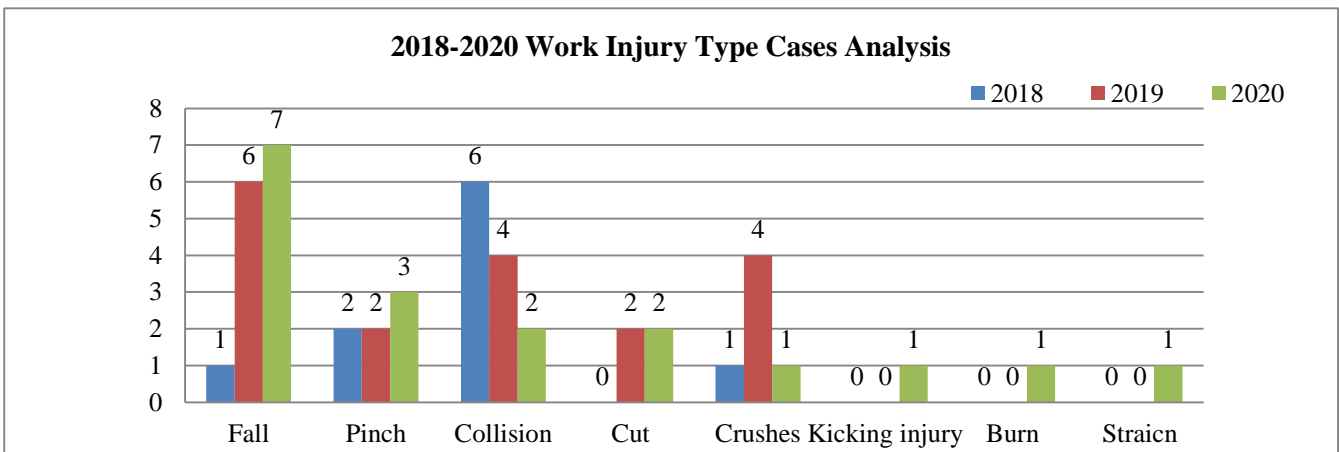
Note 1 : Employee-hours of exposure: Refers to the total working hours experienced by all workers in the year.

Note 2 : FR: The number of disabling injuries per million employee-hours = Disabling Injuries / Employee-hours of exposure * 1,000,000

Note 3 : SR: The number of days charged per million employee-hours of exposure = Total days charged / Employee- hours of exposure x 1,000,000

Note 4 : FSI: The index derived from SR and FR ratios = $\sqrt{FR \times SR} / 1000$

2018-2020 Work injury type analysis									
Injury Type	Physics							Injury by other people	Total
	Fall	Pinch	Collision	Cut	Crushes	Kicking injury	Burn	Straicn	
2018	1	2	6	0	1	0	0	0	10
2019	6	2	4	2	4	0	0	0	18
2020	7	3	2	2	1	1	1	1	18



In view of the majority of work injury occurring to personnel at site, the work safety and environmental protection department incorporates the cases of work injury to the training materials as requisite the course as necessary course for production and equipment personnel. For departments with relatively higher incidence rate of work related injury, KYEC advocates through departmental supervisor meeting to enhance the safety awareness for personnel from the department supervisors. To reduce the incidence rate of work related injuries by human error, personnel violating regulations and leading to work related injuries will be taken into consideration for the distribution of performance bonuses.

After the incidence, KYEC will immediately require the responsible department to conduct incident survey and root-cause analysis in addition to proposing improvement actions, where the improvement report is advocated via the monthly e-newsletter and environmental safety and hygiene hallway. The factories shall undergo annual disaster statistics and analysis to propose improvement strategies for injury types with relatively higher ratio.

Traffic accident is also a common occupational disaster among factory staff. Hence KYEC advocates and reminders of the road sections susceptible to accidents to the training materials for new employees and the switch screen. In 2016, the traffic accidents consisted of all employees riding scooter and the quarterly

scooter safe driving course was held in 2018 while posting traffic safety signs on the scooter parking lot to reinforce the concept of traffic safety driving in employees. In the event of repair project on the surrounding roads, employees will be announced via e-mail.

In response to the increasing proportion of public injuries caused by human factors in recent years, KYEC has held safety and health discipline tests on a quarterly basis since 2018. Repeated tests help increase the employees' awareness of safety disciplines and standards, allowing employees to reflect on the steps and protections that should be paid attention to during work to reduce the incidence of disasters.

In addition, KYEC Group plans safety and health education and training programs every year and holds training courses according to the plans. Every year, all employees receive at least 1 hour of safety and health education and training. The occupational safety and health committee will regularly review the training results. In 2020, the training course was completed 29,527 times.

2018-2020 Safety and Hygiene education and training			
Year	2018	2019	2020
Person times	11,404	18,975	29,527



Traffic safety advocacy



Public injury case study



EHS inspections and defect analysis



Push notification and advocacy for safety slogans



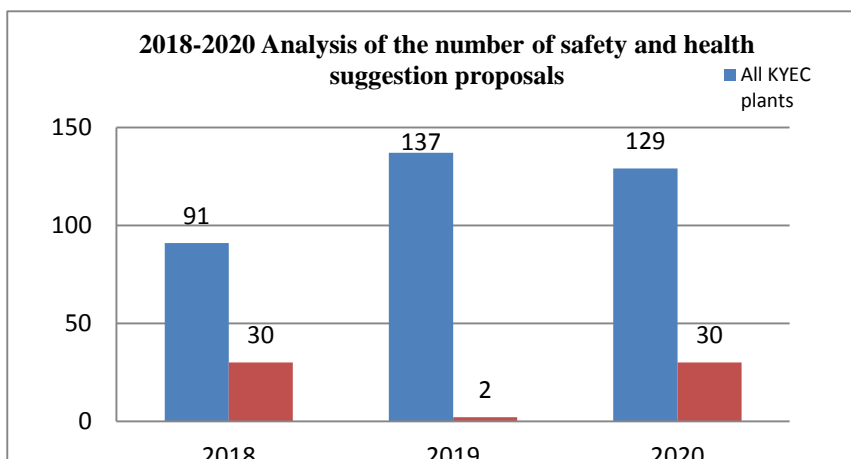
Implement safety advocacy during shift handover



Hold traffic safety seminars

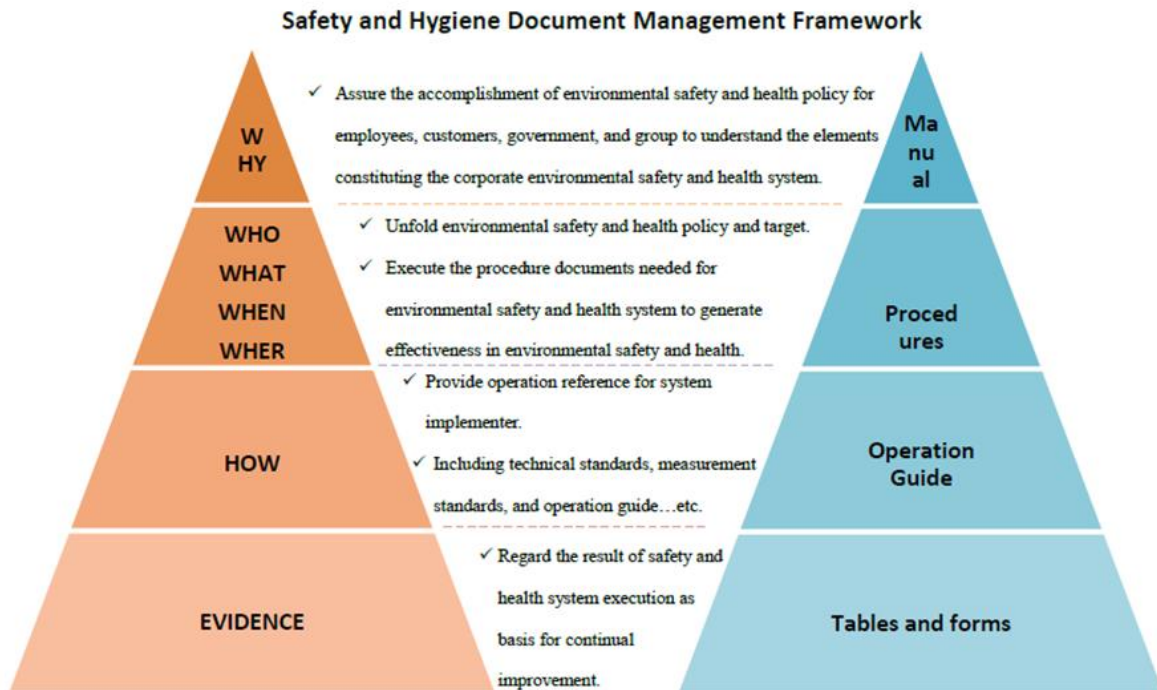
7.3 Near-miss Management

In terms of risk management, hazard prevention is much more beneficial than after treatments. By implementing the incentive-suggestion system every year, we can increase the report rate of near-misses and let employees actively make suggestions for potential safety and health risks to create a safer and more comfortable operation environment. In 2020, there were 159 suggestion proposals in KYEC plants and the Chinese subsidiaries (KLT&ZKT), a 14.3% increase from 139 in 2019, indicating the improving safety awareness of employees. We hope to move toward the goal of “zero hazards”.



7.4 Develop Safety and Hygiene Code of Practice and Management

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



7.5 Chemical Safety and Hygiene Management

KYEC plants and KLT&ZKT hold “hazard awareness education and training courses” every year, training the operating personnel regularly and enhancing their cognitive abilities to prevent accidents from happening.

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

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

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

The production line only stores few chemicals while each floor is installed with chemical anti-explosion cabin for collective management. In addition, the chemical anti-explosion storage cabin is routinely measured for volatile gas concentration to reduce exposing the operators to hazards. The chemical storage zones offer safety data sheet with formulation of hazardous substance list that is updated quarterly to

maintain data accuracy. Additionally, the “chemical database” is established online for convenient query by employees.

Prepare the chemical types and quantity allocation information map for all factories. Store the map in the factory security guard office and update at least once every half year so that rescue personnel will acquire such information immediately in times of disasters to make determination in rescue relief immediately and maintain the safety of rescue personnel.

The “chemical database” is established online for

化学品	化學物名稱	標記內容	危害分類	使用貯存單位
EVEC-01	工業酒精(C2H5OH)		危險性物質第一類 (GHS 1); 高度可燃物質 (H228); 腐蝕皮膚物質 (H314); 嚴重損傷眼 (H336); 水環境之危害物質 (急慢性) 第三類	新機處
EVEC-02	鹽酸		高度腐蝕性第一類 - 腐蝕性液體第一類 - 嚴重損傷眼 (H314); 嚴重損傷皮膚 (H332); 嚴重損傷水生環境 (H410)	新機處
EVEC-03	硫酸		高度腐蝕性第一類 - 腐蝕性液體第一類 - 嚴重損傷眼 (H314); 嚴重損傷皮膚 (H332); 嚴重損傷水生環境 (H410)	新機處
EVEC-04	氫氧化鈉溶液		高度腐蝕性第一類 - 腐蝕性液體第一類 - 嚴重損傷眼 (H314); 嚴重損傷皮膚 (H332); 嚴重損傷水生環境 (H410)	新機處, 411102, 2106
EVEC-05	氯化鈉		腐蝕性液體第一類 (H314)	新機處
EVEC-06	氯化鈉結晶		腐蝕性液體第一類 (H314)	新機處
EVEC-07	氯化鈉結晶		腐蝕性液體第一類 (H314)	新機處
EVEC-08	濃硫酸		高度腐蝕性第一類 - 腐蝕性液體第一類 - 嚴重損傷眼 (H314); 嚴重損傷皮膚 (H332); 嚴重損傷水生環境 (H410)	新機處
EVEC-09	濃硝酸		高度腐蝕性第一類 - 腐蝕性液體第一類 - 嚴重損傷眼 (H314); 嚴重損傷皮膚 (H332); 嚴重損傷水生環境 (H410)	新機處



Chemicals storage cabin set up with leak prevention tray



Set up chemical material acquisition truck to avoid turnover during transport



Conduct checkpoints for chemical tanker loading



Chemical substance leak drills (KLT)



Emergency neutralizing decontaminant for chemical burns



Emergency shower equipment in water treatment areas

7.6 Safety and Hygiene Risk Evaluation and Change Management



KYEC conducts regular hazard identification and risk assessment on the various operation activities of corporate organization. The “risk management list” is established for hazard identification and risk assessment result and undergoes improvement according to the objectives of risk level. The risk level can also be applied to environmental safety and hygiene objectives, target and management solutions in addition to follow up routinely at the Occupational Safety and Hygiene Committee. Prior to introducing change of plan for the processing, raw material, machinery equipment, plant, and firefighting facilities, KYEC shall conduct risk assessment control on the operation, techniques, engineering, design, and environment in order to discover the potential risks. The department of change must first conduct identification and risk assessment. In case of high risk items, the department shall submit hazard control measures and improvement plan to assure the proper control of possible risks derived before, during and after the change. Additionally, the query opinions involving personnel will need to be taken into consideration and trainings will be provided to operators. The department shall monitor the risk after change for decision over continuous control.

7.7 Emergency Response and Disaster Relief

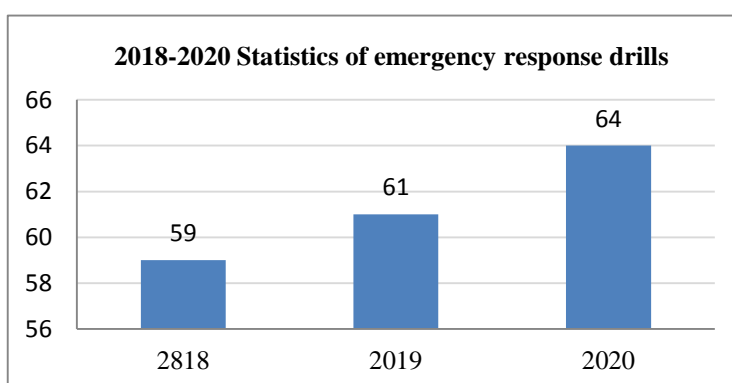
All factories shall set up emergency response treatment centers with personnel on shift. In case of receiving anomaly report, the staff may report and broadcast immediately according to the accident condition. All departments can also establish emergency response teams and shall routinely update the list to conduct work task training, strengthen personnel capacity to respond to emergency situations and help personnel familiarize with the application of safety protection equipment, thereby assuring the validity of emergency response treatment procedures.

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

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

In 2020, a total of 73 emergency response drills were held with the statistics of drill type sessions below:

類型 Type	2018	2019	2020
Fire rescue/Earthquake disaster	28	28	32
Chemical leakage	2	3	4
Whole plant evacuation	3	4	3
Company shuttle bus safety drills	26	26	25
Total factory evacuation	59	61	64





Fire disaster rescue drills



Refuge and escape drill



Shuttle bus drill



Evacuation drill

7.8 Contractor Safety and Hygiene Management

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

Before any operation, our contractors must first receive environmental safety and health education and training. In 2020, KYEC plants and KLT&ZKT trained 1,397 people in contractors’ environmental safety and health education and training courses. These people received induction ID Cards after passing the tests. We adopted electronic construction application and contractor card systems to implement an ID card control system for entering or leaving plants to effectively control the number of entering workers and the

nature of construction every day. Six controlled operations include: slinging operation, hot work, high-elevation operation, shaft operation, confined space operation, and noise/vibration work. In 2020, no KYEC Group contractor died due to work injuries.

We ensure the implementation of construction site inspections and examinations. In 2020, there were 67 violations of environmental safety and health regulations for the contractors of KYEC plants and KLT&ZKT. All of them were corrected according to the regulations. We regularly call contractor meetings to review and advocate the operational guidelines of safety and health management to ensure all contractor operations meet the certification standards of the ISO 45001 system. We also fulfill our obligation as a business unit to provide responsible care for our downstream contractors by calling regular meetings to create opportunities for all contractors to communicate with each other.



Sobriety test before operations for contractors



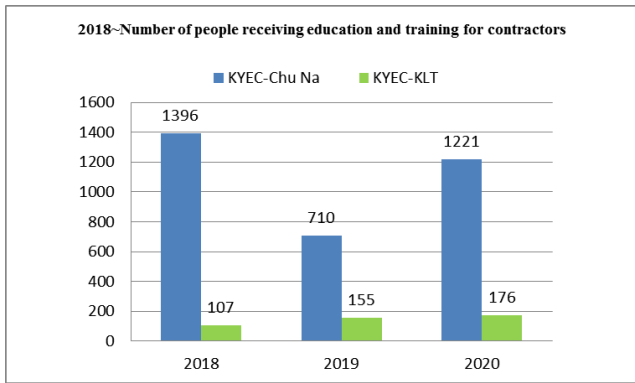
Annual maintenance hazard notifications for contractors



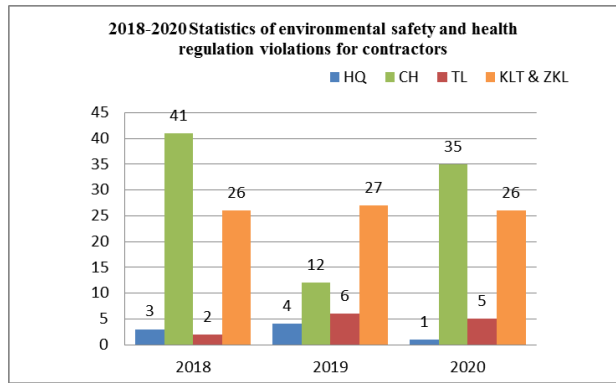
Contractor training (KLT)



Annual maintenance hazard notifications for contractors



Number of people receiving education and training for contractors



Statistics of environmental safety and health regulation violations for contractors

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

7.9 Fire Safety Equipment and Signs

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

KYEC's factories including Jinglong and Zhenkun's fire-fighting equipment are inspected and commissioned every month. KYEC's factories are commissioned by qualified firefighting equipment technicians (divisions) to conduct maintenance every six months. KYEC Group commissions them every year. Qualified institutions conduct comprehensive fire protection inspections, and if problems are found, they will be dealt with immediately. For operations that may cause malfunctions of fire-fighting facilities, construction operations are controlled, and infrared thermal imaging scans are implemented for electrical equipment every year to detect abnormalities in the equipment as early as possible to avoid electrical fires. In addition to marking fire extinguishers (boxes) and emergency exit signs in accordance with regulations. Three-dimensional markings are added to expand the angle of sight and make it easier to increase the visibility for personnel. Set up in front of the emergency exit doors on each floor, evacuation guidance equipment is provided for emergency evacuation. In order to familiarize the personnel with the use of emergency response equipment and fire-fighting equipment, and to strengthen the emergency rescue capabilities of the personnel, 100% of the plant personnel have completed the fire extinguisher practice training.



Rescue team dispatched training



Cooperate with the fire department for large-scale drills



Emergency drill report



Emergency broadcast system test



Fire extinguisher operation training

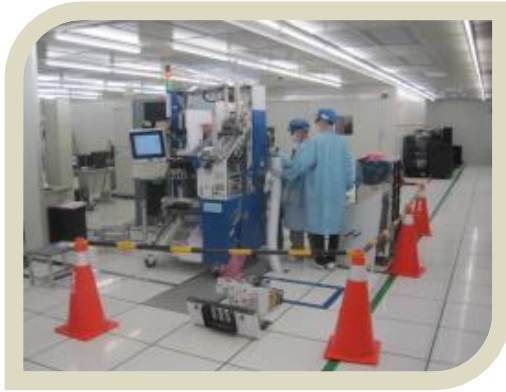


Confined smoke escape training

7.10 Safety Management of Machinery and Equipment

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

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



↑ Establish on-site control requirements for equipment maintenance



↑ Establish an online database for equipment hazard signs

7.11 Safety and Health Compliance

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

7.12 Anti-epidemic Measures

In response to the changes in the Coronavirus (COVID-19) epidemic, KYEC officially established the "Epidemic Prevention Committee" on 2020/1/21. The committee plans and manages emergency response plans for all stages of the epidemic prevention within the factory. They observe domestic and foreign epidemic trends, review various countermeasures to ensure that colleagues and the company are not affected by the Coronavirus (COVID-19) epidemic. At the beginning of the epidemic in early 2020, it was not easy to purchase epidemic prevention materials. To take care of employees, the company provides anti-epidemic masks (extending the number of days the mask is used) . anti-epidemic film (used on the keyboard, convenient for personnel to disinfect), etc. for personnel to use, and help reduce any anxiety regarding the lack of materials available.

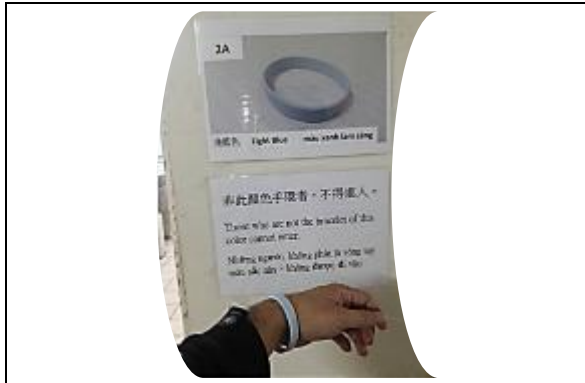
The countermeasures are as follows:

Control Items	Regulated Mangement Content
<p style="text-align: center;">Personnel Management</p>	<ol style="list-style-type: none"> 1. Employees and customers in the factory implement temperature control when entering the factory 2. Promote the rejection of unnecessary visits and reduce the frequency of visitors entering the factory 3. Suspend non-urgent projects to reduce the frequency of contractors entering the factory 4. Visitors, contractors, and suppliers establish body temperature measurement

	<p>and health management mechanisms</p> <p>5. Set up an outdoor temporary meeting area to reduce the frequency of people entering the factory.</p> <p>6. Employee business trip and outside training management mechanism (stopped when the epidemic is severe)</p> <p>7. Establish a production certification manpower and complete the operation manpower scheduling plan</p>
Foreign Workers Management	<p>1. Set up a bulletin board for the epidemic prevention area to announce government epidemic prevention information and in-plant epidemic prevention management</p> <p>2. The dormitory implements building management, and uses the bracelet to separate color and partition management</p> <p>3. Set up quarantine and isolation dormitories (one person per room) for people with respiratory symptoms</p> <p>4. Adding medical vehicles for epidemic prevention</p> <p>5. Suspension of public facilities in the dormitory</p> <p>6. Restrict external church gatherings and apply for priests to pray at the dormitory</p> <p>7. Lunchbox meal/meal separation. No overnight stay</p> <p>9.Foreign dormitories are disinfected every month (weekly when the epidemic is severe)</p>
Health Monitoring and Management	<p>1. Establish KYEC "Epidemic Prevention Zone" APP as a platform for health management and timely epidemic prevention promotion</p> <p>2. Implement body temperature measurement and abnormal tracking processing mechanism</p> <p>3. Establish an active notification and management mechanism for personnel contact history</p> <p>4. Implementation of respiratory symptom notification and management mechanism</p> <p>5. Implement full-scale wearing of masks throughout the factory</p> <p>6. Strengthen the frequency of disinfection in the factory</p> <p>7. Automatic alcohol disinfectant dispenser installed throughout the factory</p> <p>8. Purchase and control of anti-epidemic material</p> <p>9. Provide personnel and family members stationed overseas/business trip, with exit/entry epidemic prevention package</p>
Cluster Management	<p>1. Adjust the office model to implement department/distribution, and prohibit cross-area activities</p> <p>2. Suspension of public facilities</p>

	<p>3. Increase seat separation distance on shuttle buses and manage a real-name system. Wear masks and prohibit eating and drinking during the entire ride</p> <p>4. Implement meal separation and set up anti-epidemic partitions</p> <p>5. Large meeting rooms are suspended. The remaining meeting room's capacity is controlled, with max occupancy marked at the entrance.</p> <p>6. Build Webex online video conference system</p> <p>7. Implement social safety distance control in smoking areas</p> <p>8. In-factory convenience stores and coffee bar stop cash transactions</p>
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<p>Set up a special area for anti-epidemic propaganda throughout the factory</p>	<p>Regularly carry out epidemic prevention and disinfection throughout the factory</p>
	
<p>Set up outdoor temporary meeting area</p>	<p>Implement safe distancing in smoking areas</p>
	
<p>Provide anti-epidemic protection package to personnel stationed overseas</p>	<p>Automatic alcohol disinfectant dispenser installed throughout the factory</p>



The foreign dormitory implements the color separation and division management bracelet



Addition of hand washing stations and hygiene education promotion at the factory gate

8. Employees' Rights

Talent is the key to achieving competitiveness. "Employment by talents and take local materials." KYEC offers a diversity of employment channels, emphasize on thriving local economies, and upholds to the philosophy of protection and feedback to create more employment opportunities for Hsinchu and Miaoli areas. KYEC also employs local employees as the top priority. Currently the total number of employees is about 9,200 people and particularly employs from Hsinchu and Miaoli County account for more than 65%. KLT&ZKT has about 2,115 employees in total, and approximately 27% of them are local employees (Jiangsu Province). Meanwhile, we also firmly believe that outstanding employees are the biggest assets of KYEC and therefore are committed to provide recruitment process in conformity with laws and regulations, comprehensive education and training system, safe and humanistic workplace environment, and competitive salary welfare system and public promotion channel. The above complete "selection, fostering, employment, and retention" related HR management allows employees to maximize their talents in workplace while joining KYEC hand-in-hand to create a win-win future for both sides.



8.1 Standards of Recruitment and Employment

KYEC Group protects workers' rights according to the local "Labor Standards Act," "Labor Law," "Employment Service Act," and "Act of Gender Equality in Employment." We do not discriminate against job applicants or employees on the basis of race, social class, nationality, religion, disability, or sexual orientation, union qualifications, political party or age. Moreover, KYEC is committed and implements relevant labor policies for RBA workers, health and safety, environmental protection, commercial code of ethics, and management system elements. These relative policies will be included in KYEC's labor and business ethics policies, including (1) the ban on child labor. Apart from the explicit declarations in Personnel Code, KYEC also adds prevention mechanism to recruitment and employment by more actively develop the operation instructions for employment of child

In response to the expansion of factories in Taiwan, the number of new employees increases annually. In 2020, the number of new employees recruited reached 2,820 people and in particular, the ratio between men and women was 1,991 men to 829 women, as shown in the following table.

year	2018		2019		2020	
Gender	Male	Female	Male	Female	Male	Female
NO. of Persons	1492	772	1820	740	1991	829
Ratio(%)	65.90%	34.10%	71.09%	28.91%	70.60%	29.40%
Total	2264		2560		2820	

Note: The table above shows the number of new recruits for the KYEC Group from 2018 to 2020.

8.1.1 Occupation

Year	Area	Type		Occupational Distribution			Subtotal (Person)
		Sex	Group	Supervisory Administrator	Engineer	Technician	
2018	KYEC	Male	No. of Persons	39	344	301	1161
			Ratio(%)	3.54%	31.19%	27.29%	
		Female	No. of Persons	39	118	320	
			Ratio(%)	3.54%	10.70%	29.01%	
	KLT/ZKT	Male	No. of Persons	29	182	597	1103
			Ratio(%)	2.63%	16.50%	54.13%	
Female		No. of Persons	22	34	239		
		Ratio(%)	1.99%	3.08%	21.67%		
2019	KYEC	Male	No. of Persons	17	295	364	1049
			Ratio(%)	1.13%	19.52%	24.09%	
		Female	No. of Persons	20	103	250	
			Ratio(%)	1.32%	6.82%	16.55%	
	KLT/ZKT	Male	No. of Persons	14	305	825	1511
			Ratio(%)	0.93%	20.19%	54.60%	
Female		No. of Persons	31	47	289		
		Ratio(%)	2.05%	3.11%	19.13%		
2020	KYEC	Male	No. of Persons	22	340	196	1006
			Ratio(%)	1.21%	18.74%	10.80%	
		Female	No. of Persons	21	126	301	
			Ratio(%)	1.16%	6.95%	16.59%	
	KLT/ZKT	Male	No. of Persons	14	333	1086	1814
			Ratio(%)	0.77%	18.36%	59.87%	
Female		No. of Persons	22	46	313		
		Ratio(%)	1.21%	2.54%	17.25%		

8.1.2 Age

Year	Area	Type		Age			Subtotal (Person)
		Sex	Group	Under 30 year old	Between 30(including) and 50 year old	50 Years or older	
2018	KYTEC	Male	No. of Persons	465	216	3	1161
			Ratio(%)	42.16%	19.58%	0.27%	
		Female	No. of Persons	331	145	1	
			Ratio(%)	30.01%	13.15%	0.09%	
	KLT/ZKT	Male	No. of Persons	742	65	1	1103
			Ratio(%)	67.27%	5.89%	0.09%	
Female		No. of Persons	254	41	0		
		Ratio(%)	23.03%	3.72%	0.00%		
2019	KYTEC	Male	No. of Persons	461	212	3	1049
			Ratio(%)	30.51%	14.03%	0.20%	
		Female	No. of Persons	262	111	0	
			Ratio(%)	17.34%	7.35%	0.00%	
	KLT/ZKT	Male	No. of Persons	984	159	1	1511
			Ratio(%)	65.12%	10.52%	0.07%	
Female		No. of Persons	326	40	1		
		Ratio(%)	21.58%	2.65%	0.07%		
2020	KYTEC	Male	No. of Persons	392	163	3	1006
			Ratio(%)	21.61%	8.99%	0.17%	
		Female	No. of Persons	321	127	0	
			Ratio(%)	17.70%	7.00%	0.00%	
	KLT/ZKT	Male	No. of Persons	1256	176	1	1814
			Ratio(%)	69.24%	9.70%	0.06%	
Female		No. of Persons	316	65	0		
		Ratio(%)	17.42%	3.58%	0.00%		

8.2 Employee Distribution

In recent years, the number of employees rises year by year and as of 2020, the number of employees for KYEC reached 9,200 people (including the company and dispatched employees). In terms of nationality ratio, the national ratio is 69.88% and non-Taiwanese ratio is 30.12%. In terms of titles, supervisory administrators account for 12.55%, engineers account for 34.86% and technicians account for 52.59%. In terms of nationality, 93.66% are native, and 6.34% are foreign for KLT&ZKT. In terms of the proposition of jobs, 13.14% are executives and administration staff, 37.59% are engineers, and 49.27% are technicians. Labor intense is one of the characteristics of package and testing factories. Currently about 65% of current employees come from local Hsinchu and Miaoli counties and cities. Additionally to cope with the demand for night-shift HR and to strive for foreign worker quota for offsetting the shortage in employees of Taiwan national.

Year	Area	Type		Occupational Distribution			Age			Employment		Nationality		Subtotal (Person)	
		Sex	Group	Supervisory Administrator	Engineer	Technician	Under 30 year old	Between 30(including) and 50 year old	50 Years or older	Self-owned	Dispatched	Native	Foreign		
2018	KYECC	Male	No. of Persons	850	1619	1296	2231	1429	105	3729	36	3022	743	6975	
			Ratio(%)	12.19%	23.21%	18.58%	31.99%	20.49%	1.51%	53.46%	0.52%	43.33%	10.65%		
		Female	No. of Persons	590	519	2101	2005	1044	161	3183	27	2016	1194		
			Ratio(%)	8.46%	7.44%	30.12%	28.75%	14.97%	2.31%	45.63%	0.39%	28.90%	17.12%		
	KLT/ZKT	Male	No. of Persons	124	402	493	738	272	9	975	44	971	48		1461
			Ratio(%)	8.49%	27.52%	33.74%	50.51%	18.62%	0.62%	66.74%	3.01%	66.46%	3.29%		
Female	No. of Persons	110	100	232	285	157	0	432	10	436	6				
	Ratio(%)	7.53%	6.84%	15.88%	19.51%	10.75%	0.00%	29.57%	0.68%	29.84%	0.41%				
2019	KYECC	Male	No. of Persons	536	1856	1520	2273	1527	112	3886	26	3014	898	7099	
			Ratio(%)	7.55%	26.14%	21.41%	32.02%	21.51%	1.58%	54.74%	0.37%	42.46%	12.65%		
		Female	No. of Persons	356	563	2268	1952	1065	170	3170	17	1988	1199		
			Ratio(%)	5.01%	7.93%	31.95%	27.50%	15.00%	2.39%	44.65%	0.24%	28.00%	16.89%		
	KLT/ZKT	Male	No. of Persons	135	524	658	929	380	8	1207	110	94	1223		1827
			Ratio(%)	7.39%	28.68%	36.02%	50.85%	20.80%	0.44%	66.06%	6.02%	5.15%	66.94%		
Female	No. of Persons	121	116	273	319	188	3	465	45	15	495				
	Ratio(%)	6.62%	6.35%	14.94%	17.46%	10.29%	0.16%	25.45%	2.46%	0.82%	27.09%				
2020	KYECC	Male	No. of Persons	548	1926	1506	1499	2346	135	3957	23	3067	913	7275	
			Ratio(%)	7.53%	26.47%	20.70%	20.60%	32.25%	1.86%	54.39%	0.32%	42.16%	12.55%		
		Female	No. of Persons	365	610	2320	1088	2009	198	3281	14	2017	1278		
			Ratio(%)	5.02%	8.38%	31.89%	14.96%	27.62%	2.72%	45.10%	0.19%	27.73%	17.57%		
	KLT/ZKT	Male	No. of Persons	141	654	762	1096	452	9	1395	162	1444	113		2115
			Ratio(%)	6.67%	30.92%	36.03%	51.82%	21.37%	0.43%	65.96%	7.66%	68.27%	5.34%		
Female	No. of Persons	137	141	280	233	322	3	536	22	537	21				
	Ratio(%)	6.48%	6.67%	13.24%	11.02%	15.22%	0.14%	25.34%	1.04%	25.39%	0.99%				

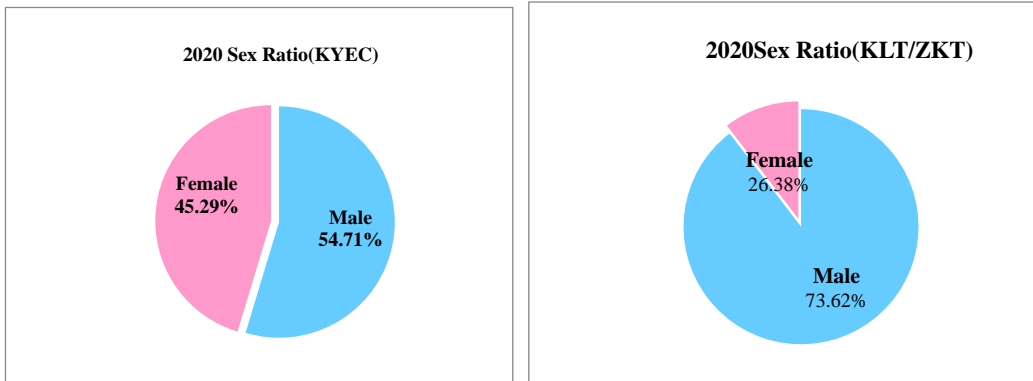
8.2.1 Self-owned and Dispatched Employee Ratio

year	2018		2019		2020	
Group	Self-owne	Dispatched	Self-owne	Dispatched	Self-owne	Dispatched
NO. of Persons	8319	117	8728	198	9169	221
Ratio(%)	98.61%	1.39%	97.78%	2.22%	97.65%	2.35%
Total	8436		8926		9390	

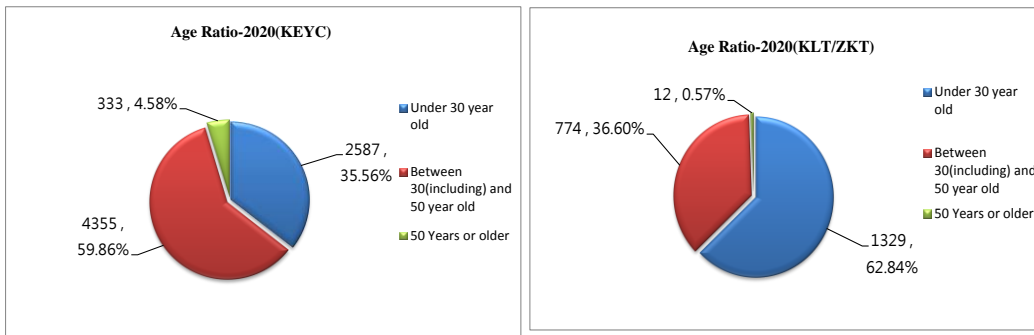
Note 1: The table above shows the number of self-owned and dispatched employees for the KYECC Group from 2018 to 2020.

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

8.2.2 Sex Distribution

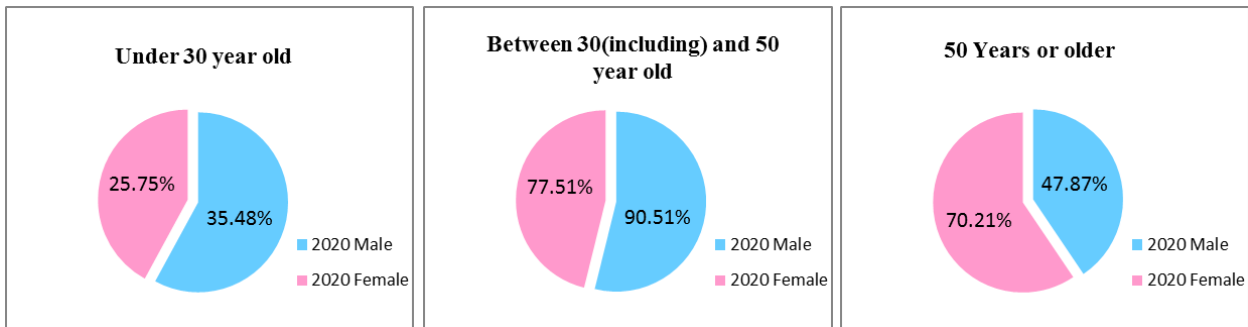


8.2.3 Age Distribution

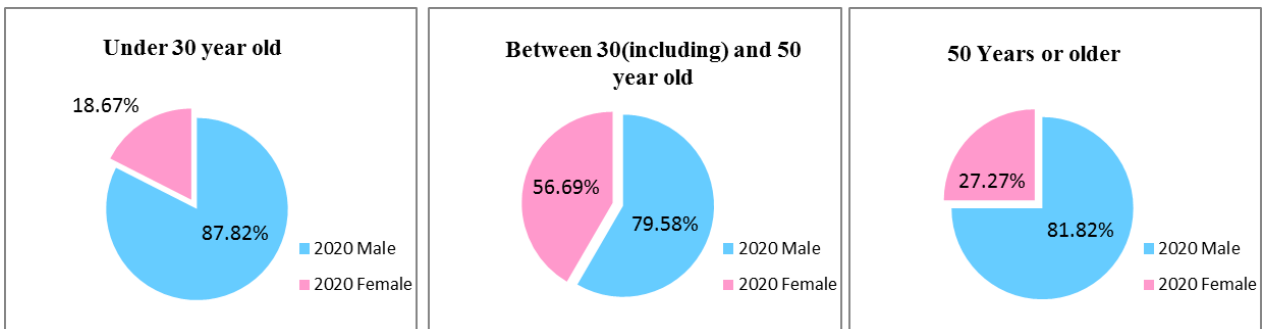


(1) Sub-distribution by gender

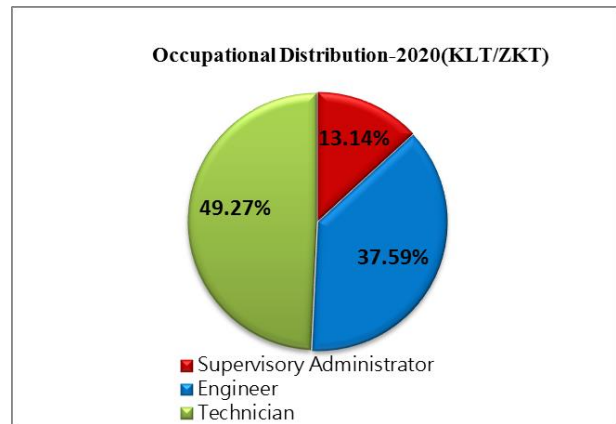
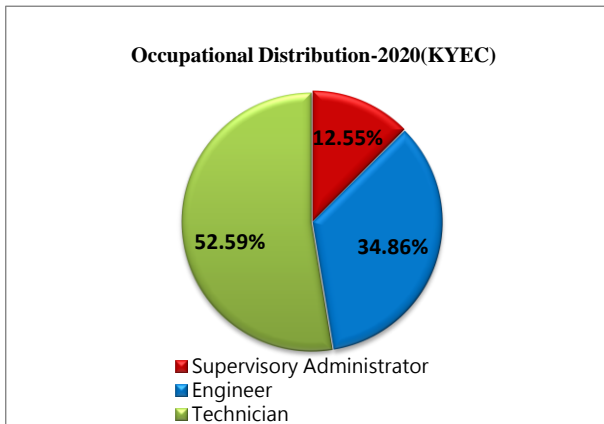
◆ KYEC



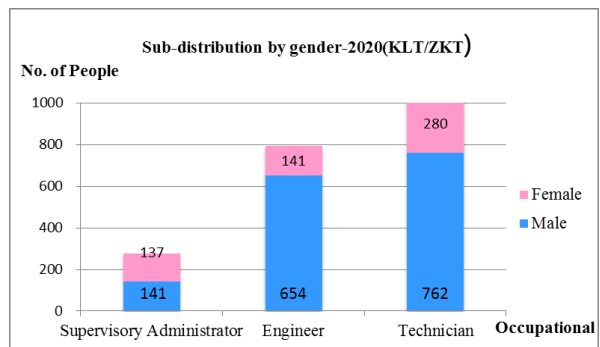
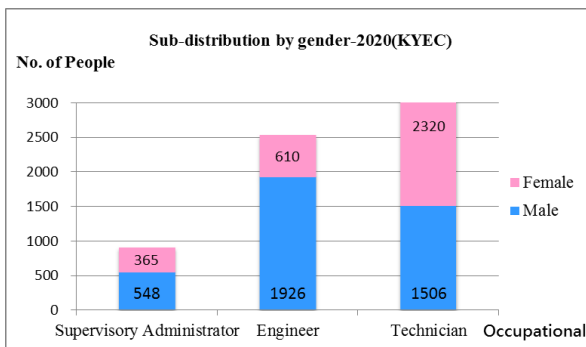
◆ KLT/ZKT



8.2.4 Occupational Distribution



(1) Sub-distribution by gender

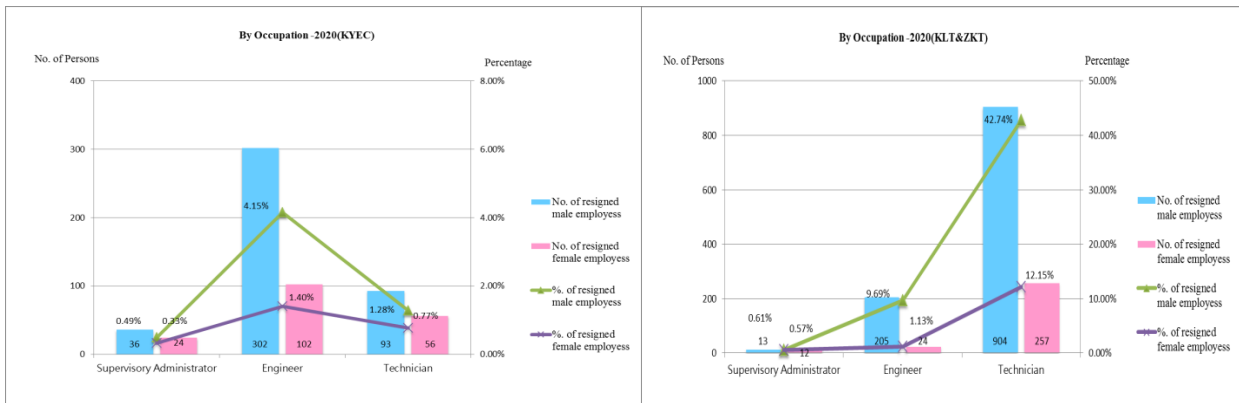


8.3 Employee Resignation

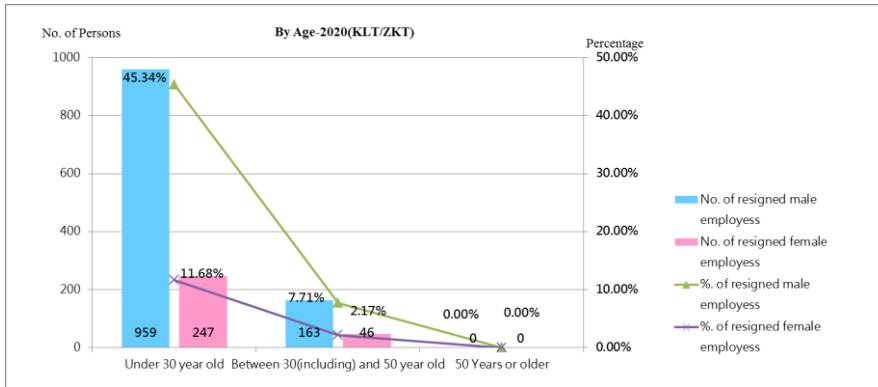
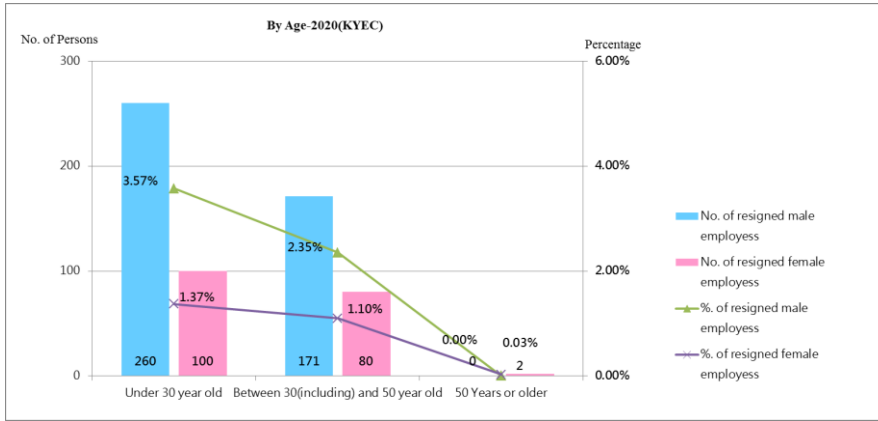
Our employees have the right to choose employment freely. KYEC ensures that all work is done voluntarily, and does not hire employees under coercive or mandatory conditions. When employees make a request for resignation, KYEC terminates the labor contracts with them in accordance with the Labor Standards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

Year	Area	Type		Occupational Distribution			Age			Subtotal (Person)	
		Sex	Group	Supervisory Administrator	Engineer	Technician	Under 30 year old	Between 30(including) and 50 year old	50 Years or older		
2018	KYEC	Male	No. of Persons	36	187	104	184	142	1	495	
			Ratio(%)	7.27%	37.78%	21.01%	37.17%	28.69%	0.20%		
		Female	No. of Persons	18	86	64	106	62	0		
			Ratio(%)	3.64%	17.37%	12.93%	21.41%	12.53%	0.00%		
	KLT/ZKT	Male	No. of Persons	13	151	438	542	60	0		900
			Ratio(%)	1.44%	16.78%	48.67%	60.22%	6.67%	0.00%		
Female		No. of Persons	25	40	233	260	38	0			
		Ratio(%)	2.78%	4.44%	25.89%	28.89%	4.22%	0.00%			
2019	KYEC	Male	No. of Persons	45	278	102	252	166	7	623	
			Ratio(%)	7.22%	44.62%	16.37%	40.45%	26.65%	1.12%		
		Female	No. of Persons	23	95	80	124	73	1		
			Ratio(%)	3.69%	15.25%	12.84%	19.90%	11.72%	0.16%		
	KLT/ZKT	Male	No. of Persons	14	174	511	615	82	2		961
			Ratio(%)	1.46%	18.11%	53.17%	64.00%	8.53%	0.21%		
Female		No. of Persons	25	29	208	224	38	0			
		Ratio(%)	2.60%	3.02%	21.64%	23.31%	3.95%	0.00%			
2020	KYEC	Male	No. of Persons	36	302	93	260	171	0	613	
			Ratio(%)	5.87%	49.27%	15.17%	42.41%	27.90%	0.00%		
		Female	No. of Persons	24	102	56	100	80	2		
			Ratio(%)	3.92%	16.64%	9.14%	16.31%	13.05%	0.33%		
	KLT/ZKT	Male	No. of Persons	13	205	904	959	163	0		1415
			Ratio(%)	0.92%	14.49%	63.89%	67.77%	11.52%	0.00%		
Female		No. of Persons	12	24	257	247	46	0			
		Ratio(%)	0.85%	1.70%	18.16%	17.46%	3.25%	0.00%			

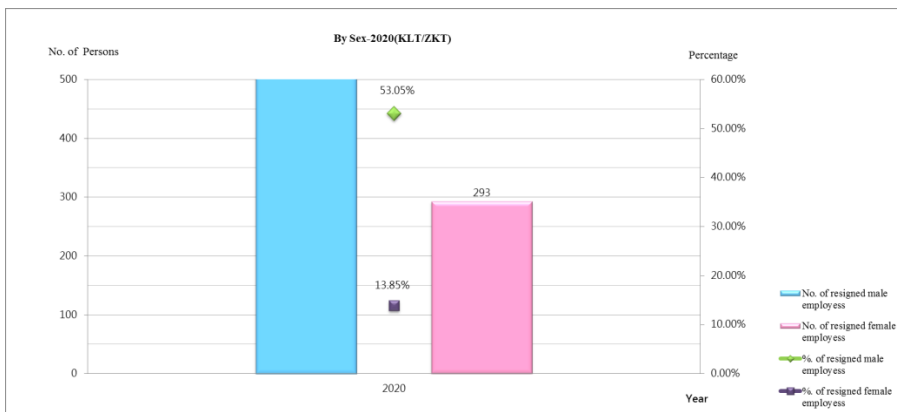
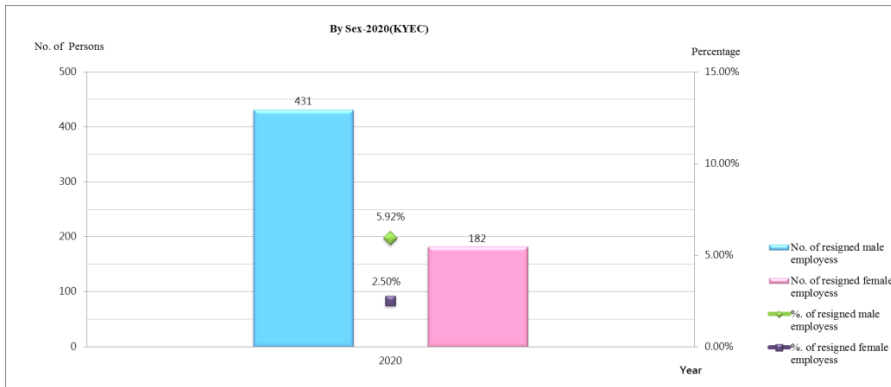
8.3.1 By Occupation



8.3.2 By Age



8.3.3 By Sex



8.4 Competitive Salary

The salary standard of KYEC employees is determined by education and professional skills and experience, which will not differ due to sex, race, religion, political stance, marital status, unions and association difference. And the standard starting salaries are all higher than the minimum wage required by local laws. The overall structure includes base salary, meals, allowance, bonus, and dividends. Moreover, the company offers salary raise and differentiated bonus/dividend system according to the corporate operation, personal performance and contribution of work function, in order to encourage the employee's diligence, efforts and even drive employees to pursue continuous excellence. Upholding to the principles of profit sharing and in the event of annual profits, KYEC shall appropriate 8%~10% as employee remuneration with 3%~5% of salary increase by year as gratitude for the efforts from the employees. In addition, KYEC discloses the average salary of full-time employees who are not in managerial positions. In 2020, the average salary of full-time employees who were not in managerial positions increased by about 2.1% from 2019

8.4.1 Average Salary Comparison KYEC:

Year	Area	Occupational Distribution	Average Salary Ratio – Female vs. Male	
			Miaoli Factory	Hsinchu Factory
2018	KYEC	Supervisory Administrator	1.33	1.68
		Engineer	1.05	0.95
		Technician	0.91	0.92
2019	KYEC	Supervisory Administrator	1.24	1.17
		Engineer	1.06	0.89
		Technician	0.92	0.96
2020	KYEC	Supervisory Administrator	1.26	1.2
		Engineer	1.05	0.89
		Technician	0.93	0.97

1. Comparison based on female.
2. Data source excludes foreign.

8.4.2 Non-executive salary comparison for KYEC:

Items	2018	2019	2020	Difference
Average Salary	688	706	721	2.1%
Median Salary	-	593	602	1.5%

1. Unit : NTD Thousand
2. Increase rate formula: $\text{Salary in 2020} - \text{Salary in 2019} / \text{Salary in 2019} * 100\%$

8.4.3 Average Salary Comparison KLT&ZKT:

Year	Area	Occupational Distribution	Average Salary Ratio – Female vs. Male
2018	KLT/ZK T	Supervisory Administrator	1.43
		Engineer	0.92
		Technician	0.98
2019	KLT/ZK T	Supervisory Administrator	1.37
		Engineer	0.94
		Technician	0.94
2020	KLT/ZK T	Supervisory Administrator	1.41
		Engineer	0.95
		Technician	0.96

1. Comparison based on female.

2. The data doesn't include Taiwanese, foreign, outsourced, and

8.5 Complete Retirement Plan

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

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

8.5.1 Pension Fund Plan-KYEC:

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

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

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

8.5.2 Pension Fund Plan-KLT&ZKT:

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

8.6 Comprehensive Insurance System

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

8.7 Complete Leave System and Benefits

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

Benefits Overview:



8.8 Legitimate Employment of Persons with Physical and Mental Disability

KYEC strictly complies with “People with Disabilities Rights Protection Act” for the employment of persons with physical and mental disabilities, who are capable of working, We also hired the disabled beyond the employment quota. The number of employment may not fall under 1% of the total number of employees of the profit-seeking institutions. KYEC fulfills its responsibility in the employment of persons with mental and mental disability and lists the regional employment institution and Miaoli Welfare Association for the Blind as the cooperation channel of recruitment. The factory also sets up access free facilities and served parking lots, as well as providing working hours better than those stated in Labor Standard Act, in order to protect the living quality of employees with disabilities. In recent years, the number of persons with disabilities falls between 72~77 people and each year the number of employment exceeds the statutory quota by 6%~10% (Note 1). According to the rule of employing one such person in every 100 people, the statutory quota under Company Act in 2020 was 72 people while the actual number of employees was 76; in particular persons with minor disability account for 21%, persons with intermediate disability account for 13% and persons with severe disability account for 66% (Note 2).

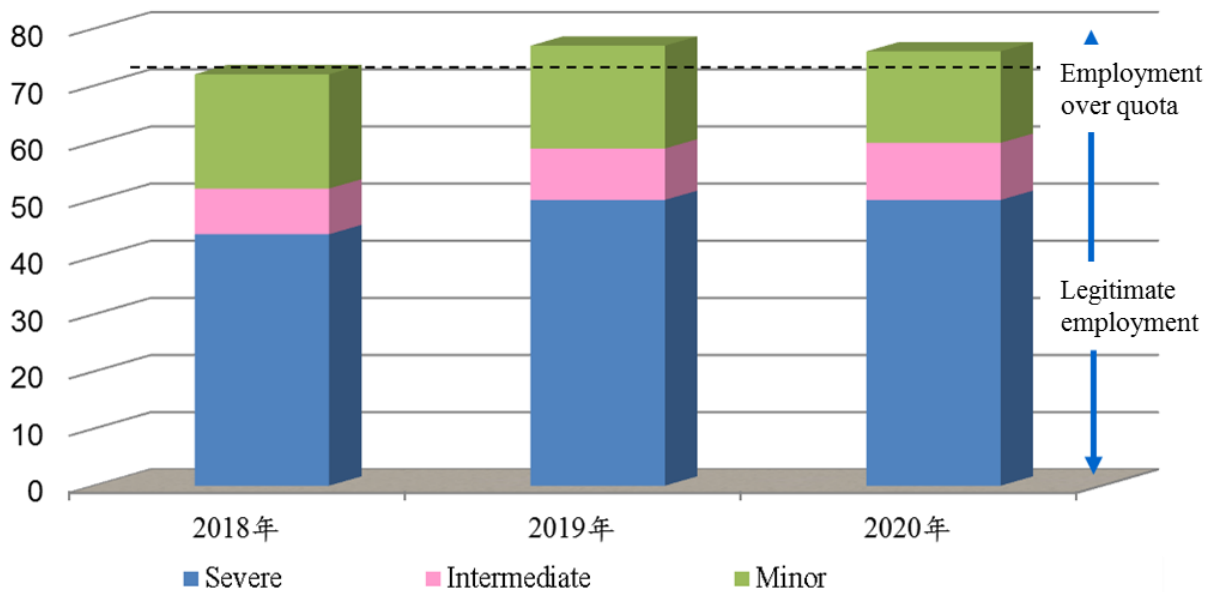
Note 1: the number of additional employees / statutory number of people

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

Employment Status of Persons with Physical and Mental Disability(2018~2020)

Item	2018	2019	2020
No. of Persons	72	77	76

Employment Status of Persons with Physical and Mental Disability



8.9 Public Performance Appraisal and Promotion Development

The performance management and development system of KYEC not only are used to evaluate employees' performance during specific period of time as the channel for promotion, bonus distribution and talent incubation but also actively plays the role of effective path that assists employees in terms of career development. KYEC applies self-evaluation and supervisor evaluation at the end of each year to review the first-half-year objective completion rate. KYEC reaches consensus produced from the review on output in the past and future through one-on-one performance interview. Next, the Evaluation Committee will objectively discuss to resolve the final performance appraisal before giving feedback of the evaluation results to the particular employee. Finally, such appraisal is used as reference for the bonus distribution and talent incubation in the second half of the year, in addition to making continuous improvement based on this circulation. In addition, KYEC also takes active measures in helping an providing employees appraised with poor performance the opportunity to improve. Employees are arranged with counseling, training and improvement plans so their efforts for the entire year will not be eradicated due to one result. The performance appraisal process for KYEC employees is public and transparent, which eliminates the subjective error resulted from one-factor evaluation. Moreover employees will not be discriminated against in appraisal or promotion due to sex, race, religion, and marital status. If the employees oppose to the performance result in any way, the employees may petition for secondary review from the Human Resource Division. Furthermore, KYEC values the career development of employees highly by providing occupational promotions and the departments will recommend employees meeting qualifications based on performance, scores, personal capacity, and relevant work outcome. The supervisor will review while the



personnel evaluation committee will resolve to grant promotion. In the past three years, the average promotion ratio (to the number of qualified people) for grassroots managers and employees was 53% for KYEC and 91% for KLT&ZKT, indicating a smooth promotion channel and practical usage

Promotion ratio	Area	2018	2019	2020
	KYEC	51%	51%	58%
	KLT/ZKT	89%	91%	93%

8.10 Parental-Leave-Without-Pay Measures

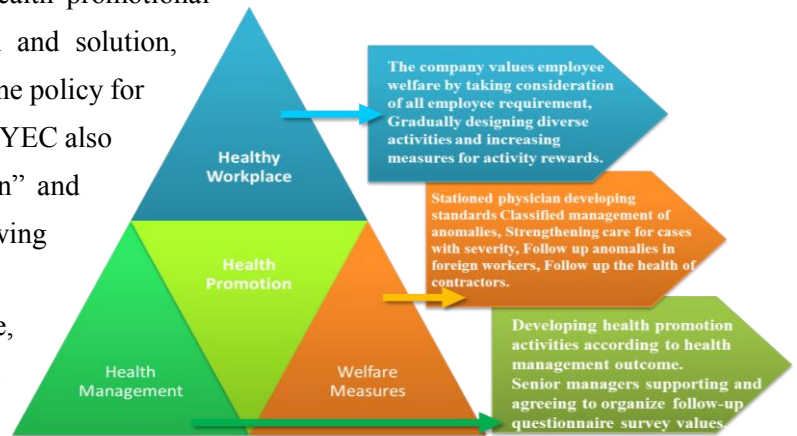
KYEC Group values employee concerns for daycare and breastfeeding by offering care for employees, pregnancy, and postpartum health education consultation, breastfeeding room, and signing contract with daycare centers, in addition to providing parental-leave-without-pay according to the Labor Standard Act and offering services to apply for parental-leave allowance from the Bureau of Labor Insurance. With comprehensive complementary measures, 158 employees applied for unpaid parental leave in the past three years, and 70% of them returned to work on average. The data doesn't include KLT&ZKT (no relative local regulations).

Item	Female		Male		Subtotal
	No. of People	Ratio	No. of People	Ratio	
2018 actual number of people applying for parental leave without pay	43	81%	10	19%	53
2018 Expected number of people applying for reinstatement from parental leave without pay	46	78%	13	22%	59
2018 actual application for reinstatement from parental leave without pay	31	76%	10	24%	41
Reinstatement Rate	67%		77%		69%
2019 actual number of people applying for parental leave without pay	52	87%	8	13%	60
2019 Expected number of people applying for reinstatement from parental leave without pay	50	82%	11	18%	61
2019 actual application for reinstatement from parental leave without pay	36	80%	9	20%	45
Reinstatement Rate	72%		82%		74%

2020 actual number of people applying for parental leave without pay	39	87%	6	13%	45
2020 Expected number of people applying for reinstatement from parental leave without pay	44	94%	3	6%	47
2020 actual application for reinstatement from parental leave without pay	30	97%	1	3%	31
Reinstatement Rate	68%		33%		66%
1. Reinstatement calculation equation: Number of people reinstated / Expected number of people reinstating *100%					
2. The data doesn't include KLT&ZKT (no relative local regulations)					

8.11 Employee Care

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



8.11.1 Effectively utilize energy and resource, launch waste reduction, classification, and recycling and reuse campaigns.

8.11.2 Improve incessantly, enhance environmental safety and hygiene performance, and devote in pollution and injury/disease prevention to conform to environmental protection, safety, and health regulations and customer requirement.

8.11.3 It is everyone's responsibility to promote environmental protection, safety and hygiene in addition to continue advocating the education on such philosophy.

8.11.4 Implement risk management and launch health promotion to pursue objectives in “zero disaster” and “zero injury.”

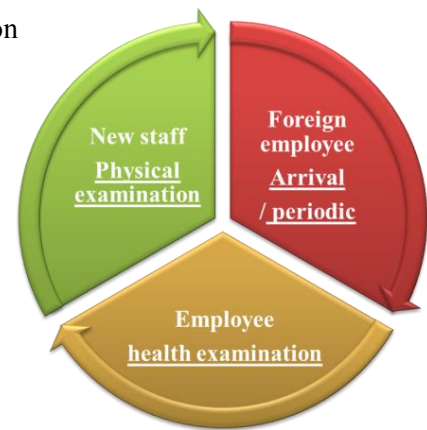
8.11.5 Establish “Green Supply Chain” management system to assure work environment and employee health, and reduce the impact of products, processing, and related services on the environment.

(1) Call for quarterly “Occupational Safety and Hygiene Committee Meeting” on a regular basis to discuss health related issues.

(2) Each year KYEC develops health management promotion plan and the management shall sign and implement.

8.12 Promote Health Management and Advocacy Plan

KYEC complies to provisions prescribed in Labor Health Protection Regulations and Law by establishing qualified medical staff and stationed physician in the factory to facilitate health promotion services and offer chronic disease prevention and medical health care transfer services. KYEC organizes annual health examination and drafts the health promotion plan for that year with actual execution of health promotion activities based on the analysis results. Employees with abnormal results from the physical examination and health examination shall receive professional health education and advice from stationed physician. Meanwhile the factory offers records on the care for various injuries and diseases as well as injury/disease category.



The factory nurses will notify employees of the secondary examination for abnormal physical and health examination results and the follow-up of secondary examination results in accordance with employee requirement and annual health promotion plan. Stationed physician will develop data standards according to the examination items while abnormal data will be divided into severe, medium and minor levels for health management. Stationed physician offers health education consulting and transfer services. Relevant workplace health promotion activities are held, including chronic disease prevention seminar and high-risk group health management, physical fitness examination, smoking prevention propaganda, smoking cessation class, introduction to contagious diseases in infants, nutrition seminar, four-cancer screening, epidemic infectious disease prevention propaganda and others.

8.12.1 Health promotion activities are held :

Year	2018	2019	2020
Sessions	15	11	11
People	1102	1176	1106



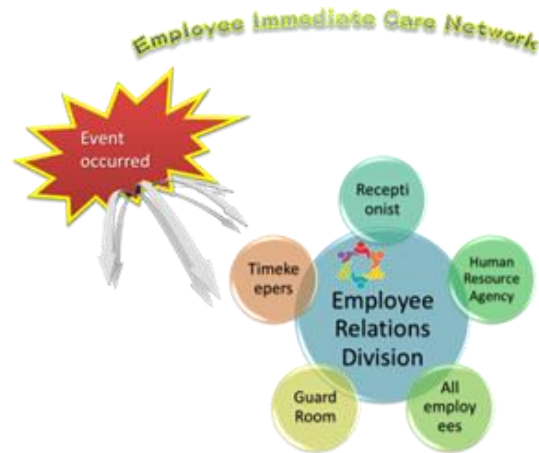
Seasonal flu vaccine



Chronic disease prevention seminar

8.13 Physical and Mental Health of Employees

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



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

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

8.14 Valuing Female Employees

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

- 8.14.1 Specify heavy object moving standard.
- 8.14.2 Pregnant female employees are prohibited from handling hazardous, explosive and igniting substance related work.
- 8.14.3 Pregnant and breastfeeding female employees are prohibited from working at night.

8.14.4 Comply with safety and hygiene laws and regulation to prohibit female employees from engaging in dangerous or hazardous work.

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

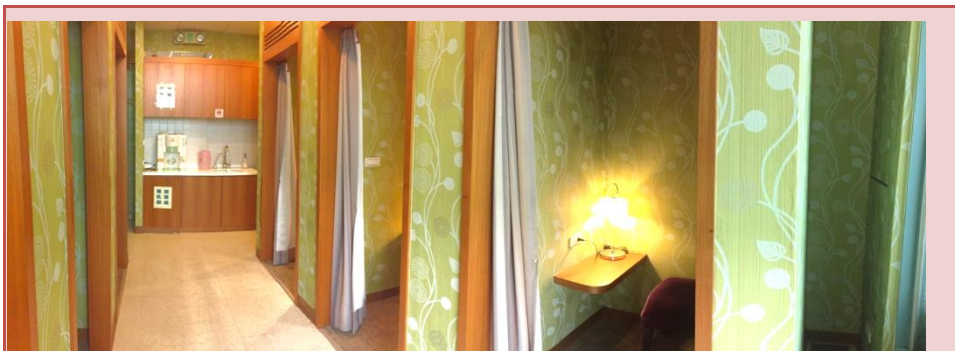
To enhance maternal and breastfeeding female employees, the response actions are described below:

8.14.5 Factory nurse calls to show care to employees taking maternity leave to understand their requirement and provide consultation.

8.14.6 After the employees finish maternity leave and reinstate, factory physicians will be arranged to conduct mother health hazard questionnaire as health education consultation.

8.14.7 Before the case taking parental leave without pay reinstates, the factory nurse will conduct interview to understand the physical condition and evaluation of reinstatement.

8.14.8 After the case taking parental leave without pay has reinstated, the factor nurse will evaluate the employees for work applicability.



Breastfeeding Room

8.15 Employee Communication

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

contract with our fellow employees.

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

All employees can express opinions via the Labor and Management Meeting, seminar, employee board and various grievance channels. The matters reflected by employees will be replied with results to maintain excellent two-way communication. In 2020, the Company has received 99 cases of feedback 100% handling and reply. The company values the employees’ opinions and voices and establishes multiple communication channels.

In response to the COVID-19 pandemic in the first half of 2020, forums were halted to prevent cluster infection. After the pandemic slowed down in June, we held 12 forums with 1086 attendees in total.

8.15.1 Grievance Mechanism Channels include:

- Employee Board
- 8160 Special Email
- HR Dept. Service Phone
- 24-HR Employee Emergency Rescue Hotline

8.15.2 Communication Channels:

Item	Handling Dept.	Content	2019effect
Employee Seminar	HR Dept.	System Benefits measures Public affairs Public safety	100% handling and reply
Seminar for New Employees			
Seminar for Foreign Employees			
Welfare Committee Meeting			
Worker-Management Meeting			
Service Hotline			
Employee Board			
Email			
Human Right Grievance			There was no grievance case against discrimination regulation in 2020.

8.16 Food Care

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

The current contractor health management practice follows key supplier management during the stationing period. Long-term stationing supplier includes catering supplier, convenience store supplier, café bar

supplier, cleaning supplier, and security supplier. The supplier shall offer the health examination report of staff working in the factory and in case of any anomaly case, the nurses will remind the employer to draw attention and show care for the health condition of their employees.

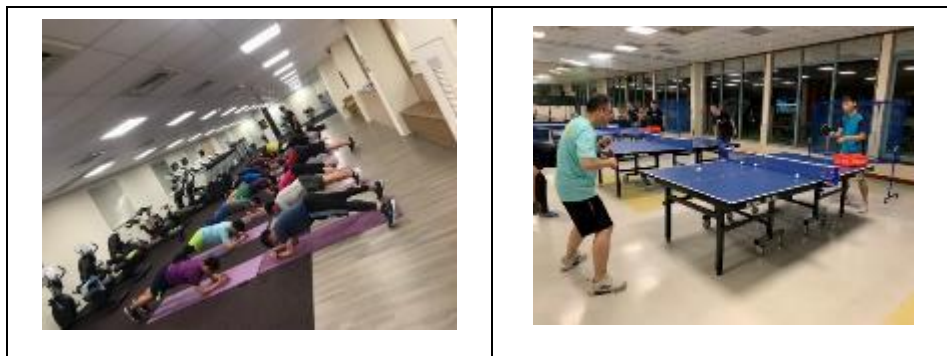
8.17 LOHAS KYEC

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

8.17.1 Energetic sports courses

KYEC Group started to provide gym courses in mid-2018, including muscle building and yoga classes. The company hired professional coaches and provided special offers for employees to attend. We continued to hold courses until 2020 due to COVID-19, when all classes are temporarily suspended to prevent cluster infection.

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



8.17.2 Organizes diverse activities

In response to the COVID-19 pandemic in the first half of 2020, activities were halted to prevent cluster infection. After the pandemic slowed down in June, the company allowed each department to hold separate one-day trips (48 rounds in total) for employees to have fun with their families and bond with their colleagues.

Aside from outdoor activities, we also organized in-plant activities such as DIY, table tennis competition, and singing contests, providing our employees with diverse events.



8.17.3 Award sheeting

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



8.18 Quality Workplace

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



Table Tennis Area



24-hour convenience store
nursery



Multi-functional
nursery

-
- 8.18.1 There are weight scale and electronic blood pressure monitor in the public area for employee use. Employees can measure and control self-health.
- 8.18.2 The multi-function entertainment center includes a reading room and a massage room. The reading room offers books, magazines and newspapers with over 6,333 books in collection. The massage room offers employees from visually impaired masseurs. KYEC signs contract with Miaoli County Association of Care for Visually Impaired to provide services that will relieve the stress and fatigue in employees. In 2019 alone, 16,181 people have participated.
- 8.18.3 Establish friendly breastfeeding environment with comfortable sofa, refrigerator for storing breastmilk, and information on raising infants. In 2019, 14 people visit this area monthly in average.
- 8.18.4 The Consultation Room takes consideration of privacy and KYEC invites professional consultants in case employees have the needs in consulting services for work and career, family life, interpersonal relationship, and physical and psychological demand.
- 8.18.5 Routinely advocate health promotion information and organize workplace health promotion activities.
- (1) There is a “KYEC Employee Care Site” on the homepage with weekly propaganda focusing on medical health news and health promotion activities. As of now, there are 2,077 articles published and the total number of views is 288,159 people.
 - (2) The factory features an environmental safety and hygiene hallway where health promotion themed posters are updated on a regular basis.
 - (3) The Medical Office offers propaganda fliers and health books for employees to borrow and read.
 - (4) The company reading room also offers medical health magazines and books for employees to borrow and read.
 - (5) The routine update of health promotion themed posters is advocated through the announcement system.

8.19 Education and Training

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

In 2020, a total of 389 training classes were held, adding up to 2,092 hours for total class hours with 80,261

people participating by KYEC; a total of 177 training classes were held, adding up to 401.5 hours for total class hours with 11,197 people participating by KLT&ZKT.

©2020 Average Employee Training House (Statistics as of 2020/12/31)

Item	2018			2019			2020					
	Sex	Total Training Hours	Average Training	Sex	Total Training Hours	Average Training	KYEC			KLT&ZKT		
			Hours per Person			Hours per Person	Hours per Person	Sex	Total Training Hours	Average Training Hours per Person	Sex	Total Training Hours
Indirect Staff	M	153,112	43.5	M	210,087	54.6	M	228,758	59.3	M	19,203	52.9
	F	31,040	27.5	F	41,235	34.7	F	44,010	36.0	F	3,938	53.2
	Subtotal	184,153	39.7	Subtotal	251,322	49.9	Subtotal	272,768	53.7	Subtotal	23,141	53.0
Direct Staff	M	39,195	40.8	M	40,645	42.3	M	41,628	45.3	M	57,516	48.7
	F	131,542	50.7	F	133,634	51.1	F	148,228	56.9	F	16,070	46.6
	Subtotal	170,737	48	Subtotal	174,279	48.7	Subtotal	189,856	53.9	Subtotal	73,586	48.2
Total	-	354,890	43.3	-	425,601	49.4	-	462,624	53.8	-	96,727	49.3

Note: KLT&ZKT were taken into account in 2020.

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

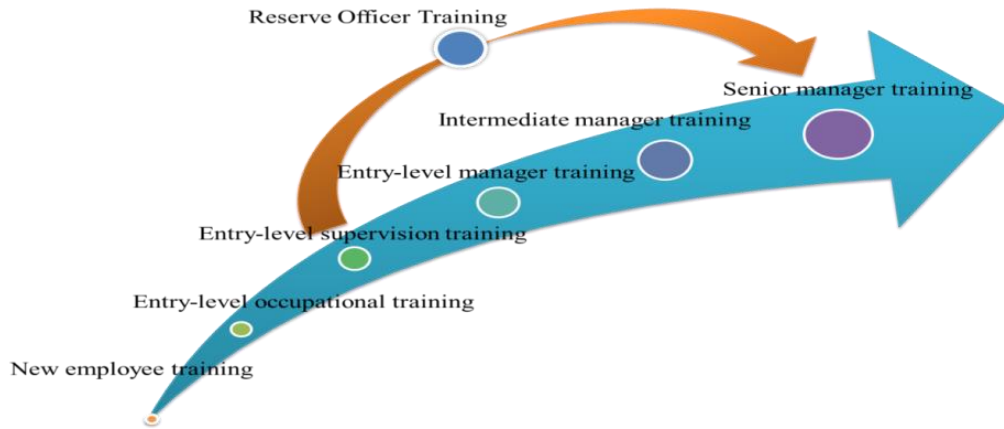
©KYECC has helped employees acquire 3,437 certificates in 36 categories, as shown in the following table:

Name of Certificate	Name of Certificate
Class A Occupational Safety and Hygiene Operation Supervisor	Energy Administrator
Class A Waste Treatment	Hypoxia Operation Supervisor
Class A Waste Water Specialist	Dust Operation Supervisor
Class A Waste Water Treatment	Specific Chemical Substance Operation Supervisor
Class B Waste Water Treatment	Stationary Crane Operator (at least 3 tons)
Class A Toxic Chemical Substance Professional Technology Management	Firefighting Management Personnel
Class C Toxic Chemical Substance Professional Technology Management	Organic Solvents Operation Supervisor
Oxygen-Acetylene welding Operator	Emergency Care Personnel Safety and Hygiene Education and Training
Occupational Safety and Hygiene Administrator	ISOTS16949 Internal Auditor Training
Occupational Safety and Hygiene Administrator	QC080000
Forklift Truck Driver	ISO9001.TS16949.TL9000 Internal Audit
High Pressure Gas Specific Equipment Operator	TL9000 Internal Auditor Training
High Pressure Gas Operation Supervisor	VDA6.3Audit Training
Lead operation supervisor	Rooftop operation supervisor
Ionizing radiation machine operation	ISO14001/ISO45001/CNC45001 internal auditor training
Certified qualified engineer certification	Certificate of Quality Technician (CQT)
ISO50001 internal auditor training	ISO13485:2016 Medical devices Quality management systems standards
ISO14001/OHSAS18001/TOSHMS internal auditor training	AIAG&VDA FMEA and Control Plan
Total3,437certificates	

©KLT&ZKT has helped employees acquire 519 certificates in 34 categories, as shown in the following table:

Name of Certificate	Name of Certificate
Forklift Driver	Hing-pressure electrician
Industrat Pottery	Safety management of dedicated locomotives on the site
Aquatic production, transmission and water handlers	Responsible person for on-site safety production management
Escalator Safety Management	Maintenance of electrical worker's proessional qualifications
Hazardous Chemicals Practitioners	The main person in charge of professional hygiene
Pressure container operation	Occupational Safety Management
The main person responsible for safety	Measurement and calibration of instruments
Security management	ISO14001Internal Auditor Training
Low-pressure electrician	ISO45001Internal Auditor Training
Sassistant energy management	ISO9001:2015Internal Auditor Training
Architectural firefighter	IECQ QC080000:2017Internal Auditor Training
Oxygen-Acetylene welding Operator	TL9000Internal Auditor Training
Fire safety training	ESD S20.20-2014Internal Auditor Training
Special equipment security management	IATF 16949:2016Internal Auditor Training
Team leader safety management	ISO27001:2013Internal Auditor Training
Energy management	VDA6.3Internal Auditor Training
Energy accountant management	Failure Mode and Effects Analysis(Transfer version)
Total 519 certificates	

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



KYEC’s training for employee is diversified and each employee can acquire abundant training resources through different methods, promoting self-learning and growth and establishing E-learning. Apart from on-the-job training, KYEC also promotes education training through KYEC e-college, which content includes engineering management, environment management, equipment management, production management, quality management, management skills, legal intellectual rights, sales system, and other types of courses. Currently there are 264 classes offered for online curriculum so that employees can arrange for study progress according to their needs without the restriction of time and space, which effectively intensifies employee education effect. The number of KYEC employees logged into the system in 2020 was 293,901; In KLT&ZKT offering 215 online courses, employees logged into the system was 14,974.

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



KYEC Group values human rights, occupational health and safety, environmental protection, and employees’ compliance with ethical principles. We developed relative regulations for business behavior and occupational ethics, sexual harassment prevention at work, sexual harassment prevention measures, prevention measures for unlawful infringements at work, etc., and clearly defined the specifications, standards, operating procedures, and grievance systems. The human resources department will hold new employee training for all new recruits about the company culture, core value, personnel management regulations (including integrity management and anti-corruption), human rights issues, quality policies (including 6S), basic legal knowledge, and intellectual property education, information safety and advocacy, health education for employees, safety education for workers, and so on. All employees completed their training.

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



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

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



New employee training courses(KYEC)



Environmental safety training courses(KYEC)



New employee training courses(KLT&ZKT)



Environmental safety training courses(KLT&ZKT)

8.20 Human rights management

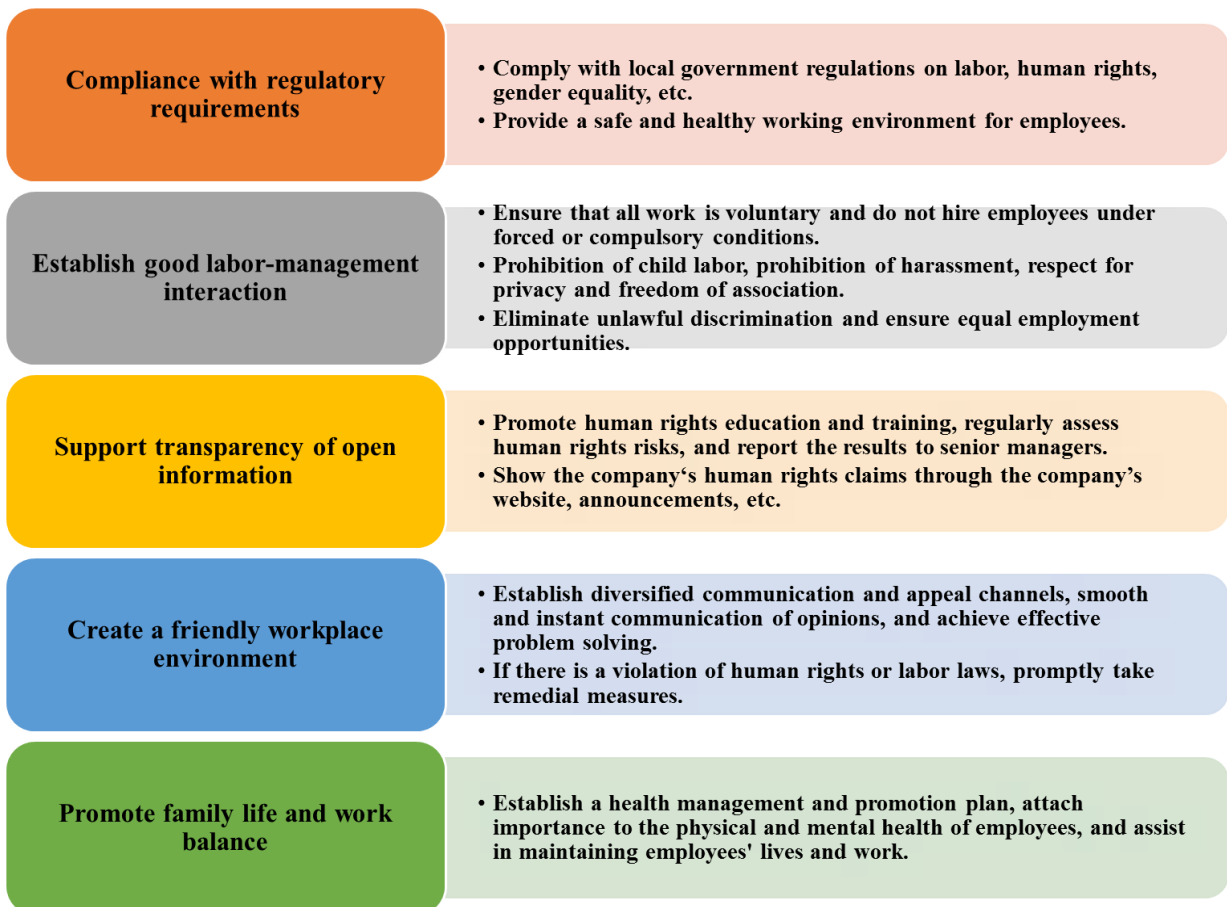
8.20.1 Human rights Policy

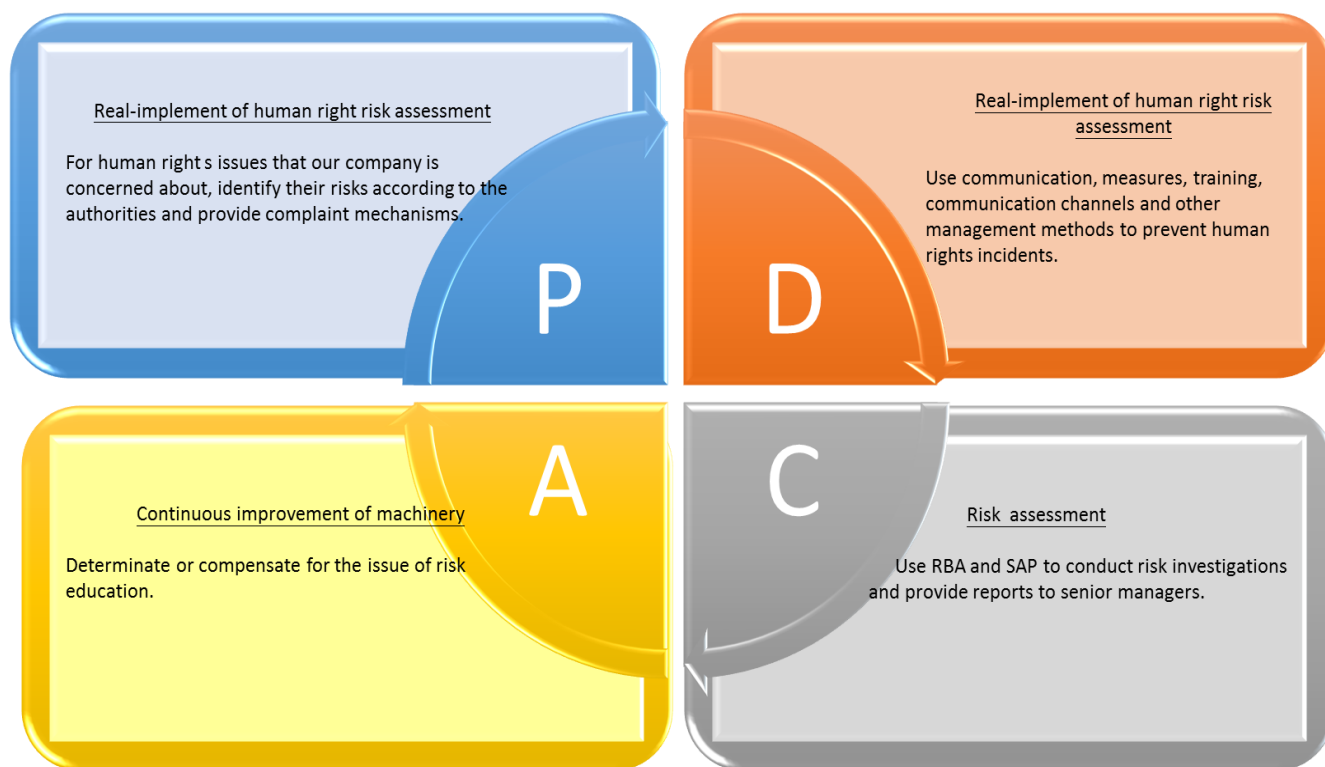
King Yuan Electronics Co., Ltd. abide by internationally recognized human rights principles, including the “Universal Declaration of Human Rights,” “International Labor Organization - Declaration of Fundamental Principles and Rights at Work,” “United Nations Global Compact,” “United Nations Guiding Principles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

8.20.2 Risk management for human rights

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

For "Wages and benefits," our company analyzes and adjusts our salary structure to characteristics of the industry and employees' basic livelihood needs to protect the employees, supporting their local life quality and ensuring their life needs. For suppliers, we perform RBA-SAQ, on-site audits, and RBA-VAP assessments for all our business partners. According to the identification result, we will confirm the risk condition and develop mitigation measures for suppliers with a higher level of risks to protect the human rights of all employees and suppliers.



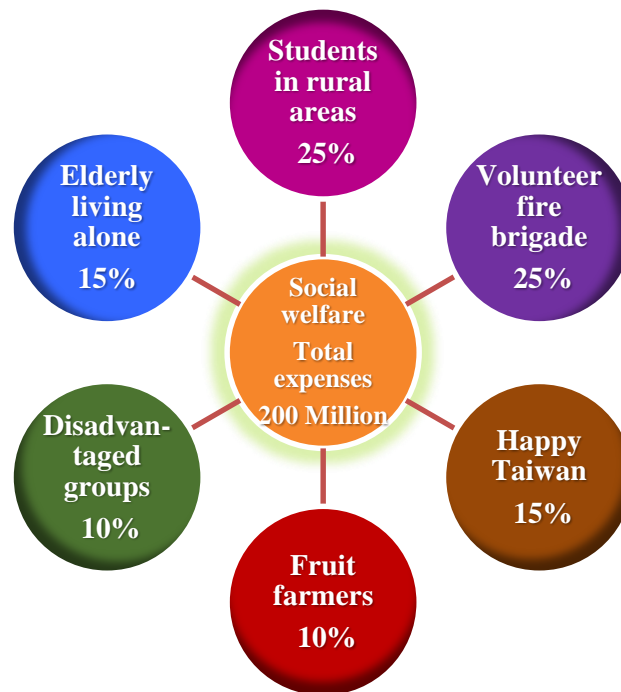


©Human rights issue of concern, issue mitigation and remedial measures

Items	Safe and healthy working environment	Prohibit unlawful discrimination and ensure equal job opportunity	No child labor	No forced labor	Facilitating the balance between family and work
Risk assessment	<ul style="list-style-type: none"> • COVID-19 epidemic emergency response • Occupational diseases • Combined workplace disasters 	<ul style="list-style-type: none"> • KYEC prohibits unlawful discrimination and forbids the requirement of a personal profile unrelated to work. 	<ul style="list-style-type: none"> • KYEC follows the labor & business ethics policy. All applicants must provide related personal identifications to make sure they are at least 18 years old. 	<ul style="list-style-type: none"> • The internal attendance system makes sure that employees' working hours of work meet the regulatory requirements. We also perform regular advocacy and inspections. 	<ul style="list-style-type: none"> • Install in-plant sports facilities (e.g. table tennis) and set up gyms.
Mitigation measures	<ul style="list-style-type: none"> • Found the epidemic prevention team to implement various measures inside and outside the plants to prevent infection control breaches. • Classifies injuries and sickness (A, B, etc.) and impose work control on the personnel, • Found business continuity management (BCM) teams 	<ul style="list-style-type: none"> • Prohibit any unlawful discrimination under the regulatory requirements. 	<ul style="list-style-type: none"> • Implement the requirements of the labor & business ethics policy to prohibit child labor. 	<ul style="list-style-type: none"> • Establish a work shift system to control employees' workdays for the provision and deployment of production line personnel. 	<ul style="list-style-type: none"> • Promote employee relationship classes and make announcements in the office to encourage employee usage and participation.
Remedial measures	<ul style="list-style-type: none"> • In-plant doctors provide professional employee and constructor evaluation and consultation. • Assist the application processes of group insurance • Hold regular in-plant drills for various combined disasters. Review and adjust prevention and warning measures. 	<ul style="list-style-type: none"> • There's no need since everything is conducted according to the law. 	<ul style="list-style-type: none"> • There's no need since everything is conducted according to the law. 	<ul style="list-style-type: none"> • If inspections indicate the occurrence of forced labor, necessary corrective measures must be taken for the managers and the rights must be returned to the employees. 	<ul style="list-style-type: none"> • Provide questionnaire surveys after various events and use the feedback as the basis for future improvement.
Complaint channels	<ul style="list-style-type: none"> • All plants provide employee suggestion boxes, complaint and communication channels, regular management and labor council, and various forums. • Annual employee occupational health questionnaire survey 	<ul style="list-style-type: none"> • All plants provide employee suggestion boxes, complaint and communication channels, regular management and labor council, and various forums. 	<ul style="list-style-type: none"> • All plants provide employee suggestion boxes, complaint and communication channels, regular management and labor council, and various forums. 	<ul style="list-style-type: none"> • All plants provide employee suggestion boxes, complaint and communication channels, regular management and labor council, and various forums. 	<ul style="list-style-type: none"> • All plants provide employee suggestion boxes, complaint and communication channels, regular management and labor council, and various forums.

9. Social Participation

KYEC Group has been actively participating in social welfare activities. With the development and progress of the times, the relationship between enterprises and society became closer and more interdependent. As the saying goes, “Take from the society, give back to the society.” With the unceasing development of the economy and the diversification trend of the society, we still uphold our service spirit of “Social co-prosperity, co-existence, and co-sharing.” We sponsor active services for social welfare, community education, domestic farmers, and the underprivileged groups to implement community care and make every effort to participate every year according to our annual plans. Also, we combined the core capability of our enterprise with social welfare to continuously invest in talent cultivation for semiconductor packaging and testing and build a learning society. We hope to attract more people to participate and make efforts for social care.



9.1 Sponsoring the "Hsinchu City Volunteer Fire Brigade"

When the volunteer firefighters assist firefighters in fire rescue, car accident rescue, special rescue, drills, training, and other services, they must wear appropriate equipment according to the service, for example: one must wear gear like a firesuit for fire rescue, workwear for normal rescue, etc.

In addition, for Hsinchu volunteer firefighters to successfully rescue people and protect their own safety during services (such as fire rescue, car accident rescue, and special rescue), we must hold regular training every month and brigade training every year. For volunteer firefighters with fire rescue certifications, we hold simulated fire rescue certification training. For the volunteer special rescue squad, we hold integrated training and relocation training every two months. In addition, we provide new recruit and commander training to strengthen their knowledge and skills for disaster relief and unify the disaster relief procedure.

Our company sponsors the Hsinchu City Volunteer Fire Brigade and helps 458 Hsinchu volunteer firefighters. We hold the following activities:

- 9.1.1 Hold simulated fire rescue certification training and refresher training
- 9.1.2 Hold volunteer special rescue squad integrated training and relocation training every two months.
- 9.1.3 Hold national rescue capability assessment
- 9.1.4 Hold national volunteer firefighter contests and training camps
- 9.1.5 Hold new recruit training
- 9.1.6 Hold volunteer fire brigade cadre training
- 9.1.7 Hold volunteer fire brigade training
- 9.1.8 Hold rescue activities and advocate advanced training for volunteer firefighters. Pay for all meals during training, subsidies, equipment and consumables, teaching materials, grants, etc.



Simulated fire rescue certification training for volunteer firefighters



Integration training and relocation training every two months for the special rescue squad

9.2 Continue to sponsor the second stage of the Shennong Program: “Miaoli OrganiCity”

KYEC sponsored the Miaoli Shennong Program for the sixth year in 2020. This is a long-term sponsored project that helped numerous children at the Miaoli Wenfeng Elementary School. There were 79 students at the Wenfeng Elementary School in 2020, and this project provided them with vegetables for lunch throughout the year. The Shennong Project turned the school farm into a living classroom for school subject education, food education, and environmental education. The kids developed abilities to observe, question, and solve problems. They gained a deeper understanding of local characteristics and natural resources and unconsciously cultivated civic literacy through discussion.

In addition, in the multi-year process of planting roselles, there was one year when all roselles died due to disease. Therefore, the Wenfeng Elementary School chose the diseases of roselles as the theme to participate in the Science Fair. The topic was “Activity about Anti-pandemic — observation of the bacteria” , The joint study with professional farmland researchers in Miaoli determined that the roselles died due to phytophthora (belonging to the family of Pythiaceae in the order Peronosporales) infection.

These bacteria are pathogens and can spread via splashing water through leaf stomates or roots. The student studied various problems and gained extensive knowledge.

Over the years, KYEC's sponsorship and the Shennong project utilized the well-functioning school farm to form close bonds between parents and teachers at the Wenfeng Elementary School, shortening the distance between the school and local communities. The farm is the best tool for inter-disciplinary learning. In the meantime, children can have fun stepping on the farmland and learning from planting. The incorporation of planting and knowledge (biological, physical, chemical, mathematic, linguistic, aesthetic, etc.) is truly impressive.



Row crops



Kitchen courses

9.3 Sponsored "Economic Daily News-Happy Taiwan 2020"

KYEC contributes to Taiwan's future by sponsoring the Happy Taiwan 2020 organized by the Economic Daily, hoping that Taiwanese society can become more peaceful and beautiful.

The "County and City Happiness Index Survey" had entered its ninth year in 2020. To advance with the times, the Economic Daily decided to refine the content of the index so that the results can more accurately reflect people's happiness and feelings in all counties and cities. In 2020, The "County and City Happiness Index Survey"



will be based on the structure of the "Regional Welfare Index," using the three major areas and indicators of the regional welfare index, while maintaining a large-scale public opinion collection, expecting this survey will be more comprehensive and thorough. By multi-faceted measurement of regional well-being, the survey will allow the public to have a better, general understanding of the area where they live. It'll also help decision-makers develop appropriate policies based on the strengths and weaknesses of each region to address the needs of the people, making Taiwan a happier and better place.

The poll took place from September 5 to October 12, 2020. People over the age of 20 were interviewed by telephone. There were 16,820 valid samples in 22 counties and cities across the country. At a confidence level of 95%, the sampling error in Kinmen County is within $\pm 4.1\%$, that of Lianjiang County is within $\pm 6.6\%$, and those of other counties and cities are within $\pm 3.5\%$.

According to the "Happy Taiwan-2020 County and City Happiness Index Survey" results, Chiayi City is the happiest city in Taiwan. Hsinchu City ranks second, followed by Taoyuan City, Taipei City, and Hsinchu

County. The Economic Daily will continue to follow up with the actions of counties and cities government through the news after the index is released until the new index is released in the following year, monitoring the governance results of the prior year. The Economic Daily will use the power of media to urge local governments to govern for the best interest of residents.

9.4 Charity Activities

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



9.5 Employing Visually Impaired Masseurs

Starting from 2008, KYEC has been employing visually impaired masseurs by offering fixed salary. The company also designs a massaging space with a comfortable environment. The service rate for visually impaired masseurs reaches as high as 80% and most employees are quite satisfied with the service. KYEC offers employment for persons with physical and mental disability to strengthen the care for socially disadvantaged, support disadvantaged families with eased financial stress and maintain living stability.



9.6 Talent Development for Industry-Academic Corporation



For years, KYEC Group has taken actions in implementing the industry-academia training program from the Ministry of Education to promote the seamless connection between the academia and the industry while searching and fostering distinguished talents. Regardless of whether KYEC and KLT&ZKT, we have developed internship programs with multiple schools, including National Kaohsiung University of Applied Sciences, National United University and National Quemoy University in northern, central and southern Taiwan, and even in outlying islands.

KYEC also adopts the philosophy of acquiring materials from the society and applying to the local area. The talent cultivation for solid technical and vocational education cooperates with local Yuda Technological University, Yuan-Peh Technological University, and Chung-Hua University. KLT&ZKT is responsible for cooperative practical programs with Changchun University of Technology, Yunnan Luquan Senior High School and Shandong Dezhou Zou Sifang School.

KYEC offers an excellent scheduling plan from campus orientation, interview, internship, and until fully appointed. KYEC not only selects those with strong intention and conform to study, KYEC also offers professional practice training (including the introduction to semiconductor process, packaging process overview, and the function and responsibilities of all users. The program not only allows students to quickly blend into the workplace but also applies the study acquired to the practice, upgrading the position and direction for the future in advance.

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

✚ School students visiting



(KYEC)



(KLT&KT)

✚ School teachers visiting students at the factory



(KYEC)



(KLT&KT)

Appendix : GRI Standards


GRI 102 : General Disclosures 2016


Disclosures	Description	Corresponding Chapters	Page
102-1	Name of the organization	Company Profile	8
102-2	Activities, brands, products, and services	Production process of main products	9
102-3	Location of headquarters	Company Profile	8
102-4	Location of operations	Worldwide Business Division	12
102-5	Ownership and legal form	Company Profile	8
102-6	Markets served	Worldwide Business Division	12
102-7	Scale of the organization	Standards of Recruitment and Employment	101
102-8	Information on employees and other workers	Employee Distribution	103
102-9	Supply chain	Suppliers	51
102-10	Significant changes to the organization and its supply chain	Supply Chain Management	47
102-11	Precautionary Principle or approach	Risk Strategies and Responses	44
102-12	External initiatives	Suppliers 、 Standards of Recruitment and Employment	51 、 101
102-13	Membership of associations	Members participating in various external departments	15
102-14	Statement from senior decision-maker	Words from President	3
102-15	Key impacts, risks, and opportunities	Risk Strategies and Responses 、 Reballing Emergency Response and Disaster Relief	44 、 92
102-16	Values, principles, standards, and norms of behavior	Employee Code of Ethics and Conducts 、 Implement Philosophies of Integrity Management	43 、 43
102-18	Governance structure	Structure of corporate governance	37
102-40	List of stakeholder groups	Communication between Stakeholders	17
102-41	Collective bargaining agreements	Employee Communication	118
102-42	Identifying and selecting stakeholders	Identify the Stakeholders	16
102-43	Approach to stakeholder engagement	Communication between	17


		Stakeholders	
102-44	Key topics and concerns raised	Communication between Stakeholders	17
102-45	Entities included in the consolidated financial statements	Management Performance	13
102-46	Defining report content and topic Boundaries	About the Report	1
102-47	List of material topics	Scope and Border of Major Topics	24
102-48	Restatements of information	No restatement	-
102-49	Changes in reporting	About the Report	1
102-50	Reporting pueriod	About the Report	1
102-51	Date of most recent report	About the Report	1
102-52	Reporting cycle	About the Report	1
102-53	Contact point for questions regarding the report	About the Report	1
102-54	Claims of reporting in accordance with the GRI Standards	About the Report	1
102-55	GRI content index	About the Report	1
102-56	External assurance	Self-declared	-



GRI 103 : Management Approach 2016


Disclosures	Description	Corresponding Chapters	Page
103-1	Explanation of the material topic and its Boundary	Stakeholders and Concerned Issues Scope and Border of Major Topics	16、 24
103-2	The management approach and its components	Management Guidelines by Major Topics and Objective Performance	26
103-3	Evaluation of the management approach	Management Guidelines by Major Topics and Objective Performance	26

GRI 200 Economic : (Note :  Major Topic)

Series	Disclosures	Description	Corresponding Chapters	Page
GRI 201 : Economic Performance 2016 	201-1	Direct economic value generated and distributed	Management Performance 、 Competitive Salary 、 Complete Leave System and Benefits	13 、 109 、 111
	201-2	Financial implications and other risks and opportunities due to climate change	Risk Strategies and Responses	44
	201-3	Defined benefit plan obligations and other retirement plans	Complete Leave System and Benefits	111
GRI 202 : Market Presence 2016	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	Competitive Salary	109
	202-2	Proportion of senior management hired from the local community	Employee Distribution	103
GRI 203 : Indirect Economic Impacts 2016	203-1	Infrastructure investments and services supported	Social Participation	131
GRI 204 : Procurement Practices 2016	204-1	Proportion of spending on local suppliers	Supplier Distribution	57



GRI 300 Environmental : (Note :  Major Topic)

Series	Disclosures	Description	Corresponding Chapters	Page
GRI 302 : Materials 2016 	301-1	Materials used by weight or volume	Waste Water Discharge and Management	78
	301-2	Recycled input materials used	Waste Water Discharge and Management	78
	301-3	Reclaimed products and their packaging materials	Waste Water Discharge and Management	78
GRI 302 : Energy 2016 	302-1	Energy consumption within the organization	Energy consumption and Management	62
	302-2	Energy consumption outside of	Energy consumption and	62

		the organization	Management	
	302-3	Energy intensity	Energy consumption and Management	62
	302-4	Reduction of energy consumption	Energy consumption and Management	62
GRI 303 : Water 2018 	303-1	Interactions with water as a shared resource	Water Resource management	71
	303-2	Management of water discharge-related impacts	Pollution Prevention	78
	303-3	Water withdrawal	Water Resource management	71
	303-4	Water discharge	Water Resource management	71
	303-5	Water consumption	Water Resource management	71
GRI 304 : Biodiversity 2016	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Factory in Industrial Par	-
	304-2	Significant impacts of activities, products, and services on biodiversity	Factory in Industrial Par	-
	304-3	Habitats protected or restored	Factory in Industrial Par	-
	304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	Factory in Industrial Par	-
GRI 305 : Emissions 2016 	305-1	Direct (Scope 1) GHG emissions	Greenhouse Gas emission and Management	65
	305-2	Energy indirect (Scope 2) GHG emissions	Greenhouse Gas emission and Management	65
	305-3	Other indirect (Scope 3) GHG emissions	Greenhouse Gas emission and Management	65
	305-4	GHG emissions intensity	Greenhouse Gas emission and Management	65
	305-5	Reduction of GHG emissions	Energy consumption and Management	62
	305-6	Emissions of ozone-depleting substances (ODS)	Greenhouse Gas emission and Management	65


	305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	Greenhouse Gas emission and Management	65
GRI 306 : Effluents and Waste 2016	306-1	Water discharge by quality and destination	Water Resource management	71
	306-2	Waste by type and disposal method	Pollution Prevention	78
	306-3	Significant spills	No such incident in 2020	-
	306-4	Transport of hazardous waste	No such incident in 2020	-
	306-5	Water bodies affected by water discharges and/or runoff	Factory in Industrial Par	-
GRI 307 : Environmental Compliance 2016	307-1	Non-compliance with environmental laws and regulations	No such incident in 2020	83
GRI 308 : Supplier Environmental Assessment 2016 	308-1	New suppliers that were screened using environmental criteria	Suppliers	51
	308-2	Negative environmental impacts in the supply chain and actions taken	Supply Chain Management 、 Suppliers	47 、 51

GRI 400 Social : (Note :  Major Topic)

Series	Disclosures	Description	Corresponding Chapters	Page
GRI 401 : Employment 2016 	401-1	New employee hires and employee turnover	Standards of Recruitment and Employment 、 Employee Resignation	101 、 107
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Complete Retirement Plan 、 Comprehensive Insurance System 、 Complete Leave System and Benefits	110 、 111 、 111
	401-3	Parental leave	Parental-Leave-Without-Pay Measures	114
GRI 402 : Labor/Management Relations 2016 	402-1	Minimum notice periods regarding operational changes	Employee Communication	118

GRI 403 : Occupational Health and Safety 2018 	403-1	Occupational health and safety management system	Occupational Safety and Hygiene 、 Employee Care	84 、 115
	403-2	Hazard identification, risk assessment, and incident investigation	Statistics and Analysis of Occupational Disasters	84
	403-3	Occupational health services	Employee Care 、 Promote Health Management and Advocacy Plan	115 、 116
	403-4	Worker participation, consultation, and communication on occupational health and safety	Physical and Mental Health of Employees	117
	403-5	Worker training on occupational health and safety	Occupational Safety and Hygiene	84
GRI 404 : Training and Education 2016 	404-1	Average hours of training per year per employee	Education and Training	122
	404-2	Programs for upgrading employee skills and transition assistance programs	Education and Training	122
	404-3	Percentage of employees receiving regular performance and career development reviews	Competitive Salary 、 Complete Retirement Plan	109 、 110 、
GRI 405 : Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	Standards of Recruitment and Employment 、 Employee Distribution	101 、 101
	405-2	Ratio of basic salary and remuneration of women to men	Standards of Recruitment and Employment 、 Employee Distribution	101 、 101
GRI 406 : Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	No such incident in 2020	-
GRI 407 : Freedom of Association and Collective	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	No such incident in 2020	-

Bargaining 2016				
GRI 408 : Child Labor 2016	408-1	Operations and suppliers at significant risk for incidents of child labor	No such incident in2020	-
GRI 409 : Forced or Compulsory Labor 2016 	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Standards of Recruitment and Employment	101
GRI 410 : Security Practices 2016	410-1	Security personnel trained in human rights policies or procedures	Standards of Recruitment and Employment	101
GRI 411 : Rights of Indigenous Peoples 2016	411-1	Incidents of violations involving rights of indigenous peoples	Standards of Recruitment and Employment	101
GRI 412 : Human Rights Assessment 2016	412-1	Operations that have been subject to human rights reviews or impact assessments	Human rights management	13
	412-2	Employee training on human rights policies or procedures	Human rights management	131
	412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	Human rights management	131
GRI 413 : Local Communities 2016	413-1	Operations with local community engagement, impact assessments, and development programs	Talent Development for Industry-Academic Corporation	135
	413-2	Operations with significant actual and potential negative impacts on local communities	No such incident in 2020	-
GRI 414 : Supplier Social	414-1	New suppliers that were screened using social criteria	No such incident in 2020	-

Assessment 2016 	414-2	Negative social impacts in the supply chain and actions taken	Supply Chain Management	47
GRI 415 : Political contributions 2016	415-1	Political contributions	No political party funding in 2020	-



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