



KENDA RUBBER IND. CO., LTD.

2023 Sustainability Report

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About the Sustainability Report Reporting Standards

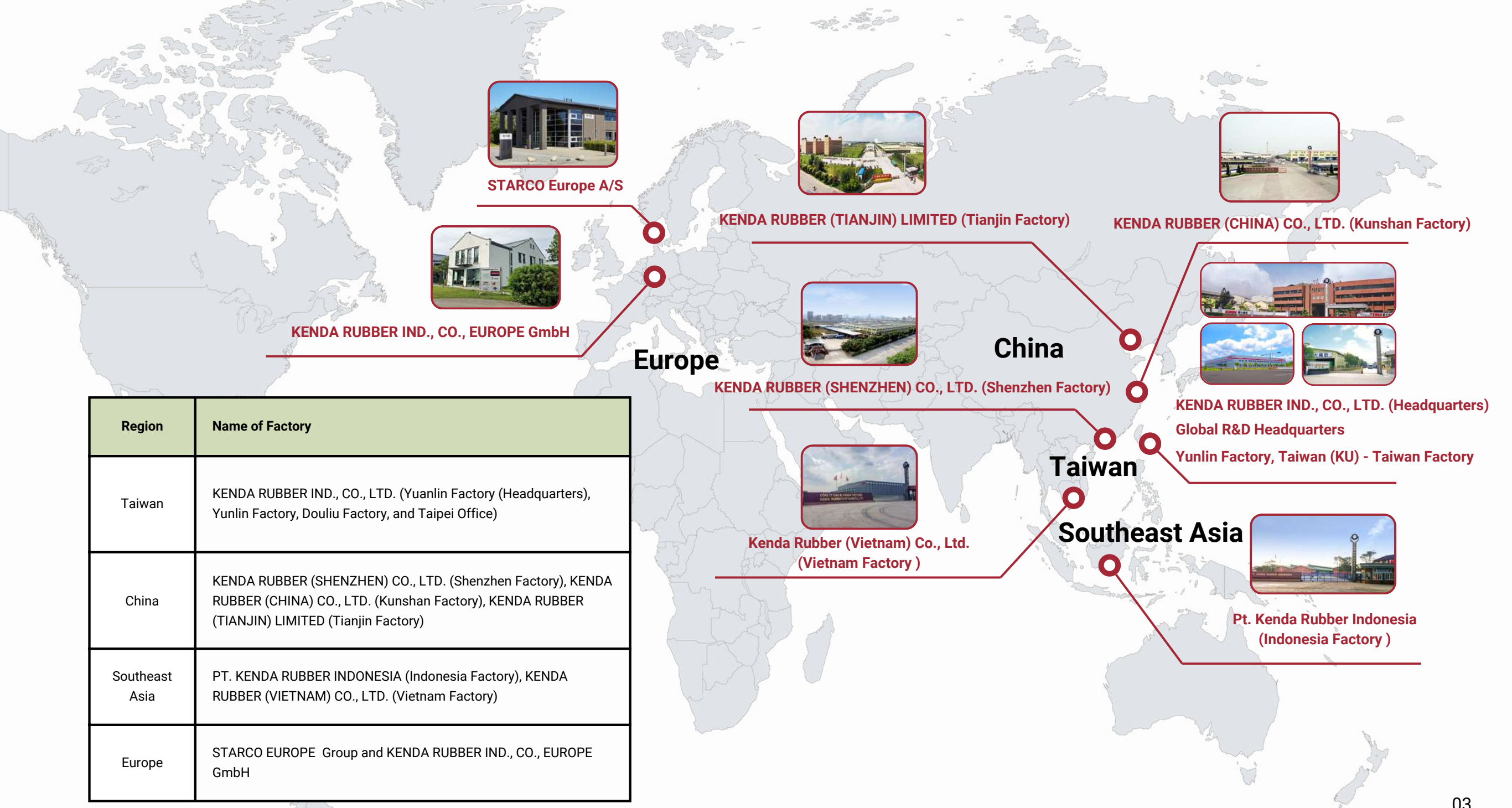
Welcome to the 2023 sustainability report of KENDA RUBBER IND. CO., LTD. (hereinafter referred to as the “Company”). This report follows the GRI Universal Standards 2021, the Task Force on Climate-related Financial Disclosures (TCFD), Sustainability Accounting Standards Board (SASB), “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and “Rules Governing the Preparation and Filing of sustainability reports by TWSE Listed Companies” It also corresponds to the United Nations Sustainable Development Goals (SDGs). The ESG Committee is composed of three directors of the Board of Directors of the Company, and one director is elected as the head of the committee, and works with relevant departments of the Company to identify the topics of concern to stakeholders and screen the material topics through the substantive analysis. The Committee reviews the material topics during the year, and finally disclose the performance of promoting sustainable development in this report, so as to enable stakeholders who are concerned about the Company to have a better understanding of, and trust in the Company.

Scope of the Report

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

2023 Sustainability Report of Kenda Rubber Ind. Co., Ltd.” covers specific practices and performances in terms of economy, governance, society and the environment. The information disclosure period is 2023 (from January 1, 2023 to December 31, 2023). The scope of disclosure mainly covers the company's operations in Taiwan, China (Mainland), Vietnam, Indonesia and Europe, including Yuanlin Factory (Headquarters) and Yunlin Factory, Douliu Factory, Taipei Office, Kun-shan Factory, Shenzhen Factory, Tianjin Factory, Vietnam Factory, Indonesia Factory, STARCO and KENDA Europe.

No material restatements were made to the company's report during the reporting period, but only adjusted the procedure for identification of the Company's stakeholders and material topics based on the updated GRI, details of which are described in “1.2 Stakeholder Communication” and “1.3 Analysis and Identification of Material Topics”. After the completion of the sustainability report, it shall be reviewed by the ESG Committee and then reported to the Board of Directors for approval before issuance.



STARCO Europe A/S



KENDA RUBBER (TIANJIN) LIMITED (Tianjin Factory)



KENDA RUBBER (CHINA) CO., LTD. (Kunshan Factory)



KENDA RUBBER IND., CO., EUROPE GmbH

Europe



KENDA RUBBER (SHENZHEN) CO., LTD. (Shenzhen Factory)

China



KENDA RUBBER IND., CO., LTD. (Headquarters)



Global R&D Headquarters



Yunlin Factory, Taiwan (KU) - Taiwan Factory

Taiwan



Kenda Rubber (Vietnam) Co., Ltd. (Vietnam Factory)

Southeast Asia

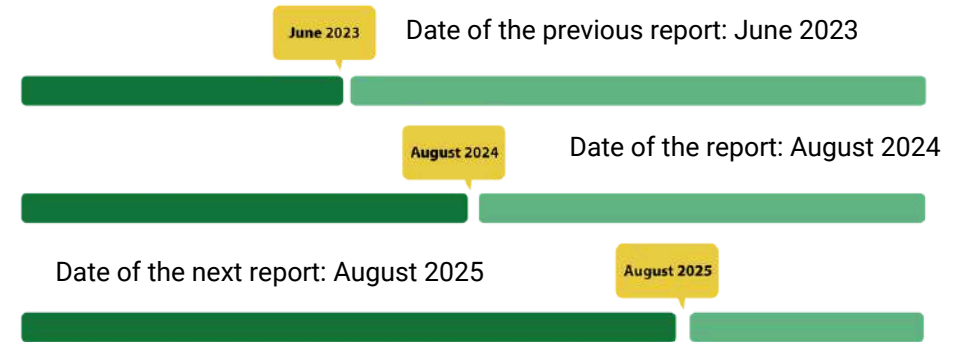


Pt. Kenda Rubber Indonesia (Indonesia Factory)

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

Report Publication

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



Contact Information

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

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E-mail: kenda@kenda.com.tw

Website: <https://www.esg.kenda.com.tw/>



A Message from the Management

As the economic markets closed due to the pandemic is gradually reopening and the inflation in various economies is easing off, the worst time for the global economy in recent years is over, and a slow recovery will begin. Said condition also reflected in the Company's profitability. The Company's gross profit margin increased to 19% in 2023, compared to 15% in 2022, and EPS also increased from 0.35 in 2022 to 0.92 in 2023. The Company will continue to focus on and proactively respond to various

market and economic trends, and adopt the diversified global marketing channels to increase the market share of each product and expand the scale of operation. Continuous promotion of sustainable development is an important strategy of the Company. The Company is committed to working with industry partners to integrate resources within and outside the organization to enhance the involvement in the fields of sustainable materials, carbon reduction and energy efficiency, electric vehicle tires, and sustainable supply chain. The Company has also set various goals to build Taiwan as a brand of sustainable development.

The Company's carbon reduction goal is to "Carbon reduction by 3% per year and by 25% in total by 2030." In 2023, in response to the government's strategy of "Large companies leading small enterprises to a low carbon and smart manufacturing transformation", the Company has formed a "1+N" carbon management demonstration team with suppliers to assist the upstream players in the tire industry in establishing the basis for their carbon management capabilities and implement energy saving and carbon reduction in the process. Regarding the interaction with major stakeholders:

1. Customers and Partners

The Company applies eco-friendly raw materials to design lightweight, low rolling resistance, low-pollution eco-friendly tires proactively and selects suppliers that meet the concept of sustainability and environmental protection. The Company also strives on developing products with less consumption of materials and fewer energy consumption during vehicle transportation and greenhouse gas emissions. All of the products sold to various regions comply with local environmental protection laws and regulations. The Company, together with its suppliers, promises to implement energy conservation and carbon reduction and promotes the sustainable development of the industry. Accordingly, the Company has won the special honors including TAIPEI CYCLE d&i Awards and Taiwan Excellence Award. The Company is also committed to ensuring the supply chain and cargo security. In 2022, the Company was awarded the “Authorized Economic Operator” (AEO) by the Customs Administration, Ministry of Finance, becoming the first tire manufacturer certified as AEO in Taiwan.

2. Sustainable Environment

In terms of energy management, many of the Company's factories have obtained the ISO 50001 Energy Management System certification. Meanwhile, since 2015, the Company has met the annual electricity conservation rate by 1% as required by the National Energy Administration each year. Further, to control the energy-conservation

efficiency more effectively, the Company implements the Energy Management System (EMS) and establishes the Energy Management Command Center. In response to the impact posed by the extreme climate, the Company has undertaken the group-wide ISO 14064-1: 2018 organizational GHG inventory and verification and launched various carbon reduction programs. Many of the Company's factories also have obtained the ISO 14001 Environmental Management System certification, and proactively promote the measures, such as waste reduction, recycling of process water (effluent water), and adoption of renewal raw materials, and eco-friendly materials. The Company received the Bronze Award in the 3rd National Enterprise Environmental Protection Award.

3. Happy Enterprise

Employees are considered the Company's greatest assets. The Company values each employee's physical and mental health, workplace environment and development programs. It is committed to building the safe production process and green production environment, strictly implementing the safe and health work rules, and working with the “Kenda Safety and Health Family” members to provide a safe, hygienic and pleasant workplace. The Company has obtained the ISO 45001: 2018 Occupational Safety and Health Management System certification in 2020.

Meanwhile, the Company has received awards such as the "Safety and Health Register as a Core Family Business Award" from the Ministry of Labor, the "National Occupational Safety and Health Award - Special Award for Traditional Industries," "TTQS Gold Award from Workforce Development Agency" and the "National Talent Development Award."

4. Social Prosperity

Adhering to the founder's philosophy about "Taken from the Community, Giving Back to Society," the Company makes efforts to give back to society. In addition to awarding scholarships to the employees' families, the Company, with totaling more than millions donations, established the "Youth Scholarship and Fellowship" for young students in Changhua County, Yunlin County and Taichung City and the "Jin Yu Trophy" rewarding young scholars pursuing advanced researches. The Company also dedicates to supports local athletes to win glories for the nations and sponsors international competitions, for examples, Kenda Tires TLPGA Open, in order to provide the athletes with better stage.

In face of the changing economic and market conditions, the Company strives to strengthen corporate resilience and grow steadily. We would like to thank all employees, customers, suppliers and shareholders for the long-term support. In the future, the Company will continue to uphold the founder's belief in "honest, quality, service, and innovation," implement the business strategy of "green production, safety and health, and sustainable operations," and work together with everyone to develop Kenda into a happy enterprise and create the best interests for society and all stakeholders.

Sustainability Highlights in 2023

E Environmental	
All air pollution management indicators met the emission standards.	All subsidiaries have implemented ISO 14064-1: 2018 GHG inventory.
The energy intensity declined in the territories of Taiwan compared to 2022.	"Information security education and training" for all employees: for a total of 341 training hours.
The waste (sewage) emissions meet the local laws and regulations.	Form a "1+N" carbon management demonstration team with suppliers in response to the government's promotional strategy of "Large companies leading small enterprises to a low carbon and smart manufacturing transformation."
Water Consumption Reduction Action Plan: 7,108 metric tons of water and 10.79 metric tons of CO2e were saved.	Automotive tires aim at A-level/wet-grip B-level of fuel efficiency in 2025 and A/A level in 2027.
The disposed waterproof tape products are ground into reclaimed rubber powder and recycled in the manufacturing process.	Since motorcycle tires still derive no fuel efficiency in various regions, the Company is taking measures in advance. Since the base year, 2023, the Company has aimed to reduce the fuel efficiency by 5% every year.
The Company contracted with reclaimed rubber production companies for recycling waste air bags and inner tubes into reclaimed rubber raw materials.	Use of recycled and biomass materials: natural rubber, palm trees, carbon black from pyrolysis of waste tires, reclaimed rubber, and soybean oil.
The Company contracted with recycling companies for cracking wasted tires into regenerative raw materials and recycled the raw materials into manufacturing processes.	Packaging materials reduction policy: Reduction of roll packaging, shrink film packaging and area of the tire casing, and change of the packaging rope material PP to calcium carbonate.
After the equipment is used and mineral oil is processed by precipitation, reuse the same in the internal mixer, and the oil residue, dust and rubber crumbs generated from the epoxy resin of the internal mixer are refined into film.	Commercially Available Inner Tube Reuse Project.
The Energy Consumption Reduction Action Plan helps reduce the carbon by 41,235.7 metric tons of CO2e cumulatively from 2022 to 2023.	

Sustainability Highlights in 2023

S Social	
Won the Outstanding Vendor Award from the KYMCO corporate synergy system.	No incidents of discrimination or violations of laws occurred.
Won the "Golden Quality Award," "Environmental Sustainability Promotion Award" and "Outstanding Manufacturer of the Year" from the CMC Association.	Successfully renewed the certification of "Talent Quality-management System" with "Enterprise Gold Medal (Extended)".
The Company added 45 new suppliers. Meanwhile, 100% of the new suppliers have signed and returned the sustainability questionnaire and statement.	Participated in the visits to Sweden and Denmark held by Taiwan Ministry of Labor for the winners of the National Talent Development Award.
No violations of health and safety regulations related to products and services.	Implement the "Successor Training 2.0 Program."
No violations of laws and regulations related to the information and labeling of products and services.	Awarded as an excellent supplier in the "Excellence Award" by Changhua County for the excessive employment of people with physical and mental disabilities.
No violations of laws and regulations related to marketing and communication.	In 2023, the target education and training hours were 57,419 hours and the actual training hours were 54,006 hours, making the target achievement rate at 94.1%.
No violations of customer privacy, loss of customer data, or complaints from external or regulatory authorities about data breach.	Zero occupational injury for employees in the Southeast Asia factories.
In the evaluation on suppliers, in order to improve the overall quality of suppliers, the percentage of Level-A quality grades increased, while the percentage of Level-B quality grades decreased.	No fire incidences happened in the Group's factories.
The number of unqualified suppliers in the evaluation on suppliers in Taiwan and overseas areas was zero.	The Company has begun to provide the poverty scholarship for college freshmen since 2003.
Since 2018, the Company has offered the raise by 1%~3% for all employees each year.	

G Corporate Governance
Ranking in the Corporate Governance Evaluation: 21%~35%, improved by one level.
No anti-competitive practice, anti-trust or monopolistic behavior during the reporting period.
The gross profit margin increased from 15% in 2022 to 19% in 2023, and EPS increased from 0.35 in 2022 to 0.92 in 2023.
ESG Indicators: Talent attraction and retention, green design, climate action, sustainable supply chain, circular economy.
Diversity of the Board of Directors: The Company plans to achieve the goal of at least 2 female directors and female directors accounting for at least 25% of all directors by 2025.
The Company organized the internal and external education and training on ethical management, attended by 155,060 participants for a total of 260,601 hours.

“Design and Quality” Award

- Won the Taiwan Excellence Award for 16 consecutive years, with a total of 61 items

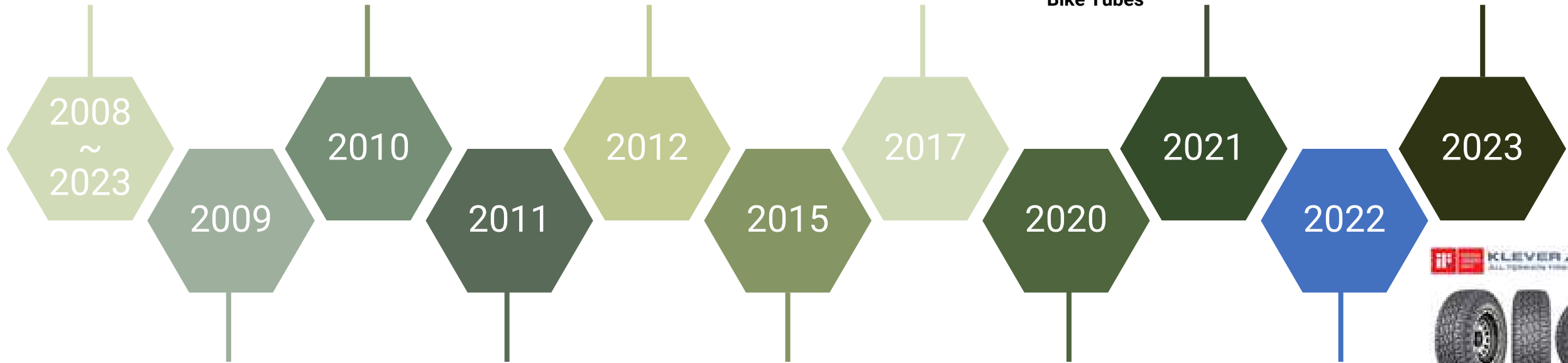
- Special Utility Award - Innovative Bicycles and Parts Selection - TUBELESS Technology

- TAIPEI CYCLE d&i Awards - SCT Technology

- The Silver Award - Taiwan Excellence Award - Road Bike Tires K1160X

- Chicago Athenaeum's Good Design Award - AGC Technology, NRF Technology, KR607
- US International Design Awards - STS Technology, KR607
- Taipei Cycle d&i Awards - Ultra Lite Bike Tubes

- US International Design Awards - Radial Golf Car Tires K3013R, Motorcycle Radial Tires KM001, Bicycle Tires K1245, K1268



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

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

- The Silver Award - Taiwan Excellence Award - Mountain Bike Tires K1127B

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

- Germany IF Design Award - KR608
- Chicago Athenaeum's Good Design Award - Ultra Lite Bike Tubes
- US International Design Awards - KR605, KR608, Ultra Lite Bike Tubes
- Golden Pin Design Award by the Industrial Development Bureau, Taiwan Design Research Institute - K1237, TPSH



Other Awards and Honors



● Industrial Excellence Award by Ministry of Economic Affairs



● China Well-known Trademark

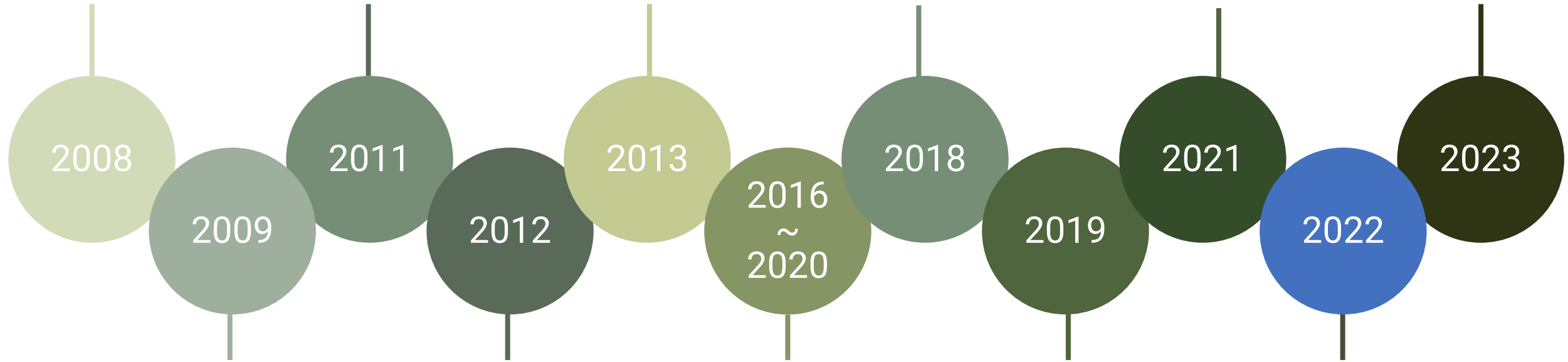
- The 1st Taiwan Mittelstand Award by the Ministry of Economic Affairs
- Product Innovation Award by the Taiwan Chemical Industry Association - Passenger Car Tires

- TTQS Gold Medal Award by Workforce Development Agency, Ministry of Labor
- Directory of Excellent Exporters/Importers by Ministry of Economic Affairs
- Occupational Safety and Health Excellent Unit and Personnel Award in Yunlin County
- Core Enterprise Award (Yuanlin Plant)- Safety and Health Certificated Family by the Occupational Safety and Health Administration, Ministry of Labor

- Manufacturing Quality Award - The 26th National Quality Award by the Ministry of Economic Affairs.
- The Bronze Award - The 3rd National Enterprise Environmental Protection Award by the Environmental Protection Administration
- Core Enterprise Award - Safety and Health Certificated Family by the Occupational Safety and Health Administration, Ministry of Labor
- Occupational Safety and Health Excellent Unit and Staff Award in Changhua County



● TTQS Gold Medal Award (extension) certificate of Talent Development Quality Management System Evaluation Grade



● Outstanding Enterprise Innovation Award - The 17th Industrial Technology Development Award by the Ministry of Economic Affairs

- The 2nd National Industrial Innovation Award by the Ministry of Economic Affairs
- Japan JIPM TPM Excellence



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

- The 16th National Brand Yushan Award
- 2019 National Talent Development Awards by the Ministry of Labor



- TWAEO certificate by Customs Administration, Ministry of Finance
- Traditional Industry Special Award - National Occupational Safety and Health Award by Ministry of Labor
- The Bronze Award - The 4th Annual Enterprises Protection Award by the Environmental Protection Administration
- Occupational Safety and Health Excellent Unit Award in Changhua County





About KENDA

Company Profile

The Company was founded in 1962 as a manufacturer of bicycle tubes and tires. The main products include tubes and tires of bicycles, motorcycles, agricultural vehicles, light trucks, and passenger car tires. The Company is the 2nd largest tire manufacturer in Taiwan and the 24th largest in the world.

The Company upholds the management philosophy of “integrity, quality, service, and innovation” and carries out the quality policy of “Doing things right the first time; delivering competitive products and services to customers in a timely and correct manner.” The Company is committed to international and diversified development, and markets worldwide with the brand, KENDA, by focusing on our own industry as well as manufacturing and selling tires with good value.

The Company has established the headquarter, the Yuanlin Factory, the Yunlin Factory, and the Douliu Factory in Taiwan; established the Shenzhen Factory, the Kunshan Factory, and the Tianjin Factory in China; established overseas factories in Vietnam and Indonesia; established subsidiaries in Germany and United States; acquired STARCO EUROPE A/S, a European wheel Company, in 2017.

In addition, the Company has set up global R&D center in Taiwan and R&D offices in the United States, Europe and China. By making use of the R&D capabilities in major markets such as the United States, Europe, and Asia, listening to consumers about their needs, and introducing more high quality products to meet market demands and expectations.

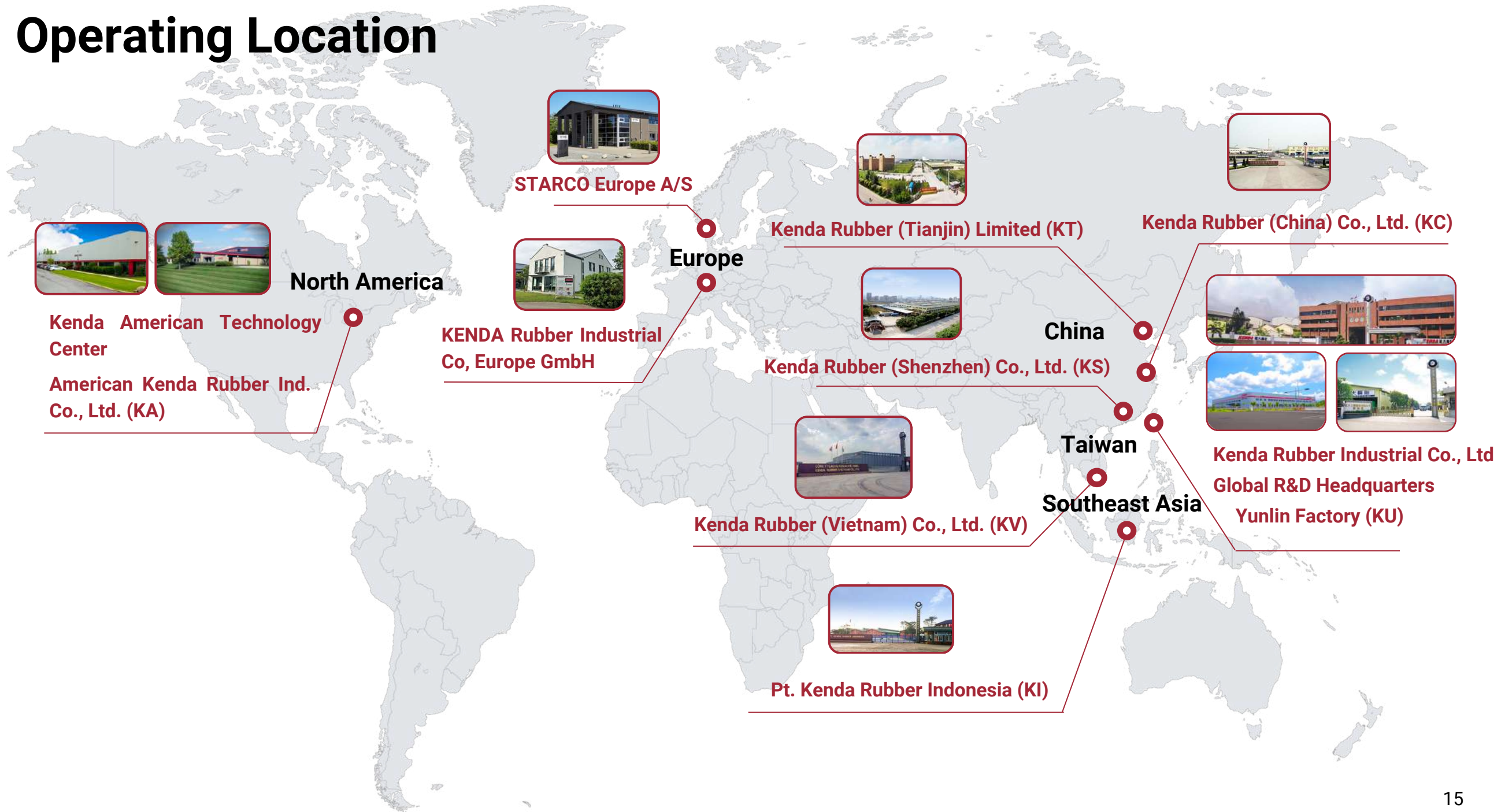
Item	Company Information
Company Name	Kenda Rubber Industrial Co., Ltd
Address of the Headquarters (Yuanlin Factory)	No. 146, Sec. 1, Zhongshan Rd., Yuanlin City, Changhua County, Taiwan (R.O.C.) Telephone +886 (04)8345171
Date of Establishment	March 30, 1962
Founder	Yang, Chin-Pao
Group Chairman	Yang, Ying-Ming
Chairman	Yang, Chi-Jen
General Manager	Chen, Chao-Jung
Amount of Capital	NT\$9.55 billion
Type of Company	Listed company
Number of Employees	1,760 (Group: 10,584)
Scope of Business	Tubes and tires of bicycles, motorcycles, agri-cultural vehicles, light trucks, and passenger car tires, etc.

Company Profile

Item	Company Information
Taipei Office (Taiwan)	Rm. C, 4F., No. 135, Sec. 3, Minsheng E. Rd., Songshan Dist., Taipei City
Yunlin Factory (Taiwan)	No. 50, Yanping Road, Citong Village, Citong Township, Yunlin County
Douliu Factory (Taiwan)	No. 7, Keban 1st Rd., Douliu City, Yunlin County
Global R&D Headquarters	No. 3, Keban 1st Rd., Douliu City, Yunlin County
Kenfong Industrial Co., Ltd.	No. 2, Section 1, Chungshan Road, Yuanlin City, Changhua County
American Kenda Rubber Ind. Co., Ltd.	7095 Americana Parkway Reynoldsburg, OHIO 43068 USA
AMERICANA DEVELOPMENT, INC.	7095 Americana Parkway Reynoldsburg, OHIO 43068 USA
Kenda Rubber (Vietnam) Co., Ltd.	Cho Chieu Street, Ho Nai 3 Industrial Zone, Trang Bom District, Dong Nai Province, Vietnam Industrial Zone
Pt. Kenda Rubber Indonesia	JL. Raya CikandeRangkasbitung KM.5,Desakareo, Kec. JawilanSerang 42177 Benten ,Indonesia
KENDA Rubber Industrial Co, Europe GmbH	Greimelstraße28 83236Übersee Germany
STARCO Europe A/S	Sintrupvej 71B, st.tv., 8220 Brabrand, Denmark

Item	Company Information
Kenda Rubber (Tianjin) Limited	No. 6/8, Taian Dao, southern area of Jinghai Development Zone, Jinghai District, Tianjin City
Kenda Rubber (China) Co., Ltd.	No. 2, Kun Jia Road, Development Zone, Kunsan City, Jiangsu Province
Kenda Rubber (Shenzhen) Co., Ltd.	No. 343, Longsheng Road, Longsheng Community, Dalang Street, Longhua District, Shenzhen City, Guangdong Province
Kenda Global (China) Investment Co., Ltd.	No. 2, Kun Jia Road, Development Zone, Kunsan City, Jiangsu Province
Kenda Rubber (Hong Kong) Co., Ltd.	No. 51-63, Container Port Road, Kwai Chung, New Territories, Hong Kong Room 613, 6/F, Kwai Shun Industrial Centre
KENDA INTERNATIONAL CORPORATION	P.O.Box 31119, Grand Pavilion,Hibiscus Way,802 West Bay Road, Grand Cayman, KY1-1205,Cayman Islands.
KENDA GLOBAL HOLDING CO.,LTD.	P.O.Box 31119, Grand Pavilion,Hibiscus Way,802 West Bay Road, Grand Cayman, KY1-1205,Cayman Islands
KENDA GLOBAL INVESTMENT CORPORATION	Level 3, Alexander House,35 Cybercity,Ebene, Mauritius

Operating Location



History of the Company

- The Company was established in March 1962 in Yuanlin Township, Changhua County, Taiwan. At that time, the Company mainly engaged in the production and sale of bicycle tubes and tires.

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

- In 1990, the Company's shares were listed on the stock exchange.
- In 1990, the Company established the first factory in Shenzhen, China to produce and sell tubes and tires of bicycles and motorcycle.
- In 1991, the Company established subsidiaries in the United States and Hong Kong.

- In 2001, the Kunshan factory, China began to produce and sell radial passenger car tires.
- In 2005, the Company established the second factory in Shenzhen, China, to produce and sell agricultural vehicle tires.
- In 2008, the Company established the first factory in Tianjin, China, to produce and sell tubes and tires of bicycles and motorcycle.

- In 2012, the Company established the second factory in Tianjin, China, to produce and sell radial passenger car tires.
- In 2013, the Company established the European subsidiary in Germany.
- In 2015, the Company established technology center in Akron, United States.
- In 2015, the Company established the Indonesia factory in Jakarta, Indonesia.

- In 2021, the Company installed its first six component force tester in the Kenda Global Technology Center.
- In 2022, Kenda Rubber (ShenZhen) Co., Ltd. and Shenzhen Heju Real Estate Co., Ltd. signed the Urban Renewal Project Agreement.

1960's

1970's

1980's

1990's

2000's

2010's

2020's

- In 1973, the Company exported products to the U.S. market.
- The Company has produced and sold tubes and tires of motorcycles and agricultural vehicles.
- In 1976, the Company established US office.

- In 1994, the Company established the Kunshan factory in China, to produce and sell tubes and tires of bicycles, motorcycles, agricultural vehicles, and light trucks.
- In 1996, the Company established the first factory in Southeast Asia in Dong Nai, Vietnam, to produce and sell tubes and tires of bicycles and motorcycles.

- In 2016, the Company established the second Vietnam factory in Dong Nai, Vietnam, to produce and sell radial passenger car tires.
- In 2017, the Company acquired STARCO EUROPE A/S.
- In 2018, the Company established a technology center in Hamburg, Germany.
- In 2019, the Company established the Kenda Global R&D Headquarters in the Yunlin Technology Industrial Park.

Product Quality Certification

Management System Verification

- Taiwanese Standard



- China Standard



- Indonesian National Standard



- Brazil INMETRO Standard



- European Standard



- American Standard



- Indonesia National Standard



- Gulf Standard



- TISI Thailand Standard



- ISO 9001:2015



- ISO 14001:2015



- Authorized Economic Operator Certificate



- IATF 16949:2016



- ISO 45001:2018 & TOSHMS



- ISO 50001:2018





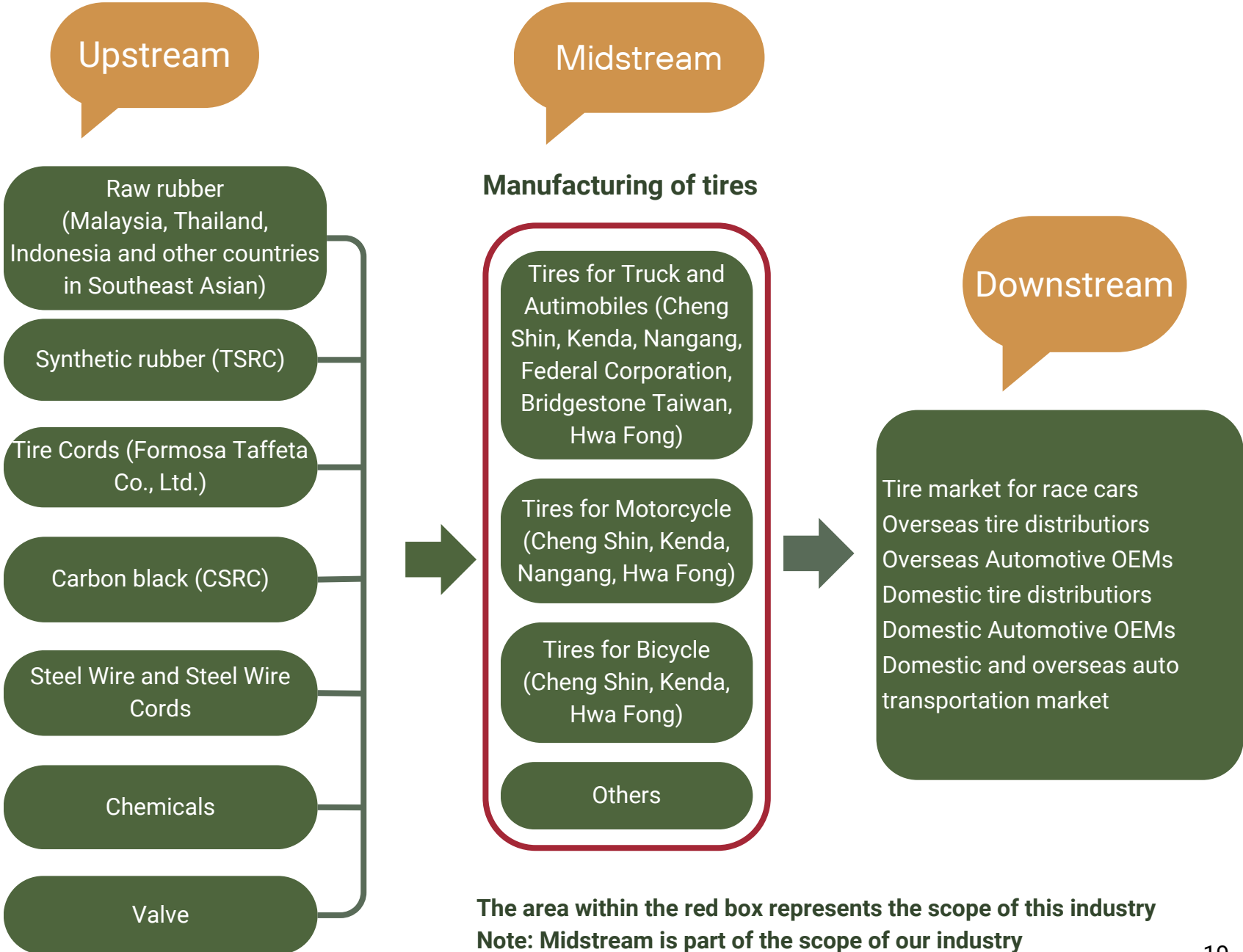
Business Lines

The Company engages in the tire manufacturing industry, and the customers are mainly original equipment (OE) customers, including automobile, motorcycle and bicycle, and after market (AM) customers, covering various agents and dealers. Meanwhile, the Company works with its partners, including Kenjou Ind. Co., Ltd. and Total Energies Marketing Taiwan, Ltd., to achieve the business performance for the Company's shareholders. The Company's products are sold in various markets all over the world. The Company's main business include:

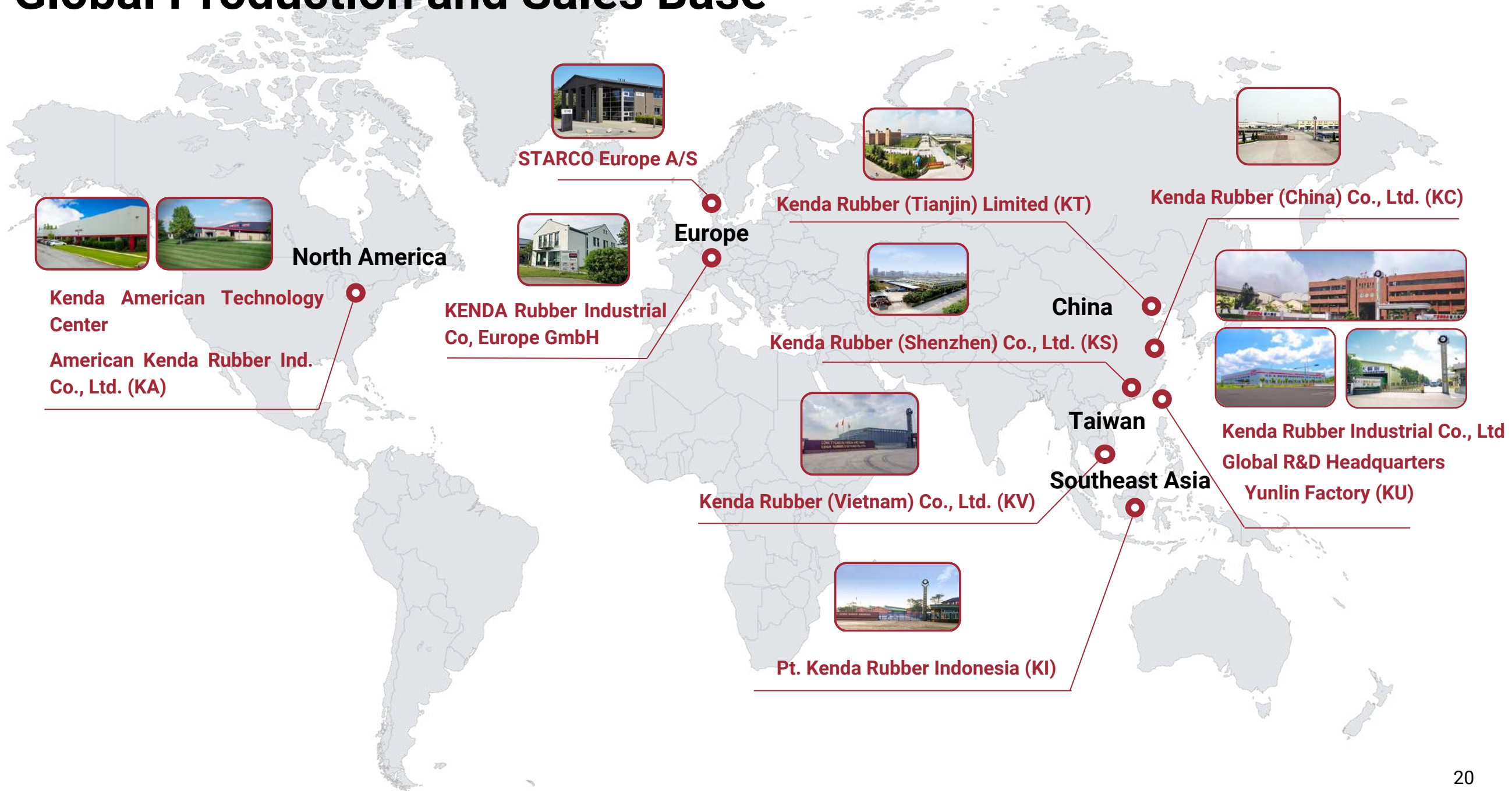
- ★C804010 Tires Manufacturing
- ★C805070 Reinforced Plastic Products Manufacturing
- ★CB01010 Mechanical Equipment Manufacturing
- ★CD01050 Bicycles and Parts Manufacturing
- ★F401010 International Trade
- ★F114030 Wholesale of Motor Vehicle Parts and Motorcycle Parts, Accessories
- ★F114040 Wholesale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

Upstream, Midstream and Downstream Supply Chains

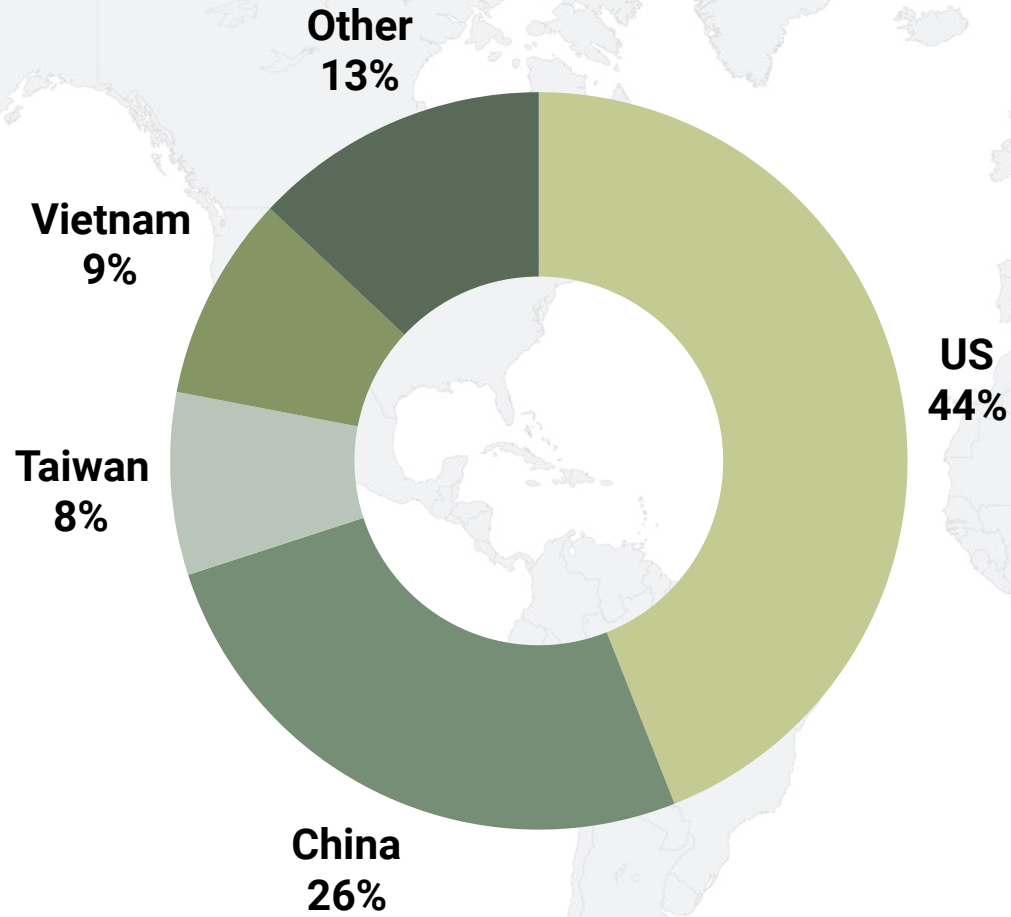
The Company's product/ service and sales performance in 2023	
Product or Service	Sales Volume (Unit: ten thousand)
Tubes	3,157
Tires for motorcycles and other bias tires (MIA1)	3,222
Bicycle tires	2,167
Radial tires	673
Total	9,219



Global Production and Sales Base



Group Sales Proportion - By Region



Sales Area	Sales Ratio (%)
US	44
China	26
Taiwan	8
Vietnam	9
Other	13
Total	100

Participation of External Organization

The Company actively participates in industry associations and local organizations, exchanges with peers to obtain the latest industry information and collaborates with all sectors to create the Company's sustainable value chain, prosper the society together, and fulfill social citizen responsibilities. The public associations that the Company participates in are as follows:



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



**台灣橡膠暨彈性體
工業同業公會**
THE TAIWAN RUBBER & ELASTOMER
INDUSTRIES ASSOCIATION

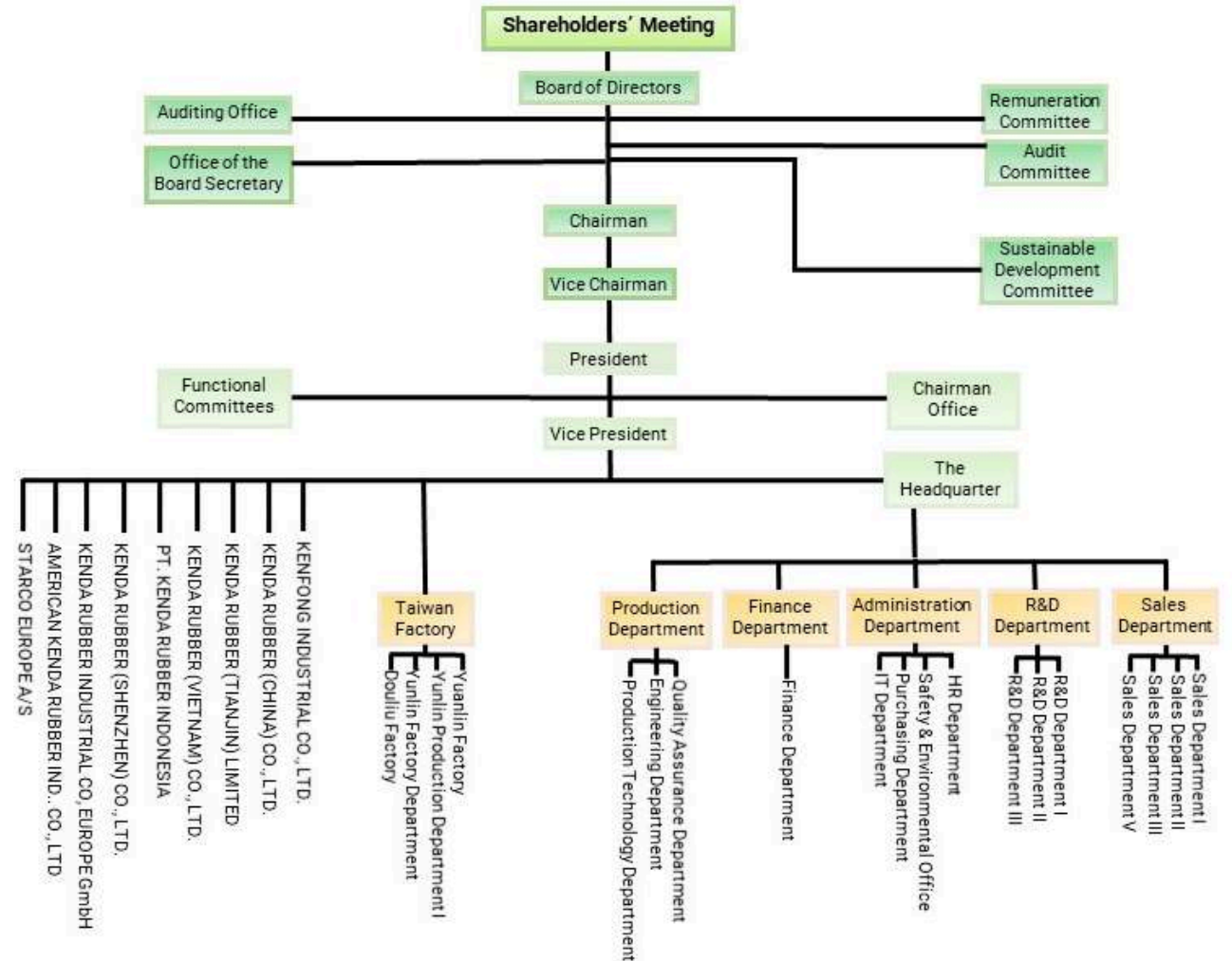


中華民國全國工業總會
CHINESE NATIONAL FEDERATION OF INDUSTRIES

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


Organization Structure

In order to perform the Board of Directors' functions and improve the Board's decision-making quality, the Company set up the Audit Committee, Remuneration and ESG Committee under the Board of Directors by authority and function. The ESG Committee has established the Corporate Governance team, the Environmental, Safety and Health team and Employee Relations and Social Engagement team in accordance with the related business activities. Each team has a lead who shall coordinate the implementation of the team's tasks. The Chairman's Office is servicing as the Bureau of Affairs to take charge of the overall planning on the Committee's affairs, integrating various functional teams to compile and executing the annual plan, issuing the sustainability report and formulating the direction/goals of sustainable development and related management policies.



Shareholder Structure

Shareholder Structure		
Closing Date: 2024-04-02		
Shareholder	Number of Shares Held	Shareholding Ratio
Government Agency	305	0.00
Financial Institutions	42,104,969	4.41
Other Juristic Persons	87,806,214	9.20
Foreign Institutions and Foreigners	77,383,712	8.10
Individuals	747,594,800	78.29

A lush, misty forest scene with vibrant orange flowers in the foreground and butterflies fluttering in the air. The background is a dense, green forest with hanging vines and a soft, hazy atmosphere. The text "I .Sustainable Issue Management" is overlaid in the center in a bold, white font.

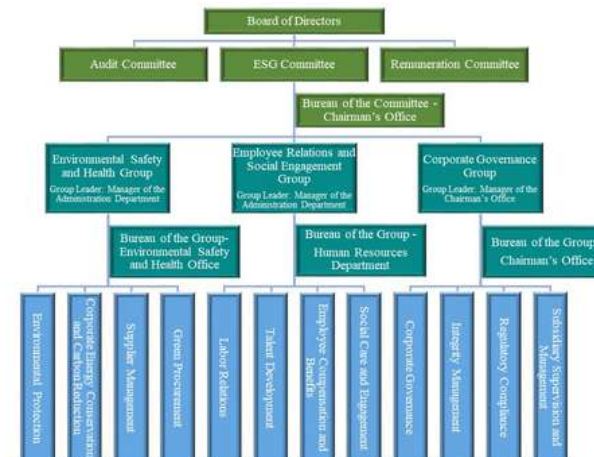
I .Sustainable Issue Management



1.1 ESG Committee

ESG Committee

The ESG Committee was established in 2022 to lead the implementation of the environmental protection and energy conservation (E), social responsibility and care (S) and corporate governance and risk controls (G) issues. The committee extends the sustainability strategies throughout the group and across the industry and supply chain. While creating profits and improving international competitiveness, the Company complies with government regulations to bear the liability for environmental protection to mitigate the environmental risk arising from climate change and related social responsibilities to promote the sustainability. Finally presents the results in a data-driven manner in the sustainability report, so that the stakeholders, including employees, shareholders, investors, suppliers, the government and the public, can better understand the Company's business performance and be more confident in the Company



Sustainable Performance Indicators

The Committee has set up several functional teams, including the Corporate Governance team, the Environmental Safety and Health team, and the Employee Relations and Community Participation team based on the relevant businesses, and formulates the “Sustainability Practice”, and gradually implements the policy of sustainable development within the Company. The Committee holds regular meetings on a quarterly basis to review the performance indexes for sustainability. At least once a year, the Committee reports to the Board of Directors on the performance results and the work plan for the next year and reviews the annual sustainability report. In 2023, a total of 7 meetings were convened, with motions covering the three dimensions of ESG and various sustainability indicators, and on November 8, the board of directors reported the results of this year's sustainability development and the implementation plan for the next year.



Sustainability Practice



1.2 Stakeholder Communication

Stakeholder Identification

In reference to potential stakeholders in the GRI standards, such as business partners, civil society organizations, consumers, customers, employees and other workers, government agencies, local communities, non-governmental organizations, shareholders and other investors, suppliers, labor unions, disadvantaged groups, financial institutions, academic and industry-academe cooperation units and trade associations/unions, etc., as well as the stakeholders in the industry and the Company's 2022 sustainability report, the Company ranked the stakeholders based on the sum of the Company's scores of actual negative impact, potential negative impact, actual positive impact, and potential positive impact on the stakeholders, and those with an overall total score of more than 10 were recognized as the Company's important stakeholders in 2023.

In the end, the Company identified eight categories of stakeholders in 2023 including shareholders and other investors, customers/consumers/business associates, employees and other workers, government agencies, government agencies and other stakeholders.



Stakeholder Communication and Effectiveness

Stakeholders	Significance of stakeholders to the Company	Communication Channel and Frequency	Communication Effectiveness
Shareholders and other investors	Shareholders and other investors are supporters of the Company. The Company is committed to protecting its rights and interests, treating all shareholders and other investors fairly, and ensuring that they are fully aware of, participate in, and make decisions on major matters. Through investment and supervision by shareholders and investors, the Company can operate steadily and sustainably.	<ul style="list-style-type: none"> • Convened the shareholders' meeting and prepare annual report and Annual General Shareholders' Meeting Handbook (every year). • Disclose Information on the Company website and the Market Observation Post System (immediately). • Appoint a spokesperson as the communication channel between the Company and public, and hold Investors Conference constantly (immediately). • Investor Relations Contact: Mr. Liu Kuei-Chun. (Email: chun@kenda.com.tw) (immediately). 	<ul style="list-style-type: none"> • Convened the shareholders' meeting on May 31, 2024. For more information, please refer to the investor relationship (IR) section on the Company's website: https://www.esg.kenda.com.tw/en/%E6%8A%95%E8%B3%87%E4%BA%BA%E5%B0%88%E5%8D%80 • Set up a contacts section on the Company website for communication with investors: https://www.esg.kenda.com.tw/en/%E8%81%AF%E7%B5%A1%E6%88%91%E5%80%91 • Held the Investors Conference on September 5, 2024. • A total of 215 material information and announcements in Chinese/English, please refer to: https://emops.twse.com.tw/server-java/t58query#
Employees and other workers	Employees and other workers are the tower of strength of the Company. The Company takes seriously the issues of salary, welfare, treatment and policies encountered by the employees in the workplace and commits to providing a work environment that supports employees' physical and mental health as well as diverse development, allowing them to work without worries and with peace of mind.	<ul style="list-style-type: none"> • Intranet and bulletin board (immediately). • Morning meeting/lecture publicity (monthly). • Instant messaging, face-to-face communication (immediately). • Trade Union and labor-management meeting (quarterly). • Supervisory of business labor retirement reserve meeting (quarterly). • Employee welfare committee meeting (quarterly). 	<ul style="list-style-type: none"> • Invited doctors to give 4 health lectures. • Held 11 labor-management meetings, 11 supervisory of business labor retirement reserve meeting, and 2 enterprise trade union meetings. All of the meetings were recorded in writing and were announced through the intranet and bulletin boards. • The total expenses of activities of the Employee Welfare Committee and other employee related subsidies is NT\$6,674,983. The total childcare allowance is NT\$489,000.

Stakeholder Communication and Effectiveness

Stakeholders	Significance of stakeholders to the Company	Communication Channel and Frequency	Communication Effectiveness
Customer/ Consumer/ Business partner	Customers, consumers and business partners are the main sources of the Company's revenue and the important drives which the Company relies on. The Company promises to provide customers, consumers and business partners with the best product quality and safety and the most excellent after sale service. Various needs from customers, consumers and business partners for products will also affect the Company's technology research and development and quality management.	<ul style="list-style-type: none"> • E-mail and customer service hotline (0800) (immediately). • Social media, instant messaging(IM) (immediately). • Sales call (from time to time). • Customer satisfaction and quality certification survey (annually). • Responses to the C-TPAT security questionnaire (i from time to time). • Distributor meeting (semi-annually). • Corporate promotional copywriting/advertising, domestic and international (from time to time). 	<ul style="list-style-type: none"> • Conducted customer satisfaction survey once. • Organized a total of 10 product exhibitions domestically and abroad. • KENDA has 71,000 followers and wins 69,000 likes on Facebook. For the time being, the Company's FB fan pages are mainly operated in North America, Taiwan, and Europe, and have the highest number of followers in North America, followed by Taiwan, 25,000 followers and then Europe, 18,000 followers. • In addition to corresponding services for the existing customers, new customers can contact us via the official website (https://www.kendatire.com/en-us/) and get a quick response.

Stakeholder Communication and Effectiveness

Stakeholders	Significance of stakeholders to the Company	Communication Channel and Frequency	Communication Effectiveness
Government agencies	<p>The government agency supervises and audits the Company's compliance with various laws and regulations in the process of operation and marketing behavior. The Company responds to the regulations applicable in various countries and regions to avoid labor disputes or fines caused by violation of relevant regulations.</p>	<ul style="list-style-type: none"> • Official documents issued by government agencies (from time to time). • Participation in seminars, policy discussions, public hearings, and conferences organized by government agencies (from time to time). • Implementation of fire drill (regularly). • Government agency's website information and reporting system (regularly). • Audits and visits by government agencies (from time to time). • Instant messaging of government agencies (from time to time). 	<ul style="list-style-type: none"> • Participated Talent Quality-Management System (TTQS) assessment on September 21, 2023. • Participated in the learning visit of NTDA delegation 2019-2022 to Sweden and Denmark. • Subsidy of NT\$309,460 for the "2023 Charge and Flight Plan - Assisting Business Entities in On-the-job Training". • Invited the revenue officer from Yuanlin Office to disseminate the 2022 income tax regulations during the morning executive meeting on May 24, 2023. • Provided relevant counseling services for 4 fire drills of the Company by the fire brigade in Taiwan. • Reported the Company's work rules to the county government for approval pursuant to law. • Disseminated decrees and policies to foreign employees once by the police station in Taiwan. • Obtained the environmental protection license for the relevant business pursuant to laws by the Company. • Discloses relevant information in accordance with regulations by the MOPS.

Stakeholder Communication and Effectiveness

Stakeholders	Significance of stakeholders to the Company	Communication Channel and Frequency	Communication Effectiveness
Supplier	<p>Excellent and stable raw materials and supplies lay the foundation of the Company's product quality. The Company maintains positive interactions with suppliers to ensure a stable supply of raw materials, supplies, and services. Meanwhile, the Company and suppliers jointly take measures to create a sustainable supply chain that focuses on the environment, labor rights, safety, health, and social responsibility.</p>	<ul style="list-style-type: none"> • Implementation of the questionnaire (from time to time). • Instant messaging (immediately). • Platform for contactors' applications for construction work (from time to time). • Contractors' disclosure of hazards, equipment inspection, and qualification review before construction (from time to time). • Supplier complaint channel: E-mail of procurement department (E-mail: M5100@kenda.com.tw) (immediately). 	<ul style="list-style-type: none"> • Added 45 new suppliers in 2023, signing the sustainability survey and declaration, increasing the total from 1,165 to 1,210 suppliers, with a signing rate of 100%. • The number of visits paid by contractors in Taiwan to the construction site was about 500.
Financial institutions	<p>Financial institutions are considered as the supporters of fund allocation to the Company, enabling the Company to obtain stable and competitive operating capital, ensuring sustainability.</p>	<ul style="list-style-type: none"> • Instant messaging and official documents (immediately). • Field visit (from time to time). 	<ul style="list-style-type: none"> • Communicates in a timely manner and maintains a good interactive relationship by the immediate supervisor. • Disclosed the financial statements on the Market Observation Post System.

Stakeholder Communication and Effectiveness

Stakeholders	Significance of stakeholders to the Company	Communication Channel and Frequency	Communication Effectiveness
Academic and industry cooperation units	Through industry-academia collaboration, scholarships, and organization of various activities, the Company establishes long-term cooperative relationship with colleges and universities and schools at all levels proactively to take root and cultivate industry talents.	<ul style="list-style-type: none"> • Seminar and launch (from time to time). • Field visit (from time to time). • Instant messaging and official documents (immediately). • Invitation (from time to time). 	<ul style="list-style-type: none"> • Submitted a total of 66 entries (from 13 schools) for the 9th Industry-Academia Collaboration for New Generation Design in 2022-2023. Interacted with the Institute, schools, and students to absorb innovative ideas and raise awareness of the Kenda brand culture within the academia and design sector through the industry-academia collaboration. • Awarded the 'Changhua County College Freshman Scholarship for Poverty in Need' (NT\$120,000) and the 'Scholarship for College Freshmen from Low-Income Families' (NT\$1,275,000) in 2023. • Held 4 "Newton Science Camps" and 4 "Dodolon Children's Summer Camps" in 2023.



1.3 Analysis and Identification of Material Topics

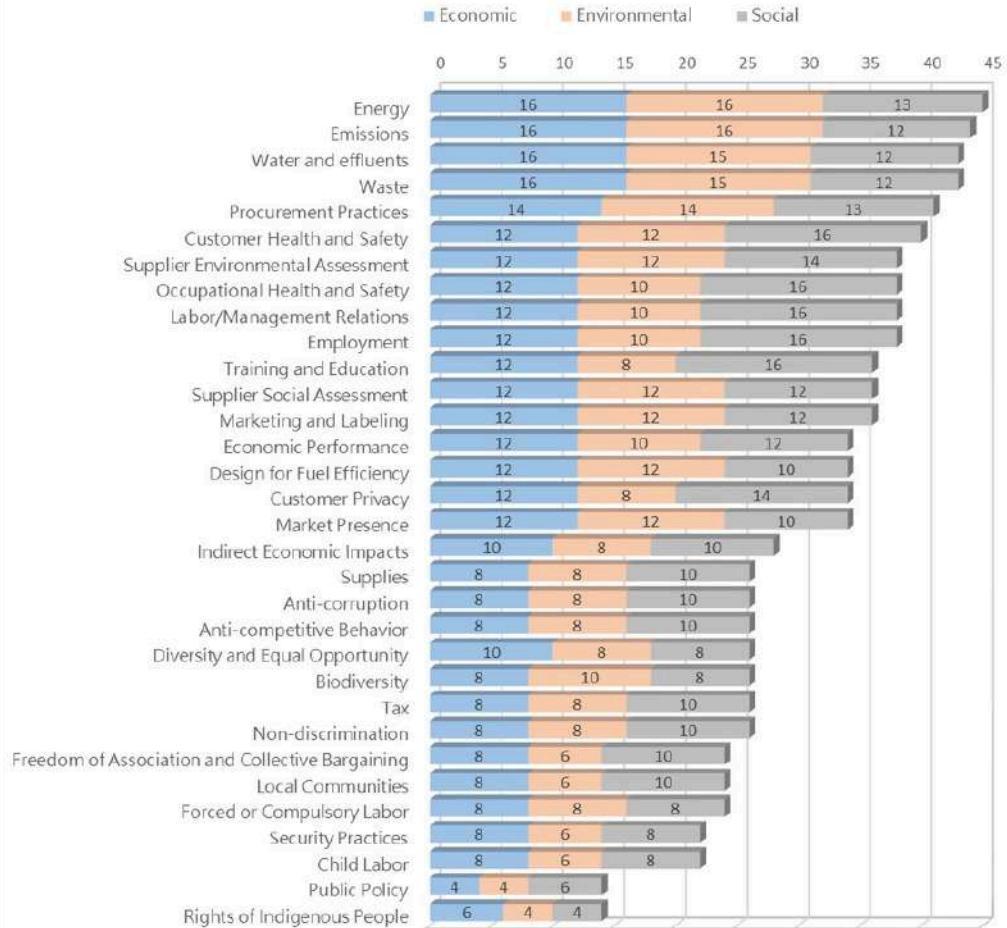
Through the procedure for identification of material topics, the Company analyzed the issues critical to the Company's operating activities, business relations, and sustainable context and identified material topics in 2023. In the management of material topics, the Company responded to the issues of concern to various stakeholders.

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

2023 Procedure for Identification of Material Topics		
Item	Explanation	
STEP 1 Verification of Organizational Pathway	In order to verify the organizational Pathway and search for sustainability issues, with reference to the Material Topics Standards referred to the GRI Standards published by the Global Reporting Initiative (GRI) and the SASB Standards, the Company compiled a total of 32 sustainability issues covering the four sustainability aspects, namely corporate governance, economy, environment and society.	4 major ESG aspects 32 ESG issues
STEP 2 Identification of Actual and Potential Impacts Posed by Sustainability Issues	The external experts rated the Company's sustainability topics in terms of actual or potential negative impacts and positive impacts on the economy, environment or society (human and human right), and summed up the scores of actual negative impact, potential negative impact, actual positive impact and potential positive impact on the economy, environment or society (human and human right) and rank them in order, and those with a total score of more than 30 are considered to be the Company's material issues, provided that the issues listed in the SASB are prioritized to be the Company's material issues.	17 material sustainability issues Consolidated into 11 material topics
STEP 3 Assessment on Significance of Impacts	The scores were authorized upon discussion by the company at the ESG Committee meeting. Based on the past experience in business management, the Company analyzed the significance and possibility of the impacts of the issues and determined the Company's 17 material sustainability issues.	
STEP 4 Disclosure and Report of Sustainability Issues	Subject to the analysis results of material sustainability issues and nature of the issues, the comprehensive assessment together with various departments of the Company, and categorized the 17 material sustainability issues into 11 material topics. The Company communicated with and responded to stakeholders via the sustainability report.	

Material Topics Identification Results

The Degree of Impact of Kenda Rubber Material Topics



Material Topics				
1. Energy	2. Waste	3. Water and Effluents	4. Emissions	5. Procurement Practices
6. Customer Health and Safety	7. Supplier Environmental Assessment	8. Occupational Health and Safety	9. Labor/Management Relations	10. Employment
11. Training and Education	12. Supplier Social Assessment	13. Marketing and Labeling	14. Economic Performance	15. Design for Fuel Efficiency
16. Customer Privacy	17. Market Presence			
Secondary Topics				
18. Indirect Economic Impacts	19. Supplies	20. Anti-corruption	21. Anti-competitive Behavior	22. Diversity and Equal Opportunity
23. Biodiversity	24. Tax	25. Non-discrimination	26. Freedom of Association and Collective Bargaining	27. Local Communities
28. Forced or Compulsory Labor	29. Security Practices	30. Child Labor	31. Public Policy	32. Rights of Indigenous People

Boundary of Impact of the Material Topics

In 2023, through the analysis and discussion, a total of 17 material topics were identified and the Company also determined the impact boundary of the 17 material topics on the value chain. The Company will continue to strengthen management on the material topics and disclose relevant information in the sustainability report.

Material Topics	Impact Boundary of the Material Topics on Value Chain	The Management Approach Corresponding Chapters	Page
Energy and Emissions	<ul style="list-style-type: none"> (caused by) the Company, (directly related to) suppliers, and (facilitated by) the public 	3.2 Energy and Greenhouse Gas Emissions Management	76
Water and Effluents	<ul style="list-style-type: none"> (caused by) the Company, (directly related to) suppliers, and (facilitated by) the public 	3.3 Water Resource Management	84
Waste	<ul style="list-style-type: none"> (caused by) the Company, (directly related to) suppliers, and (facilitated by) the public 	3.4 Waste Management	87
Procurement Practices and Supplier Management (Supplier Environmental Assessment and Supplier Social Assessment)	<ul style="list-style-type: none"> (caused by) the Company, (directly related to) suppliers of supplies and raw materials 	5.1 Supplier Management	110
Customer Health and Safety	<ul style="list-style-type: none"> caused by) the Company, (directly related to) suppliers, and (facilitated by) the public and supplies 	4.1 Green Production	90
Employment, Labor/Management Relations, Training and Education, and Market Presence	<ul style="list-style-type: none"> (caused by) the Company, (directly related to) employees 	6.1 Human Resource Management	121
Occupational Health and Safety	<ul style="list-style-type: none"> (caused by) the Company, (directly related to) suppliers, and (directly related to) customers 	6.3 Occupational Safety and Health	140
Marketing and Labeling	<ul style="list-style-type: none"> (caused by) the Company, (directly related to) suppliers, (directly related to) customers and (directly related to) consumers 	4.2 Product Quality Assurance	99
Economic Performance	<ul style="list-style-type: none"> (caused by) the Company 	2.5 Economic Performance	64
Customer Privacy	<ul style="list-style-type: none"> (caused by) the Company, and (directly related to) customers 	4.3 Customer Service Management	106
Design for Fuel Efficiency	<ul style="list-style-type: none"> caused by) the Company, (directly related to) customers, and (directly related to) consumers 	4.1 Green Production	90

List of Material Topics

Material Topics	Descriptions about the Organization's Policies or Commitments Related to Material Topics	Descriptions about the Effects and Impacts	Major Affected Targets	Preventive or Remedial Measures Against Negative Impacts	Goals and Objectives	Corresponding Chapters and Sections
Energy and Emissions	<p>Green production, safety and health, and sustainable operations": Based on the philosophy of corporate social responsibility and sustainable operations, with the goals of energy conservation, carbon reduction, and green production, the Company promotes the energy management system that meets international standards.</p>	<p>Economy and environment - potential/negative impacts:</p> <ol style="list-style-type: none"> 1. Energy consumption will increase greenhouse gas emissions, and greenhouse gas is the root cause of the increasing temperature on the earth. The rising temperature of the earth might cause drastic changes in climate, increase catastrophic weather events, and cause serious harm to human beings and society. 2. Unlawful emissions result in air pollution, posing adverse impacts to the health of workers and neighbors, and are likely to hurt the Company's reputation. 3. Without effective energy management, the Company's future energy costs will increase significantly. <p>Economy - actual/positive effect: Well-controlled greenhouse gas emissions can help reduce the global warming and mitigate the loss to the Company's assets caused by severe climate disasters.</p>	All stakeholders.	<ol style="list-style-type: none"> 1. Increase energy-saving design activities and use energy-saving products to improve energy consumption performance and energy management system. <ol style="list-style-type: none"> a. Purchase external green energy. b. Self-generated energy: e.g. hydrogen energy and solar energy, and the development of energy storage system. 2. The safety and health department of the Company is committed to the prevention and control of various types of air pollution. The Company's waste gas is mainly generated from boiler combustion and process emissions. The pollutants include particulate matters, sulfur oxides, nitrogen oxides, dust, volatile organic compounds (VOCS), waste heat and odor. The Company's waste gas generated from each production process is collected and treated with the most appropriate pollution control equipment (such as cyclone dust collectors, baghouse dust collectors, activated carbon adsorption packed towers, wet scrubbers, etc.). The treated waste gas must be tested for compliance with relevant laws and regulations before discharge. The exhaust emission testing results from 2020 to 2023 were held in compliance with regulatory emission standards. 	<ul style="list-style-type: none"> • The carbon reduction target set is "Carbon reduction by 3% per year and by 25% in total by 2030". • Energy conservation target is "annual electricity saving rate of more than 1%." 	3.2 Energy and Greenhouse Gas Emissions Management

List of Material Topics

Material Topics	Descriptions about the Organization's Policies or Commitments Related to Material Topics	Descriptions about the Effects and Impacts	Major Affected Targets	Preventive or Remedial Measures Against Negative Impacts	Goals and Objectives	Corresponding Chapters and Sections
Water and Effluents	Green production, safety and health, and sustainable operations. Improvement of recycling water consumption rate, water resource conservation, and compliance with effluent standards.	Environment - potential/negative impacts: 1. Water pollution resulting in catastrophe to the environmental ecological chain. 2. No water is available in the dry season as a result of the excessive water resource consumption.	Shareholders, other investors, local communities, and Employees.	The Company reviews the sewage recovery rate each year, plans to reduce the process waste water emissions and improve the sewage recovery rate. Meanwhile, the Company continues to create water quality that meets the effluent standards under the Water Pollution Control Act. If the reduction did not meet the expectation, the Company will seek cooperation with related units proactively to achieve the effluent reduction and increase the reuse of recycled effluent.	Short-term goals: <ul style="list-style-type: none"> Using 2021 as the baseline year and setting the target for recycled water consumption rate at 50%. 0 case for violation of the environmental protection emission standards/laws and regulations sanctioned by the local government. Mid and long-term goals: <ul style="list-style-type: none"> Using 2021 as the baseline year and setting the target for recycled water consumption rate at 60%. 0 case for violation of the environmental protection emission standards/laws and regulations sanctioned by the local government. 	3.3 Water Resource Management
Waste	Green production, safety and health, and sustainable operations	Economy and environment - potential/negative effects: Unlawful disposal of waste might result in environmental pollution and is likely to cause the Company's to suffer sanction by the government agencies.	Shareholders, other investors and local communities.	The Company reviews the entire waste management results in the monthly meeting, and sets forth the waste reduction strategy. Meanwhile, it continues to aim at the recycling rate by 10% to minimize the environmental impact.	Short-term goals: <ul style="list-style-type: none"> Reduction of the waste output by 10% and achievement of the recycling rate by 10% within 5 years. Mid-term goal: <ul style="list-style-type: none"> Reduction of the waste output by 15% before 2030. Long-term goals: <ul style="list-style-type: none"> Achievement of the recycling rate by 20% in 2050. 	3.3 Waste Management

List of Material Topics

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Occupational Health and Safety	<ul style="list-style-type: none"> 0 occupational accidents. Compliance with the related requirements under the Occupational Safety and Health Act. 	<p>Environment - actual/positive impacts: Mitigation of occupational accidents through the safety education, equipment safety improvement, tour inspection in workplace and regular employee health checkup. Creation of a bright and safe working environment.</p> <p>Economy - potential/negative impacts: Unsafe behaviors and equipment cause occupational accidents to employees, resulting in loss of manpower and production interruptions, as well as the risk of compensation, fines, and damage to the corporate image.</p>	Shareholders, other investors and employees	<ol style="list-style-type: none"> The safety of new equipment is ensured through the three-step inspection. The safety devices of the existing equipment will also be checked each month to ensure the functionality. The Company provides each employee with the code of practice on safety and health including various facility safety standards, health guidance and protective gear. Meanwhile, the Company sets up the safety and health classroom to ensure the employees' awareness of safety. The Company determines risk countermeasures through the risk assessments including understanding and identification of hazard. The Company also reviews adaptability and effectiveness of the countermeasures, and records and manages the countermeasures in accordance with the risk assessment results. Regular safety and health meetings are held to review the implementation of safety and health matters to prevent accidents. In the event of an accident or illegal matter, an investigation should be conducted in order to determine the countermeasures to prevent recurrence. The countermeasures will be implemented throughout the Company. 	<ul style="list-style-type: none"> Compliance with the related requirements under the Occupational Safety and Health Act. Implementation of the management based on zero occupational accident and occupational accident prevention policy. 	6.3 Occupational Safety and Health
Customer Health and Safety	The Company develops new products in accordance with the IATF 16949 quality management system. The Company tests and audits each stage of product planning, product design, test run, trial production and formal production based on the IATF 16949 quality management system to ensure the products are in line with the target set by the product planning and to insure the quality and safety of the products.	Economy - potential/negative impacts: If poor product design causes harm to customers' health and safety, the Company will lose customers' support and suffer economic losses. There may also be fines and risk over impairment to corporate identity if products violate the local laws and regulations.	Employees, customers/ /consumers/ business partners, environment.	The Company confirms related laws and regulations and develops the raw materials and product specifications to ensure the compliance of the product performance. Inclusion/enhancement of the failure mode through the quality committee members' discussion of misconducts to develop countermeasures to ensure that the same problems will not occur again.	<ul style="list-style-type: none"> 0 case for violation of the product safety standards/laws and regulations sanctioned by the local government. 	4.1 Green Production

List of Material Topics

Material Topics	Descriptions about the Organization's Policies or Commitments Related to Material Topics	Descriptions about the Effects and Impacts	Major Affected Targets	Preventive or Remedial Measures Against Negative Impacts	Goals and Objectives	Corresponding Chapters and Sections
Design for Fuel Efficiency	In response to the booming electric vehicle market, the Company is committed to develop products with fuel efficiency and low rolling resistance that meet the requirements of electric vehicles (including cars, motorcycles and bicycles), in order to develop the product projects following high specifications and obtain energy conservation certification.	<p>Economy - actual/positive impacts:</p> <ol style="list-style-type: none"> 1. If the fuel efficiency of transportation facilities is lowered due to the tire design, the energy burden will increase, and the greenhouse gas emissions also increase accordingly. 2. If the product is not in compliance with local fuel efficiency regulations, the product cannot be sold locally. 3. Many countries have regulated companies to disclose completed fuel efficiency information. Hence, the product with low fuel efficiency will be easily disclosed to the market and can lead to low product competitiveness. 	Employees, customers/ /consumers /business partners, environment .	<ol style="list-style-type: none"> 1. Obtain product fuel efficiency certification in accordance with local laws and regulations. 2. Develop products that may achieve the highest level of fuel efficiency. 	<ul style="list-style-type: none"> • The level of existing automobile tires is B/B. • The short-term goal for automobile tires is to achieve Level-A for fuel efficiency/Level-B for wet grip by 2025. The medium- and long-term goals are to achieve Level-A for fuel efficiency/Level-A for wet grip by 2027. • Starting from the base year, 2023, the goal is to reduce the fuel efficiency by 5% each year for motorcycle tires. 	4.1 Green Production

List of Material Topics

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Economic Performance	The company grows steadily, maintains good performance, and develops sustainably.	<p>Economy - actual/positive impacts: Continue to grow and to promote the development of the up-stream and down-stream of the industrial chain to become the force to stabilize the industry.</p> <p>Economy - potential/negative impacts: If the Company suffers losses due to poor management, the Company's market price will decline and thereby cause losses to investors. Employees and other stakeholders might also be affected by poor management.</p>	All stakeholders.	Convene the management meeting regularly to review and confirm that the Company is developing stably; if the Company has suffered or is going to suffer losses, it will immediately convene the management meeting and set forth relevant solutions.	<table border="1"> <thead> <tr> <th>Product Type</th> <th>Year</th> <th>2023 Sales Volume (in thousand units)</th> </tr> </thead> <tbody> <tr> <td>Bicycle tires</td> <td></td> <td>41,100</td> </tr> <tr> <td>Tires for motorcycles and other bias tires</td> <td></td> <td>29,894</td> </tr> <tr> <td>Radial tires</td> <td></td> <td>9,795</td> </tr> <tr> <td>Tube</td> <td></td> <td>72,849</td> </tr> <tr> <td>Total</td> <td></td> <td>153,638</td> </tr> </tbody> </table>	Product Type	Year	2023 Sales Volume (in thousand units)	Bicycle tires		41,100	Tires for motorcycles and other bias tires		29,894	Radial tires		9,795	Tube		72,849	Total		153,638	2.5 Economic Performance
Product Type	Year	2023 Sales Volume (in thousand units)																						
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Tube		72,849																						
Total		153,638																						
Customer Privacy (Customer Privacy Control)	The Company strengthens the security management of various information to ensure the confidentiality, integrity, and availability of information to meet the business needs.	Economy - potential/negative impacts: If customer privacy is leaked or breached, frauds may occur and affect customers' finance and safety. The Company might have to deal with large compensation and fine due to the events. There might be also a risk of impairment to the Company's reputation.	Shareholders and other investors, customers/ consumers/ business partners	By reviewing the personal data protection checklist annually, the Company establishes the procedure for data breach/leakage. For example, upon receipt of any report of suspected data breach/leakage, the relevant unit shall be notified for investigation and the supervisor of the relevant unit shall also be informed. If the event is verified to be true, the legal action will be taken in accordance with the Company's policy.	<ul style="list-style-type: none"> Pursuant to the requirement, the Company has established the personal data protection checklist for investigation. All of its short-term, mid-term and long-term goals aim to prevent the personal data breach/leakage, in order to maintain the customer privacy. 	4.3 Customer Service Management																		




List of Material Topics

Material Topics	Descriptions about the Organization's Policies or Commitments Related to Material Topics	Descriptions about the Effects and Impacts	Major Affected Targets	Preventive or Remedial Measures Against Negative Impacts	Goals and Objectives	Corresponding Chapters and Sections
Marketing and Labeling	The Company complies with labeling regulations in all countries and sales territories, and provides consumers with sufficient information to select tires they are satisfied with and the guidance to use the tires.	Economy - potential/negative impacts: Product labeling shall comply with local labeling laws and regulations in order to be sold locally. Tire labeling information must be clear enough to enable consumers to select suitable tires correctly. Meanwhile, if the tire is labeled in error, the tire might blow out in the process of assembly and thereby endanger the customers.	Shareholders and other investors, employees, customers/ consumers/ business partners and suppliers.	<ol style="list-style-type: none"> The Company sets up the Standards Division to conduct regular inspections on development of laws and regulations in various countries and notifies the R&D department to ensure that tire labeling design complies with the laws and regulations of various laws and regulations. The Company converts the products in line with Kenda product specifications in accordance with the labeling laws and regulations of various countries. The Company tests the fitness of tires and rims and measures the tire size to ensure the compliance with the tire labeling. 	<ul style="list-style-type: none"> The short, medium, and long-term goals for tire labeling include compliance with the local labeling laws and regulations, legibility, and avoidance of related disciplinary actions or penalties. 	4.2 Product Quality Assurance
<ul style="list-style-type: none"> Employment Labor/ Management Relations Training and Education 	In terms of acquisition and training of human resources, the Company actively constructs systems and channels that are superior to those in the industry to maintain the Company's competitiveness in human resources.	Economy and human rights - actual/positive impacts: Maintain good communication with employees and provide employees with excellent benefits to make employees have higher recognition toward the Company, lower the dismissal rate and reduce the turnover rate. Economy - potential/negative impacts: Failure to take into account the salary level among peers and markets, incomplete continuous improvement plans for employees' abilities, and violations of local labor laws and regulations will reduce employees' sense of identity with the Company and result in the loss of talents and the difficulty to operations.	Shareholders, other investors and employees	<ol style="list-style-type: none"> By reporting the "salary of non-executive employees" to TWSE each year, the Company continues to review the employee salaries gap of benchmark companies. The Company participates in the TTQS assessment organized by the Ministry of Labor regularly to ensure the training results are maintained. Provide grievance system and accept opinions from all employees via labor unions and labor-management meetings regularly. Establish legal compliance management system. 	<ul style="list-style-type: none"> Short-term goals: In compliance with the laws and regulations. To protect employees' interest and rights, salary adjustments of 1% to 3% will be made annually. Mid-term goals: provide the employees with the opportunities and channels for continuing education, prepare the talent pool system and succession plan to ensure the sustainability. Long-term goals: create the employee stock ownership trust to share business results and achieve coprosperity between the labor and management. 	6.1 Human Resource Management





List of Material Topics




Material Topics	Descriptions about the Organization's Policies or Commitments Related to Material Topics	Descriptions about the Effects and Impacts	Major Affected Targets	Preventive or Remedial Measures Against Negative Impacts	Goals and Objectives	Corresponding Chapters and Sections
<ul style="list-style-type: none"> Procurement Practices Supplier Management (Supplier Environmental Assessment and Supplier Social Assessment) 	<p>The supply chain risk management constitutes a part of business competitiveness, so the Company pays close attention to the related risks encountered by the suppliers in the supply chain.</p>	<p>Economy and human rights - actual/positive impacts: Manage suppliers adequately and set forth perfect procurement requirements, pay attention to the supplier environment and human rights of their workers, in order to fulfill the social responsibilities, and develop the supply chain sustainably.</p> <p>Potential/negative impact: The operation and production of suppliers are affected due to international situations (wars and tariff barriers) or major natural disasters (earthquakes, fires and snow damage).</p>	<p>Suppliers/ business partners</p>	<p>The Company asks suppliers to review operational status and manage the risks associated with geographic distribution of production lines, in order to mitigate the risk over raw materials shortage resulting from extreme climate or international circumstances change in the future.</p> <ol style="list-style-type: none"> Solicit suppliers from different countries. If there is only one supplier in one area, look for a second or third supplier. Cooperate with R&D department to find eco-friendly raw materials and set forth the procedure to deal with shortage of supply. 	<ul style="list-style-type: none"> Short-term goals: The Company implements the supplier sustainable development questionnaire and statement for new suppliers. As of 2023, the questionnaire return rate was 94%, and the Company will continue to promote and improve the return rate. Mid- and long-term goals: Focus on the greenhouse gas inventory and aim to find a supply chain that meets environmental protection and renewable raw materials requirements and is able to develop sustainably. 	<p>5.1 Sustainable Supply Chain</p>



1.4 Response to the United Nations Sustainable Development Goals

SDGs Goals	Target Action	Corresponding Chapter
	<ul style="list-style-type: none"> Since 2003, the Company has provided scholarships for college freshmen. 	7.1 Social Welfare
	<ul style="list-style-type: none"> Provided group health insurance. Provided physician on-site health consulting services, arranged health lectures and plan special hazards and general health checks for employees. Trained employees on first aid and fire fighting equipment drills, and emergency response drills to improve employees' adaptability. 	6.1 Human Resource Management 6.3 Occupational Safety and Health Management
	<ul style="list-style-type: none"> Awarded educational scholarship for employees' children. Provided special offer for childcare and kindergartens for employees, and provided childcare allowance. Planned medium and long-term development strategies and planned annual employee training plans to provide diversified training resources. Activities of Kenda Culture and Education Foundation: offered the scholarships – Kenda Outstanding Self-improvement Scholarship, poverty scholarship for college freshmen; donated after-school tuition to elementary schools; organized activities including concerts, summer camps, talks with young students, and environmental education seminars, etc. 	6.1 Human Resource Management 6.2 Employee Training and Education 7.1 Social Welfare 7.2 Social Care Activities



SDGs Goals	Target Action	Corresponding Chapter
	<ul style="list-style-type: none"> The Board of Directors includes one female director. Emphasized gender equality - the starting salary and promotion are consistent. 	<p>2.1 Corporate Governance 6.1 Human Resource Management</p>
	<ul style="list-style-type: none"> The waste (sewage) emissions meet the local laws and regulations from 2020 to 2023. The Vietnam Factory improved the amount of wastewater recycled and reused in the process, and the water recycling and reusing rate increased by 22%. Continue to implement measures such as waste water (sewage) recycling rate, effluent quality monitoring, and water consumption reduction. 	<p>3.3 Water Resource Management</p>
	<ul style="list-style-type: none"> The Company continues to implement clean energy such as solar energy and promote the voluntary greenhouse gas reduction action plan. The cumulative carbon reduction from 2022 to 2023 amounted to 41,235.7 metric tons CO2e. 	<p>3.2 Energy and Greenhouse Gas Emission Management</p>
	<ul style="list-style-type: none"> The gross profit margin increased from 15% in 2022 to 19% in 2023, and EPS increased from 0.35 in 2022 to 0.92 in 2023. No child labor is employed. Suppliers are required to sign a sustainable development statement to promise not to employ child labor. Since 2018, the Company has offered the raise by 1%~3% for all employees each year. It provides the employees with the opportunities and channels for continuing education, prepare the talent pool mechanism and succession plan. Employed minority or vulnerable groups and provided them with employment opportunities. Implemented ISO 45001/TOSHMS management system to improve safe and health working environment. The Company implements the maternity health protection plan to ensure the work safety of female workers. 	<p>2.5 Economic Performance 5.1 Supplier management 6.1 Human Resource Management 6.3 Occupational Safety and Health Management</p>

SDGs Goals	Target Action	Corresponding Chapter
	<ul style="list-style-type: none"> The Company establishes its human right policy (including suppliers) in accordance with the internationally recognized human rights standards, such as the "United Nations Global Compact," "United Nations Universal Declaration of Human Rights" and "International Labor Organization Declaration of Fundamental Principles and Rights at Work." Awarded as an excellent supplier in the "Excellence Award" by Changhua County for the excessive employment of people with physical and mental disabilities. 	2.2 Ethical Corporate Management 6.1 Human Resource Management
	<ul style="list-style-type: none"> Managed and disposed of waste in accordance with the law and implemented waste reduction activities. Maintained good condition of the air pollution prevention equipment in the factory and complied with the emission standards. Awarded a certificate of appreciation by the Yunlin County Government for "street cleaning". 	3.2 Energy and Greenhouse Gas Emission Management 3.4 Waste Management 7.1 Social Welfare
	<ul style="list-style-type: none"> According to the GRI Standards, TFCO, and SASB indicators, the Company continues to compile the sustainable operating results and prepare the ESG report each year. Kunshan Factory passed the "clean production" audit by Suzhou Environment and Ecology Bureau. Implemented waste reduction, energy conservation, and greenhouse gas emission reduction. For the waste reduction management, the Company's short-term goal is reduction of the waste output by 10% and achievement of the recycling rate by 10% within 5 years. The Company continues to promote the return rate of the supplier sustainability questionnaire and statement to promote sustainable development and accountability. Use recycled and biomass materials, reduce packaging materials, and recycle post-industrial waste inner tubes. Establishment of "Post-Consumer Waste Inner Tube Recycling Project". 	About the Sustainability 4.1 Green Production III. Sustainable Environmental Protection 5.1 Supplier management 5.2 Supplies Management

SDGs Goals	Target Action	Corresponding Chapter
	<ul style="list-style-type: none"> Promote the TCFD framework, set governance, strategy, risk, indicators, and goals, and identify climate risks and opportunities. Continue to promote carbon reduction and voluntary carbon reduction activities. 	3.1 Climate Change Management 3.2 Energy and Greenhouse Gas Emission Management 5.1 Supplier management
	<ul style="list-style-type: none"> Kenda ESG website has the sections of "Sustainable Development," "Corporate Governance" and "Investor Section" where the performance of sustainable development management performance and communication channels for stakeholders are disclosed. Complete the performance evaluation on the Board of Directors in 2023. Require new members of the Board of Directors, managers and new employees to sign non-disclosure agreements and letter of undertaking for disclosure of interest and recusal from any conflict of interest, and suppliers and customers to sign the integrity commitment. The Company has established the "Ethical Management Best Practice Principles," "Code of Ethical Conduct and Regulations Governing Stakeholders' Recusal from Conflict of Interest," and "Regulations on Prevention of Insider Trading." It also established the "Ethical Management Promotion Task Force" to act as a dedicated unit for promoting ethical corporate management, responsible for establishment and supervision of implementation of ethical management policies and prevention programs. There was no anti-corruption/bribery incident in 2023. A total of 155,060 persons attended the internal/external education and training related to ethical management. There was zero data breach from 2018 to 2023. ☑ In 2023, all factories and suppliers of the Company around the world were free from discrimination, violation of human rights, and employment of child labors. 	1.2 Stakeholder Communication 2.1 Corporate Governance 2.2 Ethical Corporate Management 4.3 Customer Service Management 6.1 Human Resource Management

A photograph of a small, vibrant green tree growing out of a discarded black tire. The tire is placed on a mound of dark, rich soil. The background is a blurred forest with tall trees and dappled sunlight, creating a bokeh effect. The overall scene conveys a message of environmental sustainability and the reuse of materials.

II. Sustainable Corporate Governance



2.1 Corporate Governance

The Board of Directors

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

- Supervise business performance.
- Prevent conflicts of interest.
- Ensure the Company complies with laws and regulations.

According to the Company Act, the Board of Directors shall appoint directors and independent directors to conduct business and be subject to regular auditing, so as to ensure business performance and sustainable operation.

Election and Nomination of Directors

The composition of the Company's Board of Directors takes into consideration of the operating judgment, management ability, financial analysis ability, crisis management ability, industry knowledge, international market perspective, leadership and ability to make decisions. According to the Company's Articles of Incorporation, the election of directors adopts the candidate nomination. The shareholders' meeting in August 2021 elected 11 directors, including 3 independent directors, to form the 20th Board of Directors (to hold the term of office from August 31, 2021 to August 30, 2024) in accordance with the "Rules for Election of Directors", expecting to improve the quality of management relying on the outstanding experts with professional knowledge in the industry and also implementing the views of external stakeholders. The Board of Directors consists of 10 male directors and 1 female director. The Chairman of the board does not hold the position of the Company's general manager concurrently. The attendance rate for the Company's Board meetings was 96.97% in 2023. All of the Board members have attended continuing education programs for at least six hours in 2023. The Company's Board members all uphold the spirit of high self-discipline principles, avoid conflicts of interest and expressly establish the "Rules of Procedure for Board of Directors Meetings". If any director or the juristic person represented by the director is an interested party with respect to any agenda item, the

director shall explain the important contents of the interested party relationship in the board meeting. If the relationship is likely to prejudice the interests of the Company, the director can not participate in discussion or vote on that agenda item and further, shall go into recusal during discussion and voting on the item and avoid acting as another director's proxy to exercise voting rights. Directors or managers who do anything for himself or on behalf of another person that is within the scope of the Company's business shall seek a prior approval from a shareholders' meeting pursuant to the law.

Independence of the Board of Directors

The independence of the Board of Directors resides in the recusal in case of any conflict of interest. If any director or the juristic person represented by the director is an interested party with respect to any agenda item, the director shall explain the important contents of the interested party relationship in the board meeting. If the relationship is likely to prejudice the interests of the Company, the director can not participate in discussion or vote on that agenda item and further, shall go into recusal during discussion and voting on the item and avoid acting as another director's proxy to exercise voting rights. The Company records and archives the above situations, including time, names, contents of the proposal, avoidance of conflict of interest and voting results, as the source of data to ensure the independence of the board of directors.

The following table shows the information of Directors of the board:

Position	Name	Gender	Initial Elected Date	Principal Work Experience and Academic Qualifications	Position(s) Held Concurrently in the Company and other Companies	Industry Experience				Professional Ability		
						Bank	Business Management	Business Marketing	R&D	Accounting and Financial Analysis	Information Technology	Risk Management
Chairman	Yang, Chi-Jen	Male	1979.05.20	MBA, The City University of New York Vice Chairman, Kenda Rubber Ind., Co., Ltd	Chairman, American Kenda Rubber Ind., Co., Ltd.	√	√	√		√		√
Vice Chairman	Chang, Hong-Der	Male	2003.06.20	Ph.D., Mechanical Engineering, Cornell University President, Kenda Rubber Ind., Co., Ltd.	Vice Chairman, Kenda Rubber Ind., Co., Ltd.		√	√	√	√	√	√
Director	Yang, Ying-Ming	Male	1974.01.01	M.S., Chemical Engineering, Syracuse University Chairman, Kenda Rubber Ind., Co., Ltd.	Group Chairman, Kenda Rubber Ind., Co., Ltd. Chairman, Kenjou Ind., Co., Ltd		√	√	√	√		√
Director	Stretch Investment Co., Ltd. Representative: Chen, Chao-Jung	-	2021.08.31	Not Applicable	Not Applicable	-	-	-	-	-	-	-
		Male	2012.06.13	M.S., Materials Science and Engineering, The Ohio State University Vice President, Kenda Rubber Ind. Co. Ltd	General Manager, Kenda Rubber Ind., Co., Ltd		√		√	√	√	√
Director	Yang, Shin-Nan	Male	2021.08.31	Ph.D., Physics, State University of New York at Stony Brook Professor, Department of Physics, National Taiwan University	None		√		√			√
Director	Yang, Chia-Ling	Female	2015.06.23	B.S. degree in Pharmacy, China Medical University President, Kenlight Trading Corp	General Manager, Kenlight Trading Corp.		√	√		√		√
Director	Lin, Tsung-Yi	Male	2018.06.11	M.S., Communication Engineering, National Taiwan University Chairman, OBERLIN TECH. CO., LTD	Vice General Manager, OBERLIN TECH. CO., LTD		√	√		√	√	√
Director	Kenjou Co., Ltd. Representative: Lin Chun-Ke	-	2012.06.13	Not Applicable	Not Applicable	-	-	-	-	-	-	-
		Male	2022.04.01	Department of Chemical Engineering, National Taipei Institute of Technology	Vice General Manager, Kenda Rubber Ind., Co., Ltd		√		√	√		√

Position	Name	Gender	Initial Elected Date	Principal Work Experience and Academic Qualifications	Position(s) Held Concurrently in the Company and other Companies	Industry Experience				Professional Ability		
						Bank	Business Management	Business Marketing	R&D	Accounting and Financial Analysis	Information Technology	Risk Management
Independent Director	Hsieh, Chun-Mou	Male	2015.06.23	B.S. degree in Chemistry, National Cheng Kung University Vice General Manager, Kenda Rubber Ind. Co. Ltd.	Convener of the Audit/Remuneration Committee, Kenda Rubber Ind., Co., Ltd.			V		V	V	
Independent Director	Su, Ching-Yang	Male	2015.06.23	B.S. degree in Mechanical Engineering, National Cheng Kung University General Manager, China Motor Corporation	Independent Director, Rechi Precision Co.,Ltd. Independent Director, Aerowin Technology Corporation Director, Nature Wise Biotech & Medicals Corporation Independent Director, Kenda Rubber Ind., Co., Ltd.			V	V	V	V	
Independent Director	Cho, Shih-Chao	Male	2021.08.31	MBA, University of Louisville Director, Administrative Vice Minister and Political Vice Minister, Bureau of Foreign Trade, Ministry of Economic Affairs Adjunct Professor, Department of Political Science, National Taiwan University	Independent Director and Member of Audit Committee, Kenda Rubber Ind., Co., Ltd. Independent Director, Convener of Remuneration Committee, and Member of Audit Committee, Plum-Monix Industry Co., Ltd		V	V		V		V

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

Board meeting records of recusal due to conflicts of interest:

Date	Directors related to the motions	Resolutions	Reasons for the Recusal	Participation in Voting
1.17	Yang, Ying-Ming Yang, Chi-Jen Chang, Hong-Der Chen, Chao-Jung Lin, Chun-Ke	The proposal of the year-end bonus for the directors of the Company who execute the business operations and the Company's managerial officers.	Resolved the year-end bonus for the Company's executive directors and the managerial officers.	When resolving the year-end bonus for each director, the person being voted and recused and the other directors present approved the proposal unanimously. When resolving on the year-end bonuses of General Manager Chen, Chao-Jung and Vice General Manager Lin, Chun-Ke, the representative of Stretch Investment Co., Ltd., Chen, Chao Jung, and the representative of Kenjou Co., Ltd., Lin, Chun-Ke, recused themselves for conflict of interest and the other directors present approved the proposal unanimously.
1.17	Yang, Ying-Ming Yang, Chi-Jen Chang, Hong-Der Chen, Chao-Jung Lin, Chun-Ke	Proposal for a raise for the Company's executive directors and the managerial officers.	Resolved to raise the salaries for the Company's executive directors and the managerial officers.	Director Yang, Ying-Ming, Director Yang, Chi-Jen, Director Chang, Hong-Der, the representative of Stretch Investment Co., Ltd., Chen, Chao Jung and the representative of Kenjou Co., Ltd., Lin, Chun-Ke, recused themselves for conflict of interest and the other directors present approved the proposal unanimously.
03.10	Yang, Ying-Ming Yang, Chi-Jen Chang, Hong-Der Chen, Chao-Jung Lin, Chun-Ke Yang, Shin-Nan Yang, Chia-Ling Lin, Tsung-Yi	The distribution of remuneration to the directors of the Company.	Except for Chen, Chao Jung and Lin, Chun-Ke, who were involved in the remuneration distribution to juristic directors, the other directors were involved in the remuneration distribution to themselves.	When resolving the remuneration for each director, the person being voted and recused and the other directors present approved the proposal unanimously. When resolving on the remuneration of Stretch Investment Co., Ltd. and Kenjou Co., Ltd., the representatives, Chen, Chao Jung and Lin, Chun-Ke, recused themselves for conflict of interest and the other directors present approved the proposal unanimously.
03.10	Yang, Ying-Ming Yang, Chi-Jen Chang, Hong-Der Chen, Chao-Jung Lin, Chun-Ke	The distribution of remuneration to the Company's executive directors and the managerial officers.	Resolved the remuneration for the Company's executive directors and managerial officers.	When resolving the remuneration for each director, the person being voted and recused and the other directors present approved the proposal unanimously. When resolving on the employee remuneration of General Manager Chen, Chao-Jung and Vice General Manager Lin, Chun-Ke, the representative of Stretch Investment Co., Ltd., Chen, Chao Jung and the representative of Kenjou Co., Ltd., Lin, Chun-Ke, recused themselves for conflict of interest and the other directors present approved the proposal unanimously.
08.08	Chen, Chao-Jung Lin, Chun-Ke	Proposal for a raise for the Company's managerial officers.	Resolved to raise the salaries for managers	When resolving on the employee remuneration of General Manager Chen, Chao-Jung and Vice General Manager Lin, Chun-Ke, the representative of Stretch Investment Co., Ltd., Chen, Chao Jung and the representative of Kenjou Co., Ltd., Lin, Chun-Ke, recused themselves for conflict of interest and the other directors present approved the proposal unanimously.

Training for Members of the Board of Directors

Board members focus on strengthening their professional backgrounds, skills, and industry experience, regularly pursuing further education to acquire the latest knowledge. This enables members to assess significant matters such as the Company's operational strategies, risk management, and investment planning, thereby enhancing corporate governance and implementing internal control systems.

The following table shows the training records of the Company's board members in 2023:

Position	Name	Date of Continuing Education	Organizer	Course Name	Continuing Education Hours
Chairman	Yang, Chi-Jen	2023.07.04	Cathay Financial Holdings	2023 Cathay Sustainable Finance and Climate Change Summit	6
Vice Chairman	Chang, Hong-Der	2023.03.27	Chinese National Association of Industry and Commerce	Corporate Resilience Taiwan's Competitiveness	3
Vice Chairman	Chang, Hong-Der	2023.05.24	Taiwan Institute of Directors	SAP NOW Taiwan Sustainable practice Win to the future	3
Director	Yang, Ying-Ming	2023.07.04	Cathay Financial Holdings	2023 Cathay Sustainable Finance and Climate Change Summit	6

Position	Name	Date of Continuing Education	Organizer	Course Name	Continuing Education Hours
Director	Yang, Shin-Nan	2023.03.27	Chinese National Association of Industry and Commerce	Corporate Resilience Taiwan's Competitiveness	3
Director	Yang, Shin-Nan	2023.04.27	Taiwan Stock Exchange Corporation	Seminar on Action Plan for Sustainable Development of Listed Companies	3
Director	Chen, Chao-Jung	2023.04.14	UBS and Taiwan Academy of Banking and Finance	Corporate Sustainability and International Tax Trends	3
Director	Chen, Chao-Jung	2023.09.23	Taiwan Stock Exchange Corporation	Seminar on Sustainable Development	3
Director	Lin, Chun-Ke	2023.04.14	UBS and Taiwan Academy of Banking and Finance	Corporate Sustainability and International Tax Trends	3
Director	Lin, Chun-Ke	2023.06.09	Taiwan Stock Exchange Corporation	2023 Prevention of Insider Trading Advocacy Activity	3
Director	Lin, Chun-Ke	2023.07.04	Cathay Financial Holdings	2023 Cathay Sustainable Finance and Climate Change Summit	6
Director	Yang, Chia-Ling	2023.03.27	Chinese National Association of Industry and Commerce	Corporate Resilience Taiwan's Competitiveness	3
Director	Yang, Chia-Ling	2023.07.04	Cathay Financial Holdings	2023 Cathay Sustainable Finance and Climate Change Summit	6

Position	Name	Date of Continuing Education	Organizer	Course Name	Continuing Education Hours
Director	Lin, Tsung-Yi	2023.03.21	Taiwan Insurance Institute	Sustainable Innovation in the Insurance Companies to Promote Net-Zero Carbon Emissions	3
Director	Lin, Tsung-Yi	2023.05.25	Taiwan Insurance Institute	New Trends in Green Energy Investment - Taiwan Renewable Energy Renewable Energy Industry Sharing	3
Independent Director	Hsieh, Chun-Mou	2023.04.14	UBS and Taiwan Academy of Banking and Finance	Corporate Sustainability and International Tax Trends	3
Independent Director	Hsieh, Chun-Mou	2023.06.09	Taiwan Stock Exchange Corporation	2023 Prevention of Insider Trading Advocacy Activity	3
Independent Director	Su, Ching-Yang	2023.05.04	Taiwan Corporate Governance Association	Intelligent Manufacturing Trends and the Application of Digital Technology in Business Management	3
Independent Director	Su, Ching-Yang	2023.07.04	Cathay Financial Holdings	2023 Cathay Sustainable Finance and Climate Change Summit	6
Independent Director	Cho, Shih-Chao	2023.09.04	Financial Supervision Commission	The 14th Taipei Corporate Governance Forum	3
Independent Director	Cho, Shih-Chao	2023.09.20	Accounting Research and Development Foundation	Common Deficiencies in Financial Statement Review and Practical Analysis of Key Internal Control Regulations	6

Diversity of the Board of Directors

The Company's "Corporate Governance Practice" stipulates in Article 20 that the composition of the Board of Directors should consider diversity and establishes appropriate diversification policies based on the Company's operations, business model, and development needs. These policies include fundamental conditions and values (such as gender, age, nationality, and culture), professional knowledge and skills (such as law, accounting, industry, finance, marketing, or technology), as well as professional expertise and industry experience.

The Board of Directors consists of 11 members, including 3 independent directors (27.3%) and 1 female director (9.1%), all of whom have extensive experience in finance, management, industry, international affairs, and regulations. The Company emphasizes gender equality in the composition of the Board of Directors, and plans to achieve the goal of at least 2 female directors and female directors accounting for at least 25% of all directors by 2025.

The Performance Evaluation of the Board of Directors & Functional Committees

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

- I. Basis: "Regulations on the Performance Evaluation of the Board of Directors and Functional Committees" of the Company.
- II. Evaluation cycle: Once a year.
- III. Evaluation period: January 1, 2023 to December, 31 2023.
- IV. Scope of evaluation: Performance evaluation of the entire Board of Directors, individual Board members and functional committees.
- V. Evaluation method: Self-evaluation of the performance of the Board of Directors, self-evaluation of the performance of the members of the Board of Directors, self-evaluation of the performance of the Audit Committee, and self-evaluation of the performance of Remuneration Committee.

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

(I) Self-evaluation of Performance of the Board

What is being evaluated	Number of assessment questions	Score
A. Participation in the operation of the Company	11	27
B. Enhance the quality of decision making by the Board of Directors	12	30
C. Composition and structure of the Board of Directors.	6	15.5
D. Election and continuing education of the directors	3	8.4
E. Internal Control	6	18
Total		98.9

Evaluation results: Excellent

(II) Self-evaluation of Performance of Board members

What is being evaluated	Number of assessment questions	Score
A. Alignment of the goals and mission of the Company	3	12
B. Awareness of the duties of a director	5	19.78
C. Participation in the operation of the Company	8	30.84
D. Management of internal relationship and communication	3	11.78
E. The director's professionalism and continuing education	3	11.85
F. Internal control	3	11.86
Total		98.11

Evaluation results: Excellent

(III) Self-evaluation of Performance of the Audit Committee

What is being evaluated	Number of assessment questions	Score
A. Participation in the operation of the Company	4	19.67
B. Awareness of the duties of the Audit Committee	5	25
C. Enhance the quality of decision making by the Audit Committee	6	30
D. Composition of the Audit Committee, and election and appointment of committee members	2	10
E. Internal Control	3	15
Total		99.67

Evaluation results: Excellent

(IV) Self-evaluation of Performance of the Remuneration Committee

What is being evaluated	Number of assessment questions	Score
A. Participation in the operation of the Company	4	27.07
B. Awareness of the duties of the Remuneration Committee	3	18
C. The quality of decision making by the Remuneration Committee	6	36
D. Composition of the Remuneration Committee, and election and appointment of committee members	3	17.6
Total		98.67

Evaluation results: Excellent

The Audit Committee

The Company established the Audit Committee on June 11, 2018, which consists of all independent directors. The purpose of the Audit Committee is to oversee the fair presentation of the Company's financial statements, the effective implementation of the internal control system, the hiring (and dismissal) and independence (and suitability) of certificated public accountants, the Company's compliance with relevant laws and regulations or management of the existing or potential risks. The matters to be reviewed by the Audit Committee are the matters stipulated in Article 14-5 of the Securities and Exchange Act.

1. Adoption or amendment of an internal control system pursuant to Article 14-1 of the Securities and Exchange Act.
2. Assessment of the effectiveness of the internal control system.
3. Adoption or amendment, pursuant to Article 36-1 of the Securities and Exchange Act, of handling procedures for financial or operational actions of material significance, such as acquisition or disposal of assets, derivatives trading, extension of monetary loans to others, or endorsements or guarantees for others.
4. A matter bearing on the personal interest of a director.
5. A material asset or derivatives transaction.
6. A material monetary loan, endorsement, or provision of guarantee.
7. The offering, issuance, or private placement of any equity-type securities.
8. The hiring or dismissal of an attesting Certified Public Accountant, or the compensation given thereto.
9. The appointment or discharge of a financial, accounting, or internal auditing officer.
10. Annual financial reports and second quarter financial reports that must be audited and attested by a Certified Public Accountant, which are signed or sealed by the chairman, managerial officer, and accounting officer.
11. The Business Report, earning distribution or loss make-up proposal.
12. Any other material matter so required by the company or the Competent Authority.

The Operation of the Audit Committee

The Audit Committee is convened at least once quarterly in accordance with the Company's "Audit Committee Charter". In 2023, the Audit Committee held 6 meetings with an average attendance rate of 94.44%.

The implementation status of the Audit Committee in 2023 is as follow:

1. Convene the quarterly Audit Committee meeting to oversee that the financial statements present fairly and evaluate the effectiveness of the internal control system.
2. Review the financial statements.
3. Review the endorsement and guarantee cases.
4. Evaluate the independence and the suitability of the Certified Public Accountant.
5. Evaluate duration and amount of overdue of accounts receivable.
6. Review the proposal for distribution of earnings.
7. Review the relevant matters of issuance of new shares through capitalization of earnings, and the record date of issuance of new shares through capitalization of earnings and distribution of dividends.

8. Review the revision of the "Sustainable Development Practice", "Measures for the Evaluation of the Independence and Suitability of Certified Public Accountant", "Internal Control System Manual and Internal Audit Implementation Rules Manual" and "Corporate Governance Risk Management Policy and Operational Procedure Management Regulations".
9. Review the formulation of the "Pre-approval Measures for Certified Public Accountant Providing Non-assurance services"

The Operation of the Audit Committee				
Position	Name	Attendance in Person	Attendance by Proxy	Attendance Rate in Person (%)
Convener	Hsieh, Chun-Mou	5	0	83.33
Director	Su, Ching-Yang	6	0	100
Director	Cho, Shih-Chao	6	0	100

Note: The term of the current audit committee is from August 31, 2021, to August 30, 2024.

Remuneration Committee

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

The duties of the Remuneration Committee:

- I. Periodically reviewing this Charter and making recommendations for amendments.
- II. Establishing and periodically reviewing the performance assessment standards, annual and long-term performance goals, and the policies, systems, standards, and structure for the compensation of the directors, supervisors, and managerial officers of the Company.

III. Periodically assessing the degree to which performance goals for the directors, supervisors, and managerial officers of this Corporation have been achieved, setting the types and amounts of their individual compensation based on the results of the reviews conducted in accordance with the performance assessment standards.

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

- I. Ensuring that the compensation arrangements of this Corporation comply with applicable laws and regulations and are sufficient to recruit outstanding talent.
- II. Performance assessments and compensation levels of directors, supervisors, and managerial officers shall take into account the general pay levels in the industry, individual performance assessment results, the time spent by the individual and their responsibilities, the extent of goal achievement, their performance in other positions, and the compensation paid to employees holding equivalent positions in recent years. Also to be evaluated are the reasonableness of the correlation between the individual's performance

and the Company's operational performance and future risk exposure, with respect to the achievement of short-term and long-term business goals and the financial position of the Company.

III. There shall be no incentive for the directors or managerial officers to pursue compensation by engaging in activities that exceed the tolerable risk level of the Company.

IV. For directors and senior managerial officers, the percentage of remuneration to be distributed based on their short-term performance and the time for payment of any variable compensation shall be decided with regard to the characteristics of the industry and the nature of the Company's business.

V. Reasonableness shall be taken into account when the contents and amounts of the compensation of the directors, supervisors, and managerial officers are set. It is not advisable for decisions on the compensation of the directors, supervisors, and managerial officers to run contrary to financial performance to a material extent. It is not advisable for said compensation to be higher than that in the preceding year in the event of a material decline in profits or of long-term losses.

VI. When a meeting of the remuneration committee will discuss the remuneration of any member of the remuneration committee, it will be clearly stated at the meeting. If there is likely to be any prejudice to the interests of the Company, that member may not participate in the discussion or voting and

shall enter recusal during the discussion and voting. The member also may not act as another remuneration committee member's proxy to exercise voting rights on that matter.

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

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

The Operation of the Remuneration Committee

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

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

Procedure for the Resolution of Salary Structure and Remuneration System

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

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

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

remuneration. The Company regularly evaluates the remuneration to directors in accordance with the "Rules Governing the Performance Evaluation of the Board of Directors." The related performance evaluation and the reasonableness of the remuneration are reviewed by the Remuneration Committee and the Board of Directors.

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

The performance evaluation and the reasonableness of the remuneration to directors and managers of the Company are evaluated and reviewed by the Remuneration Committee and the Board of Directors annually. In addition to the individual's achievement rate and contribution to the Company, compensation is determined with reference to the Company's overall operating performance, future risks and development trends of the industry. The Company also reviews the compensation system from time to time in light of the actual operating conditions and relevant laws and regulations and provides reasonable remuneration after comprehensive consideration in order to strike a balance between sustainable operation and risk control.

- **Policy Objective**

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

- **Review Procedure**

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

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

- **Link to Risk**

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

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

- **Connection between Remuneration and Performance**

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

In pursuit of sustainable development and reasonable performance evaluation, the Company has integrated ESG indicators into the remuneration assessment criteria, and encourages senior executives to incorporate the consideration of sustainable development into their decision-making through salary raises or the distribution of additional bonuses to link the actual results with high remuneration.

Subject	Key ESG Indicators	Targets	Degree of Remuneration and Incentives
Senior managers	1. Turnover rate. 2. Carbon emission intensity. 3. Employee safety. 4. Waste intensity.	The performance of indicators such as turnover rate, carbon emission intensity, disabling injury frequency rate (FR), and waste intensity should not be lower than the baseline value (BM value) of the previous year.	Account for 40% of the long-term performance bonus evaluation.



Corporate Governance of Self-Evaluations and TWSE Evaluation

According to the 5-year “Corporate Governance Roadmap” issued by the Financial Supervision Commission in December 2013, the Company confirmed one by one the evaluation indicators and included them in the internal management regulations for operational management to follow. In accordance with the requirements of the competent authority, the Company disclosed relevant information in the annual report, company website, and Market Observation Post System to protect the rights and interests of shareholders, treat shareholders equally, strengthen the structure and operation of the board of directors, improve the transparency of business information, and implement corporate social responsibility. The Company’s 2023 ranking pitch in listed companies: 21%~35%.

2.2 Ethical and Integrity Corporate Management

Corporate Governance Ethics and Integrity

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

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

New board members and managers should sign a Confidentiality Undertaking and a Conflict of Interest Disclosure and Avoidance Statement, and provided and disseminated the "Management Rules on Prevention of Insider Trading" will be for them to abide by.

Disseminate regulations during new employee orientation, and sign a Confidentiality Undertaking and a Conflict of Interest Disclosure and Avoidance Statement. Daily employee trainings also disseminate relevant laws and concepts from time to time, and implement compliance with regulations on integrity.

Disseminate that all employees shall report to the Company when accepting banquet invitations or gifts for business purposes.

Disseminate that suppliers and customers should sign the integrity commitment to ensure that all transactions with the Company comply with the regulations governing ethical management and integrity. After new suppliers and customers sign the integrity commitment in response to the Company's promotion, the transactions may be carried out. Suppliers who have not yet signed the integrity commitment are classified as high risk subjects, and shall be continuously followed up for execution of the commitment to jointly maintain business relations of ethical management and integrity.

Policy Commitment

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

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

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

Anti-corruption System

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

The Company has established the “Ethical Corporate Management Best Practices Principles” and the “Codes of Ethical Conduct and Regulations on the Public Recusal of Interested Parties” as resolved by the Board of Directors. The Company requires the Board of Directors, senior executives and all employees to implement these regulations. The Company and its subsidiaries shall, based on the business philosophy of integrity, transparency and responsibility, formulate policies based on honesty and integrity. The Company also prohibits offering and acceptance of bribes, illegal political donations, improper charitable donations or sponsorships, offering or acceptance of unreasonable presents, hospitality or other improper benefits, misappropriation of trade secrets and infringement of trademark rights, patent rights, copyrights, and other intellectual

property rights, and engaging in unfair competitive practices. Furthermore, all members of the Company must strictly comply with the relevant laws and regulations, including the Company Act, the Securities and Exchange Act, the Business Entity Accounting Act, the Political Donations Act, the Anti-Corruption Act, the Government Procurement Act, the Act on Recusal of Public Servants Due to Conflicts of Interest, and the regulations relating to the listed companies or other business conduct related laws and regulations. The Company's directors and managerial officers shall exercise a high degree of self-discipline. If a director or a juristic person represented by the director is an interested party with respect to any proposal for a board meeting, the director shall state the important aspects of the interested party relationship at the meeting. When the relationship is likely to prejudice the interests of the Company, the director may not participate in discussion or voting on that proposal and shall enter recusal during the discussion and voting. The director also may not act as another director's proxy to exercise voting rights on that matter.

The Board of Directors instructs the corporate governance manager and HR Division to set up the "Ethical Management Promotion Taskforce" dedicated to promoting the ethical management, responsible for formulating and supervising the execution of the ethical management policies and prevention plans, and

submit the report to the Board of Directors on the compliance with the ethical management policies and unethical conduct prevention programs and improvement of deficiencies regularly each year (at least once per year) and also submit the report to the Audit Committee, in order to practice the ethical corporate management philosophy. In 2023, the Company did not violate any regulations regarding corporate governance, anti-corruption, or the offering and acceptance of bribes.

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

- Internal and external whistleblowing may be proposed via the email:
B0000@kenda.com.tw
- Internal and external whistleblowing may be proposed via the phone: 04-8345171#113 or 116

- Whistleblowing in writing: Please send the written report to the Chairman's Office at No. 146, Section 1, Zhongshan Road, Yuanlin City, Changhua County, via mail or other means.

In case of any reports about corruption, the Company will pursue the relevant personnel's liability and propose suggestions to correct the deficiency. Where any personnel is found involved in criminal liability, the Company will continue to collect the relevant information and report the case in writing for investigation. Meanwhile, the Company will make every endeavor to work with the prosecuting and anti-corruption agency.

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

Communication and Training on Anti-corruption Policy

For current employees and suppliers in transaction, from time to time, the Company will emphasize the concepts of integrity and confidentiality in conjunction with the facts of other companies. Among the 37 new development suppliers, all have signed the Code of Conduct Warranty, achieving a 100% return rate. 100% of the new employees have signed the Confidentiality Commitment and the Interests Evade Commitments. During the reporting period, the Company conducted internal and external training related to ethical management (including ethical management regulations, internal control systems, accounting systems, tire quality regulations and policies, safety and health management). The statistics are as follows:

Year	2023	
Item	Number of participants	Training hours
Taiwan	39,174	51,230
China	103,567	187,979
Southeast Asia	12,319	21,392
Total	155,060	260,601

Handling Material Information and Promotion of Prevention of Insider Trading

The Company sends directors and announcements on the Company's intranet website for handling material information and prevention of insider trading documents to improve the legal knowledge of Company directors and employees.

2.3 Risk Control

To carry out the Company's sustainable development, the “Corporate Governance Risk Management Policy and Operating Procedures Regulations” had been approved by the Board of Directors in 2022 as the supreme guiding principle for the Company's risk management. The risk management team under the Audit Committee regularly collects and identifies risk factors every year, screens out the scope of risk management, and monitors potential risks and proposes corresponding measures according to the latest internal audit requirements to strengthen risk management; and regularly reported to the Audit Committee for discussion and implementation after approval by the Board of Directors.

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

The Company actively promotes the implementation of the risk management mechanism, holds regular risk management team meetings to summarize, evaluate and identify various risks faced by the Company, proposes corresponding

countermeasures and regularly submits them to the Audit Committee for discussion and implementation after approval by the Board of Directors. In order to strengthen the Company 's employees' risk concepts and implement risk control concepts in daily management work, risk management education and training are regularly conducted. This year (as of the end of 2023), a total of 907 personnel training on hazard identification, risk and opportunity assessment have been implemented. Total training hours are 880 hours.

In 2023, the risk management team referred to international trends, reports from important institutions, and standard issued by International Organization for Standardization (“ISO”) to screen out a pool of risks and opportunities based on industry characteristics. The pool of risks and opportunities would be further discussed and analyzed by the various departments of the Company, together with the management's opinions, a list of potential climate risks and opportunities was compiled by the Company. Based on the degree of impact, probability of occurrence, influence and period, a climate risk matrix is prepared, and relevant response strategies are formulated based on the matrix. The Company continuous monitors, manages, and regular reviews the implementation of the measures.

Risk Management Organizational Structure



In the year 2023, the company identified various risks and the management operations as follows:

Risk items	Response measures for 2023
Personnel safety, health and environmental risks	<ul style="list-style-type: none"> Strengthen the establishment of safety facilities in factories to ensure the safety of employees. Strengthen the review of construction operation documents to ensure that the operation is in line with the SOP. Establish and maintain fire safety equipment, formulate fire disaster prevention/protection plans, and implement education and training programs. Prepare the map of dangerous goods and hazardous chemicals. Formulate plans for ergonomic hazard prevention, disease prevention due to abnormal workloads, maternal health protection plans, and work place misconduct prevention plans.
Actions in response to climate change risks	<ul style="list-style-type: none"> Establish various energy usage monitoring systems and energy-saving equipment (such as solar energy, etc.). Promote the low-carbon transformation of the industry, accelerate the process improvement and equipment upgrade, develop forward-looking industrial technologies, and move toward low-carbon and high-value development. Strengthen the recycling and reusing of regional energy resources and waste, and establish an industrial chain and foster cooperative symbiotic mechanism. Actively promote various greenhouse gas reduction projects and manage various carbon emission data in factories. Increase the procurement of low-carbon and environmentally-friendly raw materials. Formulate power-saving and energy-saving plans, improve energy efficiency, purchase energy-saving equipment and machines, and install solar power generation facilities. Promote greenhouse gas reduction projects and participate in the carbon trading market in China to purchase carbon credits for offsetting.
Raw material risk	<ul style="list-style-type: none"> To ensure that there are no delivery delays or quality problems for raw materials. The supply process capacity targets are set and the progress is tracked.

Risk items	Response measures for 2023
Rising raw material costs	<ul style="list-style-type: none"> Develop new product formulations to increase the flexibility of raw material allocation and reduce the proportion of specific raw materials used. Make good use of the bargaining power of procurement management, actively develop suppliers with competitiveness in various regions, strengthen the business communication with suppliers, and strengthen the adaptability of procurement personnel. Make good use of combination of long-term contracts and spot purchases, and place monthly/quarterly orders to avoid cost fluctuations and supply chain risks. Strengthen the ability to collect and analyze commodity market information, control the inventory and consumption of materials within the group, and purchase appropriate raw materials in a timely manner.
Market risk	<ul style="list-style-type: none"> Strengthen product development capabilities, including talents and setting up technology centers. Incorporate customer complaint handling measures into standardization and regularly audit on the achievement of annual goals. Actively promote the establishment of automation equipment to enhance product quality to meet customer and market needs. Strengthen product delivery in line with the JIT production model (minimum production batch), and establish the safety stock levels for necessary products to ensure that customer delivery won't be delayed.

Risk items	Response measures for 2023
Changing customer behavior	<ul style="list-style-type: none"> • Enhance product development capabilities to accelerate the launch of a full range of new products that meet the market demands. • Actively develop low-carbon green products and lightweight electric vehicle tire products. • Ensure that product delivery meets customer needs without delay. • Enhance the automation level of production lines and the quality. • Develop new markets and enhance brand image. • Accelerate the phase-out of uncompetitive product.
Prolonged economic downturn	<ul style="list-style-type: none"> • Actively monitor market changes and factory capacity, in order to adjust the sales strategy in a timely manner, and considerate it as a necessary evaluation item in the capacity expansion plan. • Increase customer base and product diversification. • Strengthen the diversification of manufacturing bases and the flexibility in production allocation. • Actively plan for the Company to have sufficient funding sources to cope with the funding crunch caused by the temporary economic downturn.
Employee risk	<ul style="list-style-type: none"> • Regularly review employee's salary, competence and performance. • According to the order volume, each section proposes interdepartment manpower reallocation or additional manpower.
Financial risk	<ul style="list-style-type: none"> • Control the existing long-term and short-term loan positions, and reduce costs by taking advantage of the difference in interest rates among banks in a timely manner. • Continue to monitor the interest rate and adjust the positions of borrowed funds and self-own funds.

2.4 Regulation Compliance

The Company has internally established the regulations governing legal compliance to strengthen the Company's concept about legal compliance to mitigate the business risk and responsibility. Each department shall review the additions/amendments to the laws and regulations in a timely manner to determine the necessity and impact on the Company's business and management. Meanwhile, the Company will conduct the self-assessment on its legal compliance status annually. The Company's audit concludes that no anti-competitive practice, anti-trust or monopolistic behavior took place in 2023. The Company defines the major violation as an incident causing any competent authority to render the order for correction or sanction or resulting in the Company's loss amounting to more than NT\$1 million, with a view to ensuring the Company's compliance with all relevant regulations.

Type of Disposition	Contents of Disposition	Violated Laws and Regulations	Corrective Action
Labor Standards Act	NT\$340,000	Overtime hours beyond what is required by law without being paid additional wages as required.	<ol style="list-style-type: none"> 1. Provide adequate overtime pay pursuant to laws. 2. Adjust the work shifts and increase the manpower allocation to avoid the risk over excessive overtime hours.
Total	Number: 1 case; fined NT\$340,000 in total.		
Occupational safety category Penalty and fine	NT\$100,000	Subparagraph 14, Paragraph 1 of Article 116 of the Regulations for the Occupational Safety and Health Equipment and Measures	Gather all forklift pilots and provide education and training based on actual cases. Repeated offenses will result in heavier penalties.
	NT\$100,000	Article 238 of the Regulations for the Occupational Safety and Health Equipment and Measures.	Strengthen the education and training of mold locking and request the unit supervisor to conduct regular random check.
	NT\$100,000	Paragraph 1 of Article 16 of the Occupational Safety and Health Act	Changed to the nitrogen system.
	NT\$55,279	Failure to report work-related injuries immediately.	<ol style="list-style-type: none"> 1. Adjust machinery and equipment to ensure that dangerous incidents would not occur again. 2. Conduct training on the reporting process for personnel.
Total	Number: 4 cases; fined NT\$355,279 in total.		



2.5 Economic Performance

Material Topic: Economic Performance	
Significant reasons for this topic	Only by maintaining good operating performance and growing steadily can the Company have sufficient resources to expand various businesses and meet the needs of all stakeholders, so as to achieve the sustainable development goals.
Policy / Strategy	<p>Uphold the business strategy of “Operate in Taiwan; Distribute globally; Deeply develop around the world”, the Company continuously increases the production capacity, innovates and develops new products with high quality and low price, and serves global customers with the KENDA brand:</p> <ol style="list-style-type: none"> 1. Plan to build the Phase II PCR factories in Vietnam. 2. Expand the management teams and sales channels of subsidiaries in Europe and America. 3. Proactively expand the R&D team, make use of the R&D capabilities in major markets such as the United States, Europe, and Asia, listen to consumers about their needs, develop high value-added products, and optimize existing products to expand new markets. 4. Proactively promote the launch of top-grade passenger car tires for electric vehicles. 5. Continue to introduce automation equipment and promote intelligent manufacturing to stabilize the quality in production processes and improve the productivity based on the MES production control management system. 6. Integrate human resources, reinforce group discipline and enhance the management capability and operational performance. 7. In response to the SDGs climate action target, the Company has proposed the policy of “Carbon reduction by 3% per year and by 25% in total by 2030”, and actively launch carbon reduction plans. 8. Work with partners in the upstream and downstream of the industry, integrates internal and external resources, and focuses more on sustainable materials, carbon reduction and energy efficiency, tires for EVs, and sustainable supply chains. The Company has formulated various goals to build a sustainable brand in Taiwan.

Material Topic: Economic Performance													
Goals and Targets	<p>The sales volume forecast in 2023 is based on the Company’s annual operating targets and the market survey estimates, please refer to the table below. In addition, the sales revenue forecast in 2023 is NT\$37.323 billion.</p> <table border="1"> <thead> <tr> <th>Product Type \ Year</th> <th>2023 Sales Volume (in thousand units)</th> </tr> </thead> <tbody> <tr> <td>Bicycle tires</td> <td>41,100</td> </tr> <tr> <td>Motorcycle tires and other bias tires</td> <td>29,894</td> </tr> <tr> <td>Radial tire</td> <td>9,795</td> </tr> <tr> <td>Inner tube</td> <td>72,849</td> </tr> <tr> <td>Total</td> <td>153,638</td> </tr> </tbody> </table>	Product Type \ Year	2023 Sales Volume (in thousand units)	Bicycle tires	41,100	Motorcycle tires and other bias tires	29,894	Radial tire	9,795	Inner tube	72,849	Total	153,638
Product Type \ Year	2023 Sales Volume (in thousand units)												
Bicycle tires	41,100												
Motorcycle tires and other bias tires	29,894												
Radial tire	9,795												
Inner tube	72,849												
Total	153,638												
Management Evaluation Mechanism	Set various KPIs for each target, and regularly hold business meetings to review the achievement of various KPIs.												
Performance and Adjustment	The operating income in 2023 was NT\$34.444 billion, compared with the operating income forecast target of NT\$37.323 billion in 2023, with an achievement rate of 92.29%.												
Preventive or Remedial Measures	Set various KPIs, and regularly hold business meetings to review the achievement of various KPIs. For the KPIs that do not meet the standards, the corresponding departments propose improvement measures, and regularly review the effectiveness of the improvement measures at the management meetings.												

According to the World Bank's latest "World Economic Outlook", the economic growth over the past five years was the slowest in the three decades due to the weak global supply chain and the rising global energy and material prices due to the Russo-Ukrainian War. According to the 2024 "Chief Economist Outlook" published by the World Economic Forum, although the economic growth in 2024 is expected to continue slowing down, various data indicate that the severe high inflation is showing a sign of easing. At the same time, major economies have released messages that they are about to cut the interest rate. However, the timing of interest rate cuts will depend on the assessment of economic conditions made by their respective central banks, and this will bring uncertainty to economic growth.

All in all, the worst time for the global economy is over, and the world's major economies are about to make adjustments and recover steadily. The situation of the case of the high inflation in 2023 is also reflected in the profitability of the Company. The gross profit margin of the Company in 2023 grew to 19%, compared to 15% in 2022, and the EPS increased from 0.35 in 2022 to 0.92 in 2023. Although it took time for the bicycle market to recover to the level before the epidemic, other tire markets have gradually stabilized. The Company will continue to pay attention to and actively respond to the market and economic

trends in conjunction with diversified global marketing channels to increase the market share for each product and expand the scale of operations.

To increase the share of the market in global passenger car tire and to meet the market demand, the Company plans to build a Phase II PCR factory in Vietnam Factory, and continues to promote automated production and real-time monitoring systems in all factories of the Group to improve the quality and ensure stable output. In addition, the Company is actively enlarging the R&D team, making use of the R&D capabilities in major markets such as the United States, Europe, and Asia, listening to consumers about their needs, and introducing more high quality products to meet market demands and expectations. Continuously promoting sustainable development is also an important strategy of the Company. The Company works with partners of the industry, integrates internal and external resources, and focuses more on sustainable materials, carbon reduction and energy efficiency, tires for EVs, and sustainable supply chains. The Company has formulated various goals to build a sustainable brand in Taiwan.

To cope with the rapidly-changing macro-economic and market conditions, the Company is striving to strengthen corporate resilience, grow steadily, and continuing to uphold the founder's belief of "integrity, quality, service, and innovation" to create the best economic performance to reward all stakeholders.

Item / Year	2021	2022	2023
Net revenue (NT\$ thousand)	34,896,128	38,617,881	34,443,676
Gross profit (NT\$ thousand)	7,149,782	5,670,447	6,672,660
Operating income (NT\$ thousand)	1,741,027	230,553	1,294,978
Non-operating income and expense (NT\$ thousand)	57,927	480,703	10,211
Profit before income tax (NT\$ thousand)	1,683,100	711,256	1,305,189
Net profit for the year (NT\$ thousand)	917,933	338,151	880,982
Total comprehensive income for the year (NT\$ thousand)	537,471	1,554,018	645,761
Earnings per share (EPS) (NT\$)	1.01	0.37	0.92
Cash Dividends (NT\$ thousand)	909,410	909,505	954,890
Employee salary (including employee benefits) (NT\$ thousand)	6,235,692	6,502,496	6,507,829
Payment to investors (NT\$ thousand)	1,096,531	1,282,177	1,512,650
Payment to the government (NT\$ thousand)	83,643	299,870	153,406
Community contribution (NT\$ thousand)	899	734	210

Note:

1. The payment to investors refers to the dividends paid to all shareholders, plus the interest paid to lenders (including the debt in any form and loan interest) and dividends due to preferred stock holders.
2. The payment to governments refers to any tax payment (including sales tax, income tax and property tax) plus fines.
3. The employee benefits included in the "employee salary (including employee benefits)" include the total benefits provided to the employees in cash, such as labor and national health insurance premium/pension expenses, etc. (exclusive of the costs for education and training, protective gears or other items directly related to the employees' job duties). Further, the other "employee benefits" refer to the benefit expenses contributed by the Company to the Employee Benefit Committee, such as the total costs for employee benefits provided in any form other than cash, including those for employee travel, health checkup and gift boxes for three major festivals.
4. The community contribution refers to donated funds and other donations.



Government Subsidy

The total financial subsidies received by the Company from government units in 2023 are stated as following:

Region	Item	Subsidy Unit	Amount of Subsidy (NT\$ thousand)
Taiwan	Charge for Takeoff Program (on-the-job training)	Workforce Development Agency, Ministry of Labor	309
	Youth Employment Flagship Program	Workforce Development Agency, Ministry of Labor	288
	Subsidy for Day Care	Welfare and Retirement Division, Ministry of Labor	147
	Subsidy for Minimum Wage for Businesses Affected by the Coronavirus Pandemic by the Ministry of Economic Affairs in 2023	Ministry of Economic Affairs	39
China	Subsidy for Position, Subsidy for Social Security (Tianjin factory)	Bureau of Human Resources and Social Security	186
	Subsidy for Safety Liability Insurance	Environmental Protection Administration	39
	Subsidy for Environmental Pollution Liability Insurance Premium	Environmental Protection Administration	10
	Intellectual Property Benchmark Enterprises	Technology Bureau	215
	2021 technical innovation incentives for enterprises in Kunshan City	Bureau of Industry and Information Technology	1,244

Region	Item	Subsidy Unit	Amount of Subsidy (NT\$ thousand)
China	Second Batch of Intellectual Property Strong Enterprise Cultivation Program Growth-Type Enterprises in Suzhou City	Market Supervision Administration	860
	Subsidy for Automatic Online Monitoring Equipment for VOCs Total Nitrogen	Environmental Protection Administration	860
	2023 Advanced Manufacturing Enterprises VAT Deduction	Bureau of Industry and Information Technology	9,675
	Green Energy-saving Renovation Project	Bureau of Industry and Information Technology	4,300
	Subsidy for Nucleic Acid	Bureau of Industry and Information Technology	33
	Suzhou Manufacturing Brand Certification	Bureau of Industry and Information Technology	1,290
	Kunshan Intellectual Property Protection Benchmark Enterprises	Bureau of Industry and Information Technology	1.08

Charge for Takeoff Program

Purpose: in response to the trade liberalization, the Company enhances the guidance for employees in various industries to attend the training, improves the work knowledge, skills and competency, and assist business entities to develop human resource capital, continues to improve workers' competency in workplace, secures the employment and promotes re-employment.

Descriptions: subsidize the in-service workers who are affected by trade liberalization to attend the industrial talent investment program training courses, or subsidize the business entities which are affected by trade liberalization to organize employee training courses.

Applicable targets: In the case of workers, the applicable employees refer to those who are eligible for the trade liberalization industry adjustment and support program and who are at least 15 years of ages and qualified as insured of the employment insurance, labor insurance, labor occupational accident insurance or farmer health insurance program. The applicable business entities refer to the private employment insurance proposers that have received the registration certificate and are eligible for the trade liberalization industry adjustment and support program.

Tax Management

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

Legal compliance principles follow the spirit of tax regulations and legislation, file tax returns accurately, pay tax liabilities correctly, and prepare proper supporting documents.

II. Comprehensive decision-making principles focus on changes in local and international tax laws, conduct the comprehensive assessment on the impact posed and formulate responsive strategies.

III. Information transparency principle disclose tax information in the public channels such as financial reports and annual reports, in order to ensure the information transparency.

IV. Proactive engagement principle keep the open and honest communication with tax authorities to help improve the tax environment and system.

V. Reasonable tax-mitigation principle adopt legal and transparent tax incentives and avoid adopting the tax mitigation methods against the laws.

VI. Reasonable framework principle the corporate framework and transaction arrangements are commensurate to the economy substance and avoid taking advantage of special arranges to evade tax.

VII. Risk control principle when setting forth and executing any tax decisions, assess relevant risks and adopt adequate strategies.

VIII. Economic substance principle related party transactions are in line with economic substances, and the decision makers bear the risk and receive a reasonable return on their investment.

IX. Arm's Length Principle the prices and terms of related party transactions should be comparable to those of unrelated parties in similar transactions.

The Company has tried to communicate with stakeholders via multiple channels proactively, and physically participated in various movements, such as tax initiatives, to support the implementation of various new tax policies and establish a fair tax environment jointly. Should there be any questions on application of laws and regulations, the Company will consult and discuss with tax authority. Upon receipt of the tax authority's request for any information, the Company will use its best effort to provide the related documents and information as scheduled. Annual report website: <https://www.esg.kenda.com.tw/en/items-3-1>





III. Sustainable Environmental Management



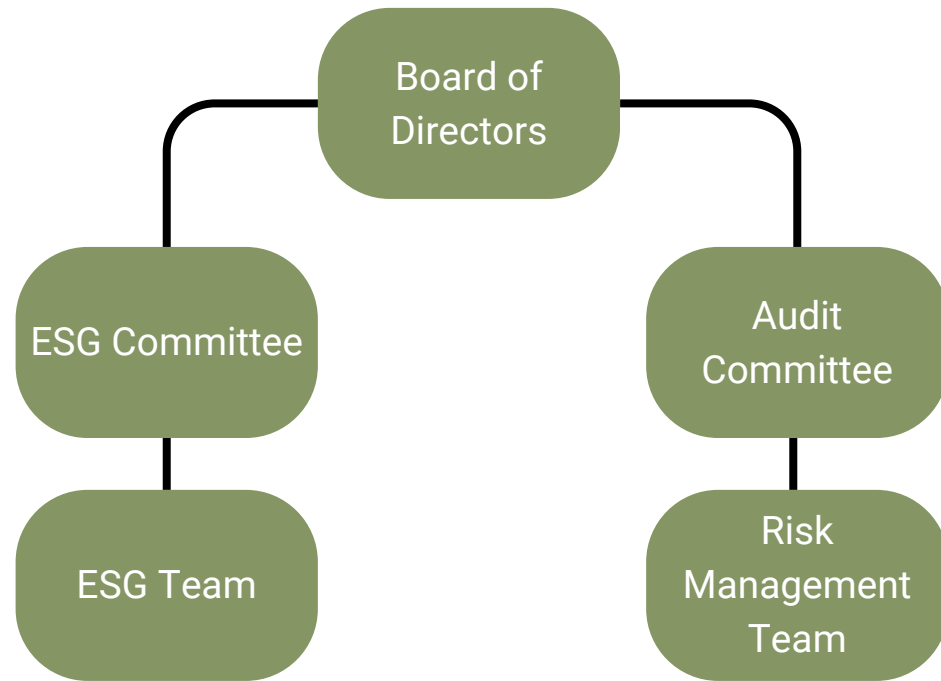
3.1 Climate Change Management

As global climate change becomes increasingly severe, it has become a major challenge to the world. Climate change not only poses impacts on the environment and ecology, but also profoundly affects enterprises' business operations and sustainable development. Therefore, the Company is committed to minimizing its impact on climate change and also develops the following climate change risk management strategies:

I. Governance

The Board of Directors serves as the highest management unit to supervise the climate change management of the Company. The Audit Committee is responsible for identifying potential climate risks and taking corresponding measures. The ESG Committee gradually implements the measures of climate change management internally according to the "Sustainable Development Practice" approved by the Board of Directors. Regular meetings are held every quarter to review the performance of climate indicators, and the performance, impact assessment and sustainability goal achievement progress of climate change related issues are reported to the Board of Directors at least once a year.

Climate Change Monitoring and Management Framework



II. Strategy

The Company pays close attention to the status of global climate actions and incorporates the possible impacts of climate change into the risk management system according to the TCFD framework. The Company continues to identify climate risks and opportunities and formulates relevant measures and management actions accordingly.

1. List of Risk

Risk Category	Risk Dimensions	Name of Risk	Period of Influence	Risk Impacts
Transition risks	Policies and regulations	Collection of carbon-related fees (carbon fee/carbon tax)	Short	Increase of operating costs
		Requirements and supervision of existing products and services	Medium	Failure to comply with relevant requirements and laws and regulations will affect production and sales
	Technology	Low-carbon alternatives to existing products and services	Short	Changes in market orientation. Decrease in revenue.
		Costs and expenses for transformation to low-carbon new technologies	Short	Increase in R&D expense and cost of R&D equipment
	Market	Changes in customer behavior	Medium	Changes in market orientation. Decrease in revenue.
		Uncertainty of market volatility	Short	Frequent adjustments to the response measures, leading to increased costs
		Rising raw material costs	Short	Extreme climate affects the supply of raw materials and increases operating costs
	Reputation	Stigmatization of high-carbon industries	Long	Damage to corporate reputation
	Physical risks	Extreme	Extreme climate	Medium
Long-term		Air pollution	Short	Health hazard

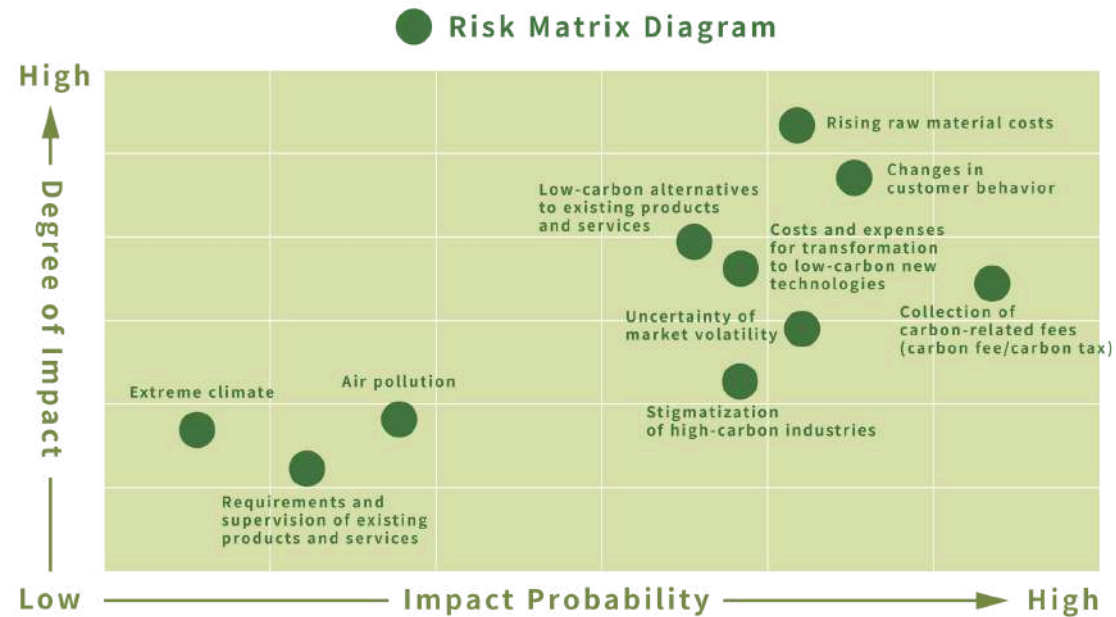
2. List of Opportunity

Type	Opportunity Dimension	Name of Opportunity	Period of Influence	Description of Opportunity
Opportunity	Resource efficiency	Improve the overall efficiency of plants, manufacturing processes, and transportation procedures	Short	Improve overall energy efficiency and production efficiency by introducing new technologies, applying data analysis, and carrying out process re-engineering
		Promote water efficiency	Short	Improve water utilization efficiency and enhance recycling rate to reduce costs
		Material recycle and reuse	Short	Strengthen the recycling and reuse of materials and expand the usage of recyclable and recycled new materials to promote a circular economy. Reduction in waste and reduce costs
	Source of energy	Participation in renewable energy projects and energy efficiency improvement	Medium	Participate in renewable energy projects developed by national, local, and research institutions to improve energy efficiency
		Usage of low-emission energy	Short	Build low-emission energy equipment, improve the utilization rate of low-emission energy, reduce the usage of high-carbon energy sources, and accelerate the net zero transition.
	Product/Service	Development of low-carbon products and services	Short	New products and services that meet future trends, regulatory requirements, and customer expectations, cause changes in the existing market structure, and create potential demand for emerging products and services
	Market	Positive reputation	Long	Meet the expectations of stakeholders and society, become a role model and benchmark in the industry, and build positive influence and reputation
		Obtaining rewards and cooperation from the public sector	短	Accelerate the net zero transition goal in line with government policies and regulations, and obtain relevant support resources and incentives rewards

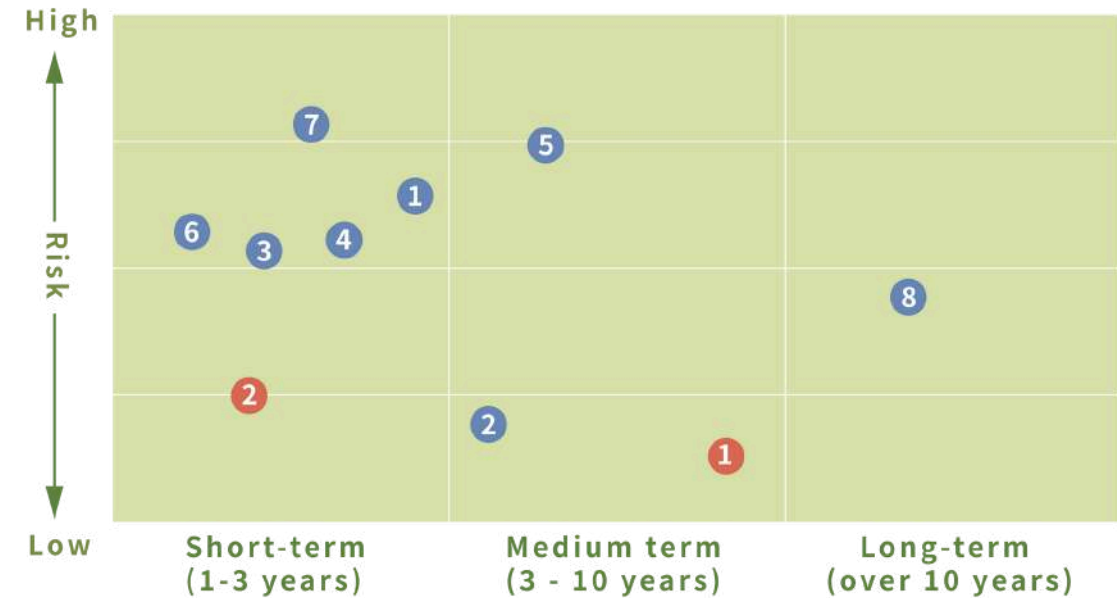
3. Impact on the Supply Chain

Risk Category	Risk Dimensions	Name of Risk	Degree of Impact			
			Upstream (Manufacturer /Supplier)	Midstream (Own Operations)	Downstream (Customers)	
Transition risks	Policies and regulations	Collection of carbon-related fees (carbon fee/carbon tax)	medium	high	medium	
		Requirements and supervision of existing products and services	low	low	medium	
	Technology	Low-carbon alternatives to existing products and services	medium	high	medium	
		Costs and expenses for transformation to low-carbon new technologies	medium	high	medium	
	Market	Changes in customer behavior	high	high	medium	
		Uncertainty of market volatility	high	medium	medium	
		Rising raw material costs	high	medium	high	
	Reputation	Stigmatization of high-carbon industries	low	high	medium	
	Physical risks	Extreme	Extreme climate	low	low	medium
		Long-term	Air pollution	low	low	high

4. Impact Assessment Matrix Diagram1



5. Impact Assessment Matrix Diagram 2

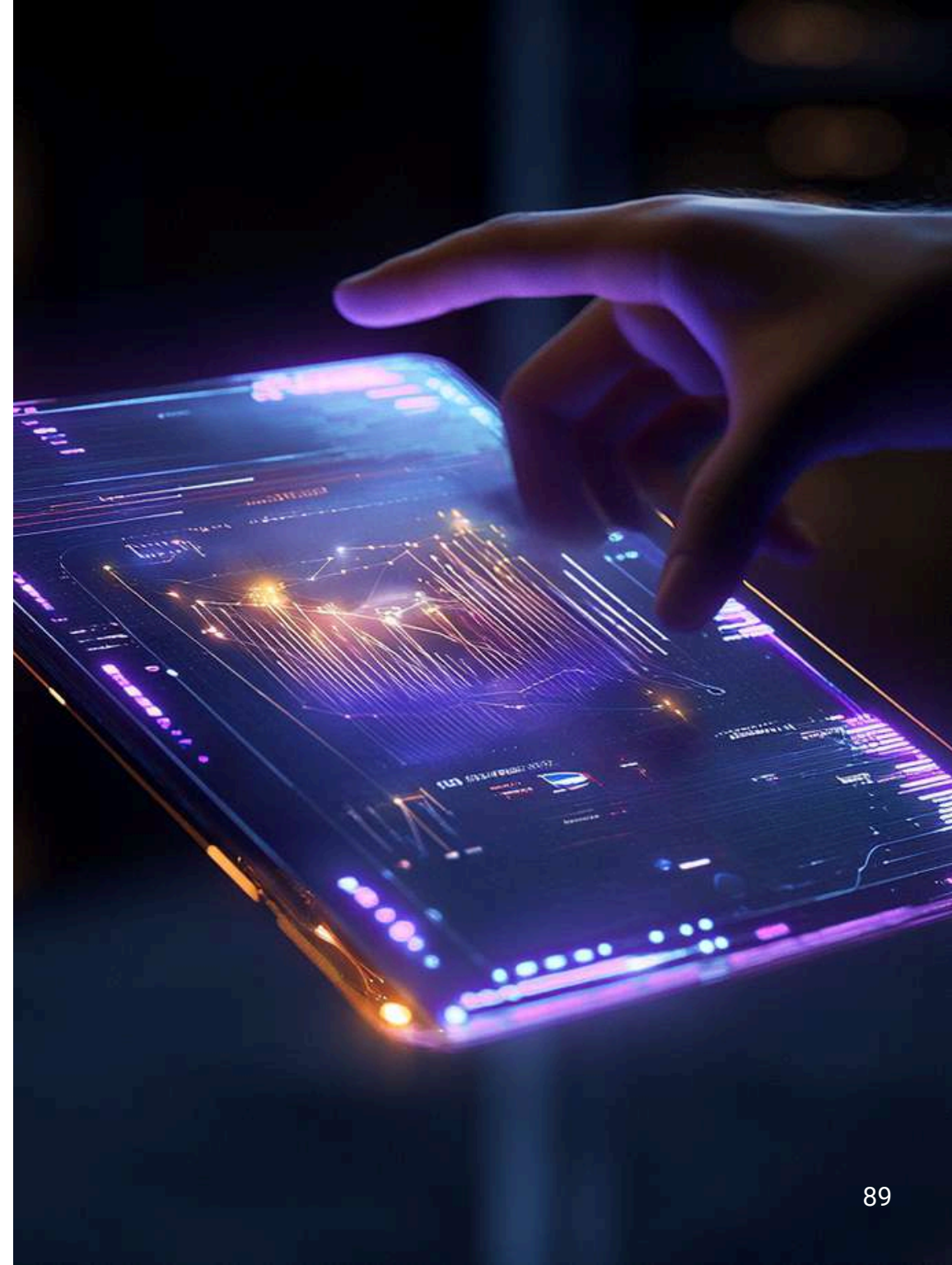


Mapping table

- Transition risks:
 1. Collection of carbon-related fees (carbon fee/carbon tax)
 2. Requirements and supervision of existing products and services
 3. Low-carbon alternatives to existing products and services
 4. Costs and expenses for transformation to low-carbon new technologies
 5. Changes in customer behavior
 6. Uncertainty of market volatility
 7. Rising raw material costs
 8. Stigmatization of high-carbon industries
 9. Collection of carbon-related fees (carbon fee/carbon tax)
- Physical risks:
 1. Extreme climate
 2. Air pollution

6.Measures for Significant Risk

Risk Category	Risk Dimensions	Name of Risk	Period of Influence	Risk Impacts	Directions and Measures for Significant Risk Response
Transition risks	Market	Changes in customer behavior	Medium	Changes in market orientation. Decrease in revenue.	<ol style="list-style-type: none"> 1. Enhance product development capabilities to accelerate the launch of a full range of new products that meet the market demands. 2. Actively develop low-carbon green products and lightweight electric vehicle tire products. 3. Ensure that product delivery meets customer needs without delay. 4. Enhance the automation level of production lines and the quality. 5. Develop new markets and enhance brand image. 6. Accelerate the phase-out of uncompetitive products.
		Rising raw material costs	Short	Extreme climate affects the supply of raw materials and increases operating cost.	<ol style="list-style-type: none"> 1. Develop new product formulations to increase the flexibility of raw material allocation and reduce the proportion of specific raw materials used. 2. Make good use of the bargaining power of procurement management, actively develop suppliers with competitiveness in various regions, strengthen the business communication with suppliers, and strengthen the adaptability of procurement personnel. 3. Make good use of combination of long-term contracts and spot purchases, and place monthly/quarterly orders to avoid cost fluctuations and supply risks. 4. Strengthen the ability to collect and analyze commodity market information, control the inventory and consumption of raw materials within the group, and purchase appropriate raw materials in a timely manner.



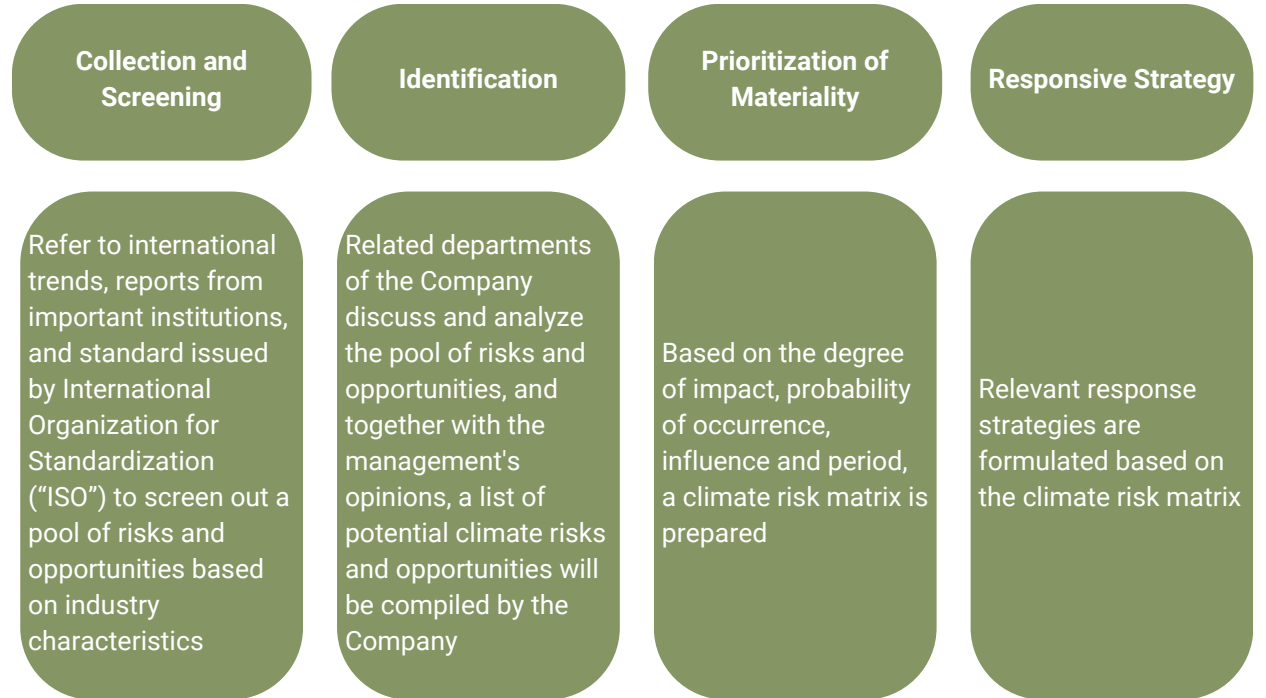
III. Risk Management

To carry out the Company's sustainable development, the "Corporate Governance Risk Management Policy and Operating Procedures Regulations" had been approved by the Board of Directors in 2022 as the supreme guiding principle for the Company's risk management.

The risk management team under the Audit Committee regularly collects and identifies risk factors every year, screens out the scope of risk management, and monitors potential risks and proposes corresponding measures according to the latest internal audit requirements to strengthen risk management; and regularly reported to the Audit Committee for discussion and implementation after approval by the Board of Directors.

In 2023, the risk management team referred to international trends, reports from important institutions, and standard issued by International Organization for Standardization ("ISO") to screen out a pool of risks and opportunities based on industry characteristics. The pool of risks and opportunities were further discussed and analyzed by the various departments of the Company, together with the management's opinions, and then a list of potential climate risks and opportunities was compiled by the Company. Based on the degree of impact, probability of occurrence, influence and period, a climate risk matrix is prepared, and relevant response strategies are formulated based on the matrix. The Company continuously monitors, manages, and regular reviews the implementation of the measures.

Climate Change Risk and Opportunity Management Process





IV. Indicators and Goals

Goals

In response to the issue of climate adaptation, The Company has set a carbon reduction target of "Carbon reduction by 3% per year and by 25% in total by 2030"

Indicators

There are four themes for the Company's current climate risk management: green design, climate action, sustainable supply chain, and circular economy. Indicators are set for each theme, and management and performance tracking are conducted based on annual goals.

For the performance of each indicator and greenhouse gas inventory, please refer to the corresponding chapter of the 2023 ESG Report.

3.2 Energy and Greenhouse Gas Emissions Management

Material Topic: Energy and Emissions	
Significant reasons for this topic	<ol style="list-style-type: none"> 1. The phenomenon of energy exhaustion poses a great threat to the sustainable development of global. By dedicating themselves to energy conservation and carbon reduction, enterprises can not only contribute to society but also reduce operating costs by improving energy efficiency. 2. Upon analysis and identification of the material topics, the topic on emissions is found very important to the Company. If the Company fails to manage the energy and GHG emissions, the Company is likely to be punished pursuant to related laws and regulations. Responsible emission management can mitigate the Company's risk and improve the competitiveness of products in sustainability issues.
Policy / Strategy	<p>"Green production, safety and health, and sustainable operations": Based on the philosophy of corporate social responsibility and sustainable operations, with the goals of energy conservation, carbon reduction and green production, the Company promotes the energy management system that meets international standards.</p>
Goals and Targets	<ol style="list-style-type: none"> 1. The carbon reduction goal is "Carbon reduction by 3% per year and by 25% in total by 2030". 2. The energy conservation goal is "annual electricity saving rate of more than 1%".
Management Evaluation Mechanism	<ol style="list-style-type: none"> 1. Compliance with energy regulations and other energy saving requirements. 2. Energy transformation: use of natural gas for boilers, heat pump energy saving, carbon capture technology, green electricity, hydrogen energy, reduction of weight, and diesel consumption rate. 3. Process improvements: implementation of frequency conversion technology, replacement and update of old equipment, nitrogen sulfurization technology, digital energy saving, and improved recycled water utilization rate. 4. Implementation of ISO 14001, ISO 50001, ISO 14064-1 and internal management procedures, and performance of the PDCA effectiveness evaluation on the emission and energy management.
Performance and Adjustment	<ol style="list-style-type: none"> 1. Meet the energy conservation goal of "annual electricity saving rate of more than 1%". 2. Achieve the carbon reduction goal of "Carbon reduction by 3% per year and by 25% in total by 2030". 3. During the reporting period, the Company's air pollution management indicators for granular pollutants TSP, sulfur oxides SOx and nitrogen oxides NOx were all in compliance with the emission standards for stationary sources.
Preventive or Remedial Measures	<ol style="list-style-type: none"> 1. Increase energy-saving design activities and use energy-saving products to improve energy consumption performance and energy management system. <ol style="list-style-type: none"> a. Purchase external green energy. b. Self-generated energy: e.g. hydrogen energy and solar energy, and the development of energy storage system. 2. The safety and health department of the Company is committed to the prevention and control of various types of air pollution. The Company's waste gas is mainly generated from boiler combustion and process emissions. The pollutants include particulate matters, sulfur oxides, nitrogen oxides, dust, volatile organic compounds (VOCS), waste heat and odor. The Company's waste gas generated from each production process is collected and treated with the most appropriate pollution control equipment (such as cyclone dust collectors, baghouse dust collectors, activated carbon adsorption packed towers, wet scrubbers, etc.). The treated waste gas must be tested for compliance with relevant laws and regulations before discharge. The exhaust emission testing results from 2020 to 2023 were held in compliance with regulatory emission standards.



Energy Management Policy

“Green production, safety and health, and sustainable operations.” The Company, based on corporate social responsibility and the concept of sustainable development, aims for energy conservation, carbon reduction, and green production, and promotes an energy management system that meets international standards:

- Comply with energy regulations and other energy-saving requirements
- Provide information and resources to achieve our goals and energy targets
- Support energy-saving design activities and the procurement of energy-saving products
- Continuously improve energy performance and energy management system.

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

Job	The Responsible Unit	Action
Energy Audit	Engineering Department	Review the Company's energy use and consumption, energy performance indicators and baselines, and energy conservation projects.
Energy Management Regulations and Energy Efficiency Standards	Engineering Department	Responsible for announcing and updating regulations related to energy management to ensure that personnel are aware of the latest development status.
Action Plans	Energy Management Group	Establish energy saving improvement projects and the relevant performance indicators annually.
Communication	Energy Management Group	Conduct internal and external communication on energy management, including compliance obligations (e.g., energy audits and reporting operations).
Design and Procurement	Engineering Department and Equipment Maintenance Division	Design energy performance indicators for equipment of significant energy use and manage the procurement.
Documented Information Management	Engineering Department, Equipment Maintenance Division, Manufacturing Unit, Document Control Center	Compile and manage digital energy management system documents.

Job	The Authorized Unit	Action
Internal and External Audits	Energy Management Group and External Audit Unit	Regularly conduct internal and external audits.
Data Monitoring and Measurement	Engineering Department, Equipment Maintenance Division, and Manufacturing Unit	Measure and collect data on electricity, gas, and oil consumption for compilation and analysis.
Energy Management Manual	Engineering Department	Revise and update the energy management manual so as to follow the latest policies and revision procedures.

The energy consumption in each operation area of the Company in the past three years is listed in the following table:

Taiwan

Quantitative Indicators	Unit	2021	2022	2023
Electricity Consumption	kWh /year	54,526,508	48,426,924	42,843,288
	GJ	196,295.43	174,336.93	154,235.84
Liquefied Petroleum Gas (LPG)	kg /year	4,025	3,372	5,586.7
	GJ	203.14	170.18	281.96
Gasoline Consumption	L /year	38,991	37,123	39,012
	GJ	1,272.48	1,211.52	1,273.19
Diesel Fuel Consumption	L /year	463,445	460,626	443,808
	GJ	16,288.05	16,188.98	15,598.26
Liquefied Natural Gas Consumption (LNG)	m ³	11,498,281	11,000,448	7,603,986
	GJ	384,870.46	368,207.00	286,594.23
Total Energy Consumption	GJ	598,929.56	560,114.60	457,983.48
Organization Specific Metric	Group revenue (million dollars)	34,896.128	38,617.881	34,443.676
Energy Intensity	GJ/ Group revenue (million dollars)	17.1632	14.5040	13.2966

Description:

1. The calorific value of electricity is converted at 1kWh=0.0036GJ.
2. The conversion factor source calculates the calorific value of the fuel based on the gas emission factors management table version 6.0.4 of the Environmental Protection Administration, namely, gasoline 7,800 kcal/L; diesel fuel 8,400 kcal/L; liquefied natural gas is 8,000 kcal/m³; steam 9,800 kcal/kg; liquefied petroleum gas (LPG): 1kg=1.818L; 1 kcal=4.184 KJ. (1 gigajoule (GJ) = 1,000,000 kilojoules (KJ)). Liquefied petroleum gas (LPG) 1 kg = 0.05047 GJ; Diesel 1 L = 0.03514644 GJ; Automotive gasoline 1 L = 0.032636 GJ; Natural gas (LNG) 1 m³ = 0.033472 GJ.

China

Quantitative Indicators	Unit	Shenzhen Factory		Kunshan Factory		Tianjin Factory	
		2022	2023	2022	2023	2022	2023
Electricity Consumption	kWh /year	8,953,680	9,434,540	80,346,072	76,877,563	44,434,840	41,932,700
	GJ	32,233.25	33,970.46	289,245.86	276,759.23	159,965.42	150,957.72
Liquefied Petroleum Gas (LPG)	kg /year	825	630	-	-	53,461	58,009
	GJ	41.42	26.42	-	-	2,684.14	2,912.49
Gasoline Consumption	L /year	4,705	9,884	11,644	15,227	6,301	6,215
	GJ	151.57	330.33	375.10	490.52	202.97	200.20
Diesel Fuel Consumption	L /year	41,891	43,150	206,696	206,476	71,079	58,921
	GJ	1,506.20	1,557.08	7,431.80	7,423.87	2,555.66	2,118.53
Liquefied Natural Gas Consumption (LNG)	m ³	3,543,497	3,744,044	51,429	47,278	10,151,074	9,652,854
	GJ	114,160.13	131,674.73	1,656.88	1,523	327,035.12	310,986.00
Steam Consumption (Purchased)	ton/year	-	-	247,710	234,433	-	-
	GJ	-	-	12,185,174.45	11,523,061.69	-	-
Total Energy Consumption	GJ	148,092.57	167,559.02	12,483,884.09	11,818,258.31	492,443.32	467,174.94
Organization Specific Metric	Group revenue (million dollars)	38,617.881	34,443.676	38,617.881	34,443.676	38,617.881	34,443.676
Energy Intensity	GJ/ Group revenue (million dollars)	3.8348	4.8647	323.2669	343.1184	12.7517	13.5635

Description:

1. The calorific value of electricity is converted at 1kWh=0.0036GJ
2. Electricity consumption includes the consumption of production and domestic electricity and liquefied natural gas consumption includes the consumption of production and dormitory hot water.
3. Contract capacity: in 2020 and 2021, the Company was not subject to any electricity contract requirements. Since 2022, the Company has started to require the power consumption by contract.
4. Steam consumption is generated from the factory's boilers and consumed for own use.
5. The conversion factor source calculates the calorific value of the fuel based on the GBT 2589-2020 General Rules for Calculation of the Comprehensive Energy Consumption of the PRC, namely, gasoline 7,699.25 kcal/L; diesel fuel 8,593.5 kcal/L; liquefied natural gas is 7,700 kcal/m³; steam 11,757kcal/kg; 1 kcal=4.184 KJ. Natural gas 1 GJ = 0.032217 cubic meters (m³); One metric ton of steam = 49.19129 GJ; Diesel 1 L = 0.035955 GJ; Gasoline 1 L = 0.032214 GJ.

Southeast Asia

Quantitative Indicators	Unit	Indonesia Factory		Vietnam Factory	
		2022	2023	2022	2022
Electricity Consumption	kWh /year	16,861,624	10,539,564	81,211,600	85,977,300
	GJ	60,701.85	37,942.43	292,361.76	309,518.28
Liquefied Petroleum Gas (LPG)	kg /year	139	186	10,176	9,584
	GJ	7.02	9.39	513.56	483.69
Gasoline Consumption	L /year	8,930	3,408	10,283	7,555
	GJ	291.43	111.22	335.60	246.56
Diesel Fuel Consumption	L /year	61,296	50,922	268,000	241,700
	GJ	2,154.33	1,789.74	9,419.25	8,494.89
Fuel Oil Consumption	L /year	-	-	13,689,000	23,400,300
	GJ	-	-	549,837.85	939,896.45
Liquefied Natural Gas Consumption (LNG)	m³	4,716,023	3,223,951	-	-
Total Energy Consumption	GJ	157,854.72	121,510.72	-	-
	GJ	221,009.34	161,363.49	852,468.01	1,258,639.88
Organization Specific Metric	Group revenue (million dollars)	38,617.881	34,443.676	38,617.881	34,443.676
Energy Intensity	GJ/ Group revenue (million dollars)	5.7230	4.6849	22.0744	36.5420

Description:

1. The calorific value of electricity is converted at 1kWh=0.0036GJ.

1. The conversion factor source calculates the calorific value of the fuel based on the gas emission factors management table version 6.0.4 of the Environmental Protection Administration, namely, Liquefied petroleum gas (LPG) 12,062.43 kcal/kg; gasoline 7,800 kcal/L; diesel fuel 8,400 kcal/L; fuel oil 9,600 kcal/L; liquefied natural gas 8,000 kcal/m³; 1 kcal=4.184 KJ; 1 liter of liquefied petroleum gas(LPG) has a mass of approximately 0.55 kilograms; fuel oil 1L=0.040166GJ

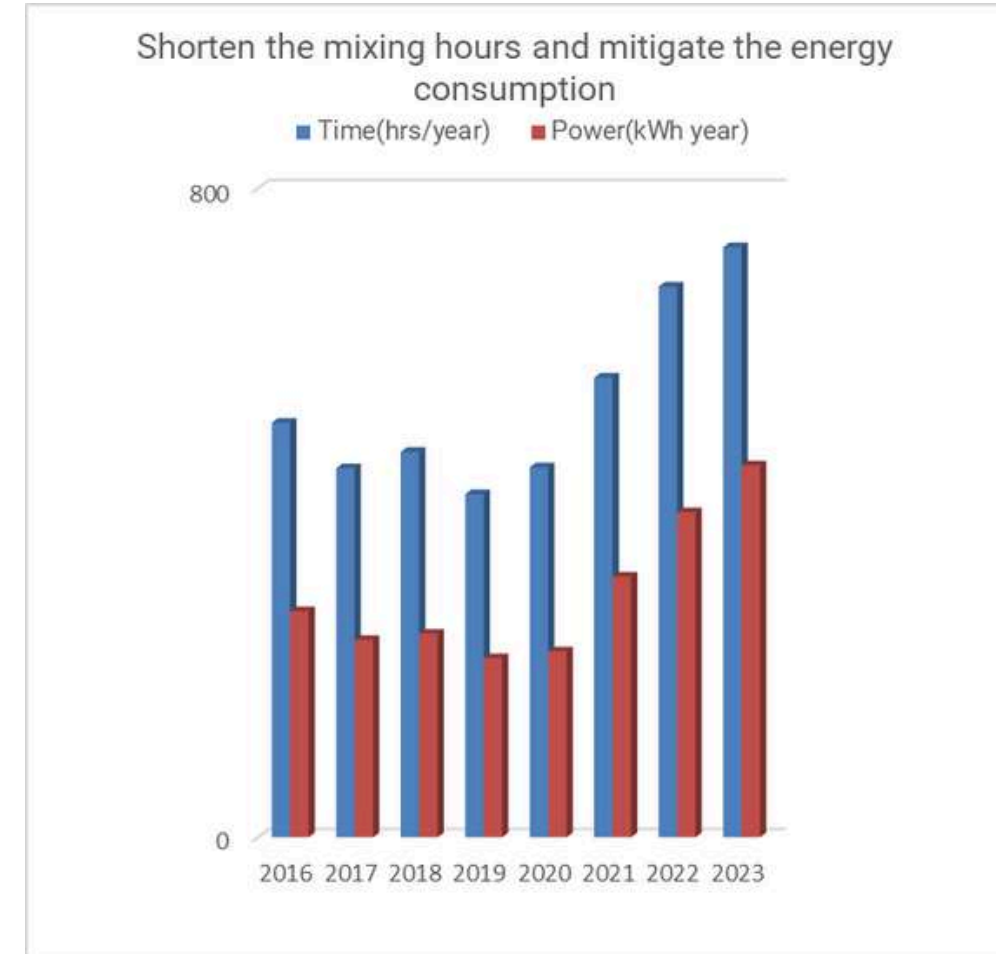


Energy Saving Achievements

The Company reduces the demand for energy with respect to products and services. Taking the raw material mixing process as an example:

In the tire manufacturing process, the raw material mixing process often requires multi-stage of operation to fully mix the materials. However, multi-stage operations often result in large electricity and energy consumption and longer working hours. In order to strengthen the Company's clean production and control environmental pollution and unnecessary waste of resources, the adjustment and optimization of the raw material mixing process has become an important improvement in the Company's manufacturing process. The improvements mainly taken by the Company are changing feeding sequence and adjustment of the filling factors. The details are specified as follows:

- Feeding sequence: adjusting the feeding sequence to find the optimal conditions can speed up the dispersion of rubber and fillers, so as to shorten the mixing hours and mitigate the energy consumption.
- Adjustment of filling factors: Finding the optimal free volume by adjusting the mixing volume can accelerate the dispersion, shorten the mixing hours and mitigate the energy consumption.



The table below outlines the main action plans for energy conservation and carbon reduction in each operation area of the Company, along with the carbon reduction amounts for each action plan:

Implementation of energy-saving and carbon reduction technologies in regions

Region \ Item	Equipment Modification (Achieve the goal of carbon reduction through equipment modification for the power transmission and replacement of parts with energy-saving ones)	Replacement with energy-saving equipment (Replace and update old equipment, and adopt energy-saving equipment)	Energy transformation (Add solar power generation area and process media switching to achieve the goal of carbon reduction)
Taiwan	2,613.5	354.2	6,573.8
China	9,034.4	0.3	15,871.5
Southeast Asia	2,437.8	33.8	4,316.4
Total	41,235.7		

- The above table shows the cumulative carbon reduction amounts from 2022 to 2023; the unit for carbon reduction is metric tons of CO₂e.

The Company participated in the Ministry of Economic Affairs' low carbon and smart manufacturing transformation plan for the manufacturing industry in the end of 2023. Responding to the government's project of "Large companies leading small enterprises to a low carbon and smart manufacturing transformation", the Company has formed a "1+N" carbon management demonstration team with suppliers to enhance industry competitiveness and received a letter of appreciation from the Ministry of Economic Affairs.





Greenhouse Gas Emission Management

Driven by the trend of greenhouse gas control by international organizations and to meet the requirements of greenhouse gas reduction, the Company's Safety and Health Office establishes greenhouse gas inventory management system. The Company uses the system to keep track of emissions and obtain accurate information to understand the Company's greenhouse gas reduction situation, which will in turn reduce greenhouse gas emissions.

The Company's carbon reduction target set is "Carbon reduction by 3% per year and by 25% in total by 2030". The Company's greenhouse gas reduction strategy and action plan focus on the use of green energy, optimization of production technologies, replacement of energy-saving equipment, and equipment upgrading. These efforts aim to enhance production efficiency and reduce energy consumption while lowering greenhouse gas emissions. At the product level, the Company actively modifies product formulations to use more low-carbon and environmental friendly raw materials, improving product performance and reducing the carbon footprint. The company sets various KPIs for its carbon reduction goals and regularly reviews the progress toward achieving these targets.

The Company's Taiwan and Kunshan factory introduced ISO 14064-1:2018 greenhouse gas inventory for the first time in 2022. In 2023, the Company included all subsidiaries in the greenhouse gas inventory scope, aiming to assess internal carbon emissions through this inventory as a basis for future carbon reduction planning and to gradually achieve the goal of net-zero emissions by 2050.

Taiwan

Item	2021	2022	2023
Scope 1: Direct Emission (tonCO ₂ e)	22,944.36	24,618.95	17,824.78
Scope 2: Indirect GHC Emissions	27,753.99	26,387.95	21,576.77
Total emissions = Scope I + Scope II (tonCO ₂ e)	50,698.35	51,006.90	39,401.55
Greenhouse Gas Emissions Intensity (tonCO ₂ e) /group revenue (million dollars)	1.313	1.321	1.144

Note:

1. Scope 1 covers the emission sources directly owned or controlled by the Company, including stationary combustion sources, process emissions, mobile combustion sources of transportation, and fugitive emission sources.
2. Scope 2 covers the indirect emission sources, such as purchased electricity.
3. GHG emission categories: Carbon dioxide (CO₂), methane (CH₄) and nitrous oxide (N₂O) and hydrofluorocarbons (HFCs).
4. The electricity purchased in Taiwan invokes the electricity emission factor announced by the Bureau of Energy, MOEA. The electricity emission factor in 2021 =0.509 kgCO₂e/kWh, and 0.494 kgCO₂e/kWh in 2022 and 2023.
5. For the GHG emission intensity in 2022, the denominator was adjusted into operating income (NTD million). Therefore, the emission intensity values were adjusted accordingly in 2021. In 2023, the greenhouse gas emissions were reduced due to capacity impacts and improvements in equipment for carbon reduction.
6. The 2023 GHG emission data of the Yunlin factory passed the ISO 14064-1 verification. The factory conducted its own inventory in accordance with the ISO 14064-1 standard.

China

Factory	Kunshan Factory		Shenzhen Factory		Tianjin Factory	
	2022	2023	2022	2023	2022	2023
Scope 1: Direct Emission (tonCO ₂ e)	1,290.24	1,324.17	8,073.24	8,374.38	22,435.56	21,363.94
Scope 2: Indirect GHC Emissions	120,254.83	114,279.23	8,496.15	7,779.86	39,293.73	29,053.23
Total emissions = Scope I + Scope II (tonCO ₂ e)	121,545.07	115,603.40	16,569.39	16,154.24	61,729.29	50,417.17
Greenhouse Gas Emissions Intensity (tonCO ₂ e) /group revenue (million dollars)	3.147	3.356	0.429	0.469	1.599	1.464

Note:

1. Scope 1 covers the emission sources directly owned or controlled by the Company, including stationary combustion sources, process emissions, mobile combustion sources of transportation, and fugitive emission sources.
2. Scope 2 covers the indirect emission sources, such as purchased electricity and purchased steam (Kunshan factory).
3. GHG emission categories: Carbon dioxide (CO₂), methane (CH₄) and nitrous oxide (N₂O) and hydrofluorocarbons (HFCs).
4. Shenzhen Factory adopts the electricity emission factor applicable in South China=0.9489kgCO₂e/kWh. Kunshan Factory adopts that applicable in the national grid's average emission factor= 0.5703kgCO₂/kWh for the year 2022. Tianjin Factory adopts that applicable in North China= 0.8843 kgCO₂e/kWh.
5. The steam emission factor is 0.11tonCO₂e/GJ in the Kunshan Factory.
6. The 2023 GHG emission data of the Kunshan factory passed the ISO 14064-1 verification (the inventory scope includes categories one to four). The 2023 GHG emission data of the Shenzhen factory passed the Guangdong Province corporate carbon emission verification (conducted according to the ISO 14064-1 standard, with an inventory scope of categories one and two). The 2023 GHG emission data of the Tianjin factory passed the Tianjin municipal corporate carbon emission verification (with an inventory scope of categories one and two).

Southeast Asia

Factory	Indonesia Factory		Vietnam Factory	
	2022	2023	2022	2023
Scope 1: Direct Emission (tonCO ₂ e)	9,043.08	5,556.12	80,159.50	72,344.53
Scope 2: Indirect GHG Emissions	13,320.67	8,863.99	65,302.26	69,127.27
Total emissions = Scope I + Scope II (tonCO ₂ e)	22,363.75	14,420.11	145,461.76	141,471.80
Greenhouse Gas Emissions Intensity (tonCO ₂ e) /group revenue (million dollars)	0.579	0.419	3.767	4.107

Note:

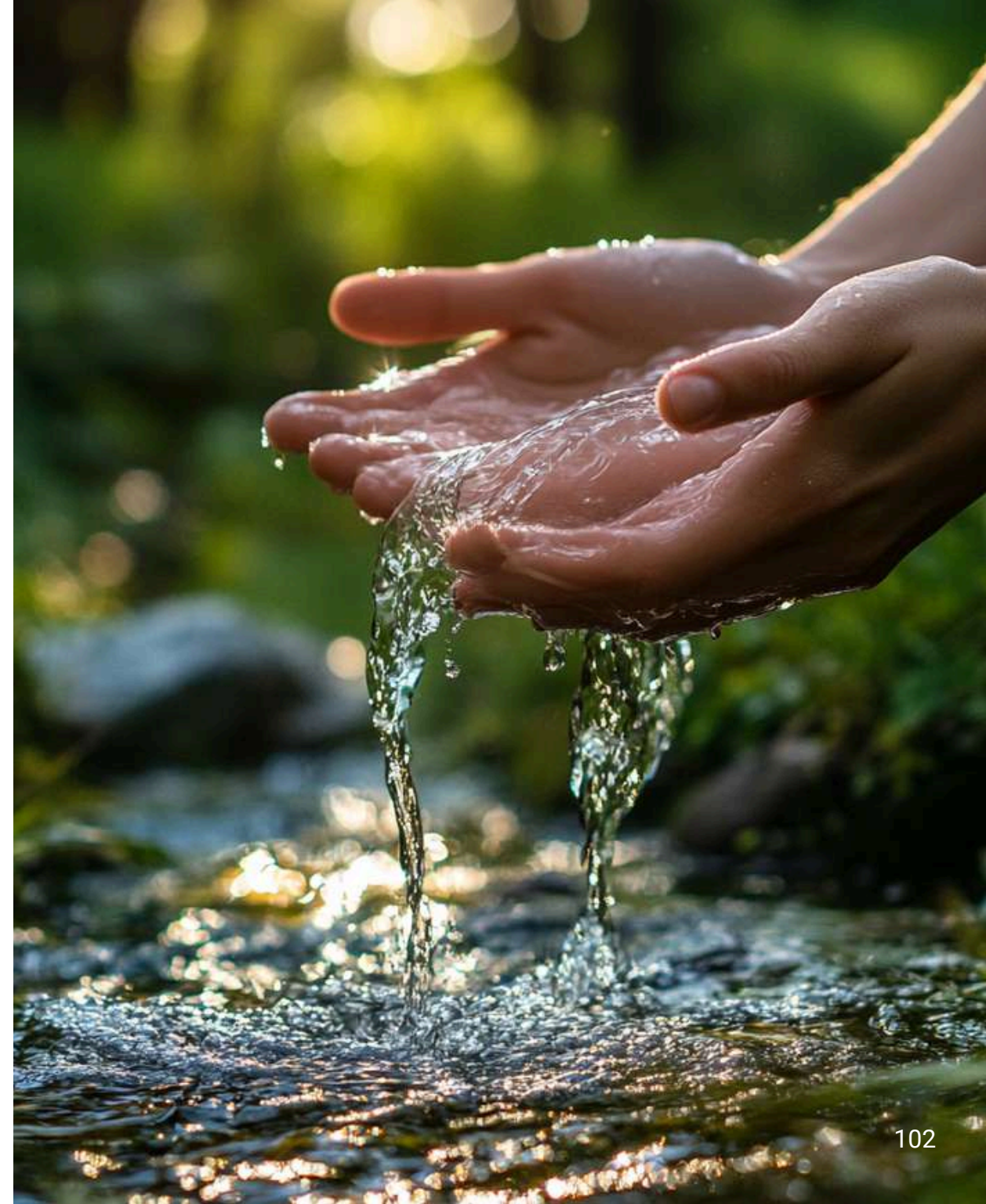
1. Scope 1 covers the emission sources directly owned or controlled by the Company, including stationary combustion sources, process emissions, mobile combustion sources of transportation, and fugitive emission sources.
2. Scope 2 covers the indirect emission sources, such as purchased electricity.
3. GHG emission categories: Carbon dioxide (CO₂).
4. The electricity emission factor in 2022 is 0.509 kgCO₂e/kWh: the electricity purchased in the Indonesia Factory and Vietnam Factory invoked the electricity emission factor announced by the Bureau of Energy, MOEA. The electricity emission factors in 2023: the Indonesia factory used the emission factor from Sinar Mas= 0.7900 kgCO₂e/kWh, and the Vietnam factory uses the emission factor from the Vietnam Energy Efficiency Center= 0.8041 kgCO₂e/kWh.
5. In 2023, the greenhouse gas emissions from the Indonesia factory were reduced due to capacity impacts and improvements in equipment for carbon reduction.
6. The Indonesia and Vietnam factories conducted their own inventories (the inventory scope includes categories 1 and 2, calculating only the carbon dioxide emission factor).

From 2021 to 2023, the Company never emitted ozone-depleting substances (such as CFCs, R11, R12, R22, HCFCs, Halon, CCl₄, 1,1,1-trichloroethane, HBFC and methyl bromide.)

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

3.3 Water Resources Management

Material Topic:Water and Effluents	
Significant reasons for this topic	Upon analysis and identification of the material topics, the topic on water and effluent is found very important to the Company. If the Company fails to manage the water and effluent, the Company is likely to be punished pursuant to related laws and regulations. Responsible effluent management can mitigate the Company's cost risk and improve the competitiveness of products in ESG issues.
Policy / Strategy	Improvement of recycling water consumption rate, water resource conservation, and compliance with effluent standards
Goals and Targets	<p>1. Short-term goals:</p> <ul style="list-style-type: none"> o Using 2021 as the baseline year, the target for recycled water consumption rate is set at 50%. o 0 case for violation of the environmental protection emission standards/laws and regulations sanctioned by the local government. <p>2. Mid and long-term goals:</p> <ul style="list-style-type: none"> o The target for recycled water consumption rate is set at 60%. o 0 case for violation of the environmental protection emission standards/laws and regulations sanctioned by the local government.
Management Evaluation Mechanism	In accordance with ISO 14001 and internal management procedures, the Company conducts the PDCA effectiveness evaluation on the emission management every year.
Performance and Adjustment	Compared to the target value of 50% for wastewater recycling rate based on the 2021 baseline year, the Company's annual reporting period did not meet the target. However, it still aligns with the Company short-term goals. Moving forward, the company will continue to manage the issue of wastewater recycling rates.
Preventive or Remedial Measures	The Company reviews the sewage recovery rate each year, plans to reduce the process waste water emissions and improve the sewage recovery rate. Meanwhile, the Company continues to create water quality that meets the effluent standards under the Water Pollution Control Act. If the reduction did not meet the expectation, the Company will seek cooperation with related units proactively to achieve the effluent reduction and increase the reuse of recycled effluent.



The Company's water resource risk assessment by territory:

Region	Water Intake Reservoir	Assessment Results
Taiwan	<ol style="list-style-type: none"> 1. Water sources in Taiwan consist of groundwater and tap water. 2. The water source of Yuanlin Factory refers to Baiguo Mountain Water Source Treatment Zone. 3. The water source of Yunlin Factory refers to Hushan Reservoir. 	The water resource risk in the territory is considered as low to medium.
	<ul style="list-style-type: none"> • The water used at the factory premises is divided into ground water and tap water. The ground water is legally used based on the valid water permit, which is primarily used in the production process, but few is applied for any purposes other than the production process. • Tap water is used as domestic water. • Shade wells or sinks are installed at the end of the terminal pipes for production process, non-production process, and domestic water. The water is collected through the pump pipeline and sent to the waste water treatment yard for treatment, and then discharged to Yuanlin Dapai Channel and Xihuwei River. • Water resources at the factory premises are measured and managed with the water meter to supply raw water. The consumption and effluent volume is recorded in the effluent discharge outlet log. The effluent after treatment in the waste water treatment yard is recycled and reused and then applied to cooling in the container, toilet flushing, tank pouring, landscape pools, washing and air pollution control equipment. Meanwhile, steam condensate is also recycled and returned back to the boiler for reuse. 	
China	<ol style="list-style-type: none"> 1. The source of water used by the factories in China is the water Company. 2. The water source of the Shenzhen Factory is the Longhua Water Company. 3. The water source of the Kunshan Factory is the Kunshan City Water Company. 4. The water source of the Tianjin Factory is the municipal pipe network (water Company). 	<ol style="list-style-type: none"> 1. The water resource risk in Shenzhen City is considered as low to medium. 2. Kunshan City Water Company is located at No. 2, Kunjia Road, Development Zone, Kunshan City, Jiangsu Province and its water resource risk is considered low. 3. The municipal pipe network applicable to Tianjin Factory is located at No. 6, Taian Road, South District, Jinghai District, Tianjin City and its water resource risk is considered low.
	<ul style="list-style-type: none"> • Shenzhen Factory has conducted the water balance test in 2022 and report the same to the Shenzhen Water Conservation Office, which shall be valid for 3 years. • Based on the water conservation plan, the Company starts with the water conservation in daily life, improves the water consumption by the process proactively, strengthens daily check on water pipes, and reduce water leakage. Meanwhile, the Company makes full use of the reclaimed water recycling system to maximize the effect of available water resources. 	
Southeast Asia	<ol style="list-style-type: none"> 1. The water resource of Indonesian Factory is the groundwater allowed by the valid water permit. 2. The water resource of Vietnam Factory is the Jin An Lake Reservoir. 	<ol style="list-style-type: none"> 1. The water resource of Indonesia Factory is located in Serang City, Banten Province and its water resource risk is considered low to medium. 2. Jin An Lake Reservoir is located besides Ji An Lake in Dong Nai Province and its water resource risk is considered low.
	<ul style="list-style-type: none"> • Based on the water conservation plan, the Indonesian Factory also starts with the water conservation in daily life, proactively improves the water consumption by the process, strengthens daily check on water pipes and also makes full use of the reclaimed water recycling system. • Vietnam Factory has its General Affairs Section managing the water source. In recent years, it has improved waste water recycling, installed the recycling water towers and reduced water inflow. 	

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

Water consumption by region:

Taiwan

Year	2021	2022	2023
Water withdrawal (megaliters)	334.83	300.86	224.10
Water discharge (megaliters)	43.71	49.94	26.56
Water consumption (megaliters)	291.12	250.92	197.54
Water recycling consumption of the factory (megaliters)	34.44	40.2	12.61
Water recycling and reuse rate (%)	9.33	11.79	5.33
Organization-specific metrics (unit)	Consolidated revenue (million dollars)		
Organization-specific measures	34,896.128	38,617.881	34,443.676
Water use intensity	0.0096	0.0078	0.0065

Note:

1. Water intake = tap water + groundwater.
2. Water consumption= Water withdrawal - Water discharge
3. Water recycling and reuse rate = Water recycling consumption of the Factory / (Water withdrawal + Water recycling consumption of the Factory) *100
4. Water use intensity = Water withdrawal (megaliters) / Organization-specific measures
5. In Taiwan,water intake decreased in 2023 due to capacity and equipment improvements.

China

Factory	Shenzhen Factory		Kunshan Factory		Tianjin Factory	
Year	2022	2023	2022	2023	2022	2023
Water Withdrawal (megaliters)	194.42	171.83	294.99	237.80	198.45	187.16
Water Discharge (megaliters)	1.27	2.35	35.58	31.69	185.16	102.91
Water Consumption (megaliters)	193.15	169.48	259.41	206.11	13.29	84.25
Water Recycling Consumption of the Factory (megaliters)	-	-	127.64	115.40	30.82	43.46
Water Recycling and Reuse Rate (%)	-	-	30.20	32.66	14.48	18.84
Organization-Specific Metrics (unit)	Consolidated revenue (million dollars)					
Organization-Specific Measures	38,617.881	34,443.676	38,617.881	34,443.676	38,617.881	34,443.676
Water Use Intensity	0.0050	0.0050	0.0076	0.0069	0.0051	0.0054

Note:

1. Water withdrawal refers to the sum of production water and domestic water.
2. Water consumption= Water withdrawal - Water discharge.
3. Water recycling and reuse rate = Water recycling consumption of the Factory / (Water withdrawal + Water recycling consumption of the Factory) *100.
4. Water use intensity = Water withdrawal (megaliters) / Organization-specific measures.
5. Water discharge refers to the emission volume of industrial wastewater from the plant after the treatment by the wastewater treatment yard (excluding the domestic wastewater discharge).
6. The increase in water consumption at the Tianjin factory in 2023 is attributed to the higher rate of recycled water reuse.

Southeast Asia

Factory	Indonesia Factory		Vietnam Factory	
Year	2022	2023	2022	2023
Water Withdrawal (megaliters)	122.28	86.80	532	412.64
Water Discharge (megaliters)	13.47	4.00	108	125
Water Consumption (megaliters)	108.81	82.8	424	287.64
Water Recycling Consumption of the Factory (megaliters)	103.43	46.94	11.05	122
Water Recycling and Reuse Rate (%)	45.82	35.1	2.03	22.82
Organization-Specific Metrics (unit)	Consolidated revenue (million dollars)			
Organization-Specific Measures	38,617.881	34,443.676	38,617.881	34,443.676
Water Use Intensity	0.0032	0.0025	0.0138	0.0110

Note:

1. Water consumption= Water withdrawal - Water discharge.
2. Water recycling and reuse rate = Water recycling consumption of the Factory / (Water withdrawal + Water recycling consumption of the Factory) *100.
3. Water use intensity = Water withdrawal (megaliters) / Organization-specific measures.
4. The Vietnam factory improved wastewater recycling for process reuse in 2023, resulting in significant differences in water intake, internal recycled water volume, and compared to 2022. The wastewater discharge volume for 2022 has been revised due to statistical discrepancies.
5. The internal recycled water volume at the Indonesia factory in 2023 showed annual differences due to lower capacity and operational efficiency of the recycling equipment.

The following table explains the main specific action plans for reducing water consumption in each of the Company 's factories:

Region	Water Resource Consumption Mitigation Action Plan	Water Resource Consumption Saved	GHG emissions reduced (tons CO2e)
Taiwan	Condensate Water Recycle	5,200	0.79
Southeast Asia	Increase the volume of recycled and reused wastewater	1,800	0.27
	Boiler and water pump exhaust gas recycle	108	9.88

Wastewater Discharge Situation

Process wastewater and domestic wastewater in factories are recycled and collected in the wastewater treatment plant. The recycled wastewater is treated with pH-adjustment, pH-neutralization and bio-contact oxidation, and is then precipitated and filtered. The treated recycled wastewater can then be reused in the Company's factory for toilet flushing, floor washing, green planting, irrigation water, etc. to reduce the consumption of water resources. The Company's wastewater discharge from 2020 to 2023 are all in compliance with local regulations.



3.4 Waste Management

Material Topic: Waste	
Significant Reasons for this Topic	Upon analysis and identification of the material topics, the topic on waste is found to be very important to the Company. If the Company fails to manage the waste, the Company is likely to be punished pursuant to related laws and regulations. Reduction, disposal and management of the waste output can mitigate the Company's cost risk and improve the competitiveness of its products on sustainability issues.
Policy / Strategy	The Company's EHS and energy management policy aims at "Green production, safety and health, and sustainable operations".
Goals and Targets	For the waste reduction management in Taiwan, the short-term goals set by the Company aim at the reduction of the waste output by 10% and achievement of the recycling rate by 10% within 5 years. The mid-term goals aim at reduction of the waste output by 15% by 2030 and the long-term goals at achievement of the recycling rate by 20% in 2050.
Management Evaluation Mechanism	In accordance with ISO 9001 and ISO 14001 internal management procedures, the Company conducts the PDCA effectiveness evaluation on the emission management every year.
Performance and Adjustment	For the general post-industrial waste and hazardous post-industrial waste, proper storage and treatment programs have been prepared. The Company also continues to seek any new recycling approaches. The Company's waste is cleared and disposed of by legal waste disposal companies. Meanwhile, the Company will follow up the disposal companies' vehicle routes and final treatment yards, in order to ensure that the waste will be disposed of pursuant to laws eventually. The Company continues to prepare the improvement projects with respect to each process to promote the reduction of waste of intermediate products and finished goods, and aims to achieve a recycling rate by 10% to minimize the impact posed to the environment.
Preventive or Remedial Measures	The Company reviews the entire waste management results in the monthly meeting, and sets forth the waste reduction strategy. Meanwhile, it continues to aim at the recycling rate by 10% to minimize the environmental impact.

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

Region	Municipal Solid Waste (tons)		Non-Hazardous Industrial Waste (tons)				Hazardous Industrial Waste (tons)					Total
	Incineration (inclusive of energy recycling)	Proportion (%)	Incineration (inclusive of energy recycling)	Incineration (exclusive of energy recycling)	Recycling and Reuse	Proportion (%)	Landfill	Incineration (inclusive of energy recycling)	Incineration (exclusive of energy recycling)	Recycling and Reuse	Proportion (%)	
Taiwan	135.6	6.3	79.6	0.01	1,922.9	93.1	-	-	13.9	0.0008	0.6	2,152.0
China	719.1	15.7	292.5	-	3,157.3	75.3	12.7	168.5	0.8	230.6	9.0	4,581.5
Southeast Asia	553.7	12.9	70	-	3,613.8	86.0	-	-	47.5	-	1.1	4,285.0


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

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

The Company's action plans to reduce waste are as follows:

In order to reduce the output of waste substantially, the Company proceeds with the waste reduction and re-use and confirms the implementation result at the monthly ESH meeting. The Company also provides suggestions on reduction of waste volume from the origin and waste recycling technology in order to improve waste recycling rate.

1. Ground the waterproof roofing products which were no longer produced (not for sale) into reclaimed rubber powder and then fill the powder in the process for recycling and reusing.
2. Utilize the waste airbags and waste inner tube and entrust them to recycling operators to purchase or process them for reuse as regenerated rubber materials in the manufacturing process.
3. Waste tires that do not meet standards after inspection are entrusted to recycling operators for shredding and cracking, after which the raw materials are repurchased for reuse.
4. After the equipment is used and mineral oil is processed by precipitation, reuse the same in the mixer, and the oil residue, dust and rubber crumbs generated from the epoxy resin of the internal mixer are refined into film.

The background of the slide is a close-up, artistic photograph of blue fabric, possibly silk or satin, with deep, flowing folds and highlights that create a sense of movement and texture. The lighting is soft, emphasizing the sheen and the intricate patterns of the material.

IV. Sustainable Processes and Products

4.1 Green Production

Material Topi: Customer Health and Safety	
Significant Reasons for this Topic	Tires are the safety parts which are likely to endanger the life and property of users. Therefore, the topic on product safety is important to the Company relatively. If the Company fails to manage the product safety, it is likely to be punished pursuant to related laws and regulations. Responsible product safety management can mitigate the users' hazard risk and improve the competitiveness of products in ESG issues.
Policy / Strategy	Adhering to the quality policy philosophy for "Doing things right and good the first time; delivering competitive products and services to customers in a timely and correct manner", the Company develops new products in accordance with the IATF 16949 quality management system. The Company tests and audits each stage of product planning, product design, test run, trial production and formal production based on the IATF 16949 quality management system to ensure the products are in line with the target set by the product planning and to insure the quality and safety of the products.
Goals and Targets	The product design has taken into consideration of the laws and regulations of product safety in various countries, and the product must pass the high-speed/durability test, destructive test, bead lip force test, hydraulic burst test and other performance requirements. If the product is exported to the territories of EU, it shall also satisfy the requirements under the E-Mark R117 on rolling resistance coefficient, traction and sliding noises. Upon completion of the mass production, the products are evaluated through the internal random check conducted regularly to ensure the compliance of product quality with the design goals.
Management Evaluation Mechanism	The Company sets the target for no case of violation regarding the product safety standards/laws and regulations sanctioned by the local government.
Performance and Adjustment	In accordance with IATF 16949 and ISO 9001 internal management review procedures, the Company conducts the PDCA effectiveness evaluation on the violations of product safety/laws and regulations sanctioned by local governments every year. No violations of local product safety standards/regulations in 2023 aligns with the Company's target goals.
Preventive or Remedial Measures	The Company confirms related laws and regulations and develops the raw materials and product specifications to ensure the compliance of the product performance. Inclusion/enhancement of the failure mode through the quality committee members' discussion of misconducts to develop countermeasures to ensure that the same problems will not occur again.

Material Topic: Fuel Efficiency Design	
Significant Reasons for this Topic	<p>The Company is committed to developing various economical, eco-friendly, safe, durable and comfortable tires. Different from any other automobile parts, tires primarily function to load the weight of the whole vehicle and exert the traction force of the vehicle, and satisfy the basic performance requirements of drivers and passengers, such as comfort and safety. In recent years, the awareness toward environmental protection has been on the rise. Therefore, how to reduce the rolling resistance of tires to increase the fuel efficiency of vehicles while maintaining the basic tire performance requirements has become the product development design trend. Therefore, this issue is one of the Company's major topics.</p> <p>In response to the goal of net-zero emissions by 2050, the EU decided to ban the sale of fuel vehicles from 2035. This decision will accelerate the transformation of vehicles towards electrification/new energy. Irrespective of electric vehicles or new energy vehicles, all of them demand higher fuel efficiency of the tires. Meeting the fuel efficiency goals of the auto makers will improve the competitiveness of the Company's products.</p>
Policy / Strategy	In response to the booming electric vehicle market, the Company is committed to develop products with fuel efficiency and low rolling resistance that meet the requirements of electric vehicles (including cars, motorcycles and bicycles), in order to develop the product projects following high specifications and obtain energy conservation certification.
Goals and Targets	<ol style="list-style-type: none"> 1. Automotive tires aim at A-level/wet-grip B-level of fuel efficiency in 2025 and A/A level in 2027. 2. Fuel efficiency is not yet available everywhere for motorcycle tires, and the company will proactively respond by aiming to reduce fuel efficiency by 5% each year, using 2023 as the baseline.
Management Evaluation Mechanism	In accordance with ISO 14001 and ISO 14064-1 internal management procedures, the Company conducts the PDCA effectiveness evaluation on the emission management every year.
Performance and Adjustment	The Company will conduct a comprehensive review on the annual performance goals each year. The tire rolling resistance might affect the energy conservation for fuel efficiency and, particularly, affects consumers' finance directly. Therefore, managements regularly review performance and goal attainment to focus on issues that need to be strengthened.
Preventive or Remedial Measures	<ol style="list-style-type: none"> 1. Obtain fuel efficiency certification in accordance with local laws and regulations for product sales. 2. Develop products that may achieve the highest level of fuel efficiency.

Reducing the Impact of Products and Services on the Environment

According to a survey conducted by the International Energy Agency (IEA), about 20-30% of global oil is used for transportation. When the vehicle is moving, the energy consumption from the rolling resistance of tires would reach 20~30% of the total energy consumption. Therefore, tire rolling resistance is also one of the key factors affecting the energy consumption of vehicles. In recent years, the awareness toward environmental protection has been on the rise. Therefore, how to reduce the rolling resistance of tires to increase the energy consumption efficiency of vehicles while maintaining the basic tire performance requirements has become the product development design trend. Meanwhile, in response to the goal of net-zero emissions by 2050, the EU decided to ban the sale of fuel vehicles from 2035. This decision will accelerate the transformation of vehicles towards electrification/new energy. Irrespective of electric vehicles or new energy vehicles, all of them demand higher fuel efficiency of the tires. Meeting the fuel efficiency goals of the auto makers will improve the competitiveness of the Company's products.

The Company is committed to develop high-quality low-rolling resistance products, and has obtained relevant energy-saving certifications for product development with high-standard requirements. The Company is committed to the development of analysis system - KETK to design an optimized tire outline to effectively reduce the

use of raw materials and achieve the goal of light weight and lower rolling resistance. With the advanced computer simulation analysis system - KETK, the Company launched the new generation of ecofriendly and energy-saving tire KR210 and the high-performance oriented tire for SUVs, KR606, in 2023. These tires feature low rolling resistance, low noise, high wet grip and high wear resistance. In addition, the computer analysis can optimize the ground pressure and structure of the tire to enhance the tire's service life.

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



Column | Introduction to the EU Tire Energy Labeling and Classification

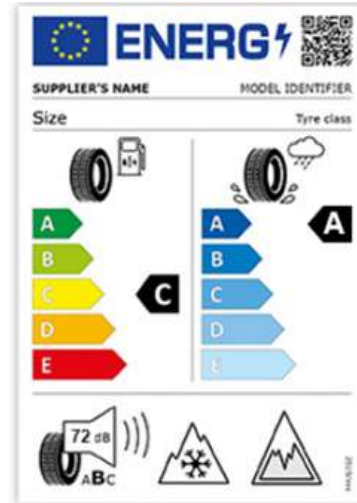
In order to provide consumers with more fine-quality products, and considering that the tire classification systems defined by the European countries and USA tend to be stricter, the Company prepares its tire classification system in reference to the European Tires Labelling Act EU 2020/740 promulgated by the EU. The Labelling Act was implemented in the EU in May of 2021. All of the tires exported to the EU member states need to be classified, certified, and labelled so.

The classification is required in order to allow consumers to choose better and eco-friendly tires. Therefore, three indicators, i.e., fuel efficiency, sliding noises and traction are set.

- **Fuel efficiency classification**

The following table shows the fuel efficiency classification: C1 stands for car tires, C2 for light truck tires and C3 for bus tires. A rating below E means that the tire cannot be sold in the EU, so all tire manufacturers certify and grade their tires for performance.

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



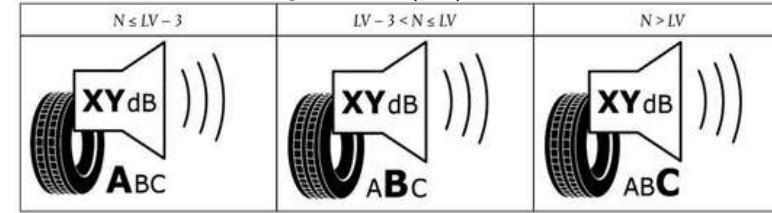
- **Traction classification**

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

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

- **Sliding noises classification**

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



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

Fuel efficiency class	Nominal section width	Limit values in
	(mm)	dB(A)
C1A	≤ 185	70
C1B	$>185 \leq 215$	71
C1C	$>215 \leq 245$	71
C1D	$>245 \leq 275$	72
C1E	>275	74

Obviously, when the tire specifications is 235/60R16 for passenger cars and the sliding noises ≤ 68 dB(A), it can be classified as Level A. Notwithstanding, if the noises are >71 , it can only be classified as Level C. Meanwhile, there are two types of labeling for icy weather. For details, please refer to the official website: <https://eur-lex.europa.eu/eli/reg/2020/740/oj>.

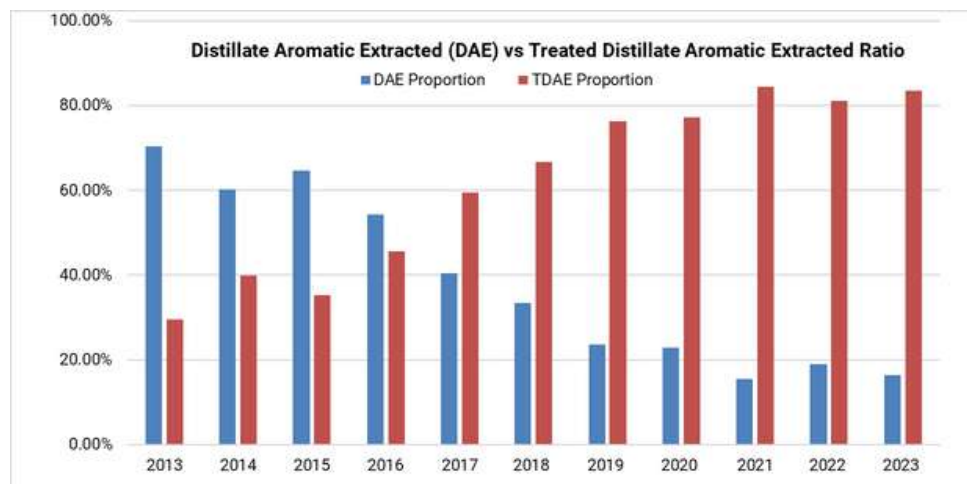


Note: Please refer to the following website for the Noise Regulation 661/2009 (EC).

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

Customer Health and Safety

Clinical trial reports indicate that long-term exposure to a mixture of high-concentration Polycyclic Aromatic Hydrocarbons (PAH or PAHs) will cause diseases such as skin cancer, lung cancer, stomach cancer, and liver cancer. As of 2023, the proportion of Distillate Aromatic Extracted (DAE) (which may contain PAHs) of the Company's products sold in Taiwan has decreased to 17%. This is not only to reduce environmental pollution, but also to reduce the health damage caused to employees during production. Also, to cope with cleaner production, the Company dedicates to increase the use of environmentally friendly formulations. Moving forward, the Company will continue to work towards the goal of converting all formulas into Treated Distillate Aromatic Extracted Oil.



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

Any product applying for GS certification must be subjected to the EU Directive 76/769/EEC PAHs (Polycyclic Aromatic Hydrocarbons) testing, which has been enforced since April 1, 2008. The U.S. Environmental Protection Agency (US EPA) lists 16 PAHs as priority controlled substances. Germany's Food and Consumer Goods Act (2005.08.LFGB) Chapter 30 establishes permissible limits for PAHs, as do China's GB, GB/T, GHZ, and other standards.

The 2005/69/EC directive stipulates that the added oil sold on the market or used for the manufacture of tires shall comply with: The BaP content is less than 1mg/kg, and the total content of 8 PAHs is less than 10mg/kg, which took effect on January 1, 2010.

Improvement of Product and Service Safety

The Company is committed to evaluating the health and safety impacts of the products and services by obtaining relevant safety certifications worldwide, such as Taiwan CNS certification, European E-mark certification, China CCC certification, Indonesia SNI certification, Brazil INMETRO certification, Gulf countries' GSO certification, EU member states' REACH certification (all types of tires other than bicycle tires can satisfy the standards). No violations of the laws and regulations governing health and safety related to the products and services took place in 2023. The Company's safety specifications certificates are listed in the following table:

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

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

Environmental Protection

The Company promotes the ISO 14001 Environmental Management System, dedicated to managing environmental pollution. The Company actively reviews, improves, and optimizes the efficiency of environmental protection equipments, and regularly maintains the equipments to ensure the effectiveness, control pollutant emissions, and prevent harm to the environment and residents. The Company also maximizes the recycling and reuses of intermediate products and defective goods generated during the process. For high-noise equipment, the Company uses sound-absorbing materials for appropriate sound insulation to reduce decibel levels. When procuring equipment, the Company prioritizes those with environmental labels, low noise levels, or good soundproofing effects to achieve waste reduction, lower energy consumption, and a clean, environmentally friendly production process, thereby minimizing environmental impact and continuously improving towards sustainable development goals.

- **Air Pollution Management**

The Company's Safety and Health Department is dedicated to prevent all types of air pollution. The main sources of exhaust gases are emissions from boiler combustion and process exhausts. The types of pollutants include: particulate matter, sulfur oxides, nitrogen oxides, dust, volatile organic compounds (VOCS), waste heat and odors. The exhaust gases generated from manufacturing processes are collected and treated using the most suitable pollution control equipments (such as cyclone dust collector, bag type dust collector, activated

carbon adsorption and filling tower, wet scrubber tower, etc.) The treated exhaust gases must be tested to ensure the compliance with regulations before being discharged. From 2020 to 2023, the exhaust emission testing results have consistently met regulatory discharge standards.

- **Soil and Groundwater Contamination Prevention and Control Measures**

The Company stores, uses, and produces items that may contaminate soil and groundwater, such as solvent oil, diesel oil, chemicals, colorants, waste liquids, waste lubricants, waste leachate, etc. If these substances are dumped or spilled, they may contaminate soil or surface water, and may cause serious ecological contamination of grass, rivers, and living things. Therefore, the Company has implemented relevant measures to prevent soil and groundwater contamination. For example, process oil tanks must be equipped with appropriate anti-spill dikes according to the size of the tank, oilabsorbing sponges and defueling pumps to prevent leakage. For chemical solvent tanks, oil trays are installed and the waste must be properly stored indoor to prevent leakage caused by the event of force majeure. When a leakage is detected, the Company shall immediately activate the emergency response mechanism to prevent the continuous expansion of the contamination area.

The Company is required to cooperate with the authorities to test the quality of soil and groundwater on a regular basis. It is required to conduct soil tests, including the

test of heavy metals listed in the soil pollution control standards every two years. Groundwater is tested every six months. The testing items include nitrogen nitrate, nitrogen nitrite, heavy metals and other contaminants listed in the groundwater pollution control standards. No penalties for contamination deficiencies and compensation incidents have been identified by the authorities during the reporting period.

- **Chemical Management**

The Company manages toxic substances in accordance with the relevant regulations “Toxic and Concerned Chemical Substances Control Act” and “Regulations for the Labeling and Hazard Communication of Hazardous Chemicals” established by the Environmental Protection Administration and the Ministry of Labor, and should be locked and under the control of dedicated officer at the storage site. The operating frequencies of the safety data sheet, the list of hazardous chemicals, emergency equipment, shower equipment, and personal protective equipment installed in the operation site are all below the regulated minimum limit. Toxic chemical operation records are regularly reported in accordance with the regulations, and the waste liquids generated are collected and entrusted to a government certified environmental cleaning Company for disposal in accordance with the law, and the hazards of exposure concentration of personnel at special workplaces are controlled



through CCB (Chemical Control Banding) by classifying the health risks. In case of leakage accidents that pollute the environment or jeopardize human health, the Company will notify the Environmental Protection Bureau in accordance with the regulations. During the reporting period, after the audit by authorities, there are no cases of contamination that can be punished and should be compensated.

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

- **Environmental Protection Resources**

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

1. Proper operation and maintenance of water pollution control facilities and improvement of the plant-wide wastewater treatment to prevent abnormal pollution incidents.

2. Maintain ISO 50001 energy management system, continuously improve energy saving, carbon reduction, product carbon footprint disclosure and waste reduction projects to reduce environmental greenhouse gas emissions, increase the rate of recycle water, save water resources, reduce waste at the source of the process and increase waste recycling as environmental objectives.

3. Implement ISO 14001 environmental management system and pursue pollution prevention. Continuously improve and enhance the performance of green and clean production to make the production process cleaner and more environmentally-friendly, so as to reduce the impact on the environment and achieve the goal of sustainable business operation.

- **Communication on Environmental Issues**

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

• Cleaner Production Certification

The term “Cleaner Production” means waste minimization, energy saving, carbon reduction, and pollution prevention. In the process of manufacturing and scrapped materials disposition, clean solutions must be adopted to prevent and control all kinds of pollutants generated and the side products can also be recycled and reused. In this way, both people and the environment are being treated in a friendly manner. The concept is also in line with the Company’s environmental safety and health policy of “Green production, safety and health, and sustainable operations ”. The Kunshan factory actively organized clean production efforts, completing the mid-term evaluation in July 2022 and the final acceptance in January 2023. In order to continuously and effectively manage the relevant indicators of the CPMS (energy and resource saving, green production processes, pollutant generation and end-of-pipe treatment functions, environmentally-friendly design, green management, social responsibility, innovative thinking, etc.), and aim to be a green factory, the Company has implemented a number of measures including the purification cycle of black rubber oil in the sealing ring of the mixer to reduce the amount of hazardous waste generated and immediately turning off power to non-operating equipment after production to reduce energy consumption and greenhouse gas emissions, waste segregation and recycling. The Company

actively participates in the green factory evaluation system, ESG knowledge, circular economy counseling, energy conservation and carbon reduction and other related trainings sponsored by the environmental protection department, and exchanges new knowledge with industry pioneers and continues to promote clean production to enhance the competitiveness to reduce energy/resource consumption and pollutant emissions, as well as to sustainably refine production technology and create high value products.





4.2 Product Quality Assurance

Material Topic: Marketing and Labeling	
Significant Reasons for this Topic	Tire labeling of products shall comply with laws and regulations before the products can be sold locally. Tire labeling information must be clear enough to enable consumers to select suitable tires. Meanwhile, if the tire is labeled in error, the tire might blow out in the process of assembly and thereby endanger people's lives.
Policy / Strategy	The Company complies with labeling regulations in all countries and sales territories, and provides consumers with sufficient information to select tires they are satisfied with and the guidance to use the tires.
Goals and Targets	The short, medium, and long-term goals for tire labeling include compliance with the local labeling laws and regulations, legibility, and avoidance of related disciplinary actions or penalties.
Management Evaluation Mechanism	During the product design review meeting, the labeling and size are reviewed to ensure that the labeling is correct and clear and complies with local laws and regulations.
Performance and Adjustment	The Company's products comply with the labeling laws in various regions during the reporting period.
Preventive or Remedial Measures	The Company sets up the Standards Division to conduct regular inspections on development of laws and regulations in various countries and notifies the R&D department to ensure that tire labeling design complies with the laws and regulations of various laws and regulations. The Company converts the products in line with Kenda product specifications in accordance with the labeling laws and regulations of various countries. The Company tests the fitness of tires and rims and measures the tire size to ensure the compliance with the tire labeling.

Global R&D Headquarters

In order to expand the research and development capabilities, the Company has established a global technology center in Taiwan. Among the other things, these include a sizing materials pilot plant, physical laboratory, chemical laboratory, tire dynamic testing equipment, and a computer simulation and design system to integrate the testing process from sizing materials development to tire finished product development, and provide R&D engineers with all the data needed to develop the tires that meet the market demand.



The Company has four R&D locations around the world, including the global technology center in Taiwan, China technology Center, US technology Center, and European technology Center. Primarily function to have the technology centers of each location to design and develop tires in the corresponding market to quickly respond to market and customer needs. Each technology center can provide design and development services for various types of tires they are responsible for, as well as the corresponding test items of various OE customers.

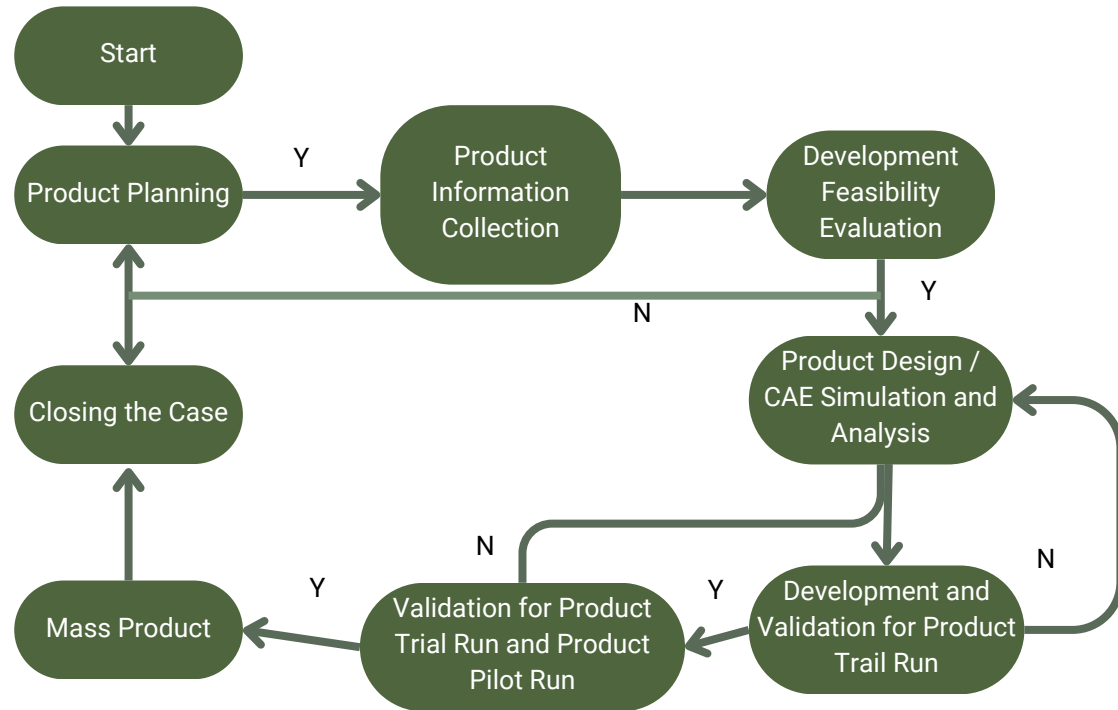




Product Liability

The Company adheres to the quality policy philosophy for "doing it right and good the first time and delivering competitive products and services to customers in a timely and correct manner" and develops new products in accordance with the IATF 16949 quality management system. The Company tests and audits each stage of product planning, product design, test run, trial production and formal production based on the IATF 16949 quality management system to ensure the products are in line with the target set by the product planning and to ensure the quality and safety of the products. In 2023, there were no cases of violations of laws and regulations in the products and services provided by the Company.

Product Development Process



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



Performance in Compliance with Regulations

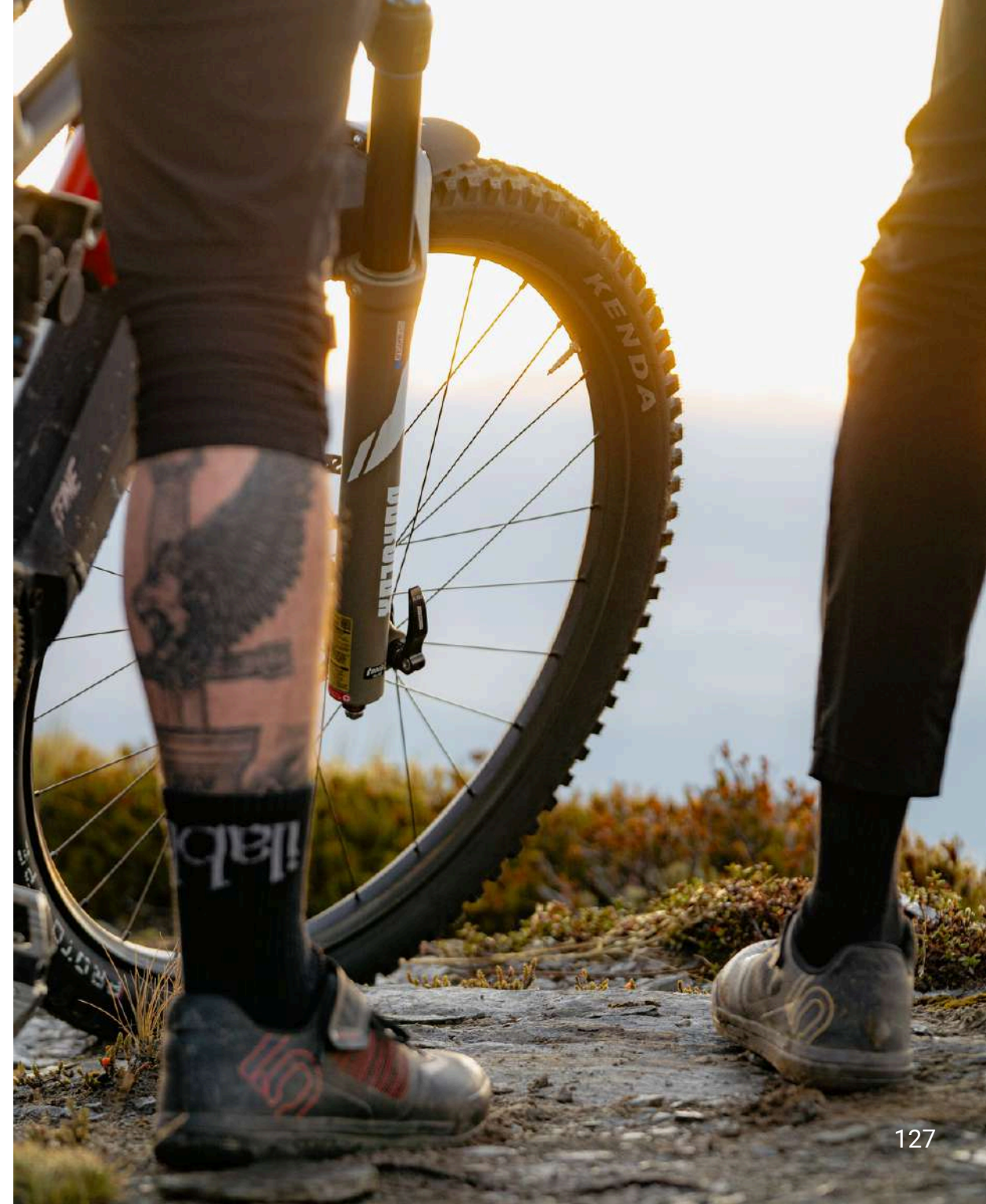
Tires are the only part of a vehicle in contact with the road, and the performance of the tires affects the dynamic performance of the vehicle. The tire performance test items in each country or region generally include: high-speed performance, durability, breaking energy, bead unseating resistance, hydraulic burst and practical operation safety test, etc., and the related regulations are formulated. The tires sold by the Company to meet the requirements of the laws and regulations in each country and region. There has never been a return or customer complaint due to the content of prohibited substances exceeding the standard.

The product range covered by regulations related to tire performance in our main sales areas is as follows:

Major Category	Overall Classification	National Standards of the Republic of China (CNS)	The Tire and Rim Association, Inc. (TRA)	The European Tire and Rim Technical Organization (ETRTO)	Japan Automobile Tire Manufacturers Association (JATMA)	China National Standards (GB)	GCC Standardization Organization (GSO)	Standard National Indonesia (SNI)	Latin American Association for Environmental Protection (ALAPA)
Passenger Car (PC)		V	V	V	V	V	V	V	V
Automobile Car (AC)	Light Truck and Ultra-Light Truck	V				V			
	Light Truck		V		V	V	V	V	V
	Commercial Vehicle			V				V	V
	Truck-Bus		V		V		V		V
	Truck Tyres					V			
Industrial Car (IC)	Industrial and Off the Road		V	V					
	Off-the Road(OTR)		V	V	V				
	Earthmoving Equipment		V	V					
	Agricultural	V	V	V	V				
	Industrial	V	V	V	V				
	Industrial and Lift Truck		V	V					
	All-Terain		V						
	Utility Vehicle		V						
Trailers/Highway Trailers		V							
Motorcycle (MC)		V	V	V	V	V	V	V	V
Bicycle (BC)		V		V	V	V			

The above major laws and regulations in each region are summarized below for each performance and tire type:

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



The main requirements of the above regulations are as follows:

- High speed/endurance performance

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

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



- Tire Breaking Energy

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

- Bead Unseating Resistance

The suitability of tire and rim assembly relies on the design of the tire bead. Poor bead design can cause tire wear and tear when the vehicle is driving, or tire blowout during assembly. Meanwhile, the position where the tire and the rim are assembled needs to resist the lateral force generated when the vehicle corners. If the lateral force is greater than the seizure resistance of bread, the tire may become dislodged during cornering and the vehicle may lose control. The seizure resistance of bread is tested after the tire is placed horizontally. Then, a half-moon-shaped weight block is pressed onto the side of the tire within the radius specified by various laws and regulations to determine the maximum lateral force of the leaked pressure that causes the bead separated from the rim.

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

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



Product Marketing and Labeling

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

In addition, the Company has established the "Marketing Advertising Management Regulations" to utilize various advertising message platforms to increase the exposure of the KENDA brand. The Company engages with online consumers in real-time and encourage them to actively share information related to KENDA, thereby enhancing customer relationships and satisfaction. During the reporting period, there were no violations of marketing communication-related regulations.

The Company's products have been certified in accordance with local laws and regulations, and the following information is indicated on the sidewall of the tire, as shown in the picture below:



Note:

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

4.3 Customer Service Management

Customer Privacy

The Company and subsidiaries maintain standard precautions for business or personal information provided by customers to protect customer privacy. In addition to requiring authorized program operations and dedicated management of the database, every employee must sign a "Labor Contract for Non-Periodic Employees", which includes a clause stating that, without the Company's consent, they must not disclose any company-related technology, operational data, or other confidential information to third parties or other colleagues. This ensures the protection of customer privacy rights. During the reporting period, there were no incidents of infringement on customer privacy, loss of customer data, or complaints from external parties or regulatory agencies regarding customer data leaks.

Resources invested in information security management in 2023:

- Regular renewal of antivirus/firewall software and updates: Cost of about NTD650,000 per year.
- Signing important information/network hardware maintenance contracts: Cost of about NTD700,000 per year.

- Number of firewall communication strategy/cybersecurity protection improvements: 5.
- Implementation of "Information Security Education and Training" for all employees: Total training hours 341 hours.
- Total of 113 computers were replaced and upgraded.

In the future, the Company will establish cybersecurity policies, ISO documents, guide cybersecurity organizational specifications, and implement a complete system with the assistance of external consultants, ultimately obtaining ISO 27001 certification.

Material Topic: Customer Privacy (Customer Privacy Management)	
Significant Reasons for this Topic	Upon analysis and identification of the material topics, the customer privacy is found very important to the Company. Providing high-quality products and professional services on the basis of trust from customers, which in turn increases profitability, will make the Company's products become more competitive in terms of ESG issues.
Policy / Strategy	Strengthen the security management of various information to ensure the confidentiality, integrity and availability of information to meet business operation needs.
Goals and Targets	Pursuant to the requirement, the Company has established the personal data protection checklist for investigation. All of its short-term, mid-term and long-term goals aim to prevent the personal data breach/leakage, in order to maintain the customer privacy.
Management Evaluation Mechanism	In accordance with Corporate Personal Data Management regulations, the Company has established a personal data monitoring checklist and conducts inventories in the following four major areas to effectively implement the regulations and maintain customer privacy. 1. Each unit shall establish the inventory list for control. 2. Feedback on additional personal data. 3. Orientation training. 4. Feedback on disclosure of personal data.
Performance and Adjustment	Pursuant to the Requirement, the Company monitors the personal data each year. Since 2018 until 2023, no leakage of personal data has taken place. In 2023, the Company improved the firewall by adding blocking rules and updating the visitor system to reduce the risk of cybersecurity breaches. The Company will continue to monitor and adopt the most effective measures to protect the customer privacy and enhance the information security in the future.
Preventive or Remedial Measures	By reviewing the personal data protection checklist annually, the Company establishes the procedure for data breach/leakage. For example, upon receipt of any report of suspected data breach/leakage, the relevant unit shall be notified for investigation and the supervisor of the relevant unit shall also be informed. If the event is verified to be true, the legal action will be taken in accordance with the Company's policy.

Customer Satisfaction

Item	Taiwan Factory	Kunshan Factory	Shenzhen Factory	Tianjin Factory	Vietnam Factory	Indonesia Factory
Service quality	88.9	97.2	92.3	99.5	92.5	92.8
Quality of tire	90.5	98.0	92.7	99.5	92.6	92.3
Quality of tube	93.7	97.3	NA	99.0	92.6	94.4

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

Won the "Outstanding Vendor Award" from the KYMCO corporate synergy system.



The Company has been recognized by China Motor Corporation: At the "2024 CMC Association Annual Meeting", the Company won the "Golden Quality Award", "Environmental Sustainability Promotion Award" and "Outstanding Manufacturer of the Year".



An aerial photograph of an industrial facility, possibly a refinery or chemical plant, featuring complex piping, large storage tanks, and several tall smokestacks. The facility is interspersed with numerous lush green trees, and a paved road with lane markings runs through the center. The overall scene suggests a focus on integrating nature with industrial operations.

V. Sustainable Supply Chain Management

5.1 Supplier Management

Material Topic: Procurement Practice, Supplier Management (Supplier Environmental Assessment and Supplier Social Assessment)	
Significant Reasons for this Topic	Supply chain risk management is a part of competitiveness; therefore, the Company pays close attention to the related risks encountered by suppliers in the supply chain, whether they are threats from natural disasters caused by climate change or risks arising from changes in the business environment.
Policy / Strategy	The Company selects qualified suppliers strictly and examines regularly whether the suppliers value and keep improving the product quality, delivery period, service, or environmental impact. Meanwhile, the Company rates and reviews the supplier's delivery quality, delivery period and certificates to distinguish the quality levels. It also communicates with the suppliers via external mailbox, email, phone, and interview from time to time.
Goals and Targets	Short-term goals: The Company implements the supplier sustainable development questionnaire and statement with respect to new suppliers with a target response rate of 100%. Mid- and long-term goals: The Company focuses on the GHG inventory and aim to find a supply chain that meets environmental protection and renewable raw materials requirements and is able to develop sustainably.
Management Evaluation Mechanism	The Company establishes relevant requirements about the evaluation on new raw materials suppliers. In addition to information on management, technical capability and production capacity, new suppliers must provide the "Basic Supplier Information Survey Form" with the "Declaration of Non-Use of Environmental Hazardous Substances and Conflict Minerals," "Sustainable Development Statement for Suppliers," "Sustainable Development Questionnaire Survey Form for Suppliers," samples (including the SDS Safety Data Sheet) and related certificates (IATF16949, ISO9001 and ISO 14001) for the Company's responsible department to investigate and evaluate before they can be classified as qualified suppliers.
Performance and Adjustment	Compared with the 2022 base year, the return rate of the supplier sustainable development questionnaire remained at 94% in 2023.
Preventive or Remedial Measures	In terms of raw materials, the Company currently focuses on greenhouse gas inventory and seeks to identify suppliers that meet environmental protection and renewable material standards, aiming to fulfill our social responsibility and ensure sustainable development. The Company asks suppliers to review operational status and manage the risks associated with geographic distribution of production lines, in order to mitigate the risk over raw materials shortage resulting from extreme climate or international circumstances change in the future. <ul style="list-style-type: none"> • Solicit suppliers from different countries. • If there is only one supplier in one area, look for a second or third supplier. • Cooperate with R&D department to find eco-friendly raw materials and set forth the procedure to deal with shortage of supply.

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

The 2023 group supply chain procurement amount ratio is as follows:

Region	Proportion of local procurement (%)		
	2021	2022	2023
Taiwan	45.54	46.81	47.41
China	No information disclosed for the year	88.26	90.41
Vietnam	No information disclosed for the year	41.12	30.32
Indonesia	No information disclosed for the year	27.50	30.20

The Company's procurement items can be divided into seven categories: raw materials, packaging supplies, equipment, molds/fixtures, contractors, subcontract processing, and office supplies. Among them, the procurement of raw materials accounts for the largest proportion. The Company strives to maintain at least two to three suppliers in different geographic locations for each material, in order to have the flexibility to respond to operational risks due to international circumstances change, extreme climates and significant natural disasters. The Company also proactively increases inventory and look for second suppliers for the materials relying on single suppliers. The Company also asks suppliers to review operating status and to manage the risks associated with geographic distribution of production lines, in order to have the flexibility to respond to operating risks due to international circumstances change, extreme climates and significant natural disasters.

Supplier Assessment

The Company has established rules for the evaluation of suppliers. In addition to the quality, delivery, supply status, operational performance, and service capability, the evaluations of environmental protection, labor practices, human rights, anti-corruption, and other aspects are also considered. New suppliers must provide a “Supplier Basic Information Questionnaire” with a “Declaration of Confirmation of Environmentally Hazardous Substances and Conflict Minerals”, a “Supplier Sustainable Development Statement”, and samples (including SDS Safety Data Sheet) for investigation and evaluation. The aforementioned documents include basic supplier information, contact person, factory information, certified system, product certification, declaration of environmentally hazardous substances and non-use of conflict minerals, and sustainability practices (legal compliance, labor rights, environmental protection and code of ethics, etc.). Meanwhile, the suppliers shall have at least ISO 9001 quality certification or IATF 16949 quality system certifications. Only after the responsible department conducts an investigation and evaluates the materials as satisfactory can the supplier be listed as a qualified supplier for the Company.

2021-2023 Sustainable Development Statement and Questionnaire									
Item	Sustainable Development Statement			Sustainable Development Questionnaire			Code Of Conduct Warranty		
	Total number of suppliers	Number of returns	Response rate	Total number of suppliers	Number of returns	Response rate	Total number of suppliers	Number of returns	Response rate
2021	1,099	1,030	93.72%	1,099	1,030	93.72%	1,099	1,030	93.72%
2022	1,165	1,096	94.08%	1,165	1,096	94.08%	1,165	1,096	94.08%
2023	1,210	1,141	94.30%	1,210	1,141	94.30%	1,210	1,141	94.30%

In addition to the evaluation of new suppliers mentioned above, the quality assurance department periodically evaluates qualified suppliers on monthly basis based on their processing capability, delivery rate, qualified-product rate, and certificates, etc., ensuring the overall competitiveness of suppliers. Each year, the Company conducts on-site audits for major product defects, customer complaints, and violations of sustainability guidelines. If any deficiencies are found, the Company will ask the supplier to propose appropriate improvement plans. A clear goals and improvement deadlines will also be provided by the Company to suppliers regarding the deficiencies. If necessary, the company will also provide appropriate assistance and counseling to the supplier, ensuring suppliers meet the procurement practices.

Suppliers with regular evaluation quality scores of A, B, or C are considered qualified suppliers to the Company. The distribution of quality ratings for suppliers in various regions is shown in the table below:

Suppliers Rating Chart for the Past Three Years:

Rating	Region	Taiwan			China			Southeast Asia		
		2021	2022	2023	2021	2022	2023	2021	2022	2023
Level A	(100-96)	26.42%	26.34%	39.28%	39.07%	34.17%	40.64%	68.55%	66.62%	69.17%
Level B	(95-86)	45.28%	53.27%	52.01%	45.51%	52.68%	46.27%	28.41%	32.09%	27.23%
Level C	(85-71)	26.42%	18.63%	7.51%	14.21%	12.22%	11.86%	2.92%	1.22%	3.39%
Level D	(Below 70)	1.89%	1.76%	1.20%	1.20%	0.93%	1.23%	0.12%	0.06%	0.21%

Note: In 2023, the average number of monthly evaluations in each factory:

Taiwan factory: 77; Shenzhen factory: 12; Kunshan factory: 103; Tianjin factory: 75;

Indonesia factory: 19; Vietnam factory: 101.

The Company is committed to selecting and evaluating high-quality suppliers. In 2023, the proportion of Level A suppliers in various regions has increased compared to 2022.

During the reporting period, the actions taken and the procedures for remedying the negative social impacts within the supply chains of various factories are as follows:

The Company has established related supplier assessment regulations. In addition to the supplier profile questionnaire, declaration of environmentally hazardous

substances and supplier sustainable development statement, the Company also cares about whether or not the supplier owns a complete and sound quality system. Major suppliers shall also have received the ISO 9001 or TATF 16949 quality system certifications.

The Company will rate the quality, delivery period and certificates and prioritize the key suppliers to be audited annually and provide them with guidance. The suppliers who win excellent scores will be rewarded for the early payment, while those with poor performance will be punished, and the Company will defer the payment to those with poor performance or reduce the purchase ratio.



5.2 Supply Management

The consumption of materials and non-renewable supplies used in each factory is summarized below:

Materials	Renewable or Non-Renewable	Taiwan			China		Southeast Asia	
		2021	2022	2023	2022	2023年	2022	2023
Natural Rubber	Renewable	7,726	7,249	5,513	19,344	17,999	13,973	14,465
Synthetic Rubber	Non-renewable	13,146	12,822	9,216	26,610	25,606	21,245	22,865
Butyl Rubber	Non-renewable	1,172	1,205	318	2,005	1,353	992	1,074
Steel	Non-renewable	1,751	1,405	1,192	5,023	4,921	3,830	3,699
Ply	Non-renewable	3,040	2,279	1,966	6,617	6,717	4,990	4,933
Carbon Black	Non-renewable	13,385	11,915	8,964	29,612	26,569	21,082	22,575

Unit: tons

Note:

The types of materials include: raw natural resources, such as ore, iron, wood, plastic pellets; lubricants used in machines, semi-finished parts or parts; packaging materials are also included.

Non-renewable refers to resources that cannot be replenished in a short period of time, such as: coal, natural gas, metals, minerals, and petroleum; renewable refers to resources that will grow again after being picked.

Columns | Application of Renewal and Biomass Materials

Implementation of Vegetable Soybean Oil

Applied product: Kenetica Pro KR210

In line with the rising awareness toward sustainable products, the Company has been developing biomass materials that can be used in tire production proactively in recent years, such as soybean oil, and has launched a variety of formulas and products, of which the most representative ones were the car tire series, KR210, launched by the Company in 2023. KR210 was developed by the Company's European Technology Center. It uses the new biomass formula and eco-friendly materials to meet the EU regulatory requirements. The entire series uses eco-friendly vegetable oil (soybean oil) formula and Low PAHs level non-polluting eco-friendly oils to reduce the proportion of petrochemical raw materials consumed. By using plant recyclable resources to produce tire products, the Company promotes the concept of sustainable environmental protection. The tire series were also selected as "Recommended" by TCS/ADAC in Europe and Switzerland. The high stability, improved handling, and optimized wet grip performance thereof are considered keeping pace with the tire products manufactured by world-renowned leading manufacturers, thereby providing consumers who value driving safety with better choices. The same product series sold in Europe refer to the ultra-high-performance tire, Emera A1 KR41.



Descriptions about practical application characteristics

In the tire manufacturing process, petroleum is applied to form synthetic rubber and polymers. In passenger car and light truck tires, synthetic polymers determine the performance and overall functions of the tire, including rolling resistance, wear, and grip. For Kenetica Pro KR210, soybean oil formula design and research are implemented into the tread rubber with excellent performance to implement the ESG concept that emphasizes reduction of petroleum raw materials to achieve the purpose of energy saving and carbon reduction.

In addition to the biomass oil products extracted from plants, KR210 also uses the Low PAHs level non-polluting and eco-friendly oil defined under the EU regulations to meet the needs of market regulations and reduce the carcinogens derived from incomplete combustion, such as polycyclic aromatic hydrocarbons (PAHs), Reduce environmental pollution and hazards to human health.

Other ESG Applications



- Rice husk gray smoke - Processed from rice husks



- Natural rubber - processed from rubber trees



- Palm oil - processed from palm trees

Statistical Table of Recycled Raw Materials Consumption from 2022 to 2023

Statistical Table of Recycled Raw Materials Consumption from 2022 to 2023										
Product	2022 Group Consumption (tons) and Local Procurement Ratio					2023 Group Consumption (tons) and Local Procurement Ratio				
	Total of Group Consumption (tons)		In total	Local Procurement Ratio		Total of Group Consumption (tons)		In total	Local Procurement Ratio	
	Domestic	Foreign		Domestic	Foreign	Domestic	Foreign		Domestic	Foreign
Reclaimed Carbon Black	18.50	598.40	616.90	3.00%	97.00%	144.72	334.22	478.94	30.22%	69.78%
Reclaimed Rubber	2,641.30	1,181.17	3,822.47	69.10%	30.90%	2,666.11	1,803.52	3,749.63	71.10%	28.90%
Total	2,659.80	1,779.57	4,439.37	59.91%	40.09%	2,810.83	1,417.74	4,228.57	66.47%	33.53%



Packaging materials reduction policy

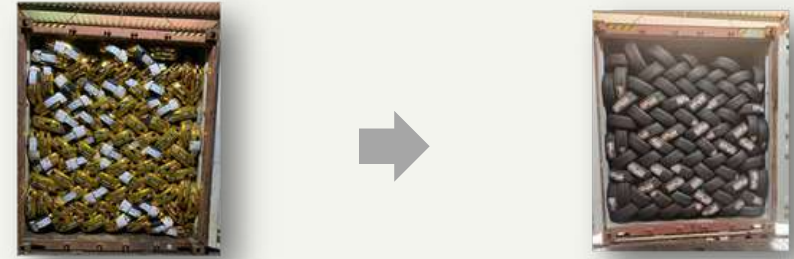
The following table illustrates the status of recycled supplies, recycled products and the packaging materials at each factory premises during the reporting period:

Region	Weight of recycled materials (metric tons)	Packaging materials consumed (metric tons)	Proportion (%)	Remark
Taiwan	95	162	58.84	The packaging materials of the products are recycled and disposed by the customers themselves.
China	549	1,780	30.84	
Southeast Asia	396	933	42.41	
Total	1,040	2,875	36.17	

Packaging materials reduction policy items

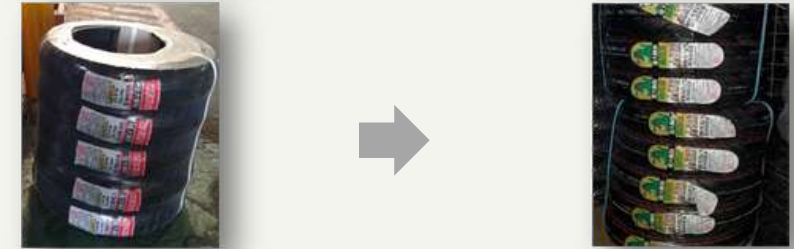
1. Reduce the amount of roll and pallet packaging

About 600,000 pieces of passenger car tires were shipped to Middle East, Central and South America in 2023. The Company has persuaded customers to simplify packaging in response to ESG practices, and aim to give up roll and pallet packaging completely.



2. Reduce shrink film packaging.

In October 2023, heat-shrinkable film packaging was cancelled for domestic sales in Taiwan, which can help to reduce 12 metric tons of plastic waste every year.



3. Reduce the size of tire stickers

The size of new stickers is reduced by 30%. The Company uses about 1.1 million pieces of stickers in Taiwan per year. Therefore, the reduction of the size of new stickers can save about 330,000 pieces compared to original size of the stickers. .



4. Change the materials of the packing rope: PP materials are changed to calcium carbonate materials.

- PP materials are very likely to disperse in the shape of corn silk and scatter around, causing pollution on the assembly line. Besides, such materials cannot be decomposed easily.
- The calcium carbonate materials have smooth cut and may be decomposed easily therefore, such materials are considered eco-friendlier.



Post-Consumer Waste Inner Tube Recycling Project

In Taiwan, thousands of pieces of bicycle inner tubes end up in landfills every year. The impact posed by these discarded bicycle inner tubes on the environment is quite serious, and it takes at least hundreds of years for these waste materials to be decomposed. In order to verify the serious impact posed by the inner tubes on the environment, the Company breathes new life into these tubes through recycling. The Company does not consider these tubes as garbage, but as valuable resource which high-quality pipes may be made of.

These post-consumer waste inner tubes are recycled and desulfurized into brand-new reclaimed rubber materials that are further processed to become new inner tubes. The Company not only cares about product quality and consumer experience, but also contributes to the environment by practicing the ESG concept.





VI. Sustainable Happiness in the Workplace



6.1 Human Resource Management

Material Topic: Market Presence, Employment, Labor/Management Relations, Training and Education	
Significant reasons for this topic	Employees are the most important asset of the Company, and issues related to employees are also significant matters for us. Maintaining good communication with employees can enhance their recognition of the Company, reduce turnover rates, and decrease talent mobility.
Policy / Strategy	In terms of acquisition and training of human resources, the Company actively constructs systems and channels that are superior to those in the industry to maintain the Company's competitiveness in human resources.
Goals and Targets	<ul style="list-style-type: none"> • Short-term goals: In compliance with the laws and regulations. To protect employees' interest and rights, salary adjustments of 1% to 3% will be made annually. • Mid-term goals: provide the employees with the opportunities and channels for continuing education, prepare the talent pool system and succession plan to ensure the sustainability. • Long-term goals: create the employee stock ownership trust to share business results and achieve coprosperity between the labor and management.
Management Evaluation Mechanism	By reporting the "salary of non-executive employees" to TWSE each year, the Company continues to review the employee salaries gap of benchmark companies. The Company participates in the TTQS assessment organized by the Ministry of Labor regularly to ensure the training results are maintained. Provide grievance system and accept opinions from all employees via labor unions and labor-management meetings regularly.
Performance and Adjustment	Since 2018, the Company has provided the whole employees with a salary raise of 1~3% every year. Since 2016, the Company has won the gold medals from TTQS for three consecutive terms.
Preventive or Remedial Measures	<ul style="list-style-type: none"> • By reporting the "non-executive employee compensation " to TWSE every year, the Company continues to review the gap between employee salaries and the pay level of benchmark companies and participates in the TTQS assessment organized by the Ministry of Labor regularly, in order to confirm that the training results are maintained. Provide the related grievance system and accept opinions from all parties via labor unions and labor-management meetings regularly. • Establish a regulation compliance management mechanism, including compliance organizational regulations and systems.

In recent years, the Company has maintained stable operations, with a continuous growth in the number of employees. The Company does not apply different hiring standards, salaries, or promotion paths based on race, religion, political affiliation, place of birth, gender, sexual orientation, marital status, secondary employment, appearance, or physical and mental disabilities. The following is an overview of the number of employees in various regions during the reporting period:

Overview of the Number of Employees						
Region	Type of Contract	Female	Male	Other Note 1	Not Reveal Note 2	Total
Taiwan	Number of employees	502	1,258	0	0	1,760
	Number of permanent employee	502	1,258	0	0	1,760
	Number of temporary employee	0	0	0	0	0
	Number of non-guaranteed hours employee	0	0	0	0	0
	Number of full-time employees	502	1,258	0	0	1,760
	Number of part-time employees	0	0	0	0	0
China	Number of employees	1,220	3,074	0	0	4,294
	Number of permanent employee	1,001	2,461	0	0	3,462
	Number of temporary employee	362	944	0	0	1,306
	Number of non-guaranteed hours employee	0	0	0	0	0
	Number of full-time employees	1,144	2,792	0	0	3,936
	Number of part-time employees	0	0	0	0	0

Overview of the Number of Employees						
Region	Type of Contract	Female	Male	Other Note 1	Not Reveal Note 2	Total
Southeast Asia	Number of employees	1,060	3,470	0	0	4,530
	Number of permanent employee	1,054	3,417	0	0	4,471
	Number of temporary employee	6	53	0	0	59
	Number of non-guaranteed hours employee	0	0	0	0	0
	Number of full-time employees	1,060	3,470	0	0	4,530
	Number of part-time employees	0	0	0	0	0
Europe	Number of employees	57	456	0	0	513
	Number of permanent employee	54	384	0	0	438
	Number of temporary employee	3	72	0	0	75
	Number of non-guaranteed hours employee	0	0	0	0	0
	Number of full-time employees	43	379	0	0	422
	Number of part-time employees	11	5	0	0	16

Note:

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

- The number of non-employee workers in the company is described in the table below:

Worker Categories	Contractual Relationship with the Company	Total Number of Workers
Occupational Physician	Appointed	2
Professional Advisor	Appointed	8
Contractor	Contracting	267
Hourly Paid Workers	Contracting	1,386

“Employees are the most important assets of an enterprise.” The Company values the protection of employees’ interest and right by establishing a labor union and respecting the harmonious relationship between the union and the Company. Employees can raise issues through labor union representatives during regular meetings. Additionally, employees can express opinions, provide suggestions, and report problems through various channels such as morning meetings, weekly meetings, employee opinion mailbox, complaint hotlines, emails, and the welfare committee. Management will provide clear guidance and assistance based on employee feedback to further improve the work environment.

During the reporting period, there were 1,760 labor representatives and 15 employer representatives joined the labor union in Taiwan Factory. The total number of employees covered by the collective agreement accounted for 100%.

During the reporting period, there were 3,193 labor representatives and 11 employer representatives joined the labor union in Vietnam Factory. The total number of employees covered by the collective agreement accounted for 97.29% in Vietnam Factory.

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

Region		Taiwan			China		Southeast Asia		Europe	
Year		2021	2022	2023	2022	2023	2022	2023	2023	
Item/Gender	Age	Number	Number	Number	Number	Number	Number	Number	Number	
Supervisor	Male	< 30 years old	8	7	3	19	7	27	18	0
		30-50 years old	154	143	148	512	194	77	75	11
		> 50 years old	50	53	63	114	37	5	5	8
	Female	< 30 years old	0	0	1	1	0	6	5	0
		30-50 years old	20	20	20	65	27	19	25	7
		> 50 years old	14	13	15	4	2	0	0	2
Total of Supervisor		246	236	250	715	267	134	128	28	
Non-supervisor	Male	< 30 years old	329	282	195	222	367	1,588	1,655	102
		30-50 years old	775	762	707	1,357	1,972	1,501	1,651	262
		> 50 years old	122	129	142	368	497	72	74	73
	Female	< 30 years old	85	81	66	94	132	639	528	4
		30-50 years old	320	308	266	860	1,011	470	475	32
		> 50 years old	104	112	134	40	48	17	19	12
Total of Non-supervisor		1,735	1,674	1,510	2,941	4,027	4,287	4,402	485	
Total of Permanent Employee		1,981	1,910	1,760	3,656	4,294	4,421	4,530	513	
Description		1. Supervisors and above are executive officers. 2. Senior Directors and above are top management. 3. 100% of senior managements are local residents.			1. Supervisors and above are executive officers. 2. Senior Directors and above are top management. 3. The executives in China and Southeast Asia are mainly expatriates from Taiwan.				The proportion of executives hired from local personnel is 82%.	

- The overview of the new employee and employee turnover of the Company in the past three years is as follows:

Taiwan

New Employee Rate												
Year	2021				2022				2023			
Gender	Male		Female		Male		Female		Male		Female	
Age / Item	Number	New employee rate (%)	Number	New employee rate (%)	Number	New employee rate (%)	Number	New employee rate (%)	Number	New employee rate (%)	Number	New employee rate (%)
< 30 years old	112	5.65	36	1.82	99	5.18	25	1.31	28	1.59	10	0.57
30-50 years old	89	4.49	16	0.81	116	6.07	25	1.31	55	3.13	8	0.45
> 51 years old	9	0.45	1	0.05	8	0.42	2	0.10	7	0.40	5	0.28
Total	263				275				113			
Total of Employees	1,981				1,910				1,760			
Total New Employees Rate (%)	13.28				14.40				6.42			

Employee Turnover Rate												
Year	2021				2022				2023			
Gender	Male		Female		Male		Female		Male		Female	
Age / Item	Number	Turnover rate (%)	Number	Turnover rate (%)	Number	Turnover rate (%)	Number	Turnover rate (%)	Number	Turnover rate (%)	Number	Turnover rate (%)
< 30 years old	85	4.29	33	1.67	106	5.55	21	1.10	77	4.38	19	1.08
30-50 years old	119	6.01	17	0.86	160	8.38	24	1.26	136	7.73	25	1.42
> 51 years old	17	0.86	4	0.20	18	0.94	17	0.89	34	1.93	19	1.08
Total	275				346				310			
Total of Employees	1,981				1,910				1,760			
Total Turnover Rate (%)	13.88				18.12				17.61			

China

New Employee Rate								
Year	2022				2023			
Gender	Male		Female		Male		Female	
Age / Item	Number	New employee rate (%)	Number	New employee rate (%)	Number	New employee rate (%)	Number	New employee rate (%)
< 30 years old	294	8.04	79	2.16	169	26.20	26	4.03
30-50 years old	504	13.79	205	5.61	372	57.67	71	11.01
> 51 years old	36	0.98	0	0.00	3	0.47	4	0.62
Total	1,118				635			
Total of Employees	3,656				4,294			
Total New Employees Rate (%)	30.58				15.02			

Employee Turnover Rate								
Year	2022				2023			
Gender	Male		Female		Male		Female	
Age / Item	Number	Turnover rate (%)	Number	Turnover rate (%)	Number	Turnover rate (%)	Number	Turnover rate (%)
< 30 years old	330	9.03	80	2.19	168	25.30	22	3.31
30-50 years old	643	17.59	284	7.77	345	51.96	88	13.25
> 51 years old	35	0.96	29	0.79	17	2.56	24	3.61
Total	1,401				664			
Total of Employees	3,656				4,294			
Total Turnover Rate (%)	38.32				15.46			

Southeast Asia

New Employee Rate								
Year	2022				2023			
Gender	Male		Female		Male		Female	
Age / Item	Number	New employee rate (%)	Number	New employee rate (%)	Number	New employee rate (%)	Number	New employee rate (%)
< 30 years old	1,146	23.77	355	7.36	624	53.93	77	6.66
30-50 years old	581	12.05	221	4.58	403	34.83	45	3.89
> 51 years old	25	0.52	3	0.06	6	0.52	2	0.17
Total	2,331				1,157			
Total of Employees	4,821				4,530			
Total New Employees Rate (%)	48.35				25.54			

Employee Turnover Rate								
Year	2022				2023			
Gender	Male		Female		Male		Female	
Age / Item	Number	Turnover rate (%)	Number	Turnover rate (%)	Number	Turnover rate (%)	Number	Turnover rate (%)
< 30 years old	956	19.83	329	6.82	763	52.51	126	8.67
30-50 years old	632	13.11	208	4.31	450	30.97	106	7.30
> 51 years old	36	0.75	2	0.04	8	0.55	0	0.00
Total	2,163				1,453			
Total of Employees	4,821				4,530			
Total New Employees Rate (%)	44.87				32.08			

Europe

New Employee Rate				
Year	2023			
Gender	Male		Female	
Age / Item	Number	New employee rate (%)	Number	New employee rate (%)
< 30 years old	23	4.48	3	0.58
30-50 years old	25	4.87	7	1.36
> 51 years old	4	0.78	2	0.39
Total	64			
Total of Employees	513			
Total New Employees Rate (%)	12.48			

Employee Turnover Rate				
Year	2022			
Gender	Male		Female	
Age / Item	Number	Turnover rate (%)	Number	Turnover rate (%)
< 30 years old	36	7.02	1	0.19
30-50 years old	38	7.41	3	0.58
> 51 years old	13	2.53	1	0.19
Total	92			
Total of Employees	513			
Total New Employees Rate (%)	17.93			

Employee Welfare

The following benefits are provided to full-time employees (excluding temporary or part-time employees) at operational locations:

- All kinds of statutory insurance
- Marriage subsidy
- Funeral subsidy
- Hospitalization subsidy
- Children's education scholarship
- Language allowance
- Gift certificates and coupon in festivals
- Special merchant stores
- Discounted price for purchasing company products
- Provision of company car for business purpose
- Parking spaces for employee cars and motorcycles
- Regular health examination and medical care
- Provision of uniform and safety shoes
- Birthday benefits
- Provision of free lunch
- Designated childcare services, kindergartens, and childcare subsidies.



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



• Volunteer Firefighters' Gathering Activity 20230908



• Joy Dumplings Charity Group Purchase 20231127



• County Government Employee Role Model Award Ceremony 20230421



• Labor Day Employee Role Model Award Ceremony 20230426



• Employee self-empowerment activity 20231112



• Spring Festival Special Meal for Foreign Migrant Workers 20230119

Employment of Diverse Staff

The Company employs minority and vulnerable groups in regions such as Taiwan and Europe. The employment status of diverse staff in the past three years is shown in the following table:

Year		2021	2022	2023	
Item/Gender	Age	Number	Number	Number	
Minority or Vulnerable Groups	Male	< 30 years old	3	8	3
		30-50 years old	18	19	23
		> 51 years old	10	10	10
	Female	< 30 years old	1	1	0
		30-50 years old	5	8	6
		> 51 years old	1	2	1

Note:

1. Minority or vulnerable groups: group of individuals with a specific condition or characteristic (e.g., economic, physical, political, social) that could experience negative impacts as a result of the organization's activities more severely than the general population.
2. The data for 2023 add the number of people in Europe.



- Awarded the "Excellent Award" for excess employment of minorities in Changhua County in Taiwan.

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

The Company is committed to protecting employees' human rights, and recognizes and supports internationally recognized human rights standards such as “United Nations Global Compact”, “United Nations Universal Declaration of Human Rights”, and “ILO Declaration on Fundamental Principles and Rights at Work”. The Company takes practical actions to demonstrate its responsibility to respect and protect human rights, abide by the local labor and gender equality applicable laws and regulations, and put an end to any violations of human rights. The Company has established the human rights policy that includes diversity and inclusion, ensuring equal job opportunity, forbidding forced labor and zero tolerance for child labor, setting up a complaint channel to promote harmony between labor and management, providing a safe and healthy workplace, and regularly reviewing and evaluating human rights systems and actions in order to protect employees and safeguard the human rights. During the reporting period, there were no incidents of discrimination or violation of laws in any of factories and suppliers.

6.2 Employee Training and Education

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

- **Training and Education**

The Company uses diverse mechanisms and channels to conduct learning transfer after education and training, so that the diffusion effect of learning outcomes becomes more significant.

- **Training Commitment**

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

- **Education and Training and Relevant Development Policies**

- Improve the process of new recruits
- Enhance the ability of current staff
- Reserve future management talents
- Improve the quality of the working environment
- Create a good corporate culture



Employee Education and Training Status

The Company identifies gaps in employee competencies through competency assessments and conducts a survey for the next year's training program in the fourth quarter of each year. The Company develops a training plan that includes new employee orientation, general knowledge (core competencies) training, management skills training, project (functional) training, and self-directed learning, and allocates an annual budget for it. The Company is committed to offering a diverse range of training courses and linking training outcomes to job promotions as a criterion for assessing advancement standards. This approach aims to enhance employee capabilities, build the Company's sustainable competitive advantage, and achieve its annual business goals and vision. In 2021, the company passed the Talent Development Quality Management System (TTQS) Enterprise Institutional Edition—Gold Medal Assessment. Through TTQS evaluation and award applications, the Company continuously optimizes its training system to ensure stable employee training quality.



- Taiwan

Item/Category		Management Function		Non-Management Function		Direct Workers		Indirect Workers	
Unit/Gender		Male	Female	Male	Female	Male	Female	Male	Female
Number of Persons	Persons	4,725	693	26,065	10,660	16,231	4,874	14,559	6,479
Total Training Hours	Hours	7,784.50	1,059	31,952.50	13,210.00	17,607.00	5,495.50	22,130.00	8,773.70
Average Training Hours	Hour/Person	1.65	1.53	1.23	1.24	1.08	1.13	1.52	1.35
Training Expenses	NT\$	1,822,149	224,054	5,816,030	2,231,519	2,689,279	839,212	4,948,901	1,616,360

- China

Item/Category		Management Function		Non-Management Function		Direct Workers		Indirect Workers	
Unit/Gender		Male	Female	Male	Female	Male	Female	Male	Female
Number of Persons	Persons	4,479	416	16,121	7,390	13,301	5,231	7,299	2,575
Total Training Hours	Hours	7,979.50	1,357.5	82,672.50	36,784.50	71,661.00	32,591.00	18,984.00	5,558.00
Average Training Hours	Hour/Person	1.78	3.26	5.13	4.98	5.39	6.23	2.60	2.16
Training Expenses	NT\$	181,930	43,644	3,964,946	1,714,164	3,554,351	1,614,059	589,065	147,207

- Southeast Asia

Item/Category		Management Function		Non-Management Function		Direct Workers		Indirect Workers	
Unit/Gender		Male	Female	Male	Female	Male	Female	Male	Female
Number of Persons	Persons	5423	475	27,197	11,391	8,723	2,573	23,897	9,293
Total Training Hours	Hours	7,179.00	626.00	42,740.50	19,231.00	13,339.50	3,766.00	36,580.00	16,091.00
Average Training Hours	Hour/Person	1.32	1.32	1.57	1.69	1.53	1.46	1.53	1.73
Training Expenses	NT\$	0	0	11,200	11,200	0	0	11,200	11,200

- Europe

Item/Category		Management Function		Non-Management Function		Direct Workers		Indirect Workers	
Unit/Gender		Male	Female	Male	Female	Male	Female	Male	Female
Number of Persons	Persons	11	7	315	29	293	11	33	25
Total Training Hours	Hours	107	118	3,417	934	2,461	124	1,063	928
Average Training Hours	Hour/Person	10	17	11	32	8	11	32	37
Training Expenses	NT\$	37,324	136,471	2,519,584	643,689	723,570	29,013	424,516	246,732

Photos Related to Course Activities



- Management Skills Training: Course Name - Whose ESG? ESG for CEOs and Department Heads



- Sales Department, Headquarter - Project (Functional) Training: Course Name - Building the Most Comprehensive Marketing Analysis: Moving Beyond Intuition to Define Market Exhibition Marketing Practices



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

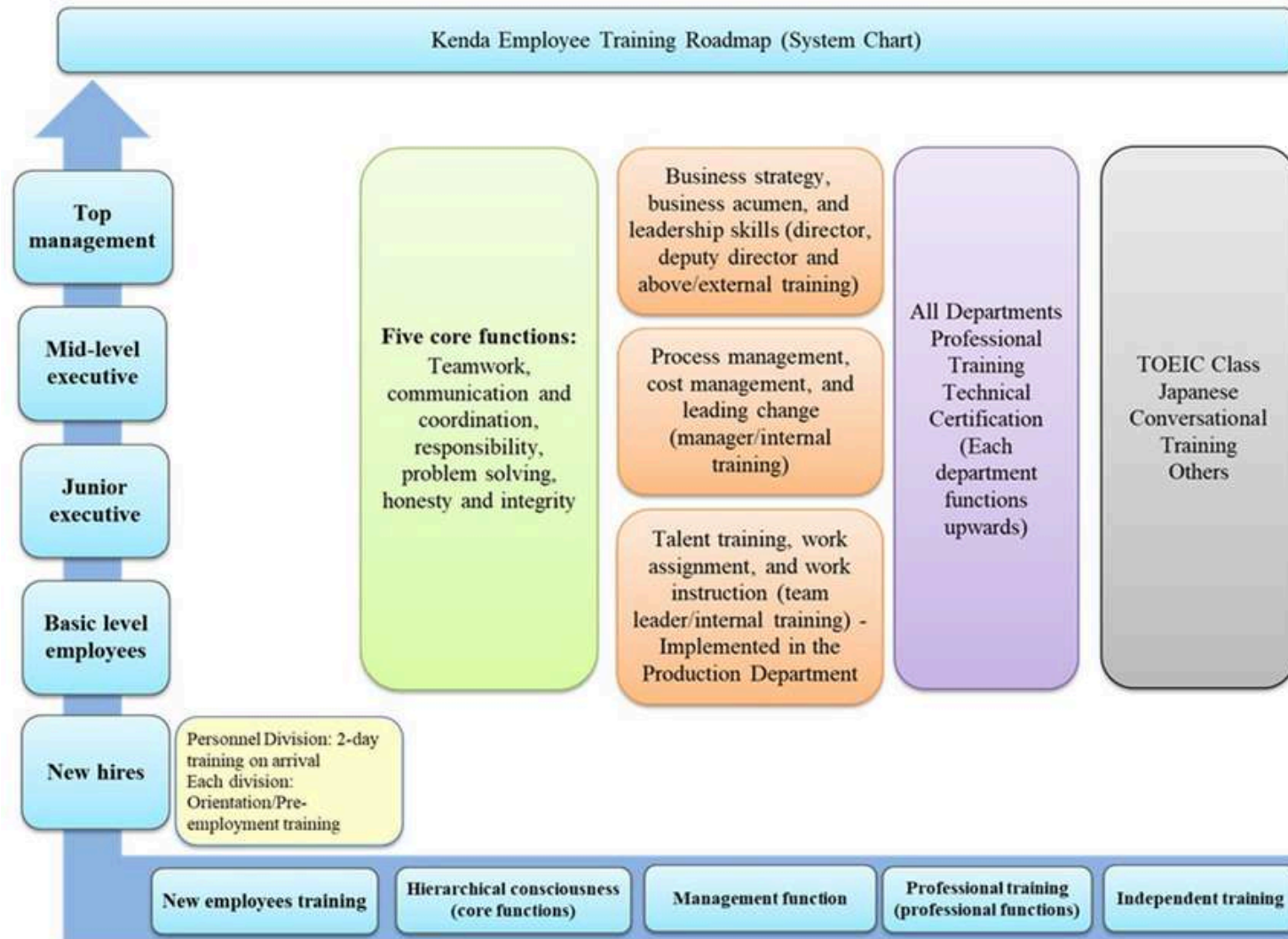


- Hierarchical Consciousness (core functions) Training: Course Name – BSC Management



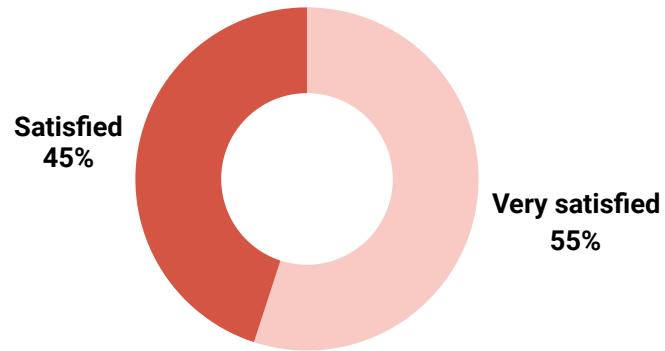
- R&D Department, Headquarter - Project (Functional) Training: Course Name - Experimental Research Project

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

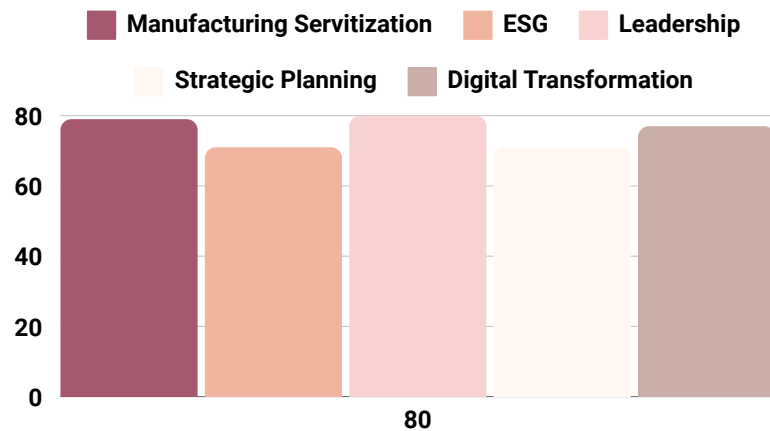


Successor Training 2.0 Program

Based on the 2023 Successor Training Program, and coped with establishment of the talent pool for key tasks in current year and College of Management and Incubation Center of National Yunlin University of Science and Technology, the Company proposed the Successor Training Program.



• Course Satisfaction Survey



• Sharing Learning with Others and Applying it at Work: The survey shows that over 70% of respondents have engaged in both.

Photos of the Successor Training Program



• Strategic Planning Course I



• Strategic Planning Course II



• ESG Course



• Leadership Course



• Manufacturing Servitization Course



• Digital Transformation Course

Government Grants and Awards

An enterprise's sustainability depends on the systematic talent training and adaptive development for jobs. The Company is committed to job rotation planning and education and training system to promote the training of talents' competency and establish a learning-oriented organization. In 2019, the Company was honored by the award for Large-Sized Enterprise-National Talent Development Award by the Ministry of Labor. In 2023, the Company has received the subsidy amounting to NT\$290,218 from the government for education and training awarded the Talent Development Quality Management System (TTQS) Enterprise Version - Gold Medal. The Company continues to pursue the quality of the training system and makes good use of the government subsidies and school's cooperation resources to strengthen the Company's training system. With the strong support from the top management and the participation by all employees, the Company organizes the relevant training programs proactively and have them links to practical job performance, thereby enhancing organizational management performance.



- **2023 TTQS Gold Level Extension - Certification of Evaluation**



- **2019 National Talent Development Award Ceremony**

Fair Performance Management System

In order to institutionalize the employment system and to provide objective and fair criteria for promotions and rewards, the Company conducts regular performance evaluations based on established scoring criteria. The percentage of employees who undergo regular performance and career development reviews is 100%. For employee performance evaluations: direct employees are assessed twice a month, while indirect employees are assessed twice a year.

Security Education and Training

The Company has established security personnel to ensure the safe and normal operation of the factory and to protect the personal safety and property of employees. The Company clearly defines the scope of duties for security personnel and prohibits them from intimidating, assaulting, or engaging in any form of coercive labor practices with employees. Security personnel are required to undergo professional training and are regularly evaluated to confirm their qualifications for the role.

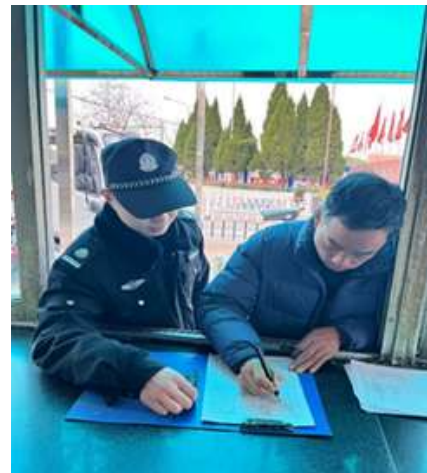
Security personnel at each plant receive training on human rights policies or procedures as follows:

Region	Description	Training Rate
Taiwan	<p>A total of 18 security personnel are employed in Taiwan. The security personnel have to attend the induction training for safety, health and duty. The Company will also implement the human rights-related education and training with respect to the security personnel regularly every year. The training programs include:</p> <ul style="list-style-type: none"> In response to the education and training of Authorized Economic Operator (AEO) every year, the Company implements the training on inspection and registration of access by external visitors and vehicles with respect to the security personnel. The Company implements the training on prevention of abuse of human rights, including the use of violence and avoidance of insulting treatment and discrimination. 	100%
China	<ul style="list-style-type: none"> Shenzhen Factory: A total of 8 security personnel (guards) are employed. They must undergo regular annual security and emergency response training. The training includes: fire drills, emergency response to incidents such as fires, hazardous materials spills, and confined space rescue operations. Kunshan Factory: A total of 24 security personnel are employed. In addition to safety and duty-related training for new hires, all gate security personnel receive annual training on human rights. The training includes: (1) Monthly mandatory fire safety education and training. (2) External visitor and vehicle entry inspection and registration procedures. (3) Daily pre-shift education. Tianjin Factory: A total of 20 security personnel are employed. They receive annual professional training, which includes courses on disaster prevention and response, counter-terrorism, human rights protection, and practical security duties. 	100%
Southeast Asia	<ul style="list-style-type: none"> Indonesia Factory: A total of 21 security personnel are employed through an outsourced professional security company. In accordance with occupational health and safety laws, the security personnel receive annual professional training. The training includes courses on disaster prevention and response, the use of force, non-discriminatory and respectful treatment, and practical security duties. Vietnam Factory: A total of 29 security personnel are employed. In addition to safety and duty-related training for new hires, all gate security personnel receive annual training on human rights. The training includes: (1) External visitor and vehicle entry inspection and registration procedures. (2) Training on preventing human rights abuses (including the use of force, non-discriminatory treatment, and avoiding insults), with 100% of personnel receiving this education and training. 	100%

Photos of Security Training Activities and Records:



- Annual AEO Education Training



- Registration of External Visitors



- Inspection of Access by External Visitors and Vehicles

6.3 Occupational Health and Safety Management

Material Topic: Occupational Health and Safety	
Significant reasons for this topic	The significance of this issue lies in the fact that employees are the Company 's most important asset. Ensuring the safety of employees in their work positions, and implementing occupational health and safety management requirements according to ISO 45001, are crucial matters and commitments for the Company. This includes establishing a compliant and safe working environment.
Policy / Strategy	<ol style="list-style-type: none"> 1. Zero Occupational Accidents. 2. Compliance with the requirements under the Occupational Safety and Health Act.
Goals and Targets	<ol style="list-style-type: none"> 1. Compliance with the requirements under the Occupational Safety and Health Act. 2. Implement management practices based on the zero occupational accidents goal and occupational accident prevention.
Management Evaluation Mechanism	<ol style="list-style-type: none"> 1. Automatically check, confirm and maintain records. 2. Continue to supervise, improve and follow up the safety and health inspection and audit results. 3. Frequency and severity of various incidents.
Performance and Adjustment	<ol style="list-style-type: none"> 1. Regularly review on safety documents to ensure the safety of working equipment. In the case of any failure or malfunction, it is necessary to shut down the machine and resume the work only upon recovery. 2. Educate the employees on safety knowledge and skills via the safety and health work rules. 3. Provide the employees with health guidance and regular health checkups and make appropriate adjustment and medical and related health management efforts based on the relevant results and physician's evaluation. 4. According to the environmental test report, arrange special health checkup for specific workers as the basis for prevention of occupational diseases. 5. Evaluation of Disability Injury Frequency and Severity Rates.
Preventive or Remedial Measures	<ul style="list-style-type: none"> • The safety of new equipment is ensured through the three-step inspection. The safety devices of the existing equipment will also be checked each month to ensure the functionality. • The Company provides each employee with the code of practice on safety and health including various facility safety standards, health guidance and protective gear. Meanwhile, the Company sets up the safety and health classroom to ensure the employees' awareness of safety. • The Company determines risk countermeasures through the risk assessments including understanding and identification of hazard. The Company also reviews adaptability and effectiveness of the countermeasures, and records and manages the countermeasures in accordance with the risk assessment results. • Regular safety and health meetings are held to review the implementation of safety and health matters to prevent accidents. • In the event of an accident or illegal matter, an investigation should be conducted in order to determine the countermeasures to prevent recurrence. The countermeasures will be implemented throughout the Company.

Occupational Safety and Health Management Measures

"Safety First" is the core management philosophy of the Company's manufacturing activities. Based on this principle, the Company has established safety regulations to ensure that employees are not exposed to unsafe environments during manufacturing activities, and to safeguard their physical and mental well-being. Once a safe and secure working environment is provided, employees can focus on enhancing product quality and output, thereby contributing to company profits. In accordance with the ISO 45001 Occupational Health and Safety Management System, the Company continuously promotes regular environmental inspections of the workplace, oversees management and incident reporting systems, and manages safety activities and hazardous chemicals. The Company also regularly conducts relevant training and applies the P-D-C-A management cycle for ongoing improvement, aiming to establish a workplace that meets regulatory and customer requirements.

The Company's workplace safety statements are as follows:

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





Enhancing Workplace Safety and Health

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

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

Procedure and Contents	After conducting hazard identification and risk assessment for factories, improvements are made based on the level of risk value, and the effectiveness of the improvements is judged through the evaluation of performance indicators.
Scope	Implement employee safety and health management via the systematic mechanism based on ISO 45001:2018/TOSHMS 2.0 (CNS 45001:2018). For high-risk operations, the Company performs hazard identification and risk assessment, and adopt control measures such as work permits to strengthen operational risk control and effectively prevent any occupational disasters. So far, the certification has been extended to all factories, accounting for 100% of the total number of personnel, in order to demonstrate the Company's determination to provide comprehensive care and establish a safe workplace.
Procedures for identification of work hazards, risk assessment and accident investigation	
Frequency of Execution	<ol style="list-style-type: none"> 1. Each department amends the identification of hazards and risk assessment subject to the scope applicable to the department before the annual internal audit. 2. Conduct regular monthly inspections, irregular inspections and senior management's inspections.
Application of Control by Grading	<p>Approach to identify hazards:</p> <ol style="list-style-type: none"> 1. Before identification of hazards, each department should fill out the "Occupational Safety and Health Investigation Flow Chart" and "Investigation on Working Condition" subject to the attributes and operating conditions of their activities. Then, they may proceed to identify the hazards. 2. The identification of hazards is intended to analyze the potential hazards existing in the operations according to the "Identification of Hazards and Risk Assessment Worksheet." Hazard identification considers the interrelationships among personnel, machinery, facilities, methods, supplies, energy, and the operating environment. It also analyzes the operational activities in each area according to the operations, activities, steps, and nodes for hazard identification. In addition, hazard identification should consider the possible causes, effects and characteristics of the hazards, of which the characteristics of the hazards should include physical, chemical, biological, human engineering, human factors, unsafe acts, etc. <p>Approach to determine the risk assessment level:</p> <ol style="list-style-type: none"> 1. Insert the exposure rate, probability of occurrence, and severity of consequences of the hazard factors into the "Hazard Identification and Risk Assessment Worksheet" and analyze the results based on the "Risk Level Assessment Rating Criteria." 2. After the risk level is determined, the "Risk Level Rating and Judgment Procedure and Response Measures Table" shall be taken into consideration for determination of the risk control measures, which can may be divided into significant and non-significant risk control measures. <p>Risk control planning:</p> <p>When each department decides on risk control measures, or considers changing the existing risk control measures, it shall consider the risk mitigation in the following order:</p> <ol style="list-style-type: none"> 1. Elimination of hazards/risks; 2. Replacement of hazards/risks; 3. Engineering control measures; 4. Label/warning and/or management control measures; 5. Personal protective gears.

Continuous Improvement	<p>In order to improve the awareness of the Company's employees on safety and health, it is necessary to continue assessing and recording the safety and health hazard factors potentially existing in operating activities and facilities to evaluate the safety & health risks and opportunities and pursue zero disaster. By means of continuous identification of hazards and assessment on risks and opportunities, and also execution of necessary risk control methods, the Company aims to implement the occupational safety and health policy to satisfy the requirement for continuous improvement.</p> <p>According to the laws and regulations related to occupational safety and health, the Company establishes the enforcement rules for automatic safety and health inspections. Distinguish the job responsibilities of each level, and implement safety and health observation and supervision. Based on the routine checklist for the equipment and formulation of SOPs for various operations, the employees are strictly required to conduct the spot checks on the equipment and handle the operations in accordance with the SOPs to protect the employees' health. In order to prevent employees from causing hazards to themselves or other, the Company keeps improving the equipment and operating environment to meet the requirement to create an excellent and safe working environment.</p>
When an employee might suffer some immediate danger when performing his/her job duty	
Can He/She Stop Working or Leave the Site Voluntarily?	Yes
Reporting Channel and Procedure	<p>If any problem is found during operations, work should be stopped immediately and reported to the supervisor on duty. If necessary, the unit supervisor will request assistance from the security personnel and the safety and health department. Additionally, occupational safety personnel can directly communicate with employees during their routine inspections. Employees can also report issues through various channels such as submitting improvement proposals to the company or using the employee opinion mailbox.</p>
<p>In order to encourage whistleblowers to report any illegal cases bravely, the Company shall provide the following protection measures to whistleblowers: the information about whistleblowers' identity shall be kept confidential; the information sufficient to identify their identity shall not be disclosed for internal reporting; it is not allowed to terminate, demote, reduce wages of or harm the rights and benefits under the law, contract or norm of, the whistleblowers or take any unfavorable measure against them, due to the whistleblowing cases.</p>	

Statistics on the Number and Cost of Employee Health Checkups

The Company is committed to the health of all employees and strives to create a safe working environment. The Company focus on promoting employees' physical and mental well-being, achieving a balance between work and life, and collaborating with stakeholders to reduce workplace safety and health risks. For statutory special operations involving health hazards such as noise, n-hexane, toluene, xylene, styrene, n-heptane, and high temperatures, the Company arranges annual health checkups for affected employees and conducts re-examinations for those with abnormal findings. By monitoring employees' health and providing resources for self-health management, the Company aims to prioritize prevention over treatment and create a safe and worry-free working environment.

Statistics on the Number and Cost of Employee Health Checkups	
Applicable Subject	All employees and special hazardous operational workers
General Health Checkups	
Item	General labor physical examination
Number of Persons in the Checkup (person)	5,893
Checkup Expenses (NTD Thousand)	1,340
Special Health Checkups	
Item	Formaldehyde, n-hexane, noise, dust, benzene, toluene, xylene, octane, high temperature
Number of Persons in the Checkup (person)	984
Checkup Expenses (NTD Thousand)	206



Occupational Safety and Health Consultation and Communication

To promote the safety and health of employees, the Company has established the Occupational Safety, Health, and Environment Committee in accordance with the Occupational Safety and Health Act. The General Manager serves as the chairperson of the committee, which includes representatives from management, workers (79%), and department heads. The committee meets quarterly, chaired by the General Manager, to make recommendations and coordinate the Company's occupational safety and health policies. It also reviews 20 key indicators, including: occupational hazard investigation reports, automatic inspections and safety and health audits, operating environment monitoring plans, monitoring results and measures taken, contractor safety and health management, and assessment of on-site safety and health management performance. These reviews ensure a healthy and safe working environment for employees and fulfill the Company's corporate social responsibility. Each factory holds monthly meetings of the Occupational Safety, Health, and Environment Promotion Committee, chaired by the highest-ranking factory manager. These meetings review management functions such as false alarm proposals, occupational hazard prevention investigations, safety and health audits and management, education and training, improvement of safety and health facilities,

and enhancement of operational procedures and methods, with the aim of achieving safety and health management objectives. The participation, consultation, and communication of occupational safety and health workers in each factory are as follows:

Environmental Safety and Health Management Representative	<ul style="list-style-type: none"> • Convene departments to review their environmental considerations and hazard risk assessments and review major considerations and unacceptable risks. • Supervise the execution and achievement of ISO 14001/ISO 45001/TOSHMS and communicate with outsiders on the management system; and report the implementation status to the General Manager. • Promote all employees to participate in the EHS management system.
Safety & Health Office	<ul style="list-style-type: none"> • Manage the overall planning on the operation of the EHS management system throughout the factory and collect the information about laws and regulations, compliance assessment and communication and coordination of information. • Prepare and amend manuals, convene the EHS management review meetings and conduct internal audits. • Investigate and resolve occupational accidents and gather statistics thereof.
By Department (Section)	<ul style="list-style-type: none"> • Responsible for the operation of the relevant unit's EHS management system and promotion of the relevant engineering management improvement projects. • Communication with employees and settlement of EHS disputes.
Employees' Representatives	<ul style="list-style-type: none"> • Participate in occupational safety committee meetings, respond to employees' opinions, and promotion and communication of review on policy goals and resolutions.

Occupational Safety and Health Education and Training

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

Region	Training Item	Number of Trainees	Training Fee (NT\$ thousand)
Taiwan	Occupational Safety and Health Training	8,672	2,514
China		427	0
Southeast Asia		537	487
Europe		149	340



Photos of Occupational Safety and Health Education and Training Activities



• Forklift On-the-Job Training



• Fixed Crane On-the-Job Training



• Emergency Response Drill Training



• First Aid Personnel On-the-Job Training



Other Health Promotion-related Activities

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

Factory	Description	Object
Taiwan Factory	<ol style="list-style-type: none"> 1. Organize health lectures from time to time. 2. Provide occupational physician's counseling and guidance 3. Participate in the activation of healthy workplace of the Health Promotion Administration 4. Participate in the Occupational Safety and Health Week activities of the Occupational Safety and Health Administration 5. Care individual employees' health. 	All employees
Shenzhen Factory	Attend the health knowledge lectures organized by community labor unions from time to time, such as prevention and treatment of breast cancer and cervical cancer.	All employees
Kunshan Factory	<p>The Company has signed agreements with multiple medical institutions and applied for the "Green Passage Service Form" to prioritize these institutions for handling cases such as employee occupational injuries, sudden illnesses, other emergencies, health checkups, and medical care. This arrangement allows for immediate treatment with medical expenses to be settled afterward. The contracted medical institutions also provide free assistance in establishing health management records and disease information for employees' reference. Additionally, they offer health education services, including:</p> <ol style="list-style-type: none"> 1.1. Medical-related information such as medical lectures and volunteer medical consultation activities. 1.2. If the medical institutions need to organize healthcare-related lectures, they may request the Company to send personnel to participate. The institutions also provide relevant promotional posters and educational materials for promotion and publicity. 1.3. Medical institutions offer free training or consulting services to the Company on occupational accidents and health matters, such as first aid training and disease prevention. 	All employees
Tianjin Factory	Regularly invite traditional Chinese medicine practitioners to provide pulse diagnosis for the Company's employees.	All employees
Indonesia Factory	Occasionally participate in health seminars organized by the Indonesian National Health Insurance (BPJS) unit.	All employees

• National Workplace Safety and Health Week Series of Activities in Taiwan for 2023

Activities	Date	Place	Participants	Number of Participants	Activity type	Summary of Results
Model Safety and Health Department Commendation Activities	5/18~5/19 8/24~8/25 11/23~11/24 2/22~2/23	Conference room	All employees	1,100	Gathering event	1. Quarterly Safety Model Units: The Yuanlin Factory selects the top 2, and the Yunlin Factory selects the top 3, awarding bonuses: 4,000 NT\$ gift voucher for the first place, 2,000 NT\$ gift voucher for the second place, and 1,000 NT\$ gift voucher for the third place. 2. Annual champion receives a 5,000 NT\$ gift voucher.
Health Education Promotion	3/23	Conference room/Bulletin board	All employees	1,836	Seminar on Preventing Human Factors Hazards	<ul style="list-style-type: none"> The manager's morning meeting will promote health education information and ask all managers to promote it to their employees. From time to time, the Company provides health education information to each unit by e-mail.
	4/12	Conference room	Morning meeting for executives	96	Quit smoking and lose weight	
	5/10	Conference room	All employees	1,811	Workplace Violence Prevention Seminar	
	7/12	Conference room/Bulletin board	All employees	1,816	Heat Hazard Prevention and Management Seminar	

Activities	Date	Place	Participants	Number of Participants	Activity type	Summary of Results
Health Education Promotion	10/25	Conference room	Morning meeting for executives	121	Seminar on the meaning of red flags in health check-ups	<ul style="list-style-type: none"> The manager's morning meeting will promote health education information and ask all managers to promote it to their employees. From time to time, the Company provides health education information to each unit by e-mail.
	12/21	E-mail	All employees	1,760	Please take care of your "heart" in the cold - six tips for "heart protection" and "keeping warm"	
	1/17	Bulletin board	All employees	1,786	Healthy Chinese New Year ~ Diet Tips	

The Company's photos showing health promotion:

Yuanlin Factory



- 2023 Model Safety and Health Department Annual Champion Awarding Ceremony

Yunlin Factory



- On-site Heat Hazard Prevention and Management Seminar



- Occupational injury worker job placement assessment



- Quit smoking and lose weight



- Occupational Physician's Counseling Service



- Health Guidance for Dust Exposure



- Seminar on Preventing Human Factors Hazards



- Job Placement for Maternity Protection



- Guidance on Hearing Health



- Seminar on the meaning of red flags in health check-ups



- KENDA and LUHAI Badminton Friendship Tournament



- Medical and Nursing Enterprise Occupational Injury Green Card

Occupational Safety and Health of Suppliers and Contractors

To prevent hazards, risks, and negative impacts related to occupational health and safety that suppliers and contractors might pose to the Company, each of plant implements the following management and auditing measures for suppliers and contractors:

- Procurement department will evaluate the qualification of contractors and select qualified suppliers, then the Procurement department will explain and sign the relevant forms.
- Execute the “Agreement on Safety and Health of Contractor’s Construction” with the construction contractor to explain the construction procedure and related requirements to the contractor.
- Before the construction contractor enters the factory to perform the construction work, all of its personnel must go through the relevant safety education and training and then may be allowed to perform the construction work at the site. The training courses shall include the risk disclosure, required safety measures and emergency response measures, attribution of responsibility, application for special operations and review/approving procedure, and penalty, etc.
- If the construction work is identified as a special operation (per project), it is necessary to send the information, such as the operator’s name, special operation certificate, operator’s occupational insurance card number, on-site management personnel’s name, responsible construction period and contact No., to the safety and health group for recordation in advance.

- During the construction period, the unit in charge of the construction area shall designate its personnel to supervise on the site. The safety and health department/senior management shall conduct the on site audit on construction work from time to time, in order to prevent the labor safety accidents during the contractor’s performance of the construction work. Upon completion of the construction work, the contractor shall sort out the materials, equipment and containers based on the 3S principles.
- The occupational safety and health management matters are included as audit items in the quality assurance audit report for suppliers.

Records of Audit Activities Related to Contractor Construction Work:



Workers Covered in the Occupational Safety and Health Management System

All employees and non-employees (including all external units and contractors entering the Company's jurisdictional areas to engage in operational activities, such as catering suppliers, security personnel, equipment maintenance providers, etc.) at all factories are covered by the Occupational Health and Safety Management System.

Statistics on Occupational Injuries

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



The Company's occupational disaster statistics for each region in 2023 are as follows:

- **Taiwan**

Employee Work-related Injury Statistics				
Category	Item	2021	2022	2023
Total Working Hours	Total Working Hours	5,321,587	4,905,313	3,861,683
The Number of Fatalities as a Result of Work-related Injury	Number of female fatalities (times)	0	0	0
	Number of male fatalities (times)	0	0	0
	Total of fatalities	0	0	0
The Number of High-consequence Work-related Injuries (excluding fatalities)	Total number of high-consequence work-related injuries (times) for female	0	0	0
	Total number of high-consequence work-related injuries (times) for male	1	2	0
	Total number of high-consequence work-related injuries (times)	1	2	0
The Number of Recordable Work-related Injuries (including fatalities, high-consequence work-related injuries)	Total number of work-related injuries for female	1	0	1
	Total number of work-related injuries for male	10	11	5
	Total number of work-related injuries	11	11	6
Rate of Fatalities as a Result of Work-related Injury		0	0	0
Rate of High-consequence Work-related Injuries		0.42	0.19	0
Rate of Recordable Work-related Injuries		2.92	2.07	1.55

Note:

1. Rate of fatalities as a result of work-related injury = (Number of fatalities as a result of work-related injury / Number of hours worked) * 1,000,000.
2. Rate of high-consequence work-related injuries = (Number of high-consequence work-related injuries (excluding fatalities) / Number of hours worked) * 1,000,000.
3. Rate of recordable work-related injuries = (Number of recordable work-related injuries (including fatalities, high-consequence work-related injuries) / Number of hours worked) * 1,000,000.
4. High-consequence work-related injuries refers to an occupational injury that cannot be recovered healthily within 6 months.
5. Recordable work-related injuries exclude that caused by commuting.
6. The Company had zero occupational injury incidents for non-employee workers in 2023; there was one case of occupational disease among employees; and there were zero fire incidents.
7. The types of employee work-related injury incidents that can be recorded are as follows:

Type of work-related injury incident	Pressured (smashing) injury	Pinched (rolled) injury	Cut injury	Burn injury	Collision	Fall	Human factors	Total
Year								
2021	4	3	1	1	1	0	1	11
2022	3	3	1	2	1	1	0	11
2023	1	1	1	0	2	0	1	6

• **China and Southeast Asia**

Employee Work-related Injury Statistics					
Category	Item	China		Southeast Asia	
		2022	2023	2022	2023
Total Working Hours	Total Working Hours	13,103,565	13,127,284	14,267,165	25,607,020
The Number of Fatalities as a Result of Work-related Injury	Number of female fatalities (times)	0	0	0	0
	Number of male fatalities (times)	0	0	1	0
	Total of fatalities	0	0	1	0
The Number of High-consequence Work-related Injuries (excluding fatalities)	Total number of high-consequence work-related injuries (times) for female	0	4	0	0
	Total number of high-consequence work-related injuries (times) for male	2	7	0	0
	Total number of high-consequence work-related injuries (times)	2	11	0	0
The Number of Recordable Work-related Injuries (including fatalities, high-consequence work-related injuries)	Total number of work-related injuries for female	1	9	0	0
	Total number of work-related injuries for male	24	27	1	0
	Total number of work-related injuries	25	36	1	0
Rate of Fatalities as a Result of Work-related Injury		0	0	0.07	0
Rate of High-consequence Work-related Injuries		0.15	0.84	0	0
Rate of Recordable Work-related Injuries		1.91	2.74	0.07	0

Note:

1. Rate of fatalities as a result of work-related injury =(Number of fatalities as a result of work-related injury /Number of hours worked)*1,000,000.
2. Rate of high-consequence work-related injuries =(Number of high-consequence work-related injuries (excluding fatalities) /Number of hours worked)*1,000,000.
3. Rate of recordable work-related injuries =(Number of recordable work-related injuries (including fatalities, high-consequence work-related injuries) / Number of hours worked)*1,000,000.
4. High-consequence work-related injuries refers to an occupational injury that cannot be recovered healthily within 6 months.
5. Recordable work-related injuries exclude that caused by commuting.
6. The Company had zero occupational injury incidents for non-employee workers in China and Southeast Asia in 2023; there wre zero cases of occupational disease among employees; and zero fire incidents.
7. The types of employee work-related injury incidents that can be recorded are as follows:

Region	Type of work-related injury incident	Pressured (smashing) injury	Pinched (rolled) injury	Cut injury	Burn injury	Collision	Fall	Human factors	Total
	Year								
China	2022	0	23	0	0	1	1	0	25
	2023	12	11	1	2	6	3	1	36
Southeast Asia	2022	0	1	0	0	0	0	0	1
	2023	0	0	0	0	0	0	0	0

• Europe

Employee Work-related Injury Statistics		
Category	Item	2023
Total Working Hours	Total Working Hours	956,550
The Number of Fatalities as a Result of Work-related Injury	Number of female fatalities (times)	0
	Number of male fatalities (times)	0
	Total of fatalities	0
The Number of High-consequence Work-related Injuries (excluding fatalities)	Total number of high-consequence work-related injuries (times) for female	0
	Total number of high-consequence work-related injuries (times) for male	7
	Total number of high-consequence work-related injuries (times)	7
The Number of Recordable Work-related Injuries (including fatalities, high-consequence work-related injuries)	Total number of work-related injuries for female	0
	Total number of work-related injuries for male	22
	Total number of work-related injuries	22
Rate of Fatalities as a Result of Work-related Injury		0
Rate of High-consequence Work-related Injuries		7.32
Rate of Recordable Work-related Injuries		23.00

Note:

1. Rate of fatalities as a result of work-related injury =(Number of fatalities as a result of work-related injury /Number of hours worked)*1,000,000.
2. Rate of high-consequence work-related injuries =(Number of high-consequence work-related injuries (excluding fatalities) /Number of hours worked)*1,000,000.
3. Rate of recordable work-related injuries =(Number of recordable work-related injuries (including fatalities, high-consequence work-related injuries) / Number of hours worked)*1,000,000.
4. High-consequence work-related injuries refers to an occupational injury that cannot be recovered healthily within 6 months.
5. Recordable work-related injuries exclude that caused by commuting.
6. The Company had zero occupational injury incidents for non-employee workers in 2023; there was one case of occupational disease among employees; and there were zero fire incidents.
7. The types of employee work-related injury incidents that can be recorded are as follows:

Type of work-related injury incident \ Year	Pressured (smashing) injury	Pinched (rolled) injury	Cut injury	Burn injury	Collision	Fall	Human factors	Total
2023	11	1	6	0	1	1	2	22

6.4 Employee Welfare and Labor Relations

Employee Pension System and Implementation

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



- Retirement Commemorative Medal

Implementation of Parental Leave Policy

The implementation of parental leave policy in each factory of the Company is as follows:

Year	2023					
Region	Taiwan			Europe		
Gender/Total	Male	Female	Total	Male	Female	Total
Number of Applicants Eligible to Stay as Parental Leave (A)	16	11	27	28	4	32
Actual Number of Applicants for Staying as Parental Leave in the year (B)	16	11	27	21	1	22
Number of People Who Should Be Reinstated on Parental Leave in the Current Year (C)	19	13	32	19	1	20
Actual Number of Reinstated Parental Leave in the Current Year (D)	13	12	25	19	1	20
Actual Number of Reinstated Parental Leave in the Previous Year (E)	4	9	13	2	1	3
Number of Employees Who Continued to Work for One Year After Being Reinstated from Parental Leave in the previous Year (F)	3	9	12	2	0	2
Return to Work Rate of Parental Leave in the Current Year %(D/C)	68%	92%	78%	100%	100%	100%
Retention Rate of Parental Leave in the Current Year %(F/E)	75%	100%	92%	100%	0%	67%

Calculation:

1. Number of employees to be retained = the number of persons expected to be reinstated in the year with maternity leave.
2. Number of employees retained for N years = the number of officers actually reinstated in N-1 year and still working in the N year/12/31.

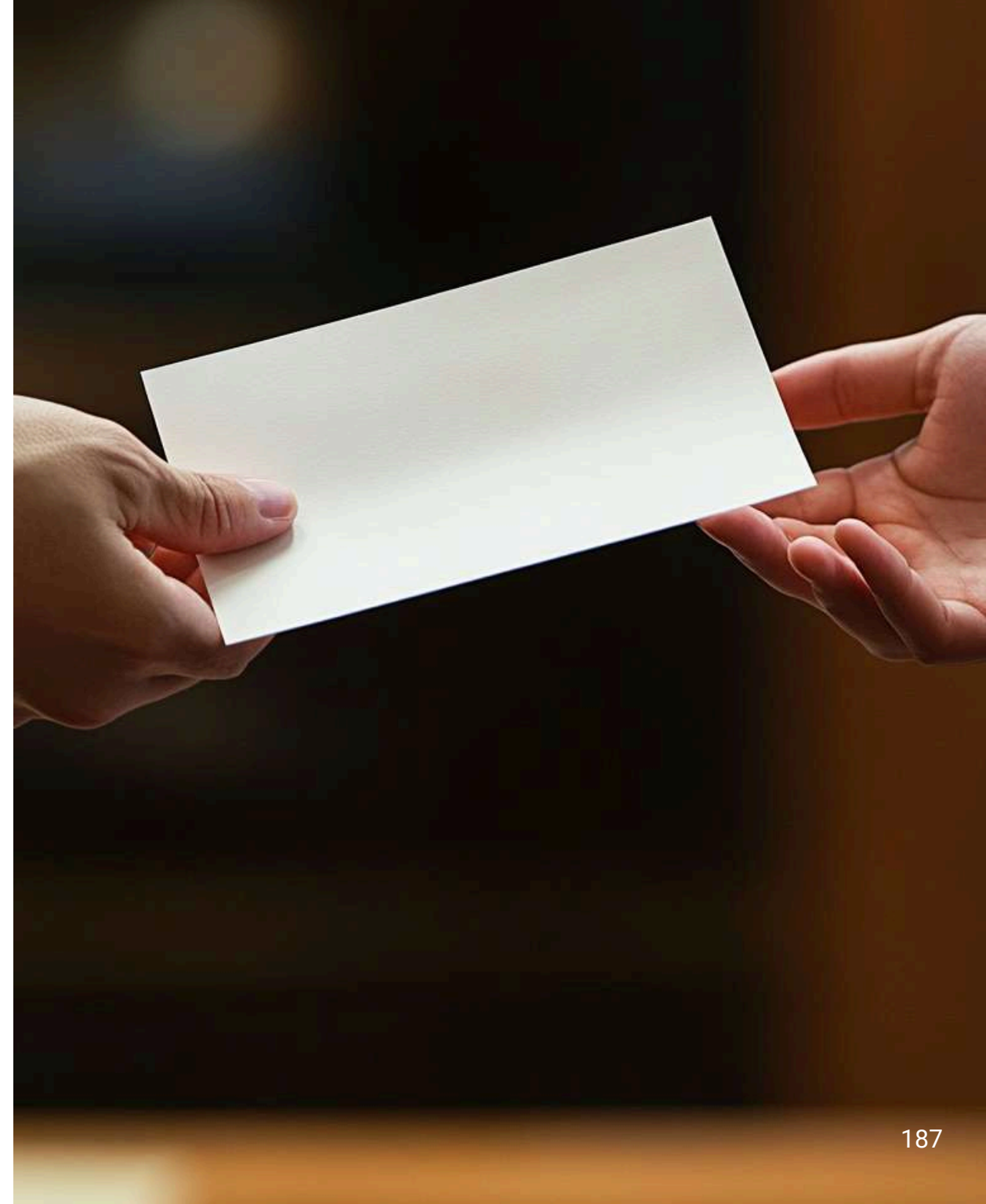
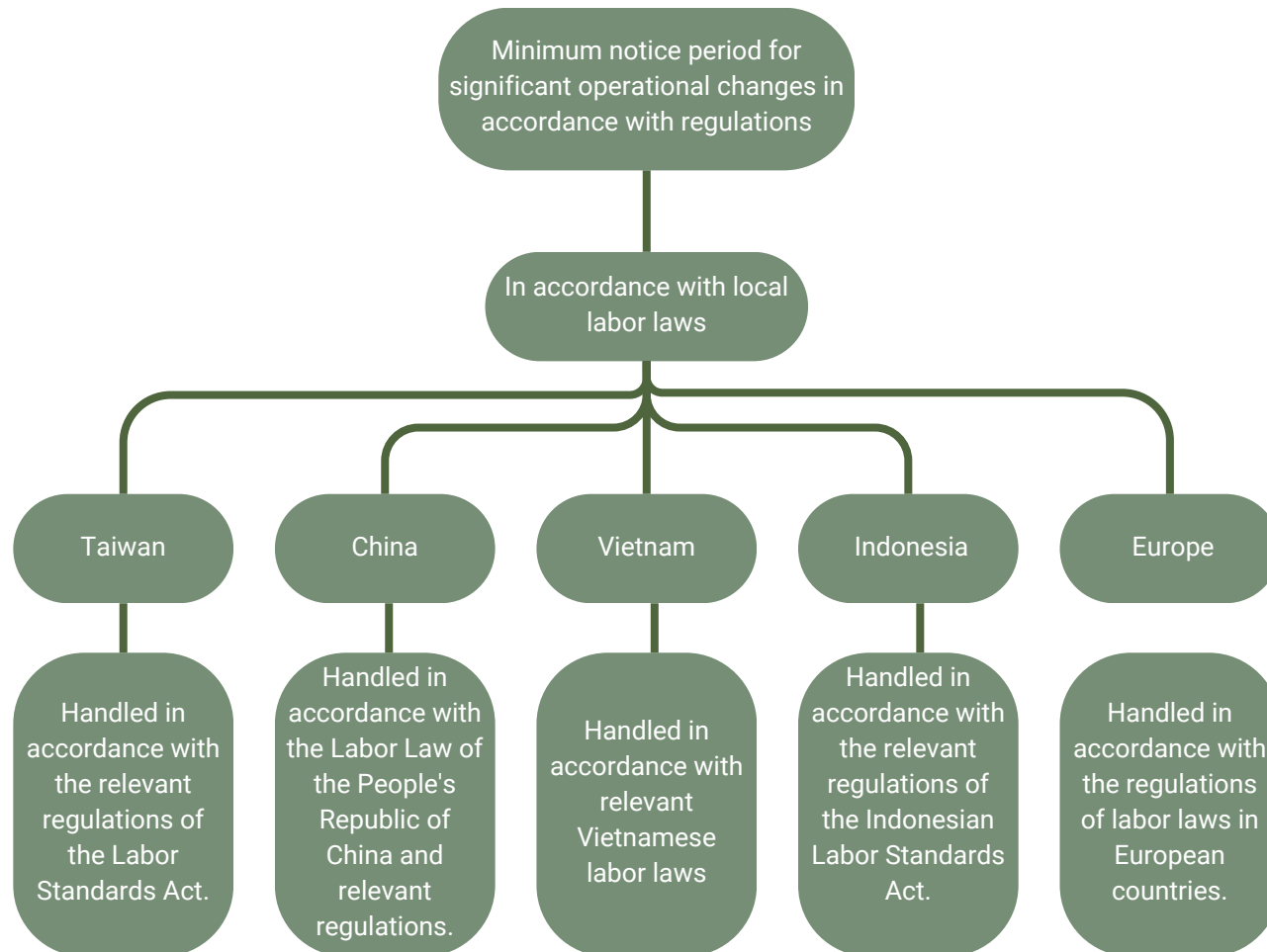


Applicable local laws and regulations for factories of the Company:

Shenzhen Factory	The maternity leave for 98 days, incentive leave for 80 days and parental leave for 10 days/year for caring for the child under 3 years old (calculated as of the date of childbirth).
Kunshan Factory Tianjin Factory	Maternity leave: <ul style="list-style-type: none"> • 128 days for successful single birth • Additional 15 days granted per additional baby in the case of multiple births • Additional 15 days granted for obstructed labor or caesarean section Parental leave: <ul style="list-style-type: none"> • 10 days per year before the child attains the age of 3 years old.
Indonesia Factory	90 days for the maternity leave. Entitlement to specific maternity leave and paternity leave. Female employees are allowed to take the maternity leave with pay for three months and take a half of the leave before childbirth and the other half after childbirth. Male employees may take the paternity leave with pay for two days.
Vietnam Factory	No parental leave requirements are defined in Vietnam, but the following treatment measures may apply: <ol style="list-style-type: none"> 1. The female workers in Vietnam may take the maternity leave totaling 6 months before and after childbirth, provided that the leave taken before the childbirth shall be no more than 2 months. 2. Male workers whose wives are in labor, workers who adopt babies under 6 months old, female workers who are surrogates and workers who are mothers appointing the surrogates are entitled to maternity leave benefits pursuant to the social insurance laws.

Minimum Period of Advance Notice for Changes in Operations

The requirements about minimum period of advance notice adopted by factories before any major operating changes (which might seriously affect the employees' rights), in accordance with relevant labor laws in various regions.





Collective Bargaining

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

Region	Related Requirements	Whether Any Club or Labor Union is Established	Management Policy
Taiwan	<ul style="list-style-type: none"> In order to safeguard the health and rights of employees and improve the working environment, the Company established the "Occupational Safety and Health Committee" and also respects employees' freedom of association and rights permitted by laws, and is committed to providing uninterrupted channels for labor-management communication, including labor-management meetings, annual employee interviews and employee lunch meetings, hoping to integrate all resources and work together to pursue the common goals. The Company convenes the labor-management meeting regularly. During the reporting period, a total of 11 labor-management meetings have been convened, attended by workers' representative and management representatives accounting for 50% each; therefore, the related laws and regulations should be considered complied with. 	Yes	<ol style="list-style-type: none"> Handle related matters in accordance with charter of the corporate union. Handle related matters in accordance with the regulations of the labor-management meeting implementation rules. Union members are composed of 100% internal employees of the company, and the company cannot intervene in their activities.

Collective Bargaining

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

Region	Related Requirements	Whether Any Club or Labor Union is Established	Management Policy
China	<ul style="list-style-type: none"> The employees may form, join and organize a labor union in accordance with the "Labor Contract Law of the People's Republic of China" and "Constitution of Labor Union of China" and have the union represent themselves to engage in the collective bargaining with the Company. The Company respects the employees' rights in freedom of association, collective bargaining and peaceful assembly, without any interference, restriction or force. The Company supports and assists employees to elect workers' representatives and form the fundamental committee of the Company's labor union. The Company shall provide necessary conditions for the committee's organizations, such as venue, meeting rooms and employee home, etc. 	Yes	<ol style="list-style-type: none"> Handle related matters in accordance with charter of the corporate union. Handle related matters in accordance with the regulations of the labor-management meeting implementation rules. Union members are composed of 100% internal employees of the company, and the company cannot intervene in their activities.
Southeast Asia	<ul style="list-style-type: none"> Indonesia Factory: According to the "Labor Law of Indonesia", the union is established to actively promote understanding of the difficulties and issues faced by the employees in the work and life, to care and help the employees with difficulties, recommend model labors, collect the labor union's budget in a timely manner. The union holds regular union meetings to review the progress of the work. Vietnam Factory: In order to enable the employees to communicate with the Company successfully and achieve the promotion of the Company's various businesses and internal regulations, an internal labor group is established in accordance with the national laws of Vietnam. Any matters, such as the Company's national holiday arrangements, promotion of internal regulations, discipline and punishment and raise, shall be announced officially by the responsible unit only upon discussion by the labor group. The labor group shall report the Company's internal governance efforts to the provincial labor group regularly, while the Company shall not interfere the group's report. 	Yes	<ol style="list-style-type: none"> Handle related matters in accordance with charter of the corporate union. Handle related matters in accordance with the regulations of the labor-management meeting implementation rules. Union members are composed of 100% internal employees of the company, and the company cannot intervene in their activities.
Europe	<ul style="list-style-type: none"> Employees have the right to register, participate in, and form unions in accordance with the "Croatian Labor Law", and to bargain collectively with the Company on their own behalf. The Company respects employees' freedom of association, the right to collective bargaining, and the right to peaceful assembly, and shall not interfere with, restrict, or coerce these rights. The Company provides the necessary conditions for union organizational activities, such as venues, meeting rooms, equipment, and so on. 	Yes	<p>Since the establishment of the union, the Company has actively supported its related activities:</p> <ol style="list-style-type: none"> Achieve labor-management agreements that specify the number of work hours guaranteed for union activities each year and provide venues and related equipment. Provide allowances for union representatives performing their duties. Subsidize expenses related to participation in seminars and sports activities. <p>Regular meetings are held to jointly discuss improvements to employee working conditions and rights, as well as other measures to assist employees.</p>

A close-up photograph of two hands, one larger and one smaller, gently holding a small, red, textured heart. The hands are positioned as if offering or presenting the heart. The background is a soft, out-of-focus bokeh of warm, golden light, suggesting a sunset or sunrise. The overall mood is one of care, compassion, and love.

VII. Social Care

7.1 Social Welfare

Kenda Culture and Education Foundation

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

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

- Kenda Outstanding Self-Empowerment Scholarship: Scholarships are awarded annually to college students located in Changhua County and Yunlin County for NTD25,000 each, with a total of 51 students, amounting to NTD1,275,000 (starting from 2023).
- Scholarship for College Freshmen from Low Income Families: To encourage Changhua County's students with low income to pursue higher education, the organization provided NTD10,000 scholarship for each college applicant, with a total of 12 students, amounting to NTD120,000 (starting from 2003).



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



- Announcement of application procedures of Kenda outstanding self-empowerment scholarship



- Scholarship review meeting



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



- Announcement of Kenda outstanding self-empowerment scholarship on the website

Investing in and Supporting the Infrastructure

The Company is committed to investing in and supporting the infrastructure in local communities and economies, in order to promote the development of the community and economies. The related activities are as follows:

1. World Vision Red Envelope Spread Love: Every year, the Company regularly promotes the related activities in the morning meeting of the officers, with enthusiastic employee participation in donations and child sponsorship.
2. Xucuogang Wetland Beach Cleanup Activity: The Company collaborates with China Motor Corporation and related units to participate in a beach cleanup at Xucuogang Wetland, aiming to improve the beach environment and promote marine conservation.
3. Charity Society Activities: The officers of this organization, along with colleagues and family members, led the children from the Joy Nursery to a one-day tour of local attractions in Chiayi and Tainan. They also held a taiko performance titled "Inspiring Life, Shaking the Earth" at the opening of the Tainan Baseball Stadium.
 - Street Cleaning Activity: The Yunlin factory adopted a street cleaning route and provided qualified effluent for the street cleaning operations.



• World Vision Red Envelope Spread Love



• Xucuogang Wetland Beach Cleanup Activity



• One-day Tour of Local Attractions in Chiayi and Tainan



• Street Cleaning Activity



• Certificate of Appreciation for Street Cleaning from Yunlin County Government - Kenda Industrial Co., Ltd. Yunlin Factory

7.2 Social Care Activities

Taiwan

- Financial support for economically disadvantaged students and students from rural areas: education is essential for giving the children a future, so that the children will not lose learning opportunity due to poverty.
- Organize music activities: provide residents with proper leisure activities and improve their quality of life through the cultivation of art and culture.
- Organize summer camps: advocate proper leisure activities and provide knowledgeable and fun learning for elementary and middle school children, teaching through joyful activities.
- Encourage outstanding scholars: Reward teachers who excel in teaching within the school, acknowledging their efforts and contributions in education.
- Organize environmental education lectures: invite Taiwan Association for Marine Environmental Education and Hiin Studio to give speech to teach elementary and junior high school students the marine pollution and enhance their awareness toward environmental protection.



2023 Activity Record
Donated NT\$100,000 to Hua Tan Wen Xiang Elementary School Classes
Organized "The 27th Mr. Jin-Bao Yang Memorial Concert - OneSong Orchestra - Spring Dance of the OneSong"
Held 4 "Newton Science Camp" and 4 "Dodolon Children's Summer Camp"
Conducted the "Adult Lecture Series" (formerly the Jin Yu Annual Lecture)
Organized ten lectures on Current Situation of Marine Pollution in Taiwan, and five lectures on Environmental Education
Awarded the "Yang Jin-Bao Alumni Teaching Excellence Award" from National Taichung University of Education



• The 27th Mr. Jin-Bao Yang Memorial Concert - OneSong Orchestra - Spring Dance of the OneSong



• 2023 Marine Environmental Education Lecture



• 2023 Yang Jin-Bao Alumni Teaching Excellence Award Recipient – Teacher Wang Jing Guo from the Department of Education.



• 2023 Adult Lecture Series



• 2023 Newton Science Camp



• Opening Ceremony of the 26th Dodolon Children's Summer Camp

A photograph of a dense forest with sunlight filtering through the trees, creating a misty atmosphere. The sun is positioned in the upper center, casting long, soft rays of light through the tall, thin trunks of the trees. The ground is covered in a thick layer of green moss and fallen needles, with shadows cast by the trees. The overall scene is serene and natural.

Appendix

Appendix I: GRI Sustainability Reporting Guidelines (GRI Standards)

Terms of Use	The Company has reported in accordance with the GRI Standards for the period of January 1, 2023 to December 31, 2023, referencing the information in the GRI Index.
GRI 1 Utilization	GRI 1: Foundation 2021
Applicable GRI Industry Standards	N/A

GRI Criteria Category/Topic	Code	GRI Standards Disclosure	Corresponding Chapters	Page	Omit/ Note
1. The organization and its reporting practices					
GRI 2: General Disclosures 2021	2-1	Organizational details	About Kenda	13	
	2-2	Entities included in the organization's sustainability reporting	About the Sustainability Report	02	
	2-3	Reporting period, frequency and contact point	About the Sustainability Report	04	
	2-4	Restatements of information	About the Sustainability Report	02	
	2-5	External assurance	About the Sustainability Report	02	
2. Activities and workers					
GRI 2: General Disclosures 2021	2-6	Activities, value chain and other business relationships	About the Sustainability Report	19	
	2-7	Employees	6.1 Human Resource Management	148	
	2-8	Workers who are not employees	6.1 Human Resource Management	149	
3. Governance					
GRI 2: General Disclosures 2021	2-9	Governance structure and composition	1.1 ESG Committee 2.1 Corporate Governance	27, 50	
	2-10	Nomination and selection of the highest governance body	2.1 Corporate Governance	51	
	2-11	Chair of the highest governance body	2.1 Corporate Governance	51	

GRI Criteria Category/Topic	Code	GRI Standards Disclosure	Corresponding Chapters	Page	Omit/ Note
3. Governance					
GRI 2: General Disclosures 2021	2-12	Role of the highest governance body in overseeing the management of impacts	1.1 ESG Committee 2.2 Ethical Corporate Management 2.2 Ethical Corporate Management	27, 68	
	2-13	Delegation of responsibility for managing impacts	1.1 ESG Committee	27	
	2-14	Role of the highest governance body in sustainability reporting	1.1 ESG Committee	27	
	2-15	Conflicts of interest	2.1 Corporate Governance	51	
	2-16	Communication of critical concerns	1.2 Stakeholder Communication 1.3 Analysis and Identification of Material Topics 2.1 Corporate Governance	30, 39, 51	
	2-17	Collective knowledge of the highest governance body	2.1 Corporate Governance	52	
	2-18	Evaluation of the performance of the highest governance body	2.1 Corporate Governance	57	
	2-19	Remuneration policies	2.1 Corporate Governance	63	
	2-20	Process to determine remuneration	2.1 Corporate Governance	63	
	2-21	Annual total compensation ratio	Confidentiality of the company's information		

GRI Criteria Category/Topic	Code	GRI Standards Disclosure	Corresponding Chapters	Page	Omit/ Note
4. Strategy, policies and practices					
GRI 2: General Disclosures 2021	2-22	Statement on sustainable development strategy	A Message from the Management	05	
	2-23	Policy commitments	2.2 Ethical Corporate Management	69	
	2-24	Embedding policy commitments	2.2 Ethical Corporate Management 2.3 Risk Control	69,73	
	2-25	Processes to remediate negative impacts	1.2 Stakeholder Communication 1.3 Analysis and Identification of Material Topics 2.2 Ethical Corporate Management 5.1 Supplier Management	30, 39, 68, 137	
	2-26	Mechanisms for seeking advice and raising concerns	2.2 Ethical Corporate Management	68	
	2-27	Compliance with laws and regulations	2.4 Compliance with Regulations	76	
	2-28	Membership associations	About Kenda	22	
	5. Stakeholder engagement				
GRI 2: General Disclosures 2021	2-29	Approach to stakeholder engagement	1.2 Stakeholder Communication	30	
	2-30	Collective bargaining agreements	6.1 Human Resource Management	148	

GRI Criteria Category/Topic	Code	GRI Standards Disclosure	Corresponding Chapters	Page	Omit/ Note
Topic specific GRI Standard in the 200 series (Economic topics)					
Indirect Economic Impacts					
GRI 203 Indirect Economic Impacts 2016	203-1	Infrastructure investments and services supported	7.1 Social Welfare	192	
	203-2	Significant indirect economic impacts	7.1 Social Welfare	191	
Anti-corruption					
GRI 205 Anti-corruption 2016	205-1	Operations assessed for risks related to corruption	2.2 Ethical Corporate Management	70	
	205-2	Communication and training about anti-corruption	2.2 Ethical Corporate Management	72	
	205-3	Confirmed incidents of corruption and actions taken	2.2 Ethical Corporate Management	72	
Anti-competitive Behavior					
GRI 206 Anti-competitive Behavior 2016	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	2.4 Compliance with Regulations	76	

GRI Criteria Category/Topic	Code	GRI Standards Disclosure	Corresponding Chapters	Page	Omit/ Note
Tax					
GRI 207 Tax 2019	207-1	Approach to tax	2.5 Economic Performance	82	
	207-2	Tax governance, control, and risk management	2.5 Economic Performance	82	
	207-3	Stakeholder engagement and management of concerns related to tax	2.5 Economic Performance	82	
	207-4	Country-by-country reporting	2.5 Economic Performance	82	
Topic specific GRI Standard in the 300 series (Environmental topics)					
Materials					
GRI 301 Materials 2016	301-1	Materials used by weight or volume	5.2 Material Management	139	
	301-2	Recycled input materials used	5.2 Material Management	140	
	301-3	Reclaimed products and their packaging materials	5.2 Material Management	143	

GRI Criteria Category/Topic	Code	GRI Standards Disclosure	Corresponding Chapters	Page	Omit/ Note
Waste					
GRI 306 Waste 2020	306-1	Waste generation and significant waste-related impacts	3.4 Waste Management	106	
	306-2	Management of significant waste-related impacts	3.4 Waste Management	106	
	306-3	Waste generated	3.4 Waste Management	106	
	306-4	Waste diverted from disposal	3.4 Waste Management	106	
	306-5	Waste directed to disposal	3.4 Waste Management	106	
GRI 306 Effluents and Waste 2016	306-3	Significant spills	-		None of this happened
Topic specific GRI Standard in the 400 series (Social topics)					
Diversity and Equal Opportunity					
GRI 405 Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	6.1 Human Resource Management	148, 157	
	405-2	Ratio of basic salary and remuneration of women to men	-		

GRI Criteria Category/Topic	Code	GRI Standards Disclosure	Corresponding Chapters	Page	Omit/ Note
Non-discrimination					
GRI 406 Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	6.1 Human Resource Management	157	
Freedom of Association and Collective Bargaining					
GRI 407 Freedom of Association and Collective Bargaining 2016	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	6.4 Employee Welfare and Labor Relations	188	
Child Labor					
GRI 408 Child Labor 2016	408-1	Operations and suppliers at significant risk for incidents of child labor	6.1 Human Resource Management	158	
Forced or Compulsory Labor					
GRI 409 Forced or Compulsory Labor 2016	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	6.1 Human Resource Management	158	
Security Practices					
GRI 410 Security Practices 2016	410-1	Security personnel trained in human rights policies or procedures	6.2 Employee Training and Education	166	

GRI Criteria Category/Topic	Code	GRI Standards Disclosure	Corresponding Chapters	Page	Omit/ Note
Local Communities					
GRI 413 Local Communities 2016	413-1	Operations with local community engagement, impact assessments, and development programs	7.2 Social Care Activities	193	
	413-2	Operations with significant actual and potential negative impacts on local communities	7.2 Social Care Activities	193	
GRI 3: Material Topics 2021	3-1	Process to determine material topics	1.3 Analysis and Identification of Material Topics	35	
	3-2	List of material topics	1.3 Analysis and Identification of Material Topics	39	
Material Topics: Economic Performance (GRI 201)					
GRI 3: Material Topics 2021	3-3	Management of material topics	2.5 Economic Performance	78	
GRI 201 Economic Performance 2016	201-1	Direct economic value generated and distributed	2.5 Economic Performance	80	
	201-2	Financial implications and other risks and opportunities due to climate change	3.1 Climate Change Management	85	
	201-3	Defined benefit plan obligations and other retirement plans	6.4 Employee Welfare and Labor Relations	185	
	201-4	Financial assistance received from government	2.5 Economic Performance	81	

GRI Criteria Category/Topic	Code	GRI Standards Disclosure	Corresponding Chapters	Page	Omit/ Note
Material Topics: Procurement Practices (GRI 204) and Supplier Management (Supplier Environmental Assessment GRI 308 and Supplier Social Assessment GRI 414)					
GRI 3: Material Topics 2021	3-3	Management of material topics	5.1 Supplier Management	135	
GRI 204 Procurement Practices 2016	204-1	Proportion of spending on local suppliers	5.1 Supplier Management	136	
GRI 308 Supplier Environmental Assessment 2016	308-1	New suppliers that were screened using environmental criteria	5.1 Supplier Management	137	
	308-2	Negative environmental impacts in the supply chain and actions taken	5.1 Supplier Management	137	
GRI 414 Supplier Social Assessment 2016	414-1	New suppliers that were screened using social criteria	5.1 Supplier Management	137	
	414-2	Negative social impacts in the supply chain and actions taken	5.1 Supplier Management	137	
Material Topics: Energy and Emissions (GRI 302 and GRI 305)					
GRI 3: Material Topics 2021 Management approach for Energy and Emissions	3-3	Management of material topics	3.2 Energy and Greenhouse Gas Emissions Management	92	

GRI Criteria Category/Topic	Code	GRI Standards Disclosure	Corresponding Chapters	Page	Omit/ Note
GRI 302 Energy 2016	302-1	Energy consumption within the organization	3.2 Energy and Greenhouse Gas Emissions Management	95	
	302-2	Energy consumption outside of the organization	3.2 Energy and Greenhouse Gas Emissions Management	95	
	302-3	Energy intensity	3.2 Energy and Greenhouse Gas Emissions Management	95	
	302-4	Reduction of energy consumption	3.2 Energy and Greenhouse Gas Emissions Management	97	
	302-5	Reduction in energy requirements of products and services	3.2 Energy and Greenhouse Gas Emissions Management	98,112	
GRI 305 Emissions 2016	305-1	Direct (Scope 1) GHG emissions	3.2 Energy and Greenhouse Gas Emissions Management	100	
	305-2	Energy indirect (Scope 2) GHG emissions	3.2 Energy and Greenhouse Gas Emissions Management	100	
	305-3	Other indirect (Scope 3) GHG emissions	3.2 Energy and Greenhouse Gas Emissions Management	100	
	305-4	GHG emissions intensity	3.2 Energy and Greenhouse Gas Emissions Management	100	

GRI Criteria Category/Topic	Code	GRI Standards Disclosure	Corresponding Chapters	Page	Omit/ Note
GRI 305 Emissions 2016	305-5	Reduction of GHG emissions	3.2 Energy and Greenhouse Gas Emissions Management	98	
	305-6	Emissions of ozone-depleting substances (ODS)	3.2 Energy and Greenhouse Gas Emissions Management	101	
	305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	3.2 Energy and Greenhouse Gas Emissions Management	101	
Material Topics: Water and Effluents (GRI 303)					
GRI 3: Material Topics 2021	3-3	Management of material topics	3.3 Water Resources Management	102	
GRI 303 Water and Effluents 2018	303-1	Interactions with water as a shared resource	3.3 Water Resources Management	103	
	303-2	Management of water discharge-related impacts	3.3 Water Resources Management	105	
	303-3	Water withdrawal	3.3 Water Resources Management	104	
	303-4	Water discharge	3.3 Water Resources Management	104	
	303-5	Water consumption	3.3 Water Resources Management	104	
Material Topics: Waste (GRI 306)					
GRI 3: Management approach for Waste 2021	3-3	Management of material topics	3.4 Waste Management	106	

GRI Criteria Category/Topic	Code	GRI Standards Disclosure	Corresponding Chapters	Page	Omit/ Note
GRI 306 Waste 2020	306-1	Waste generation and significant waste-related impacts	3.4 Waste Management	107	
	306-2	Management of significant waste-related impacts	3.4 Waste Management	107	
	306-3	Waste generated	3.4 Waste Management	107	
	306-4	Waste diverted from disposal	3.4 Waste Management	108	
	306-5	Waste directed to disposal	3.4 Waste Management	107	
GRI 306 Effluents and Waste 2016	306-3(2016)	Significant spills	-		None of this happened
Material Topics: Market Presence, Employment, Labor/Management Relations and Training and Education (GRI 202, GRI 401, GRI 402, GRI404)					
GRI 3: Management approach for Market Presence, Employment and Labor/Management Relations 2021	3-3	Management of material topics	6.1 Human Resource Management	147	
GRI 202 Market Presence 2016	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	6.1 Human Resource Management	-	
	202-2	Proportion of senior management hired from the local community	6.1 Human Resource Management	150	

GRI Criteria Category/Topic	Code	GRI Standards Disclosure	Corresponding Chapters	Page	Omit/ Note
GRI 401 Employment 2016	401-1	New employee hires and employee turnover	6.1 Human Resource Management	151	
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	6.1 Human Resource Management	155	
	401-3	Parental leave	6.4 Employee Welfare and Labor Relations	185	
GRI 402 Labor/Management Relations 2016	402-1	Minimum notice periods regarding operational changes	6.4 Employee Welfare and Labor Relations	187	
GRI 404 Training and Education 2016	404-1	Average hours of training per year per employee	6.2 Employee Training and Education	160	
	404-2	Programs for upgrading employee skills and transition assistance programs	6.2 Employee Training and Education	162	
	404-3	Percentage of employees receiving regular performance and career development reviews	6.2 Employee Training and Education	166	
Material Topics: Occupational Health and Safety (GRI 403)					
GRI 3: Management approach for Occupational Health and Safety 2021	3-3	Management of material topics	6.3 Occupational Health and Safety	168	

GRI Criteria Category/Topic	Code	GRI Standards Disclosure	Corresponding Chapters	Page	Omit/ Note
GRI 403 Occupational Health and Safety 2018	403-1	Occupational health and safety management system	6.3 Occupational Health and Safety	171	
	403-2	Hazard identification, risk assessment, and incident investigation	6.3 Occupational Health and Safety	171	
	403-3	Occupational health services	6.3 Occupational Health and Safety	173	
	403-4	Worker participation, consultation, and communication on occupational health and safety	6.3 Occupational Health and Safety	174	
	403-5	Worker training on occupational health and safety	6.3 Occupational Health and Safety	175	
	403-6	Promotion of worker health	6.3 Occupational Health and Safety	177	
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	6.3 Occupational Health and Safety	180	
	403-8	Workers covered by an occupational health and safety management system	6.3 Occupational Health and Safety	181	
	403-9	Work-related injuries	6.3 Occupational Health and Safety	181	
	403-10	Work-related ill health	6.3 Occupational Health and Safety	181	

GRI Criteria Category/Topic	Code	GRI Standards Disclosure	Corresponding Chapters	Page	Omit/ Note
Material Topics: Management approach for Customer Health and Safety(GRI 416)					
GRI 3: Management approach for Customer Health and Safety 2021	3-3	Management of material topics	4.1 Green Production	110	
GRI 416 Customer Health and Safety 2016	416-1	Assessment of the health and safety impacts of product and service categories	4.1 Green Production	115	
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	4.1 Green Production	116	
Material Topics: Marketing and Labeling (GRI 417)					
GRI 3: Management approach for Marketing and Labeling	3-3	Management of material topics	4.2 Product Quality Assurance	121	
GRI 417 Marketing and Labeling 2016	417-1	Requirements for product and service information and labeling	4.2 Product Quality Assurance	130	

GRI Criteria Category/Topic	Code	GRI Standards Disclosure	Corresponding Chapters	Page	Omit/ Note
GRI 417 Marketing and Labeling 2016	417-2	Incidents of non-compliance concerning product and service information and labeling	4.2 Product Quality Assurance	123	
	417-3	Incidents of non-compliance concerning marketing communications	4.2 Product Quality Assurance	130	
Material Topics: Customer Privacy (Customer Privacy Policy) (GRI 418)					
GRI 3: Management approach for Customer Privacy (Customer Privacy Policy)	3-3	Management of material topics	4.3 Customer Service Management	131	
GRI 418 Customer Privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	4.3 Customer Service Management	131	
Material Topics: Fuel Efficiency Design					
GRI 3: Management approach for Fuel Efficiency Design 2021	3-3	Management of material topics	4.1 Green Production	110	

Appendix 2: SUSTAINABILITY DISCLOSURE TOPICS & ACCOUNTING METRICS

Industry: Transportation Automotive Parts					
Topic	Code	Accounting Metric	Category	Corresponding Chapters in the Report	Page
Energy Management	TR-AP-130A.1	(1) Total energy consumed (2) Percentage grid electricity (3) Percentage renewable	Quantitative	3.2 Energy and Greenhouse Gas Emissions Management	92
Waste Management	TR-AP-150A.1	(1) Total amount of waste from manufacturing (2) Percentage hazardous (3) Percentage recycled	Quantitative	3.4 Waste Management	106
Product Safety	TR-AP-250A.1	Number of recalls issued, total units recalled	Quantitative	4.1 Green Production	110
Design for Fuel	TR-AP-410A.1	Revenue from products designed to increase fuel efficiency and/or reduce emissions	Quantitative	4.1 Green Production	111
Materials Sourcing	TR-AP-440A.1	Description of the management of risks associated with the use of critical materials	Discussion and Analysis	5.1 Supplier Management	135
Materials Efficiency	TR-AP-440B.1	Percentage of products sold that are recyclable	Discussion and Analysis	5.2 Material Management	139
		Percentage of input materials from recycled or remanufactured content			142
Competitive Behavior	TR-AP-440B.2	Total amount of monetary losses as a result of legal proceedings associated with anticompetitive behavior regulations	Discussion and Analysis	2.4 Compliance with Regulations	76

Code	Activity Metric	Category	Content
TR-AP-000.A	Number of parts produced	Quantitative	<ul style="list-style-type: none"> Quantity of Product Type Produced (in thousand units): <ul style="list-style-type: none"> Bicycle tires: 22,703 Tires for motorcycles and other bias tires: 28,018 Radial tires: 8,339 Tubes: 32,401 Wheel rim: 903
TR-AP-000.B	Weight of parts produced	Quantitative	<ul style="list-style-type: none"> Production Product Type Weight (tons): <ul style="list-style-type: none"> Bicycle tires: 16,422 Tires for motorcycles and other bias tires: 89,860 Radial tires: 99,504 Tubes: 7,852 Wheel rim: 6,398
TR-AP-000.C	Area of manufacturing plants	Quantitative	<ul style="list-style-type: none"> Taiwan 195,666.93m2 China 851,025.57m2 Southeast Asia 529,655m2 Europe 46,241 m2

Appendix 3: TCFD Disclosure Comparison Table

Topic	Recommendation	Corresponding Chapter	Page
Governance	The Board oversees climate-related risks and opportunities	3.1 Climate Change Management	85
	The role of management in assessing and managing climate-related risks and opportunities		85
Strategy	Identification of short-, medium-, and long-term climate-related risks and opportunities	3.1 Climate Change Management	86
	Climate-related risks and opportunities that have a significant impact on the organization's business, strategy, and financial planning		86
	Potential impacts of different scenarios on the organization's business, strategy, and financial planning		86
Risk Management	The process for identifying and assessing climate risks within the organization	3.1 Climate Change Management	90
	The process for managing climate-related risks within the organization		90
	The process of identifying, assessing, and managing climate-related risks and how it is integrated into the overall risk management		90
Indicators and Goals	Objectives for the management of climate-related risks and opportunities and their effectiveness within the organization	3.1 Climate Change Management	91
	Disclosure of emissions and related risks for Scope 1, 2, and 3	3.2 Energy and Greenhouse Gas Emissions Management	99
	Indicators used by the organization to assess climate-related risks and opportunities in accordance with strategy and risk management processes	Emissions Management	91

- **GHG Inventory and Assurance**

- **The Company's profile**

A company with the capital amounting to more than NT\$10 billion, the steel industry or the cement industry

A company with the capital amounting to more than NT\$5 billion but less than NT\$10 billion

A company with the capital amounting to less than NT\$5 billion

- **According to the Sustainable Development Roadmap, it is necessary to disclose as a minimum**

Inspection on parent company only Inspection on Subsidiaries included into the consolidated financial statements

Assurance to parent company only Assurance to subsidiaries included into the consolidated financial statements

Scope 1	Total Emissions (Tons CO2e)	Intensity (Tons CO2e/NTD Thousand)	Assurance Institution	Descriptions about Assurance
Taiwan - Yunlin Factory	10,746.19	0.0003120	SGS Taiwan Ltd. (SGS)	The Verification Statement specifies the information related to reasonable assurance in detail.
China-Kunshan Factory	1,324.17	0.0000384	China Quality Certification Center (CQC)	
China-Shenzhen Factory	8,374.38	0.0002431	Carbon Emission Audit for Enterprises in Guangdong Province	
China-Tianjin Factory	21,363.94	0.0006203	Carbon Emission Audit for Enterprises in Tianjin City	
Total	41,808.68	0.0012138		

Scope 2	Total Emissions (Tons CO2e)	Intensity (Tons CO2e/NTD Thousand)	Assurance Institution	Descriptions about Assurance
Taiwan - Yunlin Factory	16,071.40	0.0004666	SGS Taiwan Ltd. (SGS)	The Verification Statement specifies the information related to reasonable assurance in detail.
China-Kunshan Factory	120,254.83	0.0034913	China Quality Certification Center (CQC)	
China-Shenzhen Factory	7,779.86	0.0002259	Carbon Emission Audit for Enterprises in Guangdong Province	
China-Tianjin Factory	29,053.23	0.0008435	Carbon Emission Audit for Enterprises in Tianjin City	
Total	173,159.32	0.0050273		

• Verification Statement of Greenhouse Gas Emission: Kunshan Factory

• Kunshan Factory



• Shenzhen Factory



• Yunlin Factory

